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Condensed Interim Financial Statements

for the half year ended June 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

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 & Fmail

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 half year ended June 30, 2012:

Financial Highlights

Tindicatingnights	(Rupees in million)		
	Half Year er	ided June 30,	Growth
	2012	2011	GIUWLII
Profit after tax for the period	6,653	5,033	32.19%
Accumulated profits brought forward	20,255	15,828	27.96%
Transfer from surplus on revaluation of fixed assets – net of tax	15	15	0.00%
Profit available for appropriation	26,923	20,876	28.96%
Final cash dividend for the year ended Dec 31, 2011 at Rs. 2.5 per share (2011: year ended Dec 31, 2010 at Rs. 2.5 per share)	(2,151)	(1,564)	37.53%
Interim Cash dividend for the year ending Dec 31, 2012 at Rs. 2.0 per share	(1,893)	-	100%
Transfer to reserve for issue of bonus shares for the year ended Dec 31, 2011 @ 10%	(658)	-	100%
Transfer to Statutory Reserves	(1,331)	(1,007)	32.17%
Un-appropriated profits carried forward	20,890	18,305	14.12%
Earnings Per Share (EPS) Rs.	7.03	5.32	32.19%

The Board is pleased to announce second interim cash dividend of Rs. 1.5 per share in addition to first interim cash dividend of Rs. 2 per share already paid (Interim Cash dividend for the half year ended June 30, 2012 is Rs. 3.5 per share; June 30, 2011: Rs. 2.5 per share).

Economic Overview

The challenges to the macroeconomic outlook have been prevailing for a long time, reflected by low growth, persistently high inflation, vulnerable external account position and weak fiscal fundamentals. Severe energy shortages and sensitive security condition of the country have further impacted the economic output and slowed the overall recovery process. Meanwhile, the uncertainties associated with global economy have also added to the challenges.

The provisional estimates show a real GDP growth of 3.7% in FY12 against the revised target of 4.2%. Importantly, total investments, export of goods and services sector showed a notable contraction. The shortfall in both tax and non-tax revenues and subsidy overruns dragged the budget deficit for FY12 to an estimated 6.4% of GDP (excluding commodity and energy subsidy arrears at 1.9% of GDP).

The YoY CPI inflation for FY12 of 11% was well within expectations, primarily attributable to reduction in real private investment. However, it remained in double digits for the fifth consecutive year.

The monetization of budget deficit through domestic sources, amidst limited external funding, increased the outstanding stock of government borrowings from scheduled banks, contributing to more than two-third of the growth in M2 of 14.1% during FY12. The resultant crowding out of the private sector credit coupled with limited appetite of the businesses for credit in the wake of difficult operating environment led to substantial contraction in net flow of private sector credit.

Recognizing the need to support private sector credit and revive investment in the economy and comforted by recent inflationary trends and forecast for FY13, SBP in its recent Monetary Statement of August 10, 2012 lowered the discount rate by 150 bps to 10.5%.

Financial Review

Under the current challenging circumstances, Your Bank remained committed to its strategy of improving the mix of deposits and deploying resources in quality avenues. Deposits of Your Bank increased to Rs. 454,592 million as at June 30, 2012, a growth of 13.7% over December 31, 2011 and 11.8% over June 30, 2011. The share of Non-Remunerative Current Accounts and lower cost Savings Deposits in the total deposits mix increased from 56.5% as at June 30, 2011 to 57.1% as at June 30, 2012. Gross Investments increased to Rs. 201,148 million as at June 30, 2012 from Rs. 198,398 million as at December 31, 2011 and Rs. 146,009 million as at June 30, 2011. The Gross Advances as at June 30, 2012 registered a growth of Rs. 16,114 million or 6.1% over December 31, 2011 and were higher by Rs. 20,142 million or 7.8% over June 30, 2011 level, to reach Rs. 278, 251 million. The balance sheet size of Your Bank stands at Rs. 556,299 million, while the Equity of the Bank as at June 30, 2012 registered a growth of 7.5% and 15.7% over December 31, 2011 and June 30, 2012 levels, respectively, to reach Rs. 46,609 million.

Profit Before Tax of Your Bank increased to Rs. 9,415 million during half year ended June 30, 2012 (1H 2012) as compared to Rs. 7,563 million in the corresponding half of previous year, a YoY growth of 24.4%. Profit After Tax rose by 32.1% to Rs. 6,653 million during 1H 2012 compared to Rs. 5,033 million in the corresponding half of previous year. Resultantly, the EPS of Your Bank increased to Rs. 7.03 during the half year ended June 30, 2012 compared to Rs. 5.32 in the corresponding half of previous year.

Net Mark-up / Interest Income during the half year ended June 30, 2012 decreased by Rs. 2,417 million to Rs. 9,959 million compared to Rs. 12,376 million in the corresponding half of previous year, attributable mainly to higher deployment of funds towards dividend bearing investment activities. The provision expense during 1H 2012 declined by 73.2% on YoY basis to Rs. 301 million compared to Rs. 1,124 mln in the corresponding half of previous year.

Non-Mark up / Interest Income during 1H 2012 more than doubled compared to the corresponding half of previous year to Rs. 6,862 million, attributable to the higher funds deployment in investment avenues and realization of gains on listed equity portfolio. The Operating Expenses increased by 6.1% to Rs. 7,106 million during 1H 2012 compared to Rs. 6,696 million in the corresponding half of previous year. The growth rate when compared with inflationary trends and increasing outlays on infrastructure strengthening and systems upgradation reflect the effectiveness of the management strategies in controlling costs. NPLs increased by 2.6% from December 31, 2011 level to Rs. 20,984 million. However, Your Bank has adequately provided for the NPLs with provision coverage remaining high at 83.3% as at June 30, 2012 and no benefit of FSV has been taken while determining the provision against NPLs as allowed under BSD Circular No. 02 of 2010 dated June 03, 2010.

Future Outlook:

The prospects of economic revival and financial stability remain challenging. Your Bank being cognizant of the given environment would continue with its strategy of sustained growth in quality avenues while at the same time fortifying the risk management function and control processes. Meanwhile, focus would remain on improving the deposits mix and optimizing operational efficiencies. Further, effective capitalization on the extensive network, improving service quality standards and providing state of the art banking services through product innovation and leveraging technology would remain our key strategic focus areas.

Entity & TFC Ratings

The Pakistan Credit Rating Agency Limited (PACRA) has upgraded the long-term rating of Allied Bank to **AA+** (Double A Plus) [Previous Rating: "**AA**"]. 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) is **AA-** (Double A Minus) assigned by JCR-VIS Credit Rating Company (JCR-VIS).

Corporate Governance Rating

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

Best Investment Bank Award – Euromoney

Your Bank won the Best Investment Bank of the Year Award - Pakistan from Euromoney, the world's leading financial markets magazine.

Acknowledgement:

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

For and on behalf of the Board.

Khalid Ahmed Sherwani Chief Executive Officer

Date: August 16, 2012 Place: Lahore

ERNST & YOUNG FORD RHODES SIDAT HYDER

Chartered Accountants Mall View Building 4 - Bank Square, Lahore KPMG TASEER HADI & Co.

Chartered Accountants 53 L, Gulberg-III Lahore

INDEPENDENT AUDITORS' REPORT TO THE SHARE HOLDERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of the Allied Bank Limited (the Bank) as at 30 June 2012 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of cash flows, unconsolidated condensed interim statement of changes in equity and the notes to the accounts for the six month period then ended (here-in-after referred to as "interim financial information"). Management is responsible for the preparation and fair presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the entity". A review of interim financial information consist of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures of the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income for the quarters ended 30 June 2012 and 2011 have not been reviewed and we do not express a conclusion on them, as we are required to review only the cumulative figures for the half year ended 30 June 2012.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants

Engagement Partner:

Naseem Akbar

Date : 16 August, 2012

Place: Lahore

KPMG Taseer Hadi & Co.Chartered Accountants

Engagement Partner:

Kamran I. Yousafi

Unconsolidated Condensed Interim Statement of Financial Position as at June 30, 2012

	Note	Un-audited June 30, 2012 Rupees	Audited December 31, 2011 in '000
ASSETS Cash and balances with treasury banks Balances with other banks Lendings to financial institutions Investments Advances Operating fixed assets Deferred tax assets Other assets	6 7 8	41,890,508 1,673,694 13,254,435 199,142,078 260,711,294 19,307,972 814,017 19,504,697	36,479,758 1,679,085 1,361,754 195,694,122 244,433,474 18,087,011 751,908 17,211,827
LIABILITIES Bills payable Borrowings from financial institutions Deposits and other accounts Sub-ordinated loans Liabilities against assets subject to finance lease Deferred tax liabilities Other liabilities	9	3,994,599 32,391,576 454,591,855 5,491,500 - 13,220,067 509,689,597	4,015,317 49,993,200 399,561,676 5,492,600 - 13,296,342 472,359,135
NET ASSETS		46,609,098	43,339,804
REPRESENTED BY: Share capital Reserves Unappropriated profit Surplus on revaluation of assets - net of tax	11	9,463,421 9,891,451 20,890,347 40,245,219 6,363,879 46,609,098	8,603,110 8,762,745 20,254,503 37,620,358 5,719,446 43,339,804

CONTINGENCIES AND COMMITMENTS

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

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Chief Financial Officer President and Chief Executive Officer

Director Chairman

Director

Unconsolidated Condensed Interim Profit and Loss Account

(Un-audited) for the half year ended June 30, 2012

		Half Year Ended		Quarter Ended		
	Note	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	
			Rupees	in '000 ——		
Mark-up / return / interest earned Mark-up / return / interest expensed	13 14	24,378,492 14,419,048	24,572,858 12,196,500	12,386,414 7,309,014	12,280,188 6,102,637	
Net mark-up / interest income		9,959,444	12,376,358	5,077,400	6,177,551	
Provision against non-performing loans and advances and general provision - net (Reversal) / provision for diminution in		874,030	1,039,519	303,434	649,909	
the value of investments - net Bad debts written off directly		(592,813)	(47,038)	17,629	30,921	
bad debts written on directly		281,217	992,481	321,063	680,830	
Net mark-up / interest income after provisions		9,678,227	11,383,877	4,756,337	5,496,721	
NON MARK-UP / INTEREST INCOME		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	.,,	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	.,	
Fee, commission and brokerage income Dividend income Income from dealing in foreign currencies Gain / (Loss) on sale of securities Unrealized (loss) / gain on revaluation of		1,382,204 3,329,282 293,820 1,735,640	1,487,856 758,690 370,514 369,385	660,384 1,612,046 156,149 1,491,172	739,414 431,873 270,504 101,311	
investments classified as held-for-trading - net Other income		(792) 121,763	(797) 22,596	203 51,470	(797) 12,997	
Total non-markup / interest income		6,861,917	3,008,244	3,971,424	1,555,302	
		16,540,144	14,392,121	8,727,761	7,052,023	
NON MARK-UP / INTEREST EXPENSES						
Administrative expenses (Reversal) / provision against other assets - net Provision / (reversal) against off-balance		6,854,964 (6,542)	6,372,690 156,871	3,507,078 82,000	3,079,768 144,871	
sheet obligations - net Other charges		25,894 250,702	(24,866) 323,659	(30,758) 121,940	(1,750) 116,056	
Total non-markup / interest expenses		7,125,018	6,828,354	3,680,260	3,338,945	
Extra-ordinary / unusual items						
PROFIT BEFORE TAXATION		9,415,126	7,563,767	5,047,501	3,713,078	
Taxation						
Current		2,886,665	2,788,618	1,453,521	1,360,719	
Prior years Deferred		(124,347)	(257,739)	(14,496)	(169,556)	
		2,762,318	2,530,879	1,439,025	1,191,163	
PROFIT AFTER TAXATION		6,652,808	5,032,888	3,608,476	2,521,915	
			Restated		Restated	
Earnings per share - Basic and Diluted (in Rupees)	15	7.03	5.32	3.81	2.66	

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 half year ended June 30, 2012

	Half Yea	r Ended	Quarter Ended		
	June 30, 2012			June 30, 2011	
		—— Rupees	n '000 —		
Profit after taxation for the period	6,652,808	5,032,888	3,608,476	2,521,915	
Other comprehensive income	-	-	-	-	
Total comprehensive income for the period	6,652,808	5,032,888	3,608,476	2,521,915	

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 August 04, 2000 and BSD Circular No. 10 dated July 13, 2004 respectively and Companies Ordinance, 1984.

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

Unconsolidated Condensed Interim Statement of Cash Flows

(Un-audited) for the half year ended June 30, 2012

	Half Year Ended June 30, June 30, 2012 2011	
CASH FLOW FROM OPERATING ACTIVITIES	Rupees i	n '000
Profit before taxation Less: Dividend income	9,415,126 3,329,282	7,563,767 758,690
	6,085,844	6,805,077
Adjustments for non-cash charges: Depreciation / amortization Provision against non-performing loans, advances and general provision - net (Reversal) in provision of diminution in the value of investments - net Unrealized loss on revaluation of held for trading securities - net Provision / (reversals) against off balance sheet obligations - net (Reversal) / provision against other assets - net Gain on sale of fixed assets	548,315 874,030 (592,813) 792 25,894 (6,542) (14,298)	484,724 1,039,519 (47,038) 797 (24,866) 156,871 (900)
	835,378 6,921,222	1,609,107 8,414,184
Decrease / (increase) in operating assets Lendings to financial institutions Held for trading securities Advances Other assets (excluding advance taxation) - net	(11,892,681) (1,481,503) (17,151,850) (757,904)	(24,517,063) (1,161,372) 10,323,438 87,346
Increase / (decrease) in operating liabilities Bills payable Borrowings from financial institutions Deposits and other accounts Other liabilities	(31,283,938) (20,718) (17,567,732) 55,030,179 (123,522) 37,318,207	(15,267,651) (690,052) 117,462 35,016,686 (850,681) 33,593,415
Income tax paid	12,955,491 (4,740,108)	26,739,948 (2,946,275)
Net cash flows from operating activities	8,215,383	23,793,673
CASH FLOWS FROM INVESTING ACTIVITIES Net investments in available for sale securities Proceed from disposal of held to maturity securities Dividend income received Investments in operating fixed assets Proceeds from sale of fixed assets	(1,566,097) 913,850 3,654,301 (1,770,489) 15,512	(20,648,049) 340,026 583,812 (1,216,283) 7,448
Net cash flows from / (used in) investing activities	1,247,077	(20,933,046)
CASH FLOWS FROM FINANCING ACTIVITIES Payment of sub-ordinated loans Dividends paid	(1,100) (4,022,109)	(1,100) (1,545,353)
Net cash used in financing activities	(4,023,209)	(1,546,453)
Increase in cash and cash equivalents during the period Cash and cash equivalents at beginning of the period	5,439,251 38,124,951	1,314,174 31,750,995
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	43,564,202	33,065,169
The appeared notes 1 to 10 form an integral part of these unconsolidated conden	cod intorim financi	al statements

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

Chief Financial Officer

Director

Director Chairman

President and Chief Executive Officer

Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited) for the half year ended June 30, 2012

	Share Capital	Share Premium	Statutory Reserve	Bonus Issue Reserve	Special Reserve* upees in '000	Merger Reserve*	General Reserve	Un-appropriated Profit	Total
Balance as at January 01, 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 half year ended June 30, 2011									
Total comprehensive income for the half year ended June 30, 2011	-	-	-	-	-	-	-	5,032,888	5,032,888
Transactions with owners recognised directly in equity									
Transfer to reserve for issue of bonus shares for the year ended December 31, 2010 @ 10% Issue of bonus shares Final cash dividend for the year ended December 31, 2010	- 782,101	(782,101)	-	782,101 (782,101)	-	-	-	-	-
(Rs. 2.00 per ordinary share)	-	-	-	-	-	-	-	(1,564,202)	(1,564,202)
To a few distance and the state of find	782,101	(782,101)	-	-	-	-	-	(1,564,202)	(1,564,202)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit – net of tax Transfer to statutory reserve	-	-	1,006,578	-	-	-	-	14,602 (1,006,578)	14,602
Balance as at June 30, 2011	8,603,110	201,856	7,131,672		67,995	333,864	6,000	18,305,243	34,649,740
Changes in equity during the half year ended December 31, 2011									
Total comprehensive income for the six months ended December 31, 2011	-	-	-	-	-	-	-	5,106,793	5,106,793
Transactions with owners recognized directly in equity									
Interim cash dividend for the year ended December 31, 2011 (Rs. 2.50 per ordinary share) Transferred from surplus on revaluation of fixed assets	-	-	-	-	-	-	-	(2,150,777)	(2,150,777)
to un-appropriated profit - net of tax Transfer to statutory reserve	-	-	1,021,358	-	-	-	-	14,602 (1,021,358)	14,602
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 half year ended June 30, 2012									
Total comprehensive income for the half year ended June 30, 2012	-	-	-	-	-	-	-	6,652,808	6,652,808
Transactions with owners recognized directly in equity									
Transfer to reserve for issue of bonus shares for the year ended December 31, 2011 @ 10% Issue of bonus shares Final cash dividend for the year ended December 31, 2011	- 860,311	(201,856)	-	860,311 (860,311)	-	-	-	(658,455)	-
(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)
	860,311	(201,856)	-	-	-	-	-	(4,701,916)	(4,043,461)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax Transfer to statutory reserve	-	-	1,330,562	-	-	-	-	15,514 (1,330,562)	15,514
Balance as at June 30, 2012	9,463,421		9,483,592		67,995	333,864	6,000	20,890,347	40,245,219
Butance as at June 50, EUIE	JAOJACI		3,403,332		01,333	333,004	0,000	20,030,347	40,040,010

^{*} 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.

Condensed Interim Financial Statements

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2012

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 838 (2011: 837) branches in Pakistan including the Karachi Export Processing Zone Branch (overseas business unit). The long term credit rating of the Bank assigned by The Pakistan Credit Rating Agency Limited (PACRA) is 'AA+'. Short term rating of the Bank is 'A1+'. The Bank is the holding company of ABL Asset Management Company Limited.

The registered office of the Bank is situated at "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 half year ended June 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. In case where requirements of provisions and directives issued under the Banking Companies Ordinance, 1962, Companies Ordinance 1984 and the directives issued by State Bank of Pakistan 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 consolidated condensed interim financial statements of the banks 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 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 half year ended June 30, 2012

5. Summary of significant accounting policies, estimates and risk management policies

- 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 did not have any material effect on the condensed interim financial statements.

		Un-audited	Audited
	Note	June 30,	December 31,
		2012	2011
		Rupees	in '000
LENDINGS TO FINANCIAL INSTITUTIONS			

6.

Repurchase agreement lendings (Reverse Repo)	6.1	13,254,435	1,361,754
Certificates of investment	6.2	70,000	70,000
		13,324,435	1,431,754
Provision against lendings to financial institutions		(70,000)	(70,000)
		13,254,435	1,361,754

- 6.1 These are short-term lendings to various financial institutions against the government securities. These carry mark-up at rate, ranging between 11.45% and 11.95% (2011: 11.90 %) per annum and will mature on various dates latest by July 18, 2012.
- 6.2 This represents non performing certificates of investment.

(Un-audited) for the half year ended June 30, 2012

				Note	Held by Bank	Given as Collateral	Total
						- Rupees in '00	0 ——
7.	Investments As on June 30, 2012 (Un-audited)			7.1	186,840,894	12,301,184	199,142,078
	Prior year - December 31, 2011 (Audited)			7.1	165,806,713	29,887,409	195,694,122
		A	Un-audited at June 30, 20	112	As	Audited at December 3	1, 2011
	Note	e 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	1,481,503 1,481,503	-	1,481,503			
	Available for sale securities	1,401,303		1,401,303			
	Market Treasury Bills	78,290,497	12,342,924	90,633,421	92,151,063	29,859,590	122,010,653
	Pakistan Investment Bonds	147,543	-	147,543	147,290	-	147,290
	Ordinary shares of listed companies / certificates of mutual funds	13,004,503		13,004,503	10,727,056		10,727,056
	Preference shares	149,355	_	149,355	149,355	_	149,355
	Units of open end mutual funds	9,970,504	-	9,970,504	5,210,776	-	5,210,776
	Ordinary shares of unlisted companies	1,632,306	-	1,632,306	1,643,673	-	1,643,673
	Investment in related parties						
	- Unlisted shares	242,496	-	242,496	242,496	-	242,496
	- Units of open end mutual funds Sukuk Bonds	40,045,133 3,409,034	-	40,045,133 3,409,034	13,690,232 3,598,872	-	13,690,232 3,598,872
	Term Finance Certificates (TFCs)	2,897,214	-	2,897,214	3,250,449	-	3,250,449
		149,788,585	12,342,924	162,131,509	130,811,262	29,859,590	160,670,852
	Held to maturity securities						
	Pakistan Investment Bonds	27,176,942	-	27,176,942	27,574,628	-	27,574,628
	Foreign Currency Bonds (US\$)	2,090,880	-	2,090,880	1,591,392	-	1,591,392
	TFCs, Debentures, Bonds and PTCs	4,751,210	-	4,751,210	5,766,862	-	5,766,862
		34,019,032	-	34,019,032	34,932,882	-	34,932,882
	Subsidiary						
	ABL Asset Management Company Limited	500,000	-	500,000	500,000		500,000
	Investments at cost	185,789,120	12,342,924	198,132,044	166,244,144	29,859,590	196,103,734
	Provision for diminution in the						
	value of investments 7.2	(2,005,508)	-	(2,005,508)	(2,703,761)	-	(2,703,761)
	Investments (net of provisions)	183,783,612	12,342,924	196,126,536	163,540,383	29,859,590	193,399,973
	Unrealized loss on revaluation of						
	held for trading securities	(792)	-	(792)	-	-	-
	Surplus on revaluation of available for sale securities	3,058,074	(41,740)	3,016,334	2,266,330	27,819	2,294,149
	Total investments	186,840,894	12,301,184	199,142,078	165,806,713	29,887,409	195,694,122

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2012

		Note	Un-audited June 30, 2012 Rupees i	Audited December 31, 2011
7.2	Provision for diminution in the value of investments			
	Opening balance		2,703,761	2,681,810
	Charge for the year Reversals / transfers		19,332 (612,145)	344,752 (115,749)
	Net charge		(592,813)	229,003
	Reversal as gain on disposal		(105,044)	(75,417)
	Amounts written off		(396)	(131,635)
	Closing balance		2,005,508	2,703,761
8.	ADVANCES			
	Loans, cash credits, running finances, etc in Pakistan		272,395,925	256,549,230
	Net investment in finance lease - in Pakistan		1,817,706	1,748,858
	Bills discounted and purchased (excluding treasury bills) Payable in Pakistan Payable outside Pakistan		1,857,734 2,180,219 4,037,953	1,769,188 2,069,915 3,839,103
	Advances - gross		278,251,584	262,137,191
	Provision for non-performing advances General provision against consumer financing	8.1	(17,498,372) (41,918)	(17,671,070) (32,647)
			(17,540,290)	(17,703,717)
	Advances - net of provision		260,711,294	244,433,474

8.1 Advances include Rs. 20,984.321 million (2011: Rs. 20,452.465 million) which have been placed under non-performing status as detailed below:-

	June 30, 2012 (Un-audited)					
Category of Classification	Cl	assified Advance	Provision	Provision		
	Domestic	Overseas	Total	required	held	
		F	Rupees in '000 -			
Other assets especially mentioned	29,690	=	29,690	=	=	
Substandard	1,330,666	=	1,330,666	331,554	331,554	
Doubtful	4,834,703	=	4,834,703	2,392,618	2,392,618	
Loss	14,789,262	=	14,789,262	14,774,200	14,774,200	
	20,984,321	-	20,984,321	17,498,372	17,498,372	

(Un-audited) for the half year ended June 30, 2012

	Dece	udited)		
Cl	assified Advance	Provision	Provision	
Domestic	Overseas	Total	required	held
		Rupees in '000		
63,380	-	63,380	-	-
1,780,543	-	1,780,543	444,292	444,292
2,711,866	-	2,711,866	1,331,198	1,331,198
15,896,676	=	15,896,676	15,895,580	15,895,580
20,452,465		20,452,465	17,671,070	17,671,070
	63,380 1,780,543 2,711,866 15,896,676	Classified Advance Domestic Overseas 63,380 - 1,780,543 - 2,711,866 - 15,896,676 -	Classified Advances Domestic Overseas Total Rupees in '000 63,380 - 63,380 1,780,543 - 1,780,543 2,711,866 - 2,711,866 15,896,676 - 15,896,676	Domestic Overseas Total required Rupees in '000 - 63,380 - 1,780,543 - 1,780,543 444,292 2,711,866 - 2,711,866 1,331,198 15,896,676 - 15,896,676 15,895,580

^{8.2} No benefit of Forced Sale 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 and advances and general provision

	June 30,	. 2012 (Un-a	udited)	December 31, 2011 (Audited)		
	Specific	General	Total	Specific	General	Total
Opening balance	17,671,070	32,647	17,703,717	15,420,788	9,474	15,430,262
Charge for the period / year Reversals Charged to profit and	2,098,703 (1,233,944)	9,271 -	2,107,974 (1,233,944)	4,354,209 (1,667,361)	23,173	4,377,382 (1,667,361)
loss account Amounts written off	864,759 (1,037,457)	9,271	874,030 (1,037,457)	2,686,848 (436,566)	23,173	2,710,021 (436,566)
Closing balance	17,498,372	41,918	17,540,290	17,671,070	32,647	17,703,717

Un-audited Audited June 30, December 31. 2011 2012 Rupees in '000

BORROWINGS WITH FINANCIAL INSTITUTIONS 9.

Details of borrowings (Secured / Unsecured)

Secured

Borrowings from State Bank of Pakistan	17,279,804	18,569,393
Repurchase agreement borrowings	11,940,880	29,474,488
Unsecured		

Unsecured		
Call borrowings	3,127,134	1,915,427
Other borrowings	43,758	-
Overdrawn nostro accounts	-	33,892
	3,170,892	1,949,319
	32,391,576	49,993,200

(Un-audited) for the half year ended June 30, 2012

			Note	Un-audited June 30, 2012	Audited December 31, 2011 s in '000
10.	DEPOSITS AND OT	HER ACCOUNTS			
	Customers				
	Fixed deposits Savings deposits Current accounts	- Remunerative - Non - remunerat	ive	114,412,961 113,929,121 79,888,623 145,270,692	110,061,707 106,783,680 57,667,849 124,121,553
	Financial Institution	ons		453,501,397	398,634,789
	Remunerative dep Non - remunerativ			699,196 391,262	560,816 366,071
				454,591,855	399,561,676
11	SHARE CAPITAL				
11.1	Authorized capital	L			
	Un-audited June 30, 2012 No. of	Audited December 31, 2011 shares		Un-audited June 30, 2012 Rupees	Audited December 31, 2011 s 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	l and paid-up capi	tal		
	Fully paid-up Ordi	nary shares of Rs.	10/- each		
	Un-audited June 30, 2012 No. of	Audited December 31, 2011 shares	Ordinary shares	Un-audited June 30, 2012 Rupees	Audited December 31, 2011 s in '000
	406,780,094 522,013,365	406,780,094 435,982,273	Fully paid in cash Issued as bonus shares	4,067,801 5,220,134	4,067,801 4,359,823
	928,793,459	842,762,367	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	9,287,935	8,427,624
	9,148,550	9,148,550	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 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		
	8,400,000	8,400,000	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.

(Un-audited) for the half year ended June 30, 2012

		Un-audited June 30, 2012	Audited December 31, 2011
12.	CONTINGENCIES AND COMMITMENTS	Rup	ees in '000
12.	CONTINUENCIES AND COMMITMENTS		
12.1	Direct credit substitutes		
	Guarantees in favour of: Banks and financial institutions	606,923	611,478
12.2	Transaction-related contingent liabilities		
	Guarantees in favour of: Government Others	23,287,869 12,276,973 35,564,842	14,010,962 21,208,164 35,219,126
12.3	Trade-related contingent liabilities	52,158,187	52,324,035
12.4	Claims against the Bank not acknowledged as debt	3,981,909	4,210,600
12.5	Commitment to extend credit		

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

	WILITUID WIT.		
		Un-audited June 30, 2012	Audited December 31, 2011
		Rupe	es in '000
12.6	Commitments in respect of forward foreign exchange contracts		
	Purchase Sale	41,919,913 28,021,375	49,580,813 25,543,453
12.7	Commitments in respect of operating fixed assets		
	Civil works	1,034,741	1,496,831
	Acquisition of operating fixed assets	520,588	504,141
		1,555,329	2,000,972
12.8	Commitments in respect of lease financing	131,082	110,472
12.9	Commitments in respect of Market Treasury Bills	_	3,926,578

12.10 Contingencies

- 12.10.1 There is no change in the status of contingencies, set out in note 22.11 to the unconsolidated financial statements of the Bank for the year ended December 31, 2011, except for the contingency as mentioned below:
- 12.10.2 The income tax assessments of the Bank have been finalized upto and including tax year 2011 for local and Azad Kashmir operations. While finalizing income tax assessments upto tax year 2011, income tax authorities made certain add backs with aggregate tax impact of Rs.12,301 million (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.2,524 million (2011: 2,524 million) and Rs.9,229 million (2011: 9,229 million) were set-aside and deleted respectively. While giving appeal effects on most of the deleted issues, a refund of Rs.5,940 million (2011: 5,940 million) has been determined. Against most of the deleted and set-aside issues, Department is in appeal before higher appellate authorities. Pending finalization of appeals no provision has been made by the Bank on aggregate sum of Rs.12,301 million (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 half year ended June 30, 2012

	Half Ye	ear ended	Quart	er ended
Note	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
12 MADICULE OFFICEN CINTEREST FARMED		Rupe	es in '000 —	
13. MARK-UP / RETURN / INTEREST EARNED On loans and advances	16 000 002	16 550 120	0 250 500	0 000 727
	16,080,003	16,550,130	8,358,508	8,089,727
On investments in: Available for sale securities Held to maturity securities Held for trading securities	5,625,160 2,003,626 27,171	6,440,747 363,293 1,450	2,581,580 983,294 25,230	3,393,323 174,357 1,450
	7,655,957	6,805,490	3,590,104	3,569,130
On deposits with financial institutions On securities purchased under resale agreements On certificates of investment	1,657 619,256	923 1,171,415 5,682	25 426,174 -	726 587,411 3,542
On letters of placement On call money lending	2,499 19,120	3,616 35,602	241 11,362	3,616 26,036
	24,378,492	24,572,858	12,386,414	12,280,188
14. MARK-UP / RETURN / INTEREST EXPENSED				
Deposits Long term borrowing Securities sold under repurchase agreements Call money borrowing Brokerage and commission Markup on sub-ordinated loans Other short term borrowings	10,639,122 122,634 1,271,754 238,613 73,126 369,494 1,704,305	10,014,682 155,775 90,938 69,910 52,197 402,323 1,410,675	5,709,895 59,141 346,227 119,212 40,559 181,891 852,089	4,965,117 76,858 61,062 39,689 21,156 203,261 735,494
	14,419,048	12,196,500	7,309,014	6,102,637
15. EARNINGS PER SHARE - BASIC AND DILUTED				
Profit after taxation for the period attributable to ordinary shareholders	6,652,808	5,032,888	3,608,476	2,521,915
		Numb	er of Shares —	
Weighted average number of ordinary shares outstanding during the period 15.1	946,342,009	Restated 946,342,009	946,342,009	Restated 946,342,009
		Rup	oees ———	
Earnings per share - basic and diluted for the period 15.1	7.03	Restated 5.32	3.81	Restated 2.66
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.

(Un-audited) for the half year ended June 30, 2012

RELATED PARTY TRANSACTIONS

The Bank has related party relationships with its subsidiary, companies with common directorship, directors, employee benefit plans and key management personnel.

June 30, 2012 (Un-audited) December 31, 2011 (Audited)			June 30, 2012 (Un-audited)	n-audited)			Decemi	December 31, ZUII (Audited)	(pa	
,	Directors	Associated Companies	Subsidiary	Key management personnel	Other related parties	Directors	Associated Companies	Subsidiary	Key management personnel	Other related parties
					Rupees in '000					
Nature of related party transactions Loans										
Loans at the beginning of the period / year Loans given during the period / year Loans repaid / adjustment during the period / year	49,969 8,952 (13,156)	1 1 1	1 1 1	203,005 56,021 (52,421)	1 1 1	61,581 23,757 (35,369)	1 1 1	1 1 1	200,035 37,765 (34,795)	16,061,896 464,087 (16,525,983)
Loans at the end of the period / year	45,765	1	1	206,605		49,969			203,005	
Deposits										
Deposits at the beginning of the period / year Deposits received during the period / year Deposits repaid during the period / year	17,270 3,943,977 (3,947,519)	48,985 8,084,863 (8,123,948)	5,710 777,612 (777,163)	13,556 175,237 (161,900)	230,430 56,740,725 (56,256,382)	9,821 4,147,530 (4,140,081)	93,965 13,513,467 (13,558,447)	3,241 697,925 (695,456)	16,128 191,103 (193,675)	3,042,357 14,937,123 (17,749,050)
Deposits at the end of the period / year	13,728	006'6	6,159	26,893	714,773	17,270	48,985	5,710	13,556	230,430
Nostro balances Borrowings Tinvestments in shares / open end mutual funds Cither receivables		212,984 127,134 239,919	500,000		39,970,101		131,749 1,204,313 240,969	500,000		13,623,621
Net receivable from staff retirement benefit funds	T.	1	1	1	1,551,080	1	1		1	1,430,976
'			June 30, 2012 (Un-audited)	Jn-audited)			June	June 30, 2011 (Un-audited)	ted)	
	Directors	Associated Companies	Subsidiary	Key management personnel	Other related parties	Directors	Associated Companies	Subsidiary	Key management personnel	Other related parties
					Pinagein					
Mark-up earned	878	- 90		6,144		1,294	- 4		6,685	161,033
Income on lendings	1		1	1	- 000 900 0	1			1	- 101
Sales Commission / management fee sharing	1 1 008		45,623	. <u>.</u>	- 20 70 71	280	1 1 1	8,078		10,540
man appearance of actions	1 0	48,113	ה ה	2 1		172	29,316			
Ollectors infecting ree Remuneration	062's			200,693					134,013	
NIFT charges Bank charges levied	1 1	1 1 6	- 13	1 1	47,946 169	1 1	1 1 0	LD		42,786
Rent Expense Charne / (reversal) in respect of staff		2,934	1		1	1	2,928			
retirement benefit funds	1	1	1	1	98,379	1	1	1	1	103,355

(Un-audited) for the half year ended June 30, 2012

17. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

,			,					
		For t	he Period Er	nded June 30	, 2012 (Un-	-audited)		
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement		Total	
			F	Rupees in '000				
Total Income	337,167	1,527,281	19,827,741	26,148,818	327,556	(16,928,154)	31,240,409	
Total Expenses	(155,094)	(2,004,763)	(15,137,939)	(24,058,930)	(159,029)	16,928,154	(24,587,601)	
Net Income	182,073	(477,482)	4,689,802	2,089,888	168,527	=	6,652,808	
	For the Period Ended June 30, 2011 (Un-audited)							
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement		Total	
			F	Rupees in '000	-			
Total Income	313,841	1,398,205	14,167,665	22,265,825	336,237	(10,900,671)	27,851,102	
Total Expenses	(158,796)	(1,166,489)	(12,105,428)	(19,830,103)	(188,069)	10,900,671	(22,548,214)	
Net Income	155,045	231,716	2,062,237	2,435,722	148,168		5,032,888	
		As at	June 30, 20	12 (Un-audite	ed)			
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement			
			—— Rupees	in '000 —				
Segment Assets Gross	375,192	13,914,949	106,211,940	456,161,973	331,882	576,995,936		
		As at I	December 3	1, 2011 (Audit	ed)			
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement			
			Rupees	s in '000 ——				

18. GENERAL

Segment Assets Gross

18.1 Figures have been rounded off to the nearest thousand rupees.

218.401

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.

559.815 109.238.971 426.931.605

326.217 537.275.009

18.3 The Board of Directors of the Bank in its meeting held on August 16, 2012 has approved second interim cash dividend for the year ending December 31, 2012 at Rs. 1.5 per share (June 30, 2011: Cash dividend of Rs. 2.5 per share). The unconsolidated condensed interim financial statements for the half year ended June 30, 2012 do not include the effect of this appropriation and will be accounted for in the financial statements of the period of declaration.

19. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on 16 August, 2012 by the Board of Directors of the Bank.

	Chief Financial Officer	President and	Chief Executive Officer
Director		Director	Chairman



Consolidated Condensed Interim Statement of Financial Position as at June 30, 2012

	Note	Un-audited June 30, 2012 Rupees	Audited December 31, 2011 in '000
ASSETS			
Cash and balances with treasury banks		41,890,558	36,479,765
Balances with other banks		1,673,753	1,679,121
Lendings to financial institutions	6	13,254,435	1,361,754
Investments	7	199,313,701	195,789,638
Advances	8	260,732,904	244,439,837
Operating fixed assets		19,318,519	18,095,123
Deferred tax assets		813,505	750,972
Other assets		19,557,820	17,292,402
		556,555,195	515,888,612
LIABILITIES		2.004.500	4.015.217
Bills payable	0	3,994,599	4,015,317
Borrowings from financial institutions	9	32,391,576	49,993,200
Deposits and other accounts Sub-ordinated loans	10	454,590,515 5,491,500	399,560,790
		5,491,500	5,492,600
Liabilities against assets subject to finance lease Deferred tax liabilities		-	-
Other liabilities		13,249,016	13,347,347
other dabilities		13,249,010	13,347,347
		509,717,206	472,409,254
NET ASSETS		46,837,989	43,479,358
REPRESENTED BY			
Share capital	11	9,463,421	8,603,110
Reserves	11	9,891,451	8,762,745
Unappropriated profit		21,119,434	20,395,717
опарргориатеа ргонт			
		40,474,306	37,761,572
Surplus on revaluation of assets - net of tax		6,363,683	5,717,786
		46,837,989	43,479,358

CONTINGENCIES AND COMMITMENTS

Director

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	Chairman		

12

Consolidated Condensed Interim Profit and Loss Account

(Un-audited) for the half year ended June 30, 2012

		Half Yea	ar Ended	Quarter Ended		
	Note	June 30,	June 30,	June 30,	June 30,	
		2012	2011 ——— Rupees	2012 in '000———	2011	
Mark-up / return / interest earned	13	24,384,196	24,580,069	12,388,525	12,283,856	
Mark-up / return / interest earned Mark-up / return / interest expensed	14	14,372,877	12,188,836	7,243,765	6,083,200	
Net mark-up / interest income		10,011,319	12,391,233	5,144,760	6,200,656	
Provision against non-performing loans and advances and general provision - net (Reversal) / provision for diminution in		874,030	1,039,519	303,434	649,909	
the value of investments - net Bad debts written off directly		(592,813)	(47,038)	17,629	30,921	
		281,217	992,481	321,063	680,830	
Net mark-up / interest income after provisions		9,730,102	11,398,752	4,823,697	5,519,826	
NON MARK-UP / INTEREST INCOME						
Fee, commission and brokerage income Dividend income		1,570,942 3,329,282	1,590,757 758,690	760,411 1,612,046	792,852 431,873	
Income from dealing in foreign currencies Gain on sale of securities		293,820 1,740,595	370,514 372,915	156,149 1,495,229	270,504 103,005	
Unrealized gain on revaluation of investments						
classified as held for trading - net Other income		27,470 121,763	20,009 22,594	8,651 51,470	8,852 12,995	
Total non-markup / interest income		7,083,872	3,135,479	4,083,956	1,620,081	
		16,813,974	14,534,231	8,907,653	7,139,907	
NON MARK-UP / INTEREST EXPENSES						
Administrative expenses		7,009,208 (6,542)	6,465,057 156,871	3,627,606 82,000	3,143,697	
(Reversal) / provision against other assets - net Provision / (reversal) against off-balance					144,871	
sheet obligations - net Other charges		25,894 253,180	(24,866) 324,654	(30,758) 123,214	(1,750) 116,535	
3						
Total non-markup / interest expenses Extra-ordinary / unusual items		7,281,740	6,921,716 -	3,802,062 -	3,403,353 -	
PROFIT BEFORE TAXATION		9,532,234	7,612,515	5,105,591	3,736,554	
Taxation						
Current Prior years		2,916,412	2,817,936	1,470,001	1,384,968	
Deferred		(124,859)	(277,549)	(15,008)	(189,366)	
		2,791,553	2,540,387	1,454,993	1,195,602	
PROFIT AFTER TAXATION		6,740,681	5,072,128	3,650,598	2,540,952	
Earnings per share - Basic and Diluted (in Rupees)	15	7.12	Restated 5.36	3.86	Restated 2.69	

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 Chairman

Director

Consolidated Condensed Interim Statement of Comprehensive Income

(Un-audited) for the half year ended June 30, 2012

	Half Year	Ended	Quarter Ended		
	June 30, June 30, 2012 2011		June 30, 2012	June 30, 2011	
Profit after taxation for the period	6,740,681	5,072,128	3,650,598	2,540,952	
Other comprehensive income	-	-	-	-	
Total comprehensive income for the period	6,740,681	5,072,128	3,650,598	2,540,952	

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

President and Chief Executive Officer

Director

Director

Chairman

Consolidated Condensed Interim Statement of Cash Flows

(Un-audited) for the half year ended June 30, 2012

	Half I June 30, 2012 Rupees	/ear Ended June 30, 2011 in '000
CASH FLOWS FROM OPERATING ACTIVITIES Profit before taxation Less: Dividend income	9,532,234 3,329,282	7,612,515 758,690
	6,202,952	6,853,825
Adjustments for non-cash charges: Depreciation / amortization Provision against non-performing loans, advances and general provision - net (Reversal) in provision of diminution in the value of investments - net Unrealized loss on revaluation of held for trading securities - net Provision / (reversals) against off balance sheet obligations - net (Reversal)/provision against other assets - net Gain on sale of fixed assets	550,026 874,030 (592,813) (27,470) 25,894 (6,542) (14,298) 808,827	487,268 1,039,519 (47,038) (20,009) (24,866) 156,871 (898) 1,590,847
	7,011,779	8,444,672
Increase / (decrease) in operating assets Lendings to financial institutions Held for trading securities Advances Other assets (excluding advance taxation) - net	(11,892,681) (1,657,882) (17,167,094) (726,088)	(24,517,063) (1,178,199) 10,323,947 82,014
Increase / (decrease) in operating liabilities	(31,443,745)	(15,289,301)
Bills payable Borrowings from financial institutions Deposits and other accounts Other liabilities	(20,718) (17,567,732) 55,029,725 (145,595)	(690,052) 117,462 35,018,526 (853,188)
	37,295,680	33,592,748
Income tax paid	12,863,714 (4,774,219)	26,748,119 (2,972,939)
Net cash flows from operating activities	8,089,495	23,775,180
CASH FLOWS FROM INVESTING ACTIVITIES Net investments in 'available-for-sale' securities Proceed from disposal of 'held-to-maturity' securities Dividend income received Investments in operating fixed assets Proceeds from sale of fixed assets	(1,436,099) 913,850 3,654,301 (1,774,809) 15,788	(20,648,046) 340,026 583,812 (1,217,438) 7,447
Net cash flows from / (used in) investing activities	1,373,031	(20,934,199)
CASH FLOWS FROM FINANCING ACTIVITIES Payment of sub-ordinated loans Dividends paid	(1,100) (4,022,109)	(1,100) (1,545,353)
Net cash used in financing activities	(4,023,209)	(1,546,453)
Increase in cash and cash equivalents during the period Cash and cash equivalents at beginning of the period	5,439,317 38,124,994	1,294,528 31,751,190
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	43,564,311	33,045,718
The annexed notes 1 to 19 form an integral part of these consolidated condense	d interim financial	statements.

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 half year ended June 30, 2012

	Share Capital	Share Premium	Statutory Reserve	Bonus Issue Reserve Ru	Special Reserve* spees in '000	Merger Reserve*	General Reserve	Un-appropriated Profit	Total
Balance as at 1 January, 2011	7,821,009	983,957	6,125,094	-	67,995	333,864	6,000	15,853,255	31,191,174
Changes in equity during the half year ended June 30, 2011									
Total comprehensive income for the half year ended June 30, 2011	-	-	-	-	-	-	-	5,072,128	5,072,128
Transactions with owners recognised directly in equity									
Transfer to reserve for issue of bonus shares for the year ended December 31, 2010 @ 10% Issue of bonus shares Final cash dividend for the year ended December 31, 2010	782,101	(782,101)	-	782,101 (782,101)			-	-	
(Rs. 2.00 per ordinary share)	_	-	-	_	-	-	-	(1,564,202)	(1,564,202)
	782,101	(782,101)	-	-	-	-	-	(1,564,202)	(1,564,202)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax Transfer to statutory reserve	-	-	1,006,578	-	-	-	-	14,602 (1,006,578)	14,602
Balance as at June 30, 2011	8,603,110	201,856	7,131,672	-	67,995	333,864	6,000	18,369,205	34,713,702
Changes in equity during the half year ended December 31, 2011									
Total comprehensive income for the six months ended December 31	, 2011 -	-	-	-	-	-	-	5,184,045	5,184,045
Transactions with owners recognized directly in equity									
Interim cash dividend for the year ended December 31, 2011 (Rs. 2.50 per ordinary share) Transferred from surplus on revaluation of fixed assets	Ē	Ē	=	Ē	-	Ē	Ξ	(2,150,777)	(2,150,777)
to un-appropriated profit - net of tax Transfer to statutory reserve	-	-	1.021.358	-	-	-	-	14,602 (1,021,358)	14,602
Balance as at December 31, 2011	8.603.110	201.856	8,153,030		67.995	333.864	6.000	20.395.717	37.761.572
Changes in equity during the half year ended June 30, 2012	0,003,110	201,030	0,133,030		07,553	333,004	0,000	20,333,111	37,701,372
Total comprehensive income for the half year ended June 30, 2012								6.740.681	6.740.681
Transactions with owners recognized directly in equity								0,740,001	0,740,001
Transfer to reserve for issue of borus shares for the year ended December 31, 2011 @ 10% Issue of borus shares Final cash dividend for the year ended December 31, 2011	- 860,311	(201,856)	-	860,311 (860,311)	-	-	-	(658,455)	
(Rs. 2.50 per ordinary share) Interim cash dividend for the year ending December 31, 2012	-	-	-	-	-	-	-	(2,150,777)	(2,150,777)
(Rs. 2.00 per ordinary share)	-	-	-	-	-	-	-	(1,892,684)	(1,892,684)
	860,311	(201,856)	-		-	-	-	(4,701,916)	(4,043,461)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax Transfer to statutory reserve	-	-	1.330.562	=	=	-	-	15,514 (1.330,562)	15,514
Balance as at June 30, 2012	9.463.421		9.483.592		67.995	333.864	6.000	21.119.434	40.474.306
busines as actume by, EUIE	3,403,461		2,402,132		01,333	333,004	0,000	61,113,434	10,414,000

^{*} 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.

Director

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2012

STATUS AND NATURE OF BUSINESS

The Group consists of:

1.

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 838 (2011: 837) branches in Pakistan including the Karachi Export Processing Zone Branch (overseas business unit). The long term credit rating of the Bank assigned by The Pakistan Credit Rating Agency Limited (PACRA) is 'AA+'. Short term rating of the Bank is 'A1+'. The Bank is the holding company of ABL Asset Management Company Limited.

The registered office of the Bank is situated at "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
 ABL-Stock Fund
 ABL-Cash Fund
 ABL-Islamic Income Fund
 ABL-Government securities Fund
 ABL-Capital Protected Fund
 Launched on July 31, 2010
 Launched on July 31, 2010
 Launched on November 30, 2011
 Launched on June 01, 2012

STATEMENT OF COMPLIANCE

- 2.1 These consolidated condensed interim financial statements of the Bank for the half year ended June 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. In case where requirements of provisions and directives issued under the Banking Companies Ordinance, 1962, Companies Ordinance 1984 and the directives issued by State Bank of Pakistan 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.

(Un-audited) for the half year ended June 30, 2012

2.3 These consolidated condensed interim financial statements are being submitted to the shareholders in accordance with section 245 of the Companies Ordinance, 1984.

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 interim financial statements.

		Note	Un-audited June 30, 2012 Rupe	Audited December 31, 2011 es in '000
6.	LENDINGS TO FINANCIAL INSTITUTIONS			
	Repurchase agreement lendings (Reverse Repo) Certificates of investment	6.1 6.2	13,254,435 70,000	1,361,754 70,000
	Provision against lendings to financial institutions		13,324,435 (70,000)	1,431,754 (70,000)
			13,254,435	1,361,754

- 6.1 These are short-term lendings to various financial institutions against the government securities. These carry mark-up at rate, ranging between 11.45% and 11.95% (2011: 11.90 %) per annum and will mature on various dates latest by 18 July, 2012.
- 6.2 This represents non performing certificates of investment.

(Un-audited) for the half year ended June 30, 2012

				Note	Held by Bank	Given as Collateral	Total
7.	Investments					Rupees in '000	
	As on June 30, 2012 (Un-audited)			7.1	187,012,517	12,301,184	199,313,701
	Prior year - December 31, 2011 (Audited)			7.1	165,902,229	29,887,409	195,789,638
		As	Un-audited at June 30, 20	112	A	Audited s at December 3	1, 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	613,812	-	613,812	446,148	-	446,148
	Term Finance Certificates	14,745	-	14,745	-	-	-
	Market Treasury Bills	1,481,503	-	1,481,503	-	-	-
		2,110,060	-	2,110,060	446,148	-	446,148
	Available for sale securities						
	Market Treasury Bills	78,290,497	12,342,924	90,633,421	92,151,063	29,859,590	122,010,653
	Pakistan Investment Bonds	147,543	-	147,543	147,290	-	147,290
	Ordinary shares of listed companies / certificates of mutual funds	13,004,503		13,004,503	10,727,056		10,727,056
	Preference shares	149,355	-	149,355	149,355	_	149,355
	Units of open end mutual funds	9,970,504	-	9,970,504	5,210,776	_	5,210,776
	Ordinary shares of unlisted companies	1,632,306	-	1,632,306	1,643,673	-	1,643,673
	Investment in related parties						
	- Unlisted shares	242,496	-	242,496	242,496	-	242,496
	- Units of open end mutual funds Sukuk Bonds	40,045,133 3,409,034		40,045,133 3,409,034	13,690,232 3,598,872		13,690,232 3,598,872
	Term Finance Certificates (TFCs)	2,912,214		2,912,214	3,395,447		3,395,447
		149.803.585	12.342.924	162.146.509	130.956.260	29.859.590	160.815.850
	Held to maturity securities	143,003,303	12,342,324	102,140,303	130,330,200	23,033,330	100,013,030
	Pakistan Investment Bonds	27,176,942	_	27,176,942	27,574,628	_	27,574,628
	Foreign Currency Bonds (US\$)	2,090,880	-	2,090,880	1,591,392	_	1,591,392
	TFCs, Debentures, Bonds and PTCs	4,751,210	-	4,751,210	5,766,862	-	5,766,862
		34,019,032	-	34,019,032	34,932,882	-	34,932,882
	Investments at cost Provision for diminution in the	185,932,677	12,342,924	198,275,601	166,335,290	29,859,590	196,194,880
	value of investments 7.2	(2,005,508)	-	(2,005,508)	(2,703,761)	-	(2,703,761)
	Investments (net of provisions)	183,927,169	12,342,924	196,270,093	163,631,529	29,859,590	193,491,119
	Unrealized loss on revaluation of held for trading securities	27,470	-	27,470	6,030	-	6,030
	Surplus on revaluation of available for sale securities	3,057,878	(41,740)	3,016,138	2,264,670	27,819	2,292,489
	Total investments	187,012,517	12,301,184	199,313,701	165,902,229	29,887,409	195,789,638

(Un-audited) for the half year ended June 30, 2012

		Note	Un-audited June 30, 2012 Rupees	Audited December 31, 2011 in '000
7.2	Provision for diminution in the value of investments Opening balance Charge for the year Reversals / transfers Net reversals / charge Reversal as gain on disposal Amounts written off Closing balance		2,703,761 19,332 (612,145) (592,813) (105,044) (396) 2,005,508	2,681,810 344,752 (115,749) 229,003 (75,417) (131,635) 2,703,761
8.	ADVANCES Loans, cash credits, running finances, etc in Pakistan Net investment in finance lease - in Pakistan Bills discounted and purchased (excluding treasury bills)		272,417,532 1,817,706	256,555,593 1,748,858
	Payable in Pakistan Payable outside Pakistan		1,857,734 2,180,219 4,037,953	1,769,188 2,069,915 3,839,103
	Advances - gross		278,273,191	262,143,554
	Provision for non-performing advances General provision against consumer financing	8.1	(17,498,372) (41,915)	(17,671,070) (32,647)
			(17,540,287)	(17,703,717)
	Advances - net of provisions		260,732,904	244,439,837

8.1 Advances include Rs. 20,984.321 million (2011: Rs. 20,452.465 million) which have been placed under non-performing status as detailed below:-

	June 30, 2012 (Un-audited)					
Category of Classification	Cl	assified Advance	25	Provision	Provision	
	Domestic	Overseas	Total	required	held	
			Rupees in '000			
Other Assets Especially Mentioned	29,690	=	29,690	=	=	
Substandard	1,330,666	_	1,330,666	331,554	331,554	
Doubtful	4,834,703		4,834,703	2,392,618	2,392,618	
Loss	14,789,262		14,789,262	14,774,200	14,774,200	
	20,984,321	-	20,984,321	17,498,372	17,498,372	
		Dece	mber 31, 2011 (Aı	udited)		
Category of Classification	Cl	assified Advance	25	Provision	Provision	
	Domestic	Overseas	Total	required	held	
			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 Sale Value of the collaterals held by the Bank has been taken while determining the provision against non performing loans as allowed under BSD circular No. 02 dated June 03, 2010.

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2012

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

		June 30, 2012 (Un-audited)			December 31, 2011		
		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 period / year Reversals	2,098,703 (1,233,944)	9,268 -	2,107,971 (1,233,944)	4,354,209 (1,667,361)	23,173	4,377,382 (1,667,361)
	Charged to profit and loss account Amounts written off	864,759 (1,037,457)	9,268	874,027 (1,037,457)	2,686,848 (436,566)	23,173	2,710,021 (436,566)
	Closing balance	17,498,372	41,915	17,540,287	17,671,070	32,647	17,703,717
						dited ie 30, 2012 Rupees in	Audited December31, 2011
9.	BORROWINGS FROM FINANCI	AL INSTITUTI	IONS				
	Details of borrowings (Secure	d / Unsecure	ed)				
	Secured						
	Borrowings from State Bank	of Pakistan			17,279	,804	18,569,393
	Repurchase agreement born	owings			11,940	,880	29,474,488
	Unsecured						
	Call borrowings Other Borrowings Overdrawn nostro accounts					7,134 8,758 -	1,915,427 - 33,892
					3,170	,892	1,949,319
					32,391		49,993,200
10.	DEPOSITS AND OTHER ACCOU	NTS				,,,,,,	,,
	Customers						
	Fixed deposits Savings deposits Current accounts – Remune	rative munerative			114,412 113,927 79,888 145,270	7,781 ,623 ,692	110,061,707 106,782,794 57,667,849 124,121,553 398,633,903
	Financial Institutions				.55,500	,	
	Remunerative deposits Non - remunerative deposit:	S),196 ,262),515	560,816 366,071 399,560,790

(Un-audited) for the half year ended June 30, 2012

11 SHARE CAPITAL

11.1	I A	utho	rized	can	ital

Un-audited	Audited	Un-audited	Audited
June 30,	December 31,	June 30,	December 31,
2012	2011	2012	2011
No. o	of shares	Rupees i	n '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

Un-audited June 30, 2012 No. of s	Audited December 31, 2011 shares	Ordinary shares	Un-audited June 30, 2012 Rupees	Audited December 31, 2011 s in '000
406,780,094 522,013,365	406,780,094 435,982,273	Fully paid in cash Issued as bonus shares	4,067,801 5,220,134	4,067,801 4,359,823
928,793,459 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)	9,287,935	8,427,624 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		
8,400,000	8,400,000	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.

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

12. CONTINGENCIES AND COMMITMENTS

12.1 Direct credit substitutes

Guarantees in favour of:

Banks and financial institutions 606,923 611,478

12.2 Transaction-related contingent liabilities

Guarantees in favour of:

	Government Others	23,287,869 12,276,973	14,010,962 21,208,164
		35,564,842	35,219,126
12.3	Trade-related contingent liabilities	52,158,187	52,324,035
12.4	Claims against the Bank not acknowledged as debt	3,981,909	4,210,600

12.5 Commitments to extend credit

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

(Un-audited) for the half year ended June 30, 2012

Un-audited Audited June 30. December 31. 2012 2011

Rupees in '000

12.6 Commitments in respect of forward foreign exchange contracts

Purchase 41.919.913 49.580.813 Sale 28.021.375 25.543.453

12.7 Commitments in respect of operating fixed assets

Civil works Acquisition of operating fixed assets	1,034,741 520,588	1,496,831 504,141
	1,555,329	2,000,972
Commitments in respect of lease financing	131,082	110,472

12.8 Commitments in respect of lease financing

12.9 Commitments in respect of Market Treasury Bills 3.926.578

12.10 Contingencies

- 12.10.1 There is no change in the status of contingencies, set out in note 22.11 to the consolidated financial statements of the Bank for the year ended December 31, 2011, except for the contingency as mentioned below:
- 12.10.2 The income tax assessments of the Bank have been finalized upto and including tax year 2011 for local and Azad Kashmir operations. While finalizing income tax assessments upto tax year 2011, income tax authorities made certain add backs with aggregate tax impact of Rs.12,301 million (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.2,524 million (2011: 2,524 million) and Rs.9,229 million (2011: 9,229 million) were setaside and deleted respectively. While giving appeal effects on most of the deleted issues, a refund of Rs.5,940 million (2011: 5,940 million) has been determined. Against most of the deleted and set-aside issues, Department is in appeal before higher appellate authorities. Pending finalization of appeals no provision has been made by the Bank on aggregate sum of Rs.12,301 million (2011: 10,718 million). The management is hopeful that the outcome of these appeals will be in favor of the Bank.

(Un-audited) for the half year ended June 30, 2012

			Half Ye	ar Ended	Quarte	er Ended
	ı	Note	June 30, 2012	June 30, 2011	June 30, 2012 s in '000—	June 30, 2011
				кирее	3111 000	
13.	MARK-UP / RETURN / INTEREST EARNED					
	On loans and advances		16,080,371	16,550,230	8,358,780	8,089,773
	On investments in:					
	Available-for-sale securities Held-to-maturity securities Held-for-Trading		5,630,478 2,003,626 27,171	6,447,851 363,293 1,450	2,586,898 983,294 21,750	3,400,427 170,872 1,450
	On deposits with financial institutions On securities purchased under resale agreements On certificates of investment On letters of placement		7,661,275 1,675 619,256 - 2,499	6,812,594 930 1,171,415 5,682 3,616	3,591,942 26 426,174 - 241	3,572,749 729 587,411 3,542 3,616
	On call money lending		19,120	35,602 - ———	11,362	26,036
			24,384,196	24,580,069	12,388,525	12,283,856
14.	MARK-UP / RETURN / INTEREST EXPENSED					
	Deposits Long term borrowing Securities sold under repurchase agreements Call money borrowing Brokerage and commission Markup on sub-ordinated loans Other short term borrowings		10,638,525 122,634 1,271,754 238,613 27,552 369,494 1,704,305	10,014,489 155,775 90,938 69,910 44,726 402,323 1,410,675	119,212 (24,318) 181,891 852,089	4,965,038 76,858 61,062 39,689 1,798 203,261 735,494
			14,372,877	12,188,836	7,243,765	6,083,200
15.	EARNINGS PER SHARE - BASIC AND DILUTED	D				
	Profit after taxation for the period attributable to ordin shareholders	ary	6,740,681	5,072,128	3,650,598	2,540,952
				— Number	of Shares —	
	Weighted average number of ordinary shares outstanding during the period			Restated		Restated
		15.1	946,342,009	946,342,009	946,342,009	946,342,009
				Ru	pees ———	
	Earnings per share - basic and diluted for the period	15.1	7.12	Restated 5.36	3.86	Restated 2.69
	There is no dilution effect on basic earnings	per:	share.			

There is no dilution effect on basic earnings per share.

^{15.1} The comparative 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 half year ended June 30, 2012

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.

		Un-audited June 30, 2012	dited 2012			Audited December 31, 2011	ed 31, 2011	
	Directors	Associated companies	Key management personel	Other related parties	Directors	Associated companies	Kay management personel	Other related parties
				Rupees in '000	000, u			
Nature of related party transactions								
Loans								
Loans at the beginning of the period / year	49,969	ı	203,005	1	61,581		211,703	16,061,896
Loans given during the period / year	8,952	1	56,021		23,757	•	37,765	464,087
Loans repaid/ adjustment during the period / year	(13,156)	1	(52,421)	•	(32,369)	1	(46,463)	(16,525,983)
Loans at the end of the period / year	45,765		206,605	•	49,969	1	203,005	1
s tienosits								
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	3,943,977	8,084,863	175,237	56,740,725	4,147,530	13,513,467	191,103	14,937,123
Deposits repaid during the period / year	(3,947,519)	(8,123,948)	(161,900)	(56,256,382)	(4,140,081)	(13,558,447)	(193,675)	(17,749,050)
Deposits at the end of the period / year	13,728	006'6	26,893	714,773	17,270	48,985	13,556	230,430
Nostro balances	1	212,984	ı	ı	1	131,749	1	,
Borrowings	1	127,134	1	1		1,204,313		1
Investments in shares/ open end mutual funds	ı	239,919	1	40,511,463		240,969		14,075,798
Other receivables	ı	1	í	51,581	ı	1		74,071
Other payable	1	1	1	1,448	1	1		13,630
Rent Payable			•	1				731
Net receivable from			1	1.551.080	,		,	1 430 076
Stall lettleting to option things				0001001) :) (DOF)

(Un-audited) for the half year ended June 30, 2012

		Un-audited June 30, 2012	Jited , 2012			Un-audited June 30, 2011	iited 2011	
	Directors	Associated companies	Key management personnel	Other related parties	Directors	Associated companies	Kay management personnel	Otherrelated
				Rupees in '000	000, ui			
Mark-up earned	878		6,144		1,294	1	6,685	161,033
Income on placements		56	1	1	1	4		1
Income on lendings		1	1	•		111		
Dividend income		1	1	2,096,020	1	1		184,712
Sales Commission		ı	1	434	1	1		10,540
Management fee sharing expense		1	1	111		1		3,074
Management fee income		ı	1	233,046	1	1		108,954
Mark-up expense on deposits	392	ı	15	29,714	248	3	35	128,531
Interest expense on borrowings		48,113	1			29,316		
Directors' meeting fee	3,250	1	1	1	1,725	1	1	1
Remuneration		1	208,926	1	1	1	141,254	1
NIFT charges		1	1	47,946	1			42,786
Bank charges levied		ı	ı	169	ı	1	1	1
Rent Expense		8,036	ı	1		7,312		1
Charge / (reversal) in respect of staff	,	,	,	100 003	,	ı		10.4 675
יפנוופוור ספוופוור ומוומי				000,001				0,0,40

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(Un-audited) for the half year ended June 30, 2012

17. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

9	,				,					
			For	the Pe	eriod End	ded	June 30,	. 2012 (Un-a	audited)	
	Corporate	Trading	&	Retail			Payment &		Eliminations	Total
	Finance	Sal	es Ba	anking	Banki	ng S	Settlement	Management		
					— Rup	ees	in '000			
Total Income Total Expenses	337,167 (155,094)	1,527,2 2,004,70 (2,004)		327,741 37,939)	26,148, (24,058,9		327,556 (159,029		(16,147,717) 16,147,717	32,294,739 (25,554,058)
Net Income	182,073	(477,48		39,802	2,089,8	_	168,527		10,147,717	6,740,681
Netificome	102,073	(4/7,40	4,00	09,002	2,009,0	000	100,327	07,073	-	0,740,001
			For	the P	eriod En	ded	June 30	, 2011 (Un-a	audited)	
	Corporate	Trading	&	Retail	Commerc	ial	Payment &	Asset	Eliminations	Total
	Finance	Sal	es Ba	anking	Banki	ng S	Settlement	Management		
					— Rup	ees	in '000 —			
Total Income	313,841	1,398,20)5 14,4	94,095	22,346,	805	336,229	134,446	(11,317,313)	27,706,308
Total Expenses	(159,338)	(1,174,3	27) (12,2	271,262)	(20,052	,157)	(199,203) (95,206)	11,317,313	(22,634,180)
Net Income	154,503	223,8	— — 18 2,2	22,833	2,294,	 648	137,026	39,240	-	5,072,128
						_				
				As a				-audited)		
	Corpo	orate ance	Trading & Sales		Retail	Cor	mmercial Banking	Payment & Settlement	Asset	Total
		dilce	Sques		Banking				Management	
					—— Rup	ees	in '000 -			
Segment Assets G	ross 375	5,192 1	3,403,832	106	,211,940	45	6,161,973	331,882	767,614	577,252,433
				_						
				As at	Decem	ber	31, 2011	(Audited)		
	Corpo		Trading &		Retail	Cor	mmercial	Payment &	Asset	Total
	Fin-	ance	Sales		Banking		Banking	Settlement	Management	
					Ruj	ees	in '000 -			
Segment Assets G	rnss 218	.401	559.815	108.7	/38,971 <i>-</i>	426.	927.011	326.217	694 267	537,464,682
		, .	200,010		23,371	,	,	323,217	00.,207	, 10 1,002

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 August 16, 2012 has approved second interim cash dividend for the year ending December 31, 2012 at Rs. 1.5 per share (June 30, 2011: Cash dividend of Rs. 2.5 per share). The consolidated condensed interim financial statements for the half year ended June 30, 2012 do not include the effect of this appropriation and will be accounted for in the financial statements of the period of declaration.

19. DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue on 16 August, 2012 by the Board of Directors of the Bank.

Chief Financial Officer	President and Ch	nief Executive Officer
	Director	Chairman

Director

