

HABIB BANK LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2013

	(Unaudited) March 31, 2013	(Audited) December 31, 2012
Note	(Rupees in '000)	
ASSETS		
Cash and balances with treasury banks	130,681,332	157,229,517
Balances with other banks	40,038,275	47,980,032
Lendings to financial institutions	6,702,637	24,828,255
Investments	6 870,479,568	797,094,548
Advances	7 489,625,973	499,817,906
Operating fixed assets	8 23,830,466	23,632,324
Deferred tax asset	6,777,227	6,056,483
Other assets	48,573,197	53,669,507
	<u>1,616,708,675</u>	<u>1,610,308,572</u>
LIABILITIES		
Bills payable	15,842,174	18,943,207
Borrowings	9 169,277,257	196,580,548
Deposits and other accounts	10 1,249,102,860	1,214,963,700
Sub-ordinated loans	11 4,922,000	5,440,654
Liabilities against assets subject to finance lease	-	-
Deferred tax liability	-	-
Other liabilities	46,461,429	41,342,703
	<u>1,485,605,720</u>	<u>1,477,270,812</u>
NET ASSETS	<u>131,102,955</u>	<u>133,037,760</u>
REPRESENTED BY:		
Shareholders' equity		
Share capital	12,122,748	12,122,748
Reserves	39,981,383	39,379,354
Unappropriated profit	66,030,548	67,523,215
Total equity attributable to the equity holders of the Bank	118,134,679	119,025,317
Non-controlling interest	1,808,005	1,227,207
Surplus on revaluation of assets - net of deferred tax	12 11,160,271	12,785,236
	<u>131,102,955</u>	<u>133,037,760</u>
CONTINGENCIES AND COMMITMENTS	13	

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, 2013

	Note	January 01 to March 31 2013	January 01 to March 31 2012
------(Rupees in '000)-----			
Mark-up / return / profit / interest earned	14	31,303,716	26,567,669
Mark-up / return / profit / interest expensed	15	18,116,762	12,328,661
Net mark-up / profit / interest income		<u>13,186,954</u>	<u>14,239,008</u>
Provision against non-performing loans and advances - net	7.2 / 7.4	1,285,108	1,299,222
Charge against off-balance sheet obligations		31,952	14,251
Reversal against diminution in the value of investments - net	6.4	(8,302)	(297,370)
Bad debts written off directly		-	-
		<u>1,308,758</u>	<u>1,016,103</u>
Net mark-up / profit / interest income after provisions		<u>11,878,196</u>	<u>13,222,905</u>
Non mark-up / interest income			
Fee, commission and brokerage income		1,812,693	1,537,842
Dividend income		201,259	160,641
Share of profit of associates and joint venture		402,367	297,429
Income from dealing in foreign currencies		263,032	733,087
Gain on sale of securities		237,590	284,533
Unrealized gain / (loss) on held for trading securities		85,510	(1,801)
Other income		859,457	784,211
Total non-mark-up / interest income		<u>3,861,908</u>	<u>3,795,942</u>
		<u>15,740,104</u>	<u>17,018,847</u>
Non mark-up / interest expense			
Administrative expenses		7,786,137	6,948,719
Other provisions / write offs - net		(123,086)	24,633
Other charges		15,732	733
Workers welfare fund		155,672	195,547
Total non mark-up / interest expenses		<u>7,834,455</u>	<u>7,169,632</u>
Profit before taxation		<u>7,905,649</u>	<u>9,849,215</u>
Taxation			
current		2,551,262	3,465,558
prior		118,787	420,777
deferred		137,585	(129,211)
		<u>2,807,634</u>	<u>3,757,124</u>
Profit after taxation		<u>5,098,015</u>	<u>6,092,091</u>
Attributable to:			
Equity holders of the Bank		5,022,850	6,019,788
Non-controlling interest		14,310	28,906
Minority investor of HBL funds		60,855	43,397
		<u>5,098,015</u>	<u>6,092,091</u>
------(Rupees)-----			
Basic and diluted earnings per share	16	<u>4.14</u>	<u>4.97</u>

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

HABIB BANK LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2013

	January 01 to March 31 2013	January 01 to March 31 2012
	------(Rupees in '000)-----	
Profit for the period	5,098,015	6,092,091
Other comprehensive income		
Minority share of HBL funds transferred to other liabilities	(60,855)	(43,397)
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates	(1,139,121)	657,601
Comprehensive income transferred to equity	<u>3,898,039</u>	<u>6,706,295</u>
Components of comprehensive income not reflected in equity		
(Deficit) / surplus on revaluation of investments	(2,514,742)	694,441
Deferred tax on revaluation of investments	904,672	(127,378)
	<u>2,287,969</u>	<u>7,273,358</u>
Total comprehensive income attributable to:		
Equity holders of the Bank	2,339,465	7,152,493
Non-controlling interest	(51,774)	77,193
Minority investor	278	43,672
	<u>2,287,969</u>	<u>7,273,358</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
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2013

	Attributable to shareholders of the Group							Non-controlling interest	Total	
	Share capital	Reserves								
		Exchange translation reserve	Statutory reserves		Revenue reserves		Subtotal			
			Joint venture and subsidiaries	Bank	Reserve for issue of bonus shares	General				Unappropriated profit
(Rupees in '000)										
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
Total comprehensive income for the period										
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)
- Other comprehensive income										
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
Transactions with owners, recorded directly in equity										
Cash dividend paid at Rs. 4 per share for the year	-	-	-	-	-	-	(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	-	-	-	-	-	-	-	-	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
Total comprehensive income for the period										
Profit for the period ended December 31, 2012	-	-	-	-	-	-	16,348,729	16,348,729	(85,080)	16,263,649
Minority share of HBL funds transferred to other liabilities	-	-	-	-	-	-	(112,453)	(112,453)	-	(112,453)
- Other comprehensive income										
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates	-	4,395,842	-	-	-	-	-	4,395,842	49,442	4,445,284
	-	4,395,842	-	-	-	-	16,236,276	20,632,118	(35,638)	20,596,480
Transactions with owners, recorded directly in equity										
Half year interim cash dividend paid at Rs. 3.5 per share	-	-	-	-	-	-	(4,242,962)	(4,242,962)	-	(4,242,962)
Cash dividend at Rs. 1.475 per certificate by modaraba	-	-	-	-	-	-	-	-	(52,713)	(52,713)
Issued as bonus shares	1,102,068	-	-	-	(1,102,068)	-	-	-	-	-
	1,102,068	-	-	-	(1,102,068)	-	(4,242,962)	(4,242,962)	(52,713)	(4,295,675)
Transferred from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	-	62,464	62,464	-	62,464
Transferred to statutory reserves	-	-	52,110	1,592,321	-	-	(1,644,431)	-	-	-
Minority share of surplus on revaluation of securities of subsidiaries	-	-	-	-	-	-	-	-	2,075	2,075
Balance as at December 31, 2012	12,122,748	14,911,820	353,007	18,040,715	-	6,073,812	67,523,215	119,025,317	1,227,207	120,252,524
Total comprehensive income for the period										
Profit for the three months ended March 31, 2013	-	-	-	-	-	-	5,083,705	5,083,705	14,310	5,098,015
Minority share of HBL funds transferred to other liabilities	-	-	-	-	-	-	(60,855)	(60,855)	-	(60,855)
- Other comprehensive income										
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates	-	(1,079,284)	-	-	-	-	-	(1,079,284)	(59,837)	(1,139,121)
	-	(1,079,284)	-	-	-	-	5,022,850	3,943,566	(45,527)	3,898,039
Transactions with owners, recorded directly in equity										
Final Cash dividend paid at Rs. 4 per share for the year ended December 31, 2012	-	-	-	-	-	-	(4,849,099)	(4,849,099)	-	(4,849,099)
Issued as bonus shares	-	-	-	-	1,212,275	-	(1,212,275)	-	-	-
	-	-	-	-	1,212,275	-	(6,061,374)	(4,849,099)	-	(4,849,099)
Transferred from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	-	14,895	14,895	-	14,895
Transferred to statutory reserves	-	-	11,329	457,709	-	-	(469,038)	-	-	-
Non-controlling interest acquired in HAIB during the period	-	-	-	-	-	-	-	-	632,572	632,572
Minority share of surplus on revaluation of securities of subsidiaries	-	-	-	-	-	-	-	-	(6,247)	(6,247)
Balance as at March 31, 2013	12,122,748	13,832,536	364,336	18,498,424	1,212,275	6,073,812	66,030,548	118,134,679	1,808,005	119,942,684

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, 2013

	March 31 2013	March 31 2012
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	7,905,649	9,849,215
Dividend income and share of profit of associates and joint venture	(603,626)	(458,070)
Gain on sale of securities	(237,590)	(284,533)
	(841,216)	(742,603)
	7,064,433	9,106,612
Adjustment for:		
Depreciation	344,467	366,612
Amortisation	60,149	17,799
Reversal against diminution in the value of investments	(8,302)	(297,370)
Provision against non-performing loans and advances	1,285,108	1,299,222
Unrealised (gain) / loss on held for trading securities	(85,510)	1,801
Exchange loss on sub-ordinated loans / Goodwill - net	153,559	28,600
(Gain)/ Loss on sale of operating fixed assets - net	(16,182)	55,030
Loss on sale of non-banking asset	1,523	-
Miscellaneous provisions	(91,134)	38,884
	1,643,678	1,510,578
	8,708,111	10,617,190
Decrease / (increase) in operating assets		
Lendings to financial institutions	18,125,618	31,108,859
Investments - held for trading	13,496,196	(6,668,274)
Advances	8,906,825	(17,560,136)
Other assets	5,234,412	(146,749)
	45,763,051	6,733,700
Decrease / (increase) in operating liabilities		
Bills payable	(3,101,033)	2,326,093
Borrowings	(27,303,291)	22,151,761
Deposits and other accounts	34,139,160	27,791,335
Other liabilities	5,353,089	2,246,718
	9,087,925	54,515,907
	63,559,087	71,866,797
Income tax paid - net	(2,525,901)	(1,650,522)
Net cash flows from operating activities	61,033,186	70,216,275
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments	(88,662,189)	(74,725,516)
Dividend income received	48,415	(3,595)
Fixed capital expenditure	(698,114)	(671,590)
Proceeds from sale of fixed assets	22,494	108,341
Proceeds from sale of non-banking asset	38,500	-
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates	(1,079,284)	628,757
Net cash flows used in investing activities	(90,330,178)	(74,663,603)
CASH FLOWS FROM FINANCING ACTIVITIES		
Exchange adjustment on translation of non-controlling interest in subsidiary	(59,837)	28,844
Repayment of subordinated loan	(583,169)	-
Dividend paid	(4,549,944)	(4,091,601)
Net cash flows used in financing activities	(5,192,950)	(4,062,757)
Decrease in cash and cash equivalents during the period	(34,489,942)	(8,510,085)
Cash and cash equivalents at beginning of the period	199,214,907	148,335,250
Effects of exchange rate changes on cash and cash equivalents	5,994,642	2,413,878
	205,209,549	150,749,128
Cash and cash equivalents at end of the period	170,719,607	142,239,043

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, 2013

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 at Habib Bank Tower, 4th Floor, Jinnah Avenue, Islamabad and Principal office is at Habib Bank Plaza, I.I.Chundrigar Road, Karachi. The Bank's shares are listed on all three 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, 2012.

2 STATEMENT OF COMPLIANCE

These condensed interim consolidated 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 (IAS) 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, 2012.

3 ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2012.

ACCOUNTING FOR EMPLOYEE BENEFITS - IAS19

The revised IAS 19 amends the accounting for defined benefit plans including actuarial gains and losses that are now required to be recognized in other comprehensive income (OCI) and permanently excluded from profit and loss and unvested past service cost is now recognized in profit and loss at the earlier of when amendment occurs or when the related restructuring cost are recognized. The tax impact on above is under review with reference to the allowability of expense/income taken to OCI. Hence impacts of any restatement have not been incorporated.

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, 2012.

5 FINANCIAL RISK MANAGEMENT

The Financial risk management objectives and policies adopted by Group are consistent with that disclosed in the annual consolidated financial statements of the Group for the year ended December 31, 2012.

6. INVESTMENTS

Investments by type	Note	March 31, 2013			December 31, 2012		
		Held by Group	Given as collateral	Total	Held by Group	Given as collateral	Total
----- (Rupees in '000) -----							
Held-for-trading (HFT)							
Federal Government Securities							
- Pakistan Investment Bonds		20,262	-	20,262	2,203,724	-	2,203,724
- Market Treasury Bills		17,678,159	-	17,678,159	28,676,723	-	28,676,723
Fully paid-up ordinary shares							
- Listed companies		6,489	-	6,489	31,195	-	31,195
Overseas Government Securities							
		372,729	-	372,729	348,908	-	348,908
Investments of Mutual Funds							
		534,201	-	534,201	847,486	-	847,486
		18,611,840	-	18,611,840	32,108,036	-	32,108,036
Held-to-Maturity Securities (HTM)							
Federal Government Securities							
- Pakistan Investment Bonds		43,341,187	-	43,341,187	43,323,255	-	43,323,255
- Government of Pakistan Bonds / Sukuk / (US Dollar / Euro)		785,029	-	785,029	764,005	-	764,005
Debentures and Corporate Debt Instruments / Units							
- Listed securities		-	-	-	210,064	-	210,064
- Unlisted securities		23,163,419	-	23,163,419	21,272,413	-	21,272,413
Overseas Government securities							
		12,734,824	-	12,734,824	16,522,872	-	16,522,872
		80,024,459	-	80,024,459	82,092,609	-	82,092,609
Available-for-Sale Securities (AFS)							
Federal Government Securities							
- Market Treasury Bills		518,249,434	127,227,986	645,477,420	405,856,222	157,998,809	563,855,031
- Pakistan Investment Bonds		49,551,774	-	49,551,774	46,136,502	-	46,136,502
- Government of Pakistan Guaranteed Bonds		425,000	-	425,000	425,000	-	425,000
- Government of Pakistan Bonds / Sukuk / (US Dollar / Euro)		28,699,456	-	28,699,456	31,649,959	-	31,649,959
Overseas Government Securities							
Fully paid-up ordinary shares		2,745,894	-	2,745,894	2,482,359	-	2,482,359
- Listed companies		4,211,509	-	4,211,509	4,232,888	-	4,232,888
- Unlisted companies		767,951	-	767,951	769,510	-	769,510
Debentures and Corporate Debt Instruments / Units							
- Listed securities		14,186,683	-	14,186,683	11,446,544	-	11,446,544
- Unlisted securities		12,748,855	-	12,748,855	7,572,714	-	7,572,714
NIT Units		11,113	-	11,113	11,113	-	11,113
Preference shares		250,000	-	250,000	100,000	-	100,000
Investments of mutual funds							
		3,619,903	-	3,619,903	3,031,747	-	3,031,747
		635,467,572	127,227,986	762,695,558	513,714,558	157,998,809	671,713,367
Investment in Associates and Joint Venture							
	6.2	8,766,266	-	8,766,266	8,352,908	-	8,352,908
Investment at cost							
		742,870,137	127,227,986	870,098,123	636,268,111	157,998,809	794,266,920
Provision for diminution / impairment in the value of investments including associates							
	6.4	(1,747,216)	-	(1,747,216)	(1,755,518)	-	(1,755,518)
Net investment							
		741,122,921	127,227,986	868,350,907	634,512,593	157,998,809	792,511,402
Surplus / (deficit) on revaluation of held for trading securities							
		85,510	-	85,510	25,253	-	25,253
Surplus / (deficit) on revaluation of available for sale securities							
	12.2	1,938,090	-	1,938,090	4,477,925	-	4,477,925
Surplus / (deficit) on revaluation of investment of associates							
		105,061	-	105,061	79,968	-	79,968
Total investments at market value							
		743,251,582	127,227,986	870,479,568	639,095,739	157,998,809	797,094,548

6.1 The market value of securities classified as "held-to-maturity" as at March 31, 2013 amounted to Rs. 81,586.370 million (2012: Rs. 84,153.250 million).

6.2 The Group has made further investment in the following associates during the period, consequently, shareholding has increased to:

	March 31, 2013	December 31, 2012
	Shareholding %	
Jubilee General Insurance Company Limited, Pakistan	16.42%	16.24%
Diamond Trust Bank Limited, Kenya	11.91%	11.68%

6.3 The Bank's subsidiary, Habib Allied International Bank Plc, UK has issued 750,000 new ordinary shares to the minority investor and consequently, the shareholding of the Bank is diluted to 88.07% from 90.5% .

6.4 Particulars of provision held against diminution in value of investments

The analysis of total provision held is as follows:

	March 31 2013	December 31, 2012
	(Rupees in '000)	
Opening balance	1,755,518	2,364,383
Charge for the period / year	4,495	78,441
Reversal	(6,015)	(235,367)
Impairment charge on listed securities	-	130,434
Impairment reversal on listed securities	(6,782)	(457,373)
Total (reversal) / charge - net	(8,302)	(483,865)
Amount written off	-	(125,000)
Closing balance	<u>1,747,216</u>	<u>1,755,518</u>

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

	Based on the financial information as on
Diamond Trust Bank Limited, Kenya	March 31, 2013
Kyrgyz Investment and Credit Bank	March 31, 2013
Jubilee Life Insurance Co. Ltd.	December 31, 2012
Jubilee General Insurance Co. Ltd.	December 31, 2012
HBL Money Market Fund	March 31, 2013
HBL Islamic Stock Fund	March 31, 2013
HBL Islamic Money Market Fund	March 31, 2013
HBL Pension Equity Sub Fund	March 31, 2013
HBL Pension Debt Sub Fund	March 31, 2013
HBL Pension Money Market Sub Fund	March 31, 2013
HBL Islamic Pension Equity Sub Fund	March 31, 2013
HBL Islamic Pension Debt Sub Fund	March 31, 2013
HBL Islamic Pension Money Market Sub Fund	March 31, 2013

7 ADVANCES

	Note	March 31 2013	December 31, 2012
		(Rupees in '000)	
Loans, cash credits, running finances, etc.			
In Pakistan		377,474,619	386,290,218
Outside Pakistan		101,412,465	98,673,662
		<u>478,887,084</u>	<u>484,963,880</u>
Net investment in finance lease - in Pakistan		5,517,771	4,729,126
Bills discounted and purchased (excluding Government treasury bills)			
Payable in Pakistan		12,359,878	12,122,572
Payable outside Pakistan		39,810,249	43,972,534
		52,170,127	56,095,106
Provision against non-performing advances	7.2	(46,949,009)	(45,970,206)
		<u>489,625,973</u>	<u>499,817,906</u>
Fully provided non-performing advances classified as loss for more than five years			
In Pakistan		18,740,354	18,622,245
Provision	7.4	(18,740,354)	(18,622,245)
		<u>-</u>	<u>-</u>

7.1 Advances include Rs. 58,496.208 million (2012: Rs. 56,236.494 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, 2013								
	Non-performing loans			Provision required and held			Net non-performing loans		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)								
Specific provision									
Other assets especially mentioned	3,456,124	-	3,456,124	-	-	-	3,456,124	-	3,456,124
Substandard	5,450,586	2,575,747	8,026,333	1,320,462	1,200,169	2,520,631	4,130,123	1,375,578	5,505,701
Doubtful	2,934,380	1,307,932	4,242,312	1,466,110	354,220	1,820,330	1,468,270	953,712	2,421,982
Loss	31,261,605	11,509,834	42,771,439	29,438,277	10,885,761	40,324,038	1,823,328	624,073	2,447,401
	43,102,695	15,393,513	58,496,208	32,224,849	12,440,150	44,664,999	10,877,845	2,953,363	13,831,208
General provision	-	-	-	1,573,980	710,030	2,284,010	-	-	-
	43,102,695	15,393,513	58,496,208	33,798,829	13,150,180	46,949,009	10,877,845	2,953,363	13,831,208

Category of classification	December 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)								
Specific provision									
Other assets especially mentioned	626,140	-	626,140	-	-	-	626,140	-	626,140
Substandard	5,609,462	3,771,528	9,380,990	1,360,027	1,112,015	2,472,042	4,249,435	2,659,513	6,908,948
Doubtful	4,333,278	1,899,356	6,232,634	2,110,217	1,220,517	3,330,734	2,223,061	678,839	2,901,900
Loss	30,200,379	9,796,351	39,996,730	28,267,188	9,664,547	37,931,735	1,933,191	131,804	2,064,995
	40,769,259	15,467,235	56,236,494	31,737,432	11,997,079	43,734,511	9,031,827	3,470,156	12,501,983
General provision	-	-	-	1,532,092	703,603	2,235,695	-	-	-
	40,769,259	15,467,235	56,236,494	33,269,524	12,700,682	45,970,206	9,031,827	3,470,156	12,501,983

7.2 Particulars of provision against non-performing advances

Note	March 31, 2013			December 31, 2012		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	43,734,511	2,235,695	45,970,206	44,307,124	1,778,924	46,086,048
Exchange adjustment / other movement	9,746	(6,845)	2,901	362,172	59,245	421,417
Charge for the period / year	1,967,766	120,474	2,088,240	13,236,984	493,156	13,730,140
Reversals	(628,048)	(65,314)	(693,362)	(5,467,801)	(95,630)	(5,563,431)
	1,339,718	55,160	1,394,878	7,769,183	397,526	8,166,709
Write offs	(75,186)	-	(75,186)	(2,710,584)	-	(2,710,584)
Transferred to over 5 years category	(343,790)	-	(343,790)	(5,993,384)	-	(5,993,384)
Closing balance	44,664,999	2,284,010	46,949,009	43,734,511	2,235,695	45,970,206

7.3 In accordance with BSD Circular No. 2 dated January 27, 2009 and BSD Circular No.10 dated October 20, 2009 issued by SBP, 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, 2013 would have been higher by Rs. 1,618.043 million and profit before taxation for the period ended March 31, 2013 would have been higher by approximately Rs 89.542 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. 1,051.728 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, 2013	December 31, 2012
	(Rupees in '000)	
Opening balance	18,622,245	13,640,851
Transferred to interest suspense	-	(18,617)
Reversal	(109,770)	(922,822)
Transferred during the period / year	343,790	5,993,384
Write offs	(115,911)	(70,551)
	18,740,354	18,622,245

7.5 As disclosed in note 20.8 of annual financial statements, the Group has acquired the consumer portfolio of Citi Bank, N.A. pursuant to the approval of SBP.

7.6 Particulars of advances to directors, associated companies, etc.

	March 31, 2013			December 31, 2012		
	Balance outstanding	Maximum total amount of advances including temporary advances outstanding **	Limit sanctioned during the period	Balance outstanding	Maximum total amount of advances including temporary advances outstanding **	Limit sanctioned 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)	1,543,800	1,565,000	96,936	1,516,400	1,549,100	443,704
- in respect of key management personnel / Companies in which key management personnel or their spouse are interested	376,700	382,200	15,365	371,200	382,000	64,257
Debts due by companies or firms in which the directors of the Group are interested as directors, partners, advisors or in the case of private companies as members	795,497	1,064,308	-	792,234	1,284,393	100,000

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	Note	March 31, 2013	December 31, 2012
(Rupees in '000)				
	Capital work-in-progress		1,355,961	1,713,276
	Intangible assets			
	- Goodwill	8.3	1,877,971	1,967,015
	- Computer software		609,256	241,848
	Tangible fixed assets		19,987,278	19,710,185
			<u>23,830,466</u>	<u>23,632,324</u>

8.1	Additions to fixed assets	For the three months ended	
		March 31, 2013	March 31, 2012
(Rupees in '000)			

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

Tangible fixed assets

Land	-	1,312
Building including related machinery	71,502	162,893
Furniture, fixtures and office equipments	519,375	242,153
Vehicles	36,750	6,359
Intangible assets	427,804	4,480
Capital work-in-progress	647,655	254,393
	<u>1,703,086</u>	<u>671,590</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	203	4,943
Furniture, fixtures and office equipments	73,563	50,969
Vehicles	20,220	1,330
Intangible assets	1,015	249
	<u>95,001</u>	<u>214,355</u>

8.3 It represents the difference between fair values of identifiable assets and liabilities and purchase consideration paid in cash by the Group for acquisition of Habibsons Bank Limited in 2011.

9 **BORROWINGS**

	March 31 2013	December 31, 2012
	(Rupees in '000)	
Secured		
Borrowings from State Bank of Pakistan under:		
Export refinance scheme	17,439,711	16,845,030
Long term financing facility - locally manufactured and imported plant & machinery	5,438,935	5,074,278
Long term finance - export oriented projects	829,643	974,062
Refinance facility for modernization of SMEs	12,649	12,649
Financing facility for Storage of Agricultural Produce	13,750	15,277
Repurchase agreement borrowings	127,227,986	157,998,809
	<u>150,962,674</u>	<u>180,920,105</u>
Unsecured		
In Pakistan:		
Interbank call money borrowings	3,592,200	1,500,000
Outside Pakistan:		
Overdrawn nostro accounts	931,122	1,056,635
Borrowings of overseas branches and subsidiaries	13,791,261	13,103,808
	<u>14,722,383</u>	<u>14,160,443</u>
	<u>18,314,583</u>	<u>15,660,443</u>
	<u>169,277,257</u>	<u>196,580,548</u>

10 **DEPOSITS AND OTHER ACCOUNTS**

Customers		
Current accounts - non-remunerative	307,809,474	310,567,157
Current accounts - remunerative	1,763,082	1,446,233
Savings chequing account	525,757,998	491,760,576
Fixed deposits	395,079,905	391,066,656
	<u>1,230,410,459</u>	<u>1,194,840,622</u>
Financial institutions		
Current accounts - non-remunerative	6,795,564	5,969,114
Savings chequing account	1,132,675	4,490,688
Fixed deposits	10,764,162	9,663,276
	<u>18,692,401</u>	<u>20,123,078</u>
	<u>1,249,102,860</u>	<u>1,214,963,700</u>

11 **SUB-ORDINATED LOANS**

The Group has obtained loan from "International Finance Corporation" (IFC) amounting to US \$ 50 million (2012: US \$ 50 million) equivalent to pak rupees 4,922.000 million (2012: 4,857.485 million). The principal amount is repayable in four equal half yearly installments commencing from June 2013 to December 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.

12 SURPLUS ON REVALUATION OF ASSETS - net of deferred tax

Note	March 31 2013	December 31, 2012
------	------------------	----------------------

(Rupees in '000)

Surplus / (deficit) arising on revaluation of:

- fixed assets	12.1	9,574,032	9,588,927
- investments	12.2	1,586,239	3,196,309
Surplus on revaluation of assets - net of deferred tax		<u>11,160,271</u>	<u>12,785,236</u>

12.1 Surplus on revaluation of fixed assets

Surplus on revaluation of fixed assets as at January 1		10,514,994	9,143,739
Surplus on revaluation of bank's properties recognised during the year		-	1,671,231
Surplus realised on disposal of revalued properties during the period / year		-	(155,285)
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year - net of deferred tax		(14,895)	(93,471)
Related deferred tax liability of incremental depreciation charged during the period / year		(8,020)	(50,347)
Related deferred tax liability on disposal of revalued properties		-	(873)
Surplus on revaluation of fixed assets as at period / year end		<u>10,492,079</u>	<u>10,514,994</u>

Less: related deferred tax liability on:

- revaluation as at January 1		926,067	801,357
- revaluation of bank's properties recognised during the year		-	175,930
- surplus realised on disposal of revalued properties during the year		-	(873)
- incremental depreciation charged during the period / year transferred to profit and loss account		(8,020)	(50,347)
		<u>918,047</u>	<u>926,067</u>
		<u>9,574,032</u>	<u>9,588,927</u>

12.2 Surplus on revaluation of investments

Market Treasury Bills		68,053	1,863,369
Pakistan Investment Bonds		996,767	1,490,249
Government of Pakistan Sukuk and US Dollar / Euro Bonds		(262,159)	(103,195)
Listed Securities		884,137	800,331
NIT Units		11,963	11,283
Other Investments		239,329	415,888
		<u>1,938,090</u>	<u>4,477,925</u>
Surplus on revaluation of investment of associates		105,061	79,968
Related deferred tax liability		(456,912)	(1,361,584)
		<u>1,586,239</u>	<u>3,196,309</u>

13 CONTINGENCIES AND COMMITMENTS

13.1 Direct credit substitutes - financial guarantees

Guarantees in favour of:

- Government		259,804	306,856
- Financial institutions		416,967	295,000
- Others		22,322,706	35,337,468
		<u>22,999,477</u>	<u>35,939,324</u>

	March 31	December 31,
	2013	2012
	(Rupees in '000)	
13.2 Transaction-related contingent liabilities		
Guarantees in favour of:		
- Government	540,043	535,006
- Financial institutions	1,992,995	3,610,133
- Others	37,457,075	41,118,227
	<u>39,990,113</u>	<u>45,263,366</u>
13.3 Trade-related commitments		
Credit cash	75,187,515	78,028,544
Credit documentary acceptances	18,671,020	18,535,338
Credit acceptances	43,141,368	37,882,972
	<u>136,999,903</u>	<u>134,446,854</u>
13.4 Other contingencies		
Claims against the Group not acknowledged as debts	<u>35,189,232</u>	<u>33,504,140</u>

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	December 31,
	2013	2012
	(Rupees in '000)	
13.6 Commitments in respect of forward foreign and local exchange contracts		
Purchase	241,587,093	167,104,754
Sale	242,000,278	167,168,508
The above commitments have maturities falling within one year.		
Commitments in respect of foreign currency options		
Purchase	1,006,471	1,317,948
Sale	1,006,471	1,317,948
Commitments in respect of cross currency swaps		
Purchase	3,204,093	3,659,009
Sale	3,204,093	3,659,009
Commitments in respect of foreign and local currency interest rate swaps		
Purchase	448,070	444,199
Sale	295,320	291,449
13.7 Commitments for acquisition of fixed assets / intangibles	647,655	663,125

13.8 Taxation

The income tax returns of the Bank have been submitted upto and including the Bank's financial year 2011. The tax authorities have concluded the audit of years 2002 through 2011.

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. The exposure of the Bank on this issue at the period end is 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; however, the management is confident that the eventual outcome of this issue will be in the favour 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. 2.545 billion.

14 **MARK-UP / RETURN / PROFIT EARNED**

	<u>For the three months ended</u>	
	<u>March 31,</u> <u>2013</u>	<u>March 31,</u> <u>2012</u>
	(Rupees in '000)	
<i>On loans and advances to:</i>		
- Customers	11,600,640	13,232,836
- Financial institutions	29,124	54,964
<i>On investments:</i>		
- Available-for-sale	17,257,573	10,759,853
- Held-for-trading	464,049	256,752
- Held-to-maturity	1,308,153	1,340,061
On deposits with financial institutions	287,862	218,548
On lendings to financial institutions	356,315	704,655
	<u>31,303,716</u>	<u>26,567,669</u>

15 **MARK-UP / RETURN / PROFIT EXPENSED**

Deposits	14,482,990	11,302,464
Securities sold under repurchase agreement borrowings	3,040,448	260,871
Other short term borrowings	478,288	635,020
Long term borrowings	115,036	130,306
	<u>18,116,762</u>	<u>12,328,661</u>

16 **BASIC AND DILUTED EARNINGS PER SHARE**

Profit for the year attributable to equityholders of the Bank	<u>5,022,850</u>	<u>6,019,788</u>
	(Number)	
Weighted average number of ordinary shares	<u>1,212,274,800</u>	<u>1,212,274,800</u>
	(Rupees)	
Basic and diluted earnings per share	<u>4.14</u>	<u>4.97</u>

The shareholders have approved the issue of 10% bonus shares in the Annual General Meeting held on March 22, 2013. The Bank has created a reserve for issue of bonus shares in these financial statements as the shares have not been issued as at March 31, 2013. Had the effect of these shares been taken, the Earning per Share would have been Rs. 3.8 (2012: Rs. 4.51)

Aga Khan Fund for Economic Development (AKFED), 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 on arm's length basis i.e. 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 advances to related parties are given in note 7.6 to these condensed interim consolidated 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, 2013						
Individual and companies related through						
Key Management Personnel	Parent Group Entities	Subsidiary companies	Associates	Joint venture	Other related party	
-----Rs. in 000-----						
Statement of financial position						
Deposits	-	3,626,404	-	7,398,861	79,453	3,833,229
Borrowings	-	1,249,243	-			
Investments	-	-	-	7,600,195	1,324,452	
Markup / Other Receivable	-	14,361	-	100,263		
Mark-up / Other Payable	-	46,012	-	46,897		1,474,626
Placements / Lendings	-	936,845	-			
Overdrawn Nostro	-	761,691	-	809,175	5,171	
Impairment provision	-	-	-	573,261		
Profit and Loss						
Interest / Other Income	10,000	39,106	-	731,237	-	-
Interest / Other Expense	-	92,158	-	215,090	-	156,622
Others						
Other contingencies	-	354,186	-	-	-	-
Securities Held as custodian	-	5,368,120	1,018,100	19,184,000	-	11,679,200
Other Transactions	21,751	199	-	-	-	-
-----Rs. in 000-----						
December 31, 2012						
Individual and companies related through						
Key Management Personnel	Parent Group Entities	Subsidiary companies	Associates	Joint venture	Other related party	
-----Rs. in 000-----						
Statement of financial position						
Deposits	115	3,989,868	-	7,075,302	75,136	2,963,637
Borrowings	-	1,451,441	-	-	-	-
Investments	-	-	-	7,120,785	1,312,091	-
Markup / Other Receivable	-	32,904	-	220,000	-	-
Mark-up / Other Payable	-	113,770	-	29,173	-	1,223,959
Placements / Lendings	-	1,330,363	-	-	-	-
Overdrawn Nostro	-	656,893	-	292,891	738	-
Impairment provision	-	-	-	573,261	-	-
Profit and Loss						
Interest / Other Income	12,400	222,984	-	2,577,340	362,436	-
Interest / Other Expense	-	328,573	-	691,050	-	171,878
Others						
Other contingencies	-	361,835	-	-	-	127,318
Securities Held as custodian	-	4,852,220	898,100	18,035,000	-	12,378,000
Other Transactions	80,250	199	-	2,427	-	-

17.1 Key management personnel

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

	For the three months ended	
	March 31 2013	March 31 2012
	(Rupees in '000)	
Managerial remuneration (including allowances)	364,727	328,276
Contribution to provident and benevolent fund	5,867	5,388
Medical	11,128	8,941
	<u>381,722</u>	<u>342,605</u>
Number of persons	163	161

18 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	For the three months ended March 31, 2013					
	Retail banking	Corporate / commercial banking	Treasury	International banking group	Head Office / support services	Total
	----- (Rupees in million) -----					
Net interest income - External	(9,355)	6,029	15,128	1,472	(87)	13,187
Inter segment revenue - net	15,876	(4,645)	(13,710)	-	2,479	-
Non-funded income	1,605	600	648	1,140	(131)	3,862
Net interest and non-markup income	8,126	1,984	2,066	2,612	2,261	17,049
Total expenses including provision (excluding impairment)	3,745	1,116	53	2,210	2,026	9,150
Impairment against investments	-	-	(5)	-	(2)	(7)
Inter segment administrative cost	1,395	279	40	154	(1,868)	-
Total expenses including provision	5,140	1,395	88	2,364	156	9,143
Net income before tax	2,986	589	1,978	248	2,105	7,906
Segment assets gross	124,478	352,418	819,247	274,430	95,257	1,665,830
Segment non-performing loans	8,870	34,016	-	15,393	217	58,496
Segment provision required including general provision	8,002	26,033	343	12,735	2,008	49,121
Segment liabilities including equity	944,887	124,133	139,642	192,194	215,853	1,616,709
Segment gross earnings on liability / asset %	9.12%	9.72%	9.05%	4.50%	4.00%	-
Segment cost of funds %	5.56%	7.49%	8.06%	1.17%	0.95%	-
	----- (Rupees in million) -----					
	For the three months ended March 31, 2012					
	Retail banking	Corporate / commercial banking	Treasury	International banking group	Head Office / support services	Total
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%	-

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

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

	March 31 2013	December 31, 2012
	(Rupees in '000)	
ASSETS		
Cash and balances with treasury banks	1,236,008	1,710,846
Balances with other banks	2,152	412,446
Due from Financial Institutions	3,720,000	5,480,000
Investments - net	22,805,450	22,369,313
Islamic financing and related assets	3,113,401	3,108,988
Operating Fixed assets	488	516
Due from Head Office	684,817	-
Deferred tax asset	-	34,036
Other assets	990,770	782,906
	<u>32,553,086</u>	<u>33,899,051</u>
LIABILITIES		
Bills payable	713	457
Due to Financial Institutions	77,782	576,000
Deposit and other accounts		
- Current Accounts	3,150,845	2,697,055
- Savings Accounts	12,155,122	11,417,392
- Term Deposits	8,205,730	7,087,919
- Deposits from financial institutions- remunerative	6,723,742	9,825,657
- Deposits from financial institutions- non -remunerative	22,131	8,360
Due to Head office	-	240,544
Deferred tax liability	13,893	-
Other liabilities	698,815	712,582
	<u>31,048,773</u>	<u>32,565,966</u>
NET ASSETS	<u>1,504,313</u>	<u>1,333,085</u>
REPRESENTED BY:		
Islamic banking fund / certificate capital	647,072	647,072
Reserves	542,757	548,519
Unappropriated profit	288,679	192,915
	<u>1,478,508</u>	<u>1,388,506</u>
Surplus / (deficit) on revaluation of assets - net of deferred tax	25,805	(55,421)
	<u>1,504,313</u>	<u>1,333,085</u>

The commitment in respect of letters of credit of Islamic Banking Branch of Habib Bank Limited amounted to Rs. 252.248 million (2012 Rs. 143.332 million).

19.1 Islamic financing and related assets			
Murabaha	19.1.1	369,185	420,496
Ijarah	19.1.2	878,779	929,402
Musharaka		1,049,522	1,063,006
Advance for Murabaha		424	38,577
Advance for Ijarah		6,198	3,858
Istisna		485,116	326,000
Salam		275,000	-
Assets/Inventories		49,177	327,649
		<u>3,113,401</u>	<u>3,108,988</u>

19.1.1 This represents assets sold under Murabaha agreement.

19.1.2 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 19, 2013.

President and Chief Executive Officer

Director

Director

Director