



Dreaming a
dream together

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Corporate Information

Board of Directors

Mohammad Naeem Mukhtar
Chairman

Sheikh Mukhtar Ahmad
Muhammad Waseem Mukhtar
Abdul Aziz Khan
Mubashir A. Akhtar
Pervaiz Iqbal Butt
A. Akbar Sharifzada
Sheikh Jalees Ahmed
Khalid A. Sherwani

Audit Committee of Board

Mubashir A. Akhtar
(Chairman)

Pervaiz Iqbal Butt
A. Akbar Sharifzada

Human Resource & Remuneration Committee

Abdul Aziz Khan
(Chairman)

Muhammad Waseem Mukhtar
Pervaiz Iqbal Butt
Khalid A. Sherwani

Company Secretary

Muhammad Raffat

Auditors

Ernst & Young Ford Rhodes
Sidat Hyder
Chartered Accountants

Legal Adviser

Haidermota & Co.
Barrister-at-Law & Corporate Counselors

Shares Registrar

Technology Trade (Pvt.) Limited

Registered & Head Office

3 Tipu Block, Main Boulevard
New Garden Town
Lahore - Pakistan
(9242) 35880043
Postal Code 54000

Website & Email

www.abl.com
info@abl.com
Toll Free Number
0800-22522

Vision, Mission & Core Values

Vision

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

Mission

To provide value added services to our customers

To provide high tech innovative solutions to meet customers' requirements

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

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

To play a proactive role in contributing towards the society

Core Values

Integrity

Excellence in Service

High Performance

Innovation and Growth

Directors' Review

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present the financial results of Allied Bank Limited for the three months period ended March 31, 2013:

Financial Highlights

Financial Highlights

	(Rupees in million)		Growth
	Quarter ended March 31,		
	2013	2012	
Profit After Tax	2,826	3,044	(7%)
Un-appropriated profits brought forward (Re-stated)	24,250	20,510	18%
Transfer from surplus on revaluation of fixed assets – net of tax	6	8	(25%)
Profit available for appropriation	27,082	23,562	15%
Final cash dividend for the year ended December 31, 2012 Rs. 2 per ordinary share (2012: year ended December 31, 2011 at Rs. 2.5 per share	(1,893)	(2,151)	(12%)
Transfer to reserve for issue of bonus shares for the year ended December 31, 2012 @ 10% (2012: year ended December 31, 2011 @ 10%)	(946)	(658)	44%
Transfer to Statutory Reserves	(282)	(609)	(54%)
Un-appropriated profits carried forward	23,961	20,144	19%
Earnings Per Share (EPS) (Rs.)	2.72	2.92	(7%)

The Board is pleased to announce an interim cash dividend of Rs. 1.25 per share for the first quarter ended March 31, 2013 (March 31, 2012: Rs. 2 per share).

Economic Overview

The country's short-term macroeconomic outlook remains under pressure in view of the manifold challenging structural issues ranging from weak external account, dwindling investment flows, incessant fiscal imbalance and severe energy shortages. The measures required to stem and reverse the current economic slowdown would require urgent resolve by the government on above mentioned key issues and universality in tax application. The uncertain domestic economic environment coupled with stagnant global economy is significantly hampering overall economic growth.

The Large Scale Manufacturing (LSM) index rose by only 2.73% year-on-year in first seven months of fiscal year 2013. Sluggish government revenues, both tax and non-tax, coupled with unprecedented spending stretched the budgetary gap over 2.6% of GDP in first half of fiscal year 2013 compared to annual target of 4.7% of GDP. With high subsidies and lower than budgeted tax collections, annual budget deficit for this fiscal year may even surpass last year's level of 8.5% of GDP, leaving the burden of budgetary financing on domestic sources. In this scenario, the government's reliance on budgetary support from commercial banks as well as State Bank of Pakistan increased and as a result Broad Money (M2) registered growth of 15% between March 2012 and March 2013 amidst sharp contraction in Net Foreign Assets (NFA).

Monthly Consumer Price Index (CPI) inflation during the current fiscal year eased down to single digit, with an average of 8% year-on-year in first nine months of fiscal year 2013. Although dollar

inflows under Coalition Support Fund (CSF) provided some respite to our weak external account, it remained in deficit due to International Monetary Fund's loan repayments thereby exerting severe pressure on Rupee parity. It is expected that with unprecedented growth in money supply and rupee devaluation, currently easing CPI inflation trend may be adversely affected in fiscal year 2013-14.

In view of the constrained private sector credit appetite, the banking sector's investments-to-deposits ratio is rising with a contrary impact on advances-to-deposits ratio. The benchmark interest rates have been reduced by 450 basis points since August 2011 while the minimum profit rate on savings accounts has been increased from 5% to 6% effective from 1st May, 2012 resulting in squeezed net interest margins (NIM). A recent State Bank of Pakistan's directive to pay profit on savings accounts based on average monthly balance rather than minimum account balance effective from 1st April, 2013 would result in further contraction in banking spreads. In view of the above pressure on NIM, Non-interest income has become a significant contributor to banking sector's profitability.

Financial Review

Despite the prevailing economic conditions, Your Bank continued to follow the strategy of steady performance with higher focus on an efficient risk management framework enabling continuous improvement in quality of Bank's assets portfolio, increasing cost effective deposits and enhancing operational efficiencies.

Deposits of Your Bank remained above December 31, 2012 level and increased to Rs. 529,881 million as at March 31, 2013, a growth 2.9% over December 31, 2012. Gross Investments decreased to Rs. 255,079 million as at March 31, 2013 from Rs. 264,278 million as at December 31, 2012. Due to cautious lending approach and lack of private sector credit appetite, the Gross Advances registered a slight drop from December 31, 2012 level of Rs. 288,889 million to Rs. 287,486 million. Due to the continuous regularization and recovery efforts, Your Bank's NPLs decreased by 2.4% from December 31, 2012 level to Rs. 20,181 million as at March 31, 2013. Your Bank has adequately provided for the NPLs with provision coverage remaining high at 87.7% as at March 31, 2013. 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. The balance sheet size of Your Bank stands at Rs. 629,567 million as on March 31, 2013 while the Equity of the Bank as at March 31, 2013 registered a growth of 2.4% over December 31, 2012 level, to reach at Rs. 53,879 million.

Continuous narrowing spreads due to reduction in benchmark policy rate and impact of increase in saving rate primarily resulted in reducing Profit Before Tax of Your Bank which stood at Rs. 3,966 million during the first quarter ended March 31, 2013 i.e. lower by 9.2% as compared to Rs. 4,368 million for the corresponding period of previous year. Profit After Tax thus also declined by 7.2% to Rs. 2,826 million compared to Rs. 3,044 million in the corresponding period of previous year. Resultantly, the EPS of Your Bank declined to Rs 2.72 during the first quarter ended March 31, 2013 compared to Rs 2.92 in the corresponding period of previous year.

Net Mark-up / Interest Income during the first quarter ended March 31, 2013 witnessed a marginal increase of Rs. 125 million to Rs. 5,008 million compared to Rs. 4,883 million in corresponding period of previous year, despite 248 bps reduction in average KIBOR rate, due to growth in average volumes of advances and investments respectively. There was a net provision reversal of Rs. 43 million during the first quarter ended March 31, 2013 compared to a net provision reversal of Rs. 40 million in the corresponding period of previous year.

Non-Markup / Interest Income during the first quarter ended March 31, 2013 reduced by 370 million or 12.8% as compared to the corresponding period of last financial year. The reduction is mainly attributable to decline in Dividend Income earned during the quarter, which reduced to Rs. 1,005 million as compared to Rs. 1,717 million for corresponding period of previous financial

year. Capital gains and Fee Income posted an increase of 152.7% and 12.6% respectively, compared with the corresponding quarter ended March 31, 2012. Your Bank's continuous cost controlling drive has resulted in containment of Administrative Expenses which increased by 4.1% to reach Rs. 3,486 million for the quarter ended March 31, 2013 as compared to Rs. 3,348 million in corresponding period of previous year, well below the prevailing inflation rate.

Future Outlook

With the exception of equity markets' remarkable performance, continued stressed economic conditions, worsening security situation and deteriorating energy crisis are resulting in reduced private sector credit off take and also impacting the repayment capacity of borrowers. Additionally contraction in spreads would likely impact on banking industry profitability going forward.

Your Bank is fully aware of these challenges and is focused on exploring quality avenues for growth in revenues, restrict the infected portfolio and strive towards more cost effective deposit mix. Continuous extension in branch network, improved technological solutions and focused approach towards further enhancing service quality benchmarks would continue to be the key elements of strategy of Your Bank.

Entity & TFC Ratings

Allied Bank has long-term and short-term entity ratings of AA+ (Double A plus) and A1+ (A One Plus), respectively, assigned by The Pakistan Credit Rating Agency (PACRA). The ratings represent very high credit quality. The rating of TFC Issue of Rs. 3,000 million (Issue Date: August 28, 2009) by PACRA is 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 also AA (Double A) 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.

The Best Managed Bank Award

The Asian Banker Magazine has awarded Your Bank the prestigious "Best Managed Bank Achievement Award 2013" for Pakistan. Your Bank with this award becomes part of a select group of banks in the Asia Pacific Region including Pakistan. This is one of the highest awards in the region, given out only once every three years.

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,

Chief Executive Officer

Date: April 24, 2013

Place: Lahore

Unconsolidated Condensed Interim Statement of Financial Position

as at March 31, 2013

	Note	Un-audited March 31, 2013	Audited December 31, 2012 Restated
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		41,249,378	43,351,653
Balances with other banks		774,455	1,029,286
Lendings to financial institutions	6	20,725,241	10,720,935
Investments	7	258,493,335	267,403,346
Advances	8	269,725,405	271,084,275
Operating fixed assets		20,306,664	19,871,173
Deferred tax assets		27,627	-
Other assets		18,265,171	19,861,305
		629,567,276	633,321,973
LIABILITIES			
Bills payable		4,131,269	6,203,051
Borrowings	9	19,452,365	38,916,192
Deposits and other accounts	10	529,881,510	514,707,055
Sub-ordinated loans		5,489,800	5,490,400
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	64,584
Other liabilities		16,733,832	15,333,164
		575,688,776	580,714,446
NET ASSETS			
		53,878,500	52,607,527
REPRESENTED BY			
Share capital	11	10,409,763	9,463,421
Reserves		11,194,092	10,906,250
Unappropriated profit		23,961,220	24,250,078
		45,565,075	44,619,749
Surplus on revaluation of assets - net of tax		8,313,425	7,987,778
		53,878,500	52,607,527

CONTINGENCIES AND COMMITMENTS

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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 Profit and Loss Account

(Un-audited) for the quarter ended March 31, 2013

	Note	Quarter Ended	
		March 31, 2013	March 31, 2012
		Rupees in '000	
Mark-up / return / interest earned	13	12,728,541	11,993,467
Mark-up / return / interest expensed	14	7,720,282	7,110,034
Net mark-up / interest income		5,008,259	4,883,433
(Reversal) / provision against non-performing loans and advances and general provision - net		(22,764)	570,596
(Reversal) for diminution in the value of investments - net		(20,509)	(610,442)
Bad debts written off directly		-	-
		(43,273)	(39,846)
Net mark-up / interest income after provisions		5,051,532	4,923,279
NON MARK-UP / INTEREST INCOME			
Fee, commission and brokerage income		811,450	720,431
Dividend income		1,005,433	1,717,236
Income from dealing in foreign currencies		70,063	137,671
Gain on sale of securities		617,822	244,468
Unrealized loss on revaluation of investments classified as 'held-for-trading' - net		-	(995)
Other income		13,795	70,293
Total non-markup / interest income		2,518,563	2,889,104
		7,570,095	7,812,383
NON MARK-UP / INTEREST EXPENSES			
Administrative expenses		3,486,197	3,347,886
Provision / (reversal) against other assets - net		12,000	(88,542)
Provision against off-balance sheet obligations - net		-	56,652
Other charges		106,175	128,762
Total non-markup / interest expenses		3,604,372	3,444,758
Extra-ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		3,965,723	4,367,625
Taxation			
Current		1,118,764	1,433,144
Prior years		-	-
Deferred		20,563	(109,851)
		1,139,327	1,323,293
PROFIT AFTER TAXATION		2,826,396	3,044,332
Unappropriated profit brought forward		24,250,078	20,509,620
Transfer from surplus on revaluation of fixed assets - net of tax		6,412	7,758
		24,256,490	20,517,378
PROFIT AVAILABLE FOR APPROPRIATION		27,082,886	23,561,710
Earnings per share - Basic and Diluted (in Rupees)	15	2.72	Restated 2.92

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited) for the quarter ended March 31, 2013

	Quarter Ended	
	March 31, 2013	March 31, 2012
	Rupees in '000	
Profit after taxation for the quarter	2,826,396	3,044,332
Other comprehensive income		
Exchange differences on translation of net investment in foreign wholesale branch	5,202	-
Total comprehensive income for the quarter	<u>2,831,598</u>	<u>3,044,332</u>

Surplus / (deficit) on revaluation of 'available for sale' securities and 'operating 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.

Chief Financial Officer
Director

President and Chief Executive Officer
Director

Chairman

Unconsolidated Condensed Interim Statement of Cash Flows

(Un-audited) for the quarter ended March 31, 2013

	Quarter Ended March 31, 2013	March 31, 2012 Restated
	Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,965,723	4,367,625
Less: Dividend income	(1,005,433)	(1,717,236)
	<u>2,960,290</u>	<u>2,650,389</u>
Adjustments for non-cash items:		
Depreciation / amortization	382,337	341,596
(Reversal) / provision against non-performing loans, advances and general provision - net	(22,764)	570,596
(Reversal) for diminution in the value of investments - net	(20,509)	(610,442)
Unrealized loss on revaluation of 'held-for-trading' securities - net	-	995
Provision against off balance sheet obligations - net	-	56,652
Provision / (reversal) against other assets - net	12,000	(88,542)
Gain on sale of fixed assets	(6,558)	(14,087)
	<u>344,506</u>	<u>256,768</u>
	<u>3,304,796</u>	<u>2,907,157</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	(10,004,306)	(23,628,882)
Net investments in 'held-for-trading' securities	-	(2,998,199)
Advances - net	1,381,634	1,101,730
Other assets (excluding advance taxation) - net	605,725	(13,319,951)
	<u>(8,016,947)</u>	<u>(38,845,302)</u>
(Decrease) / increase in operating liabilities		
Bills payable	(2,071,782)	227,517
Borrowings from financial institutions	(19,636,723)	(6,210,052)
Deposits and other accounts	15,174,455	18,474,024
Other liabilities	1,079,541	1,406,704
	<u>(5,454,509)</u>	<u>13,898,193</u>
	<u>(10,166,660)</u>	<u>(22,039,952)</u>
Income tax paid - net	(47,208)	(1,884,110)
Net cash flows from operating activities	<u>(10,213,868)</u>	<u>(23,924,062)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in 'available-for-sale' securities	10,107,770	25,697,352
Net investments in 'held-to-maturity' securities	(957,967)	969,885
Dividend income received	912,286	424,086
Investments in operating fixed assets	(821,581)	(460,020)
Proceeds from sale of fixed assets	10,311	15,277
Effect of translation of net investment in foreign wholesale branch	5,202	-
Net cash generated from investing activities	<u>9,256,021</u>	<u>26,646,580</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of sub-ordinated loan	(600)	(600)
Dividend paid	(1,571,555)	(1,953,696)
Net cash used in financing activities	<u>(1,572,155)</u>	<u>(1,954,296)</u>
(Decrease) / Increase in cash and cash equivalents during the period	<u>(2,530,002)</u>	<u>768,222</u>
Cash and cash equivalents at beginning of the period	<u>44,380,939</u>	<u>38,124,951</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>41,850,937</u>	<u>38,893,173</u>

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited) for the quarter ended March 31, 2013

	Capital Reserves						Revenue Reserves			
	Share Capital	Share Premium	Exchange Translation Reserve	Bonus Issue Reserve	Special Reserve*	Merger Reserve*	Statutory Reserve	General Reserve	Un-appropriated Profit	Total
	Rupees in '000									
Balance as at 1 January, 2012 - Restated (Note 5.3)	8,603,110	201,856	-	-	67,995	333,864	8,153,030	6,000	20,509,620	37,875,475
Changes in equity during the quarter ended March 31, 2012										
Total comprehensive income for the quarter ended March 31, 2012	-	-	-	-	-	-	-	-	3,044,332	3,044,332
Net profit for the quarter ended March 31, 2012	-	-	-	-	-	-	-	-	3,044,332	3,044,332
Transactions with owners recognized directly in equity										
Transfer to reserve for issue of bonus shares for the year ended December 31, 2011 @ 10%	-	(201,856)	-	860,311	-	-	-	-	(658,455)	-
Issue of bonus shares	860,311	-	-	(860,311)	-	-	-	-	-	-
Final cash dividend for the year ended December 31, 2011 (Rs. 2.50 per ordinary share)	-	-	-	-	-	-	-	-	(2,150,777)	(2,150,777)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	860,311	(201,856)	-	-	-	-	-	-	(2,809,232)	(2,150,777)
Transfer to statutory reserve	-	-	-	-	-	-	608,866	-	7,758	7,758
	-	-	-	-	-	-	-	-	(608,866)	-
Balance as at March 31, 2012 - restated	9,463,421	-	-	-	67,995	333,864	8,761,896	6,000	20,143,612	38,776,788
Changes in equity during the nine Months ended December 31, 2012										
Total comprehensive income for the nine months period ended December 31, 2012	-	-	-	-	-	-	-	-	8,631,482	8,631,482
Net profit for the nine months ended December 31, 2012	-	-	-	-	-	-	-	-	8,631,482	8,631,482
Recognition of Actuarial Gain / (Loss) due to IAS 19 (amended 2011).	-	-	-	-	-	-	-	-	1,436,550	1,436,550
Effect of translation of net investment in foreign wholesale bank branch	-	-	10,198	-	-	-	-	-	-	10,198
	-	-	10,198	-	-	-	-	-	10,068,032	10,078,230
Transactions with owners recognized directly in equity										
First Interim cash dividend for the year ended December 31, 2012 (Rs. 2.00 per ordinary share)	-	-	-	-	-	-	-	-	(1,892,684)	(1,892,684)
Second Interim cash dividend for the year ended December 31, 2012 (Rs. 1.50 per ordinary share)	-	-	-	-	-	-	-	-	(1,419,513)	(1,419,513)
Third Interim cash dividend for the year ending December 31, 2012 (Rs. 1 per ordinary share)	-	-	-	-	-	-	-	-	(946,342)	(946,342)
	-	-	-	-	-	-	-	-	(4,258,539)	(4,258,539)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	-	-	23,270	23,270
Transfer to statutory reserve	-	-	-	-	-	-	1,726,297	-	(1,726,297)	-
Balance as at December 31, 2012 - restated	9,463,421	-	10,198	-	67,995	333,864	10,488,193	6,000	24,250,078	44,619,749
Changes in equity during the quarter ended March 31, 2013										
Total comprehensive income for the quarter ended March 31, 2013	-	-	-	-	-	-	-	-	2,826,396	2,826,396
Net profit for the quarter ended March 31, 2013	-	-	-	-	-	-	-	-	2,826,396	2,826,396
Effect of translation of net investment in foreign wholesale bank branch	-	-	5,202	-	-	-	-	-	-	5,202
	-	-	5,202	-	-	-	-	-	2,826,396	2,831,598
Transactions with owners recognized directly in equity										
Transfer to reserve for issue of bonus shares for the year ended December 31, 2012 @ 10%	-	-	-	946,342	-	-	-	-	(946,342)	-
Issue of bonus shares	946,342	-	-	(946,342)	-	-	-	-	-	-
Final cash dividend for the year ended December 31, 2012 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	-	(1,892,684)	(1,892,684)
	946,342	-	-	-	-	-	-	-	(2,839,026)	(1,892,684)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	-	-	6,412	6,412
Transfer to statutory reserve	-	-	-	-	-	-	282,640	-	(282,640)	-
Balance as at March 31, 2013	10,409,763	-	15,400	-	67,995	333,864	10,770,833	6,000	23,961,220	45,565,075

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

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2013

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 873 (2012: 873) branches in Pakistan, 1 branch (2012:1) in Karachi Export Processing Zone Branch, and 1 wholesale banking branch (2012: 1) in Bahrain. 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 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 quarter ended March 31, 2013 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by the State Bank of Pakistan (SBP). In case where requirements of provisions and directives issued under the Banking Companies Ordinance, 1962, Companies Ordinance 1984 and the directives issued by SBP differs, the directives issued by SBP shall prevail..
- 2.2 The SBP, vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property (IAS 40) for banking companies till further instructions. Further, according to a notification of Securities and Exchange Commission of Pakistan (SECP) dated April 28, 2008, International Financial Reporting Standard (IFRS) 7 "Financial Instruments 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 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 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, 2012.

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

- 5.1 The accounting policies, underlying estimates and methods of computation followed in the preparation of these unconsolidated condensed interim financial statements are same as those applied in preparing the most recent annual unconsolidated financial statements of the Bank other than those disclosed in Note 5.3 below.
- 5.2 The financial risk management objectives and policies adopted by the Bank are consistent with that disclosed in the financial statements of the Bank for the year ended December 31, 2012.
- 5.3 During the period, amendment to following accounting standard became effective:
 - IAS 19 – Employee Benefits (Amendment)

IAS 19 Employee benefits (amended 2011)- became effective for annual periods beginning January 01, 2013. The amendments have been applied retrospectively from January 01, 2012. The significant changes include the following:

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2013

For defined benefit plans, the ability to defer recognition of actuarial gains and losses (i.e., the corridor approach) has been removed. As per revised standard, actuarial gains and losses are recognized in other comprehensive income when they occur. Amounts recorded in profit and loss are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit asset (liability) are recognized in other comprehensive income with no subsequent recycling to profit and loss.

The distinction between short-term and other long-term employee benefits will be based on the expected timing of settlement rather than the employee's entitlement to the benefits.

Objectives for disclosures of defined benefit plans are explicitly stated in the revised standard, along with new or revised disclosure requirements. These new disclosures include quantitative information of the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial assumption.

Impact of transition to IAS 19 (amended 2011):

	December 31, 2012	December 31, 2011
	Rupees in '000	
Retrospective Impact on unconsolidated condensed interim statement of financial position:		
Net decrease in employee benefit plan	(1,436,550)	(255,117)
Net increase in equity	1,436,550	255,117

Note	Un-audited March 31, 2013	Audited December 31, 2012
	Rupees in '000	

6. LENDINGS TO FINANCIAL INSTITUTIONS

Repurchase agreement lendings (Reverse Repo)	6.1	18,250,241	8,270,935
Certificates of investment	6.2	545,000	520,000
Call Money Lendings	6.3	2,000,000	2,000,000
		<u>20,795,241</u>	<u>10,790,935</u>
Provision against lendings to financial institutions		(70,000)	(70,000)
		<u>20,725,241</u>	<u>10,720,935</u>

6.1 These are short-term lendings to various financial institutions against the government securities. These carry mark-up at rate, ranging between 8.99% to 9.40% (2012: 8.99% to 9.95%) per annum and will mature on various dates latest by May 8, 2013.

6.2 This represents certificate of investment of financial institution carrying markup at the rate of 8.8% (2012: 9.35%) and will mature on May 7, 2013. This also includes a classified certificate of Investment amounting to Rs. 70 million.

6.3 These call money lendings carry markup at rate ranging between 9.60% to 9.65% (2012: 9.75%) and will mature on April 29, 2013.

7. INVESTMENTS

	Note	Held by Bank	Given as collateral	Total
		Rupees in '000		
Current period - March 31, 2013 (Un-audited)	7.1	<u>255,756,972</u>	<u>2,736,363</u>	<u>258,493,335</u>
Prior year - December 31, 2012 (Audited)	7.1	<u>248,843,089</u>	<u>18,560,257</u>	<u>267,403,346</u>

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2013

Un-audited As at March 31, 2013			Audited As at December 31, 2012		
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

- - - - -

'Available-for-sale' securities

Market treasury bills	187,467,180	2,740,722	190,207,902	187,405,619	18,472,671	205,878,290
Pakistan investment bonds	147,949	-	147,949	147,813	-	147,813
Ordinary shares of listed companies / certificates of mutual funds	16,268,301	-	16,268,301	14,788,340	-	14,788,340
Preference shares	149,355	-	149,355	149,355	-	149,355
Units of open end mutual funds	788,512	-	788,512	831,219	-	831,219
Ordinary shares of unlisted companies	1,692,292	-	1,692,292	1,692,292	-	1,692,292
Investment in related parties						
- Unlisted shares	281,816	-	281,816	221,295	-	221,295
- Units of open end mutual funds	5,100,000	-	5,100,000	100,000	-	100,000
Sukuk bonds	2,707,669	-	2,707,669	3,216,409	-	3,216,409
Term finance certificates (TFCs)	2,292,822	-	2,292,822	2,768,904	-	2,768,904

216,895,896 2,740,722 219,636,618 211,321,246 18,472,671 229,793,917

'Held-to-maturity' securities

Pakistan investment bonds	26,841,047	-	26,841,047	26,818,371	-	26,818,371
Foreign currency bonds (US\$)	3,627,504	-	3,627,504	2,612,263	-	2,612,263
TFCs, Debentures, Bonds and PTCs	4,473,340	-	4,473,340	4,553,290	-	4,553,290
	34,941,891	-	34,941,891	33,983,924	-	33,983,924

Subsidiary

ABL Asset Management Company Limited	500,000	-	500,000	500,000	-	500,000
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Investment at cost 252,337,787 2,740,722 255,078,509 245,805,170 18,472,671 264,277,841

Provision for diminution in the
value of investments (1,877,743) - (1,877,743) (1,947,781) - (1,947,781)

Investment (net of provisions) 250,460,044 2,740,722 253,200,766 243,857,389 18,472,671 262,330,060

Unrealized loss on revaluation of
'held-for-trading' securities - - - - -

Surplus on revaluation of
'available-for-sale' securities 5,296,928 (4,359) 5,292,569 4,985,700 87,586 5,073,286

Total investments at market value 255,756,972 2,736,363 258,493,335 248,843,089 18,560,257 267,403,346

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2013

	Note	Un-audited March 31, 2013	Audited December 31, 2012
Rupees in '000			
8. ADVANCES			
Loans, cash credits, running finances, etc. - in Pakistan		273,258,371	283,032,567
Net investment in finance lease - in Pakistan		1,834,834	1,815,004
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		2,353,810	2,390,263
Payable outside Pakistan		10,038,983	1,651,473
		12,392,793	4,041,736
Advances - gross		287,485,998	288,889,307
Provision for non-performing advances	8.1	(17,696,458)	(17,752,942)
General provision against consumer financing		(64,135)	(52,090)
		(17,760,593)	(17,805,032)
Advances - net of provision		269,725,405	271,084,275

- 8.1 Advances include Rs. 20,180.943 million (2012: Rs. 20,667.561 million) which have been placed under non-performing status as detailed below:-

March 31, 2013 (Un-audited)					
Category of Classification	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
	Rupees in '000				
Other Assets Especially					
Mentioned	119,120	-	119,120	-	-
Substandard	519,294	-	519,294	127,597	127,597
Doubtful	3,702,501	-	3,702,501	2,147,527	2,147,527
Loss	15,840,028	-	15,840,028	15,421,334	15,421,334
	20,180,943	-	20,180,943	17,696,458	17,696,458
December 31, 2012 (Audited)					
Category of Classification	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
	Rupees in '000				
Other Assets Especially					
Mentioned	62,814	-	62,814	-	-
Substandard	608,677	-	608,677	151,422	151,422
Doubtful	4,750,195	-	4,750,195	2,405,112	2,405,112
Loss	15,245,875	-	15,245,875	15,196,408	15,196,408
	20,667,561	-	20,667,561	17,752,942	17,752,942

- 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 Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2013

8.3 Particulars of provision against non-performing loans & advances and general provision.

	March 31, 2013			December 31, 2012		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	17,752,942	52,090	17,805,032	17,671,070	32,647	17,703,717
Charge for the period / year	830,155	12,045	842,200	3,233,567	19,443	3,253,010
Reversals	(864,964)	-	(864,964)	(1,979,109)	-	(1,979,109)
Charged to profit and loss account	(34,809)	12,045	(22,764)	1,254,458	19,443	1,273,901
Amounts written off	(21,675)	-	(21,675)	(1,172,586)	-	(1,172,586)
Closing balance	17,696,458	64,135	17,760,593	17,752,942	52,090	17,805,032
				Un-audited March 31, 2013	Audited December 31, 2012	
				Rupees in '000		

9. BORROWINGS

Details of Borrowings (Secured / Unsecured)

Secured

Borrowings from State Bank of Pakistan	16,265,805	18,891,729
Repurchase agreement borrowings	2,408,121	18,220,505

Unsecured

Call borrowings	605,543	1,553,957
Overdrawn nostro accounts	172,896	-
Other Borrowings	-	250,001
	778,439	1,803,958
	19,452,365	38,916,192

10. DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits	155,699,014	158,249,920
Savings deposits	135,112,527	125,840,130
Current accounts - remunerative	90,987,806	80,053,817
- Non - remunerative	144,341,689	145,711,361
	526,141,036	509,855,228

Financial Institutions

Remunerative deposits	3,373,072	4,463,515
Non - remunerative deposits	367,402	388,312
	529,881,510	514,707,055

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2013

11. SHARE CAPITAL

11.1 Authorised capital

Un-audited March 31, 2013	Audited December 31, 2012		Un-audited March 31, 2013	Audited December 31, 2012
No. of shares			Rupees in '000	
<u>1,500,000,000</u>	<u>1,500,000,000</u>	Ordinary shares of Rs. 10 each	<u>15,000,000</u>	<u>15,000,000</u>

11.2 Issued, subscribed and paid-up capital

Fully paid-up Ordinary shares of Rs. 10 each

Un-audited March 31, 2013	Audited December 31, 2012		Un-audited March 31, 2013	Audited December 31, 2012
No. of shares		Ordinary shares of Rs. 10 each	Rupees in '000	
<u>406,780,094</u>	<u>406,780,094</u>	Fully paid in cash	<u>4,067,801</u>	<u>4,067,801</u>
<u>616,647,565</u>	<u>522,013,365</u>	Issued as bonus shares	<u>6,166,476</u>	<u>5,220,134</u>
<u>1,023,427,659</u>	<u>928,793,459</u>		<u>10,234,277</u>	<u>9,287,935</u>
		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).		
<u>9,148,550</u>	<u>9,148,550</u>		<u>91,486</u>	<u>91,486</u>
		8,400,000 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation of First Allied Bank Modaraba with Allied Bank Limited in accordance with the share swap ratio stipulated therein.		
<u>8,400,000</u>	<u>8,400,000</u>		<u>84,000</u>	<u>84,000</u>
<u>1,040,976,209</u>	<u>946,342,009</u>		<u>10,409,763</u>	<u>9,463,421</u>

Ibrahim Fibers Limited, related party of the Bank, holds 176,401,742 (16.95%) [December 31, 2012: 226,365,220 (23.92%)] ordinary shares of Rs.10 each, as at reporting date.

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2013

	Un-audited March 31, 2013	Audited December 31, 2012
	Rupees in '000	
12. CONTINGENCIES AND COMMITMENTS		
12.1 Direct credit substitutes		
Guarantees in favour of:		
Banks and financial institutions	701,122	473,823
12.2 Transaction-related contingent liabilities		
Guarantees in favour of:		
Government	13,123,315	18,513,854
Others	15,281,771	12,703,025
	28,405,086	31,216,879
12.3 Trade-related contingent liabilities	58,965,996	54,546,360
12.4 Claims against the Bank not acknowledged as debt	5,844,030	5,929,382
12.5 The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.		
	Un-audited March 31, 2013	Audited December 31, 2012
	Rupees in '000	
12.6 Commitments in respect of forward foreign exchange contracts		
Purchase	38,205,290	35,605,257
Sale	20,586,224	9,400,993
12.7 Commitments in respect of:		
Civil works	1,069,244	495,414
Acquisition of operating fixed assets	858,748	706,733
	1,927,992	1,202,147
12.8 Commitments in respect of lease financing	78,265	192,274
12.9 Contingencies		
12.9.1 There is no change in the status of contingencies, set out in note 22.10 to the unconsolidated financial statements of the Bank for the year ended December 31, 2012, except for the contingency as mentioned below:		
12.9.2 The income tax assessments of the Bank have been finalized up to and including tax year 2012 for local and Azad Kashmir operations. While finalizing income tax assessments up to tax year 2012, income tax authorities made certain add backs with aggregate tax impact of Rs.12,952 million (2012: Rs. 11,471 million). As a result of appeals filed by the Bank before appellate authorities, most of the add backs have been deleted. However, the Bank and Tax Department are in appeals / references before higher appellate forums against unfavorable decisions. Pending finalization of appeals no provision has been made by the Bank on aggregate sum of Rs.12,952 million (2012: Rs. 11,471 million). The management is confident that the outcome of these appeals will be in favor of the Bank.		
Tax Authorities have conducted proceedings of withholding tax audit under section 161/205 of Income Tax Ordinance, 2001 for tax year 2005, 2006 and tax year 2008 to 2012 and created an arbitrary demand of Rs. 1,081 million (2012: Rs. 219 million). The Bank has filed appeals before Commissioner Inland Revenue, (Appeals) (CIR-A). The management is confident that these appeals will be decided in favor of the Bank and therefore, no provision has been made against the said demand of Rs. 1,081 million (2012: Rs. 219 million).		
Tax authorities have also issued orders under Federal Excise Act, 2005 thereby creating an arbitrary demand of Rs. 257 million (2012: Rs. 110 million). The bank has filed appeals before Commissioner Inland Revenue (Appeals). The management is confident that aforesaid demand will be deleted by appellate authorities and therefore no provision has been made against the said demand of Rs. 257 million (2012: Rs. 110 million).		

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2013

		Quarter ended	
		March 31, 2013	March 31, 2012
		Rupees in '000	
13. MARK-UP / RETURN / INTEREST EARNED			
On loans and advances		6,696,122	7,721,495
On investments in:			
'Available-for-sale' securities		4,730,742	3,043,580
'Held-to-maturity' securities		987,114	1,020,332
'Held-for-trading' securities		-	1,941
		5,717,856	4,065,853
On deposits with financial institutions		2,780	3,021
On securities purchased under resale agreements		275,462	193,082
On certificates of investment		10,334	-
On letters of placement		-	2,258
On call money lending		25,987	7,758
		<u>12,728,541</u>	<u>11,993,467</u>
14. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		6,240,922	4,929,227
Long term borrowing		58,954	63,493
Securities sold under repurchase agreements		472,305	925,527
Call money borrowing		13,651	119,401
Brokerage and commission		30,584	32,567
Markup on sub-ordinated loans		151,954	187,603
Other short term borrowings		751,912	852,216
		<u>7,720,282</u>	<u>7,110,034</u>
15. EARNINGS PER SHARE - BASIC AND DILUTED			
Profit after taxation for the period attributable to ordinary shareholders		<u>2,826,396</u>	<u>3,044,332</u>
		Number of Shares	
		Restated	
Weighted average number of ordinary shares outstanding during the period.	15.1	<u>1,040,976,209</u>	<u>1,040,976,209</u>
		Rupees	
		Restated	
Earnings per share - basic and diluted for the period	15.1	<u>2.72</u>	<u>2.92</u>
There is no dilution effect on basic earnings per share.			

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

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2013

16. RELATED PARTY TRANSACTIONS

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

Contributions to the accounts in respect of staff retirement benefits are made in accordance with actuarial valuation / terms of the contribution plan. Remuneration of the key management personnel are in accordance with the terms of their employment. Other transactions are at agreed terms.

Nature of related party transactions	March 31, 2013 (Un-audited)					December 31, 2012 (Audited)				
	Directors	Associated Companies	Subsidiary	Key management personnel	Other related parties	Directors	Associated Companies	Subsidiary	Key management personnel	Other related parties
Rupees in '000										
Loans										
Loans at the beginning of the period/year	43,842	1,833,333	-	162,016	200	49,969	-	-	203,005	-
Loans given during the period/year	1,720	-	-	6,132	536	14,847	2,000,000	-	76,199	3,185
Loans repaid/ adjustment during the period/year	(2,400)	(1,833,333)	-	(10,714)	(415)	(20,974)	(166,667)	-	(117,188)	(2,985)
Loans at the end of the period/year	43,162	-	-	157,434	321	43,842	1,833,333	-	162,016	200
Deposits										
Deposits at the beginning of the period/year	33,653	41,011	5,680	27,640	5,675,814	17,270	48,985	5,710	13,556	230,430
Deposits received during the period/year	1,651,685	2,694,069	176,682	58,233	9,930,285	6,532,379	13,700,859	935,661	310,582	327,706,930
Deposits repaid during the period/year	(1,644,865)	(2,684,341)	(173,511)	(57,362)	(8,745,606)	(6,515,996)	(13,708,833)	(935,691)	(296,498)	(322,261,546)
Deposits at the end of the period/year	40,473	50,739	8,851	28,511	6,860,493	33,653	41,011	5,680	27,640	5,675,814
Nostro balances	-	166,515	-	-	-	-	136,808	-	-	-
Lending	-	-	-	-	-	-	1,479,252	-	-	-
Investments in shares/ open end mutual funds	-	279,650	500,000	5,137,734	-	-	219,130	500,000	-	122,642
Other receivables	-	-	3,144	-	-	-	-	3,186	-	-
Net receivable from staff retirement benefit funds	-	-	-	3,008,375	-	-	-	-	-	2,912,357
Rupees in '000										
March 31, 2012 (Un-audited)										
Mark-up earned	396	-	-	2,294	-	447	-	-	2,912	-
Income on Placements	-	384	-	-	-	-	-	-	-	-
Dividend Income	-	-	-	-	-	-	-	-	-	962,202
Capital (Loss)	-	-	-	-	-	-	-	-	-	(14,099)
Sales commission / management fee sharing	-	-	1,721	-	-	-	-	29,036	-	-
Mark-up expense on Deposits	488	8	204	100	139,305	200	-	226	15	11,384
Fee commission/ bank charges	1	8	2	9	63	-	-	8	-	105
Interest expense on Borrowings	2,300	-	-	-	-	1,500	17,499	-	-	-
Director's meeting fee	-	-	-	-	-	-	-	-	-	-
Remuneration	-	-	-	39,576	-	-	-	-	30,784	-
NIFT charges	-	-	-	-	15,834	-	1,464	-	-	18,994
Rent Expense	-	1,613	-	-	-	-	-	-	-	-
Charge/ (reversal) in respect of staff retirement benefit funds	-	-	-	-	-	-	-	-	-	45,695

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2013

17. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

For the Quarter Ended March 31, 2013 (Un-audited)						
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Eliminations Total
	Rupees in '000					
Total Income	249,669	442,802	9,752,855	13,109,948	143,925	(8,452,095) 15,247,104
Total Expenses	(117,477)	(724,270)	(8,153,525)	(11,805,017)	(72,514)	8,452,095 (12,420,708)
Net Income	132,192	(281,468)	1,599,330	1,304,931	71,411	- 2,826,396

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

As at March 31, 2013 (Un-audited)					
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement Total
	Rupees in '000				
Segment Assets	591,572	19,632,316	116,514,690	513,642,806	309,404 650,690,788

As at December 31, 2012 (Audited)					
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement Total
	Rupees in '000				
Segment Assets - restated	324,474	9,456,172	122,401,581	522,024,483	342,883 654,549,593

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2013

18 GENERAL

- 18.1 Figures have been rounded off to the nearest thousand rupees.
- 18.2 Corresponding figures have been re-arranged and reclassified to reflect more appropriate presentation of transactions for the purpose of comparison. However, no significant reclassifications have been made in these unconsolidated condensed interim financial statements.
- 18.3 The Board of Directors of the Bank in its meeting held on 24 April, 2013 has approved interim cash dividend for the quarter ended 31 March, 2013 at Rs. 1.25 per share (31 March, 2012: Rs. 2 per share). The unconsolidated condensed interim financial statements for the quarter ended 31 March, 2013 do not include the effect of this appropriation and will be accounted for in the financial statements of the period of declaration.

19 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on 24 April, 2013 by the Board of Directors of the Bank.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Consolidated Condensed Interim Financial Statements
for the period ended March 31, 2013

Consolidated Condensed Interim Statement of Financial Position

as at March 31, 2013

	Note	Un-audited March 31, 2013	Audited December 31, 2012 Restated
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		41,249,428	43,351,703
Balances with other banks		774,460	1,029,292
Lendings to financial institutions	6	20,725,241	10,720,935
Investments	7	258,808,799	267,682,679
Advances	8	269,755,943	271,115,683
Operating fixed assets		20,317,558	19,882,246
Deferred tax assets		26,903	-
Other assets		18,301,706	19,925,659
		629,960,038	633,708,197
LIABILITIES			
Bills payable		4,131,269	6,203,051
Borrowings	9	19,452,365	38,916,192
Deposits and other accounts	10	529,874,171	514,702,444
Sub-ordinated loans		5,489,800	5,490,400
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	65,419
Other liabilities		16,762,296	15,375,470
		575,709,901	580,752,976
NET ASSETS			
		54,250,137	52,955,221
REPRESENTED BY			
Share capital	11	10,409,763	9,463,421
Reserves		11,194,092	10,906,250
Unappropriated profit		24,332,857	24,597,845
		45,936,712	44,967,516
Surplus on revaluation of assets - net of tax		8,313,425	7,987,705
		54,250,137	52,955,221

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 quarter ended March 31, 2013

	Note	Quarter Ended March 31, 2013	Quarter Ended March 31, 2012
Rupees in '000			
Mark-up / return / interest earned	13	12,729,487	11,997,060
Mark-up / return / interest expensed	14	7,720,094	7,129,112
Net mark-up / interest income		5,009,393	4,867,948
(Reversal) / provision against non-performing loans and advances and general provision - net		(22,764)	570,596
(Reversal) for diminution in the value of investments - net		(20,509)	(610,442)
Bad debts written off directly		-	-
		(43,273)	(39,846)
Net mark-up / interest income after provisions		5,052,666	4,907,794
NON MARK-UP / INTEREST INCOME			
Fee, commission and brokerage income		860,038	809,142
Dividend income		1,005,433	1,717,236
Income from dealing in foreign currencies		70,063	137,671
Gain on sale of securities		618,093	245,366
Unrealized gain on revaluation of investments classified as 'held-for-trading' - net		20,286	18,819
Other income		13,834	70,293
Total non-markup / interest income		2,587,747	2,998,527
		7,640,413	7,906,321
NON MARK-UP / INTEREST EXPENSES			
Administrative expenses		3,530,431	3,381,602
Provision / (reversal) against other assets - net		12,000	(88,542)
Provision against off-balance sheet obligations - net		-	56,652
Other charges		106,697	129,966
Total non-markup / interest expenses		3,649,128	3,479,678
Extra-ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		3,991,285	4,426,643
Taxation			
Current		1,120,566	1,446,411
Prior years		-	-
Deferred		20,453	(109,851)
		1,141,019	1,336,560
PROFIT AFTER TAXATION		2,850,266	3,090,083
Unappropriated profit brought forward		24,597,845	20,650,834
Transfer from surplus on revaluation of fixed assets - net of tax		6,412	7,758
		24,604,257	20,658,592
PROFIT AVAILABLE FOR APPROPRIATION		27,454,523	23,748,675
Earnings per share - Basic and Diluted (in Rupees)	15	2.74	Restated 2.97

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited) for the quarter ended March 31, 2013

	Quarter Ended	
	March 31, 2013	March 31, 2012
	Rupees in '000	
Profit after taxation for the period	2,850,266	3,090,083
Other comprehensive income		
Exchange differences on translation of net investment in foreign wholesale branch	5,202	-
Total comprehensive income for the period	2,855,468	3,090,083

Surplus / (deficit) on revaluation of 'available for sale' securities and 'operating 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 consolidated condensed interim financial statements.

Chief Financial Officer
Director

President and Chief Executive Officer
Director

Chairman

Consolidated Condensed Interim Statement of Cash Flows

(Un-audited) for the quarter ended March 31, 2013

	Quarter Ended	
	March 31, 2013	March 31, 2012
	Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,991,285	4,426,643
Less: Dividend income	(1,005,433)	(1,717,236)
	2,985,852	2,709,407
Adjustments for non-cash items:		
Depreciation / amortization	383,213	342,514
(Reversal) / provision against non-performing loans, advances and general provision - net	(22,764)	570,596
(Reversal) for diminution in the value of investments - net	(20,509)	(610,442)
Unrealized loss on revaluation of 'held for trading' securities - net	(20,286)	(18,819)
Provision against off balance sheet obligations - net	-	56,652
Provision / (reversal) against other assets - net	12,000	(88,542)
Gain on sale of fixed assets	(6,597)	(14,087)
	325,057	237,872
	3,310,909	2,947,279
(Increase) / decrease in operating assets		
Lendings to financial institutions	(10,004,306)	(23,628,882)
Net investments in 'held-for-trading' securities	(30,771)	(3,087,475)
Advances - net	1,382,504	1,101,989
Other assets (excluding advance taxation) - net	637,332	(13,302,938)
	(8,015,241)	(38,917,306)
(Decrease) / increase in operating liabilities		
Bills payable	(2,071,782)	227,517
Borrowings from financial institutions	(19,636,723)	(6,210,052)
Deposits and other accounts	15,171,727	18,472,566
Other liabilities	1,065,698	1,388,938
	(5,471,080)	13,878,969
	(10,175,412)	(22,091,058)
Income tax paid - net	(52,798)	(1,900,027)
Net cash flows from operating activities	(10,228,210)	(23,991,085)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments realization in 'available-for-sale' securities	10,122,770	25,767,350
Net investments in 'held-to-maturity' securities	(957,967)	969,885
Dividend income received	912,286	424,086
Investments in operating fixed assets	(822,328)	(462,930)
Proceeds from sale of fixed assets	10,399	15,277
Effect of translation of net investment in foreign wholesale branch	5,202	-
Net cash generated from investing activities	9,270,362	26,713,668
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of sub-ordinated loan	(600)	(600)
Dividend paid	(1,571,555)	(1,953,696)
Net cash used in financing activities	(1,572,155)	(1,954,296)
(Decrease) / increase in cash and cash equivalents during the period	(2,530,003)	768,287
Cash and cash equivalents at beginning of the period	44,380,995	38,124,994
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	41,850,992	38,893,281

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 quarter ended March 31, 2013

	Capital Reserves						Revenue Reserves			
	Share Capital	Share Premium	Exchange Translation	Bonus Issue Reserve	Special Reserve*	Merger Reserve*	Statutory Reserve	General Reserve	Unappropriated Profit	Total
	Rupees in '000									
Balance as at 1 January, 2012 - Restated (Note 5.3)	8,603,110	201,856	-	-	67,995	333,864	8,153,030	6,000	20,650,834	38,016,689
Changes in equity during the quarter ended March 31, 2012										
Total comprehensive income for the quarter ended March 31, 2012	-	-	-	-	-	-	-	-	3,090,083	3,090,083
Net profit for the quarter ended March 31, 2012	-	-	-	-	-	-	-	-	3,090,083	3,090,083
Transactions with owners recognized directly in equity										
Transfer to reserve for issue of bonus shares for the period ended December 31, 2011 @ 10%	-	(201,856)	-	860,311	-	-	-	-	(658,455)	-
Issue of bonus shares	860,311	-	-	(860,311)	-	-	-	-	-	-
Final cash dividend for the period ended December 31, 2011 (Rs. 2.50 per ordinary share)	-	-	-	-	-	-	-	-	(2,150,777)	(2,150,777)
	860,311	(201,856)	-	-	-	-	-	-	(2,809,232)	(2,150,777)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	-	-	7,758	7,758
Transfer to statutory reserve	-	-	-	-	-	-	608,866	-	(608,866)	-
Balance as at March 31, 2012 - restated	9,463,421	-	-	-	67,995	333,864	8,761,896	6,000	20,330,577	38,963,753
Changes in equity during the nine Months ended December 31, 2012										
Total comprehensive income for the nine months ended December 31, 2012	-	-	-	-	-	-	-	-	8,792,284	8,792,284
Net profit for the nine months period ended December 31, 2012	-	-	-	-	-	-	-	-	8,792,284	8,792,284
Recognition of Actuarial Gain / (Loss) due to IAS 19 (amended 2011).	-	-	-	-	-	-	-	-	1,436,550	1,436,550
Effect of translation of net investment in foreign wholesale bank branch	-	-	10,198	-	-	-	-	-	-	10,198
	-	-	10,198	-	-	-	-	-	10,228,834	10,239,032
Transactions with owners recognized directly in equity										
First Interim cash dividend for the year ended December 31, 2012 (Rs. 2.00 per ordinary share)	-	-	-	-	-	-	-	-	(1,892,684)	(1,892,684)
Second Interim cash dividend for the year ended December 31, 2012 (Rs. 1.50 per ordinary share)	-	-	-	-	-	-	-	-	(1,419,513)	(1,419,513)
Third Interim cash dividend for the year ending December 31, 2012 (Rs. 1 per ordinary share)	-	-	-	-	-	-	-	-	(946,342)	(946,342)
	-	-	-	-	-	-	-	-	(4,258,539)	(4,258,539)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	-	-	23,270	23,270
Transfer to statutory reserve	-	-	-	-	-	-	1,726,297	-	(1,726,297)	-
Balance as at December 31, 2012 - restated	9,463,421	-	10,198	-	67,995	333,864	10,488,193	6,000	24,597,845	44,967,516
Changes in equity during the quarter ended March 31, 2013										
Total comprehensive income for the quarter ended March 31, 2013	-	-	-	-	-	-	-	-	2,850,266	2,850,266
Net profit for the quarter ended March 31, 2013	-	-	-	-	-	-	-	-	2,850,266	2,850,266
Effect of translation of net investment in foreign wholesale bank branch	-	-	5,202	-	-	-	-	-	-	5,202
	-	-	5,202	-	-	-	-	-	2,850,266	2,855,468
Transactions with owners recognized directly in equity										
Transfer to reserve for issue of bonus shares for the period ended December 31, 2012 @ 10%	-	-	-	946,342	-	-	-	-	(946,342)	-
Issue of bonus shares	946,342	-	-	(946,342)	-	-	-	-	-	-
Final cash dividend for the period ended December 31, 2012 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	-	(1,892,684)	(1,892,684)
	946,342	-	-	-	-	-	-	-	(2,839,026)	(1,892,684)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	-	-	6,412	6,412
Transfer to statutory reserve	-	-	-	-	-	282,640	-	-	(282,640)	-
Balance as at March 31, 2013	10,409,763	-	15,400	-	67,995	333,864	10,770,833	6,000	24,332,857	45,936,712

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

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2013

1 STATUS AND NATURE OF BUSINESS

The “Group” consists of:

Holding Company

Allied Bank Limited (“the Bank”), incorporated in Pakistan, is a scheduled Bank, engaged in commercial banking and related services. The Bank is listed on all stock exchanges in Pakistan. The Bank operates a total of 873 (2012: 873) branches in Pakistan, 1 branch (2012:1) in Karachi Export Processing Zone Branch, and 1 wholesale banking branch (2012: 1) in Bahrain. 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 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- (Positive outlook).

ABL Asset Management company is managing following open ended funds:

- ABL-Income Fund	Launched on September 20, 2008
- ABL-Stock Fund	Launched on June 28, 2009
- ABL-Cash Fund	Launched on July 31, 2010
- ABL-Islamic Income Fund	Launched on July 31, 2010
- ABL-Government securities Fund	Launched on November 30, 2011
- ABL-AMC Capital Protected Fund	Launched on June 01, 2012

2 STATEMENT OF COMPLIANCE

- 2.1 These consolidated condensed interim financial statements of the group for the quarter ended March 31, 2013 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by the State Bank of Pakistan (SBP). In case where requirements of provisions and directives issued under the Banking Companies Ordinance, 1962, Companies Ordinance 1984 and the directives issued by SBP differs, the directives issued by SBP shall prevail.
- 2.2 The SBP, vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property (IAS 40) for banking companies till further instructions. Further, according to a notification of Securities and Exchange Commission of Pakistan (SECP) dated April 28, 2008, International Financial Reporting Standard (IFRS) 7 “Financial Instruments Disclosure” has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these Consolidated financial statements. However, investments have been classified and disclosed in accordance with the requirements prescribed by SBP through various circulars.
- 2.3 These consolidated condensed interim financial statements are being submitted to the shareholders in accordance with section 245 of the Companies Ordinance, 1984.

3 BASIS OF MEASUREMENT

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

4 BASIS OF PRESENTATION

The disclosures included in these consolidated condensed interim financial statements are limited based on the format prescribed by the State Bank of Pakistan, vide BSD Circular Letter No. 2 dated May 12, 2004, vide BSD Circular Letter No. 7 dated April 20, 2010 and International Accounting Standard 34, Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and these consolidated condensed interim financial statements should be read in conjunction with the consolidated financial statements of the Bank for the year ended December 31, 2012.

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2013

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 group other than those disclosed in Note 5.3 below.
- 5.2 The financial risk management objectives and policies adopted by the group are consistent with that disclosed in the financial statements of the group for the year ended December 31, 2012.
- 5.3 During the period, amendment to following accounting standard became effective:

- IAS 19 – Employee Benefits (Amendment)

IAS 19 Employee benefits (amended 2011)- became effective for annual periods beginning January 01, 2013. The amendments have been applied retrospectively from January 01, 2012. The significant changes include the following:

For defined benefit plans, the ability to defer recognition of actuarial gains and losses (i.e., the corridor approach) has been removed. As per revised standard, actuarial gains and losses are recognized in other comprehensive income when they occur. Amounts recorded in profit and loss are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit asset (liability) are recognized in other comprehensive income with no subsequent recycling to profit and loss.

The distinction between short-term and other long-term employee benefits will be based on the expected timing of settlement rather than the employee's entitlement to the benefits.

Objectives for disclosures of defined benefit plans are explicitly stated in the revised standard, along with new or revised disclosure requirements. These new disclosures include quantitative information of the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial assumption.

Impact of transition to IAS 19 (amended 2011):

	December 31, 2012	December 31, 2011
	Rupees in '000	
Retrospective Impact on unconsolidated condensed interim statement of financial position:		
Net decrease in employee benefit plan	(1,436,550)	(255,117)
Net increase in equity	1,436,550	255,117

	Note	Un-audited March 31, 2013	Audited December 31, 2012
		Rupees in '000	

6. LENDINGS TO FINANCIAL INSTITUTIONS

Repurchase agreement lendings (Reverse Repo)	6.1	18,250,241	8,270,935
Certificates of investment	6.2	545,000	520,000
Call Money Lendings	6.3	2,000,000	2,000,000
		20,795,241	10,790,935
Provision against lendings to financial institutions		(70,000)	(70,000)
		20,725,241	10,720,935

- 6.1 These are short-term lendings to various financial institutions against the government securities. These carry mark-up at rate, ranging between 8.99% to 9.40% (2012: 8.99% to 9.95%) per annum and will mature on various dates latest by May 08, 2013.
- 6.2 This represents certificate of investment of financial institution carrying markup at the rate of 8.8% (2012: 9.35%) and will mature on May 7, 2013. This also includes a classified certificate of Investment amounting to Rs. 70 million.
- 6.3 These call money lendings carry markup at rate ranging between 9.60% to 9.65% (2012: 9.75%) and will mature on April 29, 2013.

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2013

7. INVESTMENTS

	Note	Held by Bank	Given as collateral	Total
		Rupees in '000		
Current period - March 31, 2013 (Un-audited)	7.1	256,072,436	2,736,363	258,808,799
Prior year - December 31, 2012 (Audited)	7.1	249,122,422	18,560,257	267,682,679

Un-audited As at March 31, 2013			Audited As at December 31, 2012		
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

Units of open ended mutual funds - related party	795,178	-	795,178	679,962	-	679,962
Term Finance Certificates	-	-	-	14,745	-	14,745
	795,178	-	795,178	694,707	-	694,707

Available-for-sale' securities

Market treasury bills	187,467,180	2,740,722	190,207,902	187,405,619	18,472,671	205,878,290
Pakistan investment bonds	147,949		147,949	147,813	-	147,813
Ordinary shares of listed companies / certificates of mutual funds	16,268,301	-	16,268,301	14,788,340	-	14,788,340
Preference shares	149,355	-	149,355	149,355	-	149,355
Units of open end mutual funds	788,512	-	788,512	831,219	-	831,219
Ordinary shares of unlisted companies	1,692,292	-	1,692,292	1,692,292	-	1,692,292
Investment in related parties						
- Unlisted shares	281,816	-	281,816	221,295	-	221,295
- Units of open end mutual funds	5,100,000	-	5,100,000	100,000	-	100,000
Sukuk bonds	2,707,669	-	2,707,669	3,216,409	-	3,216,409
Term finance certificates (TFCs)	2,292,822	-	2,292,822	2,783,904	-	2,783,904
	216,895,896	2,740,722	219,636,618	211,336,246	18,472,671	229,808,917

Held-to-maturity' securities

Pakistan investment bonds	26,841,047	-	26,841,047	26,818,371	-	26,818,371
Foreign currency bonds (US\$)	3,627,504	-	3,627,504	2,612,263	-	2,612,263
TFCs, Debentures, Bonds and PTCs	4,473,340	-	4,473,340	4,553,290	-	4,553,290
	34,941,891	-	34,941,891	33,983,924	-	33,983,924

Investment at cost	252,632,965	2,740,722	255,373,687	246,014,877	18,472,671	264,487,548
Provision for diminution in the value of investments	(1,877,743)	-	(1,877,743)	(1,947,781)	-	(1,947,781)
Investment (net of provisions)	250,755,222	2,740,722	253,495,944	244,067,096	18,472,671	262,539,767
Surplus on revaluation of held-for-trading' securities	20,286	-	20,286	69,700	-	69,700
Surplus / (deficit) on revaluation of available-for-sale' securities	5,296,928	(4,359)	5,292,569	4,985,626	87,586	5,073,212
Total investments at market value	256,072,436	2,736,363	258,808,799	249,122,422	18,560,257	267,682,679

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2013

	Note	Un-audited March 31, 2013	Audited December 31, 2012
Rupees in '000			
8. ADVANCES			
Loans, cash credits, running finances, etc. - in Pakistan		273,288,909	283,063,975
Net investment in finance lease - in Pakistan		1,834,834	1,815,004
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		2,353,810	2,390,263
Payable outside Pakistan		10,038,983	1,651,473
		12,392,793	4,041,736
Advances - gross		287,516,536	288,920,715
Provision for non-performing advances	8.1	(17,696,458)	(17,752,942)
General provision against consumer financing		(64,135)	(52,090)
		(17,760,593)	(17,805,032)
Advances - net of provision		269,755,943	271,115,683

- 8.1 Advances include Rs. 20,180.943 million (2012: Rs. 20,667.561 million) which have been placed under non-performing status as detailed below:-

March 31, 2013 (Un-audited)					
Category of Classification	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
	Rupees in '000				
Other Assets Especially					
Mentioned	119,120	-	119,120	-	-
Substandard	519,294	-	519,294	127,597	127,597
Doubtful	3,702,501	-	3,702,501	2,147,527	2,147,527
Loss	15,840,028	-	15,840,028	15,421,334	15,421,334
	<u>20,180,943</u>	<u>-</u>	<u>20,180,943</u>	<u>17,696,458</u>	<u>17,696,458</u>

December 31, 2012 (Audited)					
Category of Classification	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
	Rupees in '000				
Other Assets Especially					
Mentioned	62,814	-	62,814	-	-
Substandard	608,677	-	608,677	151,422	151,422
Doubtful	4,750,195	-	4,750,195	2,405,112	2,405,112
Loss	15,245,875	-	15,245,875	15,196,408	15,196,408
	<u>20,667,561</u>	<u>-</u>	<u>20,667,561</u>	<u>17,752,942</u>	<u>17,752,942</u>

- 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 quarter ended March 31, 2013

8.3 Particulars of provision against non-performing loans & advances and general provision

	(Un-audited) March 31, 2013			(Audited) December 31, 2012		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	17,752,942	52,090	17,805,032	17,671,070	32,647	17,703,717
Charge for the period / year	830,155	12,045	842,200	3,233,567	19,443	3,253,010
Reversals	(864,964)	-	(864,964)	(1,979,109)	-	(1,979,109)
Charged to profit and loss account	(34,809)	12,045	(22,764)	1,254,458	19,443	1,273,901
Amounts written off	(21,675)	-	(21,675)	(1,172,586)	-	(1,172,586)
Closing balance	17,696,458	64,135	17,760,593	17,752,942	52,090	17,805,032

Un-audited
March 31,
2013
Rupees in '000

Audited
December 31,
2012

9. BORROWINGS

Details of Borrowings (Secured / Unsecured)

Secured

Borrowings from State Bank of Pakistan	16,265,805	18,891,729
Repurchase agreement borrowings	2,408,121	18,220,505

Unsecured

Call borrowings	605,543	1,553,957
Overdrawn nostro accounts	172,896	-
Other Borrowings	-	250,001
	778,439	1,803,958
	19,452,365	38,916,192

10. DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits	155,699,014	158,249,920
Savings deposits	135,105,188	125,835,518
Current accounts - remunerative	90,987,806	80,053,817
- non - remunerative	144,341,689	145,711,362
	526,133,697	509,850,617

Financial Institutions

Remunerative deposits	3,373,072	4,463,515
Non - remunerative deposits	367,402	388,312
	529,874,171	514,702,444

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2013

11. SHARE CAPITAL

11.1 Authorised capital

Un-audited March 31, 2013	Audited December 31, 2012		Un-audited March 31, 2013	Audited December 31, 2012
No. of shares			Rupees in '000	
<u>1,500,000,000</u>	<u>1,500,000,000</u>	Ordinary shares of Rs. 10 each	<u>15,000,000</u>	<u>15,000,000</u>

11.2 Issued, subscribed and paid-up capital

Fully paid-up Ordinary shares of Rs. 10 each

Un-audited March 31, 2013	Audited December 31, 2012	Ordinary Shares	Un-audited March 31, 2013	Audited December 31, 2012
No. of shares			Rupees in '000	
<u>406,780,094</u>	<u>406,780,094</u>	Fully paid in cash	<u>4,067,801</u>	<u>4,067,801</u>
<u>616,647,565</u>	<u>522,013,365</u>	Issued as bonus shares	<u>6,166,476</u>	<u>5,220,134</u>
<u>1,023,427,659</u>	<u>928,793,459</u>		<u>10,234,277</u>	<u>9,287,935</u>
		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).		
<u>9,148,550</u>	<u>9,148,550</u>		<u>91,486</u>	<u>91,486</u>
		8,400,000 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation of First Allied Bank Modaraba with Allied Bank Limited in accordance with the share swap ratio stipulated therein.		
<u>8,400,000</u>	<u>8,400,000</u>		<u>84,000</u>	<u>84,000</u>
<u>1,040,976,209</u>	<u>946,342,009</u>		<u>10,409,763</u>	<u>9,463,421</u>

Ibrahim Fibers Limited, related party of the Bank, holds 176,401,742 (16.95%) [December 31, 2012: 226,365,220 (23.92%)] ordinary shares of Rs.10 each, as at reporting date.

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2013

	Un-audited March 31, 2013	Audited December 31, 2012
	Rupees in '000	
12. CONTINGENCIES AND COMMITMENTS		
12.1 Direct credit substitutes		
Guarantees in favour of:		
Banks and financial institutions	701,122	473,823
12.2 Transaction-related contingent liabilities		
Guarantees in favour of:		
Government	13,123,315	18,513,854
Others	15,281,771	12,703,025
	28,405,086	31,216,879
12.3 Trade-related contingent liabilities	58,965,996	54,546,360
12.4 Claims against the Bank not acknowledged as debt	5,844,030	5,929,382
12.5 The group makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.		
	Un-audited March 31, 2013	Audited December 31, 2012
	Rupees in '000	
12.6 Commitments in respect of forward foreign exchange contracts		
Purchase	38,205,290	35,605,257
Sale	20,586,224	9,400,993
12.7 Commitments in respect of:		
Civil works	1,069,244	495,414
Acquisition of operating fixed assets	858,748	706,733
	1,927,992	1,202,147
12.8 Commitments in respect of lease financing	78,265	192,274
12.9 Other Contingencies		

12.9.1 There is no change in the status of contingencies, set out in note 22.11 to the consolidated financial statements of the group for the year ended December 31, 2012, except for the contingency as mentioned below:

12.9.2 The income tax assessments of the Bank have been finalized up to and including tax year 2012 for local and Azad Kashmir operations. While finalizing income tax assessments up to tax year 2012, income tax authorities made certain add backs with aggregate tax impact of Rs.12,952 million (2012: Rs. 11,471 million). As a result of appeals filed by the Bank before appellate authorities, most of the add backs have been deleted. However, the Bank and Tax Department are in appeals / references before higher appellate forums against unfavorable decisions. Pending finalization of appeals no provision has been made by the Bank on aggregate sum of Rs.12,952 million (2012: Rs. 11,471 million). The management is confident that the outcome of these appeals will be in favor of the Bank.

Tax Authorities have conducted proceedings of withholding tax audit under section 161/205 of Income Tax Ordinance, 2001 for tax year 2005, 2006 and tax year 2008 to 2012 and created an arbitrary demand of Rs. 1,081 million (2012: Rs. 219 million). The Bank has filed appeals before Commissioner Inland Revenue, (Appeals) (CIR-A). The management is confident that these appeals will be decided in favor of the Bank and therefore, no provision has been made against the said demand of Rs. 1,081 million (2012: Rs. 219 million).

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2013

Tax authorities have also issued orders under Federal Excise Act, 2005 thereby creating an arbitrary demand of Rs. 257 million (2012: Rs. 110 million). The bank has filed appeals before Commissioner Inland Revenue (Appeals). The management is confident that aforesaid demand will be deleted by appellate authorities and therefore no provision has been made against the said demand of Rs. 257 million (2012: Rs. 110 million).

	Un-audited Quarter ended March 31, 2013	Un-audited Quarter ended March 31, 2012
	Rupees in '000	
13. MARK-UP / RETURN / INTEREST EARNED		
On loans and advances	6,696,401	7,721,591
On investments in:		
'Available-for-sale' securities	4,731,411	3,043,580
'Held-to-maturity' securities	987,114	1,020,332
'Held-for-Trading' securities	-	5,421
	5,718,525	4,069,333
On deposits with financial institutions	2,778	3,038
On securities purchased under resale agreements	275,462	193,082
On certificates of investment	10,334	-
On letters of placement	-	2,258
On call money lending	25,987	7,758
	<u>12,729,487</u>	<u>11,997,060</u>
14. MARK-UP / RETURN / INTEREST EXPENSED		
Deposits	6,240,734	4,929,002
Long term borrowing	58,954	63,493
Securities sold under repurchase agreements	472,305	925,527
Call money borrowing	13,651	119,401
Brokerage and commission	30,584	51,870
Markup on sub-ordinated loans	151,954	187,603
Other short term borrowings	751,912	852,216
	<u>7,720,094</u>	<u>7,129,112</u>
15. EARNINGS PER SHARE - BASIC AND DILUTED		
Profit after taxation for the period attributable to ordinary shareholders	<u>2,850,266</u>	<u>3,090,083</u>
	Number of Shares	
Weighted average number of ordinary shares outstanding during the period.	<u>1,040,976,209</u>	<u>Restated 1,040,976,209</u>
	Rupees	
Earnings per share - basic and diluted for the period	15.1 <u>2.74</u>	<u>Restated 2.97</u>

There is no dilution effect on basic earnings per share.

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

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2013

16. RELATED PARTY TRANSACTIONS

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

Contributions to the accounts in respect of staff retirement benefits are made in accordance with actuarial valuation / terms of the contribution plan. Remuneration of the key management personnel are in accordance with the terms of their employment. Other transactions are at agreed terms.

Nature of related party transactions	Un-audited March 31, 2013				Audited December 31, 2012			
	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	43,842	1,833,333	176,428	200	49,969	-	203,005	-
Loans given during the period/year	1,720	-	6,132	536	14,847	2,000,000	91,199	3,185
Loans repaid/ adjustment during the period/year	(2,400)	(1,833,333)	(11,008)	(415)	(20,974)	(166,667)	(117,776)	(2,985)
Loans at the end of the period/year	43,162	-	171,552	321	43,842	1,833,333	176,428	200
Deposits								
Deposits at the beginning of the period/year	33,653	41,011	27,640	5,675,814	17,270	48,985	13,556	230,430
Deposits received during the period/year	1,651,685	2,694,069	58,233	9,930,285	6,532,379	13,700,859	310,582	327,706,930
Deposits repaid during the period/year	(1,644,865)	(2,684,341)	(57,362)	(8,745,606)	(6,515,996)	(13,708,833)	(296,498)	(322,261,546)
Deposits at the end of the period/year	40,473	50,739	28,511	6,860,493	33,653	41,011	27,640	5,675,814
Nostro balances	-	166,515	-	-	-	136,808	-	-
Lending	-	-	-	-	-	1,479,252	-	-
Investments in shares/ open end mutual funds	-	279,650	-	5,953,197	-	219,130	-	872,122
Other receivables	-	-	-	31,970	-	-	-	62,563
Other payable	-	-	-	110	-	-	-	110
Rent payable	-	-	-	919	-	-	-	-
Net receivable from staff retirement benefit funds	-	-	-	3,008,375	-	-	-	2,912,357

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2013

	Un-audited March 31, 2013				Un-audited March 31, 2012			
	Directors	Associated companies	Key management personnel	Other related parties	Directors	Associated companies	Key management personnel	Other related
	Rupees in '000				Rupees in '000			
Mark-up earned	396	-	2,396	-	447	-	2,912	-
Income on Placements	-	384	-	-	-	-	-	-
Income on lendings	-	-	-	-	-	-	-	-
Dividend income	-	-	-	-	-	-	-	962,202
Capital (Loss)	-	-	-	-	-	-	-	(14,099)
Sales commission /management fee sharing	-	-	-	90	-	-	-	81
Management fee sharing expense	-	-	-	-	-	-	-	111
Management fee income	-	-	-	50,220	-	-	-	117,675
Mark-up expense on Deposits	488	8	100	135,305	200	-	15	11,384
Fee commission/ bank charges	1	8	9	63	-	-	-	105
Interest expense on Borrowings	-	-	-	-	-	17,499	-	-
Director's meeting fee	2,300	-	-	-	1,500	-	-	-
Remuneration	-	-	44,230	-	-	-	34,900	-
NIFT charges	-	-	-	15,834	-	-	-	18,994
Rent Expense	-	4,370	-	-	-	3,955	-	-
Other Payable	-	-	-	-	-	-	-	-
Charge / (reversal) in respect of staff retirement benefit funds	-	-	-	25,742	-	-	-	46,568

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2013

17. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

For the Quarter Ended March 31, 2013 (Un-audited)								
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Asset Management	Eliminations	Total
Rupees in '000								
Total Income	249,669	442,802	9,752,855	13,109,948	143,925	72,041	(8,454,004)	15,317,236
Total Expenses	(117,477)	(724,270)	(8,153,525)	(11,805,017)	(72,514)	(48,171)	8,454,004	(12,466,970)
Net Income	132,192	(281,468)	1,599,330	1,304,931	71,411	23,870	-	2,850,266

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

As at March 31, 2013 (Un-audited)							
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Asset Management	Total
Rupees in '000							
Segment Assets (Gross)	591,572	19,632,316	116,514,690	513,132,324	309,404	903,244	651,083,550

As at December 31, 2012 (Audited)							
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Asset Management	Total
Rupees in '000							
Segment Assets (Gross) Restated	324,474	9,456,172	121,899,229	522,024,483	342,883	888,576	654,935,817

18. GENERAL

- 18.1 Figures have been rounded off to the nearest thousand rupees.
- 18.2 Corresponding figures have been re-arranged and reclassified to reflect more appropriate presentation of transactions for the purpose of comparison. However, no significant reclassifications have been made in these Consolidated condensed interim financial statements.
- 18.3 The Board of Directors of the Bank in its meeting held on 24 April, 2013 has approved interim cash dividend for the quarter ended 31 March, 2013 at Rs. 1.25 per share (31 March, 2012: Rs. 2 per share). The Consolidated condensed interim financial statements for the quarter ended 31 March, 2013 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 April 24, 2013 by the Board of Directors of the Bank.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

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