

HBL

HABIB BANK

حیب بینک



Celebrating the Past, Embracing the Future.

Quarterly Report - March 31, 2017

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Corporate Information

Board of Directors

Mr. Sultan Ali Allana
Chairman

Mr. Shaffiq Dharamshi
Director

Mr. Moez Ahamed Jamal
Director

Dr. Najeeb Samie
Director

Mr. Agha Sher Shah
Director

Mr. Sajid Zahid
Director

Mr. Nauman K. Dar
President & CEO

Chief Financial Officer
Mr. Rayomond Kotwal

Company Secretary
Ms. Nausheen Ahmad

Auditors
A. F. Ferguson & Co.
Chartered Accountants

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Websites
Corporate Website
www.hbl.com

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Condensed Interim Consolidated Financial Information

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, 2017.

Domestic Economy

Pakistan's economy is expected to grow at 5% during the current fiscal year, supported by an accommodative monetary policy, higher agricultural output and increase in domestic demand with the Large Scale Manufacturing index having grown at 4.1% during 8M FY17. Headline inflation has increased sharply since the 3.7% recorded in January, increasing to 4.9% in March, mainly due to rising food prices, although the average for 9M FY17 at 4.0% is within the SBP's revised target range of 4-5%.

The trade deficit has widened substantially during 8M FY17, increasing by 27% over the corresponding period of last year, to US\$ 15 billion. Exports have declined by 2% over 8M FY16, mainly due to slowdown in external demand while imports have risen by 11% during the same period, primarily resulting from a surge in machinery imports for the power sector. Remittances have remained subdued, declining by 2% during 8M FY17, with lower flows from the Middle East. As a result, the current account deficit for 8M FY17 has more than doubled over the same period of FY16, to US\$ 5.5 billion. Net financial flows, while higher than in 8M FY16, have not been sufficient to offset the current account pressures, as a result of external debt repayments and delays in receipts from the Coalition Support Fund. Consequently, foreign exchange reserves have declined by 9% from their all-time high of US\$ 23.6 billion in September 2016. However, despite the pressure on the external account, the Rupee has continued its stability.

The equity market performance during Q1 17 has remained lackluster despite the strategic sale of the Pakistan Stock Exchange and the inclusion of 6 Pakistani stocks in the FTSE Global Index Series. After crossing the 50,000 mark in January, the PSX 100 index has remained almost flat to December levels as concerns over domestic politics have overshadowed market positives.

The SBP maintained the discount rate at 6.25% in its monetary policy meeting in March, highlighting the pickup in domestic demand and improving consumer confidence. Private sector credit increased by Rs 463 billion during 9M FY17, a growth of 10%, with fixed asset investment being the primary driver and consumer financing continuing its upward trend. However, banking spreads have reduced further, compressing by 17bps during the first two months of 2017. Total advances of the banking sector increased by 2% over 2016 to an all-time high of PKR 5.69 trillion, while deposits reduced marginally from December 2016 levels to Rs 11.17 trillion.

Performance

HBL has delivered a consolidated profit after tax of Rs 9.1 billion for the first quarter of 2017, slightly higher than the Rs 9.0 billion achieved for the first three months of 2016. Earnings per share for Q1 17 rose marginally to Rs 6.16 compared to Rs 6.15 in the first quarter of 2016. Pre-tax profit for the first three months of 2017 is Rs 14.1 billion, 1% higher than for Q1 16.

HBL's balance sheet has grown by 2% over December 2016 to Rs 2.6 trillion. Total deposits increased by 1%, crossing Rs 1.9 trillion, despite an overall decline in the market, with HBL's market share increasing to 14.2%. The domestic deposit mix continued to improve, as current accounts also increased slightly, defying seasonal trends. The ratio of domestic current accounts rose from 34.8% in December 2016 to 35.1% in March 2017, and domestic CASA improved from 85.5% to 87.1% over the same period. Average domestic loans grew by 24% with all business segments registering significant increases, while average domestic current accounts for the first quarter of 2017 increased by 16% over Q1 16. However, spreads continued to decline as a result of competition driven pricing reductions and falling investment yields. This was mostly offset by a 7.5% growth in the average balance sheet, as a result of which net interest income for the quarter ended March 31, 2017 decreased only marginally, from Rs 20.18 billion to Rs 20.13 billion.

Non mark-up income increased by 26% compared to the first quarter of 2016. Income from treasury related activities nearly doubled, to Rs 2.1 billion and the Bank's income from affiliates increased by over 70%. Fees and commissions increased by 9% to Rs 4.8 billion, primarily due to strong growth in the Bancassurance, asset management and consumer financing businesses.

Administrative expenses rose by 13% over Q1 16, including the impact of consolidation of the First MicroFinanceBank (FMFB). Excluding this impact, expense growth was contained to single digits, even with further investment in brand building, technology and enhancement of compliance processes and systems. Total non-performing loans reduced by Rs 0.2 billion from December levels and total provisions for the quarter reduced by 26% compared to Q1 16. The coverage ratio strengthened further, to 91.8% as at March 31, 2017.

Movement of Reserves

Rupees in million

Unappropriated profit brought forward	106,142
Profit attributable to equity holders of the Bank	9,032
Transferred from surplus on revaluation of assets – net of tax	12
	9,044
Appropriations	
Transferred to statutory reserves	(854)
Capital contribution from statutory funds of associates	5
Cash dividend – Final 2016	(5,134)
	(5,983)
Unappropriated profit carried forward	109,204
Earnings per share (Rs)	6.16

Capital Ratios

The consolidated Capital Adequacy Ratio (CAR) as at March 31, 2017 was 15.5% with the Tier 1 CAR at 12.1%. The capital ratios remain strong and well above required levels.

Dividend

The Board of Directors, in its meeting held on April 20, 2017 has declared an interim cash dividend of Rs 3.5 per share (35%) for the quarter ended March 31, 2017.

Future Outlook

Economic activity continues to gather momentum, underpinned by improved consumer confidence, upbeat economic sentiment and tangible developments in the energy sector. This has been manifested through measurable improvements in the domestic economy and rising domestic demand. Barring external shocks, inflation is expected to remain benign and, along with a prudent monetary policy, should support further expansion in private sector credit.

While the fiscal deficit is forecast to reduce over FY16, it is unlikely to meet budgeted levels as ambitious tax collection targets could prove challenging, while political realities will imply higher development spending. Tackling this will require single-minded determination in structural reform of the tax base, an issue which is increasing in urgency. With the current account deficit also ballooning, the pressure on the external account is unlikely to abate in the short term and this is another headwind that will have to be carefully managed.

The banking sector will remain challenged in 2017, as contained inflation will support the prevailing low interest rate environment; spreads will be squeezed further, with the second tranche of PIB maturities in Q3 17. HBL's growth trajectory remains robust, with stable profitability and adequate reserves of liquidity and capital. As Pakistan's national institution, HBL is conscious of its responsibility towards the development of the country and is well positioned to participate in and contribute to the increasing infrastructure development activities under the CPEC.

Appreciation and Acknowledgement

We would like to place on record, our appreciation of 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

Nauman K. Dar
President & Chief Executive Officer
April 20, 2017

ایچ بی ایل نے سال 2017 کی پہلی سہ ماہی کے لئے 9.1 ارب روپے کا مجموعی منافع بعد از ٹیکس کا اعلان کیا ہے جو سال 2016 کی ابتدائی تین ماہ کے 9 ارب روپے منافع سے تھوڑا زیادہ ہے۔ سال 2017 کی پہلی سہ ماہی کے لئے فی حصص آمدن معمولی اضافے سے 6.16 روپے رہی جبکہ سال 2016 کی پہلی سہ ماہی میں 6.15 روپے فی حصص تھی۔ سال 2017 کے ابتدائی تین ماہ کا قبل از ٹیکس منافع سال 2016 کی پہلی سہ ماہی کے مقابلے میں 1 فیصد اضافے سے 14.1 ارب روپے رہا۔

ایچ بی ایل کی بیلنس شیٹ دسمبر 2016 کے مقابلے میں 2 فیصد اضافے سے بڑھ کر 2.6 کھرب روپے ہو گئی۔ مارکیٹ میں مجموعی تنزلی کے باوجود مجموعی ڈیپازٹس 1 فیصد اضافے سے 1.9 کھرب روپے ہو گئے جس کے ساتھ ایچ بی ایل کے مارکیٹ شیئر بڑھ کر 14.2 فیصد ہو گیا۔ مقامی ڈیپازٹس کمزور میں بہتری جاری رہی اور جاری مختلف مخالف رجحانات کے باوجود کرنٹ اکاؤنٹس میں معمولی اضافہ ہوا۔ مقامی کرنٹ اکاؤنٹس کا تناسب دسمبر 2016 میں 34.8 فیصد سے بڑھ کر مارچ 2017 میں 35.1 فیصد تک پہنچ گیا اور مقامی کرنٹ اکاؤنٹ سیونگ اکاؤنٹ (CASA) اسی عرصے کے مقابلے میں 85.5 فیصد سے بڑھ کر 87.1 فیصد ہو گیا۔ اوسط مقامی قرضے 24 فیصد بڑھے جس کے ساتھ تمام کاروباری شعبوں کے قرضوں میں بھی نمایاں اضافہ ہوا جبکہ سال 2017 کی پہلی سہ ماہی میں اوسط مقامی کرنٹ اکاؤنٹس میں سال 2016 کی پہلی سہ ماہی کے مقابلے میں 16 فیصد اضافہ ہوا۔ تاہم اسپرڈ میں کمی آئی جس کی وجہ مسابقت کے باعث قیمتوں میں کمی اور سرمایہ کاری پر ملنے والے منافع میں گراؤ تھا۔ اوسط بیلنس شیٹ میں توازن آنے سے 7.5 فیصد اضافہ ہوا جس کے نتیجے میں 31 مارچ 2017 کو اختتام پذیر ہونے والی سہ ماہی کی خالص مارک اپ آمدن 20.18 ارب روپے معمولی کمی سے 20.13 ارب روپے ہو گئی۔

نان مارک اپ آمدن میں 2016 کی پہلی سہ ماہی کے مقابلے میں 26 فیصد اضافہ ہوا۔ ٹریڈری سرگرمیوں سے متعلق آمدن دو گنا ہو کر 2.1 ارب روپے ہو گئی اور بینک سے منسوب اداروں سے حاصل ہونے والی آمدن 70 فیصد بڑھ گئی۔ فیس اور کمیشنوں سے حاصل آمدن بھی 9 فیصد اضافے سے 4.8 ارب روپے ہو گئی جس کی بنیادی وجہ بکاشورنس، ایسٹ پیجمنٹ اور کنزیومرفنانسنگ برنس میں پائیدار شرح نمو ہیں۔

انتظامی اخراجات سال 2016 کی پہلی سہ ماہی کے مقابلے میں 13 فیصد بڑھے جس میں فرسٹ ماسٹکرفنانس بینک (ایف ایم ایف بی) کا مجموعی اثر شامل ہے۔ اس اثر کو نکال کر اخراجات میں اضافہ براؤڈ کو پھیلائے، نیکینالوجی اور کمپلائنس کے طریقہ کار اور سسٹم میں بہتری لانے کے لئے مزید سرمایہ کاری کے باوجود سنگل ڈیپٹ سمٹ تک محدود رہا۔ مجموعی غیر فعال قرضے دسمبر کی سطح سے 0.2 ارب کم ہوئے اور اس سہ ماہی کی مجموعی پروویژن میں سال 2016 کی پہلی سہ ماہی کے مقابلے میں 26 فیصد کمی آئی۔ کوریج ریشو 31 مارچ 2017 کو مزید مستحکم ہو کر 91.8 فیصد ہو گیا۔

ڈائریکٹرز کا جائزہ

بورڈ آف ڈائریکٹرز کی جانب سے میں انتہائی مسرت سے 31 مارچ 2017 کو اختتام پذیر ہونے والی سہ ماہی کے مختصر عبوری مجموعی مالیاتی اعداد و شمار پیش کرتا ہوں۔

ملکی معیشت

پاکستانی معیشت میں رواں مالی سال 5 فیصد ترقی متوقع ہے جبکہ مالی سال 2017 کے آٹھ ماہ کے دوران بہتر زری پالیسی، زیادہ زرعی پیداوار اور ملکی طلب میں اضافے کے ساتھ صنعتی ترقی بڑھ کر 4.1 فیصد پر پہنچ گئی۔ بڑی حد تک کھانے پینے کی اشیاء کی قیمتوں میں اضافے کے باعث مجموعی افراط زر میں تیزی سے اضافہ ہوا۔ جنوری میں 3.7 فیصد اضافہ ریکارڈ کیا گیا جو مارچ میں بڑھ کر 4.9 فیصد ہو گیا۔ اگرچہ مالی سال 2017 کے ابتدائی 9 ماہ میں اوسط افراط زر 4 فیصد تھا جو اسٹیٹ بینک کے متعین ہدف 4 فیصد سے 5 فیصد کے عین مطابق ہے۔

مالی سال 2017 کے آٹھ ماہ کے دوران تجارتی خسارے میں گزشتہ سال اسی عرصے کے دوران غیر معمولی طور اضافہ ہوا جو 27 فیصد سے بڑھ کر 15 ارب امریکی ڈالر تک پہنچ گیا۔ مالی سال 2016 کے ابتدائی آٹھ ماہ کے مقابلے میں برآمدات 2 فیصد کم ہوئیں جس کی بڑی وجہ بیرونی طلب میں کمی آنا ہے جبکہ اسی عرصے میں درآمدات 11 فیصد بڑھ گئیں جس کی بڑی وجہ پاور سیکٹر کی مشینری کی درآمد میں اضافہ ہے۔ مشرق وسطیٰ سے آنے والی کم رقوم کے ساتھ ترسیلات زر مالی سال 2017 کے آٹھ ماہ کے دوران 2 فیصد کی توقع ہوئی۔ اس کے نتیجے میں مالی سال 2017 کے آٹھ ماہ میں کرنٹ اکاؤنٹ خسارہ گزشتہ اسی عرصے کے مقابلے میں دوگنا ہو گیا اور 5.5 ارب امریکی ڈالر ہو گیا۔ بیرونی قرضوں کی ادائیگی اور کولیشن سپورٹ فنڈ کی وصولی میں تاخیر کے نتیجے میں خالص آمدن سے آنے والی رومات مالی سال 2016 کے آٹھ ماہ کے مقابلے میں اگرچہ زیادہ رہیں تاہم کرنٹ اکاؤنٹ پر پڑنے دباؤ کو متوازن رکھنے کے لئے یہ ناکافی ہیں۔ اس کے باعث غیر ملکی زرمبادلہ میں 9 فیصد تک کمی آئی جو ستمبر 2016 میں 23.6 ارب امریکی ڈالر کی اپنی بلند ترین سطح پر تھے، تاہم بیرونی اکاؤنٹ پر دباؤ کے باوجود روپیہ بدستور مستحکم رہا۔

حصص مارکیٹ کی کارکردگی سال 2017 کی پہلی سہ ماہی میں پاکستان اسٹاک ایکسچینج کی اہم فروخت اور چھ پاکستانی اسٹاکس کی ایف ٹی ایس اے گلوبل انڈیکس سیریز میں شمولیت کے باوجود سست روی کا شکار رہی۔ جنوری میں 50 ہزار پوائنٹس عبور کرنے کے بعد ملکی سیاست مارکیٹ کی مثبت چیزوں پر حادی ہو گئی جس کے باعث پی ایس ایکس 100 انڈیکس دسمبر کی سطح پر چلا گیا۔

اسٹیٹ بینک نے مارچ میں اپنی زری پالیسی میں ڈسکاؤنٹ ریٹ 6.25 فیصد پر برقرار رکھا جس سے ملکی طلب میں تیزی آئی اور صارفین کا اعتماد بہتر ہوا۔ غیر منقولہ اثاثوں کی سرمایہ کاری کو بڑی حد تک آگے بڑھانے اور کنزرویوٹراننگ میں بہتری کے مستقل رجحان کے ساتھ نجی شعبے کے قرضے مالی سال 2017 کے 9 ماہ کے دوران 10 فیصد اضافے سے 463 ارب روپے تک پہنچ گئے۔ تاہم بینکنگ کے اسپرڈ میں مزید گراؤٹ ہوئی اور سال 2017 کے پہلے دو ماہ کے دوران 17 بی پی ایس تک کمی آئی۔ سال 2016 کے مقابلے میں بینکنگ سیکٹر کے مجموعی قرضہ جات میں پیش رفت 2 فیصد اضافے سے 5.69 کھرب روپے کی بلند ترین پہنچ گئے جبکہ ڈیپازٹس میں دسمبر 2016 کی سطح سے معمولی کمی آئی جو 11.17 کھرب روپے ہیں۔

بدستور سازگار رہنے کی توقع ہے جس سے نجی شعبے کے قرضوں کو مزید پھیلانے کے لئے تعاون ملے گا۔

مالی سال 2016 کے مقابلے میں تجارتی خسارے میں کمی متوقع ہے، تاہم ٹیکس کے حصول کے لئے پرعزم ہدف پورا ہونے کا امکان کم ہے جو مشکل ثابت ہو سکتا ہے جبکہ سیاسی معاملات سے بڑے ترقیاتی اخراجات پر بھی اثر پڑے گا۔ اس مسئلہ سے نمٹنے کے لئے ٹیکس میں اصلاحات کے لئے صرف ایک عزم رکھنے کی ضرورت ہوگی۔ یہ ایسا مسئلہ ہے جس میں وقت کے ساتھ تیزی آ رہی ہے۔ موجودہ کرنٹ اکاؤنٹ کے خسارے میں بھی اضافے کے ساتھ بیرونی اکاؤنٹ پر دباؤ سے مختصر المیہ عادی میں کمی آنے کا امکان نہیں ہے اور یہ ایک ہوا کا جھونکا ہے جس کے لئے احتیاط سے انتظام کی ضرورت ہوگی۔

سال 2017 میں بینکنگ سیکٹر کی مشکلات برقرار رہیں گی کیونکہ محدود افراط زر سے موجودہ کم انٹرسٹ ریٹ کے ماحول کو حوصلہ ملے گا، سال 2017 کی تیسری سہ ماہی میں پی آئی بی مچھور ٹیکنیکز کی دوسری قسط کے ساتھ اسپرڈ میں مزید کمی آئے گی۔ ایچ بی ایل کی ترقی مستحکم منافع کے ساتھ مارکیٹ سرمائے اور بنیادی سرمائے کے مناسب ذخائر کی بدولت بدستور تیز رفتار رہے گی۔ پاکستان کے ایک بڑے قومی ادارے کے طور پر ایچ بی ایل ملکی ترقی کی جانب اپنی ذمہ داری سے آگاہ ہے اور سی پیک کے تحت ملک میں بڑھتے ہوئے انفراسٹرکچر کی ترقی میں تعاون اور حصہ لینے کے لئے بہترین انداز سے تیار ہے۔

اظہار تشکر اور توثیقی بیان

ہم یہ بات ریکارڈ پر لانا چاہتے ہیں کہ ریگولیٹری اور گورننس کے ضابطے میں مسلسل بہتری کے ذریعے ہم بینکنگ میں استحکام اور مالیاتی شعبے میں ترقی کے لئے اپنے ریگولیٹرز اور حکومت پاکستان بالخصوص وزارت خزانہ، اسٹیٹ بینک آف پاکستان اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی کاوشوں، رہنمائی اور تعاون کو سراہتے ہیں۔

بورڈ اور مینجمنٹ کی جانب سے ہم اس موقع پر اپنے کسٹمرز کا شکریہ ادا کرنا چاہیں گے جنہوں نے ہمارے بزنس پر اعتماد کیا اور اپنے شیئرز ہولڈرز کے تعاون اور اعتماد کے بھی مشکور ہیں۔ ہم ان کو یہ یقین دہانی کراتے ہیں کہ ہم اعلیٰ معیار اور ایچ آر وائی کی منتظم کو اپنے تمام اقدامات میں برقرار رکھیں گے۔ ہم ایچ بی ایل کی ترقی میں اپنے ملازمین کی کاوشوں کا بھی اعتراف کرتے ہیں اور ان کے عزم و اخلاص کے مشکور ہیں۔

منجانب بورڈ

نعمان کے ڈار

پریذیڈنٹ اور چیف ایگزیکٹو آفیسر

20 اپریل، 2017

ریز روز کی تفصیلات

ملین (روپے)

106,142

9,032

12

9,044

(854)

5

(5,134)

(5,983)

109,204

6.16

افتتاحی غیر تخصیص شدہ منافع

بینک کے حصص یافتہ گان سے قابل منسوب منافع
پاسدار اثاثوں کے از سر نو تخمینے پر اضافی آمدن۔ ٹیکس کے بعد

مختلف مدوں میں رکھی گئی رقم

غیر منقولہ ریز روز کی منتقلی

ایسوسی ایٹس کے غیر منقولہ فنڈز سے سرمائے کا تعاون

نقد منافع منقسمہ۔ حتمی 2016

اختتامی غیر تخصیص شدہ منافع

فی حصص آمدن (روپے)

سرمائے کا تناسب

مجموع کیپٹل ایڈویکسی ریشو (سی اے آر) 31 مارچ 2017 کو 15.5 فیصد رہا جس کے ساتھ ٹیڑن کیپٹل ایڈویکسی ریشو 12.1 فیصد رہا۔ کیپٹل ریشو بدستور مستحکم اور مطلوبہ سطح سے کافی بلند ہیں۔

نقد منافع منقسمہ

بورڈ آف ڈائریکٹرز نے 20 اپریل 2017 کو منعقدہ اجلاس میں 31 مارچ 2017 کو ختم ہونے والی سہ ماہی کے لئے 3.5 روپے فی حصص (35 فیصد) نقد عبوری منافع منقسمہ کا اعلان کیا ہے۔

مستقبل پر نظر

معاشی سرگرمی میں بدستور آگے بڑھنے کا رجحان ہے جس کی وجہ صارف کے اعتماد میں بہتری، مثبت معاشی ماحول اور توانائی کے شعبے میں پیش رفت ہے۔ اس کا انہماک ملکی معیشت میں نمایاں بہتری اور بڑھتی ہوئی ملکی طلب کے ذریعے ہو چکا ہے۔ بیرونی دباؤ میں کمی اور سازگار زرعی پالیسی کے ساتھ افراط زر

Condensed Interim Consolidated Statement of Financial Position

As at March 31, 2017

	Note	(Unaudited) March 31, 2017 (Rupees in '000)	(Audited) December 31, 2016 (Rupees in '000)
ASSETS			
Cash and balances with treasury banks		187,450,081	238,438,283
Balances with other banks		56,210,736	45,959,095
Lendings to financial institutions		21,674,120	34,047,931
Investments	6	1,418,322,280	1,344,404,771
Advances	7	761,638,753	748,466,297
Operating fixed assets	8	49,399,371	36,087,509
Deferred tax asset		-	-
Other assets		61,512,001	59,778,445
		<u>2,556,207,342</u>	<u>2,507,182,331</u>
LIABILITIES			
Bills payable		26,108,163	31,195,900
Borrowings	9	357,454,114	332,822,846
Deposits and other accounts	10	1,900,380,681	1,885,959,026
Subordinated loan		9,996,000	9,998,000
Liabilities against assets subject to finance lease		-	-
Deferred tax liability		6,073,410	6,090,983
Other liabilities		57,604,228	44,846,706
		<u>2,357,616,596</u>	<u>2,310,913,461</u>
NET ASSETS		<u>198,590,746</u>	<u>196,268,870</u>
REPRESENTED BY:			
Shareholders' equity			
Share capital		14,668,525	14,668,525
Reserves		49,008,569	47,958,414
Unappropriated profit		109,203,706	106,142,374
Total equity attributable to the equity holders of the Bank		172,880,800	168,769,313
Non-controlling interest		3,054,329	3,435,710
Surplus on revaluation of assets - net of deferred tax	11	22,655,617	24,063,847
		<u>198,590,746</u>	<u>196,268,870</u>
CONTINGENCIES AND COMMITMENTS			
	12		

The annexed notes 1 to 21 form an integral part of this condensed interim consolidated financial information.

Condensed Interim Consolidated Profit and Loss Account (Unaudited)

For the three months ended March 31, 2017

	Note	January 01 to March 31, 2017	January 01 to March 31, 2016
(Rupees in '000)			
Mark-up / return / profit / interest earned	13	34,932,125	35,178,112
Mark-up / return / profit / interest expensed	14	14,806,114	14,993,888
Net mark-up / return / profit / interest income		20,126,011	20,184,224
Provision against advances	7.2	143,310	476,295
(Reversal) / provision against off-balance sheet obligations		(41,982)	3,275
Provision for / (reversal of) diminution in the value of investments	6.2	220,174	(11,516)
Bad debts written off directly		-	-
Net mark-up / return / profit / interest income after provisions		321,502	468,054
		19,804,509	19,716,170
Non mark-up / interest income			
Fee, commission and brokerage income		4,793,480	4,412,253
Dividend income		177,967	390,397
Share of profit of associates and joint venture		1,258,743	736,418
Income from dealing in foreign currencies		669,634	388,764
Gain on sale of securities - net		1,275,413	360,781
Unrealized (loss) / gain on held-for-trading securities		(44,101)	3,406
Other income		182,237	307,607
Total non mark-up / interest income		8,313,373	6,599,626
		28,117,882	26,315,796
Non mark-up / interest expense			
Administrative expenses		13,763,669	12,173,333
Other provisions / write offs - net		37,525	18,492
Other charges		101	-
Workers' Welfare Fund		264,001	270,639
Total non mark-up / interest expenses		14,065,296	12,462,464
Profit before taxation		14,052,586	13,853,332
Taxation			
- Current		4,912,249	4,631,214
- Prior years		-	-
- Deferred		60,616	187,571
		4,972,865	4,818,785
Profit after taxation		9,079,721	9,034,547
Attributable to:			
Equity holders of the Bank		9,032,367	9,022,438
Non-controlling interest		47,354	12,109
		9,079,721	9,034,547
----- (Rupees) -----			
Basic and diluted earnings per share		6.16	6.15

The annexed notes 1 to 21 form an integral part of this condensed interim consolidated financial information.

Nauman K. Dar
President and Chief Executive Officer

Moez Ahamed Jamal
Director

Agha Sher Shah
Director

Shaffiq Dharamshi
Director

Condensed Interim Consolidated Statement of Comprehensive Income (Unaudited)

For the three months ended March 31, 2017

	January 01 to March 31, 2017	January 01 to March 31, 2016
	(Rupees in '000)	
Profit after taxation for the period attributable to:		
Equity holders of the Bank	9,032,367	9,022,438
Non-controlling interest	47,354	12,109
	9,079,721	9,034,547
Other comprehensive income / (loss)		
Items that may be reclassified to the profit and loss account in subsequent periods		
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates attributable to:		
Equity holders of the Bank	196,381	(184,806)
Non-controlling interest	13,198	(39,818)
	209,579	(224,624)
Items that are not to be reclassified to the profit and loss account in subsequent periods		
Capital contribution from / (to) statutory funds of associates	4,629	(10,547)
Comprehensive income transferred to equity	9,293,929	8,799,376
Comprehensive income transferred to equity attributable to:		
Equity holders of the Bank	9,233,377	8,827,085
Non-controlling interest	60,552	(27,709)
	9,293,929	8,799,376
Components of comprehensive income / (loss) not reflected in equity		
Items that may be reclassified to the profit and loss account in subsequent periods		
Movement in surplus / (deficit) on revaluation of investments - net of tax attributable to:		
Equity holders of the Bank	(1,399,987)	3,659,712
Non-controlling interest	3,851	13,587
	(1,396,136)	3,673,299
Items that are not to be reclassified to the profit and loss account in subsequent periods		
Movement in surplus / (deficit) on revaluation of non-banking assets - net of tax	-	503,240
Total comprehensive income	7,897,793	12,975,915
Total comprehensive income attributable to:		
Equity holders of the Bank	7,833,390	12,990,037
Non-controlling interest	64,403	(14,122)
	7,897,793	12,975,915

The annexed notes 1 to 21 form an integral part of this condensed interim consolidated financial information.

Condensed Interim Consolidated Statement of Changes in Equity (Unaudited)

For the three months ended March 31, 2017

Share capital	Attributable to shareholders of the Bank							Subtotal	Non-controlling interest	Total	
	Exchange translation reserve	Reserves									
		Capital		Revenue							
		Statutory reserves									
		Associates, joint venture and subsidiary	Bank	Non - distributable capital reserve	Capital reserve on acquisition of common control entity	General reserve	Unappropriated profit				
(Rupees in '000)											
Balance as at December 31, 2015	14,668,525	13,201,447	475,714	26,890,062	547,115	-	6,073,812	96,495,448	158,352,123	1,698,442	160,050,565
Comprehensive income for the period	-	-	-	-	-	-	-	9,022,438	9,022,438	12,109	9,034,547
Profit after taxation for the three months ended March 31, 2016	-	-	-	-	-	-	-	9,022,438	9,022,438	12,109	9,034,547
Other comprehensive income / (loss)	-	-	-	-	-	-	-	-	-	-	-
- Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates	-	(184,806)	-	-	-	-	-	-	(184,806)	(39,818)	(224,624)
- Capital contribution to statutory funds of associates	-	-	-	-	-	-	-	(10,547)	(10,547)	-	(10,547)
	-	(184,806)	-	-	-	-	-	9,011,891	8,827,085	(27,709)	8,799,376
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-
Final cash dividend - Rs. 3.5 per share declared subsequent to the year ended December 31, 2015	-	-	-	-	-	-	-	(5,133,984)	(5,133,984)	-	(5,133,984)
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	-	-	9,419	9,419	-	9,419
Transferred to statutory reserves	-	-	18,655	851,886	-	-	-	(870,541)	-	-	-
Balance as at March 31, 2016	14,668,525	13,016,641	494,369	27,741,948	547,115	-	6,073,812	99,512,233	162,054,643	1,670,733	163,725,376
Comprehensive income for the period	-	-	-	-	-	-	-	25,047,707	25,047,707	124,000	25,171,707
Profit after taxation for the nine months ended December 31, 2016	-	-	-	-	-	-	-	25,047,707	25,047,707	124,000	25,171,707
Other comprehensive income / (loss)	-	-	-	-	-	-	-	-	-	-	-
- Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates	-	(2,176,913)	-	-	-	-	-	-	(2,176,913)	(165,045)	(2,341,958)
- Remeasurement loss on defined benefit obligations - net	-	-	-	-	-	-	-	(624,497)	(624,497)	-	(624,497)
- Capital contribution to statutory funds of associates	-	-	-	-	-	-	-	(1,643)	(1,643)	-	(1,643)
	-	(2,176,913)	-	-	-	-	-	24,421,567	22,244,654	(41,045)	22,203,609
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	(5,133,984)	(5,133,984)	-	(5,133,984)
3rd interim cash dividend - Rs. 3.5 per share	-	-	-	-	-	-	-	(5,133,984)	(5,133,984)	-	(5,133,984)
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	-	-	(15,401,952)	(15,401,952)	-	(15,401,952)
Transferred to statutory reserves	-	-	-	-	-	-	-	28,674	28,674	-	28,674
Non-controlling interest recognised on acquisition of FMFB	-	-	88,012	2,330,136	-	-	-	(2,418,148)	-	-	-
Excess of consideration paid over the net assets of FMFB	-	-	-	-	-	-	-	-	-	1,806,022	1,806,022
	-	-	-	-	-	(156,706)	-	-	(156,706)	-	(156,706)
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
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	-	196,381	-	-	-	-	-	-	196,381	13,198	209,579
- Capital contribution from statutory funds of associates	-	-	-	-	-	-	-	4,629	4,629	-	4,629
	-	196,381	-	-	-	-	-	9,036,996	9,233,377	60,552	9,293,929
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-
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 HAHIL from minority shareholder	-	-	-	-	-	-	-	-	-	(441,933)	(441,933)
Transferred to statutory reserves	-	-	41,864	811,910	-	-	-	(853,774)	-	-	-
Balance as at March 31, 2017	14,668,525	11,036,109	624,245	30,883,994	547,115	(156,706)	6,073,812	109,203,706	172,880,800	3,054,329	175,935,129

The annexed notes 1 to 21 form an integral part of this condensed interim consolidated financial information.

Nauman K. Dar
President and Chief Executive Officer

Moez Ahamed Jamal
Director

Agha Sher Shah
Director

Shaffiq Dharamshi
Director

Condensed Interim Consolidated Cash Flow Statement (Unaudited)

For the three months ended March 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

	March 31, 2017	March 31, 2016
	(Rupees in '000)	
Profit before taxation	14,052,586	13,853,332
Dividend income	(177,967)	(390,397)
Share of profit of associates and joint venture	(1,258,743)	(736,418)
	(1,436,710)	(1,126,815)
	12,615,876	12,726,517

Adjustment for:

Depreciation	830,156	708,552
Amortisation	136,995	104,393
Provision against advances	143,310	476,295
(Reversal) / provision against off-balance sheet obligations	(41,982)	3,275
Provision for / (reversal of) diminution in the value of investments	220,174	(11,516)
Other provisions / write offs - net	37,525	18,492
Unrealised loss / (gain) on held-for-trading securities	44,101	(3,406)
Exchange (gain) / loss on Goodwill	(23,227)	57,993
Gain on sale of operating fixed assets - net	(16,648)	(6,280)
Workers' Welfare Fund	264,001	270,639

Decrease / (increase) in operating assets

Lendings to financial institutions	12,373,811	6,846,660
Net investments in held-for-trading securities	(103,616,288)	2,965,756
Advances	(13,315,766)	49,317,917
Other assets	(150,655)	6,782,101
	(104,708,898)	65,912,434

(Decrease) / increase in operating liabilities

Bills payable	(5,087,737)	93,245
Borrowings	24,631,268	9,966,097
Deposits and other accounts	14,421,655	(40,065,287)
Other liabilities	6,995,064	4,489,023
	40,960,250	(25,516,922)
	(49,538,367)	54,740,466

Income tax paid	(6,336,357)	(6,022,409)
Net cash flows (used in) / from operating activities	(55,874,724)	48,718,057

CASH FLOWS FROM INVESTING ACTIVITIES

Net investments in available-for-sale securities	5,685,461	(48,756,519)
Net investments in held-to-maturity securities	23,405,351	(4,925,785)
Net investments in associates	(9,305)	(191,356)
Dividend income received	123,693	86,346
Net cash outflow on acquisition of PICIC AMC	-	(3,980,554)
Fixed capital expenditure	(14,274,804)	(1,018,181)
Proceeds from sale of fixed assets	35,666	7,824
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates	196,381	(184,806)
Net cash flows from / (used in) investing activities	15,162,443	(58,963,031)

CASH FLOWS FROM FINANCING ACTIVITIES

Effect of translation of net investment by non-controlling interest in subsidiary	13,198	(39,818)
Repayment of subordinated loan	(2,000)	-
Dividend paid	(35,478)	(604,171)
Net cash flows used in financing activities	(24,280)	(643,989)
Decrease in cash and cash equivalents during the period	(40,736,561)	(10,888,963)
Cash and cash equivalents at the beginning of the period	283,845,636	208,184,157
Effect of exchange rate changes on cash and cash equivalents	551,742	(463,408)
	284,397,378	207,720,749
Cash and cash equivalents at the end of the period	243,660,817	196,831,786

The annexed notes 1 to 21 form an integral part of this condensed interim consolidated financial information.

Nauman K. Dar
President and Chief Executive Officer

Moez Ahamed Jamal
Director

Agha Sher Shah
Director

Shaffiq Dharamshi
Director

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the three months ended March 31, 2017

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 1,678 (December 31, 2016: 1,677) branches inside Pakistan including 45 (December 31, 2016: 45) Islamic Banking Branches and 55 (December 31, 2016: 54) 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 During the period, the Bank has purchased 678,750 ordinary shares of Habib Allied Holding Limited (HAHL) from a minority shareholder. Consequently, the shareholding of the Bank in HAHL has increased from 89.40% to 90.50%.

1.2 During the period, the Bank has entered into an agreement dated March 21, 2017 with Diamond Trust Bank Kenya Limited (DTBKL) to transfer / sell the business, assets and liabilities of the Bank's Kenya branches to DTBKL. In consideration, the Bank will receive additional shareholding in DTBKL. This transaction is subject to corporate and regulatory approvals.

1.3 Business Combinations

Acquisition of PICIC Asset Management Company Limited (PICIC AMC)

In 2016, HBL Asset Management Limited (HBL AML), the Group's wholly owned subsidiary, had purchased 100% of the shares of PICIC AMC for a consideration of Rs. 4.063 billion. Subsequent to the acquisition, the Group incorporated the balances relating to PICIC AMC at their carrying values as at the close of business on March 2, 2016.

In accordance with the requirements of IFRS 3, Business Combinations, the Group had initially recognised Goodwill of Rs. 2.723 billion representing the excess of the consideration paid over the carrying values of the net identifiable tangible assets acquired. Subsequently, the Group has conducted a valuation exercise and has identified Management Rights as an intangible asset separate from Goodwill. The Management Rights have been valued at Rs. 2.368 billion and the remaining amount of Rs. 355 million, representing the excess of consideration paid over the carrying values of the net identifiable assets acquired, has been recognised as Goodwill. The Group also concluded that the fair values of the remaining acquired assets and liabilities were not different from their carrying values at the time of acquisition and therefore no fair value adjustment is required to these assets.

2 STATEMENT OF COMPLIANCE

This condensed interim consolidated financial information has been prepared in accordance with the accounting framework as disclosed in the annual consolidated financial statements for the year ended December 31, 2016. The disclosures made in this condensed interim consolidated financial information have been limited based on the format prescribed by the SBP vide BSD Circular Letter No. 2 dated May 12, 2004 and International Accounting Standard 34, Interim Financial Reporting. They do not include all the disclosures required for annual financial statements, and this condensed interim consolidated financial information should be read in conjunction with the consolidated financial statements for the year ended December 31, 2016.

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, 2016.

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, 2016.

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, 2016.

6 INVESTMENTS

Investments by type

Held-for-trading (HFT)

Federal Government securities

- Market Treasury Bills
- Pakistan Investment Bonds

Fully paid-up ordinary shares

- Listed companies

Overseas Government securities

Note	March 31, 2017 (Unaudited)			December 31, 2016 (Audited)		
	Held by Group	Given as collateral	Total	Held by Group	Given as collateral	Total

----- (Rupees in '000) -----

139,665,299	-	139,665,299	32,635,003	-	32,635,003
4,613,354	-	4,613,354	8,174,573	-	8,174,573
345,072	-	345,072	131,436	-	131,436
298,022	-	298,022	376,504	-	376,504
144,921,747	-	144,921,747	41,317,516	-	41,317,516

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

259,180	-	259,180	29,295,870	-	29,295,870
179,112,892	-	179,112,892	173,180,878	-	173,180,878
1,654,829	-	1,654,829	1,670,392	-	1,670,392
12,891,134	-	12,891,134	13,426,523	-	13,426,523
11,639,483	-	11,639,483	12,449,379	-	12,449,379
27,470,651	-	27,470,651	26,410,478	-	26,410,478
233,028,169	-	233,028,169	256,433,520	-	256,433,520

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

NIIT units

Preference shares

170,870,212	247,955,953	418,826,165	261,883,530	180,967,213	442,850,743
384,406,131	19,394,858	403,800,989	326,030,937	58,708,656	384,739,593
23,270,437	-	23,270,437	22,197,008	-	22,197,008
77,361,519	-	77,361,519	77,911,455	-	77,911,455
18,136,902	-	18,136,902	17,272,992	-	17,272,992
3,388,834	-	3,388,834	2,251,466	-	2,251,466
31,896,212	7,397,681	39,293,893	41,380,251	-	41,380,251
12,055,217	-	12,055,217	12,747,798	-	12,747,798
5,079,403	-	5,079,403	5,337,240	-	5,337,240
11,113	-	11,113	11,113	-	11,113
100,000	-	100,000	100,000	-	100,000
726,575,980	274,748,492	1,001,324,472	767,123,790	239,675,869	1,006,799,659

Investment in associates and joint venture

23,479,841	-	23,479,841	22,559,484	-	22,559,484
1,128,005,737	274,748,492	1,402,754,229	1,087,434,310	239,675,869	1,327,110,179

Provision for diminution in the value of investments

6.2

(1,086,326)	-	(1,086,326)	(866,152)	-	(866,152)
1,126,919,411	274,748,492	1,401,667,903	1,086,568,158	239,675,869	1,326,244,027

Deficit on revaluation of held-for-trading securities

Surplus on revaluation of available-for-sale securities

Surplus on revaluation of investments of associates

11.2

(44,101)	-	(44,101)	(12,057)	-	(12,057)
14,516,511	1,106,037	15,622,548	12,633,945	4,412,998	17,046,943
1,075,930	-	1,075,930	1,125,858	-	1,125,858

Total investments (net of provision)

1,142,467,751	275,854,529	1,418,322,280	1,100,315,904	244,088,867	1,344,404,771
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6.1 Securities classified as held-to-maturity had a market value of Rs. 237,427.195 million as at March 31, 2017 (December 31, 2016: Rs.261,991.234 million).

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

	(Unaudited) March 31, 2017	(Audited) December 31, 2016
	(Rupees in '000)	
Opening balance	866,152	617,536
Charge for the period / year	220,174	289,986
Reversal for the year	-	(21,999)
Reversal on disposal during the year	-	(19,371)
Net charge for the period / year	220,174	248,616
Closing balance	1,086,326	866,152

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, 2016
Himalayan Bank Limited, Nepal	January 14, 2017
Kyrgyz Investment and Credit Bank	March 31, 2017
Jubilee General Insurance Company Limited	December 31, 2016
Jubilee Life Insurance Company Limited	December 31, 2016
HBL Income Fund	March 31, 2017
HBL Islamic Allocation Fund	March 31, 2017
HBL Islamic Money Market Fund	March 31, 2017
HBL Islamic Pension Fund - Debt Sub Fund	March 31, 2017
HBL Islamic Pension Fund - Equity Sub Fund	March 31, 2017
HBL Islamic Pension Fund - Money Market Sub Fund	March 31, 2017
HBL Islamic Stock Fund	March 31, 2017
HBL Money Market Fund	March 31, 2017
HBL Multi Asset Fund	March 31, 2017
HBL Mustahekum Sarmaya Fund	March 27, 2017
HBL Pension Fund - Debt Sub Fund	March 31, 2017
HBL Pension Fund - Equity Sub Fund	March 31, 2017
HBL Pension Fund - Money Market Sub Fund	March 31, 2017
HBL Stock Fund	March 31, 2017
PICIC Energy Fund	March 31, 2017
PICIC Income Fund	March 31, 2017
PICIC Investment Fund	March 31, 2017
PICIC Islamic Stock Fund	March 31, 2017
PICIC Stock Fund	March 31, 2017

7 ADVANCES

Note	(Unaudited) March 31, 2017	(Audited) December 31, 2016
	(Rupees in '000)	
Loans, cash credits, running finances, etc.		
- In Pakistan	546,218,914	563,574,263
- Outside Pakistan	129,800,504	119,767,792
	676,019,418	683,342,055
Net investment in finance lease - in Pakistan	17,499,226	16,571,941
Islamic financing and related assets	41,783,134	32,077,220
Bills discounted and purchased		
- Payable in Pakistan	18,115,675	16,985,715
- Payable outside Pakistan	77,339,813	68,273,107
	95,455,488	85,258,822
Provision against advances		
- Specific	(65,402,024)	(65,160,197)
- General	(3,716,489)	(3,623,544)
	(69,118,513)	(68,783,741)
Advances - net of provision	761,638,753	748,466,297

7.1 Advances include Rs. 75,259.688 million (December 31, 2016: Rs. 75,446.933 million) which have been placed under non-performing status as detailed below:

Category of classification	March 31, 2017 (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	1,758,525	104,947	1,863,472	-	-	-	1,758,525	104,947	1,863,472
Substandard	3,430,010	1,750,545	5,180,555	1,194,822	435,340	1,630,162	2,235,188	1,315,205	3,550,393
Doubtful	880,047	1,461,590	2,341,637	439,329	757,729	1,197,058	440,718	703,861	1,144,579
Loss	46,987,920	18,886,104	65,874,024	45,851,421	16,723,383	62,574,804	1,136,499	2,162,721	3,299,220
	53,056,502	22,203,186	75,259,688	47,485,572	17,916,452	65,402,024	5,570,930	4,286,734	9,857,664

Category of classification	December 31, 2016 (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	832,359	121,924	954,283	-	-	-	832,359	121,924	954,283
Substandard	3,727,408	2,144,077	5,871,485	1,167,771	525,154	1,692,925	2,559,637	1,618,923	4,178,560
Doubtful	1,188,100	1,816,104	3,004,204	593,638	899,833	1,493,471	594,462	916,271	1,510,733
Loss	46,751,300	18,865,661	65,616,961	45,614,113	16,359,688	61,973,801	1,137,187	2,505,973	3,643,160
	52,499,167	22,947,766	75,446,933	47,375,522	17,784,675	65,160,197	5,123,645	2,163,091	10,286,736

7.1.1 Exposure amounting to Rs. 1,918.678 million (December 31, 2016: Rs. 1,931.586 million) relating to Pakistan International Airlines Corporation Limited (PIACL), which is guaranteed by the Government of Pakistan, has not been classified as non-performing, in accordance with a relaxation given by the SBP. However, mark-up income has been suspended on this amount and is only recognized when received.

7.2 Particulars of provision against advances

	Note	March 31, 2017 (Unaudited)			December 31, 2016 (Audited)		
		Specific	General	Total	Specific	General	Total
		(Rupees in '000) -----					
Opening balance		65,160,197	3,623,544	68,783,741	65,881,113	3,298,099	69,179,212
Exchange Adjustment		112,496	4,974	117,470	(815,785)	(38,618)	(854,403)
Charge for the period / year		1,207,122	56,134	1,263,256	5,039,092	449,178	5,488,270
Reversal for the period / year		(1,115,070)	(4,876)	(1,119,946)	(4,829,119)	(167,996)	(5,000,115)
Net charge against advances for the period / year		92,052	51,258	143,310	209,973	281,182	491,155
Charged off during the period / year	7.4	(34,343)	-	(34,343)	(526,238)	-	(526,238)
Written off during the period / year		(24,512)	-	(24,512)	(262,906)	-	(262,906)
Transfer in on acquisition of FMBF		-	-	-	21,601	91,399	113,000
Transfer from / (to) other liabilities		-	-	-	173,486	(8,518)	164,968
Recoveries against write off		96,134	-	96,134	457,833	-	457,833
Other movements		-	36,713	36,713	21,120	-	21,120
Closing balance		65,402,024	3,716,489	69,118,513	65,160,197	3,623,544	68,783,741

7.3 General provision represents provision amounting to Rs. 1,698.741 million (December 31, 2016: Rs. 1,655.911 million) against consumer finance portfolio, Rs. 114.536 million (December 31, 2016: Rs. 126.699 million) against advances to small enterprises and Rs. 88.623 million (December 31, 2016: Rs. 75.186 million) against advances to microenterprises as required by the Prudential Regulations. General provision also includes Rs. 1,814.589 million (December 31, 2016: Rs. 1,765.748 million) pertaining to overseas advances 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 and fully provided 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, 2017 (Unaudited)			December 31, 2016 (Audited)		
	Balance outstanding	Maximum total amount of advances including temporary advances outstanding **	Limit sanctioned during the period	Balance outstanding	Maximum total amount of advances including temporary advances outstanding **	Limit sanctioned during the year
	(Rupees in '000)					
Debts due by Directors or Executives of the Group or any of them either severally or jointly with any other persons:						
- In respect of Directors	-	-	-	-	-	-
- In respect of Executives * (other than Key Management Personnel)	2,877,400	2,877,400	19,602	2,876,769	2,881,595	651,410
- In respect of Key Management Personnel	32,400	38,800	14,860	25,331	59,100	-
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	11,968,691	12,260,364	-	11,347,074	12,246,285	6,678,160

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

* These represent staff 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, 2017 (Rupees in '000)	(Audited) December 31, 2016 (Rupees in '000)
Capital work-in-progress		15,134,626	1,591,940
Tangible fixed assets		28,981,231	29,171,973
Intangible assets			
- Computer software		950,362	1,013,671
- Management Rights		2,367,577	-
- Goodwill		1,965,575	4,309,925
	8.1	<u>49,399,371</u>	<u>36,087,509</u>
8.1 Goodwill arising on acquisition of			
- Habibsons Bank Limited		1,610,068	1,586,841
- PICIC Asset Management Company Limited	8.1.1	<u>355,507</u>	<u>2,723,084</u>
		<u>1,965,575</u>	<u>4,309,925</u>

8.1.1 As more fully described in note 1.3 of this condensed interim consolidated financial information, during the period an amount of Rs. 2.368 billion has been separately recognised as Management Rights out of the total amount of Rs. 2.723 billion initially recognised as Goodwill on acquisition of PICIC AMC.

8.2 Additions to operating fixed assets

		(Unaudited) For the three months ended March 31, 2017 (Rupees in '000)	March 31, 2016 (Rupees in '000)
The following additions have been made to operating fixed assets during the period:			
Capital work-in-progress		13,542,686	136,378
Tangible fixed assets			
Building		124,490	61,003
Machinery		-	1,536
Furniture, fixtures and office equipment		535,828	554,262
Leasehold Improvements		47,269	112,615
Vehicles		7,033	13,803
		<u>714,620</u>	<u>743,219</u>
Intangible assets			
Computer software		73,131	167,669
Management Rights		2,367,577	-
Goodwill		<u>(2,367,577)</u>	<u>2,725,670</u>
		<u>73,131</u>	<u>2,893,339</u>
		<u>14,330,437</u>	<u>3,772,936</u>

8.3 Disposal of operating fixed assets

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

Tangible fixed assets			
Furniture, fixtures and office equipment		85,312	114,595
Leasehold Improvements		16,426	37,346
Vehicles		44,732	685
		<u>146,470</u>	<u>152,626</u>

9 BORROWINGS

Secured

	(Unaudited) March 31, 2017	(Audited) December 31, 2016
Borrowings from the SBP under		
- Export refinance scheme	20,611,273	21,592,306
- Long term financing facility	5,894,791	5,250,535
- Refinance facility for modernization of SMEs	13,000	13,500
	<u>26,519,064</u>	<u>26,856,341</u>
Repurchase agreement borrowings	275,187,237	243,753,648
	<u>301,706,301</u>	<u>270,609,989</u>

Unsecured

- Call money borrowings	10,706,379	19,172,398
- Overdrawn nostro accounts	9,704,919	7,463,769
- Borrowings of overseas branches and subsidiaries	19,609,645	19,886,915
- Other long-term borrowing	15,726,870	15,689,775
	<u>55,747,813</u>	<u>62,212,857</u>
	<u>357,454,114</u>	<u>332,822,846</u>

9.1 This represents a loan from the International Finance Corporation amounting to US\$ 150 million (December 31, 2016: 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.

10 DEPOSITS AND OTHER ACCOUNTS

Customers

	(Unaudited) March 31, 2017	(Audited) December 31, 2016
Current accounts - non-remunerative	680,736,963	680,376,925
Savings accounts	871,493,410	847,295,058
Fixed deposits	316,526,444	330,430,571
	<u>1,868,756,817</u>	<u>1,858,102,554</u>

Financial institutions

Current accounts - non-remunerative	16,632,622	17,204,132
Savings accounts	14,161,242	7,722,340
Fixed deposits	830,000	2,930,000
	<u>31,623,864</u>	<u>27,856,472</u>
	<u>1,900,380,681</u>	<u>1,885,959,026</u>

11 SURPLUS ON REVALUATION OF ASSETS - net of deferred tax

Surplus arising on revaluation of assets - net of deferred tax, on

- Operating fixed assets, attributable to

- Equity holders

- Non-controlling interest

	11,114,923	11,126,558
	2,548	2,965
11.1	<u>11,117,471</u>	<u>11,129,523</u>

- Investments, attributable to

- Equity holders

- Non-controlling interest

	10,839,983	12,239,970
	14,027	10,176
11.2	<u>10,854,010</u>	<u>12,250,146</u>

- Non-banking assets acquired in satisfaction of claims

11.3	<u>684,136</u>	<u>684,178</u>
	<u>22,655,617</u>	<u>24,063,847</u>

11.1 Surplus on revaluation of operating fixed assets

Surplus as at the beginning of the period / year	11,680,869	11,474,665
Surplus recognized during the period / year	-	1,772
Transferred from surplus on revaluation of non-banking assets	-	262,797
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year - net of deferred tax	(12,052)	(37,937)
Related deferred tax liability on incremental depreciation charged during the period / year	<u>(6,490)</u>	<u>(20,428)</u>
	<u>11,662,327</u>	<u>11,680,869</u>

Less: related deferred tax liability on

- Revaluation as at the beginning of the period / year

- Incremental depreciation charged during the period / year

	551,346	571,774
	<u>(6,490)</u>	<u>(20,428)</u>
	<u>544,856</u>	<u>551,346</u>
	<u>11,117,471</u>	<u>11,129,523</u>

11.2 Surplus / (deficit) on revaluation of investments

Market Treasury Bills	(103,217)	(79,920)
Pakistan Investment Bonds	11,937,951	11,777,817
Government of Pakistan US Dollar Bonds	1,075,426	1,089,485
Government of Pakistan Sukuks	849,010	1,691,234
Listed equity securities	1,842,353	2,466,653
NIT units	48,664	47,715
Overseas Government securities	39,777	(1,635)
Other debt instruments	<u>(67,416)</u>	<u>55,594</u>
	<u>15,622,548</u>	<u>17,046,943</u>
Related deferred tax liability	<u>(5,467,892)</u>	<u>(5,934,049)</u>
	<u>10,154,656</u>	<u>11,112,894</u>
Surplus on revaluation of investments of associates	<u>1,075,930</u>	<u>1,125,858</u>
Related deferred tax (liability) / asset	<u>(376,576)</u>	<u>11,394</u>
	<u>699,354</u>	<u>1,137,252</u>
	<u>10,854,010</u>	<u>12,250,146</u>

	(Unaudited) March 31, 2017	(Audited) December 31, 2016
	(Rupees in '000)	
11.3 Surplus on revaluation of non-banking assets acquired in satisfaction of claims		
Surplus as at the beginning of the period / year	690,381	-
Surplus recognised during the period / year	-	953,418
Transferred to surplus on revaluation of operating fixed assets	-	(262,797)
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year - net of deferred tax	(42)	(156)
Related deferred tax liability on incremental depreciation charged during the period / year	(22)	(84)
	690,317	690,381
Less: related deferred tax liability on		
- Revaluation as at the beginning of the period / year	6,203	-
- Revaluation recognised during the period / year	-	6,287
- Incremental depreciation charged during the period / year	(22)	(84)
	6,181	6,203
	684,136	684,178
12 CONTINGENCIES AND COMMITMENTS		
12.1 Direct credit substitutes - financial guarantees		
Guarantees in favour of		
- Government	279,076	275,473
- Financial institutions	295,000	295,000
- Others	34,113,522	38,031,430
	34,687,598	38,601,903
12.2 Transaction-related contingent liabilities		
Guarantees in favour of		
- Government	709,511	683,908
- Financial institutions	1,254,927	1,604,150
- Others	107,655,017	105,514,189
	109,619,455	107,802,247
12.3 Trade-related contingent liabilities		
Letters of credit in favour of		
- Government	63,023,885	62,799,738
- Financial institutions	335,267	2,734,895
- Others	92,698,983	90,281,441
	156,058,135	155,816,074
12.4 Other contingencies		
Claims against the Group not acknowledged as debts	33,433,355	32,775,298
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.		
12.5 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, 2017	(Audited) December 31, 2016
	(Rupees in '000)	
12.6 Commitments in respect of forward foreign exchange contracts		
Purchase	178,303,080	163,676,454
Sale	178,958,263	165,257,735
12.7 Commitments in respect of forward Government Securities transactions		
Purchase	39,815,765	18,815,026
Sale	9,411,082	9,067,465
12.8 Commitments in respect of derivatives		
Foreign currency options		
Purchase	363,139	216,840
Sale	363,139	216,840
Cross currency swaps		
Purchase	8,929,977	1,084,128
Sale	8,924,620	1,096,192

Interest rate swaps

Purchase	34,949	34,866
Sale	7,099,499	5,218,200

12.9	Commitments for capital expenditure	1,523,948	824,776
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12.10 Taxation

The income tax returns of the Bank have been submitted upto and including the accounting year 2015. The tax authorities have concluded the audit of the accounting years 2002 upto the accounting year 2014.

As per Rule 8(A) of the Seventh Schedule, any amounts which have been provided for doubtful debts in the Tax Year 2008 (financial year 2007) and earlier, which were neither claimed nor allowed as tax deductible in any year shall be allowed as a deduction in the 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, 2017	March 31, 2016
	(Rupees in '000)	
On advances to		
- Customers	13,324,851	11,816,314
- Financial institutions	66,949	52
	13,391,800	11,816,366
On investments in		
- Held-for-trading securities	1,230,981	696,044
- Held-to-maturity securities	4,112,314	4,147,419
- Available-for-sale securities	15,756,878	17,912,507
	21,100,173	22,755,970
On deposits with financial institutions	244,133	211,069
On lendings to financial institutions	196,019	394,707
	<u>34,932,125</u>	<u>35,178,112</u>

14 MARK-UP / RETURN / PROFIT / INTEREST EXPENSED

On		
Deposits	10,568,372	9,755,063
Securities sold under repurchase agreement borrowings	3,379,914	4,418,226
Other short term borrowings	412,526	379,046
Long term borrowings	445,302	441,553
	<u>14,806,114</u>	<u>14,993,888</u>

15 RELATED PARTY TRANSACTIONS

The Group has related party relationships with its associated undertakings, joint venture company, AKFED Group entities, employee benefit schemes of the Group, members of the Key Management Personnel of the Group and its Directors.

Transactions with 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. Details of advances to related parties are given in note 7.5 to this condensed interim consolidated financial information.

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 are as follows:

	As at March 31, 2017 (Unaudited)			
	Group Entities of the Parent	Associates	Joint venture	Other related parties
	Rs. in 000			
Statement of financial position				
Deposits	6,235,901	4,939,463	59,413	185,081
Maximum deposits during the period	6,718,124	4,939,463	63,856	394,389
Borrowings	1,378,784	-	-	-
Investments	-	22,429,877	2,125,894	-
Nostro balances	459,439	-	-	-
Mark-up receivable	10,889	22,264	-	-
Other receivable	-	182,035	128,468	1,275
Mark-up payable	12,648	1,619	-	-
Other payable	-	278,402	-	612,559
Others				
Other contingencies	329,561	58,322	-	-
Securities held as custodian	15,846,800	31,800,290	-	4,598,675

Profit and Loss Account

For the three months ended March 31, 2017 (Unaudited)			
Group Entities of the Parent	Associates	Joint venture	Other related parties
Rs. in 000			
Mark-up income	49,311	8,163	-
Share of profit	-	1,092,810	165,933
Fee and commission income	-	496,581	-
Mark-up expense	15,527	26,842	-
Other expense	-	231,919	-
			246,343

Statement of financial position

As at December 31, 2016 (Audited)			
Group Entities of the Parent	Associates	Joint venture	Other related parties
Rs. in 000			
Deposits	6,620,343	5,801,458	48,893
Maximum deposits during the year	9,593,529	6,378,540	217,386

Borrowings	1,114,878	-	1,202,883	-
Investments	-	21,768,890	1,916,452	-
Nostro balances	115,914	365,426	-	-
Advances	-	-	-	1,251,229
Mark-up receivable	18,872	2,269	-	20,289
Other receivable	-	207,923	128,468	-
Mark-up payable	10,305	2,297	5,837	13
Other payable	-	217,937	-	497,066

Others

Other contingencies	277,530	58,185	-	-
Securities held as custodian	15,537,400	34,717,265	-	4,398,055

For the three months ended March 31, 2016 (Unaudited)			
Group Entities of the Parent	Associates	Joint venture	Other related parties
Rs. in 000			

Mark-up income	18,951	4,804	-	-
Share of profit	-	601,128	135,290	-
Fee and commission income	-	474,493	-	-
Mark-up expense	17,201	23,820	10	895
Other expense	-	210,373	-	242,274

15.1 Key Management Personnel

Key Management Personnel includes the President / Chief Executive Officer, direct reports to the President, and Chief Executives of the Bank's subsidiaries.

		(Unaudited)	
		For the three months ended	
		March 31, 2017	March 31, 2016
		(Rupees in '000)	
Managerial remuneration (including allowances)		212,084	168,707
Contribution to provident and benevolent fund		3,876	4,246
Medical		5,722	6,526
		221,682	179,479
Number of persons		25	28
Non-Executive Directors' fees		13,200	13,200

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 and deposits, are frequently repriced.

Fair Value Measurement

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

As at March 31, 2017 (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	19,631,247	-	-	19,631,247
- NIT units	-	59,777	-	59,777
- Federal Government securities	-	1,081,277,620	-	1,081,277,620
- Overseas Government securities	-	5,415,566	-	5,415,566
- Debentures and corporate debt instruments	-	40,353,542	-	40,353,542
Balances carried forward	19,631,247	1,127,106,505	-	1,146,737,752

	As at March 31, 2017 (Unaudited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Balances brought forward	19,631,247	1,127,106,505	-	1,146,737,752
- Unrealised gain on forward foreign exchange contracts	-	349,202	-	349,202
- Unrealised gain on derivative instruments	-	145,331	-	145,331
- Unrealised loss on forward foreign exchange contracts	-	562,399	-	562,399
- Unrealised loss on derivative instruments	-	14,355	-	14,355
Non-financial assets				
- Operating fixed assets	-	-	22,027,981	22,027,981
- Non-banking assets acquired in satisfaction of claims	-	-	2,383,392	2,383,392
Items for which Fair Value is disclosed				
- Federal Government securities	-	185,717,352	-	185,717,352
- Overseas Government securities	-	27,470,650	-	27,470,650
- Debentures and corporate debt instruments	-	24,239,193	-	24,239,193
	19,631,247	1,365,604,987	24,411,373	1,409,647,607

	As at December 31, 2016 (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	19,414,662	-	-	19,414,662
- NIT units	-	58,828	-	58,828
- Federal Government securities	-	982,983,784	-	982,983,784
- Overseas Government securities	-	8,012,226	-	8,012,226
- Debentures and corporate debt instruments	-	51,567,738	-	51,567,738
- Unrealised gain on forward foreign exchange contracts	-	268,141	-	268,141
- Unrealised gain on derivative instruments	-	115,903	-	115,903
- Unrealised loss on forward foreign exchange contracts	-	1,302,366	-	1,302,366
- Unrealised loss on derivative instruments	-	10,804	-	10,804

Non-financial assets

- Operating fixed assets	-	-	22,027,981	22,027,981
- Non-banking assets acquired in satisfaction of claims	-	-	2,383,392	2,383,392

Items for which Fair Value is disclosed

- Federal Government securities	-	208,244,009	-	208,244,009
- Overseas Government securities	-	26,519,875	-	26,519,875
- Debentures and corporate debt instruments	-	27,227,350	-	27,227,350
	19,414,662	1,306,311,024	24,411,373	1,350,137,059

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 in other currencies are valued on the basis of rates taken from Bloomberg / Reuters.
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.
Overseas Government securities	The fair values of overseas Government securities are determined on the basis of rates taken from Reuters / Bloomberg.
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 consolidated interim financial information.

17 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

For the three months ended March 31, 2017 (Unaudited)						
Branch banking	Corporate banking	Treasury	International banking	Asset Management	Head Office / Others	Total
----- (Rupees in million) -----						
Net mark-up income - external	(2,027)	4,556	15,105	2,253	(51)	20,126
Inter-segment revenue / (expense) - net	13,597	(3,121)	(11,516)	-	-	1,040
Non-funded income	3,036	584	1,436	1,319	235	1,703
Total income	14,606	2,019	5,025	3,572	184	28,439
Total expenses including provision	6,143	33	331	2,870	91	4,918
Inter-segment administrative cost	3,107	452	88	326	-	(3,973)
Total expenses including provision	9,250	485	419	3,196	91	945
Profit before tax	5,356	1,534	4,606	376	93	2,088
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%	0.43%
As at March 31, 2017 (Unaudited)						
Branch banking	Corporate banking	Treasury	International banking	Asset Management	Head Office / Others	Total
----- (Rupees in million) -----						
Segment assets (gross of provision)	389,358	409,842	1,280,410	438,289	3,737	105,304
Segment non-performing advances	8,474	44,307	-	22,203	-	276
Segment provision held including general provision	7,364	42,247	495	19,947	-	680
Inter-segment assets / (liabilities)	1,039,644	(148,571)	(971,885)	(5,926)	(2,564)	89,302
Segment liabilities and equity	1,421,638	219,024	308,030	412,416	1,173	193,926
For the three months ended March 31, 2016 (Unaudited)						
Branch banking	Corporate banking	Treasury	International banking	Asset Management	Head Office / Others	Total
----- (Rupees in million) -----						
Net mark-up income - external	(2,397)	3,818	16,162	2,308	(27)	320
Inter-segment revenue / (expense) - net	12,611	(2,760)	(11,650)	-	-	1,799
Non-funded income	2,719	565	641	1,232	179	1,264
Total income	12,933	1,623	5,153	3,540	152	3,383
Total expenses including provision	5,796	(193)	85	3,279	125	3,838
Inter-segment administrative cost	2,706	397	77	283	-	(3,463)
Total expenses including provision	8,502	204	162	3,562	125	375
Profit before tax	4,431	1,419	4,991	(22)	27	3,008
Segment return on assets %	0.92%	1.17%	1.08%	-0.01%	1.33%	3.52%
Segment cost of funds %	2.74%	5.12%	5.51%	0.99%	3.74%	1.69%
As at December 31, 2016 (Audited)						
Branch banking	Corporate banking	Treasury	International banking	Asset Management	Head Office / Others	Total
----- (Rupees in million) -----						
Segment assets (gross of provision)	400,558	417,371	1,237,983	437,408	4,412	79,638
Segment non-performing advances	7,363	44,923	-	22,948	-	213
Segment provision held including general provision	7,224	42,272	285	19,805	-	602
Inter-segment assets / (liabilities)	1,028,724	(145,871)	(931,818)	(14,794)	(2,564)	66,323
Segment liabilities and equity	1,422,058	229,228	305,880	402,809	1,848	145,359

18 ISLAMIC BANKING BUSINESS

18.1 Statement of financial position

	Note	(Unaudited) March 31, 2017 (Rupees in '000)	(Audited) December 31, 2016 (Rupees in '000)
ASSETS			
Cash and balances with treasury banks		5,549,446	6,183,359
Due from financial institutions		500,000	7,458,102
Investments		94,743,601	96,574,596
Islamic financing and related assets	18.1.1	41,677,488	31,972,463
Due from Head Office		106,862	-
Other assets		1,159,043	499,088
		<u>143,736,440</u>	<u>142,687,608</u>
LIABILITIES			
Bills payable		5,958	4,575
Due to financial institutions		8,827,000	5,754,000
Deposits and other accounts	18.1.2	126,205,451	124,292,123
Due to Head Office		-	3,815,481
Deferred tax liability		296,055	546,132
Other liabilities		942,320	969,169
		<u>136,276,784</u>	<u>135,381,480</u>
		<u>7,459,656</u>	<u>7,306,128</u>
NET ASSETS			
REPRESENTED BY			
Islamic Banking Fund		250,000	250,000
Unappropriated profit		6,659,839	6,041,883
		<u>6,909,839</u>	<u>6,291,883</u>
		<u>549,817</u>	<u>1,014,245</u>
		<u>7,459,656</u>	<u>7,306,128</u>
Surplus on revaluation of investments - net of deferred tax			

Commitments in respect of guarantees and letters of credit of the Islamic Banking Business amounted to Rs.297.598 million (December 31, 2016: Rs. 281.916 million) and Rs. 1,086.507 million (December 31, 2016: Rs.382.059 million) respectively. Commitments in respect of forward purchase and sale transactions amounted to Rs. 2,749.911 million (December 31, 2016: Rs. 3,227.835 million) and Rs. 2,761.272 million (December 31, 2016:Rs. 860.338 million) respectively.

18.1.1 Islamic financing and related assets - net

	(Unaudited) March 31, 2017 (Rupees in '000)	(Audited) December 31, 2016 (Rupees in '000)
Ijarah	937,100	852,607
Murabaha	303,274	187,072
Diminishing Musharaka	22,367,537	21,211,872
Wakala	10,000,000	-
Istisnah	249,155	439,155
Advance for Ijarah	298,811	172,049
Advance for Murabaha	3,846,932	3,714,525
Advance for Diminishing Musharaka	39,120	98,006
Advance for Istisnah	1,439,448	3,949,781
Assets / Inventories	2,301,757	1,452,153
Provision against financings	(105,646)	(104,757)
	<u>41,677,488</u>	<u>31,972,463</u>

18.1.2 Deposits and other accounts

Current accounts	35,892,818	34,805,992
Savings accounts	64,069,240	67,581,654
Term deposits	24,234,900	16,307,798
Deposits from financial institutions - remunerative	1,937,606	5,530,268
Deposits from financial institutions - non - remunerative	70,887	66,411
	<u>126,205,451</u>	<u>124,292,123</u>

18.2 Profit and Loss account

	(Unaudited)	
	For the three months ended	
	March 31, 2017	March 31, 2016
	(Rupees in '000)	
Profit earned	2,026,778	1,813,550
Profit expensed	921,032	975,032
Net profit earned	1,105,746	838,518
Depreciation on assets given on ijarah	48,200	55,847
Provision against financings	889	-
	49,089	55,847
Net profit after depreciation and provisions	1,056,657	782,671
Other income		
Fee, commission and brokerage income	44,180	29,563
Income from dealing in foreign currencies	(12,901)	2,626
Gain / (loss) on sale of securities	5	(2,479)
Others	189	161
Total other income	31,473	29,871
	1,088,130	812,542
Administrative expenses	149,674	146,948
Net profit for the period	938,456	665,594

19 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE


The Board of Directors in its meeting held on April 20, 2017 has declared a cash dividend in respect of the three months ended March 31, 2017 of Rs. 3.50 per share (March 31, 2016: 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.

20 GENERAL

Comparative figures have been re-arranged and reclassified for comparison purposes.

21 DATE OF AUTHORISATION FOR ISSUE

This condensed interim consolidated financial information was authorised for issue in the Board of Directors meeting held on April 20, 2017.



Condensed Interim Unconsolidated Financial Information

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, 2017.

Domestic Economy

Pakistan's economy is expected to grow at 5% during the current fiscal year, supported by an accommodative monetary policy, higher agricultural output and increase in domestic demand with the Large Scale Manufacturing index having grown at 4.1% during 8M FY17. Headline inflation has increased sharply since the 3.7% recorded in January, increasing to 4.9% in March, mainly due to rising food prices, although the average for 9M FY17 at 4.0% is within the SBP's revised target range of 4-5%.

The trade deficit has widened substantially during 8M FY17, increasing by 27% over the corresponding period of last year, to US\$ 15 billion. Exports have declined by 2% over 8M FY16, mainly due to slowdown in external demand while imports have risen by 11% during the same period, primarily resulting from a surge in machinery imports for the power sector. Remittances have remained subdued, declining by 2% during 8M FY17, with lower flows from the Middle East. As a result, the current account deficit for 8M FY17 has more than doubled over the same period of FY16, to US\$ 5.5 billion. Net financial flows, while higher than in 8M FY16, have not been sufficient to offset the current account pressures, as a result of external debt repayments and delays in receipts from the Coalition Support Fund. Consequently, foreign exchange reserves have declined by 9% from their all-time high of US\$ 23.6 billion in September 2016. However, despite the pressure on the external account, the Rupee has continued its stability.

The equity market performance during Q1 17 has remained lackluster despite the strategic sale of the Pakistan Stock Exchange and the inclusion of 6 Pakistani stocks in the FTSE Global Index Series. After crossing the 50,000 mark in January, the PSX 100 index has remained almost flat to December levels as concerns over domestic politics have overshadowed market positives.

The SBP maintained the discount rate at 6.25% in its monetary policy meeting in March, highlighting the pickup in domestic demand and improving consumer confidence. Private sector credit increased by Rs 463 billion during 9M FY17, a growth of 10%, with fixed asset investment being the primary driver and consumer financing continuing its upward trend. However, banking spreads have reduced further, compressing by 17bps during the first two months of 2017. Total advances of the banking sector increased by 2% over 2016 to an all-time high of PKR 5.69 trillion, while deposits reduced marginally from December 2016 levels to Rs 11.17 trillion.

Performance

HBL has delivered an unconsolidated profit after tax of Rs 8.1 billion for the first quarter of 2017 compared to Rs 8.5 billion achieved for the first three months of 2016. Earnings per share for Q1 17 were Rs 5.54 compared to Rs 5.81 in the first quarter of 2016. Pre-tax profit for the first three months of 2017 is Rs 12.5 billion, 5% lower than for Q1 16.

HBL's balance sheet has grown by 2% over December 2016 to Rs 2.4 trillion. Total deposits increased by 1%, crossing Rs 1.8 trillion, despite an overall decline in the market, with HBL's market share increasing to 14.2%. The domestic deposit mix continued to improve, as current accounts also increased slightly, defying seasonal trends. The ratio of domestic current accounts rose from 34.8% in December 2016 to 35.1% in March 2017, and domestic CASA improved from 85.5% to 87.1% over the same period. Average domestic loans grew by 24% with all business segments registering significant increases, while average domestic current accounts for the first quarter of 2017 increased by 16% over Q1 16. However, spreads continued to decline as a result of competition driven pricing reductions and falling investment yields. This was mostly offset by a 7.0% growth in the average balance sheet, as a result of which net interest income for the quarter ended March 31, 2017 has decreased by 3% to Rs 19.2 billion.

Non mark-up income increased by 21% compared to the first quarter of 2016. Income from treasury related activities nearly doubled, to Rs 2.1 billion. Fees and commissions increased by 6% to Rs 4.3 billion, primarily due to growth in the Bancassurance, consumer financing businesses and account and card operations related fees.

Administrative expenses rose by 11% over Q1 16, but declined by 12% over the previous quarter. Total provisions for the quarter reduced by 30% compared to Q1 16. Consequently the coverage ratio has strengthened further, to 93.2% as at March 31, 2017.

Movement of Reserves

Rupees in million

Unappropriated profit brought forward	97,447
Profit after tax	8,119
Transferred from surplus on revaluation of assets – net of tax	11
	8,130
Appropriations	
Transferred to statutory reserves	(812)
Cash dividend – Final 2016	(5,134)
	(5,946)
Unappropriated profit carried forward	99,631
Earnings per share (Rs)	5.54

Capital Ratios

The unconsolidated Capital Adequacy Ratio (CAR) as at March 31, 2017 was 15.3% with the Tier 1 CAR at 12.2%. The capital ratios remain strong and well above required levels.

Dividend

The Board of Directors, in its meeting held on April 20, 2017 has declared an interim cash dividend of Rs 3.5 per share (35%) for the quarter ended March 31, 2017.

Future Outlook

Economic activity continues to gather momentum, underpinned by improved consumer confidence, upbeat economic sentiment and tangible developments in the energy sector. This has been manifested through measurable improvements in the domestic economy and rising domestic demand. Barring external shocks, inflation is expected to remain benign and, along with a prudent monetary policy, should support further expansion in private sector credit.

While the fiscal deficit is forecast to reduce over FY16, it is unlikely to meet budgeted levels as ambitious tax collection targets could prove challenging, while political realities will imply higher development spending. Tackling this will require single-minded determination in structural reform of the tax base, an issue which is increasing in urgency. With the current account deficit also ballooning, the pressure on the external account is unlikely to abate in the short term and this is another headwind that will have to be carefully managed.

The banking sector will remain challenged in 2017, as contained inflation will support the prevailing low interest rate environment; spreads will be squeezed further, with the second tranche of PIB maturities in Q3 17. HBL's growth trajectory remains robust, with stable profitability and adequate reserves of liquidity and capital. As Pakistan's national institution, HBL is conscious of its responsibility towards the development of the country and is well positioned to participate in and contribute to the increasing infrastructure development activities under the CPEC.

Appreciation and Acknowledgement

We would like to place on record, our appreciation of 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

Nauman K. Dar

President & Chief Executive Officer

April 20, 2017

ایچ بی ایل نے سال 2017 کی پہلی سہ ماہی کے لئے 8.1 ارب روپے کا غیر مجموعی منافع بعد از ٹیکس کا اعلان کیا ہے جبکہ اس کے مقابلے میں سال 2016 کے ابتدائی تین ماہ میں 8.5 ارب کا منافع ہوا۔ سال 2017 کی پہلی سہ ماہی کے لئے فی حصص آمدن 5.54 روپے رہی جو سال 2016 کی پہلی سہ ماہی میں 5.81 روپے تھی۔ سال 2017 کے ابتدائی تین ماہ کا قبل از ٹیکس منافع سال 2016 کی پہلی سہ ماہی کے مقابلے میں 5 فیصد کمی سے 12.5 ارب روپے رہا۔

ایچ بی ایل کی بیلنس شیٹ دسمبر 2016 کے مقابلے میں 2 فیصد اضافے سے بڑھ کر 2.4 کھرب روپے ہو گئی۔ مارکیٹ میں مجموعی تنزلی کے باوجود مجموعی ڈیپازٹس 1 فیصد اضافے سے 1.8 کھرب روپے ہو گئے جس کے ساتھ ایچ بی ایل کے مارکیٹ شیئر بڑھ کر 14.2 فیصد ہو گیا۔ مقامی ڈیپازٹس کمزور میں بہتری جاری رہی اور جاری مختلف مخالف رجحانات کے باوجود کرنٹ اکاؤنٹس میں معمولی اضافہ ہوا۔ مقامی کرنٹ اکاؤنٹس کا تناسب دسمبر 2016 میں 34.8 فیصد سے بڑھ کر مارچ 2017 میں 35.1 فیصد تک پہنچ گیا اور مقامی کرنٹ اکاؤنٹ سیونگ اکاؤنٹ (CASA) اسی عرصے کے مقابلے میں 85.5 فیصد سے بڑھ کر 87.1 فیصد ہو گیا۔ اوسط مقامی قرضے 24 فیصد بڑھے جس کے ساتھ تمام کاروباری شعبوں کے قرضوں میں بھی نمایاں اضافہ ہوا جبکہ سال 2017 کی پہلی سہ ماہی میں اوسط ملکی کرنٹ اکاؤنٹس میں سال 2016 کی پہلی سہ ماہی کے مقابلے میں 16 فیصد اضافہ ہوا۔ تاہم اسپرڈ میں کمی آئی جس کی وجہ مسابقت کے باعث قیمتوں میں کمی اور سرمایہ کاری پر ملنے والے منافع میں گراؤٹ ہے۔ اوسط بیلنس شیٹ میں توازن آنے سے 7 فیصد اضافہ ہوا جس کے نتیجے میں 31 مارچ 2017 کو اختتام پذیر ہونے والی سہ ماہی کی خالص مارک اپ آمدن 3 فیصد کمی سے 19.2 ارب روپے ہو گئی۔

نان مارک اپ آمدن میں 2016 کی پہلی سہ ماہی کے مقابلے میں 21 فیصد اضافہ ہوا۔ ٹریڈری سرگرمیوں سے متعلق آمدن دو گنا ہو کر 2.1 ارب روپے ہو گئی۔ فیس اور کمیشنوں سے حاصل آمدن بھی 6 فیصد اضافے سے 4.3 ارب روپے ہو گئی جس کی بنیادی وجہ بک انشورنس، کنزیومر فنانسنگ برنس اور اکاؤنٹ اور کارڈ آپریشنز سے متعلقہ فیسیں ہیں۔

انتظامی اخراجات سال 2016 کی پہلی سہ ماہی کے مقابلے میں 11 فیصد بڑھے لیکن گزشتہ سہ ماہی میں 12 فیصد کمی آئی۔ اس سہ ماہی کی مجموعی پرویژن میں سال 2016 کی پہلی سہ ماہی کے مقابلے میں 30 فیصد کمی آئی۔ اس کے نتیجے میں کوریج ریشو 31 مارچ 2017 کو مزید مستحکم ہو کر 93.2 فیصد پر پہنچ گیا۔

ڈائریکٹر کا جائزہ

بورڈ آف ڈائریکٹرز کی جانب سے میں انتہائی مسرت سے 31 مارچ 2017 کو اختتام پذیر ہونے والی سہ ماہی کے مختصر عبوری غیر مجموعی مالیاتی اعداد و شمار پیش کرتا ہوں۔

ملکی معیشت

پاکستانی معیشت میں رواں مالی سال 5 فیصد ترقی متوقع ہے جبکہ مالی سال 2017 کے آٹھ ماہ کے دوران بہتر زری پالیسی، زیادہ زرعی پیداوار اور ملکی طلب میں اضافے کے ساتھ صنعتی ترقی بڑھ کر 4.1 فیصد پر پہنچ گئی۔ بڑی حد تک کھانے پینے کی اشیاء کی قیمتوں میں اضافے کے باعث مجموعی افراط زر میں تیزی سے اضافہ ہوا۔ جنوری میں 3.7 فیصد اضافہ ریکارڈ کیا گیا جو مارچ میں بڑھ کر 4.9 فیصد ہو گیا۔ اگرچہ مالی سال 2017 کے ابتدائی 9 ماہ میں اوسط افراط زر 4 فیصد تھا جو اسٹیٹ بینک کے متعین ہدف 4 فیصد سے 5 فیصد کے عین مطابق ہے۔

مالی سال 2017 کے آٹھ ماہ کے دوران تجارتی خسارے میں گزشتہ سال اسی عرصے کے دوران غیر معمولی طور اضافہ ہوا جو 27 فیصد سے بڑھ کر 15 ارب امریکی ڈالر تک پہنچ گیا۔ مالی سال 2016 کے ابتدائی آٹھ ماہ کے مقابلے میں برآمدات 2 فیصد کم ہوئیں جس کی بڑی وجہ بیرونی طلب میں کمی کی آنا ہے جبکہ اسی عرصے میں درآمدات 11 فیصد بڑھ گئیں جس کی بڑی وجہ پاور سیکٹر کی مشینری کی درآمد میں اضافہ ہے۔ مشرق وسطیٰ سے آنے والی کم قیمتوں کے ساتھ ترسیلات زر مالی سال 2017 کے آٹھ ماہ کے دوران 2 فیصد کمی واقع ہوئی۔ اس کے نتیجے میں مالی سال 2017 کے آٹھ ماہ میں کرنٹ اکاؤنٹ خسارہ گزشتہ اسی عرصے کے مقابلے میں دو گنا ہو گیا اور 5.5 ارب امریکی ڈالر ہو گیا۔ بیرونی قرضوں کی ادائیگی اور کولیشن سپورٹ فنڈ کی وصولی میں تاخیر کے نتیجے میں خالص آمدن سے آنے والی قومات مالی سال 2016 کے آٹھ ماہ کے مقابلے میں اگرچہ زیادہ رہیں تاہم کرنٹ اکاؤنٹ پر پڑنے دباؤ کو متوازن رکھنے کے لئے یہ ناکافی ہیں۔ اس کے باعث غیر ملکی زرمبادلہ میں 9 فیصد تک کمی آئی جو ستمبر 2016 میں 23.6 ارب امریکی ڈالر کی اپنی بلند ترین سطح پر تھے، تاہم بیرونی اکاؤنٹ پر دباؤ کے باوجود روپیہ بدستور مستحکم رہا۔

تحصص مارکیٹ کی کارکردگی سال 2017 کی پہلی سہ ماہی میں پاکستان اسٹاک ایکسچینج کی اہم فروخت اور چھ پاکستانی اسٹاکس کی ایف ٹی ایس ای گلوبل انڈیکس سیریز میں شمولیت کے باوجود دست روی کا شکار رہی۔ جنوری میں 50 ہزار پوائنٹس عبور کرنے کے بعد ملکی سیاست مارکیٹ کی مثبت چیزوں پر حاوی ہو گئی جس کے باعث پی ایس ایکس 1100 انڈیکس دسمبر کی سطح پر چلا گیا۔

اسٹیٹ بینک نے مارچ میں اپنی زری پالیسی میں ڈسکاؤنٹ ریٹ 6.25 فیصد پر برقرار رکھا جس سے ملکی طلب میں تیزی آئی اور صارفین کا اعتماد بہتر ہوا۔ غیر منقولہ اثاثوں کی سرمایہ کاری کو بڑی حد تک آگے بڑھانے اور کٹز پورم فنانسنگ میں بہتری کے مستقل رجحان کے ساتھ نجی شعبے کے قرضے مالی سال 2017 کے 9 ماہ کے دوران 10 فیصد اضافے سے 463 ارب روپے تک پہنچ گئے۔ تاہم بینکنگ کے اسپرڈ میں مزید گراؤٹ ہوئی اور سال 2017 کے پہلے دو ماہ کے دوران 17 بی پی ایس تک کمی آئی۔ سال 2016 کے مقابلے میں بینکنگ سیکٹر کے مجموعی قرضہ جات میں پیش رفت 2 فیصد اضافے سے 5.69 کھرب روپے کی بلند ترین پہنچ گئے جبکہ ڈیپازٹس میں دسمبر 2016 کی سطح سے معمولی کمی آئی جو 11.17 کھرب روپے ہیں۔

اس کا اظہار ملکی معیشت میں نمایاں بہتری اور بڑھتی ہوئی ملکی طلب کے ذریعے ہو چکا ہے۔ بیرونی دباؤ میں کمی اور سازگار زرعی پالیسی کے ساتھ افراط زر بدستور سازگار رہنے کی توقع ہے جس سے نجی شعبے کے قرضوں کو مزید پھیلانے کے لئے تعاون ملے گا۔

مالی سال 2016 کے مقابلے میں تجارتی خسارے میں کمی متوقع ہے، تاہم ٹیکس کے حصول کے لئے پر عزم ہدف پورا ہونے کا امکان کم ہے جو مشکل ثابت ہو سکتا ہے جبکہ سیاسی معاملات سے بڑے ترقیاتی اخراجات پر بھی اثر پڑے گا۔ اس مسئلہ سے نمٹنے کے لئے ٹیکس میں اصلاحات کے لئے صرف ایک عزم رکھنے کی ضرورت ہوگی۔ یہ ایسا مسئلہ ہے جس میں وقت کے ساتھ تیزی آرہی ہے۔ موجودہ کرنٹ اکاؤنٹ کے خسارے میں بھی اضافے کے ساتھ بیرونی اکاؤنٹ پر دباؤ سے مختصر المیاد میں کمی آنے کا امکان نہیں ہے اور یہ ایک ہوا کا جھونکا ہے جس کے لئے احتیاط سے انتظام کی ضرورت ہوگی۔

سال 2017 میں بینکنگ سیکٹر کی مشکلات برقرار رہیں گی کیونکہ محدود افراط زر سے موجودہ کم انٹرسٹ ریٹ کے ماحول کو حوصلہ ملے گا، سال 2017 کی تیسری سہ ماہی میں پی آئی بی میچورٹیز کی دوسری قسط کے ساتھ اسپرڈ میں مزید کمی آئے گی۔ ایچ بی ایل کی ترقی مستحکم منافع کے ساتھ مارکیٹ سرمائے اور بنیادی سرمائے کے مناسب ذخائر کی بدولت بدستور تیز رفتار رہے گی۔ پاکستان کے ایک بڑے قومی ادارے کے طور پر ایچ بی ایل ملکی ترقی کی جانب اپنی ذمہ داری سے آگاہ ہے اور سپیک کے تحت ملک میں بڑھتے ہوئے انفراسٹرکچر کی ترقی میں تعاون اور حصہ لینے کے لئے بہترین انداز سے تیار ہے۔

اظہار تشکر اور توثیقی بیان

ہم یہ بات ریکارڈ پر لانا چاہتے ہیں کہ ریگولیٹری اور گورننس کے ضابطے میں مسلسل بہتری کے ذریعے ہم بینکنگ میں استحکام اور مالیاتی شعبے میں ترقی کے لئے اپنے ریگولیٹرز اور حکومت پاکستان بالخصوص وزارت خزانہ، اسٹیٹ بینک آف پاکستان اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی کاوشوں، رہنمائی اور تعاون کو سراہتے ہیں۔

بورڈ اور مینجمنٹ کی جانب سے ہم اس موقع پر اپنے کسٹمرز کا شکریہ ادا کرنا چاہیں گے جنہوں نے ہمارے بزنس پر اعتماد کیا اور اپنے شیئر ہولڈرز کے تعاون اور اعتماد کے بھی مشکور ہیں۔ ہم ان کو یہ یقین دہانی کراتے ہیں کہ ہم اعلیٰ معیار اور اچھے کاروباری انتظام کی مستحکم روایت کو اپنے تمام اقدامات میں برقرار رکھیں گے۔ ہم ایچ بی ایل کی ترقی میں اپنے ملازمین کی کاوشوں کا بھی اعتراف کرتے ہیں اور ان کے عزم و اخلاص کے مشکور ہیں۔

منجانب بورڈ

نعمان کے ڈار

پریذیڈنٹ اور چیف ایگزیکٹو آفیسر

20 اپریل، 2017

ریز روز کی تفصیلات

ملین (روپے)

97,447

8,119

11

8,130

افتتاحی غیر تخصیص شدہ منافع

بعد از ٹیکس منافع

پائیدار اثاثوں کے از سر نو تخمینے پر اضافی آمدن۔ ٹیکس کے بعد

مختلف مدوں میں رکھی گئی رقوم

غیر منقولہ ریز روز کی منتقلی

نقد منافع منقسمہ۔ حتمی 2016

(812)

(5,134)

(5,946)

اختتامی غیر تخصیص شدہ منافع

99,631

5.54

فی حصص آمدن (روپے)

سرمائے کا تناسب

غیر مجموعی کیپٹل ایڈوکسی ریشو (سی اے آر) 31 مارچ 2017 کو 15.3 فیصد رہا جس کے ساتھ ٹیڑون کیپٹل ایڈوکسی ریشو 12.2 فیصد رہا۔ کیپٹل ریشو بدستور مستحکم اور مطلوبہ سطح سے کافی بلند ہیں۔

نقد منافع منقسمہ

بورڈ آف ڈائریکٹرز نے 20 اپریل 2017 کو منعقدہ اجلاس میں 31 مارچ 2017 کو ختم ہونے والی سہ ماہی کے لئے 3.5 روپے فی حصص (35 فیصد) کے نقد عبوری منافع منقسمہ کا اعلان کیا ہے۔

مستقبل پر نظر

معاشی سرگرمی میں بدستور آگے بڑھنے کا رجحان ہے جس کی وجہ صارف کے اعتماد میں بہتری، مثبت معاشی ماحول اور توانائی کے شعبے میں پیش رفت ہے۔

Condensed Interim Unconsolidated Statement of Financial Position

As at March 31, 2017

	Note	(Unaudited) March 31, 2017	(Audited) December 31, 2016
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		173,922,372	219,788,876
Balances with other banks		37,469,620	32,742,891
Lendings to financial institutions		21,674,120	35,010,238
Investments	6	1,382,706,651	1,304,722,761
Advances	7	717,409,778	712,132,554
Operating fixed assets	8	44,109,028	30,792,535
Deferred tax asset		-	-
Other assets		59,700,941	58,593,524
		<u>2,436,992,510</u>	<u>2,393,783,379</u>
LIABILITIES			
Bills payable		25,978,982	31,108,762
Borrowings	9	355,821,848	335,083,298
Deposits and other accounts	10	1,804,319,056	1,793,370,392
Subordinated loan		9,996,000	9,998,000
Liabilities against assets subject to finance lease		-	-
Deferred tax liability		1,275,745	1,856,554
Other liabilities		55,327,403	40,299,393
		<u>2,252,719,034</u>	<u>2,211,716,399</u>
NET ASSETS			
		<u>184,273,476</u>	<u>182,066,980</u>
REPRESENTED BY:			
Shareholders' equity			
Share capital		14,668,525	14,668,525
Reserves		47,946,546	47,146,362
Unappropriated profit		99,630,775	97,446,624
		162,245,846	159,261,511
Surplus on revaluation of assets - net of deferred tax	11	22,027,630	22,805,469
		<u>184,273,476</u>	<u>182,066,980</u>
CONTINGENCIES AND COMMITMENTS			
	12		

The annexed notes 1 to 21 form an integral part of this condensed interim unconsolidated financial information.

Condensed Interim Unconsolidated Profit and Loss Account (Unaudited)

For the three months ended March 31, 2017

	Note	January 01 to March 31, 2017	January 01 to March 31, 2016
		(Rupees in '000)	
Mark-up / return / profit / interest earned	13	33,730,198	34,716,920
Mark-up / return / profit / interest expensed	14	14,556,412	14,900,159
Net mark-up / return / profit / interest income		19,173,786	19,816,761
Provision against advances	7.2	125,025	476,295
(Reversal) / provision against off-balance sheet obligations		(41,982)	3,275
Provision for / (reversal of) diminution in the value of investments	6.2	220,174	(11,516)
Bad debts written off directly		-	-
		303,217	468,054
Net mark-up / return / profit / interest income after provisions		18,870,569	19,348,707
Non mark-up / interest income			
Fee, commission and brokerage income		4,322,701	4,093,434
Dividend income		366,465	527,814
Income from dealing in foreign currencies		558,639	286,086
Gain on sale of securities - net		1,238,389	325,747
Unrealised (loss) / gain on held-for-trading securities		(44,101)	3,406
Other income		177,195	255,410
Total non mark-up / interest income		6,619,288	5,491,897
		25,489,857	24,840,604
Non mark-up / interest expense			
Administrative expenses		12,678,181	11,428,278
Other provisions / write offs - net		37,525	18,492
Other charges		101	-
Workers' Welfare Fund		261,687	269,217
Total non mark-up / interest expenses		12,977,494	11,715,987
Profit before taxation		12,512,363	13,124,617
Taxation			
- Current		4,561,206	4,399,729
- Prior years		-	-
- Deferred		(167,939)	206,034
		4,393,267	4,605,763
Profit after taxation		8,119,096	8,518,854
----- (Rupees) -----			
Basic and diluted earnings per share		5.54	5.81

The annexed notes 1 to 21 form an integral part of this condensed interim unconsolidated financial information.

Nauman K. Dar
President and Chief Executive Officer

Moez Ahamed Jamal
Director

Agha Sher Shah
Director

Shaffiq Dharamshi
Director

Condensed Interim Unconsolidated Statement of Comprehensive Income (Unaudited)

For the three months ended March 31, 2017

	January 01 to March 31, 2017	January 01 to March 31, 2016
	(Rupees in '000)	
Profit after taxation for the period	8,119,096	8,518,854
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	(11,726)	218,315
Comprehensive income transferred to equity	8,107,370	8,737,169
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	(766,890)	3,485,424
<i>Items that are not to be reclassified to the profit and loss account in subsequent periods</i>		
Movement in surplus / (deficit) on revaluation of non-banking assets - net of tax	-	503,240
Total comprehensive income	7,340,480	12,725,833

The annexed notes 1 to 21 form an integral part of this condensed interim unconsolidated financial information.

Condensed Interim Unconsolidated Statement of Changes in Equity (Unaudited)

For the three months ended March 31, 2017

	Share capital	Exchange translation reserve	Reserves			Total	
			Statutory reserve	Non - distributable capital reserve	Revenue		
							General reserve
(Rupees in '000)							
Balance as at December 31, 2015	14,668,525	11,043,004	26,890,062	547,115	6,073,812	89,933,889	149,156,407
Comprehensive income for the period							
Profit after taxation for the three months ended March 31, 2016	-	-	-	-	-	8,518,854	8,518,854
Other comprehensive income / (loss)							
- Effect of translation of net investment in foreign branches	-	218,315	-	-	-	-	218,315
	-	218,315	-	-	-	8,518,854	8,737,169
Transactions with owners, recorded directly in equity							
Final cash dividend - Rs. 3.5 per share declared subsequent to the year ended December 31, 2015	-	-	-	-	-	(5,133,984)	(5,133,984)
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	8,274	8,274
Transferred to statutory reserve	-	-	851,886	-	-	(851,886)	-
Balance as at March 31, 2016	14,668,525	11,261,319	27,741,948	547,115	6,073,812	92,475,147	152,767,866
Comprehensive income for the period							
Profit after taxation for the nine months ended December 31, 2016	-	-	-	-	-	23,301,365	23,301,365
Other comprehensive income / (loss)							
- Effect of translation of net investment in foreign branches	-	(807,968)	-	-	-	-	(807,968)
- Remeasurement loss on defined benefit obligations- net	-	-	-	-	-	(623,038)	(623,038)
	-	(807,968)	-	-	-	22,678,327	21,870,359
Transactions with owners, recorded directly in equity							
1st interim cash dividend - Rs. 3.5 per share	-	-	-	-	-	(5,133,984)	(5,133,984)
2nd interim cash dividend - Rs. 3.5 per share	-	-	-	-	-	(5,133,984)	(5,133,984)
3rd interim cash dividend - Rs. 3.5 per share	-	-	-	-	-	(5,133,984)	(5,133,984)
	-	-	-	-	-	(15,401,952)	(15,401,952)
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	25,238	25,238
Transferred to statutory reserve	-	-	2,330,136	-	-	(2,330,136)	-
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
Comprehensive income for the period							
Profit after taxation for the three months ended March 31, 2017	-	-	-	-	-	8,119,096	8,119,096
Other comprehensive income / (loss)							
- Effect of translation of net investment in foreign branches	-	(11,726)	-	-	-	-	(11,726)
	-	(11,726)	-	-	-	8,119,096	8,107,370
Transactions with owners, recorded directly in equity							
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	14,668,525	10,441,625	30,883,994	547,115	6,073,812	99,630,775	162,245,846

The annexed notes 1 to 21 form an integral part of this condensed interim unconsolidated financial information.

Nauman K. Dar
President and Chief Executive Officer

Moez Ahamed Jamal
Director

Agha Sher Shah
Director

Shaffiq Dharamshi
Director

Condensed Interim Unconsolidated Cash Flow Statement (Unaudited)

For the three months ended March 31, 2017

	March 31, 2017	March 31, 2016
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	12,512,363	13,124,617
Dividend income	(366,465)	(527,814)
	<u>12,145,898</u>	<u>12,596,803</u>
Adjustment for:		
Depreciation	782,232	687,154
Amortisation	133,150	104,146
Provision against advances	125,025	476,295
(Reversal) / provision against off-balance sheet obligations	(41,982)	3,275
Provision for / (reversal of) diminution in the value of investments	220,174	(11,516)
Other provisions / write offs - net	37,525	18,492
Unrealised loss / (gain) on held-for-trading securities	44,101	(3,406)
Gain on sale of operating fixed assets - net	(8,100)	(6,280)
Workers' Welfare Fund	261,687	269,217
	<u>1,553,812</u>	<u>1,537,377</u>
	13,699,710	14,134,180
Decrease / (increase) in operating assets		
Lendings to financial institutions	13,336,118	6,846,660
Net investments in held-for-trading securities	(103,915,431)	2,965,756
Advances	(5,402,249)	48,065,041
Other assets	662,852	6,911,892
	<u>(95,318,710)</u>	<u>64,789,349</u>
(Decrease) / increase in operating liabilities		
Bills payable	(5,129,780)	232,692
Borrowings	20,738,550	7,567,777
Deposits and other accounts	10,948,664	(44,063,908)
Other liabilities	9,709,799	3,891,148
	<u>36,267,233</u>	<u>(32,372,291)</u>
	(45,351,767)	46,551,238
	<u>(6,177,309)</u>	<u>(5,793,031)</u>
Income tax paid		
Net cash flows (used in) / from operating activities	<u>(51,529,076)</u>	<u>40,758,207</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	2,361,295	(45,552,979)
Net investments in held-to-maturity securities	22,603,400	(9,722,750)
Net investment in subsidiary	(441,933)	-
Net investments in associates	(35,256)	(815,745)
Dividend income received	174,774	86,346
Fixed capital expenditure	(14,233,294)	(974,289)
Proceeds from sale of operating fixed assets	9,519	7,824
Effect of translation of net investment in foreign branches	(11,726)	218,315
Net cash flows from / (used in) investing activities	<u>10,426,779</u>	<u>(56,753,278)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of subordinated loan	(2,000)	-
Dividend paid	(35,478)	(604,171)
Net cash flows used in financing activities	<u>(37,478)</u>	<u>(604,171)</u>
Decrease in cash and cash equivalents during the period	<u>(41,139,775)</u>	<u>(16,599,242)</u>
Cash and cash equivalents at the beginning of the period	252,459,897	183,440,117
Effects of exchange rate changes on cash and cash equivalents	71,870	291,719
	<u>252,531,767</u>	<u>183,731,836</u>
Cash and cash equivalents at the end of the period	<u>211,391,992</u>	<u>167,132,594</u>

The annexed notes 1 to 21 form an integral part of this condensed interim unconsolidated financial information.

Nauman K. Dar
President and Chief Executive Officer

Moez Ahamed Jamal
Director

Agha Sher Shah
Director

Shaffiq Dharamshi
Director

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the three months ended March 31, 2017

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 1,678 (December 31, 2016: 1,677) branches inside Pakistan including 45 (December 31, 2016: 45) Islamic Banking Branches and 55 (December 31, 2016: 54) 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 During the period, the Bank has purchased 678,750 ordinary shares of Habib Allied Holding Limited (HAHL) from a minority shareholder. Consequently, the shareholding of the Bank in HAHL has increased from 89.40% to 90.50%.
- 1.2 During the period, the Bank has entered into an agreement dated March 21, 2017 with Diamond Trust Bank Kenya Limited (DTBKL) to transfer / sell the business, assets and liabilities of the Bank's Kenya branches to DTBKL. In consideration, the Bank will receive additional shareholding in DTBKL. This transaction is subject to corporate and regulatory approvals.

2 STATEMENT OF COMPLIANCE

This condensed interim unconsolidated financial information has been prepared in accordance with the accounting framework as disclosed in the annual unconsolidated financial statements for the year ended December 31, 2016. The disclosures made in this condensed interim unconsolidated financial information have been limited based on the format prescribed by the SBP vide BSD Circular Letter No. 2 dated May 12, 2004 and International Accounting Standard 34, Interim Financial Reporting. They do not include all the disclosures required for annual financial statements, and this condensed interim unconsolidated financial information should be read in conjunction with the unconsolidated financial statements for the year ended December 31, 2016.

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, 2016.

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, 2016.

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, 2016.

6 INVESTMENTS

Note

INVESTMENTS		Note	March 31, 2017 (Unaudited)			December 31, 2016 (Audited)		
Investments by type			Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
			(Rupees in '000)					
Held-for-trading (HFT)								
<i>Federal Government securities</i>								
- Market Treasury Bills			139,665,299	-	139,665,299	32,335,860	-	32,335,860
- Pakistan Investment Bonds			4,613,354	-	4,613,354	8,174,573	-	8,174,573
<i>Fully paid-up ordinary shares</i>								
- Listed companies			345,072	-	345,072	131,436	-	131,436
<i>Overseas Government securities</i>								
			298,022	-	298,022	376,504	-	376,504
			144,921,747	-	144,921,747	41,018,373	-	41,018,373
Held-to-maturity (HTM)								
		6.1						
<i>Federal Government securities</i>								
- Market Treasury Bills			-	-	-	28,912,507	-	28,912,507
- Pakistan Investment Bonds			178,849,705	-	178,849,705	172,917,957	-	172,917,957
- Government of Pakistan US Dollar Bonds			1,654,829	-	1,654,829	1,670,392	-	1,670,392
<i>Debentures and corporate debt instruments</i>								
- Listed			8,084,061	-	8,084,061	8,084,970	-	8,084,970
- Unlisted			9,844,309	-	9,844,309	10,503,868	-	10,503,868
<i>Overseas Government securities</i>								
			24,845,348	-	24,845,348	23,791,958	-	23,791,958
			223,278,252	-	223,278,252	245,881,652	-	245,881,652
Available-for-sale (AFS)								
<i>Federal Government securities</i>								
- Market Treasury Bills			168,366,127	247,955,953	416,322,080	259,463,927	180,967,213	440,431,140
- Pakistan Investment Bonds			384,187,962	19,394,858	403,582,820	325,812,579	58,708,656	384,521,235
- Government of Pakistan US Dollar Bonds			21,688,130	-	21,688,130	20,671,573	-	20,671,573
- Sukus			77,361,519	-	77,361,519	77,911,455	-	77,911,455
<i>Fully paid-up ordinary shares</i>								
- Listed companies			18,136,902	-	18,136,902	17,272,992	-	17,272,992
- Unlisted companies			3,388,834	-	3,388,834	2,251,466	-	2,251,466
<i>Debentures and corporate debt instruments</i>								
- Listed			9,252,867	7,397,681	16,650,548	15,814,316	-	15,814,316
- Unlisted			15,207,878	-	15,207,878	15,885,761	-	15,885,761
<i>Overseas Government securities</i>								
			4,214,692	-	4,214,692	4,154,760	-	4,154,760
<i>NIT units</i>								
			11,113	-	11,113	11,113	-	11,113
<i>Preference shares</i>								
			100,000	-	100,000	100,000	-	100,000
			701,916,024	274,748,492	976,664,516	739,349,942	239,675,869	979,025,811
Investment in subsidiary companies								
	1.1		13,945,202	-	13,945,202	13,503,269	-	13,503,269
Investment in associates and joint venture								
	6.1		9,253,752	-	9,253,752	9,218,496	-	9,218,496
			1,093,314,977	274,748,492	1,368,063,469	1,048,971,732	239,675,869	1,288,647,601
Provision for diminution in the value of investments								
	6.2		(1,086,326)	-	(1,086,326)	(866,152)	-	(866,152)
			1,092,228,651	274,748,492	1,366,977,143	1,048,105,580	239,675,869	1,287,781,449
Deficit on revaluation of held-for-trading securities								
			(44,101)	-	(44,101)	(12,057)	-	(12,057)
Surplus on revaluation of available-for-sale securities								
	11.2		14,667,572	1,106,037	15,773,609	12,540,371	4,412,998	16,953,369
Total investments (net of provision)								
			1,106,852,122	275,854,529	1,382,706,651	1,060,633,894	244,088,867	1,304,722,761

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, 2017 (Unaudited)		December 31, 2016 (Audited)	
	Book value	Market value	Book value	Market value
(Rupees in '000)				
- Investment classified as held-to-maturity	223,278,252	227,621,703	245,881,652	250,109,970
- Investment in listed associates and joint venture	8,782,598	34,571,868	8,782,265	30,884,859

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

	(Unaudited) March 31, 2017	(Audited) December 31, 2016
(Rupees in '000)		
Opening balance	866,152	617,536
Charge for the period / year	220,174	289,986
Reversal for the year	-	(21,999)
Reversal on disposal during the year	-	(19,371)
Net charge for the period / year	220,174	248,616
Closing balance	1,086,326	866,152

7 ADVANCES

	Note	(Unaudited) March 31, 2017	(Audited) December 31, 2016
		(Rupees in '000)	
Loans, cash credits, running finances, etc.			
- In Pakistan		539,525,386	557,878,935
- Outside Pakistan		106,795,950	99,958,539
		646,321,336	657,837,474
Net investment in finance lease - in Pakistan		17,499,226	16,571,941
Islamic financing and related assets		41,783,134	32,077,220
Bills discounted and purchased			
- Payable in Pakistan		18,115,675	16,985,715
- Payable outside Pakistan		57,756,202	52,501,861
		75,871,877	69,487,576
Provision against advances			
- Specific	7.2	(60,661,136)	(60,513,286)
- General		(3,404,659)	(3,328,371)
		(64,065,795)	(63,841,657)
Advances net of provision		717,409,778	712,132,554

7.1 Advances include Rs. 68,712.656 million (December 31, 2016: Rs. 68,621.823 million) which have been placed under non-performing status as detailed below:

Category of classification	March 31, 2017 (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	1,705,224	104,947	1,810,171	-	-	-	1,705,224	104,947	1,810,171
Substandard	3,412,953	1,750,545	5,163,498	1,190,845	435,340	1,626,185	2,222,108	1,315,205	3,537,313
Doubtful	858,930	1,461,590	2,320,520	429,465	757,729	1,187,194	429,465	703,861	1,133,326
Loss	46,985,189	12,433,278	59,418,467	45,848,809	11,998,948	57,847,757	1,136,380	434,330	1,570,710
	52,962,296	15,750,360	68,712,656	47,469,119	13,192,017	60,661,136	5,493,177	2,558,343	8,051,520

Category of classification	December 31, 2016 (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	803,344	121,924	925,268	-	-	-	803,344	121,924	925,268
Substandard	3,716,751	2,144,077	5,860,828	1,165,290	525,154	1,690,444	2,551,461	1,618,923	4,170,384
Doubtful	1,173,937	1,816,104	2,990,041	586,969	899,833	1,486,802	586,968	916,271	1,503,239
Loss	46,746,262	12,099,424	58,845,686	45,609,211	11,726,829	57,336,040	1,137,051	372,595	1,509,646
	52,440,294	16,181,529	68,621,823	47,361,470	13,151,816	60,513,286	5,078,824	3,029,713	8,108,537

7.1.1 Exposure amounting to Rs. 1,918.678 million (December 31, 2016: Rs. 1,931.586 million) relating to Pakistan International Airlines Corporation Limited (PIACL), which is guaranteed by the Government of Pakistan, has not been classified as non-performing, in accordance with a relaxation given by the SBP. However, mark-up income has been suspended on this amount and is only recognised when received.

7.2 Particulars of provision against advances

	Note	March 31, 2017 (Unaudited)			December 31, 2016 (Audited)		
		Specific	General	Total	Specific	General	Total
		(Rupees in '000)					
Opening balance		60,513,286	3,328,371	63,841,657	60,735,843	2,924,766	63,660,609
Exchange adjustment		20,922	1,753	22,675	(152,654)	7,060	(145,594)
Charge for the period / year		1,200,811	44,160	1,244,971	4,863,811	449,178	5,312,989
Reversal for the period / year		(1,115,070)	(4,876)	(1,119,946)	(4,829,119)	(44,115)	(4,873,234)
Net charge against advances for the period / year		85,741	39,284	125,025	34,692	405,063	439,755
Charged off during the period / year	7.4	(34,343)	-	(34,343)	(526,238)	-	(526,238)
Written off during the period / year		(20,604)	-	(20,604)	(230,796)	-	(230,796)
Transfer from / (to) other liabilities		-	-	-	173,486	(8,518)	164,968
Recoveries against write off		96,134	-	96,134	457,833	-	457,833
Other movements		-	35,251	35,251	21,120	-	21,120
Closing balance		60,661,136	3,404,659	64,065,795	60,513,286	3,328,371	63,841,657

7.3 General provision represents provision amounting to Rs. 1,698.741 million (December 31, 2016: Rs. 1,655.911 million) against consumer finance portfolio and Rs. 114.536 million (December 31, 2016: Rs. 126.699 million) against advances to small enterprises as required by the Prudential Regulations. General provision also includes Rs. 1,591.382 million (December 31, 2016: Rs. 1,545.761 million) pertaining to overseas advances 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 and fully provided 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, 2017 (Unaudited)			December 31, 2016 (Audited)		
	Balance outstanding	Maximum total amount of advances including temporary advances outstanding **	Limit sanctioned during the period	Balance outstanding	Maximum total amount of advances including temporary advances outstanding **	Limit sanctioned during the year
(Rupees in '000)						
Debts due by Directors or Executives of the 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)	2,877,400	2,877,400	19,602	2,876,769	2,881,595	651,410
- in respect of Key Management Personnel	32,400	38,800	14,860	25,331	59,100	-
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	11,968,691	12,260,364	-	11,347,074	12,246,285	6,678,160
Debts due by Subsidiary company	2,598,994	2,649,873	-	2,685,681	4,165,014	-

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

* These represent staff 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

	(Unaudited) March 31, 2017	(Audited) December 31, 2016
	(Rupees in '000)	
Capital work-in-progress	15,074,977	1,557,938
Tangible fixed assets	28,188,067	28,327,904
Intangible assets	845,984	906,693
	44,109,028	30,792,535

8.1 Additions to operating fixed assets

	(Unaudited) For the three months ended	
	March 31, 2017	March 31, 2016
(Rupees in '000)		
The following additions have been made to operating fixed assets during the period:		
Capital work-in-progress	13,517,039	136,378

Tangible fixed assets

Building	76,049	55,130
Machinery	-	1,536
Furniture, fixtures and office equipment	508,713	494,490
Leasehold Improvements	47,269	105,772
Vehicles	5,736	13,314

Intangible assets

	637,767	670,242
	71,886	167,669
	14,226,692	974,289

8.2 Disposal of operating fixed assets

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

Tangible fixed assets

Furniture, fixtures and office equipment	82,475	114,595
Leasehold Improvements	16,426	37,346
Vehicles	1,465	685
	100,366	152,626

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
- Other long-term borrowing

Note	(Unaudited) March 31, 2017	(Audited) December 31, 2016
(Rupees in '000)		
	20,611,273	21,592,306
	5,894,791	5,250,535
	13,000	13,500
	26,519,064	26,856,341
	275,187,237	243,753,648
	301,706,301	270,609,989
	10,706,379	19,815,965
	10,014,139	7,877,216
	17,668,159	21,090,353
9.1	15,726,870	15,689,775
	54,115,547	64,473,309
	355,821,848	335,083,298

9.1 This represents a loan from the International Finance Corporation amounting to US\$ 150 million (December 31, 2016: 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.

10 DEPOSITS AND OTHER ACCOUNTS

Customers

Current accounts - non-remunerative

Savings accounts

Fixed deposits

Financial institutions

Current accounts - non-remunerative

Savings accounts

Fixed deposits

Note	(Unaudited) March 31, 2017	(Audited) December 31, 2016
(Rupees in '000)		
	637,917,721	638,928,970
	856,999,771	834,591,076
	283,659,718	297,557,281
	1,778,577,210	1,771,077,327
	10,586,705	10,746,198
	14,325,141	8,616,867
	830,000	2,930,000
	25,741,846	22,293,065
	1,804,319,056	1,793,370,392

11 SURPLUS ON REVALUATION OF ASSETS - net of deferred tax

Surplus arising on revaluation of assets - net of deferred tax, on

- Operating fixed assets

- Investments

- Non-banking assets acquired in satisfaction of claims

11.1	11,090,648	11,101,555
11.2	10,252,846	11,019,736
11.3	684,136	684,178
	22,027,630	22,805,469

Note	(Unaudited) March 31, 2017	(Audited) December 31, 2016
	(Rupees in '000)	

11.1 Surplus on revaluation of operating fixed assets

Surplus as at the beginning of the period / year	11,637,924	11,424,672
Surplus recognized during the period / year	-	1,772
Transferred from surplus on revaluation of non-banking assets	-	262,797
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year - net of deferred tax	(10,907)	(33,356)
Related deferred tax liability on incremental depreciation charged during the period / year	(5,873)	(17,961)
	<u>11,621,144</u>	<u>11,637,924</u>

Less: related deferred tax liability on

- Revaluation as at the beginning of the period / year
- incremental depreciation charged during the period / year

536,369	554,330
(5,873)	(17,961)
<u>530,496</u>	<u>536,369</u>
<u>11,090,648</u>	<u>11,101,555</u>

11.2 Surplus / (deficit) on revaluation of investments

Market Treasury Bills	(102,551)	(78,715)
Pakistan Investment Bonds	11,936,477	11,775,363
Government of Pakistan US Dollar Bonds	1,124,246	1,081,041
Government of Pakistan Sukuks	849,010	1,691,234
Listed equity securities	1,842,353	2,466,653
NIT units	48,664	47,715
Overseas Government securities	41,221	(1,117)
Other debt instruments	34,189	(28,805)
	<u>15,773,609</u>	<u>16,953,369</u>
Related deferred tax liability	(5,520,763)	(5,933,633)
	<u>10,252,846</u>	<u>11,019,736</u>

11.3 Surplus on revaluation of non-banking assets acquired in satisfaction of claims

Surplus as at the beginning of the period / year	690,381	-
Surplus recognised during the period / year	-	953,418
Transferred to surplus on revaluation of operating fixed assets	-	(262,797)
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year - net of deferred tax	(42)	(156)
Related deferred tax liability on incremental depreciation charged during the period / year	(22)	(84)
	<u>690,317</u>	<u>690,381</u>
Less: related deferred tax liability on		
- Revaluation as at the beginning of the period / year	6,203	-
- Revaluation recognised during the period / year	-	6,287
- Incremental depreciation charged during the period / year	(22)	(84)
	<u>6,181</u>	<u>6,203</u>
	<u>684,136</u>	<u>684,178</u>

12	CONTINGENCIES AND COMMITMENTS	(Unaudited) March 31, 2017	(Audited) December 31, 2016
12.1	Direct credit substitutes - financial guarantees	(Rupees in '000)	
	Guarantees in favour of		
	- Government	279,076	275,473
	- Financial institutions	295,000	295,000
	- Others	34,148,916	38,160,335
		<u>34,722,992</u>	<u>38,730,808</u>
12.2	Transaction-related contingent liabilities		
	Guarantees in favour of		
	- Government	709,511	683,908
	- Financial institutions	1,254,927	1,604,150
	- Others	107,006,635	103,998,282
		<u>108,971,073</u>	<u>106,286,340</u>
12.3	Trade-related contingent liabilities		
	Letter of credit in favour of		
	- Government	63,023,885	62,799,738
	- Financial institutions	335,267	2,734,895
	- Others	90,627,919	89,687,410
		<u>153,987,071</u>	<u>155,222,043</u>
12.4	Other contingencies		
	Claims against the Bank not acknowledged as debts	<u>33,431,332</u>	<u>32,773,275</u>
	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.		
12.5	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, 2017	(Audited) December 31, 2016
12.6	Commitments in respect of forward foreign exchange contracts	(Rupees in '000)	
	Purchase	161,769,396	146,407,029
	Sale	162,437,801	147,918,207
12.7	Commitments in respect of forward Government Securities transactions		
	Purchase	39,815,765	18,815,026
	Sale	9,411,082	9,067,465
12.8	Commitments in respect of derivatives		
	Foreign currency options		
	Purchase	363,139	216,840
	Sale	363,139	216,840
	Cross currency swap		
	Purchase	1,291,612	1,084,128
	Sale	1,306,379	1,096,192
	Interest rate swaps		
	Purchase	34,949	34,866
	Sale	7,099,499	5,218,200
12.9	Commitments for capital expenditure	1,523,948	824,776
12.10	Taxation		
	The income tax returns of the Bank have been submitted upto and including the accounting year 2015. The tax authorities have concluded the audit of the accounting years 2002 upto the accounting year 2014.		
	As per Rule 8(A) of the Seventh Schedule, any amounts which have been provided for doubtful debts in the Tax Year 2008 (financial year 2007) and earlier, which were neither claimed nor allowed as tax deductible in any year shall be allowed as a deduction in the 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, 2017	March 31, 2016
		(Rupees in '000)	
On advances to			
- Customers	12,421,269	11,571,385	
- Financial institutions	66,949	52	
	12,488,218	11,571,437	
On investments in			
- Held-for-trading securities	1,230,981	696,044	
- Held-to-maturity securities	4,023,177	4,065,183	
- Available-for-sale securities	15,591,011	17,832,337	
	20,845,169	22,593,564	
On deposits with financial institutions	198,860	157,212	
On lendings to financial institutions	197,951	394,707	
	33,730,198	34,716,920	

14 MARK-UP / RETURN / PROFIT / INTEREST EXPENSED

On			
Deposits	10,333,722	9,669,869	
Securities sold under repurchase agreement borrowings	3,379,914	4,418,226	
Other short term borrowings	397,474	370,511	
Long term borrowings	445,302	441,553	
	14,556,412	14,900,159	

15 RELATED PARTY TRANSACTIONS

The Bank has related party relationships with its subsidiaries, associated undertakings, joint venture company, AKFED Group entities, employee benefit schemes of the Bank, members of the Key Management Personnel of the Bank and its Directors

Transactions with 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. Details of advances to related parties are given in note 7.5 to this condensed interim unconsolidated financial information.

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 are as follows

	As at March 31, 2017 (Unaudited)				
	Group Entities of the Parent	Subsidiary companies	Associates	Joint venture	Other related parties
	----- Rupees in 000 -----				
Statement of financial position					
Deposits	6,235,901	452,049	4,939,463	59,413	185,081
Maximum Deposits during the period	6,718,124	495,459	4,939,463	63,856	394,389
Borrowings	1,378,784	1,467,841	-	-	-
Investments	-	17,097,863	9,246,555	7,197	-
Nostro balances	459,439	5,004,750	-	-	-
Overdrawn nostro balances	-	309,220	-	-	-
Mark-up receivable	10,889	81,806	22,264	-	-
Other receivable	-	-	182,035	128,468	1,275
Mark-up payable	12,648	83	1,619	-	-
Other payable	-	-	278,402	-	612,559
Others					
Other contingencies	329,561	36,871	58,322	-	-
Securities held as custodian	15,846,800	-	31,800,290	-	4,598,675

	For the three months ended March 31, 2017 (Unaudited)				
	Group Entities of the Parent	Subsidiary companies	Associates	Joint venture	Other related parties
	----- Rupees in 000 -----				
Profit and loss account					
Mark-up income	49,311	115,203	8,163	-	12,720
Fee and commission income	-	748	496,581	-	-
Other income	-	7,537	-	-	-
Mark-up expense	15,527	1,041	26,842	-	3,365
Other expense	-	-	231,919	-	246,343
Dividend income	-	-	188,497	-	-

As at December 31, 2016 (Audited)					
Group Entities of the Parent	Subsidiary companies	Associates	Joint venture	Other related parties	
----- Rupees in 000 -----					
Statement of financial position					
Deposits	5,528,358	684,639	5,740,470	42,695	426,558
Maximum deposits during the year	9,593,529	768,975	6,378,540	217,386	591,097
Borrowings	1,114,878	4,187,454	-	1,202,883	-
Investments	-	16,641,232	9,211,299	7,197	-
Nostro balances	115,914	1,439,280	-	-	-
Overdrawn nostro balances	-	413,447	-	-	-
Advances	-	-	-	-	1,251,229
Lendings	-	962,306	-	-	-
Mark-up receivable	18,872	312,812	2,221	-	20,289
Other receivable	-	-	207,923	128,468	-
Mark-up payable	10,305	12,374	2,297	5,837	13
Other payable	-	-	217,937	-	497,066
Others					
Other contingencies	277,530	37,875	58,185	-	-
Securities held as custodian	15,537,400	-	34,717,265	-	4,398,055

	For the three months ended March 31, 2016 (Unaudited)				
	Parent Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
	----- Rupees in 000 -----				
Profit and loss account					
Mark-up income	18,951	107,485	4,804	-	-
Fee and commission income	-	1,927	474,493	-	-
Other income	-	6,821	-	-	-
Mark-up expense	17,201	1,981	23,820	10	895
Other expense	-	-	210,373	-	242,274
Dividend income	-	-	137,417	-	-

15.1 Key Management Personnel

Key Management Personnel includes the President / Chief Executive Officer and direct reports to the President.

	(Unaudited) For the three months ended	
	March 31, 2017	March 31, 2016
	(Rupees in '000)	
Managerial remuneration (including allowances)	168,547	141,897
Contribution to provident and benevolent fund	3,292	4,068
Medical	4,484	5,957
	176,323	151,922
Number of persons	19	24
15.2 Non-Executive Directors' fees	13,200	13,200

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 and deposits, are frequently repriced.

Fair Value Measurement

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

	As at March 31, 2017 (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	19,631,247	-	-	19,631,247
- NIT units	-	59,777	-	59,777
- Federal Government securities	-	1,077,021,071	-	1,077,021,071
- Overseas Government securities	-	4,552,487	-	4,552,487
- Debentures and corporate debt instruments	-	17,811,612	-	17,811,612
- Unrealised gain on forward foreign exchange contracts	-	315,414	-	315,414
- Unrealised gain on derivative instruments	-	145,331	-	145,331
- Unrealised loss on forward foreign exchange contracts	-	562,399	-	562,399
- Unrealised loss on derivative instruments	-	14,355	-	14,355
Non-financial assets				
-Operating fixed assets	-	-	21,624,592	21,624,592
-Non-banking assets acquired in satisfaction of claims	-	-	2,383,392	2,383,392
Items for which fair value is disclosed				
- Federal Government securities	-	183,540,155	-	183,540,155
- Overseas Government securities	-	24,845,348	-	24,845,348
- Debentures and corporate debt instruments	-	19,236,200	-	19,236,200
- Associates and joint ventures	34,571,868	-	-	34,571,868
	54,203,115	1,328,104,149	24,007,984	1,406,315,248

	As at December 31, 2016 (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	19,414,662	-	-	19,414,662
- NIT units	-	58,828	-	58,828
- Federal Government securities	-	978,511,612	-	978,511,612
- Overseas Government securities	-	4,517,150	-	4,517,150
- Debentures and corporate debt instruments	-	28,230,457	-	28,230,457
- Unrealised gain on forward foreign exchange contracts	-	268,141	-	268,141
- Unrealised gain on derivative instruments	-	115,903	-	115,903
- Unrealised loss on forward foreign exchange contracts	-	1,232,680	-	1,232,680
- Unrealised loss on derivative instruments	-	10,804	-	10,804
Non-financial assets				
-Operating fixed assets	-	-	21,624,592	21,624,592
-Non-banking assets acquired in satisfaction of claims	-	-	2,383,392	2,383,392
Items for which fair value is disclosed				
- Federal Government securities	-	207,591,731	-	207,591,731
- Overseas Government securities	-	23,879,693	-	23,879,693
- Debentures and corporate debt instruments	-	18,638,546	-	18,638,546
- Associates and joint ventures	30,884,859	-	-	30,884,859
	50,299,521	1,263,055,545	24,007,984	1,337,363,050

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 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 in other currencies are valued on the basis of rates taken from Bloomberg / Reuters.
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.
Overseas Government securities	The fair values of Overseas Government securities are determined on the basis of rates taken from Reuters / Bloomberg.
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 unconsolidated financial information.

17 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	For the three months ended March 31, 2017 (Unaudited)					
	Branch banking	Corporate banking	Treasury	International banking	Head Office / Others	Total
	(Rupees in million)					
Net mark-up income - external	(2,011)	4,540	15,105	1,856	(316)	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	14,621	1,980	5,025	2,891	1,276	25,793
Total expenses including provision	6,129	33	331	2,327	4,461	13,281
Inter-segment administrative cost	3,107	452	88	326	(3,973)	-
Total expenses including provision	9,236	485	419	2,653	488	13,281
Profit before tax	5,385	1,495	4,606	238	788	12,512
Segment return on assets %	0.98%	1.03%	0.99%	0.20%	0.92%	-
Segment cost of funds %	2.65%	4.94%	5.00%	1.22%	0.28%	-
	As at March 31, 2017 (Unaudited)					
	Branch banking	Corporate banking	Treasury	International banking	Head Office / Others	Total
	(Rupees in million)					
Segment assets (gross of provision)	389,358	409,842	1,280,410	332,311	90,753	2,502,674
Segment non-performing advances	8,474	44,307	-	15,750	182	68,713
Segment provision held including general provision	7,364	42,247	495	14,999	576	65,681
Inter-segment assets / (liabilities)	1,039,403	(148,571)	(971,885)	(11,226)	92,279	-
Segment liabilities and equity	1,421,397	219,024	308,030	306,086	182,456	2,436,993

	For the three months ended March 31, 2016 (Unaudited)					
	Branch banking	Corporate banking	Treasury	International banking	Head Office / Others	Total
	----- (Rupees in million) -----					
Net mark-up income - external	(2,397)	3,808	16,182	1,916	308	19,817
Inter-segment revenue / (expense) - net	12,611	(2,760)	(10,946)	-	1,095	-
Non-funded income	2,678	551	641	909	713	5,492
Total Income	12,892	1,599	5,877	2,825	2,116	25,309
Total expenses including provision	5,755	(196)	85	2,686	3,854	12,184
Inter-segment administrative cost	2,706	397	77	283	(3,463)	-
Total expenses including provision	8,461	201	162	2,969	391	12,184
Profit before tax	4,431	1,398	5,715	(144)	1,725	13,125
Segment return on assets %	0.92%	1.16%	1.24%	-0.13%	1.94%	-
Segment cost of funds %	2.91%	5.10%	5.27%	1.15%	-0.72%	-

	As at December 31, 2016 (Audited)					
	Branch banking	Corporate banking	Treasury	International banking	Head Office / Others	Total
	----- (Rupees in million) -----					
Segment assets (gross of provision)	400,558	417,371	1,237,983	325,731	77,381	2,459,024
Segment non-performing advances	7,363	44,923	-	16,182	154	68,622
Segment provision held including general provision	7,224	42,272	285	14,948	512	65,241
Inter-segment assets / (liabilities)	1,028,724	(145,871)	(931,818)	(12,283)	61,248	-
Segment liabilities and equity	1,422,058	229,228	305,880	298,500	138,117	2,393,783

18 ISLAMIC BANKING BUSINESS

The statement of financial position and profit and loss account of the Islamic Banking Business is disclosed in note no. 18 to the condensed interim consolidated financial information for the three months ended March 31, 2017.

19 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on April 20, 2017 has declared a cash dividend in respect of the three months ended March 31, 2017 of Rs. 3.50 per share (March 31, 2016: 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.

20 GENERAL

Comparative figures have been re-arranged and reclassified for comparison purposes.

21 DATE OF AUTHORISATION FOR ISSUE

This condensed interim unconsolidated financial information was authorised for issue in the Board of Directors meeting held on April 20, 2017.

