



# HABIB METROPOLITAN BANK

[ Subsidiary of Habib Bank AG Zurich ]

Consolidated Accounts for the half year ended  
30 June 2013  
(Un-Audited)

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

AS AT 30 JUNE 2013

	Note	30 June 2013 (Un-Audited)	31 December, 2012 (Audited)
		Rupees in '000	
			(Restated)
<b>ASSETS</b>			
Cash and balances with treasury banks		17,098,516	16,918,780
Balances with other banks	5	4,386,518	5,151,149
Lendings to financial institutions	6	20,423,193	—
Investments	7	180,109,979	160,733,315
Advances	8	106,964,483	106,910,727
Operating fixed assets	9	2,981,183	3,000,827
Deferred tax assets	10	2,463,381	2,310,721
Other assets	11	7,323,791	5,749,931
		<b>341,751,044</b>	<b>300,775,450</b>
<b>LIABILITIES</b>			
Bills payable	12	5,399,902	4,092,268
Borrowings	13	80,340,707	41,569,169
Deposits and other accounts		218,444,890	217,670,832
Sub-ordinated loans		—	—
Liabilities against assets subject to finance lease		—	—
Deferred tax liabilities		—	—
Other liabilities		9,744,313	9,255,735
		<b>313,929,812</b>	<b>272,588,004</b>
<b>NET ASSETS</b>		<b>27,821,232</b>	<b>28,187,446</b>
<b>REPRESENTED BY</b>			
Share capital		10,478,315	10,478,315
Reserves		9,844,277	9,488,277
Unappropriated profit		5,367,062	6,034,600
		<b>25,689,654</b>	<b>26,001,192</b>
Surplus on revaluation of assets - net of deferred tax	14	2,131,578	2,186,254
		<b>27,821,232</b>	<b>28,187,446</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	15		

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.

**SIRAJUDDIN AZIZ**  
President &  
Chief Executive Officer

**MOHAMEDALI R. HABIB**  
Director

**BASHIR ALI MOHAMMAD**  
Director

**SOHAIL HASAN**  
Director

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

FOR THE QUARTER AND HALF YEAR ENDED 30 JUNE 2013

	Note	30 June 2013		30 June 2012	
		Quarter ended	Half year ended	Quarter ended	Half year ended
		Rupees in '000			
		(Restated)		(Restated)	
<b>Mark-up / return / interest earned</b>		<b>5,790,279</b>	<b>11,723,732</b>	6,377,368	13,268,566
<b>Mark-up / return / interest expensed</b>		<b>(3,717,532)</b>	<b>(7,712,714)</b>	(4,205,609)	(8,930,095)
Net mark-up / interest income		<b>2,072,747</b>	<b>4,011,018</b>	2,171,759	4,338,471
Provision against non-performing loans and advances	8.3	<b>377,076</b>	<b>1,035,638</b>	682,275	1,396,170
Provision for diminution in the value of investments		<b>7,911</b>	<b>(705)</b>	11,410	16,188
Bad debts written-off directly		<b>—</b>	<b>—</b>	—	—
		<b>(384,987)</b>	<b>(1,034,933)</b>	(693,685)	(1,412,358)
Net mark-up / interest income after provisions		<b>1,687,760</b>	<b>2,976,085</b>	1,478,074	2,926,113
<b>Non mark-up / interest income</b>					
Fee, commission and brokerage income		<b>564,293</b>	<b>1,119,059</b>	559,089	1,082,505
Dividend income		<b>4,523</b>	<b>39,552</b>	322,103	594,088
Income from dealing in foreign currencies		<b>252,446</b>	<b>538,176</b>	297,625	579,365
Gain on sale / redemption of securities		<b>651,412</b>	<b>1,152,355</b>	253,537	308,296
Unrealized gain / (loss) on revaluation of investments classified as 'held for trading'		<b>—</b>	<b>—</b>	—	—
Other income		<b>59,051</b>	<b>116,733</b>	68,789	127,867
Total non mark-up / interest income		<b>1,531,725</b>	<b>2,965,875</b>	1,501,143	2,692,121
		<b>3,219,485</b>	<b>5,941,960</b>	2,979,217	5,618,234
<b>Non mark-up / interest expenses</b>					
Administrative expenses		<b>1,588,386</b>	<b>3,158,722</b>	1,376,000	2,768,414
Other provisions / write-offs		<b>—</b>	<b>—</b>	—	—
Other charges		<b>51,792</b>	<b>86,388</b>	41,153	79,400
Total non mark-up / interest expenses		<b>(1,640,178)</b>	<b>(3,245,110)</b>	(1,417,153)	(2,847,814)
		<b>1,579,307</b>	<b>2,696,850</b>	1,562,064	2,770,420
Extra ordinary / unusual items		<b>—</b>	<b>—</b>	—	—
<b>Profit before taxation</b>		<b>1,579,307</b>	<b>2,696,850</b>	1,562,064	2,770,420
Taxation – Current		<b>529,035</b>	<b>1,019,485</b>	657,243	1,237,253
– Prior years		<b>173,367</b>	<b>173,368</b>	—	—
– Deferred		<b>(151,322)</b>	<b>(284,814)</b>	(135,112)	(349,197)
		<b>(551,080)</b>	<b>(908,039)</b>	(522,131)	(888,056)
<b>Profit after taxation</b>		<b>1,028,227</b>	<b>1,788,811</b>	1,039,933	1,882,364
<b>Basic earnings per share (Rupees)</b>	16	<b>0.98</b>	<b>1.71</b>	0.99	1.80

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**SIRAJUDDIN AZIZ**  
President &  
Chief Executive Officer

**MOHAMEDALI R. HABIB**  
Director

**BASHIR ALI MOHAMMAD**  
Director

**SOHAIL HASAN**  
Director

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

FOR THE QUARTER AND HALF YEAR ENDED 30 JUNE 2013

	Note	30 June 2013 Quarter ended	30 June 2013 Half year ended	30 June 2012 Quarter ended	30 June 2012 Half year ended
		Rupees in '000			
Profit after taxation for the period		1,028,227	1,788,811	1,039,933	1,882,364
<b>Other comprehensive income</b>					
Items not to be reclassified to profit or loss in subsequent periods:					
Remeasurement of defined benefit plan	3.2	(3,605)	(7,209)	(8,626)	(17,252)
Deferred tax on defined benefit plan	3.2	1,262	2,523	2,728	5,455
		(2,343)	(4,686)	(5,898)	(11,797)
<b>Comprehensive income transferred to equity</b>		<b>1,025,884</b>	<b>1,784,125</b>	<b>1,034,035</b>	<b>1,870,567</b>
<b>Components of comprehensive income not reflected in equity</b>					
Items to be reclassified to profit or loss in subsequent periods:					
Surplus / (deficit) on revaluation of investments		1,092,600	80,003	(178,106)	(296,470)
Deferred tax on revaluation of investments		(428,535)	(134,679)	66,155	136,205
		664,065	(54,676)	(111,951)	(160,265)
<b>Total comprehensive income</b>		<b>1,689,949</b>	<b>1,729,449</b>	<b>922,084</b>	<b>1,710,302</b>

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Director

**SOHAIL HASAN**  
Director

**CONSOLIDATED CONDENSED INTERIM  
CASH FLOW STATEMENT (UN-AUDITED)**

FOR THE HALF YEAR ENDED 30 JUNE 2013

	30 June 2013	30 June 2012
	Rupees in '000 (Restated)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	2,696,850	2,770,420
Less: Dividend income	(39,552)	(594,088)
	<u>2,657,298</u>	<u>2,176,332</u>
<b>Adjustments</b>		
Depreciation	226,660	223,611
Provision against non-performing loans and advances – net	1,035,638	1,396,170
Provision for diminution in the value of investments – net	(82,083)	13,622
Net (gain) on sale of fixed assets	(4,373)	(12,562)
	<u>1,175,842</u>	<u>1,620,841</u>
	<u>3,833,140</u>	<u>3,797,173</u>
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	(20,423,193)	(2,320,637)
Advances	(1,089,394)	(3,153,512)
Other assets	(1,573,860)	292,801
	<u>(23,086,447)</u>	<u>(5,181,348)</u>
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	1,307,634	1,566,939
Borrowings	38,849,127	(44,927,125)
Deposits and other accounts	774,058	23,165,350
Other liabilities (excluding taxation and dividend)	562,913	155,349
	<u>41,493,732</u>	<u>(20,039,487)</u>
	<u>22,240,425</u>	<u>(21,423,622)</u>
Income tax paid	(1,277,296)	(1,268,084)
<b>Net cash flows from operating activities</b>	<u>20,963,129</u>	<u>(22,691,746)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investments in available-for-sale securities	(13,967,985)	31,355,932
Net investments in held-to-maturity securities	(5,246,593)	(4,474,727)
Dividend received	39,552	594,088
Investments in operating fixed assets	(207,809)	(116,830)
Proceeds from sale of fixed assets	5,208	77,996
<b>Net cash flows from investing activities</b>	<u>(19,377,627)</u>	<u>27,436,459</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(2,092,808)	(1,568,828)
<b>Net cash flows from financing activities</b>	<u>(2,092,808)</u>	<u>(1,568,828)</u>
<b>Increase / (decrease) in cash and cash equivalents</b>	<u>(507,306)</u>	<u>3,175,885</u>
Cash and cash equivalents at beginning of the period	21,216,198	15,449,954
Effect of exchange rate changes on cash and cash equivalents	215,320	279,853
<b>Cash and cash equivalents at end of the period</b>	<u>20,924,212</u>	<u>18,905,692</u>

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**SIRAJUDDIN AZIZ**  
President &  
Chief Executive Officer

**MOHAMEDALIR. HABIB**  
Director

**BASHIR ALI MOHAMMAD**  
Director

**SOHAIL HASAN**  
Director

## FOR THE HALF YEAR ENDED 30 JUNE 2013

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.

**SOHAIL HASAN**  
Director

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

FOR THE HALF YEAR ENDED 30 JUNE 2013

### 1. STATUS AND NATURE OF BUSINESS

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

Habib Metropolitan Bank Limited (the holding company) was incorporated in Pakistan on 3 August 1992, as a public limited company, under the Companies Ordinance, 1984 and is engaged in commercial banking and related services. Its shares are listed on all the three stock exchanges in Pakistan. The holding company operates 146 (31 December 2012: 143) branches, including 4 (31 December 2012: 4) Islamic banking branches and 40 (31 December 2012: 40) sub branches in Pakistan. The holding company is a subsidiary of Habib Bank AG Zurich - Switzerland (ultimate parent company) which is incorporated in Switzerland. The registered office of the holding company is situated at Spencer's Building, I. I. Chundrigar Road, Karachi.

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

### 2. BASIS OF PREPARATION

2.1 These consolidated condensed interim financial statements are presented in condensed form in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting, and directives issued by Securities and Exchange Commission of Pakistan (SECP) and State Bank of Pakistan (SBP). These consolidated condensed interim financial statements do not include all of the statements required for full financial statements and should be read in conjunction with the financial statements of the Group for the year ended 31 December 2012.

2.2 These consolidated condensed interim financial statements are being submitted to the shareholders in accordance with the requirement of section 245 of the Companies Ordinance 1984. These consolidated condensed interim financial statements are unaudited but subject to limited scope review by the auditors.

### 3. ACCOUNTING POLICIES AND ESTIMATES

3.1 The accounting policies adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the consolidated financial statements of the Bank for the year ended December 31, 2012 other than as disclosed in note 3.2 below.

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**3.2** During the period the Bank has adopted IAS-19 (Revised) effective from June 30, 2013. The significant changes to IAS 19 are as follows:

- For defined benefit plans, the option to defer recognition of actuarial gains and losses (i.e., the corridor approach) has been removed. As revised, actuarial gains and losses are recognized in other comprehensive income when they occur. Amounts recorded in the profit and loss account are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit obligation are recognized directly in other comprehensive income with no subsequent recycling through the profit and loss account.
- The revised standard has new or revised disclosure requirements. The disclosures now include quantitative information regarding the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial assumption. The revision has no effect on these consolidated condensed interim financial statements.

The adoption of the said amendments has resulted in a change in the Bank's accounting policy related to recognition of actuarial gains and losses (note 5.9.1 to the consolidated financial statements for the year ended December 31, 2012). Consequently the Bank now recognizes all actuarial gains and losses directly net of deferred tax in other comprehensive income with no subsequent recycling through the profit and loss account.

Had the said change not been made, the Bank's equity as at June 30, 2013 would have been higher by Rs.70,876 thousand net of deferred tax (31 December 2012: Rs.66,190 thousand), liability in respect of defined benefit plan (included in other liabilities) would have been lower by Rs. 109,040 thousand (31 December 2012: 101,832 thousand) and profit after tax for the half year ended 30 June 2013 would have been lower by Rs. 6,739 thousand (30 June 2012: Rs. 1,665 thousand). Moreover, deferred tax asset would have lower by Rs. 38,164 thousand (31 December 2012: Rs. 35,640 thousand).

Due to the above change, the comparative figures of the profit and loss account for the quarter and six months period ended 30 June 2012 have also been restated and the actuarial loss of Rs. 832 thousand and Rs. 1,665 thousand for the above respective periods earlier recognised in the profit and loss accounts of those periods have now been transferred to the consolidated condensed interim statement of comprehensive income.

#### **4. FINANCIAL RISK MANAGEMENT**

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



## HABIBMETRO

5 BALANCES WITH OTHER BANKS	30 June 2013 (Un-Audited)	31 December 2012 (Audited)
	Rupees in '000	
<b>In Pakistan</b>		
Current accounts	446,453	361,861
Deposit accounts	16,562	12,556
	<u>463,015</u>	<u>374,417</u>
<b>Outside Pakistan</b>		
Current accounts	1,432,015	3,319,486
Deposit accounts	2,491,488	1,457,246
	<u>3,923,503</u>	<u>4,776,732</u>
	<u>4,386,518</u>	<u>5,151,149</u>
<b>6. LENDINGS TO FINANCIAL INSTITUTIONS</b>		
Call money lendings	6,500,000	–
Repurchase agreement lendings (Reverse repo)	13,923,193	–
	<u>20,423,193</u>	<u>–</u>

7. INVESTMENTS	Note	30 June 2013 (Un-Audited)			31 December 2012 (Audited)		
		Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
Rupees in '000							
<b>Available-for-sale securities</b>							
Market treasury bills		48,389,554	35,691,356	84,080,910	81,775,464	15,095,547	96,871,011
Pakistan investment bonds	7.2	19,583,003	26,842,571	46,425,574	17,834,896	5,780,174	23,615,070
Ordinary shares of listed companies		197,598	–	197,598	849,818	–	849,818
Ordinary shares of unlisted companies		138,955	–	138,955	138,955	–	138,955
Preference shares of a listed company		40,000	–	40,000	40,000	–	40,000
Listed term finance certificates		953,690		953,690	1,082,970		1,082,970
Unlisted term finance certificates		703,230	–	703,230	784,718	–	784,718
Sukuk certificates and bonds		25,074,272	–	25,074,272	19,759,321	–	19,759,321
Units of open end mutual funds		9,851,907	–	9,851,907	10,298,235	–	10,298,235
Units of close end mutual funds		–	–	–	58,053	–	58,053
		104,932,209	62,533,927	167,466,136	132,622,430	20,875,721	153,498,151
<b>Held-to-maturity securities</b>							
Pakistan investment bonds		7,933,922	–	7,933,922	4,487,329	–	4,487,329
Certificate of investments		1,800,000	–	1,800,000	–	–	–
		114,666,131	62,533,927	177,200,058	137,109,759	20,875,721	157,985,480
<b>Investments at cost</b>							
Less: Provision for diminution in the value of investments	7.1	(192,159)	–	(192,159)	(274,242)	–	(274,242)
<b>Investments – net of provisions</b>		114,473,972	62,533,927	177,007,899	136,835,517	20,875,721	157,711,238
Surplus / (deficit) on revaluation of available-for-sale securities – net	14	3,742,639	(640,559)	3,102,080	3,659,925	(637,848)	3,022,077
<b>Investments after revaluation of available-for-sale securities</b>		118,216,611	61,893,368	180,109,979	140,495,442	20,237,873	160,733,315

## HABIBMETRO

	Note	30 June 2013 (Un-Audited)	31 December 2012 (Audited)
Rupees in '000			
<b>7.1 Particulars of provision for diminution in the value of investments</b>			
Opening balance		274,242	338,722
Charge for the period / year		2,550	42,252
Recovered during the period / year		(3,255)	(9,753)
Net charge for the period / year		(705)	32,499
Reversal of provision upon disposal of investments		(81,378)	(67,786)
Investment written off during the period / year		-	(29,193)
Closing balance		192,159	274,242

**7.2** These carry mark-up rates ranging from 9.00% to 12.00% per annum (31 December 2012: 9.00% to 12.00% per annum) and will mature up to 19 July 2022. These include Rs. 158,500 thousand (31 December 2012: Rs. 158,500 thousand) pledged with State Bank of Pakistan and National Bank of Pakistan against TT/DD discounting facilities and demand loan facilities.

## 8. ADVANCES

Loans, cash credits, running finances, etc.			
In Pakistan		97,487,515	99,708,381
Net investments in finance lease / ijarah financing			
In Pakistan		473,731	488,868
Net assets in ijarah under IFAS 2		250,268	350,465
Bills discounted and purchased (excluding Market Treasury Bills)			
Payable in Pakistan		4,902,659	4,555,113
Payable outside Pakistan		17,163,635	14,196,896
		22,066,294	18,752,009
Advances - gross		120,277,808	119,299,723
Provision against non-performing advances			
- specific		(12,858,426)	(12,035,322)
- general		(454,899)	(353,674)
	8.3	(13,313,325)	(12,388,996)
Advances - net of provisions		106,964,483	106,910,727

- 8.1 Advances include Rs. 17,487,867 thousand (31 December 2012 : Rs. 17,729,487 thousand) which have been placed under non-performing status as detailed below:

Category of Classification	30 June 2013 (Un-Audited)		
	Classified advances	Provision required	Provision held
	Rupees in '000's		
Substandard	66,052	13	13
Doubtful	295,278	100,061	100,061
Loss	17,126,537	12,758,352	12,758,352
	<u>17,487,867</u>	<u>12,858,426</u>	<u>12,858,426</u>

  

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

- 8.2 In accordance with BSD Circular No. 1 dated 21 October 2011 issued by the State Bank of Pakistan, the Bank has taken the benefit of forced sale values (FSV) against certain collaterals held against non-performing advances (excluding consumer portfolio). As of 30 June 2013, had the total benefit of these FSVs not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 4,135,386 thousand (31 December 2012: Rs. 4,454,865 thousand) and accumulated profit would have been lower by Rs. 2,688,001 thousand (31 December 2012: Rs. 2,895,662 thousand). This amount of Rs. 2,688,001 thousand is not available for the distribution of cash and stock dividend to the shareholders. The effect on profit for the six months period ended 30 June 2013, had the benefit of FSV not reduced during the current six months period, profit after tax would have been higher by Rs. 207,661 thousand (30 June 2012: reduced by Rs. 409,705 thousand).

8.3 Particulars of specific provision against non-performing advances:

	30 June 2013 (Un-Audited)			31 December 2012 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	12,035,322	353,674	12,388,996	9,928,671	94,263	10,022,934
Charge for the period / year	1,419,828	101,272	1,521,100	3,575,401	259,411	3,834,812
Reversals	(485,415)	(47)	(485,462)	(1,173,564)	-	(1,173,564)
Net charge for the period / year	934,413	101,225	1,035,638	2,401,837	259,411	2,661,248
Amount written off	(111,309)	-	(111,309)	(295,186)	-	(295,186)
Closing balance	<u>12,858,426</u>	<u>454,899</u>	<u>13,313,325</u>	<u>12,035,322</u>	<u>353,674</u>	<u>12,388,996</u>

**8.4** General provision includes provision of Rs. 2,872 thousand (31 December 2012: Rs. 5,385 thousand) made against consumer portfolio in accordance with the Prudential Regulations issued by SBP at 1.5% of fully secured and at 5% of the unsecured consumer portfolio.

### **9. OPERATING FIXED ASSETS**

During the current period, additions and disposals in operating fixed assets amounted to Rs. 97,670 thousand (30 June 2012: Rs. 97,129 thousand) and Rs. 5,286 thousand (30 June 2012: Rs. 65,434 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 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. 3,688,030 thousand. (31 December 2012: Rs. 3,424,087 thousand).

### **11. OTHER ASSETS**

During the period, other assets increased by Rs. 1,573,860 thousand which mainly comprise of increase in mark-up receivable by Rs. 1,406,801 thousand.

	30 June 2013 (Un-Audited)	31 December 2012 (Audited)
	Rupees in '000	
<b>12. BORROWINGS</b>		
<b>Secured</b>		
Borrowings from State Bank of Pakistan		
– under export refinance scheme	16,023,516	18,810,750
– under long term financing – export oriented projects	213,369	331,383
– under long term financing facility – locally manufactured plant and machinery	1,676,635	1,567,889
	17,913,520	20,710,022
Repurchase agreement borrowings	61,866,365	20,220,736
	79,779,885	40,930,758
<b>Unsecured</b>		
Overdrawn nostro accounts	467,288	514,541
Overdrawn local bank accounts	93,534	123,870
	560,822	638,411
	80,340,707	41,569,169
<b>13. DEPOSITS AND OTHER ACCOUNTS</b>		
<b>Customers</b>		
Fixed deposits	87,157,424	93,541,355
Saving deposits	64,652,621	54,785,453
Current accounts (non-remunerative)	59,633,567	53,335,479
Others	3,045,938	2,369,674
	214,489,550	204,031,961
<b>Financial Institutions</b>		
Remunerative deposits	3,558,700	13,169,786
Non-remunerative deposits	396,640	469,085
	3,955,340	13,638,871
	218,444,890	217,670,832

## HABIBMETRO

	30 June 2013 (Un-Audited)	31 December 2012 (Audited)
	Rupees in '000	
<b>14. SURPLUS ON REVALUATION OF ASSETS – NET OF DEFERRED TAX</b>		
Available-for-sale securities:		
<b>Federal Government Securities</b>		
Market Treasury Bills	63,607	371,564
Pakistan Investment Bonds	2,571,038	1,588,221
GOP Ijarah Sukuk	17,975	159,938
<b>Fully paid-up ordinary shares of listed companies</b>	39,765	173,555
<b>Fully paid-up preference shares of a listed company</b>	3,600	2,561
<b>Term finance certificates, sukuk certificates and bonds</b>		
Listed term finance certificates	(15,151)	10,814
Unlisted term finance certificates	10,444	7,745
Sukuk certificates / bonds	(6,736)	(3,819)
<b>Mutual funds</b>		
Open end	417,538	678,683
Close end	–	32,815
	<u>3,102,080</u>	<u>3,022,077</u>
Related deferred tax liability - net	<u>(970,502)</u>	<u>(835,823)</u>
	<u><u>2,131,578</u></u>	<u><u>2,186,254</u></u>
<b>15. CONTINGENCIES AND COMMITMENTS</b>		
<b>15.1 Direct credit substitutes</b>		
Bank guarantees of indebtedness in favour of banking companies and other financial institutions	<u>43,505</u>	<u>47,341</u>
<b>15.2 Transaction-related contingent liabilities</b>		
Includes performance bonds, bid bonds, advance payment guarantees and shipping guarantees favouring:		
i) Government	14,635,298	12,770,916
ii) Banking companies and other financial institutions	112,367	121,472
iii) Others	2,536,411	2,871,002
	<u>17,284,076</u>	<u>15,763,390</u>
<b>15.3 Trade-related contingent liabilities</b>		
Letters of credit	<u>51,989,217</u>	<u>51,509,313</u>
Acceptances	<u>9,913,697</u>	<u>7,993,332</u>

	30 June 2013 (Un-Audited)	31 December 2012 (Audited)
	Rupees in '000	
<b>15.4 Commitments in respect of forward exchange contracts</b>		
Purchase	<u>56,763,812</u>	<u>45,136,165</u>
Sale	<u>61,098,588</u>	<u>51,020,826</u>
<b>15.5 Commitments in respect of operating leases</b>		
Not later than one year	<u>10,353</u>	<u>7,598</u>
Later than one year and not later than five years	<u>11,067</u>	<u>8,111</u>
	<u>21,420</u>	<u>15,689</u>
<b>15.6 Commitments for the acquisition of operating fixed assets</b>	<u>95,505</u>	<u>35,018</u>
<b>15.7 Claims against the Bank not acknowledged as debt</b>	<u>2,332,580</u>	<u>2,332,580</u>

**15.8 Commitments in respect of forward lendings**

The Bank makes commitments to extend credit in the normal course of its business, but none of these commitments are irrevocable and do not attract any penalty if the facility is unilaterally withdrawn.

**15.9 Taxation**

Income tax assessments of the Bank have been finalised upto the tax year 2008 (corresponding to the accounting year ended 31 December 2007). Certain appeals are pending for the tax years 2009, 2010, 2011 and 2012 (corresponding to the accounting years ended 31 December 2008, 2009, 2010 and 2011). However, adequate provisions are being held by the Bank.

**16. BASIC EARNINGS PER SHARE**

	30 June 2013 (Un-Audited)		30 June 2012	
	Quarter ended	Half year ended	Quarter ended	Half year ended
	Rupees in '000 (Restated)			
Profit after taxation	<u>1,028,227</u>	<u>1,788,811</u>	<u>1,039,933</u>	<u>1,882,364</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>0.98</u>	<u>1.71</u>	<u>0.99</u>	<u>1.80</u>



## 17. TRANSACTIONS WITH RELATED PARTIES

The Group has related party relationships with its ultimate parent company, companies with common directorship, key management personnel, directors and employee's retirement benefit plans.

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

	30 June 2013 (Un-Audited)					
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000					
<b>Deposits</b>						
At beginning of the year	91,390	4,934,306	24,338	151,459	1,830,080	7,031,573
Received during the period	8,606,958	386,943,579	103,578	374,690	2,795,804	398,824,609
Repaid during the period	(8,619,844)	(386,615,132)	(106,286)	(266,383)	(2,722,687)	(398,330,332)
At end of the period	78,504	5,262,753	21,630	259,766	1,903,197	7,525,850
<b>Advances</b>						
At beginning of the year	-	1,602,820	26,101	-	-	1,628,921
Disbursed during the period	-	21,161,987	17,533	-	-	21,179,520
Recovered during the period	-	(20,542,343)	(17,010)	-	-	(20,559,353)
At end of the period	-	2,222,464	26,624	-	-	2,249,088
Bank balances held by the Bank	72,114	369,272	-	-	-	441,386
Overdrawn bank balances held by the Bank	-	213,172	-	-	-	213,172
Mark-up/return/interest receivable	-	8,687	-	-	-	8,687
Mark-up/return/interest payable	-	73,634	719	1,758	85,483	161,594
Management fee payable for technical and consultancy services*	179,230	-	-	-	-	179,230
Prepayments /Advance deposits	-	8,787	-	-	-	8,787
Transaction-related contingent liabilities	-	1,677,149	-	-	-	1,677,149
Trade-related contingent liabilities	-	2,652,253	-	-	-	2,652,253
Advance received against prepaid card	-	7,291	-	-	-	7,291
Receivable / (payable) against purchase / sale of securities	-	-	(270)	-	-	(270)

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

	31 December 2012 (Audited)					
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000					
<b>Deposits</b>						
At beginning of the year	178,264	4,880,012	60,025	73,571	1,548,662	6,740,534
Received during the period	15,500,722	816,595,740	407,791	681,914	4,862,281	838,048,448
Repaid during the period	(15,587,596)	(816,541,446)	(443,478)	(604,026)	(4,580,863)	(837,757,409)
At end of the period	91,390	4,934,306	24,338	151,459	1,830,080	7,031,573
<b>Advances</b>						
At beginning of the year	-	1,776,952	31,193	-	-	1,808,145
Disbursed during the period	-	28,892,000	6,245	-	-	28,898,245
Recovered during the period	-	(29,066,132)	(11,337)	-	-	(29,077,469)
At end of the period	-	1,602,820	26,101	-	-	1,628,921
Investments	-	53,642	-	-	-	53,642
Bank balances held by the Bank	77,497	1,980,921	-	-	-	2,058,418
Overdrawn bank balances held by the Bank	-	246,158	-	-	-	246,158
Mark-up/return/interest receivable	-	11,330	-	-	-	11,330
Mark-up/return/interest payable	-	41,072	810	1,292	118,082	161,256
Management fee payable for technical and consultancy services*	159,288	-	-	-	-	159,288
Prepayments /Advance deposits	-	26,164	-	-	-	26,164
Transaction-related contingent liabilities	-	1,456,588	-	-	-	1,456,588
Trade-related contingent liabilities	-	1,814,176	-	-	-	1,814,176
Advance received against prepaid card	-	6,640	-	-	-	6,640
Advance received against insurance premium	-	316	-	-	-	316
Receivable / (payable) against purchase / sale of securities	-	(9,952)	-	-	-	(9,952)
Receivable / (payable) against purchase / sale of securities	-	-	(480)	-	-	(480)

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

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Transactions during the period	For the period ended 30 June 2013 (Un-Audited)				
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans
	Rupees in '000				
Mark-up/return/interest earned	-	64,227	1,095	-	-
Mark-up/return/interest expensed	-	294,524	286	6,382	74,119
Commission/brokerage/bank charges recovered	2,964	186,671	36	-	-
Commission/brokerage/bank charges paid	186	6,205	-	-	-
Rent income	-	495	-	-	-
Gain on sale of fixed assets	-	11,366	-	-	-
Salaries and allowances	-	-	91,144	-	-
Directors' fees	-	-	-	4,360	-
Contribution to defined benefit plan	-	-	-	-	52,800
Contribution to defined contribution plan	-	-	-	-	56,801
Rent expenses	-	9,258	-	-	-
Insurance premium expenses	-	26,355	-	-	-
Maintenance, electricity, stationery & entertainment expenses	-	22,118	-	-	-
Management fee expense for technical and consultancy services*	77,115	-	-	-	-
Donation paid	-	960	-	-	-
Professional / other charges paid	-	2,577	-	-	-

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

**Transactions during the period**

	For the period ended 30 June 2012 (Un-Audited)				
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans
	Rupees in '000				
Mark-up/return/interest earned	-	59,539	865	-	-
Mark-up/return/interest expensed	-	312,275	719	3,905	143,791
Commission/brokerage/bank charges recovered	1,790	5,497	24	-	-
Commission/brokerage/bank charges paid	1,097	685	-	-	-
Rent income	-	540	-	-	-
Loss on sale of fixed assets	-	-	820	-	-
Salaries and allowances	-	-	65,934	-	-
Directors' fees	-	-	-	3,060	-
Contribution to defined benefit plan	-	-	-	-	39,000
Contribution to defined contribution plan	-	-	-	-	51,103
Rent expenses	-	8,977	-	-	-
Insurance premium expenses	-	23,880	-	-	-
Maintenance, electricity, stationery & entertainment expenses	-	19,592	-	-	-
Management fee expense for technical and consultancy services*	79,300	-	-	-	-
Donation paid	-	960	-	-	-
Professional / other charges paid	-	4,349	-	-	-

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

## 18. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment result for the period are as follows:

	30 June 2013 (Un-Audited)			
	Trade & Sales	Retail Banking	Commercial Banking	Total
	Rupees in '000			
Total income*	7,995,538	3,436,841	5,822,060	17,254,439
Total expenses*	(6,212,286)	(3,231,698)	(5,113,605)	(14,557,589)
Net Income	<u>1,783,252</u>	<u>205,143</u>	<u>708,455</u>	<u>2,696,850</u>
Segment assets (gross)	<u>215,285,220</u>	<u>1,219,119</u>	<u>125,246,705</u>	<u>341,751,044</u>
Segment liabilities	<u>88,174,973</u>	<u>108,490,340</u>	<u>117,264,499</u>	<u>313,929,812</u>

  

	30 June 2012 (Un-Audited)			
	Trade & Sales	Retail Banking	Commercial Banking	Total
	Rupees in '000			
Total income*	7,866,021	4,074,106	7,162,959	19,103,086
Total expenses*	(6,653,442)	(3,638,621)	(6,040,603)	(16,332,666)
Net Income	<u>1,212,579</u>	<u>435,485</u>	<u>1,122,356</u>	<u>2,770,420</u>
Segment assets (gross)	<u>137,807,640</u>	<u>1,100,533</u>	<u>128,187,534</u>	<u>267,095,707</u>
Segment liabilities	<u>41,079,137</u>	<u>103,425,601</u>	<u>97,916,971</u>	<u>242,421,709</u>

\* Includes inter-segment income and expenses

## 19. KEY ISLAMIC BANKING OPERATIONS

- 19.1 The Group is operating 4 (31 December 2012: 4) Islamic banking branches in Pakistan. The statement of financial position and profit and loss account of these branches as at 30 June 2013 are as follows:

### STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

	Note	30 June 2013 (Un-Audited)	31 December 2012 (Audited)
Rupees in '000			
<b>ASSETS</b>			
Cash and balances with treasury banks		841,703	1,071,902
Balances with other banks		—	—
Due from financial institutions		—	—
Investments		14,298,898	16,401,280
Islamic financing and related assets	A-2	5,717,638	5,312,433
Operating fixed assets		12,943	13,358
Deferred tax assets		—	—
Other assets		729,540	862,624
		<u>21,600,722</u>	<u>23,661,597</u>
<b>LIABILITIES</b>			
Bills payable		62,685	141,298
Due to financial institutions		247,830	348,600
Deposits and other accounts			
- Current accounts		2,425,766	1,764,052
- Saving accounts		5,600,694	4,534,734
- Term deposits		9,890,820	10,240,495
- Others		106,320	106,287
- Deposits from financial institutions - remunerative		1,328,063	3,930,165
- Deposits from financial institutions - non remunerative		3,023	1,607
		<u>19,354,686</u>	<u>20,577,340</u>
Due to head office		—	—
Other liabilities		673,392	905,466
		<u>20,338,593</u>	<u>21,972,704</u>
<b>NET ASSETS</b>		<u>1,262,129</u>	<u>1,688,893</u>
<b>REPRESENTED BY</b>			
Islamic banking fund		1,002,491	1,002,429
Reserves		—	—
Unappropriated / unremitted profit		243,240	546,851
		<u>1,245,731</u>	<u>1,549,280</u>
Surplus on revaluation of assets		16,398	139,613
		<u>1,262,129</u>	<u>1,688,893</u>

## HABIBMETRO

### PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF YEAR ENDED 30 JUNE 2013

	30 June 2013	30 June 2012
	Rupees in '000	
Profit / return on financing, investments and placements earned	953,472	1,040,427
Profit / return on deposit and other dues expensed	(686,699)	(774,559)
Net spread earned	266,773	265,868
Provision against non performing financing	2,447	6,497
Provision for diminution in the value of investments	-	-
Provision for customer financing ljarah	-	-
Bad debts written off directly	-	-
	2,447	6,497
	264,326	259,371
<b>OTHER INCOME</b>		
Fee, commission and brokerage income	10,833	12,376
Dividend income	-	-
Income from dealing in foreign currencies	6,128	4,855
Gain on sale / redemption of securities	-	-
Unrealized gain /(loss) on revaluation of investments classified as 'held-for-trading'	-	-
Other income	18,629	22,006
Total other income	35,590	39,237
	299,916	298,608
<b>OTHER EXPENSES</b>		
Administrative expenses	56,676	47,768
Other provisions / write-offs	-	-
Other charges	-	-
Total other expenses	56,676	47,768
	243,240	250,840
Extra ordinary / unusual items	-	-
<b>PROFIT BEFORE TAXATION</b>	<b>243,240</b>	<b>250,840</b>

#### 19.2 CHARITY FUND

Opening balance	-	10
Additions during the period / year	-	211
Payments / utilization during the period / year	-	(221)
Closing Balance	-	-

	30 June 2013 (Un-Audited)	30 June 2012 (Un-Audited)
	Rupees in '000	
<b>19.3 REMUNERATION TO SHARIAH ADVISOR / BOARD</b>	<b>536</b>	<b>918</b>
	30 June 2013 (Un-Audited)	31 December 2012 (Audited)
	Rupees in '000	
<b>A-2 ISLAMIC FINANCING AND RELATED ASSETS</b>		
<b>Financings / investments / receivables</b>		
- Murabaha	4,544,429	3,811,939
- Ijarah	306,674	422,920
- Diminishing musharaka	503,636	614,446
- Export refinance murabaha	247,830	343,176
- Receivable from customer against murabaha	-	14,784
	<b>5,602,569</b>	<b>5,207,265</b>
<b>Advances</b>		
- Advance against murabaha	78,043	100,657
- Advance against ijarah	2,909	4,511
- Advance against diminishing musharika	34,117	-
	<b>115,069</b>	<b>105,168</b>
	<b>5,717,638</b>	<b>5,312,433</b>
<b>A-2.1 Islamic mode of financing</b>		
Financings / investments / receivables	5,602,569	5,207,265
Advances	115,069	105,168
	<b>5,717,638</b>	<b>5,312,433</b>

## 20. GENERAL

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

## 21. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue by the Board of Directors on 22 August 2013.

**SIRAJUDDIN AZIZ**  
President &  
Chief Executive Officer

**MOHAMEDALI R. HABIB**  
Director

**BASHIR ALI MOHAMMAD**  
Director

**SOHAIL HASAN**  
Director



