



[Subsidiary of Habib Bank AG Zurich]

## **HABIB METROPOLITAN BANK LTD.**

[Subsidiary of Habib Bank AG Zurich]

Consolidated Accounts for the first quarter  
ended 31 March 2017  
(Un-audited)

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS

AT 31 MARCH 2017

	Note	31 March 2017 (Un-Audited)	31 December 2016 (Audited)
Rupees in '000			
<b>ASSETS</b>			
Cash and balances with treasury banks		35,876,111	35,561,885
Balances with other banks	6	2,104,051	2,260,110
Lendings to financial institutions	7	14,178,406	16,750,886
Investments	8	318,818,762	314,132,874
Advances	9	150,014,963	142,951,166
Operating fixed assets	10	3,265,660	3,247,358
Deferred tax assets	11	2,503,284	2,452,502
Other assets		8,304,632	9,085,871
		<b>535,065,869</b>	<b>526,442,652</b>
<b>LIABILITIES</b>			
Bills payable		9,310,644	8,108,633
Borrowings	12	46,407,273	37,205,175
Deposits and other accounts	13	427,403,645	430,443,867
Sub-ordinated loans		—	—
Liabilities against assets subject to finance lease		—	—
Deferred tax liabilities		—	—
Other liabilities		14,029,906	10,946,833
		<b>497,151,468</b>	<b>486,704,508</b>
<b>NET ASSETS</b>			
		<b>37,914,401</b>	<b>39,738,144</b>
<b>REPRESENTED BY</b>			
Share capital		10,478,315	10,478,315
Reserves		14,191,538	13,933,875
Unappropriated profit		10,707,651	12,796,778
		<b>35,377,504</b>	<b>37,208,968</b>
Surplus on revaluation of assets - net of tax	14	2,536,897	2,529,176
		<b>37,914,401</b>	<b>39,738,144</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	15		

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

**MOHAMEDALI R. HABIB**  
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 2017

	Note	31 March 2017	31 March 2016
		Rupees in '000	
Mark-up / return / interest earned		<b>7,893,835</b>	8,198,532
Mark-up / return / interest expensed		<b>(4,495,278)</b>	(5,316,162)
<b>Net mark-up / interest income</b>		<b>3,398,557</b>	2,882,370
Provision against non performing loans and advances	9.3	<b>247,927</b>	423,737
Provision for diminution in the value of investments	8.1	<b>-</b>	(5,264)
Bad debts written off directly		<b>-</b>	-
		<b>(247,927)</b>	(418,473)
Net mark-up / interest income after provisions		<b>3,150,630</b>	2,463,897
<b>Non mark-up / interest income</b>			
Fee, commission and brokerage income		<b>862,374</b>	740,417
Dividend income		<b>26,325</b>	30,198
Income from dealing in foreign currencies		<b>186,609</b>	296,306
Gain on sale / redemption of securities - net		<b>208,623</b>	1,064,213
Unrealized gain / (loss) on revaluation of investments classified as 'held-for-trading'		<b>-</b>	-
Other income		<b>70,733</b>	81,066
Total non mark-up / interest income		<b>1,354,664</b>	2,212,200
		<b>4,505,294</b>	4,676,097
<b>Non mark-up / interest expenses</b>			
Administrative expenses		<b>2,426,825</b>	2,228,662
Other provisions / write offs		<b>(328)</b>	(172,048)
Other charges		<b>48,246</b>	66,055
Total non mark-up / interest expenses		<b>(2,474,743)</b>	(2,122,669)
		<b>2,030,551</b>	2,553,428
Extra ordinary / unusual items		<b>-</b>	-
<b>Profit before taxation</b>		<b>2,030,551</b>	2,553,428
Taxation - Current		<b>760,358</b>	1,105,884
- Prior years		<b>-</b>	-
- Deferred		<b>(53,855)</b>	(211,048)
		<b>(706,503)</b>	(894,836)
<b>Profit after taxation</b>		<b>1,324,048</b>	1,658,592
<b>Basic and diluted earnings per share (rupees)</b>	16	<b>1.26</b>	1.58

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**TARIQ IKRAM**  
Director

**SOHAIL HASAN**  
Director

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

FOR THE QUARTER ENDED 31 MARCH 2017

	31 March 2017	31 March 2016
	Rupees in '000	
Profit after taxation for the period	1,324,048	1,658,592
<b>Other comprehensive income</b>		
Items not to be reclassified to profit and loss in subsequent periods:		
Actuarial loss on defined benefit plan	(19,165)	(30,270)
Related deferred tax reversal	6,708	10,595
	(12,457)	(19,675)
<b>Comprehensive income transferred to equity</b>	1,311,591	1,638,917
Items that may be reclassified to profit or loss in subsequent periods and not to be reflected in equity:		
Surplus on revaluation of investments	17,941	384,727
Related deferred tax charge	(9,781)	(134,687)
	8,160	250,040
<b>Total comprehensive income</b>	1,319,751	1,888,957

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

FOR THE QUARTER ENDED 31 MARCH 2017

	31 March 2017	31 March 2016
	Rupees in '000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	2,030,551	2,553,428
Less: Dividend income	(26,325)	(30,198)
	<b>2,004,226</b>	2,523,230
<b>Adjustment</b>		
Depreciation and amortization (including non-banking assets)	202,006	152,288
Provision against non-performing loans and advances - net	247,927	423,737
Provision for diminution in the value of investments - net	—	(5,264)
Net gain on sale of fixed assets	(1,720)	(12,991)
	<b>448,213</b>	557,770
	<b>2,452,439</b>	3,081,000
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	2,572,480	(9,719,951)
Advances	(7,311,724)	(12,479,909)
Other assets (excluding current taxation and dividend receivable)	763,682	6,081,496
	<b>(3,975,562)</b>	(16,118,364)
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	1,202,011	1,581,093
Borrowings	8,929,294	19,804,626
Deposits and other accounts	(3,040,222)	11,207,135
Other liabilities (excluding current taxation)	(79,338)	(232,115)
	<b>7,011,745</b>	32,360,739
Income tax paid	5,488,622	19,323,375
	<b>(739,161)</b>	(943,327)
<b>Net cash flows from operating activities</b>	<b>4,749,461</b>	18,380,048
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investments in available-for-sale securities	(471,477)	(31,306,571)
Net investments in held-to-maturity securities	(4,196,470)	(319,446)
Dividend received	16,644	30,198
Net investments in intangibles and operating fixed assets	(214,931)	(122,762)
Proceeds from sale of fixed assets	2,384	74,322
<b>Net cash flows from investing activities</b>	<b>(4,863,850)</b>	(31,644,259)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(248)	(1,093,942)
<b>Net cash flows from financing activities</b>	<b>(248)</b>	(1,093,942)
<b>Decrease in cash and cash equivalents</b>	<b>(114,637)</b>	(14,358,153)
Cash and cash equivalent at beginning of the period	<b>36,931,854</b>	44,060,447
<b>Cash and cash equivalent at end of the period</b>	<b>36,817,217</b>	29,702,294

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**TARIQ IKRAM**  
Director

**SOHAIL HASAN**  
Director

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

FOR THE QUARTER ENDED 31 MARCH 2017

		Reserves					
	Share Capital	Share premium	Statutory reserve	Special reserve	Revenue reserve	Unappropriated profit	Total
	Rupees in '000						
Balance as at 1 January 2016	10,478,315	2,550,985	8,418,664	240,361	1,500,000	9,965,906	33,154,231
Changes in equity for the period ended 31 March 2016							
Total comprehensive income							
- profit for the period	-	-	-	-	-	1,658,592	1,658,592
Other comprehensive income - net of tax	-	-	-	-	-	(19,675)	(19,675)
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 to statutory reserve	-	-	331,814	-	-	(331,814)	-
Balance as at 31 March 2016	10,478,315	2,550,985	8,750,478	240,361	1,500,000	9,177,346	32,697,485
Changes in equity for the period ended 31 December 2016							
Total comprehensive income							
- profit for the period	-	-	-	-	-	4,470,098	4,470,098
Other comprehensive income - net of tax	-	-	-	-	-	39,363	39,363
Transfer from surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	2,022	2,022
Transactions with owners, recorded directly in equity							
Transfer to statutory reserve	-	-	892,051	-	-	(892,051)	-
Balance as at 31 December 2016	10,478,315	2,550,985	9,642,529	240,361	1,500,000	12,796,778	37,208,968
Changes in equity for the period ended 31 March 2017							
Total comprehensive income							
- profit for the period	-	-	-	-	-	1,324,048	1,324,048
Other comprehensive income - net of tax	-	-	-	-	-	(12,457)	(12,457)
Transfer from surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	439	439
Transactions with owners, recorded directly in equity							
Cash dividend (Rs. 3.00 per share) for the year ended 31 December 2016	-	-	-	-	-	(3,143,494)	(3,143,494)
Transfer to statutory reserve	-	-	257,663	-	-	(257,663)	-
Balance as at 31 March 2017	10,478,315	2,550,985	9,900,192	240,361	1,500,000	10,707,651	35,377,504

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

FOR THE QUARTER ENDED 31 MARCH 2017

**1. STATUS AND NATURE OF BUSINESS**

The Group comprises of Habib Metropolitan Bank Limited (the holding company), Habib Metropolitan Financial Services Limited and Habib Metropolitan Modaraba Management Company (Private) Limited (wholly owned subsidiaries). The Group is engaged in providing Commercial Banking, Brokerage Services and Modaraba Management 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 Pakistan Stock Exchange. The holding company operates 273 (31 December 2016: 273) branches including 25 (31 December 2016: 25) Islamic banking branches and 34 (31 December 2016: 34) sub branches in Pakistan. The holding company is a subsidiary of Habib Bank AG Zurich - Switzerland (the ultimate parent company with 51% shares in 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 (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 Pakistan Stock Exchange Limited and is engaged in Equity Brokerage Services.

Habib Metropolitan Modaraba Management Company (Private) Limited (the subsidiary company) 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 subsidiary company is located at Spencer's Building, I.I. Chundrigar Road, Karachi.

**2. BASIS OF PRESENTATION**

- 2.1 These consolidated financial statements comprise the financial statements of the holding company and its subsidiary companies. The financial statements of the subsidiary companies have been prepared using consistent accounting policies. The assets, liabilities, income and expenses of the subsidiary companies have been consolidated on a line by line basis. Intra-group balances and transactions have been eliminated for the purpose of consolidation.
- 2.2 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.
- 2.3 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 26 August 2002 has deferred the applicability of International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" and IAS 40 "Investment Property" for banking companies till further instructions. Further, according to a notification of the Securities and Exchange Commission of Pakistan (SECP) issued vide SRO 411(I)/2008 dated 28 April 2008, IFRS 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.
- 3.3 The disclosures made in these consolidated condensed interim financial statements have been limited based on a format prescribed by the SBP vide BSD Circular Letter No. 2 dated 12 May 2004 and BPRD Circular Letter No. 5 dated 29 February 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 2016.

#### 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 2016.
- 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 2016.

#### 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 2016.

	Note	31 March 2017 (Un-Audited)	31 December 2016 (Audited)
<b>6. BALANCES WITH OTHER BANKS</b>			
<b>In Pakistan</b>			
Current accounts		<b>86,633</b>	181,390
Deposit accounts	6.1	<b>98,991</b>	44,429
		<b>185,624</b>	225,819
<b>Outside Pakistan</b>			
Current accounts		<b>1,918,427</b>	2,034,291
		<b>2,104,051</b>	2,260,110
<b>6.1</b> These carry mark-up rate of 3.75% (31 December 2016 : 3.75%) per annum.			
<b>7. LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Call money lendings	7.1	<b>3,000,000</b>	2,500,000
Repurchase agreement lendings (Reverse repo)	7.2	<b>2,378,406</b>	637,421
Bai - Muajjal receivable from State Bank of Pakistan		—	5,113,465
Islamic Placement - Musharika	7.3	<b>8,800,000</b>	8,500,000
		<b>14,178,406</b>	16,750,886



**7.1** This carry mark-up rate of 6.60% (31 December 2016 : 6.65%) per annum with maturity upto 2 June 2017 (31 December 2016 : 3 March 2017).

**7.2** These carry mark-up rates ranging from 5.97% to 6.20% (31 December 2016 : 5.99% to 6.04%) per annum with maturity upto 6 June 2017 (31 December 2016 : 1 February 2017).

**7.3** These carry mark-up rates ranging from 5.25% to 5.60% (31 December 2016 : 4.50% to 5.25%) per annum with maturity upto 1 June 2017 (31 December 2016 : 6 March 2017).

## 8. INVESTMENTS

8. INVESTMENTS

	Note	31 March 2017 (Un-Audited)			31 December 2016 (Audited)		
		Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
		Rupees in '000					
<b>Available-for-sale securities</b>							
Market treasury bills		139,324,893	8,823,028	148,147,921	158,375,802	12,042,862	170,418,664
Pakistan investment bonds		92,258,837	13,555,734	105,814,571	83,538,877	–	83,538,877
Ordinary shares of listed companies		2,005,996	–	2,005,996	1,572,398	–	1,572,398
Ordinary shares of unlisted companies		127,841	–	127,841	141,741	–	141,741
Listed term finance certificates		2,088,391	–	2,088,391	2,088,703	–	2,088,703
Unlisted term finance certificates		306,268	–	306,268	314,828	–	314,828
Sukuk certificates and bonds		18,413,086	–	18,413,086	18,542,294	–	18,542,294
Open end mutual funds		4,093,665	–	4,093,665	3,908,757	–	3,908,757
Close end mutual funds		419,685	–	419,685	419,685	–	419,685
		259,038,662	22,378,762	281,417,424	268,903,085	12,042,862	280,945,947
<b>Held-to-maturity securities</b>							
Pakistan investment bonds		32,188,506	–	32,188,506	27,642,036	–	27,642,036
Other federal government securities		–	–	–	–	–	–
Certificates of investments		1,850,000	–	1,850,000	2,200,000	–	2,200,000
		34,038,506	–	34,038,506	29,842,036	–	29,842,036
<b>Investments at cost</b>		293,077,168	22,378,762	315,455,930	298,745,121	12,042,862	310,787,983
Less: Provision for diminution in the value of investments	8.1	(302,221)	–	(302,221)	(302,221)	–	(302,221)
<b>Investments – net of provisions</b>		292,774,947	22,378,762	315,153,709	298,442,900	12,042,862	310,485,762
Surplus / (deficit) on revaluation of available-for-sale investments – net	14	4,593,346	(928,293)	3,665,053	3,653,627	(6,515)	3,647,112
<b>Investments after revaluation of available-for-sale investments</b>		297,368,293	21,450,469	318,818,762	302,096,527	12,036,347	314,132,874

	Notes	<b>31 March 2017</b> (Un-Audited)	31 December 2015 (Audited)
<hr/> Rupees in '000 <hr/>			
<b>8.1 Particulars of provision for diminution in the value of investments</b>			
Opening balance		<b>302,221</b>	269,257
Charge for the period / year		-	45,156
Reversal during the period / year		-	(12,192)
Net charge for the period / year		-	32,964
Closing balance		<b>302,221</b>	302,221
<b>9. ADVANCES</b>			
Loans, cash credits, running finances, etc.			
In Pakistan		<b>129,642,657</b>	125,064,843
Islamic financing and related assets (gross)	18.6	<b>12,058,337</b>	8,802,424
Net investments in finance lease / Ijarah financing			
In Pakistan		<b>526,244</b>	568,510
Bills discounted and purchased (excluding Market Treasury Bills)			
Payable in Pakistan		<b>6,587,584</b>	6,961,624
Payable outside Pakistan		<b>18,379,117</b>	18,484,814
		<b>24,966,701</b>	25,446,438
Advances - gross		<b>167,193,939</b>	159,882,215
Provision against non-performing advances			
- specific		<b>(16,694,893)</b>	(16,796,939)
- general		<b>(484,083)</b>	(134,110)
	9.3	<b>(17,178,976)</b>	(16,931,049)
Advances - net of provisions		<b>150,014,963</b>	142,951,166

## HABIBMETRO

**9.1** Advances include Rs. 19,485,889 thousand (31 December 2016: Rs. 19,873,142 thousand) which have been placed under non-performing status as detailed below:

Category of classification	31 March 2017 (Un-Audited)			31 December 2016 (Audited)		
	Classified advances	Provision required	Provision held	Classified advances	Provision required	Provision held
	Rupees in '000					
Substandard	93,528	–	–	238,382	53,736	53,736
Doubtful	280,711	116,859	116,859	118,393	21,945	21,945
Loss	19,111,650	16,578,034	16,578,034	19,516,367	16,721,258	16,721,258
	<b>19,485,889</b>	<b>16,694,893</b>	<b>16,694,893</b>	<b>19,873,142</b>	<b>16,796,939</b>	<b>16,796,939</b>

**9.2** As allowed by the SBP, the Bank has availed benefit of Forced Sale Value (FSV) of collateral held as security of Rs. 2,580,495 thousand (31 December 2016: Rs. 2,838,225 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 2017 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees amounted to Rs. 1,677,322 thousand (31 December 2016: Rs. 1,844,846 thousand).

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

	31 March 2017 (Un-Audited)			31 December 2016 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	16,796,939	134,110	16,931,049	16,532,837	896,749	17,429,586
Charge for the period / year	288,212	349,973	638,185	2,670,552	–	2,670,552
Reversals	(390,258)	–	(390,258)	(1,096,262)	(762,639)	(1,858,901)
Net charge for the period / year	(102,046)	349,973	247,927	1,574,290	(762,639)	811,651
Amount written off	–	–	–	(1,310,188)	–	(1,310,188)
Closing balance	<b>16,694,893</b>	<b>484,083</b>	<b>17,178,976</b>	<b>16,796,939</b>	<b>134,110</b>	<b>16,931,049</b>

**9.4** General provision includes provision of Rs. 3,353 thousand (31 December 2016: Rs. 3,387 thousand) made against consumer portfolio and Rs. 24,676 thousand (31 December 2016: Rs. 16,814 thousand) against Small Enterprise (SEs) portfolio as required by the Prudential Regulations issued by SBP.

## 10. OPERATING FIXED ASSETS

During the current period, additions and disposals in operating fixed assets amounted to Rs. 214,931 thousand (31 March 2016: Rs. 122,762 thousand) and Rs. 664 thousand (31 March 2016: Rs. 84,332 thousand) respectively.

## 11. DEFERRED TAX ASSETS

As per Seventh Schedule to the Income Tax Ordinance, 2001, the provision for advances & off balance sheet items are allowed at 5% of total gross advances for consumer and SMEs (as defined in SBP Prudential Regulation). The provision for advances and off balance sheet items other than those falling in definition of consumer & SMEs are allowed up to 1% of such total gross advances. Further Rule 8(A) of Seventh Schedule allows for amounts provided for in tax year 2008 and prior to said tax year for doubtful debts, which were neither claimed nor allowed as tax deductible in any year shall be allowed as deduction in tax year in which such doubtful debts are written off. With reference to allowability of provision, the management has carried out an exercise and concluded that full deduction of provision in succeeding years would be allowed and accordingly recognized deferred tax asset on such provision amounting to Rs. 3,782,986 thousand (31 December 2016: Rs. 3,761,929 thousand).

## 12. BORROWINGS

### Secured

Borrowings from State Bank of Pakistan  
– under export refinance scheme  
– under long term financing facility – locally manufactured plant and machinery

Repurchase agreement borrowings  
Against bills re-discountings

### Unsecured

Overdrawn nostro accounts  
Overdrawn local bank accounts

	31 March 2017 (Un-Audited)	31 December 2016 (Audited)
Rupees in '000		
	<b>18,390,023</b>	18,749,236
	<b>4,590,265</b>	3,616,963
	<b>22,980,288</b>	22,366,199
	<b>21,435,807</b>	12,032,715
	<b>828,233</b>	1,916,120
	<b>45,244,328</b>	36,315,034
	<b>876,367</b>	773,124
	<b>286,578</b>	117,017
	<b>1,162,945</b>	890,141
	<b>46,407,273</b>	37,205,175

## HABIBMETRO

	Notes	31 March 2017 (Un-Audited)	31 December 2016 (Audited)
		Rupees in '000	
<b>13. DEPOSITS AND OTHER ACCOUNTS</b>			
<b>Customers</b>			
Fixed deposits		179,442,617	180,348,374
Saving deposits		116,852,302	110,647,888
Current deposits (non-remunerative)		111,654,469	120,721,112
Others		5,981,146	4,320,917
		<b>413,930,534</b>	416,038,291
<b>Financial Institutions</b>			
Remunerative deposits		11,833,853	13,191,889
Non-remunerative deposits		1,639,258	1,213,687
		<b>13,473,111</b>	14,405,576
		<b>427,403,645</b>	430,443,867
<b>14. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>			
Non-banking assets	14.1	154,239	154,678
Available for sale securities	14.2	2,382,658	2,374,498
		<b>2,536,897</b>	2,529,176
<b>14.1 Surplus on revaluation of non-banking assets - opening balance</b>		<b>237,966</b>	–
Revaluation of non-banking assets during the period		–	258,227
Transferred to unappropriated profit in respect of disposal and incremental depreciation during the period / year - net of deferred tax		(439)	(13,170)
Related deferred tax liability on disposal and incremental depreciation during the period / year		(236)	(7,091)
		<b>(675)</b>	237,966
Surplus on revaluation of non banking assets		<b>237,291</b>	237,966
Less: Related deferred tax liability on:			
Revaluation as at January		83,288	–
Revaluation of non-banking assets during the period		–	90,379
Disposal and incremental depreciation during the period		(236)	(7,091)
Related deferred tax liability		<b>(83,052)</b>	(83,288)
		<b>154,239</b>	154,678

	31 March 2017 (Un-Audited)	31 December 2016 (Audited)
	Rupees in '000	
<b>14.2 SURPLUS ON REVALUATION OF ASSETS – NET OF TAX</b>		
<b>Available-for-sale securities:</b>		
<b>Federal Government Securities</b>		
Market Treasury Bills	(5,048)	8,959
Pakistan Investment Bonds	2,790,966	2,476,838
GOP Ijarah Sukuk	254,606	387,580
<b>Fully paid-up ordinary shares and mutual funds</b>	<b>594,345</b>	<b>743,282</b>
<b>Term finance certificates, sukuk certificates and bonds</b>		
Listed term finance certificates	15,541	18,123
Unlisted term finance certificates	1,885	1,342
Sukuk certificates / bonds	12,758	10,988
	<u>3,665,053</u>	<u>3,647,112</u>
Related deferred tax liability - net	(1,282,395)	(1,272,614)
	<u><b>2,382,658</b></u>	<u><b>2,374,498</b></u>
<b>15. CONTINGENCIES AND COMMITMENTS</b>		
<b>15.1 Direct credit substitutes</b>		
Bank guarantees of indebtedness in favour of banking companies and other financial institutions	<u>872</u>	<u>872</u>
<b>15.2 Transaction-related contingent liabilities</b>		
Includes performance bonds, bid bonds, advance payment guarantees and shipping guarantees favouring:		
i) Government	21,650,799	21,036,923
ii) Banking companies and other financial institutions	1,355,013	499,127
iii) Others	15,210,071	16,022,300
	<u>38,215,883</u>	<u>37,558,350</u>
<b>15.3 Trade-related contingent liabilities</b>		
Letters of credit	73,607,989	61,829,418
Acceptances	<u>15,047,402</u>	<u>11,400,550</u>

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	31 March 2017 (Un-Audited)	31 December 2016 (Audited)
	Rupees in '000	
<b>15.4 Commitments in respect of forward exchange contracts</b>		
Purchase	<u>78,378,170</u>	<u>76,832,902</u>
Sale	<u>64,167,990</u>	<u>66,117,312</u>
<b>15.5 Commitments in respect of operating leases</b>		
Not later than one year	<u>41,809</u>	<u>42,491</u>
Later than one year and not later than five years	<u>38,661</u>	<u>43,205</u>
	<u>80,470</u>	<u>85,696</u>
<b>15.6 Commitments for the acquisition of operating fixed assets</b>	<u>50,784</u>	<u>61,774</u>
<b>15.7 Claims against the Bank not acknowledged as debt</b>	<u>23,071,676</u>	<u>23,071,676</u>
<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>	<u>582,240</u>	<u>628,948</u>
<b>15.10 Taxation</b>		
Income tax assessments of the Group have been finalised upto the tax year 2016 (corresponding to the accounting year ended 31 December 2015). 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.		
<b>16. BASIC AND DILUTED EARNINGS PER SHARE</b>		
	31 March 2017 (Un-Audited)	31 March 2016
	Rupees in '000	
Profit after taxation	<u>1,324,048</u>	<u>1,658,592</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>1.26</u>	<u>1.58</u>

## 17. TRANSACTIONS WITH RELATED PARTIES

The Group has related party relationships with its ultimate parent company, companies with common directorship, key management personnel, directors and employee's 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 2017 (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	503,799	19,992,444	129,686	538,535	1,666,278	22,830,742
Received during the period	3,212,472	355,329,066	160,312	780,344	308,618	359,790,812
Repaid during the period	(3,079,977)	(355,206,616)	(148,888)	(624,808)	(447,438)	(359,507,727)
At end of the period	636,294	20,114,894	141,110	694,071	1,527,458	23,113,827
<b>Advances</b>						
At beginning of the year	-	3,184,499	144,644	-	-	3,329,143
Disbursed during the period	-	13,428,746	9,926	-	-	13,438,672
Recovered during the period	-	(14,685,979)	(5,516)	-	-	(14,691,495)
At end of the period	-	1,927,266	149,054	-	-	2,076,320
Lending to Financial Institution	-	1,850,000	-	-	-	1,850,000
Bank balances held by the Group	238,281	24,452	-	-	-	262,733
Mark-up/return/interest receivable	-	17,015	-	-	-	17,015
Mark-up/return/interest payable	-	379,520	4,655	1,886	394,216	780,277
Management fee payable for technical and consultancy services*	262,204	-	-	-	-	262,204
Prepayments /Advance deposits other payable	-	19,253	135	-	-	19,388
Insurance premium and other payable	-	4,600	-	-	-	4,600
Transaction-related contingent liabilities	-	4,422,326	-	-	-	4,422,326
Trade-related contingent liabilities	-	5,281,212	-	-	-	5,281,212
Commitment in respect of operating leases	-	80,470	-	-	-	80,470
Receivable/(Payable) against Purchase/sale of securities	76,169	-	(238)	(237)	-	75,694

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



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	31 December 2016 (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	19,865,256
Received during the period	22,750,934	1,433,239,459	758,702	2,016,849	2,406,913	1,461,172,857
Repaid during the period	(22,551,639)	(1,431,122,046)	(695,338)	(1,976,678)	(1,861,670)	(1,458,207,371)
At end of the period	503,799	19,992,444	129,686	538,535	1,666,278	22,830,742
<b>Advances</b>						
At beginning of the year	–	3,967,805	128,974	–	–	4,096,779
Disbursed during the period	–	63,535,889	61,857	–	–	63,597,746
Recovered during the period	–	(64,319,195)	(46,187)	–	–	(64,365,382)
At end of the period	–	3,184,499	144,644	–	–	3,329,143
Bank balances held by the Group	292,215	29,364	–	–	–	321,579
Overdrawn bank balances held by the Group	–	6,472	–	–	–	6,472
Mark-up/return/interest receivable	–	1,457	–	–	–	1,457
Mark-up/return/interest payable	–	325,084	4,954	2,169	351,899	684,106
Management fee payable for technical and consultancy services*	180,265	–	–	–	–	180,265
Prepayments /Advance deposits and others	–	26,265	224	–	–	26,489
Insurance premium and other payable	–	830	–	–	–	830
Transaction-related contingent liabilities	–	4,670,305	–	–	–	4,670,305
Trade-related contingent liabilities	–	5,041,474	–	–	–	5,041,474
Receivable/(Payable) against Purchase/sale of securities	10,190	–	(8)	(225)	–	9,957

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

Transactions during the period	For the period ended 31 March 2017 (Un-Audited)					Total
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	
	Rupees in '000					
Mark-up/return/interest earned	-	32,212	1,553	-	-	33,765
Mark-up/return/interest expensed	-	298,892	2,206	6,437	45,193	352,728
Commission/brokerage/bank charges recovered	3,352	48,176	1	48	-	51,577
Commission/brokerage/bank charges paid	107	268	-	-	-	375
Rent income	1,404	-	-	-	-	1,404
Salaries and allowances	-	-	97,303	-	-	97,303
Directors' fees	-	-	-	675	-	675
Contribution to defined benefit plan	-	-	-	-	34,055	34,055
Contribution to defined contribution plan	-	-	-	-	41,759	41,759
Rent expenses	-	5,960	-	-	-	5,960
Insurance premium expenses	-	18,566	-	-	-	18,566
Maintenance, electricity, stationery & entertainment expenses	-	17,630	-	-	-	17,630
Management fee expense for technical and consultancy services*	60,985	-	-	-	-	60,985
Donation paid	-	1,960	-	-	-	1,960
Professional / other charges	-	-	-	-	-	-

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

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Transactions during the period	For the period ended 31 March 2016 (Un-Audited)					Total
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	
	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	2,933	35,668	2	12	–	38,615
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 and consultancy services*	–	–	–	–	–	–
Donation paid	–	1,960	–	–	–	1,960
Professional/ other charges	–	186	–	–	–	186

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

## 18. KEY ISLAMIC BANKING OPERATIONS

The holding company is operating 25 (31 December 2016: 25) Islamic banking branches in Pakistan. The statement of financial position and profit and loss account of these branches as at 31 March 2017 are as follows:

### 18.1 STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2017

	Note	31 March 2017 (Un-Audited)	31 December 2016 (Audited)
Rupees in '000			
<b>ASSETS</b>			
Cash and balances with treasury banks		1,906,704	2,723,811
Balances with other banks		—	—
Due from financial institutions		8,800,000	13,613,465
Investments		20,502,805	20,540,621
Islamic financing and related assets	18.5	11,680,084	8,429,751
Operating fixed assets		84,466	79,530
Deferred tax assets		—	—
Other assets		1,099,574	1,414,567
		<b>44,073,633</b>	<b>46,801,745</b>
<b>LIABILITIES</b>			
Bills payable		451,554	304,581
Due to financial institutions		835,756	860,517
Deposits and other accounts		40,060,958	43,154,644
- Current account		6,449,497	7,660,817
- Saving accounts		11,521,338	10,641,554
- Term deposits		16,559,048	16,415,145
- Others		110,753	111,661
- Deposits from financial institutions - remunerative		5,224,017	8,321,653
- Deposits from financial institutions- non - remunerative		196,305	3,814
Due to head office		—	—
Other liabilities		416,677	506,326
		<b>41,764,945</b>	<b>44,826,068</b>
<b>NET ASSETS</b>		<b>2,308,688</b>	<b>1,975,677</b>
<b>REPRESENTED BY</b>			
Islamic banking fund		2,002,621	1,402,615
Reserves		—	—
Unappropriated profit		38,548	191,936
		<b>2,041,169</b>	<b>1,594,551</b>
Surplus on revaluation of assets		267,519	381,126
		<b>2,308,688</b>	<b>1,975,677</b>

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### 18.2 Profit and Loss Account For the quarter ended 31 March 2016 (Un-Audited)

	31 March 2017	31 March 2016
	Rupees in '000	
Profit / return on financing, investments and placements earned	<b>538,032</b>	711,717
Profit / return on deposit and other dues expensed	<b>(407,349)</b>	(601,491)
Net spread earned	<b>130,683</b>	110,226
Provision against non performing financing	<b>5,580</b>	5,426
Provision for diminution in the value of investments	—	—
Provision for consumer financing ljarah	—	—
Bad debts written off directly	—	—
	<b>(5,580)</b>	(5,426)
Net spread after provisions	<b>125,103</b>	104,800
<b>Other income</b>		
Fee, commission and brokerage income	<b>21,642</b>	9,554
Dividend income	—	—
Income from dealing in foreign currencies	<b>5,083</b>	4,594
Gain on sale/redemption of securities	<b>1,608</b>	12,971
Unrealized gain / (loss) on revaluation of investments classified as held-for-trading	—	—
Other income	<b>2,757</b>	10,227
Total other income	<b>31,090</b>	37,346
	<b>156,193</b>	142,146
<b>Other expenses</b>		
Administrative expenses	<b>117,602</b>	105,216
Other provisions / write offs	—	—
Other charges	<b>43</b>	—
Total other expenses	<b>117,645</b>	105,216
	<b>38,548</b>	36,930
Extra ordinary / unusual items	—	—
<b>Profit before taxation</b>	<b>38,548</b>	36,930
<b>18.3 Remuneration to Shariah Advisor/ Board</b>	<b>2,092</b>	1,016

	31 March 2017 (Un-Audited)	31 December 2016 (Audited)
	Rupees in '000	
<b>18.4 Charity fund</b>		
Opening balance	<b>327</b>	491
Additions during the period		
Received from customer on delayed payments	<b>11</b>	550
Payments / utilization during the period		
Education	—	(148)
Health	—	(566)
	—	(714)
Closing balance	<b>338</b>	327

	<b>31 March 2017</b> (Un-Audited)	<b>31 December 2016</b> (Audited)
	Rupees in '000	
<b>18.5 Financings / investments / receivables</b>		
<b>Murabaha financing</b>		
Murabaha receivable - gross	<b>4,502,149</b>	4,257,445
Less: Deferred murabaha income	<b>(128,436)</b>	(125,683)
Advance against murabaha	<b>111,939</b>	109,071
	<b>4,485,652</b>	4,240,833
Provision against murabaha financing	<b>(351,354)</b>	(345,550)
	<b>4,134,298</b>	3,895,283
<b>Ijarah</b>		
Asset held for ijarah	<b>358,389</b>	367,292
Less: Accumulated depreciation	<b>(98,393)</b>	(115,788)
Advance against ijarah	<b>26,836</b>	32,218
	<b>286,832</b>	283,722
Provision against ijarah financing	<b>(23,683)</b>	(23,796)
	<b>263,149</b>	259,926
<b>Diminishing musharakah</b>		
Diminishing musharakah - gross	<b>6,501,430</b>	3,477,592
Less: Unrealised income on diminishing musharakah	<b>(1,139,006)</b>	(779,718)
Advance against diminishing musharakah	<b>521,135</b>	146,306
	<b>5,883,559</b>	2,844,180
Provision against diminishing musharakah	<b>(3,216)</b>	(3,327)
	<b>5,880,343</b>	2,840,853
<b>Export refinance murabaha</b>		
Export refinance murabaha receivable - gross	<b>126,117</b>	95,142
Less: Deferred export refinance murabaha income	<b>(1,606)</b>	(1,247)
Advance against murabaha IERF	<b>8,200</b>	6,673
	<b>132,711</b>	100,568
<b>Istisna financing</b>		
Istisna financing - gross	<b>58,838</b>	44,645
Less: Deferred istisna income	<b>(23,357)</b>	(13,394)
Advance against istisna	<b>194,548</b>	146,308
	<b>230,029</b>	177,559
<b>Al-Bai financing</b>	<b>9,868</b>	-
<b>Al-Bai goods</b>	<b>77,286</b>	55,081
<b>Istisna goods</b>	-	29,500
<b>Working capital musharaka</b>	<b>238,000</b>	306,000
<b>Export refinance istisna</b>		
Export refinance istisna receivable - gross	-	13,226
Less: Deferred export refinance istisna income	-	(2,645)
Advance against istisna IERF	<b>714,400</b>	754,400
	<b>714,400</b>	764,981
<b>18.6 Islamic mode of financing</b>		
Financings / investments / receivables	<b>10,403,993</b>	7,522,867
Advances	<b>1,577,058</b>	1,194,976
Assets / inventories	<b>77,286</b>	84,581
Gross Islamic financing and related assets	<b>12,058,337</b>	8,802,424
Provision against financing	<b>(378,253)</b>	(372,673)
	<b>11,680,084</b>	8,429,751

### 19. GENERAL

**19.1** 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 20 April 2017.

**MOHAMEDALI R. HABIB**  
Chairman

**SIRAJUDDIN AZIZ**  
President &  
Chief Executive Officer

**TARIQ IKRAM**  
Director

**SOHAIL HASAN**  
Director

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**HABIB METROPOLITAN BANK LTD.**  
HEAD OFFICE: SPENCER'S BUILDING  
I.I. CHUNDRIGAR ROAD  
KARACHI, PAKISTAN.

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