



Bank AL Habib Limited

ACCOUNTS FOR THE QUARTER ENDED

MARCH 31, 2018

Unaudited

هَذَا مِنْ فَضْلِ رَبِّي



CONTENTS

Corporate Information	2
Directors' Review	3
Unconsolidated Condensed Interim Statement of Financial Position	5
Unconsolidated Condensed Interim Profit and Loss Account	6
Unconsolidated Condensed Interim Statement of Comprehensive Income	7
Unconsolidated Condensed Interim Cash Flow Statement	8
Unconsolidated Condensed Interim Statement of Changes in Equity	9
Notes to the Unconsolidated Condensed Interim Financial Statements	10
Consolidated Financial Statements	29



CORPORATE INFORMATION

Board of Directors	Abbas D. Habib Ali Raza D. Habib Anwar Haji Karim Arshad Nasar Manzoor Ahmed Murtaza H. Habib Qumail R. Habib Safar Ali Lakhani Syed Mazhar Abbas Syed Hasan Ali Bukhari	<i>Chairman</i> <i>Executive Director</i>
	Mansoor Ali Khan	<i>Chief Executive</i>
Audit Committee	Syed Mazhar Abbas Anwar Haji Karim Arshad Nasar Syed Hasan Ali Bukhari Safar Ali Lakhani	<i>Chairman</i> <i>Member</i> <i>Member</i> <i>Member</i> <i>Member</i>
Human Resource & Remuneration Committee	Syed Mazhar Abbas Anwar Haji Karim Arshad Nasar Murtaza H. Habib Syed Hasan Ali Bukhari	<i>Chairman</i> <i>Member</i> <i>Member</i> <i>Member</i> <i>Member</i>
Company Secretary	Mohammad Taqi Lakhani	
Statutory Auditors	KPMG Taseer Hadi & Co. Chartered Accountants	
Legal Advisor	LMA Ebrahim Hosain Barristers, Advocates & 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 quarter ended March 31, 2018.

Alhamdulillah, during the period under review, the performance of the Bank continued to be satisfactory. The deposits increased to Rs. 718.3 billion as compared to Rs. 692.6 billion on December 31, 2017. In the same period, advances increased to Rs. 352.4 billion from Rs. 339.8 billion, while investments decreased to Rs. 420.8 billion from Rs. 476.1 billion. The pre-tax profit of the Bank for the quarter ended March 31, 2018 was Rs. 3,404.8 million as compared to Rs. 3,609.7 million during the corresponding period last year. The profit after tax for the period ended March 31, 2018 was Rs. 2,087.6 million compared with Rs. 2,304.8 million during 2017.

The Bank now has a network of 661 offices, comprising 613 branches, 45 sub - branches, and 3 Representative Offices. Our branch network includes 53 Islamic Banking Branches and 3 Overseas Branches. Continuing with our branch expansion policy, the Bank intends to open more branches during the year 2018.

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 TFC-2016 and TFC-2017 (perpetual) are **AA** (Double A) and **AA-** (Double A minus), respectively. 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.

Mansoor Ali Khan
Chief Executive

Abbas D. Habib
Chairman
Board of Directors

Karachi: April 17, 2018



ڈائریکٹرز کا جائزہ

میرے لئے یہ باعث مسرت ہے کہ میں بورڈ آف ڈائریکٹرز کی جانب سے ۳۱ مارچ ۲۰۱۸ء کو ختم ہونے والی سہ ماہی 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۔ ۳۱ مارچ ۲۰۱۸ء کو ختم ہونے والی سہ ماہی میں ڈپازٹس بڑھ کر ۱۸.۶ بلین روپے ہو گئے، جو کہ ۳۱ دسمبر ۲۰۱۷ء کو ۶.۶۹۲ بلین روپے تھے۔ اسی مدت کے دوران ایڈوانسز ۸.۳۳۹ بلین روپے سے بڑھ کر ۳۵.۴ بلین روپے ہو گئے اور سرمایہ کاری ۶.۱ بلین روپے سے کم ہو کر ۲.۰۸ بلین روپے ہو گئی۔ ۳۱ مارچ ۲۰۱۸ء کو ختم ہونے والی سہ ماہی کے لئے آپ کے بینک کا قبل از ٹیکس منافع ۳۰.۴۸ بلین روپے رہا، جبکہ گزشتہ سال اس مدت میں یہ ۳۶.۰۹ بلین روپے تھا۔ بینک کا بعد از ٹیکس منافع ۳۱ مارچ ۲۰۱۸ء کو ختم ہونے والی مدت کے لئے ۲۰.۸۷ بلین روپے رہا، جبکہ گزشتہ سال یہ ۲۳.۰۴ بلین روپے تھا۔

بینک کا نیٹ ورک اب ۶۶۱ دفاتر پر مشتمل ہے، جس میں ۶۱۳ برانچز، ۴۵ سب برانچز اور ۳ نمائندہ دفاتر شامل ہیں۔ ہمارے برانچ نیٹ ورک میں اب ۱۵۳ اسلامی بینکاری برانچز اور ۳ بیرون ملک برانچز شامل ہیں۔ برانچز میں اضافہ کی اپنی پالیسی پر کاربند رہتے ہوئے ہم سال ۲۰۱۸ء 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 انیسکیو رڈ، سہارڈینیٹیٹی ایف سی-۲۰۱۶ اور ٹی ایف سی-۲۰۱۷ (پریچپول) کی ریٹنگز بالترتیب AA (ڈبل اے) اور AA- (ڈبل اے مائنس) 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۔

عباس ڈی۔ حبیب
چیئر مین
بورڈ آف ڈائریکٹرز

منصور علی خان
چیف ایگزیکٹو

کراچی: ۱۷ اپریل ۲۰۱۸ء



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018**

	(Un-audited) 31 March 2018	(Audited) 31 December 2017
Note	(Rupees in '000)	
		Restated
ASSETS		
Cash and balances with treasury banks	60,847,322	60,096,155
Balances with other banks	2,726,035	4,691,917
Lendings to financial institutions	2,000,000	-
Investments - net	7 420,760,985	476,125,054
Advances - net	8 352,419,539	339,832,911
Operating fixed assets	9 23,972,519	22,553,302
Deferred tax assets - net	-	-
Other assets - net	13,514,168	15,752,256
	876,240,568	919,051,595
LIABILITIES		
Bills payable	20,954,520	19,663,349
Borrowings	10 60,173,340	133,499,876
Deposits and other accounts	11 718,259,958	692,576,176
Sub - ordinated loans	12 10,996,800	10,997,600
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities - net	2,503,015	2,528,998
Other liabilities	18,703,534	13,909,714
	831,591,167	873,175,713
NET ASSETS	44,649,401	45,875,882
REPRESENTED BY:		
Share capital	11,114,254	11,114,254
Reserves	13,381,463	12,981,488
Unappropriated profit	14,876,599	16,313,936
	39,372,316	40,409,678
Surplus on revaluation of assets - net of tax	13 5,277,085	5,466,204
	44,649,401	45,875,882
CONTINGENCIES AND COMMITMENTS	14	

The annexed notes 1 to 25 form an integral part of these unconsolidated condensed interim financial statements.

ASHAR HUSAIN
Chief Financial Officer

MANSOOR ALI KHAN
Chief Executive

SAFAR ALI LAKHANI
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman



**UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2018**

	Note	Three months period ended	
		31 March 2018	31 March 2017
		(Rupees in '000)	
Mark - up / return / interest earned	15	13,206,676	12,143,062
Mark - up / return / interest expensed	16	(6,173,326)	(5,938,871)
Net mark - up / return / interest income		7,033,350	6,204,191
Reversal against non - performing loans and advances - net		270,534	202,426
Provision for diminution in the value of investments		-	-
Bad debts written - off directly		-	-
		270,534	202,426
Net mark - up / return / interest income after provisions		7,303,884	6,406,617
NON MARK - UP / INTEREST INCOME			
Fees, commission and brokerage income		916,750	811,387
Dividend income		66,297	79,634
Income from dealing in foreign currencies		242,012	81,556
Gain on sale / redemption of securities - net		46,710	732,647
Unrealised loss on revaluation of investments classified as held for trading - net		(11,144)	(13,924)
Other income		242,081	317,528
Total non mark - up / interest income		1,502,706	2,008,828
		8,806,590	8,415,445
NON MARK - UP / INTEREST EXPENSES			
Administrative expenses		(5,354,877)	(4,752,755)
Other reversals / (provisions) / write - offs		23,748	20,851
Other charges		(70,648)	(73,802)
Total non mark - up / interest expenses		(5,401,777)	(4,805,706)
Extra - ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		3,404,813	3,609,739
Taxation - Current		(1,251,138)	(1,328,421)
- Prior years		-	-
- Deferred		(66,095)	23,493
		(1,317,233)	(1,304,928)
PROFIT AFTER TAXATION		2,087,580	2,304,811
		(Rupees)	
Basic and diluted earnings per share	17	1.88	2.07

The annexed notes 1 to 25 form an integral part of these unconsolidated condensed interim financial statements.

ASHAR HUSAIN
Chief Financial Officer

MANSOOR ALI KHAN
Chief Executive

SAFAR ALI LAKHANI
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2018**

	Three months period ended	
	31 March 2018	31 March 2017
	(Rupees in '000)	
Profit after taxation for the period	2,087,580	2,304,811
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit and loss account</i>		
Exchange differences on translation of net investment in foreign branches	191,217	7,864
<i>Items that will not be reclassified to profit and loss account subsequently</i>		
Remeasurement of defined benefit plan	-	-
Related tax charge	-	-
	-	-
Comprehensive income transferred to equity	2,278,797	2,312,675
<i>Components of comprehensive income not reflected in equity</i>		
Surplus on revaluation of available for sale securities	(263,080)	(651,047)
Related tax charge	92,078	227,866
	(171,002)	(423,181)
Total comprehensive income	2,107,795	1,889,494

The annexed notes 1 to 25 form an integral part of these unconsolidated condensed interim financial statements.

ASHAR HUSAIN
Chief Financial Officer

MANSOOR ALI KHAN
Chief Executive

SAFAR ALI LAKHANI
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman



**UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2018**

	Note	31 March 2018 (Rupees in '000)	31 March 2017
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		3,404,813	3,609,739
Less: Dividend income		(66,297)	(79,634)
		3,338,516	3,530,105
Adjustments for:			
Depreciation		512,438	450,209
Amortisation		24,302	26,063
Reversal against non - performing loans and advances - net		(270,534)	(202,426)
Gain on sale of operating fixed assets		(26,152)	(59,417)
Gain on sale / redemption of securities - net		(46,710)	(732,647)
Unrealised loss on held for trading securities - net		11,144	13,924
Charge for defined benefit plan		78,000	63,750
Charge for compensated absences		21,266	9,235
Reversal against off - balance sheet items		(23,697)	(23,136)
		280,057	(454,445)
		3,618,573	3,075,660
(Increase) / decrease in operating assets			
Lendings to financial institutions		(2,000,000)	—
Advances - net		(12,316,094)	(32,323,055)
Other assets - (excluding advance taxation)		2,295,557	3,347,121
		(12,020,537)	(28,975,934)
(Decrease) / increase in operating liabilities			
Bills payable		1,291,171	563,468
Borrowings		(73,684,384)	11,170,144
Deposits and other accounts		25,683,782	40,495,066
Other liabilities		1,385,801	1,869,154
		(45,323,630)	54,097,832
		(53,725,594)	28,197,558
Income tax paid		(1,301,540)	(1,182,968)
Net cash (used in) / generated from operating activities		(55,027,134)	27,014,590
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in securities		55,157,555	(19,786,837)
Net investments in associates		(21,000)	(25,000)
Dividend received		55,773	39,128
Investments in operating fixed assets		(1,958,970)	(1,142,872)
Sale proceeds from disposal of operating fixed assets		32,621	74,063
Net cash generated from / (used in) investing activities		53,265,979	(20,841,518)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayments of sub -ordinated loans		(800)	(800)
Dividend paid		(1,825)	(3,779,501)
Net cash used in financing activities		(2,625)	(3,780,301)
Exchange differences on translation of net investment in foreign branches		191,217	7,864
(Decrease) / increase in cash and cash equivalents		(1,572,563)	2,400,635
Cash and cash equivalents at beginning of the period		64,604,599	52,321,784
Cash and cash equivalents at end of the period	18	63,032,036	54,722,419

The annexed notes 1 to 25 form an integral part of these unconsolidated condensed interim financial statements.

ASHAR HUSAIN
Chief Financial Officer

MANSOOR ALI KHAN
Chief Executive

SAFAR ALI LAKHANI
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman



NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2018

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 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 613 branches (31 December 2017: 605 branches), 45 sub - branches (31 December 2017: 45 sub - branches) and 03 representative offices (31 December 2017: 03 representative offices). The branch network of the Bank includes 03 overseas branches (31 December 2017: 03 overseas branches) and 53 Islamic Banking branches (31 December 2017: 53 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), issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the provisions of the Companies Act, 2017.
- 2.2 The financial results of the Islamic Banking branches have been consolidated in these unconsolidated condensed interim financial statements for reporting purposes, after eliminating material inter - branch transactions / balances. Key financial information of the Islamic Banking branches are disclosed in note 22.

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', the provisions of the Companies Act, 2017, 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 Act, 2017, 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 2017.

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 2017.



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 2017 except as follows:

Change in accounting policy

The enactment of the Companies Act, 2017 has resulted in change in accounting policy of the Bank related to recognition of revaluation of fixed assets. Now, surplus / (deficit) on revaluation of fixed assets will be recorded as per requirements of IAS 16, "Property, Plant and Equipment". Previously, all the revaluations on fixed assets were accounted for according to section 235 of repealed Companies Ordinance, 1984. This change in accounting policy has been applied retrospectively by the Bank. The impact of the said changes on these unconsolidated condensed interim financial statements are as follows:

	(Rupees in '000)
Net increase in surplus on revaluation of assets as at 1 January 2017	250,084
Net increase in surplus on revaluation of assets as at 31 December 2017	396,874
Net decrease in unappropriated profit as at 1 January 2017	200,068
Net decrease in unappropriated profit as at 31 December 2017	357,186
Net decrease in statutory reserves as at 1 January 2017	50,016
Net decrease in statutory reserves as at 31 December 2017	39,688

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 2017.



Note	31 March 2018 (Un-audited)			31 December 2017 (Audited)		
	Held by Bank	Given as Collateral	Total	Held by Bank	Given as Collateral	Total
	(Rupees in '000)					
7. INVESTMENTS						
7.1 Investments by type						
Available for Sale Securities						
Market Treasury Bills	266,286,805	7,187,026	273,473,831	243,832,688	85,665,691	329,498,379
Pakistan Investment Bonds	37,530,761	-	37,530,761	37,599,811	-	37,599,811
Foreign Currency Bonds	3,373,649	-	3,373,649	3,232,531	-	3,232,531
Sukuk Bonds	14,277,444	-	14,277,444	13,284,768	-	13,284,768
Fully paid - up ordinary shares - Listed	4,645,978	-	4,645,978	4,670,838	-	4,670,838
Fully paid - up ordinary shares - Unlisted	46,759	-	46,759	46,759	-	46,759
Term finance certificates - Listed	152,819	-	152,819	302,729	-	302,729
Term finance certificates - Unlisted	1,199,990	-	1,199,990	1,242,857	-	1,242,857
Units of mutual funds	2,175,000	-	2,175,000	2,175,000	-	2,175,000
	329,689,205	7,187,026	336,876,231	306,387,981	85,665,691	392,053,672
Held to Maturity Securities	7.2					
Pakistan Investment Bonds	77,727,055	-	77,727,055	77,674,619	-	77,674,619
Foreign Currency Bonds	2,336,698	-	2,336,698	2,235,930	-	2,235,930
Sukuk Bonds	1,893,452	-	1,893,452	1,829,830	-	1,829,830
	81,957,205	-	81,957,205	81,740,379	-	81,740,379
Held for Trading Securities						
Fully paid - up ordinary shares - Listed	118,949	-	118,949	269,179	-	269,179
Associates						
Habib Sugar Mills Limited	182,690	-	182,690	182,690	-	182,690
Habib Asset Management Limited	81,000	-	81,000	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 Stock Fund (Formerly First Habib Islamic Balanced Fund)	10,000	-	10,000	10,000	-	10,000
First Habib Islamic Income Fund	24,656	-	24,656	24,656	-	24,656
First Habib Asset Allocation Fund	100,000	-	100,000	100,000	-	100,000
	708,346	-	708,346	687,346	-	687,346
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	412,673,832	7,187,026	419,860,858	389,285,012	85,665,691	474,950,703
Less: Provision for diminution in the value of investments	(136,827)	-	(136,827)	(136,827)	-	(136,827)
Investments (net of provisions)	412,537,005	7,187,026	419,724,031	389,148,185	85,665,691	474,813,876
(Deficit) / surplus on revaluation of held for trading securities - net	(2,755)	-	(2,755)	8,389	-	8,389
Surplus / (deficit) on revaluation of available for sale securities - net	1,039,795	(86)	1,039,709	1,307,676	(4,887)	1,302,789
	413,574,045	7,186,940	420,760,985	390,464,250	85,660,804	476,125,054

7.2 The aggregate market value of held to maturity securities as at 31 March 2018 amounted to Rs. 86,311 million (31 December 2017: Rs. 87,714 million).



	Note	(Un-audited) 31 March 2018 (Rupees in '000)	(Audited) 31 December 2017
8. ADVANCES			
Loans, cash credits, running finances, etc.			
– In Pakistan		261,712,090	253,710,670
– Outside Pakistan		25,685,875	22,497,572
		<u>287,397,965</u>	<u>276,208,242</u>
Islamic financing and related assets - gross	22.1.2	36,179,588	34,859,059
Net investment in finance lease			
– In Pakistan		16,890,508	15,352,023
– Outside Pakistan		–	–
		<u>16,890,508</u>	<u>15,352,023</u>
Bills discounted and purchased (excluding market treasury bills)			
– Payable in Pakistan		3,763,006	3,165,203
– Payable outside Pakistan		15,590,030	17,881,044
		<u>19,353,036</u>	<u>21,046,247</u>
Advances - gross		<u>359,821,097</u>	<u>347,465,571</u>
Provision against non - performing loans and advances			
– Specific provision	8.1	(4,212,650)	(4,399,564)
– General provision as per SBP regulations	8.2	(188,908)	(233,096)
– General provision	8.3	(3,000,000)	(3,000,000)
		<u>(7,401,558)</u>	<u>(7,632,660)</u>
Advances - net of provisions		<u>352,419,539</u>	<u>339,832,911</u>

8.1 Advances include Rs. 5,076.607 million (31 December 2017: Rs. 5,288.599 million) which have been placed under non - performing status as detailed below:

Category of classification	31 March 2018 (Un-audited)								
	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
Other assets especially mentioned	29,581	–	29,581	710	–	710	714	–	714
Substandard	100,507	–	100,507	24,713	–	24,713	24,713	–	24,713
Doubtful	1,454,175	–	1,454,175	713,092	–	713,092	713,092	–	713,092
Loss	2,600,691	891,653	3,492,344	2,582,324	891,653	3,473,977	2,582,478	891,653	3,474,131
	<u>4,184,954</u>	<u>891,653</u>	<u>5,076,607</u>	<u>3,320,839</u>	<u>891,653</u>	<u>4,212,492</u>	<u>3,320,997</u>	<u>891,653</u>	<u>4,212,650</u>



31 December 2017 (Audited)

	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)								
Other assets especially mentioned	25,472	-	25,472	356	-	356	356	-	356
Substandard	151,761	-	151,761	37,171	-	37,171	37,171	-	37,171
Doubtful	1,406,425	-	1,406,425	689,214	-	689,214	689,214	-	689,214
Loss	2,720,279	984,662	3,704,941	2,688,161	984,662	3,672,823	2,688,161	984,662	3,672,823
	<u>4,303,937</u>	<u>984,662</u>	<u>5,288,599</u>	<u>3,414,902</u>	<u>984,662</u>	<u>4,399,564</u>	<u>3,414,902</u>	<u>984,662</u>	<u>4,399,564</u>

8.2 This general provision represents provision amounting to Rs. 188.908 million (31 December 2017: Rs. 233.096 million) as required by the Prudential Regulations issued by SBP.

8.3 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 31 March 2018 amounts to Rs. 3,000 million (31 December 2017: Rs. 3,000 million).

	(Un-audited) 31 March 2018	(Audited) 31 December 2017
	(Rupees in '000)	
9. OPERATING FIXED ASSETS		
Capital work - in - progress	1,484,958	1,046,851
Property and equipment	22,431,166	21,436,095
Intangible assets	56,395	70,356
	<u>23,972,519</u>	<u>22,553,302</u>

(Un-audited)
Three months period ended
31 March 2018 31 March 2017
(Rupees in '000)

9.1 The following additions were made during the period:

Leasehold land	643,311	64,220
Buildings on leasehold land	475,201	219,900
Improvements to leasehold buildings	18,331	118,554
Furniture and fixtures	53,686	37,514
Electrical, office and computer equipments	249,287	442,313
Vehicles	72,608	113,086
Intangible assets	8,439	15,070
	<u>1,520,863</u>	<u>1,010,657</u>

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

Leasehold land	-	7,944
Buildings on leasehold land	-	2,029
Improvements to leasehold buildings	3,057	1,283
Furniture and fixtures	795	654
Electrical, office and computer equipments	1,647	697
Vehicles	970	2,039
	<u>6,469</u>	<u>14,646</u>



	(Un-audited) 31 March 2018	(Audited) 31 December 2017
10. BORROWINGS		
Secured		
Borrowings from SBP		
– Export refinance scheme	29,515,437	27,980,020
– Renewable energy	4,000,000	3,884,507
– Modernisation of Small and Medium Enterprises	36,909	–
– Long term financing for imported and locally manufactured plant and machinery	11,660,472	10,616,620
– Financing facility for storage of agricultural produce	49,952	55,917
	<u>45,262,770</u>	<u>42,537,064</u>
Repurchase agreement borrowings	7,184,520	85,619,654
	<u>52,447,290</u>	<u>128,156,718</u>
Unsecured		
Borrowings from financial institutions	6,934,729	5,159,685
Overdrawn nostros	541,321	183,473
Call borrowing	250,000	–
	<u>7,726,050</u>	<u>5,343,158</u>
	<u>60,173,340</u>	<u>133,499,876</u>
11. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	119,705,301	133,509,284
Savings deposits	205,598,942	195,983,912
Current accounts - Remunerative	87,709,959	76,678,384
Current accounts - Non - remunerative	284,239,642	260,827,453
	<u>697,253,844</u>	<u>666,999,033</u>
Financial institutions		
Remunerative deposits	19,049,937	22,272,674
Non - remunerative deposits	1,956,177	3,304,469
	<u>21,006,114</u>	<u>25,577,143</u>
	<u>718,259,958</u>	<u>692,576,176</u>
12. SUB - ORDINATED LOANS - unsecured		
Term Finance Certificates (TFCs) - V - (Unquoted) 12.1	3,996,800	3,997,600
Term Finance Certificates (TFCs) - VI - (Unquoted) 12.2	7,000,000	7,000,000
	<u>10,996,800</u>	<u>10,997,600</u>



12.1 Term Finance Certificates - V - (Unquoted)

Total issue	Rupees 4,000 million
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

12.2 Term Finance Certificates - VI - (Unquoted)

Total issue	Rupees 7,000 million
Rate	Payable six monthly at six months' KIBOR plus 1.5% without any floor and cap
Redemption	No fixed or final redemption date
Tenor	Perpetual
Maturity	Perpetual

13. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

	Note	(Un-audited) 31 March 2018 (Rupees in '000)	(Audited) 31 December 2017 Restated
Fixed assets / non - banking assets	13.1	4,601,274	4,619,391
Available for sale investments	13.2	675,811	846,813
		5,277,085	5,466,204

13.1 Fixed assets / non - banking assets

Balance at beginning of the period / year	5,751,743	3,741,101
Surplus on revaluation of the Bank's fixed assets / non - banking assets during the period / year	-	2,124,260
Disposal / adjustments	-	(14,910)
Transfer to unappropriated profit in respect of incremental depreciation charged during the period / year	(27,872)	(98,708)
	5,723,871	5,751,743

Related deferred tax liability on:

Balance at beginning of the period / year	1,132,352	840,067
Revaluation of the Bank's fixed assets / non - banking assets during the period / year	-	326,882
Disposal / adjustments	-	(49)
Transfer to unappropriated profit in respect of incremental depreciation charged during the period / year	(9,755)	(34,548)
	(1,122,597)	(1,132,352)
	4,601,274	4,619,391



	(Un-audited) 31 March 2018 (Rupees in '000)	(Audited) 31 December 2017
13.2 Available for sale investments		
Federal Government Securities	1,299,787	2,073,431
Fully paid - up ordinary shares	(336,648)	(734,971)
Term finance certificates, sukuk bonds and foreign currency bonds	609	34,984
Units of mutual funds	75,961	(70,655)
	<u>1,039,709</u>	<u>1,302,789</u>
Related deferred tax liability	(363,898)	(455,976)
	<u>675,811</u>	<u>846,813</u>
	(Un-audited) 31 March 2018 (Rupees in '000)	(Audited) 31 December 2017
14. CONTINGENCIES AND COMMITMENTS		
14.1 Direct credit substitutes		
Financial guarantees issued favouring:		
– Financial institutions	2,928,055	1,344,595
– Others	5,355,565	5,272,122
	<u>8,283,620</u>	<u>6,616,717</u>
14.2 Transaction - related contingent liabilities		
Guarantees issued favouring:		
– Government	41,486,285	37,130,448
– Financial institutions	541,489	541,247
– Others	14,199,542	16,370,016
	<u>56,227,316</u>	<u>54,041,711</u>
14.3 Trade - related contingent liabilities		
Letters of credit	116,683,295	107,446,195
Acceptances	29,504,724	25,082,185
	<u>146,188,019</u>	<u>132,528,380</u>



	(Un-audited) 31 March 2018	(Audited) 31 December 2017
	(Rupees in '000)	
14.4 Commitments in respect of forward lending		
Commitments to extend credit (excluding commitments that are unilaterally cancellable)	<u>8,512,290</u>	<u>9,565,312</u>
14.5 Commitments in respect of forward exchange contracts		
Purchase	<u>58,960,833</u>	<u>46,725,785</u>
Sale	<u>25,059,589</u>	<u>24,439,627</u>
The maturities of above contracts are spread over the period upto one year.		
14.6 Commitments for the acquisition of operating fixed assets	<u>1,024,810</u>	<u>1,110,065</u>
14.7 Claims against the Bank not acknowledged as debts	<u>4,718,920</u>	<u>4,718,920</u>

14.8 Other contingencies

Income tax returns of the Bank have been submitted upto and including the Bank's financial year 2016. The income tax assessments of the Bank are completed upto tax year 2014.

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 disallowing certain expenses. Subsequently, amended order was received from ACIR based on a rectification application filed by the Bank resulting an impact of Rs. 797.233 million. After filing of appeal with Commissioner Inland Revenue (CIR) (Appeals) by the Bank, orders have been passed by CIR (Appeals) allowing Rs. 134.616 million resulting in an aggregate net tax impact of Rs. 662.616 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned orders.

Deputy Commissioner Inland Revenue has finalised audit of Tax Year 2014 (Accounting Year 2013) by disallowing certain expenses resulting an impact of Rs. 150.768 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals) against the order.

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

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



	(Un-audited)	
	Three months period ended	
	31 March	31 March
	2018	2017
	(Rupees in '000)	
15. MARK - UP / RETURN / INTEREST EARNED		
On loans and advances to:		
Customers	5,063,478	4,076,482
Financial institutions	67,783	49,648
	5,131,261	4,126,130
On investments:		
Available for sale securities	5,691,677	5,276,497
Held to maturity securities	2,282,913	2,686,707
	7,974,590	7,963,204
On deposits with financial institutions	80,763	37,880
On securities purchased under resale agreements	19,963	15,848
On call money lendings	99	-
	13,206,676	12,143,062
16. MARK - UP / RETURN / INTEREST EXPENSED		
Deposits	5,175,001	4,540,240
Sub - ordinated loans	201,713	67,184
Repurchase agreement borrowings	398,285	1,021,205
Borrowings from SBP	223,134	153,776
Other borrowings	175,193	156,466
	6,173,326	5,938,871
17. BASIC AND DILUTED EARNINGS PER SHARE		
Profit after taxation	2,087,580	2,304,811
	(Number of shares in thousands)	
Weighted average number of ordinary shares	1,111,425	1,111,425
	(Rupees)	
Basic and diluted earnings per share	1.88	2.07
	(Un-audited)	
	Three months period ended	
	31 March	31 March
	2018	2017
	(Rupees in '000)	
18. CASH AND CASH EQUIVALENTS		
Cash and balances with treasury banks	60,847,322	52,252,291
Balances with other banks	2,726,035	3,313,525
Overdrawn nostros	(541,321)	(843,397)
	63,032,036	54,722,419



19. 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:

31 March 2018 (Un-audited)

Note	Carrying amount					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)	322,374,029	-	-	-	-	-	-	322,374,029	-	322,374,029
Foreign Currency Bonds - Others	1,519,332	-	-	-	-	-	-	1,519,332	-	1,519,332
Sukuk Bonds - Others	783,362	-	-	-	-	-	-	783,362	-	783,362
Fully paid - up ordinary shares - Listed	4,178,202	116,194	-	-	-	-	4,294,396	-	-	4,294,396
Units of mutual funds	2,250,962	-	-	-	-	-	2,250,962	-	-	2,250,962
Term Finance Certificates - Listed	153,873	-	-	-	-	-	153,873	-	-	153,873
Financial assets not measured at fair value										
- Cash and bank balances with treasury banks	-	-	-	-	60,847,322	-	-	-	-	-
- Balances with other banks	-	-	-	-	2,726,035	-	-	-	-	-
- Lending to financial institutions	-	-	-	-	2,000,000	-	-	-	-	-
- Investments										
Federal Government Securities (PIBs + Sukuk Bonds + FC Bonds + TFC)	4,575,000	-	81,556,663	-	-	-	-	90,491,079	-	90,491,079
Foreign Currency Bonds - Others	19.1	-	288,625	-	-	-	-	-	-	-
Sukuk Bonds - Others	19.1	1,703,304	111,917	-	-	-	1,815,221	-	-	-
Fully paid - up ordinary shares - Unlisted	19.1	41,059	-	-	-	-	41,059	-	-	-
Term Finance Certificates - Unlisted	19.1	199,990	-	-	-	-	199,990	-	-	-
Associates										
Listed shares	-	-	-	-	182,690	-	347,331	-	-	347,331
Mutual funds	-	-	-	-	444,656	-	421,811	-	-	421,811
Unlisted shares	19.1	-	-	-	81,000	-	-	-	-	-
Subsidiaries - Unlisted shares	19.1	-	-	-	200,127	-	-	-	-	-
- Advances	19.1	-	-	352,419,539	-	-	-	-	-	-
- Other assets	19.1	-	-	-	10,540,868	-	-	-	-	-
	337,779,113	116,194	81,957,205	352,419,539	77,022,698	-	7,468,373	415,167,802	-	422,636,175
Financial liabilities not measured at fair value										
- Bills payable	19.1	-	-	-	-	(20,954,520)	-	-	-	-
- Borrowings	19.1	-	-	-	-	(60,173,340)	-	-	-	-
- Deposits and other accounts	19.1	-	-	-	-	(718,259,958)	-	-	-	-
- Sub - originated loans	19.1	-	-	-	-	(10,996,800)	-	-	-	-
- Other liabilities	19.1	-	-	-	-	(16,100,384)	-	-	-	-
	-	-	-	-	-	(826,485,002)	-	-	-	-
	337,779,113	116,194	81,957,205	352,419,539	77,022,698	(826,485,002)	7,468,373	415,167,802	-	422,636,175
Off - balance sheet financial instruments measured at fair value										
Forward purchase of foreign exchange contracts	-	-	-	-	-	58,960,833	-	61,607,918	-	61,607,918
Forward sale of foreign exchange contracts	-	-	-	-	-	(25,059,588)	-	(26,166,401)	-	(26,166,401)
Off - balance sheet financial instruments not measured at fair value										
Commitment to extent credit	19.1	-	-	-	-	8,512,290	-	-	-	-



31 December 2017 (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
Note						(Rupees in '000)					
On - balance sheet financial instruments											
Financial assets measured at fair value											
- Investments											
Federal Government Securities (TBills + PIBs + Sukuk Bonds + FC Bonds)	378,089,463	-	-	-	-	-	378,089,463	-	378,089,463	-	378,089,463
Foreign Currency Bonds - Others	1,481,389	-	-	-	-	-	1,481,389	-	1,481,389	-	1,481,389
Sukuk Bonds - Others	835,983	-	-	-	-	-	835,983	-	835,983	-	835,983
Fully paid - up ordinary shares - Listed	3,804,740	277,568	-	-	-	-	4,082,308	4,082,308	-	-	4,082,308
Units of mutual funds	2,104,346	-	-	-	-	-	2,104,346	2,104,346	-	-	2,104,346
Term Finance Certificates - Listed	305,599	-	-	-	-	-	305,599	305,599	-	-	305,599
Financial assets not measured at fair value											
- Cash and bank balances with treasury banks	-	-	-	-	60,096,155	-	60,096,155	-	-	-	-
- Balances with other banks	-	-	-	-	4,691,917	-	4,691,917	-	-	-	-
- Lending to financial institutions	-	-	-	-	-	-	-	-	-	-	-
- Investments											
Federal Government Securities (PIBs + Sukuk Bonds + FC Bonds + TFC)	4,717,857	-	81,345,190	-	-	-	86,063,047	-	87,316,724	-	87,316,724
Foreign Currency Bonds - Others	19.1	-	275,289	-	-	-	275,289	-	-	-	-
Sukuk Bonds - Others	19.1	1,739,198	119,900	-	-	-	1,859,098	-	-	-	-
Fully paid - up ordinary shares - Unlisted	19.1	41,059	-	-	-	-	41,059	-	-	-	-
Term Finance Certificates - Unlisted	19.1	100,000	-	-	-	-	100,000	-	-	-	-
Associates											
Listed shares	-	-	-	-	182,890	-	182,890	334,903	-	-	334,903
Mutual funds	-	-	-	-	444,656	-	444,656	428,347	-	-	428,347
Unlisted shares	19.1	-	60,000	-	60,000	-	120,000	-	-	-	-
Subsidiaries - Unlisted shares	19.1	-	-	-	200,127	-	200,127	-	-	-	-
- Advances	19.1	-	-	339,832,911	-	-	339,832,911	-	-	-	-
- Other assets	19.1	-	-	-	13,248,124	-	13,248,124	-	-	-	-
	389,219,634	277,568	81,740,379	339,832,911	78,923,669	-	893,994,161	7,255,503	467,723,559	-	474,979,062
Financial liabilities not measured at fair value											
- Bills payable	19.1	-	-	-	-	(19,663,349)	(19,663,349)	-	-	-	-
- Borrowings	19.1	-	-	-	-	(133,499,876)	(133,499,876)	-	-	-	-
- Deposits and other accounts	19.1	-	-	-	-	(692,576,176)	(692,576,176)	-	-	-	-
- Sub -ordinated loans	19.1	-	-	-	-	(10,997,600)	(10,997,600)	-	-	-	-
- Other liabilities	19.1	-	-	-	-	(11,961,992)	(11,961,992)	-	-	-	-
	-	-	-	-	-	(868,698,993)	(868,698,993)	-	-	-	-
	389,219,634	277,568	81,740,379	339,832,911	78,923,669	(868,698,993)	25,295,168	7,255,503	467,723,559	-	474,979,062
Off - balance sheet financial instruments measured at fair value											
Forward purchase of foreign exchange contracts	-	-	-	-	-	46,725,785	46,725,785	-	46,579,198	-	46,579,198
Forward sale of foreign exchange contracts	-	-	-	-	-	(24,439,627)	(24,439,627)	-	(23,677,714)	-	(23,677,714)
Off - balance sheet financial instruments not measured at fair value											
Commitment to extent credit	19.1	-	-	-	-	9,565,312	9,565,312	-	-	-	-

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).

19.1 The Bank has not disclosed the fair values for these financial assets and liabilities, as these are for short term or repriced over short term. Therefore, their carrying amounts are reasonable approximation of fair value.



20. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Three months period ended 31 March 2018 (Un-audited)			
	Retail Banking	Commercial Banking	Inter Segment Elimination	Total
	(Rupees in '000)			
Total income	7,259,770	12,793,508	(5,343,896)	14,709,382
Total expenses	(5,898,345)	(10,750,120)	5,343,896	(11,304,569)
Net income	1,361,425	2,043,388	–	3,404,813
	As at 31 March 2018 (Un-audited)			
Segment assets (net of provisions)	746,143,863	806,102,450	(676,005,745)	876,240,568
Segment non - performing loans	51,455	5,025,152	–	5,076,607
Segment provision required	44,693	4,167,799	–	4,212,492
Segment liabilities	740,122,485	767,474,427	(676,005,745)	831,591,167
Segment return on assets (ROA) (%)*	0.97%	1.59%		
Segment cost of funds (%)*	0.80%	1.40%		
	Three months period ended 31 March 2017 (Un-audited)			
	Retail Banking	Commercial Banking	Inter Segment Elimination	Total
	(Rupees in '000)			
Total income	5,707,923	12,750,876	(4,306,909)	14,151,890
Total expenses	(4,637,824)	(10,211,236)	4,306,909	(10,542,151)
Net income	1,070,099	2,539,640	–	3,609,739
	As at 31 March 2017 (Un-audited)			
Segment assets (net of provisions)	637,682,594	757,588,282	(592,183,114)	803,087,762
Segment non - performing loans	48,123	5,512,271	–	5,560,394
Segment provision required	41,905	4,638,462	–	4,680,367
Segment liabilities	635,490,798	719,279,135	(592,183,114)	762,586,819
Segment return on assets (ROA) (%)*	0.90%	1.68%		
Segment cost of funds (%)*	0.73%	1.42%		

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



21. 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:

	31 March 2018 (Un-audited)					Total
	Subsidiaries	Associates	Non Executive Directors (Rupees in '000)	Key Management Personnel	Retirement Benefit Funds	
Deposits						
At beginning of the period	41,933	4,021,911	821,526	580,986	1,412,440	6,878,796
Placements during the period	1,227,653	27,619,017	738,107	350,261	8,891,347	38,826,385
Withdrawals during the period	(1,192,953)	(29,617,048)	(918,946)	(285,891)	(8,425,975)	(40,440,813)
At end of the period	76,633	2,023,880	640,687	645,356	1,877,812	5,264,368
Advances						
At beginning of the period	-	1,775,142	977	51,929	-	1,828,048
Given during the period	1,064,126	7,245,869	5,922	11,017	-	8,326,934
Repaid during the period	(1,064,126)	(7,856,759)	(6,057)	(10,040)	-	(8,936,982)
At end of the period	-	1,164,252	842	52,906	-	1,218,000
Investments						
At beginning of the period	200,127	688,576	-	-	-	888,703
Investments made during the period	-	21,000	-	-	-	21,000
Investments redeemed during the period	-	-	-	-	-	-
At end of the period	200,127	709,576	-	-	-	909,703
Contingencies and commitments	-	1,742,999	-	-	-	1,742,999
31 December 2017 (Audited)						
Deposits						
At beginning of the year	14,314	2,777,378	556,559	451,090	842,775	4,642,116
Placements during the year	1,354,102	80,970,167	3,448,955	1,991,843	13,064,423	100,829,490
Withdrawals during the year	(1,326,483)	(79,725,634)	(3,183,988)	(1,861,947)	(12,494,758)	(98,592,810)
At end of the year	41,933	4,021,911	821,526	580,986	1,412,440	6,878,796
Advances						
At beginning of the year	-	1,391,233	210	49,060	-	1,440,503
Given during the year	8,646,598	36,708,154	24,105	88,844	-	45,467,701
Repaid during the year	(8,646,598)	(36,324,245)	(23,338)	(85,975)	-	(45,080,156)
At end of the year	-	1,775,142	977	51,929	-	1,828,048
Investments						
At beginning of the year	200,127	562,690	-	-	-	762,817
Investments made during the year	-	126,230	-	-	-	126,230
Investments redeemed during the year	-	(344)	-	-	-	(344)
At end of the year	200,127	688,576	-	-	-	888,703
Contingencies and commitments	-	1,358,895	-	-	-	1,358,895



Three months period ended 31 March 2018 (Un-audited)

	Subsidiaries	Associates	Non Executive Directors	Key Management Personnel	Retirement Benefit Funds	Total
			(Rupees in '000)			
Forward purchase contracts	-	-	-	-	-	-
Other assets	20,965	48,770	-	-	-	69,735
Other liabilities	289	-	-	-	-	289
Unrealised loss on forward contracts	-	-	-	-	-	-
Purchase of securities	-	21,000	-	-	-	21,000
Purchase of units of mutual funds	-	-	-	-	-	-
Sale / redemption of securities	-	130,139	-	-	3,051,659	3,181,798
Mark - up earned	19	19,731	-	738	-	20,488
Mark - up expensed	250	45,042	7,533	6,068	17,460	76,353
Bank charges and commission	-	1,834	3	7	-	1,844
Salaries and allowances	-	-	-	84,652	-	84,652
Contribution to defined contribution plan	-	-	-	3,519	-	3,519
Contribution to defined benefit plan	-	-	-	2,146	-	2,146
Staff provident fund	-	-	-	-	98,272	98,272
Staff gratuity fund	-	-	-	-	78,000	78,000
Directors' fee	-	-	8,475	-	-	8,475
Insurance claim received	-	3,281	-	-	-	3,281
Insurance premium paid	-	50,806	-	-	-	50,806
Dividend income	-	16,477	-	-	-	16,477
Rental income	525	-	-	-	-	525
Rental paid	-	-	-	-	-	-
Commission expensed	774	-	-	-	-	774
Other expensed	-	153	-	-	-	153
Other income	197	46	-	-	44	287

Three months period ended 31 March 2017 (Un-audited)

	Subsidiaries	Associates	Non Executive Directors	Key Management Personnel	Retirement Benefit Funds	Total
			(Rupees in '000)			
Forward purchase contracts	-	18,074	-	-	-	18,074
Other assets	22,174	-	-	-	-	22,174
Other liabilities	135	-	-	-	-	135
Unrealised loss on forward contracts	-	42	-	-	-	42
Purchase of securities	-	1,230	-	-	-	1,230
Purchase of units of mutual funds	-	25,000	-	-	-	25,000
Sale / redemption of securities	-	22,327	-	-	665,135	687,462
Mark - up earned	202	18,493	-	857	-	19,552
Mark - up expensed	110	37,308	7,681	4,498	19,340	68,937
Bank charges and commission	-	2,386	8	14	-	2,408
Salaries and allowances	-	-	-	97,074	-	97,074
Contribution to defined contribution plan	-	-	-	3,336	-	3,336
Contribution to defined benefit plan	-	-	-	9,418	-	9,418
Staff provident fund	-	-	-	-	93,726	93,726
Staff gratuity fund	-	-	-	-	63,750	63,750
Directors' fee	-	-	8,275	-	-	8,275
Insurance claim received	-	5,571	-	-	-	5,571
Insurance premium paid	-	55,824	-	-	-	55,824
Dividend income	-	25,892	-	-	-	25,892
Rental income	525	-	-	-	-	525
Rental paid	-	7,258	-	-	-	7,258
Commission expensed	751	-	-	-	-	751
Other expensed	-	2,424	-	-	-	2,424
Other income	295	47	-	-	32	374



22. ISLAMIC BANKING BUSINESS

22.1 The Bank is operating 53 (31 December 2017: 53) Islamic Banking branches in Pakistan. The statement of financial position of these branches as at 31 March 2018 is as follows:

	Note	(Un-audited) 31 March 2018 (Rupees in '000)	(Audited) 31 December 2017
ASSETS			
Cash and balances with treasury banks		2,634,365	2,554,000
Balances with and due from financial institutions		2,257,046	957,424
Investments	22.1.1	12,215,782	11,333,912
Islamic financing and related assets	22.1.2	36,161,290	34,843,979
Operating fixed assets		253,166	248,825
Other assets		604,316	538,108
		54,125,965	50,476,248
LIABILITIES			
Bills payable		25,931	30,694
Due to financial institutions		4,980,241	4,301,041
Deposits and other accounts		40,026,368	37,867,252
Current accounts		14,006,682	12,981,414
Saving accounts		13,814,123	11,145,642
Term deposits		5,690,496	7,123,780
Others		1,822,443	973,928
Deposits from financial institutions - remunerative		4,691,432	5,635,540
Deposits from financial institutions - non - remunerative		1,192	6,948
Due to Head office		1,181,967	1,319,226
Other liabilities		2,133,619	1,570,087
		(48,348,126)	(45,088,300)
NET ASSETS		5,777,839	5,387,948
REPRESENTED BY:			
Islamic banking fund		5,700,000	5,000,000
Unremitted profit		174,131	422,821
		5,874,131	5,422,821
Deficit on revaluation of assets		(96,292)	(34,873)
		5,777,839	5,387,948
22.1.1 Investments			
Sukuk bonds		12,075,682	11,205,550
Fully paid - up ordinary shares - Listed		77,726	73,497
Mutual funds		81,474	73,965
Investments		12,234,882	11,353,012
Less: Provision for diminution in the value of investments		(19,100)	(19,100)
Investments (net of provision)		12,215,782	11,333,912



	(Un-audited) 31 March 2018 (Rupees in '000)	(Audited) 31 December 2017
22.1.2 Islamic financing and related assets		
Murabaha	5,864,066	6,034,031
Net book value of assets / investments in ijarah under IFAS 2	2,237,787	2,132,197
Running musharakah	2,170,096	2,223,124
Diminishing musharakah	11,216,807	10,082,423
Musawama	2,472,204	3,245,401
Export refinance murabaha	1,378,676	881,335
Export refinance istisna	3,691,800	3,634,300
Istisna	1,600,976	1,644,298
Gross financing	30,632,412	29,877,109
Advance against murabaha	1,303,905	1,559,959
Advance against ijarah	590,597	500,808
Advance against diminishing musharakah	1,731,610	2,064,649
Advance against istisna	1,747,120	856,534
Bills discounted	173,944	-
Islamic financing and related assets - gross	36,179,588	34,859,059
Less: provisions		
Specific provision	(1,224)	(478)
General provision	(17,074)	(14,602)
	(18,298)	(15,080)
Islamic financing and related assets - net of provision	36,161,290	34,843,979
22.1.2.1 Islamic mode of financing		
Financings / inventory / receivables	30,632,412	29,877,109
Advances	5,547,176	4,981,950
Less: provisions	(18,298)	(15,080)
	36,161,290	34,843,979
22.2 The profit and loss account of the Bank's Islamic Banking branches for the three months period ended 31 March 2018 is as follows:		
	(Un-audited) Three months period ended 31 March 2018 (Rupees in '000)	31 March 2017
Profit / return on financing and placements earned	742,187	431,701
Profit / return on deposits and other dues expensed	(333,898)	(188,935)
	408,289	242,766
Provision against non - performing loans and advances - net	(3,218)	(1,761)
Net spread earned	405,071	241,005
OTHER INCOME		
Fee, commission and brokerage income	40,930	25,125
Income from dealing in foreign currencies	12,067	6,953
Gain on sale of securities	-	566
Other income	8,855	5,964
	61,852	38,608
OTHER EXPENSES		
Administrative expenses	(292,792)	(205,995)
PROFIT BEFORE TAXATION	174,131	73,618
22.3 Remuneration to Shariah Board	1,626	1,320



	(Un-audited) 31 March 2018	(Audited) 31 December 2017
(Rupees in '000)		
22.4 CHARITY FUND		
Opening balance	6,464	2,738
Additions during the period / year	2,334	6,464
Payment / utilisation during the period / year		
Health	-	(948)
Social welfare	(300)	(1,790)
	(300)	(2,738)
Closing balance	8,498	6,464

The non - shariah compliant income identified during the period / year is transferred to the charity account.

23. LIQUIDITY RISK

The Bank calculates Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) as prescribed in SBP Basel III Liquidity Standards issued under BPRD circular No. 08 dated June 23, 2016. As at 31 March 2018, the Bank's LCR stood at 393% on monthly average (31 December 2017: 374% on quarterly average) and NSFR stood at 173% (31 December 2017: 188%) against SBP's minimum requirement of 90% and 100% respectively.

24. GENERAL

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

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

25. DATE OF AUTHORISATION

These unconsolidated condensed interim financial statements were authorised for issue in the Board of Directors' meeting held on 17 April 2018.

ASHAR HUSAIN
Chief Financial Officer

MANSOOR ALI KHAN
Chief Executive

SAFAR ALI LAKHANI
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman



Consolidated Financial Statements

Bank AL Habib Limited

and

Subsidiary Companies



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018**

	(Un-audited) 31 March 2018	(Audited) 31 December 2017
Note	(Rupees in '000)	
		Restated
ASSETS		
Cash and balances with treasury banks	60,847,337	60,096,169
Balances with other banks	2,743,479	4,732,856
Lendings to financial institutions	2,000,000	-
Investments - net	7 421,107,544	476,472,185
Advances - net	8 352,419,730	339,832,995
Operating fixed assets	9 23,984,153	22,565,133
Deferred tax assets - net	-	-
Other assets - net	13,547,143	15,848,222
	876,649,386	919,547,560
LIABILITIES		
Bills payable	20,954,520	19,663,349
Borrowings	10 60,173,340	133,499,876
Deposits and other accounts	11 718,186,481	692,534,323
Sub -ordinated loans	12 10,996,800	10,997,600
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities - net	2,497,625	2,521,855
Other liabilities	18,792,515	14,052,177
	831,601,281	873,269,180
NET ASSETS	45,048,105	46,278,380
REPRESENTED BY:		
Share capital	11,114,254	11,114,254
Reserves	13,379,012	12,980,046
Unappropriated profit	15,049,227	16,503,277
Equity attributable to the shareholders of the Holding company	39,542,493	40,597,577
Non - controlling interest	112,241	113,897
Total equity	39,654,734	40,711,474
Surplus on revaluation of assets - net of tax	13 5,393,371	5,566,906
	45,048,105	46,278,380
CONTINGENCIES AND COMMITMENTS	14	

The annexed notes 1 to 25 form an integral part of these consolidated condensed interim financial statements.

ASHAR HUSAIN
Chief Financial Officer

MANSOOR ALI KHAN
Chief Executive

SAFAR ALI LAKHANI
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman



**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2018**

		Three months period ended	
		31 March 2018	31 March 2017
	Note	(Rupees in '000)	
Mark - up / return / interest earned	15	13,208,729	12,146,587
Mark - up / return / interest expensed	16	(6,173,073)	(5,938,759)
Net mark - up / return / interest income		7,035,656	6,207,828
Reversal against non - performing loans and advances - net		270,534	202,426
Provision for diminution in the value of investments		-	-
Bad debts written - off directly		-	-
		270,534	202,426
Net mark - up / return / interest income after provisions		7,306,190	6,410,254
NON MARK - UP / INTEREST INCOME			
Fees, commission and brokerage income		925,051	819,980
Dividend income		50,664	54,735
Income from dealing in foreign currencies		242,012	81,556
Gain on sale / redemption of securities - net		46,710	770,281
Unrealised loss on revaluation of investments classified as held for trading - net		(11,144)	(13,924)
Share of profit from associates		3,075	10,275
Other income		241,352	316,877
Total non mark - up / interest income		1,497,720	2,039,780
		8,803,910	8,450,034
NON MARK - UP / INTEREST EXPENSES			
Administrative expenses		(5,368,067)	(4,768,111)
Other reversals / (provisions) / write - offs		23,748	20,851
Other charges		(70,648)	(74,326)
Total non mark - up / interest expenses		(5,414,967)	(4,821,586)
		3,388,943	3,628,448
Extra - ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		3,388,943	3,628,448
Taxation - Current		(1,252,603)	(1,336,590)
- Prior years		-	-
- Deferred		(67,129)	20,023
		(1,319,732)	(1,316,567)
PROFIT AFTER TAXATION		2,069,211	2,311,881
Attributable to:			
Shareholders of the Holding company		2,070,867	2,307,022
Non - controlling interest		(1,656)	4,859
		2,069,211	2,311,881
(Rupees)			
Basic and diluted earnings per share attributable to equity holders of the Holding company	17	1.86	2.08

The annexed notes 1 to 25 form an integral part of these consolidated condensed interim financial statements.

ASHAR HUSAIN
Chief Financial Officer

MANSOOR ALI KHAN
Chief Executive

SAFAR ALI LAKHANI
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2018**

	Three months period ended	
	31 March 2018	31 March 2017
	(Rupees in '000)	
Profit after taxation for the period	2,069,211	2,311,881
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit and loss account</i>		
Exchange differences on translation of net investment in foreign operations	190,208	7,961
<i>Items that will not be reclassified to profit and loss account subsequently</i>		
Remeasurement of defined benefit plan	-	-
Related tax charge	-	-
	-	-
Comprehensive income transferred to equity	2,259,419	2,319,842
<i>Components of comprehensive income not reflected in equity</i>		
Surplus on revaluation of available for sale securities	(245,720)	(623,131)
Related tax charge	90,302	228,683
	(155,418)	(394,448)
Total comprehensive income	2,104,001	1,925,394
Attributable to:		
Shareholders of the Holding company	2,099,571	1,921,801
Non - controlling interest	4,430	3,593
	2,104,001	1,925,394

The annexed notes 1 to 25 form an integral part of these consolidated condensed interim financial statements.

ASHAR HUSAIN
Chief Financial Officer

MANSOOR ALI KHAN
Chief Executive

SAFAR ALI LAKHANI
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman



**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2018**

	Note	31 March 2018 (Rupees in '000)	31 March 2017
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		3,388,943	3,628,448
Less: Dividend income		(50,664)	(54,735)
		3,338,279	3,573,713
Adjustments for:			
Depreciation		512,851	450,564
Amortisation		24,583	26,343
Reversal against non - performing loans and advances - net		(270,534)	(202,426)
Gain on sale of operating fixed assets		(26,152)	(59,417)
Gain on sale / redemption of securities - net		(46,710)	(770,281)
Unrealised loss on held for trading securities - net		11,144	13,924
Charge for defined benefit plan		78,000	63,750
Charge for compensated absences		21,266	9,235
Share of profit from associates		(3,075)	(10,275)
Reversal against off - balance sheet items		(23,697)	(23,136)
		277,676	(501,719)
		3,615,955	3,071,994
(Increase) / decrease in operating assets			
Lendings to financial institutions		(2,000,000)	-
Advances - net		(12,316,201)	(32,322,964)
Other assets - (excluding advance taxation)		2,359,158	3,213,318
		(11,957,043)	(29,109,646)
(Decrease) / increase in operating liabilities			
Bills payable		1,291,171	563,468
Borrowings		(73,684,384)	11,170,144
Deposits and other accounts		25,652,158	40,497,933
Other liabilities		1,333,000	1,986,006
		(45,408,055)	54,217,551
		(53,749,143)	28,179,899
Income tax paid		(1,303,408)	(1,185,951)
Net cash (used in) / generated from operating activities		(55,052,551)	26,993,948
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in securities		55,157,671	(19,742,548)
Net investments in associates		(1,849)	892
Dividend received		39,933	13,684
Investments in operating fixed assets		(1,959,465)	(1,143,063)
Sale proceeds from disposal of operating fixed assets		32,621	74,063
Net cash generated from / (used in) investing activities		53,268,911	(20,796,972)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayments of sub -ordinated loans		(800)	(800)
Dividend paid		(1,825)	(3,779,501)
Net cash used in financing activities		(2,625)	(3,780,301)
Exchange differences on translation of net investment in foreign operations		190,208	7,961
(Decrease) / increase in cash and cash equivalents		(1,596,057)	2,424,636
Cash and cash equivalents at beginning of the period		64,645,552	52,365,549
Cash and cash equivalents at end of the period	18	63,049,495	54,790,185

The annexed notes 1 to 25 form an integral part of these consolidated condensed interim financial statements.

ASHAR HUSAIN
Chief Financial Officer

MANSOOR ALI KHAN
Chief Executive

SAFAR ALI LAKHANI
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2018**

	Attributable to the shareholders of the Holding Company								Total
	Share Capital	Statutory Reserve	Foreign Translation Reserve	Currency Reserve	Special Reserve	General Reserve	Unappropriated Profit	Sub Total	
	(Rupees in '000)								
Balance as at 01 January 2017 - restated	11,114,254	10,987,462	244,933	126,500	540,000	12,843,538	35,856,687	114,215	35,970,902
Total comprehensive income for the three months period ended 31 March 2017:									
Profit after tax	-	-	-	-	-	2,307,022	2,307,022	4,859	2,311,881
Other comprehensive income	-	-	7,961	-	-	-	7,961	-	7,961
	-	-	7,961	-	-	2,307,022	2,314,983	4,859	2,319,842
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	13,214	13,214	-	13,214
Transfer to statutory reserve	-	268,869	-	-	-	(268,869)	-	-	-
Transaction 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 31 March 2017 - restated	11,114,254	11,256,331	252,894	126,500	540,000	11,004,916	34,294,895	119,074	34,413,969
Total comprehensive income for the nine months period ended 31 December 2017:									
Profit after tax - restated	-	-	-	-	-	6,200,300	6,200,300	(5,177)	6,195,123
Other comprehensive income	-	-	159,516	-	-	(108,080)	51,436	-	51,436
	-	-	159,516	-	-	6,092,220	6,251,736	(5,177)	6,246,559
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	50,946	50,946	-	50,946
Transfer to statutory reserve - restated	-	644,805	-	-	-	(644,805)	-	-	-
Balance as at 31 December 2017 - restated	11,114,254	11,901,136	412,410	126,500	540,000	16,503,277	40,597,577	113,897	40,711,474
Total comprehensive income for the three months period ended 31 March 2018:									
Profit after tax	-	-	-	-	-	2,070,867	2,070,867	(1,656)	2,069,211
Other comprehensive income	-	-	190,208	-	-	-	190,208	-	190,208
	-	-	190,208	-	-	2,070,867	2,261,075	(1,656)	2,259,419
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	18,117	18,117	-	18,117
Transfer to statutory reserve	-	208,758	-	-	-	(208,758)	-	-	-
Transaction with owners, recorded directly in equity:									
Cash dividend - (Rs. 3.0 per share)	-	-	-	-	-	(3,334,276)	(3,334,276)	-	(3,334,276)
Balance as at 31 March 2018	<u>11,114,254</u>	<u>12,109,894</u>	<u>602,618</u>	<u>126,500</u>	<u>540,000</u>	<u>15,049,227</u>	<u>39,542,493</u>	<u>112,241</u>	<u>39,654,734</u>

The annexed notes 1 to 25 form an integral part of these consolidated condensed interim financial statements.

ASHAR HUSAIN
Chief Financial Officer

MANSOOR ALI KHAN
Chief Executive

SAFAR ALI LAKHANI
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman



**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2018**

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 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 613 branches (31 December 2017: 605 branches), 45 sub - branches (31 December 2017: 45 sub - branches) and 03 representative offices (31 December 2017: 03 representative offices). The branch network of the Bank includes 03 overseas branches (31 December 2017: 03 overseas branches) and 53 Islamic Banking branches (31 December 2017: 53 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. 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.

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), issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the provisions of the Companies Act, 2017.

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 22.



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', the provisions of the Companies Act, 2017, 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 Act, 2017, 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 2017.

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 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 2017.



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 2017 except as follows:

Change in accounting policy

The enactment of the Companies Act, 2017 has resulted in change in accounting policy of the Group related to recognition of revaluation of fixed assets. Now, surplus / (deficit) on revaluation of fixed assets will be recorded as per requirements of IAS 16, "Property, Plant and Equipment". Previously, all the revaluations on fixed assets were accounted for according to section 235 of repealed Companies Ordinance, 1984. This change in accounting policy has been applied retrospectively by the Group. The impact of the said changes on these consolidated condensed interim financial statements are as follows:

	(Rupees in '000)
Net increase in surplus on revaluation of assets as at 1 January 2017	250,084
Net increase in surplus on revaluation of assets as at 31 December 2017	396,874
Net decrease in unappropriated profit as at 1 January 2017	200,068
Net decrease in unappropriated profit as at 31 December 2017	357,186
Net decrease in statutory reserves as at 1 January 2017	50,016
Net decrease in statutory reserves as at 31 December 2017	39,688

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 2017.



Note	31 March 2018 (Un-audited)			31 December 2017 (Audited)		
	Held by Group	Given as Collateral	Total	Held by Group	Given as Collateral	Total
	(Rupees in '000)					
7. INVESTMENTS						
7.1 Investments by type						
Available for Sale Securities						
Market Treasury Bills	266,286,805	7,187,026	273,473,831	243,832,688	85,665,691	329,498,379
Pakistan Investment Bonds	37,530,761	-	37,530,761	37,599,811	-	37,599,811
Foreign Currency Bonds	3,373,649	-	3,373,649	3,232,531	-	3,232,531
Sukuk Bonds	14,277,444	-	14,277,444	13,284,768	-	13,284,768
Fully paid - up ordinary shares - Listed	4,753,842	-	4,753,842	4,798,712	-	4,798,712
Fully paid - up ordinary shares - Unlisted	46,759	-	46,759	46,759	-	46,759
Term finance certificates - Listed	152,819	-	152,819	302,729	-	302,729
Term finance certificates - Unlisted	1,199,990	-	1,199,990	1,242,857	-	1,242,857
Units of mutual funds	2,175,000	-	2,175,000	2,175,000	-	2,175,000
	329,797,069	7,187,026	336,984,095	306,515,855	85,665,691	392,181,546
Held to Maturity Securities						
Market Treasury Bills	148,943	-	148,943	129,049	-	129,049
Pakistan Investment Bonds	77,727,055	-	77,727,055	77,674,619	-	77,674,619
Foreign Currency Bonds	2,336,698	-	2,336,698	2,235,930	-	2,235,930
Sukuk Bonds	1,893,452	-	1,893,452	1,829,830	-	1,829,830
	82,106,148	-	82,106,148	81,869,428	-	81,869,428
Held for Trading Securities						
Fully paid - up ordinary shares - Listed	118,949	-	118,949	269,179	-	269,179
Associates						
Habib Sugar Mills Limited	443,285	-	443,285	467,138	-	467,138
Habib Asset Management Limited	87,748	-	87,748	67,543	-	67,543
First Habib Income Fund	144,114	-	144,114	142,286	-	142,286
First Habib Stock Fund	9,569	-	9,569	8,549	-	8,549
First Habib Cash Fund	145,386	-	145,386	143,535	-	143,535
First Habib Islamic Stock Fund (Formerly First Habib Islamic Balanced Fund)	9,346	-	9,346	8,433	-	8,433
First Habib Islamic Income Fund	25,648	-	25,648	25,370	-	25,370
First Habib Asset Allocation Fund	102,857	-	102,857	100,175	-	100,175
	967,953	-	967,953	963,029	-	963,029
Investments at cost	412,990,119	7,187,026	420,177,145	389,617,491	85,665,691	475,283,182
Less: Provision for diminution in the value of investments	(141,241)	-	(141,241)	(141,241)	-	(141,241)
Investments (net of provisions)	412,848,878	7,187,026	420,035,904	389,476,250	85,665,691	475,141,941
(Deficit) / surplus on revaluation of held for trading securities - net	(2,755)	-	(2,755)	8,389	-	8,389
Surplus / (deficit) on revaluation of available for sale securities - net	1,074,481	(86)	1,074,395	1,326,742	(4,887)	1,321,855
Total Investments	413,920,604	7,186,940	421,107,544	390,811,381	85,660,804	476,472,185

7.2 The aggregate market value of held to maturity securities as at 31 March 2018 amounted to Rs. 86,460 million (31 December 2017: Rs. 87,843 million).



	(Un-audited) 31 March 2018 (Rupees in '000)	(Audited) 31 December 2017
8. ADVANCES		
Loans, cash credits, running finances, etc.		
– In Pakistan	261,712,281	253,710,754
– Outside Pakistan	25,685,875	22,497,572
	287,398,156	276,208,326
Islamic financing and related assets - gross	22.1.2 36,179,588	34,859,059
Net investment in finance lease		
– In Pakistan	16,890,508	15,352,023
– Outside Pakistan	–	–
	16,890,508	15,352,023
Bills discounted and purchased (excluding market treasury bills)		
– Payable in Pakistan	3,763,006	3,165,203
– Payable outside Pakistan	15,590,030	17,881,044
	19,353,036	21,046,247
Advances - gross	359,821,288	347,465,655
Provision against non - performing loans and advances		
– Specific provision	8.1 (4,212,650)	(4,399,564)
– General provision as per SBP regulations	8.2 (188,908)	(233,096)
– General provision	8.3 (3,000,000)	(3,000,000)
	(7,401,558)	(7,632,660)
Advances - net of provisions	352,419,730	339,832,995

8.1 Advances include Rs. 5,076.607 million (31 December 2017: Rs. 5,288.599 million) which have been placed under non - performing status as detailed below:

Category of classification	31 March 2018 (Un-audited)								
	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
Other assets especially mentioned	29,581	–	29,581	710	–	710	714	–	714
Substandard	100,507	–	100,507	24,713	–	24,713	24,713	–	24,713
Doubtful	1,454,175	–	1,454,175	713,092	–	713,092	713,092	–	713,092
Loss	2,600,691	891,653	3,492,344	2,582,324	891,653	3,473,977	2,582,478	891,653	3,474,131
	4,184,954	891,653	5,076,607	3,320,839	891,653	4,212,492	3,320,997	891,653	4,212,650



31 December 2017 (Audited)

	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)								
Other assets especially mentioned	25,472	-	25,472	356	-	356	356	-	356
Substandard	151,761	-	151,761	37,171	-	37,171	37,171	-	37,171
Doubtful	1,406,425	-	1,406,425	689,214	-	689,214	689,214	-	689,214
Loss	2,720,279	984,662	3,704,941	2,688,161	984,662	3,672,823	2,688,161	984,662	3,672,823
	<u>4,303,937</u>	<u>984,662</u>	<u>5,288,599</u>	<u>3,414,902</u>	<u>984,662</u>	<u>4,399,564</u>	<u>3,414,902</u>	<u>984,662</u>	<u>4,399,564</u>

8.2 This general provision represents provision amounting to Rs. 188.908 million (31 December 2017: Rs. 233.096 million) as required by the Prudential Regulations issued by SBP.

8.3 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 31 March 2018 amounts to Rs. 3,000 million (31 December 2017: Rs. 3,000 million).

	(Un-audited) 31 March 2018 (Rupees in '000)	(Audited) 31 December 2017
9. OPERATING FIXED ASSETS		
Capital work - in - progress	1,484,958	1,046,851
Property and equipment	22,439,850	21,444,697
Intangible assets	59,345	73,585
	<u>23,984,153</u>	<u>22,565,133</u>

(Un-audited)
Three months period ended
31 March 2018 31 March 2017
(Rupees in '000)

9.1 The following additions were made during the period:

Leasehold land	643,311	64,220
Buildings on leasehold land	475,201	219,900
Improvements to leasehold buildings	18,331	118,554
Furniture and fixtures	53,743	37,514
Electrical, office and computer equipments	249,725	442,404
Vehicles	72,608	113,086
Intangible assets	8,439	15,070
	<u>1,521,358</u>	<u>1,010,748</u>

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

Leasehold land	-	7,944
Buildings on leasehold land	-	2,029
Improvements to leasehold buildings	3,057	1,283
Furniture and fixtures	795	654
Electrical, office and computer equipments	1,647	697
Vehicles	970	2,039
	<u>6,469</u>	<u>14,646</u>



	(Un-audited) 31 March 2018	(Audited) 31 December 2017
Note	(Rupees in '000)	
10. BORROWINGS		
Secured		
Borrowings from SBP		
– Export refinance scheme	29,515,437	27,980,020
– Renewable energy	4,000,000	3,884,507
– Modernisation of Small and Medium Enterprises	36,909	–
– Long term financing for imported and locally manufactured plant and machinery	11,660,472	10,616,620
– Financing facility for storage of agricultural produce	49,952	55,917
	<u>45,262,770</u>	<u>42,537,064</u>
Repurchase agreement borrowings	7,184,520	85,619,654
	<u>52,447,290</u>	128,156,718
Unsecured		
Borrowings from financial institutions	6,934,729	5,159,685
Overdrawn nostros	541,321	183,473
Call borrowing	250,000	–
	<u>7,726,050</u>	5,343,158
	<u>60,173,340</u>	<u>133,499,876</u>
11. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	119,705,301	133,509,284
Savings deposits	205,598,942	195,983,912
Current accounts - Remunerative	87,709,959	76,678,384
Current accounts - Non - remunerative	284,239,642	260,827,453
	<u>697,253,844</u>	666,999,033
Financial institutions		
Remunerative deposits	19,032,503	22,230,821
Non - remunerative deposits	1,900,134	3,304,469
	<u>20,932,637</u>	25,535,290
	<u>718,186,481</u>	<u>692,534,323</u>
12. SUB - ORDINATED LOANS - unsecured		
Term Finance Certificates (TFCs) - V - (Unquoted) 12.1	3,996,800	3,997,600
Term Finance Certificates (TFCs) - VI - (Unquoted) 12.2	7,000,000	7,000,000
	<u>10,996,800</u>	<u>10,997,600</u>



12.1 Term Finance Certificates - V - (Unquoted)

Total issue	Rupees 4,000 million
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

12.2 Term Finance Certificates - VI - (Unquoted)

Total issue	Rupees 7,000 million
Rate	Payable six monthly at six months' KIBOR plus 1.5% without any floor and cap
Redemption	No fixed or final redemption date
Tenor	Perpetual
Maturity	Perpetual

13. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

	Note	(Un-audited) 31 March 2018 (Rupees in '000)	(Audited) 31 December 2017 Restated
Fixed assets / non - banking assets	13.1	4,601,274	4,619,391
Available for sale investments	13.2	792,097	947,515
		5,393,371	5,566,906

13.1 Fixed assets / non - banking assets

Balance at beginning of the period / year		5,751,743	3,741,101
Surplus on revaluation of the Bank's fixed assets / non - banking assets during the period / year		-	2,124,260
Disposal / adjustments		-	(14,910)
Transfer to unappropriated profit in respect of incremental depreciation charged during the period / year		(27,872)	(98,708)
		5,723,871	5,751,743
Related deferred tax liability on:			
Balance at beginning of the period / year		1,132,352	840,067
Revaluation of the Bank's fixed assets / non - banking assets during the period / year		-	326,882
Disposal / adjustments		-	(49)
Transfer to unappropriated profit in respect of incremental depreciation charged during the period / year		(9,755)	(34,548)
		(1,122,597)	(1,132,352)
		4,601,274	4,619,391



	(Un-audited) 31 March 2018 (Rupees in '000)	(Audited) 31 December 2017
13.2 Available for sale investments		
Federal Government Securities	1,299,787	2,073,431
Fully paid - up ordinary shares	(297,547)	(715,905)
Term finance certificates, sukuk bonds, foreign currency bonds and others	78,894	115,944
Units of mutual funds	75,961	(70,655)
	<u>1,157,095</u>	<u>1,402,815</u>
Related deferred tax liability	(364,998)	(455,300)
	<u>792,097</u>	<u>947,515</u>
	(Un-audited) 31 March 2018 (Rupees in '000)	(Audited) 31 December 2017
14. CONTINGENCIES AND COMMITMENTS		
14.1 Direct credit substitutes		
Financial guarantees issued favouring:		
– Financial institutions	2,928,055	1,344,595
– Others	5,355,565	5,272,122
	<u>8,283,620</u>	<u>6,616,717</u>
14.2 Transaction - related contingent liabilities		
Guarantees issued favouring:		
– Government	41,486,285	37,130,448
– Financial institutions	541,489	541,247
– Others	14,199,542	16,370,016
	<u>56,227,316</u>	<u>54,041,711</u>
14.3 Trade - related contingent liabilities		
Letters of credit	116,683,295	107,446,195
Acceptances	29,504,724	25,082,185
	<u>146,188,019</u>	<u>132,528,380</u>



	(Un-audited) 31 March 2018 (Rupees in '000)	(Audited) 31 December 2017
14.4 Commitments in respect of forward lending		
Commitments to extend credit (excluding commitments that are unilaterally cancellable)	<u>8,512,290</u>	<u>9,565,312</u>
14.5 Commitments in respect of forward exchange contracts		
Purchase	<u>58,960,833</u>	<u>46,725,785</u>
Sale	<u>25,059,589</u>	<u>24,439,627</u>
The maturities of above contracts are spread over the period upto one year.		
14.6 Commitments for the acquisition of operating fixed assets	<u>1,025,493</u>	<u>1,110,895</u>
14.7 Claims against the Bank not acknowledged as debts	<u>4,718,920</u>	<u>4,718,920</u>

14.8 Other contingencies

Income tax returns of the Bank have been submitted upto and including the Bank's financial year 2016. The income tax assessments of the Bank are completed upto tax year 2014.

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 disallowing certain expenses. Subsequently, amended order was received from ACIR based on a rectification application filed by the Bank resulting an impact of Rs. 797.233 million. After filing of appeal with Commissioner Inland Revenue (CIR) (Appeals) by the Bank, orders have been passed by CIR (Appeals) allowing Rs. 134.616 million resulting in an aggregate net tax impact of Rs. 662.616 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned orders.

Deputy Commissioner Inland Revenue has finalised audit of Tax Year 2014 (Accounting Year 2013) by disallowing certain expenses resulting an impact of Rs. 150.768 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals) against the order.

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

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



	(Un-audited)	
	Three months period ended	
	31 March 2018	31 March 2017
	(Rupees in '000)	
15. MARK - UP / RETURN / INTEREST EARNED		
On loans and advances to:		
Customers	5,063,481	4,076,490
Financial institutions	67,764	49,470
	<u>5,131,245</u>	<u>4,125,960</u>
On investments:		
Available for sale securities	5,691,677	5,280,047
Held to maturity securities	2,284,921	2,686,707
	<u>7,976,598</u>	<u>7,966,754</u>
On deposits with financial institutions	80,824	38,025
On securities purchased under resale agreements	19,963	15,848
On call money lendings	99	-
	<u>13,208,729</u>	<u>12,146,587</u>
16. MARK - UP / RETURN / INTEREST EXPENSED		
Deposits	5,174,748	4,540,128
Sub - ordinated loans	201,713	67,184
Repurchase agreement borrowings	398,285	1,021,205
Borrowings from SBP	223,134	153,776
Other borrowings	175,193	156,466
	<u>6,173,073</u>	<u>5,938,759</u>
17. BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY		
Profit after taxation - attributable to equity holder of the Holding company	<u>2,070,867</u>	<u>2,307,022</u>
	(Number of shares in thousands)	
Weighted average number of ordinary shares	<u>1,111,425</u>	<u>1,111,425</u>
	(Rupees)	
Basic and diluted earnings per share	<u>1.86</u>	<u>2.08</u>
	(Un-audited)	
	Three months period ended	
	31 March 2018	31 March 2017
	(Rupees in '000)	
18. CASH AND CASH EQUIVALENTS		
Cash and balances with treasury banks	60,847,337	52,252,326
Balances with other banks	2,743,479	3,381,256
Overdrawn nostros	(541,321)	(843,397)
	<u>63,049,495</u>	<u>54,790,185</u>



31 December 2017 (Audited)

	Note	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	
On - balance sheet financial instruments											
Financial assets measured at fair value											
- Investments											
Federal Government Securities											
(TBills + PIBs + Sukuk Bonds + FC Bonds)											
		378,089,463	-	-	-	-	378,089,463	-	378,089,463	-	378,089,463
Foreign Currency Bonds - Others											
		1,461,389	-	-	-	-	1,461,389	-	1,461,389	-	1,461,389
Sukuk Bonds - Others											
		835,983	-	-	-	-	835,983	-	835,983	-	835,983
Fully paid - up ordinary shares - Listed											
		3,947,296	277,568	-	-	-	4,224,864	4,224,834	-	-	4,224,834
Units of mutual funds											
		2,104,346	-	-	-	-	2,104,346	2,104,346	-	-	2,104,346
Term Finance Certificates - Listed											
		305,599	-	-	-	-	305,599	305,599	-	-	305,599
Financial assets not measured at fair value											
- Cash and bank balances with treasury banks											
		-	-	-	-	60,096,169	60,096,169	-	-	-	-
- Balances with other banks											
		-	-	-	-	4,732,856	4,732,856	-	-	-	-
- Lendings to financial institutions											
		-	-	-	-	-	-	-	-	-	-
- Investments											
Federal Government Securities											
(TBills + PIBs + Sukuk Bonds + FC Bonds + TFC)											
		4,717,857	-	81,474,239	-	-	86,192,096	-	87,316,853	-	87,316,853
Foreign Currency Bonds - Others											
19.1		-	-	275,289	-	-	275,289	-	-	-	-
Sukuk Bonds - Others											
19.1		1,739,198	-	119,900	-	-	1,859,098	-	-	-	-
Fully paid - up ordinary shares - Unlisted											
19.1		41,059	-	-	-	-	41,059	-	-	-	-
Term Finance Certificates - Unlisted											
19.1		100,000	-	-	-	-	100,000	-	-	-	-
Associates											
Listed shares											
		-	-	-	-	467,138	467,138	467,138	-	-	467,138
Mutual funds											
		-	-	-	-	428,348	428,348	428,348	-	-	428,348
Unlisted shares											
19.1		-	-	-	-	67,543	67,543	-	-	-	-
- Advances											
19.1		-	-	-	339,832,995	-	339,832,995	-	-	-	-
- Other assets											
19.1		-	-	-	-	13,342,993	13,342,993	-	-	-	-
		<u>393,362,160</u>	<u>277,568</u>	<u>81,869,428</u>	<u>339,832,995</u>	<u>79,135,047</u>	<u>894,477,198</u>	<u>7,530,265</u>	<u>467,723,688</u>	<u>-</u>	<u>475,253,953</u>
Financial liabilities not measured at fair value											
- Bills payable											
19.1		-	-	-	-	(19,663,349)	(19,663,349)	-	-	-	-
- Borrowings											
19.1		-	-	-	-	(133,499,876)	(133,499,876)	-	-	-	-
- Deposits and other accounts											
19.1		-	-	-	-	(692,534,323)	(692,534,323)	-	-	-	-
- Sub-ordinated loans											
19.1		-	-	-	-	(10,987,600)	(10,987,600)	-	-	-	-
- Other liabilities											
19.1		-	-	-	-	(12,103,913)	(12,103,913)	-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(868,799,061)</u>	<u>(868,799,061)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>393,362,160</u>	<u>277,568</u>	<u>81,869,428</u>	<u>339,832,995</u>	<u>79,135,047</u>	<u>25,678,137</u>	<u>7,530,265</u>	<u>467,723,688</u>	<u>-</u>	<u>475,253,953</u>
Off - balance sheet financial instruments measured at fair value											
Forward purchase of foreign exchange contracts											
		-	-	-	-	46,725,785	46,725,785	-	48,578,198	-	48,578,198
Forward sale of foreign exchange contracts											
		-	-	-	-	(24,439,627)	(24,439,627)	-	(23,677,714)	-	(23,677,714)
Off - balance sheet financial instruments not measured at fair value											
Commitment to extent credit											
19.1		-	-	-	-	9,565,312	9,565,312	-	-	-	-

The Group 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).

19.1 The Group has not disclosed the fair values for these financial assets and liabilities, as these are for short term or repurchase over short term. Therefore, their carrying amounts are reasonable approximation of fair value.



20. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

Three months period ended 31 March 2018 (Un-audited)					
	Retail Banking	Commercial Banking	Retail Brokerage	Inter Segment Elimination	Total
	(Rupees in '000)				
Total income	7,259,770	12,780,604	11,455	(5,345,380)	14,706,449
Total expenses	(5,898,345)	(10,749,135)	(15,406)	5,345,380	(11,317,506)
Net income	1,361,425	2,031,469	(3,951)	–	3,388,943
As at 31 March 2018 (Un-audited)					
Segment assets (net of provisions)	746,143,863	806,243,231	455,798	(676,193,506)	876,649,386
Segment non - performing loans	51,455	5,025,152	–	–	5,076,607
Segment provision required	44,693	4,167,799	–	–	4,212,492
Segment liabilities	740,122,485	767,401,587	270,715	(676,193,506)	831,601,281
Segment return on assets (ROA) (%)*	0.97%	1.59%	2.51%		
Segment cost of funds (%)*	0.80%	1.40%	5.69%		

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

Three months period ended 31 March 2017 (Un-audited)					
	Retail Banking	Commercial Banking	Retail Brokerage	Inter Segment Elimination	Total
	(Rupees in '000)				
Total income	5,707,923	12,728,554	42,876	(4,292,986)	14,186,367
Total expenses	(4,637,824)	(10,210,343)	(2,738)	4,292,986	(10,557,919)
Net income	1,070,099	2,518,211	40,138	–	3,628,448
As at 31 March 2017 (Un-audited)					
Segment assets (net of provisions)	637,682,594	757,825,540	524,498	(592,364,041)	803,668,591
Segment non - performing loans	48,123	5,512,271	–	–	5,560,394
Segment provision required	41,905	4,638,462	–	–	4,680,367
Segment liabilities	635,490,798	719,290,821	332,611	(592,364,041)	762,750,189
Segment return on assets (ROA) (%)*	0.90%	1.68%	8.17%		
Segment cost of funds (%)*	0.73%	1.42%	0.82%		

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



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

	31 March 2018 (Un-audited)				Total
	Associates	Non Executive Directors	Key Management Personnel (Rupees in '000)	Retirement Benefit Funds	
Deposits					
At beginning of the period	4,021,911	821,526	580,986	1,412,440	6,836,863
Placements during the period	27,619,017	738,107	350,261	8,891,347	37,598,732
Withdrawals during the period	(29,617,048)	(918,946)	(285,891)	(8,425,975)	(39,247,860)
At end of the period	<u>2,023,880</u>	<u>640,687</u>	<u>645,356</u>	<u>1,877,812</u>	<u>5,187,735</u>
Advances					
At beginning of the period	1,775,142	977	51,929	-	1,828,048
Given during the period	7,245,869	5,922	11,017	-	7,262,808
Repaid during the period	(7,856,759)	(6,057)	(10,040)	-	(7,872,856)
At end of the period	<u>1,164,252</u>	<u>842</u>	<u>52,906</u>	<u>-</u>	<u>1,218,000</u>
Investments					
At beginning of the period	964,259	-	-	-	964,259
Investments made during the period	21,000	-	-	-	21,000
Investments redeemed / adjusted during the period	(17,306)	-	-	-	(17,306)
At end of the period	<u>967,953</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>967,953</u>
Contingencies and commitments	<u>1,742,999</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,742,999</u>
31 December 2017 (Audited)					
Deposits					
At beginning of the year	2,777,378	556,559	451,090	842,775	4,627,802
Placements during the year	80,970,167	3,448,955	1,991,843	13,064,423	99,475,388
Withdrawals during the year	(79,725,634)	(3,183,988)	(1,861,947)	(12,494,758)	(97,266,327)
At end of the year	<u>4,021,911</u>	<u>821,526</u>	<u>580,986</u>	<u>1,412,440</u>	<u>6,836,863</u>
Advances					
At beginning of the year	1,391,233	210	49,060	-	1,440,503
Given during the year	36,708,154	24,105	88,844	-	36,821,103
Repaid during the year	(36,324,245)	(23,338)	(85,975)	-	(36,433,558)
At end of the year	<u>1,775,142</u>	<u>977</u>	<u>51,929</u>	<u>-</u>	<u>1,828,048</u>
Investments					
At beginning of the year	830,393	-	-	-	830,393
Investments made during the year	126,230	-	-	-	126,230
Investments redeemed / adjusted during the year	7,636	-	-	-	7,636
At end of the year	<u>964,259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>964,259</u>
Contingencies and commitments	<u>1,358,895</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,358,895</u>



22. ISLAMIC BANKING BUSINESS

22.1 The Bank is operating 53 (31 December 2017: 53) Islamic Banking branches in Pakistan. The statement of financial position of these branches as at 31 March 2018 is as follows:

	Note	(Un-audited) 31 March 2018 (Rupees in '000)	(Audited) 31 December 2017
ASSETS			
Cash and balances with treasury banks		2,634,365	2,554,000
Balances with and due from financial institutions		2,257,046	957,424
Investments	22.1.1	12,215,782	11,333,912
Islamic financing and related assets	22.1.2	36,161,290	34,843,979
Operating fixed assets		253,166	248,825
Other assets		604,316	538,108
		54,125,965	50,476,248
LIABILITIES			
Bills payable		25,931	30,694
Due to financial institutions		4,980,241	4,301,041
Deposits and other accounts		40,026,368	37,867,252
Current accounts		14,006,682	12,981,414
Saving accounts		13,814,123	11,145,642
Term deposits		5,690,496	7,123,780
Others		1,822,443	973,928
Deposits from financial institutions - remunerative		4,691,432	5,635,540
Deposits from financial institutions - non - remunerative		1,192	6,948
Due to Head office		1,181,967	1,319,226
Other liabilities		2,133,619	1,570,087
		(48,348,126)	(45,088,300)
NET ASSETS		5,777,839	5,387,948
REPRESENTED BY:			
Islamic banking fund		5,700,000	5,000,000
Unremitted profit		174,131	422,821
		5,874,131	5,422,821
Deficit on revaluation of assets		(96,292)	(34,873)
		5,777,839	5,387,948
22.1.1 Investments			
Sukuk bonds		12,075,682	11,205,550
Fully paid - up ordinary shares - Listed		77,726	73,497
Mutual funds		81,474	73,965
Investments		12,234,882	11,353,012
Less: Provision for diminution in the value of investments		(19,100)	(19,100)
Investments (net of provision)		12,215,782	11,333,912



	(Un-audited) 31 March 2018 (Rupees in '000)	(Audited) 31 December 2017
22.1.2 Islamic financing and related assets		
Murabaha	5,864,066	6,034,031
Net book value of assets / investments in ijarah under IFAS 2	2,237,787	2,132,197
Running musharakah	2,170,096	2,223,124
Diminishing musharakah	11,216,807	10,082,423
Musawama	2,472,204	3,245,401
Export refinance murabaha	1,378,676	881,335
Export refinance istisna	3,691,800	3,634,300
Istisna	1,600,976	1,644,298
Gross financing	<u>30,632,412</u>	29,877,109
Advance against murabaha	1,303,905	1,559,959
Advance against ijarah	590,597	500,808
Advance against diminishing musharakah	1,731,610	2,064,649
Advance against istisna	1,747,120	856,534
Bills discounted	173,944	-
Islamic financing and related assets - gross	<u>36,179,588</u>	34,859,059
Less: provisions		
Specific provision	(1,224)	(478)
General provision	(17,074)	(14,602)
	<u>(18,298)</u>	(15,080)
Islamic financing and related assets - net of provision	<u>36,161,290</u>	34,843,979
22.1.2.1 Islamic mode of financing		
Financings / inventory / receivables	30,632,412	29,877,109
Advances	5,547,176	4,981,950
Less: provisions	(18,298)	(15,080)
	<u>36,161,290</u>	34,843,979
22.2	The profit and loss account of the Bank's Islamic Banking branches for the three months period ended 31 March 2018 is as follows:	
	(Un-audited) Three months period ended	
	31 March 2018	31 March 2017
	(Rupees in '000)	
Profit / return on financing and placements earned	742,187	431,701
Profit / return on deposits and other dues expensed	(333,898)	(188,935)
	<u>408,289</u>	242,766
Provision against non - performing loans and advances - net	(3,218)	(1,761)
Net spread earned	<u>405,071</u>	241,005
OTHER INCOME		
Fee, commission and brokerage income	40,930	25,125
Income from dealing in foreign currencies	12,067	6,953
Gain on sale of securities	-	566
Other income	8,855	5,964
	<u>61,852</u>	38,608
OTHER EXPENSES		
Administrative expenses	(292,792)	(205,995)
PROFIT BEFORE TAXATION	<u>174,131</u>	73,618
22.3		
Remuneration to Shariah Board	<u>1,626</u>	1,320



	(Un-audited) 31 March 2018	(Audited) 31 December 2017
	(Rupees in '000)	
22.4 CHARITY FUND		
Opening balance	6,464	2,738
Additions during the period / year	2,334	6,464
Payment / utilisation during the period / year		
Health	-	(948)
Social welfare	(300)	(1,790)
	(300)	(2,738)
Closing balance	<u>8,498</u>	<u>6,464</u>

The non - shariah compliant income identified during the period / year is transferred to the charity account.

23. LIQUIDITY RISK

The Bank calculates Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) as prescribed in SBP Basel III Liquidity Standards issued under BPRD circular No. 08 dated June 23, 2016. As at 31 March 2018, the Bank's LCR stood at 393% on monthly average (31 December 2017: 374% on quarterly average) and NSFR stood at 173% (31 December 2017: 188%) against SBP's minimum requirement of 90% and 100% respectively.

24. GENERAL

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

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

25. DATE OF AUTHORISATION

These consolidated condensed interim financial statements were authorised for issue in the Board of Directors' meeting held on 17 April 2018.

ASHAR HUSAIN
Chief Financial Officer

MANSOOR ALI KHAN
Chief Executive

SAFAR ALI LAKHANI
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman