

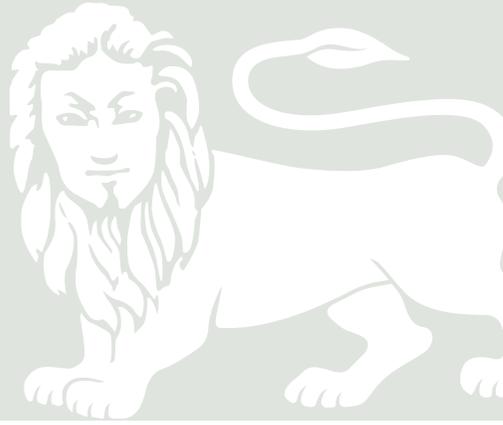
بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

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

Mohamedali R. Habib

PRESIDENT & CHIEF EXECUTIVE OFFICER

Sirajuddin Aziz

DIRECTORS

Ali S. Habib

Firasat Ali

Mohomed Bashir

Muhammad H. Habib

Sohail Hasan

Tariq Ikram

AUDIT COMMITTEE

Ali S. Habib

Firasat Ali

Tariq Ikram

CREDIT COMMITTEE

Mohamedali R. Habib

Muhammad H. Habib

Sirajuddin Aziz

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mohamedali R. Habib

Sirajuddin Aziz

Tariq Ikram

RISK & COMPLIANCE COMMITTEE

Sirajuddin Aziz

Sohail Hasan

COMPANY SECRETARY

Fuzail Abbas (Officiating)

SHARE REGISTRAR

Central Depository Company of Pakistan Limited

CDC House, 99-B, Block-B

S.M.C.H.S., Main Shahra-e-Faisal

Karachi - 74400.

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 30 September 2016.

The economy remained stable in the period under review as evident in the underlying macroeconomic variables. The economic outlook and growth resulted in a significant increase in consumer confidence. Year-on-year CPI inflation rose to 3.6 percent in August 2016 from 1.8 percent in August 2015. Going forward in FY17, the increase in domestic demand is likely to influence inflationary pressures. Economic activity and industrial developments are expected to spur productivity due to CPEC related developments. Low interest rates and improved energy supply are further expected to compliment this industrial activity.

By the Grace of Allah, HabibMetro continues to maintain its performance. Bank's deposit and gross advances stood at Rs. 473 billion and Rs. 154 billion respectively as of 30 September 2016 while Investments increased to Rs. 370 billion.

The Bank posted a Profit after Tax of Rs. 3,819 million for the nine months ended 30 September 2016, which translates into earnings per share of Rs. 3.64. At end of 30 September 2016, the Bank's net equity stands at Rs. 34.8 billion with a comfortable level of capital adequacy at 18.5 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 sixteenth 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 302 branches in 87 cities across Pakistan including 22 Islamic banking branches and 208 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.

During the quarter, Mr. Kassim Parekh – Chairman of the board resigned from the Board. The Board wishes to place on record its deep appreciation of the role played by Mr. Kassim Parekh since Bank's inception. Under his leadership, the Bank flourished and achieved many milestones. The Board elected Mr. Mohamedali R. Habib as Chairman in his place.

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: October 20, 2016

مزید برآں بہت سے دوسرے پروڈکٹس اور ایڈوائس ٹیکنالوجی سے مزین خدمات مثلاً محفوظ SMS اور ویب بینکنگ سروسز، دنیا بھر میں قابل قبول ویزا کارڈ اور ملکی سطح پر اپنے کسٹمرز کے لئے ATM نیٹ ورک فراہم کرتا ہے۔

رواں سہ ماہی میں چیئرمین جناب قاسم پارکھیہ صاحب مستعفی ہوئے۔ بورڈ آف ڈائریکٹرز نے ان کی بینک کے قیام سے لے کر اب تک کی خدمات کو سراہا۔ ان کی سربراہی میں بینک نے گراں قدر ترقی کی اور سنگ میل عبور کئے۔ بورڈ نے جناب محمد علی آر حبیب کو اپنا نیا چئیرمین منتخب کیا۔

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 تمام اداروں کے تعاون اور ہدایات کے لئے مشکور ہوں۔ میں اپنے محترم اور قابل قدر کسٹمرز کا بھی ان کے اعتماد اور معاونت پر شکریہ ادا کرتا ہوں۔ میں حبیب میٹروپولیٹن 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۔

بورڈ کی جانب سے

سراج الدین عزیز

کراچی ۲۰ اکتوبر ۲۰۱۶ء

صدر و چیف ایگزیکٹو آفیسر

ڈائریکٹرز کا جائزہ (ریویو)

میں نہایت مسرت کے ساتھ حبیب میٹرو پولیٹن بینک کے بورڈ آف ڈائریکٹرز کی جانب سے ۳۰ ستمبر ۲۰۱۶ کو ختم ہونے والے نو مہینوں کے غیر آڈٹ شدہ اکاؤنٹس پیش کر رہا ہوں۔

اساسی میٹرو کنٹیکسٹ کے باعث معیشت مستحکم رہی جس کی وجہ سے کسٹمرز کے اعتماد میں اضافہ ہوا۔ افراط زر اگست ۲۰۱۵ میں ۱.۸ فیصد تھا جو اگست ۲۰۱۶ میں بڑھ کر ۳.۶ فیصد ہو گیا۔ ۲۰۱۷ میں اندرون ملک مانگ افراط زر میں دباؤ پیدا کر سکتی ہے۔ چین پاکستان اقتصادی راہداری سے متعلق ترقیات کے باعث معاشی سرگرمی اور صنعتی ترقی متوقع ہے۔ کم شرح سود اور توانائی کی سپلائی میں بہتری سے صنعتی سرگرمی میں اضافے کی مزید توقع ہے۔

اللہ کے فضل و کرم سے حبیب میٹرو اپنی کارکردگی کے تسلسل کو برقرار رکھے ہوئے ہے۔ ستمبر ۲۰۱۶ کو بینک کے ڈپازٹ اور ایڈوانسز بالترتیب ۴۷۳ بلین روپے اور ۱۵۴ بلین روپے رہے جبکہ سرمایہ کاری بڑھ کر ۳۷۰ بلین روپے ہو گئی۔

۳۰ ستمبر ۲۰۱۶ کو ختم ہونے والے نو مہینوں میں بعد از ٹیکس منافع ۳،۸۱۹ بلین رہا۔ جو کہ فی حصص آمدنی کی مناسبت سے ۳.۶۴ روپے بنتی ہے۔ ۳۰ ستمبر ۲۰۱۶ کے اختتام پر بینک کی نیٹ ایکویٹی ۳۴.۸ بلین روپے اور کیپٹیل اڈیکویٹی ۱۸.۵ فیصد کی اطمینان بخش سطح پر رہی۔

بینک مسلسل سولہ 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 مقررہ وقت پر مالیاتی وعدوں کی ادائیگیاں کرنے کی مستحکم صلاحیت ظاہر کرتی ہے۔

پاکستان بھر کے ۸۷ شہروں میں ۳۰۲ شاخوں بشمول ۲۲ اسلامک بینکنگ کی شاخوں اور ۱۲۰۸ اسلامک بینکنگ ونڈوز کے ساتھ حبیب میٹرو بینک بہترین اور مکمل بینکاری خدمات اور پروڈکٹس بشمول خصوصی تجارتی مالیاتی پروڈکٹس فراہم کرتا ہے۔

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2016

	Note	30 September 2016 (Un-audited)	31 December 2015 (Audited) (Restated)
—————(Rupees in '000)—————			
ASSETS			
Cash and balances with treasury banks		38,421,870	30,645,728
Balances with other banks	6	1,884,805	13,806,513
Lendings to financial institutions	7	17,082,895	2,800,000
Investments	8	369,839,387	292,779,230
Advances	9	136,752,933	132,646,839
Operating fixed assets	10	3,385,519	3,124,779
Deferred tax assets	11	2,047,436	1,938,628
Other assets		8,176,109	12,137,391
		577,590,954	489,879,108
LIABILITIES			
Bills payable		7,945,189	6,344,461
Borrowings	12	46,020,562	31,462,822
Deposits and other accounts	13	473,315,396	403,354,957
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		11,557,010	11,889,064
		538,838,157	453,051,304
NET ASSETS			
		38,752,797	36,827,804
REPRESENTED BY			
Share capital		10,478,315	10,478,315
Reserves		13,473,727	12,710,010
Unappropriated profit		10,901,725	9,931,633
		34,853,767	33,119,958
Surplus on revaluation of assets - net of tax	14	3,899,030	3,707,846
		38,752,797	36,827,804
CONTINGENCIES AND COMMITMENTS			
	15		

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

MOHAMEDALI R. HABIB
Chairman

SIRAJUDDIN AZIZ
President &
Chief Executive Officer

TARIQ IKRAM
Director

SOHAIL HASAN
Director

UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2016

	Note	30 September 2016		30 September 2015	
		Quarter ended	Nine months ended	Quarter ended	Nine months ended
(Rupees in '000)					
Mark-up / return / interest earned		8,508,925	25,493,178	9,689,444	27,593,718
Mark-up / return / interest expensed		(5,632,632)	(16,715,039)	(5,756,536)	(16,870,966)
Net mark-up / interest income		2,876,293	8,778,139	3,932,908	10,722,752
Provision against non-performing loans and advances - net	9.3	40,995	1,012,340	271,641	1,916,847
Provision for diminution in the value of investments - net	8.1	2,230	34,134	30,699	93,056
Bad debts written-off directly		-	-	-	-
		(43,225)	(1,046,474)	(302,340)	(2,009,903)
Net mark-up / interest income after provisions		2,833,068	7,731,665	3,630,568	8,712,849
Non mark-up / interest income					
Fee, commission and brokerage income		709,003	2,239,188	654,706	2,089,431
Dividend income		52,730	95,462	19,000	125,992
Income from dealing in foreign currencies - net		231,418	786,593	214,825	792,643
Gain on sale / redemption of securities - net		766,436	2,670,241	49,026	4,528,995
Unrealized gain / (loss) on revaluation of investments classified as 'held-for-trading'		-	-	-	-
Other income		61,212	248,801	64,195	283,893
Total non mark-up / interest income		1,820,799	6,040,285	1,001,752	7,820,954
		4,653,867	13,771,950	4,632,320	16,533,803
Non mark-up / interest expenses					
Administrative expenses		2,403,994	6,992,469	2,153,414	6,260,470
Other provisions / write offs		-	(172,048)	-	-
Other charges		39,098	170,043	60,148	283,871
Total non mark-up / interest expenses		(2,443,092)	(6,990,464)	(2,213,562)	(6,544,341)
		2,210,775	6,781,486	2,418,758	9,989,462
Extra ordinary / unusual items		-	-	-	-
Profit before taxation		2,210,775	6,781,486	2,418,758	9,989,462
Taxation - Current		687,586	2,599,210	947,248	4,040,516
- Prior years		-	581,308	-	476,000
- Deferred		86,071	(217,615)	(98,599)	(525,738)
		(773,657)	(2,962,903)	(848,649)	(3,990,778)
Profit after taxation		1,437,118	3,818,583	1,570,109	5,998,684
Basic and diluted earnings per share (Rupees)	16	1.37	3.64	1.50	5.72

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

MOHAMEDALI R. HABIB
Chairman

SIRAJUDDIN AZIZ
President &
Chief Executive Officer

TARIQ IKRAM
Director

SOHAIL HASAN
Director

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

FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2016

	30 September 2016		30 September 2015	
	Quarter ended	Nine months ended	Quarter ended	Nine months ended
Profit after taxation for the period	1,437,118	3,818,583	1,570,109	5,998,684
Other comprehensive income				
Items not to be reclassified to profit or loss in subsequent periods:				
Actuarial gain / (loss) on defined benefit plan	21,707	14,417	(67)	(34,264)
Related deferred tax (charge) / reversal	(7,597)	(5,046)	23	11,992
	14,110	9,371	(44)	(22,272)
Total comprehensive income	1,451,228	3,827,954	1,570,065	5,976,412
Components of comprehensive income not reflected in equity				
Items to be reclassified to profit or loss in subsequent periods:				
(Deficit) / Surplus on revaluation of investments	(1,110,350)	38,237	196,149	20,087
Related deferred tax reversal / (charge)	388,623	(13,383)	(68,652)	(235,689)
	(721,727)	24,854	127,497	(215,602)
Total comprehensive income	729,501	3,852,808	1,697,562	5,760,810

(Rupees in '000)

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

MOHAMEDALI R. HABIB
Chairman

SIRAJUDDIN AZIZ
President &
Chief Executive Officer

TARIQ IKRAM
Director

SOHAIL HASAN
Director

UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

	30 September 2016	30 September 2015
	————— (Rupees in '000) —————	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	6,781,486	9,989,462
Less: Dividend income	(95,462)	(125,992)
	6,686,024	9,863,470
Adjustments		
Depreciation and amortisation	523,702	414,401
Provision against non-performing loan and advances - net	1,012,340	1,916,847
Provision for diminution in the value of investments - net	34,134	93,056
Net gain on sale of operating fixed assets	(16,084)	(56,974)
Actuarial loss on defined benefit plan	14,417	(34,264)
	1,568,509	2,333,066
	8,254,533	12,196,536
(Increase) / decrease in operating assets		
Lendings to financial institutions	(14,282,895)	(10,518,436)
Advances	(5,118,434)	11,783,773
Other assets	4,204,662	3,343,046
	(15,196,667)	4,608,383
Increase / (decrease) in operating liabilities		
Bills payable	1,600,728	2,841,784
Borrowings	12,915,974	80,840,255
Deposits and other accounts	69,960,439	56,023,583
Other liabilities (excluding dividend and taxation)	(248,768)	(1,321,373)
	84,228,373	138,384,249
	77,286,239	155,189,168
Income tax paid	(3,262,748)	(2,951,490)
Net cash flows from operating activities	74,023,491	152,237,678
CASH FLOWS USED IN INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(75,603,129)	(148,583,356)
Net (investments) / proceeds in held-to-maturity securities	(1,110,425)	545,471
Net investments in subsidiaries	(342,500)	-
Dividend received	95,462	120,132
Investments in operating fixed & intangibles assets	(831,471)	(368,647)
Proceeds from sale of operating fixed assets	77,959	57,689
Net cash used in investing activities	(77,714,104)	(148,228,711)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Dividend paid	(2,096,719)	(4,620,296)
Net cash used in financing activities	(2,096,719)	(4,620,296)
Decrease in cash and cash equivalents	(5,787,332)	(611,329)
Cash and cash equivalents at beginning of the year	44,059,154	19,635,073
Cash and cash equivalents at end of the period	38,271,822	19,023,744

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

MOHAMEDALI R. HABIB
Chairman

SIRAJUDDIN AZIZ
President &
Chief Executive Officer

TARIQ IKRAM
Director

SOHAIL HASAN
Director

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

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

	Share capital	Reserves			Revenue reserve	Unappropriated profit	Total
		Share premium	Statutory reserve	Special reserve			
	(Rupees in '000)						
Balance as at 1 January 2015	10,478,315	2,550,985	6,887,477	240,361	1,500,000	8,543,116	30,200,254
Total comprehensive income for the nine months ended 30 September 2015							
Total comprehensive income - for the period	-	-	-	-	-	5,998,684	5,998,684
Other comprehensive income - net of tax	-	-	-	-	-	(22,272)	(22,272)
	-	-	-	-	-	5,976,412	5,976,412
Transactions with owners, recorded directly in equity							
Cash dividend (Rs. 2.50 per share) for the year ended 31 December 2014	-	-	-	-	-	(2,619,579)	(2,619,579)
Interim cash dividend (Rs. 2.00 per share) for the year ended 31 December 2015	-	-	-	-	-	(2,095,663)	(2,095,663)
Transfer to statutory reserve	-	-	1,199,737	-	-	(1,199,737)	-
Balance as at 30 September 2015	10,478,315	2,550,985	8,087,214	240,361	1,500,000	8,604,549	31,461,424
Total comprehensive income for the three months ended 31 December 2015							
Total comprehensive income - for the period	-	-	-	-	-	1,657,249	1,657,249
Other comprehensive income - net of tax	-	-	-	-	-	1,285	1,285
	-	-	-	-	-	1,658,534	1,658,534
Transfer to statutory reserve	-	-	331,450	-	-	(331,450)	-
Balance as at 31 December 2015	10,478,315	2,550,985	8,418,664	240,361	1,500,000	9,931,633	33,119,958
Total comprehensive income for the nine months ended 30 September 2016							
Total comprehensive income - for the period	-	-	-	-	-	3,818,583	3,818,583
Other comprehensive income - net of tax	-	-	-	-	-	9,371	9,371
	-	-	-	-	-	3,827,954	3,827,954
Transactions with owners, recorded directly in equity							
Cash dividend (Rs. 2.00 per share) for the year ended 31 December 2015	-	-	-	-	-	(2,095,663)	(2,095,663)
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	1,518	1,518
Transfer to statutory reserve	-	-	763,717	-	-	(763,717)	-
Balance as at 30 September 2016	10,478,315	2,550,985	9,182,381	240,361	1,500,000	10,901,725	34,853,767

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

MOHAMEDALI R. HABIB
Chairman

SIRAJUDDIN AZIZ
President &
Chief Executive Officer

TARIQ IKRAM
Director

SOHAIL HASAN
Director

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

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 Pakistan Stock Exchange. The Bank operates 268 (31 December 2015: 237) branches including 22 (31 December 2015: 20) Islamic banking branches, and 34 (31 December 2015: 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 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 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.

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

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

3.2 The SBP vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" and IAS 40 "Investment Property" for banking companies till further instructions. Further, according to a notification of the Securities and Exchange Commission of Pakistan (SECP) issued vide SRO 411(I)/2008 dated April 28, 2008, IFRS 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated 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 unconsolidated condensed interim financial statements have been limited based on a format prescribed by the SBP vide BSD Circular Letter No. 2 dated May 12, 2004 and BPRD Circular Letter No. 5 dated February 29, 2016 and IAS 34, Interim Financial Reporting. They do not include all 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 2015.

3.4 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 are presented separately.

4. ACCOUNTING POLICIES AND ESTIMATES

4.1 The accounting policies adopted for preparation of these unconsolidated condensed interim financial statements are same as those applied in the preparation of annual financial statements of the Bank for the year ended 31 December 2015. However, certain reclassification as required by SBP BPRD Circular Letter No. 05 of 2016 (refer note 19.1) have been made.

Non-banking assets acquired in satisfaction of claims:

Effective from 1 January 2016, the Bank has changed its accounting policy for recording of non-banking assets acquired in satisfaction of claims to comply with the requirements of the 'Regulations for Debt Property Swap' (the regulations) issued by SBP vide its BPRD Circular No. 1 of 2016, dated 1 January 2016. In line with the guidance provided in the Regulations, the non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation of property is credited to the 'surplus on revaluation of non Banking Assets' account and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property is charged to profit and loss account and not capitalised. Previously, non-banking assets acquired in satisfaction of claims were carried at cost less impairment, if any. Had the accounting policy not been changed, non-banking assets (included in Other Assets in the statement of financial position) would have been lower by Rs 243,380 thousand while surplus on revaluation of assets would have been lower by Rs 166,330 thousand, accumulated profit and deferred tax assets would have been higher by Rs 8,134 thousand and Rs 89,562 thousand respectively. Furthermore, profit before tax for the nine months period ended 30 September 2016 would have been higher by Rs 14,846 thousand.

4.2 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 2015.

5. 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 2015.

	Note	30 September 2016 (Un-Audited) —————(Rupees in '000)—————	31 December 2015 (Audited) —————
6. BALANCES WITH OTHER BANKS			
In Pakistan			
Current accounts		80,180	177,508
Deposit accounts	6.1	106,525	10,480,666
		186,705	10,658,174
Outside Pakistan			
Current accounts		1,698,100	3,148,339
		1,884,805	13,806,513

6.1 These carry mark-up rates of 3.75% (31 December 2015 : 4.00% to 7.00%) per annum.

7. LENDINGS TO FINANCIAL INSTITUTIONS

(Restated)

Call money lendings	7.1	5,000,000	2,800,000
Musharakah - unsecured	7.2	5,000,000	-
Repurchase agreement lendings (Reverse repo)	7.3	1,969,430	-
Bai - Muajjal receivable from State Bank of Pakistan	7.4	5,113,465	-
		17,082,895	2,800,000

7.1 These carry mark-up rates ranging from 5.50% to 6.65% (31 December 2015 : 6.25% to 7.25%) per annum with maturity upto 05 December 2016 (31 December 2015 : 13 January 2016).

7.2 These carry mark-up rates ranging from 5.50% to 5.60% per annum with maturity upto 01 November 2016.

7.3 These carry mark-up rates ranging from 5.85% to 5.91% per annum with maturity upto 25 October 2016.

7.4 This carry profit / return of 5.98% per annum with maturity upto 10 February 2017.

8. INVESTMENTS

	Note	30 September 2016 (Un-Audited)			31 December 2015 (Audited) (Restated)		
		Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
(Rupees in '000)							
Available-for-sale securities							
Market treasury bills		197,893,338	2,537,522	200,430,860	72,360,324	3,558,874	75,919,198
Pakistan investment bonds	8.2	85,085,245	17,123,202	102,208,447	152,462,898	2,054,088	154,516,986
Ordinary shares of listed companies		1,263,081	-	1,263,081	1,062,338	-	1,062,338
Ordinary shares of unlisted companies		106,991	-	106,991	106,991	-	106,991
Listed term finance certificates		2,088,793	-	2,088,793	1,938,933	-	1,938,933
Unlisted term finance certificates		394,305	-	394,305	440,305	-	440,305
Sukuk certificates and bonds		16,449,646	-	16,449,646	12,626,088	-	12,626,088
Open end mutual funds		4,800,796	-	4,800,796	5,532,227	-	5,532,227
Close end mutual funds		419,685	-	419,685	416,409	-	416,409
		308,501,880	19,660,724	328,162,604	246,946,513	5,612,962	252,559,475
Held-to-maturity securities							
Pakistan investment bonds	8.2	19,592,918	-	19,592,918	19,532,493	-	19,532,493
Other federal government securities - Bai Muajjal		11,644,641	-	11,644,641	11,644,641	-	11,644,641
Certificates of investments		4,350,000	-	4,350,000	3,300,000	-	3,300,000
		35,587,559	-	35,587,559	34,477,134	-	34,477,134
Subsidiaries							
Habib Metropolitan Financial Services Limited		300,000	-	300,000	300,000	-	300,000
Habib Metropolitan Modaraba Management Company (Private) Limited		350,000	-	350,000	7,500	-	7,500
		650,000	-	650,000	307,500	-	307,500
Investments at cost		344,739,439	19,660,724	364,400,163	281,731,147	5,612,962	287,344,109
Provision for diminution in the value of investments	8.1	(303,391)	-	(303,391)	(269,257)	-	(269,257)
Investments - net of provisions		344,436,048	19,660,724	364,096,772	281,461,890	5,612,962	287,074,852
Surplus / (deficit) on revaluation of available-for-sale securities - net	14.2	6,021,099	(278,484)	5,742,615	5,708,836	(4,458)	5,704,378
Investments after revaluation of available-for-sale securities		350,457,147	19,382,240	369,839,387	287,170,726	5,608,504	292,779,230

	Note	30 September 2016 (Un-audited)	31 December 2015 (Audited)
(Rupees in '000)			
8.1 Particulars of provision for diminution in the value of investments			
Opening balance		269,257	160,180
Charge for the period / year		45,156	118,089
Reversal for the period / year		(11,022)	(9,012)
Net charge		34,134	109,077
Closing balance		303,391	269,257
8.2 These carry mark-up rates ranging from 7.00% to 12.00% (31 December 2015: 8.75% to 12.00%) per annum and have maturity up to 19 July 2022 (31 December 2015: 19 July 2022). These include Rs. 132,000 thousand (31 December 2015: Rs. 132,000 thousand) pledged with State Bank of Pakistan against TT/DD discounting facilities and demand loan facilities.			
9. ADVANCES			
Loans, cash credits, running finances, etc. In Pakistan		121,783,411	115,482,866
Islamic financing and related assets (gross)	18.6	8,901,215	8,254,307
Net investment in finance lease In Pakistan		551,277	655,517
Bills discounted and purchased (excluding Market Treasury Bills)			
Payable in Pakistan		5,331,899	7,244,944
Payable outside Pakistan		17,326,470	18,438,791
		22,658,369	25,683,735
Advances - gross		153,894,272	150,076,425
Provision against non-performing advances - specific		(15,622,858)	(16,532,837)
- general		(1,518,481)	(896,749)
	9.3	(17,141,339)	(17,429,586)
Advances - net of provisions		136,752,933	132,646,839

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. 4,101,054 thousand (31 December 2015: Rs. 3,878,902 thousand).

	30 September 2016 (Un-audited)	31 December 2015 (Audited)
	—————(Rupees in '000)—————	
12. BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan		
- under export refinance scheme	16,868,218	21,274,506
- under long term financing - export oriented projects	-	19,413
- under long term financing facility - locally manufactured plant and machinery	3,254,207	1,423,239
	20,122,425	22,717,158
Repurchase agreement borrowings (Repo)	19,322,596	5,603,311
Against bills re-discounting	3,140,688	2,749,266
	42,585,709	31,069,735
Unsecured		
Call borrowings	1,400,000	-
Overdrawn nostro accounts	1,870,794	197,656
Overdrawn local bank accounts	164,059	195,431
	3,434,853	393,087
	46,020,562	31,462,822
13. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	193,433,065	169,177,912
Saving deposits	150,239,929	116,432,300
Current accounts (non-remunerative)	108,520,884	101,487,138
Others	3,733,437	2,761,126
	455,927,315	389,858,476
Financial institutions		
Remunerative deposits	15,833,484	12,508,420
Non-remunerative deposits	1,554,597	988,061
	17,388,081	13,496,481
	473,315,396	403,354,957

	Note	30 September 2016 (Un-audited)	31 December 2015 (Audited)
		(Rupees in '000)	
14. SURPLUS ON REVALUATION OF ASSETS - NET OF DEFERRED TAX			
Non banking assets	14.1	166,330	-
Available for sale securities	14.2	3,732,700	3,707,846
		<u>3,899,030</u>	<u>3,707,846</u>
14.1 Non banking assets			
Surplus on revaluation of fixed assets as at 1 January		-	-
Revaluation of non-banking assets during the period		258,227	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the period - net of deferred tax		(1,518)	-
Related deferred tax liability on incremental depreciation charged during the period		(817)	-
Surplus on revaluation of non-banking assets		255,892	-
Less: Related deferred tax liability on:			
Revaluation as at 1 January		-	-
Revaluation of non-banking assets during the period		90,379	-
Incremental depreciation charged during the period		(817)	-
Related deferred tax liability		(89,562)	-
		<u>166,330</u>	<u>-</u>
14.2 Available-for-sale securities			
Federal government securities			
Market treasury bills		87,807	176,303
Pakistan investment bonds		5,005,583	5,214,298
GOP ijarah sukuk		229,538	41,461
Fully paid-up ordinary shares and mutual funds		406,578	290,872
Term finance certificates, sukuk certificates and bonds			
Listed term finance certificates		(52)	(6,813)
Unlisted term finance certificates		2,435	4,645
Sukuk certificates and bonds		10,726	(16,388)
		<u>5,742,615</u>	<u>5,704,378</u>
Related deferred tax liability - net		(2,009,915)	(1,996,532)
		<u>3,732,700</u>	<u>3,707,846</u>

	30 September 2016 (Un-audited)	31 December 2015 (Audited)
	————— (Rupees in '000) —————	
15. CONTINGENCIES AND COMMITMENTS		
15.1 Direct credit substitutes		
Bank guarantees of indebtedness favouring:		
Banking companies and other financial institutions	<u>4,600</u>	<u>2,286</u>
15.2 Transaction-related contingent liabilities		
Includes performance bonds, bid bonds, advance payment guarantees and shipping guarantees favouring:		
i) Government	17,126,264	17,163,286
ii) Banking companies and other financial institutions	314,810	436,358
iii) Others	18,889,531	10,077,952
	<u>36,330,605</u>	<u>27,677,596</u>
15.3 Trade-related contingent liabilities		
Letters of credit	<u>63,464,350</u>	<u>63,545,499</u>
Acceptances	<u>13,759,590</u>	<u>12,554,226</u>
15.4 Commitments in respect of forward exchange contracts		
Purchase	<u>87,406,707</u>	<u>80,770,251</u>
Sale	<u>67,839,890</u>	<u>73,381,353</u>
15.5 Commitments in respect of operating leases		
Not later than one year	39,872	20,757
Later than one year and not later than five years	45,208	18,890
	<u>85,080</u>	<u>39,647</u>
15.6 Commitments for the acquisition of operating fixed assets	<u>83,704</u>	<u>57,582</u>
15.7 Claims against bank not acknowledged as debt	<u>2,959,368</u>	<u>1,348,358</u>

15.8 Commitments in respect of forward lendings

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.

30 September 2016	31 December 2015
(Un-audited)	(Audited)
————— (Rupees in '000) —————	

15.9 Commitments in respect of syndicate financing

628,948	1,210,595
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15.10 Taxation

Income tax assessments of the Bank have been finalised upto the tax year 2015 (corresponding to the accounting year ended 31 December 2014). 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.

15.11 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 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.

16. BASIC AND DILUTED EARNINGS PER SHARE (UN-AUDITED)

	30 September 2016		30 September 2015	
	Quarter ended	Nine months ended	Quarter ended	Nine months ended
	————— (Rupees in '000) —————			
Profit after taxation	1,437,118	3,818,583	1,570,109	5,998,684
	————— Number in '000 —————			
Weighted average number of ordinary shares	1,047,831	1,047,831	1,047,831	1,047,831
	————— (Rupees) —————			
Basic earnings per share	1.37	3.64	1.50	5.72

17. 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 2016 (Un-Audited)						
	Holding Company	Subsidiaries	Associates	Key Management Personnel	Directors	Retirement Benefit Plans	Total
	(Rupees in '000)						
Deposits							
At beginning of the period	304,504	152,334	17,875,031	66,322	498,364	1,121,035	20,017,590
Received during the period	17,794,312	53,059,462	1,069,423,221	492,984	1,618,676	2,174,423	1,144,563,078
Repaid during the period	(17,738,547)	(52,692,793)	(1,067,222,381)	(514,869)	(1,682,088)	(1,477,131)	(1,141,327,809)
At end of the period	<u>360,269</u>	<u>519,003</u>	<u>20,075,871</u>	<u>44,437</u>	<u>434,952</u>	<u>1,818,327</u>	<u>23,252,859</u>
Advances							
At beginning of the period	-	-	3,967,805	128,974	-	-	4,096,779
Disbursed during the period	-	-	47,628,395	44,264	-	-	47,672,659
Recovered during the period	-	-	(50,234,420)	(41,698)	-	-	(50,276,118)
At end of the period	<u>-</u>	<u>-</u>	<u>1,361,780</u>	<u>131,540</u>	<u>-</u>	<u>-</u>	<u>1,493,320</u>
Bank balances held by the Bank	<u>185,278</u>	<u>-</u>	<u>28,950</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>214,228</u>
Mark-up / return / interest receivable	<u>-</u>	<u>-</u>	<u>4,034</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,034</u>
Mark-up / return / interest payable	<u>-</u>	<u>334</u>	<u>305,591</u>	<u>743</u>	<u>1,685</u>	<u>311,073</u>	<u>619,426</u>
Management fee payable for technical and consultancy services *	<u>271,216</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>271,216</u>
Prepayments / Advance deposits	<u>-</u>	<u>-</u>	<u>44,685</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,685</u>
Insurance premium and other payable	<u>-</u>	<u>-</u>	<u>5,660</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,660</u>
Transaction-related contingent liabilities	<u>-</u>	<u>-</u>	<u>4,722,793</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,722,793</u>
Trade-related contingent liabilities	<u>-</u>	<u>-</u>	<u>3,907,416</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,907,416</u>

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

31 December 2015 (Audited)

	Holding Company	Subsidiaries	Associates	Key Management Personnel	Directors	Retirement Benefit Plans	Total
----- (Rupees in '000) -----							
Deposits							
At beginning of the year	294,869	81,605	19,676,536	49,180	385,250	1,098,520	21,585,960
Received during the year	23,579,657	83,342,253	1,346,712,261	601,770	3,069,135	1,180,760	1,458,485,836
Repaid during the year	(23,570,022)	(83,271,524)	(1,348,513,766)	(584,628)	(2,956,021)	(1,158,245)	(1,460,054,206)
At end of the year	<u>304,504</u>	<u>152,334</u>	<u>17,875,031</u>	<u>66,322</u>	<u>498,364</u>	<u>1,121,035</u>	<u>20,017,590</u>
Advances							
At beginning of the year	-	-	1,840,385	163,281	-	-	2,003,666
Disbursed during the year	-	281,577	44,364,667	69,149	-	-	44,715,393
Recovered during the year	-	(281,577)	(42,237,247)	(103,456)	-	-	(42,622,280)
At end of the year	<u>-</u>	<u>-</u>	<u>3,967,805</u>	<u>128,974</u>	<u>-</u>	<u>-</u>	<u>4,096,779</u>
Bank balances held by the Bank	<u>122,080</u>	<u>-</u>	<u>59,632</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>181,712</u>
Mark-up / return / interest receivable	<u>-</u>	<u>-</u>	<u>3,898</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,898</u>
Mark-up / return / interest payable	<u>-</u>	<u>415</u>	<u>322,640</u>	<u>856</u>	<u>2,352</u>	<u>194,406</u>	<u>520,669</u>
Management fee payable for technical and consultancy services *	<u>283,577</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>283,577</u>
Prepayments / Advance deposits	<u>-</u>	<u>-</u>	<u>2,563</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,563</u>
Insurance premium and other payables	<u>30,200</u>	<u>-</u>	<u>4,371</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,571</u>
Transaction-related contingent liabilities	<u>-</u>	<u>-</u>	<u>2,598,280</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,598,280</u>
Trade-related contingent liabilities	<u>-</u>	<u>-</u>	<u>4,342,731</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,342,731</u>

* 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	-	-	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.

For the period ended 30 September 2015 (Un-Audited)

	Holding Company	Subsidiaries	Associates	Key Management Personnel	Directors	Retirement Benefit Plans	Total
	----- (Rupees in '000) -----						
Mark-up/return/interest earned	-	722	49,953	8,729	-	-	59,404
Mark-up/return/interest expensed	-	4,383	1,151,210	8,272	21,301	123,747	1,308,913
Commission / brokerage / bank charges recovered	6,677	870	86,132	-	129	-	93,808
Commission / brokerage / bank charges paid	327	182	832	-	-	-	1,341
Rent income	20,036	900	-	-	-	-	20,936
Salaries and allowances	-	-	-	260,029	-	-	260,029
Directors' fees	-	-	-	-	6,750	-	6,750
Contribution to defined benefit plan	-	-	-	-	-	94,995	94,995
Contribution to defined contribution plan	-	-	-	-	-	103,676	103,676
Rent expenses	-	-	9,555	-	-	-	9,555
Insurance premium expenses	-	-	5,068	-	-	-	5,068
Maintenance, electricity, stationery & entertainment	-	-	38,581	-	-	-	38,581
Management fee expense for technical and consultancy services *	191,136	-	-	-	-	-	191,136
Donation	-	-	14,880	-	-	-	14,880
Professional / other charges paid	-	-	1,346	-	-	-	1,346

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

18. KEY ISLAMIC BANKING OPERATIONS

18.1 The Bank is operating 22 (31 December 2015: 20) Islamic Banking branches in Pakistan. The statement of financial position and profit and loss account of these branches as at 30 September 2016 are as follows:

STATEMENT OF FINANCIAL POSITION

As at 30 September 2016

	Note	30 September 2016 (Un-audited)	31 December 2015 (Audited) (Restated)
————— (Rupees in '000) —————			
ASSETS			
Cash and balances with treasury banks		2,651,021	3,842,878
Balances with other banks		-	10,450,000
Due from financial institutions		10,113,497	14,552,272
Investments		31,091,081	14,949,345
Islamic financing and related assets	18.6	8,529,343	7,897,487
Operating fixed assets		75,733	76,730
Deferred tax assets - net		-	-
Other assets		2,248,238	3,460,038
		54,708,913	55,228,750
LIABILITIES			
Bills payable		296,974	228,456
Due to financial institutions		1,334,576	966,307
Deposits and other accounts			
- Current accounts		7,104,167	6,918,381
- Saving accounts		14,531,560	19,962,616
- Term deposits		16,815,376	15,390,612
- Others		98,031	84,674
- Deposit from financial institutions - remunerative		11,925,932	9,709,697
- Deposits from financial institutions - non-remunerative		298,402	1,303
		50,773,468	52,067,283
Due to head office		-	-
Other liabilities		520,708	575,043
		52,925,726	53,837,089
NET ASSETS			
		1,783,187	1,391,661
REPRESENTED BY			
Islamic banking fund		1,402,616	1,002,619
Reserves		-	-
Unappropriated profit		135,523	363,777
		1,538,139	1,366,396
Surplus on revaluation of assets		245,048	25,265
		1,783,187	1,391,661

	30 September 2016	30 September 2015
	—————(Rupees in '000)—————	
18.2 PROFIT AND LOSS ACCOUNT (UN-AUDITED)		
For the nine months ended 30 September 2016		
Profit / return on financing, investments and placements earned	2,120,553	2,029,022
Profit / return on deposit and other dues expensed	(1,768,498)	(1,519,555)
Net spread earned	352,055	509,467
Provision against non performing financing - net	15,051	76,386
Provision for diminution in the value of investments	-	-
Provision for consumer financing/ljarah	-	-
Bad debts written off directly	-	-
	(15,051)	(76,386)
Net spread after provisions	337,004	433,081
OTHER INCOME		
Fee, commission and brokerage income	29,263	24,566
Dividend income	-	-
Income from dealing in foreign currencies - net	16,309	11,230
Gain on sale / redemption of securities - net	23,332	2,999
Unrealized gain / (loss) on revaluation of investments classified as 'held-for-trading'	-	-
Other income	32,718	50,055
Total other income	101,622	88,850
	438,626	521,931
OTHER EXPENSES		
Administrative expenses	303,103	206,153
Other provisions / write offs	-	-
Other charges	-	-
Total other expenses	(303,103)	(206,153)
Extra ordinary / unusual items	135,523	315,778
	-	-
PROFIT BEFORE TAXATION	135,523	315,778
18.3 Remuneration to Shariah Advisor / Board	5,892	2,041
18.4 Charity Fund		
Opening balance	491	-
Additions during the period	523	491
Payments / utilization during the period	(714)	-
Closing balance	300	491
	30 September 2016	31 December 2015
	(Un-audited)	(Audited)
	—————(Rupees in '000)—————	

30 September 2016	31 December 2015
(Un-audited)	(Audited)
————— (Rupees in '000) —————	

18.5 Financings / investments / receivables

Murabaha financing

Murabaha receivable - gross	3,511,091	4,218,831
Less: Deferred Murabaha income	(87,177)	(166,802)
Advance against Murabaha	295,198	79,898
	3,719,112	4,131,927
Provision against Murabaha Financing	(345,550)	(330,980)
	3,373,562	3,800,947

Ijarah

Asset held for Ijarah	414,055	315,303
Less: Accumulated Depreciation	(176,977)	(143,395)
Ijarah Financing	-	55,480
Less: Deferred Ijarah income	-	(9,089)
Advance against Ijarah	57,549	23,854
	294,627	242,153
Provision against Ijarah Financing	(24,658)	(25,840)
	269,969	216,313

Diminishing Musharakah

Diminishing Musharakah - gross	3,717,634	3,204,826
Less: Deferred Diminishing Musharakah income	(803,618)	(497,059)
Advance against Diminishing Musharakah	30,908	44,324
	2,944,924	2,752,091
Provision against Diminishing Musharakah	(1,664)	-
	2,943,260	2,752,091

Export Refinance Murabaha

Export Refinance Murabaha receivable - gross	109,281	129,691
Less: Deferred Export Refinance Murabaha income	(1,611)	(2,317)
Advance against Murabaha IERF	11,195	5,899
	118,865	133,273

Istisna Financing

Istisna Financing - gross	99,077	46,429
Less: Deferred Istisna income	(29,723)	(13,929)
Advance against Istisna	21,720	102,275
	91,074	134,775

Al-Bai Financing

	-	25,088
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	30 September 2016 (Un-audited)	31 December 2015 (Audited)
	(Rupees in '000)	
Al-Bai Goods	17,213	-
Advance against Export Refinance Istisna	915,400	835,000
Working Capital Musharaka	500,000	-
Export Refinance Istisna Goods	300,000	-

18.6 Islamic Mode of Financing

Financings / investments / receivables	7,252,032	7,163,057
Advances	1,649,183	1,091,250
Gross Islamic financing and related assets	8,901,215	8,254,307
Provision against financing	(371,872)	(356,820)
	8,529,343	7,897,487

19. GENERAL

19.1 State Bank of Pakistan has issued BPRD circular Letter No. 5 dated 29 February 2016 regarding the classification of Bai-Muajjal with Government of Pakistan. Accordingly corresponding figures pertaining to "Bai-Muajjal with Government of Pakistan" amounting to Rs 11,644,641 thousand have been reclassified from "Lendings to Financial Institutions" to "Investments".

19.2 The figures have been rounded off to nearest thousand rupees, unless otherwise mentioned.

20. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue by the Board of Directors on 20 October 2016.

MOHAMEDALI R. HABIB
Chairman

SIRAJUDDIN AZIZ
President &
Chief Executive Officer

TARIQ IKRAM
Director

SOHAIL HASAN
Director