



# **Habib Metropolitan Bank**

(Subsidiary of Habib Bank AG Zurich)

**CONSOLIDATED ACCOUNTS  
FOR THE QUARTER ENDED  
31 MARCH 2011  
(UN-AUDITED)**

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

AS AT 31 MARCH 2011

	Note	31 March 2011 (Un-Audited)	31 December, 2010 (Audited)
Rupees in '000			
<b>ASSETS</b>			
Cash and balances with treasury banks		12,473,182	13,923,393
Balances with other banks	5	2,208,922	3,123,094
Lendings to financial institutions	6	1,500,000	3,190,399
Investments	7	107,731,884	100,849,146
Advances	8	126,290,596	119,827,636
Operating fixed assets	9	3,397,555	3,387,452
Deferred tax assets - net	10	1,921,886	1,869,087
Other assets		6,708,919	5,960,674
		<b>262,232,944</b>	<b>252,130,881</b>
<b>LIABILITIES</b>			
Bills payable		3,410,734	2,572,954
Borrowings	11	63,365,341	62,529,729
Deposits and other accounts	12	167,092,539	160,314,211
Sub-ordinated loans		—	—
Liabilities against assets subject to finance lease		—	—
Deferred tax liabilities		—	—
Other liabilities		7,075,314	6,403,670
		<b>240,943,928</b>	<b>231,820,564</b>
<b>NET ASSETS</b>		<b>21,289,016</b>	<b>20,310,317</b>
<b>REPRESENTED BY</b>			
Share capital		8,731,929	8,731,929
Reserves		10,048,829	8,151,443
Unappropriated profit		2,934,377	4,073,530
		<b>21,715,135</b>	<b>20,956,902</b>
Deficit on revaluation of assets - net of tax	13	(426,119)	(646,585)
		<b>21,289,016</b>	<b>20,310,317</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	14		

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

**KASSIM PAREKH**  
Chairman

**ANJUM IQBAL**  
Chief Executive

**BASHIR ALI MOHAMMAD**  
Director

**MOHAMEDALI R. HABIB**  
Director

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

FOR THE QUARTER ENDED 31 MARCH 2011



	Note	2011	2010
		Rupees in '000	
<b>Mark-up / return / interest earned</b>		<b>6,445,363</b>	5,806,170
<b>Mark-up / return / interest expensed</b>		<b>(4,715,373)</b>	(4,129,380)
Net mark-up / interest income		<b>1,729,990</b>	1,676,790
Provision against non-performing loans and advances		<b>806,735</b>	558,363
Provision for diminution in the value of investments		<b>(2,402)</b>	—
Bad debts written-off directly		<b>—</b>	—
		<b>(804,333)</b>	(558,363)
Net mark-up / interest income after provisions		<b>925,657</b>	1,118,427
<b>Non mark-up / interest income</b>			
Fee, commission and brokerage income		<b>466,678</b>	404,982
Dividend income		<b>251,329</b>	115,114
Income from dealing in foreign currencies		<b>563,483</b>	330,953
Gain on sale / redemption of securities		<b>35,002</b>	47,072
Unrealized gain / (loss) on revaluation of investments classified as 'held for trading'		<b>—</b>	—
Other income		<b>58,153</b>	57,999
Total non mark-up / interest income		<b>1,374,645</b>	956,120
		<b>2,300,302</b>	2,074,547
<b>Non mark-up / interest expenses</b>			
Administrative expenses		<b>1,203,001</b>	1,007,960
Other provisions / write-offs		<b>—</b>	—
Other charges		<b>30,313</b>	30,072
Total non mark-up / interest expenses		<b>(1,233,314)</b>	(1,038,032)
		<b>1,066,988</b>	1,036,515
Extra-ordinary / unusual items		<b>—</b>	—
<b>Profit before taxation</b>		<b>1,066,988</b>	1,036,515
Taxation — Current		<b>455,072</b>	435,416
— Prior years		<b>—</b>	—
— Deferred		<b>(146,317)</b>	(99,133)
		<b>(308,755)</b>	(336,283)
<b>Profit after taxation</b>		<b>758,233</b>	700,232
			(Restated)
<b>Basic and diluted earnings per share (Rupee)</b>	15	<b>0.87</b>	0.80

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Director

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Director

**CONSOLIDATED CONDENSED INTERIM  
STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
FOR THE QUARTER ENDED 31 MARCH 2011

	2011	2010
	Rupees in '000	
Profit after taxation for the period	758,233	700,232
Other comprehensive income	—	—
<b>Comprehensive income transferred to equity</b>	<b>758,233</b>	<b>700,232</b>
<b>Components of comprehensive income not reflected in equity</b>		
Surplus on revaluation of investments	313,983	36,705
Deferred tax on revaluation of investments	(93,517)	(12,847)
	220,466	23,858
<b>Total comprehensive income</b>	<b>978,699</b>	<b>724,090</b>

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**CONSOLIDATED CONDENSED INTERIM  
CASH FLOW STATEMENT (UN-AUDITED)**  
FOR THE QUARTER ENDED 31 MARCH 2011



	2011	2010
	Rupees in '000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	1,066,988	1,036,515
Less: Dividend income	(251,329)	(115,114)
	815,659	921,401
<b>Adjustments</b>		
Depreciation	93,602	71,086
Provision against non-performing loans and advances	806,735	558,363
Provision for diminution in the value of investments – net	(2,593)	(23,897)
Net (gain) on sale of fixed assets	(1)	(815)
	897,743	604,737
	1,713,402	1,526,138
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	1,690,399	(3,962,982)
Advances	(7,269,695)	(1,482,535)
Other assets	(748,245)	22,905
	(6,327,541)	(5,422,612)
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	837,780	(99,365)
Borrowings	76,710	(3,789,952)
Deposits and other accounts	6,778,328	3,540,676
Other liabilities (excluding taxation and dividend)	649,027	444,774
	8,341,845	96,133
	3,727,706	(3,800,341)
Income tax paid	(432,365)	(672,663)
<b>Net cash flows from operating activities</b>	3,295,341	(4,473,004)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investments in available-for-sale securities	(6,816,162)	3,927,948
Net investments in held-to-maturity securities	250,000	(700,000)
Dividend received	251,329	115,114
Investments in operating fixed assets	(104,563)	(104,405)
Proceeds from sale of fixed assets	860	1,376
<b>Net cash flows from investing activities</b>	(6,418,536)	3,240,033
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(90)	–
<b>Net cash flows from financing activities</b>	(90)	–
<b>Decrease in cash and cash equivalents</b>	(3,123,285)	(1,232,971)
Cash and cash equivalents at beginning of the period	15,666,223	14,258,618
Effect of exchange rate changes on cash and cash equivalent	11,639	(25,917)
<b>Cash and cash equivalents at the end of the period</b>	12,554,577	12,999,730

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**CONSOLIDATED CONDENSED INTERIM  
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
FOR THE QUARTER ENDED 31 MARCH 2011

	Reserves							
	Share Capital	Share premium	Statutory reserve	Special reserve	Revenue reserve	Reserve for issue of bonus shares	Unappro- priated profit	Total
	Rupees in '000							
<b>Balance as at 1 January 2010</b>	7,527,525	2,550,985	3,296,489	240,361	1,500,000	–	3,784,926	18,900,286
<b>Changes in equity for the period ended 31 March 2010</b>								
Total comprehensive income (profit for the period)	–	–	–	–	–	–	700,232	700,232
<b>Transactions with owners recorded directly in equity</b>								
Transfer to reserve for issuance of bonus shares in the ratio of 16 shares for every 100 shares held	–	–	–	–	–	1,204,404	(1,204,404)	–
Cash dividend (Re. 1 per share)	–	–	–	–	–	–	(752,753)	(752,753)
	–	–	–	–	–	1,204,404	(1,957,157)	(752,753)
Transferred to statutory reserve	–	–	140,000	–	–	–	(140,000)	–
<b>Balance as at 31 March 2010</b>	7,527,525	2,550,985	3,436,489	240,361	1,500,000	1,204,404	2,388,001	18,847,765
<b>Changes in equity for the period ended 31 December 2010</b>								
Total comprehensive income (profit for the period)	–	–	–	–	–	–	2,109,137	2,109,137
<b>Transactions with owners recorded directly in equity</b>								
Issue of bonus share in the ratio of 16 shares for every 100 shares held	1,204,404	–	–	–	–	(1,204,404)	–	–
Transfer to statutory reserve	–	–	423,608	–	–	–	(423,608)	–
<b>Balance as at 31 December 2010</b>	8,731,929	2,550,985	3,860,097	240,361	1,500,000	–	4,073,530	20,956,902
<b>Changes in equity for the period ended 31 March 2011</b>								
Total comprehensive income (profit for the period)	–	–	–	–	–	–	758,233	758,233
<b>Transactions with owners recorded directly in equity</b>								
Transfer to reserve for issuance of bonus shares in the ratio of 20 shares for every 100 shares held	–	–	–	–	–	1,746,386	(1,746,386)	–
Transferred to statutory reserve	–	–	151,000	–	–	–	(151,000)	–
<b>Balance as at 31 March 2011</b>	<u>8,731,929</u>	<u>2,550,985</u>	<u>4,011,097</u>	<u>240,361</u>	<u>1,500,000</u>	<u>1,746,386</u>	<u>2,934,377</u>	<u>21,715,135</u>

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**NOTES TO THE CONSOLIDATED CONDENSED  
INTERIM FINANCIAL INFORMATION (UN-AUDITED)**  
FOR THE QUARTER ENDED 31 MARCH 2011



**1. STATUS AND NATURE OF BUSINESS:**

1.1 The Group comprises of:

**Holding company**

Habib Metropolitan Bank Ltd.

**Subsidiary company**

Habib Metropolitan Financial Services Limited

Here-in-after referred to as "the Group" is engaged in providing Commercial Banking, financial services and equity brokerage services.

Habib Metropolitan Bank Ltd. (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 stock exchanges in Pakistan. The registered office of the Bank is situated at Spencer's Building, I.I. Chundrigar Road, Karachi. The Bank operates 135 (2010: 135) branches including 4 (2010: 4) Islamic Banking Branches and 8 (2010: 8) sub branches in Pakistan. The Bank is a subsidiary of Habib Bank AG, Zurich (the holding company) which is incorporated in Switzerland.

**2. BASIS OF PREPARATION**

These consolidated condensed interim financial statements are presented in condensed form in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting. These consolidated condensed interim financial statements do not include all of the statements required for full financial statements and should be read in conjunction with the financial statements of the Group for the year ended 31 December 2010.

**3. ACCOUNTING POLICIES AND ESTIMATES**

**3.1** The accounting policies and methods of computation followed in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the annual consolidated financial statements of the Group for the year ended 31 December 2010.

**3.2** The basis for accounting estimates adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the annual consolidated financial statements of the Group for the year ended 31 December 2010.

#### 4. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with that disclosed in the annual consolidated financial statements of the Bank for the year ended 31 December 2010.

#### 5. BALANCES WITH OTHER BANKS

	31 March 2011 (Un-Audited)	31 December 2010 (Audited)
	Rupees in '000	
<b>In Pakistan</b>		
– Current accounts	213,435	414,336
– Deposit accounts	448	17,205
	<b>213,883</b>	<b>431,541</b>
<b>Outside Pakistan</b>		
– Current accounts	1,056,078	978,819
– Deposit accounts	938,961	1,712,734
	<b>1,995,039</b>	<b>2,691,553</b>
	<b>2,208,922</b>	<b>3,123,094</b>

#### 6. LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings	1,500,000	2,100,000
Repurchase agreement lendings (Reverse repo)	–	640,399
Letter of placements	–	450,000
	<b>1,500,000</b>	<b>3,190,399</b>



## 7. INVESTMENTS

INVESTMENTS	31 March 2011 (Un-Audited)			31 December 2010 (Audited)			
	Note	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		18,039,735	32,443,437	50,483,172	20,327,803	24,133,119	44,460,922
Pakistan Investment Bonds		19,142,877	2,894,364	22,037,241	12,475,620	8,955,800	21,431,420
Ordinary shares of listed companies		445,323	–	445,323	274,300	–	274,300
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		2,404,486	–	2,404,486	2,282,470	–	2,282,470
Unlisted Term Finance Certificates		3,878,128	–	3,878,128	4,060,056	–	4,060,056
Sukuk Certificates and Bonds		17,112,036	–	17,112,036	18,192,348	–	18,192,348
Open end mutual funds		11,355,124	–	11,355,124	10,197,832	–	10,197,832
Close end mutual funds		67,000	–	67,000	67,000	–	67,000
		72,607,810	35,337,801	107,945,611	68,040,530	33,088,919	101,129,449
<b>Held-to-maturity securities</b>							
Certificate of Investments		800,000	–	800,000	1,050,000	–	1,050,000
<b>Investments at cost</b>		73,407,810	35,337,801	108,745,611	69,090,530	33,088,919	102,179,449
Less: Provision for diminution in the value of investments		(253,339)	–	(253,339)	(255,932)	–	(255,932)
<b>Investments – net of provisions</b>		73,154,471	35,337,801	108,492,272	68,834,598	33,088,919	101,923,517
Deficit on revaluation of available-for-sale investments – net	13	(596,574)	(163,814)	(760,388)	(726,742)	(347,629)	(1,074,371)
<b>Investments after revaluation of available-for-sale investments</b>		72,557,897	35,173,987	107,731,884	68,107,856	32,741,290	100,849,146

## 8. ADVANCES

	Note	31 March 2011 (Un-Audited)	31 December 2010 (Audited)
Rupees in '000			
Loans, cash credits, running finances, etc. In Pakistan		107,450,536	100,914,709
Net investments in finance lease / ijarah financing In Pakistan		833,386	906,984
Net assets in ijarah under IFAS 2		1,012,383	901,886
Bills discounted and purchased (excluding Market Treasury Bills)			
Payable in Pakistan		5,871,896	6,344,275
Payable outside Pakistan		19,433,798	18,282,153
		25,305,694	24,626,428
Advances - gross		134,601,999	127,350,007
Provision against non-performing advances			
– specific	8.1	(8,252,484)	(7,463,452)
– general	8.3	(58,919)	(58,919)
		(8,311,403)	(7,522,371)
Advances - net of provisions		126,290,596	119,827,636

8.1 Advances include Rs. 11,761,796 thousand (2010: Rs 10,961,145 thousand) which have been placed under non-performing status as detailed below:

Category of Classification	31 March 2011 (Un-Audited)		
	Classified advances	Provision Required	Provision Held
Rupees in '000			
Substandard	151,609	27,313	27,313
Doubtful	2,096,776	752,027	752,027
Loss	9,513,411	7,473,144	7,473,144
	11,761,796	8,252,484	8,252,484
31 December 2010 (Audited)			
Category of Classification	Classified advances	Provision Required	Provision Held
Rupees in '000			
Substandard	348,017	73,725	73,725
Doubtful	2,417,408	836,356	836,356
Loss	8,195,720	6,553,371	6,553,371
	10,961,145	7,463,452	7,463,452

**8.2** In accordance with BSD Circular No. 2 dated 27 January 2009 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 would have been higher by Rs.7.037 million and profit after taxation for the quarter ended 31 March 2011 would have been lower by approximately Rs. 4.574 million. As of 31 March 2011, had the benefit of FSVs not taken by the Bank, the specific provision against non-performing advances would have been higher by Rs.1,987.256 million and accumulated profit would have been lower by Rs. 1,291.716 million. This amount of Rs. 1,291.716 million is not available for the distribution of cash and stock dividend to the shareholders.

**8.3** General provision includes provision of Rs. 22.478 million (2010: Rs. 22.117 million) 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. 0.308 million (31 March 2010: Rs. 62.795 million) and Rs. 0.859 million (31 March 2010: Rs. 0.562 million) 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. 1,947.439 million.

	31 March 2011 (Un-Audited)	31 December 2010 (Audited)
	Rupees in '000	
<b>11. BORROWINGS</b>		
<b>Secured</b>		
Borrowings from State Bank of Pakistan		
– under export refinance scheme	23,214,038	25,710,819
– under long term financing – export oriented projects	1,160,697	1,300,872
– under long term financing facility – locally manufactured plant and machinery	1,704,600	1,418,938
	26,079,335	28,430,629
Repurchase agreement borrowings	35,073,119	32,630,475
	61,152,454	61,061,104
<b>Unsecured</b>		
Call borrowings	–	100,000
Overdrawn nostro accounts	2,125,242	1,357,698
Overdrawn local bank accounts	2,285	10,927
Other short term borrowings	85,360	–
	2,212,887	1,468,625
	63,365,341	62,529,729
<b>12. DEPOSITS AND OTHER ACCOUNTS</b>		
<b>Customers</b>		
Fixed deposits	78,108,418	69,954,427
Saving deposits	40,893,865	38,873,120
Current accounts (non-remunerative)	40,311,446	37,316,518
Others	1,787,967	1,818,566
	161,101,696	147,962,631
<b>Financial Institutions</b>		
Remunerative deposits	5,331,575	11,975,440
Non-remunerative deposits	659,268	376,140
	5,990,843	12,351,580
	167,092,539	160,314,211



	<b>31 March 2011</b> (Un-Audited)	<b>31 December 2010</b> (Audited)
	Rupees in '000	
<b>13. DEFICIT ON REVALUATION OF ASSETS - NET OF TAX</b>		
<b>Available-for-sale securities:</b>		
<b>Federal Government Securities</b>		
Market Treasury Bills	(49,130)	(132,003)
Pakistan Investment Bonds	(989,522)	(1,140,910)
GOP Ijarah Sukuk	76,700	73,714
<b>Fully paid-up ordinary shares – Listed</b>	22,602	(775)
<b>Term Finance Certificates</b>		
Listed	(62,745)	(46,592)
Unlisted	(86)	(4,915)
<b>Sukuk Certificates and Bonds</b>	(7,675)	(30,806)
<b>Mutual funds</b>		
Open end	223,560	189,476
Close end	25,908	18,440
	<b>(760,388)</b>	<b>(1,074,371)</b>
Related deferred tax asset - net	<b>334,269</b>	<b>427,786</b>
	<b>(426,119)</b>	<b>(646,585)</b>
<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	<b>238,522</b>	<b>238,522</b>
<b>14.2 Transaction-related contingent liabilities</b>		
Includes performance bonds, bid bonds, advance payment guarantees and shipping guarantees favouring:		
i) Government	<b>11,044,432</b>	<b>9,351,603</b>
ii) Banking companies and other financial institutions	<b>46,965</b>	<b>261,415</b>
iii) Others	<b>2,221,567</b>	<b>3,711,022</b>
	<b>13,312,964</b>	<b>13,324,040</b>
<b>14.3 Trade-related contingent liabilities</b>		
Letters of credit	<b>50,515,115</b>	<b>49,231,412</b>
Acceptances	<b>15,490,124</b>	<b>10,313,588</b>
<b>14.4 Commitments in respect of forward exchange contracts</b>		
Purchase	<b>62,565,735</b>	<b>55,991,653</b>
Sale	<b>82,991,395</b>	<b>68,631,860</b>

	<b>31 March 2011</b> (Un-Audited)	<b>31 December 2010</b> (Audited)
	Rupees in '000	
<b>14.5 Commitments in respect of operating leases</b>		
Not later than one year	<b>54,426</b>	59,698
Later than one year and not later than five years	<b>25,345</b>	30,291
	<b>79,771</b>	89,989
<b>14.6 Commitments for the acquisition of operating fixed assets</b>	<b>114,608</b>	62,154
<b>14.7 Claims against bank not acknowledged as debt</b>	<b>2,401,910</b>	2,229,910
<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.		
<b>14.9 Commitments in respect of syndicate financing</b>	<b>150,000</b>	253,691
<b>14.10 Commitments in respect of investment in sukuk certificates and term finance certificates</b>	<b>4,343</b>	48,572

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

**15. BASIC AND DILUTED EARNINGS PER SHARE**

	<b>For the Quarter ended 31 March 2011</b> (Un-Audited)	<b>2010</b> (Restated)
	Rupees in '000	
Profit after taxation	<b>758,233</b>	700,232
	Number in '000	
Weighted average number of ordinary shares	<b>873,193</b>	873,193
	Rupees	
Basic and diluted earnings per share	<b>0.87</b>	0.80

- 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 period.

## 16. TRANSACTIONS WITH RELATED PARTIES

The Group has related party relationships with its holding company, 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 (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 2011 (Un-Audited)				
	Holding Company	Associates	Key Management Personnel	Retirement Benefit Plans	Total
	Rupees in '000				
<b>Deposits</b>					
At beginning of the period	93,074	3,220,383	60,493	1,233,885	4,607,835
Received during the period	3,526,140	115,675,079	63,934	89,666	119,354,819
Repaid during the period	(3,474,813)	(114,476,684)	(64,325)	(68,685)	(118,084,507)
At the end of the period	144,401	4,418,778	60,102	1,254,866	5,878,147
<b>Advances</b>					
At the beginning of the period	-	2,198,466	22,276	-	2,220,742
Disbursed during the period	-	9,811,373	362	-	9,811,735
Recovered during the period	-	(10,295,930)	(1,187)	-	(10,297,117)
At the end of the period	-	1,713,909	21,451	-	1,735,360
Bank balances held by the Group	236,446	82,150	-	-	318,596
Overdrawn bank balances held by the Group	-	(1,329,381)	-	-	(1,329,381)
Management fee payable for technical and consultancy services*	174,412	-	-	-	174,412
Prepayments	-	12,548	-	-	12,548
Transaction-related contingent liabilities	-	982,661	-	-	982,661
Trade-related contingent liabilities	-	1,914,265	-	-	1,914,265
Advance received against prepaid card	-	1,381	-	-	1,381
Advance received against insurance premium	-	16	-	-	16

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

	31 December 2010 (Audited)				
	Holding Company	Associates	Key Management Personnel	Retirement Benefit Plans	Total
	Rupees in '000				
<b>Deposits</b>					
At the beginning of the year	19,450	3,531,415	46,038	850,526	4,447,429
Received during the year	10,155,609	401,599,525	192,382	4,451,142	416,398,658
Repaid during the year	(10,081,985)	(401,910,557)	(177,927)	(4,067,783)	(416,238,252)
At the end of the year	93,074	3,220,383	60,493	1,233,885	4,607,835
<b>Advances</b>					
At the beginning of the year	–	1,740,927	15,540	–	1,756,467
Disbursed during the year	–	30,558,362	12,331	–	30,570,693
Recovered during the year	–	(30,100,823)	(5,595)	–	(30,106,418)
At the end of the year	–	2,198,466	22,276	–	2,220,742
Bank balances held by the bank	164,431	57,588	–	–	222,019
Overdrawn bank balances held by the bank	(48,942)	(763,041)	–	–	(811,983)
Management fee payable for technical and consultancy services*	137,100	–	–	–	137,100
Prepayments	–	14,789	–	–	14,789
Transaction-related contingent liabilities	–	1,023,991	–	–	1,023,991
Trade-related contingent liabilities	–	2,002,067	–	–	2,002,067
Advance received against prepaid card	–	1,609	–	–	1,609
Advance received against insurance premium	–	54	–	–	54

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



**Transaction during the period**
**For the period ended 31 March 2011 (Un-Audited)**

	Holding Company	Associates	Key Management Personnel	Directors' Fees	Retirement Benefit Plans	Total
	Rupees in '000					
Mark-up/return/interest earned	-	28,729	376	-	-	29,105
Mark-up/return/interest expensed	-	122,274	2,654	-	81,820	206,748
Commission/brokerage/bank charges recovered	-	2,866	-	-	-	2,866
Rent income	-	246	-	-	-	246
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	7,316	-	-	-	7,429
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
Share registration charges	-	336	-	-	-	336

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

Transactions for the period	For the period ended 31 March 2010 (Un-Audited)					Total
	Holding Company	Associates	Key Management Personnel	Directors' Fees	Retirement Benefit Plan	
	Rupees in '000					
Mark-up/return/interest earned	—	31,805	341	—	—	32,146
Mark-up/return/interest expensed	—	100,552	1,497	—	49,693	151,742
Commission/brokerage/bank charges recovered	—	6,150	—	—	—	6,150
Rent income	—	223	—	—	—	223
Salaries and allowances	—	—	27,799	—	—	27,799
Directors' fees	—	—	—	2,050	—	2,050
Contribution to defined benefit plan	—	—	—	—	12,000	12,000
Contribution to defined contribution plan	—	—	—	—	15,384	15,384
Bank charges paid	82	2,239	—	—	—	2,321
Rent expenses	—	4,163	—	—	—	4,163
Insurance premium expensed	—	7,316	—	—	—	7,316
Maintenance, Electricity, Stationary & Entertainment	—	5,087	—	—	—	5,087
Management fee expense for technical and consultancy services*	22,100	—	—	—	—	22,100
Donation	—	480	—	—	—	480
Share registration charges	—	334	—	—	—	334

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

## 17. KEY ISLAMIC BANKING OPERATIONS

**17.1** The Bank is operating 4 (2010: 4) Islamic banking branches in Pakistan. The balance sheet of these branches as at 31 March 2011 is as follows:

### BALANCE SHEET

	<b>31 March 2011</b> (Un-Audited)	31 December 2010 (Audited)
	Rupees in '000	
<b>ASSETS</b>		
Cash and balances with treasury banks	<b>621,728</b>	713,721
Balances with and due from financial institutions	—	—
Investments	<b>7,651,076</b>	8,949,438
Financing and receivables		
- Murabaha	<b>3,826,300</b>	2,955,742
- Ijara	<b>1,358,517</b>	1,340,624
- Diminishing Musharaka	<b>480,475</b>	495,831
- Export refinance Murabaha	<b>438,111</b>	443,775
- Foreign Documentary Bills Purchased	<b>155,387</b>	229,866
	<b>6,258,790</b>	5,465,838
Due from head office	—	—
Other assets	<b>974,743</b>	936,743
	<b>15,506,337</b>	16,065,740
<b>LIABILITIES</b>		
Bills payable	<b>73,694</b>	91,025
Deposits and other accounts		
- Current deposits	<b>979,152</b>	1,089,391
- Saving deposits	<b>3,502,578</b>	3,132,614
- Fixed deposits	<b>5,367,825</b>	5,120,843
- Deposits from financial institutions - remunerative	<b>3,283,258</b>	3,922,899
- Deposits from financial institutions - non-remunerative	<b>2,669</b>	2,946
	<b>13,135,482</b>	13,268,693
Borrowings	<b>458,111</b>	468,775
Due to head office	<b>116,452</b>	198,331
Other liabilities	<b>785,235</b>	898,358
	<b>14,568,974</b>	14,925,182
<b>NET ASSETS</b>	<b>937,363</b>	1,140,558
<b>REPRESENTED BY</b>		
Islamic banking fund	<b>802,134</b>	802,141
Unappropriated profit	<b>103,563</b>	313,875
	<b>905,697</b>	1,116,016
Surplus on revaluation of assets	<b>31,666</b>	24,542
	<b>937,363</b>	1,140,558

## **18. GENERAL**

The figures have been rounded off to 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 25 April 2011.

**KASSIM PAREKH**  
Chairman

**ANJUM IQBAL**  
Chief Executive

**BASHIR ALI MOHAMMAD**  
Director

**MOHAMEDALI R. HABIB**  
Director