



هَذَا مِنْ فَضْلِ رَبِّي

Bank AL Habib
25 YEARS SILVER JUBILEE
1991-2016

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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	
	Arshad Nasar	
	Murtaza H. Habib	
	Qumail R. Habib	<i>Executive Director</i>
	Safar Ali Lakhani	
	Shahid Ghaffar	
	Syed Mazhar Abbas	
Syed Hasan Ali Bukhari		
Audit Committee	Syed Mazhar Abbas	<i>Chairman</i>
	Anwar Haji Karim	<i>Member</i>
	Arshad Nasar	<i>Member</i>
	Safar Ali Lakhani	<i>Member</i>
	Syed Hasan Ali Bukhari	<i>Member</i>
Human Resource & Remuneration Committee	Syed Mazhar Abbas	<i>Chairman</i>
	Anwar Haji Karim	<i>Member</i>
	Arshad Nasar	<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	Central Depository Company of Pakistan Ltd. CDC House 99-B, Block-B, S.M.C.H.S. Main Shahrah-e-Faisal, Karachi-74400.	
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 half year ended June 30, 2016.

Alhamdulillah, during the period under review, the performance of the Bank continued to be satisfactory. The deposits increased to Rs. 549.9 billion as compared to Rs. 516.2 billion on December 31, 2015. In the same period, advances increased to Rs. 245.6 billion from Rs. 207.3 billion, while investments increased to Rs. 421.6 billion from Rs. 356.6 billion. The pre-tax profit of the Bank for the half year ended June 30, 2016 was Rs. 6,839.5 million as compared to Rs. 6,025.3 million during the corresponding period last year.

Your Bank now has a network of 578 offices, comprising 479 branches, 96 sub-branches, and 3 Representative Offices. Our branch network includes 34 Islamic Banking Branches and 3 Overseas Branches. Continuing with our branch expansion policy, the Bank intends to open more branches during the year 2016.

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

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

On behalf of the Board of Directors

Karachi: August 16, 2016

SYED MAZHAR ABBAS
Director



ڈائریکٹرز کا جائزہ

میرے لئے یہ باعث مسرت ہے کہ میں بورڈ آف ڈائریکٹرز کی جانب سے ۳۰ جون ۲۰۱۶ء کو ختم ہونے والی ششماہی کے لئے بینک الحیب لمیٹڈ کے غیر آڈٹ شدہ مالی حسابات مع بینک الحیب لمیٹڈ کے غیر آڈٹ شدہ مجموعی مالیاتی حسابات بشمول بینک کی ذیلی کمپنیز الحیب کمپیٹل مارکیٹس (پرائیویٹ) لمیٹڈ اور الحیب کریڈٹ اینڈ فنانس (ہانگ کانگ) لمیٹڈ پیش کروں۔

الحمد للہ، زیر جائزہ مدت میں بینک کی کارکردگی اطمینان بخش رہی۔ ۳۰ جون ۲۰۱۶ء کو ختم ہونے والی ششماہی میں ڈپازٹس بڑھ کر ۵۴۹.۹ بلین روپے ہو گئے، جو کہ ۳۱ دسمبر ۲۰۱۵ء کو ۵۱۶.۲ بلین روپے تھے۔ اسی مدت کے دوران ایڈوانسز ۲۰۷.۳ بلین روپے سے بڑھ کر ۲۴۵.۶ بلین روپے ہو گئے اور سرمایہ کاری ۳۵۶.۶ بلین روپے سے بڑھ کر ۴۲۱.۶ بلین روپے ہو گئی۔ ۳۰ جون ۲۰۱۶ء کو ختم ہونے والی ششماہی کے لئے آپ کے بینک کا قبل از ٹیکس منافع ۶۸۳.۹ بلین روپے رہا، جبکہ گزشتہ سال اس مدت میں یہ ۶۰۲.۵ بلین روپے تھا۔

آپ کے بینک کا نیٹ ورک اب ۵۷۸ دفاتر پر مشتمل ہے، جس میں ۴۷۹ برانچز، ۹۶ سب برانچز اور ۳۳ نمائندہ دفاتر شامل ہیں۔ ہمارے برانچ نیٹ ورک میں اب ۱۳۴ اسلامی بینکاری برانچز اور ۳ بیرون ملک برانچز شامل ہیں۔ برانچز میں اضافہ کی اپنی پالیسی پر کاربند رہتے ہوئے ہم سال ۲۰۱۶ء میں بھی مزید برانچز کھولنے کا ارادہ رکھتے ہیں۔

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے لمبی مدت کے لئے بینک کی AA+ (ڈبل اے پلس) اور مختصر مدت کے لئے A1+ (اے ون پلس) ریٹنگز برقرار رکھی ہیں۔ ہمارے انسکیورڈ، سہارڈ اینڈ ٹی ایف سیز کی ریٹنگ بھی AA+ (ڈبل اے) برقرار رکھی گئی ہیں۔ یہ ریٹنگز کریڈٹ رسک کی بہت کم توقع ظاہر کرتی ہیں، جس کی وجہ مالی ذمہ داریوں سے عہدہ براء ہونے کی بہت مضبوط صلاحیت ہے۔

ہم اپنے کسٹمرز کا ان کے مسلسل تعاون اور اعتماد کیلئے، اسٹیٹ بینک آف پاکستان کا ان کی رہنمائی کے لئے اور اپنے ملکی و غیر ملکی نمائندہ بینکوں کا ان کی معاونت کیلئے شکریہ ادا کرنا چاہتے ہیں۔ ہم اپنے تمام اسٹاف ممبران کا بھی ان کی لگن اور مخلصانہ خدمات کا شکریہ ادا کرتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز

سید مظہر عباس

ڈائریکٹر

کراچی: ۱۶ اگست ۲۰۱۶ء



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

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Bank AL Habib Limited ("the Bank") as at 30 June 2016, and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement, unconsolidated condensed interim statement of changes in equity and notes to the accounts for the six-months period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this unconsolidated condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting. Our responsibility is to express a conclusion on this unconsolidated condensed interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

Other Matter

The figures for the quarter ended 30 June 2016 in the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

Karachi - 16 August 2016

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Taufiq



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016**

	Note	(Un-audited) 30 June 2016	(Audited) 31 December 2015
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		44,720,988	38,577,738
Balances with other banks	7	3,702,547	3,185,669
Lendings to financial institutions		2,287,171	3,992,794
Investments - net	8	421,625,774	356,649,003
Advances - net	9	245,555,905	207,288,608
Operating fixed assets	10	17,770,059	15,764,284
Deferred tax assets - net		-	-
Other assets		15,484,754	14,254,372
		751,147,198	639,712,468
LIABILITIES			
Bills payable		14,664,902	8,665,462
Borrowings	11	129,153,779	62,592,299
Deposits and other accounts	12	549,912,702	516,213,178
Sub-ordinated loans	13	4,000,000	2,994,600
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net		4,362,949	3,632,598
Other liabilities		9,882,696	7,757,673
		711,977,028	601,855,810
NET ASSETS		39,170,170	37,856,658
REPRESENTED BY:			
Share capital		11,114,254	11,114,254
Reserves		11,088,606	10,329,659
Unappropriated profit		9,419,599	10,253,920
		31,622,459	31,697,833
Surplus on revaluation of assets - net of tax	14	7,547,711	6,158,825
		39,170,170	37,856,658
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The annexed notes 1 to 26 form an integral part of these unconsolidated condensed interim financial statements.

ABBAS D. HABIB
*Chief Executive and
Managing Director*

SYED MAZHAR ABBAS
Director

SYED HASAN ALI BUKHARI
Director

ANWAR HAJI KARIM
Director



**UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2016**

	Note	Half year ended		Quarter ended	
		30 June 2016	30 June 2015	30 June 2016	30 June 2015
		(Rupees in '000)			
Mark-up / return / interest earned	16	24,836,674	25,432,598	12,651,614	12,567,573
Mark-up / return / interest expensed	17	(12,078,244)	(13,444,998)	(6,142,504)	(6,389,502)
Net mark-up / return / interest income		12,758,430	11,987,600	6,509,110	6,178,071
Reversal / (provision) against non-performing loans and advances - net		724,848	(1,131,323)	(452,188)	(159,351)
Provision for diminution in the value of investments		-	-	-	-
Bad debts written-off directly		-	-	-	-
Net mark-up / return / interest income after provisions		13,483,278	10,856,277	6,056,922	6,018,720
NON MARK-UP / INTEREST INCOME					
Fees, commission and brokerage income	18	1,259,327	1,145,295	655,276	569,333
Dividend income		389,215	386,389	185,089	227,892
Income from dealing in foreign currencies		329,771	470,668	139,790	212,422
Gain on sale / redemption of securities - net		45,757	332,397	11,796	332,397
Unrealised gain / (loss) on revaluation of investments classified as held for trading		5	(9,383)	5	(9,383)
Other income		357,970	322,739	173,547	147,621
Total non mark-up / interest income		2,382,045	2,648,105	1,165,503	1,480,282
		15,865,323	13,504,382	7,222,425	7,499,002
NON MARK-UP / INTEREST EXPENSES					
Administrative expenses		(8,903,477)	(7,302,078)	(4,415,683)	(3,828,643)
Other reversals / (provisions) / write-offs		31,049	(23,892)	-	(7,321)
Other charges		(153,371)	(153,067)	(69,609)	(94,457)
Total non mark-up / interest expenses		(9,025,799)	(7,479,037)	(4,485,292)	(3,930,421)
		6,839,524	6,025,345	2,737,133	3,568,581
Extra-ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		6,839,524	6,025,345	2,737,133	3,568,581
Taxation - Current		(2,577,535)	(2,303,275)	(1,075,730)	(1,282,620)
- Prior years		(502,993)	(500,484)	(502,993)	(500,484)
- Deferred		27,438	133,999	93,370	(35,782)
		(3,053,090)	(2,669,760)	(1,485,353)	(1,818,886)
PROFIT AFTER TAXATION		3,786,434	3,355,585	1,251,780	1,749,695
		(Rupees)			
Basic and diluted earnings per share	19	3.41	3.02	1.13	1.57

The annexed notes 1 to 26 form an integral part of these unconsolidated condensed interim financial statements.

ABBAS D. HABIB
*Chief Executive and
Managing Director*

SYED MAZHAR ABBAS
Director

SYED HASAN ALI BUKHARI
Director

ANWAR HAJI KARIM
Director



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2016**

	Half year ended		Quarter ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	(Rupees in '000)			
Profit after taxation for the period	3,786,434	3,355,585	1,251,780	1,749,695
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	1,660	25,675	1,543	(5,314)
<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	3,788,094	3,381,260	1,253,323	1,744,381
Components of comprehensive income not reflected in equity				
Surplus on revaluation of available for sale securities	2,159,372	2,597,256	1,328,713	400,843
Related tax charge	(755,781)	(1,113,599)	(465,051)	(313,924)
	1,403,591	1,483,657	863,662	86,919
Total comprehensive income	5,191,685	4,864,917	2,116,985	1,831,300

The annexed notes 1 to 26 form an integral part of these unconsolidated condensed interim financial statements.

ABBAS D. HABIB
**Chief Executive and
Managing Director**

SYED MAZHAR ABBAS
Director

SYED HASAN ALI BUKHARI
Director

ANWAR HAJI KARIM
Director



**UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2016**

	Note	30 June 2016 (Rupees in '000)	30 June 2015
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		6,839,524	6,025,345
Less: Dividend income		(389,215)	(386,389)
		6,450,309	5,638,956
Adjustments for:			
Depreciation		760,376	547,169
Amortisation		47,619	40,932
(Reversal) / provision against non-performing loans and advances - net		(724,848)	1,131,323
Gain on sale of operating fixed assets		(50,811)	(1,852)
Gain on sale / redemption of securities - net		(45,757)	(332,397)
Unrealised (gain) / loss on held for trading securities		(5)	9,383
Charge for defined benefit plan		108,000	84,000
Charge for compensated absences		24,442	24,160
(Reversals) / provisions against off-balance sheet items		(31,049)	23,892
		87,967	1,526,610
		6,538,276	7,165,566
Decrease / (increase) in operating assets			
Lendings to financial institutions		1,705,623	(3,940,720)
Advances - net		(37,542,448)	(20,987,247)
Other assets		(1,186,055)	(2,454,129)
		(37,022,880)	(27,382,096)
Increase / (decrease) in operating liabilities			
Bills payable		5,999,440	3,089,842
Borrowings		66,110,862	(6,297,939)
Deposits and other accounts		33,699,524	43,015,362
Other liabilities - (excluding provision for taxation)		1,834,257	1,036,350
		107,644,083	40,843,615
		77,159,479	20,627,085
		(2,960,228)	(2,250,073)
Income tax paid			
Net cash generated from operating activities		74,199,251	18,377,012
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in securities		(62,771,637)	(11,966,748)
Net investments in associates		-	(388,069)
Dividend received		353,477	217,152
Investments in operating fixed assets		(2,821,607)	(1,526,746)
Sale proceeds from disposal of operating fixed assets		63,882	51,750
Net cash used in investing activities		(65,175,885)	(13,612,661)
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts / (repayments) of sub-ordinated loans		1,005,400	(748,500)
Dividend paid		(3,820,916)	(3,278,032)
Net cash used in financing activities		(2,815,516)	(4,026,532)
Exchange differences on translation of net investment in foreign branches		1,660	25,675
Increase in cash and cash equivalents		6,209,510	763,494
Cash and cash equivalents at beginning of the period		41,758,103	37,879,971
Cash and cash equivalents at end of the period	20	47,967,613	38,643,465

The annexed notes 1 to 26 form an integral part of these unconsolidated condensed interim financial statements.

ABBAS D. HABIB
*Chief Executive and
Managing Director*

SYED MAZHAR ABBAS
Director

SYED HASAN ALI BUKHARI
Director

ANWAR HAJI KARIM
Director



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF ENDED 30 JUNE 2016**

	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 2015	11,114,254	7,932,650	161,761	126,500	540,000	7,679,490	27,554,655
Total comprehensive income for the half year ended 30 June 2015:							
Profit after tax	-	-	-	-	-	3,355,585	3,355,585
Other comprehensive income	-	-	25,675	-	-	-	25,675
	-	-	25,675	-	-	3,355,585	3,381,260
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	26,428	26,428
Transfer to statutory reserve	-	671,117	-	-	-	(671,117)	-
Transaction with owners, recorded directly in equity:							
Cash dividend (Rs. 3 per share)	-	-	-	-	-	(3,334,276)	(3,334,276)
Balance as at 30 June 2015	11,114,254	8,603,767	187,436	126,500	540,000	7,056,110	27,628,067
Total comprehensive income for the half year ended 31 December 2015:							
Profit after tax	-	-	-	-	-	4,049,327	4,049,327
Other comprehensive income	-	-	62,091	-	-	(68,080)	(5,989)
	-	-	62,091	-	-	3,981,247	4,043,338
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	26,428	26,428
Transfer to statutory reserve	-	809,865	-	-	-	(809,865)	-
Balance as at 31 December 2015	11,114,254	9,413,632	249,527	126,500	540,000	10,253,920	31,697,833
Total comprehensive income for the half year ended 30 June 2016:							
Profit after tax	-	-	-	-	-	3,786,434	3,786,434
Other comprehensive income	-	-	1,660	-	-	-	1,660
	-	-	1,660	-	-	3,786,434	3,788,094
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	26,521	26,521
Transfer to statutory reserve	-	757,287	-	-	-	(757,287)	-
Transaction with owners, recorded directly in equity:							
Cash dividend (Rs. 3.5 per share)	-	-	-	-	-	(3,889,989)	(3,889,989)
Balance as at 30 June 2016	11,114,254	10,170,919	251,187	126,500	540,000	9,419,599	31,622,459

The annexed notes 1 to 26 form an integral part of these unconsolidated condensed interim financial statements.

ABBAS D. HABIB
**Chief Executive and
Managing Director**

SYED MAZHAR ABBAS
Director

SYED HASAN ALI BUKHARI
Director

ANWAR HAJI KARIM
Director



**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2016**

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 Pakistan Stock Exchange Limited. It is a scheduled bank principally engaged in the business of commercial banking with a network of 479 branches (31 December 2015: 423 branches), 96 sub-branches (31 December 2015: 105 sub-branches) and 03 representative offices (31 December 2015: 03 representative offices). The branch network of the Bank includes 03 overseas branches (31 December 2015: 03 overseas branches) and 34 Islamic Banking branches (31 December 2015: 29 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 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, the Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards (IFAS).

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 informations of the Islamic Banking branches are disclosed in note 24.

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', 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 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 2015.

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 and non-banking assets acquired in satisfaction of claims 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 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 2015.



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 2015 except for the reclassification as required by SBP vide its BPRD Circular No. 1 of 2016, Circular Letter No. 05 of 2016 and additional disclosures in respect of Islamic Index Screening as required by Circular No. 14 of 2016 issued by SECP:

Non-banking assets acquired in satisfaction of claims:

Effective 1 January 2016, the Bank has changed its accounting policy for recording of non-banking assets acquired in satisfaction of claims to comply with the requirements of the 'Regulations for Debt Property Swap' (the regulations) issued by SBP vide its BPRD Circular No. 1 of 2016, dated 1 January 2016. In line with the guidance provided in the Regulations, the non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation. These assets are revalued by professionally qualified valuers to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation of property is credited to the 'surplus on revaluation of fixed assets' account and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property is charged to profit and loss account and not capitalised. Previously, non-banking assets acquired in satisfaction of claims were carried at cost less impairment, if any. Had the accounting policy not been changed, non-banking assets (included in Other Assets in the statement of financial position), surplus on revaluation of assets and deferred tax liability - net would have been lower by Rs. 12.394 million, Rs. 11.722 million and Rs. 1.508 million respectively while profit after tax would have been higher by Rs. 0.930 million.

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 2015.



7. BALANCES WITH OTHER BANKS

These include Rs. 1,178.153 million (31 December 2015: Rs. 744.861 million) placed under Shariah permissible mode.

Note	30 June 2016 (Un-audited)			31 December 2015 (Audited)		
	Held by Bank	Given as Collateral	Total	Held by Bank	Given as Collateral	Total
	(Rupees in '000)					
8. INVESTMENTS						
8.1 Investments by type						
Available for Sale Securities						
Market Treasury Bills	67,789,884	106,997,980	174,787,864	96,543,319	39,361,572	135,904,891
Pakistan Investment Bonds	80,955,608	-	80,955,608	60,095,104	-	60,095,104
Foreign Currency Bonds	4,744,839	-	4,744,839	4,043,886	-	4,043,886
Sukuk Bonds	8,453,747	-	8,453,747	6,983,848	-	6,983,848
Fully paid-up ordinary shares - Listed	4,078,677	-	4,078,677	4,018,649	-	4,018,649
Fully paid-up ordinary shares - Unlisted	45,529	-	45,529	45,529	-	45,529
Term finance certificates - Listed	702,911	-	702,911	302,972	-	302,972
Term finance certificates - Unlisted	2,403,719	-	2,403,719	2,946,686	-	2,946,686
Units of mutual funds	1,600,000	-	1,600,000	1,550,000	-	1,550,000
	170,774,914	106,997,980	277,772,894	176,529,993	39,361,572	215,891,565
Held to Maturity Securities 8.2						
Pakistan Investment Bonds	130,782,499	-	130,782,499	130,462,425	-	130,462,425
Foreign Currency Bonds	2,397,502	-	2,397,502	1,879,702	-	1,879,702
Other Federal Government Securities	1,879,378	-	1,879,378	1,825,278	-	1,825,278
Sukuk Bonds	685,581	-	685,581	696,890	-	696,890
	135,744,960	-	135,744,960	134,864,295	-	134,864,295
Held for Trading Securities						
Fully paid-up ordinary shares - Listed	55,400	-	55,400	-	-	-
Associates						
Habib Sugar Mills Limited	182,690	-	182,690	182,690	-	182,690
Habib Asset Management Limited	60,000	-	60,000	60,000	-	60,000
First Habib Income Fund	150,000	-	150,000	150,000	-	150,000
First Habib Stock Fund	10,000	-	10,000	10,000	-	10,000
First Habib Cash Fund	150,000	-	150,000	150,000	-	150,000
First Habib Islamic Balanced Fund	10,000	-	10,000	10,000	-	10,000
	562,690	-	562,690	562,690	-	562,690
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	307,338,091	106,997,980	414,336,071	312,157,105	39,361,572	351,518,677
Less: Provision for diminution in the value of investments	(202,692)	-	(202,692)	(202,692)	-	(202,692)
Investments (net of provisions)	307,135,399	106,997,980	414,133,379	311,954,413	39,361,572	351,315,985
Surplus on revaluation of available for sale securities - net 14.2	7,313,550	178,840	7,492,390	5,213,270	119,748	5,333,018
Surplus on revaluation of held for trading securities - net	5	-	5	-	-	-
Total Investments	314,448,954	107,176,820	421,625,774	317,167,683	39,481,320	356,649,003

8.2 The aggregate market value of held to maturity securities as at 30 June 2016 amounted to Rs. 148,856 million (31 December 2015: Rs. 144,551 million).



	Note	(Un-audited) 30 June 2016 (Rupees in '000)	(Audited) 31 December 2015
9. ADVANCES			
Loans, cash credits, running finances, etc.			
– In Pakistan		199,416,493	171,210,373
– Outside Pakistan		15,674,071	14,648,449
		215,090,564	185,858,822
Islamic financing and related assets - gross	9.4 & 24.2	13,844,776	11,982,735
Net investment in finance lease			
– In Pakistan		6,085,557	4,297,187
– Outside Pakistan		–	–
		6,085,557	4,297,187
Bills discounted and purchased (excluding market treasury bills)			
– Payable in Pakistan		3,466,087	3,222,616
– Payable outside Pakistan		14,614,549	10,340,898
		18,080,636	13,563,514
Advances - gross		253,101,533	215,702,258
Provision against non-performing loans and advances			
– Specific provision	9.1	(4,648,227)	(5,537,371)
– General provision against small enterprises and consumer advances (as per SBP regulations)	9.2	(147,401)	(126,279)
– General provision	9.3	(2,750,000)	(2,750,000)
		(7,545,628)	(8,413,650)
Advances - net of provisions		245,555,905	207,288,608

9.1 Advances include Rs. 5,783.688 million (31 December 2015: Rs. 5,874.374 million) which have been placed under non-performing status as detailed below:

Category of classification	30 June 2016 (Un-audited)								
	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
Other assets especially mentioned	4,057	–	4,057	85	–	85	85	–	85
Substandard	1,377,804	–	1,377,804	344,309	–	344,309	344,309	–	344,309
Doubtful	291,087	–	291,087	131,626	–	131,626	209,810	–	209,810
Loss	3,164,658	946,082	4,110,740	3,147,859	946,082	4,093,941	3,147,941	946,082	4,094,023
	4,837,606	946,082	5,783,688	3,623,879	946,082	4,569,961	3,702,145	946,082	4,648,227



31 December 2015 (Audited)

Category of classification	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
Other assets especially mentioned	3,335	-	3,335	40	-	40	40	-	40
Substandard	43,810	-	43,810	10,940	-	10,940	10,940	-	10,940
Doubtful	599,534	-	599,534	299,767	-	299,767	309,485	-	309,485
Loss	4,280,034	947,661	5,227,695	4,269,245	947,661	5,216,906	4,269,245	947,661	5,216,906
	<u>4,926,713</u>	<u>947,661</u>	<u>5,874,374</u>	<u>4,579,992</u>	<u>947,661</u>	<u>5,527,653</u>	<u>4,589,710</u>	<u>947,661</u>	<u>5,537,371</u>

9.2 General provision represents provision amounting to Rs. 121.740 million (31 December 2015: Rs. 100.618 million) against consumer finance portfolio and Rs. 25.661 million (31 December 2015: Rs. 25.661 million) against advances to small enterprises as required by the Prudential Regulations issued by SBP. General provision against consumer finance portfolio includes Rs. 2.906 million (31 December 2015: Rs. 1.784 million) permissible under Shariah.

9.3 In line with its prudent policies, the Bank also made general provision against its loans and advances portfolio. This general provision is in addition to the requirements of the Prudential Regulations and as of 30 June 2016 amounts to Rs. 2,750 million (31 December 2015: Rs. 2,750 million).

9.4 These represents financing and related assets placed under Shariah permissible modes.

(Un-audited) (Audited)
30 June 2016 31 December 2015
(Rupees in '000)

10. OPERATING FIXED ASSETS

Capital work-in-progress	805,733	703,896
Property and equipment	16,881,331	15,000,956
Intangible assets	82,995	59,432
	<u>17,770,059</u>	<u>15,764,284</u>

(Un-audited)
Half year ended
30 June 2016 30 June 2015
(Rupees in '000)

10.1 The following additions were made during the period:

Leasehold land	315,532	217,350
Buildings on leasehold land	1,076,175	20,016
Improvements to leasehold buildings	176,916	116,293
Furniture and fixtures	91,345	49,634
Electrical, office and computer equipments	790,003	438,847
Vehicles	202,421	89,464
Intangible assets	67,378	20,804
	<u>2,719,770</u>	<u>952,408</u>



	(Un-audited) Half year ended	
	30 June 2016	30 June 2015
	(Rupees in '000)	
10.2 The written down value of fixed assets disposed off during the period were as follows:		
Improvements to leasehold buildings	6,434	35,224
Furniture and fixtures	363	2,128
Electrical, office and computer equipments	2,255	6,014
Vehicles	4,019	6,532
	13,071	49,898
	(Un-audited) 30 June 2016	(Audited) 31 December 2015
	(Rupees in '000)	
11. BORROWINGS		
Secured		
Borrowings from SBP		
– Export refinance scheme	17,177,689	19,118,954
– Long term financing for export oriented projects	–	4,246
– Long term financing for imported and locally manufactured plant and machinery	4,347,779	3,953,374
– Financing facility for storage of agricultural produce	13,989	36,861
	21,539,457	23,113,435
Repurchase agreement borrowings	107,158,400	39,473,560
	128,697,857	62,586,995
Unsecured		
Overdrawn nostros	455,922	5,304
	129,153,779	62,592,299
12. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	115,199,403	120,268,519
Savings deposits	159,346,776	150,427,540
Current accounts - Remunerative	57,520,650	57,094,573
Current accounts - Non-remunerative	203,295,621	175,902,813
	535,362,450	503,693,445
Financial institutions		
Remunerative deposits	12,940,956	11,462,606
Non-remunerative deposits	1,609,296	1,057,127
	14,550,252	12,519,733
	549,912,702	516,213,178



12.1 Deposits include Rs. 18,475.037 million (31 December 2015: Rs. 14,718.557 million) placed under permissible Shariah modes.

	(Un-audited) 30 June 2016	(Audited) 31 December 2015
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13. SUB-ORDINATED LOANS - unsecured

	Note	(Rupees in '000)	(Rupees in '000)
Term Finance Certificates (TFCs) - IV - (Unquoted)	13.1	–	2,994,600
Term Finance Certificates (TFCs) - V - (Unquoted)	13.2	4,000,000	–
		4,000,000	2,994,600

13.1 During the period, the Bank exercised the Call Option of Term Finance Certificates-IV in accordance with the Trust Deed and Terms and Conditions for the TFC issue, after completing the regulatory requirements. Accordingly, the said TFCs were redeemed in full on 30 June 2016.

13.2 Term Finance Certificates - V (Unquoted)

Total issue	Rupees 4,000 million
Rating	AA
Rate	Payable six monthly at six months' KIBOR plus 0.75% without any floor and cap
Redemption	6th-108th month: 0.36%; 114th and 120th month: 49.82% each
Tenor	10 years
Maturity	March 2026

	(Un-audited) 30 June 2016	(Audited) 31 December 2015
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14. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

	Note	(Rupees in '000)	(Rupees in '000)
Fixed assets / non-banking assets	14.1	2,677,658	2,692,363
Available for sale investments	14.2	4,870,053	3,466,462
		7,547,711	6,158,825



	(Un-audited) 30 June 2016	(Audited) 31 December 2015
	(Rupees in '000)	
14.1 Fixed assets / non-banking assets		
Balance at beginning of the period / year	3,489,993	3,575,215
Surplus / (adjustment) on revaluation of the Bank's fixed assets / non-banking assets during the period / year	13,825	(3,905)
Transfer to unappropriated profit in respect of incremental depreciation charged during the period / year	(40,802)	(81,317)
	<u>3,463,016</u>	<u>3,489,993</u>
Related deferred tax liability on:		
Balance at beginning of the period / year	797,630	826,092
Revaluation of the Bank's fixed assets / non-banking assets during the period / year	2,009	-
Transfer to unappropriated profit in respect of incremental depreciation charged during the period / year	(14,281)	(28,462)
	<u>(785,358)</u>	<u>(797,630)</u>
	<u>2,677,658</u>	<u>2,692,363</u>
14.2 Available for sale investments		
Federal Government Securities	6,397,040	4,534,035
Fully paid-up ordinary shares	1,009,482	708,837
Term finance certificates, sukuk bonds and foreign currency bonds	(7,632)	1,388
Units of mutual funds	93,500	88,758
	<u>7,492,390</u>	<u>5,333,018</u>
Related deferred tax liability	(2,622,337)	(1,866,556)
	<u>4,870,053</u>	<u>3,466,462</u>
14.2.1 This includes deficit of Rs. 4.580 million (31 December 2015 surplus: Rs. 11.300 million) on revaluation of available for sale securities placed as per arrangements permissible under Shariah.		



	(Un-audited) 30 June 2016	(Audited) 31 December 2015
	(Rupees in '000)	
15. CONTINGENCIES AND COMMITMENTS		
15.1 Direct credit substitutes		
Financial guarantees issued favouring:		
– Financial institutions	787,325	462,800
– Others	5,260,632	5,086,805
	<u>6,047,957</u>	<u>5,549,605</u>
15.2 Transaction-related contingent liabilities		
Guarantees issued favouring:		
– Government	36,395,925	29,798,948
– Financial institutions	581,514	668,750
– Others	8,912,968	6,743,423
	<u>45,890,407</u>	<u>37,211,121</u>
15.3 Trade-related contingent liabilities		
Letters of credit	84,461,860	77,847,579
Acceptances	17,084,348	13,547,110
	<u>101,546,208</u>	<u>91,394,689</u>
15.4 Commitments in respect of forward lending		
Commitments to extend credit (excluding commitments that are unilaterally cancellable)	10,341,834	10,748,236
15.5 Commitments in respect of forward exchange contracts		
Purchase	45,499,023	46,760,182
Sale	30,280,447	28,769,804
The maturities of above contracts are spread over the period upto one year.		
15.6 Commitments for the acquisition of operating fixed assets	<u>317,519</u>	<u>635,075</u>



15.7 Other contingencies

Income tax returns of the Bank have been submitted upto and including the Bank's financial year 2014. The income tax assessments of the Bank are complete upto tax year 2013.

For tax year 2012 and 2013, the Additional Commissioner Inland Revenue (ACIR) has passed order u/s. 122(5A) of the Income Tax Ordinance, 2001 by disallowing certain expenses. Subsequently, amended order was received from ACIR based on a rectification application filed by the Bank resulting in net aggregate tax impact of Rs. 797.233 million. The Bank has filed an appeal before the Commissioner Inland Revenue (Appeals) against the above mentioned orders.

Commissioner Inland Revenue (Appeals) has passed appellate orders for tax years 2009 and 2011 by confirming disallowance of provision for non-performing loans, other provisions and amortization of intangible assets having an aggregate tax impact of Rs. 15.372 million. The Bank has filed an appeal before Income Tax Appellate Tribunal against the above referred orders.

The management, based on the opinion of its tax advisor, is confident about the favorable outcome of the above matters.

(Un-audited)			
Half year ended		Quarter ended	
30 June 2016	30 June 2015	30 June 2016	30 June 2015
(Rupees in '000)			

16. MARK-UP / RETURN / INTEREST EARNED

On loans and advances to:				
Customers	7,028,821	7,536,851	3,625,127	3,725,224
Financial institutions	74,258	57,611	47,724	30,796
	7,103,079	7,594,462	3,672,851	3,756,020
On investments:				
Available for sale securities	9,725,213	10,841,764	4,922,213	5,391,839
Held to maturity securities	7,864,311	6,895,162	3,977,508	3,367,393
	17,589,524	17,736,926	8,899,721	8,759,232
On deposits with financial institutions	111,892	80,635	72,931	39,904
On securities purchased under resale agreements	31,011	20,352	5,971	12,373
On call money lendings	1,168	223	140	44
	24,836,674	25,432,598	12,651,614	12,567,573

16.1 These include Rs. 614.137 million (30 June 2015: Rs. 598.361 million) pertaining to Islamic banking out of which Rs. 52.553 million (30 June 2015: Rs. 43.807 million) represents profit from placements permissible under Shariah.



	(Un-audited)			
	Half year ended		Quarter ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	(Rupees in '000)			
17. MARK-UP / RETURN / INTEREST EXPENSED				
Deposits	8,665,489	9,923,528	4,271,358	4,839,842
Sub-ordinated loans	304,610	232,027	180,949	112,035
Repurchase agreement borrowings	2,380,207	2,520,667	1,346,737	1,052,836
Borrowings from SBP	333,494	564,849	160,267	262,770
Other borrowings	394,444	203,927	183,193	122,019
	<u>12,078,244</u>	<u>13,444,998</u>	<u>6,142,504</u>	<u>6,389,502</u>

18. DIVIDEND INCOME

Available for sale

Allied Bank Limited	2,642	2,775	1,322	1,321
Attock Petroleum Limited	2,950	1,840	-	-
Fauji Fertilizer Bin Qasim Limited	-	7,098	-	-
Fauji Fertilizer Company Limited	23,346	23,993	8,196	12,706
Habib Bank Limited	8,398	4,197	4,198	4,197
Habib Metropolitan Bank Limited	30,055	25,256	-	-
Hub Power Company Limited	61,020	30,510	26,697	-
International Industries Limited	53	79	-	-
Kot Addu Power Company Limited	27,287	15,840	-	-
Lalpir Power Limited	2,094	2,094	2,094	2,094
MCB Bank Limited	8,000	3,169	4,000	1,585
Meezan Bank Limited	-	149	-	-
National Investment (Unit) Trust	49,647	46,889	49,647	46,889
Nishat Chunian Power Limited	9,561	15,753	-	9,561
NIT Government Bond Fund	36,461	67,089	36,461	67,089
NIT Government Treasury Fund	998	-	998	-
NIT Income Fund	13,241	21,081	13,241	21,081
NIT Islamic Equity Fund	10,520	-	10,520	-
Packages Limited	263	158	263	158
Pakgen Power Limited	4,407	4,407	4,407	4,407
Pakistan Oilfields Limited	14,236	8,806	-	-
Pakistan Petroleum Limited	3,699	6,331	-	-
Pakistan State Oil Company Limited	4,573	5,487	-	5,487
PIML Income Fund	-	308	-	308
Shell Pakistan Limited	225	180	225	180
Soneri Bank Limited	20,677	11,580	-	-
Standard Chartered Bank (Pakistan) Limited	3,979	4,775	-	-
United Bank Limited	7,385	5,465	3,165	3,165
	<u>345,717</u>	<u>315,309</u>	<u>165,434</u>	<u>180,228</u>



	(Un-audited)			
	Half year ended		Quarter ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	(Rupees in '000)			
Held for trading				
Engro Corporation Limited	975	200	975	200
MCB Bank Limited	-	140	-	140
Fauji Fertilizer Bin Qasim Limited	305	-	-	-
Faysal Bank Limited	100	-	100	-
Lalpir Power Limited	100	-	100	-
Pakgen Power Limited	175	-	175	-
Pakistan Telecommunication Company Limited	800	-	800	-
	2,455	340	2,150	340
Associates				
First Habib Cash Fund	8,005	21,579	8,005	21,579
First Habib Income Fund	9,500	20,357	9,500	20,357
First Habib Islamic Balanced Fund	-	1,388	-	1,388
First Habib Stock Fund	-	4,000	-	4,000
Habib Sugar Mills Limited	23,538	23,416	-	-
	41,043	70,740	17,505	47,324
	389,215	386,389	185,089	227,892

19. BASIC AND DILUTED EARNINGS PER SHARE

Profit after taxation	3,786,434	3,355,585	1,251,780	1,749,695
	(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	3.41	3.02	1.13	1.57

(Un-audited)

Half year ended

30 June 30 June

2016 2015

(Rupees in '000)

20. CASH AND CASH EQUIVALENTS

Cash and balances with treasury banks	44,720,988	34,262,407
Balances with other banks	3,702,547	4,832,310
Overdrawn nostros	(455,922)	(451,252)
	47,967,613	38,643,465



21. FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below analyses financial instruments measured at the end of reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:
30 June 2016 (Un-audited)

	Carrying amount						Fair value				
	Available for sale	Held for trading	Held to maturity	Loans and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)											
On-balance sheet financial instruments											
Financial assets measured at fair value											
- Investments											
Federal Government Securities (TBills + PIBs + Sukuk Bonds + FC Bonds)											
	269,974,172	-	-	-	-	-	269,974,172	-	269,974,172	-	269,974,172
Foreign Currency Bonds											
	1,160,539	-	-	-	-	-	1,160,539	-	1,160,539	-	1,160,539
Fully paid-up ordinary shares - Listed											
	4,891,167	55,405	-	-	-	-	4,946,572	5,143,564	-	-	5,143,564
Units of mutual funds											
	1,693,500	-	-	-	-	-	1,693,500	1,693,500	-	-	1,693,500
Term Finance Certificates - Listed											
	706,543	-	-	-	-	-	706,543	706,543	-	-	706,543
Financial assets not measured at fair value											
- Cash and bank balances with SBP and NBP											
	-	-	-	-	44,720,988	-	44,720,988	-	-	-	-
- Balances with other banks											
	-	-	-	-	3,702,547	-	3,702,547	-	-	-	-
- Lendings to financial institutions											
	-	-	-	-	2,287,171	-	2,287,171	-	-	-	-
- Investments											
Federal Government Securities (TBills + PIBs + Sukuk Bonds + FC Bonds + others)											
	-	-	135,061,643	-	-	-	135,061,643	-	145,749,502	-	145,749,502
Foreign Currency Bonds											
	4,193,123	-	683,317	-	-	-	4,876,440	-	521,892	-	521,892
Fully paid-up ordinary shares - Unlisted											
	39,829	-	-	-	-	-	39,829	-	-	-	-
Term Finance Certificates -Unlisted											
	2,403,719	-	-	-	-	-	2,403,719	-	-	-	-
Associates											
Listed shares											
	-	-	-	-	182,690	-	182,690	351,568	-	-	351,568
Mutual funds											
	-	-	-	-	320,000	-	320,000	297,578	-	-	297,578
Unlisted shares											
	-	-	-	-	60,000	-	60,000	-	-	-	-
Subsidiaries - Unlisted shares											
	-	-	-	-	200,127	-	200,127	-	-	-	-
- Advances											
	-	-	-	245,555,905	-	-	245,555,905	-	-	-	-
- Other assets											
	-	-	-	-	13,555,914	-	13,555,914	-	-	-	-
	285,062,592	55,405	135,744,960	245,555,905	65,029,437	-	731,448,299	8,192,753	417,406,105	-	425,598,858
Financial liabilities not measured at fair value											
- Deposits and other accounts											
	-	-	-	-	-	(549,912,702)	(549,912,702)	-	-	-	-
- Bills payable											
	-	-	-	-	-	(14,664,902)	(14,664,902)	-	-	-	-
- Borrowings											
	-	-	-	-	-	(129,153,779)	(129,153,779)	-	-	-	-
- Sub - originated loans											
	-	-	-	-	-	(4,000,000)	(4,000,000)	-	-	-	-
- Other liabilities											
	-	-	-	-	-	(7,189,767)	(7,189,767)	-	-	-	-
	-	-	-	-	-	(704,921,150)	(704,921,150)	-	-	-	-
	285,062,592	55,405	135,744,960	245,555,905	65,029,437	(704,921,150)	26,527,149	8,192,753	417,406,105	-	425,598,858



31 December 2015 (Audited)

	Carrying amount					Total	Fair value			Total
	Available for sale	Held for trading	Held to maturity	Loans and receivables	Other financial assets Other financial liabilities (Rupees in '000)		Level 1	Level 2	Level 3	
On-balance sheet financial instruments										
Financial assets measured at fair value										
- Investments										
Federal Government Securities (TBills + PIBs + Sukuk Bonds + FC Bonds)	208,210,576	-	-	-	-	208,210,576	-	208,210,576	-	208,210,576
Foreign Currency Bonds	627,606	-	-	-	-	627,606	-	627,606	-	627,606
Fully paid-up ordinary shares - Listed	4,530,494	-	-	-	-	4,530,494	4,727,486	-	-	4,727,486
Units of mutual funds	1,638,758	-	-	-	-	1,638,758	1,638,758	-	-	1,638,758
Term Finance Certificates - Listed	305,764	-	-	-	-	305,764	305,764	-	-	305,764
Financial assets not measured at fair value										
- Cash and bank balances with SBP and NBP	-	-	-	-	38,577,738	38,577,738	-	-	-	-
- Balances with other banks	-	-	-	-	3,185,669	3,185,669	-	-	-	-
- Lendings to financial institutions	-	-	-	-	3,992,794	3,992,794	-	-	-	-
- Investments										
Federal Government Securities (TBills + PIBs + Sukuk Bonds + FC Bonds + others)	-	-	134,691,407	-	-	134,691,407	-	146,203,124	-	146,203,124
Foreign Currency Bonds	2,722,178	-	172,888	-	-	2,895,066	-	-	-	-
Fully paid-up ordinary shares - Unlisted	39,829	-	-	-	-	39,829	-	-	-	-
Term Finance Certificates - Unlisted	2,946,686	-	-	-	-	2,946,686	-	-	-	-
Associates										
Listed shares	-	-	-	-	182,690	182,690	357,876	-	-	357,876
Mutual funds	-	-	-	-	320,000	320,000	306,168	-	-	306,168
Unlisted shares	-	-	-	-	60,000	60,000	-	-	-	-
Subsidiaries - Unlisted shares	-	-	-	-	200,127	200,127	-	-	-	-
- Advances	-	-	-	207,288,608	-	207,288,608	-	-	-	-
- Other assets	-	-	-	-	13,128,891	13,128,891	-	-	-	-
	221,021,891	-	134,864,295	207,288,608	59,647,909	622,822,703	7,336,052	355,041,306	-	362,377,358
Financial liabilities not measured at fair value										
- Deposits and other accounts	-	-	-	-	-	(516,213,178)	(516,213,178)	-	-	-
- Bills payable	-	-	-	-	-	(8,665,462)	(8,665,462)	-	-	-
- Borrowings	-	-	-	-	-	(62,592,299)	(62,592,299)	-	-	-
- Sub - originated loans	-	-	-	-	-	(2,994,600)	(2,994,600)	-	-	-
- Other liabilities	-	-	-	-	-	(5,711,244)	(5,711,244)	-	-	-
	-	-	-	-	-	(596,176,783)	(596,176,783)	-	-	-
	221,021,891	-	134,864,295	207,288,608	59,647,909	26,645,920	7,336,052	355,041,306	-	362,377,358

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs).



22. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Half year ended 30 June 2016 (Un-audited)			
	Retail Banking	Commercial Banking	Inter Segment Elimination	Total
	(Rupees in '000)			
Total income	11,186,886	23,897,730	(7,865,897)	27,218,719
Total expenses	(8,523,937)	(19,721,155)	7,865,897	(20,379,195)
Net income	2,662,949	4,176,575	-	6,839,524
Segment assets (net of provisions)	545,595,791	709,027,719	(503,476,312)	751,147,198
Segment non performing loans	44,162	5,739,526	-	5,783,688
Segment provision required	39,840	4,530,121	-	4,569,961
Segment liabilities	543,815,058	671,638,282	(503,476,312)	711,977,028
Segment return on assets (ROA) (%)*	2.05%	3.37%		
Segment cost of funds (%)*	1.57%	2.94%		
	Half year ended 30 June 2015 (Un-audited)			
	Retail Banking	Commercial Banking	Inter Segment Elimination	Total
	(Rupees in '000)			
Total income	12,938,249	24,542,083	(9,399,629)	28,080,703
Total expenses	(9,922,346)	(21,532,641)	9,399,629	(22,055,358)
Net income	3,015,903	3,009,442	-	6,025,345
Segment assets (net of provisions)	472,657,365	597,150,590	(447,757,419)	622,050,536
Segment non performing loans	42,568	5,245,894	-	5,288,462
Segment provision required	37,856	4,866,815	-	4,904,671
Segment liabilities	471,350,899	564,298,063	(447,757,419)	587,891,543
Segment return on assets (ROA) (%)*	2.74%	4.11%		
Segment cost of funds (%)*	2.11%	3.82%		

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



23. RELATED PARTY TRANSACTIONS

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

Transactions with related parties of the Bank 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 Bank are carried out in accordance with the terms of their employment.

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

	30 June 2016 (Un-audited)					Total
	Subsidiaries	Associates	Non Executive Directors (Rupees in '000)	Key Management Personnel	Retirement Benefit Funds	
Deposits						
At beginning of the period	13,185	3,398,002	183,973	432,539	325,824	4,353,523
Placements during the period	365,464	59,715,609	1,646,284	1,464,296	1,647,718	64,839,371
Withdrawals during the period	(378,420)	(59,734,243)	(1,493,155)	(1,253,602)	(1,474,780)	(64,334,200)
At end of the period	229	3,379,368	337,102	643,233	498,762	4,858,694
Advances						
At beginning of the period	-	978,041	144	54,478	-	1,032,663
Given during the period	2,788,957	13,896,357	1,521	56,586	-	16,743,421
Repaid during the period	(2,786,203)	(13,696,247)	(1,420)	(49,485)	-	(16,533,355)
At end of the period	2,754	1,178,151	245	61,579	-	1,242,729
Investments						
At beginning of the period	200,127	562,690	-	-	-	762,817
Investments made during the period	-	-	-	-	-	-
Investments redeemed during the period	-	-	-	-	-	-
At end of the period	200,127	562,690	-	-	-	762,817
Contingencies and commitments	-	1,108,811	-	-	-	1,108,811
31 December 2015 (Audited)						
Deposits						
At beginning of the year	98,058	3,037,277	185,609	401,895	49,441	3,772,280
Placements during the year	687,051	157,951,585	2,932,874	2,817,436	2,922,398	167,311,344
Withdrawals during the year	(771,924)	(157,590,860)	(2,934,510)	(2,786,792)	(2,646,015)	(166,730,101)
At end of the year	13,185	3,398,002	183,973	432,539	325,824	4,353,523
Advances						
At beginning of the year	-	1,517,483	294	52,960	-	1,570,737
Given during the year	10,948,669	22,453,719	2,790	72,596	-	33,477,774
Repaid during the year	(10,948,669)	(22,993,161)	(2,940)	(71,078)	-	(34,015,848)
At end of the year	-	978,041	144	54,478	-	1,032,663
Investments						
At beginning of the year	200,127	865,977	-	-	-	1,066,104
Investments made during the year	-	548,287	-	-	-	548,287
Investments redeemed during the year	-	(851,574)	-	-	-	(851,574)
At end of the year	200,127	562,690	-	-	-	762,817
Contingencies and commitments	-	749,299	-	-	-	749,299



Half year ended 30 June 2016 (Un-audited)

	Subsidiaries	Associates	Non Executive Directors	Key Management Personnel	Retirement Benefit Funds	Total
			(Rupees in '000)			
Forward purchase contracts	-	286,768	-	-	-	286,768
Forward sale contracts	-	-	-	-	-	-
Other receivable	13,907	-	-	-	-	13,907
Other payable	135	-	-	-	-	135
Unrealised loss on forward contracts	-	(3,354)	-	-	-	(3,354)
Purchase of securities	-	-	-	-	-	-
Purchase of mutual funds	-	-	-	-	-	-
Sale of securities	-	12,024	-	-	316,341	328,365
Redemption of mutual funds	-	-	-	-	-	-
Gain on sale of securities & mutual funds	-	-	-	-	-	-
Mark-up earned	150	40,647	-	1,617	-	42,414
Mark-up expensed	228	83,641	6,821	13,714	16,199	120,603
Bank charges and commission	-	2,771	280	30	-	3,081
Salaries and allowances	-	-	-	184,532	-	184,532
Bonus	-	-	-	33,496	-	33,496
Contribution to defined contribution plan	-	-	-	7,873	-	7,873
Contribution to defined benefit plan	-	-	-	49,454	-	49,454
Staff provident fund	-	-	-	-	158,168	158,168
Staff gratuity fund	-	-	-	-	108,000	108,000
Directors' fee	-	-	3,975	-	-	3,975
Insurance claim received	-	6,315	-	-	-	6,315
Insurance premium paid	-	131,086	-	-	-	131,086
Dividend income	-	41,044	-	-	-	41,044
Rental income	1,050	-	-	-	-	1,050
Rental paid	-	-	-	-	-	-
Commission expensed	1,195	-	-	-	-	1,195
Donation	-	109,900	-	-	-	109,900
Other expensed	-	2,612	-	-	-	2,612
Other income	266	119	-	-	48	433

Half year ended 30 June 2015 (Un-audited)

Forward purchase contracts	-	160,761	-	-	-	160,761
Forward sale contracts	-	-	-	-	-	-
Other receivable	11,455	-	-	-	-	11,455
Other payable	131	-	-	-	-	131
Unrealised loss on forward contracts	-	(1,963)	-	-	-	(1,963)
Purchase of securities	-	1,713	-	-	-	1,713
Purchase of mutual funds	-	546,574	-	-	-	546,574
Sale of securities	-	8,023	-	-	36,936	44,959
Redemption of mutual funds	-	936,356	-	-	-	936,356
Gain on sale of securities & mutual funds	-	84,782	-	-	-	84,782
Mark-up earned	549	54,017	3	1,568	-	56,137
Mark-up expensed	469	90,144	5,954	14,662	2,164	113,393
Bank charges and commission	1	1,910	5	22	-	1,938
Salaries and allowances	-	-	-	157,830	-	157,830
Bonus	-	-	-	43,964	-	43,964
Contribution to defined contribution plan	-	-	-	7,318	-	7,318
Contribution to defined benefit plan	-	-	-	16,530	-	16,530
Staff provident fund	-	-	-	-	129,702	129,702
Staff gratuity fund	-	-	-	-	84,000	84,000
Directors' fee	-	-	3,800	-	-	3,800
Insurance claim received	-	10,894	-	-	-	10,894
Insurance premium paid	-	125,224	-	-	-	125,224
Dividend income	-	70,740	-	-	-	70,740
Rental income	1,050	-	-	-	-	1,050
Rental paid	-	1,538	-	-	-	1,538
Commission expensed	632	-	-	-	-	632
Donation	-	-	-	-	-	-
Other expensed	-	1,651	-	-	-	1,651
Other income	267	80	-	-	44	391



24. ISLAMIC BANKING BUSINESS

24.1 The Bank is operating 34 (31 December 2015: 29) Islamic Banking branches in Pakistan. The statement of financial position of these branches as at 30 June 2016 is as follows:

	(Un-audited) 30 June 2016	(Audited) 31 December 2015
Note	(Rupees in '000)	
ASSETS		
Cash and balances with treasury banks	1,509,100	882,606
Balances with and due from financial institutions	1,178,153	744,861
Investments	7,190,426	5,594,911
Islamic financing and related assets	24.2 13,841,870	11,980,951
Operating fixed assets	160,519	134,795
Other assets	761,801	244,172
	24,641,869	19,582,296
LIABILITIES		
Bills payable	98,603	8,452
Due to financial institutions	3,427,633	2,734,239
Deposits and other accounts	18,475,037	14,718,557
– Current accounts	6,380,729	4,797,701
– Saving accounts	5,497,171	3,675,740
– Term deposits	4,839,006	5,152,092
– Others	103,640	71,726
– Deposits from financial institutions-remunerative	1,653,782	1,019,316
– Deposits from financial institutions-non-remunerative	709	1,982
Due to Head office	231,264	1,490
Other liabilities	487,373	427,968
	(22,719,910)	(17,890,706)
NET ASSETS	1,921,959	1,691,590
REPRESENTED BY:		
Islamic banking fund	1,900,000	1,500,000
Unremitted profit	26,539	180,290
	1,926,539	1,680,290
(Deficit) / surplus on revaluation of assets	(4,580)	11,300
	1,921,959	1,691,590



	(Un-audited) 30 June 2016	(Audited) 31 December 2015
	(Rupees in '000)	
24.2 Islamic financing and related assets		
Murabaha	2,488,640	2,850,625
Net book value of assets / investments in ijarah under IFAS 2	938,936	695,688
Diminishing musharika	4,054,471	3,639,528
Musawama	453,031	274,033
Export refinance murabaha	253,133	32,351
Export refinance istisna	3,205,980	2,491,638
Istisna	1,599,904	568,922
Gross financing	12,994,095	10,552,785
Advance against murabaha	201,204	1,176,821
Advance against ijarah	649,477	253,129
Islamic financing and related assets - gross	13,844,776	11,982,735
Less: general provisioning against consumer financing	(2,906)	(1,784)
Islamic financing and related assets - net of provision	<u>13,841,870</u>	<u>11,980,951</u>
24.3 Islamic mode of financing		
Financings / inventory / receivables	12,994,095	10,552,785
Advances	850,681	1,429,950
Less: general provisioning against consumer financing	(2,906)	(1,784)
	<u>13,841,870</u>	<u>11,980,951</u>
24.4 The profit and loss account of the Bank's Islamic Banking branches for the half year ended 30 June 2016 is as follows:		
	(Un-audited) Half year ended	
	30 June 2016	30 June 2015
	(Rupees in '000)	
Profit / return on financing and placements earned	614,137	598,361
Profit / return on deposits and other dues expensed	(317,497)	(322,901)
	<u>296,640</u>	<u>275,460</u>
Provision against non-performing loans and advances	(1,123)	(347)
Net spread earned	<u>295,517</u>	<u>275,113</u>
OTHER INCOME		
Fee commission and brokerage income	34,218	20,731
Income from dealing in foreign currencies	8,549	4,553
Other income	10,544	7,097
	<u>53,311</u>	<u>32,381</u>
OTHER EXPENSES		
Administrative expenses	(322,289)	(187,875)
PROFIT BEFORE TAXATION	<u>26,539</u>	<u>119,619</u>
24.5 Remuneration to Shariah Board / Advisor	<u>2,484</u>	<u>1,200</u>



	(Un-audited) 30 June 2016	(Audited) 31 December 2015
	(Rupees in '000)	
24.6 CHARITY FUND		
Opening balance	2,686	2,621
Additions during the period / year	1,074	2,686
Payment / utilisation during the period / year		
Health	-	(1,021)
Social welfare	(1,556)	(1,600)
	(1,556)	(2,621)
Closing balance	<u>2,204</u>	<u>2,686</u>

25. GENERAL

25.1 SBP has issued BPRD Circular Letter No. 5 dated February 29, 2016 regarding the classification of Islamic financing and related assets. Accordingly, prior year numbers have been reclassified as follows:

- Bai Muajjal of Rs. 1,825.278 million has been reclassified from Lendings to Financial Institutions to Investments.
- Islamic receivables carried in Other assets of Rs. 1,429.950 million have been reclassified to Advances.

No other major reclassifications were made during the period.

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

25.3 Figures of the profit and loss account for the quarters ended 30 June 2016 and 30 June 2015 have not been subjected to limited scope review by the auditors.

26. DATE OF AUTHORISATION

These unconsolidated condensed interim financial statements were authorised for issue in the Board of Directors' meeting held on 16 August 2016.

ABBAS D. HABIB
*Chief Executive and
Managing Director*

SYED MAZHAR ABBAS
Director

SYED HASAN ALI BUKHARI
Director

ANWAR HAJI KARIM
Director



Bank AL Habib
25 YEARS SILVER JUBILEE
1991-2016

Consolidated Financial Statements

Bank AL Habib Limited

and

Subsidiary Companies



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
 AS AT 30 JUNE 2016**

		(Un-audited) 30 June 2016	(Audited) 31 December 2015
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		44,721,014	38,577,760
Balances with other banks	7	3,738,412	3,204,284
Lendings to financial institutions		2,287,171	3,992,794
Investments - net	8	421,878,039	356,906,766
Advances - net	9	245,553,457	207,288,807
Operating fixed assets	10	17,789,353	15,782,394
Deferred tax assets - net		-	-
Other assets		15,536,750	14,271,009
		751,504,196	640,023,814
LIABILITIES			
Bills payable		14,664,902	8,665,462
Borrowings	11	129,153,779	62,592,299
Deposits and other accounts	12	549,912,507	516,197,547
Sub-ordinated loans	13	4,000,000	2,994,600
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net		4,359,095	3,627,612
Other liabilities		9,918,173	7,754,760
		712,008,456	601,832,280
NET ASSETS		39,495,740	38,191,534
REPRESENTED BY:			
Share capital		11,114,254	11,114,254
Reserves		11,088,184	10,329,233
Unappropriated profit		9,572,521	10,414,605
Equity attributable to the shareholders of the Holding company		31,774,959	31,858,092
Non-controlling interest		113,224	112,979
Total equity		31,888,183	31,971,071
Surplus on revaluation of assets - net of tax	14	7,607,557	6,220,463
		39,495,740	38,191,534
CONTINGENCIES AND COMMITMENTS		15	

The annexed notes 1 to 26 form an integral part of these consolidated condensed interim financial statements.

ABBAS D. HABIB
 Chief Executive and
 Managing Director

SYED MAZHAR ABBAS
 Director

SYED HASAN ALI BUKHARI
 Director

ANWAR HAJI KARIM
 Director



**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2016**

	Note	Half year ended		Quarter ended	
		30 June 2016	30 June 2015	30 June 2016	30 June 2015
		(Rupees in '000)			
Mark-up / return / interest earned	16	24,844,700	25,441,367	12,655,739	12,572,277
Mark-up / return / interest expensed	17	(12,078,009)	(13,445,084)	(6,142,410)	(6,389,911)
Net mark-up / return / interest income		12,766,691	11,996,283	6,513,329	6,182,366
Reversal / (provision) against non-performing loans and advances - net		724,848	(1,131,323)	(452,188)	(159,351)
Provision for diminution in the value of investments		-	-	-	-
Bad debts written-off directly		-	-	-	-
Net mark-up / return / interest income after provisions		13,491,539	10,864,960	6,061,141	6,023,015
NON MARK-UP / INTEREST INCOME					
Fees, commission and brokerage income	18	1,271,830	1,168,309	663,233	581,032
Dividend income		351,489	317,960	168,771	181,873
Income from dealing in foreign currencies		329,771	470,668	139,790	212,422
Gain on sale / redemption of securities - net		49,025	250,267	15,064	250,267
Unrealised gain / (loss) on revaluation of investments classified as held for trading		5	(9,383)	5	(9,383)
Share of profit from associates		34,368	57,718	24,774	42,534
Other income		357,434	321,767	173,305	147,149
Total non mark-up / interest income		2,393,922	2,577,306	1,184,942	1,405,894
		15,885,461	13,442,266	7,246,083	7,428,909
NON MARK-UP / INTEREST EXPENSES					
Administrative expenses		(8,927,924)	(7,331,529)	(4,429,456)	(3,842,199)
Other reversals / (provisions) / write-offs		31,049	(23,892)	-	(7,321)
Other charges		(153,466)	(153,229)	(69,738)	(94,578)
Total non mark-up / interest expenses		(9,050,341)	(7,508,650)	(4,499,194)	(3,944,098)
		6,835,120	5,933,616	2,746,889	3,484,811
Extra-ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		6,835,120	5,933,616	2,746,889	3,484,811
Taxation - Current		(2,579,615)	(2,306,561)	(1,078,130)	(1,284,055)
- Prior years		(502,993)	(500,484)	(502,993)	(500,484)
- Deferred		26,404	133,260	92,610	(37,003)
		(3,056,204)	(2,673,785)	(1,488,513)	(1,821,542)
PROFIT AFTER TAXATION		3,778,916	3,259,831	1,258,376	1,663,269
Attributable to:					
Shareholders of the Holding company		3,778,671	3,258,563	1,258,074	1,662,208
Non-controlling interest		245	1,268	302	1,061
		3,778,916	3,259,831	1,258,376	1,663,269
		(Rupees)			
Basic and diluted earnings per share attributable to equity holders of the Holding company	19	3.40	2.93	1.13	1.50

The annexed notes 1 to 26 form an integral part of these consolidated condensed interim financial statements.

ABBAS D. HABIB
Chief Executive and
Managing Director

SYED MAZHAR ABBAS
Director

SYED HASAN ALI BUKHARI
Director

ANWAR HAJI KARIM
Director



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2016**

	Half year ended		Quarter ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	(Rupees in '000)			
Profit after taxation for the period	3,778,916	3,259,831	1,258,376	1,663,269
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	1,664	25,545	1,541	(5,301)
<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	3,780,580	3,285,376	1,259,917	1,657,968
<i>Components of comprehensive income not reflected in equity</i>				
Surplus on revaluation of available for sale securities	2,157,676	2,605,266	1,330,275	398,992
Related tax charge	(755,877)	(1,113,599)	(465,696)	(313,924)
	1,401,799	1,491,667	864,579	85,068
Total comprehensive income	5,182,379	4,777,043	2,124,496	1,743,036
Attributable to:				
Shareholders of the Holding company	5,181,014	4,774,193	2,122,596	1,740,494
Non-controlling interest	1,365	2,850	1,900	2,542
	5,182,379	4,777,043	2,124,496	1,743,036

The annexed notes 1 to 26 form an integral part of these consolidated condensed interim financial statements.

ABBAS D. HABIB
Chief Executive and
Managing Director

SYED MAZHAR ABBAS
Director

SYED HASAN ALI BUKHARI
Director

ANWAR HAJI KARIM
Director



**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2016**

	30 June 2016	30 June 2015
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	6,835,120	5,933,616
Less: Dividend income	(351,489)	(317,960)
	6,483,631	5,615,656
Adjustments for:		
Depreciation	761,013	547,865
Amortisation	47,641	41,128
(Reversal) / provision against non-performing loans and advances - net	(724,848)	1,131,323
Gain on sale of operating fixed assets	(51,179)	(1,841)
Gain on sale / redemption of securities - net	(49,025)	(250,267)
Unrealised (gain) / loss on held for trading securities	(5)	9,383
Charge for defined benefit plan	108,000	84,000
Charge for compensated absences	24,442	24,160
Share of profit from associates	(34,368)	(57,718)
(Reversals) / provisions against off-balance sheet items	(31,049)	23,892
	50,622	1,551,925
	6,534,253	7,167,581
Decrease / (increase) in operating assets		
Lendings to financial institutions	1,705,623	(3,940,720)
Advances - net	(37,539,801)	(20,987,039)
Other assets	(1,221,414)	(2,497,541)
	(37,055,592)	(27,425,300)
Increase / (decrease) in operating liabilities		
Bills payable	5,999,440	3,089,842
Borrowings	66,110,862	(6,297,939)
Deposits and other accounts	33,714,960	43,068,293
Other liabilities - (excluding provision for taxation)	1,873,071	1,015,855
	107,698,333	40,876,051
	77,176,994	20,618,332
Income tax paid	(2,962,729)	(2,253,460)
Net cash generated from operating activities	74,214,265	18,364,872
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in securities	(62,771,246)	(12,653,457)
Net investments in associates	41,044	374,026
Dividend received	315,751	148,723
Investments in operating fixed assets	(2,823,554)	(1,527,046)
Sale proceeds from disposal of operating fixed assets	64,356	51,770
Net cash used in investing activities	(65,173,649)	(13,605,984)
CASH FLOW FROM FINANCING ACTIVITIES		
Receipts / (repayments) of sub-ordinated loans	1,005,400	(748,500)
Dividend paid	(3,820,916)	(3,278,032)
Net cash used in financing activities	(2,815,516)	(4,026,532)
Exchange differences on translation of net investment in foreign operations	1,664	25,545
	6,226,764	757,901
Increase in cash and cash equivalents	41,776,740	37,887,729
Cash and cash equivalents at beginning of the period		
Cash and cash equivalents at end of the period	48,003,504	38,645,630

The annexed notes 1 to 26 form an integral part of these consolidated condensed interim financial statements.

ABBAS D. HABIB
*Chief Executive and
Managing Director*

SYED MAZHAR ABBAS
Director

SYED HASAN ALI BUKHARI
Director

ANWAR HAJI KARIM
Director



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2016**

	Attributable to the shareholders of the Holding Company									
	Share Capital	Statutory Reserve	Foreign Currency Translation Reserve	Revenue Reserves			Unappropriated Profit	Sub Total	Non-controlling Interest	Total
				Special Reserve	General Reserve					
(Rupees in '000)										
Balance as at 01 January 2015	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 half year ended 30 June 2015:										
Profit after tax	-	-	-	-	-	3,258,563	3,258,563	1,268	3,259,831	
Other comprehensive income	-	-	25,545	-	-	-	25,545	-	25,545	
	-	-	25,545	-	-	3,258,563	3,284,108	1,268	3,285,376	
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	26,428	26,428	-	26,428	
Transfer to statutory reserve	-	671,117	-	-	-	(671,117)	-	-	-	
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 June 2015	11,114,254	8,603,767	187,306	126,500	540,000	7,191,943	27,763,770	115,237	27,879,007	
Total comprehensive income for the half year ended 31 December 2015:										
Profit after tax	-	-	-	-	-	4,074,179	4,074,179	(2,258)	4,071,921	
Other comprehensive income	-	-	61,795	-	-	(68,080)	(6,285)	-	(6,285)	
	-	-	61,795	-	-	4,006,099	4,067,894	(2,258)	4,065,636	
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	26,428	26,428	-	26,428	
Transfer to statutory reserve	-	809,865	-	-	-	(809,865)	-	-	-	
Balance as at 31 December 2015	11,114,254	9,413,632	249,101	126,500	540,000	10,414,605	31,858,092	112,979	31,971,071	
Total comprehensive income for the half year ended 30 June 2016:										
Profit after tax	-	-	-	-	-	3,778,671	3,778,671	245	3,778,916	
Other comprehensive income	-	-	1,664	-	-	-	1,664	-	1,664	
	-	-	1,664	-	-	3,778,671	3,780,335	245	3,780,580	
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	26,521	26,521	-	26,521	
Transfer to statutory reserve	-	757,287	-	-	-	(757,287)	-	-	-	
Transactions with owners, recorded directly in equity:										
Cash dividend (Rs. 3.5 per share)	-	-	-	-	-	(3,889,989)	(3,889,989)	-	(3,889,989)	
Balance as at 30 June 2016	11,114,254	10,170,919	250,765	126,500	540,000	9,572,521	31,774,959	113,224	31,888,183	

The annexed notes 1 to 26 form an integral part of these consolidated condensed interim financial statements.

ABBAS D. HABIB
Chief Executive and
Managing Director

SYED MAZHAR ABBAS
Director

SYED HASAN ALI BUKHARI
Director

ANWAR HAJI KARIM
Director



**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2016**

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 Pakistan Stock Exchange Limited. It is a scheduled bank principally engaged in the business of commercial banking with a network of 479 branches (31 December 2015: 423 branches), 96 sub-branches (31 December 2015: 105 sub-branches) and 03 representative offices (31 December 2015: 03 representative offices). The branch network of the Bank includes 03 overseas branches (31 December 2015: 03 overseas branches) and 34 Islamic Banking branches (31 December 2015: 29 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 Pakistan 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, the Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards (IFAS).



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 24.

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', 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 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 information required in the 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 2015.

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 and non-banking assets acquired in satisfaction of claims 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 2015.

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 annual financial statements of the Group for the year ended 31 December 2015 except for the reclassification as required by SBP vide its BPRD Circular No. 1 of 2016, Circular Letter No. 05 of 2016 and additional disclosures in respect of Islamic Index Screening as required by Circular No. 14 of 2016 issued by SECP:

Non-banking assets acquired in satisfaction of claims:

Effective 1 January 2016, the Bank has changed its accounting policy for recording of non-banking assets acquired in satisfaction of claims to comply with the requirements of the 'Regulations for Debt Property Swap' (the regulations) issued by SBP vide its BPRD Circular No. 1 of 2016, dated 1 January 2016. In line with the guidance provided in the Regulations, the non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation. These assets are revalued by professionally qualified valuers to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation of property is credited to the 'surplus on revaluation of fixed assets' account and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property is charged to profit and loss account and not capitalised. Previously, non-banking assets acquired in satisfaction of claims were carried at cost less impairment, if any. Had the accounting policy not been changed, non-banking assets (included in Other Assets in the statement of financial position), surplus on revaluation of assets and deferred tax liability - net would have been lower by Rs. 12.394 million, Rs. 11.722 million and Rs. 1.508 million respectively while profit after tax would have been higher by Rs. 0.930 million.

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 2015.



7. BALANCES WITH OTHER BANKS

These include Rs. 1,178.153 million (31 December 2015: Rs. 744.861 million) placed under Shariah permissible mode.

Note	30 June 2016 (Un-audited)			31 December 2015 (Audited)		
	Held by Group	Given as Collateral	Total	Held by Group	Given as Collateral	Total

(Rupees in '000)

8. INVESTMENTS

8.1 Investments by type

Available for Sale Securities

Market Treasury Bills	67,789,884	106,997,980	174,787,864	96,543,319	39,361,572	135,904,891
Pakistan Investment Bonds	81,100,604	-	81,100,604	60,240,211	-	60,240,211
Foreign Currency Bonds	4,744,839	-	4,744,839	4,043,886	-	4,043,886
Sukuk Bonds	8,453,747	-	8,453,747	6,983,848	-	6,983,848
Fully paid-up ordinary shares - Listed	4,132,448	-	4,132,448	4,074,462	-	4,074,462
Fully paid-up ordinary shares - Unlisted	70,814	-	70,814	70,814	-	70,814
Term finance certificates - Listed	702,911	-	702,911	302,972	-	302,972
Term finance certificates - Unlisted	2,403,719	-	2,403,719	2,946,686	-	2,946,686
Units of mutual funds	1,600,000	-	1,600,000	1,550,000	-	1,550,000
	170,998,966	106,997,980	277,996,946	176,756,198	39,361,572	216,117,770

Held to Maturity Securities 8.2

Pakistan Investment Bonds	130,782,499	-	130,782,499	130,462,425	-	130,462,425
Foreign Currency Bonds	2,397,502	-	2,397,502	1,879,702	-	1,879,702
Other Federal Government Securities	1,879,378	-	1,879,378	1,825,278	-	1,825,278
Sukuk Bonds	685,581	-	685,581	696,890	-	696,890
	135,744,960	-	135,744,960	134,864,295	-	134,864,295

Held for Trading Securities

Fully paid-up ordinary shares - Listed	55,400	-	55,400	-	-	-
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Associates

Habib Sugar Mills Limited	392,622	-	392,622	396,615	-	396,615
Habib Asset Management Limited	84,990	-	84,990	84,236	-	84,236
First Habib Income Fund	137,033	-	137,033	142,719	-	142,719
First Habib Stock Fund	10,421	-	10,421	9,534	-	9,534
First Habib Cash Fund	139,678	-	139,678	144,106	-	144,106
First Habib Islamic Balanced Fund	10,446	-	10,446	9,812	-	9,812
	775,190	-	775,190	787,022	-	787,022

Investments at cost	307,574,516	106,997,980	414,572,496	312,407,515	39,361,572	351,769,087
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Less: Provision for diminution in the value of investments	(213,185)	-	(213,185)	(213,185)	-	(213,185)
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Investments (net of provisions)	307,361,331	106,997,980	414,359,311	312,194,330	39,361,572	351,555,902
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Surplus on revaluation of available for sale securities - net	7,339,883	178,840	7,518,723	5,231,116	119,748	5,350,864
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Surplus on revaluation of held for trading securities - net	5	-	5	-	-	-
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Total Investments	314,701,219	107,176,820	421,878,039	317,425,446	39,481,320	356,906,766
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8.2 The aggregate market value of held to maturity securities as at 30 June 2016 amounted to Rs. 148,856 million (31 December 2015: Rs. 144,551 million).



	Note	(Un-audited) 30 June 2016 (Rupees in '000)	(Audited) 31 December 2015
9. ADVANCES			
Loans, cash credits, running finances, etc.			
– In Pakistan		199,414,045	171,210,572
– Outside Pakistan		15,674,071	14,648,449
		215,088,116	185,859,021
Islamic financing and related assets - gross	9.4 & 24.2	13,844,776	11,982,735
Net investment in finance lease			
– In Pakistan		6,085,557	4,297,187
– Outside Pakistan		–	–
		6,085,557	4,297,187
Bills discounted and purchased (excluding market treasury bills)			
– Payable in Pakistan		3,466,087	3,222,616
– Payable outside Pakistan		14,614,549	10,340,898
		18,080,636	13,563,514
Advances - gross		253,099,085	215,702,457
Provision against non-performing loans and advances			
– Specific provision	9.1	(4,648,227)	(5,537,371)
– General provision against small enterprises and consumer advances (as per SBP regulations)	9.2	(147,401)	(126,279)
– General provision	9.3	(2,750,000)	(2,750,000)
		(7,545,628)	(8,413,650)
Advances - net of provisions		245,553,457	207,288,807

9.1 Advances include Rs. 5,783.688 million (31 December 2015: Rs. 5,874.374 million) which have been placed under non-performing status as detailed below:

Category of classification	30 June 2016 (Un-audited)								
	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
Other assets especially mentioned	4,057	–	4,057	85	–	85	85	–	85
Substandard	1,377,804	–	1,377,804	344,309	–	344,309	344,309	–	344,309
Doubtful	291,087	–	291,087	131,626	–	131,626	209,810	–	209,810
Loss	3,164,658	946,082	4,110,740	3,147,859	946,082	4,093,941	3,147,941	946,082	4,094,023
	4,837,606	946,082	5,783,688	3,623,879	946,082	4,569,961	3,702,145	946,082	4,648,227



31 December 2015 (Audited)

Category of classification	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
Other assets especially mentioned	3,335	-	3,335	40	-	40	40	-	40
Substandard	43,810	-	43,810	10,940	-	10,940	10,940	-	10,940
Doubtful	599,534	-	599,534	299,767	-	299,767	309,485	-	309,485
Loss	4,280,034	947,661	5,227,695	4,269,245	947,661	5,216,906	4,269,245	947,661	5,216,906
	<u>4,926,713</u>	<u>947,661</u>	<u>5,874,374</u>	<u>4,579,992</u>	<u>947,661</u>	<u>5,527,653</u>	<u>4,589,710</u>	<u>947,661</u>	<u>5,537,371</u>

9.2 General provision represents provision amounting to Rs. 121.740 million (31 December 2015: Rs. 100.618 million) against consumer finance portfolio and Rs. 25.661 million (31 December 2015: Rs. 25.661 million) against advances to small enterprises as required by the Prudential Regulations issued by SBP. General provision against consumer finance portfolio includes Rs. 2.906 million (31 December 2015: Rs. 1.784 million) permissible under Shariah.

9.3 In line with its prudent policies, the Bank also made general provision against its loans and advances portfolio. This general provision is in addition to the requirements of the Prudential Regulations and as of 30 June 2016 amounts to Rs. 2,750 million (31 December 2015: Rs. 2,750 million).

9.4 These represents financing and related assets placed under Shariah permissible modes.

(Un-audited) (Audited)
30 June 2016 31 December 2015
(Rupees in '000)

10. OPERATING FIXED ASSETS

Capital work-in-progress	805,733	703,896
Property and equipment	16,891,025	15,009,585
Intangible assets	92,595	68,913
	<u>17,789,353</u>	<u>15,782,394</u>

(Un-audited)
Half year ended
30 June 2016 30 June 2015
(Rupees in '000)

10.1 The following additions were made during the period:

Leasehold land	315,532	217,350
Buildings on leasehold land	1,076,175	20,016
Improvements to leasehold buildings	176,916	116,293
Furniture and fixtures	92,018	49,676
Electrical, office and computer equipments	790,003	438,956
Vehicles	203,555	89,464
Intangible assets	67,519	20,804
	<u>2,721,718</u>	<u>952,559</u>



	(Un-audited) Half year ended	
	30 June 2016	30 June 2015
	(Rupees in '000)	
10.2 The written down value of fixed assets disposed off during the period were as follows:		
Improvements to leasehold buildings	6,434	35,224
Furniture and fixtures	469	2,128
Electrical, office and computer equipments	2,255	6,014
Vehicles	4,019	6,532
	13,177	49,898
	(Un-audited) 30 June 2016	(Audited) 31 December 2015
	(Rupees in '000)	
11. BORROWINGS		
Secured		
Borrowings from SBP		
– Export refinance scheme	17,177,689	19,118,954
– Long term financing for export oriented projects	–	4,246
– Long term financing for imported and locally manufactured plant and machinery	4,347,779	3,953,374
– Financing facility for storage of agricultural produce	13,989	36,861
	21,539,457	23,113,435
Repurchase agreement borrowings	107,158,400	39,473,560
	128,697,857	62,586,995
Unsecured		
Overdrawn nostros	455,922	5,304
	129,153,779	62,592,299
12. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	115,199,403	120,268,519
Savings deposits	159,346,776	150,427,540
Current accounts - Remunerative	57,520,650	57,094,573
Current accounts - Non-remunerative	203,295,621	175,902,813
	535,362,450	503,693,445
Financial institutions		
Remunerative deposits	12,940,872	11,451,951
Non-remunerative deposits	1,609,185	1,052,151
	14,550,057	12,504,102
	549,912,507	516,197,547



12.1 Deposits include Rs. 18,475.037 million (31 December 2015: Rs. 14,718.557 million) placed under permissible Shariah modes.

	(Un-audited) 30 June 2016	(Audited) 31 December 2015
Note	(Rupees in '000)	

13. SUB-ORDINATED LOANS - unsecured

Term Finance Certificates (TFCs) - IV - (Unquoted)	13.1	-	2,994,600
Term Finance Certificates (TFCs) - V - (Unquoted)	13.2	4,000,000	-
		4,000,000	2,994,600

13.1 During the period, the Bank exercised the Call Option of Term Finance Certificates-IV in accordance with the Trust Deed and Terms and Conditions for the TFC issue, after completing the regulatory requirements. Accordingly, the said TFCs were redeemed in full on 30 June 2016.

13.2 Term Finance Certificates - V (Unquoted)

Total issue	Rupees 4,000 million
Rating	AA
Rate	Payable six monthly at six months' KIBOR plus 0.75% without any floor and cap
Redemption	6th-108th month: 0.36%; 114th and 120th month: 49.82% each
Tenor	10 years
Maturity	March 2026

	(Un-audited) 30 June 2016	(Audited) 31 December 2015
Note	(Rupees in '000)	

14. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

Fixed assets / non-banking assets	14.1	2,677,658	2,692,363
Available for sale investments	14.2	4,929,899	3,528,100
		7,607,557	6,220,463



	(Un-audited) 30 June 2016	(Audited) 31 December 2015
	(Rupees in '000)	
14.1 Fixed assets / non-banking assets		
Balance at beginning of the period / year	3,489,993	3,575,215
Surplus / (adjustment) on revaluation of the Bank's fixed assets / non-banking assets during the period / year	13,825	(3,905)
Transfer to unappropriated profit in respect of incremental depreciation charged during the period / year	(40,802)	(81,317)
	<u>3,463,016</u>	<u>3,489,993</u>
Related deferred tax liability on:		
Balance at beginning of the period / year	797,630	826,092
Revaluation of the Bank's fixed assets / non-banking assets during the period / year	2,009	-
Transfer to unappropriated profit in respect of incremental depreciation charged during the period / year	(14,281)	(28,462)
	<u>(785,358)</u>	<u>(797,630)</u>
	<u>2,677,658</u>	<u>2,692,363</u>
14.2 Available for sale investments		
Federal Government Securities	6,404,749	4,543,743
Fully paid-up ordinary shares	1,023,076	716,974
Term finance certificates, sukuk bonds, foreign currency bonds and others	34,989	49,163
Units of mutual funds	93,500	88,758
	<u>7,556,314</u>	<u>5,398,638</u>
Related deferred tax liability	(2,626,415)	(1,870,538)
	<u>4,929,899</u>	<u>3,528,100</u>
14.2.1 This includes deficit of Rs. 4.580 million (31 December 2015 surplus: Rs. 11.300 million) on revaluation of available for sale securities placed as per arrangements permissible under Shariah.		



	(Un-audited) 30 June 2016	(Audited) 31 December 2015
	(Rupees in '000)	
15. CONTINGENCIES AND COMMITMENTS		
15.1 Direct credit substitutes		
Financial guarantees issued favouring:		
– Financial institutions	787,325	462,800
– Others	5,260,632	5,086,805
	<u>6,047,957</u>	<u>5,549,605</u>
15.2 Transaction-related contingent liabilities		
Guarantees issued favouring:		
– Government	36,395,925	29,798,948
– Financial institutions	581,514	668,750
– Others	8,912,968	6,743,423
	<u>45,890,407</u>	<u>37,211,121</u>
15.3 Trade-related contingent liabilities		
Letters of credit	84,461,860	77,847,579
Acceptances	17,084,348	13,547,110
	<u>101,546,208</u>	<u>91,394,689</u>
15.4 Commitments in respect of forward lending		
Commitments to extend credit (excluding commitments that are unilaterally cancellable)	10,341,834	10,748,236
15.5 Commitments in respect of forward exchange contracts		
Purchase	45,499,023	46,760,182
Sale	30,280,447	28,769,804
The maturities of above contracts are spread over the period upto one year.		
15.6 Commitments for the acquisition of operating fixed assets	<u>319,227</u>	<u>636,406</u>



15.7 Other contingencies

Income tax returns of the Bank have been submitted upto and including the Bank's financial year 2014. The income tax assessments of the Bank are complete upto tax year 2013.

For tax year 2012 and 2013, the Additional Commissioner Inland Revenue (ACIR) has passed order u/s. 122(5A) of the Income Tax Ordinance, 2001 by disallowing certain expenses. Subsequently, amended order was received from ACIR based on a rectification application filed by the Bank resulting in net aggregate tax impact of Rs. 797.233 million. The Bank has filed an appeal before the Commissioner Inland Revenue (Appeals) against the above mentioned orders.

Commissioner Inland Revenue (Appeals) has passed appellate orders for tax years 2009 and 2011 by confirming disallowance of provision for non-performing loans, other provisions and amortization of intangible assets having an aggregate tax impact of Rs. 15.372 million. The Bank has filed an appeal before Income Tax Appellate Tribunal against the above referred orders.

The management, based on the opinion of its tax advisor, is confident about the favorable outcome of the above matters.

(Un-audited)			
Half year ended		Quarter ended	
30 June 2016	30 June 2015	30 June 2016	30 June 2015
(Rupees in '000)			

16. MARK-UP / RETURN / INTEREST EARNED

On loans and advances to:				
Customers	7,028,831	7,536,865	3,625,134	3,725,514
Financial institutions	74,108	57,611	47,592	30,796
	7,102,939	7,594,476	3,672,726	3,756,310
On investments:				
Available for sale securities	9,733,237	10,841,764	4,926,370	5,391,839
Held to maturity securities	7,864,311	6,903,847	3,977,508	3,371,772
	17,597,548	17,745,611	8,903,878	8,763,611
On deposits with financial institutions	112,034	80,705	73,024	39,939
On securities purchased under resale agreements	31,011	20,352	5,971	12,373
On call money lendings	1,168	223	140	44
	24,844,700	25,441,367	12,655,739	12,572,277

16.1 These include Rs. 614.137 million (30 June 2015: Rs. 598.361 million) pertaining to Islamic banking out of which Rs. 52.553 million (30 June 2015: Rs. 43.807 million) represents profit from placements permissible under Shariah.



	(Un-audited)			
	Half year ended		Quarter ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	(Rupees in '000)			
17. MARK-UP / RETURN / INTEREST EXPENSED				
Deposits	8,665,254	9,923,066	4,271,264	4,839,703
Sub-ordinated loans	304,610	232,027	180,949	112,035
Repurchase agreement borrowings	2,380,207	2,520,667	1,346,737	1,052,836
Borrowings from SBP	333,494	564,849	160,267	262,770
Other borrowings	394,444	204,475	183,193	122,567
	<u>12,078,009</u>	<u>13,445,084</u>	<u>6,142,410</u>	<u>6,389,911</u>

18. DIVIDEND INCOME

Available for sale

Allied Bank Limited	2,642	2,775	1,322	1,321
Attock Petroleum Limited	2,950	1,840	-	-
Fauji Fertilizer Bin Qasim Limited	-	7,098	-	-
Fauji Fertilizer Company Limited	23,346	23,993	8,196	12,706
Habib Bank Limited	9,007	4,197	4,502	4,197
Habib Metropolitan Bank Limited	30,055	25,256	-	-
Hub Power Company Limited	63,040	31,510	27,580	1,000
International Industries Limited	53	79	-	-
Kot Addu Power Company Limited	27,287	15,840	-	-
Lalpir Power Limited	2,094	2,094	2,094	2,094
MCB Bank Limited	8,000	3,169	4,000	1,585
Meezan Bank Limited	-	149	-	-
National Investment (Unit) Trust	49,647	46,889	49,647	46,889
Nishat Chunian Power Limited	9,561	15,753	-	9,561
NIT Government Bond Fund	36,461	67,089	36,461	67,089
NIT Government Treasury Fund	998	-	998	-
NIT Income Fund	13,241	21,081	13,241	21,081
NIT Islamic Equity Fund	10,520	-	10,520	-
Packages Limited	263	158	263	158
Pakgen Power Limited	4,407	4,407	4,407	4,407
Pakistan Oilfields Limited	14,236	8,806	-	-
Pakistan Petroleum Limited	3,987	7,042	-	305
Pakistan State Oil Company Limited	4,573	5,487	-	5,487
Pakistan Stock Exchange Limited	400	600	-	-
PIML Income Fund	-	308	-	308
Shell Pakistan Limited	225	180	225	180
Soneri Bank Limited	20,677	11,580	-	-
Standard Chartered Bank (Pakistan) Limited	3,979	4,775	-	-
United Bank Limited	7,385	5,465	3,165	3,165
	<u>349,034</u>	<u>317,620</u>	<u>166,621</u>	<u>181,533</u>



	(Un-audited)			
	Half year ended		Quarter ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	(Rupees in '000)			
Held for trading				
Engro Corporation Limited	975	200	975	200
MCB Bank Limited	-	140	-	140
Fauji Fertilizer Bin Qasim Limited	305	-	-	-
Faysal Bank Limited	100	-	100	-
Lalpir Power Limited	100	-	100	-
Pakgen Power Limited	175	-	175	-
Pakistan Telecommunication Company Limited	800	-	800	-
	2,455	340	2,150	340
	<u>351,489</u>	<u>317,960</u>	<u>168,771</u>	<u>181,873</u>

19. 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>3,778,671</u>	<u>3,258,563</u>	<u>1,258,074</u>	<u>1,662,208</u>
	(Number of shares in thousands)			
Weighted average number of ordinary shares	<u>1,111,425</u>	<u>1,111,425</u>	<u>1,111,425</u>	<u>1,111,425</u>
	(Rupees)			
Basic and diluted earnings per share	<u>3.40</u>	<u>2.93</u>	<u>1.13</u>	<u>1.50</u>

(Un-audited)
Half year ended
 30 June 2016 30 June 2015
 (Rupees in '000)

20. CASH AND CASH EQUIVALENTS

Cash and balances with treasury banks	44,721,014	34,262,425
Balances with other banks	3,738,412	4,834,457
Overdrawn nostros	(455,922)	(451,252)
	<u>48,003,504</u>	<u>38,645,630</u>



21. FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below analyses financial instruments measured at the end of reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:
30 June 2016 (Un-audited)

	Carrying amount						Fair value				
	Available for sale	Held for trading	Held to maturity	Loans and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)											
On-balance sheet financial instruments											
Financial assets measured at fair value											
- Investments											
Federal Government Securities (TBills + PIBs + Sukuk Bonds + FC Bonds)	270,126,877	-	-	-	-	-	270,126,877	-	270,126,877	-	270,126,877
Foreign Currency Bonds	1,160,539	-	-	-	-	-	1,160,539	-	1,160,539	-	1,160,539
Fully paid-up ordinary shares - Listed	4,958,532	55,405	-	-	-	-	5,013,937	5,215,959	-	-	5,215,959
Units of mutual funds	1,693,500	-	-	-	-	-	1,693,500	1,693,500	-	-	1,693,500
Term Finance Certificates - Listed	706,543	-	-	-	-	-	706,543	706,543	-	-	706,543
Financial assets not measured at fair value											
- Cash and bank balances with SBP and NBP	-	-	-	-	44,721,014	-	44,721,014	-	-	-	-
- Balances with other banks	-	-	-	-	3,738,412	-	3,738,412	-	-	-	-
- Lendings to financial institutions	-	-	-	-	2,287,171	-	2,287,171	-	-	-	-
- Investments											
Federal Government Securities (TBills + PIBs + Sukuk Bonds + FC Bonds + others)	-	-	135,061,643	-	-	-	135,061,643	-	145,749,502	-	145,749,502
Foreign Currency Bonds	4,193,123	-	683,317	-	-	-	4,876,440	-	521,892	-	5,215,959
Fully paid-up ordinary shares - Unlisted	59,651	-	-	-	-	-	59,651	-	-	-	59,651
Term Finance Certificates -Unlisted	2,403,719	-	-	-	-	-	2,403,719	-	-	-	2,403,719
Associates											
Listed shares	-	-	-	-	392,622	-	392,622	392,622	-	-	392,622
Mutual funds	-	-	-	-	297,578	-	297,578	297,578	-	-	297,578
Unlisted shares	-	-	-	-	84,990	-	84,990	-	-	-	84,990
- Advances	-	-	-	245,553,457	-	-	245,553,457	-	-	-	245,553,457
- Other assets	-	-	-	-	13,607,221	-	13,607,221	-	-	-	13,607,221
	<u>285,302,484</u>	<u>55,405</u>	<u>135,744,960</u>	<u>245,553,457</u>	<u>65,129,008</u>	<u>-</u>	<u>731,785,314</u>	<u>8,306,202</u>	<u>417,558,810</u>	<u>-</u>	<u>425,865,012</u>
Financial liabilities not measured at fair value											
- Deposits and other accounts	-	-	-	-	-	(549,912,507)	(549,912,507)	-	-	-	-
- Bills payable	-	-	-	-	-	(14,664,902)	(14,664,902)	-	-	-	-
- Borrowings	-	-	-	-	-	(129,153,779)	(129,153,779)	-	-	-	-
- Sub - originated loans	-	-	-	-	-	(4,000,000)	(4,000,000)	-	-	-	-
- Other liabilities	-	-	-	-	-	(7,242,916)	(7,242,916)	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(704,974,104)</u>	<u>(704,974,104)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>285,302,484</u>	<u>55,405</u>	<u>135,744,960</u>	<u>245,553,457</u>	<u>65,129,008</u>	<u>(704,974,104)</u>	<u>26,811,210</u>	<u>8,306,202</u>	<u>417,558,810</u>	<u>-</u>	<u>425,865,012</u>



31 December 2015 (Audited)

	Carrying amount					Total	Fair value			Total
	Available for sale	Held for trading	Held to maturity	Loans and receivables	Other financial assets (Rupees in '000)		Level 1	Level 2	Level 3	
On-balance sheet financial instruments										
Financial assets measured at fair value										
- Investments										
Federal Government Securities (TBills + PIBs + Sukuk Bonds + FC Bonds)	208,365,392	-	-	-	-	208,365,392	-	208,365,392	-	208,365,392
Foreign Currency Bonds	627,606	-	-	-	-	627,606	-	627,606	-	627,606
Fully paid-up ordinary shares - Listed	4,589,414	-	-	-	-	4,589,414	4,786,406	-	-	4,786,406
Units of mutual funds	1,638,758	-	-	-	-	1,638,758	1,638,758	-	-	1,638,758
Term Finance Certificates - Listed	305,764	-	-	-	-	305,764	305,764	-	-	305,764
Financial assets not measured at fair value										
- Cash and bank balances with SBP and NBP	-	-	-	-	38,577,760	38,577,760	-	-	-	-
- Balances with other banks	-	-	-	-	3,204,284	3,204,284	-	-	-	-
- Lendings to financial institutions	-	-	-	-	3,992,794	3,992,794	-	-	-	-
- Investments										
Federal Government Securities (TBills + PIBs + Sukuk Bonds + FC Bonds + others)	-	-	134,691,407	-	-	134,691,407	-	146,203,124	-	146,203,124
Foreign Currency Bonds	2,722,178	-	172,888	-	-	2,895,066	-	-	-	-
Fully paid-up ordinary shares - Unlisted	59,651	-	-	-	-	59,651	-	-	-	-
Term Finance Certificates -Unlisted	2,946,686	-	-	-	-	2,946,686	-	-	-	-
Associates										
Listed shares	-	-	-	-	396,615	396,615	396,615	-	-	396,615
Mutual funds	-	-	-	-	306,171	306,171	306,171	-	-	306,171
Unlisted shares	-	-	-	-	84,236	84,236	-	-	-	-
- Advances	-	-	-	207,288,807	-	207,288,807	-	-	-	-
- Other assets	-	-	-	-	13,131,639	13,131,639	-	-	-	-
	221,255,449	-	134,864,295	207,288,807	59,693,499	623,102,050	7,433,714	355,196,122	-	362,629,836
Financial liabilities not measured at fair value										
- Deposits and other accounts	-	-	-	-	-	(516,197,547)	(516,197,547)	-	-	-
- Bills payable	-	-	-	-	-	(8,665,462)	(8,665,462)	-	-	-
- Borrowings	-	-	-	-	-	(62,592,299)	(62,592,299)	-	-	-
- Sub - originated loans	-	-	-	-	-	(2,994,600)	(2,994,600)	-	-	-
- Other liabilities	-	-	-	-	-	(5,714,473)	(5,714,473)	-	-	-
	-	-	-	-	-	(596,164,381)	(596,164,381)	-	-	-
	221,255,449	-	134,864,295	207,288,807	59,693,499	26,937,669	7,433,714	355,196,122	-	362,629,836

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs).



22. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Half year ended 30 June 2016 (Un-audited)				
	Retail Banking	Commercial Banking	Retail Brokerage (Rupees in '000)	Inter Segment Elimination	Total
Total income	11,186,886	23,888,297	29,336	(7,865,897)	27,238,622
Total expenses	(8,523,937)	(19,719,974)	(25,488)	7,865,897	(20,403,502)
Net income	2,662,949	4,168,323	3,848	-	6,835,120
Segment assets (net of provisions)	545,595,791	709,181,883	389,611	(503,663,089)	751,504,196
Segment non performing loans	44,162	5,739,526	-	-	5,783,688
Segment provision required	39,840	4,530,121	-	-	4,569,961
Segment liabilities	543,815,058	671,635,112	221,375	(503,663,089)	712,008,456
Segment return on assets (ROA) (%)*	2.05%	3.37%	7.53%		
Segment cost of funds (%)*	1.57%	2.94%	11.51%		

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

	Half year ended 30 June 2015 (Un-audited)				
	Retail Banking	Commercial Banking	Retail Brokerage (Rupees in '000)	Inter Segment Elimination	Total
Total income	12,938,249	24,446,320	37,612	(9,403,508)	28,018,673
Total expenses	(9,922,346)	(21,532,558)	(33,661)	9,403,508	(22,085,057)
Net income	3,015,903	2,913,762	3,951	-	5,933,616
Segment assets (net of provisions)	472,657,365	597,250,380	421,784	(447,942,182)	622,387,347
Segment non performing loans	42,568	5,245,894	-	-	5,288,462
Segment provision required	37,856	4,866,815	-	-	4,904,671
Segment liabilities	471,350,899	564,253,088	256,211	(447,942,182)	587,918,016
Segment return on assets (ROA) (%)*	2.74%	4.09%	8.92%		
Segment cost of funds (%)*	2.11%	3.82%	13.14%		

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



23. RELATED PARTY TRANSACTIONS

Related parties of the Group comprise associates (including entities having directors in common with the Group), retirement 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 end balances outstanding as at the period / year end with related parties are summarised as follows:

	30 June 2016 (Un-audited)				Total
	Associates	Non Executive Directors	Key Management Personnel (Rupees in '000)	Retirement Benefit Funds	
Deposits					
At beginning of the period	3,398,002	183,973	432,539	325,824	4,340,338
Placements during the period	59,715,609	1,646,284	1,464,296	1,647,718	64,473,907
Withdrawals during the period	(59,734,243)	(1,493,155)	(1,253,603)	(1,474,780)	(63,955,781)
At end of the period	3,379,368	337,102	643,232	498,762	4,858,464
Advances					
At beginning of the period	978,041	144	54,478	-	1,032,663
Given during the period	13,896,357	1,521	56,586	-	13,954,464
Repaid during the period	(13,696,247)	(1,420)	(49,484)	-	(13,747,151)
At end of the period	1,178,151	245	61,580	-	1,239,976
Investments					
At beginning of the period	787,022	-	-	-	787,022
Investments made during the period	-	-	-	-	-
Investments redeemed during the period	(11,832)	-	-	-	(11,832)
At end of the period	775,190	-	-	-	775,190
Contingencies and commitments	1,108,811	-	-	-	1,108,811
31 December 2015 (Audited)					
Deposits					
At beginning of the year	3,037,277	185,609	401,895	49,441	3,674,222
Placements during the year	157,951,585	2,932,874	2,817,436	2,922,398	166,624,293
Withdrawals during the year	(157,590,860)	(2,934,510)	(2,786,792)	(2,646,015)	(165,958,177)
At end of the year	3,398,002	183,973	432,539	325,824	4,340,338
Advances					
At beginning of the year	1,517,483	294	52,960	-	1,570,737
Given during the year	22,453,719	2,790	72,596	-	22,529,105
Repaid during the year	(22,993,161)	(2,940)	(71,078)	-	(23,067,179)
At end of the year	978,041	144	54,478	-	1,032,663
Investments					
At beginning of the year	1,158,614	-	-	-	1,158,614
Investments made during the year	548,287	-	-	-	548,287
Investments redeemed / adjusted during the year	(919,879)	-	-	-	(919,879)
At end of the year	787,022	-	-	-	787,022
Contingencies and commitments	749,299	-	-	-	749,299



Half year ended 30 June 2016 (Un-audited)

	Associates	Non Executive Directors	Key Management Personnel	Employee Benefit Plans	Total
	(Rupees in '000)				
Forward purchase contracts	286,768	—	—	—	286,768
Other receivable	74	—	38	—	112
Unrealised loss on forward contracts	(3,354)	—	—	—	(3,354)
Purchase of securities	—	—	—	—	—
Purchase of mutual funds	—	—	—	—	—
Sale of securities	12,024	—	—	316,341	328,365
Redemption of mutual funds	—	—	—	—	—
Gain on sale of securities & mutual funds	—	—	—	—	—
Mark-up earned	40,647	—	1,617	—	42,264
Mark-up expensed	83,641	6,821	13,714	16,199	120,375
Bank charges and commission	2,771	280	30	—	3,081
Salaries and allowances	—	—	190,694	—	190,694
Bonus	—	—	33,996	—	33,996
Contribution to defined contribution plan	—	—	8,283	—	8,283
Contribution to defined benefit plan	—	—	49,454	—	49,454
Staff provident fund	—	—	—	159,212	159,212
Staff gratuity fund	—	—	—	108,000	108,000
Directors' fee	—	3,975	—	—	3,975
Insurance claim received	6,315	—	—	—	6,315
Insurance premium paid	131,293	—	—	—	131,293
Dividend income	41,044	—	—	—	41,044
Rental paid	—	—	—	—	—
Brokerage and advisory income	600	—	19	24	643
Donation	109,900	—	—	—	109,900
Other expensed	2,612	—	—	—	2,612
Other income	119	—	—	48	167

Half year ended 30 June 2015 (Un-audited)

Forward purchase contracts	160,761	—	—	—	160,761
Other receivable	—	—	—	—	—
Unrealised loss on forward contracts	(1,963)	—	—	—	(1,963)
Purchase of securities	1,713	—	—	—	1,713
Purchase of mutual funds	546,574	—	—	—	546,574
Sale of securities	8,023	—	—	36,936	44,959
Redemption of mutual funds	936,356	—	—	—	936,356
Gain on sale of securities & mutual funds	84,782	—	—	—	84,782
Mark-up earned	54,017	3	1,568	—	55,588
Mark-up expensed	90,144	5,954	14,662	2,164	112,924
Bank charges and commission	1,910	5	22	—	1,937
Salaries and allowances	—	—	163,542	—	163,542
Bonus	—	—	43,964	—	43,964
Contribution to defined contribution plan	—	—	7,698	—	7,698
Contribution to defined benefit plan	—	—	16,530	—	16,530
Staff provident fund	—	—	—	130,573	130,573
Staff gratuity fund	—	—	—	84,000	84,000
Directors' fee	—	3,800	—	—	3,800
Insurance claim received	10,894	—	—	—	10,894
Insurance premium paid	126,380	—	—	—	126,380
Dividend income	70,740	—	—	—	70,740
Rental paid	1,538	—	—	—	1,538
Brokerage and advisory income	596	—	—	—	596
Donation	—	—	—	—	—
Other expensed	1,651	—	—	—	1,651
Other income	80	—	—	44	124



24. ISLAMIC BANKING BUSINESS

24.1 The Bank is operating 34 (31 December 2015: 29) Islamic Banking branches in Pakistan. The statement of financial position of these branches as at 30 June 2016 is as follows:

	(Un-audited) 30 June 2016	(Audited) 31 December 2015
Note	(Rupees in '000)	
ASSETS		
Cash and balances with treasury banks	1,509,100	882,606
Balances with and due from financial institutions	1,178,153	744,861
Investments	7,190,426	5,594,911
Islamic financing and related assets	24.2 13,841,870	11,980,951
Operating fixed assets	160,519	134,795
Other assets	761,801	244,172
	24,641,869	19,582,296
LIABILITIES		
Bills payable	98,603	8,452
Due to financial institutions	3,427,633	2,734,239
Deposits and other accounts	18,475,037	14,718,557
– Current accounts	6,380,729	4,797,701
– Saving accounts	5,497,171	3,675,740
– Term deposits	4,839,006	5,152,092
– Others	103,640	71,726
– Deposits from financial institutions-remunerative	1,653,782	1,019,316
– Deposits from financial institutions-non-remunerative	709	1,982
Due to Head office	231,264	1,490
Other liabilities	487,373	427,968
	(22,719,910)	(17,890,706)
NET ASSETS	1,921,959	1,691,590
REPRESENTED BY:		
Islamic banking fund	1,900,000	1,500,000
Unremitted profit	26,539	180,290
	1,926,539	1,680,290
(Deficit) / surplus on revaluation of assets	(4,580)	11,300
	1,921,959	1,691,590



	(Un-audited) 30 June 2016	(Audited) 31 December 2015
	(Rupees in '000)	
24.2 Islamic financing and related assets		
Murabaha	2,488,640	2,850,625
Net book value of assets / investments in ijarah under IFAS 2	938,936	695,688
Diminishing musharika	4,054,471	3,639,528
Musawama	453,031	274,033
Export refinance murabaha	253,133	32,351
Export refinance istisna	3,205,980	2,491,638
Istisna	1,599,904	568,922
Gross financing	12,994,095	10,552,785
Advance against murabaha	201,204	1,176,821
Advance against ijarah	649,477	253,129
Islamic financing and related assets - gross	13,844,776	11,982,735
Less: general provisioning against consumer financing	(2,906)	(1,784)
Islamic financing and related assets - net of provision	<u>13,841,870</u>	<u>11,980,951</u>
24.3 Islamic mode of financing		
Financings / inventory / receivables	12,994,095	10,552,785
Advances	850,681	1,429,950
Less: general provisioning against consumer financing	(2,906)	(1,784)
	<u>13,841,870</u>	<u>11,980,951</u>
24.4 The profit and loss account of the Bank's Islamic Banking branches for the half year ended 30 June 2016 is as follows:		
	(Un-audited) Half year ended	
	30 June 2016	30 June 2015
	(Rupees in '000)	
Profit / return on financing and placements earned	614,137	598,361
Profit / return on deposits and other dues expensed	(317,497)	(322,901)
	<u>296,640</u>	<u>275,460</u>
Provision against non-performing loans and advances	(1,123)	(347)
Net spread earned	<u>295,517</u>	<u>275,113</u>
OTHER INCOME		
Fee commission and brokerage income	34,218	20,731
Income from dealing in foreign currencies	8,549	4,553
Other income	10,544	7,097
	<u>53,311</u>	<u>32,381</u>
OTHER EXPENSES		
Administrative expenses	(322,289)	(187,875)
PROFIT BEFORE TAXATION	<u>26,539</u>	<u>119,619</u>
24.5 Remuneration to Shariah Board / Advisor	<u>2,484</u>	<u>1,200</u>



	(Un-audited) 30 June 2016	(Audited) 31 December 2015
	(Rupees in '000)	
24.6 CHARITY FUND		
Opening balance	2,686	2,621
Additions during the period / year	1,074	2,686
Payment / utilisation during the period / year		
Health	-	(1,021)
Social welfare	(1,556)	(1,600)
	(1,556)	(2,621)
Closing balance	2,204	2,686

25. GENERAL

25.1 SBP has issued BPRD Circular Letter No. 5 dated February 29, 2016 regarding the classification of Islamic financing and related assets. Accordingly, prior year numbers have been reclassified as follows:

- Bai Muajjal of Rs. 1,825.278 million has been reclassified from Lendings to Financial Institutions to Investments.
- Islamic receivables carried in Other assets of Rs. 1,429.950 million have been reclassified to Advances.

No other major reclassifications were made during the period.

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

26. DATE OF AUTHORISATION

These consolidated condensed interim financial statements were authorised for issue in the Board of Directors' meeting held on 16 August 2016.

ABBAS D. HABIB
*Chief Executive and
Managing Director*

SYED MAZHAR ABBAS
Director

SYED HASAN ALI BUKHARI
Director

ANWAR HAJI KARIM
Director