

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 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 787 (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 six months period ended June 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

(Un-audited) for the half year ended June 30, 2010

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 June 30, 2010	Audited December 31, 2009
Rupees in '000			
5. LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings	5.1	1,200,000	525,000
Letters of placement	5.2	400	649,750
Repurchase agreement lendings (Reverse Repo)	5.3	27,473,353	26,347,932
Certificates of investment	5.4	116,667	880,845
		28,790,420	28,403,527
Provision against lending to Financial Institution.	5.5	(400)	(280,595)
		28,790,020	28,122,932

- 5.1 These are unsecured lendings to Financial Institutions, carrying mark-up at rates, ranging between 12.35% and 12.40% (December 31, 2009: ranging between 12.10% and 12.70%) per annum and maturing on various dates, latest by July 19, 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 July 30, 2010.
- 5.3 These are short-term lendings to various financial institutions against the government securities, carrying mark-up at rates, ranging between 10.00% and 12.40% (December 31, 2009: ranging between 11.75% and 12.40%) per annum and will mature on various dates, latest by July 29, 2010.
- 5.4 The certificate of investment carries mark-up at the rate of 12.34% (December 31, 2009: ranging between 13.0% and 14.47%) per annum on performing investment and will mature on July 05, 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
Rupees in '000				
Current period - June 30, 2010 (Un-audited)	6.1	108,925,861	1,293,453	110,219,314
Prior year December 31, 2009 (Audited)	6.1	87,696,481	6,976,619	94,673,100

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2010

Un-audited As at June 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

6.1 Investments by types

Held-for-trading securities

Ordinary Shares of listed companies	74,146	-	74,146	67,385	-	67,385
Units of open-end mutual funds	313,289	-	313,289	252,866	-	252,866
	387,435	-	387,435	320,251	-	320,251

Available-for-sale securities

Market Treasury Bills	48,321,416	1,294,750	49,616,166	27,019,901	6,976,575	33,996,476
Pakistan Investment Bonds	246,474	-	246,474	246,204	-	246,204
Ordinary Shares / certificates of listed companies	4,675,383	-	4,675,383	4,882,928	-	4,882,928
Preference Shares of listed companies	350,017	-	350,017	191,667	-	191,667
Units of open-end mutual funds	3,790,623	-	3,790,623	4,347,813	-	4,347,813
Ordinary Shares of unlisted companies	215,192	-	215,192	215,193	-	215,193
Ordinary Shares of related parties						
-Listed Shares	2,625,900	-	2,625,900	2,449,082	-	2,449,082
-Unlisted Shares	597,496	-	597,496	597,496	-	597,496
Pre IPO Investment	35,000	-	35,000	35,000	-	35,000
Sukuk Bonds	4,721,863	-	4,721,863	3,637,774	-	3,637,774
Term Finance Certificates (TFCs)	30,112,570	-	30,112,570	26,166,567	-	26,166,567
	95,691,934	1,294,750	96,986,684	69,789,625	6,976,575	76,766,200

Held-to-maturity securities

Pakistan Investment Bonds	7,593,662	-	7,593,662	7,690,909	-	7,690,909
Foreign Currency Bonds (US\$)	559,308	-	559,308	73,286	-	73,286
TFCs, Debentures, Bonds and Participation Term Certificate (PTCs)	6,219,626	-	6,219,626	10,274,764	-	10,274,764
	14,372,596	-	14,372,596	18,038,959	-	18,038,959

Investment at cost

	110,451,965	1,294,750	111,746,715	88,148,835	6,976,575	95,125,410
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Provision for diminution in value of investments	(2,378,054)	-	(2,378,054)	(2,185,929)	-	(2,185,929)
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Unrealised gain on revaluation of

Held-for-trading securities	1,909	-	1,909	(365)	-	(365)
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Surplus/(deficit) on revaluation of

Available-for-sale securities	850,041	(1,297)	848,744	1,733,940	44	1,733,984
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Investments (net of provision)

	108,925,861	1,293,453	110,219,314	87,696,481	6,976,619	94,673,100
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Notes to the Consolidated Condensed Interim Financial Statements
(Un-audited) for the half year ended June 30, 2010

	Note	Un-audited June 30, 2010	Audited December 31, 2009
Rupees in '000			
7. ADVANCES			
Loans, cash credits, running finances, etc. - in Pakistan		241,399,201	243,204,567
Net investment in finance lease - in Pakistan		1,078,223	846,699
Bills discounted and purchased (excluding government treasury bills)			
Payable in Pakistan		317,788	389,507
Payable outside Pakistan		5,436,989	5,484,414
		5,754,777	5,873,921
Advances - gross		248,232,201	249,925,187
Provision against non-performing advances	7.1	(13,951,460)	(12,535,255)
General provision	7.2	(300,000)	-
General provision against consumer financing		(8,311)	(7,410)
		233,972,430	237,382,522

7.1 Advances include Rs. 17,269.455 million (2009: Rs. 16,281.178 million) which have been placed under the non-performing status as detailed below:

Category of Classification	June 30, 2010 (Un-audited)			Provision required	Provision held
	Classified Advances				
	Domestic	Overseas	Total		
Rupees in '000					
Other Assets Especially					
Mentioned	21,954	-	21,954	-	-
Substandard	2,081,854	-	2,081,854	519,962	519,962
Doubtful	3,468,298	-	3,468,298	1,734,149	1,734,149
Loss	11,697,349	-	11,697,349	11,697,349	11,697,349
	17,269,455	-	17,269,455	13,951,460	13,951,460

Category of Classification	December 31, 2009 (Audited)			Provision required	Provision held
	Classified Advances				
	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 half year ended June 30, 2010

	Un-audited June 30, 2010	Audited December 31, 2009
Rupees in '000		
8. OPERATING FIXED ASSETS		
Capital work-in-progress	1,880,360	1,686,872
Property and equipment	11,796,978	10,614,274
Intangible assets	162,024	158,440
	13,839,362	12,459,586

9. DEFERRED TAX ASSET / (LIABILITY) - NET

Deferred debits arising in respect of:

Compensated leave absences	172,862	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	782,914	223,560
Post retirement medical benefits	292,679	327,168
Worker's Welfare Fund	117,325	75,258
Loss on sale of listed shares	25,806	39,863
	1,945,627	1,436,536

Deferred credits arising due to:

Surplus on revaluation of fixed assets	(322,888)	(331,165)
Surplus on revaluation of investments	(301,043)	(472,787)
Accelerated tax depreciation / amortization	(688,567)	(605,066)
Excess of investment in finance lease over written down value of leased assets	(19,110)	(30,892)
	(1,331,608)	(1,439,910)
	614,019	(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.

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2010

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 upto 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.

Un-audited June 30, 2010	Audited December 31, 2009
Rupees in '000	

10. DEPOSITS AND OTHER ACCOUNTS

Customers		
Fixed deposits	96,960,400	98,425,685
Savings deposits	89,363,616	85,274,893
Current accounts – Remunerative	54,272,137	47,704,436
– Non–remunerative	111,274,311	93,273,281
	351,870,464	324,678,295
Financial Institutions		
Remunerative deposits	742,200	4,194,264
	352,612,664	328,872,559

11. SHARE CAPITAL

11.1 Authorised capital

Un-audited June 30, 2010	Audited December 31, 2009		Un-audited June 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 June 30, 2010	Audited December 31, 2009	Ordinary Shares	Un-audited June 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 301,846,565 (38.59%) and 72,624 (0.01%) [December 31, 2009: 287,678,696 (40.46%) and 66,247,840 (9.32%)] Ordinary shares of Rs.10 each, respectively.

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(Un-audited) for the half year ended June 30, 2010

Un-audited
June 30,
2010
Audited
December 31,
2009
Rupees in '000

12. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

12.1 Surplus on revaluation of assets

Surplus / (deficit) arising on revaluation of:			
- fixed assets	12.1	2,780,407	2,801,082
- available for sale securities	12.2	547,702	1,261,197
Surplus on revaluation of assets - net of tax		<u>3,328,109</u>	<u>4,062,279</u>

12.1 Surplus on revaluation of fixed assets

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		(15,372)	(32,360)
Related deferred tax liability		(8,274)	(17,425)
		<u>(23,646)</u>	<u>(49,785)</u>
Surplus on revaluation of fixed assets as at June 30 and December 31		3,103,298	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		(8,274)	(17,425)
		<u>322,891</u>	<u>331,165</u>
		<u>2,780,407</u>	<u>2,801,082</u>

12.2 Surplus / (Deficit) on revaluation of available-for-sale securities

Federal Government Securities			
Market Treasury Bills		(60,702)	1,127
Pakistan Investment Bonds		(17,641)	(19,305)
Term Finance Certificates		(201,203)	(387,927)
Sukuk Bonds		(108,281)	(97,281)
Shares / Certificates - Listed		1,173,051	2,069,929
Mutual Funds		63,521	167,441
		848,745	1,733,984
Less : Related deferred tax liability		(301,043)	(472,787)
		<u>547,702</u>	<u>1,261,197</u>

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2010

	Un-audited June 30, 2010	Audited December 31, 2009
13. CONTINGENCIES AND COMMITMENTS	Rupees in '000	
13.1 Direct credit substitutes		
Guarantees in favour of:		
Banks and financial institutions	666,551	1,035,107
13.2 Transaction-related contingent liabilities		
Guarantees in favour of:		
Government	7,166,461	5,752,873
Others	11,028,240	10,352,695
	18,194,701	16,105,568
13.3 Trade-related contingent liabilities	63,096,396	65,895,610
13.4 Claims against the Bank not acknowledged as debt	3,872,752	4,346,919
13.5 Commitments to extend credit		

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 June 30, 2010	Audited December 31, 2009
	Rupees in '000	
13.6 Commitments in respect of forward foreign exchange contracts		
Purchase	22,291,185	23,338,782
Sale	9,494,391	8,827,975
13.7 Commitments in respect of operating fixed assets		
Civil works	2,236,129	604,828
Acquisition of operating fixed assets	428,266	327,650
13.8 Commitments in respect of lease financing	113,308	32,630
13.9 Commitments in respect of procurement of software	1,039	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 half year ended June 30, 2010

	Half year ended		Quarter ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
	Rupees in '000			
14. MARK-UP / RETURN / INTEREST EARNED				
On loans and advances	15,291,666	14,947,704	7,564,235	7,102,354
On investments in:				
Available-for-sale securities	4,198,811	3,102,541	2,242,870	1,524,393
Held-to-maturity securities	922,554	1,040,424	373,680	689,273
	5,121,365	4,142,965	2,616,550	2,213,666
On deposits with financial institutions	7,441	14,931	2,459	8,793
On securities purchased				
under resale agreements	1,346,202	804,269	680,426	409,906
On certificates of investment	27,124	43,057	16,077	22,139
On letters of placement	23,579	22,647	17,690	2,550
On call money lending	39,714	35,765	19,946	13,177
	<u>21,857,091</u>	<u>20,011,338</u>	<u>10,917,383</u>	<u>9,772,585</u>

15. MARK-UP / RETURN / INTEREST EXPENSED

Deposits	8,645,121	9,323,395	4,393,235	4,491,050
Long term borrowings	167,291	108,995	83,185	53,888
Securities sold under repurchase agreements	261,218	186,038	65,655	68,393
Call money borrowing	544,843	528,059	313,145	289,056
Brokerage and commission	41,146	53,064	11,699	28,522
Markup on TFCs	375,268	439,352	188,361	209,760
Other short term borrowings	1,232,219	674,000	646,055	256,300
	<u>11,267,106</u>	<u>11,312,903</u>	<u>5,701,335</u>	<u>5,396,969</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.

	Half year ended		Quarter ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
	Rupees in '000			
17. EARNINGS PER SHARE - BASIC AND DLUTED				
Profit after tax for the period attributable to ordinary shareholders	<u>3,646,750</u>	<u>3,048,832</u>	<u>1,848,262</u>	<u>1,605,006</u>
	Number of Shares			
Weighted average number of Ordinary Shares outstanding during the period	<u>782,100,834</u>	<u>782,100,834</u>	<u>782,100,834</u>	<u>782,100,834</u>
	Rupees			
Earnings per share - basic and diluted	<u>4.66</u>	<u>3.90</u>	<u>2.36</u>	<u>2.05</u>

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 half year ended June 30, 2010

18. RELATED PARTY TRANSACTIONS

The Bank has 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.

Nature of related party transactions	June 30, 2010 (Un-audited)				December 31, 2009 (Audited)			
	Directors	Associated Companies	Key management personnel	Other related parties	Directors	Associated Companies	Key management personnel	Other related parties
Rupees in '000								
Loans								
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	12,202	-	30,997	1,941,787	13,040	-	71,710	8,196,479
Loans repaid during the period / year	(33,613)	-	(17,786)	(35,986)	(17,619)	-	(50,019)	(34,380)
Loans at the end of the period / year	1,050	-	262,178	15,824,664	22,461	-	246,967	14,318,863
Deposits								
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	1,717,186	4,111,623	777,94	-	555,123	1,631,336	268,641	-
Deposits repaid during the period / year	(1,717,957)	(4,079,925)	(70,116)	-	(550,307)	(1,677,359)	(272,134)	-
Deposits at the end of the period / year	8,890	41,098	18,460	-	9,661	9,400	10,782	-
nostro balances	-	152,723	-	-	-	198,082	-	-
Lendings	-	-	-	-	-	1,097,034	-	-
Borrowings	-	70,487	-	-	-	484,267	-	-
Investments in shares	-	240,969	-	3,886,810	-	240,969	-	4,229,537
Non Funded Expenses	-	-	-	4,531,905	-	-	-	4,003,500
Other receivables	-	-	-	135,592	-	-	-	-
Net receivable from staff retirement benefit funds	-	-	-	1,304,007	-	-	-	1,343,345
staff Retirement fund deposits	-	-	-	4,406,972	-	-	-	4,810,081
Mark-up earned	433	-	6,190	958,500	193	-	74,04	503,802
Income on placements	-	6	-	-	-	106	-	-
Dividend Income	-	-	-	142,136	-	-	-	-
Sales Commission	-	-	-	717	-	-	-	-
Management fee / commission income	-	-	-	87,218	-	-	-	29,915
Mark-up expense on Deposits	154	-	56	248,611	-	25	367	142,076
Interest expense on Borrowings	-	222	-	-	-	-	-	-
Directors' meeting fee	600	-	-	-	925	-	-	-
Remuneration	-	-	3,189	-	-	-	6,325	-
NFT Charges	-	-	-	35,045	-	-	-	31,355
Bank Charges levied	-	19	-	-	-	-	-	-
Rent expense	-	-	-	22	-	-	-	-
Charge / (reversal) in respect of staff retirement benefit funds	-	1,952	-	3,985	-	-	-	3,985
	-	-	-	77,651	-	-	-	342,704

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2010

19. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

For the Period Ended June 30, 2010 (Un-audited)								
Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Asset Management	Eliminations	Total	
Rupees in '000								
Total Income	326,227	1,461,146	10,582,927	18,958,691	226,260	108,806	(7,093,154)	24,570,903
Total Expenses	(170,428)	(1,075,431)	(9,216,318)	(17,347,991)	(124,873)	(82,267)	7,093,154	(20,924,153)
Net Income	155,799	385,715	1,366,609	1,610,700	101,387	26,539	-	3,646,750

For the Period Ended June 30, 2009 (Un-audited)								
Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Asset Management	Eliminations	Total	
Rupees in '000								
Total Income	606,584	942,081	10,719,814	18,325,586	106,880	50,768	(7,339,520)	23,412,193
Total Expenses	(317,851)	(826,509)	(9,115,837)	(17,322,343)	(57,867)	(62,474)	7,339,520	(20,363,361)
Net Income	288,733	115,572	1,603,977	1,003,243	49,013	(11,706)	-	3,048,832

As at June 30, 2010 (Un-audited)							
Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Asset Management	Total	
Rupees in '000							
Segment Assets	349,242	29,220,134	108,059,272	294,324,508	217,829	497,209	432,668,194

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.
- 20.3 The Board of Directors of the Bank in its meeting held on August 12, 2010 has approved interim cash dividend for the half year ended June 30, 2010 at Rs. 2.0 per share (June 30, 2009: cash dividend of Rs. 2.0 per share) resulting in total distribution of Rs. 1,564.202 million. The consolidated condensed interim financial statements for the half year ended June 30, 2010 do not include the effect of this appropriation and will be accounted for in the financial statements of the period of declaration.

21. DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue on August 12, 2010 by the Board of Directors of the Bank.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman