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## CORPORATE INFORMATION

<b>Board of Directors</b>	Ali Raza D. Habib Abbas D. Habib Anwar Haji Karim Hasnain A. Habib Imtiaz Alam Hanfi Manzoor Ahmed Murtaza H. Habib Qumail R. Habib Shameem Ahmed Syed Mazhar Abbas	<i>Chairman</i> <i>Chief Executive &amp; Managing Director</i>      <i>Executive Director</i>
<b>Audit Committee</b>	Shameem Ahmed Anwar Haji Karim Murtaza H. Habib Syed Mazhar Abbas	<i>Chairman</i> <i>Member</i> <i>Member</i> <i>Member</i>
<b>Human Resource &amp; Remuneration Committee</b>	Syed Mazhar Abbas Abbas D. Habib Anwar Haji Karim Murtaza H. Habib	<i>Chairman</i> <i>Member</i> <i>Member</i> <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 nine months period ended September 30, 2013.

Alhamdulillah, during the period under review, the performance of the Bank continued to be satisfactory, keeping in view the prevailing monetary environment. The deposits increased to Rs. 369.7 billion as compared to Rs. 340.4 billion on December 31, 2012. In the same period, advances increased to Rs. 154.8 billion from Rs. 147.9 billion, while investments decreased to Rs. 235.4 billion from Rs. 249.8 billion. The pre-tax profit of the Bank for the nine months period ended September 30, 2013 was Rs. 5,492.9 million as compared to Rs. 6,590.0 million during the corresponding period last year. Earnings have declined mainly due to reduction in interest rates.

Your Bank now has a network of 410 offices, comprising 318 branches, 89 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 16 Islamic Banking Branches. Continuing with our branch expansion policy, the Bank intends to open more branches and sub-branches during the last quarter of 2013.

We are pleased to advise that The Asian Banker has certified your Bank as **"The Strongest Bank Balance Sheet in Pakistan, 2013"**. This was possible only by the Grace of Almighty Allah and the support of our valued customers and dedicated staff members. Further, your Bank was selected by CFA Society Pakistan as winner of **"Bank of the Year (Mid Size Banks) 2012"** award. This is the fourth consecutive year that your Bank has received this award, having received it earlier for the years 2009, 2010, and 2011.

The 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, which enabled the Bank to achieve these results.

On behalf of the Board of Directors

ALI RAZA D. HABIB  
*Chairman*

Karachi: October 28, 2013



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

		30-September 2013 (Un-Audited) (Rupees in '000)	31-December 2012 (Audited) (Rupees in '000) Restated
	Note		
<b>ASSETS</b>			
Cash and balances with treasury banks		33,132,158	27,464,340
Balances with other banks		3,120,598	9,744,716
Lendings to financial institutions		—	993,981
Investments	4	235,389,511	249,754,075
Advances	5	154,829,607	147,868,668
Operating fixed assets	6	11,485,065	11,164,099
Deferred tax assets		—	—
Other assets		6,316,482	6,115,660
		<b>444,273,421</b>	<b>453,105,539</b>
<b>LIABILITIES</b>			
Bills payable		7,559,959	5,257,191
Borrowings	7	29,019,140	69,622,055
Deposits and other accounts	8	369,663,531	340,392,871
Sub-ordinated loans		6,486,900	6,489,300
Liabilities against assets subject to finance lease		—	—
Deferred tax liabilities		1,391,638	1,872,450
Other liabilities		6,406,137	5,654,411
		<b>420,527,305</b>	<b>429,288,278</b>
<b>NET ASSETS</b>		<b>23,746,116</b>	<b>23,817,261</b>
<b>REPRESENTED BY:</b>			
Share capital		10,103,868	10,103,868
Reserves		7,282,512	6,464,546
Unappropriated profit		4,440,919	4,492,756
		<b>21,827,299</b>	<b>21,061,170</b>
Surplus on revaluation of assets - net of tax	9	1,918,817	2,756,091
		<b>23,746,116</b>	<b>23,817,261</b>
<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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2013

		Nine months period ended		Quarter ended	
	Note	30-September 2013	30-September 2012	30-September 2013	30-September 2012
			(Rupees in '000)		
			Restated		Restated
Mark-up / return / interest earned	11	28,132,851	31,296,484	8,924,049	10,463,967
Mark-up / return / interest expensed	12	(17,537,092)	(19,685,688)	(5,339,442)	(6,414,961)
Net mark-up / return / interest income		10,595,759	11,610,796	3,584,607	4,049,006
Provision against non-performing loans and advances		(505,013)	(431,195)	(250,774)	(51,698)
Provision for diminution in the value of investments		—	—	—	—
Bad debts written-off directly		(96)	—	—	—
		(505,109)	(431,195)	(250,774)	(51,698)
Net mark-up / return / interest income after provisions		10,090,650	11,179,601	3,333,833	3,997,308
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee, commission and brokerage income		1,404,629	1,107,858	563,888	363,730
Dividend income		192,892	318,908	122,570	83,209
Income from dealing in foreign currencies		487,174	389,379	220,476	175,480
Gain on sale / redemption of securities - net		533,839	76,297	161,431	7,512
Unrealised gain / (loss) on revaluation of investments classified as held for trading		—	—	—	—
Other income		398,770	338,899	138,531	119,062
Total non mark-up / interest income		3,017,304	2,231,341	1,206,896	748,993
		13,107,954	13,410,942	4,540,729	4,746,301
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Administrative expenses		(7,488,361)	(6,685,555)	(2,695,680)	(2,574,998)
Other provisions / write-offs		(11,076)	(844)	(11,568)	(844)
Other charges		(115,666)	(134,524)	(36,772)	(43,375)
Total non mark-up / interest expenses		(7,615,103)	(6,820,923)	(2,744,020)	(2,619,217)
		5,492,851	6,590,019	1,796,709	2,127,084
Extra-ordinary / unusual items		—	—	—	—
<b>PROFIT BEFORE TAXATION</b>		5,492,851	6,590,019	1,796,709	2,127,084
Taxation - Current		(1,759,778)	(2,380,381)	(511,782)	(761,734)
- Prior years		(98,839)	(57,437)	(98,839)	—
- Deferred		56,371	(266,654)	71,183	5,392
		(1,802,246)	(2,704,472)	(539,438)	(756,342)
<b>PROFIT AFTER TAXATION</b>		3,690,605	3,885,547	1,257,271	1,370,742
Basic and diluted earnings per share - Rupees	13	3.65	3.85	1.24	1.36

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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2013**

	<u>Nine months period ended</u>		<u>Quarter ended</u>	
	<u>30-September</u>	<u>30-September</u>	<u>30-September</u>	<u>30-September</u>
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
		(Rupees in '000)		
		Restated		Restated
<b>Net profit for the period</b>	<b>3,690,605</b>	3,885,547	<b>1,257,271</b>	1,370,742
<b>Other comprehensive income</b>				
<i>Item to be reclassified to profit or loss in subsequent periods:</i>				
Effect of foreign currency translation of net investment in foreign branch	<b>78,688</b>	34,139	<b>56,521</b>	1,837
<i>Item not be reclassified to profit or loss in subsequent periods:</i>				
Actuarial loss on defined benefit plan	-	(5,988)	-	(1,996)
Income tax effect	-	2,096	-	699
	-	(3,892)	-	(1,297)
<b>Total comprehensive income for the period</b>	<b>3,769,293</b>	3,915,794	<b>1,313,792</b>	1,371,282

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 CHANGES IN EQUITY (UN-AUDITED)  
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2013**

	Share Capital	Statutory Reserve	Revenue Reserves		Foreign Currency Translation Reserve	Unapp- ropriated Profit	Total
			Special Reserve	General Reserve			
(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	-	-	-	-	-	3,885,547	3,885,547
Other comprehensive income - restated	-	-	-	-	34,139	(3,892)	30,247
Total comprehensive income - restated	-	-	-	-	34,139	3,881,655	3,915,794
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	28,038	28,038
Transfer to statutory reserve	-	775,307	-	-	-	(775,307)	-
Cash dividend (Rs. 2.5 per share)	-	-	-	-	-	(2,196,493)	(2,196,493)
Issue of bonus shares in the ratio of 15 shares of every 100 shares held	1,317,896	-	-	-	-	(1,317,896)	-
Balance as at 30 September 2012 - restated	10,103,868	5,316,176	126,500	540,000	151,459	3,231,967	19,469,970
Profit for the period - restated	-	-	-	-	-	1,566,751	1,566,751
Other comprehensive income - restated	-	-	-	-	16,415	(1,298)	15,117
Total comprehensive income for the period	-	-	-	-	16,415	1,565,453	1,581,868
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	9,332	9,332
Transfer to statutory reserve	-	313,996	-	-	-	(313,996)	-
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	-	-	-	-	-	3,690,605	3,690,605
Other comprehensive income	-	-	-	-	78,688	-	78,688
Total comprehensive income for the period	-	-	-	-	78,688	3,690,605	3,769,293
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	27,996	27,996
Transfer to statutory reserve	-	739,278	-	-	-	(739,278)	-
Cash dividend (Rs. 3 per share)	-	-	-	-	-	(3,031,160)	(3,031,160)
Balance as at 30 September 2013	10,103,868	6,369,450	126,500	540,000	246,562	4,440,919	21,827,299

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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2013**

	Note	30-September 2013	30-September 2012 (Rupees in '000) Restated
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		5,492,851	6,590,019
Dividend income		(192,892)	(318,908)
		<b>5,299,959</b>	<b>6,271,111</b>
<b>Adjustments for non-cash changes:</b>			
Depreciation		654,244	597,071
Amortisation		38,368	23,102
Provision against non-performing loans and advances		505,013	431,195
Gain on sale / redemption of securities		(533,839)	(76,297)
Provision for defined benefit plan		90,000	83,325
Charge for compensated absences		35,182	31,409
Gain on disposal of operating fixed assets		(50,350)	(45,183)
Provision against off-balance sheet items		11,076	844
		<b>749,694</b>	<b>1,045,466</b>
		<b>6,049,653</b>	<b>7,316,577</b>
(Increase) / decrease in operating assets			
Lendings to financial institutions		993,981	(1,467,129)
Advances		(7,465,952)	(22,369,475)
Other assets		(156,370)	716,179
		<b>(6,628,341)</b>	<b>(23,120,425)</b>
Increase / (decrease) in operating liabilities			
Bills payable		2,302,768	1,011,083
Borrowings		(40,790,148)	44,470,171
Deposits and other accounts		29,270,660	17,428,095
Other liabilities (excluding provision for taxation)		702,896	461,366
		<b>(8,513,824)</b>	<b>63,370,715</b>
Cash inflow before tax		<b>(9,092,512)</b>	<b>47,566,867</b>
Income tax paid		<b>(1,995,037)</b>	<b>(2,573,146)</b>
Net cash (used in) / from operating activities		<b>(11,087,549)</b>	<b>44,993,721</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investments in available for sale securities		(17,239,689)	(59,732,954)
Net investments in held to maturity securities		30,618,251	14,808,304
Net investments in associates		286,123	(200,000)
Dividend received		142,733	321,208
Investments in operating fixed assets		(1,014,497)	(968,042)
Sale proceeds of operating fixed assets		56,975	52,663
Net cash from / (used in) investing activities		<b>12,849,896</b>	<b>(45,718,821)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Payments of sub-ordinated loans		(2,400)	(900,058)
Dividend paid		(2,982,168)	(2,160,568)
Net cash used in financing activities		<b>(2,984,568)</b>	<b>(3,060,626)</b>
Exchange adjustment on translation of net investment in foreign branch		78,688	34,139
Decrease in cash and cash equivalents		<b>(1,143,533)</b>	<b>(3,751,587)</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>36,065,523</b>	<b>25,901,333</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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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 318 branches (31 December 2012: 308), 89 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 16 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, amendment 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 amendment 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 September 2012	4,339
Net decrease in other comprehensive income for the period ended 30 September 2012	3,892
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-September 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	167,247,221	11,783,868	179,031,089	114,006,833	50,291,508	164,298,341
Pakistan Investment Bonds	12,393,928	–	12,393,928	13,446,569	–	13,446,569
Foreign Currency Bonds	1,566,837	–	1,566,837	1,108,499	–	1,108,499
Sukuks	3,334,955	–	3,334,955	3,508,008	–	3,508,008
Ordinary shares of listed companies	2,287,542	–	2,287,542	265,972	–	265,972
Ordinary shares of unlisted companies	39,570	–	39,570	39,570	–	39,570
Listed term finance certificates	577,072	–	577,072	502,829	–	502,829
Unlisted term finance certificates	2,532,770	–	2,532,770	532,820	–	532,820
Open ended mutual funds	1,175,000	–	1,175,000	1,525,000	–	1,525,000
	<b>191,154,895</b>	<b>11,783,868</b>	<b>202,938,763</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	14,731,770	–	14,731,770	48,660,340	–	48,660,340
Pakistan Investment Bonds	16,017,977	–	16,017,977	12,503,552	–	12,503,552
Sukuks	219,020	–	219,020	229,705	–	229,705
Listed term finance certificates	95,177	–	95,177	246,931	–	246,931
Unlisted term finance certificates	–	–	–	41,667	–	41,667
	<b>31,063,944</b>	<b>–</b>	<b>31,063,944</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	300,000	–	300,000	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>915,977</b>	<b>–</b>	<b>915,977</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>223,334,816</b>	<b>11,783,868</b>	<b>235,118,684</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>223,329,116</b>	<b>11,783,868</b>	<b>235,112,984</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	274,055	2,472	276,527	1,419,923	90,322	1,510,245
<b>Investments after revaluation of available for sale investments</b>	<b>223,603,171</b>	<b>11,786,340</b>	<b>235,389,511</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 September 2013 amounts to Rs. 30,938 (31 December 2012: 62,824) million.



	30-September 2013 (Un-Audited) Note	31-December 2012 (Audited) (Rupees in '000)
<b>5. ADVANCES</b>		
Loans, cash credits, running finances, etc.		
In Pakistan	132,465,407	130,503,697
Outside Pakistan	9,131,840	8,203,074
	<b>141,597,247</b>	<b>138,706,771</b>
Net investment in finance lease / ijarah financing		
In Pakistan	825,679	501,124
Outside Pakistan	–	–
	<b>825,679</b>	<b>501,124</b>
Bills discounted and purchased (excluding market treasury bills)		
Payable in Pakistan	2,171,170	1,924,843
Payable outside Pakistan	16,350,845	12,329,922
	<b>18,522,015</b>	<b>14,254,765</b>
Advances - gross	<b>160,944,941</b>	<b>153,462,660</b>
Provision against non-performing loans and advances		
Specific provision	5.1 (3,578,977)	(3,062,933)
General provision against consumer advances (as per SBP regulations)	5.2 (36,357)	(31,059)
General provision	5.3 (2,500,000)	(2,500,000)
	<b>(6,115,334)</b>	<b>(5,593,992)</b>
Advances - net of provisions	<b>154,829,607</b>	<b>147,868,668</b>

5.1 Advances include Rs. 3,877.862 (31 December 2012: Rs. 3,705.730) million which have been placed under non-performing status as detailed below:

30-September 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	16,122	–	16,122	–	–	–	–	–	–
Substandard	8,516	–	8,516	2,129	–	2,129	2,129	–	2,129
Doubtful	105,995	329,322	435,317	52,998	164,661	217,659	52,998	164,661	217,659
Loss	3,315,291	102,616	3,417,907	3,256,573	102,616	3,359,189	3,256,573	102,616	3,359,189
	<b>3,445,924</b>	<b>431,938</b>	<b>3,877,862</b>	<b>3,311,700</b>	<b>267,277</b>	<b>3,578,977</b>	<b>3,311,700</b>	<b>267,277</b>	<b>3,578,977</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. 36.357 (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.

**Nine months period ended**  
**30-September 2013**      30-September 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>121,759</b>	151,215
Improvements to leasehold buildings	<b>157,095</b>	55,675
Furniture and fixtures	<b>44,219</b>	22,967
Electrical, office and computer equipments	<b>330,699</b>	306,335
Vehicles	<b>191,356</b>	189,620
Intangible assets	<b>27,173</b>	41,536
	<u><b>872,301</b></u>	<u>767,739</u>

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

Furniture and fixtures	<b>5,223</b>	1,262
Electrical, office and computer equipments	<b>43,227</b>	9,908
Vehicles	<b>71,867</b>	61,854
	<u><b>120,317</b></u>	<u>73,024</u>



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

## 7. BORROWINGS

### Secured

Borrowings from State Bank of Pakistan		
Export refinance scheme	<b>13,966,052</b>	14,138,447
Long term financing for export oriented projects	<b>192,414</b>	369,695
Long term financing for imported and locally manufactured plant and machinery	<b>2,769,401</b>	3,015,612
Financing facility for storage of agricultural produce	<b>127,394</b>	47,703
	<b>17,055,261</b>	17,571,457
Repurchase agreement borrowings	<b>11,776,646</b>	50,331,048
	<b>28,831,907</b>	67,902,505

### Unsecured

Borrowings from financial institutions	—	1,719,550
Overdrawn nostros	<b>187,233</b>	—
	<b>187,233</b>	1,719,550
	<b>29,019,140</b>	69,622,055

## 8. DEPOSITS AND OTHER ACCOUNTS

### Customers

Fixed deposits	<b>84,632,759</b>	96,079,552
Savings deposits	<b>122,213,503</b>	105,561,063
Current accounts - Remunerative	<b>39,191,387</b>	29,061,770
Current accounts - Non-remunerative	<b>115,493,850</b>	104,284,355
	<b>361,531,499</b>	334,986,740

### Financial institutions

Remunerative deposits	<b>7,644,796</b>	4,949,283
Non-remunerative deposits	<b>487,236</b>	456,848
	<b>8,132,032</b>	5,406,131
	<b>369,663,531</b>	340,392,871



		<b>30-September 2013 (Un-Audited) (Rupees in '000)</b>	<b>31-December 2012 (Audited)</b>
	<b>Note</b>		
<b>9. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>			
Operating fixed assets	9.1	<b>1,732,244</b>	1,760,240
Available for sale investments	9.2	<b>186,573</b>	995,851
		<b>1,918,817</b>	2,756,091
<b>9.1 Operating fixed assets</b>			
Surplus on revaluation of land and buildings		<b>2,333,238</b>	2,376,309
Related deferred tax liability		<b>(600,994)</b>	(616,069)
		<b>1,732,244</b>	1,760,240
<b>9.2 Available for sale investments</b>			
Federal Government Securities		<b>276,384</b>	1,386,550
Fully paid-up ordinary shares		<b>(2,511)</b>	21,123
Term finance certificates, sukuks and bonds		<b>1,869</b>	941
Open ended mutual funds		<b>785</b>	101,631
		<b>276,527</b>	1,510,245
Related deferred tax		<b>(89,954)</b>	(514,394)
		<b>186,573</b>	995,851
<b>10. CONTINGENCIES AND COMMITMENTS</b>			
<b>10.1 Direct Credit Substitutes</b>			
Financial institutions		<b>889,022</b>	166,232
Others		<b>116,669</b>	348,728
		<b>1,005,691</b>	514,960
<b>10.2 Transaction-related Contingent Liabilities</b>			
Government		<b>13,506,972</b>	9,446,751
Financial institutions		<b>92,218</b>	68,497
Others		<b>6,738,060</b>	6,279,180
		<b>20,337,250</b>	15,794,428



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

### 10.3 Trade-related Contingent Liabilities

Letters of credit	<b>62,372,165</b>	50,183,933
Acceptances	<b>7,551,612</b>	8,647,034
	<b><u>69,923,777</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.

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

### 10.5 Commitments in respect of forward lending

Commitments to extend credit	<b><u>1,434,502</u></b>	<u>472,257</u>
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### 10.6 Commitments in respect of forward exchange contracts

Purchase	<b><u>21,981,198</u></b>	<u>15,272,338</u>
Sale	<b><u>16,677,949</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>182,444</u></b>	<u>146,070</u>
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Nine months period ended		Quarter ended	
30-September 2013	30-September 2012	30-September 2013	30-September 2012
		(Un-Audited)	
		(Rupees in '000)	

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

On loans and advances to:				
Customers	9,693,959	10,178,686	3,193,046	3,479,353
Financial institutions	175,646	135,838	66,885	51,760
	<b>9,869,605</b>	<b>10,314,524</b>	<b>3,259,931</b>	<b>3,531,113</b>
On investments:				
Available for sale securities	13,664,281	13,459,333	4,468,825	4,486,873
Held to maturity securities	4,457,069	7,389,339	1,114,947	2,401,700
	<b>18,121,350</b>	<b>20,848,672</b>	<b>5,583,772</b>	<b>6,888,573</b>
On deposits with financial institutions	48,994	60,212	13,375	25,622
On securities purchased under resale agreements	91,147	70,608	66,175	16,891
On call money lendings	1,755	2,468	796	1,768
	<b>28,132,851</b>	<b>31,296,484</b>	<b>8,924,049</b>	<b>10,463,967</b>

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

Deposits	13,456,512	14,826,881	4,472,937	4,885,206
Sub-ordinated loans	696,811	752,671	234,449	244,744
Repurchase agreement borrowings	2,111,866	2,664,927	232,498	915,798
Borrowings from SBP	1,037,731	1,052,944	320,954	317,307
Other borrowings	234,172	388,265	78,604	51,906
	<b>17,537,092</b>	<b>19,685,688</b>	<b>5,339,442</b>	<b>6,414,961</b>



**Nine months period ended**  
**30-September 2013**    **30-September 2012**  
(Un-Audited)  
(Rupees in '000)

### 13. BASIC AND DILUTED EARNINGS PER SHARE

		Restated
Profit after taxation	<b>3,690,605</b>	3,885,547
	(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>3.65</b>	3.85

**Nine months period ended**  
**30-September 2013**    **30-September 2012**  
(Un-Audited)  
(Rupees in '000)

### 14. CASH AND CASH EQUIVALENTS

Cash and balances with treasury banks	<b>33,132,158</b>	24,196,418
Balances with other banks	<b>3,120,598</b>	1,794,922
Overdrawn nostros	<b>(187,233)</b>	(90,007)
	<b>36,065,523</b>	25,901,333

### 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-September 2013 (Un-Audited)					
	Subsidiary	Associates	Non Executive Directors (Rupees in '000)	Key Management Personnel	Retirement Benefit Funds	Total
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	1,623,805	62,300,804	660,822	987,832	2,838,632	68,411,895
Withdrawal during the period	(1,591,770)	(62,969,902)	(646,879)	(874,645)	(2,587,005)	(68,670,201)
At the end of the period	38,355	1,022,484	160,537	407,954	403,230	2,032,560
Advances						
At the beginning of the period	7,166	1,615,380	351	28,605	–	1,651,502
Given during the period	7,083,635	15,523,202	2,486	38,022	–	22,647,345
Repaid during the period	(7,084,622)	(16,022,136)	(2,702)	(26,489)	–	(23,135,949)
At the end of the period	6,179	1,116,446	135	40,138	–	1,162,898
Investments						
At the beginning of the period	200,000	1,139,727	–	–	–	1,339,727
Investment made during the period	–	647,501	–	–	–	647,501
Redeemed during the period	–	(871,251)	–	–	–	(871,251)
At the end of the period	200,000	915,977	–	–	–	1,115,977
Contingencies and commitments	–	620,149	–	–	–	620,149
			31-December 2012 (Audited)			
	Subsidiary	Associates	Non Executive Directors (Rupees in '000)	Key Management Personnel	Retirement Benefit Funds	Total
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	–	–	–	532,693



**Nine months period ended 30-September 2013 (Un-Audited)**

	Subsidiary	Associates	Non Executive Directors	Key Management Personnel	Retirement Benefit Funds	Total
			(Rupees in '000)			
Purchase of fixed assets	-	1,430	-	-	-	1,430
Sale of securities	-	40,645	-	-	-	40,645
Redemption of mutual funds units	-	933,623	-	-	-	933,623
Purchase of mutual fund units/securities	-	647,501	-	-	-	647,501
Mark-up earned	847	102,406	3	1,349	-	104,605
Mark-up expensed	472	55,980	5,890	16,286	12,743	91,371
Bank charges and commission	1	3,424	6	83	-	3,514
Gain on sale of securities/mutual fund units	-	62,919	-	-	-	62,919
Salaries and allowances	-	-	-	144,503	-	144,503
Bonus	-	-	-	18,174	-	18,174
Contribution to defined contribution plan	-	-	-	6,355	-	6,355
Contribution to defined benefit plan	-	-	-	24,565	-	24,565
Staff provident fund	-	-	-	-	136,586	136,586
Staff gratuity fund	-	-	-	-	90,000	90,000
Directors' fee	-	-	2,300	-	-	2,300
Insurance claim received	-	9,142	-	-	-	9,142
Insurance premium paid	-	115,304	-	-	-	115,304
Dividend income	-	42,315	-	-	-	42,315
Rental income	2,434	-	-	-	-	2,434
Other income	375	-	-	-	-	375
Commission expensed	978	-	-	-	-	978
Other expensed	540	2,125	-	-	-	2,665

**Nine months period ended 30-September 2012 (Un-Audited)**

	Subsidiary	Associates	Non Executive Directors	Key Management Personnel	Retirement Benefit Funds	Total
			(Rupees in '000)			
Purchase of fixed assets	-	1,285	-	-	-	1,285
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	277	103,767	2	1,365	-	105,411
Mark-up expensed	571	76,928	7,021	22,086	13,145	119,751
Bank charges and commission	76	3,157	5	83	-	3,321
Gain on sale of securities	-	4	-	-	-	4
Salaries and allowances	-	-	-	116,446	-	116,446
Bonus	-	-	-	15,848	-	15,848
Contribution to defined contribution plan	-	-	-	4,954	-	4,954
Contribution to defined benefit plan	-	-	-	6,773	-	6,773
Staff provident fund	-	-	-	-	115,884	115,884
Staff gratuity fund	-	-	-	-	83,325	83,325
Directors' fee	-	-	1,675	-	-	1,675
Insurance claim received	-	12,355	-	-	-	12,355
Insurance premium paid	-	140,391	-	-	-	140,391
Dividend income	-	67,136	-	-	-	67,136
Rental income	2,212	-	-	-	-	2,212
Other income	208	-	-	-	-	208
Commission expensed	123	-	-	-	-	123
Other expensed	439	-	-	-	-	439



## 16. ISLAMIC BANKING BUSINESS

The Bank is operating 16 (31 December 2012: 13) Islamic Banking branches in Pakistan. The statement of financial position of these branches as at 30 September 2013 is as follows:

	30-September 2013	31-December 2012
Note	(Un-Audited)	(Audited)
	(Rupees in '000)	
<b>ASSETS</b>		
Cash and balances with treasury banks	380,322	322,418
Balances with and due from financial institutions	4,112	2,786
Investments	1,499,628	1,573,586
Islamic financing and related assets	16.1 9,410,150	7,698,981
Operating fixed assets	54,095	41,123
Other assets	325,856	254,653
	<b>11,674,163</b>	<b>9,893,547</b>
<b>LIABILITIES</b>		
Bills payable	78,329	44,896
Due to financial institutions	1,758,603	1,081,647
Deposits and other accounts	6,620,082	6,824,034
– Current accounts	1,990,471	1,469,285
– Saving accounts	1,123,715	713,014
– Term deposits	3,432,514	3,981,713
– Others	55,272	58,863
– Deposits from financial institutions-remunerative	17,120	600,625
– Deposits from financial institutions-non-remunerative	990	534
Due to Head office	1,810,000	360,000
Other liabilities	194,137	315,081
	<b>(10,461,151)</b>	<b>(8,625,658)</b>
<b>NET ASSETS</b>	<b>1,213,012</b>	<b>1,267,889</b>
<b>REPRESENTED BY:</b>		
Islamic banking fund	1,000,000	950,000
Unremitted profit	210,372	310,177
	<b>1,210,372</b>	<b>1,260,177</b>
Surplus on revaluation of assets	2,640	7,712
	<b>1,213,012</b>	<b>1,267,889</b>



	<b>30-September 2013 (Un-Audited)</b>	<b>31-December 2012 (Audited)</b>
	(Rupees in '000)	
<b>16.1 Islamic financing and related assets</b>		
Murabaha	<b>3,875,064</b>	3,125,006
Ijarah	<b>3,708</b>	3,926
Net book value of assets / investments in ijarah under IFAS 2	<b>234,278</b>	307,173
Diminishing musharika	<b>2,924,942</b>	2,851,554
Export refinance murabaha	—	81,600
Export refinance istisna	<b>1,737,003</b>	1,000,047
Istisna	<b>215,026</b>	44,644
Gross financing	<b>8,990,021</b>	7,413,950
Less: general provisioning against consumer financing	<b>(451)</b>	(231)
Net financing	<b>8,989,570</b>	7,413,719
Advance against murabaha	<b>420,580</b>	277,979
Advance against ijarah	—	7,283
Islamic financing and related assets - net off provision	<b>9,410,150</b>	7,698,981
<b>16.1.1 Islamic financing and related assets</b>		
Financings / inventory / receivables	<b>8,990,021</b>	7,413,950
Advances	<b>420,580</b>	285,262
Less: general provisioning against consumer financing	<b>(451)</b>	(231)
	<b>9,410,150</b>	7,698,981



## 17. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

Nine months period ended 30-September 2013 (Un-Audited)				
	Retail Banking	Commercial Banking	Inter Segment Elimination	Total
	(Rupees in '000)			
Total income	14,603,494	28,179,657	(11,632,996)	31,150,155
Total expenses	(12,237,464)	(25,052,836)	11,632,996	(25,657,304)
Net income	2,366,030	3,126,821	–	5,492,851
As of 30-September 2013 (Un-Audited)				
Segment assets	338,834,914	427,536,717	(322,098,210)	444,273,421
Segment liabilities	337,117,266	405,508,249	(322,098,210)	420,527,305
Nine months period ended 30-September 2012 (Un-Audited)				
	Retail Banking	Commercial Banking	Inter Segment Elimination	Total
	(Rupees in '000) Restated			
Total income	15,129,329	30,907,778	(12,509,282)	33,527,825
Total expenses	(13,078,392)	(26,368,696)	12,509,282	(26,937,806)
Net income	2,050,937	4,539,082	–	6,590,019
As of 30-September 2012 (Un-Audited)				
Segment assets	290,592,351	437,196,908	(277,947,148)	449,842,111
Segment liabilities	289,550,065	416,118,648	(277,947,148)	427,721,565

## 18. DATE OF AUTHORISATION

These interim condensed financial statements were authorised for issue by the Board of Directors in their meeting held on 28 October 2013.

## 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. 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 SEPTEMBER 2013

		30-September 2013 (Un-Audited) (Rupees in '000)	31-December 2012 (Audited) (Rupees in '000) Restated
	Note		
<b>ASSETS</b>			
Cash and balances with treasury banks		33,132,175	27,464,345
Balances with other banks		3,122,618	9,747,248
Lendings to financial institutions		—	993,981
Investments	4	235,583,505	249,923,504
Advances	5	154,829,938	147,859,828
Operating fixed assets	6	11,505,775	11,211,423
Deferred tax assets		—	—
Other assets		6,401,923	6,153,613
		<b>444,575,934</b>	<b>453,353,942</b>
<b>LIABILITIES</b>			
Bills payable		7,559,959	5,257,191
Borrowings	7	29,019,140	69,622,055
Deposits and other accounts	8	369,615,201	340,386,558
Sub-ordinated loans		6,486,900	6,489,300
Liabilities against assets subject to finance lease		—	—
Deferred tax liabilities		1,385,796	1,868,307
Other liabilities		6,505,807	5,665,649
		<b>420,572,803</b>	<b>429,289,060</b>
<b>NET ASSETS</b>		<b>24,003,131</b>	<b>24,064,882</b>
<b>REPRESENTED BY:</b>			
Share capital		10,103,868	10,103,868
Reserves		7,282,512	6,464,546
Unappropriated profit		4,561,001	4,601,692
<b>Equity attributable to the shareholders of the Holding Company</b>		<b>21,947,381</b>	<b>21,170,106</b>
Non-controlling interest		111,767	106,753
<b>Total equity</b>		<b>22,059,148</b>	<b>21,276,859</b>
Surplus on revaluation of assets - net of tax	9	1,943,983	2,788,023
		<b>24,003,131</b>	<b>24,064,882</b>
<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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2013

		Nine months period ended		Quarter ended	
	Note	30-September 2013	30-September 2012 (Rupees in '000) Restated	30-September 2013	30-September 2012 Restated
Mark-up / return / interest earned	11	28,132,086	31,302,680	8,923,824	10,463,950
Mark-up / return / interest expensed	12	(17,536,621)	(19,685,118)	(5,339,394)	(6,414,830)
Net mark-up / return / interest income		10,595,465	11,617,562	3,584,430	4,049,120
Provision against non-performing loans and advances (Provision) / reversal of provision for diminution in the value of investments		(505,013)	(431,195)	(250,774)	(51,698)
Bad debts written-off directly		(54) (96)	14 -	(54) -	- -
		(505,163)	(431,181)	(250,828)	(51,698)
Net mark-up / return / interest income after provisions		10,090,302	11,186,381	3,333,602	3,997,422
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee, commission and brokerage income		1,423,305	1,123,034	569,858	366,862
Dividend income		153,110	253,364	105,490	82,158
Income from dealing in foreign currencies		487,174	389,379	220,476	175,480
Gain on sale / redemption of securities - net		493,848	76,815	107,961	7,677
Unrealised gain / (loss) on revaluation of investments classified as held for trading		-	-	-	-
Share of profit from associates		105,810	95,366	25,981	28,580
Other income		401,120	337,288	137,743	118,458
Total non mark-up / interest income		3,064,367	2,275,246	1,167,509	779,215
		13,154,669	13,461,627	4,501,111	4,776,637
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Administrative expenses		(7,519,964)	(6,714,869)	(2,706,785)	(2,584,671)
Other provisions / write-offs		(11,076)	(844)	(11,568)	(844)
Other charges		(115,776)	(134,524)	(36,772)	(43,375)
Total non mark-up / interest expenses		(7,646,816)	(6,850,237)	(2,755,125)	(2,628,890)
		5,507,853	6,611,390	1,745,986	2,147,747
Extra-ordinary / unusual items		-	-	-	-
<b>PROFIT BEFORE TAXATION</b>		5,507,853	6,611,390	1,745,986	2,147,747
Taxation - Current		(1,760,260)	(2,381,134)	(512,034)	(761,834)
- Prior years		(98,839)	(57,437)	(98,839)	-
- Deferred		58,011	(263,879)	73,362	7,423
		(1,801,088)	(2,702,450)	(537,511)	(754,411)
<b>PROFIT AFTER TAXATION</b>		3,706,765	3,908,940	1,208,475	1,393,336
<b>Attributable to:</b>					
Shareholders of the Holding Company		3,701,751	3,910,552	1,209,259	1,394,706
Non-controlling interest		5,014	(1,612)	(784)	(1,370)
		3,706,765	3,908,940	1,208,475	1,393,336
<b>Basic and diluted earnings per share attributable to equity holders of the Holding Company - Rupees</b>					
	13	3.66	3.87	1.20	1.38

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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2013**

	<u>Nine months period ended</u>		<u>Quarter ended</u>	
	<u>30-September</u>	<u>30-September</u>	<u>30-September</u>	<u>30-September</u>
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
		(Rupees in '000)		
		Restated		Restated
<b>Net profit for the period</b>	<b>3,706,765</b>	3,908,940	<b>1,208,475</b>	1,393,336
<b>Other comprehensive income</b>				
<i>Item to be reclassified to profit or loss in subsequent periods:</i>				
Effect of foreign currency translation of net investment in foreign branch	<b>78,688</b>	34,139	<b>56,521</b>	1,837
<i>Item not be reclassified to profit or loss in subsequent periods:</i>				
Actuarial loss on defined benefit plan	–	(5,988)	–	(1,996 )
Income tax effect	–	2,096	–	699
	–	(3,892)	–	(1,297 )
<b>Total comprehensive income for the period</b>	<b>3,785,453</b>	3,939,187	<b>1,264,996</b>	1,393,876
<b>Attributable to:</b>				
Shareholders of the Holding Company	<b>3,780,439</b>	3,940,799	<b>1,265,780</b>	1,395,246
Non-controlling interest	<b>5,014</b>	(1,612)	<b>(784)</b>	(1,370)
	<b>3,785,453</b>	3,939,187	<b>1,264,996</b>	1,393,876

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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2013

	Attributable to the shareholders of the Holding Company								
			Revenue Reserves						
	Share Capital	Statutory Reserve	Special Reserve	General Reserve	Foreign Currency Translation Reserve (Rupees in '000)	Unappropriated Profit	Total	Non-controlling Interest	Total
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 3.2)	-	-	-	-	-	(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	-	-	-	-	-	3,910,552	3,910,552	(1,612)	3,908,940
Other comprehensive income - restated	-	-	-	-	34,139	(3,892)	30,247	-	30,247
Total comprehensive income - restated	-	-	-	-	34,139	3,906,660	3,940,799	(1,612)	3,939,187
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	28,038	28,038	-	28,038
Transfer to statutory reserve	-	775,307	-	-	-	(775,307)	-	-	-
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 September 2012 - restated	10,103,868	5,316,176	126,500	540,000	151,459	3,298,872	19,536,875	108,170	19,645,045
Profit for the period - restated	-	-	-	-	-	1,608,781	1,608,781	(1,417)	1,607,364
Other comprehensive income - restated	-	-	-	-	16,415	(1,298)	15,117	-	15,117
Total comprehensive income for the period	-	-	-	-	16,415	1,607,483	1,623,898	(1,417)	1,622,481
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	9,333	9,333	-	9,333
Transfer to statutory reserve	-	313,996	-	-	-	(313,996)	-	-	-
Balance as at 31 December 2012 - restated	10,103,868	5,630,172	126,500	540,000	167,874	4,601,692	21,170,106	106,753	21,276,859
Profit for the period	-	-	-	-	-	3,701,751	3,701,751	5,014	3,706,765
Other comprehensive income	-	-	-	-	78,688	-	78,688	-	78,688
Total comprehensive income for the period	-	-	-	-	78,688	3,701,751	3,780,439	5,014	3,785,453
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	27,996	27,996	-	27,996
Transfer to statutory reserve	-	739,278	-	-	-	(739,278)	-	-	-
Cash dividend (Rs. 3 per share)	-	-	-	-	-	(3,031,160)	(3,031,160)	-	(3,031,160)
Balance as at 30 September 2013	10,103,868	6,369,450	126,500	540,000	246,562	4,561,001	21,947,381	111,767	22,059,148

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 CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2013**

	Note	30-September 2013 (Rupees in '000)	30-September 2012 Restated
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		5,507,853	6,611,390
Dividend income		(153,110)	(253,364)
		<b>5,354,743</b>	<b>6,358,026</b>
<b>Adjustments for non-cash changes:</b>			
Depreciation		655,642	597,475
Amortisation		38,368	23,102
Provision against non-performing loans and advances		505,013	431,195
Provision / (reversal of provision) for diminution in the value of investments		54	(14)
Gain on sale / redemption of securities		(493,848)	(76,815)
Provision for defined benefit plan		90,000	83,325
Charge for compensated absences		35,182	31,409
Share of profit from associates		(105,810)	(95,366)
Gain on disposal of operating fixed assets		(54,713)	(45,512)
Provision against off-balance sheet items		11,076	844
Financial charges on leased assets		-	1
		<b>680,964</b>	<b>949,644</b>
		<b>6,035,707</b>	<b>7,307,670</b>
(Decrease) / increase in operating assets			
Lendings to financial institutions		993,981	(1,467,129)
Advances		(7,475,123)	(22,378,771)
Other assets		(202,227)	750,559
		<b>(6,683,369)</b>	<b>(23,095,341)</b>
Increase / (decrease) in operating liabilities			
Bills payable		2,302,768	1,011,083
Borrowings		(40,790,148)	44,470,171
Deposits and other accounts		29,228,643	17,400,085
Other liabilities (excluding provision for taxation)		792,805	398,730
		<b>(8,465,932)</b>	<b>63,280,069</b>
Cash inflow before tax		<b>(9,113,594)</b>	<b>47,492,398</b>
Income tax paid		<b>(1,997,045)</b>	<b>(2,575,642)</b>
Net cash (used in) / from operating activities		<b>(11,110,639)</b>	<b>44,916,756</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investments in available for sale securities		(17,247,624)	(59,837,013)
Net investments in held to maturity securities		30,618,251	14,988,916
Net investments in associates		328,440	(132,787)
Dividend received		101,320	254,839
Investments in operating fixed assets		(989,239)	(968,528)
Sale proceeds of operating fixed assets		61,338	52,992
Net cash from / (used in) investing activities		<b>12,872,486</b>	<b>(45,641,581)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Payments of sub-ordinated loans		(2,400)	(900,058)
Payment of lease obligations		-	(29)
Dividend paid		(2,982,168)	(2,160,568)
Net cash used in financing activities		<b>(2,984,568)</b>	<b>(3,060,655)</b>
Exchange adjustment on translation of net investment in foreign branch		78,688	34,139
Decrease in cash and cash equivalents		<b>(1,144,033)</b>	<b>(3,751,341)</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>36,067,560</b>	<b>25,902,887</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  
**Chief Executive and  
Managing Director**

SYED MAZHAR ABBAS  
**Director**

ANWAR HAJI KARIM  
**Director**



## **NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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 318 branches (31 December 2012: 308), 89 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 16 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, amendment 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 amendment of the standards did not have any effect on the financial statements except for as described in note 3.2 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 September 2012	4,339
Net decrease in other comprehensive income for the period ended 30 September 2012	3,892
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-September 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	167,247,221	11,783,868	179,031,089	114,006,833	50,291,508	164,298,341
Pakistan Investment Bonds	12,393,928	–	12,393,928	13,446,569	–	13,446,569
Foreign Currency Bonds	1,566,837	–	1,566,837	1,108,499	–	1,108,499
Sukuks	3,334,955	–	3,334,955	3,508,008	–	3,508,008
Ordinary shares of listed companies	2,302,131	–	2,302,131	276,576	–	276,576
Ordinary shares of unlisted companies	64,855	–	64,855	39,570	–	39,570
Listed term finance certificates	577,072	–	577,072	502,829	–	502,829
Unlisted term finance certificates	2,532,770	–	2,532,770	532,820	–	532,820
Open ended mutual funds	1,378,182	–	1,378,182	1,727,189	–	1,727,189
	<b>191,397,951</b>	<b>11,783,868</b>	<b>203,181,819</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	14,731,770	–	14,731,770	48,660,340	–	48,660,340
Pakistan Investment Bonds	16,017,977	–	16,017,977	12,503,552	–	12,503,552
Sukuks	219,020	–	219,020	229,705	–	229,705
Listed term finance certificates	95,177	–	95,177	246,931	–	246,931
Unlisted term finance certificates	–	–	–	41,667	–	41,667
	<b>31,063,944</b>	<b>–</b>	<b>31,063,944</b>	<b>61,682,195</b>	<b>–</b>	<b>61,682,195</b>
<i>Associates</i>						
Habib Sugar Mills Limited	294,414	–	294,414	281,831	–	281,831
Habib Asset Management Limited	71,740	–	71,740	40,013	–	40,013
First Habib Income Fund	305,793	–	305,793	556,646	–	556,646
First Habib Stock Fund	51,470	–	51,470	56,665	–	56,665
First Habib Cash Fund	307,062	–	307,062	318,760	–	318,760
First Habib Islamic Balanced Fund	25,310	–	25,310	25,358	–	25,358
	<b>1,055,789</b>	<b>–</b>	<b>1,055,789</b>	<b>1,279,273</b>	<b>–</b>	<b>1,279,273</b>
<b>Investments at cost</b>	<b>223,517,684</b>	<b>11,783,868</b>	<b>235,301,552</b>	<b>198,110,361</b>	<b>50,291,508</b>	<b>248,401,869</b>
Provision for diminution in the value of investments	(6,640)	–	(6,640)	(6,586)	–	(6,586)
<b>Investments (net of provisions)</b>	<b>223,511,044</b>	<b>11,783,868</b>	<b>235,294,912</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	286,121	2,472	288,593	1,437,899	90,322	1,528,221
<b>Investments after revaluation of available for sale investments</b>	<b>223,797,165</b>	<b>11,786,340</b>	<b>235,583,505</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 September 2013 amounts to Rs. 30,938 (31 December 2012: 62,824) million.





	30-September 2013 (Un-Audited) Note	31-December 2012 (Audited) (Rupees in '000)
<b>5. ADVANCES</b>		
Loans, cash credits, running finances, etc.		
In Pakistan	132,465,738	130,494,857
Outside Pakistan	9,131,840	8,203,074
	<b>141,597,578</b>	<b>138,697,931</b>
Net investment in finance lease / ijarah financing		
In Pakistan	825,679	501,124
Outside Pakistan	–	–
	<b>825,679</b>	<b>501,124</b>
Bills discounted and purchased (excluding market treasury bills)		
Payable in Pakistan	2,171,170	1,924,843
Payable outside Pakistan	16,350,845	12,329,922
	<b>18,522,015</b>	<b>14,254,765</b>
Advances - gross	<b>160,945,272</b>	<b>153,453,820</b>
Provision against non-performing loans and advances		
Specific provision	5.1 (3,578,977)	(3,062,933)
General provision against consumer advances (as per SBP regulations)	5.2 (36,357)	(31,059)
General provision	5.3 (2,500,000)	(2,500,000)
	<b>(6,115,334)</b>	<b>(5,593,992)</b>
Advances - net of provisions	<b>154,829,938</b>	<b>147,859,828</b>

5.1 Advances include Rs. 3,877.862 (31 December 2012: Rs. 3,705.730) million which have been placed under non-performing status as detailed below:

30-September 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	16,122	–	16,122	–	–	–	–	–	–
Substandard	8,516	–	8,516	2,129	–	2,129	2,129	–	2,129
Doubtful	105,995	329,322	435,317	52,998	164,661	217,659	52,998	164,661	217,659
Loss	3,315,291	102,616	3,417,907	3,256,573	102,616	3,359,189	3,256,573	102,616	3,359,189
	<b>3,445,924</b>	<b>431,938</b>	<b>3,877,862</b>	<b>3,311,700</b>	<b>267,277</b>	<b>3,578,977</b>	<b>3,311,700</b>	<b>267,277</b>	<b>3,578,977</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. 36.357 (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.

**Nine months period ended**  
**30-September 2013**      30-September 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>121,759</b>	151,215
Improvements to leasehold buildings	<b>157,095</b>	55,675
Furniture and fixtures	<b>44,219</b>	22,967
Electrical, office and computer equipments	<b>330,730</b>	306,821
Vehicles	<b>191,356</b>	189,620
Intangible assets	<b>27,173</b>	41,536
	<u><b>872,332</b></u>	<u>768,225</u>

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

Furniture and fixtures	<b>5,223</b>	1,262
Electrical, office and computer equipments	<b>43,235</b>	10,402
Vehicles	<b>76,924</b>	61,897
	<u><b>125,382</b></u>	<u>73,561</u>



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

## 7. BORROWINGS

### Secured

Borrowings from State Bank of Pakistan		
Export refinance scheme	<b>13,966,052</b>	14,138,447
Long term financing for export oriented projects	<b>192,414</b>	369,695
Long term financing for imported and locally manufactured plant and machinery	<b>2,769,401</b>	3,015,612
Financing facility for storage of agricultural produce	<b>127,394</b>	47,703
	<b>17,055,261</b>	17,571,457
Repurchase agreement borrowings	<b>11,776,646</b>	50,331,048
	<b>28,831,907</b>	67,902,505

### Unsecured

Borrowings from financial institutions	–	1,719,550
Overdrawn nostros	<b>187,233</b>	–
	<b>187,233</b>	1,719,550
	<b>29,019,140</b>	69,622,055

## 8. DEPOSITS AND OTHER ACCOUNTS

### Customers

Fixed deposits	<b>84,632,759</b>	96,079,552
Savings deposits	<b>122,213,503</b>	105,561,063
Current accounts - Remunerative	<b>39,191,387</b>	29,061,770
Current accounts - Non-remunerative	<b>115,493,850</b>	104,284,355
	<b>361,531,499</b>	334,986,740

### Financial institutions

Remunerative deposits	<b>7,634,713</b>	4,949,208
Non-remunerative deposits	<b>448,989</b>	450,610
	<b>8,083,702</b>	5,399,818
	<b>369,615,201</b>	340,386,558



		<b>30-September 2013</b>	<b>31-December 2012</b>
	<b>Note</b>	<b>(Un-Audited)</b>	<b>(Audited)</b>
		<b>(Rupees in '000)</b>	
<b>9. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>			
Operating fixed assets	9.1	<b>1,732,244</b>	1,760,240
Available for sale investments	9.2	<b>211,739</b>	1,027,783
		<b>1,943,983</b>	<b>2,788,023</b>
<b>9.1 Operating fixed assets</b>			
Surplus on revaluation of land and buildings		<b>2,333,238</b>	2,376,309
Related deferred tax liability		<b>(600,994)</b>	(616,069)
		<b>1,732,244</b>	<b>1,760,240</b>
<b>9.2 Available for sale investments</b>			
Federal Government Securities		<b>276,384</b>	1,386,550
Fully paid-up ordinary shares		<b>977</b>	24,097
Term finance certificates, sukuks, bonds and others		<b>14,969</b>	14,895
Open ended mutual funds		<b>9,363</b>	116,635
		<b>301,693</b>	1,542,177
Related deferred tax		<b>(89,954)</b>	(514,394)
		<b>211,739</b>	<b>1,027,783</b>
<b>10. CONTINGENCIES AND COMMITMENTS</b>			
<b>10.1 Direct Credit Substitutes</b>			
Financial institutions		<b>889,022</b>	166,232
Others		<b>116,669</b>	348,728
		<b>1,005,691</b>	<b>514,960</b>
<b>10.2 Transaction-related Contingent Liabilities</b>			
Government		<b>13,506,972</b>	9,446,751
Financial institutions		<b>92,218</b>	68,497
Others		<b>6,738,060</b>	6,279,180
		<b>20,337,250</b>	<b>15,794,428</b>



	<b>30-September 2013 (Un-Audited) (Rupees in '000)</b>	<b>31-December 2012 (Audited)</b>
<b>10.3 Trade-related Contingent Liabilities</b>		
Letters of credit	<b>62,372,165</b>	50,183,933
Acceptances	<b>7,551,612</b>	8,647,034
	<b><u>69,923,777</u></b>	<u>58,830,967</u>
<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-September 2013 (Un-Audited) (Rupees in '000)</b>	<b>31-December 2012 (Audited)</b>
<b>10.5 Commitments in respect of forward lending</b>		
Commitments to extend credit	<b><u>1,434,502</u></b>	<u>472,257</u>
<b>10.6 Commitments in respect of forward exchange contracts</b>		
Purchase	<b><u>21,981,198</u></b>	<u>15,272,338</u>
Sale	<b><u>16,677,949</u></b>	<u>16,888,512</u>
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><u>182,444</u></b>	<u>146,070</u>



Nine months period ended		Quarter ended	
30-September 2013	30-September 2012	30-September 2013	30-September 2012
		(Un-Audited)	
		(Rupees in '000)	

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

On loans and advances to:				
Customers	9,693,120	10,178,442	3,192,788	3,479,326
Financial institutions	175,646	135,838	66,885	51,760
	<b>9,868,766</b>	<b>10,314,280</b>	<b>3,259,673</b>	<b>3,531,086</b>
On investments:				
Available for sale securities	13,664,281	13,459,333	4,468,825	4,486,873
Held to maturity securities	4,457,069	7,395,727	1,114,947	2,401,700
	<b>18,121,350</b>	<b>20,855,060</b>	<b>5,583,772</b>	<b>6,888,573</b>
On deposits with financial institutions	49,068	60,264	13,449	25,632
On securities purchased under resale agreements	91,147	70,608	66,175	16,891
On call money lendings	1,755	2,468	755	1,768
	<b>28,132,086</b>	<b>31,302,680</b>	<b>8,923,824</b>	<b>10,463,950</b>

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

Deposits	13,456,041	14,826,311	4,472,889	4,885,075
Sub-ordinated loans	696,811	752,671	234,449	244,744
Repurchase agreement borrowings	2,111,866	2,664,927	232,498	915,798
Borrowings from SBP	1,037,731	1,052,944	320,954	317,307
Other borrowings	234,172	388,265	78,604	51,906
	<b>17,536,621</b>	<b>19,685,118</b>	<b>5,339,394</b>	<b>6,414,830</b>



**Nine months period ended**  
**30-September 2013**    **30-September 2012**  
(Un-Audited)  
(Rupees in '000)

**13. BASIC AND DILUTED EARNINGS PER SHARE  
ATTRIBUTABLE TO EQUITY HOLDERS OF  
THE HOLDING COMPANY**

Restated

Profit after taxation - attributable to equity holders  
of the Holding company

**3,701,751**    3,910,552

(Number)

Weighted average number of ordinary shares

**1,010,386,742**    1,010,386,742

(Rupees)

Restated

Basic and diluted earnings per share

**3.66**    3.87

**Nine months period ended**  
**30-September 2013**    **30-September 2012**  
(Un-Audited)  
(Rupees in '000)

**14. CASH AND CASH EQUIVALENTS**

Cash and balances with treasury banks

**33,132,175**    24,196,431

Balances with other banks

**3,122,618**    1,796,463

Overdrawn nostros

**(187,233)**    (90,007)

**36,067,560**    25,902,887

**15. RELATED PARTY TRANSACTIONS**

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 as below:

	30-September 2013 (Un-Audited)			
	Associates	Non Executive Directors	Key Management Personnel	Retirement Benefit Funds
				Total
			(Rupees in '000)	
<b>Deposits</b>				
At the beginning of the period	1,691,582	146,594	294,767	151,603
Placement during the period	62,300,804	660,822	987,832	2,838,632
Withdrawal during the period	(62,969,902)	(646,879)	(874,645)	(2,587,005)
At the end of the period	1,022,484	160,537	407,954	403,230
<b>Advances</b>				
At the beginning of the period	1,615,380	351	28,605	–
Given during the period	15,523,202	2,486	38,022	–
Repaid during the period	(16,022,136)	(2,702)	(26,489)	–
At the end of the period	1,116,446	135	40,138	–
<b>Investments</b>				
At the beginning of the period	1,279,273	–	–	–
Investment made during the period	647,501	–	–	–
Redeemed / adjusted during the period	(870,985)	–	–	–
At the end of the period	1,055,789	–	–	–
<b>Contingencies and commitments</b>	620,149	–	–	–
	31-December 2012 (Audited)			
	Associates	Non Executive Directors	Key Management Personnel	Retirement Benefit Funds
				Total
			(Rupees in '000)	
<b>Deposits</b>				
At the beginning of the year	1,438,356	86,815	275,992	118,882
Placement during the year	75,338,485	631,362	1,169,514	7,365,961
Withdrawal during the year	(75,085,259)	(571,583)	(1,150,739)	(7,333,240)
At the end of the year	1,691,582	146,594	294,767	151,603
<b>Advances</b>				
At the beginning of the year	1,404,261	426	30,252	–
Given during the year	16,218,504	2,976	41,608	–
Repaid during the year	(16,007,385)	(3,051)	(43,255)	–
At the end of the year	1,615,380	351	28,605	–
<b>Investments</b>				
At the beginning of the year	973,095	–	–	–
Investment made during the year	225,000	–	–	–
Redeemed / adjusted during the year	81,178	–	–	–
At the end of the year	1,279,273	–	–	–
<b>Contingencies and commitments</b>	532,693	–	–	–





**Nine months period ended 30-September 2013 (Un-Audited)**

	<b>Associates</b>	<b>Non Executive Directors</b>	<b>Key Management Personnel (Rupees in '000)</b>	<b>Retirement Benefit Funds</b>	<b>Total</b>
Purchase of fixed assets	1,430	—	—	—	1,430
Sale of securities	40,645	—	—	—	40,645
Redemption of mutual funds units	933,623	—	—	—	933,623
Purchase of mutual fund units/securities	647,501	—	—	—	647,501
Mark-up earned	102,406	3	1,349	—	103,758
Mark-up expensed	55,980	5,890	16,286	12,743	90,899
Bank charges and commission	3,424	6	83	—	3,513
Gain on sale of securities/mutual fund units	62,919	—	—	—	62,919
Salaries and allowances	—	—	151,272	—	151,272
Bonus	—	—	18,174	—	18,174
Contribution to defined contribution plan	—	—	6,805	—	6,805
Contribution to defined benefit plan	—	—	24,565	—	24,565
Staff provident fund	—	—	—	137,709	137,709
Staff gratuity fund	—	—	—	90,000	90,000
Directors' fee	—	2,300	—	—	2,300
Insurance claim received	9,142	—	—	—	9,142
Insurance premium paid	115,952	—	—	—	115,952
Dividend income	42,315	—	—	—	42,315
Brokerage and advisory income	935	—	—	—	935
Other expensed	2,125	—	—	—	2,125

**Nine months period ended 30-September 2012 (Un-Audited)**

	<b>Associates</b>	<b>Non Executive Directors</b>	<b>Key Management Personnel (Rupees in '000)</b>	<b>Retirement Benefit Funds</b>	<b>Total</b>
Purchase of fixed assets	1,285	—	—	—	1,285
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	103,767	2	1,365	—	105,134
Mark-up expensed	76,928	7,021	22,086	13,145	119,180
Bank charges and commission	3,157	5	83	—	3,245
Gain on sale of securities	13	—	—	—	13
Salaries and allowances	—	—	123,665	—	123,665
Bonus	—	—	15,848	—	15,848
Contribution to defined contribution plan	—	—	5,434	—	5,434
Contribution to defined benefit plan	—	—	6,773	—	6,773
Staff provident fund	—	—	—	117,148	117,148
Staff gratuity fund	—	—	—	83,325	83,325
Directors' fee	—	1,675	—	—	1,675
Insurance claim received	12,672	—	—	—	12,672
Insurance premium paid	141,961	—	—	—	141,961
Dividend income	67,136	—	—	—	67,136
Brokerage and advisory income	611	—	—	—	611
Other expensed	—	—	—	—	—



## 16. ISLAMIC BANKING BUSINESS

The Bank is operating 16 (31 December 2012: 13) Islamic Banking branches in Pakistan. The statement of financial position of these branches as at 30 September 2013 is as follows:

	30-September 2013	31-December 2012
Note	(Un-Audited)	(Audited)
	(Rupees in '000)	
<b>ASSETS</b>		
Cash and balances with treasury banks	380,322	322,418
Balances with and due from financial institutions	4,112	2,786
Investments	1,499,628	1,573,586
Islamic financing and related assets	16.1 9,410,150	7,698,981
Operating fixed assets	54,095	41,123
Other assets	325,856	254,653
	<b>11,674,163</b>	<b>9,893,547</b>
<b>LIABILITIES</b>		
Bills payable	78,329	44,896
Due to financial institutions	1,758,603	1,081,647
Deposits and other accounts	6,620,082	6,824,034
– Current accounts	1,990,471	1,469,285
– Saving accounts	1,123,715	713,014
– Term deposits	3,432,514	3,981,713
– Others	55,272	58,863
– Deposits from financial institutions-remunerative	17,120	600,625
– Deposits from financial institutions-non-remunerative	990	534
Due to Head office	1,810,000	360,000
Other liabilities	194,137	315,081
	<b>(10,461,151)</b>	<b>(8,625,658)</b>
<b>NET ASSETS</b>	<b>1,213,012</b>	<b>1,267,889</b>
<b>REPRESENTED BY:</b>		
Islamic banking fund	1,000,000	950,000
Unremitted profit	210,372	310,177
	<b>1,210,372</b>	<b>1,260,177</b>
Surplus on revaluation of assets	2,640	7,712
	<b>1,213,012</b>	<b>1,267,889</b>



	<b>30-September 2013 (Un-Audited)</b>	<b>31-December 2012 (Audited)</b>
	(Rupees in '000)	
<b>16.1 Islamic financing and related assets</b>		
Murabaha	<b>3,875,064</b>	3,125,006
Ijarah	<b>3,708</b>	3,926
Net book value of assets / investments in ijarah under IFAS 2	<b>234,278</b>	307,173
Diminishing musharika	<b>2,924,942</b>	2,851,554
Export refinance murabaha	–	81,600
Export refinance istisna	<b>1,737,003</b>	1,000,047
Istisna	<b>215,026</b>	44,644
Gross financing	<b>8,990,021</b>	7,413,950
Less: general provisioning against consumer financing	<b>(451)</b>	(231)
Net financing	<b>8,989,570</b>	7,413,719
Advance against murabaha	<b>420,580</b>	277,979
Advance against ijarah	–	7,283
Islamic financing and related assets - net off provision	<b>9,410,150</b>	7,698,981
<b>16.1.1 Islamic financing and related assets</b>		
Financings / inventory / receivables	<b>8,990,021</b>	7,413,950
Advances	<b>420,580</b>	285,262
Less: general provisioning against consumer financing	<b>(451)</b>	(231)
	<b>9,410,150</b>	7,698,981



## 17. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

<b>Nine months period ended 30-September 2013 (Un-Audited)</b>					
	<b>Retail Banking</b>	<b>Commercial Banking</b>	<b>Retail Brokerage</b>	<b>Inter Segment Elimination</b>	<b>Total</b>
	(Rupees in '000)				
Total income	14,603,494	28,182,875	49,878	(11,639,794)	31,196,453
Total expenses	(12,237,464)	(25,048,134)	(42,796)	11,639,794	(25,688,600)
Net income	<u>2,366,030</u>	<u>3,134,741</u>	<u>7,082</u>	<u>–</u>	<u>5,507,853</u>
<b>As of 30-September 2013 (Un-Audited)</b>					
Segment assets	<u>338,834,914</u>	<u>427,587,705</u>	<u>439,758</u>	<u>(322,286,443)</u>	<u>444,575,934</u>
Segment liabilities	<u>337,117,266</u>	<u>405,459,475</u>	<u>282,505</u>	<u>(322,286,443)</u>	<u>420,572,803</u>
<b>Nine months period ended 30-September 2012 (Un-Audited)</b>					
	<b>Retail Banking</b>	<b>Commercial Banking</b>	<b>Retail Brokerage</b>	<b>Inter Segment Elimination</b>	<b>Total</b>
	(Rupees in '000) Restated				
Total income	15,129,329	30,941,072	25,379	(12,517,854)	33,577,926
Total expenses	(13,078,392)	(26,365,475)	(40,523)	12,517,854	(26,966,536)
Net income	<u>2,050,937</u>	<u>4,575,597</u>	<u>(15,144)</u>	<u>–</u>	<u>6,611,390</u>
<b>As of 30-September 2012 (Un-Audited)</b>					
Segment assets	<u>290,592,351</u>	<u>437,219,826</u>	<u>356,763</u>	<u>(278,137,609)</u>	<u>450,031,331</u>
Segment liabilities	<u>289,550,065</u>	<u>416,087,902</u>	<u>210,209</u>	<u>(278,137,609)</u>	<u>427,710,567</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 28 October 2013.

## 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. 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*