

HABIBMETRO

FIRST QUARTER ACCOUNTS

2019



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هَذَا فَرْضُكَ

OUR VISION

To be the most respected financial institution
based on trust, service and commitment



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CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN

Mohamedali R. Habib

PRESIDENT & CHIEF EXECUTIVE OFFICER

Mohsin A. Nathani

DIRECTORS

Ali S. Habib
Anjum Z. Iqbal
Firasat Ali
Mohomed Bashir
Muhammad H. Habib
Sohail Hasan
Tariq Ikram

BOARD COMMITTEES

AUDIT

Ali S. Habib
Anjum Z. Iqbal
Sohail Hasan

CREDIT

Anjum Z. Iqbal
Mohamedali R. Habib
Mohsin A. Nathani
Muhammad H. Habib

HUMAN RESOURCE & REMUNERATION

Firasat Ali
Mohsin A. Nathani
Tariq Ikram

COMPANY SECRETARY

Ather Ali Khan

REGISTERED OFFICE

Ground Floor, Spencer's Building,
I. I. Chundrigar Road,
Karachi – 74200, Pakistan.

INFORMATION TECHNOLOGY

Anjum Z. Iqbal
Firasat Ali
Mohsin A. Nathani

RISK & COMPLIANCE

Anjum Z. Iqbal
Firasat Ali
Mohsin A. Nathani

SHARE REGISTRAR

Central Depository Company of
Pakistan Limited
CDC House, 99-B, Block-B
S.M.C.H.S., Main Shahra-e-Faisal
Karachi - 74400.

DIRECTORS' REVIEW

On behalf of the Board of Directors of Habib Metropolitan Bank, I am pleased to present the un-audited accounts for the first quarter ended 31 March 2019.

The country continued to be impacted by macroeconomic imbalances. Despite narrowing, the current account and fiscal deficits remained high and core inflation continued to rise. The current account deficit narrowed to USD 9.6 billion during July-March FY19, mainly driven by curtailment of imports, a reduction of 22.6 percent from the corresponding period of FY18. The sizeable contraction together with bi-lateral inflows, helped ease pressures on the SBP's net foreign exchange reserves, which recovered from USD 7.2 billion to USD 10.4 billion on 29 March 2019. The fiscal deficit for the first half of FY19 was recorded at 2.7 percent of GDP, compared to 2.3 percent in the corresponding period of FY18.

Average inflation reached 6.5 percent during the period July-March FY19, compared to 3.78 percent recorded in the corresponding period of FY18. Going forward, higher energy prices and the lagged impact of exchange rate depreciation are likely to maintain upward pressure on inflation.

While Large-scale Manufacturing (LSM) reduced by 1.72 percent during July-February FY19, private sector credit demand increased by 9.2 percent mainly due to the higher working capital requirements driven by increases in input prices and capacity expansions in power and construction. The real GDP growth is projected to mark around 3.5 percent in FY19, well below both the annual target of 6.2 percent and the 5.8 percent growth realized in the previous year.

During the period under review, the SBP increased the policy rate by 75 bps to 10.75 percent.

By the Grace of Allah, HabibMetro continues to maintain its performance. The Bank's advances and deposits grew to Rs. 236,675 million and Rs. 559,067 million respectively as at 31 March 2019 while investments stood at Rs. 334,262 million.

The Bank posted a profit before tax of Rs. 2,980 million for the quarter ended 31 March 2019 as against Rs. 2,356 million of the corresponding quarter last year, an increase of 26.5 percent. After accounting for the retrospective levy of super tax for the year 2017 in the current quarter, profit after tax reduced by 4 percent to Rs. 1,509 million for the quarter ended 31 March 2019 which translates into earnings per share of Rs. 1.44. The Bank's net equity stands at Rs. 36.968 billion with capital adequacy at 12.78 percent.

The Bank continues to enjoy AA+ (Double A Plus) ratings for long term and A1+ (A one plus) ratings for short term by the Pakistan Credit Rating Agency Limited (PACRA) for the eighteenth consecutive year. These ratings denote a very high credit quality, a very low expectation of credit risk and a very strong capacity for timely payment of financial commitments.

HABIBMETRO

With a network of 352 branches in 112 cities across Pakistan including 31 Islamic banking branches and 219 Islamic banking windows, HabibMetro provides comprehensive banking services and products. These include specialized trade finance products, besides an array of products and services like secured SMS and Web & Mobile Banking services, globally accepted Visa Card, and nationwide ATM network.

In the end, I would like to take this opportunity to place on record our sincere gratitude to the Ministry of Finance, State Bank of Pakistan and the Securities and Exchange Commission of Pakistan for their support and continued guidance. I would also like to thank our valued customers for their trust and support. Lastly, I would like to thank the staff of HabibMetro for their continued dedication and hard work.

On behalf of the Board

MOHSIN A. NATHANI

President & Chief Executive Officer

Karachi: 19 April 2019

بینک مسلسل اٹھارہ سال سے پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) کی جانب سے AA+ (ڈبل اے پلس) برائے طویل مدتی اور A1+ (اے ون پلس) برائے قلیل مدتی ریٹنگ حاصل کر رہا ہے جو اعلیٰ کریڈٹ کے معیار، کریڈٹ رسک کی کمی اور مالیاتی وعدوں کی بروقت ادائیگی کی مستحکم صلاحیت ظاہر کرتی ہے۔

پاکستان بھر میں 112 شہروں میں 352 شاخوں بشمول 31 اسلامک بینکنگ کی شاخوں اور 219 اسلامک بینکنگ ونڈوز کے ساتھ حبیب میٹرو بینک بہترین اور مکمل بینکاری خدمات اور پروڈکٹس فراہم کرتا ہے۔ ان میں خصوصی تجارتی مالیاتی پروڈکٹس اور بہت سے دوسرے پروڈکٹس اور خدمات جیسے محفوظ SMS اور ویب اینڈ مو بائل بینکنگ سروسز، دنیا بھر میں قابل قبول ویزا کارڈ اور ملکی سطح پر اپنے کسٹمرز کیلئے ATM نیٹ ورک شامل ہیں۔

آخر میں اس موقع پر میں صدقہ دل سے وزارت مالیات، اسٹیٹ بینک آف پاکستان اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے تعاون اور ہدایات کیلئے شکر گزار ہوں۔ میں اپنے محترم اور قابل قدر کسٹمرز کا بھی ان کے اعتماد اور معاونت پر شکریہ ادا کرتا ہوں۔ میں حبیب میٹرو پالیٹن بینک کے اسٹاف کا بھی مشکور ہوں جنہوں نے مستقل طور پر محنت اور جانفشانی سے کام کیا۔

منجانب بورڈ

محسن اے۔ ناٹھانی
صدر و چیف ایگزیکٹو آفیسر

کراچی: 19 اپریل 2019

ڈائریکٹرز ریویو

میں نہایت مسرت کے ساتھ حبیب میٹرو پولیٹن بینک کے بورڈ آف ڈائریکٹرز کی جانب سے 31 مارچ 2019 کو ختم ہونے والی پہلی سہ ماہی کیلئے غیر آڈٹ شدہ اکاؤنٹس پیش کر رہا ہوں۔

ملک مسلسل میکرو اکنامک عدم توازن کے اثرات سے دوچار ہے۔ کم ہونے کے باوجود کرنٹ اکاؤنٹ اور مالی خسارے بلند تر رہے بنیادی افراط زر بڑھ گیا۔ جولائی۔ مارچ کے مالی سال 2019 کے دوران کرنٹ اکاؤنٹ خسارہ کم ہو کر 9.6 بلین امریکی ڈالر کے قریب رہا جس کی بنیادی وجہ درآمدات کی کٹوتی تھی جس میں مالی سال 2018 کی اسی مدت کے مقابلے میں 22.6 فیصد تک کمی ظاہر ہوئی۔ کرنٹ اکاؤنٹ میں قابل ذکر کمی اور باہمی ترسیلات میں اضافہ ایس بی پی کے خالص غیر ملکی زرمبادلہ کے ذخائر پر دباؤ کو کم کرنے میں مددگار ثابت ہوئے اور یہ ذخائر 29 مارچ 2019 میں 7.2 بلین امریکی ڈالر سے بڑھ کر 10.4 بلین امریکی ڈالر تک پہنچ گئے۔ مالی سال 2019 کی پہلی ششماہی کے لئے مالیاتی خسارہ جی ڈی پی کا 2.7 فیصد ریکارڈ کیا گیا جو مالی سال 2018 کی اسی مدت میں 2.3 فیصد تھا۔

مالی سال 2019 کی جولائی۔ مارچ کی مدت میں اوسطاً افراط زر 6.5 فیصد تک پہنچ گیا جو اس کے مقابلے میں مالی سال 2018 کی اسی مدت کے دوران 3.78 فیصد ریکارڈ کیا گیا تھا۔ بڑھتے ہوئے بلند تر انرجی کے نرخ اور روپے کے تبادلے کی شرح میں کمی کے اثرات افراط زر پر بڑھتا ہوا دباؤ برقرار رکھیں گے۔

اگرچہ لارج اسکیل مینوفیکچرنگ (ایل ایس ایم) میں پیداواری گنجائش جولائی۔ فروری کے دوران مالی سال 2019 کیلئے 1.72 فیصد کم رہی تاہم نجی شعبے کی کریڈٹ طلب 9.2 فیصد تک بڑھ گئی جس میں بنیادی وجہ متعلقہ قیمتوں میں اضافہ اور توانائی اور تعمیراتی شعبے کی گنجائش میں توسیع کے باعث بڑھتی ہوئی ورکنگ کیپٹل کی ضروریات پورا کرنا ہے۔ حقیقی جی ڈی پی گروتھ مالی سال 2019 میں لگ بھگ 3.5 فیصد ظاہر ہوئی جو 6.2 فیصد کے سالانہ ہدف اور گزشتہ سال میں حاصل 5.8 فیصد دونوں کی گروتھ سے کافی کم تھی۔

زیر جائزہ مدت کے دوران ایس بی پی نے پالیسی ریٹ کو 75 بی پی ایس تک بڑھا کر 10.75 فیصد کرنے کا فیصلہ کیا۔

اللہ تعالیٰ کے فضل و کرم سے حبیب میٹرو نے اپنی کارکردگی کا تسلسل برقرار رکھا۔ 31 مارچ 2019 کو بینک کے ایڈوائسز اور ڈپازٹس بڑھ کر بالترتیب 236,675 ملین روپے اور 559,067 ملین روپے ہو گئے جبکہ سرمایہ کاری 334,262 ملین روپے ہو گئی۔

31 مارچ 2019 کو ختم ہونے والی سہ ماہی کیلئے بینک کا قبل از ٹیکس منافع 2,980 ملین روپے رہا جو کہ گزشتہ سال کی اسی سہ ماہی کے قبل از ٹیکس منافع 2,356 ملین روپے سے 26.5 فیصد زائد ہے۔ سال 2017 کے منافع سپر ٹیکس کے حالیہ نفاذ کے باعث بینک کا مذکورہ سہ ماہی کا بعد از ٹیکس منافع 4 فیصد کم ہو کر 1,509 ملین روپے رہا جو کہ فی حصص آمدنی کے تناسب سے 1.44 روپے بنتا ہے۔ بینک کی خالص ایکویٹی 36.968 ملین روپے پر موجود رہی جس کے ساتھ کیپٹل ایڈیکسی 12.78 کی سطح پر رہی۔

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Note	31 March 2019 (Un-Audited)	31 December 2018 (Audited)
		Rupees in '000	
ASSETS			
Cash and balances with treasury banks	6	50,371,926	48,177,009
Balances with other banks	7	2,301,168	1,115,557
Lendings to financial institutions	8	48,037,665	11,984,795
Investments	9	334,262,190	346,665,904
Advances	10	236,674,539	226,689,617
Fixed assets	11	4,207,831	3,899,579
Intangible assets	12	89,862	121,442
Deferred tax assets	13	5,538,237	5,821,182
Other assets	14	29,702,139	28,920,696
		711,185,557	673,395,781
LIABILITIES			
Bills payable	15	10,810,887	12,173,407
Borrowings	16	69,855,149	51,347,381
Deposits and other accounts	17	559,067,331	543,577,510
Liabilities against assets subject to finance lease		-	-
Sub-ordinated debts		-	-
Deferred tax liabilities		-	-
Other liabilities	18	34,484,087	29,295,527
		674,217,454	636,393,825
NET ASSETS		36,968,103	37,001,956
REPRESENTED BY			
Share capital		10,478,315	10,478,315
Reserves		16,569,512	16,267,793
(Deficit) / surplus on revaluation of assets - net of tax	19	(5,040,027)	(5,573,656)
Unappropriated profit		14,960,303	15,829,504
		36,968,103	37,001,956
CONTINGENCIES AND COMMITMENTS	20		

The annexed notes 1 to 38 form an integral part of these unconsolidated 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

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

FOR THE QUARTER ENDED 31 MARCH 2019

	Note	31 March 2019	31 March 2018
		Rupees in '000	
Mark-up / return / interest earned	22	14,003,333	9,848,352
Mark-up / return / interest expensed	23	(9,509,445)	(6,147,175)
Net mark-up / interest income		4,493,888	3,701,177
Non mark-up / interest income			
Fee and commission income	24	1,187,189	923,794
Dividend income		20,488	5,805
Foreign exchange income		457,628	270,977
Income / (loss) from derivatives		-	-
Gain / (loss) on securities	25	10,578	18,149
Other income	26	106,446	314,582
Total non mark-up / interest income		1,782,329	1,533,307
Total Income		6,276,217	5,234,484
Non mark-up / interest expenses			
Operating expenses	27	3,102,182	2,733,150
Workers welfare fund		60,000	48,000
Other charges	28	714	158
Total non-mark-up / interest expenses		(3,162,896)	(2,781,308)
Profit before provisions		3,113,321	2,453,176
(Provisions) / reversal and write offs - net	29	(133,628)	(97,421)
Extra ordinary / unusual items		-	-
Profit before taxation		2,979,693	2,355,755
Taxation	30	(1,471,098)	(782,185)
Profit after taxation		1,508,595	1,573,570
		Rupees in '000	
Basic and diluted earnings per share	31	1.44	1.50

The annexed notes 1 to 38 form an integral part of these unconsolidated 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

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

FOR THE QUARTER ENDED 31 MARCH 2019

	31 March 2019	31 March 2018
	Rupees in '000	
Profit after taxation	1,508,595	1,573,570
Other comprehensive income		
Items that may be reclassified to profit and loss in subsequent periods:		
Movement in (deficit) / surplus on revaluation of investments - net of tax	534,337	(1,251,315)
Items that will not be reclassified to profit and loss in subsequent periods:		
Remeasurement (loss) / gain on defined benefit obligations - net of tax	18,878	11,346
Movement in surplus on revaluation of non-banking assets - net of tax	708	708
	19,586	12,054
Total comprehensive income	2,062,518	334,309

The annexed notes 1 to 38 form an integral part of these unconsolidated 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

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

FOR THE QUARTER ENDED 31 MARCH 2019

		Reserves				Surplus / (deficit) on revaluation			
	Share capital	Share premium	Statutory reserve	Special reserve	Revenue reserve	Investments	Non-banking assets	Un-appropriated profit	Total
	Rupees in '000								
Balance as at 1 January 2018	10,478,315	2,550,985	10,744,330	240,361	1,500,000	759,367	182,331	14,042,566	40,498,255
Profit after taxation	-	-	-	-	-	-	-	1,573,570	1,573,570
Other comprehensive income - net of tax	-	-	-	-	-	(1,251,315)	-	11,346	(1,239,969)
Transfer to statutory reserve	-	-	314,714	-	-	-	-	(314,714)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	(708)	708	-
Transactions with owners, recorded directly in equity									
Cash dividend (Rs. 3.00 per share) for the year ended 31 December 2017	-	-	-	-	-	-	-	(3,143,494)	(3,143,494)
Balance as at 31 March 2018	10,478,315	2,550,985	11,059,044	240,361	1,500,000	(491,948)	181,623	12,169,982	37,688,362
Profit after taxation	-	-	-	-	-	-	-	4,587,014	4,587,014
Other comprehensive income - net of tax	-	-	-	-	-	(5,261,169)	-	(12,251)	(5,273,420)
Transfer to statutory reserve	-	-	917,403	-	-	-	-	(917,403)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	(2,162)	2,162	-
Balance as at 31 December 2018	10,478,315	2,550,985	11,976,447	240,361	1,500,000	(5,753,117)	179,461	15,829,504	37,001,956
Profit after taxation	-	-	-	-	-	-	-	1,508,595	1,508,595
Other comprehensive income - net of tax	-	-	-	-	-	534,337	-	18,878	553,215
Transfer to statutory reserve	-	-	301,719	-	-	-	-	(301,719)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	(708)	708	-
Transactions with owners, recorded directly in equity									
Cash dividend (Rs. 2.00 per share) for the year ended 31 December 2018	-	-	-	-	-	-	-	(2,095,663)	(2,095,663)
Balance as at 31 March 2019	10,478,315	2,550,985	12,278,166	240,361	1,500,000	(5,218,780)	178,753	14,960,303	36,968,103

The annexed notes 1 to 38 form an integral part of these unconsolidated condensed interim financial statements.

MOHAMEDALI R. HABIB
Chairman

UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE QUARTER ENDED 31 MARCH 2019

	Note	31 March 2019	31 March 2018
		Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		2,979,693	2,355,755
Less: Dividend income		(20,488)	(5,805)
		<u>2,959,205</u>	<u>2,349,950</u>
Adjustments			
Depreciation on fixed assets		222,817	195,023
Depreciation on non-banking assets		2,773	3,573
Amortization		32,790	30,819
Provisions and write offs excluding recovery of written off bad debts	29	135,295	143,572
Net gain on sale of fixed assets		(3,616)	(339)
Net (gain) / loss on sale of non-banking assets	26	-	(202,282)
Net (gain) / loss on sale of non-current assets held for sale	26	-	(35,042)
Provision against workers welfare fund		60,000	48,000
Provision against compensated absences		14,150	10,571
Provision against defined benefit plan		42,540	36,549
		<u>506,749</u>	<u>230,444</u>
		<u>3,465,954</u>	<u>2,580,394</u>
(Increase) / decrease in operating assets			
Lendings to financial institutions		(36,052,870)	(9,781,237)
Advances		(10,114,752)	(11,079,034)
Other assets (excluding current taxation and dividend)		692,948	413,719
		<u>(45,474,674)</u>	<u>(20,446,552)</u>
Increase / (decrease) in operating liabilities			
Bills payable		(1,362,520)	(6,380,766)
Borrowings from financial institutions		18,735,653	(20,465,194)
Deposits and other accounts		15,489,821	(4,643,117)
Other liabilities (excluding current taxation and dividend)		918,798	45,920
		<u>33,781,752</u>	<u>(31,443,157)</u>
		<u>(8,226,968)</u>	<u>(49,309,315)</u>
Payment against compensated absences		(6,375)	(5,471)
Income tax paid		(859,692)	(536,039)
		<u>(9,093,035)</u>	<u>(49,850,825)</u>
Net cash flow used in operating activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		13,225,371	47,465,082
Net investments in held-to-maturity securities		(5,066)	939,630
Net investments in subsidiary		-	-
Dividend received		12,457	61,267
Investments in fixed assets		(532,052)	(182,511)
Investments in intangibles assets		(1,211)	(3,606)
Proceeds from sale of fixed assets		4,603	4,846
Proceeds from sale of non-banking assets		-	600,000
Proceeds from sale of non-current assets held for sale		-	250,000
		<u>12,704,102</u>	<u>49,134,708</u>
Net cash flow generated from investing activities			
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(2,654)	(383)
		<u>(2,654)</u>	<u>(383)</u>
Net cash used in financing activities			
Increase in cash and cash equivalents		<u>3,608,413</u>	<u>(716,500)</u>
Cash and cash equivalents at beginning of the year		46,103,870	41,571,637
Cash and cash equivalents at end of the year		<u>49,712,283</u>	<u>40,855,137</u>

The annexed notes 1 to 38 form an integral part of these unconsolidated 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

**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS**

FOR THE QUARTER ENDED 31 MARCH 2019

1. STATUS AND NATURE OF BUSINESS

Habib Metropolitan Bank Limited (the Bank) was incorporated in Pakistan on 3 August 1992, as a public limited company, under the Companies Ordinance, 1984 (now Companies Act, 2017) and is engaged in commercial banking and related services. Its shares are listed on the Pakistan Stock Exchange. The Bank operates 322 (31 December 2018: 322) branches, including 31 (31 December 2018: 31) Islamic banking branches and 30 (31 December 2018: 30) 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.

2. BASIS OF PRESENTATION

2.1 These unconsolidated condensed interim financial statements represent separate financial statements of the Bank. The consolidated financial statements of the Bank and its subsidiary companies are being separately issued.

2.2 Statement of Compliance

These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan.

Whenever the requirements 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 the IAS 34 or IFAS, requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

The SBP vide BSD Circular No. 10, dated 26 August 2002 has deferred the applicability of International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" and IAS 40 "Investment Property" for banking companies till further instructions. Further, according to a notification of the Securities and Exchange Commission of Pakistan (SECP) through S.R.O. No. 411 (1) / 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 unconsolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

The Securities and Exchange Commission of Pakistan (SECP) has notified Islamic Financial Accounting Standard (IFAS) 3, 'Profit and Loss Sharing on Deposits' issued by the Institute of Chartered Accountants of Pakistan. IFAS 3 shall be followed with effect from the financial periods beginning on or after 1 January 2014

in respect of accounting for transactions relating to 'Profit and Loss Sharing on Deposits' as defined by the said standard. The standard has resulted in certain new disclosures in the financial statements of the Bank. The SBP through BPRD Circular Letter No. 4 dated 25 February 2015, has deferred the applicability of IFAS 3 till further instructions and prescribed the Banks to prepare their annual and periodical financial statements as per existing prescribed formats issued vide BPRD Circular 02 of 2018, as amended from time to time.

The disclosures made in these unconsolidated condensed interim financial statements have been based on a format prescribed by the SBP vide BPRD Circular Letter No. 5 dated 22 March 2019 and IAS 34, Interim Financial Reporting. They do not include all the disclosures required for annual financial statements, and these unconsolidated condensed interim financial statements should be read in conjunction with the audited unconsolidated financial statements of the Bank for the year ended 31 December 2018.

3. SIGNIFICANT ACCOUNTING POLICY

The significant accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the audited unconsolidated financial statements of the Bank for the year ended 31 December 2018.

3.1 Amendments to approved accounting standards that are effective in the current period

IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Bank has not incorporated the impact of the above changes as the overall impact of the same is under review.

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after 1 January 2019 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in these unconsolidated condensed interim financial statements.

3.2 Standards, interpretations of and amendments to approved accounting standards that are not yet effective

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis for accounting estimates adopted in the preparation of these unconsolidated condensed interim financial statements are the same as that applied in the preparation of the audited unconsolidated financial statements for the year ended 31 December 2018.

5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the audited unconsolidated financial statements for the year ended 31 December 2018.

	31 March 2019 (Un-Audited)	31 December 2018 (Audited)
	Rupees in '000	
6. CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	7,599,270	7,657,613
Foreign currencies	2,521,852	2,013,643
	<u>10,121,122</u>	<u>9,671,256</u>
With State Bank of Pakistan in		
Local currency current account	21,762,637	20,272,252
Foreign currency current account	116,709	244,068
Foreign currency deposit accounts		
- cash reserve account	4,385,316	4,151,971
- special cash reserve account	12,959,545	12,370,079
	<u>39,224,207</u>	<u>37,038,370</u>
With National Bank of Pakistan in		
Local currency current account	1,009,615	1,443,318
National Prize Bonds	16,982	24,065
	<u>50,371,926</u>	<u>48,177,009</u>
7. BALANCES WITH OTHER BANKS		
In Pakistan		
In current accounts	150,591	94,005
In deposit accounts	256,370	208,066
	<u>406,961</u>	<u>302,071</u>
Outside Pakistan		
In current accounts	1,894,207	813,486
	<u>2,301,168</u>	<u>1,115,557</u>
8. LENDINGS TO FINANCIAL INSTITUTIONS		
Call money lendings	-	3,000,000
Repurchase agreement lendings (Reverse Repo)	30,483,447	4,184,795
Bai-muajjal receivable with the State Bank of Pakistan	12,654,218	-
Letter of placement	-	3,800,000
Musharaka placement	4,900,000	1,000,000
	<u>48,037,665</u>	<u>11,984,795</u>

9. INVESTMENTS

9.1 Investments by types

	31 March 2019 (Un-Audited)				31 December 2018 (Audited)			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	Rupees in '000							
Available-for-sale securities								
Federal government securities	294,618,294	—	(8,145,718)	286,472,576	307,815,954	—	(8,965,814)	298,850,140
Shares	655,236	(279,686)	84,447	459,997	655,236	(273,810)	59,396	440,822
Non-government debt securities	4,929,023	(135,310)	11,027	4,804,740	4,956,734	(138,428)	16,532	4,834,838
Mutual funds	417,571	(8,460)	21,351	430,462	417,571	(5,753)	38,937	450,755
	300,620,124	(423,456)	(8,028,893)	292,167,775	313,845,495	(417,991)	(8,850,949)	304,576,555
Held-to-maturity securities								
Federal government securities	36,264,415	—	—	36,264,415	36,259,349	—	—	36,259,349
Non-government debt securities	5,000,000	—	—	5,000,000	5,000,000	—	—	5,000,000
	41,264,415	—	—	41,264,415	41,259,349	—	—	41,259,349
Subsidiaries	830,000	—	—	830,000	830,000	—	—	830,000
Total Investments	342,714,539	(423,456)	(8,028,893)	334,262,190	355,934,844	(417,991)	(8,850,949)	346,665,904

31 March 31 December
2019 2018
(Un-Audited) (Audited)
————— Rupees in '000 —————

9.1.1 Investments given as collateral

Federal government securities

Market treasury bills	16,019,872	3,443,636
Pakistan investment bonds	8,237,721	9,165,995
	<u>24,257,593</u>	<u>12,609,631</u>

9.2 Provision for diminution in value of investments

9.2.1 Opening balance	417,991	537,372
Charge for the period / year	8,583	100,021
Reversal for the period / year	(3,118)	(14,442)
Net charge for the period / year	5,465	85,579
Reversal on disposal	—	(198,028)
Investment written off	—	(6,932)
Closing balance	<u>423,456</u>	<u>417,991</u>

9.2.2 Particulars of provision against debt securities

Category of classification	31 March 2019 (Un-Audited)		31 December 2018 (Audited)	
	Non-performing investments	Provision	Non-performing investments	Provision
	Rupees in '000			
Domestic				
Substandard	—	—	—	—
Doubtful	—	—	—	—
Loss	135,310	135,310	138,428	138,428
	135,310	135,310	138,428	138,428

9.2.2.1 Exposure amounting to Rs. 42,795 thousand (31 December 2018: Rs. 59,913 thousand) relating to term finance certificates of Pakistan International Airlines Corporation Limited, which is government guaranteed script, has not been classified as non-performing investment as per relaxation given by the SBP.

9.3 The market value of securities classified as held-to-maturity is Rs. 37,946,885 thousand (31 December 2018: 37,847,389 thousand).

10. ADVANCES

	Performing		Non-Performing		Total	
	31 March 2019 (Un-Audited)	31 December 2018 (Audited)	31 March 2019 (Un-Audited)	31 December 2018 (Audited)	31 March 2019 (Un-Audited)	31 December 2018 (Audited)
	Rupees in '000					
Loans, cash credits, running finances, etc.						
In Pakistan	181,372,810	172,320,248	14,223,908	14,710,168	195,596,718	187,030,416
Islamic financing and related assets	17,915,172	17,629,691	442,259	503,972	18,357,431	18,133,663
Bills discounted and purchased	37,149,858	35,620,461	2,261,052	2,465,767	39,410,910	38,086,228
Advances - gross	236,437,840	225,570,400	16,927,219	17,679,907	253,365,059	243,250,307
Provision against non-performing advances						
-specific	—	—	(14,835,756)	(15,324,500)	(14,835,756)	(15,324,500)
-general	(1,854,764)	(1,236,190)	—	—	(1,854,764)	(1,236,190)
	(1,854,764)	(1,236,190)	(14,835,756)	(15,324,500)	(16,690,520)	(16,560,690)
Advances - net of provisions	234,583,076	224,334,210	2,091,463	2,355,407	236,674,539	226,689,617

10.1 Particulars of advances - gross

	31 March 2019 (Un-Audited)	31 December 2018 (Audited)
	Rupees in '000	
In local currency	217,726,861	213,103,180
In foreign currencies	35,638,198	30,147,127
	253,365,059	243,250,307

10.2 Advances include Rs. 16,927,219 thousand (31 December 2018: Rs. 17,679,907 thousand) which have been placed under non-performing status as detailed below:

Category of classification	31 March 2019 (Un-Audited)		31 December 2018 (Audited)	
	Non-performing loans	Provision	Non-performing loans	Provision
	Rupees in '000			
Substandard	90,088	390	259,378	19,697
Doubtful	282,883	39,343	127,952	–
Loss	16,554,248	14,796,023	17,292,577	15,304,803
	<u>16,927,219</u>	<u>14,835,756</u>	<u>17,679,907</u>	<u>15,324,500</u>

10.3 Particulars of provision against advances

	31 March 2019 (Un-Audited)			31 December 2018 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	15,324,500	1,236,190	16,560,690	16,168,582	257,841	16,426,423
Charge	174,987	618,574	793,561	936,036	978,349	1,914,385
Reversal	(663,731)	–	(663,731)	(1,482,574)	–	(1,482,574)
Net charge / (reversal) for the period / year	(488,744)	618,574	129,830	(546,538)	978,349	431,811
Amount written off	–	–	–	(297,544)	–	(297,544)
Closing balance	<u>14,835,756</u>	<u>1,854,764</u>	<u>16,690,520</u>	<u>15,324,500</u>	<u>1,236,190</u>	<u>16,560,690</u>

10.3.1 General provision includes provision of Rs. 4,692 thousand (31 December 2018: Rs. 5,134 thousand) made against consumer portfolio and Rs. 72 thousand (31 December 2018: Rs. 35 thousand) made against small enterprises (SEs) portfolio as required by the Prudential Regulation issued by the SBP.

10.3.2 Particulars of provision against advances

	31 March 2019 (Un-Audited)			31 December 2018 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
In local currency	14,450,918	1,854,764	16,305,682	14,952,295	1,236,190	16,188,485
In foreign currencies	384,838	–	384,838	372,205	–	372,205
	<u>14,835,756</u>	<u>1,854,764</u>	<u>16,690,520</u>	<u>15,324,500</u>	<u>1,236,190</u>	<u>16,560,690</u>

10.3.3 Consideration of forced sales value (FSV) for the purposes of provisioning against non-performing loans

During the current period, the Bank availed additional forced sale value (FSV) benefit under BSD Circular No. 1 of 21 October 2011. This has resulted in reduction of provision against non-performing loans and advances by Rs. 39,573 thousand (31 December 2018: 628,190 thousand). Further, as of 31 March 2019, had the benefit of FSVs (including those availed into previous year) not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 1,882,456 thousand (31 December 2018: Rs. 2,096,898 thousand) and accumulated profit would have been lower by Rs. 1,223,596 thousand (31 December 2018: Rs. 1,362,983 thousand). This amount of Rs. 1,223,596 thousand (31 December 2018: Rs. 1,362,983 thousand) is not available for distribution of cash and stock dividend to the shareholders and bonus to employees.

	Note	31 March 2019 (Un-Audited)	31 December 2018 (Audited)
		Rupees in '000	
11. FIXED ASSETS			
Capital work-in-progress	11.1	76,145	142,460
Property and equipment		4,131,686	3,757,119
		<u>4,207,831</u>	<u>3,899,579</u>
11.1 Capital work-in-progress			
Civil works		47,202	22,739
Equipment		14,594	110,420
Advance to suppliers		14,349	9,301
		<u>76,145</u>	<u>142,460</u>
		31 March 2019 (Un-Audited)	31 March 2018 (Un-Audited)
		Rupees in '000	
11.2 Additions to fixed assets			
The following additions have been made to fixed assets during the period:			
Capital work-in-progress		(66,315)	78,697
Property and equipment			
Building on leasehold land		149,101	—
Furniture and fixture		22,640	14,340
Electrical office and computer equipment		389,667	84,525
Vehicles		1,088	4,949
Lease hold improvement		35,871	—
		<u>598,367</u>	<u>103,814</u>
Total		<u>532,052</u>	<u>182,511</u>
11.3 Disposal of fixed assets			
The net book value of fixed assets disposed off during the period is as follows:			
Furniture and fixture		37	78
Electrical office and computer equipment		333	894
Vehicles		617	1,211
Lease hold improvement		—	2,324
Total		<u>987</u>	<u>4,507</u>

	31 March 2019 (Un-Audited)	31 December 2018 (Audited)
	Rupees in '000	
12. INTANGIBLE ASSETS		
Computer Software	<u>89,862</u>	<u>121,442</u>
The following additions have been made to intangible assets during the period:		
	31 March 2019 (Un-Audited)	31 March 2018 (Un-Audited)
	Rupees in '000	
12.1 Additions:		
- directly purchased	<u>1,211</u>	<u>3,606</u>
	31 March 2019 (Un-Audited)	31 December 2018 (Audited)
	Rupees in '000	
13. DEFERRED TAX ASSETS		
Deductible temporary differences		
Provision for diminution in value of investments	148,210	146,297
Provision for non-performing and off - balance sheet	2,729,064	2,746,495
(Deficit) / surplus on revaluation of investments	2,810,113	3,097,831
Deferred liability on defined benefit plan	<u>60,543</u>	<u>70,707</u>
	5,747,930	6,061,330
Taxable temporary differences		
Surplus on revaluation of non banking assets	(96,251)	(96,632)
Accelerated depreciation	<u>(113,442)</u>	<u>(143,516)</u>
	(209,693)	(240,148)
Net deferred tax asset	<u>5,538,237</u>	<u>5,821,182</u>

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	Note	31 March 2019 (Un-Audited)	31 December 2018 (Audited)
Rupees in '000			
14 OTHER ASSETS			
Income / mark-up / profit accrued in local currency		8,874,489	8,308,015
Income / mark-up / profit accrued in foreign currencies		26,481	29,916
Advances, deposits, advance rent and other prepayments		480,255	554,859
Advance taxation (payments less provision)		–	376,391
Non-banking assets acquired in satisfaction of claims		485,822	487,505
Branch adjustment account		66	63
Mark-to-market gain on forward foreign exchange contracts		2,813,884	4,206,429
Acceptances		16,274,678	14,429,148
Receivable from the SBP against encashment of government securities		282,847	114,055
Stationery and stamps on hand		72,582	62,236
Dividend receivable		8,800	769
Others		317,232	285,217
		29,637,136	28,854,603
Provision against other assets	14.1	(210,000)	(210,000)
Other assets (net of provision)		29,427,136	28,644,603
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	19.1	275,003	276,093
		29,702,139	28,920,696
14.1 Provision held against other assets			
Operational loss		210,000	210,000

	31 March 2019 (Un-Audited)	31 December 2018 (Audited)
	Rupees in '000	
15. BILLS PAYABLE		
In Pakistan	<u>10,810,887</u>	<u>12,173,407</u>
16. BORROWINGS		
Secured		
Borrowings from the State Bank of Pakistan		
Under Export Refinance Scheme	29,000,125	24,196,093
Under Long Term Financing Facility - Renewable Energy	962,784	962,784
Under Long Term Financing Facility - Locally Manufactured Plant and Machinery	<u>7,688,447</u>	<u>6,730,915</u>
	<u>37,651,356</u>	<u>31,889,792</u>
Repurchase agreement borrowings (Repo)	24,946,446	12,658,729
Due against bills rediscounting	<u>4,296,536</u>	<u>3,310,164</u>
	<u>66,894,338</u>	<u>47,858,685</u>
Unsecured		
Call borrowing	-	300,000
Overdrawn nostro accounts	2,955,118	3,183,003
Overdrawn local bank accounts	<u>5,693</u>	<u>5,693</u>
	<u>2,960,811</u>	<u>3,488,696</u>
	<u>69,855,149</u>	<u>51,347,381</u>

17. DEPOSITS AND OTHER ACCOUNTS

	31 March 2019 (Un-Audited)			31 December 2018 (Audited)		
	In local currency	In foreign currency	Total	In local currency	In foreign currency	Total
	Rupees in '000					
Customers						
Current accounts (non-remunerative)	125,731,631	23,217,664	148,949,295	120,665,276	23,351,234	144,016,510
Savings deposits	121,848,478	17,244,247	139,092,725	122,955,979	17,173,301	140,129,280
Term deposits	175,227,101	43,150,317	218,377,418	179,727,186	43,693,831	223,421,017
Others	8,182,473	918	8,183,391	7,984,099	906	7,985,005
	<u>430,989,683</u>	<u>83,613,146</u>	<u>514,602,829</u>	<u>431,332,540</u>	<u>84,219,272</u>	<u>515,551,812</u>
Financial institutions						
Current deposits (non-remunerative)	1,164,935	1,077,601	2,242,536	1,492,887	942,405	2,435,292
Savings deposits	37,659,577	71	37,659,648	24,280,076	70	24,280,146
Term deposits	4,558,000	4,318	4,562,318	1,306,000	4,260	1,310,260
	<u>43,382,512</u>	<u>1,081,990</u>	<u>44,464,502</u>	<u>27,078,963</u>	<u>946,735</u>	<u>28,025,698</u>
	<u>474,372,195</u>	<u>84,695,136</u>	<u>559,067,331</u>	<u>458,411,503</u>	<u>85,166,007</u>	<u>543,577,510</u>

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	Note	31 March 2019 (Un-Audited)	31 December 2018 (Audited)
Rupees in '000			
18. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		6,959,219	6,492,116
Mark-up / return / interest payable in foreign currencies		523,697	362,013
Unearned commission and income on bills discounted		239,841	190,533
Accrued expenses		875,231	692,845
Current taxation (provision less payments)		249,953	–
Acceptances		16,274,678	14,429,148
Unclaimed dividend		63,562	66,216
Dividend payable		2,095,663	–
Mark to market loss on forward foreign exchange contracts		2,217,480	3,549,157
Provision for compensated absences		216,639	208,864
Deferred liability on defined benefit plan		212,567	199,072
Provision against off-balance sheet obligations	18.1	113,716	113,716
Workers' welfare fund		982,189	922,189
Charity fund balance		464	291
Excise duty payable		1,920	1,003
Locker deposits		779,878	764,223
Advance against diminishing musharaka		27,305	23,310
Advance rental for ijarah		2,163	2,259
Security deposits against leases / ijarah		210,039	212,178
Sundry creditors		580,905	391,976
Withholding tax / duties		228,121	289,241
Others		1,628,857	385,177
		34,484,087	29,295,527
18.1 Provision against off-balance sheet obligations			
Opening balance		113,716	113,716
Charge for the period / year		–	–
Closing balance		113,716	113,716
The above represents provision against certain letters of credit and guarantees.			
19. (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS			
(Deficit) / surplus on revaluation of			
- Non-banking assets		275,003	276,093
- Available for sale securities	9.1	(8,028,893)	(8,850,949)
		(7,753,890)	(8,574,856)
Less: Deferred tax on (deficit) / surplus on revaluation of			
- Non-banking assets		96,250	96,632
- Available for sale securities		(2,810,113)	(3,097,832)
		2,713,863	3,001,200
		(5,040,027)	(5,573,656)

	Note	31 March 2019 (Un-Audited)	31 December 2018 (Audited)
		Rupees in '000	
20. CONTINGENCIES AND COMMITMENTS			
Guarantees	20.1	59,043,742	53,215,390
Commitments	20.2	378,324,995	322,747,745
Other contingent liabilities	20.3	25,301,940	24,476,694
		462,670,677	400,439,829
20.1 Guarantees			
Financial guarantees		6,782,530	3,931,150
Performance guarantees		34,594,360	32,514,435
Other guarantees		17,666,852	16,769,805
		59,043,742	53,215,390
20.2 Commitments			
Documentary credits and short-term trade-related transactions:			
Letters of credit		94,763,084	89,700,969
Commitments in respect of:			
Forward exchange contracts	20.2.1	280,290,547	230,915,612
Operating leases	20.2.2	105,963	110,571
Forward lendings	20.2.3	3,139,624	1,887,433
Acquisition of operating fixed assets		25,777	133,160
		378,324,995	322,747,745
20.2.1 Commitments in respect of forward exchange contracts			
Purchase		162,162,289	136,568,523
Sale		118,128,258	94,347,089
		280,290,547	230,915,612
20.2.2 Commitments in respect of operating leases			
Not later than one year		105,963	110,571
Later than one year and not later than five years		-	-
		105,963	110,571

The above amount includes non-cancellable lease agreements with a Modaraba which has been duly approved by the Religious Board as Ijarah transactions. The monthly rental installments are spread over a period of 36 months. When a lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

20.2.3 Commitments in respect of forward lendings

The Bank has made 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, except for:

	Note	31 March 2019 (Un-Audited)	31 December 2018 (Audited)
		Rupees in '000	
Commitments in respect of syndicate financing		<u>3,139,624</u>	<u>1,887,433</u>

20.3 Other contingent liabilities

Claims against bank not acknowledged as debt		25,195,884	24,370,638
Foreign Exchange repatriation case	20.3.1	<u>106,056</u>	<u>106,056</u>
		<u>25,301,940</u>	<u>24,476,694</u>

20.3.1 Foreign exchange repatriation case

While adjudicating Foreign Exchange repatriation cases of exporters, the Foreign Exchange Adjudicating Court of the State Bank of Pakistan has adjudicated penalty of Rs. 106,056 thousand, arbitrarily on the Bank. The Bank 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 Bank by way of interim orders. Based on merits of the appeals management is confident that these appeals shall be decided in favor of the Bank and therefore no provision has been made against the impugned penalty.

21. DERIVATIVE FINANCIAL INSTRUMENTS

The Bank deals in derivative financial instruments namely forward foreign exchange contracts and foreign currency swaps with the principal view of hedging the risks arising from its trade business.

As per the Bank's policy, these contracts are reported on their fair value at the statement of financial position date. The gains and losses from revaluation of these contracts are included under "income from dealing in foreign currencies". Mark-to-market gains and losses on these contracts are recorded on the statement of financial position under "other assets / other liabilities".

These products are offered to the Bank's customers to protect them from unfavourable movements in foreign currencies. The Bank hedges such exposures in the inter-bank foreign exchange market.

These positions are reviewed on a regular basis by the Bank's Asset and Liability Committee (ALCO).

22. MARK-UP / RETURN / INTEREST EARNED

	31 March 2019 (Un-Audited)	31 March 2018 (Un-Audited)
	Rupees in '000	
Loans and advances	5,424,396	2,661,641
Investments	7,121,002	7,022,087
Lendings with financial institutions	1,452,006	161,729
Balances with other banks	5,929	2,895
	14,003,333	9,848,352

23. MARK-UP / RETURN / INTEREST EXPENSED

Deposits	8,127,368	4,727,935
Borrowings	799,379	1,125,351
Foreign currency swap cost	582,698	293,889
	9,509,445	6,147,175

24. FEE & COMMISSION INCOME

Branch banking customer fees	62,015	66,998
Credit related fees	15,904	14,759
Card related fees	80,665	59,498
Commission on trade	852,112	630,991
Commission on guarantees	122,444	105,441
Commission on home remittances	7,525	6,078
Commission on bancassurance	27,800	15,292
Commission on cash management	14,632	14,759
Others	4,092	9,978
	1,187,189	923,794

25. GAIN / (LOSS) ON SECURITIES

Realised		
Federal government securities	6,633	13,581
Shares	(76,398)	(84,107)
Mutual funds	80,343	88,675
	10,578	18,149

26. OTHER INCOME

Rent on properties	12,222	5,990
Gain on sale of fixed assets - net	3,616	339
Recovery of charges from customers	67,783	49,178
Incidental and service charges	21,849	20,623
Gain on sale of ijarah assets - net	50	47
Gain on sale of non-banking assets	-	202,282
Gain on sale of non-current assets held-for-sale	-	35,042
Staff notice period and other recoveries	926	1,081
	106,446	314,582

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	31 March 2019 (Un-Audited)	31 March 2018 (Un-Audited)
	Rupees in '000	
27. OPERATING EXPENSES		
Total compensation expense	1,472,128	1,354,867
Property expense		
Rent & taxes	306,160	261,307
Insurance	1,245	1,044
Utilities cost	70,944	54,108
Security	115,226	106,118
Repair & maintenance	87,796	91,495
Depreciation	94,658	84,770
	676,029	598,842
Information technology expenses		
Software maintenance	13,336	15,171
Hardware maintenance	52,533	12,474
Depreciation	27,371	25,706
Amortisation	32,790	30,820
Network charges	45,212	37,818
	171,242	121,989
Other operating expenses		
Directors' fees and allowances	3,410	4,150
Fees and allowances to Shariah Board	2,416	2,049
Legal & professional charges	35,725	27,109
Outsourced service costs	61,052	53,257
Travelling & conveyance	57,112	38,407
Operating lease rental	4,487	8,603
NIFT clearing charges	18,112	19,053
Depreciation	100,788	84,547
Depreciation - non-banking assets	2,773	3,573
Training & development	6,746	5,003
Postage & courier charges	22,532	16,596
Communication	25,682	21,805
Subscription	35,539	23,261
Brokerage & commission	24,766	24,480
Stationery & printing	53,732	44,361
Marketing, advertisement & publicity	22,330	78,259
Management fee	85,477	84,074
Insurance	120,544	37,722
Donations	25,200	23,001
Auditor's remuneration	3,883	3,600
Others	70,477	54,542
	782,783	657,452
Total	3,102,182	2,733,150

	Note	31 March 2019 (Un-Audited) Rupees in '000	31 March 2018 (Un-Audited) (Rupees in '000)
28. OTHER CHARGES			
Penalties imposed by the SBP		<u>714</u>	<u>158</u>
29. PROVISIONS & WRITE OFFS - NET			
Provision for diminution in value of investments - net	9.2.1	<u>5,465</u>	<u>1,077</u>
Provision / (reversal) of provision against loan & advances - net	10.3	<u>129,830</u>	<u>243,745</u>
Reversal of provision against other assets		<u>-</u>	<u>(101,250)</u>
Recovery of written off bad debts		<u>(1,667)</u>	<u>(46,151)</u>
		<u>133,628</u>	<u>97,421</u>
30. TAXATION			
Current		<u>1,185,490</u>	<u>745,229</u>
Prior year		<u>300,546</u>	<u>-</u>
Deferred		<u>(14,938)</u>	<u>36,956</u>
		<u>1,471,098</u>	<u>782,185</u>
31. BASIC AND DILUTED EARNINGS PER SHARE			
Profit after taxation		<u>1,508,595</u>	<u>1,573,570</u>
		Number in '000	
Weighted average number of ordinary shares		<u>1,047,831</u>	<u>1,047,831</u>
		(Rupees)	
Basic and diluted earnings per share		<u>1.44</u>	<u>1.50</u>

32. FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than investment in subsidiaries and those classified as held to maturity, is based on quoted market price. Quoted securities classified as held-to-maturity are carried at cost.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

32.1 Fair value of financial assets

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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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

31 March 2019 (Un-Audited)					
Carrying / Notional 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	286,472,576	-	286,472,576	-	286,472,576
Sukuk certificates and bonds	1,415,101	-	1,415,101	-	1,415,101
Ordinary shares of listed companies	432,077	432,077	-	-	432,077
Mutual funds - open end	16,793	-	16,793	-	16,793
- close end	413,669	413,669	-	-	413,669
Listed term finance certificates	3,346,844	-	3,346,844	-	3,346,844
Unlisted term finance certificates	42,795	-	42,795	-	42,795

Financial assets not measured at fair value - disclosed but not measured at fair value

- Cash and balances with treasury banks	50,371,926	-	-	-	-
- Balances with other banks	2,301,168	-	-	-	-
- Lendings to financial institutions	48,037,665	-	-	-	-
- Investments					
- Held-to-maturity securities					
Federal government securities	36,264,415	-	-	-	-
Certificates of investments	5,000,000	-	-	-	-
- Subsidiaries	830,000	-	-	-	-
- Available-for-sale securities					
Ordinary shares of unlisted companies	27,920	-	-	-	-
- Advances	236,674,539	-	-	-	-
- Other assets	28,598,411	-	-	-	-
	<u>700,245,899</u>	<u>845,746</u>	<u>291,294,109</u>	<u>-</u>	<u>292,139,855</u>

Off-balance sheet financial instruments measured at fair value

- Forward purchase of foreign exchange contracts	164,619,551	-	164,619,551	-	164,619,551
- Forward sale of foreign exchange contracts	119,964,986	-	119,964,986	-	119,964,986

On balance sheet financial instruments

31 December 2018 (Audited)

31 December 2018 (Rupees)					
	Carrying / Notional 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	298,850,140	—	298,850,140	—	298,850,140
Sukuk certificates and bonds	1,417,667	—	1,417,667	—	1,417,667
Ordinary shares of listed companies	412,902	412,902	—	—	412,902
Mutual funds - open end	14,900	—	14,900	—	14,900
- close end	435,855	435,855	—	—	435,855
Listed term finance certificates	3,357,258	—	3,357,258	—	3,357,258
Unlisted term finance certificates	59,913	—	59,913	—	59,913

Financial assets not measured at fair value

- Cash and balances with treasury banks	48,177,009	-	-	-	-
- Balances with other banks	1,115,557	-	-	-	-
- Lendings to financial institutions	11,984,795	-	-	-	-
- Investments					
- Held-to-maturity securities					
Federal government securities	36,259,349	-	-	-	-
Certificates of investments	5,000,000				
- Subsidiaries	830,000				
- Available-for-sale securities					
Ordinary shares of unlisted companies	27,920	-	-	-	-
- Advances	226,689,617	-	-	-	-
- Other assets	27,373,549	-	-	-	-
	<u>662,006,431</u>	<u>848,757</u>	<u>303,699,878</u>	<u>-</u>	<u>304,548,635</u>

Off-balance sheet financial instruments measured at fair value

- Forward purchase of foreign exchange contracts	<u>140,141,186</u>	<u>-</u>	<u>140,141,186</u>	<u>-</u>	<u>140,141,186</u>
- Forward sale of foreign exchange contracts	<u>97,365,720</u>	<u>-</u>	<u>97,365,720</u>	<u>-</u>	<u>97,365,720</u>

Valuation techniques used in determination of fair valuation of financial instruments within level 2.

Debt Securities	The fair value is determined using the prices / rates available on Mutual Funds Association of Pakistan (MUFAP) / Reuters.
Forward contracts	The fair values are derived using forward exchange rates applicable to their respective remaining maturities.
Mutual funds	The fair value is determined based on the net asset values published at the close of each business day.

33. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	31 March 2019 (Un-Audited)			
	Trade & Sales	Retail Banking	Commercial Banking	Total
	(Rupees in '000)			
Profit & Loss				
Net mark-up / return / profit	8,336,165	(4,374,068)	531,791	4,493,888
Inter segment revenue - net	(8,945,170)	7,196,644	1,748,526	-
Non mark-up / return / interest income	78,361	-	1,703,968	1,782,329
Total Income	(530,644)	2,822,576	3,984,285	6,276,217
Segment direct expenses	(56,904)	(45,764)	(1,293,471)	(1,396,139)
Inter segment expense allocation	(973,862)	(69,214)	(723,681)	(1,766,757)
Total expenses	(1,030,766)	(114,978)	(2,017,152)	(3,162,896)
Provisions	(5,465)	-	(128,163)	(133,628)
Profit before tax	(1,566,875)	2,707,598	1,838,970	2,979,693
Balance Sheet				
Cash & Bank balances	2,044,756	26,611,539	24,016,799	52,673,094
Investments	334,262,190	-	-	334,262,190
Lendings to financial institutions	48,037,665	-	-	48,037,665
Advances - performing	-	3,191,567	233,246,273	236,437,840
Advances - non-performing	-	4,554	16,922,665	16,927,219
Provision against advances	-	(8,538)	(16,681,982)	(16,690,520)
Net inter segment lending	-	269,509,164	53,094,308	322,603,472
Others	7,432,974	777	32,104,318	39,538,069
Total Assets	391,777,585	299,309,063	342,702,381	1,033,789,029
Borrowings	32,203,793	-	37,651,356	69,855,149
Subordinated debt	-	-	-	-
Deposits & other accounts	-	295,355,830	263,711,501	559,067,331
Net inter segment borrowing	322,603,472	-	-	322,603,472
Others	2,217	3,953,233	41,339,524	45,294,974
Total liabilities	354,809,482	299,309,063	342,702,381	996,820,926
Equity	36,968,103	-	-	36,968,103
Total Equity & liabilities	391,777,585	299,309,063	342,702,381	1,033,789,029
Contingencies & Commitments	280,290,547	99,427	182,280,703	462,670,677

	31 March 2018 (Un-Audited)			
	Trade & Sales	Retail Banking	Commercial Banking	Total
	(Rupees in '000)			
Profit & Loss				
Net mark-up / return / profit	5,984,479	(684,251)	(1,599,051)	3,701,177
Inter segment revenue - net	(4,874,920)	962,802	3,912,118	-
Non mark-up / return / interest income	(224,640)	-	1,757,947	1,533,307
Total Income	884,919	278,551	4,071,014	5,234,484
Segment direct expenses	(47,882)	(23,313)	(1,135,662)	(1,206,857)
Inter segment expense allocation	(953,009)	(22,009)	(599,433)	(1,574,451)
Total expenses	(1,000,891)	(45,322)	(1,735,095)	(2,781,308)
Provisions	(1,077)	-	(96,344)	(97,421)
Profit before tax	(117,049)	233,229	2,239,575	2,355,755

	31 December 2018 (Audited)			
Balance Sheet				
Cash & Bank balances	907,449	24,672,447	23,712,670	49,292,566
Investments	346,665,904	-	-	346,665,904
Lendings to financial institutions	11,984,795	-	-	11,984,795
Advances - performing	-	3,167,811	222,402,589	225,570,400
Advances - non-performing	-	3,432	17,676,475	17,679,907
Provision against advances	-	(8,538)	(16,552,152)	(16,560,690)
Net inter segment lending	-	254,934,343	57,085,986	312,020,329
Others	12,529,588	52,983	26,180,328	38,762,899
Total Assets	372,087,736	282,822,478	330,505,896	985,416,110
Borrowings	19,457,589	-	31,889,792	51,347,381
Subordinated debt	-	-	-	-
Deposits & other accounts	-	279,208,331	264,369,179	543,577,510
Net inter segment borrowing	312,020,329	-	-	312,020,329
Others	3,607,862	3,614,147	34,246,925	41,468,934
Total liabilities	335,085,780	282,822,478	330,505,896	948,414,154
Equity	37,001,956	-	-	37,001,956
Total Equity & liabilities	372,087,736	282,822,478	330,505,896	985,416,110
Contingencies & Commitments	230,915,612	99,427	169,424,790	400,439,829

34. TRANSACTIONS WITH RELATED PARTIES

The Bank has related party relationships with its holding company, subsidiaries, associates, companies with common directorship, key management personnel, directors and employees' retirement benefit plans.

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

	31 March 2019 (Un-Audited)						
	Holding company	Subsidiaries	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000						
Balances with other banks							
In current accounts	67,594	-	56,335	-	-	-	123,929
Investments							
Opening balance	-	5,000,000	-	-	-	-	5,000,000
Investment made during the period	-	5,000,000	-	-	-	-	5,000,000
Investment redeemed / disposed off during the period	-	(5,000,000)	-	-	-	-	(5,000,000)
Closing balance	-	5,000,000	-	-	-	-	5,000,000
Advances							
Opening balance	-	31,606	2,787,011	115,507	-	-	2,934,124
Addition during the period	-	-	8,352,268	78,552	-	-	8,430,820
Repaid during the period	-	(31,606)	(8,087,845)	(7,311)	-	-	(8,126,762)
Closing balance	-	-	3,051,434	186,748	-	-	3,238,182
Other Assets							
Mark-up / return / interest accrued	-	74,268	28,542	-	-	-	102,810
Prepayments / advance deposits / other receivable	-	-	14,578	-	-	-	14,578
	-	74,268	43,120	-	-	-	117,388
Borrowings							
Opening balance	8,823	-	-	-	-	-	8,823
Borrowings during the period	-	-	-	-	-	-	-
Settled during the period	(8,823)	-	-	-	-	-	(8,823)
Closing balance	-	-	-	-	-	-	-
Deposits							
Opening balance	396,056	972,640	16,227,022	163,874	731,175	3,661,606	22,152,373
Received during the period	2,057,371	31,209,006	412,244,931	812,128	374,530	1,941,969	448,639,935
Withdrawn during the period	(2,140,135)	(31,187,763)	(413,589,173)	(520,976)	(352,572)	(2,237,245)	(450,027,864)
Closing balance	313,292	993,883	14,882,780	455,026	753,133	3,366,330	20,764,444
Other Liabilities							
Mark-up / return / interest payable	-	3,521	427,056	4,368	4,031	678,364	1,117,340
Management fee payable for technical and consultancy services*	88,475	-	-	-	-	-	88,475
Other payables	-	-	7,499	-	-	212,567	220,066
	88,475	3,521	434,555	4,368	4,031	890,931	1,425,881
Contingencies & Commitments							
Transaction-related contingent liabilities	-	-	7,941,346	-	-	-	7,941,346
Trade-related contingent liabilities	-	-	1,029,785	-	-	-	1,029,785
Commitment against operating leases	-	6,536	-	-	-	-	6,536
	-	6,536	8,971,131	-	-	-	8,977,667

* Management fee is as per the agreement with the holding company.

	31 December 2018 (Audited)						
	Holding company	Subsidiaries	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000						
Balances with other banks							
In current accounts	112,023	–	44,688	–	–	–	156,711
Investments							
Opening balance	–	1,950,000	–	–	–	–	1,950,000
Investment made during the year	–	13,900,000	–	–	–	–	13,900,000
Investment redeemed / disposed off during the year	–	(10,850,000)	–	–	–	–	(10,850,000)
Closing balance	–	5,000,000	–	–	–	–	5,000,000
Advances							
Opening balance	–	–	1,702,532	172,585	–	–	1,875,117
Addition during the year	–	3,095,593	74,680,329	47,080	–	–	77,823,002
Repaid during the year	–	(3,063,987)	(73,595,850)	(104,158)	–	–	(76,763,995)
Closing balance	–	31,606	2,787,011	115,507	–	–	2,934,124
Other Assets							
Mark-up / return / interest accrued	–	67,610	17,113	–	–	–	84,723
Prepayments / advance deposits / other receivable	–	–	6,293	–	–	–	6,293
	–	67,610	23,406	–	–	–	91,016
Borrowings							
Opening balance	–	–	–	–	–	–	–
Borrowings during the year	8,823	–	–	–	–	–	8,823
Settled during the year	–	–	–	–	–	–	–
Closing balance	8,823	–	–	–	–	–	8,823
Deposits							
Opening balance	731,705	1,081,972	21,085,764	168,539	675,958	2,379,959	26,123,897
Received during the year	8,548,305	116,852,558	1,648,137,753	600,685	2,393,366	6,066,469	1,782,599,136
Withdrawn during the year	(8,883,954)	(116,961,890)	(1,652,996,495)	(605,350)	(2,338,149)	(4,784,822)	(1,786,570,660)
Closing balance	396,056	972,640	16,227,022	163,874	731,175	3,661,606	22,152,373
Other Liabilities							
Mark-up / return / interest payable	–	3,109	352,252	1,295	3,205	632,664	992,525
Management fee payable for technical and consultancy services*	115,344	–	–	–	–	–	115,344
Other payables	–	–	6,391	–	–	199,072	205,463
	115,344	3,109	358,643	1,295	3,205	831,736	1,313,332
Contingencies & commitments							
Transaction-related contingent liabilities	–	–	7,531,999	–	–	–	7,531,999
Trade-related contingent liabilities	–	–	1,999,428	–	–	–	1,999,428
Commitment against operating leases	–	11,144	–	–	–	–	11,144
	–	11,144	9,531,427	–	–	–	9,542,571

* Management fee is as per the agreement with the holding company.

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Transactions during the period

	For the period ended 31 March 2019 (Un-Audited)					
	Holding company	Subsidiaries	Associates	Key management personnel	Directors	Retirement benefit plans
	Rupees in '000					
Income						
Mark-up / return / interest earned	–	113,912	29,443	3,597	–	–
Fee and commission income	1,392	458	17,241	–	12	–
Rent income	1,404	1,060	–	–	–	–
Expense						
Mark-up / return / interest expensed	–	13,704	405,364	9,672	14,338	107,245
Commission / brokerage / bank charges paid	204	–	370	–	–	–
Salaries and allowances	–	–	–	120,971	–	–
Directors' fees and allowances	–	–	–	–	3,410	–
Charge to defined benefit plan	–	–	–	–	–	42,540
Contribution to defined contribution plan	–	–	–	–	–	48,204
Operating lease rentals / rent expenses	–	4,487	3,482	–	–	–
Insurance premium expenses	–	–	7,053	–	–	–
Maintenance, electricity, stationery & entertainment expenses	–	–	26,307	–	–	–
Management fee expense for technical and consultancy services *	85,477	–	–	–	–	–
Donation	–	–	1,480	–	–	–
Professional / other charges	–	–	684	–	–	–

* Management fee is as per the agreement with the holding company.

Transactions during the period

	For the period ended 31 March 2018 (Un-Audited)					
	Holding company	Subsidiaries	Associates	Key management personnel	Directors	Retirement benefit plans
	Rupees in '000					
Income						
Mark-up / return / interest earned	–	28,965	9,090	1,709	–	–
Fee and commission income	1,950	82	16,035	–	8	–
Rent income	1,404	300	–	–	–	–
Expenses						
Mark-up / return / interest expensed	–	9,287	288,642	2,640	7,176	59,404
Commission / brokerage / bank charges paid	160	248	316	–	–	–
Salaries and allowances	–	–	–	100,887	–	–
Directors' fees and allowances	–	–	–	–	4,150	–
Charge to defined benefit plan	–	–	–	–	–	36,549
Contribution to defined contribution plan	–	–	–	–	–	44,606
Operating lease rentals / rent expenses	–	8,603	3,635	–	–	–
Insurance premium expenses	–	–	3,636	–	–	–
Maintenance, electricity, stationery & entertainment expenses	–	–	25,073	–	–	–
Management fee expense for technical and consultancy services *	84,074	–	–	–	–	–
Donation	–	–	6,119	–	–	–

* Management fee is as per the agreement with the holding company.

35. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	31 March 2019 (Un-Audited)	31 December 2018 (Audited)
	Rupees in '000	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	10,478,315	10,478,315
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	34,334,403	34,037,880
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	34,334,403	34,037,880
Eligible Tier 2 Capital	1,604,220	976,755
Total Eligible Capital (Tier 1 + Tier 2)	35,938,623	35,014,635
Risk Weighted Assets (RWAs):		
Credit Risk	243,430,038	229,288,756
Market Risk	1,625,151	1,571,342
Operational Risk	36,087,611	36,087,611
Total	281,142,800	266,947,709
CET 1 Capital Adequacy Ratio	12.21%	12.75%
Tier 1 Capital Adequacy Ratio	12.21%	12.75%
Total Capital Adequacy Ratio	12.78%	13.12%
Minimum capital requirements prescribed by SBP		
Common Equity Tier 1 Capital Adequacy Ratio	6.00%	6.00%
Tier 1 Capital Adequacy Ratio	7.50%	7.50%
Total Capital Adequacy Ratio	11.90%	11.90%
Banks use simple, maturity method and basic indicator approach for credit risk, market risk and operational risk exposures respectively in the capital adequacy calculation.		
Leverage Ratio (LR):		
Eligible Tier-1 Capital	34,334,403	34,037,880
Total Exposures	884,158,653	825,364,543
Leverage Ratio	3.88%	4.12%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	291,247,176	317,763,854
Total Net Cash Outflow	158,922,629	125,849,179
Liquidity Coverage Ratio	183%	252%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	441,656,422	440,145,855
Total Required Stable Funding	240,480,685	216,434,904
Net Stable Funding Ratio	184%	203%

36. ISLAMIC BANKING BUSINESS

The bank is operating 31 (31 December 2018: 31) Islamic banking branches and 219 (2018: 216) Islamic banking windows at the end of the period / year.

	Note	31 March 2019 (Un-Audited)	31 December 2018 (Audited)
		Rupees in '000	
ASSETS			
Cash and balances with treasury banks		2,964,777	3,340,608
Balances with other banks		-	-
Due from financial institutions	36.1	17,554,218	1,000,000
Investments	36.2	10,023,789	21,312,705
Islamic financing and related assets - net	36.3	17,935,367	17,715,168
Fixed assets		87,790	82,121
Intangible assets		-	-
Due from Head Office		565,576	1,056,134
Other assets		1,687,062	1,605,849
Total Assets		50,818,579	46,112,585
LIABILITIES			
Bills payable		626,786	657,934
Due to financial institutions		2,102,854	1,864,574
Deposits and other accounts	36.4	43,411,010	38,684,214
Due to Head Office		-	-
Subordinated debt		-	-
Other liabilities		1,382,236	1,473,908
		47,522,886	42,680,630
NET ASSETS		3,295,693	3,431,955
REPRESENTED BY			
Islamic banking fund		3,003,520	3,003,472
Reserves		-	-
Surplus / (deficit) on revaluation of assets		6,246	(17,981)
Unappropriated profit		285,927	446,464
		3,295,693	3,431,955
CONTINGENCIES AND COMMITMENTS			
	36.5		

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The profit and loss account of the Bank's Islamic banking branches for the period ended 31 March 2019 is as follows:

	Note	31 March 2019 (Un-Audited)	31 March 2018 (Un-Audited)
		Rupees in '000	
Profit / return earned	36.6	1,012,743	631,390
Profit / return expensed	36.7	(604,417)	(435,707)
Net Profit / return		408,326	195,683
Other income			
Fee and Commission Income		36,855	35,256
Dividend Income		–	–
Foreign Exchange Income		8,143	6,315
Income / (loss) from derivatives		–	–
Gain / (loss) on securities		415	(5)
Other Income		5,209	4,131
Total other income		50,622	45,697
Total Income		458,948	241,380
Other expenses			
Operating expenses		169,367	139,588
Workers Welfare Fund		–	–
Other charges		85	78
Total other expenses		169,452	139,666
Profit before provisions		289,496	101,714
Provisions and write offs - net		(3,569)	(13,560)
Profit before taxation		285,927	88,154

36.1 Due from Financial Institutions

	31 March 2019 (Un-Audited)			31 December 2018 (Audited)		
	In local currency	In foreign currency	Total	In local currency	In foreign currency	Total
	Rupees in '000					
Unsecured						
Musharaka	4,900,000	–	4,900,000	1,000,000	–	1,000,000
Bai-muajjal receivable from State Bank of Pakistan	12,654,218	–	12,654,218	–	–	–
	17,554,218	–	17,554,218	1,000,000	–	1,000,000

36.2 Investments by segments:

	31 March 2019				31 December 2018			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	Rupees in '000							
Federal Government Securities:								
-Ijarah sukuk	-	-	-	-	11,313,145	-	(26,794)	11,286,351
-Bai-muajjal	3,608,688	-	-	3,608,688	3,608,688	-	-	3,608,688
	3,608,688	-	-	3,608,688	14,921,833	-	(26,794)	14,895,039
Non Government Debt Securities								
-Listed	5,537,142	-	3,007	5,540,149	5,537,142	-	3,805	5,540,947
-Unlisted	871,713	-	3,239	874,952	871,711	-	5,008	876,719
	6,408,855	-	6,246	6,415,101	6,408,853	-	8,813	6,417,666
Total Investments	10,017,543	-	6,246	10,023,789	21,330,686	-	(17,981)	21,312,705

31 March 2019
(Un-Audited)
31 December 2018
(Audited)
Rupees in '000

36.3 Islamic financing and related assets - net

Ijarah	390,400	398,097
Murabaha	6,175,792	5,906,879
Working capital musharaka	2,215,505	2,533,380
Diminishing musharaka	3,529,253	3,532,275
Istisna	1,305,101	1,029,204
Export refinance murabaha	629,754	497,902
Export refinance istisna	32,143	923,713
Al-Bai financing	135,267	316,194
Advances against:		
Ijarah	94,166	123,988
Murabaha	243,566	349,302
Diminishing musharaka	558,048	596,470
Istisna	1,127,153	1,064,759
Export refinance murabaha	79,289	127,507
Export refinance istisna	1,467,834	326,288
Inventory related to		
Al-Bai goods	168,490	240,116
Istisna goods	205,670	167,589
Gross Islamic financing and related assets	18,357,431	18,133,663
Provision against non-performing Islamic financing	(422,064)	(418,495)
Islamic financing and related assets - net of provision	17,935,367	17,715,168

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	31 March 2019 (Un-Audited)	31 December 2018 (Audited)
	Rupees in '000	
36.4 Deposits		
Customers		
Current deposits	8,702,200	8,363,646
Savings deposits	17,472,311	18,287,455
Term deposits	12,626,289	10,834,638
	38,800,800	37,485,739
Financial Institutions		
Current deposits	4,202	2,054
Savings deposits	781,008	756,421
Term deposits	3,825,000	440,000
	4,610,210	1,198,475
	43,411,010	38,684,214
36.5 Contingencies and commitments		
Guarantees	1,200,504	1,893,613
Commitments	4,007,134	3,362,786
	5,207,638	5,256,399
36.6 Profit / return earned on financing, investments and placement		
Profit earned on:		
Financing	413,639	201,129
Investments	333,111	373,466
Placements	265,993	56,795
	1,012,743	631,390
36.7 Profit on deposits and other dues expensed		
Deposits and other accounts	594,895	426,590
Due to financial institutions	9,522	9,117
	604,417	435,707
36.8 Unappropriated profit		
Opening balance	446,464	283,058
Add: Islamic banking profit for the period	285,927	446,464
Less: Taxation	-	-
Less: Reserves	-	-
Less: Transferred to head office	(446,464)	(283,058)
Closing balance	285,927	446,464

37. GENERAL

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

37.2 Comparative information has been re-classified, re-arranged or additionally incorporated in these unconsolidated condensed interim financial statements wherever necessary to facilitate comparison and better presentation in accordance with the revised forms of quarterly financial statements of the Banks' issued by the SBP through its BPRD Circular letter No. 05 of 2019.

38. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue on 19 April 2019 by the Board of Directors of the Bank.

FUZAIL ABBAS
Chief Financial Officer

MOHSIN A. NATHANI
President &
Chief Executive Officer

MOHOMED BASHIR
Director

SOHAIL HASAN
Director

MOHAMEDALI R. HABIB
Chairman