



Bank AL Habib Limited

ACCOUNTS FOR THE NINE MONTHS ENDED

SEPTEMBER 30, 2018

Unaudited

هَذَا مِنْ فَضْلِ رَبِّي



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CORPORATE INFORMATION

Board of Directors	Abbas D. Habib	<i>Chairman</i>
	Ali Raza D. Habib	
	Anwar Haji Karim	
	Arshad Nasar	
	Manzoor Ahmed	
	Murtaza H. Habib	
	Qumail R. Habib	<i>Executive Director</i>
	Safar Ali Lakhani	
	Syed Mazhar Abbas	
	Syed Hasan Ali Bukhari	
	Mansoor Ali Khan	<i>Chief Executive</i>
Audit Committee	Safar Ali Lakhani	<i>Chairman</i>
	Syed Mazhar Abbas	<i>Member</i>
	Anwar Haji Karim	<i>Member</i>
	Arshad Nasar	<i>Member</i>
	Syed Hasan Ali Bukhari	<i>Member</i>
Human Resource & Remuneration Committee	Syed Hasan Ali Bukhari	<i>Chairman</i>
	Syed Mazhar Abbas	<i>Member</i>
	Abbas D. Habib	<i>Member</i>
	Safar Ali Lakhani	<i>Member</i>
	Arshad Nasar	<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 Shahr-e-Faisal, Karachi-74400.	
Website	www.bankalhabib.com	



DIRECTORS' REVIEW

It is our 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 (since deregistered) for the nine months ended September 30, 2018.

Alhamdulillah, during the period under review, the performance of the Bank continued to be satisfactory. The deposits increased to Rs. 768.8 billion as compared to Rs. 692.6 billion on December 31, 2017. In the same period, advances increased to Rs. 449.9 billion from Rs. 339.8 billion, while investments decreased to Rs. 358.8 billion from Rs. 476.1 billion. The pre-tax profit of the Bank for the nine months period ended September 30, 2018 was Rs 9,921.9 million as compared to Rs. 10,381.8 million during the corresponding period last year. The profit after tax for the period ended September 30, 2018 was Rs. 5,902.6 million compared with Rs. 6,252.2 million during 2017.

By the Grace of Allah, the Bank now has a network of 705 offices, comprising 665 branches, 36 sub-branches, and 4 Representative Offices. Our branch network includes 62 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, local & foreign correspondents for their continued support and confidence, and the State Bank of Pakistan for their guidance. We also thank all our staff members for their sincerity, dedication and hard work.

Mansoor Ali Khan
Chief Executive

Abbas D. Habib
Chairman
Board of Directors

Karachi: October 18, 2018



ڈائریکٹرز کا جائزہ

ہمارے لئے یہ باعث مسرت ہے کہ ہم ۳۰ ستمبر ۲۰۱۸ء کو ختم ہونے والے نو ماہ 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 (بعد از ڈی رجسٹرڈ) پیش کریں۔

الحمد للہ، زیر جائزہ مدت میں بینک کی کارکردگی اطمینان بخش رہی۔ ۳۰ ستمبر ۲۰۱۸ء کو ختم ہونے والی مدت میں ڈپازٹس بڑھ کر ۶۸۸ بلین روپے ہو گئے، جو کہ ۳۱ دسمبر ۲۰۱۷ء کو ۶۹۲ بلین روپے تھے۔ اسی مدت کے دوران ایڈوانسز ۳۳۹ بلین روپے سے بڑھ کر ۴۳۹ بلین روپے ہو گئے اور سرمایہ کاری ۶۷۱ بلین روپے سے کم ہو کر ۳۵۸ بلین روپے ہو گئی۔ ۳۰ ستمبر ۲۰۱۸ء کو ختم ہونے والے نو ماہ کے لئے آپ کے بینک کا قبل از ٹیکس منافع ۹۹۲ بلین روپے رہا، جبکہ گزشتہ سال اس مدت میں یہ ۱۰۳۸ بلین روپے تھا۔ بینک کا بعد از ٹیکس منافع ۳۰ ستمبر ۲۰۱۸ء کو ختم ہونے والی مدت کے لئے ۵۹۰ بلین روپے رہا، جبکہ گزشتہ سال یہ ۶۲۵ بلین روپے تھا۔

اللہ تعالیٰ کے فضل و کرم سے بینک کا نیٹ ورک اب ۷۰۵ دفاتر پر مشتمل ہے، جس میں ۶۶۵ برانچز، ۳۶ سب برانچز اور ۴ نمائندہ دفاتر شامل ہیں۔ ہمارے برانچ نیٹ ورک میں اب ۱۶۲ 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 انسکیورڈ، سبارڈینیٹیڈ ٹی 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 ہونے کی بہت مضبوط صلاحیت ہے۔

ہم اپنے کسٹمر، مقامی و غیر ملکی مالیاتی اداروں کے، ان کی مستقل تائید اور اعتماد، اور اسٹیٹ بینک آف پاکستان کے ان کی رہنمائی پر، بے حد مشکور ہیں۔ ہم اپنے تمام اسٹاف ممبران کا بھی ان کی لگن، انتھک محنت اور مخلصانہ خدمات کا شکریہ ادا کرتے ہیں۔

عباس ڈی۔ حبیب
چیئرمین
بورڈ آف ڈائریکٹرز

منصور علی خان
چیف ایگزیکٹو

کراچی: ۱۸ اکتوبر ۲۰۱۸ء



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018**

		(Un-audited) 30 September 2018 (Rupees in '000)	(Audited) 31 December 2017 Restated
	Note		
ASSETS			
Cash and balances with treasury banks		71,799,381	60,096,155
Balances with other banks		2,078,500	4,691,917
Lendings to financial institutions		6,473,738	—
Investments - net	7	358,807,370	476,125,054
Advances - net	8	449,931,620	339,832,911
Operating fixed assets	9	25,557,152	22,553,302
Deferred tax assets - net		—	—
Other assets - net		16,004,927	15,752,256
		930,652,688	919,051,595
LIABILITIES			
Bills payable		20,036,076	19,663,349
Borrowings	10	64,847,017	133,499,876
Deposits and other accounts	11	768,805,207	692,576,176
Sub -ordinated loans	12	10,996,000	10,997,600
Liabilities against assets subject to finance lease		—	—
Deferred tax liabilities - net		1,807,992	2,528,998
Other liabilities		16,487,554	13,909,714
		882,979,846	873,175,713
NET ASSETS		47,672,842	45,875,882
REPRESENTED BY:			
Share capital		11,114,254	11,114,254
Reserves		14,050,804	12,981,379
Unappropriated profit		18,212,039	16,312,956
		43,377,097	40,408,589
Surplus on revaluation of assets - net of tax	13	4,295,745	5,467,293
		47,672,842	45,875,882
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The annexed notes 1 to 25 form an integral part of these unconsolidated condensed interim financial statements.

ABBAS D. HABIB
Chairman

SYED MAZHAR ABBAS
Director

ARSHAD NASAR
Director

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer



**UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2018**

	Note	Nine months period ended		Quarter ended	
		30 September 2018	30 September 2017 (Rupees in '000) Restated	30 September 2018	30 September 2017
Mark - up / return / interest earned	15	42,843,552	37,216,704	15,455,809	12,564,330
Mark - up / return / interest expensed	16	(20,327,183)	(18,020,138)	(7,866,010)	(6,108,237)
Net mark - up / return / interest income		22,516,369	19,196,566	7,589,799	6,456,093
Reversal / (provision) against non - performing loans and advances - net		197,182 (397,810)	(140,436) (25,892)	(71,795) (199,336)	(11,693) (25,892)
Provision for diminution in the value of investments		-	-	-	-
Bad debts written - off directly		(200,628)	(166,328)	(271,131)	(37,585)
Net mark - up / return / interest income after provisions		22,315,741	19,030,238	7,318,668	6,418,508
NON MARK - UP / INTEREST INCOME					
Fees, commission and brokerage income		3,023,779	2,370,875	1,016,263	790,066
Dividend income		333,744	306,523	157,813	48,726
Income from dealing in foreign currencies		1,034,004	664,072	388,818	410,102
Gain / (loss) on sale / redemption of securities - net		19,795	2,581,978	(18,216)	270,217
Unrealised (loss) / gain on revaluation of investments classified as held for trading - net		-	(9,941)	14,512	680
Other income		674,440	691,998	211,827	179,833
Total non mark - up / interest income		5,085,762	6,605,505	1,771,017	1,699,624
		27,401,503	25,635,743	9,089,685	8,118,132
NON MARK - UP / INTEREST EXPENSES					
Administrative expenses		(17,290,858)	(14,849,675)	(6,171,742)	(5,199,137)
Other reversals / (provisions) / write - offs		19,281	(3,115)	(22,410)	4,210
Other charges		(207,993)	(401,187)	(57,634)	(58,502)
Total non mark - up / interest expenses		(17,479,570)	(15,253,977)	(6,251,786)	(5,253,429)
		9,921,933	10,381,766	2,837,899	2,864,703
Extra - ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		9,921,933	10,381,766	2,837,899	2,864,703
Taxation - Current		(4,066,904)	(3,931,629)	(1,158,853)	(1,047,088)
- Prior years		-	(503,224)	-	-
- Deferred		47,619	305,245	22,590	23,260
		(4,019,285)	(4,129,608)	(1,136,263)	(1,023,828)
PROFIT AFTER TAXATION		5,902,648	6,252,158	1,701,636	1,840,875
				(Rupees)	
Basic and diluted earnings per share	17	5.31	5.63	1.53	1.66

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

ABBAS D. HABIB
Chairman

SYED MAZHAR ABBAS
Director

ARSHAD NASAR
Director

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2018**

	<u>Nine months period ended</u>		<u>Quarter ended</u>	
	<u>30 September</u>	<u>30 September</u>	<u>30 September</u>	<u>30 September</u>
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(Rupees in '000)			
	Restated			
Profit after taxation for the period	5,902,648	6,252,158	1,701,636	1,840,875
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	479,160	21,640	93,277	16,290
<i>Items that will not be reclassified to profit and loss account subsequently</i>	-	-	-	-
Comprehensive income transferred to equity	6,381,808	6,273,798	1,794,913	1,857,165
Components of comprehensive income not reflected in equity				
Deficit arising on revaluation of available for sale securities	(1,718,419)	(3,600,144)	(672,126)	(1,059,998)
Related tax charge	601,447	1,260,051	235,245	371,000
	(1,116,972)	(2,340,093)	(436,881)	(688,998)
Surplus on revaluation of fixed assets	-	2,101,378	-	-
Related tax charge	-	(322,703)	-	-
	-	1,778,675	-	-
Total comprehensive income	5,264,836	5,712,380	1,358,032	1,168,167

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

ABBAS D. HABIB
Chairman

SYED MAZHAR ABBAS
Director

ARSHAD NASAR
Director

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer



**UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2018**

	30 September 2018	30 September 2017
	(Rupees in '000)	Restated
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	9,921,933	10,381,766
Less: Dividend income	(333,744)	(306,523)
	9,588,189	10,075,243
Adjustments for:		
Depreciation	1,587,543	1,403,310
Amortisation	99,724	78,305
(Reversal) / provision against non - performing loans and advances - net	(197,182)	140,436
Provision for diminution in the value of investments	397,810	25,892
Gain on sale of operating fixed assets	(83,474)	(88,095)
Gain on sale / redemption of securities - net	(19,795)	(2,581,978)
Unrealised loss on held for trading securities	-	9,941
Charge for defined benefit plan	234,000	191,250
Charge for compensated absences	65,839	27,728
(Reversal) / provision against off - balance sheet items	(43,850)	569
Other charges	-	149,912
	2,040,615	(642,730)
	11,628,804	9,432,513
(Increase) / decrease in operating assets		
Lendings to financial institutions	(6,473,738)	-
Advances - net	(110,053,651)	(40,535,336)
Other assets - (excluding advance taxation)	784,407	2,288,634
	(115,742,982)	(38,246,702)
Increase / (decrease) in operating liabilities		
Bills payable	372,727	1,815,544
Borrowings	(69,630,927)	20,136,761
Deposits and other accounts	76,229,031	87,131,839
Other liabilities	2,229,791	3,331,220
	9,200,622	112,415,364
	(94,913,556)	83,601,175
Income tax paid	(5,075,526)	(4,644,443)
Net cash (used in) / from generated from operating activities	(99,989,082)	78,956,732
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in securities	115,188,834	(61,024,481)
Net investments in associates	(21,000)	(24,656)
Dividend received	294,685	284,103
Investments in operating fixed assets	(4,698,677)	(2,967,104)
Sale proceeds from disposal of operating fixed assets	101,637	115,345
Net cash generated from / (used in) investing activities	110,865,479	(63,616,793)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayments of sub -ordinated loans	(1,600)	(1,600)
Dividend paid	(3,242,216)	(3,841,521)
Net cash used in financing activities	(3,243,816)	(3,843,121)
Exchange differences on translation of net investment in foreign branches	479,160	21,640
Increase in cash and cash equivalents	8,111,741	11,518,458
Cash and cash equivalents at beginning of the period	64,604,599	52,321,784
Cash and cash equivalents at end of the period	72,716,340	63,840,242

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

ABBAS D. HABIB
Chairman

SYED MAZHAR ABBAS
Director

ARSHAD NASAR
Director

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer



UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2018

	Share Capital	Statutory Reserve	Foreign Currency Translation Reserve	Revenue Reserves		Unapp- ropriated Profit	Total
				Special Reserve	General Reserve		
	(Rupees in '000)						
Balance as at 01 January 2017 - audited	11,114,254	11,037,478	245,333	126,500	540,000	12,858,807	35,922,372
Effect of retrospective change in accounting policy of surplus on revaluation of fixed assets - net of tax (note 5.1)	-	(49,885)	-	-	-	(199,542)	(249,427)
Balance as at 01 January 2017 - restated	11,114,254	10,987,593	245,333	126,500	540,000	12,659,265	35,672,945
Total comprehensive income for the nine months period ended 30 September 2017:							
Profit after tax - restated	-	-	-	-	-	6,252,158	6,252,158
Other comprehensive income	-	-	21,640	-	-	-	21,640
	-	-	21,640	-	-	6,252,158	6,273,798
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	46,139	46,139
Transfer to statutory reserve - restated	-	688,546	-	-	-	(688,546)	-
Transaction with owners, recorded directly in equity:							
Cash dividend (Rs. 3.5 per share)	-	-	-	-	-	(3,889,989)	(3,889,989)
Balance as at 30 September 2017 - restated	11,114,254	11,676,139	266,973	126,500	540,000	14,379,027	38,102,893
Total comprehensive income for the quarter ended 31 December 2017:							
Profit after tax	-	-	-	-	-	2,248,876	2,248,876
Other comprehensive income	-	-	146,879	-	-	(108,080)	38,799
	-	-	146,879	-	-	2,140,796	2,287,675
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	18,021	18,021
Transfer to statutory reserve	-	224,888	-	-	-	(224,888)	-
Balance as at 31 December 2017 - restated	11,114,254	11,901,027	413,852	126,500	540,000	16,312,956	40,408,589
Effect of change in accounting policy of impairment of financial assets (note 5.2)	-	-	-	-	-	(133,601)	(133,601)
Balance as at 01 January 2018 - restated	11,114,254	11,901,027	413,852	126,500	540,000	16,179,355	40,274,988
Total comprehensive income for the nine months period ended 30 September 2018:							
Profit after tax	-	-	-	-	-	5,902,648	5,902,648
Other comprehensive income	-	-	479,160	-	-	-	479,160
	-	-	479,160	-	-	5,902,648	6,381,808
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	54,577	54,577
Transfer to statutory reserve	-	590,265	-	-	-	(590,265)	-
Transaction with owners, recorded directly in equity:							
Cash dividend (Rs. 3.0 per share)	-	-	-	-	-	(3,334,276)	(3,334,276)
Balance as at 30 September 2018	11,114,254	12,491,292	893,012	126,500	540,000	18,212,039	43,377,097

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

ABBAS D. HABIB
Chairman

SYED MAZHAR ABBAS
Director

ARSHAD NASAR
Director

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer



**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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 665 branches (31 December 2017: 605 branches), 36 sub - branches (31 December 2017: 45 sub - branches) and 04 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 62 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 accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
- International Accounting Standard (IAS) 34, "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
 - IFAS issued by ICAP as are notified under the Companies Act, 2017;
 - Provisions of and directives issued under the Banking Companies Ordinance, 1962;



- Provisions of and directives issued under the Companies Act, 2017; and
- Directives issued by SBP and the Securities and Exchange Commission of Pakistan (SECP).

Wherever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by SBP and SECP differ with the requirements of IFRS or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives prevail.

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 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:

5.1 Surplus on revaluation of fixed assets - net of deferred tax

The Companies Ordinance, 1984 was repealed through the enactment of the Companies Act, 2017. However, as directed by SECP vide Circular No. 23 dated 4 October 2017, the financial reporting requirements of the Companies Act, 2017 were only made applicable for reporting periods starting from 1 January 2018.

Consequently, the Bank has changed its policy for accounting for a deficit arising on revaluation of fixed assets. The Bank's previous accounting policy (as described in Note 5.6 of the annual unconsolidated financial statements), in accordance with the repealed Companies Ordinance, 1984, required that a deficit arising on revaluation of a particular property was to be adjusted against the total balance in the surplus account or, if no surplus existed, was to be charged to the profit and loss account as an impairment of the asset. The Companies Act, 2017 removed the specific provisions allowing the above treatment. A deficit arising on revaluation of a particular property is now to be accounted for in accordance with IFRS, which requires that such deficit cannot be adjusted against surplus in another property, but is to be taken to the profit and loss account as an impairment.

The effect of this change in accounting policy, which is applied with retrospective effect, is as follows:

	31 December 2017	01 January 2017
	(Rupees in '000)	
Impact on Statement of Financial Position		
Surplus on revaluation of fixed assets - net of deferred tax	397,965	249,427
Unappropriated profit	358,168	199,542
Statutory reserves	39,797	49,885

5.2 Impairment on financial assets

As per the accounting policy of the Bank, the provision against financial assets of overseas branches is made as per the requirement of the respective regulators. During the current period, IFRS 9 'Financial Instruments' became applicable for



overseas branches of the Bank. Accordingly, in respect of such branches, the Bank has changed its accounting policy and has followed the requirements of IFRS 9, while determining the provisioning requirements against financial assets. Under this standard, provision against financial assets is determined under expected credit loss model. Previously, this was determined under the incurred loss model. Accordingly, on adoption of IFRS 9, an additional provision of Rs. 205.54 million is recognised as at 31 December 2017 which was adjusted in the opening retained earnings as allowed under IFRS 9 and permitted by SBP. The impact of the said changes on these unconsolidated condensed interim financial statements are as follows:

	30 September 2018	01 January 2018
	(Rupees in '000)	
Impact on Statement of Financial Position		
Advances	93,305	152,124
Investments	163,418	53,416
	<u>256,723</u>	<u>205,540</u>
Less: related deferred tax	(89,853)	(71,939)
	<u>166,870</u>	<u>133,601</u>
	Nine months period ended 30 September 2018 (Rupees in '000)	
Impact on Profit and Loss account		
- Profit after tax would have been higher by	<u>25,434</u>	
	(Rupees)	
Earnings per share would have been higher by	<u>0.02</u>	
There would be no impact on the cash flow statement.		

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.



	30 September 2018 (Un-audited)			31 December 2017 (Audited)		
	Held by Bank	Given as Collateral	Total	Held by Bank	Given as Collateral	Total
Note	(Rupees in '000)					
7. INVESTMENTS						
7.1 Investments by type						
Available for Sale Securities						
Market Treasury Bills	231,123,295	12,473,618	243,596,913	243,832,688	85,665,691	329,498,379
Pakistan Investment Bonds	38,518,121	-	38,518,121	37,599,811	-	37,599,811
Foreign Currency Bonds	3,363,995	-	3,363,995	3,232,531	-	3,232,531
Sukuk Bonds	17,201,177	-	17,201,177	13,284,768	-	13,284,768
Fully paid - up ordinary shares - Listed	4,570,805	-	4,570,805	4,670,838	-	4,670,838
Fully paid - up ordinary shares - Unlisted	104,236	-	104,236	46,759	-	46,759
Term finance certificates - Listed	509,931	-	509,931	302,729	-	302,729
Term finance certificates - Unlisted	1,199,980	-	1,199,980	1,242,857	-	1,242,857
Units of mutual funds	2,175,000	-	2,175,000	2,175,000	-	2,175,000
	298,766,540	12,473,618	311,240,158	306,387,981	85,665,691	392,053,672
Held to Maturity Securities	7.2					
Pakistan Investment Bonds	43,467,463	-	43,467,463	77,674,619	-	77,674,619
Foreign Currency Bonds	2,197,057	-	2,197,057	2,235,930	-	2,235,930
Sukuk Bonds	2,004,720	-	2,004,720	1,829,830	-	1,829,830
	47,669,240	-	47,669,240	81,740,379	-	81,740,379
Held for Trading Securities						
Fully paid - up ordinary shares - Listed	-	-	-	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	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
	200,000	-	200,000	200,127	-	200,127
Investments at cost	347,344,126	12,473,618	359,817,744	389,285,012	85,665,691	474,950,703
Less: Provision for diminution in the value of investments	(594,744)	-	(594,744)	(136,827)	-	(136,827)
Investments (net of provision)	346,749,382	12,473,618	359,223,000	389,148,185	85,665,691	474,813,876
Surplus on revaluation of held for trading securities - net	-	-	-	8,389	-	8,389
(Deficit) / surplus on revaluation of available for sale securities - net	(415,762)	132	(415,630)	1,307,676	(4,887)	1,302,789
Total Investments	346,333,620	12,473,750	358,807,370	390,464,250	85,660,804	476,125,054

7.2 The aggregate market value of held to maturity securities as at 30 September 2018 amounted to Rs. 49,679 million (31 December 2017: Rs. 87,714 million).

7.3 During the period, the subsidiary, AL Habib Credit & Finance (Hong Kong) Limited has been deregistered.



		(Un-audited) 30 September 2018 (Rupees in '000)	(Audited) 31 December 2017
8. ADVANCES	Note		
Loans, cash credits, running finances, etc.			
– In Pakistan		335,930,856	253,710,670
– Outside Pakistan		30,225,957	22,497,572
		<u>366,156,813</u>	<u>276,208,242</u>
Islamic financing and related assets - gross	22.1.2	44,493,019	34,859,059
Net investment in finance lease			
– In Pakistan		19,197,307	15,352,023
– Outside Pakistan		–	–
		<u>19,197,307</u>	<u>15,352,023</u>
Bills discounted and purchased (excluding market treasury bills)			
– Payable in Pakistan		3,999,999	3,165,203
– Payable outside Pakistan		23,621,937	17,881,044
		<u>27,621,936</u>	<u>21,046,247</u>
Advances - gross		457,469,075	347,465,571
Provision against non - performing loans and advances			
– Specific provision	8.1	(4,213,007)	(4,399,564)
– General provision as per regulations	8.2	(324,448)	(233,096)
– General provision	8.3	(3,000,000)	(3,000,000)
		<u>(7,537,455)</u>	<u>(7,632,660)</u>
Advances - net of provisions		<u>449,931,620</u>	<u>339,832,911</u>

8.1 Advances include Rs. 5,129.447 million (31 December 2017: Rs. 5,288.599 million) which have been placed under non - performing status as detailed below:

30 September 2018 (Un-audited)									
Classified advances				Provision required			Provision held		
Domestic	Overseas	Total		Domestic	Overseas	Total	Domestic	Overseas	Total
(Rupees in '000)									
Category of classification									
Other assets especially									
mentioned	27,242	–	27,242	1,866	–	1,866	1,866	–	1,866
Substandard	66,376	–	66,376	16,506	–	16,506	16,506	–	16,506
Doubtful	1,619,929	–	1,619,929	795,966	–	795,966	795,966	–	795,966
Loss	2,464,565	951,335	3,415,900	2,447,334	951,335	3,398,669	2,447,334	951,335	3,398,669
	<u>4,178,112</u>	<u>951,335</u>	<u>5,129,447</u>	<u>3,261,672</u>	<u>951,335</u>	<u>4,213,007</u>	<u>3,261,672</u>	<u>951,335</u>	<u>4,213,007</u>



31 December 2017 (Audited)								
Classified advances			Provision required			Provision held		
Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
(Rupees in '000)								
25,472	—	25,472	356	—	356	356	—	356
151,761	—	151,761	37,171	—	37,171	37,171	—	37,171
1,406,425	—	1,406,425	689,214	—	689,214	689,214	—	689,214
2,720,279	984,662	3,704,941	2,688,161	984,662	3,672,823	2,688,161	984,662	3,672,823
4,303,937	984,662	5,288,599	3,414,902	984,662	4,399,564	3,414,902	984,662	4,399,564

- 8.2 This general provision represents provision amounting to Rs. 231.143 million (31 December 2017: Rs. 233.096 million) as required by the Prudential Regulations issued by SBP and Rs. 93.305 million (31 December 2017: nil) against requirement of IFRS 9 in overseas branches of the Bank.
- 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 30 September 2018 amounts to Rs. 3,000 million (31 December 2017: Rs. 3,000 million).

(Un-audited) (Audited)
30 September 31 December
2018 2017
(Rupees in '000)

9. OPERATING FIXED ASSETS

Capital work - in - progress	1,806,852	1,046,851
Property and equipment	23,559,083	21,436,095
Intangible assets	191,217	70,356
	<u>25,557,152</u>	<u>22,553,302</u>

(Un-audited)
Nine months period ended
30 September 30 September
2018 2017
(Rupees in '000)

9.1 The following additions were made during the period:

Leasehold land	887,133	117,052
Buildings on leasehold land	828,927	352,819
Improvements to leasehold buildings	172,274	241,693
Furniture and fixtures	179,058	139,646
Electrical, office and computer equipments	1,162,416	996,690
Vehicles	493,990	301,139
Intangible assets	214,878	39,806
	<u>3,938,676</u>	<u>2,188,845</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	6,053	8,337
Furniture and fixtures	2,606	1,809
Electrical, office and computer equipments	4,231	3,176
Vehicles	5,273	3,955
	<u>18,163</u>	<u>27,250</u>



		(Un-audited) 30 September 2018	(Audited) 31 December 2017
	Note	(Rupees in '000)	
10. BORROWINGS			
Secured			
Borrowings from SBP			
– Export refinance scheme		28,007,505	27,980,020
– Renewable energy		4,016,429	3,884,507
– Women entrepreneurship		3,430	–
– Modernisation of small and medium enterprises		87,189	–
– Long term financing for imported and locally manufactured plant and machinery		12,055,532	10,616,620
– Financing facility for storage of agricultural produce		34,046	55,917
		<u>44,204,131</u>	<u>42,537,064</u>
Repurchase agreement borrowings		12,456,358	85,619,654
		<u>56,660,489</u>	<u>128,156,718</u>
Unsecured			
Borrowings from financial institutions		7,024,987	5,159,685
Overdrawn nostros		1,161,541	183,473
		<u>8,186,528</u>	<u>5,343,158</u>
		<u>64,847,017</u>	<u>133,499,876</u>
11. DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		134,326,319	133,509,284
Savings deposits		218,223,745	195,983,912
Current accounts - Remunerative		100,145,127	76,678,384
Current accounts - Non - remunerative		303,213,829	260,827,453
		<u>755,909,020</u>	<u>666,999,033</u>
Financial institutions			
Remunerative deposits		11,180,462	22,272,674
Non - remunerative deposits		1,715,725	3,304,469
		<u>12,896,187</u>	<u>25,577,143</u>
		<u>768,805,207</u>	<u>692,576,176</u>
12. SUB - ORDINATED LOANS - unsecured			
Term Finance Certificates (TFCs) - V - (Unquoted)	12.1	3,996,000	3,997,600
Term Finance Certificates (TFCs) - VI - (Unquoted)	12.2	7,000,000	7,000,000
		<u>10,996,000</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

		(Un-audited) 30 September 2018 (Rupees in '000)	(Audited) 31 December 2017 Restated
Note			

13. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

Fixed assets / non - banking assets	13.1	4,565,904	4,620,480
Available for sale investments	13.2	(270,159)	846,813
		<u>4,295,745</u>	<u>5,467,293</u>

13.1 Fixed assets / non - banking assets

Balance at beginning of the period / year	5,753,655	3,740,327
Surplus on revaluation of the Bank's fixed assets / non - banking assets during the period / year	—	2,126,946
Disposal / adjustments	—	(14,910)
Transfer to unappropriated profit in respect of incremental depreciation charged during the period / year	(83,964)	(98,708)
	<u>5,669,691</u>	<u>5,753,655</u>

Related deferred tax liability on:

Balance at beginning of the period / year	1,133,175	839,950
Revaluation of the Bank's fixed assets / non - banking assets during the period / year	—	327,822
Disposal / adjustments	—	(49)
Transfer to unappropriated profit in respect of incremental depreciation charged during the period / year	(29,388)	(34,548)
	<u>(1,103,787)</u>	<u>(1,133,175)</u>
	<u>4,565,904</u>	<u>4,620,480</u>



	(Un-audited) 30 September 2018	(Audited) 31 December 2017
	(Rupees in '000)	
13.2 Available for sale investments		
Federal Government Securities	11,410	2,073,431
Fully paid - up ordinary shares	(305,385)	(734,971)
Term finance certificates, sukuk bonds and foreign currency bonds	(21,507)	34,984
Units of mutual funds	(100,148)	(70,655)
	(415,630)	1,302,789
Related deferred tax asset / (liability)	145,471	(455,976)
	(270,159)	846,813
14. CONTINGENCIES AND COMMITMENTS		
14.1 Direct credit substitutes		
Financial guarantees issued favouring:		
– Financial institutions	3,118,729	1,344,595
– Others	5,725,177	5,272,122
	8,843,906	6,616,717
14.2 Transaction - related contingent liabilities		
Guarantees issued favouring:		
– Government	50,015,728	37,130,448
– Financial institutions	550,399	541,247
– Others	15,784,589	16,370,016
	66,350,716	54,041,711
14.3 Trade - related contingent liabilities		
Letters of credit	113,202,688	107,446,195
Acceptances	30,816,381	25,082,185
	144,019,069	132,528,380
14.4 Commitments in respect of forward lending		
Commitments to extend credit (excluding commitments that are unilaterally cancellable)	4,507,287	9,565,312



(Un-audited) **(Audited)**
30 September **31 December**
2018 **2017**
(Rupees in '000)

14.5 Commitments in respect of forward exchange contracts

Purchase	<u>49,146,657</u>	<u>46,725,785</u>
Sale	<u>24,683,438</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>1,431,487</u>	<u>1,110,065</u>
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14.7 Claims against the Bank not acknowledged as debts

	<u>4,716,420</u>	<u>4,718,920</u>
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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 2015.

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. 150.769 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals) against the order.

Additional Commissioner Inland Revenue (ACIR) has finalised audit of Tax Year 2015 (Accounting Year 2014) by disallowing certain expenses resulting an impact of Rs. 301.855 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.

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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:

30 September 2018 (Un-audited)											
Note	Carrying amount						Fair value				
	Available for sale	Held for trading	Held to maturity	Loans and receivables	Other financial assets	Other financial liabilities (Rupees in '000)	Total	Level 1	Level 2	Level 3	Total
On - balance sheet financial instruments											
Financial assets measured at fair value											
- Investments											
Federal Government Securities											
(TBills + PIBs + Sukuk Bonds + FC Bonds)	286,573,491	-	-	-	-	-	286,573,491	-	286,573,491	-	286,573,491
Foreign Currency Bonds - Others	1,345,514	-	-	-	-	-	1,345,514	-	1,345,514	-	1,345,514
Sukuk Bonds - Others	685,675	-	-	-	-	-	685,675	-	685,675	-	685,675
Fully paid - up ordinary shares - Listed	3,839,793	-	-	-	-	-	3,839,793	3,839,793	-	-	3,839,793
Units of mutual funds	2,074,852	-	-	-	-	-	2,074,852	2,074,852	-	-	2,074,852
Term Finance Certificates - Listed	510,857	-	-	-	-	-	510,857	510,857	-	-	510,857
Financial assets not measured at fair value											
- Cash and bank balances with treasury banks	-	-	-	-	71,799,381	-	71,799,381	-	-	-	-
- Balances with other banks	-	-	-	-	2,078,500	-	2,078,500	-	-	-	-
- Lendings to financial institutions	-	-	-	-	6,473,738	-	6,473,738	-	-	-	-
- Investments											
Federal Government Securities											
(PIBs + Sukuk Bonds + FC Bonds)	11,843,250	-	47,507,234	-	-	-	59,350,484	-	61,418,965	-	61,418,965
Foreign Currency Bonds - Others	19.1	-	-	-	-	-	-	-	-	-	-
Sukuk Bonds - Others	19.1	2,116,180	103,682	-	-	-	2,219,862	-	-	-	-
Fully paid - up ordinary shares - Unlisted	19.1	98,536	-	-	-	-	98,536	-	-	-	-
Term Finance Certificates - Unlisted	19.1	1,199,980	-	-	-	-	1,199,980	-	-	-	-
- Associates											
Listed shares	-	-	-	-	182,690	-	182,690	374,259	-	-	374,259
Mutual funds	-	-	-	-	444,656	-	444,656	423,583	-	-	423,583
Unlisted shares	19.1	-	-	-	81,000	-	81,000	-	-	-	-
Subsidiaries - Unlisted shares	19.1	-	-	-	200,000	-	200,000	-	-	-	-
- Advances	19.1	-	-	449,931,620	-	-	449,931,620	-	-	-	-
- Other assets	19.1	-	-	-	11,622,793	-	11,622,793	-	-	-	-
	310,288,128	-	47,610,896	449,931,620	92,882,758	-	900,713,402	7,223,344	350,023,645	-	357,246,989
Financial liabilities not measured at fair value											
- Bills payable	19.1	-	-	-	-	(20,036,076)	(20,036,076)	-	-	-	-
- Borrowings	19.1	-	-	-	-	(64,847,017)	(64,847,017)	-	-	-	-
- Deposits and other accounts	19.1	-	-	-	-	(768,805,207)	(768,805,207)	-	-	-	-
- Sub -ordinated loans	19.1	-	-	-	-	(10,996,000)	(10,996,000)	-	-	-	-
- Other liabilities	19.1	-	-	-	-	(14,218,752)	(14,218,752)	-	-	-	-
	-	-	-	-	-	(878,903,052)	(878,903,052)	-	-	-	-
	310,288,128	-	47,610,896	449,931,620	92,882,758	(878,903,052)	21,810,350	7,223,344	350,023,645	-	357,246,989
Off - balance sheet financial instruments measured at fair value											
Forward purchase of foreign exchange contracts	-	-	-	-	-	49,146,657	49,146,657	-	49,114,021	-	49,114,021
Forward sale of foreign exchange contracts	-	-	-	-	-	(24,683,438)	(24,683,438)	-	(24,804,296)	-	(24,804,296)
Off - balance sheet financial instruments not measured at fair value											
Commitment to extent credit	19.1	-	-	-	-	4,507,287	4,507,287	-	-	-	-



31 December 2017 (Audited)

	Note	Carrying amount					Fair value					
		Available for sale	Held for trading	Held to maturity	Loans and receivables	Other financial assets	Other financial liabilities (Rupees in '000)	Total	Level 1	Level 2	Level 3	Total
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	-	-	-	-
- Lendings to financial institutions		-	-	-	-	-	-	-	-	-	-	-
- Investments												
Federal Government Securities (PIBs + Sukuk Bonds + FC Bonds)		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		-	-	-	-	182,690	-	182,690	334,903	-	-	334,903
Mutual funds		-	-	-	-	444,656	-	444,656	428,347	-	-	428,347
Unlisted shares	19.1	-	-	-	-	60,000	-	60,000	-	-	-	-
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	-	-	-	-
		393,219,634	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)	-	-	-	-
		393,219,634	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	-	48,579,198	-	48,579,198
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 extend 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 reprice 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:

Nine months period ended 30 September 2018 (Un-audited)				
	Retail Banking	Commercial Banking	Inter Segment Elimination	Total
	(Rupees in '000)			
Total income	23,604,808	42,059,281	(17,734,775)	47,929,314
Total expenses	(19,749,429)	(35,992,727)	17,734,775	(38,007,381)
Net income	3,855,379	6,066,554	–	9,921,933
As at 30 September 2018 (Un-audited)				
Segment assets (net of provisions)	798,073,731	849,240,590	(716,661,633)	930,652,688
Segment non - performing loans	52,811	5,076,636	–	5,129,447
Segment provision required	44,950	4,168,057	–	4,213,007
Segment liabilities	790,777,234	808,864,245	(716,661,633)	882,979,846
Segment return on assets (ROA) (%)*	2.96%	4.95%		
Segment cost of funds (%)*	2.50%	4.45%		
Nine months period ended 30 September 2017 (Un-audited)				
	Retail Banking	Commercial Banking	Inter Segment Elimination	Total
	(Rupees in '000)			
	Restated			
Total income	18,179,578	39,469,621	(13,826,990)	43,822,209
Total expenses	(15,126,389)	(32,141,044)	13,826,990	(33,440,443)
Net income	3,053,189	7,328,577	–	10,381,766
As at 30 September 2017 (Un-audited)				
Segment assets (net of provisions)	658,196,498	807,055,126	(601,655,581)	863,596,043
Segment non - performing loans	57,639	5,723,210	–	5,780,849
Segment provision required	47,281	4,721,348	–	4,768,629
Segment liabilities	653,527,232	767,403,118	(601,655,581)	819,274,769
Segment return on assets (ROA) (%)*	2.76%	4.89%		
Segment cost of funds (%)*	2.31%	4.19%		

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

30 September 2018 (Un-audited)						
	Subsidiaries	Associates	Non Executive Directors (Rupees in '000)	Key Management Personnel	Retirement Benefit Funds	Total
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	3,578,868	73,486,960	2,500,279	1,617,912	23,496,286	104,680,305
Withdrawals during the period	(3,571,786)	(75,351,452)	(2,569,575)	(1,410,870)	(23,660,825)	(106,564,508)
At end of the period	49,015	2,157,419	752,230	788,028	1,247,901	4,994,593
Advances						
At beginning of the period	–	1,775,142	977	51,929	–	1,828,048
Given during the period	4,020,643	23,601,377	25,692	37,119	–	27,684,831
Repaid during the period	(4,020,643)	(24,312,432)	(26,057)	(41,596)	–	(28,400,728)
At end of the period	–	1,064,087	612	47,452	–	1,112,151
Investments						
At beginning of the period	200,127	688,576	–	–	–	888,703
Investments made during the period	–	21,000	–	–	–	21,000
Investments adjusted / redeemed during the period	(127)	(1,230)	–	–	–	(1,357)
At end of the period	200,000	708,346	–	–	–	908,346
Contingencies and commitments	–	1,495,208	–	–	–	1,495,208
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 adjusted / 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

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22. ISLAMIC BANKING BUSINESS

22.1 The Bank is operating 62 (31 December 2017: 53) Islamic Banking branches in Pakistan. The statement of financial position of these branches as at 30 September 2018 is as follows:

		(Un-audited) 30 September 2018	(Audited) 31 December 2017
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		2,893,534	2,554,000
Balances with and due from financial institutions		13,913	957,424
Investments	22.1.1	14,410,855	11,333,912
Islamic financing and related assets	22.1.2	44,469,950	34,843,979
Operating fixed assets		298,689	248,825
Other assets		832,088	538,108
		62,919,029	50,476,248
LIABILITIES			
Bills payable		33,289	30,694
Due to financial institutions		5,144,544	4,301,041
Deposits and other accounts		44,794,015	37,867,252
Current accounts		16,398,488	12,981,414
Saving accounts		15,679,415	11,145,642
Term deposits		8,236,264	7,123,780
Others		1,141,788	973,928
Deposits from financial institutions - remunerative		3,332,702	5,635,540
Deposits from financial institutions - non - remunerative		5,358	6,948
Due to Head office		4,168,562	1,319,226
Other liabilities		2,627,675	1,570,087
		(56,768,085)	(45,088,300)
NET ASSETS		6,150,944	5,387,948
REPRESENTED BY:			
Islamic banking fund		5,700,000	5,000,000
Unremitted profit		592,028	422,821
		6,292,028	5,422,821
Deficit on revaluation of assets		(141,084)	(34,873)
		6,150,944	5,387,948
22.1.1 Investments			
Sukuk bonds		14,280,048	11,205,550
Fully paid - up ordinary shares - Listed		97,442	73,497
Mutual funds		71,970	73,965
Investments		14,449,460	11,353,012
Less: Provision for diminution in the value of investments		(38,605)	(19,100)
Investments (net of provision)		14,410,855	11,333,912



	(Un-audited) 30 September 2018	(Audited) 31 December 2017
	(Rupees in '000)	
22.1.2 Islamic financing and related assets		
Murabaha	5,990,715	6,034,031
Net book value of assets / investments in ijarah under IFAS 2	2,604,167	2,132,197
Running musharakah	4,481,074	2,223,124
Diminishing musharakah	14,681,920	10,082,423
Musawama	2,248,166	3,245,401
Istisna	1,783,762	1,644,298
Export refinance murabaha	1,001,509	881,335
Export refinance istisna	143,500	3,634,300
Export refinance running musharakah	475,000	-
Qard - e - Hasanah	4,325	-
Gross financing	33,414,138	29,877,109
Advance against murabaha	1,452,365	1,559,959
Advance against ijarah	456,089	500,808
Advance against diminishing musharakah	1,443,553	2,064,649
Advance against istisna	2,329,037	856,534
Advance against export refinance murabaha	135,840	-
Advance against musawama	1,006,718	-
Advance against export refinance istisna	3,966,500	-
Advance against islamic long term financing facility	54,488	-
Bills discounted	234,291	-
Islamic financing and related assets - gross	44,493,019	34,859,059
Less: Provisions		
Specific provision	(2,759)	(478)
General provision	(20,310)	(14,602)
	(23,069)	(15,080)
Islamic financing and related assets - net of provision	44,469,950	34,843,979
22.1.2.1 Islamic mode of financing		
Financings / inventory / receivables	33,414,138	29,877,109
Advances	11,078,881	4,981,950
Less: provisions	(23,069)	(15,080)
	44,469,950	34,843,979
22.2	The profit and loss account of the Bank's Islamic Banking branches for the nine months period ended 30 September 2018 is as follows:	
	(Un-audited) Nine months period ended	
	30 September 2018	30 September 2017
	(Rupees in '000)	
Profit / return on financing and placements earned	2,557,108	1,536,528
Profit / return on deposits and other dues expensed	(1,151,360)	(668,004)
	1,405,748	868,524
Provision against non - performing loans and advances	(7,989)	(6,617)
Provision for diminution in the value of investments	(19,505)	-
	(27,494)	(6,617)
Net spread earned	1,378,254	861,907
OTHER INCOME		
Fees, commission and brokerage income	128,846	75,632
Income from dealing in foreign currencies	38,229	21,789
Gain on sale of securities	-	537
Dividend income	4,366	11,051
Other income	28,183	19,619
	199,624	128,628
OTHER EXPENSES		
Administrative expenses	(985,850)	(698,223)
PROFIT BEFORE TAXATION	592,028	292,312



		(Un-audited) Nine months period ended	
		30 September 2018	30 September 2017
		(Rupees in '000)	
22.3	Remuneration to Shariah Board	4,914	4,838
		(Un-audited) 30 September 2018	(Audited) 31 December 2017
		(Rupees in '000)	
22.4	CHARITY FUND		
	Opening balance	6,464	2,738
	Additions during the period / year	8,890	6,464
	Payment / utilisation during the period / year		
	Health	–	(948)
	Social welfare	(500)	(1,790)
		(500)	(2,738)
	Closing balance	14,854	6,464

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

23. LIQUIDITY RISK

SBP has introduced two liquidity standards through its guidelines on Basel III: Liquidity Standards. These are the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). The objective of LCR is to ensure that Banks have an adequate stock of unencumbered High Quality Liquid Assets (HQLA) to survive a significant stress scenario. The objective of NSFR is to reduce funding risk over a longer time horizon by requiring Banks to fund their activities with sufficiently stable sources of funding on an ongoing basis.

		(Un-audited)		(Audited)
		30 September 2018	30 June 2018	31 March 2018
				31 December 2017
		(Total Adjusted Value)		
		(Rupees in '000)		
23.1	Liquidity Coverage Ratio			
	Total HQLA	350,448,275	336,865,043	386,491,343
	Total Net Cash Flows	117,365,910	108,655,797	98,391,220
	Liquidity Coverage Ratio (%)	299%	310%	393%
	Minimum Requirement (%)	90%	90%	90%



	(Un-audited) 30 September 2018 (Total Weighted Value) (Rupees in '000)	(Audited) 31 December 2017
23.2 Net Stable Funding Ratio		
Total Available Stable Funding (ASF)	680,954,577	619,656,418
Total Required Stable Funding (RSF)	413,754,986	330,145,360
Net Stable Funding Ratio (%)	165%	188%
Minimum Requirement (%)	100%	100%

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 18 October 2018.

ABBAS D. HABIB
Chairman

SYED MAZHAR ABBAS
Director

ARSHAD NASAR
Director

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer



Consolidated Financial Statements

Bank AL Habib Limited

and

Subsidiary Companies



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018**

		(Un-audited) 30 September 2018	(Audited) 31 December 2017
	Note	(Rupees in '000)	Restated
ASSETS			
Cash and balances with treasury banks		71,799,410	60,096,169
Balances with other banks		2,092,725	4,732,856
Lendings to financial institutions		6,473,738	—
Investments - net	7	359,192,855	476,472,185
Advances - net	8	449,931,657	339,832,995
Operating fixed assets	9	25,567,785	22,565,133
Deferred tax assets - net		—	—
Other assets - net		16,073,739	15,848,222
		931,131,909	919,547,560
LIABILITIES			
Bills payable		20,036,076	19,663,349
Borrowings	10	64,847,017	133,499,876
Deposits and other accounts	11	768,756,570	692,534,323
Sub -ordinated loans	12	10,996,000	10,997,600
Liabilities against assets subject to finance lease		—	—
Deferred tax liabilities - net		1,801,870	2,521,855
Other liabilities		16,565,240	14,052,177
		883,002,773	873,269,180
NET ASSETS		48,129,136	46,278,380
REPRESENTED BY:			
Share capital		11,114,254	11,114,254
Reserves		14,050,804	12,979,937
Unappropriated profit		18,439,538	16,502,297
		43,604,596	40,596,488
Equity attributable to the shareholders of the Holding company			
Non - controlling interest		111,472	113,897
Total equity		43,716,068	40,710,385
Surplus on revaluation of assets - net of tax	13	4,413,068	5,567,995
		48,129,136	46,278,380
CONTINGENCIES AND COMMITMENTS			
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The annexed notes 1 to 25 form an integral part of these consolidated condensed interim financial statements.

ABBAS D. HABIB
Chairman

SYED MAZHAR ABBAS
Director

ARSHAD NASAR
Director

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer



**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2018**

	Note	Nine months period ended		Quarter ended	
		30 September 2018	30 September 2017 (Rupees in '000) Restated	30 September 2018	30 September 2017
Mark - up / return / interest earned	15	42,850,747	37,225,946	15,458,590	12,566,346
Mark - up / return / interest expensed	16	(20,326,568)	(18,018,639)	(7,865,848)	(6,107,275)
Net mark - up / return / interest income		22,524,179	19,207,307	7,592,742	6,459,071
Reversal / (provision) against non - performing loans and advances - net		197,182	(140,436)	(71,795)	(11,693)
Provision for diminution in the value of investments		(395,949)	(25,892)	(199,335)	(25,892)
Bad debts written-off directly		-	-	-	-
		(198,767)	(166,328)	(271,130)	(37,585)
Net mark - up / return / interest income after provisions		22,325,412	19,040,979	7,321,612	6,421,486
NON MARK - UP / INTEREST INCOME					
Fees, commission and brokerage income		3,048,626	2,393,453	1,023,912	794,551
Dividend income		302,353	265,992	140,740	50,450
Income from dealing in foreign currencies		1,034,004	664,072	388,818	410,102
Gain / (loss) on sale / redemption of securities - net		23,454	2,638,342	(18,237)	270,450
Unrealised (loss) / gain on revaluation of investments classified as held for trading - net		-	(9,941)	14,512	680
Share of profit from associates		55,069	31,046	22,049	5,312
Other income		674,364	690,132	211,211	179,253
Total non mark - up / interest income		5,137,870	6,673,096	1,783,005	1,710,798
		27,463,282	25,714,075	9,104,617	8,132,284
NON MARK - UP / INTEREST EXPENSES					
Administrative expenses		(17,334,812)	(14,895,063)	(6,187,098)	(5,213,876)
Other reversals / (provisions) / write - offs		42,320	(17,993)	629	(10,668)
Other charges		(207,993)	(401,589)	(57,634)	(58,095)
Total non mark - up / interest expenses		(17,500,485)	(15,314,645)	(6,244,103)	(5,282,639)
		9,962,797	10,399,430	2,860,514	2,849,645
Extra - ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		9,962,797	10,399,430	2,860,514	2,849,645
Taxation - Current		(4,070,227)	(3,936,464)	(1,158,978)	(1,038,154)
- Prior years		178	(503,224)	178	-
- Deferred		45,633	302,884	23,091	25,406
		(4,024,416)	(4,136,804)	(1,135,709)	(1,012,748)
PROFIT AFTER TAXATION		5,938,381	6,262,626	1,724,805	1,836,897
Attributable to:					
Shareholders of the Holding company		5,940,806	6,260,105	1,725,904	1,841,650
Non - controlling interest		(2,425)	2,521	(1,099)	(4,753)
		5,938,381	6,262,626	1,724,805	1,836,897
(Rupees)					
Basic and diluted earnings per share attributable to equity holders of the Holding company	17	5.35	5.63	1.55	1.66

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

ABBAS D. HABIB
Chairman

SYED MAZHAR ABBAS
Director

ARSHAD NASAR
Director

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2018**

	Nine months period ended		Quarter ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	(Rupees in '000)			
	Restated			
Profit after taxation for the period	5,938,381	6,262,626	1,724,805	1,836,897
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss account</i>				
Exchange differences on translation of net investment in foreign operations	480,602	21,628	97,050	16,189
<i>Items that will not be reclassified to profit or loss account subsequently</i>	-	-	-	-
Comprehensive income transferred to equity	6,418,983	6,284,254	1,821,855	1,853,086
Components of comprehensive income not reflected in equity				
Deficit arising on revaluation of available for sale securities	(1,701,706)	(3,566,185)	(683,264)	(1,037,516)
Related tax charge	601,355	1,263,370	234,386	372,030
	(1,100,351)	(2,302,815)	(448,878)	(665,486)
Surplus on revaluation of fixed assets	-	2,101,378	-	-
Related tax charge	-	(322,703)	-	-
	-	1,778,675	-	-
Total comprehensive income	5,318,632	5,760,114	1,372,977	1,187,600
Attributable to:				
Shareholders of the Holding company	5,325,048	5,754,795	1,376,077	1,186,593
Non - controlling interest	(6,416)	5,319	(3,100)	1,007
	5,318,632	5,760,114	1,372,977	1,187,600

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

ABBAS D. HABIB
Chairman

SYED MAZHAR ABBAS
Director

ARSHAD NASAR
Director

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer



**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2018**

	Note	30 September 2018 (Rupees in '000)	30 September 2017 Restated
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		9,962,797	10,399,430
Less: Dividend income		(302,353)	(265,992)
		9,660,444	10,133,438
Adjustments for:			
Depreciation		1,588,810	1,404,420
Amortisation		100,462	79,146
(Reversal) / provision against non - performing loans and advances - net		(197,182)	140,436
Provision for diminution in the value of investments		395,949	25,892
Gain on sale of operating fixed assets		(83,516)	(88,095)
Gain on sale / redemption of securities - net		(23,454)	(2,638,342)
Unrealised loss on held for trading securities		—	9,941
Charge for defined benefit plan		234,000	191,250
Charge for compensated absences		65,839	27,728
Share of profit from associates		(55,069)	(31,046)
(Reversal) / provision against off-balance sheet items		(43,850)	569
Other charges		—	149,912
		1,981,989	(728,189)
		11,642,433	9,405,249
(Increase) / decrease in operating assets			
Lendings to financial institutions		(6,473,738)	—
Advances - net		(110,053,605)	(40,535,044)
Other assets - (excluding advance taxation)		837,944	2,295,642
		(115,689,399)	(38,239,402)
Increase / (decrease) in operating liabilities			
Bills payable		372,727	1,815,544
Borrowings		(69,630,927)	20,136,761
Deposits and other accounts		76,222,247	87,109,208
Other liabilities		2,165,014	3,335,269
		9,129,061	112,396,782
		(94,917,905)	83,562,629
Income tax paid		(5,103,768)	(4,651,452)
Net cash (used in) / generated from investing activities		(100,021,673)	78,911,177
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in securities		115,191,802	(60,969,246)
Net investments in associates		14,102	19,821
Dividend received		261,830	242,501
Investments in operating fixed assets		(4,699,484)	(2,968,016)
Sale proceeds from disposal of operating fixed assets		101,679	115,345
Net cash generated from / (used in) investing activities		110,869,929	(63,559,595)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayments of sub -ordinated loans		(1,600)	(1,600)
Dividend paid		(3,242,216)	(3,841,521)
Net cash used in financing activities		(3,243,816)	(3,843,121)
Exchange differences on translation of net investment in foreign operations		480,602	21,628
Increase in cash and cash equivalents		8,085,042	11,530,089
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	72,730,594	63,895,638

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

ABBAS D. HABIB
Chairman

SYED MAZHAR ABBAS
Director

ARSHAD NASAR
Director

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer



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

ASHAR HUSAIN
Chief Financial Officer



**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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 (also see note 1.4)

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 665 branches (31 December 2017: 605 branches), 36 sub - branches (31 December 2017: 45 sub-branches) and 04 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 62 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 During the period, the Bank has completed the process of deregistration of AL Habib Credit & Finance (Hong Kong) Limited (the Subsidiary) and consequently, the subsidiary ceased to exist as a legal entity effective 07 September 2018.

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 accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- IFAS issued by ICAP as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962;
- Provisions of and directives issued under the Companies Act, 2017; and
- Directives issued by SBP and the Securities and Exchange Commission of Pakistan (SECP).

Wherever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by SBP and SECP differ with the requirements of IFRS or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives prevail.

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 currency and presentation currency.

4.3 Accounting estimates and assumptions

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

5.1 Surplus on revaluation of fixed assets - net of deferred tax

The Companies Ordinance, 1984 was repealed through the enactment of the Companies Act, 2017. However, as directed by SECP vide Circular No. 23 dated 4 October 2017, the financial reporting requirements of the Companies Act, 2017 were only made applicable for reporting periods starting from 1 January 2018.

Consequently, the Bank has changed its policy for accounting for a deficit arising on revaluation of fixed assets. The Bank's previous accounting policy (as described in Note 5.7 of the annual consolidated financial statements), in accordance with the repealed Companies Ordinance, 1984, required that a deficit arising on revaluation of a particular property was to be adjusted against the total balance in the surplus account or, if no surplus existed, was to be charged to the profit and loss account as an impairment of the asset. The Companies Act, 2017 removed the specific provisions allowing the above treatment. A deficit arising on revaluation of a particular property is now to be accounted for in accordance with IFRS, which requires that such deficit cannot be adjusted against surplus in another property, but is to be taken to the profit and loss account as an impairment.

The effect of this change in accounting policy, which is applied with retrospective effect, is as follows:

	31 December 2017	01 January 2017
	(Rupees in '000)	
Impact on Statement of Financial Position		
Surplus on revaluation of fixed assets - net of deferred tax	397,965	249,427
Unappropriated profit	358,168	199,542
Statutory reserves	39,797	49,885



5.2 Impairment on financial assets

As per the accounting policy of the Bank, the provision against financial assets of overseas branches is made as per the requirement of the respective regulators. During the current period, IFRS 9 'Financial Instruments' became applicable for overseas branches of the Bank. Accordingly, in respect of such branches, the Bank has changed its accounting policy and has followed the requirements of IFRS 9, while determining the provisioning requirements against financial assets. Under this standard, provision against financial assets is determined under expected credit loss model. Previously, this was determined under the incurred loss model. Accordingly, on adoption of IFRS 9, an additional provision of Rs. 205.54 million is recognised as at 31 December 2017 which was adjusted in the opening retained earnings as allowed under IFRS 9 and permitted by SBP. The impact of the said changes on these consolidated condensed interim financial statements are as follows:

	30 September 2018	01 January 2018
	(Rupees in '000)	
Impact on Statement of Financial Position		
Advances	93,305	152,124
Investments	163,418	53,416
	<u>256,723</u>	<u>205,540</u>
Less: related deferred tax	(89,853)	(71,939)
	<u>166,870</u>	<u>133,601</u>
	Nine months period ended 30 September 2018 (Rupees in '000)	
Impact on Profit and Loss account		
Profit after tax would have been higher by	<u>25,434</u>	
	(Rupees)	
Earnings per share would have been higher by	<u>0.02</u>	
There would be no impact on the cash flow statement.		

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.



	30 September 2018 (Un-audited)			31 December 2017 (Audited)		
	Held by Group	Given as Collateral	Total	Held by Group	Given as Collateral	Total
Note	(Rupees in '000)					
7. INVESTMENTS						
7.1 Investments by type						
Available for Sale Securities						
Market Treasury Bills	231,123,295	12,473,618	243,596,913	243,832,688	85,665,691	329,498,379
Pakistan Investment Bonds	38,518,121	-	38,518,121	37,599,811	-	37,599,811
Foreign Currency Bonds	3,363,995	-	3,363,995	3,232,531	-	3,232,531
Sukuk Bonds	17,201,177	-	17,201,177	13,284,768	-	13,284,768
Fully paid - up ordinary shares - Listed	4,680,751	-	4,680,751	4,798,712	-	4,798,712
Fully paid - up ordinary shares - Unlisted	104,236	-	104,236	46,759	-	46,759
Term finance certificates - Listed	509,931	-	509,931	302,729	-	302,729
Term finance certificates - Unlisted	1,199,980	-	1,199,980	1,242,857	-	1,242,857
Units of mutual funds	2,175,000	-	2,175,000	2,175,000	-	2,175,000
	298,876,486	12,473,618	311,350,104	306,515,855	85,665,691	392,181,546
Held to Maturity Securities						
Market Treasury Bills	149,218	-	149,218	129,049	-	129,049
Pakistan Investment Bonds	43,467,463	-	43,467,463	77,674,619	-	77,674,619
Foreign Currency Bonds	2,197,057	-	2,197,057	2,235,930	-	2,235,930
Sukuk Bonds	2,004,720	-	2,004,720	1,829,830	-	1,829,830
	47,818,458	-	47,818,458	81,869,428	-	81,869,428
Held for Trading Securities						
Fully paid - up ordinary shares - Listed	-	-	-	269,179	-	269,179
Associates						
Habib Sugar Mills Limited	526,153	-	526,153	467,138	-	467,138
Habib Asset Management Limited	82,856	-	82,856	67,543	-	67,543
First Habib Income Fund	139,040	-	139,040	142,286	-	142,286
First Habib Stock Fund	8,850	-	8,850	8,549	-	8,549
First Habib Cash Fund	141,822	-	141,822	143,535	-	143,535
First Habib Islamic Stock Fund	8,821	-	8,821	8,433	-	8,433
First Habib Islamic Income Fund	25,435	-	25,435	25,370	-	25,370
First Habib Asset Allocation Fund	99,614	-	99,614	100,175	-	100,175
	1,032,591	-	1,032,591	963,029	-	963,029
Investments at cost	347,727,535	12,473,618	360,201,153	389,617,491	85,665,691	475,283,182
Less: Provision for diminution in the value of investments	(597,298)	-	(597,298)	(141,241)	-	(141,241)
Investments (net of provision)	347,130,237	12,473,618	359,603,855	389,476,250	85,665,691	475,141,941
Surplus on revaluation of held for trading securities - net	-	-	-	8,389	-	8,389
(Deficit) / Surplus on revaluation of available for sale securities - net	(411,132)	132	(411,000)	1,326,742	(4,887)	1,321,855
Total Investments	346,719,105	12,473,750	359,192,855	390,811,381	85,660,804	476,472,185

7.2 The aggregate market value of held to maturity securities as at 30 September 2018 amounted to Rs. 49,828 million (31 December 2017: Rs. 87,843 million).



		(Un-audited) 30 September 2018 (Rupees in '000)	(Audited) 31 December 2017
8. ADVANCES	Note		
Loans, cash credits, running finances, etc.			
– In Pakistan		335,930,893	253,710,754
– Outside Pakistan		30,225,957	22,497,572
		366,156,850	276,208,326
Islamic financing and related assets - gross	22.1.2	44,493,019	34,859,059
Net investment in finance lease			
– In Pakistan		19,197,307	15,352,023
– Outside Pakistan		–	–
		19,197,307	15,352,023
Bills discounted and purchased (excluding market treasury bills)			
– Payable in Pakistan		3,999,999	3,165,203
– Payable outside Pakistan		23,621,937	17,881,044
		27,621,936	21,046,247
Advances - gross		457,469,112	347,465,655
Provision against non - performing loans and advances			
– Specific provision	8.1	(4,213,007)	(4,399,564)
– General provision as per regulations	8.2	(324,448)	(233,096)
– General provision	8.3	(3,000,000)	(3,000,000)
		(7,537,455)	(7,632,660)
Advances - net of provisions		449,931,657	339,832,995

8.1 Advances include Rs.5,129.447 million (31 December 2017: Rs. 5,288.599 million) which have been placed under non - performing status as detailed below:

30 September 2018 (Un-audited)									
Classified advances			Provision required			Provision held			
Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total	
(Rupees in '000)									
Category of classification									
Other assets especially									
mentioned	27,242	–	27,242	1,866	–	1,866	1,866	–	1,866
Substandard	66,376	–	66,376	16,506	–	16,506	16,506	–	16,506
Doubtful	1,619,929	–	1,619,929	795,966	–	795,966	795,966	–	795,966
Loss	2,464,565	951,335	3,415,900	2,447,334	951,335	3,398,669	2,447,334	951,335	3,398,669
	4,178,112	951,335	5,129,447	3,261,672	951,335	4,213,007	3,261,672	951,335	4,213,007



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
	4,303,937	984,662	5,288,599	3,414,902	984,662	4,399,564	3,414,902	984,662	4,399,564

8.2 This general provision represents provision amounting to Rs. 231.143 million (31 December 2017: Rs. 233.096 million) as required by the Prudential Regulations issued by SBP and Rs. 93.305 million (31 December 2017: nil) against requirement of IFRS 9 in overseas branches of the Bank.

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 30 September 2018 amounts to Rs. 3,000 million (31 December 2017: Rs. 3,000 million).

	(Un-audited) 30 September 2018	(Audited) 31 December 2017
(Rupees in '000)		
9. OPERATING FIXED ASSETS		
Capital work - in - progress	1,806,852	1,046,851
Property and equipment	23,567,175	21,444,697
Intangible assets	193,758	73,585
	<u>25,567,785</u>	<u>22,565,133</u>

	(Un-audited) Nine months period ended 30 September 2018	(Audited) 30 September 2017
(Rupees in '000)		

9.1 The following additions were made during the period:

Leasehold land	887,133	117,052
Buildings on leasehold land	828,927	352,819
Improvements to leasehold buildings	172,274	241,693
Furniture and fixtures	179,233	139,995
Electrical, office and computer equipments	1,162,998	997,253
Vehicles	493,990	301,139
Intangible assets	214,928	39,806
	<u>3,939,483</u>	<u>2,189,757</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	6,053	8,337
Furniture and fixtures	2,606	1,809
Electrical, office and computer equipments	4,231	3,176
Vehicles	5,273	3,955
	<u>18,163</u>	<u>27,250</u>



		(Un-audited) 30 September 2018	(Audited) 31 December 2017
	Note	(Rupees in '000)	
10. BORROWINGS			
Secured			
Borrowings from SBP			
– Export refinance scheme		28,007,505	27,980,020
– Renewable energy		4,016,429	3,884,507
– Women entrepreneurship		3,430	–
– Modernisation of small and medium enterprises		87,189	–
– Long term financing for imported and locally manufactured plant and machinery		12,055,532	10,616,620
– Financing facility for storage of agricultural produce		34,046	55,917
		<u>44,204,131</u>	<u>42,537,064</u>
Repurchase agreement borrowings		12,456,358	85,619,654
		<u>56,660,489</u>	<u>128,156,718</u>
Unsecured			
Borrowings from financial institutions		7,024,987	5,159,685
Overdrawn nostros		1,161,541	183,473
		<u>8,186,528</u>	<u>5,343,158</u>
		<u>64,847,017</u>	<u>133,499,876</u>
11. DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		134,326,319	133,509,284
Savings deposits		218,223,745	195,983,912
Current accounts - Remunerative		100,145,127	76,678,384
Current accounts - Non - remunerative		303,213,829	260,827,453
		<u>755,909,020</u>	<u>666,999,033</u>
Financial institutions			
Remunerative deposits		11,175,720	22,230,821
Non - remunerative deposits		1,671,830	3,304,469
		<u>12,847,550</u>	<u>25,535,290</u>
		<u>768,756,570</u>	<u>692,534,323</u>
12. SUB - ORDINATED LOANS - unsecured			
Term Finance Certificates (TFCs) - V - (Unquoted)	12.1	3,996,000	3,997,600
Term Finance Certificates (TFCs) - VI - (Unquoted)	12.2	7,000,000	7,000,000
		<u>10,996,000</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

		(Un-audited) 30 September 2018 (Rupees in '000)	(Audited) 31 December 2017 Restated
	Note		
13. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Fixed assets / non - banking assets	13.1	4,565,904	4,620,480
Available for sale investments	13.2	(152,836)	947,515
		4,413,068	5,567,995

13.1 Fixed assets / non - banking assets

Balance at beginning of the period / year	5,753,655	3,740,327
Surplus on revaluation of the Bank's fixed assets / non - banking assets during the period / year	—	2,126,946
Disposal / adjustments	—	(14,910)
Transfer to unappropriated profit in respect of incremental depreciation charged during the period / year	(83,964)	(98,708)
	5,669,691	5,753,655

Related deferred tax liability on:

Balance at beginning of the period / year	1,133,175	839,950
Revaluation of the Bank's fixed assets / non - banking assets during the period / year	—	327,822
Disposal / adjustments	—	(49)
Transfer to unappropriated profit in respect of incremental depreciation charged during the period / year	(29,388)	(34,548)
	(1,103,787)	(1,133,175)
	4,565,904	4,620,480



	(Un-audited) 30 September 2018	(Audited) 31 December 2017
	(Rupees in '000)	
13.2 Available for sale investments		
Federal Government Securities	11,410	2,073,431
Fully paid - up ordinary shares	(298,201)	(715,905)
Term finance certificates, sukuk bonds, foreign currency bonds and others	88,048	115,944
Units of mutual funds	(100,148)	(70,655)
	(298,891)	1,402,815
Related deferred tax asset / (liability)	146,055	(455,300)
	<u>(152,836)</u>	<u>947,515</u>
14. CONTINGENCIES AND COMMITMENTS		
14.1 Direct credit substitutes		
Financial guarantees issued favouring:		
– Financial institutions	3,118,729	1,344,595
– Others	5,725,177	5,272,122
	<u>8,843,906</u>	<u>6,616,717</u>
14.2 Transaction - related contingent liabilities		
Guarantees issued favouring:		
– Government	50,015,728	37,130,448
– Financial institutions	550,399	541,247
– Others	15,784,589	16,370,016
	<u>66,350,716</u>	<u>54,041,711</u>
14.3 Trade - related contingent liabilities		
Letters of credit	113,202,688	107,446,195
Acceptances	30,816,381	25,082,185
	<u>144,019,069</u>	<u>132,528,380</u>
14.4 Commitments in respect of forward lending		
Commitments to extend credit (excluding commitments that are unilaterally cancellable)	4,507,287	9,565,312



(Un-audited) (Audited)
30 September 31 December
2018 2017
(Rupees in '000)

14.5 Commitments in respect of forward exchange contracts

Purchase	<u>49,146,657</u>	<u>46,725,785</u>
Sale	<u>24,683,438</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>1,431,877</u>	<u>1,110,895</u>
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14.7 Claims against the Bank not acknowledged as debts	<u>4,716,420</u>	<u>4,718,920</u>
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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 2015.

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. 150.769 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals) against the order.

Additional Commissioner Inland Revenue (ACIR) has finalised audit of Tax Year 2015 (Accounting Year 2014) by disallowing certain expenses resulting an impact of Rs. 301.855 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)			
	Nine months period ended		Quarter ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	(Rupees in '000)			
	Restated			
15. MARK - UP / RETURN / INTEREST EARNED				
On loans and advances to:				
Customers	19,020,809	13,194,074	7,602,725	4,537,201
Financial institutions	245,654	164,637	100,539	57,140
	19,266,463	13,358,711	7,703,264	4,594,341
On investments:				
Available for sale securities	17,452,698	15,731,918	6,498,074	5,393,455
Held to maturity securities	5,827,463	7,960,713	1,177,044	2,506,609
	23,280,161	23,692,631	7,675,118	7,900,064
On deposits with financial institutions	199,252	125,243	58,677	52,293
On securities purchased under resale agreements	104,576	49,258	21,422	19,569
On call money lendings	295	103	109	79
	42,850,747	37,225,946	15,458,590	12,566,346
16. MARK - UP / RETURN / INTEREST EXPENSED				
Deposits	16,801,368	14,322,130	6,360,557	4,953,472
Sub - ordinated loans	635,588	205,150	225,588	69,382
Repurchase agreement borrowings	1,628,956	2,483,553	857,030	700,877
Borrowings from SBP	670,288	488,765	215,214	167,888
Other borrowings	590,368	519,041	207,459	215,656
	20,326,568	18,018,639	7,865,848	6,107,275
17. BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY				
Profit after taxation - attributable to equity holders of the Holding company	5,940,806	6,260,105	1,725,904	1,841,650
	(Number of shares in thousands)			
Weighted average number of ordinary shares	1,111,425	1,111,425	1,111,425	1,111,425
	(Rupees)			
Basic and diluted earnings per share	5.35	5.63	1.55	1.66
18. CASH AND CASH EQUIVALENTS				
			(Un-audited)	
			Nine months period ended	
			30 September 2018	30 September 2017
			(Rupees in '000)	
Cash and balances with treasury banks			71,799,410	59,804,029
Balances with other banks			2,092,725	4,191,255
Overdrawn nostros			(1,161,541)	(99,646)
			72,730,594	63,895,638



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:

30 September 2018 (Un-audited)

Note	Carrying amount						Fair value				
	Available for sale	Held for trading	Held to maturity	Loans and receivables	Other financial assets	Other financial liabilities (Rupees in '000)	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments											
Financial assets measured at fair value											
- Investments											
Federal Government Securities (TBills + PIBs + Sukuk Bonds + FC Bonds)	286,573,491	-	-	-	-	-	286,573,491	-	286,573,491	-	286,573,491
Foreign Currency Bonds - Others	1,345,514	-	-	-	-	-	1,345,514	-	1,345,514	-	1,345,514
Sukuk Bonds - Others	685,675	-	-	-	-	-	685,675	-	685,675	-	685,675
Fully paid-up ordinary shares - Listed	3,951,815	-	-	-	-	-	3,951,815	3,951,815	-	-	3,951,815
Units of mutual funds	2,074,852	-	-	-	-	-	2,074,852	2,074,852	-	-	2,074,852
Term Finance Certificates - Listed	510,857	-	-	-	-	-	510,857	510,857	-	-	510,857
Financial assets not measured at fair value											
- Cash and bank balances with treasury banks	-	-	-	-	71,799,410	-	71,799,410	-	-	-	-
- Balances with other banks	-	-	-	-	2,092,725	-	2,092,725	-	-	-	-
- Lendings to financial institutions	-	-	-	-	6,473,738	-	6,473,738	-	-	-	-
- Investments											
Federal Government Securities (TBills + PIBs + Sukuk Bonds + FC Bonds)	11,843,250	-	47,656,452	-	-	-	59,499,702	-	61,568,179	-	61,568,179
Foreign Currency Bonds - Others	19.1	-	-	-	-	-	-	-	-	-	-
Sukuk Bonds - Others	19.1	2,116,180	103,662	-	-	-	2,219,842	-	-	-	-
Fully paid - up ordinary shares - Unlisted	19.1	98,536	-	-	-	-	98,536	-	-	-	-
Term Finance Certificates - Unlisted	19.1	1,199,980	-	-	-	-	1,199,980	-	-	-	-
Associates											
Listed shares	-	-	-	-	526,153	-	526,153	526,153	-	-	526,153
Mutual funds	-	-	-	-	423,582	-	423,582	423,582	-	-	423,582
Unlisted shares	19.1	-	-	-	82,856	-	82,856	-	-	-	-
- Advances	19.1	-	-	449,931,657	-	-	449,931,657	-	-	-	-
- Other assets	19.1	-	-	-	11,627,683	-	11,627,683	-	-	-	-
	310,400,150	-	47,760,114	449,931,657	93,026,147	-	901,118,068	7,487,259	350,172,859	-	357,660,118
Financial liabilities not measured at fair value											
- Bills payable	19.1	-	-	-	-	(20,036,076)	(20,036,076)	-	-	-	-
- Borrowings	19.1	-	-	-	-	(64,847,017)	(64,847,017)	-	-	-	-
- Deposits and other accounts	19.1	-	-	-	-	(768,756,570)	(768,756,570)	-	-	-	-
- Sub - ordinated loans	19.1	-	-	-	-	(10,996,000)	(10,996,000)	-	-	-	-
- Other liabilities	19.1	-	-	-	-	(14,368,753)	(14,368,753)	-	-	-	-
	-	-	-	-	-	(879,004,416)	(879,004,416)	-	-	-	-
	310,400,150	-	47,760,114	449,931,657	93,026,147	(879,004,416)	22,113,652	7,487,259	350,172,859	-	357,660,118
Off-balance sheet financial instruments measured at fair value											
Forward purchase of foreign exchange contracts	-	-	-	-	-	49,146,657	49,146,657	-	49,114,021	-	49,114,021
Forward sale of foreign exchange contracts	-	-	-	-	-	(24,683,438)	(24,683,438)	-	(24,804,286)	-	(24,804,296)
Off-balance sheet financial instruments not measured at fair value											
Commitment to extent credit	19.1	-	-	-	-	4,507,287	4,507,287	-	-	-	-



31 December 2017 (Audited)

	Note	Carrying amount						Fair value				
		Available for sale	Held for trading	Held to maturity	Loans and receivables	Other financial assets	Other financial liabilities (Rupees in '000)	Total	Level 1	Level 2	Level 3	Total
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		3,947,266	277,568	-	-	-	-	4,224,834	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)		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	-	-	-	-
		383,362,160	277,568	81,869,428	339,832,995	79,135,047	-	894,477,198	7,530,265	467,723,688	-	475,253,953
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	-	-	-	-	-	(10,997,600)	(10,997,600)	-	-	-	-
• Other liabilities	19.1	-	-	-	-	-	(12,103,913)	(12,103,913)	-	-	-	-
		-	-	-	-	-	(868,799,061)	(868,799,061)	-	-	-	-
		393,362,160	277,568	81,869,428	339,832,995	79,135,047	(868,799,061)	25,678,137	7,530,265	467,723,688	-	475,253,953
Off - balance sheet financial instruments measured at fair value												
Forward purchase of foreign exchange contracts		-	-	-	-	-	46,725,785	46,725,785	-	48,579,198	-	48,579,198
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 extend 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 reprice 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:

Nine months period ended 30 September 2018 (Un-audited)					
	Retail Banking	Commercial Banking	Retail Brokerage	Inter Segment Elimination	Total
	(Rupees in '000)				
Total income	23,604,808	42,081,100	42,149	(17,739,440)	47,988,617
Total expenses	(19,749,429)	(35,966,874)	(48,957)	17,739,440	(38,025,820)
Net income	3,855,379	6,114,226	(6,808)	–	9,962,797
As at 30 September 2018 (Un-audited)					
Segment assets (net of provisions)	798,073,731	849,496,475	411,862	(716,850,159)	931,131,909
Segment non performing loans	52,811	5,076,636	–	–	5,129,447
Segment provision required	44,950	4,168,057	–	–	4,213,007
Segment liabilities	790,777,234	808,815,610	260,088	(716,850,159)	883,002,773
Segment return on assets (ROA) (%)*	2.96%	4.95%	10.23%		
Segment cost of funds (%)*	2.50%	4.45%	18.82%		
Nine months period ended 30 September 2017 (Un-audited)					
	Retail Banking	Commercial Banking	Retail Brokerage	Inter Segment Elimination	Total
	(Rupees in '000)				
	Restated				
Total income	18,179,578	39,468,870	81,797	(13,831,203)	43,899,042
Total expenses	(15,126,389)	(32,133,179)	(71,247)	13,831,203	(33,499,612)
Net income	3,053,189	7,335,691	10,550	–	10,399,430
As at 30 September 2017 (Un-audited)					
Segment assets (net of provisions)	658,196,498	807,261,890	426,908	(601,838,845)	864,046,451
Segment non performing loans	57,639	5,723,210	–	–	5,780,849
Segment provision required	47,281	4,721,348	–	–	4,768,629
Segment liabilities	653,527,232	767,375,320	232,177	(601,838,845)	819,295,884
Segment return on assets (ROA) (%)*	2.76%	4.89%	19.16%		
Segment cost of funds (%)*	2.31%	4.19%	30.69%		

*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 share holders, 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 and balances outstanding as at the period / year end with related parties are summarised as follows:

	30 September 2018 (Un-audited)				
	Associates	Non Executive Directors	Key Management Personnel (Rupees in '000)	Retirement Benefit Funds	Total
Deposits					
At beginning of the period	4,021,911	821,526	580,986	1,412,440	6,836,863
Placements during the period	73,486,960	2,500,279	1,617,912	23,496,286	101,101,437
Withdrawals during the period	(75,351,452)	(2,569,575)	(1,410,870)	(23,660,825)	(102,992,722)
At end of the period	2,157,419	752,230	788,028	1,247,901	4,945,578
Advances					
At beginning of the period	1,775,142	977	51,929	–	1,828,048
Given during the period	23,601,377	25,692	37,119	–	23,664,188
Repaid during the period	(24,312,432)	(26,057)	(41,596)	–	(24,380,085)
At end of the period	1,064,087	612	47,452	–	1,112,151
Investments					
At beginning of the period	964,259	–	–	–	964,259
Investments made during the period	21,000	–	–	–	21,000
Investments adjusted / redeemed during the period	47,332	–	–	–	47,332
At end of the period	1,032,591	–	–	–	1,032,591
Contingencies and commitments	1,495,208	–	–	–	1,495,208
	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	4,021,911	821,526	580,986	1,412,440	6,836,863
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	1,775,142	977	51,929	–	1,828,048
Investments					
At beginning of the year	830,393	–	–	–	830,393
Investments made during the year	126,230	–	–	–	126,230
Investments adjusted / redeemed during the year	7,636	–	–	–	7,636
At end of the year	964,259	–	–	–	964,259
Contingencies and commitments	1,358,895	–	–	–	1,358,895



Nine months period ended 30 September 2018 (Un-audited)

	Associates	Non Executive Directors	Key Management Personnel (Rupees in '000)	Retirement Benefit Funds	Total
Forward contracts	-	-	-	-	-
Other assets	6,803	-	-	-	6,803
Other liabilities	-	-	-	-	-
Unrealised loss on forward contracts	-	-	-	-	-
Purchase of securities	21,000	-	-	-	21,000
Purchase of mutual funds	-	-	-	-	-
Sale of securities	211,948	-	-	9,471,573	9,683,521
Redemption of mutual funds	-	-	-	-	-
Gain / (loss) on sale of securities / mutual funds	-	-	-	(16)	(16)
Mark - up earned	60,429	3	2,156	-	62,588
Mark - up expensed	119,485	24,858	22,064	39,598	206,005
Bank charges and commission	5,088	15	31	-	5,134
Salaries and allowances	-	-	308,034	-	308,034
Bonus	-	-	36,174	-	36,174
Contribution to defined contribution plan	-	-	14,090	-	14,090
Contribution to defined benefit plan	-	-	35,534	-	35,534
Staff provident fund	-	-	-	333,817	333,817
Staff gratuity fund	-	-	-	234,000	234,000
Directors' fee	-	29,075	-	-	29,075
Insurance claim received	17,560	-	-	-	17,560
Insurance premium paid	129,732	-	-	-	129,732
Dividend income	35,101	-	-	-	35,101
Rental paid	-	-	-	-	-
Brokerage and advisory income	628	-	-	-	628
Donation	2,250	-	-	-	2,250
Other expensed	545	-	-	-	545
Other income	135	-	-	119	254

Nine months period ended 30 September 2017 (Un-audited)

Forward contracts	223,143	-	-	-	223,143
Other assets	107	-	-	-	107
Other liabilities	-	-	-	-	-
Unrealised loss on forward contracts	2,282	-	-	-	2,282
Purchase of securities	1,230	-	-	-	1,230
Purchase of mutual funds	25,000	-	-	-	25,000
Sale of securities	83,494	-	-	2,398,015	2,481,509
Redemption of mutual funds	344	-	-	-	344
Gain / (loss) on sale of securities / mutual funds	7	-	-	-	7
Mark - up earned	52,351	11	2,994	-	55,356
Mark - up expensed	110,254	25,954	16,475	53,538	206,221
Bank charges and commission	5,953	19	24	-	5,996
Salaries and allowances	-	-	275,139	-	275,139
Bonus	-	-	32,919	-	32,919
Contribution to defined contribution plan	-	-	10,462	-	10,462
Contribution to defined benefit plan	-	-	16,353	-	16,353
Staff provident fund	-	-	-	282,198	282,198
Staff gratuity fund	-	-	-	191,250	191,250
Directors' fee	-	24,450	-	-	24,450
Insurance claim received	12,176	-	-	-	12,176
Insurance premium paid	174,595	-	-	-	174,595
Dividend income	44,471	-	-	-	44,471
Rental paid	7,258	-	-	-	7,258
Brokerage and advisory income	651	-	-	-	651
Donation	-	-	-	-	-
Other expensed	3,183	-	-	-	3,183
Other income	142	-	-	88	230



22. ISLAMIC BANKING BUSINESS

22.1 The Bank is operating 62 (31 December 2017: 53) Islamic Banking branches in Pakistan. The statement of financial position of these branches as at 30 September 2018 is as follows:

		(Un-audited) 30 September 2018	(Audited) 31 December 2017
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		2,893,534	2,554,000
Balances with and due from financial institutions		13,913	957,424
Investments	22.1.1	14,410,855	11,333,912
Islamic financing and related assets	22.1.2	44,469,950	34,843,979
Operating fixed assets		298,689	248,825
Other assets		832,088	538,108
		62,919,029	50,476,248
LIABILITIES			
Bills payable		33,289	30,694
Due to financial institutions		5,144,544	4,301,041
Deposits and other accounts		44,794,015	37,867,252
Current accounts		16,398,488	12,981,414
Saving accounts		15,679,415	11,145,642
Term deposits		8,236,264	7,123,780
Others		1,141,788	973,928
Deposits from financial institutions - remunerative		3,332,702	5,635,540
Deposits from financial institutions - non - remunerative		5,358	6,948
Due to Head office		4,168,562	1,319,226
Other liabilities		2,627,675	1,570,087
		(56,768,085)	(45,088,300)
NET ASSETS		6,150,944	5,387,948
REPRESENTED BY:			
Islamic banking fund		5,700,000	5,000,000
Unremitted profit		592,028	422,821
		6,292,028	5,422,821
Deficit on revaluation of assets		(141,084)	(34,873)
		6,150,944	5,387,948
22.1.1 Investments			
Sukuk bonds		14,280,048	11,205,550
Fully paid - up ordinary shares - Listed		97,442	73,497
Mutual funds		71,970	73,965
Investments		14,449,460	11,353,012
Less: Provision for diminution in the value of investments		(38,605)	(19,100)
Investments (net of provision)		14,410,855	11,333,912



	(Un-audited) 30 September 2018	(Audited) 31 December 2017
	(Rupees in '000)	
22.1.2 Islamic financing and related assets		
Murabaha	5,990,715	6,034,031
Net book value of assets / investments in ijarah under IFAS 2	2,604,167	2,132,197
Running musharakah	4,481,074	2,223,124
Diminishing musharakah	14,681,920	10,082,423
Musawama	2,248,166	3,245,401
Istisna	1,783,762	1,644,298
Export refinance murabaha	1,001,509	881,335
Export refinance istisna	143,500	3,634,300
Export refinance running musharakah	475,000	-
Qard - e - Hasanah	4,325	-
Gross financing	33,414,138	29,877,109
Advance against murabaha	1,452,365	1,559,959
Advance against ijarah	456,089	500,808
Advance against diminishing musharakah	1,443,553	2,064,649
Advance against istisna	2,329,037	856,534
Advance against export refinance murabaha	135,840	-
Advance against musawama	1,006,718	-
Advance against export refinance istisna	3,966,500	-
Advance against Islamic long term financing facility	54,488	-
Bills discounted	234,291	-
Islamic financing and related assets - gross	44,493,019	34,859,059
Less: Provisions		
Specific provision	(2,759)	(478)
General provision	(20,310)	(14,602)
	(23,069)	(15,080)
Islamic financing and related assets - net of provision	44,469,950	34,843,979
22.1.2.1 Islamic mode of financing		
Financings / inventory / receivables	33,414,138	29,877,109
Advances	11,078,881	4,981,950
Less: provisions	(23,069)	(15,080)
	44,469,950	34,843,979
22.2	The profit and loss account of the Bank's Islamic Banking branches for the nine month period ended 30 September 2018 is as follows:	
	(Un-audited) Nine months period ended	
	30 September 2018	30 September 2017
	(Rupees in '000)	
Profit / return on financing and placements earned	2,557,108	1,536,528
Profit / return on deposits and other dues expensed	(1,151,360)	(668,004)
	1,405,748	868,524
Provision against non - performing loans and advances	(7,989)	(6,617)
Provision for diminution in the value of investments	(19,505)	-
	(27,494)	(6,617)
Net spread earned	1,378,254	861,907
OTHER INCOME		
Fees, commission and brokerage income	128,846	75,632
Income from dealing in foreign currencies	38,229	21,789
Gain on sale of securities	-	537
Dividend income	4,366	11,051
Other income	28,183	19,619
	199,624	128,628
OTHER EXPENSES		
Administrative expenses	(985,850)	(698,223)
PROFIT BEFORE TAXATION	592,028	292,312



		(Un-audited) Nine months period ended	
		30 September 2018	30 September 2017
		(Rupees in '000)	
22.3	Remuneration to Shariah Board	4,914	4,838
		(Un-audited) 30 September 2018	(Audited) 31 December 2017
		(Rupees in '000)	
22.4	CHARITY FUND		
	Opening balance	6,464	2,738
	Additions during the period / year	8,890	6,464
	Payment / utilisation during the period / year		
	Health	–	(948)
	Social welfare	(500)	(1,790)
		(500)	(2,738)
	Closing balance	14,854	6,464

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

23. LIQUIDITY RISK

SBP has introduced two liquidity standards through its guidelines on Basel III: Liquidity Standards. These are the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). The objective of LCR is to ensure that Banks have an adequate stock of unencumbered High Quality Liquid Assets (HQLA) to survive a significant stress scenario. The objective of NSFR is to reduce funding risk over a longer time horizon by requiring Banks to fund their activities with sufficiently stable sources of funding on an ongoing basis.

		(Un-audited)		(Audited)
		30 September 2018	30 June 2018	31 March 2018
		(Total Adjusted Value)		31 December 2017
		(Rupees in '000)		
23.1	Liquidity Coverage Ratio			
	Total HQLA	350,448,275	336,865,043	386,491,343
	Total Net Cash Flows	117,365,910	108,655,797	98,391,220
	Liquidity Coverage Ratio (%)	299%	310%	393%
	Minimum Requirement (%)	90%	90%	90%



	(Un-audited) 30 September 2018 (Total Weighted Value) (Rupees in '000)	(Audited) 31 December 2017
23.2 Net Stable Funding Ratio		
Total Available Stable Funding (ASF)	680,954,577	619,656,418
Total Required Stable Funding (RSF)	413,754,986	330,145,360
Net Stable Funding Ratio (%)	165%	188%
Minimum Requirement (%)	100%	100%

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 18 October 2018.

ABBAS D. HABIB
Chairman

SYED MAZHAR ABBAS
Director

ARSHAD NASAR
Director

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer