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## Corporate Information

<b>Board of Directors</b>	Ali Raza D. Habib	<i>Chairman</i>
	Abbas D. Habib	<i>Chief Executive &amp; Managing Director</i>
	Anwar Haji Karim	
	Hasnain A. Habib	
	Imtiaz Alam Hanfi	
	Murtaza H. Habib	
	Qumail R. Habib	<i>Executive Director</i>
	Shameem Ahmed	
	Syed Mazhar Abbas	
	Wazir Ali Khoja	
<b>Audit Committee</b>	Syed Mazhar Abbas	<i>Chairman</i>
	Anwar Haji Karim	<i>Member</i>
	Shameem Ahmed	<i>Member</i>
	Murtaza H. Habib	<i>Member</i>
<b>Human Resource &amp; Remuneration Committee</b>	Syed Mazhar Abbas	<i>Chairman</i>
	Abbas D. Habib	<i>Member</i>
	Anwar Haji Karim	<i>Member</i>
	Murtaza H. Habib	<i>Member</i>
<b>Company Secretary</b>	A. Saeed Siddiqui	
<b>Statutory Auditors</b>	Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants	
<b>Legal Advisor</b>	Liaquat Merchant Associates Advocates and Corporate Legal Consultants	
<b>Registered Office</b>	126-C, Old Bahawalpur Road, Multan	
<b>Principal Office</b>	2nd Floor, Mackinnons Building, I.I. Chundrigar Road, Karachi	
<b>Share Registrar</b>	M/s. Noble Computer Services (Pvt.) Limited First Floor, House of Habib Building, (Siddiqsons Tower), 3-Jinnah Co-operative Housing Society, Main Shahrah-e-Faisal, Karachi.	
<b>Website</b>	www.bankalhabib.com	



## Directors' Review

On behalf of the Board of Directors of the Bank, it is my pleasure to present the un-audited financial statements of Bank AL Habib Limited along with the un-audited consolidated financial statements of Bank AL Habib Limited and the Bank's Subsidiary M/s. AL Habib Capital Markets (Private) Limited for the quarter ended March 31, 2013.

Alhamdulillah, during the period under review, the performance of the Bank continued to be generally satisfactory, keeping in view the prevailing monetary environment. The deposits increased to Rs. 346.3 billion as compared to Rs. 340.4 billion on December 31, 2012. In the same period, advances decreased to Rs. 142.1 billion from Rs. 147.9 billion, while investments increased to Rs. 255.7 billion from Rs. 249.8 billion. The pre-tax profit of the Bank for the quarter ended March 31, 2013 was Rs. 1,759.6 million as compared to Rs. 2,017.0 million during the corresponding period last year. As mentioned earlier, earnings have declined due to reduction in interest rates.

Your Bank now has a network of 397 offices, comprising 311 branches, 84 sub-branches, and two Representative Offices. Our network includes three overseas offices (a Wholesale Branch in the Kingdom of Bahrain and Representative Offices in Dubai and Istanbul) and 14 Islamic Banking Branches. Continuing with our branch expansion policy, the Bank intends to open more branches and sub-branches during the year 2013.

Pakistan Credit Rating Agency Limited (PACRA) has maintained the Bank's long term and short term entity ratings at **AA+** (Double A plus) and **A1+** (A One plus), respectively. The ratings of our unsecured, subordinated TFCs have also been maintained at **AA** (Double A). These ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

We wish to thank our customers for their continued support and confidence, the State Bank of Pakistan for their guidance, and local and foreign correspondents for their cooperation. We also thank all our staff members for their sincere and dedicated services.

On behalf of the Board of Directors

Karachi: April 24, 2013

SYED MAZHAR ABBAS  
*Director*



**Interim Condensed Statement of Financial Position  
As at 31 March 2013**

		<b>31-March 2013 (Un-Audited)</b>	<b>31-December 2012 (Audited)</b>
	Note	(Rupees in '000)	
<b>ASSETS</b>			
Cash and balances with treasury banks		<b>26,372,824</b>	27,464,340
Balances with other banks		<b>5,471,756</b>	9,744,716
Lendings to financial institutions		—	993,981
Investments	4	<b>255,671,965</b>	249,754,075
Advances	5	<b>142,097,903</b>	147,868,668
Operating fixed assets	6	<b>11,164,449</b>	11,164,099
Deferred tax assets		—	—
Other assets		<b>5,184,419</b>	6,115,660
		<b>445,963,316</b>	453,105,539
<b>LIABILITIES</b>			
Bills payable		<b>5,238,588</b>	5,257,191
Borrowings	7	<b>57,413,724</b>	69,622,055
Deposits and other accounts	8	<b>346,289,826</b>	340,392,871
Sub-ordinated loans	9	<b>6,488,600</b>	6,489,300
Liabilities against assets subject to finance lease		—	—
Deferred tax liabilities		<b>1,731,845</b>	1,933,584
Other liabilities		<b>7,130,102</b>	5,479,743
		<b>424,292,685</b>	429,174,744
<b>NET ASSETS</b>			
		<b>21,670,631</b>	23,930,795
<b>REPRESENTED BY :</b>			
Share capital		<b>10,103,868</b>	10,103,868
Reserves		<b>6,708,365</b>	6,464,546
Unappropriated profit		<b>2,509,300</b>	4,606,290
		<b>19,321,533</b>	21,174,704
Surplus on revaluation of assets - net of tax	10	<b>2,349,098</b>	2,756,091
		<b>21,670,631</b>	23,930,795
<b>CONTINGENCIES AND COMMITMENTS</b>			
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The annexed notes 1 to 20 form an integral part of these interim condensed financial statements.

SYED MAZHAR ABBAS  
*Director*

ABBAS D. HABIB  
*Chief Executive and  
Managing Director*

SHAMEEM AHMED  
*Director*

ANWAR HAJI KARIM  
*Director*



**Interim Condensed Profit and Loss Account (Un-Audited)  
For the Three Months Period Ended 31 March 2013**

		<b>Three months period ended</b>	
		<b>31-March 2013</b>	<b>31-March 2012</b>
	Note	(Rupees in '000)	
Mark-up / return / interest earned	12	<b>9,684,628</b>	10,537,888
Mark-up / return / interest expensed	13	<b>(6,156,496)</b>	(6,789,891)
Net mark-up / return / interest income		<b>3,528,132</b>	3,747,997
Provision against non-performing loans and advances		<b>(162,098)</b>	(269,178)
Provision for diminution in the value of investments		—	—
Bad debts written-off directly		—	—
		<b>(162,098)</b>	(269,178)
Net mark-up / return / interest income after provisions		<b>3,366,034</b>	3,478,819
<b>NON MARK-UP / INTEREST INCOME</b>			
Fees, commission and brokerage income		<b>417,967</b>	370,674
Dividend income		<b>61,614</b>	91,490
Income from dealing in foreign currencies		<b>129,625</b>	121,922
Gain on sale / redemption of securities - net		<b>61,455</b>	3
Unrealised gain / (loss) on revaluation of investments classified as held for trading		—	—
Other income		<b>130,736</b>	108,620
Total non mark-up / interest income		<b>801,397</b>	692,709
		<b>4,167,431</b>	4,171,528
<b>NON MARK-UP / INTEREST EXPENSES</b>			
Administrative expenses		<b>(2,362,049)</b>	(2,109,210)
Other provisions / write-offs		<b>(10,372)</b>	—
Other charges		<b>(35,373)</b>	(45,357)
Total non mark-up / interest expenses		<b>(2,407,794)</b>	(2,154,567)
		<b>1,759,637</b>	2,016,961
Extra-ordinary / unusual items		—	—
<b>PROFIT BEFORE TAXATION</b>		<b>1,759,637</b>	2,016,961
Taxation - Current		<b>(605,748)</b>	(784,821)
- Prior years		—	—
- Deferred		<b>2,159</b>	(21,460)
		<b>(603,589)</b>	(806,281)
<b>PROFIT AFTER TAXATION</b>		<b>1,156,048</b>	1,210,680
<b>Basic and diluted earnings per share – Rupees</b>	14	<b>1.14</b>	1.20

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

SYED MAZHAR ABBAS  
*Director*

ABBAS D. HABIB  
*Chief Executive and  
Managing Director*

SHAMEEM AHMED  
*Director*

ANWAR HAJI KARIM  
*Director*



**Interim Condensed Statement of Comprehensive Income (Un-Audited)  
For the Three Months Period Ended 31 March 2013**

	<b>Three months period ended</b>	
	<b>31-March 2013</b>	<b>31-March 2012</b>
	(Rupees in '000)	
<b>Net profit for the period</b>	<b>1,156,048</b>	<b>1,210,680</b>
<b>Other comprehensive income</b>		
Effect of foreign currency translation of net investment in foreign branch	<b>12,609</b>	<b>5,410</b>
<b>Total comprehensive income for the period</b>	<b>1,168,657</b>	<b>1,216,090</b>

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

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*Director*



**Interim Condensed Statement of Changes in Equity (Un-Audited)  
For the Three Months Period Ended 31 March 2013**

	Share Capital	Statutory Reserve	Revenue Reserves Special Reserve	General Reserve	Foreign Currency Translation Reserve	Unapp- ropriated Profit	Total
(Rupees in '000)							
Balance as at 01 January 2012	8,785,972	4,540,869	126,500	540,000	117,320	3,726,098	17,836,759
Total comprehensive income for the period	-	-	-	-	5,410	1,210,680	1,216,090
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	9,357	9,357
Transfer to statutory reserve	-	242,136	-	-	-	(242,136)	-
Cash dividend (Rs. 2.5 per share)	-	-	-	-	-	(2,196,493)	(2,196,493)
Issue of bonus shares in the ratio of 15 shares for every 100 shares held	1,317,896	-	-	-	-	(1,317,896)	-
Balance as at 31 March 2012	10,103,868	4,783,005	126,500	540,000	122,730	1,189,610	16,865,713
Total comprehensive income for the period	-	-	-	-	45,144	4,235,834	4,280,978
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	28,013	28,013
Transfer to statutory reserve	-	847,167	-	-	-	(847,167)	-
Balance as at 31 December 2012	10,103,868	5,630,172	126,500	540,000	167,874	4,606,290	21,174,704
Total comprehensive income for the period	-	-	-	-	12,609	1,156,048	1,168,657
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	9,332	9,332
Transfer to statutory reserve	-	231,210	-	-	-	(231,210)	-
Cash dividend (Rs. 3 per share)	-	-	-	-	-	(3,031,160)	(3,031,160)
Balance as at 31 March 2013	10,103,868	5,861,382	126,500	540,000	180,483	2,509,300	19,321,533

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

**SYED MAZHAR ABBAS**  
*Director*

**ABBAS D. HABIB**  
*Chief Executive and  
Managing Director*

**SHAMEEM AHMED**  
*Director*

**ANWAR HAJI KARIM**  
*Director*



**Interim Condensed Cash Flow Statement (Un-Audited)  
For the Three Months Period Ended 31 March 2013**

	Note	31-March 2013 (Rupees in '000)	31-March 2012
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		1,759,637	2,016,961
Dividend income		(61,614)	(91,490)
		<b>1,698,023</b>	<b>1,925,471</b>
Adjustments for non-cash items:			
Depreciation		213,294	197,192
Amortisation		12,131	7,340
Provision against non-performing loans and advances		162,098	269,178
Gain on sale / redemption of securities		(61,455)	(3)
Provision for defined benefit plan		30,000	30,000
Provision for compensated absences		5,055	6,130
Gain on sale of operating fixed assets		(20,219)	(16,053)
Provision against off-balance sheet items		10,372	-
		<b>351,276</b>	<b>493,784</b>
		<b>2,049,299</b>	<b>2,419,255</b>
Decrease / (increase) in operating assets			
Lendings to financial institutions		993,981	-
Advances		5,608,667	(11,300,668)
Other assets		957,394	821,400
		<b>7,560,042</b>	<b>(10,479,268)</b>
(Decrease) / increase in operating liabilities			
Bills payable		(18,603)	(120,667)
Borrowings		(13,199,983)	(2,139,658)
Deposits and other accounts		5,896,955	11,766,205
Other liabilities (excluding provision for taxation)		(168,170)	256,043
		<b>(7,489,801)</b>	<b>9,761,923</b>
		<b>2,119,540</b>	<b>1,701,910</b>
Income tax paid		(644,736)	(458,276)
Net cash flow from operating activities		<b>1,474,804</b>	<b>1,243,634</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investments in available for sale securities		(11,639,309)	(17,109,674)
Net investments in held to maturity securities		5,185,634	15,073,756
Dividend received		33,559	63,272
Investments in operating fixed assets		(226,708)	(176,086)
Sale proceeds of operating fixed assets		23,059	17,286
Net cash used in investing activities		<b>(6,623,765)</b>	<b>(2,131,446)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Payments of sub-ordinated loans		(700)	(449,532)
Dividend paid		(1,219,076)	(208,349)
Net cash used in financing activities		<b>(1,219,776)</b>	<b>(657,881)</b>
Exchange adjustment on translation of net investment in foreign branch		12,609	5,410
Decrease in cash and cash equivalents		<b>(6,356,128)</b>	<b>(1,540,283)</b>
Cash and cash equivalents at the beginning of the period		<b>37,209,056</b>	<b>29,652,920</b>
Cash and cash equivalents at the end of the period	15	<b>30,852,928</b>	<b>28,112,637</b>

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

SYED MAZHAR ABBAS  
Director

ABBAS D. HABIB  
Chief Executive and  
Managing Director

SHAMEEM AHMED  
Director

ANWAR HAJI KARIM  
Director





## **Notes to the Interim Condensed Financial Statements (Un-Audited) For the Three Months Period Ended 31 March 2013**

### **1. STATUS AND NATURE OF BUSINESS**

Bank AL Habib Limited (the Bank) was incorporated in Pakistan on 15 October 1991 as a public limited company under the Companies Ordinance, 1984 having its registered office at 126-C, Old Bahawalpur Road, Multan with principal place of business in Karachi. Its shares are listed on all the Stock Exchanges in Pakistan. It is a scheduled bank principally engaged in the business of commercial banking with a network of 311 branches (31 December 2012: 308 branches), 84 sub-branches (31 December 2012: 82) and 02 representative offices (31 December 2012: 02). The branch network of the Bank includes a wholesale branch in the Kingdom of Bahrain (31 December 2012: 01), a branch in Karachi Export Processing Zone (31 December 2012: 01) and 14 Islamic Banking branches (31 December 2012: 13).

### **2. STATEMENT OF COMPLIANCE**

- 2.1 These interim condensed financial statements have been prepared, in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting', provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and regulations / directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). In case where requirements differ, the provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.
- 2.2 SBP vide BSD Circular No. 10, dated 26 August 2002 has deferred the applicability of IAS 39, "Financial Instruments: Recognition and Measurement" and IAS 40, "Investment Property" for banking companies till further instructions. Further, according to the notification of SECP dated 28 April 2008, International Financial Reporting Standard (IFRS) - 7 "Financial Instruments: Disclosure" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified, accounted for and valued in accordance with the requirement of various circulars issued by SBP.
- 2.3 The disclosures made in these interim condensed financial statements have been limited based on the format prescribed by SBP vide BSD Circular Letter No. 2, dated 12 May 2004 and IAS 34 "Interim Financial Reporting" and do not include all the information required in the annual financial statements. Accordingly, these interim condensed financial statements should be read in conjunction with the annual financial statements of the Bank for the year ended 31 December 2012.
- 2.4 These are separate interim condensed financial statements of the Bank in which investments in subsidiary and associates are reported on the basis of direct equity interest and are not consolidated or accounted for by using equity method of accounting.

### **3. ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of these interim condensed financial statements are consistent with those applied in the preparation of the annual financial statements of the Bank for the year ended 31 December 2012.



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)					
<b>4. INVESTMENTS</b>						
<i>Available for Sale Securities</i>						
Market Treasury Bills	139,145,864	36,557,787	175,703,651	114,006,833	50,291,508	164,298,341
Pakistan Investment Bonds	13,466,853	—	13,466,853	13,446,569	—	13,446,569
Foreign Currency Bonds	1,132,561	—	1,132,561	1,108,499	—	1,108,499
Sukuks	3,430,587	—	3,430,587	3,508,008	—	3,508,008
Ordinary shares of listed companies	825,575	—	825,575	265,972	—	265,972
Ordinary shares of unlisted companies	39,570	—	39,570	39,570	—	39,570
Listed term finance certificates	621,755	—	621,755	502,829	—	502,829
Unlisted term finance certificates	532,820	—	532,820	532,820	—	532,820
Open ended mutual funds	1,175,000	—	1,175,000	1,525,000	—	1,525,000
	<b>160,370,585</b>	<b>36,557,787</b>	<b>196,928,372</b>	<b>134,936,100</b>	<b>50,291,508</b>	<b>185,227,608</b>
<i>Held to Maturity Securities</i> 4.1						
Market Treasury Bills	43,620,260	—	43,620,260	48,660,340	—	48,660,340
Pakistan Investment Bonds	12,544,326	—	12,544,326	12,503,552	—	12,503,552
Sukuks	226,387	—	226,387	229,705	—	229,705
Listed term finance certificates	105,588	—	105,588	246,931	—	246,931
Unlisted term finance certificates	—	—	—	41,667	—	41,667
	<b>56,496,561</b>	<b>—</b>	<b>56,496,561</b>	<b>61,682,195</b>	<b>—</b>	<b>61,682,195</b>
<i>Associates</i>						
Habib Sugar Mills Limited	180,977	—	180,977	180,977	—	180,977
Habib Asset Management Limited	33,750	—	33,750	33,750	—	33,750
First Habib Income Fund	550,000	—	550,000	550,000	—	550,000
First Habib Stock Fund	50,000	—	50,000	50,000	—	50,000
First Habib Cash Fund	300,000	—	300,000	300,000	—	300,000
First Habib Islamic Balanced Fund	25,000	—	25,000	25,000	—	25,000
	<b>1,139,727</b>	<b>—</b>	<b>1,139,727</b>	<b>1,139,727</b>	<b>—</b>	<b>1,139,727</b>
<i>Subsidiary</i>						
AL Habib Capital Markets (Private) Limited	200,000	—	200,000	200,000	—	200,000
<b>Investments at cost</b>	<b>218,206,873</b>	<b>36,557,787</b>	<b>254,764,660</b>	<b>197,958,022</b>	<b>50,291,508</b>	<b>248,249,530</b>
Provision for diminution in the value of investments	(5,700)	—	(5,700)	(5,700)	—	(5,700)
<b>Investments (net of provisions)</b>	<b>218,201,173</b>	<b>36,557,787</b>	<b>254,758,960</b>	<b>197,952,322</b>	<b>50,291,508</b>	<b>248,243,830</b>
Surplus / (defecit) on revaluation of available for sale investments - net	915,869	(2,864)	913,005	1,419,923	90,322	1,510,245
<b>Investments after revaluation of available for sale investments</b>	<b>219,117,042</b>	<b>36,554,923</b>	<b>255,671,965</b>	<b>199,372,245</b>	<b>50,381,830</b>	<b>249,754,075</b>

4.1 The aggregate market value of held to maturity securities as at 31 March 2013 amounts to Rs. 57,303 (31 December 2012: 62,824) million.



	31-March 2013 (Un-Audited) (Rupees in '000)	31-December 2012 (Audited)
Note		
<b>5. ADVANCES</b>		
Loans, cash credits, running finances, etc.		
In Pakistan	120,646,482	130,503,697
Outside Pakistan	10,016,125	8,203,074
	<b>130,662,607</b>	<b>138,706,771</b>
Net investment in finance lease / ijarah financing		
In Pakistan	534,470	501,124
Outside Pakistan	—	—
	<b>534,470</b>	<b>501,124</b>
Bills discounted and purchased (excluding market treasury bills)		
Payable in Pakistan	2,189,085	1,924,843
Payable outside Pakistan	14,468,704	12,329,922
	<b>16,657,789</b>	<b>14,254,765</b>
Advances - gross	<b>147,854,866</b>	<b>153,462,660</b>
Provision against non-performing loans and advances		
Specific provision	5.1 (3,225,485)	(3,062,933)
General provision against consumer advances (as per SBP regulations)	5.2 (31,478)	(31,059)
General provision	5.3 (2,500,000)	(2,500,000)
	<b>(5,756,963)</b>	<b>(5,593,992)</b>
Advances - net of provisions	<b>142,097,903</b>	<b>147,868,668</b>

5.1 Advances include Rs. 3,798.685 (31 December 2012: Rs. 3,705.730) million which have been placed under non-performing status as detailed below:

31-March 2013 (Un-Audited)									
Category of classification	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)								
Substandard	6,425	307,966	314,391	1,607	76,992	78,599	1,607	76,992	78,599
Doubtful	451,250	94,035	545,285	225,625	47,017	272,642	225,625	47,017	272,642
Loss	2,937,700	1,309	2,939,009	2,872,935	1,309	2,874,244	2,872,935	1,309	2,874,244
	<b>3,395,375</b>	<b>403,310</b>	<b>3,798,685</b>	<b>3,100,167</b>	<b>125,318</b>	<b>3,225,485</b>	<b>3,100,167</b>	<b>125,318</b>	<b>3,225,485</b>



Category of classification	31-December 2012 (Audited)								
	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)								
Substandard	379,505	92,802	472,307	94,876	23,200	118,076	94,876	23,200	118,076
Doubtful	83,246	-	83,246	41,626	-	41,626	41,626	-	41,626
Loss	3,148,885	1,292	3,150,177	2,901,939	1,292	2,903,231	2,901,939	1,292	2,903,231
	<u>3,611,636</u>	<u>94,094</u>	<u>3,705,730</u>	<u>3,038,441</u>	<u>24,492</u>	<u>3,062,933</u>	<u>3,038,441</u>	<u>24,492</u>	<u>3,062,933</u>

5.2 The Bank has made general provision for consumer portfolio as required by the SBP's Prudential Regulations amounting to Rs. 31.478 (31 December 2012: Rs. 31.059) million.

5.3 In line with its prudent policies, the Bank has also made general provision of Rs. 2,500 (31 December 2012: Rs. 2,500) million against its loans and advances portfolio. This general provision is in addition to the requirements of the Prudential Regulations.

**Three months period ended**  
**31-March 2013**      **31-March 2012**  
(Un-Audited)  
(Rupees in '000)

**6. OPERATING FIXED ASSETS**

**6.1 Additions during the period - at cost:**

Leasehold land	-	391
Buildings on leasehold land	<b>30,070</b>	30,941
Improvements to leasehold buildings	<b>42,168</b>	21,425
Furniture and fixtures	<b>11,313</b>	3,507
Electrical, office and computer equipments	<b>48,113</b>	42,122
Vehicles	<b>57,018</b>	2,171
Intangible assets	<b>16,254</b>	2,321
	<u><b>204,936</b></u>	<u>102,878</u>

**6.2 Deletions during the period - at cost:**

Furniture and fixtures	<b>4,721</b>	888
Electrical, office and computer equipments	<b>32,702</b>	7,703
Vehicles	<b>26,595</b>	18,733
	<u><b>64,018</b></u>	<u>27,324</u>



	31-March 2013 (Un-Audited)	31-December 2012 (Audited)
(Rupees in '000)		
<b>7. BORROWINGS</b>		
<b>Secured</b>		
Borrowings from State Bank of Pakistan		
Export refinance scheme	14,334,935	14,138,447
Long term financing for export oriented projects	318,518	369,695
Long term financing for imported and locally manufactured plant and machinery	2,472,631	3,015,612
Financing facility for storage of agricultural produce	112,028	47,703
	17,238,112	17,571,457
Repurchase agreement borrowings	36,526,080	50,331,048
	53,764,192	67,902,505
<b>Unsecured</b>		
Overdrawn nostros	991,652	—
Borrowings from financial institutions	2,657,880	1,719,550
	3,649,532	1,719,550
	57,413,724	69,622,055
<b>8. DEPOSITS AND OTHER ACCOUNTS</b>		
<b>Customers</b>		
Fixed deposits	89,120,451	96,079,552
Savings deposits	112,399,904	105,561,063
Current accounts - Remunerative	34,335,490	29,061,770
Current accounts - Non-remunerative	106,376,151	104,284,355
	342,231,996	334,986,740
<b>Financial institutions</b>		
Remunerative deposits	3,714,594	4,949,283
Non-remunerative deposits	343,236	456,848
	4,057,830	5,406,131
	346,289,826	340,392,871



	<b>31-March</b>	<b>31-December</b>
	<b>2013</b>	<b>2012</b>
	<b>(Un-Audited)</b>	<b>(Audited)</b>
Note	(Rupees in '000)	

## 9. SUB-ORDINATED LOANS - unsecured

Term Finance Certificates (TFCs) - II - (Quoted)	9.1	<b>1,496,400</b>	1,496,700
Term Finance Certificates (TFCs) - III - (Unquoted)	9.2	<b>1,994,000</b>	1,994,400
Term Finance Certificates (TFCs) - IV - (Unquoted)	9.3	<b>2,998,200</b>	2,998,200
		<b>6,488,600</b>	6,489,300

### 9.1 Term Finance Certificates - II (Quoted)

Total issue	Rupees 1,500 million
Rating	<b>AA</b>
Rate	Payable six monthly at average six months' KIBOR plus 1.95% without any floor and cap
Redemption	6 - 84th month: 0.28%; 90th and 96th month: 49.86% each
Tenor	8 years
Maturity	February 2015

### 9.2 Term Finance Certificates - III (Unquoted)

Total issue	Rupees 2,000 million
Rating	<b>AA</b>
Rate	Payable three monthly at 15.50% p.a. for first 5 years and 16.00% p.a. for next 3 years
Redemption	3rd - 84th month: 0.56%; 87th, 90th, 93rd and 96th month: 24.86% each
Tenor	8 years
Maturity	June 2017

### 9.3 Term Finance Certificates - IV (Unquoted)

Total issue	Rupees 3,000 million
Rating	<b>AA</b>
Rate	Payable six monthly at 15.00% p.a. for first 5 years and 15.50% p.a. for next 5 years
Redemption	6th - 108th month: 0.36%; 114th and 120th month: 49.82% each
Tenor	10 years
Maturity	June 2021



		<b>31-March 2013 (Un-Audited) (Rupees in '000)</b>	<b>31-December 2012 (Audited) (Rupees in '000)</b>
	Note		
<b>10. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>			
Operating fixed assets	10.1	<b>1,750,908</b>	1,760,240
Available for sale investments	10.2	<b>598,190</b>	995,851
		<b>2,349,098</b>	2,756,091
<b>10.1 Operating fixed assets</b>			
Surplus on revaluation of land and buildings		<b>2,361,952</b>	2,376,309
Related deferred tax liability		<b>(611,044)</b>	(616,069)
		<b>1,750,908</b>	1,760,240
<b>10.2 Available for sale investments</b>			
Federal Government Securities		<b>825,128</b>	1,386,550
Fully paid-up ordinary shares		<b>(12,896)</b>	21,123
Term finance certificates, sukuks and bonds		<b>(5,478)</b>	941
Open ended mutual funds		<b>106,251</b>	101,631
		<b>913,005</b>	1,510,245
Related deferred tax liability		<b>(314,815)</b>	(514,394)
		<b>598,190</b>	995,851



**31-March 2013**  
**(Un-Audited)**  
(Rupees in '000)

**31-December 2012**  
**(Audited)**

## 11. CONTINGENCIES AND COMMITMENTS

### 11.1 Direct Credit Substitutes

Financial institutions	<b>297,291</b>	166,232
Others	<b>358,402</b>	348,728
	<b>655,693</b>	514,960

### 11.2 Transaction-related Contingent Liabilities

Government	<b>9,775,935</b>	9,446,751
Financial institutions	<b>194,125</b>	68,497
Others	<b>6,892,920</b>	6,279,180
	<b>16,862,980</b>	15,794,428

### 11.3 Trade-related Contingent Liabilities

Letters of credit	<b>49,698,504</b>	50,183,933
Acceptances	<b>7,282,803</b>	8,647,034
	<b>56,981,307</b>	58,830,967

### 11.4 Other Contingencies

The income tax returns of the Bank have been submitted upto and including the Bank's financial year 2011. The income tax assessments of the Bank have been made by the tax authorities upto and including the assessment / tax year 2012.

For tax years, 2005 to 2008, the CIT Appeals has passed appellate orders by disallowing certain expenses / deductions (including bad debts written-off, improvement in leasehold premises, provision against non-performing loans and advances) having an aggregate tax impact (net of provision) of Rs. 44.256 (31 December 2012: Rs. 44.256) million. The Bank has preferred an appeal before ITAT against the above referred orders of the CIT Appeals.

The management, based on the opinion of its tax advisor, is confident about the favourable outcome of the above matters and hence, no additional provision has been considered necessary in these interim condensed financial statements.





	<b>31-March 2013 (Un-Audited)</b>	<b>31-December 2012 (Audited)</b>
	(Rupees in '000)	
<b>11.5 Commitments in respect of forward lending</b>		
Commitments to extend credit	<u><b>403,832</b></u>	<u>472,257</u>
<b>11.6 Commitments in respect of forward exchange contracts</b>		
Purchase	<u><b>17,700,717</b></u>	<u>15,272,338</u>
Sale	<u><b>12,758,377</b></u>	<u>16,888,512</u>
<b>11.7 Commitments for the acquisition of operating fixed assets</b>	<u><b>191,278</b></u>	<u>146,070</u>
	<b>Three months period ended</b>	
	<b>31-March 2013 (Un-Audited)</b>	<b>31-March 2012</b>
	(Rupees in '000)	
<b>12. MARK-UP / RETURN / INTEREST EARNED</b>		
On loans and advances to:		
Customers	<b>3,366,105</b>	3,375,328
Financial institutions	<u><b>22,134</b></u>	<u>25,353</u>
	<u><b>3,388,239</b></u>	<u>3,400,681</u>
On investments:		
Available for sale securities	<b>4,571,249</b>	3,142,353
Held to maturity securities	<u><b>1,691,339</b></u>	<u>3,956,331</u>
	<u><b>6,262,588</b></u>	<u>7,098,684</u>
On deposits with financial institutions	<b>17,974</b>	14,602
On securities purchased under resale agreements	<b>15,236</b>	23,534
On call money lendings	<u><b>591</b></u>	<u>387</u>
	<u><b>9,684,628</b></u>	<u>10,537,888</u>



### Three months period ended

31-March 2013	31-March 2012
(Un-Audited)	
(Rupees in '000)	

#### 13. MARK-UP / RETURN / INTEREST EXPENSED

Deposits	4,473,127	4,881,173
Sub-ordinated loans	232,333	256,023
Repurchase agreement borrowings	999,377	1,079,626
Borrowings from SBP	362,646	380,298
Others	89,013	192,771
	<u>6,156,496</u>	<u>6,789,891</u>

#### 14. BASIC AND DILUTED EARNINGS PER SHARE

Profit after taxation	<u>1,156,048</u>	<u>1,210,680</u>
	(Number)	
Weighted average number of ordinary shares	<u>1,010,386,742</u>	<u>1,010,386,742</u>
	(Rupees)	
Basic and diluted earnings per share	<u>1.14</u>	<u>1.20</u>

### Three months period ended

31-March 2013	31-March 2012
(Un-Audited)	
(Rupees in '000)	

#### 15. CASH AND CASH EQUIVALENTS

Cash and balances with treasury banks	26,372,824	23,040,988
Balances with other banks	5,471,756	9,161,939
Overdrawn nostros	(991,652)	(4,090,290)
	<u>30,852,928</u>	<u>28,112,637</u>

#### 16. RELATED PARTY TRANSACTIONS

Related parties of the Bank comprise subsidiary, associates (including entities having directors in common with the Bank), retirement benefit funds, major shareholders, directors and key management personnel and their close family members.

Transactions with related parties are carried out on an arm's length basis in terms of the policy as approved by the Board of Directors. The transactions with employees of the Bank are carried out in accordance with the terms of their employment.



Transactions with related parties during the period, are summarised as follows:

31-March 2013 (Un-Audited)						
	Subsidiary	Associates	Non Executive Directors	Key Management Personnel	Retirement Benefit Funds	Total
	(Rupees in '000)					
Deposits						
At the beginning of the period	6,320	1,691,582	146,594	294,767	151,603	2,290,866
Placements during the period	849,060	26,978,469	330,142	427,380	794,051	29,379,102
Withdrawals during the period	(832,578)	(27,546,869)	(226,929)	(308,384)	(802,089)	(29,716,849)
At the end of the period	22,802	1,123,182	249,807	413,763	143,565	1,953,119
Advances						
At the beginning of the period	7,166	1,615,380	351	28,605	-	1,651,502
Given during the period	2,956,670	2,458,412	1,025	5,246	-	5,421,353
Repaid during the period	(2,952,177)	(2,472,770)	(807)	(6,777)	-	(5,432,531)
At the end of the period	11,659	1,601,022	569	27,074	-	1,640,324
Investments						
At the beginning of the period	200,000	1,139,727	-	-	-	1,339,727
Investment made during the period	-	-	-	-	-	-
Redeemed during the period	-	-	-	-	-	-
At the end of the period	200,000	1,139,727	-	-	-	1,339,727
Contingencies and commitments	-	457,875	-	-	-	457,875
31-December 2012 (Audited)						
	Subsidiary	Associates	Non Executive Directors	Key Management Personnel	Retirement Benefit Funds	Total
	(Rupees in '000)					
Deposits						
At the beginning of the year	1,494	1,438,356	86,815	275,992	118,882	1,921,539
Placements during the year	429,868	75,338,485	631,362	1,169,514	7,365,961	84,935,190
Withdrawals during the year	(425,042)	(75,085,259)	(571,583)	(1,150,739)	(7,333,240)	(84,565,863)
At the end of the year	6,320	1,691,582	146,594	294,767	151,603	2,290,866
Advances						
At the beginning of the year	9,380	1,404,261	426	30,252	-	1,444,319
Given during the year	3,158,394	16,218,504	2,976	41,608	-	19,421,482
Repaid during the year	(3,160,608)	(16,007,385)	(3,051)	(43,255)	-	(19,214,299)
At the end of the year	7,166	1,615,380	351	28,605	-	1,651,502
Investments						
At the beginning of the year	200,000	914,727	-	-	-	1,114,727
Investment made during the year	-	225,000	-	-	-	225,000
Redeemed during the year	-	-	-	-	-	-
At the end of the year	200,000	1,139,727	-	-	-	1,339,727
Contingencies and commitments	-	532,693	-	-	-	532,693



Three months period ended 31-March 2013 (Un-Audited)

	Subsidiary	Associates	Non Executive Directors	Key Management Personnel	Retirement Benefit Funds	Total
			(Rupees in '000)			
Purchase of fixed assets	–	536	–	–	–	536
Mark-up earned	412	37,212	–	375	–	37,999
Mark-up expensed	106	17,310	1,719	3,814	4,443	27,392
Bank charges and commission	–	1,319	15	20	–	1,354
Salaries and allowances	–	–	–	42,841	–	42,841
Bonus	–	–	–	8,135	–	8,135
Contribution to defined contribution plan	–	–	–	1,855	–	1,855
Contribution to defined benefit plan	–	–	–	2,139	–	2,139
Staff provident fund	–	–	–	–	39,736	39,736
Staff gratuity fund	–	–	–	–	30,000	30,000
Directors' fee	–	–	400	–	–	400
Insurance claim received	–	3,048	–	–	–	3,048
Insurance premium paid	–	33,681	–	–	–	33,681
Dividend income	–	23,605	–	–	–	23,605
Rental income	811	–	–	–	–	811
Commission expensed	273	–	–	–	–	273
Other expensed	180	–	–	–	–	180
Other income	125	–	–	–	–	125

Three months period ended 31-March 2012 (Un-Audited)

	Subsidiary	Associates	Non Executive Directors	Key Management Personnel	Retirement Benefit Funds	Total
			(Rupees in '000)			
Purchase of fixed assets	–	551	–	–	–	551
Mark-up earned	204	50,184	–	410	–	50,798
Mark-up expensed	154	15,759	1,322	4,132	4,073	25,440
Bank charges and commission	–	998	2	12	–	1,012
Salaries and allowances	–	–	–	35,953	–	35,953
Bonus	–	–	–	7,333	–	7,333
Contribution to defined contribution plan	–	–	–	1,474	–	1,474
Contribution to defined benefit plan	–	–	–	873	–	873
Staff provident fund	–	–	–	–	33,619	33,619
Staff gratuity fund	–	–	–	–	30,000	30,000
Directors' fee	–	–	600	–	–	600
Insurance claim received	–	3,326	–	–	–	3,326
Insurance premium paid	–	34,435	–	–	–	34,435
Dividend income	–	40,463	–	–	–	40,463
Rental income	737	–	–	–	–	737
Commission expensed	81	–	–	–	–	81
Other expensed	–	–	–	–	–	–
Other income	–	–	–	–	–	–



## 17. ISLAMIC BANKING BUSINESS

The Bank is operating 14 (31 December 2012: 13) Islamic Banking branches in Pakistan. The statement of financial position of these branches as at 31 March 2013 is as follows:

	31-March 2013 (Un-Audited) Note	31-December 2012 (Audited) (Rupees in '000)
<b>ASSETS</b>		
Cash and balances with treasury banks	345,521	322,418
Balances with and due from financial institutions	5,912	2,786
Investments	1,536,621	1,573,586
Islamic financing and related assets	17.1 7,764,911	7,698,981
Operating fixed assets	43,824	41,123
Other assets	195,012	254,653
	<b>9,891,801</b>	<b>9,893,547</b>
<b>LIABILITIES</b>		
Bills payable	36,848	44,896
Due to financial institutions	1,310,998	1,081,647
Deposits and other accounts	6,501,316	6,824,034
– Current accounts	1,355,439	1,469,285
– Saving accounts	876,698	713,014
– Term deposits	4,159,466	3,981,713
– Others	95,045	58,863
– Deposits from financial institutions-remunerative	14,044	600,625
– Deposits from financial institutions-non-remunerative	624	534
Due to Head office	680,000	360,000
Other liabilities	343,050	315,081
	<b>(8,872,212)</b>	<b>(8,625,658)</b>
<b>NET ASSETS</b>	<b>1,019,589</b>	<b>1,267,889</b>
<b>REPRESENTED BY:</b>		
Islamic banking fund	950,000	950,000
Unremitted profit	66,309	310,177
	<b>1,016,309</b>	<b>1,260,177</b>
Surplus on revaluation of assets	3,280	7,712
	<b>1,019,589</b>	<b>1,267,889</b>



	<b>31-March 2013 (Un-Audited)</b>	<b>31-December 2012 (Audited)</b>
	(Rupees in '000)	
<b>17.1 Islamic financing and related assets</b>		
Murabaha	<b>2,191,412</b>	3,125,006
Ijarah	<b>3,850</b>	3,926
Net book value of assets / investments in ijarah under IFAS 2	<b>279,286</b>	307,173
Diminishing musharika	<b>2,836,813</b>	2,851,554
Export refinance murabaha	<b>234,407</b>	81,600
Export refinance istisna	<b>1,098,691</b>	1,000,047
Istisna	<b>756,913</b>	44,644
Gross financing	<b>7,401,372</b>	7,413,950
Less: general provisioning against consumer financing	<b>(149)</b>	(231)
Net financing	<b>7,401,223</b>	7,413,719
Advance against murabaha	<b>358,435</b>	277,979
Advance against ijarah	<b>5,253</b>	7,283
Islamic financing and related assets - net off provision	<b>7,764,911</b>	7,698,981
<b>17.1.1 Islamic financing and related assets</b>		
Financings / inventory / receivables	<b>7,401,372</b>	7,413,950
Advances	<b>363,688</b>	285,262
Less: general provisioning against consumer financing	<b>(149)</b>	(231)
	<b>7,764,911</b>	7,698,981



## 18. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activity is as follows:

Three months period ended 31-March 2013 (Un-Audited)			
	Retail Banking	Commercial Banking	Inter Segment Elimination
	(Rupees in '000)		
Total income	4,624,521	9,749,347	(3,887,843)
Total expenses	(4,104,236)	(8,509,995)	3,887,843
Net income	520,285	1,239,352	–
As of 31-March 2013 (Un-Audited)			
	(Rupees in '000)		
Segment assets	319,025,659	429,142,917	(302,205,260)
Segment liabilities	317,597,912	408,900,033	(302,205,260)
Three months period ended 31-March 2012 (Un-Audited)			
	Retail Banking	Commercial Banking	Inter Segment Elimination
	(Rupees in '000)		
Total income	4,732,513	10,590,970	(4,092,886)
Total expenses	(4,235,401)	(9,071,121)	4,092,886
Net income	497,112	1,519,849	–
As of 31-March 2012 (Un-Audited)			
	(Rupees in '000)		
Segment assets	268,390,792	389,820,481	(259,359,850)
Segment liabilities	267,468,071	371,985,052	(259,359,850)

## 19. GENERAL

19.1 Figures have been rounded off to the nearest thousand rupees.

19.2 Corresponding figures have been re-arranged / re-classified wherever necessary, for the purpose of comparison.

## 20. DATE OF AUTHORISATION

These interim condensed financial statements were authorised for issue by the Board of Directors in their meeting held on April 24, 2013.

SYED MAZHAR ABBAS  
*Director*

ABBAS D. HABIB  
*Chief Executive and  
Managing Director*

SHAMEEM AHMED  
*Director*

ANWAR HAJI KARIM  
*Director*



## **Consolidated Financial Statements**

Bank AL Habib Limited

and

Subsidiary Company





**Consolidated Interim Condensed Statement of Financial Position  
As at 31 March 2013**

		<b>31-March 2013 (Un-Audited)</b>	<b>31-December 2012 (Audited)</b>
	Note	(Rupees in '000)	
<b>ASSETS</b>			
Cash and balances with treasury banks		<b>26,372,843</b>	27,464,345
Balances with other banks		<b>5,473,886</b>	9,747,248
Lendings to financial institutions		—	993,981
Investments	4	<b>255,854,099</b>	249,923,504
Advances	5	<b>142,087,776</b>	147,859,828
Operating fixed assets	6	<b>11,211,345</b>	11,211,423
Deferred tax assets		—	—
Other assets		<b>5,220,730</b>	6,153,613
		<b>446,220,679</b>	453,353,942
<b>LIABILITIES</b>			
Bills payable		<b>5,238,588</b>	5,257,191
Borrowings	7	<b>57,413,724</b>	69,622,055
Deposits and other accounts	8	<b>346,267,788</b>	340,386,558
Sub-ordinated loans	9	<b>6,488,600</b>	6,489,300
Liabilities against assets subject to finance lease		—	—
Deferred tax liabilities		<b>1,728,311</b>	1,929,441
Other liabilities		<b>7,156,106</b>	5,490,982
		<b>424,293,117</b>	429,175,527
<b>NET ASSETS</b>			
		<b>21,927,562</b>	24,178,415
<b>REPRESENTED BY :</b>			
Share capital		<b>10,103,868</b>	10,103,868
Reserves		<b>6,708,365</b>	6,464,546
Unappropriated profit		<b>2,620,743</b>	4,715,225
<b>Equity attributable to the shareholders of the Holding company</b>			
		<b>19,432,976</b>	21,283,639
Non-controlling interest		<b>106,940</b>	106,753
<b>Total equity</b>		<b>19,539,916</b>	21,390,392
Surplus on revaluation of assets - net of tax	10	<b>2,387,646</b>	2,788,023
		<b>21,927,562</b>	24,178,415
<b>CONTINGENCIES AND COMMITMENTS</b>			
	11		

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

SYED MAZHAR ABBAS  
*Director*

ABBAS D. HABIB  
*Chief Executive and  
Managing Director*

SHAMEEM AHMED  
*Director*

ANWAR HAJI KARIM  
*Director*



**Consolidated Interim Condensed Profit and Loss Account (Un-Audited)  
For the Three Months Period Ended 31 March 2013**

		<b>Three months period ended</b>	
		<b>31-March 2013</b>	<b>31-March 2012</b>
	Note	(Rupees in '000)	
Mark-up / return / interest earned	12	<b>9,684,219</b>	10,542,933
Mark-up / return / interest expensed	13	<b>(6,156,389)</b>	(6,789,737)
Net mark-up / return / interest income		<b>3,527,830</b>	3,753,196
Provision against non-performing loans and advances		<b>(162,098)</b>	(269,178)
Reversal for diminution in the value of investments		—	14
Bad debts written-off directly		—	—
		<b>(162,098)</b>	(269,164)
Net mark-up / return / interest income after provisions		<b>3,365,732</b>	3,484,032
<b>NON MARK-UP / INTEREST INCOME</b>			
Fees, commission and brokerage income		<b>424,615</b>	374,577
Dividend income		<b>38,892</b>	54,609
Income from dealing in foreign currencies		<b>129,625</b>	121,922
Gain on sale / redemption of securities - net		<b>65,380</b>	355
Unrealised gain / (loss) on revaluation of investments classified as held for trading		—	—
Share of profit from associates		<b>25,741</b>	68,657
Other income		<b>130,303</b>	107,988
Total non mark-up / interest income		<b>814,556</b>	728,108
		<b>4,180,288</b>	4,212,140
<b>NON MARK-UP / INTEREST EXPENSES</b>			
Administrative expenses		<b>(2,371,476)</b>	(2,118,357)
Other provisions / write-offs		<b>(10,372)</b>	—
Other charges		<b>(35,373)</b>	(45,357)
Total non mark-up / interest expenses		<b>(2,417,221)</b>	(2,163,714)
		<b>1,763,067</b>	2,048,426
Extra-ordinary / unusual items		—	—
<b>PROFIT BEFORE TAXATION</b>		<b>1,763,067</b>	2,048,426
Taxation - Current		<b>(605,814)</b>	(785,010)
- Prior years		—	—
- Deferred		<b>1,490</b>	(21,214)
		<b>(604,324)</b>	(806,224)
<b>PROFIT AFTER TAXATION</b>		<b>1,158,743</b>	1,242,202
<b>Attributable to:</b>			
Shareholders of the Holding company		<b>1,158,556</b>	1,242,036
Non-controlling interest		<b>187</b>	166
		<b>1,158,743</b>	1,242,202
<b>Basic and diluted earnings per share attributable to shareholders of the Holding company – Rupees</b>	14	<b>1.15</b>	1.23

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

SYED MAZHAR ABBAS	ABBAS D. HABIB	SHAMEEM AHMED	ANWAR HAJI KARIM
<i>Director</i>	<i>Chief Executive and Managing Director</i>	<i>Director</i>	<i>Director</i>



**Consolidated Interim Condensed Statement of Comprehensive Income (Un-Audited)  
For the Three Months Period Ended 31 March 2013**

	<b>Three months period ended</b>	
	<b>31-March 2013</b>	<b>31-March 2012</b>
	<b>(Rupees in '000)</b>	
<b>Net profit for the period</b>	<b>1,158,743</b>	<b>1,242,202</b>
<b>Other comprehensive income</b>		
Effect of foreign currency translation of net investment in foreign branch	<b>12,609</b>	<b>5,410</b>
<b>Total comprehensive income for the period</b>	<b>1,171,352</b>	<b>1,247,612</b>
<b>Attributable to:</b>		
Shareholders of the Holding company	<b>1,171,165</b>	<b>1,247,446</b>
Non-controlling interest	<b>187</b>	<b>166</b>
	<b>1,171,352</b>	<b>1,247,612</b>

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

**SYED MAZHAR ABBAS**  
**Director**

**ABBAS D. HABIB**  
**Chief Executive and  
Managing Director**

**SHAMEEM AHMED**  
**Director**

**ANWAR HAJI KARIM**  
**Director**





**Consolidated Interim Condensed Cash Flow Statement (Un-Audited)  
For the Three Months Period Ended 31 March 2013**

	31-March 2013	31-March 2012
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	1,763,067	2,048,426
Dividend income	(38,892)	(54,609)
	<b>1,724,175</b>	<b>1,993,817</b>
Adjustments for non-cash items:		
Depreciation	213,761	198,061
Amortisation	12,131	7,340
Provision against non-performing loans and advances	162,098	269,178
Reversal for diminution in the value of investments	—	(14)
Gain on sale / redemption of securities	(65,380)	(355)
Provision for defined benefit plan	30,000	30,000
Provision for compensated absences	5,055	6,130
Gain on sale of operating fixed assets	(20,219)	(16,066)
Share of profit from associates	(25,741)	(68,657)
Provision against off-balance sheet items	10,372	—
Financial charges on leased assets	—	1
	<b>322,077</b>	<b>425,618</b>
	<b>2,046,252</b>	<b>2,419,435</b>
Decrease / (increase) in operating assets		
Lendings to financial institutions	993,981	—
Advances	5,609,954	(11,310,078)
Other assets	959,919	858,401
	<b>7,563,854</b>	<b>(10,451,677)</b>
(Decrease) / increase in operating liabilities		
Bills payable	(18,603)	(120,667)
Borrowings	(13,199,983)	(2,139,658)
Deposits and other accounts	5,881,230	11,760,737
Other liabilities (excluding provision for taxation)	(152,917)	169,092
	<b>(7,490,273)</b>	<b>9,669,504</b>
	<b>2,119,833</b>	<b>1,637,262</b>
Income tax paid	(645,355)	(458,575)
Net cash flow from operating activities	<b>1,474,478</b>	<b>1,178,687</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in available for sale securities	(11,639,335)	(17,039,719)
Net investments in held to maturity securities	5,185,634	15,068,537
Net investments in associates	23,606	37,702
Dividend received	9,954	26,391
Investments in operating fixed assets	(226,745)	(176,196)
Sale proceeds of operating fixed assets	23,059	17,299
Net cash used in investing activities	<b>(6,623,827)</b>	<b>(2,065,986)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Payments of sub-ordinated loans	(700)	(449,532)
Payments of lease obligations	—	(29)
Dividend paid	(1,219,076)	(208,349)
Net cash used in financing activities	<b>(1,219,776)</b>	<b>(657,910)</b>
Exchange adjustment on translation of net investment in foreign branch	12,609	5,410
Decrease in cash and cash equivalents	<b>(6,356,516)</b>	<b>(1,539,799)</b>
Cash and cash equivalents at the beginning of the period	<b>37,211,593</b>	<b>29,654,228</b>
Cash and cash equivalents at the end of the period	<b>30,855,077</b>	<b>28,114,429</b>

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

SYED MAZHAR ABBAS

*Director*

ABBAS D. HABIB

*Chief Executive and  
Managing Director*

SHAMEEM AHMED

*Director*

ANWAR HAJI KARIM

*Director*



## **Notes to the Consolidated Interim Condensed Financial Statements (Un-Audited) For the Three Months Period Ended 31 March 2013**

### **1. STATUS AND NATURE OF BUSINESS**

The Group consists of :

- Bank AL Habib Limited (Holding Company)
- AL Habib Capital Markets (Private) Limited (Subsidiary Company)

Bank AL Habib Limited (the Bank) was incorporated in Pakistan on 15 October 1991 as a public limited company under the Companies Ordinance, 1984 having its registered office at 126-C, Old Bahawalpur Road, Multan with principal place of business in Karachi. Its shares are listed on all the Stock Exchanges in Pakistan. It is a scheduled bank principally engaged in the business of commercial banking with a network of 311 branches (31 December 2012: 308 branches), 84 sub-branches (31 December 2012: 82) and 02 representative offices (31 December 2012: 02). The branch network of the Bank includes a wholesale branch in the Kingdom of Bahrain (31 December 2012: 01), a branch in Karachi Export Processing Zone (31 December 2012: 01) and 14 Islamic Banking branches (31 December 2012: 13). The Bank has invested in 66.67% shares of AL Habib Capital Markets (Private) Limited. The principal objective of the company is to engage in the business of equity, money market and foreign exchange, brokerage, equity research and corporate financial advisory and consultancy services. AL Habib Capital Markets (Private) Limited (the Company) was incorporated in Pakistan as a (Private) Limited Company on 23 August 2005 under the Companies Ordinance, 1984 and started operations from 14 December 2005.

### **2. STATEMENT OF COMPLIANCE**

- 2.1 These consolidated interim condensed financial statements have been prepared, in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting', provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and regulations / directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). In case where requirements differ, the provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.
- 2.2 SBP vide BSD Circular No. 10, dated 26 August 2002 has deferred the applicability of IAS 39, "Financial Instruments: Recognition and Measurement" and IAS 40, "Investment Property" for banking companies till further instructions. Further, according to the notification of SECP dated 28 April 2008, International Financial Reporting Standard (IFRS) - 7 "Financial Instruments: Disclosure" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements. However, investments have been classified, accounted for and valued in accordance with the requirement of various circulars issued by SBP.
- 2.3 The disclosures made in these consolidated interim condensed financial statements have been limited based on the format prescribed by SBP vide BSD Circular Letter No. 2, dated 12 May 2004 and IAS 34 "Interim Financial Reporting" and do not include all the information required in the annual financial statements. Accordingly, these consolidated interim condensed financial statements should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2012.

### **3. ACCOUNTING POLICIES**

- 3.1 The accounting policies adopted in the preparation of these consolidated interim condensed financial statements are consistent with those applied in the preparation of the annual financial statements of the Group for the year ended 31 December 2012.
- 3.2 The basis of consolidation of the financial statements of subsidiary is same as that applied in the preparation of the consolidated financial statements of the Group for the year ended 31 December 2012.



Note	31-March 2013 (Un-Audited)			31-December 2012 (Audited)		
	Held by Group	Given as Collateral	Total	Held by Group	Given as Collateral	Total
	(Rupees in '000)					
<b>4. INVESTMENTS</b>						
<i>Available for Sale Securities</i>						
Market Treasury Bills	139,145,864	36,557,787	175,703,651	114,006,833	50,291,508	164,298,341
Pakistan Investment Bonds	13,466,853	—	13,466,853	13,446,569	—	13,446,569
Foreign Currency Bonds	1,132,561	—	1,132,561	1,108,499	—	1,108,499
Sukuks	3,430,587	—	3,430,587	3,508,008	—	3,508,008
Ordinary shares of listed companies	839,930	—	839,930	276,576	—	276,576
Ordinary shares of unlisted companies	39,570	—	39,570	39,570	—	39,570
Listed term finance certificates	621,755	—	621,755	502,829	—	502,829
Unlisted term finance certificates	532,820	—	532,820	532,820	—	532,820
Open ended mutual funds	1,377,389	—	1,377,389	1,727,189	—	1,727,189
	<b>160,587,329</b>	<b>36,557,787</b>	<b>197,145,116</b>	<b>135,148,893</b>	<b>50,291,508</b>	<b>185,440,401</b>
<i>Held to Maturity Securities</i> 4.1						
Market Treasury Bills	43,620,260	—	43,620,260	48,660,340	—	48,660,340
Pakistan Investment Bonds	12,544,326	—	12,544,326	12,503,552	—	12,503,552
Sukuks	226,387	—	226,387	229,705	—	229,705
Listed term finance certificates	105,588	—	105,588	246,931	—	246,931
Unlisted term finance certificates	—	—	—	41,667	—	41,667
	<b>56,496,561</b>	<b>—</b>	<b>56,496,561</b>	<b>61,682,195</b>	<b>—</b>	<b>61,682,195</b>
<i>Associates</i>						
Habib Sugar Mills Limited	267,047	—	267,047	281,831	—	281,831
Habib Asset Management Limited	41,457	—	41,457	40,013	—	40,013
First Habib Income Fund	568,264	—	568,264	556,646	—	556,646
First Habib Stock Fund	60,925	—	60,925	56,665	—	56,665
First Habib Cash Fund	322,465	—	322,465	318,760	—	318,760
First Habib Islamic Balanced Fund	26,474	—	26,474	25,358	—	25,358
	<b>1,286,632</b>	<b>—</b>	<b>1,286,632</b>	<b>1,279,273</b>	<b>—</b>	<b>1,279,273</b>
<b>Investments at cost</b>	<b>218,370,522</b>	<b>36,557,787</b>	<b>254,928,309</b>	<b>198,110,361</b>	<b>50,291,508</b>	<b>248,401,869</b>
Provision for diminution in the value of investments	(6,586)	—	(6,586)	(6,586)	—	(6,586)
<b>Investments (net of provisions)</b>	<b>218,363,936</b>	<b>36,557,787</b>	<b>254,921,723</b>	<b>198,103,775</b>	<b>50,291,508</b>	<b>248,395,283</b>
Surplus / (deficit) on revaluation of available for sale investments - net	935,240	(2,864)	932,376	1,437,899	90,322	1,528,221
<b>Investments after revaluation of available for sale investments</b>	<b>219,299,176</b>	<b>36,554,923</b>	<b>255,854,099</b>	<b>199,541,674</b>	<b>50,381,830</b>	<b>249,923,504</b>

4.1 The aggregate market value of held to maturity securities as at 31 March 2013 amounts to Rs. 57,303 (31 December 2012: 62,824) million.



	31-March 2013 (Un-Audited) Note	31-December 2012 (Audited) (Rupees in '000)
<b>5. ADVANCES</b>		
Loans, cash credits, running finances, etc.		
In Pakistan	120,636,355	130,494,857
Outside Pakistan	10,016,125	8,203,074
	<b>130,652,480</b>	<b>138,697,931</b>
Net investment in finance lease / ijarah financing		
In Pakistan	534,470	501,124
Outside Pakistan	—	—
	<b>534,470</b>	<b>501,124</b>
Bills discounted and purchased (excluding market treasury bills)		
Payable in Pakistan	2,189,085	1,924,843
Payable outside Pakistan	14,468,704	12,329,922
	<b>16,657,789</b>	<b>14,254,765</b>
Advances - gross	<b>147,844,739</b>	<b>153,453,820</b>
Provision against non-performing loans and advances		
Specific provision	5.1 (3,225,485)	(3,062,933)
General provision against consumer advances (as per SBP regulations)	5.2 (31,478)	(31,059)
General provision	5.3 (2,500,000)	(2,500,000)
	<b>(5,756,963)</b>	<b>(5,593,992)</b>
Advances - net of provisions	<b>142,087,776</b>	<b>147,859,828</b>
5.1 Advances include Rs. 3,798.685 (31 December 2012: Rs. 3,705.730) million which have been placed under non-performing status as detailed below:		

31-March 2013 (Un-Audited)									
Classified advances			Provision required			Provision held			
Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total	
(Rupees in '000)									
Category of classification									
Substandard	6,425	307,966	314,391	1,607	76,992	78,599	1,607	76,992	78,599
Doubtful	451,250	94,035	545,285	225,625	47,017	272,642	225,625	47,017	272,642
Loss	2,937,700	1,309	2,939,009	2,872,935	1,309	2,874,244	2,872,935	1,309	2,874,244
	<u>3,395,375</u>	<u>403,310</u>	<u>3,798,685</u>	<u>3,100,167</u>	<u>125,318</u>	<u>3,225,485</u>	<u>3,100,167</u>	<u>125,318</u>	<u>3,225,485</u>





Category of classification	31-December 2012 (Audited)								
	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)								
Substandard	379,505	92,802	472,307	94,876	23,200	118,076	94,876	23,200	118,076
Doubtful	83,246	-	83,246	41,626	-	41,626	41,626	-	41,626
Loss	3,148,885	1,292	3,150,177	2,901,939	1,292	2,903,231	2,901,939	1,292	2,903,231
	<u>3,611,636</u>	<u>94,094</u>	<u>3,705,730</u>	<u>3,038,441</u>	<u>24,492</u>	<u>3,062,933</u>	<u>3,038,441</u>	<u>24,492</u>	<u>3,062,933</u>

5.2 The Bank has made general provision for consumer portfolio as required by the SBP's Prudential Regulations amounting to Rs. 31.478 (31 December 2012: Rs. 31.059) million.

5.3 In line with its prudent policies, the Bank has also made general provision of Rs. 2,500 (31 December 2012: Rs. 2,500) million against its loans and advances portfolio. This general provision is in addition to the requirements of the Prudential Regulations.

**Three months period ended**  
**31-March 2013**      **31-March 2012**  
(Un-Audited)  
(Rupees in '000)

**6. OPERATING FIXED ASSETS**

**6.1 Additions during the period - at cost:**

Leasehold land	-	391
Buildings on leasehold land	<b>30,070</b>	30,941
Improvements to leasehold buildings	<b>42,168</b>	21,425
Furniture and fixtures	<b>11,313</b>	3,507
Electrical, office and computer equipments	<b>48,150</b>	42,232
Vehicles	<b>57,018</b>	2,171
Intangible assets	<b>16,254</b>	2,321
	<u><b>204,973</b></u>	<u>102,988</u>

**6.2 Deletions during the period - at cost:**

Furniture and fixtures	<b>4,721</b>	888
Electrical, office and computer equipments	<b>32,702</b>	7,703
Vehicles	<b>26,595</b>	18,776
	<u><b>64,018</b></u>	<u>27,367</u>



	31-March 2013 (Un-Audited)	31-December 2012 (Audited)
(Rupees in '000)		
<b>7. BORROWINGS</b>		
<b>Secured</b>		
Borrowings from State Bank of Pakistan		
Export refinance scheme	14,334,935	14,138,447
Long term financing for export oriented projects	318,518	369,695
Long term financing for imported and locally manufactured plant and machinery	2,472,631	3,015,612
Financing facility for storage of agricultural produce	112,028	47,703
	17,238,112	17,571,457
Repurchase agreement borrowings	36,526,080	50,331,048
	53,764,192	67,902,505
<b>Unsecured</b>		
Overdrawn nostros	991,652	—
Borrowings from financial institutions	2,657,880	1,719,550
	3,649,532	1,719,550
	57,413,724	69,622,055
<b>8. DEPOSITS AND OTHER ACCOUNTS</b>		
<b>Customers</b>		
Fixed deposits	89,120,451	96,079,552
Savings deposits	112,399,904	105,561,063
Current accounts - Remunerative	34,335,490	29,061,770
Current accounts - Non-remunerative	106,376,151	104,284,355
	342,231,996	334,986,740
<b>Financial institutions</b>		
Remunerative deposits	3,714,544	4,949,208
Non-remunerative deposits	321,248	450,610
	4,035,792	5,399,818
	346,267,788	340,386,558



	<b>31-March</b>	<b>31-December</b>
	<b>2013</b>	<b>2012</b>
	<b>(Un-Audited)</b>	<b>(Audited)</b>
Note	(Rupees in '000)	

## 9. SUB-ORDINATED LOANS - unsecured

Term Finance Certificates (TFCs) - II - (Quoted)	9.1	<b>1,496,400</b>	1,496,700
Term Finance Certificates (TFCs) - III - (Unquoted)	9.2	<b>1,994,000</b>	1,994,400
Term Finance Certificates (TFCs) - IV - (Unquoted)	9.3	<b>2,998,200</b>	2,998,200
		<b>6,488,600</b>	6,489,300

### 9.1 Term Finance Certificates - II (Quoted)

Total issue	Rupees 1,500 million
Rating	<b>AA</b>
Rate	Payable six monthly at average six months' KIBOR plus 1.95% without any floor and cap
Redemption	6 - 84th month: 0.28%; 90th and 96th month: 49.86% each
Tenor	8 years
Maturity	February 2015

### 9.2 Term Finance Certificates - III (Unquoted)

Total issue	Rupees 2,000 million
Rating	<b>AA</b>
Rate	Payable three monthly at 15.50% p.a. for first 5 years and 16.00% p.a. for next 3 years
Redemption	3rd - 84th month: 0.56%; 87th, 90th, 93rd and 96th month: 24.86% each
Tenor	8 years
Maturity	June 2017

### 9.3 Term Finance Certificates - IV (Unquoted)

Total issue	Rupees 3,000 million
Rating	<b>AA</b>
Rate	Payable six monthly at 15.00% p.a. for first 5 years and 15.50% p.a. for next 5 years
Redemption	6th - 108th month: 0.36%; 114th and 120th month: 49.82% each
Tenor	10 years
Maturity	June 2021



		<b>31-March 2013 (Un-Audited)</b>	<b>31-December 2012 (Audited)</b>
	Note	(Rupees in '000)	
<b>10. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>			
Operating fixed assets	10.1	<b>1,750,908</b>	1,760,240
Available for sale investments	10.2	<b>636,738</b>	1,027,783
		<b>2,387,646</b>	2,788,023
<b>10.1 Operating fixed assets</b>			
Surplus on revaluation of land and buildings		<b>2,361,952</b>	2,376,309
Related deferred tax liability		<b>(611,044)</b>	(616,069)
		<b>1,750,908</b>	1,760,240
<b>10.2 Available for sale investments</b>			
Federal Government Securities		<b>825,128</b>	1,386,550
Fully paid-up ordinary shares		<b>(12,896)</b>	24,097
Term finance certificates, sukuks, bonds and others		<b>33,070</b>	14,895
Open ended mutual funds		<b>106,251</b>	116,635
		<b>951,553</b>	1,542,177
Related deferred tax liability		<b>(314,815)</b>	(514,394)
		<b>636,738</b>	1,027,783



**31-March 2013**  
**(Un-Audited)**  
(Rupees in '000)

**31-December 2012**  
**(Audited)**

## 11. CONTINGENCIES AND COMMITMENTS

### 11.1 Direct Credit Substitutes

Financial institutions	<b>297,291</b>	166,232
Others	<b>358,402</b>	348,728
	<b>655,693</b>	514,960

### 11.2 Transaction-related Contingent Liabilities

Government	<b>9,775,935</b>	9,446,751
Financial institutions	<b>194,125</b>	68,497
Others	<b>6,892,920</b>	6,279,180
	<b>16,862,980</b>	15,794,428

### 11.3 Trade-related Contingent Liabilities

Letters of credit	<b>49,698,504</b>	50,183,933
Acceptances	<b>7,282,803</b>	8,647,034
	<b>56,981,307</b>	58,830,967

### 11.4 Other Contingencies

The income tax returns of the Bank have been submitted upto and including the Bank's financial year 2011. The income tax assessments of the Bank have been made by the tax authorities upto and including the assessment / tax year 2012.

For tax years, 2005 to 2008, the CIT Appeals has passed appellate orders by disallowing certain expenses / deductions (including bad debts written-off, improvement in leasehold premises, provision against non-performing loans and advances) having an aggregate tax impact (net of provision) of Rs. 44.256 (31 December 2012: Rs. 44.256) million. The Bank has preferred an appeal before ITAT against the above referred orders of the CIT Appeals.

The management, based on the opinion of its tax advisor, is confident about the favourable outcome of the above matters and hence, no additional provision has been considered necessary in these consolidated interim condensed financial statements.



	<b>31-March 2013 (Un-Audited)</b>	<b>31-December 2012 (Audited)</b>
	(Rupees in '000)	
<b>11.5 Commitments in respect of forward lending</b>		
Commitments to extend credit	<u><b>403,832</b></u>	<u>472,257</u>
<b>11.6 Commitments in respect of forward exchange contracts</b>		
Purchase	<u><b>17,700,717</b></u>	<u>15,272,338</u>
Sale	<u><b>12,758,377</b></u>	<u>16,888,512</u>
<b>11.7 Commitments for the acquisition of operating fixed assets</b>	<u><b>191,278</b></u>	<u>146,070</u>
	<b>Three months period ended</b>	
	<b>31-March 2013 (Un-Audited)</b>	<b>31-March 2012</b>
	(Rupees in '000)	
<b>12. MARK-UP / RETURN / INTEREST EARNED</b>		
On loans and advances to:		
Customers	<b>3,365,685</b>	3,375,136
Financial institutions	<u><b>22,134</b></u>	<u>25,353</u>
	<u><b>3,387,819</b></u>	<u>3,400,489</u>
On investments:		
Available for sale securities	<b>4,571,249</b>	3,142,353
Held to maturity securities	<b>1,691,339</b>	3,961,550
	<u><b>6,262,588</b></u>	<u>7,103,903</u>
On deposits with financial institutions	<b>17,974</b>	14,620
On securities purchased under resale agreements	<b>15,236</b>	23,534
On call money lendings	<b>602</b>	387
	<u><b>9,684,219</b></u>	<u>10,542,933</u>



**Three months period ended**

**31-March 31-March**  
**2013 2012**  
(Un-Audited)  
(Rupees in '000)

**13. MARK-UP / RETURN / INTEREST EXPENSED**

Deposits	<b>4,473,020</b>	4,881,019
Sub-ordinated loans	<b>232,333</b>	256,023
Repurchase agreement borrowings	<b>999,377</b>	1,079,626
Borrowings from SBP	<b>362,646</b>	380,298
Others	<b>89,013</b>	192,771
	<b><u>6,156,389</u></b>	<u>6,789,737</u>

**14. BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE HOLDING COMPANY**

Profit after taxation - attributable to equity holders of the Holding company	<b><u>1,158,556</u></b>	<u>1,242,036</u>
	(Number)	
Weighted average number of ordinary shares	<b><u>1,010,386,742</u></b>	<u>1,010,386,742</u>
	(Rupees)	
Basic and diluted earnings per share	<b><u>1.15</u></b>	<u>1.23</u>

**Three months period ended**

**31-March 31-March**  
**2013 2012**  
(Un-Audited)  
(Rupees in '000)

**15. CASH AND CASH EQUIVALENTS**

Cash and balances with treasury banks	<b>26,372,843</b>	23,040,989
Balances with other banks	<b>5,473,886</b>	9,163,730
Overdrawn nostros	<b>(991,652)</b>	(4,090,290)
	<b><u>30,855,077</u></b>	<u>28,114,429</u>

**16. RELATED PARTY TRANSACTIONS**

Related parties of the Group comprise associates (including entities having directors in common with the Group), retirement benefit funds, major shareholders, directors and key management personnel and their close family members.

Transactions with related parties are carried out on an arm's length basis in terms of the policy as approved by the Board of Directors. The transactions with employees of the Group are carried out in accordance with the terms of their employment.



Transactions with related parties during the period, are summarised as follows:

	31-March 2013 (Un-Audited)				
	Associates	Non Executive Directors	Key Management Personnel (Rupees in '000)	Retirement Benefit Funds	Total
<b>Deposits</b>					
At the beginning of the period	1,691,582	146,594	294,767	151,603	2,284,546
Placements during the period	26,978,469	330,142	427,380	794,051	28,530,042
Withdrawals during the period	(27,546,869)	(226,929)	(308,384)	(802,089)	(28,884,271)
At the end of the period	1,123,182	249,807	413,763	143,565	1,930,317
<b>Advances</b>					
At the beginning of the period	1,615,380	351	28,605	—	1,644,336
Given during the period	2,458,412	1,025	5,246	—	2,464,683
Repaid during the period	(2,472,770)	(807)	(6,777)	—	(2,480,354)
At the end of the period	1,601,022	569	27,074	—	1,628,665
<b>Investments</b>					
At the beginning of the period	1,279,273	—	—	—	1,279,273
Investment made during the period	—	—	—	—	—
Redeemed / adjusted during the period	7,359	—	—	—	7,359
At the end of the period	1,286,632	—	—	—	1,286,632
<b>Contingencies and commitments</b>	457,875	—	—	—	457,875
	31-December 2012 (Audited)				
	Associates	Non Executive Directors	Key Management Personnel (Rupees in '000)	Retirement Benefit Funds	Total
<b>Deposits</b>					
At the beginning of the year	1,438,356	86,815	275,992	118,882	1,920,045
Placements during the year	75,338,485	631,362	1,169,514	7,365,961	84,505,322
Withdrawals during the year	(75,085,259)	(571,583)	(1,150,739)	(7,333,240)	(84,140,821)
At the end of the year	1,691,582	146,594	294,767	151,603	2,284,546
<b>Advances</b>					
At the beginning of the year	1,404,261	426	30,252	—	1,434,939
Given during the year	16,218,504	2,976	41,608	—	16,263,088
Repaid during the year	(16,007,385)	(3,051)	(43,255)	—	(16,053,691)
At the end of the year	1,615,380	351	28,605	—	1,644,336
<b>Investments</b>					
At the beginning of the year	973,095	—	—	—	973,095
Investment made during the year	225,000	—	—	—	225,000
Redeemed / adjusted during the year	81,178	—	—	—	81,178
At the end of the year	1,279,273	—	—	—	1,279,273
<b>Contingencies and commitments</b>	532,693	—	—	—	532,693





**Three months period ended 31-March 2013 (Un-Audited)**

	Associates	Non Executive Directors	Key Management Personnel (Rupees in '000)	Retirement Benefit Funds	Total
Purchase of fixed assets	536	—	—	—	536
Redemption of mutual funds units	—	—	—	—	—
Mark-up earned	37,212	—	375	—	37,587
Mark-up expensed	17,310	1,719	3,814	4,443	27,286
Bank charges and commission	1,319	15	20	—	1,354
Gain on sale of securities	—	—	—	—	—
Salaries and allowances	—	—	45,097	—	45,097
Bonus	—	—	8,135	—	8,135
Contribution to defined contribution plan	—	—	2,005	—	2,005
Contribution to defined benefit plan	—	—	2,139	—	2,139
Staff provident fund	—	—	—	40,112	40,112
Staff gratuity fund	—	—	—	30,000	30,000
Directors' fee	—	400	—	—	400
Insurance claim received	3,048	—	—	—	3,048
Insurance premium paid	34,009	—	—	—	34,009
Dividend income	23,605	—	—	—	23,605
Brokerage and advisory income	557	—	—	—	557

**Three months period ended 31-March 2012 (Un-Audited)**

	Associates	Non Executive Directors	Key Management Personnel (Rupees in '000)	Retirement Benefit Funds	Total
Purchase of fixed assets	551	—	—	—	551
Redemption of mutual funds units	59	—	—	—	59
Mark-up earned	50,184	—	410	—	50,594
Mark-up expensed	15,759	1,322	4,132	4,073	25,286
Bank charges and commission	998	2	12	—	1,012
Gain on sale of securities	9	—	—	—	9
Salaries and allowances	—	—	39,533	—	39,533
Bonus	—	—	7,333	—	7,333
Contribution to defined contribution plan	—	—	1,711	—	1,711
Contribution to defined benefit plan	—	—	873	—	873
Staff provident fund	—	—	—	33,961	33,961
Staff gratuity fund	—	—	—	30,000	30,000
Directors' fee	—	600	—	—	600
Insurance claim received	3,326	—	—	—	3,326
Insurance premium paid	34,871	—	—	—	34,871
Dividend income	40,463	—	—	—	40,463
Brokerage and advisory income	326	—	—	—	326



## 17. ISLAMIC BANKING BUSINESS

The Bank is operating 14 (31 December 2012: 13) Islamic Banking branches in Pakistan. The statement of financial position of these branches as at 31 March 2013 is as follows:

	31-March 2013 (Un-Audited) Note	31-December 2012 (Audited) (Rupees in '000)
<b>ASSETS</b>		
Cash and balances with treasury banks	345,521	322,418
Balances with and due from financial institutions	5,912	2,786
Investments	1,536,621	1,573,586
Islamic financing and related assets	17.1 7,764,911	7,698,981
Operating fixed assets	43,824	41,123
Other assets	195,012	254,653
	<b>9,891,801</b>	<b>9,893,547</b>
<b>LIABILITIES</b>		
Bills payable	36,848	44,896
Due to financial institutions	1,310,998	1,081,647
Deposits and other accounts	6,501,316	6,824,034
– Current accounts	1,355,439	1,469,285
– Saving accounts	876,698	713,014
– Term deposits	4,159,466	3,981,713
– Others	95,045	58,863
– Deposits from financial institutions-remunerative	14,044	600,625
– Deposits from financial institutions-non-remunerative	624	534
Due to Head office	680,000	360,000
Other liabilities	343,050	315,081
	<b>(8,872,212)</b>	<b>(8,625,658)</b>
<b>NET ASSETS</b>	<b>1,019,589</b>	<b>1,267,889</b>
<b>REPRESENTED BY:</b>		
Islamic banking fund	950,000	950,000
Unremitted profit	66,309	310,177
	<b>1,016,309</b>	<b>1,260,177</b>
Surplus on revaluation of assets	3,280	7,712
	<b>1,019,589</b>	<b>1,267,889</b>



	<b>31-March 2013 (Un-Audited) (Rupees in '000)</b>	<b>31-December 2012 (Audited)</b>
<b>17.1 Islamic financing and related assets</b>		
Murabaha	<b>2,191,412</b>	3,125,006
Ijarah	<b>3,850</b>	3,926
Net book value of assets / investments in ijarah under IFAS 2	<b>279,286</b>	307,173
Diminishing musharika	<b>2,836,813</b>	2,851,554
Export refinance murabaha	<b>234,407</b>	81,600
Export refinance istisna	<b>1,098,691</b>	1,000,047
Istisna	<b>756,913</b>	44,644
Gross financing	<b>7,401,372</b>	7,413,950
Less: general provisioning against consumer financing	<b>(149)</b>	(231)
Net financing	<b>7,401,223</b>	7,413,719
Advance against murabaha	<b>358,435</b>	277,979
Advance against ijarah	<b>5,253</b>	7,283
Islamic financing and related assets - net off provision	<b>7,764,911</b>	7,698,981
<b>17.1.1 Islamic financing and related assets</b>		
Financings / inventory / receivables	<b>7,401,372</b>	7,413,950
Advances	<b>363,688</b>	285,262
Less: general provisioning against consumer financing	<b>(149)</b>	(231)
	<b>7,764,911</b>	7,698,981



## 18. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activity is as follows:

Three months period ended 31-March 2013 (Un-Audited)					
	Retail Banking	Commercial Banking	Retail Brokerage	Inter Segment Elimination	Total
	(Rupees in '000)				
Total income	4,624,521	9,752,316	12,265	(3,890,327)	10,498,775
Total expenses	(4,104,236)	(8,508,345)	(13,454)	3,890,327	(8,735,708)
Net income	520,285	1,243,971	(1,189)	–	1,763,067
As of 31-March 2013 (Un-Audited)					
	(Rupees in '000)				
Segment assets	319,025,657	429,222,251	371,090	(302,398,319)	446,220,679
Segment liabilities	317,597,912	408,867,685	225,839	(302,398,319)	424,293,117
Three months period ended 31-March 2012 (Un-Audited)					
	Retail Banking	Commercial Banking	Retail Brokerage	Inter Segment Elimination	Total
	(Rupees in '000)				
Total income	4,732,513	10,623,610	10,643	(4,095,725)	11,271,041
Total expenses	(4,235,401)	(9,069,906)	(13,033)	4,095,725	(9,222,615)
Net income	497,112	1,553,704	(2,390)	–	2,048,426
As of 31-March 2012 (Un-Audited)					
	(Rupees in '000)				
Segment assets	268,390,792	389,852,809	329,650	(259,539,720)	399,033,531
Segment liabilities	267,468,071	371,967,988	189,566	(259,539,720)	380,085,905

## 19. GENERAL

19.1 Figures have been rounded off to the nearest thousand rupees.

19.2 Corresponding figures have been re-arranged / re-classified wherever necessary, for the purpose of comparison.

## 20. DATE OF AUTHORISATION

These consolidated interim condensed financial statements were authorised for issue by the Board of Directors in their meeting held on April 24, 2013.

SYED MAZHAR ABBAS  
*Director*

ABBAS D. HABIB  
*Chief Executive and  
Managing Director*

SHAMEEM AHMED  
*Director*

ANWAR HAJI KARIM  
*Director*