



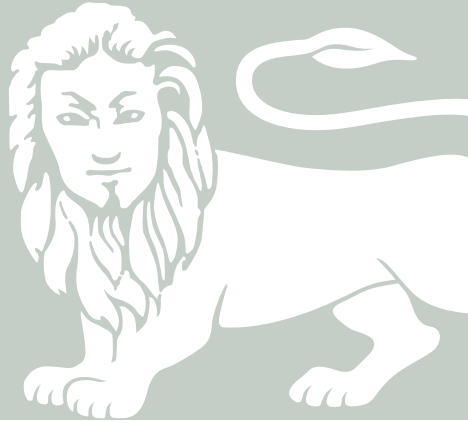
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HABIB METROPOLITAN BANK

[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

PRESIDENT & CHIEF EXECUTIVE OFFICER

Sirajuddin Aziz

DIRECTORS

Ali S. Habib

Bashir Ali Mohammad

Mohamedali R. Habib*

Muhammad H. Habib

Tariq Ikram

Wazir Ali Khoja

* Executive Director

AUDIT COMMITTEE

Ali S. Habib

Kassim Parekh

Tariq Ikram

COMPANY SECRETARY

Fuzail Abbas

SHARE REGISTRAR

Noble Computer Services (Private) Limited
First Floor, Siddiqsons Tower,
3-Jinnah C.H. Society, Main Shahrah-e-Faisal,
Karachi 75350.

Directors' Review

On behalf of the Board of Directors of Habib Metropolitan Bank, I am pleased to present our un-audited accounts for the nine months period ended September 30, 2012.

I am pleased to announce that your Bank is celebrating 20 years of service and am thankful to all our stakeholders for the continuing trust and confidence enjoyed by us during these years.

During the first quarter of the current fiscal year, structural issues of the economy continue to manifest themselves in the form of energy crises, muted aggregate demand, fiscal deficit and the ensuing fiscal borrowing. Increased remittance inflows and receipt of USD 1.12 billion Coalition Support Funds provided breathing space to the external account and enabled a surplus of \$884 million in the first two months of the current fiscal.

Inflationary pressures eased in the period under review - and provided much needed economic comfort - with inflation for the first quarter of the current fiscal at around 9.14%. Earlier in the first quarter of the current fiscal, the SBP had revised the policy rate downward by 150 basis points to 10.50%. In a more recent decision, the Regulator has further reduced the discount rate by 50 basis points, to 10%. The alleviation in inflationary pressures witnessed in the economy in recent quarters emerged as a major driver of this decision.

Despite challenging conditions, by the Grace of Allah, HabibMetro's deposit base stood at Rs. 216.55 billion and exhibited a year-to-date growth of 16%. Meanwhile, in line with the depressed economic condition, the Bank's gross advances remained flat.

The Bank's profitability remained buoyant, with year-on-year growth of 36.8% as the Bank posted a profit-before-tax of Rs. 4.14 billion at the end of September 2012. The performance translates into post tax earnings per share (EPS) of Rs. 2.68. At September-end, Bank's net equity stands at Rs. 25.47 billion with a comfortable 16.76% capital adequacy level (Basel II) against the required 10%.

HabibMetro 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) for the 11th consecutive year. 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.

HabibMetro's branch network further strengthened and increased with the addition of 10 branches during the quarter under review. At the end of Sep '12, the Bank's branch count stood at 175 branches, with 8 more branches to be opened in the ongoing concluding quarter. Our call centre "HabibMetro Connect" with a toll free contact number 0800 HABIB (42242), is the Bank's centre point of contact and provides services round the clock.

In the end, I would like to take this opportunity to place on record our sincere gratitude to the Ministry of Finance, State Bank of Pakistan and the Securities and Exchange Commission of Pakistan for their support and continued guidance. I would also like to thank our valued customers for their trust and support. Finally yet importantly, I would like to thank the staff of HabibMetro for their continued dedication and hard work in improving their Bank's performance.

On behalf of the Board

Sirajuddin Aziz
President & Chief Executive Officer

Karachi: October 24, 2012

Unconsolidated 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	4,769,933	3,551,591
Lendings to financial institutions	6	7,269,839	2,361,754
Investments	7	156,423,812	147,524,622
Advances	8	108,408,537	109,656,714
Operating fixed assets	9	2,994,491	3,195,886
Deferred tax assets	10	1,788,395	2,019,809
Other assets		4,787,261	5,675,292
		301,111,276	288,219,358
LIABILITIES			
Bills payable		4,359,676	3,733,794
Borrowings	11	44,521,957	66,641,226
Deposits and other accounts	12	216,548,633	185,399,802
Sub-ordinated loans		—	—
Liabilities against assets subject to finance lease		—	—
Deferred tax liabilities		—	—
Other liabilities		8,238,188	7,871,028
		273,668,454	263,645,850
NET ASSETS		27,442,822	24,573,508
REPRESENTED BY			
Share capital		10,478,315	10,478,315
Reserves		9,368,718	8,807,718
Unappropriated profit		5,623,127	4,949,767
		25,470,160	24,235,800
Surplus on revaluation of assets - net of deferred tax	13	1,972,662	337,708
		27,442,822	24,573,508

CONTINGENCIES AND COMMITMENTS

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

SIRAJUDDIN AZIZ
President &
Chief Executive Officer

MOHAMEDALI R. HABIB
Director

TARIQ IKRAM
Director

BASHIR ALI MOHAMMAD
Director

Unconsolidated 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	7,030,445	20,291,307	6,825,469	19,692,171
Mark-up / return / interest expensed	(4,896,879)	(13,832,826)	(4,792,904)	(14,040,695)
Net mark-up / interest income	2,133,566	6,458,481	2,032,565	5,651,476
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	1,512,402	4,424,959	1,336,618	3,264,937
Non mark-up / interest income				
Fee, commission and brokerage income	517,214	1,565,098	395,595	1,287,517
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	340,351	647,330	(8,024)	208,523
Unrealized gain / (loss) on revaluation of investments classified as 'held for trading'	-	-	-	-
Other income	71,794	224,767	59,325	175,793
Total non mark-up / interest income	1,371,087	4,052,376	963,322	3,566,524
	2,883,489	8,477,335	2,299,940	6,831,461
Non mark-up / interest expenses				
Administrative expenses	1,451,196	4,206,683	1,201,164	3,704,175
Other provisions / write-offs	59,805	59,805	-	-
Other charges	(8,347)	70,830	40,026	100,574
Total non mark-up / interest expenses	(1,502,654)	(4,337,318)	(1,241,190)	(3,804,749)
	1,380,835	4,140,017	1,058,750	3,026,712
Extra ordinary / unusual items	-	-	-	-
	1,380,835	4,140,017	1,058,750	3,026,712
Profit before taxation	1,380,835	4,140,017	1,058,750	3,026,712
Taxation – Current	577,947	1,811,704	473,422	1,502,074
– Prior years	-	-	-	-
– Deferred	(128,446)	(477,794)	(157,842)	(651,387)
	(449,501)	(1,333,910)	(315,580)	(850,687)
Profit after taxation	931,334	2,806,107	743,170	2,176,025
Basic earnings per share (Rupees) - Note 15	0.89	2.68	0.71	2.08

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

SIRAJUDDIN AZIZ
President &
Chief Executive Officer

MOHAMEDALI R. HABIB
Director

TARIQ IKRAM
Director

BASHIR ALI MOHAMMAD
Director

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

For the nine months and quarter ended 30 September 2012

	30 September 2012 Quarter ended	Nine months ended	30 September 2011 Quarter ended	Nine months ended
	Rupees in '000			
Profit after taxation for the period	931,334	2,806,107	743,170	2,176,025
Other comprehensive income	—	—	—	—
Comprehensive income transferred to equity	931,334	2,806,107	743,170	2,176,025
Components of comprehensive income not reflected in equity				
Surplus on revaluation of investments	2,643,133	2,344,162	1,009,549	1,253,328
Deferred tax on revaluation of investments	(845,584)	(709,208)	(351,891)	(478,279)
	1,797,549	1,634,954	657,658	775,049
Total comprehensive income	2,728,883	4,441,061	1,400,828	2,951,074

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

SIRAJUDDIN AZIZ
President &
Chief Executive Officer

MOHAMEDALI R. HABIB
Director

TARIQ IKRAM
Director

BASHIR ALI MOHAMMAD
Director

**Unconsolidated 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	4,140,017	3,026,712
Less: Dividend income	(613,720)	(802,078)
	<u>3,526,297</u>	<u>2,224,634</u>
Adjustments		
Depreciation	339,189	294,359
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>2,326,087</u>	<u>2,668,802</u>
	<u>5,852,384</u>	<u>4,893,436</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	(4,908,085)	(2,308,726)
Advances	(779,626)	12,913,899
Other assets	888,031	737,893
	<u>(4,799,680)</u>	<u>11,343,066</u>
Increase / (decrease) in operating liabilities		
Bills payable	625,882	1,305,180
Borrowings	(20,960,623)	11,779,517
Deposits and other accounts	31,148,831	10,617,574
Other liabilities (excluding taxation and dividend)	381,889	712,650
	<u>11,195,979</u>	<u>24,414,921</u>
	<u>12,248,683</u>	<u>40,651,423</u>
Income tax paid	(1,828,363)	(1,556,436)
Net cash flows from operating activities	<u>10,420,320</u>	<u>39,094,987</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(2,046,682)	(38,974,402)
Net investments in held-to-maturity securities	(4,482,307)	(550,000)
Dividend received	613,720	802,078
Investments in operating fixed assets	(226,178)	(336,466)
Proceeds from sale of fixed assets	103,250	3,260
Net cash flows from investing activities	<u>(6,038,197)</u>	<u>(39,055,530)</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>2,812,306</u>	<u>38,409</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 equivalent	309,657	132,577
Cash and cash equivalents at end of the period	<u>18,542,113</u>	<u>15,716,271</u>

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

SIRAJUDDIN AZIZ
President &
Chief Executive Officer

MOHAMEDALI R. HABIB
Director

TARIQ IKRAM
Director

BASHIR ALI MOHAMMAD
Director

Unconsolidated 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	4,071,055	20,954,427
Changes in equity for the period ended 30 September 2011							
Total comprehensive income (profit for the period)	–	–	–	–	–	2,176,025	2,176,025
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	4,065,694	23,130,452
Changes in equity for the period ended 31 December 2011							
Total comprehensive income (profit for the period)	–	–	–	–	–	1,105,348	1,105,348
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	4,949,767	24,235,800
Changes in equity for the period ended 30 September 2012							
Total comprehensive income (profit for the period)	–	–	–	–	–	2,806,107	2,806,107
Transactions with owners, recorded directly in equity							
Cash dividend (Rs. 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	5,623,127	25,470,160

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

SIRAJUDDIN AZIZ
President &
Chief Executive Officer

MOHAMEDALI R. HABIB
Director

TARIQ IKRAM
Director

BASHIR ALI MOHAMMAD
Director

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

For the nine months ended 30 September 2012

HABIBMETRO

1. STATUS AND NATURE OF BUSINESS

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 the three stock exchanges in Pakistan. 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 - Switzerland (the holding company) which is incorporated in Switzerland.

The registered office of the Bank is situated at Spencer's Building, I. I. Chundrigar Road, Karachi.

2. BASIS OF PREPARATION

2.1 These unconsolidated condensed interim financial statements are presented in condensed form in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting. These unconsolidated condensed interim financial statements do not include all of the information required for full financial statements and should be read in conjunction with the annual unconsolidated financial statements of the Bank for the year ended 31 December 2011.

2.2 These unconsolidated condensed interim financial statements are being submitted to the shareholders in accordance with the requirement of section 245 of the Companies Ordinance 1984.

3. ACCOUNTING POLICIES AND ESTIMATES

3.1 The accounting policies adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the annual unconsolidated financial statements of the Bank for the year ended 31 December 2011.

3.2 The basis for accounting estimates adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the annual unconsolidated financial statements of the Bank for the year ended 31 December 2011.

4. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with that disclosed in the annual unconsolidated financial statements of the Bank 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	252,717	309,526
Deposit accounts	3,588	16,491
	256,305	326,017

Outside Pakistan

Current accounts	1,953,745	976,932
Deposit accounts	2,559,883	2,248,642
	4,513,628	3,225,574
	4,769,933	3,551,591

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
	7,269,839	2,361,754

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		55,939,508	21,267,357	77,206,865	56,882,058	35,529,021	92,411,079
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	581,500	–	581,500
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	12,740,730	–	12,740,730
Close end mutual funds		63,436	–	63,436	67,000	–	67,000
		122,360,610	26,782,373	149,142,983	107,510,624	39,585,677	147,096,301
Held-to-maturity securities							
Pakistan investment bonds		4,482,307	–	4,482,307	–	–	–
Subsidiary							
Habib Metropolitan Financial Services Limited		300,000	–	300,000	300,000	–	300,000
Investments at cost		127,142,917	26,782,373	153,925,290	107,810,624	39,585,677	147,396,301
Less: Provision for diminution in the value of investments	7.1	(312,683)	–	(312,683)	(338,722)	–	(338,722)
Investments – net of provisions		126,830,234	26,782,373	153,612,607	107,471,902	39,585,677	147,057,579
Surplus / (deficit) on revaluation of available-for-sale securities – net	13	3,197,518	(386,313)	2,811,205	729,113	(262,070)	467,043
Investments after revaluation of available-for-sale securities		130,027,752	26,396,060	156,423,812	108,201,015	39,323,607	147,524,622

	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		<u>120,391,682</u>	<u>119,679,648</u>
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 (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 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 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. 253,490 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).

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	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	5,962,856	11,588,193
Non-remunerative deposits	560,727	276,402
	6,523,583	11,864,595
	216,548,633	185,399,802

	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	301,574	324,026
Pakistan Investment Bonds	1,690,476	(32,953)
GOP Ijarah Sukuk	251,383	66,457
Fully paid-up ordinary shares – Listed	128,230	27,926
Preference shares of a listed company	760	–
Term Finance Certificates, Sukuk certificates and Bonds		
Listed	(8,112)	(17,787)
Sukuk Certificates / Bonds	(5,632)	(9,219)
Mutual funds		
Open end	416,376	83,801
Close end	36,150	24,792
	<u>2,811,205</u>	<u>467,043</u>
Related deferred tax liability - net	<u>(838,543)</u>	<u>(129,335)</u>
	<u>1,972,662</u>	<u>337,708</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	3,193,794
	<u>14,550,718</u>	<u>13,360,769</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>

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	30 September 2012 (Un-Audited)	31 December 2011 (Audited)
	Rupees in '000	
14.4 Commitments in respect of forward exchange contracts		
Purchase	<u>46,828,316</u>	<u>54,377,083</u>
Sale	<u>58,813,767</u>	<u>62,519,824</u>
14.5 Commitments in respect of operating leases		
Not later than one year	<u>8,357</u>	<u>36,841</u>
Later than one year and not later than five years	<u>7,957</u>	<u>23,831</u>
	<u>16,314</u>	<u>60,672</u>
14.6 Commitments for the acquisition of operating fixed assets	<u>49,748</u>	<u>9,105</u>
14.7 Claims against the Bank not acknowledged as debt	<u>2,332,580</u>	<u>2,424,410</u>
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 Taxation

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

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	<u>931,334</u>	<u>2,806,107</u>	<u>743,170</u>	<u>2,176,025</u>
	Number in '000			
Weighted average number of ordinary shares	<u>1,047,831</u>	<u>1,047,831</u>	<u>1,047,831</u>	<u>1,047,831</u>
	Rupees			
Basic earnings per share	<u>0.89</u>	<u>2.68</u>	<u>0.71</u>	<u>2.08</u>

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 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	Subsidiary	Associates	Key Management Personnel	Directors	Retirement Benefit Plans	Total
	Rupees in '000						
Deposits							
At beginning of the year	178,264	118,586	4,880,012	60,025	73,571	1,548,662	6,859,120
Received during the period	11,848,539	44,576,284	629,204,307	299,628	543,438	3,338,852	689,811,048
Repaid during the period	(11,941,410)	(44,572,448)	(629,615,210)	(286,468)	(511,830)	(3,217,137)	(690,144,503)
At end of the period	85,393	122,422	4,469,109	73,185	105,179	1,670,377	6,525,665
Advances							
At beginning of the year	-	-	1,776,952	30,896	-	-	1,807,848
Disbursed during the period	-	-	13,536,237	5,635	-	-	13,541,872
Recovered during the period	-	-	(14,017,492)	(9,753)	-	-	(14,027,245)
At end of the period	-	-	1,295,697	26,778	-	-	1,322,475
Bank balances held by the Bank	261,582	-	1,990,375	-	-	-	2,251,957
Overdrawn bank balances held by the Bank	-	-	(252,324)	-	-	-	(252,324)
Mark-up/return/interest receivable	-	-	12,155	-	-	-	12,155
Mark-up/return/interest payable	-	910	44,350	587	1,007	129,596	176,450
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

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

31 December 2011 (Audited)

	Holding Company	Subsidiary	Associates	Key Management Personnel	Directors	Retirement Benefit Plans	Total
	Rupees in '000						
Deposits							
At beginning of the year	93,074	143,544	3,220,383	60,493	64,546	1,233,885	4,815,925
Received during the year	14,870,118	63,730,517	593,595,088	279,750	946,006	3,443,040	676,864,519
Repaid during the year	(14,784,928)	(63,755,475)	(591,935,459)	(280,218)	(936,981)	(3,128,263)	(674,821,324)
At end of the year	178,264	118,586	4,880,012	60,025	73,571	1,548,662	6,859,120
Advances							
At beginning of the year	-	-	2,198,466	22,276	-	-	2,220,742
Disbursed during the year	-	-	63,913,349	14,468	-	-	63,927,817
Recovered during the year	-	-	(64,334,863)	(5,848)	-	-	(64,340,711)
At end of the year	-	-	1,776,952	30,896	-	-	1,807,848
Bank balances held by the Bank	197,044	-	31,097	-	-	-	228,141
Overdrawn bank balances held by the Bank	-	-	(1,049,728)	-	-	-	(1,049,728)
Mark-up/return/interest receivable	-	-	10,937	-	-	-	10,937
Mark-up/return/interest payable	-	983	60,039	922	694	109,396	172,034
Management fee payable for technical and consultancy services*	143,500	-	-	-	-	-	143,500
Prepayments /Advance deposits	-	-	18,190	-	-	-	18,190
Transaction-related contingent liabilities	-	25,000	1,402,878	-	-	-	1,427,878
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

* 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	Subsidiary	Associates	Key Management Personnel	Directors	Retirement Benefit Plans
	Rupees in '000					
Mark-up/return/interest earned	-	-	100,342	1,669	-	-
Mark-up/return/interest expensed	-	8,646	434,974	867	5,904	180,456
Commission/brokerage/bank charges recovered	-	209	10,130	-	-	-
Rent income	-	900	810	-	-	-
Salaries and allowances	-	-	-	107,650	-	-
Directors' fees	-	-	-	-	4,100	-
Contribution to defined benefit plan	-	-	-	-	-	58,500
Contribution to defined contribution plan	-	-	-	-	-	76,103
Bank charges paid	1,261	161	913	-	-	-
Rent expenses	-	-	13,524	-	-	-
Insurance premium expenses	-	-	39,471	-	-	-
Maintenance, Electricity, Stationery & Entertainment	-	-	28,263	-	-	-
Management fee expense for technical and consultancy services*	120,136	-	-	-	-	-
Donation	-	-	6,690	-	-	-
Professional / other charges	-	-	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	Subsidiary	Associates	Key Management Personnel	Directors	Retirement Benefit Plans
	Rupees in '000					
Mark-up/return/interest earned	-	-	86,762	2,071	-	-
Mark-up/return/interest expensed	-	9,247	442,446	6,496	3,783	124,616
Commission/brokerage/bank charges recovered	-	359	8,394	-	-	-
Rent income	-	900	851	-	-	-
Salaries and allowances	-	-	-	87,874	-	-
Directors' fees	-	-	-	-	3,560	-
Contribution to defined benefit plan	-	-	-	-	-	54,000
Contribution to defined contribution plan	-	-	-	-	-	65,788
Bank charges paid	1,324	156	8,371	-	-	-
Rent expenses	-	-	12,640	-	-	-
Insurance premium expenses	-	-	24,409	-	-	-
Maintenance, Electricity, Stationery & Entertainment	-	-	23,708	-	-	-
Management fee expense for technical and consultancy services*	127,258	-	-	-	-	-
Donation	-	-	2,240	-	-	-
Professional / other charges	-	-	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 unconsolidated 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