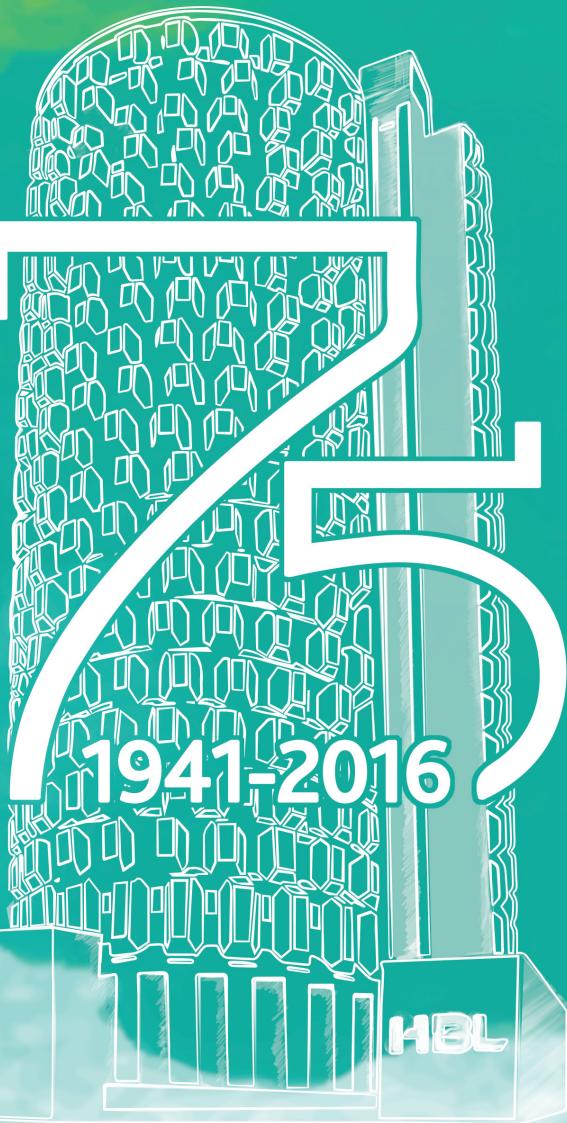


HBL

HABIB BANK

حیب بینک



Celebrating the Past, Embracing the Future.

Half Yearly Report - June 30, 2017

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Corporate Information

Board of Directors

Mr. Sultan Ali Allana

Chairman

Mr. Shaffiq Dharamshi

Director

Mr. Moez Ahamed Jamal

Director

Dr. Najeeb Samie

Director

Mr. Agha Sher Shah

Director

Mr. Sajid Zahid

Director

Mr. Nauman K. Dar

President & CEO

Chief Financial Officer

Mr. Rayomond Kotwal

Company Secretary

Ms. Nausheen Ahmad

Auditors

A. F. Ferguson & Co.

Chartered Accountants

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.hblbank.com.pk

Registered Office

Habib Bank Limited

9th Floor, Habib Bank Tower,

Jinnah Avenue, Blue Area,

Islamabad, Pakistan.

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)

Fax: (92-21) 34326053

Email: info@cdcpak.com

Website: www.cdcPakistan.com

Condensed Interim Consolidated Financial Information

Directors' Review

On behalf of the Board of Directors, I am pleased to present the condensed interim consolidated financial information for the half-year ended June 30, 2017.

Domestic Economy

Pakistan's GDP growth is provisionally estimated at a 10-year high of 5.3%, reflecting the country's improving economic trajectory. This has been underpinned by the revival of domestic demand, with investments in infrastructure and energy, and increase in consumer confidence and spending. GDP growth was further supported by a recovery in the agriculture sector, which grew by 3.5%, a nearly 6% growth in services, and a broad-based increase in Large Scale Manufacturing, which increased by 5.7% for 11M FY17. Headline inflation remained contained, averaging 4.2% during FY17, well within SBP's target of 4 – 5%.

Imports rose sharply by 18%, largely driven by strong demand for fuel, machinery and food. Despite an export package announced earlier this year, exports have stagnated, declining by 1% over last year. Consequently, the trade deficit for FY17 jumped by 39% over FY16. Workers remittances showed a decline for the first time in a decade, reducing by 3% to USD 19.3 billion, as a result of fiscal consolidation and changing dynamics in the GCC countries. This has led to a current account deficit of 4% of GDP. While financial inflows increased due to drawdowns of foreign debt, these were not sufficient to compensate for the current account imbalance, thus tilting the Balance of Payments into a deficit of USD 1.9 billion. Foreign exchange reserves fell to USD 21.4 billion in June 2017 from USD 23.2 billion in December 2016.

Despite the decline in reserves, the Rupee has remained largely stable against the dollar. At the start of the new fiscal year, concerns over external account pressures led to the Rupee depreciating briefly by 3.1%. However, the currency recovered the following day and has re-stabilized at slightly below its previous level. Pakistan's equities have witnessed an extremely volatile period as euphoria over the MSCI inclusion led to an unprecedented bull run with the PSX crossing 52,000. Subsequent retreats by Frontier Market funds, not accompanied by the expected ramp-up from Emerging Market funds, along with heightened political uncertainty, resulted in a steep decline. By June 2017, the PSX 100 had dropped 3% since the start of the year and the pattern has continued into FY18 with record increases followed by equally sharp drops.

The fiscal deficit of 3.7% for 9M FY17 is higher than the 3.4% recorded in the corresponding period of last year and the deficit for FY17 is likely to widen over FY16. Tax compliance remains weak and recovery remains subdued with the FY17 tax collection below targeted levels. Despite relatively disciplined spending, the fiscal deficit is expected to exceed even the revised Government target of 4.2% of GDP.

The SBP has maintained its policy rate at 5.75% since May 2016 and, in its latest monetary policy statement, has based this on the strong likelihood of continued growth, contained inflation and external account challenges. There has been a spurt in private sector credit, with a growth of Rs 748 billion in FY17, 67% higher than the growth in FY16. Encouragingly, this growth has been witnessed across a broad spectrum of sectors with a significant amount directed towards fixed investment. Banking sector advances have grown by 11% since the beginning of the year while market deposits have increased by 7%. Excess liquidity, constantly reducing investment yields and a tendency towards shorter tenors have maintained the squeeze on banking industry spreads which have compressed further, reducing by 23 bps in H1 17 over the corresponding period of last year.

Performance

HBL has delivered a consolidated profit after tax of Rs 15.7 billion for the first half of 2017, 2% lower than for the first six months of 2016. Earnings per share for H1 17 were Rs 10.56 compared to Rs 10.86 in H1 16. Pre-tax profit for the first half of 2017 is Rs 27.7 billion which, for the same period in 2016, was Rs 28.3 billion.

HBL's deposits have crossed the Rs 2 trillion mark, thereby driving the balance sheet to Rs 2.7 trillion, 7.4% higher than in December 2016. The domestic deposit mix continued to improve, as the ratio of domestic current accounts rose from 34.8% in December 2016 to 35.1% in June 2017, and domestic CASA improved from 85.5% to 86.5% over the same period. Improvements in the domestic economy and demand for private sector credit have resulted in strong lending growth with net advances increasing by 11% over December 2016 to Rs 831 billion.

Average domestic loans for H1 17 grew by 28% over H1 16, with all business segments registering significant increases, and average domestic current accounts for the first six months of 2017 increased by 17% over H1 16. This improvement in the Balance Sheet composition somewhat alleviated the pressure on spreads which, nevertheless, continued to decline as a result of falling investment yields and competitive loan pricing. Consequently, net interest income for the half year ended June 30, 2017 remained at the previous year's level of Rs 41.4 billion.

Non mark-up income of Rs 16.4 billion for H1 17 was 14% higher than for the first half of 2016. Fees and commissions increased by 9% to Rs 10.2 billion, with the growth coming from core banking businesses, asset management and home remittances. Despite the drop in remittances into Pakistan, flows through HBL's counters increased by 2.5% for FY17, resulting in the Bank strengthening its market leadership with a 26.6% share. Income from treasury related activities increased by 21%, to Rs 3.9 billion and contribution from the Bank's affiliates rose by 29% to Rs 1.9 billion.

Administrative expenses rose by 11% over H1 16, including the impact of consolidation of the First MicroFinanceBank (FMFB). Excluding this impact, expense growth was contained to single digits, even as HBL continued to invest in its brand, technology and the enhancement of compliance processes and systems. Total non-performing loans were Rs 0.1 billion lower than December 2016 levels and total provisions for the first six months of 2017 reduced by 19% compared to H1 16. The coverage ratio strengthened further, to 92.5% as at June 30, 2017.

Movement of Reserves Rupees in million

Unappropriated profit brought forward	106,142
Profit after taxation attributable to equity holders of the Bank	15,495
Other comprehensive income – net	(3)
Transferred from surplus on revaluation of assets – net of tax	22
Exchange translation realized on transfer of overseas branch to subsidiary	371
	15,885
Appropriations	
Transferred to statutory reserves	(1,585)
Capital contribution from statutory funds of associates	3
Cash dividend – Final 2016	(5,134)
Cash dividend – 1st Interim 2017	(5,134)
	(11,850)
Unappropriated profit carried forward	110,177
Earnings per share (Rs)	10.56

Capital Ratios

The Tier 1 consolidated Capital Adequacy Ratio (CAR) as at June 30, 2017 increased slightly to 12.1% and the total CAR declined marginally to 15.4% as healthy internal capital generation offset the increase in risk assets. The capital ratios remain strong and well above regulatory requirements.

Dividend

The Board of Directors, in its meeting held on August 11, 2017 has declared an interim cash dividend of Rs 3.50 per share (35%) for the quarter ended June 30, 2017. This is in addition to the interim cash dividend of Rs 3.50 per share (35%) already declared and paid for the first quarter ended March 31, 2017.

Credit Ratings

The Bank's credit ratings were re-affirmed by JCR-VIS at AAA/A-1+ for long term and short term respectively with the rating of its subordinated debt also at AAA. The ratings are supported by HBL's diversified revenue streams, healthy capitalization ratios and strong liquidity profile and reflect the systemic importance of the Bank.

Future Outlook

As the country enters the new fiscal year, the economy has performed well on many fronts, recognized by Moody's in their recent reaffirmation of Pakistan's B3 ratings and Stable Outlook. Inflation expectations remain reasonably anchored and the SBP projects inflation to remain in the 4.5 – 5.5% range for FY18. Domestic demand and private sector credit growth are both on an increasing trend, supported by the China Pakistan Economic Corridor (CPEC) projects which are expected to address critical infrastructure needs and remove bottlenecks. Government forecasts are for GDP growth to reach 6% in FY18.

However, there are increasing concerns around exports and external vulnerabilities, fiscal slippages and continuation of reforms under the previous IMF program. These concerns were echoed by the IMF at the conclusion of their recent Article IV consultation. While the decline in exports appears to have bottomed out, with positive global forecasts for growth and trade, a meaningful contribution will take time and require investment. The budgeted fiscal deficit and tax collection targets appear optimistic as the Government is unlikely to rein in spending in an election year. Continued commitment to reform implementation is needed to preserve the nascent macroeconomic stability and reinforce fiscal discipline.

The banking sector challenges will continue, as contained inflation will support a growth-oriented monetary policy; further spread compression is inevitable, with the second tranche of PIBs now having matured in July 2017. Through robust asset growth in the first half of 2017, HBL has demonstrated its commitment to supporting and participating in the development of the country and has adequate reserves of liquidity and capital.

Appreciation and Acknowledgement

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

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

On behalf of the Board

Nauman K. Dar
President & Chief Executive Officer
August 11, 2017

ڈائریکٹرز کا جائزہ

بودھ آف ڈائریکٹرز کی جانب سے میں اپنائی سرست سے 30 جون 2017 کو اختتام پذیر ہونے والی شماہی کے مختصر عبوری مجموعی مالیاتی اعداد و شمار پیش کرتا ہوں۔

ملکی میഷٹ

پاکستان کی مجموعی قومی پیداوار اپنی 10 سالہ تاریخ کی بلند ترین سطح 5.3 فیصد پر موجود ہے جس سے ملک کی بہتر معاشری صورتحال کی عکاسی ہوتی ہے۔ انفارسٹریک اور روتانا میں سرمایہ کاری اور صارفین کے اعتماد اور اخراجات میں اضافے سے مقامی اخراجات کی بھالی مستحکم ہوتی ہے۔ زراعت کے شعبے میں ترقی سے مجموعی قومی آمدنی میں مزید اضافہ ہوا جو 5.0 فیصد بڑھ گئی ہے اور سر و سز میں بڑھوٹری تقریباً 6 فیصد رہی۔ مالی سال 2017 کے ابتدائی 11 ماہ کے دوران بڑے صنعتی شعبے میں 5.7 فیصد اضافہ ہوا۔ مجموعی افراط زر بدستور کشوول میں رہی اور مالی سال 2017 میں اسٹیٹ بیک کے متنیں ہدف 4 فیصد سے 5 فیصد کے درمیان اوس طرح 4.2 فیصد رہی۔

درآمدات میں تیزی کے ساتھ 18 فیصد اضافہ ہوا جس کی بڑی وجہ فول، مشینی اور خواراک کی بھرپور طلب ہے۔ روایاں سال برآمدی پیکچع کے اعلان کے باوجود برآمدات گزشتہ سال کے مقابلے میں ایک فیصد کی کے ساتھ تنہی کا شکار ہیں۔ اس کے نتیجے میں مالی سال 2016 کے مقابلے میں مالی سال 2017 میں تجارتی خسارہ 39 فیصد بڑھ گیا۔ اس دہائی کے دوران پہلی بار یہ وہ ملک زر مبادله کے ذخیرے میں کمی آتی جو 3 فیصد کی سے 19.3 ارب ڈالر ہو گئے، جس کی وجہ پر ضرور میں کمی کی پالیسی اور خلائقی ممالک کے حالات میں تیزی سے آئے والی تبدیلی ہے۔ اس سے مجموعی قومی آمدنی کا کثرت اکاؤنٹ خسارہ 4 فیصد ہو گا۔ غیر ملکی تجارتی میں کمی کے باعث رقом کے بہاو میں اضافہ ہوا ہے تاہم یہ موجودہ غیر متوalon کریٹ اکاؤنٹ میں بہتری کے لئے کافی نہیں ہے جس کے باعث ادائیگیوں کا توازن 1.9 ارب ڈالر کے خسارے میں تبدیل ہو گیا ہے۔ غیر ملکی زر مبادله کے ذخیرے جون 2017 میں کم ہو کر 21.4 ارب ڈالر ہو گئے ہیں جو دسمبر 2016 میں 23.2 ارب ڈالر تھے۔

مالی ذخیرے میں کمی کے باوجود روپیہ ڈالر کے مقابلے میں بدستور مسحکم رہا۔ نئے مالی سال کے آغاز میں بیرونی اکاؤنٹ پر بادا کے باعث روپیہ کی قدر میں 3.1 فیصد کی معمولی کمی سے تشویش ہوئی تاہم اس دن کے ساتھ ہی روپے کی بجائی کا آغاز ہو گیا اور اس اپنی پرانی سطح پر آہستہ آہستہ جگہ بنای۔ ایم ایس ی آئی میں شمولیت کے باعث اس عرصے میں پاکستانی شیمز رکی مارکیٹ اپنی عدم استحکام کا شکار رہی اور پاکستان اسٹاک ائنڈسٹریس غیر موقوف طور پر 52 ہزار پاؤ انٹس سے تجاوز کر گیا تھا۔ اس کے نتیجے میں فرنٹئر مارکیٹ فنڈز میں کمی ایم جنگ مارکیٹ میں فنڈز میں نہ ہونے کے ساتھ غیر میکنی سیاسی صورتحال سے شدید تری ہوئی۔ جون 2017 تک پاکستان اسٹاک اکیچچ 100 انڈسٹریس میں تین فیصد کی آتی اور یہ رجحان مالی سال 2018 کے لئے اس طرح تیزگراوٹ کے ساتھ جاری ہے۔

مالی سال 2017 کے ابتدائی 9 ماہ میں تجارتی خسارہ 7.3 فیصد رہا جو گزشتہ سال اسی عرصے کے مقابلے میں 3.4 فیصد زائد رہا اور خسارے میں مالی سال 2016 کے مقابلے میں مالی سال 2017 میں مزید اضافہ کا امکان ہے۔ یہیں سے ہم آہنگی بدستور کمر و رہی اور مالی سال 2017 کی گلیں وصولی ہدف کے کم رہنے کے ساتھ رکیوکری بدستور کمر و رہی۔ مسحکم انداز سے اخراجات اور حکومت کی جانب سے نظر ثانی شدہ 4.2 فیصد کی مجموعی قومی آمدنی کے ہدف کے باوجود مالی خسارے میں مزید اضافے کی توقع ہے۔

اسٹیٹ بیک نے اپنی پالیسی ریٹ می 2016 سے 7.5 فیصد پر برقرار رکھی ہے اور اپنی حالیہ زری پالیسی روپر ٹر میں محدود افراط زر اور یہ وہی اکاؤنٹ کے چلنجرز کے باعث مسلسل مسحکم ترقی کا امکان ہے۔ مالی سال 2017 میں 748 ارب روپے اضافے کے ساتھ جو شعبے کے ضرور میں بے اپنا اضافہ

ریزروزکی تفصیلات

میلین (روپے)

106,142

15,495

(3)

22

371

15,885

(1,585)

3

(5,134)

(5,134)

(11,850)

110,177

10.56

اختتامی غیر تخصیص شدہ منافع

بینک کے حصہ بیانات گان سے قابل منسوب منافع

ویگر مجموعی ذرائع سے حاصل خالص آمدن

پائیدار اثاثوں کے از سرفتو تجیہیں پر اضافی آمدن۔ محصول کے بعد

بیوں ملک برائی کی ذیلی طور پر منتقلی سے زرمیادہ کی موجودگی

مختلف مددوں میں رکھی گئی رقم

غیر منقولہ ریزروزی منتقلی

ایسوی ایش کے غیر منقولہ فنڈز سے سرمائے کا تعاون

کیش ڈیویڈن - فائل 2016

عبوری کیش ڈیویڈن 2017 کی پہلی سہ ماہی

اختتامی غیر تخصیص شدہ منافع

فی حصہ آمن (روپے)

کیپٹل ریشور

30 جون 2017 کو کیپٹل ایڈ کیسی ریشور (CAR) معمولی اضافے سے 12.1 فیصد رہا جس کے ساتھ مجموعی CAR معمولی کی سے 15.4 فیصد رہا کیونکہ ہمدردی سرمائے کی پیدائش اثاثوں کے خطرات میں اضافے کو روکتی ہے۔ کیپٹل ریشور بدستور متحکم ہیں اور مطلوبہ ضروریات سے کافی بلند ہیں۔

ڈیویڈن

بڑا آف ڈائریکٹر نے اپنے 11 اگست کو ہونے والے اجلاس میں 30 جون 2017 کو اختتام پذیر ہونے والی سہ ماہی کے لئے 3.50 روپے فی شیر (35 فیصد) کا عبوری کیش ڈیویڈن کا اعلان کیا ہے۔ یہ 31 مارچ 2017 کو اختتام پذیر ہونے والی سہ ماہی پر پہلے سے اعلان کردہ 3.50 روپے فی شیر (35 فیصد) سے الگ ہے اور اسے ادھمی کیا جا چکا ہے۔

کریٹرینگ

اس سہ ماہی کے دوران JCR-VIS نے بینک کی طویل المیعاد و مختصر المیعاد کریٹرینگ رینگ AAA/A-1+ کی ہاتھیب تویش کی جگہ اسکی ذیلی قرض کے شعبہ کی رینگ کی بھی AAA کے ساتھ تویش ہوتی۔ ان رینگز کی بدولت ایچ بی ایل کی آمدن کے متنوع بہاء، متحکم سرمائے کی شرح اور مضبوط لیکوڈ یعنی پروفائل اور متفہم انداز کے ساتھ بینک کی اہمیت کی عکاسی ہوتی ہے۔

ہو گیا ہے جو کہ پچھلے سال کے مقابلے میں 67 فیصد زیادہ ہے۔ حوصلہ افزائے بات یہ ہے کہ یہ اضافہ و سیع شعبوں میں برہہ راست سرمایہ کاری کے طور پر ہوا ہے۔ بیننگ میٹر، میں رواں سال کے آغاز سے اب تک 11 فیصد اضافہ ہوا جکہ مارکیٹ ڈیپاڑش 7 فیصد بڑھ گئے۔ اضافی سرمایہ، سرمایہ کاری کے نتیجے سے منافع میں مسلسل کی اور کم ریٹ سے بیننگ انڈسٹری کے پھیلاوہ میں کی آئی اور گزشتہ سال کی پہلی شماہی کے مقابلے میں سال 2017 کی پہلی شماہی میں 23 بی پی ایس کی آئی۔

کارکردگی

انچبی ایل نے سال 2017 کی پہلی شماہی میں 15.7 ارب روپے کا بعداز مجموعی تنگیں منافع حاصل کیا جو سال 2016 کے پہلے چھ ماہ کے مقابلے میں 2 فیصد کم ہے۔ سال 2017 کی پہلی شماہی میں فی شیتر آمدن 10.56 ارب روپے رہی جو سال 2016 کی پہلی شماہی میں 10.86 ارب روپے تھی۔ سال 2017 کی پہلی شماہی میں قبل از تنگیں منافع 27.7 ارب روپے رہا جو سال 2016 میں اسی مدت کے دوران 28.3 ارب روپے تھا۔

انچبی ایل کے ڈیپاڑش 2 کھرب سے تجاوز کرنے کے باعث اسکی بیلنس شیٹ دسمبر 2016 کے مقابلے میں 7.4 فیصد اضافہ سے 2.7 کھرب روپے پر بیٹھ گئی ہے۔ ملکی ڈیپاڑش مکس میں بہتری کا سلسلہ جاری رہا، ملکی کرنٹ اکاؤنٹس دسمبر 2016 میں 34.8 فیصد سے بڑھ کر جون 2017 میں 35.1 فیصد ہو گئے اور ملکی کرنٹ کاؤنٹ سیوونگ اکاؤنٹ (CASA) گزشتہ سال اسی عرصے کے مقابلے میں 85.5 فیصد سے بڑھ کر 86.5 فیصد ہو گئے۔ ملکی معیشت میں بہتری اور نجی شبے کے قرضوں کی طلب کے نتیجے میں قرضوں سے حاصل آمدن میں مختتم اضافہ ہوا جو دسمبر 2016 کے مقابلے میں 11 فیصد اضافے سے 1831 ارب روپے ہو گئے۔

سال 2017 کی پہلی شماہی میں اوسط ملکی قرضے سال 2016 میں اسی عرصے کے مقابلے میں 28 فیصد بڑھ گئے جس کے ساتھ تمام کاروباری شعبوں کی رجسٹریشن بھی اور سال 2016 کی پہلی شماہی کے مقابلے میں سال 2017 کے ابتدائی چھ ماہ میں اوسط ملکی کرنٹ اکاؤنٹ میں 17 فیصد اضافہ ہوا۔ بیلنس شیٹ میں اس طرح کی بہتری کی بدولت ایٹھسٹر ریٹ اور قیمت کے درمیان فرق پر پہنچنے والے دباؤ میں کی آئی۔ سرمایہ کاری سے پہنچنے والے فائدوں میں کی اور قرضوں کی لگات میں سایافت کے باعث اس فرق میں کی جا رہی۔ اس کے نتیجے میں 30 جون 2017 کو اعتماد پنیری ہونے والی شماہی میں خاص مارک اپ آمدن 41.4 ارب روپے کی سطح پر رہی۔

سال 2017 کی پہلی شماہی میں نان مارک اپ آمدن سال 2016 کی پہلی شماہی کے مقابلے میں 14 فیصد زیادہ رہی۔ قیسیوں اور کمیشنوں سے حاصل آمدن 9 فیصد اضافے سے بڑھ کر 10.2 ارب روپے ہو گئی۔ جس کے ساتھ بیننگ کے بنیادی لین دین، ایٹھ میخجنت اور ترسیلات زر میں اضافہ رہا۔ پاکستانی ترسیلات زر میں کی آنے کے باوجود مالی سال 2017 میں انچبی ایل کے کاؤنٹر زر کے ذریعے رقمات کی فراہمی میں 2.5 فیصد اضافہ ہوا، اس کے نتیجے میں بینک کامارکیٹ لیئر شپ شیتر 26.6 فیصد رہا۔ ٹریشوری سے متعلق سرگرمیوں سے حاصل آمدن 21 فیصد اضافے سے 3.9 ارب روپے ہو گئی جبکہ بینک کے شرکتی اداروں سے حاصل آمدن 29 فیصد اضافے سے 1.9 ارب روپے ہو گئی۔

انتظامی اخراجات سال 2016 کی پہلی شماہی کے مقابلے میں 11 فیصد اضافے کے ساتھ فرشٹ مائیکرو فناں بینک (ایف ایم ایف بی) کے مجموعی اثرات شامل ہیں۔ ان اثرات کو الگ کرنے کے ساتھ اخراجات میں اضافہ سنگل ڈجٹ تک محروم رہا، یہاں تک کہ انچبی ایل نے اپنے برائٹنگ، گیئن الوچی اور اپنے نظام کو بہتر بنانے کے لئے سرمایہ کاری جاری رکھی۔ مجموع طور پر نان پر فارماگ قرضے دسمبر 2016 کی سطح کے مقابلے میں 0.1 ارب روپے تھے اور سال 2017 کے ابتدائی چھ ماہ میں مجموعی غیر موقت اخراجات سال 2016 کی پہلی شماہی کے مقابلے میں 19 فیصد ہو گئے۔ 30 جون 2017 کو کورٹک ریشور میڈ میکٹم ہو کر 92.5 فیصد ہو گئی۔

مستقبل کے امکانات

جیسا کہ نئے سال کا آغاز ہو گیا ہے، معیشت نے مختلف شعبوں میں اچھی کارکردگی کا مظاہرہ کیا ہے جسے حال ہی میں موڈی نے پاکستان کی B3 ریٹنگ اور اسٹینل آئٹ لک کے طور پر تویش کی ہے۔ افراط از برستور ہرنے کا امکان ہے اور اسٹینٹ بینک کے تغییر کے مطابق مالی سال 2018 میں افراط از 4.5 فیصد سے 5.5 فیصد تک ہے گا۔ کلی طلب اور غیر شبیع کے قریب میں اضافے کا رجحان ہے جس میں یہ بینک کے پروجیکٹس بھی شامل ہے۔ ان پروجیکٹس کی بدولت افراط از کچھ کی اہم ضروریات پوری ہوں گی اور مختلف رکاوٹوں کا خاتمه ہو گا۔ حکومت کو تو یہ ہے کہ مالی سال 2018 میں جمیع قومی آمدن 6 فیصد ہو جائے گی۔

تاہم بجٹ میں طے شدہ اہداف کی عدم تکمیل اور آئی ایم ایف کے پچھلے پروگرام کے تحت مسلسل اصلاحات کے سبب برآمدات اور یونی خطرات سے متعلق تویش بڑھ رہی ہے۔ ان تویش کی نشاندہی کا آئی ایم ایف کے حالیہ آرٹیکل میکس کی مشاورت کے اختتام پر بھی ذکر ہے۔ برآمدات میں کی انتہائی چیز سلط پر پہنچنے لظر آرہی ہے، عالمی سطح پر تجارت و ترقی میں مشتبہ توقع کے ساتھ با معنی تعاون اور دکار سرماہی کاری میں وقت لگے گا۔ بجٹ کا تجارتی خسارہ اور نیکیں وصولی کی اہداف بظاہر ثابت نظر آتے ہیں کیونکہ حکومت کی جانب سے انتخابی سال میں اخراجات کثروں کرنے کا امکان نہیں ہوتا۔ اصلاحات پر عمل درآمد میں مسلسل عزم کی ضرورت ہے تاکہ پرمادید طور پر جمیع معاشری ایجادیں اور مالی معاملات کو روافی سے چلانے کا عمل مضمون ہو جائے۔

بنیانگذاری کو روپیش مذکولات چاری ریونگی کیونکہ زری پالیسی میں بہتری سے مدد و افراط از رکود ملے گی اور اس کا سکراؤ ناگزیر ہے جس کے ساتھ پی آئی بی کی دوسرا قحط جولائی 2017 میں پوری ہو رہی ہے۔ سال 2017 کی پہلی شش ماہی میں اتنا شوں میں بھر پور ترقی کے ساتھ اچبی ایل نے مک کی ترقی میں تعاون اور رشکت کے عزم کا مظاہرہ کیا ہے جس کے پاس متحرك وسائل اور سرماۓ کے مناسب ذخائر ہیں۔

اعتراف و متابش

ہم یہ بات ریکارڈ پلانا چاہتے ہیں کہ ریگویٹری اور گورنمنس کے شابطے میں مسلسل بہتری کے ذریعے ہم بنیانگذاری میں ترقی کے لئے اپنے ریگویٹری اور حکومت پاکستان پاٹھوں وزارت نژاد، اسٹینٹ بینک آف پاکستان اور سیکورٹری ایچیجن میکشن آف پاکستان کی کادشوں، رہنمائی اور تعاون کو سراہتے ہیں۔

بورڈ اور میمنش کی جانب سے ہم اس موقع پر اپنے کشمکش کا شکریہ ادا کرنا چاہیں گے جنہوں نے ہمارے بڑنس پر اعتماد کیا اور اپنے شیئر ہولڈرز کے تعاون اور اعتماد کے بھی مشکور ہیں۔ ہم ان کو یہ یقین دہانی کرتے ہیں کہ ہم اعلیٰ معیار اور اچھے کاروباری انتظام کی مکالم روایت کو اپنے تمام اقدامات میں برقرار رکھیں گے۔ ہم اچبی ایل کی ترقی میں اپنے ملازمین کی کادشوں کا بھی اعتراض کرتے ہیں اور ان کے عزم و اخلاص کے مشکور ہیں۔

منجانب بورڈ

نعمان کے ڈار

پریمیٹٹ اور چیف ایگزیکٹو فیسر

11 اگسٹ، 2017

Condensed Interim Consolidated Statement of Financial Position

As at June 30, 2017

	Note	(Unaudited) June 30, 2017	(Audited) December 31, 2016
		(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		214,448,349	238,438,283
Balances with other banks		54,864,896	45,959,095
Lendings to financial institutions		50,637,113	34,047,931
Investments	6	1,422,299,429	1,344,404,771
Advances	7	831,007,193	748,466,297
Operating fixed assets	8	49,688,385	36,087,509
Deferred tax asset		-	-
Other assets		70,131,791	59,778,445
		<u>2,693,077,156</u>	<u>2,507,182,331</u>
LIABILITIES			
Bills payable		29,689,951	31,195,900
Borrowings	9	388,002,406	332,822,846
Deposits and other accounts	10	2,002,572,023	1,885,959,026
Subordinated loan		9,996,000	9,998,000
Liabilities against assets subject to finance lease		-	-
Deferred tax liability		5,214,231	6,090,983
Other liabilities		57,938,640	44,846,706
		<u>2,493,413,251</u>	<u>2,310,913,461</u>
NET ASSETS			
		<u>199,663,905</u>	<u>196,268,870</u>
REPRESENTED BY:			
Shareholders' equity			
Share capital		14,668,525	14,668,525
Reserves		49,773,729	47,958,414
Unappropriated profit		110,177,304	106,142,374
Total equity attributable to the equity holders of the Bank		174,619,558	168,769,313
Non-controlling interest		3,230,465	3,435,710
Surplus on revaluation of assets - net of deferred tax	11	21,813,882	24,063,847
		<u>199,663,905</u>	<u>196,268,870</u>
CONTINGENCIES AND COMMITMENTS			
	12		

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

Nauman K. Dar
President and
Chief Executive Officer

Raymond Kotwal
Chief Financial Officer

Moez Ahamed Jamal
Director

Agha Sher Shah
Director

Shaffiq Dharamshi
Director

Condensed Interim Consolidated Profit and Loss Account (Unaudited)

For the six months ended June 30, 2017

	Note	January 01 to June 30, 2017	January 01 to June 30, 2016	April 01 to June 30, 2017	April 01 to June 30, 2016
(Rupees in '000)					
Mark-up / return / profit / interest earned	13	72,302,748	70,709,613	37,370,623	35,531,501
Mark-up / return / profit / interest expensed	14	30,901,318	29,286,249	16,095,204	14,292,361
Net mark-up / return / profit / interest income		41,401,430	41,423,364	21,275,419	21,239,140
Provision against advances	7.2	564,059	1,209,751	420,749	733,456
Reversal against off-balance sheet obligations		(50,233)	(20,210)	(8,251)	(23,485)
Provision for diminution in the value of investments	6.2	647,522	264,664	427,348	276,180
Bad debts written off directly		-	-	-	-
Net mark-up / return / profit / interest income after provisions		1,161,348	1,454,205	839,846	986,151
		40,240,082	39,969,159	20,435,573	20,252,989
Non mark-up / interest income					
Fee, commission and brokerage income		10,201,162	9,325,634	5,407,682	4,913,381
Dividend income		685,752	630,509	507,785	240,112
Share of profit of associates and joint venture		1,902,826	1,474,884	644,083	738,466
Income from dealing in foreign currencies		1,315,735	736,779	646,101	348,015
Gain on sale of securities - net		1,904,872	1,817,015	629,459	1,456,234
Unrealized (loss) / gain on held-for-trading securities		(23,641)	24,115	20,460	20,709
Other income		447,022	377,086	264,785	69,479
Total non mark-up / interest income		16,433,728	14,386,022	8,120,355	7,786,396
		56,673,810	54,355,181	28,555,928	28,039,385
Non mark-up / interest expense					
Administrative expenses		28,353,537	25,442,727	14,589,868	13,269,394
Other provisions / write offs - net		66,299	58,125	28,774	39,633
Other charges		507	487	406	487
Workers' Welfare Fund		536,291	555,691	272,290	285,052
Total non mark-up / interest expenses		28,956,634	26,057,030	14,891,338	13,594,566
Profit before taxation		27,717,176	28,298,151	13,664,590	14,444,819
Taxation					
- Current		10,242,626	9,790,863	5,330,377	5,159,649
- Prior years		2,072,385	2,318,915	2,072,385	2,318,915
- Deferred		(274,955)	217,053	(335,571)	29,482
		12,040,056	12,326,831	7,067,191	7,508,046
		15,677,120	15,971,320	6,597,399	6,936,773
Profit after taxation					
Attributable to:					
Equity holders of the Bank		15,494,600	15,924,016	6,462,233	6,901,578
Non-controlling interest		182,520	47,304	135,166	35,195
		15,677,120	15,971,320	6,597,399	6,936,773
(Rupees)					
Basic and diluted earnings per share		10.56	10.86	4.41	4.71

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

Raymond Kotwal
Chief Financial Officer

Moiz Ahamed Jamal
Director

Agha Sher Shah
Director

Shaffiq Dharamshi
Director

Condensed Interim Consolidated Statement of Comprehensive Income (Unaudited)

For the six months ended June 30, 2017

	January 01 to June 30, 2017	January 01 to June 30, 2016	April 01 to June 30, 2017	April 01 to June 30, 2016
----- (Rupees in '000)-----				
Profit after taxation for the period attributable to:				
Equity holders of the Bank	15,494,600	15,924,016	6,462,233	6,901,578
Non-controlling interest	182,520	47,304	135,166	35,195
	15,677,120	15,971,320	6,597,399	6,936,773
Other comprehensive income / (loss)				
<i>Items that may be reclassified to the profit and loss account in subsequent periods</i>				
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates attributable to:				
Equity holders of the Bank	601,076	(585,699)	404,695	(400,893)
Non-controlling interest	54,168	(105,875)	40,970	(66,057)
	655,244	(691,574)	445,665	(466,950)
<i>Items that are not to be reclassified to the profit and loss account in subsequent periods</i>				
Remeasurement loss on defined benefit obligations - net	(2,544)	-	(2,544)	-
Comprehensive income transferred to equity				
Components of comprehensive income / (loss) not reflected in equity				
<i>Items that may be reclassified to the profit and loss account in subsequent periods</i>				
Movement in surplus / (deficit) on revaluation of investments - net of tax attributable to:				
Equity holders of the Bank	(2,328,597)	5,793,412	(928,610)	2,133,700
Non-controlling interest	(16,452)	20,096	(20,303)	6,509
	(2,345,049)	5,813,508	(948,913)	2,140,209
<i>Items that are not to be reclassified to the profit and loss account in subsequent periods</i>				
Movement in surplus / (deficit) on revaluation of operating fixed assets - net of tax	-	-	-	-
Transferred from surplus on revaluation of non-banking assets	10,079	262,797	10,079	262,797
	10,079	262,797	10,079	262,797
Movement in surplus / (deficit) on revaluation of non-banking assets - net of tax	117,093	499,580	117,093	(3,660)
Transferred to surplus on revaluation of operating fixed assets	(10,079)	(262,797)	(10,079)	(266,457)
	107,014	236,783	107,014	
Total comprehensive income	14,101,864	21,592,834	6,208,700	8,606,372
Total comprehensive income attributable to:				
Equity holders of the Bank	13,881,628	21,631,309	6,052,867	8,630,725
Non-controlling interest	220,236	(38,475)	155,833	(24,353)
	14,101,864	21,592,834	6,208,700	8,606,372

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**

Raymond Kotwal
Chief Financial Officer

Moaz Ahamed Jamal
Director

Agha Sher Shah
Director

Shaffiq Dharamshi
Director

Condensed Interim Consolidated Statement of Changes in Equity (Unaudited)

For the six months ended June 30, 2017

Share capital	Exchange translation reserve	Attributable to shareholders of the Bank						Subtotal	Non-controlling interest	Total			
		Reserves			Revenue								
		Capital			Capital reserve on acquisition of common control entity								
		Statutory reserves	Associates, joint venture and subsidiary	Bank	Non-distributable capital reserve		General reserve	Unappropriated profit					
(Rupees in '000).....													
Balance as at December 31, 2015		14,668,525	13,201,447	475,714	26,890,062	547,115	-	6,073,812	96,495,448	158,352,123	1,698,442	160,050,565	
Comprehensive income for the period													
Profit after taxation for the six months ended June 30, 2016									15,924,016	15,924,016	47,304	15,971,320	
Other comprehensive income / (loss)									(585,699)	(585,699)	(105,875)	(601,574)	
- Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates													
Transactions with owners, recorded directly in equity													
Final cash dividend - Rs. 3.5 per share declared subsequent to the year ended December 31, 2015									(585,699)	(585,699)	(585,699)	(585,699)	
1st interim cash dividend - Rs. 3.5 per share													
Transferred from surplus on revaluation of assets - net of tax													
Transferred to statutory reserve													
Non-controlling interest recognised on acquisition of FMFB													
Excess of consideration paid over the net assets of FMFB													
Capital contribution to statutory funds of associates													
Balance as at June 30, 2016		14,668,525	12,615,748	514,634	28,403,396	547,115	(163,709)	6,073,812	100,605,928	163,266,449	3,433,660	166,700,109	
Comprehensive income for the period													
Profit after taxation for the six months ended December 31, 2016									18,146,129	18,146,129	88,805	18,234,934	
Other comprehensive income / (loss)									(1,776,020)	(1,776,020)	(98,988)	(1,875,008)	
- Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates													
- Remeasurement loss on defined benefit obligations- net													
Transactions with owners, recorded directly in equity													
2nd interim cash dividend - Rs. 3.5 per share													
3rd interim cash dividend - Rs. 3.5 per share													
Transferred from surplus on revaluation of assets - net of tax													
Transferred to statutory reserve													
Adjustment to non-controlling interest recognised on acquisition of FMFB													
Adjustment to consideration paid over the net assets of FMFB													
Capital contribution to statutory funds of associates													
Balance as at December 31, 2016		14,668,525	10,839,728	582,381	30,072,084	547,115	(156,706)	6,073,812	106,142,374	168,769,313	3,435,710	172,205,023	
Comprehensive income for the period													
Profit after taxation for the six months ended June 30, 2017									15,494,600	15,494,600	182,520	15,677,120	
Other comprehensive income / (loss)									601,076	601,076	54,168	655,244	
- Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates													
- Remeasurement loss on defined benefit obligations- net													
Transactions with owners, recorded directly in equity													
Final cash dividend - Rs. 3.5 per share declared subsequent to the year ended December 31, 2016													
1st interim cash dividend - Rs. 3.5 per share													
Transferred from surplus on revaluation of assets - net of tax													
Acquisition of additional interest in HAHL from minority shareholder													
Transferred to statutory reserve													
85,408, 1,499,853													
Exchange translation realized on sale of Bank branch to Habibsons Bank									(371,022)	(371,022)			
Capital contribution from statutory funds of associates													
Balance as at June 30, 2017		14,668,525	11,069,782	667,789	31,571,937	547,115	(156,706)	6,073,812	110,177,304	174,619,558	3,230,465	177,850,023	

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

Raymond Kotwal
Chief Financial Officer

Moaz Ahmed Jamal
Director

Agha Sher Shah
Director

Shaffiq Dharamshi
Director

Condensed Interim Consolidated Cash Flow Statement (Unaudited)

For the six months ended June 30, 2017

	June 30, 2017	June 30, 2016
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	27,717,176	28,298,151
Dividend income	(685,752)	(630,509)
Share of profit of associates and joint venture	(1,902,826)	(1,474,884)
	(2,588,578)	(2,105,393)
	<u>25,128,598</u>	<u>26,192,758</u>
Adjustment for:		
Depreciation	1,659,196	1,458,509
Amortisation	268,661	215,716
Provision against advances	564,059	1,209,751
Reversal against off-balance sheet obligations	(50,233)	(20,210)
Provision for diminution in the value of investments	647,522	264,664
Other provisions / write offs - net	66,299	58,125
Unrealised loss / (gain) on held-for-trading securities	23,641	(24,115)
Exchange (gain) / loss on Goodwill	(94,592)	170,764
Gain on sale of operating fixed assets - net	(19,763)	(34,919)
Workers' Welfare Fund	536,291	555,691
	<u>3,601,081</u>	<u>3,853,976</u>
	<u>28,729,679</u>	<u>30,046,734</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	(16,589,182)	3,733,782
Net investments in held-for-trading securities	(77,177,659)	(32,330,987)
Advances	(83,104,955)	(19,655,813)
Other assets	(5,827,631)	(3,467,737)
	<u>(182,699,427)</u>	<u>(51,720,755)</u>
Increase / (decrease) in operating liabilities		
Bills payable	(1,505,949)	8,930,345
Borrowings	55,179,560	(21,291,647)
Deposits and other accounts	116,612,997	130,551,839
Other liabilities	8,703,282	1,600,808
	<u>178,989,890</u>	<u>119,791,345</u>
	<u>25,020,142</u>	<u>98,117,324</u>
	<u>(16,803,105)</u>	<u>(14,570,171)</u>
	<u>8,217,037</u>	<u>83,547,153</u>
Income tax paid		
Net cash flows from operating activities	<u>8,217,037</u>	<u>83,547,153</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(13,092,997)	14,354,664
Net investments in held-to-maturity securities	11,060,590	(82,797,388)
Net investments in associates	(524,537)	(1,051,664)
Dividend income received	706,192	566,470
Net cash outflow on acquisition of PICIC AMC	-	(3,948,939)
Net cash outflow on acquisition of FMFB	-	(596,700)
Fixed capital expenditure	(15,338,825)	(2,701,351)
Proceeds from sale of fixed assets	45,014	41,651
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates	601,076	(585,699)
Net cash flows used in investing activities	<u>(16,543,487)</u>	<u>(76,718,956)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Effect of translation of net investment by non-controlling interest in subsidiary	54,168	105,875
Repayment of subordinated loan	(2,000)	-
Dividend paid	(6,809,851)	(10,809,561)
Net cash flows used in financing activities	<u>(6,757,683)</u>	<u>(10,915,436)</u>
Decrease in cash and cash equivalents during the period	(15,084,133)	(4,087,239)
Cash and cash equivalents at the beginning of the period	282,040,075	209,770,150
Effect of exchange rate changes on cash and cash equivalents	2,357,303	(2,049,401)
	<u>284,397,378</u>	<u>207,720,749</u>
Cash and cash equivalents at the end of the period	<u>269,313,454</u>	<u>203,633,510</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**

Raymond Kotwal
Chief Financial Officer

Moaz Ahamed Jamal
Director

Agha Sher Shah
Director

Shaffiq Dharamshi
Director

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months ended June 30, 2017

1 THE GROUP AND ITS OPERATIONS

Habib Bank Limited (the Bank) is incorporated in Pakistan and is engaged in commercial banking related services in Pakistan and overseas. The Bank's registered office is at Habib Bank Tower, 9th Floor, Jinnah Avenue, Islamabad and its principal office is at Habib Bank Plaza, I.I.Chundrigar Road, Karachi. The Bank's shares are listed on the Pakistan Stock Exchange. The Bank operates 1,687 (December 31, 2016: 1,677) branches inside Pakistan including 46 (December 31, 2016: 45) Islamic Banking Branches and 54 (December 31, 2016: 54) branches outside the country including in the Karachi Export Processing Zone (KEPZ). The Aga Khan Fund for Economic Development (AKFED), S.A. is the parent company of the Bank and its registered office is in Geneva, Switzerland.

1.1 During the period, the Bank has purchased 678,750 ordinary shares of Habib Allied Holding Limited (HAHL) from a minority shareholder. Consequently, the shareholding of the Bank in HAHL has increased from 89.40% to 90.50%.

1.2 During the period, the Bank has sold its operations and business in Paris to Habibsons Bank, a subsidiary of HAHL.

1.3 During the period, the Bank has entered into an agreement dated March 21, 2017 with Diamond Trust Bank Kenya Limited (DTBKL), an associated company, to transfer / sell the business, assets and liabilities of the Bank's Kenya branches to DTBKL. In consideration, the Bank will receive additional shareholding in DTBKL.

1.4 Authorised Capital

During the period, the authorised capital of the Bank was reduced from Rs. 30 billion to Rs. 29 billion divided into 2.9 billion ordinary shares of Rs. 10 each.

1.5 Business Combinations

Acquisition of PICIC Asset Management Company Limited (PICIC AMC)

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

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

2 STATEMENT OF COMPLIANCE

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

The Companies Ordinance, 1984 has been repealed as a result of the enactment of the Companies Act, 2017. However, as directed by the Securities and Exchange Commission of Pakistan vide circular no. 17 of 2017, dated July 20, 2017, this condensed interim consolidated financial information has been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

3 ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim consolidated financial information are consistent with those followed in the preparation of the consolidated financial statements for the year ended December 31, 2016.

4 ACCOUNTING ESTIMATES

The basis for accounting estimates adopted in the preparation of this condensed interim consolidated financial information is the same as that applied in the preparation of the consolidated financial statements for the year ended December 31, 2016.

5 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Group are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2016.

6	INVESTMENTS	Note	June 30, 2017 (Unaudited)			December 31, 2016 (Audited)										
			Held by Group	Given as collateral	Total	Held by Group	Given as collateral	Total								
			(Rupees in '000)													
Investments by type																
Hold-for-trading (HFT)																
<i>Federal Government securities</i>																
- Market Treasury Bills	109,735,339	-	109,735,339	-	32,635,003	-	32,635,003									
- Pakistan Investment Bonds	5,711,262		5,711,262		8,174,573	-	8,174,573									
- Sukuk	2,000,000	-	2,000,000	-	-	-	-	-								
Fully paid-up ordinary shares	370,499	-	370,499	131,436	-	131,436	-	131,436								
- Listed companies	370,499	-	370,499	131,436	-	131,436	-	131,436								
<i>Overseas Government securities</i>	666,018	-	666,018	376,504	-	376,504	-	376,504								
	118,483,118	-	118,483,118	41,317,516	-	41,317,516	-	41,317,516								
Hold-to-maturity (HTM)																
<i>Federal Government securities</i>																
- Market Treasury Bills	165,797	-	165,797	-	29,295,870	-	29,295,870									
- Pakistan Investment Bonds	183,982,593		183,982,593		173,180,878	-	173,180,878									
- Government of Pakistan US Dollar Bonds	1,020,852	-	1,020,852	-	1,670,392	-	1,670,392									
Debentures and corporate debt instruments	10,964,618	-	10,964,618	12,877,180	-	12,877,180	-	12,877,180								
- Listed	10,964,618	-	10,964,618	12,449,379	-	12,449,379	-	12,449,379								
- Unlisted	19,302,707	-	19,302,707	26,959,821	-	26,959,821	-	26,959,821								
<i>Overseas Government securities</i>	29,936,363	-	29,936,363	256,433,520	-	256,433,520	-	256,433,520								
Available-for-sale (AFS)	245,372,930	-	245,372,930	256,433,520	-	256,433,520	-	256,433,520								
<i>Federal Government securities</i>																
- Market Treasury Bills	201,032,844		178,380,483		379,413,327		261,883,530									
- Pakistan Investment Bonds	359,486,073		100,169,825		459,655,898		326,030,937									
- Government of Pakistan US Dollar Bonds	21,900,982	-	21,900,982	-	21,900,982	-	22,197,008									
- Sukuk	83,310,347	-	83,310,347	-	83,310,347	-	77,911,455									
Fully paid-up ordinary shares	19,479,451	-	19,479,451	16,876,992	-	16,876,992	-	16,876,992								
- Listed companies	19,479,451	-	19,479,451	2,251,466	-	2,251,466	-	2,251,466								
- Unlisted companies	2,376,016	-	2,376,016	-	-	-	-	-								
Debentures and corporate debt instruments	30,303,776	6,577,592	36,881,368	41,380,251	-	-	41,380,251	-								
- Listed	30,303,776	-	30,303,776	12,747,798	-	12,747,798	-	12,747,798								
- Unlisted	11,159,679	-	11,159,679	5,337,240	-	5,337,240	-	5,337,240								
<i>Overseas Government securities</i>	6,407,990	-	6,407,990	11,113	-	11,113	-	11,113								
<i>NIT units</i>	11,113	-	11,113	396,000	-	396,000	-	396,000								
<i>Real Estate Investment Trust units</i>	272,162	-	272,162	100,000	-	100,000	-	100,000								
<i>Preference shares</i>	100,000	-	100,000	767,123,790	-	767,123,790	-	767,123,790								
Investment in associates and joint venture	735,840,433	285,127,900	1,020,968,333	239,675,869	-	239,675,869	-	239,675,869								
Provision for diminution in the value of investments	23,929,787	-	23,929,787	22,559,484	-	22,559,484	-	22,559,484								
	1,123,626,268	285,127,900	1,408,754,168	1,087,434,310	(866,152)	-	(866,152)	-								
	(1,669,708)	-	(1,669,708)	(866,152)	-	-	(866,152)	-								
	1,121,956,560	285,127,900	1,407,084,460	1,086,568,158	-	239,675,869	-	1,326,244,027								
Deficit on revaluation of held-for-trading securities	(23,641)	-	(23,641)	(12,057)	-	(12,057)	-	(12,057)								
Surplus on revaluation of available-for-sale securities	14,027,204	516,731	14,543,935	12,633,945	4,412,998	-	17,046,943	-								
Surplus on revaluation of investments of associates	694,675	-	694,675	1,125,858	-	1,125,858	-	1,125,858								
Total investments (net of provision)	1,136,654,798	285,644,631	1,422,299,429	1100,315,904	244,088,867	-	1,344,404,771	-								

6.1 Securities classified as held-to-maturity had a market value of Rs. 250,646,714 million as at June 30, 2017 (December 31, 2016: Rs.261,991,234 million).

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

(Unaudited) (Audited)
June 30, December 31,
2017 2016
(Rupees in '000)

Opening balance	866,152	617,536
Charge for the period / year	811,103	289,986
Reversal for the period / year	(163,581)	(21,999)
Reversal on disposal during the period / year	-	(19,371)
Net charge for the period / year	647,522	248,616
Recoveries against write off	156,034	-
Closing balance	1,669,708	866,152

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

	Based on the financial information as at
Diamond Trust Bank Kenya Limited	March 31, 2017
Himalayan Bank Limited, Nepal	April 13, 2017
Kyrgyz Investment and Credit Bank	June 30, 2017
Jubilee General Insurance Company Limited	March 31, 2017
Jubilee Life Insurance Company Limited	March 31, 2017
HBL Cash Fund (formerly PICIC Cash Fund)	June 30, 2017
HBL Energy Fund (formerly PICIC Energy Fund)	June 30, 2017
HBL Equity Fund (formerly PICIC Stock Fund)	June 30, 2017
HBL Government Securities Fund (formerly PICIC Income Fund)	June 30, 2017
HBL Income Fund	June 30, 2017
HBL Islamic Asset Allocation Fund	June 30, 2017
HBL Islamic equity Fund (formerly PICIC Islamic Stock Fund)	June 30, 2017
HBL Islamic Money Market Fund	June 30, 2017
HBL Islamic Pension Fund - Debt Sub Fund	June 30, 2017
HBL Islamic Pension Fund - Equity Sub Fund	June 30, 2017
HBL Islamic Pension Fund - Money Market Sub Fund	June 30, 2017
HBL Islamic Stock Fund	June 30, 2017
HBL Money Market Fund	June 30, 2017
HBL Multi Asset Fund	June 30, 2017
HBL Pension Fund - Debt Sub Fund	June 30, 2017
HBL Pension Fund - Equity Sub Fund	June 30, 2017
HBL Pension Fund - Money Market Sub Fund	June 30, 2017
HBL Stock Fund	June 30, 2017
PICIC Investment Fund	June 30, 2017

Note	(Unaudited) June 30, 2017	(Audited) December 31, 2016
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(Rupees in '000)

7 ADVANCES

Loans, cash credits, running finances, etc.

- In Pakistan
- Outside Pakistan

596,669,454	563,574,263
141,958,890	119,767,792
738,628,344	683,342,055

Net investment in finance lease - in Pakistan

17,140,706

16,571,941

Islamic financing and related assets

18.1.1

51,140,867

32,077,220

Bills discounted and purchased

- Payable in Pakistan
- Payable outside Pakistan

23,533,623	16,985,715
70,240,941	68,273,107
93,774,564	85,258,822
900,684,481	817,250,038

Advances - gross

Provision against advances

- Specific
- General

7.2

(65,649,106)	(65,160,197)
(4,028,182)	(3,623,544)
(69,677,288)	(68,783,741)
831,007,193	748,466,297

Advances - net of provision

- 7.1 Advances include Rs. 75,351.525 million (December 31, 2016: Rs. 75,446.933 million) which have been placed under non-performing status as detailed below:

Category of classification	June 30, 2017 (Unaudited)											
	Non-performing advances			Provision required and held			Net non-performing advances			Domestic	Overseas	Total
	Domestic	Overseas	Total	Domestic	Overseas	Total	(Rupees in '000)					
Other assets especially mentioned												
Substandard	3,446,839	1,319,319	4,766,158	1,203,125	306,169	1,509,294	2,243,714	1,013,150	3,256,864			
Doubtful	1,218,490	869,425	2,087,915	609,038	425,442	1,034,480	609,452	443,983	1,053,435			
Loss	46,715,878	20,067,709	66,783,587	45,579,580	17,525,752	63,105,332	1,136,298	2,541,957	3,678,255			
	53,061,980	22,289,545	75,351,525	47,391,743	18,257,363	65,649,106	5,670,237	4,032,182	9,702,419			
December 31, 2016 (Audited)												
Category of classification	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												
Substandard	832,359	121,924	954,283	-	-	-	832,359	121,924	954,283			
Doubtful	3,727,408	2,144,077	5,871,485	1,167,771	525,154	1,692,925	2,559,637	1,618,923	4,178,560			
Loss	1,188,100	1,816,104	3,004,204	593,638	899,833	1,493,471	594,462	916,271	1,510,733			
	46,751,300	18,865,661	65,616,961	45,614,113	16,359,688	61,973,801	1,137,187	2,505,973	3,643,160			
	52,499,167	22,947,766	75,446,933	47,375,522	17,784,675	65,160,197	5,123,645	5,163,091	10,286,736			

- 7.1.1 Exposure amounting to Rs. 3,390 million relating to Power Holding (Private) Limited, 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 recognized when received.

7.2 Particulars of provision against advances

Note	June 30, 2017 (Unaudited)			December 31, 2016 (Audited)		
	Specific	General	Total	Specific	General	Total
(Rupees in '000)						
Opening balance	65,160,197	3,623,544	68,783,741	65,881,113	3,298,099	69,179,212
Exchange Adjustment	203,618	17,821	221,439	(815,785)	(38,618)	(854,403)
Charge for the period / year	2,235,965	372,126	2,608,091	5,039,092	449,178	5,488,270
Reversal for the period / year	(2,022,010)	(22,022)	(2,044,032)	(4,829,119)	(167,996)	(4,997,115)
Net charge against advances for the period / year	213,955	350,104	564,059	209,973	281,182	491,155
Charged off during the period / year	(121,005)	-	(121,005)	(526,238)	-	(526,238)
Written off during the period / year	(103,087)	-	(103,087)	(262,906)	-	(262,906)
Transfer in on acquisition of FMFB	-	-	-	21,601	91,399	113,000
Transfer from / (to) other liabilities	-	-	-	173,486	(8,518)	164,968
Recoveries against write off	248,699	-	248,699	457,833	-	457,833
Other movements	46,729	36,713	83,442	21,120	-	21,120
Closing balance	65,649,106	4,028,182	69,677,288	65,160,197	3,623,544	68,783,741

- 7.3 General provision represents provision amounting to Rs. 1,744,444 million (December 31, 2016: Rs. 1,655,911 million) against consumer finance portfolio, Rs. 127,751 million (December 31, 2016: Rs. 126,699 million) against advances to small enterprises and Rs. 98,755 million (December 31, 2016: Rs. 75,186 million) against advances to microenterprises. General provision also includes Rs. 2,057,232 million (December 31, 2016: Rs. 1,765,748 million) pertaining to overseas advances to meet the requirements of the regulatory authorities of the respective countries in which the Group operates.

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

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

	June 30, 2017 (Unaudited)			December 31, 2016 (Audited)		
	Balance outstanding	Maximum total amount of advances including temporary advances outstanding**	Limit sanctioned during the period	Balance outstanding	Maximum total amount of advances including temporary advances outstanding **	Limit sanctioned during the year
(Rupees in '000)						
Debts due by Directors or Executives of the Group or any of them either severally or jointly with any other persons:						
- in respect of Directors	-	-	-	-	-	-
- in respect of Executives * (other than Key Management Personnel)	2,969,700	3,204,790	370,050	2,876,769	2,881,595	651,410
- in respect of Key Management Personnel	61,000	63,360	44,860	25,331	59,100	-
Debts due by companies or firms in which the Directors of the Group are interested as directors, partners, advisors or in the case of private companies as members						
	12,180,409	15,912,639	-	11,252,430	12,151,641	6,678,160

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

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

	Note	(Unaudited) June 30, 2017	(Audited) December 31, 2016
		(Rupees in '000)	(Rupees in '000)
8 OPERATING FIXED ASSETS			
Capital work-in-progress		15,451,373	1,591,940
Tangible fixed assets		28,894,603	29,171,973
Intangible assets			
- Computer software		937,892	1,013,671
- Management Rights		2,367,577	-
- Goodwill	8.1	2,036,940	4,309,925
		<u>49,688,385</u>	<u>36,087,509</u>
8.1 Goodwill arising on acquisition of			
- Habibsons Bank Limited		1,681,433	1,586,841
- PICIC Asset Management Company Limited	8.1.1	355,507	2,723,084
		<u>2,036,940</u>	<u>4,309,925</u>
8.1.1 As more fully described in note 1.5 of this condensed interim consolidated financial information, during the period an amount of Rs. 2.368 billion has been separately recognised as Management Rights out of the total amount of Rs. 2.723 billion initially recognised as Goodwill on acquisition of PICIC AMC.			

8.2 Additions to operating fixed assets

(Unaudited)
For the six months ended
June 30,
2017 June 30,
2016
(Rupees in '000)

The following additions have been made to operating fixed assets during the period:

Capital work-in-progress

Tangible fixed assets

Land
Building
Machinery
Furniture, fixtures and office equipment
Leasehold Improvements
Vehicles

8.2.1	13,859,434	293,965
	-	802,125
	190,879	118,205
	-	13,434
	1,068,155	1,047,352
	93,390	266,236
	30,319	23,885
	1,382,743	2,271,237

Intangible assets

Computer software
Management Rights
Goodwill

192,325	303,669
2,367,577	-
(2,367,577)	2,723,084
192,325	3,026,753
15,434,502	5,591,955

8.2.1 This includes Rs. 13,451.251 million on account of acquisition of a new office building in Karachi.

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
Leasehold Improvements
Vehicles

124,900	378,237
18,884	47,126
50,198	20,498
193,982	445,861

9 BORROWINGS

Secured

Borrowings from the SBP under

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

(Unaudited) (Audited)
June 30, December 31,
2017 2016

21,621,994	21,592,306
6,273,789	5,250,535
12,500	13,500
27,908,283	26,856,341
285,127,899	243,753,648
313,036,182	270,609,989

Repurchase agreement borrowings

Unsecured

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

9.1

16,207,500	19,172,398
1,691,900	7,463,769
20,367,924	19,886,915
36,698,900	15,689,775
74,966,224	62,212,857
388,002,406	332,822,846

9.1 This includes a loan from the International Finance Corporation amounting to US\$ 150 million (December 31, 2016; US\$ 150 million). The principal amount is payable in six equal half yearly installments from June 2022 to December 2024. Interest at LIBOR + 5% is payable bi-annually from June 2015.

This also includes a loan from the China Development Bank amounting to US\$ 200 million. The principal amount is payable in six installments from December 2017 to June 2020. Interest at LIBOR + 2.45% is payable semi annually.

10 DEPOSITS AND OTHER ACCOUNTS

Note	(Unaudited) June 30, 2017	(Audited) December 31, 2016
	(Rupees in '000)	
Customers		
Current accounts - non-remunerative	727,941,153	680,376,925
Savings accounts	897,259,618	847,295,058
Fixed deposits	337,147,591	330,430,571
	<u>1,962,348,362</u>	<u>1,858,102,554</u>
Financial institutions		
Current accounts - non-remunerative	13,778,533	17,204,132
Savings accounts	25,315,128	7,722,340
Fixed deposits	1,130,000	2,930,000
	<u>40,223,661</u>	<u>27,856,472</u>
	<u>2,002,572,023</u>	<u>1,885,959,026</u>

11 SURPLUS ON REVALUATION OF ASSETS - net of deferred tax

Surplus arising on revaluation of assets - net of deferred tax, on		
- Operating fixed assets, attributable to		
- Equity holders	11,115,239	11,126,558
- Non-controlling interest	2,439	2,965
	<u>11,117,678</u>	<u>11,129,523</u>
- Investments, attributable to		
- Equity holders	9,911,373	12,239,970
- Non-controlling interest	(6,276)	10,176
	<u>9,905,097</u>	<u>12,250,146</u>
- Non-banking assets acquired in satisfaction of claims	791,107	684,178
	<u>21,813,882</u>	<u>24,063,847</u>
11.1 Surplus on revaluation of operating fixed assets		
Surplus as at the beginning of the period / year	11,680,869	11,474,665
Surplus recognized during the period / year	-	1,772
Transferred from surplus on revaluation of non-banking assets	15,504	262,797
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year - net of deferred tax	(21,924)	(37,937)
Related deferred tax asset on incremental depreciation charged during the period / year	(11,804)	(20,428)
	<u>11,662,645</u>	<u>11,680,869</u>
Less: related deferred tax liability on		
- Revaluation as at the beginning of the period / year	551,346	571,774
- Amount transferred from surplus on revaluation of non-banking assets	5,425	-
- Incremental depreciation charged during the period / year	(11,804)	(20,428)
	<u>544,967</u>	<u>551,346</u>
	<u>11,117,678</u>	<u>11,129,523</u>
11.2 Surplus / (deficit) on revaluation of investments		
Market Treasury Bills	(64,615)	(79,920)
Pakistan Investment Bonds	11,740,329	11,777,817
Government of Pakistan US Dollar Bonds	1,110,834	1,089,485
Government of Pakistan Sukus	1,438,724	1,691,234
Listed equity securities	248,972	2,471,333
NIT units	47,459	47,715
Real Estate Investment Trust units	20,536	(4,680)
Overseas Government securities	5,685	(1,635)
Other debt instruments	(3,989)	55,594
	<u>14,543,935</u>	<u>17,046,943</u>
Related deferred tax liability	<u>(5,090,377)</u>	<u>(5,934,049)</u>
	<u>9,453,558</u>	<u>11,112,894</u>
Surplus on revaluation of investments of associates	694,675	1,125,858
Related deferred tax (liability) / asset	(243,136)	11,394
	<u>451,539</u>	<u>1,137,252</u>
	<u>9,905,097</u>	<u>12,250,146</u>

(Unaudited) (Audited)
 June 30, December 31,
 2017 2016
 (Rupees in '000)

11.3 Surplus on revaluation of non-banking assets acquired in satisfaction of claims		
Surplus as at the beginning of the period / year	690,381	- 953,418
Surplus recognised during the period / year	117,093	(262,797)
Transferred to surplus on revaluation of operating fixed assets	(15,504)	
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year - net of deferred tax	(85)	(156)
Related deferred tax liability on incremental depreciation charged during the period / year	(45)	(84)
Less: related deferred tax liability on	791,840	690,381
- Revaluation as at the beginning of the period / year	6,203	- 6,287
- Revaluation recognised during the period / year	-	-
- Amount transferred to surplus on revaluation of operating fixed assets	(5,425)	(84)
- Incremental depreciation charged during the period / year	(45)	
	733	6,203
	<u>791,107</u>	<u>684,178</u>
12 CONTINGENCIES AND COMMITMENTS		
12.1 Direct credit substitutes - financial guarantees		
Guarantees in favour of		
- Government	278,727	275,473
- Financial institutions	295,000	295,000
- Others	28,893,068	38,031,430
	<u>29,466,795</u>	<u>38,601,903</u>
12.2 Transaction-related contingent liabilities		
Guarantees in favour of		
- Government	273,440	683,908
- Financial institutions	1,850,337	1,604,150
- Others	114,350,532	105,514,189
	<u>116,474,309</u>	<u>107,802,247</u>
12.3 Trade-related contingent liabilities		
Letters of credit in favour of		
- Government	68,312,424	62,799,738
- Financial institutions	341	2,734,895
- Others	92,210,705	90,281,441
	<u>160,523,470</u>	<u>155,816,074</u>
12.4 Other contingencies		
Claims against the Group not acknowledged as debts	<u>33,050,130</u>	<u>32,775,298</u>
These mainly represent claims filed by former employees of the Group, counter claims by borrowers for damages and other relief and other claims relating to banking transactions. Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Group's favour and the possibility of any adverse outcome is remote. Accordingly, no provision has been made in this condensed interim consolidated financial information.		
12.5 Commitments to extend credit		
The Group makes commitments to extend credit in the normal course of its business but none of these commitments are irrevocable and do not attract any significant penalty or expense if the facility is unilaterally withdrawn.		

		(Unaudited) June 30, 2017	(Audited) December 31, 2016
		(Rupees in '000)	
12.6	Commitments in respect of forward foreign exchange contracts		
	Purchase	152,591,432	163,676,454
	Sale	<u>152,259,288</u>	<u>165,257,735</u>
12.7	Commitments in respect of forward Government Securities transactions		
	Purchase	16,634,736	18,815,026
	Sale	<u>2,064,121</u>	<u>9,067,465</u>
12.8	Commitments in respect of derivatives		
	Foreign currency options		
	Purchase	-	216,840
	Sale	<u>-</u>	<u>216,840</u>
	Cross currency swaps		
	Purchase	10,645,272	1,084,128
	Sale	<u>10,520,159</u>	<u>1,096,192</u>
	Interest rate swaps		
	Purchase	-	34,866
	Sale	<u>9,107,547</u>	<u>5,218,200</u>
12.9	Commitments for capital expenditure	2,156,288	824,776
12.10	Taxation		
	The income tax return of the Bank has been submitted up to the accounting year 2015 and the audit has also been concluded by the tax authorities under section 122(5A) of the Income Tax Ordinance, 2001.		
	As per Rule 8(A) of the Seventh Schedule, any amounts which have been provided for doubtful debts in the Tax Year 2008 (financial year 2007) and earlier, which were neither claimed nor allowed as tax deductible in any year shall be allowed as a deduction in the tax year in which such doubtful debts are written off.		
13	MARK-UP / RETURN / PROFIT / INTEREST EARNED		
		(Unaudited) For the six months ended June 30, 2017	June 30, 2016
		(Rupees in '000)	
	On advances to		
	- Customers	27,836,843	23,449,093
	- Financial institutions	994	716
		<u>27,837,837</u>	<u>23,449,809</u>
	On investments in		
	- Held-for-trading securities	2,904,364	1,492,004
	- Held-to-maturity securities	7,744,553	9,546,290
	- Available-for-sale securities	32,794,762	35,496,850
		<u>43,443,679</u>	<u>46,535,144</u>
	On deposits with financial institutions	563,121	362,340
	On lendings to financial institutions	458,111	362,320
		<u>72,302,748</u>	<u>70,709,613</u>

(Unaudited)			
For the six months ended			
	June 30, 2017	June 30, 2016	
(Rupees in '000)			

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

On deposits	21,788,924	19,440,361
On securities sold under repurchase agreement borrowings	7,270,523	8,064,411
On other short term borrowings	899,462	918,041
On long term borrowings	942,409	863,436
	<u>30,901,318</u>	<u>29,286,249</u>

15 **RELATED PARTY TRANSACTIONS**

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

Transactions with related parties, other than those under terms of employment, are executed on an arm's length basis i.e. do not involve more than normal risk and are substantially on the same terms, including mark-up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties. Details of advances to related parties are given in note 7.5 to this condensed interim consolidated financial information.

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

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

As at June 30, 2017 (Unaudited)				
	Group Entities	Associates	Joint venture	Other related parties
----- Rs. in 000 -----				
Statement of financial position				
Deposits	8,700,248	4,580,776	22,676	364,747
Maximum deposits during the period	9,633,008	5,401,319	63,856	518,909
Borrowings	1,189,553	-	1,782,518	-
Investments	-	22,391,672	2,232,790	-
Nostro balances	624,868	-	-	-
Mark-up receivable	37,322	43,056	-	-
Other receivable	-	98,361	128,468	1,529
Mark-up payable	46,523	1,756	1,114	164
Other payable	-	280,590	-	200,844
Others				
Other contingencies	2,297,069	2,157,782	-	-
Securities held as custodian	16,361,000	27,452,905	-	6,746,095
For the six months ended June 30, 2017 (Unaudited)				
	Group Entities	Associates	Joint venture	Other related parties
----- Rs. in 000 -----				
Profit and Loss Account				
Mark-up income	126,452	43,227	-	12,720
Share of profit	-	1,589,732	313,094	-
Fee and commission income	-	1,333,752	-	-
Mark-up expense	95,593	88,76	2,992	7,155
Other expense	821	481,504	-	466,514

	As at December 31, 2016 (Audited)			
	Group Entities	Associates	Joint venture	Other related parties
-----Rs. in 000-----				
Statement of financial position				
Deposits	6,620,343	5,801,458	48,893	426,558
Maximum deposits during the year	9,593,529	6,378,540	217,386	591,097
Borrowings	1,114,878	-	1,202,883	-
Investments	-	21,768,890	1,916,452	-
Nostro balances	115,914	365,426	-	-
Advances	-	-	-	1,251,229
Mark-up receivable	15,947	2,269	-	20,289
Other receivable	-	207,923	128,468	-
Mark-up payable	10,305	2,297	5,837	13
Other payable	-	217,937	-	497,066
Others				
Other contingencies	277,530	989,112	-	-
Securities held as custodian	15,537,400	34,717,265	-	4,398,055
For the six months ended June 30, 2016 (Unaudited)				
	Group Entities	Associates	Joint venture	Other related parties
-----Rs. in 000-----				
Mark-up income	22,883	4,153	-	-
Share of profit	-	1,195,744	279,140	-
Fee and commission income	-	1,211,707	-	-
Mark-up expense	27,207	43,916	7,630	2,348
Other expense	-	349,466	-	394,782

15.1 Key Management Personnel

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

	(Unaudited) For the six months ended	
	June 30, 2017	June 30, 2016
-----(Rupees in '000)-----		
Managerial remuneration (including allowances)	444,128	408,919
Contribution to provident and benevolent fund	8,175	8,434
Medical	11,720	12,618
	<u>464,023</u>	<u>429,971</u>
Number of persons	<u>26</u>	<u>24</u>
	<u>22,000</u>	<u>18,000</u>

15.2 Non-Executive Directors' fees

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

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

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

Fair Value Measurement

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

	As at June 30, 2017 (Unaudited)							
	Level 1	Level 2	Level 3	Total				
	(Rupees in '000)							
Items carried at Fair Value								
Financial assets and liabilities								
- Fully paid-up ordinary shares	18,811,720	-	-	18,811,720				
- Real Estate Investment Trust units	292,698	-	-	292,698				
- NIT units	-	58,572	-	58,572				
- Federal Government securities	-	1,075,961,798	-	1,075,961,798				
- Overseas Government securities	-	7,073,056	-	7,073,056				
- Debentures and corporate debt instruments	-	40,630,212	-	40,630,212				
- Unrealised gain on forward foreign exchange contracts	-	1,120,451	-	1,120,451				
- Unrealised gain on derivative instruments	-	180,145	-	180,145				
- Unrealised loss on forward foreign exchange contracts	-	337,238	-	337,238				
- Unrealised loss on derivative instruments	-	4,768	-	4,768				
Non-financial assets								
- Operating fixed assets	-	-	22,267,812	22,267,812				
- Non-banking assets acquired in satisfaction of claims	-	-	2,260,093	2,260,093				
Items for which Fair Value is disclosed								
- Federal Government securities	-	191,772,589	-	191,772,589				
- Overseas Government securities	-	29,440,139	-	29,440,139				
- Debentures and corporate debt instruments	-	29,433,987	-	29,433,987				
	19,104,418	1,376,012,955	24,527,905	1,419,645,278				
	As at December 31, 2016 (Audited)							
	Level 1	Level 2	Level 3	Total				
	(Rupees in '000)							
Items carried at Fair Value								
Financial assets and liabilities								
- Fully paid-up ordinary shares	19,023,342	-	-	19,023,342				
- Real Estate Investment Trust units	391,320	-	-	391,320				
- NIT units	-	58,828	-	58,828				
- Federal Government securities	-	982,983,784	-	982,983,784				
- Overseas Government securities	-	5,699,113	-	5,699,113				
- Debentures and corporate debt instruments	-	45,493,189	-	45,493,189				
- Unrealised gain on forward foreign exchange contracts	-	268,141	-	268,141				
- Unrealised gain on derivative instruments	-	115,903	-	115,903				
- Unrealised loss on forward foreign exchange contracts	-	1,302,366	-	1,302,366				
- Unrealised loss on derivative instruments	-	10,804	-	10,804				
Non-financial assets								
- Operating fixed assets	-	-	22,027,981	22,027,981				
- Non-banking assets acquired in satisfaction of claims	-	-	2,383,392	2,383,392				
Items for which Fair Value is disclosed								
- Federal Government securities	-	208,244,009	-	208,244,009				
- Overseas Government securities	-	27,082,536	-	27,082,536				
- Debentures and corporate debt instruments	-	26,664,689	-	26,664,689				
	19,414,662	1,297,923,362	24,411,373	1,341,749,397				

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

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

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

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

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

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

17 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	For the six months ended June 30, 2017 (Unaudited)						
	Branch banking	Corporate banking	Treasury	International banking	Asset Management	Head Office / Others	Total
(Rupees in million)							
Net mark-up income - external	(3,899)	9,001	30,958	4,653	(103)	791	41,401
Inter-segment revenue / (expense) - net	27,716	(6,019)	(23,617)	-	-	1,920	-
Non-funded income	6,224	1,404	2,637	2,648	472	3,049	16,434
Total income	30,041	4,386	9,978	7,301	369	5,760	57,835
Total expenses including provision	12,646	(213)	1,073	6,747	213	9,652	30,118
Inter-segment administrative cost	6,066	885	172	635	-	(7,758)	-
Total expenses including provision	18,712	672	1,245	7,382	213	1,894	30,118
Profit before tax	11,329	3,714	8,733	(81)	156	3,866	27,717
Segment return on assets %	0.88%	1.06%	0.80%	-0.02%	5.14%	1.68%	-
Segment cost of funds %	2.65%	4.83%	5.04%	1.09%	5.13%	0.52%	-

	As at June 30, 2017 (Unaudited)						
	Branch banking	Corporate banking	Treasury	International banking	Asset Management	Head Office / Others	Total
(Rupees in million)							
Segment assets (gross of provision)	438,006	459,068	1,313,416	444,571	3,639	106,272	2,764,972
Segment non-performing advances	8,759	44,026	-	22,290	-	277	75,352
Segment provision held including general provision	7,579	41,982	1,086	20,530	-	718	71,895
Inter-segment assets / (liabilities)	1,071,117	(147,798)	(998,450)	(10,370)	(2,667)	88,168	-
Segment liabilities and equity	1,501,544	269,288	313,880	413,671	972	193,722	2,693,077
For the six months ended June 30, 2016 (Unaudited)							
	Branch banking	Corporate banking	Treasury	International banking	Asset Management	Head Office / Others	Total
Net mark-up income - external	(4,416)	8,383	32,642	4,782	(111)	143	41,423
Inter-segment revenue / (expense) - net	25,394	(5,607)	(22,130)	-	-	2,343	-
Non-funded income	5,522	1,609	2,106	2,440	438	2,271	14,386
Total income	26,500	4,385	12,618	7,222	327	4,757	55,809
Total expenses including provision	11,758	(199)	442	6,859	252	8,399	27,511
Inter-segment administrative cost	5,785	849	165	606	-	(7,405)	-
Total expenses including provision	17,543	650	607	7,465	252	994	27,511
Profit before tax	8,957	3,735	12,011	(243)	75	3,763	28,298
Segment return on assets %	0.80%	1.37%	1.14%	-0.07%	0.46%	1.85%	-
Segment cost of funds %	2.86%	5.28%	5.22%	0.96%	4.13%	0.22%	-
As at December 31, 2016 (Audited)							
	Branch banking	Corporate banking	Treasury	International banking	Asset Management	Head Office / Others	Total
(Rupees in million)							
Segment assets (gross of provision)	400,558	417,371	1,237,983	437,408	4,412	79,638	2,577,370
Segment non-performing advances	7,363	44,923	-	22,948	-	213	75,447
Segment provision held including general provision	7,224	42,272	285	19,805	-	602	70,188
Inter-segment assets / (liabilities)	1,028,724	(145,871)	(931,818)	(14,794)	(2,564)	66,323	-
Segment liabilities and equity	1,422,058	229,228	305,880	402,809	1,848	145,359	2,507,182

		Note	(Unaudited) June 30, 2017	(Audited) December 31, 2016
			(Rupees in '000)	
18	ISLAMIC BANKING BUSINESS			
18.1	Statement of financial position			
	ASSETS			
	Cash and balances with treasury banks		8,578,664	6,183,359
	Due from financial institutions		1,614,839	7,458,102
	Investments	18.1.1	105,713,465	96,574,596
	Islamic financing and related assets		51,031,613	31,972,463
	Due from Head Office		3,082,058	-
	Other assets		1,404,918	499,088
			<u>171,425,557</u>	<u>142,687,608</u>
	LIABILITIES			
	Bills payable		6,028	4,575
	Due to financial institutions		11,927,000	5,754,000
	Deposits and other accounts	18.1.2	149,344,978	124,292,123
	Due to Head Office		-	3,815,481
	Deferred tax liability		503,232	546,132
	Other liabilities		997,837	969,169
			<u>162,779,075</u>	<u>135,381,480</u>
	NET ASSETS			
			<u>8,646,482</u>	<u>7,306,128</u>
	REPRESENTED BY			
	Islamic Banking Fund		250,000	250,000
	Unappropriated profit		7,461,909	6,041,883
	Surplus on revaluation of investments - net of deferred tax		7,711,909	6,291,883
			<u>934,573</u>	<u>1,014,245</u>
			<u>8,646,482</u>	<u>7,306,128</u>
	Commitments in respect of guarantees and letters of credit of the Islamic Banking Business amounted to Rs. 287.792 million (December 31, 2016: Rs. 281.916 million) and Rs. 3,352.220 million (December 31, 2016: Rs.382.059 million) respectively. Commitments in respect of forward purchase and sale transactions amounted to Rs. 2,900.074 million (December 31, 2016: Rs. 3,227.835 million) and Rs. 2,907.633 million (December 31, 2016:Rs. 860.338 million) respectively.			
18.1.1	Islamic financing and related assets - net			
	ijarah		1,153,580	852,607
	Murabaha		1,424,921	187,072
	Diminishing Musharaka		25,144,035	21,211,872
	Wakala		10,000,000	-
	Istisnah		215,556	439,155
	Advance for Ijarah		423,887	172,049
	Advance for Murabaha		8,068,120	3,714,525
	Advance for Diminishing Musharaka		217,120	98,006
	Advance for Istisnah		1,025,175	3,949,781
	Assets / Inventories		3,468,473	1,452,153
	Islamic financing and related assets - gross		<u>51,140,867</u>	<u>32,077,220</u>
	Provision against financings		(109,254)	(104,757)
	Islamic financing and related assets - net		<u>51,031,613</u>	<u>31,972,463</u>
18.1.2	Deposits and other accounts			
	Current accounts		40,251,330	34,805,992
	Savings accounts		87,404,445	67,581,654
	Term deposits		13,837,113	16,307,798
	Deposits from financial institutions - remunerative		7,841,101	5,530,268
	Deposits from financial institutions - non - remunerative		10,989	66,411
			<u>149,344,978</u>	<u>124,292,123</u>

18.2 Profit and Loss account

	(Unaudited) For the six months ended	
	June 30, 2017	June 30, 2016
	(Rupees in '000)	
Profit earned	4,427,958	3,716,321
Profit expensed	<u>1,888,439</u>	1,941,004
Net profit earned	<u>2,539,519</u>	1,775,317
Depreciation on assets given on ijarah	134,627	98,868
Provision against financings	4,498	-
	<u>139,125</u>	98,868
Net profit after depreciation and provisions	<u>2,400,394</u>	1,676,449
Other income		
Fee, commission and brokerage income	93,555	61,440
Income from dealing in foreign currencies	(23,645)	(2,130)
Gain / (loss) on sale of securities	9,849	-
Others	390	336
Total other income	<u>80,149</u>	59,646
Administrative expenses	2,480,543	1,736,095
Net profit for the period	<u>317,375</u>	323,425
	<u>2,163,168</u>	<u>1,412,670</u>

19 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on August 11, 2017 has declared a cash dividend in respect of the quarter ended June 30, 2017 of Rs. 3.50 per share (June 30, 2016: Rs. 3.50 per share). This condensed interim consolidated financial information does not include the effect of these appropriations which will be accounted for subsequent to the period end.

20 GENERAL

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

21 DATE OF AUTHORISATION FOR ISSUE

This condensed interim consolidated financial information was authorised for issue in the Board of Directors meeting held on August 11, 2017.

Nauman K. Dar
**President and
Chief Executive Officer**

Raymond Kotwal
Chief Financial Officer

Moez Ahamed Jamal
Director

Agha Sher Shah
Director

Shaffiq Dharamshi
Director

Condensed Interim Unconsolidated Financial Information

Directors' Review

On behalf of the Board of Directors, I am pleased to present the condensed interim unconsolidated financial information for the half-year ended June 30, 2017.

Domestic Economy

Pakistan's GDP growth is provisionally estimated at a 10-year high of 5.3%, reflecting the country's improving economic trajectory. This has been underpinned by the revival of domestic demand, with investments in infrastructure and energy, and increase in consumer confidence and spending. GDP growth was further supported by a recovery in the agriculture sector, which grew by 3.5%, a nearly 6% growth in services, and a broad-based increase in Large Scale Manufacturing, which increased by 5.7% for 11M FY17. Headline inflation remained contained, averaging 4.2% during FY17, well within SBP's target of 4 – 5%.

Imports rose sharply by 18%, largely driven by strong demand for fuel, machinery and food. Despite an export package announced earlier this year, exports have stagnated, declining by 1% over last year. Consequently, the trade deficit for FY17 jumped by 39% over FY16. Workers remittances showed a decline for the first time in a decade, reducing by 3% to USD 19.3 billion, as a result of fiscal consolidation and changing dynamics in the GCC countries. This has led to a current account deficit of 4% of GDP. While financial inflows increased due to drawdowns of foreign debt, these were not sufficient to compensate for the current account imbalance, thus tilting the Balance of Payments into a deficit of USD 1.9 billion. Foreign exchange reserves fell to USD 21.4 billion in June 2017 from USD 23.2 billion in December 2016.

Despite the decline in reserves, the Rupee has remained largely stable against the dollar. At the start of the new fiscal year, concerns over external account pressures led to the Rupee depreciating briefly by 3.1%. However, the currency recovered the following day and has re-stabilized at slightly below its previous level. Pakistan's equities have witnessed an extremely volatile period as euphoria over the MSCI inclusion led to an unprecedented bull run with the PSX crossing 52,000. Subsequent retreats by Frontier Market funds, not accompanied by the expected ramp-up from Emerging Market funds, along with heightened political uncertainty, resulted in a steep decline. By June 2017, the PSX 100 had dropped 3% since the start of the year and the pattern has continued into FY18 with record increases followed by equally sharp drops.

The fiscal deficit of 3.7% for 9M FY17 is higher than the 3.4% recorded in the corresponding period of last year and the deficit for FY17 is likely to widen over FY16. Tax compliance remains weak and recovery remains subdued with the FY17 tax collection below targeted levels. Despite relatively disciplined spending, the fiscal deficit is expected to exceed even the revised Government target of 4.2% of GDP.

The SBP has maintained its policy rate at 5.75% since May 2016 and, in its latest monetary policy statement, has based this on the strong likelihood of continued growth, contained inflation and external account challenges. There has been a spurt in private sector credit, with a growth of Rs 748 billion in FY17, 67% higher than the growth in FY16. Encouragingly, this growth has been witnessed across a broad spectrum of sectors with a significant amount directed towards fixed investment. Banking sector advances have grown by 11% since the beginning of the year while market deposits have increased by 7%. Excess liquidity, constantly reducing investment yields and a tendency towards shorter tenors have maintained the squeeze on banking industry spreads which have compressed further, reducing by 23 bps in H1 17 over the corresponding period of last year.

Performance

HBL has delivered an unconsolidated profit after tax of Rs 15.0 billion for the first half of 2017 compared to Rs 15.1 billion achieved for the first six months of 2016. Earnings per share for H1 17 were Rs 10.22 compared to Rs 10.32 in H1 16. Pre-tax profit for the first half of 2017 is Rs 26.1 billion, 3% lower than for H1 16.

HBL's balance sheet has grown by 7.4% over December 2016 to Rs 2.6 trillion. Total deposits increased by 6.2%, crossing Rs 1.9 trillion, with HBL's market share stood at 14.0%. The domestic deposit mix continued to improve, as the ratio of domestic current accounts rose from 34.8% in December 2016 to 35.1% in June 2017, and domestic CASA improved from 85.5% to 86.5% over the same period. Improvements in the domestic economy and demand for private sector credit have resulted in strong lending growth with net advances increasing by 10.3% over December 2016 to Rs 785 billion.

Average domestic loans for H1 17 grew by 28% over H1 16, with all business segments registering significant increases, and average domestic current accounts for the first six months of 2017 increased by 17% over H1 16. This improvement in the Balance Sheet composition somewhat alleviated the pressure on spreads which, nevertheless, continued to decline as a result of falling investment yields and competitive loan pricing. Consequently, net interest income for the half year ended June 30, 2017 has decreased by 2% to Rs 39.4 billion.

Non mark-up income of Rs 14.4 billion for H1 17 was 17% higher than for the first half of 2016. Fees and commissions increased by 6% to Rs 9.2 billion, with the growth coming from core banking businesses, consumer financing businesses and home remittances. Despite the drop in remittances into Pakistan, flows through HBL's counters increased by 2.5% for FY17, resulting in the Bank strengthening its market leadership with a 26.6% share. Income from treasury related activities increased by 35%, to Rs 4.4 billion.

Administrative expenses rose by 9% over H1 16 to Rs 26.0 billion. Total non-performing loans were slightly lower than December 2016 levels and total provisions for the first six months of 2017 reduced by 23% compared to H1 16. The coverage ratio strengthened further, to 94% as at June 30, 2017.

Movement of Reserves

	Rupees in million
Unappropriated profit brought forward	97,447
Profit after taxation	14,999
Transferred from surplus on revaluation of assets – net of tax	20
	15,019
Appropriations	
Transferred to statutory reserves	(1,500)
Cash dividend – Final 2016	(5,134)
Cash dividend – 1st Interim 2017	(5,134)
	(11,768)
Unappropriated profit carried forward	100,697
Earnings per share (Rs)	10.22

Capital Ratios

The unconsolidated Capital Adequacy Ratio (CAR) as at June 30, 2017 remained at 15.3% with the Tier 1 CAR at 12.2% as healthy internal capital generation offset the increase in risk assets. The capital ratios remain strong and well above regulatory requirements.

Dividend

The Board of Directors, in its meeting held on August 11, 2017 has declared an interim cash dividend of Rs 3.50 per share (35%) for the quarter ended June 30, 2017. This is in addition to the interim cash dividend of Rs 3.50 per share (35%) already declared and paid for the first quarter ended March 31, 2017.

Credit Ratings

The Bank's credit ratings were re-affirmed by JCR-VIS at AAA/A-1+ for long term and short term respectively with the rating of its subordinated debt also at AAA. The ratings are supported by HBL's diversified revenue streams, healthy capitalization ratios and strong liquidity profile and reflect the systemic importance of the Bank.

Future Outlook

As the country enters the new fiscal year, the economy has performed well on many fronts, recognized by Moody's in their recent reaffirmation of Pakistan's B3 ratings and Stable Outlook. Inflation expectations remain reasonably anchored and the SBP projects inflation to remain in the 4.5 – 5.5% range for FY18. Domestic demand and private sector credit growth are both on an increasing trend, supported by the China Pakistan Economic Corridor (CPEC) projects which are expected to address critical infrastructure needs and remove bottlenecks. Government forecasts are for GDP growth to reach 6% in FY18.

However, there are increasing concerns around exports and external vulnerabilities, fiscal slippages and continuation of reforms under the previous IMF program. These concerns were echoed by the IMF at the conclusion of their recent Article IV consultation. While the decline in exports appears to have bottomed out, with positive global forecasts for growth and trade, a meaningful contribution will take time and require investment. The budgeted fiscal deficit and tax collection targets appear optimistic as the Government is unlikely to rein in spending in an election year. Continued commitment to reform implementation is needed to preserve the nascent macroeconomic stability and reinforce fiscal discipline.

The banking sector challenges will continue, as contained inflation will support a growth-oriented monetary policy; further spread compression is inevitable, with the second tranche of PIBs now having matured in July 2017. Through robust asset growth in the first half of 2017, HBL has demonstrated its commitment to supporting and participating in the development of the country and has adequate reserves of liquidity and capital.

Appreciation and Acknowledgement

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

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

On behalf of the Board

Nauman K. Dar

President & Chief Executive Officer

August 11, 2017

ڈائریکٹر زکا جائزہ

بورڈ ڈائریکٹر زکی جانب سے میں اپنی مسیرت سے 30 جون 2017 کو اختتام پذیر ہونے والی ششماہی کے مختصر عورتی غیر مجموعی مالیاتی اعداد و شمار پیش کرتا ہوں۔

ملکی میعشت

پاکستان کی مجموعی قومی پیداوار اپنی 10 سالہ تاریخ کی بلند ترین سطح 5.3 فیصد پرموجود ہے جس سے ملک کی بہتر معاشی صورتحال کی عکاسی ہوتی ہے۔ افغانستان کے انتداب اور اخراجات میں اضافے سے مقامی اخراجات کی بھائی ممکن ہوئی ہے۔ زراعت کے شعبے میں ترقی سے مجموعی قومی آمدن میں مزید اضافہ ہوا جو 3.5 فیصد بڑھ گئی ہے اور سروز میں بڑھتی تقریبی 6 فیصد رہی۔ مالی سال 2017 کے ابتدائی 11 ماہ کے دوران برے محتی شعبے میں 5.7 فیصد اضافہ ہوا۔ مجموعی افراط از بر بدستور کٹھوں میں رہی اور مالی سال 2017 میں اسیٹ بیک کے تین ہدف 4 فیصد سے 5 فیصد کے درمیان اوس طبق 4.2 فیصد رہی۔

درآمدات میں تیزی کے ساتھ 18 فیصد اضافہ ہوا جس کی بڑی وجہ ہوں، مشینی اور خوراک کی بھرپور طلب ہے۔ رواں سال برآمدی پیچیج کے اعلان کے باوجود برآمدات گزشتہ سال کے مقابلوں میں ایک فیصد کی کے ساتھ تجزی کا شکار ہیں۔ اس کے نتیجے میں مالی سال 2016 کے مقابلوں میں مالی سال 2017 میں تجارتی خسارہ 39 فیصد بڑھ گیا۔ اس دلائی کے دوران پہلی بار یہ ون ملک زربادل کے خاتمہ میں کی آئی جو 3 فیصد کی 19 ارب ڈالر ہو گئے، جس کی وجہ ترکھوں میں کی کی پالیسی اور خلائقی مالک کے حالات میں تیزی سے آئے والی تبدیلی ہے۔ اس سے مجموعی قومی آمدن کا کرنٹ اکاؤنٹ خسارہ 4 فیصد ہو گا۔ غیر ملکی فرضے میں کی کے باعث رقم کے بہاء میں اضافہ ہوا ہے تاہم یہ موجودہ غیر متوازن کرنٹ اکاؤنٹ میں بہتری کے لئے کافی نہیں ہے جس کے باعث ادائیگیوں کا توازن 1.9 ارب ڈالر کے خسارے میں تبدیل ہو گیا ہے۔ غیر ملکی زربادل کے خاتمہ جون 2017 میں کم ہو کر 21.4 ارب ڈالر ہو گئے ہیں جو دسمبر 2016 میں 23 ارب ڈالر تھے۔

مالی خاتمہ میں کی کے باوجود روپیہ ڈالر کے مقابلوں میں بدستور ممکن رہا۔ نئے مالی سال کے آغاز میں بیرونی اکاؤنٹ پر دباؤ کے باعث روپیہ کی قدر میں 3.1 فیصد کی معمولی کمی سے تشویش ہوئی تاہم اس دن کے ساتھ ہی روپے کی بھائی کا آغاز ہو گیا اور اس نے اپنی پرانی سطح پر آہستہ جگہ بنایا۔ ایم ایس سی آئی میں شمولیت کے باعث اس عرصے میں پاکستانی شیمز کی مارکیٹ اپنی عدم اعتماد کا شکار ہی اور پاکستان اسٹاک ائمڈیکس غیر موقع طور پر 52 ہزار پاؤنٹس سے تباہ کر گیا تھا۔ اس کے نتیجے میں فرنچیز مارکیٹ فنڈز میں کمی آئی جبکہ ایرجنک مارکیٹ میں فنڈز میں رہ ہونے کے ساتھ غیریقینی سیاسی صورتحال سے شدید تجزی ہوئی۔ جون 2017 تک پاکستان اسٹاک ائمڈیکس میں سال کے آغاز کے مقابلوں میں تین فیصد کی آئی اور یہ رجحان مالی سال 2018 کے لئے اس طرح تیزگراوٹ کے ساتھ چاری ہے۔

مالی سال 2017 کے ابتدائی 9 ماہ میں تجارتی خسارہ 3.7 فیصد رہا جو گزشتہ سال اسی عرصے کے مقابلوں میں 3.4 فیصد زائد رہا اور خسارے میں مالی سال 2016 کے مقابلوں میں مالی سال 2017 میں مزید اضافے کا امکان ہے۔ میکس سے ہم آئیگی بدستور کمرورہی اور مالی سال 2017 کی لگیں دصوی ہدف سے کم رہنے کے ساتھ رکورڈ بڑھتے رہے۔ مختتم انداز سے اخراجات اور حکومت کی جانب سے نظر ثانی شدہ 4.2 فیصد کی مجموعی قومی آمدن کے ہدف کے باوجود مالی خسارے میں مزید اضافے کی توقع ہے۔

اسیٹ بیک نے اپنی پالیسی ریٹریٹ میں 2016 سے 5.75 فیصد پر برقرار کی ہے اور اپنی حاصلہ ری پالیسی رپورٹ میں محمد افراط از راویریہ وی اکاؤنٹ کے چیخنگر کے باعث مسلسل ممکن ترقی کا امکان ہے۔ مالی سال 2017 میں 748 ارب روپے اضافے کے ساتھ گی شعبے کے ترکھوں میں بے اپنا اضافہ

ریزروزکی تفصیلات

میلین (روپے)

97,447

14,999

20

15,019

(1,500)

(5,134)

(5,134)

11,768

100,697

10.22

اختتامی غیر تخصیص شدہ منافع

بعد از لیکس منافع

پاسیدار اثاثوں کے از سرنو تختینے پر اضافی آمدن۔ محصول کے بعد

مختلف مددوں میں رکھی گئی رقوم

غیر منقولہ ریزروزکی منتقلی

کیش ڈیویڈنڈ۔ فائل 2016

عبوری کیش ڈیویڈنڈ۔ 2017 کی پہلی سماں ہی

اختتامی غیر تخصیص شدہ منافع

فی حصہ آمدن (روپے)

کیپٹل ریشور

30 جون 2017 کو غیر جموقی کیپٹل ایڈ وکسی ریشور (CAR) بدستور 15.3 فیصد پر برقرار رہا جس کے ساتھ 12.2 فیصد پر CAR Tier 1 کی نکاحہ بہتر اندر وہی سرمائے کی پیدائش اثاثوں کے خطرات میں اضافے کو روکتی ہے۔ کیپٹل ریشور بدستور متعالم ہیں اور مطلوبہ ضروریات سے کافی بلند ہیں۔

ڈیویڈنڈ

بڑا آف ڈائریکٹرز نے اپنے 11 اگست کو ہونے والے اجلاس میں 30 جون 2017 کو اختتام پذیر ہونے والی سماں کے لئے 3.50 روپے فی شیز (35 فیصد) کا عبوری کیش ڈیویڈنڈ کا اعلان کیا ہے۔ یہ 31 مارچ 2017 کو اختتام پذیر ہونے والی سماں پر پہلے سے اعلان کردہ 3.50 روپے فی شیز (35 فیصد) سے الگ ہے اور اسے ادھیکی کیا جا چکا ہے۔

کریڈٹ رینگن

اس سہ ماہی کے دوران JCR-VIS-2017 نے بینک کی طویل المیعاد اور مختصر المیعاد کریڈٹ رینگن AAA/A-1+ کی ہاتھ تیپ تویش کی جبکہ اسکی ذمیں قرض کے شعبہ کی رینگن کی بھی AAA کے ساتھ تویش ہوئی۔ ان رینگن کی بدولت تیج بیل کی آمدن کے متنوع بہاو، متعالم سرمائے کی شرح اور مخصوص کیوڈیٹی پرو فائل اور مضموم انداز کے ساتھ بینک کی اہمیت کی عکاسی ہوتی ہے۔

مستقل کے امکانات

جیسا کہ نئے مالی سال کا آغاز ہو گیا ہے، معیشت نے مختلف شعبوں میں اچھی کارکردگی کا مظاہرہ کیا ہے جسے حال ہی میں مودوی نے پاکستان کی B3B رینگن اور اسیل آؤٹ لک کے طور پر تویش کی ہے۔ افراط از برستور ہمنے کامکان ہے اور اسیٹ بینک کے تختینے کے مطابق مالی سال 2018 میں افراط از

ہو گیا ہے جو کچھلے سال سے 67 فیصد زیادہ ہے۔ حوصلہ افزاء بات یہ ہے کہ یا اضافہ و سعی شعبوں میں براہ راست سرمایہ کاری کے طور پر ہوا ہے۔ بیننگ سینکڑے میں رواں سال کے آغاز سے اب تک 11 فیصد اضافہ ہوا جبکہ مارکیٹ ڈیپاڑس 7 فیصد بڑھ گئے۔ اضافی سرمایہ، سرمایہ کاری کے نتیجے سے منافع میں مسلسل کی اور کم ریٹ سے بیننگ انٹرنسٹری کے پھیلاوے میں کی آئی اور گزشتہ سال کی پہلی شماہی کے مقابلے میں سال 2017 کی پہلی شماہی میں 23 بی بی ایس کی آئی۔

کارکردگی

انچھی ایل نے سال 2017 کی پہلی شماہی میں 15 ارب روپے کا غیر مجموعی بحدار ٹکس منافع حاصل کیا جبکہ اسکے مقابلے میں سال 2016 کے پہلے چھ ماہ میں 15.1 ارب روپے کا منافع حاصل کیا گیا تھا۔ سال 2017 کی پہلی شماہی میں فی شیتر آمدن 10.22 ارب روپے رہی جو سال 2016 کی پہلی شماہی میں 10.32 ارب روپے تھی۔ سال 2017 کی پہلی شماہی میں قبائلی ٹکس منافع 1.26 ارب روپے رہا جو گزشتہ سال اسی عرصے کے مقابلے میں 3 فیصد کم ہے۔

انچھی ایل کی بیلنس شیٹ دسمبر 2016 کے مقابلے میں 7.4 فیصد اضافے سے 2.6 کھرب ہو گئی۔ مجموعی ڈیپاڑس 6.2 فیصد اضافے سے 1.9 کھرب ہو گئے جس کے ساتھ انچھی ایل کا مارکیٹ شیٹر 14 فیصد پر موجود ہے۔ ملکی ڈیپاڑس مکس میں بہتری کا سلسلہ جاری رہا، ملکی کرنٹ اکاؤنٹس دسمبر 2016 میں 34.8 فیصد سے بڑھ کر جون 2017 میں 35.1 فیصد ہو گئے اور ملکی کرنٹ اکاؤنٹ سیوڈنگ اکاؤنٹ (CASA) گزشتہ سال اسی عرصے کے مقابلے میں 86.5 فیصد سے بڑھ کر جون 2017 میں بہتری اور جگہ شعبجہ کے قرضوں کی طلب کے نتیجے میں قرضوں سے حاصل آمدن میں ستمکام اضافہ ہوا جو دسمبر 2016 کے مقابلے میں 10.3 ارب روپے سے 785 ارب روپے ہو گئی۔

سال 2017 کی پہلی شماہی میں اوسط ملکی قرضے سال 2016 میں اسی عرصے کے مقابلے میں 28 فیصد بڑھ گئے جس کے ساتھ تام کا دوباری شعبوں کی رجسٹریشن بڑھی اور سال 2016 کی پہلی شماہی کے مقابلے میں سال 2017 کے ابتدائی چھ ماہ میں اوسط ملکی کرنٹ اکاؤنٹس میں 17 فیصد اضافہ ہوا۔ بیلنس شیٹ میں اتنی بہتری کی بدولت انٹرنسٹریت اور قیمت کے درمیان فرق پڑپڑنے والے دباؤ میں کی آئی۔ سرمایہ کاری سے ملنے والے فائدوں میں کمی اور قرضوں کی لاغت میں مسابقت کے باعث اس فرق میں کمی جاری رہی۔ اس کے نتیجے میں 30 جون 2017 کو اختتام پذیر ہونے والی شماہی میں خالص مارک اپ آمدن 2 فیصد کی کے ساتھ 39.4 ارب روپے رہی۔

سال 2017 کی پہلی شماہی میں نان مارک اپ آمدن سال 2016 کی پہلی شماہی کے مقابلے میں 17 فیصد زیادہ رہی۔ فیسوں اور کمیشنسوں سے حاصل آمدن 6 فیصد اضافے سے بڑھ کر 9.2 ارب روپے ہو گئی جس کے ساتھ بیننگ کے بنیادی لین دین، کنزیومر فناںگ برسن اور ترسیلات زر میں اضافہ رہا۔ پاکستانی ترسیلات زر میں کمی آنے کے باوجود انچھی ایل کا کمترز کے ذریعے رقمات کی فراہی میں مالی سال 2017 میں 2.5 فیصد اضافہ ہوا، اس کے نتیجے میں بینک کا مارکیٹ لیئڈر شپ شیئر 26.6 فیصد رہا۔ بڑھ رہی سے متعلق سرگرمیوں سے حاصل آمدن 35 فیصد اضافے سے 14 ارب روپے ہو گئی۔

انتظامی اخراجات سال 2016 کی پہلی شماہی کے مقابلے میں 9 فیصد اضافے سے 26 ارب روپے رہے۔ مجموعی طور پر نان پر فارمنگ قرضوں میں دسمبر 2016 کی اٹھ کے مقابلے میں مجموعی کمی آئی اور سال 2017 کے ابتدائی چھ ماہ میں مجموعی طور پر غیر متوافق اخراجات سال 2016 کی پہلی شماہی کے مقابلے میں 23 فیصد کم ہو گئے کورنچ ریشو 30 جون 2017 کو مزید مشتمل ہو کر 94 فیصد ہو گیا۔

4.5 فیصد سے 5.5 فیصد تک ہے گا۔ مکنی طلب اور بھی شعبے کے قرضوں میں اضافے کا رجحان ہے جس میں سی پیک کے پروپرٹیس بھی شامل ہے۔ ان پروپرٹیس کی بدولت انفارٹریکر کی اہم ضروریات پوری ہوں گی اور مختلف رکاوٹوں کا ختم ہو گا۔ حکومت کو توافق ہے کہ مالی سال 2018 میں مجموعی تو ۶ آمدن فیصد ہو جائے گی۔

تاہم بجٹ میں ملے شدہ اہداف کی عدم تکمیل اور آئی ایف کے پچھلے پروگرام کے تحت مسلسل اصلاحات کے سبب برآمدات اور یونی خطرات سے متعلق تشویش بڑھ رہی ہے۔ ان تشویش کی نشاندہی کا آئی ایف کے حالیہ آئندیکل اسکس کی مشاورت کے اختتام پر بھی ذکر ہے۔ برآمدات میں کی انتہائی بھی سطح پر پہنچنی نظر آرہی ہے، عالمی سطح پر تجارت و ترقی میں ثابت توقع کے ساتھ با مخفی تعاون اور درکار سرمایہ کاری میں وقت لگے گا۔ بجٹ کا تجارتی خسارہ اور نگران وصولی کے اہداف بظاہر ثابت نظر آتے ہیں کیونکہ حکومت کی جانب سے انتخابی سال میں اخراجات کثروں کرنے کا امکان نہیں ہوتا۔ اصلاحات پر عمل درآمد میں مسلسل عزم کی ضرورت ہے تاکہ پرامید طور پر جمیع معافی ایجاد کو روائی سے چلانے کا عمل مضمون کیا جائے۔

بینائیں سیکھ کر درپیش مسئلکات جاری رہیں گی کیونکہ زری پالیسی میں بہتری سے مدد و افراط زرکمد ملے گی اور اس کا سکراؤ ناگزیر ہے جس کے ساتھ پی آئی بی کی دوسری قحط جولائی 2017 میں پوری ہو رہی ہے۔ سال 2017 کی پہلی ششماہی میں اتنا شوں میں بھر پور ترقی کے ساتھ ایک بینی ایل نے ملک کی ترقی میں تعاون اور شرکت کے عزم کا مظاہرہ کیا ہے جس کے پاس متحرک وسائل اور سرمائے کے مناسب ذخائر ہیں۔

اعتراف و مستاش

ہم یہ بات ریکارڈ پر لانا چاہتے ہیں کہ ریگویٹری اور ورنس کے شابطے میں مسلسل بہتری کے ذریعے ہم بینائیں میں استحکام اور مالیاتی شبہے میں ترقی کے لئے اپنے ریگویٹری اور حکومت پاکستان بالخصوص وزارت خزانہ، اسٹیٹ بینک آف پاکستان اور سیکورٹیز ایچیجنگ لیمیشن آف پاکستان کی کادشوں، رہنمائی اور تعاون کو سراہتے ہیں۔

بورڈ اور مینیٹنگ کی جانب سے ہم اس موقع پر اپنے سکھر زماں کا شکر پیدا کرنا جا ہیں گے جنہوں نے ہمارے بڑنس پر اعتماد کیا اور اپنے شیئر ہولڈرز کے تعاون اور اعتماد کے بھی مشکور ہیں۔ ہم ان کو یہ یقین دہانی کرتے ہیں کہ ہم اعلیٰ معیار اور اچھے کاروباری انتظام کی مختتم ریکارڈ روایت کو اپنے نہماں اقدامات میں برقرار رکھیں گے۔ ہم ابھی ایل کی ترقی میں اپنے ملاز میں کی کاوشوں کا بھی اعتراض کرتے ہیں اور ان کے عزم و اخلاص کے مشکور ہیں۔

منجانب بورڈ

نعمان کے ڈار

پر بند پیٹ اور چین ایگزیکیوٹیو فیسر
11 اگست، 2017

Auditors' Report to the Members on Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of Habib Bank Limited ("the Bank") as at June 30, 2017 and the related condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity, condensed interim unconsolidated cash flow statement and notes to the accounts for the six-month period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures for the quarters ended June 30, 2017 and June 30, 2016 in the condensed interim unconsolidated profit and loss account and condensed interim unconsolidated statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

A. F. Ferguson & Co.
Chartered Accountants

Engagement Partner: Salman Hussain
Dated: August 11, 2017
Karachi

Condensed Interim Unconsolidated Statement of Financial Position

As at June 30, 2017

	Note	(Unaudited) June 30, 2017	(Audited) December 31, 2016 (Rupees in '000)
ASSETS			
Cash and balances with treasury banks		198,446,742	219,788,876
Balances with other banks		36,451,532	32,742,891
Lendings to financial institutions		50,637,113	35,010,238
Investments	6	1,388,306,024	1,304,722,761
Advances	7	785,142,388	712,132,554
Operating fixed assets	8	44,225,393	30,792,535
Deferred tax asset		-	-
Other assets		68,164,502	58,593,524
		<u>2,571,373,694</u>	<u>2,393,783,379</u>
LIABILITIES			
Bills payable		29,543,608	31,108,762
Borrowings	9	389,015,186	335,083,298
Deposits and other accounts	10	1,904,027,049	1,793,370,392
Subordinated loan		9,996,000	9,998,000
Liabilities against assets subject to finance lease		-	-
Deferred tax liability		439,482	1,856,554
Other liabilities		53,254,263	40,299,393
		<u>2,386,275,588</u>	<u>2,211,716,399</u>
NET ASSETS			
		<u>185,098,106</u>	<u>182,066,980</u>
REPRESENTED BY:			
Shareholders' equity			
Share capital		14,668,525	14,668,525
Reserves		48,329,231	47,146,362
Unappropriated profit		100,697,043	97,446,624
		<u>163,694,799</u>	<u>159,261,511</u>
Surplus on revaluation of assets - net of deferred tax	11	21,403,307	22,805,469
		<u>185,098,106</u>	<u>182,066,980</u>
CONTINGENCIES AND COMMITMENTS			
	12		

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

Nauman K. Dar
President and
Chief Executive Officer

Raymond Kotwal
Chief Financial Officer

Moez Ahamed Jamal
Director

Agha Sher Shah
Director

Shaffiq Dharamshi
Director

Condensed Interim Unconsolidated Profit and Loss Account (Unaudited)

For the six months ended June 30, 2017

Note	January 01 to June 30, 2017	January 01 to June 30, 2016	April 01 to June 30, 2017	April 01 to June 30, 2016
	(Rupees in '000)			
Mark-up / return / profit / interest earned	13	69,838,650	69,513,501	36,108,452
Mark-up / return / profit / interest expensed	14	30,392,622	29,057,330	15,836,210
Net mark-up / return / profit / interest income		39,446,028	40,456,171	20,272,242

Provision against advances	7.2	502,062	1,205,303	377,037
Reversal against off-balance sheet obligations		(50,233)	(20,210)	(8,251)
Provision for diminution in the value of investments	6.2	647,522	264,664	427,348
Bad debts written off directly		-	-	-
Net mark-up / return / profit / interest income after provisions		1,099,351	1,449,757	796,134
				981,703
		38,346,677	39,006,414	19,476,108
				19,657,707
Non mark-up / interest income				
Fee, commission and brokerage income		9,221,887	8,661,276	4,899,186
Dividend income		1,507,150	943,513	1,140,685
Income from dealing in foreign currencies		1,075,603	527,367	516,964
Gain on sale of securities - net		1,818,429	1,748,208	580,040
Unrealised (loss) / gain on held-for-trading securities		(23,641)	24,115	20,460
Other income		764,112	362,618	586,917
Total non mark-up / interest income		14,363,540	12,267,097	7,744,252
		52,710,217	51,273,511	27,220,360
				6,775,200
				26,432,907
Non mark-up / interest expense				
Administrative expenses		26,029,755	23,799,025	13,351,574
Other provisions / write offs - net		66,299	58,125	28,774
Other charges		507	487	406
Workers' Welfare Fund		532,174	551,544	270,487
Total non mark-up / interest expenses		26,628,735	24,409,181	13,651,241
Profit before taxation		26,081,482	26,864,330	13,569,119
				13,739,713
Taxation				
- Current		9,620,273	9,308,644	5,059,067
- Prior years		2,072,385	2,318,915	2,072,385
- Deferred		(609,699)	103,430	(441,760)
		11,082,959	11,730,989	6,689,692
Profit after taxation		14,998,523	15,133,341	6,879,427
				6,614,487
				(Rupees)
Basic and diluted earnings per share		10.22	10.32	4.69
				4.51

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

Raymond Kotwal
Chief Financial Officer

Moaz Ahamed Jamal
Director

Agha Sher Shah
Director

Shaffiq Dharamshi
Director

Condensed Interim Unconsolidated Statement of Comprehensive Income (Unaudited)

For the six months ended June 30, 2017

	January 01 to June 30, 2017	January 01 to June 30, 2016	April 01 to June 30, 2017	April 01 to June 30, 2016
-----(Rupees in '000)-----				
Profit after taxation for the period	14,998,523	15,133,341	6,879,427	6,614,487
Other comprehensive income / (loss)				
<i>Items that may be reclassified to the profit and loss account in subsequent periods</i>				
Effect of translation of net investment in foreign branches	(316,984)	264,756	(305,258)	46,441
Comprehensive income transferred to equity	14,681,539	15,398,097	6,574,169	6,660,928
Components of comprehensive income / (loss) not reflected in equity				
<i>Items that may be reclassified to the profit and loss account in subsequent periods</i>				
Movement in surplus / (deficit) on revaluation of investments - net of tax	(1,499,538)	5,122,905	(732,648)	1,637,481
<i>Items that are not to be reclassified to the profit and loss account in subsequent periods</i>				
Movement in surplus / (deficit) on revaluation of operating fixed assets - net of tax	- 10,079 10,079	- 262,797 262,797	- 10,079 10,079	- 262,797 262,797
Transferred from surplus on revaluation of non-banking assets				
Movement in surplus / (deficit) on revaluation of non-banking assets- net of tax	117,093 (10,079) 107,014	499,580 (262,797) 236,783	117,093 (10,079) 107,014	(3,660) (262,797) (266,457)
Transferred to surplus on revaluation of operating fixed assets				
Total comprehensive income	13,299,094	21,020,582	5,958,614	8,294,749

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 six months ended June 30, 2017

Share capital	Reserves					Total	
	Exchange translation reserve	Capital		Revenue			
		Statutory reserve	Non-distributable capital reserve	General reserve	Unappropriated profit		
(Rupees in '000).....							
Balance as at December 31, 2015	14,668,525	11,043,004	26,890,062	547,115	6,073,812	89,933,889 149,156,407	
Comprehensive income for the period	-	-	-	-	-	15,133,341 15,133,341	
Profit after taxation for the six months ended June 30, 2016							
Other comprehensive income / (loss)	-	-	-	-	-		
- Effect of translation of net investment in foreign branches	-	264,756	-	-	-	264,756	
	-	264,756	-	-	-	15,133,341 15,398,097	
Transactions with owners, recorded directly in equity	-	-	-	-	-		
Final cash dividend - Rs. 3.5 per share declared subsequent to the year ended December 31, 2015	-	-	-	-	-	(5,133,984) (5,133,984)	
1st interim cash dividend - Rs. 3.5 per share	-	-	-	-	-	(5,133,984) (5,133,984)	
	-	-	-	-	-	(10,267,968) (10,267,968)	
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	16,607 16,607	
Transferred to statutory reserve	-	-	1,513,334	-	-	(1,513,334) -	
Balance as at June 30, 2016	14,668,525	11,307,760	28,403,396	547,115	6,073,812	93,302,535 154,303,143	
Comprehensive income for the period	-	-	-	-	-	16,686,878 16,686,878	
Profit after taxation for the six months ended December 31, 2016							
Other comprehensive income / (loss)	-	-	-	-	-		
- Effect of translation of net investment in foreign branches	-	(854,409)	-	-	-	(854,409)	
- Remeasurement loss on defined benefit obligations- net	-	-	-	-	-	(623,038) (623,038)	
	-	(854,409)	-	-	-	16,063,840 15,209,431	
Transactions with owners, recorded directly in equity	-	-	-	-	-		
2nd interim cash dividend - Rs. 3.5 per share	-	-	-	-	-	(5,133,984) (5,133,984)	
3rd interim cash dividend - Rs. 3.5 per share	-	-	-	-	-	(5,133,984) (5,133,984)	
	-	-	-	-	-	(10,267,968) (10,267,968)	
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	16,905 16,905	
Transferred to statutory reserve	-	-	1,668,688	-	-	(1,668,688) -	
Balance as at December 31, 2016	14,668,525	10,453,351	30,072,084	547,115	6,073,812	97,446,624 159,261,511	
Comprehensive income for the period	-	-	-	-	-	14,998,523 14,998,523	
Profit after taxation for the six months ended June 30, 2017							
Other comprehensive income / (loss)	-	-	-	-	-		
- Effect of translation of net investment in foreign branches	-	(316,984)	-	-	-	(316,984)	
	-	(316,984)	-	-	-	14,998,523 14,681,539	
Transactions with owners, recorded directly in equity	-	-	-	-	-		
Final cash dividend - Rs. 3.5 per share declared subsequent to the year ended December 31, 2016	-	-	-	-	-	(5,133,984) (5,133,984)	
1st interim cash dividend - Rs. 3.5 per share	-	-	-	-	-	(5,133,984) (5,133,984)	
	-	-	-	-	-	(10,267,968) (10,267,968)	
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	19,717 19,717	
Transferred to statutory reserve	-	-	1,499,853	-	-	(1,499,853) -	
Balance as at June 30, 2017	14,668,525	10,136,367	31,571,937	547,115	6,073,812	100,697,043 163,694,799	

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

Raymond Kotwal
Chief Financial Officer

Moiz Ahamed Jamal
Director

Agha Sher Shah
Director

Shaffiq Dharamshi
Director

Condensed Interim Unconsolidated Cash Flow Statement (Unaudited)

For the six months ended June 30, 2017

	June 30, 2017	June 30, 2016
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	26,081,482	26,864,330
Dividend income	(1,507,150)	(943,513)
Adjustment for:		
Depreciation	1,572,945	1,406,732
Amortisation	260,975	213,145
Provision against advances	502,062	1,205,303
Reversal against off-balance sheet obligations	(50,233)	(20,210)
Provision for diminution in the value of investments	647,522	264,664
Other provisions / write offs - net	66,299	58,125
Unrealised loss / (gain) on held-for-trading securities	23,641	(24,115)
Gain on sale of operating fixed assets - net	(10,493)	(34,518)
Workers' Welfare Fund	532,174	551,544
	3,544,892	3,620,670
	28,119,224	29,541,487
(Increase) / decrease in operating assets		
Lendings to financial institutions	(15,626,875)	3,083,809
Net investments in held-for-trading securities	(77,476,802)	(32,330,987)
Advances	(73,511,896)	(19,638,371)
Other assets	(4,826,148)	(3,528,007)
	(17,441,721)	(52,413,556)
Increase / (decrease) in operating liabilities		
Bills payable	(1,565,154)	8,979,760
Borrowings	53,931,888	(23,930,001)
Deposits and other accounts	110,656,657	130,564,741
Other liabilities	9,014,812	(2,098,329)
	172,038,203	113,516,171
Income tax paid	28,715,706	90,644,102
Net cash flows from operating activities	(16,390,283)	(14,013,782)
	12,325,423	76,630,320
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(17,809,722)	18,933,207
Net investments in held-to-maturity securities	9,651,352	(82,614,377)
Net investment in subsidiaries	(441,933)	(2,000,000)
Net investments in associates	(484,233)	(914,575)
Dividend income received	1,390,173	879,474
Fixed capital expenditure	(15,150,426)	(2,456,645)
Proceeds from sale of operating fixed assets	14,708	40,524
Effect of translation of net investment in foreign branches	(316,984)	264,756
Net cash flows used in investing activities	(23,147,065)	(67,867,636)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of subordinated loan	(2,000)	-
Dividend paid	(6,809,851)	(10,809,561)
Net cash flows used in financing activities	(6,811,851)	(10,809,561)
Decrease in cash and cash equivalents during the period	(17,633,493)	(2,046,877)
Cash and cash equivalents at the beginning of the period	252,149,958	183,568,830
Effects of exchange rate changes on cash and cash equivalents	381,809	163,006
	252,531,767	183,731,836
Cash and cash equivalents at the end of the period	234,898,274	181,684,959

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**

Raymond Kotwal
Chief Financial Officer

Moiz Ahamed Jamal
Director

Agha Sher Shah
Director

Shaffiq Dharamshi
Director

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months ended June 30, 2017

1 STATUS AND NATURE OF BUSINESS

Habib Bank Limited (the Bank) is incorporated in Pakistan and is engaged in commercial banking related services in Pakistan and overseas. The Bank's registered office is at Habib Bank Tower, 9th Floor, Jinnah Avenue, Islamabad and its principal office is at Habib Bank Plaza, I.I.Chundrigar Road, Karachi. The Bank's shares are listed on the Pakistan Stock Exchange. The Bank operates 1,687 (December 31, 2016: 1,677) branches inside Pakistan including 46 (December 31, 2016: 45) Islamic Banking Branches and 54 (December 31, 2016: 54) branches outside the country including in the Karachi Export Processing Zone (KEPZ). The Aga Khan Fund for Economic Development (AKFED), S.A. is the parent company of the Bank and its registered office is in Geneva, Switzerland.

- 1.1 During the period, the Bank has purchased 678,750 ordinary shares of Habib Allied Holding Limited (HAHL) from a minority shareholder. Consequently, the shareholding of the Bank in HAHL has increased from 89.40% to 90.50%.
- 1.2 During the period, the Bank has sold its operations and business in Paris to Habibsons Bank, a subsidiary of HAHL.
- 1.3 During the period, the Bank has entered into an agreement dated March 21, 2017 with Diamond Trust Bank Kenya Limited (DTBKL), an associated company, to transfer / sell the business, assets and liabilities of the Bank's Kenya branches to DTBKL. In consideration, the Bank will receive additional shareholding in DTBKL.

1.4 Authorised Capital

During the period, the authorised capital of the Bank was reduced from Rs. 30 billion to Rs. 29 billion divided into 2.9 billion ordinary shares of Rs. 10 each.

2 STATEMENT OF COMPLIANCE

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

The Companies Ordinance, 1984 has been repealed as a result of the enactment of the Companies Act, 2017. However, as directed by the Securities and Exchange Commission of Pakistan vide circular no. 17 of 2017, dated July 20, 2017, this condensed interim unconsolidated financial information has been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

3 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, 2016.

4 ACCOUNTING ESTIMATES

The basis for accounting estimates adopted in the preparation of this condensed interim unconsolidated financial information is the same as that applied in the preparation of the unconsolidated financial statements for the year ended December 31, 2016.

5 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the unconsolidated financial statements for the year ended December 31, 2016.

INVESTMENTS

Investments by type	Note	June 30, 2017 (Unaudited)			December 31, 2016 (Audited)			
		Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total	
(Rupees in '000)								
Held-for-trading (HFT)								
Federal Government securities								
- Market Treasury Bills		109,735,339	-	109,735,339	32,335,860	-	32,335,860	
- Pakistan Investment Bonds		5,711,262	-	5,711,262	8,174,573	-	8,174,573	
- Sukuk		2,000,000	-	2,000,000	-	-	-	
Fully paid-up ordinary shares								
- Listed companies		370,499	-	370,499	131,436	-	131,436	
Overseas Government securities								
		666,018	-	666,018	376,504	-	376,504	
		118,483,118	-	118,483,118	41,018,373	-	41,018,373	
Held-to-maturity (HTM)								
Federal Government securities	6.1							
- Market Treasury Bills		-			28,912,507	-	28,912,507	
- Pakistan Investment Bonds		183,718,875	-	183,718,875	172,917,957	-	172,917,957	
- Government of Pakistan US Dollar Bonds		1,020,852	-	1,020,852	1,670,392	-	1,670,392	
Debentures and corporate debt instruments								
- Listed		7,469,816	-	7,469,816	8,084,970	-	8,084,970	
- Unlisted		17,307,226	-	17,307,226	10,503,868	-	10,503,868	
Overseas Government securities								
		26,713,531	-	26,713,531	23,791,958	-	23,791,958	
		236,230,300	-	236,230,300	245,881,652	-	245,881,652	
Available-for-sale (AFS)								
Federal Government securities								
- Market Treasury Bills		198,538,370		178,380,483	259,463,927	180,967,213	440,431,140	
- Pakistan Investment Bonds		359,267,984		100,169,825	459,437,809	325,812,579	384,521,235	
- Government of Pakistan US Dollar Bonds		20,017,795		-	20,017,795	20,671,573	20,671,573	
- Sukuk		83,310,347		-	83,310,347	77,911,455	77,911,455	
Fully paid-up ordinary shares								
- Listed companies		19,479,451	-	19,479,451	16,876,992	-	16,876,992	
- Unlisted companies		2,376,016	-	2,376,016	2,251,466	-	2,251,466	
Debentures and corporate debt instruments								
- Listed		9,305,685		6,577,592	15,883,277	15,814,316	15,814,316	
- Unlisted		14,305,314		-	14,305,314	15,885,761	15,885,761	
Overseas Government securities								
NIT units		4,879,430	-	-	4,879,430	4,154,760	4,154,760	
Real Estate Investment Trust units		11,113	-	-	11,113	11,113	11,113	
Preference shares		272,162	-	-	272,162	396,000	396,000	
		100,000	-	-	100,000	100,000	100,000	
		71,183,667	-	285,127,900	996,991,567	739,349,942	239,675,869	
Investment in subsidiary companies	1.1	13,945,202	-	-	13,945,202	13,503,269	-	
Investment in associates and joint venture	6.1	9,702,729	-	-	9,702,729	9,218,496	-	
		1,090,225,016	-	285,127,900	1,375,352,916	1,048,971,732	239,675,869	
Provision for diminution in the value of investments	6.2	(1,669,708)	-	(1,669,708)	(866,152)	-	(866,152)	
		1,088,555,308	-	285,127,900	1,373,683,208	1,048,105,580	239,675,869	
Deficit on revaluation of held-for-trading securities		(23,641)	-	(23,641)	(12,057)	-	(12,057)	
Surplus on revaluation of available-for-sale securities	11.2	14,129,726	516,731	14,646,457	12,540,371	4,412,998	16,953,369	
Total investments (net of provision)		1,102,661,393	285,644,631	1,388,306,024	1,060,633,894	244,088,867	1,304,722,761	

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

	June 30, 2017 (Unaudited)	December 31, 2016 (Audited)
	Book value	Market value
(Rupees in '000)		
- Investment classified as held-to-maturity	236,230,300	241,449,164
- Investment in listed associates and joint venture	9,266,498	38,063,663

	Note	(Unaudited) June 30, 2017	(Audited) December 31, 2016							
		(Rupees in '000)								
6.2 Particulars of provision held against diminution in the value of investments										
Opening balance		866,152	617,536							
Charge for the period / year		811,103	289,986							
Reversal for the period / year		(163,581)	(21,999)							
Reversal on disposal during the period / year		-	(19,371)							
Net charge for the period / year		647,522	248,616							
Recoveries against write off		156,034	-							
Closing balance		1,669,708	866,152							
7 ADVANCES										
Loans, cash credits, running finances, etc.		588,607,558	557,878,935							
- In Pakistan		118,350,639	99,958,539							
- Outside Pakistan		706,958,197	657,837,474							
Net investment in finance lease - in Pakistan		17,140,706	16,571,941							
Islamic financing and related assets	18.1.1	51,140,867	32,077,220							
Bills discounted and purchased		23,533,623	16,985,715							
- Payable in Pakistan		50,742,220	52,501,861							
- Payable outside Pakistan		74,275,843	69,487,576							
Advances - gross		849,515,613	775,974,211							
Provision against advances		(60,693,897)	(60,513,286)							
- Specific		(3,679,328)	(3,328,371)							
- General	7.2	(64,373,225)	(63,841,657)							
Advances - net of provision		785,142,388	712,132,554							
7.1 Advances include Rs. 68,574.805 million (December 31, 2016: Rs. 68,621.823 million) which have been placed under non-performing status as detailed below:										
		June 30, 2017 (Unaudited)								
Category of classification		Non-performing advances	Provision required and held	Net non-performing advances						
		Domestic	Overseas	Total	Domestic	Overseas	Total	(Rupees in '000)		
Other assets especially mentioned		1,633,782	33,092	1,666,874	-	-	-	1,633,782	33,092	1,666,874
Substandard		3,431,903	1,319,319	4,751,222	1,199,404	306,169	1,505,573	2,232,499	1,013,150	3,245,649
Doubtful		1,194,129	869,425	2,063,554	597,065	425,442	1,022,507	597,064	443,983	1,041,047
Loss		46,709,752	13,388,403	60,993,155	45,573,732	12,592,085	58,165,817	1,136,020	791,318	1,927,338
		52,969,566	15,605,239	68,574,805	47,370,201	13,323,696	60,693,897	5,599,365	2,281,543	7,880,908
		December 31, 2016 (Audited)								
Category of classification		Non-performing advances	Provision required and held	Net non-performing advances						
		Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
Other assets especially mentioned		803,344	121,924	925,268	-	-	-	803,344	121,924	925,268
Substandard		3,716,751	2,144,077	5,860,828	1,165,290	525,154	1,690,444	2,551,461	1,618,923	4,170,384
Doubtful		1,173,937	1,816,104	2,990,041	586,969	899,833	1,486,802	586,968	916,271	1,503,239
Loss		46,746,262	12,099,424	58,845,686	45,609,211	11,726,829	57,336,040	1,137,051	372,595	1,509,646
		52,440,294	16,181,529	68,621,823	47,361,470	13,151,816	60,513,286	5,078,824	3,029,713	8,108,537

7.1.1 Exposure amounting to Rs. 3,390 million relating to Power Holding (Private) Limited, 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 Particulars of provision against advances

Note	June 30, 2017 (Unaudited)			December 31, 2016 (Audited)		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	60,513,286	3,328,371	63,841,657	60,735,843	2,924,766	63,660,609
Exchange adjustment	(1,260)	4,173	2,913	(152,654)	7,060	(145,594)
Charge for the period / year	2,200,384	333,555	2,533,939	4,863,811	449,178	5,312,989
Reversal for the period / year	(2,009,855)	(22,022)	(2,031,877)	(4,829,119)	(44,115)	(4,873,234)
Net charge against advances for the period / year	190,529	311,533	502,062	34,692	405,063	439,755
Charged off during the period / year	7.4 (121,005)	-	(121,005)	(526,238)	-	(526,238)
Written off during the period / year	(82,916)	-	(82,916)	(230,796)	-	(230,796)
Transfer from / (to) other liabilities	-	-	-	173,486	(8,518)	164,968
Recoveries against write off	236,543	-	236,543	457,833	-	457,833
Other movements	(41,280)	35,251	(6,029)	21,120	-	21,120
Closing balance	60,693,897	3,679,328	64,373,225	60,513,286	3,328,371	63,841,657

7.3 General provision represents provision amounting to Rs. 1,744.444 million (December 31, 2016: Rs. 1,655.911 million) against consumer finance portfolio and Rs. 127.751 million (December 31, 2016: Rs. 126.699 million) against advances to small enterprises. General provision also includes Rs. 1,807.133 million (December 31, 2016: Rs. 1,545.761 million) pertaining to overseas advances to meet the requirements of the regulatory authorities of the respective countries in which the Bank operates.

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

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

	June 30, 2017 (Unaudited)			December 31, 2016 (Audited)		
	Balance outstanding	Maximum total amount of advances including temporary advances outstanding	Limit sanctioned during the period	Balance outstanding	Maximum total amount of advances including temporary advances outstanding	Limit sanctioned during the year
	**	**	**	**	**	**
(Rupees in '000)						
Debts due by Directors or Executives of the Bank or any of them either severally or jointly with any other persons:						
- in respect of Directors	-	-	-	-	-	-
- in respect of Executives * (other than Key Management Personnel)	2,969,700	3,204,790	370,050	2,876,769	2,881,595	651,410
- in respect of Key Management Personnel	61,000	63,360	44,860	25,331	59,100	-
Debts due by companies or firms in which the Directors of the Bank are interested as directors, partners, advisors or in the case of private companies as members						
	11,131,869	14,864,099	-	11,252,430	12,151,641	6,678,160
Debts due by Subsidiary company						
	2,606,240	2,649,873	-	2,685,681	4,165,014	-

- 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)
 - in respect of Key Management Personnel
- Debts due by companies or firms in which the Directors of the Bank are interested as directors, partners, advisors or in the case of private companies as members
- Debts due by Subsidiary company

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

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

		(Unaudited) June 30, 2017	(Audited) December 31, 2016
		(Rupees in '000)	
8	OPERATING FIXED ASSETS		
	Capital work-in-progress	15,330,208	1,557,938
	Tangible fixed assets	28,065,411	28,327,904
	Intangible assets	829,774	906,693
		<u>44,225,393</u>	<u>30,792,535</u>
8.1	Additions to operating fixed assets	Note	(Unaudited)
			June 30, 2017
			June 30, 2016
			(Rupees in '000)
	The following additions have been made to operating fixed assets during the period:		
8.1.1	Capital work-in-progress	8.1.1	13,772,270
	Tangible fixed assets		254,178
	Land		802,125
	Building	-	118,205
	Machinery	189,799	13,434
	Furniture, fixtures and office equipment	-	1,024,414
	Leasehold Improvements	1,005,054	266,236
	Vehicles	93,390	22,589
		<u>16,322</u>	<u>1,247,003</u>
	Intangible assets		
			183,499
			203,729
			<u>15,260,334</u>
			<u>2,704,910</u>
8.1.1	This includes Rs. 13,451.251 million on account of acquisition of a new office building in Karachi.		
8.2	Disposal of operating fixed assets		
	The cost of operating fixed assets disposed off during the period is as follows:		
	Tangible fixed assets		
	Furniture, fixtures and office equipment	119,788	374,294
	Leasehold Improvements	18,884	47,126
	Vehicles	3,272	19,581
		<u>141,944</u>	<u>441,001</u>
9	BORROWINGS	Note	(Unaudited)
			June 30, 2017
			(Audited) December 31, 2016
			(Rupees in '000)
	Secured		
	Borrowings from the SBP under		
	- Export refinance scheme	21,621,994	21,592,306
	- Long term financing facility	6,273,789	5,250,535
	- Refinance facility for modernization of SMEs	12,500	13,500
		<u>27,908,283</u>	<u>26,856,341</u>
	Repurchase agreement borrowings		
		285,127,899	243,753,648
		<u>313,036,182</u>	<u>270,609,989</u>
	Unsecured		
	- Call money borrowings	16,207,500	19,815,965
	- Overdrawn nostro accounts	3,548,524	7,877,216
	- Borrowings of overseas branches	19,524,080	21,090,353
	- Other long-term borrowings	36,698,900	15,689,775
9.1			64,473,309
			<u>75,979,004</u>
			<u>389,015,186</u>
			<u>335,083,298</u>

9.1 This includes a loan from the International Finance Corporation amounting to US\$ 150 million (December 31, 2016: US\$ 150 million). The principal amount is payable in six equal half yearly installments from June 2022 to December 2024. Interest at LIBOR + 5% is payable bi-annually from June 2015.

This also includes a loan from the China Development Bank amounting to US\$ 200 million . The principal amount is payable in six installments from December 2017 to June 2020. Interest at LIBOR+2.45% is payable semi annually.

	Note	(Unaudited) June 30, 2017	(Audited) December 31, 2016
		(Rupees in '000)	
10 DEPOSITS AND OTHER ACCOUNTS			
Customers			
Current accounts - non-remunerative		679,619,763	638,928,970
Savings accounts		885,443,908	834,591,076
Fixed deposits		304,257,129	297,557,281
		1,869,320,800	1,771,077,327
Financial institutions			
Current accounts - non-remunerative		7,904,772	10,746,198
Savings accounts		25,671,477	8,616,867
Fixed deposits		1,130,000	2,930,000
		34,706,249	22,293,065
		1,904,027,049	1,793,370,392
11 SURPLUS ON REVALUATION OF ASSETS - net of deferred tax			
Surplus arising on revaluation of assets - net of deferred tax, on			
- Operating fixed assets	11.1	11,092,002	11,101,555
- Investments	11.2	9,520,198	11,019,736
- Non-banking assets acquired in satisfaction of claims	11.3	791,107	684,178
		21,403,307	22,805,469

11.1 Surplus on revaluation of operating fixed assets			
Surplus as at the beginning of the period / year		11,637,924	11,424,672
Surplus recognised during the period / year		-	1,772
Transferred from surplus on revaluation of non-banking assets		15,504	262,797
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year - net of deferred tax		(19,632)	(33,356)
Related deferred tax liability on incremental depreciation charged during the period / year		(10,571)	(17,961)
		11,623,225	11,637,924
Less: related deferred tax liability / asset on			
- Revaluation as at the beginning of the period / year		536,369	554,330
- Amount transferred from surplus on revaluation of non-banking assets		5,425	-
- incremental depreciation charged during the period / year		(10,571)	(17,961)
		531,223	536,369
		11,092,002	11,101,555

	(Unaudited) June 30, 2017	(Audited) December 31, 2016
	(Rupees in '000)	
11.2 Surplus / (deficit) on revaluation of investments		
Market Treasury Bills	(64,442)	(78,715)
Pakistan Investment Bonds	11,739,947	11,775,363
Government of Pakistan US Dollar Bonds	1,172,841	1,081,041
Government of Pakistan Sukus	1,438,724	1,691,234
Listed equity securities	248,972	2,471,333
NIT units	47,459	47,715
Real Estate Investment Trust units	20,536	(4,680)
Overseas Government securities	17,787	(1,117)
Other debt instruments	24,633	(28,805)
Related deferred tax liability	14,646,457 (5,126,259)	16,953,369 (5,933,633)
	9,520,198	11,019,736
11.3 Surplus on revaluation of non-banking assets acquired in satisfaction of claims		
Surplus as at the beginning of the period / year	690,381	-
Surplus recognised during the period / year	117,093	953,418
Transferred to surplus on revaluation of operating fixed assets	(15,504)	(262,797)
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year - net of deferred tax	(85)	(156)
Related deferred tax liability on incremental depreciation charged during the period / year	(45)	(84)
Less: related deferred tax liability on	791,840	690,381
- Revaluation as at the beginning of the period / year	6,203	-
- Revaluation recognised during the period / year	-	6,287
- Amount transferred to surplus on revaluation of operating fixed assets	(5,425)	-
- Incremental depreciation charged during the period / year	(45)	(84)
	733	6,203
	791,107	684,178
12 CONTINGENCIES AND COMMITMENTS		
12.1 Direct credit substitutes - financial guarantees		
Guarantees in favour of		
- Government	278,727	275,473
- Financial institutions	295,000	295,000
- Others	28,935,708	38,160,335
	29,509,435	38,730,808
12.2 Transaction-related contingent liabilities		
Guarantees in favour of		
- Government	273,440	683,908
- Financial institutions	1,850,337	1,604,150
- Others	111,555,996	103,998,282
	113,679,773	106,286,340
12.3 Trade-related contingent liabilities		
Letter of credit in favour of		
- Government	68,312,424	62,799,738
- Financial institutions	341	2,734,895
- Others	89,813,847	89,687,410
	158,126,612	155,222,043

(Unaudited)
June 30,
2017
(Rupees in '000)

(Audited)
December 31,
2016

12.4 Other contingencies

Claims against the Bank not acknowledged as debts	<u>33,048,115</u>	32,773,275
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These mainly represent claims filed by former employees of the Bank, counter claims by borrowers for damages and other relief and other claims relating to banking transactions. Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Bank's favour and the possibility of any adverse outcome is remote. Accordingly, no provision has been made in this condensed interim unconsolidated financial information.

12.5 Commitments to extend credit

The Bank makes commitments to extend credit in the normal course of its business but none of these commitments are irrevocable and do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

	(Unaudited) June 30, 2017	(Audited) December 31, 2016
12.6 Commitments in respect of forward foreign exchange contracts		(Rupees in '000)
Purchase	142,805,739	146,407,029
Sale	142,481,708	147,918,207
12.7 Commitments in respect of forward Government Securities transactions		
Purchase	16,634,736	18,815,026
Sale	2,064,121	9,067,465
12.8 Commitments in respect of derivatives		
Foreign currency options		
Purchase	-	216,840
Sale	-	216,840
Cross currency swap		
Purchase	1,322,725	1,084,128
Sale	1,332,694	1,096,192
Interest rate swaps		
Purchase	-	34,866
Sale	9,107,547	5,218,200
12.9 Commitments for capital expenditure	2,156,288	824,776
12.10 Taxation		

The income tax return of the Bank has been submitted up to the accounting year 2015 and the audit has also been concluded by the tax authorities under section 122(5A) of the Income Tax Ordinance, 2001.

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

13

MARK-UP / RETURN / PROFIT / INTEREST EARNED

	(Unaudited)	June 30, 2017	June 30, 2016
	(Rupees in '000)		
On advances to			
- Customers	25,921,495	22,748,469	
- Financial institutions	994	716	
	<u>25,922,489</u>	<u>22,749,185</u>	
On investments in			
- Held-for-trading securities	2,904,364	1,492,004	
- Held-to-maturity securities	7,744,553	9,381,818	
- Available-for-sale securities	32,361,933	35,282,586	
	<u>43,010,850</u>	<u>46,156,408</u>	
On deposits with financial institutions	445,269	245,588	
On lendings to financial institutions	460,042	362,320	
	<u>69,838,650</u>	<u>69,513,501</u>	

14

MARK-UP / RETURN / PROFIT / INTEREST EXPENDED

On deposits	21,280,990	19,271,648
On securities sold under repurchase agreement borrowings	7,270,523	8,064,411
On other short term borrowings	898,700	857,834
On long term borrowings	942,409	863,437
	<u>30,392,622</u>	<u>29,057,330</u>

15

RELATED PARTY TRANSACTIONS

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

Transactions with related parties, other than those under terms of employment, are executed on an arm's length basis i.e. do not involve more than normal risk and are substantially on the same terms, including mark-up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties. Details of advances to related parties are given in note 7.5 to this condensed interim unconsolidated financial information.

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

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

	As at June 30, 2017 (Unaudited)				
	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
	Rupees in '000				
Statement of financial position					
Deposits	7,776,902	470,261	4,525,298	14,294	364,747
Maximum Deposits during the period	8,657,794	495,459	5,345,842	63,856	518,909
Borrowings	1,189,553	1,467,956	-	1,782,518	-
Investments	-	17,090,836	9,695,532	7,197	-
Nostro balances	624,868	3,889,101	-	-	-
Overdrawn nostro balances	-	294,467	-	-	-
Mark-up receivable	37,322	107,473	30,256	-	-
Other receivable	-	9,824	79,849	128,468	1,529
Mark-up payable	35,917	1,459	1,605	1,114	164
Other payable	-	-	280,590	-	200,844
Others					
Other contingencies	2,297,069	-	2,157,782	-	-
Securities held as custodian	16,361,000	-	27,452,905	-	6,746,095

For the six months ended June 30, 2017 (Unaudited)				
Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
-----Rupees in 000-----				
Profit and loss account				
Mark-up income	126,452	314,337	30,426	-
Fee and commission income	-	1,671	1,333,752	-
Other income	-	15,034	-	-
Mark-up expense	83,840	24,750	82,281	2,992
Other expense	821	179	476,405	-
Dividend income	-	-	821,397	-

As at December 31, 2016 (Audited)				
Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
-----Rupees in 000-----				
Statement of financial position				
Deposits	5,528,358	684,639	5,740,470	42,695
Maximum deposits during the year	9,593,529	768,975	6,378,540	217,386
Borrowings	1,114,878	4,187,454	-	1,202,883
Investments	-	16,641,232	9,211,299	7,197
Nostro balances	115,914	1,439,280	-	-
Overdrawn nostro balances	-	413,447	-	-
Advances	-	-	-	-
Lendings	-	962,306	-	-
Mark-up receivable	15,947	312,812	2,221	-
Other receivable	-	-	207,923	128,468
Mark-up payable	10,305	12,374	2,297	5,837
Other payable	-	-	217,937	-
Others				
Other contingencies	277,530	37,875	989,112	-
Securities held as custodian	15,537,400	-	34,717,265	-
				4,398,055

For the six months ended June 30, 2016 (Unaudited)				
Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
-----Rupees in 000-----				
Profit and loss account				
Mark-up income	22,283	284,262	4,153	-
Fee and commission income	-	4,041	1,211,707	-
Other income	-	14,334	-	-
Mark-up expense	27,207	50,691	43,916	7,630
Other expense	-	-	349,466	-
Dividend income	-	-	313,004	-

15.1 Key Management Personnel

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

(Unaudited)	
June 30, 2017	June 30, 2016
(Rupees in '000)	
Managerial remuneration (including allowances)	341,910
Contribution to provident and benevolent fund	6,918
Medical	9,485
	11,249
	358,313
	349,963
Number of persons	19
	20

15.2 Non-Executive Directors' fees

16 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

Fair Value Measurement

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

	As at June 30, 2017 (Unaudited)			
	Level 1	Level 2	Level 3	Total
Items carried at fair value	Rupees in 000			
Financial assets and liabilities				
- Fully paid-up ordinary shares	18,811,720	-	-	18,811,720
- Real Estate Investment Trust units	292,698	-	-	292,698
- NIT units	-	58,572	-	58,572
- Federal Government securities	-	1,071,427,844	-	1,071,427,844
- Overseas Government securities	-	5,556,598	-	5,556,598
- Debentures and corporate debt instruments	-	19,660,799	-	19,660,799
- Unrealised gain on forward foreign exchange contracts	-	976,751	-	976,751
- Unrealised gain on derivative instruments	-	180,145	-	180,145
- Unrealised loss on forward foreign exchange contracts	-	337,238	-	337,238
- Unrealised loss on derivative instruments	-	4,768	-	4,768
Non-financial assets				
-Operating fixed assets	-	-	21,876,900	21,876,900
-Non-banking assets acquired in satisfaction of claims	-	-	2,260,093	2,260,093
Items for which fair value is disclosed				
- Federal Government securities	-	189,597,130	-	189,597,130
- Overseas Government securities	-	26,740,404	-	26,740,404
- Debentures and corporate debt instruments	-	25,111,630	-	25,111,630
-Associates and Joint venture	-	-	-	38,063,663
	57,168,081	1,339,651,879	24,136,993	1,420,956,953

	As at December 31, 2016 (Audited)			
	Level 1	Level 2	Level 3	Total
Items carried at fair value	Rupees in 000			
Financial assets and liabilities				
- Fully paid-up ordinary shares	19,023,342	-	-	19,023,342
- Real Estate Investment Trust units	391,320	-	-	391,320
- NIT units	-	58,828	-	58,828
- Federal Government securities	-	978,511,612	-	978,511,612
- Overseas Government securities	-	4,517,150	-	4,517,150
- Debentures and corporate debt instruments	-	19,842,795	-	19,842,795
- Unrealised gain on forward foreign exchange contracts	-	268,141	-	268,141
- Unrealised gain on derivative instruments	-	115,903	-	115,903
- Unrealised loss on forward foreign exchange contracts	-	1,232,680	-	1,232,680
- Unrealised loss on derivative instruments	-	10,804	-	10,804
Non-financial assets				
-Operating fixed assets	-	-	21,624,592	21,624,592
-Non-banking assets acquired in satisfaction of claims	-	-	2,383,392	2,383,392
Items for which fair value is disclosed				
- Federal Government securities	-	207,591,731	-	207,591,731
- Overseas Government securities	-	23,879,693	-	23,879,693
- Debentures and corporate debt instruments	-	18,638,546	-	18,638,546
-Associates and Joint venture	30,884,859	-	-	30,884,859
	50,299,521	1,254,667,883	24,007,984	1,328,975,388

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

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

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

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

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

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

17 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	For the six months ended June 30, 2017 (Unaudited)					
	Branch banking	Corporate banking	Treasury	International banking	Head Office / Others	Total
-----(Rupees in million)-----						
Net mark-up income - external	(3,899)	9,001	30,958	3,876	(490)	39,446
Inter-segment revenue / (expense) - net	27,716	(6,019)	(23,617)	-	1,920	-
Non-funded income	6,224	1,404	2,637	1,977	2,122	14,364
Total Income	30,041	4,386	9,978	5,853	3,552	53,810
Total expenses including provision	12,646	(213)	1,073	5,558	8,664	27,728
Inter-segment administrative cost	6,066	885	172	635	(7,758)	-
Total expenses including provision	18,712	672	1,245	6,193	906	27,728
Profit before tax	11,329	3,714	8,733	(340)	2,646	26,082
Segment return on assets %	0.88%	1.06%	0.80%	-0.13%	1.46%	-
Segment cost of funds %	2.65%	4.83%	5.04%	1.35%	0.27%	-

	As at June 30, 2017 (Unaudited)					
	Branch banking	Corporate banking	Treasury	International banking	Head Office / Others	Total
-----(Rupees in million)-----						
Segment assets (gross of provision)	438,006	459,068	1,313,416	332,188	95,287	2,637,965
Segment non-performing advances	8,759	44,026	-	15,605	185	68,575
Segment provision held including general provision	7,579	41,982	1,086	15,347	597	66,591
Inter-segment assets / (liabilities)	1,071,117	(147,798)	(998,450)	(2,484)	77,615	-
Segment liabilities and equity	1,501,544	269,288	313,880	314,357	172,305	2,571,374
For the six months ended June 30, 2016 (Unaudited)						
	Branch banking	Corporate banking	Treasury	International banking	Head Office / Others	Total
-----(Rupees in million)-----						
Net mark-up income - external	(4,416)	8,383	32,642	3,877	(30)	40,456
Inter-segment revenue / (expense) - net	25,394	(5,607)	(22,130)	-	2,343	-
Non-funded income	5,522	1,609	2,106	1,855	1,175	12,267
Total Income	26,500	4,385	12,618	5,732	3,488	52,723
Total expenses including provision	11,758	(199)	442	5,659	8,199	25,859
Inter-segment administrative cost	5,785	849	165	606	(7,405)	-
Total expenses including provision	17,543	650	607	6,265	794	25,859
Profit before tax	8,957	3,735	12,011	(533)	2,694	26,864
Segment return on assets %	0.80%	1.37%	1.14%	-0.22%	1.33%	-
Segment cost of funds %	2.86%	5.28%	5.22%	1.19%	0.23%	-
As at December 31, 2016 (Audited)						
	Branch banking	Corporate banking	Treasury	International banking	Head Office / Others	Total
-----(Rupees in million)-----						
Segment assets (gross of provision)	400,558	417,371	1,237,983	325,731	77,381	2,459,024
Segment non-performing advances	7,363	44,923	-	16,182	154	68,622
Segment provision held including general provision	7,224	42,272	285	14,948	512	65,241
Inter-segment assets / (liabilities)	1,028,724	(145,871)	(931,818)	(12,283)	61,248	-
Segment liabilities and equity	1,422,058	229,228	305,880	298,500	138,117	2,393,783
Segment gross earnings on liability / asset %	9.97%	10.10%	9.73%	3.67%	4.80%	-
Segment cost of funds %	5.20%	7.73%	8.83%	0.81%	1.26%	-

18 ISLAMIC BANKING BUSINESS

18.1	Statement of financial position	Note	(Unaudited) June 30, 2017	(Audited) December 31, 2016
			(Rupees in '000)	(Rupees in '000)
ASSETS				
Cash and balances with treasury banks			8,578,664	6,183,359
Due from financial institutions			1,614,839	7,458,102
Investments			105,713,465	96,574,596
Islamic financing and related assets	18.1.1		51,031,613	31,972,463
Due from Head Office			3,082,058	-
Other assets			1,404,918	499,088
			<u>171,425,557</u>	<u>142,687,608</u>
LIABILITIES				
Bills payable			6,028	4,575
Due to financial institutions			11,927,000	5,754,000
Deposits and other accounts	18.1.2		149,344,978	124,292,123
Due to Head Office			-	3,815,481
Deferred tax liability			503,232	546,132
Other liabilities			997,837	969,169
			<u>162,779,075</u>	<u>135,381,480</u>
NET ASSETS				
			<u>8,646,482</u>	<u>7,306,128</u>
REPRESENTED BY				
Islamic Banking Fund			250,000	250,000
Unappropriated profit			7,461,909	6,041,883
Surplus on revaluation of investments - net of deferred tax			7,711,909	6,291,883
			<u>934,573</u>	<u>1,014,245</u>
			<u>8,646,482</u>	<u>7,306,128</u>
Commitments in respect of guarantees and letters of credit of the Islamic Banking Business amounted to Rs. 287.792 million (December 31, 2016: Rs. 281.916 million) and Rs. 3,352.220 million (December 31, 2016: Rs.382.059 million) respectively. Commitments in respect of forward purchase and sale transactions amounted to Rs. 2,900.074 million (December 31, 2016: Rs. 3,227.835 million) and Rs. 2,907.633 million (December 31, 2016:Rs. 860.338 million) respectively.				
18.1.1	Islamic financing and related assets - net		(Unaudited) June 30, 2017	(Audited) December 31, 2016
Ijarah			1,153,580	852,607
Murabaha			1,424,921	187,072
Diminishing Musharaka			25,144,035	21,211,872
Wakala			10,000,000	-
Istisnah			215,556	439,155
Advance for Ijarah			423,887	172,049
Advance for Murabaha			8,068,120	3,714,525
Advance for Diminishing Musharaka			217,120	98,006
Advance for Istisnah			1,025,175	3,949,781
Assets / Inventories			3,468,473	1,452,153
Islamic financing and related assets - gross			51,140,867	32,077,220
Provision against financings			(109,254)	(104,757)
Islamic financing and related assets - net			<u>51,031,613</u>	<u>31,972,463</u>
18.1.2	Deposits and other accounts			
Current accounts			40,251,330	34,805,992
Savings accounts			87,404,445	67,581,654
Term deposits			13,837,113	16,307,798
Deposits from financial institutions - remunerative			7,841,101	5,530,268
Deposits from financial institutions - non - remunerative			10,989	66,411
			<u>149,344,978</u>	<u>124,292,123</u>

	(Unaudited) For the six months ended	
	June 30, 2017	June 30, 2016
18.2 Profit and Loss account	(Rupees in '000)	
Profit earned	4,427,958	3,716,321
Profit expensed	<u>1,888,439</u>	1,941,004
Net profit earned	<u>2,539,519</u>	1,775,317
Depreciation on assets given on ijarah	134,627	98,868
Provision against financings	4,498	-
	<u>139,125</u>	98,868
Net profit after depreciation and provisions	<u>2,400,394</u>	1,676,449
Other income		
Fee, commission and brokerage income	93,555	61,440
Income from dealing in foreign currencies	(23,645)	(2,130)
Gain / (loss) on sale of securities	9,849	-
Others	390	336
Total other income	<u>80,149</u>	59,646
Administrative expenses	2,480,543	1,736,095
Net profit for the period	<u>317,375</u>	323,425
	<u>2,163,168</u>	1,412,670

19 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on August 11 , 2017 has declared a cash dividend in respect of the quarter ended June 30, 2017 of Rs. 3.50 per share (June 30, 2016: Rs. 3.50 per share). This condensed interim unconsolidated financial information does not include the effect of these appropriations which will be accounted for subsequent to the period end.

20 GENERAL

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

21 DATE OF AUTHORISATION FOR ISSUE

This condensed interim unconsolidated financial information was authorised for issue in the Board of Directors meeting held on August 11, 2017.

Nauman K. Dar
**President and
Chief Executive Officer**

Raymond Kotwal
Chief Financial Officer

Moez Ahamed Jamal
Director

Agha Sher Shah
Director

Shaffiq Dharamshi
Director

