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Condensed Interim Financial Statements
for the quarter ended March 31, 2012



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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

Mubashir A. Akhtar
Independent Director

Pervaiz Iqbal Butt
Independent Director

A. Akbar Sharifzada
(Govt. Nominee Director)

Sheikh Jalees Ahmed
Executive Director

Khalid A. Sherwani
Chief Executive Officer

Audit Committee

Mubashir A. Akhtar
Chairman

Pervaiz Iqbal Butt
Member

A. Akbar Sharifzada
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,
Barrister-at-Law & Corporate Counsellors

Shares Registrar

Technology Trade (Pvt.) Ltd.

Registered Office

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

Head Office

3-4 Tipu Block, Main Boulevard
New Garden Town
Lahore - Pakistan
(92 42) 35880043

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, 2012:

Financial Highlights

	(Rupees in million)		Growth
	Quarter ended March 31,		
	2012	2011	
Profit After Tax	3,044	2,511	21.23%
Un-appropriated profits brought forward	20,254	15,829	27.96%
Transfer from surplus on revaluation of fixed assets - net of tax	7.8	7.3	6.85%
Profit available for appropriation	23,306	18,347	27.03%
Final cash dividend for the year ended December 31, 2011 at (Rs. 2.50 per ordinary share)	(2,151)	-	0%
Transfer to reserve for issue of bonus shares for the year ended December 31, 2011 @ 10%	(658)	-	0%
Transfer to Statutory Reserves	(609)	(502)	41.41%
Un-appropriated profits carried forward	19,888	17,845	46.20%
Earning Per Share (EPS) (Rs.)	3.22	2.65	41.41%

The Board is pleased to announce an interim cash dividend of Rs. 2 per share for the three months period ended March 31, 2012 (March 31, 2011: Rs. Nil).

Economic Overview

Pakistan's macroeconomic outlook remained constrained by persistent double digit inflation, energy shortages, faltering private investment, vulnerable external account position and growing fiscal imbalances. The uncertainties associated with global economy also added to the challenges.

Manufacturing activities remained sluggish with Large Scale Manufacturing Index up by 1.8% on a Year-on-Year (YoY) basis during first eight months of FY 12. The provisional data during the first nine months of FY12 indicates the possibility of substantial slippage in the fiscal deficit compared to the revised target of 4.7% of GDP. The large fiscal deficit and drying up of external inflows led to rise in government borrowings from the banking channels amounting to Rs. 373 billion from scheduled banks and Rs. 218 billion from the State Bank of Pakistan (SBP) during first nine months of FY12, up by 56.5% and 18.5% on YoY basis, respectively.

The YoY CPI inflation remained in double digit and was recorded at 10.79% in March 2012. The country's external account position has increasingly come under pressure because of the negative trends in the country's external trade balance, weak financial inflows and high international oil prices.

The inclination of scheduled banks to invest in government securities has increased their ratio of

liquid assets to total deposits whereas the advances-to-total deposits have continued to fall. M2 expanded by 8.7% during the first nine months of FY 12 compared to 9.1% in the corresponding period of previous year. Deceleration in broad money (M2) growth is primarily due to sharp contraction in Net Foreign Assets (NFA) of the banking systems. While keeping Policy Rate unchanged at 12% in its recent Monetary Policy Statement, SBP has raised minimum Profit Rate on all type of Rupee Savings Deposits from 5% to 6% with effect from May 1, 2012.

Financial Review

Under the prevailing circumstances, Your Bank remained committed to its strategy of steady growth in quality avenues with emphasis on strengthening the associated risk infrastructure. While pursuing efficient assets liability management, Your Bank's focus remains on improving the mix of cost effective core deposits and optimizing operational efficiencies to control cost. Deposits of Your Bank increased to Rs. 418,036 million as at March 31, 2012, a growth of 5% over December 31, 2011 and 12.3% over March 31, 2011. Gross Investments decreased to Rs. 176,695 million as at March 31, 2012 from Rs. 198,398 million as at December 31, 2011. These are, however, higher by 36% from end-March 2011 level of Rs. 129,919 million. Due to cautious lending stance, the Gross Advances registered a drop from December 31, 2011 level of Rs. 262,137 million to Rs. 260,119 million. Gross Advances as at March 31, 2012 were higher by Rs. 2,870 million or 1.1% over March 31, 2011 level. The balance sheet size of Your Bank stands at Rs. 532,527 million as on March 31, 2012 while the Equity of the Bank as at March 31, 2012 registered a growth of 6.2% and 16.3% over December 31, 2011 and March 31, 2011 levels, respectively, to reach at Rs. 46,012 million.

Profit Before Tax of Your Bank increased by 13.4% to reach Rs. 4,368 million during three months period ended March 31, 2012 as compared to Rs. 3,851 million in the corresponding period of previous year. Profit After Tax rose by 21.2% to Rs. 3,044 million compared to Rs. 2,511 million in the corresponding period of previous year. Resultantly, the EPS of Your Bank increased to Rs. 3.22 during three months period ended March 31, 2012 compared to Rs. 2.65 in the corresponding period of previous year.

Net Mark-up / Interest Income during three months period ended March 31, 2012 decreased by Rs. 1,321 million to Rs. 4,883 million compared to Rs. 6,204 million in corresponding period of previous year, attributable mainly to deployment of funds towards investment activities in the back drop of low private sector credit off take. There was a net provision reversal of Rs. 72 million during the three months period ended March 31, 2012 compared to a net provision charge of Rs. 301 million in the corresponding period of previous year.

Non-Mark up / Interest Income during three months period ended March 31, 2012 almost doubled compared to the corresponding period of last year. Exchange earnings, dividend income and capital gains contributed 73% of the total non-mark up income. The Administrative Expenses on the other hand increased by 1.7% to reach Rs. 3,348 million during three months period ended March 31, 2012 as compared to Rs. 3,293 million in corresponding period of previous year. In the wake of current difficult credit environment, NPLs increased by 2.5% from December 31, 2011 level to Rs. 20,960 million. Your Bank has adequately provided for the NPLs with provision coverage remaining high at 82.6% as at March 31, 2012. 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 challenges to the operating environment are likely to prevail on account of fiscal vulnerabilities, pressure on external account, and risk of inflationary pressures. Meanwhile, severe energy shortage is expected to impact the overall industrial output and economic activity. All these factors are likely to put strain on borrowers' business prospects and repayment capacity. Your Bank being cognizant of the given environment would continue with its strategy of sustained growth in quality avenues while maintaining focus on improving the deposits mix. Further, effective capitalization on the extensive network, improving service quality standards and providing state of the art banking services through leveraging technology would remain our key strategic focus areas.

Entity & TFC Ratings

Allied Bank has long-term and short-term entity ratings of AA (Double A) and A1+ (A One Plus), respectively, assigned by The Pakistan Credit Rating Agency (PACRA). The ratings have been assigned a Positive Outlook. The rating of TFC Issue of Rs. 3,000 million (Issue Date: August 28, 2009) is 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) is also AA- (Double A Minus) assigned by JCR-VIS Credit Rating Company (JCR-VIS).

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.

Corporate Excellence Award

Allied Bank has been adjudged as the winner of the 28th Corporate Excellence Award in the Commercial Banks category by Management Association of Pakistan (MAP) in recognition of its Corporate Governance and overall Management Best Practices.

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 Ahmed Sherwani
Chief Executive Officer

Dated: April 24, 2012
Place: Lahore

Unconsolidated Condensed Interim Statement of Financial Position

as at March 31, 2012

	Note	Un-audited March 31, 2012	Audited December 31, 2011
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		37,492,278	36,479,758
Balances with other banks		1,438,821	1,679,085
Lendings to financial institutions	6	24,990,636	1,361,754
Investments	7	174,602,589	195,694,122
Advances	8	242,761,151	244,433,474
Operating fixed assets		18,204,243	18,087,011
Deferred tax assets - net		673,304	751,908
Other assets		32,364,436	17,211,827
		532,527,458	515,698,939
LIABILITIES			
Bills payable		4,242,834	4,015,317
Borrowings		43,787,182	49,993,200
Deposits and other accounts	9	418,035,700	399,561,676
Sub-ordinated loans		5,492,000	5,492,600
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		14,956,779	13,296,342
		486,514,495	472,359,135
NET ASSETS		46,012,963	43,339,804
REPRESENTED BY			
Share capital	10	9,463,421	8,603,110
Reserves		9,169,755	8,762,745
Unappropriated profit		19,888,495	20,254,503
		38,521,671	37,620,358
Surplus on revaluation of assets - net of tax	11	7,491,292	5,719,446
		46,012,963	43,339,804
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The annexed notes 1 to 19 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, 2012

	Note	Quarter Ended March 31, 2012	Quarter Ended March 31, 2011
Rupees in '000			
Mark-up / return / interest earned	13	11,993,467	12,298,353
Mark-up / return / interest expensed	14	7,110,034	6,093,863
Net mark-up / interest income		<u>4,883,433</u>	<u>6,204,490</u>
Provision against non-performing loans and advances and general provision - net		570,596	389,610
Reversal for diminution in the value of investments - net		(610,442)	(77,959)
Bad debts written off directly		-	-
		<u>(39,846)</u>	<u>311,651</u>
Net mark-up / interest income after provisions		<u>4,923,279</u>	<u>5,892,839</u>
NON MARK-UP / INTEREST INCOME			
Fee, commission and brokerage income		720,431	742,759
Dividend income		1,717,236	326,817
Income from dealing in foreign currencies		137,671	100,010
Gain / (Loss) on sale of securities		244,468	268,074
Unrealized loss on revaluation of investments classified as held-for-trading - net		(995)	-
Other income		70,293	9,599
Total non-markup / interest income		<u>2,889,104</u>	<u>1,447,259</u>
		<u>7,812,383</u>	<u>7,340,098</u>
NON MARK-UP / INTEREST EXPENSES			
Administrative expenses		3,347,886	3,292,922
(Reversal) / provision against other assets - net		(88,542)	12,000
Provision / (reversal) against off-balance sheet obligations - net		56,652	(23,116)
Other charges		128,762	207,603
Total non-markup / interest expenses		<u>3,444,758</u>	<u>3,489,409</u>
Extra-ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		<u>4,367,625</u>	<u>3,850,689</u>
Taxation			
Current		1,433,144	1,427,899
Prior years		-	-
Deferred		(109,851)	(88,183)
		<u>1,323,293</u>	<u>1,339,716</u>
PROFIT AFTER TAXATION		<u>3,044,332</u>	<u>2,510,973</u>
Unappropriated profit brought forward		20,254,503	15,828,533
Transfer from surplus on revaluation of fixed assets - net of tax		7,758	7,301
		<u>20,262,261</u>	<u>15,835,834</u>
PROFIT AVAILABLE FOR APPROPRIATION		<u>23,306,593</u>	<u>18,346,807</u>
Earnings per share - Basic and Diluted (in Rupees)	15	<u>3.22</u>	<u>2.65</u>

The annexed notes 1 to 19 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, 2012

	Quarter Ended March 31, 2012	Quarter Ended March 31, 2011
	Rupees in '000	
Profit after taxation for the period	3,044,332	2,510,973
Other comprehensive income	-	-
Total comprehensive income for the period	<u>3,044,332</u>	<u>2,510,973</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 respectively and Companies Ordinance, 1984.

The annexed notes 1 to 19 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, 2012

	Quarter Ended March 31, 2012	Quarter Ended March 31, 2011
	Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	4,367,625	3,850,689
Less: Dividend income	(1,717,236)	(326,817)
	<u>2,650,389</u>	<u>3,523,872</u>
Adjustments for non-cash items:		
Depreciation / amortization	341,596	307,018
Provision against non-performing loans, advances and general provision - net	570,596	389,610
(Reversal) for diminution in the value of investments - net	(610,442)	(77,959)
Unrealized loss on revaluation of held for trading securities - net	995	-
Provision / (reversals) against off balance sheet obligations - net	56,652	(23,116)
(Reversal) / provision against other assets - net	(88,542)	12,000
Gain on sale of fixed assets	(14,087)	(113)
	<u>256,768</u>	<u>607,440</u>
	2,907,157	4,131,312
(Increase) / decrease in operating assets		
Lendings to financial institutions	(23,628,882)	(7,344,696)
Net investments in 'held-for-trading' securities	(2,998,199)	842,169
Advances - net	1,101,730	11,241,834
Other assets (excluding advance taxation) - net	(13,319,951)	(666,903)
	<u>(38,845,302)</u>	<u>4,072,404</u>
Increase / (decrease) in operating liabilities		
Bills payable	227,517	537,319
Borrowings from financial institutions	(6,210,052)	(4,224,732)
Deposits and other accounts	18,474,024	977,730
Other liabilities	1,406,704	(593,569)
	<u>13,898,193</u>	<u>(3,303,252)</u>
	(22,039,952)	4,900,464
	<u>(1,884,110)</u>	<u>(1,710,648)</u>
Income tax paid - net	(1,884,110)	(1,710,648)
Net cash flows from operating activities	<u>(23,924,062)</u>	<u>3,189,816</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in 'available-for-sale' securities	25,697,352	(5,812,926)
Net investments in 'held-to-maturity' securities	969,885	(113,005)
Dividend income received	424,086	119,645
Investments in operating fixed assets	(460,020)	(569,920)
Proceeds from sale of fixed assets	15,277	133
Net cash flows from investing activities	<u>26,646,580</u>	<u>(6,376,073)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of sub-ordinated loan	(600)	(600)
Dividend paid	(1,953,696)	(34)
Net cash used in financing activities	<u>(1,954,296)</u>	<u>(634)</u>
Increase in cash and cash equivalents during the period	768,222	(3,186,891)
Cash and cash equivalents at beginning of the period	38,124,951	31,750,995
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>38,893,173</u>	<u>28,564,104</u>

The annexed notes 1 to 19 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, 2012

	Share Capital	Share Premium	Statutory Reserve	Bonus Issue Reserve	Special Reserve* Rupees in '000	Merger Reserve*	General Reserve	Un-appropriated Profit	Total
Balance as at 1 January, 2011	7,821,009	983,957	6,125,094	-	67,995	333,864	6,000	15,828,533	31,166,452
<i>Changes in equity during the quarter ended March 31, 2011</i>									
Total comprehensive income for the quarter ended March 31, 2011	-	-	-	-	-	-	-	2,510,973	2,510,973
<i>Transactions with owners recognized directly in equity</i>									
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
<i>Changes in equity during the nine Months ended December 31, 2011</i>									
Total comprehensive income for the nine months ended December 31, 2011	-	-	-	-	-	-	-	7,628,708	7,628,708
<i>Transactions with owners recognized directly in equity</i>									
Transfer to reserve for issue of bonus shares for the year ended December 31, 2010 @ 10%	-	(782,101)	-	782,101	-	-	-	-	-
Issue of bonus shares	782,101	-	-	(782,101)	-	-	-	-	-
Final cash dividend for the year ended December 31, 2010 (Rs. 2.00 per ordinary share)	-	-	-	-	-	-	-	(1,564,202)	(1,564,202)
Interim cash dividend for the year ended December 31, 2011 (Rs. 2.50 per ordinary share)	-	-	-	-	-	-	-	(2,150,777)	(2,150,777)
	782,101	(782,101)	-	-	-	-	-	(3,714,979)	(3,714,979)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	-	21,903	21,903
Transfer to statutory reserve	-	-	1,525,741	-	-	-	-	(1,525,741)	-
Balance as at December 31, 2011	8,603,110	201,856	8,153,030	-	67,995	333,864	6,000	20,254,503	37,620,358
<i>Changes in equity during the quarter ended March 31, 2012</i>									
Total comprehensive income for the quarter ended March 31, 2012	-	-	-	-	-	-	-	3,044,332	3,044,332
<i>Transactions with owners recognized directly in equity</i>									
Transfer to reserve for issue of bonus shares for the year ended December 31, 2011 @ 10%	-	(201,856)	-	201,856	-	-	-	-	-
Transfer to reserve for issue of bonus shares for the year ended December 31, 2011 @ 10%	-	-	-	658,455	-	-	-	(658,455)	-
Issue of bonus shares	860,311	-	-	(860,311)	-	-	-	-	-
Final cash dividend for the year ended December 31, 2011 (Rs. 2.50 per ordinary share)	-	-	-	-	-	-	-	(2,150,777)	(2,150,777)
	860,311	(201,856)	-	-	-	-	-	(2,809,232)	(2,150,777)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	-	7,758	7,758
Transfer to statutory reserve	-	-	608,866	-	-	-	-	(608,866)	-
Balance as at March 31, 2012	9,463,421	-	8,761,896	-	67,995	333,864	6,000	19,888,495	38,521,671

* 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 19 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, 2012

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 837 (2011: 837) 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 at 8-Kashmir / Egerton road, Lahore.

2. STATEMENT OF COMPLIANCE

2.1 These unconsolidated condensed interim financial statements of the Bank for the quarter ended March 31, 2012 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 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 (SECP) 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 financial statements. However, investments have been classified and disclosed 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 MEASUREMENT

These unconsolidated condensed interim financial statements have been prepared under the historical cost convention except that certain fixed assets are stated at revalued amounts and certain investments, commitments in respect of forward exchange contracts and derivative financial instruments have been marked to market and are carried at fair value.

4. BASIS OF PRESENTATION

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, 2011.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND RISK MANAGEMENT POLICIES

5.1 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.

5.2 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, 2011.

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2012

	Note	Un-audited March 31, 2012 Rupees in '000	Audited December 31, 2011
6. LENDINGS TO FINANCIAL INSTITUTIONS			
Repurchase agreement lendings (Reverse Repo)	6.1	24,990,636	1,361,754
Certificates of investment	6.2	70,000	70,000
		<u>25,060,636</u>	<u>1,431,754</u>
Provision against lendings to financial institutions		<u>(70,000)</u>	<u>(70,000)</u>
		<u>24,990,636</u>	<u>1,361,754</u>

6.1 These are short-term lendings to various financial institutions against the government securities. These carry mark-up at rate, ranging between 11.49% and 11.90% (2011: 11.90 %) per annum and will mature on various dates latest by April 05, 2012.

6.2 This represents classified certificates of investment.

7. INVESTMENTS

	Note	Held by Bank	Given as collateral	Total
		Rupees in '000		
Current period - March 31, 2012 (Un-audited)	7.1	<u>154,462,524</u>	<u>20,140,065</u>	<u>174,602,589</u>
Prior year - December 31, 2011 (Audited)	7.1	<u>165,806,713</u>	<u>29,887,409</u>	<u>195,694,122</u>

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2012

	Un-audited As at March 31, 2012			Audited As at December 31, 2011		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total

Rupees in '000

7.1 Investments by types

Held-for-trading securities

Market treasury bills

2,998,199	-	2,998,199	-	-	-
2,998,199	-	2,998,199	-	-	-

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

- Unlisted shares

- Units of open end mutual funds

Sukuk bonds

Term finance certificates (TFCs)

63,096,512	20,212,299	83,308,811	92,151,063	29,859,590	122,010,653
147,415	-	147,415	147,290	-	147,290
11,409,943	-	11,409,943	10,727,056	-	10,727,056
149,355	-	149,355	149,355	-	149,355
6,920,494	-	6,920,494	5,210,776	-	5,210,776
1,778,673	-	1,778,673	1,643,673	-	1,643,673
242,496	-	242,496	242,496	-	242,496
25,045,133	-	25,045,133	13,690,232	-	13,690,232
3,447,574	-	3,447,574	3,598,872	-	3,598,872
2,523,606	-	2,523,606	3,250,449	-	3,250,449
114,761,201	20,212,299	134,973,500	130,811,262	29,859,590	160,670,852

Held-to-maturity securities

Pakistan investment bonds

Foreign currency bonds (US\$)

TFCs, Debentures, Bonds and PTCs

27,585,024	-	27,585,024	27,574,628	-	27,574,628
1,612,072	-	1,612,072	1,591,392	-	1,591,392
4,765,901	-	4,765,901	5,766,862	-	5,766,862
33,962,997	-	33,962,997	34,932,882	-	34,932,882

Subsidiary

ABL Asset Management Company Limited

Investment at cost

Provision for diminution in the

value of investments

Investment (net of provisions)

Unrealized loss on revaluation of

held-for-trading securities

Surplus on revaluation of

available-for-sale securities

Total investments at market value

500,000	-	500,000	500,000	-	500,000
152,222,397	20,212,299	172,434,696	166,244,144	29,859,590	196,103,734
(2,093,319)	-	(2,093,319)	(2,703,761)	-	(2,703,761)
150,129,078	20,212,299	170,341,377	163,540,383	29,859,590	193,399,973
(995)	-	(995)	-	-	-
4,334,441	(72,234)	4,262,207	2,266,330	27,819	2,294,149
154,462,524	20,140,065	174,602,589	165,806,713	29,887,409	195,694,122

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2012

	Note	Un-audited March 31, 2012	Audited December 31, 2011
Rupees in '000			
8. ADVANCES			
Loans, cash credits, running finances, etc. - in Pakistan		254,438,654	256,549,230
Net investment in finance lease - in Pakistan		1,775,656	1,748,858
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		1,857,991	1,769,188
Payable outside Pakistan		2,046,427	2,069,915
		3,904,418	3,839,103
Advances - gross		260,118,728	262,137,191
Provision for non-performing advances	8.1	(17,319,347)	(17,671,070)
General provision against consumer financing		(38,230)	(32,647)
		(17,357,577)	(17,703,717)
Advances - net of provision		242,761,151	244,433,474

- 8.1 Advances include Rs. 20,959.834 million (2011: Rs. 20,452.465 million) which have been placed under non-performing status as detailed below:-

Category of Classification	March 31, 2012 (Un-audited)				
	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
Rupees in '000					
Other Assets Especially					
Mentioned	33,473	-	33,473	-	-
Substandard	2,232,643	-	2,232,643	557,550	557,550
Doubtful	3,814,374	-	3,814,374	1,882,453	1,882,453
Loss	14,879,344	-	14,879,344	14,879,344	14,879,344
	<u>20,959,834</u>	<u>-</u>	<u>20,959,834</u>	<u>17,319,347</u>	<u>17,319,347</u>

Category of Classification	December 31, 2011 (Audited)				
	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
Rupees in '000					
Other Assets Especially					
Mentioned	63,380	-	63,380	-	-
Substandard	1,780,543	-	1,780,543	444,292	444,292
Doubtful	2,711,866	-	2,711,866	1,331,198	1,331,198
Loss	15,896,676	-	15,896,676	15,895,580	15,895,580
	<u>20,452,465</u>	<u>-</u>	<u>20,452,465</u>	<u>17,671,070</u>	<u>17,671,070</u>

- 8.2 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 Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2012

	Un-audited March 31, 2012	Audited December 31, 2011
	Rupees in '000	
9. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	120,306,800	110,061,707
Savings deposits	110,827,174	106,783,680
Current accounts - remunerative	68,665,087	57,667,849
- Non - remunerative	117,554,537	124,121,553
	<u>417,353,598</u>	<u>398,634,789</u>
Financial Institutions		
Remunerative deposits	253,350	560,816
Non - remunerative deposits	428,752	366,071
	<u>418,035,700</u>	<u>399,561,676</u>

10. SHARE CAPITAL

10.1 Authorised capital

Un-audited March 31, 2012	Audited December 31, 2011		Un-audited March 31, 2012	Audited December 31, 2011
No. of shares			Rupees in '000	
<u>1,500,000,000</u>	<u>1,500,000,000</u>	Ordinary shares of Rs. 10 each	<u>15,000,000</u>	<u>15,000,000</u>

10.2 Issued, subscribed and paid-up capital

Fully paid-up Ordinary shares of Rs. 10 each

Un-audited March 31, 2012	Audited December 31, 2011	Ordinary Shares	Un-audited March 31, 2012	Audited December 31, 2011
No. of shares			Rupees in '000	
406,780,094	406,780,094	Fully paid in cash	4,067,801	4,067,801
<u>522,013,365</u>	<u>435,982,273</u>	Issued as bonus shares	<u>5,220,134</u>	<u>4,359,823</u>
<u>928,793,459</u>	<u>842,762,367</u>		<u>9,287,935</u>	<u>8,427,624</u>
		18,348,550 Ordinary Shares of Rs. 10 each determined pursuant to the Scheme of Amalgamation in accordance with the share swap ratio stipulated therein less 9,200,000 Ordinary Shares of Rs.10 each held by Ibrahim Leasing Limited on the cut-off date (September 30, 2004).	9,148,550	9,148,550
		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>84,000</u>
<u>946,342,009</u>	<u>860,310,917</u>		<u>9,463,421</u>	<u>8,603,110</u>

Ibrahim Fibers Limited, related party of the Bank, holds 226,365,220 (23.92%) [December 31, 2011: 270,786,564 (31.4%)] ordinary shares of Rs. 10 each, as at reporting date.

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2012

	Note	Un-audited March 31, 2012 Rupees in '000	Audited December 31, 2011
11. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Surplus / (deficit) arising on revaluation of:			
- fixed assets	11.1	3,621,352	3,629,110
- available for sale securities	11.2	3,869,940	2,090,336
Surplus on revaluation of assets - net of tax		<u>7,491,292</u>	<u>5,719,446</u>
		Un-audited March 31, 2012	Audited December 31, 2011
Rupees in '000			
11.1 Surplus on revaluation of fixed assets			
Surplus on revaluation as at January 1		3,963,374	3,079,647
Surplus on revaluation during the year		-	928,659
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(7,758)	(29,204)
Related deferred tax liability		(4,177)	(15,728)
		<u>(11,935)</u>	<u>(44,932)</u>
Surplus on revaluation as at March 31 & December 31		3,951,439	3,963,374
Less: Related deferred tax liability on :			
Revaluation as at January 1		334,264	314,611
Deferred tax liability on surplus on revaluation of fixed assets		-	35,381
Incremental depreciation charged during the period transferred to profit and loss account		(4,177)	(15,728)
		<u>330,087</u>	<u>334,264</u>
		<u>3,621,352</u>	<u>3,629,110</u>
11.2 Surplus / (Deficit) on revaluation of available-for-sale securities			
Federal Government Securities			
Market Treasury Bills		(125,719)	(67,646)
Pakistan Investment Bonds		(12,731)	(13,023)
Term Finance Certificates		(19,568)	(19,326)
Shares / Certificates - Listed		4,430,212	2,429,655
Open end mutual funds		(9,987)	(35,511)
		<u>4,262,207</u>	<u>2,294,149</u>
Less : Related deferred tax (liability)		(392,267)	(203,813)
		<u>3,869,940</u>	<u>2,090,336</u>

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2012

	Un-audited March 31, 2012	Audited December 31, 2011
	Rupees in '000	
12. CONTINGENCIES AND COMMITMENTS		
12.1 Direct credit substitutes		
Guarantees in favour of:		
Banks and financial institutions	432,862	611,478
12.2 Transaction-related contingent liabilities		
Guarantees in favour of:		
Government	13,935,887	14,010,962
Others	13,823,736	21,208,164
	27,759,623	35,219,126
12.3 Trade-related contingent liabilities	42,524,955	52,324,035
12.4 Claims against the Bank not acknowledged as debt	4,362,059	4,210,600
12.5 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, 2012	Audited December 31, 2011
	Rupees in '000	
12.6 Commitments in respect of forward foreign exchange contracts		
Purchase	51,659,428	49,580,813
Sale	30,119,389	25,543,453
12.7 Commitments in respect of:		
Civil works	1,428,315	1,496,831
Acquisition of operating fixed assets	457,481	504,141
	1,885,796	2,000,972
12.8 Commitments in respect of lease financing	163,443	110,472
12.9 Commitments in respect of market treasury bills	-	3,926,578
12.10 Contingencies		
12.10.1 There is no change in the status of contingencies, set out in note 22.11 to the unconsolidated financial statements of the Bank for the year ended December 31, 2011, except for the contingency as mentioned below:		
12.10.2 The income tax assessments of the Bank have been finalized upto and including tax year 2011 for local and Azad Kashmir operations. While finalizing income tax assessments upto tax year 2011, income tax authorities made certain add backs with aggregate tax impact of Rs. 12,301 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. 9,229 million were set-aside and deleted respectively. While giving appeal effects on most of the deleted issues, a refund of Rs. 5,940 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. 12,301 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, 2012

		Quarter ended March 31, 2012	Quarter ended March 31, 2011
		Rupees in '000	
13. MARK-UP / RETURN / INTEREST EARNED			
On loans and advances		7,721,495	8,460,403
On investments in:			
Available-for-sale securities		3,043,580	3,047,424
Held-to-maturity securities		1,020,332	188,936
Held-for-Trading		1,941	-
		4,065,853	3,236,360
On deposits with financial institutions		3,021	5,880
On securities purchased under resale agreements		193,082	584,004
On certificates of investment		-	2,140
On letters of placement		2,258	-
On call money lending		7,758	9,566
		11,993,467	12,298,353
14. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		4,929,227	5,049,565
Long term borrowing		63,493	78,917
Securities sold under repurchase agreements		925,527	29,876
Call money borrowing		119,401	30,221
Brokerage and commission		32,567	31,041
Markup on sub-ordinated loans		187,603	199,062
Other short term borrowings		852,216	675,181
		7,110,034	6,093,863
15. EARNINGS PER SHARE - BASIC AND DILUTED			
Profit after tax for the period attributable to ordinary shareholders		3,044,332	2,510,973
			Number of Shares
Weighted average number of ordinary shares outstanding during the period	15.1	946,342,009	946,342,009
			Rupees
Earning per share - basic and diluted for the period	15.1	3.22	2.65

There is no dilution effect on basic earnings per share.

- 15.1 The corresponding figure of weighted average number of shares outstanding and earnings per share have been restated to include the effect of bonus shares issued by the Bank during the period.

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2012

16.

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, 2012 (Un-audited)				December 31, 2011 (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	49,969	-	203,005	-	61,581	-	200,035	16,061,896
Loans given during the period / year	6,302	-	43,336	-	23,757	-	37,765	464,087
Loans repaid / adjustment during the period / year	(8,849)	-	(21,747)	-	(35,369)	-	(34,795)	(16,525,983)
Loans at the end of the period / year	47,422	-	224,594	-	49,969	-	203,005	-
Deposits								
Deposits at the beginning of the period / year	17,270	48,985	13,556	230,430	9,821	93,965	16,128	3,042,357
Deposits received during the period / year	1,465,132	3,963,620	29,598	3,726,948	4,147,530	13,513,467	191,103	14,937,123
Deposits repaid during the period / year	(1,473,097)	(3,953,306)	(372,008)	(153,345)	(4,140,081)	(13,559,447)	(193,675)	(17,749,050)
Deposits at the end of the period / year	9,305	59,299	2,344	3,804,033	17,270	48,985	13,556	230,430
Nostro balances	-	180,166	-	-	-	131,749	-	-
Borrowings	-	1,889,940	-	-	-	1,204,313	-	-
Investments in shares / open end mutual funds	-	239,919	500,000	25,034,476	-	240,969	500,000	13,623,621
Other receivables	-	-	6,669	15,000,070	-	-	3,656	-
Net receivable from staff retirement benefit funds	-	-	-	1,491,028	-	-	-	1,430,918
Rupees in '000								
March 31, 2012 (Un-audited)								
	Directors	Associated Companies	Subsidiary management personnel	Other related parties	Directors	Associated Companies	Subsidiary management personnel	Other related parties
Mark-up earned	447	-	2,912	-	732	-	3,864	76,293
Income on placements	-	-	-	-	-	4	-	-
Income on lendings	-	-	-	-	-	38	-	-
Dividend income	-	-	-	962,202	-	-	-	84,996
Sales Commission	-	-	29,036	-	-	-	3,165	425
Mark-up expense on deposits	200	-	15	11,384	126	3	114	23
Interest expense on borrowings	-	17,499	-	-	-	6,024	-	73,907
Directors' meeting fee	1,500	-	-	-	675	-	-	-
Remuneration	-	-	30,784	-	-	-	31,045	-
NIFT charges	-	-	-	18,994	-	-	-	19,920
Bank charges levied	-	-	-	105	-	-	-	-
Bank Expense	-	1,464	-	-	-	1,513	-	-
Charge / (reversal) in respect of staff retirement benefit funds	-	-	-	45,695	-	-	-	48,971

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2012

17. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	For the Period Ended March 31, 2012 (Un-audited)						Total
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Eliminations	
	Rupees in '000						
Total Income	209,213	206,215	9,011,279	12,755,043	130,366	(3,922,760)	18,389,356
Total Expenses	(95,148)	(478,819)	(7,000,603)	(11,643,572)	(49,642)	3,922,760	(15,345,024)
Net Income	<u>114,065</u>	<u>(272,604)</u>	<u>2,010,676</u>	<u>1,111,471</u>	<u>80,724</u>	<u>-</u>	<u>3,044,332</u>

	For the Period Ended March 31, 2011 (Un-audited)						Total
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Eliminations	
	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>

	As at March 31, 2012 (Un-audited)					Total
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	
	Rupees in '000					
Segment Assets	<u>359,213</u>	<u>27,280,342</u>	<u>129,166,336</u>	<u>396,531</u>	<u>242,906</u>	<u>553,054,328</u>

	As at December 31, 2011 (Audited)					Total
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	
	Rupees in '000					
Segment Assets	<u>218,401</u>	<u>559,815</u>	<u>109,238,971</u>	<u>426,931,605</u>	<u>326,217</u>	<u>537,275,009</u>

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2012

18. GENERAL

- 18.1 Figures have been rounded off to the nearest thousand rupees.
- 18.2 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.
- 18.3 The Board of Directors of the Bank in its meeting held on 24 April, 2012 has approved interim cash dividend for the quarter ended 31 March, 2012 at Rs. 2 per share (31 March, 2011: Nil). The unconsolidated condensed interim financial statements for the quarter ended 31 March, 2012 do not include the effect of this appropriation and will be accounted for in the financial statements of the period of declaration.

19. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on 24 April, 2012 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, 2012

Consolidated Condensed Interim Statement of Financial Position

as at March 31, 2012

	Note	Un-audited March 31, 2012	Audited December 31, 2011
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		37,492,278	36,479,765
Balances with other banks		1,438,929	1,679,121
Lendings to financial institutions	6	24,990,636	1,361,754
Investments	7	174,736,357	195,789,638
Advances	8	242,767,252	244,439,837
Operating fixed assets		18,214,349	18,095,123
Deferred tax assets - net		672,696	750,972
Other assets		32,430,321	17,292,402
		532,742,818	515,888,612
LIABILITIES			
Bills payable		4,242,834	4,015,317
Borrowings		43,787,182	49,993,200
Deposits and other accounts	9	418,033,356	399,560,790
Sub-ordinated loans		5,492,000	5,492,600
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		14,990,018	13,347,347
		486,545,390	472,409,254
NET ASSETS		46,197,428	43,479,358
REPRESENTED BY			
Share capital	10	9,463,421	8,603,110
Reserves		9,169,755	8,762,745
Unappropriated profit		20,075,460	20,395,717
		38,708,636	37,761,572
Surplus on revaluation of assets - net of tax	11	7,488,792	5,717,786
		46,197,428	43,479,358
CONTINGENCIES AND COMMITMENTS			
	12		

The annexed notes 1 to 19 form an integral part of these consolidated condensed interim financial statements.

Director

Chief Financial Officer

Director

President and Chief Executive Officer

Chairman

Consolidated Condensed Interim Profit and Loss Account

(Un-audited) for the quarter ended March 31, 2012

	Note	Quarter Ended March 31, 2012	Quarter Ended March 31, 2011
Rupees in '000			
Mark-up / return / interest earned	13	11,997,060	12,301,896
Mark-up / return / interest expensed	14	7,129,112	6,105,636
Net mark-up / interest income		<u>4,867,948</u>	<u>6,196,260</u>
Provision against non-performing loans and advances and general provision - net		570,596	389,610
Reversal for diminution in the value of investments - net		(610,442)	(77,959)
Bad debts written off directly		-	-
		<u>(39,846)</u>	<u>311,651</u>
Net mark-up / interest income after provisions		<u>4,907,794</u>	<u>5,884,609</u>
NON MARK-UP / INTEREST INCOME			
Fee, commission and brokerage income		809,142	792,222
Dividend income		1,717,236	326,817
Income from dealing in foreign currencies		137,671	100,010
Gain / (Loss) on sale of securities		245,366	269,910
Unrealized loss on revaluation of investments classified as held-for-trading - net		18,819	11,157
Other income		70,293	9,599
Total non-markup / interest income		<u>2,998,527</u>	<u>1,509,715</u>
		<u>7,906,321</u>	<u>7,394,324</u>
NON MARK-UP / INTEREST EXPENSES			
Administrative expenses		3,381,602	3,321,360
(Reversal) / provision against other assets - net		(88,542)	12,000
Provision / (reversal) against off-balance sheet obligations - net		56,652	(23,116)
Other charges		129,966	208,119
Total non-markup / interest expenses		<u>3,479,678</u>	<u>3,518,363</u>
Extra-ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		<u>4,426,643</u>	<u>3,875,961</u>
Taxation			
Current		1,446,411	1,432,968
Prior years		-	-
Deferred		(109,851)	(88,183)
		<u>1,336,560</u>	<u>1,344,785</u>
PROFIT AFTER TAXATION		<u>3,090,083</u>	<u>2,531,176</u>
Unappropriated profit brought forward		20,395,717	15,853,255
Transfer from surplus on revaluation of fixed assets - net of tax		7,758	7,301
		<u>20,403,475</u>	<u>15,860,556</u>
PROFIT AVAILABLE FOR APPROPRIATION		<u>23,493,558</u>	<u>18,391,732</u>
Earnings per share - Basic and Diluted (in Rupees)	15	<u>3.27</u>	<u>2.67</u>

The annexed notes 1 to 19 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, 2012

	Quarter Ended March 31, 2012	Quarter Ended March 31, 2011
	Rupees in '000	
Profit after taxation for the period	3,090,083	2,531,176
Other comprehensive income	-	-
Total comprehensive income for the period	<u>3,090,083</u>	<u>2,531,176</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 19 form an integral part of these consolidated condensed interim financial statements.

Chief Financial Officer
Director

President and Chief Executive Officer
Director

Chairman

Consolidated Condensed Interim Statement of Cash Flows

(Un-audited) for the quarter ended March 31, 2012

	Quarter Ended March 31, 2012	Quarter Ended March 31, 2011
	Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	4,426,643	3,875,961
Less: Dividend income	(1,717,236)	(326,817)
	<u>2,709,407</u>	<u>3,549,144</u>
Adjustments for non-cash items:		
Depreciation / amortization	342,514	308,271
Provision against non-performing loans, advances and general provision - net	570,596	389,610
(Reversal) for diminution in the value of investments - net	(610,442)	(77,959)
Unrealized loss on revaluation of held for trading securities - net	(18,819)	(11,157)
Provision / (reversals) against off balance sheet obligations - net	56,652	(23,116)
(Reversal) / provision against other assets - net	(88,542)	12,000
Gain on sale of fixed assets	(14,087)	(113)
	<u>237,872</u>	<u>597,536</u>
	<u>2,947,279</u>	<u>4,146,680</u>
Decrease / (increase) in operating assets		
Lendings to financial institutions	(23,628,882)	(7,344,696)
Net (investments) / realizations in 'held-for-trading' securities	(3,087,475)	843,591
Advances - net	1,101,989	11,242,085
Other assets (excluding advance taxation) - net	(13,302,938)	(674,418)
	<u>(38,917,306)</u>	<u>4,066,562</u>
Increase / (decrease) in operating liabilities		
Bills payable	227,517	537,319
Borrowings from financial institutions	(6,210,052)	(4,224,732)
Deposits and other accounts	18,472,566	979,395
Other liabilities	1,388,938	(600,652)
	<u>13,878,969</u>	<u>(3,308,670)</u>
	<u>(22,091,058)</u>	<u>4,904,572</u>
Income tax paid - net	(1,900,027)	(1,714,011)
Net cash (used in) / flows from operating activities	<u>(23,991,085)</u>	<u>3,190,561</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in 'available-for-sale' securities	25,767,350	(5,812,927)
Net investments in 'held-to-maturity' securities	969,885	(113,005)
Dividend income received	424,086	119,645
Investments in operating fixed assets	(462,930)	(570,662)
Proceeds from sale of fixed assets	15,277	133
Net cash (used in) / flows from investing activities	<u>26,713,668</u>	<u>(6,376,816)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of sub-ordinated loan	(600)	(600)
Dividend paid	(1,953,696)	(34)
Net cash used in financing activities	<u>(1,954,296)</u>	<u>(634)</u>
Increase in cash and cash equivalents during the Period	<u>768,287</u>	<u>(3,186,889)</u>
Cash and cash equivalents at beginning of the Period	<u>38,124,994</u>	<u>31,751,190</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u><u>38,893,281</u></u>	<u><u>28,564,301</u></u>

The annexed notes 1 to 19 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, 2012

	Share Capital	Share Premium	Statutory Reserve	Bonus Issue Reserve	Special Reserve* <i>Rupees in '000</i>	Merger Reserve*	General Reserve	Un-appropriated Profit	Total
Balance as at 1 January, 2011	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
Changes in equity during the nine months ended December 31, 2011									
Total comprehensive income for the nine months ended December 31, 2011	-	-	-	-	-	-	-	7,724,997	7,724,997
Transactions with owners recognized directly in equity									
Transfer to reserve for issue of bonus shares for the year ended December 31, 2010 @ 10%	-	(782,101)	-	782,101	-	-	-	-	-
Issue of bonus shares	782,101	-	-	(782,101)	-	-	-	-	-
Final cash dividend for the year ended December 31, 2010 (Rs. 2.00 per ordinary share)	-	-	-	-	-	-	-	(1,564,202)	(1,564,202)
Interim cash dividend for the year ending December 31, 2011 (Rs. 2.50 per ordinary share)	-	-	-	-	-	-	-	(2,150,777)	(2,150,777)
	782,101	(782,101)	-	-	-	-	-	(3,714,979)	(3,714,979)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	-	21,903	21,903
Transfer to statutory reserve	-	-	1,525,741	-	-	-	-	(1,525,741)	-
Balance as at December 31, 2011	8,603,110	201,856	8,153,030	-	67,995	333,864	6,000	20,395,717	37,761,572
Changes in equity during the quarter ended March 31, 2012									
Total comprehensive income for the quarter ended March 31, 2012	-	-	-	-	-	-	-	3,090,083	3,090,083
Transactions with owners recognized directly in equity									
Transfer to reserve for issue of bonus shares for the year ended December 31, 2011 @ 10%	-	(201,856)	-	201,856	-	-	-	-	-
Transfer to reserve for issue of bonus shares for the year ended December 31, 2011 @ 10%	-	-	-	658,455	-	-	-	(658,455)	-
Issue of bonus shares	860,311	-	-	(860,311)	-	-	-	-	-
Final cash dividend for the year ended December 31, 2011 (Rs. 2.50 per ordinary share)	-	-	-	-	-	-	-	(2,150,777)	(2,150,777)
	860,311	(201,856)	-	-	-	-	-	(2,809,232)	(2,150,777)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	-	7,758	7,758
Transfer to statutory reserve	-	-	608,866	-	-	-	-	(608,866)	-
Balance as at March 31, 2012	9,463,421	-	8,761,896	-	67,995	333,864	6,000	20,075,460	38,708,636

* 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 19 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, 2012

1. STATUS AND NATURE OF BUSINESS

The "Group" consists of:

Holding 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 837 (2011: 837) 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 registered office of the Bank is situated at 8-Kashmir / Egerton road, Lahore.

Subsidiary Company

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 AM2- (Stable).

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 Income Fund	Launched on July 31, 2010
- ABL-Government securities Fund	Launched on November 30, 2011

2. STATEMENT OF COMPLIANCE

- 2.1 These consolidated condensed interim financial statements 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 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 (SECP) 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 financial statements. However, investments have been classified and disclosed 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, 2012

3. BASIS OF MEASUREMENT

These consolidated condensed interim financial statements have been prepared under the historical cost convention except that certain fixed assets are stated at revalued amounts and certain investments, commitments in respect of forward exchange contracts and derivative financial instruments have been marked to market and are carried at fair value.

4. BASIS OF PRESENTATION

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, 2011.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND RISK MANAGEMENT POLICIES

5.1 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.

5.2 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, 2011.

	Note	Un-audited March 31, 2012	Audited December 31, 2011
Rupees in '000			
6. LENDINGS TO FINANCIAL INSTITUTIONS			
Repurchase agreement lendings (Reverse Repo)	6.1	24,990,636	1,361,754
Certificates of investment	6.2	70,000	70,000
		<u>25,060,636</u>	<u>1,431,754</u>
Provision against lendings to financial institutions		(70,000)	(70,000)
		<u>24,990,636</u>	<u>1,361,754</u>

6.1 These are short-term lendings to various financial institutions against the government securities. These carry mark-up at rate, ranging between 11.49% and 11.90% (2011: 11.90 %) per annum and will mature on various dates latest by April 05, 2012.

6.2 This represents classified certificates of investment.

7. INVESTMENTS

	Note	Held by Group	Given as collateral	Total
Rupees in '000				
Current period - March 31, 2012 (Un-audited)	7.1	<u>154,596,292</u>	<u>20,140,065</u>	<u>174,736,357</u>
Prior year - December 31, 2011 (Audited)	7.1	<u>165,902,229</u>	<u>29,887,409</u>	<u>195,789,638</u>

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2012

	Un-audited As at March 31, 2012			Audited As at December 31, 2011		
	Held by Group	Given as collateral	Total	Held by Group	Given as collateral	Total

Rupees in '000

7.1 Investments by types

Held-for-trading securities

Units of open end mutual funds	541,454	-	541,454	446,148	-	446,148
Market treasury bills	2,998,199	-	2,998,199	-	-	-
	3,539,653	-	3,539,653	446,148	-	446,148

Available-for-sale securities

Market treasury bills	63,096,512	20,212,299	83,308,811	92,151,063	29,859,590	122,010,653
Pakistan investment bonds	147,415	-	147,415	147,290	-	147,290
Ordinary shares of listed companies / certificates of mutual funds	11,409,943	-	11,409,943	10,727,056	-	10,727,056
Preference shares	149,355	-	149,355	149,355	-	149,355
Units of open end mutual funds	6,920,494	-	6,920,494	5,210,776	-	5,210,776
Ordinary shares of unlisted companies	1,778,673	-	1,778,673	1,643,673	-	1,643,673
Investment in related parties						
- Unlisted shares	242,496	-	242,496	242,496	-	242,496
- Units of open end mutual funds	25,045,133	-	25,045,133	13,690,232	-	13,690,232
Sukuk bonds	3,447,574	-	3,447,574	3,598,872	-	3,598,872
Term finance certificates (TFCs)	2,598,606	-	2,598,606	3,395,447	-	3,395,447
	114,836,201	20,212,299	135,048,500	130,956,260	29,859,590	160,815,850

Held-to-maturity securities

Pakistan investment bonds	27,585,024	-	27,585,024	27,574,628	-	27,574,628
Foreign currency bonds (US\$)	1,612,072	-	1,612,072	1,591,392	-	1,591,392
TFCs, Debentures, Bonds and PTCS	4,765,901	-	4,765,901	5,766,862	-	5,766,862
	33,962,997	-	33,962,997	34,932,882	-	34,932,882

Investment at cost

	152,338,851	20,212,299	172,551,150	166,335,290	29,859,590	196,194,880
Provision for diminution in the value of investments	(2,093,319)	-	(2,093,319)	(2,703,761)	-	(2,703,761)

Investment (net of provisions)

	150,245,532	20,212,299	170,457,831	163,631,529	29,859,590	193,491,119
Unrealized loss on revaluation of held-for-trading securities	18,819	-	18,819	6,030	-	6,030

Surplus on revaluation of available-for-sale securities

	4,331,941	(72,234)	4,259,707	2,264,670	27,819	2,292,489
Total investments at market value	154,596,292	20,140,065	174,736,357	165,902,229	29,887,409	195,789,638

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2012

	Note	Un-audited March 31, 2012	Audited December 31, 2011
Rupees in '000			
8. ADVANCES			
Loans, cash credits, running finances, etc. – in Pakistan		254,444,755	256,555,593
Net investment in finance lease – in Pakistan		1,775,656	1,748,858
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		1,857,991	1,769,188
Payable outside Pakistan		2,046,427	2,069,915
		3,904,418	3,839,103
Advances – gross		260,124,829	262,143,554
Provision for non-performing advances	8.1	(17,319,347)	(17,671,070)
General provision against consumer financing		(38,230)	(32,647)
Advances - net of provisions		242,767,252	244,439,837

- 8.1 Advances include Rs. 20,959.834 million (2011: Rs. 20,452.465 million) which have been placed under non-performing status as detailed below;

Category of Classification	March 31, 2012 (Un-audited)				
	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
Rupees in '000					
Other Assets Especially					
Mentioned	33,473	-	33,473	-	-
Substandard	2,232,643	-	2,232,643	557,550	557,550
Doubtful	3,814,374	-	3,814,374	1,882,453	1,882,453
Loss	14,879,344	-	14,879,344	14,879,344	14,879,344
	<u>20,959,834</u>	<u>-</u>	<u>20,959,834</u>	<u>17,319,347</u>	<u>17,319,347</u>

Category of Classification	December 31, 2011 (Audited)				
	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
Rupees in '000					
Other Assets Especially					
Mentioned	63,380	-	63,380	-	-
Substandard	1,780,543	-	1,780,543	444,292	444,292
Doubtful	2,711,866	-	2,711,866	1,331,198	1,331,198
Loss	15,896,676	-	15,896,676	15,895,580	15,895,580
	<u>20,452,465</u>	<u>-</u>	<u>20,452,465</u>	<u>17,671,070</u>	<u>17,671,070</u>

- 8.2 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, 2012

Un-audited
March 31,
2012
Rupees in '000

Audited
December 31,
2011

9. DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits	120,306,800	110,061,707
Savings deposits	110,824,830	106,782,794
Current accounts - remunerative	68,665,087	57,667,849
- Non - remunerative	117,554,537	124,121,553
	417,351,254	398,633,903

Financial Institutions

Remunerative deposits	253,350	560,816
Non - remunerative deposits	428,752	366,071
	<u>418,033,356</u>	<u>399,560,790</u>

10. SHARE CAPITAL

10.1 Authorised capital

Un-audited March 31, 2012	Audited December 31, 2011		Un-audited March 31, 2012	Audited December 31, 2011
No. of shares			Rupees in '000	
<u>1,500,000,000</u>	<u>1,500,000,000</u>	Ordinary shares of Rs. 10 each	<u>15,000,000</u>	<u>15,000,000</u>

10.2 Issued, subscribed and paid-up capital

Fully paid-up Ordinary shares of Rs. 10 each

Un-audited March 31, 2012	Audited December 31, 2011	Ordinary Shares	Un-audited March 31, 2012	Audited December 31, 2011
No. of shares			Rupees in '000	
406,780,094	406,780,094	Fully paid in cash	4,067,801	4,067,801
522,013,365	435,982,273	Issued as bonus shares	5,220,134	4,359,823
<u>928,793,459</u>	<u>842,762,367</u>		<u>9,287,935</u>	<u>8,427,624</u>
9,148,550	9,148,550	18,348,550 Ordinary Shares of Rs. 10 each determined pursuant to the Scheme of Amalgamation in accordance with the share swap ratio stipulated therein less 9,200,000 Ordinary Shares of Rs.10 each held by Ibrahim Leasing Limited 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
<u>946,342,009</u>	<u>860,310,917</u>		<u>9,463,421</u>	<u>8,603,110</u>

Ibrahim Fibers Limited, related party of the Bank, holds 226,365,220 (23.92%) [December 31, 2011: 270,786,564 (31.4%)] ordinary shares of Rs. 10 each, as at reporting date.

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2012

	Note	Un-audited March 31, 2012	Audited December 31, 2011
Rupees in '000			
11. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Surplus arising on revaluation of:			
- fixed assets	11.1	3,621,352	3,629,110
- available for sale securities	11.2	3,867,440	2,088,676
Surplus on revaluation of assets - net of tax		<u>7,488,792</u>	<u>5,717,786</u>
11.1 Surplus on revaluation of fixed assets			
Surplus on revaluation as at January 1		3,963,374	3,079,647
Surplus on revaluation during the year		-	928,659
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(7,758)	(29,204)
Related deferred tax liability		(4,177)	(15,728)
		<u>(11,935)</u>	<u>(44,932)</u>
Surplus on revaluation as at March 31 & December 31		3,951,439	3,963,374
Less: Related deferred tax liability on :			
Revaluation as at January 1		334,264	314,611
Deferred tax liability on surplus on revaluation of fixed assets		-	35,381
Incremental depreciation charged during the period transferred to profit and loss account		(4,177)	(15,728)
		<u>330,087</u>	<u>334,264</u>
		<u>3,621,352</u>	<u>3,629,110</u>
11.2 Surplus on revaluation of available-for-sale securities			
Federal Government Securities			
Market Treasury Bills		(125,719)	(67,646)
Pakistan Investment Bonds		(12,731)	(13,023)
Term Finance Certificates		(19,568)	(20,986)
Shares / Certificates - Listed		4,430,212	2,429,655
Open end mutual funds		(12,487)	(35,511)
		<u>4,259,707</u>	<u>2,292,489</u>
Less : Related deferred tax (liability)		(392,267)	(203,813)
		<u>3,867,440</u>	<u>2,088,676</u>

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2012

	Un-audited March 31, 2012	Audited December 31, 2011
	Rupees in '000	
12. CONTINGENCIES AND COMMITMENTS		
12.1 Direct credit substitutes		
Guarantees in favour of:		
Banks and financial institutions	432,862	611,478
12.2 Transaction-related contingent liabilities		
Guarantees in favour of:		
Government	13,935,887	14,010,962
Others	13,823,736	21,208,164
	27,759,623	35,219,126
12.3 Trade-related contingent liabilities	42,524,955	52,324,035
12.4 Claims against the Bank not acknowledged as debt	4,362,059	4,210,600
12.5 Commitments to extend credit		

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

	Un-audited March 31, 2012	Audited December 31, 2011
	Rupees in '000	
12.6 Commitments in respect of forward foreign exchange contracts		
Purchase	51,659,428	49,580,813
Sale	30,119,389	25,543,453
12.7 Commitments in respect of:		
Civil works	1,428,315	1,496,831
Acquisition of operating fixed assets	457,481	504,141
	1,885,796	2,000,972
12.8 Commitments in respect of lease financing	163,443	110,472
12.9 Commitments in respect of Market Treasury Bills	-	3,926,578

12.10 Contingencies

12.10.1 There is no change in the status of contingencies, set out in note 22.11 to the consolidated financial statements for the year ended December 31, 2011, except for the contingency as mentioned below:

12.10.2 The income tax assessments of the Bank have been finalized upto and including tax year 2011 for local and Azad Kashmir operations. While finalizing income tax assessments upto tax year 2011, income tax authorities made certain add backs with aggregate tax impact of Rs. 12,301 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. 9,229 million were set-aside and deleted respectively. While giving appeal effects on most of the deleted issues, a refund of Rs. 5,940 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. 12,301 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, 2012

	Un-audited Quarter ended March 31, 2012	Un-audited Quarter ended March 31, 2011
	Rupees in '000	
13. MARK-UP / RETURN / INTEREST EARNED		
On loans and advances	7,721,591	8,460,457
On investments in:		
Available-for-sale securities	3,043,580	3,047,424
Held-to-maturity securities	1,020,332	192,421
Held-for-Trading	5,421	-
	4,069,333	3,239,845
On deposits with financial institutions	3,038	5,884
On securities purchased under resale agreements	193,082	584,004
On certificates of investment	-	2,140
On letters of placement	2,258	-
On call money lending	7,758	9,566
	11,997,060	12,301,896
14. MARK-UP / RETURN / INTEREST EXPENSED		
Deposits	4,929,002	5,049,451
Long term borrowing	63,493	78,917
Securities sold under repurchase agreements	925,527	29,876
Call money borrowing	119,401	30,221
Brokerage and commission	51,870	42,928
Markup on sub-ordinated loans	187,603	199,062
Other short term borrowings	852,216	675,181
	7,129,112	6,105,636
15. EARNINGS PER SHARE - BASIC AND DILUTED		
Profit after tax for the period attributable to ordinary shareholders	3,090,083	2,531,176
	Number of Shares	
Weighted average number of Ordinary Shares outstanding during the period	15.1 946,342,009	Restated 946,342,009
	Rupees	
Earnings per share - basic and diluted for the period	15.1 3.27	Restated 2.67
There is no dilution effect on basic earnings per share.		
15.1	The corresponding figure of weighted average number of shares outstanding and earning per share have 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 quarter ended March 31, 2012

16.

RELATED PARTY TRANSACTIONS

The Group and its subsidiary 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	Un-audited March 31, 2012			Audited December 31, 2011				
	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	49,969	-	203,005	-	61,581	-	200,035	16,061,896
Loans given during the period	6,302	-	43,336	-	23,757	-	37,765	464,087
Loans repaid/ adjustment during the period	(8,849)	-	(21,747)	-	(35,369)	-	(34,795)	(16,525,983)
Loans at the end of the period	47,422	-	224,594	-	49,969	-	203,005	-
Deposits								
Deposits at the beginning of the period	17,270	48,985	13,556	230,430	9,821	93,965	16,128	3,042,357
Deposits received during the period	1,465,132	3,963,620	29,598	3,726,948	4,147,530	13,513,467	191,103	14,937,123
Deposits repaid during the period	(1,473,097)	(3,953,306)	(28,730)	(153,345)	(4,140,081)	(13,558,447)	(193,675)	(17,749,050)
Deposits at the end of the period	9,305	59,299	14,424	3,804,033	17,270	48,985	13,556	230,430
Nostro balances	-	180,166	-	-	-	131,749	-	-
Borrowings	-	1,889,940	-	-	-	1,204,313	-	-
Investments in shares/ open end mutual funds	-	239,919	-	-	-	240,969	-	14,075,798
Other receivables	-	-	-	25,595,744	-	-	-	74,071
Other payable	-	-	-	15,057,257	-	-	-	13,630
Rent Payable	-	-	-	7,918	-	-	-	731
Net receivable from staff retirement benefit funds	-	-	-	1,491,028	-	-	-	1,430,918

Notes to the Consolidated Condensed Interim Financial Statements
(Un-audited) for the quarter ended March 31, 2012

	Un-audited March 31, 2012				Un-audited March 31, 2011			
	Directors	Associated companies	Key management personnel	Other related parties	Directors	Associated companies	Key management personnel	Other related
	Rupees in '000							
Mark-up earned	447	-	2,912	-	732	-	3,864	76,293
Income on placements	-	-	-	-	-	-	-	-
Income on lendings	-	-	-	-	-	4	-	-
Dividend income	-	-	-	962,202	-	38	-	84,996
Sales Commission	-	-	-	81	-	-	-	425
Management fee sharing expense	-	-	-	111	-	-	-	1,435
Management fee income	-	-	-	117,675	-	-	-	50,177
Mark-up expense on deposits	200	-	15	11,384	126	3	23	73,907
Interest expense on borrowings	-	17,499	-	-	-	6,024	-	-
Directors' meeting fee	1,500	-	-	-	675	-	-	-
Remuneration	-	-	34,900	-	-	-	34,665	-
NIFT charges	-	-	-	18,994	-	-	-	19,920
Bank charges levied	-	-	-	105	-	-	-	-
Rent Expense	-	3,955	-	-	-	3,705	-	-
Charge / (reversal) in respect of staff retirement benefit funds	-	-	-	46,568	-	-	-	(128,820)

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2012

17. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	For the Period Ended March 31, 2012 (Un-audited)							Total
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Asset Management	Eliminations	
	Rupees in '000							
Total Income	209,213	206,215	9,011,279	12,755,043	130,366	142,285	(3,922,760)	18,531,641
Total Expenses	(95,148)	(478,819)	(7,000,603)	(11,643,572)	(49,642)	(96,534)	3,922,760	(15,441,558)
Net Income	114,065	(272,604)	2,010,676	1,111,471	80,724	45,751	-	3,090,083

	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

	As at March 31, 2012 (Un-audited)							Total
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Asset Management		
	Rupees in '000							
Segment Assets	359,213	27,280,342	129,166,336	395,496,519	242,906	724,372	553,269,688	

	As at December 31, 2011 (Audited)							Total
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Asset Management		
	Rupees in '000							
Segment Assets	218,401	559,815	108,738,971	426,927,011	326,217	694,267	537,464,682	

18. GENERAL

- 18.1 Figures have been rounded off to the nearest thousand rupees.
- 18.2 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.
- 18.3 The Board of Directors of the Bank in its meeting held on 24 April, 2012 has approved interim cash dividend for the quarter ended 31 March, 2012 at Rs. 2 per share (31 March, 2011: Nil). The consolidated condensed interim financial statements for the quarter ended 31 March, 2012 do not include the effect of this appropriation and will be accounted for in the financial statements of the period of declaration.

19. DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue on 24 April, 2012 by the Board of Directors of the Bank.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

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