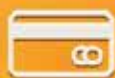


EVOLVED FOR A NEW AGE



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Corporate Information

Board of Directors

Mohammad Naeem Mukhtar
(Chairman)

Sheikh Mukhtar Ahmad
Muhammad Waseem Mukhtar
Abdul Aziz Khan
Nazrat Bashir
Dr. Muhammad Akram Sheikh
Zafar Iqbal
Tahir Hassan Qureshi
(CEO)

Audit Committee of the Board

Zafar Iqbal
(Chairman)

Muhammad Waseem Mukhtar
Dr. Muhammad Akram Sheikh

Human Resource & Remuneration Committee

Abdul Aziz Khan
(Chairman)

Muhammad Waseem Mukhtar
Dr. Muhammad Akram Shaikh

Company Secretary

Muhammad Raffat

Shariah Board

Mufti Muhammad Iftikhar Baig
(Chairman)

Mufti Mahmood Ahmad
Mufti Tayyab Amin

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



www.abl.com

info@abl.com

Telephone Number

(+92-42) 35880043

UAN: 111-225-225

Social Media Links

<https://twitter.com/ablpk>

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

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

<https://www.instagram.com/ablpk>

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 third quarter ended September 30, 2018:

| | (Rupees in million) | | Growth % |
|---|--------------------------|---------------|-------------|
| | Nine months ended Sep 30 | | |
| | 2018 | 2017 | |
| Profit after tax for the period | 9,968 | 9,735 | 2 |
| Accumulated Profits brought forward | 49,212 | 46,490 | 6 |
| Transfer from surplus on revaluation of operating fixed assets to un-appropriated profit - net of tax | 84 | 41 | 105 |
| Transfer from surplus on revaluation of non-banking assets to un-appropriated profit - net of tax | 3 | 188 | (98) |
| Profit available for appropriation | 59,267 | 56,454 | 5 |
| Final cash dividend for the year ended December 31, 2017 at Rs. 1.75 per share (2017: Year ended December 31, 2016 at Rs. 1.75 per share) | (2,004) | (2,004) | – |
| First interim cash dividend for the year ended December 31, 2018 at Rs. 2 per share (2017: Year ended December 31, 2017 at Rs. 1.75 per share) | (2,290) | (2,004) | 14 |
| Second interim cash dividend for the year ended December 31, 2018 at Rs. 2 per share (2017: Year ended December 31, 2017 at Rs. 1.75 per share) | (2,290) | (2,004) | 14 |
| Transfer to statutory reserves | (997) | (973) | 2 |
| Accumulated profits carried forward | 51,686 | 49,469 | 5 |
| Earnings Per Share (EPS) (Rs.) | 8.70 | 8.50 | 2 |

The Board is pleased to announce an interim cash dividend of Rs. 2.00 per share in addition to Rs. 2.00 per share for first and second interim cash dividends, which have already been paid. Interim cash dividend for the nine months period ended September 30, 2018 is Rs. 6.00 per share (September 30, 2017: Rs. 5.25 per share).

Economic Review:

The country has witnessed third consecutive democratic transition. The incumbent government faces formidable challenges towards reviving the current state of economic affairs, particularly the looming Balance of Payment (BoP) crises.

The potential financial assistance from friendly countries may partially address the BoP concerns. In order to meet the large financing gaps, seeking assistance under a new IMF program would remain an option; leading to expected structural reforms through fiscal and monetary tightening measures. The country's economy is therefore projected to slow down in FY 2018-19 after witnessing a growth rate of 5.8% during FY2017-18.

The staggering current account deficit, aggregating to US \$ 18,989 million during FY 2017-18, remains a challenge despite 3% reduction in first quarter of FY 2018-19, to reach US \$ 3,665 million.

The country's export growth momentum continued in the first quarter of FY 2018-19, with a rise of 3% to US \$ 7,176 million. Similarly, the growth in remittances by 13% have also provided much needed relief. However, un-abated growth of 3% in total imports, which closed at US \$ 15,986 million in the same period, maintained the pressure on current account deficit.

As a result, FX reserves have continued to decline to reach US \$ 14,893 million at end September 2018 from US \$ 16,407 million at end June '18.

In order to curb rising current account deficit, the government has adopted a multipronged strategy whereby Pakistani Rupee was depreciated further by 2.4% during the quarter, tariffs were imposed on non-essential imports and low-cost energy supply is being provided to export base industry.

In view of the prevailing macroeconomic situation, Consumer Price Index (CPI) has inched up to 5.1% in September 2018 as compared to 3.9% in September 2017; primarily driven by aforementioned currency devaluation and increase in international oil prices which surpassed US \$ 73 per barrel at end-September 2018.

State Bank of Pakistan, maintaining its monetary policy tightening stance, has further increased the Policy Rate by 100bps to 8.5%, which has now increased by 275 bps during 2018.

Owing to the rising interest scenario and macroeconomic challenges Pakistan Stock Exchange index has dropped by 2% during the quarter with benchmark index closing at 40,999 points.

The quarter under review remained challenging for the Banking sector as well. Broad Money (M2) has grown by 7% whereas currency in circulation has posted a growth of 11% during the nine months period ended September 30, 2018.

The banking industry's overall deposits have increased by 5% to reach Rs.13,032 billion whereas advances have surpassed Rs. 7,000 billion. Banking industry has reduced its leveraged investments in the rising interest rates scenario, which has resulted in decline in investments by 22% to Rs.6,677 billion; while overall industry assets have simultaneously contracted by 1%.

Financial Review:

Banking industry, remaining fully cognizant of the challenging circumstances in the rising interest rates scenario, is re-defining the course of short to medium-term strategies in terms of optimum earning asset mix.

While Digital disruption is shaping the long-term future of the banking industry; gradual adoption of this transformation shall remain imperative for the sector to remain viable in upcoming Digital Banking Age.

Your Bank continued to follow its strategy of steady growth by focusing on constantly strengthening technology driven automation, risk management framework, systems and internal controls; while expanding outreach through conventional and alternate delivery channels, to provide innovative customer centric products and services.

Overall deposits base of Your Bank has increased by 5% as at September 30, 2018 in-line with the industry growth. Your Bank has continued its focus on improving low-cost deposits, with 11% growth in Non-remunerative current deposits. Resultantly, CASA deposit mix has improved to 83% as at September 30, 2018 from 79% as at December 31, 2017.

Total advances has maintained healthy growth trend of 13% as at September 30, 2018 to reach Rs. 438,740 million. On-going focus on risk management best practices has helped in reducing Non-Performing Loans by Rs. 1,811 million during the nine months' period September 30, 2018.

As a result, infection ratio has reduced to 3.7% and Coverage ratio has improved to 96%. No FSV benefit has been taken while determining the provision against non-performing advances as allowed under guidelines of the State Bank of Pakistan.

The Balance Sheet footing of Your Bank has increased by 1% to Rs. 1,255 billion in contrast to 1% contraction in the industry balance sheet size; while the Bank's equity base stood at the robust level of Rs. 107,834 million. Strong Capital Adequacy ratio was maintained at 22.4% against the statutory requirement of 11.3% at the close of the period under review.

Despite continued reduction in high yielding PIBs and re-pricing gaps post respective benchmark rate revisions, diversified earning asset mix was maintained to earn higher Interest Income by 11%, which closed at Rs. 53,213 million; whereas Interest Expense was curtailed to Rs.29,592 million, enabling Your Bank to earn net interest income of Rs. 23,621 million during the period under review.

The prudent risk management policies continue to yield results; net reversal in provision against advances amounted to Rs. 1,166 million during the nine months period ended September 30, 2018.

Total non-markup / Interest income has registered a healthy growth of 41% during the period under review to reach Rs. 8,892 million.

Prudent management of foreign currency exposures has resulted in income from dealing in foreign currencies to aggregate at Rs. 1,051 million during the nine months' period ended September 30, 2018; posting a healthy growth of 100% from September 2017.

In view of the changing interest rates environment, Your Bank has earned Rs. 1,572 million on sale of government securities. Overall gain on sale of investments increased 4.3 times to Rs. 2,180 million. Dividend income has depicted a growth of 3% over the corresponding period to aggregate at Rs. 2,080 million.

Your Bank's strategy to expand outreach with the broader aim of financial inclusion of the unbanked population has remained pertinent during the period; through a network of 1,258 branches including 1,141 conventional and 117 Islamic banking branches across Pakistan.

During the quarter, Your Bank has also introduced "Islamic Windows" concept at selected conventional branches to cater the needs of diverse customer base.

Alternate delivery channels have also remained key focus area of Your Bank; 1,371 ATMs across the country are inclusive of 1,073 on-site and 298 off-site ATMs.

Reaching out to customers through myABL – internet banking solution has also remained pivotal part of strategy with overall user base surpassing 250,000 plus users.

On-going investments in technology transformation, gradual penetration in Digital Banking platforms along with investment in human capital, growth in branches and above all higher marketing spend to further

Director's Review

augment Bank's brand image led to increase in administrative expenses by 12% to Rs. 16,585 million. Your Bank's recorded Profit Before Tax of Rs 16,410 million for the nine months period ended September 30, 2018, compared to Rs. 16,277 million in the corresponding period of last year. Despite the tough business environment, stable Profit After Tax of Rs. 9,968 million was earned during the nine months period ended September 30, 2018.

Accordingly, the EPS of Your Bank was reported at Rs. 8.70 per share compared to Rs. 8.50 per share in the corresponding period. Annualized Return on Equity (RoE) and Return on Assets (RoA) remained at 16.5% and 1.1% respectively during the period under review as against industry's RoE and RoA (June 2018) of 11% and 0.8% respectively.

Future Outlook:

With the 10th largest labor force in the world and geo-strategic location, Pakistan remains bestowed with strategic endowments and development potential.

However, according to the World Bank, immediate redressal of burgeoning twin deficits, dwindling FX Reserves and rising debt servicing requirements is projected to slow down Pakistan's GDP growth rate to 4.8% during FY 2018-19

Recent policy measures taken by the government; complemented by inevitable external financing, aims to attain stabilization in medium term. However, enhanced focus on critical structural reforms including modernization of the tax system with emphasis towards incentivizing new taxpayers, long term financial planning and monitoring, improving governance to eliminate losses in State Owned Entities, growth in the private sector credit to GDP ratio and intensifying AML/CFT efforts amidst FATF guidelines, shall remain imperative to accomplish long term sustainable GDP growth.

Amidst these economic challenges, banking sector has continued to display signs of resilience. In the wake of rising interest rates scenario growth in advances will be challenging along with potential upswing in NPLs. Furthermore, devaluation and increase in tariff will increase the cost of doing business significantly.

During the quarter under review, Your Bank launched Allied Senior Citizen Account to cater to the specific needs of elderly segment of the society.

Youth comprising of almost half of country's population and inclined towards technology driven financial products remains a key target demographic for the Bank. Your Bank also launched Allied Youth Account during the quarter with a host of attractive features geared towards this niche segment.

The Bank being fully cognizant of the macro-economic and geo-political challenges is continuously striving towards more cost-effective deposit mix while exploring avenues for growth in revenues and reducing the infected portfolio.

Persistent expansion in branches and alternate delivery channels, investment in digital technologies and focused approach towards further enriching service quality benchmarks would continue to be the key elements of sustainable growth of Your Bank.

Entity Rating:

Pakistan Credit Rating Agency (PACRA) maintained Long-Term Rating of Allied Bank Limited to the highest level of "AAA" (Triple A) while Short-Term Rating of the Bank is already maintained at the highest level of "A1+" (A One plus). These ratings denote exceptionally strong capacity for timely payment of financial commitments with lowest expectation of credit risk.

Corporate Governance:

JCR-VIS assigned "CGR9+" rating to Allied Bank Limited on Corporate Governance for the period under review.

Acknowledgement:

On behalf of Allied Bank, we would like to acknowledge our valued customers for placing their confidence in Allied Bank Limited. We would also like to express our gratitude to the worthy shareholders of the Bank for their continued support, employees for the hard work and dedication, State Bank of Pakistan, Securities and Exchange Commission and other regulatory bodies for their guidance and motivation.

For and on behalf of the Board,

Tahir Hassan Qureshi
Chief Executive Officer

Mohammad Naeem Mukhtar
Chairman Board of Directors

Lahore
Date: October 24, 2018

ڈائریکٹرز جائزہ رپورٹ

محترم شیئر ہولڈرز!

بورڈ آف ڈائریکٹرز کی جانب سے ہم 30 ستمبر 2018 کو اختتام پذیر نو ماہ کی مدت کے مالیاتی نتائج پیش کرتے ہوئے نہایت مسرت محسوس کرتے ہیں۔

| نو ماہی پختتام 30 ستمبر | | | |
|-------------------------|---------|---------|--|
| نمودہ % | 2017 | 2018 | |
| ملین روپے | | | |
| 2 | 9,735 | 9,968 | بعد از ٹیکس منافع |
| 6 | 46,490 | 49,212 | گزشیدہ جمع شدہ منافع |
| 105 | 41 | 84 | مبین اثاثا جاجات کی قدر و پیکاش سے غیر تصرف شدہ منافع میں منتقلی - خالص از ٹیکس |
| (98) | 188 | 3 | غیر بینکاری اثاثا جاجات کی قدر و پیکاش سے غیر تصرف شدہ منافع میں منتقلی - خالص از ٹیکس |
| 5 | 56,454 | 59,267 | تصرف کے لیے دستیاب منافع |
| -- | (2,004) | (2,004) | حتی کیش ڈیویڈنڈ برائے سال پختتام 31 دسمبر 2017-1.75 روپے فی حصص (2017: سال پختتام 31 دسمبر 2016-1.75 روپے فی حصص) |
| 14 | (2,004) | (2,290) | پہلا عبوری کیش ڈیویڈنڈ برائے سال پختتام 31 دسمبر 2018 - 2 روپے فی حصص (2017: سال پختتام 31 دسمبر 2017-1.75 روپے فی حصص) |
| 14 | (2,004) | (2,290) | دوسرا عبوری کیش ڈیویڈنڈ برائے سال پختتام 31 دسمبر 2018 - 2 روپے فی حصص (2017: سال پختتام 31 دسمبر 2017-1.75 روپے فی حصص) |
| 2 | (973) | (997) | ضوا بطی ریزرو میں منتقلی |
| 5 | 49,469 | 51,686 | آ سے منتقل کیا گیا جمع شدہ منافع |
| 2 | 8.50 | 8.70 | فی حصص آمدنی (EPS) روپے |

بورڈ انتہائی مسرت کے ساتھ 2 روپے فی حصص کے عبوری کیش ڈیویڈنڈ اور اس کے بشمول پہلے اور دوسرے عبوری کیش ڈیویڈنڈ جن کی بیشتر ادائیگی کی جا چکی ہے، کا اعلان کرتا ہے۔ 30 ستمبر 2018 کو اختتام پذیر نو ماہ کی مدت کا عبوری کیش ڈیویڈنڈ 6 روپے فی حصص (30 ستمبر 2017: 5.25 روپے فی حصص) ہے۔

معاشی جائزہ:

ملک، مسلسل تیزی میں ترقی پزیر ملک کی منتقلی کے عمل کا شاہد ہے۔ نئی تشکیل شدہ حکومت کو ادارائیگیوں کے عدم متوازن میں گھرے موجودہ معاشی صورتحال جیسے کڑے امتحان کا سامنا ہے۔

دوست ممالک سے متوقع مالی امداد بھی شاید ادائیگیوں کے عدم توازن کو مکمل طور پر درست نہ کر سکے۔ اس وسیع تر مالی تفاوت کو دور کرنے کیلئے آئی ایم ایف کے نئے پروگرام سے رجوع، ایک آپشن کے طور پر موجود رہے گا۔ جس سے سخت مالیاتی اور انتظامی اقدامات کے ذریعہ متوقع ترقی پزیر اصلاحات بھی ہو سکیں گے۔ گزشتہ مالی سال 2017-18 کی 5.8 فیصد کی نمو حاصل کرنے کے بعد مالی سال 2018-19 میں ملکی معیشت قدرے مست روئی کا شکار ہونے کی امید ہے۔

دفعہ ہوتے کرنٹ اکاؤنٹ خسارہ جو مالی سال 2017-18 کے دوران مجموعی طور پر 18,989 ملین امریکی ڈالرز تھا؛ بدستور ایک اہم مسئلہ ہے۔ باوجود اس امر کے کہ مالی سال 2018-19 کی پہلی سہ ماہی میں یہ 3 فیصد کمی کے ساتھ 3,665 ملین امریکی ڈالر پر درج ہوا۔ ملک کی برآمدات میں بہتری کا رجحان مالی سال 2018-19 کی پہلی سہ ماہی میں جاری رہا؛ جو 3 فیصد کے اضافے کے ساتھ 7,176 ملین امریکی ڈالرز پر پہنچ گئیں۔ اسی طرح ترسیلات زر میں 13 فیصد اضافہ بھی نہایت اہم کردار کا حامل رہا۔ تاہم درآمدات میں نذر کئے والے 3 فیصد کے اضافے نے، جس کا حجم اسی مدت کے دوران 15,986 ملین روپے رہا، کرنٹ اکاؤنٹ پر دباؤ برقرار رکھا۔

جس کے نتیجے میں زرمبادلہ کے ذخائر مسلسل انحطاط پذیر کیے گئے۔ ساتھ ساتھ جون 2018 کی 16,407 ملین ڈالر کی سطح سے کم ہو کر ستمبر 2018 کے اختتام تک 14,893 ملین امریکی ڈالر پر پہنچ گئے۔

کرنٹ اکاؤنٹ کے اس بڑھتے ہوئے خسارہ کو کم کرنے کیلئے حکومت نے کثیرالجہتی حکمت عملی کو اپنایا جس کے تحت پاکستانی روپے میں 2.4 فیصد کی مزید تنزلی؛ غیر ضروری درآمدات پر محصولات میں اضافہ اور برآمدات سے متعلقہ صنعت کو کم لاگت کی توانائی کی ترسیل جیسے اقدامات شامل ہیں۔

موجودہ بینکاروں کا ساتھ ساتھ کرنٹ کی پیش نظر کمزور پرائس انڈیکس۔ سی بی آئی بھی ستمبر 2017 کی 3.9 فیصد کی شرح کے مقابل میں بڑھتا ہوا ستمبر 2018 تک 5.1 فیصد کی شرح تک پہنچا۔ جس کی بنیادی وجہ کرنسی کی تنزلی اور تیل کی بین الاقوامی قیمتوں میں اضافہ ہے جو کہ ستمبر 2018 تک 7.3 امریکی ڈالر فی بیرل سے تجاوز کر چکی ہیں۔

اسٹیٹ بینک آف پاکستان نے اپنے سخت مالیاتی موافقت کو برقرار رکھتے ہوئے پالیسی ریٹ میں 100 بی پی ایس کا مزید اضافہ کر دیا ہے جس کا کل تعین اب 8.50 فیصد کی شرح پر پہنچ گیا ہے۔ جس میں سال 2018 میں ایک 275 بی پی ایس کا اضافہ کیا گیا ہے۔

بڑھتے ہوئے پالیسی ریٹ اور بینکاروں کا ساتھ ساتھ خدشات کی بدولت پاکستان اسٹاک ایکسچینج انڈیکس اس سہ ماہی کے دوران 2 فیصد نیچے گر گیا اور بنیادی انڈیکس 40,999 پوائنٹس پر بند ہوا۔

یہ زبردست تجربہ سہ ماہی بھی بینکنگ کے شعبہ کیلئے چیلنجز برقرار رکھے ہوئے تھی۔ براؤنسی (M2) میں 7 فیصد کا اضافہ ہوا جبکہ 30 ستمبر 2018 کو اختتام پذیر اس نو ماہ کی مدت کے دوران، روپے کی گردش میں 11 فیصد کی افزائش ہوئی۔

بینکنگ صنعت کے مجموعی ڈیپازٹس 5 فیصد کے اضافہ کے ساتھ 13,032 ملین روپے پر درج کئے گئے۔ جبکہ قرضات 7,000 ملین روپے کی حد عبور کر گئے۔ بڑھتے ہوئے انٹرسٹ ریٹ کے تناظر میں بینکنگ کی صنعت نے اپنی سرمایہ کاری کو محدود کر لیا جس کے باعث سرمایہ کاری 22 فیصد کی کمی کے ساتھ 6,677 ملین روپے پر ریکارڈ ہوئی۔ جبکہ صنعت کے مجموعی اثاثے 1 فیصد کی شرح سے منگ گئے۔

مالیاتی تجزیہ:

بینکنگ صنعت نے بڑھتے ہوئے انٹرسٹ ریٹ سے متصل خدشات کا مکمل ادراک رکھتے ہوئے، قبل سے درمیانی مدت کی حکمت عملیوں کی از سر نو تشکیل کی ہے تاکہ اپنے پیداواری اثاثوں کی تریک کو مزید بہتر بنایا جاسکے۔

اب جبکہ خود کار نظام، بینکنگ کی صنعت کے طویل المدت مستقبل میں ایک اہم صورت اختیار کرتا جا رہا ہے۔ یہ امر ناگزیر ہے کہ اس منتقلی کو بہتر سنبھالنا چاہئے تاکہ یہ شعبہ آئے والے ڈیجیٹل بینکنگ کے دور سے ہم آہنگ ہو سکے۔

آپ کا بینک، جدید ٹیکنالوجی سے مزین خود کار ریٹ؛ خدشات کے تدارک کے نظام؛ سسٹمز اور داخلی انتظام (انٹرنل کنٹرول) کی مستقل مضبوطی پر انحصار کے ذریعہ اپنی مسلسل ترقی کی حکمت عملی کو جاری رکھے ہوئے ہے۔ جبکہ صارفین کے مزاج کے مطابق نئی جدید پراڈکٹس و خدمات کی فراہمی کو یقینی بنانے کیلئے روایتی اور متبادل ادائیگیوں کے ذرائع میں اضافے کے ساتھ بینک اپنی وسعت کو مزید فروغ دے رہا ہے۔

بینکنگ کی صنعت کی ترقی کی ماثمت میں آپ کے بینک کے مجموعی ڈیپازٹس میں بھی 30 ستمبر 2018 تک، 5 فیصد کا اضافہ ہوا۔ آپ کا بینک کم لاگت کے ڈیپازٹس کے حجم کو بہتر بنانے کے مقصد پر پوری توجہ عملی بیڑا ہے جس کے باعث غیر پیداواری (غیر منافع کے حامل) کرنٹ ڈیپازٹس میں 11 فیصد کی نمو حاصل ہوئی اور جس کے نتیجے میں کاسا (CASA) ڈیپازٹس کی تریب 31 دسمبر 2017 کی 79 فیصد کی شرح کی نسبت بہتر ہوتے ہوئے 30 ستمبر 2018 تک 83 فیصد پر درج ہوئی۔

کل قرضہ جات بھی 13 فیصد کی نمایاں ترقی کے ساتھ 30 ستمبر 2018 تک 438,740 ملین روپے تک پہنچ گئے۔ خدشات کے نظام کی بہترین کارکردگی پر جاری ارتکاز غیر فعال قرضوں میں، 30 ستمبر 2018 کو اختتام پذیر نو ماہ کی مدت کے دوران، 1,811 ملین روپے کی کمی کے لیے درمعا دونوں ثابت ہوا۔

جس کے نتیجے میں انفلیکشن کی شرح 3.7 فیصد تک ہو گئی اور کوٹن کی شرح 96 فیصد تک بڑھ گئی۔ اپنے غیر فعال قرضہ جات کے اخراجات (پروویژن) کا تعین کرتے ہوئے اسٹیٹ بینک آف پاکستان کی گائیڈ لائنز میں اجازت کے باوجود جری فروخت (ایف ایس وی FSV) کا فائدہ حاصل نہیں کیا گیا ہے۔

آپ کے بینک کے میزبانہ کی اس 1 فیصد کے اضافہ کے ساتھ 1,255 ملین روپے تک پہنچ گئی۔ حالانکہ صنعت کے میزبانہ میں 1 فیصد کی کمی واقع ہوئی ہے اور اس کے علاوہ

ڈائریکٹرز جاتزہ رپورٹ

بینک کے سرمایہ کی اساس بھی 107,834 ملین روپے کی ایک شاندار سطح پر درج ہوئی۔

اس زبردتی عرصہ کے دوران 22.4 فیصد کی نہایت مضبوط کسٹبل ایڈمیٹیویٹی (سرمایہ کی معقولیت) کی شرح کو برقرار رکھا گیا ہے۔ جبکہ اس شرح کی قانونی حد 11.3 فیصد پر مقرر ہے۔

اپنی زیادہ آمدنی کے حامل نی آئی بیز (PIBs) میں مسلسل کمی اور شیئنگ مارک ریٹ میں بارہا تجدید سے پیدا ہونے والی تفاوت کی قیمت کے ازسرنو تعین کے باوجود پیداواری اثاثوں میں تنوع کو برقرار رکھا گیا ہے۔ جس سے 11 فیصد کی بلند ترین انٹرنسٹ آمدنی حاصل کی گئی ہے۔ جس کا کل حجم 53,213 ملین روپے رہا۔ دوسری طرف انٹرنسٹ اخراجات کو 29,592 ملین روپے تک محدود کیا گیا جس کی بدولت اس زبردتی عرصہ میں آپ کے بینک خالص انٹرنسٹ آمدنی 23,621 ملین روپے پر رپورٹ ہوئی۔

خدشات کے انتظام کی دانشمندانہ پالیسیاں مسلسل نتائج دے رہی ہیں۔ 30 ستمبر 2018 کو اختتام پذیر نو ماہ کے عرصہ میں غیر فعال قرضوں کے اخراجات میں 1,166 ملین روپے کی کوٹھی کی گئی۔

غیر مارک اپ/ انٹرنسٹ آمدنی اس زبردتی عرصہ میں 41 فیصد کی نہایت شاندار بڑھوتی کے ساتھ 8,892 ملین روپے پر درج کی گئی۔ غیر ملکی کرنسیوں کے بہترین انتظام کی بدولت 30 ستمبر 2018 کو اختتام پذیر نو ماہ کے عرصہ کے دوران غیر ملکی کرنسیوں کے لین دین سے حاصل ہونے والی آمدنی کا حجم 1,051 ملین روپے رہا جو ستمبر 2017 کے حجم کی نسبت 100 فیصد کی نمایاں بہتری کا منظر ہے۔

انٹرنسٹ ریٹ کے بدلے ماحول میں آپ کے بینک کا گورنمنٹ سکیورٹیز (حکومت) کی فروخت سے حاصل ہونے والا منافع 1,572 ملین روپے مجموعی منافع 4.3 گنا اضافہ کے ساتھ 2,180 ملین روپے پر ریکارڈ کیا گیا۔ ڈیویڈنڈ کی آمدنی میں بھی اپنی تقابلی مدت کی نسبت 3 فیصد کی بہتری درج کی گئی جس کا مجموعی حجم 2,080 ملین روپے ریکارڈ کیا گیا۔

آپ کے بینک نے اپنی وسعت کے فروغ کی حکمت عملی کے تحت، جس کا ایک بنیادی مقصد بینکنگ کی خدمات سے محروم افراد کی اس نظام میں شمولیت ہے۔ پورے ملک میں اپنی 1,258 برانچیں کھول لیں جس میں 1,141، 1 روا تینی اور 117 اسلامی بینکاری کی برانچیں شامل ہیں۔ اس سہ ماہی کے دوران بینک نے "اسلامک ونڈو" کے نام سے ایک پراڈکٹ کو اپنی منتخب شدہ روایتی برانچوں میں بھی متعارف کروایا تاکہ صارفین کی مختلف ضروریات کو پورا کیا جاسکے۔

ادائیگیوں کے متبادل ذرائع پر بھی آپ کے بینک کی توجہ مرکوز رہی۔ پورے ملک میں 1,371 اے ٹی ایگز موجود ہیں جن میں 1,073 اے ٹی ایگز آن سائٹ اور 298 آف سائٹ اے ٹی ایگز شامل ہیں۔

مائی اے بی ایل - انٹرنیٹ بینکنگ سولوشن کے ذریعہ اپنے صارفین تک رسائی بھی بینک کی حکمت عملی کا اہم ترین جزو رہا۔ اس سہولت سے استفادہ کرنے والے کل صارفین کی تعداد 250,000 سے تجاوز کر چکی ہے۔

ٹیکنالوجی کی منتقلی میں جاری سرمایہ کاری، ڈیجیٹل (خودکار) بینکنگ میں بتدریج اضافہ، اور اس کے ساتھ افرادی قوت میں سرمایہ کاری، برانچوں میں اضافہ اور سب سے بڑھ کر بینک کی شخص اور برانڈ کے فروغ کے لیے مارکیٹنگ کی مدد میں زیادہ اخراجات کے باعث انتظامی اخراجات میں 12 فیصد اضافہ ہوا جس کا مجموعی حجم 16,585 ملین روپے رہا۔

آپ کے بینک کا، 30 ستمبر 2018 کو اختتام پذیر نو ماہ کے عرصہ کے دوران قبل از ٹیکس منافع 16,410 ملین روپے رہا جبکہ گزشتہ سال کی اسی تقابلی مدت میں اس کا تعین 16,277 ملین روپے تھا۔ شہدید مسابقتی کاروباری ماحول کے باوجود 30 ستمبر 2018 کو اختتام پذیر نو ماہ کے عرصہ کے دوران 9,968 ملین روپے کا مستحکم بعد از ٹیکس منافع بھی حاصل کیا گیا۔

چنانچہ آپ کے بینک کی فی شخص آمدنی گزشتہ تقابلی مدت کے 8.50 فی سینٹر کے مقابلہ میں 8.70 روپے فی شیئر پر درج ہوئی۔ سالانہ بنیاد پر سرمائے کی آمدنی (ریٹرن آن ایکویٹی - ROE) اور اثاثوں کی آمدنی (ریٹرن آن ایسٹ - ROA) کی شرح اس زبردتی عرصہ میں بالترتیب 16.5 فیصد اور 11.1 فیصد رپورٹ ہوئی جبکہ صنعت کی ROE اور ROA کی مجموعی شرح جون 2018 تک بالترتیب 11 فیصد اور 8.8 فیصد تھی۔

مستقبل کا نقطہ نظر / پیش بینی:

دنیا کی دسویں (10 ویں) بڑی افرادی قوت اور خطہ میں اپنے اہم جغرافیائی محل وقوع کیساتھ پاکستان کی کلیدی وسائل اور ترقی کی بھرپور صلاحیتوں سے مالا مال ہے۔

تاہم ورلڈ بینک کے نے تیوی سے بڑھتے دہرے خساروں، لاکھڑائے زر مبادلہ کے ذخائر اور قرض کی ادائیگی کے بڑھتے ہوئے بوجھ کے فوری تدابیر کے باعث مالی سال

ڈائریکٹرز جائزہ رپورٹ

2018-19 کے دوران پاکستان کی جی ڈی پی میں سست روئی کی توقع کا اظہار کیا ہے اور اس شرح کا تعین 4.8 فیصد پر کیا ہے۔

حکومت کے اٹھائے گئے حالیہ اقدامات اور اسکے ساتھ تاگزیر پیر وئی قرض، درمیانی مدت میں استحکام کے حصول پر مرکوز ہیں۔ تاہم اہم ترین تعمیری اصلاحات جن میں ٹیکس کے نظام کی جدیدیت، جس کے تحت نئی ٹیکس ادا کنندگان کو ڈائریکٹری پر خصوصی توجہ، طویل المدت مالیاتی منصوبے اور ان کی نگرانی، حکومت کے ذریعہ نظام اداروں کے خسارہ کو ختم کرنے کیلئے گورننس میں بہتری، نجی شعبہ کے قرض اور جی ڈی پی کی شرح میں اضافہ اور ایف اے ٹی ایف (FATF) کی رہنمائی کی ہدایات کے تناظر میں اے ایم ایل ای ایف ٹی (AML/CFT) کیلئے اٹھائے گئے اقدامات میں مزید شدت جیسے عوامل پر زیادہ توجہ کی ضرورت ہے۔ تاکہ طویل مدت میں دیر پا جی ڈی پی کی نمونہ بنیایا جاسکے۔

ان معاشی خدشات سے برآءاً مائیکرو بینکنگ کی صنعت مسلسل بہتری کی جانب گامزن ہے۔ بڑھتے ہوئے انٹرنٹ ریس کے پیش نظر قرضہ جات میں ترقی ایک مشکل عمل ہے علاوہ ازیں غیر فعال قرضوں میں اضافہ کے خدشات ہیں۔ مزید برآں روپے کی قدر میں تنزلی اور محصولات میں اضافہ، کاروباری لاگت میں نمایاں بڑھوتی کا باعث بنے گا۔

اس زریعہ پر سہ ماہی کے دوران آپ کے بینک نے معاشرے کے معر افراد کی خصوصی ضروریات کو پورا کرنے کیلئے "الائیڈ سٹینڈسٹین ان اکاؤنٹ" کا آغاز کیا ہے۔

نوجوان جو ملک کی آبادی کا تقریباً نصف ہیں اور ہمیشہ ٹیکنالوجی سے مزین مالیاتی پراڈکٹس کی طرف مائل رہتے ہیں، بینک کے ہدف کا اہم حصہ رہے ہیں۔ اس اہم شعبہ کی سہولت کیلئے ہی آپ کے بینک نے اس سہ ماہی کے دوران پرنٹیشن خاصیت کے حامل الائیڈ پیوٹھ کاؤنٹ کا اجرا کیا ہے۔

بینک تمام ہنکار و اکاؤنٹ اور جغرافیائی و سیاسی مشکلات کا مکمل ادراک رکھتا ہے اور مسلسل اس کوشش میں ہے کہ اپنے ڈیپازٹس کی ترکیب کی لاگت میں کمی لاسکے اور اس کے ساتھ ساتھ اپنی آمدنی میں اضافہ اور قرضوں کی غیر فعالیت میں کمی کے مختلف مواقع ڈھونڈے۔

اپنی برانچوں اور متبادل ادائیگی کے ذرائع کے جھیلز میں مسلسل اضافہ، ڈیجیٹل (خود کار) ٹیکنالوجی میں سرمایہ کاری اور اپنی خدمات کے معیار میں ہمہ وقت بہتری پر ادراک آپ کے بینک کی پائیدار ترقی کے اہم ترین عوامل ہیں۔

اسٹیٹی ریٹنگ:

پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے الائیڈ بینک کی طویل مدتی ریٹنگ کو "AAA" (ٹرپل اے) کی بلند ترین سطح اور قلیل مدتی ریٹنگ کی سطح "A1+" (اے ون پلس) پر برقرار رکھا ہے۔ یہ ریٹنگ بینک کی مالی یقین دہانیوں کی بروقت ادائیگی اور اسکے ساتھ قرضوں سے بڑے خدشات میں کمی کی مضبوط صلاحیتوں کا مظہر ہے۔

گورننس گورننس ریٹنگ:

جے سی آر۔ وی ای ایس (JCR-VIS) کریڈٹ ریٹنگ کمپنی لیمنڈ نے اس زریعہ پر عرصہ میں الائیڈ بینک لیمنڈ کی کارپوریٹ گورننس کی درجہ بندی کو "CGR+9" کی سطح پر ریٹ کیا ہے۔

تسلیم و تحسین:

الائیڈ بینک لیمنڈ کی جانب سے ہم اپنے قابل قدر صارفین کا الائیڈ بینک پر غیر متزلزل اعتماد پر شکریہ ادا کرتے ہیں۔ ہم اپنے معزز شیئر ہولڈرز کا اسکے بھرپور تعاون اور یقین پر، اپنے سٹاف ممبرز کا اگلی انتھک خدمات اور محنت پر، سیکورٹی اینڈ ایکسیج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان اور دیگر تنظیمی اداروں کا ان کی مسلسل رہنمائی پر بھی نہایت مشکور ہیں۔

منجانب و برائے بورڈ آف ڈائریکٹرز

طاہر حسن قریشی

چیف ایگزیکٹو آفیسر

لاہور

24 اکتوبر 2018

محمد نعیم مختار

چیئرمین بورڈ آف ڈائریکٹرز



UNCONSOLIDATED
CONDENSED INTERIM
FINANCIAL STATEMENTS

for the nine months ended September 30, 2018

Unconsolidated Condensed Interim Statement of Financial Position

(Un-audited) as at September 30, 2018

| | Note | September 30, 2018 | Audited December 31, 2017 |
|---|------|-----------------------|---------------------------------|
| Rupees in '000 | | | |
| ASSETS | | | |
| Cash and balances with treasury banks | | 90,980,096 | 85,367,382 |
| Balances with other banks | | 415,807 | 648,765 |
| Lendings to financial institutions | 6 | 253,856,869 | 8,694,399 |
| Investments | 7 | 409,024,366 | 698,082,066 |
| Advances | 8 | 423,192,278 | 372,037,714 |
| Operating fixed assets | | 50,659,767 | 48,327,029 |
| Deferred tax assets | | – | – |
| Other assets | | 27,350,733 | 32,554,758 |
| | | 1,255,479,916 | 1,245,712,113 |
| LIABILITIES | | | |
| Bills payable | | 7,056,497 | 7,835,467 |
| Borrowings | 9 | 187,967,477 | 223,556,383 |
| Deposits and other accounts | 10 | 929,438,396 | 883,740,709 |
| Sub-ordinated loans | | – | – |
| Liabilities against assets subject to finance lease | | – | – |
| Deferred tax liabilities | | 5,366,827 | 6,941,804 |
| Other liabilities | | 17,817,023 | 16,921,397 |
| | | 1,147,646,220 | 1,138,995,760 |
| NET ASSETS | | 107,833,696 | 106,716,353 |
| REPRESENTED BY | | | |
| Share capital | 11 | 11,450,739 | 11,450,739 |
| Reserves | | 19,444,056 | 17,980,116 |
| Unappropriated profit | | 51,686,497 | 49,212,447 |
| | | 82,581,292 | 78,643,302 |
| Surplus on revaluation of assets - net of tax | | 25,252,404 | 28,073,051 |
| | | 107,833,696 | 106,716,353 |

CONTINGENCIES AND COMMITMENTS

12

The annexed notes 1 to 24 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 nine months ended September 30, 2018

| | Note | Nine months Ended | | Quarter Ended | |
|---|------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | September 30, 2018 | September 30, 2017 | September 30, 2018 | September 30, 2017 |
| Rupees in '000 | | | | | |
| Mark-up / return / interest earned | 13 | 53,213,086 | 48,174,101 | 19,893,154 | 15,828,850 |
| Mark-up / return / interest expensed | 14 | 29,592,092 | 24,624,443 | 12,084,134 | 8,556,399 |
| Net mark-up / interest income | | 23,620,994 | 23,549,658 | 7,809,020 | 7,272,451 |
| Net reversal of provision against non-performing loans and advances | | (1,166,226) | (1,227,905) | (273,897) | (531,998) |
| Provision / (reversal) for diminution in the value of investments | | 9,745 | (8,061) | (1,631) | - |
| Bad debts written off directly | | - | - | - | - |
| | | (1,156,481) | (1,235,966) | (275,528) | (531,998) |
| Net mark-up / interest income after reversal of provisions | | 24,777,475 | 24,785,624 | 8,084,548 | 7,804,449 |
| NON MARK-UP / INTEREST INCOME | | | | | |
| Fee, commission and brokerage income | | 3,188,505 | 3,063,130 | 940,205 | 971,974 |
| Dividend income | | 2,079,824 | 2,023,609 | 636,950 | 496,435 |
| Income from dealing in foreign currencies | | 1,051,243 | 524,478 | 377,093 | 206,894 |
| Gain on sale of securities - net | | 2,180,281 | 409,703 | 47,286 | 120,172 |
| Unrealized gain / (loss) on revaluation of investments classified as 'held-for-trading' - net | | - | 12,336 | (988) | 12,336 |
| Other income | | 391,977 | 273,952 | 187,469 | 95,827 |
| Total non mark-up / interest income | | 8,891,830 | 6,307,208 | 2,188,015 | 1,903,638 |
| | | 33,669,305 | 31,092,832 | 10,272,563 | 9,708,087 |
| NON MARK-UP / INTEREST EXPENSES | | | | | |
| Administrative expenses | | 16,585,296 | 14,829,611 | 5,618,001 | 5,044,906 |
| Reversal against other assets | | (9,609) | (168,858) | (10,734) | (192,858) |
| Reversal against off-balance sheet obligations - net | | - | (257,845) | (20,000) | (255,147) |
| Other charges | | 418,110 | 412,831 | 74,437 | 103,399 |
| Total non mark-up / interest expenses | | 16,993,797 | 14,815,739 | 5,661,704 | 4,700,300 |
| Extra-ordinary / unusual item | 15 | 265,226 | - | - | - |
| PROFIT BEFORE TAXATION | | 16,410,282 | 16,277,093 | 4,610,859 | 5,007,787 |
| Taxation: | | | | | |
| Current | 16 | 6,634,415 | 5,834,889 | 1,824,991 | 1,736,688 |
| Prior year | | - | 959,605 | - | - |
| Deferred | | (191,978) | (252,769) | (38,669) | 9,816 |
| | | 6,442,437 | 6,541,725 | 1,786,322 | 1,746,504 |
| PROFIT AFTER TAXATION | | 9,967,845 | 9,735,368 | 2,824,537 | 3,261,283 |
| Unappropriated profit brought forward | | 49,212,447 | 46,490,244 | 51,405,913 | 48,337,278 |
| PROFIT AVAILABLE FOR APPROPRIATION | | 51,686,497 | 49,469,699 | 51,686,497 | 49,469,699 |
| Earnings per share - Basic and Diluted (in Rupees) | 17 | 8.70 | 8.50 | 2.47 | 2.85 |

The annexed notes 1 to 24 form an integral part of these unconsolidated condensed interim financial statements.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited) for the nine months ended September 30, 2018

| | Nine months Ended | | Quarter Ended | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 30, 2018 | September 30, 2017 | September 30, 2018 | September 30, 2017 |
| Rupees in '000 | | | | |
| Profit after taxation for the period | 9,967,845 | 9,735,368 | 2,824,537 | 3,261,283 |
| 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 | 467,156 | 16,669 | 94,036 | 11,377 |
| Comprehensive income transferred to equity | 10,435,001 | 9,752,037 | 2,918,573 | 3,272,660 |
| 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 | (3,946,862) | (5,958,041) | (518,884) | (1,320,754) |
| Related deferred tax | 1,381,402 | 2,085,315 | 181,610 | 462,264 |
| | (2,565,460) | (3,872,726) | (337,274) | (858,490) |
| Total comprehensive income | 7,869,541 | 5,879,311 | 2,581,299 | 2,414,170 |

The annexed notes 1 to 24 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 Cash Flow

(Un-audited) for the nine months ended September 30, 2018

| | Nine months Ended | |
|---|-----------------------|-----------------------|
| | September 30, 2018 | September 30, 2017 |
| | Rupees in '000 | |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 16,410,282 | 16,277,093 |
| Less: Dividend income | (2,079,824) | (2,023,609) |
| | 14,330,458 | 14,253,484 |
| Adjustments for non-cash items: | | |
| Depreciation / amortization | 2,650,949 | 1,888,176 |
| Reversal against non-performing loans and advances - net | (1,166,226) | (1,227,905) |
| Provision / (reversal) for diminution in the value of investments - net | 9,745 | (8,061) |
| Unrealized gain on revaluation of 'held-for-trading' securities - net | - | (12,336) |
| Reversal against off-balance sheet obligations - net | - | (257,845) |
| Reversal against other assets | (9,609) | (168,858) |
| Provision for workers welfare fund | 340,225 | 333,422 |
| Gain on sale of operating fixed assets - net | (34,409) | (38,631) |
| Gain on sale of other assets | - | (73,350) |
| | 1,790,675 | 434,612 |
| | 16,121,133 | 14,688,096 |
| (Increase) / decrease in operating assets | | |
| Lendings to financial institutions | (245,162,470) | 8,797,784 |
| Net realization / (investment) in 'held-for-trading' securities | 24,826,109 | (30,829,312) |
| Advances | (50,318,561) | (43,556,616) |
| Other assets (excluding advance taxation) | 4,549,546 | 6,681,988 |
| | (266,105,376) | (58,906,156) |
| Increase / (decrease) in operating liabilities | | |
| Bills payable | (778,970) | (2,808,907) |
| Borrowings | (35,997,056) | 34,896,151 |
| Deposits and other accounts | 45,697,687 | 23,266,903 |
| Other liabilities | 478,375 | 1,620,864 |
| | 9,400,036 | 56,975,011 |
| | (240,584,207) | 12,756,951 |
| Income tax paid | (5,602,854) | (7,344,253) |
| Net cash flows (used in) / generated from operating activities | (246,187,061) | 5,412,698 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Net realization from 'available-for-sale' securities | 201,907,762 | 2,155,734 |
| Net realization from 'held-to-maturity' securities | 58,365,441 | 11,577,337 |
| Dividend received | 1,529,714 | 1,897,886 |
| Investments in operating fixed assets | (4,646,771) | (4,938,131) |
| Proceeds from sale of operating fixed assets | 42,514 | 46,074 |
| Net cash flows generated from investing activities | 257,198,660 | 10,738,900 |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Dividend paid | (6,507,149) | (5,982,915) |
| Net cash flows used in financing activities | (6,507,149) | (5,982,915) |
| Effect of translation of net investment in foreign operating branches | 467,156 | 16,669 |
| Increase in cash and cash equivalents during the period | 4,971,606 | 10,185,352 |
| Cash and cash equivalents at beginning of the period | 87,985,981 | 73,917,559 |
| Effect of exchange rate changes on opening cash and cash equivalents | (2,074,657) | (97,378) |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | 90,882,930 | 84,005,533 |

The annexed notes 1 to 24 form an integral part of these unconsolidated condensed interim financial statements.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited) for the nine months ended September 30, 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 nine months ended September 30, 2017: | | | | | | |
| Total comprehensive income for the nine months ended September 30, 2017 | | | | | | |
| Net profit for the nine months ended September 30, 2017 | - | - | - | - | 9,735,368 | 9,735,368 |
| Effect of translation of net investment in foreign operating branches | - | 16,669 | - | - | - | 16,669 |
| | - | 16,669 | - | - | 9,735,368 | 9,752,037 |
| 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) |
| 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) |
| | - | - | - | - | (6,011,637) | (6,011,637) |
| Transferred from surplus on revaluation of operating fixed assets | | | | | | |
| to un-appropriated profit - net of tax | - | - | - | - | 41,204 | 41,204 |
| Transferred from surplus on revaluation of non-banking | | | | | | |
| assets to un-appropriated profit - net of tax | - | - | - | - | 188,057 | 188,057 |
| Transfer to statutory reserve | - | - | 973,537 | - | (973,537) | - |
| Balance as at September 30, 2017 | 11,450,739 | 74,356 | 17,443,335 | 6,000 | 49,469,699 | 78,444,129 |
| Changes in equity during the quarter ended December 31, 2017: | | | | | | |
| Total comprehensive income for the quarter ended December 31, 2017 | | | | | | |
| Net profit for the quarter ended December 31, 2017 | - | - | - | - | 2,998,268 | 2,998,268 |
| Effect of remeasurement of defined benefit plans-net of tax | - | - | - | - | (965,870) | (965,870) |
| Effect of translation of net investment in foreign operating branches | - | 156,598 | - | - | - | 156,598 |
| | - | 156,598 | - | - | 2,032,398 | 2,188,996 |
| Transactions with owners recognized directly in equity | | | | | | |
| Third interim cash dividend for the year ended | | | | | | |
| December 31, 2017 (Rs. 1.75 per ordinary share) | - | - | - | - | (2,003,879) | (2,003,879) |
| | - | - | - | - | (2,003,879) | (2,003,879) |
| Transferred from surplus on revaluation of operating fixed assets | | | | | | |
| to un-appropriated profit - net of tax | - | - | - | - | 13,733 | 13,733 |
| Transferred from surplus on revaluation of non-banking | | | | | | |
| assets to un-appropriated profit - net of tax | - | - | - | - | 323 | 323 |
| Transfer to statutory reserve | - | - | 299,827 | - | (299,827) | - |
| 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 nine months ended September 30, 2018: | | | | | | |
| Total comprehensive income for the nine months ended September 30, 2018 | | | | | | |
| Net profit for the nine months ended September 30, 2018 | - | - | - | - | 9,967,845 | 9,967,845 |
| Effect of translation of net investment in foreign operating branches | - | 467,156 | - | - | - | 467,156 |
| | - | 467,156 | - | - | 9,967,845 | 10,435,001 |
| Transactions with owners recognized directly in equity | | | | | | |
| Final cash dividend for the year ended | | | | | | |
| December 31, 2017 (Rs. 1.75 per ordinary share) | - | - | - | - | (2,003,879) | (2,003,879) |
| First interim cash dividend for the year ending | | | | | | |
| December 31, 2018 (Rs. 2 per ordinary share) | - | - | - | - | (2,290,148) | (2,290,148) |
| Second interim cash dividend for the year ending | | | | | | |
| December 31, 2018 (Rs. 2 per ordinary share) | - | - | - | - | (2,290,148) | (2,290,148) |
| | - | - | - | - | (6,584,175) | (6,584,175) |
| Transferred from surplus on revaluation of operating fixed assets | | | | | | |
| to un-appropriated profit - net of tax | - | - | - | - | 84,196 | 84,196 |
| Transferred from surplus on revaluation of non-banking | | | | | | |
| assets to un-appropriated profit - net of tax | - | - | - | - | 2,968 | 2,968 |
| Transfer to statutory reserve | - | - | 996,784 | - | (996,784) | - |
| Balance as at September 30, 2018 | 11,450,739 | 698,110 | 18,739,946 | 6,000 | 51,686,497 | 82,581,292 |

The annexed notes 1 to 24 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 nine months ended September 30, 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 1,256 (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 'AAA'. 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 IFRS 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 IFRS 10 (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 for 'Profit & Loss Sharing on Deposits' (IFAS-3) 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 (IFS). 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 nine months ended September 30, 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 condensed interim 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 unconsolidated condensed interim financial statements for reporting purposes. Key financial figures of the Islamic banking business are disclosed in Note 21 to these unconsolidated condensed interim financial statements.

4.4 The Bank has adopted the following new standards, interpretation, amendments and annual improvements to IFRS, which became effective for the current period:

- IFRS 15 'Revenue from contracts with customers'
- Amendments to IFRS 2 'Share-based Payment'
- Amendments in IAS 28 'Investments in Associates and Joint Ventures' through annual improvement to IFRS cycle.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'

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 September 30, 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 the requirements of International Financial Reporting Standard IAS-16 'Property, Plant and Equipment. 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.

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the nine months ended September 30, 2018

- 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.
- As per the accounting policy of the Bank, the provision against financial asset portfolio of ABL Bahrain Wholesale Branch is made as per the requirements of the concerned regulatory regime. During the current year, IFRS – 9 "Financial Instruments" became applicable for ABL Bahrain Wholesale Branch. Accordingly, Bahrain Branch has changed its accounting policy and has followed the requirements of IFRS – 9 "Financial Instruments", while determining the provisioning requirements against financial assets. IFRS – 9 "Financial Instruments" requires provision against financial assets to be determined under expected credit loss model, which was being previously determined under the incurred loss model as per the concerned regulatory regime.

The adoption of the said standard by the overseas branch has resulted in additional provisioning requirement of Rs. 13.3 million as at September 30, 2018. The amount of additional provision has been accounted for in the profit or loss of the current period and opening balance of retained earnings has not been adjusted as the amount is not material. There is no effect on the statement of cash flow of the Bank.

- 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 | September 30, 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 | 249,056,869 | 5,779,431 |
| Musharaka lendings | 6.2 | 2,800,000 | 1,100,000 |
| Mudaraba lending | 6.3 | 2,000,000 | 600,000 |
| Bai Muajjal receivable from State Bank of Pakistan | | – | 214,968 |
| Certificates of investment | 6.4 | 70,000 | 70,000 |
| | | 253,926,869 | 8,764,399 |
| Provision against lendings to financial institutions | 6.4 | (70,000) | (70,000) |
| | | 253,856,869 | 8,694,399 |

- 6.1 These are short-term local currency lendings to financial institutions against government securities. These carry mark-up at the rate of 7.48% to 8.05% (December 31, 2017: 5.95% to 6.10%) per annum and are maturing on various dates, latest by October 09, 2018.
- 6.2 These represent local currency lendings by Islamic banking business under Musharaka agreement at expected profit of 7.10% to 7.80% (December 31, 2017: 5.83% to 5.85%) per annum and are maturing on various dates, latest by October 03, 2018.
- 6.3 This represents local currency lendings by Islamic banking business under Mudaraba agreement at expected profit of 7.60% to 7.85% (December 31, 2017: 5.80%) per annum, maturing on various dates, latest by October 02, 2018.
- 6.4 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 - September 30, 2018 | 7.1 | 265,745,003 | 143,279,363 | 409,024,366 |
| 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 nine months ended September 30, 2018

| | As at September 30, 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 | 142,684,614 | 134,420,248 | 277,104,862 | 290,064,860 | 75,614,442 | 365,679,302 |
| Pakistan Investment Bonds | 46,239,386 | 4,184,933 | 50,424,319 | 63,758,497 | 100,297,935 | 164,056,432 |
| Ordinary shares of listed companies / certificates of close-ended mutual funds | 14,364,607 | - | 14,364,607 | 14,815,012 | - | 14,815,012 |
| Units of open-ended mutual funds | 38,834 | - | 38,834 | - | - | - |
| 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 | 6,893,665 | - | 6,893,665 | 5,465,894 | - | 5,465,894 |
| GOP Foreign Currency Sukus (US\$) | 7,675,735 | 1,435,899 | 9,111,634 | 9,562,817 | 1,543,073 | 11,105,890 |
| GOP Ijara Sukuk | 3,342,848 | - | 3,342,848 | 2,845,696 | - | 2,845,696 |
| GOP Foreign Currency Bonds (US\$) | 2,231,372 | 2,759,575 | 4,990,947 | 4,996,009 | - | 4,996,009 |
| Term Finance Certificates (TFCs) | 4,142,765 | - | 4,142,765 | 3,707,217 | - | 3,707,217 |
| | 239,537,724 | 142,800,655 | 382,338,379 | 406,952,140 | 177,455,450 | 584,407,590 |
| Held-to-maturity securities | | | | | | |
| Market Treasury Bills | 25,045 | - | 25,045 | - | - | - |
| Pakistan Investment Bonds | 16,171,817 | - | 16,171,817 | 73,454,137 | - | 73,454,137 |
| GOP Foreign Currency Sukus (US\$) | - | - | - | 1,108,143 | - | 1,108,143 |
| TFCs and Sukuk Bonds | 346,090 | - | 346,090 | 346,102 | - | 346,102 |
| | 16,542,952 | - | 16,542,952 | 74,908,382 | - | 74,908,382 |
| Subsidiary | | | | | | |
| ABL Asset Management Company Limited | 500,000 | - | 500,000 | 500,000 | - | 500,000 |
| Investment at cost | 256,580,676 | 142,800,655 | 399,381,331 | 507,186,631 | 177,455,450 | 684,642,081 |
| Provision for diminution in the value of investments | (2,553,709) | - | (2,553,709) | (2,705,403) | - | (2,705,403) |
| Investments (cost net of provisions) | 254,026,967 | 142,800,655 | 396,827,622 | 504,481,228 | 177,455,450 | 681,936,678 |
| Surplus on revaluation of held-for-trading securities - net | - | - | - | 1,782 | - | 1,782 |
| Surplus on revaluation of 'available-for-sale' securities - net | 11,718,036 | 478,708 | 12,196,744 | 15,803,706 | 339,900 | 16,143,606 |
| Total investments at market value | 265,745,003 | 143,279,363 | 409,024,366 | 520,286,716 | 177,795,350 | 698,082,066 |

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the nine months ended September 30, 2018

| | | Audited | |
|---|---|-----------------------|----------------------|
| | Note | September 30, 2018 | December 31, 2017 |
| Rupees in '000 | | | |
| 8 | ADVANCES | | |
| Loans, cash credits, running finances, etc. | | | |
| | | 423,401,161 | 373,157,869 |
| | In Pakistan | 2,751,126 | 4,499,177 |
| | Outside Pakistan | 426,152,287 | 377,657,046 |
| | Islamic Financing and related assets | 21.2 | 6,227,465 |
| | Net investment in finance lease - in Pakistan | 2,563,947 | 2,380,573 |
| Bills discounted and purchased (excluding treasury bills) | | | |
| | Payable in Pakistan | 2,727,665 | 2,466,333 |
| | Payable outside Pakistan | 1,068,625 | 1,585,373 |
| | | 3,796,290 | 4,051,706 |
| | Advances - gross | 438,739,989 | 388,751,651 |
| | Provision for non-performing advances | 8.1 & 8.3 | (15,532,210) |
| | General provision | 8.3 | (11,701) |
| | | (15,547,711) | (16,713,937) |
| | Advances - net of provision | 423,192,278 | 372,037,714 |

- 8.1 Advances include Rs. 16,240.266 million (December 31, 2017: Rs. 18,051.749 million) which have been placed under non-performing status as detailed below:-

| Category of Classification | September 30, 2018 | | | | |
|-----------------------------------|---------------------|----------|-------------------|-------------------|-------------------|
| | Classified Advances | | | Provision | Provision |
| | Domestic | Overseas | Total | required | held |
| Rupees in '000 | | | | | |
| Other Assets Especially Mentioned | 44,303 | - | 44,303 | 1,894 | 1,894 |
| Substandard | 838,390 | - | 838,390 | 208,736 | 208,736 |
| Doubtful | 72,376 | - | 72,376 | 36,188 | 36,188 |
| Loss | 15,285,197 | - | 15,285,197 | 15,285,392 | 15,285,392 |
| | 16,240,266 | - | 16,240,266 | 15,532,210 | 15,532,210 |

| 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 nine months ended September 30, 2018

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

| | September 30, 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 | 253,673 | 3,800 | 257,473 | 365,854 | - | 365,854 |
| Reversals | (1,423,699) | - | (1,423,699) | (2,281,184) | (51,608) | (2,332,792) |
| Charged to profit and loss account | (1,170,026) | 3,800 | (1,166,226) | (1,915,330) | (51,608) | (1,966,938) |
| Amounts written off | - | - | - | (102,997) | - | (102,997) |
| Closing balance | 15,532,210 | 15,501 | 15,547,711 | 16,702,236 | 11,701 | 16,713,937 |

8.4 The Bank has participated in government guaranteed syndicated term finance facility, granted to Power Holding (Pvt.) Limited, with the Bank's outstanding share being Rs. 2,917 million. State Bank of Pakistan has extended relaxation against classification of the exposure vide Letter No. BPRD/ BRD (Policy)/ 021574/ 2018 dated October 03, 2018 till December 31, 2018. Subsequent to the reporting date, accrued mark-up income amounting to Rs. 58.225 million has been duly received and accordingly, recognized as income as directed under the aforementioned letter.

| | Audited | |
|----------------|-----------------------|----------------------|
| | September 30, 2018 | December 31, 2017 |
| Rupees in '000 | | |

9 BORROWINGS

Secured

| | | |
|---|-------------|-------------|
| Borrowings from State Bank of Pakistan | 20,845,035 | 24,186,256 |
| Repurchase agreement borrowings from SBP | 107,696,196 | 169,225,901 |
| Repurchase agreement borrowings from Financial Institutions | 33,520,909 | 7,674,798 |

Unsecured

| | | |
|---------------------------|-------------|-------------|
| Call borrowings | 18,316,134 | 20,246,997 |
| Trading liability | 6,744,784 | 1,976,436 |
| Overdrawn nostro accounts | 512,974 | 104,823 |
| Musharaka borrowings | 300,000 | 100,000 |
| Other borrowings | 31,445 | 41,172 |
| | 25,905,337 | 22,469,428 |
| | 187,967,477 | 223,556,383 |

10 DEPOSITS AND OTHER ACCOUNTS

Customers

| | | |
|---------------------------------------|-------------|-------------|
| Fixed deposits | 155,730,068 | 185,545,256 |
| Savings deposits | 233,715,380 | 233,494,351 |
| Current accounts - remunerative | 136,288,985 | 107,441,601 |
| Current accounts - non - remunerative | 327,224,357 | 303,716,739 |
| | 852,958,790 | 830,197,947 |

Financial Institutions

| | | |
|-----------------------------|-------------|-------------|
| Remunerative deposits | 52,273,106 | 40,924,068 |
| Non - remunerative deposits | 24,206,500 | 12,618,694 |
| | 929,438,396 | 883,740,709 |

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2018

11 SHARE CAPITAL

11.1 Authorised capital

| September 30, 2018 | | Audited December 31, 2017 | | | September 30, 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

| September 30, 2018 | | Audited December 31, 2017 | | | September 30, 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 nine months ended September 30, 2018

| | September 30, 2018 | Audited December 31, 2017 |
|---|-----------------------|---------------------------------|
| | Rupees in '000 | |
| 12 CONTINGENCIES AND COMMITMENTS | | |
| 12.1 Direct credit substitutes | | |
| Guarantees in favour of: | | |
| Banks and financial institutions | 6,063,052 | 6,187,865 |
| 12.2 Transaction-related contingent liabilities | | |
| Guarantees in favour of: | | |
| Government | 105,578 | 96,140 |
| Others | 21,800,157 | 19,427,128 |
| | 21,905,735 | 19,523,268 |
| 12.3 Trade-related contingent liabilities | 62,439,788 | 59,545,681 |
| 12.4 Claims against the Bank not acknowledged as debt | 8,568,506 | 8,638,605 |
| 12.5 The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn. | | |
| | September 30, 2018 | Audited December 31, 2017 |
| | Rupees in '000 | |
| 12.6 Commitments in respect of forward foreign exchange contracts | | |
| Purchase | 131,291,660 | 95,038,705 |
| Sale | 70,087,089 | 41,580,643 |
| 12.7 Commitments in respect of | | |
| Forward purchase of Federal Government securities | 47,824,522 | – |
| Forward sale of Federal Government securities | 6,443,480 | – |
| 12.8 Commitments in respect of | | |
| Civil works | 1,479,305 | 1,350,056 |
| Acquisition of operating fixed assets | 2,059,471 | 1,713,991 |
| | 3,538,776 | 3,064,047 |
| 12.9 Commitments in respect of operating lease | | |
| Not later than one year | 1,053,413 | 1,120,394 |
| Later than one year and not later than five years | 3,078,202 | 3,405,724 |
| Later than five years | 1,425,756 | 1,753,793 |
| 12.10 Other Contingencies | | |

12.10.1 There is no change in the status of contingencies, set out in note 21.9 to the annual unconsolidated financial statements of the Bank for the year ended December 31, 2017, except for the contingencies as mentioned below:

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the nine months ended September 30, 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 2017 and created an arbitrary demand of Rs. 1,536 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. 1,536 million (December 31, 2017: 1,326 million).

Tax authorities have also issued orders under Federal Excise Act, 2005 / Sales Tax Act, 1990 / Sindh Sales Tax on Services Act, 2011 for the year 2008 to 2017 thereby creating arbitrary aggregate demand of Rs. 900 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. 900 million (December 31, 2017: 893 million).

| | Nine months Ended | | Quarter Ended | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 30, 2018 | September 30, 2017 | September 30, 2018 | September 30, 2017 |
| Rupees in '000 | | | | |
| 13 MARK-UP / RETURN / INTEREST EARNED | | | | |
| On loans and advances: | | | | |
| Customers | 20,656,473 | 17,117,678 | 7,798,091 | 6,087,287 |
| On investments in: | | | | |
| Available-for-sale securities | 26,052,309 | 25,532,164 | 9,837,629 | 8,090,085 |
| Held-to-maturity securities | 4,103,932 | 4,729,515 | 636,829 | 1,277,648 |
| Held-for-trading securities | 430,703 | 507,876 | 376,456 | 277,291 |
| | 30,586,944 | 30,769,555 | 10,850,914 | 9,645,024 |
| On securities purchased under resale | | | | |
| agreements | 1,653,342 | 166,394 | 1,092,656 | 57,478 |
| On deposits with financial institutions | 102,536 | 16,959 | 43,749 | 9,122 |
| On Call Money Lendings | 75,172 | 78,977 | 30,626 | 26,255 |
| On Musharaka Lendings | 75,588 | 9,238 | 40,538 | - |
| On Mudaraba Lendings | 57,817 | 5,326 | 36,580 | 94 |
| On Wakala Lendings | - | 4,189 | - | - |
| On Certificates of investment | - | 2,675 | - | 776 |
| On Bai Muajjal | 5,214 | 3,110 | - | 2,814 |
| | 53,213,086 | 48,174,101 | 19,893,154 | 15,828,850 |

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the nine months ended September 30, 2018

| | Nine months Ended | | Quarter Ended | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 30, 2018 | September 30, 2017 | September 30, 2018 | September 30, 2017 |
| Rupees in '000 | | | | |
| 14 MARK-UP / RETURN / INTEREST EXPENSED | | | | |
| Deposits | 20,436,198 | 17,820,110 | 7,723,725 | 6,339,150 |
| Securities sold under repurchase agreements | 7,085,199 | 4,641,986 | 3,544,654 | 1,422,440 |
| Call money borrowings | 511,794 | 706,376 | 182,816 | 212,863 |
| Long term borrowings | 225,855 | 206,666 | 78,077 | 73,557 |
| Brokerage and commission | 133,215 | 119,170 | 45,782 | 45,141 |
| Other short term borrowings | 1,199,831 | 1,130,135 | 509,080 | 463,248 |
| | 29,592,092 | 24,624,443 | 12,084,134 | 8,556,399 |

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 in Quarter 1, 2018.

- 16 This also includes super tax, amounting to Rs. 680.453 million, levied on taxable income of the Bank for Tax Year 2019 vide Finance Act, 2018.

| | Nine months Ended | | Quarter Ended | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 30, 2018 | September 30, 2017 | September 30, 2018 | September 30, 2017 |
| Rupees in '000 | | | | |
| 17 EARNINGS PER SHARE - BASIC AND DILUTED | | | | |
| Profit after taxation for the period | 9,967,845 | 9,735,368 | 2,824,537 | 3,261,283 |
| Number of Shares | | | | |
| Weighted average number of ordinary shares outstanding during the period. | 1,145,073,830 | 1,145,073,830 | 1,145,073,830 | 1,145,073,830 |
| Rupees | | | | |
| Earnings per share - basic and diluted for the period | 8.70 | 8.50 | 2.47 | 2.85 |

There is no dilution effect on basic earnings per share.

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2018

18 RELATED PARTY TRANSACTIONS

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

| Nature of related party transactions | September 30, 2018 | | | | December 31, 2017 (Audited) | | | |
|---|--------------------|-----------------------|--------------------------|--------------------------|-----------------------------|-----------------------|--------------------------|--------------------------|
| | Parent | Directors | Subsidiary Companies* | Key management personnel | Parent | Directors | Subsidiary Companies* | Key management personnel |
| Rupees in '000 | | | | | | | | |
| Loans: | | | | | | | | |
| Loans at the beginning of the period / year | - | 17,029 | 3,541,750 | 252,674 | - | 24,137 | 4,383,200 | 253,417 |
| Loans given during the period / year | - | 11,204 | 1,000,001 | 113,707 | - | 63,948 | 66,822,844 | 155,728 |
| Loans repaid / adjustments during the period / year | - | (16,973) | (3,699,327) | (95,001) | - | (71,056) | (841,450) | (156,471) |
| Loans at the end of the period / year | - | 11,260 | 842,424 | 271,380 | - | 17,029 | 3,541,750 | 252,674 |
| Deposits: | | | | | | | | |
| Deposits at the beginning of the period / year | 1,202 | 262,709 | 98,849 | 61,889 | 403 | 53,177 | 268,264 | 25,508 |
| Deposits received during the period / year | 7,260,083 | 76,812 | 5,701,397 | 531,382 | 6,779,403 | 420,062 | 41,648,556 | 884,938 |
| Deposits repaid during the period / year | (7,260,670) | (308,598) | (5,719,076) | (773,306) | (6,778,604) | (210,530) | (41,807,971) | (871,793) |
| Deposits at the end of the period / year | 615 | 30,923 | 81,170 | 15,689 | 74,545 | 262,709 | 98,849 | 38,653 |
| Investments in shares | - | - | 4,836,429 | 500,000 | - | - | 4,836,429 | 500,000 |
| Other receivables | - | 13,056 | 13,309 | 1,804 | 70,841 | 105,811 | 27,810 | 1,908 |
| Net receivable from staff retirement benefit funds | - | - | - | - | - | 3,178,400 | - | - |
| Non funded exposure | - | - | 476,980 | - | - | - | 423,881 | - |
| September 30, 2018 | | | | | | | | |
| Parent | Directors | Subsidiary Companies* | Key management personnel | Parent | Directors | Subsidiary Companies* | Key management personnel | Other related parties |
| September 30, 2017 | | | | | | | | |
| Rupees in '000 | | | | | | | | |
| Mark-up earned | - | 425 | 141,446 | - | - | 184,549 | 216,596 | 444,364 |
| Dividend income | - | - | 660,800 | - | - | 389,600 | 672,000 | 394,720 |
| Capital loss | - | - | - | - | - | (63) | - | - |
| Sales commission | - | - | - | - | - | 7,102 | - | 5,594 |
| Fee commission / bank charges | 1 | 7 | 55 | 288 | 70 | 393 | 802 | 292 |
| Other income** | - | - | 560 | 3,405 | - | 978 | 3,219 | 2,285 |
| Mark-up expense on deposits | - | 2,046 | 877 | 1,079 | - | 732 | 3,043 | 885 |
| Director's meeting fee | - | 12,150 | - | - | - | 12,150 | - | - |
| Remuneration | - | - | - | 269,115 | - | - | - | 301,428 |
| Other charges*** | - | 41,807 | 30,730 | 86,654 | - | - | 30,712 | 74,481 |
| Rent expense**** | - | - | 7,901 | - | - | - | 8,275 | - |
| Charge in respect of staff retirement benefit funds | - | - | - | 531,214 | - | - | - | 157,730 |

*Shares held by the holding company, outstanding at the end of period are included in note 11.2 to these unconsolidated condensed interim financial statements.

**Associated companies are on the basis of common directorship.

***Other income includes rental income from subsidiary at market value.

****Other charges with Associated Companies include donation to National Management Foundation amounting to Rs. 30 million and with Other related parties include donation to Raast Welfare Society amounting to Rs. 1 million and payments to NIFT amounting to Rs. 77,621 million.

*****Rent free ATMs are placed at Ibrahim Fibres Limited (Textile Mills) and Ibrahim Fibres Limited (Polyester Plant).

During the period ended September 30, 2018, Movable assets were disposed of for Rs. 140,000 to the key management personnel of the Bank. The assets were fully depreciated.

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2018

19 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.

| | September 30, 2018 | | | December 31, 2017 (Audited) | | | | |
|---|--------------------|-------------|------------|-----------------------------|------------|-------------|------------|-------------|
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| | Rupees in '000 | | | | | | | |
| FAIR VALUE HIERARCHY OF ASSETS AND LIABILITIES | | | | | | | | |
| a) On balance sheet financial instruments | | | | | | | | |
| Financial assets measured at fair value: | | | | | | | | |
| Held-for-trading securities | | | | | | | | |
| Market Treasury Bills | - | - | - | - | - | 24,704,478 | - | 24,704,478 |
| Pakistani Investment Bonds | - | - | - | - | - | 123,415 | - | 123,415 |
| | - | - | - | - | - | 24,827,893 | - | 24,827,893 |
| Available-for-sale securities | | | | | | | | |
| Market Treasury Bills | - | 276,980,562 | - | 276,980,562 | - | 365,643,722 | - | 365,643,722 |
| Pakistani Investment Bonds | - | 49,989,209 | - | 49,989,209 | - | 166,864,554 | - | 166,864,554 |
| Ordinary shares of listed companies / certificates of close-ended mutual funds* | 33,114,597 | - | - | 33,114,597 | 33,346,294 | - | - | 33,346,294 |
| Ordinary shares of unlisted companies | - | - | 3,709,749 | 3,709,749 | - | - | 3,622,055 | 3,522,055 |
| Units of open-ended mutual funds | 113,716 | - | 6,687,468 | 113,716 | - | - | - | - |
| Sukuk Bonds | - | 12,466,862 | - | 12,466,862 | - | 14,373,811 | - | 19,593,722 |
| GOPI Foreign Currency Bonds (US\$) | - | 5,171,866 | - | 5,171,866 | - | 5,515,325 | - | 5,515,325 |
| Term Finance Certificates | 33,228,313 | 347,329,074 | 11,770,117 | 4,093,430 | - | 2,292,939 | 1,413,084 | 3,706,023 |
| | | | | 392,327,504 | 33,346,294 | 554,650,551 | 10,155,050 | 598,191,893 |
| Financial liabilities measured at fair value: | | | | | | | | |
| Held-for-trading securities | | | | | | | | |
| Pakistani Investment Bonds | - | 6,712,897 | - | 6,712,897 | - | 1,976,436 | - | 1,976,436 |
| Non-financial assets measured at fair value: | | | | | | | | |
| Operating fixed assets | - | 39,388,134 | - | 39,388,134 | - | 36,872,324 | - | 36,872,324 |
| Non banking assets | - | 3,609,468 | - | 3,609,468 | - | 3,564,030 | - | 3,564,030 |
| | - | 42,997,602 | - | 42,997,602 | - | 40,436,354 | - | 40,436,354 |
| b) Off-balance sheet financial instruments | | | | | | | | |
| Foreign exchange contracts - Purchase | - | 131,291,660 | - | 131,291,660 | - | 95,038,705 | - | 95,038,705 |
| Foreign exchange contracts - Sale | - | 70,087,089 | - | 70,087,089 | - | 41,560,643 | - | 41,560,643 |
| Federal Government securities - Purchase | - | 47,719,665 | - | 47,719,665 | - | - | - | - |
| Federal Government securities - Sale | - | 6,449,758 | - | 6,449,758 | - | - | - | - |

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 nine months ended September 30, 2018

20 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

| For the nine months ended September 30, 2018 | | | | | | |
|--|--------------------------------|----------------------------|-----------------------------|-------------|---------------|---------------|
| | Corporate & Investment Banking | Trading & Sales (Treasury) | Commercial & Retail Banking | Other | Eliminations | Total |
| Rupees in '000 | | | | | | |
| Total Income | 23,698,470 | 33,714,068 | 44,040,599 | 411,616 | (39,759,835) | 62,104,918 |
| Total Expenses | (21,164,691) | (29,772,081) | (36,586,473) | (4,373,663) | 39,759,835 | (52,137,073) |
| Net Income | 2,533,779 | 3,941,987 | 7,454,126 | (3,962,047) | – | 9,967,845 |
| For the nine months ended September 30, 2017 | | | | | | |
| | Corporate & Investment Banking | Trading & Sales (Treasury) | Commercial & Retail Banking | Other | Eliminations | Total |
| Rupees in '000 | | | | | | |
| Total Income | 19,868,898 | 30,466,709 | 37,374,882 | 565,926 | (33,764,227) | 54,512,188 |
| Total Expenses | (16,882,473) | (26,096,778) | (31,968,009) | (3,593,787) | 33,764,227 | (44,776,820) |
| Net Income | 2,986,425 | 4,369,931 | 5,406,873 | (3,027,861) | – | 9,735,368 |
| As at September 30, 2018 | | | | | | |
| | Corporate & Investment Banking | Trading & Sales (Treasury) | Commercial & Retail Banking | Other | Eliminations | Total |
| Rupees in '000 | | | | | | |
| Segment Assets (Gross) | 471,177,843 | 642,298,361 | 958,673,339 | 109,732,801 | (907,510,583) | 1,274,371,761 |
| Segment Liabilities | 448,797,467 | 636,121,175 | 944,923,455 | 25,314,706 | (907,510,583) | 1,147,646,220 |
| 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 | 21,250,240 | (870,008,666) | 1,138,995,760 |

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the nine months ended September 30, 2018

21 ISLAMIC BANKING BUSINESS

21.1 The bank is operating 117 Islamic banking branches at September 30, 2018 (December 31, 2017: 117 and September 30, 2017: 84). The statement of financial position of the Bank's Islamic banking business as at September 30, 2018 is as follows:

| | Note | September 30, 2018 | Audited December 31, 2017 |
|---|--------|-----------------------|---------------------------------|
| Rupees in '000 | | | |
| ASSETS | | | |
| Cash and balances with treasury banks | | 1,263,083 | 1,093,706 |
| Balances with other banks | | 32,826 | 31,209 |
| Due from financial institutions | | 4,800,000 | 1,914,968 |
| Investments | | 10,165,629 | 8,303,563 |
| Islamic financing and related assets | 21.2 | 6,227,465 | 4,662,326 |
| Operating fixed assets | | 1,090,275 | 959,241 |
| Due from Head Office | | – | – |
| Other assets | | 434,892 | 385,148 |
| | | 24,014,170 | 17,350,161 |
| LIABILITIES | | | |
| Bills payable | | 142,344 | 124,270 |
| Due to financial institutions | | 300,000 | 500,000 |
| Deposits and other accounts | 21.3 | 20,880,784 | 15,546,966 |
| Due to Head Office | | 259,629 | 65,013 |
| Other liabilities | | 284,944 | 137,038 |
| | | 21,867,701 | 16,373,287 |
| NET ASSETS | | 2,146,469 | 976,874 |
| REPRESENTED BY | | | |
| Islamic banking fund | | 2,950,000 | 1,450,000 |
| Accumulated losses | | (823,061) | (557,392) |
| | | 2,126,939 | 892,608 |
| Surplus on revaluation of assets | | 19,530 | 84,266 |
| | | 2,146,469 | 976,874 |
| 21.2 Islamic financing and related assets | | | |
| Business Musharka - Financings | | 2,971,863 | 2,643,053 |
| Diminishing Musharaka | 21.2.1 | 2,733,153 | 260,759 |
| Staff Ijarah | 21.2.2 | 237,215 | 95,523 |
| Ijarah | 21.2.3 | 210,835 | 1,637,694 |
| Diminishing Musharaka Staff House Building - Advances | | 31,295 | – |
| Salam - Advances | | 30,000 | – |
| Murabaha | 21.2.4 | 13,104 | 25,297 |
| Gross Financings | | 6,227,465 | 4,662,326 |
| Provision held | | – | – |
| Financings-net of provision | | 6,227,465 | 4,662,326 |
| 21.2.1 Diminishing Musharaka | | | |
| Financings | | 2,695,653 | 105,560 |
| Advances | | 37,500 | 155,199 |
| | | 2,733,153 | 260,759 |
| 21.2.2 Staff Ijarah | | | |
| Financings | | 183,398 | 37,098 |
| Advances | | 53,817 | 58,425 |
| | | 237,215 | 95,523 |

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the nine months ended September 30, 2018

| | September 30, 2018 | Audited December 31, 2017 |
|--|-----------------------|---------------------------------------|
| | Rupees in '000 | |
| 21.2.3 Ijarah | | |
| Financings | 110,369 | 1,590,172 |
| Advances | 74,020 | 28,835 |
| Inventories | 26,446 | 18,687 |
| | 210,835 | 1,637,694 |
| 21.2.4 Murabaha | | |
| Financings | 3,106 | 18,687 |
| Advances | 9,998 | 6,610 |
| | 13,104 | 25,297 |
| 21.3 Deposits and other accounts | | |
| Customers | | |
| Fixed deposits | 1,314,912 | 1,388,372 |
| Savings deposits | 6,993,303 | 5,341,065 |
| Current accounts - remunerative | 778,368 | 288,564 |
| - non-remunerative | 5,616,141 | 2,994,591 |
| | 14,702,724 | 10,012,592 |
| Financial institutions | | |
| Remunerative deposits | 6,168,491 | 5,034,324 |
| Non-remunerative deposits | 9,569 | 500,050 |
| | 20,880,784 | 15,546,966 |
| 21.4 Charity Fund | | |
| Opening Balance | 1 | 2 |
| Additions during the period | 166 | 22 |
| Payments / utilization during the period | - | (23) |
| Closing Balance | 167 | 1 |
| 21.5 The profit and loss account of the Bank's Islamic banking business for the nine months ended September 30, 2018 is as follows: | | |
| | June 30, 2018 | Nine months Ended June 30, 2017 |
| | Rupees in '000 | |
| Profit earned | 865,687 | 491,880 |
| Profit expensed | 412,533 | 255,565 |
| Net profit | 453,154 | 236,315 |
| OTHER INCOME | | |
| Fee, commission and brokerage income | 50,021 | 28,744 |
| Income / (loss) from dealing in foreign currencies | 2,117 | (438) |
| Gain on sale of securities | - | 1 |
| Other income | 321 | 18 |
| Total other income | 52,459 | 28,325 |
| | 505,613 | 264,640 |
| OTHER EXPENSE | | |
| Administrative expenses | 771,282 | 504,775 |
| LOSS BEFORE TAXATION | (265,669) | (240,135) |
| 21.6 Remuneration to Shariah Advisor / Board | 5,453 | 5,499 |

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the nine months ended September 30, 2018

22 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 September 30, 2018, the Bank's LCR stood at 148.26% (December 31, 2017: 142.46%) and NSFR stood at 188.11% (December 31, 2017: 187.40%) against the SBP's minimum requirement of 90% and 100% respectively.

23 GENERAL

- 23.1 Figures have been rounded off to the nearest thousand rupees.
- 23.2 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.
- 23.3 The Board of Directors of the Bank in its meeting held on October 24, 2018 has approved interim cash dividend for the nine months ended September 30, 2018 at Rs. 2.00 per share (September 30, 2017: Rs. 1.75 per share). The unconsolidated condensed interim financial statements for the nine months ended September 30, 2018 do not include the effect of this appropriation and will be accounted for in the financial statements of the period of declaration.

24 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on October 24, 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 nine months ended September 30, 2018

Consolidated Condensed Interim Statement of Financial Position

(Un-audited) as at September 30, 2018

| | Note | September 30, 2018 | Audited December 31, 2017 |
|---|------|-----------------------|---------------------------------|
| Rupees in '000 | | | |
| ASSETS | | | |
| Cash and balances with treasury banks | | 90,980,096 | 85,355,555 |
| Balances with other banks | | 407,726 | 649,512 |
| Lendings to financial institutions | 6 | 253,856,869 | 8,694,399 |
| Investments | 7 | 410,396,096 | 699,323,690 |
| Advances | 8 | 423,232,685 | 372,080,555 |
| Operating fixed assets | | 50,686,992 | 48,355,884 |
| Deferred tax assets | | – | – |
| Other assets | | 27,695,477 | 32,863,008 |
| | | 1,257,255,941 | 1,247,322,603 |
| LIABILITIES | | | |
| Bills payable | | 7,056,497 | 7,835,467 |
| Borrowings | 9 | 187,967,477 | 223,556,383 |
| Deposits and other accounts | 10 | 929,422,707 | 883,702,056 |
| Sub-ordinated loans | | – | – |
| Liabilities against assets subject to finance lease | | – | – |
| Deferred tax liabilities | | 5,363,083 | 6,941,206 |
| Other liabilities | | 18,138,471 | 17,237,459 |
| | | 1,147,948,235 | 1,139,272,571 |
| NET ASSETS | | 109,307,706 | 108,050,032 |
| REPRESENTED BY | | | |
| Share capital | 11 | 11,450,739 | 11,450,739 |
| Reserves | | 19,444,056 | 17,980,116 |
| Unappropriated profit | | 53,160,507 | 50,546,126 |
| | | 84,055,302 | 79,976,981 |
| Surplus on revaluation of assets - net of tax | | 25,252,404 | 28,073,051 |
| | | 109,307,706 | 108,050,032 |

CONTINGENCIES AND COMMITMENTS

12

The annexed notes 1 to 22 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 nine months ended September 30, 2018

| | Note | Nine months Ended | | Quarter Ended | |
|---|------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | September 30, 2018 | September 30, 2017 | September 30, 2018 | September 30, 2017 |
| Rupees in '000 | | | | | |
| Mark-up / return / interest earned | 13 | 53,213,106 | 48,175,916 | 19,893,154 | 15,829,212 |
| Mark-up / return / interest expensed | 14 | 29,591,013 | 24,623,558 | 12,083,618 | 8,556,079 |
| Net mark-up / interest income | | 23,622,093 | 23,552,358 | 7,809,536 | 7,273,133 |
| Net reversal of provision against non-performing loans and advances | | (1,166,226) | (1,227,905) | (273,897) | (531,998) |
| Provision / (reversal) for diminution in the value of investments | | 9,745 | (8,061) | (1,631) | - |
| Bad debts written off directly | | - | - | - | - |
| | | (1,156,481) | (1,235,966) | (275,528) | (531,998) |
| Net mark-up / interest income after reversal of provisions | | 24,778,574 | 24,788,324 | 8,085,064 | 7,805,131 |
| NON MARK-UP / INTEREST INCOME | | | | | |
| Fee, commission and brokerage income | | 3,654,344 | 3,548,701 | 1,087,651 | 1,141,544 |
| Dividend income | | 2,117,335 | 2,054,293 | 674,461 | 498,198 |
| Income from dealing in foreign currencies | | 1,051,243 | 524,478 | 377,093 | 206,893 |
| Gain on sale of securities - net | | 2,187,927 | 421,101 | 47,285 | 88,137 |
| Unrealized (loss) / gain on revaluation of investments classified as 'held-for-trading' - net | | (26,235) | (17,018) | (36,117) | 7,241 |
| Other income | | 388,572 | 271,360 | 185,769 | 94,819 |
| Total non mark-up / interest income | | 9,373,186 | 6,802,915 | 2,336,142 | 2,036,832 |
| | | 34,151,760 | 31,591,239 | 10,421,206 | 9,841,963 |
| NON MARK-UP / INTEREST EXPENSES | | | | | |
| Administrative expenses | | 16,870,328 | 15,102,273 | 5,716,288 | 5,136,640 |
| Reversal against other assets | | (9,609) | (168,858) | (10,734) | (192,858) |
| Reversal against off-balance sheet obligations - net | | - | (257,845) | (20,000) | (255,147) |
| Other charges | | 422,059 | 417,353 | 75,457 | 108,249 |
| Total non mark-up / interest expenses | | 17,282,778 | 15,092,923 | 5,761,011 | 4,796,884 |
| Extra-ordinary / unusual item | 15 | 265,226 | - | - | - |
| PROFIT BEFORE TAXATION | | 16,603,756 | 16,498,316 | 4,660,195 | 5,045,079 |
| Taxation: | | | | | |
| Current | 16 | 6,690,704 | 5,913,668 | 1,834,169 | 1,756,393 |
| Prior year | | - | 959,605 | - | - |
| Deferred | | (195,124) | (267,821) | (36,985) | (5,080) |
| | | 6,495,580 | 6,605,452 | 1,797,184 | 1,751,313 |
| PROFIT AFTER TAXATION | | 10,108,176 | 9,892,864 | 2,863,011 | 3,293,766 |
| Unappropriated profit brought forward | | 50,546,126 | 47,631,788 | 52,841,449 | 49,599,835 |
| PROFIT AVAILABLE FOR APPROPRIATION | | 53,160,507 | 50,768,739 | 53,160,507 | 50,768,739 |
| Earnings per share - Basic and Diluted (in Rupees) | 17 | 8.83 | 8.64 | 2.50 | 2.88 |

The annexed notes 1 to 22 form an integral part of these consolidated condensed interim financial statements.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited) for the nine months ended September 30, 2018

| | Nine months Ended | | Quarter Ended | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 30, 2018 | September 30, 2017 | September 30, 2018 | September 30, 2017 |
| Rupees in '000 | | | | |
| Profit after taxation for the period | 10,108,176 | 9,892,864 | 2,863,011 | 3,293,766 |
| 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 | 467,156 | 16,669 | 94,036 | 11,377 |
| Comprehensive income transferred to equity | 10,575,332 | 9,909,533 | 2,957,047 | 3,305,143 |
| 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 | (3,946,862) | (5,958,041) | (518,884) | (1,320,754) |
| Related deferred tax | 1,381,402 | 2,085,315 | 181,610 | 462,264 |
| | (2,565,460) | (3,872,726) | (337,274) | (858,490) |
| Total comprehensive income | 8,009,872 | 6,036,807 | 2,619,773 | 2,446,653 |

The annexed notes 1 to 22 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 nine months ended September 30, 2018

| | Nine months Ended | |
|---|-----------------------|-----------------------|
| | September 30, 2018 | September 30, 2017 |
| | Rupees in '000 | |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 16,603,756 | 16,498,316 |
| Less: Dividend income | (2,117,335) | (2,054,293) |
| | 14,486,421 | 14,444,023 |
| Adjustments for non-cash items: | | |
| Depreciation / amortization | 2,658,512 | 1,896,324 |
| Reversal against non-performing loans and advances - net | (1,166,226) | (1,227,905) |
| Provision / (reversal) for diminution in the value of investments - net | 9,745 | (8,061) |
| Unrealized loss on revaluation of 'held-for-trading' securities - net | 26,235 | 17,018 |
| Reversal against off-balance sheet obligations - net | - | (257,845) |
| Reversal against other assets | (9,609) | (168,858) |
| Provision for workers welfare fund | 344,174 | 337,944 |
| Gain on sale of operating fixed assets - net | (34,409) | (38,631) |
| Gain on sale of other assets | - | (73,350) |
| | 1,828,422 | 476,636 |
| | 16,314,843 | 14,920,659 |
| (Increase) / decrease in operating assets | | |
| Lendings to financial institutions | (245,162,470) | 8,797,784 |
| Net realization / (investment in) 'held-for-trading' securities | 22,928,144 | (30,994,546) |
| Advances | (50,316,127) | (42,898,485) |
| Other assets (excluding advance taxation) | 4,506,997 | 6,657,367 |
| | (268,043,456) | (58,437,880) |
| Increase / (decrease) in operating liabilities | | |
| Bills payable | (778,970) | (2,808,907) |
| Borrowings | (35,997,056) | 34,896,151 |
| Deposits and other accounts | 45,720,651 | 23,271,925 |
| Other liabilities | 2,011,284 | 939,434 |
| | 10,955,909 | 56,298,603 |
| | (240,772,704) | 12,781,382 |
| Income tax paid | (5,442,936) | (7,395,244) |
| Net cash flows (used in) / generated from operating activities | (246,215,640) | 5,386,138 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Net realization from 'available-for-sale' securities | 201,907,774 | 2,155,734 |
| Net realization from 'held-to-maturity' securities | 58,365,429 | 11,577,337 |
| Dividend received | 1,567,225 | 1,928,570 |
| Investments in operating fixed assets | (4,652,704) | (4,947,583) |
| Proceeds from sale of operating fixed assets | 42,514 | 46,075 |
| Net cash flows generated from investing activities | 257,230,238 | 10,760,133 |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Dividend paid | (6,507,149) | (5,982,915) |
| Net cash flows used in financing activities | (6,507,149) | (5,982,915) |
| Effect of translation of net investment in foreign operating branches | 467,156 | 16,669 |
| Increase in cash and cash equivalents during the period | 4,974,605 | 10,180,025 |
| Cash and cash equivalents at beginning of the period | 87,974,901 | 73,917,624 |
| Effect of exchange rate changes on opening cash and cash equivalents | (2,074,657) | (97,378) |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | 90,874,849 | 84,000,271 |

The annexed notes 1 to 22 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 nine months ended September 30, 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 nine months ended September 30, 2017: | | | | | | | | |
| Total comprehensive income for the nine months ended September 30, 2017 | | | | | | | | |
| Net profit for the nine months ended September 30, 2017 | | | | | | 9,892,864 | | 9,892,864 |
| Effect of translation of net investment in foreign operating branches | | 16,669 | | | | | | 16,669 |
| | | 16,669 | | | | 9,892,864 | | 9,909,533 |
| 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) |
| 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) |
| | | | | | | (6,011,637) | | (6,011,637) |
| Transferred from surplus on revaluation of operating fixed assets | | | | | | | | |
| to un-appropriated profit - net of tax | | | | | | 41,204 | | 41,204 |
| Transferred from surplus on revaluation of non-banking assets to un-appropriated profit - net of tax | | | | | | | | |
| | | | | | | 188,057 | | 188,057 |
| Transfer to statutory reserve | | | | | | | | |
| | | | | 973,537 | | | | (973,537) |
| Balance as at September 30, 2017 | 11,450,739 | 74,356 | | 17,443,335 | 6,000 | 50,768,739 | | 79,743,169 |
| Changes in equity during the quarter ended December 31, 2017: | | | | | | | | |
| Total comprehensive income for the quarter ended December 31, 2017 | | | | | | | | |
| Net profit for the quarter ended December 31, 2017 | | | | | | 3,032,907 | | 3,032,907 |
| Effect of remeasurement of defined benefit plans-net of tax | | | | | | (965,870) | | (965,870) |
| Effect of translation of net investment in foreign operating branches | | 156,598 | | | | | | 156,598 |
| | | 156,598 | | | | 2,067,037 | | 2,223,635 |
| Transactions with owners recognized directly in equity | | | | | | | | |
| Third interim cash dividend for the year ended | | | | | | | | |
| December 31, 2017 (Rs. 1.75 per ordinary share) | | | | | | (2,003,879) | | (2,003,879) |
| | | | | | | (2,003,879) | | (2,003,879) |
| Transferred from surplus on revaluation of operating fixed assets | | | | | | | | |
| to un-appropriated profit - net of tax | | | | | | 13,733 | | 13,733 |
| Transferred from surplus on revaluation of non-banking assets to un-appropriated profit - net of tax | | | | | | | | |
| | | | | | | 323 | | 323 |
| Transfer to statutory reserve | | | | | | | | |
| | | | | 299,827 | | | | (299,827) |
| 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 nine months ended September 30, 2018: | | | | | | | | |
| Total comprehensive income for the nine months ended September 30, 2018 | | | | | | | | |
| Net profit for the nine months ended September 30, 2018 | | | | | | 10,108,176 | | 10,108,176 |
| Effect of translation of net investment in foreign operating branches | | 467,156 | | | | | | 467,156 |
| | | 467,156 | | | | | | 10,575,332 |
| Transactions with owners recognized directly in equity | | | | | | | | |
| Final cash dividend for the year ended | | | | | | | | |
| December 31, 2017 (Rs. 1.75 per ordinary share) | | | | | | (2,003,879) | | (2,003,879) |
| First interim cash dividend for the year ending | | | | | | | | |
| December 31, 2018 (Rs. 2 per ordinary share) | | | | | | (2,290,148) | | (2,290,148) |
| Second interim cash dividend for the year ending | | | | | | | | |
| December 31, 2018 (Rs. 2 per ordinary share) | | | | | | (2,290,148) | | (2,290,148) |
| | | | | | | (6,584,175) | | (6,584,175) |
| Transferred from surplus on revaluation of operating fixed assets | | | | | | | | |
| to un-appropriated profit - net of tax | | | | | | 84,196 | | 84,196 |
| Transferred from surplus on revaluation of non-banking assets to un-appropriated profit - net of tax | | | | | | | | |
| | | | | | | 2,968 | | 2,968 |
| Transfer to statutory reserve | | | | | | | | |
| | | | | 996,784 | | | | (996,784) |
| Balance as at September 30, 2018 | 11,450,739 | 698,110 | | 18,739,946 | 6,000 | 53,160,507 | | 84,055,302 |

The annexed notes 1 to 22 form an integral part of these consolidated condensed interim financial statements.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the nine months ended September 30, 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 1,256 (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 'AAA'. 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 |
| - ABL Islamic Asset Allocation Fund | Launched on May 31, 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 nine months ended September 30, 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 IFRS 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 IFRS 10 (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 for 'Profit & Loss Sharing on Deposits' (IFAS-3) 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 nine months ended September 30, 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 condensed interim 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 consolidated condensed interim financial statements for reporting purposes. Key financial figures of the Islamic banking business are same as disclosed in Note 21 to unconsolidated condensed interim financial statements.
- 4.4 The Group has adopted the following new standards, interpretation, amendments and annual improvements to IFRS, which became effective for the current period:
- IFRS 15 'Revenue from contracts with customers'
 - Amendments to IFRS 2 'Share-based Payment'
 - Amendments in IAS 28 'Investments in Associates and Joint Ventures' through annual improvement to IFRS cycle.
 - IFRIC 22 'Foreign Currency Transactions and Advance Consideration'

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 September 30, 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 the requirements of International Financial Reporting Standard IAS-16 'Property, Plant and Equipment. 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 Group 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.
 - As per the accounting policy of the Group, the provision against financial asset portfolio of ABL Bahrain Wholesale Branch is made as per the requirements of the concerned regulatory regime.

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the nine months ended September 30, 2018

During the current year, IFRS – 9 “Financial Instruments” became applicable for ABL Bahrain Wholesale Branch. Accordingly, Bahrain Branch has changed its accounting policy and has followed the requirements of IFRS – 9 “Financial Instruments”, while determining the provisioning requirements against financial assets. IFRS – 9 “Financial Instruments” requires provision against financial assets to be determined under expected credit loss model, which was being previously determined under the incurred loss model as per the concerned regulatory regime.

The adoption of the said standard by the overseas branch has resulted in additional provisioning requirement of Rs. 13.3 million as at September 30, 2018. The amount of additional provision has been accounted for in the profit or loss of the current period and opening balance of retained earnings has not been adjusted as the amount is not material. There is no effect on the statement of cash flow of the Group.

- 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 | September 30, 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 | 249,056,869 | 5,779,431 |
| Musharaka lendings | 6.2 | 2,800,000 | 1,100,000 |
| Mudaraba lending | 6.3 | 2,000,000 | 600,000 |
| Bai Muajjal receivable from State Bank of Pakistan | | – | 214,968 |
| Certificates of investment | 6.4 | 70,000 | 70,000 |
| | | 253,926,869 | 8,764,399 |
| Provision against lendings to financial institutions | 6.4 | (70,000) | (70,000) |
| | | 253,856,869 | 8,694,399 |

- 6.1 These are short-term local currency lendings to financial institutions against government securities. These carry mark-up at the rate of 7.48% to 8.05% (December 31, 2017: 5.95% to 6.10%) per annum and are maturing on various dates, latest by October 09, 2018.
- 6.2 These represent local currency lendings by Islamic banking business under Musharaka agreement at profit of 7.10% to 7.80% (December 31, 2017: 5.83% to 5.85%) per annum and are maturing on various dates, latest by October 03, 2018.
- 6.3 This represents local currency lending by Islamic banking business under Mudaraba agreement at profit of 7.60% to 7.85% (December 31, 2017: 5.80%) per annum, maturing on various dates, latest by October 02, 2018.
- 6.4 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 - September 30, 2018 | 7.1 | 267,116,733 | 143,279,363 | 410,396,096 |
| Prior year - December 31, 2017 (Audited) | 7.1 | 521,528,340 | 177,795,350 | 699,323,690 |

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2018

| | As at September 30, 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 | 1,897,985 | - | 1,897,985 | 1,785,318 | - | 1,785,318 |
| | 1,897,985 | - | 1,897,985 | 26,611,427 | - | 26,611,427 |
| Available-for-sale securities | | | | | | |
| Market Treasury Bills | 142,684,614 | 134,420,248 | 277,104,862 | 290,064,860 | 75,614,442 | 365,679,302 |
| Pakistan Investment Bonds | 46,239,386 | 4,184,933 | 50,424,319 | 63,758,497 | 100,297,935 | 164,056,432 |
| Ordinary shares of listed companies / certificates of close-ended mutual funds | 14,364,607 | - | 14,364,607 | 14,815,012 | - | 14,815,012 |
| Units of open-ended mutual funds | 38,834 | - | 38,834 | - | - | - |
| 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 | 6,893,665 | - | 6,893,665 | 5,465,894 | - | 5,465,894 |
| GOP Foreign Currency Sukuks (US\$) | 7,675,735 | 1,435,899 | 9,111,634 | 9,562,817 | 1,543,073 | 11,105,890 |
| GOP Ijara Sukuk | 3,342,848 | - | 3,342,848 | 2,845,696 | - | 2,845,696 |
| GOP Foreign Currency Bonds (US\$) | 2,231,372 | 2,759,575 | 4,990,947 | 4,996,009 | - | 4,996,009 |
| Term Finance Certificates (TFCs) | 4,142,765 | - | 4,142,765 | 3,707,217 | - | 3,707,217 |
| | 239,537,724 | 142,800,655 | 382,338,379 | 406,952,140 | 177,455,450 | 584,407,590 |
| Held-to-maturity securities | | | | | | |
| Market Treasury Bills | 25,045 | - | 25,045 | - | - | - |
| Pakistan Investment Bonds | 16,171,817 | - | 16,171,817 | 73,454,137 | - | 73,454,137 |
| GOP Foreign Currency Sukuks (US\$) | - | - | - | 1,108,143 | - | 1,108,143 |
| TFCs and Sukuk Bonds | 346,090 | - | 346,090 | 346,102 | - | 346,102 |
| | 16,542,952 | - | 16,542,952 | 74,908,382 | - | 74,908,382 |
| Investment at cost | 257,978,661 | 142,800,655 | 400,779,316 | 508,471,949 | 177,455,450 | 685,927,399 |
| Provision for diminution in the value of investments | (2,553,709) | - | (2,553,709) | (2,705,403) | - | (2,705,403) |
| Investments (cost net of provisions) | 255,424,952 | 142,800,655 | 398,225,607 | 505,766,546 | 177,455,450 | 683,221,996 |
| Deficit on revaluation of 'held-for-trading' securities - net | (26,255) | - | (26,255) | (41,912) | - | (41,912) |
| Surplus on revaluation of 'available-for-sale' securities - net | 11,718,036 | 478,708 | 12,196,744 | 15,803,706 | 339,900 | 16,143,606 |
| Total investments at market value | 267,116,733 | 143,279,363 | 410,396,096 | 521,528,340 | 177,795,350 | 699,323,690 |

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the nine months ended September 30, 2018

| | Note | September 30, 2018 | Audited December 31, 2017 |
|---|-----------------|-----------------------|---------------------------------|
| Rupees in '000 | | | |
| 8 | ADVANCES | | |
| Loans, cash credits, running finances, etc. | | | |
| In Pakistan | | 423,441,568 | 373,200,710 |
| Outside Pakistan | | 2,751,126 | 4,499,177 |
| | | 426,192,694 | 377,699,887 |
| Islamic Financing and related assets | | 6,227,465 | 4,662,326 |
| Net investment in finance lease - in Pakistan | | 2,563,947 | 2,380,573 |
| Bills discounted and purchased (excluding treasury bills) | | | |
| Payable in Pakistan | | 2,727,665 | 2,466,333 |
| Payable outside Pakistan | | 1,068,625 | 1,585,373 |
| | | 3,796,290 | 4,051,706 |
| Advances - gross | | 438,780,396 | 388,794,492 |
| Provision for non-performing advances | 8.1 & 8.3 | (15,532,210) | (16,702,236) |
| General provision | 8.3 | (15,501) | (11,701) |
| | | (15,547,711) | (16,713,937) |
| Advances - net of provision | | 423,232,685 | 372,080,555 |

- 8.1 Advances include Rs. 16,240.266 million (December 31, 2017: Rs. 18,051.749 million) which have been placed under non-performing status as detailed below:-

| Category of Classification | September 30, 2018 | | | | |
|-----------------------------------|---------------------|----------|------------|------------|------------|
| | Classified Advances | | | Provision | Provision |
| | Domestic | Overseas | Total | required | held |
| Rupees in '000 | | | | | |
| Other Assets Especially Mentioned | 44,303 | – | 44,303 | 1,894 | 1,894 |
| Substandard | 838,390 | – | 838,390 | 208,736 | 208,736 |
| Doubtful | 72,376 | – | 72,376 | 36,188 | 36,188 |
| Loss | 15,285,197 | – | 15,285,197 | 15,285,392 | 15,285,392 |
| | 16,240,266 | – | 16,240,266 | 15,532,210 | 15,532,210 |

| 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 nine months ended September 30, 2018

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

| | September 30, 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 | 253,673 | 3,800 | 257,473 | 365,854 | - | 365,854 |
| Reversals | (1,423,699) | - | (1,423,699) | (2,281,184) | (51,608) | (2,332,792) |
| Charged to profit and loss account | (1,170,026) | 3,800 | (1,166,226) | (1,915,330) | (51,608) | (1,966,938) |
| Amounts written off | - | - | - | (102,997) | - | (102,997) |
| Closing balance | 15,532,210 | 15,501 | 15,547,711 | 16,702,236 | 11,701 | 16,713,937 |

8.4 The Bank has participated in government guaranteed syndicated term finance facility, granted to Power Holding (Pvt.) Limited, with the Bank's outstanding share being Rs. 2,917 million. State Bank of Pakistan has extended relaxation against classification of the exposure vide Letter No. BPRD/ BRD (Policy)/ 021574/ 2018 dated October 03, 2018 till December 31, 2018. Subsequent to the reporting date, accrued mark-up income amounting to Rs. 58.225 million has been duly received and accordingly, recognized as income as directed under the aforementioned letter.

| | Audited | |
|---|-----------------------|----------------------|
| | September 30, 2018 | December 31, 2017 |
| Rupees in '000 | | |
| 9 BORROWINGS | | |
| Secured | | |
| Borrowings from State Bank of Pakistan | 20,845,035 | 24,186,256 |
| Repurchase agreement borrowings from SBP | 107,696,196 | 169,225,901 |
| Repurchase agreement borrowings from Financial Institutions | 33,520,909 | 7,674,798 |
| Unsecured | | |
| Call borrowings | 18,316,134 | 20,246,997 |
| Trading liability | 6,744,784 | 1,976,436 |
| Overdrawn nostro accounts | 512,974 | 104,823 |
| Musharaka borrowings | 300,000 | 100,000 |
| Other borrowings | 31,445 | 41,172 |
| | 25,905,337 | 22,469,428 |
| | 187,967,477 | 223,556,383 |

10 DEPOSITS AND OTHER ACCOUNTS

| Customers | | |
|---------------------------------------|-------------|-------------|
| Fixed deposits | 155,730,068 | 185,545,256 |
| Savings deposits | 244,086,859 | 233,494,351 |
| Current accounts - remunerative | 125,917,506 | 107,441,601 |
| Current accounts - non - remunerative | 327,224,357 | 303,716,739 |
| | 852,958,790 | 830,197,947 |
| Financial Institutions | | |
| Remunerative deposits | 52,257,417 | 40,885,415 |
| Non - remunerative deposits | 24,206,500 | 12,618,694 |
| | 929,422,707 | 883,702,056 |

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2018

11 SHARE CAPITAL

11.1 Authorised capital

| September 30, 2018 | | Audited December 31, 2017 | | | September 30, 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

| September 30, 2018 | | Audited December 31, 2017 | | | September 30, 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 nine months ended September 30, 2018

| | September 30, 2018 | Audited December 31, 2017 |
|---|-----------------------|---------------------------------|
| Rupees in '000 | | |
| 12 CONTINGENCIES AND COMMITMENTS | | |
| 12.1 Direct credit substitutes | | |
| Guarantees in favour of: | | |
| Banks and financial institutions | 6,063,052 | 6,187,865 |
| 12.2 Transaction-related contingent liabilities | | |
| Guarantees in favour of: | | |
| Government | 105,578 | 96,140 |
| Others | 21,800,157 | 19,427,128 |
| | 21,905,735 | 19,523,268 |
| 12.3 Trade-related contingent liabilities | 62,439,788 | 59,545,681 |
| 12.4 Claims against the Bank not acknowledged as debt | 8,568,506 | 8,638,605 |
| 12.5 The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn. | | |
| | September 30, 2018 | Audited December 31, 2017 |
| Rupees in '000 | | |
| 12.6 Commitments in respect of forward foreign exchange contracts | | |
| Purchase | 131,291,660 | 95,038,705 |
| Sale | 70,087,089 | 41,580,643 |
| 12.7 Commitments in respect of | | |
| Forward purchase of Federal Government securities | 47,824,522 | - |
| Forward sale of Federal Government securities | 6,443,480 | - |
| 12.8 Commitments in respect of | | |
| Civil works | 1,479,305 | 1,350,056 |
| Acquisition of operating fixed assets | 2,059,471 | 1,713,991 |
| | 3,538,776 | 3,064,047 |
| 12.9 Commitments in respect of operating lease | | |
| Not later than one year | 1,053,413 | 1,120,394 |
| Later than one year and not later than five years | 3,078,202 | 3,405,724 |
| Later than five years | 1,425,756 | 1,753,793 |
| 12.10 Other Commitments | 61,791 | 61,551 |

12.11 Other Contingencies

12.11.1 There is no change in the status of contingencies, set out in note 21.10 to the annual consolidated financial statements of the Group for the year ended December 31, 2017, except for the contingencies as mentioned below:

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the nine months ended September 30, 2018

The income tax assessments of the Group have been finalized up to and including tax year 2017 for local, Azad Kashmir and Gilgit Baltistan operations. While finalizing income tax assessments up to tax year 2017, income tax authorities made certain add backs with aggregate tax impact of Rs.24,344 million (December 31, 2017: Rs.24,344 million). As a result of appeals filed by the Group before appellate authorities, most of the add backs have been deleted. However, the Group 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 Group on aggregate sum of Rs.24,344 million (December 31, 2017: Rs.24,344 million). The management is confident that the outcome of these appeals/ references will be in favor of the Group.

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 2017 and created an arbitrary demand of Rs.1,546 million (December 31, 2017: Rs.1,366 million). The Group'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 Group; therefore, no provision has been made against the said demand of Rs.1,546 million (December 31, 2017: Rs.1,366 million).

Tax authorities have also issued orders under Federal Excise Act, 2005/Sales Tax Act, 1990/Sindh Sales Tax on Services Act, 2011 for the year 2008 to 2017 thereby creating arbitrary aggregate demand of Rs.900 million (December 31, 2017: Rs.893 million). The Group'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. 900 million (December 31, 2017: Rs.893 million).

| | Nine months Ended | | Quarter Ended | |
|---|--------------------|--------------------|--------------------|--------------------|
| | September 30, 2018 | September 30, 2017 | September 30, 2018 | September 30, 2017 |
| Rupees in '000 | | | | |
| 13 MARK-UP / RETURN / INTEREST EARNED | | | | |
| On loans and advances: | | | | |
| Customers | 20,656,473 | 17,118,808 | 7,798,091 | 6,087,648 |
| On investments in: | | | | |
| Available-for-sale securities | 26,052,309 | 25,532,164 | 9,837,629 | 8,090,085 |
| Held-to-maturity securities | 4,103,932 | 4,729,515 | 636,829 | 1,277,648 |
| Held-for-trading securities | 430,703 | 508,571 | 376,456 | 277,290 |
| | 30,586,944 | 30,770,250 | 10,850,914 | 9,645,023 |
| On securities purchased under resale agreements | | | | |
| | 1,653,342 | 166,394 | 1,092,656 | 57,478 |
| On deposits with financial institutions | 102,556 | 16,949 | 43,749 | 9,124 |
| On Call Money Lendings | 75,172 | 78,977 | 30,626 | 26,255 |
| On Musharaka Lendings | 75,588 | 9,238 | 40,538 | – |
| On Mudaraba Lendings | 57,817 | 5,326 | 36,580 | 94 |
| On Wakala Lendings | – | 4,189 | – | – |
| On Certificates of investment | – | 2,675 | – | 776 |
| On Bai Muajjal | 5,214 | 3,110 | – | 2,814 |
| | 53,213,106 | 48,175,916 | 19,893,154 | 15,829,212 |

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the nine months ended September 30, 2018

| | Nine months Ended | | Quarter Ended | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 30, 2018 | September 30, 2017 | September 30, 2018 | September 30, 2017 |
| Rupees in '000 | | | | |
| 14 MARK-UP / RETURN / INTEREST EXPENSED | | | | |
| Deposits | 20,435,119 | 17,819,225 | 7,723,209 | 6,338,830 |
| Securities sold under repurchase agreements | 7,085,199 | 4,641,986 | 3,544,654 | 1,422,440 |
| Call money borrowings | 511,794 | 706,376 | 182,816 | 212,863 |
| Long term borrowings | 225,855 | 206,666 | 78,077 | 73,557 |
| Brokerage and commission | 133,215 | 119,170 | 45,782 | 45,141 |
| Other short term borrowings | 1,199,831 | 1,130,135 | 509,080 | 463,248 |
| | 29,591,013 | 24,623,558 | 12,083,618 | 8,556,079 |

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 in Quarter 1,2018.

- 16 This also includes super tax, amounting to Rs. 680.453 million, levied on taxable income of the Bank for Tax Year 2019 vide Finance Act, 2018.

| | Nine months Ended | | Quarter Ended | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 30, 2018 | September 30, 2017 | September 30, 2018 | September 30, 2017 |
| Rupees in '000 | | | | |
| 17 EARNINGS PER SHARE - BASIC AND DILUTED | | | | |
| Profit after taxation for the period | 10,108,176 | 9,892,864 | 2,863,011 | 3,293,766 |
| Number of Shares | | | | |
| Weighted average number of ordinary shares outstanding during the period. | 1,145,073,830 | 1,145,073,830 | 1,145,073,830 | 1,145,073,830 |
| Rupees | | | | |
| Earnings per share - basic and diluted for the period | 8.83 | 8.64 | 2.50 | 2.88 |

There is no dilution effect on basic earnings per share.

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2018

18 RELATED PARTY TRANSACTIONS

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

| Nature of related party transactions | September 30, 2018 | | | | December 31, 2017 (Audited) | | | | |
|---|--------------------|-----------|-----------------------|--------------------------|-----------------------------|-------------|-----------|-----------------------|--------------------------|
| | Parent | Directors | Associated Companies* | Key management personnel | Other related parties | Parent | Directors | Associated Companies* | Key management personnel |
| Rupees in '000 | | | | | | | | | |
| Loans: | | | | | | | | | |
| Loans at the beginning of the period / year | - | 17,029 | 3,541,750 | 252,674 | 5,965,189 | - | 24,137 | 4,383,200 | 253,417 |
| Loans given during the period / year | - | 11,204 | 1,000,001 | 113,707 | 26,699,369 | - | 63,948 | - | 155,728 |
| Loans repaid / adjustments during the period / year | - | (16,973) | (3,699,327) | (95,001) | (24,139,852) | - | (71,056) | (84,145) | (156,471) |
| Loans at the end of the period / year | - | 11,260 | 842,424 | 271,380 | 8,484,706 | - | 17,029 | 3,541,750 | 252,674 |
| Deposits: | | | | | | | | | |
| Deposits at the beginning of the period / year | 1,202 | 262,709 | 98,849 | 61,889 | 13,280,904 | 403 | 53,177 | 258,264 | 42,152 |
| Deposits received during the period / year | 7,260,063 | 76,812 | 5,701,397 | 531,382 | 167,183,368 | 6,779,403 | 420,062 | 41,648,556 | 569,875 |
| Deposits repaid during the period / year | (7,260,670) | (308,598) | (5,719,076) | (518,726) | (169,987,723) | (6,778,604) | (210,530) | (41,807,971) | (550,138) |
| Deposits at the end of the period / year | 615 | 30,923 | 81,170 | 74,545 | 10,476,549 | 1,202 | 262,709 | 98,849 | 61,889 |
| Investments in shares | - | - | 4,836,429 | - | 6,004,021 | - | - | 4,836,429 | - |
| Other receivables | - | 13,056 | 13,309 | 70,841 | 1,625,450 | - | 12,631 | 27,810 | 81,472 |
| Net receivable from staff retirement benefit funds | - | - | - | - | 3,178,400 | - | - | - | 3,255,453 |
| Non funded exposure | - | - | 476,980 | - | 6,995 | - | - | 423,881 | - |
| September 30, 2018 | | | | | | | | | |
| | Parent | Directors | Associated Companies* | Key management personnel | Other related parties | Parent | Directors | Associated Companies* | Other related parties |
| Rupees in '000 | | | | | | | | | |
| Mark-up earned | - | 425 | 141,446 | 10,136 | 184,549 | - | 925 | 216,596 | 8,656 |
| Dividend income | - | - | 680,800 | - | 389,800 | - | - | 672,000 | - |
| Capital Gain / (Loss) | - | - | - | - | (63) | - | - | - | 425,403 |
| Sales commission | - | - | - | - | 21,730 | - | - | - | 51,168 |
| Management fee income | - | - | - | - | 354,606 | - | - | - | 366,437 |
| Fee commission / bank charges | 1 | 7 | 55 | 70 | 993 | 2 | 17 | 802 | 43 |
| Other income | - | - | 560 | - | 978 | - | - | 2,972 | 144 |
| Mark-up expense on deposits | - | 2,046 | 877 | 469 | 459,540 | - | 732 | 3,043 | 401 |
| Director's meeting fee | - | 13,750 | - | - | - | - | 12,900 | - | - |
| Remuneration | - | 41,807 | - | 288,825 | - | - | 36,650 | - | 322,016 |
| Other charges** | - | - | 90,790 | - | 86,854 | - | - | 30,712 | 74,461 |
| Rent expense** | - | - | 18,751 | - | 533,718 | - | - | 20,084 | - |
| Charge in respect of staff retirement benefit funds | - | - | - | - | - | - | - | - | 160,561 |

Shares held by the holding company, outstanding at the end of period are included in note 11 to these consolidated condensed interim financial statements.

* Associated companies are on the basis of common directorship.

** Other charges with Associated Companies include donation to National Management Foundation amounting to Rs. 30 million and with other related parties include donation to Raast Welfare Society amounting to Rs. 1 million and payments to NIFT amounting to Rs. 77,621 million.

*** Rent Free ATMs are placed at Ibrahīm Fibers Limited (Textile Mills) and Ibrahīm Fibers Limited (Polyester Plant).

During the period ended September 30, 2018, Movable asset, were disposed of for Rs. 140,000/- to the key management personnel of the Bank. The assets were fully depreciated.

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2018

19 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 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 and subject to changes specified in note 5.1 to these consolidated condensed interim financial statements for the nine months ended September 30, 2018.

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 AS- 16) in respect of land and building.

| | September 30, 2018 | | | | December 31, 2017 (Audited) | | | |
|---|--------------------|-------------|------------|-------------|-----------------------------|-------------|------------|-------------|
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| | Rupees in '000 | | | | | | | |
| FAIR VALUE HIERARCHY OF ASSETS AND LIABILITIES | | | | | | | | |
| a) On balance sheet financial instruments | | | | | | | | |
| Financial assets measured at fair value: | | | | | | | | |
| Held-for-trading securities | | | | | | | | |
| Market Treasury Bills | - | - | - | - | - | 24,704,478 | - | 24,704,478 |
| Pakistan Investment Bonds | - | - | - | - | - | 123,415 | - | 123,415 |
| Units of open-ended mutual funds | 1,871,730 | - | - | 1,871,730 | 1,741,623 | - | - | 1,741,623 |
| | 1,871,730 | - | - | 1,871,730 | 1,741,623 | 24,827,893 | - | 26,569,516 |
| Available-for-sale securities | | | | | | | | |
| Market Treasury Bills | - | 276,980,562 | - | 276,980,562 | - | 365,643,722 | - | 365,643,722 |
| Pakistan Investment Bonds | - | 49,989,209 | - | 49,989,209 | - | 166,864,554 | - | 166,864,554 |
| Ordinary shares of listed companies/certificates of close-ended mutual funds* | 33,114,597 | - | - | 33,114,597 | 33,346,294 | - | - | 33,346,294 |
| Ordinary shares of unlisted companies | - | - | 3,709,749 | 3,709,749 | - | - | 3,522,055 | 3,522,055 |
| Units of open-ended mutual funds | 113,716 | - | - | 113,716 | - | - | - | - |
| Sukuk Bonds | - | 12,466,862 | 6,687,493 | 19,154,355 | - | 14,373,811 | 5,219,911 | 19,593,722 |
| GOP Foreign Currency Bonds (US\$) | - | 5,171,886 | - | 5,171,886 | - | 5,515,525 | - | 5,515,525 |
| Term Finance Certificates | - | 2,120,555 | 1,372,875 | 4,093,430 | - | 2,292,939 | - | 3,706,023 |
| | 33,228,313 | 347,329,074 | 11,770,117 | 392,327,504 | 33,346,294 | 554,690,551 | 10,155,050 | 598,191,895 |
| Financial liabilities measured at fair value: | | | | | | | | |
| Held-for-trading securities | | | | | | | | |
| Pakistan Investment Bonds | - | 6,712,897 | - | 6,712,897 | - | 1,976,436 | - | 1,976,436 |
| Non-financial assets measured at fair value: | | | | | | | | |
| Operating fixed assets | - | 39,388,134 | - | 39,388,134 | - | 36,872,324 | - | 36,872,324 |
| Non banking assets | - | 3,609,468 | - | 3,609,468 | - | 3,584,030 | - | 3,584,030 |
| | - | 42,997,602 | - | 42,997,602 | - | 40,456,354 | - | 40,456,354 |
| b) Off-balance sheet financial instruments | | | | | | | | |
| Foreign exchange contracts - Purchase | - | 131,291,660 | - | 131,291,660 | - | 95,038,705 | - | 95,038,705 |
| Foreign exchange contracts - Sale | - | 70,087,089 | - | 70,087,089 | - | 41,580,643 | - | 41,580,643 |
| Federal Government securities - Purchase | - | 47,719,665 | - | 47,719,665 | - | - | - | - |
| Federal Government securities - Sale | - | 6,449,758 | - | 6,449,758 | - | - | - | - |

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 nine months ended September 30, 2018

20 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

| | For the nine months ended September 30, 2018 | | | | | | Total |
|----------------|--|----------------------------|-----------------------------|-------------|------------------|--------------|--------------|
| | Corporate & Investment Banking | Trading & Sales (Treasury) | Commercial & Retail Banking | Others | Asset Management | Eliminations | |
| | Rupees in '000 | | | | | | |
| Total Income | 23,698,470 | 33,714,068 | 44,040,599 | 411,616 | 493,249 | (39,771,709) | 62,586,293 |
| Total Expenses | (21,164,691) | (29,772,081) | (36,586,473) | (4,373,663) | (352,918) | 39,771,709 | (52,478,117) |
| Net Income | 2,533,779 | 3,941,987 | 7,454,126 | (3,962,047) | 140,331 | - | 10,108,176 |

| | For the nine months ended September 30, 2017 | | | | | | Total |
|----------------|--|----------------------------|-----------------------------|-------------|------------------|--------------|--------------|
| | Corporate & Investment Banking | Trading & Sales (Treasury) | Commercial & Retail Banking | Others | Asset Management | Eliminations | |
| | Rupees in '000 | | | | | | |
| Total Income | 19,868,898 | 30,466,709 | 37,374,882 | 565,926 | 506,884 | (33,773,589) | 55,009,710 |
| Total Expenses | (16,882,473) | (26,096,778) | (31,968,009) | (3,593,787) | (349,388) | 33,773,589 | (45,116,846) |
| Net Income | 2,986,425 | 4,369,931 | 5,406,873 | (3,027,861) | 157,496 | - | 9,892,864 |

| | As at September 30, 2018 | | | | | | Total |
|------------------------|--------------------------------|----------------------------|-----------------------------|-------------|------------------|---------------|---------------|
| | Corporate & Investment Banking | Trading & Sales (Treasury) | Commercial & Retail Banking | Others | Asset Management | Eliminations | |
| | Rupees in '000 | | | | | | |
| Segment Assets (Gross) | 471,177,843 | 642,298,361 | 958,673,339 | 109,732,801 | 2,293,518 | (908,028,076) | 1,276,147,786 |
| Segment Liabilities | 448,797,467 | 636,121,175 | 944,923,455 | 25,314,706 | 319,508 | (907,528,076) | 1,147,948,235 |

| | As at December 31, 2017 (Audited) | | | | | | Total |
|------------------------|-----------------------------------|----------------------------|-----------------------------|-------------|------------------|---------------|---------------|
| | Corporate & Investment Banking | Trading & Sales (Treasury) | Commercial & Retail Banking | Others | Asset Management | Eliminations | |
| | 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 |

21 GENERAL

- 21.1 Figures have been rounded off to the nearest thousand rupees.
- 21.2 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.
- 21.3 The Board of Directors of the Bank in its meeting held on October 24, 2018 has approved interim cash dividend for the nine months ended September 30, 2018 at Rs. 2.00 per share (September 30, 2017: Rs. 1.75 per share). The consolidated condensed interim financial statements for the nine months ended September 30, 2018 do not include the effect of this appropriation and will be accounted for in the financial statements of the period of declaration.

22 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue on October 24, 2018 by the Board of Directors of the Bank.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

