



HABIB METROPOLITAN BANK LTD.

[Subsidiary of Habib Bank AG Zurich]

Consolidated Accounts for the half year
and quarter ended 30 June 2018
(Un-audited)

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Note	30 June 2018 (Un-Audited)	31 December 2017 (Audited)
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		48,485,565	42,282,249
Balances with other banks	6	1,799,661	1,234,380
Lendings to financial institutions	7	9,785,050	10,914,805
Investments	8	383,407,271	395,266,073
Advances	9	199,088,918	181,790,445
Operating fixed assets	10	3,308,051	3,418,407
Deferred tax assets	11	3,750,079	2,835,420
Other assets		14,145,049	13,383,645
		663,769,644	651,125,424
LIABILITIES			
Bills payable		10,543,562	9,383,752
Borrowings	12	76,059,529	67,323,249
Deposits and other accounts	13	523,265,543	517,685,132
Sub-ordinated loans		—	—
Liabilities against assets subject to finance lease		—	—
Deferred tax liabilities		—	—
Other liabilities		11,921,945	12,870,642
		621,790,579	607,262,775
NET ASSETS			
		41,979,065	43,862,649
REPRESENTED BY			
Share capital		10,478,315	10,478,315
Reserves		15,713,477	15,124,031
Unappropriated profit		13,366,256	14,159,430
		39,558,048	39,761,776
Non-controlling interest		3,287,733	3,167,652
		42,845,781	42,929,428
(Deficit) / surplus on revaluation of assets - net of tax	14	(866,716)	933,221
		41,979,065	43,862,649
CONTINGENCIES AND COMMITMENTS			
	15		

The annexed notes 1 to 22 form an integral part of these consolidated condensed interim financial statements.

FUZAIL ABBAS
Chief Financial Officer

MOHSIN A. NATHANI
President &
Chief Executive Officer

MOHOMED BASHIR
Director

SOHAIL HASAN
Director

MOHAMEDALI R. HABIB
Chairman

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

FOR THE QUARTER AND HALF YEAR ENDED 30 JUNE 2018

	Note	30 June 2018		30 June 2017	
		Quarter ended	Half year ended	Quarter ended	Half year ended
Rupees in '000					
Mark-up / return / interest earned		10,125,014	20,059,254	8,181,176	16,075,011
Mark-up / return / interest expensed		(5,941,449)	(12,067,231)	(4,604,642)	(9,099,920)
Net mark-up / interest income		4,183,565	7,992,023	3,576,534	6,975,091
Provision against non-performing loans and advances - net	9.3	250,005	493,750	397,510	645,437
Provision for diminution in the value of investments - net	8.1	23,404	24,481	81,143	81,143
Bad debts written-off directly		—	—	—	—
		(273,409)	(518,231)	(478,653)	(726,580)
Net mark-up / interest income after provisions		3,910,156	7,473,792	3,097,881	6,248,511
Non mark-up / interest income					
Fee, commission and brokerage income		946,474	1,879,197	849,506	1,711,880
Dividend income		41,441	50,790	324,996	351,321
Income from dealing in foreign currencies - net		468,598	739,575	192,354	378,963
Gain on sale / redemption of securities - net		63,749	81,959	555,519	764,142
Unrealized gain / (loss) on revaluation of investments classified as 'held-for-trading'		—	—	—	—
Other income		84,959	451,758	72,094	142,827
Total non mark-up / interest income		1,605,221	3,203,279	1,994,469	3,349,133
		5,515,377	10,677,071	5,092,350	9,597,644
Non mark-up / interest expenses					
Administrative expenses		2,932,835	5,721,555	2,769,111	5,195,936
Other provisions / write offs / (reversals)		61,730	(39,520)	102,843	102,515
Other charges		64,162	113,781	53,499	101,745
Total non mark-up / interest expenses		(3,058,727)	(5,795,816)	(2,925,453)	(5,400,196)
		2,456,650	4,881,255	2,166,897	4,197,448
Extraordinary / unusual items		—	—	—	—
Profit before taxation		2,456,650	4,881,255	2,166,897	4,197,448
Taxation - Current		977,399	1,726,060	892,458	1,652,816
- Prior years		—	—	423,084	423,084
- Deferred		43,051	81,300	(147,257)	(201,112)
		(1,020,450)	(1,807,360)	(1,168,285)	(1,874,788)
Profit after taxation		1,436,200	3,073,895	998,612	2,322,660
Profit attributable to:					
Equity share holders of the holding company		1,378,556	2,954,726	963,193	2,287,241
Non-controlling interest		57,644	119,169	35,419	35,419
		1,436,200	3,073,895	998,612	2,322,660
Basic and diluted earnings per share (Rupees)	16	1.32	2.82	0.92	2.18

The annexed notes 1 to 22 form an integral part of these consolidated condensed interim financial statements.

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

FOR THE QUARTER AND HALF YEAR ENDED 30 JUNE 2018

	30 June 2018		30 June 2017	
	Quarter ended	Half year ended	Quarter ended	Half year ended
	Rupees in '000			
Profit after taxation for the period	1,436,200	3,073,895	998,612	2,322,660
Other comprehensive income				
Items not to be reclassified to profit or loss in subsequent periods:				
Actuarial gain / (loss) on defined benefit plan	(41,804)	(24,349)	(887)	(20,052)
Related deferred tax reversal / (charge)	14,986	8,877	(3)	6,705
	(26,818)	(15,472)	(890)	(13,347)
Comprehensive income transferred to equity	1,409,382	3,058,423	997,722	2,309,313
Components of comprehensive income not reflected in equity				
Items to be reclassified to profit or loss in subsequent periods:				
Deficit on revaluation of available for sale securities	(887,790)	(2,785,601)	(414,010)	(396,069)
Related deferred tax reversal	313,294	987,088	143,178	133,397
	(574,496)	(1,798,513)	(270,832)	(262,672)
Total comprehensive income	834,886	1,259,910	726,890	2,046,641
Equity share holders of the holding company	771,079	1,113,822	699,257	2,019,008
Non-controlling interest	63,808	146,088	27,633	27,633
	834,887	1,259,910	726,890	2,046,641

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CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE HALF YEAR ENDED 30 JUNE 2018

	30 June 2018	30 June 2017
	Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	4,881,255	4,197,448
Less: Dividend income	(50,790)	(351,321)
	4,830,465	3,846,127
Adjustments for:		
Depreciation and amortization on operating fixed assets	466,309	405,977
Depreciation on non-banking assets	6,377	12,148
Provision against non-performing loans and advances - net	493,750	645,437
Provision against other assets	(41,250)	102,515
(Reversal) / provision for diminution in the value of investments - net	(170,470)	81,143
Net gain on sale of fixed assets	(866)	-
Net gain on sale of non banking assets	(202,282)	-
Net gain on sale of non current assets held for sale	(35,042)	(7,080)
Provision against defined benefit plan	74,551	379,680
	591,077	1,619,820
	5,421,542	5,465,947
(Increase) / decrease in operating assets		
Lendings to financial institutions	1,129,755	5,676,640
Advances	(17,792,223)	(26,431,681)
Other assets (excluding dividend and taxation)	(1,057,873)	(2,003,905)
	(17,720,341)	(22,758,946)
Increase / (decrease) in operating liabilities		
Bills payable	1,159,810	4,778,294
Borrowings	8,957,116	8,112,520
Deposits and other accounts	5,580,411	24,187,448
Other liabilities (excluding dividend payable)	(1,072,857)	121,944
	14,624,480	37,200,206
	2,325,681	19,907,207
Contribution paid to defined benefit plan	(1,969)	(2,604)
Income tax paid	(2,006,262)	(2,390,014)
	317,450	17,514,589
Net cash flows from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	9,263,100	(6,711,346)
Net investments in held-to-maturity securities	(19,429)	(6,487,954)
Consideration paid on acquisition of subsidiary	-	(209,325)
Net cash received on acquisition of subsidiary	-	61,939
Dividend income received	49,664	349,641
Investments in intangible and operating fixed assets	(366,072)	(392,984)
Proceeds from sale of operating fixed assets	10,985	-
Proceeds from sale of non-banking assets	600,000	-
Proceeds from sale of non current assets held for sale	250,000	7,956
	9,788,248	(13,382,073)
Net cash flows from investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(3,116,265)	(3,104,981)
	(3,116,265)	(3,104,981)
Net cash flows from financing activities		
Increase in cash and cash equivalents	6,989,433	1,027,535
Cash and cash equivalents at beginning of the period	41,364,640	36,931,854
Cash and cash equivalents at end of the period	48,354,073	37,959,389

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

FOR THE HALF YEAR ENDED 30 JUNE 2018

		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 2017	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	-	-	-	-	-	-	-	-	3,156,225	3,156,225	
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	-	-	-	-	-	-	(12,451)	(12,451)	(8,96)	(13,347)	
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	
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	-	1,500,000	11,480,746	36,341,146	3,190,748	39,531,894	
Total comprehensive income for the six months ended 31 December 2017											
Profit after taxation	-	-	-	-	-	-	3,383,483	3,383,483	158,776	3,542,259	
Other comprehensive income - net of tax	-	-	-	-	-	-	12,367	12,367	(432)	11,935	
Transactions with owners, recorded directly in equity											
Profit distribution by First Habib Modaraba (Re. 1 per certificate) for the period ended 30 June 2017	-	-	-	-	-	-	-	-	(181,440)	(181,440)	
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	24,780	24,780	-	24,780	
Transfer to statutory reserve	-	-	741,946	-	-	-	(741,946)	-	-	-	
Balance as at 31 December 2017	10,478,315	2,550,985	10,832,685	240,361	-	1,500,000	14,159,430	39,761,776	3,167,652	42,929,428	
Total comprehensive income for the six months ended 30 June 2018											
Profit after taxation	-	-	-	-	-	-	2,954,726	2,954,726	119,169	3,073,895	
Other comprehensive income - net of tax	-	-	-	-	-	-	(16,384)	(16,384)	912	(15,472)	
Transferred from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	1,424	1,424	-	1,424	
Transactions with owners, recorded directly in equity											
Cash dividend (Rs. 3.00 per share) for year ended 31 December 2017	-	-	-	-	-	-	(3,143,494)	(3,143,494)	-	(3,143,494)	
Transfer to statutory reserve	-	-	589,446	-	-	-	(589,446)	-	-	-	
Balance as at 30 June 2018	10,478,315	2,550,985	11,422,131	240,361	-	1,500,000	13,366,256	39,558,048	3,287,733	42,845,781	

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

FOR THE HALF YEAR ENDED 30 JUNE 2018

1. STATUS AND NATURE OF BUSINESS

The Group comprises of Habib Metropolitan Bank Limited (the holding company), Habib Metropolitan Financial Services Limited and Habib Metropolitan Modaraba Management Company (Private) Limited (wholly owned subsidiary companies) and First Habib Modaraba and Habib Metro Modaraba (Modaraba managed by Habib Metropolitan Modaraba Management Company (Private) Limited).

Holding Company

Habib Metropolitan Bank Limited (the holding company) was incorporated in Pakistan on 3 August 1992 as a public limited company, under the Companies Ordinance, 1984 and is engaged in commercial banking and related services. Its shares are listed on Pakistan Stock Exchange. The holding company operates 289 (31 December 2017: 286) branches including 29 (31 December 2017: 29) Islamic banking branches and 31 (31 December 2017: 34) sub branches in Pakistan. The holding company is a subsidiary of Habib Bank AG Zurich - Switzerland (the ultimate parent company with 51% shares in the holding company) which is incorporated in Switzerland. The registered office of the holding company is situated at Spencer's Building, I.I. Chundrigar Road, Karachi.

Subsidiary Companies**Habib Metropolitan Financial Services Limited - 100% holding**

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 Pakistan Stock Exchange Limited and is engaged in Equity Brokerage Services.

Habib Metropolitan Modaraba Management Company (Private) Limited - 100% holding

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.

First Habib Modaraba -10% holding

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 6th 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.

Habib Metro Modaraba - 70% holding

The modaraba management company has floated Habib Metro Modaraba (HMM) which is a perpetual, multi-purpose modaraba having its registered office at 6th Floor, HBZ Plaza, I.I. Chundrigar Road, Karachi. HMM's primary business activities are residual value car financing and provision of finance for solar power solutions on the basis of Ijarah / rental / musharakah or any other approved modes of financing. The Bank and the Modaraba Management Company own 60% and 10% of the certificates of HMM respectively.

2. BASIS OF PRESENTATION AND MEASUREMENT

- 2.1** These consolidated condensed interim financial statements comprise the financial statements of the holding company and its subsidiary companies. The financial statements of the subsidiary companies have been prepared using consistent accounting policies. The assets, liabilities, income and expenses of the subsidiary companies have been consolidated on a line by line basis. Intra-group balances and transactions have been eliminated for the purpose of consolidation.
- 2.2** In accordance with the directives of the Federal Government regarding shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade related modes of financing include purchase of goods by the Bank from their customers and immediate resale to them at appropriate mark-up in price on a deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these consolidated condensed interim financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.
- 2.3** Key financial figures of the Islamic Banking branches are disclosed in note 20 to these consolidated condensed interim financial statements.
- 2.4** 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.

3. STATEMENT OF COMPLIANCE

- 3.1** These consolidated condensed interim financial statements of the Group have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. These comprise of the International Accounting Standard (IAS) 34, "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017, the Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Companies Act, 2017, provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017 and the directives issued by the SBP and the Securities and Exchange Commission of Pakistan (SECP). Whenever the requirement of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IAS 34 or IFAS, the requirement of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

3.2 The SBP vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of 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 April 28, 2008, IFRS 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated 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 requirement specified in IFRS 8.

3.3 The disclosures made in these consolidated condensed interim financial statements have been based on a format prescribed by the SBP vide BSD Circular Letter No. 2 dated May 12, 2004 and BPRD Circular Letter No. 5 dated February 29, 2016 and IAS 34, Interim Financial Reporting. They do not include all the disclosures required for annual financial statements, and these consolidated condensed interim financial statements should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2017.

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 2017.

Finance arrangements including certificate of investment (Musharaka)

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 2017.

5. 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 2017.

	Note	30 June 2018 (Un-Audited)	31 December 2017 (Audited)
		Rupees in '000	
6. BALANCES WITH OTHER BANKS			
In Pakistan			
Current accounts		376,979	42,432
Deposit accounts	6.1	180,662	189,788
		557,641	232,220
Outside Pakistan			
Current accounts		1,242,020	1,002,160
		1,799,661	1,234,380

6.1 This carries mark-up rate of 4.50% (31 December 2017: 3.26% to 4.09%) per annum.

7. LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings	7.1	3,000,000	3,000,000
Repurchase agreement lendings (Reverse repo)	7.2	1,485,050	346,890
Bai - Muajjal receivable from State Bank of Pakistan	7.3	–	3,567,915
Islamic Placement - Musharika	7.4	2,000,000	4,000,000
Letter of placements	7.5	3,300,000	–
		9,785,050	10,914,805

7.1 These carry mark-up rate of 7.00 % (31 December 2017: 6.45%) per annum with maturity upto 5 September 2018 (31 December 2017: 5 January 2018).

7.2 These carry mark-up rates ranging from 6.70% to 7.00% (31 December 2017: 5.95% to 6.20%) per annum with maturity upto 17 July 2018 (31 December 2017: 18 March 2018).

7.3 These carry mark-up rates ranging from Nil (31 December 2017: 5.55% to 5.65%) per annum with maturity upto Nil (31 December 2017: 21 June 2018).

7.4 These carry mark-up rates ranging from 6.60% to 6.75% (31 December 2017: 5.70% to 5.85%) per annum with maturity upto 26 July 2018 (31 December 2017: 12 January 2018).

7.5 These carry mark-up rate of 7.00% (31 December 2017: Nil) per annum with maturity upto 14 September 2018 (31 December 2017: Nil).

8. INVESTMENTS

		Note	30 June 2018 (Un-Audited)			31 December 2017 (Audited)		
			Held by Group	Given as collateral	Total	Held by Group	Given as collateral	Total
			Rupees in '000					
Available-for-sale securities								
Market treasury bills			183,642,725	10,532,716	194,175,441	200,422,634	5,713,348	206,135,982
Pakistan investment bonds	8.2		87,951,118	33,452,724	121,403,842	93,614,556	24,235,650	117,850,206
Ordinary shares of listed companies			809,818	–	809,818	810,134	–	810,134
Ordinary shares of unlisted companies			106,991	–	106,991	106,991	–	106,991
Listed term finance certificates			3,182,499	–	3,182,499	2,787,900	–	2,787,900
Unlisted term finance certificates			89,610	–	89,610	114,430	–	114,430
Sukuk certificates and bonds			27,122,613	–	27,122,613	27,386,910	–	27,386,910
Open end mutual funds			209,273	–	209,273	1,170,634	–	1,170,634
Close end mutual funds			419,685	–	419,685	419,685	–	419,685
			303,534,332	43,985,440	347,519,772	326,833,874	29,948,998	356,782,872
Held-to-maturity securities								
Pakistan investment bonds	8.2		36,380,219	–	36,380,219	36,360,790	–	36,360,790
Certificates of investments			1,500,000	–	1,500,000	1,500,000	–	1,500,000
			37,880,219	–	37,880,219	37,860,790	–	37,860,790
Investments at cost			341,414,551	43,985,440	385,399,991	364,694,664	29,948,998	394,643,662
Provision for diminution in the value of investments	8.1		(366,902)	–	(366,902)	(537,372)	–	(537,372)
Investments - net of provisions			341,047,649	43,985,440	385,033,089	364,157,292	29,948,998	394,106,290
(Deficit) / surplus on revaluation of available-for-sale securities - net	14.2		(596,469)	(1,029,349)	(1,625,818)	2,536,133	(1,376,350)	1,159,783
Investments after revaluation of available-for-sale securities			340,451,180	42,956,091	383,407,271	366,693,425	28,572,648	395,266,073

	Note	30 June 2018 (Un-Audited)	31 December 2017 (Audited)
Rupees in '000			
8.1 Particulars of provision for diminution in the value of investments			
Opening balance		537,372	302,221
Charge for the period / year		25,251	343,096
Reversal for the period / year		(770)	–
Net charge		24,481	343,096
Investment written off during the period / year		(6,931)	–
Reversal on disposal of investment during the period / year		(188,020)	(107,945)
Closing balance		366,902	537,372

8.2 These carry mark-up rates ranging from 7.00% to 12.00% (31 December 2017: 7.00% to 12.00%) per annum and will mature up to 21 April 2026 (31 December 2017: 19 July 2022). These include Rs. 132,000 thousand (31 December 2017: Rs. 132,000 thousand) pledged with the State Bank of Pakistan against TT/DD discounting facilities and demand loan facilities.

9. ADVANCES

Loans, cash credits, running finances, etc.			
In Pakistan		153,900,639	139,641,812
Islamic financing and related assets (gross)	9.5	26,303,859	21,730,160
Net investments in finance lease			
In Pakistan		317,657	411,305
Bills discounted and purchased (excluding Market Treasury Bills)			
Payable in Pakistan		12,930,007	12,042,855
Payable outside Pakistan		22,448,468	24,390,736
		35,378,475	36,433,591
Advances - gross		215,900,630	198,216,868
Provision against non-performing advances			
– specific		(15,884,830)	(16,168,582)
– general		(926,882)	(257,841)
	9.3	(16,811,712)	(16,426,423)
Advances - net of provisions		199,088,918	181,790,445

- 9.1** Advances include Rs. 18,063,667 thousand (31 December 2017: Rs. 18,519,849 thousand) which have been placed under non-performing status as detailed below:

Category of classification	30 June 2018 (Un-Audited)			31 December 2017 (Audited)		
	Classified advances	Provision required	Provision held	Classified advances	Provision required	Provision held
Rupees in '000						
Substandard	124,945	17,513	17,513	118,214	15,870	15,870
Doubtful	168,130	27,276	27,276	4,996	–	–
Loss	17,770,592	15,840,041	15,840,041	18,396,639	16,152,712	16,152,712
	18,063,667	15,884,830	15,884,830	18,519,849	16,168,582	16,168,582

- 9.2** As allowed by the SBP, the bank has availed benefit of Forced Sale Value (FSV) of collaterals held as security of Rs. 2,001,063 thousand (31 December 2017: Rs. 2,260,109 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 2018 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees amounted to Rs. 1,300,691 thousand (31 December 2017: Rs. 1,469,071 thousand).

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

	30 June 2018 (Un-Audited)			31 December 2017 (Audited)		
	Specific	General	Total	Specific	General	Total
Rupees in '000						
Opening balance	16,168,582	257,841	16,426,423	16,796,939	134,110	16,931,049
Charge for the period / year	432,976	669,041	1,102,017	1,052,345	123,731	1,176,076
Reversals for the period / year	(608,267)	–	(608,267)	(1,445,046)	–	(1,445,046)
Net charge for the period / year	(175,291)	669,041	493,750	(392,701)	123,731	(268,970)
Amount written off	(108,461)	–	(108,461)	(235,656)	–	(235,656)
Closing balance	15,884,830	926,882	16,811,712	16,168,582	257,841	16,426,423

- 9.4** General provision includes provision of Rs. 5,195 thousand (31 December 2017: Rs. 5,203 thousand) made against consumer portfolio and Rs. 51 thousand (31 December 2017: Rs. 36 thousand) against Small Enterprise (SEs) portfolio as required by the Prudential Regulations issued by the SBP.

- 9.5** It includes loans and advances of First Habib Modarba amounting to Rs. 7,622,303 thousand (31 December 2017: Rs. 6,640,854 thousand), Habib Metro Modarba Rs. 202,282 thousand (31 December 2017: Nil) and the Islamic banking operations of the holding company amounting to Rs. 18,479,274 thousand as disclosed in note 20.6 to the consolidated condensed interim financial statements.

10. OPERATING FIXED ASSETS

Additions and disposals made during the period in operating fixed assets amounted to Rs. 366,063 thousand (30 June 2017: Rs. 392,984 thousand) and Rs. 10,119 thousand (30 June 2017: Rs. 61,800 thousand) respectively.

11. DEFERRED TAX ASSETS

As per Seventh Schedule to the Income Tax Ordinance, 2001, the provision for advances & off balance sheet items are allowed at 5% of total gross advances for consumer and SMEs (as defined in SBP Prudential Regulation). The provision for advances and off balance sheet items other than those falling in definition of consumer & SMEs are allowed up to 1% of such total gross advances. Further Rule 8(A) of Seventh Schedule allows for amounts provided for in tax year 2008 and prior to said tax year for doubtful debts, which were neither claimed nor allowed as tax deductible in any year shall be allowed as deduction in tax year in which such doubtful debts are written off. With reference to allowability of provision, the management has carried out an exercise and concluded that full deduction of provision in succeeding years would be allowed and accordingly recognized deferred tax asset on such provision amounting to Rs. 3,142,390 thousand (31 December 2017: Rs. 3,248,393 thousand).

12. BORROWINGS

Secured

Borrowings from State Bank of Pakistan

– under export refinance scheme

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

Repurchase agreement borrowings (Repo)

Against bills re-discounting

Unsecured

Call borrowings

Certificate of investment

Overdrawn nostro accounts

Overdrawn local bank accounts

**30 June
2018** 31 December
(Un-Audited) (Audited)
————— Rupees in '000 —————

24,065,249	23,796,577
5,330,792	5,332,802
29,396,041	29,129,379
42,639,274	28,463,727
–	3,634,271
72,035,315	61,227,377

–	1,000,000
2,093,061	2,943,883
1,362,652	1,788,779
568,501	363,210
4,024,214	6,095,872
76,059,529	67,323,249

	Note	30 June 2018 (Un-Audited)	31 December 2017 (Audited)
Rupees in '000			
13. DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		218,860,732	222,302,110
Saving deposits		128,499,036	120,998,273
Current accounts (non-remunerative)		140,308,756	132,884,616
Others		9,199,124	17,446,706
		496,867,648	493,631,705
Financial Institutions			
Remunerative deposits		24,255,751	21,431,271
Non-remunerative deposits		2,142,144	2,622,156
		26,397,895	24,053,427
		523,265,543	517,685,132
14. (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS - NET OF DEFERRED TAX			
Non-banking assets	14.1	180,907	182,331
Available-for-sale securities	14.2	(1,047,623)	750,890
		(866,716)	933,221
14.1 Non-banking assets			
Surplus on revaluation of fixed assets as at 1 January		280,509	237,966
Revaluation of non-banking assets during the period / year		—	82,023
Transferred to unappropriated profit in respect of incremental depreciation during the period / year - net of deferred tax		(1,424)	(25,662)
Related deferred tax liability on incremental depreciation charged during the period / year		(767)	(13,818)
Surplus on revaluation of non banking assets		(2,191)	42,543
		278,318	280,509
Less: Related deferred tax liability on:			
Revaluation as at 1 January		98,178	83,288
Revaluation of non-banking assets during the period / year		—	28,708
Incremental depreciation charged during the period / year		(767)	(13,818)
		(767)	14,890
Related deferred tax liability		97,411	98,178
		180,907	182,331

	30 June 2018 (Un-Audited)	31 December 2017 (Audited)
	Rupees in '000	
14.2 Available-for-sale securities:		
Federal government securities		
Market treasury bills	(29,408)	(5,208)
Pakistan investment bonds	(1,728,614)	967,602
GOP ijarah sukuk	(35,293)	148,112
Fully paid-up ordinary shares and mutual funds	161,954	42,395
Term finance certificates, sukuk certificates and bonds		
Listed term finance certificates	(4,523)	(3,949)
Sukuk certificates and bonds	10,066	10,831
	(1,625,818)	1,159,783
Related deferred tax asset / (liability) - net	578,195	(408,893)
	(1,047,623)	750,890
15. CONTINGENCIES AND COMMITMENTS		
15.1 Direct credit substitutes		
Bank guarantees of indebtedness in favour of banking companies and other financial institutions	-	-
15.2 Transaction-related contingent liabilities		
Includes performance bonds, bid bonds, advance payment guarantees and shipping guarantees favouring:		
i) Government	39,845,866	27,732,564
ii) Banking companies and other financial institutions	2,610,114	1,367,885
iii) Others	10,065,031	13,719,512
	52,521,011	42,819,961
15.3 Trade-related contingent liabilities		
Letters of credit	83,213,683	79,477,866
Acceptances	16,021,004	16,144,323
15.4 Commitments in respect of forward exchange contracts		
Purchase	87,869,487	78,728,094
Sale	51,025,871	48,559,582

	30 June 2018 (Un-Audited)	31 December 2017 (Audited)
	Rupees in '000	
15.5 Commitments for the acquisition of operating fixed assets	40,451	25,281
15.6 Claims against bank not acknowledged as debt	25,903,479	22,494,508

15.7 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.

15.8 Commitments in respect of financing transactions	302,959	152,500
15.9 Commitments in respect of syndicate financing	—	207,279

15.10 Taxation

Income tax assessments of the group have been finalised upto the tax year 2017 (corresponding to the accounting year ended 31 December 2016). 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.

15.11 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.

16. BASIC AND DILUTED EARNINGS PER SHARE

	30 June 2018 (Un-Audited)		30 June 2017	
	Quarter ended	Half year ended	Quarter ended	Half year ended
	Rupees in '000			
Profit attributable to equity shareholders of the holding company	1,378,556	2,954,726	963,193	2,287,241
	Number in '000			
Weighted average number of ordinary shares	1,047,831	1,047,831	1,047,831	1,047,831
	Rupees			
Basic earnings per share	1.32	2.82	0.92	2.18

17. 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 2018 (Un-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	340,194,741	-	340,194,741	-	340,194,741
Sukuk certificates and bonds	675,502	-	675,502	-	675,502
Ordinary shares of listed companies	778,383	778,383	-	-	778,383
Mutual funds	686,616	686,616	-	-	686,616
Listed term finance certificates	3,095,418	3,095,418	-	-	3,095,418
Unlisted term finance certificates	68,472	-	68,472	-	68,472
Financial assets not measured at fair value	308,947,431	-	-	-	-
	654,446,563	4,560,417	340,938,715	-	345,499,132
Financial liabilities not measured at fair value					
	(620,372,113)	-	-	-	-
	34,074,450	4,560,417	340,938,715	-	345,499,132

31 December 2017 (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	350,542,073	-	350,542,073	-	350,542,073
Sukuk certificates and bonds	1,904,562	-	1,904,562	-	1,904,562
Ordinary shares of listed companies	741,041	741,041	-	-	741,041
Mutual funds	1,402,494	1,402,494	-	-	1,402,494
Listed term finance certificates	2,701,393	2,701,393	-	-	2,701,393
Unlisted term finance certificates	85,590	-	85,590	-	85,590
Financial assets not measured at fair value	284,918,773	-	-	-	-
	642,295,926	4,844,928	352,532,225	-	357,377,153
Financial liabilities not measured at fair value	(605,862,659)	-	-	-	-
	36,433,267	4,844,928	352,532,225	-	357,377,153

Off- balance sheet financial instruments

	30 June 2018 (Un-Audited)		31 December 2017 (Audited)	
	Contracted Value	Fair Value	Contracted Value	Fair Value
	Rupees in '000			
Forward purchase of foreign exchange contracts	<u>87,869,487</u>	<u>91,073,136</u>	<u>78,728,094</u>	<u>81,575,492</u>
Forward sale of foreign exchange contracts	<u>51,025,871</u>	<u>52,579,583</u>	<u>48,559,582</u>	<u>50,180,677</u>
	30 June 2018 (Un-Audited)		31 December 2017 (Audited)	
	Rupees in '000			

Reconciliation of net assets to financial instruments

Net financial assets	34,074,450	36,433,267
Non financial assets / (liabilities)		
- Operating fixed assets	3,308,051	3,418,407
- Deferred tax asset	3,750,079	2,835,420
- Other assets	2,264,951	2,575,671
- Other liabilities	(1,418,466)	(1,400,116)
Net assets as per statement of financial position	41,979,065	43,862,649

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

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

	30 June 2018			
	Trade & Sales	Retail banking	Commercial banking	Total
	Rupees in '000			
Total income *	13,980,896	2,116,101	16,956,816	33,053,813
Total expenses *	(14,637,011)	(1,584,815)	(11,950,732)	(28,172,558)
Net income	(656,115)	531,286	5,006,084	4,881,255
Segment assets	406,259,235	9,534,485	247,975,924	663,769,644
Segment liabilities	44,613,495	79,623,166	497,553,918	621,790,579
	30 June 2017			
	Trade & Sales	Retail banking	Commercial banking	Total
	Rupees in '000			
Total income *	11,622,996	1,749,207	14,215,546	27,587,749
Total expenses *	(10,020,902)	(1,065,252)	(12,304,147)	(23,390,301)
Net income	1,602,094	683,955	1,911,399	4,197,448
Segment assets	343,959,942	1,980,957	224,760,841	570,701,740
Segment liabilities	25,320,793	59,628,712	443,879,070	528,828,575

* Includes Rs. 9,881,168 thousand (30 June 2017: Rs. 8,163,605 thousands) of inter-segment revenues and expenses.

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 2018 (Un-Audited)					
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000					
Deposits						
At beginning of the period	731,705	21,052,145	168,539	675,958	2,404,119	25,032,466
Received during the period	4,727,677	880,254,204	248,725	1,639,041	1,407,331	888,276,978
Repaid during the period	(5,097,096)	(884,174,606)	(253,867)	(1,502,377)	(1,076,829)	(892,104,775)
At end of the period	362,286	17,131,743	163,397	812,622	2,734,621	21,204,669
Advances						
At beginning of the period	2,204	1,704,636	172,585	–	–	1,879,425
Disbursed during the period	1,482	39,161,507	5,565	–	–	39,168,554
Recovered during the period	–	(38,718,026)	(30,933)	–	–	(38,748,959)
At end of the period	3,686	2,148,117	147,217	–	–	2,299,020
Bank balances held by the Group	101,778	57,774	–	–	–	159,552
Investment in certificate of investment	–	–	–	–	25,422	25,422
Mark-up / return / interest receivable	–	9,053	–	–	–	9,053
Mark-up / return / interest payable	–	304,451	3,402	2,808	554,192	864,853
Management fee payable for technical and consultancy services*	92,548	–	–	–	–	92,548
Prepayments / Advance deposits	–	9,575	–	–	–	9,575
Insurance premium payable	–	3,128	–	–	–	3,128
Transaction-related contingent liabilities	–	7,398,663	–	–	–	7,398,663
Trade-related contingent liabilities	–	2,662,970	–	–	–	2,662,970
Receivable / (Payable) against purchase / (sale) of securities	5,211	–	28,709	–	–	33,920

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

31 December 2017 (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 year	15,941,979	1,576,776,036	689,483	3,844,414	2,113,317	1,599,365,229
Repaid during the year	(15,714,073)	(1,575,716,335)	(650,630)	(3,706,991)	(1,375,476)	(1,597,163,505)
At end of the year	731,705	21,052,145	168,539	675,958	2,404,119	25,032,466
Advances						
At beginning of the year	–	3,184,499	144,644	–	–	3,329,143
Disbursed during the year	2,204	52,778,815	81,721	–	–	52,862,740
Recovered during the year	–	(54,258,678)	(53,780)	–	–	(54,312,458)
At end of the year	2,204	1,704,636	172,585	–	–	1,879,425
Certificate of investment	–	–	–	–	26,502	26,502
Bank balances held by the Group	172,044	53,133	–	–	–	225,177
Overdrawn bank balances held by the Group	–	9,459	–	–	–	9,459
Mark-up / return / interest receivable	–	5,960	–	–	–	5,960
Mark-up / return / interest payable	–	281,861	3,808	2,162	543,364	831,195
Management fee payable for technical and consultancy services*	225,673	–	–	–	–	225,673
Prepayments / Advance deposits	–	8,388	–	–	–	8,388
Insurance premium and other payable	–	2,929	–	–	–	2,929
Transaction-related contingent liabilities	–	6,604,326	–	–	–	6,604,326
Trade-related contingent liabilities	–	2,444,319	–	–	–	2,444,319
Receivable / (payable) against purchase / (sale) of securities	8,421	–	–	(322)	–	8,099

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

Transactions during the period	For the period ended 30 June 2018 (Un-Audited)					
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000					
Mark-up / return / interest earned	2,049	27,423	3,653	–	–	33,125
Mark-up / return / interest expensed	–	520,636	3,780	15,667	122,526	662,609
Commission / brokerage / bank charges recovered	3,562	81,013	–	14	–	84,589
Commission / brokerage / bank charges paid	632	599	–	–	–	1,231
Rent income	2,808	–	–	–	–	2,808
Salaries and allowances	–	–	156,539	–	–	156,539
Directors' fees	–	–	–	2,200	–	2,200
Charge to defined benefit plan	–	–	–	–	76,520	76,520
Contribution to defined contribution plan	–	–	–	–	92,180	92,180
Rent expenses	–	6,533	–	–	–	6,533
Insurance premium expenses	–	5,738	–	–	–	5,738
Maintenance, electricity, stationery & entertainment	–	36,278	–	–	–	36,278
Management fee expense for technical and consultancy services*	174,791	–	–	–	–	174,791
Donation	–	13,050	–	–	–	13,050

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

For the period ended 30 June 2017 (Un-Audited)

Transactions during the period	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
Charge 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	–	31,236	–	–	–	31,236
Management fee expense for technical and consultancy services*	132,770	–	–	–	–	132,770
Donation	–	38,920	–	–	–	38,920

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

20. KEY ISLAMIC BANKING OPERATIONS

- 20.1 The Bank is operating 29 (31 December 2017: 29) Islamic Banking branches in Pakistan. The statement of financial position and profit and loss account of these branches as at 30 June 2018 are as follows:

Statement of Financial Position As at 30 June 2018

	Note	30 June 2018 (Un-Audited)	31 December 2017 (Audited)
Rupees in '000			
Assets			
Cash and balances with treasury banks		2,732,089	2,540,250
Balances with other banks		—	—
Due from financial institutions		2,000,000	7,567,915
Investments		21,700,937	28,340,952
Islamic financing and related assets	20.6	18,083,249	13,872,126
Operating fixed assets		94,816	107,070
Deferred tax assets		—	—
Other assets		5,098,400	1,378,555
		49,709,491	53,806,868
Liabilities			
Bills payable		597,548	658,486
Due to financial institutions		1,792,093	1,850,668
Deposits and other accounts			
- Current accounts		7,823,137	8,057,204
- Saving accounts		17,242,928	13,597,942
- Term deposits		13,099,474	17,123,561
- Others		494,472	270,810
- Deposits from financial institutions - remunerative		5,943,467	9,104,551
- Deposits from financial institutions - non-remunerative		17,627	152,223
		44,621,105	48,306,291
Due to head office		—	—
Other liabilities		490,371	542,718
		47,501,117	51,358,163
Net assets		2,208,374	2,448,705
Represented by			
Islamic banking fund		2,003,037	2,002,760
Reserves		—	—
Unappropriated profit		201,849	283,058
		2,204,886	2,285,818
Surplus on revaluation of assets		3,488	162,887
		2,208,374	2,448,705

**20.2 Profit and loss account
For the half year ended 30 June 2018**

	30 June 2018 (Un-Audited)	30 June 2017 (Un-Audited)
	Rupees in '000	
Profit / return on financing, investments and placements earned	1,269,522	1,150,606
Profit / return on deposit and other dues expensed	(855,760)	(853,715)
Net spread earned	413,762	296,891
Provision against non performing financing - net	9,150	8,716
Provision for diminution in the value of investments	—	—
Provision for consumer financing ljarah	—	—
Bad debts written off directly	—	—
	(9,150)	(8,716)
Net spread after provisions	404,612	288,175
Other income		
Fee, commission and brokerage income	68,018	43,254
Dividend income	—	—
Income from dealing in foreign currencies - net	13,311	10,416
(Loss) / gain on sale / redemption of securities - net	(22)	13,567
Unrealized gain / (loss) on revaluation of investments classified as 'held-for-trading'	—	—
Other income	8,238	5,855
Total other income	89,545	73,092
	494,157	361,267
Other expenses		
Administrative expenses	292,201	242,096
Other provisions / write offs	—	—
Other charges	107	2,803
Total other expenses	(292,308)	(244,899)
	201,849	116,368
Extraordinary / unusual items	—	—
Profit before taxation	201,849	116,368
20.3 Remuneration to Shariah Advisor / Board	4,158	4,185

20.4 Charity Fund

	30 June 2018 (Un-Audited)	31 December 2017 (Audited)
	Rupees in '000	
Opening balance	479	327
Additions during the period / year		
Received from customers on delayed payments	77	152
Other non-shariah compliant income	50	—
	127	152
Payments / utilization during the period / year		
Education	(120)	—
Health	(359)	—
	(479)	—
Closing balance	127	479

	30 June 2018 (Un-Audited)	31 December 2017 (Audited)
	Rupees in '000	
20.5 Financings / investments / receivables		
Murabaha financing		
Murabaha receivable - gross	6,130,219	4,348,615
Less: Deferred murabaha income	(147,568)	(126,098)
Advance against murabaha	415,844	300,727
	6,398,495	4,523,244
Provision against murabaha financing	(374,498)	(362,163)
	6,023,997	4,161,081
Ijarah		
Asset held for ijarah	645,747	549,812
Less: Accumulated depreciation	(194,183)	(138,701)
Advance against ijarah	16,804	114,290
	468,368	525,401
Provision against ijarah financing	(21,527)	(22,821)
	446,841	502,580
Diminishing musharakah		
Diminishing musharakah - gross	5,150,484	5,405,867
Less: Unrealised income on diminishing musharakah	(704,283)	(765,831)
Advance against diminishing musharakah	496,686	324,624
	4,942,887	4,964,660
Provision against diminishing musharakah	—	(1,891)
	4,942,887	4,962,769
Export refinance murabaha		
Export refinance murabaha receivable - gross	506,967	636,827
Less: Deferred export refinance murabaha income	(7,035)	(8,810)
Advance against murabaha IERF	69,557	6,880
	569,489	634,897
Istisna financing		
Istisna financing - gross	678,157	562,381
Less: Deferred istisna income	(183,540)	(153,474)
Advance against istisna	464,954	364,896
	959,571	773,803
Advance against export refinance istisna		
Export refinance istisna receivable - gross	764,706	764,706
Less: Deferred export refinance istisna income	(114,706)	(114,706)
Advance against istisna IERF	600,000	600,000
	1,250,000	1,250,000

	30 June 2018 (Un-Audited)	31 December 2017 (Audited)
	Rupees in '000	
Al-Bai financing	600,779	13,104
Al-Bai goods	264,685	172,892
Istisna goods	25,000	—
Working capital musharaka	3,000,000	1,401,000

20.6 Islamic mode of financing

Financings / investments / receivables	16,125,744	12,374,692
Advances	2,063,845	1,711,417
Assets / inventories	289,685	172,892
Gross Islamic financing and related assets	18,479,274	14,259,001
Provision against financing and related assets	(396,025)	(386,875)
	18,083,249	13,872,126

21. GENERAL

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

22. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue by the Board of Directors on 17 August 2018.

FUZAIL ABBAS
Chief Financial Officer

MOHSIN A. NATHANI
President &
Chief Executive Officer

MOHOMED BASHIR
Director

SOHAIL HASAN
Director

MOHAMEDALI R. HABIB
Chairman



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