



Habib Metropolitan Bank

(Subsidiary of Habib Bank AG Zurich)

CONSOLIDATED ACCOUNTS
FOR THE NINE MONTHS ENDED
30 SEPTEMBER 2011
(UN-AUDITED)

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

AS AT 30 SEPTEMBER 2011

	Note	30 September 2011 (Un-Audited)	31 December, 2010 (Audited)
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		14,516,124	13,923,393
Balances with other banks	5	2,808,816	3,123,094
Lendings to financial institutions	6	5,499,125	3,190,399
Investments	7	141,573,700	100,849,146
Advances	8	104,580,602	119,827,636
Operating fixed assets	9	3,427,407	3,387,452
Deferred tax assets - net	10	2,042,021	1,869,087
Other assets		5,210,428	5,960,674
		279,658,223	252,130,881
LIABILITIES			
Bills payable		3,878,134	2,572,954
Borrowings	11	74,549,275	62,529,729
Deposits and other accounts	12	170,952,242	160,314,211
Sub-ordinated loans		—	—
Liabilities against assets subject to finance lease		—	—
Deferred tax liabilities		—	—
Other liabilities		7,010,815	6,403,670
		256,390,466	231,820,564
NET ASSETS			
		23,267,757	20,310,317
REPRESENTED BY			
Share capital		10,478,315	8,731,929
Reserves		8,586,443	8,151,443
Unappropriated profit		4,074,351	4,073,530
		23,139,109	20,956,902
Surplus / (Deficit) on revaluation of assets - net of deferred tax	13	128,648	(646,585)
		23,267,757	20,310,317
CONTINGENCIES AND COMMITMENTS			
	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 NINE MONTHS ENDED 30 SEPTEMBER 2011



Note	30 September 2011		30 September 2010	
	Quarter ended	Nine months ended	Quarter ended	Nine months ended
Rupees in '000				
Mark-up / return / interest earned	6,830,271	19,703,372	5,579,687	17,146,456
Mark-up / return / interest expensed	(4,789,742)	(14,031,448)	(3,761,878)	(11,878,778)
Net mark-up / interest income	2,040,529	5,671,924	1,817,809	5,267,678
Provision against non-performing loans and advances	692,970	2,333,135	813,758	2,172,282
Provision for diminution in the value of investments	2,977	53,404	1,870	86,453
Bad debts written-off directly	—	—	—	—
	(695,947)	(2,386,539)	(815,628)	(2,258,735)
Net mark-up / interest income after provisions	1,344,582	3,285,385	(1,002,181)	3,008,943
Non mark-up / interest income				
Fee, commission and brokerage income	398,203	1,295,636	376,753	1,187,243
Dividend income	227,547	802,078	170,430	405,724
Income from dealing in foreign currencies	288,879	1,092,613	368,265	1,141,818
(Loss) / gain on sale / redemption of securities	(8,013)	211,021	17,615	209,018
Unrealized gain / (loss) on revaluation of investments classified as 'held for trading'	—	—	—	—
Other income	59,026	175,076	57,757	194,270
Total non mark-up / interest income	965,642	3,576,424	990,820	3,138,073
	2,310,224	6,861,809	1,993,001	6,147,016
Non mark-up / interest expenses				
Administrative expenses	1,207,269	3,723,894	1,032,778	3,036,604
Other provisions / write-offs	—	—	—	—
Other charges	40,187	100,806	29,536	86,617
Total non mark-up/interest expenses	(1,247,456)	(3,824,700)	(1,062,314)	(3,123,221)
	1,062,768	3,037,109	930,687	3,023,795
Extra ordinary / unusual items	—	—	—	—
Profit before taxation	1,062,768	3,037,109	930,687	3,023,795
Taxation – Current	476,195	1,506,058	394,241	1,268,641
– Prior years	—	—	5,707	6,016
– Deferred	(157,765)	(651,156)	(130,943)	(388,134)
	(318,430)	(854,902)	(269,005)	(886,523)
Profit after taxation	744,338	2,182,207	661,682	2,137,272
Rupees (Restated)				
Basic and diluted earnings per share	0.71	2.08	0.63	2.04

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
STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011

	30 September 2011		30 September 2010	
	Quarter ended	Nine months ended	Quarter ended	Nine months ended
	Rupees in '000			
Profit after taxation for the period	744,338	2,182,207	661,682	2,137,272
Other comprehensive income	—	—	—	—
Comprehensive income transferred to equity	744,338	2,182,207	661,682	2,137,272
Components of comprehensive income not reflected in equity				
Surplus / (deficit) on revaluation of investments	939,471	1,253,454	(619,844)	(656,976)
Deferred tax on revaluation of investments	(384,704)	(478,221)	216,946	229,942
	554,767	775,233	(402,898)	(427,034)
Total comprehensive income	1,299,105	2,957,440	258,784	1,710,238

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Director

**CONSOLIDATED CONDENSED INTERIM
CASH FLOW STATEMENT (UN-AUDITED)**
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011



	30 September	
	2011	2010
	Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,037,109	3,023,795
Less: Dividend income	(802,078)	(405,724)
	2,235,031	2,618,071
Adjustments		
Depreciation	294,365	231,513
Provision against non-performing loans and advances – net	2,333,135	2,172,282
Provision for diminution in the value of investments – net	42,332	54,157
Net (gain) on sale of fixed assets	(1,024)	(4,957)
	2,668,808	2,452,995
	4,903,839	5,071,066
(Increase) / decrease in operating assets		
Lendings to financial institutions	(2,308,726)	(6,850,000)
Advances	12,913,899	(6,637,786)
Other assets	750,246	(1,446,907)
	11,355,419	(14,934,693)
Increase / (decrease) in operating liabilities		
Bills payable	1,305,180	199,407
Borrowings	11,779,517	(24,912,607)
Deposits and other accounts	10,638,031	14,484,685
Other liabilities (excluding taxation and dividend)	662,555	976,572
	24,385,283	(9,251,943)
	40,644,541	(19,115,570)
Income tax paid	(1,560,419)	(1,593,998)
Net cash flows from operating activities	39,084,122	(20,709,568)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(38,963,432)	21,769,118
Net investments in held-to-maturity securities	(550,000)	(1,400,000)
Dividend received	802,078	405,724
Investments in operating fixed assets	(336,556)	(687,693)
Proceeds from sale of fixed assets	3,260	8,772
Net cash flows from investing activities	(39,044,650)	20,095,921
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(1,048)	(750,617)
Net cash flows from financing activities	(1,048)	(750,617)
Increase / (decrease) in cash and cash equivalents	38,424	(1,364,264)
Cash and cash equivalents at beginning of the period	15,545,285	14,096,331
Effect of exchange rate changes on cash and cash equivalents	132,577	136,370
Cash and cash equivalents at the end of the period	15,716,286	12,868,437

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**CONSOLIDATED CONDENSED INTERIM
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011

	Reserves						Total
	Share Capital	Share premium	Statutory reserve	Special reserve	Revenue reserve	Unappropriated profit	
	Rupees in '000						
Balance as at 1 January 2010	7,527,525	2,550,985	3,296,489	240,361	1,500,000	3,784,926	18,900,286
Changes in equity for the period ended 30 September 2010							
Total comprehensive income (profit for the period)	-	-	-	-	-	2,137,272	2,137,272
Transactions with owners, recorded directly in equity							
Issue of bonus shares in the ratio of 16 shares for every 100 shares held for the year ended 31 December 2009	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	-	-	428,000	-	-	(428,000)	-
Balance as at 30 September 2010	8,731,929	2,550,985	3,724,489	240,361	1,500,000	3,537,041	20,284,805
Changes in equity for the period ended 31 December 2010							
Total comprehensive income (profit for the period)	-	-	-	-	-	672,097	672,097
Transactions with owners, recorded directly in equity							
Transfer to statutory reserve	-	-	135,608	-	-	(135,608)	-
Balance as at 31 December 2010	8,731,929	2,550,985	3,860,097	240,361	1,500,000	4,073,530	20,956,902
Changes in equity for the period ended 30 September 2011							
Total comprehensive income (profit for the period)	-	-	-	-	-	2,182,207	2,182,207
Transactions with owners, recorded directly in equity							
Issue 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	-	-	435,000	-	-	(435,000)	-
Balance as at 30 September 2011	10,478,315	2,550,985	4,295,097	240,361	1,500,000	4,074,351	23,139,109

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Director

**NOTES TO THE CONSOLIDATED CONDENSED
INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011



1. STATUS AND NATURE OF BUSINESS:

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 9 (2010: 8) sub branches in Pakistan. The Bank is a subsidiary of Habib Bank AG, Zurich 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 Group are consistent with that disclosed in the financial statements of the Group for the year ended 31 December 2010.

5. BALANCES WITH OTHER BANKS

	30 September 2011 (Un-Audited)	31 December 2010 (Audited)
	Rupees in '000	
In Pakistan		
– Current accounts	276,879	414,336
– Deposit accounts	13,155	17,205
	<u>290,034</u>	<u>431,541</u>
Outside Pakistan		
– Current accounts	1,031,639	978,819
– Deposit accounts	1,487,143	1,712,734
	<u>2,518,782</u>	<u>2,691,553</u>
	<u>2,808,816</u>	<u>3,123,094</u>

6. LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings	1,000,000	2,100,000
Repurchase agreement lendings (Reverse repo)	4,499,125	640,399
Letter of placements	–	450,000
	<u>5,499,125</u>	<u>3,190,399</u>

7. INVESTMENTS

INVESTMENTS	Note	30 September 2011 (Un-Audited)			31 December 2010 (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		51,554,288	34,938,863	86,493,151	20,327,803	24,133,119	44,460,922
Pakistan Investment Bonds		12,554,789	9,414,485	21,969,274	12,475,620	8,955,800	21,431,420
Ordinary shares of listed companies		505,211	—	505,211	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		2,114,926	—	2,114,926	2,282,470	—	2,282,470
Unlisted Term Finance Certificates		3,871,472	—	3,871,472	4,060,056	—	4,060,056
Sukuk Certificates and Bonds		13,070,642	—	13,070,642	18,192,348	—	18,192,348
Open end mutual funds		11,838,104	—	11,838,104	10,197,832	—	10,197,832
Close end mutual funds		67,000	—	67,000	67,000	—	67,000
		95,739,533	44,353,348	140,092,881	68,040,530	33,088,919	101,129,449
Held-to-maturity securities							
Certificate of Investments		1,600,000	—	1,600,000	1,050,000	—	1,050,000
Investments at cost		97,339,533	44,353,348	141,692,881	69,090,530	33,088,919	102,179,449
Less: Provision for diminution in the value of investments	7.1	(298,264)	—	(298,264)	(255,932)	—	(255,932)
Investments – net of provisions		97,041,269	44,353,348	141,394,617	68,834,598	33,088,919	101,923,517
Surplus / (deficit) on revaluation of available-for-sale investments – net	13	78,352	100,731	179,083	(726,742)	(347,629)	(1,074,371)
Investments after revaluation of available-for-sale investments		97,119,621	44,454,079	141,573,700	68,107,856	32,741,290	100,849,146

7.1 Particulars of provision for diminution in the value of investments

	30 September 2011 (Un-Audited)	31 December 2010 (Audited)
Rupees in '000		
Opening balance	255,932	227,022
Charge for the period / year	53,404	103,785
Reversal of provision upon disposal of investments	(11,072)	(74,875)
Closing balance	298,264	255,932

8. ADVANCES		Note	30 September 2011 (Un-Audited)	31 December 2010 (Audited)
			Rupees in '000	
Loans, cash credits, running finances, etc.				
In Pakistan			91,436,398	100,914,709
Net investments in finance lease / ijarah financing				
In Pakistan			629,393	906,984
Net assets in ijarah under IFAS 2			903,230	901,886
Bills discounted and purchased (excluding Market Treasury Bills)				
Payable in Pakistan			4,747,307	6,344,275
Payable outside Pakistan			16,579,673	18,282,153
			21,326,980	24,626,428
Advances - gross			114,296,001	127,350,007
Provision against non-performing advances				
– specific	8.1		(9,645,269)	(7,463,452)
– general	8.3		(70,130)	(58,919)
			(9,715,399)	(7,522,371)
Advances - net of provisions			104,580,602	119,827,636

8.1 Advances include Rs. 13,586,756 thousand (2010: Rs 10,961,145 thousand) which have been placed under non-performing status as detailed below:

Category of Classification	30 September 2011 (Un-Audited) in Pakistan		
	Classified advances	Provision Required	Provision Held
	Rupees in '000		
Substandard	158,547	3,423	3,423
Doubtful	2,940,894	932,261	932,261
Loss	10,487,315	8,709,585	8,709,585
	13,586,756	9,645,269	9,645,269

Category of Classification	31 December 2010 (Audited) in Pakistan		
	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 year 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. 319.720 million and profit after taxation for the nine months ended 30 September 2011 would have been lower by approximately Rs. 207.818 million. As of 30 September 2011, had the benefit of FSVs not taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 2,299.939 million and accumulated profit would have been lower by Rs. 1,494.960 million. This amount of Rs. 1,494.960 million is not available for the distribution of cash and stock dividend to the shareholders.

8.3 Particulars of specific provision against non-performing advances:

	30 September 2011 (Un-Audited)			31 December 2010 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	7,463,452	58,919	7,522,371	4,204,731	424,745	4,629,476
Charge for the period	2,717,906	11,211	2,729,117	3,826,217	—	3,826,217
Reversals	(395,982)	—	(395,982)	(522,628)	(365,826)	(888,454)
Net charge for the period / year	2,321,924	11,211	2,333,135	3,303,589	(365,826)	2,937,763
Amount written off	(140,107)	—	(140,107)	(44,868)	—	(44,868)
Closing balance	9,645,269	70,130	9,715,399	7,463,452	58,919	7,522,371

8.4 General provision includes provision of Rs. 20.145 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. 316.073 million (30 September 2010: Rs. 311.210 million) and Rs. 2.236 million (30 September 2010: Rs. 3.815 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. 2,436.656 million.

	30 September 2011 (Un-Audited)	31 December 2010 (Audited)
	Rupees in '000	
11. BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan		
– under export refinance scheme	19,074,377	25,710,819
– under long term financing – export oriented projects	819,028	1,300,872
– under long term financing facility – locally manufactured plant and machinery	1,874,169	1,418,938
	21,767,574	28,430,629
Repurchase agreement borrowings	44,320,471	32,630,475
	66,088,045	61,061,104
Unsecured		
Call borrowings	6,738,853	100,000
Overdrawn nostro accounts	1,591,048	1,357,698
Overdrawn local bank accounts	17,606	10,927
Other short term borrowing	113,723	–
	8,461,230	1,468,625
	74,549,275	62,529,729
12. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	75,137,055	69,954,427
Saving deposits	43,490,888	38,873,120
Current accounts (non-remunerative)	43,843,800	37,316,518
Others	1,852,391	1,818,566
	164,324,134	147,962,631
Financial Institutions		
Remunerative deposits	6,261,011	11,975,440
Non-remunerative deposits	367,097	376,140
	6,628,108	12,351,580
	170,952,242	160,314,211

	30 September 2011 (Un-Audited)	31 December 2010 (Audited)
	Rupees in '000	
13. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS - NET OF DEFERRED TAX		
Available-for-sale securities:		
Federal Government Securities		
Market Treasury Bills	211,484	(132,003)
Pakistan Investment Bonds	(141,251)	(1,140,910)
GOP Ijarah Sukuk	81,243	73,714
Fully paid-up ordinary shares – Listed	63,778	(775)
Preference shares of a listed company	4,000	–
Term Finance Certificates		
Listed	(17,586)	(46,592)
Unlisted	336	(4,915)
Sukuk Certificates and Bonds	(4,121)	(30,806)
Mutual funds		
Open end	(42,796)	189,476
Close end	23,996	18,440
	179,083	(1,074,371)
Related deferred tax (liabilities) / asset - net	(50,435)	427,786
	128,648	(646,585)
14. CONTINGENCIES AND COMMITMENTS		
14.1 Direct credit substitutes		
Bank guarantees of indebtedness in favour of:		
– Banking companies and other financial institutions	226,686	238,522
14.2 Transaction-related contingent liabilities		
Includes performance bonds, bid bonds, advance payment guarantees and shipping guarantees favouring:		
i) Government	10,818,633	9,351,603
ii) Banking companies and other financial institutions	17,997	261,415
iii) Others	2,431,974	3,711,022
	13,268,604	13,324,040
14.3 Trade-related contingent liabilities		
Letters of credit	53,210,507	49,231,412
Acceptances	10,685,055	10,313,588
14.4 Commitments in respect of forward exchange contracts		
Purchase	61,786,094	55,991,653
Sale	75,639,241	68,631,860

	30 September 2011 (Un-Audited)	31 December 2010 (Audited)
	Rupees in '000	
14.5 Commitments in respect of operating leases		
Not later than one year	48,301	59,698
Later than one year and not later than five years	29,062	30,291
	77,363	89,989
14.6 Commitments for the acquisition of operating fixed assets	80,490	62,154
14.7 Claims against the Bank not acknowledged as debt	2,401,910	2,229,910
14.8 Commitments in respect of forward lendings		
The Bank makes commitments to extend credit in the normal course of its business, but none of these commitments are irrevocable and do not attract any penalty if the facility is unilaterally withdrawn.		
14.9 Commitments in respect of syndicate financing	150,000	253,691
14.10 Commitments in respect of investment in sukuk certificates and term finance certificates	—	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

	Quarter ended 30 September 2011 (Un-Audited)	Nine months ended 30 September 2011 (Un-Audited)	Quarter ended 30 September 2010 (Un-Audited)	Nine months ended 30 September 2010 (Un-Audited)
	Rupees in '000			
Profit after taxation	744,338	2,182,207	661,682	2,137,272
	Number in '000			
Weighted average number of ordinary shares	1,047,831	1,047,831	1,047,831	1,047,831
	Rupees			
Basic and diluted earnings per share	0.71	2.08	0.63	2.04

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 Bank has related party relationships with its holding company, subsidiary companies with common directorship, key management personnel, directors and employee retirement benefit plans.

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

	30 September 2011 (Un-Audited)				
	Holding Company	Associates	Key Management Personnel	Retirement Benefit Plans	Total
	Rupees in '000				
Deposits					
At beginning of the period	93,074	3,220,383	60,493	1,233,885	4,607,835
Received during the period	10,504,097	420,715,712	200,251	3,324,188	434,744,248
Repaid during the period	(10,524,790)	(418,514,917)	(202,315)	(3,107,093)	(432,349,115)
At the end of the period	72,381	5,421,178	58,429	1,450,980	7,002,968
Advances					
At the beginning of the year	-	2,198,466	22,276	-	2,220,742
Disbursed during the period	-	42,831,238	11,283	-	42,842,521
Recovered during the period	-	(43,403,977)	(4,556)	-	(43,408,533)
At the end of the period	-	1,625,727	29,003	-	1,654,730
Bank balances held by the Bank	274,223	19,965	-	-	294,188
Overdrawn bank balances held by the Bank	-	(957,179)	-	-	(957,179)
Management fee payable for technical and consultancy services*	157,633	-	-	-	157,633
Prepayments	-	25,048	-	-	25,048
Transaction-related contingent liabilities	-	1,298,008	-	-	1,298,008
Trade-related contingent liabilities	-	2,427,124	-	-	2,427,124
Advance received against prepaid card	-	2,122	-	-	2,122
Advance received against insurance premium	-	352	-	-	352

* 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				
Deposits					
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
Advances					
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



Transactions during the period	For the period ended 30 September 2011 (Un-Audited)					
	Holding Company	Associates	Key Management Personnel	Directors' Fee	Retirement Benefit Plans	Total
	Rupees in '000					
Mark-up / return / interest earned	—	86,762	2,071	—	—	88,833
Mark-up / return / interest expensed	—	442,446	6,496	—	124,616	573,558
Commission / brokerage / bank charges recovered	—	8,394	—	—	—	8,394
Rent income	—	851	—	—	—	851
Salaries and allowances	—	—	87,874	—	—	87,874
Directors' fees	—	—	—	3,560	—	3,560
Contribution to defined benefit plan	—	—	—	—	54,000	54,000
Contribution to defined contribution plan	—	—	—	—	65,788	65,788
Bank charges paid	1,324	8,371	—	—	—	9,695
Rent expenses	—	12,640	—	—	—	12,640
Insurance premium expenses	—	24,409	—	—	—	24,409
Maintenance, Electricity, Stationary & Entertainment	—	23,708	—	—	—	23,708
Management fee expense for technical and consultancy services*	127,258	—	—	—	—	127,258
Donation	—	2,440	—	—	—	2,440
Professional / other charges	—	7,191	—	—	—	7,191

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

Transactions during the period	For the period ended 30 September 2010 (Un-Audited)					
	Holding Company	Associates	Key Management Personnel	Directors' Fee	Retirement Benefit Plan	Total
	Rupees in '000					
Mark-up / return / interest earned	—	78,628	1,060	—	—	79,688
Mark-up / return / interest expensed	—	417,249	4,777	—	112,314	534,340
Commission / brokerage / bank charges recovered	—	8,007	—	—	—	8,007
Rent income	—	692	—	—	—	692
Salaries and allowances	—	—	84,704	—	—	84,704
Directors' fees	—	—	—	4,590	—	4,590
Contribution to defined benefit plan	—	—	—	—	36,000	36,000
Contribution to defined contribution plan	—	—	—	—	54,221	54,221
Bank charges paid	2,291	7,303	—	—	—	9,594
Rent expenses	—	12,085	—	—	—	12,085
Insurance premium expenses	—	22,894	—	—	—	22,894
Maintenance, Electricity, Stationary & Entertainment	—	18,080	—	—	—	18,080
Management fee expense for technical and consultancy services*	102,662	—	—	—	—	102,662
Donation	—	1,440	—	—	—	1,440
Professional / other charges	—	967	—	—	—	967

* 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 30 September 2011 is as follows:

BALANCE SHEET	30 September 2011 (Un-Audited)	31 December 2010 (Audited)
	Rupees in '000	
ASSETS		
Cash and balances with treasury banks	684,705	713,721
Balances with and due from financial institutions	—	—
Investments	11,746,113	8,949,438
Financing and receivables		
- Murabaha	3,784,271	2,955,742
- Ijara	1,110,614	1,340,624
- Diminishing Musharaka	604,633	495,831
- Export Refinance Murabaha	125,000	443,775
- Foreign Documentary Bills Purchased	57,726	229,866
	5,682,244	5,465,838
Other assets	1,487,068	936,743
	19,600,130	16,065,740
LIABILITIES		
Bills payable	71,559	91,025
Deposits and other accounts		
- Current deposits	1,470,801	1,089,391
- Saving deposits	3,406,648	3,132,614
- Term deposits	6,947,098	5,120,843
- Deposits from financial institutions - remunerative	3,818,062	3,922,899
- Deposits from financial institutions - non-remunerative	11,126	2,946
	15,653,735	13,268,693
Borrowings	470,000	468,775
Due to head office	1,126,056	198,331
Other liabilities	831,015	898,358
	18,152,365	14,925,182
NET ASSETS	1,447,765	1,140,558
REPRESENTED BY		
Islamic banking fund	1,002,187	802,141
Unappropriated profit	377,721	313,875
	1,379,908	1,116,016
Surplus on revaluation of assets	67,857	24,542
	1,447,765	1,140,558

18. GENERAL

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

19. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue by the Board of Directors on 27 October 2011.

KASSIM PAREKH
Chairman

ANJUM IQBAL
Chief Executive

BASHIR ALI MOHAMMAD
Director

MOHAMEDALI R. HABIB
Director

NOTES



A large rectangular area for taking notes, bounded by a double-line border. The interior is filled with horizontal ruling lines, providing a structured space for writing.