

**HABIB BANK LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2011**

	Note	(Unaudited) June 30, 2011 (Rupees in '000)	(Audited) December 31, 2010
<b>ASSETS</b>			
Cash and balances with treasury banks		86,680,219	81,640,246
Balances with other banks		53,193,232	37,413,185
Lendings to financial institutions		35,699,304	30,339,344
Investments	7	342,848,971	254,909,116
Advances	8	468,247,831	459,750,012
Fixed assets	9	18,930,649	16,155,290
Deferred tax asset		9,998,393	9,572,203
Other assets		44,834,335	34,920,007
		<u>1,060,432,934</u>	<u>924,699,403</u>
<b>LIABILITIES</b>			
Bills payable		10,303,553	9,775,093
Borrowings from financial institutions	10	37,822,742	40,459,860
Deposits and other accounts	11	875,261,718	747,374,799
Sub-ordinated loans	12	4,813,058	4,281,835
Liabilities against assets subject to finance lease		-	-
Deferred tax liability		-	-
Other liabilities		32,347,947	26,557,045
		<u>960,549,018</u>	<u>828,448,632</u>
<b>NET ASSETS</b>		<u><u>99,883,916</u></u>	<u><u>96,250,771</u></u>
<b>REPRESENTED BY:</b>			
<b>Shareholders' equity</b>			
Share capital		11,020,680	10,018,800
Reserves		30,251,792	29,355,555
Unappropriated profit		48,965,667	47,467,704
Total equity attributable to the equity holders of the Bank		90,238,139	86,842,059
Minority interest		1,259,651	1,212,656
Surplus on revaluation of assets - net of deferred tax	13	8,386,126	8,196,056
		<u><u>99,883,916</u></u>	<u><u>96,250,771</u></u>
<b>CONTINGENCIES AND COMMITMENTS</b>	14		

The annexed notes 1 to 22 form an integral part of the condensed interim consolidated financial statements.

**President and Chief Executive Officer**

**Director**

**Director**

**Director**

**HABIB BANK LIMITED**  
**CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2011**

	Note	January 01 to June 30, 2011	January 01 to June 30, 2010	April 01 to June 30, 2011	April 01 to June 30, 2010
------(Rupees in '000)-----					
Mark-up / return / interest earned	16	46,106,435	39,675,114	23,586,234	20,243,836
Mark-up / return / interest expensed	17	19,271,771	17,135,847	10,010,732	8,518,855
Net mark-up / interest income		<u>26,834,664</u>	<u>22,539,267</u>	<u>13,575,502</u>	<u>11,724,981</u>
Provision against non-performing loans and advances - net	8.2 / 8.4	4,746,176	3,213,167	2,340,437	1,793,511
Charge / (reversal) against off-balance sheet obligations		30,547	(3,474)	258	(49,920)
(Reversal) / charge against diminution in the value of investments - net	7.2	(27,214)	(69,168)	41,617	(20,062)
Bad debts written off directly		-	-	-	-
		<u>4,749,509</u>	<u>3,140,525</u>	<u>2,382,312</u>	<u>1,723,529</u>
Net mark-up / interest income after provisions		<u>22,085,155</u>	<u>19,398,742</u>	<u>11,193,190</u>	<u>10,001,452</u>
<b>Non mark-up / interest income</b>					
Fee, commission and brokerage income		2,817,026	2,730,089	1,571,244	1,414,924
Income / gain on investments	18	947,350	711,003	535,700	345,923
Income from dealing in foreign currencies		2,353,972	1,349,916	1,236,229	795,228
Other income		1,494,580	1,515,019	792,346	681,307
Total non-mark-up / interest income		<u>7,612,928</u>	<u>6,306,027</u>	<u>4,135,519</u>	<u>3,237,382</u>
		<u>29,698,083</u>	<u>25,704,769</u>	<u>15,328,709</u>	<u>13,238,834</u>
<b>Non mark-up / interest expense</b>					
Administrative expenses		14,001,289	12,438,376	7,404,042	6,554,612
Other provisions / write offs - net		(133,793)	76,457	(60,167)	41,529
Other charges		75,084	177,485	74,055	6,214
Workers welfare fund		303,495	248,006	150,117	125,835
Total non mark-up / interest expenses		<u>14,246,075</u>	<u>12,940,324</u>	<u>7,568,047</u>	<u>6,728,190</u>
<b>Profit before taxation</b>		<u>15,452,008</u>	<u>12,764,445</u>	<u>7,760,662</u>	<u>6,510,644</u>
<b>Taxation</b>					
current		5,829,552	4,337,381	3,186,007	1,934,398
prior		17,488	421,143	54,847	490,000
deferred		(405,007)	140,756	(489,806)	36,101
		<u>5,442,033</u>	<u>4,899,280</u>	<u>2,751,048</u>	<u>2,460,499</u>
<b>Profit after taxation</b>		<u>10,009,975</u>	<u>7,865,165</u>	<u>5,009,614</u>	<u>4,050,145</u>
<b>Attributable to:</b>					
Equity holders of the Bank		9,907,292	7,787,146	4,951,041	4,037,879
Minority interest		24,226	33,370	19,126	19,038
Minority investor of HBL funds		78,457	44,649	39,447	(6,772)
		<u>10,009,975</u>	<u>7,865,165</u>	<u>5,009,614</u>	<u>4,050,145</u>
------(Rupees)-----					
Basic and diluted earnings per share		<u>9.00</u>	<u>7.07</u>	<u>4.49</u>	<u>3.66</u>

The annexed notes 1 to 22 form an integral part of the condensed interim consolidated financial statements

President and Chief Executive Officer

Director

Director

Director

**HABIB BANK LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2011**

	<b>June 30, 2011</b>	<b>June 30, 2010</b>
	<b>(Rupees in '000)</b>	
<b>Profit for the period</b>	10,009,975	7,865,165
<b>Other comprehensive income</b>		
Minority share of HBL funds transferred to other liabilities	(78,457)	(44,649)
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates	(40,086)	(620,705)
<b>Comprehensive income transferred to equity</b>	<u>9,891,432</u>	<u>7,199,811</u>
<b>Components of comprehensive income not reflected in equity</b>		
Surplus on revaluation of investments	253,061	316,857
Deferred tax on revaluation of investments	872	(135,148)
	<u>10,145,365</u>	<u>7,381,520</u>
<b>Total comprehensive income attributable to:</b>		
Equity holders of the Bank	10,019,913	7,333,654
Minority interest	46,995	3,217
Minority investor	78,457	44,649
	<u>10,145,365</u>	<u>7,381,520</u>

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**President and Chief Executive Officer**

**Director**

**Director**

**Director**

**HABIB BANK LIMITED**  
**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2011**

	<b>June 30, 2011</b>	<b>June 30, 2010</b>
	<b>(Rupees in '000)</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	15,452,008	12,764,445
Dividend income and share of profit of associates and joint venture	(684,563)	(533,609)
Gain on sale of securities - net	(286,012)	(202,347)
	<u>(970,575)</u>	<u>(735,956)</u>
	14,481,433	12,028,489
<b>Adjustment for:</b>		
Depreciation / amortisation	726,157	852,781
Provision against diminution in the value of investments - net	(27,214)	(69,168)
Provision against non-performing loans and advances - net	4,746,176	3,213,167
Unrealised loss on held for sale securities	23,225	24,953
Exchange loss on sub-ordinated loans	531,223	63,375
Gain on sale of property and equipment - net	(14,762)	(20,605)
Miscellaneous provisions - net	(103,246)	72,983
	<u>5,881,559</u>	<u>4,137,486</u>
	20,362,992	16,165,975
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	(5,359,960)	(15,976,930)
Advances	(13,243,995)	5,557,014
Other assets	(5,210,628)	6,474,792
	<u>(23,814,583)</u>	<u>(3,945,124)</u>
<b>Increase / (decrease) in operating liabilities</b>		
Deposits and other accounts	127,886,919	16,879,556
Borrowings from financial institutions	(2,637,118)	(4,557,715)
Bills payable	528,460	(1,207,162)
Other liabilities	5,636,809	(1,625,453)
	<u>131,415,070</u>	<u>9,489,226</u>
	127,963,479	21,710,077
Income tax paid - net	(10,399,327)	(5,078,117)
<b>Net cash flows from operating activities</b>	<u>117,564,152</u>	<u>16,631,960</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investments in securities, associates and joint venture	(86,882,660)	(21,882,924)
Dividend income received	130,823	148,316
Fixed capital expenditure	(3,509,625)	(421,036)
Proceeds from sale of fixed assets	22,871	29,863
Exchange adjustment on translation of balances in foreign branches, subsidiaries, joint venture and associates	(61,179)	(588,628)
<b>Net cash flows used in investing activities</b>	<u>(90,299,770)</u>	<u>(22,714,409)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Minority interest impact of exchange adjustment on translation of balances in subsidiary	21,093	(32,077)
Dividend paid	(6,465,455)	(5,446,750)
<b>Net cash flows used in financing activities</b>	<u>(6,444,362)</u>	<u>(5,478,827)</u>
Increase in cash and cash equivalents during the period	20,820,020	(11,561,276)
Cash and cash equivalents at beginning of the period	117,920,022	121,691,381
Effects of exchange rate changes on cash and cash equivalents	1,133,409	(1,484,858)
	<u>119,053,431</u>	<u>120,206,523</u>
Cash and cash equivalents at end of the period	<u>139,873,451</u>	<u>108,645,247</u>

The annexed notes 1 to 22 form an integral part of the condensed interim consolidated financial statements

**President and Chief Executive Officer**

**Director**

**Director**

**Director**

**HABIB BANK LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2011**

Share capital	Attributable to shareholders of the Group						Minority interest	Total	
	Reserves								
	Exchange translation reserve	Statutory requirement	Other reserves			Subtotal			
	Joint venture and subsidiaries	Bank	General	Unappropriated profit					
(Rupees in '000)									
Balance as at December 31, 2009	9,108,000	8,982,804	221,953	12,248,811	6,073,812	38,498,335	75,133,715	1,143,241	76,276,956
<b>Total comprehensive income for the period</b>									
Profit for the six months ended June 30, 2010	-	-	-	-	-	7,831,795	7,831,795	33,370	7,865,165
Minority share of HBL funds transferred to other liabilities	-	-	-	-	-	(44,649)	(44,649)	-	(44,649)
<b>- Other comprehensive income</b>									
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates	-	(588,628)	-	-	-	-	(588,628)	(32,077)	(620,705)
	-	(588,628)	-	-	-	7,787,146	7,198,518	1,293	7,199,811
<b>Transactions with owners, recorded directly in equity</b>									
Cash dividend at Rs. 6 per share	-	-	-	-	-	(5,464,800)	(5,464,800)	-	(5,464,800)
Issued as bonus shares	910,800	-	-	-	-	(910,800)	-	-	-
	910,800	-	-	-	-	(6,375,600)	(5,464,800)	-	(5,464,800)
Transferred from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	61,359	61,359	-	61,359
Transferred to statutory reserves	-	-	17,108	742,330	-	(759,438)	-	-	-
Minority share of surplus on revaluation of securities	-	-	-	-	-	-	-	1,924	1,924
Balance as at June 30, 2010	10,018,800	8,394,176	239,061	12,991,141	6,073,812	39,211,802	76,928,792	1,146,458	78,075,250
<b>Total comprehensive income for the period</b>									
Profit for the period ended December 31, 2010	-	-	-	-	-	9,086,110	9,086,110	83,105	9,169,215
Minority share of HBL funds transferred to other liabilities	-	-	-	-	-	(57,077)	(57,077)	-	(57,077)
<b>- Other comprehensive income</b>									
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates	-	822,810	-	-	-	-	822,810	19,360	842,170
	-	822,810	-	-	-	9,029,033	9,851,843	102,465	9,954,308
<b>Transactions with owners, recorded directly in equity</b>									
Cash dividend paid at Rs 1.10 per certificate by modaraba	-	-	-	-	-	-	-	(39,312)	(39,312)
Transferred from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	61,424	61,424	-	61,424
Transferred to statutory reserves	-	-	15,580	818,975	-	(834,555)	-	-	-
Minority share of surplus on revaluation of securities of subsidiaries	-	-	-	-	-	-	-	3,045	3,045
Balance as at December 31, 2010	10,018,800	9,216,986	254,641	13,810,116	6,073,812	47,467,704	86,842,059	1,212,656	88,054,715
<b>Total comprehensive income for the period</b>									
Profit for the six months ended June 30, 2011	-	-	-	-	-	9,985,749	9,985,749	24,226	10,009,975
Minority share of HBL funds transferred to other liabilities	-	-	-	-	-	(78,457)	(78,457)	-	(78,457)
<b>- Other comprehensive income</b>									
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates	-	(61,179)	-	-	-	-	(61,179)	21,093	(40,086)
	-	(61,179)	-	-	-	9,907,292	9,846,113	45,319	9,891,432
<b>Transactions with owners, recorded directly in equity</b>									
Cash dividend at Rs. 6.5 per share	-	-	-	-	-	(6,512,220)	(6,512,220)	-	(6,512,220)
Issued as bonus shares	1,001,880	-	-	-	-	(1,001,880)	-	-	-
	1,001,880	-	-	-	-	(7,514,100)	(6,512,220)	-	(6,512,220)
Transferred from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	62,187	62,187	-	62,187
Transferred to statutory reserves	-	-	28,644	928,772	-	(957,416)	-	-	-
Minority share of surplus on revaluation of securities of subsidiaries	-	-	-	-	-	-	-	1,676	1,676
Balance as at June 30, 2011	11,020,680	9,155,807	283,285	14,738,888	6,073,812	48,965,667	90,238,139	1,259,651	91,497,790

The annexed notes 1 to 22 form an integral part of the condensed interim consolidated financial statements

President and Chief Executive Officer

Director

Director

Director

**HABIB BANK LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2011**

**1 THE GROUP AND ITS OPERATIONS**

Habib Bank Limited (the Bank) is incorporated in Pakistan and is engaged in commercial banking, modaraba management and asset management related services in Pakistan and overseas. The Bank's registered office is located at Habib Bank Tower, 4th Floor, Jinnah Avenue, Islamabad. The Bank's shares are listed on the stock exchanges in Pakistan. The Group consists of the Bank, its subsidiaries and associates, as given in its annual consolidated financial statements including Habibsons Bank Limited acquired by Habib Allied International Bank Plc., United Kingdom as disclosed in note 6 to the financial statements.

**2 STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with the framework as referred to in the annual consolidated financial statements. The disclosures made in these condensed interim consolidated financial statements have been limited based on the format prescribed by SBP vide BSD Circular Letter No. 2 dated May 12, 2004 and International Accounting Standard 34, "Interim Financial Reporting". They do not include all the disclosures required for annual financial statements, and these condensed interim consolidated financial statements should be read in conjunction with the consolidated annual financial statements of the Bank for the year ended December 31, 2010.

**3 ACCOUNTING POLICIES**

The accounting policies and the methods of computation followed for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Group for the year ended December 31, 2010.

**4 ACCOUNTING ESTIMATES**

The basis for accounting estimates adopted in the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of the annual consolidated financial statements of the Group for the year ended December 31, 2010.

**5 FINANCIAL RISK MANAGEMENT**

The Financial risk management objectives and policies adopted by Group are consistent with that disclosed in the financial statements of the Group for the year ended December 31, 2010.

**6 BUSINESS COMBINATION**

During the period Habib Allied International Bank Plc., United Kingdom acquired 100% shares in Habibsons Bank Limited. The Group has consolidated the results of Habibsons Bank Limited as the ultimate holding company. The financial statements of Habibsons Bank Limited have been consolidated on line by line basis under IAS 27 from the date of acquisition April 20, 2011, the date when control commences.

Details of the purchase consideration given, fair values of the net assets acquired and goodwill are as follows:

	(Pound £ in '000)	(Rupees in '000)
Purchase consideration- cash	30,332	4,165,969
Fair value of Net assets at acquisition date	20,146	2,766,989
<b>Goodwill</b>	<u>10,186</u>	<u>1,398,980</u>

Provisional figures based on latest available information have been considered. The management expects to finalize the determination of valuation of assets acquired within one year from the acquisition date, in compliance with the time frame allowed in IFRS 3. Revised net asset value so determined would be the base for the purchase consideration which would be a multiple of 1.6 on the net book value so determined.

The carrying value and fair value of assets acquired and liabilities incurred of Habibsons Bank Limited at the acquisition date are as follows:

	Acquiree's carrying amount	Fair value	Acquiree's carrying amount	Fair value
	(Pound £ in '000)		(Rupees in '000)	
<b>ASSETS</b>				
Cash and balances with treasury banks	787	787	108,092	108,092
Balances with other banks	163,436	163,436	22,447,412	22,447,412
Investments	7,439	7,439	1,021,723	1,021,723
Advances	77,632	77,632	10,662,506	10,662,506
Operating fixed assets	1,003	1,003	137,759	137,759
Intangible assets recognized on acquisition	-	10,186	-	1,398,980
Other assets	1,650	1,650	226,622	226,622
	<u>251,947</u>	<u>262,133</u>	<u>34,604,114</u>	<u>36,003,095</u>
<b>LIABILITIES</b>				
Deposits and other accounts	225,667	225,667	30,994,640	30,994,640
Sub-ordinated loans	3,660	3,660	502,689	502,689
Other liabilities	2,474	2,474	339,796	339,796
	<u>231,801</u>	<u>231,801</u>	<u>31,837,126</u>	<u>31,837,126</u>
<b>NET ASSETS</b>	<u>20,146</u>	<u>30,332</u>	<u>2,766,989</u>	<u>4,165,969</u>

7	INVESTMENTS	Note	June 30, 2011			December 31, 2010		
			Held by group	Given as collateral	Total	Held by group	Given as collateral	Total
------(Rupees in '000)-----								
<b>Held-for-trading (HFT)</b>								
	- Pakistan Investment Bonds		179,198	-	179,198	-	-	-
	- Market Treasury Bills		2,373,265	-	2,373,265	66,845	-	66,845
	- Shares		-	-	-	2,499	-	2,499
	- Investments of Mutual Funds		234,781	-	234,781	138,916	-	138,916
			2,787,244	-	2,787,244	208,260	-	208,260
<b>Held-to-maturity securities (HTM)</b>								
<i>Federal Government Securities</i>								
	- Pakistan Investment Bonds	7.1	8,144,799	-	8,144,799	8,260,726	-	8,260,726
<b>Debentures and Corporate Debt Instruments</b>								
			212,646	-	212,646	225,554	-	225,554
			8,357,445	-	8,357,445	8,486,280	-	8,486,280
<b>Available-for-sale securities (AFS)</b>								
<i>Federal Government Securities</i>								
	- Market Treasury Bills		181,296,480	-	181,296,480	115,398,461	-	115,398,461
	- Pakistan Investment Bonds		16,655,503	-	16,655,503	11,737,563	709,392	12,446,955
	- Government of Pakistan Guaranteed Bonds		425,000	-	425,000	425,000	-	425,000
	- Government of Pakistan Bonds / Sukuk / (US Dollar / Euro)		15,421,782	-	15,421,782	8,317,811	-	8,317,811
	<b>Overseas Government Securities</b>		14,259,659	-	14,259,659	11,122,209	-	11,122,209
<i>Fully paid-up ordinary shares</i>								
	- Listed companies		1,416,759	-	1,416,759	1,457,073	-	1,457,073
	- Unlisted companies		719,802	-	719,802	719,787	-	719,787
<i>Debentures and Corporate Debt Instruments</i>								
	- Listed securities		6,316,482	-	6,316,482	4,722,625	-	4,722,625
	- Unlisted securities		85,142,611	-	85,142,611	82,637,559	-	82,637,559
	<b>NIT Units</b>		23,041	-	23,041	22,492	-	22,492
	<b>Preference Shares</b>		100,000	-	100,000	125,000	-	125,000
	<b>Other Investments</b>		1,479,902	-	1,479,902	1,581,864	-	1,581,864
	<i>Investments of Mutual Funds</i>		3,396,527	-	3,396,527	3,174,654	-	3,174,654
			326,653,548	-	326,653,548	241,442,098	709,392	242,151,490
<b>Investment in associates and Joint Venture</b>								
			5,050,734	-	5,050,734	4,063,086	-	4,063,086
			342,848,971	-	342,848,971	254,199,724	709,392	254,909,116

7.1 The market value of securities classified as "held-to-maturity" as at June 30, 2011 amounted to Rs. 7,261 million (2010: Rs. 7,195 million).

## 7.2 Particulars of provision held against diminution in value of investments

The balances above are stated net of specific provision held. The analysis of total provision held is as follows:

	June 30, 2011	December 31, 2010
	(Rupees in '000)	
Opening balance	2,122,286	2,572,470
Charge for the period / year - net	86,027	(186,489)
Impairment reversal on listed securities - net	(113,241)	(99,182)
Impairment loss on associate	-	238,000
Total charge - net	(27,214)	(47,671)
Amount written off	-	(3,293)
Transfer to advances	-	(260,665)
Transfer to other liability	-	(138,555)
Exchange adjustment	5,045	-
Closing balance	<u>2,100,117</u>	<u>2,122,286</u>

## 7.3 These financial statements include results of following period of our associates and joint venture:

	Based on the financial statements as on
Diamond Trust Bank Limited, Kenya	March 31, 2011
Himalayan Bank Limited, Nepal	March 31, 2011
Kyrgyz Investment and Credit Bank	March 31, 2011
New Jubilee Life Insurance Co. Ltd.	March 31, 2011
New Jubilee Insurance Co. Ltd.	March 31, 2011

## 8 ADVANCES

	Note	June 30, 2011	December 31, 2010
		(Rupees in '000)	
Loans, cash credits, running finances, etc.			
In Pakistan		374,698,877	383,960,649
Outside Pakistan		86,976,470	74,796,103
		<u>461,675,347</u>	<u>458,756,752</u>
Net investment in finance lease - in Pakistan		3,540,230	3,857,452
Bills discounted and purchased (excluding Government treasury bills):			
Payable in Pakistan		12,111,562	9,120,283
Payable outside Pakistan		37,726,371	30,711,150
		49,837,933	39,831,433
Provision against non-performing advances	8.2	(46,805,679)	(42,695,625)
		<u>468,247,831</u>	<u>459,750,012</u>
<b>Fully provided non-performing advances classified as loss for more than five years</b>			
In Pakistan		13,361,662	12,527,683
Provision	8.4	(13,361,662)	(12,527,683)
		<u>-</u>	<u>-</u>

- 8.1 Advances include Rs. 58,676.773 million (2010: Rs. 53,607.643 million) which have been placed under non-performing status, other than those accounts classified as loss and fully provided for more than five years, which have been placed in a separate category.

Category of classification	June 30, 2011								
	Non-performing loans			Provision required and held			Net non-performing loans		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)								
<b>Specific provision</b>									
Other assets especially mentioned	1,327,383	-	1,327,383	-	-	-	1,327,383	-	1,327,383
Substandard	5,815,664	4,280,109	10,095,773	1,049,309	778,341	1,827,650	4,766,355	3,501,768	8,268,123
Doubtful	4,171,881	2,304,175	6,476,056	2,048,888	1,379,852	3,428,740	2,122,993	924,323	3,047,316
Loss	29,947,544	10,830,017	40,777,561	29,185,560	10,723,466	39,909,026	761,984	106,551	868,535
	41,262,472	17,414,301	58,676,773	32,283,757	12,881,659	45,165,416	8,978,715	4,532,642	13,511,357
<b>General provision</b>	-	-	-	1,234,411	405,852	1,640,263	-	-	-
	41,262,472	17,414,301	58,676,773	33,518,168	13,287,511	46,805,679	8,978,715	4,532,642	13,511,357

Category of classification	December 31, 2010								
	Non-performing loans			Provision required and held			Net non-performing loans		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)								
<b>Specific provision</b>									
Other assets especially mentioned	1,370,212	-	1,370,212	530	-	530	1,369,682	-	1,369,682
Substandard	2,846,786	3,915,683	6,762,469	684,433	636,643	1,321,076	2,162,353	3,279,040	5,441,393
Doubtful	7,277,208	2,194,403	9,471,611	3,638,295	1,448,400	5,086,695	3,638,913	746,003	4,384,916
Loss	25,242,271	10,761,080	36,003,351	24,449,037	10,320,311	34,769,348	793,234	440,769	1,234,003
	36,736,477	16,871,166	53,607,643	28,772,295	12,405,354	41,177,649	7,964,182	4,465,812	12,429,994
<b>General provision</b>	-	-	-	1,153,477	364,499	1,517,976	-	-	-
	36,736,477	16,871,166	53,607,643	29,925,772	12,769,853	42,695,625	7,964,182	4,465,812	12,429,994

8.2 Particulars of provision against non-performing advances

Note	June 30, 2011			December 31, 2010		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	41,177,649	1,517,976	42,695,625	34,624,137	723,947	35,348,084
Exchange adjustment / other movement	350,439	42,719	393,158	173,611	3,577	177,188
Charge for the period / year	5,021,542	95,928	5,117,470	8,689,492	842,094	9,531,586
Reversals	(98,253)	(16,360)	(114,613)	(910,513)	(51,642)	(962,155)
	4,923,289	79,568	5,002,857	7,778,979	790,452	8,569,431
Write offs	(166,573)	-	(166,573)	(483,511)	-	(483,511)
Transferred to over 5 years category	(1,119,388)	-	(1,119,388)	(915,567)	-	(915,567)
Closing balance	45,165,416	1,640,263	46,805,679	41,177,649	1,517,976	42,695,625

- 8.3 In accordance with BSD Circular No. 2 dated January 27, 2009 and BSD Circular No. 10 dated October 20, 2009 issued by the State Bank of Pakistan, the Group has further availed the benefit of FSV against the non-performing advances (excluding consumer housing finance portfolio). Had this benefit of FSV not been taken by the Group, the specific provision against non-performing advances would have been higher by Rs. 761.001 million (2010: Rs. 778.636 million) and profit before taxation for the period ended June 30, 2011 would have been higher by approximately Rs. 18 million (after taking into account the effect of discounting of FSV taken in previous year). Increase in profits net of tax amounting to Rs. 494.651 would not be available for the distribution of cash and stock dividend to share holders.

8.4 Particulars of provision against fully provided non-performing advances classified as loss for more than five years

Note	June 30, 2011	December 31, 2010
	(Rupees in '000)	
Opening balance	12,527,683	12,914,798
Reversals	(256,681)	(966,991)
Transferred during the period / year	1,119,388	915,567
Write offs	(28,728)	(335,691)
	13,361,662	12,527,683

8.5 Particulars of loans and advances to directors, associated companies, etc.

	June 30, 2011				December 31, 2010			
	Balance outstanding	Maximum total amount of loans and advances including temporary advances outstanding **	Limit sanctioned during the period	Loan repaid during the period	Balance outstanding	Maximum total amount of loans and advances including temporary advances outstanding **	Limit sanctioned during the year	Loan repaid during the year
------(Rupees in '000)-----								
Debts due by directors or executives of the Group or any of them either severally or jointly with any other persons:								
- in respect of directors	-	-	-	-	-	-	-	-
- in respect of executives * (Other than KMPs)	1,179,900	1,213,400	303,071	56,871	933,700	1,277,800	384,860	489,160
- in respect of key management personnel / Companies in which key management personnel or their spouse are interested	499,380	499,380	214,230	204,308	489,458	531,128	235,228	276,354
Debts due by companies or firms in which the directors of the Group are interested as directors, partners or in the case of private companies as members	1,028,107	1,029,196	676,504	254,395	605,998	1,157,647	292,616	842,118
Debts due by companies in which key management personnel are nominated by the Bank as directors								
- Guaranteed by Government	12,830,497	12,830,497	12,429,252	9,966,710	10,367,955	13,628,965	10,000,217	12,296,727
- Others	37,786	42,934	34,698	40,709	43,797	52,729	28,349	37,281

The disclosure of the period / year end balance, limit / amount sanctioned and the highest amount outstanding during the period / year is considered the most meaningful information to represent the amount of the transactions and the amount of outstanding balances during the period / year.

\* (These represent staff loans given by the Group to its executives as per their terms of employment).

\*\* (Maximum amount has been arrived at by reference to month end balance).

9	FIXED ASSETS	Note	June 30, 2011	December 31, 2010
(Rupees in '000)				
	Tangible fixed assets		16,720,602	15,650,986
	Intangible assets	9.1.1	1,440,661	38,128
	Capital work-in-progress		769,386	466,176
			<u>18,930,649</u>	<u>16,155,290</u>

9.1	Additions to fixed assets	For the six months ended	
		June 30, 2011	June 30, 2010
(Rupees in '000)			
	The following additions have been made to tangible and intangible fixed assets during the period:		
	<i>Tangible fixed assets</i>		
	Land	1,001,151	2,268
	Building including related machinery	268,590	149,939
	Furniture, fixtures and office equipments	481,782	254,741
	Vehicles	26,193	6,974
	Intangible assets	9.1.1	1,428,708
	Capital work-in-progress	303,201	5,440
		<u>3,509,625</u>	<u>421,036</u>

The following additions have been made to tangible and intangible fixed assets during the period:

*Tangible fixed assets*

Land	1,001,151	2,268
Building including related machinery	268,590	149,939
Furniture, fixtures and office equipments	481,782	254,741
Vehicles	26,193	6,974
Intangible assets	9.1.1	1,428,708
Capital work-in-progress	303,201	5,440
	<u>3,509,625</u>	<u>421,036</u>

9.1.1 Intangible assets include goodwill amounting to Rs. 1,399 million arising on acquisition of Habibsons Bank Limited as referred in note 6 to the financial statements.

9.2	Disposal of fixed assets	For the six months ended	
		June 30, 2011	June 30, 2010

The following disposals have been made from tangible and intangible fixed assets during the period:

*Tangible fixed assets*

Land	92	-
Building including related machinery	-	5,568
Furniture, fixtures and office equipments	202,809	123,643
Vehicles	12,737	23,694
Intangible assets	234	3,182
	<u>215,872</u>	<u>156,087</u>

## 10 BORROWINGS FROM FINANCIAL INSTITUTIONS

	June 30, 2011	December 31, 2010
	(Rupees in '000)	
<b>Secured</b>		
Borrowings from State Bank of Pakistan under:		
Export refinance scheme	17,839,973	20,515,415
Long term financing facility - locally manufactured and imported plant & machinery	4,356,818	4,212,938
Long term finance - export oriented projects	2,398,799	3,224,605
Repurchase agreement borrowings	-	714,039
	<u>24,595,590</u>	<u>28,666,997</u>
<b>Unsecured</b>		
In Pakistan:		
Interbank call money borrowings	3,000,000	3,750,000
Outside Pakistan:		
Overdrawn nostro accounts	120,958	261,601
Borrowings of overseas branches and subsidiaries	10,106,194	7,781,262
	<u>10,227,152</u>	<u>8,042,863</u>
	<u>13,227,152</u>	<u>11,792,863</u>
	<u>37,822,742</u>	<u>40,459,860</u>

## 11 DEPOSITS AND OTHER ACCOUNTS

<b>Customers</b>		
Fixed deposits	258,218,838	203,018,996
Savings chequing account	371,495,729	341,086,487
Current accounts - remunerative	1,714,943	1,725,974
Current accounts - non-remunerative	231,326,702	186,234,235
	<u>862,756,212</u>	<u>732,065,692</u>
<b>Financial institutions</b>		
Remunerative deposits	5,159,310	9,302,286
Non-remunerative deposits	7,346,196	6,006,821
	<u>12,505,506</u>	<u>15,309,107</u>
	<u>875,261,718</u>	<u>747,374,799</u>

## 12 SUB-ORDINATED LOANS

The Group has obtained loan from "International Finance Corporation" (IFC) amounting to US \$ 50 million (2010: US \$ 50 million). The principal amount is repayable in four equal half yearly installments commencing from the year 2013 to 2014. Interest is payable on bi - annual basis commencing from December 2007 at LIBOR + 1.75%. The loan is unsecured and subordinated as to payment of principal and interest to all other indebtedness of the group (including deposits). The loan may not be prepaid or repaid before maturity without the prior written approval of the State Bank of Pakistan. The Bank is not exposed to significant exchange risk as the loan forms part of the Bank's foreign currency net open position.

13 **SURPLUS ON REVALUATION OF ASSETS - net of deferred tax**

Note	June 30, 2011	December 31, 2010
	(Rupees in '000)	

Surplus arising on revaluation of:

- fixed assets	13.1	8,543,694	8,605,881
- investments	13.2	(157,568)	(409,825)
Surplus on revaluation of assets - net of deferred tax		<u>8,386,126</u>	<u>8,196,056</u>

13.1 **Surplus on revaluation of fixed assets**

Surplus on revaluation of fixed assets as at January 1		9,476,539	9,512,531
Surplus on revaluation of bank's properties recognised during the period / year		-	152,905
Surplus realised on disposal of revalued properties during the period / year		(87)	-
Transferred to accumulated profit in respect of incremental depreciation charged during the period / year - net of deferred tax		(62,100)	(122,783)
Related deferred tax liability of incremental depreciation charged during the period / year		(33,439)	(66,114)
Surplus on revaluation of fixed assets as at period / year end		<u>9,380,913</u>	<u>9,476,539</u>

Less: related deferred tax liability on:

- revaluation as at January 1		870,658	924,432
- revaluation of bank's properties recognised during the period / year		-	12,340
- incremental depreciation charged during the period / year transferred to profit and loss account		(33,439)	(66,114)
		<u>837,219</u>	<u>870,658</u>
		<u>8,543,694</u>	<u>8,605,881</u>

13.2 **Deficit on revaluation of investments**

Market Treasury Bills		(24,996)	(156,017)
Pakistan Investment Bonds		(992,017)	(1,160,607)
Sukuk and Euro Bonds		(481,886)	(241,318)
Listed Securities		726,283	583,555
NIT Units		11,512	10,963
Other Investments		145,535	96,470
		(615,569)	(866,954)
Add: related deferred tax asset		458,001	457,129
		<u>(157,568)</u>	<u>(409,825)</u>

14 **CONTINGENCIES AND COMMITMENTS**

14.1 **Direct credit substitutes - financial guarantees**

Guarantees in favour of:

- Government		378,723	359,428
- Financial institutions		312,446	23,776
- Others		35,427,859	37,786,477
		<u>36,119,028</u>	<u>38,169,681</u>

	June 30, 2011	December 31, 2010
	(Rupees in '000)	
<b>14.2 Transaction-related contingent liabilities</b>		
Guarantees in favour of:		
- Government	1,433,633	1,644,786
- Financial institutions	1,830,040	94,145
- Others	32,787,357	28,455,811
	<u>36,051,029</u>	<u>30,194,742</u>
<b>14.3 Trade-related commitments</b>		
Credit cash	73,715,314	80,891,494
Credit documentary acceptances	17,125,723	8,048,267
Credit acceptances	33,074,448	16,042,474
	<u>123,915,485</u>	<u>104,982,235</u>
<b>14.4 Other contingencies</b>		
Claims against the Group not acknowledged as debts	<u>83,828,283</u>	<u>82,648,725</u>

**14.5 Commitments in respect of forward lending**

The Group makes commitments to extend credit in the normal course of its business but none of these commitments are irrevocable and do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

	June 30, 2011	December 31, 2010
	(Rupees in '000)	
<b>14.6 Commitments in respect of forward foreign and local exchange contracts</b>		
Purchase	113,275,138	90,133,552
Sale	113,275,608	89,948,906

The above commitments have maturities falling within one year.

**Commitments in respect of cross currency swaps**

Purchase	800,526	-
Sale	800,526	-

**Commitments in respect of interest rate swaps**

Purchase	343,861	371,092
Sale	343,861	371,092

<b>14.7 Commitments for acquisition of operating fixed assets / intangibles</b>	668,465	422,502
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**14.8 Taxation**

The income tax returns of Habib Bank Limited have been submitted upto and including the bank's financial year 2009. The tax authorities have concluded the audit of years 2002 through 2009. While amending the assessment under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2006 the tax authorities have disallowed double income tax relief relating to Azad Jammu & Kashmir (AJK) branches amounting to Rs. 2,923 million. Management's view is that the settlement reached, after deliberations by the technical committee formed by the Prime Minister and Chairman AJ&K Council, relates to the long outstanding issue of basis of computation of income in AJK. The foreign tax credit claimed by the bank is in accordance with accounting practice and the law. Appeal against this issue is pending at appellate stage. Although the bank has made partial payment of tax assessed, under protest, no provision has been made in the financial statements for the above liability, as the management is confident that the eventual outcome of this issue will be in the favor of the bank.

The provision for advances & off balance sheet items are allowed at 5% of total gross advances for consumer & SMEs(as defined in SBP prudential Regulation). The provision for advances and off balance sheet items other than those falling in definition of consumer & SMEs are allowed upto 1% of such total gross advances.

Under Rule 8(A) of Seventh Schedule amounts provided for in tax year 2008 and prior to said tax year for doubtful debts, which were neither claimed nor allowed as tax deductible in any year shall be allowed as deduction in tax year in which such doubtful debts are written off.

With reference to allowability of provision, the management has carried out an exercise at period end and concluded that full deduction of provision in succeeding years would be allowed and accordingly recognized deferred tax asset on such provision amounting to Rs. 3.518 billion.

#### 15 BENAZIR EMPLOYEES STOCK OPTION SCHEME

On August 14, 2009, the Government of Pakistan (GoP) launched Benazir Employees' Stock Option Scheme [“the Scheme”] for employees of certain State Owned Enterprises (SOEs) and non-State Owned Enterprises as fully explained in annual consolidated financial statements.

The Scheme, needs to be accounted for by the covered entities, including the Group, under the provision of amended International Financial Reporting Standard 2 - Share Based Payments (IFRS 2). However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the SECP has granted exemption to such entities from the application of IFRS 2 to the Scheme.

Had the exemption not been granted the staff costs of the Group for the period would have been higher by Rs. 495 million, profit before taxation would have been lower by Rs. 495 million (earnings per share would have been lower by Rs. 0.45 per share) and, as the Scheme is fully funded by GoP, there would have been no impact on retained earnings / equity of the Group.

#### 16 MARK-UP / RETURN / INTEREST EARNED

	<b>For the six months ended</b>	
	<b>June 30, 2011</b>	<b>June 30, 2010</b>
	<b>(Rupees in '000)</b>	
<i>On loans and advances to:</i>		
- Customers	27,671,403	26,788,667
- Financial institutions	194,120	153,772
<i>On investments:</i>		
- Available-for-sale	16,146,439	11,281,494
- Held-for-trading	128,939	22,835
- Held-to-maturity	230,470	243,008
On deposits with financial institutions	356,584	329,255
On lendings to financial institutions	1,378,480	856,083
	<u>46,106,435</u>	<u>39,675,114</u>

#### 17 MARK-UP / RETURN / INTEREST EXPENSED

Deposits	17,322,432	15,500,686
Securities sold under repurchase agreement borrowings	243,167	171,513
Other short term borrowings	1,426,630	1,218,731
Long term borrowings	279,542	244,917
	<u>19,271,771</u>	<u>17,135,847</u>

#### 18 INCOME / GAIN ON INVESTMENTS

Dividend income	168,754	146,274
Share of profit of associates and joint venture	515,809	387,335
Gain on sale of securities - net	286,012	202,347
Unrealised loss on held for sale securities	(23,225)	(24,953)
	<u>947,350</u>	<u>711,003</u>

#### 19 RELATED PARTY TRANSACTIONS

Aga Khan Fund for Economic Development, S.A, Switzerland holds 51% shares of the Bank. The Group has related party relationship with its associated undertakings, joint venture companies, employee benefit schemes of the Group / related party, and members of the Key Management Personnel of the Group / related party, including both Executive and Non-Executive Directors and Executive officers.

Banking transactions with the related parties are executed substantially on the same terms, including mark-up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than normal risk (i.e. under the comparable uncontrolled price method) other than those under terms of employment. Details of loans and advances to related parties are given in note 8.5 to these financial statements.

Contributions to and accruals in respect of staff retirement and other benefit schemes are made in accordance with the actuarial valuation / terms of the contribution plan.

Details of transactions with related parties and balances with them as at the period / year-end were as follows:

	<b>June 30, 2011</b>	<b>December 31, 2010</b>
	<b>(Rupees in '000)</b>	
<b>Balances outstanding as at the period / year end</b>		
<b>- Borrowings / Deposits from</b>		
- Joint venture and associates	1,908,222	1,925,497
- Retirement benefit funds	564,114	1,959,736
- Companies in which directors are interested	135,703	2,940,247
- Companies in which key management personnel are interested	177,621	125,447
- AKFED Group companies	619,620	1,068,516
- Investment in associates and joint venture	5,050,734	4,063,086
- Investments in companies in which directors are interested	406,580	459,033
- Investment in companies in which key management personnel are interested	28,613	28,613
- Payable to defined benefit schemes	964,849	170,882
<b>- Mark-up / Other Receivables from:</b>		
- Companies in which key management personnel are interested / Companies in which Directors are interested	489,806	33,692
<b>- Mark-up / Other Payables to:</b>		
- AKFED Group companies	54	1
- Companies in which key management personnel are interested	1,156	703
- Companies in which directors are interested	2,916	32,041
- Associates	2,285	9,742
- Retirement benefit funds	9,194	27,496
- Placements with associate	783,701	238,513
- Lending to AKFED Group companies	168,807	171,273
- Lending to Companies in which directors are interested	1,889,387	881,885
- Overdrawn nostro balances with joint venture and associates / AKFED Group Companies	878,918	1,186,499
- Payable to HBL Foundation	401,270	349,512
<b>- Other contingencies:</b>		
- Companies in which key management personnel are interested	34,389	-
- Companies in which directors are interested	880	880
	<b>For the six months ended</b>	
	<b>June 30, 2011</b>	<b>June 30, 2010</b>
	<b>(Rupees in '000)</b>	
<b>Profit / Expense for the period</b>		
<b>- Interest paid</b>		
- Joint venture and associates	86,400	36,414
- Retirement benefit funds	92,158	417,228
- Companies in which directors are interested	4,338	1,133
- Companies in which key management personnel are interested	3,321	1,854
- AKFED Group companies	1,945	4,639
- Premium paid to companies in which directors are interested	214,035	151,744
<b>- Interest income</b>		
- Joint venture and associates	85	48
- Companies in which Directors are interested	81,869	14,168
- Companies in which key management personnel are interested	420,653	750,012
- AKFED Group companies	6,080	-
- In respect of debts due by key management personnel	20,200	25,900
- Other income from associates	376,669	278,093
- Share of profit of associates and joint venture - net of tax	391,367	285,812
<b>- Dividend income</b>		
- companies in which directors are interested	1,000	4,000
- Companies in which key management personnel are interested	-	4,927

## 19.1 Key management personnel

Key Management Personnel comprises members of Management Committee, Regional Management, Country Managers and Senior Executives:

	For the six months ended	
	June 30, 2011	June 30, 2010
	(Rupees in '000)	
Managerial remuneration (including allowances)	596,850	511,369
Contribution to provident and benevolent fund	9,914	9,112
Medical	14,634	12,367
	<u>621,398</u>	<u>532,848</u>
Number of persons	<u>158</u>	<u>150</u>

## 20 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	For the six months ended June 30, 2011					Total
	Retail banking	Corporate / commercial banking	Treasury	International banking group	Head Office / support services	
	----- (Rupees in million) -----					
Net interest income - External	(9,662)	23,027	11,102	2,361	7	26,835
Inter segment revenue - net	28,642	(19,455)	(10,806)	-	1,619	-
Non-funded income	2,223	1,312	1,739	2,185	154	7,613
Net interest and non-markup income	21,203	4,884	2,035	4,546	1,780	34,448
Total expenses including provision (excluding impairment)	6,106	4,781	60	3,207	4,869	19,023
Impairment against investments	-	98	(61)	-	(64)	(27)
Inter segment administrative cost	3,603	721	104	397	(4,825)	-
Total expenses including provision	9,709	5,600	103	3,604	(20)	18,996
Net income before tax	11,494	(716)	1,932	942	1,800	15,452
Segment assets gross	109,067	426,787	276,917	230,843	66,071	1,109,685
Segment non-performing loans	3,650	27,212	-	17,409	10,406	58,677
Segment provision required including general provision	6,606	25,816	433	13,375	3,022	49,252
Segment liabilities including equity	648,875	109,647	3,690	195,178	103,043	1,060,433
Segment gross earnings on liability / asset %	12.47%	12.71%	11.20%	5.07%	5.16%	-
Segment cost of funds %	5.22%	10.43%	9.49%	1.14%	0.71%	-
	----- (Rupees in million) -----					
	Retail banking	Corporate / commercial banking	Treasury	International banking group	Head Office / support services	Total
	----- (Rupees in million) -----					
Net interest income - External	(7,671)	21,558	6,270	2,020	362	22,539
Inter segment revenue - net	22,643	(17,525)	(5,901)	-	783	-
Non-funded income	2,048	1,485	867	1,713	193	6,306
Net interest and non-markup income	17,020	5,518	1,236	3,733	1,338	28,845
Total expenses including provision (excluding impairment)	5,234	530	(24)	2,268	4,860	12,868
Impairment against investments	688	2,897	-	7	(379)	3,213
Inter segment administrative cost	3,245	649	94	357	(4,345)	-
Total expenses including provision	9,167	4,076	70	2,632	136	16,081
Net income before tax	7,853	1,442	1,166	1,101	1,202	12,764
Segment assets gross	97,896	401,254	171,127	172,172	74,395	916,844
Segment non-performing loans	8,937	25,890	-	16,198	325	51,350
Segment provision required including general provision	5,848	22,191	-	12,621	733	41,393
Segment liabilities including equity	530,895	100,132	16,832	147,399	80,193	875,451
Segment gross earnings on liability / asset %	11.54%	12.76%	9.49%	5.09%	3.62%	-
Segment cost of funds %	4.82%	10.11%	7.98%	1.33%	0.08%	-

21 **ISLAMIC BANKING BRANCH AND FIRST HABIB BANK MODARABA**

Financial figures of the Islamic Banking Branch and First Habib Bank Modaraba are as follows:

	Note	June 30, 2011	December 31, 2010
(Rupees in '000)			
<b>ASSETS</b>			
Cash and balances with treasury banks		450,784	327,375
Balances with other banks		19,822	16,400
Lendings to financial institutions		-	100,000
Investments - net		13,785,686	6,670,855
Murabaha	21.1	46,425	51,727
Ijarah	21.2	793,228	829,663
Musharaka		89,892	79,167
Other assets		738,811	403,367
Operating fixed assets		885	1,024
		<u>15,925,533</u>	<u>8,479,578</u>
<b>LIABILITIES</b>			
Bills payable		216	60
Borrowings from financial institutions		6,000,000	1,500,000
Deposit and other accounts		8,253,047	5,726,476
Other liabilities		715,643	403,938
		<u>14,968,906</u>	<u>7,630,474</u>
<b>NET ASSETS</b>			
		<u>956,627</u>	<u>849,104</u>
<b>REPRESENTED BY:</b>			
Islamic banking fund / certificate capital		647,072	647,072
Reserves		214,716	208,568
Unappropriated profit		189,990	110,974
		<u>1,051,778</u>	<u>966,614</u>
Deficit on revaluation of assets		(95,151)	(117,510)
		<u>956,627</u>	<u>849,104</u>

The commitment in respect of letters of credit of Islamic Banking Branch of Habib Bank Limited amounted to Rs. 192.493 million (2010: Rs. 50.966 million).

21.1 This represents assets sold under Murabaha agreement.

21.2 This represents fixed assets given to customers under Ijarah agreement.

22. **DATE OF AUTHORISATION FOR ISSUE**

These condensed interim consolidated financial statements were authorised for issue in the Board of Directors meeting held on August 19, 2011.

**President and Chief Executive Officer**

**Director**

**Director**

**Director**