

EVOLVED FOR A NEW AGE



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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
Dr. Muhammad Akram Sheikh
Zafar Iqbal
Tahir Hassan Qureshi
(CEO)

Audit Committee of the Board

Zafar Iqbal
(Chairman)

Dr. Muhammad Akram Sheikh
Mubashir A. Akhtar

Human Resource & Remuneration Committee

Abdul Aziz Khan
(Chairman)

Muhammad Waseem Mukhtar
Tahir Hassan Qureshi

Company Secretary

Muhammad Raffat

Shariah Board

Mufti Ehsan Waquar Ahmed
(Chairman)

Mufti Mahmood Ahmad
Mufti Muhammad Iftikhar Baig

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Adviser

Mandviwalla & Zafar Advocates

Shares Registrar

Central Depository Company of
Pakistan Limited (CDCPL)

Registered & Head Office

3 Tipu Block, New Garden Town
Lahore - Pakistan
Postal Code 54000

Website & Email



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Social Media Links

<https://twitter.com/ablpk>

<https://www.facebook.com/alliedbankpk>

<https://www.youtube.com/user/alliedbankltd>

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

Director's Review

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present the financial results of Your Bank for the first quarter ended March 31, 2018:

	(Rupees in million)		Growth %
	Quarter ended March 31,		
	2018	2017	
Profit after tax for the period	3,771	3,602	5
Accumulated profits brought forward	49,212	46,490	6
Transferred from surplus on revaluation of non-banking assets to un-appropriated profit - net of tax	1	-	100
Transfer from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	28	14	100
Profit available for appropriation	53,012	50,106	6
Final cash dividend for the year ended December 31, 2017: Nil (2017: Year ended December 31, 2016 at Rs. 1.75 per share)	-	(2,004)	(100)
Transfer to statutory Reserves	(377)	(360)	5
Accumulated profits carried forward	52,635	47,742	10
Earnings Per Share (EPS) (Rs.)	3.29	3.15	4

The Board is pleased to announce an interim cash dividend of Rs. 2.00 per share for the first quarter ended March 31, 2018 (March 31, 2017: Rs. 1.75 per share)

Economic Review

Global growth momentum, driven by accelerated economic activity, stood at 3.8% in 2017 being the highest growth rate since 2011; with forecasted growth remaining stable at 3.9% for 2018 as well. However, short term upswing faces downside risks from rising inflation and interest rates, geopolitical tensions and inward-looking policies. Potential trade war between US and China could stall the growth momentum and have deeper repercussions for the world economy. Higher oil prices persisted amidst geopolitical uncertainties and ongoing supply cuts to close at US\$65 per barrel by end-March 2018.

Domestic economy continues to demonstrate sustained growth; with Government targeting GDP growth of 5.8% during FY2017-18 supported by enhanced energy supply, strong agriculture sector performance and robust Large-Scale Manufacturing (LSM).

However, despite the aforementioned positive developments, widening macroeconomic imbalances pose challenges to progress made so far. Lack of reforms in cost efficient energy supply mechanism has led to circular debt ballooning to above the Rs. 900 billion threshold. Similarly, lack of growth in tax revenues continues to push already burdensome fiscal deficit to 5.5% against the initial fiscal target of 4.3%; while country's mounting debt burden exerting further pressure on already precarious Debt to GDP ratio.

Rising Current Account deficit inflated by 51% during Jul'17-March'18 to close at US\$12,029 million in comparison to US\$7,990 million in the corresponding period of FY 2016-17.

Burgeoning import bill continued to exert pressure on balance of trade deficit; increasing by 22% during July'17-March'18 period to reach an alarming level of US\$26,150 million. During this period, country's exports posted a positive growth of 7% to reach US\$22,128 million. However, this was overshadowed by the 15% rise in imports which reached US\$48,278 million.

Foreign remittances grew by 6% during the quarter under review to reach US\$4,862 million with major inflows pouring in from non-GCC countries. Foreign Direct Investment (FDI) also registered a growth of 4% during Jul'17-Mar'18 to reach US\$2,094 million as compared to US\$2,005 million in the corresponding period last year. Major FDI flows remained in Power, Construction and Energy sector.

Foreign Exchange reserves therefore remained under pressure during the quarter and stood at US\$17,796 million at end-March 2018. Accordingly, the government devalued the PKR by further 5% during the quarter under review, to approximately Rs. 115 against US\$; in an effort towards augmented growth in exports, slowing down imports and also increase tariff-based revenues at the import stage to stem the pace of net forex outflows.

LSM reported a cumulative growth of 6.2% during July'17-Feb'18 with Iron and Steel products, automobile and cement sectors demonstrating strong performances respectively.

During the quarter ended March 31, 2018, Pakistan Stock Exchange's KSE-100 index also increased by 13% to close at 45,560 points; reflecting the optimistic investor sentiments.

Broad Money supply (M2) increased by 3% during the quarter under review to reach Rs.15,352 billion at end March'18. Cash based economy continues to flourish with currency in circulation growing by 2% to reach Rs. 4,085 billion at end-March'18.

In view of the above, overall growth in industry deposits remained under pressure at just 2% to reach Rs.12,571 billion. Considering the country's low private sector to GDP ratio, growth in private sector credit during the quarter, is a major positive sign; with overall industry advances increasing to Rs.6,812 billion or 4% during the quarter.

Overall investments dropped to Rs. 6,853 billion at end March 2018 from Rs. 8,541 billion at end-December 2017. Accordingly, the total assets of the banking industry shrunk by 6% to Rs.16,624 billion at end-March 2018. According to SBP's quarterly report for December 2017, Net Interest Margin (NIM) also declined to 3.3% during 2017 from 3.7% in 2016.

Despite core inflation on year-on-year basis being reported at 3.2% during March 2018; State Bank of Pakistan taking into consideration the aforementioned widening current account deficit, stagnancy in remittances and pressure on FX reserves, hiked the Policy Rate by 25 basis points to 6.0% during the quarter under review.

Financial Review

2018 presents a distinct set of challenges and opportunities for the banking industry with reducing margins accompanied by stringent taxation laws, dearth of quality lending avenues and rising costs of doing business. However, possible additional interest rate hikes along with gradual resolution of viable energy supply and implementation of infrastructure projects presents growth opportunities for the sector.

Your Bank's long term multi-pronged strategy encompassing effective risk management, deepening of technology driven product suite, automation driven optimization of operational activities and strategic expansion in outreach continues to provide an enabling platform for enriching banking experience for our valued customers while developing competitive advantage over competitors and overcoming the aforementioned challenges.

Your Bank's net interest income rose to Rs. 8,012 million for the quarter ended March 31, 2018 from Rs. 7,992 million in the corresponding period of last year, on account of volumetric growth in average earning assets. Furthermore, continuous growth in average CASA deposits and optimum funding mix assisted in reduction of Interest expense for the period under review as compared to the corresponding period of last year.

Your Bank's effective technology driven Risk Management framework yielded results with 28% rise in the reversal against Non-Performing Loans (NPL), which aggregated to Rs. 505 million for the quarter ended in March 31, 2018 as compared to net provision reversal of Rs. 394 million in the corresponding period last year.

Net Mark-up Income after provision increased by 2% to Rs. 8,518 million during the quarter under review as compared to Rs.8,386 million during the corresponding period of last year.

During the quarter, Non-markup/interest income (NII) amounted to Rs. 3,360 million posting a significant increase of 62% over March 2017. Your Bank's equity investment portfolio comprising of high dividend yielding blue chip securities continued to yield attractive returns as dividend income increased by 30% to Rs. 550 million during the quarter as against Rs. 421 million in corresponding period of last year.

Fee, Commission and Brokerage income increased to Rs. 1,156 million during the quarter under review. Capitalizing on opportunities present in FX market, Your Bank, posted an increase of 61% in income from dealing in foreign currencies during the quarter under review, to close at Rs. 271 million in March'18.

Augmenting Your Bank's status as Primary Dealer, Your Bank also realized capital gains on sale of government securities of Rs. 1,343 million during the quarter under review.

Your Bank remained on course for enhancing financial inclusion of country's vast unbanked population through increasing outreach vide conventional and alternate delivery channels across country.

The overall branch network expanded to 1,253 branches including 117 dedicated Islamic banking branches. Similarly, ATMs network increased to 1,329 ATMs including 274 off-site ATMs located at strategic locations. Ongoing investment in technology and network expansion resulted in administrative expenses growing by 10% to reach Rs. 5,232 million during the quarter under review.

As disclosed in Annual Report 2017, under the Suo Moto case SMC No. 20/2016 the Honorable Supreme Court had taken up the matter relating to pension arrangements of certain privatized banks including Allied Bank of Pakistan. The Honorable Supreme Court of Pakistan concluded the Suo Moto case on February 13, 2018, by using judicial discretion and fixed the minimum pension and indexation levels for eligible staff, on humanitarian grounds.

In view of the underlying judgement, the Bank under the guidance of legal counsel, has booked the related past service cost of Rs.265 million based on an actuarial valuation; as an extra-ordinary item.

Your Bank's Profit Before Tax witnessed a growth of 9% to close at Rs. 6,075 million for the quarter ended March 31, 2018. Similarly, Profit After Tax increased by 5% to Rs. 3,771 million for the quarter ended March 31, 2018.

During the period under review, Your Bank's EPS stood at Rs. 3.29 per share as compared to Rs. 3.15 per share in corresponding period. Return on Equity and Return on Assets also stood at a robust level of 18.7% and 1.3% respectively.

Director's Review

Gross advances of Your Bank grew by 4% in comparison to December 2017 and surpassed Rs. 400 billion to close at Rs. 402,623 million as at March 31, 2018. Through unrelenting recovery efforts and utilization of industry's leading risk management platform, Your Bank further reduced the Non-Performing Loans portfolio by Rs. 1,398 million to Rs. 16,653 million.

As a result, infection and coverage ratio improved to 4.1% and 97.3% respectively, well above the December 2017 industry's average of 8.4% and 87.2%. No FSV benefit has been taken while determining the provision against Non-Performing Advances as allowed under BSD Circular No. 01 dated October 21, 2011.

In line with the industry's trend of declining assets, total Assets of Your Bank stood at Rs. 1,122 billion as at March 31, 2018. While total equity remains strong at Rs. 111,120 million as at March 31, 2018.

Future Outlook

Pakistan's real GDP is expected to grow by 5.8% during FY2017-18 with underlying recovery in agriculture sector, energy supply, strong consumption growth and improved manufacturing performance. However, challenges emanating from required structural reforms, low tax base, fiscal and trade deficit, depleting forex reserves along with deteriorating PKR parity may prove ominous for anticipated economic growth.

Banking sector outlook remains challenging as the bottom line remains subdued due to prevailing low interest rates scenario, intense competition for quality lending avenues, maturing high yielding investments, with rising compliance and strategic expansions costs; supplemented by an unabated growth in cash-based undocumented economy adversely impacting both the financial inclusion levels along with real potential growth of the banking sector.

Despite these manifold challenges for the banking sector adversely impacting the growth in profitability and balance sheet, Your Bank continues to focus on long term strategic goals of expanding customer base, robust low-cost funding levels, strong equity and CAR position together with consistent investments towards expansion of outreach, alternate delivery channels and technology driven risk management framework and financial product suite; while duly keeping evolving digital banking into consideration.

During the quarter under review, Your Bank also formally inaugurated the "Innovation Lab"; being a key initiative of Allied Bank's Digital strategy that will accelerate development of high tech banking services, integrated with Artificial Intelligence (AI) to promote use of self-service banking in Pakistan.

These initiatives shall further compliment the ongoing endeavors by Your Bank to further strengthen the funding base while maintaining focus towards further improvement in industry's leading asset quality levels going forward.

Entity Rating

Pakistan Credit Rating Agency (PACRA) assigned long term rating of AA+ (Double A Plus) and short-term rating of A1+ (A One Plus) respectively; indicating very high credit quality.

Corporate Governance Rating

JCR-VIS maintained the Bank's rating to "CGR-9+"; thus, reaffirming high level of corporate governance.

Awards

During the quarter under review, Allied Bank Limited was awarded the prestigious Asia-money "Best Bank for CSR Award for Pakistan".

Allied Bank Limited was also awarded the "Corporate Excellence Award for Commercial Banks" by the Management Association of Pakistan.

Acknowledgement

On behalf of Allied Bank, we would like to extend our appreciation to our worthy customers for their unwavering trust in our services, to our employees for their continuous hard work and perseverance, to our shareholders for their belief in us while appreciating the insightful guidance by State Bank of Pakistan and other regulatory bodies.

For and on behalf of the Board of Directors,

Mohammad Naeem Mukhtar
Chairman Board of Directors

Tahir Hassan Qureshi
Chief Executive Officer

Lahore
Date: April 25, 2018

ڈائریکٹرز جائزہ رپورٹ

محترم شیئرز ہولڈرز!

بورڈ آف ڈائریکٹرز کی جانب سے ہم 31 مارچ 2018 کو اختتام پذیر پہلی سہ ماہی کے مالیاتی نتائج پیش کرتے ہوئے نہایت مسرت محسوس کرتے ہیں۔

31 مارچ کو ختم ہونے والی سہ ماہی			
اضافہ	2017	2018	
فی صد	ملین روپے		
5	3,602	3,771	بعد از ٹیکس منافع
6	46,490	49,212	گزشتہ جمع شدہ منافع
107	14	29	معین اثاثہ جات / غیر بینکاری اثاثہ جات کی قدر و پیمائش سے منتقلی
6	50,106	53,012	تصرف کیلئے دستیاب منافع
(100)	(2,004)	-	سال ختمہ 31 دسمبر 2017ء کا حتمی کیش ڈیویڈنڈ 0.00 روپے فی حصص (2017: سال ختمہ 31 دسمبر 2016ء کیش ڈیویڈنڈ 1.75 روپے فی حصص)
5	(360)	(377)	ضوابطی ریزرو میں منتقلی
10	47,742	52,635	آگے منتقل کیا گیا جمع شدہ منافع
4	3.15	3.29	فی حصص روپے (EPS)

بورڈ انتہائی مسرت کے ساتھ 31 مارچ 2018 کو اختتام پذیر سہ ماہی کیلئے 2.00 روپے فی حصص کے عبوری کیش ڈیویڈنڈ کا اعلان کرتا ہے (31 مارچ 2017: 1.75 روپے فی حصص)۔

معاشی جائزہ:

عالمی ترقی کی رفتار اپنے تیز معاشی عمل کی بدولت سال 2017ء 3.8% فیصد پر رہی جو کہ سال 2011ء تک کی بلند ترین شرح ہے اور اس کے ساتھ سال 2018ء میں بھی 3.9% فیصد کی مستحکم نمو کی توقع کی جاتی ہے۔ تاہم اس قلیل المدت ترقی کو افراط زر میں اضافہ، شرح سود کے تقیر، جغرافیائی و سیاسی دباؤ اور داخلی سیاسی انتشار جیسے عوامل سے خطرات لاحق ہیں۔ امریکہ اور چین کے مابین امکانی تجارتی جنگ کے باعث ترقی کی رفتار کمزور پڑ سکتی ہے اور عالمی معیشت پر گہرے اثرات مرتب کر سکتی ہے۔ جغرافیائی اور سیاسی غیر یقینی صورتحال اور رسد میں جاری کٹوتی کے باعث تیل کی قیمتیں مسلسل اضافہ کے ساتھ مارچ 2018ء کے اختتام تک 65 امریکی ڈالر فی بیرل تک پہنچ گئیں۔

اندرون ملک معیشت کی ترقی کی رفتار میں بہتری کا رجحان برقرار رہا جو حکومت کا GDP (جی ڈی پی) کی نمو 5.8% کے ہدف پر ارتکاز، توانائی کی ترسیل میں اضافہ، زرعی شعبے کی مضبوطی اور بڑے پیمانے کی صنعتوں میں وسعت کے باعث حاصل ہو گیا۔

تاہم اس شہت پیش رفت کے باوجود، میکرو اقتصادی امور میں موجود عدم توازن کی وجہ سے اس ترقی کو بہت سے چیلنجز کو سامنا ہے۔ توانائی کی ترسیل میں موکھ لاگت کے لیے اصلاحات کی کمی کے باعث اندرون ترقی (سرکچر ڈیمینڈ) بڑھتے ہوئے 900 ملین روپے کی حد پر پہنچ گئے ہیں۔ اسی طرح ٹیکس (محمولات) سے حاصل ہونے والی آمدنی بڑھوتی نہ ہونے کی وجہ سے 3.3%۔ 4% ابتدائی مالیاتی ہدف کی نسبت 5.5% کا مالی خسارہ ہوا۔ جبکہ ملک کے قرض کے پھاڑ جیسا بوجھ پہلے سے تباہ حال Debt to GDP کی شرح پر مزید دباؤ بڑھا رہا ہے۔

کرنٹ اکاؤنٹ کا خسارہ 51 فیصد سے بڑھتے ہوئے جولائی 2017ء سے مارچ 2018ء تک گزشتہ ترقی مدد 17-2016 کے 7,990 ملین امریکی ڈالر کے مقابلے میں 12,029 ملین امریکی ڈالر پر شمار کیا گیا۔

نیوزی سے بڑھتا درآمدی بل (ایمپورٹ بل) تجارتی خسارے پر دباؤ جاری رکھے ہوئے ہے۔ جو کہ جولائی 2017ء سے مارچ 2018ء تک 22 فیصد اضافے کے ساتھ بڑھتے ہوئے 26,150 ملین امریکی ڈالر کی خطرناک سطح پر پہنچ گیا۔ اسی عرصہ کے دوران ملک کی برآمدات میں 7 فیصد اضافہ ہوا جو کہ 22,128 ملین امریکن ڈالر رہی۔ تاہم امر درآمدات میں 15 فیصد اضافے کی باعث زیادہ نمایاں نہ ہو سکا جن کا حجم 48,278 ملین امریکی ڈالر پر پہنچ گیا۔

غیر ملکی ترسیلات زر اس زیر نظر عرصہ میں 6 فیصد اضافہ کے ساتھ 4,862 ملین امریکن ڈالر تک پہنچ گئیں جس میں زیادہ تر حصہ غیر (GCC) ممالک سے آنے والی ترسیلات کا ہے۔ غیر ملکی براہ راست سرمایہ کاری (ایف ڈی ڈی ای) بھی جولائی 2017ء سے مارچ 2018ء کے عرصہ کے دوران گزشتہ سال کی تقابلی مدت جو کہ 2,005 ملین ڈالرز کی نسبت 4 فیصد کی

منافع کی حامل بلوچپیکو سیکورٹیز پر مشتمل ہے، مسلسل متاثرکن منافع فراہم کر رہا ہے جس کے نتیجے میں ڈیویڈنڈ کی آمدنی گزشتہ سال کی سماہی میں 421 ملین روپے سے 30 فیصد کے اضافے کے ساتھ اس سال کی پہلی سماہی میں 550 ملین روپے رہی۔

فیس کمیشن اور بروکر سٹیج آمدنی اس سماہی میں بڑھ کر 1,156 ملین روپے ہو گئی۔ زرمبادلہ کی مارکیٹ میں سرمایہ کاری کے مواقع سے مستفید ہوتے ہوئے آپ کے بینک نے اس زیر نظر سماہی میں غیر کرنسی کے لین دین سے حاصل آمدنی میں 61 فیصد کی بڑھوتی کی جس کا حجم مارچ 2018ء کے اختتام پر 271 ملین روپے رہا۔

اپنی بنیادی ڈیٹریکٹ کو مزید مضکم کرتے ہوئے آپ کے بینک نے گورنمنٹ سیکورٹیز کی فروخت سے بھی 1,343 ملین روپے کا منافع کمایا۔

آپ کے بینک نے ملک کی وسیع غیر بینک آبادی کی مالی شمولیت کو بڑھانے کیلئے اپنے روایتی برانچ نیٹ ورک اور متبادل سہولیات (ڈیلیوری نیٹوز) کی فراہمی کو ملک گیر سطح تک پھیلائی کی راہ پر مستقل طور پر کامزن ہے۔

بینک کا مجموعی دائرہ کار بڑھتے ہوئے 1,253 برانچوں تک پہنچ چکا ہے جس میں اسلامک بینکنگ کے لیے مخصوص 117 برانچیں بھی شامل ہیں۔ اس طرح نئی ایٹمز (ATM) نیٹ ورک کو بھی بڑھایا گیا جو خاص طور پر منتخب کنندہ علاقوں میں نسب ATMs 274 (آف سائٹ) کے بشمول اب 1,329 ATMs پر مشتمل ہے۔ ٹیکنالوجی اور نیٹ ورک میں اضافے کے لیے جاری سرمایہ کاری کے نتیجے میں انتظامی اخراجات اس زیر غور سماہی میں 10 فیصد کی شرح سے بڑھ کر 2,232 ملین روپے تک پہنچ گئے۔

جیسا کہ سالانہ رپورٹ 2017ء میں آگاہ کیا گیا تھا کہ محرمزہریم کورٹ نے سوڈوموٹوئس SMC 20/2016 کے مطابق کچھ پرائیوٹ بینکوں بشمول الائیڈ بینک آف پاکستان کی پیشین گوئی کے انتظامات کا معاملہ اٹھایا ہے۔ محرمزہریم کورٹ نے 13 فروری 2018ء کو سوڈوموٹوئس پر عداقتی حوالہ یاد کو استعمال کرتے ہوئے انسانی بنیادوں پر کم از کم پیشین گوئی اور موزوں صاف کے لیے اشاریہ سازی کی سطح مقرر کر دی ہے۔

اس فیصلے کے تناظر میں بینک نے اپنے قانونی ماہرین کی مشاورت اور تجویز سازی کی بنیاد پر سابقہ خدمات کی لاگت کے طور پر 265 ملین روپے کے غیر معمولی نوعیت کے اخراجات کا اندراج کیا ہے۔

آپ کے بینک کا قبل از گیس منافع 9 فیصد بڑھوتی کے ساتھ 31 مارچ 2018ء کی سماہی تک 6,075 ملین روپے پر درج کیا گیا۔ اس طرح منافع بعد از گیس بھی 31 مارچ 2018ء کی سماہی کے اختتام پر 5 فیصد کی شرح سے بڑھتا ہوا 3,771 ملین روپے پر چا پہنچا۔

زیر جائزہ مدت کے دوران آپ کے بینک کے فی فی شخص آمدنی (EPS) گزشتہ برس کی اسی مدت کے 1.35 روپے فی شیئر کے مقابلے میں 3.29 روپے رہی۔ ریٹرن آن ایکویٹی (سرمایہ پر منافع) اور ریٹرن آن ائیکسٹنس (انٹاؤں پر منافع) کے تناسب بھی مضبوط سطح پر رہے ہوئے بالترتیب 18.7 فیصد اور 1.3 فیصد رہے۔

آپ کے بینک کے مجموعی قرضہ جات دسمبر 2017ء کے 400 ملین روپے کے حجم کی نسبت مارچ 2018ء تک 4 فیصد کی شرح کے ساتھ بڑھ کر 402,623 ملین روپے پر بریک اڈا کیے گئے۔ وصولیوں کے غیر جانبدارانہ اور کڑے اقدامات اور صنعت کے معروف ترین خدشات کے تدارک کے نظام کے پلٹ فارم کو استعمال کرتے ہوئے آپ کے بینک نے اپنے غیر فعال قرضوں کے حجم میں مزید کمی کی ہے جو کہ 1,398 ملین امریکی ڈالر ہے جن کا موجودہ شمارہ 16,653 ملین روپے ہے۔

جسکے نتیجے میں انٹیکشن اور کوریج کا تناسب بہتر ہو کر بالترتیب 4.1 فیصد اور 97.3 فیصد رہا۔ جو کہ دسمبر 2017ء میں صنعت کے اوسط 8.4 فیصد اور 87.2 فیصد سے نمایاں طور پر بلند ہے۔ غیر فعال قرضوں کی پرویزوں (اخراجات) کا تعلق کرتے ہوئے ایس ڈی سرگرو نمبر 01 مورخہ 21 اکتوبر 2011ء کے درج اجازت کے باوجود، ایف ایس وی (FSV) کا فائدہ حاصل نہیں کیا گیا۔ بینکنگ کی صنعت کے انٹاؤں میں کمی کے رجحان کے باوجود 31 مارچ 2018ء تک آپ کے بینک کے کل انٹاؤں 1,122 ملین روپے پر موجود ہیں۔ جبکہ مجموعی ایکویٹی (سرمایہ) بھی 31 مارچ 2018ء مضبوط رہتے ہوئے 111,120 ملین روپے پر شمار کی گئی ہے۔

مستقبل کا نقطہ نظر اپیش بینی:

مالیاتی سال 2017-18 میں پاکستان کے حقیقی GDP میں 5.8 فیصد کی نمو کی توقع ہے۔ جس کی بنیادی عوامل میں زرعی شعبہ میں بہتری، توانائی کی فراہمی، مصارف میں مضبوط اضافہ اور بہتر پیداواری کارکردگی ہے۔ تاہم ضروری بنیادی اصلاحات سے جڑے خدشات، گیس کی کمزور بنیاد، مالیاتی اور تجارتی خسارہ، کم ہوتے زرمبادلہ کے ذخائر اور پاکستانی روپے کی گرتی ہوئی قدر متوقع معاشی ترقی کی راہ میں رکاوٹ ہیں۔

بینکنگ کے شعبہ کو مستقبل میں بھی چیلنجز کا سامنا رہے گا جن میں کم ہوتے انٹرنسٹ ریٹ، معیاری قرضہ جات کی فراہمی میں شدید مسابقت، زیادہ منافع کی حامل سرمایہ کاری کی باہمی (چیورٹی)، بڑھتی ہوئی قلمی اور مزید لاگت، مثال میں اور اس کے ساتھ نقد لین دین کے فروغ سے غیر دستاویزی معیشت میں ترقی کے معاشی شمولیت کی سطحوں اور بینکنگ کے

صوبوں کی جس کی شرح 2,094 ملین امریکن ڈالرز رہی۔ ایف ڈی آئی کا زیادہ تر جھکاؤ بجلی، تعمیرات اور توانائی کے شعبوں میں رہا۔

چنانچہ زرمبادلہ کے ذخائر اس سہ ماہی کے دوران دباؤ کا شکار رہے اور اکتوبر 2018 کے اختتام تک 17,796 ملین امریکن ڈالرز رہا۔ لہذا برآمدات کے فروغ کے اقدامات، درآمدات کی رفتار کو آہستہ آہستہ کرنے کے حوالے سے حکومت نے ڈالر کے مقابلے میں روپے کی قدر میں 5 فیصد تخفیف کی ہے۔ اور اس کی شرح 115 روپے فی امریکن ڈالر مقرر کی ہے۔ اس کے علاوہ درآمدات پر عائد محصولات میں اضافہ کے ذریعے سے بھی غیر ملکی کرنسی کے اخراج کو روکنے میں مدد ملے گی۔

بڑے پیمانے کی صنعت (ایل ایس ایم) نے بھی جولائی 2017ء سے فروری 2018ء کے عرصہ میں 6.2 فیصد کی مجموعی ترقی کا ظاہر کیا ہے جس میں لوہے اور سیٹھن کی پراڈکٹس، آٹوموبیل اور سینٹ کے شعبوں نہایت حوصلہ افزا کارکردگی دکھائی ہے۔

31 مارچ 2018ء کو ختم ہونے والی سہ ماہی پر پاکستان اسٹاک ایکسچینج KSE-100 انڈیکس بھی بڑھ کر 13.3 فیصد کے ساتھ 45,560 پوائنٹس پر اختتام پذیر ہوا۔ جو کہ سرمایہ کار کے مثبت رویے کو ظاہر کرتا ہے۔

برازیلی (ایم 2) کی رسد میں اس زمرہ سہ ماہی کے دوران 3 فیصد کا اضافہ ہوا جو مارچ 2018 کے اختتام تک 15,352 ملین روپے پر یکپارہ کی گئی۔ نقد لین دین پر مشتمل معیشت نے اپنی وسعت کو مزید بڑھاتے ہوئے 2% فیصد کی شرح سے مارچ 2018 کے اختتام تک 4,085 ملین روپے کی شرح کو حاصل کیا۔

مذکورہ بالا معاملات کے تناظر میں صنعت کے ڈیپازٹس میں مجموعی ترقی پر دباؤ برقرار رہا اور محض 2 فیصد کی شرح سے اس کا تین 12,571 ملین روپے پر کیا گیا۔ ملک کے نجی شعبہ اور جی ڈی پی کے گنیل باہمی تناسب کو مد نظر رکھتے ہوئے اس سہ ماہی کے دوران نجی شعبہ میں قرض کی طلب کی بہتری ایک نہایت مثبت اشارہ ہے۔ جبکہ صنعت کے مجموعی قرضات اس سہ ماہی میں 4% فیصد کی شرح سے بڑھتے ہوئے 6,812 ملین روپے تک جا پہنچے۔

تاہم مجموعی سرمایہ کاری، دسمبر 2017 کی اختتامی سطح 8,541 ملین روپے سے کم ہوتے ہوئے مارچ 2018 کے اختتام پر 6,853 ملین روپے پر یکپارہ ہوا۔ چنانچہ بینکنگ کی صنعت کے کل اثاثے مارچ 2018 کے اختتام تک 6 فیصد کی شرح سے کم ہو کر 16,624 ملین روپے پر شمار کیے گئے۔ اسٹیٹ بینک آف پاکستان کی سہ ماہی رپورٹ دسمبر 2017ء کے مطابق نیٹ افزائش راجن (NIM) 2016 میں 3.7 فیصد سے کم ہو کر سال 2017 میں 3.3 فیصد پر درج کیا گیا۔

مارچ 2018ء نے بین بین الاقوامی افراط زر کے سال بہ سال کی بنیاد پر 3.2 فیصد ریکارڈ ہونے کے باوجود سٹیٹ بینک آف پاکستان نے اس زمرہ سہ ماہی میں مذکورہ بالا عوامل کی بدولت کرنٹ اکاؤنٹ کے بڑھتے ہوئے خسارے، انجماد کا شکار ترسیلات اور زرمبادلہ کے ذخائر پر دباؤ میں بہتری لانے کے لیے پالیسی ریٹ میں 25 (بی پی ایس) فیڈی پوائنٹس کا اضافہ کر کے اس کی شرح کو 6 فیصد پر مقرر کیا ہے۔

مالیاتی جائزہ - مارچ 2018:

2018ء میں بینکنگ انڈسٹری کو مختلف انواع کے چیلنجز اور مواقع کا سامنا ہے جیسے کہ راجن کو کم کرنے کے اور سخت لگس قوانین، معیاری قرضوں کے مواقع میں انحطاط اور کاروباری کی بڑھتی ہوئی لاگت۔ تاہم انٹرنسٹ ریٹ میں مزید امکانی اضافہ اور اس کے ساتھ توانائی کی رسد کی فراہمی میں بتدریج بہتری اور فیڈی ڈھانچے کے منصوبوں پر عملدرآمد سے سیکٹر میں ترقی کے مواقع فراہم کئے ہیں۔

آپ کے بینک کی طویل المدتی و تیز رفتاری حکمت عملی خدمات کے موثر مذاکرہ، بینکاروں کی پر مبنی مصنوعات میں مزید پھیلاؤ اور آپریٹنگ سٹرکچر میں بہتر خود کاریت اور اپنی وسعت میں اسٹریٹجک فروغ پر مبنی اصلاحات کو جاری رکھتے ہوئے ایک فعال بینکنگ پلیٹ فارم فراہم کرنے کیلئے مستعد ہے تاکہ ناصرف اپنے قابل قدر صارفین زیادہ موثر بینکنگ کی سہولیات فراہم کی جائیں بلکہ اپنے سہ ماہی حریفوں پر مسرت کے ساتھ ساتھ اوپر ڈر کر کے گئے چیلنجزوں پر قابو پایا جاسکے۔

31 مارچ 2018ء کو ختم ہونے والی سہ ماہی میں آپ کے بینک کی خاص انٹرنسٹ آمدنی گزشتہ سال کی اسی مدت کے 7,992 ملین روپے سے بڑھ کر 8,012 ملین روپے ہو گئی جس کی بڑی وجہ اوسط پیداواری اثاثوں میں شمارہ اضافہ ہے۔ اس کے علاوہ اوسط کاسا (CASA) ڈیپازٹ میں مسلسل اضافہ اور فنڈنگ کی مجموعی ترکیب کی بدولت گزشتہ سال کی اسی تقابلی مدت کی نسبت موجودہ زمرہ سہ ماہی میں انٹرنسٹ اخراجات میں کمی ہوئی ہے۔

آپ کے بینک کی موثر بینکاروں پر مبنی رسک مینجمنٹ فریم ورک سے اچھے نتائج کے جاری حصول کے باعث غیر فعال قرضوں (NPLS) کی رپورٹس میں 28 فیصد اضافہ ہوا ہے جو گزشتہ سال کی اسی تقابلی مدت کے 394 ملین روپے کے پروڈیون کے اخراجات کی رپورٹس کے کم کی نسبت 31 مارچ 2018 کو اختتام پذیر سہ ماہی میں مجموعی طور پر 505 ملین روپے رہی۔

خاص مارک اپ آمدنی بعد از پروڈیون (اخراجات) گزشتہ سال کی اسی تقابلی مدت کے 8,386 ملین روپے سے 2 فیصد بڑھ کر اسی زمرہ سہ ماہی میں 8,518 ملین روپے پر پہنچ گئے۔

غیر مارک اپ آمدنی مارچ 2017ء سے 62 فیصد کے نمایاں اضافے کے ساتھ 3,360 ملین روپے پر درج کی گئی۔ آپ کے بینک کی ایکویٹی سرمایہ کاری کا پورٹ فولیو جو اعلیٰ اور زیادہ

شعبہ کی مکمل ترقی و مواقع، دونوں کو متاثر کیا ہے۔ ان تمام تدریجی خدمات کے باوجود جو کہ بینکنگ کی صنعت کو درپیش ہیں اور اسکی بیلنس شیٹ اور منافع کی ترقی کو متاثر کرتے ہیں، آپ کے بینک نے اپنے طویل المدتی سٹریٹیجک مقاصد کے حصول کیلئے سرگرم ہے تاکہ اپنے صارفین میں اضافہ، کم لاگت مگر مضبوط سرمایہ کی دستیابی، منظم ایکویٹی کار (CAR) پوزیشن، اور اس کے ساتھ اپنے دائرہ کار اور متبادل ذیلیوری (سہولیات) کے مواقع میں وسعت میں سرمایہ کاری میں متواتر اضافہ اور ٹیکنالوجی سے مزین رسک مینیجمنٹ فریم ورک اور معیاری مالیاتی مصنوعات کا ایک بہتر پیکج فراہم کیا جاسکے۔

اس سہ ماہی میں بینک نے اپنے ڈیجیٹل دور کے سفر کو جاری رکھتے ہوئے باقاعدہ طور پر ایک "انویشن لیب" آغاز کیا جو کہ الائیڈ بینک کا ڈیجیٹل حکمت عملی کا ایک اہم اقدام ہے۔ اور جو کہ بینکنگ کی ہائی ٹیک (جدید) خدمات جو مصنوعی ذہانت (آرٹیفیشیل انٹیلیجنس) (AI) کے ذریعے سیلف سروس بینکنگ کے استعمال اور دیگر سہولیات میں فروغ کو مزید تیزی سے آگے بڑھانے میں اپنا کردار ادا کریں گی۔

ان اقدامات کی بدولت کی جانے والی جاری کوششیں آپ کے بینک کی فنڈنگ میں کو مزید مضبوط کریں گی اور مستقبل میں بینکنگ کی صنعت نمایاں ترین معیاری اثاثہ جات کی سطح کو مزید بہتر کرنے میں معاون ہوں گی۔

اسٹیبلی ریٹنگ:

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے الائیڈ بینک کی طویل مدتی ریٹنگ کو "AA+" (ڈبل اے پلس) کی سطح اور قلیل مدتی ریٹنگ کی سطح "A1+" (اے ون پلس) پر برقرار رکھا ہے جو کریڈٹ کے اعلیٰ معیار کا مظہر ہے۔

کورپوریٹ گورننس ریٹنگ:

جے سی آر وی آئی ایس (JCR-VIS) کریڈٹ ریٹنگ ایجنسی لمیٹڈ نے الائیڈ بینک لمیٹڈ کی کورپوریٹ گورننس کی درجہ بندی کو "CGR-9+" کی سطح پر ریٹ کیا ہے۔ جو کورپوریٹ گورننس کے اعلیٰ ترین معیار کو ظاہر کرتی ہے۔

ایوارڈز:

اس زمرہ تجزیہ سہ ماہی کے دوران الائیڈ بینک لمیٹڈ کو 'بیسٹ بینک فارسی ایس آر ایوارڈ فار پاکستان' (BEST BANK FOR CSR AWARD FOR PAKISTAN) قومی الشیاء منی (ASIA MONEY) ایوارڈ سے نوازا گیا۔ مینجمنٹ ایسوسی ایشن آف پاکستان کی جانب سے آپ کے بینک کو 'کارپوریٹ بیلنس ایوارڈ برائے کمرشل بینکنگ' (CORPORATE EXCELLENCE AWARD FOR COMMERCIAL BANK) کے ایوارڈ سے بھی نوازا گیا۔

تسلیم و تحسین:

الائیڈ بینک کی جانب سے ہم اپنے قابل قدر صارفین کا انکے پر غیر حتمی اعتماد، اپنے خائف مہرز کا انکی استحکام خدمات اور تعاون پر، اپنے شہر بولڈرز کا انکے یقین پر اور اسٹیٹ بینک آف پاکستان اور دیگر انتظامی اداروں کا ان کی مسلسل رہنمائی پر تہ دل سے مشکور ہیں۔

منجانب و برائے بورڈ آف ڈائریکٹرز

طاہر حسن قریشی
چیف ایگزیکٹو آفیسر

محمد نسیم مختار
چیرمین بورڈ آف ڈائریکٹرز

لاہور

تاریخ: 25 اپریل 2018ء

UNCONSOLIDATED
CONDENSED INTERIM
FINANCIAL STATEMENTS

for the quarter ended March 31, 2018

Unconsolidated Condensed Interim Statement of Financial Position (Un-audited) as at March 31, 2018

	Note	March 31, 2018	Audited December 31, 2017
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		80,582,420	85,367,382
Balances with other banks		338,688	648,765
Lendings to financial institutions	6	128,816,599	8,694,399
Investments	7	449,709,988	698,082,066
Advances	8	386,415,012	372,037,714
Operating fixed assets		48,825,594	48,327,029
Deferred tax assets		–	–
Other assets		26,872,459	32,554,758
		1,121,560,760	1,245,712,113
LIABILITIES			
Bills payable		20,557,599	7,835,467
Borrowings	9	58,473,278	223,556,383
Deposits and other accounts	10	905,812,541	883,740,709
Sub-ordinated loans		–	–
Liabilities against assets subject to finance lease		–	–
Deferred tax liabilities		7,157,505	6,941,804
Other liabilities		18,360,142	16,921,397
		1,010,361,065	1,138,995,760
NET ASSETS		111,199,695	106,716,353
REPRESENTED BY			
Share capital	11	11,450,739	11,450,739
Reserves		18,531,065	17,980,116
Unappropriated profit		52,634,757	49,212,447
		82,616,561	78,643,302
Surplus on revaluation of assets - net of tax		28,583,134	28,073,051
		111,199,695	106,716,353

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 23 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, 2018

	Note	Quarter Ended	
		March 31, 2018	March 31, 2017
Rupees in '000			
Mark-up / return / interest earned	13	15,674,319	15,739,193
Mark-up / return / interest expensed	14	7,661,829	7,747,096
Net mark-up / interest income		8,012,490	7,992,097
Net reversal of provision against non-performing loans and advances		(505,847)	(393,683)
Reversal for diminution in the value of investments		(12)	-
Bad debts written off directly		-	-
		(505,859)	(393,683)
Net mark-up / interest income after reversal of provisions		8,518,349	8,385,780
NON MARK-UP / INTEREST INCOME			
Fee, commission and brokerage income		1,156,468	1,136,561
Dividend income		549,576	421,455
Income from dealing in foreign currencies		271,769	169,191
Gain on sale of securities - net		1,343,221	299,471
Unrealized loss on revaluation of investments classified as 'held-for-trading' - net		-	(1,288)
Other income		38,548	44,176
Total non mark-up / interest income		3,359,582	2,069,566
		11,877,931	10,455,346
NON MARK-UP / INTEREST EXPENSES			
Administrative expenses		5,232,067	4,739,708
Provision against other assets		62,000	12,000
Provision / (reversal) against off-balance sheet obligations - net		20,000	(2,698)
Other charges		223,390	155,018
Total non mark-up / interest expenses		5,537,457	4,904,028
Extra-ordinary / unusual item	15	265,226	-
PROFIT BEFORE TAXATION		6,075,248	5,551,318
Taxation			
Current		2,410,871	2,055,809
Prior year		-	-
Deferred		(106,341)	(106,373)
		2,304,530	1,949,436
PROFIT AFTER TAXATION		3,770,718	3,601,882
Unappropriated profit brought forward		49,212,447	46,490,244
PROFIT AVAILABLE FOR APPROPRIATION		52,634,757	47,742,117
Earnings per share - Basic and Diluted (in Rupees)	16	3.29	3.15

The annexed notes 1 to 23 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, 2018

	Quarter Ended	
	March 31, 2018	March 31, 2017
	Rupees in '000	
Profit after taxation for the period	3,770,718	3,601,882
Other comprehensive income:		
<i>Items to be reclassified to profit and loss account in subsequent periods:</i>		
Exchange differences on translation of net investment in foreign operating branches	173,877	7,475
Comprehensive income transferred to equity	3,944,595	3,609,357
Components of comprehensive income not reflected in equity:		
<i>Items to be reclassified to profit and loss account in subsequent periods:</i>		
Net change in fair value of 'available-for-sale' securities	861,110	(1,191,128)
Related deferred tax	(301,389)	416,895
	559,721	(774,233)
Total comprehensive income	4,504,316	2,835,124

The annexed notes 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.

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Chairman

Unconsolidated Condensed Interim Statement of Cash Flow

(Un-audited) for the quarter ended March 31, 2018

	Quarter Ended	
	March 31, 2018	March 31, 2017
Rupees in '000		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	6,075,248	5,551,318
Less: Dividend income	(549,576)	(421,455)
	5,525,672	5,129,863
Adjustments for non-cash items:		
Depreciation / amortization	1,034,275	608,908
Reversal against non-performing loans and advances	(505,847)	(393,683)
Reversal for diminution in the value of investments	(12)	-
Unrealized loss on revaluation of 'held-for-trading' securities	-	1,288
Provision / (reversal) against off-balance sheet obligations	20,000	(2,698)
Provision against other assets	62,000	12,000
Provision for workers welfare fund	129,195	117,475
Gain on sale of operating fixed assets	(10,293)	(9,570)
Gain on sale of other assets	-	-
	729,318	333,720
	6,254,990	5,463,583
(Increase) / decrease in operating assets		
Lendings to financial institutions	(120,122,200)	8,369,853
Net investment in 'held-for-trading' securities	24,826,109	(10,554,077)
Advances	(14,175,562)	(19,927,966)
Other assets (excluding advance taxation)	4,658,624	3,700,297
	(104,813,029)	(18,411,893)
Increase / (decrease) in operating liabilities		
Bills payable	12,722,132	(3,433,777)
Borrowings	(165,230,420)	17,519,310
Deposits and other accounts	22,071,832	5,109,806
Other liabilities	1,291,307	3,173,927
	(129,145,149)	22,369,266
	(227,703,188)	9,420,956
Income tax paid	(1,382,607)	(1,278,267)
Net cash flows generated from operating activities	(229,085,795)	8,142,689
CASH FLOW FROM INVESTING ACTIVITIES		
Net realization from / (investment) in 'available-for-sale' securities	224,558,395	(6,706,375)
Net investment in 'held-to-maturity' securities	(153,086)	(86,199)
Dividend received	479,499	559,591
Investments in operating fixed assets	(1,226,651)	(868,157)
Proceeds from sale of operating fixed assets	13,164	12,263
Net cash flows used in investing activities	223,671,321	(7,088,877)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(1,757)	(1,768,751)
Net cash flows used in financing activities	(1,757)	(1,768,751)
Effect of translation of net investment in foreign operating branches	173,877	7,475
Decrease in cash and cash equivalents during the period	(5,242,354)	(707,464)
Cash and cash equivalents at beginning of the period	86,677,674	73,850,422
Effect of exchange rate changes on opening cash and cash equivalents	(766,350)	(30,241)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	80,668,970	73,112,717

The annexed notes 1 to 23 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, 2018

	Share Capital	Capital Reserve Exchange Translation Reserve	Statutory Reserve	Revenue Reserve General Reserve	Un- appropriated Profit	Total
Rupees in '000						
Balance as at January 01, 2017 (Audited)	11,450,739	57,687	16,469,798	6,000	46,490,244	74,474,468
Changes in equity during the quarter ended March 31, 2017:						
Total comprehensive income for the quarter ended March 31, 2017						
Net profit for the quarter ended March 31, 2017	-	-	-	-	3,601,882	3,601,882
Effect of translation of net investment in foreign operating branches	-	7,475	-	-	-	7,475
	-	7,475	-	-	3,601,882	3,609,357
Transactions with owners recognized directly in equity						
Final cash dividend for the year ended December 31, 2016 (Rs. 1.75 per ordinary share)	-	-	-	-	(2,003,879)	(2,003,879)
	-	-	-	-	(2,003,879)	(2,003,879)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	13,735	13,735
Transferred from surplus on revaluation of non-banking assets to un-appropriated profit - net of tax	-	-	-	-	323	323
Transfer to statutory reserve	-	-	360,188	-	(360,188)	-
Balance as at March 31, 2017	11,450,739	65,162	16,829,986	6,000	47,742,117	76,094,004
Changes in equity during the nine months ended December 31, 2017:						
Total comprehensive income for the nine months ended December 31, 2017						
Net profit for the nine months ended December 31, 2017	-	-	-	-	9,131,754	9,131,754
Effect of remeasurement of defined benefit plans-net of tax	-	-	-	-	(965,870)	(965,870)
Effect of translation of net investment in foreign operating branches	-	165,792	-	-	-	165,792
	-	165,792	-	-	8,165,884	8,331,676
Transactions with owners recognized directly in equity						
First interim cash dividend for the year ended December 31, 2017 (Rs. 1.75 per ordinary share)	-	-	-	-	(2,003,879)	(2,003,879)
Second interim cash dividend for the year ended December 31, 2017 (Rs. 1.75 per ordinary share)	-	-	-	-	(2,003,879)	(2,003,879)
Third interim cash dividend for the year ended December 31, 2017 (Rs. 1.75 per ordinary share)	-	-	-	-	(2,003,879)	(2,003,879)
	-	-	-	-	(6,011,637)	(6,011,637)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	41,202	41,202
Transferred from surplus on revaluation of non-banking assets to un-appropriated profit - net of tax	-	-	-	-	188,057	188,057
Transfer to statutory reserve	-	-	913,176	-	(913,176)	-
Balance as at December 31, 2017 (Audited)	11,450,739	230,954	17,743,162	6,000	49,212,447	78,643,302
Changes in equity during the quarter ended March 31, 2018:						
Total comprehensive income for the quarter ended March 31, 2018:						
Net profit for the quarter ended March 31, 2018	-	-	-	-	3,770,718	3,770,718
Effect of translation of net investment in foreign operating branches	-	173,877	-	-	-	173,877
	-	173,877	-	-	3,770,718	3,944,595
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	28,065	28,065
Transferred from surplus on revaluation of non-banking assets to un-appropriated profit - net of tax	-	-	-	-	599	599
Transfer to statutory reserve	-	-	377,072	-	(377,072)	-
Balance as at March 31, 2018	11,450,739	404,831	18,120,234	6,000	52,634,757	82,616,561

The annexed notes 1 to 23 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, 2018

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 Pakistan Stock Exchange Limited. The Bank operates a total of 1,251 (December 31, 2017: 1,248) branches in Pakistan including 117 (December 31, 2017: 117) Islamic banking branches, 1 branch (December 31, 2017: 1) in Karachi Export Processing Zone and 1 (December 31, 2017: 1) Wholesale banking branch 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+'.

Ibrahim Holdings (Private) Limited is the parent company of the Bank and it's registered office is in Pakistan.

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 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) & the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the directives issued by the SBP and the SECP differ with the requirements of IFRSs and IFAS the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives, shall prevail.

2.2 These unconsolidated condensed interim financial statements represent the separate standalone condensed interim financial statements of the Bank. The consolidated condensed interim financial statements of the Bank and its subsidiary company are presented separately.

2.3 The SBP, vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39 (IAS 39) 'Financial Instruments: Recognition and Measurement' and International Accounting Standard 40 (IAS 40) 'Investment Property' for banking companies till further instructions. Further, according to a notification of SECP dated April 28, 2008, International Financial Reporting Standard 7 (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. Furthermore, provision against advances of overseas branch is made as per the requirements of the concerned regulatory regime.

2.4 The SECP vide SRO 56 (1) / 2016 dated January 28, 2016, has notified that the requirements of IFRS10 (Consolidated Financial Statements) and section 228 of the Companies Act, 2017 will not be applicable with respect to the investment in mutual funds established under Trust structure.

2.5 The SBP through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred applicability of Islamic Financial Accounting Standard-3 (IFAS 3) 'Profit & Loss Sharing on Deposits' issued by the Institute of Chartered Accountants of Pakistan and notified by the SECP, vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IIFS). The standard will result in certain new disclosures in the financial statements of the Bank.

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2018

3 BASIS OF MEASUREMENT

These unconsolidated condensed interim financial statements have been prepared under the historical cost convention except the following, which are stated at revalued amounts / fair values / present values:

- Investments;
- Certain operating fixed assets;
- Staff retirement and other benefits;
- Non-banking assets acquired in satisfaction of claims; and
- Derivative financial instruments.

4 BASIS OF PRESENTATION

- 4.1 The disclosures included in these unconsolidated condensed interim financial statements are limited based on the format prescribed by the SBP, 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 (IAS 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 annual unconsolidated financial statements of the Bank for the year ended December 31, 2017.
- 4.2 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the SBP has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these unconsolidated financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.
- 4.3 The financial results of the Islamic banking business have been included in these financial statements for reporting purposes. Key consolidated financial figures of the Islamic banking business are disclosed in Note. 20 to these financial statements.
- 4.4 The Bank has adopted the following new Interpretation, Amendments and Annual Improvements to IFRS, which became effective for the current period:
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'
 - Amendments to IFRS 2 'Share-based Payment'
 - Annual improvements to IAS 28 'Investments in Associates and Joint Ventures'

The adoption of above interpretation, amendments and improvements did not have any material effect on these unconsolidated condensed interim financial statements of the Bank.

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

- 5.1 The accounting policies, underlying estimates & judgments 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 for the year ended December 31, 2017. The standards, amendments and interpretations of the accounting and reporting standards effective for accounting periods beginning on or after March 31, 2018; are same as those disclosed in annual unconsolidated financial statements of the Bank for the year ended December 31, 2017, except for the following:
- Upto December 31, 2017, surplus / (deficit) on revaluation of fixed assets were being measured under the repealed Companies Ordinance, 1984. The surplus arising on the revaluation is credited to the surplus on revaluation of fixed asset account. Any deficit arising on subsequent revaluation of fixed assets is adjusted against the balance in the surplus account. With effect from January 1, 2018, the Bank has revised its accounting policy in respect of measurement of 'surplus/(deficit) on revaluation of fixed assets' which are now accounted for in accordance with Companies Act, 2017. The revaluation is measured on individual assets where the surplus is taken to surplus on revaluation of fixed assets account. The deficit on revaluation of the asset is charged to profit and loss account after netting of any surplus already recorded on that asset. The management of the Bank believes that the impact of change in policy is not material, therefore, no adjustments are being taken.

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2018

- The SBP has issued BPRD Circular No. 02 of 2018 dated January 25, 2018 'Revised Forms of Annual Financial Statements' effective from the accounting year ending December 31, 2018. The 'Revised Forms of Annual Financial Statements' have changed / added certain disclosures.
- The SECP has adopted IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers', which are applicable with effect from July 01, 2018. As elaborated in Note. 2.3; the SBP has deferred implementation of IAS 39; accordingly, IFRS 9 implementation is also under review of the SBP for domestic operations. However, provision against advances of overseas branch is made as per the requirements of the concerned regulatory regime.

5.2 The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the annual unconsolidated financial statements of the Bank for the year ended December 31, 2017.

	Note	March 31, 2018	Audited December 31, 2017
Rupees in '000			
6	LENDINGS TO FINANCIAL INSTITUTIONS		
Call money lending		–	1,000,000
Repurchase agreement lendings			
(Reverse Repo)	6.1	126,601,631	5,779,431
Musharaka lendings	6.2	1,000,000	1,100,000
Mudaraba lending	6.3	1,000,000	600,000
Bai Muajjal receivable			
from State Bank of Pakistan	6.4	214,968	214,968
Certificates of investment	6.5	70,000	70,000
		128,886,599	8,764,399
Provision against lendings to financial institutions	6.5	(70,000)	(70,000)
		128,816,599	8,694,399

6.1 These are short-term local currency lendings to financial institutions and the State Bank of Pakistan against government securities. These carry mark-up at the rate of 5.90% to 6.20% (December 31, 2017: 5.95% to 6.10%) per annum and are maturing on various dates, latest by April 06, 2018.

6.2 This represents local currency lending by Islamic Banking Business under Musharaka agreement at profit of 6.10% (December 31, 2017: 5.83% to 5.85%) per annum, maturing on April 05, 2018.

6.3 This represents local currency lending by Islamic Banking Business under Mudaraba agreement at profit of 6.15% (December 31, 2017: 5.80%) per annum, maturing on April 02, 2018.

6.4 This represents local currency lending by Islamic banking business under Bai Muajjal agreement with the State Bank of Pakistan at profit of 5.46% (December 31, 2017: 5.46%) per annum, maturing on June 21, 2018.

6.5 These represent local currency classified certificates of investment and related provisioning, amounting to Rs. 70 million (December 31, 2017: Rs. 70 million).

7 INVESTMENTS

	Note	Held by Bank	Given as collateral	Total
Rupees in '000				
Current period - March 31, 2018	7.1	435,050,134	14,659,854	449,709,988
Prior year - December 31, 2017				
(Audited)	7.1	520,286,716	177,795,350	698,082,066

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2018

	As at March 31, 2018			Audited As at December 31, 2017		
	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	-	-	-	24,706,169	-	24,706,169
Pakistan Investment Bonds	-	-	-	119,940	-	119,940
	-	-	-	24,826,109	-	24,826,109
Available-for-sale securities						
Market Treasury Bills	205,150,023	12,908,077	218,058,100	290,064,860	75,614,442	365,679,302
Pakistan Investment Bonds	85,959,681	184,933	86,144,614	63,758,497	100,297,935	164,056,432
Ordinary shares of listed companies / certificates of close-ended mutual funds	14,815,012	-	14,815,012	14,815,012	-	14,815,012
Ordinary shares of unlisted companies	2,687,929	-	2,687,929	2,500,169	-	2,500,169
Investment in related parties						
Listed shares	8,142,520	-	8,142,520	8,142,520	-	8,142,520
Unlisted shares	1,093,449	-	1,093,449	1,093,449	-	1,093,449
Sukuk bonds	5,521,474	-	5,521,474	5,465,894	-	5,465,894
Foreign Currency Sukuks (US\$)	10,067,170	1,541,216	11,608,386	9,562,817	1,543,073	11,105,890
Ijara Sukuk	2,845,107	-	2,845,107	2,845,696	-	2,845,696
Foreign Currency Bonds (US\$)	5,225,858	-	5,225,858	4,996,009	-	4,996,009
Term Finance Certificates (TFCs)	3,706,746	-	3,706,746	3,707,217	-	3,707,217
	345,214,969	14,634,226	359,849,195	406,952,140	177,455,450	584,407,590
Held-to-maturity securities						
Pakistan Investment Bonds	73,556,810	-	73,556,810	73,454,137	-	73,454,137
Foreign Currency Sukuks (US\$)	1,158,568	-	1,158,568	1,108,143	-	1,108,143
TFCs and Sukuk Bonds	346,090	-	346,090	346,102	-	346,102
	75,061,468	-	75,061,468	74,908,382	-	74,908,382
Subsidiary						
ABL Asset Management Company Limited	500,000	-	500,000	500,000	-	500,000
Investment at cost	420,776,437	14,634,226	435,410,663	507,186,631	177,455,450	684,642,081
Provision for diminution in the value of investments	(2,705,391)	-	(2,705,391)	(2,705,403)	-	(2,705,403)
Investments (cost net of provisions)	418,071,046	14,634,226	432,705,272	504,481,228	177,455,450	681,936,678
Surplus on revaluation of 'held-for-trading' securities	-	-	-	1,782	-	1,782
Surplus on revaluation of 'available-for-sale' securities - net	16,979,088	25,628	17,004,716	15,803,706	339,900	16,143,606
Total investments at market value	435,050,134	14,659,854	449,709,988	520,286,716	177,795,350	698,082,066

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2018

	Note	March 31, 2018	Audited December 31, 2017
Rupees in '000			
8 ADVANCES			
Loans, cash credits, running finances, etc.			
In Pakistan		387,820,117	373,157,869
Outside Pakistan		4,556,132	4,499,177
		392,376,249	377,657,046
Islamic Financing and related assets	20.2	4,551,837	4,662,326
Net investment in finance lease - in Pakistan		2,319,703	2,380,573
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		2,528,140	2,466,333
Payable outside Pakistan		847,173	1,585,373
		3,375,313	4,051,706
Advances - gross		402,623,102	388,751,651
Provision for non-performing advances	8.1 & 8.3	(16,194,306)	(16,702,236)
General provision	8.3	(13,784)	(11,701)
		(16,208,090)	(16,713,937)
Advances - net of provision		386,415,012	372,037,714

8.1 Advances include Rs. 16,653.584 million (December 31, 2017: Rs. 18,051.749 million) which have been placed under non-performing status as detailed below:-

Category of Classification	March 31, 2018				
	Classified Advances			Provision	Provision
	Domestic	Overseas	Total	required	held
Rupees in '000					
Other Assets Especially Mentioned	55,862	-	55,862	2,823	2,823
Substandard	499,106	-	499,106	124,230	124,230
Doubtful	63,857	-	63,857	31,928	31,928
Loss	16,034,759	-	16,034,759	16,035,325	16,035,325
	16,653,584	-	16,653,584	16,194,306	16,194,306

Category of Classification	December 31, 2017 (Audited)				
	Classified Advances			Provision	Provision
	Domestic	Overseas	Total	required	held
Rupees in '000					
Other Assets Especially Mentioned	39,805	-	39,805	1,054	1,054
Substandard	492,961	-	492,961	122,297	122,297
Doubtful	107,934	-	107,934	53,967	53,967
Loss	17,411,049	-	17,411,049	16,524,918	16,524,918
	18,051,749	-	18,051,749	16,702,236	16,702,236

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. 01 dated October 21, 2011.

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2018

8.3 Particulars of provision against non-performing advances and general provision:

	March 31, 2018			December 31, 2017 (Audited)		
	Specific	General	Total	Specific	General	Total
Rupees in '000						
Opening balance	16,702,236	11,701	16,713,937	18,720,563	63,309	18,783,872
Charge for the period / year	76,066	2,083	78,149	365,854	-	365,854
Reversals	(583,996)	-	(583,996)	(2,281,184)	(51,608)	(2,332,792)
Charged to profit and loss account	(507,930)	2,083	(505,847)	(1,915,330)	(51,608)	(1,966,938)
Amounts written off	-	-	-	(102,997)	-	(102,997)
Closing balance	16,194,306	13,784	16,208,090	16,702,236	11,701	16,713,937

8.4 The Bank has participated in government guaranteed syndicated long term loan facilities, granted to Power Holding (Pvt.) Limited, with the Bank's share being Rs. 6,232 million and Rs. 3,333 million respectively. State Bank of Pakistan has extended relaxation against classification of these exposures vide Letter No. BPRD/ BRD (Policy)/ 2018/ 5704 dated March 14, 2018 till March 31, 2018; with instructions to recognize mark-up on receipt basis.

	Audited	
	March 31, 2018	December 31, 2017
Rupees in '000		
9 BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan	23,473,892	24,186,256
Repurchase agreement borrowings from SBP	-	169,225,901
Repurchase agreement borrowings from Financial Institutions	14,072,508	7,674,798
Unsecured		
Call borrowings	20,637,599	20,246,997
Trading liability	-	1,976,436
Overdrawn nostro accounts	252,138	104,823
Musharaka borrowings	-	100,000
Other borrowings	37,141	41,172
	20,926,878	22,469,428
	58,473,278	223,556,383

10 DEPOSITS AND OTHER ACCOUNTS

Customers		
Fixed deposits	174,988,928	185,545,256
Savings deposits	234,130,314	233,494,351
Current accounts - remunerative	127,837,143	107,441,601
- non - remunerative	312,364,534	303,716,739
	849,320,919	830,197,947
Financial Institutions		
Remunerative deposits	48,745,154	40,924,068
Non - remunerative deposits	7,746,468	12,618,694
	905,812,541	883,740,709

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2018

11 SHARE CAPITAL

11.1 Authorised capital

March 31, 2018		Audited December 31, 2017			March 31, 2018		Audited December 31, 2017	
No. of shares					Rupees in '000			
1,500,000,000	1,500,000,000	Ordinary shares of Rs. 10 each		15,000,000		15,000,000		

11.2 Issued, subscribed and paid-up capital

March 31, 2018		Audited December 31, 2017			March 31, 2018		Audited December 31, 2017	
No. of shares					Rupees in '000			
Fully paid-up Ordinary shares of Rs. 10 each								
406,780,094	406,780,094	Fully paid in cash		4,067,801		4,067,801		
720,745,186	720,745,186	Issued as bonus shares		7,207,452		7,207,452		
1,127,525,280	1,127,525,280			11,275,253		11,275,253		
9,148,550	9,148,550	18,348,550 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation in accordance with the swap ratio stipulated therein less 9,200,000 Ordinary shares of Rs. 10 each, held by Ibrahim Leasing Limited on the cut-off date (September 30, 2004).		91,486		91,486		
8,400,000	8,400,000	8,400,000 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation of First Allied Bank Modaraba with Allied Bank Limited in accordance with the share swap ratio stipulated therein.		84,000		84,000		
1,145,073,830	1,145,073,830			11,450,739		11,450,739		

Ibrahim Holdings (Private) Limited (holding company of the Bank) held 965,879,110 (84.35%) [December 31, 2017: 965,879,110 (84.35%)] 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, 2018

The income tax assessments of the Bank have been finalized upto and including tax year 2017 for local, Azad Kashmir and Gilgit Baltistan operations. While finalizing income tax assessments upto tax year 2017, income tax authorities made certain add backs with aggregate tax impact of Rs. 24,332 million (December 31, 2017: 24,332 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 forums against unfavorable decisions. Pending finalization of appeals/references no provision has been made by the Bank on aggregate sum of Rs. 24,332 million (December 31, 2017: 24,332 million). The management is confident that the outcome of these appeals/references 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 2003 to 2006 and tax year 2008 to 2016 and created an arbitrary demand of Rs. 1,430 million (December 31, 2017: 1,326 million). The Bank's appeals before CIR(A)/Appellate Tribunal Inland Revenue (ATIR) are pending for adjudication. The management is confident that these appeals will be decided in favor of the Bank; therefore, no provision has been made against the said demand of Rs. 1,430 million (December 31, 2017: 1,326 million).

Tax authorities have also issued orders under Federal Excise Act, 2005 / Sales Tax Act / Sindh Sales Tax on Services Act, 2011 for the year 2008 to 2014 thereby creating arbitrary aggregate demand of Rs. 893 million (December 31, 2017: 893 million). The Bank's appeals before CIR(A)/Appellate Tribunal Inland Revenue (ATIR) are pending for adjudication. 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. 893 million (December 31, 2017: 893 million).

Quarter Ended
March 31, March 31,
2018 2017
Rupees in '000

13 MARK-UP / RETURN / INTEREST EARNED

On loans and advances		
Customers	6,246,060	5,126,815
On investments in		
Available-for-sale securities	7,383,533	8,718,453
Held-to-maturity securities	1,548,569	1,702,780
Held-for-trading securities	187,377	83,774
	9,119,479	10,505,007
On securities purchased under resale agreements	252,767	54,278
On deposits with financial institutions	21,321	7,478
On Call Money Lendings	16,202	41,728
On Musharaka Lendings	8,211	3,163
On Mudaraba Lendings	7,870	-
On Wakala Lendings	-	724
On Bai Muajjal	2,409	-
	15,674,319	15,739,193

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2018

	Quarter Ended	
	March 31, 2018	March 31, 2017
Rupees in '000		
14 MARK-UP / RETURN / INTEREST EXPENSED		
Deposits	6,310,991	5,717,864
Securities sold under repurchase agreements	810,558	1,323,058
Call money borrowings	158,103	254,858
Long term borrowings	71,890	62,303
Brokerage and commission	38,527	29,533
Other short term borrowings	271,760	359,480
	<u>7,661,829</u>	<u>7,747,096</u>

15 EXTRA-ORDINARY / UNUSUAL ITEM

Under the Suo Moto case SMC No. 20/2016, the Honorable Supreme Court had taken up the matter relating to pension arrangements of certain privatized banks including Allied Bank Limited. The Honorable Supreme Court of Pakistan concluded the Suo Moto case on February 13, 2018, by using judicial discretion and fixed the minimum pension and indexation levels for eligible staff, on humanitarian grounds. In view of the underlying judgement, the Bank under the guidance of legal counsel, has booked the related past service cost amounting to Rs.265 million; based on an actuarial valuation.

	Quarter Ended	
	March 31, 2018	March 31, 2017
Rupees in '000		
16 EARNINGS PER SHARE - BASIC AND DILUTED		
Profit after taxation for the period	3,770,718	3,601,882
	Number of Share	
Weighted average number of ordinary shares outstanding during the period	1,145,073,830	1,145,073,830
	Rupees	
Earnings per share - basic and diluted for the period	3.29	3.15

There is no dilution effect on basic earnings per share.

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2018

18 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of traded investments is based on quoted market prices, except for tradable securities classified by the Bank as 'Held-to-Maturity'. Quoted securities classified as 'Held-to-Maturity' are carried at amortized cost. Fair value of unquoted equity investments other than investment in subsidiary is determined on the basis of break up value of these investments as per the latest available audited financial statements. Fair value of fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision/reversal for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 5.4 of annual unconsolidated financial statements for the year ended December 31, 2017.

In the opinion of the management, the fair values of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are either short-term in nature or in the case of customer loans and deposits are frequently re-priced.

The table below presents, by valuation methods, the financial and non-financial assets carried at fair values. Valuation of investments and non-banking assets are carried out as per guidelines specified by the SBP. The Bank has adopted revaluation model (as per IAS 16) in respect of land and building.

	March 31, 2018			December 31, 2016 (Audited)		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	Total Rupees in '000					
FAIR VALUE HIERARCHY OF ASSETS AND LIABILITIES						
<i>On balance sheet financial instruments</i>						
<i>Financial assets measured at fair value</i>						
<i>Held-for-trading securities</i>						
Market Treasury Bills	-	-	-	-	24,704,478	-
Pakistan Investment Bonds	-	-	-	-	123,415	-
					24,827,893	
Available-for-sale securities						
Market Treasury Bills	218,005,022	-	-	-	365,643,722	-
Pakistan Investment Bonds	86,844,020	-	-	-	166,864,554	-
Ordinary shares of listed companies / certificates of close-ended mutual funds	36,936,653	-	-	33,346,294	-	-
Ordinary shares of unlisted companies	-	3,709,815	-	-	-	3,522,055
Sukuk Bonds	14,806,933	5,287,847	-	-	14,373,811	-
Foreign Currency Bonds (US\$)	-	5,405,084	-	-	5,515,525	-
Term Finance Certificates	2,286,258	1,412,977	-	-	2,292,939	-
	36,936,653	327,147,317	10,410,639	33,346,294	554,690,551	10,155,050
						598,191,893
						365,643,722
						166,864,554
						33,346,294
						3,522,055
						19,593,722
						5,515,525
						3,706,023
						598,191,893
<i>Financial liabilities measured at fair value</i>						
<i>Held for trading securities</i>						
Pakistan Investment Bonds	-	-	-	-	1,976,436	-
						1,976,436
<i>Non-financial assets measured at fair value</i>						
Operating fixed assets	38,017,168	-	-	-	36,872,324	-
Non banking assets	3,579,081	-	-	-	3,584,030	-
	41,596,249	-	-	-	40,456,354	-
						40,456,354
<i>Off-balance sheet financial instruments</i>						
Foreign exchange contracts - Purchase	-	75,434,771	-	-	95,038,705	-
Foreign exchange contracts - Sale	-	22,413,208	-	-	41,580,643	-
Federal Government securities - Purchase	-	52,036,771	-	-	-	-
						-

The valuation techniques used for above assets are same as disclosed in notes 5.3, 5.5, 5.8 and 5.14.2 of annual unconsolidated financial statements for the year ended December 31, 2017.

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2018

19 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

For the quarter ended March 31, 2018						
	Corporate & Investment Banking	Trading & Sales (Treasury)	Commercial & Retail Banking	Other	Eliminations	Total
Rupees in '000						
Total Income	7,034,659	10,537,101	13,452,682	61,112	(12,051,652)	19,033,901
Total Expenses	(5,972,482)	(8,522,377)	(11,033,434)	(1,786,543)	12,051,652	(15,263,183)
Net Income	1,062,177	2,014,724	2,419,248	(1,725,431)	-	3,770,718
For the quarter ended March 31, 2017						
	Corporate & Investment Banking	Trading & Sales (Treasury)	Commercial & Retail Banking	Other	Eliminations	Total
Rupees in '000						
Total Income	5,770,549	10,559,226	10,455,456	1,311,627	(10,288,099)	17,808,759
Total Expenses	(4,919,836)	(8,733,869)	(9,463,169)	(1,378,102)	10,288,099	(14,206,877)
Net Income	850,713	1,825,357	992,287	(66,475)	-	3,601,882
As at March 31, 2018						
	Corporate & Investment Banking	Trading & Sales (Treasury)	Commercial & Retail Banking	Other	Eliminations	Total
Rupees in '000						
Segment Assets (Gross)	423,914,845	555,044,954	923,060,800	143,411,092	(904,083,288)	1,141,348,404
Segment Liabilities	421,193,792	555,044,954	920,989,938	17,215,669	(904,083,288)	1,010,361,065
As at December 31, 2017 (Audited)						
	Corporate & Investment Banking	Trading & Sales (Treasury)	Commercial & Retail Banking	Other	Eliminations	Total
Rupees in '000						
Segment Assets (Gross)	400,890,640	692,542,154	898,771,802	143,752,585	(870,008,666)	1,265,948,515
Segment Liabilities	397,834,210	692,542,154	897,377,822	21,250,241	(870,008,666)	1,138,995,760

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2018

20 ISLAMIC BANKING BUSINESS

20.1 The bank is operating 117 Islamic banking branches at March 31, 2018 (December 31, 2017: 117 and March 31, 2017: 77). The statement of financial position of the Bank's Islamic banking business as at March 31, 2018 is as follows:

	Note	March 31, 2018	Audited December 31, 2017
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		1,131,504	1,093,706
Balances with other banks		34,593	31,209
Due from financial institutions		2,214,968	1,914,968
Investments		8,322,844	8,303,563
Islamic financing and related assets	20.2	4,551,837	4,662,326
Operating fixed assets		1,026,150	959,241
Due from Head Office		1,549,256	–
Other assets		322,428	385,148
		19,153,580	17,350,161
LIABILITIES			
Bills payable		145,794	124,270
Due to financial institutions		300,000	500,000
Deposits and other accounts:	20.3	16,720,564	15,546,966
Due to Head Office		–	65,013
Other liabilities		230,273	137,038
		17,396,631	16,373,287
NET ASSETS			
		1,756,949	976,874
REPRESENTED BY			
Islamic banking fund		2,350,000	1,450,000
Accumulated losses		(641,606)	(557,392)
		1,708,394	892,608
Surplus on revaluation of assets		48,555	84,266
		1,756,949	976,874
20.2 Islamic financing and related assets			
Business Musharka - Financings		2,306,498	2,643,053
Diminishing Musharaka	20.2.1	1,893,330	260,759
Ijarah	20.2.2	168,897	1,637,694
Staff Ijarah	20.2.3	142,390	95,523
Murabaha	20.2.4	28,122	25,297
Diminishing Musharaka Staff House Building - Advances		12,600	–
		4,551,837	4,662,326
Gross Financings		4,551,837	4,662,326
Provision held		–	–
Financings-net of provision		4,551,837	4,662,326
20.2.1 Diminishing Musharaka			
Financing		1,814,348	105,560
Advances		78,982	155,199
		1,893,330	260,759
20.2.2 Ijarah			
Financings		127,376	1,590,172
Advances		14,509	28,835
Inventories		27,012	18,687
		168,897	1,637,694

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2018

	March 31, 2018	Audited December 31, 2017
	Rupees in '000	
20.2.3 Staff Ijarah		
Financings	92,945	37,098
Advances	49,445	58,425
	<u>142,390</u>	<u>95,523</u>
20.2.4 Murabaha		
Financings	28,122	18,687
Advances	-	6,610
	<u>28,122</u>	<u>25,297</u>
20.3 Deposits and other accounts		
Customers		
Fixed deposits	1,275,022	1,388,372
Savings deposits	5,844,165	5,341,065
Current accounts - remunerative	1,961,990	288,564
- non-remunerative	3,688,964	2,994,591
	<u>12,770,141</u>	<u>10,012,592</u>
Financial Institutions		
Remunerative deposits	3,949,991	5,034,324
Non-remunerative deposits	432	500,050
	<u>16,720,564</u>	<u>15,546,966</u>
20.4 Charity Fund		
Opening Balance	1	2
Additions during the period	71	22
Payments / utilization during the period	-	(23)
Closing Balance	<u>72</u>	<u>1</u>
20.5 The profit and loss account of the Bank's Islamic banking business for the quarter ended March 31, 2018 is as follows:		
	Quarter Ended March 31, 2018	March 31, 2017
	Rupees in '000	
Profit earned	238,306	121,877
Profit expensed	108,455	64,975
Net profit	<u>129,851</u>	<u>56,902</u>
OTHER INCOME		
Fee, commission and brokerage income	15,061	8,117
(Loss) / income from dealing in foreign currencies	(262)	152
Other income	63	7
Total other income	<u>14,862</u>	<u>8,276</u>
	<u>144,713</u>	<u>65,178</u>
OTHER EXPENSE		
Administrative expenses	228,927	147,717
LOSS BEFORE TAXATION	<u>(84,214)</u>	<u>(82,539)</u>
20.6 Remuneration to Shariah Advisor / Board	<u>1,833</u>	<u>1,833</u>

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2018

21 LIQUIDITY RISK

Bank calculates the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) as per SBP Basel III Liquidity standards issued under BPRD circular no. 08 dated June 23, 2016. As of March 31, 2018, the Bank's LCR stood at 154.95% (December 31, 2017: 142.46%) and NSFR stood at 198.65% (December 31, 2017: 187.40%) against the SBP's minimum requirement of 90% and 100% respectively.

22 GENERAL

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

22.2 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.

22.3 The Board of Directors of the Bank in its meeting held on April 25, 2018 has approved interim cash dividend for the quarter ended March 31, 2018 at Rs. 2.00 per share (March 31, 2017: Rs. 1.75 per share). The unconsolidated condensed interim financial statements for the quarter ended March 31, 2018 do not include the effect of this appropriation and will be accounted for in the financial statements of the period of declaration.

23 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on April 25, 2018 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 quarter ended March 31, 2018

Consolidated Condensed Interim Statement of Financial Position

(Un-audited) as at March 31, 2018

	Note	March 31, 2018	Audited December 31, 2017
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		80,582,420	85,355,555
Balances with other banks		329,624	649,512
Lendings to financial institutions	6	128,816,599	8,694,399
Investments	7	451,063,289	699,323,690
Advances	8	386,455,826	372,080,555
Operating fixed assets		48,854,367	48,355,884
Deferred tax assets		–	–
Other assets		27,189,333	32,863,008
		1,123,291,458	1,247,322,603
LIABILITIES			
Bills payable		20,557,599	7,835,467
Borrowings	9	58,473,278	223,556,383
Deposits and other accounts	10	905,787,297	883,702,056
Sub-ordinated loans		–	–
Liabilities against assets subject to finance lease		–	–
Deferred tax liabilities		7,166,373	6,941,206
Other liabilities		18,700,013	17,237,459
		1,010,684,560	1,139,272,571
NET ASSETS		112,606,898	108,050,032
REPRESENTED BY			
Share capital	11	11,450,739	11,450,739
Reserves		18,531,065	17,980,116
Unappropriated profit		54,041,960	50,546,126
		84,023,764	79,976,981
Surplus on revaluation of assets - net of tax		28,583,134	28,073,051
		112,606,898	108,050,032

CONTINGENCIES AND COMMITMENTS

12

The annexed notes 1 to 21 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, 2018

	Note	Quarter Ended	
		March 31, 2018	March 31, 2017
Rupees in '000			
Mark-up / return / interest earned	13	15,674,572	15,740,271
Mark-up / return / interest expensed	14	7,661,576	7,746,797
Net mark-up / interest income		8,012,996	7,993,474
Net reversal of provision against non-performing loans and advances		(505,847)	(393,683)
Reversal for diminution in the value of investments		(12)	-
Bad debts written off directly		-	-
		(505,859)	(393,683)
Net mark-up / interest income after reversal of provisions		8,518,855	8,387,157
NON MARK-UP / INTEREST INCOME			
Fee, commission and brokerage income		1,306,130	1,284,466
Dividend income		549,576	421,455
Income from dealing in foreign currencies		271,769	169,191
Gain on sale of securities - net		1,347,498	299,454
Unrealized gain on revaluation of investments classified as 'held-for-trading' - net		53,001	29,836
Other income		37,269	43,599
Total non mark-up / interest income		3,565,243	2,248,001
		12,084,098	10,635,158
NON MARK-UP / INTEREST EXPENSES			
Administrative expenses		5,337,024	4,822,403
Provision against other assets		62,000	12,000
Provision / (reversal) against off-balance sheet obligations - net		20,000	(2,698)
Other charges		225,414	156,960
Total non mark-up / interest expenses		5,644,438	4,988,665
Extra-ordinary / unusual item	15	265,226	-
PROFIT BEFORE TAXATION		6,174,434	5,646,493
Taxation			
Current		2,436,533	2,074,285
Prior year		-	-
Deferred		(106,341)	(100,470)
		2,330,192	1,973,815
PROFIT AFTER TAXATION		3,844,242	3,672,678
Unappropriated profit brought forward		50,546,126	47,631,788
PROFIT AVAILABLE FOR APPROPRIATION		54,041,960	48,954,457
Earnings per share - Basic and Diluted (in Rupees)	16	3.36	3.21

The annexed notes 1 to 21 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, 2018

	Quarter Ended	
	March 31, 2018	March 31, 2017
	Rupees in '000	
Profit after taxation for the period	3,844,242	3,672,678
Other comprehensive income:		
<i>Items to be reclassified to profit and loss account in subsequent periods:</i>		
Exchange differences on translation of net investment in foreign operating branches	173,877	7,475
Comprehensive income transferred to equity	4,018,119	3,680,153
Components of comprehensive income not reflected in equity:		
<i>Items to be reclassified to profit and loss account in subsequent periods:</i>		
Net change in fair value of 'available-for-sale' securities	861,110	(1,191,128)
Related deferred tax	(301,389)	416,895
	559,721	(774,233)
Total comprehensive income	4,577,840	2,905,920

The annexed notes 1 to 21 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 Flow

(Un-audited) for the quarter ended March 31, 2018

	Quarter Ended	
	March 31, 2018	March 31, 2017
Rupees in '000		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	6,174,434	5,646,493
Less: Dividend income	(549,576)	(421,455)
	5,624,858	5,225,038
Adjustments for non-cash items:		
Depreciation / amortization	1,037,015	611,699
Reversal against non-performing loans and advances	(505,847)	(393,683)
Reversal for diminution in the value of investments	(12)	-
Unrealized gain on revaluation of 'held-for-trading' securities	(53,001)	(29,836)
Provision / (reversal) against off-balance sheet obligations	20,000	(2,698)
Provision against other assets	62,000	12,000
Provision for workers welfare fund	131,219	119,417
Gain on sale of operating fixed assets	(10,293)	(9,570)
Gain on sale of other assets	-	-
	681,081	307,329
	6,305,939	5,532,367
(Increase) / decrease in operating assets		
Lendings to financial institutions	(120,122,200)	8,369,853
Net investment in 'held-for-trading' securities	23,025,809	(10,603,575)
Advances	(14,173,535)	(19,940,044)
Other assets (excluding advance taxation)	4,642,397	3,686,141
	(106,627,529)	(18,487,625)
Increase / (decrease) in operating liabilities		
Bills payable	12,722,132	(3,433,777)
Borrowings	(165,230,420)	17,519,310
Deposits and other accounts	22,085,241	5,118,914
Other liabilities	3,064,183	3,187,776
	(127,358,864)	22,392,223
	(227,680,454)	9,436,965
Income tax paid	(1,400,667)	(1,291,260)
Net cash flows generated from operating activities	(229,081,121)	8,145,705
CASH FLOW FROM INVESTING ACTIVITIES		
Net realization from / (investment) in 'available-for-sale' securities	224,558,395	(6,706,375)
Net investment in 'held-to-maturity' securities	(153,086)	(86,199)
Dividend received	479,499	559,591
Investments in operating fixed assets	(1,229,359)	(871,181)
Proceeds from sale of operating fixed assets	13,214	12,281
Net cash flows used in investing activities	223,668,663	(7,091,883)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(1,757)	(1,768,751)
Net cash flows used in financing activities	(1,757)	(1,768,751)
Effect of translation of net investment in foreign operating branches	173,877	7,475
Decrease in cash and cash equivalents during the period	(5,240,338)	(707,454)
Cash and cash equivalents at beginning of the period	86,666,594	73,850,487
Effect of exchange rate changes on opening cash and cash equivalents	(766,350)	(30,241)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	80,659,906	73,112,792

The annexed notes 1 to 21 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, 2018

	Share Capital	Capital Reserve		Statutory Reserve	Revenue Reserve		Un-appropriated Profit	Total
		Exchange Translation Reserve			General Reserve			
Rupees in '000								
Balance as at January 01, 2017 (Audited)	11,450,739	57,687		16,469,798	6,000	47,631,788		75,616,012
Changes in equity during the quarter ended March 31, 2017:								
Total comprehensive income for the quarter ended March 31, 2017								
Net profit for the quarter ended March 31, 2017	-	-	-	-	-	3,672,678	-	3,672,678
Effect of translation of net investment in foreign operating branches	-	7,475	-	-	-	-	-	7,475
	-	7,475	-	-	-	3,672,678	-	3,680,153
Transactions with owners recognized directly in equity								
Final cash dividend for the year ended December 31, 2016 (Rs. 1.75 per ordinary share)								
	-	-	-	-	-	(2,003,879)	-	(2,003,879)
	-	-	-	-	-	(2,003,879)	-	(2,003,879)
Transferred from surplus on revaluation of fixed assets								
to un-appropriated profit - net of tax	-	-	-	-	-	13,735	-	13,735
Transferred from surplus on revaluation of non-banking assets to un-appropriated profit - net of tax								
	-	-	-	-	-	323	-	323
Transfer to statutory reserve	-	-	360,188	-	-	(360,188)	-	-
Balance as at March 31, 2017	11,450,739	65,162	16,829,986	6,000	48,954,457	77,306,344		
Changes in equity during the nine months ended December 31, 2017:								
Total comprehensive income for the nine months ended December 31, 2017								
Net profit for the nine months ended December 31, 2017	-	-	-	-	-	9,253,093	-	9,253,093
Effect of remeasurement of defined benefit plans-net of tax	-	-	-	-	-	(965,870)	-	(965,870)
Effect of translation of net investment in foreign operating branches	-	165,792	-	-	-	-	-	165,792
	-	165,792	-	-	-	8,287,223	-	8,453,015
Transactions with owners recognized directly in equity								
First interim cash dividend for the year ended December 31, 2017 (Rs. 1.75 per ordinary share)								
	-	-	-	-	-	(2,003,879)	-	(2,003,879)
Second interim cash dividend for the year ended December 31, 2017 (Rs. 1.75 per ordinary share)								
	-	-	-	-	-	(2,003,879)	-	(2,003,879)
Third interim cash dividend for the year ended December 31, 2017 (Rs. 1.75 per ordinary share)								
	-	-	-	-	-	(2,003,879)	-	(2,003,879)
	-	-	-	-	-	(6,011,637)	-	(6,011,637)
Transferred from surplus on revaluation of fixed assets								
to un-appropriated profit - net of tax	-	-	-	-	-	41,202	-	41,202
Transferred from surplus on revaluation of non-banking assets to un-appropriated profit - net of tax								
	-	-	-	-	-	188,057	-	188,057
Transfer to statutory reserve	-	-	913,176	-	-	(913,176)	-	-
Balance as at December 31, 2017 (Audited)	11,450,739	230,954	17,743,162	6,000	50,546,126	79,976,981		
Changes in equity during the quarter ended March 31, 2018:								
Total comprehensive income for the quarter ended March 31, 2018:								
Net profit for the quarter ended March 31, 2018	-	-	-	-	-	3,844,242	-	3,844,242
Effect of translation of net investment in foreign operating branches	-	173,877	-	-	-	-	-	173,877
	-	173,877	-	-	-	3,844,242	-	4,018,119
Transferred from surplus on revaluation of fixed assets								
to un-appropriated profit - net of tax	-	-	-	-	-	28,065	-	28,065
Transferred from surplus on revaluation of non-banking assets to un-appropriated profit - net of tax								
	-	-	-	-	-	599	-	599
Transfer to statutory reserve	-	-	377,072	-	-	(377,072)	-	-
Balance as at March 31, 2018	11,450,739	404,831	18,120,234	6,000	54,041,960	84,023,764		

The annexed notes 1 to 21 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, 2018

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 Pakistan Stock Exchange Limited. The Bank operates a total of 1,251 (December 31, 2017: 1,248) branches in Pakistan including 117 (December 31, 2017: 117) Islamic banking branches, 1 branch (December 31, 2017: 1) in Karachi Export Processing Zone and 1 (December 31, 2017: 1) Wholesale banking branch 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+'.

Ibrahim Holdings (Private) Limited is the parent company of the Bank and it's registered office is in Pakistan.

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 ("the Company") is a public unlisted company, incorporated in Pakistan as a limited liability company on October 12, 2007 under the repealed Companies Ordinance, 1984. The Company has received certificate of commencement of business on 31 December, 2007. The 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). The Company has also obtained license to carry out business as Pension Fund Manager, under the Voluntary Pension System Rules, 2005. The registered office of the Company is situated at Plot no. 14, Main Boulevard, DHA Phase VI, Lahore (previously at 11-B Lalazar, M.T Khan Road Karachi). The Company is a wholly owned subsidiary of Allied Bank Limited (the holding company).

The management quality rating of the Company, as assigned by JCR-VIS Crediting Rating Company Limited, is AM2++ (Stable) in December 2017.

ABL Asset Management company is managing following funds:

- ABL Income Fund	Launched on September 20, 2008
- ABL Stock Fund	Launched on June 28, 2009
- ABL Cash Fund	Launched on July 30, 2010
- ABL Islamic Income Fund	Launched on July 30, 2010
- ABL Government Securities Fund	Launched on November 30, 2011
- ABL Islamic Stock Fund	Launched on June 12, 2013
- ABL Pension Fund	Launched on August 20, 2014
- ABL Islamic Pension Fund	Launched on August 20, 2014
- ABL Islamic Financial Planning Fund	Launched on December 22, 2015
- ABL Financial Planning Fund	Launched on December 31, 2015
- ABL Islamic Dedicated stock fund	Launched on December 19, 2016
- Allied Capital Protected fund	Launched on February 19, 2018

2 STATEMENT OF COMPLIANCE

2.1 These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2018

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) & the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the directives issued by the SBP and the SECP differ with the requirements of IFRSs and IFAS the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives, shall prevail.

- 2.2** The SBP, vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39 (IAS 39) 'Financial Instruments: Recognition and Measurement' and International Accounting Standard 40 (IAS 40) 'Investment Property' for banking companies till further instructions. Further, according to a notification of SECP dated April 28, 2008, International Financial Reporting Standard 7 (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 disclosed in accordance with the requirements prescribed by SBP through various circulars. Furthermore, provision against advances of overseas branch is made as per the requirements of the concerned regulatory regime.
- 2.3** The SECP vide SRO 56 (1) / 2016 dated January 28, 2016, has notified that the requirements of IFRS10 (Consolidated Financial Statements) and section 228 of the Companies Act, 2017 will not be applicable with respect to the investment in mutual funds established under Trust structure.
- 2.4** The SBP through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred applicability of Islamic Financial Accounting Standard-3 (IFAS 3) 'Profit & Loss Sharing on Deposits' issued by the Institute of Chartered Accountants of Pakistan and notified by the SECP, vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IIFS). The standard will result in certain new disclosures in the financial statements of the Bank.

3 BASIS OF MEASUREMENT

These consolidated condensed interim financial statements have been prepared under the historical cost convention except the following, which are stated at revalued amounts / fair values / present values:

- Investments;
- Certain operating fixed assets;
- Staff retirement and other benefits;
- Non-banking assets acquired in satisfaction of claims; and
- Derivative financial instruments.

4 BASIS OF PRESENTATION

- 4.1** The disclosures included in these consolidated condensed interim financial statements are limited based on the format prescribed by the SBP, 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 (IAS 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 annual consolidated financial statements of the Group for the year ended December 31, 2017.

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2018

- 4.2 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the SBP has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these consolidated financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.
- 4.3 The financial results of the Islamic banking business have been included in these financial statements for reporting purposes. Key consolidated financial figures of the Islamic banking business are same as disclosed in Note. 20 to unconsolidated condensed interim financial statements.
- 4.4 The Group has adopted the following new Interpretation, Amendments and Annual Improvements to IFRS, which became effective for the current period:
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'
 - Amendments to IFRS 2 'Share-based Payment'
 - Annual improvements to IAS 28 'Investments in Associates and Joint Ventures'

The adoption of above interpretation, amendments and improvements did not have any material effect on these consolidated condensed interim financial statements of the Group.

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

- 5.1 The accounting policies, underlying estimates & judgments 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 for the year ended December 31, 2017. The standards, amendments and interpretations of the accounting and reporting standards effective for accounting periods beginning on or after March 31, 2018; are same as those disclosed in annual consolidated financial statements of the Group for the year ended December 31, 2017, except for the following:
- Upto December 31, 2017, surplus / (deficit) on revaluation of fixed assets were being measured under the repealed Companies Ordinance, 1984. The surplus arising on the revaluation is credited to the surplus on revaluation of fixed asset account. Any deficit arising on subsequent revaluation of fixed assets is adjusted against the balance in the surplus account. With effect from January 1, 2018, the Bank has revised its accounting policy in respect of measurement of 'surplus/(deficit) on revaluation of fixed assets' which are now accounted for in accordance with Companies Act, 2017. The revaluation is measured on individual assets where the surplus is taken to surplus on revaluation of fixed assets account. The deficit on revaluation of the asset is charged to profit and loss account after netting of any surplus already recorded on that asset. The management of the Bank believes that the impact of change in policy is not material, therefore, no adjustments are being taken.
 - The SBP has issued BPRD Circular No. 02 of 2018 dated January 25, 2018 'Revised Forms of Annual Financial Statements' effective from the accounting year ending December 31, 2018. The 'Revised Forms of Annual Financial Statements' have changed / added certain disclosures.
 - The SECP has adopted IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers', which are applicable with effect from July 01, 2018. As elaborated in Note. 2.3; the SBP has deferred implementation of IAS 39; accordingly, IFRS 9 implementation is also under review of the SBP for domestic operations. However, provision against advances of overseas branch is made as per the requirements of the concerned regulatory regime.

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2018

- 5.2 The financial risk management objectives and policies adopted by the Group are consistent with those disclosed in the annual consolidated financial statements of the Group for the year ended December 31, 2017.

	Note	March 31, 2018	Audited December 31, 2017
Rupees in '000			
6	LENDINGS TO FINANCIAL INSTITUTIONS		
	Call money lending	–	1,000,000
	Repurchase agreement lendings		
	(Reverse Repo)	6.1 126,601,631	5,779,431
	Musharaka lendings	6.2 1,000,000	1,100,000
	Mudaraba lending	6.3 1,000,000	600,000
	Bai Muajjal receivable from State Bank of Pakistan	6.4 214,968	214,968
	Certificates of investment	6.5 70,000	70,000
		128,886,599	8,764,399
	Provision against lendings to financial institutions	6.5 (70,000)	(70,000)
		<u>128,816,599</u>	<u>8,694,399</u>

- 6.1 These are short-term local currency lendings to financial institutions and the State Bank of Pakistan against government securities. These carry mark-up at the rate of 5.90% to 6.20% (December 31, 2017: 5.95% to 6.10%) per annum and are maturing on various dates, latest by April 06, 2018.
- 6.2 This represents local currency lending by Islamic Banking Business under Musharaka agreement at profit of 6.10% (December 31, 2017: 5.83% to 5.85%) per annum, maturing on April 05, 2018.
- 6.3 This represents local currency lending by Islamic Banking Business under Mudaraba agreement at profit of 6.15% (December 31, 2017: 5.80%) per annum, maturing on April 02, 2018.
- 6.4 This represents local currency lending by Islamic banking business under Bai Muajjal agreement with the State Bank of Pakistan at profit of 5.46% (December 31, 2017: 5.46%) per annum, maturing on June 21, 2018.
- 6.5 These represent local currency classified certificates of investment and related provisioning, amounting to Rs. 70 million (December 31, 2017: Rs. 70 million).

7 INVESTMENTS

	Note	Held by Group	Given as collateral	Total
Rupees in '000				
Current period- March 31, 2018	7.1	<u>436,403,435</u>	<u>14,659,854</u>	<u>451,063,289</u>
Prior year - December 31, 2017				
(Audited)	7.1	<u>521,528,340</u>	<u>177,795,350</u>	<u>699,323,690</u>

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2018

	As at March 31, 2018			Audited As at December 31, 2017		
	Held by Group	Given as collateral	Total	Held by Group	Given as collateral	Total
Rupees in '000						
7.1 INVESTMENTS BY TYPES						
Held-for-trading securities						
Market Treasury Bills	-	-	-	24,706,169	-	24,706,169
Pakistan Investment Bonds	-	-	-	119,940	-	119,940
Units of open ended mutual funds/ pension - funds -related parties	1,800,300	-	1,800,300	1,785,318	-	1,785,318
	1,800,300	-	1,800,300	26,611,427	-	26,611,427
Available-for-sale securities						
Market Treasury Bills	205,150,023	12,908,077	218,058,100	290,064,860	75,614,442	365,679,302
Pakistan Investment Bonds	85,959,681	184,933	86,144,614	63,758,497	100,297,935	164,056,432
Ordinary shares of listed companies / certificates of close-ended mutual funds	14,815,012	-	14,815,012	14,815,012	-	14,815,012
Ordinary shares of unlisted companies	2,687,929	-	2,687,929	2,500,169	-	2,500,169
Investment in related parties						
Listed shares	8,142,520	-	8,142,520	8,142,520	-	8,142,520
Unlisted shares	1,093,449	-	1,093,449	1,093,449	-	1,093,449
Sukuk bonds	5,521,474	-	5,521,474	5,465,894	-	5,465,894
Foreign Currency Sukuks (US\$)	10,067,170	1,541,216	11,608,386	9,562,817	1,543,073	11,105,890
Ijara Sukuk	2,845,107	-	2,845,107	2,845,696	-	2,845,696
Foreign Currency Bonds (US\$)	5,225,858	-	5,225,858	4,996,009	-	4,996,009
Term Finance Certificates (TFCs)	3,706,746	-	3,706,746	3,707,217	-	3,707,217
	345,214,969	14,634,226	359,849,195	406,952,140	177,455,450	584,407,590
Held-to-maturity securities						
Pakistan Investment Bonds	73,556,810	-	73,556,810	73,454,137	-	73,454,137
Foreign Currency Sukuks (US\$)	1,158,568	-	1,158,568	1,108,143	-	1,108,143
TFCs and Sukuk Bonds	346,090	-	346,090	346,102	-	346,102
	75,061,468	-	75,061,468	74,908,382	-	74,908,382
Investment at cost	422,076,737	14,634,226	436,710,963	508,471,949	177,455,450	685,927,399
Provision for diminution in the value of investments	(2,705,391)	-	(2,705,391)	(2,705,403)	-	(2,705,403)
Investments (cost net of provisions)	419,371,346	14,634,226	434,005,572	505,766,546	177,455,450	683,221,996
Surplus/(Deficit) on revaluation of 'held-for-trading' securities	53,001	-	53,001	(41,912)	-	(41,912)
Surplus on revaluation of 'available-for-sale' securities - net	16,979,088	25,628	17,004,716	15,803,706	339,900	16,143,606
Total investments at market value	436,403,435	14,659,854	451,063,289	521,528,340	177,795,350	699,323,690

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2018

	Note	March 31, 2018	Audited December 31, 2017
Rupees in '000			
8 ADVANCES			
Loans, cash credits, running finances, etc.			
In Pakistan		387,860,931	373,200,710
Outside Pakistan		4,556,132	4,499,177
		392,417,063	377,699,887
Islamic Financing and related assets		4,551,837	4,662,326
Net investment in finance lease - in Pakistan		2,319,703	2,380,573
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		2,528,140	2,466,333
Payable outside Pakistan		847,173	1,585,373
		3,375,313	4,051,706
Advances - gross		402,663,916	388,794,492
Provision for non-performing advances	8.1 & 8.3	(16,194,306)	(16,702,236)
General provision	8.3	(13,784)	(11,701)
		(16,208,090)	(16,713,937)
Advances - net of provision		386,455,826	372,080,555

- 8.1 Advances include Rs. 16,653.584 million (December 31, 2017: Rs. 18,051.749 million) which have been placed under non-performing status as detailed below:-

Category of Classification	March 31, 2018				
	Classified Advances			Provision	Provision
	Domestic	Overseas	Total	required	held
Rupees in '000					
Other Assets Especially Mentioned	55,862	–	55,862	2,823	2,823
Substandard	499,106	–	499,106	124,230	124,230
Doubtful	63,857	–	63,857	31,928	31,928
Loss	16,034,759	–	16,034,759	16,035,325	16,035,325
	16,653,584	–	16,653,584	16,194,306	16,194,306

Category of Classification	December 31, 2017 (Audited)				
	Classified Advances			Provision	Provision
	Domestic	Overseas	Total	required	held
Rupees in '000					
Other Assets Especially Mentioned	39,805	–	39,805	1,054	1,054
Substandard	492,961	–	492,961	122,297	122,297
Doubtful	107,934	–	107,934	53,967	53,967
Loss	17,411,049	–	17,411,049	16,524,918	16,524,918
	18,051,749	–	18,051,749	16,702,236	16,702,236

- 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. 01 dated October 21, 2011.

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2018

8.3 Particulars of provision against non-performing advances and general provision:

	March 31, 2018			December 31, 2017 (Audited)		
	Specific	General	Total	Specific	General	Total
Rupees in '000						
Opening balance	16,702,236	11,701	16,713,937	18,720,563	63,309	18,783,872
Charge for the period / year	76,066	2,083	78,149	365,854	-	365,854
Reversals	(583,996)	-	(583,996)	(2,281,184)	(51,608)	(2,332,792)
Charged to profit and loss account	(507,930)	2,083	(505,847)	(1,915,330)	(51,608)	(1,966,938)
Amounts written off	-	-	-	(102,997)	-	(102,997)
Closing balance	16,194,306	13,784	16,208,090	16,702,236	11,701	16,713,937

8.4 The Bank has participated in government guaranteed syndicated long term loan facilities, granted to Power Holding (Pvt.) Limited, with the Bank's share being Rs. 6,232 million and Rs. 3,333 million respectively. State Bank of Pakistan has extended relaxation against classification of these exposures vide Letter No. BPRD/ BRD (Policy)/ 2018/ 5704 dated March 14, 2018 till March 31, 2018; with instructions to recognize mark-up on receipt basis.

	Audited	
	March 31, 2018	December 31, 2017
Rupees in '000		
9 BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan	23,473,892	24,186,256
Repurchase agreement borrowings from SBP	-	169,225,901
Repurchase agreement borrowings from Financial Institutions	14,072,508	7,674,798
Unsecured		
Call borrowings	20,637,599	20,246,997
Trading liability	-	1,976,436
Overdrawn nostro accounts	252,138	104,823
Musharaka borrowings	-	100,000
Other borrowings	37,141	41,172
	20,926,878	22,469,428
	58,473,278	223,556,383

10 DEPOSITS AND OTHER ACCOUNTS

Customers		
Fixed deposits	174,988,928	185,545,256
Savings deposits	234,130,314	233,494,351
Current accounts - remunerative	127,837,143	107,441,601
- non - remunerative	312,364,534	303,716,739
	849,320,919	830,197,947
Financial Institutions		
Remunerative deposits	48,719,910	40,885,415
Non - remunerative deposits	7,746,468	12,618,694
	905,787,297	883,702,056

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2018

11 SHARE CAPITAL

11.1 Authorised capital

March 31, 2018		Audited December 31, 2017			March 31, 2018		Audited December 31, 2017	
No. of shares					Rupees in '000			
1,500,000,000	1,500,000,000	Ordinary shares of Rs. 10 each		15,000,000		15,000,000		

11.2 Issued, subscribed and paid-up capital

March 31, 2018		Audited December 31, 2017			March 31, 2018		Audited December 31, 2017	
No. of shares					Rupees in '000			
Fully paid-up Ordinary shares of Rs. 10 each								
406,780,094	406,780,094	Fully paid in cash		4,067,801		4,067,801		
720,745,186	720,745,186	Issued as bonus shares		7,207,452		7,207,452		
1,127,525,280	1,127,525,280			11,275,253		11,275,253		
9,148,550	9,148,550	18,348,550 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation in accordance with the swap ratio stipulated therein less 9,200,000 Ordinary shares of Rs. 10 each, held by Ibrahim Leasing Limited on the cut-off date (September 30, 2004).		91,486		91,486		
8,400,000	8,400,000	8,400,000 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation of First Allied Bank Modaraba with Allied Bank Limited in accordance with the share swap ratio stipulated therein.		84,000		84,000		
1,145,073,830	1,145,073,830			11,450,739		11,450,739		

Ibrahim Holdings (Private) Limited (holding company of the Bank) held 965,879,110 (84.35%) [December 31, 2017: 965,879,110 (84.35%)] 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, 2018

The income tax assessments of the Bank have been finalized upto and including tax year 2017 for local, Azad Kashmir and Gilgit Baltistan operations. While finalizing income tax assessments upto tax year 2017, income tax authorities made certain add backs with aggregate tax impact of Rs.24,344 million (December 31, 2017: 24,344 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 forums against unfavorable decisions. Pending finalization of appeals/references no provision has been made by the Bank on aggregate sum of Rs.24,344 million (December 31, 2017: 24,344 million). The management is confident that the outcome of these appeals/references 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 2003 to 2006 and tax year 2008 to 2016 and created an arbitrary demand of Rs. 1,440 million (December 31, 2017: 1,336 million). The Bank's appeals before CIR(A)/Appellate Tribunal Inland Revenue (ATIR) are pending for adjudication. The management is confident that these appeals will be decided in favor of the Bank; therefore, no provision has been made against the said demand of Rs. 1,440 million (December 31, 2017: 1,336 million).

Tax authorities have also issued orders under Federal Excise Act, 2005/Sales Tax Act/Sindh Sales Tax on Services Act, 2011 for the year 2008 to 2014 thereby creating arbitrary aggregate demand of Rs. 893 million (December 31, 2017: 893 million). The Bank's appeals before CIR(A)/Appellate Tribunal Inland Revenue (ATIR) are pending for adjudication. 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. 893 million (December 31, 2017: 893 million).

	Quarter Ended	
	March 31, 2018	March 31, 2017
	Rupees in '000	

13 MARK-UP / RETURN / INTEREST EARNED

On loans and advances		
Customers	6,246,358	5,127,198
On investments in		
Available-for-sale securities	7,383,533	8,718,453
Held-to-maturity securities	1,548,569	1,702,780
Held-for-trading securities	187,377	84,469
	9,119,479	10,505,702
On securities purchased under resale agreements	252,767	54,278
On deposits with financial institutions	21,276	7,478
On Call Money Lendings	16,202	45,615
On Musharaka Lendings	8,211	–
On Mudaraba Lendings	7,870	–
On Wakala Lendings	–	–
On Bai Muajjal	2,409	–
	15,674,572	15,740,271

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2018

	Quarter Ended	
	March 31, 2018	March 31, 2017
	Rupees in '000	
14 MARK-UP / RETURN / INTEREST EXPENSED		
Deposits	6,310,738	5,717,565
Securities sold under repurchase agreements	810,558	1,323,058
Call money borrowings	158,103	254,858
Long term borrowings	71,890	62,303
Brokerage and commission	38,527	29,533
Other short term borrowings	271,760	359,480
	<u>7,661,576</u>	<u>7,746,797</u>

15 EXTRA-ORDINARY / UNUSUAL ITEM

Under the Suo Moto case SMC No. 20/2016, the Honorable Supreme Court had taken up the matter relating to pension arrangements of certain privatized banks including Allied Bank Limited. Despite the banks' submission of being legally compliant, the Honorable Supreme Court of Pakistan concluded the Suo Moto case on February 13, 2018, by using judicial discretion and fixed the minimum pension and indexation levels for eligible staff, on humanitarian grounds. In view of the underlying judgement, the Bank under the guidance of legal counsel, has booked the related past service cost amounting to Rs.265 million; based on an actuarial valuation.

	Quarter Ended	
	March 31, 2018	March 31, 2017
	Rupees in '000	
16 EARNINGS PER SHARE - BASIC AND DILUTED		
Profit after taxation for the period	3,844,242	3,672,678
	Number of Share	
Weighted average number of ordinary shares outstanding during the period	<u>1,145,073,830</u>	<u>1,145,073,830</u>
	Rupees	
Earnings per share - basic and diluted for the period	<u>3.36</u>	<u>3.21</u>

There is no dilution effect on basic earnings per share.

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2018

18 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of traded investments is based on quoted market prices, except for tradable securities classified by the Bank as 'Held-to-Maturity'. Quoted securities classified as 'Held-to-Maturity' are carried at amortized cost. Fair value of unquoted equity investments other than investment in subsidiary is determined on the basis of break up value of these investments as per the latest available audited financial statements. Fair value of fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision/reversal for impairment of loans and advances has been calculated in accordance with the Group's accounting policy as stated in note 5.4 of annual consolidated financial statements for the year ended December 31, 2017.

In the opinion of the management, the fair values of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are either short-term in nature or in the case of customer loans and deposits are frequently re-priced.

The table below presents, by valuation methods, the financial and non-financial assets carried at fair values. Valuation of investments and non-banking assets are carried out as per guidelines specified by the SBP. The Bank has adopted revaluation model (as per IAS 16) in respect of land and building.

	March 31, 2018			December 31, 2017 (Audited)			Total
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	
FAIR VALUE HIERARCHY OF ASSETS AND LIABILITIES							
<i>On-balance sheet financial instruments</i>							
<i>Financial assets measured at fair value</i>							
<i>Held-for-trading securities</i>							
Market Treasury Bills	-	-	-	-	24,704,478	-	24,704,478
Pakistan Investment Bonds	1,853,301	-	-	1,741,623	123,415	-	123,415
Units of open-ended mutual funds	1,853,301	-	-	1,741,623	24,827,893	-	1,741,623
Available-for-sale securities	-	-	-	-	-	-	26,569,516
Market Treasury Bills	-	218,005,022	-	-	865,643,722	-	385,643,722
Pakistan Investment Bonds	-	86,844,020	-	-	166,864,554	-	166,864,554
Ordinary shares of listed companies / certificates of close-ended mutual funds	36,936,653	-	-	33,346,294	-	-	33,346,294
Ordinary shares of unlisted companies	-	3,709,815	-	-	-	3,522,055	3,522,055
Sukuk Bonds	-	14,606,933	3,709,815	-	14,373,811	5,219,911	19,593,722
Foreign Currency Bonds (US\$)	-	5,405,084	5,287,847	-	5,515,525	-	5,515,525
Term Finance Certificates	-	2,286,258	1,412,977	-	2,292,939	1,413,084	3,706,023
	36,936,653	327,147,317	10,410,639	33,346,294	554,690,551	10,155,050	598,191,895
<i>Financial liabilities measured at fair value</i>							
<i>Held for trading securities</i>							
Pakistan Investment Bonds	-	-	-	-	1,976,436	-	1,976,436
Non-financial assets measured at fair value	-	-	-	-	-	-	-
Operating fixed assets	-	38,017,168	-	-	36,872,324	-	36,872,324
Non banking assets	-	3,579,081	-	-	3,584,030	-	3,584,030
	-	41,596,249	-	-	40,456,354	-	40,456,354
<i>Off-balance sheet financial instruments</i>							
Foreign exchange contracts - Purchase	-	75,434,771	-	-	95,038,705	-	95,038,705
Foreign exchange contracts - Sale	-	22,413,208	-	-	41,580,643	-	41,580,643
Federal Government securities - Purchase	-	52,036,771	-	-	-	-	-

The valuation techniques used for above assets are same as disclosed in notes 5.3, 5.5, 5.8 and 5.14.2 of annual consolidated financial statements for the year ended December 31, 2017.

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2018

19 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	For the Quarter Ended March 31, 2018						
	Corporate & Investment Banking	Trading & Sales (Treasury)	Commercial & Retail Banking	Others	Asset Management	Eliminations	Total
	Rupees in '000						
Total Income	7,034,659	10,537,101	13,452,682	61,112	220,984	(12,055,379)	19,251,158
Total Expenses	(5,972,482)	(8,522,377)	(11,033,434)	(1,786,543)	(147,461)	12,055,379	(15,406,917)
Net Income	1,062,177	2,014,724	2,419,248	(1,725,431)	73,523	-	3,844,241

	For the Quarter Ended March 31, 2017						
	Corporate & Investment Banking	Trading & Sales (Treasury)	Commercial & Retail Banking	Others	Asset Management	Eliminations	Total
	Rupees in '000						
Total Income	5,770,549	10,559,226	10,455,456	1,311,627	182,641	(10,291,227)	17,988,272
Total Expenses	(4,919,836)	(8,733,869)	(9,463,169)	(1,378,102)	(111,845)	10,291,227	(14,315,594)
Net Income	850,713	1,825,357	992,287	(66,475)	70,796	-	3,672,678

	As at March 31, 2018						
	Corporate & Investment Banking	Trading & Sales (Treasury)	Commercial & Retail Banking	Others	Asset Management	Eliminations	Total
	Rupees in '000						
Segment Assets (Gross)	423,914,845	555,044,954	923,060,800	143,411,092	2,257,726	(904,610,315)	1,143,079,102
Segment Liabilities	421,193,792	555,044,954	920,989,938	17,215,669	350,522	(904,110,315)	1,010,684,560

	As at December 31, 2017 (Audited)						
	Corporate & Investment Banking	Trading & Sales (Treasury)	Commercial & Retail Banking	Others	Asset Management	Eliminations	Total
	Rupees in '000						
Segment Assets (Gross)	400,890,640	692,542,154	898,771,802	143,752,585	2,151,050	(870,549,227)	1,267,559,004
Segment Liabilities	397,834,210	692,542,154	897,377,822	21,250,240	317,372	(870,049,227)	1,139,272,571

20 GENERAL

- 20.1 Figures have been rounded off to the nearest thousand rupees.
- 20.2 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.
- 20.3 The Board of Directors of the Bank in its meeting held on April 25, 2018 has approved interim cash dividend for the quarter ended March 31, 2018 at Rs. 2.00 per share (March 31, 2017: Rs. 1.75 per share). The consolidated condensed interim financial statements for the quarter ended March 31, 2018 do not include the effect of this appropriation and will be accounted for in the financial statements of the period of declaration.

21 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue on April 25, 2018 by the Board of Directors of the Bank.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

