



## **HABIB METROPOLITAN BANK LTD.**

[ Subsidiary of Habib Bank AG Zurich ]

Consolidated Accounts for the nine months  
ended 30 September 2015  
(Un-audited)

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2015

	Note	30 September 2015 (Un-Audited)	31 December 2014 (Audited)
Rupees in '000			
<b>ASSETS</b>			
Cash and balances with treasury banks		19,539,548	18,640,853
Balances with other banks	6	1,579,376	1,870,331
Lendings to financial institutions	7	13,927,212	3,408,776
Investments	8	369,509,138	221,644,817
Advances	9	120,475,016	134,175,636
Operating fixed assets	10	2,978,882	3,025,426
Deferred tax assets - net	11	1,570,668	1,268,457
Other assets		9,770,264	13,640,521
		<b>539,350,104</b>	397,674,817
<b>LIABILITIES</b>			
Bills payable		8,043,266	5,201,482
Borrowings	12	106,943,391	24,883,982
Deposits and other accounts	13	375,893,921	319,948,274
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		12,637,263	12,871,948
		<b>503,517,841</b>	362,905,686
<b>NET ASSETS</b>		<b>35,832,263</b>	34,769,131
<b>REPRESENTED BY</b>			
Share capital		10,478,315	10,478,315
Reserves		12,378,560	11,178,823
Unappropriated profit		8,640,331	8,559,839
		<b>31,497,206</b>	30,216,977
Surplus on revaluation of assets - net of deferred tax	14	4,335,057	4,552,154
		<b>35,832,263</b>	34,769,131
<b>CONTINGENCIES AND COMMITMENTS</b>			
	15		

The annexed notes 1 to 20 form an integral part of these consolidated condensed interim financial statements.

**KASSIM PAREKH**  
Chairman

**SIRAJUDDIN AZIZ**  
President &  
Chief Executive Officer

**TARIQ IKRAM**  
Director

**SOHAIL HASAN**  
Director

## CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2015

	Note	30 September 2015		30 September 2014	
		Quarter ended	Nine months ended	Quarter ended	Nine months ended
Rupees in '000					
Mark-up / return / interest earned		9,690,970	27,599,444	8,153,412	23,553,559
Mark-up / return / interest expensed		(5,756,185)	(16,867,454)	(5,226,830)	(15,491,342)
<b>Net mark-up / interest income</b>		<b>3,934,785</b>	<b>10,731,990</b>	2,926,582	8,062,217
Provision against non-performing loans and advances-net	9.3	271,641	1,916,847	108,605	1,071,284
Provision for diminution in the value of investments-net	8.1	30,700	93,056	21,363	17,479
Bad debts written-off directly		-	-	-	-
		(302,341)	(2,009,903)	(129,968)	(1,088,763)
Net mark-up / interest income after provisions		<b>3,632,444</b>	<b>8,722,087</b>	2,796,614	6,973,454
<b>Non mark-up / interest income</b>					
Fee, commission and brokerage income		667,792	2,142,176	606,130	1,811,348
Dividend income		19,000	126,593	18,931	37,362
Income from dealing in foreign currencies-net		214,825	792,643	302,634	720,702
Gain / (loss) on sale / redemption of securities - net		49,106	4,531,686	(3,258)	801,570
Unrealized gain / (loss) on revaluation of investments classified as 'held for trading'		-	-	-	-
Other income		65,236	287,935	79,565	230,420
Total non mark-up / interest income		<b>1,015,959</b>	<b>7,881,033</b>	1,004,002	3,601,402
		<b>4,648,403</b>	<b>16,603,120</b>	3,800,616	10,574,856
<b>Non mark-up / interest expenses</b>					
Administrative expenses		2,167,020	6,302,329	1,895,254	5,544,766
Other provisions / write-offs		-	-	299,000	299,000
Other charges		60,183	284,420	34,641	89,051
Total non mark-up / interest expenses		<b>(2,227,203)</b>	<b>(6,586,749)</b>	(2,228,895)	(5,932,817)
		<b>2,421,200</b>	<b>10,016,371</b>	1,571,721	4,642,039
Extraordinary / unusual items		-	-	-	-
<b>Profit before taxation</b>		<b>2,421,200</b>	<b>10,016,371</b>	1,571,721	4,642,039
Taxation - Current		947,470	4,048,445	510,316	1,702,013
- Prior years		-	476,000	-	-
- Deferred		(98,684)	(525,817)	37,153	(194,163)
		<b>(848,786)</b>	<b>(3,998,628)</b>	(547,469)	(1,507,850)
<b>Profit after taxation</b>		<b>1,572,414</b>	<b>6,017,743</b>	1,024,252	3,134,189
<b>Basic earnings per share (Rupees)</b>	16	<b>1.50</b>	<b>5.74</b>	0.98	2.99

The annexed notes 1 to 20 form an integral part of these consolidated condensed interim financial statements.

**KASSIM PAREKH**  
Chairman

**SIRAJUDDIN AZIZ**  
President &  
Chief Executive Officer

**TARIQ IKRAM**  
Director

**SOHAIL HASAN**  
Director

**CONSOLIDATED CONDENSED INTERIM  
STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**

FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2015

	30 September 2015		30 September 2014	
	Quarter ended	Nine months ended	Quarter ended	Nine months ended
	Rupees in '000			
Profit after taxation for the period	1,572,414	6,017,743	1,024,252	3,134,189
<b>Other comprehensive income</b>				
<b>Items not to be reclassified to profit or loss in subsequent periods:</b>				
Actuarial loss on defined benefit plan	(67)	(34,264)	(34,137)	(2,427)
Related deferred tax	23	11,992	11,948	849
	(44)	(22,272)	(22,189)	(1,578)
<b>Total comprehensive income</b>	<b>1,572,370</b>	<b>5,995,471</b>	<b>1,002,063</b>	<b>3,132,611</b>
<b>Components of Comprehensive income not reflected in equity</b>				
<b>Items to be reclassified to profit or loss in subsequent periods:</b>				
Surplus / (deficit) on revaluation of investments	196,184	18,501	(242,256)	(210,691)
Related deferred tax	(68,655)	(235,598)	141,775	89,507
	127,529	(217,097)	(100,481)	(121,184)
<b>Total comprehensive income</b>	<b>1,699,899</b>	<b>5,778,374</b>	<b>901,582</b>	<b>3,011,427</b>

The annexed notes 1 to 20 form an integral part of these consolidated condensed interim financial statements.

**KASSIM PAREKH**  
Chairman

**SIRAJUDDIN AZIZ**  
President &  
Chief Executive Officer

**TARIQ IKRAM**  
Director

**SOHAIL HASAN**  
Director

**CONSOLIDATED CONDENSED INTERIM  
CASH FLOW STATEMENT (UN-AUDITED)**

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015

	30 September 2015	30 September 2014
	Rupees in '000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	10,016,371	4,642,039
Less: Dividend income	(126,593)	(37,362)
	<b>9,889,778</b>	4,604,677
<b>Adjustments</b>		
Depreciation and amortization	414,853	384,656
Provision against non-performing loans and advances – net	1,916,847	1,071,284
Provision for diminution in the value of investments – net	93,056	(24,705)
Net gain on sale of operating fixed assets	(56,974)	(2,841)
Actuarial loss on defined benefit plan	(34,264)	(2,427)
	<b>2,333,518</b>	1,425,967
	<b>12,223,296</b>	6,030,644
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	(10,518,436)	(15,553,384)
Advances	11,783,773	219,131
Other assets (excluding taxation)	3,439,856	(194,031)
	<b>4,705,193</b>	(15,528,284)
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	2,841,784	2,292,622
Borrowings	80,840,255	7,015,830
Deposits and other accounts	55,945,647	51,817,909
Other liabilities (excluding dividend)	(1,458,288)	2,483,650
	<b>138,169,398</b>	63,610,011
	<b>155,097,887</b>	54,112,371
Income tax paid	(2,959,530)	(1,835,544)
<b>Net cash flows from operating activities</b>	<b>152,138,357</b>	52,276,827
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investments in available-for-sale securities	(148,484,348)	(50,355,355)
Net investments in held-to-maturity securities	545,471	(8,436,231)
Dividend received	120,733	37,362
Investments in operating fixed assets and intangible assets	(369,020)	(403,148)
Proceeds from sale of operating fixed assets	57,689	4,055
<b>Net cash used in investing activities</b>	<b>(148,129,475)</b>	(59,153,317)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(4,620,296)	(2,093,313)
<b>Net cash used in financing activities</b>	<b>(4,620,296)</b>	(2,093,313)
<b>Decrease in cash and cash equivalents</b>	<b>(611,414)</b>	(8,969,803)
Cash and cash equivalents at beginning of the period	19,635,669	24,242,170
<b>Cash and cash equivalents at end of the period</b>	<b>19,024,255</b>	15,272,367

The annexed notes 1 to 20 form an integral part of these consolidated condensed interim financial statements.

**KASSIM PAREKH**  
Chairman

**SIRAJUDDIN AZIZ**  
President &  
Chief Executive Officer

**TARIQ IKRAM**  
Director

**SOHAIL HASAN**  
Director

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015

	Share capital	Reserves			Unappropriated profit	Total	
		Share premium	Statutory reserve	Special reserve			Revenue reserve
	Rupees in '000						
<b>Balance as at 1 January 2014</b>	10,478,315	2,550,985	5,902,165	240,361	1,500,000	6,693,745	27,365,571
<b>Total comprehensive income for the nine months ended 30 September 2014</b>							
Profit after tax	-	-	-	-	-	3,134,189	3,134,189
Other comprehensive income - net of tax	-	-	-	-	-	(1,578)	(1,578)
	-	-	-	-	-	3,132,611	3,132,611
Transfer to statutory reserve	-	-	624,969	-	-	(624,969)	-
<b>Transactions with owners, recorded directly in equity</b>							
Cash dividend (Rs. 2.00 per share)	-	-	-	-	-	(2,095,663)	(2,095,663)
Balance as at 30 September 2014	10,478,315	2,550,985	6,527,134	240,361	1,500,000	7,105,724	28,402,519
<b>Total comprehensive income for the three months ended 31 December 2014</b>							
Profit after tax	-	-	-	-	-	1,807,961	1,807,961
Other comprehensive income - net of tax	-	-	-	-	-	6,497	6,497
	-	-	-	-	-	1,814,458	1,814,458
Transfer to statutory reserve	-	-	360,343	-	-	(360,343)	-
Balance as at 31 December 2014	10,478,315	2,550,985	6,887,477	240,361	1,500,000	8,559,839	30,216,977
<b>Total comprehensive income for the nine months ended 30 September 2015</b>							
Profit after tax	-	-	-	-	-	6,017,743	6,017,743
Other comprehensive income - net of tax	-	-	-	-	-	(22,272)	(22,272)
	-	-	-	-	-	5,995,471	5,995,471
Transfer to statutory reserve	-	-	1,199,737	-	-	(1,199,737)	-
<b>Transactions with owners, recorded directly in equity</b>							
Cash dividend (Rs. 2.50 per share)	-	-	-	-	-	(2,619,579)	(2,619,579)
Interim cash dividend (Rs. 2.00 per share) - 30 June 2015	-	-	-	-	-	(2,095,663)	(2,095,663)
<b>Balance as at 30 September 2015</b>	<b>10,478,315</b>	<b>2,550,985</b>	<b>8,087,214</b>	<b>240,361</b>	<b>1,500,000</b>	<b>8,640,331</b>	<b>31,497,206</b>

The annexed notes 1 to 20 form an integral part of these consolidated condensed interim financial statements.

**KASSIM PAREKH**  
Chairman

**SIRAJUDDIN AZIZ**  
President &  
Chief Executive Officer

**TARIQ IKRAM**  
Director

**SOHAIL HASAN**  
Director

## NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015

### 1. STATUS AND NATURE OF BUSINESS

The Group comprises of Habib Metropolitan Bank Limited (holding company) and Habib Metropolitan Financial Services Limited (wholly owned subsidiary company). The Group is engaged in providing commercial banking and brokerage services.

Habib Metropolitan Bank Limited (the holding company) was incorporated in Pakistan on 3 August 1992, as a public limited company, under the Companies Ordinance, 1984 and is engaged in commercial banking and related services. Its shares are listed on all the three stock exchanges in Pakistan. The holding company operates 218 (31 December 2014: 201) branches, including 13 (31 December 2014: 10) Islamic banking branches and 39 (31 December 2014: 39) sub branches in Pakistan. The holding company is a subsidiary of Habib Bank AG Zurich - Switzerland (ultimate parent company) which is incorporated in Switzerland. The registered office of the holding company is situated at Spencer's Building, 11 Chundrigar Road, Karachi.

Habib Metropolitan Financial Services Limited (the subsidiary company) was incorporated in Pakistan on 28 September 2007 as a public limited company under the Companies Ordinance, 1984. The registered office of the subsidiary company is located at 1st Floor, GPC 2, Block 5, Kheকাশan Clifton, Karachi. The subsidiary company is a corporate member of the Karachi Stock Exchange Limited and engaged in equity brokerage services.

### 2. BASIS OF PREPARATION

**2.1** In accordance with the directives of the Federal Government regarding shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade related modes of financing include purchase of goods by the Bank from their customers and immediate resale to them at appropriate mark-up in price on a deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these consolidated condensed interim financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.

**2.2** The financial results of the Islamic Banking branches of the Group have been included in these consolidated condensed interim financial statements for reporting purposes, after eliminating material inter-branch transactions / balances. Key financial figures of the Islamic Banking branches are disclosed in note 18 to these consolidated condensed interim financial statements.

### 3. STATEMENT OF COMPLIANCE

**3.1** These consolidated condensed interim financial statements of the Group have been prepared in accordance with the requirements of International Financial Reporting Standards (IFRS's), Islamic Financial Accounting Standards (IFAS) issued by Institute of Chartered Accountants of Pakistan (ICAP), the

---

requirement of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by Securities and Exchange Commission of Pakistan (SECP) and the SBP. In case requirements differ, the requirement of Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.

- 3.2** The SBP vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" and IAS 40 "Investment Property" for banking companies till further instructions. Further, according to a notification of the Securities and Exchange Commission of Pakistan (SECP) issued vide SRO 411(I)/2008 dated April 28, 2008, IFRS 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.
- 3.3** The disclosures made in these consolidated condensed interim financial statements have been limited based on a format prescribed by the SBP vide BSD Circular Letter No. 2 dated May 12, 2004 and IAS 34, Interim Financial Reporting. They do not include all the disclosures required for annual financial statements, and these consolidated condensed interim financial statements should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2014.

#### **4. ACCOUNTING POLICIES AND ESTIMATES**

- 4.1** The accounting policies adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the consolidated annual financial statements of the Group for the year ended 31 December 2014.
- 4.2** The basis for accounting estimates adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the annual consolidated financial statements of the Group for the year ended 31 December 2014.

#### **5. FINANCIAL RISK MANAGEMENT**

The financial risk management objectives and policies adopted by the Group are consistent with that disclosed in the consolidated financial statements of the Group for the year ended 31 December 2014.



## HABIBMETRO

	Note	<b>30 September 2015</b> (Un-Audited)	31 December 2014 (Audited)
Rupees in '000			
<b>6. BALANCES WITH OTHER BANKS</b>			
<b>In Pakistan</b>			
Current accounts		<b>178,052</b>	345,651
Deposit accounts		<b>230,907</b>	548,690
		<b>408,959</b>	894,341
<b>Outside Pakistan</b>			
Current accounts		<b>856,882</b>	975,990
Deposit accounts		<b>313,535</b>	-
		<b>1,170,417</b>	975,990
		<b>1,579,376</b>	1,870,331
<b>7. LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Call money lendings	7.1	<b>5,500,000</b>	1,500,000
Repurchase agreement lendings (Reverse repo)	7.2	<b>8,427,212</b>	1,908,776
		<b>13,927,212</b>	3,408,776

**7.1** These carry mark-up rates ranging from 6.50% to 7.75% (31 December 2014 : 10.75% ) per annum with maturity upto 19 October 2015 (31 December 2014 : 14 January 2015).

**7.2** These carry mark-up rates of 6.50% (31 December 2014 : 9.75% to 10.00% ) per annum with maturity upto 16 October 2015 (31 December 2014 : 02 January 2015).

## 8. INVESTMENTS

Note	30 September 2015 (Un-Audited)			31 December 2014 (Audited)			
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total	
	Rupees in '000						
<b>Available-for-sale securities</b>							
	Market treasury bills	159,837,581	30,729,026	190,566,607	85,227,313	–	85,227,313
8.2	Pakistan investment bonds	72,580,032	50,544,867	123,124,899	77,516,593	–	77,516,593
	Ordinary shares of listed companies	1,024,233	–	1,024,233	973,924	–	973,924
	Ordinary shares of unlisted companies	141,741	–	141,741	138,955	–	138,955
	Listed term finance certificates	938,949	–	938,949	1,094,653	–	1,094,653
	Unlisted term finance certificates	440,349	–	440,349	440,395	–	440,395
	Sukuk certificates and bonds	21,320,424	–	21,320,424	17,314,358	–	17,314,358
	Open end mutual funds	3,145,345	–	3,145,345	9,856,828	–	9,856,828
	Close end mutual funds	376,635	–	376,635	31,816	–	31,816
		<b>259,805,289</b>	<b>81,273,893</b>	<b>341,079,182</b>	192,594,835	–	192,594,835
<b>Held-to-maturity securities</b>							
8.2	Pakistan investment Bonds	19,513,888	–	19,513,888	22,559,359	–	22,559,359
	Certificate of investments	2,500,000	–	2,500,000	–	–	–
		<b>281,819,177</b>	<b>81,273,893</b>	<b>363,093,070</b>	215,154,194	–	215,154,194
<b>Investments at cost</b>							
	Provision for diminution in the value of investments	(253,236)	–	(253,236)	(160,180)	–	(160,180)
		<b>281,565,941</b>	<b>81,273,893</b>	<b>362,839,834</b>	214,994,014	–	214,994,014
<b>Investments – net of provisions</b>							
14	Surplus / (deficit) on revaluation of available-for-sale Investments – net	6,960,942	(291,638)	6,669,304	6,650,803	–	6,650,803
	<b>Total Investments</b>	<b>288,526,883</b>	<b>80,982,255</b>	<b>369,509,138</b>	221,644,817	–	221,644,817

## HABIBMETRO

	Note	<b>30 September 2015</b> (Un-Audited)	31 December 2014 (Audited)
Rupees in '000			
<b>8.1 Particulars of provision for diminution in the value of investments</b>			
Opening balance		<b>160,180</b>	190,984
Charge for the period / year		<b>100,084</b>	24,482
Reversal during the period / year		<b>(7,028)</b>	(13,102)
Net charge for the period / year		<b>93,056</b>	11,380
Reversal of provision upon disposal of investments during the period / year		-	(42,184)
Closing balance		<b>253,236</b>	160,180

**8.2** These carry mark-up rates ranging from 8.75% to 12.00% (31 December 2014: 11.25% to 12.05%) per annum and have maturity up to 26 March 2025 (31 December 2014: 17 July 2024). These include Rs. 132,000 thousand (31 December 2014: Rs. 158,500 thousand) pledged with State Bank of Pakistan and National Bank of Pakistan against TT/DD discounting facilities and demand loan facilities.

### 9. ADVANCES

Loans, cash credits, running finances, etc.			
In Pakistan		<b>111,545,337</b>	114,971,053
Net investments in finance lease / ijarah financing			
In Pakistan		<b>533,023</b>	476,918
Net book value of assets in Ijarah under IFAS-2		<b>178,992</b>	247,988
Bills discounted and purchased (excluding Market Treasury Bills)			
Payable in Pakistan		<b>4,944,345</b>	8,089,663
Payable outside Pakistan		<b>21,133,627</b>	26,378,556
		<b>26,077,972</b>	34,468,219
Advances - gross		<b>138,335,324</b>	150,164,178
Provision against non-performing advances			
- specific		<b>(17,169,374)</b>	(15,661,846)
- general		<b>(690,934)</b>	(326,696)
	9.3	<b>(17,860,308)</b>	(15,988,542)
Advances - net of provisions		<b>120,475,016</b>	134,175,636

9.1 Advances include Rs. 19,303,835 thousand (31 December 2014: Rs. 19,325,134 thousand) which have been placed under non-performing status as detailed below:

Category of Classification	30 September 2015 (Un-Audited)		
	Classified advances	Provision required	Provision held
	Rupees in '000's		
Substandard	338,486	66,820	66,820
Doubtful	118,120	30,953	30,953
Loss	18,847,229	17,071,601	17,071,601
	<u>19,303,835</u>	<u>17,169,374</u>	<u>17,169,374</u>

  

Category of Classification	31 December 2014 (Audited)		
	Classified advances	Provision required	Provision held
	Rupees in '000's		
Substandard	593,749	89,580	89,580
Doubtful	1,408,214	664,454	664,454
Loss	17,323,171	14,907,812	14,907,812
	<u>19,325,134</u>	<u>15,661,846</u>	<u>15,661,846</u>

9.2 As allowed by the SBP, the group has availed benefit of Forced Sale Value (FSV) of collateral held as security of Rs. 1,821,537 thousand (31 December 2014: Rs. 2,513,871 thousand) while determining the provision requirement against non-performing advances. The additional profit arising from availing the FSV benefit - net of tax as at September 30, 2015 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees amounted to approximately Rs. 1,183,999 thousand (31 December 2014: Rs. 1,634,016 thousand).

9.3 Particulars of provision against non-performing advances:

	30 September 2015 (Un-Audited)			31 December 2014 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	15,661,846	326,696	15,988,542	13,455,861	854,152	14,310,013
Charge for the period / year	2,224,566	364,238	2,588,804	3,244,544	-	3,244,544
Reversal for the period / year	(671,957)	-	(671,957)	(949,889)	(527,456)	(1,477,345)
Net charge / reversal for the period / year	1,552,609	364,238	1,916,847	2,294,655	(527,456)	1,767,199
Amount written off	(45,081)	-	(45,081)	(88,670)	-	(88,670)
Closing balance	<u>17,169,374</u>	<u>690,934</u>	<u>17,860,308</u>	<u>15,661,846</u>	<u>326,696</u>	<u>15,988,542</u>

**9.4** General provision includes provision of Rs. 1,768 thousand (31 December 2014: Rs. 2,178 thousand) made against consumer portfolio maintained at an amount equal to 1.5% of the fully secured performing portfolio and 5% of the unsecured performing portfolio as required under the Prudential Regulations issued by the State Bank of Pakistan. Moreover, general provision also includes provision of Rs. 32,979 thousand (31 December 2014: Rs. 31,041 thousand) made against Small Enterprises (SEs) maintained at an amount equal to 1% of the fully secured performing portfolio and 2% of the unsecured performing portfolio.

### **10. OPERATING FIXED ASSETS**

During the current period, additions and disposals in operating fixed assets amounted to Rs. 369,020 thousand (30 September 2014: Rs. 318,821 thousand) and Rs. 715 thousand (30 September 2014: Rs. 8,208 thousand) respectively.

### **11. DEFERRED TAX ASSETS**

As per Seventh Schedule to the Income Tax Ordinance, 2001, the provision for advances & off balance sheet items are allowed at 5% of total gross advances for consumer and SMEs (as defined in SBP Prudential Regulation). The provision for advances and off balance sheet items other than those falling in definition of consumer & SMEs are allowed up to 1% of such total gross advances. Further Rule 8(A) of Seventh Schedule allows for amounts provided for in tax year 2008 and prior to said tax year for doubtful debts, which were neither claimed nor allowed as tax deductible in any year shall be allowed as deduction in tax year in which such doubtful debts are written off. With reference to allowability of provision, the management has carried out an exercise and concluded that full deduction of provision in succeeding years would be allowed and accordingly recognized deferred tax asset on such provision amounting to Rs. 3,597,681 thousand (31 December 2014: Rs. 3,294,746 thousand).

	<b>30 September 2015</b> (Un-Audited)	31 December 2014 (Audited)
	Rupees in '000	
<b>12. BORROWINGS</b>		
<b>Secured</b>		
Borrowings from State Bank of Pakistan		
– under export refinance scheme	<b>16,371,708</b>	17,605,949
– under long term financing – export oriented projects	<b>40,868</b>	63,689
– under long term financing facility – locally manufactured plant and machinery	<b>1,941,101</b>	1,394,143
	<b>18,353,677</b>	19,063,781
Repurchase agreement borrowings (Repo)	<b>80,799,361</b>	–
Against bills re-discounting	<b>2,625,710</b>	4,032,088
	<b>101,778,748</b>	23,095,869
<b>Unsecured</b>		
Bai Muajjal	<b>3,069,974</b>	912,598
Overdrawn nostro accounts	<b>1,893,085</b>	726,859
Overdrawn local bank accounts	<b>201,584</b>	148,656
	<b>5,164,643</b>	1,788,113
	<b>106,943,391</b>	24,883,982
<b>13. DEPOSITS AND OTHER ACCOUNTS</b>		
<b>Customers</b>		
Fixed deposits	<b>153,209,904</b>	130,176,879
Saving deposits	<b>118,030,372</b>	93,481,501
Current accounts (non-remunerative)	<b>93,083,334</b>	86,881,170
Others	<b>3,130,291</b>	2,268,708
	<b>367,453,901</b>	312,808,258
<b>Financial Institutions</b>		
Remunerative deposits	<b>7,523,945</b>	5,702,486
Non-remunerative deposits	<b>916,075</b>	1,437,530
	<b>8,440,020</b>	7,140,016
	<b>375,893,921</b>	319,948,274

## HABIBMETRO

	<b>30 September 2015</b>	31 December 2014
	(Un-Audited)	(Audited)
	Rupees in '000	
<b>14. SURPLUS ON REVALUATION OF ASSETS – NET OF DEFERRED TAX</b>		
<b>Available-for-sale securities</b>		
<b>Federal Government Securities</b>		
Market treasury bills	618,294	138,859
Pakistan investment bonds	5,765,599	5,437,770
GOP ijarah sukuk	114,908	28,753
<b>Fully paid-up ordinary shares and mutual funds</b>	<b>197,277</b>	<b>1,016,261</b>
<b>Term finance certificates, sukuk certificates and bonds</b>		
Listed term finance certificates	(13,175)	(11,332)
Unlisted term finance certificates	4,826	9,554
Sukuk certificates and bonds	(18,425)	30,938
	<u>6,669,304</u>	<u>6,650,803</u>
Related deferred tax liability - net	<u>(2,334,247)</u>	<u>(2,098,649)</u>
	<u><b>4,335,057</b></u>	<u><b>4,552,154</b></u>
<b>15. CONTINGENCIES AND COMMITMENTS</b>		
<b>15.1 Direct credit substitutes</b>		
Bank guarantees of indebtedness favouring:		
Banking companies and other financial institutions	<u>4,746</u>	<u>16,472</u>
<b>15.2 Transaction-related contingent liabilities</b>		
Includes performance bonds, bid bonds, advance payment guarantees and shipping guarantees favouring:		
i) Government	16,613,277	14,820,687
ii) Banking companies and other financial institutions	1,002,448	36,395
iii) Others	10,094,352	6,035,569
	<u>27,710,077</u>	<u>20,892,651</u>
<b>15.3 Trade-related contingent liabilities</b>		
Letters of credit	<u>62,470,314</u>	<u>58,279,685</u>
Acceptances	<u>10,213,937</u>	<u>12,513,947</u>
<b>15.4 Commitments in respect of forward exchange contracts</b>		
Purchase	<u>86,662,877</u>	<u>100,046,711</u>
Sale	<u>78,793,277</u>	<u>102,295,035</u>

	<b>30 September 2015</b> (Un-Audited)	31 December 2014 (Audited)
	Rupees in '000	
<b>15.5 Commitments in respect of operating leases</b>		
Not later than one year	<b>23,852</b>	18,884
Later than one year and not later than five years	<b>29,370</b>	21,354
	<u><b>53,222</b></u>	<u>40,238</u>
<b>15.6 Commitments for the acquisition of operating fixed assets</b>	<u><b>89,257</b></u>	<u>9,972</u>
<b>15.7 Claims against the Bank not acknowledged as debt</b>	<u><b>2,069,358</b></u>	<u>2,184,916</u>
<b>15.8 Commitments in respect of forward lendings</b>		
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 penalty if the facility is unilaterally withdrawn.		
<b>15.9 Commitments in respect of syndicate financing</b>	<u><b>724,412</b></u>	<u>–</u>

**15.10 Taxation**

Income tax assessments of the Group have been finalised upto the tax year 2014 (corresponding to the accounting year ended 31 December 2013). Certain appeals are pending with the Commissioner of Inland Revenue (Appeal) and Appellate Tribunal Revenue (ATIR). However, adequate provisions are being held by the Bank.

**16. BASIC EARNINGS PER SHARE**

	(Un-Audited)		30 September 2014	
	<b>30 September 2015</b>		Quarter ended	Nine months ended
	<b>Quarter ended</b>	<b>Nine months ended</b>		
	Rupees in '000			
Profit after taxation	<u><b>1,572,414</b></u>	<u><b>6,017,743</b></u>	<u>1,024,252</u>	<u>3,134,189</u>
	Number in '000			
Weighted average number of ordinary shares	<u><b>1,047,831</b></u>	<u><b>1,047,831</b></u>	<u>1,047,831</u>	<u>1,047,831</u>
	Rupees			
Basic earnings per share	<u><b>1.50</b></u>	<u><b>5.74</b></u>	<u>0.98</u>	<u>2.99</u>



## 17. TRANSACTIONS WITH RELATED PARTIES

The Group has related party relationships with its ultimate parent company, companies with common directorship, key management personnel, directors and employees' retirement benefit plans.

Contributions in respect of employees' retirement benefits are made in accordance with actuarial valuation and terms of contribution plan. Salaries & allowances of the key management personnel are in accordance with the terms of their employment. Other transactions are at agreed terms.

	30 September 2015 (Un-Audited)					Total
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	
	Rupees in '000					
<b>Deposits</b>						
At beginning of the period	294,869	19,676,536	49,180	385,250	1,098,520	21,504,355
Received during the period	20,342,902	984,285,455	500,971	2,832,299	571,587	1,008,533,214
Repaid during the period	(20,413,968)	(986,326,492)	(483,611)	(2,765,679)	(601,692)	(1,010,591,442)
At end of the period	<u>223,803</u>	<u>17,635,499</u>	<u>66,540</u>	<u>451,870</u>	<u>1,068,415</u>	<u>19,446,127</u>
<b>Advances</b>						
At beginning of the period	-	1,840,385	163,524	-	-	2,003,909
Disbursed during the period	-	30,033,999	69,149	-	-	30,103,148
Recovered during the period	-	(29,905,862)	(92,524)	-	-	(29,998,386)
At end of the period	<u>-</u>	<u>1,968,522</u>	<u>140,149</u>	<u>-</u>	<u>-</u>	<u>2,108,671</u>
Bank balances held by the Group	<u>135,100</u>	<u>44,799</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>179,899</u>
Mark-up / return / interest receivable	<u>-</u>	<u>7,915</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,915</u>
Mark-up / return / interest payable	<u>-</u>	<u>294,420</u>	<u>1,059</u>	<u>1,979</u>	<u>260,590</u>	<u>558,048</u>
Management fee payable for technical and consultancy services*	<u>228,189</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>228,189</u>
Prepayments / Advance deposits	<u>-</u>	<u>5,859</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,859</u>
Insurance premium and other payable	<u>30,668</u>	<u>1,415</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,083</u>
Transaction-related contingent liabilities	<u>-</u>	<u>2,616,106</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,616,106</u>
Trade-related contingent liabilities	<u>-</u>	<u>4,443,451</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,443,451</u>
Received / (payable) against purchase / sale of securities	<u>-</u>	<u>53,971</u>	<u>(59)</u>	<u>-</u>	<u>-</u>	<u>53,912</u>

\* Management fee is as per the agreement with the ultimate parent company

	31 December 2014 (Audited)					Total
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	
	Rupees in '000					
<b>Deposits</b>						
At beginning of the year	179,325	5,220,156	49,351	306,775	1,077,055	6,832,662
Received during the year	22,255,937	1,046,264,405	401,490	1,368,482	3,990,102	1,074,280,416
Repaid during the year	(22,140,393)	(1,031,808,025)	(401,661)	(1,290,007)	(3,968,637)	(1,059,608,723)
At end of the year	294,869	19,676,536	49,180	385,250	1,098,520	21,504,355
<b>Advances</b>						
At beginning of the year	-	2,020,013	108,546	-	-	2,128,559
Disbursed during the period	-	38,405,253	64,962	-	-	38,470,215
Recovered during the period	-	(38,584,881)	(9,984)	-	-	(38,594,865)
At end of the year	-	1,840,385	163,524	-	-	2,003,909
Bank balances held by the Group	33,711	33,719	-	-	-	67,430
Overdrawn bank balances held by the Group	34,661	-	-	-	-	34,661
Mark-up / return / interest receivable	-	8,617	-	-	-	8,617
Mark-up / return / interest payable	-	295,011	1,309	3,136	159,094	458,550
Management fee payable for technical and consultancy services*	213,255	-	-	-	-	213,255
Prepayments / Advance deposits	-	4,797	-	-	-	4,797
Insurance premium and other payables	30,200	470	-	-	-	30,670
Transaction-related contingent liabilities	-	2,479,183	-	-	-	2,479,183
Trade-related contingent liabilities	-	5,637,701	-	-	-	5,637,701
Receivable / (payable) against purchase / sale of securities	7,103	(269)	(526)	-	-	6,308

\* Management fee is as per the agreement with the ultimate parent company.

## HABIBMETRO

Transactions during the period	For the period ended 30 September 2015 (Un-Audited)					Total
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	
	Rupees in '000					
Mark-up / return / interest earned	-	49,953	8,729	-	-	58,682
Mark-up / return / interest expensed	-	1,151,210	8,272	21,301	123,747	1,304,530
Commission / brokerage / bank charges recovered	6,677	94,641	-	129	-	101,447
Commission / brokerage / bank charges paid	327	832	-	-	-	1,159
Rent income	20,036	-	-	-	-	20,036
Salaries and allowances	-	-	260,029	-	-	260,029
Directors' fees	-	-	-	6,750	-	6,750
Contribution to defined benefit plan	-	-	-	-	94,995	94,995
Contribution to defined contribution plan	-	-	-	-	103,676	103,676
Rent expenses	-	9,555	-	-	-	9,555
Insurance premium expenses	-	5,068	-	-	-	5,068
Maintenance, Electricity, Stationery & Entertainment	-	38,581	-	-	-	38,581
Management fee expense for technical and consultancy services*	191,136	-	-	-	-	191,136
Donation	-	15,880	-	-	-	15,880
Professional / other charges paid	-	1,346	-	-	-	1,346

\* Management fee is as per the agreement with the ultimate parent company.

Transactions during the period	For the period ended 30 September 2014 (Un-Audited)					Total
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	
	Rupees in '000					
Mark-up / return / interest earned	-	94,952	7,986	-	-	102,938
Mark-up / return / interest expensed	-	681,302	1,828	21,527	81,214	785,871
Commission / brokerage / bank charges recovered	10,961	88,907	141	-	-	100,009
Commission / brokerage / bank charges paid	322	997	-	-	-	1,319
Salaries and allowances	-	-	220,857	-	-	220,857
Directors' fees	-	-	-	6,900	-	6,900
Contribution to defined benefit plan	-	-	-	-	95,238	95,238
Contribution to defined contribution plan	-	-	-	-	93,146	93,146
Rent expenses	-	12,661	-	-	-	12,661
Insurance premium expenses	6,700	1,752	-	-	-	8,452
Maintenance, Electricity, Stationery & Entertainment	-	35,289	-	-	-	35,289
Management fee expense for technical and consultancy services*	167,750	-	-	-	-	167,750
Donation	-	9,440	-	-	-	9,440
Professional / other charges paid	-	1,401	-	-	-	1,401

\* Management fee is as per the agreement with the ultimate parent company.

## 18. KEY ISLAMIC BANKING OPERATIONS

18.1 The Group is operating 13 (31 December 2014: 10) Islamic Banking branches in Pakistan. The statement of financial position and profit and loss account of these branches as at 30 September 2015 are as follow:

### STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2015

	Note	30 September 2015 (Un-Audited)	31 December 2014 (Audited)
Rupees in '000			
<b>ASSETS</b>			
Cash and balances with treasury banks		1,913,270	1,491,819
Balances with other banks		150,000	500,000
Due from financial institutions		15,084,130	7,896,317
Investments		22,462,270	16,233,976
Islamic financing and related assets	A-2	7,399,572	6,729,141
Operating fixed assets		47,782	39,502
Deferred tax assets - net		-	-
Other assets		678,487	654,199
		<b>47,735,511</b>	<b>33,544,954</b>
<b>LIABILITIES</b>			
Bills payable		513,836	147,596
Due to financial institutions		624,000	373,400
Deposits and other accounts			
- Current accounts		4,042,194	4,721,766
- Saving accounts		20,793,397	8,793,428
- Term deposits		15,577,851	15,077,307
- Others		77,289	64,145
- Deposits from financial institutions - remunerative		4,110,616	1,940,922
- Deposits from financial institutions - non remunerative		1,223	122,495
		<b>44,602,570</b>	<b>30,720,063</b>
Due to head office		-	175,989
Other liabilities		580,231	678,791
		<b>46,320,637</b>	<b>32,095,839</b>
<b>NET ASSETS</b>		<b>1,414,874</b>	<b>1,449,115</b>
<b>REPRESENTED BY</b>			
Islamic banking fund		1,002,613	1,002,512
Reserves		-	-
Unappropriated profit		315,778	387,874
		<b>1,318,391</b>	<b>1,390,386</b>
Surplus on revaluation of assets		96,483	58,729
		<b>1,414,874</b>	<b>1,449,115</b>

**18.2 PROFIT AND LOSS ACCOUNT  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015**

	<b>30 September 2015</b> (Un-Audited)	30 September 2014 (Un-Audited)
	Rupees in '000	
Profit / return on financing, investments and placements earned	<b>2,029,022</b>	1,652,894
Profit / return on deposit and other dues expensed	<b>(1,519,555)</b>	(1,332,440)
Net spread earned	<b>509,467</b>	320,454
Provision against non performing financing	<b>76,386</b>	148,696
Provision for diminution in the value of investments	-	-
Provision for consumer financing Ijarah	-	-
Bad debts written off directly	-	-
	<b>76,386</b>	148,696
Net spread after provisions	<b>433,081</b>	171,758
<b>OTHER INCOME</b>		
Fee, commission and brokerage income	<b>24,566</b>	21,510
Dividend income	-	-
Income from dealing in foreign currencies - net	<b>11,230</b>	10,097
Gain on sale / redemption of securities - net	<b>2,999</b>	119,583
Unrealized gain / (loss) on revaluation of investments classified as 'held-for-trading'	-	-
Other income	<b>50,055</b>	33,932
Total other income	<b>88,850</b>	185,122
	<b>521,931</b>	356,880
<b>OTHER EXPENSES</b>		
Administrative expenses	<b>206,153</b>	142,922
Other provisions / write-offs	-	-
Other charges	-	(217)
Total other expenses	<b>206,153</b>	142,705
	<b>315,778</b>	214,175
Extraordinary / unusual items	-	-
<b>PROFIT BEFORE TAXATION</b>	<b>315,778</b>	214,175
<b>18.3 Remuneration to Shariah Advisor / Board</b>	<b>2,041</b>	1,847

## HABIBMETRO

	<b>30 September 2015</b>	31 December 2014
	(Un-Audited)	(Audited)
	Rupees in '000	
<b>18.4 Charity Fund</b>		
Opening balance	-	-
Additions during the period	291	23
Payments / utilization during the period	-	(23)
Closing Balance	<u>291</u>	<u>-</u>
<b>A-2 ISLAMIC FINANCING AND RELATED ASSETS</b>		
<b>Financings / investments / receivables</b>		
- Murabaha	4,433,509	4,214,607
- Ijarah	201,639	271,260
- Diminishing musharika	1,563,365	1,271,564
- Export refinance murabaha	59,400	396,700
- Al bai financing	44,018	-
	<u>6,301,931</u>	<u>6,154,131</u>
<b>Advances</b>		
- Advance against murabaha	333,955	245,789
- Advance against ijarah	15,260	4,941
- Advance against diminishing musharika	125,926	219,544
- Advance against istisna	612,500	85,000
	<u>1,087,641</u>	<u>555,274</u>
<b>Assets / Inventories</b>		
- Istisna Goods	10,000	19,736
	<u>7,399,572</u>	<u>6,729,141</u>
<b>A-2.1 Islamic mode of financing</b>		
Financings / investments / receivables	6,301,931	6,154,131
Advances	1,087,641	555,274
Assets / Inventories	10,000	19,736
	<u>7,399,572</u>	<u>6,729,141</u>
<b>A-2.2 Murabaha financing</b>		
Murabaha receivable - gross	4,935,757	4,590,152
Less: Deferred murabaha income	(176,638)	(197,427)
Provision against murabaha financing	(325,610)	(178,118)
	<u>4,433,509</u>	<u>4,214,607</u>

---

**19. GENERAL**

**19.1** Corresponding figures have been re-arranged / re-classified wherever necessary, for the purpose of comparison. However, no significant reclassifications have been made in these consolidated condensed interim financial statements.

**19.2** Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

**20. DATE OF AUTHORISATION FOR ISSUE**

These consolidated condensed interim financial statements were authorised for issue by the Board of Directors on 16 October 2015.

**KASSIM PAREKH**  
Chairman

**SIRAJUDDIN AZIZ**  
President &  
Chief Executive Officer

**TARIQ IKRAM**  
Director

**SOHAIL HASAN**  
Director