

Habib Bank Limited - Bangladesh Branches

Country Office

South Avenue Tower

7 Gulshan Avenue

Gulshan 1, Dhaka 1212

Habib Bank Limited - Bangladesh Branches

Auditors' report and financial statements
for the year ended 31 December 2017

Hoda Vasi Chowdhury & Co

Chartered Accountants

BIMC Bhaban (7th Floor), 7-9 Karwan Bazar, Dhaka-1215

Telex ((888-2)): 9120090, 9140094

Telex ((8880-2)): 8119298

Website: www.hodavasi.com

Hoda Vasi Chowdhury & Co

Chartered Accountants

Independent Auditor's Report to the Management of Habib Bank Limited - Bangladesh Branches

We have audited the accompanying financial statements of Habib Bank Limited, Bangladesh Branches (the "Bank") which comprise the balance sheet as at 31 December 2017 and profit and loss account, cash flow statement and statement of changes in equity for the year then ended, and a summary of significant accounting policies, other explanatory notes and annexure thereto.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements of the Bank that give a true and fair view in accordance with Bangladesh Financial Reporting Standards (BFRS) as explained in Note 2.1 and for such internal control as management determines is necessary to enable the preparation of financial statements of the Bank that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 and the local central bank (Bangladesh Bank) Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of the Bank give a true and fair view of the financial position of the Bank as at 31 December 2017, and of its financial performance and cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS) as explained in Note 2.1.



Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, the Bank Company Act 1991 and the rules and regulations issued by Bangladesh Bank, we also report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the Financial Statements and Internal Control:
 - a) internal audit, internal control and risk management arrangements of the Bank as disclosed in the financial statements appeared to be materially adequate;
 - b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank during the year ended 31 December 2017;
- (iii) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appeared from our examination of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us;
- (iv) the balance sheet and profit and loss account of the Bank together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (v) the expenditures incurred was for the purpose of the Bank's business;
- (vi) the financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- (vii) adequate provisions have been made against classified loans and advances;
- (viii) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (ix) the information and explanations required by us have been received and found satisfactory;
- (x) we have reviewed over 80% of the risk weighted assets of the Bank and spending over 1,700 person hours; and
- (xi) Capital Adequacy Ratio (CAR) as required by the Bangladesh Bank has been maintained adequately during the year.

Dhaka, 28 February 2018

Hoda Vasi

Hoda Vasi Chowdhury & Co
Chartered Accountants



Habib Bank Limited - Bangladesh Branches

Balance Sheet

As at 31 December 2017

	Notes	2017 BDT	2016 BDT
PROPERTY AND ASSETS			
Cash	4	4,320,310,282	4,289,481,472
In hand (including foreign currencies)		56,306,316	49,094,855
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		4,264,003,966	4,240,386,617
Balance with other banks and financial institutions	5	17,828,376	56,147,781
In Bangladesh		74,993	35,282
Outside Bangladesh		17,753,383	56,112,499
Money at call and on short notice	6	800,000,000	908,740,000
Investments		1,329,097,202	1,758,079,495
Government securities	7	1,329,097,202	1,758,079,495
Others		-	-
Loans and advances	8	4,983,026,300	4,792,739,351
Loans, cash credits, overdrafts, etc		4,983,026,300	4,783,688,274
Bills purchased and discounted		-	9,051,077
Fixed assets including premises, furniture and fixtures	9	38,849,241	47,233,699
Other assets	10	975,071,575	1,029,555,152
Non - banking assets		-	-
Total assets		12,464,182,976	12,881,976,950
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents		580,000,000	350,000,000
Deposits and other accounts	11	6,087,092,855	6,718,730,710
Current deposit and other accounts		2,178,379,721	1,886,504,920
Bills payable		68,631,617	36,670,908
Savings bank deposits		488,958,353	449,302,313
Fixed deposits		3,351,123,165	4,346,252,569
Bearer Certificates of Deposit		-	-
Other Deposits		-	-
Other liabilities	12	1,365,137,704	1,567,899,857
Total liabilities		8,032,230,559	8,636,630,567
Capital/shareholders' equity		4,431,952,417	4,245,346,383
Total shareholders' equity		4,431,952,417	4,245,346,383
Capital fund	13	4,265,155,188	4,096,673,375
Revaluation reserve		42,219,272	59,254,597
Retained earnings	14	124,577,957	89,418,411
Total liabilities and shareholders' equity		12,464,182,976	12,881,976,950



Habib Bank Limited - Bangladesh Branches

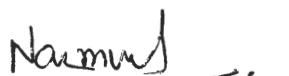
Balance Sheet

As at 31 December 2017

	Note	2017 BDT	2016 BDT
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	15		
Acceptances and endorsements		101,890,064	835,589,514
Letters of guarantee		286,991,043	312,217,191
Irrevocable letters of credit		433,842,036	349,344,617
Bills for collection		7,992,967	106,669,887
Other contingent liabilities		905,260,986	673,369,608
Total		1,735,977,096	2,277,190,817
Other commitments :			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total		-	-
Total Off-Balance Sheet Items Including Contingent Liabilities		1,735,977,096	2,277,190,817

These financial statements should be read in conjunction with annexed notes

for Habib Bank Limited — Bangladesh Branches



Mohammad Nazmul Huq Bhuiyan
Head - Finance



Erslaan Ahmed
Regional General Manager

As per our report of same date

Dhaka, 28 February 2018



Hoda Vasi Chowdhury & Co
Chartered Accountants



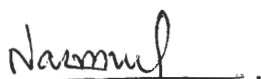
Habib Bank Limited - Bangladesh Branches

Profit and Loss Statement For the year ended 31 December 2017

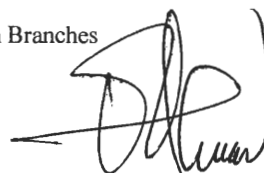
	Notes	2017 BDT	2016 BDT
Operating income			
Interest income	16	421,395,194	408,498,734
Less: Interest paid on deposit and borrowing, etc	17	225,014,809	288,636,735
Net interest income		196,380,385	119,861,999
Investment income	18	69,633,533	76,472,183
Commission, exchange and brokerage	19	77,738,791	77,265,063
Other operating income	20	8,962,880	10,185,461
Total operating income (A)		352,715,590	283,784,706
LESS: OPERATING EXPENSES			
Salaries and allowances	21	158,088,095	167,252,678
Rent, taxes, insurance, electricity, etc	22	55,276,716	51,120,483
Legal & Professional charges	23	2,589,869	1,164,232
Postage, stamp, telecommunication, etc	24	1,667,549	2,468,415
Stationery, printing, advertisements, etc	25	4,809,450	6,025,589
Chief executive salary and fees		32,643,495	21,583,259
Auditors' fees		173,000	173,000
Depreciation and repairs of bank's assets	26	20,883,963	20,125,407
Other expenses	27	50,590,707	45,120,933
Total operating expenses (B)		326,722,843	315,033,996
Profit before provision (C=A-B)		25,992,747	(31,249,290)
General provision		2,879,000	(2,850,000)
Specific provision		(1,208,800)	16,057,158
Provision for off-balance sheet items		(6,837,000)	650,000
Provision for diminution in value of investments		-	-
Recoveries of amounts previously written off		(17,000,000)	-
Other provisions		-	-
Total provision (D)		(22,166,800)	13,857,158
Total profit before tax (C-D)		48,159,547	(45,106,448)
Less: Provision for taxation			
Current tax	12.5	13,000,000	3,500,000
		13,000,000	3,500,000
Net profit after taxation		35,159,547	(48,606,448)

These financial statements should be read in conjunction with annexed notes

for Habib Bank Limited — Bangladesh Branches



Mohammad Nazmul Huq Bhuiyan
Head - Finance



Erslaan Ahmed
Regional General Manager

As per our report of same date



Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, 28 February 2018



Habib Bank Limited - Bangladesh Branches

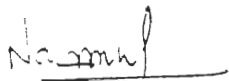
Cash Flow Statement

For the year ended 31 December 2017

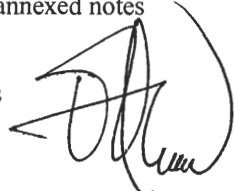
	Notes	2017 BDT	2016 BDT
Cash flows from operating activities (A)			
Interest receipts in cash		436,173,512	650,695,670
Interest payments		(318,949,116)	(471,101,196)
Dividends receipts		-	-
Fee and commission receipts in cash		86,701,672	77,265,063
Income from investments		83,944,795	107,575,434
Cash payments to employees		(190,731,590)	(183,886,265)
Cash payments to suppliers		(114,934,290)	(113,899,652)
Recoveries on loans previously written off		17,000,000	37,435,000
Income tax paid		(14,510,619)	(25,703,599)
Receipts from other operating activities		8,952,315	8,516,778
Payments for other operating activities		(50,590,707)	(46,376,600)
Operating profit before changes in operating assets and liabilities		(56,944,027)	40,520,631
Increase/decrease in operating assets and liabilities			
Statutory deposits		-	-
Purchase/sale of trading securities		-	-
Loans & advances to other banks		-	-
Loans and advances to customers		(190,286,949)	128,788,766
Other assets		54,483,577	29,659,030
Deposits from other banks		3,666,843	(28,891,772)
Deposits from customers		(635,304,698)	208,902,500
Other liabilities account of customers		-	-
Trading liabilities		-	-
Other liabilities		(127,792,506)	(32,068,582)
		(895,233,732)	306,389,942
Net cash from operating activities (A)		(952,177,759)	346,910,574
Cash flows from investing activities (B)			
Proceeds from sale of securities		-	-
Payments for purchase of securities		-	-
Purchase/sale of property, plant and equipment		8,384,458	(3,847,078)
Purchase/sale of investments		428,982,294	(47,745,278)
Net cash used in investing activities		437,366,752	(51,592,356)
Cash flows from financing activities (C)			
Borrowings from other banks		230,000,000	120,000,000
Remittance received from Head Office		-	-
Net cash from/(used) in financing activities		-	-
Net increase in cash and cash equivalents (A+B+C)		(284,811,008)	415,318,217
Effects of exchange rate changes on cash and cash equivalents		168,481,813	9,785,560
Cash and cash equivalents at the beginning of the year		5,254,595,753	4,829,491,975
Cash and cash equivalents at end of the year		5,138,266,558	5,254,595,753
Cash and cash equivalents:			
Cash		56,306,316	49,094,855
Balance with Bangladesh Bank and its agent bank(s)		4,264,003,966	4,240,386,617
Balance with other banks and financial institutions		17,828,376	56,147,781
Money at call and on short notice		800,000,000	908,740,000
Prize bonds		127,900	226,500
		5,138,266,558	5,254,595,753

These financial statements should be read in conjunction with annexed notes

for Habib Bank Limited — Bangladesh Branches


 Mohammad Nazmul Huq Bhuiyan
 Head-Finance




 Erslaan Ahmed
 Regional General Manager

Habib Bank Limited - Bangladesh Branches

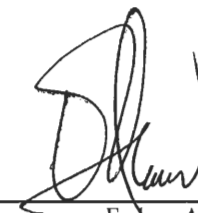
Statement of changes in Equity
For the year ended 31 December 2017

Particulars	Capital fund BDT	Revaluation reserve BDT	Retained earnings BDT	Total BDT
Balance at 01 Jan 2016	4,086,887,815	155,473,067	138,024,859	4,380,385,741
Changes in accounting policy Restated balance	-	-	-	-
Capital fund received from Head Office	-	-	-	-
Surplus/deficit on account of revaluation of properties	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	(96,218,471)	-	(96,218,471)
Currency translation differences	9,785,560	-	-	9,785,560
Net profit for the year	-	-	(48,606,448)	(48,606,448)
Balance at 31 Dec 2016	4,096,673,375	59,254,597	89,418,411	4,245,346,383
Balance at 01 Jan 2017	4,096,673,375	59,254,597	89,418,410	4,245,346,383
Changes in accounting policy Restated balance	-	-	-	-
Capital fund received from Head Office	-	-	-	-
Surplus/deficit on account of revaluation of properties	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	(17,035,325)	-	(17,035,325)
Currency translation differences	168,481,813	-	-	168,481,813
Net profit for the year	-	-	35,159,547	35,159,547
Balance at 31 Dec 2017	4,265,155,188	42,219,272	124,577,957	4,431,952,418

for Habib Bank Limited — Bangladesh Branches



Mohammad Nazmul Huq Bhuiyan
Head-Finance



Erstaan Ahmed
Regional General Manager



Habib Bank Limited - Bangladesh Branches

Liquidity statement (Assets and Liability Maturity Analysis)

For the year ended 31 December 2017

Particulars	Maturity					Total BDT
	Up to 1 month BDT	1-3 months BDT	3-12 months BDT	1-5 years BDT	Above 5 years BDT	
Assets						
Cash in hand	56,306,316	-	-	-	-	56,306,316
Balance with Bangladesh Bank	454,800,079	-	-	-	3,809,203,886	4,264,003,965
Balance with other banks and financial institutions	17,828,376	-	-	-	-	17,828,376
Money at call and on short notice	300,000,000	500,000,000	-	-	-	800,000,000
Investment in treasury bills and others	5,504,836	10,907,744	210,090,696	-	1,102,593,926	1,329,097,202
Loans and advances to customers	1,173,000,558	1,240,481,419	1,826,927,960	711,888,442	30,727,922	4,983,026,300
Fixed assets including premises, furniture and fixtures			9,061,648	29,553,554	234,039	38,849,241
Other assets	3,326,185	11,375,251	17,275,014	7,589,571	1,007,350,623	1,046,916,644
Non-banking assets	-	-	-	-	-	-
Total assets (A)	2,010,766,351	1,762,764,414	2,063,355,318	749,031,566	5,950,110,395	12,536,028,044
Liabilities						
Borrowing from other banks and financial institutions	580,000,000	-	-	-	-	580,000,000
and agents Deposits	2,231,728,286	1,102,405,857	1,285,095,803	1,467,862,909	-	6,087,092,855
Other Accounts	-	-	-	-	-	-
Provision and other liabilities	1,340,914	-	93,156,754	340,912,925	1,001,572,179	1,436,982,771
Total liabilities B	2,811,728,286	1,103,746,771	1,378,252,557	1,808,775,834	1,001,572,179	8,104,075,625
Net liquidity excess/(shortage) (A-B)	(800,961,936)	659,017,643	685,102,761	(1,059,744,267)	4,948,538,216	4,431,952,418

for Habib Bank Limited — Bangladesh Branches

Nazmul
Mohammad Nazmul Huq Bhuiyan
Head-Finance

Erslaan Ahmed
Erslaan Ahmed
Regional General Manager



Habib Bank Limited - Bangladesh Branches

Notes to the financial statements

For the year ended 31 December 2017

1 The Bank and its activities

1.1 Habib Bank Limited, Bangladesh Branches

Habib Bank Limited (HBL) – Bangladesh Branches (the Bank) is the Branch of Habib Bank Limited, a banking company incorporated in Pakistan having its Head Office at Habib Bank Plaza, Karachi, Pakistan. The Bank is carrying on banking business in Bangladesh since 1976 with branches in Dhaka (Gulshan, Uttara, Motijheel, Karwanbazar and Nayabazar), Chittagong and Sylhet after obtaining necessary permissions from the regulatory authorities.

1.2 Principal activities

The principal activities of the Bank are to provide conventional banking services to its customers through deposits, loans and advances, trade financing, remittances facilities through its branches, alternate distribution channels namely, ATM booths, VISA debit cards and Internet Banking in Bangladesh.

2 Basis of preparation

2.1 Statement of compliance

The financial statements of the Bank as at and for the year ended December 31, 2017 have been prepared on accrual basis under the historical cost convention, except investments and defined benefit schemes, and in accordance with the "First Schedule" (section 38) of the Bank Companies Act 1991, as amended by Bangladesh Bank (the Central Bank of Bangladesh) through BRPD Circular No. 14 dated 25 June 2003, other Bangladesh Bank Circulars and International Financial Reporting Standards (IFRS) as adopted by the Institution of Chartered Accountants of Bangladesh (ICAB) into Bangladesh Financial Reporting Standards (BFRS) where relevant to the Bank to the extent that these does not contradict the applicable statutory provisions of Bangladesh Bank. The Bank complied with the requirement of the following regulatory and legal authorities:

- i. Banking Companies Act 1991
- ii. The Companies Act 1994
- iii. Rules, regulations and circulars issued by the Bangladesh Bank from time to time
- iv. Income Tax Ordinance and Rules 1984
- v. Value Added Tax Act 1991

In case any requirement of provisions and circulars issued by Bangladesh Bank differs with those of other regulatory authorities, the provisions and circulars issued by Bangladesh Bank shall prevail. Accordingly the Bank has departed from such requirements of BFRSs in order to comply with the rules and regulations of Bangladesh Bank which are disclosed below:

i) Investment in shares and securities

BFRS: As per requirements of BAS 39 investment in shares and securities generally falls either under "at fair value through profit and loss account" or under "available for sale" where any change in the fair value (as measured in accordance with BFRS 13) at the year-end is taken to profit and loss account or revaluation reserve respectively.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; otherwise investments are recognized at cost.



Habib Bank Limited - Bangladesh Branches

Notes to the financial statements

For the year ended 31 December 2017

ii) Revaluation gains/losses on Government securities

BFRS: As per requirement of BAS 39 where securities will fall under the category of “Held for Trading” (HFT), any change in the fair value (as measured in accordance with BFRS 13) of Held for Trading assets is recognized through profit and loss account. Securities designated as “Held to Maturity” (HTM) are measured at amortized cost method and interest income is recognized through the profit and loss account.

Bangladesh Bank: HFT securities are revalued on the basis of mark to market and at year end any gains on revaluation of securities which have not matured as at the balance sheet date are recognized in other reserves as a part of equity and any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. Interest on HFT securities including amortization of discount are recognized in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortized at the year end and gains or losses on amortization are recognized in other reserve as a part of equity.

iii) Provision on loans and advances

BFRS: As per BAS 39 an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets that are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

Bangladesh Bank: As per BRPD circular No.16 dated 18 November 2014, BRPD circular no: 14 dated 23 September 2012, BRPD circular No. 19 dated 27 December 2012 and BRPD circular No. 05 dated 29 May 2013 a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. Also specific provision for substandard loans, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue. Furthermore a general provision at 1% is required to be provided for all off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by BAS 39.

iv) Other comprehensive income

BFRS: As per BAS 1 Other Comprehensive Income (OCI) is a component of financial statements or the elements of other comprehensive income are to be included in a single Comprehensive Income statement.

Bangladesh Bank: Bangladesh Bank has issued templates for financial statements through BRPD circular no. 14 dated 25 June 2003 which will strictly be followed by all banks. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income nor are the elements of Other Comprehensive Income allowed to be included in a single (OCI) statement. As such the Bank does not prepare an OCI statement. However elements of OCI, if any, are shown in the statements of changes in equity.

v) Financial instruments – presentation and disclosure

In several cases, Bangladesh Bank guidelines categories, recognize, measure and present financial instruments differently from those prescribed in BAS 39. As such, some disclosure and presentation requirements of BFRS 7 and BAS 32 cannot be made in the accounts.



vi) Repo and Reverse Repo transactions

BFRS: When an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is treated as a loan and the underlying asset continues to be recognized in the entity's financial statements. The difference between selling price and repurchase price will be treated as interest expense. Same rule applies to the opposite side of the transaction (reverse repo).

Bangladesh Bank: As per DOS Circular letter no. 6 dated 15 July 2010 and subsequent clarification in DOS circular no. 02 dated 23 January 2013, when a bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a normal sales transaction and the financial asset is derecognized in the seller's book and recognized in the buyer's book

vii) Financial guarantees

BFRS: As per BAS 39, financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognized initially at their fair value, and the initial fair value is amortized over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortized amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

Bangladesh Bank: As per BRPD 14, dated 25 June 2003 financial guarantees such as letter of credit, letter of guarantee, etc. will be treated as off-balance sheet items.

viii) Recognition of interest in suspense

BFRS: Loans and advances to customers are generally classified as 'loans and advances' as per BAS 39 and interest income is recognized through effective interest rate method over the life of the loan. Once a loan is impaired, interest income is recognized in profit and loss account on the same basis based on revised carrying amount.

Bangladesh Bank: As per BRPD circular no. 14 dated 23 September 2012, once a loan is classified other than Bad and Loss, interest on such loans are not allowed to be recognized as income, rather the corresponding amount needs to be credited to an interest suspense account, which is presented as liability in the balance sheet.

ix) Cash and cash equivalent

BFRS: Cash and cash equivalent items should be reported as cash item as per BAS 7.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, balance with Bangladesh Bank is part of cash and cash equivalent regardless of any restriction. Some cash and cash equivalent items such as 'money at call and on short notice', treasury bills, prize bond are not shown as cash and cash equivalent. Money at call and on short notice is shown as face item in the balance sheet, and treasury bills, prize bonds are shown in investments.



Habib Bank Limited - Bangladesh Branches

Notes to the financial statements

For the year ended 31 December 2017

x) Non-banking asset

BFRS: No indication of non banking asset is found in any BFRS.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, there must exist a face item named non banking asset.

xi) Cash flow statement

BFRS: The Cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

Bangladesh Bank: As per BRPD 14, dated 23 June 2003 cash flow is the mixture of direct and indirect methods.

xii) Balance with Bangladesh Bank: (Cash Reserve Requirement)

BFRS: Balance with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per BAS 7.

Bangladesh Bank: As per BRPD 14, dated 23 June 2003 balance with Bangladesh Bank is treated as cash and cash equivalents.

xiii) Presentation of intangible asset

BFRS: Intangible assets must be identified and recognized, presented in the face of the balance sheet and the disclosure must be given as per BAS 38.

Bangladesh Bank: As per BRPD 14, dated 23 June 2003 no intangible asset is presented in the face of the balance sheet.

xiv) Off-balance sheet items

BFRS: There is no concept of off-balance sheet items in any BFRS; hence there is no requirement for disclosure of off-balance sheet items.

Bangladesh Bank: As per BRPD 14, dated 23 June 2003 off balance sheet items (e.g. Letter of credit, Letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.

xv) Loans and advances/Investments net of provision

BFRS: Loans and advances/Investments should be presented net of provision.

Bangladesh Bank: As per BRPD 14, dated 23 June 2003 provision on loans and advances/investments are presented separately as liability and cannot be netted off against loans and advances.

xvi) Disclosure of appropriation of profit

BFRS: There is no requirement to show appropriation of profit in the face of statement of comprehensive income.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, an appropriation of profit should be disclosed in the face of profit and loss account.



xvii) Recognition of derivatives

BFRS: As per BAS 39, all derivatives including forward contracts are initially recognized at fair value (as measured in accordance with BFRS 13) which is generally the transaction price. Subsequent to initial recognition, derivatives are classified as "fair value through profit & loss" and changes in Fair value are recognized in profit and loss accounts.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, derivative contracts are disclosed outside of balance sheet exposures.

2.2 Basis of measurement

The financial statements of the Bank have been prepared on accrual basis under historical cost convention except for the following:

-Government treasury bills and bonds designated as 'Held for Trading (HFT)' which are measured at present value using mark to market. Revaluation gains if any are credited to revaluation reserve account as per DOS circular 05 dated 26 May 2008 and DOS circular 05 dated 28 January 2009

- Government treasury bills and bonds designated as 'Held to Maturity (HTM)' are remeasured at present value using amortisation concept as per DOS circular 05 dated 26 May 2008 and DOS circular 05 dated 28 January 2009

2.3 Use of estimates and judgments

The preparation of the financial statements in conformity with BASs/BFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods, if affected. Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described below:

a. Provisions for loans and advances

The Bank assesses its loans and advances for objective evidence of impairment on a regular basis and particularly at year end. While the primary criteria set out in BRPD circular no. 14 dated 23 September 2012, for determining whether a loan is impaired is objective, being based on borrower's ability to make timely repayments, loans and advances may also be classified based on qualitative judgment. This involves making assessments regarding the economic environment in which borrowers operate in addition to making judgments about a borrower's financial situation and net realizable value of any underlying collateral.

b. Taxation

The estimation of current tax provision involves making judgments regarding admissibility of certain expenses as well as estimating the amount of other expenses for tax purposes. In addition, the recognition of deferred tax assets and liabilities requires the Bank to estimate to which it is probable that future taxable profits or loss will be available against which the deferred tax may be utilized.



Habib Bank Limited - Bangladesh Branches

Notes to the financial statements

For the year ended 31 December 2017

c. Depreciation

Depreciation is provided on a straight line basis over the estimated useful lives of each item of property, plant and equipment. The determination of useful life involves the use of estimates regarding expected use of the assets, expected physical wear and tear, technical or commercial obsolescence and legal or similar limits on the use of the asset.

2.4 Foreign currency transactions

Functional and presentation currency

These financial statements have been presented in Bangladesh Taka (BDT), which is the Bank's functional currency. Except otherwise indicated, financial information presented in Taka has been rounded to the nearest integer.

Foreign currency translation

Foreign currency transactions have been converted into equivalent Taka (BDT) currency at the ruling exchange rates on the respective date of such transactions as per BAS 21 "The Effects of Changes in Foreign Exchange Rates".

Assets and liabilities in foreign currencies as at 31 December 2017 have been converted into Taka (BDT) currency at the spot rate for the day taken from Bangladesh Bank.

Differences arising through buying and selling transactions of foreign currencies on different dates of the year have been adjusted by debiting /crediting exchange gain or loss account.

Translation gain and losses

Gains or losses arising out of translation of foreign exchange have been included in the Profit and Loss Statement.

2.5 Cash flow statement

Cash Flow Statement is prepared principally in accordance with BAS 7 "Cash Flow Statement" under direct method as per the guidelines of BRPD circular no. 14 dated 25 June 2003. The Cash Flow Statement shows the structure of and changes in cash and cash equivalents during the year. Cash flows during the period have been classified as operating activities, investing activities and financing activities.

2.6 Statement of changes in equity

Statement of Changes in Equity has been prepared in accordance with BAS 1 "Presentation of Financial Statements" and following the guidelines of Bangladesh Bank BRPD circular no.14 dated 25 June 2003.

2.7 Reporting period

These financial statements cover one calendar year from 1 January to 31 December 2017.



Notes to the financial statements
For the year ended 31 December 2017

3 Significant accounting policies

The accounting policy set out below have applied consistently to all the periods presented in these financial statements and have been applied consistently by the Bank.

3.1 Assets and basis of their valuation

3.1.1 Cash and cash equivalents

Cash and cash equivalents include cash in hand and balances with Bangladesh Bank and its agent bank, balances with other banks and financial institutions, money at call and on short notice and prize bonds.

3.1.2 Investments

Investment in securities

All investments in securities (bills and bonds) are initially recognised at purchase price excluding commission and accrued coupon interest. Investments are segregated in two broad categories. These are Held to maturity (HTM) and Held for trading (HFT).

Held to Maturity

Debt securities that the Bank hold until maturity are categorized as HTM. Such securities are reported at amortised cost.

Held for Trading

Held for trading securities are those which are held with an intention of selling in order to generate profits. Held for trading securities are revalued at market price on weekly basis.

Revaluation

As per Bangladesh Bank DOS circular letter no. 5 dated 28 January 2009, HFT securities are revalued each week using Marked to Market concept and HTM securities are amortised once a year according to Bangladesh Bank guidelines. The HTM securities are also revalued if these are reclassified to HFT category with the ALCO approval. Value of investment has been shown as under:

Government treasury bills and bonds (HFT)	: At present value (using marked to market concept)
Government treasury bills and bonds (HTM)	: At present value (using amortisation concept)
Prize bonds and other bonds	: At cost
Debentures	: At cost



Notes to the financial statements
For the year ended 31 December 2017

3.1.3 Loans and advances

- a) Loans and advances are stated in the balance sheet on gross basis.
- b) Interest/profit is calculated on daily product basis, but charged and accounted for quarterly on accrual basis. Interest/profit on classified loans and advances/investments is kept in interest suspense account as per BRPD circular no. 14 dated 23 September 2012 on Master Circular: Loan Classification and Provisioning, and BRPD circular no 19 dated 27 December 2012. Interest is not charged on bad and loss loans and advances/ investments as per guidelines of Bangladesh Bank. Records of such interest amounts are kept in separate memorandum accounts.
- c) Commission and discounts on bills purchased and discounted are recognised at the time of realisation.
- d) Provision for loans and advances/investments is made based on the arrear in equivalent month and reviewed by the management following instructions contained in Bangladesh Bank BRPD circulars no. 14 dated September 23, 2012, 16 of dated December 06, 1998, 9 of May 14, 2001, 9 and 10 of August 20, 2005, 5 of June 05, 2006, 8 of August 07, 2007, 10 of September 18, 2007, 5 of April 29, 2008 and 32 of October 27, 2010.

Rates of provision on loans and advances/investments are given below:

Types of loans and advances		Provision				
		UC	SMA	SS	DF	BL
Consumer	House building and professional	2%	2%	20%	50%	100%
	Other than housing finance & professionals to setup business	5%	5%	20%	50%	100%
Provision for loan to broker house, merchant banks, stock dealers, etc		2%	2%	20%	50%	100%
Short-term agri-credit and micro credit		5%	0%	5%	5%	100%
Small and medium enterprise finance		0.25%	0.25%	20%	50%	100%
Others		1%	1%	20%	50%	100%

- e) Loans and advances/investments are written off as per guidelines of Bangladesh Bank. Such write off however will not undermine/affect the claim amount against the borrower. Detailed memorandum records for all such written off accounts are meticulously maintained and followed up.



3.1.4 Property, plant and equipment

Recognition and measurement

All property, plant and equipments are stated at cost less accumulated depreciation as per BAS 16 "Property, Plant and Equipment". Land is measured at cost.

The cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of the BFRS.

The cost of an item of property, plant and equipment is recognised as an asset if-

it is probable that future economic benefits associated with the item will flow to the entity; and the cost of the item can be measured reliably.

The cost of an items of property, plant and equipment comprises:

- (a) its purchase price, including import duties and non- refundable purchase taxes, after deducting trade discounts and rebates
- (b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- (c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for the purpose other than to produce inventories during that period.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the entity and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation on addition shall be charged from the month of acquisition whereas no depreciation shall be charged in the month of deletion.

<u>Category of asset</u>	<u>Rate of depreciation</u>
Furniture and fixtures	20.00%
Major Repairs and Renovation	20.00%
Office equipment and electrical appliances	20.00%
Computer	33.33%
Motor vehicles	10.00%
Sotware	33.33%

Gain or loss on sale of property, plant and equipment is recognised in profit and loss statement as per provision of BAS 16 "Property, Plant and Equipment".

3.1.5 Other assets

Other assets include all other financial assets and include fees and other unrealised income receivable, advance for operating and capital expenditure and stocks of stationery and stamps.

3.2 Liabilities and provisions

3.2.1 Borrowings from other banks, financial institutions and agents

Borrowings from other banks, financial institutions and agents include interest-bearing borrowings redeemable at call and Bangladesh Bank refinance. These items are brought to financial statements at the gross value of the outstanding balance.



3.2.2 Other liabilities

As per BAS 37 "Provisions, Contingent Liabilities and Contingent Assets" the Bank recognises provisions only when it has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Other liabilities comprise items such as provision for loans and advances/investments, provision for taxes, interest payable, interest suspense, accrued expenses etc. Other liabilities are recognised in the balance sheet according to the guidelines of Bangladesh Bank, income tax laws and internal policy of the Bank.

3.3 Reserve

Statutory reserve

This represents amounts deposited with Bangladesh Bank in foreign currency as a part of minimum capital requirement. According to subsection 3 of Section 13 of the Bank Company (amendment) Act, 2013 as amended by BRPD Circular no. 18 dated 21 March 2014 and "Guidelines on Risk Based Capital Adequacy for Banks (Basel III) as of December 2014" of Bangladesh Bank, all banks are required to deposit with Bangladesh Bank the higher of Tk. 4,000 million and minimum capital requirement calculated as 10% (2016: 10%) of risk weighted assets. In addition to minimum capital requirement, Capital Conservation Buffer (CCB) to be maintained in the form of CET1 at 0.625% per year from 2016 to 2019.

Contingencies

A contingent liability is: A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank; or A present obligation that arises from past events but is not recognised because: it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised but disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is reliably estimated.

Revaluation reserve

Revaluation reserve arises from the revaluation of treasury bills and bonds (HFT & HTM) in accordance with the Bangladesh Bank DOS circular no. 5 dated 26 May 2008. The tax effects on revaluation gain are measured and recognised in the financial statements as per BAS 12: Income Taxes.

3.4 Revenue recognition

Interest income

Interest on loans and advances is calculated on daily product basis, but charged and accounted for on quarterly basis. Interest on loans and advances ceases to be taken into income when such advances fall under classification. It is then kept in interest suspense account. Interest on classified loans and advances is accounted for on a cash receipt basis.

Investment income

Income on investments is recognised on accrual basis. Investment income includes discount on treasury bills, interest on treasury bonds, debentures and fixed deposits with other banks.

Fees and commission income

The Bank earns fees and commissions from diverse range of services provided to its customers. This includes fees and commission income arising on financial and other services provided by the Bank including trade finance, credit cards, debit cards, passport endorsement, loan processing, loan syndication and locker facilities, etc. Fees and commission income is recognised on the basis of realisation.

3.5 Employee benefits

There is a Recognised Provident Fund (RPF) in which each employee contributes @10% of their basic salary which is matched by an equal amount of contribution by the Bank. Employees are entitled to double contribution after completion of minimum 02 (two) years of continuous service with the Bank. The accumulated Provident Fund balance including interest thereon are paid to the members at the time of their separation from the employment of the Bank in accordance with Bank's service rules. Contribution to the fund is recognised as and when it accrues.



The Bank operates a funded gratuity scheme which has been approved by the National Board of Revenue as a recognised gratuity fund with effect from January 2001. Employees are entitled to gratuity benefit after completion of minimum 05 (five) years of continuous service with the Bank. The gratuity is calculated on the basis of last basic pay and is payable at the rate of one month's basic pay for every completed year of service who have completed 05 (five) years or more but less than 10 years, at the rate of one and half month's basic pay for every completed year of service who have completed 10 (ten) years or more. The Bank's expense related to Gratuity is estimated on a yearly basis and the amount is transferred to the fund and charged to expenses of the Bank. accrues.

3.6 Provision for off-balance sheet exposures

In compliance with Bangladesh Bank guidelines off-balance sheet items have been disclosed under contingent liabilities. As per BRPD circular no. 10 dated 18 September 2007, the Bank is required to maintain provision @ 1% against off-balance sheet exposures.

3.7 Provision for nostro accounts

According to Foreign Exchange Policy Department of Bangladesh Bank (FEPD), Bangladesh Bank circular no 677 dated 13 September 2005, Bank is required to make provision regarding the un-reconciled debit balance as at balance sheet date and these are certified by External Auditor.

3.8 Taxation

Income tax expense comprises only current taxes. Current tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Provision for income tax has been made @ 42.5% (2016:42.5%) as prescribed in Finance Act 2017 of the profit made by the Bank by considering taxable add-backs of income and disallowances of expenditures.

3.9 Off-setting

Neither any asset nor any liability has been set-off against another asset or liability as on balance sheet date to make separate disclosure in the financial statements.

3.10 Pledge of bank assets against any loan or guarantee

The Bank has not pledged any of its assets as security against any kind of loans taken from any individual or institutions or against any guarantee given to a third party.



3.11 Risk Management at Habib Bank Limited, Bangladesh Branches

The possibility of losses, financial or otherwise, is defined as risk. The assets and liabilities of HBL Bangladesh are managed so as to minimise, to the degree prudently possible, the Bank's exposure to risk, while at the same time attempting to provide a stable and steadily increasing flow of net interest income, an attractive rate of return on an appropriate level of capital and a level of liquidity adequate to respond to the needs of depositors and borrowers and earning enhancement opportunities.

The risk management of the Bank covers all core risk areas of banking i.e. i) Credit Risk Management, ii) Foreign Exchange Risk management, iii) Assets liability Management, iv) Prevention of Money Laundering, v) Internal Control and Compliance, and vi) Information and Communication Technology risk.

i. Credit risk management

Credit risk is the risk of loss due to the failure of a borrower to meet its credit obligations in accordance with agreed contract terms. Credit risk makes up the largest part of bank's risk exposures. The bank's credit process is guided by centrally established credit policies, rules and guidelines continuing a close-to-the market approach with an aim to maintain a well-diversified portfolio of credit risk which produces a reliable and consistent return.

The Credit Policy of the bank ensures the system of checks and balances are in place while taking credit decisions. Salient features of the risk approval process are delineated below:

- Every extension of credit to any counterparty requires approval by the pre-defined level of authority.
- All business groups must apply consistent standards in arriving at their credit decisions.
- Every material change to a credit facility requires approval at the appropriate/pre-defined level.
- Credit approval authority is assigned to individuals according to their qualifications and experience.

ii. Foreign exchange risk

Foreign exchange risk refers to the risk that a Bank may suffer losses as a result of adverse exchange rate movements during a period in which it has an open position, either in the form of a balance sheet asset or liability account, or an off-balance sheet item.

Business line managers are concerned with the consequences of potential exchange rate movements on the domestic currency equivalent value for all foreign currency positions. The goal of foreign exchange risk

According to Bangladesh Bank guidelines and Treasury Investment Policy Treasury Department is divided in the name of Treasury Front office, Treasury Back office and Treasury Mid office.

Foreign exchange risk is managed by Treasury Front office and monitored by Treasury Mid Office. The monitoring of Foreign Exchange Exposure Limit (FEEL) is a regulatory requirement, which is being complied with.

Following limits are being maintained by Treasury Front Office to minimize Foreign Exchange Risk:

1. Foreign Exchange Exposure Limits (FEEL) sanctioned by Global ALCO
2. Net Open Position Limit prescribed by Bangladesh Bank.
3. Intraday Limits
4. Settlement Limits
5. Dealers Trading Limits
6. Dealers Stop Loss Limits
7. Counter Party Limits
8. Swap Limits
9. Nostro Accounts Limits
10. OBU Placement limits



Habib Bank Limited- Bangladesh Branches

Notes to the financial statements

For the year ended 31 December 2017

Treasury Mid office (TMO) is a specialized unit created with a view to implement robust market risk Management practices as prescribed by Bangladesh Bank and global policies and. To minimize foreign exchange risk Treasury Mid office analyzes the Market trend and monitors Treasury dealings and exposure and reports to local and global Risk Management. TMO also monitors all limits adopted by Head office and Bangladesh Bank.

Treasury Back office is responsible for settlement of all deals done by front office, its transactions and reporting to Global Treasury and Bangladesh Bank in line with the policies and guidelines.

iii. Asset liability management risk

ALM risk arises in absence of proper mechanism to address the risk of mismatch between assets and liabilities either due to liquidity or changed in interest rate. HBL Bangladesh to ensure better management of Balance Sheet Risk has formulated policies for Market Risk and Liquidity Risk Management. Besides, Asset Liability Committee (ALCO) of the Bank meets once in a month to analyze the economic indicators, review the liquidity position, pricing/interest rate structure and suggests action plan strategies to manage Balance sheet Risk.

iv. Prevention of money laundering

HBL Bangladesh AML/CFT/CDD policy and procedure has been set up with elaborating guideline and process for Identification, Address Verification, source of fund, transaction monitoring, periodic review etc. HBL Bangladesh has ensured further stringent control on its AML/CFT program by implementation of centralized account opening , account deactivate and activate, remittances processing etc. Also detail process has been established for Sanction screening prior account opening and existing customer portfolio and Transaction monitoring through automated system SSW and Mantas. Detail process for system base customer Risk rating and periodic review also ensured to be in place by the management as part of commitment on AML/CFT. Refresher and New joiner training has been taken as a continuous process for creating/developing awareness among the officers on regular basis. CCC (Central Compliance committee) also meet BAMLCOs regularly to guide and provide resolutions on issues branches are facing. It may mentioned that BFIU has scored Satisfactory on their system check inspection for Sylhet Branch on their last inspection report.

v. Internal control and Compliance Risk

HBL Bangladesh ICU prepares its annual monitoring plan as per the approved ICU manual for HBL Bangladesh. The unit carries out reviews of risk management procedures, internal control systems, and governance processes. This also involves periodic review of transactions, testing of control systems, special investigations, and assessments of regulatory compliance. Any identified gaps/discrepancies/weaknesses are followed up till their rectification. All functions/ departments / units of HBL Bangladesh, fall within scope of ICU reviews.

vi. Information and communication technology Risk

The Bank maintains its in-house IT department for the support and services of IT systems where the core system is centralized in Head Office, Karachi, Pakistan. IT department maintains performance level agreement and service level agreement with business lines for service quality assurance which describes all the IT services with target service up time and response time for troubleshooting or any IT related requests. For more tracking on service issue HBL Bangladesh IT has already been introduced Incident Management system to all HBL Bangladesh Users to log the Incident and IT Personnel will generate report in order to submit seniors for performance tracking by IT. IT department reviews and ensures appropriate controls and security standards are in place and are in compliant with group IT and regulatory requirements. It also performs Risk Assessment on various IT systems through Head Office, Karachi, Pakistan and processes to mitigate operational risks. HBL Bangladesh has been Introduced Online Internet Banking along with 2 FA authentications for Fund Transfer between HBL to HBL. In aspect of Internet Usage control and Security, HBL BD IT has been implemented TMG (Threat Management Gateway) across the HBL Bangladesh. Better cost minimization and control perspective, HBL BD IT has been introduced Virtualization Platform along with real time Data Backup through its DR site. The bank has a business recovery Plan (BRP) in place to ensure business continuity in case of any major disaster.



3.12 Related party transaction

The Bank, not being incorporated in Bangladesh, operates in Bangladesh under the banking license issued by Bangladesh Bank and therefore the key management personnel of the Bank for the purposes of BAS 24 are defined as those persons having authority and responsibility for planning, directing and coordinating the Bank, being members of the board of directors of the parent company, its senior management and close members of their families and companies they control or have significant influence. Except remuneration to the CEO, there were no transactions between the bank and the key management personnel (2016: Nil)

3.13 Audit committee

The Bank being a branch of a foreign bank does not have a local Board of Directors from whom to select an Audit Committee. HBL Bangladesh has obtained a dispensation from Bangladesh Bank that the Bank does not need an Audit committee as it is incorporated outside Bangladesh vide letter no: BRPD (R-2) 651/9(47) Kha/2015-1682 dated March 02, 2015. Nevertheless in Bangladesh there are seven operating branches which are reviewed by the Head Office based Internal Audit Team periodically and submit comprehensive report which are regularly reviewed and actioned. Recently an ICU unit has been enriched by recruiting an experienced staff having more than thirty years experience. We expect that our internal control unit will be more functional in this regards.

3.14 Credit rating of the Bank

Pursuant to the Bangladesh Bank's BRPD Circular No. 06 dated July 05, 2006 and in order to safeguard the interest of investors, depositors, creditors the bank has completed the credit rating by Credit Rating Information and Services Limited (CRISL).

Credit Rating Information and Services Limited assigned "A+" (Pronounced A plus) rating to HBL Bangladesh in the Long term and "ST-2" rating in short term for the year 2016. Commercial banks rated in this category is adjudged to be very good financials, healthy and sustainable franchises and a first rate operating environment. Rating in this category is characterized with commendable position in terms of liquidity, internal fund generation and access to alternative sources of fund. The rating for 2017 is yet to be completed.

3.15 Events after reporting period

As per BAS -10 "Events after Reporting Period" events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Two types of events can be identified:

- (a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and
- (b) those that are indicative of conditions that arose after the reporting period (no adjusting events after the reporting period).



3.16 New accounting standards not yet adopted

The Bank has consistently applied the accounting policies as set out in Note 3 to all periods presented in these financial statements. The various amendments to standards, including any consequential amendments to other standards, with the date of initial application of 1 January 2017 have been considered. However, these amendments have no material impact on the financial statements of the Bank.

In December 2017, ICAB has decided to adopt IFRS replacing BFRS effective for annual periods beginning on or after 1 January 2018. However, since currently issued BFRS have been adopted from IFRS without any major modification, such changes would not have any material impact on financial statements.

A number of standards and amendments to standards are effective for annual periods beginning after 1 January 2017 and earlier application is permitted. However, the Bank has not early applied the following new standards in preparing these financial statements.

(a) BFRS 9 Financial Instruments (to be adopted as IFRS 9)

BFRS 9, published in July 2014, replaces the existing guidance in BAS 39 Financial Instruments: Recognition and Measurement. BFRS 9 includes revised guidance on the classification and measurement of the financial instruments, a new expected credit loss model for calculating impairment of financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from BAS 39. BFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. As per the Bank's assessment, any material impact of BFRS 9 would be primarily on calculation of impairment provision. However, as Bangladesh Bank has not issued any circular to revise its current impairment, classification and measurement policies to align with BFRS 9 the Bank is unable to quantify any potential impact on its financial statements.

(b) BFRS 15 Revenue from Contracts with Customers (to be adopted as IFRS 15)

BFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing recognition guidance, including BAS 18 Revenue, BAS 11 Construction Contracts and BFRI 13 Customer Loyalty Programmes. BFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. Based on preliminary assessment the Bank has determined that BFRS 15 has no material impact on its financial statements.

(c) IFRS 16 Leases

IFRS 16, issued in January 2016 replaces existing leases guidance and effective for reporting period beginning on or after 1 January 2019. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. The Bank has not yet assessed any potential impact of IFRS 16 on its financial statements.

(d) IFRS 17 Insurance Contracts

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. The Bank has not yet assessed in potential impact of IFRS 17 on its financial statements.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Bank in the current or future reporting periods and on foreseeable future transactions.



Habib Bank Limited - Bangladesh Branches

Notes to the financial statements

For the year ended 31 December 2017

	2017 BDT	2016 BDT
4. Cash		
In hand (note 4.1)	56,306,316	49,094,855
Balance with Bangladesh Bank (note 4.2)	4,264,003,966	4,240,386,617
	4,320,310,282	4,289,481,472
4.1 In hand		
Local currency	49,795,046	44,026,189
Foreign currencies	2,699,770	2,372,666
Cash in ATM	3,811,500	2,696,000
	56,306,316	49,094,855
4.2 Balance with Bangladesh Bank and its agent bank		
Balance with Bangladesh Bank		
Local currency	454,800,080	597,388,036
Foreign currencies	3,809,203,886	3,642,998,581
	4,264,003,966	4,240,386,617
4.3 Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR)		
Cash reserve requirement (CRR) and statutory liquidity ratio (SLR) have been calculated and maintained in accordance with Section 33 of the Banking Companies Act 1991 and subsequent BCD circular no. 13 dated 24 May 1992; BRPD circular no. 12 dated 20 September 1999 and BRPD circular no. 22 dated 6 November 2003; Bangladesh Bank DOS circular no. 03 dated 23 March 2005; DOS circular no. 06 dated 05 October 2005 and MPD circular no. 04 dated 01 December 2010 and MPD circular no 04 dated 24 June 2014.		
4.3.1 Cash reserve requirement (CRR)		
Conventional banking		
As per Bangladesh Bank MPD circular no. 04 dated 24 June 2014, Bank has to maintain CRR @ 6.5% on fortnightly cumulative average basis and minimum @ 6% on daily basis.		
Fortnightly Bank's CRR maintenance:		
Required reserve (6.5% of demand and time liabilities)	408,376,460	400,671,880
Actual reserve maintained (average)	477,152,604	615,438,010
Surplus	68,776,144	214,766,130
4.3.2 Statutory liquidity ratio (SLR)		
13% of average demand and time liabilities:		
Required reserve	816,752,920	801,343,760
Actual reserve maintained (note 4.3.3)	1,453,788,020	2,021,940,480
Surplus	637,035,100	1,220,596,720
4.3.3 Composition of actual reserve held (as per statement submitted to Bangladesh Bank)		
Cash in hand	56,306,316	49,094,855
Balance with Bangladesh Bank (including TT in transit)	-	-
Unencumbered approved securities (HTM)	1,758,079,498	1,758,079,498
Others	214,766,126	214,766,126
	2,029,151,941	2,021,940,480
5. Balance with other banks and financial institutions		
In Bangladesh (note 5.1)	74,993	35,282
Outside Bangladesh (note 5.2)	17,753,383	56,112,499
	17,828,376	56,147,781
5.1 In Bangladesh		
Current Account with		
Bank Asia Ltd	-	-
Dutch Bangla Bank Ltd	74,993	35,282
	74,993	35,282



Habib Bank Limited - Bangladesh Branches
Notes to the financial statements
For the year ended 31 December 2016

	2017 BDT	2016 BDT
5.2 Outside Bangladesh (A+B)	17,753,383	56,112,499
5.2.1 A. Non-group nostro		
National Bank of Pakistan, Japan	704,074	745,671
Standard Chartered Bank, Kolkata	-	158,125
ICICI Bank Ltd, Kolkata	-	492,912
Bangkok Bank Public Company Limited, Thailand	2,242,238	-
Development Credit Bank Ltd, Mumbai	9,721,724	5,821,336
	12,668,035	7,218,044
B. Group nostro		
Habib Bank Ltd, Foreign Exc. Branch, Karachi	1,187,429	1,143,920
Habib Allied Bank, London	3,411,598	705,931
Habib Bank Ltd, Brussels	486,320	234,826
Habib Bank Ltd, New York	-	46,809,778
	5,085,348	48,894,455
5.3 Maturity grouping of balance with other banks and financial institutions		
Repayable - on demand	17,828,376	56,147,781
- up to 1 month	-	-
- over 1 month but below 3 months	-	-
- over 3 months but below 1 year	-	-
- over 1 year but below 5 years	-	-
	17,828,376	56,147,781
6. Money at call and on short notice		
BRAC Bank Limited	-	190,000,000
Southeast Bank Limited	200,000,000	150,000,000
Standard Bank Limited	-	190,000,000
AB Bank Limited	-	78,740,000
National Bank of Pakistan	600,000,000	300,000,000
	800,000,000	908,740,000
7. Investments		
Government securities (note 7.1)	1,328,969,302	1,758,079,495
Others	-	-
	1,328,969,302	1,758,079,495
7.1 Government securities		
Treasury bills (note 7.1.1.1)	579,035,824	1,244,594,572
Treasury bonds (note 7.1.1.2)	749,933,478	513,258,423
Prize bonds	127,900	226,500
	1,329,097,202	1,758,079,495
7.1.1.1 Treasury bills		
91 days treasury bills	-	249,287,878
182 days treasury bills	-	49,935,753
364 days treasury bills	579,035,824	945,370,942
	579,035,824	1,244,594,572
7.1.1.2 Treasury bonds		
2 years BGTB	348,976,938	351,370,585
5 years BGTB	308,376,529	67,828,668
10 years BGTB	66,056,861	67,248,537
15 years BGTB	13,331,828	13,621,246
20 years BGTB	13,191,322	13,189,387
	749,933,478	513,258,423
7.1.1.3 Investments as per Bangladesh Bank circular:		
Held for trading (HFT)	99,996,739	275,121,801
Held to maturity (HTM)	1,228,972,563	1,482,731,194
Others	127,900	226,500
	1,329,097,202	1,758,079,495

Cost of treasury bills and bonds equivalent to BDT 1,039,374,078 are placed under lien with Bangladesh Bank in compliance with Bank Companies Act 1991 section 13(4).



Habib Bank Limited - Bangladesh Branches

Notes to the financial statements

For the year ended 31 December 2017

	2017 BDT	2016 BDT
7.1.1.4 Maturity-wise grouping		
On demand	-	-
Up to 3 months	-	249,514,378
More than 3 months but not more than 1 year	579,035,824	995,306,695
More than 1 year but not more than 5 years	657,353,467	419,199,253
More than 5 years	92,580,011	94,059,170
	1,328,969,302	1,758,079,495
8. Loans and advances/investments		
Loans, cash credits, overdrafts, etc/investments (note 8.1)	4,983,026,300	4,783,688,274
Bills purchased and discounted (note 8.2)	-	9,051,077
	4,983,026,300	4,792,739,351
8.1 Loans, cash credits, overdrafts, etc/investments		
In Bangladesh		
Term loan *	384,636,472	490,329,557
Loans against imported merchandise (LIM)	4,671,146	4,671,146
SME loan	255,491,205	289,637,769
Trust receipts	310,866,055	224,533,377
Staff loans	38,464,436	34,483,741
Cash credit	40,807,357	40,807,357
Payment against documents	10,751,639	10,751,639
Short Term Loan	2,288,449,229	2,025,381,891
Overdrafts	1,648,888,762	1,663,091,799
	4,983,026,300	4,783,688,274
Outside Bangladesh	-	-
Including short term loan	4,983,026,300	4,783,688,274
8.2 Bills purchased and discounted		
In Bangladesh		
Inland bills purchased	-	9,051,077
Outside Bangladesh		
Foreign bills purchased (FBP)	-	-
	-	9,051,077
8.3 Maturity-wise grouping		
Repayable on demand	704,766,423	350,502,555
Upto 1 month	892,305,270	214,973,526
Over 1 month but below 3 months	1,240,481,419	1,505,295,058
Over 3 month but below 1 year	1,826,927,960	1,854,920,365
Over 1 year but below 5 year	287,817,307	837,971,768
More than 5 years	30,727,922	29,076,078
	4,983,026,300	4,792,739,351
8.4 Significant concentration		
Advances to Officer and Staff of the Bank	38,464,436	34,483,741
Advances to customers group	1,677,643,745	1,879,740,380
Industrial advances	3,266,918,119	2,878,515,230
	4,983,026,300	4,792,739,351
8.5 Industry-wise concentration		
Automobile and transportation equipment	3,565,885	3,565,885
Metals and allied	352,481,034	346,289,552
Chemicals and pharmaceuticals	415,036,283	442,480,436
Electronics and electrical appliances	-	-
Shoes and leather garments	303,534,778	299,579,155
Textile	220,881,608	226,459,988
Foods, tobacco and beverages, sugar	746,278,946	673,860,017
General traders	676,017,185	860,702,129
Others	2,265,230,581	1,939,802,189
	4,983,026,300	4,792,739,351



Habib Bank Limited - Bangladesh Branches

Notes to the financial statements

For the year ended 31 December 2017

	2017 BDT	2016 BDT
8.6 Geographical location-wise distribution		
Sylhet Division	86,498,690	84,004,701
Chittagong Division	1,181,781,525	1,308,989,294
Dhaka Division	3,714,746,085	3,399,745,356
	4,983,026,300	4,792,739,351
8.7 Grouping as per classification rules		
Unclassified		
Standard	4,429,123,325	4,283,206,415
Special mention account	129,831,840	36,535,037
Total unclassified loans and advances	4,558,955,165	4,319,741,452
Classified		
Substandard	-	-
Doubtful	-	-
Bad/Loss	424,071,135	472,997,899
Total classified loans and advances	424,071,135	472,997,899
Total	4,983,026,300	4,792,739,351
8.8 Large Loan disclosure		
Total no of customers having facility of the 10% of the capital of the Bank		
No of Parties	4	3
Total amount outstanding	1,561,741,482	1,587,232,129
Funded	1,326,866,335	1,244,480,006
Non funded	234,875,146	342,752,124
8.9 Particulars of loans and advances		
i. Debts considered good in respect of which the Bank is fully secured	2,119,030,076	1,845,579,068
ii. Debts considered good for which the bank holds no security other than the debtors personal guarantee.	2,439,925,089	2,474,162,383
iii. Debts considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtor.	-	-
iv. Debts adversely classified; provision not maintained there against.	-	-
	4,558,955,165	4,319,741,451
v. Debts due by directors or Officers/Executive of the Bank or any of them taken either separately or jointly with any other persons.	38,464,436	34,483,741
vi. Debts due by companies or firms in which the directors of the bank are interested as directors, partners or managing agents or in the case of private companies, as members.	-	-
vii. Maximum total amount of advances including temporary advance made at any time during the year to directors or executives or manager or officers of the bank or any of them taken severally or jointly with any other persons.	38,464,436	34,483,741
viii. Maximum amount of advances including temporary advances made at any time during the year to the companies or firms in which the directors of the bank are interested as directors, partners, managing agents or in case of private companies as members.	-	-
ix. Due from other banking companies.	-	-
x. Amount of classified loans on which interest has not been charged:	424,071,135	472,997,899



Habib Bank Limited - Bangladesh Branches
Notes to the financial statements
For the year ended 31 December 2017

	2017 BDT	2016 BDT
xi. Cumulative amount of written off debt :		
Opening balance	138,619,914	138,619,914
Amount of debts written off for the current year	494,123	-
	139,114,037	138,619,914
Recovery against write off loans	17,000,000	-
Closing Balance	122,114,037	138,619,914
Lawsuit filed against written off debts	138,916,513	138,422,390
8.10 Bills purchased and discounted		
Payable outside Bangladesh	-	-
Payable in Bangladesh	-	9,051,077
	-	9,051,077
8.11 Maturity-wise grouping of bills purchased and discounted		
On demand	-	-
Payable within 1 month	-	-
More than 1 month but less than 3 months	-	2,936,963
More than 3 months but less than 6 months	-	6,114,114
	-	9,051,077
9. Fixed assets including premises, furniture and fixtures		
Furniture and fixtures	51,128,534	50,401,261
Office equipment and electrical appliances	44,123,869	50,863,178
Computer	26,870,255	24,820,215
Motor vehicles	11,558,968	11,558,968
	133,681,626	137,652,622
Less: Accumulated depreciation	98,554,308	90,418,923
	35,127,318	47,233,699
9.1 Intangible Asset		
Software	5,570,860	3,459,625
	5,570,860	3,459,625
Less: Amortization	1,848,937	359,935
	3,721,923	3,099,690
Details in Annex-A		
10. Other assets		
Income generating		
Interest receivable	36,128,711	50,907,029
Encashment of sanchya partrays awaiting realisation	2,784,585	6,214,487
	38,913,296	57,121,516
Non income generating		
Advance deposits	1,661,300	1,766,800
Stationery and stamps on hand	790,387	1,551,483
Prepaid expenses	1,362,535	791,098
Capital WIP	-	805,000
Advance Tax (Note 10.1)	898,200,202	955,534,651
Clearing proceeds awaiting account	392,158	1,384,258
Other assets	3,165,010	1,053,209
Advance rent	30,586,688	9,547,137
	936,158,279	972,433,636
	975,071,575	1,029,555,152
10.1 Opening balance	955,534,651	929,831,052
Add: Advance Income Tax paid during the year	9,000,000	15,700,000
Tax deducted at source during the year	5,510,619	10,003,599
Addition during the year	14,510,619	25,703,599
Adjustment / reconciled during the year	(71,845,068)	-
Closing balance	898,200,202	955,534,651
Annexure-VI		
11. Deposits and other accounts		
Current deposit and other accounts (note 11.1)	2,178,379,721	1,886,504,920
Fixed deposit (note 11.2)	3,351,123,165	4,346,252,569
Savings bank deposits (note 11.3)	488,958,353	449,302,313
Bills payable	68,631,616	36,670,909
	6,087,092,855	6,718,730,711



Habib Bank Limited - Bangladesh Branches

Notes to the financial statements

For the year ended 31 December 2017

	2017 BDT	2016 BDT
11.1 Current deposit and other accounts		
Local currency current deposits	920,988,560	813,449,309
Foreign currency current deposits	4,361,306	91,819,981
Special notice time deposits	1,030,190,058	814,783,373
Current deposits from banks	164,322,752	112,147,179
Sundry deposits	12,829,035	12,283,912
Group vostro (note: 11.4)	45,688,010	42,021,166
	2,178,379,721	1,886,504,920
11.2 Fixed deposit		
Deposit from customers	3,351,123,165	4,346,252,569
11.3 Savings Deposits	488,958,353	449,302,313
11.4 Group vostro		
Central Branch, Oman (BDT)	546,760	184,484
Deira Branch, Dubai (BDT)	43,201	131,883
Port Louis Branch, Mauritius (US \$)	-	701,986
Habibsons Bank Limited, UK (BDT)	108,383	-
Colombo Branch, Sri Lanka (USD)	964,596	394,708
Treasury Karachi, Pakistan (ACU \$)	44,025,069	40,608,105
	45,688,010	42,021,166
11.5 Maturity-wise grouping		
Repayable - on demand	1,332,276,965	1,508,580,254
- up to 1 month	899,451,322	1,019,968,204
- over 1 month but below 3 months	1,102,405,857	1,227,672,428
- over 3 months but below 1 year	1,285,095,803	1,404,854,151
- over 1 year but below 5 years	1,467,862,909	1,557,655,674
- over 5 years but below 10 years	-	-
-Unclaimed deposits for 10 years or more held by the bank should be shown separately.	-	-
	6,087,092,855	6,718,730,711
12. Other liabilities		
Specific provision against classified loans and advances (note 12.1)	263,096,021	264,787,696
General provision against unclassified loans and advances (note 12.2)	45,229,000	42,350,000
General provision against off balance sheet items (note 12.3)	9,313,000	16,150,000
Interest suspense account (note 12.4)	57,545,545	60,434,709
Provision for taxation (note 12.5)	859,156,903	927,073,843
Provision for audit fees	173,000	173,000
Provision for professional fees	1,074,235	1,405,625
Other liabilities (note 12.6)	129,550,000	255,524,984
	1,365,137,704	1,567,899,857
12.1 Specific provision against classified loans and advances		
Movement in specific provision:		
Provision held at the beginning of the year	264,787,696	248,730,538
Less: Fully provided debts written off during the year	(482,875)	-
Add: Recoveries of amounts previously written off	17,000,000	-
Add: Specific provision for the year	-	20,623,876
Less: Recoveries and provisions no longer required	(1,208,800)	(4,566,718)
Add: Net charge to profit and loss account during the year	(1,208,800)	16,057,158
Add: Transfer from general provision	-	-
Provision held at the end of the year	263,096,021	264,787,696



Habib Bank Limited - Bangladesh Branches

Notes to financial statements

For the year ended 31 December 2017

	2017 BDT	2016 BDT
12.2 General provision against unclassified loans and advances		
Movement in general provision:		
Provision held at the beginning of the year	42,350,000	45,200,000
Add : Provision made during the year	13,860,000	4,700,000
Less: Recoveries and provisions no longer required	(10,981,000)	(7,550,000)
Add: Net charge to profit and loss account during the year	2,879,000	(2,850,000)
Add/(Less): Transfer from general provision to off-balance sheet items	-	-
Less: Transfer to specific provision	-	-
Provision held at the end of the year	45,229,000	42,350,000
 Provision for	 Required provision	 Maintained
Un-classified loans and advances	43,633,777	45,229,000
Classified loans and advances	224,745,440	263,096,021
	268,379,217	308,325,021
		Excess/(Shortage)
		1,595,223
		38,350,581
		39,945,804
12.3 Provision for off-balance sheet items		
Movement in general provision:		
Provision held at the beginning of the year	16,150,000	15,500,000
Add : Amount provided during the year	1,643,000	6,820,000
Less: Recoveries and provisions no longer required	(8,480,000)	(6,170,000)
Add: Net charge to profit and loss account during the year	(6,837,000)	650,000
Less: Transfer to general provision on unclassified loans	-	-
Add: Transfer to off-balance sheet items from general provision	-	-
Provision held at the end of the year	9,313,000	16,150,000
 Provision for	 Required	 Maintained
Off-balance sheet items	9,297,634	9,313,000
		Excess/(Shortage)
		15,366
12.4 Interest suspense account		
Balance at the beginning of the year	60,434,708	58,141,238
Add: Amount transferred to interest suspense account during the year	-	3,641,976
Less: Amount recovered in interest suspense account during the year	60,434,708	61,783,214
Less: Amount written off during the year	2,877,915	1,348,506
	11,248	-
	2,889,163	1,348,506
Balance at the end of the year	57,545,545	60,434,708
12.5 Provision for taxation		
Balance of provision at the beginning of the year	927,073,843	923,573,843
Add: Provision made for the year	13,000,000	3,500,000
Adjustment/ reconciled during the year	(5,430,679)	-
Adjustment/ reconciled for period upto 2016	(75,486,261)	-
Balance of the end of the year	859,156,903	927,073,843
The tax authority has made some additional demands of taxes relating to earlier years which the Bank appealed and these appeals are pending at various levels of appeal authority. The aggregate amount of additional tax demand is approximately BDT 120 million. The Bank believes that those additional demands are not justified and upon finalisation of appeal process such additional demand would be eliminated.		
12.6 Other liabilities		
Provision against BCCI claim ^(*)	9,299,260	9,299,260
Other payable	26,916,098	17,811,323
Accrued expenses	26,528,471	18,964,245
Routing account	1,340,914	50,037,486
Excess cash	84,210	97,315
Interest payable	65,381,048	159,315,356
	129,550,000	255,524,984

(*) This includes the amount provided as provision against the decreed amount of money suit no. 88/1994 filed by Eastern Bank Ltd, successor of BCCI Overseas Ltd.



Habib Bank Limited - Bangladesh Branches

Notes to financial statements

For the year ended 31 December 2017

	2017 BDT	2016 BDT
13. Capital		
Capital fund	4,265,155,188	4,096,673,375
Retained earnings	124,577,957	89,418,411
Revaluation reserve	42,219,272	59,254,597
	4,431,952,417	4,245,346,382
13.1 Capital Adequacy ratio		
Tier - I Capital		
Funds received from Head Office	4,265,155,188	4,096,673,375
Retained earnings	124,577,957	89,418,411
	4,389,733,145	4,186,091,786
Additional Tier -I	-	-
Total eligible Tier -I Capital	4,389,733,145	4,186,091,786
Tier - II Capital		
General provision against unclassified loans and advances	54,542,000	58,500,000
Revaluation reserves	13,594,019	20,391,028
Total eligible Tier -II Capital	68,136,019	78,891,028
Total Regulatory Capital as per Basel -III	4,457,869,164	4,264,982,813
13.2 Capital adequacy ratio		
Total assets including off-balance sheet items	14,200,160,072	15,159,167,767
Total risk weighted assets	5,290,159,521	4,833,327,390
Capital to Risk weighted assets ratio (CRAR)	84.27%	88.24%
Common equity Tier -I to RWA	82.98%	86.61%
Tier -I Capital to RWA	82.98%	86.61%
Tier -II Capital to RWA	1.29%	1.63%
Minimum Capital Requirement	4,000,000,000	4,000,000,000
Actual Capital Maintained	4,457,869,164	4,264,982,813
Surplus Capital as per Basel-III	457,869,164	264,982,813
14. Retained earnings		
Balance at the beginning of the year	89,418,411	138,024,859
Add: Profit/ Loss for the year after tax brought forward from profit & loss Account	-	-
Less: Transferred to capital fund	35,159,547	(48,606,448)
Balance at the end of the year	124,577,958	89,418,411
15. Contingent liabilities and commitments		
Acceptances and endorsements	101,890,064	835,589,514
Letter of guarantees (note 15.1)	286,991,043	312,217,191
Irrevocable letter of credit	433,842,036	349,344,617
Bills for collection	7,992,967	106,669,887
Other contingent liabilities (note 15.2)	905,260,986	673,369,608
	1,735,977,096	2,277,190,817
15.1 Letter of guarantees		
Money for which the Bank is contingently liable in respect of guarantees given favouring:		
Government	-	-
Bank and other financial institutions	-	-
Others	286,991,043	312,217,191
	286,991,043	312,217,191
15.2 Other contingent liabilities		
Bangladesh Sanchaya Patras (BSPs) and US Dollar Bonds	516,245,000	448,195,000
Other non-accruals	289,968,701	225,174,608
Others	99,047,285	-
	905,260,986	673,369,608

*This include Sanchaypatra and US dollar bond



Habib Bank Limited - Bangladesh Branches

Notes to the financial statements

For the year ended 31 December 2017

	2017 BDT	2016 BDT
16. Interest income		
Interest on term loans	186,738,079	170,401,681
Interest on overdraft	143,189,945	151,013,714
Interest on call loans	43,843,903	43,723,506
Interest on payment against documents (PAD/IBP/FBP)	12,259,685	27,692,540
Interest on staff loans	1,732,306	1,615,266
Interest on balance with Bangladesh Bank	28,270,006	12,907,265
Interest on balance with other Bank	5,361,271	1,144,762
	421,395,194	408,498,734
17. Interest paid on deposit and borrowings etc		
Interest on savings deposits	16,227,152	14,599,911
Interest on fixed deposits	183,526,052	255,911,660
Interest on special notice deposits and short term deposits	18,545,383	15,862,122
Interest on staff cash security	-	-
Interest on borrowing	6,716,222	2,263,042
	225,014,809	288,636,735
18. Income from investments		
Interest on Govt. Securities (treasury bills and treasury bonds)	69,633,533	76,472,183
	69,633,533	76,472,183
19. Commission, Exchange and Brokerage		
Commission A/C - Acceptances	1,653,021	4,255,488
Commission on Bills (FI income included here)	11,823,198	11,909,653
Commission on DD/TT/MT/PO	252,794	1,279,982
Commission on L/G	1,603,794	2,564,323
Commission on L/C	9,364,130	14,655,368
Commission on LIM,PAD	4,479,351	1,658,735
Commission on PSP/NSC	644,443	651,291
Exchange A/c on foreign currency	47,918,061	40,290,224
	77,738,791	77,265,063
20. Other operating income		
Postage charges recoveries	222,243	565,301
Telegram/Telex/Swift charges recoveries	1,127,481	1,383,642
Rent on savings deposit lockers	254,200	263,200
Handling and service charges	1,230,894	2,014,361
Rent received on godown	-	-
Incidental charges recoveries	2,946,280	1,178,128
Net profit on sale of fixed assets	10,565	2,321,394
Recoveries of bad and loss loan	-	-
Miscellaneous income	3,171,218	2,459,434
	8,962,880	10,185,461
21. Salaries and allowances		
Salaries	65,837,843	70,443,570
House rent for executives other than the Chief Executive's	29,696,270	32,330,455
Allowances	10,996,679	10,509,975
Bonus paid to employees	20,234,098	26,501,268
Bank's contribution to Provident Fund	5,531,101	3,563,088
Bank's contribution to Gratuity Fund	12,000,000	8,000,000
Conveyance allowances	2,618,593	2,997,392
School fees paid to employees for their dependents	68,503	-
Medical expenses	3,397,362	3,611,582
Electricity & Gas charges	52,228	14,757
Telephone charges	-	-
Leave salary	7,655,418	7,505,696
Others	-	1,774,895
	158,088,095	167,252,678



Habib Bank Limited - Bangladesh Branches

Notes to the financial statements

For the year ended 31 December 2017

	2017 BDT	2016 BDT
22. Rent, taxes, rates, insurance, electricity, etc.		
Godown rent	1,428,899	1,478,359
Lighting charges	3,874,093	4,204,561
Insurance charges	6,728,501	4,307,115
Rent of Bank premises	43,245,224	41,130,449
	55,276,716	51,120,483
23. Legal expenses		
Law charges	800,478	767,482
Consultancy charges	1,789,391	396,750
	2,589,869	1,164,232
24. Postage, stamps, telecommunication, etc		
Telegram charges	7,058	11,093
Postage, courier and SWIFT charges	1,660,491	2,457,322
	1,667,549	2,468,415
25. Stationery, printing, advertisement, etc		
Newspaper expenses	116,923	55,937
CSR expenses	-	1,927,859
Printing	1,727,704	1,412,575
Stationery	1,071,780	782,082
Advertisement charges	1,893,043	1,847,137
	4,809,450	6,025,589
26. Depreciation and repairs to bank's assets		
Repairs and renovation	-	41,150
Software maintenance expenses	817,899	826,500
Computer and office equipment maintenance	1,715,498	2,237,531
Depreciation (Annex A)	18,350,566	17,020,226
	20,883,963	20,125,407
27. Other expenses		
Branch trade license fee	729,164	158,403
work permit and visa charges	253,690	301,162
Clearing house charges	506,232	361,110
Training expenses	892,134	403,936
Conveyance charges	585,975	615,071
Water and diesel expenses	361,717	406,639
Telephone charges (office use)	1,341,269	1,947,304
Entertainment charges	1,812,715	1,857,708
Traveling expenses	1,514,733	1,831,417
Subscription	2,707,452	2,006,548
Motor car expenses	1,201,018	1,352,463
Office maintenance charges	2,045,023	2,209,110
Lease line rent (online) and e-mail expenses	4,052,000	5,067,239
VISA debit card maintenance fee	2,126,496	1,789,631
Miscellaneous expenses	17,140,315	10,407,673
Outsourced charges	13,320,774	14,405,519
	50,590,707	45,120,933



28. Related Party Transactions:

28.1 Transactions with Nostro Accounts

Some branches of HBL maintains vostro accounts with HBL Bangladesh for interbranch transaction settlement. The disclosure of the year end balance is considered as the most meaningful information during the year. As at year end, the balance with all Vostro accounts (including group) are given in Annexure-III

28.2 Transactions with Vostro Accounts

Some branches of HBL maintains vostro accounts with HBL Bangladesh for interbranch transaction settlement. The disclosure of the year end balance is considered as the most meaningful information during the year. As at year end, the balance with all Vostro accounts (including group) are given in Annexure-IV

29. Coverage of external audit

The external auditors of the Bank, Hoda Vasi Chowdhury & Co, Chartered Accountants worked about 1,700 person hours. They have reviewed more than 80% of the Bank's risk weighted assets as at the Balance Sheet date.

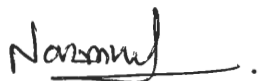
30. Events after the reporting period

No material events which have occurred after the reporting period which could affect the values stated in the financial statements.

31. Others

- (i) Figures relating to the previous year included in this report have been rearranged, wherever considered necessary, to make them comparable with those of the current year without, however, creating any impact on the operating result and value of assets and liabilities as reported in the financial statements for the current year.
- (ii) Figures in these notes and in the annexed financial statements have been rounded off to the nearest BDT.
- (iii) These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.
- (iv) the number of employees engaged for the whole year who received a total remuneration of BDT 36,000.00 or above were 120 (2016: 112)
- (V) Highlights of the overall activities of the Bank have been presented in Annexure -I

for Habib Bank Limited — Bangladesh Branches



Mohammad Nazmul Huq Bhuiyan
Head-Finance





Erslaan Ahmed
Regional General Manager



For the year ended 31 December 2017

Highlights			
Sl No.	Particulars	2017 BDT	2016 BDT
1	Paid-up capital	N/A	N/A
2	Total capital	4,457,869,164	4,264,982,813
3	Capital (deficit)/surplus	457,869,164	264,982,813
4	Total assets	12,464,182,976	12,881,976,950
5	Total deposits	6,087,092,855	6,718,730,711
6	Total loans and advances	4,983,026,300	4,792,739,351
7	Total contingent liabilities and commitments	1,735,977,096	2,277,190,817
8	Advance deposit ratio	81.86%	71.33%
9	Percentage of classified loans against total loans and advances	8.51%	9.87%
10	Profit after tax and provision	35,159,547	(48,606,448)
11	Amount of classified loans during current year	424,071,135	472,997,899
12	Provisions kept against classified loans	263,096,021	264,787,696
13	Provision surplus against classified loans	38,350,581	5,006,154
14	Cost of fund	3.57%	4.67%
15	Interest earning assets	10,952,056,332	11,226,947,564
16	Non-interest earning assets	1,512,126,644	1,655,029,387
17	Return on investment (ROI) [PAT/(Shareholders' equity + Borrowing)]	0.70%	-1.06%
18	Return on assets (ROA) [PAT/ Average assets]	0.28%	-0.38%
19	Income from investment	69,633,533	76,472,183



Habib Bank Limited - Bangladesh Branches
Schedule of fixed assets including premises,
For the year ended 31 December 2017

A) Tangible Assets

	COST				Rate (%)	Depreciation				WDV as at 31 December 2017
	Balance as at 01 January 2017	Addition During the year	Cost recovered during the year	Adjustment / disposal during the year		Total as at December 31, 2017	Charged for the year	Cost recovered during the year	Adjustment / disposal during the year	Total as at December 31, 2017
Furniture & Fixture	50,401,261.00	1,036,496.00	-	309,223.00	20	51,128,534.00	7,646,257	-	291,396	34,676,097
Office equipment & Electrical Appliance	50,863,178.00	961,942.00	-	7,701,251.00	20	44,123,869.00	5,820,647	-	7,616,632	35,034,663
Computers	21,369,590.00	5,958,886.00	-	458,221.00	33	26,870,255.00	2,742,638	-	458,216	19,828,758
Motor Vehicle	11,538,968.00	-	-	-	10	11,558,968.00	652,022	-	-	9,014,790
AS at December 2016	134,172,927.00	7,957,324.00	-	8,468,695.00		135,681,626.00	16,861,564	-	8,366,244	98,554,308
AS at December 2017										35,127,318

B) Intangible Assets

	COST				Rate (%)	Amortization				WDV as at 31 December 2017
	Balance as at 01 January 2017	Addition During the year	Cost recovered during the year	Adjustment / disposal during the year		Total as at December 31, 2017	Charged for the year	Cost recovered during the year	Adjustment / disposal during the year	Total as at December 31, 2017
Software	3,459,625.00	2,111,235.00	-	-	33.33%	5,570,860.00	1,489,002	-	-	1,848,937
AS at December 2016	3,459,625.00	2,111,235.00	-	-		5,570,860.00	1,489,002	-	-	3,721,923
AS at December 2017 (A+B)	137,632,622.00	10,068,559.00	-	8,468,695.00		139,252,486.00	18,350,566	-	8,366,244	106,032,457
AS at December 2016	133,227,024.00	23,826,471.00	-	19,400,873.00		137,652,622.00	17,020,256	-	16,741,705	90,418,923
AS at December 2017										47,633,699



Habib Bank Limited - Bangladesh Branches

Balance with other banks (Outside Bangladesh)
as on 31 December 2017

Group Nostro	Name of the bank	Account Type	Foreign currency	2017			2016		
				FC amount	Exchange rate	Equivalent taka	FC amount	Exchange rate	Equivalent taka
	Habib Bank Ltd, Brussels	Nostro A/C	EUR	4,912.75	98.99	486,320.49	2,825.18	83.1190	234,826.14
	Habib Bank Ltd, New York	Nostro A/C	USD	-	-	-	594,485.37	78.7400	46,809,778.03
	Habib Bank Ltd, Pakistan	Nostro A/C	USD	14,358.27	82.70	1,187,428.93	14,527.82	78.7400	1,143,920.55
	Habib Allied International Bank plc, UK	Nostro A/C	GBP	30,574.67	111.58	3,411,598.12	7,242.84	97.4660	705,930.64
Non-Group Nostro									
	National Bank of Pakistan, Tokyo, Japan	Nostro A/C	JPY	935,149.00	0.75	704,073.68	1,064,484.00	0.70	745,671.04
	ICICI Kolkatta	Nostro A/C	USD	-	-	-	6,259.99	78.74	492,911.61
	Standard Chartered Bank, Kolkatta	Nostro A/C	USD	-	-	-	2,008.19	78.74	158,124.88
	Development Credit Bank Ltd, Mumbai	Nostro A/C	USD	117,554.10	82.70	9,721,724.07	73,931.12	78.74	5,821,336.39
	Bangkok Bank Public Company Limited, Thailand	Nostro A/C	USD	27,112.91	82.70	2,242,237.66	-	-	-



Habib Bank Limited - Bangladesh Branches

Balance from other banks (Outside Bangladesh)
as on 31 December 2017

Group Vostro	Name of the bank	Account Type	Foreign currency	2017			2016		
				FC amount	Exchange rate	Equivalent taka	FC amount	Exchange rate	Equivalent taka
	Habib Bank Ltd, Oman (BDT)	Vostro A/C	BDT	-	-	546,760	184,484	1.00	184,484
	Habib Bank Ltd, UAE (BDT)	Vostro A/C	BDT	-	-	43,201	131,883	1.00	131,883
	Habib Bank Ltd, Sri Lanka (USD)	Vostro A/C	USD	11,664	82.70	964,596	5,013	78.74	394,708
	Habib Bank Ltd, Pakistan (ACU \$)	Vostro A/C	USD	532,347	82.70	44,025,069	515,724	78.74	40,608,105
	Habib Bank Ltd, Mauritius (US \$)	Vostro A/C	USD				8,915	78.74	701,986
Non-Group Vostro									
	Dubai Islamic Bank Limited	Vostro A/C	USD	143,503	82.70	11,867,733	162,534	78.74	12,797,905
	Habib Metropolitan Bank Limited	Vostro A/C	USD	729,489	82.70	60,328,754	378,974	78.74	29,840,430
	Bank Islami Pak	Vostro A/C	USD	438,620	82.70	36,273,900	107,552	78.74	8,468,674
	Js Bank Limited	Vostro A/C	USD	265,096	82.70	21,923,459	152,430	78.74	12,002,341
	Silkbank Limited	Vostro A/C	USD	57,736	82.70	4,774,790	57,736	78.74	4,546,155
	Soneri Bank Limited	Vostro A/C	USD	146,977	82.70	12,155,005	156,043	78.74	12,286,816
	The Bank Punjab Limited	Vostro A/C	USD	91,937	82.70	7,603,230	29,898	78.74	2,354,133
	The Bank Of Khy Limited	Vostro A/C	USD	31,745	82.70	2,625,311	25,789	78.74	2,030,626
	Habib Allied International Bank plc, UK	Vostro A/C	BDT	-	-	108,383	104,304	1.00	104,304
	United Bank Limited	Vostro A/C	EUR	-	-	-	150,000	83.12	12,467,850
	Bank Al Falah Limited	Vostro A/C	USD	63,130	82.70	5,220,891	187,610	78.74	14,772,449
	Albaraka Bank Limited	Vostro A/C	USD	18,739	82.70	1,549,679	6,039	78.74	475,497



Annexure-V

Habib Bank Limited - Bangladesh Branches

Details of Large Loan
as on 31 December 2017

2017	2016
Taka	Taka
1,326,866,335	1,244,480,006

No of clients
Total amount outstandings

Client wise break up is as follows:

SL	Name of the Borrower	Funded	Nonfunded	Total	Funded	Non funded	Total
1	PRAN Group	546,700,000	193,300,000	740,000,000	520,000,000	220,000,000	740,000,000
2	MM Ispahani Group	375,000,000	250,000,000	625,000,000	375,000,000	250,000,000	625,000,000
3	BD Still Re-rolling Mills Ltd.	400,900,000	206,800,000	607,700,000	268,200,000	350,000,000	618,200,000
4	Kamal Uddin Abdul Aziz Group	216,900,000	316,300,000	533,200,000	-	-	-



Habib Bank Limited
Bangladesh Branches

Details of Advance Income Tax Adjustment
as on 31 December 2017

10.1 Advance Income Tax

	2017 Taka As per GL	2017 Taka As per Accounts	Differences	Reason for Variances
Opening balance	883,782,858	955,534,651	71,751,792	No difference has been created newly.
Add: Advance Income Tax paid during the year	9,000,000	9,093,276	93,276	
Tax deducted at source during the year	5,510,619	5,510,619	-	
Addition during the year	898,293,477	970,138,546	71,845,068	
Adjustment during the year	-	-	-	
Closing balance	898,293,477	970,138,546	71,845,068	
	2016 Taka As per GL	2016 Taka As per Accounts	Differences	Reason for Variances
Opening balance	857,195,214	929,831,052	72,635,838	BDT 884,046 has been undervalued in accounts.
Add: Advance Income Tax paid during the year	15,700,000	15,700,000	-	
Tax deducted at source during the year	10,887,645	10,003,599	(884,046)	
Addition during the year	26,587,645	25,703,599	(884,046)	
Adjustment during the year	-	-	-	
Closing balance	883,782,858	955,534,651	71,751,792	
	2015 Taka As per GL	2015 Taka As per Accounts	Differences	Reason for Variances
Opening balance	794,394,552	867,030,390	72,635,838	From the last year the difference of Taka 7,26,35,838/- has been continued
Add: Advance Income Tax paid during the year	48,000,000	48,000,000	-	
Tax deducted at source during the year	14,800,662	14,800,662	-	
Addition during the year	62,800,662	62,800,662	-	
Adjustment during the year	-	-	-	
Closing balance	857,195,214	929,831,052	72,635,838	
	2014 Taka As per GL	2014 Taka As per Accounts	Differences	Reason for Variances
Opening balance	736,446,832	809,082,670	72,635,838	From the last year the difference of Taka 7,26,35,838/- has been continued
Add: Advance Income Tax paid during the year	51,000,000	51,000,000	-	
Tax deducted at source during the year	6,947,720	6,947,720	-	
Addition during the year	57,947,720	57,947,720	-	
Adjustment during the year	-	-	-	
Closing balance	794,394,552	867,030,390	72,635,838	
	2013 Taka As per GL	2013 Taka As per Accounts	Differences	Reason for Variances
Opening balance	666,890,986	728,914,593	62,023,607	As Tk 1,06,12,231/- has been paid from GL for income Year 2012 tax payment it has not been adjusted with provision where as added with current years AIT
Add: Advance Income Tax paid during the year	68,500,000	68,500,000	-	
Tax deducted at source during the year	1,055,846	11,668,077	10,612,231	
Addition during the year	69,555,846	80,168,077	10,612,231	
Adjustment during the year	-	-	-	
Closing balance	736,446,832	809,082,670	72,635,838	
	2012 Taka As per GL	2012 Taka As per Accounts	Differences	Reason for Variances
Opening balance	600,592,656	623,019,178	22,426,522	As provision 39,597,086/- has been newly created here also the same difference has been added to keep the difference same
Add: Advance Income Tax paid during the year	54,200,000	54,200,000	-	
Tax deducted at source during the year	12,098,329	51,695,415	39,597,086	
Addition during the year	66,298,329	105,895,415	39,597,086	
Adjustment during the year	-	-	-	
Closing balance	666,890,986	728,914,593	62,023,607	
	2011 Taka As per GL	2011 Taka As per Accounts	Differences	Reason for Variances
Opening balance	569,773,761	576,804,416	7,030,655	The previous balance of Tk 70,30,655/- is going ahead and new years new difference of Tk 1,53,95,866/- is created
Add: Advance Income Tax paid during the year	22,500,000	22,500,000	-	
Previous years payment	-	15,395,866	-	
Tax deducted at source during the year	8,318,896	8,318,896	-	
Addition during the year	30,818,896	46,214,762	15,395,866	
Adjustment during the year	-	-	-	
Closing balance	600,592,656	623,019,178	22,426,522	



**Habib Bank Limited
Bangladesh Branches**

**Details of Advance Income Tax Adjustment
as on 31 December 2017**

	2010 Taka As per GL	2010 Taka As per Accounts	Differences	Reason for Variances
Opening balance	540,758,339	547,788,994	7,030,655	
Adc Tax deducted at source during the year	28,500,000	28,500,000	-	The previous balance of Tk 70,30,655/- is going ahead
Addition during the year	515,422	515,422	-	
	29,015,422	29,015,422	-	
Adjustment during the year	-	-	-	
Closing balance	569,773,761	576,804,416	7,030,655	

	2009 Taka As per GL	2009 Taka As per Accounts	Differences	Reason for Variances
Opening balance	445,743,876	445,743,876	-	
Adc Tax deducted at source during the year	95,014,463	102,045,118	7,030,655	There is a difference created in Accounts of Tk 70,30,655/- But the real payment of assessment year 2004-2005 was Tk. 71,23,926/- so the gap of Tk. 93,271 has been created
Addition during the year	-	-	-	
	95,014,463	102,045,118	7,030,655	
Adjustment during the year	-	-	-	
Closing balance	540,758,339	547,788,994	7,030,655	



Habib Bank Limited
Bangladesh Branches

Details of provision for Tax Adjustment
as on 31 December 2017

12.5 Provision for Taxation

Balance of provision at the beginning of the year
Add: Provision made for the year

Add: Adjustment during the year
Net balance at the end of the year

As per GL 2017 Taka	As per Accounts 2017 Taka	Differences	Reason for Variances
851,587,582	927,073,843	75,486,261	No difference
13,000,000	13,000,000	-	
864,587,582	940,073,843	75,486,261	
(5,430,679)	(5,430,679)	-	
859,156,903	934,643,164	75,486,261	

Balance of provision at the beginning of the year
Add: Provision made for the year

Add: Adjustment during the year
Net balance at the end of the year

As per GL 2016 Taka	As per Accounts 2016 Taka	Differences	Reason for Variances
855,844,730	923,573,843	67,729,113	Current prov BDT 35,00,000 but according to last year BDT 50,00,000 has been reversed and paid old bill for VAT audit BDT 20,40,123 and consultant bill has been paid for old year's tax settlement of BDT 7,17,025
3,500,000	3,500,000	-	
859,344,730	927,073,843	67,729,113	
(7,757,148)	-	7,757,148	
851,587,582	927,073,843	75,486,261	

Balance of provision at the beginning of the year
Add: Provision made for the year

Add: Adjustment during the year
Net balance at the end of the year

As per GL 2015 Taka	As per Accounts 2015 Taka	Differences	Reason for Variances
818,785,553	888,573,843	69,788,290	As BDT 29,40,819/- has been adjusted from GL and BDT 50,00,000/- has been reversed in accounts which had no reflect in GL Accounts.
40,000,000	35,000,000	(5,000,000)	
858,785,553	923,573,843	64,788,290	
(2,940,819)	-	2,940,819	
855,844,734	923,573,843	67,729,109	

Balance of provision at the beginning of the year
Add: Provision made for the year

Add: Adjustment during the year
Net balance at the end of the year

As per GL 2014 Taka	As per Accounts 2014 Taka	Differences	Reason for Variances
762,014,154	834,743,263	72,729,109	BDT 29,40,819/- has been under valued in GL which has been adjusted later.
56,771,399	56,771,399	-	
818,785,553	891,514,662	72,729,109	
-	(2,940,819)	(2,940,819)	
818,785,553	888,573,843	69,788,290	

Balance of provision at the beginning of the year
Add: Provision made for the year

Add: Adjustment during the year
Net balance at the end of the year

As per GL 2013 Taka	As per Accounts 2013 Taka	Differences	Reason for Variances
707,626,385	769,743,263	62,116,878	Tk 1,06,12,231/- has been paid from GL for Income Year 2012 tax payment but not reflected in accounts.
65,000,000	65,000,000	-	
772,626,385	834,743,263	62,116,878	
(10,612,231)	-	-	
762,014,154	834,743,263	62,116,878	

Balance of provision at the beginning of the year
Add: Provision made for the year

Add: Adjustment during the year

Net balance at the end of the year

As per GL 2012 Taka	As per Accounts 2012 Taka	Differences	Reason for Variances
670,723,471	693,243,263	22,519,792	In GL Current years Provision of Tk. 765,00,000/- has been recorded but Tk. 30,071,397/- has been paid for 2011-2012 years assessment completion & 75,90,621/- has been paid for VAT Audit completion 2005-2010, Tax has been paid as claimed from DCT for Income Year 2007 amounting Tk. 19,46,068/- but these events have no reflection in accounts. In accounts only new provision has been added.
76,500,000	76,500,000	-	
747,223,471	769,743,263	22,519,792	
(39,597,086)	-	39,597,086	
707,626,385	769,743,263	62,116,878	

Balance of provision at the beginning of the year

Add: Provision made for the year

Add: Adjustment during the year

Net balance at the end of the year

As per GL 2011 Taka	As per Accounts 2011 Taka	Differences	Reason for Variances
569,293,808	641,243,263	71,949,455	In GL Last years 2010 Provision Tk 6,48,25,529/- has been added with 2011 years provision 5,20,00,000/- but some old years claim has been settled amounting TK 1,53,95,866/- which was not reflected in accounts where as Accounts has recorded only current years provision of Tk 5,20,00,000/- and the difference remains
52,000,000	52,000,000	-	
621,293,808	693,243,263	71,949,455	
49,429,663	-	(49,429,663)	
670,723,471	693,243,263	22,519,792	



Habib Bank Limited
Bangladesh Branches

Details of provision for Tax Adjustment
as on 31 December 2017

Balance of provision at the beginning of the year
Add: Provision made for the year

Add: Adjustment during the year
Net balance at the end of the year

As per GL	As per Accounts	Differences	Reason for Variances
2010	2010		
Taka	Taka		
529,579,559	576,417,734	46,838,175	Tk. 6,48,25,529/- is provision of 2010 recorded in accounts but in GL the previous year provision just recorded and no reflection of recent years provision.
39,714,249	64,825,529	25,111,280	
569,293,808	641,243,263	71,949,455	
-	-	-	
569,293,808	641,243,263	71,949,455	

Balance of provision at the beginning of the year

Add: Provision made for the year

Add: Adjustment during the year
Net balance at the end of the year

As per GL	As per Accounts	Differences	Reason for Variances
2009	2009		
Taka	Taka		
536,703,485	536,703,485	-	Provision for 2009 was shown not adjusting the payment of last years assesment figure in Accounts, on the other side in GL current years provision was not created.
-	39,714,249	39,714,249	
536,703,485	576,417,734	39,714,249	
(7,123,926)	-	7,123,926	
529,579,559	576,417,734	46,838,175	

