

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



# Corporate Briefing Session First Habib Modaraba

# Corporate Briefing

- ▶ About First Habib Modaraba
- ▶ Operational Activities
- ▶ Awards and Achievements
- ▶ Financial Performance
- ▶ Future Outlook

# **ABOUT FIRST HABIB MODARABA**

# Brief on FHM

- FHM multipurpose/ perpetual Modaraba established in 1984 with initial paid up capital of Rs.25 million.
- FHM is managed by Habib Metropolitan Modaraba Management Company (Private) Limited which is the fully owned subsidiary of Habib Metropolitan Bank Limited. Habib Metropolitan Bank Limited is having high reputation within the banking sector of Pakistan operating since 1992 having total assets size of Rs. 839 billion and having a network of 354 Branches.
- FHM is operating in Pakistan's financial market as Non-Bank Islamic Financial Institution as one of the pioneers within Modaraba sector. With a track record of excellent performance of more than 3 decades is the success story of dedication and commitment to provide the investors a sound and continuous return. Consistency in distribution of dividends among the certificate holders along with increase in certificate holders' equity has made FHM a top performing Modaraba within the Modaraba sector.

# Timeline of FHM

Avg. Dividend Pay out 18%

1985 - 2019

## Assets



Year	% Age
1986	11%
1987	13%
1988	13%
1989	13%
1990	15%
1991	20%
1992	15%
1993	18%
1994	20%
1995	10%
1996	15%
1997	10%
1998	8%
1999	20%
2000	23%
2001	23%
2002	20%
2003	21%
2004	20%
2005	15%
2006	20%
2007	20%
2008	21%
2009	20%
2010	21%
2011	22%
2012	20%
2013	20%
2014	22%
2015	22%
2016	20%
2017	20%
2018	25%
2019	28%

Avg. Div. Pay out 14%

1986-1998 (13 Years)

Avg. Div. Pay out 21%

1999-2019 (21 Years)

# Branch Network

- ▶ Karachi
- ▶ Lahore
- ▶ Islamabad
- ▶ Multan
- ▶ Consumer Desk Offices:
  - ▶ Peshawar
  - ▶ Sialkot
  - ▶ Hyderabad

# Top Ten Modarabas Position as on June 30, 2019

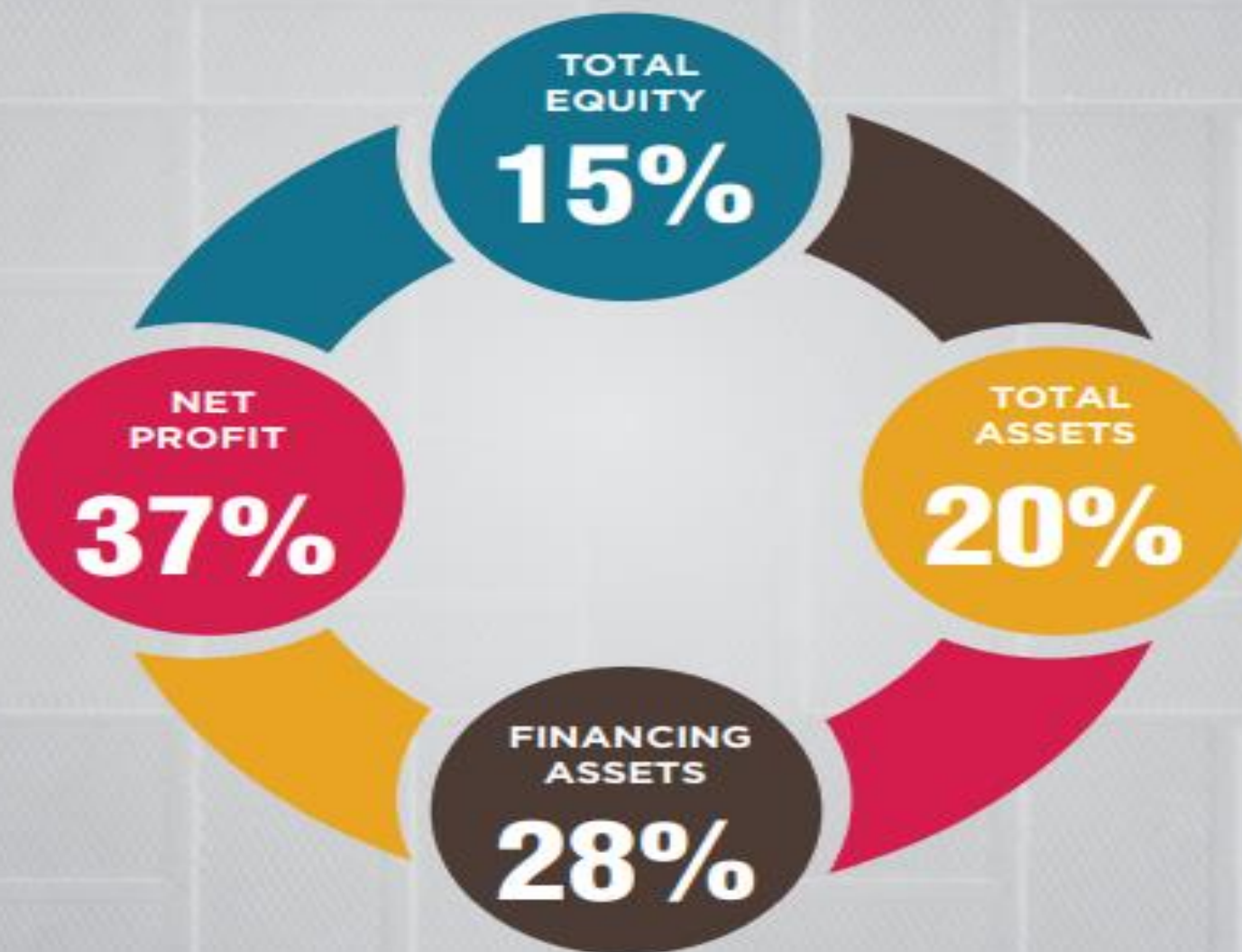
POSITION OF FINANCIAL MODARABAS AS ON JUNE 30, 2019 (Rs in Million)					
S. No	Name	Assets	Equity	Net Profit	Dividend
1	First Habib Modaraba	11,124	3,512	319	28.00%
2	ORIX Modaraba	6,966	1,160	126	25.00%
3	Awwal Modaraba	1,234	1,184	111	8.90%
4	Sindh Modaraba	1,639	1,063	81	13.50%
5	B.R.R. Guardian Modaraba	1,838	1,374	45	2.40%
6	First Punjab Modaraba	-	-	-	-
7	First Prudential Modaraba	-	-	-	-
8	KASB Modaraba	-	-	-	-
9	First Equity Modaraba	-	-	-	-
10	First UDL Modaraba	493	465	(54)	0%

Source: Published accounts

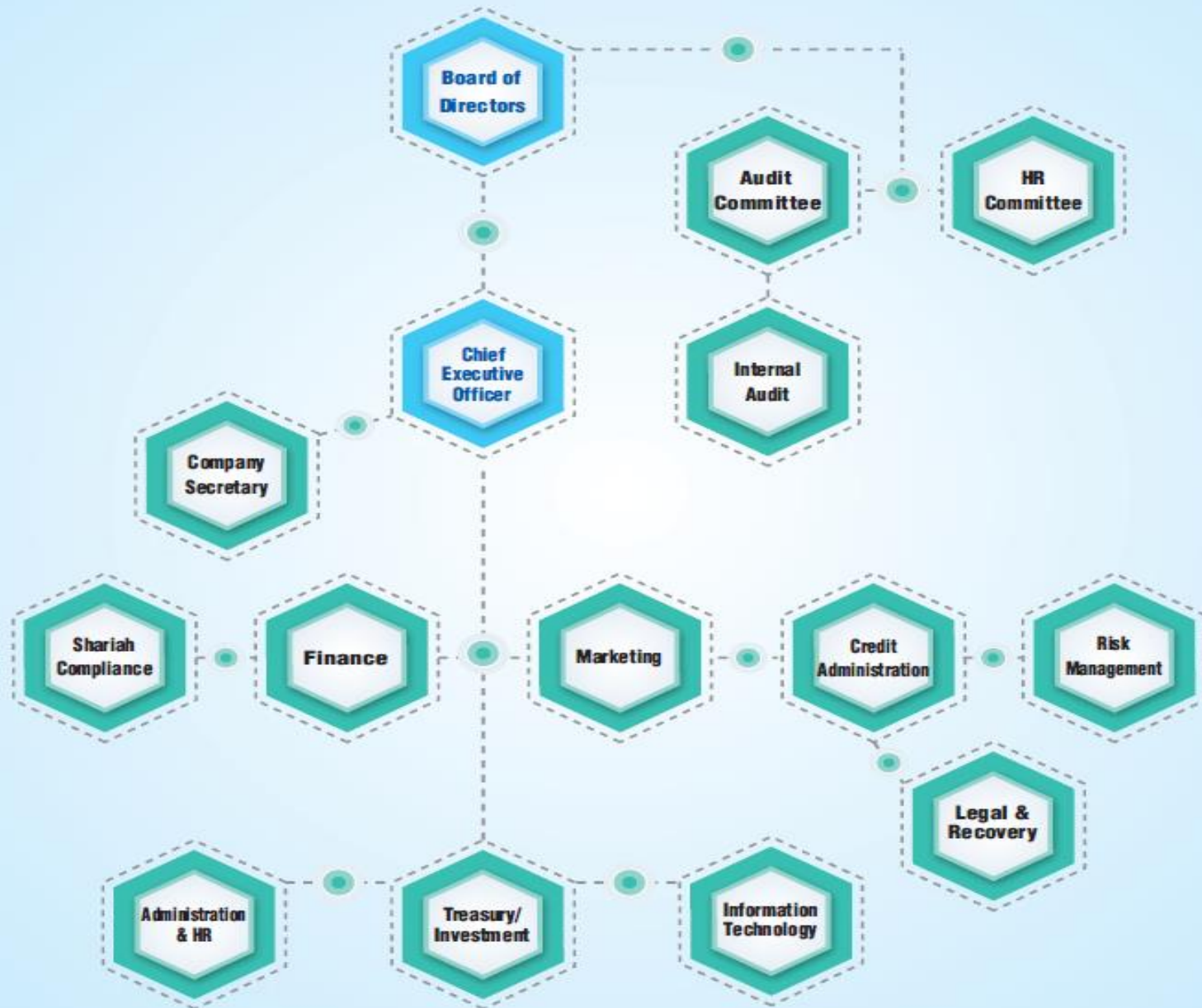
POSITION OF NON-FINANCIAL MODARABAS AS ON JUNE 30, 2019 (Rs. in Million)					
S. No	Name	Assets	Equity	Net Profit	Dividend
1	First Treet Manufacturing Modaraba	13,176	2,043	(2,392)	-
2	Allied Rental Modaraba	8,829	5,333	383	10.00%
3	First Imrooz Modaraba	341	139	21	50.00%



**SHARE OF FIRST HABIB MODARABA WITHIN THE  
MODARABA SECTOR OF PAKISTAN  
AS ON JUNE 2018**



# Organizational Structure



# OPERATIONAL ACTIVITIES

# Products of FHM

## Lease Financing

On rental basis for Motor Vehicle, Machinery and Equipment .

## Diminishing Musharaka Financing

Diminishing Musharakah (DM) is a form co-ownership between the financial institution (FI) and the customer on fixed asset. Customer gradually buy the ownership units from FI through pre-agreed instalments.

## Consumer Car Financing

Auto financing for individuals

## Investment in equity market

Investment in Shariah compliant listed securities including Islamic debt instrument

## Certificate of Musharaka (COIs) (Liability side)

Products of deposits for fix term from 3 months to 5 years

# AWARD AND ACHIEVEMENTS

**Date**  
27-Mar-2019

**Analysts**

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**Applicable Criteria**

- Methodology | NBFC | Jun18 (Jun 18)
- Methodology | Criteria | Rating Modifier (Jun 18)
- Methodology | Correlation Between Long-Term And Short-Term Rating Scale (Jun 18)

**PACRA Maintains Entity Ratings of First Habib Modaraba**

Rating Type	Entity	
	Current (27-Mar-2019)	Previous (22-Nov-2018)
<b>Action</b>	Maintain	Maintain
<b>Long Term</b>	AA+	AA+
<b>Short Term</b>	A1+	A1+
<b>Outlook</b>	Stable	Stable
<b>Rating Watch</b>	-	-

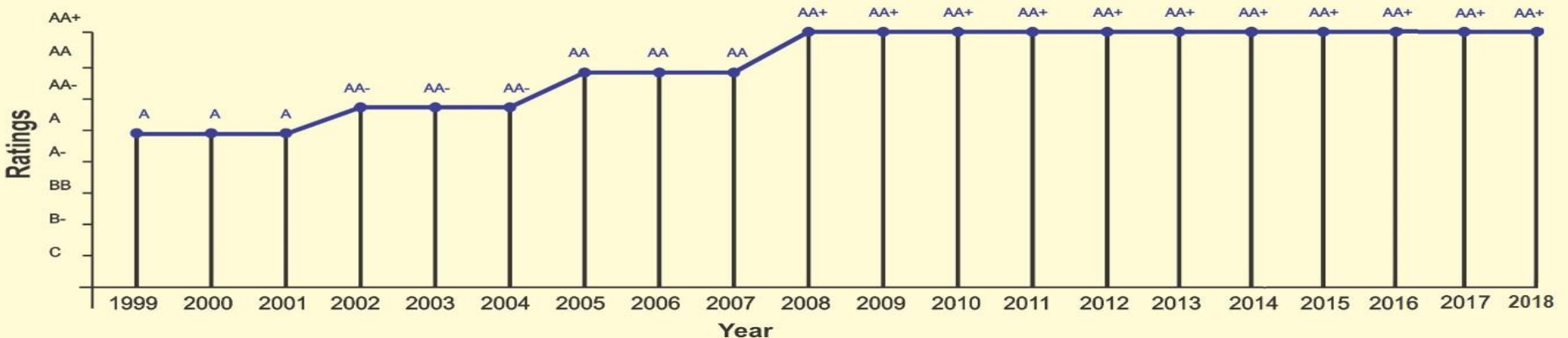
The ratings reflect FHM's strong business profile emanating from healthy asset base, sound asset quality and sustained profitability. Although the cost of funding has increased, improved asset yield has resulted in increase in spreads. Furthermore, overall profitability has also been maintained through enhancement of financing asset size. Liquidity is being well maintained by investing in TDR. FHM managed to sail through its devised strategy to beef-up its business volumes to maintain its bottom-line performance by maintaining its asset quality. FHM's capital provides strong support to the funding structure of the Modaraba, equally aided by Certificates of Musharika (CoM). The overall capital structure shows an inclination towards leveraging. Going forward, the management, while continuing with its growth strategy, intends to expand its outreach to other areas of the country, especially those close to CPEC related projects and more focus would be on vehicle financing. The ratings take into account good management quality and a strong control environment and also reaching other customers through different business model.

The ratings are dependent on the management's ability to sustain its competitive positioning while ensuring stable profitability. The ratings also depend upon keeping its financial profile intact. Any significant change in its risk profile may adversely impact the ratings.

**CREDIT RATINGS**  
Assigned by Pakistan Credit Agency Ltd. (PACRA)



**AA+ rating of FHM has been maintained since last 11 years**







**AWARDS**

18 Awards from NBFI & Modaraba Association Pakistan

2 Awards from Federation of Pakistan Chambers of Commerce & Industry (FPCCI)

2 Awards from COMSATS Institution of Information Technology

10 Awards from Joint Committee of ICAP & ICMAP

9 Awards from South Asian Federation Accountants (SAFA) and Apex body of SAARC

from Islamic Retail Bank Award Dubai

from Pakistan Observer

10 Awards from Management Association of Pakistan

# FINANCIAL PERFORMANCE

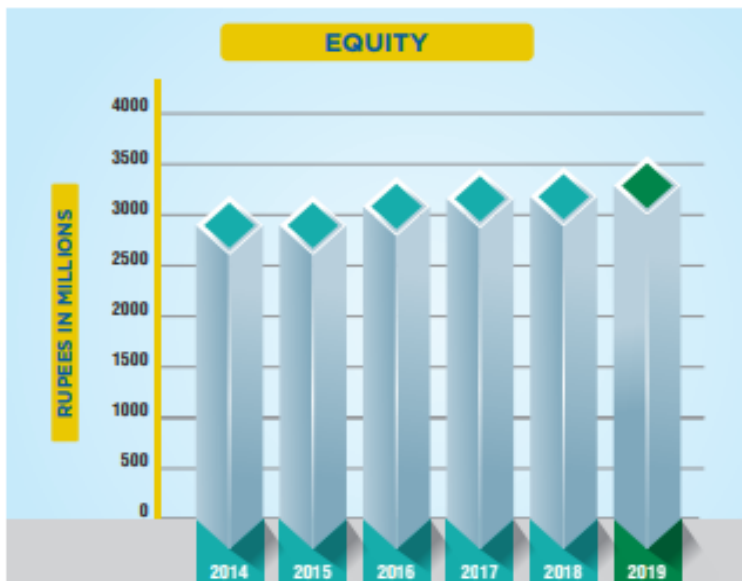
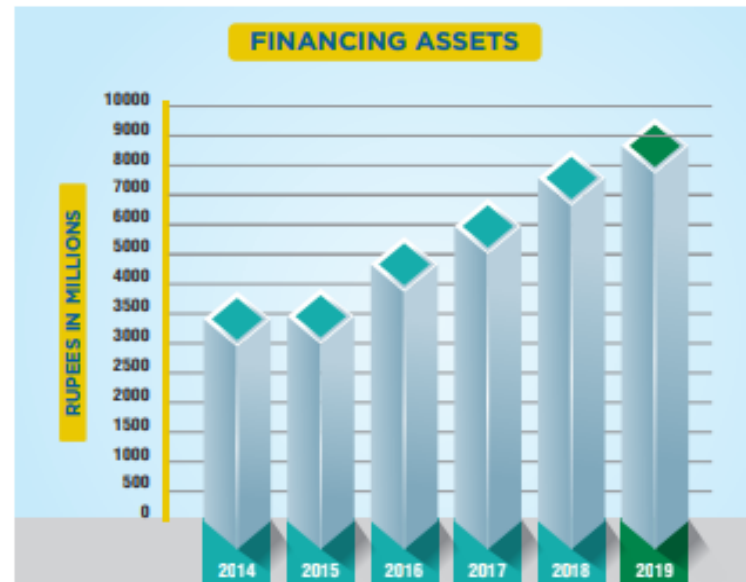
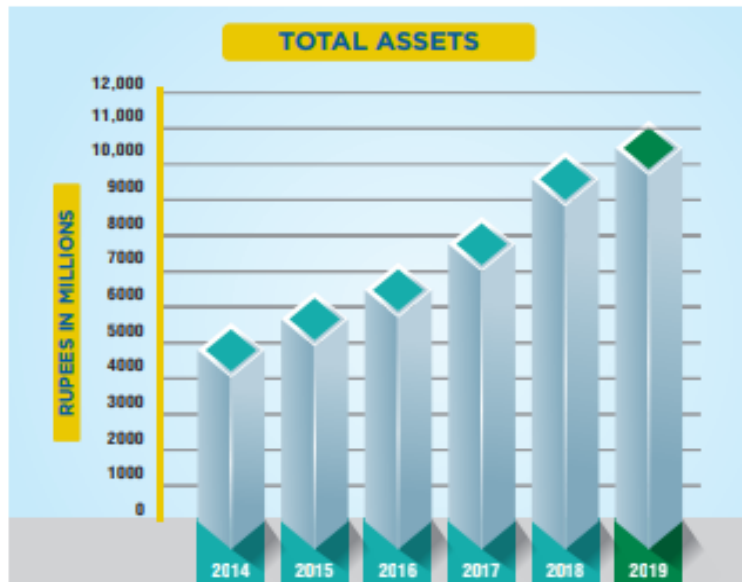


# Key Financial Data of Five Years

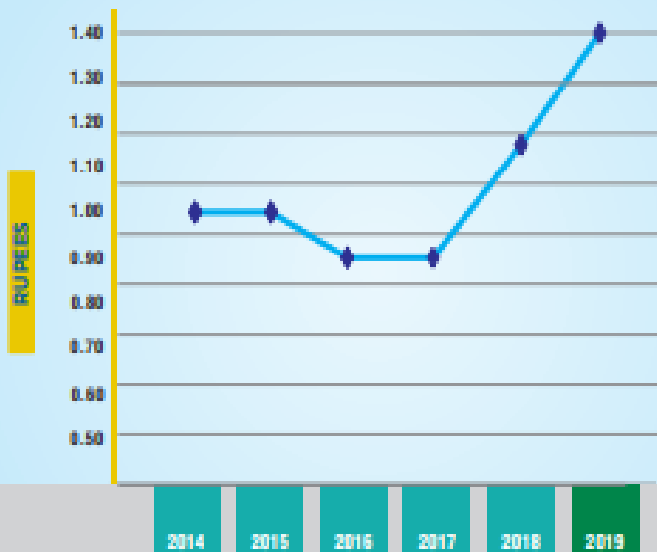
(Rupees in Million)

Key Financial Data	2019	2018	2017	2016	2015
Total Assets	11,124	10,279	8,367	7,161	6,394
Total Liabilities	7,487	6,718	4,895	3,845	3,136
Certificate Holders' Equity	3,512	3,442	3,354	3,262	3,185
Certificate of Musharaka	6,149	5,593	3,914	3,051	2,360
Net Profit	319.69	290.32	304.6	298.3	306.5
Earning Per Certificate (Rs.5 each)	1.59	1.44	1.46	1.48	1.52
Profit after tax ratio (%)	15.79	18.46	19.38	18.55	19.25
Return on equity (%)	9.1	8.43	9.08	9.14	9.62
Cash Dividend (%)	28	25	20	20	22
Dividend yield ratio(%)	14.88	11.63	9.13	9.52	10.58

# Graphical View of Financial Performance



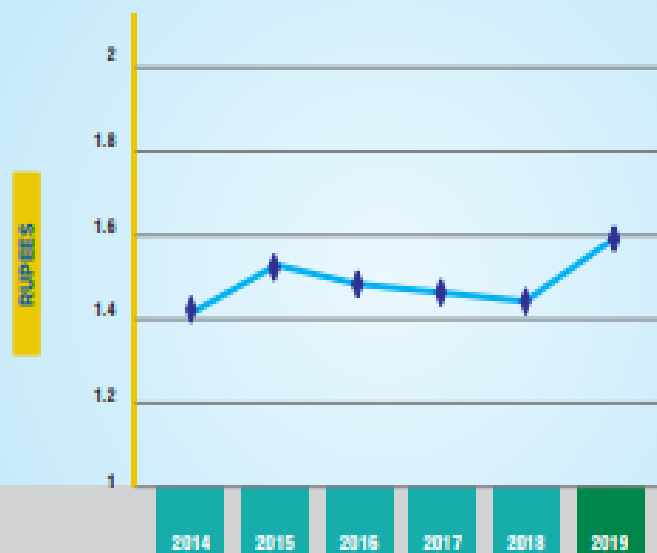
Dividend Per Certificate



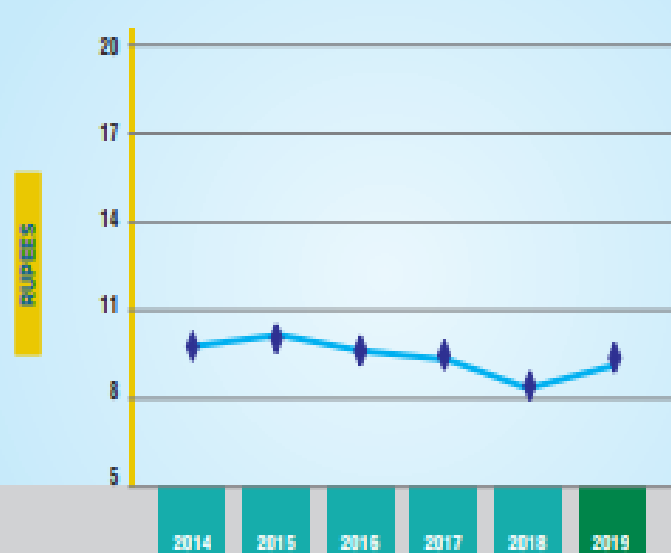
Net Asset Per Certificate



Earning per Certificate of Rs. 5/- each



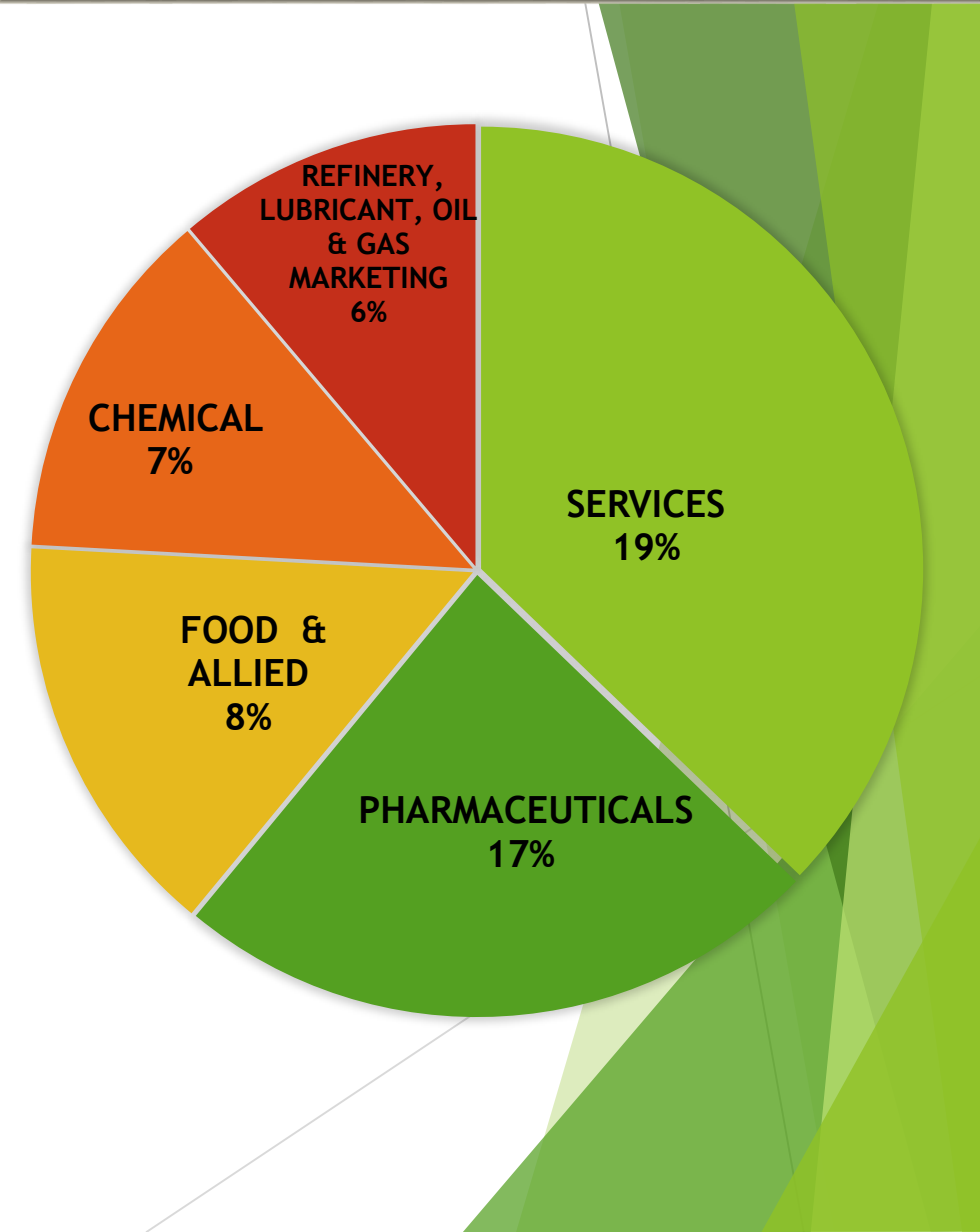
Return on Capital Employed



**CONSOLIDATED FINANCING POSITION AS AT**

	2019		2018	
Sector	Amount	% age	Amount	% age
SERVICES	1,807,116,764	18.67	1,795,839,435	21.13
PHARMACEUTICALS	1,677,465,684	17.33	1,149,118,918	13.52
FOOD & ALLIED	778,163,994	8.04	718,583,228	8.46
CHEMICAL	661,847,623	6.84	625,795,301	7.36
REFINERY, LUBRICANT, OIL & GAS MARKETING	596,813,151	6.17	539,817,806	6.35
INDIVIDUALS	575,464,904	5.95	303,473,696	3.57
COURIER LOGISTICS, CARGO SERVICES	442,493,304	4.57	474,608,579	5.58
AUTO & ALLIED	414,778,567	4.29	337,061,244	3.97
TEXTILE	352,101,567	3.64	293,063,701	3.45
STEEL & ENGINEERING	336,558,392	3.48	202,417,112	2.38
IT & TELECOM	286,498,264	2.96	238,024,849	2.8
ELECTRICAL GOODS & CABLES	279,917,995	2.89	310,866,942	3.66
EDUCATION	272,219,049	2.81	310,647,317	3.66
FERTILIZER	207,034,654	2.14	208,855,092	2.46
HEALTH CARE	174,860,471	1.81	199,347,254	2.35
CONSTRUCTION	159,943,915	1.65	168,229,830	1.98
FINANCIAL INSTITUTIONS	154,828,405	1.60	169,976,725	2.0
SUGAR ALLIED	139,310,550	1.44	126,001,423	1.48
OIL & GAS EXPLORATION	91,376,302	0.94	99,912,546	1.18
CEMENT	87,410,159	0.90	100,506,436	1.18
GLASS AND CERAMICS	54,336,317	0.56	50,954,658	0.6
PAPER AND BOARD	45,486,114	0.47	24,390,966	0.29
OTHERS	42,468,066	0.44	-	-
FUEL, POWER, AND ENERGY	25,602,010	0.26	36,458,853	0.43
LEATHER AND TENNARIES	15,180,401	0.16	14,808,824	0.17
<b>TOTAL</b>	<b>9,679,276,622</b>	<b>100</b>	<b>8,498,760,735</b>	<b>100</b>

**Top 5 Sectors**



# FUTURE PROSPECTS

# Future Prospects

Keeping in view of present economic and business circumstances, we have devised our future business strategy Business Outlook & Future Strategy in cautious and more prudent manner. Key points of our strategy would be as follows:

- ▶ Carefully move forward with our existing and new business engagements for new assets booking and financing.
- ▶ Need to enhance tools of risk management, appraisals & evaluation of credit proposals.
- ▶ Further strengthen risk assessment and internal controls parameters.
- ▶ Further strengthen compliance culture particularly regulatory and AML/CFT related compliances.
- ▶ Enhance capacity building and improve professional grooming of our team members.

In our financial results of 2018-19, our performance remained reasonably well. Our assets size grew by 8% and net profit was increased by 10%. We declared cash dividend of 28% for the period ended 30th June, 2019 which was the highest in the operational history of FHM. The above performance was achieved in difficult business operating environment and we are hopeful that Insha'Allah, we will be able to deliver satisfactory results in 2019-20 as well.

**Thank  
You**







Question  
&  
Answer