



HABIB METROPOLITAN BANK LTD.

[Subsidiary of Habib Bank AG Zurich]

Consolidated Accounts for the first quarter
ended 31 March 2015
(Un-audited)

CONSOLIDATED 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			
ASSETS			
Cash and balances with treasury banks		22,234,594	18,640,853
Balances with other banks	5	2,986,185	1,870,331
Lendings to financial institutions	6	1,241,001	3,408,776
Investments	7	272,073,683	221,644,817
Advances	8	122,254,029	134,175,636
Operating fixed assets	9	2,958,417	3,025,426
Deferred tax assets	10	326,413	1,268,437
Other assets		8,714,805	13,640,521
		432,789,127	397,674,817
LIABILITIES			
Bills payable		6,932,508	5,201,482
Borrowings	11	60,556,915	24,883,982
Deposits and other accounts	12	315,122,560	319,948,274
Sub-ordinated loans		—	—
Liabilities against assets subject to finance lease		—	—
Deferred tax liabilities		—	—
Other liabilities		14,494,945	12,871,948
		397,106,928	362,905,686
NET ASSETS		35,682,199	34,769,131
REPRESENTED BY			
Share capital		10,478,315	10,478,315
Reserves		11,461,357	11,178,823
Unappropriated profit		7,062,801	8,559,839
		29,002,473	30,216,977
Surplus on revaluation of assets - net of tax	13	6,679,726	4,552,154
		35,682,199	34,769,131
CONTINGENCIES AND COMMITMENTS			
	14		

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

KASSIM PAREKH
Chairman

SIRAJUDDIN AZIZ
President &
Chief Executive Officer

TARIQ IKRAM
Director

MOHOMED BASHIR
Director

CONSOLIDATED 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		9,206,366	7,140,956
Mark-up / return / interest expensed		(5,953,452)	(4,614,045)
Net mark-up / interest income		3,252,914	2,526,911
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		2,485,990	2,039,332
Non mark-up / interest income			
Fee, commission and brokerage income		665,898	580,177
Dividend income		22,119	9,127
Income from dealing in foreign currencies		286,250	179,451
Gain on sale / redemption of securities		768,516	330,183
Unrealized gain / (loss) on revaluation of investments classified as 'held-for-trading'		—	—
Other income		79,807	73,047
Total non mark-up / interest income		1,822,590	1,171,985
		4,308,580	3,211,317
Non mark-up / interest expenses			
Administrative expenses		2,009,679	1,777,824
Other provisions / write offs		—	—
Other charges		100,427	34,511
Total non mark-up / interest expenses		(2,110,106)	(1,812,335)
		2,198,474	1,398,982
Extra ordinary / unusual items		—	—
Profit before taxation		2,198,474	1,398,982
Taxation - Current		948,098	560,754
- Prior years		—	—
- Deferred		(171,295)	(159,932)
		(776,803)	(400,822)
Profit after taxation		1,421,671	998,160
Basic and diluted earnings per share (Rupee)	15	1.36	0.95

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

KASSIM PAREKH
Chairman

SIRAJUDDIN AZIZ
President &
Chief Executive Officer

TARIQ IKRAM
Director

MOHOMED BASHIR
Director

CONSOLIDATED 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	1,421,671	998,160
Other comprehensive income		
Items not to be reclassified to profit and loss in subsequent periods:		
Acturial loss on defined benefit plan	(25,532)	(5,032)
Related deferred tax reversal	8,936	1,761
	(16,596)	(3,271)
Total comprehensive income	1,405,075	994,889
Components of comprehensive income not reflected in equity		
Surplus on revaluation of investments	3,249,852	644,234
Related deferred tax charge	(1,122,280)	(232,329)
	2,127,572	411,905
Total comprehensive income	3,532,647	1,406,794

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

KASSIM PAREKH
Chairman

SIRAJUDDIN AZIZ
President &
Chief Executive Officer

TARIQ IKRAM
Director

MOHOMED BASHIR
Director

CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE QUARTER ENDED 31 MARCH 2015

	2015	2014
	Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,198,474	1,398,982
Less: Dividend income	(22,119)	(9,127)
	2,176,355	1,389,855
Adjustments		
Depreciation and amortization	136,887	122,879
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)	–
	900,882	573,185
	3,077,237	1,963,040
(Increase) / decrease in operating assets		
Lendings to financial institutions	2,167,775	(2,500,000)
Advances	11,171,607	9,652,826
Other assets (excluding advance taxation)	4,487,107	(2,912,320)
	17,826,489	4,240,506
Increase / (decrease) in operating liabilities		
Bills payable	1,731,026	1,342,465
Borrowings	34,720,028	52,824,549
Deposits and other accounts	(4,825,714)	22,451,745
Other liabilities (excluding current taxation)	(1,245,353)	4,594,341
	30,379,987	81,213,100
Income tax paid	51,283,713	87,416,646
	(288,577)	(378,542)
Net cash flows from operating activities	50,995,136	87,038,104
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(47,184,892)	(81,544,223)
Net investments in held-to-maturity securities	(11,047)	(4,446,982)
Dividend received	24,467	9,127
Investments in operating fixed assets	(69,921)	(76,603)
Proceeds from sale of fixed assets	2,972	607
Net cash flows from investing activities	(47,238,421)	(86,058,074)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(25)	(1,101,208)
Net cash flows from financing activities	(25)	(1,101,208)
Increase / (Decrease) in cash and cash equivalents	3,756,690	(121,178)
Cash and cash equivalents at beginning of the period	19,635,669	24,242,170
Cash and cash equivalents at end of the period	23,392,359	24,120,992

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

KASSIM PAREKH
Chairman

SIRAJUDDIN AZIZ
President &
Chief Executive Officer

TARIQ IKRAM
Director

MOHOMED BASHIR
Director

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

FOR THE QUARTER ENDED 31 MARCH 2015

	Reserves					Unappro- priated profit	Total
	Share Capital	Share premium	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
Changes in equity for the period ended 31 March 2014							
Total comprehensive income (profit for the period)	–	–	–	–	–	998,160	998,160
Other comprehensive income net of tax	–	–	–	–	–	(3,271)	(3,271)
Transactions with owners, recorded directly in equity							
Cash dividend (Rs. 2.00 per share)	–	–	–	–	–	(2,095,663)	(2,095,663)
Transfer to statutory reserve	–	–	199,171	–	–	(199,171)	–
Balance as at 31 March 2014	10,478,315	2,550,985	6,101,336	240,361	1,500,000	5,393,800	26,264,797
Changes in equity for the period ended 31 December 2014							
Total comprehensive income (profit for the period)	–	–	–	–	–	3,943,990	3,943,990
Other comprehensive income net of tax	–	–	–	–	–	8,190	8,190
Transactions with owners, recorded directly in equity							
Transfer to statutory reserve	–	–	786,141	–	–	(786,141)	–
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
Changes in equity for the period ended 31 March 2015							
Total comprehensive income (profit for the period)	–	–	–	–	–	1,421,671	1,421,671
Other comprehensive income net of tax	–	–	–	–	–	(16,596)	(16,596)
Transactions with owners, recorded directly in equity							
Cash dividend (Rs. 2.50 per share)	–	–	–	–	–	(2,619,579)	(2,619,579)
Transfer to statutory reserve	–	–	282,534	–	–	(282,534)	–
Balance as at 31 March 2015	<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>7,062,801</u>	<u>29,002,473</u>

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

KASSIM PAREKH
Chairman

SIRAJUDDIN AZIZ
President &
Chief Executive Officer

TARIQ IKRAM
Director

MOHOMED BASHIR
Director

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

FOR THE QUARTER ENDED 31 MARCH 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 210 (31 December 2014: 210) branches, including 10 (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 PREPARATION

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

3. ACCOUNTING POLICIES AND ESTIMATES

3.1 The accounting policies and methods of computation followed in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the annual consolidated financial statements of the Group for the year ended 31 December 2014.

3.2 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.

4. FINANCIAL RISK MANAGEMENT

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

5. BALANCES WITH OTHER BANKS

	31 March 2015 (Un-Audited)	31 December 2014 (Audited)
	Rupees in '000	
In Pakistan		
Current accounts	810,211	345,651
Deposit accounts	82,249	548,690
	892,460	894,341
Outside Pakistan		
Current accounts	1,074,283	975,990
Deposit accounts	1,019,442	–
	2,093,725	975,990
	2,986,185	1,870,331

6. LENDINGS TO FINANCIAL INSTITUTIONS

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

7. INVESTMENTS

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			
Available-for-sale securities							
Market treasury bills		124,202,862	7,143,045	131,345,907	85,227,313	–	85,227,313
Pakistan investment bonds		43,756,925	30,826,725	74,583,650	77,516,593	–	77,516,593
Ordinary shares of listed companies		967,157	–	967,157	973,924	–	973,924
Ordinary shares of unlisted companies		138,955	–	138,955	138,955	–	138,955
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 fund		31,816	–	31,816	31,816	–	31,816
		201,809,957	37,969,770	239,779,727	192,594,835	–	192,594,835
Held-to-maturity securities							
Pakistan investment bonds		22,570,406	–	22,570,406	22,559,359	–	22,559,359
Investments at cost							
Less: Provision for diminution in the value of investments	7.1	(177,104)	–	(177,104)	(160,180)	–	(160,180)
Investments – net of provisions							
Surplus / (deficit) on revaluation of available-for-sale securities – net	13	10,773,698	(873,044)	9,900,654	6,650,803	–	6,650,803
Investments after revaluation of available-for-sale securities							
		234,976,957	37,096,726	272,073,683	221,644,817	–	221,644,817

	Notes	31 March 2015 (Un-Audited)	31 December 2014 (Audited)
Rupees in '000			
7.1 Particulars of provision for diminution in the value of investments			
Opening balance		160,180	190,984
Charge for the period / year		19,751	24,482
Recovered during the period / year		(2,827)	(13,102)
Net charge for the period / year		16,924	1,380
Reversal of provision on disposal of investments		-	(42,184)
Closing balance		177,104	160,180
8. ADVANCES			
Loans, cash credits, running finances, etc.			
In Pakistan		107,644,119	114,971,053
Net investments in finance lease / ijarah financing			
In Pakistan		481,186	476,918
Assets held for ijarah		220,187	247,988
Bills discounted and purchased (excluding Market Treasury Bills)			
Payable in Pakistan		6,101,476	8,089,663
Payable outside Pakistan		24,545,603	26,378,556
		30,647,079	34,468,219
Advances - gross		138,992,571	150,164,178
Provision against non-performing advances			
- specific		(16,230,309)	(15,661,846)
- general		(508,233)	(326,696)
	8.3	(16,738,542)	(15,988,542)
Advances - net of provisions		122,254,029	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
	19,327,794	16,230,309	16,230,309

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
	19,325,134	15,661,846	15,661,846

- 8.2** During the current period, the holding company 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 holding company, 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	(89,670)	–	(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	16,230,309	508,233	16,738,542	15,661,846	326,696	15,988,542

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	
11. BORROWINGS		
Secured		
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	37,060,859	–
Against bills re-discountings	3,834,006	4,032,088
	58,016,913	23,095,869
Unsecured		
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
12. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	125,748,945	130,176,879
Saving deposits	96,434,829	93,481,501
Current deposits (non-remunerative)	83,863,574	86,881,170
Others	2,670,332	2,268,708
	308,717,680	312,808,258
Financial Institutions		
Remunerative deposits	5,292,576	5,702,486
Non-remunerative deposits	1,112,304	1,437,530
	6,404,880	7,140,016
	315,122,560	319,948,274

	31 March 2015 (Un-Audited)	31 December 2014 (Audited)
	Rupees in '000	
13. SURPLUS ON REVALUATION OF ASSETS – NET OF TAX		
Available-for-sale securities:		
Federal Government Securities		
Market Treasury Bills	729,644	138,859
Pakistan Investment Bonds	7,982,156	5,437,770
GOP Ijarah Sukuk	123,394	28,753
Fully paid-up ordinary shares and mutual funds	1,085,778	1,016,261
Term finance certificates, sukuk certificates and bonds		
Listed term finance certificates	(11,324)	(11,332)
Unlisted term finance certificates	1,721	9,554
Sukuk certificates / bonds	(10,715)	30,938
	<u>9,900,654</u>	<u>6,650,803</u>
Related deferred tax liability - net	<u>(3,220,929)</u>	<u>(2,098,649)</u>
	<u>6,679,725</u>	<u>4,552,154</u>
14. CONTINGENCIES AND COMMITMENTS		
14.1 Direct credit substitutes		
Bank guarantees of indebtedness in favour of banking companies and other financial institutions	<u>12,318</u>	<u>16,472</u>
14.2 Transaction-related contingent liabilities		
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>
14.3 Trade-related contingent liabilities		
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	
14.4 Commitments in respect of forward exchange contracts		
Purchase	<u>95,914,260</u>	<u>100,046,711</u>
Sale	<u>94,708,667</u>	<u>102,295,035</u>
14.5 Commitments in respect of operating leases		
Not later than one year	<u>24,437</u>	<u>18,172</u>
Later than one year and not later than five years	<u>29,552</u>	<u>20,839</u>
	<u>53,989</u>	<u>39,011</u>
14.6 Commitments for the acquisition of operating fixed assets	<u>14,036</u>	<u>9,972</u>
14.7 Claims against the Bank not acknowledged as debt	<u>2,162,416</u>	<u>2,184,916</u>
14.8 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.		
14.9 Commitments in respect of syndicate financing	<u>1,181,643</u>	<u>–</u>
14.10 Commitments in respect of investment in Sukuk certificates and Term finance certificates	<u>113,043</u>	<u>–</u>
14.11 Taxation		
Income tax assessments of the Group have been finalised upto the tax year 2014 (corresponding to the accounting year ended 31 December 2013). Certain appeals are pending with the Commissioner of Inland Revenue (Appeal) and Appellate Tribunal Inland Revenue (ATIR). However, adequate provisions are being held by the Group.		
15. BASIC AND DILUTED EARNINGS PER SHARE		
	31 March 2015 (Un-Audited)	31 March 2014
Profit after taxation	<u>1,421,671</u>	<u>998,160</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>1.36</u>	<u>0.95</u>

16. 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.

	31 March 2015 (Un-Audited)					
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000					
Deposits						
At beginning of the year	294,869	19,676,536	49,180	385,250	1,098,520	21,504,355
Received during the period	6,861,975	323,179,276	76,375	161,326	161,288	330,440,240
Repaid during the period	(6,918,852)	(324,171,324)	(69,064)	(222,471)	(35,359)	(331,417,070)
At end of the period	237,992	18,684,488	56,491	324,105	1,224,449	20,527,525
Advances						
At beginning of the year	-	1,840,385	163,736	-	-	2,004,121
Disbursed during the period	-	11,066,958	30,191	-	-	11,097,149
Recovered during the period	-	(10,816,168)	(68,721)	-	-	(10,884,889)
At end of the period	-	2,091,175	125,206	-	-	2,216,381
Bank balances held by the Group	80,833	32,474	-	-	-	113,307
Mark-up/return/interest receivable	-	17,927	-	-	-	17,927
Mark-up/return/interest payable	-	320,942	1,159	2,156	193,549	517,806
Management fee payable for technical and consultancy services*	172,350	-	-	-	-	172,350
Prepayments /Advance deposits	-	11,532	-	-	-	11,532
Insurance premium and other payable	30,200	8,583	-	-	-	38,783
Transaction-related contingent liabilities	-	2,538,567	-	-	-	2,538,567
Trade-related contingent liabilities	-	2,892,595	-	-	-	2,892,595
Receivable/(Payable) against Purchase/sale of securities	(429,599)	5,128	(361)	-	-	(424,832)

* 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					
Deposits						
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
Advances						
At beginning of the year	–	2,020,013	108,821	–	–	2,128,834
Disbursed during the period	–	38,405,253	64,899	–	–	38,470,152
Recovered during the period	–	(38,584,881)	(9,984)	–	–	(38,594,865)
At end of the period	–	1,840,385	163,736	–	–	2,004,121
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	9,839	(20)	(271)	–	–	9,548

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

Transactions during the period	For the period ended 31 March 2015 (Un-Audited)					
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000					
Mark-up/return/interest earned	-	29,371	2,686	-	-	32,057
Mark-up/return/interest expensed	-	478,856	760	6,556	40,430	526,602
Commission/brokerage/bank charges recovered	4,707	22,661	2	4	-	27,374
Commission/brokerage/bank charges paid	96	276	-	-	-	372
Salaries and allowances	-	-	78,280	-	-	78,280
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	-	482	-	-	-	482

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

Transactions during the period	For the period ended 31 March 2014 (Un-Audited)					
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000					
Mark-up/return/interest earned	–	20,554	1,378	–	–	21,932
Mark-up/return/interest expensed	–	157,355	673	6,338	32,647	197,013
Commission/brokerage/bank charges recovered	1,573	21,974	13	–	–	23,560
Commission/brokerage/bank charges paid	88	317	–	–	–	405
Rent income	–	–	–	–	–	–
Salaries and allowances	–	–	73,759	–	–	73,759
Directors' fees	–	–	–	2,175	–	2,175
Contribution to defined benefit plan	–	–	–	–	27,000	27,000
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	–	341	–	–	–	341

* Management fee is as per the agreement with the ultimate parent 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			
ASSETS			
Cash and balances with treasury banks		1,368,306	1,491,819
Balances with other banks		—	500,00
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
		31,681,950	33,544,954
LIABILITIES			
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
		28,932,768	30,720,063
Due to head office		155,514	175,989
Other liabilities		581,777	678,791
		30,487,526	32,095,839
NET ASSETS		1,194,424	1,449,115
REPRESENTED BY			
Islamic banking fund		1,002,549	1,002,512
Reserves		—	—
Unappropriated / unremitted profit		83,738	387,874
		1,086,287	1,390,386
Surplus on revaluation of assets		108,137	58,729
		1,194,424	1,449,115

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 ljarah	-	-
Bad debts written off directly	-	-
	(72,587)	(671)
Net spread after provisions	124,129	97,009
OTHER INCOME		
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
OTHER EXPENSES		
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	-	-
PROFIT BEFORE TAXATION	83,738	82,542

17.3 Remuneration to Shariah Advisor/ Board

647	600
-----	-----

17.4 CHARITY FUND

	31 March 2015 (Un-Audited)	31 December 2014 (Audited)
	Rupees in '000	
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			
A-2 ISLAMIC FINANCING AND RELATED ASSETS			
Financings / investments / receivables			
- 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	-
		5,411,904	6,154,131
Advances			
- 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
		339,517	555,274
Assets/Inventories			
- Istisna Goods		-	19,736
		5,751,421	6,729,141
A-2.1 Islamic mode of financing			
Financings / investments / receivables		5,411,904	6,154,131
Advances		339,517	555,274
Assets / Inventories		-	19,736
		5,751,421	6,729,141
A-2.2 Murabaha financing			
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)
		3,105,054	4,214,607

18. GENERAL

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

19. DATE OF AUTHORISATION FOR ISSUE

These consolidated 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