



HABIB METROPOLITAN BANK

[Subsidiary of Habib Bank AG Zurich]

Consolidated Accounts for the quarter ended
31 March 2013
(Un-Audited)

**CONSOLIDATED CONDENSED INTERIM
STATEMENT OF FINANCIAL POSITION (UN-AUDITED)**

AS AT 30 MARCH 2013

	Note	31 March 2013 (Un-Audited)	31 December, 2012 (Audited)
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		15,462,762	16,918,780
Balances with other banks	5	5,404,069	5,151,149
Lendings to financial institutions	6	4,000,000	-
Investments	7	138,093,307	160,733,315
Advances	8	115,450,852	106,910,727
Operating fixed assets	9	2,972,794	3,000,827
Deferred tax assets	10	2,703,354	2,275,081
Other assets		4,895,027	5,749,931
		288,982,165	300,739,810
LIABILITIES			
Bills payable		3,952,175	4,092,268
Borrowings	11	43,604,871	41,569,169
Deposits and other accounts	12	205,061,918	217,670,832
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		10,163,356	9,153,904
		262,782,320	272,486,173
NET ASSETS		26,199,845	28,253,637
REPRESENTED BY			
Share capital		10,478,315	10,478,315
Reserves		9,639,863	9,488,277
Unappropriated profit		4,614,154	6,100,791
		24,732,332	26,067,383
Surplus on revaluation of assets - net of tax	13	1,467,513	2,186,254
		26,199,845	28,253,637
CONTINGENCIES AND COMMITMENTS	14		

The annexed notes 1 to 19 form an integral part of these consolidated condensed interim financial statements.

KASSIM PAREKH
Chairman

SIRAJUDDIN AZIZ
President &
Chief Executive Officer

TARIQ IKRAM
Director

BASHIR ALI MOHAMMAD
Director

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

FOR THE QUARTER ENDED 31 MARCH 2013

	Note	2013	2012
		Rupees in '000	
Mark-up / return / interest earned		5,933,453	6,891,198
Mark-up / return / interest expensed		(3,995,182)	(4,724,486)
Net mark-up / interest income		1,938,271	2,166,712
Provision against non-performing loans and advances	8.3	658,562	713,895
Provision for diminution in the value of investments	7.1	(8,616)	4,778
Bad debts written-off directly		-	-
		(649,946)	(718,673)
Net mark-up / interest income after provisions		1,288,325	1,448,039
Non mark-up / interest income			
Fee, commission and brokerage income		554,766	523,416
Dividend income		35,029	271,985
Income from dealing in foreign currencies		285,730	281,740
Gain / (loss) on sale / redemption of securities		500,943	54,759
Unrealized gain / (loss) on revaluation of investments classified as 'held for trading'		-	-
Other income		57,682	59,078
Total non mark-up / interest income		1,434,150	1,190,978
		2,722,475	2,639,017
Non mark-up / interest expenses			
Administrative expenses		1,570,336	1,393,246
Other provisions / write-offs		-	-
Other charges		34,596	38,247
Total non mark-up / interest expenses		(1,604,932)	(1,431,493)
		1,117,543	1,207,524
Extra ordinary / unusual items		-	-
Profit before taxation		1,117,543	1,207,524
Taxation – Current		490,450	580,010
– Prior years		1	-
– Deferred		(133,492)	(214,085)
		(356,959)	(365,925)
Profit after taxation		760,584	841,599
Basic and diluted earnings per share (Rupees)	15	0.73	0.80

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Director

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

FOR THE QUARTER ENDED 31 MARCH 2013

	2013	2012
	— Rupees in '000 —	
Profit after taxation for the period	760,584	841,599
Other comprehensive income	—	—
Comprehensive income transferred to equity	760,584	841,599
Components of comprehensive income not reflected in equity		
Deficit on revaluation of investments	(1,012,597)	(118,364)
Deferred tax on revaluation of investments	293,856	70,050
	(718,741)	(48,314)
Total comprehensive income	41,843	793,285

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CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE QUARTER ENDED 31 MARCH 2013

	2013	2012
	Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,117,543	1,207,524
Less: Dividend income	(35,029)	(271,985)
	<u>1,082,514</u>	<u>935,539</u>
Adjustments		
Depreciation	111,738	110,341
Provision against non-performing loans and advances – net	658,562	713,895
Provision for diminution in the value of investments – net	(33,878)	2,752
Net (gain) on sale of fixed assets	(2,531)	(235)
	<u>733,891</u>	<u>826,753</u>
	<u>1,816,405</u>	<u>1,762,292</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	(4,000,000)	(7,824,034)
Advances	(9,198,687)	(3,130,411)
Other assets	854,031	540,530
	<u>(12,344,656)</u>	<u>(10,413,915)</u>
Increase / (decrease) in operating liabilities		
Bills payable	(140,093)	1,145,188
Borrowings	563,375	(17,777,937)
Deposits and other accounts	(12,608,914)	6,062,137
Other liabilities (excluding taxation and dividend)	61,072	(337,852)
	<u>(12,124,560)</u>	<u>(10,908,464)</u>
	<u>(22,652,811)</u>	<u>(19,560,087)</u>
Income tax paid	(536,410)	(619,174)
Net cash flows from operating activities	<u>(23,189,221)</u>	<u>(20,179,261)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	25,335,919	19,806,227
Net investments in held-to-maturity securities	(3,674,629)	–
Dividend received	35,029	271,985
Investments in operating fixed assets	(84,266)	(57,083)
Proceeds from sale of fixed assets	3,093	811
Net cash flows from investing activities	<u>21,615,146</u>	<u>20,021,940</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(1,101,350)	(33)
Net cash flows from financing activities	<u>(1,101,350)</u>	<u>(33)</u>
Decrease in cash and cash equivalents	<u>(2,675,425)</u>	<u>(157,354)</u>
Cash and cash equivalents at beginning of the period	21,266,748	15,700,061
Effect of exchange rate changes on cash and cash equivalents	164,770	29,746
Cash and cash equivalents at end of the period	<u>18,756,093</u>	<u>15,572,453</u>

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

FOR THE QUARTER ENDED 31 MARCH 2013

	Share Capital	Share premium	Reserves			Unappro- priated profit	Total
			Statutory reserve	Special reserve	Revenue reserve		
	Rupees in '000						
Balance as at 1 January 2012	10,478,315	2,550,985	4,516,372	240,361	1,500,000	4,960,068	24,246,101
Changes in equity for the period ended 31 March 2012							
Total comprehensive income (profit for the period)	-	-	-	-	-	841,599	841,599
Transactions with owners, recorded directly in equity							
Cash dividend (Rs. 1.50 per share)	-	-	-	-	-	(1,571,747)	(1,571,747)
Transferred to statutory reserve	-	-	168,000	-	-	(168,000)	-
Balance as at 31 March 2012	10,478,315	2,550,985	4,684,372	240,361	1,500,000	4,061,920	23,515,953
Changes in equity for the period ended 31 December 2012							
Total comprehensive income (profit for the period)	-	-	-	-	-	2,551,430	2,551,430
Transactions with owners, recorded directly in equity							
Transferred to statutory reserve	-	-	512,559	-	-	(512,559)	-
Balance as at 31 December 2012	10,478,315	2,550,985	5,196,931	240,361	1,500,000	6,100,791	26,067,383
Changes in equity for the period ended 31 March 2013							
Total comprehensive income (profit for the period)	-	-	-	-	-	760,584	760,584
Transactions with owners, recorded directly in equity							
Cash dividend (Rs. 2.00 per share)	-	-	-	-	-	(2,095,663)	(2,095,663)
Transferred to statutory reserve	-	-	151,586	-	-	(151,586)	-
Balance as at 31 March 2013	<u>10,478,315</u>	<u>2,550,985</u>	<u>5,348,517</u>	<u>240,361</u>	<u>1,500,000</u>	<u>4,614,126</u>	<u>24,732,304</u>

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

FOR THE QUARTER ENDED 31 MARCH 2013

1. STATUS AND NATURE OF BUSINESS

The Group comprises of Habib Metropolitan Bank Limited (holding company) and Habib Metropolitan Financial Services Limited (Wholly owned subsidiary company). The Group is engaged in providing Commercial Banking and Brokerage Services.

Habib Metropolitan Bank Limited (the holding company) was incorporated in Pakistan on 3 August 1992, as a public limited company, under the Companies Ordinance, 1984 and is engaged in commercial banking and related services. Its shares are listed on all the three stock exchanges in Pakistan. The holding company operates 143 (31 December 2012: 143) branches, including 4 (31 December 2012: 4) Islamic banking branches and 40 (31 December 2012: 40) sub branches in Pakistan. The holding company is a subsidiary of Habib Bank AG Zurich - Switzerland (ultimate parent company) which is incorporated in Switzerland. The registered office of the holding company is situated at Spencer's Building, I.I Chundrigar Road, Karachi.

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

2. BASIS OF PREPARATION

These consolidated condensed interim financial statements are presented in condensed form in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting. These consolidated condensed interim financial statements do not include all of the statements required for full financial statements and should be read in conjunction with the financial statements of the Group for the year ended 31 December 2012.

3. ACCOUNTING POLICIES AND ESTIMATES

- 3.1 The accounting policies and methods of computation followed 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 2012.
- 3.2 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 2012.
- 3.3 The revised IAS-19 "Employee Benefits" effective from 01 January 2013 has brought certain amendments as disclosed in note 6 to the consolidated financial statements for the year ended 31 December 2012. These amendments result in a change in the Bank's accounting policy related to recognition of actuarial gains and losses with retrospective application. In these financial statements, the impact of above changes has not been incorporated as the overall impact of the same is under review.

4. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Group are consistent with that disclosed in the financial statements of the Group for the year ended 31 December 2012.

5 BALANCES WITH OTHER BANKS	31 March 2013 (Un-Audited)	31 December 2012 (Audited)
	Rupees in '000	
In Pakistan		
Current accounts	415,663	361,861
Deposit accounts	6,009	12,556
	<u>421,672</u>	<u>374,417</u>
Outside Pakistan		
Current accounts	2,029,197	3,319,486
Deposit accounts	2,953,200	1,457,246
	<u>4,982,397</u>	<u>4,776,732</u>
	<u>5,404,069</u>	<u>5,151,149</u>
6. LENDINGS TO FINANCIAL INSTITUTIONS		
Call money lendings	<u>4,000,000</u>	<u>-</u>

7. INVESTMENTS

	31 March 2013 (Un-Audited)			31 December 2012 (Audited)		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
	Rupees in '000					
Available-for-sale securities						
Market treasury bills	56,227,241	9,259,629	65,486,870	81,775,464	15,095,547	96,871,011
Pakistan investment bonds	10,882,250	11,466,036	22,348,286	17,834,896	5,780,174	23,615,070
Ordinary shares of listed companies	859,882	–	859,882	849,818	–	849,818
Ordinary shares of unlisted companies	138,955	–	138,955	138,955	–	138,955
Preference shares of a listed company	40,000	–	40,000	40,000	–	40,000
Listed term finance certificates	1,003,470	–	1,003,470	1,082,970	–	1,082,970
Unlisted term finance certificates	751,130	–	751,130	784,718	–	784,718
Sukuk certificates and bonds	26,616,486	–	26,616,486	19,759,321	–	19,759,321
Open end mutual funds	10,868,578	–	10,868,578	10,298,235	–	10,298,235
Close end mutual funds	48,576	–	48,576	58,053	–	58,053
	107,436,568	20,725,665	128,162,233	132,622,430	20,875,721	153,498,151
Held-to-maturity securities						
Pakistan investment bonds	7,161,958	–	7,161,958	4,487,329	–	4,487,329
Certificate of investment	1,000,000	–	1,000,000	–	–	–
	115,598,526	20,725,665	136,324,191	137,109,759	20,875,721	157,985,480
Investments at cost						
Less: Provision for diminution in the value of investments	7.1 (240,364)	–	(240,364)	(274,242)	–	(274,242)
Investments – net of provisions	115,358,162	20,725,665	136,083,827	136,835,517	20,875,721	157,711,238
Surplus / (deficit) on revaluation of available-for-sale securities – net	13 3,241,524	(1,232,044)	2,009,480	3,659,925	(637,848)	3,022,077
Investments after revaluation of available-for-sale securities	118,599,686	19,493,621	138,093,307	140,495,442	20,237,873	160,733,315

	Notes	31 March 2013 (Un-Audited)	31 December 2012 (Audited)
Rupees in '000			
7.1 Particulars of provision for diminution in the value of investments			
Opening balance		274,242	338,722
Charge for the period / year		-	42,252
Recovered during the period / year		(8,616)	(9,753)
Net charge for the period / year		(8,616)	32,499
Reversal of provision upon disposal of investments		(25,262)	(67,786)
Investment written off during the period / year		-	(29,193)
Closing balance		240,364	274,242
8. ADVANCES			
Loans, cash credits, running finances, etc.			
In Pakistan		102,409,035	99,708,381
Net investments in finance lease / ijarah financing			
In Pakistan		448,295	488,868
Net assets in ijarah under IFAS 2		312,127	350,465
Bills discounted and purchased (excluding Market Treasury Bills)			
Payable in Pakistan		5,059,221	4,555,113
Payable outside Pakistan		20,218,948	14,196,896
		25,278,169	18,752,009
Advances - gross		128,447,626	119,299,723
Provision against non-performing advances			
- specific		(12,484,165)	(12,035,322)
- general		(512,609)	(353,674)
	8.3	(12,996,774)	(12,388,996)
Advances - net of provisions		115,450,852	106,910,727

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- 8.1 Advances include Rs. 17,649,522 thousand (31 December 2012: Rs. 17,729,487 thousand) which have been placed under non-performing status as detailed below:

Category of Classification	31 March 2013 (Un-Audited)		
	Classified advances	Provision Required	Provision Held
	Rupees in '000's		
Substandard	61,137	629	629
Doubtful	1,604,846	466,193	466,193
Loss	15,983,539	12,017,343	12,017,343
	<u>17,649,522</u>	<u>12,484,165</u>	<u>12,484,165</u>

Category of Classification	31 December 2012 (Audited)		
	Classified advances	Provision Required	Provision Held
	Rupees in '000's		
Substandard	154,747	34,369	34,369
Doubtful	2,246,483	673,447	673,447
Loss	15,328,257	11,327,506	11,327,506
	<u>17,729,487</u>	<u>12,035,322</u>	<u>12,035,322</u>

- 8.2 In accordance with BSD Circular No. 1 dated 21 October 2011 issued by the State Bank of Pakistan, during the quarter, the benefit of FSV against the non-performing advances (excluding consumer housing finance portfolio) availed by the Bank has reduced. Had this reduction in benefit of FSV not been taken by the Bank, the specific provision against non-performing advances for the quarter would have been lower by Rs. 370,362 thousand (31 March 2012: higher by Rs. 515,203 thousand) and profit after taxation for the quarter ended 31 March 2013 would have been higher by approximately Rs. 240,735 thousand (31 March 2012: lower by Rs. 334,882 thousand). As of 31 March 2013, had the benefit of FSVs not taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 4,084,503 thousand (31 December 2012: Rs. 4,454,865 thousand) and accumulated profit would have been lower by Rs. 2,654,927 thousand (31 December 2012: Rs. 2,895,662 thousand). This amount of Rs. 2,654,927 thousand is not available for the distribution of cash and stock dividend to the shareholders.

- 8.3 Particulars of specific provision against non-performing advances:

	31 March 2013 (Un-Audited)			31 December 2012 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	12,035,322	353,674	12,388,996	9,928,671	94,263	10,022,934
Charge for the period / year	666,394	158,935	825,329	3,575,401	259,411	3,834,812
Reversals	(166,767)	-	(166,767)	(1,173,564)	-	(1,173,564)
Net charge for the period / year	499,627	158,935	658,562	2,401,837	259,411	2,661,248
Amount written off	(50,784)	-	(50,784)	(295,186)	-	(295,186)
Closing balance	<u>12,484,165</u>	<u>512,609</u>	<u>12,996,774</u>	<u>12,035,322</u>	<u>353,674</u>	<u>12,388,996</u>

8.4 General provision includes provision of Rs. 4,515 thousand (31 December 2012: Rs. 5,385 thousand) made against consumer portfolio in accordance with the Prudential Regulations issued by SBP at 1.5% of fully secured and at 5% of the unsecured consumer portfolio.

9. OPERATING FIXED ASSETS

During the current period, additions and disposals in operating fixed assets amounted to Rs. 49,396 thousand (31 March 2012: Rs. 7,597 thousand) and Rs. 561 thousand (31 March 2012: Rs. 576 thousand) respectively.

10. DEFERRED TAX ASSETS

Through Finance Act, 2010 certain amendments have been introduced in 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 upto 1% of such total gross advances. Further a new Rule 8(A) has been introduced in Seventh Schedule to allow 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. 3,548,384 thousand (31 December 2012: Rs. 3,424,087 thousand).

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	31 March 2013	31 December 2012
	(Un-Audited)	(Audited)
	Rupees in '000	
11. BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan		
– under export refinance scheme	19,371,651	18,810,750
– under long term financing – export oriented projects	277,209	331,383
– under long term financing facility – locally manufactured plant and machinery	1,665,683	1,567,889
	21,314,543	20,710,022
Repurchase agreement borrowings	19,479,590	20,220,736
	40,794,133	40,930,758
Unsecured		
Call borrowings	700,000	–
Overdrawn nostro accounts	2,014,217	514,541
Overdrawn local bank accounts	96,521	123,870
	2,810,738	638,411
	43,604,871	41,569,169
12. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	88,328,444	93,541,355
Saving deposits	56,770,152	54,785,453
Current accounts (non-remunerative)	53,357,621	53,335,479
Others	2,726,099	2,369,674
	201,182,316	204,031,961
Financial Institutions		
Remunerative deposits	3,348,537	13,169,786
Non-remunerative deposits	531,065	469,085
	3,879,602	13,638,871
	205,061,918	217,670,832

	31 March 2013 (Un-Audited)	31 December 2012 (Audited)
	Rupees in '000	
13. SURPLUS ON REVALUATION OF ASSETS – NET OF TAX		
Available-for-sale securities:		
Federal Government Securities		
Market Treasury Bills	67,062	371,564
Pakistan Investment Bonds	1,223,053	1,588,221
GOP Ijarah Sukuk	52,379	159,938
Fully paid-up ordinary shares of listed companies	106,264	173,555
Fully paid-up preference shares of a listed company	2,000	2,561
Term finance certificates, sukuk certificates and bonds		
Listed term finance certificates	5,423	10,814
Unlisted term finance certificates	–	7,745
Sukuk certificates / bonds	16,160	(3,819)
Mutual funds		
Open end	508,020	678,683
Close end	29,119	32,815
	<u>2,009,480</u>	<u>3,022,077</u>
Related deferred tax liability - net	(541,967)	(835,823)
	<u>1,467,513</u>	<u>2,186,254</u>
14. CONTINGENCIES AND COMMITMENTS		
14.1 Direct credit substitutes		
Bank guarantees of indebtedness in favour of banking companies and other financial institutions	41,506	47,341
14.2 Transaction-related contingent liabilities		
Includes performance bonds, bid bonds, advance payment guarantees and shipping guarantees favouring:		
i) Government	13,694,165	12,770,916
ii) Banking companies and other financial institutions	112,425	121,472
iii) Others	2,811,544	2,896,002
	<u>16,618,134</u>	<u>15,788,390</u>
14.3 Trade-related contingent liabilities		
Letters of credit	47,553,433	51,509,313
Acceptances	10,485,286	7,993,332

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	31 March 2103 (Un-Audited)	31 December 2012 (Audited)
	Rupees in '000	
14.4 Commitments in respect of forward exchange contracts		
Purchase	<u>42,459,869</u>	<u>45,136,165</u>
Sale	<u>50,424,080</u>	<u>51,020,826</u>
14.5 Commitments in respect of operating leases		
Not later than one year	<u>9,177</u>	<u>7,578</u>
Later than one year and not later than five years	<u>10,473</u>	<u>8,111</u>
	<u>19,650</u>	<u>15,689</u>
14.6 Commitments for the acquisition of operating fixed assets	<u>38,572</u>	<u>35,018</u>
14.7 Claims against the Bank not acknowledged as debt	<u>2,332,580</u>	<u>2,332,580</u>
14.8 Commitments in respect of forward lendings		
The Bank 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.		
14.9 Taxation		
Income tax assessments of the Bank have been finalised upto the tax year 2008 (corresponding to the accounting year ended 31 December 2007). Certain appeals are pending for the tax years 2009, 2010, 2011 and 2012 (corresponding to the accounting years ended 31 December 2008, 2009, 2010 and 2011). However, adequate provisions are being held by the Bank.		
15. BASIC AND DILUTED EARNINGS PER SHARE		
	31 March 2013	31 March 2012
	(Un-Audited) Rupees in '000	
Profit after taxation	<u>760,584</u>	<u>841,599</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>0.73</u>	<u>0.80</u>

16. 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.

	31 March 2013 (Un-Audited)					Total
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	
	Rupees in '000					
Deposits						
At beginning of the year	91,390	3,348,079	24,338	137,955	1,830,080	5,431,842
Received during the year	3,041,805	164,707,920	30,907	32,385	1,079,458	168,892,475
Repaid during the year	(3,050,301)	(161,340,157)	(29,744)	(32,177)	(1,050,862)	(165,503,241)
At end of the period	<u>82,894</u>	<u>6,715,842</u>	<u>25,501</u>	<u>138,163</u>	<u>1,858,676</u>	<u>8,821,076</u>
Advances						
At beginning of the year	-	1,602,820	26,101	-	-	1,628,921
Disbursed during the year	-	3,565,915	238	-	-	3,566,153
Recovered during the year	-	(3,390,734)	(7,299)	-	-	(3,398,033)
At end of the period	<u>-</u>	<u>1,778,001</u>	<u>19,040</u>	<u>-</u>	<u>-</u>	<u>1,797,041</u>
Bank balances held by the Bank	<u>1,582</u>	<u>907,753</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>909,335</u>
Overdrawn bank balances held by the Bank	<u>911,977</u>	<u>299,490</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,211,467</u>
Mark-up/return/interest receivable	<u>-</u>	<u>8,817</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,817</u>
Mark-up/return/interest payable	<u>-</u>	<u>63,038</u>	<u>543</u>	<u>1,055</u>	<u>136,298</u>	<u>200,934</u>
Management fee payable for technical and consultancy services*	<u>194,162</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>194,162</u>
Prepayments /Advance deposits	<u>-</u>	<u>12,458</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,458</u>
Transaction-related contingent liabilities	<u>-</u>	<u>1,527,595</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,527,595</u>
Trade-related contingent liabilities	<u>-</u>	<u>1,817,613</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,817,613</u>
Advance received against prepaid card	<u>-</u>	<u>3,923</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,923</u>
Advance received against insurance premium	<u>-</u>	<u>316</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>316</u>
Receivable / (payable) against purchase / (sale) of securities	<u>-</u>	<u>(3)</u>	<u>240</u>	<u>-</u>	<u>-</u>	<u>237</u>

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

31 December 2012 (Audited)

	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000					
Deposits						
At beginning of the year	178,264	4,880,012	60,025	73,571	1,548,662	6,740,534
Received during the year	15,500,722	815,009,513	407,791	668,410	4,862,281	836,448,717
Repaid during the year	(15,587,596)	(816,541,446)	(443,478)	(604,026)	(4,580,863)	(837,757,409)
At end of the period	91,390	3,348,079	24,338	137,955	1,830,080	5,431,842
Advances						
At beginning of the year	-	1,776,952	31,193	-	-	1,808,145
Disbursed during the year	-	28,892,000	6,245	-	-	28,898,245
Recovered during the year	-	(29,066,132)	(11,337)	-	-	(29,077,469)
At end of the period	-	1,602,820	26,101	-	-	1,628,921
Investment	-	53,642	-	-	-	53,642
Bank balances held by the Bank	77,497	1,980,921	-	-	-	2,058,418
Overdrawn bank balances held by the Bank	-	246,158	-	-	-	246,158
Mark-up/return/interest receivable	-	11,330	-	-	-	11,330
Mark-up/return/interest payable	-	41,072	810	1,292	118,082	161,256
Management fee payable for technical and consultancy services*	159,288	-	-	-	-	159,288
Prepayments /Advance deposits	-	26,164	-	-	-	26,164
Transaction-related contingent liabilities	-	1,456,588	-	-	-	1,456,588
Trade-related contingent liabilities	-	1,814,176	-	-	-	1,814,176
Advance received against prepaid card	-	6,640	-	-	-	6,640
Advance received against insurance premium	-	316	-	-	-	316
Receivable / (payable) against purchase / (sale) of securities	-	34,936	257	-	-	35,193

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

Transactions during the period	For the period ended 31 March 2013 (Un-Audited)					Total
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	
	Rupees in '000					
Mark-up/return/interest earned	-	12,823	553	-	-	13,376
Mark-up/return/interest expensed	-	133,852	543	2,232	46,926	183,553
Commission/brokerage/bank charges recovered	-	11,709	13	-	-	11,722
Commission/brokerage/bank charges paid	40	333	-	-	-	373
Rent income	-	297	-	-	-	297
Gain on sale / redemption of securities	-	11,366	-	-	-	11,366
Salaries and allowances	-	-	42,196	-	-	42,196
Directors' fees	-	-	-	2,410	-	2,410
Contribution to defined benefit plan	-	-	-	-	26,400	26,400
Contribution to defined contribution plan	-	-	-	-	25,222	25,222
Rent expenses	-	4,695	-	-	-	4,695
Insurance premium expenses	-	15,678	-	-	-	15,678
Maintenance, electricity, stationery & entertainment expenses	-	11,479	-	-	-	11,479
Management fee expense for technical and consultancy services*	34,874	-	-	-	-	34,874
Donation paid	-	480	-	-	-	480
Professional / other charges paid	-	947	-	-	-	947

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

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Transactions during the period	For the period ended 31 March 2012 (Un-Audited)					Total
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	
	Rupees in '000					
Mark-up/return/interest earned	-	18,625	622	-	-	19,247
Mark-up/return/interest expensed	-	128,538	1,583	1,697	41,938	173,756
Commission/brokerage/bank charges recovered	676	3,775	10	-	-	4,461
Commission/brokerage/bank charges paid	262	315	-	-	-	577
Rent income	-	270	-	-	-	270
Salaries and allowances	-	-	45,487	-	-	45,487
Directors' fees	-	-	-	1,520	-	1,520
Contribution to defined benefit plan	-	-	-	-	19,500	19,500
Contribution to defined contribution plan	-	-	-	-	23,152	23,152
Rent expenses	-	4,455	-	-	-	4,455
Insurance premium expenses	-	8,334	-	-	-	8,334
Maintenance, electricity, stationery & entertainment expenses	-	9,616	-	-	-	9,616
Management fee expense for technical and consultancy services*	45,199	-	-	-	-	45,199
Donation paid	-	480	-	-	-	480
Professional / other charges paid	-	2,460	-	-	-	2,460

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

17. KEY ISLAMIC BANKING OPERATIONS

17.1 The Bank is operating 4 (31 December 2012: 4) Islamic banking branches in Pakistan. The statement of financial position of these branches as at 31 March 2013 is as follows:

	Note	31 March 2013 (Un-Audited)	31 December 2012 (Audited)
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2013			
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		777,454	1,071,902
Balances with other banks		-	-
Due from financial institutions		-	-
Investments		13,684,879	16,401,280
Islamic financing and related assets	A-2	4,748,872	5,312,433
Operating fixed assets		12,396	13,358
Deferred tax assets		-	-
Other assets		852,824	862,624
		20,076,425	23,661,597
LIABILITIES			
Bills payable		57,868	141,298
Due to financial institutions		258,780	348,600
Deposits and other accounts			
- Current accounts		1,765,111	1,764,052
- Saving accounts		4,268,644	4,534,734
- Term deposits		10,049,404	10,240,495
- Others		91,301	106,287
- Deposits from financial institutions - remunerative		1,727,787	3,930,165
- Deposits from financial institutions - non remunerative		4,748	1,607
		17,906,995	20,577,340
Due to head office		-	-
Other liabilities		696,994	905,466
		18,920,637	21,972,704
NET ASSETS		1,155,788	1,688,893
REPRESENTED BY			
Islamic banking fund		1,002,461	1,002,429
Reserves		-	-
Unappropriated / unremitted profit		100,948	546,851
		1,103,409	1,549,280
Surplus on revaluation of assets		52,379	139,613
		1,155,788	1,688,893
17.2 CHARITY FUND			
Opening balance		-	10
Additions during the period / year		-	211
Payments / utilization during the period / year		-	(221)
Closing Balance		-	-

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	31 March 2013 (Un-Audited)	31 March 2012 (Un-Audited)
	Rupees in '000	
17.3 REMUNERATION TO SHARIAH ADVISOR / BOARD	<u>459</u>	<u>421</u>
	31 March 2013 (Un-Audited)	31 December 2012 (Audited)
	Rupees in '000	
A-2 ISLAMIC FINANCING AND RELATED ASSETS		
Financings / investments / receivables		
- Murabaha	3,491,000	3,811,939
- Ijarah	372,261	422,920
- Diminishing musharaka	497,710	614,446
- Export refinance murabaha	258,780	343,176
- Foreign documentary bills purchased	-	-
- Receivable from customer against murabaha	-	14,784
	<u>4,619,751</u>	<u>5,207,265</u>
Advances		
- Advance against murabaha	88,627	100,657
- Advance against ijarah	1,904	4,511
- Advance against diminishing musharika	38,590	-
	<u>129,121</u>	<u>105,168</u>
	<u>4,748,872</u>	<u>5,312,433</u>
A-2.1 Islamic mode of financing		
Financings / investments / receivables	4,619,751	5,207,265
Advances	129,121	105,168
	<u>4,748,872</u>	<u>5,312,433</u>

18. GENERAL

The figures have been rounded off to the nearest thousand rupees.

19. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue by the Board of Directors on 19 April 2013.

KASSIM PAREKH
Chairman

SIRAJUDDIN AZIZ
President &
Chief Executive Officer

TARIQ IKRAM
Director

BASHIR ALI MOHAMMAD
Director