

HIGHLIGHTS

- Rise of 7.0% in net interest income
- Net fee and commission income up by 4.8%
- Increase of 26.3% in profit on exchange
- Growth of 10.6% in operating expenses
- Credit impairment charges higher by some Rs 87 million
- Share of profit of associates lower by Rs 162 million

OPERATING INCOME
Rs 11,755.1 m

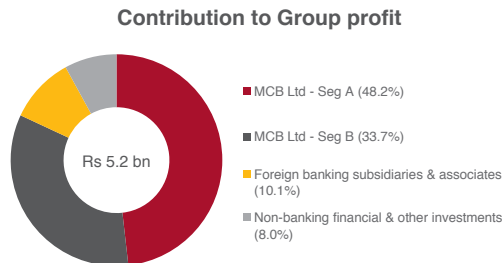
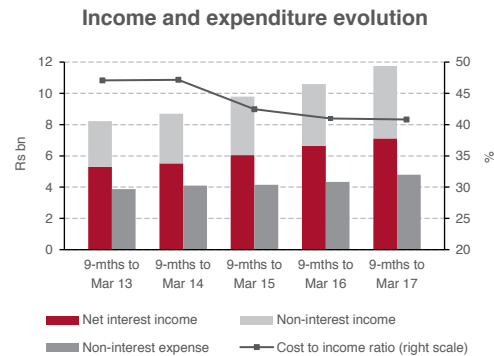
▲ 11.0%

OPERATING PROFIT BEFORE IMPAIRMENT
Rs 6,956.8 m

▲ 11.3%

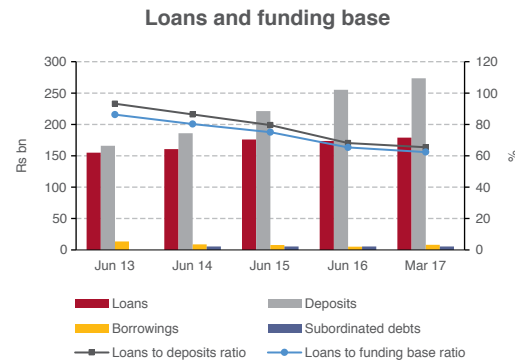
PROFIT ATTRIBUTABLE TO SHAREHOLDERS
Rs 5,189.5 m

▲ 10.4%



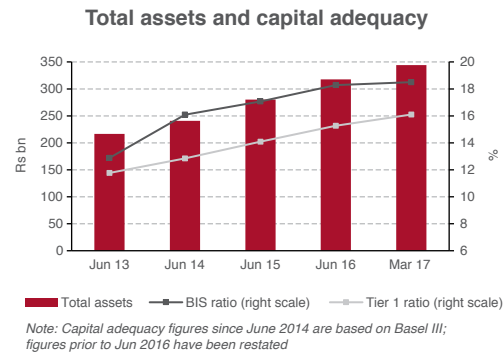
GROSS LOANS
Rs 178.9 bn

▲ 3.1%



DEPOSITS
Rs 273.6 bn

▲ 10.7%



FINANCIAL SOUNDNESS INDICATORS (%)

	Mar-16	Jun-16	Mar-17
Profitability			
Return on average total assets ¹	2.1	2.2	2.1
Return on average equity ¹	16.6	17.3	16.2
Return on average Tier 1 capital ¹	17.2	18.1	17.1
Efficiency			
Cost-to-income	41.0	40.2	40.8
Asset quality			
Gross NPL/Gross loans	6.2	6.2	5.8
Net NPL/Net Loans	3.6	4.0	4.3
Liquidity			
Liquid assets ² /Total assets	37.0	38.9	41.4
Loans to deposits	70.2	68.1	65.4
Loans to deposits and borrowings ³	67.1	65.3	62.3
Capital adequacy			
Shareholders equity to assets	12.9	12.8	13.1
BIS risk adjusted ratio ⁴	17.6	18.3	18.5
<i>o/w Tier 1⁴</i>	15.0	15.3	16.1

¹ Annualised rate for March figures
² In the computation, liquid assets comprise cash, balances with BoM, placements, T-Bills and Government securities
³ Borrowings include subordinated debts
⁴ Based on Basel III

Consolidated statement of financial position as at 31st March 2017

	31-Mar-17 Rs'M	31-Mar-16 Rs'M	30-Jun-16 Rs'M
ASSETS			
Cash and cash equivalents	37,786.8	35,436.4	33,305.6
Mandatory balances with Central Banks	16,921.4	15,161.5	15,498.8
Derivative financial instruments	430.2	393.4	315.4
Loans to and placements with banks	25,174.8	16,811.0	22,419.1
Loans and advances to customers	170,164.1	163,819.1	163,827.3
Investment securities	72,603.7	57,367.4	62,734.8
Investments in associates	9,439.6	8,074.7	9,151.9
Goodwill and other intangible assets	945.4	880.8	897.4
Property, plant and equipment	6,109.3	5,855.6	5,892.8
Deferred tax assets	342.9	333.4	311.3
Other assets	4,044.7	3,320.3	3,350.4
Total assets	343,962.9	307,453.6	317,704.8
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits from banks	3,023.0	1,955.7	1,837.7
Deposits from customers	270,545.1	245,176.3	253,423.9
Derivative financial instruments	391.3	331.2	307.2
Other borrowed funds	8,018.0	5,800.2	5,193.0
Subordinated liabilities	5,593.1	5,594.1	5,619.9
Current tax liabilities	710.5	727.5	812.1
Deferred tax liability	65.1	58.8	65.4
Other liabilities	8,352.8	6,518.1	7,437.0
Total liabilities	296,698.9	266,161.9	274,696.2
Shareholders' Equity			
Stated capital	2,477.8	2,426.8	2,426.8
Retained earnings	34,932.2	30,946.9	30,886.1
Other components of equity	7,505.5	6,183.6	7,417.0
Equity attributable to the ordinary equity holders of the parent	44,915.5	39,557.3	40,729.9
Non-controlling interests	2,348.5	1,734.4	2,278.7
Total equity	47,264.0	41,291.7	43,008.6
Total equity and liabilities	343,962.9	307,453.6	317,704.8
CONTINGENT LIABILITIES			
Acceptances, guarantees, letters of credit, endorsements and other obligations on account of customers	34,880.0	34,340.7	32,130.8
Others	8,660.6	5,498.0	5,182.1
	43,540.6	39,838.7	37,312.9

COMMENTS ON RESULTS

The Group continued to post a resilient performance with attributable profits for the nine months to March 2017 growing by 10.4% to reach Rs 5,189.5 million, albeit boosted by a net gain of some Rs 260 million relating to the disposal of an investment by our Equity Fund. Excluding the latter, the growth in profits would stand at around 5%.

Results were underpinned by a further rise in operating income. Net interest income grew by 7.0%, mainly attributable to higher investment in Government securities in a context of persisting excess liquidity, coupled with improved yields thereon. Net fee and commission income recovered and posted a growth of 4.8%, supported by higher receipts both at banking and non-banking levels. Other income rose by 38.3%, driven by the above-mentioned exit from an equity investment, a rise of 26.3% in profit on exchange and improved performance of non-banking business lines.

Operating expenses were up by 10.6% driven primarily by capacity-building initiatives throughout the Group. The cost to income ratio, however, dropped slightly to attain 40.8%. Gross NPL ratio declined to 5.8%, while net impairment charges grew by 12.0% to reach Rs 812 million, representing 60 basis points of gross loans on an annualised basis.

Consolidated statement of profit or loss for the period ended 31st March 2017

	Quarter to 31-Mar-17 Rs'M	Quarter to 31-Mar-16 Rs'M	9 mths to 31-Mar-17 Rs'M	9 mths to 31-Mar-16 Rs'M	Year to 30-Jun-16 Rs'M
Interest income	3,469.8	3,431.0	10,461.9	10,208.3	13,643.6
Interest expense	(1,115.6)	(1,186.7)	(3,353.9)	(3,562.6)	(4,753.3)
Net interest income	2,354.2	2,244.3	7,108.0	6,645.7	8,890.3
Fee and commission income	1,104.7	925.2	3,231.5	3,051.7	4,036.5
Fee and commission expense	(255.4)	(209.3)	(716.6)	(651.5)	(845.2)
Net fee and commission income	849.3	715.9	2,514.9	2,400.2	3,191.3
Other income	850.0	496.1	2,132.2	1,541.3	2,336.2
Operating income	4,053.5	3,456.3	11,755.1	10,587.2	14,417.8
Non-interest expense	(1,617.5)	(1,359.1)	(4,798.3)	(4,336.9)	(5,789.0)
Operating profit before impairment	2,436.0	2,097.2	6,956.8	6,250.3	8,628.8
Net impairment of financial assets	(286.1)	(236.3)	(811.6)	(724.4)	(1,021.9)
Operating profit	2,149.9	1,860.9	6,145.2	5,525.9	7,606.9
Share of profit of associates	25.3	230.9	300.8	462.3	735.0
Profit before tax	2,175.2	2,091.8	6,446.0	5,988.2	8,341.9
Income tax expense	(356.9)	(454.2)	(1,213.3)	(1,188.3)	(1,537.0)
Profit for the period	1,818.3	1,637.6	5,232.7	4,799.9	6,804.9
Profit for the period attributable to:					
Ordinary equity holders of the parent	1,823.9	1,557.9	5,189.5	4,699.6	6,625.5
Non-controlling interests	(5.6)	79.7	43.2	100.3	179.4
	1,818.3	1,637.6	5,232.7	4,799.9	6,804.9

Consolidated statement of comprehensive income for the period ended 31st March 2017

	9 mths to 31-Mar-17 Rs'M	9 mths to 31-Mar-16 Rs'M	9 mths to 31-Mar-17 Rs'M	9 mths to 31-Mar-16 Rs'M	Year to 30-Jun-16 Rs'M
Profit for the period	1,818.3	1,637.6	5,232.7	4,799.9	6,804.9
Other comprehensive income/(expense):					
Items that will not be reclassified to profit or loss	-	-	(113.6)	-	490.3
Items that may be reclassified subsequently to profit or loss	168.9	(46.9)	185.3	(114.3)	62.1
Other comprehensive income/(expense) for the period	168.9	(46.9)	71.7	(114.3)	552.4
Total comprehensive income for the period	1,987.2	1,590.7	5,304.4	4,685.6	7,357.3
Total comprehensive income attributable to:					
Ordinary equity holders of the parent	1,972.8	1,520.4	5,227.1	4,626.7	6,752.1
Non-controlling interests	14.4	70.3	77.3	58.9	605.2
	1,987.2	1,590.7	5,304.4	4,685.6	7,357.3
Earnings per share:					
Basic (Rs)	7.65	6.54	21.78	19.74	27.82
Diluted (Rs)	7.65	6.54	21.77	19.73	27.82

Our share of profit of associates dropped by Rs 162 million mainly due to lower contributions from PAD Group which benefitted from significant non-recurrent gains in the previous year.

Improved results coupled with a modest growth in risk weighed assets contributed to further enhance the Group's capital adequacy ratio which stood at 18.5%, of which 16.1% in terms of Tier 1.

OUTLOOK

Looking ahead, Group results for the year to June 2017 are expected to grow satisfactorily, albeit at a slower pace than the growth registered during the first nine months of the year given the significant non-recurrent gains recorded in the last quarter of the previous financial year. The prospects beyond look relatively encouraging in view of the improvement in our pipeline of private sector and cross-border projects and the expected recovery in the international and local economic context, although domestic growth in the short term will remain dependent on the implementation pace of public infrastructure projects.

By order of the Board

12th May 2017

Consolidated statement of changes in equity for the period ended 31st March 2017

	Attributable to ordinary equity holders of the parent						Non-controlling interests	Total Equity
	Stated Capital	Retained Earnings	Capital Reserve	Translation Reserve	Statutory Reserve	General Banking Reserve		
	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M
At 1st July 2015								
Profit for the period	-	4,699.6	-	-	-	-	100.3	4,799.9
Other comprehensive income/(expense) for the period	-	-	4.1	(77.0)	-	-	(41.4)	(114.3)
Total comprehensive income/(expense) for the period	-	4,699.6	4.1	(77.0)	-	-	58.9	4,685.6
Dividends	-	(1,011.9)	-	-	-	-	(33.1)	(1,045.0)
Effect of increase in shareholding in subsidiaries	-	(20.4)	-	-	-	-	(40.3)	(60.7)
Issue of shares following the exercise of Group Employee Share Options Scheme	29.6	-	-	-	-	-	-	29.6
Transactions with owners in their capacity as owners	29.6	(1,032.3)	-	-	-	-	(73.4)	(1,076.1)
Transfers/movements in reserves	-	(222.0)	(3.9)	-	-	225.9	-	-
At 31st March 2016	2,426.8	30,946.9	2,305.3	(300.2)	3,171.8	1,006.7	1,734.4	41,291.7
At 1st July 2016								
Profit for the year	-	6,625.5	-	-	-	-	179.4	6,804.9
Other comprehensive (expense)/income for the year	-	(175.2)	428.4	(126.6)	-	-	425.8	552.4
Total comprehensive income/(expense) for the year	-	6,450.3	428.4	(126.6)	-	-	605.2	7,357.3
Dividends	-	(1,964.7)	-	-	-	-	(35.1)	(1,999.8)
Effect of increase in shareholding in subsidiaries	-	(20.4)	-	-	-	-	(40.3)	(60.7)
Issue of shares following the exercise of Group Employee Share Options Scheme	29.6	-	-	-	-	-	-	29.6
Transactions with owners in their capacity as owners	29.6	(1,985.1)	-	-	-	-	(75.4)	(2,030.9)
Transfers/movements in reserves	-	(1,080.7)	32.0	-	848.5	200.2	-	-
At 30th June 2016	2,426.8	30,886.1	2,765.5	(349.8)	4,020.3	981.0	2,278.7	43,008.6
Profit for the period	-	5,189.5	-	-	-	-	43.2	5,232.7
Other comprehensive (expense)/income for the period	-	(113.6)	367.6	(216.4)	-	-	34.1	71.7
Total comprehensive income/(expense) for the period	-	5,075.9	367.6	(216.4)	-	-	77.3	5,304.4
Dividends	-	(1,131.6)	-	-	-	-	(36.0)	(1,167.6)
Issue of shares following the exercise of Group Employee Share Options Scheme	51.0	-	-	-	-	-	51.0	51.0
Transactions with owners in their capacity as owners	51.0	(1,131.6)	-	-	-	-	(36.0)	(1,116.6)
Transfers/movements in reserves	-	101.8	(4.7)	-	-	(58.0)	39.1	67.6
At 31st March 2017	2,477.8	34,932.2	3,128.4	(566.2)	4,020.3	923.0	2,348.5	47,264.0

Consolidated statement of cash flows for the period ended 31st March 2017

	9 mths to 31-Mar-17 Rs'M	9 mths to 31-Mar-16 Rs'M	Year to 30-Jun-16 Rs'M
Operating activities			
Net cash flows from trading activities	2,655.2	5,642.8	6,717.7
Net cash flows from other operating activities	4,099.8	10,720.5	7,973.3
Dividends received from associates	58.8	45.2	256.0
Dividends paid	(2,084.3)	(1,904.6)	(1,904.6)
Dividends paid to non-controlling interests in subsidiaries	(36.0)	(33.1)	(35.1)
Income tax paid	(1,345.8)	(1,062.1)	(1,259.4)
Net cash flows from operating activities	3,347.7	13,408.7	11,747.9
Investing activities	(645.6)	(1,356.6)	(1,910.9)
Financing activities	51.0	187.9	137.4
Increase in cash and cash equivalents	2,753.1	12,240.0	9,974.4
Net cash and cash equivalents brought forward	33,215.1	23,287.5	23,287.5
Effect of foreign exchange rate changes	(113.8)	(96.7)	(46.8)
Net cash and cash equivalents carried forward	35,854.4	35,430.8	33,215.1