

A young girl with a blue and red patterned headscarf and red dots on her cheeks, looking over a stone wall.

# HBL

## More than Just a Bank

Quarterly Report - March 31, 2018





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# Corporate Information

## Board of Directors

**Mr. Sultan Ali Allana**  
Chairman

**Mr. Shaffiq Dharamshi**  
Director

**Mr. Moez Ahamed Jamal**  
Director

**Ms. Sadia Khan**  
Director

**Mr. Salim Raza**  
Director

**Dr. Najeeb Samie**  
Director

**Mr. Agha Sher Shah**  
Director

**Mr. Rayomond Kotwal**  
Acting President & CEO

## Acting Chief Financial Officer

Mr. Irfan Ahmed Meer

## Company Secretary

Ms. Nausheen Ahmad

## Legal Advisors

Mandviwalla and Zafar  
Legal Consultants and Advocates

## Auditors

A.F. Ferguson & Co.  
Chartered Accountants

## Share Registrar

Central Depository Company of Pakistan Limited  
CDC House, 99 – B, Block 'B',  
S.M.C.H.S., Main Shahra-e-Faisal  
Karachi – 74400, Pakistan  
Tel: Customer Support Services  
(Toll Free) 0800-CDCPL (23275)  
Fax: (92-21) 3432-6053  
Email: [info@cdcpak.com](mailto:info@cdcpak.com)  
Website: [www.cdcpakistan.com](http://www.cdcpakistan.com)

## HBL Corporate Secretariat

Phone: (92-21) 3247-4396  
Fax: (92-21) 3241-5623

## Head Office

Habib Bank Limited  
Habib Bank Plaza  
I.I. Chundrigar Road,  
Karachi-75650, Pakistan  
Phone: (92-21) 32418000 [50 lines]

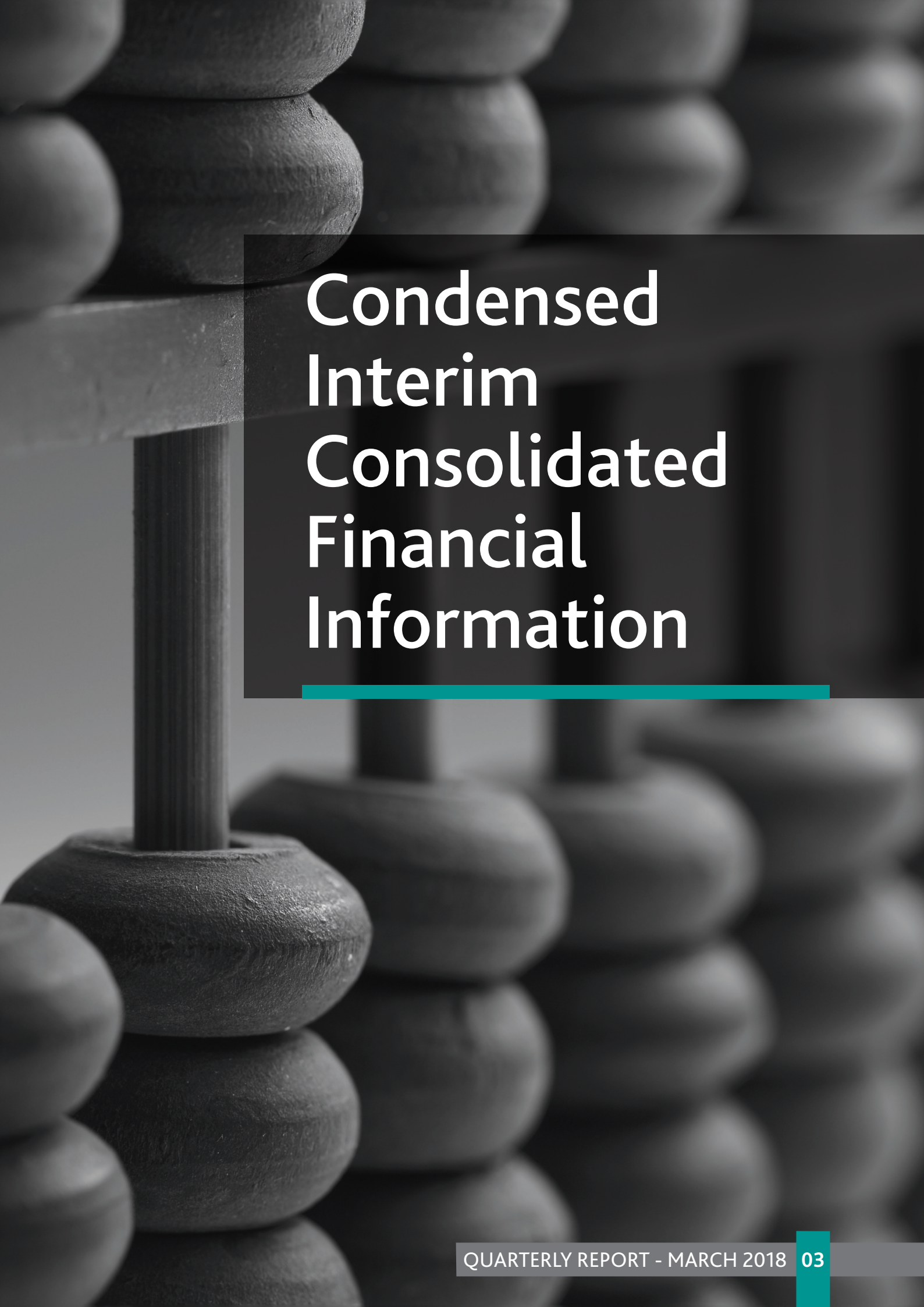
## Registered Office

Habib Bank Limited  
9th Floor, Habib Bank Tower,  
Jinnah Avenue, Blue Area,  
Islamabad, Pakistan.  
Phone: (92-51) 2270856, (92-51) 2821183  
Fax: (92-51) 2872205

## Websites:

**Corporate Website:**  
[www.hbl.com](http://www.hbl.com)

**Internet Banking:**  
[www.hblbank.com.pk](http://www.hblbank.com.pk)



# Condensed Interim Consolidated Financial Information

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# Directors' Review

**On behalf of the Board of Directors, I am pleased to present the condensed interim consolidated financial information for the quarter ended March 31, 2018.**

## Domestic Economy

The year 2018 has started off with wavering optimism on the macroeconomic front, as a high growth, low inflation environment is accompanied by a resurgence of the twin deficits of the current account and the fiscal position. Headline inflation remains soft, with March inflation reducing further to 3.25%, and lowering the average for 9M FY18 to 3.8%. Agriculture growth is projected to be lower than expectations and at a slower pace than last year due to shortfalls in cotton and wheat. However, the real sector continues to perform well, with strong growth of 6.3% in the Large Scale Manufacturing index for 8M FY18. Increased consumer spending has led to higher demand for durables, and infrastructure investment has had positive knock-on effects on the cement and steel sectors. Consequently, GDP growth, while below initial estimates, is on track to reach an 11-year high of 5.8%.

Improved demand from major trade partners, Government initiatives and currency adjustments have led to 9 consecutive months of export growth, which have increased by 12% in 9M FY18 over the same period last year. However, import growth, on the back of a higher value of petroleum imports, continues to outpace exports. A modest 4% rebound in remittances has not been sufficient to alleviate the trade deficit. As a result, the current account deficit has widened by 51% over the same period of 2017 and is now 5% of GDP.

While there has been some improvement in financial inflows, the significant increase in the current account deficit, coupled with rising external debt repayments has exacerbated the pressure on the external account. Foreign exchange reserves have declined by 12% in 2018 to USD 17.8 billion, falling below the USD 18 billion level for the first time since May 2015. The deteriorating external position and market demand-supply dynamics resulted in a further exchange rate adjustment towards the end of the first quarter, with the Rupee depreciating by 5% over December 2017 levels.

The fiscal deficit for H1 FY18 was contained at 2.2% of GDP compared to 2.5% for the same period last year, as growth in revenue collection exceeded the increase in expenditure. Provisional numbers indicate a 16% improvement in tax collection during 9M FY18; however, continued development spending and an increase in debt servicing cost are likely to result in the FY18 deficit exceeding target, particularly as spending is unlikely to be reined in in an election year.

Pakistan's equity market has partially recovered in 2018, increasing by 13% as at March 31, 2018, despite external account concerns and political uncertainty continuing to weigh on investor confidence. The exchange rate adjustments have re-ignited foreign interest with a net inflow of foreign portfolio investment during Q1 2018.

In its March Monetary Policy Statement, the SBP maintained its policy rate at 6.0%, stating that the impact of the currency adjustments and the earlier rate increase in January had not yet been fully realized in the economy. Private sector credit improved by 2% in the first two months of the calendar year. Banking sector advances for the first quarter of 2018 have increased by 4.7%, while deposits have risen by 2% since December 2017. Industry average spreads continue to narrow and are 20 bps lower than for the same period last year.

## Performance

HBL's total domestic deposits increased by 3%, crossing Rs. 1.8 trillion and increasing market share to 14.4%. The mix continued to improve, as the growth came mostly from CASA deposits which grew by Rs 43 billion, improving the CASA ratio to 86.5% as at March 31, 2018. The domestic loan book increased by 4% during the quarter with the ADR rising to 42.9%.

While HBL's core domestic business remains strong, with steady growth and improvement in key drivers, the reported results include the impact of several headwinds. These are the one-off revision in pension costs, the impact of the March Rupee devaluation on overseas borrowings, and legal, regulatory and remediation costs related to New York. In addition, with the accelerated shrinkage in the international balance sheet over the last few months, revenue reduction has outpaced cost rationalization, with the overseas profitability being significantly affected. As a result, HBL's profit before tax is Rs 7.4 billion for the first quarter of 2018. Profit after tax for this period is Rs 4.7 billion, with earnings per share for Q1 18 at Rs 3.12.



Average domestic loans grew by 29%, with all business segments performing well, while average domestic current accounts for the first quarter of 2018 increased by Rs 86 billion over Q1 17. However, with the sale of PIBs throughout 2017, investment yields in Q1 18 are lower than in the same period of last year, leading to a decline in the overall spread. A 12% growth in the average domestic balance sheet was more than sufficient to offset the margin compression; however, with the drop in the international results, total net interest income has declined slightly, by 0.8% to Rs 20.0 billion.

Non mark-up income is reported at Rs 5.2 billion, Rs 3.1 billion lower than in Q1 17. The drop in non-markup income is primarily caused by a Rs 1.1 billion impact of the rupee devaluation on external borrowings, the absence of capital gains which were Rs 1.2 billion in Q1 17, and a Rs 0.5 billion reduction in fees and commissions from international operations. With the account operations, consumer finance and cards segments leading performance, fee income in the domestic business increased by 5%, despite an expected drop in home remittance income resulting from the closure of HBL's non-bank remittance relationships.

The Bank has embarked on a global compliance transformation project and will continue to invest in this area, in state of the art technology, and in building on its market leading brand presence. Despite this, administrative expense growth, excluding the impact of pensions and the ongoing costs of the New York branch, was contained to single digits. Total non-performing loans increased by Rs 0.5 billion from December levels as the currency devaluation had an impact of Rs 1.5 billion on overseas NPLs. With steady recoveries, lower provisions and no net impairment, total provisions for the quarter recorded a reversal of Rs 111 million compared to a charge of Rs 359 million in Q1 17. The coverage ratio declined slightly over December 2017 levels as a result of the increase in NPLs but, at 90.5%, remains strong.

## Movement of Reserves

	Rs million
Unappropriated profit brought forward - restated	96,974
Profit attributable to equity holders of the Bank	4,583
Share of re-measurement loss on defined benefit obligations of associate - net	(4)
Transferred from surplus on revaluation of assets – net of tax	14
	4,593
Profit available for appropriations	101,567
<b>Appropriations</b>	
Transferred to statutory reserves	(456)
Capital contribution to statutory funds of associates	0
	(456)
<b>Unappropriated profit carried forward</b>	101,111
<b>Earnings per share (Rupees)</b>	3.12

## Capital Ratios

With the maturity of PIBs towards the end of March and the increase in domestic lending being offset by reductions in the international book, Risk Weighted Assets declined marginally over December 2017. Additionally, the Final Dividend recommended by the Board on March 19, 2018 will only be accounted for in the second quarter, following approval at the AGM. The consolidated Capital Adequacy Ratio (CAR) as at March 31, 2018 thus increased to 16.5% with the Tier 1 CAR at 12.3%.

## Dividend

The Board of Directors, in its meeting held on April 27, 2018 has declared an interim cash dividend of Rs 1.00 per share (10%) for the quarter ended March 31, 2018.

## Change in Directors

Mr. Sajid Zahid retired from the Board of Directors on March 26, 2018, at the conclusion of his term, after having served on the HBL Board since 1999. The Board wishes to place on record its deepest appreciation for the contribution and wise counsel of Mr Zahid. On March 27, 2018, the remaining six retiring Directors were elected to a new three-year term on the Board of HBL.

Ms. Sadia Khan was elected as a Director on March 27, 2018. Ms. Khan has extensive domestic and international experience, having served with multilateral organizations, and in the areas of financial regulation and entrepreneurship. The Board welcomes Ms. Khan and looks forward to her contribution.

## Future Outlook

Risks to overall macroeconomic stability have emerged due to increasing imbalances in the country's external position. These require swift measures to rectify the balance of payments and preserve the growth momentum. The Government's plans to mobilize external inflows, along with increased focus on reducing the current account deficit through stimulus to exports and remittances, will play a crucial role in maintaining an adequate level of reserves. The recent greater exchange rate flexibility, as well as steady improvements in exports and remittances are expected to bear fruit over the medium-term.

If the external challenges are addressed, the fundamentals are strong enough to put the country's economy on a sustainable high growth trajectory. Inflation expectations remain well-anchored and, while there is a risk of upward pressure from fuel prices, inflation is expected to remain comfortably within targets. Large Scale Manufacturing growth and private sector credit expansion are expected to continue well into the next fiscal year. The recently announced amnesty scheme and other taxation measures, have the potential to increase documentation and tax compliance, but will need determined and careful follow through.

HBL's core businesses remain on track and the Bank has adequate reserves of liquidity and capital. However, some of the headwinds that have affected the first quarter's performance are expected to persist for the medium term. HBL is conscious of its responsibility towards the development of Pakistan and the financial inclusion of the country's population and is committed to remain at the forefront of these activities.

## Appreciation and Acknowledgement

We would like to place on record, our appreciation for the efforts of our regulators and the Government of Pakistan, in particular the Ministry of Finance, the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan, for their guidance and support, and for developing and strengthening the banking and financial services sector through continuous improvement in the regulatory and governance framework.

On behalf of the Board and the management, we take this opportunity to express our gratitude to our customers for entrusting us with their business and to our shareholders for their support and confidence. We assure them that we remain committed to maintaining the highest standards and a strong culture of good corporate governance and compliance in all our endeavors. We also acknowledge the efforts demonstrated by our employees towards the growth of HBL and thank them for their commitment and dedication.

On behalf of the Board

**Rayomond Kotwal**  
Acting President & Chief Executive Officer  
April 27, 2018



## ڈائریکٹرز جائزہ

مجھے بورڈ آف ڈائریکٹرز کی جانب سے 31 مارچ 2018ء کو ختم ہونے والی سہ ماہی کیلئے مختصر عبوری جامع مالیاتی معلومات پیش کرتے ہوئے مسرت ہو رہی ہے۔

### ملکی معیشت

سال 2018ء کا آغاز میکرو اکنامک محاذ پر متزلزل خوش امیدی کے ساتھ ہوا کیونکہ بلند شرح اضافہ اور کم افراط زر کی فضا کے ہمراہ کرنٹ اکاؤنٹ اور مالیاتی پوزیشن کے جڑواں خسارے کا بھی اعادہ ہوا۔ عنوان افراط زر خفیف رہا اور مارچ میں افراط زر مزید کم ہو کر 3.25 فیصد ہو گیا جس کی وجہ سے مالی سال 2018ء کے 9 ماہ کا اوسط افراط زر گھٹ کر 3.8 فیصد ہو گیا۔ زرعی شرح اضافہ کپاس اور گندم کی پیداوار میں کمی کے باعث توقع سے کم اور گزشتہ برس کی نسبت سست رفتار رہے گا۔ تاہم رینل سیکٹر کی اچھی کارکردگی مالی سال 2018ء کے 8 ماہ کے لارج اسکیل مینوفیکچرنگ انڈیکس میں 6.3 فیصد کے مضبوط اضافہ کے ساتھ جاری رہی۔ بڑھتی ہوئی صارفین کی خریداری کے باعث پائیدار اشیاء کی طلب میں اضافہ ہوا اور انفراسٹرکچر میں سرمایہ کاری نے سیمنٹ اور اسٹیل سیکٹرز میں بالواسطہ مثبت اثرات مرتب کئے۔ ان عوامل کے نتیجے میں ابتدائی تخمینہ سے کم جی ڈی پی کی شرح اضافہ 5.8 فیصد ہو جائے گی جو 11 برسوں میں بلند ترین ہوگی۔

اہم تجارتی شراکت داروں کی جانب سے بہتر طلب، حکومتی اقدامات اور شرح مبادلہ میں ردوبدل کے باعث برآمدات میں لگاتار 9 ماہ سے اضافہ ہو رہا ہے جو مالی سال 2018ء کے 9 ماہ میں گزشتہ برس کی اسی مدت کے مقابلے میں 12 فیصد زیادہ ہے۔ تاہم پیٹرولیم کی بلند تر درآمدی قیمت کی وجہ سے درآمدات میں اضافے کی رفتار برآمدات کے مقابلے میں مسلسل زیادہ ہے۔ ترسیلات میں 4 فیصد کا معمولی اضافہ تجارتی خسارہ کے اثرات کم کرنے کے لئے ناکافی رہا ہے جس کے نتیجے میں کرنٹ اکاؤنٹ خسارہ 2017ء کے اسی عرصہ کے مقابل 51 فیصد بڑھ کر جی ڈی پی کا 5 فیصد ہو گیا ہے۔

مالیاتی وصولیوں کے بہاؤ میں کچھ بہتری رہی ہے لیکن کرنٹ اکاؤنٹ خسارے میں معنی خیز اضافے کے ہمراہ بیرونی قرضوں کی ادائیگیوں سے بیرونی اکاؤنٹ پر دباؤ مزید بڑھ گیا ہے۔ زر مبادلہ کے ذخائر 2018ء میں 12 فیصد کمی کے ساتھ 17.8 ارب امریکی ڈالر رہ گئے جو مئی 2015ء کے بعد سے پہلی مرتبہ 18 ارب امریکی ڈالر کی سطح سے نیچے آ گئے۔ بگڑتی ہوئی بیرونی صورتحال اور طلب و رسد کی بازاری حرکیات کے نتیجے میں پہلی سہ ماہی کے خاتمے کے قریب شرح مبادلہ میں مزید ردوبدل کیا گیا جس سے روپے کی قدر دسمبر 2017ء کے مقابل 5 فیصد کم ہو گئی۔

مالی سال 2018ء کے پہلے نصف میں مالیاتی خسارہ گزشتہ برس کے اسی عرصہ کے 2.5 فیصد کے مقابل جی ڈی پی کا 2.2 فیصد تک محدود رہا کیوں کہ محاصل کی وصولیوں میں اضافہ اخراجات میں اضافے سے تجاوز کر گیا۔ عبوری اعداد و شمار مالی سال 2018ء کے 9 ماہ کے دوران محاصل کی وصولیوں میں 16 فیصد اضافہ کو ظاہر کرتے ہیں تاہم ترقیاتی اخراجات کا تسلسل اور قرضوں کی ادائیگی کی لاگت میں اضافے کے نتیجے میں مالی سال 2018ء میں خسارہ ہدف سے زائد رہنے کا امکان ہے بالخصوص اس لئے کہ انتخابات کے برس میں اخراجات کو قابو میں رکھنا ممکن نہ ہو سکے گا۔

پاکستان کی بازار حصص 2018ء میں جزوی بحالی ہوئی ہے جو بیرونی اکاؤنٹ کے خدشات اور سیاسی غیر یقینی کے باعث سرمایہ داروں کے اعتماد پر مسلسل بوجھ کے باوجود مارچ 31، 2018ء تک 13 فیصد بڑھ گئی۔ شرح تبادلہ میں ردوبدل سے بیرونی دلچسپی میں از سر نو تیزی پیدا ہو گئی ہے جس کی وجہ سے 2018ء کی پہلی سہ ماہی میں بیرونی پورٹ فولیو سرمایہ کاری میں خالص بہاؤ ہوا ہے۔

اسٹیٹ بینک نے مارچ کے اپنے مالیاتی پالیسی بیان میں پالیسی ریٹ 6 فیصد پر برقرار رکھا ہے جس سے ظاہر ہوتا ہے کہ شرح تبادلہ کے ردوبدل اور اس سے قبل جنوری میں پالیسی ریٹ میں اضافہ کے اثرات ابھی تک معیشت میں پوری طرح حاصل نہیں ہوئے ہیں۔ کیلنڈر ایئر کے اولین 2 ماہ میں نجی شعبہ کے کریڈٹ میں 2 فیصد اضافہ ہوا ہے۔ بینکنگ سیکٹر قرضوں میں مالی سال 2018ء کی پہلی سہ ماہی میں 4.7 فیصد اضافہ ہوا ہے جبکہ ڈپازٹس میں دسمبر 2017ء سے 2 فیصد اضافہ ہوا ہے۔ انڈسٹری کے اوسط اسپرڈز میں کمی جاری رہی جو گزشتہ برس کے اسی عرصہ کے مقابلہ میں 20 بنیادی پوائنٹس کم ہیں۔

## ریز روز کی تفصیلات

ملین روپے

96,974
4,583
(4)
14
4,593
101,567

افتتاحی غیر تخصیص شدہ منافع

بینک ایکویٹی کے حامل افراد کے لیے قابل ادائیگی منافع

ایسوسی ایٹس کے وضاحت شدہ منفعت کی ذمہ داریوں پر نقصان کی دوبارہ پیمائش کا حصہ۔ خالص

اثاثہ جات کی دوبارہ تشخیص پر سرپلس سے منتقل شدہ۔ محصول کا خالص

مناسب کارروائی کے لیے دستیاب منافع

مختلف مدوں میں رکھی گئی رقوم

قانونی ذخائر میں منتقل شدہ

ایسوسی ایٹس کے غیر منقولہ فنڈز سے سرمائے کا تعاون

(456)
0
(456)

اختتامی غیر تخصیص شدہ منافع

101,111
3.12

فی حصص (شیر) آمدنی (روپے)

## کیپیٹل ریشیوز

مارچ کے اختتام تک PIBs کی ادائیگی اور مقامی قرضہ جات میں اضافہ کو بین الاقوامی حساب کتاب میں کمی سے مساوی کیا گیا ہے، خطرات سے ملحق اثاثہ جات میں دسمبر 2017 کی نسبت کمی واقع ہوئی۔ مزید یہ کہ بورڈ کی جانب سے مارچ 19، 2018ء کو سفارش کردہ حتمی منافع منقسمہ کو سالانہ عام اجلاس میں منظوری کے بعد ہی دوسری سہ ماہی میں کیا جائے گا۔ مارچ 31، 2018ء تک مجموعی کیپیٹل ایڈوکیسی ریشو (CAR) اضافے کے ساتھ 16.5 فیصد Tier 1 CAR کی شرح 12.3 فیصد رہی۔

## منافع منقسمہ

بورڈ آف ڈائریکٹرز نے اپریل 27، 2018ء کو ہونے والے اجلاس میں 31 مارچ، 2018ء کو اختتام ہونے والی سہ ماہی کے لئے 1.00 روپے فی شیر (10%) کے عبوری نقد منافع کا اعلان کیا ہے۔

## ڈائریکٹرز میں تبدیلی

جناب ساجد زاہد 1999ء سے ایچ بی ایل کے بورڈ میں خدمات انجام دینے کے بعد اپنی مدت کے اختتام پر 26 مارچ 2018ء کو بورڈ آف ڈائریکٹرز سے ریٹائر ہو گئے۔ زاہد صاحب کی دانشمندانہ مشاورت اور خدمات کے لئے بورڈ گہری ستائش ریکارڈ پر رکھنا چاہتا ہے۔ 27 مارچ 2018ء کو ریٹائر ہونے والے بقیہ 6 ڈائریکٹرز ایچ بی ایل کے بورڈ میں تین برس کی نئی مدت کے لئے دوبارہ منتخب کر لئے گئے۔

## کارکردگی

ایچ بی ایل کے مجموعی مقامی ڈپازٹس 3 فیصد اضافے کے ساتھ 1.8 کھرب روپے کی حد عبور کر گئے جبکہ مارکیٹ شیئر بڑھ کر 14.4 فیصد ہو گیا۔ ڈپازٹس کے مرکب میں بہتری جاری رہی اور زیادہ تر اضافہ CASA ڈپازٹس سے ہوا جو 43 ارب روپے بڑھ گئے جس کی وجہ سے 31 مارچ 2018ء کو CASA کے تناسب میں بہتری 86.5 فیصد تک ہو گئی۔ مقامی قرضہ جات کے کھاتہ میں اس سہ ماہی میں 4 فیصد اضافہ ہوا اور ADR بڑھ کر 42.9 فیصد ہو گیا۔

ایچ بی ایل کا بنیادی مقامی کاروبار اہم ترین عوامل میں پائیدار بڑھوتری اور بہتری کے ساتھ مستحکم رہا تاہم بیان شدہ نتائج میں متعدد مخالف عوامل کے اثرات بھی شامل ہیں جن میں بلا عائدہ پیشین کی لاگت میں تبدیلی، مارچ کے ماہ میں روپے کی قدر میں کمی کی وجہ سے سمندر پار لئے گئے قرضہ جات پر اثرات اور قانونی، ریگولیٹری اور نیویارک سے متعلق اصلاحی لاگت شامل ہیں۔ علاوہ ازیں بین الاقوامی بیلنس شیٹ میں گزشتہ چند ماہ کے مقابل بڑھتی ہوئی کمی کے باعث آمدنی میں کمی کی رفتار لاگت کے تناسب سے زائد ہو گئی جس نے سمندر پار منافع پر معنی خیز اثرات مرتب کئے ہیں۔ اس کے نتیجے میں ایچ بی ایل کا 2018ء کی پہلی سہ ماہی میں قبل از ٹیکس منافع 7.4 ارب روپے ہے۔ اسی مدت میں بعد از ٹیکس منافع 4.7 ارب روپے ہے جبکہ فی شیئر آمدنی مالی سال 2018ء کی پہلی سہ ماہی میں 3.12 روپے ہے۔

مقامی قرضوں میں اوسطاً 29 فیصد تک اضافہ ہوا اور تمام کاروباری شعبوں میں کارکردگی بہتر رہی۔ جبکہ 2018ء کی پہلی سہ ماہی کے اوسطاً کرنٹ اکاؤنٹس 2017ء کی پہلی سہ ماہی کے مقابلے میں 86 ارب روپے سے بڑھ گئے۔ تاہم سال 2017ء کے دوران PIBs کی فروخت کی وجہ سے سرمایہ کاری کی ایلنڈز گزشتہ سال کی اس مدت کے مقابلے میں کم ہے۔ جو کہ مجموعی اسپرڈ میں کمی کا سبب بنا۔ اوسطاً مقامی بیلنس شیٹ میں 12 فیصد کی ترقی اس حد تک کافی ہے جس سے مارجن کے دباؤ کو مساوی کیا جاسکتا ہے۔ البتہ، بین الاقوامی نتائج میں کمی کے ساتھ مجموعی طور پر خالص مارک اپ آمدن 0.8 فیصد کمی سے 20 ارب روپے ہو گئی ہے۔

نان مارک اپ آمدنی 5.2 ارب روپے رپورٹ کی گئی ہے جو مالی سال 2017ء کی پہلی سہ ماہی سے 3.1 ارب روپے کم ہے۔ نان مارک اپ آمدنی میں گراؤٹ کی بنیادی وجوہات میں لئے گئے بیرونی قرضہ جات پر روپے کی قدر میں کمی کی وجہ سے 1.1 ارب روپے کے اثرات، کیپٹل گین کی غیر موجودگی جو مالی سال 2017ء کی پہلی سہ ماہی میں 1.2 ارب روپے تھا اور بین الاقوامی آپریشنز سے فیس اور کمیشن کی مد میں 0.5 ارب روپے کی کمی شامل ہیں۔ اکاؤنٹ آپریشنز، کنزیومر فنانس اور کارڈز کے شعبے کارکردگی میں سرفہرست رہے اور ایچ بی ایل کے غیر بینکاری ترسیلاتی تعلقات بند کئے جانے سے ترسیلاتی آمدنی میں متوقع کمی کے باوجود مقامی کاروبار سے فیس کی آمدنی میں 5 فیصد اضافہ ہوا۔

بینک نے عالمی کمپلائنس ٹرانسپیرینس پروجیکٹ کا آغاز کر دیا ہے اور وہ اس میدان میں اسٹیٹ آف دی آرٹ ٹیکنالوجی اور مارکیٹ میں قائدانہ برانڈ کے بطور موجودگی برقرار رکھنے پر سرمایہ کاری جاری رکھے گا۔ اس کے باوجود انتظامی اخراجات میں اضافہ، پنشنز کے اثرات اور نیویارک برانچ کے جاری اخراجات کو شامل کئے بغیر، ایک ہندسہ تک محدود رکھے گئے۔ مجموعی غیر فعال قرضوں میں دسمبر کی سطح سے 0.5 ارب روپے کا اضافہ ہو گیا جس کی وجہ روپے کی قدر میں کمی سے سمندر پار غیر فعال قرضہ جات پر 1.5 ارب روپے کے اثرات تھے۔ مستحکم وصولیوں، کمتر پروویژنز اور کسی خالص امپیرمنٹ کے بغیر کل پروویژنز میں مالی سال 2017ء کی پہلی سہ ماہی کے 359 ملین روپے کے چارج کے مقابل اس سہ ماہی میں 111 ملین روپے کی معکوس تبدیلی ریکارڈ کی گئی۔ غیر فعال قرضہ جات میں اضافہ کے باعث کوریج ریشو میں دسمبر 2017ء کی سطح سے اگرچہ معمولی سی کمی ہوئی تاہم وہ 90.5 فیصد پر مستحکم رہا۔



محترمہ سعدیہ خان 27 مارچ 2018ء کو بطور ڈائریکٹر منتخب کی گئیں۔ محترمہ سعدیہ خان کثیر المملکی اداروں اور کاروباری اور مالیاتی ریگولیشن کے شعبوں میں خدمات انجام دے چکی ہیں اور وسیع ملکی اور بین الاقوامی تجربہ کی حامل ہیں۔ بورڈ محترمہ سعدیہ خان اور ان کی خدمات کا خیر مقدم کرتا ہے۔

## مستقبل کی صورتحال

ملک کی بیرونی پوزیشن میں بڑھتے ہوئے عدم تناسب کی وجہ سے مجموعی میکرو اکنامک استحکام کی بابت خدشات ابھرے ہیں جن کی وجہ سے ادائیگیوں کے توازن کی درستی اور معاشی ترقی کی رفتار کو قائم رکھنے کے لئے فوری اقدامات کی ضرورت ہے۔ حکومت کی جانب سے بیرونی ذرائع سے آنے والے مالی بہاؤ کو متحرک کرنے کی منصوبہ بندی اور برآمدات و ترسیلات میں تیزی کے ذریعے کرنٹ اکاؤنٹ خسارہ کم کرنے پر اضافی توجہ مرکوز کرنے جیسے اقدامات زرمبادلہ کے ذخائر کی متناسب سطح برقرار رکھنے میں ایک کلیدی کردار ادا کریں گے۔ شرح مبادلہ میں حالیہ وسیع ترچک کے ساتھ ساتھ برآمدات و ترسیلات میں ٹھوس بہتری سے درمیانی مدت میں ثمرات کے حصول کی توقع ہے۔

اگر بیرونی چیلنجز پر قابو پایا جائے تو بنیادی عوامل کی مضبوطی ملکی معیشت کو ٹھوس ترقی کی راہ پر گامزن کرنے کیلئے کافی ہے۔ افراط زر سے متعلق توقعات اچھی طرح سے قائم ہیں اگرچہ ایندھن کی قیمتوں میں بڑھتے ہوئے دباؤ کا خدشہ موجود ہے پھر بھی یہ توقع ہے کہ افراط زر باآسانی اہداف کے مطابق رہے گا۔ لارج اسکیل مینوفیکچرنگ میں اضافہ اور نجی شعبہ میں قرضوں کے پھیلاؤ میں تسلسل آئندہ مالی سال تک بھی متوقع ہے۔ حالیہ اعلان کی گئی ایمنسٹی اسکیم اور دیگر ٹیکس اقدامات، ٹیکس اور دستاویزی امور کے ضمن میں اضافہ کے امکانات موجود ہیں تاہم ان اقدامات کی پر عزم اور محتاط پیروی کی ضرورت ہے۔

ایچ بی ایل کا مرکزی مجموعی کاروبار مستعدی سے گامزن ہے اور بینک کے پاس لکویڈٹی اور سرمایہ کے مناسب ریزرو موجود ہیں۔ تاہم، کچھ عوامل جو پہلی سہ ماہی کی کارکردگی پر اثر انداز ہوئے ان کی موجودگی درمیانے عرصہ میں بھی متوقع ہے۔ ایچ بی ایل پاکستان کی خوشحالی سے متعلق اپنی ذمہ داریوں سے باخوبی واقف ہے اور ملکی آبادی کی مالی شمولیت اور ان کی متعلقہ سرگرمیوں میں سب سے نمایاں رہنے کے لئے پرعزم ہے۔

## تشکر و امتنان

ہم اپنے ریگولیٹرز اور حکومت پاکستان کی کاوشوں کی ستائش ریکارڈ پر رکھنا چاہتے ہیں بالخصوص وزارت مالیات، اسٹیٹ بینک اور سیکیورٹیز اینڈ ایکسچینج کمیشن کی جانب سے رہنمائی و حمایت اور بینکنگ اور مالیاتی خدمات کے شعبہ میں ریگولیٹری اور انتظامی فریم ورک میں مسلسل بہتری کے ذریعے ترقی و استحکام کے لئے کی گئی کاوشوں کو سراہتے ہیں۔

بورڈ اور انتظامیہ کی جانب سے ہم اس موقع پر اپنے کسٹمرز کے کاروباری اعتماد اور اپنے حصص یافتگان کی حمایت اور اعتماد کیلئے اظہار تشکر کرتے ہیں۔ ہم انہیں یقین دلاتے ہیں کہ ہم اپنی تمام کاوشوں میں اعلیٰ ترین معیارات اور اچھے کارپوریٹ انتظام اور اصول و قواعد کی مطابقت کے کلچر کے استمرار کے لئے عزم مصمم پر قائم ہیں۔ ہم اپنے ملازمین کی حبیب بینک کی ترقی کے ضمن میں کی گئی تمام کاوشوں کا بھی اعتراف کرتے ہیں اور ان کے عزم و وابستگی کا شکریہ ادا کرتے ہیں۔

منجانب بورڈ

رُپومند کوٹوال

قائم مقام صدر اور چیف ایگزیکٹو آفیسر

27 اپریل 2018ء

# Condensed Interim Consolidated Statement of Financial Position

As at March 31, 2018

	Note	(Unaudited) March 31, 2018 (Rupees in '000)	(Audited) December 31, 2017 (Restated)
<b>ASSETS</b>			
Cash and balances with treasury banks		261,460,898	246,043,030
Balances with other banks		37,347,560	40,804,269
Lendings to financial institutions		144,075,773	33,900,345
Investments	6	1,126,371,302	1,374,807,643
Advances	7	860,491,106	851,502,420
Operating fixed assets	8	64,372,870	62,792,843
Deferred tax asset		-	-
Other assets		66,545,085	74,251,149
		2,560,664,594	2,684,101,699
<b>LIABILITIES</b>			
Bills payable		32,245,881	33,752,219
Borrowings	9	225,666,898	397,802,667
Deposits and other accounts	10	2,031,778,241	1,998,935,057
Subordinated loan		9,992,000	9,994,000
Liabilities against assets subject to finance lease		-	-
Deferred tax liability		787,007	971,368
Other liabilities		64,105,575	53,830,894
		2,364,575,602	2,495,286,205
		196,088,992	188,815,494
<b>NET ASSETS</b>			
<b>REPRESENTED BY:</b>			
<b>Shareholders' equity</b>			
Share capital		14,668,525	14,668,525
Reserves		56,121,272	52,266,420
Unappropriated profit		101,110,932	96,974,143
Total equity attributable to the equity holders of the Bank		171,900,729	163,909,088
Non-controlling interest		3,684,511	3,487,281
Surplus on revaluation of assets - net of tax	11	20,503,752	21,419,125
		196,088,992	188,815,494
<b>CONTINGENCIES AND COMMITMENTS</b>			
	12		

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

Rayomond Kotwal  
Acting President and  
Chief Executive Officer

Irfan Ahmed Meer  
Acting Chief Financial Officer

Dr. Najeeb Samie  
Director

Agha Sher Shah  
Director

Moez Ahamed Jamal  
Director

# Condensed Interim Consolidated Profit and Loss Account (Unaudited)

For the three months ended March 31, 2018

	Note	January 01 to March 31, 2018 (Rupees in '000)	January 01 to March 31, 2017
Mark-up / return / profit / interest earned	13	37,023,051	34,932,125
Mark-up / return / profit / interest expensed	14	17,059,548	14,806,114
Net mark-up / return / profit / interest income		19,963,503	20,126,011
(Reversal) / provision against advances	7.2	(156,182)	143,310
Reversal of provision against off-balance sheet obligations		(35,291)	(41,982)
(Reversal) / provision for diminution in the value of investments	6.2	(13,618)	220,174
Bad debts written off directly		-	-
		(205,091)	321,502
Net mark-up / return / profit / interest income after provisions		20,168,594	19,804,509
<b>Non mark-up / interest income</b>			
Fee, commission and brokerage income		4,508,883	4,793,480
Dividend income		169,676	177,967
Share of profit of associates and joint venture		1,064,538	1,258,743
(Loss) / income from dealing in foreign currencies		(657,165)	669,634
Gain on sale of securities - net		100,228	1,275,413
Unrealized loss on held-for-trading securities		(45,588)	(44,101)
Other income		23,953	182,237
Total non mark-up / interest income		5,164,525	8,313,373
		25,333,119	28,117,882
<b>Non mark-up / interest expense</b>			
Administrative expenses	15	17,724,046	13,763,669
Other provisions / write offs - net		93,601	37,525
Other charges		6,104	101
Workers' Welfare Fund		139,709	264,001
Total non mark-up / interest expenses		17,963,460	14,065,296
Profit before taxation		7,369,659	14,052,586
<b>Taxation</b>			
- Current		2,478,855	4,912,249
- Prior years		-	-
- Deferred		203,160	60,616
		2,682,015	4,972,865
Profit after taxation		4,687,644	9,079,721
<b>Attributable to:</b>			
Equity holders of the Bank		4,583,173	9,032,367
Non-controlling interest		104,471	47,354
		4,687,644	9,079,721
------(Rupees)-----			
Basic and diluted earnings per share		3.12	6.16

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

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Acting Chief Financial Officer

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Director

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Moez Ahamed Jamal  
Director



# Condensed Interim Consolidated Statement of Comprehensive Income (Unaudited)

For the three months ended March 31, 2018

	January 01 to March 31, 2018	January 01 to March 31, 2017
	(Rupees in '000)	
Profit after taxation for the period attributable to:		
Equity holders of the Bank	4,583,173	9,032,367
Non-controlling interest	104,471	47,354
	4,687,644	9,079,721
Other comprehensive income / (loss)		
<i>Items that may be reclassified to the profit and loss account in subsequent periods</i>		
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net, attributable to:		
Equity holders of the Bank	3,333,489	215,920
Non-controlling interest	92,759	13,198
	3,426,248	229,118
Share of exchange translation reserve of associates	65,311	(16,997)
<i>Items that are not to be reclassified to the profit and loss account in subsequent periods</i>		
Share of remeasurement loss on defined benefit obligations of associate - net	(4,205)	(2,542)
Comprehensive income transferred to equity	8,174,998	9,289,300
Components of comprehensive income / (loss) not reflected in equity		
<i>Items that may be reclassified to the profit and loss account in subsequent periods</i>		
Movement in surplus / deficit on revaluation of investments - net of tax attributable to:		
Equity holders of the Bank	(1,147,036)	(962,089)
Non-controlling interest	(22,946)	3,851
	(1,169,982)	(958,238)
Share of surplus on revaluation of investments of associates - net of tax	257,630	(543,073)
<i>Items that are not to be reclassified to the profit and loss account in subsequent periods</i>		
Transferred from surplus on revaluation of non-banking assets - net of tax	2,568	-
Movement in surplus on revaluation of operating fixed assets of associates - net of tax	1,215	105,175
	3,783	105,175
Movement in surplus / deficit on revaluation of non-banking assets - net of tax	10,000	-
Transferred to surplus on revaluation of operating fixed assets - net of tax	(2,568)	-
	7,432	-
Total comprehensive income	7,273,861	7,893,164
Total comprehensive income attributable to:		
Equity holders of the Bank	7,099,577	7,828,761
Non-controlling interest	174,284	64,403
	7,273,861	7,893,164

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

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Director

Agha Sher Shah  
Director

Moez Ahamed Jamal  
Director

# Condensed Interim Consolidated Statement of Changes In Equity (Unaudited)

For the three months ended March 31, 2018

	Attributable to shareholders of the Bank								Subtotal	Non-controlling interest	Total
	Share capital	Exchange translation reserve	Reserves				Revenue				
			Capital		Non - distributable capital reserve	Capital reserve on acquisition of common control entity	General reserve	Unappropriated profit			
			Statutory reserves	Associates , Joint venture and subsidiary							
(Rupees in '000)											
Balance as at December 31, 2016	14,668,525	10,839,728	582,381	30,072,084	547,115	(156,706)	6,073,812	106,142,374	168,769,313	3,435,710	172,205,023
Effect of retrospective change in accounting policy	-	-	-	-	-	-	-	(803,615)	(803,615)	-	(803,615)
Balance as at December 31, 2016 (restated)	14,668,525	10,839,728	582,381	30,072,084	547,115	(156,706)	6,073,812	105,338,759	167,965,698	3,435,710	171,401,408
Comprehensive income for the period	-	-	-	-	-	-	-	9,032,367	9,032,367	47,354	9,079,721
Profit after taxation for the three months ended March 31, 2017	-	-	-	-	-	-	-	9,032,367	9,032,367	47,354	9,079,721
Other comprehensive income / (loss)	-	-	-	-	-	-	-	-	-	-	-
- Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net	-	215,920	-	-	-	-	-	-	215,920	13,198	229,118
- Share of exchange translation reserve of associates	-	(16,997)	-	-	-	-	-	-	(16,997)	-	(16,997)
-Share of remeasurement loss on defined benefit obligations of associate - net	-	-	-	-	-	-	-	(2,542)	(2,542)	-	(2,542)
	-	198,923	-	-	-	-	-	9,029,825	9,228,748	60,552	9,289,300
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	(5,133,984)	(5,133,984)	-	(5,133,984)
Final cash dividend - Rs 3.5 per share declared subsequent to the year ended December 31, 2016	-	-	-	-	-	-	-	(5,133,984)	(5,133,984)	-	(5,133,984)
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	-	-	12,094	12,094	-	12,094
Acquisition of additional interest in HAH from minority shareholder	-	-	-	-	-	-	-	-	-	(441,933)	(441,933)
Transferred to statutory reserves	-	-	41,864	811,910	-	-	-	(853,774)	-	-	-
Capital contribution from statutory funds of associates	-	-	-	-	-	-	-	4,629	4,629	-	4,629
Balance as at March 31, 2017 (restated)	14,668,525	11,038,651	624,245	30,883,994	547,115	(156,706)	6,073,812	108,397,549	172,077,185	3,054,329	175,131,514
Comprehensive income for the period	-	-	-	-	-	-	-	(537,156)	(537,156)	305,709	(231,447)
Loss after taxation for the nine months ended December 31, 2017 (restated)	-	-	-	-	-	-	-	(537,156)	(537,156)	305,709	(231,447)
Other comprehensive income / (loss)	-	-	-	-	-	-	-	-	-	-	-
- Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net	-	3,526,988	-	-	-	-	-	-	3,526,988	130,791	3,657,779
- Share of exchange translation reserve of associates	-	55,785	-	-	-	-	-	-	55,785	-	55,785
- Remeasurement loss on defined benefit obligations- net	-	-	-	-	-	-	-	(1,010,912)	(1,010,912)	(3,548)	(1,014,460)
-Share of remeasurement loss on defined benefit obligations of associate - net	-	-	-	-	-	-	-	(129)	(129)	-	(129)
	-	3,582,773	-	-	-	-	-	(1,548,197)	2,034,576	432,952	2,467,528
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	(5,133,984)	(5,133,984)	-	(5,133,984)
1st interim cash dividend - Rs 3.5 per share	-	-	-	-	-	-	-	(5,133,984)	(5,133,984)	-	(5,133,984)
2nd interim cash dividend - Rs 3.5 per share	-	-	-	-	-	-	-	(10,267,968)	(10,267,968)	-	(10,267,968)
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	-	-	35,444	35,444	-	35,444
Transferred to / (from) statutory reserves	-	-	134,462	(105,470)	-	-	-	(28,992)	-	-	-
Exchange translation realised on sale of Bank branch to Habibsons Bank	-	(371,022)	-	-	-	-	-	371,022	-	-	-
Exchange translation realised on sale of Bank branches	-	14,566	-	-	-	-	-	-	14,566	-	14,566
Capital contribution from statutory funds of associates	-	-	-	-	-	-	-	15,285	15,285	-	15,285
Balance as at December 31, 2017 (restated)	14,668,525	14,264,968	758,707	30,778,524	547,115	(156,706)	6,073,812	96,974,143	163,909,088	3,487,281	167,396,369
Comprehensive income for the period	-	-	-	-	-	-	-	4,583,173	4,583,173	104,471	4,687,644
Profit after taxation for the three months ended March 31, 2018	-	-	-	-	-	-	-	4,583,173	4,583,173	104,471	4,687,644
Other comprehensive income / (loss)	-	-	-	-	-	-	-	-	-	-	-
- Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net	-	3,333,489	-	-	-	-	-	-	3,333,489	92,759	3,426,248
- Share of exchange translation reserve of associates	-	65,311	-	-	-	-	-	-	65,311	-	65,311
-Share of remeasurement loss on defined benefit obligations of associate - net	-	-	-	-	-	-	-	(4,205)	(4,205)	-	(4,205)
	-	3,398,800	-	-	-	-	-	4,578,968	7,977,768	197,230	8,174,998
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	-	-	14,236	14,236	-	14,236
Transferred to statutory reserves	-	-	60,249	395,803	-	-	-	(456,052)	-	-	-
Capital contribution to statutory funds of associates	-	-	-	-	-	-	-	(363)	(363)	-	(363)
Balance as at March 31, 2018	14,668,525	17,663,768	818,956	31,174,327	547,115	(156,706)	6,073,812	101,110,932	171,900,729	3,684,511	175,585,240

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

**Rayomond Kotwal**  
Acting President and  
Chief Executive Officer

**Irfan Ahmed Meer**  
Acting Chief Financial Officer

**Dr. Najeeb Samie**  
Director

**Agha Sher Shah**  
Director

**Moez Ahamed Jamal**  
Director

# Condensed Interim Consolidated Cash Flow Statement (Unaudited)

For the three months ended March 31, 2018

## CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation

Dividend income

Share of profit of associates and joint venture

Adjustment for:

Depreciation

Amortisation

(Reversal) / provision against advances

Reversal of provision against off-balance sheet obligations

(Reversal) / provision for diminution in the value of investments

Other provisions / write offs - net

Unrealized loss on held-for-trading securities

Exchange gain on Goodwill

Gain on sale of operating fixed assets - net

Workers' Welfare Fund

(Increase) / decrease in operating assets

Lendings to financial institutions

Net investments in held-for-trading securities

Advances

Other assets (excluding advance taxation)

Increase / (decrease) in operating liabilities

Bills payable

Borrowings

Deposits and other accounts

Other liabilities

Income tax paid

Net cash flows used in operating activities

## CASH FLOWS FROM INVESTING ACTIVITIES

Net investments in available-for-sale securities

Net investments in held-to-maturity securities

Net investments in associates

Dividend income received

Fixed capital expenditure

Proceeds from sale of fixed assets

Effect of translation of net investment in foreign

branches, subsidiaries, joint venture and associates - net

Net cash flows from investing activities

## CASH FLOWS FROM FINANCING ACTIVITIES

Effect of translation of net investment by non-controlling interest in subsidiary

Repayment of subordinated loan

Dividend paid

Net cash flows from / (used in) financing activities

Increase / (decrease) in cash and cash equivalents during the period

Cash and cash equivalents at the beginning of the period

Effect of exchange rate changes on cash and cash equivalents

Cash and cash equivalents at the end of the period

March 31,  
2018  
(Rupees in '000)

March 31,  
2017

7,369,659	14,052,586
(169,676)	(177,967)
(1,064,538)	(1,258,743)
(1,234,214)	(1,436,710)
6,135,445	12,615,876
868,210	830,156
162,134	136,995
(156,182)	143,310
(35,291)	(41,982)
(13,618)	220,174
93,601	37,525
45,588	44,101
(163,460)	(23,227)
(14,206)	(16,648)
139,709	264,001
926,485	1,594,405
7,061,930	14,210,281
(110,175,428)	12,373,811
(18,600,132)	(103,616,288)
(8,832,504)	(13,315,766)
8,288,706	(150,655)
(129,319,358)	(104,708,898)
(1,506,338)	(5,087,737)
(172,135,769)	24,631,268
32,843,184	14,421,655
10,174,682	6,995,064
(130,624,241)	40,960,250
(252,881,669)	(49,538,367)
(3,267,842)	(6,336,357)
(256,149,511)	(55,874,724)
222,499,463	5,685,461
44,314,792	23,405,351
(45,061)	(9,305)
153,475	123,693
(2,315,355)	(14,274,804)
18,216	35,666
3,398,800	196,381
268,024,330	15,162,443
92,759	13,198
(2,000)	(2,000)
(4,419)	(35,478)
86,340	(24,280)
11,961,159	(40,736,561)
280,289,917	283,845,636
6,557,382	551,742
286,847,299	284,397,378
298,808,458	243,660,817

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

**Rayomond Kotwal**  
Acting President and  
Chief Executive Officer

**Irfan Ahmed Meer**  
Acting Chief Financial Officer

**Dr. Najeeb Samie**  
Director

**Agha Sher Shah**  
Director

**Moez Ahamed Jamal**  
Director



# Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

## For the three months ended March 31, 2018

### 1 THE GROUP AND ITS OPERATIONS

Habib Bank Limited (the Bank) is incorporated in Pakistan and is engaged in commercial banking related services in Pakistan and overseas. The Bank's registered office is at Habib Bank Tower, 9th Floor, Jinnah Avenue, Islamabad and its principal office is at Habib Bank Plaza, I.I.Chundrigar Road, Karachi. The Bank's shares are listed on the Pakistan Stock Exchange. The Bank operates 1,703 (December 31, 2017: 1,703) branches inside Pakistan including 47 (December 31, 2017: 47) Islamic Banking Branches and 48 (December 31, 2017: 48) branches outside the country including in the Karachi Export Processing Zone (KEPZ). The Aga Khan Fund for Economic Development (AKFED), S.A. is the parent company of the Bank and its registered office is in Geneva, Switzerland.

- 1.1 Habib Finance International Limited, a wholly owned subsidiary of the Bank, has filed for voluntary liquidation and is in the process of completing the required formalities in this regard.

### 2 STATEMENT OF COMPLIANCE

This condensed interim consolidated financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:

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

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IAS 34 or IFAS the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives, shall prevail.

The disclosures made in this condensed interim consolidated financial information has been limited based on the format prescribed by the SBP vide BSD Circular Letter No. 2 dated May 12, 2004 and IAS 34. This condensed interim consolidated financial information does not include all the disclosures required for annual consolidated financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2017.

### 3 ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim consolidated financial information are consistent with those followed in the preparation of the consolidated financial statements for the year ended December 31, 2017 except as disclosed in note 3.1.

#### 3.1 Change in accounting policy

The Companies Ordinance, 1984 was repealed through the enactment of the Companies Act, 2017. However, as directed by the Securities and Exchange Commission of Pakistan vide circular number 23 dated Oct 4, 2017, the financial reporting requirements of the Companies Act, 2017 were only made applicable for reporting periods starting from January 1, 2018.

Consequently, the Bank has changed its policy for accounting for a deficit arising on revaluation of fixed assets. The Bank's previous accounting policy (as described in Note 4.5.1 of the annual consolidated financial statements), in accordance with the repealed Companies Ordinance, 1984, required that a deficit arising on revaluation of a particular property was to be adjusted against the total balance in the surplus account or, if no surplus existed, was to be charged to the profit and loss account as an impairment of the asset. The Companies Act, 2017 removed the specific provisions allowing the above treatment. A deficit arising on revaluation of a particular property is now to be accounted for in accordance with IFRS, which requires that such deficit is to be taken to the profit and loss account as an impairment.

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

	As at March 31, 2018	As at December 31, 2017	As at December 31, 2016
Impact on Statement of Financial Position		(Rupees in '000)	
Decrease in unappropriated profit	(130,492)	(131,799)	(803,615)
Increase in surplus on revaluation of assets – net of tax	130,492	131,799	803,615
	For the three months ended		
	March 31, 2018	March 31, 2017	
	(Rupees in '000)		
Impact on Profit and Loss account	-	-	
Impact on Statement of Comprehensive Income	-	-	

### 4 ACCOUNTING ESTIMATES

The basis for accounting estimates adopted in the preparation of this condensed interim consolidated financial information is the same as that applied in the preparation of the consolidated financial statements for the year ended December 31, 2017.

### 5 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Group are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2017.

## 6 INVESTMENTS

Note

## Investments by type

## Held-for-trading (HFT)

## Federal Government securities

- Market Treasury Bills
- Pakistan Investment Bonds
- Sukuks

## Fully paid-up ordinary shares

- Listed companies

## Overseas Government securities

March 31, 2018 (Unaudited)			December 31, 2017 (Audited)		
Held by Group	Given as collateral	Total	Held by Group	Given as collateral	Total
(Rupees in '000)					
82,784,027	-	82,784,027	48,402,667	-	48,402,667
2,542,246	-	2,542,246	17,918,321	-	17,918,321
1,686,751	-	1,686,751	1,999,062	-	1,999,062
143,559	-	143,559	274,651	-	274,651
114,208	-	114,208	149,311	-	149,311
87,270,791	-	87,270,791	68,744,012	-	68,744,012

## Held-to-maturity (HTM)

6.1

## Federal Government securities

- Market Treasury Bills
- Pakistan Investment Bonds
- Government of Pakistan US Dollar Bonds

## Debentures and corporate debt instruments

- Listed
- Unlisted

## Overseas Government securities

101,583	-	101,583	90,938	-	90,938
185,948,211	-	185,948,211	229,759,743	-	229,759,743
117,216	-	117,216	1,177,868	-	1,177,868
11,251,011	-	11,251,011	9,551,953	-	9,551,953
20,744,838	-	20,744,838	21,326,345	-	21,326,345
16,252,607	-	16,252,607	16,823,411	-	16,823,411
234,415,466	-	234,415,466	278,730,258	-	278,730,258

## Available-for-sale (AFS)

## Federal Government securities

- Market Treasury Bills
- Pakistan Investment Bonds
- Government of Pakistan US Dollar Bonds
- Sukuks

## Fully paid-up ordinary shares

- Listed companies
- Unlisted companies

## Debentures and corporate debt instruments

- Listed
- Unlisted

## Overseas Government securities

## National Investment Trust units

## Real Estate Investment Trust units

## Preference shares

261,960,357	73,219,371	335,179,728	331,139,959	131,244,262	462,384,221
268,201,725	7,798,276	276,000,001	238,503,885	134,373,604	372,877,489
2,142,417	-	2,142,417	2,257,828	-	2,257,828
80,812,280	-	80,812,280	83,205,706	-	83,205,706
18,438,150	-	18,438,150	19,661,232	-	19,661,232
2,712,047	-	2,712,047	2,711,847	-	2,711,847
29,539,844	13,699,024	43,238,868	23,898,704	15,378,666	39,277,370
10,390,389	-	10,390,389	10,771,917	-	10,771,917
10,336,089	-	10,336,089	8,891,515	-	8,891,515
11,113	-	11,113	11,113	-	11,113
55,000	-	55,000	154,000	-	154,000
97,500	-	97,500	97,500	-	97,500
684,696,911	94,716,671	779,413,582	721,305,206	280,996,532	1,002,301,738

## Investment in associates and joint venture

## Provision for diminution in the value of investments

6.2

## Deficit on revaluation of held-for-trading securities

## (Deficit) / surplus on revaluation of available-for-sale securities

## Surplus on revaluation of investments of associates

## Total investments (net of provision)

28,664,986	-	28,664,986	27,169,019	-	27,169,019
1,035,048,154	94,716,671	1,129,764,825	1,095,948,495	280,996,532	1,376,945,027
(1,489,433)	-	(1,489,433)	(1,503,051)	-	(1,503,051)
1,033,558,721	94,716,671	1,128,275,392	1,094,445,444	280,996,532	1,375,441,976
(45,588)	-	(45,588)	(73,353)	-	(73,353)
(2,350,584)	(93,070)	(2,443,654)	(974,143)	224,364	(749,779)
585,152	-	585,152	188,799	-	188,799
1,031,747,701	94,623,601	1,126,371,302	1,093,586,747	281,220,896	1,374,807,643

6.1 Securities classified as held-to-maturity had a market value of Rs 234,541.727 million as at March 31, 2018 (December 31, 2017: Rs 280,806.402 million).

6.2 Particulars of provision held against diminution in the value of investments

	(Unaudited) March 31, 2018 (Rupees in '000)	(Audited) December 31, 2017 (Rupees in '000)
Opening balance	1,503,051	866,152
Charge for the period / year	135,860	1,289,086
Reversal for the period / year	-	(203,605)
Reversed on disposal during the period / year	(149,478)	(619,614)
Net (reversal) / charge	(13,618)	465,867
Recoveries against written off investments	-	171,032
Closing balance	1,489,433	1,503,051

6.3 This condensed interim consolidated financial information includes the results of the following associates and joint venture for the periods listed:

Based on the financial  
information as at

Diamond Trust Bank Kenya Limited	December 31, 2017
Himalayan Bank Limited, Nepal	January 17, 2018
Kyrgyz Investment and Credit Bank, Kyrgyz Republic	March 31, 2018
Jubilee General Insurance Company Limited	December 31, 2017
Jubilee Life Insurance Company Limited	December 31, 2017
HBL Cash fund	March 31, 2018
HBL Energy Fund	March 31, 2018
HBL Equity Fund	March 31, 2018
HBL Financial Planning Fund - Strategic Allocation Plan	March 31, 2018
HBL Government Securities Fund	March 31, 2018
HBL Income Fund	March 31, 2018
HBL Islamic Asset Allocation Fund	March 31, 2018
HBL Islamic Equity Fund	March 31, 2018
HBL Islamic Income Fund	March 31, 2018
HBL Islamic Money Market Fund	March 31, 2018
HBL Islamic Pension Fund - Debt Sub Fund	March 31, 2018
HBL Islamic Pension Fund - Equity Sub Fund	March 31, 2018
HBL Islamic Pension Fund - Money Market Sub Fund	March 31, 2018
HBL Islamic Stock Fund	March 31, 2018
HBL Money Market Fund	March 31, 2018
HBL Multi Asset Fund	March 31, 2018
HBL Pension Fund - Debt Sub Fund	March 31, 2018
HBL Pension Fund - Equity Sub Fund	March 31, 2018
HBL Pension Fund - Money Market Sub Fund	March 31, 2018
HBL Stock Fund	March 31, 2018
PICIC Investment Fund	March 31, 2018

7 ADVANCES

	Note	(Unaudited) March 31, 2018 (Rupees in '000)	(Audited) December 31, 2017 (Rupees in '000)
Loans, cash credits, running finances, etc.			
- In Pakistan		660,077,099	642,772,680
- Outside Pakistan		118,789,033	124,963,052
		778,866,132	767,735,732
Net investment in finance lease - in Pakistan		17,029,657	17,127,661
Islamic financing and related assets	20.1.2	93,720,225	84,408,003
Bills discounted and purchased			
- Payable in Pakistan		16,796,957	16,751,077
- Payable outside Pakistan		23,123,065	34,985,466
		39,920,022	51,736,543
Advances - gross		929,536,036	921,007,939
Provision against advances			
- Specific	7.2	(65,855,027)	(66,417,176)
- General		(3,189,903)	(3,088,343)
		(69,044,930)	(69,505,519)
Advances - net of provision		860,491,106	851,502,420



7.1 Advances include Rs 76,318.241 million ( December 31, 2017: Rs 75,845.392 million) which have been placed under non-performing status as detailed below:

Category of classification	March 31, 2018 (Unaudited)								
	Non-performing advances			Provision required and held			Net non-performing advances		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)								
Other assets especially mentioned	1,956,222	607,329	2,563,551	-	-	-	1,956,222	607,329	2,563,551
Substandard	2,508,964	1,042,678	3,551,642	1,152,583	201,329	1,353,912	1,356,381	841,349	2,197,730
Doubtful	1,424,177	824,119	2,248,296	710,370	309,614	1,019,984	713,807	514,505	1,228,312
Loss	43,019,935	24,934,817	67,954,752	41,954,837	21,526,294	63,481,131	1,065,098	3,408,523	4,473,621
	<u>48,909,298</u>	<u>27,408,943</u>	<u>76,318,241</u>	<u>43,817,790</u>	<u>22,037,237</u>	<u>65,855,027</u>	<u>5,091,508</u>	<u>5,371,706</u>	<u>10,463,214</u>
Category of classification	December 31, 2017 (Audited)								
	Non-performing advances			Provision required and held			Net non-performing advances		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)								
Other assets especially mentioned	1,069,200	32,434	1,101,634	-	-	-	1,069,200	32,434	1,101,634
Substandard	2,891,184	794,075	3,685,259	1,164,228	166,073	1,330,301	1,726,956	628,002	2,354,958
Doubtful	1,560,805	1,022,442	2,583,247	778,980	417,505	1,196,485	781,825	604,937	1,386,762
Loss	44,829,967	23,645,285	68,475,252	43,694,869	20,195,521	63,890,390	1,135,098	3,449,764	4,584,862
	<u>50,351,156</u>	<u>25,494,236</u>	<u>75,845,392</u>	<u>45,638,077</u>	<u>20,779,099</u>	<u>66,417,176</u>	<u>4,713,079</u>	<u>4,715,137</u>	<u>9,428,216</u>

7.2 Particulars of provision against advances

	Note	March 31, 2018 (Unaudited)			December 31, 2017 (Audited)		
		Specific	General	Total	Specific	General	Total
		(Rupees in '000)					
Opening balance		66,417,176	3,088,343	69,505,519	65,160,197	3,623,544	68,783,741
Exchange adjustment		1,160,706	80,466	1,241,172	1,417,860	102,173	1,520,033
Charge for the period / year		700,186	68,789	768,975	5,294,493	337,509	5,632,002
Reversal for the period / year		(848,686)	(76,471)	(925,157)	(4,711,205)	(970,351)	(5,681,556)
Net (reversal) / charge against advances		(148,500)	(7,682)	(156,182)	583,288	(632,842)	(49,554)
Charged off during the period / year	7.4	(99,560)	-	(99,560)	(400,719)	-	(400,719)
Written off during the period / year		(1,559,883)	-	(1,559,883)	(352,587)	-	(352,587)
Transfer out on sale of Kenya business		-	-	-	(550,276)	(21,002)	(571,278)
Recoveries against write off		85,088	-	85,088	512,684	-	512,684
Other movements		-	28,776	28,776	46,729	16,470	63,199
Closing balance		<u>65,855,027</u>	<u>3,189,903</u>	<u>69,044,930</u>	<u>66,417,176</u>	<u>3,088,343</u>	<u>69,505,519</u>

7.3 General provision represents provision amounting to Rs 1,438.700 million (December 31, 2017: Rs 1,405.701 million) against consumer finance portfolio and Rs 162.578 million (December 31, 2017: Rs 138.195 million) against advances to microenterprises as required by the Prudential Regulations. General provision also includes Rs 1,588.625 million (December 31, 2017: Rs 1,544.447 million) pertaining to overseas locations to meet the requirements of the regulatory authorities of the respective countries in which the Group operates.

7.4 These represent non-performing advances for agriculture finance which have been classified as loss, are fully provided and are in default for more than 3 years. These non-performing advances have been charged off by extinguishing them against the provision held in accordance with the SBP's Prudential Regulations for Agriculture Financing. This charge off does not, in any way, prejudice the Bank's right of recovery from these customers.

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

	March 31, 2018 (Unaudited)					
	Balance at the beginning of the period / year	Loans granted / transferred in during the period / year	Repayments / transferred out during the period / year	Balance at the end of the period / year	Maximum total amount of advances including temporary advances outstanding**	Limit sanctioned during the period / 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)	2,819,039	479,693	(1,443,194)	1,855,538	1,896,953	364,793
- in respect of Key Management Personnel	145,569	66,045	(75,371)	136,243	192,175	55,607
Debts due by companies or firms in which the Directors of the Group are interested as directors, partners, advisors or in the case of private companies as members	17,102,322	40,146,299	(36,297,495)	20,951,126	21,341,738	185,658

\* These represent advances given by the Group to its Executives as per their terms of employment.

\*\* This is the maximum amount outstanding at any month end during the period / year.

December 31, 2017 (Audited)						
	Balance at the beginning of the period / year	Loans granted / transferred in during the period / year	Repayments / transferred out during the period / year	Balance at the end of the period / year	Maximum total amount of advances including temporary advances outstanding**	Limit sanctioned during the period / 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)	2,876,769	771,450	(829,180)	2,819,039	3,099,210	771,450
- in respect of Key Management Personnel	38,221	180,966	(73,618)	145,569	209,438	168,890
Debts due by companies or firms in which the Directors of the Group are interested as directors, partners, advisors or in the case of private companies as members	10,404,154	170,929,393	(164,231,225)	17,102,322	26,606,439	13,766,655

\* These represent advances given by the Group to its Executives as per their terms of employment.

\*\* This is the maximum amount outstanding at any month end during the period / year.

8	OPERATING FIXED ASSETS	Note	(Unaudited) March 31, 2018 (Rupees in '000)	(Audited) December 31, 2017
	Capital work-in-progress	8.1	18,155,205	17,061,851
	Tangible fixed assets		40,416,644	40,036,539
	Intangible assets		5,801,021	5,694,453
			<u>64,372,870</u>	<u>62,792,843</u>

8.1 This includes Rs 15,110.039 million (December 31, 2017: Rs 14,440.034 million) on account of HBL Tower, the Bank's new office building in Karachi.

8.2	Additions to operating fixed assets	(Unaudited) For the three months ended March 31, 2018 (Rupees in '000)	March 31, 2017
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The following additions have been made to operating fixed assets during the period:

<i>Capital work-in-progress</i>	1,093,354	13,542,686
<i>Tangible fixed assets</i>		
Land	52,608	-
Building	127,438	124,490
Machinery	2,957	-
Furniture, fixtures and office equipment	855,232	535,828
Leasehold Improvements	143,663	47,269
Vehicles	4,089	7,033
	<u>1,185,987</u>	<u>714,620</u>
<i>Intangible assets</i>		
Computer software	103,532	73,131
Management Rights	-	2,367,577
Goodwill	-	(2,367,577)
	<u>103,532</u>	<u>73,131</u>
	<u>2,382,873</u>	<u>14,330,437</u>

### 8.3 Disposal of operating fixed assets

Note

The cost of operating fixed assets disposed off during the period is as follows:

#### Tangible fixed assets

Furniture, fixtures and office equipment

Leasehold Improvements

Vehicles

(Unaudited)  
For the three months ended  
March 31, 2018      March 31, 2017  
(Rupees in '000)

239,093	85,312
30,011	16,426
4,920	44,732
<u>274,024</u>	<u>146,470</u>

## 9 BORROWINGS

#### Secured

Borrowings from the SBP under

- Export refinance scheme
- Long term financing facility
- Refinance facility for modernization of SMEs

Repurchase agreement borrowings

#### Unsecured

- Call money borrowings
- Overdrawn nostro accounts
- Borrowings of overseas branches and subsidiaries
- Other long term borrowing

(Unaudited)      (Audited)  
March 31,      December 31,  
2018      2017  
(Rupees in '000)

25,168,668	26,343,510
10,463,167	9,852,123
18,500	9,500
35,650,335	36,205,133
93,744,435	279,802,790
<u>129,394,770</u>	<u>316,007,923</u>

23,640,000	11,385,000
1,895,258	1,829,975
28,773,905	28,375,417
41,962,965	40,204,352
96,272,128	81,794,744
<u>225,666,898</u>	<u>397,802,667</u>

9.1

9.1 This includes the following:

- 9.1.1 A loan from the International Finance Corporation amounting to US\$ 150 million (December 31, 2017: US\$ 150 million). The principal amount is payable in six equal half yearly installments from June 2022 to December 2024. Interest at LIBOR+5% is payable bi-annually from June 2015.
- 9.1.2 A loan from the China Development Bank amounting to US\$ 196 million (December 31, 2017: US\$ 196 million). The principal amount is payable in six installments from December 2017 to June 2020. Interest at LIBOR+2.45% is payable semi annually commencing from June 15, 2017.
- 9.1.3 A loan from Allied Bank Limited amounting to Rs 2 billion (December 31, 2017: Rs 2 billion). The principal amount is payable in ten equal half yearly installments starting from June 2020 to December 2024. Interest at 6 months KIBOR+0.75% is payable bi-annually commencing from June 2018.

## 10 DEPOSITS AND OTHER ACCOUNTS

#### Customers

Current accounts - non-remunerative

Savings accounts

Fixed deposits

(Unaudited)      (Audited)  
March 31,      December 31,  
2018      2017  
(Rupees in '000)

733,994,528	727,425,393
884,056,645	876,338,346
322,116,788	328,867,254
<u>1,940,167,961</u>	<u>1,932,630,993</u>

#### Financial institutions

Current accounts - non-remunerative

Savings accounts

Fixed deposits

5,521,791	5,778,651
79,435,572	59,294,770
6,652,917	1,230,643
91,610,280	66,304,064
<u>2,031,778,241</u>	<u>1,998,935,057</u>

# 11 SURPLUS ON REVALUATION OF ASSETS - net of tax

Surplus / (deficit) arising on revaluation of assets - net of tax, on

- Operating fixed assets, attributable to

- Equity holders

- Non-controlling interest

- Investments, attributable to

- Equity holders

- Non-controlling interest

- Non-banking assets acquired in satisfaction of claims

Surplus on revaluation of assets - net of tax

Note	(Unaudited) March 31, 2018 (Rupees in '000)	(Audited) December 31, 2017 (Restated)
	21,530,414	21,540,565
	3,236	3,387
11.1	21,533,650	21,543,952
	(1,292,339)	(402,933)
	(27,660)	(4,714)
11.2	(1,319,999)	(407,647)
11.3	290,101	282,820
	20,503,752	21,419,125

## 11.1 Surplus on revaluation of operating fixed assets

Surplus as at the beginning of the period / year

Surplus recognised during the period / year

Transferred from surplus on revaluation of non-banking assets

Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year - net of deferred tax

Related deferred tax liability on incremental depreciation charged during the period / year

Less: related deferred tax liability on

- Revaluation as at the beginning of the period / year

- Revaluation recognized during the period / year

- Amount transferred from surplus on revaluation of non-banking assets

- Incremental depreciation charged during the period / year

Surplus on revaluation of operating fixed assets of associates

Related deferred tax liability

22,563,834	12,641,903
-	9,979,303
3,334	15,504
(14,085)	(47,370)
(7,584)	(25,506)
22,545,499	22,563,834
1,155,718	708,765
-	467,033
766	5,426
(7,584)	(25,506)
1,148,900	1,155,718
149,306	147,063
(12,255)	(11,227)
137,051	135,836
21,533,650	21,543,952

## 11.2 Surplus / (deficit) on revaluation of investments

Market Treasury Bills

Pakistan Investment Bonds

Government of Pakistan US Dollar Bonds

Sukuks

Listed equity securities

National Investment Trust units

Real Estate Investment Trust units

Overseas Government securities

Other debt instruments

Related deferred tax asset

Surplus on revaluation of investments of associates

Related deferred tax liability

(Unaudited) March 31, 2018 (Rupees in '000)	(Audited) December 31, 2017
(116,376)	(81,386)
(1,755,204)	569,276
(1,353)	496
(391,154)	485,521
7,333	(1,794,580)
41,754	36,190
9,950	-
(34,566)	(7,641)
(204,038)	42,345
(2,443,654)	(749,779)
743,306	219,413
(1,700,348)	(530,366)
585,152	188,799
(204,803)	(66,080)
380,349	122,719
(1,319,999)	(407,647)



	(Unaudited) March 31, 2018 (Rupees in '000)	(Audited) December 31, 2017
11.3 Surplus on revaluation of non-banking assets acquired in satisfaction of claims		
Surplus as at the beginning of the period / year	283,667	690,381
Surplus recognised / (reversed) during the period / year	10,000	(390,952)
Transferred to surplus on revaluation of operating fixed assets	(3,334)	(15,504)
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year - net of deferred tax	(151)	(168)
Related deferred tax liability on incremental depreciation charged during the period / year	(81)	(90)
	290,101	283,667
Less: related deferred tax liability on		
- Revaluation as at the beginning of the period / year	847	6,203
- Revaluation recognised during the period / year	-	160
- Amount transferred to surplus on revaluation of operating fixed assets	(766)	(5,426)
- Incremental depreciation charged during the period / year	(81)	(90)
	-	847
	290,101	282,820
12 CONTINGENCIES AND COMMITMENTS		
12.1 Direct credit substitutes - financial guarantees		
Guarantees in favour of		
- Government	283,834	273,782
- Financial institutions	441,000	441,000
- Others	37,355,048	38,462,882
	38,079,882	39,177,664
12.2 Transaction-related contingent liabilities		
Guarantees in favour of		
- Government	540,012	269,851
- Financial institutions	661,898	1,713,959
- Others	120,929,764	123,407,833
	122,131,674	125,391,643
12.3 Trade-related contingent liabilities		
Letters of credit in favour of		
- Government	48,701,911	49,835,960
- Financial institutions	1,724,128	5,340,244
- Others	70,358,299	81,773,117
	120,784,338	136,949,321
12.4 Other contingencies		
Claims against the Group not acknowledged as debts	29,114,352	28,370,682
12.4.1 These mainly represent claims filed by former employees of the Group, counter claims by borrowers for damages and other relief and other claims relating to banking transactions. Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Group's favour and the possibility of any adverse outcome is remote. Accordingly, no provision has been made in this condensed interim consolidated financial information.		
12.4.2 The matter relating to the Bank's New York Branch has been disclosed in Note 29 to the annual consolidated financial statements of the Group. There is no further update on the same.		

## 12.5 Commitments to extend credit

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.

	(Unaudited) March 31, 2018 (Rupees in '000)	(Audited) December 31, 2017 (Rupees in '000)
12.6 Commitments in respect of forward foreign exchange contracts		
Purchase	112,168,165	142,571,667
Sale	40,394,908	84,353,498
12.7 Commitments in respect of forward Government Securities transactions		
Purchase	15,655,004	20,243,788
Sale	1,738,525	-
12.8 Commitments in respect of derivatives		
Cross currency swaps		
Purchase	1,992,127	1,633,987
Sale	2,132,128	1,707,050
Interest rate swaps		
Purchase	152,918	-
Sale	10,589,453	10,315,539
12.9 Commitments for capital expenditure	4,352,514	5,026,435

- 12.10 The income tax returns of the Bank have been submitted upto and including the accounting year 2016. The tax authorities have concluded the audit of the returns under section 122(5A) of the Income Tax Ordinance, 2001 upto accounting year 2015.

As per Rule 8(A) of the Seventh Schedule, any amounts which have been provided for doubtful debts in the Tax Year 2008 (accounting year 2007) and earlier, 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.

13	MARK-UP / RETURN / PROFIT / INTEREST EARNED	(Unaudited) For the three months ended March 31, 2018 (Rupees in '000)	March 31, 2017
	On advances	16,286,756	13,391,800
	On investments in		
	- Held-for-trading securities	1,692,222	1,230,981
	- Held-to-maturity securities	4,954,340	4,112,314
	- Available-for-sale securities	13,408,361	15,756,878
		20,054,923	21,100,173
	On deposits with financial institutions	201,788	244,133
	On lendings to financial institutions	479,584	196,019
		37,023,051	34,932,125
14	MARK-UP / RETURN / PROFIT / INTEREST EXPENSED		
	On		
	- Deposits	12,225,899	10,568,372
	- Securities sold under repurchase agreement borrowings	3,350,969	3,379,914
	- Other short-term borrowings	975,708	412,526
	- Long-term borrowings	506,972	445,302
		17,059,548	14,806,114

- 15 Further to the disclosure on pension related matters as explained in detail in note 44.2 to the annual consolidated financial statements of the Group, a decision on the review petition was announced on April 3, 2018. Consequently, the Group has taken a charge of Rs 2.2 Billion representing the increase in the present value of the Bank's pension scheme related defined benefit obligations. The amount has been estimated based on actuarial valuations.

In accordance with the Honorable Supreme Court's Order the payments to eligible persons will be prospectively applied from the date of judgment i.e. February 13, 2018.

## 16 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of traded investments are based on quoted market prices. The fair values of unquoted equity investments, other than investments in associates and joint ventures, are estimated using the break-up value of the investee company.

The fair value of unquoted debt securities, fixed term advances, other assets and other liabilities can not be calculated with sufficient reliability due to the absence of a current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since they are either short-term in nature or, in the case of customer advances, deposits and certain long term borrowings, are frequently repriced.

All assets and liabilities for which fair value is measured or disclosed in this condensed interim consolidated financial information are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

### Valuation techniques used in determination of fair values within level 2 and level 3

Federal Government securities	The fair values of Federal Government securities are determined on the basis of rates / prices sourced from Reuters.
Debentures and corporate debt instruments	Investment in debt securities denominated in Rupees are valued on the basis of rates announced by the Mutual Funds Association of Pakistan (MUFAP). Investments in debt securities denominated in other currencies are valued on the basis of rates taken from Bloomberg / Reuters.
Overseas Government securities	The fair values of overseas Government securities are determined on the basis of rates taken from Reuters / Bloomberg.
Units of mutual funds	The fair values of investments in units of mutual funds are determined based on their net asset values as published at the close of each business day.
Derivatives	The Group enters into derivatives contracts with various counterparties. Derivatives that are valued using valuation techniques with market observable inputs are mainly interest rate swaps, cross currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations.
Operating fixed assets and non-banking assets acquired in satisfaction of claims	Land, buildings and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in this condensed interim consolidated financial information.

## Fair Value Measurement

The following table provides the fair value measurement hierarchy of those of the Group's assets and liabilities that are recognised or disclosed at fair value in this condensed interim consolidated financial information:

	As at March 31, 2018 (Unaudited)			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000)-----			
Items carried at Fair Value				
Financial assets and liabilities				
- Fully paid-up ordinary shares	17,478,325	-	-	17,478,325
- Real Estate Investment Trust units	64,950	-	-	64,950
- Federal Government securities	-	778,843,882	-	778,843,882
- Debentures and corporate debt instruments	-	47,232,682	-	47,232,682
- Overseas Government securities	-	10,416,571	-	10,416,571
- National Investment Trust units	-	52,867	-	52,867
- Unrealised gain on forward foreign exchange contracts	-	3,113,361	-	3,113,361
- Unrealised gain on derivative instruments	-	40,398	-	40,398
- Unrealised loss on forward foreign exchange contracts	-	181,149	-	181,149
- Unrealised loss on derivative instruments	-	137,549	-	137,549
Non-financial assets				
- Operating fixed assets	-	-	32,641,163	32,641,163
- Non-banking assets acquired in satisfaction of claims	-	-	1,854,435	1,854,435
Items for which Fair Value is disclosed				
- Federal Government securities	-	184,824,987	-	184,824,987
- Overseas Government securities	-	17,552,794	-	17,552,794
- Debentures and corporate debt instruments	-	32,163,949	-	32,163,949
	<u>17,543,275</u>	<u>1,074,560,189</u>	<u>34,495,598</u>	<u>1,126,599,062</u>

	As at December 31, 2017 (Audited)			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000)-----			
Items carried at Fair Value				
Financial assets and liabilities				
- Fully paid-up ordinary shares	17,004,855	-	-	17,004,855
- Real Estate Investment Trust units	154,000	-	-	154,000
- Federal Government securities	-	989,980,872	-	989,980,872
- Debentures and corporate debt instruments	-	40,285,987	-	40,285,987
- Overseas Government securities	-	9,017,220	-	9,017,220
- National Investment Trust units	-	47,303	-	47,303
- Unrealised gain on forward foreign exchange contracts	-	4,086,999	-	4,086,999
- Unrealised gain on derivative instruments	-	102,616	-	102,616
- Unrealised loss on forward foreign exchange contracts	-	891,964	-	891,964
- Unrealised loss on derivative instruments	-	50,418	-	50,418
Non-financial assets				
- Operating fixed assets	-	-	32,478,149	32,478,149
- Non-banking assets acquired in satisfaction of claims	-	-	1,967,665	1,967,665
Items for which Fair Value is disclosed				
- Federal Government securities	-	232,971,770	-	232,971,770
- Overseas Government securities	-	16,956,040	-	16,956,040
- Debentures and corporate debt instruments	-	30,878,592	-	30,878,592
	<u>17,158,855</u>	<u>1,325,269,781</u>	<u>34,445,814</u>	<u>1,376,874,450</u>



## 17 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	For the three months ended March 31, 2018 (Unaudited)						Total
	Branch banking	Corporate banking	Treasury	International banking	Asset Management	Head Office / Others	
	(Rupees in million)						
Net mark-up income - external	(1,905)	5,080	15,097	1,492	(46)	246	19,964
Inter-segment revenue / (expense) - net	14,739	(3,431)	(12,347)	-	-	1,039	-
Non-funded income	3,345	671	143	581	242	182	5,164
Total income	16,179	2,320	2,893	2,073	196	1,467	25,128
Total expenses including provision	6,313	(85)	120	4,401	101	6,908	17,758
Inter-segment administrative cost	4,532	658	127	475	-	(5,792)	-
Total expenses	10,845	573	247	4,876	101	1,116	17,758
Profit before tax	5,334	1,747	2,646	(2,803)	95	351	7,370
Segment return on assets %	0.85%	0.95%	0.54%	-2.20%	5.33%	0.31%	-
Segment cost of funds %	2.73%	5.02%	5.08%	1.34%	4.50%	1.15%	-

	As at March 31, 2018 (Unaudited)						Total
	Branch banking	Corporate banking	Treasury	International banking	Asset Management	Head Office / Others	
	(Rupees in million)						
Segment assets (gross of provision)	496,891	504,697	1,162,284	320,283	3,648	144,297	2,632,100
Segment non-performing advances	8,471	40,066	-	27,409	-	372	76,318
Segment provision held (including general provision)	6,882	38,751	859	23,957	-	986	71,435
Inter-segment assets / (liabilities)	1,101,800	(142,471)	(1,049,344)	21,101	(564)	69,478	-
Segment liabilities and equity	1,591,809	323,475	112,081	317,427	3,084	212,789	2,560,665

	For the three months ended March 31, 2017 (Unaudited)						Total
	Branch banking	Corporate banking	Treasury	International banking	Asset Management	Head Office / Others	
	(Rupees in million)						
Net mark-up income - external	(2,026)	4,564	15,105	2,253	(51)	281	20,126
Inter-segment revenue / (expense) - net	13,596	(3,144)	(11,516)	-	-	1,064	-
Non-funded income	3,036	584	1,436	1,319	235	1,703	8,313
Total income	14,606	2,004	5,025	3,572	184	3,048	28,439
Total expenses including provision	6,143	19	331	2,870	91	4,932	14,386
Inter-segment administrative cost	3,107	452	88	326	-	(3,973)	-
Total expenses	9,250	471	419	3,196	91	959	14,386
Profit before tax	5,356	1,533	4,606	376	93	2,089	14,053
Segment return on assets %	0.97%	1.05%	0.99%	0.23%	6.46%	2.13%	-
Segment cost of funds %	2.65%	4.91%	5.00%	1.05%	5.00%	0.45%	-

	As at December 31, 2017 (Audited)						Total
	Branch banking	Corporate banking	Treasury	International banking	Asset Management	Head Office / Others	
	(Rupees in million)						
Segment assets (gross of provision)	510,273	477,658	1,295,184	334,731	3,740	134,350	2,755,936
Segment non-performing advances	7,592	42,465	-	25,494	-	294	75,845
Segment provision held (including general provision)	6,933	40,516	872	22,606	-	907	71,834
Inter-segment assets / (liabilities)	1,062,311	(130,699)	(978,849)	21,101	(564)	26,700	-
Segment liabilities and equity	1,565,651	306,443	315,463	333,226	3,176	160,143	2,684,102

## 18 RELATED PARTY TRANSACTIONS

The Group has relationships with various related parties, including its directors, members of the key management personnel of the Group, Group entities, associated undertakings, joint venture company and employee benefit schemes of the Group.

Transactions with the related parties, other than those under terms of employment, are executed on an arm's length basis i.e. do not involve more than normal risk and are substantially on the same terms, including mark-up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties.

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

Details of transactions and balances with related parties as at the period / year end, other than those disclosed elsewhere in this condensed interim consolidated financial information, are as follows:

	As at March 31, 2018 (Unaudited)					
	Directors	Key Management Personnel	Group Entities	Associates	Joint Venture	Other related parties
	(Rupees in '000)					
<b>Statement of financial position</b>						
Deposits	100,165	23,156	25,114,061	9,455,667	4,012	854,104
Maximum deposits during the period	212,977	43,579	25,301,303	9,844,029	4,012	2,775,972
Borrowings	-	-	2,428,444	2,078,998	1,154,999	-
Investments	-	-	-	26,296,397	2,953,741	5,827,943
Provision for diminution in the value of investments	-	-	-	-	-	(138,130)
Nostro balances	-	-	135,529	-	-	-
Advances	-	136,243	2,372,091	1,546,660	-	23,728,724
Provision against advances	-	-	-	-	-	(1,726,437)
Mark-up receivable	-	21	18,056	32,112	-	379,823
Other receivable	-	-	2,851	41,402	-	21,550
Mark-up payable	629	74	74,895	28,677	-	2,580
Other payable	-	-	13,724	47,091	-	2,371,809
<b>Contingencies and Commitments</b>						
Letters of credit	-	-	560,839	-	-	11,459,815
Letters of guarantee	-	-	168,450	450,450	-	546,294
Forward purchase of government securities	-	-	13,700,090	-	-	1,191,837
Interest rate swaps	-	-	1,669,868	1,500,000	-	-
<b>Others</b>						
Securities held as custodian	-	8,300	17,285,650	23,960,145	-	10,145,815
	For the three months ended March 31, 2018 (Unaudited)					
	Directors	Key Management Personnel	Group Entities	Associates	Joint Venture	Other related parties
	(Rupees in '000)					
<b>Profit and Loss Account</b>						
Mark-up income	-	1,114	72,186	59,729	-	322,645
Fee and commission income	-	-	-	668,205	-	-
Share of profit	-	-	-	913,649	150,889	-
Dividend Income	-	-	-	-	-	37,569
Gain on sale of securities - net	-	-	-	19,680	-	9,971
Mark-up expense	2,360	72	169,791	99,490	6,196	14,564
Salaries and allowances	-	318,960	-	-	-	-
Net charge for defined benefit / contribution plans	-	-	-	-	-	2,388,407
Non-Executive Directors' fees	14,000	-	-	-	-	-
Other income / (loss)	-	-	(2,022)	2,498	-	82
Other expenses	-	-	10,583	-	-	375,539
Insurance premium expense	-	-	-	1,761,970	-	-

	For the three months ended March 31, 2018 (Unaudited)					
	Directors	Key Management Personnel	Group Entities	Associates	Joint Venture	Other related parties
	----- (Rupees in '000) -----					
<b>Others</b>						
Purchase of government securities	-	-	47,892,017	-	-	33,897,716
Sale of government securities	-	8,193	13,704,088	6,313,120	-	23,796,995
Insurance claims settled	-	-	-	59,074	-	-

As at December 31, 2017 (Audited)					
Directors	Key Management Personnel	Group Entities	Associates	Joint Venture	Other related parties
(Rupees in '000)					

#### Statement of financial position

Deposits	127,426	37,694	22,190,433	9,245,055	22,702	1,501,398
Maximum deposits during the year	165,193	50,047	24,219,104	13,758,153	63,856	2,229,057
Borrowings	-	-	1,141,977	3,312,516	1,104,172	-
Investments	-	-	-	24,618,037	2,739,781	5,291,967
Provision for diminution in the value of investments	-	-	-	-	-	(68,800)
Nostro balances	-	-	169,804	-	-	-
Advances	-	145,569	3,147,907	3,962,169	-	16,536,672
Provision against advances	-	-	-	-	-	(1,726,437)
Mark-up receivable	-	247	18,843	63,280	-	211,963
Other receivable	-	-	4,243	418,657	-	-
Mark-up payable	120	243	95,621	45,720	1,195	4,951
Other payable	-	-	13,722	380,935	-	1,459,635

#### Contingencies and Commitments

Letters of credit	-	-	366,972	-	-	13,447,606
Letters of guarantee	-	-	198,059	712,509	-	-
Forward purchase of government securities	-	-	13,232,566	-	-	2,104,644
Interest rate swaps	-	-	1,743,539	1,500,000	-	-

#### Others

Securities held as custodian	-	8,220	16,223,810	28,200,745	-	8,478,905
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For the three months ended March 31, 2017 (Unaudited)					
Directors	Key Management Personnel	Group Entities	Associates	Joint Venture	Other related parties
(Rupees in '000)					

#### Profit and Loss Account

Mark-up income	-	273	46,511	8,163	-	296,851
Fee and commission income	-	-	1,320	636,839	-	-
Share of profit	-	-	-	1,092,810	165,933	-
Mark-up expense	2,847	91	17,047	26,842	-	21,522
Salaries and allowances	-	221,682	-	-	-	-
Net charge for defined benefit / contribution plans	-	-	-	-	-	151,999
Non-executive directors' fees	13,200	-	-	-	-	-
Other expenses	-	-	8,249	-	-	100,143
Insurance premium expense	-	-	-	231,919	-	-

#### Others

Purchase of government securities	-	66,184	12,246,563	-	-	2,296,875
Sale of government securities	-	65,174	12,851,358	6,831,937	-	4,344,356
Insurance claims settled	-	-	-	42,136	-	-

## 19 LIQUIDITY STANDARDS

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

19.1	Liquidity Coverage Ratio		(Unaudited) March 31, 2018	(Audited) December 31, 2017
			Total Adjusted Value (Rupees in '000)	
	Total HQLA		896,354,690	962,730,144
	Total Net Cash Outflows		495,447,306	520,941,525
	Liquidity Coverage Ratio (%)		180.92%	184.81%
	Minimum Requirement (%)		90.00%	90.00%
19.2	Net Stable Funding Ratio		(Unaudited) March 31, 2018	(Audited) December 31, 2017
			Total Weighted Value (Rupees in '000)	
	Total Available Stable Funding (ASF)		1,995,572,568	1,946,812,485
	Total Required Stable Funding (RSF)		1,236,880,080	1,229,522,456
	Net Stable Funding Ratio (%)		161.34%	158.34%
	Minimum Requirement (%)		100.00%	100.00%

## 20 ISLAMIC BANKING BUSINESS

### 20.1 STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION		(Unaudited) March 31, 2018	(Audited) December 31, 2017
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		16,615,644	7,475,822
Due from financial institutions		1,614,839	1,614,839
Investments		100,873,395	104,616,358
Islamic financing and related assets	20.1.2	93,608,975	84,297,519
Due from Head Office		472,823	66,226
Deferred tax asset		136,904	-
Other assets		2,358,971	1,022,451
		215,681,551	199,093,215
LIABILITIES			
Bills payable		6,906	7,037
Due to financial institutions		29,503,000	24,798,000
Deposits and other accounts	20.1.3	174,929,875	163,448,909
Deferred tax liability		-	172,401
Other liabilities		1,732,748	1,433,836
		206,172,529	189,860,183
NET ASSETS			
		9,509,022	9,233,032
REPRESENTED BY			
Islamic Banking Fund		250,000	250,000
Reserves		-	4,584
Unappropriated profit		9,513,272	8,662,859
		9,763,272	8,917,443
(Deficit) / surplus on revaluation of investments - net of deferred tax		(254,250)	315,589
		9,509,022	9,233,032



20.1.1 Commitments in respect of guarantees and letters of credit of the Islamic Banking Business amounted to Rs 276.437 million (December 31, 2017: Rs 271.654 million) and Rs 1,623.278 million (December 31, 2017: Rs 3,921.630 million) respectively. Commitments in respect of forward foreign exchange purchase and sale transactions amounted to Rs 1,633.933 million (December 31, 2017: Rs 3,595.455 million) and Rs 292.257 million (December 31, 2017: Rs 2,439.128 million) respectively.

20.1.2 Islamic financing and related assets - net

	(Unaudited) March 31, 2018	(Audited) December 31, 2017
	(Rupees in '000)	
Ijarah	2,194,608	1,728,525
Murabaha	1,363,517	316,442
Diminishing Musharakah	59,793,972	60,591,346
Wakalah	10,000,000	10,000,000
Running Musharakah	3,009,365	1,138,052
Advance for Ijarah	379,836	542,507
Advance for Murabaha	5,181,502	2,968,494
Advance for Diminishing Musharakah	4,118,685	-
Advance for Istisna	7,286,736	4,546,399
Assets / Inventories	392,004	2,576,238
Islamic financing and related assets - gross	93,720,225	84,408,003
Provision against financings	(111,250)	(110,484)
Islamic financing and related assets - net	93,608,975	84,297,519

20.1.3 Deposits and other accounts

Current accounts	64,126,342	48,389,707
Savings accounts	88,976,880	87,258,027
Term deposits	12,998,674	13,731,808
Deposits from financial institutions - non - remunerative	94,782	105,001
Deposits from financial institutions - remunerative	8,733,197	13,964,366
	174,929,875	163,448,909

20.2 PROFIT AND LOSS ACCOUNT

	(Unaudited) For the three months ended March 31, 2018	March 31, 2017
	(Rupees in '000)	
Profit earned	2,967,151	1,978,578
Profit expensed	1,497,494	921,032
Net profit earned	1,469,657	1,057,546
Provision against non-performing accounts	766	889
Net profit after provisions	1,468,891	1,056,657
Other income		
Fee, commission and brokerage income	48,106	42,603
Income / (loss) from dealing in foreign currencies	541	(12,901)
(Loss) / gain on sale of securities	(25,936)	5
Rent on Lockers	1,637	1,577
Others	157	189
Total other income	24,505	31,473
Administrative expenses	1,493,396	1,088,130
Net profit for the period	1,308,327	938,456

20.3 Remuneration to Shariah Advisor / Board

	1,979	1,473
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	(Unaudited) March 31, 2018	(Audited) December 31, 2017
	(Rupees in '000)	
20.4 Charity Fund		
Opening balance	233,247	526
Additions during the period / year		
-Income purification	-	244,105
-Penalty on delayed payment	265	723
	265	244,828
Payments / Utilization during the period / year		
-Health sector	-	(11,107)
-Others	-	(1,000)
	-	(12,107)
Closing balance	233,512	233,247

## 21 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on April 27, 2018 has declared a cash dividend in respect of the three months ended March 31, 2018 of Rs 1 per share (March 31, 2017: Rs 3.50 per share). This condensed interim consolidated financial information does not include the effect of these appropriations which will be accounted for subsequent to the period end.

## 22 GENERAL

Comparative figures have been rearranged and reclassified for comparison purposes.

## 23 DATE OF AUTHORISATION FOR ISSUE

This condensed interim consolidated financial information was authorised for issue in the Board of Directors meeting held on April 27, 2018.


**Rayomond Kotwal**  
Acting President and  
Chief Executive Officer

**Irfan Ahmed Meer**  
Acting Chief Financial Officer

**Dr. Najeel Samie**  
Director

**Agha Sher Shah**  
Director

**Moez Ahamed Jamal**  
Director



# Condensed Interim Unconsolidated Financial Information

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# Directors' Review

On behalf of the Board of Directors, I am pleased to present the condensed interim unconsolidated financial information for the quarter ended March 31, 2018.

## Domestic Economy

The year 2018 has started off with wavering optimism on the macroeconomic front, as a high growth, low inflation environment is accompanied by a resurgence of the twin deficits of the current account and the fiscal position. Headline inflation remains soft, with March inflation reducing further to 3.25%, and lowering the average for 9M FY18 to 3.8%. Agriculture growth is projected to be lower than expectations and at a slower pace than last year due to shortfalls in cotton and wheat. However, the real sector continues to perform well, with strong growth of 6.3% in the Large Scale Manufacturing index for 8M FY18. Increased consumer spending has led to higher demand for durables, and infrastructure investment has had positive knock-on effects on the cement and steel sectors. Consequently, GDP growth, while below initial estimates, is on track to reach an 11-year high of 5.8%.

Improved demand from major trade partners, Government initiatives and currency adjustments have led to 9 consecutive months of export growth, which have increased by 12% in 9M FY18 over the same period last year. However, import growth, on the back of a higher value of petroleum imports, continues to outpace exports. A modest 4% rebound in remittances has not been sufficient to alleviate the trade deficit. As a result, the current account deficit has widened by 51% over the same period of 2017 and is now 5% of GDP.

While there has been some improvement in financial inflows, the significant increase in the current account deficit, coupled with rising external debt repayments has exacerbated the pressure on the external account. Foreign exchange reserves have declined by 12% in 2018 to USD 17.8 billion, falling below the USD 18 billion level for the first time since May 2015. The deteriorating external position and market demand-supply dynamics resulted in a further exchange rate adjustment towards the end of the first quarter, with the Rupee depreciating by 5% over December 2017 levels.

The fiscal deficit for H1 FY18 was contained at 2.2% of GDP compared to 2.5% for the same period last year, as growth in revenue collection exceeded the increase in expenditure. Provisional numbers indicate a 16% improvement in tax collection during 9M FY18; however, continued development spending and an increase in debt servicing cost are likely to result in the FY18 deficit exceeding target, particularly as spending is unlikely to be reined in in an election year.

Pakistan's equity market has partially recovered in 2018, increasing by 13% as at March 31, 2018, despite external account concerns and political uncertainty continuing to weigh on investor confidence. The exchange rate adjustments have re-ignited foreign interest with a net inflow of foreign portfolio investment during Q1 2018.

In its March Monetary Policy Statement, the SBP maintained its policy rate at 6.0%, stating that the impact of the currency adjustments and the earlier rate increase in January had not yet been fully realized in the economy. Private sector credit improved by 2% in the first two months of the calendar year. Banking sector advances for the first quarter of 2018 have increased by 4.7%, while deposits have risen by 2% since December 2017. Industry average spreads continue to narrow and are 20 bps lower than for the same period last year.

## Performance

HBL's total domestic deposits increased by 3%, crossing Rs. 1.8 trillion and increasing market share to 14.4%. The mix continued to improve, as the growth came mostly from CASA deposits which grew by Rs 43 billion, improving the CASA ratio to 86.5% as at March 31, 2018. The domestic loan book increased by 4% during the quarter with the ADR rising to 42.9%.

While HBL's core domestic business remains strong, with steady growth and improvement in key drivers, the reported results include the impact of several headwinds. These are the one-off revision in pension costs, the impact of the March Rupee devaluation on overseas borrowings, and legal, regulatory and remediation costs related to New York. In addition, with the accelerated shrinkage in the international balance sheet over the last few months, revenue reduction has outpaced cost rationalization, with the overseas profitability being significantly affected. As a result, HBL's profit before tax is Rs 6.2 billion for the first quarter of 2018. Profit after tax for this period is Rs 4.0 billion, with earnings per share for Q1 18 at Rs 2.70.



Average domestic loans grew by 29%, with all business segments performing well, while average domestic current accounts for the first quarter of 2018 increased by Rs 86 billion over Q1 17. However, with the sale of PIBs throughout 2017, investment yields in Q1 18 are lower than in the same period of last year, leading to a decline in the overall spread. A 12% growth in the average domestic balance sheet was more than sufficient to offset the margin compression; however, with the drop in the international results, total net interest income has declined by 2% to Rs 18.7 billion.

Non mark-up income is reported at Rs 3.6 billion, Rs 3.0 billion lower than in Q1 17. The drop in non-markup income is primarily caused by a Rs 1.1 billion impact of the rupee devaluation on external borrowings, nominal capital gains of Rs 63 million in Q1 18 compared to Rs 1.2 billion in Q1 17, and a Rs 0.5 billion reduction in fees and commissions from international operations. With the account operations, consumer finance and cards segments leading performance, fee income in the domestic business increased by 5%, despite an expected drop in home remittance income resulting from the closure of HBL's non-bank remittance relationships.

The Bank has embarked on a global compliance transformation project and will continue to invest in this area, in state of the art technology, and in building on its market leading brand presence. Despite this, administrative expense growth, excluding the impact of pensions and the ongoing costs of the New York branch, was marginally higher over Q1 17. Total non-performing loans remained at December 2017 levels. With steady recoveries, lower provisions and no net impairment, total provisions for the quarter recorded a reversal of Rs 159 million compared to a charge of Rs 341 million in Q1 17. The coverage ratio declined slightly over December 2017 levels but, at 93.4%, remains strong.

## Movement of Reserves

	Rs million
Unappropriated profit brought forward - restated	87,300
Profit after tax	3,958
Transferred from surplus on revaluation of assets – net of tax	13
	3,971
Profit available for appropriations	91,271
<b>Appropriations</b>	
Transferred to statutory reserves	(396)
<b>Unappropriated profit carried forward</b>	90,875
<b>Earnings per share (Rupees)</b>	2.70

## Capital Ratios

With the maturity of PIBs towards the end of March and the increase in domestic lending being offset by reductions in the international book, Risk Weighted Assets declined marginally over December 2017. Additionally, the Final Dividend recommended by the Board on March 19, 2018 will only be accounted for in the second quarter, following approval at the AGM. The unconsolidated Capital Adequacy Ratio (CAR) as at March 31, 2018 thus increased to 16.3% with the Tier 1 CAR at 12.5%.

## Dividend

The Board of Directors, in its meeting held on April 27, 2018 has declared an interim cash dividend of Rs 1.00 per share (10%) for the quarter ended March 31, 2018.



## Change in Directors

Mr. Sajid Zahid retired from the Board of Directors on March 26, 2018, at the conclusion of his term, after having served on the HBL Board since 1999. The Board wishes to place on record its deepest appreciation for the contribution and wise counsel of Mr Zahid. On March 27, 2018, the remaining six retiring Directors were elected to a new three-year term on the Board of HBL.

Ms. Sadia Khan was elected as a Director on March 27, 2018. Ms. Khan has extensive domestic and international experience, having served with multilateral organizations, and in the areas of financial regulation and entrepreneurship. The Board welcomes Ms. Khan and looks forward to her contribution.

## Future Outlook

Risks to overall macroeconomic stability have emerged due to increasing imbalances in the country's external position. These require swift measures to rectify the balance of payments and preserve the growth momentum. The Government's plans to mobilize external inflows, along with increased focus on reducing the current account deficit through stimulus to exports and remittances, will play a crucial role in maintaining an adequate level of reserves. The recent greater exchange rate flexibility, as well as steady improvements in exports and remittances are expected to bear fruit over the medium-term.

If the external challenges are addressed, the fundamentals are strong enough to put the country's economy on a sustainable high growth trajectory. Inflation expectations remain well-anchored and, while there is a risk of upward pressure from fuel prices, inflation is expected to remain comfortably within targets. Large Scale Manufacturing growth and private sector credit expansion are expected to continue well into the next fiscal year. The recently announced amnesty scheme and other taxation measures, have the potential to increase documentation and tax compliance, but will need determined and careful follow through.

HBL's core businesses remain on track and the Bank has adequate reserves of liquidity and capital. However, some of the headwinds that have affected the first quarter's performance are expected to persist for the medium term. HBL is conscious of its responsibility towards the development of Pakistan and the financial inclusion of the country's population and is committed to remain at the forefront of these activities.

## Appreciation and Acknowledgement

We would like to place on record, our appreciation for the efforts of our regulators and the Government of Pakistan, in particular the Ministry of Finance, the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan, for their guidance and support, and for developing and strengthening the banking and financial services sector through continuous improvement in the regulatory and governance framework.

On behalf of the Board and the management, we take this opportunity to express our gratitude to our customers for entrusting us with their business and to our shareholders for their support and confidence. We assure them that we remain committed to maintaining the highest standards and a strong culture of good corporate governance and compliance in all our endeavors. We also acknowledge the efforts demonstrated by our employees towards the growth of HBL and thank them for their commitment and dedication.

On behalf of the Board

**Rayomond Kotwal**  
Acting President & Chief Executive Officer  
April 27, 2018

## ڈائریکٹرز جائزہ

مجھے بورڈ آف ڈائریکٹرز کی جانب سے 31 مارچ 2018ء کو ختم ہونے والی سہ ماہی کیلئے مختصر عبوری غیر جامع مالیاتی معلومات پیش کرتے ہوئے مسرت ہو رہی ہے۔

### ملکی معیشت

سال 2018ء کا آغاز میکرو اکنامک محاذ پر متزلزل خوش امیدی کے ساتھ ہوا کیونکہ بلند شرح اضافہ اور کم افراط زر کی فضا کے ہمراہ کرنٹ اکاؤنٹ اور مالیاتی پوزیشن کے جڑواں خسارے کا بھی اعادہ ہوا۔ عنوان افراط زر خفیف رہا اور مارچ میں افراط زر مزید کم ہو کر 3.25 فیصد ہو گیا جس کی وجہ سے مالی سال 2018ء کے 9 ماہ کا اوسط افراط زر گھٹ کر 3.8 فیصد ہو گیا۔ زرعی شرح اضافہ کپاس اور گندم کی پیداوار میں کمی کے باعث توقع سے کم اور گزشتہ برس کی نسبت سست رفتار رہے گا۔ تاہم رینل سیکٹر کی اچھی کارکردگی مالی سال 2018ء کے 8 ماہ کے لارج اسکیل مینوفیکچرنگ انڈیکس میں 6.3 فیصد کے مضبوط اضافہ کے ساتھ جاری رہی۔ بڑھتی ہوئی صارفین کی خریداری کے باعث پائیدار اشیاء کی طلب میں اضافہ ہوا اور انفراسٹرکچر میں سرمایہ کاری نے سیمنٹ اور اسٹیل سیکٹرز میں بالواسطہ مثبت اثرات مرتب کئے۔ ان عوامل کے نتیجے میں ابتدائی تخمینہ سے کم جی ڈی پی کی شرح اضافہ 5.8 فیصد ہو جائے گی 11 برسوں میں بلند ترین ہوگی۔

اہم تجارتی شراکت داروں کی جانب سے بہتر طلب، حکومتی اقدامات اور شرح مبادلہ میں ردوبدل کے باعث برآمدات میں لگاتار 9 ماہ سے اضافہ ہو رہا ہے جو مالی سال 2018ء کے 9 ماہ میں گزشتہ برس کی اسی مدت کے مقابلے میں 12 فیصد زیادہ ہے۔ تاہم پیٹرولیم کی بلند تر درآمدی قیمت کی وجہ سے درآمدات میں اضافے کی رفتار برآمدات کے مقابلے میں مسلسل زیادہ ہے۔ ترسیلات میں 4 فیصد کا معمولی اضافہ تجارتی خسارہ کے اثرات کم کرنے کے لئے ناکافی رہا ہے جس کے نتیجے میں کرنٹ اکاؤنٹ خسارہ 2017ء کے اسی عرصہ کے مقابل 51 فیصد بڑھ کر جی ڈی پی کا 5 فیصد ہو گیا ہے۔

مالیاتی وصولیوں کے بہاؤ میں کچھ بہتری رہی ہے لیکن کرنٹ اکاؤنٹ خسارے میں معنی خیز اضافے کے ہمراہ بیرونی قرضوں کی ادائیگیوں سے بیرونی اکاؤنٹ پر دباؤ مزید بڑھ گیا ہے۔ زر مبادلہ کے ذخائر 2018ء میں 12 فیصد کمی کے ساتھ 17.8 ارب امریکی ڈالر رہ گئے جو مئی 2015ء کے بعد سے پہلی مرتبہ 18 ارب امریکی ڈالر کی سطح سے نیچے آ گئے۔ بگڑتی ہوئی بیرونی صورتحال اور طلب و رسد کی بازاری حرکیات کے نتیجے میں پہلی سہ ماہی کے خاتمے کے قریب شرح مبادلہ میں مزید ردوبدل کیا گیا جس سے روپے کی قدر دسمبر 2017ء کے مقابل 5 فیصد کم ہو گئی۔

مالی سال 2018ء کے پہلے نصف میں مالیاتی خسارہ گزشتہ برس کے اسی عرصہ کے 2.5 فیصد کے مقابل جی ڈی پی کا 2.2 فیصد تک محدود رہا کیوں کہ محاصل کی وصولیوں میں اضافہ اخراجات میں اضافے سے تجاوز کر گیا۔ عبوری اعداد و شمار مالی سال 2018ء کے 9 ماہ کے دوران محاصل کی وصولیوں میں 16 فیصد اضافہ کو ظاہر کرتے ہیں تاہم ترقیاتی اخراجات کا تسلسل اور قرضوں کی ادائیگی کی لاگت میں اضافے کے نتیجے میں مالی سال 2018ء میں خسارہ ہدف سے زائد رہنے کا امکان ہے بالخصوص اس لئے کہ انتخابات کے برس میں اخراجات کو قابو میں رکھنا ممکن نہ ہو سکے گا۔

پاکستان کی بازار حصص 2018ء میں جزوی بحالی ہوئی ہے جو بیرونی اکاؤنٹ کے خدشات اور سیاسی غیر یقینی کے باعث سرمایہ داروں کے اعتماد پر مسلسل بوجھ کے باوجود مارچ 31، 2018ء تک 13 فیصد بڑھ گئی۔ شرح تبادلہ میں ردوبدل سے بیرونی دلچسپی میں از سر نو تیزی پیدا ہو گئی ہے جس کی وجہ سے 2018ء کی پہلی سہ ماہی میں بیرونی پورٹ فولیو سرمایہ کاری میں خالص بہاؤ ہوا ہے۔

اسٹیٹ بینک نے مارچ کے اپنے مالیاتی پالیسی بیان میں پالیسی ریٹ 6 فیصد پر برقرار رکھا ہے جس سے ظاہر ہوتا ہے کہ شرح تبادلہ کے ردوبدل اور اس سے قبل جنوری میں پالیسی ریٹ میں اضافہ کے اثرات ابھی تک معیشت میں پوری طرح حاصل نہیں ہوئے ہیں۔ کیلنڈر ایئر کے اولین 2 ماہ میں نجی شعبہ کے کریڈٹ میں 2 فیصد اضافہ ہوا ہے۔ بینکنگ سیکٹر قرضوں میں مالی سال 2018ء کی پہلی سہ ماہی میں 4.7 فیصد اضافہ ہوا ہے جبکہ ڈپازٹس میں دسمبر 2017ء سے 2 فیصد اضافہ ہوا ہے۔ انڈسٹری کے اوسط اسپرڈز میں کمی جاری رہی جو گزشتہ برس کے اسی عرصہ کے مقابلہ میں 20 بنیادی پوائنٹس کم ہیں۔

## ریز روز کی تفصیلات

ملین روپے

87,300

3,958

13

3,971

91,271

افتتاحی غیر تخصیص شدہ منافع

بعد از ٹیکس منافع

اثاثہ جات کی دوبارہ تشخیص پر سرپلس سے منتقل شدہ۔ محصول کا خالص

مناسب کارروائی کے لیے دستیاب منافع

مختلف مدوں میں رکھی گئی رقم

قانونی ذخائر میں منتقل شدہ

(396)

90,875

اختتامی غیر تخصیص شدہ منافع

فی حصص (شیر) آمدنی (روپے)

2.70

## کیپیٹل ریشیوز

مارچ کے اختتام تک PIBs کی ادائیگی اور مقامی قرضہ جات میں اضافہ کو بین الاقوامی حساب کتاب میں کمی سے مساوی کیا گیا ہے، خطرات سے ملحق اثاثہ جات میں دسمبر 2017 کی نسبت کمی واقع ہوئی۔ مزید یہ کہ بورڈ کی جانب سے مارچ 19، 2018ء کو سفارش کردہ حتمی منافع منقسمہ کو سالانہ عام اجلاس میں منظوری کے بعد ہی دوسری سہ ماہی میں کیا جائے گا۔ مارچ 31، 2018ء تک غیر مجموعی کیپیٹل ایڈویکیٹی ریشو (CAR) اضافے کے ساتھ 16.3 فیصد Tier 1 CAR کی شرح 12.5 فیصد رہی۔

## منافع منقسمہ

بورڈ آف ڈائریکٹرز نے اپریل 27، 2018ء کو ہونے والے اجلاس میں 31 مارچ، 2018ء کو اختتام ہونے والی سہ ماہی کے لئے 1.00 روپے فی شیر (10%) کے عبوری نقد منافع کا اعلان کیا ہے۔

## ڈائریکٹرز میں تبدیلی

جناب ساجد زاہد 1999ء سے ایچ بی ایل کے بورڈ میں خدمات انجام دینے کے بعد اپنی مدت کے اختتام پر 26 مارچ 2018ء کو بورڈ آف ڈائریکٹرز سے ریٹائر ہو گئے۔ زاہد صاحب کی دانشمندانہ مشاورت اور خدمات کے لئے بورڈ گہری ستائش ریکارڈ پر رکھنا چاہتا ہے۔ 27 مارچ 2018ء کو ریٹائر ہونے والے بقیہ 6 ڈائریکٹرز ایچ بی ایل کے بورڈ میں تین برس کی نئی مدت کے لئے دوبارہ منتخب کر لئے گئے۔

## کارکردگی

ایچ بی ایل کے مجموعی مقامی ڈپازٹس 3 فیصد اضافے کے ساتھ 1.8 کھرب روپے کی حد عبور کر گئے جبکہ مارکیٹ شیئر بڑھ کر 14.4 فیصد ہو گیا۔ ڈپازٹس کے مرکب میں بہتری جاری رہی اور زیادہ تر اضافہ CASA ڈپازٹس سے ہوا جو 43 ارب روپے بڑھ گئے جس کی وجہ سے 31 مارچ 2018ء کو CASA کے تناسب میں بہتری 86.5 فیصد تک ہو گئی۔ مقامی قرضہ جات کے کھاتہ میں اس سہ ماہی میں 4 فیصد اضافہ ہوا اور ADR بڑھ کر 42.9 فیصد ہو گیا۔

ایچ بی ایل کا بنیادی مقامی کاروبار اہم ترین عوامل میں پائیدار بڑھوتری اور بہتری کے ساتھ مستحکم رہا تاہم بیان شدہ نتائج میں متعدد مخالفانہ عوامل کے اثرات بھی شامل ہیں جن میں بلا عائدہ پیشین کی لاگت میں تبدیلی، مارچ کے ماہ میں روپے کی قدر میں کمی کی وجہ سے سمندر پار لئے گئے قرضہ جات پر اثرات اور قانونی، ریگولیٹری اور نیویارک سے متعلق اصلاحی لاگت شامل ہیں۔ علاوہ ازیں بین الاقوامی بیلنس شیٹ میں گزشتہ چند ماہ کے مقابل بڑھتی ہوئی کمی کے باعث آمدنی میں کمی کی رفتار لاگت کے تناسب سے زائد ہو گئی جس نے سمندر پار منافع پر معنی خیز اثرات مرتب کئے ہیں۔ اس کے نتیجے میں ایچ بی ایل کا 2018ء کی پہلی سہ ماہی میں قبل از ٹیکس منافع 6.2 ارب روپے ہے۔ اسی مدت میں بعد از ٹیکس منافع 4.0 ارب روپے ہے جبکہ فی شیئر آمدنی مالی سال 2018ء کی پہلی سہ ماہی میں 2.70 روپے ہے۔

مقامی قرضوں میں اوسطاً 29 فیصد تک اضافہ ہوا اور تمام کاروباری شعبوں میں کارکردگی بہتر رہی۔ جبکہ 2018 کی پہلی سہ ماہی کے اوسطاً کرنٹ اکاؤنٹس 2017 کی پہلی سہ ماہی کے مقابلے میں 86 ارب روپے سے بڑھ گئے۔ تاہم سال 2017 کے دوران PIBs کی فروخت کی وجہ سے سرمایہ کاری کی ایلنڈز گزشتہ سال کی اس مدت کے مقابلے میں کم ہے۔ جو کہ مجموعی اسپرڈ میں کمی کا سبب بنا۔ اوسطاً مقامی بیلنس شیٹ میں 12 فیصد کی ترقی اس حد تک کافی ہے جس سے مارجن کے دباؤ کو مساوی کیا جاسکتا ہے۔ البتہ، بین الاقوامی نتائج میں کمی کے ساتھ مجموعی طور پر خالص مارک اپ آمدن 2 فیصد کمی سے 18.7 ارب روپے ہو گئی ہے۔

نان مارک اپ آمدنی 3.6 ارب روپے رپورٹ کی گئی ہے جو مالی سال 2017ء کی پہلی سہ ماہی سے 3.0 ارب روپے کم ہے۔ نان مارک اپ آمدنی میں گراؤ کی بنیادی وجوہات میں لئے گئے بیرونی قرضہ جات پر روپے کی قدر میں کمی کی وجہ سے 1.1 ارب روپے کے اثرات، 2018 کی پہلی سہ ماہی میں 63 ملین روپے کا معمولی کیپٹل گین جو مالی سال 2017ء کی پہلی سہ ماہی میں 1.2 ارب روپے تھا اور بین الاقوامی آپریشنز سے فیس اور کمیشن کی مد میں 0.5 ارب روپے کی کمی شامل ہیں۔ اکاؤنٹ آپریشنز، کنزرویٹو فنانس اور کارڈز کے شعبے کارکردگی میں سرفہرست رہے اور ایچ بی ایل کے غیر بینکاری ترسیلاتی تعلقات بند کئے جانے سے ترسیلاتی آمدنی میں متوقع کمی کے باوجود مقامی کاروبار سے فیس کی آمدنی میں 5 فیصد اضافہ ہوا۔

بینک نے عالمی کمپلائنس ٹرانسفارمیشن پروجیکٹ کا آغاز کر دیا ہے اور وہ اس میدان میں اسٹیٹ آف دی آرٹ ٹیکنالوجی اور مارکیٹ میں قائدانہ برانڈ کے بطور موجودگی برقرار رکھنے پر سرمایہ کاری جاری رکھے گا۔ اس کے باوجود انتظامی اخراجات میں اضافہ، پنشنز کے اثرات اور نیویارک برانچ کے جاری اخراجات کو شامل کئے بغیر، پہلی سہ ماہی 2017ء کی نسبت معمولی حد تک زیادہ رہے۔ مجموعی غیر فعال قرضے دسمبر 2017ء کی سطح پر برقرار رہے۔ مستحکم وصولیوں، کمتر پروویژنز اور کسی خالص امپیورمنٹ کے بغیر کل پروویژنز میں مالی سال 2017 کی پہلی سہ ماہی کے 341 ملین روپے کے چارج کے مقابل اس سہ ماہی میں 159 ملین روپے کی معکوس تبدیلی ریکارڈ کی گئی۔ کوریج ریشو میں دسمبر 2017ء کی سطح سے اگرچہ معمولی سی کمی ہوئی تاہم وہ 93.4 فیصد پر مستحکم رہا۔

محترمہ سعدیہ خان 27 مارچ 2018ء کو بطور ڈائریکٹر منتخب کی گئیں۔ محترمہ سعدیہ خان کثیر المملکی اداروں اور کاروباری اور مالیاتی ریگولیشن کے شعبوں میں خدمات انجام دے چکی ہیں اور وسیع ملکی اور بین الاقوامی تجربہ کی حامل ہیں۔ بورڈ محترمہ سعدیہ خان اور ان کی خدمات کا خیر مقدم کرتا ہے۔

## مستقبل کی صورتحال

ملک کی بیرونی پوزیشن میں بڑھتے ہوئے عدم تناسب کی وجہ سے مجموعی میکرو اکنامک استحکام کی بابت خدشات ابھرے ہیں جن کی وجہ سے ادائیگیوں کے توازن کی درستی اور معاشی ترقی کی رفتار کو قائم رکھنے کے لئے فوری اقدامات کی ضرورت ہے۔ حکومت کی جانب سے بیرونی ذرائع سے آنے والے مالی بہاؤ کو متحرک کرنے کی منصوبہ بندی اور برآمدات و ترسیلات میں تیزی کے ذریعے کرنٹ اکاؤنٹ خسارہ کم کرنے پر اضافی توجہ مرکوز کرنے جیسے اقدامات زرمبادلہ کے ذخائر کی متناسب سطح برقرار رکھنے میں ایک کلیدی کردار ادا کریں گے۔ شرح مبادلہ میں حالیہ وسیع ترچک کے ساتھ ساتھ برآمدات و ترسیلات میں ٹھوس بہتری سے درمیانی مدت میں ثمرات کے حصول کی توقع ہے۔

اگر بیرونی چیلنجز پر قابو پایا جائے تو بنیادی عوامل کی مضبوطی ملکی معیشت کو ٹھوس ترقی کی راہ پر گامزن کرنے کیلئے کافی ہے۔ افراط زر سے متعلق توقعات اچھی طرح سے قائم ہیں اگرچہ ایندھن کی قیمتوں میں بڑھتے ہوئے دباؤ کا خدشہ موجود ہے پھر بھی یہ توقع ہے کہ افراط زر باآسانی اہداف کے مطابق رہے گا۔ لارج اسکیل مینوفیکچرنگ میں اضافہ اور نجی شعبہ میں قرضوں کے پھیلاؤ میں تسلسل آئندہ مالی سال تک بھی متوقع ہے۔ حالیہ اعلان کی گئی ایمنسٹی اسکیم اور دیگر ٹیکس اقدامات، ٹیکس اور دستاویزی امور کے ضمن میں اضافہ کے امکانات موجود ہیں تاہم ان اقدامات کی پر عزم اور محتاط پیروی کی ضرورت ہے۔

ایچ بی ایل کا مرکزی مجموعی کاروبار مستعدی سے گامزن ہے اور بینک کے پاس لکویڈٹی اور سرمایہ کے مناسب ریزرو موجود ہیں۔ تاہم، کچھ عوامل جو پہلی سہ ماہی کی کارکردگی پر اثر انداز ہوئے ان کی موجودگی درمیانے عرصہ میں بھی متوقع ہے۔ ایچ بی ایل پاکستان کی خوشحالی سے متعلق اپنی ذمہ داریوں سے باخوبی واقف ہے اور ملکی آبادی کی مالی شمولیت اور ان کی متعلقہ سرگرمیوں میں سب سے نمایاں رہنے کے لئے پرعزم ہے۔

## تشکر و امتنان

ہم اپنے ریگولیٹرز اور حکومت پاکستان کی کاوشوں کی ستائش ریکارڈ پر رکھنا چاہتے ہیں بالخصوص وزارت مالیات، اسٹیٹ بینک اور سیکیورٹیز اینڈ ایکسچینج کمیشن کی جانب سے رہنمائی و حمایت اور بینکنگ اور مالیاتی خدمات کے شعبہ میں ریگولیٹری اور انتظامی فریم ورک میں مسلسل بہتری کے ذریعے ترقی و استحکام کے لئے کی گئی کاوشوں کو سراہتے ہیں۔

بورڈ اور انتظامیہ کی جانب سے ہم اس موقع پر اپنے کسٹمرز کے کاروباری اعتماد اور اپنے حصص یافتگان کی حمایت اور اعتماد کیلئے اظہار تشکر کرتے ہیں۔ ہم انہیں یقین دلاتے ہیں کہ ہم اپنی تمام کاوشوں میں اعلیٰ ترین معیارات اور اچھے کارپوریٹ انتظام اور اصول و قواعد کی مطابقت کے کلچر کے استمرار کے لئے عزم مصمم پر قائم ہیں۔ ہم اپنے ملازمین کی حبیب بینک کی ترقی کے ضمن میں کی گئی تمام کاوشوں کا بھی اعتراف کرتے ہیں اور ان کے عزم و وابستگی کا شکریہ ادا کرتے ہیں۔

منجانب بورڈ

رُپومند کوٹوال

قائم مقام صدر اور چیف ایگزیکٹو آفیسر

27 اپریل 2018ء

# Condensed Interim Unconsolidated Statement of Financial Position

As at March 31, 2018

	Note	(Unaudited) March 31, 2018 (Rupees in '000)	(Audited) December 31, 2017 (Restated)
<b>ASSETS</b>			
Cash and balances with treasury banks		248,913,102	230,256,066
Balances with other banks		21,526,651	28,777,991
Lendings to financial institutions		144,075,773	33,900,345
Investments	6	1,083,126,752	1,335,782,671
Advances	7	813,506,712	800,688,978
Operating fixed assets	8	58,277,631	56,920,682
Deferred tax asset		4,559,666	3,900,457
Other assets		64,672,275	72,831,923
		2,438,658,562	2,563,059,113
<b>LIABILITIES</b>			
Bills payable		31,991,868	33,617,261
Borrowings	9	224,244,573	395,486,210
Deposits and other accounts	10	1,933,460,023	1,899,511,435
Subordinated loan		9,992,000	9,994,000
Liabilities against assets subject to finance lease		-	-
Deferred tax liability		-	-
Other liabilities		61,420,969	51,746,248
		2,261,109,433	2,390,355,154
<b>NET ASSETS</b>		<b>177,549,129</b>	<b>172,703,959</b>
<b>REPRESENTED BY:</b>			
<b>Shareholders' equity</b>			
Share capital		14,668,525	14,668,525
Reserves		51,766,226	49,519,342
Unappropriated profit		90,875,371	87,300,494
		157,310,122	151,488,361
Surplus on revaluation of assets - net of deferred tax	11	20,239,007	21,215,598
		<b>177,549,129</b>	<b>172,703,959</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	12		

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

Rayomond Kotwal  
Acting President and  
Chief Executive Officer

Irfan Ahmed Meer  
Acting Chief Financial Officer

Dr. Najeeb Samie  
Director

Agha Sher Shah  
Director

Moez Ahamed Jamal  
Director



# Condensed Interim Unconsolidated Profit and Loss Account (Unaudited)

For the three months ended March 31, 2018

	Note	January 01 to March 31, 2018 (Rupees in '000)	January 01 to March 31, 2017 (Rupees in '000)
Mark-up / return / profit / interest earned	13	35,277,440	33,730,198
Mark-up / return / profit / interest expensed	14	16,548,364	14,556,412
Net mark-up / return / profit / interest income		18,729,076	19,173,786
(Reversal) / provision against advances	7.2	(203,791)	125,025
Reversal of provision against off-balance sheet obligations		(35,291)	(41,982)
(Reversal) / provision for diminution in the value of investments	6.2	(13,618)	220,174
Bad debts written off directly		-	-
		(252,700)	303,217
Net mark-up / return / profit / interest income after provisions		18,981,776	18,870,569
<b>Non mark-up / interest income</b>			
Fee, commission and brokerage income		4,054,066	4,322,701
Dividend income		382,677	366,465
(Loss) / income from dealing in foreign currencies		(830,633)	558,639
Gain on sale of securities - net		63,464	1,238,389
Unrealised loss on held-for-trading securities		(45,588)	(44,101)
Other income		16,865	177,195
Total non mark-up / interest income		3,640,851	6,619,288
		22,622,627	25,489,857
<b>Non mark-up / interest expense</b>			
Administrative expenses	15	16,224,642	12,678,181
Other provisions / write offs - net		93,601	37,525
Other charges		6,104	101
Workers' Welfare Fund		135,950	261,687
Total non mark-up / interest expenses		16,460,297	12,977,494
Profit before taxation		6,162,330	12,512,363
<b>Taxation</b>			
- Current		2,317,518	4,561,206
- Prior years		-	-
- Deferred		(113,216)	(167,939)
		2,204,302	4,393,267
Profit after taxation		3,958,028	8,119,096
		----- (Rupees) -----	
Basic and diluted earnings per share		2.70	5.54

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

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Director

# Condensed Interim Unconsolidated Statement of Comprehensive Income (Unaudited)

For the three months ended March 31, 2018

	January 01 to March 31, 2018 (Rupees in '000)	January 01 to March 31, 2017 (Rupees in '000)
Profit after taxation for the period	3,958,028	8,119,096
Other comprehensive income / (loss)		
<i>Items that may be reclassified to the profit and loss account in subsequent periods</i>		
Effect of translation of net investment in foreign branches - net	1,851,081	(11,726)
Comprehensive income transferred to equity	5,809,109	8,107,370
Components of comprehensive income / (loss) not reflected in equity		
<i>Items that may be reclassified to the profit and loss account in subsequent periods</i>		
Movement in surplus / deficit on revaluation of investments - net of tax	(973,939)	(766,890)
<i>Items that are not to be reclassified to the profit and loss account in subsequent periods</i>		
Transferred from surplus on revaluation of non-banking assets - net of tax	2,568	-
Movement in surplus / deficit on revaluation of non-banking assets - net of tax	10,000	-
Transferred to surplus on revaluation of operating fixed assets - net of tax	(2,568)	-
	7,432	-
Total comprehensive income	4,845,170	7,340,480

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

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Director

# Condensed Interim Unconsolidated Statement of Changes In Equity (Unaudited)

For the three months ended March 31, 2018

	Reserves						Total
	Share capital	Exchange translation reserve	Capital		Revenue		
			Statutory reserve	Non-distributable capital reserve	General reserve	Unappropriated profit	
(Rupees in '000)							
Balance as at December 31, 2016	14,668,525	10,453,351	30,072,084	547,115	6,073,812	97,446,624	159,261,511
Effect of retrospective change in accounting policy	-	-	-	-	-	(803,615)	(803,615)
Balance as at December 31, 2016 (restated)	14,668,525	10,453,351	30,072,084	547,115	6,073,812	96,643,009	158,457,896
Comprehensive income for the period	-	-	-	-	-	8,119,096	8,119,096
Profit after taxation for the three months ended March 31, 2017	-	-	-	-	-	8,119,096	8,119,096
Other comprehensive loss	-	(11,726)	-	-	-	-	(11,726)
- Effect of translation of net investment in foreign branches - net	-	(11,726)	-	-	-	8,119,096	8,107,370
Transactions with owners, recorded directly in equity	-	-	-	-	-	(5,133,984)	(5,133,984)
Final cash dividend - Rs 3.5 per share declared subsequent to the year ended December 31, 2016	-	-	-	-	-	(5,133,984)	(5,133,984)
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	10,949	10,949
Transferred to statutory reserve	-	-	811,910	-	-	(811,910)	-
Balance as at March 31, 2017 (restated)	14,668,525	10,441,625	30,883,994	547,115	6,073,812	98,827,160	161,442,231
Comprehensive income for the period	-	-	-	-	-	(388,549)	(388,549)
Loss after taxation for the nine months ended December 31, 2017 (restated)	-	-	-	-	-	(388,549)	(388,549)
Other comprehensive income / (loss)	-	2,034,722	-	-	-	-	2,034,722
- Effect of translation of net investment in foreign branches - net	-	2,034,722	-	-	-	-	2,034,722
- Remeasurement loss on defined benefit obligations- net	-	-	-	-	-	(1,007,627)	(1,007,627)
	-	2,034,722	-	-	-	(1,396,176)	638,546
Transactions with owners, recorded directly in equity	-	-	-	-	-	(5,133,984)	(5,133,984)
1st interim cash dividend - Rs 3.5 per share	-	-	-	-	-	(5,133,984)	(5,133,984)
2nd interim cash dividend - Rs 3.5 per share	-	-	-	-	-	(10,267,968)	(10,267,968)
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	32,008	32,008
Transferred from statutory reserve	-	-	(105,470)	-	-	105,470	-
Exchange translation realised on sale of Bank branches	-	(356,456)	-	-	-	-	(356,456)
Balance as at December 31, 2017 (restated)	14,668,525	12,119,891	30,778,524	547,115	6,073,812	87,300,494	151,488,361
Comprehensive income for the period	-	-	-	-	-	3,958,028	3,958,028
Profit after taxation for the three months ended March 31, 2018	-	-	-	-	-	3,958,028	3,958,028
Other comprehensive income	-	1,851,081	-	-	-	-	1,851,081
- Effect of translation of net investment in foreign branches - net	-	1,851,081	-	-	-	3,958,028	5,809,109
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	12,652	12,652
Transferred to statutory reserve	-	-	395,803	-	-	(395,803)	-
Balance as at March 31, 2018	14,668,525	13,970,972	31,174,327	547,115	6,073,812	90,875,371	157,310,122

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

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Director

# Condensed Interim Unconsolidated Cash Flow Statement (Unaudited)

For the three months ended March 31, 2018

	March 31, 2018	March 31, 2017
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	6,162,330	12,512,363
Dividend income	(382,677)	(366,465)
	<u>5,779,653</u>	<u>12,145,898</u>
Adjustments for:		
Depreciation	802,589	782,232
Amortisation	155,170	133,150
(Reversal) / provision against advances	(203,791)	125,025
Reversal of provision against off-balance sheet obligations	(35,291)	(41,982)
(Reversal) / provision for diminution in the value of investments	(13,618)	220,174
Other provisions / write offs - net	93,601	37,525
Unrealised loss on held-for-trading securities	45,588	44,101
Gain on sale of operating fixed assets - net	(11,148)	(8,100)
Workers' Welfare Fund	135,950	261,687
	<u>969,050</u>	<u>1,553,812</u>
	<u>6,748,703</u>	<u>13,699,710</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	(110,175,428)	13,336,118
Net investments in held-for-trading securities	(19,049,740)	(103,915,431)
Advances	(12,613,943)	(5,402,249)
Other assets (excluding advance taxation)	9,008,712	662,852
	<u>(132,830,399)</u>	<u>(95,318,710)</u>
Increase / (decrease) in operating liabilities		
Bills payable	(1,625,393)	(5,129,780)
Borrowings	(171,241,637)	20,738,550
Deposits and other accounts	33,948,588	10,948,664
Other liabilities	9,578,481	9,709,799
	<u>(129,339,961)</u>	<u>36,267,233</u>
	<u>(255,421,657)</u>	<u>(45,351,767)</u>
Income tax paid	(3,178,112)	(6,177,309)
Net cash flows used in operating activities	<u>(258,599,769)</u>	<u>(51,529,076)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investments in available-for-sale securities	227,388,225	2,361,295
Net investments in held-to-maturities securities	42,877,158	22,603,400
Net investments in subsidiaries	-	(441,933)
Net investments in associates	(90,061)	(35,256)
Dividend income received	153,475	174,774
Fixed capital expenditure	(2,181,799)	(14,233,294)
Proceeds from sale of fixed assets	13,805	9,519
Effect of translation of net investment in foreign branches - net	1,851,081	(11,726)
Net cash flows from investing activities	<u>270,011,884</u>	<u>10,426,779</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of subordinated loan	(2,000)	(2,000)
Dividend paid	(4,419)	(35,478)
Net cash flows used in financing activities	<u>(6,419)</u>	<u>(37,478)</u>
Increase / (decrease) in cash and cash equivalents during the period	<u>11,405,696</u>	<u>(41,139,775)</u>
Cash and cash equivalents at the beginning of the period	<u>254,678,110</u>	<u>252,459,897</u>
Effects of exchange rate changes on cash and cash equivalents	<u>4,355,947</u>	<u>71,870</u>
	<u>259,034,057</u>	<u>252,531,767</u>
Cash and cash equivalents at the end of the period	<u><u>270,439,753</u></u>	<u><u>211,391,992</u></u>

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

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Director

**Agha Sher Shah**  
Director

**Moez Ahamed Jamal**  
Director

# Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

## For the three months ended March 31, 2018

### 1 STATUS AND NATURE OF BUSINESS

Habib Bank Limited (the Bank) is incorporated in Pakistan and is engaged in commercial banking related services in Pakistan and overseas. The Bank's registered office is at Habib Bank Tower, 9th Floor, Jinnah Avenue, Islamabad and its principal office is at Habib Bank Plaza, I.I.Chundrigar Road, Karachi. The Bank's shares are listed on the Pakistan Stock Exchange. The Bank operates 1703 (December 31, 2017: 1,703) branches inside Pakistan including 47 (December 31, 2017: 47) Islamic Banking Branches and 48 (December 31, 2017: 48) branches outside the country including in the Karachi Export Processing Zone (KEPZ). The Aga Khan Fund for Economic Development (AKFED), S.A. is the parent company of the Bank and its registered office is in Geneva, Switzerland.

- 1.1 Habib Finance International Limited, a wholly owned subsidiary of the Bank, has filed for voluntary liquidation and is in the process of completing the required formalities in this regard.

### 2 STATEMENT OF COMPLIANCE

This condensed interim unconsolidated financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:

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

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IAS 34 or IFAS the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives, shall prevail.

The disclosures made in this condensed interim unconsolidated financial information has been limited based on the format prescribed by the SBP vide BSD Circular Letter No. 2 dated May 12, 2004 and IAS 34. This condensed interim unconsolidated financial information does not include all the disclosures required for annual unconsolidated financial statements and should be read in conjunction with the unconsolidated financial statements for the year ended December 31, 2017.

### 3 ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim unconsolidated financial information are consistent with those followed in the preparation of the unconsolidated financial statements for the year ended December 31, 2017 except as disclosed in note 3.1.

#### 3.1 Change in accounting policy

The Companies Ordinance, 1984 was repealed through the enactment of the Companies Act, 2017. However, as directed by the Securities and Exchange Commission of Pakistan vide circular number 23 dated Oct 4, 2017, the financial reporting requirements of the Companies Act, 2017 were only made applicable for reporting periods starting from January 1, 2018.

Consequently, the Bank has changed its policy for accounting for a deficit arising on revaluation of fixed assets. The Bank's previous accounting policy (as described in Note 4.5.1 of the annual unconsolidated financial statements), in accordance with the repealed Companies Ordinance, 1984, required that a deficit arising on revaluation of a particular property was to be adjusted against the total balance in the surplus account or, if no surplus existed, was to be charged to the profit and loss account as an impairment of the asset. The Companies Act, 2017 removed the specific provisions allowing the above treatment. A deficit arising on revaluation of a particular property is now to be accounted for in accordance with IFRS, which requires that such deficit is to be taken to the profit and loss account as an impairment.

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

	As at March 31, 2018	As at December 31, 2017	As at December 31, 2016
	(Rupees in '000)		
Impact on Statement of Financial Position			
Decrease in unappropriated profit	(130,492)	(131,799)	(803,615)
Increase in surplus on revaluation of assets – net of tax	130,492	131,799	803,615
	For the three months ended		
	March 31, 2018	March 31, 2017	
	(Rupees in '000)		
Impact on Profit and Loss account	-	-	
Impact on Statement of Comprehensive Income	-	-	

### 4 ACCOUNTING ESTIMATES

The basis for accounting estimates adopted in the preparation of this condensed interim unconsolidated financial information is the same as that applied in the preparation of the unconsolidated financial statements for the year ended December 31, 2017.

### 5 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the unconsolidated financial statements for the year ended December 31, 2017.

## 6 INVESTMENTS

Note	March 31, 2018 (Unaudited)			December 31, 2017 (Audited)		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
	(Rupees in '000)					
	82,784,027	-	82,784,027	47,907,444	-	47,907,444
	2,542,246	-	2,542,246	17,918,321	-	17,918,321
	1,686,751	-	1,686,751	1,999,062	-	1,999,062
	143,559	-	143,559	274,651	-	274,651
	114,208	-	114,208	149,311	-	149,311
	87,270,791	-	87,270,791	68,248,789	-	68,248,789
	185,785,007	-	185,785,007	229,596,422	-	229,596,422
	117,216	-	117,216	1,177,868	-	1,177,868
	9,053,857	-	9,053,857	6,899,728	-	6,899,728
	18,600,685	-	18,600,685	18,078,775	-	18,078,775
	13,922,955	-	13,922,955	14,604,085	-	14,604,085
	227,479,720	-	227,479,720	270,356,878	-	270,356,878
	258,075,707	73,219,371	331,295,078	328,211,635	131,244,262	459,455,897
	268,084,798	7,798,276	275,883,074	238,386,542	134,373,604	372,760,146
	1,553,976	-	1,553,976	1,487,595	-	1,487,595
	80,812,280	-	80,812,280	83,205,706	-	83,205,706
	18,438,150	-	18,438,150	19,661,232	-	19,661,232
	2,712,047	-	2,712,047	2,711,847	-	2,711,847
	2,610,679	13,699,024	16,309,703	283,688	15,378,666	15,662,354
	13,855,385	-	13,855,385	14,086,144	-	14,086,144
	4,705,314	-	4,705,314	3,868,899	-	3,868,899
	11,113	-	11,113	11,113	-	11,113
	55,000	-	55,000	154,000	-	154,000
	97,500	-	97,500	97,500	-	97,500
	651,011,949	94,716,671	745,728,620	692,165,901	280,996,532	973,162,433
	13,945,202	-	13,945,202	13,945,202	-	13,945,202
6.1	12,412,249	-	12,412,249	12,322,188	-	12,322,188
	992,119,911	94,716,671	1,086,836,582	1,057,038,958	280,996,532	1,338,035,490
6.2	(1,489,433)	-	(1,489,433)	(1,503,051)	-	(1,503,051)
	990,630,478	94,716,671	1,085,347,149	1,055,535,907	280,996,532	1,336,532,439
	(45,588)	-	(45,588)	(73,326)	-	(73,326)
11.2	(2,081,739)	(93,070)	(2,174,809)	(900,806)	224,364	(676,442)
	988,503,151	94,623,601	1,083,126,752	1,054,561,775	281,220,896	1,335,782,671

6.1 The market value of investment classified as held-to-maturity and investment in listed associates and joint venture is as follows:

	March 31, 2018 (Unaudited)		December 31, 2017 (Audited)	
	Book value	Market value	Book value	Market value
	(Rupees in '000)			
- Investment classified as held-to-maturity	227,479,720	227,599,852	270,356,878	272,433,165
- Investment in listed associates and joint venture	11,976,018	42,542,334	11,885,957	39,352,301

6.2 Particulars of provision held against diminution in the value of investments

	(Unaudited) March 31, 2018 (Rupees in '000)	(Audited) December 31, 2017 (Rupees in '000)
Opening balance	1,503,051	866,152
Charge for the period / year	135,860	1,289,086
Reversal for the period / year	-	(203,605)
Reversed on disposal during the period / year	(149,478)	(619,614)
Net (reversal) / charge	(13,618)	465,867
Recoveries against written off investments	-	171,032
Closing balance	1,489,433	1,503,051



## 7 ADVANCES

	Note	(Unaudited) March 31, 2018 (Rupees in '000)	(Audited) December 31, 2017 (Rupees in '000)
Loans, cash credits, running finances, etc.			
- In Pakistan		643,724,843	628,791,839
- Outside Pakistan		93,450,523	100,618,431
		<u>737,175,366</u>	<u>729,410,270</u>
Net investment in finance lease - in Pakistan		17,029,657	17,127,661
Islamic financing and related assets	20.1.2	93,720,225	84,408,003
Bills discounted and purchased			
- Payable in Pakistan		16,796,957	16,751,077
- Payable outside Pakistan		11,381,411	16,540,552
		<u>28,178,368</u>	<u>33,291,629</u>
Advances - gross		876,103,616	864,237,563
Provision against advances			
- Specific	7.2	(59,781,426)	(60,792,948)
- General		(2,815,478)	(2,755,637)
		<u>(62,596,904)</u>	<u>(63,548,585)</u>
Advances - net of provision		<u>813,506,712</u>	<u>800,688,978</u>

7.1 Advances include Rs 67,041.573 million (December 31, 2017: Rs 67,037.629 millions) which have been placed under non-performing status as detailed below:

Category of classification	March 31, 2018 (Unaudited)								
	Non-performing advances			Provision required and held			Net non-performing advances		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	Rupees in '000								
Other assets especially mentioned	1,861,598	607,329	2,468,927	-	-	-	1,861,598	607,329	2,468,927
Substandard	2,481,612	1,042,678	3,524,290	1,146,285	201,329	1,347,614	1,335,327	841,349	2,176,676
Doubtful	1,379,364	824,119	2,203,483	689,682	309,614	999,296	689,682	514,505	1,204,187
Loss	43,013,589	15,831,284	58,844,873	41,949,141	15,485,375	57,434,516	1,064,448	345,909	1,410,357
	<u>48,736,163</u>	<u>18,305,410</u>	<u>67,041,573</u>	<u>43,785,108</u>	<u>15,996,318</u>	<u>59,781,426</u>	<u>4,951,055</u>	<u>2,309,092</u>	<u>7,260,147</u>
Category of classification	December 31, 2017 (Audited)								
	Non-performing advances			Provision required and held			Net non-performing advances		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	Rupees in '000								
Other assets especially mentioned	1,025,320	32,434	1,057,754	-	-	-	1,025,320	32,434	1,057,754
Substandard	2,872,439	794,075	3,666,514	1,159,974	166,073	1,326,047	1,712,465	628,002	2,340,467
Doubtful	1,534,738	1,022,442	2,557,180	767,369	417,505	1,184,874	767,369	604,937	1,372,306
Loss	44,823,375	14,932,806	59,756,181	43,688,631	14,593,396	58,282,027	1,134,744	339,410	1,474,154
	<u>50,255,872</u>	<u>16,781,757</u>	<u>67,037,629</u>	<u>45,615,974</u>	<u>15,176,974</u>	<u>60,792,948</u>	<u>4,639,898</u>	<u>1,604,783</u>	<u>6,244,681</u>

## 7.2 Particulars of provision against advances

	Note	March 31, 2018 (Unaudited)			December 31, 2017 (Audited)		
		Specific	General	Total	Specific	General	Total
		Rupees in '000					
Opening balance		60,792,948	2,755,637	63,548,585	60,513,286	3,328,371	63,841,657
Exchange adjustment		721,912	63,130	785,042	782,290	72,468	854,758
Charge for the period / year		670,792	44,406	715,198	4,996,892	257,577	5,254,469
Reversal for the period / year		(842,518)	(76,471)	(918,989)	(4,689,330)	(898,245)	(5,587,575)
Net (reversal) / charge against advances		(171,726)	(32,065)	(203,791)	307,562	(640,668)	(333,106)
Charged off during the period / year	7.4	(99,560)	-	(99,560)	(400,719)	-	(400,719)
Written off during the period / year		(1,541,069)	-	(1,541,069)	(308,726)	-	(308,726)
Transfer out on sale of Kenya and Paris business		-	-	-	(591,554)	(21,004)	(612,558)
Recoveries against write off		78,921	-	78,921	490,809	-	490,809
Other movements		-	28,776	28,776	-	16,470	16,470
Closing balance		<u>59,781,426</u>	<u>2,815,478</u>	<u>62,596,904</u>	<u>60,792,948</u>	<u>2,755,637</u>	<u>63,548,585</u>

- 7.3 General provision represents provision amounting to Rs 1,438.700 million (December 31, 2017: Rs 1,405.701 million) against consumer finance portfolio. General provision also includes Rs 1,376.778 million (December 31, 2017: Rs 1,349.936 million) pertaining to overseas locations to meet the requirements of the regulatory authorities of the respective countries in which the Bank operates.
- 7.4 These represent non-performing advances for agriculture finance which have been classified as loss, are fully provided and are in default for more than 3 years. These non-performing advances have been charged off by extinguishing them against the provision held in accordance with the SBP's Prudential Regulations for Agriculture Financing. This charge off does not, in any way, prejudice the Bank's right of recovery from these customers.
- 7.5 Particulars of advances to directors, associated companies, etc.

March 31, 2018 (Unaudited)						
	Balance at the beginning of the period / year	Loans granted / transferred in during the period / year	Repayments / transferred out during the period / year	Balance at the end of the period / year	Maximum total amount of advances including temporary advances outstanding**	Limit sanctioned during the period / year
----- (Rupees in '000) -----						
Debts due by Directors or Executives of the Bank 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)	2,819,039	355,382	(1,443,194)	1,731,227	1,772,642	355,382
- in respect of Key Management Personnel	142,108	66,045	(71,910)	136,243	192,175	55,607
Debts due by companies or firms in which the Directors of the Bank are interested as directors, partners, advisors or in the case of private companies as members	15,991,842	40,146,299	(35,187,015)	20,951,126	21,341,738	185,658
Debts due by subsidiary companies, controlled firms, managed modarabas and other related parties	605,113	2,056,071	(2,057,454)	603,730	605,125	-

\* These represent advances given by the Bank to its Executives as per their terms of employment.

\*\* This is the maximum amount outstanding at any month end during the period / year.

December 31, 2017 (Audited)						
	Balance at the beginning of the period / year	Loans granted / transferred in during the period / year	Repayments / transferred out during the period / year	Balance at the end of the period / year	Maximum total amount of advances including temporary advances outstanding**	Limit sanctioned during the period / year
----- (Rupees in '000) -----						
Debts due by Directors or Executives of the Bank 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)	2,876,769	771,450	(829,180)	2,819,039	3,099,210	771,450
- in respect of Key Management Personnel	38,221	175,367	(71,480)	142,108	204,016	162,585
Debts due by companies or firms in which the Directors of the Bank are interested as directors, partners, advisors or in the case of private companies as members	10,404,154	169,816,908	(164,229,220)	15,991,842	25,397,530	12,573,928

December 31, 2017 (Audited)						
	Balance at the beginning of the period / year	Loans granted / transferred in during the period / year	Repayments / transferred out during the period / year	Balance at the end of the period / year	Maximum total amount of advances including temporary advances outstanding**	Limit sanctioned during the period / year
----- (Rupees in '000) -----						
Debts due by subsidiary companies, controlled firms, managed modarabas and other related parties	2,685,681	263,742	(2,344,310)	605,113	2,663,766	13,893

\* These represent advances given by the Bank to its Executives as per their terms of employment.

\*\* This is the maximum amount outstanding at any month end during the period / year.

## 8 OPERATING FIXED ASSETS

	Note	(Unaudited) March 31, 2018 (Rupees in '000)	(Audited) December 31, 2017 (Rupees in '000)
Capital work-in-progress	8.1	18,074,052	16,995,161
Tangible fixed assets		39,323,981	38,991,464
Intangible assets		879,598	934,057
		<u>58,277,631</u>	<u>56,920,682</u>

8.1 This includes Rs 15,110.039 million (December 31, 2017: Rs 14,440.034 million) on account of HBL Tower, the Bank's new office building in Karachi.

### 8.2 Additions to operating fixed assets

	(Unaudited) For the three months ended March 31, 2018 (Rupees in '000)	March 31, 2017 (Rupees in '000)
The following additions have been made to operating fixed assets during the period:		
<i>Capital work-in-progress</i>	1,078,891	13,517,039
<i>Tangible fixed assets</i>		
Land	52,608	-
Building	127,438	76,049
Machinery	2,957	-
Furniture, fixtures and office equipment	779,556	508,713
Leasehold Improvements	98,067	47,269
Vehicles	-	5,736
	<u>1,060,626</u>	<u>637,767</u>
<i>Intangible assets</i>	99,326	71,886
	<u>2,238,843</u>	<u>14,226,692</u>

### 8.3 Disposal of operating fixed assets

	(Unaudited) For the three months ended March 31, 2018 (Rupees in '000)	March 31, 2017 (Rupees in '000)
The cost of operating fixed assets disposed off during the period is as follows:		
<i>Tangible fixed assets</i>		
Furniture, fixtures and office equipment	235,407	82,475
Leasehold Improvements	26,552	16,426
Vehicles	172	1,465
	<u>262,131</u>	<u>100,366</u>

## 9 BORROWINGS

BORROWINGS		Note	(Unaudited) March 31, 2018	(Audited) December 31, 2017
			(Rupees in '000)	
Secured				
Borrowings from the SBP under				
- Export refinance scheme			25,168,668	26,343,510
- Long term financing facility			10,463,167	9,852,123
- Refinance facility for modernization of SMEs			18,500	9,500
			35,650,335	36,205,133
Repurchase agreement borrowings			93,744,435	279,802,790
			129,394,770	316,007,923
Unsecured				
- Call money borrowings			23,640,000	11,385,000
- Overdrawn nostro accounts			2,174,513	1,540,136
- Borrowings of overseas branches			29,072,325	28,348,800
- Other long term borrowings	9.1		39,962,965	38,204,351
			94,849,803	79,478,287
			224,244,573	395,486,210

9.1 This includes the following:

- 9.1.1 A loan from the International Finance Corporation amounting to US\$ 150 million (December 31, 2017: US\$ 150 million). The principal amount is payable in six equal half yearly installments from June 2022 to December 2024. Interest at LIBOR+5% is payable bi-annually from June 2015.
- 9.1.2 A loan from the China Development Bank amounting to US\$ 196 million (December 31, 2017: US\$196 million). The principal amount is payable in six installments from December 2017 to June 2020. Interest at LIBOR+2.45% is payable semi annually commencing from June 15, 2017.

## 10 DEPOSITS AND OTHER ACCOUNTS

DEPOSITS AND OTHER ACCOUNTS	(Unaudited) March 31, 2018	(Audited) December 31, 2017
	(Rupees in '000)	
Customers		
Current accounts - non-remunerative	686,862,639	682,227,276
Savings accounts	871,009,591	864,002,017
Fixed deposits	285,141,568	288,149,686
	1,843,013,798	1,834,378,979
Financial institutions		
Current accounts - non-remunerative	4,357,736	4,607,043
Savings accounts	79,435,572	59,294,770
Fixed deposits	6,652,917	1,230,643
	90,446,225	65,132,456
	1,933,460,023	1,899,511,435

	Note	(Unaudited) March 31, 2018	(Audited) December 31, 2017
		(Rupees in '000)	
		(Restated)	
11	SURPLUS ON REVALUATION OF ASSETS - net of deferred tax		
	Surplus / (deficit) arising on revaluation of assets - net of deferred tax, on		
	11.1	21,362,532	21,372,465
	11.2	(1,413,626)	(439,687)
	11.3	290,101	282,820
		<u>20,239,007</u>	<u>21,215,598</u>

	(Unaudited) March 31, 2018 (Rupees in '000)	(Audited) December 31, 2017 (Restated)
11.1 Surplus on revaluation of operating fixed assets		
Surplus as at the beginning of the period / year	22,509,067	12,598,958
Surplus recognised during the period / year	-	9,960,433
Transferred from surplus on revaluation of non-banking assets	3,334	15,504
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year - net of deferred tax	(12,501)	(42,789)
Related deferred tax liability on incremental depreciation charged during the period / year	(6,731)	(23,039)
	<u>22,493,169</u>	<u>22,509,067</u>
Less: related deferred tax liability on		
- Revaluation as at the beginning of the period / year	1,136,602	693,788
- Revaluation recognised during the period / year	-	460,427
- Amount transferred from surplus on revaluation of non-banking assets	766	5,426
- Incremental depreciation charged during the period / year	(6,731)	(23,039)
	<u>1,130,637</u>	<u>1,136,602</u>
	<u>21,362,532</u>	<u>21,372,465</u>
	(Unaudited) March 31, 2018 (Rupees in '000)	(Audited) December 31, 2017 (Rupees in '000)
11.2 Surplus / (deficit) on revaluation of investments		
Market Treasury Bills	(115,828)	(81,235)
Pakistan Investment Bonds	(1,754,134)	569,841
Government of Pakistan US Dollar Bonds	18,480	38,635
Sukuks	(391,154)	485,521
Listed equity securities	7,333	(1,794,580)
National Investment Trust units	41,754	36,190
Real Estate Investment Trust units	9,950	-
Overseas Government securities	6,037	4,460
Other debt instruments	2,753	64,726
	<u>(2,174,809)</u>	<u>(676,442)</u>
Related deferred tax asset	<u>761,183</u>	<u>236,755</u>
	<u>(1,413,626)</u>	<u>(439,687)</u>
11.3 Surplus on revaluation of non-banking assets acquired in satisfaction of claims		
Surplus as at the beginning of the period / year	283,667	690,381
Surplus recognised / (reversed) during the period / year	10,000	(390,952)
Transferred to surplus on revaluation of operating fixed assets	(3,334)	(15,504)
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year - net of deferred tax	(151)	(168)
Related deferred tax liability on incremental depreciation charged during the period / year	(81)	(90)
	<u>290,101</u>	<u>283,667</u>
Less: related deferred tax liability on		
- Revaluation as at beginning of the period / year	847	6,203
- Revaluation recognised during the period / year	-	160
- Amount transferred to surplus on revaluation of operating fixed assets	(766)	(5,426)
- Incremental depreciation charged during the period / year	(81)	(90)
	<u>-</u>	<u>847</u>
	<u>290,101</u>	<u>282,820</u>

12	CONTINGENCIES AND COMMITMENTS	(Unaudited) March 31, 2018	(Audited) December 31, 2017
		(Rupees in '000)	
12.1	Direct credit substitutes - financial guarantees		
	Guarantees in favour of		
	- Government	283,834	273,782
	- Financial institutions	441,000	441,000
	- Others	37,355,048	38,462,882
		<u>38,079,882</u>	<u>39,177,664</u>
12.2	Transaction-related contingent liabilities		
	Guarantees in favour of		
	- Government	540,012	269,851
	- Financial institutions	661,898	1,713,959
	- Others	119,835,325	122,433,335
		<u>121,037,235</u>	<u>124,417,145</u>
12.3	Trade-related contingent liabilities		
	Letters of credit in favour of		
	- Government	48,701,911	49,835,960
	- Financial institutions	1,724,128	5,340,244
	- Others	69,537,254	78,286,626
		<u>119,963,293</u>	<u>133,462,830</u>
12.4	Other contingencies		
	Claims against the Bank not acknowledged as debts	<u>29,112,042</u>	<u>28,314,434</u>
12.4.1	These mainly represent claims filed by former employees of the Bank, counter claims by borrowers for damages and other relief and other claims relating to banking transactions. Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Bank's favour and the possibility of any adverse outcome is remote. Accordingly, no provision has been made in this condensed interim unconsolidated financial information.		
12.4.2	The matter relating to the Bank's New York Branch has been disclosed in Note 29 to the annual unconsolidated financial statements of the Bank. There is no further update on the same.		
12.5	Commitments to extend credit		
	The Bank 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.		
		(Unaudited) March 31, 2018	(Audited) December 31, 2017
		(Rupees in '000)	
12.6	Commitments in respect of forward foreign exchange contracts		
	Purchase	102,222,540	131,801,937
	Sale	30,565,417	73,766,803
12.7	Commitments in respect of forward Government Securities transactions		
	Purchase	15,655,004	20,243,788
	Sale	1,738,525	-
12.8	Commitments in respect of derivatives		
	Cross currency swaps		
	Purchase	1,992,127	1,633,987
	Sale	2,132,128	1,707,050
	Interest rate swaps		
	Purchase	152,918	-
	Sale	10,589,453	10,315,539
12.9	Commitments for capital expenditure	4,352,514	5,026,435
12.10	The income tax returns of the Bank have been submitted upto and including the accounting year 2016. The tax authorities have concluded the audit of the returns under section 122(5A) of the Income Tax Ordinance, 2001 upto accounting year 2015.		
	As per Rule 8(A) of the Seventh Schedule, any amounts which have been provided for doubtful debts in the Tax Year 2008 (accounting year 2007) and earlier, 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.		



### 13 MARK-UP / RETURN / PROFIT / INTEREST EARNED

	(Unaudited)	
	For the three months ended	
	March 31, 2018	March 31, 2017
	(Rupees in '000)	
On advances	14,849,443	12,488,218
On investments in		
- Held-for-trading securities	1,674,980	1,230,981
- Held-to-maturity securities	4,927,562	4,023,177
- Available-for-sale securities	13,212,727	15,591,011
	19,815,269	20,845,169
On deposits with financial institutions	132,478	198,860
On lendings to financial institutions	480,250	197,951
	<u>35,277,440</u>	<u>33,730,198</u>

### 14 MARK-UP / RETURN / PROFIT / INTEREST EXPENSED

On		
- Deposits	11,804,265	10,333,722
- Securities sold under repurchase agreement borrowings	3,350,964	3,379,914
- Other short-term borrowings	920,529	397,474
- Long-term borrowings	472,606	445,302
	<u>16,548,364</u>	<u>14,556,412</u>

- 15 Further to the disclosure on pension related matters as explained in detail in note 44.2 to the annual unconsolidated financial statements of the Bank, a decision on the review petition was announced on April 3, 2018. Consequently, the Bank has taken a charge of Rs 2.2 Billion representing the increase in the present value of the Bank's pension scheme related defined benefit obligations. The amount has been estimated based on actuarial valuations.

In accordance with the Honorable Supreme Court's Order the payments to eligible persons will be prospectively applied from the date of judgment i.e. February 13, 2018.

### 16 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of traded investments are based on quoted market prices. The fair values of unquoted equity investments, other than investments in subsidiaries, associates and joint ventures, are estimated using the break-up value of the investee company.

The fair value of unquoted debt securities, fixed term advances, other assets and other liabilities can not be calculated with sufficient reliability due to the absence of a current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since they are either short-term in nature or, in the case of customer advances, deposits and certain long term borrowings, are frequently repriced.

All assets and liabilities for which fair value is measured or disclosed in this condensed interim unconsolidated financial information are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

#### Valuation techniques used in the determination of fair values within level 2 and level 3

Federal Government securities	The fair values of Federal Government securities are determined on the basis of rates / prices sourced from Reuters.
Debentures and corporate debt instruments	Investment in debt securities denominated in Rupees are valued on the basis of rates announced by the Mutual Funds Association of Pakistan (MUFAP). Investments in debt securities denominated in other currencies are valued on the basis of rates taken from Bloomberg / Reuters.
Overseas Government securities	The fair values of Overseas Government securities are determined on the basis of rates taken from Reuters / Bloomberg.
Units of mutual funds	The fair values of investments in units of mutual funds are determined based on their net asset values as published at the close of each business day.
Derivatives	The Bank enters into derivatives contracts with various counterparties. Derivatives that are valued using valuation techniques with market observable inputs are mainly interest rate swaps, cross currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations.
Operating fixed assets and non-banking assets acquired in satisfaction of claims	Land, buildings and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly, a qualitative disclosure of sensitivity has not been presented in this condensed interim unconsolidated financial information.

## Fair Value Measurement

The following table provides the fair value measurement hierarchy of those of the Bank's assets and liabilities that are recognised or disclosed at fair value in this condensed interim unconsolidated financial information:

	As at March 31, 2018 (Unaudited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Items carried at fair value				
Financial assets and liabilities				
- Fully paid up ordinary shares	17,478,325	-	-	17,478,325
- Real Estate Investment Trust units	64,950	-	-	64,950
- Federal Government securities	-	774,275,315	-	774,275,315
- Debentures and corporate debt instruments	-	20,510,307	-	20,510,307
- Overseas Government securities	-	4,826,398	-	4,826,398
- National Investment Trust units	-	52,867	-	52,867
- Unrealised gain on forward foreign exchange contracts	-	2,996,692	-	2,996,692
- Unrealised gain on derivative instruments	-	40,398	-	40,398
- Unrealised loss on forward foreign exchange contracts	-	181,149	-	181,149
- Unrealised loss on derivative instruments	-	137,549	-	137,549
Non-financial assets				
- Operating fixed assets	-	-	32,415,193	32,415,193
- Non-banking assets acquired in satisfaction of claims	-	-	1,854,435	1,854,435
Items for which fair value is disclosed				
- Federal Government securities	-	184,561,200	-	184,561,200
- Overseas Government securities	-	15,208,179	-	15,208,179
- Debentures and corporate debt instruments	-	27,830,473	-	27,830,473
- Associates and Joint venture	42,542,334	-	-	42,542,334
	60,085,609	1,030,620,527	34,269,628	1,124,975,764

	As at December 31, 2017 (Audited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Items carried at fair value				
Financial assets and liabilities				
- Fully paid up ordinary shares	17,004,855	-	-	17,004,855
- Real Estate Investment Trust units	154,000	-	-	154,000
- Federal Government securities	-	985,708,629	-	985,708,629
- Debentures and corporate debt instruments	-	16,693,355	-	16,693,355
- Overseas Government securities	-	4,006,706	-	4,006,706
- National Investment Trust units	-	47,303	-	47,303
- Unrealised gain on forward foreign exchange contracts	-	3,902,373	-	3,902,373
- Unrealised gain on derivative instruments	-	102,616	-	102,616
- Unrealised loss on forward foreign exchange contracts	-	891,964	-	891,964
- Unrealised loss on derivative instruments	-	50,418	-	50,418
Non-financial assets				
- Operating fixed assets	-	-	32,264,531	32,264,531
- Non-banking assets acquired in satisfaction of claims	-	-	1,967,665	1,967,665
Items for which fair value is disclosed				
- Federal Government securities	-	232,717,654	-	232,717,654
- Overseas Government securities	-	14,736,714	-	14,736,714
- Debentures and corporate debt instruments	-	24,978,797	-	24,978,797
- Associates and Joint venture	39,352,301	-	-	39,352,301
	56,511,156	1,283,836,529	34,232,196	1,374,579,881

## 17 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	For the three months ended March 31, 2018 (Unaudited)					Total
	Branch banking	Corporate banking	Treasury	International banking	Head Office / Others	
	-----Rupees in million-----					
Net mark-up income - external	(1,905)	5,080	15,097	1,161	(704)	18,729
Inter-segment revenue / (expense) - net	14,739	(3,431)	(12,347)	-	1,039	-
Non-funded income	3,345	671	143	357	(875)	3,641
Total Income	16,179	2,320	2,893	1,518	(540)	22,370
Total expenses including provision	6,314	(85)	120	3,687	6,172	16,208
Inter-segment administrative cost	4,531	658	127	475	(5,791)	-
Total expenses	10,845	573	247	4,162	381	16,208
Profit before tax	5,334	1,747	2,646	(2,644)	(921)	6,162
Segment return on assets %	0.85%	0.95%	0.54%	-2.88%	-0.91%	-
Segment cost of funds %	2.73%	5.02%	5.08%	1.69%	0.74%	-

	As at March 31, 2018 (Unaudited)					Total
	Branch banking	Corporate banking	Treasury	International banking	Head Office / Others	
	-----Rupees in million-----					
Segment assets (gross of provision)	496,891	504,697	1,162,284	222,687	117,087	2,503,646
Segment non-performing advances	8,471	40,066	-	18,305	200	67,042
Segment provision held (including general provision)	6,882	38,751	859	17,704	791	64,987
Inter-segment assets / (liabilities)	1,101,800	(142,471)	(1,049,344)	21,940	68,075	-
Segment liabilities and equity	1,591,809	323,475	112,081	226,923	184,371	2,438,659

	For the three months ended March 31, 2017 (Unaudited)					Total
	Branch banking	Corporate banking	Treasury	International banking	Head Office / Others	
	-----Rupees in million-----					
Net mark-up income - external	(2,026)	4,564	15,105	1,856	(325)	19,174
Inter-segment revenue / (expense) - net	13,596	(3,144)	(11,516)	-	1,064	-
Non-funded income	3,036	584	1,436	1,035	528	6,619
Total Income	14,606	2,004	5,025	2,891	1,267	25,793
Total expenses including provision	6,143	19	331	2,324	4,464	13,281
Inter-segment administrative cost	3,107	452	88	326	(3,973)	-
Total expenses	9,250	471	419	2,650	491	13,281
Profit before tax	5,356	1,533	4,606	241	776	12,512
Segment return on assets %	0.97%	1.05%	0.99%	0.14%	1.01%	-
Segment cost of funds %	2.65%	4.91%	5.00%	1.22%	0.35%	-

	As at December 31, 2017 (Audited)					Total
	Branch banking	Corporate banking	Treasury	International banking	Head Office / Others	
	-----Rupees in million-----					
Segment assets (gross of provision)	510,273	477,658	1,295,184	227,413	118,408	2,628,936
Segment non-performing advances	7,592	42,465	-	16,782	199	67,038
Segment provision held (including general provision)	6,933	40,516	872	16,810	746	65,877
Inter-segment assets / (liabilities)	1,062,311	(130,699)	(978,849)	23,854	23,383	-
Segment liabilities and equity	1,565,651	306,443	315,463	234,457	141,045	2,563,059

## 18 RELATED PARTY TRANSACTIONS

The Bank has relationships with various related parties, including its directors, members of the key management personnel of the Bank, Group entities, associated undertakings, joint venture company and employee benefit schemes of the Bank.

Transactions with the related parties, other than those under terms of employment, are executed on an arm's length basis i.e. do not involve more than normal risk and are substantially on the same terms, including mark-up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties.

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

Details of transactions and balances with related parties as at the period / year end, other than those disclosed elsewhere in this condensed interim unconsolidated financial information, are as follows:

	As at March 31, 2018 (Unaudited)						
	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
	(Rupees in '000)						
<b>Statement of financial position</b>							
Deposits	100,165	23,156	23,275,687	957,515	8,968,168	4,012	854,104
Maximum deposits during the period	212,977	43,579	23,462,928	1,096,555	9,356,530	4,012	2,775,972
Borrowings	-	-	1,386,103	2,555,621	2,078,998	1,154,999	-
Investments	-	-	-	17,410,199	12,276,584	135,665	5,827,943
Provision for diminution in the value of investments	-	-	-	-	-	-	(138,130)
Nostro balances	-	-	135,529	1,845,752	-	-	-
Advances	-	136,243	2,372,091	614,175	1,546,660	-	23,728,724
Provision against advances	-	-	-	-	-	-	(1,726,437)
Mark-up receivable	-	21	18,056	4,050	32,112	-	379,823
Other receivable	-	-	1	40,344	2,498	-	21,550
Mark-up payable	629	74	30,819	345	15,017	-	2,580
Other payable	-	-	8,603	-	16,344	-	2,371,809
<b>Contingencies and Commitments</b>							
Letters of credit	-	-	560,839	-	-	-	11,399,522
Letters of guarantee	-	-	168,450	18,011	450,450	-	546,294
Forward purchase of government securities	-	-	13,700,090	-	-	-	1,191,837
Interest rate swaps	-	-	1,669,868	-	1,500,000	-	-
<b>Others</b>							
Securities held as custodian	-	8,300	17,285,650	-	23,857,895	-	10,145,815
	For the three months ended March 31, 2018 (Unaudited)						
	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
	(Rupees in '000)						
<b>Profit and loss account</b>							
Mark-up income	-	1,114	72,186	55,876	58,347	-	322,645
Fee and commission income	-	-	-	1,281	668,205	-	-
Dividend income	-	-	-	-	213,001	-	37,569
Gain on sale of securities - net	-	-	-	-	-	-	9,971
Mark-up expense	2,360	72	122,479	7,394	96,514	6,196	14,564
Salaries and allowances	-	254,002	-	-	-	-	-
Net charge for defined benefit / contribution plans	-	-	-	-	-	-	2,388,407
Non-executive directors' fees	14,000	-	-	-	-	-	-
Other income / (loss)	-	-	(2,022)	8,441	2,498	-	82
Other expenses	-	-	9,503	1,008	-	-	351,989
Insurance premium expense	-	-	-	-	201,432	-	-

For the three months ended March 31, 2018 (Unaudited)

Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
(Rupees in '000)						

**Others**

Purchase of government securities	-	-	47,892,017	-	-	-	33,897,716
Sale of government securities	-	8,193	13,704,088	-	6,313,120	-	23,796,995
Insurance claims	-	-	-	-	59,074	-	-

As at December 31, 2017 (Audited)

Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
(Rupees in '000)						

**Statement of financial position**

Deposits	127,426	33,952	20,367,146	1,030,077	9,219,513	22,702	1,501,398
Maximum deposits during the year	165,193	46,305	21,888,137	1,094,208	9,716,844	63,856	2,211,732
Borrowings	-	-	479,694	1,247,874	3,312,516	1,104,172	-
Investments	-	-	-	17,259,428	12,186,523	135,665	5,291,967
Provision for diminution in the value of investments	-	-	-	-	-	-	(68,800)
Nostro balances	-	-	169,804	3,130,468	-	-	-
Overdrawn nostro balances	-	-	-	72,537	-	-	-
Advances	-	142,108	3,147,907	605,113	2,851,690	-	16,536,672
Provision against advances	-	-	-	-	-	-	(1,726,437)
Mark-up receivable	-	246	18,843	94,744	33,268	-	211,963
Other receivable	-	-	-	57,492	416,040	-	-
Mark-up payable	120	241	72,633	4,289	44,699	1,195	4,951
Other payable	-	-	8,066	14,496	380,935	-	1,459,635

**Contingencies and Commitments**

Letters of credit	-	-	366,972	-	-	-	13,447,606
Letters of guarantee	-	-	198,059	120,794	712,509	-	-
Forward foreign exchange contracts - Purchase	-	-	-	661,261	-	-	-
Forward foreign exchange contracts - Sale	-	-	-	659,694	-	-	-
Forward purchase of government securities	-	-	13,232,566	-	-	-	2,104,644
Interest rate swaps	-	-	1,743,539	-	1,500,000	-	-

**Others**

Securities held as custodian	-	8,220	16,223,810	-	28,200,745	-	8,478,905
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For the three months ended March 31, 2017 (Unaudited)

Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
(Rupees in '000)						

**Profit and loss account**

Mark-up income	-	273	46,511	115,203	8,163	-	296,851
Fee and commission income	-	-	1,320	748	636,839	-	-
Dividend income	-	-	-	-	188,497	-	-
Mark-up expense	2,847	91	15,527	1,041	26,842	-	21,522
Salaries and allowances	-	176,323	-	-	-	-	-
Net charge for defined benefit / contribution plans	-	-	-	-	-	-	151,999
Non-executive directors' fees	13,200	-	-	-	-	-	-
Other income	-	-	-	7,537	-	-	-
Other expenses	-	-	8,249	-	-	-	100,143
Insurance premium expense	-	-	-	-	231,919	-	-

**Others**

Purchase of Government securities	-	66,184	12,246,563	-	-	-	2,296,875
Sale of Government of securities	-	65,174	12,851,358	-	6,831,937	-	4,344,356
Insurance claims	-	-	-	-	42,136	-	-

## 19 LIQUIDITY STANDARDS

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

### 19.1 Liquidity Coverage Ratio

	(Unaudited) March 31, 2018 Total Adjusted Value (Rupees in '000)	(Audited) December 31, 2017 Total Adjusted Value (Rupees in '000)
Total HQLA	896,354,690	962,730,144
Total Net Cash Outflows	495,447,306	520,941,525
Liquidity Coverage Ratio (%)	180.92%	184.81%
Minimum Requirement (%)	90.00%	90.00%

### 19.2 Net Stable Funding Ratio

	(Unaudited) March 31, 2018 Total Weighted Value (Rupees in '000)	(Audited) December 31, 2017 Total Weighted Value (Rupees in '000)
Total Available Stable Funding (ASF)	1,995,572,568	1,946,812,485
Total Required Stable Funding (RSF)	1,236,880,080	1,229,522,456
Net Stable Funding Ratio (%)	161.34%	158.34%
Minimum Requirement (%)	100.00%	100.00%

## 20 ISLAMIC BANKING BUSINESS

### 20.1 STATEMENT OF FINANCIAL POSITION

	Note	(Unaudited) March 31, 2018 (Rupees in '000)	(Audited) December 31, 2017 (Rupees in '000)
<b>ASSETS</b>			
Cash and balances with treasury banks		16,615,644	7,475,822
Due from financial institutions		1,614,839	1,614,839
Investments		100,873,395	104,616,358
Islamic financing and related assets	20.1.2	93,608,975	84,297,519
Due from Head Office		472,823	66,226
Deferred tax asset		136,904	-
Other assets		2,358,971	1,022,451
		215,681,551	199,093,215
<b>LIABILITIES</b>			
Bills payable		6,906	7,037
Due to financial institutions		29,503,000	24,798,000
Deposits and other accounts	20.1.3	174,929,875	163,448,909
Deferred tax liability		-	172,401
Other liabilities		1,732,748	1,433,836
		206,172,529	189,860,183
<b>NET ASSETS</b>		9,509,022	9,233,032
<b>REPRESENTED BY</b>			
Islamic Banking Fund		250,000	250,000
Reserves		-	4,584
Unappropriated profit		9,513,272	8,662,859
		9,763,272	8,917,443
(Deficit) / surplus on revaluation of investments - net of deferred tax		(254,250)	315,589
		9,509,022	9,233,032



- 20.1.1 Commitments in respect of guarantees and letters of credit of the Islamic Banking Business amounted to Rs 276.437 million (December 31, 2017: Rs 271.654 million) and Rs 1,623.278 million (December 31, 2017: Rs 3,921.630 million) respectively. Commitments in respect of forward foreign exchange purchase and sale transactions amounted to Rs 1,633.933 million (December 31, 2017: Rs 3,595.455 million) and Rs 292.257 million (December 31, 2017: Rs 2,439.128 million) respectively.

	(Unaudited) March 31, 2018	(Audited) December 31, 2017
	(Rupees in '000)	
20.1.2 Islamic financing and related assets - net		
Ijarah	2,194,608	1,728,525
Murabaha	1,363,517	316,442
Diminishing Musharakah	59,793,972	60,591,346
Wakalah	10,000,000	10,000,000
Running Musharakah	3,009,365	1,138,052
Advance for Ijarah	379,836	542,507
Advance for Murabaha	5,181,502	2,968,494
Advance for Diminishing Musharakah	4,118,685	-
Advance for Istisna	7,286,736	4,546,399
Assets / Inventories	392,004	2,576,238
Islamic financing and related assets - gross	93,720,225	84,408,003
Provision against Islamic financing and related assets	(111,250)	(110,484)
Islamic financing and related assets - net	93,608,975	84,297,519

20.1.3 Deposits and other accounts

Current accounts	64,126,342	48,389,707
Savings accounts	88,976,880	87,258,027
Term deposits	12,998,674	13,731,808
Deposits from financial institutions - non - remunerative	94,782	105,001
Deposits from financial institutions - remunerative	8,733,197	13,964,366
	174,929,875	163,448,909

(Unaudited)  
For the three months ended  
March 31, March 31,  
2018 2017  
(Rupees in '000)

20.2 PROFIT AND LOSS ACCOUNT

Profit earned	2,967,151	1,978,578
Profit expensed	1,497,494	921,032
Net profit earned	1,469,657	1,057,546
Provision against non-performing accounts	766	889
Net profit after provisions	1,468,891	1,056,657

Other income

Fee, commission and brokerage income	48,106	42,603
Income / (loss) from dealing in foreign currencies	541	(12,901)
(Loss) / gain on sale of securities	(25,936)	5
Rent on lockers	1,637	1,577
Others	157	189
Total other income	24,505	31,473
Administrative expenses	1,493,396	1,088,130
Net profit for the period	185,069	149,674
	1,308,327	938,456

20.3 Remuneration to Shariah Advisor / Board

	1,979	1,473
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	(Unaudited) March 31, 2018 (Rupees in '000)	(Audited) December 31, 2017
20.4 Charity Fund		
Opening balance	233,247	526
Additions during the period / year		
-Income purification	-	244,105
-Penalty on delayed payment	265	723
	265	244,828
Payments / Utilization during the period / year		
-Health sector	-	(11,107)
-Others	-	(1,000)
	-	(12,107)
Closing balance	233,512	233,247

## 21 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on April 27, 2018 has declared a cash dividend in respect of the three months ended March 31, 2018 of Rs 1 per share (March 31, 2017: Rs 3.50 per share). This condensed interim unconsolidated financial information does not include the effect of these appropriations which will be accounted for subsequent to the period end.

## 22 GENERAL

Comparative figures have been rearranged and reclassified for comparison purposes.

## 23 DATE OF AUTHORISATION FOR ISSUE

This condensed interim unconsolidated financial information was authorized for issue in the Board of Directors meeting held on April 27, 2018.

**Rayomond Kotwal**  
Acting President and  
Chief Executive Officer

**Irfan Ahmed Meer**  
Acting Chief Financial Officer

**Dr. Najeel Samie**  
Director

**Agha Sher Shah**  
Director

**Moez Ahamed Jamal**  
Director







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