

Condensed Interim Financial Statements
for the nine months ended September 30, 2017

INNOVATIVE DIVERSIFICATION



Contents

Corporate Information.....	02
Vision, Mission & Core Values	03
Director’s Review	04

Unconsolidated Condensed Interim Financial Statements of Allied Bank Limited

Unconsolidated Condensed Interim Statement of Financial Position	14
Unconsolidated Condensed Interim Profit and Loss Account	15
Unconsolidated Condensed Interim Statement of Comprehensive Income	16
Unconsolidated Condensed Interim Statement of Cash Flow	17
Unconsolidated Condensed Interim Statement of Changes in Equity	18
Notes to the Unconsolidated Condensed Interim Financial Statements.....	19

Consolidated Condensed Interim Financial Statements of Allied Bank Limited and its Subsidiary

Consolidated Condensed Interim Statement of Financial Position	34
Consolidated Condensed Interim Profit and Loss Account	35
Consolidated Condensed Interim Statement of Comprehensive Income.....	36
Consolidated Condensed Interim Statement of Cash Flow	37
Consolidated Condensed Interim Statement of Changes in Equity.....	38
Notes to the Consolidated Condensed Interim Financial Statements	39

Corporate Information

Board of Directors

Mohammad Naeem Mukhtar
(Chairman)

Sheikh Mukhtar Ahmad
Muhammad Waseem Mukhtar
Abdul Aziz Khan
Mubashir A. Akhtar
Dr. Muhammad Akram Sheikh
Zafar Iqbal
Tahir Hassan Qureshi
(CEO)

Audit Committee of Board

Zafar Iqbal
(Chairman)

Dr. Muhammad Akram Sheikh
Mubashir A. Akhtar

Human Resource & Remuneration Committee

Abdul Aziz Khan
(Chairman)

Muhammad Waseem Mukhtar
Tahir Hassan Qureshi

Shariah Board

Mufti Ehsan Waqar Ahmed
(Chairman)

Mufti Mahmood Ahmad
Mufti Muhammad Iftikhar Baig

Company Secretary

Muhammad Raffat

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Adviser

Mandviwalla & Zafar Advocates

Shares Registrar

Technology Trade (Pvt.) Limited

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/alliedbankitd>

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 nine months' period ended September 30, 2017:

	(Rupees in million)		Growth %
	Nine months ended Sep 30,		
	2017	2016	
Profit after tax for the period	9,735	12,228	(20)
Accumulated Profits brought forward	46,490	41,416	12
Transfer from surplus on revaluation of fixed / non - banking assets – net of tax	229	87	163
Profit Available for appropriation	56,454	53,731	5
Final cash dividend for the year ended December 31, 2016 at Rs. 1.75 per share (2015: Year ended December 31, 2015 at Rs. 1.75 per share)	(2,004)	(2,004)	-
First Interim cash dividend for the year ending December 31, 2017 at Rs. 1.75 per share (2016: Year ended December 31, 2016 at Rs. 1.75 per share)	(2,004)	(2,004)	-
Second Interim cash dividend for the year ending December 31, 2017 at Rs. 1.75 per share (2016: Year ended December 31, 2016 at Rs. 1.75 per share)	(2,004)	(2,004)	-
Transfer to statutory Reserves	(973)	(1,223)	20
Effect of re-measurement of defined benefit plans - net of tax	-	(493)	100
Accumulated profits carried forward	49,469	46,003	8
Earnings Per Share (EPS) (Rs.)	8.50	10.68	(20)

The Board is pleased to announce an interim cash dividend of Rs.1.75 per share in addition to Rs.1.75 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, 2017 is Rs.5.25 per share (September 30, 2016: Rs.5.50 per share).

Economic Review

IMF's global GDP growth projections remain stable at 3.6% and 3.7% for 2017 and 2018 respectively; supported by expected rebound in most advanced economies with possible slowdown in UK and US economies. Short term risks are broadly mitigated; medium term risks remain subjugated by geo-political and policy uncertainties.

Pakistan's GDP growth remained 5.3% during FY 2016-17 against targeted growth rate of 5.7%. Major impetus in economic growth came from services sector, strong rebound in agriculture and continued improvement in manufacturing sector especially in large scale manufacturing (LSM).

Fiscal consolidation remains a key policy focus. However, rise in Current Account Deficit(CAD) recorded at approximately 4% of GDP during FY 2016-17, continued at around 4.2% of GDP in first quarter of FY2017-18. CAD's downturn basically stems from deteriorating trade deficit which surged to US\$30,533 million in FY2016-17; with similar trend in first quarter of FY2017-18 showing increase of US\$8,445 million or 32% over corresponding period of last year.

Protracted decline in workers' remittances continues, primarily due to changing economic conditions and resultant systemic changes in the labor mix in the Middle Eastern countries. Overall remittances declined during FY2016-17 by 3% and remained under pressure during first quarter of FY2017-18 increasing by just 1% to reach US\$4,790 million.

Limited growth stimulus in remittances, absence of Coalition Support Fund and aforementioned trade imbalance brought downwards pressure on foreign exchange reserves, which dropped

from US\$23,620 million in September 2016 to US\$19,763 million at end September 2017, declining by 16% YoY.

Pakistan Stock Exchange also remained bearish throughout the period under review; with benchmark KSE-100 Index losing further 4,156 points or 9% during the quarter ended September 30, 2017 to close at 42,409 points.

Although overall electricity generation increased by 18% YoY to 12,754 GWh in August 2017. However, longstanding issue of circular debt, including Power Holding Limited's debt, has accumulated to approximately Rs.800 billion, mainly on account of transmission, distribution and collection inefficiencies.

Moreover, taxation regime in vogue along with overdue tax refunds aggregating at Rs.250 billion; pose negative impact on the overall business sentiments.

Broad Money (M2) grew by 8% while growth in currency in circulation was 14% during the period under review, indicating a continuous rise in undocumented economy; being detrimental to major government initiatives towards an inclusive growth.

Overall industry deposits grew by 7%, during the nine months period ended September 30, 2017 to reach Rs.11,980 billion. Similarly, industry advances growth picked up pace and grew by 10% to reach Rs.6,137 billion by end September 2017; ADR levels remaining range bound around 50% level benchmark.

Recovery in global oil prices edged September 2017 YoY inflation upwards to 3.9% while remaining below State Bank of Pakistan (SBP) FY 2017-18 CPI target of 6%. As a result, SBP maintained accommodative monetary policy stance and kept Policy Rate unchanged at 5.75% during the quarter under review.

Financial Review

Banking sector's performance remained suppressed owing to multifarious challenges during the period under review. Under the circumstance, Your Bank continued to follow the strategy of sustainable growth, while diversifying asset mix supported by improved CASA mix based deposits and keeping the operating cost under check.

Accordingly, the Bank's interest income aggregated to Rs.48,205 million for the nine months period ended September 30, 2017. Despite growth in resource mobilization, interest expense was contained at Rs.24,624 million. The overall Net Interest Income amounted to Rs.23,581 million during the period under review.

Your Bank's robust risk management system is being persistently enhanced; enabling net reversal in provisions against Non-Performing Advances by Rs.1,228 million as against net reversal of Rs.292 million in the corresponding period of 2016.

Fee and other income for the nine months period ended September 30, 2017 increased by 7% to reach Rs.3,337 million. Higher income from remittances, cash management, branch banking and investment banking augmented this growth.

The equity investment portfolio yielded stable dividend income of Rs. 2,024 million; despite certain declarations overlapping to Q4' 2017. Income from dealing in foreign currencies increased to Rs.524 million during the period under review. Capitalizing on the status as Primary Dealer in interbank market, Your Bank realized aggregate gains on sale of securities at Rs.410 million during the period under review.

Director's Review

Sustained focus was maintained for expansion in outreach with overall network increasing by 90 branches compared to September 2016 to reach 1,167 branches; including Islamic banking network which grew to 84 branches at end-September 2017. Growth momentum to expand digital channels was also maintained with ATM network increasing to 1,198 ATMs including 230 off-site ATMs.

During the period under review, Your Bank undertook another step towards transforming to Digital Banking, with the launch of a pilot Self Service Branch offering a blend of "Conventional" and "Self-Service Banking" facilities; enabling customers to fulfill their banking needs while interfacing with diverse range of digital touch points including tablets, interactive tables, video conferencing, phone banking and digital kiosks.

Despite Your Bank's continuous investment in technology driven initiatives and expansion in outreach, growth in operating expenses was curtailed at just 5% during the period under review.

Reversal of provision against other assets and off-balance sheet obligations amounted to Rs. 427 million against a charge of Rs. 25 million in the corresponding period of 2016.

As a result, Your Bank's Profit Before Tax and Profit After tax for the nine months period ended September 30, 2017 amounted to Rs.16,277 million and Rs.9,735 million respectively.

The gradual uptick in Private Sector credit appetite created new credit growth opportunities; overall net Advances portfolio increasing to Rs.374,316 million with an increase of 14% against December 2016. Overall investments portfolio remained stable at Rs.601,024 million.

Your Bank's sustained focus on enhancing low costs deposit base continued to forge ahead with 20% growth in non-remunerative deposits at end-September 2017 as compared to end-December 2016. Total deposits of Your Bank stood at Rs.828,378 million as at September 30, 2017.

Your Bank's proactive strategic focus towards the Non-Performing Loans (NPLs) enabled reduction in NPLs to Rs.18,849 million from Rs.20,432 million at end-December 2016. As a result, infection ratio reduced to 4.8% and coverage ratio increased to 93% remaining well above the industry average infection and coverage of 9% and 84% respectively. No FSV benefit has been taken while determining the provision against Non-Performing advances, allowed under BSD Circular No. 01 dated October 21, 2011.

Total asset base of Your Bank improved by 5% over December 2016 to reach Rs.1,123,579 million. Total Equity of Your Bank also stood at Rs.100,542 million translating into Capital Adequacy Ratio of 22.3%; well above the statutory requirement of 10.65% and June'17 industry CAR of 15.6%.

Future Outlook

Pakistan's economic outlook remains challenging despite CPEC related initiatives, gradually improving energy shortages and moderate progress in elevation of security situation. Government's targeted GDP growth at 6% during FY 2017-18 may be hampered by rising trade and fiscal deficit, burgeoning circular debt, high Debt to GDP ratio and lack of impetus in broadening tax base.

The reversal of existing imbalances through sustained implementation of structural reforms, under a dynamic long-term strategic plan, remains imperative for accelerating broad based growth and welfare.

Banking sector outlook remains beset with multiple challenges emanating from low banking spreads, taxation regime geared towards non-filers of income tax returns, limited growth

in broad based quality credit expansion opportunities and overall operating environment hampering 'ease of doing business'.

In spite of these challenges, gradual implementation of structural and taxation reforms by the government along with growing trend within banking sector to introduce innovative technology driven services and renewed focus towards improving one of the lowest level of financial inclusion levels in Asia, may provide the stimulus to future growth prospects.

Your Bank's long-term multifaceted strategy remains cognizant of the evolving business dynamics and is geared towards excellence; focusing on footprint expansion both in conventional and Islamic banking, robust risk management systems, continuous enrichment in suite of technology driven financial product offerings along with gradual penetration in the digital banking services.

The Bank's core strengths encompassing growing funding base, high asset quality and strong equity levels shall enable Your Bank to fully capitalize on all growth opportunities in future.

Entity Rating

Allied Bank has long-term and short-term entity ratings of AA+ (Double A plus) and A1+ (A One Plus), respectively, assigned by The Pakistan Credit Rating Agency (PACRA). The ratings represent very high credit quality.

Corporate Governance

Your Bank's Corporate Governance rating was maintained at "CGR9+" assigned by JCR-VIS, indicating a high level of corporate governance.

Acknowledgement

On behalf of Allied Bank, I would like to acknowledge our esteemed customers for selecting Allied Bank Limited for all their banking requirements, shareholders of the Bank for their trust, Board of Directors for their profound guidance and our praiseworthy employees for their dedicated performance and State Bank of Pakistan, Securities and Exchange Commission of Pakistan and other regulatory bodies for their continued support.

For and on behalf of the Board,

Tahir Hassan Qureshi
Chief Executive Officer

Date: October 24, 2017
Place: Lahore

ڈائریکٹرز جائزہ رپورٹ

محترم شیئر ہولڈرز!

بورڈ آف ڈائریکٹرز کی جانب سے ہم 30 ستمبر 2017 کو اختتام پذیر نو ماہ کی مدت کے مالیاتی نتائج پیش کرتے ہوئے نہایت مسرت محسوس کرتے ہیں۔

نوامی پر اختتام 30 ستمبر			
نمبر %	2016	2017	
	ملین روپے		
(20)	12,228	9,735	بعد از ٹیکس منافع
12	41,416	46,490	گزشتہ جمع شدہ منافع
163	87	229	معین اثاثہ جات / نمبر بینکاری اثاثہ جات کی قدر و پیمائش سے منتقلی۔ خالص از ٹیکس
5	53,731	56,454	تصرف کے لیے دستیاب منافع
-	(2,004)	(2,004)	حتیٰ کیش ڈیویڈنڈ برائے سال ختم 31 دسمبر 2016 - 1.75 روپے فی حصص (2015: سال ختم 31 دسمبر 2015 - 1.75 روپے فی حصص)
-	(2,004)	(2,004)	پہلا عبوری کیش ڈیویڈنڈ برائے سال ختم 31 دسمبر 2017 - 1.75 روپے فی حصص (2016: سال ختم 31 دسمبر 2016 - 1.75 روپے فی حصص)
-	(2,004)	(2,004)	دوسرا عبوری کیش ڈیویڈنڈ برائے سال ختم 31 دسمبر 2017 - 1.75 روپے فی حصص (2016: سال ختم 31 دسمبر 2016 - 1.75 روپے فی حصص)
20	(1,223)	(973)	ضوابطی ریزرو میں منتقلی
100	(493)	-	معین شدہ مفید منصوبوں کی تنجیس ثانی کے اثرات۔ خالص از ٹیکس
8	46,003	49,469	آگے منتقل کیا گیا جمع شدہ منافع
(20)	10.68	8.50	فی حصص آمدنی (EPS) روپے

بورڈ انتہائی مسرت کے ساتھ 1.75 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 2017 کو اختتام پذیر نو ماہ کی مدت کا عبوری کیش ڈیویڈنڈ 5.25 روپے فی حصص (30 ستمبر 2016: 5.50 روپے فی حصص) ہے۔

معاشی جائزہ:

آئی ایم ایف کے مطابق سال 2017 اور 2018 میں، عالمی جی ڈی پی (GDP) کی متوقع شرح نمو بائرتیب 3.6 فی صد اور 3.7 فی صد کی پیشتر ادائیگی کی جا چکی ہے، جسکی وجہ بڑی معیشتوں کی بحالی ہے، باوجود اس امر کہ برطانیہ اور امریکی معیشت سست روی کا شکار ہو سکتی ہیں۔ قلیل المدت خسرات کو طائرانہ طور پر معتدل کیا جا چکا ہے۔ جبکہ درمیانی مدت کے خسرات اب بھی غیر یقینی پالیسیوں اور زخرفر ایف آئی ویسی حالات کے تابع ہیں۔

مالی سال 2016-17 میں پاکستان کا جی ڈی پی (GDP) اپنے 5.7 فی صد کے ہدف کے مقابلے میں 5.3 فی صد پر برقرار ہے۔ اس معاشی ترقی میں زیادہ کردار خدمات، زراعت اور صنعتی شعبوں بالخصوص Large Scale Manufacturing کا رہا۔

مالی استحکام برائے عمل کا مرکزی نقطہ ہے تاہم کرنٹ اکاؤنٹ کا خسارہ جو مالی سال 2016-17 میں 4 فی صد کی سطح پر تھا، مالی سال 2017-18 کی پہلی سہ ماہی میں اپنے رجحان کو برقرار رکھتے ہوئے 4.2 فی صد کی سطح پر رہا۔ اس خسارہ کی بڑی وجہ تجارتی خسارہ کی زیوں حالی ہے جو مالی سال 2016-17 میں 30,533 ملین امریکی ڈالرز تک پہنچ گیا۔ جبکہ مالی سال 2017-18 کی پہلی سہ ماہی میں اسی رجحان کو اپناتے ہوئے یہ خسارہ گزشتہ سال کی تقابلی مدت سے 8,445 ملین امریکی ڈالرز یا 32 فی صد کا اضافہ ظاہر کر رہا ہے۔

مشرق وسطیٰ کے ممالک میں بدلنے ہوئے معاشی حالات اور افرادی قوت میں ہونے والی منظر تہ تبدیلیوں کی بدولت تریسلاٹ زر میں انحطاط پذیر رہی برقرار رہی۔ مجموعی تریسلاٹ میں مالی سال 2016-17 میں 3 فی صد کی کمی دیکھی گئی اور مالی سال 2017-18 کی پہلی سہ ماہی میں بھی یہ دباؤ برقرار رہا اور محض 1 فی صد کے اضافہ کے ساتھ 4,790 ملین امریکی ڈالر رہی۔

تریسلاٹ زر میں محدود نمو، Coalition Support Fund (CSF) کی عدم دستیابی اور مذکورہ بالا تجارتی خسارہ نے زرمبادلہ کے ذخائر پر منفی اثر ڈالا جس کے نتیجے میں یہ ذخائر ستمبر 2016 کی 23,620 ملین امریکی ڈالر کی سطح سے 16 فی صد کی سال بہ سال کمی کے ساتھ ستمبر 2017 کے اختتام تک 19,763 ملین روپے تک آ گئے۔

Pakistan Stock Exchange (PSX) بھی اس زیر توجہ عرصہ میں مسلسل مندی کا شکار رہا۔ اور کے ایس ای۔ 100 انڈیکس (KSE-100 Index) کی بنیادی سطح میں 4,156 پوائنٹس یا 9 فی صد کی کمی کے بعد 30 ستمبر 2017 کو 42,409 پوائنٹس پر بند ہوا۔

اگرچہ توانائی کی پیداوار اگست 2017 تک 18 فی صد کی سال بہ سال کی بنیاد پر ترقی کے ساتھ 12,754 گیگا واٹر (GWh) تک پہنچ گئی تاہم طویل مدت سے حل طلب اندرونی قرضوں کا معاملہ بشمول Power Holding Ltd. کے قرض کے 800 ملین روپے کی حد تک تجاوز کر چکا ہے۔ جس میں زیادہ کردار بجلی کی ترسیل، تقسیم اور وصولیوں میں موجود تاخیروں کا ہے۔

علاوہ ازیں محصولات کی موجودہ صورتحال اور واجب الادا انگیس ریفرنڈوز، جو اکٹھا ہوتے ہوئے 250 ملین روپے تک پہنچ چکے ہیں، مجموعی کاروباری توقعات پر منفی طور پر اثر انداز ہو رہے ہیں۔

براڈ می (M2) میں 8 فی صد کا اضافہ دیکھا گیا جبکہ کرنسی کی گردش کی سطح اس زیر نظر عرصہ کی دوران 14 فی صد رہی۔ یہ شرح غیر دستاویزی معیشت کے مسلسل فروغ کا مظہر ہے جو حکومت کے Financial inclusion کیلئے کیے گئے اقدامات کیلئے نقصان دہ ہے۔

مجموعی طور پر 30 ستمبر 2017 کو اختتام پذیر مدت کے دوران صنعت کے ڈیپازٹس 7 فی صد کے اضافہ کے ساتھ 11,980 ملین روپے تک جا پہنچے۔ اسی طرح صنعت کے قرضہ جات بھی ستمبر 2017 کے اختتام تک 10 فی صد کے اضافے کو ظاہر کرتے ہوئے 6,137 ملین روپے تک پہنچ گئے۔ اس ڈی آر (ADR) کی سطح تقریباً 50 فی صد کی شرح کے قریب برقرار رہی۔

تیل کی عالمی قیمتوں کی بحالی نے ستمبر 2017 تک سال بہ سال کی بنیاد پر افراط زر کی شرح کو 3.9 فی صد تک افزودگی دی تاہم یہ شرح اسٹیٹ بینک آف پاکستان کے پی آئی (CPI) کے 6 فی صد کے ہدف سے کافی کم ہے جس کے نتیجے میں اسٹیٹ بینک آف پاکستان نے انچیف ایگزیکٹو ایگزیکیوٹو کے عزم کا اعادہ کرتے ہوئے پالیسی ریٹ کو اس زیر نظر سہ ماہی کے دوران 5.75 فی صد کی غیر تبدیل شدہ سطح پر برقرار رکھا۔

مالیاتی جائزہ:

اس زیر توجہ عرصہ کے دوران بینکاری کے شعبہ کی کارکردگی بہت سے خدمات اور چیلنجز کے باعث دباؤ کا شکار رہی۔ آپ کے بینک نے مسلسل اور مستحکم ترقی کے حصول کی حکمت عملی پر اپنی توجہ مرکوز رکھنے ہوئے اثاثہ جات کے تنوع میں بڑھوتی، (CASA) کی ترکیب پر مشتمل ڈیپازٹس اور کاروباری لاگت پر کڑی نگاہ رکھی جس کے نتیجے میں بینک کی انٹرنسٹ آمدنی 30 ستمبر 2017 کو اختتام پذیر 9 ماہ کی مدت میں 48,205 ملین روپے پر ریکارڈ کی گئی۔ اپنے ذرائع کی سیالیت کے فروغ کے باوجود انٹرنسٹ اخراجات کو 24,624 ملین روپے کی سطح تک محدود رکھا، چنانچہ اس زیر نظر عرصہ میں مجموعی طور پر خالص انٹرنسٹ آمدنی 23,581 ملین روپے رہی۔

آپ کے بینک کے Risk Management کا مضبوط نظام مسلسل وسعت اختیار کر رہا ہے۔ جس کے نتیجے میں غیر فعال قرضوں کی خالص پروڈن میں سال 2016 کی اسی تقابلی مدت کے 292 ملین روپے کی نسبت 1,228 ملین روپے کی واپسی ہوئی۔

نیں اور دیگر آمدنی 30 ستمبر 2017 کو اختتام پذیر اس 9 ماہ کی مدت تک 7 فیصد کے اضافہ کے ساتھ 3,337 ملین روپے تک جانچنی۔ ترسیلات، کیش مینجمنٹ، برانچ بینکنگ اور انویسٹمنٹ بینکنگ سے حاصل شدہ آمدنی اس اضافے میں معاون رہیں۔

باوجود اس امر کے چند ڈیویڈنڈ آمدنی سے متعلقہ اعلانات سال 2017 کی آخری سہ ماہی تک تھما کر رہے تھے، کاروباری سرمایہ کاری کی مد میں 2,024 ملین روپے کی ایک مستحکم ڈیویڈنڈ آمدنی حاصل ہوئی۔ غیر ملکی کرنسیوں کی ڈیلنگ سے حاصل ہونے والی آمدنی اس زیر تجزیہ عرصہ کے دوران بڑھتے ہوئے 524 ملین روپے رہی۔ انٹرنیٹ بینکنگ مارکیٹ میں اپنی پرائمری ڈیجیٹل حیثیت پر انحصار کرتے ہوئے آپ کے بینک نے سیکورٹیز کی فروخت سے مجموعی طور پر، اس زیر نظر عرصہ میں، 410 ملین روپے کی آمد حاصل کی۔

اپنے کاروباری دائرہ کار کی وسعت پر جاری ارتکاز کی بدولت بینک نے ستمبر 2016 کی نسبت مزید 90 شاخوں / برانچوں کا اضافہ کیا جس سے بینک کی مجموعی برانچوں کی تعداد 1167 تک پہنچ گئی ہے۔ اس میں اسلامی بینکاری کے شعبہ بھی شامل ہے جس کی برانچوں کی تعداد ستمبر 2017 کے اختتام تک 84 تک پہنچ گئی ہے۔ اپنے ڈیجیٹل چینل کی وسعت کو متحرک رکھنے کے رجحان کو برقرار رکھتے ہوئے ای ٹی ایم اینیٹ ورک کو 1,198 (ATMs) تک بڑھا دیا گیا ہے جس میں 230 آف سائٹ ای ٹی ایم بھی شامل ہیں۔ اس زیر تجزیہ عرصہ کے دوران آپ کے بینک نے ڈیجیٹل بینکنگ کے میدان میں ایک مزید قدم بڑھا دیا اور ایک پائلٹ سیلف سروس برانچ کا اجراء کیا ہے جس میں روایتی اور اپنی مدد آپ کے تحت بینکاری کی خدمات کے حسین امتزاج کو پیش کیا گیا تاکہ صارفین اپنی ضرورت کے مطابق مختلف انواع کے ڈیجیٹل سٹیٹ پوائنٹس جن میں Tablets, Interactive tables, Video Conferencing, Phone banking اور Digma kiosks جیسی جدید بینکاری کی سہولیات کو استعمال کر سکیں۔

باوجود اس امر کے آپ کا بینک جدید ٹیکنالوجی سے مزین اقدامات میں سرمایہ کاری کو جاری رکھے ہوئے ہے اور اپنی استطاعت کو وسیع کر رہا ہے، اس نے اپنے کاروباری اخراجات میں، اس زیر نظر عرصہ کے دوران، 5 فیصد کی کوئی کمی ہے۔

آف بیلنس شیٹ ذمہ داریوں (Off Balance Sheet items) اور دیگر اثاثہ جات (Other Assets) کی پروڈن میں 427 ملین روپے کی واپسی کی گئی ہے جبکہ 2016 کی اسی تقابلی مدت میں، اس مد میں 25 ملین روپے کے اخراجات تھے۔ نتیجتاً آپ کا بینک کا منافع قبل انریگس اور منافع بعد انریگس 30 ستمبر 2017 کو اختتام پذیر نو ماہ کے عرصہ میں، بالترتیب 16,277 ملین روپے اور 9,735 ملین روپے رہا۔

پرائیویٹ/پبلک شعبہ میں قرض کی طلب میں بتدریج فروغ سے حاصل ہونے والے نئے مواقع کے باعث مجموعی قرضہ جات کی مد میں دسمبر 2016 کی نسبت 14 فیصد کا اضافہ ریکارڈ ہوا اور کل خالص قرضوں کا حجم بڑھتے ہوئے 374,316 ملین روپے تک پہنچ گیا۔ جبکہ سرمایہ کاری مجموعی طور پر 601,024 ملین روپے کی سطح پر قدر سے مستحکم رہی۔

آپ کے بینک کے کم لاگت کے ڈیپازٹس کے حصول جاری ارتکاز کی بدولت دسمبر 2016 کے اختتام تک کی سطح سے ستمبر 2017 کے اختتام تک Non-remunerative ڈیپازٹس میں 20 فیصد کا اضافہ دیکھنے میں آیا۔ 30 ستمبر 2017 تک آپ کے بینک کے کل ڈیپازٹس 828,378 ملین روپے تک جانچنے۔

آپ کے بینک کا غیر فعال قرضوں سے متعلق پیش قدمی پر انحصار کی بدولت غیر فعال قرضوں میں کمی ہوئی جن کا تعین 18,849 ملین روپے کیا گیا جبکہ دسمبر 2016 کے اختتام تک کی سطح 20,432 ملین روپے تھی۔ جس کے نتیجے میں انریگس کی شرح کم ہوتے ہوئے 4.8 فیصد رہی اور کوٹن کی شرح بڑھتے ہوئے 93 فیصد تک جانچنی جو کہ بینکنگ کی صنعت کے اوسط انریگس اور کوٹن بالترتیب 9 فیصد اور 84 فیصد شرح کی حد سے نمایاں طور پر بہتری کی سطح پر برقرار ہے۔ غیر فعال قرضوں کے اخراجات اور پروڈن کا تعین کرتے ہوئے نی ایس ڈی (BSD) سرکلر نمبر 01 مورخہ 12 اکتوبر 2011 کے تحت حاصل شدہ Forced Sale Value کا فائدہ حاصل نہیں کیا گیا۔

آپ کے بینک کے کل اثاثے دسمبر 2016 کی نسبت 5 فیصد اضافہ کے ساتھ 1,123,579 ملین روپے تک پہنچ گئے۔ آپ کے بینک کا کل سرمایہ بھی 100,542 ملین روپے کی سطح پر رہا، جس کے باعث Capital Adequacy Ratio کی شرح 22.3 فیصد رہی جو کہ 10.65 فیصد کی مقررہ ضوابط کی شرح اور جون 2017 تک کی بینکاری کی صنعت کی 15.6 فیصد کی شرح سے نمایاں طور پر بلند ہے۔

مستقبل کا نقطہ نظر:

سی پیک سے متعلق اقدامات، بتدریج سنبھالی تو آئی کی اور اس واماں کی صورت حال میں قدرے بہتری کے باوجود پاکستان کی معاشی پیش بینی پر خدشات برقرار ہیں۔ حکومت کے مالی سال 2017-18 کے دوران جی ڈی پی (GDP) کی نمو کے 6 فیصد کے ہدف کو بڑھتے ہوئے تجارتی اور مالی خسارے، تیزی سے پھیلنے والے Circular Debt، جی ڈی پی (GDP) کے مقابل بلند قرض اور گیس کے دائرہ کار کی محدود وسعت جیسے عوامل کی رکاوٹیں درپیش ہیں۔

موجودہ عدم توازن کی واپسی کیلئے ایک طویل المدت حکمت عملی کی ضرورت ہے جس کے ذریعہ تعمیری اصلاحات کے نظام کا مستقل نفاذ اور وسیع البیاد ترقی اور فلاح کے مقاصد کو حاصل کیا جاسکے۔

بینکاری کا شعبہ کی پیش بینی بھی مختلف انواع کی مشکلات سے دوچار ہے جو کم ترین بینکنگ سپر یڈرنگس کا نظام (جو انکم گیس ریٹرن کے نان فاکلز کے گروگھوم رہا ہے)، معیاری قرض کے محدود مواقع اور مجموعی ماحول جو کاروبار کرنے کی آسانئوں کو نقصان پہنچا رہا ہے، پر مشتمل ہیں۔

ان پہلے جو ادارہ مشکلات کے باوجود حکومت کی جانب سے تعمیری اورنگس اصلاحات کا بتدریج نفاذ اور اس کے ساتھ بینکاری کے شعبہ کا ٹیکنالوجی سے مزین خدمات کے فروغ اور ایشیا میں کم ترین مالی شمولیت کو مزید بہتر کرنے پر مرکوز رجحان کی بدولت، مستقبل میں معاشی ترقی کے امکانات روشن ہیں۔

آپ کے بینک کی طویل المدت اور کثیر پہلو حکمت عملی تیزی سے تبدیل ہوتے کاروباری ماحول کا مکمل ادراک رکھتی ہے۔ اور اسی لیے روایتی اور اسلامی بینکاری میں وسعت خدشات کے تدارک کے مضبوط نظام، ٹیکنالوجی سے مزین ایشیا، وخدمات کی پیش کش میں جاری بہتری و ترقی اور اس کے ساتھ ڈیجیٹل بینکاری کی خدمات میں بتدریج شمولیت کے ذریعے بہتری کے حصول کیلئے کوشاں ہے۔

بینک کی حقیقی طاقت کا محور بڑھتے ہوئے سرمائے کی بنیادی مضبوط، اعلیٰ معیار کے اثاثہ جات اور مضبوط اکیویٹی کی سطح کی بدولت آپ کا بینک مستقبل میں ترقی کے تمام مواقع سے بھرپور استفادہ کرے گا۔

اینٹی ریٹنگ:

الائیڈ بینک کو طویل المدتی اور قلیل المدتی ریٹنگ بالترتیب AA+ (ڈبل اے پلس) اور A1 (اے ون پلس) حاصل ہیں جنہیں پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے جاری کیا ہے۔ یہ درجہ بنیادیں کریڈٹ ریٹنگ کے اعلیٰ معیار کو ظاہر کرتی ہیں۔

کارپوریٹ گورننس ریٹنگ:

آپ کے بینک کو کارپوریٹ گورننس ریٹنگ میں CGR-9+ درجہ بندی حاصل ہے جسے JCR-VIS نے جاری کیا ہے اور جو کارپوریٹ گورننس میں اعلیٰ ترین کارکردگی کا ثبوت ہے۔

تسلیم و تحسین

الائیڈ بینک کی جانب سے میں اپنے معزز صارفین کا جنہوں نے اپنی بینکنگ کی ضروریات کیلئے الائیڈ بینک لمیٹڈ کو منتخب کیا، بینک کے شیئر ہولڈرز کا ان کے اعتماد پر، بورڈ آف ڈائریکٹرز کا ان کی شاندار رہنمائی پر اور اپنے قابل قدر ملازمین کا ان کی لگن سے بھرپور کارکردگی پر اور اسٹیٹ بینک آف پاکستان، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر ضوابطی اداروں کا ان کے بھرپور تعاون پر نہایت مشکور ہوں۔

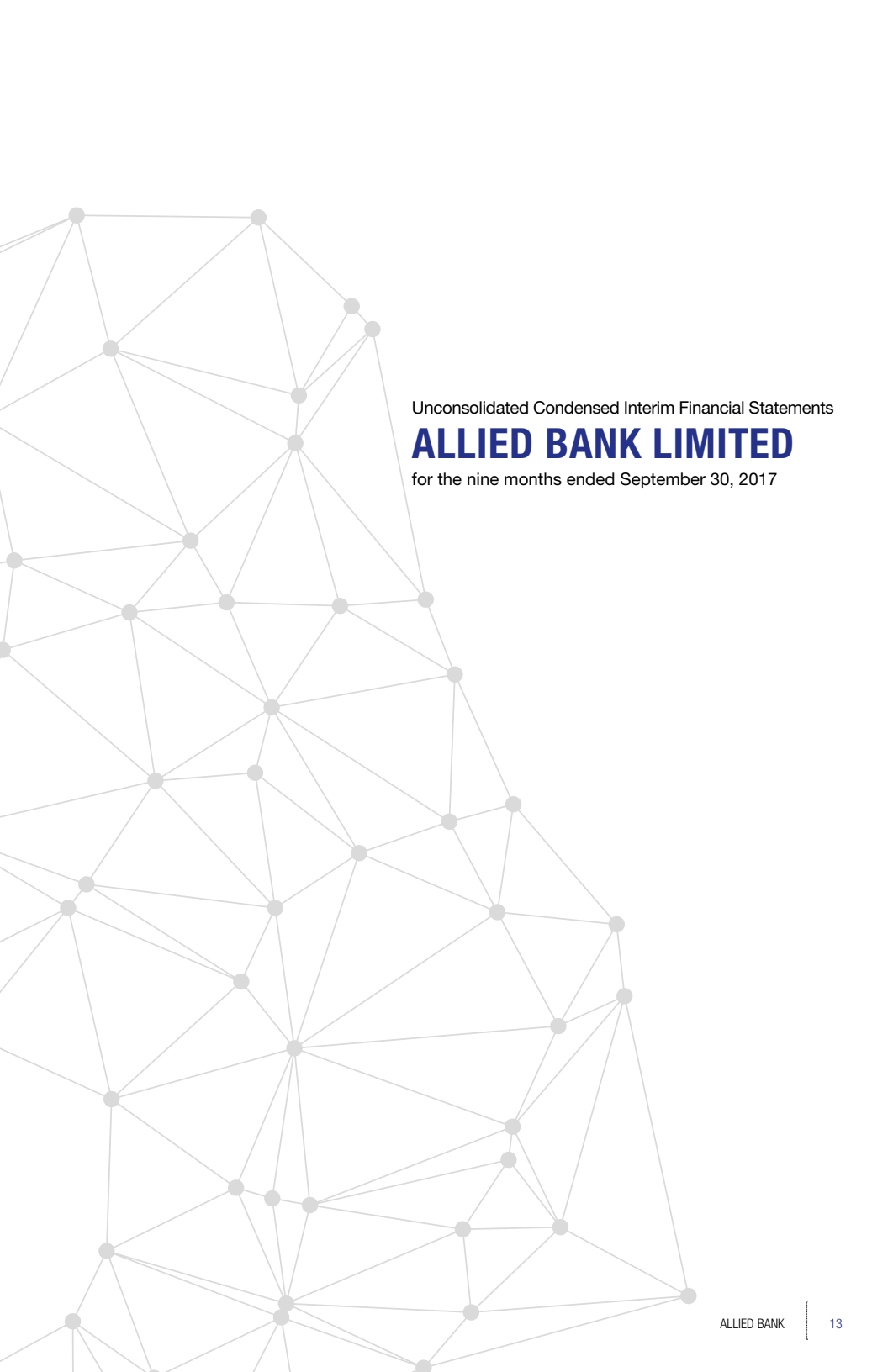
منجانب و برائے بورڈ

طاہر حسن قریشی

چیف ایگزیکٹو آفیسر

24 اکتوبر 2017

لاہور۔



Unconsolidated Condensed Interim Financial Statements

ALLIED BANK LIMITED

for the nine months ended September 30, 2017

Unconsolidated Condensed Interim Statement of Financial Position

as at September 30, 2017

	Un-audited Note September 30, 2017	Audited December 31, 2016
Rupees in '000		
ASSETS		
Cash and balances with treasury banks	81,316,146	73,203,717
Balances with other banks	2,776,709	679,923
Lendings to financial institutions	6 1,714,968	10,512,752
Investments	7 601,023,856	589,864,548
Advances	8 374,315,833	329,562,191
Operating fixed assets	35,844,813	32,757,221
Deferred tax assets	-	-
Other assets	26,586,176	32,365,396
	1,123,578,501	1,068,945,748
LIABILITIES		
Bills payable	7,039,888	9,848,795
Borrowings	9 161,288,889	126,368,875
Deposits and other accounts	10 828,377,737	805,110,834
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	8,648,281	10,986,887
Other liabilities	17,681,692	15,956,529
	1,023,036,487	968,271,920
NET ASSETS	100,542,014	100,673,828
REPRESENTED BY		
Share capital	11 11,450,739	11,450,739
Reserves	17,523,691	16,533,485
Unappropriated profit	49,469,699	46,490,244
	78,444,129	74,474,468
Surplus on revaluation of assets - net of tax	22,097,885	26,199,360
	100,542,014	100,673,828

CONTINGENCIES AND COMMITMENTS

12

The annexed notes 1 to 22 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, 2017

	Note	Nine months Ended		Quarter Ended	
		September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Rupees in '000					
Mark-up / return / interest earned	13	48,204,980	49,990,694	15,842,922	15,393,830
Mark-up / return / interest expensed	14	24,624,443	24,044,908	8,556,399	7,152,672
Net mark-up / interest income		23,580,537	25,945,786	7,286,523	8,241,158
Reversal against non-performing loans and advances - net		(1,227,905)	(291,608)	(531,998)	(471,964)
(Reversal) / provision for diminution in the value of investments - net		(8,061)	62,705	-	-
Bad debts written off directly		-	-	-	-
		(1,235,966)	(228,903)	(531,998)	(471,964)
Net mark-up / interest income after provisions		24,816,503	26,174,689	7,818,521	8,713,122
NON MARK-UP / INTEREST INCOME					
Fee, commission and brokerage income		3,063,130	3,023,327	971,974	884,790
Dividend income		2,023,609	2,509,195	496,435	542,722
Income from dealing in foreign currencies		524,478	514,078	206,894	176,259
Gain on sale of securities - net		409,703	2,690,839	120,172	237,456
Unrealized gain / (loss) on revaluation of investments classified as 'held-for-trading' - net		12,336	650	12,336	(3,256)
Other income		273,952	86,091	95,827	16,079
Total non mark-up / interest income		6,307,208	8,824,180	1,903,638	1,854,050
		31,123,711	34,998,869	9,722,159	10,567,172
NON MARK-UP / INTEREST EXPENSES					
Administrative expenses		14,860,490	14,093,984	5,058,978	4,803,293
(Reversal) / provision against other assets		(168,858)	38,717	(192,858)	12,000
Reversal of provision against off-balance sheet obligations - net		(257,845)	(13,605)	(255,147)	(24,387)
Other charges		412,831	535,884	103,399	137,512
Total non mark-up / interest expenses		14,846,618	14,654,980	4,714,372	4,928,418
Extra-ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		16,277,093	20,343,889	5,007,787	5,638,754
Taxation:					
Current		5,834,889	7,364,164	1,736,688	1,939,691
Prior year	15	959,605	949,657	-	(4,362)
Deferred		(252,769)	(197,438)	9,816	77,359
		6,541,725	8,116,383	1,746,504	2,012,688
PROFIT AFTER TAXATION		9,735,368	12,227,506	3,261,283	3,626,066
Unappropriated profit brought forward		46,490,244	41,415,882	48,337,278	45,222,326
PROFIT AVAILABLE FOR APPROPRIATION		49,469,699	46,002,659	49,469,699	46,002,659
Earnings per share - Basic and Diluted (in Rupees)					
	16	8.50	10.68	2.85	3.17

The annexed notes 1 to 22 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, 2017

	Nine months Ended		Quarter Ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Rupees in '000				
Profit after taxation for the period	9,735,368	12,227,506	3,261,283	3,626,066
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				
	16,669	(8,685)	11,377	(4,917)
<i>Items not to be reclassified to profit and loss account in subsequent periods:</i>				
Actuarial loss relating to defined benefit plans	-	(759,606)	-	(759,606)
Related deferred tax reversal	-	265,862	-	265,862
	-	(493,744)	-	(493,744)
Comprehensive income transferred to equity	9,752,037	11,725,077	3,272,660	3,127,405
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				
	(5,958,041)	4,992,585	(1,320,754)	(147,986)
Related deferred tax reversal / (charge)	2,085,315	(1,747,405)	462,264	51,795
	(3,872,726)	3,245,180	(858,490)	(96,191)
Total comprehensive income	5,879,311	14,970,257	2,414,170	3,031,214

The annexed notes 1 to 22 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, 2017

Nine months Ended
September 30, 2017 September 30, 2016

	Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	16,277,093	20,343,889
Less: Dividend income	(2,023,609)	(2,509,195)
	14,253,484	17,834,694
Adjustments for non-cash items:		
Depreciation / amortization	1,888,176	1,623,398
Reversal against non-performing loans and advances - net	(1,227,905)	(291,608)
(Reversal) / provision for diminution in the value of investments - net	(8,061)	62,705
Unrealized gain on revaluation of 'held-for-trading' securities - net	(12,336)	(650)
Reversal of provision against off-balance sheet obligations - net	(257,845)	(13,605)
(Reversal) / provision against other assets	(168,858)	38,717
Provision for workers welfare fund	333,422	420,809
Gain on sale of operating fixed assets - net	(38,631)	(31,700)
(Gain) / loss on sale of other assets	(73,350)	2,294
	434,612	1,810,360
	14,688,096	19,645,054
(Increase) / decrease in operating assets		
Lendings to financial institutions	8,797,784	2,356,091
Net investment in 'held-for-trading' securities	(30,829,312)	(2,755,449)
Advances	(43,556,616)	(12,122,402)
Other assets (excluding advance taxation)	6,681,988	8,773,996
	(58,906,156)	(3,747,764)
Increase / (decrease) in operating liabilities		
Bills payable	(2,808,907)	1,166,807
Borrowings	34,896,151	290,604
Deposits and other accounts	23,266,903	23,408,723
Other liabilities	1,620,864	1,465,723
	56,975,011	26,331,857
	12,756,951	42,229,147
Income tax paid	(7,344,253)	(8,231,583)
Net cash flows generated from operating activities	5,412,698	33,997,564
CASH FLOW FROM INVESTING ACTIVITIES		
Net realization from / (investment) in 'available-for-sale' securities	2,155,734	(116,266,942)
Net realization from 'held-to-maturity' securities	11,577,337	106,987,243
Dividend received	1,897,886	2,124,641
Investments in operating fixed assets	(4,938,131)	(3,204,928)
Proceeds from sale of operating fixed assets	46,074	42,836
Net cash flows used in investing activities	10,738,900	(10,317,150)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(5,982,915)	(5,979,605)
Net cash flows used in financing activities	(5,982,915)	(5,979,605)
Effect of translation of net investment in foreign operating branches	16,669	(8,685)
Increase in cash and cash equivalents during the period	10,185,352	17,692,124
Cash and cash equivalents at beginning of the period	73,917,559	60,672,701
Effect of exchange rate changes on opening cash and cash equivalents	(97,378)	14,602
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	84,005,533	78,379,427

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

ALLIED BANK

17

Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited) for the nine months ended September 30, 2017

	Share Capital	Capital Reserve	Statutory Reserve	Revenue Reserves		Total
		Exchange Translation Reserve		General Reserve	Un-appropriated Profit	
Rupees in '000						
Balance as at January 01, 2016 (Audited)	11,450,739	68,933	15,027,093	6,000	41,415,882	67,968,647
Changes in equity during the nine months ended September 30, 2016						
Total comprehensive income for the nine months ended September 30, 2016:						
Net profit for the nine months ended September 30, 2016	-	-	-	-	12,227,506	12,227,506
Effect of remeasurement of defined benefit plans net of deferred tax	-	-	-	-	(493,744)	(493,744)
Effect of translation of net investment in foreign operating branches	-	(8,685)	-	-	-	(8,685)
	-	(8,685)	-	-	11,733,762	11,725,077
Transactions with owners recognized directly in equity:						
Final cash dividend for the year ended:						
December 31, 2015 (Rs. 1.75 per ordinary share)	-	-	-	-	(2,003,879)	(2,003,879)
First interim cash dividend for the year ended:						
December 31, 2016 (Rs. 1.75 per ordinary share)	-	-	-	-	(2,003,879)	(2,003,879)
Second interim cash dividend for the year ended:						
December 31, 2016 (Rs. 1.75 per ordinary share)	-	-	-	-	(2,003,879)	(2,003,879)
	-	-	-	-	(6,011,637)	(6,011,637)
Transferred from surplus on revaluation of fixed assets						
to un-appropriated profit - net of tax	-	-	-	-	43,372	43,372
Transferred from surplus on revaluation of non-banking assets						
to un-appropriated profit - net of tax	-	-	-	-	44,031	44,031
Transfer to statutory reserve	-	-	1,222,751	-	(1,222,751)	-
Balance as at September 30, 2016	11,450,739	60,248	16,249,844	6,000	46,002,659	73,769,490
Changes in equity during the quarter ended December 31, 2016						
Total comprehensive income for the quarter ended December 31, 2016:						
Net profit for the quarter ended December 31, 2016	-	-	-	-	2,199,544	2,199,544
Effect of remeasurement of defined benefit plans-net of tax	-	-	-	-	782,444	782,444
Effect of translation of net investment in foreign operating branches	-	(2,561)	-	-	-	(2,561)
	-	(2,561)	-	-	2,981,988	2,979,427
Transactions with owners recognized directly in equity:						
Third interim cash dividend for the year ended:						
December 31, 2016 (Rs. 2.00 per ordinary share)	-	-	-	-	(2,290,148)	(2,290,148)
	-	-	-	-	(2,290,148)	(2,290,148)
Transferred from surplus on revaluation of fixed assets						
to un-appropriated profit - net of tax	-	-	-	-	14,458	14,458
Transferred from surplus on revaluation of non-banking assets						
to un-appropriated profit - net of tax	-	-	-	-	1,241	1,241
Transfer to statutory reserve	-	-	219,954	-	(219,954)	-
Balance as at December 31, 2016 (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 ending 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 ending:						
December 31, 2017 (Rs. 1.75 per ordinary share)	-	-	-	-	(2,003,879)	(2,003,879)
Second interim cash dividend for the year ending:						
December 31, 2017 (Rs. 1.75 per ordinary share)	-	-	-	-	(2,003,879)	(2,003,879)
	-	-	-	-	(6,011,637)	(6,011,637)
Transferred from surplus on revaluation of fixed assets						
to un-appropriated profit - net of tax	-	-	-	-	41,204	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

The annexed notes 1 to 22 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, 2017

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 1,165 (December 31, 2016: 1,148) branches in Pakistan including 84 (December 31, 2016: 77) Islamic banking branches, 1 branch (December 31, 2016:1) in Karachi Export Processing Zone and 1 Wholesale Banking Branch (December 31, 2016: 1) in Bahrain.

The long term credit rating of the Bank assigned by the Pakistan Credit Rating Agency Limited (PACRA) is 'AA+'. Short term rating of the Bank is 'A1+'. 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 of the Bank have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved Accounting Standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by The Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the Banking Companies Ordinance, 1962 and the directives issued by State Bank of Pakistan (SBP) & Securities and Exchange Commission of Pakistan (SECP). In case requirements of provisions and directives issued under the Banking Companies Ordinance, 1962, repealed Companies Ordinance, 1984 and the directives issued by SBP and SECP differ from requirements of IFRSs and IFASs, the provisions of and directives issued under the Banking Companies Ordinance, 1962, repealed Companies Ordinance, 1984 and the directives issued by SBP and SECP shall prevail.

The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the SECP vide its circular dated October 04, 2017, these unconsolidated condensed interim financial statements have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

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

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

2.4 IFRS 8 'Operating Segments' is effective for the Bank's accounting period beginning on or after January 1, 2009. All banking companies in Pakistan are required to prepare their annual financial statements in line with the format prescribed under BSD Circular No. 4 dated February 17, 2006, 'Revised Forms of Annual Financial Statements', effective from the accounting year ended December 31, 2006. The management of the Bank believes that as the SBP has defined the segment categorisation in the above mentioned circular, the SBP requirements prevail over the requirements specified in IFRS 8. Accordingly, segment information disclosed in these unconsolidated condensed financial statements is based on the requirements laid down by SBP.

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2017

- 2.5 The Securities and Exchange Commission of Pakistan (SECP) vide SRO 56 (1) / 2016 dated 28 January 2016, has notified that the requirements of IFRS10 (Consolidated Financial Statements) and section 237 of the repealed Companies Ordinance 1984 will not be applicable with respect to the investment in mutual funds established under trust structure.
- 2.6 The State Bank of Pakistan 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 Securities & Exchange Commission of Pakistan (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.

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:

- Non-banking assets acquired in satisfaction of claims;
- Investments;
- Certain operating fixed assets;
- Staff retirement and other benefits; 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 State Bank of Pakistan, vide BSD Circular Letter No. 2 dated May 12, 2004, vide BSD Circular Letter No. 7 dated April 20, 2010 and International Accounting Standard 34, Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and these unconsolidated condensed interim financial statements should be read in conjunction with the unconsolidated financial statements of the Bank for the year ended December 31, 2016.
- 4.2 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these unconsolidated financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.
- 4.3 The financial results of the Islamic Banking business have been included in these financial statements for reporting purposes. Key consolidated financial figures of the Islamic Banking business are disclosed in Note 20 to these financial statements.
- 4.4 The Bank has adopted the following amendments and annual improvements to IFRSs, which became effective for the current period:
- Amendments to IAS 12 'Income Taxes'
 - Amendments to IAS 7 'Statement of Cash Flows'
 - Amendments to IFRS 12 'Disclosure of Interests in Other Entities'

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

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2017

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

5.1 The accounting policies, underlying estimates & judgements 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, 2016. The standards, amendments and interpretations of approved accounting standards effective for accounting periods beginning on or after September 30, 2017; are same as those disclosed in annual unconsolidated financial statements of the Bank for the year ended December 31, 2016 except for the following:

- The Companies Act, 2017 was enacted on 30 May 2017 and SECP vide its circular 23 of 2017 has clarified that the companies whose financial year closes on or before 31 December 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.
- Amendments mentioned in Note 4.4.

5.2 The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the unconsolidated financial statements of the Bank for the year ended December 31, 2016.

		Un-audited Note September 30, 2017	Audited December 31, 2016
Rupees in '000			
6 LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings		-	2,091,970
Repurchase agreement lendings (Reverse Repo)	6.1	1,500,000	7,220,782
Musharaka lendings		-	700,000
Bai Muajjal receivable from State Bank of Pakistan	6.2	214,968	-
Mudaraba lending		-	500,000
Certificate of investment	6.3	70,000	70,000
		1,784,968	10,582,752
Provision against lendings to financial institutions	6.3	(70,000)	(70,000)
		1,714,968	10,512,752

6.1 This is a short-term lending to a financial institution against government securities. This carry mark-up at the rate of 5.93% (December 31, 2016: 5.90% to 6.20%) per annum and is maturing on December 15, 2017.

6.2 This represents lending by Islamic banking business under Bai Muajjal agreement with State Bank of Pakistan at profit of 5.46% (December 31, 2016: Nil) per annum, maturing on June 21, 2018.

6.3 This represents a classified certificate of investment and related provisioning, amounting to Rs. 70 million (December 31, 2016: Rs. 70 million).

7 INVESTMENTS

	Note	Held by Bank	Given as collateral	Total
Rupees in '000				
Current period - September 30, 2017				
(Un-audited)	7.1	486,025,289	114,998,567	601,023,856
Prior year - December 31, 2016				
(Audited)	7.1	510,646,965	79,217,583	589,864,548

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2017

	Un-audited As at September 30, 2017			Audited As at December 31, 2016		
	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	21,292,349	-	21,292,349	-	-	-
Pakistan Investment Bonds	9,639,494	-	9,639,494	102,531	-	102,531
	30,931,843	-	30,931,843	102,531	-	102,531
Available-for-sale securities						
Market Treasury Bills	225,380,310	23,881,022	249,261,332	202,224,770	23,995,274	226,220,044
Pakistan Investment Bonds	80,088,072	90,718,414	170,806,486	144,961,948	53,343,313	198,305,261
Ordinary shares of listed companies / certificates of close-ended mutual funds	14,815,012	-	14,815,012	14,493,083	-	14,493,083
Ordinary shares of unlisted companies	2,500,169	-	2,500,169	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	1,043,449	-	1,043,449	997,894	-	997,894
Sukuk bonds	5,562,291	-	5,562,291	5,423,031	-	5,423,031
GOP Sukuk	10,609,658	-	10,609,658	10,550,356	-	10,550,356
GOP Ijara Sukuk	3,946,291	-	3,946,291	2,148,084	-	2,148,084
Foreign Currency Bonds (US\$)	4,770,511	-	4,770,511	4,734,946	-	4,734,946
Term Finance Certificates (TFCs)	4,233,052	-	4,233,052	4,340,267	-	4,340,267
	361,091,335	114,599,436	475,690,771	400,517,068	77,338,587	477,855,655
Held-to-maturity securities						
Pakistan Investment Bonds	73,352,875	-	73,352,875	83,222,932	-	83,222,932
GOP Sukuk	1,058,296	-	1,058,296	1,051,562	-	1,051,562
GOP Ijara Sukuk	-	-	-	100,000	-	100,000
Foreign Currency Bonds (US\$)	-	-	-	1,595,719	-	1,595,719
TFCs, Bonds and PTCs	349,732	-	349,732	358,879	-	358,879
	74,760,903	-	74,760,903	86,329,092	-	86,329,092
Subsidiary						
ABL Asset Management Company Limited						
Investment at cost	467,284,081	114,599,436	581,883,517	487,448,691	77,338,587	564,787,278
Provision for diminution in the value of investments	(2,688,538)	-	(2,688,538)	(2,696,599)	-	(2,696,599)
Investments (net of provisions)	464,595,543	114,599,436	579,194,979	484,752,092	77,338,587	562,090,679
Surplus / (deficit) on revaluation of						
'held-for-trading' securities	12,336	-	12,336	(713)	-	(713)
Surplus on revaluation of						
'available-for-sale' securities	21,417,410	399,131	21,816,541	25,895,586	1,878,996	27,774,582
Total investments at market value	486,025,289	114,998,567	601,023,856	510,646,965	79,217,583	589,864,548

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2017

		Un-audited	Audited
		Note September 30, 2017	December 31, 2016
Rupees in '000			
8	ADVANCES		
	Loans, cash credits, running finances, etc.		
	In Pakistan	341,490,200	334,047,662
	Outside Pakistan	2,938,391	7,876,267
		344,428,591	341,923,929
	Islamic Financing and related assets	20.2 3,288,393	605,138
	Net investment in finance lease - in Pakistan	2,403,290	2,131,845
	Bills discounted and purchased (excluding treasury bills)		
	Payable in Pakistan	39,948,897	1,997,152
	Payable outside Pakistan	1,699,632	1,687,999
		41,648,529	3,685,151
	Advances - gross	391,768,803	348,346,063
	Provision for non-performing advances	8.1 & 8.3 (17,410,563)	(18,720,563)
	General provision	8.3 (42,407)	(63,309)
		(17,452,970)	(18,783,872)
	Advances - net of provision	374,315,833	329,562,191

8.1 Advances include Rs. 18,849.063 million (December 31, 2016: Rs. 20,431.609 million) which have been placed under non-performing status as detailed below:-

Category of Classification	September 30, 2017 (Un-audited)				
	Classified Advances			Provision	Provision
	Domestic	Overseas	Total	required	held
Rupees in '000					
Other Assets Especially Mentioned	79,004	-	79,004	2,231	2,231
Substandard	561,038	-	561,038	138,940	138,940
Doubtful	107,004	-	107,004	53,502	53,502
Loss	18,102,017	-	18,102,017	17,215,890	17,215,890
	18,849,063	-	18,849,063	17,410,563	17,410,563

Category of Classification	December 31, 2016 (Audited)				
	Classified Advances			Provision	Provision
	Domestic	Overseas	Total	required	held
Rupees in '000					
Other Assets Especially Mentioned	60,180	-	60,180	1,804	1,804
Substandard	636,905	-	636,905	156,972	156,972
Doubtful	473,854	-	473,854	236,927	236,927
Loss	19,260,670	-	19,260,670	18,324,860	18,324,860
	20,431,609	-	20,431,609	18,720,563	18,720,563

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, 2017

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

	September 30, 2017 (Un-audited)			December 31, 2016 (Audited)		
	Specific	General	Total	Specific	General	Total
Rupees in '000						
Opening balance	18,720,563	63,309	18,783,872	19,092,777	71,489	19,164,266
Charge for the period / year	314,067	-	314,067	1,841,422	-	1,841,422
Reversals	(1,521,070)	(20,902)	(1,541,972)	(2,168,601)	(8,180)	(2,176,781)
Charged to profit and loss account	(1,207,003)	(20,902)	(1,227,905)	(327,179)	(8,180)	(335,359)
Amounts written off	(102,997)	-	(102,997)	(45,035)	-	(45,035)
Closing balance	17,410,563	42,407	17,452,970	18,720,563	63,309	18,783,872

8.4 The Bank has participated in government guaranteed syndicated long term loan facilities, granted to Power Holding (Pvt.) Limited, with the Bank's share being Rs. 9,348 million, Rs. 5,250 million and Rs. 5,000 million. State Bank of Pakistan has extended relaxation against classification of these exposures vide Letter No. BPRD/ BRD (Policy)/ 2017/ 22136 dated September 22, 2017 till October 31, 2017; with instructions to recognize mark-up on receipt basis.

	Un-audited	Audited
	September 30, 2017	December 31, 2016
Rupees in '000		
9 BORROWINGS		
<i>Secured</i>		
Borrowings from State Bank of Pakistan	18,179,281	17,500,610
Repurchase agreement borrowings from SBP	88,718,414	55,099,808
Repurchase agreement borrowings from Financial Institutions	25,708,616	23,803,676
<i>Unsecured</i>		
Call borrowings	25,770,066	29,873,171
Overdrawn nostro accounts	87,322	63,459
Musharaka borrowings	2,250,000	-
Mudaraba borrowing	500,000	-
Other borrowings	75,190	28,151
	28,682,578	29,964,781
	161,288,889	126,368,875

10 DEPOSITS AND OTHER ACCOUNTS

<i>Customers</i>		
Fixed deposits	169,944,703	176,919,972
Savings deposits	222,319,349	212,372,097
Current accounts - remunerative	96,265,264	97,923,756
Current accounts - non - remunerative	297,182,302	248,775,260
	785,711,618	735,991,085
<i>Financial Institutions</i>		
Remunerative deposits	34,101,528	63,861,798
Non - remunerative deposits	8,564,591	5,257,951
	828,377,737	805,110,834

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2017

11 SHARE CAPITAL

11.1 Authorised capital

Un-audited September 30, 2017	Audited December 31, 2016		Un-audited September 30, 2017	Audited December 31, 2016
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

Fully paid-up Ordinary shares of Rs. 10 each				
Un-audited September 30, 2017	Audited December 31, 2016		Un-audited September 30, 2017	Audited December 31, 2016
No. of shares			Rupees in '000	
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
		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 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
9,148,550	9,148,550			
8,400,000	8,400,000		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, 2016: 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, 2017

	Un-audited September 30, 2017	Audited December 31, 2016
Rupees in '000		
12 CONTINGENCIES AND COMMITMENTS		
12.1 Direct credit substitutes		
Guarantees in favour of:		
Banks and financial institutions	5,216,007	5,397,846
12.2 Transaction-related contingent liabilities		
Guarantees in favour of:		
Government	388,631	341,738
Others	19,297,839	20,555,816
	19,686,470	20,897,554
12.3 Trade-related contingent liabilities	65,785,170	65,473,604
12.4 Claims against the Bank not acknowledged as debt	8,869,117	6,815,687

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

	Un-audited September 30, 2017	Audited December 31, 2016
Rupees in '000		
12.6 Commitments in respect of foreign exchange contracts:		
Purchase	83,598,433	63,017,979
Sale	40,178,568	38,469,943
12.7 Commitments in respect of:		
Civil works	1,587,555	704,903
Acquisition of operating fixed assets	1,541,502	885,447
	3,129,057	1,590,350
12.8 Commitments in respect of operating lease		
Not later than one year	1,102,369	972,962
Later than one year and not later than five years	3,180,764	3,027,123
Later than five years	1,822,924	2,062,169

12.9 Other Contingencies

12.9.1 There is no change in the status of contingencies, set out in note 21.10 to the unconsolidated financial statements of the Bank for the year ended December 31, 2016, except for the contingencies as mentioned below:

12.9.2 The income tax assessments of the Bank have been finalized upto and including tax year 2016 for local, Azad Kashmir and Gilgit Baltistan operations. While finalizing income tax assessments upto tax year 2016, income tax authorities made certain add backs with aggregate tax impact of Rs. 23,334 million (December 31, 2016: Rs. 21,223 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. 23,334 million (December 31, 2016: Rs. 21,223 million). The management is confident that the outcome of these appeals/references will be in favor of the Bank.

Tax authorities have also issued orders under Federal Excise Act, 2005 / Sales Tax Act, 1990 and Sindh Sales Tax on Services Act, 2011 for the year 2008 to 2014 thereby creating arbitrary aggregate demand of Rs. 893 million (2016: 890 million). The Bank's appeals before Commissioner Inland Revenue (Appeal) (CIR(A)) /Appellate Tribunal Inland Revenue (ATIR) are pending for adjudication. The management is confident that aforesaid demand will be deleted by appellate authorities and therefore no provision has been made against the said demand of Rs. 893 million (2016: 890 million).

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2017

	Nine months Ended		Quarter Ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Rupees in '000				
13 MARK-UP / RETURN / INTEREST EARNED				
On loans and advances:				
Customers	17,148,557	16,182,756	6,101,359	5,552,197
On investments in:				
'Available-for-sale' securities	25,532,164	20,065,090	8,090,085	6,904,377
'Held-to-maturity' securities	4,729,515	13,166,491	1,277,648	2,786,174
'Held-for-trading' securities	507,876	388,196	277,291	63,916
	<u>30,769,555</u>	<u>33,619,777</u>	<u>9,645,024</u>	<u>9,754,467</u>
On deposits with financial institutions	16,959	16,962	9,122	11,998
On securities purchased under resale agreements	166,394	105,348	57,478	47,425
On Certificates of Investment	2,675	-	776	-
On Call Money Lendings	78,977	34,352	26,255	21,811
On Musharaka Lendings	9,238	11,370	-	1,804
On Mudaraba Lendings	5,326	-	94	-
On Wakala Lendings	4,189	20,129	-	4,128
On Bai Muajjal	3,110	-	2,814	-
	<u>48,204,980</u>	<u>49,990,694</u>	<u>15,842,922</u>	<u>15,393,830</u>

14 MARK-UP / RETURN / INTEREST EXPENSED

Deposits	17,820,110	17,607,648	6,339,150	5,805,191
Long term borrowings	206,666	181,550	73,557	58,448
Securities sold under repurchase agreements	4,641,986	4,456,146	1,422,440	929,555
Call money borrowings	706,376	508,796	212,863	166,063
Brokerage and commission	119,170	130,541	45,141	34,692
Other short term borrowings	1,130,135	1,160,227	463,248	158,723
	<u>24,624,443</u>	<u>24,044,908</u>	<u>8,556,399</u>	<u>7,152,672</u>

15 The amount represents super tax levied on taxable income of the Bank for tax year 2017 vide Finance Act, 2017.

	Nine months Ended		Quarter Ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Rupees in '000				

16 EARNINGS PER SHARE - BASIC AND DILUTED

Profit after taxation for the period	<u>9,735,368</u>	<u>12,227,506</u>	<u>3,261,283</u>	<u>3,626,066</u>
Number of Share				
Weighted average number of ordinary shares outstanding during the period.	<u>1,145,073,830</u>	<u>1,145,073,830</u>	<u>1,145,073,830</u>	<u>1,145,073,830</u>
Rupees				
Earnings per share - basic and diluted for the period	<u>8.50</u>	<u>10.68</u>	<u>2.85</u>	<u>3.17</u>

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, 2017

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, 2017 (Un-audited)				December 31, 2016 (Audited)																																																																																																																																																																																																																																																																																																																																																																																																											
	Parent	Directors	Associated Companies	Subsidiary	Key management personnel	Other related parties	Parent	Directors	Associated Companies	Subsidiary	Key management personnel	Other related parties																																																																																																																																																																																																																																																																																																																																																																																																				
Rupees in '000																																																																																																																																																																																																																																																																																																																																																																																																																
Loans:													Loans at the beginning of the period / year	-	24,137	4,383,200	25,508	253,417	17,991,914	-	36,637	1,774,626	-	264,941	5,376,463	Loans given during the period / year	-	57,865	-	600,012	112,535	54,226,317	27,681	1,642,759	-	-	60,198	71,307,993	Loans repaid / adjustments during the period / year	-	(58,928)	(472,141)	(699,782)	(22,035)	(66,067,523)	(40,181)	(3,034,165)	-	-	(9,1722)	(58,695,453)	Loans at the end of the period / year	-	23,175	3,911,059	15,738	244,207	6,230,708	-	24,137	4,383,200	-	233,417	17,991,914	Deposits:													Deposits at the beginning of the period / year	403	53,177	258,264	25,508	42,152	13,249,519	-	40,868	102,902	57,482	22,837	9,372,394	Deposits received during the period / year	5,077,614	86,270	38,486,399	600,012	410,341	102,605,590	654	5,505,288	10,566,219	965,420	406,337	94,993,394	Deposits repaid during the period / year	(5,077,354)	(111,143)	(38,675,395)	(699,782)	(413,118)	(108,174,053)	(251)	(5,492,949)	(10,470,857)	(987,384)	(387,022)	(91,282,269)	Deposits at the end of the period / year	683	28,224	89,268	15,738	38,375	7,887,036	403	53,177	258,264	25,508	42,152	13,249,519	Notes receivables	-	-	48,228	-	-	-	-	-	35,968	-	-	-	Investments in shares	-	-	4,836,429	500,000	-	4,055,035	-	-	4,790,874	500,000	-	4,055,035	Other receivables	-	11,579	38,594	5,663	72,816	71,386	-	6,363	37,246	1,553	81,029	243,311	Net receivable from staff retirement benefit funds	-	-	-	-	-	4,687,779	-	-	-	-	-	4,408,206	Non funded exposure	-	-	3	-	-	5,991	-	-	550	-	-	17,421	September 30, 2017 (Un-audited)													September 30, 2016 (Un-audited)														Parent	Directors	Associated Companies*	Subsidiary	Key management personnel	Other related parties	Parent	Directors	Associated Companies*	Subsidiary	Key management personnel	Other related parties	Rupees in '000													Mark-up earned	-	925	216,596	-	6,636	444,364	-	1,192	156,633	-	10,606	336,941	Dividend income	-	-	672,000	-	-	394,720	-	-	896,000	-	-	552,131	Capital gain	-	-	-	5,594	-	-	-	-	-	5,196	-	25,362	Sales commission	-	-	-	-	-	-	-	-	-	-	-	-	Fee commission / bank charges	2	17	802	292	43	633	29	1,711	214	53	385	Other Income**	-	-	3,219	2,255	-	144	-	2,913	1,362	-	1,376	Mark-up expense on deposits	-	732	3,043	885	401	284,362	-	860	7,276	1,000	461	294,831	Director's meeting fee	-	12,150	-	-	-	-	-	7,650	-	-	-	-	Remuneration	-	36,050	-	-	301,426	-	-	44,050	-	-	275,415	-	Other charges ***	-	-	-	-	-	74,481	-	-	10,596	-	-	70,812	Rent expenses****	-	-	-	-	-	-	-	-	7,241	-	-	-	Change / (reversal) in respect of staff retirement benefit funds	-	-	-	-	157,730	-	-	-	-	-	-	145,549
Loans at the beginning of the period / year	-	24,137	4,383,200	25,508	253,417	17,991,914	-	36,637	1,774,626	-	264,941	5,376,463																																																																																																																																																																																																																																																																																																																																																																																																				
Loans given during the period / year	-	57,865	-	600,012	112,535	54,226,317	27,681	1,642,759	-	-	60,198	71,307,993																																																																																																																																																																																																																																																																																																																																																																																																				
Loans repaid / adjustments during the period / year	-	(58,928)	(472,141)	(699,782)	(22,035)	(66,067,523)	(40,181)	(3,034,165)	-	-	(9,1722)	(58,695,453)																																																																																																																																																																																																																																																																																																																																																																																																				
Loans at the end of the period / year	-	23,175	3,911,059	15,738	244,207	6,230,708	-	24,137	4,383,200	-	233,417	17,991,914																																																																																																																																																																																																																																																																																																																																																																																																				
Deposits:																																																																																																																																																																																																																																																																																																																																																																																																																
Deposits at the beginning of the period / year	403	53,177	258,264	25,508	42,152	13,249,519	-	40,868	102,902	57,482	22,837	9,372,394																																																																																																																																																																																																																																																																																																																																																																																																				
Deposits received during the period / year	5,077,614	86,270	38,486,399	600,012	410,341	102,605,590	654	5,505,288	10,566,219	965,420	406,337	94,993,394																																																																																																																																																																																																																																																																																																																																																																																																				
Deposits repaid during the period / year	(5,077,354)	(111,143)	(38,675,395)	(699,782)	(413,118)	(108,174,053)	(251)	(5,492,949)	(10,470,857)	(987,384)	(387,022)	(91,282,269)																																																																																																																																																																																																																																																																																																																																																																																																				
Deposits at the end of the period / year	683	28,224	89,268	15,738	38,375	7,887,036	403	53,177	258,264	25,508	42,152	13,249,519																																																																																																																																																																																																																																																																																																																																																																																																				
Notes receivables	-	-	48,228	-	-	-	-	-	35,968	-	-	-																																																																																																																																																																																																																																																																																																																																																																																																				
Investments in shares	-	-	4,836,429	500,000	-	4,055,035	-	-	4,790,874	500,000	-	4,055,035																																																																																																																																																																																																																																																																																																																																																																																																				
Other receivables	-	11,579	38,594	5,663	72,816	71,386	-	6,363	37,246	1,553	81,029	243,311																																																																																																																																																																																																																																																																																																																																																																																																				
Net receivable from staff retirement benefit funds	-	-	-	-	-	4,687,779	-	-	-	-	-	4,408,206																																																																																																																																																																																																																																																																																																																																																																																																				
Non funded exposure	-	-	3	-	-	5,991	-	-	550	-	-	17,421																																																																																																																																																																																																																																																																																																																																																																																																				
September 30, 2017 (Un-audited)																																																																																																																																																																																																																																																																																																																																																																																																																
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	Parent	Directors	Associated Companies*	Subsidiary	Key management personnel	Other related parties	Parent	Directors	Associated Companies*	Subsidiary	Key management personnel	Other related parties																																																																																																																																																																																																																																																																																																																																																																																																				
Rupees in '000																																																																																																																																																																																																																																																																																																																																																																																																																
Mark-up earned	-	925	216,596	-	6,636	444,364	-	1,192	156,633	-	10,606	336,941																																																																																																																																																																																																																																																																																																																																																																																																				
Dividend income	-	-	672,000	-	-	394,720	-	-	896,000	-	-	552,131																																																																																																																																																																																																																																																																																																																																																																																																				
Capital gain	-	-	-	5,594	-	-	-	-	-	5,196	-	25,362																																																																																																																																																																																																																																																																																																																																																																																																				
Sales commission	-	-	-	-	-	-	-	-	-	-	-	-																																																																																																																																																																																																																																																																																																																																																																																																				
Fee commission / bank charges	2	17	802	292	43	633	29	1,711	214	53	385																																																																																																																																																																																																																																																																																																																																																																																																					
Other Income**	-	-	3,219	2,255	-	144	-	2,913	1,362	-	1,376																																																																																																																																																																																																																																																																																																																																																																																																					
Mark-up expense on deposits	-	732	3,043	885	401	284,362	-	860	7,276	1,000	461	294,831																																																																																																																																																																																																																																																																																																																																																																																																				
Director's meeting fee	-	12,150	-	-	-	-	-	7,650	-	-	-	-																																																																																																																																																																																																																																																																																																																																																																																																				
Remuneration	-	36,050	-	-	301,426	-	-	44,050	-	-	275,415	-																																																																																																																																																																																																																																																																																																																																																																																																				
Other charges ***	-	-	-	-	-	74,481	-	-	10,596	-	-	70,812																																																																																																																																																																																																																																																																																																																																																																																																				
Rent expenses****	-	-	-	-	-	-	-	-	7,241	-	-	-																																																																																																																																																																																																																																																																																																																																																																																																				
Change / (reversal) in respect of staff retirement benefit funds	-	-	-	-	157,730	-	-	-	-	-	-	145,549																																																																																																																																																																																																																																																																																																																																																																																																				

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

* Associated companies are on the basis of common directorship.

** Other income include rental income from two offices located at Pakistan Stock Exchange (Islamabad) building rented out to associated company (Ibrahim Fibers Limited) at market value and with prior permission of State Bank of Pakistan.

*** Other charges with Associated Companies include donation to National Management Foundation amounting to Rs. 30 million and with other related parties include payments to NIFT amounting to Rs. 71,486 million.

**** Rent sharing expense of ABL Branch with associated company (Ibrahim Fibers Limited) was carried out on terms other than that of arms length with prior permission of State Bank of Pakistan.

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

- During the period ended September 30, 2017; movable assets were disposed of for Rs. 136,000 to the key management personnel of the Bank. These assets were fully depreciated.

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2017

18 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of traded investments is based on quoted market prices, except for tradable securities classified by the Bank as "Held-to-Maturity". Quoted securities classified as "Held-to-Maturity" are carried at amortized cost. Fair value of unquoted equity investments other than investment in subsidiary is determined on the basis of break up value of these investments as per the latest available audited financial statements.

Fair value of fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision / reversal for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 5.6 of annual unconsolidated financial statements for the year ended December 31, 2016.

In the opinion of the management, the fair value of the remaining financial assets and liabilities is 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 is 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, 2017 (Un-audited)			December 31, 2016 (Audited)				
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Rupees in '000								
On balance sheet financial instruments:								
<i>Financial assets measured at fair value</i>								
Held-for-trading securities:								
Market Treasury Bills	-	21,280,094	-	21,280,094	-	-	-	-
Pakistan Investment Bonds	-	9,655,085	-	9,655,085	-	101,819	-	101,819
	-	30,934,179	-	30,934,179	-	101,819	-	101,819
Available-for-sale securities:								
Market Treasury Bills	-	249,150,306	-	249,150,306	-	226,247,239	-	226,247,239
Pakistan Investment Bonds	-	174,416,584	-	174,416,584	-	203,520,070	-	203,520,070
Ordinary shares of listed companies / certificates of close-ended mutual funds*	37,984,811	-	-	37,984,811	42,084,599	-	-	42,084,599
Ordinary shares of unlisted companies	-	-	3,492,550	3,492,550	-	-	3,448,081	3,448,081
Sukuk Bonds	-	15,140,274	5,303,953	20,444,227	-	13,306,369	5,151,607	18,457,976
Foreign Currency Bonds (US\$)	-	5,451,598	-	5,451,598	-	5,177,620	-	5,177,620
Term Finance Certificates	-	2,313,065	1,915,404	4,228,469	-	2,353,869	2,003,063	4,356,932
	37,984,811	446,471,787	10,711,907	495,168,505	42,084,599	450,605,167	10,602,751	503,292,517
Non-financial assets measured at fair value								
Operating fixed assets	-	25,970,414	-	25,970,414	-	22,914,819	-	22,914,819
Non banking assets	-	3,120,763	-	3,120,763	-	3,476,351	-	3,476,351
	-	29,091,177	-	29,091,177	-	26,391,170	-	26,391,170
Off-balance sheet financial instruments:								
Foreign exchange contracts - Purchase	-	83,586,433	-	83,586,433	-	63,017,979	-	63,017,979
Foreign exchange contracts - Sale	-	40,178,568	-	40,178,568	-	38,469,943	-	38,469,943
	-	123,777,001	-	123,777,001	-	101,487,922	-	101,487,922

The valuation techniques used for above assets are same as disclosed in notes 5.1, 5.4 & 5.6 of annual unconsolidated financial statements for the year ended December 31, 2016.

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2017

19 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, 2017 (Un-audited)						
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

For the nine months ended September 30, 2016 (Un-audited)						
Corporate & Investment Banking	Trading & Sales (Treasury)	Commercial & Retail Banking	Other	Eliminations	Total	
Rupees in '000						
Total Income	19,301,000	35,569,414	35,015,990	102,058	(31,173,588)	58,814,874
Total Expenses	(16,179,215)	(26,951,075)	(30,208,814)	(4,421,852)	31,173,588	(46,587,368)
Net Income	3,121,785	8,618,339	4,807,176	(4,319,794)	-	12,227,506

As at September 30, 2017 (Un-audited)						
Corporate & Investment Banking	Trading & Sales (Treasury)	Commercial & Retail Banking	Other	Eliminations	Total	
Rupees in '000						
Segment Assets (Gross)	420,853,121	577,509,189	847,438,675	133,448,060	(834,721,451)	1,144,527,594
Segment Liabilities	417,472,910	577,509,189	845,951,994	16,823,845	(834,721,451)	1,023,036,487

As at December 31, 2016 (Audited)						
Corporate & Investment Banking	Trading & Sales (Treasury)	Commercial & Retail Banking	Other	Eliminations	Total	
Rupees in '000						
Segment Assets (Gross)	369,171,373	572,327,815	822,485,323	138,227,092	(810,788,433)	1,091,423,170
Segment Liabilities	364,938,733	572,327,815	820,893,275	20,900,530	(810,788,433)	968,271,920

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2017

20 ISLAMIC BANKING BUSINESS

20.1 The bank is operating 84 Islamic banking branches at September 30, 2017 (December 31, 2016: 77 and September 30, 2016: 43). The statement of financial position of the Bank's Islamic Banking business as at September 30, 2017 is as follows:

	Un-audited Note September 30, 2017	Audited December 31, 2016
Rupees in '000		
ASSETS		
Cash and balances with treasury banks	909,677	624,008
Balances with other banks	32,276	40,870
Lendings to financial institutions	214,968	1,200,000
Investments	9,507,476	6,047,476
Islamic financing and related assets	20.2 3,288,393	605,138
Operating fixed assets	588,722	426,925
Due from Head Office	-	-
Other assets	284,287	177,468
	14,825,799	9,121,885
LIABILITIES		
Bills payable	82,117	68,082
Borrowings	2,750,000	-
Deposits and other accounts:		
Current accounts - non-remunerative	2,565,851	1,425,226
Current accounts - remunerative	291,459	-
Saving accounts	3,826,035	2,002,964
Term deposits	1,455,568	236,663
Deposits from Financial Institutions - remunerative	2,860,381	4,889,822
Deposits from Financial Institutions - non-remunerative	50	10
Due to Head Office	131,533	77,954
Other liabilities	56,530	45,680
	14,019,524	8,746,401
NET ASSETS	806,275	375,484
REPRESENTED BY		
Islamic Banking Fund	1,200,000	500,000
Accumulated Losses	(415,566)	(175,432)
	784,434	324,568
Surplus on revaluation of assets - net of tax	21,841	50,916
	806,275	375,484
20.2 ISLAMIC FINANCING AND RELATED ASSETS		
Business Musharka - Financings	2,060,959	-
Ijarah	20.2.1 943,239	105,602
Diminishing Musharaka	20.2.2 215,142	54,355
Staff Ijarah - Advances	42,793	-
Murabaha	20.2.3 26,260	445,181
Gross Financings	3,288,393	605,138
Provision held	-	-
Financings-net of provision	3,288,393	605,138
20.2.1 IJARAH		
Financings	902,676	61,562
Advances	22,231	32,530
Inventories	18,332	11,510
	943,239	105,602
20.2.2 DIMINISHING MUSHARAKA		
Financings	63,770	-
Advances	151,372	54,355
	215,142	54,355
20.2.3 MURABAHA		
Financings	11,171	-
Advances	15,089	445,181
	26,260	445,181
20.3 CHARITY FUND		
Opening Balance	2	11
Additions during the period	4	5
Payments/Utilization during the period	-	(14)
Closing Balance	6	2

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2017

20.4 The profit and loss account of the Bank's Islamic banking business for the nine months ended September 30, 2017 is as follows:

	Nine Months Ended	
	September 30, 2017	September 30, 2016
Rupees in '000		
Profit earned	522,759	261,588
Profit expensed	255,565	144,110
Net profit	267,194	117,478
OTHER INCOME		
Fee, commission and brokerage income	28,744	13,328
Dividend income	–	637
(Loss) / income from dealing in foreign currencies	(438)	99
Gain on sale of securities	1	63,572
Other income	18	51
Total other income	28,325	77,687
	295,519	195,165
OTHER EXPENSE		
Administrative expenses	535,654	247,919
LOSS BEFORE TAXATION	(240,135)	(52,754)
20.5 Remuneration to Shariah Advisor / Board	5,499	5,499

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 unconsolidated condensed interim financial statements.

21.3 The Board of Directors of the Bank in its meeting held on October 24, 2017 has approved interim cash dividend for the nine months ended September 30, 2017 at Rs. 1.75 per share (September 30, 2016: Rs. 2 per share). The unconsolidated condensed interim financial statements for the nine months ended September 30, 2017 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 unconsolidated condensed interim financial statements were authorized for issue on October 24, 2017 by the Board of Directors of the Bank.

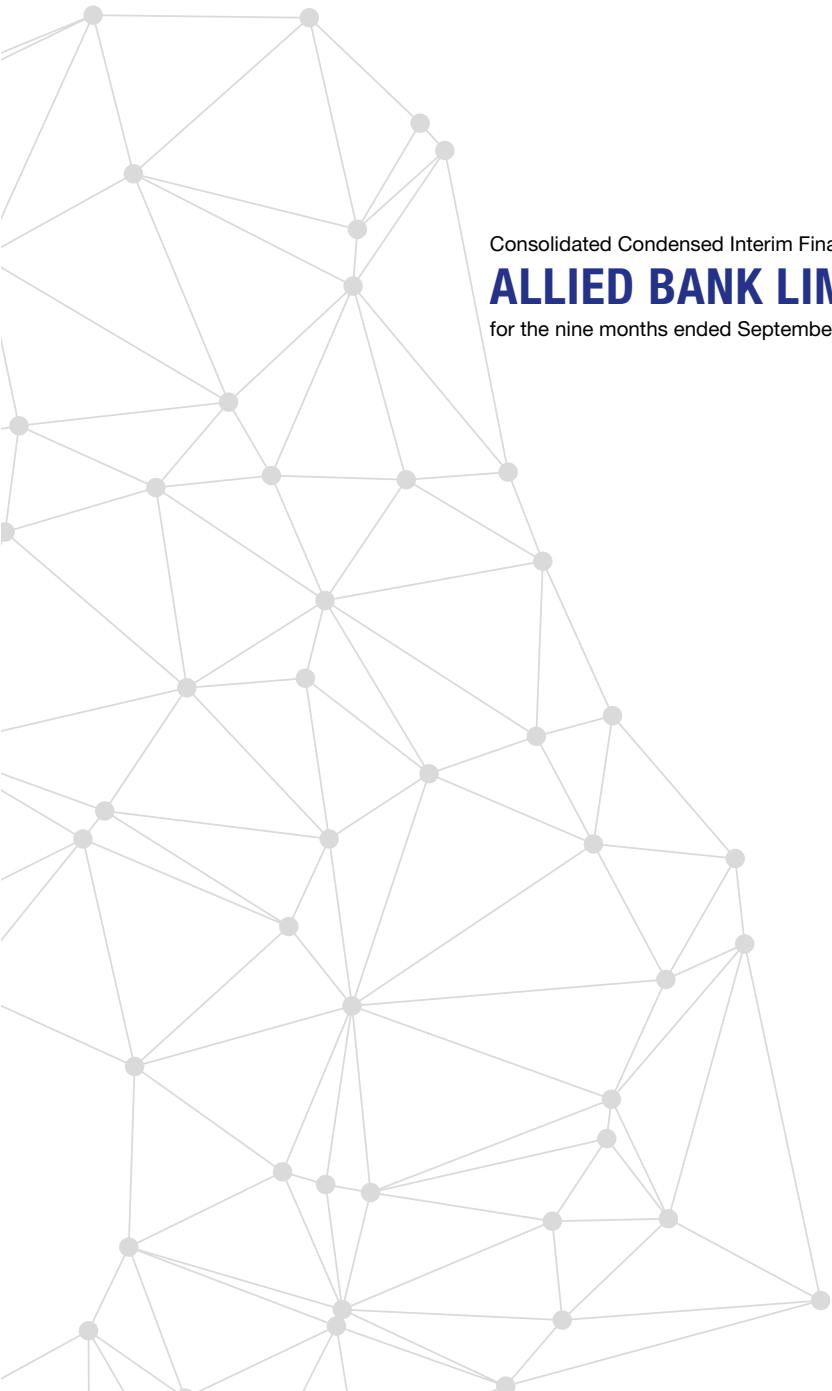
Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman



Consolidated Condensed Interim Financial Statements

ALLIED BANK LIMITED

for the nine months ended September 30, 2017

Consolidated Condensed Interim Statement of Financial Position

as at September 30, 2017

	Un-audited Note September 30, 2017	Audited December 31, 2016
Rupees in '000		
ASSETS		
Cash and balances with treasury banks	81,316,146	73,203,767
Balances with other banks	2,771,447	679,938
Lendings to financial institutions	6 1,714,968	10,512,752
Investments	7 602,220,160	590,924,972
Advances	8 374,367,392	329,603,221
Operating fixed assets	35,872,236	32,783,340
Deferred tax assets	-	-
Other assets	26,900,318	32,667,653
	1,125,162,667	1,070,375,643
LIABILITIES		
Bills payable	7,039,888	9,848,795
Borrowings	9 161,288,889	126,368,875
Deposits and other accounts	10 828,361,999	805,090,074
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	8,647,470	11,001,128
Other liabilities	17,983,367	16,251,399
	1,023,321,613	968,560,271
NET ASSETS	101,841,054	101,815,372
REPRESENTED BY		
Share capital	11 11,450,739	11,450,739
Reserves	17,523,691	16,533,485
Unappropriated profit	50,768,739	47,631,788
	79,743,169	75,616,012
Surplus on revaluation of assets - net of tax	22,097,885	26,199,360
	101,841,054	101,815,372

CONTINGENCIES AND COMMITMENTS

12

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Consolidated Condensed Interim Profit and Loss Account

(Un-audited) for the nine months ended September 30, 2017

	Note	Nine months Ended		Quarter Ended	
		September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Rupees in '000					
Mark-up / return / interest earned	13	48,206,795	49,993,579	15,843,284	15,395,001
Mark-up / return / interest expensed	14	24,623,558	24,043,981	8,556,079	7,156,280
Net mark-up / interest income		23,583,237	25,949,598	7,287,205	8,238,721
Reversal against non-performing loans and advances - net		(1,227,905)	(291,608)	(531,998)	(471,964)
(Reversal) / provision for diminution in the value of investments - net		(8,061)	62,705	-	-
Bad debts written off directly		-	-	-	-
		(1,235,966)	(228,903)	(531,998)	(471,964)
Net mark-up / interest income after provisions		24,819,203	26,178,501	7,819,203	8,710,685
NON MARK-UP / INTEREST INCOME					
Fee, commission and brokerage income		3,548,701	3,346,281	1,141,544	992,695
Dividend income		2,054,293	2,511,581	498,198	543,553
Income from dealing in foreign currencies		524,478	514,078	206,893	176,259
Gain on sale of securities - net		421,101	2,705,110	88,137	240,747
Unrealized (loss) / gain on revaluation of investments classified as 'held-for-trading' - net		(17,018)	89,234	7,241	45,995
Other income		271,360	84,712	94,819	15,501
Total non mark-up / interest income		6,802,915	9,250,996	2,036,832	2,014,750
		31,622,118	35,429,497	9,856,035	10,725,435
NON MARK-UP / INTEREST EXPENSES					
Administrative expenses		15,133,152	14,327,304	5,150,712	4,870,051
(Reversal) / provision against other assets		(168,858)	38,717	(192,858)	12,000
Reversal of provision against off-balance sheet obligations - net		(257,845)	(13,605)	(255,147)	(24,387)
Other charges		417,353	539,830	108,249	139,342
Total non mark-up / interest expenses		15,123,802	14,892,246	4,810,956	4,997,006
Extra-ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		16,498,316	20,537,251	5,045,079	5,728,429
Taxation:					
Current		5,913,668	7,397,003	1,756,393	1,952,526
Prior year	15	959,605	949,657	-	(4,362)
Deferred		(267,821)	(183,035)	(5,080)	85,026
		6,605,452	8,163,625	1,751,313	2,033,190
PROFIT AFTER TAXATION		9,892,864	12,373,626	3,293,766	3,695,239
Unappropriated profit brought forward		47,631,788	42,284,340	49,599,835	46,167,731
PROFIT AVAILABLE FOR APPROPRIATION		50,768,739	47,017,237	50,768,739	47,017,237
Earnings per share - Basic and Diluted (in Rupees)					
	16	8.64	10.81	2.88	3.23

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Consolidated Condensed Interim Statement of Comprehensive Income

(Un-audited) for the nine months ended September 30, 2017

	Nine months Ended		Quarter Ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Rupees in '000				
Profit after taxation for the period	9,892,864	12,373,626	3,293,766	3,695,239
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				
	16,669	(8,685)	11,377	(4,917)
<i>Items not to be reclassified to profit and loss account in subsequent periods:</i>				
Actuarial loss relating to defined benefit plans	-	(759,606)	-	(759,606)
Related deferred tax reversal	-	265,862	-	265,862
	-	(493,744)	-	(493,744)
Comprehensive income transferred to equity	9,909,533	11,871,197	3,305,143	3,196,578
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				
	(5,958,041)	4,992,585	(1,320,754)	(147,986)
Related deferred tax reversal / (charge)	2,085,315	(1,747,405)	462,264	51,795
	(3,872,726)	3,245,180	(858,490)	(96,191)
Total comprehensive income	6,036,807	15,116,377	2,446,653	3,100,387

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Consolidated Condensed Interim Statement of Cash Flow

(Un-audited) for the nine months ended September 30, 2017

Nine months Ended
September 30, 2017 September 30, 2016

Rupees in '000

CASH FLOW FROM OPERATING ACTIVITIES

Profit before taxation	16,498,316	20,537,251
Less: Dividend income	(2,054,293)	(2,511,581)
	14,444,023	18,025,670
Adjustments for non-cash items:		
Depreciation / amortization	1,896,324	1,623,762
Reversal against non-performing loans and advances - net	(1,227,905)	(291,608)
(Reversal) / provision for diminution in the value of investments - net	(8,061)	62,705
Unrealized loss / (gain) on revaluation of 'held-for-trading' securities - net	17,018	(89,234)
Reversal of provision against off-balance sheet obligations - net	(257,845)	(13,605)
(Reversal) / provision against other assets	(168,858)	38,717
Provision for workers welfare fund	337,944	424,755
Gain on sale of operating fixed assets - net	(38,631)	(31,683)
(Gain) / loss on sale of other assets	(73,350)	2,294
	476,636	1,726,103
	14,920,659	19,751,773

(Increase) / decrease in operating assets

Lendings to financial institutions	8,797,784	2,356,091
Net investment in 'held-for-trading' securities	(30,994,546)	(2,847,570)
Advances	(42,898,485)	(12,127,644)
Other assets (excluding advance taxation)	6,657,367	8,757,756
	(58,437,880)	(3,861,367)

Increase / (decrease) in operating liabilities

Bills payable	(2,808,907)	1,166,807
Borrowings	34,896,151	290,424
Deposits and other accounts	23,271,925	23,445,886
Other liabilities	939,434	1,486,388
	56,298,603	26,389,505
	12,781,382	42,279,911
Income tax paid	(7,395,244)	(8,271,970)
Net cash flows generated from operating activities	5,386,138	34,007,941

CASH FLOW FROM INVESTING ACTIVITIES

Net realization from / (investment) in 'available-for-sale' securities	2,155,734	(116,266,942)
Net realization from 'held-to-maturity' securities	11,577,337	106,987,243
Dividend received	1,928,570	2,127,027
Investments in operating fixed assets	(4,947,583)	(3,217,781)
Proceeds from sale of operating fixed assets	46,074	42,925
Net cash flows used in investing activities	10,760,133	(10,327,528)

CASH FLOW FROM FINANCING ACTIVITIES

Dividend paid	(5,982,915)	(5,979,605)
Net cash flows used in financing activities	(5,982,915)	(5,979,605)
Effect of translation of net investment in foreign operating branches	16,669	(8,685)
Increase in cash and cash equivalents during the period	10,180,025	17,692,123
Cash and cash equivalents at beginning of the period	73,917,624	60,672,766
Effect of exchange rate changes on opening cash and cash equivalents	(97,378)	14,602
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	84,000,271	78,379,491

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

ALLIED BANK

37

Consolidated Condensed Interim Statement of Changes in Equity

(Un-audited) for the nine months ended September 30, 2017

	Share Capital	Capital Reserve		Statutory Reserve	Revenue Reserves		Total
		Exchange Translation Reserve			General Reserve	Un-appropriated Profit	
Rupees in '000							
Balance as at January 01, 2016 (Audited)	11,450,739	68,933	15,027,093	6,000	42,284,340	68,837,105	
Changes in equity during the nine months ended September 30, 2016							
Total comprehensive income for the nine months ended September 30, 2016:							
Net profit for the nine months ended September 30, 2016	-	-	-	-	12,373,626	12,373,626	
Effect of remeasurement of defined benefit plans net of deferred tax	-	-	-	-	(493,744)	(493,744)	
Effect of translation of net investment in foreign operating branches	-	(8,665)	-	-	-	(8,665)	
	-	(8,665)	-	-	11,879,882	11,871,197	
Transactions with owners recognized directly in equity:							
Final cash dividend for the year ended:							
December 31, 2015 (Rs. 1.75 per ordinary share)	-	-	-	-	(2,003,879)	(2,003,879)	
First interim cash dividend for the year ended:							
December 31, 2016 (Rs. 1.75 per ordinary share)	-	-	-	-	(2,003,879)	(2,003,879)	
Second interim cash dividend for the year ended:							
December 31, 2016 (Rs. 1.75 per ordinary share)	-	-	-	-	(2,003,879)	(2,003,879)	
	-	-	-	-	(6,011,637)	(6,011,637)	
Transferred from surplus on revaluation of fixed assets							
to un-appropriated profit - net of tax	-	-	-	-	43,372	43,372	
Transferred from surplus on revaluation of non-banking assets							
to un-appropriated profit - net of tax	-	-	-	-	44,031	44,031	
Transfer to statutory reserve	-	-	1,222,751	-	(1,222,751)	-	
Balance as at September 30, 2016	11,450,739	60,248	16,249,844	6,000	47,017,237	74,784,068	
Changes in equity during the quarter ended December 31, 2016							
Total comprehensive income for the quarter ended December 31, 2016:							
Net profit for the quarter ended December 31, 2016	-	-	-	-	2,326,510	2,326,510	
Effect of remeasurement of defined benefit plans-net of tax	-	-	-	-	782,444	782,444	
Effect of translation of net investment in foreign operating branches	-	(2,561)	-	-	-	(2,561)	
	-	(2,561)	-	-	3,108,954	3,106,393	
Transactions with owners recognized directly in equity:							
Third interim cash dividend for the year ended:							
December 31, 2016 (Rs. 2.00 per ordinary share)	-	-	-	-	(2,290,148)	(2,290,148)	
	-	-	-	-	(2,290,148)	(2,290,148)	
Transferred from surplus on revaluation of fixed assets							
to un-appropriated profit - net of tax	-	-	-	-	14,458	14,458	
Transferred from surplus on revaluation of non-banking assets							
to un-appropriated profit - net of tax	-	-	-	-	1,241	1,241	
Transfer to statutory reserve	-	-	219,954	-	(219,954)	-	
Balance as at December 31, 2016 (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 ending 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 ending:							
December 31, 2017 (Rs. 1.75 per ordinary share)	-	-	-	-	(2,003,879)	(2,003,879)	
Second interim cash dividend for the year ending:							
December 31, 2017 (Rs. 1.75 per ordinary share)	-	-	-	-	(2,003,879)	(2,003,879)	
	-	-	-	-	(6,011,637)	(6,011,637)	
Transferred from surplus on revaluation of fixed assets							
to un-appropriated profit - net of tax	-	-	-	-	41,204	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	

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2017

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 1,165 (December 31, 2016: 1,148) branches in Pakistan including 84 (December 31, 2016: 77) Islamic banking branches, 1 branch (December 31, 2016: 1) in Karachi Export Processing Zone and 1 Wholesale Banking Branch (December 31, 2016: 1) in Bahrain.

The long term credit rating of the Bank assigned by the Pakistan Credit Rating Agency Limited (PACRA) is 'AA+'. Short term rating of the Bank is 'A1+'. 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 Companies Ordinance, 1984. The Company received certificate for commencement of business on December 31, 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.11311/J 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 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).

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 Islamic Pension Fund	Launched on August 20, 2014
- ABL 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

2 STATEMENT OF COMPLIANCE

2.1 These consolidated condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved Accounting Standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by The Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the Banking Companies Ordinance, 1962 and the directives issued by State Bank of Pakistan (SBP) & Securities and Exchange Commission of Pakistan (SECP). In case requirements of provisions and directives issued under the Banking Companies Ordinance, 1962, repealed Companies Ordinance, 1984 and the directives issued by SBP and SECP differ from requirements of IFRSs and IFASs, the provisions of and directives issued under the Banking Companies Ordinance, 1962, repealed Companies Ordinance, 1984 and the directives issued by SBP and SECP shall prevail.

The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the SECP vide its circular dated October 04, 2017, these consolidated condensed interim financial statements have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

2.2 The SBP, vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property (IAS 40) for banking companies till further instructions. Further, according to a notification of Securities and Exchange Commission of

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2017

Pakistan (SECP) dated April 28, 2008, International Financial Reporting Standard (IFRS) 7 "Financial Instruments: Disclosure" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements. However, investments have been classified and disclosed in accordance with the requirements prescribed by SBP through various circulars.

- 2.3** IFRS 8 'Operating Segments' is effective for the Bank's accounting period beginning on or after January 1, 2009. All banking companies in Pakistan are required to prepare their annual financial statements in line with the format prescribed under BSD Circular No. 4 dated February 17, 2006, 'Revised Forms of Annual Financial Statements', effective from the accounting year ended December 31, 2006. The management of the Bank believes that as the SBP has defined the segment categorisation in the above mentioned circular, the SBP requirements prevail over the requirements specified in IFRS 8. Accordingly, segment information disclosed in these consolidated condensed financial statements is based on the requirements laid down by SBP.
- 2.4** The Securities and Exchange Commission of Pakistan (SECP) vide SRO 56 (1) / 2016 dated 28 January 2016, has notified that the requirements of IFRS10 (Consolidated Financial Statements) and section 237 of the repealed Companies Ordinance 1984 will not be applicable with respect to the investment in mutual funds established under trust structure.
- 2.5** The State Bank of Pakistan 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 Securities & Exchange Commission of Pakistan (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.

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:

- Non-banking assets acquired in satisfaction of claims;
- Investments;
- Certain operating fixed assets;
- Staff retirement and other benefits; 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 State Bank of Pakistan, vide BSD Circular Letter No. 2 dated May 12, 2004, vide BSD Circular Letter No. 7 dated April 20, 2010 and International Accounting Standard 34, Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and these consolidated condensed interim financial statements should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2016.
- 4.2** In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these consolidated financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.
- 4.3** The financial results of the Islamic Banking business have been included in these financial statements for reporting purposes. Key consolidated financial figures of the Islamic Banking business are same as disclosed in Note 20 to the unconsolidated condensed interim financial statements.
- 4.4** The Group has adopted the following amendments and annual improvements to IFRSs, which became effective for the current period:
- Amendments to IAS 12 'Income Taxes'
 - Amendments to IAS 7 'Statement of Cash Flows'
 - Amendments to IFRS 12 'Disclosure of Interests in Other Entities'

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

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2017

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

5.1 The accounting policies, underlying estimates & judgements 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, 2016. The standards, amendments and interpretations of approved accounting standards effective for accounting periods beginning on or after September 30, 2017; are same as those disclosed in annual consolidated financial statements of the Group for the year ended December 31, 2016 except for the following:

- The Companies Act, 2017 was enacted on 30 May 2017 and SECP vide its circular 23 of 2017 has clarified that the companies whose financial year closes on or before 31 December 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.
- Amendments mentioned in Note 4.4.

5.2 The financial risk management objectives and policies adopted by the Group are consistent with those disclosed in the consolidated financial statements of the Group for the year ended December 31, 2016.

		Un-audited Note September 30, 2017	Audited December 31, 2016
Rupees in '000			
6 LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings		-	2,091,970
Repurchase agreement lendings (Reverse Repo)	6.1	1,500,000	7,220,782
Musharaka lendings		-	700,000
Bai Muajjal receivable from State Bank of Pakistan	6.2	214,968	-
Mudaraba lending		-	500,000
Certificate of investment	6.3	70,000	70,000
		1,784,968	10,582,752
Provision against lendings to financial institutions	6.3	(70,000)	(70,000)
		1,714,968	10,512,752

6.1 This is a short-term lending to a financial institution against government securities. This carry mark-up at the rate of 5.93% (December 31, 2016: 5.90% to 6.20%) per annum and is maturing on December 15, 2017.

6.2 This represents lending by Islamic banking business under Bai Muajjal agreement with State Bank of Pakistan at profit of 5.46% (December 31, 2016: Nil) per annum, maturing on June 21, 2018.

6.3 This represents a classified certificate of investment and related provisioning, amounting to Rs. 70 million (December 31, 2016: Rs. 70 million).

7 INVESTMENTS

	Note	Held by Group	Given as collateral	Total
Rupees in '000				
Current period - September 30, 2017				
(Un-audited)	7.1	487,221,593	114,998,567	602,220,160
Prior year - December 31, 2016				
(Audited)	7.1	511,707,389	79,217,583	590,924,972

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2017

	Un-audited As at September 30, 2017			Audited As at December 31, 2016		
	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	21,292,349	-	21,292,349	-	-	-
Pakistan Investment Bonds	9,639,494	-	9,639,494	102,531	-	102,531
Units of open-ended mutual funds/ Pension funds-related parties	1,725,658	-	1,725,658	1,390,368	-	1,390,368
Sukuk bonds	-	-	-	40,000	-	40,000
	32,657,501	-	32,657,501	1,532,899	-	1,532,899
Available-for-sale securities						
Market Treasury Bills	225,380,310	23,881,022	249,261,332	202,224,770	23,995,274	226,220,044
Pakistan Investment Bonds	80,088,072	90,718,414	170,806,486	144,961,948	53,343,313	198,305,261
Ordinary shares of listed companies / certificates of close-ended mutual funds	14,815,012	-	14,815,012	14,493,083	-	14,493,083
Ordinary shares of unlisted companies	2,500,169	-	2,500,169	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	1,043,449	-	1,043,449	997,894	-	997,894
Sukuk bonds	5,562,291	-	5,562,291	5,423,031	-	5,423,031
GOP Sukuk	10,609,658	-	10,609,658	10,550,356	-	10,550,356
GOP Ijara Sukuk	3,946,291	-	3,946,291	2,148,084	-	2,148,084
Foreign Currency Bonds (US\$)	4,770,511	-	4,770,511	4,734,946	-	4,734,946
Term Finance Certificates (TFCs)	4,233,052	-	4,233,052	4,340,267	-	4,340,267
	361,091,335	114,599,436	475,690,771	400,517,068	77,338,587	477,855,655
Held-to-maturity securities						
Pakistan Investment Bonds	73,352,875	-	73,352,875	83,222,932	-	83,222,932
GOP Sukuk	1,058,296	-	1,058,296	1,051,562	-	1,051,562
GOP Ijara Sukuk	-	-	-	100,000	-	100,000
Foreign Currency Bonds (US\$)	-	-	-	1,595,719	-	1,595,719
TFCs, Bonds and PTCs	349,732	-	349,732	358,879	-	358,879
	74,760,903	-	74,760,903	86,329,092	-	86,329,092
Investment at cost	468,509,739	114,599,436	583,109,175	488,379,059	77,338,587	565,717,646
Provision for diminution in the value of investments	(2,688,538)	-	(2,688,538)	(2,696,599)	-	(2,696,599)
Investments (net of provisions)	465,821,201	114,599,436	580,420,637	485,682,460	77,338,587	563,021,047
(Deficit) / surplus on revaluation of 'held-for-trading' securities	(17,018)	-	(17,018)	129,343	-	129,343
Surplus on revaluation of 'available-for-sale' securities	21,417,410	399,131	21,816,541	25,895,586	1,878,996	27,774,582
Total investments at market value	487,221,593	114,998,567	602,220,160	511,707,389	79,217,583	590,924,972

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2017

	Un-audited Note	September 30,	Audited
		2017	December 31, 2016
Rupees in '000			
8 ADVANCES			
Loans, cash credits, running finances, etc.			
In Pakistan		341,541,759	334,088,692
Outside Pakistan		2,938,391	7,876,267
		344,480,150	341,964,959
Islamic Financing and related assets		3,288,393	605,138
Net investment in finance lease - in Pakistan		2,403,290	2,131,845
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		39,948,897	1,997,152
Payable outside Pakistan		1,699,632	1,687,999
		41,648,529	3,685,151
Advances - gross		391,820,362	348,387,093
Provision for non-performing advances	8.1 & 8.3	(17,410,563)	(18,720,563)
General provision	8.3	(42,407)	(63,309)
		(17,452,970)	(18,783,872)
Advances - net of provision		374,367,392	329,603,221

8.1 Advances include Rs. 18,849.063 million (December 31, 2016: Rs. 20,431.609 million) which have been placed under non-performing status as detailed below:-

Category of Classification	September 30, 2017 (Un-audited)				
	Classified Advances			Provision	Provision
	Domestic	Overseas	Total	required	held
Rupees in '000					
Other Assets Especially Mentioned	79,004	-	79,004	2,231	2,231
Substandard	561,038	-	561,038	138,940	138,940
Doubtful	107,004	-	107,004	53,502	53,502
Loss	18,102,017	-	18,102,017	17,215,890	17,215,890
	18,849,063	-	18,849,063	17,410,563	17,410,563

Category of Classification	December 31, 2016 (Audited)				
	Classified Advances			Provision	Provision
	Domestic	Overseas	Total	required	held
Rupees in '000					
Other Assets Especially Mentioned	60,180	-	60,180	1,804	1,804
Substandard	636,905	-	636,905	156,972	156,972
Doubtful	473,854	-	473,854	236,927	236,927
Loss	19,260,670	-	19,260,670	18,324,860	18,324,860
	20,431,609	-	20,431,609	18,720,563	18,720,563

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, 2017

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

	September 30, 2017 (Un-audited)			December 31, 2016 (Audited)		
	Specific	General	Total	Specific	General	Total
Rupees in '000						
Opening balance	18,720,563	63,309	18,783,872	19,092,777	71,489	19,164,266
Charge for the period / year	314,067	-	314,067	1,841,422	-	1,841,422
Reversals	(1,521,070)	(20,902)	(1,541,972)	(2,168,601)	(8,180)	(2,176,781)
Charged to profit and loss account	(1,207,003)	(20,902)	(1,227,905)	(327,179)	(8,180)	(335,359)
Amounts written off	(102,997)	-	(102,997)	(45,035)	-	(45,035)
Closing balance	17,410,563	42,407	17,452,970	18,720,563	63,309	18,783,872

8.4 The Bank has participated in government guaranteed syndicated long term loan facilities, granted to Power Holding (Pvt.) Limited, with the Bank's share being Rs. 9,348 million, Rs. 5,250 million and Rs. 5,000 million. State Bank of Pakistan has extended relaxation against classification of these exposures vide Letter No. BPRD/ BRD (Policy)/ 2017/ 22136 dated September 22, 2017 till October 31, 2017; with instructions to recognize mark-up on receipt basis.

	Un-audited	Audited
	September 30, 2017	December 31, 2016
Rupees in '000		
9 BORROWINGS		
<i>Secured</i>		
Borrowings from State Bank of Pakistan	18,179,281	17,500,610
Repurchase agreement borrowings from SBP	88,718,414	55,099,808
Repurchase agreement borrowings from Financial Institutions	25,708,616	23,803,676
<i>Unsecured</i>		
Call borrowings	25,770,066	29,873,171
Overdrawn nostro accounts	87,322	63,459
Musharaka borrowings	2,250,000	-
Mudaraba borrowing	500,000	-
Other borrowings	75,190	28,151
	28,682,578	29,964,781
	161,288,889	126,368,875

10 DEPOSITS AND OTHER ACCOUNTS

<i>Customers</i>		
Fixed deposits	169,944,703	176,919,971
Savings deposits	222,319,349	212,372,097
Current accounts - remunerative	96,265,264	97,923,756
Current accounts - non - remunerative	297,182,302	248,775,260
	785,711,618	735,991,084
<i>Financial Institutions</i>		
Remunerative deposits	34,085,790	63,841,039
Non - remunerative deposits	8,564,591	5,257,951
	828,361,999	805,090,074

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2017

11 SHARE CAPITAL

11.1 Authorised capital

Un-audited September 30, 2017	Audited December 31, 2016		Un-audited September 30, 2017	Audited December 31, 2016
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

Fully paid-up Ordinary shares of Rs. 10 each				
Un-audited September 30, 2017	Audited December 31, 2016		Un-audited September 30, 2017	Audited December 31, 2016
No. of shares			Rupees in '000	
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
		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 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
9,148,550	9,148,550			
8,400,000	8,400,000		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, 2016: 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, 2017

	Un-audited September 30, 2017	Audited December 31, 2016
Rupees in '000		
12 CONTINGENCIES AND COMMITMENTS		
12.1 Direct credit substitutes		
Guarantees in favour of:		
Banks and financial institutions	5,216,007	5,397,846
12.2 Transaction-related contingent liabilities		
Guarantees in favour of:		
Government	388,631	341,738
Others	19,297,839	20,555,816
	19,686,470	20,897,554
12.3 Trade-related contingent liabilities	65,785,170	65,473,604
12.4 Claims against the Bank not acknowledged as debt	8,869,117	6,815,687
12.5 The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.		
	Un-audited September 30, 2017	Audited December 31, 2016
Rupees in '000		
12.6 Commitments in respect of foreign exchange contracts:		
Purchase	83,598,433	63,017,979
Sale	40,178,568	38,469,943
12.7 Commitments in respect of:		
Civil works	1,587,555	704,903
Acquisition of operating fixed assets	1,541,502	885,447
	3,129,057	1,590,350
12.8 Commitments in respect of operating lease		
Not later than one year	1,102,369	972,962
Later than one year and not later than five years	3,180,764	3,027,123
Later than five years	1,822,924	2,062,169
12.9 Other Commitments	60,711	61,551

12.10 Other Contingencies

12.10.1 There is no change in the status of contingencies, set out in note 21.11 to the consolidated financial statements of the Group for the year ended December 31, 2016, except for the contingencies as mentioned below:

12.10.2 The income tax assessments of the Bank have been finalized upto and including tax year 2016 for local, Azad Kashmir and Gilgit Baltistan operations. While finalizing income tax assessments upto tax year 2016, income tax authorities made certain add backs with aggregate tax impact of Rs. 23,334 million (December 31, 2016: Rs. 21,223 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. 23,334 million (December 31, 2016: Rs. 21,223 million). The management is confident that the outcome of these appeals/references will be in favor of the Bank.

Tax authorities have also issued orders under Federal Excise Act, 2005 / Sales Tax Act, 1990 and Sindh Sales Tax on Services Act, 2011 for the year 2008 to 2014 thereby creating arbitrary aggregate demand of Rs. 893 million (2016: 890 million). The Bank's appeals before Commissioner Inland Revenue (Appeal) (CIR(A)) /Appellate Tribunal Inland Revenue (ATIR) are pending for adjudication. The management is confident that aforesaid demand will be deleted by appellate authorities and therefore no provision has been made against the said demand of Rs. 893 million (2016: 890 million).

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2017

	Nine months Ended		Quarter Ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Rupees in '000				
13 MARK-UP / RETURN / INTEREST EARNED				
On loans and advances:				
Customers	17,149,687	16,183,818	6,101,720	5,552,519
On investments in:				
'Available-for-sale' securities	25,532,164	20,065,090	8,090,085	6,904,377
'Held-to-maturity' securities	4,729,515	13,166,491	1,277,648	2,786,175
'Held-for-trading' securities	508,571	390,019	277,290	64,765
	<u>30,770,250</u>	<u>33,621,600</u>	<u>9,645,023</u>	<u>9,755,317</u>
On deposits with financial institutions	16,949	16,962	9,124	11,997
On securities purchased under resale agreements	166,394	105,348	57,478	47,425
On Certificates of Investment	2,675	-	776	-
On Call money Lendings	78,977	34,352	26,255	(3,756)
On Musharaka Lendings	9,238	11,370	-	11,370
On Mudaraba Lendings	5,326	-	94	-
On Wakala Lendings	4,189	20,129	-	20,129
On Bai Muajjal	3,110	-	2,814	-
	<u>48,206,795</u>	<u>49,993,579</u>	<u>15,843,284</u>	<u>15,395,001</u>

14 MARK-UP / RETURN / INTEREST EXPENSED

Deposits	17,819,225	17,606,721	6,338,830	5,805,079
Long term borrowings	206,666	181,550	73,557	58,448
Securities sold under repurchase agreements	4,641,986	4,456,146	1,422,440	929,555
Call money borrowings	706,376	508,796	212,863	166,063
Brokerage and commission	119,170	130,541	45,141	38,412
Other short term borrowings	1,130,135	1,160,227	463,248	158,723
	<u>24,623,558</u>	<u>24,043,981</u>	<u>8,556,079</u>	<u>7,156,280</u>

15 The amount represents super tax levied on taxable income of the Bank for tax year 2017 vide Finance Act, 2017.

	Nine months Ended		Quarter Ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Rupees in '000				

16 EARNINGS PER SHARE - BASIC AND DILUTED

Profit after taxation for the period	<u>9,892,864</u>	<u>12,373,626</u>	<u>3,293,766</u>	<u>3,695,239</u>
Number of Share				
Weighted average number of ordinary shares outstanding during the period.	<u>1,145,073,830</u>	<u>1,145,073,830</u>	<u>1,145,073,830</u>	<u>1,145,073,830</u>
Rupees				
Earnings per share - basic and diluted for the period	<u>8.64</u>	<u>10.81</u>	<u>2.88</u>	<u>3.23</u>

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, 2017

The Group 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 are in accordance with the terms of their employment. Other transactions are at agreed terms.

Nature of related party transactions	September 30, 2017 (Un-audited)				December 31, 2016 (Audited)					
	Parent	Directors	Associated Companies*	key management personnel	Other related parties	Parent	Directors	Associated Companies*	key management personnel	Other related parties
	Rupees in '000									
Loans:										
Loans at the beginning of the period / year	-	24,137	4,383,200	253,416	17,991,914	-	36,637	1,774,626	276,413	5,375,483
Loans given during the period / year	-	57,866	-	112,845	54,326,317	-	27,881	5,642,759	80,198	71,307,904
Loans repaid / adjustments during the period / year	-	(58,828)	(472,141)	(122,055)	(66,067,525)	-	(40,181)	(3,034,185)	(103,195)	(58,695,453)
Loans at the end of the period / year	-	23,175	3,911,059	244,206	6,250,706	-	24,137	4,383,200	253,416	17,991,914
Deposits:										
Deposits at the beginning of the period / year	403	53,177	258,274	42,152	13,219,509	-	40,869	102,302	22,837	9,572,384
Deposits received during the period / year	5,077,514	86,210	39,486,399	410,341	102,695,690	854	5,505,269	10,686,219	406,337	94,865,384
Deposits repaid during the period / year	(5,077,354)	(111,143)	(39,675,395)	(413,118)	(103,174,053)	(251)	(3,492,949)	(10,413,547)	(387,022)	(91,392,269)
Deposits at the end of the period / year	683	23,244	69,278	39,375	7,891,046	403	33,177	289,274	42,152	13,219,509
Notes receivables	-	-	48,228	-	-	-	-	35,969	-	-
Investments in shares	-	-	4,836,429	-	5,780,694	-	-	47,903,874	-	5,445,403
Other receivables	-	11,579	38,594	72,816	380,648	-	6,363	37,246	81,029	913,103
Net receivable from staff retirement benefit funds	-	-	-	-	4,687,779	-	-	-	-	4,408,206
Non funded exposure	-	-	3	-	5,991	-	-	550	-	17,421
	September 30, 2017 (Un-audited)									
	Parent	Directors	Associated Companies*	key management personnel	Other related parties	Parent	Directors	Associated Companies*	key management personnel	Other related parties
	Rupees in '000									
Mark-up earned	-	925	216,596	8,656	444,364	-	1,192	156,633	12,185	336,941
Dividend income	-	-	672,000	-	425,403	-	-	896,000	-	554,522
Capital gain	-	-	-	-	-	-	-	-	-	25,382
Sales commission	-	-	-	-	51,165	-	-	-	-	6,476
Management fee income	-	-	-	-	366,437	-	-	-	-	295,502
Fee commission / bank charges	2	17	802	43	633	-	29	1,711	53	395
Other income**	-	-	2,972	-	144	-	-	2,913	-	1,376
Mark-up expense on deposits	-	792	3,043	401	284,362	-	860	7,278	461	294,831
Director's meeting fee	-	13,900	-	-	-	-	8,700	-	-	-
Remuneration	-	36,050	-	-	322,016	-	-	-	-	299,027
Other charges***	-	-	30,712	-	74,481	-	-	10,598	-	70,812
Parent expense****	-	-	20,084	-	180,561	-	-	19,749	-	150,281
Charge / (reversal) in respect of staff retirement benefit funds	-	-	-	-	-	-	-	-	-	-

Shareholding held by the holding company, outstanding at the end of period is included in note 11.2 to these consolidated condensed interim financial statements.

* Associated companies are on the basis of common directorship.

** Other income include rental income from two offices located at ISE Tower rented out to associated company (Ibrahim Fibers Limited) at market value and with prior permission of State Bank of Pakistan.

*** Other charges with Associated Companies include donation to National Management Foundation amounting to Rs. 30 million and with other related parties include payments to NIFP amounting to Rs. 71,486 million.

**** Rent sharing expense of ABL Branch with associated company (Ibrahim Fibers Limited) was carried out on terms other than that of arm's length with prior permission of State Bank of Pakistan.

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

- During the period ended June 30, 2017, movable assets were disposed of for Rs. 136,000 to the key management personnel of the Bank. These assets were fully depreciated.

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2017

18 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of traded investments is based on quoted market prices, except for tradable securities classified by the Group as "Held-to-Maturity". Quoted securities classified as "Held-to-Maturity" are carried at amortized cost. Fair value of unquoted equity investments other than investment in subsidiary is determined on the basis of break up value of these investments as per the latest available audited financial statements.

Fair value of fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision / reversal for impairment of loans and advances has been calculated in accordance with the Group's accounting policy as stated in note 5.5 of annual consolidated financial statements for the year ended December 31, 2016.

In the opinion of the management, the fair value of the remaining financial assets and liabilities is 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. In case of non-financial assets, the Bank has adopted revaluation model (as per IAS 16) in respect of land and building.

	September 30, 2017 (Un-audited)			December 31, 2016 (Audited)				
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Rupees in '000								
On balance sheet financial instruments:								
Financial assets measured at fair value								
Held-for-trading securities:								
Market Treasury Bills	-	21,280,094	-	21,280,094	-	-	-	-
Pakistan Investment Bonds	-	9,655,085	-	9,655,085	-	101,819	-	101,819
Units of open-ended mutual funds/Pension funds	-	1,696,304	-	1,696,304	-	1,520,077	-	1,520,077
Sukuk Bonds	-	-	-	-	-	40,347	-	40,347
	-	32,640,483	-	32,640,483	-	1,662,243	-	1,662,243
Available-for-sale securities:								
Market Treasury Bills	-	249,150,306	-	249,150,306	-	226,247,239	-	226,247,239
Pakistan Investment Bonds	-	174,416,584	-	174,416,584	-	203,520,070	-	203,520,070
Ordinary shares of listed companies / certificates of close-ended mutual funds	37,984,811	-	-	37,984,811	42,084,599	-	-	42,084,599
Ordinary shares of unlisted companies	-	-	3,492,550	3,492,550	-	-	3,446,081	3,446,081
Sukuk Bonds	-	15,140,274	5,303,953	20,444,227	-	13,306,369	5,151,607	18,457,976
Foreign Currency Bonds (US\$)	-	5,451,558	-	5,451,558	-	5,177,620	-	5,177,620
Term Finance Certificates	-	2,313,085	1,915,404	4,228,469	-	2,353,869	2,003,063	4,356,932
	37,984,811	446,471,787	10,711,907	495,168,505	42,084,599	450,605,167	10,602,751	503,292,517
Non-financial assets measured at fair value								
Operating fixed assets	-	25,970,414	-	25,970,414	-	22,914,819	-	22,914,819
Non banking assets	-	3,120,763	-	3,120,763	-	3,476,351	-	3,476,351
	-	29,091,177	-	29,091,177	-	26,391,170	-	26,391,170
Off-balance sheet financial instruments:								
Foreign exchange contracts - Purchase	-	83,598,433	-	83,598,433	-	63,017,979	-	63,017,979
Foreign exchange contracts - Sale	-	40,178,568	-	40,178,568	-	38,469,943	-	38,469,943
	-	123,777,001	-	123,777,001	-	101,487,922	-	101,487,922

The valuation techniques used for above assets are same as disclosed in notes 5.1, 5.4 & 5.6 of annual consolidated financial statements for the year ended December 31, 2016.

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2017

19 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, 2017 (Un-audited)							
Corporate & Investment Banking	Trading & Sales (Treasury)	Commercial & Retail Banking	Others	Asset Management	Eliminations	Total	
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

For the nine months ended September 30, 2016 (Un-audited)							
Corporate & Investment Banking	Trading & Sales (Treasury)	Commercial & Retail Banking	Others	Asset Management	Eliminations	Total	
Rupees in '000							
Total Income	19,301,000	35,569,414	35,015,989	102,058	429,701	(31,173,587)	59,244,575
Total Expenses	(16,179,215)	(26,951,074)	(30,208,814)	(4,421,852)	(283,581)	31,173,587	(46,870,949)
Net Income	3,121,785	8,618,340	4,807,175	(4,319,794)	146,120	-	12,373,626

As at September 30, 2017 (Un-audited)							
Corporate & Investment Banking	Trading & Sales (Treasury)	Commercial & Retail Banking	Others	Asset Management	Eliminations	Total	
Rupees in '000							
Segment Assets (Gross)	420,853,121	577,509,189	847,438,675	133,448,060	2,105,568	(835,242,852)	1,146,111,761
Segment Liabilities	417,472,910	577,509,189	845,951,994	16,823,845	306,527	(834,742,852)	1,023,321,613

As at December 31, 2016 (Audited)							
Corporate & Investment Banking	Trading & Sales (Treasury)	Commercial & Retail Banking	Others	Asset Management	Eliminations	Total	
Rupees in '000							
Segment Assets (Gross)	369,171,373	572,327,815	822,485,323	138,227,092	1,952,208	(811,310,746)	1,092,853,065
Segment Liabilities	364,938,733	572,327,815	820,893,275	20,900,530	310,664	(810,810,746)	968,560,271

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the nine months ended September 30, 2017

20 GENERAL

- 20.1 Figures have been rounded off to the nearest thousand rupees.
- 20.2 Corresponding figures have been re-arranged and reclassified to reflect more appropriate presentation of transactions for the purpose of comparison. However, no significant reclassifications have been made in these consolidated condensed interim financial statements.
- 20.3 The Board of Directors of the Bank in its meeting held on October 24, 2017 has approved interim cash dividend for the nine months ended September 30, 2017 at Rs. 1.75 per share (September 30, 2016: Rs. 2 per share). The consolidated condensed interim financial statements for the nine months ended September 30, 2017 do not include the effect of this appropriation and will be accounted for in the financial statements of the period of declaration.

21 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue on October 24, 2017 by the Board of Directors of the Bank.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman



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VANTAGE