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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	
	Manzoor Ahmed	
	Murtaza H. Habib	
	Qumail R. Habib	<i>Executive Director</i>
	Shameem Ahmed	
	Syed Mazhar Abbas	
<b>Audit Committee</b>	Shameem Ahmed	<i>Chairman</i>
	Anwar Haji Karim	<i>Member</i>
	Murtaza H. Habib	<i>Member</i>
	Syed Mazhar Abbas	<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 Shahr-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 half year ended June 30, 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. 364.8 billion as compared to Rs. 340.4 billion on December 31, 2012. In the same period, advances increased to Rs. 150.8 billion from Rs. 147.9 billion, while investments increased to Rs. 269.6 billion from Rs. 249.8 billion. The pre-tax profit of the Bank for the half year ended June 30, 2013 was Rs. 3,696.1 million as compared to Rs. 4,462.9 million during the corresponding period last year. Earnings have declined mainly due to reduction in interest rates.

Your Bank now has a network of 407 offices, comprising 316 branches, 88 sub-branches, and three Representative Offices. Our network now includes four overseas offices (a Wholesale Branch in the Kingdom of Bahrain and Representative Offices in Dubai, Istanbul and Beijing) and 15 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: August 29, 2013

ALI RAZA D. HABIB  
**Chairman**



## **AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION**

### **Introduction**

We have reviewed the accompanying interim condensed statement of financial position of Bank AL Habib Limited (the Bank) as at 30 June 2013 and the related interim condensed profit and loss account, interim condensed statement of comprehensive income, interim condensed statement of changes in equity, and interim condensed cash flow and explanatory notes (here-in-after referred to as the "interim financial information") for the six-months' period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Karachi - 29 August 2013

Ernst & Young Ford Rhodes Sidat Hyder  
**Chartered Accountants**  
**Engagement Partner: Arslan Khalid**



## INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

		<b>30-June 2013 (Un-Audited)</b>	<b>31-December 2012 (Audited)</b>
	Note	(Rupees in '000)	Restated
<b>ASSETS</b>			
Cash and balances with treasury banks		<b>31,625,770</b>	27,464,340
Balances with other banks		<b>2,154,471</b>	9,744,716
Lendings to financial institutions		<b>2,511,984</b>	993,981
Investments	4	<b>269,592,012</b>	249,754,075
Advances	5	<b>150,829,856</b>	147,868,668
Operating fixed assets	6	<b>11,358,927</b>	11,164,099
Deferred tax assets		—	—
Other assets		<b>6,689,167</b>	6,115,660
		<b>474,762,187</b>	453,105,539
<b>LIABILITIES</b>			
Bills payable		<b>8,619,848</b>	5,257,191
Borrowings	7	<b>63,725,357</b>	69,622,055
Deposits and other accounts	8	<b>364,773,860</b>	340,392,871
Sub-ordinated loans		<b>6,487,600</b>	6,489,300
Liabilities against assets subject to finance lease		—	—
Deferred tax liabilities		<b>2,001,022</b>	1,872,450
Other liabilities		<b>5,679,208</b>	5,654,411
		<b>451,286,895</b>	429,288,278
<b>NET ASSETS</b>		<b>23,475,292</b>	23,817,261
<b>REPRESENTED BY :</b>			
Share capital		<b>10,103,868</b>	10,103,868
Reserves		<b>6,974,537</b>	6,464,546
Unappropriated profit		<b>3,425,770</b>	4,492,756
		<b>20,504,175</b>	21,061,170
Surplus on revaluation of assets - net of tax	9	<b>2,971,117</b>	2,756,091
		<b>23,475,292</b>	23,817,261
<b>CONTINGENCIES AND COMMITMENTS</b>	10		

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

ALI RAZA D. HABIB  
*Chairman*

ABBAS D. HABIB  
*Chief Executive and  
Managing Director*

SYED MAZHAR ABBAS  
*Director*

ANWAR HAJI KARIM  
*Director*



**INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE HALF YEAR ENDED 30 JUNE 2013**

		Half year ended		Quarter ended	
	Note	30-June 2013	30-June 2012	30-June 2013	30-June 2012
		(Rupees in '000)			
			Restated		Restated
Mark-up / return / interest earned	11	19,208,802	20,832,517	9,524,174	10,294,629
Mark-up / return / interest expensed	12	(12,197,650)	(13,270,727)	(6,041,154)	(6,480,836)
Net mark-up / return / interest income		7,011,152	7,561,790	3,483,020	3,813,793
Provision against non-performing loans and advances		(254,239)	(379,497)	(92,141)	(110,319)
Provision for diminution in the value of investments		—	—	—	—
Bad debts written-off directly		(96)	—	(96)	—
		(254,335)	(379,497)	(92,237)	(110,319)
Net mark-up / return / interest income after provisions		6,756,817	7,182,293	3,390,783	3,703,474
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee, commission and brokerage income		840,741	744,128	422,774	373,454
Dividend income		70,322	235,699	8,708	144,209
Income from dealing in foreign currencies		266,698	213,899	137,073	91,977
Gain on sale / redemption of securities-net		372,408	68,785	310,953	68,782
Unrealised gain / (loss) on revaluation of investments classified as held for trading		—	—	—	—
Other income		260,239	219,837	129,503	111,217
Total non mark-up / interest income		1,810,408	1,482,348	1,009,011	789,639
		8,567,225	8,664,641	4,399,794	4,493,113
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Administrative expenses		(4,792,681)	(4,110,558)	(2,430,632)	(2,003,572)
Other provisions / write-offs		492	—	10,864	—
Other charges		(78,894)	(91,149)	(43,521)	(45,792)
Total non mark-up / interest expenses		(4,871,083)	(4,201,707)	(2,463,289)	(2,049,364)
		3,696,142	4,462,934	1,936,505	2,443,749
Extra-ordinary / unusual items		—	—	—	—
<b>PROFIT BEFORE TAXATION</b>		3,696,142	4,462,934	1,936,505	2,443,749
Taxation - Current		(1,247,996)	(1,618,647)	(642,248)	(833,826)
- Prior years		—	(57,437)	—	(57,437)
- Deferred		(14,812)	(275,160)	(16,971)	(252,922)
		(1,262,808)	(1,951,244)	(659,219)	(1,144,185)
<b>PROFIT AFTER TAXATION</b>		2,433,334	2,511,690	1,277,286	1,299,564
<b>Basic and diluted earnings per share - Rupees</b>					
	13	2.41	2.49	1.26	1.29

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

ALI RAZA D. HABIB  
*Chairman*

ABBAS D. HABIB  
*Chief Executive and  
Managing Director*

SYED MAZHAR ABBAS  
*Director*

ANWAR HAJI KARIM  
*Director*



**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR ENDED 30 JUNE 2013**

	<u>Half year ended</u>		<u>Quarter ended</u>	
	<b>30-June 2013</b>	30-June 2012	<b>30-June 2013</b>	30-June 2012
		(Rupees in '000)		
		Restated		Restated
<b>Net profit for the period</b>	<b>2,433,334</b>	2,511,690	<b>1,277,286</b>	1,299,564
<b>Other comprehensive income</b>				
<i>Items to be reclassified to profit or loss in subsequent periods:</i>				
Effect of foreign currency translation of net investment in foreign branch	<b>22,167</b>	32,302	<b>9,558</b>	26,892
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>				
Actuarial loss on defined benefit plan	-	(3,992)	-	(1,996)
Income tax effect	-	1,397	-	699
	-	(2,595)	-	(1,297)
<b>Total comprehensive income for the period</b>	<b>2,455,501</b>	2,541,397	<b>1,286,844</b>	1,325,159

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

ALI RAZA D. HABIB  
*Chairman*

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*Director*

ANWAR HAJI KARIM  
*Director*



**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED 30 JUNE 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
Effect of retrospective change in accounting policy of recognising actuarial gains and losses on defined benefit plan - net of tax (note 3.1)	-	-	-	-	-	(114,128)	(114,128)
Balance as at 01 January 2012 - restated	8,785,972	4,540,869	126,500	540,000	117,320	3,611,970	17,722,631
Profit for the period - restated	-	-	-	-	-	2,511,690	2,511,690
Other comprehensive income - restated	-	-	-	-	32,302	(2,595)	29,707
Total comprehensive income - restated	-	-	-	-	32,302	2,509,095	2,541,397
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	18,706	18,706
Transfer to statutory reserve	-	501,760	-	-	-	(501,760)	-
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 30 June 2012 - restated	10,103,868	5,042,629	126,500	540,000	149,622	2,123,622	18,086,241
Profit for the period - restated	-	-	-	-	-	2,940,608	2,940,608
Other comprehensive income - restated	-	-	-	-	18,252	(2,595)	15,657
Total comprehensive income for the period	-	-	-	-	18,252	2,938,013	2,956,265
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	18,664	18,664
Transfer to statutory reserve	-	587,543	-	-	-	(587,543)	-
Balance as at 31 December 2012 - restated	10,103,868	5,630,172	126,500	540,000	167,874	4,492,756	21,061,170
Profit for the period	-	-	-	-	-	2,433,334	2,433,334
Other comprehensive income	-	-	-	-	22,167	-	22,167
Total comprehensive income for the period	-	-	-	-	22,167	2,433,334	2,455,501
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	18,664	18,664
Transfer to statutory reserve	-	487,824	-	-	-	(487,824)	-
Cash dividend (Rs. 3 per share)	-	-	-	-	-	(3,031,160)	(3,031,160)
Balance as at 30 June 2013	10,103,868	6,117,996	126,500	540,000	190,041	3,425,770	20,504,175

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

ALI RAZA D. HABIB  
*Chairman*

ABBAS D. HABIB  
*Chief Executive and  
Managing Director*

SYED MAZHAR ABBAS  
*Director*

ANWAR HAJI KARIM  
*Director*





## INTERIM CONDENSED CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED 30 JUNE 2013

	Note	30-June 2013 (Rupees in '000)	30-June 2012 Restated
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		3,696,142	4,462,934
Dividend income		(70,322)	(235,699)
		<b>3,625,820</b>	<b>4,227,235</b>
<b>Adjustments for non-cash changes:</b>			
Depreciation		431,992	393,319
Amortisation		25,348	14,092
Provision against non-performing loans and advances		254,239	379,497
Gain on sale / redemption of securities		(372,408)	(68,785)
Provision for defined benefit plan		60,000	55,551
Charge for compensated absences		20,111	19,272
Gain on disposal of operating fixed assets		(36,529)	(27,020)
Reversal of provision against off-balance sheet items		(492)	—
		<b>382,261</b>	<b>765,926</b>
		<b>4,008,081</b>	<b>4,993,161</b>
Increase in operating assets			
Lendings to financial institutions		(1,518,003)	—
Advances		(3,215,427)	(7,118,296)
Other assets		(501,236)	(98,321)
		<b>(5,234,666)</b>	<b>(7,216,617)</b>
Increase / (decrease) in operating liabilities			
Bills payable		3,362,657	402,542
Borrowings		(6,054,506)	(3,051,649)
Deposits and other accounts		24,380,989	15,089,790
Other liabilities (excluding provision for taxation)		223,036	(46,003)
		<b>21,912,176</b>	<b>12,394,680</b>
Cash inflow before tax		<b>20,685,591</b>	<b>10,171,224</b>
Income tax paid		<b>(1,660,341)</b>	<b>(1,823,217)</b>
Net cash flow from operating activities		<b>19,025,250</b>	<b>8,348,007</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investments in available for sale securities		(3,787,115)	(32,077,174)
Net investments in held to maturity securities		(15,463,371)	22,439,523
Net investments in associates		132,409	(200,000)
Dividend received		70,322	239,688
Investments in operating fixed assets		(652,520)	(559,026)
Sale proceeds of operating fixed assets		40,688	32,675
Net cash used in investing activities		<b>(19,659,587)</b>	<b>(10,124,314)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Payments of sub-ordinated loans		(1,700)	(450,532)
Dividend paid		(2,972,753)	(2,149,644)
Net cash used in financing activities		<b>(2,974,453)</b>	<b>(2,600,176)</b>
Exchange adjustment on translation of net investment in foreign branch		<b>22,167</b>	<b>32,302</b>
Decrease in cash and cash equivalents		<b>(3,586,623)</b>	<b>(4,344,181)</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	14	<b>33,622,433</b>	<b>25,308,739</b>

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

ALI RAZA D. HABIB  
Chairman

ABBAS D. HABIB  
Chief Executive and  
Managing Director

SYED MAZHAR ABBAS  
Director

ANWAR HAJI KARIM  
Director



## **NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED 30 JUNE 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 being 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 316 branches (31 December 2012: 308), 88 sub-branches (31 December 2012: 82) and 03 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 15 Islamic Banking branches (31 December 2012: 13).

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

- 2.1 These interim condensed financial statements of the Bank have been prepared, in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting', provisions of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and 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 International Accounting Standard (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, 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 of the previous financial year except as follows:

#### **New and amended standards**

The Bank has adopted the following revised standard, amendments and interpretation of IFRSs which became effective on 01 January 2013 :



IAS 1 - Presentation of Financial Statements – Presentation of items of other comprehensive income (Amendment)

IAS 19 - Employee Benefits – (Revised)

IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine

The adoption of the above revision and amendments of the standards did not have any effect on the financial statements except for as described in note 3.1 below:

Further, certain new standards have been issued by IASB which are effective for accounting periods beginning on or after 01 January 2013 but are yet to be notified by the Securities Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

### 3.1 Change in accounting policy

During the period, the Bank has adopted Revised IAS 19 - 'Employee Benefits'. As per revised standard, actuarial gains and losses for defined benefit plans are recognised in other comprehensive income when they occur. Amounts recorded in profit and loss are limited to current and past service costs, gains or losses on settlements, and net interest income / (expense). All other changes in the net defined benefit asset / (liability) are recognised in other comprehensive income with no subsequent recycling to profit and loss.

The adoption of above revised standard has resulted in change in accounting policy of the Bank related to recognition of actuarial gains and losses to recognise actuarial gains and losses in total in other comprehensive income in the period in which they occur. Previously, actuarial gains or losses in excess of 10% of the actuarial liability or plan assets were recognised in profit and loss account over the expected average working life of the employees. The impact of the said changes on these interim condensed financial statements is as under:

Rupees in '000

Net decrease in unappropriated profit as at 1 January 2012	114,128
Net increase in profit for the period ended 30 June 2012	2,892
Net decrease in other comprehensive income for the period ended 30 June 2012	2,595
Net increase in defined benefit liability as at 31 December 2012	174,668
Net decrease in deferred tax liability as at 31 December 2012	61,134



Note	30-June 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	121,473,825	46,219,500	167,693,325	114,006,833	50,291,508	164,298,341
Pakistan Investment Bonds	13,486,928	—	13,486,928	13,446,569	—	13,446,569
Foreign Currency Bonds	1,156,152	—	1,156,152	1,108,499	—	1,108,499
Sukuks	3,414,129	—	3,414,129	3,508,008	—	3,508,008
Ordinary shares of listed companies	1,266,370	—	1,266,370	265,972	—	265,972
Ordinary shares of unlisted companies	39,570	—	39,570	39,570	—	39,570
Listed term finance certificates	614,228	—	614,228	502,829	—	502,829
Unlisted term finance certificates	532,770	—	532,770	532,820	—	532,820
Open ended mutual funds	1,175,000	—	1,175,000	1,525,000	—	1,525,000
	<b>143,158,972</b>	<b>46,219,500</b>	<b>189,378,472</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	59,107,435	—	59,107,435	48,660,340	—	48,660,340
Pakistan Investment Bonds	17,716,050	—	17,716,050	12,503,552	—	12,503,552
Sukuks	222,728	—	222,728	229,705	—	229,705
Listed term finance certificates	99,353	—	99,353	246,931	—	246,931
Unlisted term finance certificates	—	—	—	41,667	—	41,667
	<b>77,145,566</b>	<b>—</b>	<b>77,145,566</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	60,000	—	60,000	33,750	—	33,750
First Habib Income Fund	400,000	—	400,000	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>1,015,977</b>	<b>—</b>	<b>1,015,977</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>221,520,515</b>	<b>46,219,500</b>	<b>267,740,015</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>221,514,815</b>	<b>46,219,500</b>	<b>267,734,315</b>	<b>197,952,322</b>	<b>50,291,508</b>	<b>248,243,830</b>
Surplus on revaluation of available for sale investments - net 9.2	1,792,716	64,981	1,857,697	1,419,923	90,322	1,510,245
<b>Investments after revaluation of available for sale investments</b>	<b>223,307,531</b>	<b>46,284,481</b>	<b>269,592,012</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 on 30 June 2013 amounts to Rs. 78,271 (31 December 2012: 62,824) million.



	30-June 2013 Note (Un-Audited)	31-December 2012 (Audited)
(Rupees in '000)		
<b>5. ADVANCES</b>		
Loans, cash credits, running finances, etc.		
In Pakistan	129,110,506	130,503,697
Outside Pakistan	8,808,964	8,203,074
	<b>137,919,470</b>	<b>138,706,771</b>
Net investment in finance lease / ijarah financing		
In Pakistan	685,714	501,124
Outside Pakistan	—	—
	<b>685,714</b>	<b>501,124</b>
Bills discounted and purchased (excluding market treasury bills)		
Payable in Pakistan	1,970,619	1,924,843
Payable outside Pakistan	16,105,531	12,329,922
	<b>18,076,150</b>	<b>14,254,765</b>
Advances - gross	<b>156,681,334</b>	<b>153,462,660</b>
Provision against non-performing loans and advances		
Specific provision	5.1 (3,316,847)	(3,062,933)
General provision against consumer advances (as per SBP regulations)	5.2 (34,631)	(31,059)
General provision	5.3 (2,500,000)	(2,500,000)
	<b>(5,851,478)</b>	<b>(5,593,992)</b>
Advances - net of provisions	<b>150,829,856</b>	<b>147,868,668</b>

5.1 Advances include Rs. 3,845.700 (31 December 2012: Rs. 3,705.730) million which have been placed under non-performing status as detailed below:

30-June 2013 (Un-Audited)									
Category of classification	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
(Rupees in '000)									
Other assets									
especially mentioned	12,885	—	12,885	476	—	476	476	—	476
Substandard	32,636	—	32,636	8,159	—	8,159	8,159	—	8,159
Doubtful	476,658	404,535	881,193	238,329	202,267	440,596	233,179	202,267	435,446
Loss	2,917,661	1,325	2,918,986	2,858,885	1,325	2,860,210	2,871,441	1,325	2,872,766
	<b>3,439,840</b>	<b>405,860</b>	<b>3,845,700</b>	<b>3,105,849</b>	<b>203,592</b>	<b>3,309,441</b>	<b>3,113,255</b>	<b>203,592</b>	<b>3,316,847</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)								
Other assets especially mentioned	-	-	-	-	-	-	-	-	-
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 SBP's Prudential Regulations amounting to Rs. 34.631 (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.

Half year ended	
30-June 2013	30-June 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	65,319	136,972
Improvements to leasehold buildings	132,345	34,778
Furniture and fixtures	25,538	14,591
Electrical, office and computer equipments	207,759	173,112
Vehicles	144,677	79,984
Intangible assets	20,481	2,321
	<u>596,119</u>	<u>442,149</u>

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

Furniture and fixtures	4,750	1,262
Electrical, office and computer equipments	37,378	9,791
Vehicles	51,538	37,993
	<u>93,666</u>	<u>49,046</u>



	30-June 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	13,888,554	14,138,447
Long term financing for export oriented projects	225,211	369,695
Long term financing for imported and locally manufactured plant and machinery	2,699,878	3,015,612
Financing facility for storage of agricultural produce	152,028	47,703
	<u>16,965,671</u>	<u>17,571,457</u>
Repurchase agreement borrowings	46,253,070	50,331,048
	<u>63,218,741</u>	<u>67,902,505</u>
<b>Unsecured</b>		
Borrowings from financial institutions	348,808	1,719,550
Overdrawn nostros	157,808	—
	<u>506,616</u>	<u>1,719,550</u>
	<u><u>63,725,357</u></u>	<u><u>69,622,055</u></u>
<b>8. DEPOSITS AND OTHER ACCOUNTS</b>		
<b>Customers</b>		
Fixed deposits	87,806,946	96,079,552
Savings deposits	118,271,554	105,561,063
Current accounts - Remunerative	35,540,051	29,061,770
Current accounts - Non-remunerative	115,402,005	104,284,355
	<u>357,020,556</u>	<u>334,986,740</u>
<b>Financial institutions</b>		
Remunerative deposits	7,234,457	4,949,283
Non-remunerative deposits	518,847	456,848
	<u>7,753,304</u>	<u>5,406,131</u>
	<u><u>364,773,860</u></u>	<u><u>340,392,871</u></u>



		<b>30-June 2013 (Un-Audited) (Rupees in '000)</b>	<b>31-December 2012 (Audited) (Rupees in '000)</b>
	Note		
<b>9. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>			
Operating fixed assets	9.1	<b>1,741,576</b>	1,760,240
Available for sale investments	9.2	<b>1,229,541</b>	995,851
		<b>2,971,117</b>	2,756,091
<b>9.1 Operating fixed assets</b>			
Surplus on revaluation of land and buildings		<b>2,347,595</b>	2,376,309
Related deferred tax liability		<b>(606,019)</b>	(616,069)
		<b>1,741,576</b>	1,760,240
<b>9.2 Available for sale investments</b>			
Federal Government Securities		<b>1,707,842</b>	1,386,550
Fully paid-up ordinary shares		<b>66,693</b>	21,123
Term finance certificates, sukuks and bonds		<b>2,833</b>	941
Open ended mutual funds		<b>80,329</b>	101,631
		<b>1,857,697</b>	1,510,245
Related deferred tax		<b>(628,156)</b>	(514,394)
		<b>1,229,541</b>	995,851
<b>10. CONTINGENCIES AND COMMITMENTS</b>			
<b>10.1 Direct Credit Substitutes</b>			
Financial institutions		<b>822,223</b>	166,232
Others		<b>109,625</b>	348,728
		<b>931,848</b>	514,960
<b>10.2 Transaction-related Contingent Liabilities</b>			
Government		<b>11,294,982</b>	9,446,751
Financial institutions		<b>105,613</b>	68,497
Others		<b>6,477,888</b>	6,279,180
		<b>17,878,483</b>	15,794,428





<b>30-June 2013 (Un-Audited)</b>	<b>31-December 2012 (Audited)</b>
(Rupees in '000)	

### 10.3 Trade-related Contingent Liabilities

Letters of credit	<b>62,258,987</b>	50,183,933
Acceptances	<b>8,716,229</b>	8,647,034
	<b><u>70,975,216</u></b>	<u>58,830,967</u>

### 10.4 Other Contingencies

There is no significant change during the period in the other contingencies as disclosed in the annual financial statements of the Bank for the year ended 31 December 2012.

<b>30-June 2013 (Un-Audited)</b>	<b>31-December 2012 (Audited)</b>
(Rupees in '000)	

### 10.5 Commitments in respect of forward lending

Commitments to extend credit	<b><u>651,179</u></b>	<u>472,257</u>
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### 10.6 Commitments in respect of forward exchange contracts

Purchase	<b><u>18,323,718</u></b>	<u>15,272,338</u>
Sale	<b><u>17,154,417</u></b>	<u>16,888,512</u>

The maturities of above contracts are spread over a period upto one year.

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

<b><u>180,372</u></b>	<u>146,070</u>
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Half year ended		Quarter ended	
30-June 2013	30-June 2012	30-June 2013	30-June 2012
(Un-Audited)			
(Rupees in '000)			

#### 11. MARK-UP / RETURN / INTEREST EARNED

On loans and advances to:				
Customers	6,500,913	6,699,333	3,134,808	3,324,005
Financial institutions	108,761	84,078	86,627	58,725
	6,609,674	6,783,411	3,221,435	3,382,730
On investments:				
Available for sale securities	9,195,456	8,972,460	4,624,207	5,830,107
Held to maturity securities	3,342,122	4,987,639	1,650,783	1,031,308
	12,537,578	13,960,099	6,274,990	6,861,415
On deposits with financial institutions	35,619	34,590	17,645	19,988
On securities purchased under resale agreements	24,972	53,717	9,736	30,183
On call money lendings	959	700	368	313
	19,208,802	20,832,517	9,524,174	10,294,629

Half year ended		Quarter ended	
30-June 2013	30-June 2012	30-June 2013	30-June 2012
(Un-Audited)			
(Rupees in '000)			

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

Deposits	8,983,575	9,941,675	4,510,448	5,060,502
Sub-ordinated loans	462,362	507,927	230,029	251,904
Repurchase agreement borrowings	1,879,368	1,749,129	879,991	669,503
Borrowings from SBP	716,777	735,637	354,131	355,339
Other borrowings	155,568	336,359	66,555	143,588
	12,197,650	13,270,727	6,041,154	6,480,836



	Half year ended	
	30-June 2013	30-June 2012
	(Un-Audited)	
	(Rupees in '000)	
13. BASIC AND DILUTED EARNINGS PER SHARE		
		Restated
Profit after taxation	2,433,334	2,511,690
	(Number)	
Weighted average number of ordinary shares	1,010,386,742	1,010,386,742
	(Rupees)	
		Restated
Basic and diluted earnings per share	2.41	2.49
	Half year ended	
	30-June 2013	30-June 2012
	(Un-Audited)	
	(Rupees in '000)	
14. CASH AND CASH EQUIVALENTS		
Cash and balances with treasury banks	31,625,770	22,776,627
Balances with other banks	2,154,471	3,242,002
Overdrawn nostros	(157,808)	(709,890)
	33,622,433	25,308,739

#### 15. RELATED PARTY TRANSACTIONS

Related parties of the Bank comprise subsidiaries, associates (including entities having directors in common with the Bank), retirement benefit funds, major share holders, 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 for the period / year and balances outstanding as at the period / year end with related parties are summarised as below:

30-June 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
Placement during the period	1,380,565	39,466,725	455,548	655,881	1,073,202	43,031,921
Withdrawal during the period	(1,272,023)	(39,409,137)	(402,769)	(592,019)	(1,050,635)	(42,726,583)
At the end of the period	114,862	1,749,170	199,373	358,629	174,170	2,596,204
Advances						
At the beginning of the period	7,166	1,615,380	351	28,605	–	1,651,502
Given during the period	5,813,958	9,586,440	2,000	28,491	–	15,430,889
Repaid during the period	(5,807,074)	(9,592,094)	(2,255)	(16,538)	–	(15,417,961)
At the end of the period	14,050	1,609,726	96	40,558	–	1,664,430
Investments						
At the beginning of the period	200,000	1,139,727	–	–	–	1,339,727
Investment made during the period	–	26,250	–	–	–	26,250
Redeemed during the period	–	(150,000)	–	–	–	(150,000)
At the end of the period	200,000	1,015,977	–	–	–	1,215,977
Contingencies and commitments	–	430,105	–	–	–	430,105
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
Placement during the year	429,868	75,338,485	631,362	1,169,514	7,365,961	84,935,190
Withdrawal 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	–	–	–	532,639



Half year ended 30-June 2013 (Un-Audited)

	Subsidiary	Associates	Non Executive Directors (Rupees in '000)	Key Management Personnel	Retirement Benefit Funds	Total
Purchase of fixed assets	-	1,047	-	-	-	1,047
Sale of securities	-	-	-	-	-	-
Redemption of mutual funds units	-	158,659	-	-	-	158,659
Purchase of mutual fund units/securities	-	26,250	-	-	-	26,250
Mark-up earned	578	71,782	-	771	-	73,131
Mark-up expensed	428	34,257	4,242	9,852	9,038	57,817
Bank charges and commission	1	2,395	5	57	-	2,458
Gain on sale of securities	-	8,659	-	-	-	8,659
Salaries and allowances	-	-	-	89,945	-	89,945
Bonus	-	-	-	8,542	-	8,542
Contribution to defined contribution plan	-	-	-	3,525	-	3,525
Contribution to defined benefit plan	-	-	-	7,442	-	7,442
Staff provident fund	-	-	-	-	90,469	90,469
Staff gratuity fund	-	-	-	-	60,000	60,000
Directors' fee	-	-	1,250	-	-	1,250
Insurance claim received	-	5,500	-	-	-	5,500
Insurance premium paid	-	77,521	-	-	-	77,521
Dividend income	-	23,605	-	-	-	23,605
Rental income	1,622	-	-	-	-	1,622
Other income	250	-	-	-	-	250
Commission expensed	596	-	-	-	-	596
Other expensed	360	-	-	-	-	360

Half year ended 30-June 2012 (Un-Audited)

	Subsidiary	Associates	Non Executive Directors (Rupees in '000)	Key Management Personnel	Retirement Benefit Funds	Total
Purchase of fixed assets	-	838	-	-	-	838
Sale of securities	-	3,436	-	-	-	3,436
Redemption of mutual funds units	-	-	-	-	-	-
Purchase of mutual fund units/securities	-	200,000	-	-	-	200,000
Mark-up earned	239	77,794	2	929	-	78,964
Mark-up expensed	439	29,912	3,871	10,868	8,191	53,281
Bank charges and commission	36	2,346	4	52	-	2,438
Gain on sale of securities	-	4	-	-	-	4
Salaries and allowances	-	-	-	76,986	-	76,986
Bonus	-	-	-	7,924	-	7,924
Contribution to defined contribution plan	-	-	-	3,259	-	3,259
Contribution to defined benefit plan	-	-	-	5,791	-	5,791
Staff provident fund	-	-	-	-	77,334	77,334
Staff gratuity fund	-	-	-	-	55,551	55,551
Directors' fee	-	-	1,225	-	-	1,225
Insurance claim received	-	9,839	-	-	-	9,839
Insurance premium paid	-	129,117	-	-	-	129,117
Dividend income	-	65,261	-	-	-	65,261
Rental income	1,475	-	-	-	-	1,475
Other income	83	-	-	-	-	83
Commission expensed	123	-	-	-	-	123
Other expensed	259	-	-	-	-	259



## 16. ISLAMIC BANKING BUSINESS

The Bank is operating 15 (31 December 2012: 13) Islamic Banking branches in Pakistan. The statement of financial position of these branches as at 30 June 2013 is as follows:

	30-June 2013 Note (Un-Audited)	31-December 2012 (Audited)
	(Rupees in '000)	
<b>ASSETS</b>		
Cash and balances with treasury banks	529,586	322,418
Balances with and due from financial institutions	3,963	2,786
Investments	1,531,691	1,573,586
Islamic financing and related assets	8,995,069	7,698,981
Operating fixed assets	49,167	41,123
Other assets	214,136	254,653
	<b>11,323,612</b>	<b>9,893,547</b>
<b>LIABILITIES</b>		
Bills payable	50,773	44,896
Due to financial institutions	1,162,666	1,081,647
Deposits and other accounts	6,904,228	6,824,034
– Current accounts	1,547,764	1,469,285
– Saving accounts	1,612,475	713,014
– Term deposits	3,714,678	3,981,713
– Others	9,267	58,863
– Deposits from financial institutions-remunerative	19,553	600,625
– Deposits from financial institutions-non-remunerative	491	534
Due to Head office	1,760,000	360,000
Other liabilities	308,097	315,081
	<b>(10,185,764)</b>	<b>(8,625,658)</b>
<b>NET ASSETS</b>	<b>1,137,848</b>	<b>1,267,889</b>
<b>REPRESENTED BY:</b>		
Islamic banking fund	1,000,000	950,000
Unremitted profit	135,928	310,177
	<b>1,135,928</b>	<b>1,260,177</b>
Surplus on revaluation of assets	1,920	7,712
	<b>1,137,848</b>	<b>1,267,889</b>



	<b>30-June 2013 (Un-Audited)</b>	<b>31-December 2012 (Audited)</b>
	(Rupees in '000)	
<b>16.1 Islamic financing and related assets</b>		
Murabaha	<b>4,234,601</b>	3,125,006
Ijarah	<b>3,708</b>	3,926
Net book value of assets / investments in ijarah under IFAS 2	<b>264,539</b>	307,173
Diminishing musharika	<b>2,832,843</b>	2,851,554
Export refinance murabaha	<b>229,166</b>	81,600
Export refinance istisna	<b>952,500</b>	1,000,047
Istisna	<b>262,050</b>	44,644
Gross financing	<b>8,779,407</b>	7,413,950
Less: general provisioning against consumer financing	<b>(285)</b>	(231)
Net financing	<b>8,779,122</b>	7,413,719
Advance against murabaha	<b>215,947</b>	277,979
Advance against ijarah	<b>—</b>	7,283
Islamic financing and related assets - net off provision	<b>8,995,069</b>	7,698,981
<b>16.1.1 Islamic financing and related assets</b>		
Financings / inventory / receivables	<b>8,779,407</b>	7,413,950
Advances	<b>215,947</b>	285,262
Less: general provisioning against consumer financing	<b>(285)</b>	(231)
	<b>8,995,069</b>	7,698,981



## 17. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

Half year ended 30-June 2013 (Un-Audited)				
	Retail Banking	Commercial Banking	Inter Segment Elimination	Total
	(Rupees in '000)			
Total income	9,982,420	19,362,010	(8,325,220)	21,019,210
Total expenses	(8,759,162)	(16,889,126)	8,325,220	(17,323,068)
Net income	1,223,258	2,472,884	—	3,696,142
As of 30-June 2013 (Un-Audited)				
Segment assets	337,799,136	458,027,106	(321,064,055)	474,762,187
Segment liabilities	336,662,825	435,688,125	(321,064,055)	451,286,895
Half year ended 30-June 2012 (Un-Audited)				
	Retail Banking	Commercial Banking	Inter Segment Elimination	Total
	(Rupees in '000) Restated			
Total income	11,171,353	20,450,770	(9,307,258)	22,314,865
Total expenses	(9,653,363)	(17,505,826)	9,307,258	(17,851,931)
Net income	1,517,990	2,944,944	—	4,462,934
As of 30-June 2012 (Un-Audited)				
Segment assets	277,716,589	387,156,369	(267,759,522)	397,113,436
Segment liabilities	276,489,279	368,559,397	(267,759,522)	377,289,154

## 18. DATE OF AUTHORISATION

These interim condensed financial statements were authorised for issue by the Board of Directors in their meeting held on 29 August 2013.

## 19. GENERAL

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

19.2 Figures of the profit and loss account for the quarters ended 30 June 2013 and 30 June 2012 have not been subjected to limited scope review by the auditors.

19.3 Corresponding figures have been re-arranged / re-classified wherever necessary, for the purpose of comparison. There are no major reclassifications to report.

ALI RAZA D. HABIB  
*Chairman*

ABBAS D. HABIB  
*Chief Executive and  
Managing Director*

SYED MAZHAR ABBAS  
*Director*

ANWAR HAJI KARIM  
*Director*





## **Consolidated Financial Statements**

Bank AL Habib Limited

and

Subsidiary Company



**CONSOLIDATED INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2013**

		<b>30-June 2013 (Un-Audited)</b>	<b>31-December 2012 (Audited)</b>
	Note	(Rupees in '000)	Restated
<b>ASSETS</b>			
Cash and balances with treasury banks		<b>31,625,786</b>	27,464,345
Balances with other banks		<b>2,164,125</b>	9,747,248
Lendings to financial institutions		<b>2,511,984</b>	993,981
Investments	4	<b>269,802,989</b>	249,923,504
Advances	5	<b>150,817,404</b>	147,859,828
Operating fixed assets	6	<b>11,405,389</b>	11,211,423
Deferred tax assets		—	—
Other assets		<b>6,743,380</b>	6,153,613
		<b>475,071,057</b>	453,353,942
<b>LIABILITIES</b>			
Bills payable		<b>8,619,848</b>	5,257,191
Borrowings	7	<b>63,725,616</b>	69,622,055
Deposits and other accounts	8	<b>364,659,033</b>	340,386,558
Sub-ordinated loans		<b>6,487,600</b>	6,489,300
Liabilities against assets subject to finance lease		—	—
Deferred tax liabilities		<b>1,997,359</b>	1,868,307
Other liabilities		<b>5,807,964</b>	5,665,650
		<b>451,297,420</b>	429,289,061
<b>NET ASSETS</b>		<b>23,773,637</b>	24,064,881
<b>REPRESENTED BY :</b>			
Share capital		<b>10,103,868</b>	10,103,868
Reserves		<b>6,974,537</b>	6,464,546
Unappropriated profit		<b>3,593,863</b>	4,601,691
<b>Equity attributable to the shareholders of the Holding Company</b>		<b>20,672,268</b>	21,170,105
Non-controlling interest		<b>112,551</b>	106,753
<b>Total equity</b>		<b>20,784,819</b>	21,276,858
Surplus on revaluation of assets - net of tax	9	<b>2,988,818</b>	2,788,023
		<b>23,773,637</b>	24,064,881
<b>CONTINGENCIES AND COMMITMENTS</b>	10		

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

ALI RAZA D. HABIB  
*Chairman*

ABBAS D. HABIB  
*Chief Executive and  
Managing Director*

SYED MAZHAR ABBAS  
*Director*

ANWAR HAJI KARIM  
*Director*



## CONSOLIDATED INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF YEAR ENDED 30 JUNE 2013

	Note	Half year ended		Quarter ended	
		30-June 2013	30-June 2012	30-June 2013	30-June 2012
		(Rupees in '000)			
		Restated		Restated	
Mark-up / return / interest earned	11	19,208,262	20,838,730	9,524,043	10,295,797
Mark-up / return / interest expensed	12	(12,197,227)	(13,270,288)	(6,040,838)	(6,480,551)
Net mark-up / return / interest income		7,011,035	7,568,442	3,483,205	3,815,246
Provision against non-performing loans and advances		(254,239)	(379,497)	(92,141)	(110,319)
Provision for diminution in the value of investments		-	14	-	-
Bad debts written-off directly		(96)	-	(96)	-
		(254,335)	(379,483)	(92,237)	(110,319)
Net mark-up / return / interest income after provisions		6,756,700	7,188,959	3,390,968	3,704,927
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee, commission and brokerage income		853,447	756,172	428,832	381,595
Dividend income		47,620	171,206	8,728	116,597
Income from dealing in foreign currencies		266,698	213,899	137,073	91,977
Gain on sale / redemption of securities-net		385,887	69,138	320,507	68,783
Unrealised gain / (loss) on revaluation of investments classified as held for trading		-	-	-	-
Share of profit from associates		79,829	66,786	54,088	(1,871)
Other income		263,377	218,830	133,074	110,842
Total non mark-up / interest income		1,896,858	1,496,031	1,082,302	767,923
		8,653,558	8,684,990	4,473,270	4,472,850
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Administrative expenses		(4,813,179)	(4,130,199)	(2,441,703)	(2,014,066)
Other provisions / write-offs		492	-	10,864	-
Other charges		(79,004)	(91,149)	(43,631)	(45,792)
Total non mark-up / interest expenses		(4,891,691)	(4,221,348)	(2,474,470)	(2,059,858)
		3,761,867	4,463,642	1,998,800	2,412,992
Extra-ordinary / unusual items		-	-	-	-
<b>PROFIT BEFORE TAXATION</b>		3,761,867	4,463,642	1,998,800	2,412,992
Taxation - Current		(1,248,226)	(1,619,300)	(642,412)	(834,290)
- Prior years		-	(57,437)	-	(57,437)
- Deferred		(15,351)	(274,416)	(16,841)	(252,424)
		(1,263,577)	(1,951,153)	(659,253)	(1,144,151)
<b>PROFIT AFTER TAXATION</b>		2,498,290	2,512,489	1,339,547	1,268,841
<b>Attributable to:</b>					
Shareholders of the Holding Company		2,492,492	2,512,731	1,333,936	1,269,249
Non-controlling interest		5,798	(242)	5,611	(408)
		2,498,290	2,512,489	1,339,547	1,268,841
<b>Basic and diluted earnings per share attributable to equity holders of the Holding Company - Rupees 13</b>					
		2.47	2.49	1.32	1.26

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

ALI RAZA D. HABIB  
*Chairman*

ABBAS D. HABIB  
*Chief Executive and  
Managing Director*

SYED MAZHAR ABBAS  
*Director*

ANWAR HAJI KARIM  
*Director*



**CONSOLIDATED INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR ENDED 30 JUNE 2013**

	<u>Half year ended</u>		<u>Quarter ended</u>	
	<b>30-June 2013</b>	30-June 2012	<b>30-June 2013</b>	30-June 2012
		(Rupees in '000)		
		Restated		Restated
<b>Net profit for the period</b>	<b>2,498,290</b>	2,512,489	<b>1,339,547</b>	1,268,841
<b>Other comprehensive income</b>				
<i>Items to be reclassified to profit or loss in subsequent periods:</i>				
Effect of foreign currency translation of net investment in foreign branch	<b>22,167</b>	32,302	<b>9,558</b>	26,892
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>				
Actuarial loss on defined benefit plan	–	(3,992)	–	(1,996)
Income tax effect	–	1,397	–	699
	–	(2,595)	–	(1,297)
<b>Total comprehensive income for the period</b>	<b>2,520,457</b>	2,542,196	<b>1,349,105</b>	1,294,436
<b>Attributable to:</b>				
Shareholders of the Holding Company	<b>2,514,659</b>	2,542,438	<b>1,343,494</b>	1,294,844
Non-controlling interest	<b>5,798</b>	(242)	<b>5,611</b>	(408)
	<b>2,520,457</b>	2,542,196	<b>1,349,105</b>	1,294,436

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

ALI RAZA D. HABIB  
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*Director*



## CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED 30 JUNE 2013

Attributable to the shareholders of the Holding Company									
	Share Capital	Statutory Reserve	Revenue Reserves			Unappro- -priated Profit	Total	Non- controlling interest	Total
			Special Reserve	General Reserve	Foreign Currency Translation Reserve				
					(Rupees in '000)				
Balance as at 01 January 2012	8,785,972	4,540,869	126,500	540,000	117,320	3,767,998	17,878,659	109,782	17,988,441
Effect of retrospective change in accounting policy of recognising actuarial gains and losses on defined benefit plan - net of tax (note 3.1)	-	-	-	-	-	(114,128)	(114,128)	-	(114,128)
Balance as at 01 January 2012 - restated	8,785,972	4,540,869	126,500	540,000	117,320	3,653,870	17,764,531	109,782	17,874,313
Profit for the period - restated	-	-	-	-	-	2,512,731	2,512,731	(242)	2,512,489
Other comprehensive income - restated	-	-	-	-	32,302	(2,595)	29,707	-	29,707
Total comprehensive income - restated	-	-	-	-	32,302	2,510,136	2,542,438	(242)	2,542,196
Transfer from surplus on revaluation of of fixed assets - net of tax	-	-	-	-	-	18,706	18,706	-	18,706
Transfer to statutory reserve	-	501,760	-	-	-	(501,760)	-	-	-
Cash dividend (Rs. 2.5 per share)	-	-	-	-	-	(2,196,493)	(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 30 June 2012 - restated	10,103,868	5,042,629	126,500	540,000	149,622	2,166,563	18,129,182	109,540	18,238,722
Profit for the period - restated	-	-	-	-	-	3,006,602	3,006,602	(2,787)	3,003,815
Other comprehensive income - restated	-	-	-	-	18,252	(2,595)	15,657	-	15,657
Total comprehensive income for the period	-	-	-	-	18,252	3,004,007	3,022,259	(2,787)	3,019,472
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	18,664	18,664	-	18,664
Transfer to statutory reserve	-	587,543	-	-	-	(587,543)	-	-	-
Balance as at 31 Dec. 2012 - restated	10,103,868	5,630,172	126,500	540,000	167,874	4,601,691	21,170,105	106,753	21,276,858
Profit for the period	-	-	-	-	-	2,492,492	2,492,492	5,798	2,498,290
Other comprehensive income	-	-	-	-	22,167	-	22,167	-	22,167
Total comprehensive income for the period	-	-	-	-	22,167	2,492,492	2,514,659	5,798	2,520,457
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	18,664	18,664	-	18,664
Transfer to statutory reserve	-	487,824	-	-	-	(487,824)	-	-	-
Cash dividend (Rs. 3 per share)	-	-	-	-	-	(3,031,160)	(3,031,160)	-	(3,031,160)
Balance as at 30 June 2013	10,103,868	6,117,996	126,500	540,000	190,041	3,593,863	20,672,268	112,551	20,784,819

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

ALI RAZA D. HABIB  
*Chairman*

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*Director*



## CONSOLIDATED INTERIM CONDENSED CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED 30 JUNE 2013

	Note	30-June 2013 (Rupees in '000)	30-June 2012 Restated
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		3,761,867	4,463,642
Dividend income		(47,620)	(171,206)
		<b>3,714,247</b>	<b>4,292,436</b>
<b>Adjustments for non-cash changes:</b>			
Depreciation		432,923	393,193
Amortisation		25,348	14,092
Provision against non-performing loans and advances		254,239	379,497
Reversal for diminution in the value of investments		—	(14)
Gain on sale / redemption of securities		(385,887)	(69,138)
Provision for defined benefit plan		60,000	55,551
Charge for compensated absences		20,111	19,272
Share of profit from associates		(79,829)	(66,786)
Gain on disposal of operating fixed assets		(40,892)	(27,340)
Provision against off-balance sheet items		(492)	—
Financial charges on leased assets		—	1
		<b>285,521</b>	<b>698,328</b>
		<b>3,999,768</b>	<b>4,990,764</b>
Increase in operating assets			
Lendings to financial institutions		(1,518,003)	—
Advances		(3,211,815)	(7,127,727)
Other assets		(502,606)	(58,846)
		<b>(5,232,424)</b>	<b>(7,186,573)</b>
Increase / (decrease) in operating liabilities			
Bills payable		3,362,657	402,542
Borrowings		(6,054,247)	(3,051,649)
Deposits and other accounts		24,272,475	15,075,866
Other liabilities (excluding provision for taxation)		326,803	(133,984)
		<b>21,907,688</b>	<b>12,292,775</b>
Cash inflow before tax		<b>20,675,032</b>	<b>10,096,966</b>
Income tax paid		(1,661,810)	(1,825,075)
Net cash flow from operating activities		<b>19,013,222</b>	<b>8,271,891</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investments in available for sale securities		(3,773,189)	(32,182,218)
Net investments in held to maturity securities		(15,463,371)	22,620,135
Net investments in associates		156,014	(134,672)
Dividend received		47,620	175,195
Investments in operating fixed assets		(652,551)	(559,182)
Sale proceeds of operating fixed assets		45,051	33,005
Net cash used in investing activities		<b>(19,640,426)</b>	<b>(10,047,737)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Payments of sub-ordinated loans		(1,700)	(450,532)
Payment of lease obligations		—	(29)
Dividend paid		(2,972,753)	(2,149,644)
Net cash used in financing activities		<b>(2,974,453)</b>	<b>(2,600,205)</b>
Exchange adjustment on translation of net investment in foreign branch		22,167	32,302
Decrease in cash and cash equivalents		<b>(3,579,490)</b>	<b>(4,343,749)</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	14	<b>33,632,103</b>	<b>25,310,479</b>

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

ALI RAZA D. HABIB  
*Chairman*

ABBAS D. HABIB  
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SYED MAZHAR ABBAS  
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ANWAR HAJI KARIM  
*Director*



## **NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED 30 JUNE 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 being 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 316 branches (31 December 2012: 308), 88 sub-branches (31 December 2012: 82) and 03 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 15 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 of the Group have been prepared, in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting', provisions of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and 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 International Accounting Standard (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, 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 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 of the previous financial year except as follows:

#### **New and amended standards**

The Group has adopted the following revised standard, amendments and interpretation of IFRSs which became effective on 01 January 2013 :

IAS 1 - Presentation of Financial Statements – Presentation of items of other comprehensive income (Amendment)

IAS 19 - Employee Benefits – (Revised)

IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine

The adoption of the above revision and amendments of the standards did not have any effect on the financial statements except for as described in note 3.1 below:

Further, certain new standards have been issued by IASB which are effective for accounting periods beginning on or after 01 January 2013 but are yet to be notified by the Securities Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

#### **3.2 Change in accounting policy**

During the period, the Group has adopted Revised IAS 19 - 'Employee Benefits'. As per revised standard, actuarial gains and losses for defined benefit plans are recognised in other comprehensive income when they occur. Amounts recorded in profit and loss are limited to current and past service costs, gains or losses on settlements, and net interest income / (expense). All other changes in the net defined benefit asset / (liability) are recognised in other comprehensive income with no subsequent recycling to profit and loss.

The adoption of above revised standard has resulted in change in accounting policy of the Group related to recognition of actuarial gains and losses to recognise actuarial gains and losses in total in other comprehensive income in the period in which they occur. Previously, actuarial gains or losses in excess of 10% of the actuarial liability or plan assets were recognised in profit and loss account over the expected average working life of the employees. The impact of the said changes on these consolidated interim condensed financial statements is as under:

Rupees in '000

Net decrease in unappropriated profit as at 1 January 2012	114,128
Net increase in profit for the period ended 30 June 2012	2,892
Net decrease in other comprehensive income for the period ended 30 June 2012	2,595
Net increase in defined benefit liability as at 31 December 2012	174,668
Net decrease in deferred tax liability as at 31 December 2012	61,134

3.3 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	30-June 2013 (Un-Audited)			31-December 2012 (Audited)		
	Held by Group	Given as Collateral	Total	Held by Group	Given as Collateral	Total

(Rupees in '000)

#### 4. INVESTMENTS

##### *Available for Sale Securities*

Market Treasury Bills	121,473,825	46,219,500	167,693,325	114,006,833	50,291,508	164,298,341
Pakistan Investment Bonds	13,486,928	—	13,486,928	13,446,569	—	13,446,569
Foreign Currency Bonds	1,156,152	—	1,156,152	1,108,499	—	1,108,499
Sukuks	3,414,129	—	3,414,129	3,508,008	—	3,508,008
Ordinary shares of listed companies	1,280,959	—	1,280,959	276,576	—	276,576
Ordinary shares of unlisted companies	39,570	—	39,570	39,570	—	39,570
Listed term finance certificates	614,228	—	614,228	502,829	—	502,829
Unlisted term finance certificates	532,770	—	532,770	532,820	—	532,820
Open ended mutual funds	1,381,416	—	1,381,416	1,727,189	—	1,727,189
	<b>143,379,977</b>	<b>46,219,500</b>	<b>189,599,477</b>	<b>135,148,893</b>	<b>50,291,508</b>	<b>185,440,401</b>

##### *Held to Maturity Securities* 4.1

Market Treasury Bills	59,107,435	—	59,107,435	48,660,340	—	48,660,340
Pakistan Investment Bonds	17,716,050	—	17,716,050	12,503,552	—	12,503,552
Sukuks	222,728	—	222,728	229,705	—	229,705
Listed term finance certificates	99,353	—	99,353	246,931	—	246,931
Unlisted term finance certificates	—	—	—	41,667	—	41,667
	<b>77,145,566</b>	<b>—</b>	<b>77,145,566</b>	<b>61,682,195</b>	<b>—</b>	<b>61,682,195</b>

##### *Associates*

Habib Sugar Mills Limited	279,831	—	279,831	281,831	—	281,831
Habib Asset Management Limited	69,965	—	69,965	40,013	—	40,013
First Habib Income Fund	423,284	—	423,284	556,646	—	556,646
First Habib Stock Fund	66,740	—	66,740	56,665	—	56,665
First Habib Cash Fund	331,188	—	331,188	318,760	—	318,760
First Habib Islamic Balanced Fund	27,889	—	27,889	25,358	—	25,358
	<b>1,198,897</b>	<b>—</b>	<b>1,198,897</b>	<b>1,279,273</b>	<b>—</b>	<b>1,279,273</b>

<b>Investments at cost</b>	<b>221,724,440</b>	<b>46,219,500</b>	<b>267,943,940</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>221,717,854</b>	<b>46,219,500</b>	<b>267,937,354</b>	<b>198,103,775</b>	<b>50,291,508</b>	<b>248,395,283</b>
Surplus on revaluation of available for sale investments - net	1,800,654	64,981	1,865,635	1,437,899	90,322	1,528,221
<b>Investments after revaluation of available for sale investments</b>	<b>223,518,508</b>	<b>46,284,481</b>	<b>269,802,989</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 on 30 June 2013 amounts to Rs. 78,271 (31 December 2012: 62,824) million.



	Note	30-June 2013 (Un-Audited) (Rupees in '000)	31-December 2012 (Audited)
<b>5. ADVANCES</b>			
Loans, cash credits, running finances, etc.			
In Pakistan		<b>129,098,054</b>	130,494,857
Outside Pakistan		<b>8,808,964</b>	8,203,074
		<b>137,907,018</b>	138,697,931
Net investment in finance lease / ijarah financing			
In Pakistan		<b>685,714</b>	501,124
Outside Pakistan		<b>—</b>	—
		<b>685,714</b>	501,124
Bills discounted and purchased (excluding market treasury bills)			
Payable in Pakistan		<b>1,970,619</b>	1,924,843
Payable outside Pakistan		<b>16,105,531</b>	12,329,922
		<b>18,076,150</b>	14,254,765
Advances - gross		<b>156,668,882</b>	153,453,820
Provision against non-performing loans and advances			
Specific provision	5.1	<b>(3,316,847)</b>	(3,062,933)
General provision against consumer advances (as per SBP regulations)	5.2	<b>(34,631)</b>	(31,059)
General provision	5.3	<b>(2,500,000)</b>	(2,500,000)
		<b>(5,851,478)</b>	(5,593,992)
Advances - net of provisions		<b>150,817,404</b>	147,859,828

5.1 Advances include Rs. 3,845.700 (31 December 2012: Rs. 3,705.730) million which have been placed under non-performing status as detailed below:

30-June 2013 (Un-Audited)									
	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
(Rupees in '000)									
Category of classification									
Other assets									
especially mentioned	12,885	—	12,885	476	—	476	476	—	476
Substandard	32,636	—	32,636	8,159	—	8,159	8,159	—	8,159
Doubtful	476,658	404,535	881,193	238,329	202,267	440,596	233,179	202,267	435,446
Loss	2,917,661	1,325	2,918,986	2,858,885	1,325	2,860,210	2,871,441	1,325	2,872,766
	<u>3,439,840</u>	<u>405,860</u>	<u>3,845,700</u>	<u>3,105,849</u>	<u>203,592</u>	<u>3,309,441</u>	<u>3,113,255</u>	<u>203,592</u>	<u>3,316,847</u>
31-December 2012 (Audited)									
Other assets									
especially mentioned	—	—	—	—	—	—	—	—	—
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 SBP's Prudential Regulations amounting to Rs. 34.631 (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.

Half year ended	
30-June 2013	30-June 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	65,319	136,972
Improvements to leasehold buildings	132,345	34,778
Furniture and fixtures	25,538	14,591
Electrical, office and computer equipments	207,790	173,268
Vehicles	144,677	79,984
Intangible assets	20,481	2,321
	<b>596,150</b>	<b>442,305</b>

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

Furniture and fixtures	4,750	1,262
Electrical, office and computer equipments	37,386	10,285
Vehicles	56,595	38,036
	<b>98,731</b>	<b>49,583</b>

30-June 2013 (Un-Audited)	31-December 2012 (Audited)
(Rupees in '000)	

## 7. BORROWINGS

### Secured

Borrowings from State Bank of Pakistan		
Export refinance scheme	13,888,554	14,138,447
Long term financing for export oriented projects	225,211	369,695
Long term financing for imported and locally manufactured plant and machinery	2,699,878	3,015,612
Financing facility for storage of agricultural produce	152,028	47,703
	<b>16,965,671</b>	<b>17,571,457</b>
Repurchase agreement borrowings	46,253,070	50,331,048
	<b>63,218,741</b>	<b>67,902,505</b>

### Unsecured

Borrowings from financial institutions	349,067	1,719,550
Overdrawn nostros	157,808	–
	<b>506,875</b>	<b>1,719,550</b>
	<b>63,725,616</b>	<b>69,622,055</b>



		<b>30-June 2013</b>	<b>31-December 2012</b>
	Note	<b>(Un-Audited)</b>	<b>(Audited)</b>
<b>(Rupees in '000)</b>			
<b>8. DEPOSITS AND OTHER ACCOUNTS</b>			
<b>Customers</b>			
Fixed deposits		<b>87,806,946</b>	96,079,552
Savings deposits		<b>118,271,554</b>	105,561,063
Current accounts - Remunerative		<b>35,540,051</b>	29,061,770
Current accounts - Non-remunerative		<b>115,402,005</b>	104,284,355
		<b>357,020,556</b>	334,986,740
<b>Financial institutions</b>			
Remunerative deposits		<b>7,234,308</b>	4,949,208
Non-remunerative deposits		<b>404,169</b>	450,610
		<b>7,638,477</b>	5,399,818
		<b>364,659,033</b>	340,386,558
<b>9. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>			
Operating fixed assets	9.1	<b>1,741,576</b>	1,760,240
Available for sale investments	9.2	<b>1,247,242</b>	1,027,783
		<b>2,988,818</b>	2,788,023
<b>9.1 Operating fixed assets</b>			
Surplus on revaluation of land and buildings		<b>2,347,595</b>	2,376,309
Related deferred tax liability		<b>(606,019)</b>	(616,069)
		<b>1,741,576</b>	1,760,240
<b>9.2 Available for sale investments</b>			
Federal Government Securities		<b>1,707,842</b>	1,386,550
Fully paid-up ordinary shares		<b>69,680</b>	24,097
Term finance certificates, sukuks, bonds and others		<b>12,596</b>	14,895
Open ended mutual funds		<b>85,280</b>	116,635
		<b>1,875,398</b>	1,542,177
Related deferred tax		<b>(628,156)</b>	(514,394)
		<b>1,247,242</b>	1,027,783



	<b>30-June 2013 (Un-Audited)</b>	<b>31-December 2012 (Audited)</b>
	(Rupees in '000)	
<b>10. CONTINGENCIES AND COMMITMENTS</b>		
<b>10.1 Direct Credit Substitutes</b>		
Financial institutions	<b>822,223</b>	166,232
Others	<b>109,625</b>	348,728
	<b>931,848</b>	514,960
<b>10.2 Transaction-related Contingent Liabilities</b>		
Government	<b>11,294,982</b>	9,446,751
Financial institutions	<b>105,613</b>	68,497
Others	<b>6,477,888</b>	6,279,180
	<b>17,878,483</b>	15,794,428
<b>10.3 Trade-related Contingent Liabilities</b>		
Letters of credit	<b>62,258,987</b>	50,183,933
Acceptances	<b>8,716,229</b>	8,647,034
	<b>70,975,216</b>	58,830,967
<b>10.4 Other Contingencies</b>		
There is no significant change during the period in the other contingencies as disclosed in the annual financial statements of the Group for the year ended 31 December 2012.		
	<b>30-June 2013 (Un-Audited)</b>	<b>31-December 2012 (Audited)</b>
	(Rupees in '000)	
<b>10.5 Commitments in respect of forward lending</b>		
Commitments to extend credit	<b>651,179</b>	472,257
<b>10.6 Commitments in respect of forward exchange contracts</b>		
Purchase	<b>18,323,718</b>	15,272,338
Sale	<b>17,154,417</b>	16,888,512
The maturities of above contracts are spread over a period upto one year.		
<b>10.7 Commitments for the acquisition of operating fixed assets</b>	<b>180,372</b>	146,070



Half year ended		Quarter ended	
30-June 2013	30-June 2012	30-June 2013	30-June 2012
(Un-Audited)			
(Rupees in '000)			

#### 11. MARK-UP / RETURN / INTEREST EARNED

On loans and advances to:				
Customers	6,500,332	6,699,116	3,134,647	3,323,980
Financial institutions	108,761	84,078	86,627	58,725
	6,609,093	6,783,194	3,221,274	3,382,705
On investments:				
Available for sale securities	9,195,456	8,972,460	4,624,207	5,830,107
Held to maturity securities	3,342,122	4,994,027	1,650,783	1,032,477
	12,537,578	13,966,487	6,274,990	6,862,584
On deposits with financial institutions	35,619	34,632	17,645	20,012
On securities purchased under resale agreements	24,972	53,717	9,736	30,183
On call money lendings	1,000	700	398	313
	19,208,262	20,838,730	9,524,043	10,295,797

Half year ended		Quarter ended	
30-June 2013	30-June 2012	30-June 2013	30-June 2012
(Un-Audited)			
(Rupees in '000)			

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

Deposits	8,983,152	9,941,236	4,510,132	5,060,217
Sub-ordinated loans	462,362	507,927	230,029	251,904
Repurchase agreement borrowings	1,879,368	1,749,129	879,991	669,503
Borrowings from SBP	716,777	735,637	354,131	355,339
Other borrowings	155,568	336,359	66,555	143,588
	12,197,227	13,270,288	6,040,838	6,480,551



	Half year ended	
	30-June 2013	30-June 2012
	(Un-Audited)	
	(Rupees in '000)	
<b>13. BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY</b>		
		Restated
Profit after taxation - attributable to equity holders of the Holding company	<b>2,492,492</b>	2,512,731
	(Number)	
Weighted average number of ordinary shares	<b>1,010,386,742</b>	1,010,386,742
	(Rupees)	
		Restated
Basic and diluted earnings per share	<b>2.47</b>	2.49
	Half year ended	
	30-June 2013	30-June 2012
	(Un-Audited)	
	(Rupees in '000)	
<b>14. CASH AND CASH EQUIVALENTS</b>		
Cash and balances with treasury banks	<b>31,625,786</b>	22,776,635
Balances with other banks	<b>2,164,125</b>	3,243,734
Overdrawn nostros	<b>(157,808)</b>	(709,890)
	<b>33,632,103</b>	25,310,479
<b>15. RELATED PARTY TRANSACTIONS</b>		

Related parties of the Group comprise associates (including entities having directors in common with the Group), retirement benefit funds, major share holders, 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 for the period / year and balances outstanding as at the period / year end with related parties are summarised below:

	30-June 2013 (Un-Audited)				
	Associates	Non Executive Directors	Key Management Personnel (Rupees in '000)	Retirement Benefit Funds	Total
Deposits					
At the beginning of the period	1,691,582	146,594	294,767	151,603	2,284,546
Placement during the period	39,466,725	455,548	655,881	1,073,202	41,651,356
Withdrawal during the period	(39,409,137)	(402,769)	(592,019)	(1,050,635)	(41,454,560)
At the end of the period	<u>1,749,170</u>	<u>199,373</u>	<u>358,629</u>	<u>174,170</u>	<u>2,481,342</u>
Advances					
At the beginning of the period	1,615,380	351	28,605	-	1,644,336
Given during the period	9,586,440	2,000	28,491	-	9,616,931
Repaid during the period	(9,592,094)	(2,255)	(16,538)	-	(9,610,887)
At the end of the period	<u>1,609,726</u>	<u>96</u>	<u>40,558</u>	<u>-</u>	<u>1,650,380</u>
Investments					
At the beginning of the period	1,279,273	-	-	-	1,279,273
Investment made during the period	26,250	-	-	-	26,250
Redeemed / adjusted during the period	(106,626)	-	-	-	(106,626)
At the end of the period	<u>1,198,897</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,198,897</u>
Contingencies and commitments	<u>430,105</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>430,105</u>





Half year ended 30-June 2013 (Un-Audited)

	Associates	Non Executive Directors	Key Management Personnel (Rupees in '000)	Retirement Benefit Funds	Total
Purchase of fixed assets	1,047	—	—	—	1,047
Sale of securities	—	—	—	—	—
Redemption of mutual funds units	158,659	—	—	—	158,659
Purchase of mutual fund units/securities	26,250	—	—	—	26,250
Mark-up earned	71,782	—	771	—	72,553
Mark-up expensed	34,257	4,242	9,852	9,038	57,389
Bank charges and commission	2,395	5	57	—	2,457
Gain on sale of securities	8,659	—	—	—	8,659
Salaries and allowances	—	—	94,458	—	94,458
Bonus	—	—	8,542	—	8,542
Contribution to defined contribution plan	—	—	3,825	—	3,825
Contribution to defined benefit plan	—	—	7,442	—	7,442
Staff provident fund	—	—	—	91,992	91,992
Staff gratuity fund	—	—	—	60,000	60,000
Directors' fee	—	1,250	—	—	1,250
Insurance claim received	5,500	—	—	—	5,500
Insurance premium paid	78,077	—	—	—	78,077
Dividend income	23,605	—	—	—	23,605
Brokerage and advisory income	769	—	—	—	769

Half year ended 30-June 2012 (Un-Audited)

	Associates	Non Executive Directors	Key Management Personnel (Rupees in '000)	Retirement Benefit Funds	Total
Purchase of fixed assets	838	—	—	—	838
Sale of securities	3,436	—	—	—	3,436
Redemption of mutual funds units	59	—	—	—	59
Purchase of mutual fund units/securities	200,000	—	—	—	200,000
Mark-up earned	77,794	2	929	—	78,725
Mark-up expensed	29,912	3,871	10,868	8,191	52,842
Bank charges and commission	2,346	4	52	—	2,402
Gain on sale of securities	13	—	—	—	13
Salaries and allowances	—	—	81,499	—	81,499
Bonus	—	—	7,924	—	7,924
Contribution to defined contribution plan	—	—	3,559	—	3,559
Contribution to defined benefit plan	—	—	5,791	—	5,791
Staff provident fund	—	—	—	78,229	78,229
Staff gratuity fund	—	—	—	55,551	55,551
Directors' fee	—	1,225	—	—	1,225
Insurance claim received	9,839	—	—	—	9,839
Insurance premium paid	129,553	—	—	—	129,553
Dividend income	65,261	—	—	—	65,261
Brokerage and advisory income	540	—	—	—	540



## 16. ISLAMIC BANKING BUSINESS

The Bank is operating 15 (31 December 2012: 13) Islamic Banking branches in Pakistan. The statement of financial position of these branches as at 30 June 2013 is as follows:

	30-June 2013 Note (Un-Audited)	31-December 2012 (Audited)
	(Rupees in '000)	
<b>ASSETS</b>		
Cash and balances with treasury banks	529,586	322,418
Balances with and due from financial institutions	3,963	2,786
Investments	1,531,691	1,573,586
Islamic financing and related assets	8,995,069	7,698,981
Operating fixed assets	49,167	41,123
Other assets	214,136	254,653
	<b>11,323,612</b>	<b>9,893,547</b>
<b>LIABILITIES</b>		
Bills payable	50,773	44,896
Due to financial institutions	1,162,666	1,081,647
Deposits and other accounts	6,904,228	6,824,034
– Current accounts	1,547,764	1,469,285
– Saving accounts	1,612,475	713,014
– Term deposits	3,714,678	3,981,713
– Others	9,267	58,863
– Deposits from financial institutions-remunerative	19,553	600,625
– Deposits from financial institutions-non-remunerative	491	534
Due to Head office	1,760,000	360,000
Other liabilities	308,097	315,081
	<b>(10,185,764)</b>	<b>(8,625,658)</b>
<b>NET ASSETS</b>	<b>1,137,848</b>	<b>1,267,889</b>
<b>REPRESENTED BY:</b>		
Islamic banking fund	1,000,000	950,000
Unremitted profit	135,928	310,177
	<b>1,135,928</b>	<b>1,260,177</b>
Surplus on revaluation of assets	1,920	7,712
	<b>1,137,848</b>	<b>1,267,889</b>



	<b>30-June 2013 (Un-Audited)</b>	<b>31-December 2012 (Audited)</b>
	(Rupees in '000)	
<b>16.1 Islamic financing and related assets</b>		
Murabaha	<b>4,234,601</b>	3,125,006
Ijarah	<b>3,708</b>	3,926
Net book value of assets / investments in ijarah under IFAS 2	<b>264,539</b>	307,173
Diminishing musharika	<b>2,832,843</b>	2,851,554
Export refinance murabaha	<b>229,166</b>	81,600
Export refinance istisna	<b>952,500</b>	1,000,047
Istisna	<b>262,050</b>	44,644
Gross financing	<b>8,779,407</b>	7,413,950
Less: general provisioning against consumer financing	<b>(285)</b>	(231)
Net financing	<b>8,779,122</b>	7,413,719
Advance against murabaha	<b>215,947</b>	277,979
Advance against ijarah	<b>—</b>	7,283
Islamic financing and related assets - net off provision	<b>8,995,069</b>	7,698,981
<b>16.1.1 Islamic financing and related assets</b>		
Financings / inventory / receivables	<b>8,779,407</b>	7,413,950
Advances	<b>215,947</b>	285,262
Less: general provisioning against consumer financing	<b>(285)</b>	(231)
	<b>8,995,069</b>	7,698,981



## 17. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Half year ended 30-June 2013 (Un-Audited)				
	Retail Banking	Commercial Banking	Retail Brokerage	Inter Segment Elimination	Total
	(Rupees in '000)				
Total income	9,982,420	19,411,186	41,594	(8,330,080)	21,105,120
Total expenses	(8,759,162)	(16,886,469)	(27,702)	8,330,080	(17,343,253)
Net income	<u>1,223,258</u>	<u>2,524,717</u>	<u>13,892</u>	<u>—</u>	<u>3,761,867</u>
	As of 30-June 2013 (Un-Audited)				
Segment assets	<u>337,799,136</u>	<u>458,041,602</u>	<u>481,821</u>	<u>(321,251,502)</u>	<u>475,071,057</u>
Segment liabilities	<u>336,662,825</u>	<u>435,560,539</u>	<u>325,558</u>	<u>(321,251,502)</u>	<u>451,297,420</u>
	Half year ended 30-June 2012 (Un-Audited)				
	Retail Banking	Commercial Banking	Retail Brokerage	Inter Segment Elimination	Total
	(Rupees in '000) Restated				
Total income	11,171,353	20,456,293	20,993	(9,313,878)	22,334,761
Total expenses	(9,653,363)	(17,503,214)	(28,420)	9,313,878	(17,871,119)
Net income	<u>1,517,990</u>	<u>2,953,079</u>	<u>(7,427)</u>	<u>—</u>	<u>4,463,642</u>
	As of 30-June 2012 (Un-Audited)				
Segment assets	<u>277,716,589</u>	<u>387,165,690</u>	<u>330,729</u>	<u>(267,949,982)</u>	<u>397,263,026</u>
Segment liabilities	<u>276,489,279</u>	<u>368,544,103</u>	<u>187,313</u>	<u>(267,949,982)</u>	<u>377,270,713</u>

## 18. DATE OF AUTHORISATION

These consolidated interim condensed financial statements were authorised for issue by the Board of Directors in their meeting held on 29 August 2013.

## 19. GENERAL

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

19.2 Figures of the profit and loss account for the quarters ended 30 June 2013 and 30 June 2012 have not been subjected to limited scope review by the auditors.

19.3 Corresponding figures have been re-arranged / re-classified wherever necessary, for the purpose of comparison. There are no major reclassifications to report.

ALI RAZA D. HABIB  
*Chairman*

ABBAS D. HABIB  
*Chief Executive and  
Managing Director*

SYED MAZHAR ABBAS  
*Director*

ANWAR HAJI KARIM  
*Director*