



هَذَا مِنْ فَضْلِ رَبِّي



**Habib Metropolitan Bank**

(Subsidiary of Habib Bank AG Zurich)

# Our Vision



Based on a foundation of trust,  
to be the most respected financial institution,  
delighting customers with excellence,  
enjoying the loyalty of a dedicated team,  
meeting the expectations of regulators and  
participating in social causes while  
providing superior returns to shareholders

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**BOARD OF DIRECTORS**

**CHAIRMAN**

Kassim Parekh

**CHIEF EXECUTIVE**

Anjum Iqbal

**DIRECTORS**

Muhammad H. Habib

Reza S. Habib

Bashir Ali Mohammad

Anwar H. Japanwala

Ronald Victor Emerson

Firasat Ali

Mohamedali R. Habib\*

\* Executive Director

**AUDIT COMMITTEE**

Reza S. Habib

Kassim Parekh

Mohamedali R. Habib

**COMPANY SECRETARY**

Muhammad Imran

**SHARE REGISTRAR**

Noble Computer Services (Private) Limited.  
2nd Floor, Sohni Centre, BS 5 & 6, Main Karimabad,  
Block-4, Federal B Area, Karachi-75950.

## DIRECTORS' REVIEW

On behalf of the Board of Directors of Habib Metropolitan Bank, I am pleased to present our unaudited accounts for the quarter ended March 31, 2009.

During current quarter, the country's trade imbalance reflects healthy improvement mainly on account of reduced cost of imports. The country's foreign exchange reserves have also increased significantly and the Rupee has stabilized against the US Dollar both because of the IMF program as well as the commitment expressed by the global community (Friends of Democratic Pakistan) to extend monetary aid to Pakistan. Inflation has also stabilized, albeit at a high level, and has now started trending down. The Country's Stock Exchanges have also managed to regain investor confidence and market index reflects a positive sentiment.

The overall liquidity crunch faced by the banking sector in the last quarter of 2008 has also eased out and the previously high KIBOR rates reflect a steady downward trend. However, credit off-take by the private sector continues to remain under pressure and has only recently shown signs of some improvement. Subsequent to the period end, the State Bank of Pakistan (SBP) reduced the discount rate by 100 bps which is expected to have a positive impact on the industrial sector. As the business momentum picks-up, your Bank expects to enhance its share in the country's trade and commercial activities and will also look to expand into other customer segments and introduce new products.

Subsequent to the period end, SBP announced a downward revision in banking capital requirements and has now advised banks to enhance their paid-up capital (free of losses) to Rs 6 billion by 2009, building additional Rs 1 billion capital each year upto 2013 to eventually achieve Rs 10 billion mark by the year 2013. Previously, these requirements were kept at a higher level to achieve Rs 23 billion paid-up capital on the same yearly schedule. Your Bank has already achieved compliance with the capital requirements applicable for current year.

Despite difficult political conditions and a worsening security situation, by Allah's grace your Bank continues to make steady progress as reflected in the attached financial statements. At quarter end, the total assets of the Bank stood at Rs. 189 billion as against 182 billion at the preceding year end. Your Bank adopted a well-thought, cautious approach to shed high-cost large-sized deposits to optimize costs of funding and enhanced focus on mobilizing diversified low-cost deposits. Resultantly, the Bank's deposits reduced to Rs. 119 billion while advances and investments closed at Rs. 102 billion & Rs. 62 billion respectively. This business strategy reflects positively in increased profits for the quarter and your Bank continues to maintain a surplus liquidity position.

The Bank's profits after taxation amount to Rs 1,406 million for the quarter reflecting earnings per share of Rs.1.5 and a growth of 37% from the same quarter last year. It is also encouraging to note that the Equity of the Bank reflects growth ahead of the quarter's profits, mainly on account of reversals in revaluation losses booked on investment securities as of December 2008.



By Allah's grace, HMB continues to enjoy AA+ (Double A plus) ratings for long term and A1+ (A one plus) ratings for short term by the Pakistan Credit Rating Agency Limited (PACRA). These ratings denote a very high credit quality, a very low expectation of credit risk and a very strong capacity for timely payment of financial commitments.

With a branch network of 110 branches, HMB is providing a full range of banking services including on-line instant fund transfer facilities, SWIFT, tele-info, web-info and mobile banking alerts (GSM) to our customers. The Bank plans to open more branches during the year and continue with its program for upgrading existing branches to provide better service. Further, our call centre "0800-HABIB (42242)" provides informative services to our customers on 24/7 basis. HMB Islamic Banking business has grown considerably during the period. Our 4 full service Islamic Banking branches are fully capable of catering the customers seeking Sha'ria compliant products. Additionally, Islamic Banking counters in various branches are operational and more are being opened across the country.

We wish to place on record our sincere thanks to the Ministry of Finance, State Bank of Pakistan and Securities & Exchange Commission of Pakistan for extending their support and continued guidance. We take this opportunity to also thank our valued customers for their trust and support and also to all our staff members for their devotion and commendable performance.

On behalf of the Board

Karachi: April 22, 2009

**Anjum Iqbal**  
Chief Executive

# **INTERIM CONDENSED BALANCE SHEET** AS AT MARCH 31, 2009

	Note	March 31, 2009 (Un-audited)	December 31, 2008 (Audited)
Rupees in '000			
<b>ASSETS</b>			
Cash and balances with treasury banks		9,887,646	11,401,384
Balances with other banks		1,788,065	2,974,237
Lendings to financial institutions	4	7,073,447	98,176
Investments	5	62,376,971	53,631,532
Advances	6	102,030,939	108,261,259
Operating fixed assets		1,527,006	1,528,913
Deferred tax assets		832,671	1,144,451
Other assets		3,763,546	3,317,451
		<b>189,280,291</b>	<b>182,357,403</b>
<b>LIABILITIES</b>			
Bills payable		2,975,454	2,372,146
Borrowings from financial institutions		44,599,415	30,435,543
Deposits and other accounts	7	119,357,294	128,369,670
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		5,450,371	6,087,256
		<b>172,382,534</b>	<b>167,264,615</b>
<b>NET ASSETS</b>		<b>16,897,757</b>	<b>15,092,788</b>
<b>REPRESENTED BY</b>			
Share capital		6,022,020	6,022,020
Reserves		8,729,441	7,039,936
Unappropriated profit		2,406,098	3,175,830
		<b>17,157,559</b>	<b>16,237,786</b>
(Deficit)/surplus on revaluation of assets - net of tax	8	(259,802)	(1,144,998)
		<b>16,897,757</b>	<b>15,092,788</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	9		

The annexed notes 1 to 14 form an integral part of these interim condensed financial statements.

**KASSIM PAREKH**  
Chairman

**ANJUM IQBAL**  
Chief Executive

**MOHAMEDALI R. HABIB**  
Director

**FIRASAT ALI**  
Director



**INTERIM CONDENSED PROFIT & LOSS  
ACCOUNT (UN-AUDITED)**  
FOR THE QUARTER ENDED MARCH 31, 2009



	Note	<b>For the Quarter ended March 31,</b>	
		<b>2009</b>	<b>2008</b>
		Rupees in '000	
<b>Mark-up / return / interest earned</b>		<b>4,633,263</b>	<b>3,393,338</b>
<b>Mark-up / return / interest expensed</b>		<b>(2,879,736)</b>	<b>(2,363,621)</b>
Net mark-up / interest income		<b>1,753,527</b>	<b>1,029,717</b>
Provision against non performing loans and advances		<b>327,882</b>	<b>32,420</b>
Provision for diminution in the value of investments		<b>—</b>	<b>—</b>
Bad debts written off directly		<b>—</b>	<b>64</b>
		<b>(327,882)</b>	<b>(32,484)</b>
Net mark-up / interest income after provisions		<b>1,425,645</b>	<b>997,233</b>
<b>Non mark-up / interest income</b>			
Fee, commission and brokerage income		<b>272,843</b>	<b>288,735</b>
Dividend income		<b>41,940</b>	<b>835</b>
Income from dealing in foreign currencies		<b>472,796</b>	<b>326,322</b>
Gain on sale / redemption of securities		<b>26,892</b>	<b>63,063</b>
Unrealized gain/(loss) on revaluation of investment classified as 'held for trading'		<b>—</b>	<b>—</b>
Other income		<b>75,631</b>	<b>53,038</b>
Total non mark-up / interest income		<b>890,102</b>	<b>731,993</b>
		<b>2,315,747</b>	<b>1,729,226</b>
<b>Non mark-up / interest expensed</b>			
Administrative expenses		<b>870,673</b>	<b>708,600</b>
Other provisions / write offs		<b>—</b>	<b>—</b>
Other charges		<b>39,164</b>	<b>1,047</b>
Total non mark-up / interest expense		<b>(909,837)</b>	<b>(709,647)</b>
		<b>1,405,910</b>	<b>1,019,579</b>
Extraordinary / unusual items		<b>—</b>	<b>—</b>
<b>Profit before taxation</b>		<b>1,405,910</b>	<b>1,019,579</b>
Taxation – Current		<b>651,000</b>	<b>426,000</b>
– Prior years		<b>—</b>	<b>—</b>
– Deferred		<b>(164,863)</b>	<b>(79,400)</b>
		<b>(486,137)</b>	<b>(346,600)</b>
<b>Profit after taxation</b>		<b>919,773</b>	<b>672,979</b>
<b>Basic earnings per share (Rupees)</b>	10	<b>1.53</b>	<b>1.12</b>
<b>Diluted earnings per share (Rupees)</b>	10	<b>1.53</b>	<b>1.12</b>

The annexed notes 1 to 14 form an integral part of these interim condensed financial statements.

**KASSIM PAREKH**  
Chairman

**ANJUM IQBAL**  
Chief Executive

**MOHAMEDALI R. HABIB**  
Director

**FIRASAT ALI**  
Director

**INTERIM CONDENSED CASH FLOW  
STATEMENT (UN-AUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2009**

	<b>March 31, 2009</b>	<b>March 31, 2008</b>
	Rupees in '000	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	1,405,910	1,019,579
Less: Dividend income	(41,940)	(835)
	<b>1,363,970</b>	<b>1,018,744</b>
Adjustments		
Depreciation	50,266	32,851
Provision against non-performing loans and advances	327,882	32,420
(Gain) on sale of fixed assets	(777)	(1,148)
	<b>377,371</b>	<b>64,123</b>
	<b>1,741,341</b>	<b>1,082,867</b>
(Increase) / decrease in operating assets		
Lendings to financial institutions	(6,975,271)	(4,142,558)
Advances	5,902,438	(5,835,058)
Other assets	(446,095)	(335,122)
	<b>(1,518,928)</b>	<b>(10,312,738)</b>
Increase / (decrease) in operating liabilities		
Bills payable	603,308	(464,145)
Borrowings from financial institutions	14,864,114	3,497,513
Deposits	(9,012,376)	10,803,097
Other liabilities (excluding taxation and dividend)	(922,021)	458,587
	<b>5,533,025</b>	<b>14,295,052</b>
	<b>5,755,438</b>	<b>5,065,181</b>
Income tax paid	(365,850)	(269,935)
Net cash (outflow)/inflow from operating activities	<b>5,389,588</b>	<b>4,795,246</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investment in available-for-sale securities	(7,083,600)	(3,972,782)
Net investment in/proceeds from held-to-maturity securities	(300,000)	100,000
Investment in subsidiary company	-	(39,999)
Dividend received	41,940	835
Investments in operating fixed assets	(48,465)	(8,260)
Sale proceeds of operating fixed assets	883	2,317
Net cash used in investing activities	<b>(7,389,242)</b>	<b>(3,917,889)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	(14)	-
(Decrease)/increase in cash and cash equivalents	<b>(1,999,668)</b>	<b>877,357</b>
Cash and cash equivalent at beginning of the period	<b>13,108,496</b>	<b>13,309,131</b>
Cash and cash equivalent at the end of the period	<b>11,108,828</b>	<b>14,186,488</b>

The annexed notes 1 to 14 form an integral part of these interim condensed financial statements.

**KASSIM PAREKH**  
Chairman

**ANJUM IQBAL**  
Chief Executive

**MOHAMEDALI R. HABIB**  
Director

**FIRASAT ALI**  
Director

**INTERIM CONDENSED STATEMENT OF  
CHANGES IN EQUITY (UN-AUDITED)**  
FOR THE QUARTER ENDED MARCH 31, 2009



	Share Capital	Shares premium	Statutory reserve	Reserves			Unappropriated Profit	Total
				Special reserve	Revenue reserve	Reserve for issue of bonus shares		
	Rupees in '000							
Balance as at January 1, 2008	5,018,350	2,550,985	2,092,590	240,361	1,500,000	–	2,059,958	13,462,244
Issue of bonus shares in the ratio of 67 shares for every 100 shares held	1,003,670	–	–	–	–	–	(1,003,670)	–
Cash dividend (Re 1 per share)	–	–	–	–	–	–	(501,835)	(501,835)
Profit after taxation for the period	–	–	–	–	–	–	672,979	672,979
Transfer to statutory reserve	–	–	139,000	–	–	–	(139,000)	–
Balance as at March 31, 2008	6,022,020	2,550,985	2,231,590	240,361	1,500,000	–	1,088,432	13,633,388
Profit after taxation for the period	–	–	–	–	–	–	2,604,398	2,604,398
Transfer to statutory reserve	–	–	517,000	–	–	–	(517,000)	–
Balance as at December 31, 2008	6,022,020	2,550,985	2,748,590	240,361	1,500,000	–	3,175,830	16,237,786
Issue of bonus shares in the ratio of 25 shares for every 100 shares held	–	–	–	–	–	1,505,505	(1,505,505)	–
Profit after taxation for the period	–	–	–	–	–	–	919,773	919,773
Transfer to statutory reserve	–	–	184,000	–	–	–	(184,000)	–
Balance as at March 31, 2009	6,022,020	2,550,985	2,932,590	240,361	1,500,000	1,505,505	2,406,098	17,157,559

*The annexed notes 1 to 14 form an integral part of these interim condensed financial statements.*

**KASSIM PAREKH**  
Chairman

**ANJUM IQBAL**  
Chief Executive

**MOHAMEDALI R. HABIB**  
Director

**FIRASAT ALI**  
Director

# NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2009

## 1. STATUS AND NATURE OF BUSINESS

Habib Metropolitan Bank Ltd. (the Bank) was incorporated in Pakistan on August 3, 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 110 (December 31, 2008: 110) branches including 4 (December 31, 2008: 4) Islamic Banking Branches in Pakistan. The Bank is a subsidiary of Habib Bank AG Zurich which is incorporated in Switzerland.

## 2. STATEMENT OF COMPLIANCE

- 2.1 These interim condensed financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). Wherever the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or directives issued by the SECP and the SBP differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or the requirements of the said directives shall prevail.
- 2.2 The SBP vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement" and IAS 40, "Investment Property" for banking companies till further instructions. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirement of various circulars issued by the SBP.
- 2.3 The State Bank of Pakistan, vide IBD Circular No 1 dated January 27, 2009, has adopted the Islamic Financial Accounting Standard (IFAS) No 2 for the accounting and financial reporting of "Ijarah" with effect from January 01, 2009. Accordingly, these financial statements have been prepared in compliance with the requirements laid down in the above standard, as fully explained under note 3 below.
- 2.4 The disclosures made in these interim condensed financial statements have been limited based on the format prescribed by the SBP vide BSD Circular Letter No. 2, dated May 12, 2004 and IAS 34 "Interim Financial Reporting" and do not include all the information required in the annual financial statements. Accordingly, these interim condensed financial statements should be read in conjunction with the annual financial statements of the Bank for the year ended December 31, 2008.
- 2.5 These are separate interim condensed financial statements of the Bank in which investments in subsidiaries are accounted for on the basis of direct equity interest and are not consolidated.

## 3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these interim condensed financial statements are consistent with those applied in the preparation of the annual financial statements of the bank for the year ended December 31, 2008, except for the accounting and financial reporting of Ijarahs which has been changed to comply with the IFAS-2 requirements. This standard requires Ijarah arrangements to be accounted for as assets held under Ijarah stated at cost less accumulated depreciation and impairment, if any. Accordingly, net assets/investments in Ijarahs have been reflected in note No 6 to these financial statements under "Advances". The rental income on these Ijarahs is recognized on accrual basis in the bank's profit and loss account. Depreciation is calculated on Ijarah assets on straight line basis over the period of Ijarah from the date of delivery of respective assets to mustajir upto the date of maturity/termination of Ijarah agreement and is charged to the profit and loss account. The classification and provisioning of Ijarah assets is done in line with the requirements laid down in SBP Prudential Regulations. The adoption of the above standard and the consequent change in the accounting policy has not resulted in a material impact on these financial statements.

#### 4. LENDINGS TO FINANCIAL INSTITUTIONS

	March 31, 2009 (Un-Audited)	December 31, 2008 (Audited)
	Rupees in '000	
Call money lendings	5,600,000	–
Repurchase agreement lendings (Reserve Repo)	1,473,447	98,176
	<b>7,073,447</b>	<b>98,176</b>

#### 5. INVESTMENTS

	March 31, 2009 (Un-Audited)			December 31, 2008 (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	18,360,062	17,365,840	35,725,902	25,869,803	6,480,493	32,350,296
Pakistan Investment Bonds	8,660,221	3,726,504	12,386,725	10,924,261	–	10,924,261
Ordinary shares of listed companies	85,931	–	85,931	58,974	–	58,974
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
Preference shares of an unlisted company	25,000	–	25,000	25,000	–	25,000
Listed Term Finance Certificates	1,482,663	–	1,482,663	1,462,796	–	1,462,796
Unlisted Term Finance Certificates	1,651,170	–	1,651,170	1,550,809	–	1,550,809
Sukuk Bonds	2,867,916	–	2,867,916	1,900,000	–	1,900,000
Open ended mutual funds	7,560,464	–	7,560,464	6,380,460	–	6,380,460
Closed ended mutual funds	127,773	–	127,773	177,348	–	177,348
	<b>40,984,301</b>	<b>21,092,344</b>	<b>62,076,645</b>	<b>48,512,552</b>	<b>6,480,493</b>	<b>54,993,045</b>
<b>Held-to-maturity securities</b>						
Certificate of Investments	650,000	–	650,000	350,000	–	350,000
<b>Subsidiaries</b>						
Habib Metropolitan Trade Services Limited	79	–	79	79	–	79
Hong Kong (under winding up)	300,000	–	300,000	300,000	–	300,000
Habib Metropolitan Financial Services Limited	300,079	–	300,079	300,079	–	300,079
<b>Investments at cost</b>	<b>41,934,380</b>	<b>21,092,344</b>	<b>63,026,724</b>	<b>49,162,631</b>	<b>6,480,493</b>	<b>55,643,124</b>
Less: Provision for diminution in value of investments	(250,057)	–	(250,057)	(250,057)	–	(250,057)
<b>Investments – net of provisions</b>	<b>41,684,323</b>	<b>21,092,344</b>	<b>62,776,667</b>	<b>48,912,574</b>	<b>6,480,493</b>	<b>55,393,067</b>
(Deficit) on revaluation of available-for-sale investments-net	(440,618)	40,922	(399,696)	(1,745,634)	(15,901)	(1,761,535)
<b>Total Investments</b>	<b>41,243,705</b>	<b>21,133,266</b>	<b>62,376,971</b>	<b>47,166,940</b>	<b>6,464,592</b>	<b>53,631,532</b>

## 6. ADVANCES

	Note	March 31, 2009 (Un-Audited) Rupees in '000	December 31, 2008 (Audited) Rupees in '000
Loans, cash credits, running finances, etc.			
In Pakistan		81,039,677	85,304,478
Outside Pakistan		—	—
		<b>81,039,677</b>	<b>85,304,478</b>
Net investment in finance lease / Ijarah financing			
In Pakistan		2,282,287	2,560,428
Outside Pakistan		—	—
		<b>2,282,287</b>	<b>2,560,428</b>
Net assets/investment in Ijarah under IFAS 2		<b>57,033</b>	—
Bills discounted and purchased (excluding Market Treasury Bills)			
Payable in Pakistan		5,187,136	5,382,542
Payable outside Pakistan		15,920,423	17,143,916
		<b>21,107,559</b>	<b>22,526,458</b>
Advances - gross	6.1	<b>104,486,556</b>	110,391,364
Provision against non-performing advances			
Specific		(1,263,227)	(1,083,785)
General	6.2	(1,192,390)	(1,046,320)
		<b>(2,455,617)</b>	<b>(2,130,105)</b>
Advances - net of provisions		<b>102,030,939</b>	<b>108,261,259</b>

**6.1** Advances include Rs. 2,113,860 thousand (2008: Rs 1,747,599 thousand) which have been placed under non-performing status as detailed below:

Category of Classification	Domestic	Overseas	Total	Provision Required	Provision Held*
Rupees in '000					
<b>Substandard</b>	702,960	—	702,960	175,741	175,741
<b>Doubtful</b>	564,602	—	564,602	282,304	282,304
<b>Loss</b>	846,298	—	846,298	805,182	805,182
	<b>2,113,860</b>	<b>—</b>	<b>2,113,860</b>	<b>1,263,227</b>	<b>1,263,227</b>

\* Adjusted for liquid assets held and realizeable without recourse to a court of law.

**6.2** The general provision includes provision made against consumer portfolio amounting to Rs. 15,858 thousand (2008: Rs. 21,050 thousand) in accordance with the Prudential Regulations issued by SBP at 1.5% of fully secured and at 5% of the unsecured consumer portfolio.

## 7. DEPOSITS AND OTHER ACCOUNTS

### Customers

Fixed deposits
Saving deposits
Current accounts - non-remunerative
Margin and others accounts

### Financial Institutions

Remunerative deposits
Non-remunerative deposits

March 31, 2009 (Un-Audited)	December 31, 2008 (Audited)
Rupees in '000	

51,670,894	62,433,207
33,462,476	29,654,843
29,631,096	31,190,498
1,794,921	1,804,305
116,559,387	125,082,853
2,669,607	3,197,655
128,300	89,162
2,797,907	3,286,817
119,357,294	128,369,670

## 8. (DEFICIT)/SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

### Available-for-sale securities:

Market Treasury Bills
Pakistan Investment Bonds
Term Finance Certificates/bonds
Listed Shares
Mutual Funds

Related deferred tax asset

13,025	(77,273)
(390,708)	(1,316,755)
56,755	30,530
4,521	-
(83,289)	(398,037)
(399,696)	(1,761,535)
139,894	616,537
(259,802)	(1,144,998)

## 9. CONTINGENCIES AND COMMITMENTS

### 9.1 Direct credit substitutes

Standby letters of credit serving as financial guarantees for loans and securities

1,900	1,900
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### 9.2 Transaction-related contingent liabilities

Contingent liabilities in respect of guarantees favouring:

Government
Banking companies and other financial institutions
Others

8,097,530	7,967,160
79,368	95,529
1,959,247	2,034,386
10,136,145	10,097,075

### 9.3 Trade-related contingent liabilities

Letter of credits
Acceptances

29,571,930	23,253,306
8,802,910	8,105,504
38,374,840	31,358,810

### 9.4 Commitments in respect of forward exchange contracts

Purchase
Sale

15,773,463	13,207,319
27,288,969	25,402,670

### 9.5 Commitments in respect of operating leases

Not later than one year
Later than one year and not later than five years

116,484	130,293
104,444	123,255
220,928	253,548

### 9.6 Commitments for the acquisition of operating fixed assets

-	33,250
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	For the Quarter ended March 31,	
	2009	2008
	(Un-Audited) Rupees in '000	
<b>10. BASIC AND DILUTED EARNINGS PER SHARE</b>		
Profit after taxation (Rupees in '000)	919,773	672,979
Weighted average number of ordinary shares (in'000)	602,202	602,202
Basic and diluted earnings per share (Rupees)	1.53	1.12

#### 11. RELATED PARTY TRANSACTIONS

Related parties of the Bank comprise of the holding company, subsidiaries and entities with common directorships, directors and their close family members, staff retirement benefit funds, key executives and major shareholders of the Bank. The details of transactions with related parties during the period are as follows:

<u>Balance outstanding at period / year end</u>	Note	March 31, 2009 (Un-Audited)	December 31, 2008 (Audited)
		Rupees in '000	
<b>Holding company</b>			
Bank Balances		565,573	1,015,486
Management fee payable		138,670	112,170
<b>Subsidiary Company</b>			
Deposits		263,481	241,752
<b>Entities with common directorship</b>			
Advances		1,458,125	1,548,253
Deposit		2,836,450	1,197,119
Trade related contingent liabilities		1,848,103	1,256,265
<b>Key management personnel</b>	11.1		
Advances		10,750	11,409
Deposits		7,493	7,536
<b>Retirement benefit plan</b>			
Deposits		689,518	631,304
		For the Quarter ended March 31,	
		2009	2008
		(Un-Audited) Rupees in '000	
<b>Transactions for the period</b>			
<b>Holding company</b>			
Mark-up / return / interest earned		3,840	14,681
Management fee for technical and consultancy services		26,500	21,000
<b>Subsidiary company</b>			
Transfer of KSE membership at book value		—	34,750
Investment made during the period		—	39,999
<b>Entities with common directorship</b>			
Mark-up / return / interest earned		39,393	17,403
Mark-up / return / interest expensed		72,731	71,519
Commission / bank charges recovered		3,219	1,252
Rent income		208	181
<b>Key management personnel</b>	11.1		
Mark-up / return / interest earned		168	245
Mark-up / return / interest expensed		74	96
Salaries and allowances		25,315	12,302
<b>Directors' fees</b>		90	60
<b>Retirement benefit plan</b>			
Mark-up / return / interest expensed		28,787	3,230
Contribution to defined benefit plan		9,000	9,000
Contribution to defined contribution plan		13,286	9,847



11.1 Transactions with executives are undertaken in accordance with employment terms and service rules.

## 12. ISLAMIC BANKING BUSINESS

12.1 The Bank is operating 4 (2008: 4) Islamic banking branches. The balance sheet of these branches as at March 31, 2009 is as follows:

	March 31 2009 (Un-audited)	December 31, 2008 (Audited)
	Rupees in '000	
<b>ASSETS</b>		
Cash and balances with treasury banks	396,611	986,565
Balances with and due from financial institutions	478	478
Investments	3,083,656	1,429,020
Financing and receivables		
- Murabaha	1,829,352	2,449,851
- Ijara	1,592,383	1,804,204
- Diminishing musharaka	1,130,402	1,184,840
Due from head office	2,369	198,271
Other assets	464,454	192,465
	<b>8,499,705</b>	<b>8,245,694</b>
<b>LIABILITIES</b>		
Bills payable	26,307	33,231
Deposits and other accounts		
- Current accounts	501,984	434,020
- Saving accounts	1,769,285	847,305
- Term deposits	2,767,059	2,527,470
- Deposits from financial institutions - remunerative	1,808,985	2,781,327
- Deposits from financial institutions - non-remunerative	588	17,423
Due to head office	-	-
Other liabilities	937,458	796,701
	<b>7,811,666</b>	<b>7,437,477</b>
<b>NET ASSETS</b>	<b>688,039</b>	<b>808,217</b>
<b>REPRESENTED BY</b>		
Islamic banking fund	602,013	601,977
Unappropriated profit	59,293	217,220
	<b>661,306</b>	<b>819,197</b>
Surplus/(Deficit) on revaluation of assets	26,733	(10,980)
	<b>688,039</b>	<b>808,217</b>

## 13. GENERAL

The figures have been rounded off to nearest thousand rupees.

## 14. DATE OF AUTHORISATION FOR ISSUE

These interim condensed financial statements were authorised for issue by the Board of Directors on April 22, 2009.

**KASSIM PAREKH**  
Chairman

**ANJUM IQBAL**  
Chief Executive

**MOHAMEDALI R. HABIB**  
Director

**FIRASAT ALI**  
Director