



# CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2014

## Directors' Review

On behalf of the Board of Directors, I am pleased to present the condensed interim consolidated financial statements for the nine months ended September 30, 2014.

### Performance

The Bank remained focused on improving its core deposit mix and has been able to increase the ratio of CASA deposits to 77.2% as on September 30, 2014, a 4% improvement over the CASA ratio of 73.2% at year ended December 31, 2013. In absolute terms this represented a reduction in fixed deposits and bank borrowings of Rs. 93.7 billion, while a growth of Rs. 68 billion in CASA deposits helped to maintain the balance sheet size.

This improvement in the CASA ratio, coupled with a repositioning of some of the investment portfolio from short term to long term, and volumetric growth helped to propel the 22.4% growth in Net Interest Income. Net interest income increased to Rs. 49.5 billion for the nine months ended September 30, 2014 as against Rs. 40.4 billion during the same period last year. The non-mark up income increased by 29.9% to Rs. 16.7 billion for the nine months ended September 30, 2014, with healthy contributions from all segments of the bank. The post-tax profit of Rs.21.9 billion for the nine months ended September 30, 2014 represents a growth of 31.0%. This has resulted in an increase in earnings per share to Rs.14.85 for the nine months ended September 30, 2014 as against Rs. 11.30 for the nine months ended September 30, 2013.

### Movement of Reserves

	Rs. in million
Unappropriated profit brought forward	73,749
Profit attributable to equity holders of the Bank	21,787
Transferred from surplus on revaluation of fixed assets – net of tax	78
Transferred to statutory reserves	(2,088)
Cash dividend paid	(8,901)
Issued as bonus shares	(1,334)
Derecognition of equity due to voluntary winding up of modaraba	(30)
Unappropriated profit carried forward	<u>83,261</u>
Earnings per share rupees (Basic & Diluted)	<u>14.85</u>

### Dividend

The Group has declared third interim cash dividend of Rs. 2.25 per share for the year ending December 31, 2014.

## **Rating**

JCR VIS Credit Rating Agency of Pakistan has reaffirmed entity rating of the Bank to “AAA/A-1+” (Triple A / A-One Plus) with ‘Stable’ outlook.

## **Future Outlook**

While Pakistan’s economy continues to face challenges, compounded by political uncertainties and cross border tensions, the Government is committed to improve the economy through a program of reforms and investor incentives. In the near term, key initiatives include the Government’s Privatization program, secondary offerings of Public Sector Enterprises, and the issuance of bonds/sukuks in the international markets. A continued focus on resolving the power sector issues and increased investment in power generation and transmission projects, especially by offshore investors, will also provide new opportunities in the near future.

Based on its balance sheet size, domestic leadership, presence “beyond borders” and product expertise, HBL is well positioned to positively contribute towards economic development of the country and capitalize on the untapped potential.

## **Appreciation and Acknowledgement**

I would like to appreciate the efforts of our Regulators and Government of Pakistan and in particular the Ministry of Finance and State Bank of Pakistan for developing and strengthening the banking and financial service industry through improved regulatory and governance framework.

On behalf of the Board and the Management, I would also like to take this opportunity to thank our customers and shareholders for entrusting their confidence in us, and assure them that we remain committed to maintaining high service standards and a strong culture of good corporate governance and compliance in all our endeavors. I would also like to acknowledge the efforts and dedication demonstrated by employees towards the growth of HBL.

On behalf of the Board.

**Nauman K. Dar**

President & Chief Executive Officer

October 24, 2014

**HABIB BANK LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2014**

	Note	(Unaudited) September 30, 2014 (Rupees in '000)	(Audited) December 31, 2013
<b>ASSETS</b>			
Cash and balances with treasury banks		117,041,333	135,476,687
Balances with other banks		40,560,566	57,341,769
Lendings to financial institutions		27,094,725	35,271,477
Investments	6	843,118,536	826,062,308
Advances	7	580,714,247	563,700,737
Operating fixed assets	8	27,166,919	25,706,315
Deferred tax asset		3,811,732	5,103,072
Other assets		66,052,845	66,609,013
		<u>1,705,560,903</u>	<u>1,715,271,378</u>
<b>LIABILITIES</b>			
Bills payable		20,038,486	19,422,316
Borrowings	9	64,374,898	107,864,424
Deposits and other accounts	10	1,419,155,253	1,401,229,814
Sub-ordinated loan	11	1,282,926	2,633,115
Liabilities against assets subject to finance lease		-	-
Deferred tax liability		-	-
Other liabilities		47,364,626	41,687,455
		<u>1,552,216,189</u>	<u>1,572,837,124</u>
<b>NET ASSETS</b>		<u>153,344,714</u>	<u>142,434,254</u>
<b>REPRESENTED BY:</b>			
<b>Shareholders' equity</b>			
Share capital		14,668,525	13,335,023
Reserves		44,456,266	43,550,373
Unappropriated profit		83,260,745	73,748,915
Total equity attributable to the equity holders of the Bank		142,385,536	130,634,311
Non-controlling interest		1,212,157	1,886,116
Surplus on revaluation of assets - net of deferred tax	12	9,747,021	9,913,827
		<u>153,344,714</u>	<u>142,434,254</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	13		

The annexed notes 1 to 20 form an integral part of these condensed interim consolidated financial statements.

President and Chief Executive Officer

Director

Director

Director

**HABIB BANK LIMITED**  
**CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014**

	Note	January 01 to September 30, 2014	January 01 to September 30, 2013	July 01 to September 30, 2014	July 01 to September 30, 2013
------(Rupees in '000)-----					
Mark-up / return / profit / interest earned	14	101,237,260	91,111,239	35,018,901	29,551,091
Mark-up / return / profit / interest expensed	15	51,749,111	50,694,753	17,494,892	15,376,419
Net mark-up / profit / interest income		49,488,149	40,416,486	17,524,009	14,174,672
Provision against advances	7.2	1,327,367	1,172,318	930,483	(49,090)
(Reversal) /charge against off-balance sheet obligations		(137,474)	33,203	(21,593)	5,618
(Reversal) /charge against diminution in the value of investments	6.4	(139,873)	(146,415)	28,852	(94,277)
Bad debts written off directly		-	-	-	-
		1,050,020	1,059,106	937,742	(137,749)
Net mark-up / profit / interest income after provisions		48,438,129	39,357,380	16,586,267	14,312,421
<b>Non mark-up / interest income</b>					
Fee, commission and brokerage income		8,285,256	6,527,577	2,862,752	2,154,189
Dividend income		700,946	595,420	154,525	360,395
Share of profit of associates and joint venture		1,906,506	1,177,272	638,706	285,057
Income from dealing in foreign currencies		1,973,791	1,290,959	658,415	822,806
Gain on sale of securities		1,465,867	1,588,076	92,536	750,258
Unrealized loss on held for trading securities		(9,148)	(14,135)	(23,692)	(85,279)
Other income		2,373,346	1,688,666	994,671	541,199
Total non-mark-up / interest income		16,696,564	12,853,835	5,377,913	4,828,625
		65,134,693	52,211,215	21,964,180	19,141,046
<b>Non mark-up / interest expense</b>					
Administrative expenses		31,002,759	26,751,787	10,556,183	9,735,542
Other provisions / write offs - net		196,206	(126,181)	73,191	17,701
Other charges		2,466	17,079	1,222	570
Workers' welfare fund		671,924	502,353	217,871	189,920
Total non mark-up / interest expenses		31,873,355	27,145,038	10,848,467	9,943,733
<b>Profit before taxation</b>		33,261,338	25,066,177	11,115,713	9,197,313
<b>Taxation</b>					
current		10,028,435	7,494,039	3,526,147	2,619,641
prior		66,576	(14,157)	-	(15,414)
deferred		1,270,579	868,618	283,030	395,908
		11,365,590	8,348,500	3,809,177	3,000,135
<b>Profit after taxation</b>		21,895,748	16,717,677	7,306,536	6,197,178
<b>Attributable to:</b>					
Equity holders of the Bank		21,787,418	16,573,700	7,300,901	6,196,937
Non-controlling interest		(76,487)	17,884	(27,884)	(25,220)
Minority investor of HBL funds		184,817	126,093	33,519	25,461
		21,895,748	16,717,677	7,306,536	6,197,178
------(Rupees)-----					
Basic and diluted earnings per share		14.85	11.30	4.98	4.22

The annexed notes 1 to 20 form an integral part of these condensed interim consolidated financial statements.

President and Chief Executive Officer

Director

Director

Director

**HABIB BANK LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014**

	January 01 to September 30, 2014	January 01 to September 30, 2013	July 01 to September 30, 2014	July 01 to September 30, 2013
----- (Rupees in '000) -----				
<b>Profit for the period</b>	21,895,748	16,717,677	7,306,536	6,197,178
<b>Other comprehensive income</b>				
Minority share of HBL funds transferred to other liabilities	(184,817)	(126,093)	(33,519)	(25,461)
<b>Items to be reclassified to profit or loss in subsequent periods:</b>				
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates	(1,205,610)	2,068,503	1,257,037	2,890,306
<b>Comprehensive income transferred to equity</b>	<u>20,505,321</u>	<u>18,660,087</u>	<u>8,530,054</u>	<u>9,062,023</u>
<b>Components of comprehensive income not reflected in equity</b>				
<b>Items to be reclassified to profit or loss in subsequent periods:</b>				
Deficit on revaluation of investments - net of tax	(88,681)	(3,264,139)	(514,463)	(3,207,468)
<b>Items not to be reclassified to profit or loss in subsequent periods:</b>				
Surplus on revaluation of fixed assets - net of tax	-	73,283	-	-
	<u>20,416,640</u>	<u>15,469,231</u>	<u>8,015,591</u>	<u>5,854,555</u>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Bank	20,535,077	15,459,982	8,047,632	5,900,231
Non-controlling interest	(106,009)	(7,048)	(40,494)	(5,248)
Minority investor of HBL funds	(12,428)	16,297	8,453	(40,428)
	<u>20,416,640</u>	<u>15,469,231</u>	<u>8,015,591</u>	<u>5,854,555</u>

The annexed notes 1 to 20 form an integral part of these condensed interim consolidated financial statements.

**President and Chief Executive Officer**

**Director**

**Director**

**Director**

**HABIB BANK LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014**

	Attributable to shareholders of the Bank						Non-controlling interest	Total	
	Share capital	Exchange translation reserve	Reserves		Subtotal				
			Statutory reserves	Revenue reserves					
		Joint venture and subsidiaries	Bank	General	Unappropriated profit				
(Rupees in '000)									
Balance as at December 31, 2012	12,122,748	14,911,820	353,007	18,040,715	6,073,812	67,215,111	118,717,213	1,227,207	119,944,420
<b>Total comprehensive income for the period</b>									
Profit for the nine months ended September 30, 2013	-	-	-	-	-	16,699,793	16,699,793	17,884	16,717,677
Minority share of HBL funds transferred to other liabilities	-	-	-	-	-	(126,093)	(126,093)	-	(126,093)
<b>- Other comprehensive income</b>									
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates	-	1,953,774	-	-	-	-	1,953,774	114,729	2,068,503
	-	1,953,774	-	-	-	16,573,700	18,527,474	132,613	18,660,087
<b>Transactions with owners, recorded directly in equity</b>									
Final cash dividend paid at Rs. 4 per share for the year ended December 31, 2012	-	-	-	-	-	(4,849,099)	(4,849,099)	-	(4,849,099)
1st interim cash dividend paid at Rs. 4 per share	-	-	-	-	-	(5,334,009)	(5,334,009)	-	(5,334,009)
Issued as bonus shares	1,212,275	-	-	-	-	(1,212,275)	-	-	-
Cash dividend at Rs. 1.475 per certificate by modaraba	-	-	-	-	-	-	-	(52,713)	(52,713)
	1,212,275	-	-	-	-	(11,395,383)	(10,183,108)	(52,713)	(10,235,821)
Transferred from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	41,557	41,557	-	41,557
Transferred to statutory reserves	-	-	26,058	1,549,586	-	(1,575,644)	-	-	-
Non-controlling interest acquired in HAIB during the period	-	-	-	-	-	-	-	664,235	664,235
Minority share of surplus on revaluation of securities of subsidiaries	-	-	-	-	-	-	-	(6,314)	(6,314)
Balance as at September 30, 2013	13,335,023	16,865,594	379,065	19,590,301	6,073,812	70,859,341	127,103,136	1,965,028	129,068,164
<b>Total comprehensive income for the period</b>									
Profit for the three months ended December 31, 2013	-	-	-	-	-	6,402,954	6,402,954	(93,536)	6,309,418
Minority share of HBL funds transferred to other liabilities	-	-	-	-	-	(113,531)	(113,531)	-	(113,531)
<b>- Other comprehensive income</b>									
Effect of actuarial gain and losses	-	-	-	-	-	(103,025)	(103,025)	-	(103,025)
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates	-	(7,588)	-	-	-	-	(7,588)	11,738	4,150
	-	(7,588)	-	-	-	6,186,398	6,178,810	(81,798)	6,097,012
<b>Transactions with owners, recorded directly in equity</b>									
2nd interim cash dividend paid at Rs. 2 per share	-	-	-	-	-	(2,667,005)	(2,667,005)	-	(2,667,005)
Transferred from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	19,370	19,370	-	19,370
Transferred to statutory reserves	-	-	7,726	641,463	-	(649,189)	-	-	-
Minority share of surplus on revaluation of securities of subsidiaries	-	-	-	-	-	-	-	2,886	2,886
Balance as at December 31, 2013	13,335,023	16,858,006	386,791	20,231,764	6,073,812	73,748,915	130,634,311	1,886,116	132,520,427
<b>Total comprehensive income for the period</b>									
Profit for the nine months ended September 30, 2014	-	-	-	-	-	21,972,235	21,972,235	(76,487)	21,895,748
Minority share of HBL funds transferred to other liabilities	-	-	-	-	-	(184,817)	(184,817)	-	(184,817)
<b>- Other comprehensive income</b>									
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates	-	(1,175,382)	-	-	-	-	(1,175,382)	(30,228)	(1,205,610)
	-	(1,175,382)	-	-	-	21,787,418	20,612,036	(106,715)	20,505,321
<b>Transactions with owners, recorded directly in equity</b>									
Final cash dividend paid at Rs. 2 per share for the year ended December 31, 2013	-	-	-	-	-	(2,667,005)	(2,667,005)	-	(2,667,005)
1st Interim cash dividend paid at Rs. 2 per share	-	-	-	-	-	(2,933,705)	(2,933,705)	-	(2,933,705)
2nd Interim cash dividend paid at Rs. 2.25 per share	-	-	-	-	-	(3,300,418)	(3,300,418)	-	(3,300,418)
Issued as bonus shares	1,333,502	-	-	-	-	(1,333,502)	-	-	-
	1,333,502	-	-	-	-	(10,234,630)	(8,901,128)	-	(8,901,128)
Transferred from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	78,125	78,125	-	78,125
Transferred to statutory reserves	-	-	39,151	2,049,685	-	(2,088,836)	-	-	-
Derecognition of equity due to voluntary winding up of modaraba	-	-	(7,561)	-	-	(30,247)	(37,808)	(620,768)	(658,576)
Non-controlling interest acquired in HAIB during the period	-	-	-	-	-	-	-	52,821	52,821
Minority share of surplus on revaluation of fixed assets of subsidiaries	-	-	-	-	-	-	-	703	703
Balance as at September 30, 2014	14,668,525	15,682,624	418,381	22,281,449	6,073,812	83,260,745	142,385,536	1,212,157	143,597,693

The annexed notes 1 to 20 form an integral part of these condensed interim consolidated financial statements.

President and Chief Executive Officer

Director

Director

Director

**HABIB BANK LIMITED**  
**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014**

	September 30, 2014	September 30, 2013
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	33,261,338	25,066,177
Dividend income and share of profit of associates and joint venture	(2,607,452)	(1,772,692)
Gain on sale of securities	(1,465,867)	(1,588,076)
	(4,073,319)	(3,360,768)
	29,188,019	21,705,409
<b>Adjustment for:</b>		
Depreciation	1,407,071	1,179,600
Amortisation	324,205	128,360
Reversal against diminution in the value of investments	(139,873)	(146,415)
Provision against advances	1,327,367	1,172,318
Unrealised loss on held for trading securities	9,148	14,135
Exchange (gain) / loss on sub-ordinated loans / Goodwill - net	(20,345)	182,732
Gain on sale of operating fixed assets - net	(36,297)	(29,839)
Loss on sale of non-banking asset - net	-	1,523
Miscellaneous provisions	58,732	(92,978)
	2,930,008	2,409,436
	32,118,027	24,114,845
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	8,176,752	8,128,505
Investments - held for trading	(51,708,856)	21,935,313
Advances	(18,340,877)	2,394,963
Other assets	532,796	(5,502,696)
	(61,340,185)	26,956,085
<b>(Decrease) / increase in operating liabilities</b>		
Bills payable	616,170	2,711,365
Borrowings	(43,489,526)	(137,024,882)
Deposits and other accounts	17,925,439	52,921,623
Other liabilities	4,993,640	3,722,550
	(19,954,277)	(77,669,344)
	(49,176,435)	(26,598,414)
Income tax paid - net	(10,146,255)	(10,736,206)
<b>Net cash flows used in operating activities</b>	(59,322,690)	(37,334,620)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investments	38,079,777	12,857,295
Dividend income received	587,385	442,487
Fixed capital expenditure	(3,356,376)	(2,573,116)
Proceeds from sale of fixed assets	104,114	57,427
Proceeds from sale of non-banking asset	-	38,500
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates	(1,175,382)	1,953,774
<b>Net cash flows from investing activities</b>	34,239,518	12,776,367
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Exchange adjustment on translation of non-controlling interest in subsidiary	(30,228)	114,729
Repayment of subordinated loan	(1,233,165)	(1,828,913)
Dividend paid	(8,869,992)	(9,718,538)
<b>Net cash flows used in financing activities</b>	(10,133,385)	(11,432,722)
Decrease in cash and cash equivalents during the period	(35,216,557)	(35,990,975)
Cash and cash equivalents at beginning of the period	196,251,945	196,715,562
Effects of exchange rate changes on cash and cash equivalents	(3,433,489)	8,493,987
	192,818,456	205,209,549
Cash and cash equivalents at end of the period	157,601,899	169,218,574

The annexed notes 1 to 20 form an integral part of these condensed interim consolidated financial statements.

President and Chief Executive Officer

Director

Director

Director



**HABIB BANK LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014**

**1 THE GROUP AND ITS OPERATIONS**

Habib Bank Limited (the Bank) is incorporated in Pakistan and is engaged in commercial banking and asset management related services in Pakistan and overseas. The Bank's Registered office is at Habib Bank Tower, 4th Floor, Jinnah Avenue, Islamabad and Principal office is at Habib Bank Plaza, I.I.Chundrigar Road, Karachi. The Bank's shares are listed on all three stock exchanges in Pakistan. The Group consists of the Bank, its subsidiaries and associates, as given in its consolidated financial statements for the year ended December 31, 2013 except for the voluntary winding up of First Habib Bank Modaraba (FHBM) as explained in note 6.2 of these condensed interim consolidated financial statements.

**2 STATEMENT OF COMPLIANCE**

These condensed interim consolidated financial statements have been prepared in accordance with the framework as referred to in the annual consolidated financial statements. The disclosures made in these condensed interim consolidated financial statements have been limited based on the format prescribed by SBP vide BSD Circular Letter No. 2 dated May 12, 2004 and International Accounting Standard (IAS) 34, "Interim Financial Reporting". They do not include all the disclosures required for annual financial statements, and these condensed interim consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2013.

**3 ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of these condensed interim consolidated financial statements are consistent with those followed in the preparation of the consolidated financial statements for the year ended December 31, 2013.

**4 ACCOUNTING ESTIMATES**

The basis for accounting estimates adopted in the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of the consolidated financial statements for the year ended December 31, 2013.

**5 FINANCIAL RISK MANAGEMENT**

The financial risk management objectives and policies adopted by Group are consistent with that disclosed in the consolidated financial statements for the year ended December 31, 2013.

6. INVESTMENTS	Note	September 30, 2014			December 31, 2013		
		Held by Group	Given as collateral	Total	Held by Group	Given as collateral	Total
Investments by type							
----- (Rupees in '000) -----							
<b>Held-for-trading (HFT)</b>							
<b>Federal Government Securities</b>							
- Pakistan Investment Bonds		10,566,467	-	10,566,467	11,942,763	-	11,942,763
- Market Treasury Bills		76,220,996	-	76,220,996	23,209,005	-	23,209,005
<b>Fully paid-up ordinary shares</b>							
- Listed companies		18,070	-	18,070	5,878	-	5,878
<b>Overseas Government Securities</b>							
		489,345	-	489,345	300,135	-	300,135
<b>Investments of Mutual Funds</b>							
		-	-	-	128,241	-	128,241
		87,294,878	-	87,294,878	35,586,022	-	35,586,022
<b>Held-to-Maturity Securities (HTM)</b>							
6.1							
<b>Federal Government Securities</b>							
- Pakistan Investment Bonds		71,642,551	-	71,642,551	36,957,274	-	36,957,274
- Government of Pakistan Bonds / Sukuk / (US Dollar / Euro)		719,384	-	719,384	738,666	-	738,666
<b>Debentures and Corporate Debt Instruments / Units</b>							
- Listed securities		14,575,233	-	14,575,233	15,981,315	-	15,981,315
- Unlisted securities		6,501,949	-	6,501,949	6,440,729	-	6,440,729
<b>Overseas Government securities</b>							
		23,051,775	-	23,051,775	20,237,949	-	20,237,949
		116,490,892	-	116,490,892	80,355,933	-	80,355,933
<b>Available-for-Sale Securities (AFS)</b>							
<b>Federal Government Securities</b>							
- Market Treasury Bills		387,587,648	1,287,212	388,874,860	533,321,012	48,151,773	581,472,785
- Pakistan Investment Bonds		161,117,324	-	161,117,324	50,570,687	-	50,570,687
- Government of Pakistan Guaranteed Bonds		425,000	-	425,000	425,000	-	425,000
- Government of Pakistan Bonds / Sukuk / (US Dollar / Euro)		30,823,027	-	30,823,027	22,676,455	-	22,676,455
<b>Overseas Government Securities</b>							
		5,881,133	-	5,881,133	6,080,334	-	6,080,334
<b>Fully paid-up ordinary shares</b>							
- Listed companies		9,168,011	-	9,168,011	5,545,079	-	5,545,079
- Unlisted companies		1,560,180	-	1,560,180	772,840	-	772,840
<b>Debentures and Corporate Debt Instruments / Units</b>							
- Listed securities		17,751,131	-	17,751,131	22,942,991	2,163,371	25,106,362
- Unlisted securities	6.2	4,613,515	-	4,613,515	4,926,991	-	4,926,991
<b>NIT Units</b>		2,261,113	-	2,261,113	11,113	-	11,113
<b>Preference shares</b>		250,000	-	250,000	250,000	-	250,000
<b>Investments of mutual funds</b>		6,345,609	-	6,345,609	4,056,718	-	4,056,718
		627,783,691	1,287,212	629,070,903	651,579,220	50,315,144	701,894,364
<b>Investment in Associates and Joint Venture</b>							
	6.6	11,401,406	-	11,401,406	9,652,402	-	9,652,402
		842,970,867	1,287,212	844,258,079	777,173,577	50,315,144	827,488,721
Provision for diminution / impairment in the value of investments including associates							
	6.4	(1,173,187)	-	(1,173,187)	(1,532,339)	-	(1,532,339)
<b>Net investment</b>							
		841,797,680	1,287,212	843,084,892	775,641,238	50,315,144	825,956,382
Deficit on revaluation of held for trading securities							
		(9,148)	-	(9,148)	(12,815)	-	(12,815)
Deficit on revaluation of available for sale securities							
	12.2	(113,260)	11,655	(101,605)	98,900	(122,077)	(23,177)
Surplus on revaluation of investment of associates							
		144,397	-	144,397	141,918	-	141,918
<b>Total investments at market value</b>							
		841,819,669	1,298,867	843,118,536	775,869,241	50,193,067	826,062,308

6.1 The market value of securities classified as "held-to-maturity" as at September 30, 2014 amounted to Rs. 117,093.069 million (2013: Rs. 81,284.503 million).

6.2 The certificate holders of FHBM, in an Extraordinary General Meeting held on March 27, 2014 passed a resolution for the voluntary winding up of FHBM and appointed a liquidator. Consequently, the Bank has derecognised the assets and liabilities of the former subsidiary in the consolidated financial statements. The impact on net assets as at September 30, 2014 is Rs. 658.576 million. The investment of Habib Bank Financial Services Limited in FHBM units, amounting to Rs. 30 million, has been shown as available for sale investment.

6.3 The Bank's subsidiary, Habib Allied International Bank PLC, UK issued the right share during the period, consequently the shareholding of the Bank has increased to 88.24% from 88.07%.

#### 6.4 Particulars of provision held against diminution in value of investments

The analysis of total provision held is as follows:

	September 30, 2014	December 31, 2013
	(Rupees in '000)	
Opening balance	1,532,339	1,755,518
Charge for the period / year	2,397	14,645
Reversals	(83,786)	(76,214)
Impairment charge on listed securities	66,138	55,171
Impairment reversal on listed securities	(124,622)	(218,908)
Total reversals - net	(139,873)	(225,306)
Derecognition of provision due to voluntary winding up of modaraba	(11,325)	-
Write offs	(207,954)	-
Other movement	-	2,127
Closing balance	<u>1,173,187</u>	<u>1,532,339</u>

#### 6.5 These financial statements include results of following period of associates and joint venture:

	Based on the financial information as on
Diamond Trust Bank Kenya Limited	June 30, 2014
Himalayan Bank Limited, Nepal	June 30, 2014
Kyrgyz Investment and Credit Bank	September 30, 2014
Jubilee Life Insurance Co. Ltd.	June 30, 2014
Jubilee General Insurance Co. Ltd.	June 30, 2014
HBL Money Market Fund	September 30, 2014
HBL Islamic Stock Fund	September 30, 2014
HBL Islamic Money Market Fund	September 30, 2014
HBL Pension Equity Sub Fund	September 30, 2014
HBL Pension Debt Sub Fund	September 30, 2014
HBL Pension Money Market Sub Fund	September 30, 2014
HBL Islamic Pension Equity Sub Fund	September 30, 2014
HBL Islamic Pension Debt Sub Fund	September 30, 2014
HBL Islamic Pension Money Market Sub Fund	September 30, 2014

6.6 The Group has made further investment in the following associates during the period, consequently, shareholding has increased to:

	September 30, 2014	December 31, 2013
	Shareholding %	
Jubilee General Insurance Company Limited	17.84%	17.20%
Diamond Trust Bank Kenya Limited	11.97%	11.91%

#### 7 ADVANCES

	Note	September 30, 2014	December 31, 2013
		(Rupees in '000)	
Loans, cash credits, running finances, etc.			
In Pakistan		399,129,164	406,203,223
Outside Pakistan		<u>128,648,570</u>	<u>128,264,928</u>
		527,777,734	534,468,151
Net investment in finance lease - in Pakistan		5,920,979	5,496,069
Bills discounted and purchased (excluding Government treasury bills)			
Payable in Pakistan		9,939,631	11,191,546
Payable outside Pakistan		<u>75,886,620</u>	<u>54,915,098</u>
		85,826,251	66,106,644
Provision against advances	7.2	<u>(38,810,717)</u>	<u>(42,370,127)</u>
		<u>580,714,247</u>	<u>563,700,737</u>

7.1 Classification of non-performing loans is as follows:

Category of classification	September 30, 2014								
	Non-performing advances			Provision required and held			Net non-performing advances		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)								
<b>Specific provision</b>									
Other assets especially mentioned	1,184,947	-	1,184,947	-	-	-	1,184,947	-	1,184,947
Substandard	4,980,197	899,706	5,879,903	1,227,655	296,891	1,524,546	3,752,542	602,815	4,355,357
Doubtful	2,516,433	820,250	3,336,683	1,250,327	416,368	1,666,695	1,266,106	403,882	1,669,988
Loss*	21,879,556	19,870,735	41,750,291	19,938,122	13,008,796	32,946,918	1,941,434	6,861,939	8,803,373
	30,561,133	21,590,691	52,151,824	22,416,104	13,722,055	36,138,159	8,145,029	7,868,636	16,013,665
<b>General provision</b>	-	-	-	1,034,115	1,638,443	2,672,558	-	-	-
	30,561,133	21,590,691	52,151,824	23,450,219	15,360,498	38,810,717	8,145,029	7,868,636	16,013,665

\* This includes Government guaranteed non-performing loan amounting to Rs. 1,065.738 million.

Category of classification	December 31, 2013								
	Non-performing advances			Provision required and held			Net non-performing advances		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)								
<b>Specific provision</b>									
Other assets especially mentioned	764,334	-	764,334	-	-	-	764,334	-	764,334
Substandard	6,429,774	1,080,436	7,510,210	1,323,148	260,394	1,583,542	5,106,626	820,042	5,926,668
Doubtful	1,844,431	974,400	2,818,831	900,550	431,161	1,331,711	943,881	543,239	1,487,120
Loss	25,535,645	18,887,145	44,422,790	24,274,924	13,029,567	37,304,491	1,260,721	5,857,578	7,118,299
	34,574,184	20,941,981	55,516,165	26,498,622	13,721,122	40,219,744	8,075,562	7,220,859	15,296,421
<b>General provision</b>	-	-	-	952,973	1,197,410	2,150,383	-	-	-
	34,574,184	20,941,981	55,516,165	27,451,595	14,918,532	42,370,127	8,075,562	7,220,859	15,296,421

7.2 Particulars of provision against advances

	September 30, 2014			December 31, 2013		
	Specific	General	Total	Specific	General	Total
		(Rupees in '000)				
Opening balance	40,219,744	2,150,383	42,370,127	43,734,511	2,235,695	45,970,206
Exchange adjustment / other movement	(403,248)	14,939	(388,309)	1,119,288	47,615	1,166,903
Charge for the period / year	4,285,799	568,239	4,854,038	5,714,234	750,866	6,465,100
Reversals	(2,220,298)	(61,003)	(2,281,301)	(3,064,490)	(883,793)	(3,948,283)
Net charge against advances	2,065,501	507,236	2,572,737	2,649,744	(132,927)	2,516,817
Write off	(1,089,333)	-	(1,089,333)	(412,584)	-	(412,584)
Derecognition of provision due to voluntary winding up of modaraba	(120,982)	-	(120,982)	-	-	-
Transfer to / from special category	(3,105,224)	-	(3,105,224)	(5,729,343)	-	(5,729,343)
Write off in special category	(182,929)	-	(182,929)	(227,793)	-	(227,793)
Reversal in special category	(1,245,370)	-	(1,245,370)	(914,079)	-	(914,079)
Net movement in separate category	(4,533,523)	-	(4,533,523)	(6,871,215)	-	(6,871,215)
Closing balance	36,138,159	2,672,558	38,810,717	40,219,744	2,150,383	42,370,127

7.3 In accordance with BSD Circular No. 1 dated October 21, 2011 issued by the State Bank of Pakistan (SBP), the Bank has availed the benefit of FSV against the non-performing advances (excluding consumer housing finance portfolio). Had this benefit of FSV not been taken by the Bank, the specific provision against non-performing advances as at September 30, 2014 would have been higher and profit before tax would have been lower by Rs. 883.63 million. Increase in retained earnings net of tax amounting to Rs. 574.36 million would not be available for the distribution of cash and stock dividend to shareholders.

7.4 Exposure amounting to Rs. 8.653 billion relating to Pakistan International Airlines, which is guaranteed by the Government of Pakistan, has not been classified as non-performing, in accordance with a relaxation given by SBP. However, markup income has been suspended on this amount and is not reflected in these condensed interim consolidated financial statements.

7.5 Particulars of advances to directors, associated companies, etc.

	September 30, 2014			December 31, 2013		
	Balance outstanding	Maximum total amount of advances including temporary advances outstanding **	Limit sanctioned during the period	Balance outstanding	Maximum total amount of advances including temporary advances outstanding **	Limit sanctioned during the year
------(Rupees in '000)-----						
Debts due by directors or executives of the Group or any of them either severally or jointly with any other persons:						
- in respect of directors	-	-	-	-	-	-
- in respect of executives * (Other than key management personnel)	2,034,200	2,034,200	362,052	1,800,700	1,843,700	491,638
- in respect of key management personnel / Companies in which key management personnel or their close members are interested	664,665	681,670	61,208	686,173	724,785	36,440
Debts due by companies or firms in which the directors of the Group / Parent are interested as directors, partners, advisors or in the case of private companies as members	1,472,938	1,774,244	1,833,008	1,033,786	2,553,045	673,786

The disclosure of the period / year end balance, limit / amount sanctioned and the highest amount outstanding during the period / year is considered the most meaningful information to represent the amount of the transactions and the amount of outstanding balances during the period / year.

\* (These represent staff loans given by the Group to its executives as per their terms of employment).

\*\* (Maximum amount has been arrived at by reference to month end balance).

8 OPERATING FIXED ASSETS	Note	September 30, 2014 (Rupees in '000)	December 31, 2013 (Rupees in '000)
Capital work-in-progress		1,235,642	885,436
Intangible assets			
- Goodwill	8.3	2,053,210	2,149,889
- Computer software		881,667	746,703
Tangible fixed assets		22,996,400	21,924,287
		<u>27,166,919</u>	<u>25,706,315</u>

8.1 Additions to operating fixed assets	For the nine months ended	
	September 30, 2014	September 30, 2013
	(Rupees in '000)	

The following additions have been made to operating fixed assets during the period:

<b>Capital work-in-progress</b>	1,901,329	1,269,932
<b>Intangible assets</b>	459,167	553,334
<b>Tangible fixed assets</b>		
Land	46,698	235,583
Building	261,442	638,612
Machinery	81,181	-
Furniture, fixtures and office equipments	1,799,237	1,203,314
Leasedhold Improvements	337,416	337,459
Vehicles	38,740	68,093
	<u>4,925,210</u>	<u>4,306,327</u>

8.2 Disposal of operating fixed assets

The following disposals have been made from operating fixed assets during the period:

<b>Tangible fixed assets</b>		
Land	8,000	10,396
Building	55,221	6,801
Furniture, fixtures and office equipments	651,416	346,876
Leasedhold Improvements	2,739	7,407
Vehicles	24,938	27,241
	<u>742,314</u>	<u>398,721</u>

8.3 It represents the difference between fair values of identifiable assets and liabilities and purchase consideration paid in cash by the Group for acquisition of Habibsons Bank Limited in 2011.

9 **BORROWINGS**

	September 30, 2014	December 31, 2013
	(Rupees in '000)	
<b>Secured</b>		
Borrowings from SBP under:		
Export refinance scheme	11,990,856	17,584,707
Long term financing facility - locally manufactured and imported plant & machinery	6,728,590	5,464,963
Long term finance - export oriented projects	193,568	480,741
Refinance facility for modernization of SMEs	1,839	4,608
Financing facility for Storage of Agricultural Produce	4,588	9,169
Scheme for revival of SMEs and Agricultural activities in flood affected areas	-	9,170
Repurchase agreement borrowings	1,287,212	50,072,621
	<u>20,206,653</u>	<u>73,625,979</u>
<b>Unsecured</b>		
In Pakistan:		
Interbank call money borrowings	23,152,196	13,726,623
Outside Pakistan:		
Overdrawn nostro accounts	953,809	1,203,173
Borrowings of overseas branches and subsidiaries	20,062,240	19,308,649
	21,016,049	20,511,822
	44,168,245	34,238,445
	<u>64,374,898</u>	<u>107,864,424</u>

10 **DEPOSITS AND OTHER ACCOUNTS**

**Customers**

Current accounts - non-remunerative	450,470,029	402,564,215
Savings chequing account	625,939,538	611,241,490
Fixed deposits	321,293,980	365,989,421
	<u>1,397,703,547</u>	<u>1,379,795,126</u>

**Financial institutions**

Current accounts - non-remunerative	15,822,794	8,926,506
Savings chequing account	3,275,151	4,551,714
Fixed deposits	2,353,761	7,956,468
	21,451,706	21,434,688
	<u>1,419,155,253</u>	<u>1,401,229,814</u>

11 **SUB-ORDINATED LOAN**

This represents the balance of the loan from "International Finance Corporation" (IFC) amounting to US \$ 50 million originated in 2007. The last instalment of US \$ 12.5 million is due in December 2014. The loan is unsecured and subordinated as to payment of principal and interest to all other indebtedness of the Group (including deposits). The loan may not be prepaid or repaid before maturity without the prior written approval of the SBP. The Bank is not exposed to significant exchange risk as the loan forms part of the Bank's foreign currency net open position.



	<b>September 30, 2014</b>	<b>December 31, 2013</b>
	<b>(Rupees in '000)</b>	
<b>13.2 Transaction-related contingent liabilities</b>		
Guarantees in favour of:		
- Government	410,000	550,968
- Financial institutions	2,414,290	1,894,819
- Others	53,187,027	39,344,089
	<u>56,011,317</u>	<u>41,789,876</u>
 <b>13.3 Trade-related commitments</b>		
Credit cash	79,729,949	60,418,378
Credit documentary acceptances	21,375,677	17,855,293
Credit acceptances	40,111,346	48,660,293
	<u>141,216,972</u>	<u>126,933,964</u>
 <b>13.4 Other contingencies</b>		
Claims against the Group not acknowledged as debts	<u>37,213,537</u>	<u>33,826,739</u>
 <b>13.5 Commitments in respect of forward lending</b>		
The Group makes commitments to extend credit in the normal course of its business but none of these commitments are irrevocable and do not attract any significant penalty or expense if the facility is unilaterally withdrawn.		
	<b>September 30, 2014</b>	<b>December 31, 2013</b>
	<b>(Rupees in '000)</b>	
<b>13.6 Commitments in respect of forward foreign and local exchange contracts</b>		
Purchase	104,302,110	261,889,315
Sale	104,601,514	262,090,382
The above commitments have maturities falling within one year.		
<b>Commitments in respect of foreign currency options</b>		
Purchase	744,567	649,846
Sale	744,567	649,846
<b>Commitments in respect of cross currency swaps</b>		
Purchase	1,145,152	1,121,412
Sale	1,113,171	1,105,785
<b>Commitments in respect of foreign and local currency interest rate swaps</b>		
Purchase	205,268	245,757
Sale	368,602	490,757
 <b>13.7 Commitments for acquisition of fixed assets / intangibles</b>	1,139,230	943,750



**13.8 Taxation**

The income tax returns of the Bank have been submitted upto and including the Bank's financial year ended December 31, 2012. The tax authorities have also concluded the audit upto 2012 i.e. tax year 2013.

As per Rule 8(A) of the Seventh Schedule, amounts provided for in tax year 2008 (December 2007) and prior to said tax year for doubtful debts, which were neither claimed nor allowed as tax deductible in any year shall be allowed as deduction in tax year in which such doubtful debts are written off.

With reference to allowability of provision, the management has carried out an exercise at period end and concluded that full deduction of provision in succeeding years would be allowed and accordingly recognized deferred tax asset on such provision amounting to Rs. 72.175 million.

**14 MARK-UP / RETURN / PROFIT / INTEREST EARNED**

	<u>For the nine months ended</u>	
	<u>September 30,</u>	<u>September 30,</u>
	<u>2014</u>	<u>2013</u>
	(Rupees in '000)	
<i>On loans and advances to:</i>		
- Customers	39,875,295	35,021,241
- Financial institutions	119,779	174,469
<i>On investments:</i>		
- Available-for-sale	48,760,044	49,001,944
- Held-for-trading	2,135,242	1,205,292
- Held-to-maturity	5,971,215	3,731,648
On deposits with financial institutions	946,648	850,112
On lendings to financial institutions	3,429,037	1,126,533
	<u>101,237,260</u>	<u>91,111,239</u>

**15 MARK-UP / RETURN / PROFIT / INTEREST EXPENSED**

Deposits	44,968,990	42,916,458
Securities sold under repurchase agreement borrowings	3,047,790	5,894,156
Other short term borrowings	3,330,951	1,527,257
Long term borrowings	401,380	356,882
	<u>51,749,111</u>	<u>50,694,753</u>

16 RELATED PARTY TRANSACTIONS

Aga Khan Fund for Economic Development (AKFED), S.A, Switzerland holds 51% shares of the Bank. The Group has related party relationship with its associated undertakings, joint venture company, associates of AKFED Group entities, employee benefit schemes of the Group / related party, and members of the Key Management Personnel of the Group / related party, including both Executive and Non-Executive Directors.

Banking transactions with the related parties are executed on arm's length basis i.e. substantially on the same terms, including mark-up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than normal risk (i.e. under the comparable uncontrolled price method) other than those under terms of employment. Details of advances to related parties are included in note 7.5 to these condensed interim consolidated financial statements.

Contributions to and accruals in respect of staff retirement and other benefit schemes are made in accordance with the actuarial valuation / terms of the contribution plan.

Details of transactions with related parties and balances with them as at the period / year-end were as follows:

	September 30, 2014				
	Individual and companies related through				
Parent Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties	
----- Rs. in 000 -----					
<b>Statement of financial position</b>					
Deposits	3,173,883	-	2,241,904	-	397,693
Maximum Deposits During the period	3,996,836	-	4,077,656	-	729,432
Borrowings	2,890,903	-	-	3,507,689	-
Investments	-	-	9,526,812	1,441,611	-
Markup / Other Receivable	-	-	123,497	-	-
Mark-up / Other Payable	-	-	-	-	878,758
Placements	307,101	-	-	-	-
Overdrawn Nostro	-	-	820,792	-	-
Impairment provision	-	-	577,384	-	-
<b>Profit and Loss Account</b>					
Interest / Other Income	50,151	-	2,924,991	296,281	-
Interest / Other Expense	30,814	-	476,033	7,890	386,469
<b>Others</b>					
Other contingencies	684,506	-	-	-	-
Securities Held as custodian	10,951,250	-	31,508,900	-	7,899,320
<b>December 31, 2013</b>					
Individual and companies related through					
Parent Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties	
----- Rs. in 000 -----					
<b>Statement of financial position</b>					
Deposits	3,450,508	-	7,467,809	159,678	1,105,198
Maximum Deposits During the period	4,208,820	-	7,942,206	159,678	3,833,229
Borrowings	3,094,280	-	737,272	-	-
Investments	-	-	7,860,459	1,356,483	-
Markup / Other Receivable	-	-	272,262	-	-
Mark-up / Other Payable	-	-	-	-	338,135
Placements	1,412,680	-	736,717	-	-
Overdrawn Nostro	548,068	-	640,686	-	-
Impairment provision	-	-	577,378	-	-
<b>Profit and Loss Account</b>					
Interest / Other Income	100,350	-	3,184,368	250,857	-
Interest / Other Expense	337,613	-	732,687	-	485,180
<b>Others</b>					
Other contingencies	436,646	-	-	-	-
Securities Held as custodian	8,761,370	485,000	25,888,500	-	14,454,615

16.1 Transaction with Government- related entities

The Federal Government (GOP) holds 41.5% out of which State Bank of Pakistan (SBP) holds 40.6% shareholding in the Bank and therefore entities which are owned and / or controlled by the GOP, or where the GOP may exercise significant influence, are related parties of the Group.

The Group in the ordinary course of business enters into transactions with Government-related entities, which are all conducted at arm's length basis. Such transactions include Investments [Treasury Bills / Sukuks, Pakistan Investment Bonds (PIBs)], Borrowing / Deposits, Lendings and Balance with treasury bank. The outstanding amount as at September 30, 2014 amounting to Rs. 738,860 million for investments (December 31, 2013: Rs. 726,558 million), borrowings / deposits amounting to Rs. 174,376 million (December 31, 2013: Rs. 246,509 million), advances amounting to Rs. 101,369 million (December 31, 2013: Rs. 115,558 million) and Balance with treasury bank amounting to Rs. 43,439 million (December 31, 2013: Rs. 70,314 million).

## 16.2 Key management personnel

Key Management Personnel comprises members of Management Committee, Regional Management, Country Managers and Senior Executives:

	For the nine months ended	
	September 30, 2014	September 30, 2013
	(Rupees in '000)	
Managerial remuneration (including allowances)	1,445,116	1,200,695
Contribution to provident and benevolent fund	22,158	18,709
Medical	44,053	37,444
	<u>1,511,327</u>	<u>1,256,848</u>
Number of persons	187	171

## 17 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	For the nine months ended September 30, 2014					
	Retail banking	Corporate / commercial banking	Treasury	International banking group	Head Office / support services	Total
	(Rupees in million)					
Net interest income - External	(26,569)	18,241	49,942	6,182	1,692	49,488
Inter segment revenue - net	54,630	(14,123)	(48,569)	-	8,062	-
Non-funded income	6,262	2,188	3,765	4,560	(78)	16,697
Net interest and non-markup income	34,323	6,306	5,138	10,742	9,676	66,185
Total expenses including provision (excluding impairment)	12,993	900	228	7,551	11,391	33,063
Impairment against investments	-	-	(66)	-	(74)	(140)
Inter segment administrative cost	6,621	1,324	191	729	(8,865)	-
Total expenses including provision	19,614	2,224	353	8,280	2,452	32,923
Profit before tax	14,709	4,082	4,785	2,462	7,224	33,262
Segment assets gross	123,089	354,552	792,879	352,609	122,819	1,745,948
Segment non-performing loans	3,242	19,477	-	21,591	7,842	52,152
Segment provision required including general provision	1,040	14,926	57	15,403	8,961	40,387
Segment liabilities including equity	986,683	159,137	27,264	266,671	265,806	1,705,561
Segment gross earnings on liability / asset %	10.02%	10.08%	9.72%	4.95%	6.35%	-
Segment cost of funds %	5.24%	7.79%	8.87%	1.20%	1.19%	-

	For the nine months ended September 30, 2013					
	Retail banking	Corporate / commercial banking	Treasury	International banking group	Head Office / support services	Total
	(Rupees in million)					
Net interest income - External	(27,471)	17,918	45,152	4,919	(102)	40,416
Inter segment revenue - net	48,616	(13,572)	(42,269)	-	7,225	-
Non-funded income	5,103	1,888	3,569	3,673	(1,379)	12,854
Net interest and non-markup income	26,248	6,234	6,452	8,592	5,744	53,270
Total expenses including provision (excluding impairment)	11,916	1,395	79	6,716	8,242	28,348
Impairment against investments	-	-	(124)	-	(20)	(144)
Inter segment administrative cost	5,421	1,084	156	597	(7,258)	-
Total expenses including provision	17,337	2,479	111	7,313	964	28,204
Profit before tax	8,911	3,755	6,341	1,279	4,780	25,066
Segment assets gross	129,056	333,302	712,514	306,523	105,297	1,586,692
Segment non-performing loans	8,836	30,858	-	21,087	212	60,993
Segment provision required including general provision	8,112	25,352	185	14,376	1,415	49,440
Segment liabilities including equity	919,115	130,886	28,592	227,708	230,951	1,537,252
Segment gross earnings on liability / asset %	9.29%	9.89%	9.22%	4.83%	3.41%	-
Segment cost of funds %	5.45%	7.52%	8.14%	1.21%	0.96%	-

**18 ISLAMIC BANKING BUSINESS**

The Statement of the financial position of the Islamic Banking Business is disclosed in note no. 18 to the condensed interim unconsolidated financial statements for the period ended September 30, 2014.

**19 GENERAL**

19.1 The comparative figures have been re-arranged and reclassified for comparison purposes.

19.2 The amount corresponding to the policy given in note 4.5 to the consolidated financial statements for the year ended December 31, 2013, is Rs. 27.457 billion as at September 30, 2014 (December 31, 2013: Rs. 24.352 billion).

**20 DATE OF AUTHORISATION FOR ISSUE**

These condensed interim consolidated financial statements were authorised for issue in the Board of Directors meeting held on October 24, 2014.

**President and Chief Executive Officer**

**Director**

**Director**

**Director**