

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2010

## 1. STATUS AND NATURE OF BUSINESS

The consolidated condensed interim financial statements consist of Allied Bank Limited (holding company) and ABL Asset Management Company Limited (subsidiary company).

Allied Bank Limited (the Bank), incorporated in Pakistan, is a scheduled Bank, engaged in commercial banking and related services. The Bank is listed on all stock exchanges in Pakistan. The Bank operates a total of 789 (2009: 779) branches in Pakistan including the Karachi Export Processing Zone Branch (overseas business unit). The long term credit rating of the Bank assigned by The Pakistan Credit Rating Agency Limited (PACRA) is 'AA'. Short term rating of the Bank is 'A1+'. The Bank is a holding company of ABL Asset Management Company Limited.

The registered office of the Bank is situated in Lahore whereas the principal office is situated at Khayaban-e-Iqbal, Main Clifton Road, Bath Island, Karachi.

## 2. STATEMENT OF COMPLIANCE

2.1 These consolidated condensed interim financial statements of the Bank for the nine months period ended September 30, 2010 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by the State Bank of Pakistan. In case where requirements differ, the provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Ordinance, 1984, and the directives issued by the State Bank of Pakistan shall prevail.

2.2 The SBP, vide BSD Circular Letter No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property (IAS 40) for banking companies till further instructions. Further, according to a notification of Securities and Exchange Commission of Pakistan dated April 28, 2008, International Financial Reporting Standard (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 consolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by SBP through various circulars.

2.3 These consolidated condensed interim financial statements are being submitted to the shareholders in accordance with section 245 of the Companies Ordinance, 1984.

## 3. BASIS OF PRESENTATION

3.1 The disclosures included in these consolidated condensed interim financial statements are limited based on the format prescribed by the State Bank of Pakistan, vide BSD Circular Letter No. 2 dated May 12, 2004, vide BSD Circular Letter No. 7 dated April 20, 2010 and International Accounting Standard 34, Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and these consolidated condensed interim financial statements should be read in conjunction with the consolidated financial statements of the Bank for the year ended December 31, 2009.

3.2 During the period, following new / revised standards, amendments and interpretations to accounting standards became effective:

- IAS 27 - Consolidated and Separate Financial Statements (Amendments).
- IFRS 2 - Share Based Payments: Amendments relating to Group Cash-settled Share-based payment Transaction.
- IFRS 3 - Business Combinations (Revised)
- IFRIC 17 - Distributions to Non-cash Assets to owners

Adoption of the above standards, amendments and interpretations did not affect the accounting policies of the Bank as disclosed in the annual financial statements for the year ended December 31, 2009. The implications of the amendment to the IFRS-2 relating to the Government of Pakistan share option scheme for employees of State Owned Enterprises are under considerations of the Institute of the Chartered Accountants of Pakistan.

# Notes to the Consolidated Condensed Interim Financial Statements

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## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND RISK MANAGEMENT POLICIES

- 4.1 The accounting policies, underlying estimates and methods of computation followed in the preparation of these consolidated condensed interim financial statements are same as those applied in preparing the most recent annual consolidated financial statements of the Bank, except, as referred to Note 7.2.
- 4.2 The financial risk management objectives and policies adopted by the Bank are consistent with that disclosed in the financial statements of the Bank for the year ended December 31, 2009.

Note	Un-audited September 30, 2010	Audited December 31, 2009
<u>Rupees in '000</u>		

## 5. LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings	5.1	700,000	525,000
Letters of placement	5.2	395	649,750
Repurchase agreement lendings (Reverse Repo)	5.3	5,757,307	26,347,932
Certificates of investment	5.4	106,667	880,845
		6,564,369	28,403,527
Provision against lending to Financial Institution	5.5	(400)	(280,595)
		6,563,969	28,122,932

- 5.1 These are unsecured lendings to Financial Institutions, carrying mark-up at rates, ranging between 10.75% and 12.70% (December 31, 2009: ranging between 12.10% and 12.70%) per annum and maturing on various dates, latest by October 22, 2010.
- 5.2 This represents clean placement with Non-Banking Finance Company carrying mark-up rate at 0.00 % (December 31, 2009: ranging between 12.60% and 12.70%) per annum and will mature on October 25, 2010.
- 5.3 These are short-term lendings to various financial institutions against the government securities, carrying mark-up at rates, ranging between 10.74% and 12.25% (December 31, 2009: ranging between 11.75% and 12.40%) per annum and will mature on various dates, latest by October 14, 2010.
- 5.4 The certificate of investment carries mark-up at the rate of 12.81% (December 31, 2009: ranging between 13.0% and 14.47%) per annum on performing investment and will mature on October 06, 2010.
- 5.5 This represents provision made under the prudential regulations of the State Bank of Pakistan.

## 6. INVESTMENTS

Note	Held by Bank	Given as collateral	Total
<u>Rupees in '000</u>			
Current period - September 30, 2010 (Un-audited)	6.1	120,558,718	2,333,295
		120,558,718	2,333,295
Prior year - December 31, 2009 (Audited)	6.1	87,696,481	94,673,100
		87,696,481	94,673,100

# Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the nine months ended September 30, 2010

	Un-audited As at September 30, 2010			Audited As at December 31, 2009		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
Rupees in '000						
<b>6.1 Investments by types</b>						
<b>Held-for-trading securities</b>						
Ordinary Shares of listed companies	59,900	-	59,900	67,385	-	67,385
Ordinary Shares of related parties:						
-Listed Shares	16,577	-	16,577	-	-	-
Units of open-end mutual funds	342,054	-	342,054	252,866	-	252,866
	418,531	-	418,531	320,251	-	320,251
<b>Available-for-sale securities</b>						
Market Treasury Bills	61,083,191	2,341,789	63,424,980	27,019,901	6,976,575	33,996,476
Pakistan Investment Bonds	246,617	-	246,617	246,204	-	246,204
Ordinary Shares / certificates						
of listed companies	5,158,296	-	5,158,296	4,882,928	-	4,882,928
Preference Shares of listed companies	291,688	-	291,688	191,667	-	191,667
Units of open-end mutual funds	2,731,787	-	2,731,787	4,347,813	-	4,347,813
Ordinary Shares of unlisted companies	215,193	-	215,193	215,193	-	215,193
Ordinary Shares of related parties						
-Listed Shares	2,394,919	-	2,394,919	2,449,082	-	2,449,082
-Unlisted Shares	597,496	-	597,496	597,496	-	597,496
Pre IPO Investment	55,000	-	55,000	35,000	-	35,000
Commercial paper	118,896	-	118,896	-	-	-
Sukuk Bonds	4,676,421	-	4,676,421	3,637,774	-	3,637,774
Term Finance Certificates (TFCs)	29,636,202	-	29,636,202	26,166,567	-	26,166,567
	107,205,706	2,341,789	109,547,495	69,789,625	6,976,575	76,766,200
<b>Held-to-maturity securities</b>						
Pakistan Investment Bonds	7,543,782	-	7,543,782	7,690,909	-	7,690,909
Foreign Currency Bonds (US\$)	648,909	-	648,909	73,286	-	73,286
TFCs, Debentures, Bonds and Participation Term Certificate (PTC's)	6,088,732	-	6,088,732	10,274,764	-	10,274,764
	14,281,423	-	14,281,423	18,038,959	-	18,038,959
<b>Investment at cost</b>	<b>121,905,660</b>	<b>2,341,789</b>	<b>124,247,449</b>	<b>88,148,835</b>	<b>6,976,575</b>	<b>95,125,410</b>
Provision for diminution in value of investments	(2,339,566)	-	(2,339,566)	(2,185,929)	-	(2,185,929)
Unrealised gain on revaluation of Held-for-trading securities	2,197	-	2,197	(365)	-	(365)
Surplus/(deficit) on revaluation of Available-for-sale securities	990,427	(8,494)	981,933	1,733,940	44	1,733,984
<b>Investments (net of provision)</b>	<b>120,558,718</b>	<b>2,333,295</b>	<b>122,892,013</b>	<b>87,696,481</b>	<b>6,976,619</b>	<b>94,673,100</b>

Notes to the Consolidated Condensed Interim Financial Statements  
(Un-audited) for the nine months ended September 30, 2010

	Note	Un-audited September 30, 2010	Audited December 31, 2009
Rupees in '000			
<b>7. ADVANCES</b>			
Loans, cash credits, running finances, etc. - in Pakistan		231,805,605	243,204,567
Net investment in finance lease - in Pakistan		1,182,152	846,699
Bills discounted and purchased (excluding government treasury bills)			
Payable in Pakistan		342,800	389,507
Payable outside Pakistan		2,807,029	5,484,414
		3,149,829	5,873,921
Advances - gross		236,137,586	249,925,187
Provision against non-performing advances	7.1	(15,123,189)	(12,535,255)
General provision	7.2	(150,000)	-
General provision against consumer financing		(9,055)	(7,410)
		220,855,342	237,382,522

7.1 Advances include Rs. 18,950.298 million (2009: Rs. 16,281.178 million) which have been placed under the non-performing status as detailed below:

September 30, 2010 (Un-audited)					
Category of Classification	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
Rupees in '000					
Other Assets Especially					
Mentioned	26,412	-	26,412	-	-
Substandard	2,006,460	-	2,006,460	501,093	501,093
Doubtful	4,590,660	-	4,590,660	2,295,330	2,295,330
Loss	12,326,766	-	12,326,766	12,326,766	12,326,766
	18,950,298	-	18,950,298	15,123,189	15,123,189

December 31, 2009 (Audited)					
Category of Classification	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
Rupees in '000					
Other Assets Especially					
Mentioned	21,370	-	21,370	-	-
Substandard	3,045,384	-	3,045,384	760,816	760,816
Doubtful	2,713,157	-	2,713,157	1,356,579	1,356,579
Loss	10,501,267	-	10,501,267	10,417,860	10,417,860
	16,281,178	-	16,281,178	12,535,255	12,535,255

7.2 This represents general provision against advances excluding non performing advances and consumer financing, made on prudent basis, in view of prevailing economic conditions.

7.3 No benefit of Forced Sales Value of the collaterals held by the Bank has been taken while determining the provision against non performing loans as allowed under BSD Circular No. 02 dated June 03, 2010.

Notes to the Consolidated Condensed Interim Financial Statements  
(Un-audited) for the nine months ended September 30, 2010

	Un-audited September 30, 2010	Audited December 31, 2009
	Rupees in '000	
<b>8. OPERATING FIXED ASSETS</b>		
Capital work-in-progress	3,062,254	1,686,872
Property and equipment	11,784,031	10,614,274
Intangible assets	194,798	158,440
	15,041,083	12,459,586
<b>9. DEFERRED TAX ASSET / (LIABILITY) - NET</b>		
<b>Deferred debits arising in respect of:</b>		
Compensated leave absences	136,124	216,646
Provision against:		
Investments	79,098	79,098
Other assets	305,418	305,418
Off balance sheet obligations	169,525	169,525
Provision against advances	1,019,768	223,560
Post retirement medical benefits	282,598	327,168
Workers Welfare Fund	142,113	75,258
Loss on sale of listed shares	19,862	39,863
	2,154,506	1,436,536
<b>Deferred credits arising due to:</b>		
Surplus on revaluation of fixed assets	(318,749)	(331,165)
Surplus on revaluation of investments	(349,678)	(472,787)
Accelerated tax depreciation / amortization	(744,414)	(605,066)
Excess of investment in finance lease over written down value of leased assets	(13,488)	(30,892)
	(1,426,329)	(1,439,910)
	728,177	(3,374)

- 9.1 Through Finance Act 2007, a new section 100A and the 7th Schedule (the Schedule) were inserted in the Income Tax Ordinance, 2001 governing taxation of banking companies. The Schedule was applicable from tax year 2009 (financial year ended on December 31, 2008). Initially schedule did not contain transitory provisions to deal with the disallowances made upto year ended December 31, 2007. During the period, Rule 8A has been inserted in 7th Schedule, vide Finance Act 2010 which contains transitional provision with respect to provision against non performing loans and leases. However, transitional provisions on certain matters are yet to be notified, and the issue has been taken up with the tax authorities through Pakistan Banks' Association (PBA) for formulation of transitory provisions to deal with the items, which were previously treated differently under the then applicable provisions.

The deferred tax asset on the deductible temporary differences disallowed as a deduction in the past up to December 31, 2007, for which transitory provisions are not available, is being kept as an asset as the Bank is confident that transitory provisions would be introduced to set out the mechanism of claiming where benefit of these allowances can be claimed.

- 9.2 Similarly, the Finance Act, 2009 and 2010 have made significant amendments in the Seventh Schedule to Income Tax Ordinance, 2001. The deduction for provision for doubtful and loss categories of advances and off balance sheet items is allowable up to a maximum of 1% of total advances whereas provision for advances and off balance sheet items for consumers and small and medium enterprises (SMEs) ("as defined under the SBP's Prudential Regulations) is now allowed at 5% of gross consumers and SME portfolio. The amount of bad debts classified as substandard under Prudential Regulations issued by the State Bank of Pakistan would not be allowed as an expense. Provision in excess of 1% of general advances can be carried forward to succeeding years. The matter of carry forward of provision exceeding 5% in case of consumer and SME advances has been taken up with Federal Board of Revenue through PBA.

## Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2010

	Un-audited September 30, 2010	Audited December 31, 2009
Rupees in '000		
<b>10. DEPOSITS AND OTHER ACCOUNTS</b>		
<b>Customers</b>		
Fixed deposits	91,150,922	98,425,685
Savings deposits	88,738,261	85,274,893
Current accounts - Remunerative	47,340,104	47,704,436
- Non-remunerative	100,749,447	93,273,281
	327,978,734	324,678,295
<b>Financial Institutions</b>		
Remunerative deposits	592,970	4,194,264
	328,571,704	328,872,559

### 11. SHARE CAPITAL

#### 11.1 Authorised capital

Un-audited September 30, 2010	Audited December 31, 2009		Un-audited September 30, 2010	Audited December 31, 2009
No. of shares			Rupees in '000	
1,000,000,000	1,000,000,000	Ordinary shares of Rs. 10 each	10,000,000	10,000,000

#### 11.2 Issued, subscribed and paid-up capital

Fully paid-up Ordinary shares of Rs. 10 each

Un-audited September 30, 2010	Audited December 31, 2009		Un-audited September 30, 2010	Audited December 31, 2009
No. of shares			Rupees in '000	
406,780,094	406,780,094	Fully paid in cash	4,067,801	4,067,801
357,772,190	286,672,114	Issued as bonus shares	3,577,722	2,866,721
764,552,284	693,452,208		7,645,523	6,934,522
9,148,550	9,148,550	18,348,550 Ordinary Shares of Rs. 10 each determined pursuant to the Scheme of Amalgamation of ILL with ABL in accordance with the share swap ratio stipulated therein less 9,200,000 Ordinary Shares of Rs. 10 each held by ILL on the cut-off date (September 30, 2004)	91,486	91,486
8,400,000	8,400,000	8,400,000 Ordinary Shares of Rs. 10 each determined pursuant to the Scheme of Amalgamation of First Allied Bank Modaraba with Allied Bank Limited in accordance with the share swap ratio stipulated therein	84,000	84,000
782,100,834	711,000,758		7,821,009	7,110,008

Ibrahim Fibres Limited and Ibrahim Agencies (Private) Limited, related parties of the Bank, held 294,346,565 (37.64%) and NIL (0.00%) (December 31, 2009: 287,678,696 (40.46%) and 66,247,840 (9.32%)) Ordinary shares of Rs.10 each, respectively.

Notes to the Consolidated Condensed Interim Financial Statements  
(Un-audited) for the nine months ended September 30, 2010

	Note	Un-audited September 30, 2010	Audited December 31, 2009
————— Rupees in '000 —————			
<b>12. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>			
Surplus/(deficit) arising on revaluation of:			
- fixed assets	12.1	2,772,722	2,801,082
- available for sale securities	12.2	632,256	1,261,197
Surplus on revaluation of assets - net of tax		<u>3,404,978</u>	<u>4,062,279</u>
<b>12.1 Surplus on revaluation of fixed assets</b>			
Surplus on revaluation of fixed assets as at January 1		3,132,247	3,182,032
Surplus realized on disposal of revalued properties		(5,303)	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year - net of deferred tax		(23,057)	(32,360)
Related deferred tax liability		(12,416)	(17,425)
		<u>(35,473)</u>	<u>(49,785)</u>
Surplus on revaluation of fixed assets as at September 30 and December 31		3,091,471	3,132,247
Less: Related deferred tax liability on :			
Revaluation as at January 1		331,165	348,590
Incremental depreciation charged during the period / year transferred to profit and loss account		(12,416)	(17,425)
		<u>318,749</u>	<u>331,165</u>
		<u>2,772,722</u>	<u>2,801,082</u>
<b>12.2 Surplus/(Deficit) on revaluation of available-for-sale securities</b>			
<b>Federal Government Securities</b>			
Market Treasury Bills		(175,271)	1,127
Pakistan Investment Bonds		(21,431)	(19,305)
<b>Term Finance Certificates</b>		(218,419)	(387,927)
<b>Sukuk Bonds</b>		(108,882)	(97,281)
<b>Shares/Certificates - Listed</b>		1,480,092	2,069,929
<b>Mutual Funds</b>		25,845	167,441
		981,934	1,733,984
Less : Related deferred tax liability		(349,678)	(472,787)
		<u>632,256</u>	<u>1,261,197</u>

## Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the nine months ended September 30, 2010

	Un-audited September 30, 2010	Audited December 31, 2009
	————— Rupees in '000 —————	
<b>13. CONTINGENCIES AND COMMITMENTS</b>		
<b>13.1 Direct credit substitutes</b>		
Guarantees in favour of:		
Banks and financial institutions	1,697,854	1,035,107
<b>13.2 Transaction—related contingent liabilities</b>		
Guarantees in favour of:		
Government	5,989,021	5,752,873
Others	10,797,159	10,352,695
	16,786,180	16,105,568
<b>13.3 Trade—related contingent liabilities</b>	46,752,347	65,895,610
<b>13.4 Claims against the Bank not acknowledged as debt</b>	4,207,928	4,346,919
<b>13.5 Commitments to extend credit</b>		

The Bank makes commitments to extend credit in the normal course of business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

	Un-audited September 30, 2010	Audited December 31, 2009
	————— Rupees in '000 —————	
<b>13.6 Commitments in respect of forward foreign exchange contracts</b>		
Purchase	25,416,173	23,338,782
Sale	11,862,377	8,827,975
<b>13.7 Commitments in respect of operating fixed assets</b>		
Civil works	1,212,376	604,828
Acquisition of operating fixed assets	511,288	327,650
<b>13.8 Commitments in respect of lease financing</b>	138,030	32,630
<b>13.9 Commitments in respect of procurement of shares</b>	-	36,523

### 13.10 Contingencies

**13.10.1** There is no change in the status of contingencies, set out in note 22.12 to the financial statements of the Bank for the year ended December 31, 2009, except for the contingency as mentioned below:

**13.10.2** The income tax assessments of the Bank have been finalized upto and including tax year 2009 for local and Azad Kashmir operations. While finalizing income tax assessments upto tax year 2009, income tax authorities made certain add backs with aggregate tax impact of Rs.9,631 million. As a result of appeals filed by the Bank before appellate authorities, the add backs with tax impact amounting to Rs.2,524 million and Rs.6,987 million were set-aside and deleted respectively. While giving appeal effects on most of the deleted issues, a refund of Rs.5,794 million has been determined. Against most of the deleted and set-aside issues, Department is in appeal before higher appellate authorities. Pending finalization of appeals no provision has been made by the Bank on aggregate sum of Rs. 9,631 million. The management is hopeful that the outcome of these appeals will be in favour of the Bank.

Notes to the Consolidated Condensed Interim Financial Statements  
(Un-audited) for the nine months ended September 30, 2010

	Nine months ended		Quarter ended	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
<b>Rupees in '000</b>				
<b>14. MARK-UP/RETURN/INTEREST EARNED</b>				
On loans and advances	22,989,362	22,302,293	7,697,696	7,354,356
On investments in:				
Available-for-sale securities	7,289,264	4,914,938	3,090,453	1,812,397
Held-to-maturity securities	1,093,222	1,499,097	170,668	458,673
	8,382,486	6,414,035	3,261,121	2,271,070
On deposits with financial institutions	9,536	33,375	2,095	18,677
On securities purchased under resale agreements	1,573,108	1,537,490	226,906	733,221
On certificates of investment	30,631	60,708	3,507	17,651
On letters of placement	23,579	34,610	-	11,963
On call money lending	260,799	53,084	221,085	17,319
	<u>33,269,501</u>	<u>30,435,595</u>	<u>11,412,410</u>	<u>10,424,257</u>

**15. MARK-UP/RETURN/INTEREST EXPENSED**

Deposits	12,488,811	13,591,861	3,843,690	4,268,466
Long term borrowings	257,902	179,197	90,611	70,202
Securities sold under repurchase agreements	618,211	413,221	356,993	227,183
Call money borrowing	927,077	859,010	382,234	330,951
Brokerage and commission	99,829	89,884	58,683	36,820
Markup on sub-ordinated loans	566,564	628,749	191,296	189,397
Other short term borrowings	1,745,785	1,028,688	513,566	354,688
	<u>16,704,179</u>	<u>16,790,610</u>	<u>5,437,073</u>	<u>5,477,707</u>

**16. ADMINISTRATIVE EXPENSES**

During the period, the Bank announced the Voluntary Retirement Scheme (VRS) for its employees. 195 employees of the Bank opted for retirement under this scheme. In accordance with the actuary recommendations, the Bank has recognized an amount of Rs. 294 million to cover additional retirement benefits in respect of such employees.

	Nine months ended		Quarter ended	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
<b>Rupees in '000</b>				
<b>17. EARNINGS PER SHARE - BASIC AND DILUTED</b>				
Profit after tax for the period attributable to ordinary shareholders	5,888,135	5,027,392	2,241,385	1,978,560
<b>Number of Shares</b>				
Weighted average number of Ordinary Shares outstanding during the period	782,100,834	782,100,834	782,100,834	782,100,834
<b>Rupees</b>				
Earnings per share - basic and diluted	7.53	6.43	2.87	2.53

There is no dilution effect on basic earnings per share.

17.1 The comparative figure of weighted average number of shares outstanding has been restated to include the effect of bonus shares issued by the Bank during the period.

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2010

## 18. RELATED PARTY TRANSACTIONS

The Bank and its subsidiary have related party relationships with companies with common directorship, directors, employee benefit plans and key management personnel.

Contributions to the accounts in respect of staff retirement benefits are made in accordance with actuarial valuation / terms of the contribution plan. Remuneration of the key management personnel are in accordance with the terms of their employment. Other transactions are at agreed terms.

	Un-audited September 30, 2010				Audited December 31, 2009			
	Directors	Associated companies	Key management personnel	Other related parties	Directors	Associated companies	Key management personnel	Other related parties
<b>Nature of related party transactions</b>								
<b>Loans</b>								
Loans at the beginning of the period/year	22,461	-	248,967	14,318,863	27,040	-	227,276	6,156,764
Loans given during the period/year	16,457	-	35,999	1,538,060	13,040	-	71,710	8,196,479
Loans repaid during the period/year	(37,861)	-	(69,370)	(263,633)	(17,619)	-	(50,019)	(34,380)
Loans at the end of the period/year	1,057	-	215,596	15,593,290	22,461	-	248,967	14,318,863
<b>Deposits</b>								
Deposits at the beginning of the period/year	9,661	9,400	10,782	-	4,845	55,423	14,275	-
Deposits received during the period/year	2,338,529	5,152,797	117,766	-	555,123	1,631,336	268,641	-
Deposits repaid during the period/year	(2,340,625)	(5,135,087)	(104,982)	-	(550,307)	(1,677,359)	(272,134)	-
Deposits at the end of the period/year	7,565	27,110	23,566	-	9,661	9,400	10,782	-
Nostro balances	-	133,772	-	-	-	198,082	-	-
Lendings	-	523,239	-	-	-	1,097,434	-	-
Borrowings	-	150,981	-	-	-	484,267	-	-
Investments in shares/ funds	-	240,969	-	3,960,076	-	240,969	-	4,229,537
Non Funded Exposures	-	-	-	330,420	-	-	-	4,003,500
Other receivables	-	-	-	-	-	-	-	-
Net receivable from staff retirement benefit funds	-	-	-	1,376,170	-	-	-	1,343,345
staff retirement fund deposits	-	-	-	4,738,643	-	-	-	4,810,081

Notes to the Consolidated Condensed Interim Financial Statements  
(Un-audited) for the nine months ended September 30, 2010

	Un-audited September 30, 2010				Un-audited September 30, 2009			
	Directors	Associated companies	Key management personnel	Other related parties	Directors	Associated companies	Key management personnel	Other related
	Rupees in '000							
Mark-up earned	390	-	9,226	1,480,667	804	3,769	11,721	772,539
Income on placements	-	6	-	-	-	106	-	-
Dividend Income	-	-	-	142,136	-	-	-	-
Management Fee / Sales Commission	-	-	-	5,687	-	-	-	64,445
Mark-up expense on Deposits	185	-	56	318,630	204	37	517	204,214
Interest expense on Borrowings	-	448	-	-	-	-	-	-
Directors' meeting fee	1,000	-	-	-	1,650	-	-	-
NIFT charges	-	-	-	51,795	-	-	-	48,314
Bank charges levied	-	19	-	29	-	-	-	-
Rent expense	-	3,416	-	-	-	-	-	5,978
Charge / (reversal) in respect of staff retirement benefit funds	-	-	-	107,853	-	-	-	250,101

# Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the nine months ended September 30, 2010

## 19. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activity is as follows:-

As at September 30, 2010 (Un-audited)								
Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Asset Management	Eliminations	Total	
Rupees in '000								
Total Income	374,194	1,726,497	17,014,550	29,272,125	319,527	162,786	(11,804,506)	37,065,173
Total Expenses	(193,861)	(1,721,478)	(14,297,395)	(26,472,254)	(173,181)	(123,375)	11,804,506	(31,177,038)
Net Income	180,333	5,019	2,717,155	2,799,871	146,346	39,411	-	5,888,135

As at September 30, 2009 (Un-audited)								
Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Asset Management	Eliminations	Total	
Rupees in '000								
Total Income	620,915	1,719,267	14,599,108	27,442,622	132,858	106,932	(9,404,472)	35,217,230
Total Expenses	(325,075)	(1,694,881)	(12,903,263)	(24,498,575)	(79,648)	(92,868)	9,404,472	(30,189,838)
Net Income	295,840	24,386	1,695,845	2,944,047	53,210	14,064	-	5,027,392

As at September 30, 2010 (Un-audited)							
Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Asset Management	Total	
Rupees in '000							
Segment Assets	315,249	6,181,948	104,231,167	301,009,839	243,330	501,328	412,482,861

As at December 31, 2009 (Audited)							
Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Asset Management	Total	
Rupees in '000							
Segment Assets	467,199	27,747,915	90,559,712	298,846,026	250,471	469,529	418,340,852

## 20. GENERAL

20.1 Figures have been rounded off to the nearest thousand rupees.

20.2 Corresponding figures have been re-arranged and reclassified to reflect more appropriate presentation of transactions for the purpose of comparison. However, no significant reclassifications have been made in these consolidated condensed interim financial statements.

## 21. DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue on October 18, 2010 by the Board of Directors of the Bank.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman