



# HABIB METROPOLITAN BANK LTD.

[ Subsidiary of Habib Bank AG Zurich ]

Consolidated Accounts for the first quarter  
ended 31 March 2016  
(Un-audited)

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2016

Note **31 March 2016** 31 December  
(Un-Audited) (Audited)

### ASSETS

			Rupees in '000
Cash and balances with treasury banks		<b>30,354,717</b>	30,645,728
Balances with other banks	6	<b>1,473,736</b>	13,807,806
Lendings to financial institutions	7	<b>12,519,951</b>	2,800,000
Investments	8	<b>324,571,595</b>	292,555,587
Advances	9	<b>144,703,011</b>	132,646,839
Operating fixed assets	10	<b>3,034,621</b>	3,125,478
Deferred tax assets	11	<b>2,025,776</b>	1,938,805
Other assets		<b>6,283,886</b>	12,365,392
		<b>524,967,293</b>	489,885,635

### LIABILITIES

Bills payable		<b>7,925,554</b>	6,344,461
Borrowings	12	<b>53,000,520</b>	31,462,822
Deposits and other accounts	13	<b>414,415,732</b>	403,208,597
Sub-ordinated loans		—	—
Liabilities against assets subject to finance lease		—	—
Deferred tax liabilities		—	—
Other liabilities		<b>12,969,956</b>	12,007,518
		<b>488,311,762</b>	453,023,398

### NET ASSETS

		<b>36,655,531</b>	36,862,237
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### REPRESENTED BY

Share capital		<b>10,478,315</b>	10,478,315
Reserves		<b>13,041,824</b>	12,710,010
Unappropriated profit		<b>9,177,346</b>	9,965,906
		<b>32,697,485</b>	33,154,231
Surplus on revaluation of assets - net of tax	14	<b>3,958,046</b>	3,708,006
		<b>36,655,531</b>	36,862,237

### CONTINGENCIES AND COMMITMENTS

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

**KASSIM PAREKH**  
Chairman

**SIRAJUDDIN AZIZ**  
President &  
Chief Executive Officer

**TARIQ IKRAM**  
Director

**SOHAIL HASAN**  
Director

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

FOR THE QUARTER ENDED 31 MARCH 2016

	Note	31 March 2016	31 March 2015
		Rupees in '000	
Mark-up / return / interest earned		<b>8,367,673</b>	9,206,366
Mark-up / return / interest expensed		<b>(5,485,303)</b>	(5,953,452)
<b>Net mark-up / interest income</b>		<b>2,882,370</b>	3,252,914
Provision against non-performing loans and advances	9.3	<b>423,737</b>	750,000
Provision for diminution in the value of investments	8.1	<b>(5,264)</b>	16,924
Bad debts written off directly		<b>—</b>	—
		<b>(418,473)</b>	(766,924)
Net mark-up / interest income after provisions		<b>2,463,897</b>	2,485,990
<b>Non mark-up / interest income</b>			
Fee, commission and brokerage income		<b>740,417</b>	665,898
Dividend income		<b>30,198</b>	22,119
Income from dealing in foreign currencies		<b>296,306</b>	286,250
Gain on sale / redemption of securities - net		<b>1,064,213</b>	768,516
Unrealized gain / (loss) on revaluation of investments classified as 'held-for-trading'		<b>—</b>	—
Other income		<b>81,066</b>	79,807
Total non mark-up / interest income		<b>2,212,200</b>	1,822,590
		<b>4,676,097</b>	4,308,580
<b>Non mark-up / interest expenses</b>			
Administrative expenses		<b>2,228,662</b>	2,009,679
Other provisions / write offs		<b>(172,048)</b>	—
Other charges		<b>66,055</b>	100,427
Total non mark-up / interest expenses		<b>(2,122,669)</b>	(2,110,106)
		<b>2,553,428</b>	2,198,474
Extra ordinary / unusual items		<b>—</b>	—
<b>Profit before taxation</b>		<b>2,553,428</b>	2,198,474
Taxation - Current		<b>1,105,884</b>	948,098
- Prior years		<b>—</b>	—
- Deferred		<b>(211,048)</b>	(171,295)
		<b>(894,836)</b>	(776,803)
<b>Profit after taxation</b>		<b>1,658,592</b>	1,421,671
<b>Basic and diluted earnings per share (Rupees)</b>	16	<b>1.58</b>	1.36

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

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Director

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

FOR THE QUARTER ENDED 31 MARCH 2016

	31 March 2016	31 March 2015
	Rupees in '000	
Profit after taxation for the period	<b>1,658,592</b>	1,421,671
<b>Other comprehensive income</b>		
Items not to be reclassified to profit and loss account in subsequent periods		
Actuarial loss on defined benefit plan	<b>(30,270)</b>	(25,532)
Related deferred tax reversal	<b>10,595</b>	8,936
	<b>(19,675)</b>	(16,596)
<b>Comprehensive income transferred to equity</b>	<b>1,638,917</b>	1,405,075
Items that may be reclassified to profit and loss account in subsequent periods and not reflected in equity		
Surplus on revaluation of investments	<b>384,727</b>	3,249,852
Related deferred tax charge	<b>(134,687)</b>	(1,122,280)
	<b>250,040</b>	2,127,572
<b>Total comprehensive income</b>	<b>1,888,957</b>	3,532,647

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

FOR THE QUARTER ENDED 31 MARCH 2016

	31 March 2016	31 March 2015
	Rupees in '000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	2,553,428	2,198,474
Less: Dividend income	(30,198)	(22,119)
	<b>2,523,230</b>	2,176,355
<b>Adjustments</b>		
Depreciation and amortization	152,288	136,887
Provision against non-performing loan and advances-net	423,737	750,000
Provision for diminution in the value of investments - net	(5,264)	16,924
Net gain on sale of fixed assets	(12,991)	(2,929)
	<b>557,770</b>	900,882
	<b>3,081,000</b>	3,077,237
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	(9,719,951)	2,167,775
Advances	(12,479,909)	11,171,607
Other assets	6,081,496	4,487,107
	<b>(16,118,364)</b>	17,826,489
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	1,581,093	1,731,026
Borrowings	19,804,626	34,720,028
Deposits and other accounts	11,207,135	(4,825,714)
Other liabilities (excluding current taxation)	(232,115)	(1,245,353)
	<b>32,360,739</b>	30,379,987
	<b>19,323,375</b>	51,283,713
Income tax paid	(943,327)	(288,577)
<b>Net cash flows from operating activities</b>	<b>18,380,048</b>	50,995,136
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investments in available-for-sale securities	(31,306,571)	(47,184,892)
Net investment in held-to-maturity securities	(319,446)	(11,047)
Dividend received	30,198	24,467
Investments in operating fixed assets	(122,762)	(69,921)
Proceeds from sale of fixed assets	74,322	2,972
<b>Net cash used in investing activities</b>	<b>(31,644,259)</b>	(47,238,421)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(1,093,942)	(25)
<b>Net cash used in financing activities</b>	<b>(1,093,942)</b>	(25)
<b>Increase / (decrease) in cash and cash equivalents</b>	<b>(14,358,153)</b>	3,756,690
Cash and cash equivalent at beginning of the period	<b>44,060,447</b>	19,635,669
<b>Cash and cash equivalent at end of the period</b>	<b>29,702,294</b>	23,392,359

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

FOR THE QUARTER ENDED 31 MARCH 2016

	Reserves					Unappropriated profit	Total
	Share capital	Share premium	Statutory reserve	Special reserve	Revenue reserve		
	Rupees in '000						
<b>Balance as at 1 January 2015</b>	10,478,315	2,550,985	6,887,477	240,361	1,500,000	8,559,839	30,216,977
<b>Changes in equity for the period ended 31 March 2015</b>							
Total comprehensive income - profit for the period	-	-	-	-	-	1,421,671	1,421,671
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) for the year ended 31 December 2014	-	-	-	-	-	(2,619,579)	(2,619,579)
Transfer to statutory reserve	-	-	282,534	-	-	(282,534)	-
<b>Balance as at 31 March 2015</b>	10,478,315	2,550,985	7,170,011	240,361	1,500,000	7,062,801	29,002,473
<b>Changes in equity for the period ended 31 December 2015</b>							
Total comprehensive income - profit for the period	-	-	-	-	-	6,251,812	6,251,812
Other comprehensive income - net of tax	-	-	-	-	-	(4,391)	(4,391)
<b>Transactions with owners, recorded directly in equity</b>							
Interim cash dividend (Rs. 2.00 per share) for the period ended 30 June 2015	-	-	-	-	-	(2,095,663)	(2,095,663)
Transfer to statutory reserve	-	-	1,248,653	-	-	(1,248,653)	-
<b>Balance as at 31 December 2015</b>	10,478,315	2,550,985	8,418,664	240,361	1,500,000	9,965,906	33,154,231
<b>Changes in equity for the period ended 31 March 2016</b>							
Total comprehensive income - profit for the period	-	-	-	-	-	1,658,592	1,658,592
Other comprehensive income - net of tax	-	-	-	-	-	(19,675)	(19,675)
<b>Transactions with owners, recorded directly in equity</b>							
Cash dividend (Rs. 2.00 per share) for the year ended 31 December 2015	-	-	-	-	-	(2,095,663)	(2,095,663)
Transfer to statutory reserve	-	-	331,814	-	-	(331,814)	-
<b>Balance as at 31 March 2016</b>	<u>10,478,315</u>	<u>2,550,985</u>	<u>8,750,478</u>	<u>240,361</u>	<u>1,500,000</u>	<u>9,177,346</u>	<u>32,697,485</u>

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**NOTES TO THE CONSOLIDATED CONDENSED INTERIM  
FINANCIAL STATEMENTS (UN-AUDITED)****FOR THE QUARTER ENDED 31 MARCH 2016****1. STATUS AND NATURE OF BUSINESS**

The Group comprises of Habib Metropolitan Bank Limited (holding company), Habib Metropolitan Financial Services Limited & Habib Metropolitan Modaraba Management Company (Private) Limited (wholly owned subsidiaries). The Group is engaged in providing Commercial Banking, Brokerage Services & Modaraba Management Services.

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 238 (31 December 2015: 237) branches including 20 (31 December 2015: 20) Islamic banking branches and 39 (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 holding company is situated at Spencer's Building, I.I Chundrigar Road, Karachi.

Habib Metropolitan Financial Services Limited was incorporated in Pakistan on 28 September 2007 as a public limited company under the Companies Ordinance, 1984. The registered office of the company is located at 1st Floor, GPC 2, Block 5, Khekashan Clifton, Karachi. The company is a corporate member of the Karachi Stock Exchange Limited and engaged in equity brokerage services.

Habib Metropolitan Modaraba Management Company (Private) Limited was incorporated in Pakistan on 1 June 2015 as a private limited company under the Companies Ordinance, 1984 and Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980. The registered office of the company is located 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 consolidated condensed interim financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.
- 2.2** Key financial figures of the Islamic Banking branches are disclosed in note 18 to these consolidated condensed interim financial statements.

**3. STATEMENT OF COMPLIANCE**

- 3.1** These consolidated condensed interim financial statements of the Group have been prepared in accordance with the requirements of International Financial Reporting Standards (IFRS's), Islamic Financial Accounting Standards (IFAS) issued by Institute of Chartered Accountants of Pakistan (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 consolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

**3.3** The disclosures made in these consolidated condensed interim financial statements have been limited based on a format prescribed by the SBP vide BSD Circular Letter No. 2 dated 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 consolidated condensed interim financial statements should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2015.

#### 4. ACCOUNTING POLICIES AND ESTIMATES

**4.1** The accounting policies adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the annual consolidated financial statements of the Group for the year ended 31 December 2015.

**4.2** The basis for accounting estimates adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the annual consolidated financial statements of the Group for the year ended 31 December 2015.

#### 5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Group are consistent with that disclosed in the annual consolidated financial statements of the Group for the year ended 31 December 2015.

#### 6. BALANCES WITH OTHER BANKS

##### In Pakistan

Current accounts	<b>77,153</b>	178,787
Deposit accounts	<b>96,595</b>	10,480,680
	<b>173,748</b>	10,659,467

##### Outside Pakistan

Current accounts	<b>1,299,988</b>	3,148,339
	<b>1,473,736</b>	13,807,806

#### 7. LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings	<b>3,700,000</b>	2,800,000
Repurchase agreement lendings (Reverse repo)	<b>3,706,486</b>	—
Bai - Muajjal receivable from State Bank of Pakistan	<b>5,113,465</b>	—
	<b>12,519,951</b>	2,800,000



## 8. INVESTMENTS

Note	31 March 2016 (Un-Audited)			31 December 2015 (Audited)		
	Held by Group	Given as collateral	Total	Held by Group	Given as collateral	Total
Rupees in '000						
<b>Available-for-sale securities</b>						
Market treasury bills	117,493,146	1,621,487	119,114,633	72,409,243	3,558,874	75,968,117
Pakistan investment bonds	113,504,893	27,270,381	140,775,274	152,462,898	2,054,088	154,516,986
Ordinary shares of listed companies	1,096,141	–	1,096,141	1,062,338	–	1,062,338
Ordinary shares of unlisted companies	141,741	–	141,741	141,741	–	141,741
Listed term finance certificates	2,208,898	–	2,208,898	1,938,933	–	1,938,933
Unlisted term finance certificates	440,305	–	440,305	440,305	–	440,305
Sukuk certificates and bonds	16,281,411	–	16,281,411	12,626,088	–	12,626,088
Open end mutual funds	3,471,627	–	3,471,627	5,532,227	–	5,532,227
Close end mutual funds	419,685	–	419,685	416,409	–	416,409
	<b>255,057,847</b>	<b>28,891,868</b>	<b>283,949,715</b>	<b>247,030,182</b>	<b>5,612,962</b>	<b>252,643,144</b>
<b>Held-to-maturity securities</b>						
Pakistan investment bonds	19,551,939	–	19,551,939	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	3,600,000	–	3,600,000	3,300,000	–	3,300,000
	<b>34,796,580</b>	<b>–</b>	<b>34,796,580</b>	<b>34,477,134</b>	<b>–</b>	<b>34,477,134</b>
<b>Investments at cost</b>	<b>289,854,427</b>	<b>28,891,868</b>	<b>318,746,295</b>	<b>281,507,316</b>	<b>5,612,962</b>	<b>287,120,278</b>
Less: Provision for diminution in the value of investments	8.1 (263,993)	–	(263,993)	(269,257)	–	(269,257)
<b>Investments net of provisions</b>	<b>289,590,434</b>	<b>28,891,868</b>	<b>318,482,302</b>	<b>281,238,059</b>	<b>5,612,962</b>	<b>286,851,021</b>
Surplus / (deficit) on revaluation of available-for-sale securities-net	14 6,184,047	(94,754)	6,089,293	5,709,024	(4,458)	5,704,566
<b>Investments after revaluation of available-for-sale securities</b>	<b>295,774,481</b>	<b>28,797,114</b>	<b>324,571,595</b>	<b>286,947,083</b>	<b>5,608,504</b>	<b>292,555,587</b>

### 8.1 Particulars of provision for diminution in the value of investments

	31 March 2016 (Un-Audited)	31 December 2015 (Audited)
Rupees in '000		
Opening balance	269,257	160,180
Charge for the period / year	1,335	118,089
Reversal during the period / year	(6,599)	(9,012)
Net (reversal) / charge for the period / year	(5,264)	109,077
Closing balance	263,993	269,257

	Note	31 March 2016 (Un-Audited)	31 December 2015 (Audited)
Rupees in '000			
<b>9. ADVANCES</b>			
Loans, cash credits, running finances, etc.			
In Pakistan		<b>123,366,561</b>	115,430,783
Islamic financing and related assets (gross)		<b>8,034,460</b>	8,254,307
Net investment in finance lease			
In Pakistan		<b>640,988</b>	655,517
Bills discounted and purchased (excluding market treasury bills)			
Payable in Pakistan		<b>9,637,381</b>	7,297,027
Payable outside Pakistan		<b>20,595,670</b>	18,438,791
		<b>30,233,051</b>	25,735,818
Advances - gross		<b>162,275,060</b>	150,076,425
Provision against non-performing advances			
- specific		<b>(16,002,613)</b>	(16,532,837)
- general		<b>(1,569,436)</b>	(896,749)
	9.3	<b>(17,572,049)</b>	(17,429,586)
Advances - net of provisions		<b>144,703,011</b>	132,646,839

**9.1** Advances include Rs. 18,354,943 thousand (31 December 2015: Rs. 18,486,982 thousand) which have been placed under non-performing status as detailed below:

	31 March 2016 (Un-Audited)			31 December 2015 (Audited)		
	Classified advances	Provision required	Provision held	Classified advances	Provision required	Provision held
Rupees in '000						
<b>Category of classification</b>						
Standard	<b>886,169</b>	<b>47,156</b>	<b>47,156</b>	57,324	14,331	14,331
Doubtful	<b>298,456</b>	<b>137,174</b>	<b>137,174</b>	286,353	127,376	127,376
Loss	<b>17,170,318</b>	<b>15,818,283</b>	<b>15,818,283</b>	18,143,305	16,391,130	16,391,130
	<b>18,354,943</b>	<b>16,002,613</b>	<b>16,002,613</b>	18,486,982	16,532,837	16,532,837

**9.2** As allowed by the SBP, the bank has availed benefit of Forced Sale Value (FSV) of collateral held as security of Rs 1,538,978 thousand (31 December 2015: Rs. 1,767,976 thousand) while determining the provision requirement against non-performing advances. The additional profit arising from availing the FSV benefit - net of tax as at 31 March 2016 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees amounted to approximately Rs 1,000,336 thousand (31 December 2015: Rs. 1,149,184 thousand).

### 9.3 Provision against non-performing advances

	31 March 2016 (Un-Audited)			31 December 2015 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	16,532,837	896,749	17,429,586	15,661,846	326,696	15,988,542
Charge for the period / year	147,479	672,687	820,166	2,657,575	570,053	3,227,628
Reversals for the period / year	(396,429)	-	(396,429)	(1,110,743)	-	(1,110,743)
Net (reversal) / charge for the period / year	(248,950)	672,687	423,737	1,546,832	570,053	2,116,885
Amount written off	(281,274)	-	(281,274)	(675,841)	-	(675,841)
Closing balance	16,002,613	1,569,436	17,572,049	16,532,837	896,749	17,429,586

**9.4** General provision includes provision of Rs. 1,707 thousand (31 December 2015: Rs. 1,824 thousand) made against consumer portfolio in accordance with the Prudential Regulations issued by SBP at 1.5% of fully secured and at 5% of the unsecured consumer portfolio. Moreover, general provision also includes provision of Rs. 38,164 thousand (31 December 2015: Rs. 28,806 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.

## 10. OPERATING FIXED ASSETS

During the current period, additions and disposals in operating fixed assets amounted to Rs. 70,152 thousand (31 March 2015: Rs. 53,611 thousand) and Rs. 84,332 thousand (31 March 2015: Rs. 1,986 thousand) respectively.

## 11. DEFERRED TAX ASSETS

As per Seventh Schedule to the Income Tax Ordinance, 2001, the provision for advances & off balance sheet items are allowed at 5% of total gross advances for consumer and SMEs (as defined in SBP Prudential Regulation). The provision for advances and off balance sheet items other than those falling in definition of consumer & SMEs are allowed up to 1% of such total gross advances. Further Rule 8(A) of Seventh Schedule allows for amounts provided for in tax year 2008 and prior to said tax year for doubtful debts, which were neither claimed nor allowed as tax deductible in any year shall be allowed as deduction in tax year in which such doubtful debts are written off. With reference to allowability of provision, the management has carried out an exercise and concluded that full deduction of provision in succeeding years would be allowed and accordingly recognized deferred tax asset on such provision amounting to Rs. 4,029,420 thousand (31 December 2015: Rs. 3,878,902 thousand).

## 12. BORROWINGS

### Secured

	31 March 2016 (Un-Audited)	31 December 2015 (Audited)
Borrowings from State Bank of Pakistan		
– under export refinance scheme	20,111,264	21,274,506
– under long term financing - export oriented projects	19,413	19,413
– under long term financing facility - locally manufactured plant and machinery	1,775,295	1,423,239
	<b>21,905,972</b>	<b>22,717,158</b>
Repurchase agreement borrowings (Repo)	28,790,135	5,603,311
Due against bills re-discounting	178,254	2,749,266
	<b>50,874,361</b>	<b>31,069,735</b>

### Unsecured

Overdrawn nostro accounts	1,988,944	197,656
Overdrawn local bank accounts	137,215	195,431
	<b>2,126,159</b>	<b>393,087</b>
	<b>53,000,520</b>	<b>31,462,822</b>

## 13. DEPOSITS AND OTHER ACCOUNTS

### Customers

Fixed deposits	169,353,475	169,177,912
Saving deposits	131,615,121	116,432,300
Current deposits (non-remunerative)	97,457,315	101,487,138
Others	4,312,598	2,761,126
	<b>402,738,509</b>	<b>389,858,476</b>

### Financial institutions

Remunerative deposits	10,273,558	12,420,016
Non-remunerative deposits	1,403,665	930,105
	<b>11,677,223</b>	<b>13,350,121</b>
	<b>414,415,732</b>	<b>403,208,597</b>

**31 March  
2016**  
(Un-Audited)

31 December  
2015  
(Audited)

Rupees in '000

## 14. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

### Available-for-sale securities

#### Federal Government Securities

Market treasury bills	<b>115,009</b>	176,491
Pakistan investment bonds	<b>5,604,935</b>	5,214,298
GOP ijarah sukuk	<b>112,222</b>	41,461

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

<b>241,132</b>	290,872
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#### Term finance certificates, sukuk certificates and bonds

Listed term finance certificates	<b>424</b>	(6,813)
Unlisted term finance certificates	<b>3,697</b>	4,645
Sukuk certificates and bonds	<b>11,874</b>	(16,388)

<b>6,089,293</b>	5,704,566
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Related deferred tax liability - net	<b>(2,131,247)</b>	(1,996,560)
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<b>3,958,046</b>	3,708,006
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## 15. CONTINGENCIES AND COMMITMENTS

### 15.1 Direct credit substitutes

Bank guarantees of indebtedness in favouring:  
banking companies and other financial institutions

<b>-</b>	2,286
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### 15.2 Transaction-related contingent liabilities

Includes performance bonds, bid bonds, advance  
payment guarantees and shipping guarantees favouring:  
i) Government  
ii) Banking companies and other financial institutions  
iii) Others

<b>18,218,993</b>	17,163,286
<b>1,665,991</b>	436,358
<b>10,332,231</b>	10,077,952
<b>30,217,215</b>	27,677,596

### 15.3 Trade-related contingent liabilities

Letters of credit	<b>67,050,748</b>	63,545,499
Acceptances	<b>15,398,290</b>	12,554,226

	<b>31 March 2016</b> (Un-Audited)	31 December 2015 (Audited)
	Rupees in '000	
<b>15.4 Commitments in respect of forward exchange contracts</b>		
Purchase	<b>78,443,166</b>	80,770,251
Sale	<b>72,806,993</b>	73,381,353
<b>15.5 Commitments in respect of operating leases</b>		
Not later than one year	<b>29,112</b>	22,355
Later than one year and not later than five years	<b>29,638</b>	19,893
	<b>58,750</b>	42,248
<b>15.6 Commitments for the acquisition of operating fixed assets</b>	<b>69,234</b>	57,582
<b>15.7 Claims against bank not acknowledge as debt</b>	<b>2,881,199</b>	1,348,358
<b>15.8 Commitments in respect of forward lendings</b>		
The holding company makes commitments to extend credit in the normal course of its business, but none of these commitments are irrevocable and do not attract any penalty if the facility is unilaterally withdrawn.		
<b>15.9 Commitments in respect of syndicate financing</b>	<b>1,076,109</b>	<b>1,210,595</b>

## 15.10 Taxation

Income tax assessments of the Group 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 Inland Revenue (ATIR). However, adequate provisions are being held by the Group.

## 16. BASIC AND DILUTED EARNINGS PER SHARE

	(Un-Audited)	
	<b>31 March 2016</b>	31 March 2015
	Rupees in '000	
Profit after taxation	<b>1,658,592</b>	1,421,671
	Number in '000	
Weighted average number of ordinary shares	<b>1,047,831</b>	1,047,831
	Rupees	
Basic and diluted earnings per share	<b>1.58</b>	1.36

## 17. TRANSACTIONS WITH RELATED PARTIES

The Group has related party relationships with its ultimate parent company, companies with common directorship, key management personnel, directors and employees' retirement benefit plans.

Contributions in respect of employees' retirement benefits are made in accordance with actuarial valuation and terms of contribution plan. Salaries & allowances of the key management personnel are in accordance with the terms of their employment. Other transactions are at agreed terms.

### 31 March 2016 (Un-Audited)

	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000					
<b>Deposits</b>						
At beginning of the year	304,504	17,875,031	66,322	498,364	1,121,035	19,865,250
Received during the period	7,556,561	351,207,338	123,027	111,391	672,272	359,670,589
Repaid during the period	(7,345,552)	(351,732,465)	(113,545)	(116,818)	(532,329)	(359,840,709)
At end of the period	515,513	17,349,904	75,804	492,937	1,260,978	19,695,130
<b>Advances</b>						
At beginning of the year	-	3,967,805	129,342	-	-	4,097,147
Disbursed during the period	-	21,617,833	8,401	-	-	21,626,234
Recovered during the period	-	(20,716,593)	(12,551)	-	-	(20,729,144)
At the end of the period	-	4,869,045	125,192	-	-	4,994,237
Bank balances held by the Group	229,498	31,648	-	-	-	261,146
Mark-up / return / interest receivable	-	2,306	-	-	-	2,306
Mark-up / return / interest payable	-	335,893	470	1,863	226,993	565,219
Management fee payable for technical consultancy services*	193,416	-	-	-	-	193,416
Prepayments / advance deposits	-	7,148	-	-	-	7,148
Insurance premium and other payable	30,200	5,159	-	-	-	35,359
Transaction-related contingent liabilities	-	2,381,744	-	-	-	2,381,744
Trade-related contingent liabilities	-	2,866,596	-	-	-	2,866,596
Receivable / (payable) against purchase / sale of securities	3,013	28,310	(170)	-	-	31,153

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

## 31 December 2015 (Audited)

	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000					
<b>Deposits</b>						
At beginning of the year	294,869	19,676,536	49,180	385,250	1,098,520	21,504,355
Received during the period	23,579,657	1,346,712,261	601,770	3,069,135	1,180,760	1,375,143,583
Repaid during the period	(23,570,022)	(1,348,513,766)	(584,628)	(2,956,021)	(1,158,245)	(1,376,782,682)
At end of the period	<u>304,504</u>	<u>17,875,031</u>	<u>66,322</u>	<u>498,364</u>	<u>1,121,035</u>	<u>19,865,256</u>
<b>Advances</b>						
At beginning of the year	–	1,840,385	163,366	–	–	2,003,751
Disbursed during the period	–	44,364,667	69,517	–	–	44,434,184
Recovered during the period	–	(42,237,247)	(103,541)	–	–	(42,340,788)
At the end of the period	<u>–</u>	<u>3,967,805</u>	<u>129,342</u>	<u>–</u>	<u>–</u>	<u>4,097,147</u>
Bank balances held by the Group	<u>122,080</u>	<u>59,632</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>181,712</u>
Mark-up / return / interest receivable	<u>–</u>	<u>3,898</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>3,898</u>
Mark-up / return / interest payable	<u>–</u>	<u>322,640</u>	<u>856</u>	<u>2,352</u>	<u>194,406</u>	<u>520,254</u>
Management fee payable for technical consultancy services*	<u>283,570</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>283,570</u>
Prepayments / advance deposits	<u>–</u>	<u>2,563</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,563</u>
Insurance premium and other payable	<u>30,200</u>	<u>4,371</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>34,571</u>
Transaction-related contingent liabilities	<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>4,342,731</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>4,342,731</u>
Receivable / (payable) against purchase / sale of securities	<u>(3,216)</u>	<u>–</u>	<u>(416)</u>	<u>–</u>	<u>–</u>	<u>(3,632)</u>

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



Transactions during the period	For the period ended 31 March 2016 (Un-Audited)					
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000					
Mark-up/return/interest earned	-	52,415	1,465	-	-	53,880
Mark-up/return/interest expensed	-	320,761	528	6,134	38,486	365,909
Commission/brokerage/bank charges recovered	2,323	33,269	2	12	-	35,606
Commission/brokerage/bank charges paid	51	261	-	-	-	312
Rent income	1,404	-	-	-	-	1,404
Salaries and allowances	-	-	83,271	-	-	83,271
Directors' fees	-	-	-	2,175	-	2,175
Contribution to defined benefit plan	-	-	-	-	37,273	37,273
Contribution to defined contribution plan	-	-	-	-	37,111	37,111
Rent expenses	-	2,860	-	-	-	2,860
Insurance premium expenses	-	2,678	-	-	-	2,678
Maintenance, electricity, stationery & entertainment expenses	-	18,991	-	-	-	18,991
Management fee expense for technical & consultancy services*	58,744	-	-	-	-	58,744
Donation paid	-	1,960	-	-	-	1,960
Professional/other charges paid	-	186	-	-	-	186

\* 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 & consultancy services*	66,120	–	–	–	–	66,120
Donation paid	–	1,960	–	–	–	1,960
Professional/other charges paid	–	482	–	–	–	482

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

## 18. KEY ISLAMIC BANKING OPERATIONS

The Bank is operating 20 (31 December 2015: 20) Islamic banking branches in Pakistan. The statement of financial position and profit and loss account of Islamic banking operations as at 31 March 2016 are as follows:

### 18.1 STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	Note	31 March 2016 (Un-Audited)	31 December 2015 (Audited)
Rupees in '000			
<b>ASSETS</b>			
Cash and balances with treasury banks		<b>2,443,573</b>	3,842,878
Balances with other banks		—	10,450,000
Due from financial institutions		<b>13,910,046</b>	14,552,272
Investments		<b>25,498,765</b>	14,949,345
Islamic financing and related assets - net	18.6	<b>7,672,214</b>	7,897,487
Operating fixed assets		<b>74,460</b>	76,730
Deferred tax assets		—	—
Other assets		<b>2,053,322</b>	3,460,038
		<b>51,652,380</b>	55,228,750
<b>LIABILITIES</b>			
Bills payable		<b>390,101</b>	228,456
Due to financial institutions		<b>855,974</b>	966,307
Deposits and other accounts			
- Current accounts		<b>5,211,966</b>	6,918,381
- Saving accounts		<b>18,794,597</b>	19,962,616
- Term deposits		<b>16,302,140</b>	15,390,612
- Others		<b>216,003</b>	84,674
- Deposits from financial institutions - remunerative		<b>7,686,581</b>	9,709,697
- Deposits from financial institutions - non remunerative		<b>174,551</b>	1,303
		<b>48,385,838</b>	52,067,283
Due to head office		—	—
Other liabilities		<b>487,047</b>	575,043
		<b>50,118,960</b>	53,837,089
<b>NET ASSETS</b>		<b>1,533,420</b>	1,391,661
<b>REPRESENTED BY</b>			
Islamic banking fund		<b>1,402,619</b>	1,002,619
Reserves		—	—
Unappropriated profit		<b>36,930</b>	363,777
		<b>1,439,549</b>	1,366,396
Surplus on revaluation of assets		<b>93,871</b>	25,265
		<b>1,533,420</b>	1,391,661

## 18.2 PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER ENDED 31 MARCH 2016

	31 March 2016	31 March 2015
	Rupees in '000	
Profit / return on financing, investments and placements earned	<b>711,717</b>	683,070
Profit / return on deposit and other dues expensed	<b>(601,491)</b>	(486,354)
<b>Net spread earned</b>	<b>110,226</b>	196,716
Provision against non performing financing	<b>5,426</b>	72,587
Provision for diminution in the value of investments	—	—
Provision for consumer financing ljarah	—	—
Bad debts written off directly	—	—
	<b>(5,426)</b>	(72,587)
Net spread after provision	<b>104,800</b>	124,129
<b>Other income</b>		
Fee, commission and brokerage income	<b>9,554</b>	8,260
Dividend income	—	—
Income from dealing in foreign currencies	<b>4,594</b>	3,418
Gain on sale / redemption of securities	<b>12,971</b>	—
Unrealized gain / (loss) on revaluation of investments classified as held-for-trading	—	—
Other income	<b>10,227</b>	11,426
Total other income	<b>37,346</b>	23,104
	<b>142,146</b>	147,233
<b>Other expenses</b>		
Administrative expenses	<b>105,216</b>	63,495
Other provisions / write offs	—	—
Other charges	—	—
Total other expenses	<b>(105,216)</b>	(63,495)
	<b>36,930</b>	83,738
Extra ordinary / unusual items	—	—
<b>Profit before taxation</b>	<b>36,930</b>	83,738

## 18.3 Remuneration to Shariah Advisor / Board

<b>1,016</b>	<b>647</b>
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## 18.4 Charity fund

	31 March 2016 (Un-Audited)	31 December 2015 (Audited)
	Rupees in '000	
Opening balance	<b>491</b>	—
Additions during the period	<b>489</b>	491
Payments / utilization during the period	<b>(491)</b>	—
Closing Balance	<b>489</b>	491

## 18.5 FINANCINGS / INVESTMENTS / RECEIVABLES

### Murabaha financing

	31 March 2016 (Un-Audited)	31 December 2015 (Audited)
Murabaha receivable - gross	3,845,483	4,218,831
Less: Deferred murabaha income	(130,260)	(166,802)
Advance against murabaha	228,315	79,898
	3,943,538	4,131,927
Provision against murabaha financing	(336,406)	(330,980)
	3,607,132	3,800,947

### Ijarah

Asset held for ijarah	367,823	315,303
Less: Accumulated depreciation	(168,200)	(143,395)
Ijarah financing	54,499	55,480
Less: Unearned income	(11,110)	(9,089)
Advance against ijarah	13,769	23,854
	256,781	242,153
Provision against ijarah financing	(25,840)	(25,840)
	230,941	216,313

### Diminishing musharakah

Diminishing musharakah - gross	3,297,464	3,204,826
Less: Unrealised income on Diminishing Musharakah	(582,089)	(497,059)
Advance against Diminishing Musharakah	43,764	44,324
	2,759,139	2,752,091

### Export refinance murabaha

Export refinance murabaha receivable - gross	103,914	129,691
Less: Deferred export refinance murabaha income	(1,496)	(2,317)
Advance against murabaha IERF	12,923	5,899
	115,341	133,273

### Istisna financing

Istisna financing - gross	31,429	46,429
Less: Deferred istisna income	(9,429)	(13,929)
Advance against istisna	157,649	102,275
	179,649	134,775

### Al-Bai financing

	30,012	25,088
Export refinance istisna		
Advance against export refinance istisna	450,000	835,000
Istisna goods IERF	300,000	-
	750,000	835,000

## 18.6 Islamic mode of financing

Financings / investments / receivables	6,465,794	6,806,237
Advances	906,420	1,091,250
Assets / inventories	300,000	-
	7,672,214	7,897,487

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## **19. GENERAL**

**19.1** Corresponding figures pertaining to "Bai-Muajjal with Government of Pakistan" have been reclassified from "Lendings to Financial Institutions" to "Investments" as "other federal government securities - Bai-Muajjal".

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

## **20. DATE OF AUTHORISATION FOR ISSUE**

These consolidated condensed interim financial statements were authorised for issue by the Board of Directors on 14 April 2016.

**KASSIM PAREKH**  
Chairman

**SIRAJUDDIN AZIZ**  
President &  
Chief Executive Officer

**TARIQ IKRAM**  
Director

**SOHAIL HASAN**  
Director