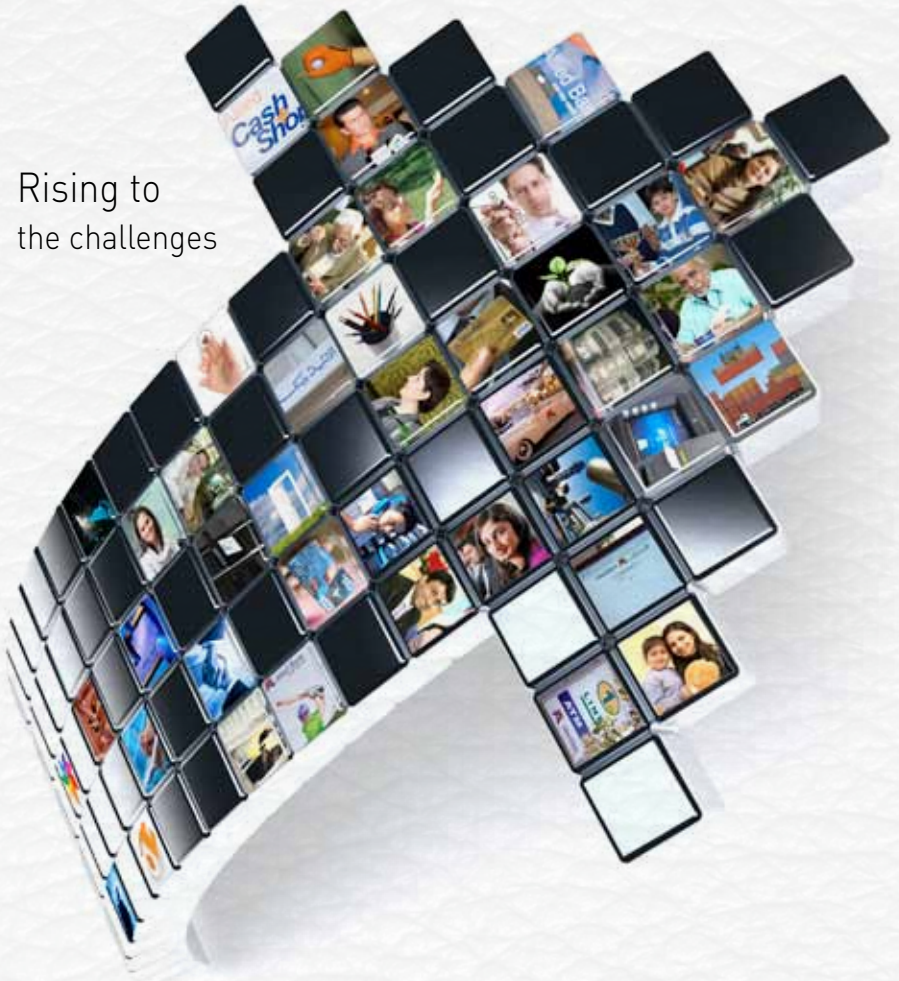


Condensed Interim Financial Statements  
for the nine months ended September 30, 2011

Rising to  
the challenges





# Contents

Corporate Information .....	02
Vision, Mission & Core Values .....	03
Directors' Review .....	04

## Unconsolidated Condensed Interim Financial Statements of Allied Bank Limited

Unconsolidated Condensed Interim Statement of Financial Position .....	07
Unconsolidated Condensed Interim Profit and Loss Account .....	08
Unconsolidated Condensed Interim Statement of Comprehensive Income.....	09
Unconsolidated Condensed Interim Statement of Cash Flows.....	10
Unconsolidated Condensed Interim Statement of Changes in Equity.....	11
Notes to the Unconsolidated Condensed Interim Financial Statements.....	12

## Consolidated Condensed Interim Financial Statements of Allied Bank Limited and its Subsidiary

Consolidated Condensed Interim Statement of Financial Position .....	24
Consolidated Condensed Interim Profit and Loss Account .....	25
Consolidated Condensed Interim Statement of Comprehensive Income.....	26
Consolidated Condensed Interim Statement of Cash Flows.....	27
Consolidated Condensed Interim Statement of Changes in Equity .....	28
Notes to the Consolidated Condensed Interim Financial Statements .....	29

# 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

Mubashir A. Akhtar  
Chairman

Sheikh Jalees Ahmed  
Member

Pervaiz Iqbal Butt  
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](http://www.abl.com)  
[info@abl.com](mailto: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

On behalf of the Board of Directors, we are pleased to present the financial results of Allied Bank Limited for the nine months period ended September 30, 2011.

### Financial Highlights

	(Rupees in million)		Growth
	Nine Months ended September 30,		
	2011	2010	
Profit After Tax	7,728	5,849	32.13%
Accumulated profits brought forward	15,828	12,198	29.75%
Transfer from surplus on revaluation of fixed assets - net of tax	22	23	-4.35%
Profit available for appropriation	23,578	18,070	30.48%
Final cash dividend for the year ended December 31, 2010 at Rs. 2 per share (2010: year ended December 31, 2009 at Rs. 2 per share)	(1,564)	(1,422)	9.99%
Interim cash dividend for the year ending December 31, 2011 at Rs. 2.5 per share (2010: year ended December 31, 2010 at Rs. 2 per share)	(2,151)	(1,564)	37.53%
Transfer to Statutory Reserves	(1,545)	(1,170)	32.05%
Accumulated profit carried forward	18,318	13,914	31.65%
Earnings Per Share (EPS) for the nine months	8.98	6.80	32.06%

### Economic Overview

Pakistan's economy remains confronted with major challenges that may impact the overall growth and stability prospects. The YoY CPI inflation declined sharply to 10.5% in September 2011 from 13.3% in June 2011, the lowest level since last one and a half year. However, upside risks in the inflationary outlook still persist mainly on account of fiscal weaknesses.

The external account position, supported by strong workers' remittances, though comfortable at present, remains vulnerable to continuing decline in foreign financial inflows and risk of widening of trade deficit. The State Bank of Pakistan's foreign exchange reserves declined by USD 1.1 billion during Q1 FY 2011 mainly on account of higher oil import bill and falling financial inflows.

Meanwhile, the trend of utilization of banking systems resources remain tilted towards government borrowings, especially when the anticipated external sources of budget financing have dried up, leaving little room for private sector. The increasing trend in NPLs showed some respite in Q2 2011 as industry wide NPLs increased by Rs. 5 billion to Rs. 579 billion as at June 30, 2011.

The State Bank of Pakistan (SBP) taking comfort from recent declining trend in inflation and restraint of government borrowings from SBP together with a need to revive private sector credit and investment growth reduced the policy rate by 150 bps in its recent Monetary Policy Statement.

### Financial Review

Under the prevailing circumstances Your Bank continued to focus on strategy of steady growth while pursuing efficient assets and liability management; resulting in sustainable profitability. Deposits of Your Bank reached to Rs. 384,957 million which grew by 17.2% and 4% over September 30, 2010 and December 31, 2010, respectively. Non-remunerative and low cost deposits' proportion in total deposits improved to

56% over end-Dec 2010 level which demonstrates consistency in Your Bank's strategy towards achieving a more cost effective deposit mix. Investments increased to Rs. 209,731 million as at September 30, 2011, a growth of 69.3% over December 31, 2010 and 67.4% over September 30, 2010. Due to slow credit off take and cautious lending stance, the Gross Advances registered a drop from December 31, 2010 level of Rs. 268,530 million to Rs. 249,297 million though higher by Rs. 13,170 million over September 30, 2010 level. The Balance Sheet size of Your Bank stands at Rs. 511,279 million as on September 30, 2011, a growth of 13.6% over December 31, 2010 level. The equity of the Bank as at September 30, 2011 registered a growth of 28% and 14.5% over September 30, 2010 and December 31, 2010 level respectively, to reach at Rs. 41,201 million.

Profit Before Tax of Your Bank increased by 32.9% to reach Rs. 11,628 million during nine-months period ended September 30, 2011 as compared to Rs. 8,750 million in the corresponding period of previous year. Profit After Tax also rose by 32.1% to Rs. 7,728 million compared to Rs. 5,849 million in the corresponding period of previous year. As a result EPS of Your Bank increased to Rs. 8.98 during nine months period ended September 30, 2011 compared to Rs. 6.80 in the corresponding period of previous period.

Mark-up / interest income during nine months period ended September 30, 2011 increased to Rs. 37,234 million compared to Rs. 33,254 million in the corresponding period of previous year, a rise of 12% attributable mainly both to volumetric growth in earning assets and better yields. Mark-up / interest expense during the same period increased by 11.4% over the corresponding period to reach at Rs. 18,615 million. The net mark-up / interest income of Your Bank thereby grew by 12.5% to Rs. 18,618 million compared to the corresponding period of previous year. The provision expense on YoY basis declined to Rs. 1,448 million during nine months period ended September 30, 2011 as compared to Rs. 3,053 million in the corresponding period of previous year, a YoY fall of Rs. 1,605 million or 52.6%. NPLs at September 30, 2011 have largely remained at end-June 2011 level with infection ratio at 8.25%. Meanwhile, the provision coverage stood at 81.2%. 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.

Non-mark up / interest income during nine months period ended September 30, 2011 increased by 23.5% to Rs. 4,514 million compared to the corresponding period of previous year, led by rise in fee & service income, income from dealing in foreign currencies and dividend income. The Administrative Expenses increased by 17.8% to reach Rs. 9,597 million during nine months period ended September 30, 2011 as compared to Rs. 8,147 million in the corresponding period of previous year.

### Future Outlook:

The macroeconomic outlook remains vulnerable owing to weak fiscal position, risk of rise in inflation and deterioration in Balance of Payments. The slowing down of the global economy, especially in regions where Pakistani exports are destined, sensitive security situation in the country and structure bottlenecks including energy shortage presents additional challenges. Your Bank being watchful of the economic conditions would continue with its strategy of steady growth. The cornerstone of Your Bank's philosophy would remain on improving service quality standards and providing state of the art banking services through leveraging technology.

## Entity & TFC Ratings

The Pakistan Credit Rating Agency (PACRA) has maintained the Positive Outlook assigned 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 also been re-affirmed at AA- (Double A Minus) assigned by JCR-VIS Credit Rating Company (JCR-VIS).

## Corporate Governance Rating

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

## 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 the 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

Date: October 20, 2011  
Place: Lahore



# Unconsolidated Condensed Interim Statement of Financial Position as at September 30, 2011

	Note	Un-audited September 30, 2011	Audited December 31, 2010
Rupees in '000			
<b>ASSETS</b>			
Cash and balances with treasury banks		35,800,710	31,265,608
Balances with other banks		605,054	579,555
Lendings to financial institutions	6	954,869	11,488,944
Investments	7	207,157,250	121,173,409
Advances	8	232,609,616	253,099,509
Operating fixed assets		16,518,991	15,359,742
Deferred tax assets		780,361	484,387
Other assets		16,852,266	16,480,372
		<b>511,279,117</b>	<b>449,931,526</b>
<b>LIABILITIES</b>			
Bills payable		4,599,917	4,118,791
Borrowings from financial institutions		62,439,243	20,774,450
Deposits and other accounts	9	384,957,146	371,284,268
Sub-ordinated loans		5,493,100	5,494,800
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		12,588,323	12,284,360
		<b>470,077,729</b>	<b>413,956,669</b>
<b>NET ASSETS</b>		<b>41,201,388</b>	<b>35,974,857</b>
<b>REPRESENTED BY</b>			
Share capital	10	8,603,110	7,821,009
Reserves		8,280,445	7,516,910
Unappropriated profit		18,318,000	15,828,533
		<b>35,201,555</b>	<b>31,166,452</b>
Surplus on revaluation of assets - net of tax	11	5,999,833	4,808,405
		<b>41,201,388</b>	<b>35,974,857</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	12		

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 nine months ended September 30, 2011

	Note	Nine months ended		Quarter ended	
		September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Rupees in '000					
Mark-up / return / interest earned	13	37,233,670	33,254,106	12,660,812	11,407,004
Mark-up / return / interest expensed	14	18,615,241	16,703,756	6,418,741	5,436,413
Net mark-up / interest income		18,618,429	16,550,350	6,242,071	5,970,591
Provision against non-performing loans and advances and general provision-net		1,354,724	2,837,331	315,205	1,030,999
(Reversal) / Provision for diminution in the value of investments - net		(50,324)	595,729	(3,286)	(6,024)
Reversal of provision against lendings to financial institutions		-	(280,195)	-	-
Bad debts written off directly		-	-	-	-
		1,304,400	3,152,865	311,919	1,024,975
Net mark-up/interest income after provisions		17,314,029	13,397,485	5,930,152	4,945,616
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee, commission and brokerage income		2,001,453	1,842,985	513,597	486,247
Dividend income		1,252,666	828,758	493,976	292,147
Income from dealing in foreign currencies		530,213	230,608	159,699	130,906
Gain from sale and purchase of other securities		693,902	684,972	324,517	87,018
Unrealised gain / (loss) on revaluation of investments classified as held for trading - net		123	(8,124)	920	352
Other income		35,547	77,199	12,951	39,079
Total non-mark-up / interest income		4,513,904	3,656,398	1,505,660	1,035,749
		21,827,933	17,053,883	7,435,812	5,981,365
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Administrative expenses		9,596,877	8,146,683	3,224,187	2,684,899
Provision against other assets - net		168,871	-	12,000	(12,000)
(Reversal) / charge of provision against off-balance sheet obligation - net		(24,866)	(99,778)	-	3,400
Workers welfare fund		248,082	191,013	79,250	70,823
Other charges		211,066	65,891	56,239	2,327
Total non-mark-up / interest expenses		10,200,030	8,303,809	3,371,676	2,749,449
		11,627,903	8,750,074	4,064,136	3,231,916
Extra ordinary / unusual items		-	-	-	-
<b>PROFIT BEFORE TAXATION</b>		11,627,903	8,750,074	4,064,136	3,231,916
<b>Taxation</b>					
- Current		4,130,679	3,135,532	1,342,061	1,166,367
- Prior years		-	373,941	-	-
- Deferred		(230,954)	(608,123)	26,785	(162,964)
		3,899,725	2,901,350	1,368,846	1,003,403
<b>PROFIT AFTER TAXATION</b>		7,728,178	5,848,724	2,695,290	2,228,513
Earnings per share - Basic and Diluted (in Rupees)	15	8.98	6.80	3.13	2.59

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 nine months ended September 30, 2011

	Nine months ended		Quarter ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
	Rupees in '000			
Profit after taxation for the period	7,728,178	5,848,724	2,695,290	2,228,513
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>7,728,178</b>	<b>5,848,724</b>	<b>2,695,290</b>	<b>2,228,513</b>

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 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 nine months ended September 30, 2011

	Nine months ended	
	September 30, 2011	September 30, 2010
	Rupees in '000	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	11,627,903	8,750,074
Less: Dividend income	1,252,666	828,758
	<u>10,375,237</u>	<u>7,921,316</u>
<b>Adjustments for non-cash charges</b>		
Depreciation / amortization	758,634	625,165
Provision against non-performing loans and advances and general provision - net	1,354,724	2,837,331
(Reversal) / provision for diminution in the value of investments - net	(50,324)	595,729
(Reversal) against lendings to financial institutions	-	(280,195)
Unrealised (gain) / loss on revaluation of held for trading securities - net	(123)	8,124
Reversal of Provision against off-balance sheet obligations - net	(24,866)	(99,778)
Provision against other assets - net	168,871	-
Operating fixed assets written off	-	5
Gain on sale of fixed assets	(1,739)	(15,927)
	<u>2,205,177</u>	<u>3,670,454</u>
	<u>12,580,414</u>	<u>11,591,770</u>
<b>Decrease in operating assets</b>		
Lendings to financial institutions	10,534,075	21,839,158
Held for trading securities	836,252	(16,989)
Advances	19,135,169	13,662,578
Other assets (excluding advance taxation)	(961,901)	(3,048,832)
	<u>29,543,595</u>	<u>32,435,915</u>
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	481,126	355,668
Borrowings from financial institutions	41,713,081	(9,940,924)
Deposits	13,672,878	(299,560)
Other liabilities	298,669	258,349
	<u>56,165,754</u>	<u>(9,626,467)</u>
	<u>98,289,763</u>	<u>34,401,218</u>
Income tax paid	<u>(3,438,488)</u>	<u>(972,534)</u>
<b>Net cash flow from operating activities</b>	<u>94,851,275</u>	<u>33,428,684</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in available-for-sale securities	(86,147,181)	(30,248,004)
Net investments in held-to-maturity securities	525,848	757,536
Dividend income received	981,611	663,541
Investments in operating fixed assets	(1,924,814)	(3,216,852)
Proceeds from sale of fixed assets	8,669	20,197
<b>Net cash used in investing activities</b>	<u>(86,555,867)</u>	<u>(32,023,582)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net payment of sub-ordinated loans	(1,700)	(1,700)
Dividend paid	(3,684,819)	(2,978,003)
<b>Net cash used in financing activities</b>	<u>(3,686,519)</u>	<u>(2,979,703)</u>
<b>Increase in cash and cash equivalents during the period</b>	<u>4,608,889</u>	<u>(1,574,601)</u>
<b>Cash and cash equivalents at beginning of the period</b>	<u>31,750,995</u>	<u>27,354,760</u>
<b>Cash and cash equivalents at end of the period</b>	<u>36,359,884</u>	<u>25,780,159</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 nine months ended September 30, 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 nine months ended September 30, 2010									
Total Comprehensive income for nine months ended September 30, 2010	-	-	-	-	-	-	-	5,848,724	5,848,724
Transactions with owners recognised directly in equity									
Transfer to reserve of issue of bonus shares for year ended December 31, 2009 @ 10% issue of bonus shares	-	(711,001)	-	711,001	-	-	-	-	-
Final cash dividend for the year ended December 31, 2009 (Rs. 2.00 per ordinary share)	711,001	-	-	(711,001)	-	-	-	-	-
Interim cash dividend for the year ended December 31, 2010 (Rs. 2.00 per ordinary share)	-	-	-	-	-	-	-	(1,422,002)	(1,422,002)
	-	-	-	-	-	-	-	(1,564,202)	(1,564,202)
	711,001	(711,001)	-	-	-	-	-	(2,986,204)	(2,986,204)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	-	23,057	23,057
Transfer to statutory reserve	-	-	1,169,744	-	-	-	-	(1,169,744)	-
Balance as at September 30, 2010	7,821,009	983,957	5,649,772	-	67,995	333,864	6,000	13,914,258	28,776,855
Changes in equity during the quarter ended December 31, 2010									
Profit after taxation for the quarter ended December 31, 2010	-	-	-	-	-	-	-	2,376,608	2,376,608
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	-	12,989	12,989
Transfer to statutory reserve	-	-	475,322	-	-	-	-	(475,322)	-
Balance as at December 31, 2010	7,821,009	983,957	6,125,094	-	67,995	333,864	6,000	15,809,533	31,166,452
Changes in equity during the nine months ended September 30, 2011									
Total comprehensive income for the nine months ended September 30, 2011	-	-	-	-	-	-	-	7,728,178	7,728,178
Transactions with owners recognised directly in equity									
Transfer to reserve of issue of bonus shares for year ended December 31, 2010 @ 10% issue of bonus shares	-	(782,101)	-	782,101	-	-	-	-	-
Final cash dividend for the year ended December 31, 2010 (Rs. 2.00 per ordinary share)	782,101	-	-	(782,101)	-	-	-	-	-
Interim cash dividend for the year ending December 31, 2011 (Rs. 2.50 per ordinary share)	-	-	-	-	-	-	-	(2,150,777)	(2,150,777)
	-	-	-	-	-	-	-	(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	-	-	-	-	-	-	-	21,904	21,904
Transfer to statutory reserve	-	-	1,545,636	-	-	-	-	(1,545,636)	-
Balance as at September 30, 2011	8,603,110	201,856	7,670,730	-	67,995	333,864	6,000	18,318,000	35,201,555

\* 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 nine months ended September 30, 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 809 (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.

## 2. STATEMENT OF COMPLIANCE

- 2.1 These unconsolidated condensed interim financial statements of the Bank for the nine months ended September 30, 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 represent the separate standalone condensed interim financial statements of the bank. The consolidated condensed interim financial statements of the bank and its subsidiary company are presented separately.
- 2.4 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 certain forward foreign 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, 2010.

## Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the nine months ended September 30, 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 other than those disclosed in note 5.3 below.
- 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, 2010.
- 5.3 During the period, following new / revised standards, amendments and interpretations to accounting standards became effective:
- IAS 24 - Related Party Disclosure (Amendment)
  - IAS 32 - Financial Instruments : Presentation - Classification of Rights Issues (Amendment)
  - IFRIC 14 - Prepayments of a minimum funding requirements (Amendment)

Adoption of the above standards, amendments and interpretation did not have any material effect on the financial statements.

	Note	Un-audited September 30, 2011	Audited December 31, 2010
Rupees in '000			
<b>6. LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Repurchase agreement lendings (Reverse Repo)	6.1	884,869	11,392,277
Certificates of investment	6.2	70,000	96,667
		954,869	11,488,944

- 6.1 These are short-term lendings to Development Financial Institution against the government securities, carrying mark-up at rates, 13.35% (December 31, 2010: ranging between 12.50% and 13.25%) per annum and will mature on 17 October, 2011 .
- 6.2 The certificate of investment carries mark-up at the rate of 13.54% (December 31, 2010: 13.26% ) per annum and will mature on October 15, 2011.

### 7. INVESTMENTS

	Note	Held by Bank	Given as collateral	Total
Rupees in '000				
As on - September 30, 2011 (Un-audited)	7.1	166,003,700	41,153,550	207,157,250
Prior year - December 31, 2010 (Audited)	7.1	118,876,679	2,296,730	121,173,409

# Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the nine months ended September 30, 2011

	Un-audited As at September 30, 2011			Audited As at December 31, 2010		
	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

Ordinary shares of listed companies	-	-	-	16,053	-	16,053
Units of open-end mutual funds	5,917	-	5,917	850,000	-	850,000
	5,917	-	5,917	866,053	-	866,053

### Available-for-sale securities

Market Treasury Bills	96,914,440	41,151,309	138,065,749	57,547,818	2,298,869	59,846,687
Pakistan Investment Bonds	147,166	-	147,166	246,764	-	246,764
Ordinary shares of listed companies / certificates of mutual funds	8,938,415	-	8,938,415	5,564,180	-	5,564,180
Preference Shares	149,355	-	149,355	282,688	-	282,688
Units of open end mutual funds	1,719,254	-	1,719,254	1,655,757	-	1,655,757
Ordinary shares of unlisted companies	1,675,846	-	1,675,846	245,193	-	245,193
Investment in related parties						
- Listed shares	1,852,651	-	1,852,651	1,948,264	-	1,948,264
- Unlisted shares	247,496	-	247,496	602,496	-	602,496
- Open-end mutual funds	5,850,000	-	5,850,000	1,000,000	-	1,000,000
Pre-IPO	-	-	-	-	-	-
Sukuk Bonds	4,439,434	-	4,439,434	4,783,539	-	4,783,539
Term Finance Certificates (TFCs)	29,051,924	-	29,051,924	29,872,458	-	29,872,458
	150,985,981	41,151,309	192,137,290	103,749,157	2,298,869	106,048,026

### Held-to-maturity securities

Pakistan Investment Bonds	6,195,228	-	6,195,228	7,493,147	-	7,493,147
Foreign Currency Bonds (US\$)	1,437,304	-	1,437,304	645,701	-	645,701
TFCs, Debentures, Bonds and PTCs	5,859,400	-	5,859,400	5,878,932	-	5,878,932
	13,491,932	-	13,491,932	14,017,780	-	14,017,780

### Subsidiary

ABL Asset Management Company Limited	500,000	-	500,000	500,000	-	500,000
--------------------------------------	---------	---	---------	---------	---	---------

Investment at cost	164,983,830	41,151,309	206,135,139	119,132,990	2,298,869	121,431,859
--------------------	-------------	------------	-------------	-------------	-----------	-------------

Provision for diminution in the value of investments	(2,573,569)	-	(2,573,569)	(2,681,810)	-	(2,681,810)
---	-------------	---	-------------	-------------	---	-------------

Unrealized loss on revaluation of Held-for-trading securities	123	-	123	(23,884)	-	(23,884)
--	-----	---	-----	----------	---	----------

Surplus on revaluation of Available for-sale securities	3,593,316	2,241	3,595,557	2,449,383	(2,139)	2,447,244
--	-----------	-------	-----------	-----------	---------	-----------

<b>Total investments</b>	<b>166,003,700</b>	<b>41,153,550</b>	<b>207,157,250</b>	<b>118,876,679</b>	<b>2,296,730</b>	<b>121,173,409</b>
--------------------------	--------------------	-------------------	--------------------	--------------------	------------------	--------------------



## Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the nine months ended September 30, 2011

	Note	Un-audited September 30, 2011	Audited December 31, 2010
Rupees in '000			
<b>8. ADVANCES</b>			
Loans, cash credits, running finances, etc. - in Pakistan		243,913,054	263,054,733
Net investment in finance lease - in Pakistan		1,598,224	1,261,371
Bills discounted and purchased (excluding government treasury bills)			
Payable in Pakistan		1,654,050	973,826
Payable outside Pakistan		2,131,913	3,239,841
		3,785,963	4,213,667
Advances - gross		249,297,241	268,529,771
Provision against non-performing advances	8.1	(16,676,231)	(15,420,788)
General provision against consumer financing		(11,394)	(9,474)
		(16,687,625)	(15,430,262)
Advances - net of provision		232,609,616	253,099,509

- 8.1 Advances include Rs. 20,548.874 million (2010: Rs. 18,688.166 million) which have been placed under non-performing status as detailed below:

Category of Classification	September 30, 2011 (Un-audited)				
	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
Rupees in '000					
Other Assets Especially					
Mentioned	44,464	-	44,464	-	-
Substandard	3,314,400	-	3,314,400	827,811	827,811
Doubtful	2,683,184	-	2,683,184	1,341,594	1,341,594
Loss	14,506,826	-	14,506,826	14,506,826	14,506,826
	20,548,874	-	20,548,874	16,676,231	16,676,231

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

- 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 nine months ended September 30, 2011

	Un-audited September 30, 2011	Audited December 31, 2010
	Rupees in '000	
<b>9. DEPOSITS AND OTHER ACCOUNTS</b>		
Customers		
Fixed deposits	121,339,747	109,051,434
Savings deposits	100,633,167	93,636,169
Current accounts - Remunerative	49,466,211	57,006,516
- Non-remunerative	112,951,262	110,871,294
	<u>384,390,387</u>	370,565,413
Financial Institutions		
Remunerative deposits	566,759	718,855
	<u>384,957,146</u>	<u>371,284,268</u>

## 10. SHARE CAPITAL

### 10.1 Authorised capital

Un-audited September 30, 2011	Audited December 31, 2010		Un-audited September, 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>

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

Fully paid-up Ordinary shares of Rs. 10 each

Un-audited September 30, 2011	Audited December 31, 2010		Un-audited September 30, 2011	Audited December 31, 2010
No. of shares			Rupees in '000	
406,780,094	406,780,094	Fully paid in cash	4,067,801	4,067,801
<u>435,982,273</u>	<u>357,772,190</u>	Issued as bonus shares	<u>4,359,823</u>	<u>3,577,722</u>
<u>842,762,367</u>	<u>764,552,284</u>		<u>8,427,624</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).		
9,148,550	9,148,550		91,486	91,486
		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>860,310,917</u>	<u>782,100,834</u>		<u>8,603,110</u>	<u>7,821,009</u>

Ibrahim Fibers Limited, related party of the bank, held 270,786,564 (31.48%) [December 31, 2010: 287,078,695 (36.71%)] ordinary shares of Rs.10 each.

Notes to the Unconsolidated Condensed Interim Financial Statements  
(Un-audited) for the nine months ended September 30, 2011

	Note	Un-audited September 30, 2011	Audited December 31, 2010
Rupees in '000			
<b>11. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>			
Surplus arising on revaluation of:			
- fixed assets	11.1	2,743,132	2,765,036
- available for sale securities	11.2	3,256,701	2,043,369
Surplus on revaluation of assets - net of tax		<u>5,999,833</u>	<u>4,808,405</u>
<b>11.1 Surplus on revaluation of fixed assets</b>			
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		(21,904)	(30,743)
Related deferred tax liability		(11,795)	(16,554)
		<u>(33,699)</u>	<u>(47,297)</u>
Surplus on revaluation of fixed assets as at September 30 and December 31		3,045,948	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		(11,795)	(16,554)
		<u>302,816</u>	<u>314,611</u>
		<u>2,743,132</u>	<u>2,765,036</u>
<b>11.2 Surplus on revaluation of available-for-sale securities</b>			
Federal Government Securities			
Market Treasury Bills		105,258	(120,712)
Pakistan Investment Bonds		(15,135)	(23,870)
Term Finance Certificates		(22,881)	-
Shares / Certificates - Listed		3,694,145	2,528,671
Mutual Funds		(165,830)	63,155
		<u>3,595,557</u>	<u>2,447,244</u>
Less : Related deferred tax liability		(338,856)	(403,875)
		<u>3,256,701</u>	<u>2,043,369</u>

## Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the nine months ended September 30, 2011

	Un-audited September 30, 2011	Audited December 31, 2010
	Rupees in '000	
<b>12. CONTINGENCIES AND COMMITMENTS</b>		
<b>12.1 Direct credit substitutes</b>		
Guarantees in favour of:		
Banks and financial institutions	397,700	1,769,128
<b>12.2 Transaction-related contingent liabilities</b>		
Guarantees in favour of:		
Government	13,198,767	9,512,438
Others	10,994,134	8,585,255
	24,192,901	18,097,693
<b>12.3 Trade-related contingent liabilities</b>	47,053,781	52,044,205
<b>12.4 Claims against the Bank not acknowledged as debt</b>	4,620,285	4,903,404
<b>12.5 Commitments to extend credit</b>		

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

	Un-audited September 30, 2011	Audited December 31, 2010
	Rupees in '000	
<b>12.6 Commitments in respect of forward foreign exchange contracts</b>		
Purchase	40,487,981	23,100,518
Sale	16,233,181	7,371,457
<b>12.7 Commitments in respect of operating fixed assets</b>		
Civil works	1,800,881	1,260,603
Acquisition of operating fixed assets	518,619	372,584
<b>12.8 Commitments in respect of lease financing</b>	145,753	168,437
<b>12.9 Commitments in respect of procurement of software</b>	-	258
<b>12.10 Contingencies</b>		

**12.10.1** There is no change in the status of contingencies, set out in note 22.10 to the unconsolidated financial statements of the Bank for the year ended December 31, 2010, except for the tax contingency as mentioned below.

**12.10.2** The income tax assessments of the Bank have been finalized up to and including tax year 2010 for local and Azad Kashmir operations. While finalizing income tax assessments up to 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. While giving appeal effects on most of the deleted issues, a refund of Rs. 5,865 million has been determined. Against most of the deleted and set-aside issues, the 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 nine months ended September 30, 2011

	Nine months ended		Quarter ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Rupees in '000				
13. MARK-UP / RETURN / INTEREST EARNED				
On loans and advances	24,299,358	23,176,157	7,749,228	7,885,396
On investments in:				
Available-for-sale securities	10,669,033	7,275,741	4,228,286	3,086,011
Held-to-maturity securities	542,529	1,093,222	179,236	170,668
Held-for-trading securities	4,349	-	2,899	-
	11,215,911	8,368,963	4,410,421	3,256,679
On deposits with financial institutions	6,428	9,113	5,505	1,675
On securities purchased under resale agreements	1,651,641	1,573,108	480,226	226,906
On certificates of investment	8,146	30,631	2,464	3,507
On letters of placement	13,852	23,579	10,236	-
On call money lending	38,334	72,555	2,732	32,841
	37,233,670	33,254,106	12,660,812	11,407,004

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

Deposits	15,016,011	12,488,394	5,001,329	3,843,036
Long term borrowings	228,819	257,902	73,044	90,611
Securities sold under repurchase agreements	418,958	618,211	328,020	356,993
Call money borrowing	153,859	927,077	83,949	382,234
Brokerage and commission	97,762	99,823	45,565	58,677
Markup on sub-ordinated loans	610,248	566,564	207,925	191,296
Other short term borrowings	2,089,584	1,745,785	678,909	513,566
	18,615,241	16,703,756	6,418,741	5,436,413

	Nine months ended		Quarter ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Rupees in '000				
15. EARNINGS PER SHARE - BASIC AND DILUTED				
Profit after tax for the period attributable to ordinary shareholders	7,728,178	5,848,724	2,695,290	2,228,513
Number of Shares				
Weighted average number of Ordinary Shares outstanding during the period	860,310,917	860,310,917	860,310,917	860,310,917
Rupees				
Earnings per share - basic and diluted	8.98	6.80	3.13	2.59

There is no dilution effect on basic earnings per share.

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

# Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the nine months ended September 30, 2011

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.

Nature of related party transactions	September 30, 2011 (Un-audited)					December 31, 2010 (Audited)				
	Directors	Associated Companies	Subsidiary	Key management personnel	Other related parties	Directors	Associated Companies	Subsidiary	Key management personnel	Other related parties
Rupees in '000										
<b>Loans</b>										
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	19,549	-	-	19,224	464,087	85,655	-	-	38,940	2,174,199
Loans repaid/adjusted during the period/year	(30,434)	-	-	(29,448)	(14,161,019)	(46,535)	-	-	(76,223)	(430,166)
Loans at the end of the period/year	50,696	-	-	189,811	2,364,964	61,581	-	-	200,035	16,061,896
<b>Deposits</b>										
Deposits at the beginning of the period/year	9,821	93,965	3,241	16,128	3,042,357	9,661	9,400	2,382	10,782	4,810,081
Deposits received during the period/year	3,320,689	9,260,946	386,692	136,512	5,348,714	2,973,552	9,298,676	449,916	179,754	4,517,454
Deposits repaid during the period/year	(3,303,235)	(9,326,899)	(388,958)	(144,656)	(7,398,153)	(2,973,392)	(9,214,111)	(449,057)	(174,408)	(6,285,178)
Deposits at the end of the period/year	27,275	28,012	975	7,984	1,012,918	9,821	93,965	3,241	16,128	3,042,357
<b>Nostro balances</b>										
Borrowings	-	180,248	-	-	-	-	126,448	-	-	-
Investments in shares / open-end mutual funds	-	112,924	-	-	-	-	161,850	-	-	-
Non Funded Exposures	-	240,969	500,000	-	8,046,658	-	240,969	500,000	-	3,304,790
Other receivables	-	-	4,433	-	2,664,179	-	-	-	-	4,111,021
Net receivable from staff retirement benefit funds	-	-	-	-	1,440,525	-	-	-	-	1,452,077
Rupees in '000										
<b>Mark-up earned</b>										
Income on placements	1,769	-	-	9,572	256,504	390	-	-	9,226	1,480,647
Income on Lending	-	4	-	-	-	-	6	-	-	-
Dividend Income	-	111	-	-	-	-	-	-	-	-
Sales Commission	-	-	18,111	-	357,787	-	-	-	-	142,136
Mark-up expense on Deposits	-	-	-	-	11,102	-	-	8,534	-	5,687
Mark-up expense on Borrowings	304	3	322	23	170,279	185	-	417	56	318,630
Interest expense on Borrowings	-	29,557	-	-	-	-	488	-	-	-
Directors' meeting fee	3,125	-	-	193,449	-	1,000	-	-	159,547	-
Remuneration	-	-	-	-	-	-	-	-	-	-
NIFT charges	-	-	10	-	65,116	-	19	6	-	51,795
Bank charges levied	-	-	-	-	-	-	-	-	-	29
Rent expense	-	4,392	-	-	-	-	3,416	-	-	-
Charge in respect of staff retirement benefit funds	-	-	-	-	158,514	-	-	-	-	107,853

# Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the nine months ended September 30, 2011

## 17. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	For the period ended September 30, 2011 (Un-audited)						Total
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Eliminations	
	Rupees in '000						
Total Income	333,062	1,971,205	21,514,168	34,983,408	472,495	(17,526,764)	41,747,574
Total Expenses	(174,735)	(1,864,966)	(18,406,724)	(30,808,609)	(291,126)	17,526,764	(34,019,396)
Net Income	<u>158,327</u>	<u>106,239</u>	<u>3,107,444</u>	<u>4,174,799</u>	<u>181,369</u>	<u>-</u>	<u>7,728,178</u>

	For the Period Ended September 30, 2010 (Un-audited)						Total
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Eliminations	
	Rupees in '000						
Total Income	374,194	1,726,497	17,014,550	29,272,125	319,527	(11,796,389)	36,910,504
Total Expenses	(193,861)	(1,721,478)	(14,297,395)	(26,472,254)	(173,181)	11,796,389	(31,061,780)
Net Income	<u>180,333</u>	<u>5,019</u>	<u>2,717,155</u>	<u>2,799,871</u>	<u>146,346</u>	<u>-</u>	<u>5,848,724</u>

	As at September 30, 2011 (Un-audited)					Total
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	
	Rupees in '000					
Segment Assets	<u>225,446</u>	<u>1,139,787</u>	<u>85,818,165</u>	<u>444,283,201</u>	<u>241,122</u>	<u>531,707,721</u>

	As at December 31, 2010 (Audited)					Total
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	
	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>

# Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the nine months ended September 30, 2011

## 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 this unconsolidated condensed interim financial statements.

## 19. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on 20 October, 2011 by the Board of Directors of the Bank.

Chief Financial Officer  
Director

President and Chief Executive Officer  
Director  
Chairman



Consolidated Condensed Interim Financial Statements  
for the nine months ended September 30, 2011

# Consolidated Condensed Interim Statement of Financial Position as at September 30, 2011

	Note	Un-audited September 30, 2011	Audited December 31, 2010
Rupees in '000			
<b>ASSETS</b>			
Cash and balances with treasury banks		35,800,760	31,265,658
Balances with other banks		605,065	579,700
Lendings to financial institutions	6	954,869	11,488,944
Investments	7	207,221,319	121,158,730
Advances	8	232,612,146	253,102,710
Operating fixed assets		16,527,851	15,371,118
Deferred tax assets - net		779,388	483,152
Other assets		16,893,901	16,516,396
		<u>511,395,299</u>	<u>449,966,408</u>
<b>LIABILITIES</b>			
Bills payable		4,599,917	4,118,791
Borrowings from financial institutions		62,439,243	20,774,450
Deposits and other accounts	9	384,956,091	371,280,948
Sub-ordinated loans		5,493,100	5,494,800
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		12,617,527	12,307,789
		<u>470,105,878</u>	<u>413,976,778</u>
<b>NET ASSETS</b>		<u>41,289,421</u>	<u>35,989,630</u>
<b>REPRESENTED BY</b>			
Share capital	10	8,603,110	7,821,009
Reserves		8,280,445	7,516,910
Unappropriated profit		18,408,263	15,853,255
		<u>35,291,818</u>	<u>31,191,174</u>
Surplus on revaluation of assets - net of tax	11	5,997,603	4,798,456
		<u>41,289,421</u>	<u>35,989,630</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	12		

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 Profit and Loss Account

(Un-audited) for the nine months ended September 30, 2011

Note	Nine months ended		Quarter ended		
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010	
Rupees in '000					
Mark-up / return / interest earned	13	37,244,591	33,269,501	12,664,522	11,412,410
Mark-up / return / interest expensed	14	18,616,030	16,704,179	6,427,194	5,437,073
Net mark-up / interest income		18,628,561	16,565,322	6,237,328	5,975,337
Provision against non-performing loans and advances and general provision-net		1,354,724	2,837,331	315,205	1,030,999
(Reversal) / Provision for diminution in the value of investments - net		(50,324)	595,729	(3,286)	(6,024)
Reversal of provision against lendings to financial institutions		-	(280,195)	-	-
Bad debts written off directly		-	-	-	-
		1,304,400	3,152,865	311,919	1,024,975
Net mark-up / interest income after provisions		17,324,161	13,412,457	5,925,409	4,950,362
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee, commission and brokerage income		2,167,169	1,958,335	576,412	522,669
Dividend income		1,252,666	828,758	493,976	292,147
Income from dealing in foreign currencies		530,213	230,608	159,699	130,906
Gain from sale and purchase of other securities		731,235	698,391	358,320	96,595
Unrealised gain / (loss) on revaluation of investments classified as held for trading - net		123	2,198	(19,886)	288
Other income		35,648	77,382	13,054	39,255
Total non-mark-up / interest income		4,717,054	3,795,672	1,581,575	1,081,860
		22,041,215	17,208,129	7,506,984	6,032,222
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Administrative expenses		9,723,778	8,251,437	3,258,721	2,720,071
Provision against other assets - net		168,871	-	12,000	(12,000)
(Reversal) / charge of provision against off-balance sheet obligation - net		(24,866)	(99,778)	-	3,400
Workers welfare fund		249,810	191,013	79,983	70,272
Other charges		211,066	65,891	56,239	2,327
Total non-mark-up / interest expenses		10,328,659	8,408,563	3,406,943	2,784,070
		11,712,556	8,799,566	4,100,041	3,248,152
Extra ordinary / unusual items		-	-	-	-
<b>PROFIT BEFORE TAXATION</b>		11,712,556	8,799,566	4,100,041	3,248,152
Taxation					
- Current		4,149,791	3,145,407	1,331,855	1,169,563
- Prior years		-	374,465	-	-
- Deferred		(230,954)	(608,441)	46,595	(162,796)
		3,918,837	2,911,431	1,378,450	1,006,767
<b>PROFIT AFTER TAXATION</b>		7,793,719	5,888,135	2,721,591	2,241,385
<b>Earnings per share - Basic and Diluted (in Rupees)</b>	15	9.06	6.84	3.16	2.61

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 nine months ended September 30, 2011

	Nine months ended		Quarter ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
	Rupees in '000			
Profit after taxation for the period	7,793,719	5,888,135	2,721,591	2,241,385
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>7,793,719</u>	<u>5,888,135</u>	<u>2,721,591</u>	<u>2,241,385</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

President and Chief Executive Officer

Director

Director

Chairman

# Consolidated Condensed Interim Statement of Cash Flows

(Un-audited) for the nine months ended September 30, 2011

	Nine months ended	
	September 30, 2011	September 30, 2010
	Rupees in '000	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	11,712,556	8,799,566
Less: Dividend income	1,252,666	828,758
	<u>10,459,890</u>	<u>7,970,808</u>
<b>Adjustments for non-cash charges</b>		
Depreciation / amortization	762,345	628,316
Provision against non-performing loans and advances and general provision - net	1,354,724	2,837,331
(Reversal) / provision for diminution in the value of investments - net	(50,324)	595,729
(Reversal) against lendings to financial institutions	-	(280,195)
Unrealised (gain) / loss on revaluation of held for trading securities - net	(123)	(2,198)
Reversal of provision against off-balance sheet obligations - net	(24,866)	(99,778)
Provision against other assets - net	168,871	-
Operating fixed assets written off	-	5
Gain on sale of fixed assets	(1,737)	(15,934)
	<u>2,208,890</u>	<u>3,663,276</u>
	<u>12,668,780</u>	<u>11,634,084</u>
<b>Decrease in operating assets</b>		
Lendings to financial institutions	10,534,075	21,839,158
Held for trading securities	765,223	(98,645)
Advances	19,135,840	13,690,274
Other assets (excluding advance taxation)	(967,644)	(3,057,285)
	<u>29,467,494</u>	<u>32,373,502</u>
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	481,126	355,668
Borrowings from financial institutions	41,713,081	(9,940,924)
Deposits	13,675,143	(300,855)
Other liabilities	304,444	267,270
	<u>56,173,794</u>	<u>(9,618,841)</u>
	<u>98,310,068</u>	<u>34,388,745</u>
	<u>(3,452,619)</u>	<u>(982,153)</u>
Income tax paid		
	<u>94,857,449</u>	<u>33,406,592</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in available-for-sale securities	(86,147,181)	(30,223,388)
Net investments in held-to-maturity securities	525,848	757,536
Dividend income received	981,611	663,541
Investments in operating fixed assets	(1,919,856)	(3,219,631)
Proceeds from sale of fixed assets	8,709	20,446
	<u>(86,550,869)</u>	<u>(32,001,496)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net payment of sub-ordinated loans	(1,700)	(1,700)
Dividend paid	(3,696,130)	(2,978,003)
	<u>(3,697,830)</u>	<u>(2,979,703)</u>
<b>Increase in cash and cash equivalents during the period</b>	<u>4,608,750</u>	<u>(1,574,607)</u>
<b>Cash and cash equivalents at beginning of the period</b>	<u>31,751,195</u>	<u>27,354,958</u>
<b>Cash and cash equivalents at end of the period</b>	<u>36,359,945</u>	<u>25,780,351</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 Changes in Equity (Un-audited) for the nine months ended September 30, 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	12,164,662	25,857,515
<i>Changes in equity during the nine months ended September 30, 2010</i>									
Total Comprehensive income for nine months ended September 30, 2010	-	-	-	-	-	-	-	5,888,135	5,888,135
<i>Transactions with owners recognised directly in equity</i>									
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)
Interim cash dividend for the year ended December 31, 2010 (Rs. 2.00 per ordinary share)	-	-	-	-	-	-	-	(1,564,202)	(1,564,202)
	711,001	(711,001)	-	-	-	-	-	(2,986,204)	(2,986,204)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	-	23,057	23,057
Transfer to statutory reserve	-	-	1,169,744	-	-	-	-	(1,169,744)	-
Balance as at September 30, 2010	7,821,009	983,957	5,649,772	-	67,995	333,864	6,000	13,919,906	28,782,503
<i>Changes in equity during the quarter ended December 31, 2010</i>									
Profit after taxation for the quarter ended December 31, 2010	-	-	-	-	-	-	-	2,395,682	2,395,682
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	-	12,989	12,989
Transfer to statutory reserve	-	-	475,322	-	-	-	-	(475,322)	-
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
<i>Changes in equity during the nine months ended September 30, 2011</i>									
Total comprehensive income for the nine months ended September 30, 2011	-	-	-	-	-	-	-	7,793,719	7,793,719
<i>Transactions with owners recognised directly in equity</i>									
Transfer to reserve of issue of bonus shares for 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	-	-	-	-	-	-	-	21,904	21,904
Transfer to statutory reserve	-	-	1,545,636	-	-	-	-	(1,545,636)	-
Balance as at September 30, 2011	8,603,110	201,856	7,670,730	-	67,995	333,864	6,000	18,408,263	35,291,818

\* 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 nine months ended September 30, 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 and holding company"), 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 809 (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.

### 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 Income Fund	Launched on July 31, 2010

## 2. STATEMENT OF COMPLIANCE

2.1 These consolidated condensed interim financial statements of the Bank for the nine months period ended September 30, 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.

## 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 certain forward foreign exchange contracts and derivative financial instruments have been marked to market and are carried at fair value.

# Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the nine months ended September 30, 2011

## 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, 2010.

## 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, 2010.

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

- IAS 24 - Related Party Disclosure (Amendment)
- IAS 32 - Financial Instruments : Presentation - Classification of Rights Issues (Amendment)
- IFRIC 14 - Prepayments of a minimum funding requirements (Amendment)

Adoption of the above standards, amendments and interpretation did not have any material effect on the financial statements.

	Note	Un-audited September 30, 2011	Audited December 31, 2010
Rupees in '000			

## 6. LENDINGS TO FINANCIAL INSTITUTIONS

Repurchase agreement lendings (Reverse Repo)	6.1	884,869	11,392,277
Certificates of investment	6.2	70,000	96,667
		954,869	11,488,944

6.1 These are short-term lendings to Development Financial Institution against the government securities, carrying mark-up at rates, 13.35% (December 31, 2010: ranging between 12.50% and 13.25%) per annum and will mature on 17 October, 2011 .

6.2 The certificate of investment carries mark-up at the rate of 13.54% (December 31, 2010: 13.26% ) per annum and will mature on October 15, 2011.

## 7. INVESTMENTS

	Note	Held by Bank	Given as collateral	Total
Rupees in '000				
As on - September 30, 2011 (Un-audited)	7.1	166,067,769	41,153,550	207,221,319
Prior year - December 31, 2010 (Audited)	7.1	118,862,000	2,296,730	121,158,730



# Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the nine months ended September 30, 2011

Un-audited As at September 30, 2011			Audited As at December 31, 2010		
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

Ordinary shares of listed companies  
Units of open-end mutual funds

-	-	-	16,053	-	16,053
477,211	-	477,211	1,229,049	-	1,229,049
477,211	-	477,211	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  
Pre-IPO  
Sukuk Bonds  
Term Finance Certificates (TFCs)

96,914,440	41,151,309	138,065,749	57,547,817	2,298,869	59,846,686
147,166	-	147,166	246,764	-	246,764
8,938,415	-	8,938,415	5,564,180	-	5,564,180
149,355	-	149,355	282,688	-	282,688
1,719,254	-	1,719,254	1,655,757	-	1,655,757
1,675,846	-	1,675,846	245,193	-	245,193
1,852,651	-	1,852,651	1,948,264	-	1,948,264
247,496	-	247,496	602,496	-	602,496
5,850,000	-	5,850,000	1,000,000	-	1,000,000
-	-	-	-	-	-
4,439,434	-	4,439,434	4,783,539	-	4,783,539
29,146,929	-	29,146,929	29,967,464	-	29,967,464
151,080,986	41,151,309	192,232,295	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

6,195,228	-	6,195,228	7,493,147	-	7,493,147
1,437,304	-	1,437,304	645,701	-	645,701
5,859,400	-	5,859,400	5,878,932	-	5,878,932
13,491,932	-	13,491,932	14,017,780	-	14,017,780

### Investment at cost

Provision for diminution in the  
value of investments  
Unrealized loss on revaluation of  
Held-for-trading securities  
Surplus on revaluation of Available  
for-sale securities  
Total investments

165,050,129	41,151,309	206,201,438	119,107,044	2,298,869	121,405,913
(2,573,569)	-	(2,573,569)	(2,681,810)	-	(2,681,810)
123	-	123	(2,668)	-	(2,668)
3,591,086	2,241	3,593,327	2,439,434	(2,139)	2,437,295
166,067,769	41,153,550	207,221,319	118,862,000	2,296,730	121,158,730

# Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the nine months ended September 30, 2011

	Note	Un-audited September 30, 2011	Audited December 31, 2010
Rupees in '000			
<b>8. ADVANCES</b>			
Loans, cash credits, running finances, etc. - in Pakistan		243,915,584	263,057,934
Net investment in finance lease - in Pakistan		1,598,224	1,261,371
Bills discounted and purchased (excluding government treasury bills)			
Payable in Pakistan		1,654,050	973,826
Payable outside Pakistan		2,131,913	3,239,841
		<u>3,785,963</u>	<u>4,213,667</u>
Advances - gross		249,299,771	268,532,972
Provision against non-performing advances	8.1	(16,676,231)	(15,420,788)
General provision against consumer financing		(11,394)	(9,474)
		<u>(16,687,625)</u>	<u>(15,430,262)</u>
Advances - net of provision		<u>232,612,146</u>	<u>253,102,710</u>

8.1 Advances include Rs. 20,548,874 million (2010: Rs. 18,688.166 million) which have been placed under non-performing status as detailed below:

Category of Classification	September 30, 2011 (Un-audited)				
	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
Rupees in '000					
Other Assets Especially					
Mentioned	44,464	-	44,464	-	-
Substandard	3,314,400	-	3,314,400	827,811	827,811
Doubtful	2,683,184	-	2,683,184	1,341,594	1,341,594
Loss	14,506,826	-	14,506,826	14,506,826	14,506,826
	<u>20,548,874</u>	<u>-</u>	<u>20,548,874</u>	<u>16,676,231</u>	<u>16,676,231</u>

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
	<u>18,688,166</u>	<u>-</u>	<u>18,688,166</u>	<u>15,420,788</u>	<u>15,420,788</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 nine months ended September 30, 2011

	Un-audited September 30, 2011	Audited December 31, 2010
	Rupees in '000	
<b>9. DEPOSITS AND OTHER ACCOUNTS</b>		
Customers		
Fixed deposits	121,339,747	109,051,434
Savings deposits	100,632,112	93,632,849
Current accounts - Remunerative	49,466,211	57,006,516
- Non-remunerative	112,951,262	110,871,294
	<u>384,389,332</u>	<u>370,562,093</u>
Financial Institutions		
Remunerative deposits	566,759	718,855
	<u>384,956,091</u>	<u>371,280,948</u>

## 10. SHARE CAPITAL

### 10.1 Authorised capital

Un-audited September 30, 2011	Audited December 31, 2010		Un-audited September, 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>

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

Fully paid-up Ordinary shares of Rs. 10 each

Un-audited September 30, 2011	Audited December 31, 2010		Un-audited September 30, 2011	Audited December 31, 2010
No. of shares			Rupees in '000	
406,780,094	406,780,094	Ordinary Shares	4,067,801	4,067,801
435,982,273	357,772,190	Fully paid in cash	4,359,823	3,577,722
<u>842,762,367</u>	<u>764,552,284</u>	Issued as bonus shares	<u>8,427,624</u>	<u>7,645,523</u>
9,148,550	9,148,550	18,348,550 Ordinary Shares of Rs.10 each determined pursuant to the Scheme of Amalgamation of ILL with ABL in accordance with the share swap ratio stipulated therein less 9,200,000 Ordinary Shares of Rs.10 each held by ILL on the cut-off date (September 30, 2004).	91,486	91,486
<u>8,400,000</u>	<u>8,400,000</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>860,310,917</u>	<u>782,100,834</u>		<u>8,603,110</u>	<u>7,821,009</u>

Ibrahim Fibers Limited, related party of the bank, held 270,786,564 (31.48%) [December 31, 2010: 287,078,695 (36.71%)] ordinary shares of Rs.10 each.

# Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the nine months ended September 30, 2011

	Note	Un-audited September 30, 2011	Audited December 31, 2010
Rupees in '000			
<b>11. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>			
Surplus arising on revaluation of:			
- fixed assets	11.1	2,743,132	2,765,036
- available for sale securities	11.2	3,254,471	2,033,420
Surplus on revaluation of assets - net of tax		<u>5,997,603</u>	<u>4,798,456</u>
Rupees in '000			
<b>11.1 Surplus on revaluation of fixed assets</b>			
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		(21,904)	(30,743)
Related deferred tax liability		(11,795)	(16,554)
		<u>(33,699)</u>	<u>(47,297)</u>
Surplus on revaluation of fixed assets as at September 30 and December 31		3,045,948	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		(11,795)	(16,554)
		<u>302,816</u>	<u>314,611</u>
		<u>2,743,132</u>	<u>2,765,036</u>
<b>11.2 Surplus on revaluation of available-for-sale securities</b>			
Federal Government Securities			
Market Treasury Bills		105,258	(120,712)
Pakistan Investment Bonds		(15,135)	(23,870)
Term Finance Certificates		(22,881)	(9,949)
Shares / Certificates - Listed		3,694,145	2,528,671
Mutual Funds		(168,060)	63,155
		<u>3,593,327</u>	<u>2,437,295</u>
Less : Related deferred tax liability		(338,856)	(403,875)
		<u>3,254,471</u>	<u>2,033,420</u>

## Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the nine months ended September 30, 2011

	Un-audited September 30, 2011	Audited December 31, 2010
	Rupees in '000	
12. CONTINGENCIES AND COMMITMENTS		
12.1 Direct credit substitutes		
Guarantees in favour of:		
Banks and financial institutions	397,700	1,769,128
12.2 Transaction-related contingent liabilities		
Guarantees in favour of:		
Government	13,198,767	9,512,438
Others	10,994,134	8,585,255
	24,192,901	18,097,693
12.3 Trade-related contingent liabilities	47,053,781	52,044,205
12.4 Claims against the Bank not acknowledged as debt	4,620,285	4,903,404
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 September 30, 2011	Audited December 31, 2010
	Rupees in '000	
12.6 Commitments in respect of forward foreign exchange contracts		
Purchase	40,487,981	23,100,518
Sale	16,233,181	7,371,457
12.7 Commitments in respect of operating fixed assets		
Civil works	1,800,881	1,260,603
Acquisition of operating fixed assets	518,619	372,584
12.8 Commitments in respect of lease financing	145,753	168,437
12.9 Commitments in respect of procurement of software	-	258
12.10 Contingencies		

12.10.1 There is no change in the status of contingencies, set out in note 22.10 to the consolidated financial statements of the Bank for the year ended December 31, 2010, except for the tax contingency as mentioned below.

12.10.2 The income tax assessments of the Bank have been finalized up to and including tax year 2010 for local and Azad Kashmir operations. While finalizing income tax assessments up to 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. While giving appeal effects on most of the deleted issues, a refund of Rs. 5,865 million has been determined. Against most of the deleted and set-aside issues, the 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 nine months ended September 30, 2011

	Nine months ended		Quarter ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Rupees in '000				
<b>13. MARK-UP / RETURN / INTEREST EARNED</b>				
On loans and advances	24,299,496	22,989,362	7,749,266	7,697,696
On investments in:				
Available-for-sale securities	10,679,807	7,289,264	4,231,956	3,090,453
Held-to-maturity securities	542,529	1,093,222	179,236	170,668
Held-for-trading securities	4,349	-	2,899	-
	11,226,685	8,382,486	4,414,091	3,261,121
On deposits with financial institutions	6,437	9,536	5,507	2,095
On securities purchased under resale agreements	1,651,641	1,573,108	480,226	226,906
On certificates of investment	8,146	30,631	2,464	3,507
On letters of placement	13,852	23,579	10,236	-
On call money lending	38,334	260,799	2,732	221,085
	37,244,591	33,269,501	12,664,522	11,412,410
<b>14. MARK-UP / RETURN / INTEREST EXPENSED</b>				
Deposits	15,015,689	12,488,811	5,001,200	3,843,690
Long term borrowings	228,819	257,902	73,044	90,611
Securities sold under repurchase agreements	418,958	618,211	328,020	356,993
Call money borrowing	153,859	927,077	83,949	382,234
Brokerage and commission	98,873	99,829	54,147	58,683
Markup on sub-ordinated loans	610,248	566,564	207,925	191,296
Other short term borrowings	2,089,584	1,745,785	678,909	513,566
	18,616,030	16,704,179	6,427,194	5,437,073
<b>15. EARNINGS PER SHARE - BASIC AND DILUTED</b>				
	Nine months ended		Quarter ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Rupees in '000				
<b>15. EARNINGS PER SHARE - BASIC AND DILUTED</b>				
Profit after tax for the period attributable to ordinary shareholders	7,793,719	5,888,135	2,721,591	2,241,385
Number of Shares				
Weighted average number of Ordinary Shares outstanding during the period	860,310,917	860,310,917	860,310,917	860,310,917
Rupees				
Earnings per share - basic and diluted	9.06	6.84	3.16	2.61
There is no dilution effect on basic earnings per share.				

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

# Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the nine months ended September 30, 2011

16.

## 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 September 30, 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							
<b>Loans</b>								
Loans at the beginning of the period/year	61,581	-	211,702	16,061,896	22,461	-	248,966	14,318,863
Loans given during the period/year	19,549	-	19,224	464,087	85,655	-	38,959	2,173,191
Loans repaid/ adjusted during the period/year	(30,434)	-	(41,116)	(14,161,019)	(46,535)	-	(76,223)	(430,166)
Loans at the end of the period/year	50,696	-	189,810	2,384,964	61,581	-	211,702	16,061,896
<b>Deposits</b>								
Deposits at the beginning of the period/year	9,821	93,965	16,128	3,042,357	9,661	9,400	10,782	4,810,081
Deposits received during the period/year	3,320,689	9,260,946	136,512	5,368,714	2,973,552	9,298,676	179,754	4,517,454
Deposits repaid during the period/year	(3,303,235)	(9,326,899)	(144,656)	(7,398,133)	(2,973,392)	(9,214,111)	(174,408)	(6,285,178)
Deposits at the end of the period/year	27,275	28,012	7,984	1,012,918	9,821	93,965	16,128	3,042,357
Nostro balances	-	180,248	-	-	-	126,448	-	-
Borrowings	-	112,924	-	-	-	161,850	-	-
Investments in shares / open-end mutual funds	-	240,969	-	8,517,954	-	240,969	-	3,304,790
Non Funded Exposures	-	-	-	2,664,179	-	-	-	4,111,021
Other receivables	-	-	-	-	-	-	-	-
Net receivable from staff retirement benefit funds	-	-	-	1,440,525	-	-	-	1,452,077

Notes to the Consolidated Condensed Interim Financial Statements  
(Un-audited) for the nine months ended September 30, 2011

	Un-audited September 30, 2011				Un-audited September 30, 2010			
	Directors	Associated companies	Key management personnel	Other related parties	Directors	Associated companies	Key management personnel	Other related parties
	Rupees in '000							
Mark-up earned	1,769	-	9,572	256,504	390	-	9,226	1,480,667
Income on placements	-	4	-	-	-	6	-	-
Income on Lending	-	111	-	-	-	-	-	-
Dividend Income	-	-	-	357,787	-	-	-	142,136
Sales Commission	-	-	-	11,102	-	-	-	5,687
Management fee sharing expense	-	-	-	4,446	-	-	-	4,196
Management fee income	-	-	-	181,603	-	-	-	123,757
Mark-up expense on Deposits	304	3	23	170,279	185	-	56	318,630
Interest expense on Borrowings	-	29,557	-	-	-	488	-	-
Directors' meeting fee	3,125	-	-	-	1,000	-	-	-
Remuneration	-	-	204,310	-	-	-	145,925	-
NIFT charges	-	-	-	65,116	-	-	-	51,795
Bank charges levied	-	-	-	-	-	19	-	29
Rent expense	-	10,968	-	-	-	3,416	-	-
Charge in respect of staff retirement benefit funds	-	-	-	158,514	-	-	-	107,853



# Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the nine months ended September 30, 2011

## 17. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

For the nine months ended September 30, 2011 (Un-audited)								
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Asset Management	Eliminations	Total
Rupees in '000								
Total Income	333,062	1,971,205	21,514,168	34,983,408	472,495	232,496	(17,545,189)	41,961,645
Total Expenses	(174,735)	(1,864,966)	(18,406,724)	(30,808,609)	(291,126)	(166,955)	17,545,189	(34,167,926)
Net Income	158,327	106,239	3,107,444	4,174,799	181,369	65,541	-	7,793,719

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

As at September 30, 2011 (Un-audited)							
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Asset Management	Total
Rupees in '000							
Segment Assets	225,446	1,139,787	85,818,165	443,776,741	241,122	622,642	531,823,903

As at December 31, 2010 (Audited)							
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Asset Management	Total
Rupees in '000							
Segment Assets	222,575	12,393,503	106,907,076	349,369,145	214,079	539,436	469,045,814

# Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the nine months ended September 30, 2011

## 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.

## 19. DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue on 20 October, 2011 by the Board of Directors of the Bank.

Director	Chief Financial Officer	Director	President and Chief Executive Officer Chairman
----------	-------------------------	----------	---



[www.abl.com](http://www.abl.com)