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CORPORATE INFORMATION

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



DIRECTORS' REVIEW

On behalf of the Board of Directors of the Bank, it is my pleasure to present the un-audited financial statements of Bank AL Habib Limited along with the un-audited consolidated financial statements of Bank AL Habib Limited and the Bank's Subsidiaries AL Habib Capital Markets (Private) Limited and AL Habib Credit & Finance (Hong Kong) Limited for the half year ended June 30, 2015.

Alhamdulillah, during the period under review, the performance of the Bank continued to be satisfactory. The deposits increased to Rs. 489.4 billion as compared to Rs. 446.4 billion on December 31, 2014. In the same period, advances increased to Rs. 201.2 billion from Rs. 181.4 billion, while investments increased to Rs. 346.7 billion from Rs. 331.4 billion. The pre-tax profit of the Bank for the half year ended June 30, 2015 was Rs. 6,025.3 million as compared to Rs. 4,509.9 million during the corresponding period last year.

Your Bank now has a network of 509 offices, comprising 399 branches, 107 sub-branches, and three Representative Offices. Our branch network includes 25 Islamic Banking Branches and three Overseas Branches. Continuing with our branch expansion policy, the Bank intends to open more branches during the year 2015.

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

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

On behalf of the Board of Directors

Karachi: August 25, 2015

Syed Mazhar Abbas
Director



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

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Bank AL Habib Limited ("the Bank") as at 30 June 2015, and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement, unconsolidated condensed interim statement of changes in equity and notes to the accounts for the six-months period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this unconsolidated condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting. Our responsibility is to express a conclusion on this unconsolidated condensed interim financial information based on our review.

Scope of Review

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

Conclusion

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

Other Matter

The figures for the quarter ended 30 June 2015 in the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

Karachi - 25 August 2015

**KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Taufiq**



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

		(Un-audited) 30 June 2015	(Audited) 31 December 2014
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		34,262,407	34,201,813
Balances with other banks		4,832,310	4,345,042
Lendings to financial institutions		3,940,720	—
Investments - net	7	346,697,658	331,422,572
Advances - net	8	201,212,742	181,356,817
Operating fixed assets	9	14,790,873	13,898,321
Deferred tax assets - net		—	—
Other assets		16,313,826	13,694,264
		622,050,536	578,918,829
LIABILITIES			
Bills payable		11,074,650	7,984,808
Borrowings	10	71,941,881	78,455,452
Deposits and other accounts	11	489,424,366	446,409,004
Sub-ordinated loans	12	2,995,200	3,743,700
Liabilities against assets subject to finance lease		—	—
Deferred tax liabilities - net		3,760,135	2,780,536
Other liabilities		8,695,311	6,916,978
		587,891,543	546,290,478
NET ASSETS		34,158,993	32,628,351
REPRESENTED BY:			
Share capital		11,114,254	11,114,254
Reserves		9,457,703	8,760,911
Unappropriated profit		7,056,110	7,679,490
		27,628,067	27,554,655
Surplus on revaluation of assets - net of tax	13	6,530,926	5,073,696
		34,158,993	32,628,351
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The annexed notes 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.

ABBAS D. HABIB
Chief Executive and
Managing Director

SYED MAZHAR ABBAS
Director

SHAMEEM AHMED
Director

ANWAR HAJI KARIM
Director



UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF YEAR ENDED 30 JUNE 2015

		Half year ended		Quarter ended	
		30 June 2015	30 June 2014	30 June 2015	30 June 2014
Note		(Rupees in '000)			
Mark-up / return / interest earned	15	25,432,598	20,597,740	12,567,573	10,916,792
Mark-up / return / interest expensed	16	(13,444,998)	(11,920,877)	(6,389,502)	(6,318,495)
Net mark-up / return / interest income		11,987,600	8,676,863	6,178,071	4,598,297
Provision against non-performing loans and advances - net	8.3	(1,131,323)	(120,938)	(159,351)	(31,940)
Provision for diminution in the value of investments		—	—	—	—
Bad debts written-off directly		—	—	—	—
Net mark-up / return / interest income after provisions		10,856,277	8,555,925	6,018,720	4,566,357
NON MARK-UP / INTEREST INCOME					
Fee, commission and brokerage income		1,145,295	1,032,918	569,333	572,828
Dividend income		386,389	222,404	227,892	103,766
Income from dealing in foreign currencies		470,668	527,073	212,422	263,777
Gain on sale / redemption of securities - net		332,397	3,901	332,397	3,898
Unrealised loss on revaluation of investments classified as held for trading		(9,383)	—	(9,383)	—
Other income		322,739	262,780	147,621	116,093
Total non mark-up / interest income		2,648,105	2,049,076	1,480,282	1,060,362
		13,504,382	10,605,001	7,499,002	5,626,719
NON MARK-UP / INTEREST EXPENSES					
Administrative expenses		(7,302,078)	(5,993,263)	(3,828,643)	(3,098,117)
Other provisions / write-offs		(23,892)	(4,625)	(7,321)	—
Other charges		(153,067)	(97,199)	(94,457)	(55,629)
Total non mark-up / interest expenses		(7,479,037)	(6,095,087)	(3,930,421)	(3,153,746)
		6,025,345	4,509,914	3,568,581	2,472,973
Extra-ordinary / unusual items		—	—	—	—
PROFIT BEFORE TAXATION		6,025,345	4,509,914	3,568,581	2,472,973
Taxation - Current		(2,303,275)	(1,684,771)	(1,282,620)	(908,165)
- Prior years		(500,484)	—	(500,484)	—
- Deferred		133,999	114,877	(35,782)	21,458
		(2,669,760)	(1,569,894)	(1,818,886)	(886,707)
PROFIT AFTER TAXATION		3,355,585	2,940,020	1,749,695	1,586,266
(Rupees)					
Basic and diluted earnings per share	17	3.02	2.65	1.57	1.43

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

ABBAS D. HABIB
Chief Executive and
Managing Director

SYED MAZHAR ABBAS
Director

SHAMEEM AHMED
Director

ANWAR HAJI KARIM
Director



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2015**

	Half year ended		Quarter ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	(Rupees in '000)			
Profit after taxation for the period	3,355,585	2,940,020	1,749,695	1,586,266
Other comprehensive income				
<i>Items that are or may be reclassified subsequently to profit or loss account</i>				
Exchange differences on translation of net investment in foreign branches	25,675	(108,645)	(5,314)	4,453
<i>Items that will never be reclassified to profit or loss account subsequently</i>				
Remeasurement of defined benefit plan	-	-	-	-
Related tax charge	-	-	-	-
Comprehensive income transferred to equity	3,381,260	2,831,375	1,744,381	1,590,719
Components of comprehensive income not reflected in equity				
Surplus on revaluation of available for sale securities	2,597,256	448,900	400,843	123,350
Related tax charge	(1,113,599)	(109,909)	(313,924)	(2,652)
	1,483,657	338,991	86,919	120,698
Surplus on revaluation of operating fixed assets	-	1,296,430	-	1,296,430
Related tax charge	-	(244,157)	-	(244,157)
	-	1,052,273	-	1,052,273
Total comprehensive income	4,864,917	4,222,639	1,831,300	2,763,690

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

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

SYED MAZHAR ABBAS
Director

SHAMEEM AHMED
Director

ANWAR HAJI KARIM
Director



UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED 30 JUNE 2015

	Note	30 June 2015 (Rupees in '000)	30 June 2014
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		6,025,345	4,509,914
Less: Dividend income		(386,389)	(222,404)
		5,638,956	4,287,510
Adjustments for:			
Depreciation		547,169	477,002
Amortisation		40,932	30,800
Provision against non-performing loans and advances - net		1,131,323	120,938
Provision against off-balance sheet items		23,892	4,625
Gain on sale / redemption of securities - net		(332,397)	(3,901)
Unrealised loss on held for trading securities		9,383	-
Gain on sale of operating fixed assets		(1,852)	(50,726)
Charge for defined benefit plan		84,000	84,000
Charge for compensated absences		24,160	24,122
		1,526,610	686,860
		7,165,566	4,974,370
(Increase) / decrease in operating assets			
Lendings to financial institutions		(3,940,720)	-
Advances - net		(20,987,247)	6,982,583
Other assets - (excluding advance taxation)		(2,454,129)	(5,015,386)
		(27,382,096)	1,967,197
Increase / (decrease) in operating liabilities			
Bills payable		3,089,842	2,700,677
Borrowings		(6,297,939)	(10,209,569)
Deposits		43,015,362	30,987,411
Other liabilities - (excluding provision for taxation)		1,036,350	240,777
		40,843,615	23,719,296
		20,627,085	30,660,863
Income tax paid		(2,250,073)	(1,783,098)
Net cash flows from operating activities		18,377,012	28,877,765
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in securities		(11,966,748)	(26,082,751)
Net investments in associates		(388,069)	-
Dividend received		217,152	148,391
Investments in operating fixed assets		(1,526,746)	(773,590)
Sale proceeds from disposal of operating fixed assets		51,750	65,545
Net cash used in investing activities		(13,612,661)	(26,642,405)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayments of sub-ordinated loans		(748,500)	(1,700)
Dividends paid		(3,278,032)	(1,989,615)
Net cash used in financing activities		(4,026,532)	(1,991,315)
Exchange differences on translation of net investment in foreign branches		25,675	(108,645)
Increase in cash and cash equivalents		763,494	135,400
Cash and cash equivalents at the beginning of the period		37,879,971	34,862,407
Cash and cash equivalents at the end of the period	18	38,643,465	34,997,807

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

ABBAS D. HABIB
Chief Executive and
Managing Director

SYED MAZHAR ABBAS
Director

SHAMEEM AHMED
Director

ANWAR HAJI KARIM
Director



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2015**

	Share Capital	Statutory Reserve	Foreign Currency Translation Reserve	Revenue Reserves		Unapp- ropriated Profit	Total
				Special Reserve	General Reserve		
	(Rupees in '000)						
Balance as at 01 January 2014	10,103,868	6,662,862	240,045	126,500	540,000	5,554,207	23,227,482
Total comprehensive income for the half year ended 30 June 2014:							
Profit after tax	-	-	-	-	-	2,940,020	2,940,020
Other comprehensive income	-	-	(108,645)	-	-	-	(108,645)
	-	-	(108,645)	-	-	2,940,020	2,831,375
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	19,885	19,885
Transfer to statutory reserve	-	588,004	-	-	-	(588,004)	-
Transactions with owners, recorded directly in equity:							
Cash dividend (Rs. 2 per share)	-	-	-	-	-	(2,020,772)	(2,020,772)
Issue of bonus shares in the ratio of 10 shares for 100 shares held	1,010,386	-	-	-	-	(1,010,386)	-
Balance as at 30 June 2014	11,114,254	7,250,866	131,400	126,500	540,000	4,894,950	24,057,970
Total comprehensive income for the half year ended 31 December 2014:							
Profit after tax	-	-	-	-	-	3,408,922	3,408,922
Other comprehensive income	-	-	30,361	-	-	31,340	61,701
	-	-	30,361	-	-	3,440,262	3,470,623
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	26,062	26,062
Transfer to statutory reserve	-	681,784	-	-	-	(681,784)	-
Balance as at 31 December 2014	11,114,254	7,932,650	161,761	126,500	540,000	7,679,490	27,554,655
Total comprehensive income for the half year ended 30 June 2015:							
Profit after tax	-	-	-	-	-	3,355,585	3,355,585
Other comprehensive income	-	-	25,675	-	-	-	25,675
	-	-	25,675	-	-	3,355,585	3,381,260
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	26,428	26,428
Transfer to statutory reserve	-	671,117	-	-	-	(671,117)	-
Transactions with owners, recorded directly in equity:							
Cash dividend (Rs. 3 per share)	-	-	-	-	-	(3,334,276)	(3,334,276)
Balance as at 30 June 2015	11,114,254	8,603,767	187,436	126,500	540,000	7,056,110	27,628,067

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

ABBAS D. HABIB
Chief Executive and
Managing Director

SYED MAZHAR ABBAS
Director

SHAMEEM AHMED
Director

ANWAR HAJI KARIM
Director



NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED 30 JUNE 2015

1. STATUS AND NATURE OF BUSINESS

Bank AL Habib Limited (the Bank) is a banking company incorporated in Pakistan on 15 October 1991 as a public limited company under the Companies Ordinance, 1984 having its registered office at 126-C, Old Bahawalpur Road, Multan with principal place of business in Karachi. Its shares are listed on all the Stock Exchanges in Pakistan. It is a scheduled bank principally engaged in the business of commercial banking with a network of 399 branches (31 December 2014: 351 branches), 107 sub-branches (31 December 2014: 108 sub-branches) and 03 representative offices (31 December 2014: 03 representative offices). The branch network of the Bank includes 03 overseas branches (31 December 2014: 03 overseas branches) and 25 Islamic Banking branches (31 December 2014: 17 Islamic Banking branches).

2. BASIS OF PRESENTATION

- 2.1 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing includes purchase of goods by banks from customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchase and resale arising under these arrangements are not reflected in these unconsolidated financial statements as such, but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon. However, murabaha financing arrangements undertaken by the Islamic Banking branches are accounted for as a purchase and sale transaction of the underlying goods in these unconsolidated condensed interim financial statements in accordance with the accounting policies of the Bank.
- 2.2 The financial results of the Islamic Banking branches of the Bank have been included in these unconsolidated condensed interim financial statements for reporting purposes, after eliminating material inter-branch transactions / balances. Key financial figures of the Islamic Banking branches are disclosed in note 21 to these unconsolidated condensed interim financial statements.

3. STATEMENT OF COMPLIANCE

- 3.1 These unconsolidated condensed interim financial statements of the Bank have been prepared, in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting', Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and SBP. In case where requirements differ, the provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.
- 3.2 SBP vide BSD Circular No. 10, dated 26 August 2002 has deferred the applicability of IAS 39, "Financial Instruments: Recognition and Measurement" and IAS 40, "Investment Property" for banking companies till further instructions. Further, according to the notification of SECP dated 28 April 2008, International Financial Reporting Standard (IFRS) - 7 "Financial Instruments: Disclosure" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified, accounted for and valued in accordance with the requirement of various circulars issued by SBP.
- 3.3 The disclosures made in these unconsolidated condensed interim financial statements have been limited based on the format prescribed by SBP vide BSD Circular Letter No. 2, dated 12 May 2004 and IAS 34 "Interim Financial Reporting". They do not include all the information required in the annual financial statements and, these unconsolidated condensed interim financial statements should be read in conjunction with the annual financial statements of the Bank for the year ended 31 December 2014.



3.4 These are separate unconsolidated condensed interim financial statements of the Bank in which investments in subsidiaries and associates are reported on the basis of direct equity interest and are not consolidated or accounted for by using equity method of accounting.

4. BASIS OF MEASUREMENT

4.1 Accounting convention

These unconsolidated condensed interim financial statements have been prepared under the historical cost convention, except that certain fixed assets are stated at revalued amounts, certain investments and commitments in respect of certain forward exchange contracts have been marked to market and are carried at fair value and staff retirement benefits are carried at present value.

4.2 Functional and presentation currency

These unconsolidated condensed interim financial statements are presented in Pak Rupees which is the Bank's functional currency and presentation currency.

4.3 Accounting estimates and assumptions

The preparation of these unconsolidated condensed interim financial statements requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The areas where assumptions and estimates are significant to these unconsolidated condensed interim financial statements are the same as those disclosed in the annual financial statements for the year ended 31 December 2014.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

New / Revised Standards, Interpretations and Amendments

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

Standard or Interpretation

IFRS 10 - Consolidated Financial Statements

IFRS 11 - Joint Arrangements

IFRS 12 - Disclosure of Interests in Other Entities

IFRS 13 - Fair Value Measurement

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

IAS 27 - Separate Financial Statements

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

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

6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the annual financial statements of the Bank for the year ended 31 December 2014.



	30 June 2015 (Un-audited)			31 December 2014 (Audited)		
	Held by Bank	Given as Collateral	Total	Held by Bank	Given as Collateral	Total
	(Rupees in '000)					
7. INVESTMENTS						
7.1 Investments by type						
Available for sale securities						
Market Treasury Bills	94,740,203	49,936,054	144,676,257	101,974,927	56,253,740	158,228,667
Pakistan Investment Bonds	60,186,150	-	60,186,150	36,503,076	-	36,503,076
Foreign Currency Bonds	2,236,262	-	2,236,262	2,289,589	-	2,289,589
Sukuk Bonds	5,504,079	-	5,504,079	4,833,911	-	4,833,911
Fully paid-up ordinary shares - Listed	4,105,186	-	4,105,186	3,062,421	-	3,062,421
Fully paid-up ordinary shares - Unlisted	45,528	-	45,528	39,570	-	39,570
Term finance certificates - Listed	471,631	-	471,631	321,695	-	321,695
Term finance certificates - Unlisted	2,689,653	-	2,689,653	2,832,620	-	2,832,620
Units of mutual funds	1,550,000	-	1,550,000	1,551,763	-	1,551,763
	171,528,692	49,936,054	221,464,746	153,409,572	56,253,740	209,663,312
Held to maturity securities 7.2						
Pakistan Investment Bonds	116,036,189	-	116,036,189	115,678,511	-	115,678,511
Foreign Currency Bonds	1,506,577	-	1,506,577	970,913	-	970,913
Sukuk Bonds	697,888	-	697,888	701,047	-	701,047
Term finance certificates - Listed	86,809	-	86,809	86,826	-	86,826
	118,327,463	-	118,327,463	117,437,297	-	117,437,297
Held for trading securities						
Fully paid-up ordinary shares - Listed	298,900	-	298,900	-	-	-
Associates						
Habib Sugar Mills Limited	182,690	-	182,690	180,977	-	180,977
Habib Asset Management Limited	60,000	-	60,000	60,000	-	60,000
First Habib Income Fund	150,000	-	150,000	250,000	-	250,000
First Habib Stock Fund	10,000	-	10,000	50,000	-	50,000
First Habib Cash Fund	150,000	-	150,000	300,000	-	300,000
First Habib Islamic Balanced Fund	10,000	-	10,000	25,000	-	25,000
	562,690	-	562,690	865,977	-	865,977
Subsidiaries						
AL Habib Capital Markets (Private) Limited	200,000	-	200,000	200,000	-	200,000
AL Habib Credit & Finance (Hong Kong) Limited	127	-	127	127	-	127
	200,127	-	200,127	200,127	-	200,127
Investments at cost	290,917,872	49,936,054	340,853,926	271,912,973	56,253,740	328,166,713
Less : Provision for diminution in the value of investments 7.3	(5,700)	-	(5,700)	(5,700)	-	(5,700)
Investments (net of provisions)	290,912,172	49,936,054	340,848,226	271,907,273	56,253,740	328,161,013
Deficit on revaluation of held for trading securities - net	(9,383)	-	(9,383)	-	-	-
Surplus on revaluation of available for sale securities - net 13.2	5,332,087	526,728	5,858,815	3,191,316	70,243	3,261,559
Total Investments	296,234,876	50,462,782	346,697,658	275,098,589	56,323,983	331,422,572
7.2	The aggregate market value of held to maturity securities as at 30 June 2015 amounted to Rs. 129,767 million (31 December 2014: 125,053 million).					
7.3	The provision for diminution in the value of investments comprises of provision against fully paid-up ordinary shares of Pakistan Export Finance Guarantee Agency Limited.					



	(Un-audited) 30 June 2015 (Rupees in '000)	(Audited) 31 December 2014
Note		
8. ADVANCES		
Loans, cash credits, running finances, etc.		
– In Pakistan	175,665,006	154,858,191
– Outside Pakistan	11,424,022	10,192,449
	187,089,028	165,050,640
Net investment in finance lease		
– In Pakistan	3,456,246	2,471,578
– Outside Pakistan	–	–
	3,456,246	2,471,578
Ijarah financing under IFAS 2	551,219	488,315
Murabaha	2,813,875	2,074,925
Bills discounted and purchased (excluding market treasury bills)		
– Payable in Pakistan	3,821,249	3,524,136
– Payable outside Pakistan	11,236,234	14,363,222
	15,057,483	17,887,358
Advances - gross	208,967,851	187,972,816
Provision against non-performing loans and advances		
– Specific provision	8.1 (4,905,581)	(4,032,817)
– General provision against small enterprises and consumer advances (as per SBP regulations)	8.2 (99,528)	(83,182)
– General provision	8.3 (2,750,000)	(2,500,000)
	(7,755,109)	(6,615,999)
Advances - net of provisions	201,212,742	181,356,817

8.1 Advances include Rs. 5,288.462 million (31 December 2014: Rs. 5,024.778 million) which have been placed under non-performing status as detailed below:

30 June 2015 (Un-audited)									
Classified advances			Provision required			Provision held			
Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total	
(Rupees in '000)									
Category of classification									
Other assets especially mentioned									
	250	–	250	–	–	–	–	–	–
Substandard	43,766	–	43,766	10,942	–	10,942	10,942	–	10,942
Doubtful	673,833	–	673,833	336,916	–	336,916	336,916	–	336,916
Loss	3,649,430	921,183	4,570,613	3,635,630	921,183	4,556,813	3,636,540	921,183	4,557,723
	<u>4,367,279</u>	<u>921,183</u>	<u>5,288,462</u>	<u>3,983,488</u>	<u>921,183</u>	<u>4,904,671</u>	<u>3,984,398</u>	<u>921,183</u>	<u>4,905,581</u>



31 December 2014 (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	210	-	210	-	-	-	-	-	-
Substandard	74,246	-	74,246	18,405	-	18,405	18,405	-	18,405
Doubtful	746,226	753,623	1,499,849	373,113	222,574	595,687	373,113	222,574	595,687
Loss	3,041,824	408,649	3,450,473	3,010,076	408,649	3,418,725	3,010,076	408,649	3,418,725
	<u>3,862,506</u>	<u>1,162,272</u>	<u>5,024,778</u>	<u>3,401,594</u>	<u>631,223</u>	<u>4,032,817</u>	<u>3,401,594</u>	<u>631,223</u>	<u>4,032,817</u>

8.2 General provision represents provision amounting to Rs. 76.867 million (31 December 2014: Rs. 60.521 million) against consumer finance portfolio and Rs. 22.661 million (31 December 2014: Rs. 22.661 million) against advances to small enterprises as required by the Prudential Regulations issued by SBP.

8.3 In line with its prudent policies, the Bank has also made general provision of Rs.250 million during the period, bringing the total of such provision to Rs. 2,750 million (31 December 2014: Rs. 2,500 million) against its loans and advances portfolio. This general provision is in addition to the requirements of the Prudential Regulations.

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

9. OPERATING FIXED ASSETS

Capital work-in-progress	872,339	298,001
Property and equipments	13,837,112	13,502,575
Intangible assets	81,422	97,745
	<u>14,790,873</u>	<u>13,898,321</u>

(Un-audited)
Half year ended
30 June 30 June
2015 2014
(Rupees in '000)

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

Leasehold land	217,350	121,487
Buildings on leasehold land	20,016	82,911
Improvements to leasehold buildings	116,293	24,993
Furniture and fixtures	49,634	23,916
Electrical, office and computer equipments	438,847	231,413
Vehicles	89,464	85,584
Intangible assets	20,804	27,059
	<u>952,408</u>	<u>597,363</u>



(Un-audited)
Half year ended
30 June 30 June
2015 2014
(Rupees in '000)

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

Leasehold land	-	8,533
Improvements to leasehold buildings	35,224	-
Furniture and fixtures	2,128	1,596
Electrical, office and computer equipments	6,014	663
Vehicles	6,532	4,027
	49,898	14,819

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

10. BORROWINGS

Secured

Borrowings from SBP under:

– Export refinance scheme	15,902,842	17,800,781
– Long term financing for export oriented projects	20,118	46,739
– Long term financing for imported and locally manufactured plant and machinery	3,564,656	3,567,350
– Financing facility for storage of agricultural produce	56,236	58,126

	19,543,852	21,472,996
Repurchase agreement borrowings	50,420,096	56,315,572
	69,963,948	77,788,568

Unsecured

Borrowings from financial institutions
Overdrawn nostros

1,526,681	-
451,252	666,884
1,977,933	666,884
71,941,881	78,455,452



		(Un-audited) 30 June 2015 (Rupees in '000)	(Audited) 31 December 2014
	Note		
11. DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		103,142,957	104,806,779
Savings deposits		143,144,725	130,915,789
Current accounts - Remunerative		55,791,774	54,094,573
Current accounts - Non-remunerative		170,352,197	146,835,524
		472,431,653	436,652,665
Financial institutions			
Remunerative deposits		15,934,262	8,936,216
Non-remunerative deposits		1,058,451	820,123
		16,992,713	9,756,339
		489,424,366	446,409,004
12. SUB-ORDINATED LOANS - unsecured			
Term Finance Certificates (TFCs) - II - (Quoted)		-	747,900
Term Finance Certificates (TFCs) - IV - (Unquoted)	12.1	2,995,200	2,995,800
		2,995,200	3,743,700
12.1 Term Finance Certificates - IV (Unquoted)			
Total issue	Rupees 3,000 million		
Rating	AA		
Rate	Payable six monthly at 15.00% p.a. for first 5 years and 15.50% p.a. for next 5 years		
Redemption	6th - 108th month: 0.36%; 114th and 120th month: 49.82% each		
Tenor	10 years		
Maturity	June 2021		
		(Un-audited) 30 June 2015 (Rupees in '000)	(Audited) 31 December 2014
	Note		
13. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Operating fixed assets	13.1	2,722,696	2,749,123
Available for sale investments	13.2	3,808,230	2,324,573
		6,530,926	5,073,696



	(Un-audited) 30 June 2015 (Rupees in '000)	(Audited) 31 December 2014
13.1 Operating fixed assets		
Surplus on revaluation of land and buildings	3,534,556	3,575,215
Related deferred tax liability	(811,860)	(826,092)
	<u>2,722,696</u>	<u>2,749,123</u>
13.2 Available for sale investments		
Federal Government Securities	4,757,512	2,243,759
Fully paid-up ordinary shares	1,017,736	638,541
Term finance certificates, sukuk bonds and foregin currency bonds	(1,070)	3,833
Units of mutual funds	84,637	375,426
	<u>5,858,815</u>	<u>3,261,559</u>
Related deferred tax liability	(2,050,585)	(936,986)
	<u>3,808,230</u>	<u>2,324,573</u>
14. CONTINGENCIES AND COMMITMENTS		
14.1 Direct Credit Substitutes		
Financial guarantees issued favouring:		
– Financial institutions	370,299	212,894
– Others	8,146,112	5,877,756
	<u>8,516,411</u>	<u>6,090,650</u>
14.2 Transaction-related contingent liabilities		
Guarantees issued favouring:		
– Government	14,496,245	13,616,945
– Financial institutions	193,184	366,643
– Others	8,511,420	7,156,310
	<u>23,200,849</u>	<u>21,139,898</u>
14.3 Trade-related contingent liabilities		
Letters of credit	85,528,880	68,164,714
Acceptances	14,040,135	9,974,513
Bankers liability rediscount	2,156,380	1,465,595
	<u>101,725,395</u>	<u>79,604,822</u>



	(Un-audited) 30 June 2015 (Rupees in '000)	(Audited) 31 December 2014
14.4 Commitments in respect of forward lending		
Commitments to extend credit (excluding commitments that are unilaterally cancellable)	9,634,644	4,582,095
14.5 Commitments in respect of forward exchange contracts		
Purchase	36,704,967	35,574,870
Sale	27,840,207	33,584,498
The maturities of above contracts are spread over a period upto one year.		
14.6 Commitments for the acquisition of operating fixed assets	442,560	362,472

	(Un-audited)			
	Half year ended		Quarter ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	(Rupees in '000)			

15. MARK-UP / RETURN / INTEREST EARNED

On loans and advances to:				
Customers	7,536,851	7,396,672	3,725,224	3,683,647
Financial institutions	57,611	114,155	30,796	53,241
	7,594,462	7,510,827	3,756,020	3,736,888
On investments:				
Available for sale securities	10,841,764	7,865,441	5,391,839	4,526,758
Held to maturity securities	6,895,162	5,138,296	3,367,393	2,606,334
	17,736,926	13,003,737	8,759,232	7,133,092
On deposits with financial institutions	80,635	34,627	39,904	15,799
On securities purchased under resale agreements	20,352	48,527	12,373	31,013
On call money lendings	223	22	44	–
	25,432,598	20,597,740	12,567,573	10,916,792



(Un-audited)			
Half year ended		Quarter ended	
30 June	30 June	30 June	30 June
2015	2014	2015	2014
(Rupees in '000)			

16. MARK-UP / RETURN / INTEREST EXPENSED

Deposits	9,923,528	9,676,390	4,839,842	4,975,532
Sub-ordinated loans	232,027	464,841	112,035	234,743
Repurchase agreement borrowings	2,520,667	900,026	1,052,836	682,070
Borrowings from SBP	564,849	701,544	262,770	334,715
Other borrowings	203,927	178,076	122,019	91,435
	<u>13,444,998</u>	<u>11,920,877</u>	<u>6,389,502</u>	<u>6,318,495</u>

(Un-audited)			
Half year ended		Quarter ended	
30 June	30 June	30 June	30 June
2015	2014	2015	2014
(Rupees in '000)			

17. BASIC AND DILUTED EARNINGS PER SHARE

Profit after taxation	<u>3,355,585</u>	<u>2,940,020</u>	<u>1,749,695</u>	<u>1,586,266</u>
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(Number of shares in thousands)

Weighted average number of ordinary shares	<u>1,111,425</u>	<u>1,111,425</u>	<u>1,111,425</u>	<u>1,111,425</u>
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(Rupees)

Basic and diluted earnings per share	<u>3.02</u>	<u>2.65</u>	<u>1.57</u>	<u>1.43</u>
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(Un-audited)	
Half year ended	
30 June	30 June
2015	2014
(Rupees in '000)	

18. CASH AND CASH EQUIVALENTS

Cash and balances with treasury banks	34,262,407	33,306,124
Balances with other banks	4,832,310	2,891,450
Overdrawn nostros	(451,252)	(1,199,767)
	<u>38,643,465</u>	<u>34,997,807</u>



19. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

Half year ended 30 June 2015 (Un-audited)				
	Retail Banking	Commercial Banking	Inter Segment Elimination	Total
	(Rupees in '000)			
Total income	12,938,249	24,542,083	(9,399,629)	28,080,703
Total expenses	(9,922,346)	(21,532,641)	9,399,629	(22,055,358)
Net income	3,015,903	3,009,442	–	6,025,345
Segment assets (net of provisions)	472,657,365	597,150,590	(447,757,419)	622,050,536
Segment non performing loans	42,568	5,245,894	–	5,288,462
Segment provision required	37,856	4,866,815	–	4,904,671
Segment liabilities	471,350,899	564,298,063	(447,757,419)	587,891,543
Segment return on assets (ROA) (%)*	2.74%	4.11%		
Segment cost of funds (%)*	2.11%	3.82%		
Half year ended 30 June 2014 (Un-audited)				
	Retail Banking	Commercial Banking	Inter Segment Elimination	Total
	(Rupees in '000)			
Total income	12,644,503	19,118,852	(9,116,539)	22,646,816
Total expenses	(9,590,936)	(17,662,505)	9,116,539	(18,136,902)
Net income	3,053,567	1,456,347	–	4,509,914
Segment assets (net of provisions)	389,066,766	469,015,398	(369,822,332)	488,259,832
Segment non performing loans	42,992	4,216,967	–	4,259,959
Segment provision required	41,369	3,565,163	–	3,606,532
Segment liabilities	387,146,339	443,432,022	(369,822,332)	460,756,029
Segment return on assets (ROA) (%)*	3.25%	4.08%		
Segment cost of funds (%)*	2.48%	3.98%		

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



20. RELATED PARTY TRANSACTIONS

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

Transactions with related parties of the Bank are carried out at an arm's length basis in terms of the policy as approved by the Board of Directors. The transactions with employees of the Bank are carried out in accordance with the terms of their employment.

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

As at 30 June 2015 (Un-audited)						
	Subsidiaries	Associates	Non Executive Directors (Rupees in '000)	Key Management Personnel	Employee Benefit Plans	Total
Deposits						
At beginning of the period	98,058	3,037,277	185,609	401,895	49,441	3,772,280
Placements during the period	408,526	102,235,590	2,200,883	1,737,884	810,855	107,393,738
Withdrawals during the period	(461,271)	(102,182,323)	(2,163,446)	(1,681,771)	(808,797)	(107,297,608)
At end of the period	45,313	3,090,544	223,046	458,008	51,499	3,868,410
Advances						
At beginning of the period	–	1,517,483	294	52,960	–	1,570,737
Given during the period	7,963,326	12,133,288	1,576	41,858	–	20,140,048
Repaid during the period	(7,963,326)	(12,520,581)	(1,810)	(38,020)	–	(20,523,737)
At end of the period	–	1,130,190	60	56,798	–	1,187,048
Investments						
At beginning of the period	200,127	865,977	–	–	–	1,066,104
Investments made during the period	–	548,287	–	–	–	548,287
Investments redeemed during the period	–	(851,574)	–	–	–	(851,574)
At end of the period	200,127	562,690	–	–	–	762,817
Contingencies and commitments	–	854,775	–	–	–	854,775
As at 31 December 2014 (Audited)						
(Rupees in '000)						
Deposits						
At beginning of the year	61,957	1,813,814	142,104	368,941	174,811	2,561,627
Placements during the year	880,090	108,541,729	1,005,151	2,097,406	8,091,171	120,615,547
Withdrawals during the year	(843,989)	(107,318,266)	(961,646)	(2,064,452)	(8,216,541)	(119,404,894)
At end of the year	98,058	3,037,277	185,609	401,895	49,441	3,772,280
Advances						
At beginning of the year	19,720	1,282,655	126	37,822	–	1,340,323
Given during the year	8,833,507	24,168,997	4,636	74,665	–	33,081,805
Repaid during the year	(8,853,227)	(23,934,169)	(4,468)	(59,527)	–	(32,851,391)
At end of the year	–	1,517,483	294	52,960	–	1,570,737
Investments						
At beginning of the year	200,000	865,977	–	–	–	1,065,977
Investments made during the year	127	–	–	–	–	127
Investments redeemed during the year	–	–	–	–	–	–
At end of the year	200,127	865,977	–	–	–	1,066,104
Contingencies and commitments	–	730,920	–	–	–	730,920



Half year ended 30 June 2015 (Un-audited)

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

Half year ended 30 June 2014 (Un-audited)

	Subsidiaries	Associates	Non Executive Directors	Key Management Personnel	Employee Benefit Plans	Total
			(Rupees in '000)			
Forward purchase contracts	-	250,930	-	-	-	250,930
Other receivable	-	-	-	-	-	-
Other payable	-	-	-	-	-	-
Unrealised gain on forward contracts	-	699	-	-	-	699
Purchase of securities	-	-	-	-	-	-
Purchase of mutual funds	-	-	-	-	-	-
Sale of securities	-	37,589	-	-	1,352,483	1,390,072
Redemption of mutual funds	-	-	-	-	-	-
Gain on sale of securities & mutual funds	-	80	-	-	-	80
Mark-up earned	350	68,386	-	1,334	-	70,070
Mark-up expensed	608	46,088	3,517	13,947	8,019	72,179
Bank charges and commission	1	2,107	6	64	-	2,178
Salaries and allowances	-	-	-	119,790	-	119,790
Bonus	-	-	-	23,518	-	23,518
Contribution to defined contribution plan	-	-	-	5,951	-	5,951
Contribution to defined benefit plan	-	-	-	13,606	-	13,606
Staff provident fund	-	-	-	-	108,910	108,910
Staff gratuity fund	-	-	-	-	84,000	84,000
Directors' fee	-	-	1,650	-	-	1,650
Insurance claim received	-	5,878	-	-	-	5,878
Insurance premium paid	-	63,124	-	-	-	63,124
Dividend income	-	36,191	-	-	-	36,191
Rental Income	1,050	-	-	-	-	1,050
Rental paid	-	349	-	-	-	349
Commission expensed	94	-	-	-	-	94
Other expensed	103	1,524	-	-	-	1,627
Other income	250	-	-	-	-	250



21. ISLAMIC BANKING BUSINESS

The Bank is operating 25 (31 December 2014: 17) Islamic Banking branches in Pakistan. The statement of financial position of these branches as at 30 June 2015 is as follows:

		(Un-audited) 30 June 2015	(Audited) 31 December 2014
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		578,365	484,073
Balances with and due from financial institutions		1,207,565	1,638,371
Investments		3,719,087	2,798,926
Islamic financing and related assets	21.1	11,114,300	7,974,727
Operating fixed assets		71,204	62,860
Other assets		1,357,183	214,790
		18,047,704	13,173,747
LIABILITIES			
Bills payable		25,437	142,421
Due to financial institutions		3,693,593	1,336,648
Deposits and other accounts		12,452,781	9,859,014
– Current accounts		3,543,214	3,267,028
– Saving accounts		3,222,409	2,085,041
– Term deposits		5,101,203	4,449,048
– Others		12,231	40,532
– Deposits from financial institutions-remunerative		572,133	16,439
– Deposits from financial institutions-non-remunerative		1,591	926
Other liabilities		266,699	462,701
		(16,438,510)	(11,800,784)
NET ASSETS		1,609,194	1,372,963
REPRESENTED BY:			
Islamic banking fund		1,500,000	1,100,000
Accumulated profit		119,619	305,917
		1,619,619	1,405,917
Deficit on revaluation of assets		(10,425)	(32,954)
		1,609,194	1,372,963
Remuneration to Shariah Advisor / Board		1,200	2,250
CHARITY FUND			
Opening balance		2,621	4,144
Additions during the period / year		977	2,621
Payments / utilisation during the period / year			
Health		–	(2,500)
Social welfare		(1,600)	(1,644)
		(1,600)	(4,144)
Closing balance		1,998	2,621



	(Un-audited) 30 June 2015 (Rupees in '000)	(Audited) 31 December 2014
21.1 Islamic financing and related assets		
Murabaha	2,408,832	1,988,650
Net book value of assets / investments in ijarah under IFAS 2	551,219	488,316
Diminishing musharika	3,174,727	3,106,668
Export refinance murabaha	405,043	86,274
Export refinance istisna	3,273,917	1,257,788
Istisna	853,116	667,453
Gross financing	10,666,854	7,595,149
Less: general provisioning against consumer financing	(1,034)	(688)
Net financing	10,665,820	7,594,461
Advance against murabaha	340,546	360,910
Advance against ijarah	107,934	19,356
Islamic financing and related assets - net of provision	11,114,300	7,974,727
21.1.1 Islamic mode of financing		
Financings / inventory / receivables	10,666,854	7,595,149
Advances	448,480	380,266
Less: general provisioning against consumer financing	(1,034)	(688)
	11,114,300	7,974,727

22. GENERAL

22.1 Corresponding figures have been re-arranged / re-classified wherever necessary, for the purpose of comparison. However, no significant reclassifications have been made in these unconsolidated condensed interim financial statements.

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

22.3 Figures of the profit and loss account for the quarters ended 30 June 2015 and 30 June 2014 have not been subjected to limited scope review by the auditors.

23. DATE OF AUTHORISATION

These unconsolidated condensed interim financial statements were authorised for issue on 25 August 2015 by the Board of Directors of the Bank.

ABBAS D. HABIB
*Chief Executive and
Managing Director*

SYED MAZHAR ABBAS
Director

SHAMEEM AHMED
Director

ANWAR HAJI KARIM
Director



Consolidated Financial Statements

Bank AL Habib Limited

and

Subsidiary Companies



CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

		(Un-audited) 30 June 2015 (Rupees in '000)	(Audited) 31 December 2014
	Note		
ASSETS			
Cash and balances with treasury banks		34,262,425	34,201,844
Balances with other banks		4,834,457	4,352,769
Lendings to financial institutions		3,940,720	—
Investments - net	7	346,920,815	331,737,516
Advances - net	8	201,212,817	181,357,100
Operating fixed assets	9	14,809,709	13,917,781
Deferred tax assets - net		—	—
Other assets		16,406,404	13,743,430
		622,387,347	579,310,440
LIABILITIES			
Bills payable		11,074,650	7,984,808
Borrowings	10	71,941,881	78,455,452
Deposits and other accounts	11	489,379,757	446,311,464
Sub-ordinated loans	12	2,995,200	3,743,700
Liabilities against assets subject to finance lease		—	—
Deferred tax liabilities - net		3,750,191	2,769,852
Other liabilities		8,776,337	7,018,601
		587,918,016	546,283,877
NET ASSETS		34,469,331	33,026,563
REPRESENTED BY:			
Share capital		11,114,254	11,114,254
Reserves		9,457,573	8,760,911
Unappropriated profit		7,191,943	7,912,345
Equity attributable to the shareholders of the Holding company		27,763,770	27,787,510
Non-controlling interest		115,237	113,969
Total equity		27,879,007	27,901,479
Surplus on revaluation of assets - net of tax	13	6,590,324	5,125,084
		34,469,331	33,026,563
CONTINGENCIES AND COMMITMENTS	14		

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

ABBAS D. HABIB
Chief Executive and
Managing Director

SYED MAZHAR ABBAS
Director

SHAMEEM AHMED
Director

ANWAR HAJI KARIM
Director



**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2015**

		Half year ended		Quarter ended	
		30 June 2015	30 June 2014	30 June 2015	30 June 2014
	Note	(Rupees in '000)			
Mark-up / return / interest earned	15	25,441,367	20,597,461	12,572,277	10,916,678
Mark-up / return / interest expensed	16	(13,445,084)	(11,920,271)	(6,389,911)	(6,317,958)
Net mark-up / return / interest income		11,996,283	8,677,190	6,182,366	4,598,720
Provision against non-performing loans and advances - net	8.3	(1,131,323)	(120,938)	(159,351)	(31,940)
Provision for diminution in the value of investments		-	-	-	-
Bad debts written-off directly		-	-	-	-
Net mark-up / return / interest income after provisions		10,864,960	8,556,252	6,023,015	4,566,780
NON MARK-UP / INTEREST INCOME					
Fee, commission and brokerage income		1,168,309	1,047,301	581,032	581,233
Dividend income		317,960	187,106	181,873	91,016
Income from dealing in foreign currencies		470,668	527,073	212,422	263,777
Gain on sale / redemption of securities - net		250,267	26,167	250,267	25,731
Unrealised loss on revaluation of investments classified as held for trading		(9,383)	-	(9,383)	-
Share of profit from associates		57,718	54,168	42,534	35,301
Other income		321,767	262,697	147,149	115,583
Total non mark-up / interest income		2,577,306	2,104,512	1,405,894	1,112,641
		13,442,266	10,660,764	7,428,909	5,679,421
NON MARK-UP / INTEREST EXPENSES					
Administrative expenses		(7,331,529)	(6,018,910)	(3,842,199)	(3,111,634)
Other provisions / write-offs		(23,892)	(4,625)	(7,321)	-
Other charges		(153,229)	(97,225)	(94,578)	(55,655)
Total non mark-up / interest expenses		(7,508,650)	(6,120,760)	(3,944,098)	(3,167,289)
		5,933,616	4,540,004	3,484,811	2,512,132
Extra-ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		5,933,616	4,540,004	3,484,811	2,512,132
Taxation - Current		(2,306,561)	(1,685,012)	(1,284,055)	(908,267)
- Prior years		(500,484)	-	(500,484)	-
- Deferred		133,260	118,248	(37,003)	23,108
		(2,673,785)	(1,566,764)	(1,821,542)	(885,159)
PROFIT AFTER TAXATION		3,259,831	2,973,240	1,663,269	1,626,973
Attributable to:					
Shareholders of the Holding company		3,258,563	2,968,159	1,662,208	1,620,913
Non-controlling interest		1,268	5,081	1,061	6,060
		3,259,831	2,973,240	1,663,269	1,626,973
(Rupees)					
Basic and diluted earnings per share attributable to equity holders of the Holding company	17	2.93	2.67	1.50	1.46

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

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

SYED MAZHAR ABBAS
Director

SHAMEEM AHMED
Director

ANWAR HAJI KARIM
Director



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2015**

	Half year ended		Quarter ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	(Rupees in '000)			
Profit after taxation for the period	3,259,831	2,973,240	1,663,269	1,626,973
Other comprehensive income				
<i>Items that are or may be reclassified subsequently to profit or loss account</i>				
Exchange differences on translation of net investment in foreign operations	25,545	(108,645)	(5,301)	4,453
<i>Items that will never be reclassified to profit or loss account subsequently</i>				
Remeasurement of defined benefit plan	-	-	-	-
Related tax charge	-	-	-	-
Comprehensive income transferred to equity	3,285,376	2,864,595	1,657,968	1,631,426
<i>Components of comprehensive income not reflected in equity</i>				
Surplus on revaluation of available for sale securities	2,605,266	449,808	398,992	110,618
Related tax charge	(1,113,599)	(109,909)	(313,924)	(2,652)
	1,491,667	339,899	85,068	107,966
Surplus on revaluation of operating fixed assets	-	1,296,430	-	1,296,430
Related tax charge	-	(244,157)	-	(244,157)
	-	1,052,273	-	1,052,273
Total comprehensive income	4,777,043	4,256,767	1,743,036	2,791,665
Attributable to:				
Shareholders of the Holding company	4,774,193	4,256,595	1,740,494	2,791,234
Non-controlling interest	2,850	172	2,542	431
	4,777,043	4,256,767	1,743,036	2,791,665

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

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

SYED MAZHAR ABBAS
Director

SHAMEEM AHMED
Director

ANWAR HAJI KARIM
Director



**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2015**

	Note	30 June 2015 (Rupees in '000)	30 June 2014
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		5,933,616	4,540,004
Less: Dividend income		(317,960)	(187,106)
		5,615,656	4,352,898
Adjustments for:			
Depreciation		547,865	477,944
Amortisation		41,128	30,980
Provision against non-performing loans and advances - net		1,131,323	120,938
Provision against off-balance sheet items		23,892	4,625
Gain on sale / redemption of securities - net		(250,267)	(26,167)
Unrealised loss on held for trading securities		9,383	-
Charge for defined benefit plan		84,000	84,000
Charge for compensated absences		24,160	24,122
Gain on sale of operating fixed assets		(1,841)	(51,700)
Share of profit from associates		(57,718)	(54,168)
		1,551,925	610,574
		7,167,581	4,963,472
(Increase) / decrease in operating assets			
Lendings to financial institutions		(3,940,720)	-
Advances - net		(20,987,039)	6,972,227
Other assets - (excluding advance taxation)		(2,497,541)	(5,073,989)
		(27,425,300)	1,898,238
Increase / (decrease) in operating liabilities			
Bills payable		3,089,842	2,700,677
Borrowings		(6,297,939)	(10,209,569)
Deposits		43,068,293	30,892,776
Other liabilities - (excluding provision for taxation)		1,015,855	240,489
		40,876,051	23,624,373
		20,618,332	30,486,083
Income tax paid		(2,253,460)	(1,784,556)
Net cash flows from operating activities		18,364,872	28,701,527
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in securities		(12,653,457)	(25,858,047)
Net investments in associates		374,026	36,191
Dividend received		148,723	113,093
Investments in operating fixed assets		(1,527,046)	(774,917)
Sale proceeds from disposal of operating fixed assets		51,770	66,500
Net cash used in investing activities		(13,605,984)	(26,417,180)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayments of sub-ordinated loans		(748,500)	(1,700)
Dividends paid		(3,278,032)	(1,989,615)
Net cash used in financing activities		(4,026,532)	(1,991,315)
Exchange differences on translation of net investment in foreign operations		25,545	(108,645)
Increase in cash and cash equivalents		757,901	184,387
Cash and cash equivalents at beginning of the period		37,887,729	34,864,281
Cash and cash equivalents at end of the period	18	38,645,630	35,048,668

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

ABBAS D. HABIB	SYED MAZHAR ABBAS	SHAMEEM AHMED	ANWAR HAJI KARIM
Chief Executive and Managing Director	Director	Director	Director



CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED 30 JUNE 2015

	Attributable to the shareholders of the Holding Company								
	Share Capital	Statutory Reserve	Foreign Currency Translation Reserve	Revenue Reserves			Sub Total	Non-controlling Interest	Total
				Special Reserve	General Reserve	Unappropriated Profit			
	(Rupees in '000)								
Balance as at 01 January 2014	10,103,868	6,662,862	240,045	126,500	540,000	5,703,859	23,377,134	109,744	23,486,878
Total comprehensive income for the half year ended 30 June 2014:									
Profit after tax	-	-	-	-	-	2,968,159	2,968,159	5,081	2,973,240
Other comprehensive income	-	-	(108,645)	-	-	-	(108,645)	-	(108,645)
	-	-	(108,645)	-	-	2,968,159	2,859,514	5,081	2,864,595
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	19,885	19,885	-	19,885
Transfer to statutory reserve	-	588,004	-	-	-	(588,004)	-	-	-
Transactions with owners, recorded directly in equity:									
Cash dividend (Rs. 2 per share)	-	-	-	-	-	(2,020,772)	(2,020,772)	-	(2,020,772)
Issue of bonus shares in the ratio of 10 shares for 100 shares held	1,010,386	-	-	-	-	(1,010,386)	-	-	-
Balance as at 30 June 2014	11,114,254	7,250,866	131,400	126,500	540,000	5,072,741	24,235,761	114,825	24,350,586
Total comprehensive income for the half year ended 31 December 2014:									
Profit after tax	-	-	-	-	-	3,463,986	3,463,986	(856)	3,463,130
Other comprehensive income	-	-	30,361	-	-	31,340	61,701	-	61,701
	-	-	30,361	-	-	3,495,326	3,525,687	(856)	3,524,831
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	26,062	26,062	-	26,062
Transfer to statutory reserve	-	681,784	-	-	-	(681,784)	-	-	-
Balance as at 31 December 2014	11,114,254	7,932,650	161,761	126,500	540,000	7,912,345	27,787,510	113,969	27,901,479
Total comprehensive income for the half year ended 30 June 2015:									
Profit after tax	-	-	-	-	-	3,258,563	3,258,563	1,268	3,259,831
Other comprehensive income	-	-	25,545	-	-	-	25,545	-	25,545
	-	-	25,545	-	-	3,258,563	3,284,108	1,268	3,285,376
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	26,428	26,428	-	26,428
Transfer to statutory reserve	-	671,117	-	-	-	(671,117)	-	-	-
Transactions with owners, recorded directly in equity:									
Cash dividend (Rs. 3 per share)	-	-	-	-	-	(3,334,276)	(3,334,276)	-	(3,334,276)
Balance as at 30 June 2015	11,114,254	8,603,767	187,306	126,500	540,000	7,191,943	27,763,770	115,237	27,879,007

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

ABBAS D. HABIB
*Chief Executive and
Managing Director*

SYED MAZHAR ABBAS
Director

SHAMEEM AHMED
Director

ANWAR HAJI KARIM
Director



NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED 30 JUNE 2015

1. STATUS AND NATURE OF BUSINESS

1.1 The Group comprises of:

Holding company

- Bank AL Habib Limited

Subsidiaries

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

1.2 Bank AL Habib Limited (the Bank) is a banking company incorporated in Pakistan on 15 October 1991 as a public limited company under the Companies Ordinance, 1984 having its registered office at 126-C, Old Bahawalpur Road, Multan with principal place of business in Karachi. Its shares are listed on all the Stock Exchanges in Pakistan. It is a scheduled bank principally engaged in the business of commercial banking with a network of 399 branches (31 December 2014: 351 branches), 107 sub-branches (31 December 2014: 108 sub-branches) and 03 representative offices (31 December 2014: 03 representative offices). The branch network of the Bank includes 03 overseas branches (31 December 2014: 03 overseas branches) and 25 Islamic Banking branches (31 December 2014: 17 Islamic Banking branches).

1.3 The Bank has invested in 66.67% shares of AL Habib Capital Markets (Private) Limited. The Company was incorporated in Pakistan on 23 August 2005 as a private limited company under the Companies Ordinance, 1984. The Company is a corporate member of the Karachi Stock Exchange Limited and is engaged in equity, money market and foreign exchange brokerage services, equity research, corporate financial advisory and consultancy services.

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

2. BASIS OF PRESENTATION

2.1 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing includes purchase of goods by banks from customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchase and resale arising under these arrangements are not reflected in these consolidated condensed interim financial statements as such, but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon. However, murabaha financing arrangements undertaken by the Islamic Banking branches are accounted for as a purchase and sale transaction of the underlying goods in these consolidated condensed interim financial statements in accordance with the accounting policies of the Group.

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

3. STATEMENT OF COMPLIANCE

3.1 These consolidated condensed interim financial statements of the Group have been prepared, in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting', Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and SBP. In case where requirements differ, the provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.



3.2 SBP vide BSD Circular No. 10, dated 26 August 2002 has deferred the applicability of IAS 39, "Financial Instruments: Recognition and Measurement" and IAS 40, "Investment Property" for banking companies till further instructions. Further, according to the notification of SECP dated 28 April 2008, International Financial Reporting Standard (IFRS) - 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified, accounted for and valued in accordance with the requirements of various circulars issued by SBP.

3.3 The disclosures made in these consolidated condensed interim financial statements have been limited based on the format prescribed by SBP vide BSD Circular Letter No. 2, dated 12 May 2004 and IAS 34 "Interim Financial Reporting". They do not include all the disclosures required for annual financial statements and, these consolidated condensed interim financial statements should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2014.

4. BASIS OF MEASUREMENT

4.1 Accounting convention

These consolidated condensed interim financial statements have been prepared under the historical cost convention, except that certain fixed assets are stated at revalued amounts, certain investments and commitments in respect of certain forward exchange contracts have been marked to market and are carried at fair value and staff retirement benefits are carried at present value.

4.2 Functional and presentation currency

These consolidated condensed interim financial statements are presented in Pak Rupees which is the Group's functional currency and presentation currency.

4.3 Accounting estimates and assumptions

The preparation of these consolidated condensed interim financial statements requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The areas where assumptions and estimates are significant to these consolidated condensed interim financial statements are the same as those disclosed in the annual financial statements for the year ended 31 December 2014.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

New / Revised Standards, Interpretations and Amendments

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

Standard or Interpretation

IFRS 10 - Consolidated Financial Statements

IFRS 11 - Joint Arrangements

IFRS 12 - Disclosure of Interests in Other Entities

IFRS 13 - Fair Value Measurement

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

IAS 27 - Separate Financial Statements

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

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

6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the annual financial statements of the Bank for the year ended 31 December 2014.



Note	30 June 2015 (Un-audited)			31 December 2014 (Audited)		
	Held by Group	Given as Collateral	Total	Held by Group	Given as Collateral	Total
	(Rupees in '000)					
7. INVESTMENTS						
7.1 Investments by type						
Available for sale securities						
Market Treasury Bills	94,740,203	49,936,054	144,676,257	101,974,927	56,253,740	158,228,667
Pakistan Investment Bonds	60,186,150	-	60,186,150	36,503,076	-	36,503,076
Foreign Currency Bonds	2,236,262	-	2,236,262	2,289,589	-	2,289,589
Sukuk Bonds	5,504,079	-	5,504,079	4,833,911	-	4,833,911
Fully paid-up ordinary shares - Listed	4,167,529	-	4,167,529	3,096,913	-	3,096,913
Fully paid-up ordinary shares - Unlisted	65,351	-	65,351	64,855	-	64,855
Term finance certificates - Listed	471,631	-	471,631	321,695	-	321,695
Term finance certificates - Unlisted	2,689,653	-	2,689,653	2,832,620	-	2,832,620
Units of mutual funds	1,550,000	-	1,550,000	1,576,763	-	1,576,763
	171,610,858	49,936,054	221,546,912	153,494,349	56,253,740	209,748,089
Held to maturity securities 7.2						
Pakistan Investment Bonds	116,178,167	-	116,178,167	115,819,871	-	115,819,871
Foreign Currency Bonds	1,506,577	-	1,506,577	970,913	-	970,913
Sukuk Bonds	697,888	-	697,888	701,047	-	701,047
Term finance certificates - Listed	86,809	-	86,809	86,826	-	86,826
	118,469,441	-	118,469,441	117,578,657	-	117,578,657
Held for trading securities						
Fully paid-up ordinary shares - Listed	298,900	-	298,900	-	-	-
Associates						
Habib Sugar Mills Limited	373,180	-	373,180	368,997	-	368,997
Habib Asset Management Limited	89,449	-	89,449	82,304	-	82,304
First Habib Income Fund	137,399	-	137,399	284,734	-	284,734
First Habib Stock Fund	10,291	-	10,291	55,875	-	55,875
First Habib Cash Fund	140,193	-	140,193	339,968	-	339,968
First Habib Islamic Balanced Fund	10,276	-	10,276	26,736	-	26,736
	760,788	-	760,788	1,158,614	-	1,158,614
Investments at cost	291,139,987	49,936,054	341,076,041	272,231,620	56,253,740	328,485,360
Less : Provision for diminution in the value of investments 7.3	(11,163)	-	(11,163)	(11,163)	-	(11,163)
Investments (net of provisions)	291,128,824	49,936,054	341,064,878	272,220,457	56,253,740	328,474,197
Deficit on revaluation of held for trading securities - net	(9,383)	-	(9,383)	-	-	-
Surplus on revaluation of available for sale securities - net	5,338,592	526,728	5,865,320	3,193,076	70,243	3,263,319
Total Investments	296,458,033	50,462,782	346,920,815	275,413,533	56,323,983	331,737,516

7.2 The aggregate market value of held to maturity securities as at 30 June 2015 amounted to Rs. 129,923 million (31 December 2014: 125,253 million).

7.3 The provision for diminution in the value of investments comprises of provision against fully paid-up ordinary shares of Pakistan Export Finance Guarantee Agency Limited and Karachi Stock Exchange Limited.



		(Un-audited) 30 June 2015 (Rupees in '000)	(Audited) 31 December 2014
	Note		
8. ADVANCES			
Loans, cash credits, running finances, etc.			
– In Pakistan		175,665,081	154,858,474
– Outside Pakistan		11,424,022	10,192,449
		187,089,103	165,050,923
Net investment in finance lease			
– In Pakistan		3,456,246	2,471,578
– Outside Pakistan		–	–
		3,456,246	2,471,578
Ijarah financing under IFAS 2		551,219	488,315
Murabaha		2,813,875	2,074,925
Bills discounted and purchased (excluding market treasury bills)			
– Payable in Pakistan		3,821,249	3,524,136
– Payable outside Pakistan		11,236,234	14,363,222
		15,057,483	17,887,358
Advances - gross		208,967,926	187,973,099
Provision against non-performing loans and advances			
– Specific provision	8.1	(4,905,581)	(4,032,817)
– General provision against small enterprises and consumer advances (as per SBP regulations)	8.2	(99,528)	(83,182)
– General provision	8.3	(2,750,000)	(2,500,000)
		(7,755,109)	(6,615,999)
Advances - net of provisions		201,212,817	181,357,100

8.1 Advances include Rs. 5,288.462 million (31 December 2014: Rs. 5,024.778 million) which have been placed under non-performing status as detailed below:

30 June 2015 (Un-audited)									
Classified advances			Provision required			Provision held			
Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total	
(Rupees in '000)									
Category of classification									
Other assets especially mentioned									
	250	–	250	–	–	–	–	–	–
Substandard	43,766	–	43,766	10,942	–	10,942	10,942	–	10,942
Doubtful	673,833	–	673,833	336,916	–	336,916	336,916	–	336,916
Loss	3,649,430	921,183	4,570,613	3,635,630	921,183	4,556,813	3,636,540	921,183	4,557,723
	<u>4,367,279</u>	<u>921,183</u>	<u>5,288,462</u>	<u>3,983,488</u>	<u>921,183</u>	<u>4,904,671</u>	<u>3,984,398</u>	<u>921,183</u>	<u>4,905,581</u>



31 December 2014 (Audited)

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

8.2 General provision represents provision amounting to Rs. 76.867 million (31 December 2014: 60.521 million) against consumer finance portfolio and Rs. 22.661 million (31 December 2014: Rs.22.661 million) against advances to small enterprises as required by the Prudential Regulation issued by SBP.

8.3 In line with its prudent policies, the Bank has also made general provision of Rs. 250 million during the period bringing the total of such provision to Rs.2,750 million (31 December 2014: Rs. 2,500 million) against its loans and advances portfolio. This general provision is in addition to the requirements of the Prudential Regulations.

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

9. OPERATING FIXED ASSETS

Capital work-in-progress	872,339	298,001
Property and equipments	13,846,268	13,512,157
Intangible assets	91,102	107,623
	<u>14,809,709</u>	<u>13,917,781</u>

(Un-audited)
Half year ended
30 June 30 June
2015 2014
(Rupees in '000)

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

Leasehold land	217,350	121,487
Buildings on leasehold land	20,016	82,911
Improvements to leasehold buildings	116,293	24,993
Furniture and fixtures	49,676	23,916
Electrical, office and computer equipments	438,956	231,955
Vehicles	89,464	85,584
Intangible assets	20,804	27,059
	<u>952,559</u>	<u>597,905</u>



(Un-audited)
Half year ended
30 June 30 June
2015 2014
(Rupees in '000)

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

Leasehold land	—	8,533
Improvements to leasehold buildings	35,224	—
Furniture and fixtures	2,128	1,596
Electrical, office and computer equipments	6,014	663
Vehicles	6,532	4,027
	49,898	14,819

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

10. BORROWINGS

Secured

Borrowings from SBP under:

– Export refinance scheme	15,902,842	17,800,781
– Long term financing for export oriented projects	20,118	46,739
– Long term financing for imported and locally manufactured plant and machinery	3,564,656	3,567,350
– Financing facility for storage of agricultural produce	56,236	58,126

	19,543,852	21,472,996
Repurchase agreement borrowings	50,420,096	56,315,572
	69,963,948	77,788,568

Unsecured

Borrowings from financial institutions
Overdrawn nostros

1,526,681	—
451,252	666,884
1,977,933	666,884
71,941,881	78,455,452



		(Un-audited) 30 June 2015 (Rupees in '000)	(Audited) 31 December 2014
	Note		
11. DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		103,142,957	104,806,779
Savings deposits		143,144,725	130,915,789
Current accounts - Remunerative		55,791,774	54,094,573
Current accounts - Non-remunerative		170,352,197	146,835,524
		472,431,653	436,652,665
Financial institutions			
Remunerative deposits		15,889,868	8,851,161
Non-remunerative deposits		1,058,236	807,638
		16,948,104	9,658,799
		489,379,757	446,311,464
12. SUB-ORDINATED LOANS - unsecured			
Term Finance Certificates (TFCs) - II - (Quoted)		—	747,900
Term Finance Certificates (TFCs) - IV - (Unquoted)	12.1	2,995,200	2,995,800
		2,995,200	3,743,700
12.1 Term Finance Certificates - IV (Unquoted)			
Total issue	Rupees 3,000 million		
Rating	AA		
Rate	Payable six monthly at 15.00% p.a. for first 5 years and 15.50% p.a. for next 5 years		
Redemption	6th - 108th month: 0.36%; 114th and 120th month: 49.82% each		
Tenor	10 years		
Maturity	June 2021		
		(Un-audited) 30 June 2015 (Rupees in '000)	(Audited) 31 December 2014
	Note		
13. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Operating fixed assets	13.1	2,722,696	2,749,123
Available for sale investments	13.2	3,867,628	2,375,961
		6,590,324	5,125,084



	(Un-audited) 30 June 2015 (Rupees in '000)	(Audited) 31 December 2014
13.1 Operating fixed assets		
Surplus on revaluation of land and buildings	3,534,556	3,575,215
Related deferred tax liability	(811,860)	(826,092)
	<u>2,722,696</u>	<u>2,749,123</u>
13.2 Available for sale investments		
Federal Government Securities	4,757,512	2,243,759
Fully paid-up ordinary shares	1,024,242	639,526
Term finance certificates, sukuk bonds, foreign currency bonds and others	51,822	53,461
Units of mutual funds	84,637	376,201
	<u>5,918,213</u>	<u>3,312,947</u>
Related deferred tax liability	(2,050,585)	(936,986)
	<u>3,867,628</u>	<u>2,375,961</u>
14. CONTINGENCIES AND COMMITMENTS		
14.1 Direct Credit Substitutes		
Financial guarantees issued favouring:		
– Financial institutions	370,299	212,894
– Others	8,146,112	5,877,756
	<u>8,516,411</u>	<u>6,090,650</u>
14.2 Transaction-related contingent liabilities		
Guarantees issued favouring:		
– Government	14,496,245	13,616,945
– Financial institutions	193,184	366,643
– Others	8,511,420	7,156,310
	<u>23,200,849</u>	<u>21,139,898</u>
14.3 Trade-related contingent liabilities		
Letters of credit	85,528,880	68,164,714
Acceptances	14,040,135	9,974,513
Bankers liability rediscount	2,156,380	1,465,595
	<u>101,725,395</u>	<u>79,604,822</u>



	(Un-audited) 30 June 2015 (Rupees in '000)	(Audited) 31 December 2014
14.4 Commitments in respect of forward lending		
Commitments to extend credit (excluding commitments that are unilaterally cancellable)	9,634,644	4,582,095
14.5 Commitments in respect of forward exchange contracts		
Purchase	36,704,967	35,574,870
Sale	27,840,207	33,584,498
The maturities of above contracts are spread over a period upto one year.		
14.6 Commitments for the acquisition of operating fixed assets	445,906	367,825

(Un-audited)			
Half year ended		Quarter ended	
30 June 2015	30 June 2014	30 June 2015	30 June 2014
(Rupees in '000)			

15. MARK-UP / RETURN / INTEREST EARNED

On loans and advances to:				
Customers	7,536,865	7,396,330	3,725,514	3,683,500
Financial institutions	57,611	114,155	30,796	53,241
	7,594,476	7,510,485	3,756,310	3,736,741
On investments:				
Available for sale securities	10,841,764	7,865,441	5,391,839	4,526,758
Held to maturity securities	6,903,847	5,138,296	3,371,772	2,606,334
	17,745,611	13,003,737	8,763,611	7,133,092
On deposits with financial institutions	80,705	34,690	39,939	15,832
On securities purchased under resale agreements	20,352	48,527	12,373	31,013
On call money lendings	223	22	44	–
	25,441,367	20,597,461	12,572,277	10,916,678



(Un-audited)			
Half year ended		Quarter ended	
30 June	30 June	30 June	30 June
2015	2014	2015	2014
(Rupees in '000)			

16. MARK-UP / RETURN / INTEREST EXPENSED

Deposits	9,923,066	9,675,784	4,839,703	4,974,995
Sub-ordinated loans	232,027	464,841	112,035	234,743
Repurchase agreements borrowings	2,520,667	900,026	1,052,836	682,070
Borrowings from SBP	564,849	701,544	262,770	334,715
Other borrowings	204,475	178,076	122,567	91,435
	<u>13,445,084</u>	<u>11,920,271</u>	<u>6,389,911</u>	<u>6,317,958</u>

17. BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY

Profit after taxation - attributable to equity holders of the Holding company	<u>3,258,563</u>	<u>2,968,159</u>	<u>1,662,208</u>	<u>1,620,913</u>
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(Number of shares in thousands)

Weighted average number of ordinary shares	<u>1,111,425</u>	<u>1,111,425</u>	<u>1,111,425</u>	<u>1,111,425</u>
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(Rupees)

Basic and diluted earnings per share	<u>2.93</u>	<u>2.67</u>	<u>1.50</u>	<u>1.46</u>
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(Un-audited)

Half year ended

30 June	30 June
2015	2014

(Rupees in '000)

18. CASH AND CASH EQUIVALENTS

Cash and balances with treasury banks	34,262,425	33,306,126
Balances with other banks	4,834,457	2,942,309
Overdrawn nostros	(451,252)	(1,199,767)
	<u>38,645,630</u>	<u>35,048,668</u>



19. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

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

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

	Half year ended 30 June 2014 (Un-audited)				
	Retail Banking	Commercial Banking	Retail Brokerage (Rupees in '000)	Inter Segment Elimination	Total
Total income	12,644,503	19,138,937	39,637	(9,121,104)	22,701,973
Total expenses	(9,590,936)	(17,660,045)	(32,092)	9,121,104	(18,161,969)
Net income	3,053,567	1,478,892	7,545	–	4,540,004
Segment assets (net of provisions)	389,066,766	469,034,596	396,788	(370,007,508)	488,490,642
Segment non performing loans	42,992	4,216,967	–	–	4,259,959
Segment provision required	41,369	3,565,163	–	–	3,606,532
Segment liabilities	387,146,339	443,275,483	239,214	(370,007,508)	460,653,528
Segment return on assets (ROA) (%)*	3.25%	4.08%	9.99%		
Segment cost of funds (%)*	2.48%	3.98%	13.42%		

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



20. RELATED PARTY TRANSACTIONS

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

Transactions with related parties of the Group are carried out at an arm's length basis in terms of the policy as approved by the Board of Directors. The transactions with employees of the Group are carried out in accordance with the terms of their employment.

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

	As at 30 June 2015 (Un-audited)				Total
	Associates	Non Executive Directors	Key Management Personnel (Rupees in '000)	Employee Benefit Plans	
Deposits					
At beginning of the period	3,037,277	185,609	401,895	49,441	3,674,222
Placements during the period	102,235,590	2,200,883	1,737,884	810,855	106,985,212
Withdrawals during the period	(102,182,323)	(2,163,446)	(1,681,771)	(808,797)	(106,836,337)
At end of the period	3,090,544	223,046	458,008	51,499	3,823,097
Advances					
At beginning of the period	1,517,483	294	52,960	–	1,570,737
Given during the period	12,133,288	1,576	41,858	–	12,176,722
Repaid during the period	(12,520,581)	(1,810)	(38,020)	–	(12,560,411)
At end of the period	1,130,190	60	56,798	–	1,187,048
Investments					
At beginning of the period	1,158,614	–	–	–	1,158,614
Investments made during the period	548,287	–	–	–	548,287
Investments redeemed / adjusted during the period	(946,113)	–	–	–	(946,113)
At end of the period	760,788	–	–	–	760,788
Contingencies and commitments	854,775	–	–	–	854,775
As at 31 December 2014 (Audited)					
Deposits					
At beginning of the year	1,813,814	142,104	368,941	174,811	2,499,670
Placements during the year	108,541,729	1,005,151	2,097,406	8,091,171	119,735,457
Withdrawals during the year	(107,318,266)	(961,646)	(2,064,452)	(8,216,541)	(118,560,905)
At end of the year	3,037,277	185,609	401,895	49,441	3,674,222
Advances					
At beginning of the year	1,282,655	126	37,822	–	1,320,603
Given during the year	24,168,997	4,636	74,665	–	24,248,298
Repaid during the year	(23,934,169)	(4,468)	(59,527)	–	(23,998,164)
At end of the year	1,517,483	294	52,960	–	1,570,737
Investments					
At beginning of the year	1,049,048	–	–	–	1,049,048
Investments made during the year	109,566	–	–	–	109,566
Investments redeemed / adjusted during the year	–	–	–	–	–
At end of the year	1,158,614	–	–	–	1,158,614
Contingencies and commitments	730,920	–	–	–	730,920



Half year ended 30 June 2015 (Un-audited)

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

Half year ended 30 June 2014 (Un-audited)

	Associates	Non Executive Directors	Key Management Personnel (Rupees in '000)	Employee Benefit Plans	Total
Forward purchase contracts	250,930	—	—	—	250,930
Unrealised gain on forward contracts	699	—	—	—	699
Purchase of securities	—	—	—	—	—
Purchase of mutual funds	—	—	—	—	—
Sale of securities	37,589	—	—	1,352,483	1,390,072
Redemption of mutual funds	—	—	—	—	—
Gain on sale of securities & mutual funds	80	—	—	—	80
Mark-up earned	68,386	—	1,334	—	69,720
Mark-up expensed	46,088	3,517	13,947	8,019	71,571
Bank charges and commission	2,107	6	64	—	2,177
Salaries and allowances	—	—	124,903	—	124,903
Bonus	—	—	23,518	—	23,518
Contribution to defined contribution plan	—	—	6,291	—	6,291
Contribution to defined benefit plan	—	—	13,606	—	13,606
Staff provident fund	—	—	—	109,765	109,765
Staff gratuity fund	—	—	—	84,000	84,000
Directors' fee	—	1,650	—	—	1,650
Insurance claim received	5,878	—	—	—	5,878
Insurance premium paid	63,925	—	—	—	63,925
Dividend income	36,191	—	—	—	36,191
Rental paid	349	—	—	—	349
Brokerage and advisory income	2,369	—	—	—	2,369
Other expensed	1,524	—	—	—	1,524
Other income	—	—	—	—	—



21. ISLAMIC BANKING BUSINESS

The Bank is operating 25 (31 December 2014: 17) Islamic Banking branches in Pakistan. The statement of financial position of these branches as at 30 June 2015 is as follows:

	(Un-audited) 30 June 2015	(Audited) 31 December 2014
Note	(Rupees in '000)	
ASSETS		
Cash and balances with treasury banks	578,365	484,073
Balances with and due from financial institutions	1,207,565	1,638,371
Investments	3,719,087	2,798,926
Islamic financing and related assets	11,114,300	7,974,727
Operating fixed assets	71,204	62,860
Other assets	1,357,183	214,790
	18,047,704	13,173,747
LIABILITIES		
Bills payable	25,437	142,421
Due to financial institutions	3,693,593	1,336,648
Deposits and other accounts	12,452,781	9,859,014
– Current accounts	3,543,214	3,267,028
– Saving accounts	3,222,409	2,085,041
– Term deposits	5,101,203	4,449,048
– Others	12,231	40,532
– Deposits from financial institutions-remunerative	572,133	16,439
– Deposits from financial institutions-non-remunerative	1,591	926
Other liabilities	266,699	462,701
	(16,438,510)	(11,800,784)
NET ASSETS	1,609,194	1,372,963
REPRESENTED BY:		
Islamic banking fund	1,500,000	1,100,000
Accumulated profit	119,619	305,917
	1,619,619	1,405,917
Deficit on revaluation of assets	(10,425)	(32,954)
	1,609,194	1,372,963
Remuneration to Shariah Advisor / Board	1,200	2,250
CHARITY FUND		
Opening balance	2,621	4,144
Additions during the period / year	977	2,621
Payments / utilisation during the period / year		
Health	–	(2,500)
Social welfare	(1,600)	(1,644)
	(1,600)	(4,144)
Closing balance	1,998	2,621



	(Un-audited) 30 June 2015 (Rupees in '000)	(Audited) 31 December 2014
21.1 Islamic financing and related assets		
Murabaha	2,408,832	1,988,650
Net book value of assets / investments in ijarah under IFAS 2	551,219	488,316
Diminishing musharika	3,174,727	3,106,668
Export refinance murabaha	405,043	86,274
Export refinance istisna	3,273,917	1,257,788
Istisna	853,116	667,453
Gross financing	10,666,854	7,595,149
Less: general provisioning against consumer financing	(1,034)	(688)
Net financing	10,665,820	7,594,461
Advance against murabaha	340,546	360,910
Advance against ijarah	107,934	19,356
Islamic financing and related assets - net of provision	11,114,300	7,974,727
21.1.1 Islamic mode of financing		
Financings / inventory / receivables	10,666,854	7,595,149
Advances	448,480	380,266
Less: general provisioning against consumer financing	(1,034)	(688)
	11,114,300	7,974,727
22. GENERAL		

22.1 Corresponding figures have been re-arranged / re-classified wherever necessary, for the purpose of comparison. However, no significant reclassifications have been made in these consolidated condensed interim financial statements.

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

23. DATE OF AUTHORISATION

These consolidated condensed interim financial statements were authorised for issue on 25 August 2015 by the Board of Directors of the Group.

ABBAS D. HABIB
*Chief Executive and
Managing Director*

SYED MAZHAR ABBAS
Director

SHAMEEM AHMED
Director

ANWAR HAJI KARIM
Director