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### **CORPORATE INFORMATION**

Board of Ali Raza D. Habib Chairman

**Directors** Abbas D. Habib Chief Executive & Managing Director

Anwar Haji Karim Hasnain A. Habib Imtiaz Alam Hanfi Murtaza H. Habib

Qumail R. Habib Executive Director

Member

Shameem Ahmed Syed Mazhar Abbas Wazir Ali Khoja

AuditSyed Mazhar AbbasChairmanCommitteeAli Raza D. HabibMemberAnwar Haji KarimMemberShameem AhmedMember

Murtaza H. Habib

Company

Secretary A. Saeed Siddiqui

**Statutory** Ernst & Young Ford Rhodes Sidat Hyder

Auditors Chartered Accountants

**Legal** Liaquat Merchant Associates

Advisor Advocates and Corporate Legal Consultants

Registered 126-C, Old Bahawalpur Road,

Office Multan

Principal 2nd Floor, Mackinnons Building,

Office I.I. Chundrigar Road,

Karachi

Share M/s. Gangjees Registrar Services (Pvt) Ltd.

Registrar 516, Clifton Centre, Khayaban-e-Roomi,

Block - 5, Clifton, Karachi-75600.

Website www.bankalhabib.com



#### **DIRECTORS' REVIEW**

The Directors express their deepest grief and sorrow on the loss of precious lives and massive devastation caused by the recent floods. We pray to Almighty Allah that He may grant relief and early rehabilitation to the affected people. We are passing through a most tragic and painful period, as the scale of devastation is unprecedented in our recent history. The Bank and its staff have, as always, contributed to the relief efforts and will continue to do so.

On behalf of the Board of Directors of the Bank, I now present the un-audited financial statements of Bank AL Habib Limited along with the un-audited consolidated financial statements of Bank AL Habib Limited and the Bank's Subsidiary Companies M/s. AL Habib Capital Markets (Private) Limited and M/s. AL Habib Financial Services Limited for the nine months period ended September 30, 2010.

Alhamdolillah, during the period under review, the performance of the Bank continued to be satisfactory. The deposits increased to Rs. 232.0 billion as compared to Rs. 189.3 billion on December 31, 2009. In the same period, advances increased to Rs. 111.7 billion from Rs. 105.9 billion, while investments increased to Rs. 125.2 billion from Rs. 111.0 billion. Foreign Trade Business volume has also continued to show a rising trend. The pre-tax profit of the Bank for the nine months period ended September 30, 2010 rose to Rs. 3,829.1 million as compared to Rs. 3,244.4 million during the corresponding period last year.

Your Bank now has a network of 295 offices, comprising 272 branches, 22 sub-branches, and one Representative Office. Our network includes two overseas offices – a Wholesale Branch in the Kingdom of Bahrain and a Representative Office in Dubai – and six Islamic Banking Branches. Continuing with our branch expansion policy, the Bank intends to open more branches during the last quarter of 2010.

Pakistan Credit Rating Agency Limited (PACRA) has maintained the Bank's long term and short term entity ratings at **AA+** (Double A plus) and **A1+** (A One plus), respectively. The ratings of our unsecured, subordinated TFCs have also been maintained at **AA** (Double A). These ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

Finally, we wish to thank our customers for their continued support and confidence, the State Bank of Pakistan for their guidance, and local and foreign correspondents for their cooperation. We also thank all our staff members for their sincere and dedicated services, which enabled the Bank to achieve these satisfactory results.

On behalf of the Board of Directors

ALI RAZA D. HABIB **Chairman** 

Karachi: October 12, 2010



# INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2010

ASSETS	Note	30-September 2010 (Un-Audited) (Rupees	2009 (Audited)
Cash and balances with treasury banks Balances with other banks Lendings to financial institutions Investments Advances Operating fixed assets Deferred tax assets Other assets	4 5	18,041,646 5,706,181 2,760,831 125,187,644 111,719,357 9,972,455 - 5,532,707	14,377,589 4,626,726 
LIADUTEO		278,920,821	249,806,600
Bills payable Borrowings Deposits and other accounts Sub-ordinated loans Liabilities against assets subject to finance lease Deferred tax liabilities Other liabilities	6 7	4,220,906 17,724,941 232,024,418 4,842,660 - 717,545 4,562,395 264,092,865	3,187,383 33,517,109 189,280,062 4,845,000 - 815,728 4,056,360 235,701,642
NET ASSETS		14,827,956	14,104,958
REPRESENTED BY Share capital Reserves Unappropriate profit		7,321,643 4,129,687 1,920,343 13,371,673	6,101,370 3,664,925 2,520,579 12,286,874
Surplus on revaluation of assets - net of tax	8	1,456,283	1,818,084
		14,827,956	14,104,958
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The annexed notes form an integral part of these interim condensed financial statements.

ALI RAZA D. HABIB ABBAS D. HABIB SYED MAZHAR ABBAS ANWAR HAJI KARIM

Chairman Chief Executive and Director Director

Managing Director



# INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2010

	Note		period ended 30-September 2009 (Rupe	Quarte 30-September 2010 es in '000)	er ended 30-September 2009
Mark-up / return / interest earned Mark-up / return / interest expensed	10 11	19,910,894 (12,149,423)	16,129,404	6,827,231 (4,020,947)	5,482,257 (3,309,778)
Net mark-up / return / interest income		7,761,471	6,691,092	2,806,284	2,172,479
Provision against non-performing loans and advances Provision for diminution in the value of investments Bad debts written-off directly	5.3	(732,497) - - (732,497)	(1,110,925) - - - (1,110,925)	(479,538) - - - (479,538)	(323,720)
Net mark-up / return / interest income after provisions		7,028,974	5,580,167	2,326,746	1,848,759
NON MARK-UP / INTEREST INCOME					
Fee, commission and brokerage income Dividend income Income from dealing in foreign currencies Gain on sale / redemption of securities Unrealised gain / (loss) on revaluation of		873,062 214,875 159,086 42,661	746,566 64,991 347,714 151,766	290,870 84,113 39,773 329	239,584 43,818 74,066 129,175
investments classified as held for trading Other income		230,162	- 195,946	62,606	68,683
Total non mark-up / interest income		1,519,846	1,506,983	477,691	555,326
		8,548,820	7,087,150	2,804,437	2,404,085
NON MARK-UP / INTEREST EXPENSES					
Administrative expenses Other provisions / write-offs Other charges		(4,605,492) (4,286) (109,911)	(3,764,783)	(1,686,345) (3,545) (31,402)	(1,325,847)
Total non mark-up / interest expenses		(4,719,689)	(3,842,769)	(1,721,292)	(1,357,337)
7. 1. / 1.		3,829,131	3,244,381	1,083,145	1,046,748
Extra-ordinary / unusual items PROFIT BEFORE TAXATION		3,829,131	3,244,381	1,083,145	1,046,748
Taxation - Current		(1,495,435)	(1,321,136)	(516,090)	(533,363)
- Prior years - Deferred		(62,102)	72,525	9,307	97,788
		(1,557,537)	(1,248,611)	(506, 783)	(435,575)
PROFIT AFTER TAXATION		2,271,594	1,995,770	576,362	611,173
			Restated		Restated
Basic and diluted earnings per share - Rupees		3.10	2.73	0.79	0.83

The annexed notes form an integral part of these interim condensed financial statements.

ALI RAZA D. HABIB Chairman

Chief Executive and Managing Director

ABBAS D. HABIB SYED MAZHAR ABBAS ANWAR HAJI KARIM Director Director



# INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2010

	Nine months	period ended	Quarter ended		
	30-September 30-September 30-September 30 2010 2009 2010 (Rupees in '000)		30-September 2009		
Net profit for the period	2,271,594	1,995,770	576,362	611,173	
Other comprehensive income					
Effect of foreign currency translation of net investment in foreign branch	10,443	26,463	4,195	6,765	
Total comprehensive income for the period	2,282,037	2,022,233	580,557	617,938	

The annexed notes form an integral part of these interim condensed financial statements.



# INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2010

		apital Reserve		Revenue Re			
	Share Capital	Statutory Reserve	Special Reserve	General Fo Reserve	reign Curren Translation Reserve	cy Unapp- ropriated Profit	Total
			(F	Rupees in '000)			
Balance as at 01 January 2009	4,785,388	2,342,482	126,500	540,000	53,848	2,118,986	9,967,204
Net profit for the period	-	-	-	-	-	1,995,770	1,995,770
Other comprehensive income	-	-	-	-	26,463	-	26,463
Total comprehensive income for the period	-	-	-	-	26,463	1,995,770	2,022,233
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	_	-	_	23,035	23,035
Transfer to statutory reserve	_	399,154	_	-	_	(399,154)	_
Cash dividend (Rs. 1.25 per share)	_	-	_	_	_	(598,173)	(598,173)
Issue of bonus shares in the ratio of 27.5							
shares for every 100 shares held	1,315,982		-	-		(1,315,982)	
Balance as at 30 September 2009	6,101,370	2,741,636	126,500	540,000	80,311	1,824,482	11,414,299
Net profit for the period	-	-	-	-	-	860,524	860,524
Other comprehensive income	-	-	-	-	4,373	-	4,373
Total comprehensive income for the period	-	-	-	-	4,373	860,524	864,897
Transfer from surplus on revaluation of fixed assets - net of tax	_	-	_	_	_	7,678	7,678
Transfer to statutory reserve	-	172,105	-	-	-	(172,105)	-
Balance as at 31 December 2009	6,101,370	2,913,741	126,500	540,000	84,684	2,520,579	12,286,874
Net profit for the period	-	-	-	-	-	2,271,594	2,271,594
Other comprehensive income	-	-	-	-	10,443	-	10,443
Total comprehensive income for the period	-	-	-	-	10,443	2,271,594	2,282,037
Transfer from surplus on revaluation of fixed assets - net of tax	_	-	_	-	_	23,035	23,035
Transfer to statutory reserve	-	454,319	-	-	-	(454,319)	-
Cash dividend (Rs. 2 per share)	-	-	-	-	-	(1,220,273)	(1,220,273)
Issue of bonus shares in the ratio of 20							
shares for every 100 shares held	1,220,273		-			(1,220,273)	
Balance as at 30 September 2010	7,321,643	3,368,060	126,500	540,000	95,127	1,920,343	13,371,673

The annexed notes form an integral part of these interim condensed financial statements.

ALI RAZA D. HABIB ABBAS D. HABIB SYED MAZHAR ABBAS ANWAR HAJI KARIM

Chairman Chief Executive and Director Director

Managing Director



# INTERIM CONDENSED CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2010

CASH FLOW FROM OPERATING ACTIVITIES	30-September 2010 (Rupees	30-September 2009
Profit before taxation Dividend income	3,829,131	3,244,381
Dividend income	(214,875)	(64,991)
Adjustments for:	3,614,256	3,179,390
Depreciation	477,026	414,634
Amortisation	29,225	24,139
Provision against non-performing loans and advances	732,497	1,110,925
Gain on sale / redemption of securities	(42,661)	(151,766)
Provision for defined benefit plan Charge for compensated absences	60,000 18,000	53,000 25,000
Gain on disposal of operating fixed assets	(24,045)	(24,974)
Provision against off-balance sheet items	4,286	- (21,071)
Financial charges on leased assets	-	15,860
	1,254,328	1,466,818
	4,868,584	4,646,208
(Increase) / decrease in operating assets	(0.700.004)	007.000
Lendings to financial institutions	(2,760,831)	295,396
Advances Other assets	(6,467,513) (1,302,729)	3,581,780 (167,927)
Other assets	,	
Increase / (decrease) in operating liabilities	(10,531,073)	3,709,249
Bills payable	1,033,523	399,667
Borrowings	(15,792,168)	8,638,911
Deposits and other accounts	42,744,356	31,470,163
Other liabilities (excluding provision for taxation)	262,413	972,587
	28,248,124	41,481,328
Income toy reid	22,585,635	49,836,785 (1,148,521)
Income tax paid  Net cash flow from operating activities	$\frac{(1,354,676)}{21,230,959}$	48,688,264
Net cash now from operating activities	21,230,939	40,000,204
CASH FLOW FROM INVESTING ACTIVITIES		(
Net investments in available for sale securities	14,244,745	(45,401,709)
Net investments in held to maturity securities Investments in associates	(28,875,418)	1,014,561 (50,000)
Dividend received	214,750	61,525
Investments in operating fixed assets	(910,887)	(730,019)
Sale proceeds of operating fixed assets	30,956	30,311
Net cash used in investing activities	(15,295,854)	(45,075,331)
CASH FLOW FROM FINANCING ACTIVITIES		
(Payments) / receipt of sub-ordinated loans - net	(2,340)	1,998,460
Payment of lease obligations	(2,010)	(340,651)
Dividend paid	(1,199,696)	(589,387)
Exchange adjustments on translation of net investment in foreign branch	10,443	26,463
Net cash (used in) / from financing activities	(1,191,593)	1,094,885
Increase in cash and cash equivalents	4,743,512	4,707,818
Cash and cash equivalents at the beginning of the period	19,004,315	15,557,427
Cash and cash equivalents at the end of the period	23,747,827	20,265,245

The annexed notes form an integral part of these interim condensed financial statements.

ALI RAZA D. HABIB ABBAS D. HABIB SYED MAZHAR ABBAS ANWAR HAJI KARIM

Chairman Chief Executive and Managing Director Director



# NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2010

#### 1. STATUS AND NATURE OF BUSINESS

Bank AL Habib Limited (the Bank) was incorporated in Pakistan on 15 October 1991 as a public limited company under the Companies Ordinance, 1984 having its registered office at 126-C, Old Bahawalpur Road, Multan, with principal place of business being in Karachi. Its shares are listed on all the Stock Exchanges in Pakistan. It is a scheduled bank principally engaged in the business of commercial banking with a network of 272 branches, 22 sub-branches, and one representative office (31 December 2009: 255 branches) including a wholesale branch (31 December 2009: 01) in the Kingdom of Bahrain, a branch (31 December 2009: 05).

#### 2. STATEMENT OF COMPLIANCE

- 2.1 These interim condensed financial statements of the Bank for the nine months period ended 30 September 2010 have been prepared, in accordance with the requirements of the International Accounting Standard 34 'Interim Financial Reporting', provisions of the Companies Ordinance, 1984, Banking Companies Ordinance,1962 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). In case where requirements differ, the provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.
- 2.2 The SBP vide BSD Circular No. 10, dated 26 August 2002 has deferred the applicability of International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement" and IAS 40, "Investment Property" for banking companies till further instructions. Further, according to the notification of SECP dated 28 April 2008, IFRS 7 "Financial Instruments: Disclosure" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified, accounted for and valued in accordance with the requirement of various circulars issued by the SBP.
- 2.3 The disclosures made in these interim condensed financial statements have been limited based on the format prescribed by the SBP vide BSD Circular Letter No. 2, dated 12 May 2004 and IAS 34 "Interim Financial Reporting" and do not include all the information required in the annual financial statements. Accordingly, these interim condensed financial statements should be read in conjunction with the annual financial statements of the Bank for the year ended 31 December 2009.
- 2.4 These are separate interim condensed financial statements of the Bank in which investments in subsidiaries and associates are reported on the basis of direct equity interest and are not consolidated or accounted for by using equity method of accounting.

### 3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these interim condensed financial statements are consistent with those applied in the preparation of the annual financial statements of the Bank for the year ended 31 December 2009.



		30-Septe	30-September 2010 (Un-Audited)		31-De	(Audited)	
	Note	Held by	Given as	Total	Held by	Given as	Total
		Bank	Collateral	(Rupees i	Bank n '000)	Collateral	
	DAY IDOMESTICATE			(itupees i	11 000)		
4.	INVESTMENTS						
	Available for Sale Securities						
	Market Treasury Bills	66,297,454	-	66,297,454	65,526,602	17,262,898	82,789,500
	Pakistan Investment Bonds Foreign Currency Bonds	12,030,692 795,705	-	12,030,692 795,705	10,528,090 334,161	_	10,528,090 334,161
	Sukuks	5,993,339	_	5,993,339	5,890,099	_	5,890,099
	Ordinary shares of listed companies and closed end	04.007		04.007	400 400		400 400
	mutual funds Ordinary shares of	21,087	-	21,087	130,193	_	130,193
	unlisted companies	39,570	_	39,570	42,021	_	42,021
	Listed term finance certificates	767,131	-	767,131	689,891	_	689,891
	Unlisted term finance certificates	5,701,605	-	5,701,605	5,801,605	-	5,801,605
	Open ended mutual funds	1,200,000	_	1,200,000	925,000	_	925,000
		92,846,583	-	92,846,583	89,867,662	17,262,898	107,130,560
	Held to Maturity Securities 4.1						
	Market Treasury Bills	28,143,984	-	28,143,984		-	
	Pakistan Investment Bonds	2,491,524	-	2,491,524	1,534,695	-	1,534,695
	Sukuks Listed term finance certificates	275,000 394,227	_	275,000 394,227	446,134 406,821	_	446,134 406,821
	Unlisted term finance certificates	208,333	_	208,333	250,000	_	250,000
		31,513,068	_	31,513,068	2,637,650	_	2,637,650
	Associates	, ,					
	Habib Sugar Mills Limited	180,977	-	180,977	180,977	-	180,977
	Habib Asset Management Limited First Habib Income Fund	33,750	-	33,750	33,750	_	33,750
	First Habib Stock Fund	750,000 50,000	-	750,000 50,000	750,000 50,000	-	750,000 50,000
	THIST HADID STOCK FUNG				,		
	Subsidiaries	1,014,727	-	1,014,727	1,014,727	-	1,014,727
	AL Habib Capital Markets						
	(Private) Limited AL Habib Financial Services	200,000	-	200,000	200,000	-	200,000
	Limited	62,850	-	62,850	62,850	-	62,850
		262,850	-	262,850	262,850	-	262,850
	Investments at cost	125,637,228	-	125,637,228	93,782,889	17,262,898	111,045,787
	Provision for diminution in the value of investments	(5,700)	_	(5,700)	(83,254)	-	(83,254)
	Investments (net of provisions)	125,631,528	-	125,631,528	93,699,635	17,262,898	110,962,533
	(Deficit) / surplus on revaluation of available for sale investments-net	(443,884)	-	(443,884)	34,085	21,083	55,168
	Investments after revaluation of available for sale investments	125,187,644	_	125,187,644	93,733,720	17,283,981	111,017,701

<sup>4.1</sup> The aggregate market value of held of maturity securities as on 30 September 2010 amounted to Rs. 31,025 (31 December 2009: 2,452) million.



Note

30-September

111,719,357

105,985,319

31-December

2010 2009 (Un-Audited) (Audited) (Rupees in '000) **ADVANCES** Loans, cash credits, running finances, etc. In Pakistan 98,583,352 93,912,512 Outside Pakistan 3,205,771 1,594,681 101,789,123 95,507,193 Net investment in finance lease / ijara financing In Pakistan 691,578 670,242 Outside Pakistan 691,578 670,242 Murabaha receivable 1,075,518 2,268,080 Bills discounted and purchased (excluding market treasury bills) Payable in Pakistan 1,867,558 2,028,863 Payable outside Pakistan 9,393,547 7,898,634 11,261,105 9,927,497 Advances - gross 114,817,324 108,373,012 Provision against non-performing loans and advances Specific provision 5.1 (1,168,522)(1,210,572) General provision against consumer advances (as per SBP regulations) 5.2 (29,445)(27,121)General provision (1,900,000)5.3 (1,150,000)(3,097,967)(2,387,693)

5.1 Advances include Rs. 1,685.004 (31 December 2009: Rs. 2,067.656) million which have been placed under non-performing status as detailed below:

Advances - net of provisions

		30-September 2010 (Un-Audited)								
	Clas	ssified adva	nces	Prov	Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	<b>Overseas</b>	Total	Domestic	<b>Overseas</b>	Total	
				(R	upees in '00	00)				
Category of classification										
Other assets										
especially mentioned	325	-	325	-	-	-	-	-	-	
Substandard	302,615	-	302,615	71,775	-	71,775	71,775	-	71,775	
Doubtful	319,890	-	319,890	159,950	-	159,950	159,950	-	159,950	
Loss	1,021,675	40,499	1,062,174	896,298	40,499	936,797	896,298	40,499	936,797	
	1,644,505	40,499	1,685,004	1,128,023	40,499	1,168,522	1,128,023	40,499	1,168,522	



31-December 2009 (Audited)

		51-December 2009 (Addited)								
	Classified advances			Pro	Provision required			Provision held		
	Domestic	Overseas	Total	Domestic (R	Overseas upees in '00	Total	Domestic	Overseas	Total	
Category of classification										
Other assets especially mentioned										
1 /	710.004	_	710.004	170.010	-	170.010	170.010	_	170.010	
Substandard	712,684	-	712,684	172,813	-	172,813	172,813	-	172,813	
Doubtful	323,251	-	323,251	158,642	-	158,642	158,642	-	158,642	
Loss	992,198	39,523	1,031,721	839,594	39,523	879,117	839,594	39,523	879,117	
	2,028,133	39,523	2,067,656	1,171,049	39,523	1,210,572	1,171,049	39,523	1,210,572	

- 5.2 The Bank has made general provision for consumer portfolio as required by the SBP's Prudential Regulations amounting to Rs. 29.445 (31 December 2009: Rs. 27.121) million.
- 5.3 In line with its prudent policies, the Bank has also made general provision of Rs. 750 million during the period, bringing the total of such provision to Rs. 1,900 (31 December 2009: Rs. 1,150) million against its loans and advances portfolio. This general provision is in addition to the requirements of the Prudential Regulations.

30-September 31-December 2010 2009 (Un-Audited) (Audited) (Rupees in '000)

### 6. BORROWINGS

### **Secured**

occured		
Borrowings from State Bank of Pakistan		
Export refinance scheme	13,740,903	13,646,270
Long term financing for export oriented projects	905,645	1,116,815
Long term financing for imported and locally		
manufactured plant and machinery	2,927,706	1,415,994
	17,574,254	16,179,079
Repurchase agreement borrowings		17,221,778
	17,574,254	33,400,857
Unsecured		
Borrowings from financial institutions	_	42,121
Overdrawn nostros	150,687	74,131
	150,687	116,252
	17,724,941	33,517,109



Note 30-September 31-December 2010 2009 (Un-Audited) (Audited) (Rupees in '000)

### 7. DEPOSITS AND OTHER ACCOUNTS

	Customers			
	Fixed deposits		85,674,723	70,993,523
	Savings deposits		51,916,957	35,309,299
	Current accounts - Remunerative		25,993,885	21,274,425
	Current accounts - Non-remunerative		60,411,856	53,881,225
			223,997,421	181,458,472
	Financial Institutions			
			7 704 207	7 611 025
	Remunerative deposits		7,784,297	7,611,935
	Non-remunerative deposits		242,700	209,655
			8,026,997	7,821,590
			232,024,418	189,280,062
8.	SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
	Operating fixed assets	8.1	1,747,114	1,770,147
	Available for sale securities	8.2	(290,831)	47,937
	Available for sale securities	0.2	(230,001)	47,507
			1,456,283	1,818,084
8.1	Operating fixed assets			
	Surplus on revaluation of land and buildings		2,287,708	2,323,144
	Related deferred tax liability		(540,594)	(552,997)
	Troiding doloring tax hability			
0.0	Available for calc accomition		1,747,114	1,770,147
8.2	Available for sale securities			
	Federal Government Securities		(417,770)	67,139
	Fully paid-up ordinary shares		(863)	48,215
	Term finance certificates, sukuks and bonds		(29,772)	(91,175)
			4,521	
	Open ended mutual funds		4,321	30,989
			(443,884)	55,168
	Related deferred tax asset / (liability)		153,053	(7,231)
	··· ·· ··· ··· ·· · · · · · · · ·			
			(290,831)	47,937



**30-September** 31-December **2010** 2009 **(Un-Audited)** (Audited) (Rupees in '000)

38,831,002

31,968,642

### 9. CONTINGENCIES AND COMMITMENTS

#### 9.1 Direct Credit Substitutes

Stand-by letter of credit	473,089	1,501,123
	<del></del>	

#### 9.2 Transaction-related Contingent Liabilities

Includes performance bonds, bid bonds, warranties, advance payment guarantees, shipping guarantees related to particular transactions issued in favour of:

Government	7,309,461	6,052,504
Financial Institutions	220,103	302,603
Others	4,584,767	2,809,840
	12,114,331	9,164,947
Trade-related Contingent Liabilities		
Letters of credit	30,971,989	28,152,079
Acceptances	7,859,013	3,816,563

### 9.4 Tax Contingencies

9.3

The income tax returns of the Bank have been submitted upto and including the Bank's financial year 2008. Income tax assessments of the Bank have been made by the tax authorities upto and including the assessment / tax year 2008.

In respect of assessment years 1995-1996, 1999-2000 to 2002-2003 and tax years 2003 and 2004, the Income Tax Department has filed appeals against the appellate orders of the Commissioner Income Tax Appeals (CIT Appeals) before the Income Tax Appellate Tribunal (ITAT) on which tax liability, if any, of Rs. 40 million may arise.

For tax years, 2005 to 2008, the CIT Appeals has passed appellate orders by disallowing certain expenses / deductions (including bad debts written-off directly, improvement in leasehold premises, provision against non-performing loans and advances) having an aggregate tax impact of Rs.156.28 (net of provision made by the Bank of Rs.61.391) million. The Bank has preferred appeal before ITAT against the above referred orders of the CIT Appeals.



The aggregate financial impact of the above matters over the tax provisions made by the Bank in the financial statements works out to be Rs. 196.28 (31 December 2009: Rs. 198.14) million. However, the management, based on the opinion of its tax advisor, is confident about the favourable outcome of the above matters and hence, no additional provision has been considered necessary in these interim condensed financial statements.

For the tax year 2009, proceedings u/s 122(5A) of the Income Tax Ordinance, 2001 were initiated against which the Bank has filed writ petition before Lahore High Court, Multan Bench. The Honourable Court has stayed the proceedings.

**30-September** 31-December 2010 2009 (Un-Audited) (Audited) (Rupees in '000)

### 9.5 Commitments in respect of forward lending

	Commitments to extend credit	866,218	1,147,277
9.6	Commitments in respect of forward purchase of securities		
	Sukuks	194,303	712,371
9.7	Commitments in respect of forward exchange contracts		
	Purchase	22,787,489	11,702,277
	Sale	17,899,152	8,584,253

The maturities of above contracts are spread over a period upto one year.

# 9.8 Commitments for the acquisition of operating fixed assets 155,9

**155,945** 138,147



Nine months period ended
30-September 30-September
2010 2009
(Un-Audited)

(Rupees in '000)

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

On loans and advances to:

Customers Financial institutions	9,091,168 195,039	9,147,648 290,188
	9,286,207	9,437,836
On investments in:		
Available for sale securities	9,613,081	5,993,954
Held to maturity securities	866,856	480,938
	10,479,937	6,474,892
On deposits with financial institutions	32,976	18,466
On securities purchased under resale agreements	111,435	194,827
On call money lendings	339	3,383
	19,910,894	16,129,404
MARK-UP / RETURN / INTEREST EXPENSED		
Deposits	10,326,768	8,129,372
Repurchase agreement borrowings	378,002	161,520
Sub-ordinated loans	492,616	374,204
Borrowings from SBP	931,693	623,695
Other borrowings	20,344	149,521
	12,149,423	9,438,312

### 12. RELATED PARTY TRANSACTIONS

11.

Related parties of the Bank comprise subsidiaries, associates (including entities having directors in common with the Bank), retirement benefit funds, major shareholders, directors and key management personnel and their close family members.

Transactions with related parties are carried out on an arm's length basis in terms of the policy as approved by the Board of Directors. The transactions with employees of the Bank are carried out in accordance with the terms of their employment.



Transactions with related parties during the period, are summarized as follows:

Non   Key   Retirement   Benefit   Funds   Funds   Rupees in '000	osits  the beginning of the period ement during the period adrawal during the period the end of the period ement of the period ement during of the period end during the period and during the period end the end of the period ement of the period em
0,142     674,596     13,966     80,124     513,212     1,412,04       2,977     36,858,051     154,386     409,042     3,067,471     43,511,92       9,597)     (37,079,279)     (154,093)     (385,615)     (3,248,908)     (43,797,49       3,522     453,368     14,259     103,551     331,775     1,126,475       -     399,584     26     164     -     399,774       -     497,422     442     27,573     -     525,437       -     (582,313)     (449)     (9,338)     -     (592,100       -     314,693     19     18,399     -     333,111	ne beginning of the period ement during the period adrawal during the period ne end of the period ances  the beginning of the period en during the period aid during the period aid during the period
2,977     36,858,051     154,386     409,042     3,067,471     43,511,92       9,597)     (37,079,279)     (154,093)     (385,615)     (3,248,908)     (43,797,49)       3,522     453,368     14,259     103,551     331,775     1,126,475       -     399,584     26     164     -     399,774       -     497,422     442     27,573     -     525,437       -     (582,313)     (449)     (9,338)     -     (592,100)       -     314,693     19     18,399     -     333,111	ement during the period adrawal during the period are end of the period ances are beginning of the period and during the period and during the period
-     399,584     26     164     -     399,774       -     497,422     442     27,573     -     525,437       -     (582,313)     (449)     (9,338)     -     (592,100       -     314,693     19     18,399     -     333,111	ances  the beginning of the period on during the period aid during the period
-     497,422     442     27,573     -     525,437       -     (582,313)     (449)     (9,338)     -     (592,100)       -     314,693     19     18,399     -     333,111	ne beginning of the period on during the period aid during the period
-     497,422     442     27,573     -     525,437       -     (582,313)     (449)     (9,338)     -     (592,100)       -     314,693     19     18,399     -     333,111	n during the period aid during the period
	ne end of the period
<u> </u>	ic cha of the period
	tingencies and commitments
<u> 2,631                                    </u>	chase of fixed assets
	of securities
31-December 2009 (Audited)	
diaries Associates Non Key Retirement Total Executive Management Benefit Directors Personnel Funds	
,	osits
6,459     572,537     3,843     44,710     321,102     988,65       7,123     49,523,388     152,320     8,302,102     3,320,962     66,855,89       3,440)     (49,421,329)     (142,197)     (8,266,688)     (3,128,852)     (66,432,50	ne beginning of the year ement during the year ndrawal during the year
0,142 674,596 13,966 80,124 513,212 1,412,040	ne end of the year
	ances
-     369,000     54     641     -     369,695       8,302     542,438     987     8,381     -     730,108       8,302     (511,854)     (1,015)     (8,858)     -     (700,025)	ne beginning of the year on during the year aid during the year
- 399,584 26 164 - 399,774	ne end of the year
<u> </u>	tingencies and commitments
<u>- 1,503                                    </u>	chase of fixed assets
-     35,576     -     -     243,017     278,593	of securities
36,004	osits  to beginning of the year ement during the year edrawal during the year edrawal during the year end of the year end of the year end during the year end during the year end during the year end during the year end of t



Nine months period ended 30-September 2010 (Un-Audited)

				1	` `	
	Subsidiaries	Associates	Non Executive Directors (Rupee:	Key Management Personnel s in '000)	Retirement Benefit Funds	Total
Mark-up earned	_	19,968	_	185	_	20,153
Mark-up expensed	11,152	42,954	1,213	7,932	33,972	97,223
Bank charges and commission	118	1,841	1	1	_	1,961
Gain on sale of securities	_	36	_	_	65	101
Salaries and allowances	_	_	_	68,521	_	68,521
Bonus	_	_	_	9,390	_	9,390
Contribution to defined contribution plan Contribution to defined	-	-	-	2,509	-	2,509
benefit plan	_	_	_	6,895	_	6,895
Staff provident fund	_	_	_	-	80,644	80,644
Staff gratuity fund	_	_	_	_	60,000	60,000
Directors' fee	_	_	1,030	_	_	1,030
Insurance claim received	_	6,874	_	_	_	6,874
Insurance premium paid	_	105,604	_	_	_	105,604
Dividend income	_	66,479	_	_	_	66,479
Dividend paid	_	22,802	_	_	_	22,802
Rental income	1,838	_	_	_	_	1,838
Others	16	_	_	_	_	16

Nine months period ended 30-September 2009 (Un-Audited)

	Subsidiaries	Associates	Non	Key	Retirement	Total
			Executive	Management	Benefit	
			Directors	Personnel	Funds	
			(Rupees	s in '000)		
Mark-up earned	2	22,075	3	22	_	22,102
Mark-up expensed	6,801	43,029	810	4,581	54,573	109,794
Bank charges and commission	39	1,115	40	124	_	1,318
Gain on sale of securities	_	30	_	-	16	46
Salaries and allowances	_	_	_	53,326	-	53,326
Bonus	-	-	-	7,869	-	7,869
Contribution to defined contribution plan				1,810		1,810
Contribution to defined	_	_	_	1,010	_	1,610
benefit plan	_	_	_	5,983	_	5,983
Staff provident fund	_	_	-	_	66,799	66,799
Staff gratuity fund	_	_	-	_	53,000	53,000
Directors' fee	_	_	620	-	_	620
Insurance claim received	_	5,317	_	-	_	5,317
Insurance premium paid	_	86,742	_	-	-	86,742
Dividend income	_	33,433	_	-	_	33,433
Dividend paid	-	11,177	-	-	-	11,177
Rental income	1,662	_	-	-	-	1,662
Others	_	_	_	_	_	_



## 13. ISLAMIC BANKING BUSINESS

The Bank is operating 06 Islamic banking branches (31 December 2009: 06) . The statement of financial position of these branches as at 30 September 2010 is as follows:

	<b>2-September</b> <b>2010</b> <b>Jn-Audited)</b> (Rupees	31-December 2009 (Audited) in '000)
Cash and balances with treasury banks Balances with and due from financial institutions Investments Financing and receivables	174,648 5,230 970,498	195,926 2,291 949,431
<ul> <li>Murabaha</li> <li>Ijara</li> <li>Diminishing musharika</li> <li>Istisna</li> <li>Other assets</li> </ul>	1,075,518 367,274 1,244,233 73,000 587,212	2,268,080 485,659 327,565 - 142,268
	4,497,613	4,371,220
Bills payable Due to financial institutions Deposits and other accounts  - Current accounts  - Saving accounts  - Term deposits  - Others  - Deposits from financial institutions-remunerative  - Deposits from financial institutions-non-remunerative Due to head office Other liabilities	23,761 494,329 645,440 267,258 1,382,067 2,956 873,101 402 140,000 157,288 3,986,602 511,011	6,723 191,017 427,044 214,741 1,225,491 1,744 1,264,453 657 456,099 146,200 3,934,169 437,051
REPRESENTED BY		
Islamic banking fund Unappropriated profit	400,000 109,391	350,000 106,498
Surplus / (deficit) on revaluation of assets	509,391 1,620	456,498 (19,447)
=	511,011	437,051



### 14. GENERAL

Corresponding figures have been re-arranged / re-classified wherever necessary, for the purpose of comparison.

### 15. DATE OF AUTHORIZATION

These interim condensed financial statements were authorized for issue by the Board of Directors in their meeting held on 12 October 2010.



# **Consolidated Financial Statements**

Bank AL Habib Limited

and

**Subsidiary Companies** 



# CONSOLIDATED INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2010

ACCETC	Note	30-September 2010 (Un-Audited) (Rupees	31-December 2009 (Audited) in '000)
ASSETS  Cash and balances with treasury banks Balances with other banks Lendings to financial institutions Investments Advances Operating fixed assets Deferred tax assets Other assets	4 5	18,041,767 5,711,561 2,760,831 124,998,652 111,719,563 10,024,381 - 5,552,942 278,809,697	14,377,626 4,642,110 - 110,907,416 105,985,495 9,620,148 - 4,284,277
LIADULTIO		210,000,001	240,011,012
Bills payable Borrowings Deposits and other accounts Sub-ordinated loans Liabilities against assets subject to finance lease Deferred tax liabilities Other liabilities	6 7	4,220,906 17,724,941 231,802,337 4,842,660 572 718,685 4,566,326	3,187,383 33,517,109 189,148,427 4,845,000 1,508 816,557 4,080,559 235,596,543
NET ASSETS		14,933,270	14,220,529
REPRESENTED BY			
Share capital Reserves Unappropriated profit Non-controlling interest		7,321,643 4,151,362 1,890,229 110,356 13,473,590	6,101,370 3,685,350 2,496,135 106,683 12,389,538
Surplus on revaluation of assets - net of tax	8	1,459,680	1,830,991
		14,933,270	14,220,529
CONTINGENCIES AND COMMITMENTS	9		

The annexed notes form an integral part of these consolidated interim condensed financial statements.

ALI RAZA D. HABIB ABBAS D. HABIB SYED MAZHAR ABBAS ANWAR HAJI KARIM

Chairman Chief Executive and Managing Director Director



# CONSOLIDATED INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2010

Mark-up / return / interest earned   10   19,910,972   16,132,006   6,827,259   5,482,373   30,3282   11   (12,138,334)   (34,03,840)   (4,015,941)   (3,03,082)   (4,015,941)   (3,03,082)   (4,015,941)   (3,03,082)   (4,015,941)   (3,03,082)   (4,015,941)   (3,03,082)   (4,015,941)   (3,03,082)   (4,015,941)   (3,03,082)   (4,015,941)   (3,03,082)   (4,015,941)   (3,03,082)   (4,015,941)   (3,03,082)   (4,015,941)   (3,03,082)   (4,015,941)   (4,03,084)   (4,05,084)   (4,05,084)   (4,05,084)   (4,05,084)   (4,05,084)   (4,05,0			Nine months	period ended	Quarter ended	
Mark-up / return / interest earned		Note				
Mark-up / return / interest income         11         (12,138,334)         (9,430,840)         (4,015,941)         (3,305,282)           Net mark-up / return / interest income         7,772,638         6,701,166         2,811,318         2,177,091           Provision against non-performing loans and advances Provision for diminution in the value of investments Bad debts written-off directly         5,3         (732,7497)         (1,110,925)         (479,711)         (831)           Net mark-up / return / interest income after provisions         7,039,912         5,589,410         2,331,607         1,582,540           NON MARK-UP / INTEREST INCOME         881,406         756,293         292,412         242,781           Fee, commission and brokerage income Dividend income         151,158         34,1714         39,413         74,066           Gain on sale / redemption of securities         158,726         347,714         39,413         74,066           Gain on sale / redemption of securities         62,505         153,099         (162)         130,132           Urnealised gain / (loss) on revaluation of investments classified as held for trading         7,7805         65,944         29,790         25,368           Other income         1,560,452         1,559,952         490,186         570,512           Other provisions / write-offs         (4,857,629) <td></td> <td colspan="4">(Rupees in</td> <td>2003</td>		(Rupees in				2003
Net mark-up / return / interest income   7,772,638   6,701,166   2,811,318   2,177,091     Provision against non-performing loans and advances   7,772,638   (322)   (331)   (173)   (331)     Provision for diminution in the value of investments   7,039,912   5,589,410   2,331,607   3,852,540     Not mark-up / return / interest income after provisions   7,039,912   5,589,410   2,331,607   3,852,540     Not mark-up / INTEREST INCOME   7,039,912   5,589,410   2,331,607   3,852,540     Fee, commission and brokerage income   151,158   34,111   66,679   29,705     Dividend income   151,158   34,111   66,679   29,705     Income from dealing in foreign currencies   818,406   756,293   34,714   66,679   29,705     Gain on sale / redemption of securities   158,726   34,714   39,413   74,066     Gain on sale / redemption of securities   158,726   153,099   (162)   130,132     Unrealised gain / (loss) on revaluation of investments classified as held for trading   7,805   65,094   29,790   25,388     Other income   1,560,452   2,559,952   490,186   570,512     Robert Administrative expenses   1,560,452   2,559,952   490,186   570,512     Robert Administrative expenses   1,560,452   2,559,952   490,186   570,512     Robert Administrative expenses   1,660,7620   (1,703,670   (3,345)   -						
Provision against non-performing loans and advances Provision for diminution in the value of investments Bad debts written-off directly	-	11				
Provision for diminution in the value of investments   C299   R831   C173   R831   R	•	- 0				
Net mark-up / return / interest income after provisions   7,039,912   5,589,410   2,331,607   1,852,540   NON MARK-UP / INTEREST INCOME	Provision for diminution in the value of investments	5.3				
NON MARK-UP / INTEREST INCOME   S81,406	v		(732,726)	(1,111,756)	(479,711)	(324,551)
Rec. commission and brokerage income   Restated   Res	Net mark-up / return / interest income after provisions		7,039,912	5,589,410	2,331,607	1,852,540
Dividend income	NON MARK-UP / INTEREST INCOME					
Income from dealing in foreign currencies						
Gain on sale / redemption of securities         62,505         153,099         (162)         130,132           Unrealised gain / (loss) on revaluation of investments classified as held for trading Share of profit from associates         - <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>						
Unrealised gain / (loss) on revaluation of investments classified as held for trading Share of profit from associates         -			1 ' 1	,.		. ,
Share of profit from associates Other income         77,805 (228,852)         65,094 (203,641)         29,790 (62,054)         25,368 (68,460)           Total non mark-up / interest income         1,560,452         1,559,952         490,186         570,512           NON MARK-UP / INTEREST EXPENSES         8,600,364         7,149,362         2,821,793         2,423,052           Administrative expenses Other provisions / write-offs Other charges         (4,657,620) (4,286) (7,79,86)         (3,545) (3,1490)         (1,334,947) (3,3490)           Other charges         (4,772,105) (3,893,246) (1,738,905) (1,375,437)         (3,1490)         (1,738,905) (1,375,437)           Total non mark-up / interest expenses         (4,772,105) (3,893,246) (1,738,905) (1,375,437)         (1,738,905) (1,375,437)           Extra-ordinary / unusual items	Unrealised gain / (loss) on revaluation of				(=== /	200,200
Other income         228,852         203,641         62,054         68,460           Total non mark-up / interest income         1,560,452         1,559,952         490,186         570,512           NON MARK-UP / INTEREST EXPENSES         8,600,364         7,149,362         2,821,793         2,423,052           Administrative expenses Other provisions / write-offs         (4,657,620)         (3,815,260)         (1,703,670)         (1,343,947)           Other charges         (101,199)         (77,986)         (31,690)         (31,490)           Total non mark-up / interest expenses         (4,772,105)         3,893,246         (1,738,905)         (1,375,437)           Total non mark-up / interest expenses         (4,772,105)         3,893,246         (1,738,905)         (1,375,437)           Extra-ordinary / unusual items         -         -         -         -         -         -           Extra-ordinary / unusual items         -	investments classified as held for trading		77 005	- 004	-	- 000
Total non mark-up / interest income   1,560,452   1,559,952   490,186   570,512   8,600,364   7,149,362   2,821,793   2,423,052   7,149,362   2,821,793   2,423,052   7,149,362   2,821,793   2,423,052   7,149,362   2,821,793   2,423,052   7,149,362   2,821,793   2,423,052   7,149,362   2,821,793   2,423,052   7,149,362   2,821,793   2,423,052   7,149,362   2,821,793   2,423,052   7,149,362   2,821,793   2,423,052   7,149,362   2,821,793   2,423,052   7,149,362   2,821,793   2,423,052   7,149,362   2,821,793   2,423,052   7,149,362   3,81,260   1,738,967   1,349,47	Other income					
NON MARK-UP / INTEREST EXPENSES  Administrative expenses Other provisions / write-offs Other charges Other charges  Total non mark-up / interest expenses  Extra-ordinary / unusual items PROFIT BEFORE TAXATION Taxation - Current - Prior years - Deferred PROFIT AFTER TAXATION  Attributable to:  Equity holders of parent Non-controlling interest   8,600,364  7,149,362  2,821,793  2,423,052  (1,343,947)  (1,343,947)  (1,348,947)  (1,348,947)  (1,348,947)  (1,348,947)  (1,348,947)  (1,348,947)  (1,348,947)  (1,375,437)  (3,893,246) (1,738,905) (1,375,437)  (3,893,246) (1,738,905) (1,375,437)  (3,490)  (31,490)  (1,738,905)  (1,375,437)  (1,375,437)  (1,375,437)  (1,375,437)  (1,375,437)  (1,375,437)  (1,376,56)  (1,378,965)  (1						
NON MARK-UP / INTEREST EXPENSES						
Other provisions / write-offs Other charges         (4,286) (110,199)         - (77,986)         (3,545) (31,690)         - (3,545) (31,490)           Total non mark-up / interest expenses         (4,772,105)         (3,893,246)         (1,738,905)         (1,375,437)           Extra-ordinary / unusual items	NON MARK-UP / INTEREST EXPENSES					
Other charges         (110,199)         (77,986)         (31,690)         (31,490)           Total non mark-up / interest expenses         (4,772,105)         (3,893,246)         (1,738,905)         (1,375,437)           Extra-ordinary / unusual items         — — — — — — — — — — — — — — — — — — —	Administrative expenses			(3,815,260)		(1,343,947)
Total non mark-up / interest expenses			(4,286)	(77.000)		(91,400.)
Sample   S	o a constant of the constant o				,	
Extra-ordinary / unusual items         - <th< td=""><td>Total non mark-up / interest expenses</td><td></td><td></td><td></td><td></td><td></td></th<>	Total non mark-up / interest expenses					
PROFIT BEFORE TAXATION         3,828,259         3,256,116         1,082,888         1,047,615           Taxation - Current - Prior years - Deferred         (1,496,764)         (1,319,743)         (516,284)         (533,740)           - Prior years - Deferred         (61,898)         74,067         9,652         99,096           (1,558,662)         (1,245,676)         (506,632)         (434,644)           PROFIT AFTER TAXATION         2,269,597         2,010,440         576,256         612,971           Attributable to:         2,265,924         2,008,943         577,330         613,018           Non-controlling interest         3,673         1,497         (1,074)         (47)           2,269,597         2,010,440         576,256         612,971           Restated         Restated         Restated	Extra-ordinary / unusual items		3,828,259	3,256,116	1,082,888	1,047,615
Taxation - Current - Prior years - Deferred         (1,496,764) (61,898)         (1,319,743) 74,067         (516,284) 9,652         (533,740) 99,096           PROFIT AFTER TAXATION         2,269,597         2,010,440         576,256         612,971           Attributable to:         2,265,924         2,008,943         577,330         613,018           Non-controlling interest         3,673         1,497         (1,074)         47           2,269,597         2,010,440         576,256         612,971           Restated         Restated         Restated	ý		3.828.259	3.256.116	1.082.888	1.047.615
PROFIT AFTER TAXATION   1,558,662   1,245,676   1,056,632   1,245,676   1,24	Taxation - Current					
PROFIT AFTER TAXATION   2,269,597   2,010,440   576,256   612,971			(01 000)		-	-
PROFIT AFTER TAXATION Attributable to:  Equity holders of parent Non-controlling interest  2,265,924 3,673 1,497 1,074 2,269,597 2,010,440 576,256 612,971 613,018 2,269,597 2,010,440 576,256 612,971 613,018	- Deterred					
Equity holders of parent Non-controlling interest         2,265,924 2,008,943 577,330 (1,074) (1,074) (47)         577,330 (1,074) (1,074) (47)           2,269,597 2,010,440 576,256 612,971 Restated         Restated         Restated						
Equity holders of parent Pon-controlling interest 2,265,924 2,008,943 577,330 613,018 (1,074) (47) (47) (1,074) (47) (1,074) (			2,269,597	2,010,440	576,256	612,971
Non-controlling interest \ \frac{3,673}{2,269,597} \ \frac{1,497}{2,010,440} \ \frac{576,256}{Restated} \ \frac{612,971}{Restated} \ \ \tag{Restated}						
2,269,597         2,010,440         576,256         612,971           Restated         Restated						
Restated Restated Restated	Non-controlling interest					· · ·
			2,269,597		5/6,256	
Basic and diluted earnings per share - Rupees 3.09 2.74 0.79 0.84						
	Basic and diluted earnings per share - Rupees		3.09	2.74		0.84

The annexed notes form an integral part of these consolidated interim condensed financial statements.

ALI RAZA D. HABIB Chairman

Chief Executive and **Managing Director** 

ABBAS D. HABIB SYED MAZHAR ABBAS ANWAR HAJI KARIM Director Director 23



# CONSOLIDATED INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2010

	Nine months	period ended	Quarter	Quarter ended		
	30-September 2010	30-September 2009	30-September 2010	30-September 2009		
		(Rupees	in '000)			
Net profit for the period	2,269,597	2,010,440	576,256	612,971		
Other comprehensive income						
Effect of foreign currency translation of net investment in foreign operations	11,693	30,513	4,683	8,633		
Total comprehensive income for the period	2,281,290	2,040,953	580,939	621,604		
Attributable to:						
Equity holders of parent	2,277,617	2,039,456	582,013	621,651		
Non-controlling interest	3,673	1,497	(1,074)	(47)		
	2,281,290	2,040,953	580,939	621,604		

The annexed notes form an integral part of these consolidated interim condensed financial statements.



# CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2010

	0	Capital Reserve		Revenue	e Reserves				
	Share Capital	Statutory Reserve	Special Reserve	General Reserve	Foreign Currency Translation Reserve (Rupees in '000)	-priated Profit	Total	Non- controlling Interest	Total
Balance as at 01 January 2009	4,785,388	2,342,482	126,500	540,000	70,096	2,047,596	9,912,062	101,397	10,013,459
Net profit for the period	-	-	-	-	-	2,008,943	2,008,943	1,497	2,010,440
Other comprehensive income	-	-	-	-	30,513	-	30,513	-	30,513
Total comprehensive income for the period Transfer from surplus on revaluation of	-	-	-	-	30,513	2,008,943	2,039,456	1,497	2,040,953
fixed assets - net of tax	-	-	-	-	-	23,035	23,035	-	23,035
Transfer to statutory reserve	-	399,154	-	-	-	(399,154)		-	-
Cash dividend (Rs. 1.25 per share)	-	-	-	-	-	(598,173)	(598,173)	-	(598,173)
Issue of bonus shares in the ratio of 27.5 shares for every 100 shares held	1,315,982	_	_	_	_	(1,315,982)	_	_	_
Balance as at 30 September 2009	6,101,370	2,741,636	126,500	540,000	100,609		11,376,380	102,894	11,479,274
Net profit for the period	-	-	-	-	-	894,297	894,297	3,789	898,086
Other comprehensive income	-	-	-	-	4,500	-	4,500	-	4,500
Total comprehensive income for the period Transfer from surplus on revaluation of	-	-	-	-	4,500	894,297	898,797	3,789	902,586
fixed assets - net of tax	_	_	_	_	_	7,678	7,678	_	7,678
Transfer to statutory reserve	_	172,105	-	_		(172,105)			
Balance as at 31 December 2009	6,101,370	2,913,741	126,500	540,000	105,109	2,496,135	12,282,855	106,683	12,389,538
Net profit for the period	-	-	-	-	-	2,265,924	2,265,924	3,673	2,269,597
Other comprehensive income	-	-	-	-	11,693	-	11,693	-	11,693
Total comprehensive income for the period Transfer from surplus on revaluation of	-	-	-	-	11,693	2,265,924	2,277,617	3,673	2,281,290
fixed assets - net of tax	_	_	_	_	_	23,035	23,035	_	23,035
Transfer to statutory reserve	-	454,319	-	-	-	(454,319)	-	-	-
Cash dividend (Rs. 2 per share)	-	-	-	-	-	(1,220,273)	(1,220,273)	-	(1,220,273)
Issue of bonus shares in the ratio of 20 shares for every 100 shares held	1,220,273	-	-	-	-	(1,220,273)	-	-	-
Balance as at 30 September 2010	7,321,643	3,368,060	126,500	540,000	116,802	1,890,229	13,363,234	110,356	13,473,590

The annexed notes form an integral part of these consolidated interim condensed financial statements.

ALI RAZA D. HABIB Chairman

Chief Executive and Managing Director

Director

ABBAS D. HABIB SYED MAZHAR ABBAS ANWAR HAJI KARIM Director



### CONSOLIDATED INTERIM CONDENSED CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2010

ON THE WINE MONTHS I ENIOD ENDED OF SEL TEMBER 2010		
	30-September 2010	30-September 2009
CASH FLOW FROM OPERATING ACTIVITIES	(Rupees	in '000)
Profit before taxation Dividend income	3,828,259 (151,158)	3,256,116 (34,111)
	3,677,101	3,222,005
Adjustments for: Depreciation	481,112	418,295
Amortisation	29,286	16,227
Provision against non-performing loans and advances Provision for diminution in the value of investments	732,497	1,110,925 831
Gain on sale / redemption of securities	(62,505)	(153,099)
Provision for defined benefit plan	60,553	53,440
Charge for compensated absences Share of profit form associates	18,000 (77,805)	25,000 (65,094)
Gain on disposal of operating fixed assets	(24,202)	(25,589)
Provision against off-balance sheet items	4,286	10.007
Financial charges on leased assets	1 101 550	16,227
	1,161,556 4,838,657	1,397,163
(Increase) / decrease in operating assets	4,838,037	4,619,168
Lendings to financial institutions	(2,760,831)	295,396
Advances Other assets	(6,467,543) (1,275,747)	3,602,003 (101,701)
Other assets	(10,504,121)	3.795.698
Increase / (decrease) in operating liabilities		5,755,050
Bills payable	1,033,523	399,667
Borrowings Deposits and other accounts	(15,792,168) 42,653,910	8,638,911 31,356,599
Other liabilities (excluding provision for taxation)	242,186	977,419
	28,137,451	41,372,596
Income tax paid	22,471,987 (1,356,622)	49,787,462 (1,151,804)
Net cash flow from operating activities	21,115,365	48,635,658
1 0	21,110,000	10,000,000
CASH FLOW FROM INVESTING ACTIVITIES  Net investments in available for sale securities	14,419,994	(45,309,714)
Net investments in available for sale securities  Net investments in held to maturity securities	(28,875,418)	1,014,561
Investments in associates	(14, 132)	(50,000)
Dividend received Investments in operating fixed assets	151,033 (911,939)	30,519 (790,402)
Sale proceeds of operating fixed assets	40,073	31,930
Net cash used in investing activities	(15, 190, 389)	(45,073,106)
CASH FLOW FROM FINANCING ACTIVITIES		
(Payments) / receipt of sub-ordinated loans - net	(2,340)	1,998,460
Payment of lease obligations Dividend paid	(1,041) (1,199,696)	(342,058)
Exchange adjustments on translation of net investment in foreign operations	11,693	30,513
Net cash (used in) / from financing activities	(1,191,384)	1,097,528
Increase in cash and cash equivalents	4,733,592	4,660,080
Cash and cash equivalents at the beginning of the period	19,019,736	15,614,518
Cash and cash equivalents at the end of the period	23,753,328	20,274,598

The annexed notes form an integral part of these consolidated interim condensed financial statements.

ALI RAZA D. HABIB ABBAS D. HABIB SYED MAZHAR ABBAS ANWAR HAJI KARIM

Chairman Chief Executive and Director Director Director **Managing Director** 

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## NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2010

#### 1. STATUS AND NATURE OF BUSINESS

The Group consists of :

- Bank AL Habib Limited (Holding Company)
- AL Habib Capital Markets (Private) Limited (Subsidairy Company)
- AL Habib Financial Services Limited (Subsidairy Company)

Bank AL Habib Limited (the Bank) was incorporated in Pakistan on 15 October 1991 as a public limited company under the Companies Ordinance, 1984 having its registered office at 126-C, Old Bahawalpur Road, Multan, with principal place of business being in Karachi. Its shares are listed on all the Stock Exchanges in Pakistan. It is a scheduled bank principally engaged in the business of commercial banking network of 272 branches, 22 sub-branches, and one representative office (31 December 2009: 255 branches) including a wholesale branch (31 December 2009: 01) in the Kingdom of Bahrain, a branch (31 December 2009: 01) in Karachi Export Processing Zone and 06 Islamic Banking branches (31 December 2009: 06) .The Bank has invested in 66.67% shares of AL Habib Capital Markets (Private) Limited. The principal objective of the company is to engage in the business of equity, money market and foreign exchange, brokerage, equity research and corporate financial advisory and consultancy services. AL Habib Capital Markets (Private) Limited (the Company) was incorporated in Pakistan as a (Private) Limited Company on 23 August 2005 under the Companies Ordinance, 1984 and started operations from 14 December 2005.

AL Habib Financial Services Limited is a wholly owned subsidiary of the Bank. The principal objective of the company is to engage in arranging / advising on financial products and services. AL Habib Financial Services Limited was incorporated in Dubai on 05 March 2008.

#### 2. STATEMENT OF COMPLIANCE

- 2.1 These consolidated interim condensed financial statements of the Group for the nine months period ended 30 September 2010 have been prepared, in accordance with the requirements of the International Accounting Standard 34 'Interim Financial Reporting', provisions of the Companies Ordinance, 1984, Banking Companies Ordinance,1962 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). In case where requirements differ, the provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.
- 2.2 The SBP vide BSD Circular No. 10, dated 26 August 2002 has deferred the applicability of International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement" and IAS 40, "Investment Property" for banking companies till further instructions. Further, according to the notification of SECP dated 28 April 2008, IFRS 7 "Financial Instruments: Disclosure" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified, accounted for and valued in accordance with the requirement of various circulars issued by the SBP.
- 2.3 The disclosures made in these consolidated interim condensed financial statements have been limited based on the format prescribed by the SBP vide BSD Circular Letter No. 2, dated 12 May 2004 and IAS 34 "Interim Financial Reporting" and do not include all the information required in the annual financial statements. Accordingly, these consolidated interim condensed financial statements should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2009.

### 3. ACCOUNTING POLICIES

- 3.1 The accounting policies adopted in the preparation of these consolidated interim condensed financial statements are consistent with those applied in the preparation of the annual financial statements of the Group for the year ended 31 December 2009.
- 3.2 The basis of consolidation of the financial statements of subsidiaries is same as that applied in the preparation of the consolidated financial statements of the Group for the year ended 31 December 2009.



		30-September 2010 (Un-Audited)		31-December 2009 (Audited)			
	Note	Held by	Given as	Total	Held by	Given as	Total
		Bank	Collateral		Bank	Collateral	
				(Rupees i	n '000)		
4.	INVESTMENTS						
	Available for Sale Securities						
	Market Treasury Bills	66,297,454	_	66,297,454	65,526,602	17,262,898	82,789,500
	Pakistan Investment Bonds	12,030,692	-	12,030,692	10,528,090	_	10,528,090
	Foreign Currency Bonds	795,705	-	795,705	334,161	_	334,161
	Sukuks	5,993,339	-	5,993,339	5,890,099	-	5,890,099
	Ordinary shares of listed companies and closed end	00.740		00 740	470.040		470.040
	mutual funds	30,743	-	30,743	176,840	-	176,840
	Ordinary shares of	20 570		20 570	49 091		49.091
	unlisted companies Listed term finance certificates	39,570 767,131	_	39,570 767,131	42,021 689,891	-	42,021 689,891
	Unlisted term finance certificates	5,701,605	_	5,701,605	5,801,605	_	5,801,605
	Open ended mutual funds	1,200,000	_	1,200,000	975,000	_	975,000
	open ended mutual funds	1,200,000		1,200,000	070,000		070,000
		92,856,239	-	92,856,239	89,964,309	17,262,898	107,227,207
	Held to Maturity Securities 4.1						
	Market Treasury Bills	28,143,984	-	28,143,984	-	-	-
	Pakistan Investment Bonds	2,491,524	-	2,491,524	1,534,695	-	1,534,695
	Sukuks	275,000	-	275,000	446,134	-	446,134
	Listed term finance certificates	394,227	-	394,227	406,821	-	406,821
	Unlisted term finance certificates	208,333	-	208,333	250,000	-	250,000
	Accordates	31,513,068	-	31,513,068	2,637,650	-	2,637,650
	Associates	000.144		200 444	040 570		040 570
	Habib Sugar Mills Limited	230,144	-	230,144	210,573	-	210,573
	Habib Asset Management Limited First Habib Income Fund	33,613	_	33,613   767,848	33,500 771,680	-	33,500 771,680
	First Habib Stock Fund	767,848 47,715	_	47,715	49,435	_	49,435
	riist iiddid Stock ruiid	47,713		47,713	40,400		40,400
		1,079,320	-	1,079,320	1,065,188	-	1,065,188
	Investments at cost	125,448,627	-	125,448,627	93,667,147	17,262,898	110,930,045
	Provision for diminution in the value of investments	(6,683)	-	(6,683)	(90,704)	-	(90,704)
	Investments (net of provisions)	125,441,944	-	125,441,944	93,576,443	17,262,898	110,839,341
	(Deficit) / surplus on revaluation of available for sale investments-net	(443,292)	-	(443,292)	46,992	21,083	68,075
	Investments after revaluation of available for sale investments	124,998,652		124,998,652	93,623,435	17,283,981	110,907,416

<sup>4.1</sup> The aggregate market value of held to maturity securities as on 30 September 2010 amounted to Rs. 31,025 (31 December 2009: 2,452) million.



Note **30-September** 31-December **2010** 2009 **(Un-Audited)** (Audited) (Rupees in '000)

### 5. ADVANCES

	98,583,558 3,205,771	93,912,688 1,594,681
	1,789,329	95,507,369
Net investment in finance lease / ijara financing In Pakistan Outside Pakistan	691,578 –	670,242 –
	691,578	670,242
Murabaha receivable  Bills discounted and purchased (excluding market treasury bills)	1,075,518	2,268,080
Payable in Pakistan	1,867,558 9,393,547	2,028,863 7,898,634
1	11,261,105	9,927,497
Advances - gross Provision against non-performing loans and advances	4,817,530	108,373,188
Specific provision 5.1 General provision against consumer advances	(1,168,522)	(1,210,572)
(as per SBP regulations) 5.2	(29,445)	(27,121)
General provision 5.3	(1,900,000)	(1,150,000)
	(3,097,967)	(2,387,693)
Advances - net of provisions	11,719,563	105,985,495

5.1 Advances include Rs. 1,685.004 (31 December 2009: Rs. 2,067.656) million which have been placed under non-performing status as detailed below:

30-September 2010 (Un-Audit
-----------------------------

	Classified advances		Prov	Provision required		Provision held			
	Domestic	0verseas	Total	Domestic (R	Overseas upees in '00	Total	Domestic	Overseas	Total
Category of classification				(It	upees iii oo	10)			
Other assets									
especially mentioned	325	-	325	-	-	_	-	-	-
Substandard	302,615	-	302,615	71,775	-	71,775	71,775	-	71,775
Doubtful	319,890	-	319,890	159,950	-	159,950	159,950	-	159,950
Loss	1,021,675	40,499	1,062,174	896,298	40,499	936,797	896,298	40,499	936,797
	1,644,505	40,499	1,685,004	1,128,023	40,499	1,168,522	1,128,023	40,499	1,168,522



	1 <sub>-</sub> T	lecem	her	2009	$(\Delta_1)$	(hatihı	١
)	I - I.	ACCCIII	וטטו	4000	T/AL	шинси	

		31-December 2009 (Audited)								
	Cla	Classified advances		Pro	Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total	
				(R	upees in '0	00)				
Category of classification										
Other assets especially mentioned	_	_	_	_	_	_	_	_	_	
Substandard	712,684	-	712,684	172,813	-	172,813	172,813	-	172,813	
Doubtful	323,251	-	323,251	158,642	-	158,642	158,642	-	158,642	
Loss	992,198	39,523	1,031,721	839,594	39,523	879,117	839,594	39,523	879,117	
	2,028,133	39,523	2,067,656	1,171,049	39,523	1,210,572	1,171,049	39,523	1,210,572	

- 5.2 The Bank has made general provision for consumer portfolio as required by the SBP's Prudential Regulations amounting to Rs. 29.445 (31 December 2009: Rs. 27.121)
- 5.3 In line with its prudent policies, the Bank has also made general provision of Rs. 750 million during the period, bringing the total of such provision to Rs. 1,900 (31 December 2009: Rs. 1,150) million against its loans and advances portfolio. This general provision is in addition to the requirements of the Prudential Regulations.

30-September 31-December 2010 2009 (Un-Audited) (Audited) (Rupees in '000)

13,740,903

13,646,270

### 6. BORROWINGS

Export refinance scheme

### Secured Borrowings from State Bank of Pakistan

= * * * * * * * * * * * * * * * * * * *	, ,	, ,
Long term financing for export oriented projects	905,645	1,116,815
Long term financing for imported and locally		
manufactured plant and machinery	2,927,706	1,415,994
	17,574,254	16,179,079
Repurchase agreement borrowings		17,221,778
	17,574,254	33,400,857
Unsecured		
Borrowings from financial institutions	_	42,121
Overdrawn nostros	150,687	74,131
	150,687	116,252
	17,724,941	33,517,109



Note 30-September 31-December 2010 2009 (Un-Audited) (Audited) (Rupees in '000)

### 7. DEPOSITS AND OTHER ACCOUNTS

	Customers Fixed deposits Savings deposits Current accounts - Remunerative Current accounts - Non-remunerative		85,674,723 51,916,957 25,993,885 60,411,856 223,997,421	70,993,523 35,309,221 21,174,817 53,878,930 181,356,491
	Financial Institutions Remunerative deposits Non-remunerative deposits		7,563,694 241,222	7,582,281 209,655
			7,804,916	7,791,936
			231,802,337	189,148,427
8.	SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
	Operating fixed assets Available for sale securities	8.1 8.2	1,747,114 (287,434)	1,770,147 60,844
			1,459,680	1,830,991
8.1	Operating fixed assets			
	Surplus on revaluation of land and buildings Related deferred tax liability		2,287,708 (540,594)	2,323,144 (552,997)
			1,747,114	1,770,147
8.2	Available for sale securities			
	Federal Government Securities Fully paid-up ordinary shares Term finance certificates, sukuks, bonds and of Open ended mutual funds	others	(417,770 ) (271) (26,967) 4,521	67,139 60,531 (91,175) 31,580
	Related deferred tax asset / (liability)		(440,487) 153,053	68,075 (7,231)
			(287,434)	60,844



**30-September** 31-December **2010** 2009 **(Un-Audited)** (Audited) (Rupees in '000)

7,309,461

6,052,504

#### 9. CONTINGENCIES AND COMMITMENTS

#### 9.1 Direct Credit Substitutes

### 9.2 Transaction-related Contingent Liabilities

Includes performance bonds, bid bonds, warranties, advance payment guarantees, shipping guarantees related to particular transactions issued in favour of:

Financial Institutions Others	220,103 4,584,767	302,603 2,809,840
	12,114,331	9,164,947
Trade-related Contingent Liabilities		
Letters of credit Acceptances	30,971,989 7,859,013	28,152,079 3,816,563
	38,831,002	31,968,642

## 9.4 Tax Contingencies

Government

9.3

The income tax returns of the Bank have been submitted upto and including the Bank's financial year 2008. Income tax assessments of the Bank have been made by the tax authorities upto and including the assessment / tax year 2008.

In respect of assessment years 1995-1996, 1999-2000 to 2002-2003 and tax years 2003 and 2004, the Income Tax Department has filed appeals against the appellate orders of the Commissioner Income Tax Appeals (CIT Appeals) before the Income Tax Appellate Tribunal (ITAT) on which tax liability, if any, of Rs. 40 million may arise.

For tax years, 2005 to 2008, the CIT Appeals has passed appellate orders by disallowing certain expenses / deductions (including bad debts written-off directly, improvement in leasehold premises, provision against non-performing loans and advances) having an aggregate tax impact of Rs.156.28 (net of provision made by the Bank of Rs.61.391) million. The Bank has preferred appeal before ITAT against the above referred orders of the CIT Appeals.



The aggregate financial impact of the above matters over the tax provisions made by the Bank in the financial statements works out to be Rs. 196.28 (31 December 2009: Rs. 198.14) million. However, the management, based on the opinion of its tax advisor, is confident about the favourable outcome of the above matters and hence, no additional provision has been considered necessary in these consolidated interim condensed financial statements.

For the tax year 2009, proceedings u/s 122(5A) of Income Tax Ordinance , 2001 were initiated against which the Bank has filed writ petition before Lahore High Court, Multan Bench. The Honourable Court has stayed the proceedings.

**30-September** 31-December **2010** 2009 (**Un-Audited**) (Audited) (Rupees in '000)

### 9.5 Commitments in respect of forward lending

	Commitments to extend credit	866,218	1,147,277
9.6	Commitments in respect of forward purchase of securities		
	Sukuks	194,303	712,371
9.7	Commitments in respect of forward exchange contracts		
	Purchase	22,787,489	11,702,277
	Sale	17,899,152	8,584,253

The maturities of above contracts are spread over a period upto one year.

# 9.8 Commitments for the acquisition of operating fixed assets 155,945 138,147



Nine months period ended
30-September 30-September
2010 2009
(Un-Audited)

(Rupees in '000)

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

$\cap$	laana and	advances	+0.
CHI	ioans and	anvances	1()

Customers	9,091,196	9,147,696
Financial institutions	195,039	290,188
	9,286,235	9,437,884
On investments in:		
Available for sale securities	9,613,081	5,993,954
Held to maturity securities	866,856	480,938
	10,479,937	6,474,892
On deposits with financial institutions	33,026	18,856
On securities purchased under resale agreements	111,435	196,991
On call money lendings	339	3,383
	19,910,972	16,132,006

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

Deposits	10,315,679	8,121,929
Repurchase agreement borrowings	378,002	161,520
Sub-ordinated loans	492,616	374,204
Borrowings from SBP	931,693	623,695
Other borrowings	20,344	149,492
	12,138,334	9,430,840

## 12. RELATED PARTY TRANSACTIONS

Related parties of the Group comprise associates (including entities having directors in common with the Group), retirement benefit funds, major shareholders, directors and key management personnel and their close family members.

Transactions with related parties are carried out on an arm's length basis in terms of the policy as approved by the Board of Directors. The transactions with employees of the Group are carried out in accordance with the terms of their employment.



Transactions with related parties during the period, are summarized as follows:

	30-September 2010 (Un-Audited)				
	Associates	Non Executive Directors	Key Management Personnel	Retirement Benefit Funds	Total
D 1	(Rupees in '000)				
Deposits					
At the beginning of the period Placement during the period Withdrawal during the period	674,596 36,858,051 (37,079,279)	13,966 154,386 (154,093)	80,124 409,042 (385,615)	513,212 3,067,471 (3,248,908)	1,281,898 40,488,950 (40,867,895)
At the end of the period	453,368	14,259	103,551	331,775	902,953
Advances					
At the beginning of the period Given during the period Repaid during the period	399,584 497,422 (582,313)	26 442 (449)	164 27,573 (9,338)	- - -	399,774 525,437 (592,100)
At the end of the period	314,693	19	18,399		333,111
Contingencies and commitments	653,982				653,982
Purchase of fixed assets	791				791
Sale of securities	36,004		_	264,827	300,831
		31-Dec	ember 2009 (Audite	 ed)	
	Associates	Non Executive Directors	Key Management Personnel	Retirement Benefit Funds	Total
Deposits		(H	Cupees in '000)		
•					
At the beginning of the year Placement during the year Withdrawal during the year	572,537 49,523,388 (49,421,329)	3,843 152,320 (142,197)	44,710 8,302,102 (8,266,688)	321,102 3,320,962 (3,128,852)	942,192 61,298,772 (60,959,066)
Placement during the year	49,523,388	152,320	8,302,102	3,320,962	61,298,772
Placement during the year Withdrawal during the year	49,523,388 (49,421,329)	152,320 (142,197)	8,302,102 (8,266,688)	3,320,962 (3,128,852)	61,298,772 (60,959,066)
Placement during the year Withdrawal during the year At the end of the year	49,523,388 (49,421,329)	152,320 (142,197)	8,302,102 (8,266,688)	3,320,962 (3,128,852)	61,298,772 (60,959,066)
Placement during the year Withdrawal during the year At the end of the year Advances At the beginning of the year Given during the year	49,523,388 (49,421,329) 674,596 369,000 542,438	152,320 (142,197) 13,966 ———————————————————————————————————	8,302,102 (8,266,688) 80,124 641 8,381	3,320,962 (3,128,852) 513,212	61,298,772 (60,959,066) 1,281,898 369,695 551,806
Placement during the year Withdrawal during the year At the end of the year Advances At the beginning of the year Given during the year Repaid during the year	49,523,388 (49,421,329) 674,596 369,000 542,438 (511,854)	152,320 (142,197) 13,966 54 987 (1,015)	8,302,102 (8,266,688) 80,124 641 8,381 (8,858)	3,320,962 (3,128,852) 513,212	$ \begin{array}{r} 61,298,772 \\ (60,959,066) \\ \hline 1,281,898 \\ \hline 369,695 \\ 551,806 \\ (521,727) \end{array} $
Placement during the year Withdrawal during the year At the end of the year Advances At the beginning of the year Given during the year Repaid during the year At the end of the year	49,523,388 (49,421,329) 674,596 369,000 542,438 (511,854) 399,584	152,320 (142,197) 13,966 54 987 (1,015)	8,302,102 (8,266,688) 80,124 641 8,381 (8,858)	3,320,962 (3,128,852) 513,212	61,298,772 (60,959,066) 1,281,898 369,695 551,806 (521,727) 399,774
Placement during the year Withdrawal during the year At the end of the year Advances At the beginning of the year Given during the year Repaid during the year At the end of the year Contingencies and commitments	49,523,388 (49,421,329) 674,596 369,000 542,438 (511,854) 399,584 229,073	152,320 (142,197) 13,966 54 987 (1,015)	8,302,102 (8,266,688) 80,124 641 8,381 (8,858)	3,320,962 (3,128,852) 513,212	61,298,772 (60,959,066) 1,281,898 369,695 551,806 (521,727) 399,774 229,073



Nine months period ended 30-September 2010 (Un-Audited)

	Nine months period ended 50-September 2010 (On-Audited)				
	Associates	Non	Key	Retirement	Total
		Executive	Management	Benefit	
		Directors	Personnel	Funds	
		(F	Rupees in '000)		
Mark-up earned	19,968	_	185	_	20,153
Mark-up expensed	42,954	1,213	7,932	33,972	86,071
Bank charges and commission	1,841	1	1	_	1,843
Gain on sale of securities	36	_	-	65	101
Salaries and allowances	_	_	82,018	_	82,018
Bonus	_	_	9,390	_	9,390
Contribution to defined					
contribution plan	_	_	2,914	_	2,914
Contribution to defined					
benefit plan	_	_	7,334	_	7,334
Staff provident fund	_	_	-	81,713	81,713
Staff gratuity fund	_	_	-	60,553	60,553
Directors' fee	_	1,030	-	_	1,030
Insurance claim received	7,474	_	-	-	7,474
Insurance premium paid	107,000	_	-	_	107,000
Dividend income	66,479	_	-	_	66,479
Dividend paid	22,802	_	-	-	22,802
Commission income	447	_	-	_	447

Nine months period ended 30-September 2009 (Un-Audited)

	Associates	Non	Key	Retirement	Total
		Executive	Management	Benefit	
		Directors	Personnel	Funds	
		(I	Rupees in '000)		
Mark-up earned	22,075	3	22	_	22,100
Mark-up expensed	43,029	810	4,581	54,573	102,993
Bank charges and commission	1,115	40	124	_	1,279
Gain on sale of securities	30	_	_	16	46
Salaries and allowances	_	_	66,551	_	66,551
Bonus	_	_	7,869	_	7,869
Contribution to defined					
contribution plan	_	_	2,215	_	2,215
Contribution to defined					
benefit plan	_	_	6,385	_	6,385
Staff provident fund	_	_	_	67,846	67,846
Staff gratuity fund	_	_	_	53,440	53,440
Directors' fee	_	620	_	_	620
Insurance claim received	5,422	_	_	_	5,422
Insurance premium paid	89,136	_	_	_	89,136
Dividend income	33,433	_	_	_	33,433
Dividend paid	11,177	_	-	_	11,177
Commission income	868	_	_	_	868



## 13. ISLAMIC BANKING BUSINESS

The Bank is operating 06 Islamic banking branches (31 December 2009: 06) . The statement of financial position of these branches as at 30 September 2010 is as follows:

ASSETS	30-September 2010 (Un-Audited) (Rupees	31-December 2009 (Audited) s in '000)
Cash and balances with treasury banks Balances with and due from financial institutions Investments Financing and receivables	174,648 5,230 970,498	195,926 2,291 949,431
<ul> <li>– Murabaha</li> <li>– Ijara</li> <li>– Diminishing musharika</li> <li>– Istisna</li> <li>Other assets</li> </ul>	1,075,518 367,274 1,244,233 73,000 587,212	2,268,080 485,659 327,565 - 142,268
	4,497,613	4,371,220
LIABILITIES Bills payable Due to financial institutions Deposits and other accounts  - Current accounts  - Saving accounts  - Term deposits  - Others  - Deposits from financial institutions-remunerative  - Deposits from financial institutions-non-remunerativ Due to head office Other liabilities  NET ASSETS	23,761 494,329 645,440 267,258 1,382,067 2,956 873,101 402 140,000 157,288 3,986,602 511,011	6,723 191,017 427,044 214,741 1,225,491 1,744 1,264,453 657 456,099 146,200 3,934,169 437,051
REPRESENTED BY		
Islamic banking fund Unappropriated profit	400,000 109,391	350,000 106,498
Surplus / (deficit) on revaluation of assets	509,391 1,620	456,498 (19,447)
	511,011	437,051



### 14. GENERAL

Corresponding figures have been re-arranged / re-classified wherever necessary, for the purpose of comparison.

### 15. DATE OF AUTHORIZATION

These consolidated interim condensed financial statements were authorized for issue by the Board of Directors in their meeting held on 12 October 2010.