



HABIB METROPOLITAN BANK LTD.

[Subsidiary of Habib Bank AG Zurich]

Consolidated Accounts for the half year
and quarter ended 30 June 2017
(Un-audited)

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Note	30 June 2017 (Un-Audited)	31 December 2016 (Audited)
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		37,228,657	35,561,885
Balances with other banks	7	1,833,930	2,260,110
Lendings to financial institutions	8	11,074,246	16,750,886
Investments	9	327,950,027	314,132,874
Advances	10	175,025,507	142,951,166
Operating fixed assets	11	3,273,018	3,247,358
Deferred tax assets	12	2,793,711	2,452,502
Other assets	13	11,522,644	9,085,871
		570,701,740	526,442,652
LIABILITIES			
Bills payable		12,886,927	8,108,633
Borrowings	14	49,128,926	37,205,175
Deposits and other accounts	15	454,631,315	430,443,867
Sub-ordinated loans		—	—
Liabilities against assets subject to finance lease		—	—
Deferred tax liabilities		—	—
Other liabilities		12,181,407	10,946,833
		528,828,575	486,704,508
NET ASSETS		41,873,165	39,738,144
REPRESENTED BY			
Share capital		10,478,315	10,478,315
Reserves		14,516,880	13,933,875
Unappropriated profit		11,480,656	12,796,778
		36,475,851	37,208,968
Non-controlling interest		3,131,692	—
		39,607,543	37,208,968
Surplus on revaluation of assets - net of tax	16	2,265,622	2,529,176
		41,873,165	39,738,144
CONTINGENCIES AND COMMITMENTS	17		

The annexed notes 1 to 24 form an integral part of these consolidated condensed interim financial statements.

MOHAMEDALI R. HABIB
Chairman

SIRAJUDDIN AZIZ
President &
Chief Executive Officer

FIRASAT ALI
Director

SOHAIL HASAN
Director

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

FOR THE QUARTER AND HALF YEAR ENDED 30 JUNE 2017

	Note	30 June 2017 Quarter ended	30 June 2017 Half year ended	30 June 2016 Quarter ended	30 June 2016 Half year ended
		Rupees in '000			
Mark-up / return / interest earned		8,181,176	16,075,011	8,532,709	16,731,241
Mark-up / return / interest expensed		(4,604,642)	(9,099,920)	(5,506,778)	(10,822,940)
Net mark-up / interest income		3,576,534	6,975,091	3,025,931	5,908,301
Provision against non-performing loans and advances - net	10.3	397,510	645,437	547,608	971,345
Provision for diminution in the value of investments - net	9.1	81,143	81,143	37,170	31,906
Bad debts written-off directly		-	-	-	-
		(478,653)	(726,580)	(584,778)	(1,003,251)
Net mark-up / interest income after provisions		3,097,881	6,248,511	2,441,153	4,905,050
Non mark-up / interest income					
Fee, commission and brokerage income		849,506	1,711,880	810,608	1,551,025
Dividend income		324,996	351,321	12,935	43,133
Income from dealing in foreign currencies - net		192,354	378,963	258,869	555,175
Gain on sale / redemption of securities - net		555,519	764,142	839,592	1,903,805
Unrealized gain / (loss) on revaluation of investments classified as 'held-for-trading'		-	-	-	-
Other income		72,094	142,827	105,927	186,993
Total non mark-up / interest income		1,994,469	3,349,133	2,027,931	4,240,131
		5,092,350	9,597,644	4,469,084	9,145,181
Non mark-up / interest expenses					
Administrative expenses		2,769,111	5,195,936	2,384,231	4,612,893
Other provisions / write offs		102,843	102,515	-	(172,048)
Other charges		53,499	101,745	64,944	130,999
Total non mark-up / interest expenses		(2,925,453)	(5,400,196)	(2,449,175)	(4,571,844)
		2,166,897	4,197,448	2,019,909	4,573,337
Extraordinary / unusual items		-	-	-	-
Profit before taxation		2,166,897	4,197,448	2,019,909	4,573,337
Taxation - Current		892,458	1,652,816	806,643	1,912,527
- Prior years		423,084	423,084	581,308	581,308
- Deferred		(147,257)	(201,112)	(92,638)	(303,686)
		(1,168,285)	(1,874,788)	(1,295,313)	(2,190,149)
Profit after taxation		998,612	2,322,660	724,596	2,383,188
Profit attributable to:					
Equity share holders of the holding company		963,193	2,287,241	724,596	2,383,188
Non-controlling interest		35,419	35,419	-	-
		998,612	2,322,660	724,596	2,383,188
Basic and diluted earnings per share (Rupees)	18	0.92	2.18	0.69	2.27

The annexed notes 1 to 24 form an integral part of these consolidated condensed interim financial statements.

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Chairman

SIRAJUDDIN AZIZ
President &
Chief Executive Officer

FIRASAT ALI
Director

SOHAIL HASAN
Director

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

FOR THE QUARTER AND HALF YEAR ENDED 30 JUNE 2017

	30 June 2017 Quarter ended	Half year ended	30 June 2016 Quarter ended	Half year ended
	Rupees in '000			
Profit after taxation for the period	998,612	2,322,660	724,596	2,383,188
Items not to be reclassified to profit and loss account in subsequent periods:				
Actuarial (loss) / gain on defined benefit plan	(887)	(20,052)	22,980	(7,290)
Related deferred tax (charge) / reversal	(3)	6,705	(8,043)	2,552
	(890)	(13,347)	14,937	(4,738)
Comprehensive income transferred to equity	997,722	2,309,313	739,533	2,378,450
Components of Comprehensive income not reflected in equity				
Items to be reclassified to profit and loss account in subsequent periods:				
(Deficit) / surplus on revaluation of investments	(414,010)	(396,069)	763,905	1,148,632
Related deferred tax reversal / (charge)	143,178	133,397	(267,363)	(402,050)
	(270,832)	(262,672)	496,542	746,582
Total comprehensive income	726,890	2,046,641	1,236,075	3,125,032
Equity share holders of the holding company	699,257	2,019,008	724,596	2,383,188
Non-controlling interest	27,633	27,633	–	–
	726,890	2,046,641	724,596	2,383,188

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Director

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Director

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

FOR THE QUARTER AND HALF YEAR ENDED 30 JUNE 2017

	30 June 2017	30 June 2016
	Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	4,197,448	4,573,337
Less: Dividend income	(351,321)	(43,133)
	3,846,127	4,530,204
Adjustments		
Depreciation and amortization on operating fixed assets	405,977	321,893
Depreciation on non-banking assets	12,148	–
Provision against non-performing loans and advances – net	645,437	971,345
Provision against other assets	102,515	–
Provision for diminution in the value of investments – net	81,143	31,906
Gain on sale of operating fixed assets – net	(7,080)	(15,219)
	1,240,140	1,309,925
	5,086,267	5,840,129
(Increase) / decrease in operating assets		
Lendings to financial institutions	5,676,640	(29,277,745)
Advances	(26,431,681)	(8,551,894)
Other assets (excluding dividend and taxation)	(2,003,905)	(1,372,003)
	(22,758,946)	(39,201,642)
Increase / (decrease) in operating liabilities		
Bills payable	4,778,294	6,103,871
Borrowings	8,112,520	88,093,682
Deposits and other accounts	24,187,448	26,135,606
Other liabilities (excluding dividend and taxation)	499,020	502,934
	37,577,282	120,836,093
	19,904,603	87,474,580
Income tax paid	(2,390,014)	(2,360,102)
Net cash flows from operating activities	17,514,589	85,114,478
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(6,711,346)	(85,967,947)
Net investments in held-to-maturity securities	(6,487,954)	(2,187,555)
Consideration paid on acquisition of subsidiary	(209,325)	–
Net cash received on acquisition of subsidiary	61,939	–
Dividend received	349,641	43,133
Investments in operating fixed assets	(392,984)	(357,500)
Proceeds from sale of operating fixed assets	7,956	77,019
Net cash flows from investing activities	(13,382,073)	(88,392,850)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(3,104,981)	(2,091,990)
Net cash flows financing activities	(3,104,981)	(2,091,990)
Increase / (decrease) in cash and cash equivalents	1,027,535	(5,370,362)
Cash and cash equivalents at beginning of the period	36,931,854	44,060,447
Cash and cash equivalents at end of the period	37,959,389	38,690,085

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Director

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

FOR THE HALF YEAR ENDED 30 JUNE 2017

	Reserves									
	Share Capital	Share premium	Statutory reserve	Special reserve	Gain on bargain purchase	Revenue reserve	Unappropriated profit	Sub total	Non-controlling interest	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	-	33,154,231
Total comprehensive income for the six months ended 30 June 2016										
Profit after taxation	-	-	-	-	-	-	2,383,188	2,383,188	-	2,383,188
Other comprehensive income - net of tax	-	-	-	-	-	-	(4,738)	(4,738)	-	(4,738)
	-	-	-	-	-	-	2,378,450	2,378,450	-	2,378,450
Transactions with owners, recorded directly in equity										
Cash dividend (Rs. 2.00 per share) for year ended 31 December 2015	-	-	-	-	-	-	(2,095,663)	(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	-	1,003
Transfer to statutory reserve	-	-	476,293	-	-	-	(476,293)	-	-	-
Balance as at 30 June 2016	10,478,315	2,550,985	8,894,957	240,361	-	1,500,000	9,773,403	33,438,021	-	33,438,021
Total comprehensive income for the six months ended 31 December 2016										
Profit after taxation	-	-	-	-	-	-	3,745,502	3,745,502	-	3,745,502
Other comprehensive income - net of tax	-	-	-	-	-	-	24,426	24,426	-	24,426
	-	-	-	-	-	-	3,769,928	3,769,928	-	3,769,928
Transactions with owners, recorded directly in equity										
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	1,019	1,019	-	1,019
Transfer to statutory reserve	-	-	747,572	-	-	-	(747,572)	-	-	-
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	-	37,208,968
Non-controlling interest on acquisition of subsidiary	-	-	-	-	-	-	-	-	3,097,079	3,097,079
Total comprehensive income for the six months ended 30 June 2017										
Profit after taxation	-	-	-	-	-	-	2,287,241	2,287,241	35,419	2,322,660
Other comprehensive income - net of tax	-	-	-	-	-	-	(12,541)	(12,541)	(806)	(13,347)
	-	-	-	-	-	-	2,274,700	2,274,700	34,613	2,309,313
Transactions with owners, recorded directly in equity										
Cash dividend (Rs. 3.00 per share) for year ended 31 December 2016	-	-	-	-	-	-	(3,143,494)	(3,143,494)	-	(3,143,494)
Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	882	882	-	882
Gain on bargain purchase (note - 2.2)	-	-	-	-	134,795	-	-	134,795	-	134,795
Transfer to statutory reserve	-	-	448,210	-	-	-	(448,210)	-	-	-
Balance as at 30 June 2017	10,478,315	2,550,985	10,090,739	240,361	134,795	1,500,000	11,480,656	36,475,851	3,131,692	39,607,543

The annexed notes 1 to 24 form an integral part of these consolidated condensed interim financial statements.

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Director

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

FOR THE HALF YEAR ENDED 30 JUNE 2017

1. STATUS AND NATURE OF BUSINESS

The Group comprises of Habib Metropolitan Bank Limited (the holding company), Habib Metropolitan Financial Services Limited, Habib Metropolitan Modarba Management Company (Private) Limited (wholly owned subsidiary companies) and First Habib Modaraba (Modaraba managed by Habib Metropolitan Modarba Management Company (Private) Limited). The Group is engaged in providing commercial banking, brokerage services and modarba 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. The Bank's ordinary shares are listed on Pakistan Stock Exchange. The Bank operates 274 (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 Bank is a subsidiary of Habib Bank AG Zurich - Switzerland (the holding company with 51% shares in the Bank), which is incorporated in Switzerland. The registered office of the Bank is situated at Spencer's Building, I.I Chundrigar Road, Karachi.

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

Habib Metropolitan Modaraba Management Company (Private) Limited (the subsidiary company) was incorporated in Pakistan on 1 June 2015 as a private limited 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 5th Floor, HBZ Plaza, I.I Chundrigar Road, Karachi.

During the current year, Habib Metropolitan Modaraba Management Company (Private) Limited (the Modaraba Management Company) acquired management rights and 10 percent of certificates of First Habib Modaraba (FHM). FHM is a perpetual, multi-purpose modaraba having its registered office at 5th Floor, HBZ Plaza, I.I Chundrigar Road, Karachi. It is listed on Pakistan Stock Exchange and engaged in the business of leasing (Ijarah), Musharaka, Murabaha financing and other related business.

2. ACQUISITION - FIRST HABIB MODARABA

At the acquisition date, the identifiable assets acquired and liabilities assumed have provisionally been recognised at their carrying value. The management is in the process of determining the fair value of acquired assets and liabilities.

The carrying amounts of assets and liabilities acquired are as follows:

	31 March 2017
	Rupees in '000
NON-CURRENT ASSETS	
Fixed assets - tangible	
Lease Financing assets	2,427,828
Assets in own use	11,586
	<u>2,439,414</u>
Intangible assets	82
Long term advances, deposit and prepayments	8,989
Diminishing musharaka financing	2,424,755
	<u>4,873,240</u>
CURRENT ASSETS	
Investments	1,095,065
Diminishing musharaka financing - current portion	1,649,434
Lease Financing installments receivable	6,615
Advances and short term prepayments	1,793
Other receivables	38,960
Tax refund	79,479
Cash and bank balances	61,939
	<u>2,933,285</u>
TOTAL ASSETS	<u>7,806,525</u>
NON-CURRENT LIABILITIES	
Security deposits against Lease Financing assets	251,698
CURRENT LIABILITIES	
Certificate of Investment (Musharaka)	3,400,210
Security deposits against Lease Financing assets (current portion)	110,703
Advance Lease financing and diminishing musharaka installments	20,846
Unearned Lease financing and diminishing musharaka installments	19,390
Trade and other liabilities	297,125
Profit payable on Certificate of Investment (Musharaka)	32,616
Advance against Murabaha	197,964
Taxation	2,791
Unclaimed profit distribution	28,030
Profit distribution payable	3,953
	<u>4,113,628</u>
TOTAL LIABILITIES	<u>4,365,326</u>
NET ASSETS	<u>3,441,199</u>
Book value of net assets as at 31 March, 2017	3,441,199
Percentage of net assets acquired	10%
Book value of net assets acquired	<u>344,120</u>

2.1 International Financial Reporting Standard 3, (IFRS 3) "Business Combinations", requires that all identified assets and liabilities acquired in a business combination should be carried at fair values in the acquirer's balance sheet and any intangible assets acquired in the business combination are required to be separately recognised and carried at fair values. IFRS 3 allows the acquirer a maximum period of one year from the date of acquisition to finalise determination of the fair values of the assets and liabilities and to determine the value of any intangible asset separately identified. The fair valuation exercise of the recorded assets and liabilities will be completed within the period specified under IFRS 3. The carrying values of the above balances may change as a result of the fair value exercise as required under IFRS 3.

2.2 The acquisition of First Habib Modaraba is a bargain purchase as the value of the net assets acquired at the acquisition date exceeds the consideration paid by the Modaraba Management Company. The carrying values of the net assets, purchase consideration paid and gain on bargain purchase are as follows:

	Rupees in '000
Net book value of assets acquired	344,120
Less: purchase consideration paid in cash	(209,325)
Gain on bargain purchase	<u>134,795</u>

3. BASIS OF PRESENTATION AND MEASUREMENT

3.1 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.

3.2 Key financial figures of the Islamic Banking branches are disclosed in note 22 to these consolidated condensed interim financial statements.

3.3 These consolidated financial statements include the financial statements of the holding company and its subsidiaries.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date the control commences until the date the control ceases. In preparing consolidated financial statements, the financial statements of the holding company and subsidiaries are consolidated on a line by line basis by adding together like items of assets, liabilities, income and expenses. Significant inter - company transaction have been eliminated.

Non-controlling interest represents that part of the net results of operations and of the net assets of the subsidiaries that is not owned by the Group.

Acquisitions of non-controlling interest (NCI) are measured at the proportionate share of the NCI in the fair value of the net assets acquired by the Holding Company. The excess of the fair value consideration transferred over the proportionate share of the NCI in the fair value of net assets acquired is recognised in equity.

3.4 Basis of measurement

These consolidated condensed interim financial statements have been prepared under the historical cost convention, except non-banking assets acquired in satisfaction of claims have been carried at revalued amount and certain investments and derivative financial instruments are carried at fair value.

4. STATEMENT OF COMPLIANCE

- 4.1** 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 the Institute of Chartered Accountants of Pakistan (ICAP), the requirement of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the SBP. In case requirements differ, the requirement of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed. The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the SECP vide its press release dated 20 July 2017, these consolidated condensed interim financial statements have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.
- 4.2** The SBP vide BSD Circular No. 10, dated 26 August 2002 has deferred the applicability of the 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 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. Moreover, segment information is being disclosed in accordance with the SBP's prescribed format as per BSD Circular No. 4 dated 17 February 2006 which prevails over the requirements specified in IFRS 8.
- 4.3** 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 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.

5. ACCOUNTING POLICIES AND ESTIMATES

- 5.1** 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, except for following;

Finance arrangements including certificate of investment (Musharaka)

These are carried at the balance sheet at the principal amount. The amount received by the modaraba from Certificate of Investment holders is invested in the overall business activity of the modaraba on the basis of full participation in the profit and loss of the modaraba.

The profit shall be shared by Certificate of Investment holders and certificate holders in accordance with the agreed ratio. Profit on certificate of investment arrangement are recognized as financial expense in the period in which they incurred.

Profit on Musharaka finance is accounted for on the basis of the projected rate of profit. The effect of adjustments, if any, between actual rate and projected rate of profit is accounted for at the end of each quarter after determination of the actual rate.

- 5.2** 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 unconsolidated financial statements of the Group for the year ended 31 December 2016.

6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Group are consistent with that disclosed in the consolidated financial statements of the Group for the year ended 31 December 2016.

	Note	30 June 2017 (Un-Audited)	31 December 2016 (Audited)
		Rupees in '000	
7. BALANCES WITH OTHER BANKS			
In Pakistan			
Current accounts		82,021	181,390
Deposit accounts	7.1	130,007	44,429
		212,028	225,819
Outside Pakistan			
Current accounts		1,621,902	2,034,291
		1,833,930	2,260,110

7.1 This carries mark-up rate of 3.75% (31 December 2016 : 3.75%) per annum.

8. LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings	8.1	3,000,000	2,500,000
Repurchase agreement lendings (Reverse repo)	8.2	506,331	637,421
Bai - Muajjal receivable from State Bank of Pakistan	8.3	3,567,915	5,113,465
Islamic Placement - Musharika	8.4	4,000,000	8,500,000
		11,074,246	16,750,886

8.1 This carries mark-up rate of 6.50% (31 December 2016: 6.65%) per annum with maturity upto 7 July 2017 (31 December 2016: 3 March 2017).

8.2 These carry mark-up rate of 6.20% (31 December 2016: 5.99% to 6.04%) per annum with maturity upto 25 July 2017 (31 December 2016: 1 February 2017).

8.3 These carry profit rate ranging from 5.55% to 5.65% (31 December 2016: 5.98%) per annum with maturity upto 21 June 2018 (31 December 2016: 10 February 2017).

8.4 These carry profit rate ranging from 5.15% to 5.60% (31 December 2016: 4.50% to 5.25%) per annum with maturity upto 7 August 2017 (31 December 2016: 6 March 2017).

9. INVESTMENTS

	Note	30 June 2017 (Un-Audited)			31 December 2016 (Audited)		
		Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
Rupees in '000							
Available-for-sale securities							
Market treasury bills		131,013,772	6,560,761	137,574,533	158,375,802	12,042,862	170,418,664
Pakistan investment bonds	9.2	99,840,835	13,858,144	113,698,979	83,538,877	–	83,538,877
Ordinary shares of listed companies		2,298,941	–	2,298,941	1,572,398	–	1,572,398
Ordinary shares of unlisted companies		120,891	–	120,891	141,741	–	141,741
Listed term finance certificates		2,088,301	–	2,088,301	2,088,703	–	2,088,703
Unlisted term finance certificates		235,350	–	235,350	314,828	–	314,828
Sukuk certificates and bonds		27,466,201	–	27,466,201	18,542,294	–	18,542,294
Open end mutual funds		4,849,476	–	4,849,476	3,908,757	–	3,908,757
Close end mutual funds		419,686	–	419,686	419,685	–	419,685
		268,333,453	20,418,905	288,752,358	268,903,085	12,042,862	280,945,947
Held-to-maturity securities							
Pakistan investment bonds	9.2	36,329,990	–	36,329,990	27,642,036	–	27,642,036
Certificates of investments		–	–	–	2,200,000	–	2,200,000
		36,329,990	–	36,329,990	29,842,036	–	29,842,036
Investments at cost		304,663,443	20,418,905	325,082,348	298,745,121	12,042,862	310,787,983
Provision for diminution in the value of investments	9.1	(383,364)	–	(383,364)	(302,221)	–	(302,221)
Investments – net of provisions		304,280,079	20,418,905	324,698,984	298,442,900	12,042,862	310,485,762
Surplus / (deficit) on revaluation of available-for-sale securities – net	16.2	3,688,835	(437,792)	3,251,043	3,653,627	(6,515)	3,647,112
Investments after revaluation of available-for-sale securities		307,968,914	19,981,113	327,950,027	302,096,527	12,036,347	314,132,874

	Note	30 June 2017 (Un-Audited)	31 December 2016 (Audited)
		Rupees in '000	
9.1 Particulars of provision for diminution in the value of investments			
Opening balance		302,221	269,257
Charge for the period / year		81,143	45,156
Reversal for the period / year		—	(12,192)
Net charge		81,143	32,964
Closing balance		383,364	302,221
9.2	These carry mark-up rates ranging from 7.00% to 12.00% (31 December 2016: 7.00% to 12.00%) per annum and have maturity up to 21 April 2026 (31 December 2016: 19 July 2022). These include Rs. 132,000 thousand (31 December 2016: Rs. 132,000 thousand) pledged with State Bank of Pakistan against TT/DD discounting facilities and demand loan facilities.		
10. ADVANCES			
Loans, cash credits, running finances, etc.			
In Pakistan		144,267,555	125,064,843
Islamic financing and related assets - gross	10.6	20,385,098	8,802,424
Net investments in finance lease			
In Pakistan		486,253	568,510
Bills discounted and purchased (excluding Market Treasury Bills)			
Payable in Pakistan		8,052,176	6,961,624
Payable outside Pakistan		19,346,001	18,484,814
		27,398,177	25,446,438
Advances - gross		192,537,083	159,882,215
Provision against non-performing advances			
— specific		(16,357,934)	(16,796,939)
— general		(1,153,642)	(134,110)
	10.3	(17,511,576)	(16,931,049)
Advances - net of provisions		175,025,507	142,951,166

- 10.1** Advances include Rs. 18,857,918 thousand (31 December 2016: Rs. 19,873,142 thousand) which have been placed under non-performing status as detailed below:

Category of classification	30 June 2017 (Un-Audited)			31 December 2016 (Audited)		
	Classified advances	Provision required	Provision held	Classified advances	Provision required	Provision held
Rupees in '000						
Substandard	80,238	–	–	238,382	53,736	53,736
Doubtful	252,452	93,427	93,427	118,393	21,945	21,945
Loss	18,525,228	16,264,507	16,264,507	19,516,367	16,721,258	16,721,258
	18,857,918	16,357,934	16,357,934	19,873,142	16,796,939	16,796,939

- 10.2** As allowed by the SBP, the Bank has availed benefit of Forced Sale Value (FSV) of collateral held as security of Rs. 2,313,580 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 30 June 2017 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees amounted to approximately Rs. 1,503,827 thousand (31 December 2016: Rs. 1,844,846 thousand).

- 10.3** Particulars of provision against non-performing advances:

	30 June 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	561,123	1,019,532	1,580,655	2,670,552	–	2,670,552
Reversals for the period / year	(935,218)	–	(935,218)	(1,096,262)	(762,639)	(1,858,901)
Net charge for the period / year	(374,095)	1,019,532	645,437	1,574,290	(762,639)	811,651
Amount written off	(64,910)	–	(64,910)	(1,310,188)	–	(1,310,188)
Closing balance	16,357,934	1,153,642	17,511,576	16,796,939	134,110	16,931,049

- 10.4** General provision includes provision of Rs. 3,243 thousand (31 December 2016: Rs. 3,387 thousand) made against consumer portfolio and Rs. 19,968 thousands (31 December 2016: Rs. 16,814 thousand) made against Small Enterprises (SEs) portfolio as required by the Prudential Regulation issued by the SBP.

- 10.5** Exposure amounting to Rs. 4,169,987 thousand relating to certain facilities of Power Holding Private Limited, which is government guaranteed loan, has not been classified as non-performing loan, pursuant to the relaxation given by the SBP in this respect. The relaxation is valid upto 31 August 2017.

- 10.6** It includes loans and advances of First Habib Modaraba amounting to Rs. 6,640,854 thousand and the islamic banking operations of the holding company amounting to Rs. 13,744,244 thousand as disclosed in note 22.6 to the consolidated condensed interim financial statements.

11. OPERATING FIXED ASSETS

Additions and disposals made during the period in operating fixed assets amounted to Rs. 392,984 thousand (30 June 2016: Rs. 357,500 thousand) and Rs. 61,800 thousand (30 June 2016: Rs. 61,800 thousand) respectively.

12. 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. 3,876,952 thousand (31 December 2016: Rs. 3,761,929 thousand).

13. OTHER ASSETS

13.1 Other assets include non-banking assets acquired in satisfaction of claims amounting to Rs. 1,652,723 thousand. The Holding company has entered into agreements to sell with buyers against four properties having carrying value of Rs. 955,430 thousand.

14. BORROWINGS

Secured

Borrowings from State Bank of Pakistan

- under export refinance scheme
- under long term financing facility – locally manufactured plant and machinery

**30 June
2017**
(Un-Audited)
31 December
2016
(Audited)
Rupees in '000

20,300,568	18,749,236
5,075,771	3,616,963
25,376,339	22,366,199
19,950,975	12,032,715
910,768	1,916,120
46,238,082	36,315,034

Unsecured

Advance against murabaha financing
Certificate of investment
Overdrawn nostro accounts
Overdrawn local bank accounts

123,861	–
1,663,785	–
868,327	773,124
234,871	117,017
2,890,844	890,141
49,128,926	37,205,175

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	Note	30 June 2017 (Un-Audited)	31 December 2016 (Audited)
		Rupees in '000	
15. DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		189,522,371	180,348,374
Saving deposits		113,583,808	110,647,888
Current accounts (non-remunerative)		128,708,168	120,721,112
Others		9,780,399	4,320,917
		441,594,746	416,038,291
Financial Institutions			
Remunerative deposits		11,619,705	13,191,889
Non-remunerative deposits		1,416,864	1,213,687
		13,036,569	14,405,576
		454,631,315	430,443,867
16. SURPLUS ON REVALUATION OF ASSETS - NET OF DEFERRED TAX			
Non-banking assets	16.1	153,796	154,678
Available-for-sale securities	16.2	2,111,826	2,374,498
		2,265,622	2,529,176
16.1 Non banking assets			
Surplus on revaluation of non-banking assets at the beginning of the period / year		237,966	—
Revaluation of non-banking assets during the period / year		—	258,227
Transferred to unappropriated profit in respect of disposal and incremental depreciation charged during the period / year - net of deferred tax		(882)	(13,170)
Related deferred tax liability on incremental depreciation charged during the period / year		(475)	(7,091)
		(1,357)	237,966
Less: Related deferred tax liability on:			
Revaluation at the beginning of the period / year		83,288	—
Revaluation of non-banking assets during the period / year		—	90,379
Incremental depreciation charged during the period / year		(475)	(7,091)
Related deferred tax liability		82,813	83,288
Surplus on revaluation of non-banking assets at the end of the period / year		153,796	154,678

	30 June 2017 (Un-Audited)	31 December 2016 (Audited)
	Rupees in '000	
16.2 Available-for-sale securities:		
Federal government securities		
Market treasury bills	966	8,959
Pakistan investment bonds	2,940,609	2,476,838
GOP ijarah sukuk	467,897	387,580
Fully paid-up ordinary shares and mutual funds	(194,587)	743,282
Term finance certificates, sukuk certificates and bonds		
Listed term finance certificates	22,663	18,123
Unlisted term finance certificates	409	1,342
Sukuk certificates and bonds	13,086	10,988
	3,251,043	3,647,112
Related deferred tax liability - net	(1,139,217)	(1,272,614)
	2,111,826	2,374,498
17. CONTINGENCIES AND COMMITMENTS		
17.1 Direct credit substitutes		
Bank guarantees of indebtedness favouring:		
Banking companies and other financial institutions	17,136	872
17.2 Transaction-related contingent liabilities		
Includes performance bonds, bid bonds, advance payment guarantees and shipping guarantees favouring:		
i) Government	30,760,155	21,036,923
ii) Banking companies and other financial institutions	2,756,509	499,127
iii) Others	10,671,641	16,022,300
	44,188,305	37,558,350
17.3 Trade-related contingent liabilities		
Letters of credit	60,326,774	61,829,418
Acceptances	13,410,593	11,400,550
17.4 Commitments in respect of forward exchange contracts		
Purchase	73,008,242	76,832,902
Sale	64,977,009	66,117,312

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	30 June 2017 (Un-Audited)	31 December 2016 (Audited)
	Rupees in '000	
17.5 Commitments for the acquisition of operating fixed assets	127,477	61,774
17.6 Claims against bank not acknowledged as debt	23,071,676	23,071,676
17.7 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.		
17.8 Commitments in respect of syndicate financing	238,491	628,948
17.9 Taxation		

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

17.10 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 the holding company by way of interim orders. Based on merits of the appeals the 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.

18. BASIC AND DILUTED EARNINGS PER SHARE

	30 June 2017		30 June 2016	
	(Un-Audited)			
	Quarter ended	Half year ended	Quarter ended	Half year ended
	Rupees in '000			
Profit attributable to equity shareholders of the holding company	<u>963,193</u>	<u>2,287,241</u>	<u>724,596</u>	<u>2,383,188</u>
	Number in '000			
Weighted average number of ordinary shares	<u>1,047,831</u>	<u>1,047,831</u>	<u>1,047,831</u>	<u>1,047,831</u>
	Rupees			
Basic and diluted earnings per share	<u>0.92</u>	<u>2.18</u>	<u>0.69</u>	<u>2.27</u>

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 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.

	30 June 2017 (Un-Audited)					
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000					
Deposits						
At beginning of the year	503,799	19,992,444	129,686	538,535	1,666,278	22,830,742
Received during the period	10,686,635	786,239,320	277,977	2,901,194	422,878	800,528,004
Repaid during the period	(10,534,250)	(785,103,841)	(276,357)	(2,707,605)	(485,238)	(799,107,291)
At end of the period	656,184	21,127,923	131,306	732,124	1,603,918	24,251,455
Advances						
At beginning of the period	-	3,184,499	144,644	-	-	3,329,143
Disbursed during the period	-	21,688,009	45,463	-	-	21,733,472
Recovered during the period	-	(22,033,748)	(11,496)	-	-	(22,045,244)
At end of the period	-	2,838,760	178,611	-	-	3,017,371
Bank balances held by the Group	160,156	52,156	-	-	-	212,312
Investment in certificate of investment	-	-	-	-	29,709	29,709
Mark-up / return / interest receivable	-	6,138	-	-	-	6,138
Mark-up / return / interest payable	-	252,175	4,413	2,147	427,320	686,055
Management fee payable for technical and consultancy services*	333,989	-	-	-	-	333,989
Prepayments / Advance deposits	-	19,253	-	-	-	19,253
Insurance premium payable	-	4,168	-	-	-	4,168
Transaction-related contingent liabilities	-	7,024,098	-	-	-	7,024,098
Trade-related contingent liabilities	-	5,089,096	-	-	-	5,089,096
Receivable / (Payable) against Purchase / sale of securities	(12,999)	-	(270)	-	-	(13,269)

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

	31 December 2016 (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 year	22,750,934	1,433,239,459	758,702	2,016,849	2,406,913	1,461,172,857
Repaid during the year	(22,551,639)	(1,431,122,046)	(695,338)	(1,976,678)	(1,861,670)	(1,458,207,371)
At end of the year	503,799	19,992,444	129,686	538,535	1,666,278	22,830,742
Advances						
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	–	26,265	–	–	–	26,265
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	–	(233)	–	–	9,957

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

Transactions during the period	For the period ended 30 June 2017 (Un-Audited)					
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000					
Mark-up / return / interest earned	-	32,583	3,179	-	-	35,762
Mark-up / return / interest expensed	-	551,103	2,863	13,053	80,393	647,412
Commission / brokerage / bank charges recovered	3,136	102,646	-	160	-	105,942
Commission / brokerage / bank charges paid	4,809	533	-	-	-	5,342
Rent income	2,808	-	-	-	-	2,808
Salaries and allowances	-	-	186,923	-	-	186,923
Directors' fees	-	-	-	1,600	-	1,600
Contribution to defined benefit plan	-	-	-	-	71,193	71,193
Contribution to defined contribution plan	-	-	-	-	86,249	86,249
Rent expenses	-	6,096	-	-	-	6,096
Insurance premium expenses	-	37,251	-	-	-	37,251
Maintenance, electricity, stationery & entertainment expenses	-	31,236	-	-	-	31,236
Management fee expense for technical and consultancy services*	132,770	-	-	-	-	132,770
Donation	-	38,920	-	-	-	38,920
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 30 June 2016 (Un-Audited)				
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans
	Rupees in '000				
Mark-up / return / interest earned	–	84,037	2,750	–	–
Mark-up / return / interest expensed	–	589,477	1,234	11,987	79,379
Commission / brokerage / bank charges recovered	5,532	79,343	4	15	–
Commission / brokerage / bank charges paid	211	352	–	–	–
Rent income	2,808	–	–	–	–
Salaries and allowances	–	–	169,504	–	–
Directors' fees	–	–	–	4,725	–
Contribution to defined benefit plan	–	–	–	–	75,866
Contribution to defined contribution plan	–	–	–	–	75,103
Rent expenses	–	5,721	–	–	–
Insurance premium expenses	–	10,097	–	–	–
Maintenance, electricity, stationery & entertainment expenses	–	30,480	–	–	–
Management fee expense for technical and consultancy services*	117,181	–	–	–	–
Donation	–	3,920	–	–	–
Professional / other charges	–	186	–	–	–

* 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

	30 June 2017 (Un-Audited)				
	Carrying Value	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	281,175,401	-	281,175,401	-	281,175,401
Sukuk certificates and bonds	939,070	-	939,070	-	939,070
Ordinary shares of listed companies	2,436,652	2,436,652	-	-	2,436,652
Ordinary shares of unlisted companies	69,293	-	69,293	-	69,293
Mutual funds	4,764,296	4,764,296	-	-	4,764,296
Listed term finance certificates	2,028,406	2,028,406	-	-	2,028,406
Unlisted term finance certificates	206,919	-	206,919	-	206,919
- Other assets					
Unrealized gain on forward foreign exchange contracts	739,537	-	739,537	-	739,537
Financial assets not measured at fair value	270,311,204	-	-	-	-
	562,670,778	9,229,354	283,130,220	-	292,359,574
Financial liabilities measured at fair value					
- Other liabilities					
Unrealized loss on forward foreign exchange contracts	(793,436)	-	(793,436)	-	(793,436)
Financial liabilities not measured at fair value	(526,596,180)	-	-	-	-
	35,281,162	9,229,354	282,336,784	-	291,566,138

On balance sheet financial instruments

31 December 2016 (Audited)					
	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
(Rupees in '000)					
Financial assets measured at fair value					
- Investments					
- Available-for-sale securities					
Federal government securities	274,215,763	-	274,215,763	-	274,215,763
Sukuk certificates and bonds	1,149,362	-	1,149,362	-	1,149,362
Ordinary shares of listed companies	1,840,554	1,840,554	-	-	1,840,554
Ordinary shares of unlisted companies	94,695	-	94,695	-	94,695
Mutual funds	4,678,866	4,678,866	-	-	4,678,866
Listed term finance certificates	2,024,268	2,024,268	-	-	2,024,268
Unlisted term finance certificates	287,330	-	287,330	-	287,330
- Other assets					
Unrealized gain on forward foreign exchange contracts	769,626	-	769,626	-	769,626
Financial assets not measured at fair value	233,637,695	-	-	-	-
	518,698,159	8,543,688	276,516,776	-	285,060,464
Financial liabilities measured at fair value					
- Other liabilities					
Unrealized loss on forward foreign exchange contracts	(917,476)	-	(917,476)	-	(917,476)
Financial liabilities not measured at fair value	(484,864,630)	-	-	-	-
	32,916,053	8,543,688	275,599,300	-	284,142,988

Off- balance sheet financial instruments

	30 June 2017 (Un-Audited)		31 December 2016 (Audited)	
	Contracted Value	Fair Value	Contracted Value	Fair Value
	Rupees in '000			
Forward purchase of foreign exchange contracts	<u>73,008,242</u>	<u>90,095,854</u>	<u>76,832,902</u>	<u>76,022,687</u>
Forward sale of foreign exchange contracts	<u>64,977,009</u>	<u>77,768,536</u>	<u>66,117,312</u>	<u>66,779,677</u>

	30 June 2017 (Un-Audited)	31 December 2016 (Audited)
	Rupees in '000	

Reconciliation of net assets to financial instruments

Net financial assets	35,281,162	32,916,053
Non financial assets / (liabilities)		
- Operating fixed assets	3,273,018	3,247,358
- Deferred tax asset	2,793,711	2,452,502
- Other assets	1,964,233	2,044,633
- Other liabilities	(1,438,959)	(922,402)
Net assets as per statement of financial position	<u>41,873,165</u>	<u>39,738,144</u>

21. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES (UN-AUDITED)

The segment analysis with respect to business activities is as follows:

	30 June 2017				30 June 2016			
	Trade & Sales	Retail Banking	Commercial Banking	Total	Trade & Sales	Retail Banking	Commercial Banking	Total
	Rupees in '000							
Total income *	<u>11,622,996</u>	<u>1,749,207</u>	<u>14,215,546</u>	<u>27,587,749</u>	14,270,314	2,852,786	13,473,014	30,596,114
Total expenses *	<u>(10,020,902)</u>	<u>(1,065,252)</u>	<u>(12,304,147)</u>	<u>(23,390,301)</u>	(11,427,399)	(1,955,450)	(12,639,928)	(26,022,777)
Net income	<u>1,602,094</u>	<u>683,955</u>	<u>1,911,399</u>	<u>4,197,448</u>	<u>2,842,915</u>	<u>897,336</u>	<u>833,086</u>	<u>4,573,337</u>
Segment assets	<u>343,959,942</u>	<u>1,980,957</u>	<u>224,760,841</u>	<u>570,701,740</u>	430,198,197	2,110,672	180,409,364	612,718,233
Segment liabilities	<u>25,320,793</u>	<u>59,628,712</u>	<u>443,879,070</u>	<u>528,828,575</u>	99,130,981	88,408,657	387,119,141	574,658,779

* Includes Rs. 8,163,605 thousands (30 June 2016: Rs. 9,383,746 thousands) of inter-segment revenues and expenses.

22. KEY ISLAMIC BANKING OPERATIONS

22.1 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 30 June 2017 are as follows:

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	30 June 2017 (Un-Audited)	31 December 2016 (Audited)
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		2,755,269	2,723,811
Balances with other banks		—	—
Due from financial institutions		7,567,915	13,613,465
Investments		28,110,285	20,540,621
Islamic financing and related assets	22.6	13,362,855	8,429,751
Operating fixed assets		79,000	79,530
Deferred tax assets - net		—	—
Other assets		684,108	1,414,567
		52,559,432	46,801,745
LIABILITIES			
Bills payable		467,333	304,581
Due to financial institutions		1,624,255	860,517
Deposits and other accounts			
- Current accounts		7,813,518	7,660,817
- Saving accounts		15,737,226	10,641,554
- Term deposits		17,626,002	16,415,145
- Others		271,399	111,661
- Deposits from financial institutions - remunerative		5,166,568	8,321,653
- Deposits from financial institutions - non remunerative		10,636	3,814
		46,625,349	43,154,644
Due to head office		771,778	—
Other liabilities		486,381	506,326
		49,975,096	44,826,068
NET ASSETS		2,584,336	1,975,677
REPRESENTED BY			
Islamic banking fund		2,002,621	1,402,615
Reserves		—	—
Unappropriated profit		116,368	191,936
		2,118,989	1,594,551
Surplus on revaluation of assets		465,347	381,126
		2,584,336	1,975,677

22.2 PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR ENDED 30 JUNE 2017

	30 June 2017 (Un-Audited)	30 June 2016 (Un-Audited)
	Rupees in '000	
Profit / return on financing, investments and placements earned	1,150,606	1,454,651
Profit / return on deposit and other dues expensed	(853,715)	(1,215,650)
Net spread earned	296,891	239,001
Provision against non performing financing - net	8,716	(3,448)
Provision for diminution in the value of investments	—	—
Provision for consumer financing ljarah	—	—
Bad debts written off directly	—	—
	(8,716)	3,448
Net spread after provisions	288,175	242,449
Other income		
Fee, commission and brokerage income	43,254	20,387
Dividend income	—	—
Income from dealing in foreign currencies - net	10,416	10,656
Gain on sale / redemption of securities - net	13,567	12,971
Unrealized gain / (loss) on revaluation of investments classified as 'held-for-trading'	—	—
Other income	5,855	21,658
Total other income	73,092	65,672
	361,267	308,121
Other expenses		
Administrative expenses	242,096	199,654
Other provisions / write offs	—	—
Other charges	2,803	—
Total other expenses	(244,899)	(199,654)
	116,368	108,467
Extra ordinary / unusual items	—	—
Profit before taxation	116,368	108,467
22.3 Remuneration to Shariah Advisor / Board	4,185	3,788

	30 June 2017 (Un-Audited)	31 December 2016 (Audited)
	Rupees in '000	
22.4 Charity Fund		
Opening balance	327	491
Additions during the period / year		
Received from customers on delayed payments	24	550
Payments / utilization during the period / year		
Education	—	(148)
Health	—	(566)
	—	(714)
Closing balance	351	327

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	30 June 2017 (Un-Audited)	31 December 2016 (Audited)
	Rupees in '000	
22.5 Financings / investments / receivables		
Murabaha financing		
Murabaha receivable - gross	3,620,377	4,257,445
Less: Deferred murabaha income	(99,464)	(125,683)
Advance against murabaha	135,438	109,071
	<u>3,656,351</u>	<u>4,240,833</u>
Provision against murabaha financing	(351,273)	(345,550)
	<u>3,305,078</u>	<u>3,895,283</u>
Ijarah		
Asset held for ijarah	480,695	367,292
Less: Accumulated depreciation	(89,479)	(115,788)
Advance against ijarah	43,515	32,218
	<u>434,731</u>	<u>283,722</u>
Provision against ijarah financing	(23,683)	(23,796)
	<u>411,048</u>	<u>259,926</u>
Diminishing musharakah		
Diminishing musharakah - gross	6,811,245	3,477,592
Less: Unrealised income on diminishing musharakah	(1,151,609)	(779,718)
Advance against diminishing musharakah	121,009	146,306
	<u>5,780,645</u>	<u>2,844,180</u>
Provision against diminishing musharakah	(6,433)	(3,327)
	<u>5,774,212</u>	<u>2,840,853</u>
Export refinance murabaha		
Export refinance murabaha receivable - gross	418,074	95,142
Less: Deferred export refinance murabaha income	(5,465)	(1,247)
Advance against murabaha IERF	7,052	6,673
	<u>419,661</u>	<u>100,568</u>
Istisna financing		
Istisna financing - gross	-	44,645
Less: Deferred istisna income	-	(13,394)
Advance against istisna	334,522	146,308
	<u>334,522</u>	<u>177,559</u>
Al-Bai financing	<u>1,917</u>	<u>-</u>
Al-Bai goods	<u>41,917</u>	<u>55,081</u>
Istisna goods	<u>-</u>	<u>29,500</u>
Working capital musharaka	<u>1,822,000</u>	<u>306,000</u>
Export refinance istisna		
Export refinance istisna receivable - gross	-	13,226
Less: Deferred export refinance istisna income	-	(2,645)
Advance against istisna IERF	1,250,000	754,400
	<u>1,250,000</u>	<u>764,981</u>
Istisna goods - export refinance	<u>2,500</u>	<u>-</u>

	30 June 2017 (Un-Audited)	31 December 2016 (Audited)
	———— Rupees in '000 ————	
22.6 Islamic financing and related assets		
Financings / investments / receivables	11,808,291	7,522,867
Advances	1,891,536	1,194,976
Assets / inventories	44,417	84,581
Gross Islamic financing and related assets	13,744,244	8,802,424
Provision against financing	(381,389)	(372,673)
	13,362,855	8,429,751

23. GENERAL

23.1 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 17 August 2017.

MOHAMEDALI R. HABIB
Chairman

SIRAJUDDIN AZIZ
President &
Chief Executive Officer

FIRASAT ALI
Director

SOHAIL HASAN
Director