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Condensed Interim Financial Statements
for the nine months ended September 30, 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 / 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 nine months period ended September 30, 2012.

Financial Highlights

	(Rupees in million)		Growth
	Nine Months ended September 30,		
	2012	2011	
Profit After Tax	9,412	7,728	21.8%
Accumulated profit brought forward	20,255	15,828	28.0%
Transfer from surplus on revaluation of fixed assets - net of tax	23	22	4.5%
Profit available for appropriation	29,690	23,578	25.9%
Final cash dividend for the year ended December 31, 2011 at Rs. 2.50 per share (2010: year ended December 31, 2010 at Rs. 2 per share)	(2,151)	(1,564)	37.5%
Interim cash dividend for the year ending December 31, 2012 at Rs. 3.5 per share (2010: year ended December 31, 2010 at Rs. 2.50 per share)	(3,312)	(2,151)	54.0%
Transfer to Statutory Reserves	(1,882)	(1,545)	21.8%
Un-appropriated profit carried forward	21,686	18,318	18.4%
Earnings Per Share (EPS) for the nine months (Rs.)	9.95	8.17	21.8%

The Board is pleased to announce third interim cash dividend of Re. 1 per share in addition to the already paid first and second interim cash dividend of Rs. 2 and Rs. 1.5 per share, respectively (Interim Cash dividend for the nine months period ended September 30, 2012 is Rs. 4.5 per share as compared to Rs. 2.5 of Interim Cash Dividend in the corresponding period of previous year).

Economic Overview

The economic landscape in Pakistan continues to remain under stress with mounting fiscal deficit, prolonged energy shortages, declining investments and uncertainty attached with foreign financial inflows.

The receding trend in inflation provided some relief as Consumer Price Index (CPI) hits its 33-month low at 8.79% in September 2012, bringing average inflation during July-September 2012 down to 9.15%. However, upside risks in the inflationary outlook persists mainly on account of rising government borrowing for budgetary support and depreciation in exchange rate due to pressure on external account position. The State Bank of Pakistan's foreign exchange reserves declined to USD 14.9 billion as of Sep'12 compared to USD 17.0 billion as of Jan' 12.

The trend of deployment of banking systems resources towards government lending persisted. Meanwhile, the credit off take by private sector remained subdued on account of crowding out impact of government borrowings, limited appetite of private sector for credit in the wake of difficult operating environment and consistent energy shortages reducing the effective utilization of installed industrial and production capacity.

Taking comfort from the inflationary trends and recognizing the need to support growth in the economy, the State Bank of Pakistan resumed monetary easing by reducing the discount Rate by 150 BPS in August 2012 and additional 50 BPS cut in October 2012.

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 Rs. 455,708 million as at September 30, 2012, a growth of 14.1% over December 31, 2011 and 18.4% over September 30, 2011. Gross Investments increased to Rs. 258,662 million as at September 30, 2012, a growth of 30.4% over December 31, 2011 and 23.3% over September 30, 2011. The Gross Advances registered an increase of 2.7% and 8.0% from December 31, 2011 and September 30, 2011 levels, respectively, to reach at Rs. 269,273 million as at September 30, 2012. The Balance Sheet size of Your Bank stands at Rs. 601,106 million as on September 30, 2012, a growth of 16.6% over December 31, 2011 level and 17.6% over September 30, 2011. The equity of Your Bank reached Rs. 48,959 million as at September 30, 2012, registering a growth of 12.9% and 18.8% over December 31, 2011 and September 30, 2011 levels, respectively.

Profit After Tax of Your Bank increased by 21.8% to reach at Rs. 9,412 million during nine-months period ended September 30, 2012 as compared to Rs. 7,728 million in the corresponding period of previous year. Profit Before Tax for the same period increased by 9.5% over the corresponding period of previous year. As a result EPS of Your Bank increased to Rs. 9.95 during nine months period ended September 30, 2012 compared to Rs. 8.17% in the corresponding period of previous year, a YoY growth of 21.8%.

Net Mark-up / interest income earned during nine months period ended September 30, 2012 decreased by Rs. 4,224 million to Rs. 14,394 million compared to Rs. 18,618 million in the corresponding period of previous year, attributable mainly to higher deployment of funds towards dividend bearing investment activities. The provision expense during the period increased marginally by Rs. 14 million on a YoY basis to Rs. 1,462 million during the nine months period ended September 30, 2012.

Non-mark up / interest income during nine months period ended September 30, 2012 more than doubled to Rs. 10,629 million compared to the corresponding period of previous year, attributable mainly to higher deployment of funds in investment activities and realization of gains on listed equity portfolio. The Operating cost increased by 7.3% to Rs. 10,824 million during nine months period ended September 30, 2012 as compared to Rs. 10,056 million in

the corresponding period of previous year. This when compared with inflationary trends and increasing outlays on infrastructure strengthening and systems automation reflects the effectiveness of the management's strategies in controlling operating costs. The NPLs ratio increased to 7.94% as at September 30, 2012 compared to 7.80% at December 31, 2011. At the same time the NPL Coverage Ratio remained at 84.1% as at September 30, 2012. No benefit of FSV has been taken while determining provisions against NPLs as allowed under SBP BSD Circular No. 02 of 2010 dated June 03, 2010.

Future Outlook:

The macroeconomic outlook remains challenging on account of stressed fiscal position and vulnerabilities associated with Balance of Payments. Meanwhile, the sensitive security situation and persistent energy shortages are likely to constrain economic recovery prospects. Your Bank being watchful of the economic conditions would continue with its strategy of steady growth in quality avenues, attaining a more cost effective deposits mix, exploring new avenues for increasing fee based income and enhancing efficiency in operations to control various operating costs. The cornerstone of Your Bank's philosophy would remain on improving service quality standards and providing state of the art banking services through deploying the latest technology.

Entity & TFC Ratings

The Pakistan Credit Rating Agency Limited (PACRA) has upgraded the long-term rating of Allied Bank to AA+ (Double A Plus). The short-term rating of the Bank is already at the highest level of "A1+" (A One Plus). The rating of TFC Issue of Rs. 3,000 million (Issue Date: August 28, 2009) has also been upgraded to AA (Double A). 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 upgraded to AA (Double A) by JCR-VIS Credit Rating Company (JCR-VIS).

Corporate Governance Rating

JCR-VIS has upgraded Your Bank's Corporate Governance to CGR-8++ from CGR-8+ assigned earlier. The rating denotes a high level of corporate governance. The rating action takes into consideration the continued commitment of the Board and management of Your Bank to maintain a sound governance framework.

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 22, 2012
Place: Lahore

Unconsolidated Condensed Interim Statement of Financial Position

as at September 30, 2012

	Note	Un-audited September 30, 2012	Audited December 31, 2011
Rupees in '000'			
ASSETS			
Cash and balances with treasury banks		37,378,956	36,479,758
Balances with other banks		1,414,377	1,679,085
Lendings to financial institutions	6	13,991,767	1,361,754
Investments	7	256,706,787	195,694,122
Advances	8	251,253,404	244,433,474
Operating fixed assets		19,209,108	18,087,011
Deferred tax assets		667,270	751,908
Other assets		20,484,722	17,211,827
		601,106,391	515,698,939
LIABILITIES			
Bills payable		5,282,317	4,015,317
Borrowings	9	70,678,164	49,993,200
Deposits and other accounts	10	455,708,187	399,561,676
Sub-ordinated loans		5,490,900	5,492,600
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		14,987,914	13,296,342
		552,147,482	472,359,135
NET ASSETS		48,958,909	43,339,804
REPRESENTED BY			
Share capital	11	9,463,421	8,603,110
Reserves		10,444,169	8,762,745
Unappropriated profit		21,686,099	20,254,503
		41,593,689	37,620,358
Surplus on revaluation of assets - net of tax		7,365,220	5,719,446
		48,958,909	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 nine months ended September 30, 2012

Note	Nine Months Ended		Quarter Ended		
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011	
Rupees in '000'					
Mark-up / return / interest earned	13	37,002,838	37,233,670	12,624,346	12,660,812
Mark-up / return / interest expensed	14	22,608,701	18,615,241	8,189,653	6,418,741
Net mark-up / interest income		14,394,137	18,618,429	4,434,693	6,242,071
Provision against non-performing loans & advances and general provision - net	8.3	1,383,326	1,354,724	509,296	315,205
Reversal of diminution in the value of investments - net	7.2	(615,805)	(50,324)	(22,992)	(3,286)
Bad debts written off directly		-	-	-	-
		767,521	1,304,400	486,304	311,919
Net mark-up / interest income after provisions		13,626,616	17,314,029	3,948,389	5,930,152
NON MARK-UP / INTEREST INCOME					
Fee, commission and brokerage income		2,016,233	2,001,453	634,029	513,597
Dividend income		6,216,626	1,252,666	2,887,344	493,976
Income from dealing in foreign currencies		488,045	530,213	194,225	159,699
Gain / (Loss) on sale of securities		1,731,956	693,902	(3,684)	324,517
Unrealized loss on revaluation of investments classified as held-for-trading - net		-	123	792	920
Other income		175,982	35,547	54,219	12,951
Total non-markup / interest income		10,628,842	4,513,904	3,766,925	1,505,660
		24,255,458	21,827,933	7,715,314	7,435,812
NON MARK-UP / INTEREST EXPENSES					
Administrative expenses		10,438,948	9,596,877	3,583,984	3,224,187
Provision against other assets - net		272,667	168,871	279,209	12,000
Provision / (reversal) against off-balance sheet obligations - net		421,992	(24,866)	396,098	-
Other charges		384,905	459,148	134,203	135,489
Total non-markup / interest expenses		11,518,512	10,200,030	4,393,494	3,371,676
Extra-ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		12,736,946	11,627,903	3,321,820	4,064,136
Taxation					
- Current		3,504,302	4,130,679	617,637	1,342,061
- Prior years		-	-	-	-
- Deferred		(179,548)	(230,954)	(55,201)	26,785
		3,324,754	3,899,725	562,436	1,368,846
PROFIT AFTER TAXATION		9,412,192	7,728,178	2,759,384	2,695,290
Earnings per share - Basic and Diluted (in Rupees)	15	9.95	Restated 8.17	2.92	Restated 2.85

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, 2012

	Nine Months Ended		Quarter Ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
	Rupees in '000'			
Profit after taxation for the period	9,412,192	7,728,178	2,759,384	2,695,290
Other comprehensive income				
Exchange differences on translation of net investment in foreign branch	842	-	842	-
Total comprehensive income for the period	9,413,034	7,728,178	2,760,226	2,695,290

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 nine months ended September 30, 2012

	Nine Months Ended	
	September 30, 2012	September 30, 2011
	Rupees in '000'	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	12,736,946	11,627,903
Less: Dividend income	6,216,626	1,252,666
	<u>6,520,320</u>	<u>10,375,237</u>
Adjustments for non-cash charges:		
Depreciation / amortization	856,396	758,634
Provision against non-performing loans, advances and general provision - net	1,383,326	1,354,724
Reversal in provision of diminution in the value of investments - net	(615,805)	(50,324)
Unrealized loss on revaluation of held for trading securities - net	-	(123)
Provision / (reversals) against off balance sheet obligations - net	421,992	(24,866)
Provision against other assets - net	272,667	168,871
Gain on sale of fixed assets	(14,427)	(1,739)
	<u>2,304,149</u>	<u>2,205,177</u>
	<u>8,824,469</u>	<u>12,580,414</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	(12,630,013)	10,534,075
Held-for-trading securities	-	836,252
Advances	(8,203,256)	19,135,169
Other assets (excluding advance taxation) - net	(1,060,187)	(961,901)
	<u>(21,893,456)</u>	<u>29,543,595</u>
Increase / (decrease) in operating liabilities		
Bills payable	1,267,000	481,126
Borrowings from financial institutions	20,658,553	41,713,081
Deposits and other accounts	56,146,511	13,672,878
Other liabilities	1,240,732	298,669
	<u>79,312,796</u>	<u>56,165,754</u>
	<u>66,243,809</u>	<u>98,289,763</u>
Income tax paid	(6,021,103)	(3,438,488)
Net cash flows from operating activities	<u>60,222,706</u>	<u>94,851,275</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(59,397,909)	(86,147,181)
Proceed from disposal of held-to-maturity securities	934,279	525,848
Dividend income received	6,248,052	981,611
Investments in operating fixed assets	(1,979,736)	(1,924,814)
Proceeds from sale of fixed assets	15,671	8,669
Net cash flows (used in) investing activities	<u>(54,179,643)</u>	<u>(86,555,867)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of sub-ordinated loans	(1,700)	(1,700)
Dividends paid	(5,434,126)	(3,684,819)
Net cash used in financing activities	<u>(5,435,826)</u>	<u>(3,686,519)</u>
Effect of translation of net investment in Wholesale Bank Branch	842	-
Increase in cash and cash equivalents during the period	<u>608,079</u>	<u>4,608,889</u>
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>38,733,030</u>	<u>36,359,884</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, 2012

	Share Capital	Share Premium	Statutory Reserve	Exchange Translation Reserve	Bonus Issue Reserve	Special Reserve*	Merger Reserve*	General Reserve	Un-appropriated Profit	Total
	Rupees in '000'									
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
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
Net profit for the nine months ended September 30, 2011	-	-	-	-	-	-	-	-	7,728,178	7,728,178
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
- Effect of translation of net investment in Wholesale Bank Branch	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	7,728,178	7,728,178
Transactions with owners recognised 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 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	-	-	-	-	-	-	-	-	21,904	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
Changes in equity during the quarter ended December 31, 2011										
Total comprehensive income for the quarter ended December 31, 2011	-	-	-	-	-	-	-	-	2,411,503	2,411,503
Net profit for the quarter ended December 31, 2011	-	-	-	-	-	-	-	-	2,411,503	2,411,503
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
- Effect of translation of net investment in Wholesale Bank Branch	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	2,411,503	2,411,503
Transactions with owners recognized directly in equity										
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	-	-	7,300	7,300
Transfer to statutory reserve	-	-	482,300	-	-	-	-	-	(482,300)	-
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
Changes in equity during the nine months ended September 30, 2012										
Total comprehensive income for the nine months ended September 30, 2012	-	-	-	-	-	-	-	-	9,412,192	9,412,192
Net profit for the nine months ended September 30, 2012	-	-	-	-	-	-	-	-	9,412,192	9,412,192
Other comprehensive income	-	-	-	842	-	-	-	-	-	842
- Effect of translation of net investment in Wholesale Bank Branch	-	-	-	842	-	-	-	-	-	842
	-	-	-	842	-	-	-	-	9,412,192	9,413,034
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)	-	-	860,311	-	-	-	(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)
Interim cash dividend for the year ending December 31, 2012 (Rs. 2.00 per ordinary share)	-	-	-	-	-	-	-	-	(1,892,684)	(1,892,684)
Second interim cash dividend for the year ending December 31, 2012 (Rs. 1.50 per ordinary share)	-	-	-	-	-	-	-	-	(1,419,513)	(1,419,513)
	860,311	(201,856)	-	-	-	-	-	-	(6,121,429)	(5,462,974)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	-	-	23,271	23,271
Transfer to statutory reserve	-	-	1,882,438	-	-	-	-	-	(1,882,438)	-
Balance as at September 30, 2012	9,463,421	-	10,035,468	842	-	67,995	333,864	6,000	21,686,099	41,593,689

* 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 Unconsolidated Condensed Interim Financial Statements (Un-audited) for the nine months ended September 30, 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 842 (2011: 837) branches in Pakistan including the Karachi Export Processing Zone Branch and Bahrain Wholesale Branch (overseas business units). 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 "3-4 Tipu Block, Main Boulevard, New Garden Town, Lahore".

2. STATEMENT OF COMPLIANCE

- 2.1 These unconsolidated condensed interim financial statements of the Bank for the nine months ended September 30, 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 (SBP). In case where requirements of provisions and directives issued under the Banking Companies Ordinance, 1962, Companies Ordinance 1984 and the directives issued by SBP differs, the directives issued by SBP 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: Disclosures" 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 disclosed 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 unconsolidated condensed interim financial statements of the banks and its subsidiary company are presented separately.

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 complete 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.

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the nine months ended September 30, 2012

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, 2011.
- 5.3 During the period, following amendment to accounting standards became effective.
- IAS 12 – Income Taxes (Amendment) - Recovery of Underlying Assets
Adoption of the above amendment do not have any material effect on the unconsolidated condensed interim financial statements.

Note	Un-audited September 30, 2012	Audited December 31, 2011
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Rupees in '000'

6. LENDINGS TO FINANCIAL INSTITUTIONS

Repurchase agreement lendings (Reverse Repo)	6.1	13,891,767	1,361,754
Call money Lendings	6.2	100,000	-
Certificates of investment	6.3	70,000	70,000
		14,061,767	1,431,754
Provision against lendings to financial institutions		(70,000)	(70,000)
		13,991,767	1,361,754

- 6.1 These are short-term lendings to various financial institutions against the government securities. These carry mark-up at rates ranging between 9.85% and 10.40% (2011: 11.90 %) per annum and will mature on various dates latest by 29 October, 2012.
- 6.2 This represents call money lending carrying mark up at 10.4% (2011: Nil).
- 6.3 This represents non-performing certificates of investment.

7. INVESTMENTS

Note	Held by Bank	Given as collateral	Total
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Rupees in '000'

As on September 30, 2012 (Un-audited)	7.1	203,866,246	52,840,541	256,706,787
Prior year - December 31, 2011 (Audited)	7.1	165,806,713	29,887,409	195,694,122

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the nine months ended September 30, 2012

Note	Un-audited As at September 30, 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	-	-	-	-	-	-
Available-for-sale securities						
Market Treasury Bills	143,184,599	52,725,273	195,909,872	92,151,063	29,859,590	122,010,653
Pakistan Investment Bonds	147,676	-	147,676	147,290	-	147,290
Ordinary shares of listed companies / certificates of mutual funds	12,517,311	-	12,517,311	10,727,056	-	10,727,056
Preference shares	149,355	-	149,355	149,355	-	149,355
Units of open end mutual funds	850,878	-	850,878	5,210,776	-	5,210,776
Ordinary shares of unlisted companies	1,683,852	-	1,683,852	1,643,673	-	1,643,673
Investment in related parties						
- Unlisted shares	221,296	-	221,296	242,496	-	242,496
- Units of open end mutual funds	100,000	-	100,000	13,690,232	-	13,690,232
Sukuk Bonds	5,978,984	-	5,978,984	3,598,872	-	3,598,872
Term Finance Certificates (TFCs)	2,376,898	-	2,376,898	3,250,449	-	3,250,449
	167,210,849	52,725,273	219,936,122	130,811,262	29,859,590	160,670,852
Held-to-maturity securities						
Pakistan Investment Bonds	26,795,965	-	26,795,965	27,574,628	-	27,574,628
Foreign Currency Bonds (US\$)	2,533,958	-	2,533,958	1,591,392	-	1,591,392
TFCs, Debentures, Bonds and PTCs	4,668,680	-	4,668,680	5,766,862	-	5,766,862
	33,998,603	-	33,998,603	34,932,882	-	34,932,882
Subsidiary						
ABL Asset Management Company Limited	500,000	-	500,000	500,000	-	500,000
Investments at cost	201,709,452	52,725,273	254,434,725	166,244,144	29,859,590	196,103,734
Provision for diminution in the value of investments	(1,955,317)	-	(1,955,317)	(2,703,761)	-	(2,703,761)
Investments (net of provisions)	199,754,135	52,725,273	252,479,408	163,540,383	29,859,590	193,399,973
Unrealized loss on revaluation of held-for-trading securities	-	-	-	-	-	-
Surplus on revaluation of available-for-sale securities	4,112,111	115,268	4,227,379	2,266,330	27,819	2,294,149
Total investments at market value	203,866,246	52,840,541	256,706,787	165,806,713	29,887,409	195,694,122
				Un-audited September 30, 2012	Audited December 31, 2011	
				Rupees in '000'		

7.2. Provision for diminution in the value of investments

Opening balance	2,703,761	2,681,810
Charge for the year	19,332	344,752
Reversals / transfers	(635,137)	(115,749)
Net charge	(615,805)	229,003
Reversal on account of capital gain on disposal	(132,243)	(75,417)
Amounts written off	(396)	(131,635)
Closing balance	1,955,317	2,703,761

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the nine months ended September 30, 2012

	Note	Un-audited September 30, 2012	Audited December 31, 2011
Rupees in '000'			
8. ADVANCES			
Loans, cash credits, running finances, etc. - in Pakistan		263,270,878	256,549,230
Net investment in finance lease - in Pakistan		1,829,849	1,748,858
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		1,693,223	1,769,188
Payable outside Pakistan		2,479,001	2,069,915
		4,172,224	3,839,103
Advances - gross		269,272,951	262,137,191
Provision for non-performing advances	8.1	(17,981,068)	(17,671,070)
General provision against consumer financing		(38,479)	(32,647)
		(18,019,547)	(17,703,717)
Advances - net of provisions		251,253,404	244,433,474

8.1 Advances include Rs. 21,378.949 million (2011: Rs. 20,452.465 million) which have been placed under non-performing status as detailed below:-

Category of Classification	September 30, 2012 (Un-audited)				
	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
	Rupees in '000'				
Other Assets Especially					
Mentioned	65,567	-	65,567	-	-
Substandard	496,546	-	496,546	122,952	122,952
Doubtful	5,760,166	-	5,760,166	2,827,349	2,827,349
Loss	15,056,670	-	15,056,670	15,030,767	15,030,767
	21,378,949	-	21,378,949	17,981,068	17,981,068

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
	20,452,465	-	20,452,465	17,671,070	17,671,070

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.

8.3 Provision against non-performing loans & advances and general provision

	September 30, 2012 (Un-audited)			December 31, 2011 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000'					
Opening balance	17,671,070	32,647	17,703,717	15,420,788	9,474	15,430,262
Charge for the year	2,860,587	5,832	2,866,419	4,354,209	23,173	4,377,382
Reversals	(1,483,093)	-	(1,483,093)	(1,667,361)	-	(1,667,361)
Charged to profit and loss account	1,377,494	5,832	1,383,326	2,686,848	23,173	2,710,021
Amounts written off	(1,067,496)	-	(1,067,496)	(436,566)	-	(436,566)
Closing balance	17,981,068	38,479	18,019,547	17,671,070	32,647	17,703,717

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2012

	Un-audited September 30, 2012	Audited December 31, 2011		Un-audited September 30, 2012	Audited December 31, 2011
				Rupees in '000'	
9	BORROWINGS				
	Details of borrowings (Secured / Unsecured)				
	Secured				
	Borrowings from State Bank of Pakistan	13,987,573		18,569,393	
	Repurchase agreement borrowings	52,485,609		29,474,488	
	Unsecured				
	Call borrowings	4,144,679		1,915,427	
	Overdrawn nostro accounts	60,303		33,892	
		4,204,982		1,949,319	
		70,678,164		49,993,200	
10.	DEPOSITS AND OTHER ACCOUNTS				
	Customers				
	Fixed deposits	119,088,107		110,061,707	
	Savings deposits	117,013,193		106,783,680	
	Current accounts - remunerative	82,220,682		57,667,849	
	- Non-remunerative	135,095,426		124,121,553	
		453,417,408		398,634,789	
	Financial Institutions				
	Remunerative deposits	2,149,673		560,816	
	Non-remunerative deposits	141,106		366,071	
		455,708,187		399,561,676	
11.	SHARE CAPITAL				
11.1	Authorised capital				
	Un-audited September 30, 2012	Audited December 31, 2011		Un-audited September 30, 2012	Audited December 31, 2011
	No. of shares			Rupees in '000'	
	1,500,000,000	1,500,000,000	Ordinary shares of Rs. 10 each	15,000,000	15,000,000
11.2	Issued, subscribed and paid-up capital				
	Fully paid-up Ordinary shares of Rs. 10 each				
	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
	928,793,459	842,762,367		9,287,935	8,427,624
	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
	946,342,009	860,310,917		9,463,421	8,603,110

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 nine months ended September 30, 2012

	Un-audited September 30, 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	474,728	611,478
12.2 Transaction-related contingent liabilities		
Guarantees in favour of:		
Government	23,206,555	14,010,962
Others	8,532,806	21,208,164
	31,739,361	35,219,126
12.3 Trade-related contingent liabilities	66,676,436	52,324,035
12.4 Claims against the Bank not acknowledged as debt	4,270,613	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 September 30, 2012	Audited December 31, 2011
	Rupees in '000'	
12.6 Commitments in respect of forward foreign exchange contracts		
Purchase	32,392,179	49,580,813
Sale	11,005,093	25,543,453
12.7 Commitments in respect of operating fixed assets		
Civil works	1,335,386	1,496,831
Acquisition of operating fixed assets	814,103	504,141
	2,149,489	2,000,972
12.8 Commitments in respect of lease financing	255,521	110,472
12.9 Commitments in respect of market treasury bills	-	3,926,578
12.10 Commitments in respect of Lendings	450,000	-
12.11 Contingencies		
12.11.1	There is no change in the status of contingencies, set out in note 22.11.2 to the unconsolidated financial statements of the Bank for the year ended December 31, 2011, except for the contingency as mentioned below:	
12.11.2	The income tax assessments of the Bank have been finalized up to and including tax year 2011 for local and Azad Kashmir operations. While finalizing income tax assessments up to tax year 2011, income tax authorities made certain add backs with aggregate tax impact of Rs. 11,442 million (2011: 10,718 million). As a result of appeals filed by the Bank before appellate authorities, the add backs with tax impact amounting to Rs. 11,037 million (2011: Rs. 9,229 million) have been deleted. Against most of the deleted 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. 11,442 million (2011: 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, 2012

Note	Nine Months Ended		Quarter Ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Rupees in '000'				
13 MARK-UP / RETURN / INTEREST EARNED				
On loans and advances	23,863,497	24,299,358	7,783,494	7,749,228
On investments in:				
Available-for-sale securities	9,182,688	10,669,033	3,557,528	4,228,286
Held-to-maturity securities	3,025,622	542,529	1,021,996	179,236
Held-for-trading securities	41,990	4,349	14,819	2,899
	12,250,300	11,215,911	4,594,343	4,410,421
On deposits with financial institutions	6,237	6,428	4,580	5,505
On securities purchased under resale agreements	851,809	1,651,641	232,553	480,226
On certificates of investment	-	8,146	-	2,464
On letters of placement	2,773	13,852	274	10,236
On call money lending	28,222	38,334	9,102	2,732
	37,002,838	37,233,670	12,624,346	12,660,812
14 MARK-UP / RETURN / INTEREST EXPENSED				
Deposits	16,461,415	15,016,011	5,822,293	5,001,329
Long term borrowing	186,025	228,819	63,391	73,044
Securities sold under repurchase agreements	2,429,765	418,958	1,158,011	328,020
Call money borrowing	360,238	153,859	121,625	83,949
Brokerage and commission	112,626	97,762	39,500	45,565
Markup on sub-ordinated loans	548,928	610,248	179,434	207,925
Other short term borrowings	2,509,704	2,089,584	805,399	678,909
	22,608,701	18,615,241	8,189,653	6,418,741
15 EARNINGS PER SHARE - BASIC AND DILUTED				
Rupees in '000'				
Profit after taxation for the period attributable to ordinary shareholders	9,412,192	7,728,178	2,759,384	2,695,290
Number of Shares				
Weighted average number of ordinary shares outstanding during the period	946,342,009	946,342,009	946,342,009	946,342,009
Rupees				
Earnings per share - basic and diluted for the period	9.95	8.17	2.92	2.85

There is no dilution effect on basic earnings per share.

- 15.1 The corresponding figures 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 nine months ended September 30, 2012

16.

RELATED PARTY TRANSACTIONS

The Bank has related party relationships with its subsidiary, key management personnel, employee benefit plans, companies with common key management personnel, and close family members of such 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, 2012 (Un-audited)					December 31, 2011 (Audited)				
	Directors	Associated Companies	Subsidiary	Key management personnel	Other related parties	Directors	Associated Companies	Subsidiary	Key management personnel	Other related parties
Rupees in '000'										
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	11,057	-	-	57,041	2,001	23,757	-	-	37,765	464,087
Loans repaid / adjustment during the period / year	(14,655)	-	-	(92,330)	(1,821)	(35,369)	-	-	(34,795)	(16,525,983)
Loans at the end of the period / year	46,371	-	-	167,716	180	49,969	-	-	203,005	-
Deposits										
Deposits at the beginning of the period / year	17,270	48,985	5,710	13,556	230,430	9,821	93,965	3,241	16,128	3,042,357
Deposits received during the period / year	4,777,486	9,026,724	939,953	215,064	75,150,582	4,147,530	13,513,467	697,925	191,103	14,937,123
Deposits repaid during the period / year	(4,780,280)	(9,070,173)	(942,289)	(208,270)	(74,467,615)	(1,440,081)	(13,558,456)	(695,456)	(193,675)	(17,749,050)
Deposits at the end of the period / year	14,476	5,536	3,374	20,350	913,397	17,270	48,985	5,710	13,556	230,430
Nostro balances	-	139,415	-	-	-	-	131,749	-	-	-
Borrowings	-	-	500,000	-	-	-	1,204,313	-	-	-
Investments in shares / open end mutual funds	-	218,719	-	-	114,633	-	240,969	500,000	-	13,623,621
Other receivables	-	-	9,451	-	-	-	-	3,656	-	-
Net receivable from staff retirement benefit funds	-	-	-	-	1,611,133	-	-	-	-	1,430,976
Rupees in '000'										
Mark-up earned	1,307	-	-	81,68	-	1,769	-	-	9,572	25,6504
Income on placements	-	41	-	-	-	-	4	-	-	-
Income on lendings	-	-	-	-	-	-	111	-	-	-
Dividend income	-	-	-	-	4,315,166	-	-	-	-	357,787
Capital Gain / (Loss)	-	-	-	-	(634,372)	-	-	-	-	(60,225)
Sales Commission / management fee sharing	-	-	47,647	-	-	-	-	18,111	-	11,102
Mark-up expense on deposits	1,003	-	793	22	38,015	304	3	322	23	170,279
Interest expense on borrowings	-	-	-	-	-	-	29,557	-	-	-
Directors' meeting fee	5,450	-	-	214,256	-	3,125	-	-	193,449	-
Remuneration	-	-	-	-	-	-	-	-	-	-
NIFT charges	-	-	15	64,359	-	-	-	10	-	65,116
Bank charges levied	-	-	-	4,036	-	-	-	-	-	-
Rent Expense	-	4,401	-	-	-	-	4,392	-	-	-
Charge / (reversal) in respect of staff retirement benefit funds	-	-	-	151,603	-	-	-	-	-	158,514

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the nine months ended September 30, 2012

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, 2012 (Un-audited)							
Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Eliminations	Total	
Rupees in '000'							
Total Income	499,340	2,597,897	29,870,959	41,685,130	437,807	(27,459,453)	47,631,680
Total Expenses	(223,177)	(3,420,872)	(22,947,479)	(38,879,833)	(207,580)	27,459,453	(38,219,488)
Net Income	276,163	(822,975)	6,923,480	2,805,297	230,227	-	9,412,192

For the Nine Months Ended September 30, 2011 (Un-audited)							
Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Eliminations	Total	
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	158,327	106,239	3,107,444	4,174,799	181,369	-	7,728,178

As at September 30, 2012 (Un-audited)						
Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Total	
Rupees in '000'						
Segment Assets Gross	427,076	13,079,129	85,218,474	523,443,742	342,237	622,510,658

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

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the nine months ended September 30, 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 22 October, 2012 has approved interim cash dividend for the year ending December 31, 2012 at Re. 1 per share (September 30, 2011: Nil). The unconsolidated condensed interim financial statement for the nine months ended September 30 2012 do not include the effect of this appropriation and will be accounted for in the financial statement of the period of declaration.

19 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on 22 October, 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 nine months ended September 30, 2012

Consolidated Condensed Interim Statement of Financial Position

as at September 30, 2012

	Note	Un-audited September 30, 2012	Audited December 31, 2011
Rupees in '000'			
ASSETS			
Cash and balances with treasury banks		37,379,006	36,479,765
Balances with other banks		1,414,395	1,679,121
Lendings to financial institutions	6	13,991,767	1,361,754
Investments	7	256,944,262	195,789,638
Advances	8	251,277,592	244,439,837
Operating fixed assets		19,219,695	18,095,123
Deferred tax assets - net		666,843	750,972
Other assets		20,529,475	17,292,402
		601,423,035	515,888,612
LIABILITIES			
Bills payable		5,282,317	4,015,317
Borrowings	9	70,678,164	49,993,200
Deposits and other accounts	10	455,707,426	399,560,790
Sub-ordinated loans		5,490,900	5,492,600
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		15,018,822	13,347,347
		552,177,629	472,409,254
NET ASSETS		49,245,406	43,479,358
REPRESENTED BY			
Share capital	11	9,463,421	8,603,110
Reserves		10,444,169	8,762,745
Unappropriated profit		21,972,744	20,395,717
		41,880,334	37,761,572
Surplus on revaluation of assets - net of tax		7,365,072	5,717,786
		49,245,406	43,479,358

CONTINGENCIES AND COMMITMENTS

12

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 Profit and Loss Account

(Un-audited) for the nine months ended September 30, 2012

Note	Nine Months Ended		Quarter Ended		
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011	
Rupees in '000'					
Mark-up / return / interest earned	13	37,009,606	37,244,591	12,631,114	12,664,522
Mark-up / return / interest expensed	14	22,607,909	18,616,030	8,188,861	6,427,194
Net mark-up / interest income		14,401,697	18,628,561	4,442,253	6,237,328
Provision against non-performing loans & advances and general provision - net	8.3	1,383,326	1,354,724	509,296	315,205
Reversal for diminution in the value of investments - net	7.2	(615,805)	(50,324)	(22,992)	(3,286)
Bad debts written off directly		-	-	-	-
		767,521	1,304,400	486,304	311,919
Net mark-up / interest income after provisions		13,634,176	17,324,161	3,955,949	5,925,409
NON MARK-UP / INTEREST INCOME					
Fee, commission and brokerage income		2,289,511	2,167,169	907,307	576,412
Dividend income		6,216,626	1,252,666	2,887,344	493,976
Income from dealing in foreign currencies		488,045	530,213	194,225	159,699
Gain on sale of securities		1,738,704	731,235	3,064	358,320
Unrealized gain on revaluation of investments classified as held-for-trading - net		51,773	123	52,565	(19,886)
Other income		175,895	35,648	54,132	13,054
Total non-markup / interest income		10,960,554	4,717,054	4,098,637	1,581,575
		24,594,730	22,041,215	8,054,586	7,506,984
NON MARK-UP / INTEREST EXPENSES					
Administrative expenses		10,585,035	9,723,778	3,730,071	3,258,721
Provision against other assets - net		272,667	168,871	279,209	12,000
Provision / (reversal) against off-balance sheet obligations - net		421,992	(24,866)	396,098	-
Other charges		384,905	460,876	134,203	136,222
Total non-markup / interest expenses		11,664,599	10,328,659	4,539,581	3,406,943
Extra-ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		12,930,131	11,712,556	3,515,005	4,100,041
Taxation					
Current		3,552,564	4,149,791	665,899	1,331,855
Prior years		-	-	-	-
Deferred		(180,056)	(230,954)	(55,709)	46,595
		3,372,508	3,918,837	610,190	1,378,450
PROFIT AFTER TAXATION		9,557,623	7,793,719	2,904,815	2,721,591
Earnings per share - Basic and Diluted (in Rupees)	15	10.10	Restated 8.24	3.07	Restated 2.88

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, 2012

	Nine Months Ended		Quarter Ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
	Rupees in '000'			
Profit after taxation for the period	9,557,623	7,793,719	2,904,815	2,721,591
Other comprehensive income				
Exchange differences on translation of net investment in foreign branch	842	-	842	-
Total comprehensive income for the period	<u>9,558,465</u>	<u>7,793,719</u>	<u>2,905,657</u>	<u>2,721,591</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 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 nine months ended September 30, 2012

	Nine Months Ended	
	September 30, 2012	September 30, 2011
	Rupees in '000'	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	12,930,131	11,712,556
Less: Dividend income	6,216,626	1,252,666
	<u>6,713,505</u>	<u>10,459,890</u>
Adjustments for non-cash charges:		
Depreciation / amortization	858,903	762,345
Provision against non-performing loans, advances and general provision - net	1,383,326	1,354,724
Reversal in provision of diminution in the value of investments - net	(615,805)	(50,324)
Unrealized loss on revaluation of held for trading securities - net	(51,773)	(123)
Provision / (reversals) against off balance sheet obligations - net	421,992	(24,866)
Provision against other assets - net	272,667	168,871
Gain on sale of fixed assets	(14,340)	(1,737)
	<u>2,254,970</u>	<u>2,208,890</u>
	8,968,475	12,668,780
(Increase) / decrease in operating assets		
Lendings to financial institutions	(12,630,013)	10,534,075
Held-for-trading securities	(218,672)	765,223
Advances	(8,221,081)	19,135,840
Other assets (excluding advance taxation) - net	(1,020,906)	(967,644)
	<u>(22,090,672)</u>	<u>29,467,494</u>
Increase in operating liabilities		
Bills payable	1,267,000	481,126
Borrowings from financial institutions	20,658,553	41,713,081
Deposits and other accounts	56,146,636	13,675,143
Other liabilities	1,220,637	304,444
	<u>79,292,826</u>	<u>56,173,794</u>
	66,170,629	98,310,068
	<u>(6,072,824)</u>	<u>(3,452,619)</u>
Income tax paid		
	<u>60,097,805</u>	<u>94,857,449</u>
Net cash flows from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(59,267,911)	(86,147,181)
Proceed from disposal of held-to-maturity securities	934,279	525,848
Dividend income received	6,248,052	981,611
Investments in operating fixed assets	(1,984,807)	(1,919,856)
Proceeds from sale of fixed assets	15,670	8,709
	<u>(54,054,717)</u>	<u>(86,550,869)</u>
Net cash flows (used in) investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of sub-ordinated loans	(1,700)	(1,700)
Dividends paid	(5,434,126)	(3,696,130)
	<u>(5,435,826)</u>	<u>(3,697,830)</u>
Net cash used in financing activities		
Effect of translation net investment in Wholesale Bank Branch	842	-
	<u>608,104</u>	<u>4,608,750</u>
Increase in cash and cash equivalents during the period		
Cash and cash equivalents at beginning of the period	38,124,994	31,751,195
	<u>38,733,098</u>	<u>36,359,945</u>
Cash and cash equivalents at end of the period		

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 nine months ended September 30, 2012

	Share Capital	Share Premium	Statutory Reserve	Exchange Translation Reserve	Bonus Reserve	Special Reserve*	Merger Reserve*	General Reserve	Un-appropriated Profit	Total
	Rupees in '000'									
Balance as at 1 January, 2011	7,821,009	983,957	6,125,094	-	-	67,995	333,864	6,000	15,853,255	31,911,174
<i>Changes in equity during the nine months period ended September 30, 2011</i>										
Total comprehensive income for the nine months period ended September 30, 2011	-	-	-	-	-	-	-	-	7,793,719	7,793,719
Net profit for the period ended September 30, 2011	-	-	-	-	-	-	-	-	7,793,719	7,793,719
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
- Effect of translation of net investment in Wholesale Bank Branch	-	-	-	-	-	-	-	-	7,793,719	7,793,719
<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% Issue of bonus shares	782,101	(782,101)	-	-	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	-	-	-	-	-	-	-	-	21,904	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
<i>Changes in equity during the quarter ended December 31, 2011</i>										
Total comprehensive income for the quarter ended December 31, 2011	-	-	-	-	-	-	-	-	2,462,454	2,462,454
Net profit for the period ended September 30, 2011	-	-	-	-	-	-	-	-	2,462,454	2,462,454
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
- Effect of translation of net investment in Wholesale Bank Branch	-	-	-	-	-	-	-	-	2,462,454	2,462,454
<i>Transactions with owners recognized directly in equity</i>										
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	-	-	7,300	7,300
Transfer to statutory reserve	-	-	482,300	-	-	-	-	-	(482,300)	-
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
<i>Changes in equity during the nine months period ended September 30, 2012</i>										
Total comprehensive income for the nine months period ended September 30, 2012	-	-	-	-	-	-	-	-	9,557,623	9,557,623
Net profit for the period ended September 30, 2012	-	-	-	-	-	-	-	-	9,557,623	9,557,623
Other comprehensive income	-	-	-	842	-	-	-	-	-	842
- Effect of translation of net investment in Wholesale Bank Branch	-	-	-	842	-	-	-	-	9,557,623	9,558,465
<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% Issue of bonus shares	860,311	(201,856)	-	-	860,311	(860,311)	-	-	(658,455)	-
Final cash dividend for the year ended December 31, 2011 (Rs. 2.50 per ordinary share)	-	-	-	-	-	-	-	-	(2,150,777)	(2,150,777)
Interim cash dividend for the year ending December 31, 2012 (Rs. 2.00 per ordinary share)	-	-	-	-	-	-	-	-	(1,892,684)	(1,892,684)
Second interim cash dividend for the year ending December 31, 2012 (Rs. 1.50 per ordinary share)	-	-	-	-	-	-	-	-	(1,419,513)	(1,419,513)
	860,311	(201,856)	-	-	-	-	-	-	(6,121,429)	(5,462,974)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	-	-	23,271	23,271
Transfer to statutory reserve	-	-	1,882,438	-	-	-	-	-	(1,882,438)	-
Balance as at September 30, 2012	9,463,421	-	10,035,468	842	-	67,995	333,864	6,000	21,972,744	41,880,334

* 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, 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 842 (2011: 837) branches in Pakistan including the Karachi Export Processing Zone Branch and Bahrain branch (overseas business units). 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 “3-4 Tipu Block, Main Boulevard, New Garden Town, 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-.

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
- ABL-Capital Protected Fund	Launched on June 01, 2012

2 STATEMENT OF COMPLIANCE

- 2.1 These consolidated condensed interim financial statements of the Bank for the nine months ended September 30, 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 (SBP). In case where requirements of provisions and directives issued under the Banking Companies Ordinance, 1962, Companies Ordinance 1984 and the directives issued by SBP differs, the directives issued by SBP 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: Disclosures” 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 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 nine months ended September 30, 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 complete 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 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, 2011.

5.3 During the period, following amendment to accounting standards became effective.

- IAS 12 – Income Taxes (Amendment) – Recovery of Underlying Assets

Adoption of the above amendment did not have any material effect on the condensed interim financial statements.

6. LENDINGS TO FINANCIAL INSTITUTIONS

	Note	Un-audited September 30, 2012	Audited December 31, 2011
Rupees in '000'			
Repurchase agreement lendings (Reverse Repo)	6.1	13,891,767	1,361,754
Call money Lendings	6.2	100,000	-
Certificates of investment	6.3	70,000	70,000
		14,061,767	1,431,754
Provision against lendings to financial institutions		(70,000)	(70,000)
		13,991,767	1,361,754

6.1 These are short-term lendings to various financial institutions against the government securities. These carry mark-up at rates ranging between 9.85% and 10.40% (2011: 11.90 %) per annum and will mature on various dates latest by 29 October, 2012.

6.2 This represents call money lending carrying mark up at 10.4% (2011: Nil).

6.3 This represents non-performing certificates of investment.

7. INVESTMENTS

	Note	Held by Group	Given as collateral	Total
Rupees in '000'				
As on September 30, 2012 (Un-audited)	7.1	204,103,721	52,840,541	256,944,262
Prior year - December 31, 2011 (Audited)	7.1	165,902,229	29,887,409	195,789,638

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the nine months ended September 30, 2012

Note	Un-audited September 30, 2012			Audited 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 - related party	656,105	-	656,105	446,148	-	446,148
	Listed term finance certificates	14,745	-	14,745	-	-	-
		670,850	-	670,850	446,148	-	446,148
	Available-for-sale securities						
	Market Treasury Bills	143,184,599	52,725,273	195,909,872	92,151,063	29,859,590	122,010,653
	Pakistan Investment Bonds	147,676	-	147,676	147,290	-	147,290
	Ordinary shares of listed companies / certificates of mutual funds	12,517,311	-	12,517,311	10,727,056	-	10,727,056
	Preference shares	149,355	-	149,355	149,355	-	149,355
	Units of open end mutual funds	850,878	-	850,878	5,210,776	-	5,210,776
	Ordinary shares of unlisted companies	1,683,852	-	1,683,852	1,643,673	-	1,643,673
	Investment in related parties						
	- Unlisted shares	221,296	-	221,296	242,496	-	242,496
	- Units of open end mutual funds	100,000	-	100,000	13,690,232	-	13,690,232
	Sukuk Bonds	5,978,984	-	5,978,984	3,598,872	-	3,598,872
	Term Finance Certificates (TFCs)	2,391,898	-	2,391,898	3,395,447	-	3,395,447
		167,225,849	52,725,273	219,951,122	130,956,260	29,859,590	160,815,850
	Held-to-maturity securities						
	Pakistan Investment Bonds	26,795,965	-	26,795,965	27,574,628	-	27,574,628
	Foreign Currency Bonds (US\$)	2,533,958	-	2,533,958	1,591,392	-	1,591,392
	TFCs, Debentures, Bonds and PTCs	4,668,680	-	4,668,680	5,766,862	-	5,766,862
		33,998,603	-	33,998,603	34,932,882	-	34,932,882
	Investments at cost						
	Provision for diminution in the value of investments	201,895,302	52,725,273	254,620,575	166,335,290	29,859,590	196,194,880
7.2		(1,955,317)	-	(1,955,317)	(2,703,761)	-	(2,703,761)
	Investments (net of provisions)	199,939,985	52,725,273	252,665,258	163,631,529	29,859,590	193,491,119
	Unrealized loss on revaluation of held-for-trading securities						
		51,773	-	51,773	6,030	-	6,030
	Surplus on revaluation of available-for-sale securities						
		4,111,963	115,268	4,227,231	2,264,670	27,819	2,292,489
	Total investments at market value	204,103,721	52,840,541	256,944,262	165,902,229	29,887,409	195,789,638
				Un-audited September 30, 2012	Audited December 31, 2011		
				Rupees in '000'			
7.2	Provision for diminution in the value of investments						
	Opening balance			2,703,761	2,681,810		
	Charge for the year			19,332	344,752		
	Reversals / transfers			(635,137)	(115,749)		
	Net charge			(615,805)	229,003		
	Reversal on account of capital gain on disposal			(132,243)	(75,417)		
	Amounts written off			(396)	(131,635)		
	Closing balance			1,955,317	2,703,761		

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the nine months ended September 30, 2012

	Note	Un-audited September 30, 2012	Audited December 31, 2011
Rupees in '000'			
8. ADVANCES			
Loans, cash credits, running finances, etc. – in Pakistan		263,295,066	256,555,593
Net investment in finance lease – in Pakistan		1,829,849	1,748,858
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		1,693,223	1,769,188
Payable outside Pakistan		2,479,001	2,069,915
		4,172,224	3,839,103
Advances – gross		269,297,139	262,143,554
Provision for non-performing advances	8.1	(17,981,068)	(17,671,070)
General provision against consumer financing		(38,479)	(32,647)
		(18,019,547)	(17,703,717)
Advances - net of provisions		251,277,592	244,439,837

8.1 Advances include Rs. 21,378,949 million (2011: Rs. 20,452,465 million) which have been placed under non-performing status as detailed below:-

Category of Classification	September 30, 2012 (Un-audited)				
	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
	Rupees in '000'				
Other Assets Especially Mentioned	65,567	-	65,567	-	-
Substandard	496,546	-	496,546	122,952	12,952
Doubtful	5,760,166	-	5,760,166	2,827,349	2,827,349
Loss	15,056,670	-	15,056,670	15,030,767	15,030,767
	21,378,949	-	21,378,949	17,981,068	17,671,068

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
	20,452,465	-	20,452,465	17,671,070	17,671,070

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.

8.3 Provision against non-performing loans & advances and general provision

	September 30, 2012 (Un-audited)			December 31, 2011 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000'					
Opening balance	17,671,070	32,647	17,703,717	15,420,788	9,474	15,430,262
Charge for the year	2,860,587	5,832	2,866,419	4,354,209	23,173	4,377,382
Reversals	(1,483,093)	-	(1,483,093)	(1,667,361)	-	(1,667,361)
Charged to profit and loss account	1,377,494	5,832	1,383,326	2,686,848	23,173	2,710,021
Amounts written off	(1,067,496)	-	(1,067,496)	(436,566)	-	(436,566)
Closing balance	17,981,068	38,479	18,019,547	17,671,070	32,647	17,703,717

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2012

			Un-audited September 30, 2012	Audited December 31, 2011
Rupees in '000'				
9	BORROWINGS			
	Details of borrowings (Secured / Unsecured)			
	Secured			
	Borrowings from State Bank of Pakistan		13,987,573	18,569,393
	Repurchase agreement borrowings		52,485,609	29,474,488
	Unsecured			
	Call borrowings		4,144,679	1,915,427
	Overdrawn nostro accounts		60,303	33,892
			4,204,982	1,949,319
			<u>70,678,164</u>	<u>49,993,200</u>
10	DEPOSITS AND OTHER ACCOUNTS			
	Customers			
	Fixed deposits		119,088,107	110,061,707
	Savings deposits		117,012,432	106,782,794
	Current accounts - remunerative		82,220,682	57,667,849
	- Non-remunerative		135,095,426	124,121,553
			453,416,647	398,633,903
	Financial Institutions			
	Remunerative deposits		2,149,673	560,816
	Non-remunerative deposits		141,106	366,071
			<u>455,707,426</u>	<u>399,560,790</u>
11.	SHARE CAPITAL			
11.1	Authorised capital			
	Un-audited September 30, 2012	Audited December 31, 2011	Ordinary Shares	Un-audited September 30, 2012
	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>
11.2	Issued, subscribed and paid-up capital			
	Fully paid-up Ordinary shares of Rs. 10 each			
	406,780,094	406,780,094	Fully paid in cash	4,067,801
	522,013,365	435,982,273	Issued as bonus shares	5,220,134
	<u>928,793,459</u>	<u>842,762,367</u>		<u>9,287,935</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 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
	<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>946,342,009</u>	<u>860,310,917</u>		<u>9,463,421</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 nine months ended September 30, 2012

	Un-audited September 30, 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	474,728	611,478
12.2 Transaction-related contingent liabilities		
Guarantees in favour of:		
Government	23,206,555	14,010,962
Others	8,532,806	21,208,164
	31,739,361	35,219,126
12.3 Trade-related contingent liabilities	66,676,436	52,324,035
12.4 Claims against the Bank not acknowledged as debt	4,270,613	4,210,600
12.5 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 September 30, 2012	Audited December 31, 2011
	Rupees in '000'	
12.6 Commitments in respect of forward foreign exchange contracts		
Purchase	32,392,179	49,580,813
Sale	11,005,093	25,543,453
12.7 Commitments in respect of operating fixed assets		
Civil works	1,335,386	1,496,831
Acquisition of operating fixed assets	814,103	504,141
	2,149,489	2,000,972
12.8 Commitments in respect of lease financing	255,521	110,472
12.9 Commitments in respect of Market Treasury Bills	-	3,926,578
12.10 Commitments in respect of Lendings	450,000	-
12.11 Other Commitments	-	900
12.12 Contingencies		

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the nine months ended September 30, 2012

12.12.1 There is no change in the status of contingencies, set out in note 22.12.2 to the consolidated financial statements of the Bank for the year ended December 31, 2011, except for the contingency as mentioned below:

12.12.2 The income tax assessments of the Bank have been finalized up to and including tax year 2011 for local and Azad Kashmir operations. While finalizing income tax assessments up to tax year 2011, income tax authorities made certain add backs with aggregate tax impact of Rs. 11,442 million (2011: 10,718 million). As a result of appeals filed by the Bank before appellate authorities, the add backs with tax impact amounting to Rs. 11,037 million (2011: 9,229 million) have been deleted. Against most of the deleted 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. 11,442 million (2011: 10,718 million). The management is hopeful that the outcome of these appeals will be in favor of the Bank.

	Nine Months Ended		Quarter Ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Rupees in '000'				
13 MARK-UP / RETURN / INTEREST EARNED				
On loans and advances	23,863,894	24,299,496	7,783,891	7,749,266
On investments in:				
Available-for-sale securities	9,189,039	10,679,807	3,563,879	4,231,956
Held-to-maturity securities	3,025,622	542,529	1,021,996	179,236
Held-for-Trading	41,990	4,349	14,819	2,899
	12,256,651	11,226,685	4,600,694	4,414,091
On deposits with financial institutions	6,257	6,437	4,600	5,507
On securities purchased under resale agreements	851,809	1,651,641	232,553	480,226
On certificates of investment	-	8,146	-	2,464
On letters of placement	2,773	13,852	274	10,236
On call money lending	28,222	38,334	9,102	2,732
	37,009,606	37,244,591	12,631,114	12,664,522

14 MARK-UP / RETURN / INTEREST EXPENSED

Deposits	16,460,623	15,015,689	5,821,501	5,001,200
Long term borrowing	186,025	228,819	63,391	73,044
Securities sold under repurchase agreements	2,429,765	418,958	1,158,011	328,020
Call money borrowing	360,238	153,859	121,625	83,949
Brokerage and commission	112,626	98,873	39,500	54,147
Markup on sub-ordinated loans	548,928	610,248	179,434	207,925
Other short term borrowings	2,509,704	2,089,584	805,399	678,909
	22,607,909	18,616,030	8,188,861	6,427,194

Notes to the Consolidated Condensed Interim Financial Statements
(Un-audited) for the nine months ended September 30, 2012

	Nine Months Ended		Quarter Ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
	Rupees in '000'			
15 EARNINGS PER SHARE - BASIC AND DILUTED				
Profit after taxation for the period attributable to ordinary shareholders	<u>9,557,623</u>	<u>7,793,719</u>	<u>2,904,815</u>	<u>2,721,591</u>
	Number of Shares			
Weighted average number of ordinary shares outstanding during the period	<u>946,342,009</u>	<u>946,342,009</u>	<u>946,342,009</u>	<u>946,342,009</u>
	Rupees			
Earnings per share - basic and diluted for the period	<u>10.10</u>	<u>8.24</u>	<u>3.07</u>	<u>2.88</u>

There is no dilution effect on basic earnings per share.

- 15.1 The corresponding figures 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 Consolidated Condensed Interim Financial Statements (Un-audited) for the nine months ended September 30, 2012

16.

RELATED PARTY TRANSACTIONS

The Group has related party relationships with its subsidiary, key management personnel, employee benefit plans, companies with common key management personnel, and close family members of such 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, 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 / year	49,969	-	203,005	-	61,581	-	211,703	16,061,896
Loans given during the period / year	11,057	-	57,041	17,001	23,757	-	37,765	464,087
Loans repaid / adjustment during the period / year	(14,655)	-	(92,330)	(2,213)	(35,369)	-	(46,463)	(16,525,983)
Loans at the end of the period / year	46,371	-	167,716	14,788	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	4,777,486	9,026,724	215,064	75,150,582	4,147,530	13,513,467	191,103	14,937,123
Deposits repaid during the period / year	(4,780,280)	(9,070,173)	(208,270)	(74,467,615)	(4,140,081)	(13,558,447)	(193,675)	(17,749,050)
Deposits at the end of the period / year	14,476	5,536	20,350	913,397	17,270	48,985	13,556	230,430
Nostro balances	-	139,415	-	-	-	131,749	-	-
Borrowings	-	-	-	-	-	1,20,433	-	-
Investments in shares / open end mutual funds	-	218,719	-	822,403	-	240,969	-	14,075,798
Other receivables	-	-	-	47,908	-	-	-	74,071
Other payable	-	-	-	-	-	-	-	13,630
Rent Payable	-	-	-	830	-	-	-	731
Net receivable from staff retirement benefit funds	-	-	-	1,611,133	-	-	-	1,430,976

Notes to the Consolidated Condensed Interim Financial Statements
(Un-audited) for the nine months ended September 30, 2012

	Un-audited September 30, 2012				Un-audited September 30, 2011			
	Directors	Associated companies	Key management personnel	Other related parties	Directors	Associated companies	Key management personnel	Other related
	Rupees in '000'							
Mark-up earned	1,307	-	8,168	2,44	1,769	-	9,572	256,504
Income on Placements	-	41	-	-	-	4	-	-
Income on Lendings	-	-	-	-	-	111	-	-
Dividend Income	-	-	-	4,315,166	-	-	-	357,787
Capital Gain/ (Loss)	-	-	-	(634,512)	-	-	-	(60,225)
Sales Commission	-	-	-	1,353	-	-	-	11,102
Management fee sharing expense	-	-	-	111	-	-	-	4,446
Management fee income	-	-	-	319,694	-	-	-	181,603
Mark-up expense on deposits	1,003	-	22	38,015	304	3	23	170,279
Interest expense on borrowings	-	-	-	-	-	29,557	-	-
Directors' meeting fee	5,450	-	-	-	-	-	-	-
Remuneration	-	-	226,605	-	3,125	-	-	-
NIFT charges	-	-	-	64,359	-	-	204,310	-
Bank charges levied	-	-	-	4,036	-	-	-	65,116
Rent Expense	-	-	-	-	-	-	-	-
Other Payable	-	12,259	-	-	-	10,968	-	-
Charge / (reversal) in respect of staff retirement benefit funds	-	-	-	154,144	-	-	-	160,641

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the nine months ended September 30, 2012

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, 2012 (Un-audited)							
Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Asset Management	Eliminations	Total
Rupees in '000'							
Total Income	499,340	2,597,897	29,870,959	41,685,130	437,807	387,612 (27,508,585)	47,970,160
Total Expenses	(223,177)	(3,420,872)	(22,947,479)	(38,879,833)	(207,580)	(242,181) 27,508,585	(38,412,537)
Net Income	276,163	(822,975)	6,923,480	2,805,297	230,227	145,431 -	9,557,623

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

As at September 30, 2012 (Un-audited)						
Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Asset Management	Total
Rupees in '000'						
Segment Assets Gross	427,076	12,568,918	85,218,474	523,443,742	342,237	826,855 622,827,302

As at December 31, 2011 (Audited)						
Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Asset Management	Total
Rupees in '000'						
Segment Assets Gross	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 22 October, 2012 has approved interim cash dividend for the year ending December 31, 2012 at Re. 1 per share (September 30, 2011: Nil). The consolidated condensed interim financial statement for the nine months ended September 30 2012 do not include the effect of this appropriation and will be accounted for in the financial statement of the period of declaration.

19 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue on 22 October, 2012 by the Board of Directors of the Bank.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

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