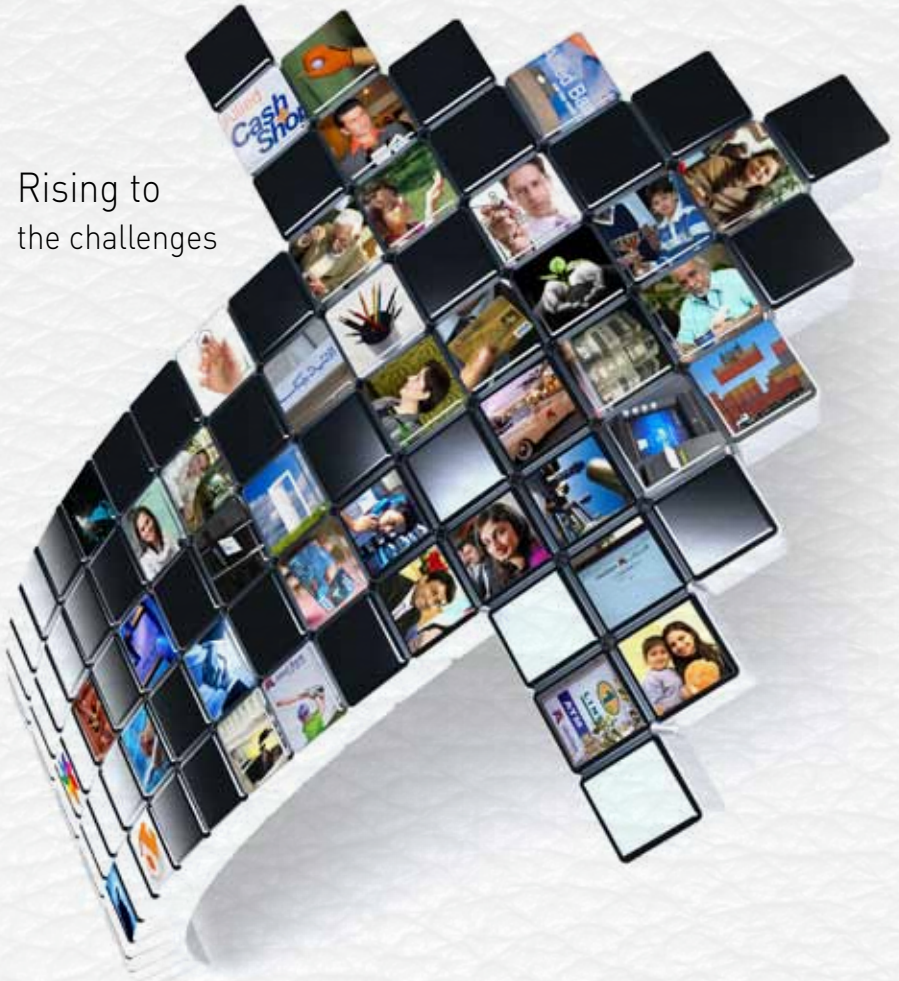


Condensed Interim Financial Statements
for the quarter ended March 31, 2011

Rising to
the challenges



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Corporate Information

Board of Directors

Mohammad Naeem Mukhtar
Chairman / Non Executive Director

Sheikh Mukhtar Ahmad
Non Executive Director

Muhammad Waseem Mukhtar
Non Executive Director

Abdul Aziz Khan
Independent Director

Sheikh Jalees Ahmed
Executive Director

Mubashir A. Akhtar
Independent Director

Pervaiz Iqbal Butt
Independent Director

Khalid A. Sherwani
Chief Executive Officer

Audit Committee

Sheikh Mukhtar Ahmad
Chairman

Mubashir A. Akhtar
Member

Sheikh Jalees Ahmed
Member

Company Secretary

Muhammad Raffat

Auditors

Ernst & Young Ford Rhodes
Sidat Hyder
Chartered Accountants

KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Adviser

Haidermota and Company,
Advocates and Solicitors

Shares Registrar

Technology Trade (Pvt.) Ltd.

Head Office/

Registered Office

8-Kashmir / Egerton Road,
Lahore - 54000
Pakistan
UAN: (92 42) 111-110-110

Website & Email

www.abl.com
info@abl.com

Toll Free Number

0800-22522

Vision, Mission & Core Values

Vision

To become a dynamic and efficient bank providing integrated solutions in order to be the first choice bank for the customers

Mission

To provide value added services to our customers

To provide high tech innovative solutions to meet customers' requirements

To create sustainable value through growth, efficiency and diversity for all stakeholders

To provide a challenging work environment and reward dedicated team members according to their abilities and performance

To play a proactive role in contributing towards the society

Core Values

Integrity

Excellence in Service

High Performance

Innovation and Growth

Directors' Review

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present the financial results of Allied Bank Limited for the three months period ended March 31, 2011.

Financial Highlights

	(Rupees in million)		Growth
	Quarter ended March 31,		
	2011	2010	
Profit After Tax	2,511	1,777	41.31%
Un-appropriated profits brought forward	15,829	12,198	29.77%
Transfer from surplus on revaluation of fixed assets - net of tax	7.3	7.7	-5.19%
Profit available for appropriation	18,347	13,983	31.21%
Final cash dividend for the year ended December 31, 2009 at Rs. 2 per share	-	(1,422)	-100.00%
Transfer to Statutory Reserves	(502)	(355)	41.41%
Un-appropriated profits carried forward	17,845	12,206	46.20%
Earning Per Share (EPS) (Rs.)	3.21	2.27	41.41%

Economic Overview

Pakistan's economy remains under stress and confronted with major challenges impacting the overall growth. Large Scale Manufacturing registered positive growth from December 2010 onwards. However, many industries continue to face operational constraints, gas supply and electricity shortages, hampering full production capacity utilization. Meanwhile, flood supply shocks, though abating lately, rise in global energy prices and monetization of the fiscal deficit continued to exert pressure on prices, keeping inflation in double digits.

The budget deficit increased to 2.9% of GDP from 2.7% in the corresponding period of the previous year. Financing of the fiscal deficit has become more challenging since external funding from IFIs and multinational donors has dried up in view of the suspended IMF program. Pakistan external accounts posted a surplus of USD 1.6 billion during Jul-Feb FY11 compared to a surplus of USD 0.5 billion in the corresponding period of the previous year, owing mainly to the rise in prices of textile and rice in the international markets and continued strong growth in workers' home remittances. However, the external account position remains vulnerable to the risk of spur in oil prices and fall in inflows through the financial account.

Broad money supply (M2) expanded by 7.7% during the first eight months of FY11 as compared to 5.7% in the corresponding period last year. Lending to the private sector gained traction in Q2-FY11. However, government borrowing continued to fuel demand side pressures in the economy and accounted for majority of the increase in Net Domestic Assets (NDA). In the wake of difficult credit environment, the banks continue to follow a risk-averse strategy, deploying increasing proportion of their funds in treasury bills and lending to government or Public Sector Entities (PSEs).

Financial Review

Your Bank, cognizant of the difficult operating conditions, remained committed to its strategy of maintaining growth in carefully selected quality avenues, improving the mix of cost effective CASA deposits and optimizing operational costs. Deposits of the bank grew by 17.2% and stood at Rs. 372,254 million as at March 31, 2011 compared to deposits of Rs. 317,742 million at March 31, 2010. Given the prevailing circumstances, Gross Investments at Rs. 129,919 million constituted much of the Bank's earning assets growth during the period ended on March 31, 2011, which increased by 34.3% over March 31, 2010 level. Gross Advances, keeping in line with prudent lending strategy were Rs. 257,249 million as at March 31, 2011, a growth of 7% over the gross advances of Rs. 240,359 million as at March 31, 2010. The balance sheet size of Your Bank stands at Rs. 450,308 million as at March 31, 2011, while the equity of the Bank as at March 31, 2011 registered a growth of 30.7% over March 31, 2010 level to reach Rs. 39,547 million.

Profit Before Tax of Your Bank increased by 43.5% to reach Rs. 3,851 million during three months period ended March 31, 2011 as compared to Rs. 2,683 million in the corresponding period of previous year. Profit After Tax also rose by 41.3% to Rs. 2,511 million compared to Rs. 1,777 million in the corresponding period. Resultantly, the EPS of Your Bank increased to Rs. 3.21 during three months period ended March 31, 2011 compared to Rs. 2.27 in the corresponding period of previous year. The resolution passed in the last AGM regarding cash dividend and bonus shares has not been implemented as per interim restraining order of the Honourable Sindh High Court.

Mark-up/interest income during three months period ended March 31, 2011 increased to Rs. 12,298 million compared to Rs. 10,934 million in the corresponding period of previous year, a rise of 12.5% attributable mainly to volumetric growth in earning assets. The corresponding YoY increase in mark-up/interest expense was 9.5%, as mark-up/interest expense grew to Rs. 6,094 million during three months period ended March 31, 2011 over corresponding quarter of previous year. As a consequence, the net mark-up/interest income of Your Bank grew by 15.6% to Rs. 6,204 million compared to the corresponding period of previous year. The provision expense declined to Rs. 312 million during three months period ended March 31, 2011 compared to Rs. 1,262 million in the corresponding period of last year.

Non-mark up/interest income during three months period ended March 31, 2011 reduced by 7.9% to Rs. 1,447 million over the corresponding period, attributable to lower FX revenue YoY and lesser contribution of advisory and investment banking fee income in the total fee income due to limited growth of project financing activity in the country. The Administrative Expenses increased to Rs. 3,293 million during three months period ended March 31, 2011 as compared to Rs. 2,811 million in the corresponding period of previous year, a YoY growth of 17.1%. This when compared with inflationary trends and increasing outlays on system up-gradation reflects effectiveness of the management strategies for cost control. In the wake of current difficult credit environment, NPLs showed an increasing trend with NPLs to Gross Advances Ratio increasing to 7.5% as at March 31, 2011. However, Your Bank has adequately provided for the NPLs with provision coverage remaining high at 81.3% at end-March 2011. No benefit of FSV has been taken while determining the provision against NPLs as allowed under BSD Circular No. 02 of 2010 dated June 03, 2010.

Future Outlook

The macroeconomic outlook remains vulnerable to various risks on account of rising inflation, increasing fiscal slippages and drying up of financial inflows. Meanwhile, the uncertainties attached with global outlook, sensitive security situation in the country and severe power shortage would continue to act as impediments for the overall recovery. In these challenging times, the asset quality of the banking industry is likely to remain under pressure. Your Bank being watchful of the economic conditions would continue with its strategy of achieving steady growth in avenues prone to less risk and optimizing efficiencies to reduce cost. Meanwhile, Your Bank's focus would remain on providing state of the art banking services to its large customer base and aim for higher customers' satisfaction levels by further improving service quality.

Entity & TFC Ratings

The Pakistan Credit Rating Agency (PACRA) has assigned a Positive Outlook to the long-term rating of AA (Double A) and the short-term rating of A1+ (A One Plus) of Your Bank. The rating of TFC Issue of Rs. 3,000 million (Issue Date: August 28, 2009) has also been maintained at AA- (Double A Minus). The ratings denote very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments. Meanwhile, the rating of Bank's earlier TFC Issue of Rs. 2,500 million (Issue Date: December 06, 2006) has been maintained at AA- (Double A Minus) by JCR-VIS Credit Rating Company.

Corporate Governance Rating

Your bank has a Corporate Governance rating of CGR-8+, assigned by JCR-VIS, which denotes a high level of corporate governance.

Best Retail Bank in Pakistan 2011 – The Asian Banker

Your Bank has been adjudged as the Best Retail Bank in Pakistan - 2011 by The Asian Banker. The evaluation for the award was conducted on the basis of transparency in strategy; value of franchise; annual financial performance; sustainability; sales capability; risk management; processes and technology; penetration and efficiency of distribution channels; people skills; and ethical banking.

Acknowledgement

We take this opportunity to thank our valued customers for their patronage, to our employees for their continued commitment, our shareholders for their trust and confidence and State Bank of Pakistan and other regulatory bodies for their continued guidance.

For and on behalf of the Board,

Khalid A. Sherwani
Chief Executive Officer

Dated: April 25, 2011
Place: Lahore

Unconsolidated Condensed Interim Statement of Financial Position

as at March 31, 2011

	Note	Un-audited March 31, 2011	Audited December 31, 2010
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		28,329,398	31,265,608
Balances with other banks		459,859	579,555
Lendings to financial institutions	5	18,833,640	11,488,944
Investments	6	127,314,948	121,173,409
Advances	7	241,468,065	253,099,509
Operating fixed assets	8	15,622,624	15,359,742
Deferred tax assets - net	9	654,203	484,387
Other assets		17,625,196	16,480,372
		450,307,933	449,931,526
LIABILITIES			
Bills payable		4,656,110	4,118,791
Borrowings from financial institutions		16,680,703	20,774,450
Deposits and other accounts	10	372,253,718	371,284,268
Sub-ordinated loans		5,494,200	5,494,800
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		11,675,920	12,284,360
		410,760,651	413,956,669
NET ASSETS		39,547,282	35,974,857
REPRESENTED BY			
Share capital	11	7,821,009	7,821,009
Reserves		8,019,105	7,516,910
Unappropriated profit		17,844,612	15,828,533
		33,684,726	31,166,452
Surplus on revaluation of assets - net of tax	12	5,862,556	4,808,405
		39,547,282	35,974,857
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The annexed notes 1 to 20 form an integral part of these unconsolidated condensed interim financial statements.

Chief Financial Officer
Director

President and Chief Executive Officer
Director

Chairman

Unconsolidated Condensed Interim Profit and Loss Account (Un-audited) for the quarter ended March 31, 2011

	Note	Quarter Ended March 31, 2011	Quarter Ended March 31, 2010
Rupees in '000			
Mark-up / return / interest earned	14	12,298,353	10,933,867
Mark-up / return / interest expensed	15	6,093,863	5,565,897
Net mark-up / interest income		6,204,490	5,367,970
Provision against non-performing loans and advances and general provision-net		389,610	783,765
[Reversal] / provision for diminution in the value of investments - net		[77,959]	477,799
Bad debts written off directly		-	-
		311,651	1,261,564
Net mark-up/interest income after provisions		5,892,839	4,106,406
NON MARK-UP / INTEREST INCOME			
Fee, commission and brokerage income		742,759	829,028
Dividend income		326,817	354,776
Income from dealing in foreign currencies		100,010	127,183
Gain from sale and purchase of other securities		268,074	238,600
Unrealised (loss) / gain on revaluation of investments classified as held for trading - net		-	201
Other income		9,599	22,037
Total non-mark-up/interest income		1,447,259	1,571,825
		7,340,098	5,678,231
NON MARK-UP / INTEREST EXPENSES			
Administrative expenses		3,292,922	2,811,077
Provision against other assets - net		12,000	-
[Reversal] / provision against off-balance sheet obligation - net		[23,116]	58,354
Workers welfare fund		86,908	70,891
Other charges		120,695	54,819
Total non-mark-up / interest expenses		3,489,409	2,995,141
		3,850,689	2,683,090
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		3,850,689	2,683,090
Taxation			
- Current		1,427,899	1,328,566
- Prior years		-	373,941
- Deferred		[88,183]	[796,831]
		1,339,716	905,676
PROFIT AFTER TAXATION		2,510,973	1,777,414
Earning per share - Basic and Diluted (in Rupees)	16	3.21	2.27

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited) for the quarter ended March 31, 2011

	Quarter Ended March 31, 2011	Quarter Ended March 31, 2010
	Rupees in '000	
Profit after taxation for the period	2,510,973	1,777,414
Other comprehensive income	-	-
Total comprehensive income for the period	<u>2,510,973</u>	<u>1,777,414</u>

Surplus/ deficit on revaluation of 'Available for sale' securities and 'Fixed assets' are presented under a separate head below equity as 'surplus/ deficit on revaluation of assets' in accordance with the requirements specified by the State Bank of Pakistan vide its BSD Circular No. 20 dated 04 August 2000 and BSD Circular No. 10 dated 13 July 2004 and Companies Ordinance, 1984 respectively.

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

Chief Financial Officer
Director

President and Chief Executive Officer
Director

Chairman

Unconsolidated Condensed Interim Statement of Cash Flows

(Un-audited) for the quarter ended March 31, 2011

	Quarter Ended March 31, 2011	Quarter Ended March 31, 2010
	Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	3,850,689	2,683,090
Less: Dividend income	326,817	354,776
	<u>3,523,872</u>	<u>2,328,314</u>
Adjustments for non-cash charges		
Depreciation / amortization	307,018	187,677
Provision against non-performing loans and advances and general provision - net	389,610	783,765
(Reversal) / provision for diminution in the value of investments - net	(77,959)	477,799
Unrealised gain on revaluation of held for trading securities - net	-	(201)
(Reversal) / provision against off-balance sheet obligations - net	(23,116)	58,354
Provision against other assets - net	12,000	-
Gain on sale of fixed assets	(113)	(3,138)
	<u>607,440</u>	<u>1,504,256</u>
	<u>4,131,312</u>	<u>3,832,570</u>
Decrease in operating assets		
Lendings to financial institutions	(7,344,696)	2,737,073
Held for trading securities	842,169	(15,301)
Advances	11,241,834	9,526,303
Other assets (excluding advance taxation)	(666,903)	(180,529)
	<u>4,072,404</u>	<u>12,067,546</u>
Increase / (decrease) in operating liabilities		
Bills payable	537,319	481,399
Borrowings from financial institutions	(4,224,732)	(8,634,342)
Deposits	977,730	(11,132,851)
Other liabilities	(593,569)	(2,246,019)
	<u>(3,303,252)</u>	<u>(21,531,813)</u>
	<u>4,900,464</u>	<u>(5,631,697)</u>
Income tax paid	(1,710,648)	(60,809)
Net cash flow from operating activities	<u>3,189,816</u>	<u>(5,692,506)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(5,812,926)	406,400
Net investment in held-to-maturity securities	(113,005)	(161,198)
Dividend income received	119,645	190,613
Investments in operating fixed assets	(569,920)	(347,634)
Proceeds from sale of fixed assets	133	5,542
Net cash flow from investing activities	<u>(6,376,073)</u>	<u>93,723</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Net payment of sub-ordinated loan	(600)	(600)
Dividend paid	(34)	(318)
Net cash used in financing activities	<u>(634)</u>	<u>(918)</u>
Decrease in cash and cash equivalents during the period	<u>(3,186,891)</u>	<u>(5,599,701)</u>
Cash and cash equivalents at beginning of the period	<u>31,750,995</u>	<u>27,354,760</u>
Cash and cash equivalents at end of the period	<u>28,564,104</u>	<u>21,755,059</u>

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited) for the quarter ended March 31, 2011

	Share Capital	Share Premium	Statutory Reserve	Bonus Issue Reserve	Special Reserve*	Merger Reserve*	General Reserve	Un-appropriated Profit	Total
	Rupees in '000								
Balance as at January 01, 2010	7,110,008	1,694,958	4,480,028	-	67,995	333,864	6,000	12,198,425	25,891,278
Changes in equity during the quarter ended March 31, 2010									
Total Comprehensive income for the quarter ended March 31, 2010	-	-	-	-	-	-	-	1,777,414	1,777,414
Transactions with owners recognised directly in equity									
Transfer to reserve of issue of bonus shares for year ended December 31, 2009 @ 10%	-	(711,001)	-	711,001	-	-	-	-	-
Issue of bonus shares	711,001	-	-	(711,001)	-	-	-	-	-
Final cash dividend for the year ended December 31, 2009 (Rs. 2.00 per ordinary share)	-	-	-	-	-	-	-	(1,422,002)	(1,422,002)
	711,001	(711,001)	-	-	-	-	-	(1,422,002)	(1,422,002)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit – net of tax	-	-	-	-	-	-	-	7,686	7,686
Transfer to statutory reserve	-	-	355,483	-	-	-	-	(355,483)	-
Balance as at March 31, 2010	7,821,009	983,957	4,835,511	-	67,995	333,864	6,000	12,206,040	26,254,376
Changes in equity during the nine months ended December 31, 2010									
Total Comprehensive income for the nine months ended December 31, 2010	-	-	-	-	-	-	-	6,447,918	6,447,918
Transactions with owners recognised directly in equity									
Interim cash dividend for the year ended December 31, 2010 (Rs. 2.00 per ordinary share)	-	-	-	-	-	-	-	(1,564,202)	(1,564,202)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit – net of tax	-	-	-	-	-	-	-	28,360	28,360
Transfer to statutory reserve	-	-	1,289,583	-	-	-	-	(1,289,583)	-
Balance as at December 31, 2010	7,821,009	983,957	6,125,094	-	67,995	333,864	6,000	15,808,533	31,166,452
Changes in equity during the quarter ended March 31, 2011									
Total comprehensive income for the quarter ended March 31, 2011	-	-	-	-	-	-	-	2,510,973	2,510,973
Transactions with owners recognised directly in equity									
Transferred from surplus on revaluation of fixed assets to un-appropriated profit – net of tax	-	-	-	-	-	-	-	7,301	7,301
Transfer to statutory reserve	-	-	502,195	-	-	-	-	(502,195)	-
Balance as at March 31, 2011	7,821,009	983,957	6,627,289	-	67,995	333,864	6,000	17,844,612	33,684,726

* These were created as a result of merger of Ibrahim Leasing Limited and First Allied Bank Modaraba into Allied Bank Limited.

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2011

1. STATUS AND NATURE OF BUSINESS

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 807 (2010: 806) 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 the 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 unconsolidated condensed interim financial statements of the Bank for the quarter ended March 31, 2011 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 unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated condensed interim financial statements should be read in conjunction with the unconsolidated financial statements of the Bank for the year ended December 31, 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 unconsolidated condensed interim financial statements are same as those applied in preparing the most recent annual unconsolidated financial statements of the Bank.
- 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, 2010.

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2011

Note	Un-audited March 31, 2011	Audited December 31, 2010
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Rupees in '000

5. LENDINGS TO FINANCIAL INSTITUTIONS

Call money lending	5.1	100,000	-
Repurchase agreement lendings (Reverse Repo)	5.2	18,646,973	11,392,277
Certificates of investment	5.3	86,667	96,667
		18,833,640	11,488,944

5.1 This represents an unsecured placement with financial institution carrying mark-up at rate of 13.00% (December 31, 2010: Nil) per annum and maturing by April 01, 2011.

5.2 These are short-term lendings to various financial institutions against the government securities, carrying mark-up at rates, ranging between 13.00% and 13.90% (December 31, 2010: ranging between 12.50% and 13.25%) per annum and will mature on various dates, latest by April 21, 2011.

5.3 The certificate of investment carries mark-up at the rate of 13.37% (December 31, 2010: 13.26%) per annum and will mature on April 11, 2011.

6. INVESTMENTS

	Note	Held by Bank	Given as collateral	Total
Rupees in '000				
Current period - March 31, 2011 (Un-audited)	6.1	127,000,466	314,482	127,314,948
Prior year - December 31, 2010 (Audited)	6.1	118,876,679	2,296,730	121,173,409

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2011

	Un-audited As at March 31, 2011			Audited As at December 31, 2010		
	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	-	-	-	16,053	-	16,053
Units of open end mutual funds	-	-	-	850,000	-	850,000
	-	-	-	866,053	-	866,053

Available-for-sale securities

Market Treasury Bills	64,770,499	316,289	65,086,788	57,547,818	2,298,869	59,846,687
Pakistan Investment Bonds	246,910	-	246,910	246,764	-	246,764
Ordinary shares of listed companies / certificates of mutual funds	6,286,498	-	6,286,498	5,564,180	-	5,564,180
Preference Shares	282,688	-	282,688	282,688	-	282,688
Units of open end mutual funds	3,663,048	-	3,663,048	1,655,757	-	1,655,757
Ordinary shares of unlisted companies	743,487	-	743,487	245,193	-	245,193
Investment in related parties						
- Listed shares	1,081,304	-	1,081,304	1,948,264	-	1,948,264
- Unlisted shares	247,496	-	247,496	602,496	-	602,496
- Open-end mutual funds	-	-	-	1,000,000	-	1,000,000
Sukuk Bonds	4,842,033	-	4,842,033	4,783,539	-	4,783,539
Term Finance Certificates (TFCs)	29,380,700	-	29,380,700	29,872,458	-	29,872,458
	111,544,663	316,289	111,860,952	103,749,157	2,298,869	106,048,026

Held-to-maturity securities

Pakistan Investment Bonds	7,095,718	-	7,095,718	7,493,147	-	7,493,147
Foreign Currency Bonds (US\$)	1,160,979	-	1,160,979	645,701	-	645,701
TFCs, Debentures, Bonds and PTCs	5,874,088	-	5,874,088	5,878,932	-	5,878,932
	14,130,785	-	14,130,785	14,017,780	-	14,017,780

Subsidiary

ABL Asset Management Company Limited	500,000	-	500,000	500,000	-	500,000
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Investment at cost	126,175,448	316,289	126,491,737	119,132,990	2,298,869	121,431,859
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Provision for diminution in the value of investments	(2,603,851)	-	(2,603,851)	(2,681,810)	-	(2,681,810)
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Unrealized loss on revaluation of Held-for-trading securities	-	-	-	(23,884)	-	(23,884)
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Surplus on revaluation of Available for-sale securities	3,428,869	(1,807)	3,427,062	2,449,383	(2,139)	2,447,244
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Total investments	127,000,466	314,482	127,314,948	118,876,679	2,296,730	121,173,409
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Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2011

	Note	Un-audited March 31, 2011	Audited December 31, 2010
Rupees in '000			
7. ADVANCES			
Loans, cash credits, running finances, etc. - in Pakistan		251,691,006	263,054,733
Net investment in finance lease - in Pakistan		1,441,454	1,261,371
Bills discounted and purchased (excluding government treasury bills)			
Payable in Pakistan		1,202,747	973,826
Payable outside Pakistan		2,913,822	3,239,841
		<u>4,116,569</u>	<u>4,213,667</u>
Advances - gross		257,249,029	268,529,771
Provision against non-performing advances	7.1	(15,770,480)	(15,420,788)
General provision against consumer financing		(10,484)	(9,474)
		<u>241,468,065</u>	<u>253,099,509</u>

- 7.1 Advances include Rs. 19,393.983 million (2010: Rs. 18,688.166 million) which have been placed under non-performing status as detailed below:-

March 31, 2011 (Un-audited)					
Category of Classification	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
Rupees in '000					
Other Assets Especially					
Mentioned	33,058	-	33,058	-	-
Substandard	1,953,074	-	1,953,074	351,149	351,149
Doubtful	3,902,041	-	3,902,041	1,913,521	1,913,521
Loss	13,505,810	-	13,505,810	13,505,810	13,505,810
	<u>19,393,983</u>	<u>-</u>	<u>19,393,983</u>	<u>15,770,480</u>	<u>15,770,480</u>

December 31, 2010 (Audited)					
Category of Classification	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
Rupees in '000					
Other Assets Especially					
Mentioned	24,340	-	24,340	-	-
Substandard	1,604,264	-	1,604,264	330,109	330,109
Doubtful	3,937,765	-	3,937,765	1,968,882	1,968,882
Loss	13,121,797	-	13,121,797	13,121,797	13,121,797
	<u>18,688,166</u>	<u>-</u>	<u>18,688,166</u>	<u>15,420,788</u>	<u>15,420,788</u>

- 7.2 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.

		Un-audited March 31, 2011	Audited December 31, 2010
Rupees in '000			
8. OPERATING FIXED ASSETS			
Capital work-in-progress		3,542,048	3,279,994
Property and equipment		11,905,594	11,897,388
Intangible assets		174,982	182,360
		<u>15,622,624</u>	<u>15,359,742</u>

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2011

	Un-audited March 31, 2011	Audited December 31, 2010
	Rupees in '000	
9. DEFERRED TAX ASSETS - NET		
Deferred debits arising in respect of :		
Compensated leave absences	148,997	153,605
Provision against:		
Investments	79,098	79,098
Other assets	275,846	275,847
Off balance sheet obligations	169,525	169,525
Provision against advances	1,045,373	1,025,795
Post retirement medical benefits	267,161	276,249
Workers Welfare Fund	116,873	86,455
	<u>2,102,873</u>	<u>2,066,574</u>
Deferred credits arising due to:		
Surplus on revaluation of fixed assets	(310,679)	(314,611)
Surplus on revaluation of investments	(322,242)	(403,875)
Accelerated tax depreciation / amortization	(794,854)	(845,185)
Excess of investment in finance lease over written down value of leased assets	(20,895)	(18,516)
	<u>(1,448,670)</u>	<u>(1,582,187)</u>
	<u>654,203</u>	<u>484,387</u>

- 9.1 Through Finance Act 2007, a new section 100A read with the 7th Schedule (the Schedule) was inserted in the Income Tax Ordinance, 2001 for the taxation of banking companies. The Schedule seeks to simplify the taxation of banking companies and is applicable from the tax year 2009 (financial year ending on December 31, 2008).

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.

	Un-audited March 31, 2011	Audited December 31, 2010
	Rupees in '000	
10. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	112,632,009	109,051,434
Savings deposits	99,146,167	93,636,169
Current accounts - Remunerative	53,023,831	57,006,516
- Non-remunerative	105,245,604	110,871,294
	<u>370,047,611</u>	<u>370,565,413</u>
Financial Institutions		
Remunerative deposits	2,206,107	718,855
	<u>372,253,718</u>	<u>371,284,268</u>

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2011

11. SHARE CAPITAL

11.1 Authorised capital

Un-audited March 31, 2011 No. of shares	Audited December 31, 2010		Un-audited March 31, 2011 Rupees in '000	Audited December 31, 2010
<u>1,500,000,000</u>	<u>1,000,000,000</u>	Ordinary shares of Rs. 10 each	<u>15,000,000</u>	<u>10,000,000</u>

11.2 Issued, subscribed and paid-up capital

Fully paid-up Ordinary shares of Rs. 10 each

Un-audited March 31, 2011 No. of shares	Audited December 31, 2010	Ordinary Shares	Un-audited March 31, 2011 Rupees in '000	Audited December 31, 2010
<u>406,780,094</u>	<u>406,780,094</u>	Fully paid in cash	<u>4,067,801</u>	<u>4,067,801</u>
<u>357,772,190</u>	<u>357,772,190</u>	Issued as bonus shares	<u>3,577,722</u>	<u>3,577,722</u>
<u>764,552,284</u>	<u>764,552,284</u>		<u>7,645,523</u>	<u>7,645,523</u>
		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).		
<u>9,148,550</u>	<u>9,148,550</u>		<u>91,486</u>	<u>91,486</u>
		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		
<u>8,400,000</u>	<u>8,400,000</u>		<u>84,000</u>	<u>84,000</u>
<u>782,100,834</u>	<u>782,100,834</u>		<u>7,821,009</u>	<u>7,821,009</u>

Ibrahim Fibres Limited, related party of the bank, held 287,078,695 (36.71%) [December 31, 2010: 287,078,695 (36.71%)] Ordinary shares of Rs.10 each.

Note	Un-audited March 31, 2011 Rupees in '000	Audited December 31, 2010
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12. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

Surplus/(deficit) arising on revaluation of:

- fixed assets	12.1	<u>2,757,735</u>	<u>2,765,036</u>
- available for sale securities	12.2	<u>3,104,821</u>	<u>2,043,369</u>
Surplus on revaluation of assets - net of tax		<u>5,862,556</u>	<u>4,808,405</u>

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2011

Un-audited March 31, 2011	Audited December 31, 2010
---------------------------------	---------------------------------

Rupees in '000

12.1 Surplus on revaluation of fixed assets

Surplus on revaluation of fixed assets as at January 1	3,079,647	3,132,247
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	(7,301)	(30,743)
Related deferred tax liability	(3,932)	(16,554)
	[11,233]	[47,297]
Surplus on revaluation of fixed assets as at March 31 and December 31	3,068,414	3,079,647
Less: Related deferred tax liability on :		
Revaluation as at January 1	314,611	331,165
Incremental depreciation charged during the period / year transferred to profit and loss account	[3,932]	[16,554]
	310,679	314,611
	2,757,735	2,765,036

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

Federal Government Securities		
Market Treasury Bills	(66,120)	(120,712)
Pakistan Investment Bonds	(21,279)	(23,870)
Term Finance Certificates	(39,097)	-
Shares/Certificates - Listed	3,529,926	2,528,671
Mutual Funds	23,633	63,155
	3,427,063	2,447,244
Less : Related deferred tax liability	[322,242]	[403,875]
	3,104,821	2,043,369

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2011

	Un-audited March 31, 2011	Audited December 31, 2010
	Rupees in '000	
13. CONTINGENCIES AND COMMITMENTS		
13.1 Direct credit substitutes		
Guarantees in favour of:		
Banks and financial institutions	670,331	1,769,128
13.2 Transaction-related contingent liabilities		
Guarantees in favour of:		
Government	12,371,039	9,512,438
Others	12,494,406	8,585,255
	24,865,445	18,097,693
13.3 Trade-related contingent liabilities	54,311,288	52,044,205
13.4 Claims against the Bank not acknowledged as debt	4,704,933	3,943,404
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 Mach 31, 2011	Audited December 31, 2010
	Rupees in '000	
13.6 Commitments in respect of forward foreign exchange contracts		
Purchase	26,180,371	23,100,518
Sale	11,681,515	7,371,457
13.7 Commitments in respect of operating fixed assets		
Civil works	990,054	1,260,603
Acquisition of operating fixed assets	568,787	372,584
13.8 Commitments in respect of lease financing	215,749	168,437
13.9 Commitments in respect of procurement of software	223	258
13.10 Contingencies		

13.10.1 There is no change in the status of contingencies, set out in note 22.10 to the financial statements of the Bank for the year ended December 31, 2010, 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 2010 for local and Azad Kashmir operations. While finalizing income tax assessments upto tax year 2010, income tax authorities made certain add backs with aggregate tax impact of Rs.10,718 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.8,682 million were set-aside and deleted respectively. The bank has further filed appeals before higher appellate authorities where relief has not been allowed against add backs by income tax authorities. 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.10,718 million. The management is hopeful that the outcome of these appeals will be in favor of the Bank.

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2011

	Quarter ended March 31, 2011	Quarter ended March 31, 2010
	Rupees in '000	
14. MARK-UP/RETURN/INTEREST EARNED		
On loans and advances	8,460,403	7,727,558
On investments in:		
Available-for-sale securities	3,047,424	1,950,481
Held-to-maturity securities	188,936	548,874
	3,236,360	2,499,355
On deposits with financial institutions	5,880	4,473
On securities purchased under resale agreements	584,004	665,776
On certificates of investment	2,140	11,047
On letters of placement	-	5,889
On call money lending	9,566	19,769
	12,298,353	10,933,867
15. MARK-UP/RETURN/INTEREST EXPENSED		
Deposits	5,049,565	4,252,011
Long term borrowings	78,917	84,106
Securities sold under repurchase agreements	29,876	195,563
Call money borrowing	30,221	231,698
Brokerage and commission	31,041	29,447
Markup on sub-ordinated loans	199,062	186,907
Other short term borrowings	675,181	586,165
	6,093,863	5,565,897
16. EARNINGS PER SHARE - BASIC AND DILUTED		
Profit after tax for the period attributable to ordinary shareholders	2,510,973	1,777,414
	Number of Shares	
Weighted average number of Ordinary Shares outstanding during the period	782,100,834	782,100,834
	Rupees	
Earnings per share - basic and diluted	3.21	2.27
There is no dilution effect on basic earnings per share.		

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2011

17.

RELATED PARTY TRANSACTIONS

The Bank has related party relationships with its subsidiary, 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.

	March 31, 2011 (Un-audited)				December 31, 2010 (Audited)			
	Directors	Associated Companies	Subsidiary management personnel	Other related parties	Directors	Associated Companies	Subsidiary management personnel	Other related parties
Rupees in '000								
Nature of related party transactions								
Loans								
Loans at the beginning of the period/year	61,581	-	200,035	16,061,896	22,461	-	237,298	14,318,863
Loans given during the period/year	11,700	-	5,117	-	85,655	-	38,960	2,173,199
Loans repaid/ adjusted during the period/year	(13,890)	-	(8,889)	(14,119,085)	(66,535)	-	(76,223)	(630,166)
Loans at the end of the period/year	59,391	-	196,243	1,942,811	61,581	-	200,035	16,061,896
Deposits								
Deposits at the beginning of the period/year	9,821	93,965	3,241	16,128	9,661	9,400	10,782	-
Deposits received during the period/year	6,450	2,189,730	84,989	23,392	2,973,552	9,298,676	449,916	179,754
Deposits repaid during the period/year	(4,584)	(2,222,775)	(86,655)	(25,677)	(2,973,392)	(19,214,111)	(449,057)	(174,408)
Deposits at the end of the period/year	11,687	60,920	1,575	13,823	9,821	93,965	3,241	16,128
Nosro balances								
Lendings	-	117,227	-	-	-	126,448	-	-
Borrowings	-	969,205	-	-	-	-	-	-
Investments in shares / open-end mutual funds	-	152,113	-	3,142,143	-	161,850	-	-
Non Funded Exposures	-	236,682	500,000	3,291,062	-	240,969	500,000	3,304,790
Other receivables	-	-	1,512	-	-	-	-	4,111,021
Net receivable from staff retirement benefit funds	-	-	-	1,335,998	-	-	-	1,452,077
staff retirement fund deposits	-	-	-	1,757,031	-	-	-	3,042,357
March 31, 2011 (Un-audited)								
March 31, 2010 (Un-audited)								
Mark-up earned	732	-	-	3,864	244	-	-	650,192
Income on placements	-	4	-	76,293	-	3	3,014	-
Income on Lending	-	38	-	-	-	-	-	-
Dividend Income	-	-	-	84,996	-	-	-	142,136
Sales Commission	-	-	3,165	425	-	-	-	-
Mark-up expense on Deposits	-	-	114	23	-	2,100	-	-
Interest expense on Borrowings	126	3	-	73,907	159	111	31	144,125
Directors' meeting fee	-	6,024	-	-	-	92	-	-
NIFT charges	675	-	-	-	300	-	-	-
Bank charges levied	-	-	-	19,920	-	-	-	16,640
Rent expense	-	-	-	-	-	3	-	595
Charge / (reversal) in respect of staff retirement benefit funds	-	1,513	-	-	-	-	-	-
	-	-	-	(128,820)	-	-	-	77,390

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2011

18. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

For the Period Ended March 31, 2011 (Un-audited)							
Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Eliminations	Total	
Rupees in '000							
Total Income	210,402	601,662	6,782,893	10,977,261	110,322	(4,936,928)	13,745,612
Total Expenses	(109,707)	(481,793)	(5,868,937)	(9,649,114)	(62,016)	4,936,928	(11,234,639)
Net Income	<u>100,695</u>	<u>119,869</u>	<u>913,956</u>	<u>1,328,147</u>	<u>48,306</u>	<u>-</u>	<u>2,510,973</u>

For the Period Ended March 31, 2010 (Un-audited)							
Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Eliminations	Total	
Rupees in '000							
Total Income	306,036	707,545	4,547,068	9,479,948	93,834	(2,628,739)	12,505,692
Total Expenses	(159,056)	(364,246)	(4,042,942)	(8,743,345)	(47,428)	2,628,739	(10,728,278)
Net Income	<u>146,980</u>	<u>343,299</u>	<u>504,126</u>	<u>736,603</u>	<u>46,406</u>	<u>-</u>	<u>1,777,414</u>

As at March 31, 2011 (Un-audited)						
Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Total	
Rupees in '000						
Segment Assets	<u>248,125</u>	<u>14,390,455</u>	<u>102,793,511</u>	<u>352,028,071</u>	<u>307,455</u>	<u>469,767,617</u>

As at December 31, 2010 (Audited)						
Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Total	
Rupees in '000						
Segment Assets	<u>222,575</u>	<u>12,393,503</u>	<u>106,907,076</u>	<u>349,369,145</u>	<u>214,079</u>	<u>469,106,378</u>

19. GENERAL

- 19.1 Figures have been rounded off to the nearest thousand rupees.
- 19.2 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 unconsolidated condensed interim financial statements.

20. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on 25 April, 2011 by the Board of Directors of the Bank.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Consolidated Condensed Interim Financial Statements
for the quarter ended March 31, 2011

Consolidated Condensed Interim Statement of Financial Position as at March 31, 2011

	Note	Un-audited March 31, 2011	Audited December 31, 2010
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		28,329,448	31,265,658
Balances with other banks		460,006	579,700
Lendings to financial institutions	5	18,833,640	11,488,944
Investments	6	127,309,819	121,158,730
Advances	7	241,471,015	253,102,710
Operating fixed assets	8	15,633,489	15,371,118
Deferred tax assets - net	9	652,973	483,152
Other assets		17,667,024	16,516,396
		450,357,414	449,966,408
LIABILITIES			
Bills payable		4,656,110	4,118,791
Borrowings from financial institutions		16,680,703	20,774,450
Deposits and other accounts	10	372,252,064	371,280,948
Sub-ordinated loans		5,494,200	5,494,800
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		11,692,266	12,307,789
		410,775,343	413,976,778
NET ASSETS		39,582,071	35,989,630
REPRESENTED BY			
Share capital	11	7,821,009	7,821,009
Reserves		8,019,105	7,516,910
Unappropriated profit		17,889,537	15,853,255
		33,729,651	31,191,174
Surplus on revaluation of assets - net of tax	12	5,852,420	4,798,456
		39,582,071	35,989,630
CONTINGENCIES AND COMMITMENTS	13		

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Consolidated Condensed Interim Profit and Loss Account

(Un-audited) for the quarter ended March 31, 2011

	Note	Quarter Ended March 31, 2011	Quarter Ended March 31, 2010
Rupees in '000			
Mark-up / return / interest earned	14	12,301,896	10,939,724
Mark-up / return / interest expensed	15	6,105,636	5,565,786
Net mark-up / interest income		6,196,260	5,373,938
Provision against non-performing loans and advances and general provision-net (Reversal) / provision for diminution in the value of investments – net Bad debts written off directly		389,610 (77,959) – 311,651	783,765 477,799 – 1,261,564
Net mark-up/interest income after provisions		5,884,609	4,112,374
NON MARK-UP / INTEREST INCOME			
Fee, commission and brokerage income		792,222	864,791
Dividend income		326,817	354,776
Income from dealing in foreign currencies		100,010	127,183
Gain from sale and purchase of other securities		269,910	238,876
Unrealised gain on revaluation of investments classified as held for trading – net		11,157	17,075
Other income		9,599	22,045
Total non-mark-up/interest income		1,509,715	1,624,746
		7,394,324	5,737,120
NON MARK-UP / INTEREST EXPENSES			
Administrative expenses		3,321,360	2,846,238
Provision against other assets – net (Reversal) / provision against off-balance sheet obligation – net		12,000 (23,116)	– 58,354
Workers welfare fund		87,424	71,357
Other charges		120,695	54,819
Total non-mark-up / interest expenses		3,518,363	3,030,768
		3,875,961	2,706,352
Extra ordinary / unusual items		–	–
PROFIT BEFORE TAXATION		3,875,961	2,706,352
Taxation			
– Current		1,432,968	1,330,753
– Prior years		–	373,941
– Deferred		(88,183)	(796,831)
		1,344,785	907,863
PROFIT AFTER TAXATION		2,531,176	1,798,489
Earnings per share – Basic and Diluted (in Rupees)	16	3.24	2.30

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited) for the quarter ended March 31, 2011

	Quarter Ended March 31, 2011	Quarter Ended March 31, 2010
	Rupees in '000	
Profit after taxation for the period	2,531,176	1,798,489
Other comprehensive income	-	-
Total comprehensive income for the period	<u>2,531,176</u>	<u>1,798,489</u>

Surplus/ deficit on revaluation of 'Available for sale' securities and 'Fixed assets' are presented under a separate head below equity as 'surplus/ deficit on revaluation of assets' in accordance with the requirements specified by the State Bank of Pakistan vide its BSD Circular No. 20 dated 04 August 2000 and BSD Circular No. 10 dated 13 July 2004 and Companies Ordinance, 1984 respectively.

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Consolidated Condensed Interim Statement of Cash Flows

(Un-audited) for the quarter ended March 31, 2011

	Quarter Ended March 31, 2011	Quarter Ended March 31, 2010
	Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	3,875,961	2,706,352
Less: Dividend income	326,817	354,776
	<u>3,549,144</u>	<u>2,351,576</u>
Adjustments for non-cash charges		
Depreciation / amortization	308,271	187,677
Provision against non-performing loans and advances and general provision – net	389,610	783,765
(Reversal) / provision for diminution in the value of investments – net	(77,959)	477,799
Unrealised gain on revaluation of held for trading securities – net	(11,157)	(201)
(Reversal) / provision against off-balance sheet obligations – net	(23,116)	58,354
Provision against other assets – net	12,000	–
Gain on sale of fixed assets	(113)	(3,138)
	<u>597,536</u>	<u>1,504,256</u>
	<u>4,146,680</u>	<u>3,855,832</u>
((Increase)/decrease in operating assets		
Lendings to financial institutions	(7,344,696)	2,737,073
Held for trading securities	843,591	(15,301)
Advances	11,242,085	9,526,303
Other assets (excluding advance taxation)	(674,418)	(180,529)
	<u>4,066,562</u>	<u>12,067,546</u>
Increase/(decrease) in operating liabilities		
Bills payable	537,319	481,399
Borrowings from financial institutions	(4,224,732)	(8,634,342)
Deposits	979,395	(11,132,851)
Other liabilities	(600,652)	(2,246,019)
	<u>(3,308,670)</u>	<u>(21,531,813)</u>
	<u>4,904,572</u>	<u>(5,608,435)</u>
Income tax paid	(1,714,011)	(60,809)
	<u>3,190,561</u>	<u>(5,669,244)</u>
Net cash flow from operating activities		
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(5,812,927)	406,400
Net investment in held-to-maturity securities	(113,005)	(161,198)
Dividend income received	119,645	190,613
Investments in operating fixed assets	(570,662)	(347,634)
Proceeds from sale of fixed assets	133	5,542
	<u>(6,376,816)</u>	<u>93,723</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Net payment of sub-ordinated loans	(600)	(600)
Dividend paid	(34)	(318)
	<u>(634)</u>	<u>(918)</u>
Net cash used in financing activities		
Decrease in cash and cash equivalents during the period	<u>(3,186,889)</u>	<u>(5,576,439)</u>
Cash and cash equivalents at beginning of the period	<u>31,751,190</u>	<u>27,354,760</u>
Cash and cash equivalents at end of the period	<u>28,564,301</u>	<u>21,778,321</u>

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Condensed Interim Statement of Changes in Equity (Un-audited) for the quarter ended March 31, 2011

	Share Capital	Share Premium	Statutory Reserve	Bonus Reserve	Special Reserve* Rupees in '000	Merger Reserve*	General Reserve	Un-appropriated Profit	Total
Balance as at January 01, 2010	7,110,008	1,694,958	4,480,028	-	67,995	333,864	6,000	12,164,662	25,857,515
Changes in equity during the quarter ended March 31, 2010									
Total Comprehensive income for the quarter ended March 31, 2010	-	-	-	-	-	-	-	1,798,489	1,798,489
Transactions with owners recognised directly in equity									
Transfer to reserve of issue of bonus shares for year ended December 31, 2009 @ 10%	-	(711,001)	-	711,001	-	-	-	-	-
Issue of bonus shares	711,001	-	(711,001)	-	-	-	-	-	-
Final cash dividend for the year ended December 31, 2009 (Rs. 2.00 per ordinary share)	-	-	-	-	-	-	-	(1,422,002)	(1,422,002)
	711,001	(711,001)	-	-	-	-	-	(1,422,002)	(1,422,002)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	-	7,686	7,686
Transfer to statutory reserve	-	-	355,483	-	-	-	-	(355,483)	-
Balance as at March 31, 2010	7,821,009	983,957	4,835,511	-	67,995	333,864	6,000	12,193,352	26,241,688
Changes in equity during the nine months ended December 31, 2010									
Total Comprehensive income for the nine months ended December 31, 2010	-	-	-	-	-	-	-	6,485,328	6,485,328
Transactions with owners recognised directly in equity									
Interim cash dividend for the year ended December 31, 2010 (Rs. 2.00 per ordinary share)	-	-	-	-	-	-	-	(1,564,202)	(1,564,202)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	-	28,360	28,360
Transfer to statutory reserve	-	-	1,289,583	-	-	-	-	(1,289,583)	-
Balance as at December 31, 2010	7,821,009	983,957	6,125,094	-	67,995	333,864	6,000	15,853,255	31,191,174
Changes in equity during the quarter ended March 31, 2011									
Total comprehensive income for the quarter ended March 31, 2011	-	-	-	-	-	-	-	2,531,176	2,531,176
Transactions with owners recognised directly in equity									
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	-	7,301	7,301
Transfer to statutory reserve	-	-	502,195	-	-	-	-	(502,195)	-
Balance as at March 31, 2011	7,821,009	983,957	6,627,289	-	67,995	333,864	6,000	17,889,537	33,729,651

* These were created as a result of merger of Ibrahim Leasing Limited and First Allied Bank Modaraba into Allied Bank Limited.

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2011

1. STATUS AND NATURE OF BUSINESS

The Group comprise of Allied Bank Limited (the Bank and holding company) and ABL Asset Management Company Limited (the subsidiary), hereinafter referred as "the Bank and its subsidiary".

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 807 (2010: 806) 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 the holding 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.

ABL Asset Management Company Limited (the subsidiary company, wholly owned)

ABL Asset Management Company Limited, a wholly owned subsidiary of the Bank, is a public unlisted company incorporated in Pakistan as a limited liability company on October 12, 2007 under the Companies Ordinance, 1984. The subsidiary company has obtained licenses from the Securities and Exchange Commission of Pakistan (SECP) to carry out Asset Management Services and Investment Advisory Services as a Non-Banking Finance Company (NBFC) under Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 as amended through S.R.O.1131(I) 2007 (the NBFC Rules, 2003). The subsidiary company received certificate of commencement of business on December 31, 2007. The registered office of the subsidiary company is situated at 11-B Lalazar, M.T. Khan Road, Karachi. The Management quality rating of the company, as assigned by JCR-VIS credit rating company limited, is AM3.

ABL Asset Management company is managing following open ended funds:

- ABL-Income Fund	Launched on September 20, 2008
- ABL-Stock Fund	Launched on June 28, 2009
- ABL-Cash Fund	Launched on July 31, 2010
- ABL-Islamic Cash Fund	Launched on July 31, 2010

2. STATEMENT OF COMPLIANCE

- 2.1 These consolidated condensed interim financial statements of the Bank for the quarter ended March 31, 2011 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.

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2011

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, 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.

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, 2010.

Note	Un-audited March 31, 2011	Audited December 31, 2010
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Rupees in '000

5. LENDINGS TO FINANCIAL INSTITUTIONS

Call money lending	5.1	100,000	-
Repurchase agreement lendings (Reverse Repo)	5.2	18,646,973	11,392,277
Certificates of investment	5.3	86,667	96,667
		<u>18,833,640</u>	<u>11,488,944</u>

5.1 This represents an unsecured placement with financial institution carrying mark-up at rate of 13.00% (December 31, 2010: Nil) per annum and maturing on April 01, 2011.

5.2 These are short-term lendings to various financial institutions against the government securities, carrying mark-up at rates, ranging between 13.00% and 13.90% (December 31, 2010: ranging between 12.50% and 13.25%) per annum and will mature on various dates, latest by April 21, 2011.

5.3 The certificate of investment carries mark-up at the rate of 13.37% (December 31, 2010: 13.26%) per annum and will mature on April 11, 2011.

6. INVESTMENTS

Note	Held by Bank	Given as collateral	Total
	Rupees in '000		
Current period - March 31, 2011 (Un-audited)	6.1	<u>126,995,337</u>	<u>314,482</u>
Prior year - December 31, 2010 (Audited)	6.1	<u>118,862,000</u>	<u>2,296,730</u>

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2011

Un-audited As at March 31, 2011			Audited As at December 31, 2010		
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
Units of open-end mutual funds

-	-	-	16,053	-	16,053
398,843	-	398,843	1,229,049	-	1,229,049
398,843	-	398,843	1,245,102	-	1,245,102

Available-for-sale securities

Market Treasury Bills
Pakistan Investment Bonds
Ordinary shares of listed companies /
certificates of mutual funds
Preference Shares
Units of open end mutual funds
Ordinary shares of unlisted companies
Investment in related parties
- Listed shares
- Unlisted shares
- Open-end mutual funds
Sukuk Bonds
Term Finance Certificates (TFCs)

64,770,499	316,289	65,086,788	57,547,817	2,298,869	59,846,686
246,910	-	246,910	246,764	-	246,764
6,286,498	-	6,286,498	5,564,180	-	5,564,180
282,688	-	282,688	282,688	-	282,688
3,663,048	-	3,663,048	1,655,757	-	1,655,757
743,487	-	743,487	245,193	-	245,193
1,081,304	-	1,081,304	1,948,264	-	1,948,264
247,496	-	247,496	602,496	-	602,496
-	-	-	1,000,000	-	1,000,000
4,842,033	-	4,842,033	4,783,539	-	4,783,539
29,475,706	-	29,475,706	29,967,464	-	29,967,464
111,639,669	316,289	111,955,958	103,844,162	2,298,869	106,143,031

Held-to-maturity securities

Pakistan Investment Bonds
Foreign Currency Bonds (US\$)
TFCs, Debentures, Bonds and PTCs

7,095,718	-	7,095,718	7,493,147	-	7,493,147
1,160,979	-	1,160,979	645,701	-	645,701
5,874,088	-	5,874,088	5,878,932	-	5,878,932
14,130,785	-	14,130,785	14,017,780	-	14,017,780

Investment at cost

Provision for diminution in the
value of investments

126,169,297	316,289	126,485,586	119,107,044	2,298,869	121,405,913
(2,603,851)	-	(2,603,851)	(2,681,810)	-	(2,681,810)

Unrealized gain / (loss) on revaluation of

Held-for-trading securities

11,157	-	11,157	(2,668)	-	(2,668)
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Surplus / (Deficit) on revaluation of

Available-for-sale securities

3,418,734	(1,807)	3,416,927	2,439,434	(2,139)	2,437,295
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Total investments

126,995,337	314,482	127,309,819	118,862,000	2,296,730	121,158,730
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Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2011

	Note	Un-audited March 31, 2011	Audited December 31, 2010
Rupees in '000			
7. ADVANCES			
Loans, cash credits, running finances, etc. – in Pakistan		251,693,956	263,057,934
Net investment in finance lease – in Pakistan		1,441,454	1,261,371
Bills discounted and purchased (excluding government treasury bills)			
Payable in Pakistan		1,202,747	973,826
Payable outside Pakistan		2,913,822	3,239,841
		4,116,569	4,213,667
Advances – gross		257,251,979	268,532,972
Provision against non-performing advances	7.1	(15,770,480)	(15,420,788)
General provision against consumer financing		(10,484)	(9,474)
		241,471,015	253,102,710

- 7.1 Advances include Rs. 19,393.983 million (2010: Rs. 18,688.166 million) which have been placed under non-performing status as detailed below:-

Category of Classification	March 31, 2011 (Un-audited)				
	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
Rupees in '000					
Other Assets Especially					
Mentioned	33,058	–	33,058	–	–
Substandard	1,953,074	–	1,953,074	351,149	351,149
Doubtful	3,902,041	–	3,902,041	1,913,521	1,913,521
Loss	13,505,810	–	13,505,810	13,505,810	13,505,810
	19,393,983	–	19,393,983	15,770,480	15,770,480

Category of Classification	December 31, 2010 (Audited)				
	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
Rupees in '000					
Other Assets Especially					
Mentioned	24,340	–	24,340	–	–
Substandard	1,604,264	–	1,604,264	330,109	330,109
Doubtful	3,937,765	–	3,937,765	1,968,882	1,968,882
Loss	13,121,797	–	13,121,797	13,121,797	13,121,797
	18,688,166	–	18,688,166	15,420,788	15,420,788

- 7.2 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 quarter ended March 31, 2011

	Un-audited March 31, 2011	Audited December 31, 2010
	Rupees in '000	
8. OPERATING FIXED ASSETS		
Capital work-in-progress	3,542,048	3,279,994
Property and equipment	11,914,369	11,906,454
Intangible assets	177,072	184,670
	<u>15,633,489</u>	<u>15,371,118</u>

9. DEFERRED TAX ASSET / (LIABILITY) - NET

Deferred debits arising due to:

Compensated leave absences	148,997	153,605
Provision against:		
Investments	79,098	79,098
Other assets	275,846	275,847
Off balance sheet obligations	169,525	169,525
Provision against advances	1,045,373	1,025,796
Post retirement medical benefits	267,161	276,249
Workers Welfare Fund	116,873	86,455
	<u>2,102,873</u>	<u>2,066,575</u>

Deferred credits arising due to:

Surplus on revaluation of fixed assets	(310,679)	(314,611)
Surplus on revaluation of investments	(322,242)	(403,875)
Accelerated tax depreciation / amortization	(796,084)	(846,420)
Excess of investment in finance lease over written down value of leased assets	(20,895)	(18,517)
	<u>(1,449,900)</u>	<u>(1,583,423)</u>
	<u>652,973</u>	<u>483,152</u>

- 9.1 Through Finance Act 2007, a new section 100A read with the 7th Schedule (the Schedule) was inserted in the Income Tax Ordinance, 2001 for the taxation of banking companies. The Schedule seeks to simplify the taxation of banking companies and is applicable from the tax year 2009 (financial year ending on December 31, 2008).

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.

	Un-audited March 31, 2011	Audited December 31, 2010
	Rupees in '000	
10. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	112,632,009	109,051,434
Savings deposits	99,144,513	93,632,849
Current accounts - Remunerative	53,023,831	57,006,516
- Non-remunerative	105,245,604	110,871,294
	<u>370,045,957</u>	<u>370,562,093</u>
Financial Institutions		
Remunerative deposits	2,206,107	718,855
	<u>372,252,064</u>	<u>371,280,948</u>

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2011

11. SHARE CAPITAL

11.1 Authorised capital

Un-audited March 31, 2011	Audited December 31, 2010		Un-audited March 31, 2011	Audited December 31, 2010
No. of shares			Rupees in '000	
<u>1,500,000,000</u>	<u>1,000,000,000</u>	Ordinary shares of Rs. 10 each	<u>15,000,000</u>	<u>10,000,000</u>

11.2 Issued, subscribed and paid-up capital

Fully paid-up Ordinary shares of Rs. 10 each

Un-audited March 31, 2011	Audited December 31, 2010	Ordinary Shares	Un-audited March 31, 2011	Audited December 31, 2010
No. of shares			Rupees in '000	
<u>406,780,094</u>	<u>406,780,094</u>	Fully paid in cash	<u>4,067,801</u>	<u>4,067,801</u>
<u>357,772,190</u>	<u>357,772,190</u>	Issued as bonus shares	<u>3,577,722</u>	<u>3,577,722</u>
<u>764,552,284</u>	<u>764,552,284</u>		<u>7,645,523</u>	<u>7,645,523</u>
		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).	<u>91,486</u>	<u>91,486</u>
		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	<u>84,000</u>	<u>84,000</u>
<u>9,148,550</u>	<u>9,148,550</u>		<u>7,821,009</u>	<u>7,821,009</u>
<u>8,400,000</u>	<u>8,400,000</u>			
<u>782,100,834</u>	<u>782,100,834</u>			

Ibrahim Fibres Limited, related party of the bank, held 287,078,695 (36.71%) [December 31, 2010: 287,078,695 (36.71%)] Ordinary shares of Rs.10 each.

Note	Un-audited March 31, 2011	Audited December 31, 2010
	Rupees in '000	

12. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

Surplus/(deficit) arising on revaluation of:			
- fixed assets	12.1	<u>2,757,735</u>	<u>2,765,036</u>
- available for sale securities	12.2	<u>3,094,685</u>	<u>2,033,420</u>
Surplus on revaluation of assets - net of tax		<u>5,852,420</u>	<u>4,798,456</u>

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2011

Un-audited Audited
March 31, December 31,
2011 2010
Rupees in '000

12.1 Surplus on revaluation of fixed assets

Surplus on revaluation of fixed assets as at January 1	3,079,647	3,132,247
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	(7,301)	(30,743)
Related deferred tax liability	(3,932)	(16,554)
	(11,233)	(47,297)
Surplus on revaluation of fixed assets as at March 31 and December 31	3,068,414	3,079,647
Less: Related deferred tax liability on :		
Revaluation as at January 1	314,611	331,165
Incremental depreciation charged during the period / year transferred to profit and loss account	(3,932)	(16,554)
	310,679	314,611
	2,757,735	2,765,036

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

Federal Government Securities		
Market Treasury Bills	(66,120)	(120,712)
Pakistan Investment Bonds	(21,279)	(23,870)
Term Finance Certificates	(39,097)	(9,949)
Shares/Certificates - Listed	3,529,925	2,528,671
Mutual Funds	13,498	63,155
	3,416,927	2,437,295
Less : Related deferred tax liability	(322,242)	(403,875)
	3,094,685	2,033,420

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2011

	Un-audited March 31, 2011	Audited December 31, 2010
	Rupees in '000	
13. CONTINGENCIES AND COMMITMENTS		
13.1 Direct credit substitutes		
Guarantees in favour of:		
Banks and financial institutions	670,331	1,769,128
13.2 Transaction-related contingent liabilities		
Guarantees in favour of:		
Government	12,371,039	9,512,438
Others	12,494,406	8,585,255
	24,865,445	18,097,693
13.3 Trade-related contingent liabilities	54,311,288	52,044,205
13.4 Claims against the Bank not acknowledged as debt	4,704,933	3,943,404
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 March 31, 2011	Audited December 31, 2010
	Rupees in '000	
13.6 Commitments in respect of forward foreign exchange contracts		
Purchase	26,180,371	23,100,518
Sale	11,681,515	7,371,457
13.7 Commitments in respect of operating fixed assets		
Civil works	990,054	1,260,603
Acquisition of operating fixed assets	568,787	372,584
13.8 Commitments in respect of lease financing	215,749	168,437
13.9 Commitments in respect of procurement of shares	223	258

13.10 Contingencies

13.10.1 There is no change in the status of contingencies, set out in note 22.10 to the financial statements of the Bank for the year ended December 31, 2010, 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 2010 for local and Azad Kashmir operations. While finalizing income tax assessments upto tax year 2010, income tax authorities made certain add backs with aggregate tax impact of Rs.10,718 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.8,682 million were set-aside and deleted respectively. The bank has further filed appeals before higher appellate authorities where relief has not been allowed against add backs by income tax authorities. 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.10,718 million. The management is hopeful that the outcome of these appeals will be in favor of the Bank.

Notes to the Consolidated Condensed Interim Financial Statements
(Un-audited) for the quarter ended March 31, 2011

	Quarter ended March 31, 2011	Quarter ended March 31, 2010
	Rupees in '000	
14. MARK-UP/RETURN/INTEREST EARNED		
On loans and advances	8,460,457	7,728,336
On investments in:		
Available-for-sale securities	3,047,424	1,955,036
Held-to-maturity securities	192,421	548,874
	3,239,845	2,503,910
On deposits with financial institutions	5,884	4,997
On securities purchased under resale agreements	584,004	665,776
On certificates of investment	2,140	11,047
On letters of placement	-	5,889
On call money lending	9,566	19,769
	12,301,896	10,939,724
15. MARK-UP/RETURN/INTEREST EXPENSED		
Deposits	5,049,451	4,251,900
Long term borrowings	78,917	84,106
Securities sold under repurchase agreements	29,876	195,563
Call money borrowing	30,221	231,698
Brokerage and commission	42,928	29,447
Markup on sub-ordinated loans	199,062	186,907
Other short term borrowings	675,181	586,165
	6,105,636	5,565,786
16. EARNINGS PER SHARE - BASIC AND DILUTED		
Profit after tax for the period attributable to ordinary shareholders	2,531,176	1,798,489
	Number of Shares	
Weighted average number of Ordinary Shares outstanding during the period	782,100,834	782,100,834
	Rupees	
Earnings per share - basic and diluted	3.24	2.30
There is no dilution effect on basic earnings per share.		

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2011

17.

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.

Nature of related party transactions	Un-audited March 31, 2011			Audited December 31, 2010				
	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	61,581	-	211,703	16,061,896	22,461	-	248,967	14,318,863
Loans given during the period/year	11,700	-	5,117	-	85,655	-	38,959	2,173,199
Loans repaid/adjusted during the period/year	(13,890)	-	(8,889)	(14,119,085)	(46,535)	-	(76,223)	(630,166)
Loans at the end of the period/year	59,391	-	207,930	1,942,811	61,581	-	211,703	16,061,896
Deposits								
Deposits at the beginning of the period/year	9,821	93,965	16,128	-	9,661	9,400	10,782	-
Deposits received during the period/year	6,450	2,189,730	23,392	-	2,973,552	9,298,676	179,754	-
Deposits repaid during the period/year	(6,584)	(2,222,775)	(25,697)	-	(2,973,392)	(9,214,111)	(174,408)	-
Deposits at the end of the period/year	11,687	60,920	13,823	-	9,821	93,965	16,128	-
Nostro balances	-	117,227	-	-	-	126,448	-	-
Lendings	-	969,205	-	-	-	523,239	-	-
Borrowings	-	152,113	-	-	-	161,850	-	-
Investments in shares / open-end mutual funds	-	236,682	-	3,142,143	-	240,969	-	3,304,790
Non Funded Exposures	-	-	-	3,291,062	-	-	-	4,111,021
Net receivable from : staff retirement benefit funds	-	-	-	1,335,958	-	-	-	1,452,077
staff retirement fund deposits	-	-	-	1,757,031	-	-	-	3,042,357

Notes to the Consolidated Condensed Interim Financial Statements
(Un-audited) for the quarter ended March 31, 2011

	Un-audited March 31, 2011				Un-audited March 31, 2010			
	Directors	Associated companies	Key management personnel	Other related parties	Directors	Associated companies	Key management personnel	Other related
	Rupees in '000							
Mark-up earned	732	-	3,864	76,293	244	-	3,014	650,192
Income on placements	-	4	-	-	-	3	-	-
Income on lendings	-	38	-	-	-	-	-	-
Dividend Income	-	-	-	84,996	-	-	-	142,136
Commission income	-	-	-	425	-	-	-	-
Management fee sharing expense	-	-	-	1,435	-	-	-	1,665
Management fee income	-	-	-	50,117	-	-	-	38,334
Mark-up expense on Deposits	126	3	23	73,907	159	-	31	144,125
Interest expense on Borrowings	-	6,024	-	-	-	92	-	-
Directors' meeting fee	675	-	-	-	300	-	-	-
NIFT charges	-	-	-	19,920	-	-	-	16,660
Bank charges levied	-	-	-	-	-	3	-	595
Rent expense	-	3,705	-	-	-	1,993	-	-
Charge / (reversal) in respect of staff retirement benefit funds	-	-	-	(128,820)	-	-	-	77,390

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2011

18. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	For the Period Ended March 31, 2011 (Un-audited)							Total
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Asset Management	Eliminations	
	Rupees in '000							
Total Income	210,402	601,662	6,782,893	10,977,261	110,322	65,999	[4,936,928]	13,811,611
Total Expenses	[109,707]	[481,793]	[5,868,937]	[9,649,114]	[62,016]	[45,796]	4,936,928	[11,280,435]
Net Income	100,695	119,869	913,956	1,328,147	48,306	20,203	-	2,531,176

	For the Period Ended March 31, 2010 (Un-audited)							Total
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Asset Management	Eliminations	
	Rupees in '000							
Total Income	306,036	707,545	4,547,068	9,479,948	93,834	60,990	[2,630,951]	12,564,470
Total Expenses	[159,056]	[364,246]	[4,042,942]	[8,743,345]	[47,428]	[39,915]	2,630,951	[10,765,981]
Net Income	146,980	343,299	504,126	736,603	46,406	21,075	-	1,798,489

	As at March 31, 2011 (Un-audited)							Total
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Asset Management	Eliminations	
	Rupees in '000							
Segment Assets	248,125	14,390,455	102,793,511	352,028,071	307,455	551,136	470,318,753	

	As at December 31, 2010 (Audited)							Total
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Asset Management	Eliminations	
	Rupees in '000							
Segment Assets	222,575	12,393,503	106,907,076	349,369,145	214,079	539,436	469,645,814	

19. GENERAL

- 19.1 Figures have been rounded off to the nearest thousand rupees.
- 19.2 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. DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue on 25 April, 2011 by the Board of Directors of the Bank.

Chief Financial Officer
Director

President and Chief Executive Officer
Director

Chairman

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