

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

	Note	(Unaudited) March 31, 2013 (Rupees in '000)	(Audited) December 31, 2012
ASSETS			
Cash and balances with treasury banks		123,305,295	152,324,425
Balances with other banks		24,658,084	23,907,534
Lendings to financial institutions		6,702,637	24,828,255
Investments	6	846,406,250	777,185,323
Advances	7	451,907,997	460,070,634
Operating fixed assets	8	21,486,214	21,185,101
Deferred tax asset		6,504,796	5,743,464
Other assets		47,325,136	52,595,429
		<u>1,528,296,409</u>	<u>1,517,840,165</u>
LIABILITIES			
Bills payable		15,839,781	18,878,652
Borrowings	9	165,693,487	192,108,597
Deposits and other accounts	10	1,179,043,376	1,141,164,975
Sub-ordinated loans	11	4,922,000	4,857,485
Liabilities against assets subject to finance lease		-	-
Deferred tax liability		-	-
Other liabilities		42,938,410	38,221,804
		<u>1,408,437,054</u>	<u>1,395,231,513</u>
NET ASSETS		<u><u>119,859,355</u></u>	<u><u>122,608,652</u></u>
REPRESENTED BY:			
Shareholders' equity			
Share capital		12,122,748	12,122,748
Reserves		37,108,753	36,337,497
Unappropriated profit		60,201,466	62,128,562
		109,432,967	110,588,807
Surplus on revaluation of assets - net of deferred tax	12	10,426,388	12,019,845
		<u><u>119,859,355</u></u>	<u><u>122,608,652</u></u>
CONTINGENCIES AND COMMITMENTS	13		

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

President and Chief Executive Officer

Director

Director

Director

HABIB BANK LIMITED
CONDENSED INTERIM UNCONSOLIDATED 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	30,742,555	26,013,671
Mark-up / return / profit / interest expensed	15	17,945,380	12,171,189
Net mark-up / profit / interest income		<u>12,797,175</u>	<u>13,842,482</u>
Provision against non-performing loans and advances - net	7.2 / 7.4	1,290,559	1,295,404
Charge against off-balance sheet obligations		31,952	14,251
Reversal against diminution in the value of investments - net	6.4	(7,230)	(243,271)
Bad debts written off directly		-	-
		<u>1,315,281</u>	<u>1,066,384</u>
Net mark-up / profit / interest income after provisions		11,481,894	12,776,098
Non mark-up / interest income			
Fee, commission and brokerage income		1,626,809	1,296,153
Dividend income		212,637	188,169
Income from dealing in foreign currencies		181,962	664,953
Gain on sale of securities		119,047	245,023
Unrealized loss on held for trading securities		(16,938)	(2,623)
Other income		807,318	722,420
Total non-mark-up / interest income		<u>2,930,835</u>	<u>3,114,095</u>
		14,412,729	15,890,193
Non mark-up / interest expense			
Administrative expenses		7,166,551	6,420,007
Other provisions / write offs - net		(123,086)	17,498
Other charges		15,732	733
Workers welfare fund		148,424	190,027
Total non mark-up / interest expenses		<u>7,207,621</u>	<u>6,628,265</u>
Profit before taxation		<u>7,205,108</u>	<u>9,261,928</u>
Taxation			
current		2,419,669	3,349,051
prior		118,787	420,777
deferred		89,559	(148,863)
		<u>2,628,015</u>	<u>3,620,965</u>
Profit after taxation		<u>4,577,093</u>	<u>5,640,963</u>
------(Rupees)-----			
Basic and diluted earnings per share	16	<u>3.78</u>	<u>4.65</u>

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

President and Chief Executive Officer

Director

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Director

HABIB BANK LIMITED
CONDENSED INTERIM UNCONSOLIDATED 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	4,577,093	5,640,963
Other comprehensive income		
Effect of translation of net investment in foreign branches	(898,728)	234,854
Comprehensive income transferred to equity	<u>3,678,365</u>	<u>5,875,817</u>
Components of comprehensive income not reflected in equity		
(Deficit)/Surplus on revaluation of investments	(2,429,454)	51,590
Deferred tax on revaluation of investments	850,891	(17,836)
Total comprehensive income	<u><u>2,099,802</u></u>	<u><u>5,909,571</u></u>

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President and Chief Executive Officer

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HABIB BANK LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2013

	Reserves					Total	
	Share capital	Exchange translation reserve	Statutory	Revenue Reserves			
				Reserve for issue of bonus share	General		Unappropriated profit
------(Rupees in '000)-----							
Balance as at December 31, 2011	11,020,680	8,245,586	15,884,298	-	6,073,812	52,228,646	93,453,022
Total comprehensive income for the period							
Profit for the three months ended March 31, 2012	-	-	-	-	-	5,640,963	5,640,963
- Other comprehensive income							
Effect of translation of net investment in foreign branches	-	234,854	-	-	-	-	234,854
	-	234,854	-	-	-	5,640,963	5,875,817
Transactions with owners, recorded directly in equity							
Cash dividend paid at Rs. 4 per share for the year	-	-	-	-	-	(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)
Transferred from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	185,471	185,471
Transferred to statutory reserves	-	-	564,096	-	-	(564,096)	-
Balance as at March 31, 2012	11,020,680	8,480,440	16,448,394	1,102,068	6,073,812	51,980,644	95,106,038
Total comprehensive income for the period							
Profit for the period ended December 31, 2012	-	-	-	-	-	15,923,202	15,923,202
- Other comprehensive income							
Effect of translation of net investment in foreign branches	-	3,742,530	-	-	-	-	3,742,530
	-	3,742,530	-	-	-	15,923,202	19,665,732
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)
Issued as bonus shares	1,102,068			(1,102,068)			-
	1,102,068	-	-	(1,102,068)	-	(4,242,962)	(4,242,962)
Transferred from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	59,999	59,999
Transferred to statutory reserves	-	-	1,592,321	-	-	(1,592,321)	-
Balance as at December 31, 2012	12,122,748	12,222,970	18,040,715	-	6,073,812	62,128,562	110,588,807
Total comprehensive income for the period							
Profit for the three months ended March 31, 2013	-	-	-	-	-	4,577,093	4,577,093
- Other comprehensive income							
Effect of translation of net investment in foreign branches	-	(898,728)	-	-	-	-	(898,728)
	-	(898,728)	-	-	-	4,577,093	3,678,365
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)
Issued as bonus shares	-	-	-	1,212,275	-	(1,212,275)	-
	-	-	-	1,212,275	-	(6,061,374)	(4,849,099)
Transferred from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	14,894	14,894
Transferred to statutory reserves	-	-	457,709	-	-	(457,709)	-
Balance as at March 31, 2013	12,122,748	11,324,242	18,498,424	1,212,275	6,073,812	60,201,466	109,432,967

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

President and Chief Executive Officer

Director

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Director

HABIB BANK LIMITED
CONDENSED INTERIM UNCONSOLIDATED 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	7,205,108	9,261,928
Dividend income	(212,637)	(188,169)
Gain on sale of securities	(119,047)	(245,023)
	<u>(331,684)</u>	<u>(433,192)</u>
	6,873,424	8,828,736
Adjustment for:		
Depreciation	326,080	348,603
Amortisation	59,902	17,188
Reversal against diminution in the value of investments	(7,230)	(243,271)
Provision against non-performing loans and advances	1,290,559	1,295,404
Unrealised loss / (gain) on held for trading securities	16,938	2,623
Exchange loss on sub-ordinated loans - net	64,515	35,795
(Gain) / loss on sale of operating fixed assets - net	(16,143)	55,030
Loss on sale of non-banking asset	1,523	-
Miscellaneous provisions	(91,134)	31,749
	<u>1,645,010</u>	<u>1,543,121</u>
	8,518,434	10,371,857
Decrease / (increase) in operating assets		
Lendings to financial institutions	18,125,618	31,108,859
Investments - held for trading	13,182,911	(6,668,274)
Advances	6,872,078	(14,538,309)
Other assets	5,572,244	833,554
	<u>43,752,851</u>	<u>10,735,830</u>
Increase in operating liabilities		
Bills payable	(3,038,871)	2,322,471
Borrowings from financial institutions	(26,415,110)	23,682,674
Deposits and other accounts	37,878,401	26,208,138
Other liabilities	4,383,222	1,559,948
	<u>12,807,642</u>	<u>53,773,231</u>
	65,078,927	74,880,918
Income tax paid - net	<u>(2,645,587)</u>	<u>(2,057,854)</u>
Net cash flows from operating activities	62,433,340	72,823,064
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments	(84,723,953)	(73,583,143)
Dividend income received	100,880	95,923
Fixed capital expenditure	(693,407)	(648,015)
Proceeds from sale of fixed assets	22,455	108,341
Proceeds from sale of non-banking asset	38,500	-
Exchange adjustment on translation of balances in foreign branches	(898,728)	234,854
Net cash flows used in investing activities	<u>(86,154,253)</u>	<u>(73,792,040)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(4,547,667)	(4,089,656)
Net cash flows used in financing activities	<u>(4,547,667)</u>	<u>(4,089,656)</u>
Increase in cash and cash equivalents during the period	<u>(28,268,580)</u>	<u>(5,058,632)</u>
Cash and cash equivalents at beginning of the period	170,321,005	135,990,420
Effects of exchange rate changes on cash and cash equivalents	5,910,954	2,075,465
	<u>176,231,959</u>	<u>138,065,885</u>
Cash and cash equivalents at end of the period	<u>147,963,379</u>	<u>133,007,253</u>

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

President and Chief Executive Officer

Director

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Director

HABIB BANK LIMITED
NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2013

1 STATUS AND NATURE OF BUSINESS

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.

2 STATEMENT OF COMPLIANCE

These condensed interim unconsolidated financial statements have been prepared in accordance with the framework as referred to in the annual unconsolidated financial statements. The disclosures made in these condensed interim unconsolidated 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 unconsolidated financial statements should be read in conjunction with the unconsolidated annual financial statements of the Bank 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 unconsolidated financial statements are the same as those applied in the preparation of the annual unconsolidated financial statements of the Bank for the year ended December 31, 2012.

5 FINANCIAL RISK MANAGEMENT

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

6. INVESTMENTS	Note	March 31, 2013			December 31, 2012		
		Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
----- (Rupees in '000) -----							
Investments by type							
Held for Trading securities (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
		18,077,639	-	18,077,639	31,260,550	-	31,260,550
Held-to-maturity securities (HTM)							
Federal Government Securities							
- Pakistan Investment Bonds	6.1	43,235,338	-	43,235,338	43,217,624	-	43,217,624
Debentures and Corporate Debt Instruments / Units							
- Listed securities		-	-	-	210,064	-	210,064
- Unlisted securities		4,439,884	-	4,439,884	4,003,414	-	4,003,414
Overseas Government securities							
		11,619,796	-	11,619,796	12,198,340	-	12,198,340
		59,295,018	-	59,295,018	59,629,442	-	59,629,442
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)		28,649,456	-	28,649,456	31,599,959	-	31,599,959
Overseas Government Securities							
- Fully paid-up ordinary shares		2,372,461	-	2,372,461	2,482,359	-	2,482,359
- Listed companies		4,207,986	-	4,207,986	4,229,365	-	4,229,365
- Unlisted companies		767,951	-	767,951	769,510	-	769,510
Debentures and Corporate Debt Instruments / Units							
- Listed securities		14,186,686	-	14,186,686	11,446,544	-	11,446,544
- Unlisted securities		12,507,781	-	12,507,781	12,665,068	-	12,665,068
NIT Units							
- Preference shares		11,113	-	11,113	11,113	-	11,113
		250,000	-	250,000	100,000	-	100,000
		631,179,642	127,227,986	758,407,628	515,721,642	157,998,809	673,720,451
Investment in Subsidiary Companies							
	6.3	6,115,316	-	6,115,316	5,690,591	-	5,690,591
Investment in Associates and Joint Venture							
	6.2	4,687,010	-	4,687,010	4,592,905	-	4,592,905
Investment at cost							
		719,354,625	127,227,986	846,582,611	616,895,130	157,998,809	774,893,939
Provision for diminution / impairment in the value of investments including associates							
	6.4	(1,466,650)	-	(1,466,650)	(1,473,880)	-	(1,473,880)
Net investment							
		717,887,975	127,227,986	845,115,961	615,421,250	157,998,809	773,420,059
Surplus/(Deficit) on revaluation of held for trading securities							
		(16,938)	-	(16,938)	28,583	-	28,583
Surplus/(Deficit) on revaluation of available for sale securities							
	12.2	1,307,227	-	1,307,227	3,736,681	-	3,736,681
Total investments at market value							
		719,178,264	127,227,986	846,406,250	619,186,514	157,998,809	777,185,323

6.1 The market value of securities classified as "held-to-maturity" as at March 31, 2013 amounted to Rs. 59,277.398 million (2012: Rs. 61,533.198 million).

6.2 The Bank 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	16.42%	16.24%
Diamond Trust Bank Limited, Kenya	11.91%	11.68%

6.3 The Bank has invested £ 3.86 million to acquire 1,926,917 right shares of the Bank's subsidiary, Habib Allied International Bank, Plc. UK (HAIB). Further, HAIB 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	1,473,880	1,996,585
Reversal	(2,283)	(189,908)
Impairment charge on listed securities	-	129,770
Impairment reversal on listed securities	(4,947)	(337,567)
Total (reversal) / charge - net	(7,230)	(397,705)
Amount written off	-	(125,000)
Closing balance	<u>1,466,650</u>	<u>1,473,880</u>

7 ADVANCES

	Note	March 31, 2013	December 31, 2012
		(Rupees in '000)	
Loans, cash credits, running finances, etc.			
In Pakistan		377,338,189	385,628,553
Outside Pakistan		<u>70,189,076</u>	<u>67,238,996</u>
		447,527,265	452,867,549
Net investment in finance lease - in Pakistan		4,924,426	4,591,123
Bills discounted and purchased (excluding Government treasury bills):			
Payable in Pakistan		12,359,878	12,122,572
Payable outside Pakistan		<u>29,906,614</u>	<u>32,180,550</u>
		42,266,492	44,303,122
Provision against non-performing advances	7.2	<u>(42,810,186)</u>	<u>(41,691,160)</u>
		<u>451,907,997</u>	<u>460,070,634</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	<u>(18,740,354)</u>	<u>(18,622,245)</u>
		<u>-</u>	<u>-</u>

- 7.1 Advances include Rs. 53,177.400 million (2012: Rs. 50,667.052 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	3,444,642	-	3,444,642	-	-	-	3,444,642	-	3,444,642
Substandard	5,450,586	108,137	5,558,723	1,320,462	5,925	1,326,387	4,130,124	102,212	4,232,336
Doubtful	2,916,233	1,277,567	4,193,800	1,458,116	330,697	1,788,813	1,458,117	946,870	2,404,987
Loss	31,149,682	8,830,553	39,980,235	29,332,818	8,221,925	37,554,743	1,816,864	608,628	2,425,492
	42,961,143	10,216,257	53,177,400	32,111,396	8,558,547	40,669,943	10,849,747	1,657,710	12,507,457
General provision	-	-	-	1,573,980	566,263	2,140,243	-	-	-
	42,961,143	10,216,257	53,177,400	33,685,376	9,124,810	42,810,186	10,849,747	1,657,710	12,507,457

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	610,771	-	610,771	-	-	-	610,771	-	610,771
Substandard	5,609,462	1,063,854	6,673,316	1,360,027	198,284	1,558,311	4,249,435	865,570	5,115,005
Doubtful	4,315,131	1,867,471	6,182,602	2,102,214	791,318	2,893,532	2,212,917	1,076,153	3,289,070
Loss	30,083,005	7,117,358	37,200,363	28,156,285	6,997,177	35,153,462	1,926,720	120,181	2,046,901
	40,618,369	10,048,683	50,667,052	31,618,526	7,986,779	39,605,305	8,999,843	2,061,904	11,061,747
General provision	-	-	-	1,532,092	553,763	2,085,855	-	-	-
	40,618,369	10,048,683	50,667,052	33,150,618	8,540,542	41,691,160	8,999,843	2,061,904	11,061,747

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	39,605,305	2,085,855	41,691,160	42,118,818	1,583,610	43,702,428
Exchange adjustment / other movement	138,445	(772)	137,673	60,798	36,773	97,571
Charge for the period / year	1,967,766	120,474	2,088,240	11,490,097	493,156	11,983,253
Reversals	(622,597)	(65,314)	(687,911)	(5,414,233)	(27,684)	(5,441,917)
	1,345,169	55,160	1,400,329	6,075,864	465,472	6,541,336
Write offs	(75,186)	-	(75,186)	(2,656,791)	-	(2,656,791)
Transferred to over 5 years category	(343,790)	-	(343,790)	(5,993,384)	-	(5,993,384)
Closing balance	40,669,943	2,140,243	42,810,186	39,605,305	2,085,855	41,691,160

- 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)
Reversals	(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 Bank 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 bank 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 bank are interested as directors, partners, advisors or in the case of private companies as members	505,012	773,824	-	571,668	1,063,827	100,000
Debts due by subsidiary company	7,176	23,527	-	33,969	56,384	-

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 Bank 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, 2013	December 31, 2012
(Rupees in '000)		
Capital work-in-progress	1,355,960	1,713,276
Intangible assets	607,933	240,030
Tangible fixed assets	19,522,321	19,231,795
	<u>21,486,214</u>	<u>21,185,101</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	80,273	147,244
Furniture, fixtures and office equipments	506,536	235,143
Vehicles	36,750	5,889
Intangible assets	427,804	4,034
Capital work-in-progress	647,655	254,393
	<u>1,699,018</u>	<u>648,015</u>

8.2 Disposal of fixed assets

	For the three months ended	
	March 31, 2013	March 31, 2012
(Rupees in '000)		
The following disposals have been made from tangible and intangible fixed assets during the period:		
Tangible fixed assets		
Land	-	-
Building including related machinery	203	-
Furniture, fixtures and office equipments	72,791	147,079
Vehicles	20,220	2,815
Intangible assets	1,015	126
	<u>94,229</u>	<u>150,020</u>

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	1,003,646	1,186,682
Borrowings of overseas branches	10,134,967	8,501,810
	<u>11,138,613</u>	<u>9,688,492</u>
	<u>14,730,813</u>	<u>11,188,492</u>
	<u>165,693,487</u>	<u>192,108,597</u>

10 **DEPOSITS AND OTHER ACCOUNTS**

Customers

Current accounts - non-remunerative	287,051,251	281,887,233
Current accounts - remunerative	1,763,082	1,446,233
Savings chequing account	517,725,437	485,129,429
Fixed deposits	355,943,852	354,430,663
	<u>1,162,483,622</u>	<u>1,122,893,558</u>

Financial institutions

Current accounts - non-remunerative	4,601,929	4,086,107
Savings chequing account	1,132,675	4,490,688
Fixed deposits	10,825,150	9,694,622
	<u>16,559,754</u>	<u>18,271,417</u>
	<u>1,179,043,376</u>	<u>1,141,164,975</u>

11 **SUB-ORDINATED LOANS**

The Bank has obtained loan from "International Finance Corporation" (IFC) amounting to US \$ 50 million (2011: US \$ 50 million) equivalent to pak rupees 4,922,000 million (2011: 4,497.285 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 Bank (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	9,576,073	9,590,967
- investments	12.2	850,315	2,428,878
Surplus on revaluation of assets - net of deferred tax		<u>10,426,388</u>	<u>12,019,845</u>

12.1 **Surplus on revaluation of fixed assets**

Surplus on revaluation of fixed assets as at January 1		10,518,132	9,093,164
Surplus on revaluation of bank's properties recognised during the year		-	1,719,888
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		(14,894)	(90,185)
Related deferred tax liability of incremental depreciation charged during the period / year		(8,020)	(48,577)
Related deferred tax liability on disposal of revalued properties		-	(873)
Surplus on revaluation of fixed assets as at period / year end		<u>10,495,218</u>	<u>10,518,132</u>

Less: related deferred tax liability on:

- revaluation as at January 1	927,165	783,656
- revaluation of bank's properties recognised during the year	-	192,959
- surplus realised on disposal of revalued properties during the period / year	-	(873)
- incremental depreciation charged during the period / year transferred to profit and loss account	(8,020)	(48,577)
	<u>919,145</u>	<u>927,165</u>
	<u>9,576,073</u>	<u>9,590,967</u>

12.2 **Deficit on revaluation of investments**

Market Treasury Bills	67,982	1,863,369
Pakistan Investment Bonds	996,767	1,490,249
Government of Pakistan Sukuk and US Dollar / Euro Bonds	(262,159)	(95,595)
Listed Securities	243,759	212,728
NIT Units	11,963	11,283
Other Investments	248,915	254,647
	1,307,227	3,736,681
Related deferred tax (liability) /asset	(456,912)	(1,307,803)
	<u>850,315</u>	<u>2,428,878</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	22,329,882	35,371,437
	<u>23,006,653</u>	<u>35,973,293</u>

	March 31, 2013	December 31, 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	36,056,561	39,724,102
	<u>38,589,599</u>	<u>43,869,241</u>
13.3 Trade-related commitments		
Credit cash	72,170,794	75,837,119
Credit documentary acceptances	18,572,105	18,535,338
Credit acceptances	39,656,059	34,790,322
	<u>130,398,958</u>	<u>129,162,779</u>
13.4 Other contingencies		
Claims against the Bank not acknowledged as debts	<u>35,137,670</u>	<u>33,445,873</u>

13.5 Commitments in respect of forward lending

The Bank 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, 2013	December 31, 2012
	(Rupees in '000)	
13.6 Commitments in respect of forward foreign and local exchange contracts		
Purchase	231,846,639	161,434,192
Sale	232,262,405	161,344,507
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 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. 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**

	For the three months ended	
	March 31, 2013	March 31, 2012
	(Rupees in '000)	
<i>On loans and advances to:</i>		
- Customers	11,210,489	12,852,428
- Financial institutions	29,124	54,964
<i>On investments:</i>		
- Available-for-sale	17,203,810	10,719,478
- Held-for-trading	464,049	256,752
- Held-to-maturity	1,232,612	1,250,158
On deposits with financial institutions	246,155	197,320
On lendings to financial institutions	356,316	682,571
	<u>30,742,555</u>	<u>26,013,671</u>

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

Deposits	14,330,493	11,175,245
Securities sold under repurchase agreement borrowings	3,040,448	260,871
Other short term borrowings	459,403	604,767
Long term borrowings	115,036	130,306
	<u>17,945,380</u>	<u>12,171,189</u>

16 **BASIC AND DILUTED EARNINGS PER SHARE**

Profit for the year attributable to equityholders of the Bank	<u>4,577,093</u>	<u>5,640,963</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>3.78</u>	<u>4.65</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. 3.43 (2012: Rs. 4.23)

RELATED PARTY TRANSACTIONS

Aga Khan Fund for Economic Development (AKFED), S.A, Switzerland holds 51% shares of the Bank. The Bank has related party relationship with its subsidiaries, associated undertakings, joint venture company, associates of AKFED Group entities, employee benefit schemes of the Bank / related party, and members of the Key Management Personnel of the Bank / 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 unconsolidated 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					
	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	822,314	7,194,009	44,471	3,833,229
Borrowings	-	920,617	272,713	-	-	-
Investments	-	-	11,335,108	4,679,813	7,197	-
Markup / Other Receivable	-	14,361	51,167	100,000	-	-
Mark-up / Other Payable	-	46,012	11,482	46,133	-	1,474,626
Placements / Lendings	-	936,845	5,631,936	-	-	-
Overdrawn Nostro	-	761,691	1,219	809,175	5,321	-
Impairment provision	-	-	-	573,261	-	-
Profit and Loss						
Interest / Other Income	10,000	39,106	23,533	328,870	-	-
Interest / Other Expense	-	92,158	15,073	214,345	-	156,622
Dividend income	-	-	-	-	78,622	-
Others						
Other contingencies	21,751	354,186	-	-	-	-
Securities Held as custodian	-	5,368,120	1,018,100	19,184,000	-	11,679,200
Other transactions	-	199	-	-	-	-
December 31, 2012						
	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	812,286	7,040,968	59,556	2,963,637
Borrowings	-	726,107	278,539	-	-	-
Investments	-	-	10,839,525	4,585,708	7,197	-
Markup / Other Receivable	-	32,904	9,103	220,000	-	-
Mark-up / Other Payable	-	113,770	1,120	28,884	-	1,223,959
Placements / Lendings	-	1,330,363	7,212,257	-	-	-
Overdrawn Nostro	-	656,893	-	292,891	738	-
Impairment provision	-	-	-	573,261	-	-
Profit and Loss						
Interest / Other Income	12,400	222,984	131,836	1,249,676	-	-
Interest / Other Expense	-	328,573	19,708	687,887	-	171,878
Dividend income	-	-	-	158,791	71,585	-
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 nine months ended	
	March 31, 2013	March 31, 2012
	(Rupees in '000)	
Managerial remuneration (including allowances)	274,830	246,963
Contribution to provident and benevolent fund	5,710	5,167
Medical	9,787	7,937
	<u>290,327</u>	<u>260,067</u>
Number of persons	141	142

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	1,169	(174)	12,797
Inter segment revenue - net	15,876	(4,645)	(13,710)	-	2,479	-
Non-funded income	1,605	600	649	635	(558)	2,931
Net interest and non-markup income	8,126	1,984	2,067	1,804	1,747	15,728
Total expenses including provision (excluding impairment)	3,745	1,116	53	1,656	1,960	8,530
Impairment against investments	-	-	(5)	-	(2)	(7)
Inter segment administrative cost	1,392	278	40	153	(1,863)	-
Total expenses including provision	5,137	1,394	88	1,809	95	8,523
Net income before tax	2,989	590	1,979	(5)	1,652	7,205
Segment assets gross	124,380	352,418	823,400	174,281	98,496	1,572,975
Segment non-performing loans	8,870	34,016	-	10,216	75	53,177
Segment provision required including general provision	8,002	26,033	343	9,185	1,116	44,679
Segment liabilities including equity	944,887	124,133	139,642	114,241	205,393	1,528,296
Segment gross earnings on liability / asset %	9.12%	9.72%	9.05%	4.69%	3.07%	-
Segment cost of funds %	5.56%	7.49%	8.06%	1.51%	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
	(Rupees in million)					
Net interest income - External	(6,781)	7,901	11,646	1,195	(119)	13,842
Inter segment revenue - net	15,790	(6,380)	(11,275)	-	1,865	-
Non-funded income	1,179	634	719	568	14	3,114
Net interest and non-markup income	10,188	2,155	1,090	1,763	1,760	16,956
Total expenses including provision (excluding impairment)	3,622	1,195	33	1,244	1,688	7,782
Impairment against investments	-	-	(87)	-	-	(87)
Inter segment administrative cost	1,230	246	35	136	(1,647)	-
Total expenses including provision	4,852	1,441	(19)	1,380	41	7,695
Net income before tax	5,336	714	1,109	383	1,719	9,261
Segment assets gross	112,527	361,394	462,544	157,427	72,282	1,166,174
Segment non-performing loans	9,506	33,697	-	10,392	69	53,664
Segment provision required including general provision	6,962	27,467	323	9,766	2,159	46,677
Segment liabilities including equity	729,949	103,048	32,516	93,927	160,057	1,119,497
Segment gross earnings on liability / asset %	11.34%	11.81%	10.90%	5.31%	4.91%	-
Segment cost of funds %	5.58%	9.36%	9.98%	1.53%	0.76%	-

19 **ISLAMIC BANKING BUSINESS**

Financial figures of the Islamic Banking Business are as follows:

	March 31, 2013	December 31, 2012
	(Rupees in '000)	
ASSETS		
Cash and balances with treasury banks	1,236,008	1,710,844
Balances with other banks	-	402,282
Due from Financial Institutions	3,720,000	5,480,000
Investments - net	22,589,708	22,223,692
Islamic financing and related assets	2,497,081	2,447,323
Due from Head Office	684,817	-
Deferred tax asset	-	34,036
Other assets	956,562	745,727
	<u>31,684,176</u>	<u>33,043,904</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	536,467	544,192
	<u>30,886,425</u>	<u>32,397,576</u>
NET ASSETS	<u>797,751</u>	<u>646,328</u>
REPRESENTED BY:		
Islamic banking fund	250,000	250,000
Reserves	310,437	310,438
Unappropriated profit	211,512	149,099
	<u>771,949</u>	<u>709,537</u>
Surplus / (deficit) on revaluation of assets - net of deferred tax	25,802	(63,209)
	<u>797,751</u>	<u>646,328</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	383,099
Ijarah	19.1.2	285,441	329,832
Musharaka		1,026,540	1,038,307
Advance for Murabaha		424	38,577
Advance for Ijarah		6,198	3,858
Istisna		485,116	326,000
Salam		275,000	-
Assets/Inventories		49,178	327,650
		<u>2,497,081</u>	<u>2,447,323</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 unconsolidated 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