



هَذَا مِنْ فَضْلِ رَبِّي



[Subsidiary of Habib Bank AG Zurich]

# Our Vision



Based on a foundation of trust,  
to be the most respected financial institution,  
delighting customers with excellence,  
enjoying the loyalty of a dedicated team,  
meeting the expectations of regulators and  
participating in social causes while  
providing superior returns to shareholders

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### CHAIRMAN

Kassim Parekh

#### PRESIDENT & CHIEF EXECUTIVE OFFICER

Sirajuddin Aziz

#### DIRECTORS

Ali S. Habib

Firasat Ali

Mohamedali R. Habib

Mohomed Bashir

Muhammad H. Habib

Sohail Hasan

Tariq Ikram

#### AUDIT COMMITTEE

Ali S. Habib

Kassim Parekh

Tariq Ikram

#### CREDIT COMMITTEE

Kassim Parekh

Mohamedali R. Habib

Muhammad H. Habib

Sirajuddin Aziz

#### HUMAN RESOURCE & REMUNERATION COMMITTEE

Mohamedali R. Habib

Sirajuddin Aziz

Tariq Ikram

#### RISK MANAGEMENT COMMITTEE

Kassim Parekh

Sirajuddin Aziz

Sohail Hasan

#### COMPANY SECRETARY

Muhammad Imran

#### SHARE REGISTRAR

Noble Computer Services (Private) Limited

First Floor, Siddiqsons Tower,

3-Jinnah C. H. Society, Main Shahr-e-Faisal,

Karachi - 75350.

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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 first quarter ended March 31, 2015.

The quarter under review proved favorable for the economy, as major economic indicators exhibited promising movements. CPI inflation continues to decline and is expected to remain considerably below its budgeted annual target. GDP growth, too, is poised to exceed the growth posted in FY14. Keeping in view the declining trend in inflation, the SBP has further reduced the policy rate by 50 basis points, from 8.5 percent to 8.0 percent at end of the quarter. This will create demand for credit in private sector due to lower financing rates. However, energy crisis and security concern are still key hurdles in private sector lending. Going forward we anticipate banking spreads will reduce as lending rates will decline on account of ongoing monetary easing. The external outlook remained stable while the exchange reserves have improved to over USD 16 billion. However, appreciation in USD globally will affect the Pakistani exports especially in Euro Zone due to weakness in their currencies.

By the Grace of Allah, HabibMetro continues to maintain its performance. Bank's deposit and advances stood at Rs. 315bn and Rs. 122bn respectively as of March 31, 2015 while Investments increased to Rs. 272bn.

The Bank posted a Profit after Tax (PAT) of Rs. 1,413mn for the first quarter ended March 31, 2015 as compared to Rs. 996mn in the same period last year, exhibiting an increase of 41.9%. This translates into earnings per share of Rs. 1.35. At end of quarter, the Bank's net equity stands at Rs. 28.9bn with a comfortable 18.3% capital adequacy level against the required 10%.

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 fourteenth 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.

## HABIBMETRO

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With a network of 240 branches in 62 cities across Pakistan including 10 Islamic banking branches, Habib Metropolitan Bank provides technologically advanced services to its customer through secured Web & SMS Banking services, globally accepted Visa Card and nationwide ATM network.

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: April 14, 2015

## UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

AS AT 31 MARCH 2015

	Note	31 March 2015 (Un-Audited)	31 December 2014 (Audited)
Rupees in '000			
<b>ASSETS</b>			
Cash and balances with treasury banks		22,234,569	18,640,853
Balances with other banks	5	2,986,153	1,869,735
Lendings to financial institutions	6	1,241,001	3,408,776
Investments	7	272,286,965	221,761,162
Advances	8	122,254,029	134,175,636
Operating fixed assets	9	2,957,718	3,024,588
Deferred tax assets	10	327,158	1,268,527
Other assets		8,037,179	13,230,805
		<b>432,324,772</b>	<b>397,380,082</b>
<b>LIABILITIES</b>			
Bills payable		6,932,508	5,201,482
Borrowings	11	60,556,915	24,883,982
Deposits and other accounts	12	315,194,035	320,023,460
Sub-ordinated loans		—	—
Liabilities against assets subject to finance lease		—	—
Deferred tax liabilities		—	—
Other liabilities		13,986,433	12,520,456
		<b>396,669,891</b>	<b>362,629,380</b>
<b>NET ASSETS</b>		<b>35,654,881</b>	<b>34,750,702</b>
<b>REPRESENTED BY</b>			
Share capital		10,478,315	10,478,315
Reserves		11,461,357	11,178,823
Unappropriated profit		7,037,079	8,543,116
		<b>28,976,751</b>	<b>30,200,254</b>
Surplus on revaluation of assets - net of tax	13	6,678,130	4,550,448
		<b>35,654,881</b>	<b>34,750,702</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	14		

The annexed notes 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.

**KASSIM PAREKH**  
Chairman

**SIRAJUDDIN AZIZ**  
President &  
Chief Executive Officer

**TARIQ IKRAM**  
Director

**MOHOMED BASHIR**  
Director



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

FOR THE QUARTER ENDED 31 MARCH 2015

	Note	2015	2014
		Rupees in '000	
Mark-up / return / interest earned		9,202,521	7,137,418
Mark-up / return / interest expensed		(5,954,716)	(4,615,792)
<b>Net mark-up / interest income</b>		<b>3,247,805</b>	<b>2,521,626</b>
Provision against non-performing loans and advances	8.3	750,000	490,855
Provision for diminution in the value of investments	7.1	16,924	(3,276)
Bad debts written-off directly		—	—
		(766,924)	(487,579)
Net mark-up / interest income after provisions		<b>2,480,881</b>	<b>2,034,047</b>
<b>Non mark-up / interest income</b>			
Fee, commission and brokerage income		643,615	569,306
Dividend income		21,518	8,887
Income from dealing in foreign currencies		286,250	179,451
Gain on sale / redemption of securities - net		768,516	330,197
Unrealized gain / (loss) on revaluation of investments classified as 'held-for-trading'		—	—
Other income		79,636	73,160
Total non mark-up / interest income		<b>1,799,535</b>	<b>1,161,001</b>
		<b>4,280,416</b>	<b>3,195,048</b>
<b>Non mark-up / interest expenses</b>			
Administrative expenses		1,995,714	1,765,085
Other provisions / write offs		—	—
Other charges		100,143	34,445
Total non mark-up / interest expenses		<b>(2,095,857)</b>	<b>(1,799,530)</b>
		<b>2,184,559</b>	<b>1,395,518</b>
Extra ordinary / unusual items		—	—
<b>Profit before taxation</b>		<b>2,184,559</b>	<b>1,395,518</b>
Taxation - Current		943,188	559,601
- Prior years		—	—
- Deferred		(171,301)	(159,937)
		(771,887)	(399,664)
<b>Profit after taxation</b>		<b>1,412,672</b>	<b>995,854</b>
<b>Basic and diluted earnings per share (Rupee)</b>	15	<b>1.35</b>	<b>0.95</b>

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Chairman

**SIRAJUDDIN AZIZ**  
President &  
Chief Executive Officer

**TARIQ IKRAM**  
Director

**MOHOMED BASHIR**  
Director

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

FOR THE QUARTER ENDED 31 MARCH 2015

	2015	2014
	Rupees in '000	
Profit after taxation for the period	1,412,672	995,854
<b>Other comprehensive income</b>		
<b>Items not to be reclassified to profit and loss</b>		
<b>in subsequent periods:</b>		
Actuarial loss on defined benefit plan	(25,532)	(5,032)
Related deferred tax reversal	8,936	1,761
	(16,596)	(3,271)
<b>Total comprehensive income</b>	<b>1,396,076</b>	<b>992,583</b>
<b>Components of comprehensive income</b>		
<b>not reflected in equity</b>		
Surplus on revaluation of investments	3,249,292	644,203
Related deferred tax charge	(1,121,610)	(232,318)
	2,127,682	411,885
<b>Total comprehensive income</b>	<b>3,523,758</b>	<b>1,404,468</b>

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Chairman

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Chief Executive Officer

**TARIQ IKRAM**  
Director

**MOHOMED BASHIR**  
Director

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

FOR THE QUARTER ENDED 31 MARCH 2015

	2015	2014
	Rupees in '000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	2,184,559	1,395,518
Less: Dividend income	(21,518)	(8,887)
	<b>2,163,041</b>	1,386,631
<b>Adjustments</b>		
Depreciation	136,747	122,764
Provision against non-performing loans and advances – net	750,000	490,855
Provision for diminution in the value of investments – net	16,924	(40,549)
Net gain on sale of fixed assets	(2,929)	–
	<b>900,742</b>	573,070
	<b>3,063,783</b>	1,959,701
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	2,167,775	(2,500,000)
Advances	11,171,607	9,652,826
Other assets (excluding advance taxation)	4,760,805	(2,885,487)
	<b>18,100,187</b>	4,267,339
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	1,731,026	1,342,465
Borrowings	34,720,028	52,824,549
Deposits and other accounts	(4,829,425)	22,417,100
Other liabilities (excluding current taxation)	(1,406,288)	4,606,686
	<b>30,215,341</b>	81,190,800
Income tax paid	51,379,311	87,417,840
	<b>(285,539)</b>	(376,299)
<b>Net cash flows from operating activities</b>	<b>51,093,772</b>	87,041,541
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investments in available-for-sale securities	(47,282,388)	(81,547,421)
Net investments in held-to-maturity securities	(11,047)	(4,446,982)
Dividend received	23,866	8,887
Investments in operating fixed assets	(69,921)	(76,603)
Proceeds from sale of fixed assets	2,972	607
<b>Net cash flows from investing activities</b>	<b>(47,336,518)</b>	(86,061,512)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(25)	(1,101,208)
<b>Net cash flows from financing activities</b>	<b>(25)</b>	(1,101,208)
<b>Increase / (decrease) in cash and cash equivalents</b>	<b>3,757,229</b>	(121,179)
Cash and cash equivalents at beginning of the period	19,635,073	24,242,041
<b>Cash and cash equivalents at end of the period</b>	<b>23,392,302</b>	24,120,862

The annexed notes 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.

**KASSIM PAREKH**  
Chairman

**SIRAJUDDIN AZIZ**  
President &  
Chief Executive Officer

**TARIQ IKRAM**  
Director

**MOHOMED BASHIR**  
Director

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

FOR THE QUARTER ENDED 31 MARCH 2015

	Reserves					Unappropriated profit	Total
	Share Capital	Share premium	Statutory reserve	Special reserve	Revenue reserve		
	Rupees in '000						
<b>Balance as at 1 January 2014</b>	10,478,315	2,550,985	5,902,165	240,361	1,500,000	6,692,612	27,364,438
<b>Changes in equity for the period ended 31 March 2014</b>							
Total comprehensive income (profit for the period)	-	-	-	-	-	995,854	995,854
Other comprehensive income - net of tax	-	-	-	-	-	(3,271)	(3,271)
<b>Transactions with owners, recorded directly in equity</b>							
Cash dividend (Rs. 2.00 per share)	-	-	-	-	-	(2,095,663)	(2,095,663)
Transfer to statutory reserve	-	-	199,171	-	-	(199,171)	-
<b>Balance as at 31 March 2014</b>	10,478,315	2,550,985	6,101,336	240,361	1,500,000	5,390,361	26,261,358
<b>Changes in equity for the period ended 31 December 2014</b>							
Total comprehensive income (profit for the period)	-	-	-	-	-	3,930,706	3,930,706
Other comprehensive income - net of tax	-	-	-	-	-	8,190	8,190
Transfer to statutory reserve	-	-	786,141	-	-	(786,141)	-
<b>Balance as at 31 December 2014</b>	10,478,315	2,550,985	6,887,477	240,361	1,500,000	8,543,116	30,200,254
<b>Changes in equity for the period ended 31 March 2015</b>							
Total comprehensive income (profit for the period)	-	-	-	-	-	1,412,672	1,412,672
Other comprehensive income - net of tax	-	-	-	-	-	(16,596)	(16,596)
<b>Transactions with owners, recorded directly in equity</b>							
Cash dividend (Rs. 2.50 per share)	-	-	-	-	-	(2,619,579)	(2,619,579)
Transfer to statutory reserve	-	-	282,534	-	-	(282,534)	-
<b>Balance as at 31 March 2015</b>	<u>10,478,315</u>	<u>2,550,985</u>	<u>7,170,011</u>	<u>240,361</u>	<u>1,500,000</u>	<u>7,037,079</u>	<u>28,976,751</u>

The annexed notes 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.

**KASSIM PAREKH**  
Chairman

**SIRAJUDDIN AZIZ**  
President &  
Chief Executive Officer

**TARIQ IKRAM**  
Director

**MOHOMED BASHIR**  
Director

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

FOR THE QUARTER ENDED 31 MARCH 2015

**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. Its shares are listed on all the three stock exchanges in Pakistan. The Bank operates 201 (31 December 2014: 201) branches including 10 (31 December 2014: 10) Islamic banking branches and 39 (31 December 2014: 39) sub branches in Pakistan. The Bank is a subsidiary of Habib Bank AG Zurich - Switzerland (the holding company) which is incorporated in Switzerland.

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

**2. BASIS OF PREPARATION**

**2.1** These unconsolidated condensed interim financial statements are presented in condensed form in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting. These unconsolidated condensed interim financial statements do not include all of the information required for full financial statements and should be read in conjunction with the annual unconsolidated financial statements of the Bank for the year ended 31 December 2014.

**2.2** These unconsolidated condensed interim financial statements are being submitted to the shareholders in accordance with the requirement of section 245 of the Companies Ordinance 1984.

**3. ACCOUNTING POLICIES AND ESTIMATES**

**3.1** The accounting policies adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the annual unconsolidated financial statements of the Bank for the year ended 31 December 2014.

**3.2** The basis for accounting estimates 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 2014.

#### 4. FINANCIAL RISK MANAGEMENT

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

#### 5. BALANCES WITH OTHER BANKS

	<b>31 March 2015</b> (Un-Audited)	31 December 2014 (Audited)
	Rupees in '000	
<b>In Pakistan</b>		
Current accounts	<b>810,211</b>	345,083
Deposit accounts	<b>82,221</b>	548,662
	<b>892,432</b>	893,745
<b>Outside Pakistan</b>		
Current accounts	<b>1,074,279</b>	975,990
Deposit accounts	<b>1,019,442</b>	–
	<b>2,093,721</b>	975,990
	<b>2,986,153</b>	1,869,735

#### 6. LENDINGS TO FINANCIAL INSTITUTIONS

Repurchase agreement lendings (Reverse repo)	<b>1,241,001</b>	1,908,776
Call money lendings	–	1,500,000
	<b>1,241,001</b>	3,408,776

7. INVESTMENTS

		31 March 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		124,202,862	7,143,045	131,345,907	85,129,747	–	85,129,747
Pakistan investment bonds		43,707,412	30,826,725	74,534,137	77,467,150	–	77,467,150
Ordinary shares of listed companies		967,157	–	967,157	973,924	–	973,924
Ordinary shares of unlisted companies		104,205	–	104,205	104,205	–	104,205
Listed term finance certificates		1,314,174	–	1,314,174	1,094,653	–	1,094,653
Unlisted term finance certificates		440,395	–	440,395	440,395	–	440,395
Sukuk certificates and bonds		21,405,188	–	21,405,188	17,314,358	–	17,314,358
Open end mutual funds		9,552,485	–	9,552,485	9,856,828	–	9,856,828
Close end mutual funds		31,816	–	31,816	31,816	–	31,816
		201,725,694	37,969,770	239,695,464	192,413,076	–	192,413,076
<b>Held-to-maturity securities</b>							
Pakistan investment bonds		22,570,406	–	22,570,406	22,559,359	–	22,559,359
<b>Subsidiary</b>							
Habib Metropolitan Financial Services Limited		300,000	–	300,000	300,000	–	300,000
<b>Investments at cost</b>		224,596,100	37,969,770	262,565,870	215,272,435	–	215,272,435
Less: Provision for diminution in the value of investments	7.1	(177,104)	–	(177,104)	(160,180)	–	(160,180)
<b>Investments – net of provisions</b>		224,418,996	37,969,770	262,388,766	215,112,255	–	215,112,255
Surplus / (deficit) on revaluation of available-for-sale securities – net	13	10,771,243	(873,044)	9,898,199	6,648,907	–	6,648,907
<b>Investments after revaluation of available-for-sale securities</b>		235,190,239	37,096,726	272,286,965	221,761,162	–	221,761,162

	Notes	<b>31 March 2015</b> (Un-Audited)	31 December 2014 (Audited)
Rupees in '000			
<b>7.1 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>19,751</b>	24,482
Recovered during the period / year		<b>(2,827)</b>	(13,102)
Net charge for the period / year		<b>16,924</b>	11,380
Reversal of provision on disposal of investments		<b>-</b>	(42,184)
Closing balance		<b>177,104</b>	160,180
<b>8. ADVANCES</b>			
Loans, cash credits, running finances, etc.			
In Pakistan		<b>107,644,119</b>	114,971,053
Net investments in finance lease / ijarah financing			
In Pakistan		<b>481,186</b>	476,918
Assets held under Ijarah		<b>220,187</b>	247,988
Bills discounted and purchased (excluding Market Treasury Bills)			
Payable in Pakistan		<b>6,101,476</b>	8,089,663
Payable outside Pakistan		<b>24,545,603</b>	26,378,556
		<b>30,647,079</b>	34,468,219
Advances - gross		<b>138,992,571</b>	150,164,178
Provision against non-performing advances			
- specific		<b>(16,230,309)</b>	(15,661,846)
- general		<b>(508,233)</b>	(326,696)
	8.3	<b>(16,738,542)</b>	(15,988,542)
Advances - net of provisions		<b>122,254,029</b>	134,175,636



**8.1** Advances include Rs. 19,327,794 thousand (31 December 2014: Rs. 19,325,134 thousand) which have been placed under non-performing status as detailed below:

Category of Classification	31 March 2015 (Un-Audited)		
	Classified advances	Provision Required	Provision Held
	Rupees in '000's		
Substandard	42,486	–	–
Doubtful	1,341,133	532,346	532,346
Loss	17,944,175	15,697,963	15,697,963
	<u>19,327,794</u>	<u>16,230,309</u>	<u>16,230,309</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>

**8.2** During the current period, the Bank availed additional forced sale value (FSV) benefit under BSD Circular No. 1 of 21 October 2011. This has resulted in reduction of provision against non-performing advances by Rs. 10,622 thousand. Further, as of 31 March 2015, had the benefit of FSVs (including those availed upto previous year) not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 2,395,053 thousand (31 December 2014: Rs. 2,513,871 thousand) and accumulated profit would have been lower by Rs. 1,556,784 thousand (31 December 2014: Rs. 1,634,016 thousand). This amount of Rs. 1,556,784 thousand is not available for distribution of cash, stock dividend to the shareholders and bonus to employees.

**8.3 Particulars of specific provision against non-performing advances:**

	31 March 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	655,133	181,537	836,670	3,244,544	–	3,244,544
Reversals	(86,670)	–	(86,670)	(949,889)	(527,456)	(1,477,345)
Net charge for the period / year	568,463	181,537	750,000	2,294,655	(527,456)	1,767,199
Amount written off	–	–	–	(88,670)	–	(88,670)
Closing balance	<u>16,230,309</u>	<u>508,233</u>	<u>16,738,542</u>	<u>15,661,846</u>	<u>326,696</u>	<u>15,988,542</u>

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**8.4** General provision includes provision of Rs. 2,039 thousand (31 December 2014: Rs. 2,178 thousand) made against consumer portfolio in accordance with the Prudential Regulations issued by SBP at 1.5% of the fully secured and at 5% of the unsecured consumer portfolio. Moreover, general provision also includes provision of Rs. 34,437 thousands (31 December 2014: Rs. 31,041 thousand) made against Small Enterprises (SEs) maintained at an amount equal to 1% of the fully secured performing portfolio and 2% of the unsecured performing portfolio.

## **9. OPERATING FIXED ASSETS**

During the current period, additions and disposals in operating fixed assets amounted to Rs. 53,611 thousand (31 March 2014: Rs. 43,155 thousand) and Rs. 1,986 thousand (31 March 2014: Rs. 607 thousand) respectively.

## **10. DEFERRED TAX ASSETS**

Through Finance Act, 2010 certain amendments have been introduced in 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 upto 1% of such total gross advances.

Further a new Rule 8(A) has been introduced in Seventh Schedule to allow 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. 3,549,503 thousand (31 December 2014: Rs. 3,408,971 thousand).

## HABIBMETRO

	31 March 2015 (Un-Audited)	31 December 2014 (Audited)
	Rupees in '000	
<b>11. BORROWINGS</b>		
<b>Secured</b>		
Borrowings from State Bank of Pakistan		
– under export refinance scheme	15,788,172	17,605,949
– under long term financing – export oriented projects	63,005	63,689
– under long term financing facility – locally manufactured plant and machinery	1,270,871	1,394,143
	17,122,048	19,063,781
Repurchase agreement borrowings (Repo)	37,060,859	–
Against bills re-discounting	3,834,006	4,032,088
	58,016,913	23,095,869
<b>Unsecured</b>		
Call borrowings	200,000	–
Bai Muajjal	511,582	912,598
Overdrawn nostro accounts	1,579,982	726,859
Overdrawn local bank accounts	248,438	148,656
	2,540,002	1,788,113
	60,556,915	24,883,982
<b>12. DEPOSITS AND OTHER ACCOUNTS</b>		
<b>Customers</b>		
Fixed deposits	125,748,945	130,176,879
Saving deposits	96,469,075	93,481,501
Current deposits (non-remunerative)	83,900,803	86,881,170
Others	2,670,332	2,268,708
	308,789,155	312,808,258
<b>Financial Institutions</b>		
Remunerative deposits	5,292,576	5,716,190
Non-remunerative deposits	1,112,304	1,499,012
	6,404,880	7,215,202
	315,194,035	320,023,460

	31 March 2015 (Un-Audited)	31 December 2014 (Audited)
	Rupees in '000	
<b>13. SURPLUS ON REVALUATION OF ASSETS – NET OF TAX</b>		
<b>Available-for-sale securities:</b>		
<b>Federal Government Securities</b>		
Market Treasury Bills	729,644	138,751
Pakistan Investment Bonds	7,979,701	5,435,982
GOP Ijarah Sukuk	123,394	28,753
<b>Fully paid-up ordinary shares and mutual funds</b>	<b>1,085,778</b>	1,016,261
<b>Term finance certificates, sukuk certificates and bonds</b>		
Listed term finance certificates	(11,324)	(11,332)
Unlisted term finance certificates	1,721	9,554
Sukuk certificates / bonds	(10,715)	30,939
	<u>9,898,199</u>	<u>6,648,907</u>
Related deferred tax liability - net	(3,220,069)	(2,098,459)
	<u><b>6,678,130</b></u>	<u>4,550,448</u>
<b>14. CONTINGENCIES AND COMMITMENTS</b>		
<b>14.1 Direct credit substitutes</b>		
Bank guarantees of indebtedness in favour of banking companies and other financial institutions	<u>12,318</u>	<u>16,472</u>
<b>14.2 Transaction-related contingent liabilities</b>		
Includes performance bonds, bid bonds, advance payment guarantees and shipping guarantees favouring:		
i) Government	15,265,336	14,820,687
ii) Banking companies and other financial institutions	1,075,521	36,395
iii) Others	7,095,380	6,035,569
	<u>23,436,237</u>	<u>20,892,651</u>
<b>14.3 Trade-related contingent liabilities</b>		
Letters of credit	<u>61,578,605</u>	<u>58,279,685</u>
Acceptances	<u>14,569,279</u>	<u>12,513,947</u>

## HABIBMETRO

	31 March 2015 (Un-Audited)	31 December 2014 (Audited)
	Rupees in '000	
<b>14.4 Commitments in respect of forward exchange contracts</b>		
Purchase	<u>95,914,260</u>	<u>100,046,711</u>
Sale	<u>94,708,667</u>	<u>102,295,035</u>
<b>14.5 Commitments in respect of operating leases</b>		
Not later than one year	<u>22,116</u>	<u>16,371</u>
Later than one year and not later than five years	<u>27,383</u>	<u>18,732</u>
	<u>49,499</u>	<u>35,103</u>
<b>14.6 Commitments for the acquisition of operating fixed assets</b>	<u>14,036</u>	<u>9,972</u>
<b>14.7 Claims against the Bank not acknowledged as debt</b>	<u>2,162,416</u>	<u>2,184,916</u>
<b>14.8 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>14.9 Commitments in respect of syndicate financing</b>	<u>1,181,643</u>	<u>–</u>
<b>14.10 Commitments in respect of investment in Sukuk certificates and Term finance certificates</b>	<u>113,043</u>	<u>–</u>
<b>14.11 Taxation</b>		
Income tax assessments of the Bank 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 Inland Revenue (ATIR). However, adequate provisions are being held by the Bank.		
<b>15. BASIC AND DILUTED EARNINGS PER SHARE</b>		
	31 March 2015 (Un-Audited)	31 March 2014
	Rupees in '000	
Profit after taxation	<u>1,412,672</u>	<u>995,854</u>
	Numbers in '000	
Weighted average number of ordinary shares	<u>1,047,831</u>	<u>1,047,831</u>
	Rupee	
Basic and diluted earnings per share	<u>1.35</u>	<u>0.95</u>

## 16. TRANSACTIONS WITH RELATED PARTIES

The Bank has related party relationships with its holding company, subsidiary, 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.

	31 March 2015 (Un-Audited)					
	Holding company	Subsidiary	Associates	Key management personnel	Directors	Retirement benefit plans
	Rupees in '000					
<b>Deposits</b>						
At beginning of the year	294,869	81,605	19,676,536	49,180	385,250	1,098,520
Received during the period	6,861,975	20,598,027	323,179,276	76,375	161,326	161,288
Repaid during the period	(6,918,852)	(20,602,102)	(324,171,324)	(69,064)	(222,471)	(35,359)
At end of the period	237,992	77,530	18,684,488	56,491	324,105	1,224,449
<b>Advances</b>						
At beginning of the year	-	-	1,840,385	163,281	-	-
Disbursed during the period	-	-	11,066,958	30,191	-	-
Recovered during the period	-	-	(10,816,168)	(68,473)	-	-
At end of the period	-	-	2,091,175	124,999	-	-
Bank balances held by the Bank	80,833	-	32,474	-	-	-
Mark-up/return/interest receivable	-	-	17,927	-	-	-
Mark-up/return/interest payable	-	456	320,942	1,159	2,156	193,549
Management fee payable for technical and consultancy services*	172,350	-	-	-	-	-
Prepayments /Advance deposits	-	-	11,532	-	-	-
Insurance premium and other payable	30,200	-	8,583	-	-	-
Transaction-related contingent liabilities	-	-	2,538,567	-	-	-
Trade-related contingent liabilities	-	-	2,892,595	-	-	-

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

	31 December 2014 (Audited)					
	Holding company	Subsidiary	Associates	Key management personnel	Directors	Retirement benefit plans
	Rupees in '000					
<b>Deposits</b>						
At beginning of the year	179,325	136,023	5,220,156	49,351	306,775	1,077,055
Received during the year	22,255,937	63,314,318	1,046,264,405	401,490	1,368,482	3,990,102
Repaid during the year	(22,140,393)	(63,368,736)	(1,031,808,025)	(401,661)	(1,290,007)	(3,968,637)
At end of the year	294,869	81,605	19,676,536	49,180	385,250	1,098,520
<b>Advances</b>						
At beginning of the year	–	–	2,020,013	108,388	–	–
Disbursed during the year	–	–	38,405,253	64,877	–	–
Recovered during the year	–	–	(38,584,881)	(9,984)	–	–
At end of the year	–	–	1,840,385	163,281	–	–
Bank balances held by the Bank	33,711	–	33,719	–	–	–
Overdrawn bank balances held by the Bank	34,661	–	–	–	–	–
Mark-up / return / interest receivable	–	–	8,617	–	–	–
Mark-up / return / interest payable	–	463	295,011	1,309	3,136	159,094
Management fee payable for technical and consultancy services*	213,255	–	–	–	–	–
Prepayments / Advance deposits	–	–	4,797	–	–	–
Insurance premium and other payable	30,200	–	470	–	–	–
Transaction-related contingent liabilities	–	–	2,479,183	–	–	–
Trade-related contingent liabilities	–	–	5,637,701	–	–	–

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

Transactions during the period	For the period ended 31 March 2015 (Un-Audited)						Total
	Holding company	Subsidiary	Associates	Key management personnel	Directors	Retirement benefit plans	
	Rupees in '000						
Mark-up/return/interest earned	-	-	29,371	2,686	-	-	32,057
Mark-up/return/interest expensed	-	1,361	478,856	760	6,556	40,430	527,963
Commission/brokerage/bank charges recovered	2,195	97	22,649	-	4	-	24,945
Commission/brokerage/bank charges paid	96	66	276	-	-	-	438
Rent income	-	300	-	-	-	-	300
Salaries and allowances	-	-	-	72,449	-	-	72,449
Directors' fees	-	-	-	-	2,250	-	2,250
Contribution to defined benefit plan	-	-	-	-	-	33,792	33,792
Contribution to defined contribution plan	-	-	-	-	-	34,169	34,169
Rent expenses	-	-	3,435	-	-	-	3,435
Insurance premium expenses	-	-	1,668	-	-	-	1,668
Maintenance, electricity, stationery & entertainment expenses	-	-	13,177	-	-	-	13,177
Management fee expense for technical and consultancy services*	66,120	-	-	-	-	-	66,120
Donation paid	-	-	1,960	-	-	-	1,960
Professional / other charges paid	-	-	482	-	-	-	482



## HABIBMETRO

Transactions during the period	For the period ended 31 March 2014 (Un-Audited)						Total
	Holding company	Subsidiary	Associates	Key management personnel	Directors	Retirement benefit plans	
	Rupees in '000						
Mark-up/return/interest earned	–	–	20,554	1,378	–	–	21,932
Mark-up/return/interest expensed	–	1,747	157,355	673	6,338	32,647	198,760
Commission/brokerage/bank charges recovered	1,573	6	21,446	–	–	–	23,025
Commission/brokerage/bank charges paid	88	232	317	–	–	–	637
Rent income	–	300	–	–	–	–	300
Salaries and allowances	–	–	–	70,622	–	–	70,622
Directors' fees	–	–	–	–	2,175	–	2,175
Contribution to defined benefit plan	–	–	–	–	–	30,666	30,666
Contribution to defined contribution plan	–	–	–	–	–	30,866	30,866
Rent expenses	–	–	4,017	–	–	–	4,017
Insurance premium expenses	6,000	–	644	–	–	–	6,644
Maintenance, electricity, stationery & entertainment expenses	–	–	12,034	–	–	–	12,034
Management fee expense for technical and consultancy services*	49,400	–	–	–	–	–	49,400
Donation paid	–	–	1,480	–	–	–	1,480
Professional / other charges paid	–	–	341	–	–	–	341

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

## 17. KEY ISLAMIC BANKING OPERATIONS

The Bank is operating 10 (31 December 2014:10) Islamic banking branches in Pakistan. The statement of financial position and profit and loss account of these branches as at 31 March 2015 are as follows:

### 17.1 STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	Note	31 March 2015 (Un-Audited)	31 December 2014 (Audited)
Rupees in '000			
<b>ASSETS</b>			
Cash and balances with treasury banks		1,368,306	1,491,819
Balances with other banks		—	500,000
Due from financial institutions		3,583,883	7,896,317
Investments		20,554,126	16,233,976
Islamic financing and related assets	A-2	5,751,421	6,729,141
Operating fixed assets		38,139	39,502
Deferred tax assets		—	—
Other assets		386,075	654,199
		<b>31,681,950</b>	<b>33,544,954</b>
<b>LIABILITIES</b>			
Bills payable		195,617	147,596
Due to financial institutions		621,850	373,400
Deposits and other accounts			
- Current accounts		4,548,335	4,721,766
- Saving accounts		8,421,618	8,793,428
- Term deposits		14,445,323	15,077,307
- Others		79,841	64,145
- Deposits from financial institutions - remunerative		1,429,730	1,940,922
- Deposits from financial institutions - non remunerative		7,921	122,495
		<b>28,932,768</b>	<b>30,720,063</b>
Due to head office		155,514	175,989
Other liabilities		581,777	678,791
		<b>30,487,526</b>	<b>32,095,839</b>
<b>NET ASSETS</b>		<b>1,194,424</b>	<b>1,449,115</b>
<b>REPRESENTED BY</b>			
Islamic banking fund		1,002,549	1,002,512
Reserves		—	—
Unappropriated profit		83,738	387,874
		<b>1,086,287</b>	<b>1,390,386</b>
Surplus on revaluation of assets		108,137	58,729
		<b>1,194,424</b>	<b>1,449,115</b>

## 17.2 PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER ENDED 31 MARCH 2015

	2015	2014
	Rupees in '000	
Profit / return on financing, investments and placements earned	683,070	504,577
Profit / return on deposit and other dues expensed	(486,354)	(406,897)
Net spread earned	196,716	97,680
Provision against non performing financing	72,587	671
Provision for diminution in the value of investments	—	—
Provision for consumer financing Ijarah	—	—
Bad debts written off directly	—	—
	(72,587)	(671)
Net spread after provisions	124,129	97,009
<b>OTHER INCOME</b>		
Fee, commission and brokerage income	8,260	6,715
Dividend income	—	—
Income from dealing in foreign currencies	3,418	3,517
Gain on sale / redemption of securities	—	10,429
Unrealized gain / (loss) on revaluation of investments classified as held-for-trading	—	—
Other income	11,426	10,806
Total other income	23,104	31,467
	147,233	128,476
<b>OTHER EXPENSES</b>		
Administrative expenses	63,495	45,934
Other provisions / write offs	—	—
Other charges	—	—
Total other expenses	(63,495)	(45,934)
	83,738	82,542
Extra ordinary / unusual items	—	—
<b>PROFIT BEFORE TAXATION</b>	<b>83,738</b>	<b>82,542</b>

## 17.3 Remuneration to Shariah Advisor/ Board

	647	600
	<b>31 March 2015</b>	<b>31 December 2014</b>
	(Un-Audited)	(Audited)
	Rupees in '000	

## 17.4 CHARITY FUND

Opening balance	—	—
Additions during the period	—	23
Payments / utilization during the period	—	(23)
Closing Balance	—	—

	Note	31 March 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	A-2.2	3,105,054	4,214,607
- Ijarah		243,631	271,260
- Diminishing musharika		1,516,369	1,271,564
- Export refinance murabaha		521,850	396,700
- Istisna		25,000	-
		<b>5,411,904</b>	6,154,131
<b>Advances</b>			
- Advance against murabaha		85,348	245,789
- Advance against ijarah		16,046	4,941
- Advance against diminishing musharika		33,123	219,544
- Advance against Istisna		205,000	85,000
		<b>339,517</b>	555,274
<b>Assets/Inventories</b>			
- Istisna Goods		-	19,736
		<b>5,751,421</b>	6,729,141
<b>A-2.1 Islamic mode of financing</b>			
Financings / investments / receivables		5,411,904	6,154,131
Advances		339,517	555,274
Assets / Inventories		-	19,736
		<b>5,751,421</b>	6,729,141
<b>A-2.2 Murabaha financing</b>			
Murabaha receivable - gross		3,575,556	4,590,152
Less: Deferred murabaha income		(150,026)	(197,427)
Provision against murabaha financing		(320,476)	(178,118)
		<b>3,105,054</b>	4,214,607

## 18. GENERAL

The figures have been rounded off to the nearest thousand rupees.

## 19. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue by the Board of Directors on 14 April 2015.

**KASSIM PAREKH**  
Chairman

**SIRAJUDDIN AZIZ**  
President &  
Chief Executive Officer

**TARIQ IKRAM**  
Director

**MOHOMED BASHIR**  
Director