



HABIB METROPOLITAN BANK LTD.

[Subsidiary of Habib Bank AG Zurich]

CONSOLIDATED ACCOUNTS
FOR THE HALF YEAR AND QUARTER ENDED
30 June 2016
(UN-AUDITED)

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Note	30 June 2016 (Un-Audited)	31 December 2015 (Audited) (Restated)
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		32,982,437	30,645,728
Balances with other banks	6	6,755,322	13,807,806
Lendings to financial institutions	7	32,077,745	2,800,000
Investments	8	381,827,815	292,555,587
Advances	9	140,227,388	132,646,839
Operating fixed assets	10	3,109,182	3,125,478
Deferred tax assets	11	1,752,630	1,938,805
Other assets		13,985,714	12,365,392
		612,718,233	489,885,635
LIABILITIES			
Bills payable		12,448,332	6,344,461
Borrowings	12	120,211,091	31,462,822
Deposits and other accounts	13	429,344,203	403,208,597
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		12,655,153	12,007,518
		574,658,779	453,023,398
NET ASSETS			
		38,059,454	36,862,237
REPRESENTED BY			
Share capital		10,478,315	10,478,315
Reserves		13,186,303	12,710,010
Unappropriated profit		9,773,403	9,965,906
		33,438,021	33,154,231
Surplus on revaluation of assets - net of tax	14	4,621,433	3,708,006
		38,059,454	36,862,237
CONTINGENCIES AND COMMITMENTS			
	15		

The annexed notes 1 to 24 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 AND HALF YEAR ENDED 30 JUNE 2016

	Note	30 June 2016		30 June 2015	
		Quarter ended	Half year ended	Quarter ended	Half year ended
Rupees in '000					
Mark-up / return / interest earned	16	8,620,680	16,988,353	8,702,108	17,908,474
Mark-up / return / interest expensed		(5,594,749)	(11,080,052)	(5,157,817)	(11,111,269)
Net mark-up / interest income		3,025,931	5,908,301	3,544,291	6,797,205
Provision against non-performing loans and advances - net	9.3	547,608	971,345	895,206	1,645,206
Provision for diminution in the value of investments - net	8.1	37,170	31,906	45,432	62,356
Bad debts written-off directly		-	-	-	-
		(584,778)	(1,003,251)	(940,638)	(1,707,562)
Net mark-up / interest income after provisions		2,441,153	4,905,050	2,603,653	5,089,643
Non mark-up / interest income					
Fee, commission and brokerage income	17	810,608	1,551,025	808,486	1,474,384
Dividend income		12,935	43,133	85,474	107,593
Income from dealing in foreign currencies - net		258,869	555,175	291,568	577,818
Gain on sale / redemption of securities - net		839,592	1,903,805	3,714,064	4,482,580
Unrealized gain / (loss) on revaluation of investments classified as 'held-for-trading'		-	-	-	-
Other income		105,927	186,993	142,892	222,699
Total non mark-up / interest income		2,027,931	4,240,131	5,042,484	6,865,074
		4,469,084	9,145,181	7,646,137	11,954,717
Non mark-up / interest expenses					
Administrative expenses		2,384,231	4,612,893	2,125,630	4,135,309
Other provisions / write offs		-	(172,048)	-	-
Other charges		64,944	130,999	123,810	224,237
Total non mark-up / interest expenses		(2,449,175)	(4,571,844)	(2,249,440)	(4,359,546)
		2,019,909	4,573,337	5,396,697	7,595,171
Extra ordinary / unusual items		-	-	-	-
Profit before taxation		2,019,909	4,573,337	5,396,697	7,595,171
Taxation - Current		806,643	1,912,527	2,152,877	3,100,975
- Prior years		581,308	581,308	476,000	476,000
- Deferred		(92,638)	(303,686)	(255,838)	(427,133)
		(1,295,313)	(2,190,149)	(2,373,039)	(3,149,842)
Profit after taxation		724,596	2,383,188	3,023,658	4,445,329
Basic and diluted earnings per share (Rupees)	18	0.69	2.27	2.89	4.24

The annexed notes 1 to 24 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 AND HALF YEAR ENDED 30 JUNE 2016

	30 June 2016		30 June 2015	
	Quarter ended	Half year ended	Quarter ended	Half year ended
Profit after taxation for the period	724,596	2,383,188	3,023,658	4,445,329
Other comprehensive income				
Items not to be reclassified to profit or loss in subsequent periods:				
Actuarial gain/(loss) on defined benefit plan	22,980	(7,290)	(8,665)	(34,197)
Related deferred tax (charge)/reversal	(8,043)	2,552	3,033	11,969
	14,937	(4,738)	(5,632)	(22,228)
Total comprehensive income	739,533	2,378,450	3,018,026	4,423,101
Components of comprehensive income not reflected in equity				
Items to be reclassified to profit or loss in subsequent periods:				
Surplus/(deficit) on revaluation of investments	763,905	1,148,632	(3,427,534)	(177,683)
Related deferred tax (charge)/reversal	(267,363)	(402,050)	955,337	(166,943)
	496,542	746,582	(2,472,197)	(344,626)
Total comprehensive income	1,236,075	3,125,032	545,829	4,078,475

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CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE HALF YEAR ENDED 30 JUNE 2016

	30 June 2016	30 June 2015
Rupees in '000		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	4,573,337	7,595,171
Less: Dividend income	(43,133)	(107,593)
	4,530,204	7,487,578
Adjustments		
Depreciation and amortization	321,893	275,256
Provision against non-performing loan and advances - net	971,345	1,645,206
Provision for diminution in the value of investments - net	31,906	62,356
Net gain on sale of operating fixed assets	(15,219)	(47,960)
Actuarial loss on defined benefit plan	(7,290)	(34,197)
	1,302,635	1,900,661
	5,832,839	9,388,239
(Increase) / decrease in operating assets		
Lendings to financial institutions	(29,277,745)	(3,772,469)
Advances	(8,551,894)	12,586,264
Other assets	(1,372,003)	2,138,929
	(39,201,642)	10,952,724
Increase / (decrease) in operating liabilities		
Bills payable	6,103,871	4,189,824
Borrowings	88,093,682	7,606,105
Deposits and other accounts	26,135,606	44,524,659
Other liabilities (excluding dividend and taxation)	510,224	(1,990,202)
	120,843,383	54,330,386
	87,474,580	74,671,349
Income tax paid	(2,360,102)	(1,917,917)
Net cash flows from operating activities	85,114,478	72,753,432
CASH FLOWS USED IN INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(85,967,947)	(56,032,391)
Net investments in held-to-maturity securities	(2,187,555)	(4,072,518)
Dividend received	43,133	107,376
Investments in operating fixed & intangibles assets	(357,500)	(159,899)
Proceeds from sale of operating fixed assets	77,019	48,410
Net cash used in investing activities	(88,392,850)	(60,109,022)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Dividend paid	(2,091,990)	(2,608,930)
Net cash used in financing activities	(2,091,990)	(2,608,930)
(Decrease) / Increase in cash and cash equivalents	(5,370,362)	10,035,480
Cash and cash equivalents at beginning of the year	44,060,447	19,635,669
Cash and cash equivalents at end of the period	38,690,085	29,671,149

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

FOR THE HALF YEAR ENDED 30 JUNE 2016

	Reserves					Unappropriated profit	Total
	Share capital	Share premium	Statutory reserve	Special reserve	Revenue reserve		
	Rupees in '000						
Balance as at 1 January 2015	10,478,315	2,550,985	6,887,477	240,361	1,500,000	8,559,839	30,216,977
Total comprehensive income for the six months ended 30 June 2015							
Total comprehensive income - for the period	-	-	-	-	-	4,445,329	4,445,329
Other comprehensive income - net of tax	-	-	-	-	-	(22,228)	(22,228)
	-	-	-	-	-	4,423,101	4,423,101
Transactions with owners, recorded directly in equity							
Cash dividend (Rs. 2.50 per share) for year ended 31 December 2014	-	-	-	-	-	(2,619,579)	(2,619,579)
Transfer to statutory reserve	-	-	885,715	-	-	(885,715)	-
Balance as at 30 June 2015	10,478,315	2,550,985	7,773,192	240,361	1,500,000	9,477,646	32,020,499
Total comprehensive income for the six months ended 31 December 2015							
Total comprehensive income - for the period	-	-	-	-	-	3,228,154	3,228,154
Other comprehensive income - net of tax	-	-	-	-	-	1,241	1,241
	-	-	-	-	-	3,229,395	3,229,395
Transactions with owners, recorded directly in equity							
Interim cash dividend (Rs. 2.00 per share) for year ended 31 December 2015	-	-	-	-	-	(2,095,663)	(2,095,663)
Transfer to statutory reserve	-	-	645,472	-	-	(645,472)	-
Balance as at 31 December 2015	10,478,315	2,550,985	8,418,664	240,361	1,500,000	9,965,906	33,154,231
Total comprehensive income for the six months ended 30 June 2016							
Total comprehensive income - for the period	-	-	-	-	-	2,383,188	2,383,188
Other comprehensive income - net of tax	-	-	-	-	-	(4,738)	(4,738)
	-	-	-	-	-	2,378,450	2,378,450
Transactions with owners, recorded directly in equity							
Cash dividend (Rs. 2.00 per share) for the year ended 31 December 2015	-	-	-	-	-	(2,095,663)	(2,095,663)
Transfer from surplus on revaluation of - non banking assets to unappropriated profit - net of tax	-	-	-	-	-	1,003	1,003
Transfer to statutory reserve	-	-	476,293	-	-	(476,293)	-
Balance as at 30 June 2016	<u>10,478,315</u>	<u>2,550,985</u>	<u>8,894,957</u>	<u>240,361</u>	<u>1,500,000</u>	<u>9,773,403</u>	<u>33,438,021</u>

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MOHOMED BASHIR
Director

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

FOR THE HALF YEAR ENDED 30 JUNE 2016

1. STATUS AND NATURE OF BUSINESS

The Group comprises of Habib Metropolitan Bank Limited (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 Bank operates 249 (31 December 2015: 237) branches including 20 (31 December 2015: 20) Islamic Banking branches, and 34 (31 December 2015: 39) 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 Bank) 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, Khekashan Clifton, Karachi. The subsidiary company is a corporate member of the Pakistan Stock Exchange Limited and 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 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 The financial results of the Islamic Banking branches of the holding company have been included in these consolidated condensed interim financial statements for reporting purposes, after eliminating material inter-branch transactions / balances. Key financial figures of the Islamic Banking branches are disclosed in note 22 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 18 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 annual 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, However, certain reclassification as required by SBP BPRD Circular Letter No. 05 of 2016 and additional disclosures in respect of Islamic Index Screening as required by Circular No. 14 of 2016 issued by Securities and Exchange Commission of Pakistan (SECP) have been made.

Non-banking assets acquired in satisfaction of claims:

Effective from 1 January 2016, the holding company has changed its accounting policy for recording of non-banking assets acquired in satisfaction of claims to comply with the requirements of the 'Regulations for Debt Property Swap' (the regulations) issued by SBP vide its BPRD Circular No. 1 of 2016, dated 1 January 2016. In line with the guidance provided in the Regulations, the non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation of property is credited to the 'surplus on revaluation of non-Banking Assets' account and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property is charged to profit

and loss account and not capitalised. Previously, Non-banking assets acquired in satisfaction of claims were carried at cost less impairment, if any. Had the accounting policy not been changed, non-banking assets (included in Other Assets in the statement of financial position) would have been lower by Rs. 248,330 thousand while surplus on revaluation of assets would have been lower by Rs 166,845 thousand, unappropriated profit and deferred tax assets would have been higher by Rs. 5,430 thousand and Rs. 89,839 thousand respectively. Furthermore, profit after tax for the six months period ended 30 June 2016 would have been higher by Rs. 6,433 thousand.

- 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.

Note	30 June 2016 (Un-Audited)	31 December 2015 (Audited)
	———— Rupees in '000 ————	

6. BALANCES WITH OTHER BANKS

In Pakistan

Current accounts		92,268	178,787
Deposit accounts	6.1 & 6.2	<u>4,565,943</u>	<u>10,480,680</u>
		4,658,211	10,659,467

Outside Pakistan

Current accounts		<u>2,097,111</u>	<u>3,148,339</u>
		6,755,322	<u>13,807,806</u>

- 6.1** These carry mark-up rates ranging from 3.75% to 6.00% (31 December 2015 : 4.00% to 7.00%) per annum.

- 6.2** These include Rs. 4,500,000 thousand (31 December 2015: Rs. 10,450,000 thousand) placed under shariah permissible mode.

(Restated)

7. LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings	7.1	6,900,000	2,800,000
Repurchase agreement lendings (Reverse repo)	7.2	20,064,280	–
Bai - Muajjal receivable from State Bank of Pakistan	7.3	<u>5,113,465</u>	–
		32,077,745	<u>2,800,000</u>

- 7.1** These carry mark-up rates ranging from 6.25% to 6.65% (31 December 2015 : 6.25% to 7.25%) per annum with maturity upto 30 August 2016 (31 December 2015 : 13 January 2016).

7.2 These carry mark-up rates ranging from 6.00% to 6.45% per annum with maturity upto 3 August 2016.

7.3 This represents lending under shariah permissible mode carrying profit/return of 5.98% per annum with maturity upto 10 February 2017.

8. INVESTMENTS

	Note	30 June 2016 (Un-Audited)			31 December 2015 (Audited) (Restated)		
		Held by Group	Given as collateral	Total	Held by Group	Given as collateral	Total
Rupees in '000							
Available-for-sale securities							
Market treasury bills		132,052,611	4,809,837	136,862,448	72,409,243	3,558,874	75,968,117
Pakistan investment bonds	8.2	86,925,867	90,832,899	177,758,766	152,462,898	2,054,088	154,516,986
Ordinary shares of listed companies		1,153,498	-	1,153,498	1,062,338	-	1,062,338
Ordinary shares of unlisted companies		141,741	-	141,741	141,741	-	141,741
Listed term finance certificates		2,089,002	-	2,089,002	1,938,933	-	1,938,933
Unlisted term finance certificates		402,864	-	402,864	440,305	-	440,305
Sukuk certificates and bonds		16,560,178	-	16,560,178	12,626,088	-	12,626,088
Open end mutual funds		3,222,909	-	3,222,909	5,532,227	-	5,532,227
Close end mutual funds		419,685	-	419,685	416,409	-	416,409
		242,968,355	95,642,736	338,611,091	247,030,182	5,612,962	252,643,144
Held-to-maturity securities							
Pakistan investment bonds	8.2	19,570,048	-	19,570,048	19,532,493	-	19,532,493
Other federal government securities - Bai Muajjal	23.1	11,644,641	-	11,644,641	11,644,641	-	11,644,641
Certificates of investments		5,450,000	-	5,450,000	3,300,000	-	3,300,000
		36,664,689	-	36,664,689	34,477,134	-	34,477,134
Investments at cost							
Provision for diminution in the value of investments	8.1	(301,163)	-	(301,163)	(269,257)	-	(269,257)
Investments - net of provisions		279,331,881	95,642,736	374,974,617	281,238,059	5,612,962	286,851,021
Surplus / (deficit) on revaluation of available-for-sale securities-net	14.2	6,912,392	(59,427)	6,853,198	5,709,024	(4,458)	5,704,566
Investments after revaluation of available-for-sale securities							
	8.3	286,244,506	95,583,309	381,827,815	286,947,083	5,608,504	292,555,587

Note	30 June 2016 (Un-Audited)	31 December 2015 (Audited)
	Rupees in '000	

8.1 Particulars of provision for diminution in the value of investments

Opening balance	269,257	160,180
Charge for the period / year	42,614	118,089
Reversal for the period / year	(10,708)	(9,012)
Net charge	31,906	109,077
Closing balance	301,163	269,257

8.2 These carry mark-up rates ranging from 7.00% to 12.00% (31 December 2015: 8.75% to 12.00%) per annum and have maturity up to 19 July 2022 (31 December 2015: 19 July 2022). These include Rs. 132,000 thousand (31 December 2015: Rs. 132,000 thousand) pledged with State Bank of Pakistan and National Bank of Pakistan against TT/DD discounting facilities and demand loan facilities.

8.3 Investments include Rs. 29,668,515 thousand (31 December 2015: 15,123,211 thousand) placed under permissible shariah modes.

9. ADVANCES

Loans, cash credits, running finances, etc.		
In Pakistan	123,006,378	115,482,866
Islamic financing and related assets (gross)	7,858,347	8,254,307
Net investment in finance lease		
In Pakistan	598,990	655,517
Bills discounted and purchased (excluding market treasury bills)		
Payable in Pakistan	6,588,798	7,244,944
Payable outside Pakistan	20,179,086	18,438,791
	26,767,884	25,683,735
Advances - gross	158,231,599	150,076,425
Provision against non-performing advances		
- specific	(16,456,120)	(16,532,837)
- general	(1,548,091)	(896,749)
	(18,004,211)	(17,429,586)
Advances - net of provisions	140,227,388	132,646,839

9.1 Advances include Rs. 20,513,555 thousand (31 December 2015: Rs. 18,486,982 thousand) which have been placed under non-performing status as detailed below:

Category of classification	30 June 2016 (Un-Audited)			31 December 2015 (Audited)		
	Classified advances	Provision required	Provision held	Classified advances	Provision required	Provision held
	Rupees in '000					
Substandard	1,774,698	166,167	166,167	57,324	14,331	14,331
Doubtful	1,963,534	512,556	512,556	286,353	127,376	127,376
Loss	16,775,323	15,777,397	15,777,397	18,143,305	16,391,130	16,391,130
	20,513,555	16,456,120	16,456,120	18,486,982	16,532,837	16,532,837

9.2 As allowed by the SBP, the group has availed benefit of Forced Sale Value (FSV) of collateral held as security of Rs. 1,744,642 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 30 June 2016 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees amounted to Rs. 1,134,017 thousand (31 December 2015: Rs. 1,149,184 thousand).

9.3 Particulars of provisions against non-performing advances :

	30 June 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	1,079,553	651,342	1,730,895	2,657,575	570,053	3,227,628
Reversals for the period / year	(759,550)	-	(759,550)	(1,110,743)	-	(1,110,743)
Net Charge for the period / year	320,003	651,342	971,345	1,546,832	570,053	2,116,885
Amount written off	(396,720)	-	(396,720)	(675,841)	-	(675,841)
Closing balance	16,456,120	1,548,091	18,004,211	16,532,837	896,749	17,429,586

9.4 General provision includes provision of Rs. 1,802 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. 15,676 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.

9.5 These represent financing and related assets placed under shariah permissible modes.

10. OPERATING FIXED ASSETS

During the current period, additions and disposals in operating fixed assets amounted to Rs. 357,500 thousand (30 June 2015: Rs. 159,900 thousand) and Rs. 61,800 thousand (30 June 2015: Rs. 450 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. 4,178,047 thousand (31 December 2015: Rs. 3,878,902 thousand).

12. BORROWINGS

Secured

Borrowings from State Bank of Pakistan

– under export refinance scheme	18,352,119	21,274,506
– under long term financing - export oriented projects	–	19,413
– under long term financing facility - locally manufactured plant and machinery	2,725,804	1,423,239
	21,077,923	22,717,158

Repurchase agreement borrowings (Repo)

Against bills re-discounting	95,542,577	5,603,311
	1,942,917	2,749,266
	118,563,417	31,069,735

Unsecured

Call borrowings

Overdrawn nostro accounts

Overdrawn local bank accounts

600,000	–
686,398	197,656
361,276	195,431
1,647,674	393,087
120,211,091	31,462,822

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

	Note	30 June 2016 (Un-Audited)	31 December 2015 (Audited)
Rupees in '000			
13. DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		181,844,976	169,177,912
Saving deposits		115,785,712	116,432,300
Current accounts (non-remunerative)		113,186,346	101,487,138
Others		4,770,370	2,761,126
		415,587,404	389,858,476
Financial institutions			
Remunerative deposits		12,333,268	12,420,016
Non-remunerative deposits		1,423,531	930,105
		13,756,799	13,350,121
		429,344,203	403,208,597

13.1 Deposits include Rs. 43,912,522 thousand (31 December 2015: Rs. 52,067,283 thousand) placed under permissible shariah modes.

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

Non-banking assets	14.1	166,845	-
Available for sale securities	14.2	4,454,588	3,708,006
		4,621,433	3,708,006

14.1 Non-banking assets

Surplus on revaluation of non-banking assets as at 1 January		-	-
Revaluation of non-banking assets during the period		258,227	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the period - net of deferred tax		(1,003)	-
Related deferred tax liability on incremental depreciation charged during the period		(540)	-
Surplus on revaluation of non-banking assets		256,684	-
Less: Related deferred tax liability on:			
Revaluation as at 1 January		-	-
Revaluation of non-banking assets during the period		90,379	-
Incremental depreciation charged during the period		(540)	-
Related deferred tax liability		(89,839)	-
		166,845	-

	Note	30 June 2016 (Un-Audited)	31 December 2015 (Audited)
Rupees in '000			
14.2 Available-for-sale-securities			
Federal government securities			
Market treasury bills		211,791	176,491
Pakistan investment bonds		6,346,772	5,214,298
GOP ijarah sukuk	14.3	151,965	41,461
Fully paid-up ordinary shares and mutual funds		135,005	290,872
Term finance certificates, sukuk certificates and bonds			
Listed term finance certificates		(6,395)	(6,813)
Unlisted term finance certificates		2,684	4,645
Sukuk certificates and bonds	14.3	11,376	(16,388)
		6,853,198	5,704,566
Related deferred tax liability - net		(2,398,610)	(1,996,560)
		4,454,588	3,708,006
14.3	These represent revaluation surplus under shariah permissible mode.		
15. CONTINGENCIES AND COMMITMENTS			
15.1 Direct credit substitutes			
Bank guarantees of indebtedness favouring:			
Banking companies and other financial institutions		4,600	2,286
15.2 Transaction-related contingent liabilities			
Includes performance bonds, bid bonds, advance payment guarantees and shipping guarantees favouring:			
i) Government		20,727,099	17,163,286
ii) Banking companies and other financial institutions		1,076,157	436,358
iii) Others		11,416,553	10,077,952
		33,219,809	27,677,596
15.3 Trade-related contingent liabilities			
Letters of credit		65,560,523	63,545,499
Acceptances		16,714,469	12,554,226
15.4 Commitments in respect of forward exchange contracts			
Purchase		90,926,110	80,770,251
Sale		78,237,699	73,381,353

	30 June 2016 (Un-Audited)	31 December 2015 (Audited)
	Rupees in '000	
15.5 Commitments in respect derivatives		
Forward purchase of government securities	<u>5,208,115</u>	–
Forward sale of government securities	<u>12,231,599</u>	–
15.6 Commitments in respect of operating leases		
Not later than one year	<u>30,107</u>	22,355
Later than one year and not later than five years	<u>28,827</u>	19,893
	<u>58,934</u>	42,248
15.7 Commitments for the acquisition of operating fixed assets	<u>88,769</u>	57,582
15.8 Claims against bank not acknowledged as debt	<u>2,822,028</u>	1,348,358
15.9 Commitments in respect of forward lendings		
The Group 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.		
15.10 Commitments in respect of syndicate financing	<u>806,753</u>	1,210,595

15.11 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 Revenue (ATIR). However, adequate provisions are being held by the Group.

15.12 Foreign Exchange repatriation case

While adjudicating Foreign Exchange repatriation cases of exporters, the Foreign Exchange Adjudicating Court of the State Bank of Pakistan has also adjudicated penalty of Rs. 106,056 thousand, arbitrarily on the holding company. The holding company has filed appeals before the Appellate Board and Constitutional Petitions in the Honorable High Court of Sindh against the said judgment. The Honorable High Court has granted relief to holding company by way of interim orders. Based on merits of the appeals, management is confident that these appeals shall be decided in favor of the holding company and therefore no provision has been made against the impugned penalty.

- 16.** These include Rs. 1,331,520 thousand (30 June 2015: Rs. 1,150,703 thousand) represent profit from placements permissible under shariah mode.

30 June
2016

30 June
2015

Rupees in '000

17. DIVIDEND INCOME (UN-AUDITED)

Ordinary shares of listed companies

Bank Al Habib Limited	7,832	3,407
Fauji Fertilizer Bin Qasim Limited	5,039	3,531
Hub Power Company Limited	4,793	4,509
Kot Addu Power Company Limited	3,793	3,558
Fauji Fertilizer Company Limited	3,490	4,728
Allied Bank Limited	2,109	2,494
MCB Bank Limited	2,104	1,880
United Bank Limited	1,706	3,203
Bank Alfalah Limited	1,602	4,442
Pakistan Oil Fields Limited	1,245	-
Habib Bank Limited	766	609
Pakistan Petroleum Limited	563	1,125
Nishat Power Limited	546	-
Oil And Gas Development Corporation Limited	498	1,555
Hi-Tech Lubricants Limited	494	-
Pakistan Stock Exchange Limited	401	601
Cherat Cement Company Limited	356	-
National Bank of Pakistan Limited	188	-
Meezan Bank Limited	173	180
Fatima Fertilizer Company Limited	-	4,703
	37,698	40,525

Open end mutual funds

Lakson Asset Allocation Developed Markets Fund	2,792	-
Lakson Equity Fund	2,643	67,068
	5,435	67,068
	43,133	107,593

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

	30 June 2016		30 June 2015	
	Quarter ended	Half year ended	Quarter ended	Half year ended
	(Rupees in '000)			
Profit after taxation	<u>724,596</u>	<u>2,383,188</u>	3,023,658	4,445,329
	Number in '000			
Weighted average number of ordinary shares	<u>1,047,831</u>	<u>1,047,831</u>	1,047,831	1,047,831
	(Rupees)			
Basic earnings per share	<u>0.69</u>	<u>2.27</u>	2.89	4.24

19. 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.

30 June 2016 (Un-Audited)						
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	Total
Rupees in '000						
Deposits						
At beginning of the year	304,504	17,875,031	66,322	498,364	1,121,035	19,865,256
Received during the period	13,017,268	757,502,688	327,833	1,410,568	750,178	773,008,535
Repaid during the period	(12,884,052)	(758,415,592)	(333,947)	(1,451,625)	(638,494)	(773,723,710)
At end of the period	<u>437,720</u>	<u>16,962,127</u>	<u>60,208</u>	<u>457,307</u>	<u>1,232,719</u>	<u>19,150,081</u>
Advances						
At beginning of the year	-	3,967,805	129,342	-	-	4,097,147
Disbursed during the period	-	37,615,499	39,896	-	-	37,655,395
Recovered during the period	-	(39,768,179)	(36,636)	-	-	(39,804,815)
At the end of the period	<u>-</u>	<u>1,815,125</u>	<u>132,602</u>	<u>-</u>	<u>-</u>	<u>1,947,727</u>
Bank balances held by the Group	<u>360,847</u>	<u>14,963</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>375,810</u>
Overdrawn bank balances held by the Group	<u>-</u>	<u>5,439</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,439</u>
Mark-up / return / interest receivable	<u>-</u>	<u>2,577</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,577</u>
Mark-up / return / interest payable	<u>-</u>	<u>366,355</u>	<u>655</u>	<u>1,558</u>	<u>266,650</u>	<u>635,218</u>
Management fee payable for technical consultancy services*	<u>210,780</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>210,780</u>
Prepayments / advance deposits	<u>-</u>	<u>60,996</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,996</u>
Insurance premium and other payable	<u>30,200</u>	<u>4,946</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,146</u>
Transaction-related contingent liabilities	<u>-</u>	<u>4,748,543</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,748,543</u>
Trade-related contingent liabilities	<u>-</u>	<u>4,109,759</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,109,759</u>
Receivable / (payable) against purchase / sale of securities	<u>(4,171)</u>	<u>-</u>	<u>(302)</u>	<u>-</u>	<u>-</u>	<u>(4,473)</u>

31 December 2015 (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	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>
Advances						
At beginning of the year	-	1,840,385	163,366	-	-	2,003,751
Disbursed during the period	281,577	44,364,667	69,517	-	-	44,715,761
Recovered during the period	(281,577)	(42,237,247)	(103,541)	-	-	(42,622,365)
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>
Overdrawn bank balances held by the Group	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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>283,577</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>283,577</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 30 June 2016 (Un-Audited)					
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000					
Mark-up/return/interest earned	<u>-</u>	<u>84,037</u>	<u>2,750</u>	<u>-</u>	<u>-</u>	<u>86,787</u>
Mark-up/return/interest expensed	<u>-</u>	<u>589,477</u>	<u>1,234</u>	<u>11,987</u>	<u>79,379</u>	<u>682,077</u>
Commission/brokerage/bank charges recovered	<u>5,532</u>	<u>79,346</u>	<u>4</u>	<u>15</u>	<u>-</u>	<u>84,897</u>
Commission/brokerage/bank charges paid	<u>211</u>	<u>352</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>563</u>
Rent income	<u>2,808</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,808</u>
Salaries and allowances	<u>-</u>	<u>-</u>	<u>169,504</u>	<u>-</u>	<u>-</u>	<u>169,504</u>
Directors' fees	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,725</u>	<u>-</u>	<u>4,725</u>
Contribution to defined benefit plan	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,866</u>	<u>75,866</u>
Contribution to defined contribution plan	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,103</u>	<u>75,103</u>
Rent expenses	<u>-</u>	<u>5,721</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,721</u>
Insurance premium expenses	<u>-</u>	<u>10,097</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,097</u>
Maintenance, electricity, stationery & entertainment expenses	<u>-</u>	<u>30,480</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,480</u>
Management fee expense for technical & consultancy services*	<u>117,181</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>117,181</u>
Donation paid	<u>-</u>	<u>3,920</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,920</u>
Professional/other charges paid	<u>-</u>	<u>186</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>186</u>

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

Transactions during the period	For the period ended 30 June 2015 (Un-Audited)					
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000					
Mark-up/return/interest earned	<u>-</u>	<u>38,399</u>	<u>6,546</u>	<u>-</u>	<u>-</u>	<u>44,945</u>
Mark-up/return/interest expensed	<u>-</u>	<u>837,187</u>	<u>1,900</u>	<u>12,909</u>	<u>81,196</u>	<u>933,192</u>
Commission/brokerage/ bank charges recovered	<u>11,533</u>	<u>56,534</u>	<u>9</u>	<u>124</u>	<u>-</u>	<u>68,200</u>
Commission/brokerage/ bank charges paid	<u>135</u>	<u>564</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>699</u>
Rent income	<u>18,633</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,633</u>
Salaries and allowances	<u>-</u>	<u>-</u>	<u>167,522</u>	<u>-</u>	<u>-</u>	<u>167,522</u>
Directors' fees	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,425</u>	<u>-</u>	<u>4,425</u>
Contribution to defined benefit plan	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,330</u>	<u>63,330</u>
Contribution to defined contribution plan	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,923</u>	<u>68,923</u>
Rent expenses	<u>-</u>	<u>6,870</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,870</u>
Insurance premium expenses	<u>-</u>	<u>3,284</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,284</u>
Maintenance, electricity, stationery & entertainment expenses	<u>-</u>	<u>26,146</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,146</u>
Management fee expense for technical & consultancy services*	<u>134,222</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>134,222</u>
Donation paid	<u>-</u>	<u>3,920</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,920</u>
Professional/other charges paid	<u>-</u>	<u>1,049</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,049</u>

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

20. FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

On balance sheet financial instruments

	Carrying Value	30 June 2016 (Un-Audited)			
		Fair Value			Total
		Level 1	Level 2	Level 3	
(Rupees in '000)					
Financial assets measured at fair value					
- Investments					
- Available-for-sale securities					
Federal government securities	336,360,757	-	336,360,757	-	336,360,757
Sukuk certificates and bonds	1,542,539	-	1,542,539	-	1,542,539
Ordinary shares of listed companies	1,186,511	1,186,511	-	-	1,186,511
Ordinary shares of unlisted companies	66,254	-	66,254	-	66,254
Mutual funds	3,650,866	3,650,866	-	-	3,650,866
Listed term finance certificates	1,988,990	1,988,990	-	-	1,988,990
Unlisted term finance certificates	367,209	-	367,209	-	367,209
- Other assets					
Unrealized gain on forward foreign exchange contracts	952,228	-	952,228	-	952,228
Financial assets not measured at fair value	259,702,349	-	-	-	-
	605,817,703	6,826,367	339,288,987	-	346,115,354
Financial liabilities measured at fair value					
- Other liabilities					
Unrealized loss on forward foreign exchange contracts	(1,217,521)	-	(1,217,521)	-	(1,217,521)
Financial liabilities not measured at fair value	(572,827,408)	-	-	-	-
	31,772,774	6,826,367	338,071,466	-	344,897,833

On balance sheet financial instruments

	31 December 2015 (Audited)				
	Carrying Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at fair value		(Rupees in '000)			
- Investments					
- Available-for-sale securities					
Federal government securities	247,048,141	-	247,048,141	-	247,048,141
Sukuk certificates and bonds	1,447,645	-	1,447,645	-	1,447,645
Ordinary shares of listed companies	1,081,361	1,081,361	-	-	1,081,361
Ordinary shares of unlisted companies	66,254	-	66,254	-	66,254
Mutual funds	6,128,101	6,128,101	-	-	6,128,101
Listed term finance certificates	1,890,841	1,890,841	-	-	1,890,841
Unlisted term finance certificates	416,110	-	416,110	-	416,110
- Other assets					
Unrealized gain on forward foreign exchange contracts	624,018	-	624,018	-	624,018
Financial assets not measured at fair value	<u>224,222,001</u>	-	-	-	-
	482,924,472	9,100,303	249,602,168	-	258,702,471
Financial liabilities measured at fair value					
- Other liabilities					
Unrealized loss on forward foreign exchange contracts	(793,645)	-	(793,645)	-	(793,645)
Financial liabilities not measured at fair value	<u>(451,179,200)</u>	-	-	-	-
	<u>30,951,627</u>	<u>9,100,303</u>	<u>248,808,523</u>	<u>-</u>	<u>257,908,826</u>

22. KEY ISLAMIC BANKING OPERATIONS

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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2016	Note	30 June 2016 (Un-Audited)	31 December 2015 (Audited) (Restated)
————— Rupees in '000 —————			
ASSETS			
Cash and balances with treasury banks		2,631,601	3,842,878
Balances with other banks		4,500,000	10,450,000
Due from financial institutions		7,779,812	14,552,272
Investments		24,510,478	14,949,345
Islamic financing and related assets	22.6	7,504,975	7,897,487
Operating fixed assets		71,123	76,730
Deferred tax assets - net		-	-
Other assets		1,098,000	3,460,038
		48,095,989	55,228,750
LIABILITIES			
Bills payable		639,450	228,456
Due to financial institutions		1,353,277	966,307
Deposits and other accounts		6,708,753	6,918,381
- Current accounts		9,478,415	19,962,616
- Saving accounts		18,388,280	15,390,612
- Term deposits		200,262	84,674
- Others		9,128,058	9,709,697
- Deposit from financial institutions - remunerative		8,754	1,303
- Deposit from financial institutions - non-remunerative		43,912,522	52,067,283
Due to head office		-	-
Other liabilities		588,259	575,043
		46,493,508	53,837,089
NET ASSETS		1,602,481	1,391,661
REPRESENTED BY			
Islamic Banking Fund		1,402,621	1,002,619
Reserves		-	-
Unappropriated profit		108,467	363,777
		1,511,088	1,366,396
Surplus on revaluation of assets		91,393	25,265
		1,602,481	1,391,661

	30 June 2016	30 June 2015
	Rupees in '000	
22.2 PROFIT AND LOSS ACCOUNT (UN-AUDITED)		
For the half year ended 30 June 2016		
Profit/return on financing, investments and placements earned	1,454,651	1,315,901
Profit/return on deposit and other dues expensed	<u>(1,215,650)</u>	<u>(959,719)</u>
Net spread earned	239,001	356,182
Provision against non performing financing - net	<u>(3,448)</u>	<u>77,466</u>
Provision for diminution in the value of investments	-	-
Provision for consumer financing Ijarah	-	-
Bad debts written off directly	<u>-</u>	<u>-</u>
	3,448	(77,466)
Net spread after provisions	<u>242,449</u>	<u>278,716</u>
OTHER INCOME		
Fee, commission and brokerage income	<u>20,387</u>	<u>16,776</u>
Dividend income	-	-
Income from dealing in foreign currencies - net	10,656	7,487
Gain on sale/redemption of securities - net	12,971	1,202
Unrealized gain/(loss) on revaluation of investments classified as 'held-for-trading'	-	-
Other income	<u>21,658</u>	<u>39,122</u>
Total other income	<u>65,672</u>	<u>64,587</u>
	308,121	343,303
OTHER EXPENSES		
Administrative expenses	<u>199,654</u>	<u>131,420</u>
Other provisions/write offs	-	-
Other charges	-	-
Total other expenses	<u>(199,654)</u>	<u>(131,420)</u>
	108,467	211,883
Extra ordinary/unusual items	-	-
PROFIT BEFORE TAXATION	<u>108,467</u>	<u>211,883</u>
22.3 Remuneration to Shariah Board/Advisor	<u>3,788</u>	<u>1,294</u>
	30 June 2016 (Un-Audited)	31 December 2015 (Audited)
	Rupees in '000	
22.4 Charity Fund		
Opening balance	491	-
Additions during the period/year	489	491
Payments/utilization during the period / year	<u>(714)</u>	<u>-</u>
Closing balance	<u>266</u>	<u>491</u>

30 June
2016
 (Un-Audited)

31 December
 2015
 (Audited)

————— Rupees in '000 —————

22.5 Financings / investments / receivables

Murabaha financing

Murabaha receivable - gross	2,862,737	4,218,831
Less: Deferred murabaha income	(83,107)	(166,802)
Advance against murabaha	246,367	79,898
	3,025,997	4,131,927
Provision against murabaha financing	(328,282)	(330,980)
	2,697,715	3,800,947

Ijarah

Asset held for ijarah	382,918	315,303
Less: Accumulated depreciation	(185,409)	(143,395)
Ijarah financing	-	55,480
Less: Unearned income	-	(9,089)
Advance against ijarah	28,520	23,854
	226,029	242,153
Provision against ijarah financing	(25,090)	(25,840)
	200,939	216,313

Diminishing musharakah

Diminishing musharakah - gross	2,995,908	3,204,826
Less: Unrealised income on diminishing musharakah	(518,324)	(497,059)
Advance against diminishing musharakah	76,741	44,324
	2,554,325	2,752,091

Export refinance murabaha

Export refinance murabaha receivable - gross	143,789	129,691
Less: Deferred export refinance murabaha income	(2,225)	(2,317)
Advance against murabaha IERF	5,717	5,899
	147,281	133,273

Istisna financing

Istisna financing - gross	191,898	46,429
Less: Deferred istisna income	(57,569)	(13,929)
Advance against istisna	12,824	102,275
	147,153	134,775

Al-Bai financing

	47,562	25,088
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Advance against export refinance istisna

	1,210,000	835,000
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Working capital musharaka

	500,000	-
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	30 June 2016 (Un-Audited)	31 December 2015 (Audited)
	Rupees in '000	
22.6 Islamic Mode of Financing		
Financings / investments / receivables	6,278,178	7,163,057
Advances	1,580,169	1,091,250
Gross islamic financing and related assets	7,858,347	8,254,307
Provision against financing	(353,372)	(356,820)
	7,504,975	7,897,487

23. GENERAL

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

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

24. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue by the Board of Directors on 19 August 2016.

KASSIM PAREKH
Chairman

SIRAJUDDIN AZIZ
President &
Chief Executive Officer

TARIQ IKRAM
Director

MOHOMED BASHIR
Director