

HBL

HABIB BANK

حیب بینک

A legacy
built for
the
future



Quarterly Report
September 30, 2016

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1941-2016

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Corporate Information

Board of Directors

Mr. Sultan Ali Allana
Chairman

Mr. Shaffiq Dharamshi
Director

Mr. Moez Ahamed Jamal
Director

Dr. Najeeb Samie
Director

Mr. Agha Sher Shah
Director

Mr. Sajid Zahid
Director

Mr. Nauman K. Dar
President & CEO

Chief Financial Officer
Mr. Rayomond Kotwal

Company Secretary
Ms. Nausheen Ahmad

Auditors
A. F. Ferguson & Co.
Chartered Accountants

Head Office

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

Websites

Corporate Website
www.hbl.com

Internet Banking
www.hblibank.com.pk

Registered Office

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Jinnah Avenue, Blue Area,
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Phone : (92-51) 2872203, (92-51) 2821183
Fax : (92-51) 2872205

Registrars

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block 'B',
S.M.C.H.S., Main Shahrah-e-Faisal,
Karachi - 74400, Pakistan.
Tel: Customer Support Services
(Toll Free) 0800-CDCPL (23275)
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Website: www.cdcpakistan.com



Condensed
Interim
Consolidated
Financial
Information

HBL

Directors' Review

On behalf of the Board of Directors, I am pleased to present the condensed interim consolidated financial information for the nine months ended September 30, 2016.

Domestic Economy

Pakistan's economic performance has remained largely positive with a continuing trend of stability. Industrial activity improved during the first month of the current fiscal year, as Large Scale Manufacturing posted a growth of 2.6%. The latest Consumer Confidence Survey shows a major rise in consumer confidence and expectations of further improvements in the economy. Inflation is on an uptick as headline inflation rose to 3.9% in September, averaging 3.9% for Q1 FY17 compared to 1.7% in Q1 FY16. Average inflation is forecast by the SBP to range from 4.5 – 5.5% during FY17.

During the first two months of FY17, the trade deficit increased by 13%, as exports declined by 8% mainly due to slowdown in textile exports, while imports grew by 2%, driven by a 19% rise in machinery imports. Remittances dropped slightly, by 3%, as a result of which the current account deficit nearly doubled over the same period last year. Foreign exchange reserves increased to USD 23.6 billion on account of inflows from bilateral and multilateral partners and a further increase is expected with USD 1 billion from the latest Sukuk issue. Consequently, the Rupee has continued its extended period of stability.

Pakistan achieved a landmark with the successful completion of the IMF's Extended Fund Facility (EFF) program in September and the disbursement of the final tranche of USD 102 million. The IMF will provide post-program monitoring along with technical assistance to ensure that economic reforms made under the EFF become embedded. The recent successful Sukuk issue reflects continued improvement in investor confidence. The stock market has extended its rally, as inclusion in the MSCI emerging market index and strong foreign interest in the PSX divestment have pushed the index beyond the 41,000 mark.

In its September Monetary Policy review, the SBP kept its policy rate unchanged at 5.75%, citing concerns on the external account and rising inflationary pressures driven by increased industrial activity. Banking sector advances declined slightly during the quarter in line with seasonal trends, increasing 5% over December 2015. Market deposits continued to grow during the quarter, reaching a record Rs 10.5 trillion, a growth of 9% over December. The significant market event during the quarter was the maturity of Rs 1.5 trillion of PIBs, as a result of which banking sector spreads are expected to hit a new low.

Performance

HBL has delivered a consolidated profit after tax of Rs 25.8 billion for the first nine months of 2016, slightly higher than the Rs 25.7 billion achieved for the corresponding period in 2015. Earnings per share for the first nine months of 2016 were Rs 17.47 compared to Rs 17.53 in the comparable period of 2015. Pre-tax profit for the first three quarters of 2016 is Rs 43.5 billion, 8% lower than for the same period of 2015. The 2015 results included exceptional capital gains, mainly due to re-profiling of the PIB portfolio, which were not expected to be repeated. Excluding the impact of capital gains, pre-tax profit is 10% higher than for the first nine months of 2015, while profit after tax is 25% greater than for the same period.

HBL's balance sheet has grown by 7% over December 2015 to reach Rs 2.4 trillion. Total deposits increased by 5% and the domestic deposit mix continued to improve, as the ratio of current accounts rose from 34.4% in December 2015 to 35.6% in September 2016, and CASA improved from 85.6% to 89.0% over the same period. Average domestic current accounts for the first nine months of 2016 increased by 19% over the same period of 2015, enabling HBL to reduce its cost of domestic deposits. Average domestic loans grew by 9% with all business segments registering increases. With average PIB volumes also rising, the decline in asset yields was restricted, enabling the Bank to contain the compression in its net interest margin despite a significantly lower interest rate environment. With a 15% growth in the average balance sheet, net interest income for the nine months ended September 30, 2016 increased by 7% to Rs 62.2 billion.

Non mark-up income, excluding capital gains, increased by 8% compared to the first nine months of 2015. Fees and Commissions continued their growth trajectory, increasing by 18% to Rs 13.7 billion. The increase was primarily driven by higher fees from investment banking, asset management and general banking operations while Bancassurance and trade related fees remain a significant component of the fee base.

Administrative expenses rose by 10% compared to the first nine months of 2015, despite the full impact of increase in the branch network and certain one-off costs, with the cost/income ratio at 46.0%. During the current quarter, the Bank realized recoveries in its overseas business. Consequently, overall provisions reduced by 58% compared to the first nine months of 2015. The coverage ratio improved by 80 bps over the previous quarter to return to 90% as at September 30, 2016.

Movement of Reserves

Rupees in million

Unappropriated profit brought forward	96,495
Profit attributable to equity holders of the Bank	25,622
Transferred from surplus on revaluation of fixed assets – net of tax	28
	25,650
Appropriations	
Transferred to statutory reserves	(2,463)
Capital contribution to statutory funds of associates	(11)
Cash dividend – Final 2015	(5,134)
Cash dividend – 1st Interim 2016	(5,134)
Cash dividend – 2nd Interim 2016	(5,134)
	(17,876)
Unappropriated profit carried forward	104,270
Earnings per share (Rs)	17.47

Capital Ratios

The consolidated Capital Adequacy Ratio (CAR) as at September 30, 2016 was 16.5% with the Tier 1 CAR at 12.8%. The capital ratios remain strong and well above required levels.

Dividend

The Board of Directors, in its meeting held on October 20, 2016 has declared an interim cash dividend of Rs 3.50 per share (35%) for the quarter ended September 30, 2016.

Future Outlook

The economy has remained on track with a supportive macroeconomic environment and external account stability. With projects along the China Pakistan Economic Corridor (CPEC) now gathering momentum, industrial activity, especially in the energy and transport sectors is expected to accelerate and there is a general consensus from multilaterals that GDP growth will cross the 5% mark in FY17. Improving security and reduction in power shortages should lead to increased investor interest and a much needed pickup in private sector credit offtake.

However, uncertainty about the direction of oil prices in a subdued global environment, along with significant political changes in the US and Europe will lead to testing times in the near term. It therefore becomes even more critical for the government to continue with structural reforms initiated under the EFF program, particularly tax reform. A widening current account deficit, brought about by falling exports, but no longer alleviated by strong remittance growth poses risks to the extended period of external account stability and could pressure the currency. Single minded focus and effective implementation will be key to ramping up CPEC related projects and continue the growth trajectory.

In a challenging environment with continued spread compression, HBL has delivered strong results. With growing liquidity and capital, the Bank is well positioned to leverage opportunities in the improving economic conditions. HBL is committed to delivering new and innovative products as demonstrated by its recent launch of Pakistan's first biometrically enabled mobile banking app. As the country's largest commercial bank, HBL is focused on continuously raising its service levels to provide greater customer convenience.

Appreciation and Acknowledgement

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

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

On behalf of the Board

Nauman K. Dar

President & Chief Executive Officer

October 20, 2016

ایچ بی ایل نے سال 2016 کے پچھلے نو ماہ کے دوران 25.8 ارب روپے کا قدرے اضافی مجموعی بعد از محصول منافع حاصل کیا جبکہ سال 2015 میں اسی عرصے کے مقابلے میں 25.7 ارب روپے کا بعد از محصول منافع حاصل ہوا تھا۔ سال 2016 کے پچھلے نو ماہ میں فی حصص آمدن 17.47 روپے رہی جو سال 2015 میں اسی مدت کے دوران 17.53 روپے تھی۔ سال 2016 کے ابتدائی تین سہ ماہیوں میں قبل از ٹیکس محصول 43.5 ارب روپے رہا جو سال 2015 میں اسی مدت کے مقابلے میں 8 فیصد کم ہے۔ سال 2015 کے نتائج میں غیر معمولی کیپٹل گین شامل تھا جس کی بڑی وجہ PIB پورٹ فولیو کی ری پروفائلنگ تھی اور اسے دہرائے جانے کی توقع نہیں تھی۔ کیپٹل گین کے اثر کو منہا کرنے سے سال 2015 کے پچھلے نو ماہ کے مقابلے میں قبل از محصول منافع 10 فیصد زائد ہے جبکہ اسی مدت کے مقابلے میں بعد از محصول منافع بھی 25 فیصد زائد ہے۔

ایچ بی ایل کی بینکنس شیٹ گزشتہ سال دسمبر 2015 کے مقابلے میں 7 فیصد اضافے سے 2.4 کھرب روپے ہو گئی ہے۔ مجموعی ڈیپازٹس میں 5 فیصد اضافہ ہوا اور مقامی ڈیپازٹس مکس میں بھی بہتری جاری رہی جس کے باعث کرنٹ اکاؤنٹس کی شرح دسمبر 2015 میں 34.4 فیصد سے بڑھ کر ستمبر 2016 میں 35.6 فیصد ہو گئی۔ اسی مدت کے مقابلے میں کرنٹ اکاؤنٹ سیونگ اکاؤنٹ (CASA) 85.6 فیصد سے بڑھ کر 89.0 فیصد ہو گئے۔ سال 2016 کے پچھلے نو ماہ کے دوران اوسط مقامی کرنٹ اکاؤنٹس میں سال 2015 میں اسی مدت کے مقابلے میں 19 فیصد اضافہ ہوا جس سے ایچ بی ایل اپنے مقامی ڈیپازٹس کی لاگت میں کمی لانے کے قابل ہوا۔ تمام کاروباری شعبوں میں اضافے کے سبب اوسط مقامی قرضوں میں 9 فیصد اضافہ ہوا۔ اوسط PIB حجم میں اضافے کے سبب اثاثوں کی آمدن میں کمی محدود رہی جس سے بینک نمایاں طور پر کم شرح مارکٹ اپ ماحول کے باوجود خالص مارکٹ اپ مارجن کے دباؤ کو روکنے کے قابل ہو گیا۔ اوسط بینکنس شیٹ میں 15 فیصد اضافے کے ساتھ خالص مارکٹ اپ آمدن 30 ستمبر 2016 کو اختتام پذیر ہونے والے پچھلے نو ماہ میں 7 فیصد اضافے سے 62.2 ارب روپے ہو گئی۔

کیپٹل گین کو منہا کر کے غیر مارکٹ اپ آمدن میں سال 2015 کے پچھلے نو ماہ کے مقابلے میں 8 فیصد اضافہ ہوا۔ فیس اور کمیشن کے حصول میں بھی بہتری کا سلسلہ جاری رہا اور اس مدت میں آمدن 18 فیصد اضافے سے 13.7 ارب روپے ہو گئی۔ اس اضافے کی وجہ بنیادی طور پر انویسٹمنٹ بینکنگ، ایسٹ منجمنٹ اور جرنل بینکنگ آپریشنز سے زیادہ فیسوں کی وصولی جبکہ بنگا انشورنس اور تجارت سے متعلق فیس بھی فیس آمدن کا اہم جز ہیں۔

برانچ نیٹ ورک میں اضافے کے مکمل اثرات اور اسی مدت میں وقوع پذیر اخراجات کے باوجود انتظامی اخراجات سال 2015 کے پچھلے نو ماہ کے مقابلے میں 10 فیصد زائد رہے جس کے ساتھ لاگت آمدن کی شرح 46.0 فیصد رہی۔ موجودہ سہ ماہی کے دوران بینک نے سمندر پار کاروبار میں وصولیاں کیں۔ اس کے نتیجے میں سال 2015 کے پچھلے 9 ماہ کے مقابلے میں مجموعی طور پر پرویشن میں 58 فیصد کمی آئی۔ کوریج کی شرح میں 80bps کی بہتری کے ساتھ اور گزشتہ سہ ماہی کے مقابلے میں 30 ستمبر 2016 کو 90 فیصد رہی۔

ڈائریکٹرز کا جائزہ

بورڈ آف ڈائریکٹرز کی جانب سے میں انتہائی مسرت سے 30 ستمبر 2016 کو اختتام پذیر ہونے والے پہلے 9 ماہ کے دوران کے مختصر عبوری مجموعی مالیاتی اعداد و شمار پیش کرتا ہوں۔

ملکی معیشت

پاکستان کی معاشی کارکردگی مسلسل مستحکم رجحان کے ساتھ بڑی حد تک مثبت رہی۔ رواں مالی سال کے پہلے ماہ کے دوران صنعتی ترقی میں بہتری آئی اور بڑے پیمانے کی تیاری میں 2.6 فیصد اضافہ ہوا۔ تازہ ترین سروے سے صارف کے اعتماد میں بڑا اضافہ ظاہر ہوتا ہے اور معیشت میں مزید بہتری کی توقعات ہیں۔ افراتر میں اضافہ ہوا جو ستمبر میں 3.9 فیصد تک بڑھ گیا جو مالی سال 2016 کی پہلی سہ ماہی میں 1.7 فیصد کے مقابلے میں مالی سال 2017 کی پہلی سہ ماہی میں اوسط 3.9 فیصد رہی۔ اسٹیٹ بینک کی جانب سے مالی سال 2017 کے دوران اوسط افراتر 4.5 فیصد سے 5.5 فیصد رہنے کی پیشگوئی کی گئی ہے۔

مالی سال 2017 کے پہلے دو ماہ کے دوران تجارتی خسارہ 13 فیصد بڑھ گیا جبکہ برآمدات میں 8 فیصد کمی آئی جس کی بڑی وجہ ٹیکسٹائل برآمدات میں کمی ہے جبکہ درآمدات 2 فیصد بڑھ گئیں جس کی بڑی وجہ مشینری درآمدات میں 19 فیصد اضافہ ہے۔ ترسیلات زر میں 3 فیصد کمی معمولی کمی آئی جس کے نتیجے میں کرنٹ اکاؤنٹ کا خسارہ گزشتہ سال اسی عرصے کے مقابلے میں تقریباً دو گنا ہو گیا۔ باہمی اور مختلف شرکات داروں کی جانب سے رقوم کی فراہمی کے باعث غیر ملکی زر مبادلہ کے ذخائر بڑھ کر 23.6 ارب ڈالر ہو گئے۔ حالیہ سیکورٹ کے اجراء سے اس میں مزید ایک ارب ڈالر اضافے کی توقع ہے۔ اس کے نتیجے میں روپے کا استحکام جاری ہے۔

پاکستان نے ستمبر میں آئی ایم ایف کے توسیعی فنڈ سہولت پروگرام کی کامیابی سے تکمیل اور 102 ملین ڈالر کی آخری قسط کی ادائیگی کے ساتھ تاریخ ساز کامیابی حاصل کی۔ آئی ایم ایف توسیعی فنڈ سہولت کے تحت تکنیکی معاونت کے ساتھ پوسٹ پروگرام مانیٹرنگ فراہم کرے گا تاکہ اس کے تحت متعارف کرائی گئی معاشی اصلاحات پر عمل درآمد کو یقینی بنایا جاسکے۔ حال ہی میں سیکورٹ کے کامیاب اجراء سے سرمایہ کار کے اعتماد میں مسلسل بہتری کا ثبوت ہے۔ اسٹاک مارکیٹ ایم ایس سی آئی ایمرجنٹ مارکیٹ انڈیکس میں شمولیت سے بلندی پر پہنچ چکی ہے اور پاکستان اسٹاک ایکسچینج کی سرمایہ کاری میں بھرپور غیر ملکی سرمایہ کاروں کی دلچسپی سے انڈیکس 41 ہزار پوائنٹس سے تجاوز کر چکا ہے۔

اپنے ستمبر کے مالیاتی پالیسی کے جائزے میں اسٹیٹ بینک نے پالیسی ریٹ 5.75 فیصد پر برقرار رکھا جس کی وجہ سے صنعتی سرگرمیوں میں اضافہ کے سبب افراتر میں مزید نمو، زرخا اور بیرونی اکاؤنٹ میں توشیح کی لہر دوڑ گئی ہے۔ اس سہ ماہی کے دوران وقتی رجحانات کے سبب بینکنگ سیکٹر کے قرضہ جات میں معمولی کمی آئی تاہم دسمبر 2015 کے مقابلے میں 5 فیصد اضافہ ہوا۔ اس سہ ماہی میں مارکیٹ ڈیپازٹس میں اضافہ جاری رہا اور یہ 10.5 کھرب روپے کی ریکارڈ سطح پر پہنچ گیا ہے جو دسمبر کے مقابلے میں 9 فیصد زائد ہے۔ اس سہ ماہی کے دوران مارکیٹ میں نمایاں تبدیلی یہ ہوئی کہ 1.5 کھرب روپے کی PIB کی پیچورٹی ہوئی۔ اس کے نتیجے میں بینکنگ سیکٹر کے منافع میں ریکارڈ کمی آنے کی توقع ہے۔

ملکی معیشت میکرو اکنامک معاون ماحول اور مستحکم بیرونی اکاؤنٹ کے ساتھ اپنے راستے پر گامزن ہے۔ چین پاکستان اکنامک کورڈور اور منسلک منصوبوں کی رفتار میں اضافہ ہوا ہے، صنعتی سرگرمی بالخصوص توانائی اور ٹرانسپورٹ سیکٹر میں اضافے کی توقع ہے اور مختلف شراکت داروں کی طرف سے اس بات پر عمومی اتفاق ہے کہ مالی سال 2017 میں مجموعی ملکی پیداوار 5 فیصد سے تجاوز کر جائے گی۔ امن و امان کی بہتر صورت حال اور لوڈ شیڈنگ میں کمی سے سرمایہ کار کو مزید راغب کرے گی جس سے نجی شعبہ مزید قرض لینے کی جانب متوجہ ہوگا۔

تاہم، تیل کی قیمتوں سے متعلق عالمی ماحول میں غیر یقینی کے ساتھ امریکہ اور یورپ میں اہم سیاسی تبدیلیوں کے باعث مستقبل قریب میں مشکل وقت رہے گا۔ اس لئے یہ حکومت کے لئے بھی مزید اہم ہے کہ توسیعی فنڈ سہولت (ای ایف ایف) کے تحت بنیادی اصلاحات بالخصوص محصولات کی اصلاحات کا آغاز جاری رکھے۔ بڑھتے ہوئے کرنٹ اکاؤنٹ خسارے، برآمدات میں کمی آنا اور مستحکم تر سیل زر کی رفتار میں اضافہ نہ آنے سے بیرونی اکاؤنٹ کے استحکام کے توسیعی دورانے کو خطرات لاحق ہیں اور کرنسی پر دباؤ لاسکتے ہیں۔ سی پیک سے متعلق پروجیکشن میں تیزی لانے اور ترقی کا سلسلہ جاری رکھنے کے لئے صرف اسی کام پر مکمل توجہ اور موثر عمل درآمد اہم ہوگا۔

دشوار گزار ماحول میں مستقل دباؤ کے ساتھ ایچ بی ایل نے مستحکم نتائج کا اعلان کیا ہے۔ بڑھتے ہوئے مارکیٹ سرمائے اور بنیادی سرمائے کے ساتھ بینک بہتر معاشی حالات میں ترقی کے مواقع سے نمایاں طور پر فائدہ اٹھانے کے لئے تیار ہے۔ ایچ بی ایل نئی اور جدید خدمات کی فراہمی کے لئے پرعزم ہے جس کا اظہار اس کی حال ہی میں متعارف کرائی گئی پاکستان کی پہلی بائیو میٹرک موبائل اپلیکیشن سے ہوتا ہے۔ ملک کے سب سے بڑے کمرشل بینک کے طور پر ایچ بی ایل اپنی خدمات کے معیار کو مسلسل بڑھانے پر توجہ دیتا ہے تاکہ صارفین کو پہلے سے بہتر سہولت میسر آئے۔

اعتراف و ستائش

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

یورڈ اور بینجمنٹ کی جانب سے ہم اس موقع پر اپنے کسٹمرز اور شینئر ہولڈرز کا شکریہ ادا کرنا چاہیں گے جنہوں نے ہم پر اعتماد کیا۔ ہم ان کو یہ یقین دہانی کراتے ہیں کہ ہم اعلیٰ معیار اور ایچ بی ایل کے استحکام کی روایت کو اپنے تمام اقدامات میں برقرار رکھیں گے۔ ہم ایچ بی ایل کی ترقی میں ملازمین کی جانب سے مخلصانہ عمل اور کاوشوں کا بھی اعتراف کرتے ہیں۔

منجانب یورڈ

نعمان کے ڈار

پریذیڈنٹ اور چیف ایگزیکٹو آفیسر

20 اکتوبر، 2016

ریزروز کی تفصیلات

ملین (روپے)

96,495

25,622

28

25,650

افتتاحی غیر تخصیص شدہ منافع

بینک کے حصص یافتگان کا قابل منسوب منافع

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

مختلف مدوں میں رکھی گئی رقم

غیر منقولہ ریزروز کی منتقلی

ایسوسی ایٹس کے غیر منقولہ فنڈز سے سرمائے کا تعاون

یکیش ڈیویڈنڈ۔ فائنل 2015

یکیش ڈیویڈنڈ۔ پہلا عبوری 2016

یکیش ڈیویڈنڈ۔ دوسرا عبوری 2016

(2,463)

(11)

(5,134)

(5,134)

(5,134)

(17,876)

104,270

اختتامی غیر تخصیص شدہ منافع

نی حصص آمدن (روپے)

17.47

کیپٹل ریشوز

مجموعی کیپٹل ایڈوکیسی ریشو (CAR) 30 ستمبر 2016 کو 16.5 فیصد رہا جس کے ساتھ ٹیر ون کیپٹل ایڈوکیسی ریشو (Tier 1 CAR) 12.8 فیصد رہا۔ کیپٹل ریشوز بدستور مستحکم اور مطلوبہ سطح سے کافی بلند ہیں۔

ڈیویڈنڈ

بورڈ آف ڈائریکٹرز نے 20 اکتوبر 2016 کو منعقد ہونے والے اجلاس میں 30 ستمبر 2016 کو ختم ہونے والی سہ ماہی کے لئے 3.50 روپے فی حصص (35 فیصد) عبوری یکیش ڈیویڈنڈ کا اعلان کیا ہے۔



Condensed Interim Consolidated Statement of Financial Position

As at September 30, 2016

Note	(Unaudited) September 30, 2016	(Audited) December 31, 2015
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(Rupees in '000)

ASSETS

Cash and balances with treasury banks		199,351,198	167,250,988
Balances with other banks		41,296,363	40,469,761
Lendings to financial institutions		11,663,811	18,381,633
Investments	6	1,367,477,348	1,270,823,786
Advances	7	671,067,181	637,383,858
Operating fixed assets	8	35,738,835	31,341,509
Deferred tax asset		-	-
Other assets		56,337,446	52,771,250
		<u>2,382,932,182</u>	<u>2,218,422,785</u>

LIABILITIES

Bills payable		25,920,398	28,081,548
Borrowings	9	376,671,886	314,319,099
Deposits and other accounts	10	1,716,574,019	1,634,944,470
Subordinated loans		9,998,000	10,000,000
Liabilities against assets subject to finance lease		-	-
Deferred tax liability		7,852,234	5,671,128
Other liabilities		48,600,788	42,786,489
		<u>2,185,617,325</u>	<u>2,035,802,734</u>

NET ASSETS

<u>197,314,857</u>	<u>182,620,051</u>
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REPRESENTED BY:

Shareholders' equity

Share capital		14,668,525	14,668,525
Reserves		48,359,800	47,188,150
Unappropriated profit		104,269,543	96,495,448

Total equity attributable to the equity holders of the Bank		167,297,868	158,352,123
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Non-controlling interest		3,486,230	1,698,442
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Surplus on revaluation of assets - net of deferred tax	11	26,530,759	22,569,486
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<u>197,314,857</u>	<u>182,620,051</u>
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CONTINGENCIES AND COMMITMENTS

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

Nauman K. Dar
President and Chief Executive Officer

Moez Ahamed Jamal
Director

Agha Sher Shah
Director

Shaffiq Dharamshi
Director

Condensed Interim Consolidated Profit and Loss Account (Unaudited)

For the nine months ended September 30, 2016

	Note	January 01 to September 30, 2016	January 01 to September 30, 2015	July 01 to September 30, 2016	July 01 to September 30, 2015
----- (Rupees in '000) -----					
			(Restated)	(Restated)	
Mark-up / return / profit / interest earned	13	106,846,877	106,577,485	36,137,264	34,974,511
Mark-up / return / profit / interest expensed	14	44,617,371	48,424,250	15,331,122	15,744,746
Net mark-up / profit / interest income		62,229,506	58,153,235	20,806,142	19,229,765
Provision / (reversal) against advances	7.3	883,915	2,451,742	(325,836)	969,779
(Reversal) / provision against off-balance sheet obligations		(15,519)	23,665	4,691	(20,165)
Provision / (reversal) for diminution in the value of investments	6.2	253,140	161,231	(11,524)	52,558
Bad debts written off directly		-	-	-	-
		1,121,536	2,636,638	(332,669)	1,002,172
Net mark-up / profit / interest income after provisions		61,107,970	55,516,597	21,138,811	18,227,593
Non mark-up / interest income					
Fee, commission and brokerage income		13,650,796	11,530,382	4,379,701	3,450,565
Dividend income		905,034	1,157,819	274,525	242,833
Share of profit of associates and joint venture		2,495,740	2,322,950	1,020,856	793,795
Income from dealing in foreign currencies		1,065,864	1,701,482	329,085	505,971
Gain on sale of securities - net		3,502,544	10,660,252	1,685,529	5,313,062
Unrealized (loss) / gain on held-for-trading securities		(19,699)	65,234	(43,816)	67,592
Other income		579,018	622,242	201,934	296,882
Total non mark-up / interest income		22,179,297	28,060,361	7,847,814	10,670,700
		83,287,267	83,576,958	28,986,625	28,898,293
Non mark-up / interest expense					
Administrative expenses		38,857,724	35,215,893	13,469,536	12,159,120
Other provisions / write offs - net		77,478	248,018	19,353	11,843
Other charges		817	52,004	330	21,559
Workers' Welfare Fund		857,577	935,747	301,886	327,872
Total non mark-up / interest expenses		39,793,596	36,451,662	13,791,105	12,520,394
Profit before taxation		43,493,671	47,125,296	15,195,520	16,377,899
Taxation					
- Current		14,818,234	15,974,065	5,027,371	5,852,794
- Prior		2,318,915	2,010,000	-	-
- Deferred		601,817	3,422,321	384,764	543,532
		17,738,966	21,406,386	5,412,135	6,396,326
Profit after taxation		25,754,705	25,718,910	9,783,385	9,981,573
Attributable to:					
Equity holders of the Bank		25,622,102	25,713,315	9,698,086	9,989,346
Non-controlling interest		132,603	5,595	85,299	(7,773)
		25,754,705	25,718,910	9,783,385	9,981,573
----- (Rupees) -----					
Basic and diluted earnings per share		17.47	17.53	6.61	6.81

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

Condensed Interim Consolidated Statement of Comprehensive Income (Unaudited)

For the nine months ended September 30, 2016

	January 01 to September 30, 2016	January 01 to September 30, 2015	July 01 to September 30, 2016	July 01 to September 30, 2015
	------(Rupees in '000)-----			
		(Restated)		(Restated)
Profit after taxation for the period	25,754,705	25,718,910	9,783,385	9,981,573
Other comprehensive income / (loss)				
<i>Items that may be reclassified to profit and loss account in subsequent periods:</i>				
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates attributable to:				
Equity holders of the Bank	(1,134,951)	(225,574)	(549,252)	24,499
Non-controlling interest	(150,837)	17,141	(44,962)	(1,099)
	(1,285,788)	(208,433)	(594,214)	23,400
<i>Items that are not to be reclassified to profit and loss account in subsequent periods:</i>				
Remeasurement gain on defined benefit obligations- net	-	21,686	-	-
Capital contribution to statutory funds of associates	(11,212)	-	-	-
Comprehensive income transferred to equity	24,457,705	25,532,163	9,189,171	10,004,973
Components of comprehensive income / (loss) not reflected in equity				
<i>Items that may be reclassified to profit and loss account in subsequent periods:</i>				
Movement in surplus / (deficit) on revaluation of investments - net of tax	3,488,385	1,445,070	(2,325,123)	(2,735,149)
<i>Items that are not to be reclassified to profit and loss account in subsequent periods:</i>				
Movement in surplus / (deficit) on revaluation of operating fixed assets - net of tax				
Transferred from surplus on revaluation of non-banking assets	1,772	-	1,772	-
	262,797	-	-	-
	264,569	-	1,772	-
Movement in surplus / (deficit) on revaluation of non-banking assets - net of tax				
Transferred to surplus on revaluation of operating fixed assets	499,580	-	-	-
	(262,797)	-	-	-
	236,783	-	-	-
	28,447,442	26,977,233	6,865,820	7,269,824
Total comprehensive income / (loss) attributable to:				
Equity holders of the Bank	28,448,190	26,956,047	6,827,850	7,290,316
Non-controlling interest	(748)	21,186	37,970	(20,492)
	28,447,442	26,977,233	6,865,820	7,269,824

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

Condensed Interim Consolidated Statement of Changes in Equity (Unaudited)

For the nine months ended September 30, 2016

	Attributable to Equity holders of the Bank								Subtotal	Non-controlling interest	Total
	Share capital	Exchange translation reserve	Capital Reserves			Revenue					
			Statutory reserves	Non-distributable capital reserve	Capital reserve on acquisition of common control entity	General reserve	Unappropriated profit				
	Associates and joint venture	Bank									
(Rupees in '000)											
Balance as at December 31, 2014	14,668,525	13,704,392	428,968	23,343,016	-	-	6,073,812	88,715,056	146,933,769	1,184,393	148,118,162
Comprehensive income for the period	-	-	-	-	-	-	-	25,713,315	25,713,315	5,595	25,718,910
Profit after taxation for the nine months ended September 30, 2015	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income / (loss)	-	-	-	-	-	-	-	-	-	-	-
- Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates	-	(225,574)	-	-	-	-	-	-	-	(225,574)	(208,433)
- Remeasurement gain on defined benefit obligations-net	-	-	-	-	-	-	-	21,686	21,686	-	21,686
	-	(225,574)	-	-	-	-	-	25,735,001	25,509,427	22,736	25,532,163
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-
Final cash dividend declared at Rs. 5.5 per share subsequent to the year ended December 31, 2014	-	-	-	-	-	-	-	(8,067,689)	(8,067,689)	-	(8,067,689)
1st Interim cash dividend declared at Rs. 3.5 per share	-	-	-	-	-	-	-	(5,133,984)	(5,133,984)	-	(5,133,984)
2nd Interim cash dividend declared at Rs. 3.5 per share	-	-	-	-	-	-	-	(5,133,984)	(5,133,984)	-	(5,133,984)
	-	-	-	-	-	-	-	(18,335,657)	(18,335,657)	-	(18,335,657)
Gain on bargain purchase on acquisition of Barclays	-	-	-	-	547,115	-	-	-	547,115	-	547,115
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	-	-	45,469	45,469	-	45,469
Transferred to statutory reserves	-	-	33,373	2,710,747	-	-	-	(2,744,120)	-	-	-
Increase in non-controlling interest in HAHF during the period	-	-	-	-	-	-	-	-	-	399,392	399,392
Balance as at September 30, 2015 (restated)	14,668,525	13,478,818	462,341	26,053,763	547,115	-	6,073,812	93,415,749	154,700,123	1,606,521	156,306,644
Comprehensive income for the period	-	-	-	-	-	-	-	9,395,344	9,395,344	(12,663)	9,382,681
Profit after taxation for the three months ended December 31, 2015	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income / (loss)	-	-	-	-	-	-	-	-	-	-	-
- Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates	-	(277,371)	-	-	-	-	-	-	-	(277,371)	(305,482)
- Remeasurement loss on defined benefit obligations-net	-	-	-	-	-	-	-	(303,246)	(303,246)	-	(303,246)
	-	(277,371)	-	-	-	-	-	9,092,098	8,814,727	(40,774)	8,773,953
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-
3rd interim cash dividend declared at Rs. 3.5 per share	-	-	-	-	-	-	-	(5,133,984)	(5,133,984)	-	(5,133,984)
	-	-	-	-	-	-	-	(5,133,984)	(5,133,984)	-	(5,133,984)
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	-	-	8,307	8,307	-	8,307
Transferred to statutory reserves	-	-	13,373	836,299	-	-	-	(849,672)	-	-	-
Capital contribution to statutory funds of associates	-	-	-	-	-	-	-	(37,050)	(37,050)	-	(37,050)
Increase in non-controlling interest in HAHF during the period	-	-	-	-	-	-	-	-	-	132,695	132,695
Balance as at December 31, 2015	14,668,525	13,201,447	475,714	26,890,062	547,115	-	6,073,812	96,495,448	158,352,123	1,698,442	160,050,565
Comprehensive income for the period	-	-	-	-	-	-	-	25,622,102	25,622,102	132,603	25,754,705
Profit after taxation for the nine months ended September 30, 2016	-	-	-	-	-	-	-	-	-	-	-
- Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates	-	(1,134,951)	-	-	-	-	-	-	-	(1,134,951)	(1,285,788)
Capital contribution to statutory funds of associates	-	-	-	-	-	-	-	(11,212)	(11,212)	-	(11,212)
	-	(1,134,951)	-	-	-	-	-	25,610,890	24,475,939	(18,234)	24,457,705
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-
Final cash dividend declared at Rs. 3.5 per share subsequent to the year ended December 31, 2015	-	-	-	-	-	-	-	(5,133,984)	(5,133,984)	-	(5,133,984)
1st interim cash dividend declared at Rs. 3.5 per share	-	-	-	-	-	-	-	(5,133,984)	(5,133,984)	-	(5,133,984)
2nd interim cash dividend declared at Rs. 3.5 per share	-	-	-	-	-	-	-	(5,133,984)	(5,133,984)	-	(5,133,984)
	-	-	-	-	-	-	-	(15,401,952)	(15,401,952)	-	(15,401,952)
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	-	-	28,464	28,464	-	28,464
Transferred to statutory reserves	-	-	62,291	2,401,016	-	-	-	(2,463,307)	-	-	-
Non-controlling interest recognised on acquisition of FMFB	-	-	-	-	-	-	-	-	-	1,806,022	1,806,022
Excess of consideration paid over net assets of FMFB	-	-	-	-	-	-	(156,706)	-	(156,706)	-	(156,706)
Balance as at September 30, 2016	14,668,525	12,066,496	538,005	29,291,078	547,115	-	(156,706)	104,269,543	167,297,868	3,486,230	170,784,098

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



Condensed Interim Consolidated Cash Flow Statement (Unaudited)

For the nine months ended September 30, 2016

	September 30, 2016	September 30, 2015 (Restated)
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	43,493,671	47,125,296
Dividend income	(905,034)	(1,157,819)
Share of profit of associates and joint venture	(2,495,740)	(2,322,950)
	<u>(3,400,774)</u>	<u>(3,480,769)</u>
	40,092,897	43,644,527
Adjustment for:		
Depreciation	2,374,763	1,878,746
Amortisation	215,716	392,532
Provision for diminution in the value of investments	253,140	161,231
Provision against advances	883,915	2,451,742
Other provisions / write offs - net	77,478	248,018
(Reversal) / provision against off-balance sheet obligations	(15,519)	23,665
Unrealised loss / (gain) on held-for-trading securities	19,699	(65,234)
Exchange loss / (gain) on Goodwill	242,101	(26,391)
Gain on sale of operating fixed assets - net	(50,839)	(22,571)
Workers' Welfare Fund	857,577	935,747
	<u>4,858,031</u>	<u>5,977,485</u>
	44,950,928	49,622,012
(Increase) / decrease in operating assets		
Lendings to financial institutions	6,717,822	(8,505,728)
Investments in held-for-trading securities	(30,382,308)	(19,478,859)
Advances	(31,255,721)	19,692,523
Other assets	(1,903,269)	24,386,668
	<u>(56,823,476)</u>	<u>16,094,604</u>
Increase / (decrease) in operating liabilities		
Bills payable	(2,161,150)	368,140
Borrowings	62,352,787	153,894,101
Deposits and other accounts	76,512,277	(728,406)
Other liabilities	4,476,326	4,031,712
	<u>141,180,240</u>	<u>157,565,547</u>
	129,307,692	223,282,163
Income tax paid	<u>(17,977,330)</u>	<u>(16,801,352)</u>
Net cash inflows from operating activities	111,330,362	206,480,811
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	2,241,985	(124,445,584)
Net investments in held-to-maturity securities	(55,848,637)	(83,880,893)
Net investment in associates	(2,255,341)	(209,160)
Dividend income received	688,996	1,169,658
Net cash outflow on acquisition of PICIC AMC	(3,948,939)	-
Net cash outflow on acquisition of FMFB	(591,370)	-
Net cash inflow on acquisition of Barclays	-	236,259
Fixed capital expenditure	(4,011,484)	(4,399,317)
Proceeds from sale of operating fixed assets	57,571	26,047
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates	<u>(1,134,951)</u>	<u>(225,574)</u>
Net cash used in investing activities	(64,802,170)	(211,728,564)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of subordinated loans	(2,000)	-
Dividends paid	(13,448,543)	(13,146,536)
Effect of translation of net investment by non-controlling interest in subsidiary	<u>(150,837)</u>	<u>17,141</u>
Net cash used in financing activities	(13,601,380)	(13,129,395)
Increase / (decrease) in cash and cash equivalents during the period	32,926,812	(18,377,148)
Cash and cash equivalents at the beginning of the period	211,413,387	198,348,655
Effects of exchange rate changes on cash and cash equivalents	<u>(3,692,638)</u>	<u>4,619,729</u>
Cash and cash equivalents at the end of the period	<u>240,647,561</u>	<u>184,591,236</u>

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

Nauman K. Dar
President and Chief Executive Officer

Moez Ahamed Jamal
Director

Agha Sher Shah
Director

Shaffiq Dharamshah
Director

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the nine months ended September 30, 2016

1 THE GROUP AND ITS OPERATIONS

Habib Bank Limited (the Bank) is incorporated in Pakistan and is engaged in commercial banking and asset management related services in Pakistan and overseas. The Bank's Registered Office is at Habib Bank Tower, 9th Floor, Jinnah Avenue, Islamabad and its Principal Office is at Habib Bank Plaza, I.I.Chundrigar Road, Karachi. The Bank's shares are listed on the Pakistan Stock Exchange. The Group consists of the Bank, its subsidiaries and associates, as disclosed in Note 1 of the consolidated financial statements for the year ended December 31, 2015 except as disclosed in note 1.1.2 below. The Aga Khan Fund for Economic Development (AKFED), S.A. is the parent company of the Bank and its registered office is in Geneva, Switzerland. The Bank operates 1,667 (2015: 1,663) branches inside Pakistan including 45 (2015: 44) Islamic Banking Branches and 54 (2015: 53) branches outside the country including in the Karachi Export Processing Zone (KEPZ).

1.1 Business Combinations

1.1.1 Acquisition of Barclays Bank PLC - Pakistan Branch Business (Barclays)

Last year, the Bank completed the acquisition of the Pakistan branch business of Barclays Bank PLC, a commercial bank. This has been accounted for as disclosed in note 1.4.1 of the consolidated financial statements for the year ended December 31, 2015. Subsequent to the acquisition, the Bank, under the scheme of amalgamation, incorporated the balances relating to Barclays at their carrying values as appearing in the audited financial statements of Barclays as at the close of business on June 14, 2015.

International Financial Reporting Standard 3, (IFRS 3) Business Combinations, requires that all identified assets and liabilities acquired in a business combination should be carried at their fair values in the acquirer's balance sheet and allows the acquirer a period of one year from the date of acquisition for this determination. The Bank has carried out an assessment and concluded that the fair values of the acquired assets and liabilities were not different from their carrying values at the time of acquisition and therefore no fair value adjustment is required.

1.1.2 Acquisition of The First MicroFinanceBank Limited (FMFB)

During the period, the Bank has purchased 50.51% of the shares in The First MicroFinanceBank Limited (FMFB), a related entity, under a Share Subscription Agreement for a consideration of Rs. 2 billion. The transaction was completed as at May 20, 2016.

The assets and liabilities of FMFB on the transaction date were as follows:

	(Rupees in '000)
ASSETS	
Cash and Balances with treasury banks	569,855
Balances with other banks	2,218,959
Investments	3,712,741
Advances - net of provisions	6,556,162
Operating fixed assets	412,373
Other assets	688,716
Deferred tax asset	47,686
TOTAL ASSETS	14,206,492
LIABILITIES	
Deposits and other accounts	10,131,206
Other liabilities	425,922
TOTAL LIABILITIES	10,557,128
NET ASSETS	3,649,364
HBL's share in net assets (50.51%)	1,843,294
Purchase consideration	2,000,000
Recognised as capital reserve	(156,706)

Since FMFB is a group company under common control, the transaction has been accounted for as a common control transaction and predecessor accounting has been applied. Under predecessor accounting, the acquired net assets of FMFB are included in the consolidated financial information at the same carrying values as recorded in FMFB's own financial statements. The results and statement of financial position of FMFB are consolidated prospectively from the date of acquisition. The difference between the consideration transferred and the net assets acquired is recognised in equity as a capital reserve.

1.1.3 Acquisition of PICIC Asset Management Company Limited (PICIC AMC)

During the period, HBL Asset Management Limited (HBL AML) the Bank's wholly owned subsidiary, has purchased 100% of the shares of PICIC AMC for a consideration of Rs. 4.063 billion. The acquisition is effective from the close of business as on March 2, 2016 under a Share Purchase Agreement dated February 17, 2016.

The proposal for the purchase of shares of PICIC AMC was approved by the Securities and Exchange Commission of Pakistan (SECP), through its letter dated February 8, 2016. Subsequent to the acquisition, the Group has incorporated the balances relating to PICIC AMC at their carrying values as appearing in the audited financial statements of PICIC AMC as at the close of business on March 2, 2016. These balances are detailed below:

	(Rupees in '000)
ASSETS	
Cash and bank balances	114,661
Investments	1,280,616
Deferred tax asset	12,273
Operating fixed assets	29,094
Other assets	37,268
TOTAL ASSETS	<u>1,473,912</u>
LIABILITIES	
Other liabilities	133,396
NET ASSETS	<u><u>1,340,516</u></u>

IFRS 3, Business Combinations, requires that all identified assets (including intangible assets) and liabilities acquired in a business combination should be carried at their fair values on the acquirer's balance sheet and any intangible assets acquired in the business combination should be separately recognised and carried at their fair values. IFRS - 3 allows the acquirer a period of one year from the date of acquisition to finalize the determination of the fair values of the assets and liabilities and to determine the value of any intangibles separately identified. The fair valuation exercise of the recorded assets and liabilities will be completed within the period specified under IFRS - 3. However, management does not expect the fair values of the assets and liabilities transferred to be materially different from their carrying values.

In accordance with IFRS 3, the Group has initially recognised Goodwill of Rs. 2.723 billion representing the excess of the consideration paid over the carrying values of the net identifiable assets acquired. The Group has identified Management Rights as a separate intangible asset, currently recorded as part of Goodwill. The valuation of the Management Rights intangible is currently in progress and will be completed within the period specified under IFRS - 3, subsequent to which it will be recognised separately from Goodwill.

	(Rupees in '000)
Consideration paid	4,063,600
Carrying value of net identifiable assets acquired	(1,340,516)
Goodwill	<u><u>2,723,084</u></u>

2 STATEMENT OF COMPLIANCE

This condensed interim consolidated financial information has been prepared in accordance with the accounting framework as disclosed in the annual consolidated financial statements for the year ended December 31, 2015. The disclosures made in this condensed interim consolidated financial information have been limited based on the format prescribed by the SBP vide BSD Circular Letter No. 2 dated May 12, 2004 and International Accounting Standard 34, Interim Financial Reporting. They do not include all the disclosures required for annual financial statements, and this condensed interim consolidated financial information should be read in conjunction with the consolidated financial statements for the year ended December 31, 2015.

3 CHANGE IN ACCOUNTING POLICY

The accounting policies adopted in the preparation of this condensed interim consolidated financial information are consistent with those followed in the preparation of the consolidated financial statements for the year ended December 31, 2015 except as specified in note 3.1 below. In addition, The Group has adopted predecessor accounting for entities under common control as discussed in note 1.1.2 above.

- 3.1 In line with the requirements of the Debt Property Swap Regulations issued by the SBP on January 1, 2016, the Group has changed its accounting policy for recording of non-banking assets acquired in satisfaction of claims. These were previously recorded at the lower of cost or market value. These are now initially recorded at cost and a subsequent increase in market value over the acquisition cost is recorded as surplus on revaluation. A decline in the market value is initially used to reduce the surplus account, if any, or if no surplus exists, is charged to the profit and loss account. All direct costs of acquiring title to the asset are charged immediately to the profit and loss account. Had there been no change in accounting policy, other assets, surplus on revaluation of assets and deferred tax liability would have been lower by Rs 241.639 million, Rs 236.666 million and Rs 4.973 million respectively.

4 ACCOUNTING ESTIMATES

The basis for accounting estimates adopted in the preparation of this condensed interim consolidated financial information is the same as that applied in the preparation of the consolidated financial statements for the year ended December 31, 2015.

5 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Group are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2015.

6. INVESTMENTS

Investments by type	September 30, 2016			December 31, 2015		
	Held by Group	Given as collateral	Total	Held by Group	Given as collateral	Total
(Rupees in '000)						
Held-for-trading						
Federal Government Securities						
- Market Treasury Bills	61,005,278	-	61,005,278	29,966,313	-	29,966,313
- Pakistan Investment Bonds	12,004,771	-	12,004,771	11,871,973	-	11,871,973
Fully paid-up ordinary shares						
- Listed companies	85,385	-	85,385	36,602	-	36,602
- Overseas Government Securities	298,933	-	298,933	1,118,845	-	1,118,845
	<u>73,394,367</u>	<u>-</u>	<u>73,394,367</u>	<u>42,993,733</u>	<u>-</u>	<u>42,993,733</u>
Held-to-maturity						
Federal Government Securities						
- Market Treasury Bills	28,842,888	-	28,842,888	29,802,535	-	29,802,535
- Pakistan Investment Bonds	173,780,024	-	173,780,024	116,908,270	-	116,908,270
- Government of Pakistan US Dollar Bonds	1,342,146	-	1,342,146	597,663	-	597,663
- Government of Pakistan Guaranteed Bonds	1,570,351	-	1,570,351	1,713,412	-	1,713,412
- Other Federal Government Securities	25,936,778	-	25,936,778	25,936,778	-	25,936,778
Debt Instruments and Corporate Debt Instruments						
- Listed securities	19,182,615	-	19,182,615	24,773,658	-	24,773,658
- Unlisted securities	5,899,722	-	5,899,722	4,636,644	-	4,636,644
- Overseas Government securities	24,897,366	-	24,897,366	21,234,293	-	21,234,293
	<u>281,451,890</u>	<u>-</u>	<u>281,451,890</u>	<u>225,603,253</u>	<u>-</u>	<u>225,603,253</u>
Available-for-sale						
Federal Government Securities						
- Market Treasury Bills	286,282,800	99,977,330	386,260,130	490,972,008	62,190,548	553,162,556
- Pakistan Investment Bonds	226,222,165	181,604,266	407,826,431	125,598,086	171,679,360	297,277,446
- Government of Pakistan US Dollar Bonds / Sukus	100,626,455	-	100,626,455	53,817,343	-	53,817,343
Fully paid-up ordinary shares						
- Listed companies	14,806,789	-	14,806,789	13,451,553	-	13,451,553
- Unlisted companies	2,251,475	-	2,251,475	545,483	-	545,483
Debt Instruments and Corporate Debt Instruments						
- Listed securities	42,301,419	-	42,301,419	31,472,988	-	31,472,988
- Unlisted securities	11,302,931	-	11,302,931	12,760,770	-	12,760,770
- Overseas Government Securities	2,073,705	-	2,073,705	2,960,904	-	2,960,904
- NIT Units	11,113	-	11,113	11,113	-	11,113
- Preference shares	100,000	-	100,000	250,000	-	250,000
	<u>685,978,852</u>	<u>281,581,596</u>	<u>967,560,448</u>	<u>731,840,248</u>	<u>233,869,908</u>	<u>965,710,156</u>
Investment in associates and joint venture	22,945,648	-	22,945,648	19,135,914	-	19,135,914
	<u>1,063,770,757</u>	<u>281,581,596</u>	<u>1,345,352,353</u>	<u>1,019,573,148</u>	<u>233,869,908</u>	<u>1,253,443,056</u>
Provision for diminution in the value of investments	(870,676)	-	(870,676)	(617,536)	-	(617,536)
	<u>1,062,900,081</u>	<u>281,581,596</u>	<u>1,344,481,677</u>	<u>1,018,955,612</u>	<u>233,869,908</u>	<u>1,252,825,520</u>
(Deficit) / surplus on revaluation of held-for-trading securities	(19,699)	-	(19,699)	18,326	-	18,326
Surplus / (deficit) on revaluation of available-for-sale securities	13,166,091	9,334,134	22,500,225	15,790,209	2,263,289	18,053,498
Surplus / (deficit) on revaluation of investments of associates	515,145	-	515,145	(73,558)	-	(73,558)
Total investments (net of provision)	<u>1,076,561,618</u>	<u>290,915,730</u>	<u>1,367,477,348</u>	<u>1,034,690,589</u>	<u>236,133,197</u>	<u>1,270,823,786</u>

6.1 The market value of securities classified as held-to-maturity as at September 30, 2016 amounted to Rs. 288,809.425 million (December 31, 2015: Rs. 231,756.397 million).

	September 30, 2016	December 31, 2015
6.2 Movement in provision for diminution in the value of investments	(Rupees in '000)	
Opening balance	617,536	953,764
Charge for the period / year	288,736	262,864
Reversal for the period / year	(16,225)	(577,378)
Reversal on disposal during the period / year	(19,371)	(67,879)
Total charge / (reversal) - net	253,140	(382,393)
Transfers in	-	46,165
Closing balance	<u>870,676</u>	<u>617,536</u>

- 6.3 Bai-muajjal transactions with the Government of Pakistan amounting to Rs. 25,936.778 million (December 31, 2015: Rs. 25,936.778 million) have been disclosed under investments in line with the requirements of BPRD Circular Letter no. 5 dated February 29, 2016 issued by the SBP. The comparative information related to Bai-muajjal has also been reclassified from lendings to financial institutions to investments.
- 6.4 This financial information includes the results of the following associates and joint venture for the periods listed:

Based on the financial information as at

Diamond Trust Bank Kenya Limited	June 30, 2016
Himalayan Bank Limited, Nepal	July 15, 2016
Kyrgyz Investment and Credit Bank	June 30, 2016
Jubilee Life Insurance Company Limited	June 30, 2016
Jubilee General Insurance Company Limited	June 30, 2016
HBL Income Fund	September 30, 2016
HBL Stock Fund	September 30, 2016
HBL Multi Asset Fund	September 30, 2016
HBL Money Market Fund	September 30, 2016
HBL Islamic Stock Fund	September 30, 2016
HBL Islamic Money Market Fund	September 30, 2016
HBL Pension Fund - Equity Sub Fund	September 30, 2016
HBL Pension Fund - Debt Sub Fund	September 30, 2016
HBL Pension Fund - Money Market Sub Fund	September 30, 2016
HBL Islamic Pension Fund - Equity Sub Fund	September 30, 2016
HBL Islamic Pension Fund - Debt Sub Fund	September 30, 2016
HBL Islamic Pension Fund - Money Market Sub Fund	September 30, 2016
HBL Mustahekum Sarmaya Fund	September 30, 2016
HBL Islamic Asset Allocation Fund	September 30, 2016
PICIC Investment Fund	September 30, 2016
PICIC Cash Fund	September 30, 2016
PICIC Energy Fund	September 30, 2016
PICIC Income Fund	September 30, 2016
PICIC Islamic Income Fund	September 30, 2016
PICIC Islamic Stock Fund	September 30, 2016
PICIC Stock Fund	September 30, 2016

7	ADVANCES	Note	September 30, 2016	December 31, 2015
(Rupees in '000)				
	Loans, cash credits, running finances, etc.			
	In Pakistan		506,059,866	478,285,479
	Outside Pakistan		123,531,362	130,921,332
			<u>629,591,228</u>	<u>609,206,811</u>
	Islamic financing and related assets	7.1	24,167,829	19,888,887
	Net investment in finance lease - in Pakistan		12,833,862	10,478,123
	Bills discounted and purchased (excluding Government treasury bills)			
	Payable in Pakistan		14,080,348	16,024,711
	Payable outside Pakistan		59,890,633	50,964,538
			<u>73,970,981</u>	<u>66,989,249</u>
	Provision against advances			
	Specific provision	7.3	(65,956,846)	(65,881,113)
	General provision		(3,539,873)	(3,298,099)
			<u>(69,496,719)</u>	<u>(69,179,212)</u>
	Advances - net of provision		<u>671,067,181</u>	<u>637,383,858</u>

- 7.1 As required under BPRD Circular Letter no. 5 dated February 29, 2016, this includes lendings under Islamic modes of financing, advances given in respect of such lendings and related inventories. The comparative figure includes an amount of Rs. 4,001.235 million related to advances given against Islamic financing which has been reclassified from Other Assets to Advances.

- 7.2 Advances include Rs. 77,247.364 million (December 31, 2015: Rs. 76,792.159 million) which have been placed under non-performing status as detailed below:

Category of classification	September 30, 2016								
	Non-performing advances			Provision required and held			Net non-performing advances		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)								
Other assets especially mentioned	1,675,735	73,348	1,749,083	-	-	-	1,675,735	73,348	1,749,083
Substandard	3,891,658	2,332,895	6,224,553	1,204,147	468,947	1,673,094	2,687,511	1,863,948	4,551,459
Doubtful	1,589,713	601,392	2,191,105	822,553	469,642	1,292,195	767,160	131,750	898,910
Loss*	47,064,336	20,018,287	67,082,623	45,884,192	17,107,365	62,991,557	1,180,144	2,910,922	4,091,066
	<u>54,221,442</u>	<u>23,025,922</u>	<u>77,247,364</u>	<u>47,910,892</u>	<u>18,045,954</u>	<u>65,956,846</u>	<u>6,310,550</u>	<u>4,979,968</u>	<u>11,290,518</u>

Category of classification	December 31, 2015								
	Non-performing advances			Provision required and held			Net non-performing advances		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)								
Other assets especially mentioned	980,249	-	980,249	-	-	-	980,249	-	980,249
Substandard	4,820,645	1,272,322	6,092,967	1,289,046	300,990	1,590,036	3,531,599	971,332	4,502,931
Doubtful	541,414	1,746,311	2,287,725	270,707	931,250	1,201,957	270,707	815,061	1,085,768
Loss*	48,515,203	18,916,015	67,431,218	47,308,381	15,780,739	63,089,120	1,206,822	3,135,276	4,342,098
	<u>54,857,511</u>	<u>21,934,648</u>	<u>76,792,159</u>	<u>48,868,134</u>	<u>17,012,979</u>	<u>65,881,113</u>	<u>5,989,377</u>	<u>4,921,669</u>	<u>10,911,046</u>

* This includes Government guaranteed non-performing advances amounting to Rs. 1,065.697 million (December 31, 2015: Rs. 1,065.697 million).

- 7.2.1 Exposure amounting to Rs. 1,966.882 million (December 31, 2015: Rs. 1,990.079 million) relating to Pakistan International Airlines Corporation, which is guaranteed by the Government of Pakistan, has not been classified as non-performing, in accordance with a relaxation given by the SBP. However, markup income has been suspended on this amount and is only recognised when received.

Exposure amounting to Rs. 23,464.560 million as at September 30, 2016 relating to Power Holding Company Limited, has not been classified as non performing, in accordance with a relaxation given by the SBP.

7.3 Particulars of provision against advances

	Note	September 30, 2016			December 31, 2015		
		Specific	General	Total	Specific	General	Total
		(Rupees in '000)					
Opening balance		65,881,113	3,298,099	69,179,212	63,506,795	2,674,082	66,180,877
Exchange Adjustment		(545,980)	(22,684)	(568,664)	258,531	52,951	311,482
Charge for the period / year		<u>4,282,789</u>	<u>208,939</u>	<u>4,491,728</u>	<u>8,696,343</u>	<u>728,630</u>	<u>9,424,973</u>
Reversals for the period / year		<u>(3,558,955)</u>	<u>(48,858)</u>	<u>(3,607,813)</u>	<u>(4,410,567)</u>	<u>(160,851)</u>	<u>(4,571,418)</u>
Net charge against advances		723,834	160,081	883,915	4,285,776	567,779	4,853,555
Written off during the period / year		(189,886)	-	(189,886)	(2,180,691)	-	(2,180,691)
Charged off during the period / year	7.6	(419,334)	-	(419,334)	(912,906)	-	(912,906)
Transfer in due to acquisition of FMFB		21,601	91,399	113,000	-	-	-
Transfer in due to acquisition of Barclays		-	-	-	746,503	3,287	749,790
Transfer from other liabilities		175,215	12,978	188,193	-	-	-
Recoveries against write off		310,283	-	310,283	177,105	-	177,105
Closing balance		<u>65,956,846</u>	<u>3,539,873</u>	<u>69,496,719</u>	<u>65,881,113</u>	<u>3,298,099</u>	<u>69,179,212</u>

- 7.4 General provision represents provision amounting to Rs. 1,528.228 million (December 31, 2015: Rs. 1,335.602 million) against consumer finance portfolio, Rs. 100.192 million (December 31, 2015: Rs. 101.684 million) against advances to small enterprises and Rs. 63.703 million (December 31, 2015: Nil) against advances to microenterprises as required by the Prudential Regulations. General provision also includes Rs. 1,847.750 million (December 31, 2015: Rs. 1,860.813 million) pertaining to overseas advances to meet the requirements of the regulatory authorities of the respective countries in which the Group operates.

- 7.5 As per regulation R-8 of the Prudential Regulations for Corporate / Commercial Banking, the Bank has availed the benefit of Forced Sale value (FSV) against non-performing advances (excluding consumer housing finance portfolio). Had the benefit of FSV not been taken by the Bank, the specific provision against non-performing advances as at September 30, 2016 would have been higher by Rs. 52.861 million (December 31, 2015: Rs. 78.211 million). The FSV benefit availed is not available for the distribution of cash or stock dividend to shareholders.

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

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

	September 30, 2016			December 31, 2015		
	Balance outstanding	Maximum total amount of advances including temporary advances outstanding **	Limit sanctioned during the period	Balance outstanding	Maximum total amount of advances including temporary advances outstanding **	Limit sanctioned during the year
----- (Rupees in '000) -----						
Debts due by Directors or executives of the Group or any of them either severally or jointly with any other persons:						
- in respect of Directors	-	-	-	-	-	-
- in respect of executives * (Other than key management personnel)	2,824,500	2,824,500	450,990	2,651,500	2,651,500	1,285,536
- in respect of key management personnel	27,600	59,100	-	61,400	69,800	32,151
Debts due by companies or firms in which the Directors of the Group / Parent are interested as directors, partners, advisors or in the case of private companies as members						
	8,800,885	9,086,848	95,000	7,490,551	7,490,551	6,249,551

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

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

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

	Note	September 30, 2016	December 31, 2015
(Rupees in '000)			
8 OPERATING FIXED ASSETS			
Capital work-in-progress		1,648,517	1,486,307
Intangible assets			
- Goodwill	8.1	4,397,302	1,916,319
- Computer software		828,666	576,427
Tangible fixed assets		<u>28,864,350</u>	<u>27,362,456</u>
		<u>35,738,835</u>	<u>31,341,509</u>
8.1 Goodwill			
Arising on acquisition of:			
- Habibsons Bank Limited		1,674,218	1,916,319
- PICIC AMC		2,723,084	-
		<u>4,397,302</u>	<u>1,916,319</u>
		For the nine months ended	
		September 30, 2016	September 30, 2015
8.2 Additions to operating fixed assets		(Rupees in '000)	
The following additions have been made to operating fixed assets during the period:			
Capital work-in-progress		162,210	484,928
Intangible assets			
Goodwill		2,723,084	-
Computer software		602,448	146,225
Tangible fixed assets			
Land		1,302,883	809,327
Building		234,190	438,698
Machinery		22,490	129,341
Furniture, fixtures and office equipment		1,485,499	2,033,454
Leasehold Improvements		347,183	432,308
Vehicles		30,410	76,528
		<u>6,910,397</u>	<u>4,550,809</u>

		For the nine months ended	
		September 30, 2016	September 30, 2015
		(Rupees in '000)	
8.3	Disposal of operating fixed assets		
	The cost of operating fixed assets disposed off during the period is as follows:		
	Tangible fixed assets		
	Furniture, fixtures and office equipment	447,150	251,391
	Leasehold Improvements	72,950	150,830
	Vehicles	33,432	14,613
		<u>553,532</u>	<u>416,834</u>

		September 30, 2016	December 31, 2015
		(Rupees in '000)	
9	BORROWINGS		
	Secured		
	Borrowings from the SBP under:		
	Export refinance scheme	15,559,484	19,545,290
	Long term financing facility - locally manufactured and imported plant & machinery	5,327,559	3,434,406
	Long term finance - export oriented projects	-	7,024
	Refinance facility for modernization of SMEs	4,000	5,500
		<u>20,891,043</u>	<u>22,992,220</u>
	Repurchase agreement borrowings	290,408,781	234,669,563
		<u>311,299,824</u>	<u>257,661,783</u>
	Unsecured		
	In Pakistan:		
	Interbank call money borrowings	20,586,214	10,609,263
	Overdrawn nostro accounts	5,371,690	2,164,559
		<u>25,957,904</u>	<u>12,773,822</u>
	Outside Pakistan:		
	Borrowings of overseas branches and subsidiaries	39,414,158	43,883,494
		<u>65,372,062</u>	<u>56,657,316</u>
		<u>376,671,886</u>	<u>314,319,099</u>

9.1 This includes a loan from the International Finance Corporation amounting to US \$ 150 million (December 31, 2015: US \$ 150 million). The principal amount is payable in six equal half yearly installments from June 2022 to December 2024. Interest at LIBOR+5% is payable bi-annually commencing from June 2015.

		September 30, 2016	December 31, 2015
		(Rupees in '000)	
10	DEPOSITS AND OTHER ACCOUNTS		
	Customers		
	Current accounts - non-remunerative	628,139,033	582,993,149
	Savings accounts	812,723,196	744,682,331
	Fixed deposits	251,912,142	275,295,902
		<u>1,692,774,371</u>	<u>1,602,971,382</u>
	Financial institutions		
	Current accounts - non-remunerative	19,911,350	16,520,329
	Savings accounts	3,458,298	3,899,521
	Fixed deposits	430,000	11,553,238
		<u>23,799,648</u>	<u>31,973,088</u>
		<u>1,716,574,019</u>	<u>1,634,944,470</u>

	Note	September 30, 2016	December 31, 2015
(Rupees in '000)			
11 SURPLUS ON REVALUATION OF ASSETS - NET OF DEFERRED TAX			
Surplus arising on revaluation of assets - net of deferred tax:			
- operating fixed assets			
- attributable to equity holders		11,136,027	10,899,441
- non-controlling interest		3,086	3,450
	11.1	11,139,113	10,902,891
- investments			
- attributable to equity holders		15,146,680	11,676,145
- non-controlling interest		8,300	(9,550)
	11.2	15,154,980	11,666,595
- non-banking assets	11.3	236,666	-
Surplus on revaluation of assets - net of deferred tax		<u>26,530,759</u>	<u>22,569,486</u>
11.1 Surplus on revaluation of operating fixed assets			
Surplus on revaluation of operating fixed assets as at the beginning of the period / year		11,474,665	10,286,364
Recognised during the period / year		1,772	1,271,056
Transferred from surplus on revaluation of non-banking assets		262,797	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year - net of deferred tax		(28,347)	(53,776)
Related deferred tax liability on incremental depreciation charged during the period / year		(15,264)	(28,979)
Surplus on revaluation of operating fixed assets as at the end of the period / year		11,695,623	11,474,665
Less: related deferred tax liability on:			
- revaluation as at the beginning of the period / year		571,774	859,563
- revaluation recognised during the period / year		-	(258,810)
- incremental depreciation charged during the period / year		(15,264)	(28,979)
		556,510	571,774
		<u>11,139,113</u>	<u>10,902,891</u>
11.2 Surplus / (deficit) on revaluation of investments			
Market Treasury Bills		(44,865)	490,263
Pakistan Investment Bonds		18,873,834	16,666,315
Government of Pakistan US Dollar Bonds / Sukus		2,023,658	117,360
Listed equity securities		1,454,368	1,006,484
NIT units		38,130	31,442
Overseas securities		140,686	(273,448)
Other investments		14,414	8,984
		22,500,225	18,047,400
Related deferred tax liability		(7,871,960)	(6,318,694)
		14,628,265	11,728,706
Surplus / (deficit) on revaluation of investments of associates		515,145	(73,558)
Related deferred tax asset		11,570	11,447
		526,715	(62,111)
		<u>15,154,980</u>	<u>11,666,595</u>
11.3 Surplus on revaluation of non-banking assets			
Surplus on revaluation of non-banking assets as at the beginning of the period / year		-	-
Recognised during the period / year		504,616	-
Transferred to surplus on revaluation of operating fixed assets		(262,797)	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year - net of deferred tax		(117)	-
Related deferred tax liability on incremental depreciation charged during the period / year		(63)	-
Surplus on revaluation of non-banking assets as at the end of the period / year		241,639	-
Less: related deferred tax liability on:			
- revaluation as at the beginning of the period / year		-	-
- revaluation recognised during the period / year		5,036	-
- incremental depreciation charged during the period / year		(63)	-
		4,973	-
		<u>236,666</u>	<u>-</u>
12 CONTINGENCIES AND COMMITMENTS			
12.1 Direct credit substitutes - financial guarantees			
Guarantees in favour of:			
- Government		284,329	261,261
- Financial institutions		296,350	295,000
- Others		33,683,704	31,684,274
		<u>34,264,383</u>	<u>32,240,535</u>

	September 30, 2016	December 31, 2015
	(Rupees in '000)	
12.2 Transaction-related contingent liabilities		
Guarantees in favour of:		
- Government	532,602	718,148
- Financial institutions	2,244,511	1,253,518
- Others	<u>107,304,836</u>	<u>93,410,699</u>
	<u>110,081,949</u>	<u>95,382,365</u>
12.3 Trade-related contingent liabilities		
Letters of credit in favour of:		
- Government	63,229,383	45,023,666
- Financial institutions	4,116,788	20,924
- Others	<u>81,054,265</u>	<u>103,587,432</u>
	<u>148,400,436</u>	<u>148,632,022</u>
12.4 Other contingencies		
Claims against the Group not acknowledged as debts	<u>30,623,553</u>	<u>28,888,202</u>
<p>These mainly represent counter claims filed by borrowers for restricting the Bank from disposal of assets (such as mortgaged / pledged assets kept as security). Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Bank's favour and accordingly no provision has been made in this condensed interim consolidated financial information.</p>		
12.5 Commitments in respect of forward lending		
<p>The Group makes commitments to extend credit in the normal course of its business but none of these commitments are irrevocable and do not attract any significant penalty or expense if the facility is unilaterally withdrawn.</p>		
	September 30, 2016	December 31, 2015
	(Rupees in '000)	
12.6 Commitments in respect of forward foreign exchange contracts		
Purchase	111,517,338	155,889,749
Sale	113,193,830	156,605,356
12.7 Commitments in respect of forward Government Securities transactions		
Purchase	16,066,011	19,181,362
Sale	24,138,590	1,858,663
12.8 Commitments in respect of derivatives		
Cross currency swaps		
Purchase	1,042,800	1,918,607
Sale	1,046,214	1,909,263
Interest rate swaps		
Purchase	69,748	104,741
Sale	5,586,414	5,604,741
12.9 Commitments for capital expenditure	750,166	1,054,027

12.10 Taxation

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

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

	Note	For the nine months ended	
		September 30, 2016	September 30, 2015
		(Rupees in '000)	
		(Restated)	
13 MARK-UP / RETURN / PROFIT / INTEREST EARNED			
<i>On advances to:</i>			
- Customers		36,771,726	34,681,992
- Financial institutions		4,475	8,164
		<u>36,776,201</u>	<u>34,690,156</u>
<i>On investments in:</i>			
- Held-for-trading securities		2,259,584	2,868,465
- Held-to-maturity securities		14,658,690	9,650,384
- Available-for-sale securities		51,349,744	56,130,637
		<u>68,268,018</u>	<u>68,649,486</u>
On deposits with financial institutions		531,287	1,799,008
On lendings to financial institutions	14.1	<u>1,271,371</u>	<u>1,438,835</u>
		<u><u>106,846,877</u></u>	<u><u>106,577,485</u></u>
14 MARK-UP / RETURN / PROFIT / INTEREST EXPENSED			
<i>On:</i>			
Deposits		30,083,019	37,510,412
Securities sold under repurchase agreement borrowings		11,951,537	8,887,517
Other short term borrowings	14.1	<u>1,249,344</u>	<u>1,347,470</u>
Long term borrowings		1,333,471	678,851
		<u><u>44,617,371</u></u>	<u><u>48,424,250</u></u>
14.1	Intersegment mark-up earned / expensed amounting to Rs. 2,385.339 million has been eliminated in the comparative period.		
15 RELATED PARTY TRANSACTIONS			

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

Transactions with related parties, other than those under the terms of employment, are executed on an arm's length basis i.e. substantially on the same terms, including mark-up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than normal risk. Details of advances to related parties are given in note 7.7 to this condensed interim consolidated financial information.

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

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

	September 30, 2016 (Unaudited)			
	Parent Group Entities	Associates	Joint venture	Other related parties
Rs. in 000				
Statement of financial position				
Deposits	5,169,572	3,408,637	16,869	506,099
Maximum deposits during the period	9,593,529	6,378,540	217,386	591,097
Borrowings	378,261	-	1,778,489	-
Investments	-	21,592,467	1,868,326	-
Nostro balances	138,619	-	-	-
Mark-up receivable	14,481	2,507	-	-
Other receivable	-	138,398	-	-
Mark-up payable	11,099	4,775	5,495	-
Other payable	-	-	-	263,336
Others				
Other contingencies	285,558	46,514	-	-
Securities held as custodian	47,788,410	100,752,150	-	13,545,345

	For the nine months ended September 30, 2016 (Unaudited)			
	Parent Group Entities	Associates	Joint venture	Other related parties
Rs. in 000				
Profit and Loss Account				
Mark-up income	47,761	4,650	-	-
Share of profit	-	2,048,501	447,238	-
Fee and commission income	-	1,724,976	-	-
Mark-up expense	40,104	71,526	7,630	7,572
Other expense	-	349,466	-	609,549

	December 31, 2015 (Audited)			
	Parent Group Entities	Associates	Joint venture	Other related parties
Rs. in 000				
Statement of financial position				
Deposits	5,018,930	3,262,854	193,692	92,926
Maximum deposits during the year	5,018,930	5,003,911	193,692	250,352
Borrowings	-	-	-	-
Investments	-	17,453,484	1,608,874	-
Lendings to financial institutions	350,000	-	-	-
Nostro balances	128,540	-	-	-
Mark-up receivable	15,899	2,331	-	-
Other receivable	-	128,252	-	-
Mark-up payable	12,434	3,259	-	11
Other payable	-	-	-	1,026,380
Others				
Other contingencies	472,408	5,275	-	-
Securities held as custodian	13,679,505	33,261,760	-	4,513,760

	For the nine months ended September 30, 2015 (Unaudited)			
	Parent Group Entities	Associates	Joint venture	Other related parties
Rs. in 000				
Profit and Loss Account				
Mark-up income	55,314	31	-	-
Share of profit	-	2,106,826	216,124	-
Fee and commission income	-	1,695,154	-	-
Mark-up expense	106,286	235,337	152	10,586
Other expense	-	431,244	-	622,092

15.1 Key Management Personnel

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

	For the nine months ended	
	September 30, 2016	September 30, 2015
(Rupees in '000)		
Managerial remuneration (including allowances)	591,550	538,371
Contribution to provident and benevolent fund	12,032	11,840
Medical	18,122	17,251
	<u>621,704</u>	<u>567,462</u>
Number of persons	<u>24</u>	<u>26</u>
15.2 Non-executive directors' fees	<u>22,800</u>	<u>19,000</u>

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

	As at September 30, 2016 (Unaudited)			
	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----				
Financial Assets & Liabilities				
- Fully paid up ordinary shares	15,885,861	-	-	15,885,861
- NIT units	-	49,243	-	49,243
- Federal Government securities	-	988,556,703	-	988,556,703
- Overseas Government securities	-	2,382,203	-	2,382,203
- Debentures and corporate debt instruments	-	43,834,582	-	43,834,582
- Unrealised gain on forward foreign exchange contracts / derivative instruments	-	785,355	-	785,355
- Unrealised loss on forward foreign exchange contracts / derivative instruments	-	1,337,535	-	1,337,535
Non-Financial Assets				
Non-Banking Assets acquired in satisfaction of claims	-	1,999,535	-	1,999,535
	<u>15,885,861</u>	<u>1,038,945,156</u>	<u>-</u>	<u>1,054,831,017</u>
----- (Rupees in '000) -----				
	As at December 31, 2015 (Audited)			
	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----				
Financial Assets & Liabilities				
- Fully paid up Ordinary Shares	14,524,283	-	-	14,524,283
- NIT Units	-	42,555	-	42,555
- Federal Government Securities	-	963,389,692	-	963,389,692
- Overseas Government Securities	-	4,045,632	-	4,045,632
- Debentures and corporate debt instruments	-	33,455,817	-	33,455,817
- Unrealised gain on forward foreign exchange contracts / derivative instruments	-	606,745	-	606,745
- Unrealised loss on forward foreign exchange contracts / derivative instruments	-	929,999	-	929,999
Non-Financial Assets				
Non-Banking Assets acquired in satisfaction of claims	-	-	-	-
	<u>14,524,283</u>	<u>1,002,470,440</u>	<u>-</u>	<u>1,016,994,723</u>

All assets and liabilities for which fair value is recognised in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

Valuation techniques used in determination of fair values within level 2

Federal Government securities	The fair values of Federal Government securities are determined on the basis of rates / prices sourced from Reuters.
Debentures and corporate debt instruments	Investment in debt securities denominated in PKR (comprising term finance certificates and sukuk certificates) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP). Investments in debt securities in other currencies are revalued on the basis of rates taken from Bloomberg / Reuters.
Units of mutual funds	The fair values of investments in units of mutual funds are determined based on their net asset values published at the close of each business day.
Overseas Government securities	The fair values of overseas Government securities are determined on the basis of rates taken from Reuters / Bloomberg.
Derivatives	The Group enters into derivatives contracts with various counterparties. Derivatives that are valued using valuation techniques with market observable inputs are mainly interest rate swaps, cross currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations.
Non-banking assets acquired in satisfaction of claims	These assets are revalued on a periodic basis by professional valuers. The valuation is based on their assessment of the market values of the properties.

17. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	For the nine months ended September 30, 2016 (Unaudited)					Total
	Branch banking	Corporate banking	Treasury	International	Head Office / others	
	------(Rupees in million)-----					
Net mark-up income - external	(6,795)	13,220	48,523	7,127	155	62,230
Intersegment revenue / (expense) - net	38,623	(8,460)	(33,478)	-	3,315	-
Non-funded income	8,394	2,272	3,603	5,225	2,685	22,179
Total income	40,222	7,032	18,648	12,352	6,155	84,409
Total expenses including provision	17,978	169	589	9,044	13,135	40,915
Intersegment administrative cost	8,618	1,231	236	904	(10,989)	-
Total expenses including provision	26,596	1,400	825	9,948	2,146	40,915
Profit before tax	13,626	5,632	17,823	2,404	4,009	43,494
Segment return on asset %	0.85%	3.18%	4.49%	0.53%	1.35%	-
Segment cost of funds %	2.97%	4.66%	5.40%	1.03%	0.01%	-

	As at September 30, 2016 (Unaudited)					Total
	Branch banking	Corporate banking	Treasury	International	Head Office / others	
	------(Rupees in million)-----					
Segment assets (gross of provision)	379,434	384,008	1,196,635	415,331	78,323	2,453,731
Segment non-performing advances	9,027	44,985	-	23,026	210	77,248
Segment provision held including general provision	6,475	43,266	285	19,917	856	70,799
Intersegment assets / (liabilities)	1,015,434	(207,966)	(851,467)	(18,283)	62,282	-
Segment liabilities and equity	1,388,393	132,776	344,883	377,131	139,749	2,382,932

	For the nine months ended September 30, 2015 (Unaudited) - restated					Total
	Branch banking	Corporate banking	Treasury	International	Head Office / others	
	------(Rupees in million)-----					
Net mark-up income - external	(15,014)	14,428	52,912	6,430	(603)	58,153
Intersegment revenue / (expense) - net	45,931	(10,160)	(42,050)	-	6,279	-
Non-funded income	7,749	2,354	10,370	5,229	2,358	28,060
Total income	38,666	6,622	21,232	11,659	8,034	86,213
Total expenses including provision	16,150	1,465	265	8,742	12,466	39,088
Intersegment administrative cost	8,236	1,177	226	864	(10,503)	-
Total expenses including provision	24,386	2,642	491	9,606	1,963	39,088
Profit before tax	14,280	3,980	20,741	2,053	6,071	47,125
Segment return on asset %	1.05%	2.33%	6.12%	0.44%	1.38%	-
Segment cost of funds %	4.75%	5.93%	6.90%	1.41%	0.00%	-

	As at December 31, 2015 (Audited)					Total
	Branch banking	Corporate banking	Treasury	International	Head Office / others	
	------(Rupees in million)-----					
Segment assets (gross of provision)	305,318	362,136	1,139,132	412,480	69,613	2,288,679
Segment non-performing advances	8,290	46,462	-	21,935	105	76,792
Segment provision held including general provision	6,587	44,259	72	18,874	464	70,256
Intersegment assets / (liabilities)	979,320	(148,415)	(845,715)	(14,366)	29,176	-
Segment liabilities and equity	1,278,051	169,463	293,344	379,240	98,325	2,218,423

18 ISLAMIC BANKING BUSINESS

The Statement of Financial Position and Profit and Loss Account of the Islamic Banking Business is disclosed in note 18 to the condensed interim unconsolidated financial information for the nine months ended September 30, 2016.

19 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors, in its meeting held on October 20, 2016 has declared a cash dividend in respect of the quarter ended September 30, 2016 of Rs. 3.50 per share (2015: Rs. 3.50 per share). This condensed interim consolidated financial information does not include the effect of these appropriations which will be accounted for subsequent to the period end.

20 GENERAL

Comparative figures have been re-arranged and reclassified for comparison purposes. There are no material reclassifications to report other than as disclosed in this condensed interim consolidated financial information.

21 DATE OF AUTHORISATION FOR ISSUE

This condensed interim consolidated financial information was authorised for issue in the Board of Directors meeting held on October 20, 2016.



Condensed
Interim
Unconsolidated
Financial
Information

HBL

Directors' Review

On behalf of the Board of Directors, I am pleased to present the condensed interim unconsolidated financial information for the nine months ended September 30, 2016.

Domestic Economy

Pakistan's economic performance has remained largely positive with a continuing trend of stability. Industrial activity improved during the first month of the current fiscal year, as Large Scale Manufacturing posted a growth of 2.6%. The latest Consumer Confidence Survey shows a major rise in consumer confidence and expectations of further improvements in the economy. Inflation is on an uptick as headline inflation rose to 3.9% in September, averaging 3.9% for Q1 FY17 compared to 1.7% in Q1 FY16. Average inflation is forecast by the SBP to range from 4.5 – 5.5% during FY17.

During the first two months of FY17, the trade deficit increased by 13%, as exports declined by 8% mainly due to slowdown in textile exports, while imports grew by 2%, driven by a 19% rise in machinery imports. Remittances dropped slightly, by 3%, as a result of which the current account deficit nearly doubled over the same period last year. Foreign exchange reserves increased to USD 23.6 billion on account of inflows from bilateral and multilateral partners and a further increase is expected with USD 1 billion from the latest Sukuk issue. Consequently, the Rupee has continued its extended period of stability.

Pakistan achieved a landmark with the successful completion of the IMF's Extended Fund Facility (EFF) program in September and the disbursement of the final tranche of USD 102 million. The IMF will provide post-program monitoring along with technical assistance to ensure that economic reforms made under the EFF become embedded. The recent successful Sukuk issue reflects continued improvement in investor confidence. The stock market has extended its rally, as inclusion in the MSCI emerging market index and strong foreign interest in the PSX divestment have pushed the index beyond the 41,000 mark.

In its September Monetary Policy review, the SBP kept its policy rate unchanged at 5.75%, citing concerns on the external account and rising inflationary pressures driven by increased industrial activity. Banking sector advances declined slightly during the quarter in line with seasonal trends, increasing 5% over December 2015. Market deposits continued to grow during the quarter, reaching a record Rs 10.5 trillion, a growth of 9% over December. The significant market event during the quarter was the maturity of Rs 1.5 trillion of PIBs, as a result of which banking sector spreads are expected to hit a new low.

Performance

HBL has delivered an unconsolidated profit after tax of Rs 24.0 billion for the first nine months of 2016, lower than the Rs 27.1 billion achieved for the corresponding period in 2015. Earnings per share for the first nine months of 2016 were Rs 16.37 compared to Rs 18.48 in the comparable period of 2015. Pre-tax profit for the first three quarters of 2016 is Rs 40.7 billion, 10% lower than for the same period of 2015. The 2015 results included exceptional capital gains, mainly due to re-profiling of the PIB portfolio, which were not expected to be repeated. Excluding the impact of capital gains, pre-tax profit is 8.4% higher than for the first nine months of 2015, while profit after tax is 8.4% greater than for the same period.

HBL's balance sheet has grown by 7% over December 2015 to reach Rs 2.3 trillion. Total deposits increased by 5% and the domestic deposit mix continued to improve, as the ratio of current accounts rose from 34.4% in December 2015 to 35.6% in September 2016, and CASA improved from 85.6% to 89.0% over the same period. Average domestic current accounts for the first nine months of 2016 increased by 20% over the same period of 2015, enabling HBL to reduce its cost of domestic deposits. Average domestic loans grew by 9% with all business segments registering increases. With average PIB volumes also rising, the decline in asset yields was restricted, enabling the Bank to contain the compression in its net interest margin despite a significantly lower interest rate environment. With a 16% growth in the average balance sheet, net interest income for the nine months ended September 30, 2016 increased by 6% to Rs 60.4 billion.

Non mark-up income, excluding capital gains, increased by 3.3% compared to the first nine months of 2015. Fees and Commissions continued their growth trajectory, increasing by 14% to Rs 12.6 billion. The increase was primarily driven by higher fees from investment banking and general banking operations while Bancassurance and trade related fees remain a significant component of the fee base.

Administrative expenses rose by 8% compared to the first nine months of 2015, despite the full impact of increase in the branch network and certain one-off costs, with the cost/income ratio at 46.0%. During the current quarter, the Bank realized recoveries in its overseas business. Consequently, overall provisions reduced by 58% compared to the first nine months of 2015. The coverage ratio improved by 70 bps over the previous quarter to return to 92% as at September 30, 2016.

Movement of Reserves

Rupees in million

Unappropriated profit brought forward	89,934
Profit attributable to equity holders of the Bank	24,010
Transferred from surplus on revaluation of fixed assets – net of tax	25
	24,035
Appropriations	
Transferred to statutory reserves	(2,401)
Cash dividend – Final 2015	(5,134)
Cash dividend – 1st Interim 2016	(5,134)
Cash dividend – 2nd Interim 2016	(5,134)
	(17,803)
Unappropriated profit carried forward	96,166
Earnings per share (Rs)	16.37

Capital Ratios

The consolidated Capital Adequacy Ratio (CAR) as at September 30, 2016 was 15.6% with the Tier 1 CAR at 12.5%. The capital ratios remain strong and well above required levels.

Dividend

The Board of Directors, in its meeting held on October 20, 2016 has declared an interim cash dividend of Rs 3.50 per share (35%) for the quarter ended September 30, 2016.

Future Outlook

The economy has remained on track with a supportive macroeconomic environment and external account stability. With projects along the China Pakistan Economic Corridor (CPEC) now gathering momentum, industrial activity, especially in the energy and transport sectors is expected to accelerate and there is a general consensus from multilaterals that GDP growth will cross the 5% mark in FY17. Improving security and reduction in power shortages should lead to increased investor interest and a much needed pickup in private sector credit offtake.

However, uncertainty about the direction of oil prices in a subdued global environment, along with significant political changes in the US and Europe will lead to testing times in the near term. It therefore becomes even more critical for the government to continue with structural reforms initiated under the EFF program, particularly tax reform. A widening current account deficit, brought about by falling exports, but no longer alleviated by strong remittance growth poses risks to the extended period of external account stability and could pressure the currency. Single minded focus and effective implementation will be key to ramping up CPEC related projects and continue the growth trajectory.

In a challenging environment with continued spread compression, HBL has delivered strong results. With growing liquidity and capital, the Bank is well positioned to leverage opportunities in the improving economic conditions. HBL is committed to delivering new and innovative products as demonstrated by its recent launch of Pakistan's first biometrically enabled mobile banking app. As the country's largest commercial bank, HBL is focused on continuously raising its service levels to provide greater customer convenience.

Appreciation and Acknowledgement

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

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

On behalf of the Board

Nauman K. Dar

President & Chief Executive Officer

October 20, 2016

ایچ بی ایل نے سال 2016 کے پہلے نو ماہ کے دوران 24 ارب روپے کا غیر مجموعی بعد از محصول منافع حاصل کیا جبکہ سال 2015 میں اسی عرصے کے مقابلے میں قدرے کمی سے 27.1 ارب روپے کا بعد از محصول منافع حاصل ہوا تھا۔ سال 2016 کے پہلے نو ماہ میں فی حصص آمدن 16.37 روپے رہی جو سال 2015 میں اسی مدت کے دوران 18.48 روپے تھی۔ سال 2016 کے ابتدائی تین سہ ماہیوں میں قبل از محصول منافع 40.7 ارب روپے رہا جو سال 2015 میں اسی مدت کے مقابلے میں 10 فیصد کم ہے۔ سال 2015 کے نتائج میں غیر معمولی کیپٹل گین شامل تھا جس کی بڑی وجہ PIB پورٹ فولیو کی ری پروفائلنگ تھی اور اسے دہرائے جانے کی توقع نہیں تھی۔ کیپٹل گین کے اثر کو منہا کرنے سے سال 2015 کے پہلے نو ماہ کے مقابلے میں قبل از محصول منافع 8.4 فیصد زائد ہے جبکہ اسی مدت کے مقابلے میں بعد از محصول منافع بھی 8.4 فیصد زائد ہے۔

ایچ بی ایل کی بیئلس شیٹ گزشتہ سال دسمبر 2015 کے مقابلے میں 7 فیصد اضافے سے 2.3 کھرب روپے ہو گئی ہے۔ مجموعی ڈیپازٹس میں 5 فیصد اضافہ ہوا اور مقامی ڈیپازٹس مکس بھی بہتری جاری رہی جس کے باعث کرنٹ اکاؤنٹس کی شرح دسمبر 2015 میں 34.4 فیصد سے بڑھ کر ستمبر 2016 میں 35.6 فیصد ہو گئی۔ اسی مدت کے مقابلے میں کرنٹ اکاؤنٹ سیورگٹ اکاؤنٹ (CASA) 85.6 فیصد سے بڑھ کر 89.0 فیصد ہو گئے۔ سال 2016 کے پہلے نو ماہ کے دوران اوسط مقامی کرنٹ اکاؤنٹس میں سال 2015 میں اسی مدت کے مقابلے میں 20 فیصد اضافہ ہوا جس سے ایچ بی ایل اپنے مقامی ڈیپازٹس کی لاگت میں کمی لانے کے قابل ہوا۔ تمام کاروباری شعبوں میں اضافے کے سبب اوسط مقامی قرضوں میں 9 فیصد اضافہ ہوا۔ اوسط PIB حجم میں اضافے کے سبب اثاثوں کی آمدن میں کمی محدود رہی جس سے بینک نمایاں طور پر کم شرح مارک اپ ماحول کے باوجود خالص مارک اپ مارجن کے دباؤ کو روکنے کے قابل ہو گیا۔ اوسط بیئلس شیٹ میں 16 فیصد اضافے کے ساتھ خالص مارک اپ آمدن 30 ستمبر 2016 کو اختتام پذیر ہونے والے پہلے نو ماہ میں 6 فیصد اضافے سے 60.4 ارب روپے ہو گئی۔

کیپٹل گین کو منہا کر کے غیر مارک اپ آمدن میں سال 2015 کے پہلے نو ماہ کے مقابلے میں 3.3 فیصد اضافہ ہوا۔ فیس اور کمیشن کے حصول میں بھی بہتری کا سلسلہ جاری رہا اور اس مد میں آمدن 14 فیصد اضافے سے 12.6 ارب ہو گئی۔ اس اضافے کی وجہ بنیادی طور پر انویسٹمنٹ بینکنگ اور جرنل بینکنگ آپریشنز سے زیادہ فیسوں کی وصولی جبکہ بنگا اشورنس اور تجارت سے متعلق فیس بھی فیس آمدن کا اہم جز ہیں۔

برانچ نیٹ ورک میں اضافے کے مکمل اثرات اور اسی مدت میں وقوع پذیر اخراجات کے باوجود انتظامی اخراجات سال 2015 کے پہلے نو ماہ کے مقابلے میں 8 فیصد زائد رہے جس کے ساتھ لاگت آمدن کی شرح 46.0 فیصد رہی۔ موجودہ سہ ماہی کے دوران بینک نے سمندر پار کاروبار میں وصولیاں کیں۔ اس کے نتیجے میں سال 2015 کے پہلے 9 ماہ کے مقابلے میں مجموعی طور پر پروڈیون میں 58 فیصد کمی آئی۔ کوریج کی شرح میں 70bps کی بہتری کے ساتھ اور گزشتہ سہ ماہی کے مقابلے میں 30 ستمبر 2016 کو 92 فیصد رہی۔

ڈائریکٹرز کا جائزہ

بورڈ آف ڈائریکٹرز کی جانب سے میں انتہائی مسرت سے 30 ستمبر 2016 کو اختتام پذیر ہونے والے پہلے 9 ماہ کے دوران کے مختصر عبوری غیر مجموعی مالیاتی اعداد و شمار پیش کرتا ہوں۔

ملکی معیشت

پاکستان کی معاشی کارکردگی مسلسل مستحکم رجحان کے ساتھ بڑی حد تک مثبت رہی۔ رواں مالی سال کے پہلے ماہ کے دوران صنعتی ترقی میں بہتری آئی اور بڑے پیمانے کی تیاری میں 2.6 فیصد اضافہ ہوا۔ تازہ ترین سروے سے صارف کے اعتماد میں بڑا اضافہ ظاہر ہوتا ہے اور معیشت میں مزید بہتری کی توقعات ہیں۔ افراتر میں اضافہ ہوا جو ستمبر میں 3.9 فیصد تک بڑھ گیا جو مالی سال 2016 کی پہلی سہ ماہی میں 1.7 فیصد کے مقابلے میں مالی سال 2017 کی پہلی سہ ماہی میں اوسط 3.9 فیصد رہی۔ اسٹیٹ بینک کی جانب سے مالی سال 2017 کے دوران اوسط افراتر 4.5 فیصد سے 5.5 فیصد رہنے کی پیشگوئی کی گئی ہے۔

مالی سال 2017 کے پہلے دو ماہ کے دوران تجارتی خسارہ 13 فیصد بڑھ گیا جبکہ برآمدات میں 8 فیصد کمی آئی جس کی بڑی وجہ ٹیکسٹائل برآمدات میں کمی ہے جبکہ درآمدات 2 فیصد بڑھ گئیں جس کی بڑی وجہ مشینری درآمدات میں 19 فیصد اضافہ ہے۔ ترسیلات زر میں 3 فیصد کمی معمولی کمی آئی جس کے نتیجے میں کرنٹ اکاؤنٹ کا خسارہ گزشتہ سال اسی عرصے کے مقابلے میں تقریباً دو گنا ہو گیا۔ باہمی اور مختلف شراکت داروں کی جانب سے رقوم کی فراہمی کے باعث غیر ملکی زر مبادلہ کے ذخائر بڑھ کر 23.6 ارب ڈالر ہو گئے۔ حالیہ سیکورٹ کے اجراء سے اس میں مزید ایک ارب ڈالر اضافے کی توقع ہے۔ اس کے نتیجے میں روپے کا استحکام جاری ہے۔

پاکستان نے ستمبر میں آئی ایم ایف کے توسیعی فنڈ سہولت پروگرام کی کامیابی سے تکمیل اور 102 ملین ڈالر کی آخری قسط کی ادائیگی کے ساتھ تاریخ ساز کامیابی حاصل کی۔ آئی ایم ایف توسیعی فنڈ سہولت کے تحت تکنیکی معاونت کے ساتھ پوسٹ پروگرام مانیٹرنگ فراہم کرے گا تاکہ اس کے تحت متعارف کرائی گئی معاشی اصلاحات پر عمل درآمد کو یقینی بنایا جاسکے۔ حال ہی میں سیکورٹ کے کامیاب اجراء سے سرمایہ کار کے اعتماد میں مسلسل بہتری کا ثبوت ہے۔ اسٹاک مارکیٹ ایم ایس سی آئی ایمر جنٹ مارکیٹ انڈیکس میں شمولیت سے بلندی پر پہنچ چکی ہے اور پاکستان اسٹاک ایکسچینج کی سرمایہ کاری میں بھرپور غیر ملکی سرمایہ کاروں کی دلچسپی سے انڈیکس 41 ہزار پوائنٹس سے تجاوز کر چکا ہے۔

اپنے ستمبر کے مالیاتی پالیسی کے جائزے میں اسٹیٹ بینک نے پالیسی ریٹ 5.75 فیصد پر برقرار رکھا جس کی وجہ سے صنعتی سرگرمیوں میں اضافہ کے سبب افراتر میں مزید نمو، زرخا اور بیرونی اکاؤنٹ میں تشویش کی لہر دوڑ گئی ہے۔ اس سہ ماہی کے دوران وقتی رجحانات کے سبب بینکنگ سیکٹر کے قرضہ جات میں معمولی کمی آئی تاہم دسمبر 2015 کے مقابلے میں 5 فیصد اضافہ ہوا۔ اس سہ ماہی میں مارکیٹ ڈیپازٹس میں اضافہ جاری رہا اور یہ 10.5 کھرب روپے کی ریکارڈ سطح پر پہنچ گیا ہے جو دسمبر کے مقابلے میں 9 فیصد زائد ہے۔ اس سہ ماہی کے دوران مارکیٹ میں نمایاں تبدیلی یہ ہوئی کہ 1.5 کھرب روپے کے PIB کی پیچورٹی ہوئی۔ اس کے نتیجے میں بینکنگ سیکٹر کے منافع میں ریکارڈ کمی آنے کی توقع ہے۔

ملکی معیشت میکرو اکنامک معاون ماحول اور مستحکم بیرونی اکاؤنٹ کے ساتھ اپنے راستے پر گامزن ہے۔ چین پاکستان اکنامک کورڈور اور منسلک منصوبوں کی رفتار میں اضافہ ہوا ہے، صنعتی سرگرمی بالخصوص توانائی اور ٹرانسپورٹ سیکٹر میں اضافے کی توقع ہے اور مختلف شراکت داروں کی طرف سے اس بات پر عمومی اتفاق ہے کہ مالی سال 2017 میں مجموعی ملکی پیداوار 5 فیصد سے تجاوز کر جائے گی۔ امن وامان کی بہتر صورت حال اور لوڈ شیڈنگ میں کمی سے سرمایہ کار کو مزید راغب کرے گی جس سے نجی شعبہ مزید قرض لینے کی جانب متوجہ ہوگا۔

تاہم، تیل کی قیمتوں سے متعلق عالمی ماحول میں غیر یقینی کے ساتھ امریکہ اور یورپ میں اہم سیاسی تبدیلیوں کے باعث مستقبل قریب میں مشکل وقت رہے گا۔ اس لئے یہ حکومت کے لئے بھی مزید اہم ہے کہ توسیعی فنڈ سہولت (ای ایف ایف) کے تحت بنیادی اصلاحات بالخصوص محصولات کی اصلاحات کا آغاز جاری رکھے۔ بڑھتے ہوئے کرنٹ اکاؤنٹ خسارے، برآمدات میں کمی آنا اور مستحکم تر سیل زر کی رفتار میں اضافہ نہ آنے سے بیرونی اکاؤنٹ کے استحکام کے توسیعی دورانے کو خطرات لاحق ہیں اور کرنسی پر دباؤ لاسکتے ہیں۔ سی پیک سے متعلق پروجیکٹس میں تیزی لانے اور ترقی کا سلسلہ جاری رکھنے کے لئے صرف اسی کام پر مکمل توجہ اور موثر عمل درآمد اہم ہوگا۔

دشوار گزار ماحول میں مستقل دباؤ کے ساتھ ایچ بی ایل نے مستحکم نتائج کا اعلان کیا ہے۔ بڑھتے ہوئے مارکیٹ سرمائے اور بنیادی سرمائے کے ساتھ بینک بہتر معاشی حالات میں ترقی کے مواقع سے نمایاں طور پر فائدہ اٹھانے کے لئے تیار ہے۔ ایچ بی ایل نئی اور جدید خدمات کی فراہمی کے لئے پرعزم ہے جس کا اظہار اس کی حال ہی میں متعارف کرائی گئی پاکستان کی پہلی بائیو میٹرک موبائل اپلیکیشن سے ہوتا ہے۔ ملک کے سب سے بڑے کمرشل بینک کے طور پر ایچ بی ایل اپنی خدمت کے معیار کو مسلسل بڑھانے پر توجہ دیتا ہے تاکہ صارفین کو پھیلنے سے بہتر سہولت میسر آئے۔

اعتراف و ستائش

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

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

منجانب یورڈ

نعمان کے ڈار

پریذیڈنٹ اور چیف ایگزیکٹو آفیسر

20 اکتوبر، 2016

ریزروز کی تفصیلات

ملین (روپے)

89,934

24,010

25

24,035

(2,401)

(5,134)

(5,134)

(5,134)

(17,803)

96,166

16.37

افتتاحی غیر تخصیص شدہ منافع

بینک کے حصص یافتگان سے قابل منسوب منافع
پائیدار اثاثوں کے از سر نو تخمینے پر اضافی آمدن۔ محصول کے بعد

مختلف مدوں میں رکھی گئی رقوم

غیر منقولہ ریزروز کی منتقلی

کیش ڈیویڈنڈ۔ فائنل 2015

کیش ڈیویڈنڈ۔ پہلا عبوری 2016

کیش ڈیویڈنڈ۔ دوسرا عبوری 2016

اختتامی غیر تخصیص شدہ منافع

فی حصص آمدن (روپے)

کیپٹل ریٹوز

غیر مجموعی کیپٹل ایڈوکیسی ریٹو (CAR) 30 ستمبر 2016 کو 15.6 فیصد رہا جس کے ساتھ ٹیئر ون کیپٹل ایڈوکیسی ریٹو (Tier 1 CAR) 12.5 فیصد رہا۔ کیپٹل ریٹوز بدستور مستحکم اور مطلوبہ سطح سے کافی بلند ہیں۔

ڈیویڈنڈ

بورڈ آف ڈائریکٹرز نے 20 اکتوبر 2016 کو منعقد ہونے والے اجلاس میں 30 ستمبر 2016 کو ختم ہونے والی سہ ماہی کے لئے 3.50 روپے فی حصص (35 فیصد) عبوری کیش ڈیویڈنڈ کا اعلان کیا ہے۔



Condensed Interim Unconsolidated Statement of Financial Position

As at September 30, 2016

Note	(Unaudited) September 30, 2016	(Audited) December 31, 2015
------	--------------------------------------	-----------------------------------

(Rupees in '000)

ASSETS

Cash and balances with treasury banks		183,922,641	154,303,383
Balances with other banks		30,678,089	29,428,453
Lendings to financial institutions		12,626,328	18,381,633
Investments	6	1,324,742,664	1,236,415,887
Advances	7	639,297,964	605,636,271
Operating fixed assets	8	30,453,457	28,938,259
Deferred tax asset		-	-
Other assets		54,266,249	51,795,622
		<u>2,275,987,392</u>	<u>2,124,899,508</u>

LIABILITIES

Bills payable		25,823,760	27,942,101
Borrowings	9	374,313,215	314,485,132
Deposits and other accounts	10	1,632,191,685	1,558,310,675
Subordinated loans		9,998,000	10,000,000
Liabilities against assets subject to finance lease		-	-
Deferred tax liability		3,925,069	2,214,422
Other liabilities		45,939,338	40,095,528
		<u>2,092,191,067</u>	<u>1,953,047,858</u>

NET ASSETS

REPRESENTED BY:

Shareholders' equity

Share capital		14,668,525	14,668,525
Reserves		47,055,125	44,553,993
Unappropriated profit		96,166,112	89,933,889
		<u>157,889,762</u>	<u>149,156,407</u>
Surplus on revaluation of assets - net of deferred tax	11	25,906,563	22,695,243
		<u>183,796,325</u>	<u>171,851,650</u>

CONTINGENCIES AND COMMITMENTS

12

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

Nauman K. Dar
President and Chief Executive Officer

Moez Ahamed Jamal
Director

Agha Sher Shah
Director

Shaffiq Dharamshi
Director

Condensed Interim Unconsolidated Profit and Loss Account (Unaudited)

For the nine months ended September 30, 2016

	Note	January 01 to September 30, 2016	January 01 to September 30, 2015	July 01 to September 30, 2016	July 01 to September 30, 2015
------(Rupees in '000)-----					
Mark-up / return / profit / interest earned	13	104,595,448	105,274,830	35,081,947	34,510,012
Mark-up / return / profit / interest expensed	14	44,168,503	48,161,269	15,111,173	15,593,624
Net mark-up / profit / interest income		60,426,945	57,113,561	19,970,774	18,916,388
Provision / (reversal) against advances	7.3	899,387	2,451,742	(305,916)	969,779
(Reversal) / provision against off-balance sheet obligations		(15,519)	23,665	4,691	(20,165)
Provision / (reversal) for diminution in the value of investments	6.2	253,140	161,231	(11,524)	52,558
Bad debts written off directly		-	-	-	-
		1,137,008	2,636,638	(312,749)	1,002,172
Net mark-up / profit / interest income after provisions		59,289,937	54,476,923	20,283,523	17,914,216
Non mark-up / interest income					
Fee, commission and brokerage income		12,587,710	11,081,884	3,980,973	3,371,395
Dividend income		1,325,385	1,614,761	381,872	323,656
Income from dealing in foreign currencies		738,134	1,403,240	210,767	400,163
Gain on sale of securities - net		3,260,671	10,564,023	1,512,463	5,235,994
Unrealized (loss) / gain on held-for-trading securities		(19,699)	65,234	(43,816)	67,592
Other income		550,378	615,237	187,762	302,152
Total non mark-up / interest income		18,442,579	25,344,379	6,230,021	9,700,952
		77,732,516	79,821,302	26,513,544	27,615,168
Non mark-up / interest expense					
Administrative expenses		36,168,750	33,441,874	12,424,264	11,575,086
Other provisions / write offs - net		77,478	248,018	19,353	11,843
Other charges		817	52,004	330	21,559
Workers' Welfare Fund		832,172	927,435	280,628	322,342
Total non mark-up / interest expenses		37,079,217	34,669,331	12,724,575	11,930,830
Profit before taxation		40,653,299	45,151,971	13,788,969	15,684,338
Taxation					
- Current		14,085,419	15,227,299	4,776,775	5,504,406
- Prior		2,318,915	2,010,000	-	-
- Deferred		238,802	807,201	135,372	(14,024)
Profit after taxation		16,643,136	18,044,500	4,912,147	5,490,382
		24,010,163	27,107,471	8,876,822	10,193,956
------(Rupees)-----					
Basic and diluted earnings per share		16.37	18.48	6.05	6.95

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

Condensed Interim Unconsolidated Statement of Comprehensive Income (Unaudited)

For the nine months ended September 30, 2016

	January 01 to September 30, 2016	January 01 to September 30, 2015	July 01 to September 30, 2016	July 01 to September 30, 2015
----- (Rupees in '000) -----				
Profit after taxation for the period	24,010,163	27,107,471	8,876,822	10,193,956
Other comprehensive income / (loss)				
<i>Items that may be reclassified to profit and loss account in subsequent periods:</i>				
Effect of translation of net investment in foreign branches	100,116	(130,681)	(164,640)	263,385
<i>Items that are not to be reclassified to profit and loss account in subsequent periods:</i>				
Remeasurement gain on defined benefit obligations- net	-	21,686	-	-
Comprehensive income transferred to equity	24,110,279	26,998,476	8,712,182	10,457,341
Components of comprehensive income / (loss) not reflected in equity				
<i>Items that may be reclassified to profit and loss account in subsequent periods:</i>				
Movement in surplus / (deficit) on revaluation of investments - net of tax	2,734,996	2,026,909	(2,387,909)	(1,810,042)
<i>Items that are not to be reclassified to profit and loss account in subsequent periods:</i>				
Movement in surplus / (deficit) on revaluation of operating fixed assets - net of tax	1,772	-	1,772	-
Transferred from surplus on revaluation of non-banking assets	262,797	-	-	-
	264,569	-	1,772	-
Movement in surplus / (deficit) on revaluation of non-banking assets - net of tax	499,580	-	-	-
Transferred to surplus on revaluation of operating fixed assets	(262,797)	-	-	-
	236,783	-	-	-
	27,346,627	29,025,385	6,326,045	8,647,299

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

Condensed Interim Unconsolidated Statement of Changes in Equity (Unaudited)

For the nine months ended September 30, 2016

	Share capital	Exchange translation reserve	Reserves				Total
			Capital		Revenue		
			Statutory reserve	Non-distributable capital reserve	General reserve	Unappropriated profit	
(Rupees in '000)							
Balance as at December 31, 2014	14,668,525	11,288,105	23,343,016	-	6,073,812	81,707,742	137,081,200
Comprehensive income for the period	-	-	-	-	-	27,107,471	27,107,471
Profit after taxation for the nine months ended September 30, 2015	-	-	-	-	-	-	-
Other comprehensive income / (loss)	-	(130,681)	-	-	-	-	(130,681)
- Effect of translation of net investment in foreign branches	-	(130,681)	-	-	-	21,686	21,686
- Remeasurement gain on defined benefit obligations- net	-	-	-	-	-	27,129,157	27,129,157
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-
Final cash dividend declared at Rs. 5.5 per share subsequent to the year ended December 31, 2014	-	-	-	-	-	(8,067,689)	(8,067,689)
1st interim cash dividend declared at Rs. 3.5 per share	-	-	-	-	-	(5,133,984)	(5,133,984)
2nd Interim cash dividend declared at Rs. 3.5 per share	-	-	-	-	-	(5,133,984)	(5,133,984)
	-	-	-	-	-	(18,335,657)	(18,335,657)
Gain on bargain purchase on acquisition of Barclays PLC	-	-	-	547,115	-	-	547,115
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	45,590	45,590
Transferred to statutory reserve	-	-	2,710,747	-	-	(2,710,747)	-
Balance as at September 30, 2015	14,668,525	11,157,424	26,053,763	547,115	6,073,812	87,836,085	146,336,724
Comprehensive income for the period	-	-	-	-	-	8,362,987	8,362,987
Profit after taxation for the three months ended December 31, 2015	-	-	-	-	-	-	-
Other comprehensive income / (loss)	-	(114,420)	-	-	-	-	(114,420)
- Effect of translation of net investment in foreign branches	-	(114,420)	-	-	-	(303,246)	(303,246)
- Remeasurement loss on defined benefit obligations- net	-	-	-	-	-	8,059,741	7,945,321
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-
3rd interim cash dividend declared at Rs. 3.5 per share	-	-	-	-	-	(5,133,984)	(5,133,984)
	-	-	-	-	-	(5,133,984)	(5,133,984)
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	8,346	8,346
Transferred to statutory reserve	-	-	836,299	-	-	(836,299)	-
Balance as at December 31, 2015	14,668,525	11,043,004	26,890,062	547,115	6,073,812	89,933,889	149,156,407
Comprehensive income for the period	-	-	-	-	-	24,010,163	24,010,163
Profit after taxation for the nine months ended September 30, 2016	-	-	-	-	-	-	-
Other comprehensive income/ (loss)	-	100,116	-	-	-	-	100,116
- Effect of translation of net investment in foreign branches	-	100,116	-	-	-	24,010,163	24,110,279
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-
Final cash dividend declared at Rs. 3.5 per share subsequent to the year ended December 31, 2015	-	-	-	-	-	(5,133,984)	(5,133,984)
1st interim cash dividend declared at Rs. 3.5 per share	-	-	-	-	-	(5,133,984)	(5,133,984)
2nd interim cash dividend declared at Rs. 3.5 per share	-	-	-	-	-	(5,133,984)	(5,133,984)
	-	-	-	-	-	(15,401,952)	(15,401,952)
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	25,028	25,028
Transferred to statutory reserve	-	-	2,401,016	-	-	(2,401,016)	-
Balance as at September 30, 2016	14,668,525	11,143,120	29,291,078	547,115	6,073,812	96,166,112	157,889,762

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

Nauman K. Dar
President and Chief Executive Officer

Moez Ahamed Jamal
Director

Agha Sher Shah
Director

Shaffiq Dharamshi
Director



Condensed Interim Unconsolidated Cash Flow Statement (Unaudited)

For the nine months ended September 30, 2016

	September 30, 2016	September 30, 2015
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	40,653,299	45,151,971
Dividend income	(1,325,385)	(1,614,761)
	<u>39,327,914</u>	<u>43,537,210</u>
Adjustment for:		
Depreciation	2,148,101	1,824,458
Amortisation	339,297	392,308
Provision for diminution in the value of investments	253,140	161,231
Provision against advances	899,387	2,451,742
(Reversal) / provision against off-balance sheet obligations	(15,519)	23,665
Other provisions / write offs - net	77,478	248,018
Unrealised loss / (gain) on held-for-trading securities	19,699	(65,234)
Gain on sale of operating fixed assets - net	(50,195)	(22,764)
Workers' Welfare Fund	832,172	927,435
	<u>4,503,560</u>	<u>5,940,859</u>
	43,831,474	49,478,069
(Increase) / decrease in operating assets		
Lending to financial institutions	5,755,305	(8,505,728)
Investments in held-for-trading securities	(30,382,308)	(19,478,861)
Advances	(34,561,080)	8,662,194
Other assets	(1,397,628)	24,422,490
	<u>(60,585,711)</u>	<u>5,100,095</u>
Increase / (decrease) in operating liabilities		
Bills payable	(2,118,341)	284,711
Borrowings	59,828,083	155,515,524
Deposits and other accounts	73,881,010	(1,587,122)
Other liabilities	3,073,748	2,901,913
	<u>134,664,500</u>	<u>157,115,026</u>
	117,910,263	211,693,190
Income tax paid	(17,097,135)	(16,247,605)
Net cash inflows from operating activities	<u>100,813,128</u>	<u>195,445,585</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	7,291,219	(119,371,181)
Net investments in held-to-maturity securities	(58,307,601)	(76,768,036)
Investment in subsidiaries	(2,000,000)	(6,021,240)
Investment in associates	(999,057)	-
Dividend income received	1,109,347	1,391,950
Net cash inflow on acquisition of Barclays Bank Plc - Pakistan Branches	-	236,259
Fixed capital expenditure	(3,749,535)	(4,380,155)
Proceeds from sale of operating fixed assets	61,820	26,240
Effect of translation of net investment in foreign branches	100,116	(130,681)
Net cash used in investing activities	<u>(56,493,691)</u>	<u>(205,016,844)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(13,448,543)	(13,146,536)
Repayment of subordinated loans	(2,000)	-
Net cash used in financing activities	<u>(13,450,543)</u>	<u>(13,146,536)</u>
Increase / (decrease) in cash and cash equivalents during the period	<u>30,868,894</u>	<u>(22,717,795)</u>
Cash and cash equivalents at the beginning of the period	183,795,543	172,507,823
Effects of exchange rate changes on cash and cash equivalents	(63,707)	2,789,237
Cash and cash equivalents at the end of the period	<u>214,600,730</u>	<u>152,579,265</u>

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

Nauman K. Dar
President and Chief Executive Officer

Moez Ahamed Jamal
Director

Agha Sher Shah
Director

Shaffiq Dharamshi
Director

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months ended September 30, 2016

1 STATUS AND NATURE OF BUSINESS

Habib Bank Limited (the Bank) is incorporated in Pakistan and is engaged in commercial banking in Pakistan and overseas. The Bank's Registered Office is at Habib Bank Tower, 9th Floor, Jinnah Avenue, Islamabad and its Principal Office is at Habib Bank Plaza, I.I.Chundrigar Road, Karachi. The Bank's shares are listed on the Pakistan Stock Exchange. The Aga Khan Fund for Economic Development (AKFED), S.A. is the parent company of the Bank and its registered office is in Geneva, Switzerland. The Bank operates 1,667 (2015: 1,663) branches inside Pakistan including 45 (2015: 44) Islamic Banking Branches and 54 (2015: 53) branches outside the country including in the Karachi Export Processing Zone (KEPZ).

1.1 Acquisition of Barclays Bank PLC - Pakistan Branch Business (Barclays)

Last year, the Bank completed the acquisition of Pakistan branch business of Barclays Bank PLC, a commercial bank. This has been accounted for as disclosed in note 1.2.1 of the unconsolidated financial statements for the year ended December 31, 2015. Subsequent to acquisition, the Bank under the scheme of amalgamation, incorporated the balances relating to Barclays at their carrying values as appearing in the audited financial statements of Barclays as at the close of business on June 14, 2015.

International Financial Reporting Standard 3, (IFRS 3) "Business Combinations", requires that all identified assets and liabilities acquired in a business combination should be carried at their fair values in the acquirer's balance sheet and allows the acquirer a period of one year from the date of acquisition for this determination. The Bank has carried out an assessment and concluded that the fair values of the acquired assets and liabilities were not different from the carrying value at the time of acquisition and therefore no fair value adjustment is required.

1.2 Acquisition of The First MicroFinanceBank Limited (FMFB)

During the period, the Bank has purchased 50.51% shares in The First MicroFinanceBank Limited (FMFB), a related entity, under a Share Subscription Agreement for a consideration of Rs. 2 billion. The transaction was completed as at May 20, 2016.

2 STATEMENT OF COMPLIANCE

This condensed interim unconsolidated financial information has been prepared in accordance with the framework as referred to in the annual unconsolidated financial statements for the year ended December 31, 2015. The disclosures made in this condensed interim unconsolidated financial information have been limited based on the format prescribed by the SBP vide BSD Circular Letter No. 2 dated May 12, 2004 and International Accounting Standard 34, Interim Financial Reporting. They do not include all the disclosures required for annual financial statements, and this condensed interim unconsolidated financial information should be read in conjunction with the unconsolidated financial statements for the year ended December 31, 2015.

3 CHANGE IN ACCOUNTING POLICY

The accounting policies adopted in the preparation of this condensed interim unconsolidated financial information are consistent with those followed in the preparation of the unconsolidated financial statements for the year ended December 31, 2015 except as specified in note 3.1 below.

- 3.1 In line with the requirements of the Debt Swap Regulations issued by the SBP on January 1, 2016, the Bank has changed its accounting policy for recording of non-banking assets acquired in satisfaction of claims. These were previously recorded at the lower of cost or market value. These are now initially recorded at cost and a subsequent increase in market value over the acquisition cost is recorded as surplus on revaluation. A decline in the market value is initially used to reduce the surplus account, if any, or if no surplus exists, is charged to the profit and loss account. All direct costs of acquiring title to the asset are charged immediately to the profit and loss account. Had there been no change in accounting policy, other assets, surplus on revaluation of assets and deferred tax liability would have been lower by Rs 241.639 million, Rs 236.666 million and Rs 4.973 million respectively.

4 ACCOUNTING ESTIMATES

The basis for accounting estimates adopted in the preparation of this condensed interim unconsolidated financial information is the same as that applied in the preparation of the unconsolidated financial statements for the year ended December 31, 2015.

5 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the unconsolidated financial statements for the year ended December 31, 2015.

6. INVESTMENTS

	Note	September 30, 2016			December 31, 2015		
		Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
----- (Rupees in '000) -----							
Investments by type							
Held-for-trading							
<i>Federal Government Securities</i>							
- Market Treasury Bills		61,005,278	-	61,005,278	29,966,313	-	29,966,313
- Pakistan Investment Bonds		12,004,771	-	12,004,771	11,871,973	-	11,871,973
<i>Fully paid-up ordinary shares</i>							
- Listed companies		85,385	-	85,385	36,602	-	36,602
<i>Overseas Government Securities</i>							
		298,933	-	298,933	1,118,845	-	1,118,845
		<u>73,394,367</u>	<u>-</u>	<u>73,394,367</u>	<u>42,993,733</u>	<u>-</u>	<u>42,993,733</u>
Held-to-maturity	6.1						
<i>Federal Government Securities</i>							
- Market Treasury Bills		28,473,186	-	28,473,186	29,802,535	-	29,802,535
- Pakistan Investment Bonds		173,517,564	-	173,517,564	116,808,351	-	116,808,351
- Government of Pakistan US Dollar Bonds		1,342,146	-	1,342,146	597,663	-	597,663
- Government of Pakistan Guaranteed Bonds		1,570,351	-	1,570,351	1,713,412	-	1,713,412
- Other Federal Government Securities	6.3	25,936,778	-	25,936,778	25,936,778	-	25,936,778
<i>Debentures and Corporate Debt Instruments</i>							
- Listed securities		8,167,228	-	8,167,228	7,859,935	-	7,859,935
- Unlisted securities		3,082,636	-	3,082,636	4,636,644	-	4,636,644
<i>Overseas Government securities</i>							
		21,976,654	-	21,976,654	18,403,624	-	18,403,624
		<u>264,066,543</u>	<u>-</u>	<u>264,066,543</u>	<u>205,758,942</u>	<u>-</u>	<u>205,758,942</u>
Available-for-sale							
<i>Federal Government Securities</i>							
- Market Treasury Bills		284,475,846	99,977,330	384,453,176	490,972,008	62,190,548	553,162,556
- Pakistan Investment Bonds		226,003,701	181,604,266	407,607,967	125,598,086	171,679,360	297,277,446
- Government of Pakistan US Dollar Bonds / sukuk		98,466,758	-	98,466,758	52,087,758	-	52,087,758
<i>Fully paid-up ordinary shares</i>							
- Listed companies		14,806,789	-	14,806,789	13,451,551	-	13,451,551
- Unlisted companies		2,251,475	-	2,251,475	545,483	-	545,483
<i>Debentures and Corporate Debt Instruments</i>							
- Listed securities		19,391,639	-	19,391,639	13,551,267	-	13,551,267
- Unlisted securities		14,441,573	-	14,441,573	19,360,513	-	19,360,513
<i>Overseas Government Securities</i>							
		1,550,887	-	1,550,887	674,909	-	674,909
<i>NIT Units</i>							
		11,113	-	11,113	11,113	-	11,113
<i>Preference shares</i>							
		100,000	-	100,000	250,000	-	250,000
		<u>661,499,781</u>	<u>281,581,596</u>	<u>943,081,377</u>	<u>716,502,688</u>	<u>233,869,908</u>	<u>950,372,596</u>
Investment in subsidiary companies		13,503,269	-	13,503,269	11,503,269	-	11,503,269
Investment in associates and joint venture		9,193,504	-	9,193,504	8,194,447	-	8,194,447
		<u>1,021,657,464</u>	<u>281,581,596</u>	<u>1,303,239,060</u>	<u>984,953,079</u>	<u>233,869,908</u>	<u>1,218,822,987</u>
Provision for diminution in the value of investments	6.2	(870,676)	-	(870,676)	(617,536)	-	(617,536)
		<u>1,020,786,788</u>	<u>281,581,596</u>	<u>1,302,368,384</u>	<u>984,335,543</u>	<u>233,869,908</u>	<u>1,218,205,451</u>
(Deficit) / surplus on revaluation of held-for-trading securities		(19,699)	-	(19,699)	18,326	-	18,326
Surplus on revaluation of available-for-sale securities	11.2	13,059,845	9,334,134	22,393,979	15,928,821	2,263,289	18,192,110
Total investments (net of provision)		<u>1,033,826,934</u>	<u>290,915,730</u>	<u>1,324,742,664</u>	<u>1,000,282,690</u>	<u>236,133,197</u>	<u>1,236,415,887</u>

6.1 The market value of securities classified as held-to-maturity as at September 30, 2016 amounted to Rs. 271,424.079 million (December 31, 2015: Rs. 212,012.003 million).

	September 30, 2016	December 31, 2015
	(Rupees in '000)	
6.2 Movement in provision for diminution in the value of investments		
Opening balance	617,536	953,764
Charge for the period / year	288,736	262,864
Reversal for the period / year	(16,225)	(577,378)
Reversal on disposal during the period / year	(19,371)	(67,879)
Total charge / (reversal) - net	253,140	(382,393)
Transfers in	-	46,165
Closing balance	<u>870,676</u>	<u>617,536</u>

6.3 Bai-muajjal transactions with the Government of Pakistan amounting to Rs. 25,936.778 million (December 31, 2015: Rs. 25,936.778 million) have been disclosed under investments in line with the requirements of BPRD Circular Letter no. 5 dated February 29, 2016 issued by the SBP. The comparative information related to Bai-muajjal has also been reclassified from lendings to financial institutions to investments.

	Note	September 30, 2016	December 31, 2015
		(Rupees in '000)	
7 ADVANCES			
Loans, cash credits, running finances, etc.			
In Pakistan		503,017,131	478,285,479
Outside Pakistan		104,720,019	107,729,766
		<u>607,737,150</u>	<u>586,015,245</u>
Islamic financing and related assets	7.1	24,167,829	19,888,887
Net investment in finance lease - in Pakistan		12,833,862	10,478,123
Bills discounted and purchased (excluding Government treasury bills)			
Payable in Pakistan		14,080,348	16,024,711
Payable outside Pakistan		44,882,215	36,889,914
		<u>58,962,563</u>	<u>52,914,625</u>
Provision against advances			
Specific provision	7.3	(61,267,039)	(60,735,843)
General provision		(3,136,401)	(2,924,766)
		<u>(64,403,440)</u>	<u>(63,660,609)</u>
Advances - net of provision		<u>639,297,964</u>	<u>605,636,271</u>

7.1 As required under BPRD Circular Letter no. 5 dated February 29, 2016, this includes lendings under Islamic modes of financing, advances given in respect of such lendings and related inventories. The comparative figure includes an amount of Rs. 4,001.235 million related to advances given against Islamic financing which has been reclassified from Other Assets to Advances.

- 7.2 Advances include Rs. 70,004.680 million (December 31, 2015: Rs. 68,949.121 million) which have been placed under non-performing status as detailed below:

Category of classification	September 30, 2016								
	Non-performing advances			Provision required and held			Net non-performing advances		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)								
Other assets especially mentioned	1,655,328	73,348	1,728,676	-	-	-	1,655,328	73,348	1,728,676
Substandard	3,879,786	2,332,895	6,212,681	1,201,284	468,947	1,670,231	2,678,502	1,863,948	4,542,450
Doubtful	1,566,499	601,392	2,167,891	811,481	469,642	1,281,123	755,018	131,750	886,768
Loss*	47,059,274	12,836,158	59,895,432	45,877,882	12,437,803	58,315,685	1,181,392	398,355	1,579,747
	54,160,887	15,843,793	70,004,680	47,890,647	13,376,392	61,267,039	6,270,240	2,467,401	8,737,641

Category of classification	December 31, 2015								
	Non-performing advances			Provision required and held			Net non-performing advances		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)								
Other assets especially mentioned	980,249	-	980,249	-	-	-	980,249	-	980,249
Substandard	4,820,645	1,272,322	6,092,967	1,289,046	300,990	1,590,036	3,531,599	971,332	4,502,931
Doubtful	541,414	1,746,311	2,287,725	270,707	931,250	1,201,957	270,707	815,061	1,085,768
Loss*	48,515,203	11,072,977	59,588,180	47,308,381	10,635,469	57,943,850	1,206,822	437,508	1,644,330
	54,857,511	14,091,610	68,949,121	48,868,134	11,867,709	60,735,843	5,989,377	2,223,901	8,213,278

* This includes a Government guaranteed non-performing advance amounting to Rs. 1,065.697 million (December 31, 2015: Rs. 1,065.697 million).

- 7.2.1 Exposure amounting to Rs. 1,966.882 million (December 31, 2015: Rs. 1,990.079 million) relating to Pakistan International Airlines Corporation, which is guaranteed by the Government of Pakistan, has not been classified as non-performing, in accordance with a relaxation given by the SBP. However, markup income has been suspended on this amount and is only recognised when received.
- 7.2.2 Exposure amounting to Rs. 23,464.560 million as at September 30, 2016 relating to Power Holding Company Limited, has not been classified as non-performing, in accordance with a relaxation given by the SBP.

7.3 Particulars of provision against advances

Note	September 30, 2016			December 31, 2015		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	60,735,843	2,924,766	63,660,609	58,444,083	2,406,203	60,850,286
Exchange Adjustment	(70,273)	10,879	(59,394)	241,202	55,166	296,368
Charge for the period / year	4,270,565	208,939	4,479,504	8,631,114	620,961	9,252,075
Reversals for the period / year	(3,558,956)	(21,161)	(3,580,117)	(4,410,567)	(160,851)	(4,571,418)
Net charge against advances	711,609	187,778	899,387	4,220,547	460,110	4,680,657
Written off during the period / year	(176,304)	-	(176,304)	(2,180,691)	-	(2,180,691)
Charged off during the period / year	(419,334)	-	(419,334)	(912,906)	-	(912,906)
Transfer in due to acquisition of Barclays	-	-	-	746,503	3,287	749,790
Transfer from other liabilities	175,215	12,978	188,193	-	-	-
Recoveries against written off	310,283	-	310,283	177,105	-	177,105
Closing balance	61,267,039	3,136,401	64,403,440	60,735,843	2,924,766	63,660,609

- 7.4 General provision represents provision amounting to Rs. 1,528.228 million (December 31, 2015: Rs. 1,335.602 million) against consumer finance portfolio and Rs. 100.192 million (December 31, 2015: Rs 101.684 million) against advances to small enterprises as required by the Prudential Regulations. General provision also includes Rs. 1,507.981 million (December 31, 2015: Rs. 1,487.480 million) pertaining to overseas advances to meet the requirements of the regulatory authorities of the respective countries in which the Bank operates.

- 7.5 As per regulation R-8 of the Prudential Regulations for Corporate / Commercial Banking, the Bank has availed the benefit of Forced Sale Value (FSV) against non-performing advances (excluding consumer housing finance portfolio). Had the benefit of FSV not been taken by the Bank, the specific provision against non-performing advances as at September 30, 2016 would have been higher by Rs. 52.860 million (December 31, 2015: Rs. 78.211 million). The FSV benefit availed is not available for the distribution of cash or stock dividend to shareholders.

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

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

	September 30, 2016			December 31, 2015		
	Balance outstanding	Maximum total amount of advances including temporary advances outstanding **	Limit sanctioned during the period	Balance outstanding	Maximum total amount of advances including temporary advances outstanding **	Limit sanctioned during the year
------(Rupees in '000)-----						
Debts due by Directors or executives of the Bank or any of them either severally or jointly with any other persons:						
- in respect of Directors	-	-	-	-	-	-
- in respect of executives * (Other than key management personnel)	2,824,500	2,824,500	450,990	2,651,500	2,651,500	1,285,536
- in respect of key management personnel	27,600	59,100	-	61,400	69,800	32,151
Debts due by companies or firms in which the Directors of the Bank / Parent are interested as directors, partners, advisors or in the case of private companies as members	8,800,885	9,086,848	95,000	7,490,551	7,490,551	6,249,551
Debts due by Subsidiary company	4,156,277	4,157,451	4,063,600	107,532	107,532	-

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

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

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

8	OPERATING FIXED ASSETS	September 30, 2016	December 31, 2015
		(Rupees in '000)	
	Capital work-in-progress	1,613,656	1,486,307
	Intangible assets	724,229	575,128
	Tangible fixed assets	28,115,572	26,876,824
		<u>30,453,457</u>	<u>28,938,259</u>
		<u>For the nine months ended</u>	
8.1	Additions to operating fixed assets	September 30, 2016	September 30, 2015
		(Rupees in '000)	
	The following additions have been made to operating fixed assets during the period:		
	Capital work-in-progress	127,349	485,152
	Intangible assets	500,676	145,943
	Tangible fixed assets		
	Land	1,302,883	809,327
	Building	233,969	438,698
	Machinery	22,490	129,341
	Furniture, fixtures and office equipment	1,430,924	2,029,242
	Leasehold Improvements	347,183	432,308
	Vehicles	29,115	76,528
		<u>3,994,589</u>	<u>4,546,539</u>
8.2	Disposal of operating fixed assets		
	The cost of disposal made during the period is as follows:		
	Tangible fixed assets		
	Furniture, fixtures and office equipment	435,454	248,067
	Leasehold Improvements	72,950	150,830
	Vehicles	32,515	14,613
		<u>540,919</u>	<u>413,510</u>

9	BORROWINGS	Note	September 30, 2016	December 31, 2015
			(Rupees in '000)	
	Secured			
	Borrowings from the SBP under:			
	Export refinance scheme		15,559,484	19,545,290
	Long term financing facility - locally manufactured and imported plant & machinery		5,327,559	3,434,406
	Long term finance - export oriented projects		-	7,024
	Refinance facility for modernization of SMEs		4,000	5,500
			<u>20,891,043</u>	<u>22,992,220</u>
	Repurchase agreement borrowings		290,408,781	234,669,563
			<u>311,299,824</u>	<u>257,661,783</u>
	Unsecured			
	In Pakistan:			
	Interbank call money borrowings		20,586,214	10,609,263
	Overdrawn nostro accounts		5,449,833	2,292,262
			<u>26,036,047</u>	<u>12,901,525</u>
	Outside Pakistan:			
	Overdrawn nostro accounts		137,492	81,445
	Borrowings of overseas branches	9.1	36,839,852	43,840,379
			<u>36,977,344</u>	<u>43,921,824</u>
			<u>63,013,391</u>	<u>56,823,349</u>
			<u>374,313,215</u>	<u>314,485,132</u>

9.1 This includes a loan from the International Finance Corporation amounting to US \$ 150 million (December 31, 2015: US \$ 150 million). The principal amount is payable in six equal half yearly installments from June 2022 to December 2024. Interest at LIBOR+ 5% is payable bi-annually commencing from June 2015.

10	DEPOSITS AND OTHER ACCOUNTS	September 30, 2016	December 31, 2015
		(Rupees in '000)	
	Customers		
	Current accounts - non-remunerative	589,877,863	548,633,021
	Savings accounts	801,602,892	736,526,538
	Fixed deposits	220,914,372	245,129,674
		<u>1,612,395,127</u>	<u>1,530,289,233</u>
	Financial institutions		
	Current accounts - non-remunerative	15,633,495	12,625,064
	Savings accounts	3,733,063	3,835,432
	Fixed deposits	430,000	11,560,946
		<u>19,796,558</u>	<u>28,021,442</u>
		<u>1,632,191,685</u>	<u>1,558,310,675</u>

	Note	September 30, 2016	December 31, 2015
11 SURPLUS ON REVALUATION OF ASSETS - NET OF DEFERRED TAX			
Surplus arising on revaluation of:			
- operating fixed assets	11.1	11,110,000	10,870,342
- investments	11.2	14,559,897	11,824,901
- non-banking assets	11.3	236,666	-
Surplus on revaluation of assets - net of deferred tax		<u>25,906,563</u>	<u>22,695,243</u>
11.1 Surplus on revaluation of operating fixed assets			
Surplus on revaluation of operating fixed assets as at the beginning of the period / year		11,424,672	10,289,072
Recognised during the period / year		1,772	1,218,578
Transferred from surplus on revaluation of non-banking assets		262,797	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year - net of deferred tax		(24,911)	(53,936)
Related deferred tax liability on incremental depreciation charged during the period / year		(13,414)	(29,042)
Surplus on revaluation of operating fixed assets as at the end of the period / year		<u>11,650,916</u>	<u>11,424,672</u>
Less: related deferred tax liability on:			
- revaluation as at the beginning of the period / year		554,330	860,550
- revaluation recognised during the period / year		-	(277,178)
- incremental depreciation charged during the period / year		(13,414)	(29,042)
		<u>540,916</u>	<u>554,330</u>
		<u>11,110,000</u>	<u>10,870,342</u>
11.2 Surplus / (deficit) on revaluation of investments			
Market Treasury Bills		(43,745)	490,263
Pakistan Investment Bonds		18,868,832	16,666,315
Government of Pakistan US Dollar Bonds / Sukuks		2,029,832	122,325
Listed securities		1,454,368	1,006,484
NIT units		38,130	31,442
Overseas securities		33,896	(133,703)
Other investments		12,666	8,984
		<u>22,393,979</u>	<u>18,192,110</u>
Related deferred tax liability		(7,834,082)	(6,367,209)
		<u>14,559,897</u>	<u>11,824,901</u>
11.3 Surplus on revaluation of non-banking assets			
Surplus on revaluation of non-banking assets as at the beginning of the period / year		-	-
Recognised during the period / year		504,616	-
Transferred to surplus on revaluation of operating fixed assets		(262,797)	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year - net of deferred tax		(117)	-
Related deferred tax liability on incremental depreciation charged during the period / year		(63)	-
Surplus on revaluation of non-banking assets as at the end of the period / year		<u>241,639</u>	<u>-</u>
Less: related deferred tax liability on:			
- revaluation as at the beginning of the period / year		-	-
- revaluation recognised during the period / year		5,036	-
- incremental depreciation charged during the period / year		(63)	-
		<u>4,973</u>	<u>-</u>
		<u>236,666</u>	<u>-</u>
12 CONTINGENCIES AND COMMITMENTS			
12.1 Direct credit substitutes - financial guarantees			
Guarantees in favour of:			
- Government		284,329	261,261
- Financial institutions		296,350	295,000
- Others		33,776,382	31,770,952
		<u>34,357,061</u>	<u>32,327,213</u>

	September 30, 2016	December 31, 2015
	(Rupees in '000)	
12.2 Transaction-related contingent liabilities		
Guarantees in favour of:		
- Government	532,602	718,148
- Financial institutions	1,711,263	1,251,328
- Others	<u>106,000,070</u>	<u>93,410,699</u>
	<u><u>108,243,935</u></u>	<u><u>95,380,175</u></u>
12.3 Trade-related contingent liabilities		
Letter of credit in favour of:		
- Government	63,229,383	45,023,666
- Financial institutions	4,116,788	20,924
- Others	<u>79,832,462</u>	<u>103,290,533</u>
	<u><u>147,178,633</u></u>	<u><u>148,335,123</u></u>
12.4 Other contingencies		
Claims against the Bank not acknowledged as debts	<u><u>30,621,529</u></u>	<u><u>28,886,188</u></u>
<p>These mainly represent counter claims filed by borrowers for restricting the Bank from disposal of assets (such as mortgaged / pledged assets kept as security). Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Bank's favour and accordingly no provision has been made in this condensed interim unconsolidated financial information.</p>		
12.5 Commitments in respect of forward lending		
<p>The Bank makes commitments to extend credit in the normal course of its business but none of these commitments are irrevocable and do not attract any significant penalty or expense if the facility is unilaterally withdrawn.</p>		
	September 30, 2016	December 31, 2015
	(Rupees in '000)	
12.6 Commitments in respect of forward foreign exchange contracts		
Purchase	104,269,805	145,474,954
Sale	105,719,534	146,192,286
12.7 Commitments in respect of forward Government Securities transactions		
Purchase	16,066,011	19,181,362
Sale	24,138,590	1,858,663
12.8 Commitments in respect of derivatives		
Cross currency swap		
Purchase	1,042,800	1,918,607
Sale	1,046,214	1,909,263
Interest rate swaps		
Purchase	69,748	104,741
Sale	5,586,414	5,604,741

	September 30, 2016	December 31, 2015
	(Rupees in '000)	
12.9 Commitments for capital expenditure	750,166	1,054,027

12.10 Taxation

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

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

	Note	For the nine months ended	
		September 30, 2016	September 30, 2015
		(Rupees in '000)	
13 MARK-UP / RETURN / PROFIT / INTEREST EARNED			
<i>On advances to:</i>			
- Customers		35,337,456	33,860,332
- Financial institutions		4,475	8,164
		35,341,931	33,868,496
<i>On investments in:</i>			
- Held-for-trading securities		2,259,584	2,868,465
- Held-to-maturity securities		14,367,428	9,418,313
- Available-for-sale securities		50,985,829	56,161,843
		67,612,841	68,448,621
On deposits with financial institutions		364,005	1,607,607
On lendings to financial institutions	14.1	1,276,671	1,350,106
		<u>104,595,448</u>	<u>105,274,830</u>

14 MARK-UP / RETURN / PROFIT / INTEREST EXPENSED

<i>On:</i>			
Deposits		29,694,356	37,265,837
Securities sold under repurchase agreement borrowings		11,951,537	8,887,517
Other short term borrowings	14.1	1,189,138	1,329,064
Long term borrowings		1,333,472	678,851
		<u>44,168,503</u>	<u>48,161,269</u>

14.1 Intersegment mark-up earned / expensed amounting to Rs. 2,385.339 million has been eliminated in the comparative period.

15 RELATED PARTY TRANSACTIONS

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

Transactions with related parties, other than those under the terms of employment, are executed on an arm's length basis i.e. substantially on the same terms, including mark-up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than normal risk. Details of advances to related parties are given in note 7.7 to this condensed interim unconsolidated financial information.

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

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

September 30, 2016 (Unaudited)

	Parent Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
Rs. in 000					
Statement of financial position					
Deposits	5,169,572	650,463	3,408,637	16,869	506,099
Maximum deposits during the period	9,593,529	768,975	6,378,540	217,386	591,097
Borrowings	378,261	3,138,707	-	1,778,489	-
Investments	-	16,641,911	9,186,307	7,197	-
Nostro balances	138,619	1,773,129	-	-	-
Overdrawn nostro	-	134,409	-	-	-
Mark-up receivable	14,481	46,494	2,507	-	-
Other receivable	-	-	138,398	-	-
Mark-up payable	11,099	6,653	4,775	5,495	-
Other payable	-	-	-	-	263,336
Placements	-	3,314,751	-	-	-
Others					
Other contingencies	285,558	38,367	46,514	-	-
Securities held as custodian	47,788,410	-	100,752,150	-	13,545,345

For the nine months ended September 30, 2016 (Unaudited)

	Parent Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
Rs. in 000					
Profit and Loss Account					
Mark-up income	47,761	459,222	4,650	-	-
Fee and commission income	-	7,198	1,724,976	-	-
Mark-up expense	40,104	52,572	71,526	7,630	7,572
Other expense	-	-	349,466	-	609,549
Dividend income	-	-	373,415	46,941	-

December 31, 2015 (Audited)

	Parent Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
Rs. in 000					
Statement of financial position					
Deposits	5,018,930	443,279	3,262,854	193,692	92,926
Maximum deposits during the year	5,018,930	1,413,889	5,003,911	193,692	250,352
Borrowings	-	2,106,440	-	-	-
Investments	-	18,103,011	8,187,250	7,197	-
Mark-up receivable	15,899	3,877	2,331	-	-
Other receivable	-	-	128,252	-	-
Mark-up payable	12,434	1,852	3,259	-	11
Other payable	-	-	-	-	1,026,380
Placements / lendings to financial institutions	350,000	2,552,079	-	-	-
Nostro balances	128,540	1,352,580	-	-	-
Others					
Other contingencies	472,408	86,678	5,275	-	-
Securities held as custodian	13,679,505	-	33,261,760	-	4,513,760

For the nine months ended September 30, 2015 (Unaudited)

	Parent Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
Rs. in 000					
Profit and Loss Account					
Mark-up income	55,314	300,614	31	-	-
Fee and commission income	-	5,597	1,695,154	-	-
Mark-up expense	106,286	14,274	235,337	152	10,586
Other expense	-	-	431,244	-	622,092
Dividend income	-	-	422,276	34,666	-

15.1 Key Management Personnel

Key Management Personnel includes the President / CEO and direct reports to the President / CEO.

	For the nine months ended	
	September 30, 2016	September 30, 2015
	(Rupees in '000)	
Managerial remuneration (including allowances)	466,830	460,372
Contribution to provident and benevolent fund	11,499	11,203
Medical	16,059	15,908
	<u>494,388</u>	<u>487,483</u>
Number of persons	<u>19</u>	<u>21</u>
15.2 Non-executive directors' fees	<u>22,800</u>	<u>19,000</u>

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

	As at September 30, 2016 (Unaudited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Financial Assets & Liabilities				
- Fully paid up ordinary shares	15,885,861	-	-	15,885,861
- NIT units	-	49,243	-	49,243
- Federal Government securities	-	984,373,878	-	984,373,878
- Overseas Government securities	-	1,859,385	-	1,859,385
- Debentures and corporate debt instruments	-	20,816,264	-	20,816,264
- Unrealised gain on forward foreign exchange contracts / derivative instruments	-	785,355	-	785,355
- Unrealised loss on forward foreign exchange contracts / derivative instruments	-	1,088,071	-	1,088,071
Non-Financial Assets				
Non - Banking Assets acquired in satisfaction of claims	-	1,999,535	-	1,999,535
	15,885,861	1,010,971,731	-	1,026,857,592
As at December 31, 2015 (Audited)				
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Financial Assets & Liabilities				
- Fully paid up ordinary shares	14,524,283	-	-	14,524,283
- NIT units	-	42,555	-	42,555
- Federal Government securities	-	961,665,072	-	961,665,072
- Overseas Government securities	-	1,780,374	-	1,780,374
- Debentures and corporate debt instruments	-	15,647,007	-	15,647,007
- Unrealised gain on forward foreign exchange contracts / derivative instruments	-	606,745	-	606,745
- Unrealised loss on forward foreign exchange contracts / derivative instruments	-	929,999	-	929,999
Non-Financial Assets				
Non - Banking Assets acquired in satisfaction of claims	-	-	-	-
	14,524,283	980,671,752	-	995,196,035

All assets and liabilities for which fair value is recognised in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

Valuation techniques used in determination of fair values within level 2

Federal Government securities	The fair values of Federal Government securities are determined on the basis of rates / prices sourced from Reuters.
Debentures and Corporate Debt Instruments	Investment in debt securities denominated in PKR (comprising term finance certificates and sukuk certificates) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP). Investments in debt securities in other currencies are revalued on the basis of rates taken from Bloomberg / Reuters.
Units of mutual funds	The fair values of investments in units of mutual funds are determined based on their net asset values published at the close of each business day.
Overseas Government securities	The fair values of overseas Government securities are determined on the basis of rates taken from Reuters / Bloomberg.
Derivatives	The Bank enters into derivatives contracts with various counterparties. Derivatives that are valued using valuation techniques with market observable inputs are mainly interest rate swaps, cross currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations.
Non-banking assets acquired in satisfaction of claims	These assets are revalued on a periodic basis by professional valuers. The valuation is based on their assessment of the market values of the properties.

17. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	For the nine months ended September 30, 2016 (Unaudited)					
	Branch banking	Corporate banking	Treasury	International	Head Office / others	Total
	----- (Rupees in million) -----					
Net mark-up income - external	(6,795)	13,220	48,523	6,333	(854)	60,427
Intersegment revenue / (expense) - net	38,623	(8,460)	(33,478)	-	3,315	-
Non-funded income	8,394	2,272	3,603	3,044	1,129	18,442
Total Income	40,222	7,032	18,648	9,377	3,590	78,869
Total expenses including provision	17,978	169	589	7,265	12,215	38,216
Intersegment administrative cost	8,618	1,231	236	904	(10,989)	-
Total expenses including provision	26,596	1,400	825	8,169	1,226	38,216
Profit before tax	13,626	5,632	17,823	1,208	2,364	40,653
Segment return on asset %	0.85%	3.22%	4.51%	0.44%	0.80%	-
Segment cost of funds %	2.97%	4.66%	5.40%	1.45%	0.01%	-

	As on September 30, 2016 (Unaudited)					
	Branch banking	Corporate banking	Treasury	International	Head Office / others	Total
	----- (Rupees in million) -----					
Segment assets (gross of provision)	379,434	384,008	1,196,635	324,356	57,254	2,341,687
Segment non-performing advances	9,027	44,985	-	15,843	150	70,005
Segment provision held including general provision	6,475	43,266	285	14,863	811	65,700
Intersegment assets / (liabilities)	1,015,434	(207,966)	(851,467)	(27,301)	71,300	-
Segment liabilities and equity	1,388,393	132,776	344,883	282,192	127,743	2,275,987

	For the nine months ended September 30, 2015 (Unaudited)					
	Branch banking	Corporate banking	Treasury	International	Head Office / others	Total
	----- (Rupees in million) -----					
Net mark-up income - external	(15,014)	14,428	52,912	5,419	(631)	57,114
Intersegment revenue / (expense) - net	45,931	(10,160)	(42,050)	-	6,279	-
Non-funded income	7,749	2,354	10,370	3,217	1,654	25,344
Total Income	38,666	6,622	21,232	8,636	7,302	82,458
Total expenses including provision	16,150	1,465	265	7,013	12,413	37,306
Intersegment administrative cost	8,236	1,177	226	864	(10,503)	-
Total expenses including provision	24,386	2,642	491	7,877	1,910	37,306
Profit before tax	14,280	3,980	20,741	759	5,392	45,152
Segment return on asset %	1.15%	2.57%	6.73%	0.19%	1.35%	-
Segment cost of funds %	4.75%	5.87%	6.90%	1.31%	0.00%	-

	As at December 31, 2015 (Audited)					
	Branch banking	Corporate banking	Treasury	International	Head Office / others	Total
	----- (Rupees in million) -----					
Segment assets (gross of provision)	305,318	362,136	1,139,132	314,548	68,496	2,189,630
Segment non-performing advances	8,290	46,462	-	14,092	105	68,949
Segment provision held including general provision	6,587	44,259	72	13,355	457	64,730
Intersegment assets / (liabilities)	979,320	(148,415)	(845,715)	(10,441)	25,251	-
Segment liabilities and equity	1,278,051	169,463	293,344	290,752	93,290	2,124,900

18 ISLAMIC BANKING BUSINESS

18.1 The Statement of Financial Position of the Islamic Banking business as at September 30, 2016 is as follows:

	Note	September 30, 2016	December 31, 2015
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		9,530,795	5,320,895
Due from financial institutions		1,000,000	36,799,034
Investments		117,086,149	66,410,646
Islamic financing and related assets	18.1.1	24,058,588	19,778,998
Due from Head Office		2,772,857	6,916,001
Other assets		1,847,228	1,099,553
		156,295,617	136,325,127
LIABILITIES			
Bills payable		4,024	3,657
Due to financial institutions		7,100,000	102,500
Deposits and other accounts			
- Current accounts		31,197,453	26,241,008
- Savings accounts		87,881,083	59,594,852
- Fixed deposits		17,914,094	29,357,389
- From financial institutions - remunerative		4,737,251	15,156,844
- From financial institutions - non - remunerative		136,987	289,950
Due to Head Office		-	-
Deferred tax liabilities		294,786	107,014
Other liabilities		1,047,943	1,168,029
		150,313,621	132,021,243
NET ASSETS		5,981,996	4,303,884
REPRESENTED BY:			
Islamic Banking Fund		250,000	250,000
Unappropriated profit		5,184,537	3,855,143
		5,434,537	4,105,143
Surplus on revaluation of assets - net of deferred tax		547,459	198,741
		5,981,996	4,303,884
CONTINGENCIES AND COMMITMENTS			
Direct credit substitutes - financial guarantees		11,040	18,918
Transaction-related contingent liabilities		145,991	59,558
Trade-related contingent liabilities		181,718	172,040
Commitments in respect of forward foreign exchange contracts			
Purchase		2,758,089	-
Sale		2,796,987	-
18.1.1 Islamic financing and related assets			
		September 30, 2016	December 31, 2015
(Rupees in '000)			
Murabaha		943,592	344,967
Ijarah		878,551	704,744
Diminishing Musharaka		17,639,233	14,831,762
Istisnah		-	6,180
Advance for Murabaha		80,597	250,954
Advance for Ijarah		141,889	28,801
Advance for Diminishing Musharaka		1,868,108	1,577,770
Advance for Istisnah		1,433,155	305,612
Assets / Inventories		1,182,704	1,838,097
Provision against financings		(109,241)	(109,889)
		24,058,588	19,778,998

18.2 The Profit and Loss account of the Islamic Banking business for the nine months ended September 30, 2016 is as follows:

	September 30, 2016	September 30, 2015
	(Rupees in '000)	
Profit earned	5,700,594	6,761,950
Profit expensed	<u>3,080,804</u>	<u>4,434,865</u>
Net profit earned	2,619,790	2,327,085
Depreciation on assets given on ijarah	144,085	220,985
Provision against financings	-	-
Net profit after depreciation and provisions	<u>2,475,705</u>	<u>2,106,100</u>
Other income		
Fee, commission and brokerage income	87,818	73,576
Income from dealing in foreign currencies	(38,146)	6,112
Dividend income	-	288,553
Gain on sale of securities	-	483,958
Others	519	541
Total other income	<u>50,191</u>	<u>852,740</u>
Administrative expenses	2,525,896	2,958,840
	480,674	437,435
Net profit for the period	<u><u>2,045,222</u></u>	<u><u>2,521,405</u></u>

19 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors, in its meeting held on October 20, 2016 has declared a cash dividend in respect of the quarter ended September 30, 2016 of Rs. 3.50 per share (2015: Rs. 3.50 per share). This condensed interim unconsolidated financial information does not include the effect of these appropriations which will be accounted for subsequent to the period end.

20. GENERAL

Comparative figures have been re-arranged and reclassified for comparison purposes. There are no material reclassifications to report other than as disclosed in this condensed interim unconsolidated financial information.

21. DATE OF AUTHORISATION FOR ISSUE

This condensed interim unconsolidated financial information was authorised for issue in the Board of Directors meeting held on October 20, 2016.

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