



HABIB METROPOLITAN BANK

[Subsidiary of Habib Bank AG Zurich]

Consolidated Accounts for the nine months ended
30 September 2012
(Un-Audited)

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

As at 30 September 2012

	Note	30 September 2012 (Un-Audited)	31 December, 2011 (Audited)
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		14,669,008	14,233,690
Balances with other banks	5	4,769,948	3,551,591
Lendings to financial institutions	6	7,269,839	2,361,754
Investments	7	156,271,022	147,459,163
Advances	8	108,408,537	109,656,714
Operating fixed assets	9	3,030,157	3,230,658
Deferred tax assets	10	1,788,574	2,020,511
Other assets		4,809,269	5,686,576
		301,016,354	288,200,657
LIABILITIES			
Bills payable		4,359,676	3,733,794
Borrowings	11	44,521,957	66,641,226
Deposits and other accounts	12	216,426,211	185,281,216
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		8,246,607	7,963,052
		273,554,451	263,619,288
NET ASSETS		27,461,903	24,581,369
REPRESENTED BY			
Share capital		10,478,315	10,478,315
Reserves		9,368,718	8,807,718
Unappropriated profit		5,642,087	4,960,068
		25,489,120	24,246,101
Surplus on revaluation of assets - net of deferred tax	13	1,972,783	335,268
		27,461,903	24,581,369
CONTINGENCIES AND COMMITMENTS			
	14		

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

SIRAJUDDIN AZIZ
President &
Chief Executive Officer

MOHAMEDALI R. HABIB
Director

TARIQ IKRAM
Director

BASHIR ALI MOHAMMAD
Director

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

For the nine months and quarter ended 30 September 2012

HABIBMETRO

	30 September 2012 Quarter ended	30 September 2012 Nine months ended	30 September 2011 Quarter ended	30 September 2011 Nine months ended
	Rupees in '000			
Mark-up / return / interest earned	7,034,461	20,303,027	6,830,271	19,703,372
Mark-up / return / interest expensed	(4,894,085)	(13,824,180)	(4,789,742)	(14,031,448)
Net mark-up / interest income	2,140,376	6,478,847	2,040,529	5,671,924
Provision against non-performing loans and advances	631,633	2,027,803	692,970	2,333,135
Provision for diminution in the value of investments	(10,469)	5,719	2,977	53,404
Bad debts written-off directly	—	—	—	—
	(621,164)	(2,033,522)	(695,947)	(2,386,539)
Net mark-up / interest income after provisions	1,519,212	4,445,325	1,344,582	3,285,385
Non mark-up / interest income				
Fee, commission and brokerage income	521,279	1,578,720	398,203	1,295,636
Dividend income	19,632	613,720	227,547	802,078
Income from dealing in foreign currencies	422,096	1,001,461	288,879	1,092,613
Gain / (loss) on sale / redemption of securities	340,518	648,814	(8,013)	211,021
Unrealized gain / (loss) on revaluation of investments classified as 'held for trading'	—	—	—	—
Other income	71,851	224,782	59,026	175,076
Total non mark-up / interest income	1,375,376	4,067,497	965,642	3,576,424
	2,894,588	8,512,822	2,310,224	6,861,809
Non mark-up / interest expenses				
Administrative expenses	1,458,104	4,228,183	1,207,269	3,723,894
Other provisions / write-offs	59,805	59,805	—	—
Other charges	(8,260)	71,140	40,187	100,806
Total non mark-up / interest expenses	(1,509,649)	(4,359,128)	(1,247,456)	(3,824,700)
	1,384,939	4,153,694	1,062,768	3,037,109
Extra ordinary / unusual items	—	—	—	—
Profit before taxation	1,384,939	4,153,694	1,062,768	3,037,109
Taxation – Current	579,241	1,816,494	476,195	1,506,058
– Prior years	—	—	—	—
– Deferred	(128,369)	(477,566)	(157,765)	(651,156)
	(450,872)	(1,338,928)	(318,430)	(854,902)
Profit after taxation	934,067	2,814,766	744,338	2,182,207
Basic earnings per share (Rupees) - Note 15	0.89	2.69	0.71	2.08

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

SIRAJUDDIN AZIZ
President &
Chief Executive Officer

MOHAMEDALI R. HABIB
Director

TARIQ IKRAM
Director

BASHIR ALI MOHAMMAD
Director

Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)

For the nine months and quarter ended 30 September 2012

	30 September 2012		30 September 2011	
	Quarter ended	Nine months ended	Quarter ended	Nine months ended
	Rupees in '000			
Profit after taxation for the period	934,067	2,814,766	744,338	2,182,207
Other comprehensive income	–	–	–	–
Comprehensive income transferred to equity	934,067	2,814,766	744,338	2,182,207
Components of comprehensive income not reflected in equity				
Surplus on revaluation of investments	2,643,488	2,347,018	1,009,413	1,253,454
Deferred tax on revaluation of investments	(845,708)	(709,503)	(351,845)	(478,221)
	1,797,780	1,637,515	657,568	775,233
Total comprehensive income	2,731,847	4,452,281	1,401,906	2,957,440

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

HABIBMETRO

	30 September 2012	2011
	Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	4,153,694	3,037,109
Less: Dividend income	(613,720)	(802,078)
	<u>3,539,974</u>	<u>2,235,031</u>
Adjustments		
Depreciation	339,200	294,365
Provision against non-performing loans and advances – net	2,027,803	2,333,135
Provision for diminution in the value of investments – net	(26,039)	42,332
Net (gain) on sale of fixed assets	(14,866)	(1,024)
	<u>2,326,098</u>	<u>2,668,808</u>
	<u>5,866,072</u>	<u>4,903,839</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	(4,908,085)	(2,308,726)
Advances	(779,626)	12,913,899
Other assets	877,307	750,246
	<u>(4,810,404)</u>	<u>11,355,419</u>
Increase / (decrease) in operating liabilities		
Bills payable	625,882	1,305,180
Borrowings	(20,960,623)	11,779,517
Deposits and other accounts	31,144,995	10,638,031
Other liabilities (excluding taxation and dividend)	298,284	662,555
	<u>11,108,538</u>	<u>24,385,283</u>
	<u>12,164,206</u>	<u>40,644,541</u>
Income tax paid	(1,833,153)	(1,560,419)
Net cash flows from operating activities	<u>10,331,053</u>	<u>39,084,122</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(1,956,495)	(38,963,432)
Net investments in held-to-maturity securities	(4,482,307)	(550,000)
Dividend received	613,720	802,078
Investments in operating fixed assets	(227,083)	(336,556)
Proceeds from sale of fixed assets	103,250	3,260
Net cash flows from investing activities	<u>(5,948,915)</u>	<u>(39,044,650)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(1,569,817)	(1,048)
Net cash flows from financing activities	<u>(1,569,817)</u>	<u>(1,048)</u>
Increase/ (decrease) in cash and cash equivalents	<u>2,812,321</u>	<u>38,424</u>
Cash and cash equivalents at beginning of the period	15,420,150	15,545,285
Effect of exchange rate changes on cash and cash equivalents	309,657	132,577
Cash and cash equivalents at end of the period	<u>18,542,128</u>	<u>15,716,286</u>

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Director

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

For the nine months ended 30 September 2012

		Reserves					
	Share Capital	Share premium	Statutory reserve	Special reserve	Revenue reserve	Unappropriated profit	Total
	Rupees in '000						
Balance as at 1 January 2011	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
Changes in equity for the period ended 31 December 2011							
Total comprehensive income (profit for the period)	–	–	–	–	–	1,106,992	1,106,992
Transactions with owners, recorded directly in equity							
Transferred to statutory reserve	–	–	221,275	–	–	(221,275)	–
Balance as at 31 December 2011	10,478,315	2,550,985	4,516,372	240,361	1,500,000	4,960,068	24,246,101
Changes in equity for the period ended 30 September 2012							
Total comprehensive income (profit for the period)	–	–	–	–	–	2,814,766	2,814,766
Transactions with owners, recorded directly in equity							
Cash dividend (Re. 1.5 per share)	–	–	–	–	–	(1,571,747)	(1,571,747)
Transferred to statutory reserve	–	–	561,000	–	–	(561,000)	–
Balance as at 30 September 2012	10,478,315	2,550,985	5,077,372	240,361	1,500,000	5,642,087	25,489,120

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

For the nine months ended 30 September 2012

HABIBMETRO

1. STATUS AND NATURE OF BUSINESS

The Group comprises of:

Holding company

Habib Metropolitan Bank Limited.

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 Limited (the Bank) was incorporated in Pakistan on 3 August 1992 as a public limited company, under the Companies Ordinance, 1984 and is engaged in commercial banking and related services. Its shares are listed on all stock exchanges in Pakistan. The registered office of the Bank is situated at Spencer's Building, 11 Chundrigar Road, Karachi. The Bank operates 140 (2011: 138) branches including 4 (2011: 4) Islamic Banking Branches and 35 (2011: 25) sub branches in Pakistan. The Bank is a subsidiary of Habib Bank AG Zurich 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 2011.

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 2011.

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 2011.

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 2011.

5 BALANCES WITH OTHER BANKS

30 September 31 December
2012 2011
(Un-Audited) (Audited)
Rupees in '000

In Pakistan

Current accounts	252,727	309,526
Deposit accounts	3,593	16,491
	<hr/>	<hr/>
	256,320	326,017

Outside Pakistan

Current accounts	1,953,745	976,932
Deposit accounts	2,559,883	2,248,642
	<hr/>	<hr/>
	4,513,628	3,225,574
	<hr/>	<hr/>
	4,769,948	3,551,591
	<hr/>	<hr/>

6. LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings	2,500,000	1,000,000
Repurchase agreement lendings (Reverse repo)	4,769,839	1,361,754
	<hr/>	<hr/>
	7,269,839	2,361,754
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7. INVESTMENTS

7. INVESTMENTS		30 September 2012 (Un-Audited)			31 December 2011 (Audited)		
	Note	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
Rupees in '000							
Available-for-sale securities							
Market treasury bills		56,086,532	21,267,357	77,353,889	56,979,771	35,529,021	92,508,792
Pakistan investment bonds		17,561,507	5,515,016	23,076,523	17,859,019	4,056,656	21,915,675
Ordinary shares of listed companies		568,112	–	568,112	649,318	–	649,318
Ordinary shares of unlisted companies		104,205	–	104,205	123,101	–	123,101
Preference shares of a listed company		40,000	–	40,000	40,000	–	40,000
Listed term finance certificates		1,705,929	–	1,705,929	2,049,093	–	2,049,093
Unlisted term finance certificates		248,098	–	248,098	248,097	–	248,097
Sukuk certificates and bonds		33,688,230	–	33,688,230	16,920,026	–	16,920,026
Open end mutual funds		12,441,585	–	12,441,585	12,790,730	–	12,790,730
Close end mutual funds		63,436	–	63,436	88,680	–	88,680
		122,507,634	26,782,373	149,290,007	107,747,835	39,585,677	147,333,512
Held-to-maturity securities							
Pakistan investment bonds		4,482,307	–	4,482,307	–	–	–
Investments at cost							
Less: Provision for diminution in the value of investments	7.1	(312,683)	–	(312,683)	(338,722)	–	(338,722)
Investments – net of provisions							
Surplus / (deficit) on revaluation of available-for-sale securities – net	13	3,197,704	(386,313)	2,811,391	726,443	(262,070)	464,373
Investments after revaluation of available-for-sale securities							
		129,874,962	26,396,060	156,271,022	108,135,556	39,323,607	147,459,163

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

- 8.1** Advances include Rs. 17,734,720 thousand (31 December 2011: Rs 15,427,848 thousand) which have been placed under non-performing status as detailed below:

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

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

- 8.2** In accordance with BSD Circular No. 1 dated 21 October 2011 issued by the State Bank of Pakistan, during the nine months, the Group 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 Group, the specific provision against non-performing advances for the nine months would have been higher by Rs. 824,856 thousand (30 September 2011: Rs. 319,720 thousand) and profit after taxation for the nine months ended 30 September 2012 would have been lower by approximately Rs. 536,156 thousand (30 September 2011: Rs. 207,818 thousand). As of 30 September 2012, had the benefit of FSVs not taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 4,853,044 thousand (31 December 2011: Rs. 4,028,188 thousand) and accumulated profit would have been lower by Rs. 3,154,479 thousand (31 December 2011: Rs. 2,618,322 thousand). This amount of Rs. 3,154,479 thousand is not available for the distribution of cash and stock dividend to the shareholders.

- 8.3** Particulars of specific provision against non-performing advances:

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

8.4 General provision includes provision of Rs. 7,931 thousand (31 December 2011: Rs. 19,610 thousand) made against consumer portfolio in accordance with the Prudential Regulations issued by SBP at 1.5% of fully secured and at 5% of the unsecured consumer portfolio.

9. OPERATING FIXED ASSETS

During the current period, additions and disposals in operating fixed assets amounted to Rs. 254,395 thousand (30 September 2011: Rs. 315,983 thousand) and Rs. 88,384 thousand (30 September 2011: Rs. 2,236 thousand) respectively.

10. DEFERRED TAX ASSETS

Through Finance Act, 2010 certain amendments have been introduced in Seventh Schedule to the Income Tax Ordinance, 2001. The provision for advances & off balance sheet items are allowed at 5% of total gross advances for consumer and SMEs (as defined in SBP Prudential Regulation). The provision for advances and off balance sheet items other than those falling in definition of consumer & SMEs are allowed upto 1% of such total gross advances. Further Rule 8(A) of Seventh Schedule allows for amounts provided for in tax year 2008 and prior to said tax year for doubtful debts, which were neither claimed nor allowed as tax deductible in any year shall be allowed as deduction in tax year in which such doubtful debts are written off. With reference to allowability of provision, the management has carried out an exercise and concluded that full deduction of provision in succeeding years would be allowed and accordingly recognized deferred tax asset on such provision amounting to Rs. 2,997,145 thousand. (31 December 2011: Rs. 2,549,617 thousand).

HABIBMETRO

	30 September 2012 (Un-Audited)	31 December 2011 (Audited)
	Rupees in '000	
11. BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan		
– under export refinance scheme	14,839,482	20,573,018
– under long term financing – export oriented projects	417,905	701,047
– under long term financing facility – locally manufactured plant and machinery	1,896,382	1,908,929
	17,153,769	23,182,994
Repurchase agreement borrowings	26,376,549	39,270,858
	43,530,318	62,453,852
Unsecured		
Call borrowings	–	2,041,954
Overdrawn nostro accounts	821,694	2,032,902
Overdrawn local bank accounts	75,134	22,572
Other short term borrowing	94,811	89,946
	991,639	4,187,374
	44,521,957	66,641,226
12. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	95,751,622	82,159,532
Saving deposits	61,834,379	44,166,722
Current accounts (non-remunerative)	49,715,716	45,008,091
Others	2,723,333	2,200,862
	210,025,050	173,535,207
Financial Institutions		
Remunerative deposits	5,846,338	11,470,881
Non-remunerative deposits	554,823	275,128
	6,401,161	11,746,009
	216,426,211	185,281,216

	30 September 2012 (Un-Audited)	31 December 2011 (Audited)
	Rupees in '000	
13. SURPLUS ON REVALUATION OF ASSETS - NET OF DEFERRED TAX		
Available-for-sale securities:		
Federal Government Securities		
Market Treasury Bills	301,760	324,173
Pakistan Investment Bonds	1,690,476	(32,953)
GOP Ijarah Sukuk	251,383	66,457
Fully paid-up ordinary shares – Listed	128,230	26,833
Preference shares of a listed company	760	–
Term Finance Certificates, Sukuk certificates and Bonds		
Listed	(8,112)	(17,787)
Sukuk Certificates and Bonds	(5,632)	(9,219)
Mutual funds		
Open end	416,376	83,821
Close end	36,150	23,048
	<u>2,811,391</u>	<u>464,373</u>
Related deferred tax liability - net	<u>(838,608)</u>	<u>(129,105)</u>
	<u><u>1,972,783</u></u>	<u><u>335,268</u></u>
14. CONTINGENCIES AND COMMITMENTS		
14.1 Direct credit substitutes		
Bank guarantees of indebtedness in favour of:		
– Banking companies and other financial institutions	<u>65,177</u>	<u>71,012</u>
14.2 Transaction-related contingent liabilities		
Includes performance bonds, bid bonds, advance payment guarantees and shipping guarantees favouring:		
i) Government	11,240,417	10,115,047
ii) Banking companies and other financial institutions	35,324	51,928
iii) Others	3,274,977	3,168,794
	<u>14,550,718</u>	<u>13,335,769</u>
14.3 Trade-related contingent liabilities		
Letters of credit	<u>44,728,999</u>	<u>50,815,273</u>
Acceptances	<u>10,780,838</u>	<u>12,360,730</u>

HABIBMETRO

	30 September 2012 (Un-Audited)	31 December 2011 (Audited)
	Rupees in '000	
14.4 Commitments in respect of forward exchange contracts		
Purchase	46,828,316	54,377,083
Sale	58,813,767	62,519,824
14.5 Commitments in respect of operating leases		
Not later than one year	8,642	37,204
Later than one year and not later than five years	8,252	24,346
	16,894	61,550
14.6 Commitments for the acquisition of operating fixed assets	49,748	9,105
14.7 Claims against the Group not acknowledged as debt	2,332,580	2,424,410
14.8 Commitments in respect of forward lendings		

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

14.9 Taxation

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

15. BASIC EARNINGS PER SHARE

	30 September 2012 Quarter ended	30 September 2012 Nine months ended	30 September 2011 Quarter ended	30 September 2011 Nine months ended
	(Un-Audited)			
	Rupees in '000			
Profit after taxation	934,067	2,814,766	744,338	2,182,207
	Number in '000			
Weighted average number of ordinary shares	1,047,831	1,047,831	1,047,831	1,047,831
	Rupees			
Basic earnings per share	0.89	2.69	0.71	2.08

16. TRANSACTIONS WITH RELATED PARTIES

The Group has related party relationships with its holding company, companies with common directorship, key management personnel, directors and employees' retirement benefit plans.

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

	30 September 2012 (Un-Audited)					
	Holding Company	Associates	Key Management Personnel	Directors	Retirement Benefit Plans	Total
	Rupees in '000					
Deposits						
At beginning of the year	178,264	4,880,012	60,025	73,571	1,548,662	6,740,534
Received during the period	11,848,539	629,204,307	299,628	543,438	3,338,852	645,234,764
Repaid during the period	(11,941,410)	(629,615,210)	(286,468)	(511,830)	(3,217,137)	(645,572,055)
At end of the period	85,393	4,469,109	73,185	105,179	1,670,377	6,403,243
Advances						
At beginning of the year	-	1,776,952	31,193	-	-	1,808,145
Disbursed during the period	-	13,536,237	5,845	-	-	13,542,082
Recovered during the period	-	(14,017,492)	(10,230)	-	-	(14,027,722)
At end of the period	-	1,295,697	26,808	-	-	1,322,505
Bank balances held by the Group	261,582	1,990,375	-	-	-	2,251,957
Overdrawn bank balances held by the Group	-	(252,324)	-	-	-	(252,324)
Mark-up/return/interest receivable	-	12,155	-	-	-	12,155
Mark-up/return/interest payable	-	44,350	587	1,007	129,596	175,540
Management fee payable for technical and consultancy services*	215,536	-	-	-	-	215,536
Prepayments /Advance deposits	-	42,808	-	-	-	42,808
Transaction-related contingent liabilities	-	1,411,888	-	-	-	1,411,888
Trade-related contingent liabilities	-	2,026,000	-	-	-	2,026,000
Advance received against prepaid card	-	15,578	-	-	-	15,578
Advance received against insurance premium	-	316	-	-	-	316
Receivable / (payable) against purchase / sale of securities	105	-	(6)	-	-	99

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

31 December 2011 (Audited)

	Holding Company	Associates	Key Management Personnel	Directors	Retirement Benefit Plans	Total
	Rupees in '000					
Deposits						
At beginning of the year	93,074	3,220,383	60,493	64,546	1,233,885	4,672,381
Received during the period	14,870,118	593,595,088	279,750	946,006	3,443,040	613,134,002
Repaid during the period	(14,784,928)	(591,935,459)	(280,218)	(936,981)	(3,128,263)	(611,065,849)
At end of the period	178,264	4,880,012	60,025	73,571	1,548,662	6,740,534
Advances						
At beginning of the year	–	2,198,466	22,316	–	–	2,220,782
Disbursed during the period	–	63,913,349	14,725	–	–	63,928,074
Recovered during the period	–	(64,334,863)	(5,848)	–	–	(64,340,711)
At end of the period	–	1,776,952	31,193	–	–	1,808,145
Bank balances held by the Group	197,044	31,097	–	–	–	228,141
Overdrawn bank balances held by the Group	–	(1,049,728)	–	–	–	(1,049,728)
Mark-up/return/interest receivable	–	10,937	–	–	–	10,937
Mark-up/return/interest payable	–	60,039	922	694	109,396	171,051
Management fee payable for technical and consultancy services*	143,500	–	–	–	–	143,500
Prepayments /Advance deposits	–	18,190	–	–	–	18,190
Transaction-related contingent liabilities	–	1,402,878	–	–	–	1,402,878
Trade-related contingent liabilities	–	1,706,015	–	–	–	1,706,015
Advance received against prepaid card	–	1,957	–	–	–	1,957
Advance received against insurance premium	–	363	–	–	–	363
Receiveable / (payable) against purchase / sale of securities	–	(34,548)	60	–	–	(34,488)

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

Transactions during the period	For the period ended 30 September 2012 (Un-Audited)					
	Holding Company	Associates	Key Management Personnel	Directors	Retirement Benefit Plans	Total
	Rupees in '000					
Mark-up/return/interest earned	-	100,342	1,669	-	-	102,011
Mark-up/return/interest expensed	-	434,974	867	5,904	180,456	622,201
Commission/brokerage/bank charges recovered	2,373	10,380	37	-	-	12,790
Rent income	-	810	-	-	-	810
Salaries and allowances	-	-	116,539	-	-	116,539
Directors' fees	-	-	-	4,100	-	4,100
Contribution to defined benefit plan	-	-	-	-	58,500	58,500
Contribution to defined contribution plan	-	-	-	-	76,103	76,103
Bank charges paid	1,261	913	-	-	-	2,174
Rent expenses	-	13,524	-	-	-	13,524
Insurance premium expenses	-	39,471	-	-	-	39,471
Maintenance, Electricity, Stationery & Entertainment	-	28,263	-	-	-	28,263
Management fee expense for technical and consultancy services*	120,136	-	-	-	-	120,136
Donation	-	6,690	-	-	-	6,690
Professional / other charges	-	7,536	-	-	-	7,536

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

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Transactions during the period	For the period ended 30 September 2011 (Un-Audited)					
	Holding Company	Associates	Key Management Personnel	Directors	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	3,783	124,616	577,341
Commission/brokerage/bank charges recovered	2,080	8,540	-	-	-	10,620
Rent income	-	851	-	-	-	851
Salaries and allowances	-	-	96,005	-	-	96,005
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, Stationery & 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	-	9,221	-	-	-	9,221

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

17. KEY ISLAMIC BANKING OPERATIONS

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

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

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 24 October 2012.

SIRAJUDDIN AZIZ
President &
Chief Executive Officer

MOHAMEDALI R. HABIB
Director

TARIQ IKRAM
Director

BASHIR ALI MOHAMMAD
Director