



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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CORPORATE INFORMATION

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
Sohail Hassan
Tariq Ikram
Wazir Ali Khoja

* Executive Director

AUDIT COMMITTEE

Ali S. Habib
Kassim Parekh
Tariq Ikram

CREDIT COMMITTEE

Kassim Parekh
Mohamedali R. Habib
Muhammad H. Habib

HUMAN RESOURCE & REMUNERATION COMMITTEE

Kassim Parekh
Mohamedali R. Habib
Tariq Ikram

COMPANY SECRETARY

Muhammad Imran

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 first quarter ended March 31, 2013.

During the first quarter of the current year, structural issues of the economy continue to manifest themselves in the form of energy crises, fiscal deficit and an inefficient public sector. However, the demand of credit in private sector has increased to Rs. 173.3 billion as compared to Rs. 56.8 billion in the same period of FY12 due to cumulative reduction of policy rate by 450 basis points. Large-scale manufacturing also grew by 2.9 percent in July to February FY13.

The foreign exchange reserve has declined by USD 2 billion to USD 6.7 billion as of 5th April 2013 due to debt repayment and a soaring external account deficit. Home remittances, up by 6.34%, amounted to USD 10.354 billion in the nine months of FY13. The value of Pak Rupee depreciated (against US dollar) by 5.2% during FY13. Inflationary pressures eased in the period under review and inflation rate has reduced to 6.6% in March 2013.

Despite Pakistan's economic and banking conditions, by the Grace of Allah, HabibMetro is progressing steadily. HabibMetro's deposit base and assets stood at Rs. 205 billion and Rs. 289 billion respectively. Advances increased to Rs. 115 billion as against Rs. 107 billion at the previous year-end.

Profit before tax amounted to Rs. 1,113 million for the quarter ended March 31, 2013 compared to Rs. 1,203 million of corresponding quarter of last year with post tax earnings per share of Re. 0.72. At end of current quarter, Bank's net equity stands at Rs. 24.73 billion with a comfortable 15.29% 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 (PAC RA) 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.

With a network of 183 branches, equipped with state-of-the-art technology, HabibMetro is well positioned to provide superior services to its customers. Our call centre "HabibMetro Connect" with a toll free contact number 0800 HABIB (42242), is the Bank's first 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

Karachi: April 19, 2013

Sirajuddin Aziz
President & Chief Executive Officer

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

AS AT 31 MARCH 2013

	Note	31 March 2013 (Un-Audited)	31 December, 2012 (Audited)
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		15,462,762	16,918,780
Balances with other banks	5	5,404,036	5,151,116
Lendings to financial institutions	6	4,000,000	—
Investments	7	138,209,558	160,849,741
Advances	8	115,450,852	106,910,727
Operating fixed assets	9	2,971,486	2,999,673
Deferred tax assets	10	2,702,320	2,274,940
Other assets		4,840,346	5,740,805
		289,041,360	300,845,782
LIABILITIES			
Bills payable		3,952,175	4,092,268
Borrowings		43,604,871	41,569,169
Deposits and other accounts	11	205,151,218	217,797,754
Sub-ordinated loans	12	—	—
Liabilities against assets subject to finance lease		—	—
Deferred tax liabilities		—	—
Other liabilities		10,136,434	9,133,540
		262,844,698	272,592,731
NET ASSETS		26,196,662	28,253,051
REPRESENTED BY			
Share capital		10,478,315	10,478,315
Reserves		9,639,863	9,488,277
Unappropriated profit		4,610,937	6,100,254
		24,729,115	26,066,846
Surplus on revaluation of assets - net of tax	13	1,467,547	2,186,205
		26,196,662	28,253,051
CONTINGENCIES AND COMMITMENTS			
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The annexed notes 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.

KASSIM PAREKH
Chairman

SIRAJUDDIN AZIZ
President &
Chief Executive Officer

TARIQ IKRAM
Director

BASHIR ALI MOHAMMAD
Director

**UNCONSOLIDATED CONDENSED INTERIM
PROFIT AND LOSS ACCOUNT (UN-AUDITED)**

FOR THE QUARTER ENDED 31 MARCH 2013

	Note	2013 Rupees in '000	2012
Mark-up / return / interest earned		5,930,167	6,887,511
Mark-up / return / interest expensed		(3,997,020)	(4,727,517)
Net mark-up / interest income		1,933,147	2,159,994
Provision against non-performing loans and advances	8.3	658,562	713,895
Provision for diminution in the value of investments	7.1	(8,616)	4,778
Bad debts written-off directly		-	-
		(649,946)	(718,673)
Net mark-up / interest income after provisions		1,283,201	1,441,321
Non mark-up / interest income			
Fee, commission and brokerage income		547,424	518,882
Dividend income		35,029	271,985
Income from dealing in foreign currencies		285,730	281,740
Gain / (loss) on sale / redemption of securities		501,021	53,831
Unrealized gain / (loss) on revaluation of investments classified as 'held-for-trading'		-	-
Other income		57,501	59,125
Total non mark-up / interest income		1,426,705	1,185,563
		2,709,906	2,626,884
Non mark-up / interest expenses			
Administrative expenses		1,562,001	1,386,198
Other provisions / write offs		-	-
Other charges		34,500	38,126
Total non mark-up / interest expenses		(1,596,501)	(1,424,324)
		1,113,405	1,202,560
Extra ordinary / unusual items		-	-
Profit before taxation		1,113,405	1,202,560
Taxation - Current		489,041	578,158
- Prior years		-	-
- Deferred		(133,568)	(214,161)
		(355,473)	(363,997)
Profit after taxation		757,932	838,563
Basic and diluted earnings per share (Rupees)	15	0.72	0.80

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

KASSIM PAREKH
Chairman

SIRAJUDDIN AZIZ
President &
Chief Executive Officer

TARIQ IKRAM
Director

BASHIR ALI MOHAMMAD
Director

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE QUARTER ENDED 31 MARCH 2013

	2013	2012
	Rupees in '000	
Profit after taxation for the period	757,932	838,563
Other comprehensive income	—	—
Comprehensive income transferred to equity	757,932	838,563
Components of comprehensive income not reflected in equity		
Deficit on revaluation of investments	(1,012,469)	(120,802)
Deferred tax on revaluation of investments	293,811	70,199
	(718,658)	(50,603)
Total comprehensive income	39,274	787,960

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Chairman

SIRAJUDDIN AZIZ
President &
Chief Executive Officer

TARIQ IKRAM
Director

BASHIR ALI MOHAMMAD
Director

UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE QUARTER ENDED 31 MARCH 2013

	2013	2012
	Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,113,405	1,202,560
Less: Dividend income	(35,029)	(271,985)
	1,078,376	930,575
Adjustments		
Depreciation	111,620	110,337
Provision against non-performing loans and advances – net	658,562	713,895
Provision for diminution in the value of investments – net	(33,878)	2,752
Net (gain) on sale of fixed assets	(2,531)	(235)
	733,773	826,749
	1,812,149	1,757,324
(Increase) / decrease in operating assets		
Lendings to financial institutions	(4,000,000)	(7,824,034)
Advances	(9,198,687)	(3,130,411)
Other assets	900,459	589,434
	(12,298,228)	(10,365,011)
Increase / (decrease) in operating liabilities		
Bills payable	(140,093)	1,145,188
Borrowings	563,375	(17,777,937)
Deposits and other accounts	(12,646,536)	6,069,745
Other liabilities (excluding taxation and dividend)	54,520	(297,893)
	(12,168,734)	(10,860,897)
	(22,654,813)	(19,468,584)
Income tax paid	(534,981)	(617,322)
Net cash flows from operating activities	(23,189,794)	(20,085,906)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	25,336,221	19,712,894
Net investments in held-to-maturity securities	(3,674,629)	–
Dividend received	35,029	271,985
Investments in operating fixed assets	(83,995)	(57,083)
Proceeds from sale of fixed assets	3,093	811
Net cash flows from investing activities	21,615,719	19,928,607
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(1,101,350)	(33)
Net cash flows from financing activities	(1,101,350)	(33)
Decrease in cash and cash equivalents	(2,675,425)	(157,332)
Cash and cash equivalents at beginning of the period	21,266,715	15,700,061
Effect of exchange rate changes on cash and cash equivalent	164,770	29,746
Cash and cash equivalents at end of the period	18,756,060	15,572,475

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

KASSIM PAREKH
Chairman

SIRAJUDDIN AZIZ
President &
Chief Executive Officer

TARIQ IKRAM
Director

BASHIR ALI MOHAMMAD
Director

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE QUARTER ENDED 31 MARCH 2013

		Reserves					
	Share Capital	Share premium	Statutory reserve	Special reserve	Revenue reserve	Unappropriated profit	Total
	Rupees in '000						
Balance as at 1 January 2012	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 31 March 2012							
Total comprehensive income (profit for the period)	-	-	-	-	-	838,563	838,563
Transactions with owners, recorded directly in equity							
Cash dividend (Rs. 1.50 per share)	-	-	-	-	-	(1,571,747)	(1,571,747)
Transfer to statutory reserve	-	-	168,000	-	-	(168,000)	-
Balance as at 31 March 2012	10,478,315	2,550,985	4,684,372	240,361	1,500,000	4,048,583	23,502,616
Changes in equity for the period ended 31 December 2012							
Total comprehensive income (profit for the period)	-	-	-	-	-	2,564,230	2,564,230
Transactions with owners, recorded directly in equity							
Transfer to statutory reserve	-	-	512,559	-	-	(512,559)	-
Balance as at 31 December 2012	10,478,315	2,550,985	5,196,931	240,361	1,500,000	6,100,254	26,066,846
Changes in equity for the period ended 31 March 2013							
Total comprehensive income (profit for the period)	-	-	-	-	-	757,932	757,932
Transactions with owners, recorded directly in equity							
Cash dividend (Rs. 2.00 per share)	-	-	-	-	-	(2,095,663)	(2,095,663)
Transfer to statutory reserve	-	-	151,586	-	-	(151,586)	-
Balance as at 31 March 2013	10,478,315	2,550,985	5,348,517	240,361	1,500,000	4,610,937	24,729,115

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

KASSIM PAREKH
Chairman

SIRAJUDDIN AZIZ
President &
Chief Executive Officer

TARIQ IKRAM
Director

BASHIR ALI MOHAMMAD
Director

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE QUARTER ENDED 31 MARCH 2013

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 143 (31 December 2012: 143) branches including 4 (31 December 2012: 4) Islamic banking branches and 40 (31 December 2012: 40) 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 2012.
- 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 2012.
- 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 2012.
- 3.3** The revised IAS-19 "Employee Benefits" effective from 01 January 2013 has brought certain amendments as disclosed in note 6 to the unconsolidated financial statements for the year ended 31 December 2012. These amendments result in a change in the Bank's accounting policy related to recognition of actuarial gains and losses with retrospective application. In these financial statements, the impact of above changes has not been incorporated as the overall impact of the same is under review.

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 2012.

5 BALANCES WITH OTHER BANKS

	31 March 2013 (Un-Audited)	31 December 2012 (Audited)
	Rupees in '000	
In Pakistan		
Current accounts	415,635	361,834
Deposit accounts	6,004	12,550
	421,639	374,384
Outside Pakistan		
Current accounts	2,029,197	3,319,486
Deposit accounts	2,953,200	1,457,246
	4,982,397	4,776,732
	5,404,036	5,151,116

6. LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings	4,000,000	–
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7. INVESTMENTS

	Note	31 March 2013 (Un-Audited)			31 December 2012 (Audited)		
		Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
		Rupees in '000					
Available-for-sale securities							
Market treasury bills		56,078,190	9,259,629	65,337,819	81,626,716	15,095,547	96,722,263
Pakistan investment bonds		10,882,250	11,466,036	22,348,286	17,834,896	5,780,174	23,615,070
Ordinary shares of listed companies		859,882	–	859,882	849,818	–	849,818
Ordinary shares of unlisted companies		104,205	–	104,205	104,205	–	104,205
Preference shares of a listed company		40,000	–	40,000	40,000	–	40,000
Listed term finance certificates		1,003,470	–	1,003,470	1,082,970	–	1,082,970
Unlisted term finance certificates		751,130	–	751,130	784,718	–	784,718
Sukuk certificates and bonds		26,616,486	–	26,616,486	19,759,321	–	19,759,321
Open end mutual funds		10,868,578	–	10,868,578	10,298,235	–	10,298,235
Close end mutual funds		48,576	–	48,576	58,053	–	58,053
		107,252,767	20,725,665	127,978,432	132,438,932	20,875,721	153,314,653
Held-to-maturity securities							
Pakistan investment bonds		7,161,958	–	7,161,958	4,487,329	–	4,487,329
Certificate of investments		1,000,000	–	1,000,000	–	–	–
Subsidiary							
Habib Metropolitan Financial Services Limited		300,000	–	300,000	300,000	–	300,000
Investments at cost		115,714,725	20,725,665	136,440,390	137,226,261	20,875,721	158,101,982
Less: Provision for diminution in the value of investments	7.1	(240,364)	–	(240,364)	(274,242)	–	(274,242)
Investments – net of provisions		115,474,361	20,725,665	136,200,026	136,952,019	20,875,721	157,827,740
Surplus / (deficit) on revaluation of available-for-sale securities – net	13	3,241,576	(1,232,044)	2,009,532	3,659,849	(637,848)	3,022,001
Investments after revaluation of available-for-sale securities		118,715,937	19,493,621	138,209,558	140,611,868	20,237,873	160,849,741

	Notes	31 March 2013 (Un-Audited)	31 December 2012 (Audited)
Rupees in '000			
7.1 Particulars of provision for diminution in the value of investments			
Opening balance		274,242	338,722
Charge for the period / year		-	42,252
Recovered during the period / year		(8,616)	(9,753)
Net charge for the period / year		(8,616)	32,499
Reversal of provision upon disposal of investments		(25,262)	(67,786)
Investment written off during the period / year		-	(29,193)
Closing balance		240,364	274,242
8. ADVANCES			
Loans, cash credits, running finances, etc.			
In Pakistan		102,409,035	99,708,381
Net investments in finance lease / ijarah financing			
In Pakistan		448,295	488,868
Net assets in ijarah under IFAS 2		312,127	350,465
Bills discounted and purchased (excluding Market Treasury Bills)			
Payable in Pakistan		5,059,221	4,555,113
Payable outside Pakistan		20,218,948	14,196,896
		25,278,169	18,752,009
Advances - gross		128,447,626	119,299,723
Provision against non-performing advances			
- specific		(12,484,165)	(12,035,322)
- general		(512,609)	(353,674)
	8.3	(12,996,774)	(12,388,996)
Advances - net of provisions		115,450,852	106,910,727

- 8.1** Advances include Rs. 17,649,522 thousand (31 December 2012: Rs. 17,729,487 thousand) which have been placed under non-performing status as detailed below:

Category of Classification	31 March 2013 (Un-Audited)		
	Classified advances	Provision Required	Provision Held
	Rupees in '000's		
Substandard	61,137	629	629
Doubtful	1,604,846	466,193	466,193
Loss	15,983,539	12,017,343	12,017,343
	<u>17,649,522</u>	<u>12,484,165</u>	<u>12,484,165</u>

Category of Classification	31 December 2012 (Audited)		
	Classified advances	Provision Required	Provision Held
	Rupees in '000's		
Substandard	154,747	34,369	34,369
Doubtful	2,246,483	673,447	673,447
Loss	15,328,257	11,327,506	11,327,506
	<u>17,729,487</u>	<u>12,035,322</u>	<u>12,035,322</u>

- 8.2** In accordance with BSD Circular No. 1 dated 21 October 2011 issued by the State Bank of Pakistan, during the quarter, the benefit of FSV against the non-performing advances (excluding consumer housing finance portfolio) availed by the Bank has reduced. Had this reduction in benefit of FSV not been taken by the Bank, the specific provision against non-performing advances for the quarter would have been lower by Rs. 370,362 thousand (31 March 2012: higher by Rs. 515,203 thousand) and profit after taxation for the quarter ended 31 March 2013 would have been higher by approximately Rs. 240,735 thousand (31 March 2012: lower by Rs. 334,882 thousand). As of 31 March 2013, had the benefit of FSVs not taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 4,084,503 thousand (31 December 2012: Rs. 4,454,865 thousand) and accumulated profit would have been lower by Rs. 2,654,927 thousand (31 December 2012: Rs. 2,895,662 thousand). This amount of Rs. 2,654,927 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:

	31 March 2013 (Un-Audited)			31 December 2012 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	12,035,322	353,674	12,388,996	9,928,671	94,263	10,022,934
Charge for the period / year	666,394	158,935	825,329	3,575,401	259,411	3,834,812
Reversals	(166,767)	-	(166,767)	(1,173,564)	-	(1,173,564)
Net charge for the period / year	499,627	158,935	658,562	2,401,837	259,411	2,661,248
Amount written off	(50,784)	-	(50,784)	(295,186)	-	(295,186)
Closing balance	<u>12,484,165</u>	<u>512,609</u>	<u>12,996,774</u>	<u>12,035,322</u>	<u>353,674</u>	<u>12,388,996</u>

8.4 General provision includes provision of Rs. 4,515 thousand (31 December 2012: Rs. 5,385 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. 49,396 thousand (31 March 2012: Rs. 7,597 thousand) and Rs. 561 thousand (31 March 2012: Rs. 576 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 a new Rule 8(A) has been introduced in Seventh Schedule to allow for amounts provided for in tax year 2008 and prior to said tax year for doubtful debts, which were neither claimed nor allowed as tax deductible in any year shall be allowed as deduction in tax year in which such doubtful debts are written off. With reference to allowability of provision, the management has carried out an exercise and concluded that full deduction of provision in succeeding years would be allowed and accordingly recognized deferred tax asset on such provision amounting to Rs. 3,548,384 thousand (31 December 2012: Rs. 3,424,087 thousand).

HABIBMETRO

	31 March 2013 (Un-Audited)	31 December 2012 (Audited)
	Rupees in '000	
11. BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan		
– under export refinance scheme	19,371,651	18,810,750
– under long term financing – export oriented projects	277,209	331,383
– under long term financing facility – locally manufactured plant and machinery	1,665,683	1,567,889
	21,314,543	20,710,022
Repurchase agreement borrowings	19,479,590	20,220,736
	40,794,133	40,930,758
Unsecured		
Call borrowings	700,000	–
Overdrawn nostro accounts	2,014,217	514,541
Overdrawn local bank accounts	96,521	123,870
	2,810,738	638,411
	43,604,871	41,569,169
12. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	88,328,444	93,541,355
Saving deposits	56,770,152	54,785,453
Current accounts (non-remunerative)	53,357,621	53,335,479
Others	2,726,099	2,369,674
	201,182,316	204,031,961
Financial Institutions		
Remunerative deposits	3,424,793	13,292,039
Non-remunerative deposits	544,109	473,754
	3,968,902	13,765,793
	205,151,218	217,797,754

	31 March 2013 (Un-Audited)	31 December 2012 (Audited)
	Rupees in '000	
13. SURPLUS ON REVALUATION OF ASSETS – NET OF TAX		
Available-for-sale securities:		
Federal Government Securities		
Market Treasury Bills	67,114	371,488
Pakistan Investment Bonds	1,223,053	1,588,221
GOP Ijarah Sukuk	52,379	159,938
Fully paid-up ordinary shares of listed companies	106,264	173,555
Fully paid-up preference shares of a listed company	2,000	2,561
Term finance certificates, sukuk certificates and bonds		
Listed term finance certificates	5,423	10,814
Unlisted term finance certificates	–	7,745
Sukuk certificates / bonds	16,160	(3,819)
Mutual funds		
Open end	508,020	678,683
Close end	29,119	32,815
	2,009,532	3,022,001
Related deferred tax liability - net	(541,985)	(835,796)
	1,467,547	2,186,205
14. CONTINGENCIES AND COMMITMENTS		
14.1 Direct credit substitutes		
Bank guarantees of indebtedness in favour of banking companies and other financial institutions	41,506	47,341
14.2 Transaction-related contingent liabilities		
Includes performance bonds, bid bonds, advance payment guarantees and shipping guarantees favouring:		
i) Government	13,694,165	12,770,916
ii) Banking companies and other financial institutions	112,425	121,472
iii) Others	2,836,544	2,896,002
	16,643,134	15,788,390
14.3 Trade-related contingent liabilities		
Letters of credit	47,553,433	51,509,313
Acceptances	10,485,286	7,993,332

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	31 March 2103 (Un-Audited)	31 December 2012 (Audited)
	Rupees in '000	
14.4 Commitments in respect of forward exchange contracts		
Purchase	42,459,869	45,136,165
Sale	50,424,080	51,020,826
14.5 Commitments in respect of operating leases		
Not later than one year	8,148	6,542
Later than one year and not later than five years	8,948	6,417
	17,096	12,959
14.6 Commitments for the acquisition of operating fixed assets	38,572	35,018
14.7 Claims against the Bank not acknowledged as debt	2,332,580	2,332,580
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, 2011 and 2012 (corresponding to the accounting years ended 31 December 2008, 2009, 2010 and 2011). However, adequate provisions are being held by the Bank.		
15. BASIC AND DILUTED EARNINGS PER SHARE		
	31 March 2013 (Un-Audited)	31 March 2012
	Rupees in '000	
Profit after taxation	757,932	838,563
	Numbers in '000	
Weighted average number of ordinary shares	1,047,831	1,047,831
	Rupees	
Basic and diluted earnings per share	0.72	0.80

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.

	31 March 2013 (Un-Audited)						
	Holding Company	Subsidiary	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000						
Deposits							
At beginning of the year	91,390	126,923	3,348,079	24,338	137,955	1,830,080	5,558,765
Received during the period	3,041,805	13,905,324	164,707,920	30,907	32,385	1,079,458	182,797,799
Repaid during the period	(3,050,301)	(13,942,916)	(161,340,157)	(29,744)	(32,177)	(1,050,862)	(179,446,157)
At end of the period	82,894	89,331	6,715,842	25,501	138,163	1,858,676	8,910,407
Advances							
At beginning of the year	-	-	1,602,820	25,668	-	-	1,628,488
Disbursed during the period	-	-	3,565,915	-	-	-	3,565,915
Recovered during the period	-	-	(3,390,734)	(7,299)	-	-	(3,398,033)
At end of the period	-	-	1,778,001	18,369	-	-	1,796,370
Bank balances held by the Bank	1,582	-	907,753	-	-	-	909,335
Overdrawn bank balances held by the Bank	911,977	-	299,490	-	-	-	1,211,467
Mark-up/return/interest receivable	-	-	8,817	-	-	-	8,817
Mark-up/return/interest payable	-	523	62,798	543	1,055	136,298	201,217
Receivable against sale of securities	-	1,684	-	-	-	-	1,684
Management fee payable for technical and consultancy services*	194,162	-	-	-	-	-	194,162
Prepayments /Advance deposits	-	-	12,458	-	-	-	12,458
Transaction-related contingent liabilities	-	-	1,527,595	-	-	-	1,527,595
Trade-related contingent liabilities	-	-	1,817,613	-	-	-	1,817,613
Advance received against prepaid card	-	-	3,923	-	-	-	3,923
Advance received against insurance premium	-	-	316	-	-	-	316

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

31 December 2012 (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 year	15,500,722	60,233,955	815,009,513	407,791	668,410	4,862,281	896,682,672
Repaid during the year	(15,587,596)	(60,225,618)	(816,541,446)	(443,478)	(604,026)	(4,580,863)	(897,983,027)
At end of the period	91,390	126,923	3,348,079	24,338	137,955	1,830,080	5,558,765
Advances							
At beginning of the year	-	-	1,776,952	30,896	-	-	1,807,848
Disbursed during the year	-	-	28,892,000	5,635	-	-	28,897,635
Recovered during the year	-	-	(29,066,132)	(10,863)	-	-	(29,076,995)
At end of the period	-	-	1,602,820	25,668	-	-	1,628,488
Investment	-	-	53,642	-	-	-	53,642
Bank balances held by the Bank	77,497	-	1,980,921	-	-	-	2,058,418
Overdrawn bank balances held by the Bank	-	-	246,158	-	-	-	246,158
Mark-up/return/interest receivable	-	-	11,330	-	-	-	11,330
Mark-up/return/interest payable	-	766	41,072	810	1,292	118,082	162,022
Management fee payable for technical and consultancy services*	159,288	-	-	-	-	-	159,288
Prepayments /Advance deposits	-	-	26,164	-	-	-	26,164
Transaction-related contingent liabilities	-	25,000	1,456,588	-	-	-	1,481,588
Trade-related contingent liabilities	-	-	1,814,176	-	-	-	1,814,176
Advance received against prepaid card	-	-	6,640	-	-	-	6,640
Advance received against insurance premium	-	-	316	-	-	-	316
Dividend receivable	-	21,000	-	-	-	-	21,000

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

Transactions during the period	For the period ended 31 March 2013 (Un-Audited)					
	Holding Company	Subsidiary	Associates	Key management personnel	Directors	Retirement benefit plans
	Rupees in '000					
Mark-up/return/interest earned	-	-	12,823	553	-	-
Mark-up/return/interest expensed	-	1,838	133,852	543	2,232	46,926
Commission/brokerage/bank charges recovered	-	13	11,181	-	-	-
Commission/brokerage/bank charges paid	40	172	333	-	-	-
Rent income	-	300	297	-	-	-
Gain on sale / redemption of securities	-	-	11,366	-	-	-
Salaries and allowances	-	-	-	39,059	-	-
Directors' fees	-	-	-	-	2,410	-
Contribution to defined benefit plan	-	-	-	-	-	26,400
Contribution to defined contribution plan	-	-	-	-	-	25,222
Rent expenses	-	-	4,695	-	-	-
Insurance premium expenses	-	-	15,678	-	-	-
Maintenance, electricity, stationery & entertainment expenses	-	-	11,479	-	-	-
Management fee expense for technical and consultancy services*	34,874	-	-	-	-	-
Donation paid	-	-	480	-	-	-
Professional / other charges paid	-	-	947	-	-	-

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

Transactions during the period	For the period ended 31 March 2012 (Un-Audited)					
	Holding Company	Subsidiary	Associates	Key management personnel	Directors	Retirement benefit plans
	Rupees in '000					
Mark-up/return/interest earned	-	-	18,625	622	-	-
Mark-up/return/interest expensed	-	3,031	128,538	1,583	1,697	41,938
Commission/brokerage/bank charges recovered	-	105	3,705	-	-	-
Commission/brokerage/bank charges paid	262	52	315	-	-	-
Rent income	-	300	270	-	-	-
Salaries and allowances	-	-	-	42,603	-	-
Directors' fees	-	-	-	-	1,520	-
Contribution to defined benefit plan	-	-	-	-	-	19,500
Contribution to defined contribution plan	-	-	-	-	-	23,152
Rent expenses	-	-	4,455	-	-	-
Insurance premium expenses	-	-	8,334	-	-	-
Maintenance, electricity, stationery & entertainment expenses	-	-	9,616	-	-	-
Management fee expense for technical and consultancy services*	45,199	-	-	-	-	-
Donation paid	-	-	480	-	-	-
Professional / other charges paid	-	-	2,460	-	-	-

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

17. KEY ISLAMIC BANKING OPERATIONS

- 17.1** The Bank is operating 4 (31 December 2012: 4) Islamic banking branches in Pakistan. The statement of financial position of these branches as at 31 March 2013 is as follows:

	Note	31 March 2013 (Un-Audited)	31 December 2012 (Audited)
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2013			
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		777,454	1,071,902
Balances with other banks		—	—
Due from financial institutions		—	—
Investments		13,684,879	16,401,280
Islamic financing and related assets	A-2	4,748,872	5,312,433
Operating fixed assets		12,396	13,358
Deferred tax assets		—	—
Other assets		852,824	862,624
		20,076,425	23,661,597
LIABILITIES			
Bills payable		57,868	141,298
Due to financial institutions		258,780	348,600
Deposits and other accounts			
- Current accounts		1,765,111	1,764,052
- Saving accounts		4,268,644	4,534,734
- Term deposits		10,049,404	10,240,495
- Others		91,301	106,287
- Deposits from financial institutions - remunerative		1,727,787	3,930,165
- Deposits from financial institutions - non remunerative		4,748	1,607
		17,906,995	20,577,340
Due to head office		—	—
Other liabilities		696,994	905,466
		18,920,637	21,972,704
NET ASSETS		1,155,788	1,688,893
REPRESENTED BY			
Islamic banking fund		1,002,461	1,002,429
Reserves		—	—
Unappropriated / unremitted profit		100,948	546,851
		1,103,409	1,549,280
Surplus on revaluation of assets		52,379	139,613
		1,155,788	1,688,893
17.2 CHARITY FUND			
Opening balance		—	10
Additions during the period / year		—	211
Payments / utilization during the period / year		—	(221)
Closing Balance		—	—

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	31 March 2013 (Un-Audited)	31 March 2012 (Un-Audited)
	Rupees in '000	
17.3 REMUNERATION TO SHARIAH ADVISOR / BOARD	459	421
	31 March 2013 (Un-Audited)	31 December 2012 (Audited)
	Rupees in '000	
A-2 ISLAMIC FINANCING AND RELATED ASSETS		
Financings / investments / receivables		
- Murabaha	3,491,000	3,811,939
- Ijarah	372,261	422,920
- Diminishing musharaka	497,710	614,446
- Export refinance murabaha	258,780	343,176
- Foreign documentary bills purchased	-	-
- Receivable from customer against murabaha	-	14,784
	4,619,751	5,207,265
Advances		
- Advance against murabaha	88,627	100,657
- Advance against ijarah	1,904	4,511
- Advance against diminishing musharika	38,590	-
	129,121	105,168
	4,748,872	5,312,433
A-2.1 Islamic mode of financing		
Financings / investments / receivables	4,619,751	5,207,265
Advances	129,121	105,168
	4,748,872	5,312,433

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 19 April 2013.

KASSIM PAREKH
Chairman

SIRAJUDDIN AZIZ
President &
Chief Executive Officer

TARIQ IKRAM
Director

BASHIR ALI MOHAMMAD
Director