

## Directors' Review

On behalf of the Board of Directors, I am pleased to present the condensed interim consolidated financial statements for the quarter ended March 31, 2012.

<b>Financial Performance:</b>	<b>Rs. in million</b>
The financial results of the Group are summarized below:	
Profit after tax	<u>6,092</u>
<b>Movement of Reserves</b>	
Unappropriated profit brought forward	56,981
Profit attributable to shareholders	6,020
Transferred from surplus on revaluation of fixed assets – net of tax	186
Transfer to statutory reserves	(565)
Cash dividend	(4,408)
Issued as bonus shares	(1,102)
Unappropriated profit carried forward	<u><u>57,112</u></u>
Earnings per share rupees (Basic & Diluted)	<u>5.46</u>

The economic climate continues to be challenging, both globally and locally; the energy shortage along with other macroeconomic pressures have resulted in lower credit demand in the country. Despite all this, the economy shows signs of modest improvement as a result of improving commodity prices. The trade deficit has been eased by the unprecedented increase in worker remittances, which have crossed \$6.3 billion.

HBL continues to show a strong performance; profitability has shown a growth of 22% as compared to the same period last year, with a PAT of Rs. 6.1 billion. HBL's deposit share improved to 13.8% from 13.5% as at December 2011, reaffirming its market leadership as the largest bank in Pakistan. HBL continues to pursue stringent risk measures to ensure quality of its assets, whilst remaining committed to introducing new products for our customers across the country and all our international locations. We strive to improve our technology, branches and staff skills set to ensure high standards of customer service and so as to be able to maximize outreach of banking services to people across Pakistan.

## Appreciation and Acknowledgement

In conclusion, we would like to appreciate the efforts of our Regulators as well as the Government of Pakistan and the Ministry of Finance for strengthening the banking and financial system and framework.

I would like to take this opportunity to also thank on behalf of the Board and Management of the Group, the customers and the shareholders for entrusting their confidence in us and assure them that we remain committed to maintaining high service standards and a strong culture of good corporate governance and compliance in all our endeavors.

On behalf of the Board

R. Zakir Mahmood  
President & Chief Executive Officer  
April 24, 2012

**HABIB BANK LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2012**

	Note	(Unaudited) March 31, 2012 (Rupees in '000)	(Audited) December 31, 2011
<b>ASSETS</b>			
Cash and balances with treasury banks		106,990,360	103,399,623
Balances with other banks		35,248,686	47,349,505
Lendings to financial institutions		10,472,170	41,581,029
Investments	6	501,569,909	418,604,147
Advances	7	473,628,570	457,367,656
Operating fixed assets	8	19,361,449	19,167,654
Deferred tax asset		7,303,139	7,275,888
Other assets		42,833,824	44,808,703
		1,197,408,107	1,139,554,205

**LIABILITIES**

Bills payable		16,220,595	13,894,502
Borrowings	9	61,625,431	39,473,670
Deposits and other accounts	10	961,422,860	933,631,525
Sub-ordinated loans	11	5,134,690	5,036,100
Liabilities against assets subject to finance lease		-	-
Deferred tax liability		-	-
Other liabilities		40,533,014	37,931,420
		1,084,936,590	1,029,967,217

**NET ASSETS**

112,471,517	109,586,988
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**REPRESENTED BY:**

**Shareholders' equity**

Share capital		11,020,680	11,020,680
Reserves		34,441,149	32,145,755
Unappropriated profit		57,111,868	56,980,697

Total equity attributable to the equity holders of the Bank 102,573,697 100,147,132

Non-controlling interest 1,313,483 1,236,290

Surplus on revaluation of assets - net of deferred tax 12 8,584,337 8,203,566

112,471,517	109,586,988
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**CONTINGENCIES AND COMMITMENTS**

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The annexed notes 1 to 20 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 THREE MONTHS ENDED MARCH 31, 2012**

	Note	January 01 to March 31, 2012	January 01 to March 31, 2011
(Rupees in '000)			
Mark-up / return / interest earned	15	26,567,669	22,520,201
Mark-up / return / interest expensed	16	12,328,661	9,261,039
Net mark-up / interest income		14,239,008	13,259,162
Provision against non-performing loans and advances - net	7.2 / 7.4	1,299,222	2,405,739
Charge against off-balance sheet obligations		14,251	30,289
Reversal against diminution in the value of investments - net	6.2	(297,370)	(68,831)
Bad debts written off directly		-	-
		1,016,103	2,367,197
Net mark-up / interest income after provisions		13,222,905	10,891,965
<b>Non mark-up / interest income</b>			
Fee, commission and brokerage income		1,537,842	1,245,782
Dividend income		160,641	119,639
Share of profit of associates and joint venture		297,429	150,018
Gain on sale of securities		284,533	143,789
Unrealized loss on held for sale securities		(1,801)	(1,796)
Income from dealing in foreign currencies		733,087	1,117,743
Other income		784,211	702,234
Total non-mark-up / interest income		3,795,942	3,477,409
		17,018,847	14,369,374
<b>Non mark-up / interest expense</b>			
Administrative expenses		6,948,719	6,597,247
Other provisions / write offs - net		24,633	(73,626)
Other charges		733	1,029
Workers welfare fund		195,547	153,378
Total non mark-up / interest expenses		7,169,632	6,678,028
<b>Profit before taxation</b>		9,849,215	7,691,346
<b>Taxation</b>			
current		3,465,558	2,643,545
prior		420,777	(37,359)
deferred		(129,211)	84,799
		3,757,124	2,690,985
<b>Profit after taxation</b>		6,092,091	5,000,361
<b>Attributable to:</b>			
Equity holders of the Bank		6,019,788	4,956,251
Non-controlling interest		28,906	5,100
Minority investor of HBL funds		43,397	39,010
		6,092,091	5,000,361
<b>(Rupees)</b>			
Basic and diluted earnings per share		5.46	4.50

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

President and Chief Executive Officer

Director

Director

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**HABIB BANK LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2012**

	January 01 to March 31, 2012	January 01 to March 31, 2011
	(Rupees in '000)	
<b>Profit for the period</b>	6,092,091	5,000,361
<b>Other comprehensive income</b>		
Minority share of HBL funds transferred to other liabilities	(43,397)	(39,010)
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates	657,601	338,973
<b>Comprehensive income transferred to equity</b>	<u>6,706,295</u>	<u>5,300,324</u>
<b>Components of comprehensive income not reflected in equity</b>		
Surplus on revaluation of investments	694,441	80,447
Deferred tax on revaluation of investments	(127,378)	(11,310)
	<u>7,273,358</u>	<u>5,369,461</u>
<b>Total comprehensive income attributable to:</b>		
Equity holders of the Bank	7,152,493	5,319,028
Non-controlling interest	77,193	28,642
Minority investor	43,672	21,791
	<u>7,273,358</u>	<u>5,369,461</u>

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

President and Chief Executive Officer

Director

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**HABIB BANK LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2012**

	Attributable to shareholders of the Group							Non-controlling interest	Total	
	Share capital	Reserves								
		Exchange Reserves	Statutory requirement	Other Reserves			Sub total			
		Joint venture and subsidiaries	Bank	Reserve for issue of bonus shares	General	Unappropriated profit				
------(Rupees in '000)-----										
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 three months ended March 31, 2011	-	-	-	-	-	-	4,995,261	4,995,261	5,100	5,000,361
Minority share of HBL funds transferred to other liabilities	-	-	-	-	-	-	(39,010)	(39,010)	-	(39,010)
<b>- Other comprehensive income</b>										
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates	-	316,242	-	-	-	-	-	316,242	22,731	338,973
	-	316,242	-	-	-	-	4,956,251	5,272,493	27,831	5,300,324
<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	-	-	-	-	-	-	31,050	31,050	-	31,050
Transferred to statutory reserves	-	-	11,911	470,077	-	-	(481,988)	-	-	-
Minority share of surplus on revaluation of securities of subsidiaries	-	-	-	-	-	-	-	-	811	811
Balance as at March 31, 2011	10,018,800	9,533,228	266,552	14,280,193	1,001,880	6,073,812	44,458,917	85,633,382	1,241,298	86,874,680
<b>Total comprehensive income for the period</b>										
Profit for the period ended December 31, 2011	-	-	-	-	-	-	17,280,698	17,280,698	51,963	17,332,661
Minority share of HBL funds transferred to other liabilities	-	-	-	-	-	-	(47,186)	(47,186)	-	(47,186)
<b>- Other comprehensive income</b>										
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates	-	353,993	-	-	-	-	-	353,993	4,237	358,230
	-	353,993	-	-	-	-	17,233,512	17,587,505	56,200	17,643,705
<b>Transactions with owners, recorded directly in equity</b>										
Issued as bonus shares	1,001,880	-	-	-	(1,001,880)	-	-	-	-	-
Half year interim cash dividend paid at Rs. 3 per share	-	-	-	-	-	-	(3,306,204)	(3,306,204)	-	(3,306,204)
Cash dividend paid at Rs. 1.3 per certificate by modaraba	-	-	-	-	-	-	-	-	(46,458)	(46,458)
	1,001,880	-	-	-	(1,001,880)	-	(3,306,204)	(3,306,204)	(46,458)	(3,352,662)
Transferred from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	-	232,449	232,449	-	232,449
Transferred to statutory reserves	-	-	33,872	1,604,105	-	-	(1,637,977)	-	-	-
Minority share of surplus on revaluation of securities of subsidiaries	-	-	-	-	-	-	-	-	(14,750)	(14,750)
Balance as at December 31, 2011	11,020,680	9,887,221	300,424	15,884,298	-	6,073,812	56,980,697	100,147,132	1,236,290	101,383,422
<b>Total comprehensive income for the period</b>										
Profit for the three months ended March 31, 2012	-	-	-	-	-	-	6,063,185	6,063,185	28,906	6,092,091
Minority share of HBL funds transferred to other liabilities	-	-	-	-	-	-	(43,397)	(43,397)	-	(43,397)
<b>- Other comprehensive income</b>										
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates	-	628,757	-	-	-	-	-	628,757	28,844	657,601
	-	628,757	-	-	-	-	6,019,788	6,648,545	57,750	6,706,295
<b>Transactions with owners, recorded directly in equity</b>										
Cash dividend at Rs. 4 per share	-	-	-	-	-	-	(4,408,272)	(4,408,272)	-	(4,408,272)
Issued as bonus shares	-	-	-	-	1,102,068	-	(1,102,068)	-	-	-
	-	-	-	-	1,102,068	-	(5,510,340)	(4,408,272)	-	(4,408,272)
Transferred from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	-	186,292	186,292	-	186,292
Transferred to statutory reserves	-	-	473	564,096	-	-	(564,569)	-	-	-
Minority share of surplus on revaluation of securities of subsidiaries	-	-	-	-	-	-	-	-	19,443	19,443
Balance as at March 31, 2012	11,020,680	10,515,978	300,897	16,448,394	1,102,068	6,073,812	57,111,868	102,573,697	1,313,483	103,887,180

The annexed notes 1 to 20 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 CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2012**

	March 31, 2012	March 31, 2011
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	9,849,215	7,691,346
Dividend income and share of profit of associates and joint venture	(458,070)	(269,657)
Gain on sale of securities	(284,533)	(143,789)
	<u>(742,603)</u>	<u>(413,446)</u>
	9,106,612	7,277,900
<b>Adjustment for:</b>		
Depreciation / amortisation	384,414	363,945
Provision against diminution in the value of investments	(297,370)	(68,831)
Provision against non-performing loans and advances	1,299,222	2,405,739
Unrealised loss on held for sale securities	1,801	1,796
Exchange loss on sub-ordinated loans / Goodwill	28,600	(13,830)
Loss / (gain) on sale of property and equipment	55,030	(7,731)
Miscellaneous provisions	38,884	(43,337)
	<u>1,510,581</u>	<u>2,637,751</u>
	10,617,193	9,915,651
<b>Decrease / (increase) in operating assets</b>		
Lendings to financial institutions	31,108,859	21,265,257
Advances	(17,560,136)	(5,098,085)
Other assets	(146,749)	(3,603,951)
	13,401,974	12,563,221
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	2,326,093	(632,269)
Borrowings	22,151,761	25,620,043
Deposits and other accounts	27,791,335	(9,312,188)
Other liabilities	2,246,718	6,291,585
	<u>54,515,907</u>	<u>21,967,171</u>
	78,535,074	44,446,043
Income tax paid - net	(1,650,522)	(4,815,087)
<b>Net cash flows from operating activities</b>	<u>76,884,552</u>	<u>39,630,956</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investments	(81,393,790)	(27,160,823)
Dividend income received	(3,595)	47,057
Fixed capital expenditure	(671,590)	(432,694)
Proceeds from sale of fixed assets	108,341	10,166
Exchange adjustment on translation of balances in foreign branches, subsidiaries, joint venture and associates	628,757	316,242
<b>Net cash flows used in investing activities</b>	<u>(81,331,877)</u>	<u>(27,220,052)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Non-controlling interest impact of exchange adjustment on translation of balances in subsidiary	28,844	22,731
Dividend paid	(4,091,601)	(5,995,955)
<b>Net cash flows used in financing activities</b>	<u>(4,062,757)</u>	<u>(5,973,224)</u>
(Decrease) / increase in cash and cash equivalents during the period	(8,510,082)	6,437,680
Cash and cash equivalents at beginning of the period	148,335,250	116,884,890
Effects of exchange rate changes on cash and cash equivalents	2,413,878	2,168,541
	<u>150,749,128</u>	<u>119,053,431</u>
Cash and cash equivalents at end of the period	<u>142,239,046</u>	<u>125,491,111</u>

The annexed notes 1 to 20 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 THREE MONTHS ENDED MARCH 31, 2012**

**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 for the year ended December 31, 2011.

**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 Group for the year ended December 31, 2011.

**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, 2011.

**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, 2011.

**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, 2011.

6 INVESTMENTS	Note	March 31, 2012			December 31, 2011		
		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		210,579	-	210,579	395,470	-	395,470
- Market Treasury Bills		9,714,639	-	9,714,639	2,870,862	-	2,870,862
- Shares		-	-	-	-	-	-
- Investments of Mutual Funds		179,623	-	179,623	170,235	-	170,235
		10,104,841	-	10,104,841	3,436,567	-	3,436,567
<b>Held-to-maturity securities (HTM)</b>							
<i>Federal Government Securities</i>							
- Pakistan Investment Bonds	6.1	44,182,572	-	44,182,572	44,181,840	-	44,181,840
<b>Debentures and Corporate Debt Instruments</b>		242,492	-	242,492	242,492	-	242,492
		44,425,064	-	44,425,064	44,424,332	-	44,424,332
<b>Available-for-sale securities (AFS)</b>							
<i>Federal Government Securities</i>							
- Market Treasury Bills		314,543,549	21,585,864	336,129,413	265,930,965	-	265,930,965
- Pakistan Investment Bonds		28,296,947	200,000	28,496,947	26,335,105	-	26,335,105
- Government of Pakistan Guaranteed Bonds		425,000	-	425,000	425,000	-	425,000
- Government of Pakistan Bonds / Sukuk / (US Dollar / Euro)		16,593,149	-	16,593,149	16,461,243	-	16,461,243
<b>Overseas Government Securities</b>		14,835,594	-	14,835,594	16,695,882	-	16,695,882
<i>Fully paid-up ordinary shares</i>							
- Listed companies		2,409,754	-	2,409,754	2,510,571	-	2,510,571
- Unlisted companies		761,005	-	761,005	761,038	-	761,038
<i>Debentures and Corporate Debt Instruments</i>							
- Listed securities		7,566,807	-	7,566,807	6,264,740	-	6,264,740
- Unlisted securities		31,041,868	-	31,041,868	27,879,121	-	27,879,121
<b>NIT Units</b>		11,113	-	11,113	11,529	-	11,529
<b>Preference Shares</b>		200,000	-	200,000	200,000	-	200,000
<i>Investments of Mutual Funds</i>		3,403,293	-	3,403,293	3,436,949	-	3,436,949
		420,088,079	21,785,864	441,873,943	366,912,143	-	366,912,143
<b>Investment in associates and Joint Venture</b>		6,915,572	-	6,915,572	6,604,823	-	6,604,823
<b>Investment at cost</b>		481,533,556	21,785,864	503,319,420	421,377,865	-	421,377,865
Provision for diminution / impairment in the value of investments including associates		(2,067,013)	-	(2,067,013)	(2,364,383)	-	(2,364,383)
<b>Net Investment</b>		479,466,543	21,785,864	501,252,407	419,013,482	-	419,013,482
Deficit on revaluation of held for trading securities		(4,424)	-	(4,424)	(36,820)	-	(36,820)
Surplus / (deficit) on revaluation of available for sale securities		286,025	-	286,025	(366,720)	-	(366,720)
Surplus / (deficit) on revaluation of investment of associates		35,901	-	35,901	(5,795)	-	(5,795)
<b>Total investments at market value</b>		479,784,045	21,785,864	501,569,909	418,604,147	-	418,604,147

6.1 The market value of securities classified as "held-to-maturity" as at March 31, 2012 amounted to Rs. 43,514.800 million (2011: Rs. 43,459.276 million).



## 6.2 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:

	March 31, 2012	December 31, 2011
	(Rupees in '000)	
Opening balance	2,364,383	2,122,286
(Reversal) / Charge for the period / year - net	(169,495)	152,275
Impairment (reversal) / charge on listed securities - net	(127,875)	84,808
Total (reversal) / charge - net	(297,370)	237,083
Exchange adjustment	-	5,014
Closing balance	<u>2,067,013</u>	<u>2,364,383</u>

## 6.3 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, 2012
Himalayan Bank Limited, Nepal	December 31, 2011
Kyrgyz Investment and Credit Bank	March 31, 2012
Jubilee Life Insurance Company Limited	December 31, 2011
Jubilee General Insurance Company Limited	December 31, 2011
HBL Money Market Fund	March 31, 2012
HBL Islamic Stock Fund	March 31, 2012
HBL Islamic Money Market Fund	March 31, 2012
HBL Pension Equity Sub Fund	March 31, 2012
HBL Pension Debt Sub Fund	March 31, 2012
HBL Pension Money Market Sub Fund	March 31, 2012
HBL Islamic Pension Equity Sub Fund	March 31, 2012
HBL Islamic Pension Debt Sub Fund	March 31, 2012
HBL Islamic Pension Money Market Sub Fund	March 31, 2012

## 7 ADVANCES

	Note	March 31, 2012	December 31, 2011
		(Rupees in '000)	
Loans, cash credits, running finances, etc.			
In Pakistan		375,263,683	361,688,597
Outside Pakistan		90,657,187	90,131,791
		<u>465,920,870</u>	<u>451,820,388</u>
Net investment in finance lease - in Pakistan		4,049,713	3,852,860
Bills discounted and purchased (excluding Government treasury bills)			
Payable in Pakistan		11,670,627	10,420,082
Payable outside Pakistan		39,096,700	37,360,374
		50,767,327	47,780,456
Provision against non-performing advances	7.2	(47,109,340)	(46,086,048)
		<u>473,628,570</u>	<u>457,367,656</u>
<b>Fully provided non-performing advances classified as loss for more than five years</b>			
In Pakistan		14,069,355	13,640,851
Provision	7.4	(14,069,355)	(13,640,851)
		<u>-</u>	<u>-</u>

7.1 Advances include Rs. 58,797.423 million (2011: Rs. 56,549.062 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	March 31, 2012								
	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	1,553,177	-	1,553,177	-	-	-	1,553,177	-	1,553,177
Substandard	6,680,805	3,874,198	10,555,003	1,567,853	813,238	2,381,091	5,112,952	3,060,960	8,173,912
Doubtful	4,540,121	2,203,115	6,743,236	2,270,061	1,530,184	3,800,245	2,270,060	672,931	2,942,991
Loss	30,635,410	9,310,597	39,946,007	29,904,447	9,221,788	39,126,235	730,963	88,809	819,772
	<u>43,409,513</u>	<u>15,387,910</u>	<u>58,797,423</u>	<u>33,742,361</u>	<u>11,565,210</u>	<u>45,307,571</u>	<u>9,667,152</u>	<u>3,822,700</u>	<u>13,489,852</u>
<b>General provision</b>	-	-	-	1,315,391	486,378	1,801,769	-	-	-
	<u>43,409,513</u>	<u>15,387,910</u>	<u>58,797,423</u>	<u>35,057,752</u>	<u>12,051,588</u>	<u>47,109,340</u>	<u>9,667,152</u>	<u>3,822,700</u>	<u>13,489,852</u>

Category of classification	December 31, 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	1,112,720	-	1,112,720	-	-	-	1,112,720	-	1,112,720
Substandard	5,380,653	4,061,518	9,442,171	1,268,410	781,960	2,050,370	4,112,243	3,279,558	7,391,801
Doubtful	3,963,781	2,316,268	6,280,049	1,981,891	1,732,995	3,714,886	1,981,890	583,273	2,565,163
Loss	30,682,077	9,032,045	39,714,122	29,951,932	8,589,936	38,541,868	730,145	442,109	1,172,254
	<u>41,139,231</u>	<u>15,409,831</u>	<u>56,549,062</u>	<u>33,202,233</u>	<u>11,104,891</u>	<u>44,307,124</u>	<u>7,936,998</u>	<u>4,304,940</u>	<u>12,241,938</u>
<b>General provision</b>	-	-	-	1,277,089	501,835	1,778,924	-	-	-
	<u>41,139,231</u>	<u>15,409,831</u>	<u>56,549,062</u>	<u>34,479,322</u>	<u>11,606,726</u>	<u>46,086,048</u>	<u>7,936,998</u>	<u>4,304,940</u>	<u>12,241,938</u>

## 7.2 Particulars of provision against non-performing advances

Note	March 31, 2012			December 31, 2011		
	Specific	General	Total	Specific	General	Total
	------(Rupees in '000)-----					
Opening balance	44,307,124	1,778,924	46,086,048	41,177,649	1,517,976	42,695,625
Exchange adjustment / other movement	301,892	(33,034)	268,858	676,468	14,765	691,233
Transfer of provision on consolidation of Habibsons Bank limited	-	-	-	110,342	-	110,342
Charge for the period / year	1,428,491	60,713	1,489,204	7,668,524	260,441	7,928,965
Reversals	(30,415)	(4,834)	(35,249)	(401,035)	(14,258)	(415,293)
	1,398,076	55,879	1,453,955	7,267,489	246,183	7,513,672
Write offs	(111,655)	-	(111,655)	(753,595)	-	(753,595)
Transferred to interest suspense	-	-	-	(2,198,908)	-	(2,198,908)
Transferred to over 5 years category	7.4 (587,866)	-	(587,866)	(1,972,321)	-	(1,972,321)
Closing balance	<u>45,307,571</u>	<u>1,801,769</u>	<u>47,109,340</u>	<u>44,307,124</u>	<u>1,778,924</u>	<u>46,086,048</u>

7.3 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 Bank has 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 Bank, the specific provision against non-performing advances as at March 31, 2012 would have been higher by Rs. 684.726 million and profit before taxation for the period ended March 31, 2012 would have been higher by approximately Rs 3 million (after taking into account the effect of discounting of FSV taken in previous year). Increase in retained earnings net of tax amounting to Rs. 445.071 million would not be available for the distribution of cash and stock dividend to share holders.

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

	Note	March 31, 2012	December 31, 2011
(Rupees in '000)			
Opening balance		13,640,851	12,527,683
Reversals		(154,733)	(816,117)
Transferred during the period / year	7.2	587,866	1,972,321
Write offs		(4,629)	(43,036)
		<u>14,069,355</u>	<u>13,640,851</u>

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

	March 31, 2012				December 31, 2011			
	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 executives * (Other than KMPs)	1,250,200	1,283,700	81,100	62,600	1,231,700	1,265,700	476,312	178,312
- in respect of key management personnel / Companies in which key management personnel or their spouse are interested	595,724	605,024	256,543	254,027	593,208	602,308	295,458	191,708
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								
	935,442	1,060,345	1,128,599	1,253,430	1,060,273	1,088,593	4,134,712	3,838,555
Debts due by companies in which key management personnel are nominated by the Bank as directors								
- Guaranteed by Government	8,329,688	10,848,767	571,025	3,158,742	10,917,405	13,576,635	14,034,908	13,485,458
- Others	28,831	31,714	94,090	98,128	32,869	43,976	35,277	46,205

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).

**8 FIXED ASSETS**

	March 31, 2012	December 31, 2011
(Rupees in '000)		
Tangible fixed assets	16,573,389	16,690,640
Intangible assets		
- Goodwill	1,616,307	1,546,303
- Computer software	114,228	127,579
Capital work-in-progress	<u>1,057,525</u>	<u>803,132</u>
	<u>19,361,449</u>	<u>19,167,654</u>

## 8.1 Additions to fixed assets

For the three months ended  
March 31,      March 31,  
2012              2011  
(Rupees in '000)

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

### *Tangible fixed assets*

Land	1,312	104
Building including related machinery	162,893	167,232
Furniture, fixtures and office equipments	242,153	153,358
Vehicles	6,359	8,117
Intangible assets	4,480	110
Capital work-in-progress	254,393	103,773
	<u>671,590</u>	<u>432,694</u>

## 8.2 Disposal of fixed assets

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

### *Tangible fixed assets*

Land	156,864	-
Building including related machinery	4,943	-
Furniture, fixtures and office equipments	50,969	147,079
Vehicles	1,330	3,424
Intangible assets	249	126
	<u>214,355</u>	<u>150,629</u>

## 9 BORROWINGS

March 31,      December 31,  
2012              2011  
(Rupees in '000)

### **Secured**

Borrowings from State Bank of Pakistan under:

Export refinance scheme	18,002,868	18,182,197
Long term financing facility - locally manufactured and imported plant & machinery	4,311,346	4,204,722
Long term finance - export oriented projects	1,476,429	1,774,534
Repurchase agreement borrowings	21,785,864	-
	<u>45,576,507</u>	<u>24,161,453</u>

### **Unsecured**

In Pakistan:

Interbank call money borrowings

Outside Pakistan:

Overdrawn nostro accounts

Borrowings of overseas branches and subsidiaries

5,450,000	3,600,000
574,307	455,484
10,024,617	11,256,733
10,598,924	11,712,217
16,048,924	15,312,217
<u>61,625,431</u>	<u>39,473,670</u>

10 DEPOSITS AND OTHER ACCOUNTS

	March 31, 2012	December 31, 2011
	(Rupees in '000)	
<b>Customers</b>		
Fixed deposits	289,158,521	281,178,059
Savings chequing account	412,931,902	392,253,551
Current accounts - remunerative	1,693,560	1,694,058
Current accounts - non-remunerative	<u>243,518,130</u>	<u>240,687,417</u>
	947,302,113	915,813,085
<b>Financial institutions</b>		
Remunerative deposits	<u>7,462,562</u>	<u>11,186,564</u>
Non-remunerative deposits	<u>6,658,185</u>	<u>6,631,876</u>
	<u>14,120,747</u>	<u>17,818,440</u>
	<u>961,422,860</u>	<u>933,631,525</u>

11 SUB-ORDINATED LOANS

- 11.1 The Group has obtained loan from "International Finance Corporation" (IFC) amounting to US \$ 50 million (2010: US \$ 50 million) equivalent to Pak Rupees 4,533.080 million (2011: 4,497.285 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.
- 11.2 During the year 2010, Habibsons Bank Limited has issued a subordinated loan of US \$ 6 million equivalent to pak rupees 601.610 million. This is repayable in the year 2020 and carries interest at LIBOR + 2.00%. The loan is subordinated to the claims of depositors and other creditors.

12 SURPLUS ON REVALUATION OF ASSETS - net of deferred tax

	Note	March 31, 2012	December 31, 2011
		(Rupees in '000)	
Surplus arising on revaluation of:			
- fixed assets	12.1	8,156,090	8,342,382
- investments	12.2	<u>428,247</u>	<u>(138,816)</u>
Surplus on revaluation of assets - net of deferred tax		<u>8,584,337</u>	<u>8,203,566</u>

## 12.1 Surplus on revaluation of fixed assets

	March 31, 2012	December 31, 2011
	(Rupees in '000)	
Surplus on revaluation of fixed assets as at January 1	9,143,739	9,476,539
Surplus realised on disposal of revalued properties during the period / year	(155,285)	(139,331)
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year - net of deferred tax	(31,007)	(124,168)
Related deferred tax liability of incremental depreciation charged during the period / year	(16,696)	(66,860)
Related deferred tax liability on disposal of revalued properties	(873)	(2,441)
Surplus on revaluation of fixed assets as at period / year end	<u>8,939,878</u>	<u>9,143,739</u>
Less: related deferred tax liability on:		
- revaluation as at January 1	801,357	870,658
- surplus realised on disposal of revalued properties during the period / year	(873)	(2,441)
- incremental depreciation charged during the period / year transferred to profit and loss account	(16,696)	(66,860)
	<u>783,788</u>	<u>801,357</u>
	<u>8,156,090</u>	<u>8,342,382</u>

## 12.2 Surplus / (deficit) on revaluation of investments

Market Treasury Bills	328,819	611,824
Pakistan Investment Bonds	(322,062)	(197,281)
Sukuk and Euro Bonds	(769,561)	(834,680)
Listed Securities	768,775	157,497
NIT Units	8,824	7,089
Other Investments	271,230	(111,169)
	286,025	(366,720)
Surplus / (deficit) on revaluation of investment of associates	35,901	(5,795)
Related deferred tax asset	106,321	233,699
	<u>428,247</u>	<u>(138,816)</u>

## 13 CONTINGENCIES AND COMMITMENTS

### 13.1 Direct credit substitutes - financial guarantees

Guarantees in favour of:		
- Government	358,219	354,078
- Financial institutions	317,469	318,596
- Others	24,589,228	22,236,973
	<u>25,264,916</u>	<u>22,909,647</u>

### 13.2 Transaction-related contingent liabilities

Guarantees in favour of:		
- Government	1,408,551	1,604,813
- Financial institutions	1,734,946	636,292
- Others	34,400,174	33,562,792
	<u>37,543,671</u>	<u>35,803,897</u>

### 13.3 Trade-related commitments

	March 31, 2012	December 31, 2011
	(Rupees in '000)	
Credit cash	67,194,514	70,799,073
Credit documentary acceptances	13,952,546	23,706,700
Credit acceptances	28,311,099	24,016,127
	<u>109,458,159</u>	<u>118,521,900</u>

### 13.4 Other contingencies

Claims against the Group not acknowledged as debts	<u>77,429,378</u>	<u>84,671,933</u>
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### 13.5 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.

	March 31, 2012	December 31, 2011
	(Rupees in '000)	
<b>13.6 Commitments in respect of forward foreign and local exchange contracts</b>		

Purchase	119,211,122	151,577,433
Sale	119,458,927	151,582,034

The above commitments have maturities falling within one year.

#### Commitments in respect of foreign currency options

Purchase	1,394,162	336,655
Sale	1,394,162	336,655

#### Commitments in respect of cross currency swaps

Purchase	3,504,817	2,868,771
Sale	3,504,817	2,868,771

#### Commitments in respect of foreign and local currency interest rate swaps

Purchase	485,176	482,551
Sale	332,426	329,801

### 13.7 Commitments for acquisition of operating fixed assets / intangibles

	410,061	617,961
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### 13.8 Taxation

The income tax returns of Habib Bank Limited have been submitted upto and including the bank's financial year 2010. The tax authorities have concluded the audit of years 2002 through 2010.

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 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.

With reference to allowability of provision as per rule 8(A) of the seventh schedule, 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. 1.977 billion.

#### 14 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. 355 million, profit before taxation would have been lower by Rs. 355 million (earnings per share would have been lower by Rs. 0.32 per share) and, as the Scheme is fully funded by GoP, there would have been no impact on retained earnings / equity of the Group.

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

	For the three months ended	
	March 31, 2012	March 31, 2011
	(Rupees in '000)	
<i>On loans and advances to:</i>		
- Customers	13,232,836	13,796,508
- Financial institutions	54,964	119,655
<i>On investments:</i>		
- Available-for-sale	10,849,756	7,651,688
- Held-for-trading	256,752	44,991
- Held-to-maturity	1,250,158	114,451
On deposits with financial institutions	218,548	191,031
On lendings to financial institutions	704,655	601,877
	<u>26,567,669</u>	<u>22,520,201</u>

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

Deposits	11,302,464	8,319,897
Securities sold under repurchase agreement borrowings	260,871	147,741
Other short term borrowings	635,020	651,313
Long term borrowings	130,306	142,088
	<u>12,328,661</u>	<u>9,261,039</u>



17 **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 company, associates of AKFED Group entities, 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.

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 7.5 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:

	March 31, 2012				
	Individual and companies related through				
Directors	Key Management Personnel	Parent Group Entities	Subsidiary companies	Joint venture and associates	
-----Rs. in 000-----					
<b>Balance Sheet</b>					
Deposits	846,965	166,747	3,065,801	-	4,427,719
Borrowings	-	-	183,443	-	7,277
Investments	562,722	34,113	-	-	6,378,212
Markup / Other Receivable	53,952	383,078	-	-	116,071
Mark-up / Other Payable	34,824	3,543	66,612	-	611,001
Placements / Lendings	-	-	-	-	-
Overdrawn Nostro	8,967	-	822,096	-	318,602
Impairment provision	-	-	-	-	573,261
<b>Profit and Loss</b>					
Interest / Other Income	57,606	16,670	7,484	-	561,625
Interest / Other Expense	101,138	2,254	319,830	-	176,238
Dividend income	6,627	-	-	-	-
<b>Others</b>					
Other contingencies	240,268	69,610	202,148	-	45,364
Securities Held as custodian	9,844,900	88,750	5,709,000	-	32,572,200

**December 31, 2011**

	Individual and companies related through				
Directors	Key Management Personnel	Parent Group Entities	Subsidiary companies	Joint venture and associates	
-----Rs. in 000-----					
<b>Balance Sheet</b>					
Deposits	674,209	106,452	2,958,027	-	4,880,187
Borrowings	-	-	636,404	-	-
Investments	519,003	34,113	-	-	6,025,764
Markup / Other Receivable	66,691	471,406	-	-	178,229
Mark-up / Other Payable	14,328	2,124	163,994	-	109,943
Placements / Lendings	300,010	-	362,928	-	-
Overdrawn Nostro	17,920	-	622,334	-	479,556
Impairment provision	-	-	-	-	573,261
<b>Profit and Loss</b>					
Interest / Other Income	228,925	586,364	20,366	-	1,667,831
Interest / Other Expense	392,065	7,550	157,109	-	281,548
Dividend income	3,050	24,793	-	-	-
<b>Others</b>					
Other contingencies	164,238	62,422	103,044	-	-
Securities Held as custodian	53,700	92,730	3,715,550	945,000	29,132,800

**17.1 Key management personnel**

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

	<b>For the three months ended</b>	
	<b>March 31, 2012</b>	<b>March 31, 2011</b>
	<b>(Rupees in '000)</b>	
Managerial remuneration (including allowances)	328,276	260,138
Contribution to provident and benevolent fund	5,388	4,644
Medical	8,941	6,527
	<u>342,605</u>	<u>271,309</u>
Number of persons	<u>161</u>	<u>149</u>

## 18 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	For the three months ended March 31, 2012					
	Retail banking	Corporate / commercial banking	Treasury	International banking group	Head Office / support services	Total
	------(Rupees in million)-----					
Net interest income - External	(6,781)	7,901	11,646	1,502	(29)	14,239
Inter segment revenue - net	15,790	(6,380)	(11,275)	-	1,865	-
Non-funded income	1,179	634	719	1,100	164	3,796
Net interest and non-markup income	10,188	2,155	1,090	2,602	2,000	18,035
Total expenses including provision (excluding impairment)	3,622	1,195	33	1,747	1,717	8,314
Impairment against investments	-	-	(87)	-	(41)	(128)
Inter segment administrative cost	1,230	246	35	136	(1,647)	-
Total expenses including provision	4,852	1,441	(19)	1,883	29	8,186
Net income before tax	5,336	714	1,109	719	1,971	9,849
Segment assets gross	112,527	361,394	462,544	238,839	71,619	1,246,923
Segment non-performing loans	9,506	33,697	-	15,388	206	58,797
Segment provision required including general provision	6,962	27,467	323	12,149	2,614	49,515
Segment liabilities including equity	729,949	103,048	32,516	159,745	172,150	1,197,408
Segment gross earnings on liability / asset %	11.34%	11.81%	10.90%	5.30%	5.49%	
Segment cost of funds %	5.58%	9.36%	9.98%	1.29%	0.74%	
	-----					
	For the three months ended March 31, 2011					
	Retail banking	Corporate / commercial banking	Treasury	International banking group	Head Office / support services	Total
	------(Rupees in million)-----					
Net interest income - External	(4,430)	11,677	4,955	1,103	(46)	13,259
Inter segment revenue - net	13,606	(9,786)	(4,812)	-	992	-
Non-funded income	1,055	598	954	735	135	3,477
Net interest and non-markup income	10,231	2,489	1,097	1,838	1,081	16,736
Total expenses including provision (excluding impairment)	3,030	2,211	30	1,283	2,554	9,108
Impairment against investments	-	-	(39)	-	(24)	(63)
Inter segment administrative cost	1,800	360	52	198	(2,410)	-
Total expenses including provision	4,830	2,571	43	1,481	120	9,045
Net income before tax	5,401	(82)	1,054	357	961	7,691
Segment assets gross	104,663	437,342	208,083	189,155	54,534	993,777
Segment non-performing loans	9,875	32,235	-	16,718	253	59,081
Segment provision required including general provision	7,798	26,602	(450)	13,050	682	47,682
Segment liabilities including equity	577,914	90,634	29,998	117,220	130,329	946,095
Segment gross earnings on liability / asset %	12.37%	12.72%	11.31%	4.54%	5.34%	-
Segment cost of funds %	5.14%	10.41%	9.30%	1.21%	0.53%	-

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

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

	Note	March 31, 2012	December 31, 2011
(Rupees in '000)			
<b>ASSETS</b>			
Cash and balances with treasury banks		747,095	607,326
Balances with other banks		15,380	16,606
Lendings to financial institutions		1,800,000	1,000,000
Investments - net		12,608,895	12,648,185
Murabaha	19.1	269,221	116,096
Ijarah	19.2	843,561	782,434
Musharaka		34,123	34,851
Other assets		1,101,698	532,851
Operating fixed assets		575	577
		<u>17,420,548</u>	<u>15,738,926</u>
<b>LIABILITIES</b>			
Bills payable		2,423	43
Borrowings from financial institutions		400,000	2,000,000
Deposit and other accounts		15,351,756	11,944,594
Other liabilities		464,772	625,437
		<u>16,218,951</u>	<u>14,570,074</u>
<b>NET ASSETS</b>		<u><u>1,201,597</u></u>	<u><u>1,168,852</u></u>
<b>REPRESENTED BY:</b>			
Islamic banking fund / certificate capital		647,072	647,072
Reserves		227,694	222,963
Unappropriated profit		418,924	352,687
		<u>1,293,690</u>	<u>1,222,722</u>
Deficit on revaluation of assets - net of tax		<u>(92,093)</u>	<u>(53,870)</u>
		<u><u>1,201,597</u></u>	<u><u>1,168,852</u></u>

The commitment in respect of letters of credit of Islamic Banking Branch of Habib Bank Limited amounted to Rs. 240.890 million (2011 Rs. 69.376 million).

19.1 This represents assets sold under Murabaha agreement.

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

20. **DATE OF AUTHORISATION FOR ISSUE**

These condensed interim consolidated financial statements were authorised for issue in the Board of Directors meeting held on April 24, 2012.

President and Chief Executive Officer

Director

Director

Director