



# **HABIB METROPOLITAN BANK LTD.**

[ Subsidiary of Habib Bank AG Zurich ]

Consolidated Accounts for the half year  
ended 30 June 2015  
(Un-audited)

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Note	30 June 2015 (Un-Audited)	31 December 2014 (Audited)
Rupees in '000			
<b>ASSETS</b>			
Cash and balances with treasury banks		26,009,802	18,640,853
Balances with other banks	6	4,899,828	1,870,331
Lendings to financial institutions	7	7,181,245	3,408,776
Investments	8	281,509,687	221,644,817
Advances	9	119,944,166	134,175,636
Operating fixed assets	10	2,909,619	3,025,426
Deferred tax assets - net	11	1,540,619	1,268,457
Other assets		11,065,548	13,640,521
		<b>455,060,514</b>	<b>397,674,817</b>
<b>LIABILITIES</b>			
Bills payable		9,391,306	5,201,482
Borrowings	12	32,853,053	24,883,982
Deposits and other accounts	13	364,472,933	319,948,274
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		12,115,195	12,871,948
		<b>418,832,487</b>	<b>362,905,686</b>
<b>NET ASSETS</b>		<b>36,228,027</b>	<b>34,769,131</b>
<b>REPRESENTED BY</b>			
Share capital		10,478,315	10,478,315
Reserves		12,064,538	11,178,823
Unappropriated profit		9,477,646	8,559,839
		<b>32,020,499</b>	<b>30,216,977</b>
Surplus on revaluation of assets - net of deferred tax	14	4,207,528	4,552,154
		<b>36,228,027</b>	<b>34,769,131</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
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The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.

**KASSIM PAREKH**  
Chairman

**SIRAJUDDIN AZIZ**  
President &  
Chief Executive Officer

**TARIQ IKRAM**  
Director

**FIRASAT ALI**  
Director

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

FOR THE QUARTER AND HALF YEAR ENDED 30 JUNE 2015

	Note	30 June 2015 Quarter ended	30 June 2015 Half year ended	30 June 2014 Quarter ended	30 June 2014 Half year ended
Rupees in '000					
Mark-up / return / interest earned		8,702,108	17,908,474	8,259,191	15,400,147
Mark-up / return / interest expensed		(5,157,817)	(11,111,269)	(5,650,467)	(10,264,512)
<b>Net mark-up / interest income</b>		<b>3,544,291</b>	<b>6,797,205</b>	2,608,724	5,135,635
Provision against non-performing loans and advances - net	9.3	895,206	1,645,206	471,824	962,679
Provision for diminution in the value of investments - net	8.1	45,432	62,356	(608)	(3,884)
Bad debts written-off directly		—	—	—	—
		(940,638)	(1,707,562)	(471,216)	(958,795)
Net mark-up / interest income after provisions		2,603,653	5,089,643	2,137,508	4,176,840
<b>Non mark-up / interest income</b>					
Fee, commission and brokerage income		808,486	1,474,384	625,041	1,205,218
Dividend income		85,474	107,593	9,304	18,431
Income from dealing in foreign currencies - net		291,568	577,818	238,617	418,068
Gain on sale / redemption of securities - net		3,714,064	4,482,580	474,645	804,828
Unrealized gain / (loss) on revaluation of investments classified as 'held-for-trading'		—	—	—	—
Other income		142,892	222,699	77,808	150,855
Total non mark-up / interest income		5,042,484	6,865,074	1,425,415	2,597,400
		7,646,137	11,954,717	3,562,923	6,774,240
<b>Non mark-up / interest expenses</b>					
Administrative expenses		2,125,630	4,135,309	1,871,688	3,649,512
Other provisions / write offs		—	—	—	—
Other charges		123,810	224,237	19,899	54,410
Total non mark-up / interest expenses		(2,249,440)	(4,359,546)	(1,891,587)	(3,703,922)
		5,396,697	7,595,171	1,671,336	3,070,318
Extraordinary / unusual items		—	—	—	—
<b>Profit before taxation</b>		<b>5,396,697</b>	<b>7,595,171</b>	1,671,336	3,070,318
Taxation – Current		2,152,877	3,100,975	630,943	1,191,697
– Prior years		476,000	476,000	—	—
– Deferred		(255,838)	(427,133)	(71,384)	(231,316)
		(2,373,039)	(3,149,842)	(559,559)	(960,381)
<b>Profit after taxation</b>		<b>3,023,658</b>	<b>4,445,329</b>	1,111,777	2,109,937
<b>Basic earnings per share (Rupees)</b>	16	<b>2.89</b>	<b>4.24</b>	1.06	2.01

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Director

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Director

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

FOR THE QUARTER AND HALF YEAR ENDED 30 JUNE 2015

	30 June 2015 Quarter ended	30 June 2015 Half year ended	30 June 2014 Quarter ended	30 June 2014 Half year ended
	Rupees in '000			
Profit after taxation for the period	3,023,658	4,445,329	1,111,777	2,109,937
<b>Other comprehensive income</b>				
<b>Items not to be reclassified to profit or loss in subsequent periods:</b>				
Actuarial (loss) / gain on defined benefit plan	(8,665)	(34,197)	36,742	31,710
Related deferred tax	3,033	11,969	(12,860)	(11,099)
	(5,632)	(22,228)	23,882	20,611
<b>Total comprehensive income</b>	<b>3,018,026</b>	<b>4,423,101</b>	<b>1,135,659</b>	<b>2,130,548</b>
<b>Components of Comprehensive income not reflected in equity</b>				
<b>Items to be reclassified to profit or loss in subsequent periods:</b>				
(Deficit) / surplus on revaluation of investments	(3,427,535)	(177,683)	(612,564)	31,650
Related deferred tax	955,337	(166,943)	180,024	(52,291)
	(2,472,198)	(344,626)	(432,540)	(20,641)
<b>Total comprehensive income</b>	<b>545,828</b>	<b>4,078,475</b>	<b>703,119</b>	<b>2,109,907</b>

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

FOR THE HALF YEAR ENDED 30 JUNE 2015

	30 June 2015	30 June 2014
	Rupees in '000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	7,595,171	3,070,318
Less: Dividend income	(107,593)	(18,431)
	<b>7,487,578</b>	<b>3,051,887</b>
<b>Adjustments</b>		
Depreciation and Amortization	275,256	250,854
Provision against non-performing loans and advances – net	1,645,206	962,679
Provision for diminution in the value of investments – net	62,356	(46,069)
Net gain on sale of operating fixed assets	(47,960)	(2,129)
Actuarial (loss) / gain on defined benefit plan	(34,197)	31,710
	<b>1,900,661</b>	<b>1,197,045</b>
	<b>9,388,239</b>	<b>4,248,932</b>
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	(3,772,469)	(1,500,000)
Advances	12,586,264	10,335,264
Other assets (excluding taxation)	2,138,929	(4,827,670)
	<b>10,952,724</b>	<b>4,007,594</b>
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	4,189,824	3,893,448
Borrowings	7,606,105	27,638,425
Deposits and other accounts	44,524,659	29,634,582
Other liabilities (excluding dividend)	(1,990,202)	2,651,358
	<b>54,330,386</b>	<b>63,817,813</b>
	<b>74,671,349</b>	<b>72,074,339</b>
Income tax paid	(1,917,917)	(1,431,629)
<b>Net cash flows from operating activities</b>	<b>72,753,432</b>	<b>70,642,710</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investments in available-for-sale securities	(56,032,391)	(55,287,694)
Net investments in held-to-maturity securities	(4,072,518)	(8,426,595)
Dividend received	107,376	18,431
Investments in operating fixed assets and Intangible assets	(159,899)	(176,098)
Proceeds from sale of operating fixed assets	48,410	3,192
<b>Net cash used in investing activities</b>	<b>(60,109,022)</b>	<b>(63,868,764)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(2,608,930)	(2,094,295)
<b>Net cash used in financing activities</b>	<b>(2,608,930)</b>	<b>(2,094,295)</b>
<b>Increase in cash and cash equivalents</b>	<b>10,035,480</b>	<b>4,679,651</b>
Cash and cash equivalents at beginning of the period	<b>19,635,669</b>	<b>24,242,170</b>
<b>Cash and cash equivalents at end of the period</b>	<b>29,671,149</b>	<b>28,921,821</b>

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

FOR THE HALF YEAR ENDED 30 JUNE 2015

	Share capital	Share premium	Reserves			Unappropriated profit	Total
			Statutory reserve	Special reserve	Revenue reserve		
	Rupees in '000						
Balance as at 1 January 2014	10,478,315	2,550,985	5,902,165	240,361	1,500,000	6,693,745	27,365,571
Total comprehensive income for the six months ended 30 June 2014							
Profit after tax	-	-	-	-	-	2,109,937	2,109,937
Other comprehensive income - net of tax	-	-	-	-	-	20,611	20,611
	-	-	-	-	-	2,130,548	2,130,548
Transfer to statutory reserve	-	-	421,000	-	-	(421,000)	-
Transactions with owners, recorded directly in equity							
Cash dividend (Rs. 2.00 per share)	-	-	-	-	-	(2,095,663)	(2,095,663)
Balance as at 30 June 2014	10,478,315	2,550,985	6,323,165	240,361	1,500,000	6,307,630	27,400,456
Total comprehensive income for the six months ended 31 December 2014							
Profit after tax	-	-	-	-	-	2,832,213	2,832,213
Other comprehensive income - net of tax	-	-	-	-	-	(15,692)	(15,692)
	-	-	-	-	-	2,816,521	2,816,521
Transfer to statutory reserve	-	-	564,312	-	-	(564,312)	-
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
Total comprehensive income for the six months ended 30 June 2015							
Profit after tax	-	-	-	-	-	4,445,329	4,445,329
Other comprehensive income - net of tax	-	-	-	-	-	(22,228)	(22,228)
	-	-	-	-	-	4,423,101	4,423,101
Transfer to statutory reserve	-	-	885,715	-	-	(885,715)	-
Transactions with owners, recorded directly in equity							
Cash dividend (Rs. 2.50 per share)	-	-	-	-	-	(2,619,579)	(2,619,579)
Balance as at 30 June 2015	10,478,315	2,550,985	7,773,192	240,361	1,500,000	9,477,646	32,020,499

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

FOR THE HALF YEAR ENDED 30 JUNE 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 204 (31 December 2014: 201) branches, including 12 (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, I.I. 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 PRESENTATION**

**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 19 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

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(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 26 August 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 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 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 12 May 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 annual 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	30 June 2015 (Un-Audited)	31 December 2014 (Audited)
Rupees in '000			
<b>6. BALANCES WITH OTHER BANKS</b>			
<b>In Pakistan</b>			
Current accounts		78,919	345,651
Deposit accounts		54,680	548,690
		<b>133,599</b>	894,341
<b>Outside Pakistan</b>			
Current accounts		3,239,548	975,990
Deposit accounts		1,526,681	—
		<b>4,766,229</b>	975,990
		<b>4,899,828</b>	1,870,331
<b>7. LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Call money lendings	7.1	2,500,000	1,500,000
Repurchase agreement lendings (Reverse repo)	7.2	4,681,245	1,908,776
		<b>7,181,245</b>	3,408,776
<b>7.1</b>	This carry mark-up rate of 8.25% (31 December 2014 : 10.75% ) per annum with maturity upto 17 August 2015 (31 December 2014 : 14 January 2015).		
<b>7.2</b>	These carry mark-up rates ranging from 6.85% to 7.00% (31 December 2014 : 9.75% to 10.00% ) per annum with maturity upto 13 July 2015 (31 December 2014 : 02 January 2015).		

## 8. INVESTMENTS

8. INVESTMENTS		30 June 2015 (Un-Audited)			31 December 2014 (Audited)		
	Note	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		153,463,366	5,224,398	158,687,764	85,227,313	–	85,227,313
Pakistan investment bonds	8.2	59,616,933	3,981,409	63,598,342	77,516,593	–	77,516,593
Ordinary shares of listed companies		962,427	–	962,427	973,924	–	973,924
Ordinary shares of unlisted companies		141,741	–	141,741	138,955	–	138,955
Listed term finance certificates		1,239,325	–	1,239,325	1,094,653	–	1,094,653
Unlisted term finance certificates		440,350	–	440,350	440,395	–	440,395
Sukuk certificates and bonds		21,344,154	–	21,344,154	17,314,358	–	17,314,358
Open end mutual funds		1,814,640	–	1,814,640	9,856,828	–	9,856,828
Close end mutual funds		398,483	–	398,483	31,816	–	31,816
		239,421,419	9,205,807	248,627,226	192,594,835	–	192,594,835
<b>Held-to-maturity securities</b>							
Pakistan Investment Bonds certificates of Investments	8.2	22,581,877	–	22,581,877	22,559,359	–	22,559,359
		4,050,000	–	4,050,000	–	–	–
<b>Investments at cost</b>		266,053,296	9,205,807	275,259,103	215,154,194	–	215,154,194
Provision for diminution in the value of investments	8.1	(222,536)	–	(222,536)	(160,180)	–	(160,180)
<b>Investments – net of provisions</b>		265,830,760	9,205,807	275,036,567	214,994,014	–	214,994,014
Surplus / (deficit) on revaluation of available-for-sale Investments – net	14	6,502,080	(28,960)	6,473,120	6,650,803	–	6,650,803
<b>Total Investments</b>		272,332,840	9,176,847	281,509,687	221,644,817	–	221,644,817

## HABIBMETRO

	Note	30 June 2015 (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>67,105</b>	24,482
Reversal for the period / year		<b>(4,749)</b>	(13,102)
Net charge		<b>62,356</b>	11,380
Reversal of provision upon disposal of investments during the period / year		<b>—</b>	(42,184)
Closing balance		<b>222,536</b>	160,180

**8.2** These carry mark-up rates ranging from 11.25% to 12.00% (31 December 2014: 11.25% to 12.05%) per annum and have maturity up to 19 July 2022 (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>108,551,336</b>	114,971,053
Net investments in finance lease / ijarah financing			
In Pakistan		<b>568,971</b>	476,918
Net book value of assets in Ijarah under IFAS-2		<b>192,027</b>	247,988
Bills discounted and purchased (excluding Market treasury bills)			
Payable in Pakistan		<b>5,420,349</b>	8,089,663
Payable outside Pakistan		<b>22,845,231</b>	26,378,556
		<b>28,265,580</b>	34,468,219
Advances - gross		<b>137,577,914</b>	150,164,178
Provision against non-performing advances			
— specific		<b>(17,598,605)</b>	(15,661,846)
— general		<b>(35,143)</b>	(326,696)
	9.3	<b>(17,633,748)</b>	(15,988,542)
Advances - net of provisions		<b>119,944,166</b>	134,175,636

- 9.1** Advances include Rs. 19,429,582 thousand (31 December 2014: Rs. 19,325,134 thousand) which have been placed under non-performing status as detailed below:

Category of Classification	30 June 2015 (Un-Audited)		
	Classified advances	Provision required	Provision held
	Rupees in '000's		
Substandard	-	-	-
Doubtful	-	-	-
Loss	19,429,582	17,598,605	17,598,605
	<u>19,429,582</u>	<u>17,598,605</u>	<u>17,598,605</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 bank has availed benefit of Forced Sale Value (FSV) of collateral held as security of Rs. 1,830,977 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 30 June 2015 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees amounted to approximately Rs. 1,190,135 thousand (31 December 2014: Rs. 1,634,016 thousand).

**9.3 Particulars of provision against non-performing advances**

	30 June 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	2,227,295	-	2,227,295	3,244,544	-	3,244,544
Reversals	(290,536)	(291,553)	(582,089)	(949,889)	(527,456)	(1,477,345)
Net charge for the period / year	1,936,759	(291,553)	1,645,206	2,294,655	(527,456)	1,767,199
Amount written off	-	-	-	(88,670)	-	(88,670)
Closing balance	<u>17,598,605</u>	<u>35,143</u>	<u>17,633,748</u>	<u>15,661,846</u>	<u>326,696</u>	<u>15,988,542</u>

**9.4** General provision includes provision of Rs. 2,211 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. 32,371 thousands (31 December 2014: Rs. 31,041 thousands) 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. 159,900 thousand (30 June 2014: Rs. 135,972 thousand) and Rs. 450 thousand (30 June 2014: Rs. 5,190 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. 3,755,502 thousand (31 December 2014: Rs. 3,294,746 thousand).

	30 June 2015 (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	13,584,787	17,605,949
– under long term financing – export oriented projects	41,546	63,689
– under long term financing facility – locally manufactured plant and machinery	1,976,845	1,394,143
	15,603,178	19,063,781
Repurchase agreement borrowings (Repo)	9,165,948	–
Against bills re-discounting	3,943,150	4,032,088
	28,712,276	23,095,869
<b>Unsecured</b>		
Bai Muajjal	2,052,296	912,598
Call borrowings	850,000	–
Overdrawn nostro accounts	858,296	726,859
Overdrawn local bank accounts	380,185	148,656
	4,140,777	1,788,113
	32,853,053	24,883,982
<b>13. DEPOSITS AND OTHER ACCOUNTS</b>		
<b>Customers</b>		
Fixed deposits	145,954,069	130,176,879
Saving deposits	102,296,660	93,481,501
Current accounts (non-remunerative)	101,570,232	86,881,170
Others	4,787,446	2,268,708
	354,608,407	312,808,258
<b>Financial Institutions</b>		
Remunerative deposits	8,561,945	5,702,486
Non-remunerative deposits	1,302,581	1,437,530
	9,864,526	7,140,016
	364,472,933	319,948,274

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30 June 2015  
(Un-Audited)  
31 December 2014  
(Audited)  
Rupees in '000

### 14. SURPLUS ON REVALUATION OF ASSETS – NET OF DEFERRED TAX

#### Available-for-sale securities

##### Federal Government Securities

Market treasury bills	856,468	138,859
Pakistan investment bonds	5,210,624	5,437,770
GOP ijarah sukuk	127,316	28,753

##### Fully paid-up ordinary shares and mutual funds

300,169 1,016,261

##### Term finance certificates, sukuk certificates and bonds

Listed term finance certificates	(7,461)	(11,332)
Unlisted term finance certificates	5,892	9,554
Sukuk certificates and bonds	(19,888)	30,938

6,473,120 6,650,803

##### Related deferred tax liability - net

(2,265,592) (2,098,649)

4,207,528 4,552,154

### 15. CONTINGENCIES AND COMMITMENTS

#### 15.1 Direct credit substitutes

Bank guarantees of indebtedness favouring:  
Banking companies and other financial institutions

10,718 16,472

#### 15.2 Transaction-related contingent liabilities

Includes performance bonds, bid bonds, advance  
payment guarantees and shipping guarantees  
favouring:

i) Government	16,215,910	14,820,687
ii) Banking companies and other financial institutions	1,054,084	36,395
iii) Others	10,763,758	6,035,569

28,033,752 20,892,651

#### 15.3 Trade-related contingent liabilities

Letters of credit

61,144,120 58,279,685

Acceptances

13,562,744 12,513,947

#### 15.4 Commitments in respect of forward exchange contracts

Purchase

77,678,710 100,046,711

Sale

77,188,733 102,295,035

	30 June 2105 (Un-Audited)	31 December 2014 (Audited)
	Rupees in '000	
<b>15.5 Commitments in respect of operating leases</b>		
Not later than one year	24,152	18,884
Later than one year and not later than five years	26,686	21,354
	<u>50,838</u>	<u>40,238</u>
<b>15.6 Commitments for the acquisition of operating fixed assets</b>	<u>62,374</u>	<u>9,972</u>
<b>15.7 Claims against the bank not acknowledged as debt</b>	<u>1,556,611</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>841,088</u>	<u>—</u>
<b>15.10 Commitments in respect of investment in Sukuk certificates and Term finance certificates</b>	<u>113,043</u>	<u>—</u>
<b>15.11 Taxation</b>		
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

	30 June 2015		30 June 2014	
	(Un-Audited)			
	Quarter ended	Half year ended	Quarter ended	Half year ended
	Rupees in '000			
Profit after taxation	<u>3,023,658</u>	<u>4,445,329</u>	<u>1,111,777</u>	<u>2,109,937</u>
	Number in '000			
Weighted average number of ordinary shares	<u>1,047,831</u>	<u>1,047,831</u>	<u>1,047,831</u>	<u>1,047,831</u>
	Rupees			
Basic earnings per share	<u>2.89</u>	<u>4.24</u>	<u>1.06</u>	<u>2.01</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 June 2015 (Un-Audited)					
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	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	16,105,154	715,597,673	323,388	2,496,019	406,500	734,928,734
Repaid during the period	(16,143,735)	(715,361,507)	(319,077)	(2,272,318)	(244,432)	(734,341,069)
At end of the period	256,288	19,912,702	53,491	608,951	1,260,588	22,092,020
<b>Advances</b>						
At beginning of the period	-	1,840,385	163,524	-	-	2,003,909
Disbursed during the period	-	20,253,242	61,949	-	-	20,315,191
Recovered during the period	-	(20,465,596)	(75,111)	-	-	(20,540,707)
At end of the period	-	1,628,031	150,362	-	-	1,778,393
Bank balances held by the Group	254,323	49,001	-	-	-	303,324
Overdrawn bank balances held by the Bank	-	-	-	-	-	-
Mark-up / return / interest receivable	-	11,404	-	-	-	11,404
Mark-up / return / interest payable	-	271,375	1,062	2,057	226,070	500,564
Management fee payable for technical and consultancy services*	171,275	-	-	-	-	171,275
Prepayments / Advance deposits	-	9,712	-	-	-	9,712
Insurance premium payable	30,200	-	-	-	-	30,200
Transaction-related contingent liabilities	-	2,670,545	-	-	-	2,670,545
Trade-related contingent liabilities	-	4,128,670	-	-	-	4,128,670
Advance received against prepaid card	-	2	-	-	-	2
Receivable / (payable) against Purchase / Sale of Securities	-	(188,063)	-	-	-	(188,063)

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

	31 December 2014 (Audited)					
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	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 payable	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
Advance received against prepaid card	–	–	–	–	–	–
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.

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Transactions during the period	For the period ended 30 June 2015 (Un-Audited)				
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans
	Rupees in '000				
Mark-up / return / interest earned	-	38,399	6,546	-	-
Mark-up / return / interest expensed	-	837,187	1,900	12,909	81,196
Commission / brokerage / bank charges recovered	4,547	56,514	-	124	-
Commission / brokerage / bank charges paid	135	564	-	-	-
Rent income	18,633	-	-	-	-
Salaries and allowances	-	-	155,507	-	-
Directors' fees	-	-	-	4,425	-
Contribution to defined benefit plan	-	-	-	-	63,330
Contribution to defined contribution plan	-	-	-	-	68,923
Rent expense	-	6,870	-	-	-
Insurance premium expense	-	3,284	-	-	-
Maintenance, Electricity, Stationery & Entertainment	-	26,146	-	-	-
Management fee expense for technical and consultancy services*	134,222	-	-	-	-
Donation	-	3,920	-	-	-
Professional / other charges paid	-	1,049	-	-	-

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

**Transactions during the period**

For the period ended 30 June 2014 (Un-Audited)

	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000					
Mark-up / return / interest earned	–	45,603	5,188	–	–	50,791
Mark-up / return / interest expensed	–	371,426	1,415	13,539	54,238	440,618
Commission / brokerage / bank charges recovered	7,426	48,179	–	–	–	55,605
Commission / brokerage / bank charges paid	220	521	–	–	–	741
Salaries and allowances	–	–	144,658	–	–	144,658
Directors' fees	–	–	–	4,650	–	4,650
Contribution to defined benefit plan	–	–	–	–	63,738	63,738
Contribution to defined contribution plan	–	–	–	–	61,727	61,727
Rent expense	–	9,222	–	–	–	9,222
Insurance premium expense	6,000	1,320	–	–	–	7,320
Maintenance, Electricity, Stationery & Entertainment	–	24,707	–	–	–	24,707
Management fee expense for technical and consultancy services*	113,450	–	–	–	–	113,450
Donation	–	2,960	–	–	–	2,960
Professional / other charges paid	–	956	–	–	–	956

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

**18. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES**

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

	30 June 2015 (Un-Audited)			
	Trade & Sales	Retail Banking	Commercial Banking	Total
	Rupees in '000			
<b>Total income*</b>	<b>16,428,021</b>	<b>2,883,768</b>	<b>11,436,027</b>	<b>30,747,816</b>
<b>Total expenses*</b>	<b>(10,100,740)</b>	<b>(2,234,440)</b>	<b>(10,817,465)</b>	<b>(23,152,645)</b>
<b>Net Income</b>	<b>6,327,281</b>	<b>649,328</b>	<b>618,562</b>	<b>7,595,171</b>
<b>Segment assets</b>	<b>301,194,347</b>	<b>2,037,606</b>	<b>151,828,561</b>	<b>455,060,514</b>
<b>Segment liabilities</b>	<b>17,536,275</b>	<b>97,493,770</b>	<b>303,802,442</b>	<b>418,832,487</b>

  

	30 June 2014 (Un-Audited)			
	Trade & Sales	Retail Banking	Commercial Banking	Total
	Rupees in '000			
Total income*	10,889,817	4,199,403	6,640,042	21,729,262
Total expenses*	(9,070,228)	(3,817,478)	(5,771,238)	(18,658,944)
Net Income	1,819,589	381,925	868,804	3,070,318
Segment assets	221,534,527	1,593,197	154,369,211	377,496,935
Segment liabilities	69,184,150	126,992,963	153,320,357	349,497,470

\* Includes Rs. 5,974,268 thousand (30 June 2014: Rs. 3,731,715 thousand) of inter-segment revenues and expenses.

## 19. KEY ISLAMIC BANKING OPERATIONS

- 19.1 The Group is operating 12 (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 June 2015 are as follow.

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

	Note	30 June 2015 (Un-Audited)	31 December 2014 (Audited)
Rupees in '000			
<b>ASSETS</b>			
Cash and balances with treasury banks		1,851,982	1,491,819
Balances with other banks		–	500,000
Due from financial institutions		8,370,075	7,896,317
Investments		20,243,198	16,233,976
Islamic financing and related assets	A-2	7,297,872	6,729,141
Operating fixed assets		43,624	39,502
Deferred tax assets - net		–	–
Other assets		1,000,800	654,199
		<b>38,807,551</b>	<b>33,544,954</b>
<b>LIABILITIES</b>			
Bills payable		701,079	147,596
Due to financial institutions		816,050	373,400
Deposits and other accounts			
- Current accounts		5,239,723	4,721,766
- Saving accounts		9,787,084	8,793,428
- Term deposits		15,123,800	15,077,307
- Others		111,639	64,145
- Deposits from financial institutions - remunerative		5,113,612	1,940,922
- Deposits from financial institutions - non remunerative		7,314	122,495
		<b>35,383,172</b>	<b>30,720,063</b>
Due to head office		–	175,989
Other liabilities		593,585	678,791
		<b>37,493,886</b>	<b>32,095,839</b>
<b>NET ASSETS</b>		<b>1,313,665</b>	<b>1,449,115</b>
<b>REPRESENTED BY</b>			
Islamic banking fund		1,002,544	1,002,512
Reserves		–	–
Unappropriated profit		211,883	387,874
		<b>1,214,427</b>	<b>1,390,386</b>
Surplus on revaluation of assets		99,238	58,729
		<b>1,313,665</b>	<b>1,449,115</b>

## 19.2 PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR ENDED 30 JUNE 2015

	30 June 2015 (Un-Audited)	30 June 2014 (Un-Audited)
	Rupees in '000	
Profit / return on financing, investments and placements earned	<b>1,315,901</b>	1,057,426
Profit / return on deposit and other dues expensed	<b>(959,719)</b>	(880,414)
Net spread earned	<b>356,182</b>	177,012
Provision against non performing financing	<b>77,466</b>	4,767
Provision for diminution in the value of investments	-	-
Provision for customer financing ljarah	-	-
Bad debts written off directly	-	-
	<b>(77,466)</b>	(4,767)
Net spread after provisions	<b>278,716</b>	172,245
<b>OTHER INCOME</b>		
Fee, commission and brokerage income	<b>16,776</b>	14,695
Dividend income	-	-
Income from dealing in foreign currencies - net	<b>7,487</b>	6,553
Gain on sale / redemption of securities - net	<b>1,202</b>	92,181
Unrealized gain / (loss) on revaluation of investments classified as held-for-trading	-	-
Other income	<b>39,122</b>	22,037
Total other income	<b>64,587</b>	135,466
	<b>343,303</b>	307,711
<b>OTHER EXPENSES</b>		
Administrative expenses	<b>131,420</b>	86,882
Other provisions / write-offs	-	-
Other charges	-	-
Total other expenses	<b>(131,420)</b>	(86,882)
	<b>211,883</b>	220,829
Extra ordinary / unusual items	-	-
<b>PROFIT BEFORE TAXATION</b>	<b>211,883</b>	220,829
<b>19.3 Remuneration to Shariah Advisor / Board</b>	<b>1,294</b>	1,200

## 19.4 Charity Fund

	30 June 2015 (Un-Audited)	31 December 2014 (Audited)
	Rupees in '000	
Opening balance	-	-
Additions during the period / year	-	23
Payments / utilization during the period / year	-	(23)
Closing Balance	-	-

	30 June 2015 (Un-Audited)	31 December 2014 (Audited)
	Rupees in '000	
<b>A-2 ISLAMIC FINANCING AND RELATED ASSETS</b>		
<b>Financings / investments / receivables</b>		
- Murabaha	3,815,591	4,214,607
- Ijarah	214,066	271,260
- Diminishing musharaka	1,494,680	1,271,564
- Export refinance murabaha	401,050	396,700
- Istisna	20,000	-
- Al Bai Financing	8,380	-
	<b>5,953,767</b>	6,154,131
<b>Advances</b>		
- Advance against murabaha	762,024	245,789
- Advance against ijarah	18,245	4,941
- Advance against diminishing musharika	68,836	219,544
- Advance against istisna	495,000	85,000
	<b>1,344,105</b>	555,274
<b>Assets / Inventories</b>		
- Istisna Goods	-	19,736
	<b>-</b>	19,736
	<b>7,297,872</b>	6,729,141
<b>A-2.1 Islamic mode of financing</b>		
Financings / investments / receivables	5,953,767	6,154,131
Advances	1,344,105	555,274
Assets / Inventories	-	19,736
	<b>7,297,872</b>	6,729,141
<b>A-2.2 Murabaha financing</b>		
Murabaha receivable - gross	4,320,580	4,590,152
Less: Deferred murabaha income	(179,169)	(197,427)
Provision against murabaha financing	(325,820)	(178,118)
	<b>3,815,591</b>	4,214,607

## 20. GENERAL

**20.1** The Board of Directors in its meeting held on 21 August 2015 has declared a cash dividend in respect of the period ended 30 June 2015 of Rs. 2.0 per share (30 June 2014: Nil). These consolidated condensed interim financial statements for the period ended 30 June 2015 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

**20.2** 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.

**20.3** Figures have been rounded off to the nearest thousand rupees, unless otherwise mentioned.

## 21. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue by the Board of Directors on 21 August 2015.

**KASSIM PAREKH**  
Chairman

**SIRAJUDDIN AZIZ**  
President &  
Chief Executive Officer

**TARIQ IKRAM**  
Director

**FIRASAT ALI**  
Director