

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2017

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STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017	BANK (AUDITED) LKR		GROUP (AUDITED) PKR		INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017	BANK (AUDITED) LKR		GROUP (AUDITED) PKR	
In Rupees Thousand	31/12/2017	31/12/2016	31/12/2017	31/12/2016	In Rupees Thousand	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Assets Cash and cash equivalents Balances with central banks	674,754 1,358,716	1,247,249 1,306,271	130,203,020 156,644,279	115,822,169 168,575,209	Interest income Interest expenses Net interest income	654,641 208,616 446,025	662,191 163,428 498,763	148,010,269 64,942,797 83,067,472	141,089,244 59,137,882 81,951,362
Placements with banks Other financial assets held-for-trading Reverse renurchase agreements	651,420 650,389	209,875 300.123	500,000 68,670,659	100,000 41,305,459 32,863,803	Fee and commission income Fee and commission expense Net fee and commission income	23,342	26,144 26,144	19,519,052	18,652,985 18,652,985
Loans and receivables to customers Financial Investment – Available -for-sale	3,878,365	4,971,237	33,400,345 851,502,420 1,000,048,908	748,466,297 1,022,980,450	Net gain/ (Loss) from trading Net gain/ (Loss) from financial instruments designated	23,342	20,144	19,519,052 7,764,681	18,652,985 5,329,667
Financial Investment – Held-to-maturity Other Financial Assets Income Tax Receivable	488,451 397,927 65,204	496,843 2,361,981 48,167	278,730,258	256,433,520	at fair value through profits or loss Net gain/(loss) from financial investments Other Operating Income (net)	56,574	45,570	5,605,404	7,079,114
Investments in associates and joint ventures Property, plant and equipment	65,204	48,167	27,357,818 57,098,390	23,685,342 30,763,913	Total operating income Impairment for loans and other losses	56,574 66,873	45,570 14,207	13,370,085 (115,409)	12,408,781 717,563
Investment Properties Goodwill and Intangible assets Deferred tax assets	24,276	33.163	5,694,453	5,323,596	Individual impairment Collective impairment Other	71,178 (4,305)	9,477 4,730	583,288 (632,842) (65,855)	209,973 281,182 226,408
Other assets Total assets	59,890 8,568,513	106,952 11,310,073	74,251,149 2,684,101,699	59,778,445 2,506,098,203	Net operating income Personnel expenses Depreciation and amortisation	459,068 237,663 45,631	556,270 250,355 43,726	116,072,018 29,205,611 4,008,753	112,295,565 25,774,279 3,529,577
Liabilities Due to banks Due to other customers	63,545 2,479,216	778,076 3,350,124	1.998.935.057	1,885,959,026	Other expenses Operating profit/(loss) before value added tax (VAT)	122,277 53,497	110,890 151,299	4,008,753 54,044,174 28,813,480	3,529,577 26,466,798 56,524,911
Borrowing Current tax liabilities	30,022	1,354,453	397,802,667 1,758,747	331,726,654 1,563,854	Value added tax (VAT)on financial services Profit/(loss) before tax Tax expenses	37,021 16,477 11,241	45,469 105,830 (5,024)	28,813,480 20,631,353	56,524,911 22,318,657
Deferred tax liabilities Other provision Employee benefit liabilities	45,228	46,938	971,368 5,706,547	6,090,983 4,334,366	Profit (loss) for the period Profit attributable to: Owners of the parent	5,236 5,236	110,854 110,854	7,829,064	34,206,254 34,070,145
Subordinated loan Other liabilities Total liabilities	44,057	57,767	9,994,000 80,117,819	9,998,000 70,156,450	Non-controlling interests Earnings per share on profit	5,236	110,854	353,063	136,109
Equity Stated capital/Assigned capital	2,662,068 4,938,390	5,587,358 4,938,390	2,495,286,205 14,668,525	2,309,829,333 14,668,525	Basic earnings per ordinary share Diluted earnings per ordinary share			5.34 5.34	23.23 23.23
Statutory reserve fund Retained earnings Other reserves	68,122 109,931 790,002	67,860 103,837 612,628	31,537,231 97,105,942	30,654,465 106,142,374 41,367,796	STATEMENT OF COMPREHENSIVE IN	BANK (AUE	DITED)	GROUP (AU	DITED)
Total shareholders' equity Non Controlling Interest	5,906,445	5,722,715	42,016,515 185,328,213 3,487,281	192,833,160 3,435,710	In Rupees Thousand	12/31/2017	31/12/2016	PKR 31/12/2017	31/12/2016
Total equity Total equity and liabilities Contineent liabilities and commitments	8,568,513 1,915,092	11,310,073 2,765,585	188,815,494 2,684,101,699 329,889,310	196,268,870 2,506,098,203 334,995,522	Profit(lloss) for the period Other Comprehensive income, net of tax Changes in revaluation surpuls Actuarial gains and losses on defined benefit plans	5,236 1,557	110,854 (1,951)	8,182,127 (1,017,131)	34,206,254 (624,497)
Memorandum Information					Gains and losses (arising from translating the financial statements of foreign operation) Excalonge differences on translation of foreign currency capital & reserve	51,347 (3,489)	97,073 546	3,925,685	(624,497) (2,566,582)
Number of Employees Number of Branches	69 7	73 7	18,129 1,751	17,303 1,731	Income tax on Other comprehensive Income Share of surplus on revaluation of investments/operating fixed assets of associates Gain (Loss) on revaluation of Assets Deficit on revaluation of fixed assets	121,600		(878,697) (11,643,260) 9,787,305 173,902	1,215,873 (615,812) 948,903 (1,642,115)
STATEMENT OF CHANGES IN EQUITY	FOR THE P	ERIOD ENDE Reserve:		BER 2017	Other comprehensive income for the period, net of taxes Total comprehensive income for the period	171,014 176,250	95,668 206,522	173,902 8,356,029	(1,642,115) 32,564,139
BANK (Audited)		signed Reserve Re	valuation Retained	Other ceserves Total equity	Attributable to: Owners of the parent Non-Controlling interests	176,250	206,522	7,876,250 479,779	32,613,167 (49,028)
Balance as at 01/01/2017 (Opening balance) Total comprehensive income for the year	4,9		96,623 103,837 5	5,722,716	STATEMENT OF CASH FLOWS	Pouls	(Audited)	Group	Audited)
Profit(floss) for the year Other comprehensive income (net of tax)	Ė			5,236 51,346 178,494	FOR THE YEAR ENDED 31 DECEMBER 2017	2017	(Audited)	2017	2016
Total comprehensive income for the year	4,9	88,390 67,860 22	22,650 109,931 5	67,614 5,906,445	Cash Flow from Operating Activities	16,477	LKR 105,830	PKR 52,530,595	PKR 56,524,911
Transaction with equity holders, recognised directly in equity Share issuelincrease of assigned capital Share options exercised				i i	Profit before tax (Gain)(Loss on disposal of Property, plant & equipment (Gain)(Loss on sale of securities Share of profit of associates & ipint venture	(5)	(50)	(33,107)	(60,028)
Bonus issue Right issue Transfers to reserves during the period		262	. (262)		Depreciation & Amortisation Provision for gratuity Impairment charge for Loans & advances	45,631 8,436 72,148	43,726 7,022 14,207	(2,051,887) 4,008,753 (49,554)	(3,768,085) 3,529,577 491,155
Dividend to equity holders profit transferred to head office Profit capitalisation during the year					(Increase)/Decrease in Interest Receivable Increase/ (Decrease) in interest payable Increase/ (Decrease) in accused expenses	60,468 (17,933) (5,212)	(67,287) 32,310 21,417 (3,597)		
Total transaction with equity holders Balance as at 31/12/2017 (Closing Balance)				67,614 5,906,445	Increase in financial liabilities Gratuity payments made Other non cash items	(8,590)	(3,138)	52,868 (1,219,610)	164,010 (1,286,488)
STATEMENT OF CHANGES IN EQUITY F	OR THE PE		31ST DECE	MBER 2017	Dividend income Exchange loss on sub-ordinated loan/goodwill-net Reversal against dimunution in the value of investments Workers Wolfare Fund	(1,564)		(253,239) 465,867	329,478 248,616
GROUP (Audited) Share capital capit	ed Reserve Rev	aluation Retained earnings r	eserves	Non ontrolling interest	Operating Profit before changes in Operating Assets & Liabilities	169,858			1,073,521 57,246,667
Balance as at 01/01/2017 (Opening balance) 14,668,525 Total comprehensive income for the year Profit(lies) for the year				3,435,710 196,268,870 353,063 8,182,127	(Increase)/Decrease in Operating Assets (Increase)/Decrease in Operating Assets (Increase)/Decrease in Operating Liabilities Net Cash from Operating Activities before Income Tax	2,165,073 (2,217,422) (52,349)		(139,262,597) 188,271,023 49,008,426	(118,783,467) 261,700,503 142,917,036
Other comprehensive income (net of tax)	20.054.45	- (1,013,583)	3,781,696 2,768,113	140,441 2,908,554	Income Tax (Paid) / Refunds Net Cash from Operating Activities	117,509	(10.608)	(27,250,907) 76,247,787	(27,319,492) 172,844,211
Total comprehensive income for the year Transaction with equity holders, recognised directly in equity	30,654,465 24,0	63,847 112,957,855 21	,085,645 203,430,337	3,929,214 207,359,551	Cash Flow from Investing Activities Dividends Received Purchase of Property & Equipment	1,564 (7.460)	558 (15.468)	1,259,924 (19,722,107)	1,230,935 (4.151.831)
Share issuelincrease of assigned capital Share options exercised Borus issue					Divinious Recursor Proceeds form Sale of Property Plant & Equipment Proceeds form Sale of Property Plant & Equipment Net cash flows from purchase of financial investments Net cash flows on business combination	17,480)	(15,468) 74	(20,021,127)	(4,151,831) 74,238 (66,575,800) (3,160,125)
Right issue Transfers to reserves during the period Capital contribution to Statutory funds of associates	882,766	(882,766) 19,914	19,914	19,914	Effect of translation of net investment in foreign branches, subsidiaries & associates Net Cash from Investing Activities	(5,891)	(14,836)	3,781,696 (34,618,504)	(2,361,719) (74,944,302)
Dividend to equity holders Gain on Business Combination		· (15,401,952)	· (15,401,952)	· (15,401,952)	Cash Flow from Financing Activities Acquisition of additional interest in a subsidiary from a minority shareholder Excahnge adjustment on translation of non-controlling interest in subsidiarry] :		(441,933) 143,989	(204,863)
profit transferred to head office Transferred from surpuls on revaluation of fixed assets Exchang translation realized on sale of foreign operation -	(2,7	76,521) 41,869 371,022	(2,734,652)	(2,734,652)	Issuance! (Repayment) of surbordinated loan Dividend paid Cash outflow for settlement payment to New York State Department of Financial Service			(4,000) (15,160,303) (15,462,247) (23,717,115)	(2,000) (21,016,417) (21,223,280)
Exchang translation realized on sale of Bank branches Non-controlling interest acquired in HABIB during the period Total transaction with equity holders		76,521) (15,851,913)	14,566 14,566 (356,456) (18,102,124)	14,566 (441,933) (441,933) (441,933) (18,544,057)	Net Increase)(Decrease) in Cash and Cash Equivalents Exchange difference in respect of cash & cash equivalent	111,618 51,347 1,870,506	97,073	11,341,165 273,056,213	76,676,629 (5,033,235) 212,753,984
Balance as at 31/12/2017 (Closing Balance) 14,668,525		87,326 97,105,942 20		3,487,281 188,815,494	Cash and Cash Equivalents at Beginning of the year Cash and Cash Equivalents at end of the year DISCLOSURE	2,033,470	1,870,506	286,847,299	284,397,378
1) Loan & Receivables to Other Customers		s and Receivable		mers- By Product	3) Movements in Individual and Collective Impairment during th period for Loans and Receivables to Other Customers	e 4) Due to	Other Customers		
BANK (Audited) GROUP (Audited) (PKR)		es Thousand	BANK (Audited) (LKR) 31.12.2017 31.12.2016	GROUP (Audited) (PKR) 31.12.2017 31.12.2016	BANK (Audited) GROUP (Audited) (PKR)			(LKR)	GROUP (Audited)
Gross leans & receivables 4,001,197 5,027,062 921,007,939 817	2.2016 By Product-De Overdraft Term loses Leage rentals rec	mestic Currency exable	1,196,281 1,176,697 1,018,971 1,142,342	178,628,383 135,343,419 328,608,068 265,667,544 17,127,461 16,571,841	Individual Impairment	By product: Dome:	etia Curraneu		1.12.2017 31.12.2016
Collective Impairment 17,316 21,486 3,088,343 3	,160,197 Credit cards Bills of eachange Lears to finance Staff loans Pawring	l institusions	64,393 56,061	5,785,646 4,519,239 10,340,024 9,522,184 35,527,782 81,386,115 9,318,284 7,963,685	Opening balance 34,338 28,807 65,160,197 65,8 Charge/Wirte back) to income statement 71,178 9,477 182,589 1 Write-off during the year 1,946 352,587 (2	41,568 Fixed deposits Call Deposits Call Deposits	1		86,185,375 514,158,572 46,505,070 749,709,177 40,077,107 218,134,531
	,466,297 Other loans Sub total By product- For Overdraft	eign Currency	498,302 247,075 2,777,927 2,722,178 85,088 750,499	143,627,004 86,116,389 730,242,752 587,480,526 53,238,579 43,044,712	Other movements	99,578) Margin Balances Sub total By product: Foreign	2 In Currency	7,628 10,088 ,029,087 2,243,806 1,61	82,767,552 1,483,003,280
(loss): Loans and receivables designated at fair valo through profit or loss	Term loans Bills of exchange Other loans Sub tetal		85,088 750,499 1,091,383 421,377 41,531 144,163 18,309 1,002,619 1,236,311 2,318,657 4,014,238 5,040,827	58,238,95 43,944,712 68,838,95 81,518,407 44,298,815 75,238,638 24,397,899 28,659,755 190,765,187 229,759,512 921,007,939 817,250,038	Opening balance 21,486 16,428 3,623,544 3,2 2,486 16,428 3,623,544 3,2 2,486 16,470 16,700 16,	81,182 Savings deposits Fixed deposits 44,263 Call Deposits	urrent accounts)	92,344 291,589 1 295,987 491,205 61,819 323,524	37,018,669 183,421,485 88,128,046 106,308,221 90,020,790 114,226,040
Net loans and receivables 3,978,395 4,971,238 851,502,420 748 HBL Group provision is made according to prudential regulations issued by State Bank of Pa	kistan. Less; Allowano	fair value adjustment e for impairment losses	13,765 122,832 55,824 3,878,365 4,971,238	69.505.519 68.783.741 851,502,420 748,466,297	Total Impairment 122,832 55,824 69,505,519 68,7	B3,741 Sub total Total		and a section of	16,167,505 402,955,746 98,935,057 1,885,959,026
a. Bank (Audited) -2017	Y MEASUREN	TENT BASIS A	S AT 31.12.20	117 - BANK	analysis of financial instruments B c. Group (Audited) -2017	Y MEASUREME	NT BASIS AS	A F 31.12.2017	· GROUP
In Rupees Thousand Held for Trading Designated a	t FVTPL Held to Mat	urity Amotised cost	Available for sale	Others Total	In Rupees Thousand Held for Trading Designated at	FVTPL Held to Maturi	ity Amotised cost Av	ailable for sale Othe	ers Total
ASSETS Cash and cash equivalents Balances with central banks Placement with banks		674,754 1,358,716 651,420		674,754 1,358,716 651,420	ASSETS Cash and cash equivalents Balances with central banks Placement with banks		130,203,020 156,644,279 500,000 33,400,345 851,502,420	: :	130,203,020 156,644,279 500,000
Placement with banks Loans and receivables to bank Loans and receivables to other customers Financial investments Total financial assets	488, 488,	651,420 650,389 3,878,365 451 397,927 451 7,611,571		. 651,420 650,389 3,878,365 886,378	Flacement with banks Loans and receivables to bank Loans and receivables to other customers Financial investments Total financial assets 68,670,659	278,730,258 278,730,258	33,400,345 851,502,420 3 1,172,250,064 1,0	000,048,908 ·	156,644,279 500,000 33,400,345 851,502,420 1,347,449,825 2,519,699,889
In Rupees Thousand	Heald for Tra		Amortised cost	Others Total	In Rupees Thousand	Heald for Tradi	1 0 1 1 1	nortised cost Othe	
LIABILITIES Due to banks Due to other customers Other borrowings	1		63,545 2,479,216 30,022	63,545 2,479,216 30,022	LIABILITIES Due to banks Due to other customers Other borrowings		1,	998,935,057 397,802,667 396,737,724	1,998,935,057 397,802,667 2,396,737,724
Other borrowings Total financial liabilities b. Bank (Audited) -2016			30,022 2,572,783	2,572,783	Other borrowings Total financial liabilities d. Group (Audited) -2016		2,3	396,737,724	2,396,737,724
In Rupees Thousand Held for Trading Designated a	t FVTPL Held to Mat		Available for sale	Others Total	In Rupees Thousand Held for Trading Designated at	FVTPL Held to Maturi	_	ailable for sale Othe	
ASSETS Cash and cash equivalents Balances with central banks Placement with banks Loans and receivables to bank Loans and receivables to other customers		1,247,249 1,306,271 209,875 300,123 4,971,237		1,247,249 1,306,271 209,875 300,123 4,971,237 2,858,825	ASSET SECTION OF THE PROPERTY		115,822,169 168,575,209 1,184,128 32,863,803 748,466,297		115,822,169 168,575,209 1,184,128 32,863,803 748,466,297
Loans and receivables to bank Loans and receivables to other customers Financial investments Total financial assets	496.1 496.1	143 10,396,736	<u> </u>	10,893,579		256,433,52 256,433,52	0 1,066,911,606 1,	,022,980,450 ,022,980,450	2,387,631,035
In Rupees Thousand	Heald for Tra	ding Designated at FVTPL	Amortised cost	Others Total	In Rupees Thousand LIABILITIES	Heald for Tradi	ng Designated Am	nortised cost Othe	ers Total
Due to banks Due to other customers			778,076 3,350,124 1,354,453	778,076 3,350,124	Due to banks Due to other customers		3	885,959,026 332,822,846	1,885,959,026 332,822,846
Other borrowings Total financial liabilities Statement of Compliance With the best practices of the Code of Co	rnorote Cou	o For the ver	1,354,453 5,482,653	. 1,354,453 5,482,653	Other borrowings Total financial liabilities	DECH ASSESSED	2,2	18,781,872	2,218,781,872
Statement of Compliance With the best practices of the Code of Co Distinctions is being presented to comply with the Sode of Corporate Greenance the Sodel contained in Chapt Regulations of the Polician Stock Exchange Limited. The Sode establishes a framework of good governance, where Acreptary amanaged in compleases with this best practices of compared parameters.	er 5 of the The Directors' Re by a Listed the salient matter The Directors, C	part for the year has been prepa s required to be disclosed. hief Executive Officer and Exec	red in compliance with the require	ements of the Code and fully describ in the shares of the Bank, except :	SELECTED PERFORMANCE INDICATORS (AS PER Item	REGULATORY 31/12/2017 (Audited)	REPORTING) A 31/12/2016 (Audited)	31/12/2017 (Audited)	31/12/2016 (Audited)
Tempany is managed in compliance with the best practices of corporate governance. The Bard has adopted the Code and applies the principles in the following manner: The Bard knowarages representation of independent non-executive directors and directors representing minority inter count of directors. At present the Bard includes 7 elected Circle Const.	The Bank has dissected as the Bank has been placed as the Chief Execution.	eminated a Code of Ethics and Bo ced on the HBL website. we Officer and Chief Financial Off	usiness Conduct, which has been a ficer have duly endorsed the financ	approved by the Board of Directors. Ti cial statements of the Bank before the	Regulatory Capital Adequacy Core Capital (Tier 1 Capital), Rs. '000	5,116,182	- LKR 5,110,088 4,758,399	Group - P	160,028,759 188,074,159
Categories Names Mr. Agha Sher Shah Independent Directors Mr. Mose Ahamed Jamal	The Uniet Execution approval by the B The Bank has con The Statutory Au review program	plied with the applicable corpora fitors of the Bank have confirme of the Institute of Chartered A-	te and financial reporting requiren d that they have been given a satis secuntants of Pakistan IICAPI	is all statements of the Bank before the factory rating under the quality control dot the firm and all its partners are ode of Ethics as adopted by ICAP. To or their spouses and minor children ho	Total Capital Base, Rs. 1000 Core Capital Adequacy Ratio, 5 of Risk Weighted Assets (Minimum Requirement, 5.75 Total Capital Adequacy Ratio, 8 of Risk Weighted Assets (Minimum Requirement, 11 Assets Usuality (Usuality of Losa Perfulio) Gross Non-Performing Advances Ratio, 8 (Without Interest in Suspense) Net Mon-Performing Advances Ratio, 5 (bet of interest in suspense and provision)	4,545,333 78.02% 25%) 79.16%	64.65% 65.61%	185,637,530 11.99% 15.96%	12.02% 15.53%
Dr. Majede Samia Mr. Sultan Af Allana Mr. Sajid Zalina Mr. Sajid Zalina Mr. Shaffig Dinerenshi Mr. Shaffig Dinerenshi Mr. Shaffig Dinerenshi	compliance with Auditors have als any shares of the The Statuter Auditors	he International Federation of A confirmed that neither they nor Sank. ditors or the persons associate	countants (IFAC) guidelines on C any of the partners of the firm, no ed with them have not been and	ode of Ethics as adopted by ICAP. To retheir spouses and minor children he cinted to provide services other the	la Assets Quality (Quality of Loan Portfolio) Gross Non - Performing Advances Ratio, % (Without Interest in Suspense) Net Non - Performing Advances Ratio, % (net of interest in suspense and provision) Profitability		4.58% 3.47%	8.91% 1.11%	11.91% 1.62%
	approved services The Board Audit I Committee is an I of non-executive	and the Auditors have confirmed committee comprises of three me dependent Director. The Board I frectors and the Chairman of the	I that they have observed IFAC gui ambers, all of whom are non-execu Risk Management Committee corr a Committee is a non-executive file	cinted to provide services other the delines in this regard, titive Directors and the Chairman of it optics of four members with a majori cotor. The Board HR and Remuneration of the Committee, are non-executi-	Interest Margin, % Return on Assets (Before Tax). % Return on Equity, %	4.44% 0.05% 0.09%	4.60% 1.02% 1.97%	3.20% 0.30% 4.07%	3.47% 1.44% 17.98%
The Information Leastories Disease or Land Section 1 Mr. Haygement Extend 1 Mr. Haygement Least Extend 1 Mr. H	eyment of Committee comp Directors. An effective Inter The Board April 1	nal Audit Group is in place. The He	ead of Internal Audit reports direct	by to the Reard Audit Committee	Statutory Liquid Assets, Rs. 000	2,514,205	1,043,459		
26, 2018. The Board has adopted a vision I mission statement, overall comprate strategy and significant policies of the Bank	The Book formulated and a	arresults of the Bank as required	s by the Code. The Terms of Refer d to the Board Audit Committee for	n every quarter prior to the approval ence of the Audit Committee have be or compliance. The Board approves t	en Off-Shore Banking Unit Statutory Liquid Assets Ratio,% (Minimum Requirement, 20%)	1,286	9,208		