

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

Ronald V. Emerson

Tariq Ikram

Wazir Ali Khoja

* Executive Director

AUDIT COMMITTEE

Ali S. Habib

Kassim Parekh

Mohamedali R. Habib

COMPANY SECRETARY

Muhammad Imran

SHARE REGISTRAR

Noble Computer Services (Private) Limited

First Floor, Siddiqsons Tower,

3-Jinnah C.H. Society, Main Shahrah-e-Faisal,

Karachi 75350.

Directors' Review

On behalf of the Board of Directors of Habib Metropolitan Bank, I am pleased to present our un-audited accounts for the first quarter ended March 31, 2012.

In the first quarter of 2012, Pakistan's economy has demonstrated signs of modest improvement amidst prevailing domestic challenges and global economic headwinds. Along with a better than anticipated performance of the commodity producing sector, the services sector also seems well-poised to gain from robust retail trade activities and increased profitability of the banking sector. Inward remittances, bolstering the deteriorating current account, demonstrated a year-on-year rise of 21 percent by reaching USD 9.73 Billion in the nine-month period of the current fiscal year.

Despite these positive developments, risks to macroeconomic stability have nevertheless increased. Ebbing financial and capital inflows, rising oil prices in the international market, and a widening trade deficit have fuelled weakening of the external account at a rate faster than expected. Pakistan's current account deficit widened mainly due to declining export proceeds and increasing import bills. Inflationary pressures, however, persist as the mounting fiscal deficit continues to pose serious concerns for economic management in the country.

Developments in the current fiscal year depict that major economic risks are emerging from the external sector and fiscal weaknesses. Going forward, effective fiscal management amidst energy challenges and controlling the deepening current account deficit will largely determine Pakistan's macroeconomic stability.

Despite present conditions, by the grace of Allah your Bank continues its growth as reflected in the attached financial statements. Deposits increased to Rs. 191 billion as on March 31, 2012 against Rs. 185 billion at the previous year-end. Advances increased to Rs. 112 billion as against Rs. 110 billion at the previous year-end while Investments have decreased to Rs. 128 billion at the end of first quarter 2012.

Profit before tax increased by 13% to Rs. 1,203 million for the quarter ended March 31, 2012 compared to corresponding quarter of last year, which is a reflection on the Bank's strong and resilient earning engine. The performance translates into post tax earnings per share of Rs. 0.80.

At the quarter end, HMB's net equity stands at Rs. 23.5 billion with a comfortable 13.63% capital adequacy level (Basel II) against the required 10%.

HMB 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

With a network of 163 locations, including 4 Islamic Banking branches, your Bank provides the modern and technologically advanced services to its customers. Our call centre "HMB Connect" with a toll free contact number 0800 HABIB (42242), is the Bank's centre point of contact and provides services round the clock.

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 Habib Metropolitan Bank for their continued dedication and hard work in improving your Bank's performance.

On behalf of the Board

Sirajuddin Aziz
President & Chief Executive Officer

Karachi: April 20, 2012

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

As at 31 March 2012

	Note	31 March 2012 (Un-Audited)	31 December, 2011 (Audited)
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		15,027,228	14,233,690
Balances with other banks	5	2,619,813	3,551,591
Lending to financial institutions	6	10,185,788	2,361,754
Investments	7	127,688,174	147,524,622
Advances	8	112,073,230	109,656,714
Operating fixed assets	9	3,142,056	3,195,886
Deferred tax assets	10	2,304,169	2,019,809
Other assets		5,085,858	5,675,292
		278,126,316	288,219,358
LIABILITIES			
Bills payable		4,878,982	3,733,794
Borrowings	11	48,882,381	66,641,226
Deposits and other accounts	12	191,469,547	185,399,802
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		9,105,685	7,871,028
		254,336,595	263,645,850
NET ASSETS		23,789,721	24,573,508
REPRESENTED BY			
Share capital		10,478,315	10,478,315
Reserves		8,975,718	8,807,718
Unappropriated profit		4,048,583	4,949,767
		23,502,616	24,235,800
Surplus on revaluation of assets - net of deferred tax	13	287,105	337,708
		23,789,721	24,573,508
CONTINGENCIES AND COMMITMENTS			
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The annexed notes 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.

KASSIM PAREKH
Chairman

SIRAJUDDIN AZIZ
President &
Chief Executive Officer

TARIQ IKRAM
Director

MOHAMEDALI R. HABIB
Director

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

For the quarter ended 31 March 2012

HABIBMETRO

	2012	2011
	Rupees in '000	
Mark-up / return / interest earned	6,887,511	6,442,304
Mark-up / return / interest expensed	(4,727,517)	(4,718,297)
Net mark-up / interest income	2,159,994	1,724,007
Provision against non-performing loans and advances	713,895	806,735
Provision for diminution in the value of investments	4,778	(2,402)
Bad debts written-off directly	-	-
	(718,673)	(804,333)
Net mark-up / interest income after provisions	1,441,321	919,674
Non mark-up / interest income		
Fee, commission and brokerage income	504,599	463,487
Dividend income	271,985	251,329
Income from dealing in foreign currencies	281,740	563,483
Gain on sale / redemption of securities	53,831	34,943
Unrealized gain / (loss) on revaluation of investments classified as 'held for trading'	-	-
Other income	73,408	58,351
Total non mark-up / interest income	1,185,563	1,371,593
	2,626,884	2,291,267
Non mark-up / interest expenses		
Administrative expenses	1,386,198	1,196,248
Other provisions / write-offs	-	-
Other charges	38,126	30,273
Total non mark-up/interest expenses	(1,424,324)	(1,226,521)
	1,202,560	1,064,746
Extra ordinary / unusual items	-	-
Profit before taxation	1,202,560	1,064,746
Taxation – Current	578,158	454,385
– Prior years	-	-
– Deferred	(214,161)	(146,393)
	(363,997)	(307,992)
Profit after taxation	838,563	756,754
		(Restated)
Basic and diluted earnings per share (Rupee) - Note 15	0.80	0.72

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KASSIM PAREKH
Chairman

SIRAJUDDIN AZIZ
President &
Chief Executive Officer

TARIQ IKRAM
Director

MOHAMEDALI R. HABIB
Director

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

For the quarter ended 31 March 2012

	2012	2011
	Rupees in '000	
Profit after taxation for the period	838,563	756,754
Other comprehensive income	-	-
Comprehensive income transferred to equity	838,563	756,754
Components of comprehensive income not reflected in equity		
(Deficit) / surplus on revaluation of investments	(120,802)	312,473
Deferred tax on revaluation of investments	70,199	(93,518)
	(50,603)	218,955
Total comprehensive income	787,960	975,709

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Chief Executive Officer

TARIQ IKRAM
Director

MOHAMEDALI R. HABIB
Director

Unconsolidated Condensed Interim
Cash Flow Statement (Un-audited)
For the quarter ended 31 March 2012

HABIBMETRO

	2012	2011
	Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,202,560	1,064,746
Less: Dividend income	(271,985)	(251,329)
	<u>930,575</u>	<u>813,417</u>
Adjustments		
Depreciation	110,337	93,602
Provision against non-performing loans and advances – net	713,895	806,735
Provision for diminution in the value of investments – net	2,752	(2,593)
Net (gain) on sale of fixed assets	(235)	(1)
	<u>826,749</u>	<u>897,743</u>
	<u>1,757,324</u>	<u>1,711,160</u>
(Increase) / decrease in operating assets		
Lending to financial institutions	(7,824,034)	1,690,399
Advances	(3,130,411)	(7,269,695)
Other assets	589,434	(727,214)
	<u>(10,365,011)</u>	<u>(6,306,510)</u>
Increase / (decrease) in operating liabilities		
Bills payable	1,145,188	837,780
Borrowings	(17,777,937)	76,710
Deposits and other accounts	6,069,745	6,746,590
Other liabilities (excluding taxation and dividend)	(297,893)	669,561
	<u>(10,860,897)</u>	<u>8,330,641</u>
	<u>(19,468,584)</u>	<u>3,735,291</u>
Income tax paid	(617,322)	(431,678)
Net cash flows from operating activities	<u>(20,085,906)</u>	<u>3,303,613</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	19,712,894	(6,824,447)
Net investments in held-to-maturity securities	–	250,000
Dividend received	271,985	251,329
Investments in operating fixed assets	(57,083)	(104,550)
Proceeds from sale of fixed assets	811	860
Net cash flows from investing activities	<u>19,928,607</u>	<u>(6,426,808)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(33)	(90)
Net cash flows from financing activities	<u>(33)</u>	<u>(90)</u>
Decrease in cash and cash equivalents	<u>(157,332)</u>	<u>(3,123,285)</u>
Cash and cash equivalents at beginning of the period	15,700,061	15,666,223
Effect of exchange rate changes on cash and cash equivalent	29,746	11,639
Cash and cash equivalents at the end of the period	<u>15,572,475</u>	<u>12,554,577</u>

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KASSIM PAREKH
Chairman

SIRAJUDDIN AZIZ
President &
Chief Executive Officer

TARIQ IKRAM
Director

MOHAMEDALI R. HABIB
Director

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

For the quarter ended 31 March 2012

	Share capital	Reserves					Unappropriated profit	Total
		Share premium	Statutory reserve	Special reserve	Revenue reserve	Reserve for issue of bonus shares		
	Rupees in '000							
Balance as at 1 January 2011	8,731,929	2,550,985	3,860,097	240,361	1,500,000	-	4,071,055	20,954,427
Changes in equity for the period ended 31 March 2011								
Total comprehensive income (profit for the period)	-	-	-	-	-	-	756,754	756,754
Transactions with owners, recorded directly in equity								
Transfer to reserve for issuance of bonus shares in the ratio of 20 shares for every 100 shares held for the year ended 31 December 2010	-	-	-	-	-	1,746,386	(1,746,386)	-
Transferred to statutory reserve	-	-	151,000	-	-	-	(151,000)	-
Balance as at 31 March 2011	8,731,929	2,550,985	4,011,097	240,361	1,500,000	1,746,386	2,930,423	21,711,181
Changes in equity for the period ended 31 December 2011								
Total comprehensive income (profit for the period)	-	-	-	-	-	-	2,524,619	2,524,619
Transactions with owners, recorded directly in equity								
Issue of bonus share in the ratio of 20 shares for every 100 shares held for the year ended 31 December 2010	1,746,386	-	-	-	-	(1,746,386)	-	-
Transfer to statutory reserve	-	-	505,275	-	-	-	(505,275)	-
Balance as at 31 December 2011	10,478,315	2,550,985	4,516,372	240,361	1,500,000	-	4,949,767	24,235,800
Changes in equity for the period ended 31 March 2012								
Total comprehensive income (profit for the period)	-	-	-	-	-	-	838,563	838,563
Transactions with owners, recorded directly in equity								
Cash dividend (Rs. 1.5 per share)	-	-	-	-	-	-	(1,571,747)	(1,571,747)
Transferred to statutory reserve	-	-	168,000	-	-	-	(168,000)	-
Balance as at 31 March 2012	<u>10,478,315</u>	<u>2,550,985</u>	<u>4,684,372</u>	<u>240,361</u>	<u>1,500,000</u>	<u>-</u>	<u>4,048,583</u>	<u>23,502,616</u>

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KASSIM PAREKH
Chairman

SIRAJUDDIN AZIZ
President &
Chief Executive Officer

TARIQ IKRAM
Director

MOHAMEDALI R. HABIB
Director

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

For the quarter ended 31 March 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 138 (2011: 138) branches including 4 (2011: 4) Islamic banking branches and 25 (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	31 March 2012 (Un-Audited)	31 December 2011 (Audited)
	Rupees in '000	
In Pakistan		
Current accounts	348,464	309,526
Deposit accounts	10,853	16,491
	359,317	326,017
Outside Pakistan		
Current accounts	1,081,895	976,932
Deposit accounts	1,178,601	2,248,642
	2,260,496	3,225,574
	2,619,813	3,551,591
6. LENDING TO FINANCIAL INSTITUTIONS		
Call money lending	2,060,000	1,000,000
Repurchase agreement lending (Reverse repo)	8,125,788	1,361,754
	10,185,788	2,361,754

HABIBMETRO

7. INVESTMENTS

	Note	31 March 2012 (Un-Audited)			31 December 2011 (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		53,130,969	19,185,606	72,316,575	56,882,058	35,529,021	92,411,079
Pakistan investment bonds		18,231,970	5,092,380	23,324,350	17,859,019	4,056,656	21,915,675
Ordinary shares of listed companies		543,705	–	543,705	581,500	–	581,500
Ordinary shares of unlisted companies		123,101	–	123,101	123,101	–	123,101
Preference shares of a listed company		40,000	–	40,000	40,000	–	40,000
Listed term finance certificates		1,919,777	–	1,919,777	2,049,093	–	2,049,093
Unlisted term finance certificates		248,098	–	248,098	248,097	–	248,097
Sukuk certificates and bonds		15,081,412	–	15,081,412	16,920,026	–	16,920,026
Open end mutual funds		13,717,953	–	13,717,953	12,740,730	–	12,740,730
Close end mutual funds		68,436	–	68,436	67,000	–	67,000
		<u>103,105,421</u>	<u>24,277,986</u>	<u>127,383,407</u>	<u>107,510,624</u>	<u>39,585,677</u>	<u>147,096,301</u>
Subsidiary							
Habib Metropolitan Financial Services Limited		300,000	–	300,000	300,000	–	300,000
		<u>103,405,421</u>	<u>24,277,986</u>	<u>127,683,407</u>	<u>107,810,624</u>	<u>39,585,677</u>	<u>147,396,301</u>
Investments at cost							
Less: Provision for diminution in the value of investments	7.1	(341,474)	–	(341,474)	(338,722)	–	(338,722)
		<u>103,063,947</u>	<u>24,277,986</u>	<u>127,341,933</u>	<u>107,471,902</u>	<u>39,585,677</u>	<u>147,057,579</u>
Investments – net of provisions							
Surplus / (deficit) on reevaluation of available-for-sale securities – net	13	691,362	(345,121)	346,241	729,113	(262,070)	467,043
		<u>103,755,309</u>	<u>23,932,865</u>	<u>127,688,174</u>	<u>108,201,015</u>	<u>39,323,607</u>	<u>147,524,622</u>
Investments after revaluation of available-for-sale securities							

	Notes	31 March 2012 (Un-Audited)	31 December 2011 (Audited)
Rupees in '000			
7.1 Particulars of provision for diminution in the value of investments			
Opening balance		338,722	255,932
Charge for the period / year		4,778	94,640
Reversal of provision upon disposal of investments		(2,026)	(11,850)
Closing balance		<u>341,474</u>	<u>338,722</u>
8. ADVANCES			
Loans, cash credits, running finances, etc.			
In Pakistan		99,105,414	98,115,904
Net investments in finance lease / ijarah financing			
In Pakistan		506,859	561,970
Net assets in ijarah under IFAS 2		630,224	825,452
Bills discounted and purchased (excluding Market Treasury Bills)			
Payable in Pakistan		5,993,193	5,489,601
Payable outside Pakistan		16,509,670	14,686,721
		<u>22,502,863</u>	<u>20,176,322</u>
Advances - gross		<u>122,745,360</u>	<u>119,679,648</u>
Provision against non-performing advances			
- specific		(10,513,151)	(9,928,671)
- general		(158,979)	(94,263)
	8.3	<u>(10,672,130)</u>	<u>(10,022,934)</u>
Advances - net of provisions		<u>112,073,230</u>	<u>109,656,714</u>

8.1 Advances include Rs. 16,553,739 thousand (2011: Rs 15,427,848 thousand) which have been placed under non-performing status as detailed below:

Category of Classification	31 March 2012 (Un-Audited) in Pakistan		
	Classified advances	Provision required	Provision held
	Rupees in '000's		
Substandard	514,216	84,829	84,829
Doubtful	2,223,078	650,451	650,451
Loss	13,816,445	9,777,871	9,777,871
	<u>16,553,739</u>	<u>10,513,151</u>	<u>10,513,151</u>

Category of Classification	31 December 2011 (Audited) in Pakistan		
	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 quarter, 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 quarter would have been higher by Rs. 515.203 million (31 March 2011: Rs. 7.037 million) and profit after taxation for the quarter ended 31 March 2012 would have been lower by approximately Rs. 334.882 million (31 March 2011: Rs. 4.574 million). As of 31 March 2012, had the benefit of FSVs not taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 4,543.391 million (31 December 2011: Rs. 4,028.188 million) and accumulated profit would have been lower by Rs. 2,953.204 million (31 December 2011: Rs. 2,618.322 million). This amount of Rs. 2,953.204 million is not available for the distribution of cash and stock dividend to the shareholders.

8.3 Particulars of provision against non-performing advances:

	31 March 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	895,401	64,716	960,117	3,840,767	35,344	3,876,111
Reversals	(246,222)	-	(246,222)	(1,216,149)	-	(1,216,149)
Net charge for the period / year	649,179	64,716	713,895	2,624,618	35,344	2,659,962
Amount written off	(64,699)	-	(64,699)	(159,399)	-	(159,399)
Closing balance	<u>10,513,151</u>	<u>158,979</u>	<u>10,672,130</u>	<u>9,928,671</u>	<u>94,263</u>	<u>10,022,934</u>

8.4 General provision includes provision of Rs. 10,099 thousand (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. 7,597 thousand (31 March 2011: Rs. 308 thousand) and Rs. 856 thousand (31 March 2011: Rs. 859 thousand) respectively.

10. DEFERRED TAX ASSETS – NET

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 will now be 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 will be 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. 2,741,477 thousand. (2011: Rs. 2,549,617 thousand).

11. BORROWINGS

Secured

	31 March 2012 (Un-Audited)	31 December 2011 (Audited)
Borrowings from State Bank of Pakistan		
– under export refinance scheme	20,025,187	20,573,018
– under long term financing – export oriented projects	596,304	701,047
– under long term financing facility – locally manufactured plant and machinery	<u>2,019,497</u>	1,908,929
	<u>22,640,988</u>	23,182,994
Repurchase agreement borrowings	<u>23,885,504</u>	39,270,858
	<u>46,526,492</u>	62,453,852

Unsecured

Call borrowings	100,000	2,041,954
Overdrawn nostro accounts	2,053,141	2,032,902
Overdrawn local bank accounts	21,425	22,572
Other short term borrowing	<u>181,323</u>	89,946
	<u>2,355,889</u>	4,187,374
	<u>48,882,381</u>	66,641,226

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	31 March 2012 (Un-Audited)	31 December 2011 (Audited)
Rupees in '000		
12. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	84,460,276	82,159,532
Saving deposits	47,810,566	44,166,722
Current accounts (non-remunerative)	47,505,003	45,008,091
Others	2,035,264	2,200,862
	181,811,109	173,535,207
Financial Institutions		
Remunerative deposits	9,234,654	11,588,193
Non-remunerative deposits	423,784	276,402
	9,658,438	11,864,595
	191,469,547	185,399,802
13. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS - NET OF DEFERRED TAX		
Available-for-sale securities:		
Federal Government Securities		
Market Treasury Bills	161,605	324,026
Pakistan Investment Bonds	(108,905)	(32,953)
GOP Ijarah Sukuk	13,640	66,457
Fully paid-up ordinary shares – Listed	119,828	27,926
Term Finance Certificates		
Listed	7,983	(17,787)
Sukuk Certificates / Bonds	23,726	(9,219)
Mutual funds		
Open end	100,238	83,801
Close end	28,126	24,792
	346,241	467,043
Related deferred tax liability - net	(59,136)	(129,335)
	287,105	337,708
	287,105	337,708

	31 March 2012 (Un-Audited)	31 December 2011 (Audited)
	Rupees in '000	
14. CONTINGENCIES AND COMMITMENTS		
14.1 Direct credit substitutes		
Bank guarantees of indebtedness in favour of:		
– Banking companies and other financial institutions	<u>71,012</u>	<u>71,012</u>
14.2 Transaction-related contingent liabilities		
Includes performance bonds, bid bonds, advance payment guarantees and shipping guarantees favouring:		
i) Government	10,104,149	10,115,047
ii) Banking companies and other financial institutions	63,689	51,928
iii) Others	3,147,501	3,193,794
	<u>13,315,339</u>	<u>13,360,769</u>
14.3 Trade-related contingent liabilities		
Letters of credit	<u>43,389,122</u>	<u>50,815,273</u>
Acceptances	<u>11,306,588</u>	<u>12,360,730</u>
14.4 Commitments in respect of forward exchange contracts		
Purchase	<u>56,210,342</u>	<u>54,377,083</u>
Sale	<u>61,038,579</u>	<u>62,519,824</u>
14.5 Commitments in respect of operating leases		
Not later than one year	<u>20,128</u>	36,841
Later than one year and not later than five years	<u>10,819</u>	23,831
	<u>30,947</u>	<u>60,672</u>
14.6 Commitments for the acquisition of operating fixed assets	<u>5,597</u>	<u>9,105</u>
14.7 Claims against the Bank not acknowledged as debt	<u>2,481,831</u>	<u>2,424,410</u>
14.8 Commitments in respect of forward lending		
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.		

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	31 March 2012 (Un-Audited)	31 March 2011 (Un-Audited)
	Rupees in '000	
15. BASIC AND DILUTED EARNINGS PER SHARE		
Profit after taxation	<u>838,563</u>	<u>756,754</u>
	Number in '000 (Restated)	
Weighted average number of ordinary shares	<u>1,047,831</u>	<u>1,047,831</u>
	Rupees (Restated)	
Basic and diluted earnings per share	<u>0.80</u>	<u>0.72</u>

15.1 The comparative figure of weighted average number of shares outstanding has been restated to include the effect of bonus shares issued by the Bank during the year 2011.

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 employee retirement benefit plans.

Contributions to the accounts in respect of employee 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 2012 (Un-Audited)						
	Holding Company	Subsidiary	Associates	Key Management Personnel	Directors	Retirement Benefit Plans	Total
	Rupees in '000						
Deposits							
At beginning of the period	178,264	118,586	4,880,012	60,025	73,571	1,548,662	6,859,120
Received during the period	3,171,673	14,955,181	149,532,443	133,299	86,275	103,456	167,982,327
Repaid during the period	(3,173,209)	(14,947,573)	(149,331,909)	(175,331)	(70,828)	(121,008)	(167,819,858)
At the end of the period	<u>176,728</u>	<u>126,194</u>	<u>5,080,546</u>	<u>17,993</u>	<u>89,018</u>	<u>1,531,110</u>	<u>7,021,589</u>
Advances							
At the beginning of the period	-	-	1,776,952	30,896	-	-	1,807,848
Disbursed during the period	-	-	8,977,015	1,857	-	-	8,978,872
Recovered during the period	-	-	(8,889,239)	(8,524)	-	-	(8,897,763)
At the end of the period	<u>-</u>	<u>-</u>	<u>1,864,728</u>	<u>24,229</u>	<u>-</u>	<u>-</u>	<u>1,888,957</u>
Bank balances held by the Bank	<u>119,447</u>	<u>-</u>	<u>1,398,663</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,518,110</u>
Overdrawn bank balances held by the Bank	<u>(2,939)</u>	<u>-</u>	<u>(862,955)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(865,894)</u>
Mark-up/return/interest receivable	<u>-</u>	<u>-</u>	<u>12,246</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,246</u>
Mark-up/return/interest payable	<u>-</u>	<u>1,094</u>	<u>68,437</u>	<u>430</u>	<u>767</u>	<u>150,356</u>	<u>221,084</u>
Management fee payable for technical and consultancy services*	<u>188,699</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>188,699</u>
Prepayments /Advance deposits	<u>-</u>	<u>-</u>	<u>15,846</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,846</u>
Transaction-related contingent liabilities	<u>-</u>	<u>25,000</u>	<u>1,427,087</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,452,087</u>
Trade-related contingent liabilities	<u>-</u>	<u>-</u>	<u>1,431,180</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,431,180</u>
Advance received against prepaid card	<u>-</u>	<u>-</u>	<u>1,298</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,298</u>
Advance received against insurance premium	<u>-</u>	<u>-</u>	<u>316</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>316</u>

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

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31 December 2011 (Audited)

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

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

Transactions during the period

For the period ended **31 March 2012** (Un-Audited)

	Holding Company	Subsidiary	Associates	Key Management Personnel	Directors	Retirement Benefit Plans	Total
	Rupees in '000						
Mark-up/return/interest earned	-	-	18,625	622	-	-	19,247
Mark-up/return/interest expensed	-	3,031	128,538	1,583	1,697	41,938	176,787
Commission/brokerage/bank charges recovered	-	105	2,085	-	-	-	2,190
Rent income	-	300	270	-	-	-	570
Salaries and allowances	-	-	-	42,603	-	-	42,603
Directors' fees	-	-	-	-	1,520	-	1,520
Contribution to defined benefit plan	-	-	-	-	-	19,500	19,500
Contribution to defined contribution plan	-	-	-	-	-	23,152	23,152
Bank charges paid	262	52	315	-	-	-	629
Rent expenses	-	-	4,455	-	-	-	4,455
Insurance premium expenses	-	-	8,334	-	-	-	8,334
Maintenance, Electricity, Stationary & Entertainment	-	-	9,616	-	-	-	9,616
Management fee expense for technical and consultancy services*	45,199	-	-	-	-	-	45,199
Donation	-	-	480	-	-	-	480
Professional / other charges	-	-	2,460	-	-	-	2,460

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

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Transactions during the period	For the period ended 31 March 2011 (Un-Audited)						Total
	Holding Company	Subsidiary	Associates	Key Management Personnel	Directors	Retirement Benefit Plans	
	Rupees in '000						
Mark-up/return/interest earned	-	-	29,644	376	-	-	30,020
Mark-up/return/interest expensed	-	2,924	122,274	2,654	1,463	27,672	156,987
Commission/brokerage/bank charges recovered	-	131	2,866	-	-	-	2,997
Rent income	-	300	246	-	-	-	546
Salaries and allowances	-	-	-	27,861	-	-	27,861
Directors' fees	-	-	-	-	1,030	-	1,030
Contribution to defined benefit plan	-	-	-	-	-	18,000	18,000
Contribution to defined contribution plan	-	-	-	-	-	18,701	18,701
Bank charges paid	113	48	7,316	-	-	-	7,477
Rent expenses	-	-	4,163	-	-	-	4,163
Insurance premium expenses	-	-	7,885	-	-	-	7,885
Maintenance, Electricity, Stationary & Entertainment	-	-	5,348	-	-	-	5,348
Management fee expense for technical and consultancy services*	37,312	-	-	-	-	-	37,312
Donation	-	-	480	-	-	-	480
Professional / other charges	-	-	2,485	-	-	-	2,485

* 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 31 March 2012 is as follows:

BALANCE SHEET	31 March 2012	31 December 2011
	(Un-Audited)	(Audited)
	Rupees in '000	
ASSETS		
Cash and balances with treasury banks	702,785	865,436
Balances with and due from financial institutions	-	-
Investments	11,363,777	10,050,774
Financing and receivables		
- Murabaha	4,440,047	4,377,344
- Ijara	754,323	932,855
- Diminishing Musharaka	787,542	560,639
- Export Refinance Murabaha	552,517	564,352
- Foreign Documentary Bills Purchased	-	10,935
	6,534,429	6,446,125
Other assets	803,270	1,247,975
	19,404,261	18,610,310
LIABILITIES		
Bills payable	69,061	123,105
Deposits and other accounts		
- Current accounts	1,547,704	1,635,512
- Saving deposits	2,907,863	3,108,458
- Fixed deposits	7,636,491	6,999,909
- Deposits from financial institutions - remunerative	4,266,574	2,996,860
- Deposits from financial institutions - non-remunerative	4,917	6,735
	16,363,549	14,747,474
Borrowings	552,517	564,352
Due to head office	498,260	597,648
Other liabilities	772,559	1,008,498
	18,255,946	17,041,077
NET ASSETS	1,148,315	1,569,233
REPRESENTED BY		
Islamic banking fund	1,002,267	1,002,249
Unappropriated profit	123,294	538,933
	1,125,561	1,541,182
Surplus on revaluation of assets	22,754	28,051
	1,148,315	1,569,233

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 20 April 2012.

KASSIM PAREKH
Chairman

SIRAJUDDIN AZIZ
President &
Chief Executive Officer

TARIQ IKRAM
Director

MOHAMEDALI R. HABIB
Director