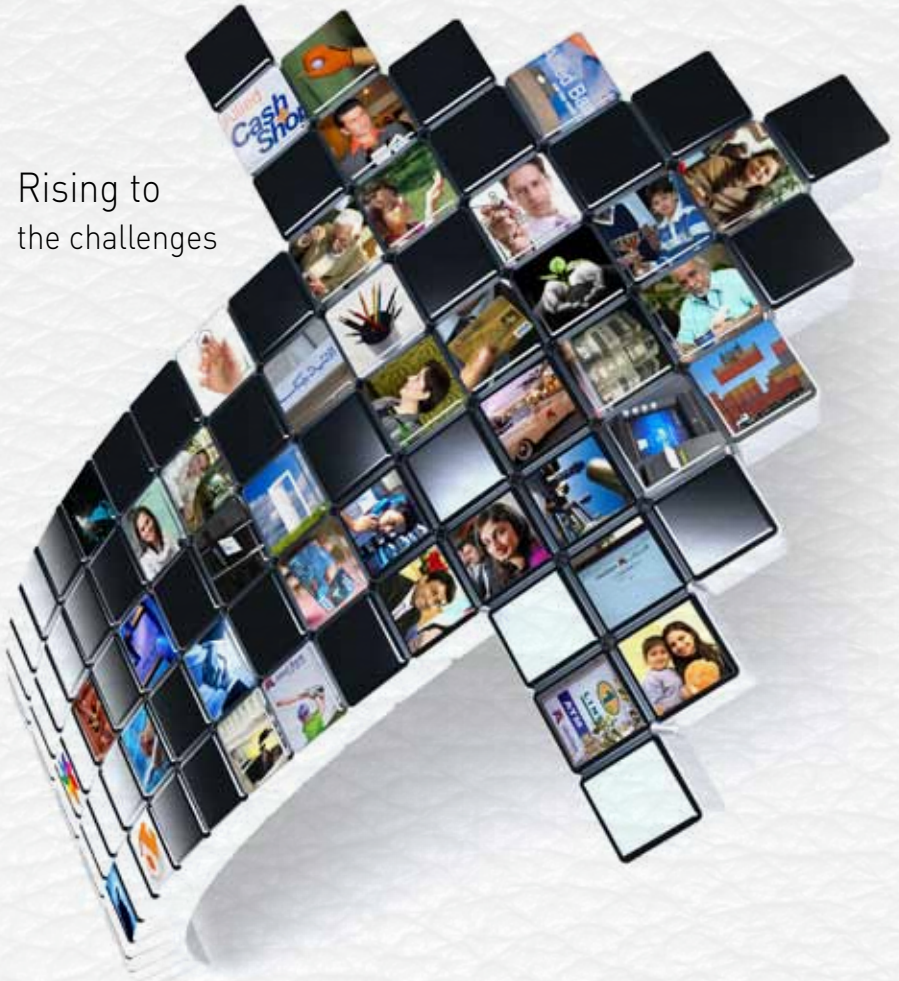


Condensed Interim Financial Statements
for the half year ended June 30, 2011

Rising to
the challenges



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Corporate Information

Board of Directors

Mohammad Naeem Mukhtar
Chairman / Non Executive Director

Sheikh Mukhtar Ahmad
Non Executive Director

Muhammad Waseem Mukhtar
Non Executive Director

Abdul Aziz Khan
Independent Director

Sheikh Jalees Ahmed
Executive Director

Mubashir A. Akhtar
Independent Director

Pervaiz Iqbal Butt
Independent Director

Khalid A. Sherwani
Chief Executive Officer

Audit Committee

Mubashir A. Akhtar
Chairman

Sheikh Jalees Ahmed
Member

Pervaiz Iqbal Butt
Member

Company Secretary

Muhammad Raffat

Auditors

Ernst & Young Ford Rhodes
Sidat Hyder
Chartered Accountants

KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Adviser

Haidermota and Company,
Advocates and Solicitors

Shares Registrar

Technology Trade (Pvt.) Ltd.

Head Office/

Registered Office

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

Website & Email

www.abl.com
info@abl.com

Toll Free Number

0800-22522

Vision, Mission & Core Values

Vision

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

Mission

To provide value added services to our customers

To provide high tech innovative solutions to meet customers' requirements

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

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

To play a proactive role in contributing towards the society

Core Values

Integrity

Excellence in Service

High Performance

Innovation and Growth

Directors' Review

On behalf of the Board of Directors, we are pleased to present the financial results of Allied Bank Limited for the half year ended June 30, 2011.

Financial Highlights

	[Rupees in million]		Growth
	Half year ended June 30,		
	2011	2010	
Profit After Tax	5,033	3,620	39.03%
Accumulated profits brought forward	15,828	12,199	29.75%
Transfer from surplus on revaluation of fixed assets - net of tax	15	15	0.00%
Profit available for appropriation	20,876	15,834	31.84%
Final cash dividend for the year ended December 31, 2010 at Rs. 2 per share (2010: year ended December 31, 2009 at Rs. 2 per share)	(1,564)	(1,422)	9.99%
Transfer to Statutory Reserves	(1,007)	(724)	39.09%
Accumulated profit carried forward	18,305	13,688	33.73%
Earning Per Share (EPS) for six months	5.85	4.21	38.95%

The Board is pleased to announce an interim cash dividend of Rs. 2.5 per share for the half-year ended June 30, 2011 (2010: Rs. 2 per share)

Economic Overview

Pakistan's macroeconomic outlook remained constrained by persistent high inflation; weak economic growth and private investment, and a large budget deficit. The severe energy shortage and the prevailing sensitive security situation continue to take a toll on the country's growth prospects. The current account position, however, has shown notable improvement, a surplus of USD 542 million in FY 2011, led by rise in exports and a robust growth in remittances. Nonetheless, it remains susceptible to the risks of increase in crude oil prices and fall in inflows through financial accounts.

The provisional estimates show that the GDP grew by 2.4% during FY 2011 against target of 4.5% and previous year growth of 3.8%. Agriculture sector posted a growth of 1.2% mainly contributed by livestock and minor crops segments. Large Scale Manufacturing (LSM) grew by 1.0%; lower than growth of 4.9% in the corresponding period of FY10. Services sector registered a growth of 4.1% as against 2.9% in previous year.

Persistently high inflation remains a key concern for the economy. Recent trends reveal that the impact of floods on food prices has dissipated but inflationary pressures still remain strong and broad based. The CPI inflation during FY 2011 was 13.9% compared to 11.7% in FY 2010.

The overall fiscal position continued to remain under stress. More worryingly, financing of the fiscal deficit has been challenging since external funding from International Financial Institutions (IFIs) and multilateral donors has dried up. In this situation, the Government's reliance on borrowings from the banking system has increased substantially. Consequently, the outstanding stock of domestic debt increased by 28% during FY 2011 to reach at Rs. 5,957 billion.

Broad Money (M2) expanded by 15.9% during FY 2011 compared to 12.5% in FY2010. Both the Net Domestic Assets (NDA) and Net Foreign Assets (NFA) of the banking system contributed to this growth. The growth in NDA emanated mainly from rise in government borrowings, while NFA reflects an improvement in the country's external account. Due to crowding out impact of Government's borrowings and limited credit appetite by the private sector, the growth of private sector credit was moderately low. Notably, the fixed investment component showed a nominal increase.

Asset quality of the banking system deteriorated further with NPLs reaching Rs. 574 billion as at end-Mar 2011, a growth of 28.7% over the end-2009 stock of Rs. 446 billion. The prevailing environment instigated a notable shift in asset mix on banks' balance sheet towards investments, mainly government securities, also reflected by decline in Advances to Deposit ratio.

Financial Review

Under the current challenging circumstances, Your Bank continues to pursue its strategy of improving mix of cost effective core deposits and optimizing operational efficiencies to control cost. Deposits of Your Bank increased to Rs. 406,301 million as at June 30, 2011, a growth of 9.4% over December 31, 2010 and 15.2% over June 30, 2010. More importantly, the share of Non-Remunerative Current Accounts and low cost Savings Accounts in the total deposits mix increased from 55.1% as at December 31, 2010 to 56.5% at

June 30, 2011. Given the prevalent circumstances, Gross Investments increased to Rs. 146,009 million as at June 30, 2011, a growth of 17.9% over December 31, 2010 and 29.6% over June 30, 2010. Due to cautious lending stance, the Gross Advances registered a drop from December 31, 2010 level of Rs. 268,530 million to Rs. 258,109 million. Gross Advances as at June 30, 2011 were however higher by Rs. 9,889 million or 4% over June 30, 2010 level. The balance sheet size of Your Bank stands at Rs. 487,790 million as on June 30, 2011, while the equity of the Bank as at June 30, 2011 registered a growth of 28.2% and 12% over June 30, 2010 and December 31, 2010 level, respectively, to reach at Rs. 40,294 million.

Profit Before Tax of Your Bank increased by 37.1% to reach Rs. 7,564 million during half year ended June 30, 2011 (1H 2011) as compared to Rs. 5,518 million in the corresponding period of previous year. Profit After Tax rose by 39% to Rs. 5,033 million in 1H 2011 compared to Rs. 3,620 million in 1H 2010. Resultantly, the EPS of Your Bank increased to Rs. 5.85 during half year ended June 30, 2011 compared to Rs. 4.21 in the previous period.

Mark-up/interest income during 1H 2011 increased to Rs. 24,573 million compared to Rs. 21,846 million in 1H 2010, a rise of 12.5% attributable mainly to volumetric growth in earning assets and better yields. Mark-up/interest expense during the same period increased by 8.3% over the corresponding period to reach at Rs. 12,196 million. As a consequence, the net mark-up/interest income of Your Bank grew by 17% to Rs. 12,376 million compared to the corresponding half of previous year. The provision expense on YoY basis declined by 45.3% to Rs. 1,124 million during 1H 2011 compared to Rs. 2,037 million in 1H 2010.

Non-mark up/interest income during 1H 2011 increased by 14.8% to Rs. 3,008 million, led by rise in fee & service income, income from dealing in foreign currencies and dividend income. The Administrative Expenses increased by 16.7% to reach Rs. 6,373 million during 1H 2011 as compared to Rs. 5,462 million in 1H 2010. This when compared with inflationary trends reflects effectiveness of the management strategies for cost control. In the wake of current difficult credit environment, NPLs to Gross Advances Ratio increased to 7.95% as at June 30, 2011. However, the Bank has adequately provided for the NPLs with provision coverage remaining high at 80% as at June 30, 2011. No benefit of FSV has been taken while determining the provision against NPLs as allowed under BSD Circular No. 02 of 2010 dated June 03, 2010.

Future Outlook:

The macroeconomic outlook remains vulnerable on account of inflationary pressures, difficult fiscal management and uncertainty attached with the global outlook. Meanwhile, severe energy shortage is expected to impact the overall industrial output and economic activity. The borrowers' repayment capacity is likely to remain stressed under these challenging times, thereby leading to risk of further rise in NPLs. Your Bank being watchful of the given environment would continue with its strategy of cautious lending by deploying resources in selected avenues following stringent risk management policies. Meanwhile, focus would remain on improving the mix of cost effective core deposits and optimizing cost efficiencies. The cornerstone of Your Bank's philosophy would remain on improving service quality standards and providing state of the art banking services through leveraging technology.

Entity & TFC Ratings

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

Corporate Governance Rating

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

Acknowledgement:

We take this opportunity to thank our valued customers for their patronage, to our employees for their continued commitment, our shareholders for their trust and confidence and 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: 01 August, 2011
Place: 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 2011 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.

The figures of the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income for the quarter 30 June 2011 and 2010 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 30 June 2011.

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

KPMG Taseer Hadi & Co.
Chartered Accountants

Date : 01 August, 2011
Place : Lahore

Unconsolidated Condensed Interim Statement of Financial Position

as at June 30, 2011

	Note	Un-audited June 30, 2011	Audited December 31, 2010
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		32,078,826	31,265,608
Balances with other banks		1,032,985	579,555
Lendings to financial institutions	6	36,006,007	11,488,944
Investments	7	143,387,020	121,173,409
Advances	8	241,736,552	253,099,509
Operating fixed assets		16,084,754	15,359,742
Deferred tax assets		894,859	484,387
Other assets		16,568,689	16,480,372
		<u>487,789,692</u>	<u>449,931,526</u>
LIABILITIES			
Bills payable		3,428,739	4,118,791
Borrowings from financial institutions		20,844,386	20,774,450
Deposits and other accounts	9	406,300,954	371,284,268
Sub-ordinated loans		5,493,700	5,494,800
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		11,427,662	12,284,360
		<u>447,495,441</u>	<u>413,956,669</u>
NET ASSETS		<u>40,294,251</u>	<u>35,974,857</u>
REPRESENTED BY			
Share capital	10	8,603,110	7,821,009
Reserves		7,741,387	7,516,910
Unappropriated profit		18,305,243	15,828,533
		<u>34,649,740</u>	<u>31,166,452</u>
Surplus on revaluation of assets - net of tax	11	5,644,511	4,808,405
		<u>40,294,251</u>	<u>35,974,857</u>
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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 half year ended June 30, 2011

Note	Half Year ended		Quarter ended		
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010	
Rupees in '000					
Mark-up / return / interest earned	13	24,572,858	21,846,266	12,280,188	10,912,399
Mark-up / return / interest expensed	14	12,196,500	11,267,343	6,102,637	5,701,446
Net mark-up / interest income		12,376,358	10,578,923	6,177,551	5,210,953
Provision against non-performing loans and advances and general provision-net		1,039,519	1,806,332	649,909	1,022,567
(Reversal) / provision for diminution in the value of investments - net		(47,038)	601,753	30,921	123,954
Reversal of provision against lendings to financial institutions		-	(280,195)	-	(280,195)
Bad debts written off directly		-	-	-	-
		992,481	2,127,890	680,830	866,326
Net mark-up / interest income after provisions		11,383,877	8,451,033	5,496,721	4,344,627
NON MARK-UP / INTEREST INCOME					
Fee, commission and brokerage income		1,487,856	1,357,574	739,414	528,547
Dividend income		758,690	536,611	431,873	181,835
Income from dealing in foreign currencies		370,514	99,702	270,504	(27,481)
Gain from sale and purchase of other securities		369,385	597,954	101,311	359,354
Unrealised loss on revaluation of investments classified as held for trading - net		(797)	(8,476)	(797)	(8,677)
Other income		22,596	38,120	12,997	16,083
Total non-mark-up / interest income		3,008,244	2,621,485	1,555,302	1,049,661
		14,392,121	11,072,518	7,052,023	5,394,288
NON MARK-UP / INTEREST EXPENSES					
Administrative expenses		6,372,690	5,461,784	3,079,768	2,650,707
Provision against other assets - net		156,871	12,000	144,871	12,000
Reversal of provision against off-balance sheet obligation - net		(24,866)	(103,178)	(1,750)	(161,532)
Workers welfare fund		168,832	120,190	81,924	49,299
Other charges		154,827	63,564	34,132	8,745
Total non-mark-up / interest expenses		6,828,354	5,554,360	3,338,945	2,559,219
		7,563,767	5,518,158	3,713,078	2,835,069
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		7,563,767	5,518,158	3,713,078	2,835,069
Taxation					
- Current		2,788,618	1,969,165	1,360,719	640,599
- Prior years		-	373,941	-	-
- Deferred		(257,739)	(445,159)	(169,556)	351,672
		2,530,879	1,897,947	1,191,163	992,271
PROFIT AFTER TAXATION		5,032,888	3,620,211	2,521,915	1,842,798
Earnings per share - Basic and Diluted (in Rupees)	15	5.85	4.21	2.93	2.14

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, 2011

	Half Year ended		Quarter ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
	Rupees in '000			
Profit after taxation for the period	5,032,888	3,620,211	2,521,915	1,842,798
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	5,032,888	3,620,211	2,521,915	1,842,798

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

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

Chief Financial Officer
Director

President and Chief Executive Officer
Director

Chairman

Unconsolidated Condensed Interim Statement of Cash Flows

(Un-audited) for the half year ended June 30, 2011

	Half Year Ended	
	June 30, 2011	June 30, 2010
	Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	7,563,767	5,518,158
Less: Dividend income	758,690	536,611
	<u>6,805,077</u>	<u>4,981,547</u>
Adjustments for non-cash charges		
Depreciation / amortization	484,724	401,280
Provision against non-performing loans and advances and general provision - net	1,039,519	1,806,332
(Reversal) / provision for diminution in the value of investments - net	(47,038)	601,753
(Reversal) against lendings to financial institutions	-	(280,195)
Unrealised loss on revaluation of held for trading securities - net	797	8,476
(Reversal) of provision against off-balance sheet obligations - net	(24,866)	(103,178)
Provision against other assets - net	156,871	12,000
Operating fixed assets written off	-	5
Gain on sale of fixed assets	(900)	(5,142)
	<u>1,609,107</u>	<u>2,441,331</u>
	<u>8,414,184</u>	<u>7,422,878</u>
Decrease / (increase) in operating assets		
Lendings to financial institutions	(24,517,063)	(386,893)
Held for trading securities	(1,161,372)	(14,658)
Advances	10,323,438	1,577,606
Other assets (excluding advance taxation)	87,346	2,232
	<u>(15,267,651)</u>	<u>1,178,287</u>
Increase / (decrease) in operating liabilities		
Bills payable	(690,052)	(148,556)
Borrowings from financial institutions	117,462	(10,152,700)
Deposits	35,016,686	23,740,058
Other liabilities	(850,681)	(193,147)
	<u>33,593,415</u>	<u>13,245,655</u>
	<u>26,739,948</u>	<u>21,846,820</u>
Income tax paid	(2,946,275)	(122,422)
Net cash flow from operating activities	<u>23,793,673</u>	<u>21,724,398</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(20,648,049)	(17,630,123)
Net investment in held-to-maturity securities	340,026	666,363
Dividend income received	583,812	491,549
Investments in operating fixed assets	(1,216,283)	(1,789,029)
Proceeds from sale of fixed assets	7,448	6,711
Net cash used in investing activities	<u>(20,933,046)</u>	<u>(18,254,529)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Net payment of sub-ordinated loans	(1,100)	(1,100)
Dividend paid	(1,545,353)	(1,413,278)
Net cash used in financing activities	<u>(1,546,453)</u>	<u>(1,414,378)</u>
Increase in cash and cash equivalents during the period	1,314,174	2,055,491
Cash and cash equivalents at beginning of the period	31,750,995	27,354,760
Cash and cash equivalents at end of the period	<u>33,065,169</u>	<u>29,410,251</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 half year ended June 30, 2011

	Share Capital	Share Premium	Statutory Reserve	Bonus Issue Reserve	Special Reserve*	Merger Reserve*	General Reserve	Un-appropriated Profit	Total
	Rupees in '000								
Balance as at January 01, 2010	7,110,008	1,694,958	4,480,028	-	67,995	333,864	6,000	12,198,425	25,891,278
Changes in equity during the half year ended June 30, 2010									
Total comprehensive income for the half year ended June 30, 2010	-	-	-	-	-	-	-	3,620,211	3,620,211
Transactions with owners recognised directly in equity									
Transfer to reserve for issue of bonus shares for year ended December 31, 2009 @ 10%	-	(711,001)	-	711,001	-	-	-	-	-
Issue of bonus shares	711,001	-	-	(711,001)	-	-	-	-	-
Final cash dividend for the year ended December 31, 2009 (Rs. 2.00 per ordinary share)	-	-	-	-	-	-	-	(1,422,002)	(1,422,002)
	711,001	(711,001)	-	-	-	-	-	(1,422,002)	(1,422,002)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	-	15,372	15,372
Transfer to statutory reserve	-	-	724,041	-	-	-	-	(724,041)	-
Balance as at June 30, 2010	7,821,009	983,957	5,204,069	-	67,995	333,864	6,000	13,687,945	28,104,859
Changes in equity during the half year ended December 31, 2010									
Total comprehensive income for half year ended December 31, 2010	-	-	-	-	-	-	-	4,605,121	4,605,121
Transactions with owners recognised directly in equity									
Interim cash dividend for the year ended December 31, 2010 (Rs. 2.00 per ordinary share)	-	-	-	-	-	-	-	(1,564,202)	(1,564,202)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	-	20,674	20,674
Transfer to statutory reserve	-	-	921,025	-	-	-	-	(921,025)	-
Balance as at December 31, 2010	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 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)
	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	-	-	-	-	-	-	-	14,602	14,602
Transfer to statutory reserve	-	-	1,006,578	-	-	-	-	(1,006,578)	-
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

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

The annexed notes 1 to 19 form an integral part of these unconsolidated Condensed Interim Financial Statements.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2011

1. STATUS AND NATURE OF BUSINESS

Allied Bank Limited ("the Bank"), incorporated in Pakistan, is a Scheduled Bank, engaged in commercial banking and related services. The Bank is listed on all stock exchanges in Pakistan. The Bank operates a total of 809 (2010: 806) branches in Pakistan including the Karachi Export Processing Zone Branch (overseas business unit). The long term credit rating of the Bank assigned by The Pakistan Credit Rating Agency Limited (PACRA) is 'AA'. Short term rating of the Bank is 'A1+'. The Bank is the holding company of ABL Asset Management Company Limited. The registered office of the Bank is situated in Lahore.

2. STATEMENT OF COMPLIANCE

2.1 These unconsolidated Condensed Interim Financial Statements of the Bank for the half year ended June 30, 2011 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by the State Bank of Pakistan. In case where requirements differ, the provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Ordinance, 1984, and the directives issued by the State Bank of Pakistan shall prevail.

2.2 The SBP, vide BSD Circular Letter No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property (IAS 40) for banking companies till further instructions. Further, according to a notification of Securities and Exchange Commission of Pakistan dated April 28, 2008, International Financial Reporting Standard (IFRS) 7 "Financial Instruments Disclosure" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by SBP through various circulars.

2.3 These unconsolidated condensed interim financial statements represent the separate standalone condensed interim financial statements of the bank. The consolidated condensed interim financial statements of the 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 certain forward foreign exchange contracts and derivative financial instruments have been marked to market and are carried at fair value.

4. BASIS OF PRESENTATION

The disclosures included in these unconsolidated condensed interim financial statements are limited based on the format prescribed by the State Bank of Pakistan, vide BSD Circular Letter No. 2 dated May 12, 2004, vide BSD Circular Letter No. 7 dated April 20, 2010 and International Accounting Standard 34, Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and these unconsolidated condensed interim financial statements should be read in conjunction with the unconsolidated financial statements of the Bank for the year ended December 31, 2010.

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.

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2011

- 5.2 The financial risk management objectives and policies adopted by the Bank are consistent with that disclosed in the financial statements of the Bank for the year ended December 31, 2010.
- 5.3 During the period, following new / revised standards, amendments and interpretations to accounting standards became effective:
- IAS 24 - Related Party Disclosure (Amendment)
 - IAS 32 - Financial Instruments : Presentation - Classification of Rights Issues (Amendment)
 - IFRIC 14 - Prepayments of a minimum funding requirements (Amendment)

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

	Note	Un-audited June 30, 2011	Audited December 31, 2010
Rupees in '000			
6. LENDINGS TO FINANCIAL INSTITUTIONS			
Repurchase agreement lendings (Reverse Repo)	6.1	35,929,340	11,392,277
Certificates of investment	6.2	76,667	96,667
		<u>36,006,007</u>	<u>11,488,944</u>

- 6.1 These are short-term lendings to various financial institutions against the government securities, carrying mark-up at rates, ranging between 13.00% and 13.91% (December 31, 2010: ranging between 12.50% and 13.25%) per annum and will mature on various dates, latest by July 25, 2011.
- 6.2 The certificate of investment carries mark-up at the rate of 13.45% (December 31, 2010: 13.26%) per annum and will mature on July 13, 2011.

7. INVESTMENTS

	Note	Held by Bank	Given as collateral	Total
Rupees in '000				
As on - June 30, 2011 (Un-audited)	7.1	<u>143,062,418</u>	<u>324,602</u>	<u>143,387,020</u>
Prior year - December 31, 2010 (Audited)	7.1	<u>118,876,679</u>	<u>2,296,730</u>	<u>121,173,409</u>

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2011

	Un-audited As at June 30, 2011			Audited As at December 31, 2010		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
Rupees in '000						
7.1 Investments by types						
Held-for-trading securities						
Market Treasury Bills	2,003,541	-	2,003,541	-	-	-
Ordinary shares of listed companies	-	-	-	16,053	-	16,053
Units of open-end mutual funds	-	-	-	850,000	-	850,000
	2,003,541	-	2,003,541	866,053	-	866,053
Available-for-sale securities						
Market Treasury Bills	78,492,564	326,194	78,818,758	57,547,818	2,298,869	59,846,687
Pakistan Investment Bonds	147,045	-	147,045	246,764	-	246,764
Ordinary shares of listed companies / certificates of mutual funds	6,783,412	-	6,783,412	5,564,180	-	5,564,180
Preference Shares	207,688	-	207,688	282,688	-	282,688
Units of open end mutual funds	1,766,976	-	1,766,976	1,655,757	-	1,655,757
Ordinary shares of unlisted companies	743,487	-	743,487	245,193	-	245,193
Investment in related parties						
- Listed shares	1,493,111	-	1,493,111	1,948,264	-	1,948,264
- Unlisted shares	247,496	-	247,496	602,496	-	602,496
- Open-end mutual funds	1,850,000	-	1,850,000	1,000,000	-	1,000,000
Pre-IPO	50,000	-	50,000	-	-	-
Sukuk Bonds	4,769,682	-	4,769,682	4,783,539	-	4,783,539
Term Finance Certificates (TFCs)	29,805,220	-	29,805,220	29,872,458	-	29,872,458
	126,356,681	326,194	126,682,875	103,749,157	2,298,869	106,048,026
Held-to-maturity securities						
Pakistan Investment Bonds	6,411,372	-	6,411,372	7,493,147	-	7,493,147
Foreign Currency Bonds (US\$)	1,406,179	-	1,406,179	645,701	-	645,701
TFCs, Debentures, Bonds and PTCs	5,860,203	-	5,860,203	5,878,932	-	5,878,932
	13,677,754	-	13,677,754	14,017,780	-	14,017,780
Subsidiary						
ABL Asset Management Company Limited	500,000	-	500,000	500,000	-	500,000
Investment at cost	142,537,976	326,194	142,864,170	119,132,990	2,298,869	121,431,859
Provision for diminution in the value of investments	(2,621,572)	-	(2,621,572)	(2,681,810)	-	(2,681,810)
Unrealized loss on revaluation of Held-for-trading securities	(797)	-	(797)	(23,884)	-	(23,884)
Surplus on revaluation of Available for-sale securities	3,146,811	(1,592)	3,145,219	2,449,383	(2,139)	2,447,244
Total investments	143,062,418	324,602	143,387,020	118,876,679	2,296,730	121,173,409

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2011

	Note	Un-audited June 30, 2011	Audited December 31, 2010
Rupees in '000			
8. ADVANCES			
Loans, cash credits, running finances, etc. - in Pakistan		253,096,928	263,054,733
Net investment in finance lease - in Pakistan		1,590,935	1,261,371
Bills discounted and purchased (excluding government treasury bills)			
Payable in Pakistan		957,985	973,826
Payable outside Pakistan		2,463,425	3,239,841
		3,421,410	4,213,667
Advances - gross		258,109,273	268,529,771
Provision against non-performing advances	8.1	(16,361,600)	(15,420,788)
General provision against consumer financing		(11,121)	(9,474)
		(16,372,721)	(15,430,262)
Advances - net of provisions		241,736,552	253,099,509

8.1 Advances include Rs. 20,521.654 million (2010: Rs. 18,688,166 million) which have been placed under non-performing status as detailed below:

Category of Classification	June 30, 2011 (Un-audited)				
	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
Rupees in '000					
Other Assets Especially					
Mentioned	22,640	-	22,640	-	-
Substandard	2,749,621	-	2,749,621	686,747	686,747
Doubtful	3,499,082	-	3,499,082	1,424,542	1,424,542
Loss	14,250,311	-	14,250,311	14,250,311	14,250,311
	<u>20,521,654</u>	<u>-</u>	<u>20,521,654</u>	<u>16,361,600</u>	<u>16,361,600</u>

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

8.2 No benefit of Forced Sales Value of the collaterals held by the Bank has been taken while determining the provision against non performing loans as allowed under BSD Circular No. 02 dated June 03, 2010.

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2011

	Note	Un-audited June 30, 2011	Audited December 31, 2010
Rupees in '000			
11. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Surplus arising on revaluation of:			
- fixed assets	11.1	2,750,434	2,765,036
- available for sale securities	11.2	2,894,077	2,043,369
Surplus on revaluation of assets - net of tax		<u>5,644,511</u>	<u>4,808,405</u>
11.1 Surplus on revaluation of fixed assets			
Surplus on revaluation of fixed assets as at January 1		3,079,647	3,132,247
Surplus realized on disposal of revalued properties		-	(5,303)
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year - net of deferred tax		(14,602)	(30,743)
Related deferred tax liability		(7,864)	(16,554)
		<u>(22,466)</u>	<u>(47,297)</u>
Surplus on revaluation of fixed assets as at June 30 and December 31		3,057,181	3,079,647
Less: Related deferred tax liability on :			
Revaluation as at January 1		314,611	331,165
Incremental depreciation charged during the period / year transferred to profit and loss account		(7,864)	(16,554)
		<u>306,747</u>	<u>314,611</u>
		<u>2,750,434</u>	<u>2,765,036</u>
11.2 Surplus on revaluation of available-for-sale securities			
Federal Government Securities			
Market Treasury Bills		(136,598)	(120,712)
Pakistan Investment Bonds		(20,076)	(23,870)
Term Finance Certificates		(28,789)	-
Shares / Certificates - Listed		3,427,501	2,528,671
Mutual Funds		(96,819)	63,155
		<u>3,145,219</u>	<u>2,447,244</u>
Less : Related deferred tax liability		(251,142)	(403,875)
		<u>2,894,077</u>	<u>2,043,369</u>

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2011

	Un-audited June 30, 2011	Audited December 31, 2010
	Rupees in '000	
12. CONTINGENCIES AND COMMITMENTS		
12.1 Direct credit substitutes		
Guarantees in favour of:		
Banks and financial institutions	2,586,829	1,769,128
12.2 Transaction-related contingent liabilities		
Guarantees in favour of:		
Government	12,721,956	9,512,438
Others	10,292,650	8,585,255
	23,014,606	18,097,693
12.3 Trade-related contingent liabilities	45,718,862	52,044,205
12.4 Claims against the Bank not acknowledged as debt	4,671,544	4,903,404
12.5 Commitments to extend credit		

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

	Un-audited June 30, 2011	Audited December 31, 2010
	Rupees in '000	
12.6 Commitments in respect of forward foreign exchange contracts		
Purchase	26,185,490	23,100,518
Sale	11,923,094	7,371,457
12.7 Commitments in respect of operating fixed assets		
Civil works	679,068	1,260,603
Acquisition of operating fixed assets	446,061	372,584
12.8 Commitments in respect of lease financing	124,518	168,437
12.9 Commitments in respect of procurement of software	3,800	258
12.10 Contingencies		

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

12.10.2 The income tax assessments of the Bank have been finalized up to and including tax year 2010 for local and Azad Kashmir operations. While finalizing income tax assessments up to tax year 2010, income tax authorities made certain add backs with aggregate tax impact of Rs.10,718 million. As a result of appeals filed by the Bank before appellate authorities, the add backs with tax impact amounting to Rs. 2,524 million and Rs. 8,682 million were set-aside and deleted respectively. While giving appeal effects on most of the deleted issues, a refund of Rs. 5,865 million has been determined. Against most of the deleted and set-aside issues, the department is in appeal before higher appellate authorities. Pending finalization of appeals no provision has been made by the Bank on aggregate sum of Rs.10,718 million. The management is hopeful that the outcome of these appeals will be in favor of the Bank.

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2011

Half Year ended		Quarter ended	
June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010

Rupees in '000

13. MARK-UP / RETURN / INTEREST EARNED

On loans and advances	16,550,130	15,276,650	8,089,727	7,554,091
On investments in:				
Available-for-sale securities	6,440,747	4,189,730	3,393,323	2,239,249
Held-to-maturity securities	363,293	922,554	174,357	373,680
Held-for-trading securities	1,450	-	1,450	-
	6,805,490	5,112,284	3,569,130	2,612,929
On deposits with financial institutions	923	6,602	726	2,129
On securities purchased under resale agreements	1,171,415	1,346,202	587,411	680,426
On certificates of investment	5,682	27,124	3,542	16,077
On letters of placement	3,616	23,579	3,616	17,690
On call money lending	35,602	53,825	26,036	29,057
	24,572,858	21,846,266	12,280,188	10,912,399

14. MARK-UP / RETURN / INTEREST EXPENSED

Deposits	10,014,682	8,645,358	4,965,117	4,393,347
Long term borrowings	155,775	167,291	76,858	83,185
Securities sold under repurchase agreements	90,938	261,218	61,062	65,655
Call money borrowing	69,910	544,843	39,689	313,145
Brokerage and commission	52,197	41,146	21,156	11,699
Markup on sub-ordinated loans	402,323	375,268	203,261	188,361
Other short term borrowings	1,410,675	1,232,219	735,494	646,054
	12,196,500	11,267,343	6,102,637	5,701,446

15. EARNINGS PER SHARE - BASIC AND DILUTED

Profit after tax for the period attributable to ordinary shareholders	5,032,888	3,620,211
	Number of Shares	
Weighted average number of Ordinary Shares outstanding during the period	860,310,917	860,310,917
	Rupees	
Earnings per share - basic and diluted	5.85	4.21

There is no dilution effect on basic earnings per share.

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

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2011

17. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

For the period ended June 30, 2011 (Un-audited)							
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Eliminations	Total
Rupees in '000							
Total Income	313,841	1,398,205	14,167,665	22,265,825	336,237	(10,900,671)	27,581,102
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

For the Period Ended June 30, 2010 (Un-audited)							
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Eliminations	Total
Rupees in '000							
Total Income	326,227	1,461,146	10,582,927	18,958,691	226,260	(7,087,500)	24,467,751
Total Expenses	(170,427)	(1,075,431)	(9,216,318)	(17,347,991)	(124,873)	7,087,500	(20,847,540)
Net Income	155,800	385,715	1,366,609	1,610,700	101,387	-	3,620,211

As at June 30, 2011 (Un-audited)						
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Total
Rupees in '000						
Segment Assets	297,751	38,468,153	91,951,512	376,983,428	271,055	507,971,899

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

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2011

18. GENERAL

- 18.1 Figures have been rounded off to the nearest thousand rupees.
- 18.2 Corresponding figures have been re-arranged and reclassified to reflect more appropriate presentation of transactions for the purpose of comparison. However, no significant reclassifications have been made in this unconsolidated condensed interim financial statements.
- 18.3 The Board of Directors of the Bank in its meeting held on August 01, 2011 has approved interim cash dividend for the half year ended June 30, 2011 at Rs. 2.5 per share (June 30, 2010: Cash dividend of Rs. 2.0 per share). The unconsolidated condensed interim financial statements for the half year ended June 30, 2011 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 01 August, 2011 by the Board of Directors of the Bank.

Chief Financial Officer
Director

President and Chief Executive Officer
Director
Chairman

Consolidated Condensed Interim Financial Statements
for the half year ended June 30, 2011

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

	Note	Un-audited June 30, 2011	Audited December 31, 2010
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		32,078,876	31,265,658
Balances with other banks		1,033,134	579,700
Lendings to financial institutions	5	36,006,007	11,488,944
Investments	6	143,414,760	121,158,730
Advances	7	241,739,244	253,102,710
Operating fixed assets	8	16,094,739	15,371,118
Deferred tax assets		893,784	483,152
Other assets		16,607,392	16,516,396
		487,867,936	449,966,408
LIABILITIES			
Bills payable		3,428,739	4,118,791
Borrowings from financial institutions		20,844,386	20,774,450
Deposits and other accounts	9	406,299,474	371,280,948
Sub-ordinated loans		5,493,700	5,494,800
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		11,448,584	12,307,789
		447,514,883	413,976,778
NET ASSETS		40,353,053	35,989,630
REPRESENTED BY			
Share capital	10	8,603,110	7,821,009
Reserves		7,741,387	7,516,910
Unappropriated profit		18,369,205	15,853,255
		34,713,702	31,191,174
Surplus on revaluation of assets - net of tax	11	5,639,351	4,798,456
		40,353,053	35,989,630
CONTINGENCIES AND COMMITMENTS	12		

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Consolidated Condensed Interim Profit and Loss Account

(Un-audited) for the half year ended June 30, 2011

Note	Half Year ended		Quarter ended		
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010	
Rupees in '000					
Mark-up / return / interest earned	13	24,580,069	21,856,255	12,283,856	10,917,069
Mark-up / return / interest expensed	14	12,188,836	11,267,106	6,083,200	5,701,335
Net mark-up / interest income		12,391,233	10,589,149	6,200,656	5,215,734
Provision against non-performing loans and advances and general provision-net		1,039,519	1,806,332	649,909	1,022,567
(Reversal) / Provision for diminution in the value of investments - net		(47,038)	601,753	30,921	123,954
Reversal of provision against lending to financial institutions		-	(280,195)	-	(280,195)
Bad debts written off directly		-	-	-	-
		992,481	2,127,890	680,830	866,326
Net mark-up / interest income after provisions		11,398,752	8,461,259	5,519,826	4,349,408
NON MARK-UP / INTEREST INCOME					
Fee, commission and brokerage income		1,590,757	1,436,502	792,852	571,188
Dividend income		758,690	536,611	431,873	181,835
Income from dealing in foreign currencies		370,514	99,702	270,504	(27,481)
Gain from sale and purchase of other securities		372,915	601,796	103,005	362,920
Unrealised gain / (loss) on revaluation of investments classified as held for trading - net		20,009	1,910	8,852	(15,165)
Other income		22,594	38,127	12,995	16,083
Total non-mark-up / interest income		3,135,479	2,714,648	1,620,081	1,089,380
		14,534,231	11,175,907	7,139,907	5,438,788
NON MARK-UP / INTEREST EXPENSES					
Administrative expenses		6,465,057	5,531,366	3,143,697	2,685,128
Provision against other assets - net		156,871	12,000	144,871	12,000
Reversal of provision against off-balance sheet obligation - net		(24,866)	(103,178)	(1,750)	(161,532)
Workers welfare fund		169,827	120,741	82,403	49,384
Other charges		154,827	63,564	34,132	8,745
Total non-mark-up / interest expenses		6,921,716	5,624,493	3,403,353	2,593,725
		7,612,515	5,551,414	3,736,554	2,845,063
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		7,612,515	5,551,414	3,736,554	2,845,063
Taxation					
- Current		2,817,936	1,975,844	1,384,968	645,091
- Prior years		-	374,465	-	524
- Deferred		(277,549)	(445,645)	(189,366)	351,186
		2,540,387	1,904,664	1,195,602	996,801
PROFIT AFTER TAXATION		5,072,128	3,646,750	2,540,952	1,848,262
Earnings per share - Basic and Diluted (in Rupees)	15	5.90	4.24	2.95	2.15

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 half year ended June 30, 2011

	Half Year ended		Quarter ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
	Rupees in '000			
Profit after taxation for the period	5,072,128	3,646,750	2,540,952	1,848,262
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>5,072,128</u>	<u>3,646,750</u>	<u>2,540,952</u>	<u>1,848,262</u>

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

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Consolidated Condensed Interim Statement of Cash Flows

(Un-audited) for the half year ended June 30, 2011

	Half Year Ended	
	June 30, 2011	June 30, 2010
	Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	7,612,515	5,551,414
Less: Dividend income	758,690	536,611
	<u>6,853,825</u>	<u>5,014,803</u>
Adjustments for non-cash charges		
Depreciation / amortization	487,268	403,325
Provision against non-performing loans and advances and general provision - net	1,039,519	1,806,332
(Reversal) / provision for diminution in the value of investments - net	(47,038)	601,753
Reversal of provision against lending to financial institutions	-	(280,195)
Unrealised loss on revaluation of held for trading securities - net	(20,009)	(1,910)
(Reversal) of provision against off-balance sheet obligations - net	(24,866)	(103,178)
Provision against other assets - net	156,871	12,000
Operating fixed assets written off	-	5
Gain on sale of fixed assets	(898)	(5,149)
	<u>1,590,847</u>	<u>2,432,983</u>
	<u>8,444,672</u>	<u>7,447,786</u>
Decrease / (Increase) in operating assets		
Lendings to financial institutions	(24,517,063)	(386,893)
Held for trading securities	(1,178,199)	(67,549)
Advances	10,323,947	1,603,760
Other assets (excluding advance taxation)	82,014	3,554
	<u>(15,289,301)</u>	<u>1,152,872</u>
Increase / (decrease) in operating liabilities		
Bills payable	(690,052)	(148,556)
Borrowings from financial institutions	117,462	(10,152,700)
Deposits	35,018,526	23,740,105
Other liabilities	(853,188)	(185,740)
	<u>33,592,748</u>	<u>13,253,109</u>
	<u>26,748,119</u>	<u>21,853,767</u>
Income tax paid	(2,972,939)	(128,449)
Net cash flow from operating activities	<u>23,775,180</u>	<u>21,725,318</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(20,648,046)	(17,630,112)
Net investment in held-to-maturity securities	340,026	666,363
Dividend income received	583,812	491,549
Investments in operating fixed assets	(1,217,438)	(1,790,221)
Proceeds form sale of fixed assets	7,447	6,960
Net cash used in investing activities	<u>(20,934,199)</u>	<u>(18,255,461)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Net payment of sub-ordinated loans	(1,100)	(1,100)
Dividend paid	(1,545,353)	(1,413,278)
Net cash used in financing activities	<u>(1,546,453)</u>	<u>(1,414,378)</u>
Increase in cash and cash equivalents during the period	<u>1,294,528</u>	<u>2,055,479</u>
Cash and cash equivalents at beginning of the period	<u>31,751,190</u>	<u>27,354,958</u>
Cash and cash equivalents at end of the period	<u>33,045,718</u>	<u>29,410,437</u>

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Consolidated Condensed Interim Statement of Changes in Equity (Un-audited) for the half year ended June 30, 2011

	Share Capital	Share Premium	Statutory Reserve	Bonus Issue Reserve	Special Reserve*	Merger Reserve*	General Reserve	Un-appropriated Profit	Total
	Rupees in '000								
Balance as at January 01, 2010	7,110,008	1,694,958	4,480,028	-	67,995	333,864	6,000	12,164,662	25,857,515
<i>Changes in equity during the half year ended June 30, 2010</i>									
Total comprehensive income for the half year ended June 30, 2010	-	-	-	-	-	-	-	3,646,750	3,646,750
<i>Transactions with owners recognised directly in equity</i>									
<i>Transfer to reserve for issue of bonus shares for year ended December 31, 2009 @ 10%</i>									
	-	(711,001)	-	711,001	-	-	-	-	-
Issue of bonus shares	711,001	-	-	(711,001)	-	-	-	-	-
Final cash dividend for the year ended December 31, 2009 (Rs. 2.00 per ordinary share)	-	-	-	-	-	-	-	(1,422,002)	(1,422,002)
	711,001	(711,001)	-	-	-	-	-	(1,422,002)	(1,422,002)
<i>Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax</i>									
	-	-	-	-	-	-	-	15,372	15,372
Transfer to statutory reserve	-	-	724,041	-	-	-	-	(724,041)	-
Balance as at June 30, 2010	7,821,009	983,957	5,204,069	-	67,995	333,864	6,000	13,680,741	28,097,635
<i>Changes in equity during the half year ended December 31, 2010</i>									
Total comprehensive income for half year ended December 31, 2010	-	-	-	-	-	-	-	4,637,067	4,637,067
<i>Transactions with owners recognised directly in equity</i>									
<i>Interim cash dividend for the year ended December 31, 2010 (Rs. 2.00 per ordinary share)</i>									
	-	-	-	-	-	-	-	(1,564,202)	(1,564,202)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	-	20,674	20,674
Transfer to statutory reserve	-	-	921,025	-	-	-	-	(921,025)	-
Balance as at December 31, 2010	7,821,009	983,957	6,125,094	-	67,995	333,864	6,000	15,853,255	31,191,174
<i>Changes in equity during the half year ended June 30, 2011</i>									
Total comprehensive income for the half year ended June 30, 2011	-	-	-	-	-	-	-	5,072,128	5,072,128
<i>Transactions with owners recognised directly in equity</i>									
<i>Transfer to reserve for issue of bonus shares for year ended December 31, 2010 @ 10%</i>									
	-	(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)
	782,101	(782,101)	-	-	-	-	-	(1,564,202)	(1,564,202)
<i>Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax</i>									
	-	-	-	-	-	-	-	14,602	14,602
Transfer to statutory reserve	-	-	1,006,578	-	-	-	-	(1,006,578)	-
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

* 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 half year ended June 30, 2011

1. STATUS AND NATURE OF BUSINESS

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

Allied Bank Limited ("the Bank and holding company"), incorporated in Pakistan, is a Scheduled Bank, engaged in commercial banking and related services. The Bank is listed on all stock exchanges in Pakistan. The Bank operates a total of 809 (2010: 806) branches in Pakistan including the Karachi Export Processing Zone Branch (overseas business unit). The long term credit rating of the Bank assigned by The Pakistan Credit Rating Agency Limited (PACRA) is 'AA'. Short term rating of the Bank is 'A1+'. The Bank is the holding company of ABL Asset Management Company Limited. The registered office of the Bank is situated in Lahore.

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

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

ABL Asset Management company is managing following open ended funds:

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

2. STATEMENT OF COMPLIANCE

- 2.1 These consolidated condensed interim financial statements of the Bank for the half year ended June 30, 2011 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by the State Bank of Pakistan. In case where requirements differ, the provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Ordinance, 1984, and the directives issued by the State Bank of Pakistan shall prevail.
- 2.2 The SBP, vide BSD Circular Letter No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property (IAS 40) for banking companies till further instructions. Further, according to a notification of Securities and Exchange Commission of Pakistan dated April 28, 2008, International Financial Reporting Standard (IFRS) 7 "Financial Instruments Disclosure" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by SBP through various circulars.
- 2.3 These consolidated condensed interim financial statements are being submitted to the shareholders in accordance with section 245 of the Companies Ordinance, 1984.

3. BASIS OF MEASUREMENT

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

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2011

4. BASIS OF PRESENTATION

The disclosures included in these consolidated condensed interim financial statements are limited based on the format prescribed by the State Bank of Pakistan, vide BSD Circular Letter No. 2 dated May 12, 2004, vide BSD Circular Letter No. 7 dated April 20, 2010 and International Accounting Standard 34, Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and these consolidated condensed interim financial statements should be read in conjunction with the consolidated financial statements of the Bank for the year ended December 31, 2010.

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

5.1 The accounting policies, underlying estimates and methods of computation followed in the preparation of these consolidated condensed interim financial statements are same as those applied in preparing the most recent annual consolidated financial statements of the Bank.

5.2 The financial risk management objectives and policies adopted by the Bank are consistent with that disclosed in the financial statements of the Bank for the year ended December 31, 2010.

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

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

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

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

6. LENDINGS TO FINANCIAL INSTITUTIONS

Repurchase agreement lendings (Reverse Repo)	6.1	35,929,340	11,392,277
Certificates of investment	6.2	76,667	96,667
		36,006,007	11,488,944

6.1 These are short-term lendings to various financial institutions against the government securities, carrying mark-up at rates, ranging between 13.00% and 13.91% (December 31, 2010: ranging between 12.50% and 13.25%) per annum and will mature on various dates, latest by July 25, 2011.

6.2 The certificate of investment carries mark-up at the rate of 13.45% (December 31, 2010: 13.26%) per annum and will mature on July 13, 2011.

7. INVESTMENTS

Note	Held by Bank	Given as collateral	Total
	Rupees in '000		
As on - June 30, 2011 (Un-audited)	143,090,158	324,602	143,414,760
Prior year - December 31, 2010 (Audited)	118,862,000	2,296,730	121,158,730

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2011

	Un-audited As at June 30, 2011			Audited As at December 31, 2010		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
Rupees in '000						
7.1 Investments by types						
Held-for-trading securities						
Market Treasury Bills	2,003,541	-	2,003,541	-	-	-
Ordinary shares of listed companies	-	-	-	16,053	-	16,053
Units of open-end mutual funds	417,092	-	417,092	1,229,049	-	1,229,049
	<u>2,420,633</u>	<u>-</u>	<u>2,420,633</u>	<u>1,245,102</u>	<u>-</u>	<u>1,245,102</u>
Available-for-sale securities						
Market Treasury Bills	78,492,564	326,194	78,818,758	57,547,817	2,298,869	59,846,686
Pakistan Investment Bonds	147,045	-	147,045	246,764	-	246,764
Ordinary shares of listed companies / certificates of mutual funds	6,783,412	-	6,783,412	5,564,180	-	5,564,180
Preference Shares	207,688	-	207,688	282,688	-	282,688
Units of open end mutual funds	1,766,976	-	1,766,976	1,655,757	-	1,655,757
Ordinary shares of unlisted companies	743,487	-	743,487	245,193	-	245,193
Investment in related parties						
- Listed shares	1,493,111	-	1,493,111	1,948,264	-	1,948,264
- Unlisted shares	247,496	-	247,496	602,496	-	602,496
- Open-end mutual funds	1,850,000	-	1,850,000	1,000,000	-	1,000,000
Pre-IPO	50,000	-	50,000	-	-	-
Sukuk Bonds	4,769,682	-	4,769,682	4,783,539	-	4,783,539
Term Finance Certificates (TFCs)	29,900,222	-	29,900,222	29,967,464	-	29,967,464
	<u>126,451,683</u>	<u>326,194</u>	<u>126,777,877</u>	<u>103,844,162</u>	<u>2,298,869</u>	<u>106,143,031</u>
Held-to-maturity securities						
Pakistan Investment Bonds	6,411,372	-	6,411,372	7,493,147	-	7,493,147
Foreign Currency Bonds (US\$)	1,406,179	-	1,406,179	645,701	-	645,701
TFCs, Debentures, Bonds and PTCs	5,860,203	-	5,860,203	5,878,932	-	5,878,932
	<u>13,677,754</u>	<u>-</u>	<u>13,677,754</u>	<u>14,017,780</u>	<u>-</u>	<u>14,017,780</u>
Investments at cost						
Provision for diminution in the value of investments	142,550,070	326,194	142,876,264	119,107,044	2,298,869	121,405,913
Unrealized loss on revaluation of held-for-trading securities	(2,621,572)	-	(2,621,572)	(2,681,810)	-	(2,681,810)
Surplus on revaluation of Available for-sale securities	20,009	-	20,009	(2,668)	-	(2,668)
	<u>3,141,651</u>	<u>(1,592)</u>	<u>3,140,059</u>	<u>2,439,434</u>	<u>(2,139)</u>	<u>2,437,295</u>
Total investments	<u>143,090,158</u>	<u>324,602</u>	<u>143,414,760</u>	<u>118,862,000</u>	<u>2,296,730</u>	<u>121,158,730</u>

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2011

	Note	Un-audited June 30, 2011	Audited December 31, 2010
Rupees in '000			
8. ADVANCES			
Loans, cash credits, running finances, etc. - in Pakistan		253,099,620	263,057,934
Net investment in finance lease - in Pakistan		1,590,935	1,261,371
Bills discounted and purchased (excluding government treasury bills)			
Payable in Pakistan		957,985	973,826
Payable outside Pakistan		2,463,425	3,239,841
		<u>3,421,410</u>	<u>4,213,667</u>
Advances - gross		258,111,965	268,532,972
Provision against non-performing advances	8.1	(16,361,600)	(15,420,788)
General provision against consumer financing		(11,121)	(9,474)
		<u>(16,372,721)</u>	<u>(15,430,262)</u>
Advances - net of provision		<u>241,739,244</u>	<u>253,102,710</u>

- 8.1 Advances include Rs. 20,521.654 million (2010: Rs. 18,688.166 million) which have been placed under non-performing status as detailed below:

Category of Classification	June 30, 2011 (Un-audited)				
	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
Rupees in '000					
Other Assets Especially					
Mentioned	22,640	-	22,640	-	-
Substandard	2,749,621	-	2,749,621	686,747	686,747
Doubtful	3,499,082	-	3,499,082	1,424,542	1,424,542
Loss	14,250,311	-	14,250,311	14,250,311	14,250,311
	<u>20,521,654</u>	<u>-</u>	<u>20,521,654</u>	<u>16,361,600</u>	<u>16,361,600</u>

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

- 8.2 No benefit of Forced Sales Value of the collaterals held by the Bank has been taken while determining the provision against non performing loans as allowed under BSD Circular No. 02 dated June 03, 2010.

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2011

	Un-audited June 30, 2011	Audited December 31, 2010
	Rupees in `000	
9. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	113,613,360	109,051,434
Savings deposits	101,632,403	93,632,849
Current accounts - Remunerative	62,289,017	57,006,516
- Non-remunerative	128,007,596	110,871,294
	<u>405,542,376</u>	<u>370,562,093</u>
Financial Institutions		
Remunerative deposits	757,098	718,855
	<u>406,299,474</u>	<u>371,280,948</u>

10. SHARE CAPITAL

10.1 Authorised capital

Un-audited June 30, 2011	Audited December 31, 2010		Un-audited June 30, 2011	Audited December 31, 2010
No. of shares			Rupees in `000	
<u>1,500,000,000</u>	<u>1,000,000,000</u>	Ordinary shares of Rs. 10 each	<u>15,000,000</u>	<u>10,000,000</u>

10.2 Issued, subscribed and paid-up capital

Fully paid-up Ordinary shares of Rs. 10 each

Un-audited June 30, 2011	Audited December 31, 2010	Ordinary Shares	Un-audited June 30, 2011	Audited December 31, 2010
No. of shares			Rupees in `000	
406,780,094	406,780,094	Fully paid in cash	4,067,801	4,067,801
<u>435,982,273</u>	<u>357,772,190</u>	Issued as bonus shares	<u>4,359,823</u>	<u>3,577,722</u>
<u>842,762,367</u>	<u>764,552,284</u>		<u>8,427,624</u>	<u>7,645,523</u>
		18,348,550 Ordinary Shares of Rs.10 each determined pursuant to the Scheme of Amalgamation of ILL with ABL in accordance with the share swap ratio stipulated therein less 9,200,000 Ordinary Shares of Rs.10 each held by ILL on the cut-off date (September 30, 2004).	91,486	91,486
9,148,550	9,148,550			
		8,400,000 Ordinary Shares of Rs.10 each determined pursuant to the Scheme of Amalgamation of First Allied Bank Modaraba with Allied Bank Limited in accordance with the share swap ratio stipulated therein	84,000	84,000
<u>8,400,000</u>	<u>8,400,000</u>		<u>84,000</u>	<u>84,000</u>
<u>860,310,917</u>	<u>782,100,834</u>		<u>8,603,110</u>	<u>7,821,009</u>

Ibrahim Fibers Limited, related party of the bank, held 315,786,564 (36.71%) [December 31, 2010: 287,078,695 (36.71%)] ordinary shares of Rs.10 each.

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2011

	Note	Un-audited June 30, 2011 Rupees in '000	Audited December 31, 2010
11. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Surplus arising on revaluation of:			
- fixed assets	11.1	2,750,434	2,765,036
- available for sale securities	11.2	2,888,917	2,033,420
Surplus on revaluation of assets - net of tax		<u>5,639,351</u>	<u>4,798,456</u>
		Un-audited June 30, 2011 Rupees in '000	Audited December 31, 2010
11.1 Surplus on revaluation of fixed assets			
Surplus on revaluation of fixed assets as at January 1		3,079,647	3,132,247
Surplus realized on disposal of revalued properties		-	(5,303)
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year - net of deferred tax		(14,602)	(30,743)
Related deferred tax liability		(7,864)	(16,554)
		<u>(22,466)</u>	<u>(47,297)</u>
Surplus on revaluation of fixed assets as at June 30 and December 31		3,057,181	3,079,647
Less: Related deferred tax liability on :			
Revaluation as at January 1		314,611	331,165
Incremental depreciation charged during the period / year transferred to profit and loss account		(7,864)	(16,554)
		<u>306,747</u>	<u>314,611</u>
		<u>2,750,434</u>	<u>2,765,036</u>
11.2 Surplus on revaluation of available-for-sale securities			
Federal Government Securities			
Market Treasury Bills		(136,598)	(120,712)
Pakistan Investment Bonds		(20,076)	(23,870)
Term Finance Certificates		(28,789)	(9,949)
Shares / Certificates - Listed		3,427,501	2,528,671
Mutual Funds		(101,979)	63,155
		<u>3,140,059</u>	<u>2,437,295</u>
Less : Related deferred tax liability		(251,142)	(403,875)
		<u>2,888,917</u>	<u>2,033,420</u>

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2011

	Un-audited June 30, 2011	Audited December 31, 2010
	Rupees in '000	
12. CONTINGENCIES AND COMMITMENTS		
12.1 Direct credit substitutes		
Guarantees in favour of:		
Banks and financial institutions	2,586,829	1,769,128
12.2 Transaction-related contingent liabilities		
Guarantees in favour of:		
Government	12,721,956	9,512,438
Others	10,292,650	8,585,255
	23,014,606	18,097,693
12.3 Trade-related contingent liabilities	45,718,862	52,044,205
12.4 Claims against the Bank not acknowledged as debt	4,671,544	4,903,404
12.5 Commitments to extend credit		

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

	Un-audited June 30, 2011	Audited December 31, 2010
	Rupees in '000	
12.6 Commitments in respect of forward foreign exchange contracts		
Purchase	26,185,490	23,100,518
Sale	11,923,094	7,371,457
12.7 Commitments in respect of operating fixed assets		
Civil works	679,068	1,260,603
Acquisition of operating fixed assets	446,061	372,584
12.8 Commitments in respect of lease financing	124,518	168,437
12.9 Commitments in respect of procurement of software	3,800	258

12.10 Contingencies

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

12.10.2 The income tax assessments of the Bank have been finalized up to and including tax year 2010 for local and Azad Kashmir operations. While finalizing income tax assessments up to tax year 2010, income tax authorities made certain add backs with aggregate tax impact of Rs.10,718 million. As a result of appeals filed by the Bank before appellate authorities, the add backs with tax impact amounting to Rs. 2,524 million and Rs. 8,682 million were set-aside and deleted respectively. While giving appeal effects on most of the deleted issues, a refund of Rs. 5,865 million has been determined. Against most of the deleted and set-aside issues, the department is in appeal before higher appellate authorities. Pending finalization of appeals no provision has been made by the Bank on aggregate sum of Rs.10,718 million. The management is hopeful that the outcome of these appeals will be in favor of the Bank.

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2011

	Half Year ended		Quarter ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Rupees in '000				
13. MARK-UP/RETURN/INTEREST EARNED				
On loans and advances	16,550,230	15,277,555	8,089,773	7,554,218
On investments in:				
Available-for-sale securities	6,447,851	4,198,811	3,400,427	2,243,775
Held-to-maturity securities	363,293	922,554	170,872	373,680
Held-for-trading securities	1,450	-	1,450	-
	6,812,594	5,121,365	3,572,749	2,617,455
On deposits with financial institutions	930	6,605	729	2,146
On securities purchased under resale agreements	1,171,415	1,346,202	587,411	680,426
On certificates of investment	5,682	27,124	3,542	16,077
On letters of placement	3,616	23,579	3,616	17,690
On call money lending	35,602	53,825	26,036	29,057
	24,580,069	21,856,255	12,283,856	10,917,069

14. MARK-UP/RETURN/INTEREST EXPENSED				
Deposits	10,014,489	8,645,121	4,965,038	4,393,236
Long term borrowings	155,775	167,291	76,858	83,185
Securities sold under repurchase agreements	90,938	261,218	61,062	65,655
Call money borrowing	69,910	544,843	39,689	313,145
Brokerage and commission	44,726	41,146	1,798	11,699
Markup on sub-ordinated loans	402,323	375,268	203,261	188,361
Other short term borrowings	1,410,675	1,232,219	735,494	646,054
	12,188,836	11,267,106	6,083,200	5,701,335

15. EARNINGS PER SHARE - BASIC AND DILUTED				
Profit after tax for the period attributable to ordinary shareholders			5,072,128	3,646,750
			Number of Shares	
Weighted average number of Ordinary Shares outstanding during the period			860,310,917	860,310,917
			Rupees	
Earnings per share - basic and diluted			5.90	4.24

There is no dilution effect on basic earnings per share.

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

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2011

16. RELATED PARTY TRANSACTIONS

The Bank and its subsidiary have related party relationships with companies with common directorship, directors, employee benefit plans and key management personnel. Contributions to the accounts in respect of staff retirement benefits are made in accordance with actuarial valuation / terms of the contribution plan. Remuneration of the key management personnel are in accordance with the terms of their employment. Other transactions are at agreed terms.

Nature of related party transactions	Un-audited June 30, 2011				Audited December 31, 2010			
	Directors	Associated companies	Key management personnel	Other related parties	Directors	Associated companies	Key management personnel	Other related parties
Rupees in '000								
Loans								
Loans at the beginning of the period/year	61,581	-	211,702	16,061,896	22,461	-	248,966	14,318,863
Loans given during the period/year	16,593	-	16,121	464,087	85,655	-	38,959	2,173,199
Loans repaid/ adjusted during the period/year	(26,643)	-	(34,274)	(14,136,549)	(46,535)	-	(76,223)	(430,166)
Loans at the end of the period/year	51,531	-	193,549	2,387,434	61,581	-	211,702	16,061,896
Deposits								
Deposits at the beginning of the period/year	9,821	93,965	16,128	3,042,357	9,661	9,400	10,782	4,810,081
Deposits received during the period/year	1,819,531	5,527,210	106,400	4,268,714	2,975,552	9,298,676	179,754	4,517,454
Deposits repaid during the period/year	(1,819,056)	(6,545,146)	(109,988)	(5,344,342)	(2,973,392)	(9,214,111)	(174,408)	(6,285,178)
Deposits at the end of the period/year	10,296	56,029	12,540	1,966,729	9,821	93,965	16,128	3,042,357
Nostro balances	-	182,748	-	-	-	126,448	-	-
Borrowings	-	148,236	-	-	-	161,850	-	-
Investments in shares / open-end mutual funds	-	236,682	-	3,936,005	-	240,969	-	3,304,790
Non Funded Exposures	-	-	-	2,664,179	-	-	-	4,111,021
Other receivables	-	-	-	-	-	-	-	-
Net Receivable from staff retirement benefit funds	-	-	-	1,477,165	-	-	-	1,452,077

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2011

	Un-audited June 30, 2011				Un-audited June 30, 2010			
	Directors	Associated companies	Key management personnel	Other related parties	Directors	Associated companies	Key management personnel	Other related
	Rupees in '000							
Mark-up earned	1,294	-	6,685	161,033	433	-	6,190	958,500
Income on placements	-	4	-	-	-	6	-	-
Income on Lending	-	111	-	-	-	-	-	-
Dividend Income	-	-	-	184,712	-	-	-	142,136
Sales Commission	-	-	-	10,540	-	-	-	717
Management fee sharing expense	-	-	-	3,074	-	-	-	2,873
Management fee income	-	-	-	108,954	-	-	-	84,247
Mark-up expense on Deposits	248	3	35	128,531	154	-	56	248,611
Interest expense on Borrowings	-	29,316	-	-	-	222	-	-
Directors' meeting fee	1,725	-	-	-	600	-	-	-
Remuneration	-	-	141,253	-	-	-	58,401	-
NIFT charges	-	-	-	42,786	-	-	-	35,045
Bank charges levied	-	-	-	-	-	19	-	22
Rent expense	-	7,312	-	-	-	1,952	-	-
Charge in respect of staff retirement benefit funds	-	-	-	103,355	-	-	-	77,651

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2011

17. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

For the Period Ended June 30, 2011 (Un-audited)								
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Asset Management	Eliminations	Total
Rupees in '000								
Total Income	313,841	1,398,205	14,494,095	22,346,805	336,229	134,446	(11,317,313)	27,706,308
Total Expenses	(159,338)	(1,174,327)	(12,271,262)	(20,052,157)	(199,203)	(95,206)	11,317,313	(22,634,180)
Net Income	154,503	223,878	2,222,833	2,294,648	137,026	39,240	-	5,072,128

For the Period Ended June 30, 2010 (Un-audited)								
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Eliminations	Total	
Rupees in '000								
Total Income	326,227	1,461,146	10,582,927	18,958,691	226,260	108,806	(7,093,154)	24,570,903
Total Expenses	(170,428)	(1,075,431)	(9,216,318)	(17,347,991)	(124,873)	(82,266)	7,093,154	(20,924,153)
Net Income	155,799	385,715	1,366,609	1,610,700	101,387	26,540	-	3,646,750

As at June 30, 2011 (Un-audited)							
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Asset Management	Total
Rupees in '000							
Segment Assets	297,751	38,468,153	91,951,512	376,983,428	271,055	581,675	508,553,574

As at December 31, 2010 (Audited)							
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Asset Management	Total
Rupees in '000							
Segment Assets	222,575	12,393,503	106,907,076	349,369,145	214,079	497,209	469,603,587

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 01, 2011 has approved interim cash dividend for the half year ended June 30, 2011 at Rs. 2.5 per share (June 30, 2010: Cash dividend of Rs. 2.0 per share). The consolidated condensed interim financial statements for the half year ended June 30, 2011 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 01 August, 2011 by the Board of Directors of the Bank.

Director	Chief Financial Officer	President and Chief Executive Officer	Chairman
		Director	

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