

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

هَذَا مِنْ فَضْلِ رَبِّي



**HABIB METROPOLITAN BANK**

[ Subsidiary of Habib Bank AG Zurich ]

# Our Vision



Based on a foundation of trust,  
to be the most respected financial institution,  
delighting customers with excellence,  
enjoying the loyalty of a dedicated team,  
meeting the expectations of regulators and  
participating in social causes while  
providing superior returns to shareholders

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**BOARD OF DIRECTORS**

**CHAIRMAN**

Kassim Parekh

**PRESIDENT & CHIEF EXECUTIVE OFFICER**

Sirajuddin Aziz

**DIRECTORS**

Ali S. Habib

Bashir Ali Mohammad

Mohamedali R. Habib\*

Muhammad H. Habib

Tariq Ikram

Wazir Ali Khoja

\* Executive Director

**AUDIT COMMITTEE**

Ali S. Habib

Kassim Parekh

Tariq Ikram

**COMPANY SECRETARY**

Fuzail Abbas

**SHARE REGISTRAR**

Noble Computer Services (Private) Limited  
First Floor, Siddiqsons Tower,  
3-Jinnah C.H. Society, Main Shahrah-e-Faisal,  
Karachi 75350.

## Directors' Review

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On behalf of the Board of Directors of Habib Metropolitan Bank, I am pleased to present our un-audited accounts for the nine months period ended September 30, 2012.

I am pleased to announce that your Bank is celebrating 20 years of service and am thankful to all our stakeholders for the continuing trust and confidence enjoyed by us during these years.

During the first quarter of the current fiscal year, structural issues of the economy continue to manifest themselves in the form of energy crises, muted aggregate demand, fiscal deficit and the ensuing fiscal borrowing. Increased remittance inflows and receipt of USD 1.12 billion Coalition Support Funds provided breathing space to the external account and enabled a surplus of \$884 million in the first two months of the current fiscal.

Inflationary pressures eased in the period under review - and provided much needed economic comfort - with inflation for the first quarter of the current fiscal at around 9.14%. Earlier in the first quarter of the current fiscal, the SBP had revised the policy rate downward by 150 basis points to 10.50%. In a more recent decision, the Regulator has further reduced the discount rate by 50 basis points, to 10%. The alleviation in inflationary pressures witnessed in the economy in recent quarters emerged as a major driver of this decision.

Despite challenging conditions, by the Grace of Allah, HabibMetro's deposit base stood at Rs. 216.55 billion and exhibited a year-to-date growth of 16%. Meanwhile, in line with the depressed economic condition, the Bank's gross advances remained flat.

The Bank's profitability remained buoyant, with year-on-year growth of 36.8% as the Bank posted a profit-before-tax of Rs. 4.14 billion at the end of September 2012. The performance translates into post tax earnings per share (EPS) of Rs. 2.68. At September-end, Bank's net equity stands at Rs. 25.47 billion with a comfortable 16.76% capital adequacy level (Basel II) against the required 10%.

HabibMetro 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 11th 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's branch network further strengthened and increased with the addition of 10 branches during the quarter under review. At the end of Sep '12, the Bank's branch count stood at 175 branches, with 8 more branches to be opened in the ongoing concluding quarter. Our call centre "HabibMetro Connect" with a toll free contact number 0800 HABIB (42242), is the Bank's centre point of contact and provides services round the clock.

## HABIBMETRO

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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. Finally yet importantly, I would like to thank the staff of HabibMetro for their continued dedication and hard work in improving their Bank's performance.

On behalf of the Board

**Sirajuddin Aziz**  
President & Chief Executive Officer

Karachi: October 24, 2012

## Unconsolidated Condensed Interim Statement of Financial Position (Un-audited)

As at 30 September 2012

|  | Note | 30 September<br>2012<br>(Un-Audited) | 31 December,<br>2011<br>(Audited) |
|--|------|--------------------------------------|-----------------------------------|
| Rupees in '000   |      |                                      |                                   |
| <b>ASSETS</b>  |      |                                      |                                   |
| Cash and balances with treasury banks                  |      | 14,669,008                           | 14,233,690                        |
| Balances with other banks                              | 5    | 4,769,933                            | 3,551,591                         |
| Lendings to financial institutions                     | 6    | 7,269,839                            | 2,361,754                         |
| Investments  | 7    | 156,423,812                          | 147,524,622                       |
| Advances   | 8    | 108,408,537                          | 109,656,714                       |
| Operating fixed assets                                 | 9    | 2,994,491                            | 3,195,886                         |
| Deferred tax assets                                    | 10   | 1,788,395                            | 2,019,809                         |
| Other assets   |      | 4,787,261                            | 5,675,292                         |
|  |      | <b>301,111,276</b>                   | <b>288,219,358</b>                |
| <b>LIABILITIES</b>                                     |      |                                      |                                   |
| Bills payable  |      | 4,359,676                            | 3,733,794                         |
| Borrowings   | 11   | 44,521,957                           | 66,641,226                        |
| Deposits and other accounts                            | 12   | 216,548,633                          | 185,399,802                       |
| Sub-ordinated loans                                    |      | -                                    | -                                 |
| Liabilities against assets subject to finance lease    |      | -                                    | -                                 |
| Deferred tax liabilities                               |      | -                                    | -                                 |
| Other liabilities                                      |      | 8,238,188                            | 7,871,028                         |
|  |      | <b>273,668,454</b>                   | <b>263,645,850</b>                |
| <b>NET ASSETS</b>                                      |      | <b>27,442,822</b>                    | <b>24,573,508</b>                 |
| <b>REPRESENTED BY</b>                                  |      |                                      |                                   |
| Share capital  |      | 10,478,315                           | 10,478,315                        |
| Reserves   |      | 9,368,718                            | 8,807,718                         |
| Unappropriated profit                                  |      | 5,623,127                            | 4,949,767                         |
|  |      | <b>25,470,160</b>                    | <b>24,235,800</b>                 |
| Surplus on revaluation of assets - net of deferred tax | 13   | 1,972,662                            | 337,708                           |
|  |      | <b>27,442,822</b>                    | <b>24,573,508</b>                 |
| <b>CONTINGENCIES AND COMMITMENTS</b>                   |      |                                      |                                   |
|  | 14   |                                      |                                   |

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

**SIRAJUDDIN AZIZ**  
President &  
Chief Executive Officer

**MOHAMEDALI R. HABIB**  
Director

**TARIQ IKRAM**  
Director

**BASHIR ALI MOHAMMAD**  
Director

**Unconsolidated Condensed Interim  
Profit and Loss Account (Un-audited)**

For the nine months and quarter ended 30 September 2012

**HABIBMETRO**

|   | 30 September 2012  |                     | 30 September 2011 |                   |
|---|--------------------|---------------------|-------------------|-------------------|
|   | Quarter ended      | Nine months ended   | Quarter ended     | Nine months ended |
|   | Rupees in '000     |                     |                   |                   |
| <b>Mark-up / return / interest earned</b>   | <b>7,030,445</b>   | <b>20,291,307</b>   | 6,825,469         | 19,692,171        |
| <b>Mark-up / return / interest expensed</b>   | <b>(4,896,879)</b> | <b>(13,832,826)</b> | (4,792,904)       | (14,040,695)      |
| Net mark-up / interest income   | <b>2,133,566</b>   | <b>6,458,481</b>    | 2,032,565         | 5,651,476         |
| Provision against non-performing loans and advances                                     | <b>631,633</b>     | <b>2,027,803</b>    | 692,970           | 2,333,135         |
| Provision for diminution in the value of investments                                    | <b>(10,469)</b>    | <b>5,719</b>        | 2,977             | 53,404            |
| Bad debts written-off directly  | -                  | -                   | -                 | -                 |
|   | <b>(621,164)</b>   | <b>(2,033,522)</b>  | (695,947)         | (2,386,539)       |
| Net mark-up / interest income after provisions  | <b>1,512,402</b>   | <b>4,424,959</b>    | 1,336,618         | 3,264,937         |
| <b>Non mark-up / interest income</b>  |                    |                     |                   |                   |
| Fee, commission and brokerage income  | <b>517,214</b>     | <b>1,565,098</b>    | 395,595           | 1,287,517         |
| Dividend income   | <b>19,632</b>      | <b>613,720</b>      | 227,547           | 802,078           |
| Income from dealing in foreign currencies   | <b>422,096</b>     | <b>1,001,461</b>    | 288,879           | 1,092,613         |
| Gain / (loss) on sale / redemption of securities  | <b>340,351</b>     | <b>647,330</b>      | (8,024)           | 208,523           |
| Unrealized gain / (loss) on revaluation of investments classified as 'held for trading' | -                  | -                   | -                 | -                 |
| Other income  | <b>71,794</b>      | <b>224,767</b>      | 59,325            | 175,793           |
| Total non mark-up / interest income   | <b>1,371,087</b>   | <b>4,052,376</b>    | 963,322           | 3,566,524         |
|   | <b>2,883,489</b>   | <b>8,477,335</b>    | 2,299,940         | 6,831,461         |
| <b>Non mark-up / interest expenses</b>  |                    |                     |                   |                   |
| Administrative expenses   | <b>1,451,196</b>   | <b>4,206,683</b>    | 1,201,164         | 3,704,175         |
| Other provisions / write-offs   | <b>59,805</b>      | <b>59,805</b>       | -                 | -                 |
| Other charges   | <b>(8,347)</b>     | <b>70,830</b>       | 40,026            | 100,574           |
| Total non mark-up / interest expenses   | <b>(1,502,654)</b> | <b>(4,337,318)</b>  | (1,241,190)       | (3,804,749)       |
|   | <b>1,380,835</b>   | <b>4,140,017</b>    | 1,058,750         | 3,026,712         |
| Extra ordinary / unusual items  | -                  | -                   | -                 | -                 |
| <b>Profit before taxation</b>   | <b>1,380,835</b>   | <b>4,140,017</b>    | 1,058,750         | 3,026,712         |
| Taxation – Current  | <b>577,947</b>     | <b>1,811,704</b>    | 473,422           | 1,502,074         |
| – Prior years   | -                  | -                   | -                 | -                 |
| – Deferred  | <b>(128,446)</b>   | <b>(477,794)</b>    | (157,842)         | (651,387)         |
|   | <b>(449,501)</b>   | <b>(1,333,910)</b>  | (315,580)         | (850,687)         |
| <b>Profit after taxation</b>  | <b>931,334</b>     | <b>2,806,107</b>    | 743,170           | 2,176,025         |
| <b>Basic earnings per share (Rupees) - Note 15</b>                                      | <b>0.89</b>        | <b>2.68</b>         | 0.71              | 2.08              |

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

**SIRAJUDDIN AZIZ**  
President &  
Chief Executive Officer

**MOHAMEDALI R. HABIB**  
Director

**TARIQ IKRAM**  
Director

**BASHIR ALI MOHAMMAD**  
Director

## Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)

For the nine months and quarter ended 30 September 2012

|   | 30 September 2012 |                   | 30 September 2011 |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | Quarter ended     | Nine months ended | Quarter ended     | Nine months ended |
|   | Rupees in '000    |                   |                   |                   |
| Profit after taxation for the period                              | 931,334           | 2,806,107         | 743,170           | 2,176,025         |
| Other comprehensive income  | -                 | -                 | -                 | -                 |
| <b>Comprehensive income transferred to equity</b>                 | <b>931,334</b>    | <b>2,806,107</b>  | <b>743,170</b>    | <b>2,176,025</b>  |
| <b>Components of comprehensive income not reflected in equity</b> |                   |                   |                   |                   |
| Surplus on revaluation of investments                             | 2,643,133         | 2,344,162         | 1,009,549         | 1,253,328         |
| Deferred tax on revaluation of investments                        | (845,584)         | (709,208)         | (351,891)         | (478,279)         |
|   | 1,797,549         | 1,634,954         | 657,658           | 775,049           |
| <b>Total comprehensive income</b>                                 | <b>2,728,883</b>  | <b>4,441,061</b>  | <b>1,400,828</b>  | <b>2,951,074</b>  |

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

**SIRAJUDDIN AZIZ**  
President &  
Chief Executive Officer

**MOHAMEDALI R. HABIB**  
Director

**TARIQ IKRAM**  
Director

**BASHIR ALI MOHAMMAD**  
Director

Unconsolidated Condensed Interim  
Cash Flow Statement (Un-audited)  
For the nine months ended 30 September 2012

**HABIBMETRO**

|   | 30 September<br>2012 | 2011                |
|---|----------------------|---------------------|
|   | Rupees in '000       |                     |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                 |                      |                     |
| Profit before taxation                                      | 4,140,017            | 3,026,712           |
| Less: Dividend income                                       | (613,720)            | (802,078)           |
|   | <u>3,526,297</u>     | <u>2,224,634</u>    |
| <b>Adjustments</b>  |                      |                     |
| Depreciation  | 339,189              | 294,359             |
| Provision against non-performing loans and advances – net   | 2,027,803            | 2,333,135           |
| Provision for diminution in the value of investments – net  | (26,039)             | 42,332              |
| Net (gain) on sale of fixed assets                          | (14,866)             | (1,024)             |
|   | <u>2,326,087</u>     | <u>2,668,802</u>    |
|   | 5,852,384            | 4,893,436           |
| <b>(Increase) / decrease in operating assets</b>            |                      |                     |
| Lendings to financial institutions                          | (4,908,085)          | (2,308,726)         |
| Advances  | (779,626)            | 12,913,899          |
| Other assets  | 888,031              | 737,893             |
|   | <u>(4,799,680)</u>   | <u>11,343,066</u>   |
| <b>Increase / (decrease) in operating liabilities</b>       |                      |                     |
| Bills payable   | 625,882              | 1,305,180           |
| Borrowings  | (20,960,623)         | 11,779,517          |
| Deposits and other accounts                                 | 31,148,831           | 10,617,574          |
| Other liabilities (excluding taxation and dividend)         | 381,889              | 712,650             |
|   | <u>11,195,979</u>    | <u>24,414,921</u>   |
|   | 12,248,683           | 40,651,423          |
| Income tax paid   | (1,828,363)          | (1,556,436)         |
| <b>Net cash flows from operating activities</b>             | <u>10,420,320</u>    | <u>39,094,987</u>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                 |                      |                     |
| Net investments in available-for-sale securities            | (2,046,682)          | (38,974,402)        |
| Net investments in held-to-maturity securities              | (4,482,307)          | (550,000)           |
| Dividend received   | 613,720              | 802,078             |
| Investments in operating fixed assets                       | (226,178)            | (336,466)           |
| Proceeds from sale of fixed assets                          | 103,250              | 3,260               |
| <b>Net cash flows from investing activities</b>             | <u>(6,038,197)</u>   | <u>(39,055,530)</u> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                 |                      |                     |
| Dividend paid   | (1,569,817)          | (1,048)             |
| <b>Net cash flows from financing activities</b>             | <u>(1,569,817)</u>   | <u>(1,048)</u>      |
| <b>Increase/ (decrease) in cash and cash equivalents</b>    | 2,812,306            | 38,409              |
| Cash and cash equivalents at beginning of the period        | 15,420,150           | 15,545,285          |
| Effect of exchange rate changes on cash and cash equivalent | 309,657              | 132,577             |
| <b>Cash and cash equivalents at end of the period</b>       | <u>18,542,113</u>    | <u>15,716,271</u>   |

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

**SIRAJUDDIN AZIZ**  
President &  
Chief Executive Officer

**MOHAMEDALI R. HABIB**  
Director

**TARIQ IKRAM**  
Director

**BASHIR ALI MOHAMMAD**  
Director

## Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited)

For the nine months ended 30 September 2012

|  | Share<br>Capital  | Reserves         |                      |                    | Revenue<br>reserve | Unappro-<br>priated<br>profit | Total             |
|--|-------------------|------------------|----------------------|--------------------|--------------------|-------------------------------|-------------------|
|  |                   | Share<br>premium | Statutory<br>reserve | Special<br>reserve |                    |                               |                   |
|  | Rupees in '000    |                  |                      |                    |                    |                               |                   |
| <b>Balance as at 1 January 2011</b>  | 8,731,929         | 2,550,985        | 3,860,097            | 240,361            | 1,500,000          | 4,071,055                     | 20,954,427        |
| <b>Changes in equity for the period<br/>ended 30 September 2011</b>  |                   |                  |                      |                    |                    |                               |                   |
| Total comprehensive income<br>(profit for the period)  | -                 | -                | -                    | -                  | -                  | 2,176,025                     | 2,176,025         |
| <b>Transactions with owners,<br/>recorded directly in equity</b>   |                   |                  |                      |                    |                    |                               |                   |
| Issue of bonus shares in the ratio of<br>20 shares for every 100 shares held<br>for the year ended 31 December<br>2010 | 1,746,386         | -                | -                    | -                  | -                  | (1,746,386)                   | -                 |
| Transferred to statutory reserve   | -                 | -                | 435,000              | -                  | -                  | (435,000)                     | -                 |
| <b>Balance as at 30 September 2011</b>   | 10,478,315        | 2,550,985        | 4,295,097            | 240,361            | 1,500,000          | 4,065,694                     | 23,130,452        |
| <b>Changes in equity for the period<br/>ended 31 December 2011</b>   |                   |                  |                      |                    |                    |                               |                   |
| Total comprehensive income<br>(profit for the period)  | -                 | -                | -                    | -                  | -                  | 1,105,348                     | 1,105,348         |
| <b>Transactions with owners,<br/>recorded directly in equity</b>   |                   |                  |                      |                    |                    |                               |                   |
| Transferred to statutory reserve   | -                 | -                | 221,275              | -                  | -                  | (221,275)                     | -                 |
| <b>Balance as at 31 December 2011</b>  | 10,478,315        | 2,550,985        | 4,516,372            | 240,361            | 1,500,000          | 4,949,767                     | 24,235,800        |
| <b>Changes in equity for the period<br/>ended 30 September 2012</b>  |                   |                  |                      |                    |                    |                               |                   |
| Total comprehensive income<br>(profit for the period)  | -                 | -                | -                    | -                  | -                  | 2,806,107                     | 2,806,107         |
| <b>Transactions with owners,<br/>recorded directly in equity</b>   |                   |                  |                      |                    |                    |                               |                   |
| Cash dividend (Rs. 1.5 per share)  | -                 | -                | -                    | -                  | -                  | (1,571,747)                   | (1,571,747)       |
| Transferred to statutory reserve   | -                 | -                | 561,000              | -                  | -                  | (561,000)                     | -                 |
| <b>Balance as at 30 September 2012</b>   | <u>10,478,315</u> | <u>2,550,985</u> | <u>5,077,372</u>     | <u>240,361</u>     | <u>1,500,000</u>   | <u>5,623,127</u>              | <u>25,470,160</u> |

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

**SIRAJUDDIN AZIZ**  
President &  
Chief Executive Officer

**MOHAMEDALI R. HABIB**  
Director

**TARIQ IKRAM**  
Director

**BASHIR ALI MOHAMMAD**  
Director

## Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the nine months ended 30 September 2012

**HABIBMETRO**

### 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 and is engaged in commercial banking and related services. Its shares are listed on all the three stock exchanges in Pakistan. The Bank operates 140 (2011: 138) branches including 4 (2011: 4) Islamic banking branches and 35 (2011: 25) sub branches in Pakistan. The Bank is a subsidiary of Habib Bank AG Zurich - Switzerland (the holding company) 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 PREPARATION

2.1 These unconsolidated condensed interim financial statements are presented in condensed form in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting. These unconsolidated condensed interim financial statements do not include all of the information required for full financial statements and should be read in conjunction with the annual unconsolidated financial statements of the Bank for the year ended 31 December 2011.

2.2 These unconsolidated condensed interim financial statements are being submitted to the shareholders in accordance with the requirement of section 245 of the Companies Ordinance 1984.

### 3. ACCOUNTING POLICIES AND ESTIMATES

3.1 The accounting policies adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the annual unconsolidated financial statements of the Bank for the year ended 31 December 2011.

3.2 The basis for accounting estimates adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the annual unconsolidated financial statements of the Bank for the year ended 31 December 2011.

### 4. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with that disclosed in the annual unconsolidated financial statements of the Bank for the year ended 31 December 2011.

| 5 BALANCES WITH OTHER BANKS                  | 30 September<br>2012<br>(Un-Audited) | 31 December<br>2011<br>(Audited) |
|--|--------------------------------------|----------------------------------|
|  | Rupees in '000                       |                                  |
| <b>In Pakistan</b>                           |                                      |                                  |
| Current accounts                             | 252,717                              | 309,526                          |
| Deposit accounts                             | 3,588                                | 16,491                           |
|  | <u>256,305</u>                       | <u>326,017</u>                   |
| <b>Outside Pakistan</b>                      |                                      |                                  |
| Current accounts                             | 1,953,745                            | 976,932                          |
| Deposit accounts                             | 2,559,883                            | 2,248,642                        |
|  | <u>4,513,628</u>                     | <u>3,225,574</u>                 |
|  | <u>4,769,933</u>                     | <u>3,551,591</u>                 |
| <b>6. LENDINGS TO FINANCIAL INSTITUTIONS</b> |                                      |                                  |
| Call money lendings                          | 2,500,000                            | 1,000,000                        |
| Repurchase agreement lendings (Reverse repo) | 4,769,839                            | 1,361,754                        |
|  | <u>7,269,839</u>                     | <u>2,361,754</u>                 |

## HABIBMETRO

### 7. INVESTMENTS

|   | 30 September 2012<br>(Un-Audited) |                          |                           | 31 December 2011<br>(Audited) |                          |                           |
|---|-----------------------------------|--------------------------|---------------------------|-------------------------------|--------------------------|---------------------------|
|   | Held by<br>Bank                   | Given as<br>collateral   | Total                     | Held by<br>Bank               | Given as<br>collateral   | Total                     |
| Note  | Rupees in '000                    |                          |                           |                               |                          |                           |
| <b>Available-for-sale securities</b>                                      |                                   |                          |                           |                               |                          |                           |
| Market treasury bills   | 55,939,508                        | 21,267,357               | 77,206,865                | 56,882,058                    | 35,529,021               | 92,411,079                |
| Pakistan investment bonds   | 17,561,507                        | 5,515,016                | 23,076,523                | 17,859,019                    | 4,056,656                | 21,915,675                |
| Ordinary shares of listed companies                                       | 568,112                           | -                        | 568,112                   | 581,500                       | -                        | 581,500                   |
| Ordinary shares of unlisted companies                                     | 104,205                           | -                        | 104,205                   | 123,101                       | -                        | 123,101                   |
| Preference shares of a listed company                                     | 40,000                            | -                        | 40,000                    | 40,000                        | -                        | 40,000                    |
| Listed term finance certificates  | 1,705,929                         | -                        | 1,705,929                 | 2,049,093                     | -                        | 2,049,093                 |
| Unlisted term finance certificates  | 248,098                           | -                        | 248,098                   | 248,097                       | -                        | 248,097                   |
| Sukuk certificates and bonds  | 33,688,230                        | -                        | 33,688,230                | 16,920,026                    | -                        | 16,920,026                |
| Open end mutual funds   | 12,441,585                        | -                        | 12,441,585                | 12,740,730                    | -                        | 12,740,730                |
| Close end mutual funds  | 63,436                            | -                        | 63,436                    | 67,000                        | -                        | 67,000                    |
|   | <u>122,360,610</u>                | <u>26,782,373</u>        | <u>149,142,983</u>        | <u>107,510,624</u>            | <u>39,585,677</u>        | <u>147,096,301</u>        |
| <b>Held-to-maturity securities</b>  |                                   |                          |                           |                               |                          |                           |
| Pakistan investment bonds   | 4,482,307                         | -                        | 4,482,307                 | -                             | -                        | -                         |
| <b>Subsidiary</b>   |                                   |                          |                           |                               |                          |                           |
| Habib Metropolitan Financial Services Limited                             | 300,000                           | -                        | 300,000                   | 300,000                       | -                        | 300,000                   |
| <b>Investments at cost</b>  | <u>127,142,917</u>                | <u>26,782,373</u>        | <u>153,925,290</u>        | <u>107,810,624</u>            | <u>39,585,677</u>        | <u>147,396,301</u>        |
| Less: Provision for diminution in the value of investments                | 7.1 (312,683)                     | -                        | (312,683)                 | (338,722)                     | -                        | (338,722)                 |
| <b>Investments – net of provisions</b>                                    | <u>126,830,234</u>                | <u>26,782,373</u>        | <u>153,612,607</u>        | <u>107,471,902</u>            | <u>39,585,677</u>        | <u>147,057,579</u>        |
| Surplus / (deficit) on revaluation of available-for-sale securities – net | 13 3,197,518                      | (386,313)                | 2,811,205                 | 729,113                       | (262,070)                | 467,043                   |
| <b>Investments after revaluation of available-for-sale securities</b>     | <u><u>130,027,752</u></u>         | <u><u>26,396,060</u></u> | <u><u>156,423,812</u></u> | <u><u>108,201,015</u></u>     | <u><u>39,323,607</u></u> | <u><u>147,524,622</u></u> |

|  | Notes | 30 September<br>2012<br>(Un-Audited) | 31 December<br>2011<br>(Audited) |
|--|-------|--------------------------------------|----------------------------------|
| Rupees in '000   |       |                                      |                                  |
| <b>7.1 Particulars of provision for diminution in the value of investments</b> |       |                                      |                                  |
| Opening balance  |       | 338,722                              | 255,932                          |
| Charge for the period / year   |       | 5,719                                | 94,640                           |
| Reversal of provision upon disposal of investments                             |       | (2,566)                              | (11,850)                         |
| Amount written off   |       | (29,192)                             | -                                |
| Closing balance  |       | <u>312,683</u>                       | <u>338,722</u>                   |
| <b>8. ADVANCES</b>   |       |                                      |                                  |
| Loans, cash credits, running finances, etc.                                    |       |                                      |                                  |
| In Pakistan  |       | 97,813,038                           | 98,115,904                       |
| Net investments in finance lease / ijarah financing                            |       |                                      |                                  |
| In Pakistan  |       | 480,676                              | 561,970                          |
| Net assets in ijarah under IFAS 2  |       | 466,394                              | 825,452                          |
| Bills discounted and purchased (excluding Market Treasury Bills)               |       |                                      |                                  |
| Payable in Pakistan  |       | 4,896,372                            | 5,489,601                        |
| Payable outside Pakistan   |       | 16,735,202                           | 14,686,721                       |
|  |       | <u>21,631,574</u>                    | <u>20,176,322</u>                |
| Advances - gross   |       | <u>120,391,682</u>                   | <u>119,679,648</u>               |
| Provision against non-performing advances                                      |       |                                      |                                  |
| - specific   |       | (11,723,655)                         | (9,928,671)                      |
| - general  |       | (259,490)                            | (94,263)                         |
|  | 8.3   | <u>(11,983,145)</u>                  | <u>(10,022,934)</u>              |
| Advances - net of provisions   |       | <u>108,408,537</u>                   | <u>109,656,714</u>               |

- 8.1 Advances include Rs. 17,734,720 thousand (2011: Rs. 15,427,848 thousand) which have been placed under non-performing status as detailed below:

| Category of Classification | 30 September 2012 (Un-Audited) |                    |                   |
|----------------------------|--------------------------------|--------------------|-------------------|
|                            | Classified advances            | Provision Required | Provision Held    |
|                            | Rupees in '000's               |                    |                   |
| Substandard                | 278,079                        | 35,045             | 35,045            |
| Doubtful                   | 1,683,476                      | 484,745            | 484,745           |
| Loss                       | 15,773,165                     | 11,203,865         | 11,203,865        |
|                            | <u>17,734,720</u>              | <u>11,723,655</u>  | <u>11,723,655</u> |

  

| Category of Classification | 31 December 2011 (Audited) |                    |                  |
|----------------------------|----------------------------|--------------------|------------------|
|                            | Classified advances        | Provision Required | Provision Held   |
|                            | Rupees in '000's           |                    |                  |
| Substandard                | 435,122                    | 84,115             | 84,115           |
| Doubtful                   | 2,081,269                  | 583,816            | 583,816          |
| Loss                       | 12,911,457                 | 9,260,740          | 9,260,740        |
|                            | <u>15,427,848</u>          | <u>9,928,671</u>   | <u>9,928,671</u> |

- 8.2 In accordance with BSD Circular No. 1 dated 21 October 2011 issued by the State Bank of Pakistan, during the nine months, the Bank has further availed the benefit of FSV against the non-performing advances (excluding consumer housing finance portfolio). Had this benefit of FSV not been taken by the Bank, the specific provision against non-performing advances for the nine months would have been higher by Rs. 824,856 thousand (30 September 2011: Rs. 319,720 thousand) and profit after taxation for the nine months ended 30 September 2012 would have been lower by approximately Rs. 536,156 thousand (30 September 2011: Rs. 207,818 thousand). As of 30 September 2012, had the benefit of FSVs not taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 4,853,044 thousand (31 December 2011: Rs. 4,028,188 thousand) and accumulated profit would have been lower by Rs. 3,154,479 thousand (31 December 2011: Rs. 2,618,322 thousand). This amount of Rs. 3,154,479 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:

|                                  | 30 September 2012 (Un-Audited) |                |                   | 31 December 2011 (Audited) |               |                   |
|----------------------------------|--------------------------------|----------------|-------------------|----------------------------|---------------|-------------------|
|                                  | Specific                       | General        | Total             | Specific                   | General       | Total             |
|                                  | Rupees in '000                 |                |                   |                            |               |                   |
| Opening balance                  | 9,928,671                      | 94,263         | 10,022,934        | 7,463,452                  | 58,919        | 7,522,371         |
| Charge for the period / year     | 2,192,947                      | 165,227        | 2,358,174         | 3,840,767                  | 35,344        | 3,876,111         |
| Reversals                        | (330,371)                      | -              | (330,371)         | (1,216,149)                | -             | (1,216,149)       |
| Net charge for the period / year | 1,862,576                      | 165,227        | 2,027,803         | 2,624,618                  | 35,344        | 2,659,962         |
| Amount written off               | (67,592)                       | -              | (67,592)          | (159,399)                  | -             | (159,399)         |
| Closing balance                  | <u>11,723,655</u>              | <u>259,490</u> | <u>11,983,145</u> | <u>9,928,671</u>           | <u>94,263</u> | <u>10,022,934</u> |

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**8.4** General provision includes provision of Rs. 7,931 thousand (31 December 2011: Rs. 19,610 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. 253,490 thousand (30 September 2011: Rs. 315,983 thousand) and Rs. 88,384 thousand (30 September 2011: Rs. 2,236 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 Rule 8(A) of Seventh Schedule allows for amounts provided for in tax year 2008 and prior to said tax year for doubtful debts, which were neither claimed nor allowed as tax deductible in any year shall be allowed as deduction in tax year in which such doubtful debts are written off. With reference to allowability of provision, the management has carried out an exercise and concluded that full deduction of provision in succeeding years would be allowed and accordingly recognized deferred tax asset on such provision amounting to Rs. 2,997,145 thousand. (31 December 2011: Rs. 2,549,617 thousand).

## HABIBMETRO

|  | <b>30 September<br/>2012</b> | 31 December<br>2011 |
|--|------------------------------|---------------------|
|  | (Un-Audited)                 | (Audited)           |
|  | Rupees in '000               |                     |
| <b>11. BORROWINGS</b>  |                              |                     |
| <b>Secured</b>   |                              |                     |
| Borrowings from State Bank of Pakistan   |                              |                     |
| – under export refinance scheme  | <b>14,839,482</b>            | 20,573,018          |
| – under long term financing – export oriented projects                             | <b>417,905</b>               | 701,047             |
| – under long term financing facility – locally manufactured<br>plant and machinery | <b>1,896,382</b>             | 1,908,929           |
|  | <b>17,153,769</b>            | 23,182,994          |
| Repurchase agreement borrowings  | <b>26,376,549</b>            | 39,270,858          |
|  | <b>43,530,318</b>            | 62,453,852          |
| <b>Unsecured</b>   |                              |                     |
| Call borrowings  | –                            | 2,041,954           |
| Overdrawn nostro accounts  | <b>821,694</b>               | 2,032,902           |
| Overdrawn local bank accounts  | <b>75,134</b>                | 22,572              |
| Other short term borrowing   | <b>94,811</b>                | 89,946              |
|  | <b>991,639</b>               | 4,187,374           |
|  | <b>44,521,957</b>            | 66,641,226          |
| <b>12. DEPOSITS AND OTHER ACCOUNTS</b>   |                              |                     |
| <b>Customers</b>   |                              |                     |
| Fixed deposits   | <b>95,751,622</b>            | 82,159,532          |
| Saving deposits  | <b>61,834,379</b>            | 44,166,722          |
| Current accounts (non-remunerative)  | <b>49,715,716</b>            | 45,008,091          |
| Others   | <b>2,723,333</b>             | 2,200,862           |
|  | <b>210,025,050</b>           | 173,535,207         |
| <b>Financial Institutions</b>  |                              |                     |
| Remunerative deposits  | <b>5,962,856</b>             | 11,588,193          |
| Non-remunerative deposits  | <b>560,727</b>               | 276,402             |
|  | <b>6,523,583</b>             | 11,864,595          |
|  | <b>216,548,633</b>           | 185,399,802         |

|  | 30 September<br>2012<br>(Un-Audited) | 31 December<br>2011<br>(Audited) |
|--|--------------------------------------|----------------------------------|
|  | Rupees in '000                       |                                  |
| <b>13. SURPLUS ON REVALUATION OF ASSETS<br/>- NET OF DEFERRED TAX</b>                                |                                      |                                  |
| <b>Available-for-sale securities:</b>  |                                      |                                  |
| <b>Federal Government Securities</b>   |                                      |                                  |
| Market Treasury Bills  | 301,574                              | 324,026                          |
| Pakistan Investment Bonds  | 1,690,476                            | (32,953)                         |
| GOP Ijarah Sukuk   | 251,383                              | 66,457                           |
| <b>Fully paid-up ordinary shares – Listed</b>  | 128,230                              | 27,926                           |
| <b>Preference shares of a listed company</b>   | 760                                  | –                                |
| <b>Term Finance Certificates, Sukuk certificates and Bonds</b>                                       |                                      |                                  |
| Listed   | (8,112)                              | (17,787)                         |
| Sukuk Certificates / Bonds   | (5,632)                              | (9,219)                          |
| <b>Mutual funds</b>  |                                      |                                  |
| Open end   | 416,376                              | 83,801                           |
| Close end  | 36,150                               | 24,792                           |
|  | <u>2,811,205</u>                     | <u>467,043</u>                   |
| Related deferred tax liability - net   | (838,543)                            | (129,335)                        |
|  | <u>1,972,662</u>                     | <u>337,708</u>                   |
| <b>14. CONTINGENCIES AND COMMITMENTS</b>   |                                      |                                  |
| <b>14.1 Direct credit substitutes</b>  |                                      |                                  |
| Bank guarantees of indebtedness in favour of:  |                                      |                                  |
| – Banking companies and other financial institutions   | 65,177                               | 71,012                           |
| <b>14.2 Transaction-related contingent liabilities</b>   |                                      |                                  |
| Includes performance bonds, bid bonds, advance payment guarantees and shipping guarantees favouring: |                                      |                                  |
| i) Government  | 11,240,417                           | 10,115,047                       |
| ii) Banking companies and other financial institutions   | 35,324                               | 51,928                           |
| iii) Others  | 3,274,977                            | 3,193,794                        |
|  | <u>14,550,718</u>                    | <u>13,360,769</u>                |
| <b>14.3 Trade-related contingent liabilities</b>   |                                      |                                  |
| Letters of credit  | 44,728,999                           | 50,815,273                       |
| Acceptances  | 10,780,838                           | 12,360,730                       |

## HABIBMETRO

|   | <b>30 September<br/>2012</b> | 31 December<br>2011 |
|---|------------------------------|---------------------|
|   | (Un-Audited)                 | (Audited)           |
|   | Rupees in '000               |                     |
| <b>14.4 Commitments in respect of forward exchange contracts</b>      |                              |                     |
| Purchase  | <u>46,828,316</u>            | <u>54,377,083</u>   |
| Sale  | <u>58,813,767</u>            | <u>62,519,824</u>   |
| <b>14.5 Commitments in respect of operating leases</b>                |                              |                     |
| Not later than one year   | <u>8,357</u>                 | <u>36,841</u>       |
| Later than one year and not later than five years                     | <u>7,957</u>                 | <u>23,831</u>       |
|   | <u>16,314</u>                | <u>60,672</u>       |
| <b>14.6 Commitments for the acquisition of operating fixed assets</b> | <u>49,748</u>                | <u>9,105</u>        |
| <b>14.7 Claims against the Bank not acknowledged as debt</b>          | <u>2,332,580</u>             | <u>2,424,410</u>    |
| <b>14.8 Commitments in respect of forward lendings</b>                |                              |                     |

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 and 2011 (corresponding to the accounting years ended 31 December 2008, 2009 and 2010). However, adequate provisions are being held by the Bank.

### 15. BASIC EARNINGS PER SHARE

|  | <b>30 September 2012</b> |                   | 30 September 2011 |                   |
|--|--------------------------|-------------------|-------------------|-------------------|
|  | Quarter ended            | Nine months ended | Quarter ended     | Nine months ended |
|  | (Un-Audited)             |                   |                   |                   |
|  | Rupees in '000           |                   |                   |                   |
| Profit after taxation                      | <u>931,334</u>           | <u>2,806,107</u>  | <u>743,170</u>    | <u>2,176,025</u>  |
|  | Number in '000           |                   |                   |                   |
| Weighted average number of ordinary shares | <u>1,047,831</u>         | <u>1,047,831</u>  | <u>1,047,831</u>  | <u>1,047,831</u>  |
|  | Rupees                   |                   |                   |                   |
| Basic earnings per share                   | <u>0.89</u>              | <u>2.68</u>       | <u>0.71</u>       | <u>2.08</u>       |

## 16. TRANSACTIONS WITH RELATED PARTIES

The Bank has related party relationships with its holding company, subsidiary, 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.

|  | 30 September 2012 (Un-Audited) |              |               |                          |           |                          |               |
|--|--------------------------------|--------------|---------------|--------------------------|-----------|--------------------------|---------------|
|  | Holding Company                | Subsidiary   | Associates    | Key Management Personnel | Directors | Retirement Benefit Plans | Total         |
|  | Rupees in '000                 |              |               |                          |           |                          |               |
| <b>Deposits</b>  |                                |              |               |                          |           |                          |               |
| At beginning of the year                                       | 178,264                        | 118,586      | 4,880,012     | 60,025                   | 73,571    | 1,548,662                | 6,859,120     |
| Received during the period                                     | 11,848,539                     | 44,576,284   | 629,204,307   | 299,628                  | 543,438   | 3,338,852                | 689,811,048   |
| Repaid during the period                                       | (11,941,410)                   | (44,572,448) | (629,615,210) | (286,468)                | (511,830) | (3,217,137)              | (690,144,503) |
| At end of the period   | 85,393                         | 122,422      | 4,469,109     | 73,185                   | 105,179   | 1,670,377                | 6,525,665     |
| <b>Advances</b>  |                                |              |               |                          |           |                          |               |
| At beginning of the year                                       | -                              | -            | 1,776,952     | 30,896                   | -         | -                        | 1,807,848     |
| Disbursed during the period                                    | -                              | -            | 13,536,237    | 5,635                    | -         | -                        | 13,541,872    |
| Recovered during the period                                    | -                              | -            | (14,017,492)  | (9,753)                  | -         | -                        | (14,027,245)  |
| At end of the period   | -                              | -            | 1,295,697     | 26,778                   | -         | -                        | 1,322,475     |
| Bank balances held by the Bank                                 | 261,582                        | -            | 1,990,375     | -                        | -         | -                        | 2,251,957     |
| Overdrawn bank balances held by the Bank                       | -                              | -            | (252,324)     | -                        | -         | -                        | (252,324)     |
| Mark-up/return/interest receivable                             | -                              | -            | 12,155        | -                        | -         | -                        | 12,155        |
| Mark-up/return/interest payable                                | -                              | 910          | 44,350        | 587                      | 1,007     | 129,596                  | 176,450       |
| Management fee payable for technical and consultancy services* | 215,536                        | -            | -             | -                        | -         | -                        | 215,536       |
| Prepayments /Advance deposits                                  | -                              | -            | 42,808        | -                        | -         | -                        | 42,808        |
| Transaction-related contingent liabilities                     | -                              | -            | 1,411,888     | -                        | -         | -                        | 1,411,888     |
| Trade-related contingent liabilities                           | -                              | -            | 2,026,000     | -                        | -         | -                        | 2,026,000     |
| Advance received against prepaid card                          | -                              | -            | 15,578        | -                        | -         | -                        | 15,578        |
| Advance received against insurance premium                     | -                              | -            | 316           | -                        | -         | -                        | 316           |

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

## HABIBMETRO

31 December 2011 (Audited)

|  | Holding Company | Subsidiary     | Associates         | Key Management Personnel | Directors     | Retirement Benefit Plans | Total              |
|--|-----------------|----------------|--------------------|--------------------------|---------------|--------------------------|--------------------|
|  | Rupees in '000  |                |                    |                          |               |                          |                    |
| <b>Deposits</b>  |                 |                |                    |                          |               |                          |                    |
| At beginning of the year                                       | 93,074          | 143,544        | 3,220,383          | 60,493                   | 64,546        | 1,233,885                | 4,815,925          |
| Received during the year                                       | 14,870,118      | 63,730,517     | 593,595,088        | 279,750                  | 946,006       | 3,443,040                | 676,864,519        |
| Repaid during the year   | (14,784,928)    | (63,755,475)   | (591,935,459)      | (280,218)                | (936,981)     | (3,128,263)              | (674,821,324)      |
| At end of the year   | <u>178,264</u>  | <u>118,586</u> | <u>4,880,012</u>   | <u>60,025</u>            | <u>73,571</u> | <u>1,548,662</u>         | <u>6,859,120</u>   |
| <b>Advances</b>  |                 |                |                    |                          |               |                          |                    |
| At beginning of the year                                       | -               | -              | 2,198,466          | 22,276                   | -             | -                        | 2,220,742          |
| Disbursed during the year                                      | -               | -              | 63,913,349         | 14,468                   | -             | -                        | 63,927,817         |
| Recovered during the year                                      | -               | -              | (64,334,863)       | (5,848)                  | -             | -                        | (64,340,711)       |
| At end of the year   | <u>-</u>        | <u>-</u>       | <u>1,776,952</u>   | <u>30,896</u>            | <u>-</u>      | <u>-</u>                 | <u>1,807,848</u>   |
| Bank balances held by the Bank                                 | <u>197,044</u>  | <u>-</u>       | <u>31,097</u>      | <u>-</u>                 | <u>-</u>      | <u>-</u>                 | <u>228,141</u>     |
| Overdrawn bank balances held by the Bank                       | <u>-</u>        | <u>-</u>       | <u>(1,049,728)</u> | <u>-</u>                 | <u>-</u>      | <u>-</u>                 | <u>(1,049,728)</u> |
| Mark-up/return/interest receivable                             | <u>-</u>        | <u>-</u>       | <u>10,937</u>      | <u>-</u>                 | <u>-</u>      | <u>-</u>                 | <u>10,937</u>      |
| Mark-up/return/interest payable                                | <u>-</u>        | <u>983</u>     | <u>60,039</u>      | <u>922</u>               | <u>694</u>    | <u>109,396</u>           | <u>172,034</u>     |
| Management fee payable for technical and consultancy services* | <u>143,500</u>  | <u>-</u>       | <u>-</u>           | <u>-</u>                 | <u>-</u>      | <u>-</u>                 | <u>143,500</u>     |
| Prepayments /Advance deposits                                  | <u>-</u>        | <u>-</u>       | <u>18,190</u>      | <u>-</u>                 | <u>-</u>      | <u>-</u>                 | <u>18,190</u>      |
| Transaction-related contingent liabilities                     | <u>-</u>        | <u>25,000</u>  | <u>1,402,878</u>   | <u>-</u>                 | <u>-</u>      | <u>-</u>                 | <u>1,427,878</u>   |
| Trade-related contingent liabilities                           | <u>-</u>        | <u>-</u>       | <u>1,706,015</u>   | <u>-</u>                 | <u>-</u>      | <u>-</u>                 | <u>1,706,015</u>   |
| Advance received against prepaid card                          | <u>-</u>        | <u>-</u>       | <u>1,957</u>       | <u>-</u>                 | <u>-</u>      | <u>-</u>                 | <u>1,957</u>       |
| Advance received against insurance premium                     | <u>-</u>        | <u>-</u>       | <u>363</u>         | <u>-</u>                 | <u>-</u>      | <u>-</u>                 | <u>363</u>         |

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

| Transactions during the period                                 | For the period ended 30 September 2012 (Un-Audited) |            |            |                          |           |                          | Total   |
|--|---|------------|------------|--------------------------|-----------|--------------------------|---------|
|  | Holding Company                                     | Subsidiary | Associates | Key Management Personnel | Directors | Retirement Benefit Plans |         |
|  | Rupees in '000                                      |            |            |                          |           |                          |         |
| Mark-up/return/interest earned                                 | -   | -          | 100,342    | 1,669                    | -         | -                        | 102,011 |
| Mark-up/return/interest expensed                               | -   | 8,646      | 434,974    | 867                      | 5,904     | 180,456                  | 630,847 |
| Commission/brokerage/bank charges recovered                    | -   | 209        | 10,130     | -                        | -         | -                        | 10,339  |
| Rent income  | -   | 900        | 810        | -                        | -         | -                        | 1,710   |
| Salaries and allowances  | -   | -          | -          | 107,650                  | -         | -                        | 107,650 |
| Directors' fees  | -   | -          | -          | -                        | 4,100     | -                        | 4,100   |
| Contribution to defined benefit plan                           | -   | -          | -          | -                        | -         | 58,500                   | 58,500  |
| Contribution to defined contribution plan                      | -   | -          | -          | -                        | -         | 76,103                   | 76,103  |
| Bank charges paid  | 1,261   | 161        | 913        | -                        | -         | -                        | 2,335   |
| Rent expenses  | -   | -          | 13,524     | -                        | -         | -                        | 13,524  |
| Insurance premium expenses                                     | -   | -          | 39,471     | -                        | -         | -                        | 39,471  |
| Maintenance, Electricity, Stationery & Entertainment           | -   | -          | 28,263     | -                        | -         | -                        | 28,263  |
| Management fee expense for technical and consultancy services* | 120,136   | -          | -          | -                        | -         | -                        | 120,136 |
| Donation   | -   | -          | 6,690      | -                        | -         | -                        | 6,690   |
| Professional / other charges                                   | -   | -          | 7,536      | -                        | -         | -                        | 7,536   |

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

## HABIBMETRO

| Transactions during the period                                 | For the period ended 30 September 2011 (Un-Audited) |            |            |                          |           |                          | Total   |
|--|---|------------|------------|--------------------------|-----------|--------------------------|---------|
|  | Holding Company                                     | Subsidiary | Associates | Key Management Personnel | Directors | Retirement Benefit Plans |         |
|  | Rupees in '000                                      |            |            |                          |           |                          |         |
| Mark-up/return/interest earned                                 | -   | -          | 86,762     | 2,071                    | -         | -                        | 88,833  |
| Mark-up/return/interest expensed                               | -   | 9,247      | 442,446    | 6,496                    | 3,783     | 124,616                  | 586,588 |
| Commission/brokerage/bank charges recovered                    | -   | 359        | 8,394      | -                        | -         | -                        | 8,753   |
| Rent income  | -   | 900        | 851        | -                        | -         | -                        | 1,751   |
| Salaries and allowances  | -   | -          | -          | 87,874                   | -         | -                        | 87,874  |
| Directors' fees  | -   | -          | -          | -                        | 3,560     | -                        | 3,560   |
| Contribution to defined benefit plan                           | -   | -          | -          | -                        | -         | 54,000                   | 54,000  |
| Contribution to defined contribution plan                      | -   | -          | -          | -                        | -         | 65,788                   | 65,788  |
| Bank charges paid  | 1,324   | 156        | 8,371      | -                        | -         | -                        | 9,851   |
| Rent expenses  | -   | -          | 12,640     | -                        | -         | -                        | 12,640  |
| Insurance premium expenses                                     | -   | -          | 24,409     | -                        | -         | -                        | 24,409  |
| Maintenance, Electricity, Stationery & Entertainment           | -   | -          | 23,708     | -                        | -         | -                        | 23,708  |
| Management fee expense for technical and consultancy services* | 127,258   | -          | -          | -                        | -         | -                        | 127,258 |
| Donation   | -   | -          | 2,240      | -                        | -         | -                        | 2,240   |
| Professional / other charges                                   | -   | -          | 9,221      | -                        | -         | -                        | 9,221   |

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

## 17. KEY ISLAMIC BANKING OPERATIONS

17.1 The Bank is operating 4 (2011: 4) Islamic banking branches in Pakistan. The balance sheet of these branches as at 30 September 2012 is as follows:

| <b>BALANCE SHEET</b>                                      | <b>30 September<br/>2012</b> | <b>31 December<br/>2011</b> |
|---|------------------------------|-----------------------------|
|   | (Un-Audited)                 | (Audited)                   |
|   | Rupees in '000               |                             |
| <b>ASSETS</b>   |                              |                             |
| Cash and balances with treasury banks                     | 770,584                      | 865,436                     |
| Balances with and due from financial institutions         | -                            | -                           |
| Investments   | 15,823,571                   | 10,050,774                  |
| Financing and receivables                                 |                              |                             |
| - Murabaha  | 3,383,737                    | 4,377,344                   |
| - Ijarah  | 531,253                      | 932,855                     |
| - Diminishing Musharaka                                   | 649,693                      | 560,639                     |
| - Export Refinance Murabaha                               | 300,000                      | 564,352                     |
| - Foreign Documentary Bills Purchased                     | -                            | 10,935                      |
|   | 4,864,683                    | 6,446,125                   |
| Due from head office                                      | 177,991                      | -                           |
| Other assets  | 794,297                      | 1,247,975                   |
|   | <u>22,431,126</u>            | <u>18,610,310</u>           |
| <b>LIABILITIES</b>  |                              |                             |
| Bills payable   | 60,230                       | 123,105                     |
| Deposits and other accounts                               |                              |                             |
| - Current accounts  | 1,771,230                    | 1,635,512                   |
| - Saving deposits   | 4,840,705                    | 3,108,458                   |
| - Fixed deposits  | 9,456,947                    | 6,999,909                   |
| - Deposits from financial institutions - remunerative     | 3,719,211                    | 2,996,860                   |
| - Deposits from financial institutions - non-remunerative | 1,973                        | 6,735                       |
|   | 19,790,066                   | 14,747,474                  |
| Borrowings  | 300,000                      | 564,352                     |
| Due to head office  | -                            | 597,648                     |
| Other liabilities   | 734,488                      | 1,008,498                   |
|   | <u>20,884,784</u>            | <u>17,041,077</u>           |
| <b>NET ASSETS</b>   | <u>1,546,342</u>             | <u>1,569,233</u>            |
| <b>REPRESENTED BY</b>                                     |                              |                             |
| Islamic banking fund                                      | 1,002,370                    | 1,002,249                   |
| Unappropriated profit                                     | 382,067                      | 538,933                     |
|   | <u>1,384,437</u>             | <u>1,541,182</u>            |
| Surplus on revaluation of assets                          | 161,905                      | 28,051                      |
|   | <u>1,546,342</u>             | <u>1,569,233</u>            |

### 18. GENERAL

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

### 19. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue by the Board of Directors on 24 October 2012.

**SIRAJUDDIN AZIZ**  
President &  
Chief Executive Officer

**MOHAMEDALI R. HABIB**  
Director

**TARIQ IKRAM**  
Director

**BASHIR ALI MOHAMMAD**  
Director