

HABIBMETRO

THIRD QUARTER ACCOUNTS

2017



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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

هَذَا مَقْضِيَّتِي

# OUR VISION

To be the most respected financial institution  
based on trust, service and commitment



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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### CHAIRMAN

Mohamedali R. Habib

#### PRESIDENT & CHIEF EXECUTIVE OFFICER

Sirajuddin Aziz

#### DIRECTORS

Ali S. Habib  
Anjum Z. Iqbal  
Firasat Ali  
Mohomed Bashir  
Muhammad H. Habib  
Sohail Hasan  
Tariq Ikram

#### AUDIT COMMITTEE

Ali S. Habib  
Anjum Z. Iqbal  
Sohail Hasan

#### CREDIT COMMITTEE

Mohamedali R. Habib  
Muhammad H. Habib  
Sirajuddin Aziz

#### HUMAN RESOURCE & REMUNERATION COMMITTEE

Firasat Ali  
Mohamedali R. Habib  
Tariq Ikram

#### RISK & COMPLIANCE COMMITTEE

Anjum Z. Iqbal  
Firasat Ali  
Sirajuddin Aziz

#### COMPANY SECRETARY

Raza Mohsin Qizilbash

#### SHARE REGISTRAR

Central Depository Company of Pakistan Limited  
CDC House, 99-B, Block-B  
S.M.C.H.S., Main Shakra-e-Faisal  
Karachi - 74400.

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## DIRECTORS' REVIEW

On behalf of the Board of Directors of Habib Metropolitan Bank, I am pleased to present un-audited accounts for the nine months ended September 30, 2017.

Pakistan's economy continues on a growth trajectory with a healthy growth in private sector credit and Large-scale Manufacturing. Headline inflation also witnessed a deceleration on the back of adequate food supplies and stable international commodity prices. The average CPI inflation reduced to 3.2 percent in the first two months of the current fiscal year compared to 3.8 percent in the corresponding period and is expected to remain well below the target of 6.0 percent. The growth in the economy however, has generated pressures on the external sector causing the current account deficit to widen. Going forward manufacturing activity is expected to be supported by the growing investments in CPEC-related projects, improvement in security condition and low cost of borrowing. It is also anticipated that GDP growth will reach the annual target of 6.0 percent for the current fiscal year.

By the Grace of Allah, HabibMetro continues to maintain its performance. The Bank's advances and investments stood at Rs. 167,339 million and Rs. 375,025 million respectively as at September 30, 2017 while deposits increased to Rs. 474,745 million.

The Bank posted a Profit after Tax of Rs. 3,256 million for the nine months ended September 30, 2017 which translates into earnings per share of Rs. 3.11. At end of September 30, 2017 the Bank's net equity stands at Rs. 37.313 billion with a comfortable level of capital adequacy at 16.8 percent.

The Bank continues to enjoy AA+ (Double A Plus) ratings for long term and A1+ (A one plus) ratings for short term by the Pakistan Credit Rating Agency Limited (PACRA) for the seventeenth consecutive year. These ratings denote a very high credit quality, a very low expectation of credit risk and a very strong capacity for timely payment of financial commitments.

With a network of 316 branches in 91 cities across Pakistan including 28 Islamic banking branches and 214 Islamic banking windows, HabibMetro Bank provides comprehensive banking services and products, inclusive of specialized trade finance products, besides an array of products and technologically advanced services like secured SMS and Web Banking services, globally accepted Visa Card and nationwide ATM network to its customers across the country.

Finally, I would like to take this opportunity to place on record our sincere gratitude to the Ministry of Finance, State Bank of Pakistan and the Securities and Exchange Commission of Pakistan for their support and continued guidance. I would also like to thank our valued customers for their trust and support. Also, yet equally importantly, I would like to thank the staff of HabibMetro for their continued dedication and hard work in improving their Bank's performance.

On behalf of the Board

**SIRAJUDDIN AZIZ**

President & Chief Executive Officer

Karachi: 25 October 2017



### ڈائریکٹرز ریویو

میں نہایت مسرت کے ساتھ حبیب میٹرو پولیٹن بینک کے بورڈ آف ڈائریکٹرز کی جانب سے 30 ستمبر 2017 کی تیسری سہ ماہی کیلئے غیر آڈٹ شدہ اکاؤنٹس پیش کر رہا ہوں۔

پاکستان کی معیشت نجی شعبے کے کریڈٹ اور بڑے پیمانے پر مینوفیکچرنگ میں ایک صحتمندانہ ترقی کے ساتھ مستقل طور پر بہتری کی سمت رواں دواں ہے۔ مرکزی افراط زر میں بھی نوڈسپلائز اور مستحکم بین الاقوامی موڈیٹی نرخوں کے باعث کمی دیکھنے میں آئی ہے۔ اوسط سی پی آئی رواں مالی سال کے پہلے 2 ماہ میں کم ہو کر 3.2 فیصد کی شرح پر رہی جو کہ اسی گزشتہ مدت میں 3.8 فیصد تھی اور توقع ہے کہ یہ 6.0 فیصد کے مقررہ حد سے نیچے رہے گی۔ تاہم معاشی ترقی میں اضافے سے بیرونی شعبے پر دباؤ بڑھا جو کہ کرنٹ اکاؤنٹ خسارے میں اضافے کا باعث بنا۔ آئندہ عرصے میں (CPEC) سے متعلقہ منصوبوں میں بڑھتی ہوئی سرمایہ کاری، امن وامان کی صورتحال میں بہتری اور قرضوں کی لاگت میں کمی صنعتی سرگرمیوں کے لئے مددگار ثابت ہوں گی۔ اس امر کا بھی امکان ہے کہ جی ڈی پی گروتھ رواں مالی سال کے لئے 6.0 فیصد کے سالانہ حد تک پہنچ جائے گی۔

اللہ تعالیٰ کے فضل و کرم سے حبیب میٹرو اپنی کارکردگی کے تسلسل کو برقرار رکھے ہوئے ہے۔ 30 ستمبر 2017 کو بینک کے ایڈوانسز اور سرمایہ کاریاں بالترتیب 167,339 ملین روپے اور 375,025 ملین روپے تھے جبکہ ڈپازٹس بڑھ کر 474,745 ملین روپے ہو گئے۔

30 ستمبر 2017 کو ختم ہونے والی تیسری سہ ماہی میں بینک کا منافع بعد از ٹیکس 3,256 ملین روپے رہا جو کہ فی حصص آمدنی کی مناسبت سے 3.11 روپے بنتا ہے۔ 30 ستمبر 2017 کے اختتام پر بینک کی خالص ایکویٹی 37.313 بلین روپے رہی جس کے ساتھ کیپٹل ایڈیلیٹی 16.8 فیصد کی اطمینان بخش سطح پر رہی۔

بینک مستقل طور پر مسلسل سترہ سال سے پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) کی جانب سے AA+ (ڈبل اے پلس) برائے طویل مدتی اور A1+ (اے ون پلس) برائے قلیل مدتی ریٹنگ حاصل کر رہا ہے جو اعلیٰ کریڈٹ کے معیار، کریڈٹ رسک کی کمی اور مالیاتی وعدوں کی بروقت ادائیگی کی مستحکم صلاحیت ظاہر کرتی ہے۔

پاکستان بھر میں 91 شعبوں میں 316 شاخوں بشمول 28 اسلامک بینکنگ کی شاخوں اور 214 اسلامک بینکنگ ونڈوز کے ساتھ حبیب میٹرو بینک بہترین اور مکمل بینکاری خدمات اور پروڈکٹس بشمول خصوصی تجارتی مالیاتی پروڈکٹس فراہم کرتا ہے۔ مزید برآں بہت سے دوسرے پروڈکٹس اور ایڈوانس ٹیکنالوجی سے مزین خدمات جیسے محفوظ SMS اور ویب بینکنگ سروسز، دنیا بھر میں قابل قبول ویزا کارڈ اور ملکی سطح پر اپنے کسٹمرز کیلئے ATM نیٹ ورک فراہم کرتا ہے۔

آخر میں اس موقع پر میں صدق دل سے وزارت مالیات، اسٹیٹ بینک آف پاکستان اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کا شکر گزار ہوں اور ان کے تعاون اور ہدایات کیلئے مشکور ہوں۔ میں اپنے محترم اور قابل قدر کسٹمرز کا بھی ان کے اعتماد اور معاونت پر شکر یہ ادا کرتا ہوں۔ میں حبیب میٹرو پولیٹن بینک کے اسٹاف کا بھی مشکور ہوں جنہوں نے اپنے بینک کی کارکردگی کو بہتر بنانے کیلئے مستقل طور پر محنت اور جانفشانی سے کام کیا۔

منجانب بورڈ

سراج الدین عزیز

صدر و چیف ایگزیکٹو آفیسر

کراچی: 25 اکتوبر 2017

## UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2017

	Note	30 September 2017 (Un-Audited)	31 December 2016 (Audited)
Rupees in '000			
<b>ASSETS</b>			
Cash and balances with treasury banks		<b>40,975,678</b>	35,561,885
Balances with other banks	6	<b>1,063,388</b>	2,259,974
Lendings to financial institutions	7	<b>31,406,739</b>	16,750,886
Investments	8	<b>375,024,713</b>	314,619,011
Advances	9	<b>167,339,311</b>	142,962,103
Operating fixed assets	10	<b>3,231,766</b>	3,246,376
Deferred tax assets	11	<b>3,146,288</b>	2,458,685
Other assets	12	<b>9,290,655</b>	8,747,497
		<b>631,478,538</b>	526,606,417
<b>LIABILITIES</b>			
Bills payable		<b>8,600,471</b>	8,108,633
Borrowings	13	<b>97,902,013</b>	37,205,175
Deposits and other accounts	14	<b>474,745,407</b>	430,888,036
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		<b>11,638,560</b>	10,734,123
		<b>592,886,451</b>	486,935,967
<b>NET ASSETS</b>		<b>38,592,087</b>	39,670,450
<b>REPRESENTED BY</b>			
Share capital		<b>10,478,315</b>	10,478,315
Reserves		<b>14,585,005</b>	13,933,875
Unappropriated profit		<b>12,249,235</b>	12,753,139
		<b>37,312,555</b>	37,165,329
Surplus on revaluation of assets - net of tax	15	<b>1,279,532</b>	2,505,121
		<b>38,592,087</b>	39,670,450
<b>CONTINGENCIES AND COMMITMENTS</b>			
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The annexed notes 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.

**MOHAMEDALI R. HABIB**  
Chairman

**SIRAJUDDIN AZIZ**  
President &  
Chief Executive Officer

**SOHAIL HASAN**  
Director

**MOHOMED BASHIR**  
Director

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

FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2017

	Note	30 September 2017		30 September 2016	
		Quarter ended	Nine months ended	Quarter ended	Nine months ended
Rupees in '000					
Mark-up / return / interest earned		8,724,454	24,695,877	8,336,629	25,063,769
Mark-up / return / interest expensed		(5,232,630)	(14,309,188)	(5,460,336)	(16,285,630)
<b>Net mark-up / interest income</b>		<b>3,491,824</b>	<b>10,386,689</b>	2,876,293	8,778,139
Provision against non-performing loans and advances - net	9.3	(2,315)	643,122	40,995	1,012,340
Provision for diminution in the value of investments - net	8.1	3,606	84,749	2,228	34,134
Bad debts written-off directly		-	-	-	-
		(1,291)	(727,871)	(43,223)	(1,046,474)
Net mark-up / interest income after provisions		<b>3,490,533</b>	<b>9,658,818</b>	2,833,070	7,731,665
<b>Non mark-up / interest income</b>					
Fee, commission and brokerage income		850,760	2,526,593	709,003	2,239,188
Dividend income		47,583	395,734	52,730	95,462
Income from dealing in foreign currencies - net		421,100	800,063	231,418	786,593
Gain on sale / redemption of securities - net		(405,233)	307,079	766,436	2,670,241
Unrealized gain / (loss) on revaluation of investments classified as 'held-for-trading'		-	-	-	-
Other income		42,077	171,613	61,210	248,801
Total non mark-up / interest income		<b>956,287</b>	<b>4,201,082</b>	1,820,797	6,040,285
		<b>4,446,820</b>	<b>13,859,900</b>	4,653,867	13,771,950
<b>Non mark-up / interest expenses</b>					
Administrative expenses		2,696,556	7,816,648	2,403,994	6,992,469
Other provisions / write offs		50,000	153,000	-	(172,048)
Other charges		48,162	147,145	39,098	170,043
Total non mark-up / interest expenses		<b>(2,794,718)</b>	<b>(8,116,793)</b>	(2,443,092)	(6,990,464)
		<b>1,652,102</b>	<b>5,743,107</b>	2,210,775	6,781,486
Extraordinary / unusual items		-	-	-	-
<b>Profit before taxation</b>		<b>1,652,102</b>	<b>5,743,107</b>	2,210,775	6,781,486
Taxation - Current		482,930	2,121,012	687,586	2,599,210
- Prior years		-	413,000	-	581,308
- Deferred		154,571	(46,554)	86,071	(217,615)
		(637,501)	(2,487,458)	(773,657)	(2,962,903)
<b>Profit after taxation</b>		<b>1,014,601</b>	<b>3,255,649</b>	1,437,118	3,818,583
<b>Basic and diluted earnings per share (Rupees)</b>	17	<b>0.97</b>	<b>3.11</b>	1.37	3.64

The annexed notes 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.

**MOHAMEDALI R. HABIB**  
Chairman

**SIRAJUDDIN AZIZ**  
President &  
Chief Executive Officer

**SOHAIL HASAN**  
Director

**MOHOMED BASHIR**  
Director

## UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2017

	30 September 2017		30 September 2016	
	Quarter ended	Nine months ended	Quarter ended	Nine months ended
	Rupees in '000			
Profit after taxation for the period	1,014,601	3,255,649	1,437,118	3,818,583
<b>Other comprehensive income</b>				
<b>Items that are not to be reclassified to profit and loss account in subsequent periods:</b>				
Actuarial gain on defined benefit plan	34,147	14,991	21,707	14,417
Related deferred tax charge	(11,951)	(5,247)	(7,597)	(5,046)
	22,196	9,744	14,110	9,371
<b>Comprehensive income transferred to equity</b>	<b>1,036,797</b>	<b>3,265,393</b>	1,451,228	3,827,954
<b>Components of comprehensive income not reflected in equity</b>				
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>				
(Deficit) / surplus on revaluation of investments	(1,462,019)	(1,846,557)	(1,110,350)	38,237
Related deferred tax reversal / (charge)	511,707	646,295	388,623	(13,383)
	(950,312)	(1,200,262)	(721,727)	24,854
<b>Total comprehensive income for the period</b>	<b>86,485</b>	<b>2,065,131</b>	729,501	3,852,808

The annexed notes 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.

**MOHAMEDALI R. HABIB**  
Chairman

**SIRAJUDDIN AZIZ**  
President &  
Chief Executive Officer

**SOHAIL HASAN**  
Director

**MOHOMED BASHIR**  
Director

## UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017

	30 September 2017	30 September 2016
	Rupees in '000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	5,743,107	6,781,486
Less: Dividend income	(395,734)	(95,462)
	<b>5,347,373</b>	6,686,024
<b>Adjustments for:</b>		
Depreciation and amortization on operating fixed assets	614,950	523,702
Depreciation on non-banking assets	17,510	-
Provision against non-performing loans and advances – net	643,122	1,012,340
Provision against other assets	153,000	-
Provision for diminution in the value of investments – net	84,749	34,134
Loss on sale of non-banking assets – net	34,591	-
Gain on sale of operating fixed assets – net	(9,473)	(16,084)
	<b>1,538,449</b>	1,554,092
	<b>6,885,822</b>	8,240,116
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	(14,655,853)	(14,282,895)
Advances	(25,020,330)	(5,118,434)
Other assets (excluding dividend and taxation)	(268,467)	4,204,662
	<b>(39,944,650)</b>	(15,196,667)
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	491,838	1,600,728
Borrowings	60,120,872	12,915,974
Deposits and other accounts	43,857,371	69,960,439
Other liabilities (excluding dividend and taxation)	729,348	(234,351)
	<b>105,199,429</b>	84,242,790
Income tax paid	72,140,601	77,286,239
	<b>(3,046,585)</b>	(3,262,748)
<b>Net cash flows from operating activities</b>	<b>69,094,016</b>	74,023,491
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investments in available-for-sale securities	(54,204,290)	(75,603,129)
Net investments in held-to-maturity securities	(7,952,718)	(1,110,425)
Net investments in subsidiaries	(180,000)	(342,500)
Dividend income received	356,514	95,462
Investments in operating fixed assets	(601,537)	(831,471)
Proceeds from sale of non-banking assets	225,000	-
Proceeds from sale of operating fixed assets	10,670	77,959
<b>Net cash flows from investing activities</b>	<b>(62,346,361)</b>	(77,714,104)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(3,106,414)	(2,096,719)
<b>Net cash flows financing activities</b>	<b>(3,106,414)</b>	(2,096,719)
<b>Increase / (decrease) in cash and cash equivalents</b>	<b>3,641,241</b>	(5,787,332)
Cash and cash equivalents at beginning of the year	36,931,718	44,059,154
<b>Cash and cash equivalents at end of the period</b>	<b>40,572,959</b>	38,271,822

The annexed notes 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.

**MOHAMEDALI R. HABIB**  
Chairman

**SIRAJUDDIN AZIZ**  
President &  
Chief Executive Officer

**SOHAIL HASAN**  
Director

**MOHOMED BASHIR**  
Director

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

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017

	Reserves					Unappropriated profit	Total
	Share Capital	Share premium	Statutory reserve	Special reserve	Revenue reserve		
	Rupees in '000						
<b>Balance as at 1 January 2016</b>	10,478,315	2,550,985	8,418,664	240,361	1,500,000	9,931,633	33,119,958
<b>Total comprehensive income for the nine months ended 30 September 2016</b>							
Profit after taxation	-	-	-	-	-	3,818,583	3,818,583
Other comprehensive income - net of tax	-	-	-	-	-	9,371	9,371
	-	-	-	-	-	3,827,954	3,827,954
<b>Transactions with owners, recognised directly in equity</b>							
Cash dividend (Rs. 2.00 per share) for year ended - 31 December 2015	-	-	-	-	-	(2,095,663)	(2,095,663)
Transferred from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	1,518	1,518
Transferred to statutory reserve	-	-	763,717	-	-	(763,717)	-
<b>Balance as at 30 September 2016</b>	10,478,315	2,550,985	9,182,381	240,361	1,500,000	10,901,725	34,853,767
<b>Total comprehensive income for the three months ended 31 December 2016</b>							
Profit after taxation	-	-	-	-	-	2,300,741	2,300,741
Other comprehensive income - net of tax	-	-	-	-	-	10,317	10,317
	-	-	-	-	-	2,311,058	2,311,058
<b>Transactions with owners, recognised directly in equity</b>							
Transferred from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	504	504
Transferred to statutory reserve	-	-	460,148	-	-	(460,148)	-
<b>Balance as at 31 December 2016</b>	10,478,315	2,550,985	9,642,529	240,361	1,500,000	12,753,139	37,165,329
<b>Total comprehensive income for the nine months ended 30 September 2017</b>							
Profit after taxation	-	-	-	-	-	3,255,649	3,255,649
Other comprehensive income - net of tax	-	-	-	-	-	9,744	9,744
	-	-	-	-	-	3,265,393	3,265,393
<b>Transactions with owners, recognised directly in equity</b>							
Cash dividend (Rs. 3.00 per share) for year ended - 31 December 2016	-	-	-	-	-	(3,143,494)	(3,143,494)
Transferred from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	25,327	25,327
Transferred to statutory reserve	-	-	651,130	-	-	(651,130)	-
<b>Balance as at 30 September 2017</b>	<b>10,478,315</b>	<b>2,550,985</b>	<b>10,293,659</b>	<b>240,361</b>	<b>1,500,000</b>	<b>12,249,235</b>	<b>37,312,555</b>

The annexed notes 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.

**MOHAMEDALI R. HABIB**  
Chairman

**SIRAJUDDIN AZIZ**  
President &  
Chief Executive Officer

**SOHAIL HASAN**  
Director

**MOHOMED BASHIR**  
Director

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

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017

### 1. STATUS AND NATURE OF BUSINESS

Habib Metropolitan Bank Limited ("the Bank") 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. The Bank's ordinary shares are listed on Pakistan Stock Exchange. The Bank operates 282 (31 December 2016 : 273) branches including 28 (31 December 2016: 25) Islamic Banking branches, and 34 (31 December 2016: 34) sub branches in Pakistan. The Bank is a subsidiary of Habib Bank AG Zurich - Switzerland (the holding company with 51% shares in the Bank), which is incorporated in Switzerland.

The registered office of the Bank is situated at Spencer's Building, II Chundrigar Road, Karachi.

### 2. BASIS OF PRESENTATION AND MEASUREMENT

**2.1** These unconsolidated condensed interim financial statements represent the separate condensed interim financial statements of the Bank. The consolidated condensed interim financial statements of the Bank and its subsidiary companies are being separately issued.

**2.2** 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 deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these unconsolidated condensed interim financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.

**2.3** Key financial figures of the Islamic Banking branches are disclosed in note 21 to these unconsolidated condensed interim financial statements.

#### **2.4 Basis of measurement**

These unconsolidated condensed interim financial statements have been prepared under the historical cost convention, except non-banking assets acquired in satisfaction of claims have been carried at revalued amount and certain investments and derivative financial instruments are carried at fair value.

### 3. STATEMENT OF COMPLIANCE

**3.1** These unconsolidated condensed interim financial statements of the Bank have been prepared in accordance with the requirements of International Financial Reporting Standards (IFRS's), Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP), the requirement of the Companies Ordinance, 1984, the Banking Companies

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Ordinance, 1962 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the SBP. In case requirements differ, the requirement of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed. The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the SECP vide its circular no.23 dated 4 October 2017, these unconsolidated condensed interim financial statements have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

**3.2** The SBP vide BSD Circular No. 10, dated 26 August 2002 has deferred the applicability of the 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 SECP issued vide SRO 411(I)/2008 dated 28 April 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 unconsolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP. Moreover, segment information is being disclosed in accordance with the SBP's prescribed format as per BSD circular 4 dated 17 February 2006 which prevails over the requirements specified in IFRS 8.

**3.3** The disclosures made in these unconsolidated condensed interim financial statements have been limited based on a format prescribed by the SBP vide BSD Circular Letter No. 2 dated 12 May 2004 and BPRD Circular Letter No. 5 dated 29 February 2016 and IAS 34, "Interim Financial Reporting". They do not include all of the disclosures required for annual financial statements, and these unconsolidated condensed interim financial statements should be read in conjunction with the annual unconsolidated financial statements of the Bank for the year ended 31 December 2016.

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

4.1 The accounting policies adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of annual unconsolidated financial statements of the Bank for the year ended 31 December 2016.

4.2 The basis for accounting estimates and judgements adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the annual unconsolidated financial statements of the Bank for the year ended 31 December 2016.

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

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



## HABIBMETRO

	Note	<b>30 September 2017</b>	31 December 2016
		(Un-Audited)	(Audited)
		———— Rupees in '000 ————	
<b>6. BALANCES WITH OTHER BANKS</b>			
<b>In Pakistan</b>			
Current accounts		<b>62,693</b>	181,268
Deposit accounts	6.1	<b>127,498</b>	44,415
		<b>190,191</b>	225,683
<b>Outside Pakistan</b>			
Current accounts		<b>873,197</b>	2,034,291
		<b>1,063,388</b>	2,259,974

**6.1** This carries mark-up rate of 3.75% (31 December 2016 : 3.75%) per annum.

### 7. LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings	7.1	<b>3,500,000</b>	2,500,000
Repurchase agreement lendings (Reverse repo)	7.2	<b>19,588,824</b>	637,421
Certificate of placements	7.3	<b>500,000</b>	—
Bai - Muajjal receivable from State Bank of Pakistan	7.4	<b>3,567,915</b>	5,113,465
Islamic Placement - Musharika	7.5	<b>4,250,000</b>	8,500,000
		<b>31,406,739</b>	16,750,886

**7.1** These carry mark-up rate ranging from 5.75% to 6.50% (31 December 2016: 6.65%) per annum with maturity upto 6 October 2017 (31 December 2016: 3 March 2017).

**7.2** These carry mark-up rate ranging from 5.65% to 6.20% (31 December 2016: 5.99% to 6.04%) per annum with maturity upto 19 October 2017 (31 December 2016: 1 February 2017).

**7.3** This carries mark-up rate of 6.35% (31 December 2016: Nil) per annum with maturity upto 27 October 2017.

**7.4** These carry profit rate ranging from 5.55% to 5.65% (31 December 2016: 5.98%) per annum with maturity upto 21 June 2018 (31 December 2016: 10 February 2017).

**7.5** These carry profit rate ranging from 5.50% to 5.65% (31 December 2016: 4.50% to 5.25%) per annum with maturity upto 6 November 2017 (31 December 2016: 6 March 2017).

## 8. INVESTMENTS

	Note	30 September 2017 (Un-Audited)			31 December 2016 (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		183,728,281	21,127,735	204,856,016	158,277,735	12,042,862	170,320,597
Pakistan investment bonds	8.2	48,429,946	50,628,695	99,058,641	83,538,877	-	83,538,877
Ordinary shares of listed companies		501,309	-	501,309	1,572,398	-	1,572,398
Ordinary shares of unlisted companies		106,991	-	106,991	106,991	-	106,991
Listed term finance certificates		2,162,875	-	2,162,875	2,088,703	-	2,088,703
Unlisted term finance certificates		151,855	-	151,855	314,828	-	314,828
Sukuk certificates and bonds		26,355,537	-	26,355,537	18,542,294	-	18,542,294
Open end mutual funds		1,296,566	-	1,296,566	3,908,757	-	3,908,757
Close end mutual funds		419,685	-	419,685	419,685	-	419,685
		<b>263,153,045</b>	<b>71,756,430</b>	<b>334,909,475</b>	<b>268,770,268</b>	<b>12,042,862</b>	<b>280,813,130</b>
<b>Held-to-maturity securities</b>							
Pakistan investment bonds	8.2	36,344,754	-	36,344,754	27,642,036	-	27,642,036
Certificates of investments	8.3	1,450,000	-	1,450,000	2,200,000	-	2,200,000
		<b>37,794,754</b>	<b>-</b>	<b>37,794,754</b>	<b>29,842,036</b>	<b>-</b>	<b>29,842,036</b>
<b>Subsidiaries</b>							
Habib Metropolitan Financial Services Limited		300,000	-	300,000	300,000	-	300,000
Habib Metropolitan Modaraba Management Company Private Limited		350,000	-	350,000	350,000	-	350,000
Habib Metropolitan Modaraba		180,000	-	180,000	-	-	-
		<b>830,000</b>	<b>-</b>	<b>830,000</b>	<b>650,000</b>	<b>-</b>	<b>650,000</b>
<b>Investments at cost</b>		<b>301,777,799</b>	<b>71,756,430</b>	<b>373,534,229</b>	<b>299,262,304</b>	<b>12,042,862</b>	<b>311,305,166</b>
Provision for diminution in the value of investments	8.1	(279,025)	-	(279,025)	(302,221)	-	(302,221)
<b>Investments – net of provisions</b>		<b>301,498,774</b>	<b>71,756,430</b>	<b>373,255,204</b>	<b>298,960,083</b>	<b>12,042,862</b>	<b>311,002,945</b>
Surplus / (deficit) on revaluation of available-for-sale securities – net	15.2	3,074,596	(1,305,087)	1,769,509	3,622,581	(6,515)	3,616,066
<b>Investments after revaluation of available-for-sale securities</b>		<b>304,573,370</b>	<b>70,451,343</b>	<b>375,024,713</b>	<b>302,582,664</b>	<b>12,036,347</b>	<b>314,619,011</b>

## HABIBMETRO

	Note	<b>30 September 2017</b> (Un-Audited)	31 December 2016 (Audited)
————— Rupees in '000 —————			
<b>8.1 Particulars of provision for diminution in the value of investments</b>			
Opening balance		<b>302,221</b>	269,257
Charge for the period / year		<b>84,749</b>	45,156
Reversal for the period / year		—	(12,192)
Net charge		<b>84,749</b>	32,964
Reversal of provision upon disposal of investments during the period / year		<b>(107,945)</b>	—
Closing balance		<b>279,025</b>	302,221
<b>8.2</b> These carry mark-up rates ranging from 7.00% to 12.00% (31 December 2016: 7.00% to 12.00%) per annum and will mature up to 21 April 2026 (31 December 2016: 19 July 2022). These include Rs. 132,000 thousand (31 December 2016: Rs. 132,000 thousand) pledged with the State Bank of Pakistan against TT/DD discounting facilities and demand loan facilities.			
<b>8.3</b> This represents certificates of investment issued by First Habib Modaraba, a modaraba managed by Habib Metropolitan Modaraba Management Company (Private) Limited, wholly owned subsidiary of the Bank.			
<b>9. ADVANCES</b>			
Loans, cash credits, running finances, etc.			
In Pakistan		<b>140,399,341</b>	125,075,780
Islamic financing and related assets - gross	21.6	<b>14,295,473</b>	8,802,424
Net investments in finance lease			
In Pakistan		<b>454,015</b>	568,510
Bills discounted and purchased (excluding Market Treasury Bills)			
Payable in Pakistan		<b>7,972,864</b>	6,961,624
Payable outside Pakistan		<b>21,726,879</b>	18,484,814
		<b>29,699,743</b>	25,446,438
Advances - gross		<b>184,848,572</b>	159,893,152
Provision against non-performing advances			
– specific		<b>(16,287,767)</b>	(16,796,939)
– general		<b>(1,221,494)</b>	(134,110)
	9.3	<b>(17,509,261)</b>	(16,931,049)
Advances - net of provisions		<b>167,339,311</b>	142,962,103

- 9.1 Advances include Rs. 18,474,030 thousand (31 December 2016: Rs. 19,873,142 thousand) which have been placed under non-performing status as detailed below:

Category of classification	30 September 2017 (Un-Audited)			31 December 2016 (Audited)		
	Classified advances	Provision required	Provision held	Classified advances	Provision required	Provision held
	Rupees in '000					
Substandard	-	-	-	238,382	53,736	53,736
Doubtful	10,897	-	-	118,393	21,945	21,945
Loss	18,463,133	16,287,767	16,287,767	19,516,367	16,721,258	16,721,258
	<b>18,474,030</b>	<b>16,287,767</b>	<b>16,287,767</b>	<b>19,873,142</b>	<b>16,796,939</b>	<b>16,796,939</b>

- 9.2 As allowed by the SBP, the Bank has availed benefit of Forced Sale Value (FSV) of collaterals held as security of Rs 2,180,815 thousand (31 December 2016: Rs. 2,838,225 thousand) while determining the provision requirement against non-performing advances. The additional profit arising from availing the FSV benefit - net of tax as at 30 September 2017 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees amounted to approximately Rs 1,417,529 thousand (31 December 2016: Rs. 1,844,846 thousand).

9.3 Particulars of provisions against non-performing advances:

	30 September 2017 (Un-Audited)			31 December 2016 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	16,796,939	134,110	16,931,049	16,532,837	896,749	17,429,586
Charge for the period / year	690,761	1,087,384	1,778,145	2,670,552	-	2,670,552
Reversals for the period / year	(1,135,023)	-	(1,135,023)	(1,096,262)	(762,639)	(1,858,901)
Net charge / (reversal) for the period / year	(444,262)	1,087,384	643,122	1,574,290	(762,639)	811,651
Amount written off	(64,910)	-	(64,910)	(1,310,188)	-	(1,310,188)
Closing balance	<b>16,287,767</b>	<b>1,221,494</b>	<b>17,509,261</b>	<b>16,796,939</b>	<b>134,110</b>	<b>16,931,049</b>

- 9.4 General provision includes provision of Rs. 3,612 thousand (31 December 2016: Rs. 3,387 thousand) made against consumer portfolio and Rs. 19,139 thousand (31 December 2016: Rs. 16,814 thousand) made against Small Enterprises (SEs) portfolio as required by the Prudential Regulation issued by the SBP.

- 9.5 Exposure amounting to Rs. 4,352,995 thousand relating to certain facilities of Power Holding Private Limited, which is government guaranteed loan, has not been classified as non-performing loan, pursuant to the relaxation given by the SBP in this respect. The relaxation is valid upto 31 October 2017.

## 10. OPERATING FIXED ASSETS

Additions and disposals made during the period in operating fixed assets amounted to Rs. 601,534 thousand (30 September 2016: Rs. 831,471 thousand) and Rs. 1,197 thousand (30 September 2016: Rs. 61,875 thousand), respectively.

## 11. DEFERRED TAX ASSETS

As per the Seventh Schedule of 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 the 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. 3,729,415 thousand (31 December 2016: Rs. 3,761,929 thousand).

## 12. OTHER ASSETS

**12.1** Other assets include non-banking assets acquired in satisfaction of claims amounting to Rs. 1,387,769 thousand. The Bank has entered into agreements to sell with buyers against three properties having carrying value of Rs. 692,713 thousand.

## 13. BORROWINGS

### Secured

Borrowings from State Bank of Pakistan

– under export refinance scheme

– under long term financing facility – locally manufactured plant and machinery

Repurchase agreement borrowings (Repo)

Against bills re-discouting

### Unsecured

Call borrowing

Overdrawn nostro accounts

Overdrawn local bank accounts

	30 September 2017 (Un-Audited)	31 December 2016 (Audited)
	Rupees in '000	
	<b>20,971,128</b>	18,749,236
	<b>4,221,164</b>	3,616,963
	<b>25,192,292</b>	22,366,199
	<b>70,243,614</b>	12,032,715
	–	1,916,120
	<b>95,435,906</b>	36,315,034
	<b>1,000,000</b>	–
	<b>1,275,730</b>	773,124
	<b>190,377</b>	117,017
	<b>2,466,107</b>	890,141
	<b>97,902,013</b>	37,205,175

	Note	30 September 2017 (Un-Audited)	31 December 2016 (Audited)
Rupees in '000			
<b>14. DEPOSITS AND OTHER ACCOUNTS</b>			
<b>Customers</b>			
Fixed deposits		209,000,000	180,348,374
Saving deposits		117,805,696	110,647,888
Current deposits (non-remunerative)		124,314,057	120,721,112
Others		8,174,048	4,320,917
		<u>459,293,801</u>	<u>416,038,291</u>
<b>Financial Institutions</b>			
Remunerative deposits		13,589,276	13,191,894
Non-remunerative deposits		1,862,330	1,657,851
		<u>15,451,606</u>	<u>14,849,745</u>
		<u>474,745,407</u>	<u>430,888,036</u>
<b>15. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>			
Non-banking assets	15.1	129,351	154,678
Available-for-sale securities	15.2	1,150,181	2,350,443
		<u>1,279,532</u>	<u>2,505,121</u>
<b>15.1 Non banking assets</b>			
Surplus on revaluation of non-banking assets at the beginning of the period / year		237,966	-
Revaluation of non-banking assets during the period / year		-	258,227
Transferred to unappropriated profit in respect of disposal and incremental depreciation charged during the period / year - net of deferred tax		(25,327)	(13,170)
Related deferred tax liability on incremental depreciation charged during the period / year		(13,638)	(7,091)
		<u>(38,965)</u>	<u>237,966</u>
Less: Related deferred tax liability on:			
Revaluation at the beginning of the period / year		83,288	-
Revaluation of non-banking assets during the period / year		-	90,379
Incremental depreciation charged during the period / year		(13,638)	(7,091)
Related deferred tax liability		<u>(69,650)</u>	<u>(83,288)</u>
Surplus on revaluation of non-banking assets at the end of the period / year		<u>129,351</u>	<u>154,678</u>

## HABIBMETRO

	<b>30 September 2017</b>	31 December 2016
	(Un-Audited)	(Audited)
	Rupees in '000	
<b>15.2 Available-for-sale securities:</b>		
<b>Federal government securities</b>		
Market treasury bills	4,616	8,896
Pakistan investment bonds	1,808,571	2,476,838
GOP ijarah sukuk	135,035	387,580
<b>Fully paid-up ordinary shares and mutual funds</b>		
Listed shares and mutual funds	(193,961)	712,299
<b>Term finance certificates, sukuk certificates and bonds</b>		
Listed term finance certificates	3,435	18,123
Unlisted term finance certificates	82	1,342
Sukuk certificates / bonds	11,731	10,988
	1,769,509	3,616,066
Related deferred tax liability - net	(619,328)	(1,265,623)
	1,150,181	2,350,443
<b>16. CONTINGENCIES AND COMMITMENTS</b>		
<b>16.1 Direct credit substitutes</b>		
Bank guarantees of indebtedness favouring:		
Banking companies and other financial institutions	-	872
	-	872
<b>16.2 Transaction-related contingent liabilities</b>		
Includes performance bonds, bid bonds, advance payment guarantees and shipping guarantees favouring:		
i) Government	30,244,249	21,036,923
ii) Banking companies and other financial institutions	2,396,463	499,127
iii) Others	13,985,285	16,022,300
	46,625,997	37,558,350
<b>16.3 Trade-related contingent liabilities</b>		
Letters of credit	62,238,687	61,829,418
Acceptances	13,981,662	11,400,550
	76,220,349	73,230,000
<b>16.4 Commitments in respect of forward exchange contracts</b>		
Purchase	89,290,790	76,832,902
Sale	72,457,040	66,117,312
	161,747,830	142,950,214

	<b>30 September 2017</b> (Un-Audited)	31 December 2016 (Audited)
	Rupees in '000	
<b>16.5 Commitments in respect of operating leases</b>		
Not later than one year	<b>36,365</b>	41,488
Later than one year and not later than five years	<b>25,835</b>	43,205
	<b>62,200</b>	84,693
<b>16.6 Commitments for the acquisition of operating fixed assets</b>	<b>90,227</b>	61,774
<b>16.7 Claims against bank not acknowledged as debt</b>	<b>22,494,508</b>	23,071,676
<b>16.8 Commitments in respect of forward lendings</b>		
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 penalty if the facility is unilaterally withdrawn.		
<b>16.9 Commitments in respect of syndicate financing</b>	<b>210,279</b>	628,948

#### 16.10 Taxation

Income tax assessments of the Bank have been finalised upto the tax year 2016 (corresponding to the accounting year ended 31 December 2015). 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.

#### 16.11 Foreign Exchange repatriation case

While adjudicating Foreign Exchange repatriation cases of exporters, the Foreign Exchange Adjudicating Court of the State Bank of Pakistan has also adjudicated penalty of Rs. 106,056 thousand, arbitrarily on the Bank. The Bank has filed appeals before the Appellate Board and Constitutional Petitions in the Honorable High Court of Sindh against the said judgment. The Honorable High Court has granted relief to the Bank by way of interim orders. Based on merits of the appeals management is confident that these appeals shall be decided in favor of the Bank and therefore no provision has been made against the impugned penalty.

### 17. BASIC AND DILUTED EARNINGS PER SHARE

	<b>30 September 2017</b> (Un-Audited)		30 September 2016	
	Quarter ended	Nine months ended	Quarter ended	Nine months ended
	Rupees in '000			
Profit after taxation	<b>1,014,601</b>	<b>3,255,649</b>	1,437,118	3,818,583
	Number in '000			
Weighted average number of ordinary shares	<b>1,047,831</b>	<b>1,047,831</b>	1,047,831	1,047,831
	Rupees			
Basic and diluted earnings per share	<b>0.97</b>	<b>3.11</b>	1.37	3.64



## 18. TRANSACTIONS WITH RELATED PARTIES

The Bank has related party relationships with its holding company, subsidiaries, 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 2017 (Un-Audited)						
	Holding company	Subsidiaries	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000						
<b>Deposits</b>							
At beginning of the period	503,799	444,329	19,992,444	129,686	538,535	1,666,278	23,275,071
Received during the period	12,962,722	54,212,994	1,174,745,696	591,030	3,332,114	1,866,386	1,247,710,942
Repaid during the period	(12,994,172)	(54,113,965)	(1,173,122,966)	(555,771)	(3,190,973)	(1,268,294)	(1,245,246,141)
At end of the period	472,349	543,358	21,615,174	164,945	679,676	2,264,370	25,739,872
<b>Advances</b>							
At beginning of the period	-	10,937	3,184,499	144,644	-	-	3,340,080
Disbursed during the period	-	10,377,245	36,708,702	61,649	-	-	47,147,596
Recovered during the period	-	(10,388,182)	(38,002,813)	(19,458)	-	-	(48,410,453)
At end of the period	-	-	1,890,388	186,835	-	-	2,077,223
Certificate of investment	-	1,450,000	-	-	-	-	1,450,000
Bank balances held by the Bank	176,842	-	36,719	-	-	-	213,561
Mark-up / return / interest receivable	-	11,382	7,097	-	-	-	18,479
Mark-up / return / interest payable	-	1,347	408,167	4,099	1,843	487,542	902,998
Management fee payable for technical and consultancy services*	179,140	-	-	-	-	-	179,140
Prepayments / Advance deposits	-	-	16,888	-	-	-	16,888
Insurance premium and other payable	-	3,621	11,436	-	-	-	15,057
Transaction-related contingent liabilities	-	-	6,782,591	-	-	-	6,782,591
Trade-related contingent liabilities	-	-	3,704,928	-	-	-	3,704,928
Commitments against operating leases	-	62,200	-	-	-	-	62,200

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

31 December 2016 (Audited)

	Holding company	Subsidiaries	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000						
<b>Deposits</b>							
At beginning of the year	304,504	152,334	17,875,031	66,322	498,364	1,121,035	20,017,590
Received during the year	22,750,934	68,102,830	1,433,239,459	758,702	2,016,849	2,406,913	1,529,275,687
Repaid during the year	(22,551,639)	(67,810,835)	(1,431,122,046)	(695,338)	(1,976,678)	(1,861,670)	(1,526,018,206)
At end of the year	<u>503,799</u>	<u>444,329</u>	<u>19,992,444</u>	<u>129,686</u>	<u>538,535</u>	<u>1,666,278</u>	<u>23,275,071</u>
<b>Advances</b>							
At beginning of the year	-	-	3,967,805	128,974	-	-	4,096,779
Disbursed during the year	-	10,937	63,535,889	61,857	-	-	63,608,683
Recovered during the year	-	-	(64,319,195)	(46,187)	-	-	(64,365,382)
At end of the year	<u>-</u>	<u>10,937</u>	<u>3,184,499</u>	<u>144,644</u>	<u>-</u>	<u>-</u>	<u>3,340,080</u>
Bank balances held by the Bank	<u>292,215</u>	<u>-</u>	<u>29,364</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>321,579</u>
Overdrawn bank balances held by the Bank	<u>-</u>	<u>-</u>	<u>6,472</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,472</u>
Mark-up / return / interest receivable	<u>-</u>	<u>-</u>	<u>1,457</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,457</u>
Mark-up / return / interest payable	<u>-</u>	<u>94</u>	<u>325,084</u>	<u>4,954</u>	<u>2,169</u>	<u>351,899</u>	<u>684,200</u>
Management fee payable for technical and consultancy services*	<u>180,265</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>180,265</u>
Prepayments / Advance deposits	<u>-</u>	<u>-</u>	<u>26,265</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,265</u>
Insurance premium and other payable	<u>-</u>	<u>-</u>	<u>830</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>830</u>
Transaction-related contingent liabilities	<u>-</u>	<u>-</u>	<u>4,670,305</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,670,305</u>
Trade-related contingent liabilities	<u>-</u>	<u>-</u>	<u>5,041,474</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,041,474</u>

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

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Transactions during the period	For the period ended 30 September 2017 (Un-Audited)						Total
	Holding company	Subsidiaries	Associates	Key management personnel	Directors	Retirement benefit plans	
	Rupees in '000						
Mark-up / return / interest earned	-	53,892	60,285	5,360	-	-	119,537
Mark-up / return / interest expensed	-	8,370	874,759	7,723	14,247	146,309	1,051,408
Commission / brokerage / bank charges recovered	1,727	102	148,265	-	192	-	150,286
Commission / brokerage / bank charges paid	732	237	825	-	-	-	1,794
Rent income	4,212	900	-	-	-	-	5,112
Salaries and allowances	-	-	-	283,509	-	-	283,509
Directors' fees	-	-	-	-	2,650	-	2,650
Contribution to defined benefit plan	-	-	-	-	-	105,742	105,742
Contribution to defined contribution plan	-	-	-	-	-	125,817	125,817
Lease rental / rent expenses	-	22,402	9,144	-	-	-	31,546
Insurance premium expenses	-	-	46,895	-	-	-	46,895
Maintenance, electricity, stationery & entertainment expenses	-	-	51,479	-	-	-	51,479
Management fee expense for technical and consultancy services*	192,223	-	-	-	-	-	192,223
Donation	-	-	26,880	-	-	-	26,880

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

Transactions during the period	For the period ended 30 September 2016 (Un-Audited)						Total
	Holding company	Subsidiaries	Associates	Key management personnel	Directors	Retirement benefit plans	
	Rupees in '000						
Mark-up / return / interest earned	-	13	88,704	4,329	-	-	93,046
Mark-up / return / interest expensed	-	3,372	856,077	2,143	17,612	125,937	1,005,141
Commission / brokerage / bank charges recovered	4,254	184	117,113	-	37	-	121,588
Commission / brokerage / bank charges paid	251	183	531	-	-	-	965
Rent income	4,211	900	-	-	-	-	5,111
Salaries and allowances	-	-	-	245,699	-	-	245,699
Directors' fees	-	-	-	-	7,050	-	7,050
Contribution to defined benefit plan	-	-	-	-	-	114,440	114,440
Contribution to defined contribution plan	-	-	-	-	-	112,944	112,944
Rent expenses	-	-	8,581	-	-	-	8,581
Insurance premium expenses	-	-	26,875	-	-	-	26,875
Maintenance, electricity, stationery & entertainment expenses	-	-	44,861	-	-	-	44,861
Management fee expense for technical and consultancy services*	177,617	-	-	-	-	-	177,617
Donation	-	-	4,880	-	-	-	4,880
Professional / other charges paid	-	-	186	-	-	-	186

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

**19. FAIR VALUE OF FINANCIAL INSTRUMENTS**

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

**On balance sheet financial instruments**

	30 September 2017 (Un-Audited)				
	Carrying Value	Fair Value			Total
		Level 1	Level 2	Level 3	
(Rupees in '000)					
<b>Financial assets measured at fair value</b>					
- Investments					
- Available-for-sale securities					
Federal government securities	331,324,284	-	331,324,284	-	331,324,284
Sukuk certificates and bonds	858,063	-	858,063	-	858,063
Ordinary shares of listed companies	448,545	448,545	-	-	448,545
Ordinary shares of unlisted companies	28,130	-	28,130	-	28,130
Mutual funds	1,534,088	1,534,088	-	-	1,534,088
Listed term finance certificates	2,083,752	2,083,752	-	-	2,083,752
Unlisted term finance certificates	123,097	-	123,097	-	123,097
- Other assets					
Unrealized gain on forward foreign exchange contracts	782,781	-	782,781	-	782,781
<b>Financial assets not measured at fair value</b>	<b>286,571,708</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>623,754,448</b>	<b>4,066,385</b>	<b>333,116,355</b>	<b>-</b>	<b>337,182,740</b>
<b>Financial liabilities measured at fair value</b>					
- Other liabilities					
Unrealized loss on forward foreign exchange contracts	(658,193)	-	(658,193)	-	(658,193)
<b>Financial liabilities not measured at fair value</b>	<b>(590,801,815)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>32,294,440</b>	<b>4,066,385</b>	<b>332,458,162</b>	<b>-</b>	<b>336,524,547</b>

**On balance sheet financial instruments**

	31 December 2016 (Audited)				
	Carrying Value	Fair Value			Total
		Level 1	Level 2	Level 3	
(Rupees in '000)					
<b>Financial assets measured at fair value</b>					
- Investments					
- Available-for-sale securities					
Federal government securities	274,117,633	-	274,117,633	-	274,117,633
Sukuk certificates and bonds	1,149,362	-	1,149,362	-	1,149,362
Ordinary shares of listed companies	1,840,554	1,840,554	-	-	1,840,554
Ordinary shares of unlisted companies	28,962	-	28,962	-	28,962
Mutual funds	4,678,866	4,678,866	-	-	4,678,866
Listed term finance certificates	2,024,268	2,024,268	-	-	2,024,268
Unlisted term finance certificates	287,330	-	287,330	-	287,330
- Other assets					
Unrealized gain on forward foreign exchange contracts	769,626	-	769,626	-	769,626
<b>Financial assets not measured at fair value</b>	<b>233,988,504</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	518,885,105	8,543,688	276,352,913	-	284,896,601
<b>Financial liabilities measured at fair value</b>					
- Other liabilities					
Unrealized loss on forward foreign exchange contracts	(917,476)	-	(917,476)	-	(917,476)
<b>Financial liabilities not measured at fair value</b>	<b>(485,099,633)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	32,867,996	8,543,688	275,435,437	-	283,979,125

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### Off- balance sheet financial instruments

	30 September 2017 (Un-Audited)		31 December 2016 (Audited)	
	Contracted Value	Fair Value	Contracted Value	Fair Value
	Rupees in '000			
Forward purchase of foreign exchange contracts	<u>89,290,790</u>	<u>89,800,912</u>	76,832,902	76,022,687
Forward sale of foreign exchange contracts	<u>72,457,040</u>	<u>71,893,020</u>	66,117,312	66,779,677

	30 September 2017 (Un-Audited)	31 December 2016 (Audited)
	Rupees in '000	

### Reconciliation of net assets to financial instruments

<b>Net financial assets</b>	<b>32,294,440</b>	32,867,996
<b>Non financial assets / (liabilities)</b>		
- Operating fixed assets	3,231,766	3,246,376
- Deferred tax asset	3,146,288	2,458,685
- Other assets	1,346,036	2,016,251
- Other liabilities	(1,426,443)	(918,858)
<b>Net assets as per statement of financial position</b>	<b>38,592,087</b>	39,670,450

## 20. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES (UN-AUDITED)

The segment analysis with respect to business activities is as follows:

	30 September 2017				30 September 2016			
	Trade & Sales	Retail Banking	Commercial Banking	Total	Trade & Sales	Retail Banking	Commercial Banking	Total
	Rupees in '000							
Total income *	17,935,201	3,095,338	21,583,982	42,614,521	21,178,082	4,225,568	19,932,838	45,336,488
Total expenses *	(17,084,964)	(1,687,604)	(18,098,846)	(36,871,414)	(18,443,159)	(2,526,607)	(17,585,236)	(38,555,002)
Net income	<u>850,237</u>	<u>1,407,734</u>	<u>3,485,136</u>	<u>5,743,107</u>	<u>2,734,923</u>	<u>1,698,961</u>	<u>2,347,602</u>	<u>6,781,486</u>
Segment assets	412,147,770	1,727,421	217,603,347	631,478,538	386,885,137	1,167,006	189,538,811	577,590,954
Segment liabilities	72,709,722	66,106,575	454,070,154	592,886,451	25,898,136	89,682,506	423,257,514	538,838,156

\* Includes Rs. 13,717,562 thousand (30 September 2016: Rs. 14,232,432 thousand) of inter-segment revenues and expenses.

## 21. KEY ISLAMIC BANKING OPERATIONS

21.1 The Bank is operating 28 (31 December 2016: 25) Islamic Banking branches in Pakistan. The statement of financial position and profit and loss account of these branches as at 30 September 2017 are as follows:

### STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017

	Note	30 September 2017 (Un-Audited)	31 December 2016 (Audited)
———— Rupees in '000 ————			
<b>ASSETS</b>			
Cash and balances with treasury banks		2,101,739	2,723,811
Balances with other banks		—	—
Due from financial institutions		7,817,915	13,613,465
Investments		27,652,678	20,540,621
Islamic financing and related assets	21.6	13,918,220	8,429,751
Operating fixed assets		80,530	79,530
Deferred tax assets - net		—	—
Other assets		978,434	1,414,567
		<b>52,549,516</b>	46,801,745
<b>LIABILITIES</b>			
Bills payable		529,340	304,581
Due to financial institutions		1,818,943	860,517
Deposits and other accounts		47,315,023	43,154,644
- Current accounts		7,749,170	7,660,817
- Saving accounts		14,746,071	10,641,554
- Term deposits		16,992,469	16,415,145
- Others		294,109	111,661
- Deposits from financial institutions - remunerative		7,516,628	8,321,653
- Deposits from financial institutions - non remunerative		16,576	3,814
Due to head office		—	—
Other liabilities		521,713	506,326
		<b>50,185,019</b>	44,826,068
<b>NET ASSETS</b>			
		<b>2,364,497</b>	1,975,677
<b>REPRESENTED BY</b>			
Islamic banking fund		2,002,635	1,402,615
Reserves		—	—
Unappropriated profit		214,665	191,936
		<b>2,217,300</b>	1,594,551
Surplus on revaluation of assets		147,197	381,126
		<b>2,364,497</b>	1,975,677



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### 21.2 PROFIT AND LOSS ACCOUNT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017

	<b>30 September 2017</b>	30 September 2016
	(Un-Audited)	(Un-Audited)
	Rupees in '000	
Profit / return on financing, investments and placements earned	<b>1,845,610</b>	2,120,553
Profit / return on deposit and other dues expensed	<b>(1,356,521)</b>	<u>(1,768,498)</u>
Net spread earned	<b>489,089</b>	352,055
Provision against non performing financing - net	<b>4,580</b>	15,051
Provision for diminution in the value of investments	-	-
Provision for consumer financing ljarah	-	-
Bad debts written off directly	-	-
Net spread after provisions	<b>(4,580)</b>	<u>(15,051)</u>
	<b>484,509</b>	337,004
<b>Other income</b>		
Fee, commission and brokerage income	<b>65,589</b>	29,263
Dividend income	-	-
Income from dealing in foreign currencies - net	<b>15,624</b>	16,309
Gain on sale / redemption of securities - net	<b>14,010</b>	23,332
Unrealized gain / (loss) on revaluation of investments classified as 'held-for-trading'	-	-
Other income	<b>9,071</b>	32,718
Total other income	<b>104,294</b>	<u>101,622</u>
	<b>588,803</b>	438,626
<b>Other expenses</b>		
Administrative expenses	<b>371,335</b>	303,103
Other provisions / write offs	-	-
Other charges	<b>2,803</b>	-
Total other expenses	<b>(374,138)</b>	<u>(303,103)</u>
	<b>214,665</b>	135,523
Extra ordinary / unusual items	-	-
<b>Profit before taxation</b>	<b>214,665</b>	<u>135,523</u>
<b>21.3 Remuneration to Shariah Advisor / Board</b>	<b>6,155</b>	<u>5,892</u>
<b>21.4 Charity Fund</b>		
Opening balance	<b>327</b>	491
Additions during the period / year		
Received from customers on delayed payments	<b>66</b>	550
Payments / utilization during the period / year		
Education	-	(148)
Health	-	(566)
	-	(714)
Closing balance	<b>393</b>	<u>327</u>

	<b>30 September 2017</b> (Un-Audited)	31 December 2016 (Audited)
	Rupees in '000	
<b>21.5 Financings / investments / receivables</b>		
<b>Murabaha financing</b>		
Murabaha receivable - gross	<b>4,139,370</b>	4,257,445
Less: Deferred murabaha income	<b>(107,890)</b>	(125,683)
Advance against murabaha	<b>284,442</b>	109,071
	<b>4,315,922</b>	4,240,833
Provision against murabaha financing	<b>(347,138)</b>	(345,550)
	<b>3,968,784</b>	3,895,283
<b>Ijarah</b>		
Asset held for ijarah	<b>510,275</b>	367,292
Less: Accumulated depreciation	<b>(112,503)</b>	(115,788)
Advance against ijarah	<b>49,849</b>	32,218
	<b>447,621</b>	283,722
Provision against ijarah financing	<b>(23,682)</b>	(23,796)
	<b>423,939</b>	259,926
<b>Diminishing musharakah</b>		
Diminishing musharakah - gross	<b>6,667,192</b>	3,477,592
Less: Unrealised income on diminishing musharakah	<b>(1,048,098)</b>	(779,718)
Advance against diminishing musharakah	<b>171,146</b>	146,306
	<b>5,790,240</b>	2,844,180
Provision against diminishing musharakah	<b>(6,433)</b>	(3,327)
	<b>5,783,807</b>	2,840,853
<b>Export refinance murabaha</b>		
Export refinance murabaha receivable - gross	<b>591,101</b>	95,142
Less: Deferred export refinance murabaha income	<b>(8,284)</b>	(1,247)
Advance against murabaha IERF	<b>-</b>	6,673
	<b>582,817</b>	100,568
<b>Istisna financing</b>		
Istisna financing - gross	<b>22,588</b>	44,645
Less: Deferred istisna income	<b>(6,776)</b>	(13,394)
Advance against istisna	<b>354,043</b>	146,308
	<b>369,855</b>	177,559

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	<b>30 September 2017</b>	31 December 2016
	(Un-Audited)	(Audited)
	—————Rupees in '000 —————	
<b>Al-Bai financing</b>	<u>24,499</u>	<u>—</u>
<b>Al-Bai goods</b>	<u>103,519</u>	<u>55,081</u>
<b>Istisna goods</b>	<u>5,000</u>	<u>29,500</u>
<b>Working capital musharaka</b>	<u>1,406,000</u>	<u>306,000</u>
<b>Export refinance istisna</b>		
Export refinance istisna receivable - gross	102,309	13,226
Less: Deferred export refinance istisna income	<u>(15,346)</u>	<u>(2,645)</u>
Advance against istisna IERF	<u>1,096,203</u>	<u>754,400</u>
	<u>1,183,166</u>	<u>764,981</u>
<b>Istisna goods - export refinance</b>	<u>66,834</u>	<u>—</u>
<b>21.6 Islamic financing and related assets</b>		
Financings / investments / receivables	12,164,437	7,522,867
Advances	1,955,683	1,194,976
Assets / inventories	175,353	84,581
Gross Islamic financing and related assets	<u>14,295,473</u>	<u>8,802,424</u>
Provision against financing and related assets	<u>(377,253)</u>	<u>(372,673)</u>
	<u>13,918,220</u>	<u>8,429,751</u>

## 22. GENERAL

22.1 The figures have been rounded off to nearest thousand rupees, unless otherwise stated.

## 23. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue by the Board of Directors on 25 October 2017.

**MOHAMEDALI R. HABIB**  
Chairman

**SIRAJUDDIN AZIZ**  
President &  
Chief Executive Officer

**SOHAIL HASAN**  
Director

**MOHOMED BASHIR**  
Director

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