



HABIB METROPOLITAN BANK

[Subsidiary of Habib Bank AG Zurich]

Consolidated Accounts for the half year ended
30 June 2012
(Un-Audited)

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

As at 30 June 2012

	Note	30 June 2012 (Un-Audited)	31 December, 2011 (Audited)
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		16,251,322	14,233,690
Balances with other banks	5	3,516,485	3,551,591
Lendings to financial institutions	6	4,682,391	2,361,754
Investments	7	120,267,866	147,459,163
Advances	8	111,414,056	109,656,714
Operating fixed assets	9	3,058,443	3,230,658
Deferred tax assets	10	2,505,913	2,020,511
Other assets		5,393,775	5,686,576
		267,090,251	288,200,657
LIABILITIES			
Bills payable		5,300,733	3,733,794
Borrowings	11	20,520,742	66,641,226
Deposits and other accounts	12	208,446,566	185,281,216
Sub-ordinated loans		—	—
Liabilities against assets subject to finance lease		—	—
Deferred tax liabilities		—	—
Other liabilities		8,092,154	7,963,052
		242,360,195	263,619,288
NET ASSETS		24,730,056	24,581,369
REPRESENTED BY			
Share capital		10,478,315	10,478,315
Reserves		9,182,718	8,807,718
Unappropriated profit		4,894,020	4,960,068
		24,555,053	24,246,101
Surplus on revaluation of assets - net of deferred tax	13	175,003	335,268
		24,730,056	24,581,369
CONTINGENCIES AND COMMITMENTS			
	14		

The annexed notes 1 to 20 form an integral part of these consolidated condensed interim financial statements.

KASSIM PAREKH
Chairman

SIRAJUDDIN AZIZ
President &
Chief Executive Officer

BASHIR ALI MOHAMMAD
Director

TARIQ IKRAM
Director

**Consolidated Condensed Interim
Profit and Loss Account (Un-audited)**
For the half year and quarter ended 30 June 2012

HABIBMETRO

	30 June 2012 Quarter ended	Half year ended	30 June 2011 Quarter ended	Half year ended
	Rupees in '000			
Mark-up / return / interest earned	6,377,368	13,268,566	6,427,738	12,873,101
Mark-up / return / interest expensed	(4,205,609)	(8,930,095)	(4,526,333)	(9,241,706)
Net mark-up / interest income	2,171,759	4,338,471	1,901,405	3,631,395
Provision against non-performing loans and advances	682,275	1,396,170	833,430	1,640,165
Provision for diminution in the value of investments	11,410	16,188	52,829	50,427
Bad debts written-off directly	–	–	–	–
	(693,685)	(1,412,358)	(886,259)	(1,690,592)
Net mark-up / interest income after provisions	1,478,074	2,926,113	1,015,146	1,940,803
Non mark-up / interest income				
Fee, commission and brokerage income	548,308	1,057,441	430,755	897,433
Dividend income	322,103	594,088	323,202	574,531
Income from dealing in foreign currencies	297,625	579,365	240,251	803,734
Gain on sale / redemption of securities	253,537	308,296	184,032	219,034
Unrealized gain / (loss) on revaluation of investments classified as 'held for trading'	–	–	–	–
Other income	79,570	152,931	57,897	116,050
Total non mark-up / interest income	1,501,143	2,692,121	1,236,137	2,610,782
	2,979,217	5,618,234	2,251,283	4,551,585
Non mark-up / interest expenses				
Administrative expenses	1,376,833	2,770,079	1,313,624	2,516,625
Other provisions / write-offs	–	–	–	–
Other charges	41,153	79,400	30,306	60,619
Total non mark-up/interest expenses	(1,417,986)	(2,849,479)	(1,343,930)	(2,577,244)
	1,561,231	2,768,755	907,353	1,974,341
Extra ordinary / unusual items	–	–	–	–
Profit before taxation	1,561,231	2,768,755	907,353	1,974,341
Taxation – Current	657,243	1,237,253	574,791	1,029,863
– Prior years	–	–	–	–
– Deferred	(135,112)	(349,197)	(347,074)	(493,391)
	(522,131)	(888,056)	(227,717)	(536,472)
Profit after taxation	1,039,100	1,880,699	679,636	1,437,869
Basic earnings per share (Rupees) - Note 15	0.99	1.79	0.65	1.37

The annexed notes 1 to 20 form an integral part of these consolidated condensed interim financial statements.

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SIRAJUDDIN AZIZ
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BASHIR ALI MOHAMMAD
Director

TARIQ IKRAM
Director

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

For the half year and quarter ended 30 June 2012

	30 June 2012		30 June 2011	
	Quarter ended	Half year ended	Quarter ended	Half year ended
	Rupees in '000			
Profit after taxation for the period	1,039,100	1,880,699	679,636	1,437,869
Other comprehensive income	–	–	–	–
Comprehensive income transferred to equity	1,039,100	1,880,699	679,636	1,437,869
Components of comprehensive income not reflected in equity				
(Deficit) / surplus on revaluation of investments	(178,106)	(296,470)	(69,942)	244,041
Deferred tax on revaluation of investments	66,155	136,205	(32,859)	(126,376)
	(111,951)	(160,265)	(102,801)	117,665
Total comprehensive income	927,149	1,720,434	576,835	1,555,534

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Consolidated Condensed Interim
Cash Flow Statement (Un-audited)
For the half year ended 30 June 2012

HABIBMETRO

	2012	30 June 2011
	Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,768,755	1,974,341
Less: Dividend income	(594,088)	(574,531)
	<u>2,174,667</u>	<u>1,399,810</u>
Adjustments		
Depreciation	223,611	192,334
Provision against non-performing loans and advances – net	1,396,170	1,640,165
Provision for diminution in the value of investments – net	13,622	49,440
Net (gain) / loss on sale of fixed assets	(12,562)	128
	<u>1,620,841</u>	<u>1,882,066</u>
	3,795,508	3,281,877
(Increase) / decrease in operating assets		
Lendings to financial institutions	(2,320,637)	(2,239,232)
Advances	(3,153,512)	3,819,112
Other assets	292,801	804,341
	<u>(5,181,348)</u>	<u>2,384,221</u>
Increase / (decrease) in operating liabilities		
Bills payable	1,566,939	2,001,134
Borrowings	(44,927,125)	(14,236,794)
Deposits and other accounts	23,165,350	21,817,032
Other liabilities (excluding taxation and dividend)	157,014	762,265
	<u>(20,037,822)</u>	<u>10,343,637</u>
	(21,423,662)	16,009,735
Income tax paid	(1,268,084)	(1,209,550)
Net cash flows from operating activities	<u>(22,691,746)</u>	<u>14,800,185</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	31,355,932	(16,259,461)
Net investments in held-to-maturity securities	(4,474,727)	1,050,000
Dividend received	594,088	574,531
Investments in operating fixed assets	(116,830)	(192,962)
Proceeds from sale of fixed assets	77,996	912
Net cash flows from investing activities	<u>27,436,459</u>	<u>(14,826,980)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(1,568,828)	(628)
Net cash flows from financing activities	<u>(1,568,828)</u>	<u>(628)</u>
Increase/ (decrease) in cash and cash equivalents	3,175,885	(27,423)
Cash and cash equivalents at beginning of the period	15,449,954	15,619,091
Effect of exchange rate changes on cash and cash equivalent	279,853	58,771
Cash and cash equivalents at end of the period	<u><u>18,905,692</u></u>	<u><u>15,650,439</u></u>

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**Consolidated Condensed Interim
Statement of Changes in Equity (Un-audited)**
For the half year ended 30 June 2012

	Share Capital	Share premium	Reserves			Unappro- priated profit	Total
			Statutory reserve	Special reserve	Revenue reserve		
			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 June 2011							
Total comprehensive income (profit for the period)	–	–	–	–	–	1,437,869	1,437,869
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	–	–	287,000	–	–	(287,000)	–
Balance as at 30 June 2011	10,478,315	2,550,985	4,147,097	240,361	1,500,000	3,478,013	22,394,771
Changes in equity for the period ended 31 December 2011							
Total comprehensive income (profit for the period)	–	–	–	–	–	1,851,330	1,851,330
Transactions with owners, recorded directly in equity							
Transferred to statutory reserve	–	–	369,275	–	–	(369,275)	–
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 June 2012							
Total comprehensive income (profit for the period)	–	–	–	–	–	1,880,699	1,880,699
Transactions with owners, recorded directly in equity							
Cash dividend (Re. 1.5 per share)	–	–	–	–	–	(1,571,747)	(1,571,747)
Transferred to statutory reserve	–	–	375,000	–	–	(375,000)	–
Balance as at 30 June 2012	<u>10,478,315</u>	<u>2,550,985</u>	<u>4,891,372</u>	<u>240,361</u>	<u>1,500,000</u>	<u>4,894,020</u>	<u>24,555,053</u>

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

For the half year ended 30 June 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 Ltd. (the Bank) was incorporated in Pakistan on 3 August, 1992 as a public limited company, under the Companies Ordinance, 1984 and is engaged in commercial banking and related services. Its shares are listed on all stock exchanges in Pakistan. The registered office of the Bank is situated at Spencer's Building, I/I Chundrigar Road, Karachi. The Bank operates 138 (2011: 138) branches including 4 (2011: 4) Islamic Banking Branches and 27 (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 Bank 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 June
2012**
(Un-Audited)
31 December
2011
(Audited)
Rupees in '000

In Pakistan

Current accounts
Deposit accounts

331,200
15,018

309,526
16,491

346,218

326,017

Outside Pakistan

Current accounts
Deposit accounts

1,941,133
1,229,134

976,932
2,248,642

3,170,267

3,225,574

3,516,485

3,551,591

6. LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings
Repurchase agreement lendings (Reverse repo)

1,500,000
3,182,391

1,000,000
1,361,754

4,682,391

2,361,754

7. INVESTMENTS

7. INVESTMENTS		30 June 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		50,480,024	–	50,480,024	56,979,771	35,529,021	92,508,792
Pakistan investment bonds		21,448,133	–	21,448,133	17,859,019	4,056,656	21,915,675
Ordinary shares of listed companies		520,290	–	520,290	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		1,911,678	–	1,911,678	2,049,093	–	2,049,093
Unlisted term finance certificates		248,098	–	248,098	248,097	–	248,097
Sukuk certificates and bonds		25,029,864	–	25,029,864	16,920,026	–	16,920,026
Open end mutual funds		16,126,852	–	16,126,852	12,790,730	–	12,790,730
Close end mutual funds		68,436	–	68,436	88,680	–	88,680
		115,977,580	–	115,977,580	107,747,835	39,585,677	147,333,512
Held-to-maturity securities							
Pakistan investment bonds		4,474,727	–	4,474,727	–	–	–
Investments at cost							
Less: Provision for diminution in the value of investments	7.1	(352,344)	–	(352,344)	(338,722)	–	(338,722)
Investments – net of provisions							
Surplus / (deficit) on revaluation of available-for-sale securities – net	13	167,903	–	167,903	726,443	(262,070)	464,373
Investments after revaluation of available-for-sale securities							
		120,267,866	–	120,267,866	108,135,556	39,323,607	147,459,163

	Notes	30 June 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		16,188	94,640
Reversal of provision upon disposal of investments		(2,566)	(11,850)
Closing balance		352,344	338,722
8. ADVANCES			
Loans, cash credits, running finances, etc.			
In Pakistan		101,104,828	98,115,904
Net investments in finance lease / ijarah financing			
In Pakistan		529,339	561,970
Net assets in ijarah under IFAS 2		566,318	825,452
Bills discounted and purchased (excluding Market Treasury Bills)			
Payable in Pakistan		5,497,366	5,489,601
Payable outside Pakistan		15,067,717	14,686,721
		20,565,083	20,176,322
Advances - gross		122,765,568	119,679,648
Provision against non-performing advances			
- specific		(11,166,456)	(9,928,671)
- general		(185,056)	(94,263)
	8.3	(11,351,512)	(10,022,934)
Advances - net of provisions		111,414,056	109,656,714

- 8.1** Advances include Rs. 16,770,771 thousand (31 December 2011: Rs 15,427,848 thousand) which have been placed under non-performing status as detailed below:

Category of Classification	30 June 2012 (Un-Audited)		
	Classified advances	Provision Required	Provision Held
	Rupees in '000's		
Substandard	370,735	55,037	55,037
Doubtful	1,122,702	226,643	226,643
Loss	15,277,334	10,884,776	10,884,776
	<u>16,770,771</u>	<u>11,166,456</u>	<u>11,166,456</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 half year, the Bank has further availed the benefit of FSV against the non-performing advances (excluding consumer housing finance portfolio). Had this benefit of FSV not been taken by the Bank, the specific provision against non-performing advances for the half year would have been higher by Rs. 630.315 million (30 June 2011: Rs. 98.812 million) and profit after taxation for the half year ended 30 June 2012 would have been lower by approximately Rs. 409.705 million (30 June 2011: Rs. 64.228 million). As of 30 June 2012, had the benefit of FSVs not taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 4,658.503 million (31 December 2011: Rs. 4,028.188 million) and accumulated profit would have been lower by Rs. 3,028.027 million (31 December 2011: Rs. 2,618.322 million). This amount of Rs. 3,028.027 million is not available for the distribution of cash and stock dividend to the shareholders.

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

	30 June 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	1,575,518	90,793	1,666,311	3,840,767	35,344	3,876,111
Reversals	(270,141)	-	(270,141)	(1,216,149)	-	(1,216,149)
Net charge for the period / year	1,305,377	90,793	1,396,170	2,624,618	35,344	2,659,962
Amount written off	(67,592)	-	(67,592)	(159,399)	-	(159,399)
Closing balance	<u>11,166,456</u>	<u>185,056</u>	<u>11,351,512</u>	<u>9,928,671</u>	<u>94,263</u>	<u>10,022,934</u>

8.4 General provision includes provision of Rs. 8,101 million (31 December 2011: Rs. 19,610 million) made against consumer portfolio in accordance with the Prudential Regulations issued by SBP at 1.5% of fully secured and at 5% of the unsecured consumer portfolio.

9. OPERATING FIXED ASSETS

During the current period, additions and disposals in operating fixed assets amounted to Rs. 97,129 million (30 June 2011: Rs. 97,347 million) and Rs. 65,434 million (30 June 2011: Rs. 1,040 million) 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) has been introduced in Seventh Schedule to allow for amounts provided for in tax year 2008 and prior to said tax year for doubtful debts, which were neither claimed nor allowed as tax deductible in any year shall be allowed as deduction in tax year in which such doubtful debts are written off. With reference to allowability of provision, the management has carried out an exercise and concluded that full deduction of provision in succeeding years would be allowed and accordingly recognized deferred tax asset on such provision amounting to Rs. 2,863,272 thousand. (31 December 2011: Rs. 2,549,617 thousand).

HABIBMETRO

	30 June 2012 (Un-Audited)	31 December 2011 (Audited)
	Rupees in '000	
11. BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan		
– under export refinance scheme	17,078,378	20,573,018
– under long term financing – export oriented projects	496,600	701,047
– under long term financing facility – locally manufactured plant and machinery	1,989,100	1,908,929
	19,564,078	23,182,994
Repurchase agreement borrowings	–	39,270,858
	19,564,078	62,453,852
Unsecured		
Call borrowings	–	2,041,954
Overdrawn nostro accounts	761,447	2,032,902
Overdrawn local bank accounts	100,668	22,572
Other short term borrowing	94,549	89,946
	956,664	4,187,374
	20,520,742	66,641,226
12. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	91,180,096	82,159,532
Saving deposits	53,791,248	44,166,722
Current accounts (non-remunerative)	49,630,745	45,008,091
Others	2,125,459	2,200,862
	196,727,548	173,535,207
Financial Institutions		
Remunerative deposits	11,275,578	11,470,881
Non-remunerative deposits	443,440	275,128
	11,719,018	11,746,009
	208,446,566	185,281,216

	30 June 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	50,155	324,173
Pakistan Investment Bonds	(135,427)	(32,953)
GOP Ijarah Sukuk	3,864	66,457
Fully paid-up ordinary shares – Listed	114,289	26,833
Term Finance Certificates		
Listed	(4,736)	(17,787)
Sukuk Certificates / Bonds	(9,418)	(9,219)
Mutual funds		
Open end	118,271	83,821
Close end	30,905	23,048
	167,903	464,373
Related deferred tax asset / (liability) - net	7,100	(129,105)
	<u>175,003</u>	<u>335,268</u>
14. CONTINGENCIES AND COMMITMENTS		
14.1 Direct credit substitutes		
Bank guarantees of indebtedness in favour of:		
– Banking companies and other financial institutions	65,177	71,012
14.2 Transaction-related contingent liabilities		
Includes performance bonds, bid bonds, advance payment guarantees and shipping guarantees favouring:		
i) Government	10,912,948	10,115,047
ii) Banking companies and other financial institutions	37,571	51,928
iii) Others	2,449,122	3,168,794
	<u>13,399,641</u>	<u>13,335,769</u>
14.3 Trade-related contingent liabilities		
Letters of credit	42,845,218	50,815,273
Acceptances	11,324,407	12,360,730

HABIBMETRO

	30 June 2012 (Un-Audited)	31 December 2011 (Audited)
	Rupees in '000	
14.4 Commitments in respect of forward exchange contracts		
Purchase	<u>55,200,001</u>	<u>54,377,083</u>
Sale	<u>63,081,561</u>	<u>62,519,824</u>
14.5 Commitments in respect of operating leases		
Not later than one year	<u>10,962</u>	<u>37,204</u>
Later than one year and not later than five years	<u>5,183</u>	<u>24,346</u>
	<u>16,145</u>	<u>61,550</u>
14.6 Commitments for the acquisition of operating fixed assets	<u>41,012</u>	<u>9,105</u>
14.7 Claims against the Bank not acknowledged as debt	<u>2,498,831</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 June 2012 Quarter ended	30 June 2012 Half year ended	30 June 2011 Quarter ended	30 June 2011 Half year ended
	(Un-Audited)			
	Rupees in '000			
Profit after taxation	<u>1,039,100</u>	<u>1,880,699</u>	<u>679,636</u>	<u>1,437,869</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>0.99</u>	<u>1.79</u>	<u>0.65</u>	<u>1.37</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 June 2012 (Un-Audited)					
	Holding Company	Associates	Key Management Personnel	Directors'	Retirement Benefit Plans	Total
	Rupees in '000					
Deposits						
At beginning of the period	178,264	4,880,012	60,025	73,571	1,548,662	6,740,534
Received during the period	7,619,833	406,534,460	173,194	172,397	2,139,319	416,639,203
Repaid during the period	(7,672,727)	(404,606,233)	(166,793)	(144,033)	(2,007,906)	(414,597,692)
At end of the period	125,370	6,808,239	66,426	101,935	1,680,075	8,782,045
Advances						
At beginning of the period	-	1,776,952	31,193	-	-	1,808,145
Disbursed during the period	-	18,209,964	338	-	-	18,210,302
Recovered during the period	-	(18,374,117)	(9,833)	-	-	(18,383,950)
At end of the period	-	1,612,799	21,698	-	-	1,634,497
Bank balances held by the Bank	324,550	2,059,669	-	-	-	2,384,219
Overdrawn bank balances held by the Bank	-	(223,518)	-	-	-	(223,518)
Mark-up/return/interest receivable	-	21,441	-	-	-	21,441
Mark-up/return/interest payable	-	63,657	552	880	96,093	161,182
Management fee payable for technical and consultancy services*	222,800	-	-	-	-	222,800
Prepayments /Advance deposits	-	56,707	-	-	-	56,707
Transaction-related contingent liabilities	-	1,449,297	-	-	-	1,449,297
Trade-related contingent liabilities	-	1,622,128	-	-	-	1,622,128
Advance received against prepaid card	-	10,112	-	-	-	10,112
Advance received against insurance premium	-	316	-	-	-	316
Receiveable / payable against purchase/sale of securities	4,388	-	28	-	-	4,360

* 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 period	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 period	–	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 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	–	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 June 2012 (Un-Audited)				
	Holding Company	Associates	Key Management Personnel	Directors' Retirement Benefit Plans	Total
	Rupees in '000				
Mark-up/return/interest earned	-	59,539	865	-	60,404
Mark-up/return/interest expensed	-	312,275	719	3,905	460,690
Commission/brokerage/bank charges recovered	1,790	5,497	24	-	7,311
Rent income	-	540	-	-	540
Gain on sale of fixed assets	-	-	820	-	820
Salaries and allowances	-	-	65,934	-	65,934
Directors' fees	-	-	-	3,060	3,060
Contribution to defined benefit plan	-	-	-	39,000	39,000
Contribution to defined contribution plan	-	-	-	51,103	51,103
Bank charges paid	1,097	685	-	-	1,782
Rent expenses	-	8,977	-	-	8,977
Insurance premium expenses	-	23,880	-	-	23,880
Maintenance, Electricity, Stationary & Entertainment	-	19,592	-	-	19,592
Management fee expense for technical and consultancy services*	79,300	-	-	-	79,300
Donation	-	960	-	-	960
Professional / other charges	-	4,349	-	-	4,349

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

HABIBMETRO

Transactions during the period	For the period ended 30 June 2011 (Un-Audited)					Total
	Holding Company	Associates	Key Management Personnel	Directors'	Retirement Benefit Plans	
	Rupees in '000					
Mark-up/return/interest earned	-	59,111	703	-	-	59,814
Mark-up/return/interest expensed	-	279,399	4,263	3,074	122,080	408,816
Commission/brokerage/bank charges recovered	1,384	5,306	-	-	-	6,690
Rent income	-	491	-	-	-	491
Loss on sale of fixed assets	-	-	(4)	-	-	(4)
Salaries and allowances	-	-	62,295	-	-	62,295
Directors' fees	-	-	-	2,550	-	2,550
Contribution to defined benefit plan	-	-	-	-	36,000	36,000
Contribution to defined contribution plan	-	-	-	-	43,327	43,327
Bank charges paid	1,131	7,738	-	-	-	8,869
Rent expenses	-	8,389	-	-	-	8,389
Insurance premium expenses	-	16,132	-	-	-	16,132
Maintenance, Electricity, Stationary & Entertainment	-	15,998	-	-	-	15,998
Management fee expense for technical and consultancy services*	95,159	-	-	-	-	95,159
Donation	-	960	-	-	-	960
Professional / other charges	-	6,680	-	-	-	6,680

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

17. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment result for the period are as follows:

	30 June 2012 (Un-Audited)			
	Trade & Sales	Retail Banking	Commercial Banking	Total
	Rupees in '000			
Revenues*	7,732,011	4,234,910	7,277,401	19,244,322
Expenses*	(6,274,802)	(3,824,383)	(6,376,382)	(16,475,567)
Net Income	1,457,209	410,527	901,019	2,768,755
Segment assets (gross)	137,807,640	1,100,533	128,182,078	267,090,251
Segment liabilities	4,355,952	107,504,601	130,499,642	242,360,195
	30 June 2011 (Un-Audited)			
	Trade & Sales	Retail Banking	Commercial Banking	Total
	Rupees in '000			
Revenues*	7,068,268	4,238,740	7,159,302	18,466,310
Expenses*	(5,969,579)	(4,090,335)	(6,432,055)	(16,491,969)
Net Income	1,098,689	148,405	727,247	1,974,341
Segment assets (gross)	131,345,916	1,201,119	131,684,187	264,231,222
Segment liabilities	24,352,084	101,669,105	116,344,182	242,365,371

*Includes inter-segment revenues and expenses.

18. KEY ISLAMIC BANKING OPERATIONS

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

BALANCE SHEET	30 June 2012 (Un-Audited)	31 December 2011 (Audited)
	Rupees in '000	
ASSETS		
Cash and balances with treasury banks	857,561	865,436
Balances with and due from financial institutions	—	—
Investments	14,630,839	10,050,774
Financing and receivables		
- Murabaha	3,573,940	4,377,344
- Ijara	659,672	932,855
- Diminishing Musharaka	693,541	560,639
- Export Refinance Murabaha	450,000	564,352
- Foreign Documentary Bills Purchased	—	10,935
	5,377,153	6,446,125
Other assets	734,755	1,247,975
	21,600,308	18,610,310
LIABILITIES		
Bills payable	112,922	123,105
Deposits and other accounts		
- Current accounts	1,527,418	1,635,512
- Saving deposits	3,580,408	3,108,458
- Fixed deposits	8,618,694	6,999,909
- Deposits from financial institutions - remunerative	4,727,099	2,996,860
- Deposits from financial institutions - non-remunerative	2,366	6,735
	18,455,985	14,747,474
Borrowings	480,000	564,352
Due to head office	466,348	597,648
Other liabilities	842,909	1,008,498
	20,358,164	17,041,077
NET ASSETS	1,242,144	1,569,233
REPRESENTED BY		
Islamic banking fund	1,002,364	1,002,249
Unappropriated profit	249,862	538,933
	1,252,226	1,541,182
(Deficit) / surplus on revaluation of assets	(10,082)	28,051
	1,242,144	1,569,233

19. GENERAL

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

20. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue by the Board of Directors on 27 August 2012.

KASSIM PAREKH
Chairman

SIRAJUDDIN AZIZ
President &
Chief Executive Officer

BASHIR ALI MOHAMMAD
Director

TARIQ IKRAM
Director