

# THE BIGGER PICTURE

Condensed Interim Financial Statements  
for the nine months ended September 30, 2016





# Contents

Corporate Information.....	02
Vision, Mission & Core Values .....	03
Directors' Review.....	04

## Unconsolidated Condensed Interim Financial Statements of Allied Bank Limited

Unconsolidated Condensed Interim Statement of Financial Position .....	12
Unconsolidated Condensed Interim Profit and Loss Account.....	13
Unconsolidated Condensed Interim Statement of Comprehensive Income ....	14
Unconsolidated Condensed Interim Statement of Cash Flow.....	15
Unconsolidated Condensed Interim Statement of Changes in Equity .....	16
Notes to the Unconsolidated Condensed Interim Financial Statements.....	17

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

Consolidated Condensed Interim Statement of Financial Position .....	32
Consolidated Condensed Interim Profit and Loss Account .....	33
Consolidated Condensed Interim Statement of Comprehensive Income.....	34
Consolidated Condensed Interim Statement of Cash Flow .....	35
Consolidated Condensed Interim Statement of Changes in Equity.....	36
Notes to the Consolidated Condensed Interim Financial Statements .....	37

# 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  
Tariq Mahmood  
(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  
Tariq Mahmood  
(CEO)

## Company Secretary

Muhammad Raffat

## Shariah Board

Mufti Ehsan Waqar  
(Chairman)

Mufti Mahmood Ahmad  
Mufti Muhammad Iftikhar Baig

## 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](http://www.abl.com)  
[info@abl.com](mailto:info@abl.com)

## Tel Number

(+92-42) 35880043

# Vision, Mission & Core Values

## Vision

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

## Mission

- To provide value added services to our customers.
- To provide high tech innovative solutions to meet customers' requirements.
- To create sustainable value through growth, efficiency and diversity for all stakeholders.
- To provide a challenging work environment and reward dedicated team members according to their abilities and performance.
- To play a proactive role in contributing towards the society.

## Core Values

- Integrity
- Excellence in Service
- High Performance
- Innovation and Growth

# Directors' Review

Dear Shareholders,

On behalf of the Board, we are pleased to present the financial results of Your Bank for the third quarter ended September 30, 2016:

## Financial Highlights

	(Rupees in million)		Growth
	Nine months ended September 30,		
	2016	2015	
Profit after tax for the period	12,228	11,862	3%
Accumulated profits brought forward	41,416	37,053	12%
Transfer from surplus on revaluation of fixed assets - net of tax	43	69	(38)%
Transferred from surplus on revaluation of non-banking assets to un-appropriated profit - net of tax	44	-	100%
<b>Profit available for appropriation</b>	<b>53,731</b>	<b>48,984</b>	<b>10%</b>
Final cash dividend for the year ended December 31, 2015 at Rs. 1.75 per share (2015: Year ended December 31, 2014 at Rs. 2.00 per share)	(2,004)	(2,290)	(12)%
Interim cash dividends for the year ending December 31, 2016 at Rs. 3.5 per share (2015: interim cash dividends for the year ended December 31, 2015 at Rs. 3.5 per share)	(4,008)	(4,008)	-
Transfer to statutory Reserves	(1,223)	(1,186)	3%
Effect of re-measurement of defined benefit plans - net of tax	(493)	-	100%
<b>Accumulated profits carried forward</b>	<b>46,003</b>	<b>41,500</b>	<b>11%</b>
<b>Earnings Per Share (EPS) (Rs.)</b>	<b>10.68</b>	<b>10.36</b>	<b>3%</b>

The Board is pleased to announce an interim cash dividend of Rs.2 per share in addition to Rs.1.75 per share for first and second interim cash dividends, which has already been paid. Interim cash dividend for the nine months period ended September 30, 2016 is Rs.5.50 per share (September 30, 2015: Rs.5.25 per share).

## Economic Review

The growth trajectory projections of Pakistan's GDP remain optimistic at 5.2% for FY 2016-17, compared to 4.7% during FY 2015-16. The positive outlook is derived from the cumulative impact of the Government's macroeconomic and structural reform program, sustained lower oil prices and gradually improving security situation. Despite a major crop failure, challenges in overcoming the energy shortages and declining home remittances growth trend; Inflation and the current account deficit were lower than expected while foreign exchange reserves strengthened amid contraction in the budget deficit.

During the period under review, Pakistan concluded the 3 year IMF's Extended Fund Facility arrangement of US\$6.5 billion while complying with the programs underlying economic reform benchmarks to a satisfactory level. Foreign Direct Investment (FDI) dropped to US\$ 249.3 million in the first quarter of FY 2016-17; with expected CPEC related inflows yet to boost overall FDI. Remittances declined to US\$4,698 million in the first quarter of FY 2016-17 as compared to the corresponding period of last year's US\$4,967 million, in line with the adverse impact of low oil prices on the GCC economies. The deteriorating growth trend in exports persisted during the period; negative growth of 14% compared to the corresponding period of FY 2015-16. However, the overall Foreign exchange reserves remained healthy at US\$23,612 million at end-September 2016.

Large Scale Manufacturing (LSM), contributing 10% to GDP, stimulated by a broad based growth in Construction, Automobiles, Fertilizers, Pharmaceuticals and Cement sectors, registered a 2.62% rise year -on-year in the first month of FY 2016-17. The full impact of recent changes promulgated in taxation laws, through Finance Bill 2016 for Real Estate business, poses another major challenge for the economy. However, Pakistan Stock Exchange maintained its rising trend with KSE 100 index crossing the 40,000 points landmark to close at 40,542 points; reflecting the continuous strengthening in investor confidence.

Broad Money (M2) supply grew by 0.35% in the first quarter of FY 2016-17. Currency in circulation accumulated to Rs.3,357 billion registering a growth of 16.3% during Jan-Sep'16. Banking sectors

deposits growth remained stifled, during the quarter ended Sep'30 2016, at just 0.4% to reach Rs.10,511 billion. Private sector credit off-take also remained sluggish despite significant monetary easing by State Bank of Pakistan; gross advances increased marginally by 4% to reach Rs.5,120 billion. In the absence of quality lending avenues, surplus net resources were diverted towards sovereign debt instruments. During the period under review, the investment mix between Treasury Bills and Pakistan Investment Bonds (PIBs) is expected to change at the industry level. In view of the significant maturity worth Rs.1,423 billion of high yielding Pakistan Investment Bonds, share of investment in Treasury Bills is expected to increase with corresponding decrease in PIBs; adversely impacting the Net Interest Margin (NIM).

Consumer Price Index remained close to 4% year on year (YoY) with inflation during Q1 FY 2016-17 reaching 3.86% and expected to remain at the same level in short to medium term, providing room for continued monetary easing stance by SBP. Keeping in view the low inflation level, SBP maintained the Policy Rate at 5.75% during the quarter under review.

World economy continues to remain sluggish with projected growth rate at 2.4% for 2016 with emerging and developing markets facing stronger headwinds while advanced economies experiencing waning growth patterns. Divergences between commodity importers and exporters persist on the face of lackluster global trade and capital flows. Oil prices remained within US\$40-45 range during the first quarter of FY 2016-17, however, towards the end of September 2016 OPEC members agreed to cut production for the first time in 8 years in a bid to stabilize crude oil prices and to dissipate global oil supply glut. Resultantly, oil prices have rebounded and increased to 12-months high of over US\$50 per barrel.

## Financial Review

During the period under review, Banking sector continued to face challenging operating environment in the wake of diminishing spreads, dearth of quality lending avenues, pressure on deposit growth mobilization and rising cost of doing business. The aforementioned maturity of high yielding PIBs during the third quarter shall further intensify the pressure on the sector's net margins. However, prudent long term strategy encompassing focus on customer service, technology driven banking and risk management solutions, high asset quality and operational efficiencies enabled Your Bank to remain resilient and post stable growth in an intensely competitive environment.

Your Bank's Profit After Tax (PAT) registered a growth of 3.1% to reach Rs.12,228 million for the period ended September 30, 2016 as compared to Rs.11,862 million in the corresponding period of 2015. One-time Super tax imposed at 4% during 2015 has been re-imposed on taxable income of 2015; resulting in tax charges of Rs.950 million and increasing the average rate of Income tax for the nine months period ended September 30, 2016 to 39.9%. Earnings Per Share (EPS) of Your Bank stood at Rs.10.68 per share as compared to Rs.10.36 per share in the corresponding period of 2015. Return on Assets (RoA) of Your Bank, with the inclusion of prior year tax charge, stood at 1.61% for the period ended September 30, 2016 as compared to 1.76% in the corresponding period of 2015. Excluding the impact of aforementioned prior year tax charge, the PAT, EPS and RoA of Your Bank increases to Rs.13,177 million, Rs.11.51 per share and 1.74% respectively. Profit Before Tax stood at Rs.20,344 million in September 30, 2016 as compared to Rs.20,513 million in the corresponding period of 2015.

Net interest income of Your Bank during nine months period ended September 30, 2016, aggregated to Rs.25,946 million as compared to Rs.26,776 million in the corresponding period of 2015. This is mainly attributable to lower benchmark rates as well as change in earning assets mix due to maturities of PIBs during the period under review. The continuous focus on effective risk management framework resulted in net reversal of provision against non-performing loans for the nine month period ended September 30, 2016 by Rs.292 million as compared to a provision charge of Rs.466 million in the period ended September 30, 2015.

Non mark-up/Interest income (NII) increased by 13% to Rs.8,824 million in September 2016 from Rs.7,806 million in September 2015. This increase is mainly due to higher capital gains of Rs.2,691 million as compared to Rs. 602 million in the corresponding period of last year. Fee and Commission increased to Rs.3,023 million as compared to Rs.2,766 million in the corresponding period of the last year. The aforementioned increases also enabled in offsetting the impact of compensation on delayed tax refunds of Rs.820 million recognized last year.

During the period under review, Your Bank's outreach expanded to 1,077 branches and 1,025 ATMs respectively. Despite Bank's strategic focus towards expansion in footprint and technology/infrastructure development along with incremental human resources costs, the administrative expenses growth was curtailed at 8.7% to reach Rs.14,094 million.

Your Bank's deposits increased to Rs.758,005 million at September 30, 2016 as compared to Rs.734,596 million as at December 31, 2015. Amid the continuing lack of growth in quality lending avenues, net advances increased to Rs.334,011 million as at September 30, 2016 as compared to Rs.321,605 million as at December 31, 2015. Investments remained stable at Rs.561,315 million as at September 30, 2016, registering a change of 3.1% as compared to Rs.544,349 million as at December 31, 2015.

Adoption of technology driven Risk Management framework, enabled Your Bank to further minimize Non-Performing Loans (NPL) which reduced by Rs.1,250 million to reach Rs.20,653 million as at September 30, 2016. The Bank has not taken benefit from Forced Sale Value of collaterals while

calculating provisions against non-performing loans for nine months period ended September 30, 2016. Infection ratio decreased to 5.9% as at September 30, 2016 as compared to 6.4% as at December 31, 2015. Coverage ratio of Your Bank also increased to 90.9% as at September 30, 2016 as compared to 87.2% as at December 31, 2015.

Total Assets and Equity of Your Bank stood at Rs.1,029,574 million and Rs.99,109 million respectively as on September 30, 2016. The growth registered in total assets and equity is 4% and 11% respectively in comparison to December 31, 2015.

### Future Outlook

Global economic outlook remains challenging with GDP Growth projected to gradually pick up by 3% in 2018. Pakistan's positive GDP Growth outlook is also dependent upon continued macroeconomic stability, expected improvement in energy supply, further enhancement in gradually improving security situation and uplift of the infra-structure across the country. Materialization of CPEC related projects coupled with planned reduction in fiscal deficit, inflow of foreign direct investment, continuation of streamlining of current expenditures, adopting new revenue measures to raise the tax-to-GDP ratio, curtailment of inflating undocumented economy and rising currency in circulation, privatization and restructuring of underperforming Public Sector Enterprises (PSE), reduction in expanding circular debt are major pre requisites for the sustainable long term fiscal and economic growth of the country. Pakistan's placement in MSCI emerging market index, with effect from May 2017, is also expected to further incentivize equity portfolio inflows from foreign funds.

Banking sector outlook remains challenging in view of the bottoming out of the benchmark interest rates; banking sector spreads diminished by 44 points year-on-year to average at 5.09% for Aug'16. In addition, curtailed deposit growth due to imposition of withholding tax on banking transaction of non-filers, continuation of super tax of 4% on the banking sector, maturity of Rs.1,423 billion worth of Government Bonds in Jul-Aug 2016 and low credit demand pose major challenges to banking sector's profitability in the short term.

During the period under review Your Bank launched PayPak Debit Card, a domestic payment scheme making consumer independent of international payment channels like VISA. PayPak facilitates local customers for country wide transactions. Another milestone achieved by Your Bank was becoming EMV compliant providing EMV Chip Debit Card capability both on issuing and acquiring ends, duly certified by VISA, for our valued customers. The launch of these new initiatives will facilitate in further strengthening the alternative banking platform of Your Bank, going forward.

Your Bank is actively responding to the aforementioned evolving market dynamics by relentless focus on high asset quality while simultaneously striving towards enhanced deposit mobilization and optimizing cost of funds. Your Bank's multi-pronged strategy driven towards expansion in conventional and alternate delivery channels, technology driven automated products, services and processes, robust risk management framework along with cautious growth in Islamic banking operations is expected to yield stable profitability for our stakeholders without compromising the balance sheet strength.

### Entity Ratings

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

### Corporate Governance Rating

Your Bank has a Corporate Governance rating of CGR-9 assigned by JCR-VIS, which denotes a high level of corporate governance.

### Awards

CFA Society Pakistan in recognition of the Bank's value enhancing services to the investing public in Pakistan has awarded 2<sup>nd</sup> position for Corporate Finance House of the Year 2015, Fixed Income category.

### Acknowledgement

We take this opportunity to thank our valued customers for their patronage and selecting Allied Bank Limited for their banking needs, shareholders of the Bank for their trust and confidence, our dedicated employees for their continued commitment and State Bank of Pakistan and other regulatory bodies for their continued support.

For and on behalf of the Board,

**Tariq Mahmood**  
Chief Executive Officer

Date: October 21, 2016  
Place: Lahore



## ڈائریکٹرز جائزہ رپورٹ

محترم مینبر ہولڈرز!

بورڈ آف ڈائریکٹرز کی جانب سے ہم انتہائی مسرت سے آپ کے بینک کے 30 ستمبر، 2016ء کو اختتام پذیر ہونے والی تیسری سہ ماہی کے مالیاتی نتائج پیش کرتے ہیں۔  
مالی جھلکیاں:

نوٹ: 30 ستمبر			
اضافہ	2015	2016	
فی صد	ملین روپے		
3	11,862	12,228	بعد از ٹیکس منافع
12	37,053	41,416	گزر شدہ منافع
-38	69	43	مبین اثاثہ جات کی قدر و پیکائش سے منتقلی
100	-----	44	غیر بینکنگ اثاثہ جات کی قدر و پیکائش سے منتقلی
<b>10</b>	<b>48,984</b>	<b>53,731</b>	تصرف کیلئے دستیاب منافع
-12	(2,290)	(2,004)	سال تختہ 31 دسمبر، 2015ء کا حتمی کیش ڈیویڈنڈ 1.75 روپے فی حصص (2015: سال تختہ 31 دسمبر، 2014ء کیش ڈیویڈنڈ 2:00 روپے فی حصص)
-	(4,008)	(4,008)	عبوری کیش ڈیویڈنڈ برائے سال تختہ 31 دسمبر، 2016ء 3.50 روپے فی حصص (2015: عبوری کیش ڈیویڈنڈ برائے سال تختہ 31 دسمبر، 2015ء 3.50 روپے فی حصص)
3	(1,186)	(1,223)	ضوابطی ریزرو میں منتقلی
100	-----	(493)	متنبہ شدہ مفید منصوبوں کی دوبارہ پیکائش کے اثرات - بعد از ٹیکس
<b>11</b>	<b>41,500</b>	<b>46,003</b>	آگے منتقل کیا گیا منافع
<b>3</b>	<b>10.36</b>	<b>10.68</b>	فی حصص آمدنی (EPS) روپے

بورڈ انتہائی مسرت کے ساتھ پہلے سے ادا شدہ عبوری کیش ڈیویڈنڈ 3.50 روپے فی حصص کے علاوہ، عبوری کیشن ڈیویڈنڈ 2 روپے فی حصص کا اعلان کرتا ہے۔ 30 ستمبر، 2016ء کو اختتام پذیر ہونے والی نو ماہی کا عبوری کیش ڈیویڈنڈ 5.50 روپے فی حصص (30 ستمبر، 2015: 5.25 روپے فی حصص) ہے۔

معاشی جائزہ:

مالی سال 2016-17 میں پاکستان کے جی ڈی پی (GDP) کی ترقی کا تخمینہ 5.2 فیصد کی پرامیڈیکس پر ہے جو گزشتہ مالی سال 2015-16 میں 4.7 فیصد تھا۔ حکومت کی وسیع اقتصادی اور بنیادی اصلاحات کے پروگرام، تیل کی گرتی قیمتوں میں مسلسل کمی اور امن و امان کی صورتحال میں بتدریج بہتری کے مجموعی اثرات مستقبل کے بارے میں مثبت امکانات کے مظہر ہیں۔ زرعی شعبہ میں ناکامی، توانائی کی کمی پر قابو پانے کے چیلنجز اور غیر ملکی ترسیلات زر میں کمی کے رجحان کے باوجود افراط زر اور کرنٹ اکاؤنٹ (Current Account) کے خسارہ میں توقع سے زیادہ کمی آئی ہے، جبکہ غیر ملکی زرمبادلہ کے ذخائر بڑھنے سے بجٹ کے خسارہ میں بھی کمی واقع ہوئی ہے۔

موجودہ زیر نظر عرصہ کے دوران پاکستان نے آئی ایم ایف (IMF) کے تین سالہ توسیعی امدادی پروگرام کے تحت 6.5 ارب امریکی ڈالر کے معاشی اصلاحات کے نظام پر خاطر خواہ انداز میں عمل درآمد کیا ہے۔ مالی سال 2016-17ء کی پہلی سہ ماہی میں براہ راست غیر ملکی سرمایہ کاری 249.3 ملین امریکی ڈالر تک کم ہوئی تاہم چائنہ پاک معاشی راہداری (CPEC) سے براہ راست غیر ملکی سرمایہ کاری میں بہتری متوقع ہے۔ مالی سال 2016-17ء کی پہلی سہ ماہی میں ترسیلات زر میں 4,698 ملین امریکی ڈالر کی کمی رہی جو پچھلے سال اسی تقابلی مدت میں 4,967 ملین امریکی ڈالر تھی، جو ٹیکس ریاستوں کی معیشت میں تیل کی گرتی قیمتوں کے ناموافق اثرات سے منسلک ہے۔ برآمدات کی ترقی میں انحطاط پذیری کا رجحان اس مدت میں بھی جاری رہا اور اس ضمن میں مالی سال 2016-17ء کی نسبت 14 فیصد کمی منظر پر کارڈ کی گئی۔ تاہم غیر ملکی زرمبادلہ کے مجموعی ذخائر ستمبر 2016ء کے اختتام تک 23,612 ملین امریکی ڈالر کی حوصلہ افزاء سطح پر رہے۔

بڑے پیمانے پر شایا سرمایہ کاری ڈی پی (GDP) میں حصہ 10 فیصد رہا جس میں نمایاں کردار تعمیرات، کاسازی، لکھا، دوسرا دوای اور ہیئٹ کے شعبوں کا رہا، جن میں سال بہ سال کی بنیاد پر مالی سال 2016-17ء کے پہلے مہینے میں 2.62 فیصد کا اضافہ ریکارڈ کیا گیا۔ ٹرانس مل 2016ء کے ذریعے جائیداد خرید و فروخت کا روبر سے متعلقہ اقدام نگلن میں حالیہ تبدیلیاں معیشت کیلئے ایک اور بڑا پیش قدمی ہے۔ تاہم پاکستان شاگ انکیچ (PSX) نے اپنے مسلسل اضافے کے عمل کو جاری رکھا اور KSE-100 انڈکس 40,000 پوائنٹس کی نفسیاتی حد کو عبور کرتے ہوئے 40,542 پوائنٹس پر بند ہوا جو کہ سرمایہ کاروں کے اعتماد میں مسلسل اضافہ کا عکاس ہے۔

زرویٹ (M2) کی رسد میں مالی سال 2016-17ء کی پہلی سہ ماہی میں 0.35 فیصد کا اضافہ ہوا۔ زیر گردش کرنسی مجموعی طور پر جنوری تا ستمبر 2016ء کے دوران 16.3 فی صد اضافے کے ساتھ 3,357 بلین روپے رہی۔ بینکاری کے شعبہ میں ڈیپازٹ کی شرح نمو 30 ستمبر 2016ء کو اختتام پذیر سہ ماہی میں بھی محدود رہی اور محض 0.4 فی صد اضافے کے ساتھ اس کا حجم 10,511 بلین روپے تک جا پہنچا۔ نیٹ بینک آف پاکستان کی نمایاں معاشی بھولوں کے باوجود، نجی شعبہ کی قرض حاصل کرنے کی طلب بھی سست روی کا شکار رہی جبکہ مجموعی قرض خاٹا 4 فیصد کے معمولی اضافے کے ساتھ 5,120 بلین روپے رہے۔ قرض کے بہتر مواقع کے فقدان کی بدولت خالص اضافی وسائل کا رخ حکومتی قرضے میں سرمایہ کاری کی طرف رہا۔ 1,423 بلین روپے کے غیر المٹانغ پاکستان انونٹ بائڈ (PIB) کی بیجیٹی سے تریبی مل (T.Bills) کی سرمایہ کاری کا حصہ بڑھنے کا امکان ہے اور پاکستان انونٹ بائڈ (PIB) میں سرمایہ کاری میں کمی کی واقع ہوگی۔ ججکا مجموعی اثر خالص مارک اپ بچت پر پڑے گا۔

صارتی اعشاریہ قیمت (CPI) سال بہ سال کی بنیاد پر 4 فیصد کے قریب رہی، جبکہ افراط زر مالی سال 2016-17ء کی پہلی سہ ماہی میں 3.86 فیصد کی سطح تک جا پہنچا۔ قلیل ووسط مدت تک افراط زر اسی سطح پر متوقع ہے جو سائٹ بک آف پاکستان کی Monetary Easing Stance میں مسلسل سہولت فراہم کرے گا۔ افراط زر میں کمی کے پیش نظر سائٹ بک آف پاکستان نے زیر نظر سہ ماہی پالیسی ریٹ کو 5.75 فیصد کی سطح پر برقرار رکھا ہے۔

دنیا کی معیشت میں سست روی جس کا سال 2016ء میں ترقی کی شرح نمو کا تخمینہ 2.4 فیصد ہے۔ اسی طرح ابھرتی اور ترقی پذیر مینڈیوں کو مشکلات اور پیش رہیں اور جدید معیشتوں کو بھی ترقی میں کڑو ہوا مل کا سامنا رہا۔ غیر تقیتی عالمی تجارت اور سرمایہ کی نقل و حمل نے ایشاء کے درآمد کنندگان اور برآمد کنندگان کے مابین پیچلاؤ کو تیز کیا ہے۔ مالی سال 2016-17ء کی پہلی سہ ماہی میں تیل کی قیمت 45-40 امریکی ڈالر کے درمیان رہی تاہم ستمبر 2016ء کے آخر میں OPEC ممالک آٹھ سال میں پہلی دفعہ تیل کی پیداوار میں کمی پر متفق ہوئے تاکہ تیل کی قیمت میں استحکام لایا جاسکے اور تیل کی وافر رسد پر قابو پایا جاسکے۔ جس کے نتیجے میں تیل کی قیمت پچھلے بارہ ماہ کی بلند ترین سطح 50 امریکی ڈالر فی بیرل تک پہنچ گئی ہے۔

### مالیاتی جائزہ:

اس زیر نظر عرصہ میں بینکنگ کے شعبہ پر محدود ہوتے ہوئے تفاوت (Spread) قرضوں کے موزوں مواقع کے فقدان، ڈیپازٹ کی بڑھتی ہوئی زیادہ اور کاروباری اخراجات میں اضافہ جیسے چیلنجز پر برقرار رہے۔ بالا ذکر زیادہ منافع کے حامل PIBs کی اس تیسری سہ ماہی میں بیجیٹی سے اس شعبہ کے خالص بچت (Margin) میں مزید زیادہ متوقع ہے۔ تاہم متاثر طویل مدتی لانجھل کی بناء پر، جس کا موثر کسٹمز سروس، بینکارا جی سے مزین بینکنگ اور رسک مینجمنٹ سلوشنز، بہترین خصوصیت کے حامل قرضہ جات اور کاروباری کارکردگی ہے۔ آگے کے بینک نے متحرک رہتے ہوئے سخت منتظلی ماحول میں بھی مستحکم افزائش حاصل کی ہے۔

آپ کے بینک کا بعد ازنگلن منافع 3.1 فیصد کی نمو کے ساتھ 30 ستمبر، 2016ء کو اختتام پذیر عرصہ میں 12,228 بلین روپے تک تھا جو کہ سال 2015ء کی اسی تقابلی مدت میں 11,862 بلین روپے تھا۔ سال 2015ء میں عائد شدہ یک مدتی 4 فیصد پر نگلن کو 2015ء کی قابل نگلن آمدنی پر بھی نافذ کیا گیا جسکی بدولت 950 ملین کے اضافی نگلن اخراجات ہوئے اور 30 ستمبر، 2016ء کو اختتام پذیر فرومایہ کے عرصہ کا اوسط نگلن ریٹ 39.9 فیصد تک جا پہنچا۔ آپ کے بینک کی فی حصص آمدنی (EPS) 10.68 روپے فی حصص رہی جبکہ سال 2015ء کی اسی تقابلی مدت میں یہ 10.36 روپے فی حصص تھی 30 ستمبر 2016ء کو اختتام پذیر مدت میں اثاٹوں سے حاصل ہونے والی آمدنی (ROA) بشمول پچھلے سال کے نگلن اخراجات کے باوجود 1.61 فیصد رہی جو کہ سال 2015ء کی اسی تقابلی مدت میں 1.76 فیصد تھی۔ پچھلے سال سے متعلقہ نگلن اخراجات کو مثال کے بغیر آپ کے بینک کی PAT، EPS اور ROA میں اضافہ ہے جو کہ بالترتیب 13,177 بلین روپے، 11.51 روپے فی حصص اور 1.74 فیصد ہے۔ نگلن ازنگلن منافع 30 ستمبر، 2016ء کو 20,344 بلین روپے رہا جبکہ سال 2015ء کی اسی تقابلی مدت میں یہ 20,513 بلین روپے تھا۔

آپ کے بینک کی خالص مارک اپ آمدنی (Net Interest Income) 30 ستمبر، 2016ء کو اختتام پذیر ہونے والی فرومایہ کے عرصہ میں مجموعی طور پر 25,946 بلین روپے رہی جبکہ 2015ء کی اسی تقابلی عرصہ میں اس کا حجم 26,776 بلین روپے تھا۔ اس کی بڑی وجہ پیش مارک ریٹ کی کمی اور اس کے ساتھ ساتھ زیر نظر عرصہ میں پاکستان انونٹ بائڈ (PIB) کی بیجیٹی کی وجہ سے اثاٹ جات کے توازن میں تبدیلی ہے۔

موثر رسک مینجمنٹ کی اصلاحات پر مسلسل ارتکا کی بدولت غیر فعال قرضوں کی مد میں 30 ستمبر، 2016ء کو اختتام پذیر ہونے والی فرومایہ کے دوران 292 بلین روپے کی ریورسل (Reversal) ہوئی۔ جبکہ 30 ستمبر 2015ء میں ان اخراجات کا حجم 466 بلین روپے کا چارج (Charge) تھا۔

غیر مارک اپ آمدنی 13 فی صد اضافے کے ساتھ 30 ستمبر، 2016 میں 8,824 ملین روپے رہی جبکہ ستمبر 2015 میں یہ 7,806 ملین روپے تھی۔ اس اضافے کا سبب 2,691 ملین روپے کا سرمایہ حاصل (Capital Gain) ہے جو پچھلے سال کی اسی تقابلی مدت میں 602 ملین روپے تھا۔ فیس اور کمیشن آمدنی 3,023 ملین روپے رہی جو پچھلے سال اسی عرصہ میں 2,766 ملین روپے تھا۔ مندرجہ بالا اضافوں نے پچھلے سال موصول ہونے والے 820 ملین روپے کے ٹیکس ریفرنڈ سے پیدا ہونے والے خلاء کو پُر کیا۔

زیر نظر عرصہ میں آپ کے بینک کی وسعت 1,077 برانچوں تک پہنچ چکی ہے جبکہ ATMs کی تعداد 1,025 رہی۔ باوجود اس امر کے کہ بینک کی بنیادی قوی اسکی وسعت بذریعہ ٹیکنالوجی و تعمیراتی ترقی اور اس کے ساتھ ساتھ افرادی وسائل کی اضافی لاگت کی طرف رہی؛ انتظامی اخراجات کے اضافے کو 8.7 فی صد تک محدود رکھتے ہوئے 14,094 ملین روپے ریکارڈ کئے گئے۔

30 ستمبر، 2016 تک آپ کے بینک کے ڈیپازٹ 758,005 ملین روپے رہے بہ نسبت 31 دسمبر، 2015 کے جب اس کا حجم 734,596 ملین روپے تھا۔ قرضوں کے موزوں مواقع میں مسلسل کمی کے باوجود غرضہ 30 ستمبر، 2016 کو 334,011 ملین روپے رہے۔ 31 دسمبر، 2015 کو ان کا حجم 321,605 ملین روپے تھا۔ 30 ستمبر، 2016 کو سرمایہ کاری کا حجم 3.1 فی صد اضافے کے ساتھ 561,315 ملین روپے رہا جبکہ 31 دسمبر، 2015 سرمایہ کاری کا حجم 544,349 ملین روپے رہا۔

ٹیکنالوجی سے مزین رسک مینجمنٹ فریم ورک کے اطلاق کی بدولت آپ کے بینک نے غیر فعال قرضوں کو مزید کم کیا ہے جو کہ 30 ستمبر، 2016ء پر 1,250 ملین روپے کی کمی کے ساتھ 20,653 ملین روپے تک پہنچے۔ بینک نے 30 ستمبر، 2016ء کو اختتام پذیر اس نوامی کے عرصہ کیلئے متعین کردہ غیر فعال قرضوں کے اخراجات کا تخمینہ لگاتے ہوئے اپنے اثاثوں کی قیمت فروخت لازم FSV کی نوآمد کو فراہم کیا۔ 30 ستمبر، 2016ء کو Infection Ratio کم ہوتے ہوئے 5.9 فی صد تک جا پہنچی جو کہ 31 دسمبر، 2015ء کو 6.4 فی صد کے تناسب پر برقرار تھی۔ جبکہ آپ کے بینک کی Coverage Ratio 30 ستمبر، 2016ء تک بڑھتے ہوئے 90.9 فی صد تک جا پہنچی جو کہ 31 دسمبر، 2015ء کو 87.2 فی صد تھی۔

آپ کے بینک کے کل اثاثا جات اور سرمایہ 30 ستمبر، 2016ء تک بالترتیب 1,029,574 ملین روپے اور 99,109 ملین روپے رہے۔ 31 دسمبر، 2015ء تک نسبتی کل اثاثوں اور سرمایہ میں اضافے کی شرح بالترتیب 4 فی صد اور 11 فی صد رہی۔

### مستقبل کا نقطہ نظر:

عالمی معیشت کو درپیش چیلنجز کے باوجود GDP میں بتدریج اضافہ سال 2018 تک 3 فی صد متوقع ہے۔ پاکستان کے GDP کے مثبت اضافے کے امکانات کا انحصار بھی چند عوامل پر ہے جن میں وسیع معاشی استحکام کا جاری رہنا، توانائی کی رسد میں متوقع بہتری، بتدریج بہتر ہوتی ہوئی ٹیکنالوجی سے متعلقہ معاملات میں مزید بہتری اور ملک گیر بنیادی ڈھانچے کی ترقی شامل ہیں۔ چنانچہ پاک معاشی ادارہ (CPEC) سے متصل منصوبوں کی تکمیل اور اس کے ساتھ ساتھ مالیاتی خسارہ میں متعین شدہ کمی، غیر ملکی براہ راست سرمایہ کاری کا بہاؤ، اور موجودہ اخراجات میں دوگنی کے عمل کا جاری رہنا ہے۔ ٹیکس اور GDP کے تناسب میں بہتری کیلئے نئے ریونیو حاصل کرنے کے اقدامات سے استفادہ، غیر دستاویزی معیشت اور کرنسی کے پھیلاؤ کو محدود رکھنا، Public Sector Enterprise (PSE) کی نجکاری اور تعمیر نو اور اندرونی قرضوں میں اضافہ کی روش کو کم کرنا وہ چند اہم بڑے عوامل ہیں جو پاکستان کی طویل المدتی مالیاتی اور معاشی ترقی کے ضامن ہیں۔ پاکستان کی مئی 2017ء سے MSCI کے ابھرتی منڈیوں کے انڈیکس میں شمولیت کے باعث غیر ملکی فنڈز سے مزید سود مند سرمایہ کاری متوقع ہے۔

بینکنگ کے شعبہ کو درپیش مشکلات برقرار ہیں جیسا کہ ٹینج مارک ریٹ کام ترین سطح پر ہونا، بینکنگ کا شعبہ میں تقاوت (Spread) کا سال بہ سال کی بنیاد پر 44 پوائنٹس کم ہونا اور اگست 2016ء تک 5.09 فی صد تک پہنچنا اور اس کے علاوہ نان فائلڈز کی بینک کے ذریعہ لین دین پر دو ہولڈنگ ٹیکس کے نافذ کے باعث ڈیپازٹ کی افزائش میں کمی، بینکنگ سیکٹر پر 4 فی صد پر ٹیکس کا مسلسل نافذ، جولائی تا اگست 2016 میں PIBs کی 1,423 ملین روپے کی میچورٹی اور قرض کی طلب میں کمی وہ بنیادی چیلنجز ہیں جن کے باعث بینکنگ کے شعبہ کی منافع حاصل کرنے کی استطاعت قلیل مدت میں متاثر ہو سکتی ہے۔

زیر نظر عرصہ میں آپ کے بینک نے Pay Pak Debit Card کا اجرا کیا ہے۔ یہ ایک اندرون ملک ادائیگیوں کا نظام ہے۔ اس میں صارف بین الاقوامی ادائیگیوں کے نظام جیسے ویزا (Visa) سے آزاد رہتا ہے۔ Pay Pak اندرون ملک صارفین کو پورے ملک میں لین دین کرنے کی سہولت فراہم کرتا ہے۔ علاوہ ازیں آپ کا بینک ایک اور سگنل میبل عبور کرتے ہوئے اب EMV Compliant ہو گیا ہے۔ اس طرح، VISA کی مکمل اجازت کے ساتھ، آپ کا بینک EMV-Chip Debit Card جاری اور حاصل کرنے کے دونوں شعبوں میں صلاحیت حاصل کر چکا ہے۔ ان ٹیکنیکوں کا اجراء آئندہ بینکاری کے دیگر اسلوب کے فروغ اور مضبوطی کا باعث بنے گا۔ آپ کا بینک انتہائی چابکدستی سے مذکورہ بالا عوامل کی وجہ سے تبدیل ہوتی رانکسٹس کا اپنے بہترین اثاثا جات کی خصوصیت پر انتخاب ارتکاز کی بدولت بھر پور مقابلہ کر رہا ہے اور اس کے ساتھ ساتھ ڈیپازٹ میں بڑھوتی اور لاگت میں کمی کی طرف بھی متوجہ ہے۔

کثیرالجہت حکمت عملی کے باعث جس میں روایتی اور متبادل سروس چینلوں کا فروغ؛ یکینا لوتی سے مزین خود کار پروڈکٹس، خدمات اور طریقہ کار؛ مضبوط رسک مینجمنٹ فریم ورک اور اسلامی بنکاری میں محتاط وسعت شامل ہے۔ آپ کا بینک اپنے اسٹیک ہولڈرز کیلئے بیلیٹس شیٹ پر کوئی سمجھوتہ کے بغیر مستحکم منافع حاصل کرنے کیلئے پرامید ہے۔

### کریڈٹ ریٹنگ:

الائیڈ بینک کو طویل المدتی اور مختصر المدتی ریٹنگ بالترتیب ڈبل اے پلس AA+ اور اے ون پلس A1+ حاصل ہیں جسے پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے جاری کیا ہے۔ یہ درجہ بندی ظاہر کرتی ہے کہ کریڈٹ کو اعلیٰ کا معیار نہایت بلند درجہ پر ہے۔

### کارپوریٹ گورننس:

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

### ایوارڈ:

پاکستانی سرمایہ کاروں کو بروہتی خدمات کے اعتراف میں CFA Society Paksitan نے بینک کو مستقل آمدنی کی کٹیگری میں بطور Corporate Finance House دوسری پوزیشن سے نوازا ہے۔

### تسلیم و تحسین:

الائیڈ بینک کی جانب سے ہم شکر یہ ادا کرتے ہیں اپنے معزز صارفین، جنہوں نے اپنی بینکاری کی ضروریات کے لئے الائیڈ بینک کا انتخاب کیا، ہمارے شیئر ہولڈرز جنہوں نے ہم پر اعتماد کیا، ہمارے ملازمین کا جنہوں نے انتھک محنت کی اور اسٹیٹ بینک آف پاکستان بمعدہ دیگر ریگولیٹری اداروں کا جنہوں نے مسلسل تعاون کیا۔

طارق محمود

چیف ایگزیکٹو آفیسر

تاریخ: 21 اکتوبر 2016ء

لاہور

**Unconsolidated Condensed  
Interim Financial Statements**

**Allied Bank Limited**

for the nine months ended September 30, 2016

# Unconsolidated Condensed Interim Statement of Financial Position

as at September 30, 2016

	Un-audited Note September 30, 2016	Audited December 31, 2015
<b>Rupees in '000</b>		
<b>ASSETS</b>		
Cash and balances with treasury banks	77,168,448	56,711,573
Balances with other banks	1,231,400	4,077,598
Lendings to financial institutions	6 1,000,000	3,356,091
Investments	7 561,315,168	544,349,490
Advances	8 334,010,892	321,605,140
Operating fixed assets	30,442,494	28,849,577
Deferred tax assets	-	-
Other assets	24,406,115	32,716,043
	<b>1,029,574,517</b>	<b>991,665,512</b>
<b>LIABILITIES</b>		
Bills payable	6,108,996	4,942,189
Borrowings	9 138,168,795	137,959,818
Deposits and other accounts	10 758,004,889	734,596,166
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	10,169,874	8,907,457
Other liabilities	18,012,507	16,003,425
	<b>930,465,061</b>	<b>902,409,055</b>
<b>NET ASSETS</b>	<b>99,109,456</b>	<b>89,256,457</b>
<b>REPRESENTED BY</b>		
Share capital	11 11,450,739	11,450,739
Reserves	16,316,092	15,102,026
Unappropriated profit	46,002,659	41,415,882
	73,769,490	67,968,647
Surplus on revaluation of assets - net of tax	25,339,966	21,287,810
	<b>99,109,456</b>	<b>89,256,457</b>

## CONTINGENCIES AND COMMITMENTS

12

The annexed notes 1 to 21 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, 2016

	Note	Nine months ended		Quarter ended	
		September 30, 2016	2015	September 30, 2016	2015
<b>Rupees in '000</b>					
Mark-up / return / interest earned	13	49,990,694	54,014,289	15,393,830	17,644,749
Mark-up / return / interest expensed	14	24,044,908	27,238,671	7,152,672	8,254,165
Net mark-up / interest income		25,945,786	26,775,618	8,241,158	9,390,584
(Reversal) / provision against non-performing loans and advances		(291,608)	466,281	(471,964)	(75,498)
Provision for diminution in the value of investments		62,705	7,945	-	-
Bad debts written off directly		-	-	-	-
		(228,903)	474,226	(471,964)	(75,498)
<b>Net mark-up / interest income after provisions</b>		<b>26,174,689</b>	<b>26,301,392</b>	<b>8,713,122</b>	<b>9,466,082</b>
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee, commission and brokerage income		3,023,327	2,766,265	884,790	699,465
Dividend income		2,509,195	2,763,027	542,722	992,876
Income from dealing in foreign currencies		514,078	666,140	176,259	197,897
Gain on sale of securities		2,690,839	601,753	237,456	185,183
Unrealized gain / (loss) on revaluation of investments classified as 'held-for-trading'		650	26,044	(3,256)	17,874
Other income		86,091	983,339	16,079	38,682
Total non mark-up / interest income		8,824,180	7,806,568	1,854,050	2,131,977
		34,998,869	34,107,960	10,567,172	11,598,059
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Administrative expenses		14,093,984	12,967,669	4,803,293	4,407,193
Provision against other assets		38,717	53,350	12,000	12,000
(Reversal) / provision against off-balance sheet obligations		(13,605)	57,785	(24,387)	79,927
Other charges		535,884	515,809	137,512	164,190
Total non mark-up / interest expenses		14,654,980	13,594,613	4,928,418	4,663,310
Extra-ordinary / unusual items		-	-	-	-
<b>PROFIT BEFORE TAXATION</b>		<b>20,343,889</b>	<b>20,513,347</b>	<b>5,638,754</b>	<b>6,934,749</b>
<b>Taxation</b>					
Current		7,364,164	7,173,721	1,939,691	2,354,037
Prior years	15	949,657	1,460,245	(4,362)	-
Deferred		(197,438)	17,614	77,359	75,636
		8,116,383	8,651,580	2,012,688	2,429,673
<b>PROFIT AFTER TAXATION</b>		<b>12,227,506</b>	<b>11,861,767</b>	<b>3,626,066</b>	<b>4,505,076</b>
Unappropriated profit brought forward		41,415,882	37,053,691	45,222,326	39,422,456
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		<b>46,002,659</b>	<b>41,500,267</b>	<b>46,002,659</b>	<b>41,500,267</b>
<b>Earnings per share - Basic and Diluted</b>					
(In Rupees)	16	10.68	10.36	3.17	3.93

The annexed notes 1 to 21 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, 2016

	Nine months ended September 30,		Quarter ended September 30,	
	2016	2015	2016	2015
<b>Rupees in '000</b>				
<b>Profit after taxation for the period</b>	12,227,506	11,861,767	3,626,066	4,505,076
<b>Other comprehensive income:</b>				
<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	(8,685)	36,344	(4,917)	45,933
<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 charge	265,862	–	265,862	–
	(493,744)	–	(493,744)	–
<b>Other comprehensive income for the period- net of tax</b>	<b>(502,429)</b>	<b>36,344</b>	<b>(498,661)</b>	<b>45,933</b>
<b>Comprehensive income transferred to equity</b>	<b>11,725,077</b>	<b>11,898,111</b>	<b>3,127,405</b>	<b>4,551,009</b>
<b>Components of comprehensive income not reflected in equity:</b>				
<i>Items to be reclassified to profit and loss account in subsequent periods:</i>				
Net change in fair value of 'available-for- sale' securities	4,992,585	7,657,919	(147,986)	364,829
Related deferred tax charge	(1,747,405)	(5,211,301)	51,795	(127,546)
	3,245,180	2,446,618	(96,191)	237,283

The annexed notes 1 to 21 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, 2016

Nine months ended  
September 30, 2016      September 30,  
2015      2015

	Rupees in '000	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	20,343,889	20,513,347
Less: Dividend income	(2,509,195)	(2,763,027)
	17,834,694	17,750,320
<b>Adjustments for non-cash items:</b>		
Depreciation / amortization	1,623,398	1,499,553
(Reversal) / provision against non-performing loans and advances	(291,608)	466,281
Provision for diminution in the value of investments	62,705	7,945
Unrealized gain on revaluation of 'held-for-trading' securities	(650)	(26,044)
(Reversal) / provision against off balance sheet obligations	(13,605)	57,785
Provision against other assets	38,717	53,350
Provision for workers welfare fund	420,809	410,267
Gain on sale of operating fixed assets	(31,700)	(30,498)
Loss on sale of other assets	2,294	-
	1,810,360	2,438,639
	19,645,054	20,188,959
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	2,356,091	(21,629,642)
Investments - 'held-for-trading' securities	(2,755,449)	(6,904,733)
Advances	(12,122,402)	6,919,138
Other assets (excluding advance taxation)	8,756,626	4,947,489
	(3,765,134)	(16,667,748)
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	1,166,807	(132,345)
Borrowings	290,604	65,463,504
Deposits	23,408,723	38,085,651
Other liabilities	1,465,723	320,817
	26,331,857	103,737,627
	42,211,777	107,258,838
Income tax paid	(8,231,583)	(2,931,146)
<b>Net cash flow from operating activities</b>	<b>33,980,194</b>	<b>104,327,692</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net (investments) in 'available-for-sale' securities	(116,266,942)	(100,918,636)
Net realization / (investments) in 'held-to-maturity' securities	106,987,243	(1,681,009)
Dividend income received	2,124,641	1,790,981
Investments in operating fixed assets	(3,204,928)	(1,799,236)
Proceeds from sale of assets	42,836	103,101
<b>Net cash used in investing activities</b>	<b>(10,317,150)</b>	<b>(102,504,799)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of sub-ordinated loan	-	(2,994,000)
Dividend paid	(5,979,605)	(6,268,048)
<b>Net cash used in financing activities</b>	<b>(5,979,605)</b>	<b>(9,262,048)</b>
Effect of translation of net investment in foreign operating branches	8,685	(8,051)
<b>Increase / (decrease) in cash and cash equivalents during the period</b>	<b>17,692,124</b>	<b>(7,447,206)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>60,687,303</b>	<b>41,979,844</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>78,379,427</b>	<b>34,532,638</b>

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

# Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited) for the nine months ended September 30, 2016

	Share Capital	Capital Reserve Exchange Translation Reserve	Statutory Reserve	Revenue Reserves		Total
				General Reserve	Un-appropriated Profit	
Rupees in '000						
<b>Balance as at January 01, 2015 (Audited)</b>	11,450,739	28,293	13,515,062	6,000	37,053,691	62,053,785
<b>Changes in equity during the nine months ended September 30, 2015</b>						
<b>Total comprehensive income for the nine months ended September 30, 2015</b>						
Net profit for the nine months ended September 30, 2015	-	-	-	-	11,861,767	11,861,767
Effect of translation of net investment in foreign operating branches	-	36,344	-	-	-	36,344
	-	36,344	-	-	11,861,767	11,898,111
<b>Transactions with owners recognized directly in equity</b>						
Final cash dividend for the year ended December 31, 2014 (Rs. 2 per ordinary share)	-	-	-	-	(2,290,148)	(2,290,148)
First interim cash dividend for the year ended December 31, 2015 (Rs. 1.75 per ordinary share)	-	-	-	-	(2,003,879)	(2,003,879)
Second interim cash dividend for the year ended December 31, 2015 (Rs. 1.75 per ordinary share)	-	-	-	-	(2,003,879)	(2,003,879)
	-	-	-	-	(6,297,906)	(6,297,906)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	68,892	68,892
Transfer to statutory reserve	-	-	1,186,177	-	(1,186,177)	-
<b>Balance as at September 30, 2015</b>	11,450,739	64,637	14,701,239	6,000	41,500,267	67,722,882
<b>Changes in equity during the quarter ended December 31, 2015</b>						
<b>Total comprehensive income for the quarter ended December 31, 2015</b>						
Net profit for the quarter ended December 31, 2015	-	-	-	-	3,258,540	3,258,540
Effect of remeasurement of defined benefit plans net of deferred tax	-	-	-	-	(1,043,973)	(1,043,973)
Effect of translation of net investment in foreign operating branches	-	4,296	-	-	-	4,296
	-	4,296	-	-	2,214,567	2,218,863
<b>Transactions with owners recognized directly in equity</b>						
Third interim cash dividend for the year ended December 31, 2015 (Rs. 1.75 per ordinary share)	-	-	-	-	(2,003,879)	(2,003,879)
	-	-	-	-	(2,003,879)	(2,003,879)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	30,781	30,781
Transfer to statutory reserve	-	-	325,854	-	(325,854)	-
<b>Balance as at December 31, 2015 (Audited)</b>	11,450,739	68,933	15,027,093	6,000	41,415,882	67,968,647
<b>Changes in equity during the nine months ended September 30, 2016</b>						
<b>Total comprehensive income for the nine months ended September 30, 2016</b>						
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
<b>Transactions with owners recognized directly in equity</b>						
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 ending December 31, 2016 (Rs. 1.75 per ordinary share)	-	-	-	-	(2,003,879)	(2,003,879)
Second interim cash dividend for the year ending 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)	-
<b>Balance as at September 30, 2016</b>	11,450,739	60,248	16,249,844	6,000	46,002,659	73,769,490

The annexed notes 1 to 21 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, 2016

## 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 1,075 branches including 43 Islamic banking branches (December 31, 2015: 1,048 branches including 27 Islamic banking branches) in Pakistan, 1 branch (December 31, 2015: 1) in Karachi Export Processing Zone and 1 wholesale banking branch (December 31, 2015: 1) in Bahrain. The long term credit rating of the Bank assigned by the Pakistan Credit Rating Agency Limited (PACRA) is 'AA+'. Short term rating of the Bank is 'A1+'. The Bank is the holding company of ABL Asset Management Company Limited.

The registered office of the Bank is situated at 3-Tipu Block, Main Boulevard, New Garden Town, Lahore.

## 2 STATEMENT OF COMPLIANCE

2.1 These unconsolidated condensed interim financial statements of the Bank for the nine months ended September 30, 2016 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting issued by the International Financial Reporting Board and Islamic Financial Accounting Standards (IFAS) issued by The Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by the State Bank of Pakistan (SBP). In case where the requirements differ, the provisions of the Banking Companies Ordinance 1962, Companies Ordinance 1984 and the directives of the SBP have been followed.

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 The Securities and Exchange Commission of Pakistan (SECP) vide SRO 56 (1) / 2016 dated 28 January 2016, has notified that the requirements of International Financial Reporting Standard 10, Consolidated Financial Statements (IFRS 10) and section 237 of the Companies Ordinance 1984 will not be applicable with respect to the investment in mutual funds established under Trust structure.

2.5 These unconsolidated condensed interim financial statements are being submitted to the shareholders in accordance with section 245 of the Companies Ordinance, 1984.

## 3 BASIS OF MEASUREMENT

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

- Investments;
- Certain operating fixed assets;
- Assets acquired in satisfaction of claims;
- Derivatives; and
- Staff retirement benefits.

## 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

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2016

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, 2015.

- 4.2 The financial results of the Islamic Banking branches have been consolidated in these financial statements for reporting purposes. Key financial figures of the Islamic Banking branches are disclosed in Note 19 to these financial statements.
- 4.3 The Bank has adopted the following amendments and annual improvements to IFRSs, which became effective for the current period:
- Amendments to IAS 38 - Intangible Assets and IAS 16 - Property, Plant and Equipment
  - Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures
  - Amendments to IFRS 11 - Joint Arrangements
  - Amendments to IAS 27 - Separate Financial Statements
  - Amendments to IAS 16 - Property, Plant and Equipment and IAS 41 - Agriculture
  - Annual Improvements to IFRSs 2012-2014 Cycle

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

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

- 5.1 The accounting policies, underlying estimates 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, 2015, except for the following:

The Bank has changed its accounting policy of recording non-banking assets acquired in satisfaction of claims to comply with the requirements of the 'Regulations for Debt Property Swap', effective from the date of issuance by SBP vide its BPRD Circular No. 1 of 2016, dated January 1, 2016. In line with the guidance provided in the Regulations, the non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation of property is credited to the 'surplus on revaluation of assets' account and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property is charged to profit and loss account and not capitalised. Previously, Non-banking assets acquired in satisfaction of claims were carried at cost less impairment, if any.

Effect of change in policy is as follows:

**Rupees in '000**

### Impact on statement of financial position:

Increase in non-banking assets	852,200
Increase in accumulated depreciation	14,564
Increase in surplus on revaluation	852,015
Increase in deferred tax liability (Surplus on revaluation)	1,667
Increase in deferred tax liability (Accelerated depreciation)	18,944

### Impact on profit and loss account:

Deficit on revaluation	2,717
Depreciation expense	14,629
Deferred tax	18,944

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2016

- 5.2** The financial risk management objectives and policies adopted by the Bank are consistent with that disclosed in the financial statements of the Bank for the year ended December 31, 2015.
- 5.3** The bank has an established control framework with respect to the measurement of fair values. The management regularly reviews significant observable and unobservable inputs and valuation adjustments. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques. The valuation of financial assets and financial liabilities are categorized and disclosed keeping in view the measurement requirements specified in note 2.2.

		Un-audited September 30, 2016	Audited December 31, 2015
Rupees in '000			
<b>6</b>	<b>LENDINGS TO FINANCIAL INSTITUTIONS</b>		
	Repurchase agreement lendings (Reverse Repo)	-	2,156,091
	Certificates of investment	6.1 70,000	70,000
	Call money lending	6.2 1,000,000	1,200,000
		1,070,000	3,426,091
	Provision against lendings to financial institutions	(70,000)	(70,000)
		1,000,000	3,356,091

**6.1** This represents a classified certificate of investment.

**6.2** This represents an unsecured call money lending, in local currency, carrying mark-up rate of 5.70% per annum and will mature on October 31, 2016.

## 7 INVESTMENTS

	Note	Held by Bank	Given as collateral	Total
Rupees in '000				
<b>Current period - September 30, 2016</b>				
<b>(Un-audited)</b>	7.1	460,298,724	101,016,444	561,315,168
<b>Prior year - December 31, 2015</b>				
<b>(Audited)</b>	7.1	444,364,189	99,985,301	544,349,490

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2016

	Un-audited As at September 30, 2016			Audited As at December 31, 2015		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
<b>Rupees in '000</b>						
<b>7.1 Investments by types:</b>						
<b>Held-for-trading securities</b>						
Market Treasury Bills	149,037	-	149,037	-	-	-
Pakistan Investment Bonds	2,606,412	-	2,606,412	-	-	-
	2,755,449	-	2,755,449	-	-	-
<b>Available-for-sale securities</b>						
Market Treasury Bills	209,365,843	7,459,246	216,825,089	113,476,903	25,054,061	138,530,964
Pakistan Investment Bonds	91,199,598	92,044,771	183,244,369	83,273,356	71,436,281	154,709,637
Ordinary shares of listed companies / certificates of close ended mutual funds	14,468,083	-	14,468,083	13,614,525	-	13,614,525
Preference shares	25,000	-	25,000	25,000	-	25,000
Units of open ended mutual funds	-	-	-	150,000	-	150,000
Ordinary shares of unlisted companies	2,281,262	-	2,281,262	2,123,767	-	2,123,767
Investment in related parties						
- Listed shares	8,142,520	-	8,142,520	8,142,520	-	8,142,520
- Unlisted shares	1,352,894	-	1,352,894	1,352,894	-	1,352,894
- Units of open ended mutual funds	-	-	-	135,000	-	135,000
Sukuk bonds	4,094,605	-	4,094,605	1,945,563	-	1,945,563
GOP Sukuk	5,331,573	-	5,331,573	5,359,194	-	5,359,194
GOP Ijara Sukuk	2,199,053	-	2,199,053	700,275	-	700,275
Foreign Currency Bonds (US\$)	4,737,016	-	4,737,016	-	-	-
Term Finance Certificates (TFCs)	4,446,418	-	4,446,418	4,179,005	-	4,179,005
	347,643,865	99,504,017	447,147,882	234,478,002	96,490,342	330,968,344
<b>Held-to-maturity securities</b>						
Pakistan Investment Bonds	83,156,960	-	83,156,960	185,697,197	-	185,697,197
GOP Sukuk	1,052,171	-	1,052,171	1,054,700	-	1,054,700
GOP Ijara Sukuk	100,000	-	100,000	150,319	-	150,319
Bai Muajjal Placements (GOP Sukuks)	272,275	-	272,275	272,275	-	272,275
Foreign Currency Bonds (US\$)	1,581,835	-	1,581,835	4,906,147	-	4,906,147
TFCs, Bonds and PTCs	358,879	-	358,879	1,428,725	-	1,428,725
	86,522,120	-	86,522,120	193,509,363	-	193,509,363
<b>Subsidiary</b>						
ABL Asset Management Company						
Limited	500,000	-	500,000	500,000	-	500,000
<b>Investment at cost</b>	437,421,434	99,504,017	536,925,451	428,487,365	96,490,342	524,977,707
Provision for diminution in the						
value of investments	(2,753,022)	-	(2,753,022)	(2,777,721)	-	(2,777,721)
<b>Investments (net of provisions)</b>	434,668,412	99,504,017	534,172,429	425,709,644	96,490,342	522,199,986
Surplus on revaluation of						
'held-for-trading' securities	650	-	650	-	-	-
Surplus on revaluation of						
'available-for-sale' securities	25,629,662	1,512,427	27,142,089	18,654,545	3,494,959	22,149,504
<b>Total investments at market value</b>	460,298,724	101,016,444	561,315,168	444,364,189	99,985,301	544,349,490

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2016

		Un-audited Note September 30, 2016	Audited December 31, 2015
Rupees in '000			
<b>8</b>	<b>ADVANCES</b>		
	Loans, cash credits, running finances, etc.		
	In Pakistan	337,931,072	324,565,262
	Outside Pakistan	8,055,848	9,290,527
		345,986,920	333,855,789
	Islamic financing and related assets	19.2 404,911	139,983
	Net investment in finance lease - in Pakistan	2,180,587	2,072,857
	Bills discounted and purchased (excluding treasury bills)		
	Payable in Pakistan	2,563,457	1,355,182
	Payable outside Pakistan	1,702,640	3,345,595
		4,266,097	4,700,777
	<b>Advances - gross</b>	<b>352,838,515</b>	<b>340,769,406</b>
	Provision for non-performing advances	8.1 & 8.3 (18,780,575)	(19,092,777)
	General provision	8.3 (47,048)	(71,489)
		(18,827,623)	(19,164,266)
	<b>Advances - net of provision</b>	<b>334,010,892</b>	<b>321,605,140</b>

8.1 Advances include Rs. 20,653.497 million (2015: Rs. 21,903.729 million) which have been placed under non-performing status as detailed below:-

Category of Classification	September 30, 2016 (Un-audited)				
	Classified Advances			Provision	Provision
	Domestic	Overseas	Total	required	held
Rupees in '000					
Other Assets Especially Mentioned	133,308	-	133,308	2,662	2,662
Substandard	883,117	-	883,117	218,156	218,156
Doubtful	282,332	-	282,332	141,166	141,166
Loss	19,354,740	-	19,354,740	18,418,591	18,418,591
	20,653,497	-	20,653,497	18,780,575	18,780,575

Category of Classification	December 31, 2015 (Audited)				
	Classified Advances			Provision	Provision
	Domestic	Overseas	Total	required	held
Rupees in '000					
Other Assets Especially Mentioned	152,314	-	152,314	4,496	4,496
Substandard	1,459,082	-	1,459,082	362,376	362,376
Doubtful	586,044	-	586,044	293,022	293,022
Loss	19,706,289	-	19,706,289	18,432,883	18,432,883
	21,903,729	-	21,903,729	19,092,777	19,092,777

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, 2016

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

	September 30, 2016 (Un-audited)			December 31, 2015 (Audited)		
	Specific	General	Total	Specific	General	Total
<b>Rupees in '000</b>						
Opening balance	19,092,777	71,489	19,164,266	19,694,645	115,919	19,810,564
Charge for the period / year	1,664,183	-	1,664,183	1,612,696	-	1,612,696
Reversals	(1,931,350)	(24,441)	(1,955,791)	(1,856,386)	(44,430)	(1,900,816)
Charge to profit and loss account	(267,167)	(24,441)	(291,608)	(243,690)	(44,430)	(288,120)
Amounts written off	(45,035)	-	(45,035)	(358,178)	-	(358,178)
Closing balance	18,780,575	47,048	18,827,623	19,092,777	71,489	19,164,266

8.4 The Bank has participated in a syndicated long term loan facility granted to Northern Power Generation Company Limited, valuing Rs. 5,160 million, which is secured against a government guarantee. Pursuant to its restructuring at the syndicate level, State Bank of Pakistan has allowed relaxation against classification vide Letter No. BPRD/ BRD-Policy/ 2015-22984 dated October 19, 2015 and vide Letter No. BPRD/ BRD-Policy/ 2015-29247 dated December 28, 2015.

	Un-audited	Audited
	September 30, 2016	December 31, 2015
<b>Rupees in '000</b>		
<b>9 BORROWINGS</b>		
<b>Details of borrowings (Secured / Unsecured)</b>		
<b>Secured</b>		
Borrowings from State Bank of Pakistan	12,937,854	15,610,860
Repurchase agreement borrowings	100,764,918	99,542,397
<b>Unsecured</b>		
Call borrowings	22,681,332	22,675,643
Overdrawn nostro accounts	20,421	101,868
Musharaka borrowing	1,700,000	-
Other borrowings	64,270	29,050
	24,466,023	22,806,561
	138,168,795	137,959,818

## 10 DEPOSITS AND OTHER ACCOUNTS

<b>Customers</b>		
Fixed deposits	160,770,444	195,785,765
Savings deposits	204,799,386	196,445,624
Current accounts - remunerative	96,805,358	88,742,639
Current accounts - non - remunerative	237,686,415	219,778,464
	700,061,603	700,752,492
<b>Financial Institutions</b>		
Remunerative deposits	55,681,310	30,912,849
Non - remunerative deposits	2,261,976	2,930,825
	758,004,889	734,596,166



# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2016

## 11 SHARE CAPITAL

### 11.1 Authorised capital

Un-audited September 30, 2016	Audited December 31, 2015		Un-audited September 30, 2016	Audited December 31, 2015
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, 2016	Audited December 31, 2015		Un-audited September 30, 2016	Audited December 31, 2015
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
9,148,550	9,148,550			
		8,400,000 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation of First Allied Bank Modaraba with Allied Bank Limited in accordance with the share swap ratio stipulated therein.	84,000	84,000
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 Fibers Limited, related party of the Bank, holds 194,041,916 (16.95%) [2015: 194,041,916 (16.95%)] ordinary shares of Rs.10 each, as at reporting date.

	Un-audited September 30, 2016	Audited December 31, 2015
	Rupees in '000	

## 12 CONTINGENCIES AND COMMITMENTS

### 12.1 Direct credit substitutes

Guarantees in favour of:		
Banks and financial institutions	5,194,129	10,136,906

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2016

	Un-audited September 30, 2016	Audited December 31, 2015
Rupees in '000		
<b>12.2 Transaction-related contingent liabilities</b>		
Guarantees in favour of:		
Government	341,738	337,994
Others	20,807,767	18,936,699
	21,149,505	19,274,693
<b>12.3 Trade-related contingent liabilities</b>	67,142,691	63,258,242
<b>12.4 Claims against the Bank not acknowledged as debt</b>	4,410,505	4,538,697
<b>12.5</b> 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, 2016	Audited December 31, 2015
Rupees in '000		
<b>12.6 Commitments in respect of :</b>		
Purchase of forward foreign exchange contracts	59,925,794	64,741,951
Sale of forward foreign exchange contracts	35,542,055	51,664,798
<b>12.7 Commitments in respect of :</b>		
Forward purchase of Federal Government securities	6,481,000	-
Forward sale of Federal Government securities	-	3,000,000
<b>12.8 Commitments in respect of:</b>		
Civil works	870,298	909,419
Acquisition of operating fixed assets	1,159,422	1,078,477
	2,029,720	1,987,896
<b>12.9 Commitments in respect of operating lease</b>	4,766,388	4,126,800

## 12.10 Other Contingencies

**12.10.1** There is no change in the status of contingencies, set out in note 22.10 to the unconsolidated financial statements of the Bank for the year ended December 31, 2015, 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 2015 for local and tax year 2016 for Azad Kashmir and Gilgit Baltistan operations. While finalizing income tax assessments upto tax year 2015, income tax authorities made certain add backs with aggregate tax impact of Rs. 22,347 million (2015: 20,572 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. 22,347 million (2015: 20,572 million). The management is confident that the outcome of these appeals/references will be in favor of the Bank.

Tax Authorities have conducted proceedings of withholding tax audit under section 161/205 of Income Tax Ordinance, 2001 for tax year 2003 to 2006 and tax year 2008 to 2015 and created an arbitrary demand of Rs. 1,429 million (2015: 1,290 million). The Bank's appeals before Commissioner Inland Revenue - Appeals (CIR(A)) / Appellate Tribunal Inland Revenue (ATIR) are pending for adjudication. The management is confident that these appeals will be decided in favor of the Bank; therefore, no provision has been made against the said demand of Rs. 1,429 million (2015: 1,290 million).

Tax authorities have also issued orders under Federal Excise Act, 2005/Sales Tax Act/Sindh Sales Tax on Services Act, 2011 for the year 2008 to 2014 thereby creating arbitrary aggregate demand of Rs. 890 million (2015: 633 million). The Bank's appeals before CIR(A) / Appellate Tribunal Inland Revenue (ATIR) are pending for adjudication. The management is confident that aforesaid demand will be deleted by appellate authorities and therefore no provision has been made against the said demand of Rs. 890 million (2015: 633 million).

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2016

12.10.3 While adjudicating foreign exchange repatriation cases of exporter namely: Fateh Textile Mills Limited, the Foreign Exchange Adjudicating Court ('FEAC') of the State Bank of Pakistan ('SBP') has arbitrarily adjudicated penalties against various banks including Rs. 2,173 million in aggregate against Allied Bank Limited (Bank). Against the said judgments, the Bank has filed appeals before the Appellate Board and Constitutional Petitions in the High Court of Sindh, Karachi. The Honorable High Court has granted relief to the Bank by way of interim orders. Based on merits of the appeals, the management is confident that these appeals shall be decided in favor of the Bank and therefore no provision has been made against the impugned penalty.

	Nine months ended September 30,		Quarter ended September 30,	
	2016	2015	2016	2015
<b>Rupees in '000</b>				
<b>13 MARK-UP / RETURN / INTEREST EARNED</b>				
<b>On loans and advances:</b>				
Customers	16,182,756	19,481,756	5,552,197	5,548,397
<b>On investments in:</b>				
'Available-for-sale' securities	20,065,090	16,808,254	6,904,377	6,049,133
'Held-to-maturity' securities	13,166,491	16,902,204	2,786,174	5,549,574
'Held-for-trading' securities	388,196	476,012	63,916	376,092
	<u>33,619,777</u>	<u>34,186,470</u>	<u>9,754,467</u>	<u>11,974,799</u>
On deposits with financial institutions	16,962	3,206	11,998	-
On securities purchased under resale agreements	105,348	304,566	47,425	107,950
On certificates of investment	-	5,393	-	1,847
On call money lending	65,851	32,898	27,743	11,756
	<u>49,990,694</u>	<u>54,014,289</u>	<u>15,393,830</u>	<u>17,644,749</u>

## 14 MARK-UP / RETURN / INTEREST EXPENSED

Deposits	17,607,648	19,817,173	5,805,191	6,142,925
Long term borrowing	181,550	315,887	58,448	73,431
Securities sold under repurchase agreements	4,456,146	4,345,487	929,555	1,409,130
Call money borrowing	508,796	707,772	166,063	352,999
Brokerage and commission	130,541	106,857	34,692	30,112
Markup on sub-ordinated loans	-	203,896	-	46,330
Other short term borrowings	1,160,227	1,741,599	158,723	199,238
	<u>24,044,908</u>	<u>27,238,671</u>	<u>7,152,672</u>	<u>8,254,165</u>

15 The amount represents super tax levied on taxable income of the Bank for tax year 2016 vide Finance Act, 2016.

	Nine months ended September 30,		Quarter ended September 30,	
	2016	2015	2016	2015
<b>Rupees in '000</b>				

## 16 EARNINGS PER SHARE - BASIC AND DILUTED

Profit after taxation for the period	12,227,506	11,861,767	3,626,066	4,505,076
Weighted average number of ordinary shares outstanding during the period	1,145,073,830	1,145,073,830	1,145,073,830	1,145,073,830
Earnings per share - basic and diluted for the period	10.68	10.36	3.17	3.93

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, 2016

## RELATED PARTY TRANSACTIONS

The Bank has related party relationships with its 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, 2016 (Un-audited)				December 31, 2015 (Audited)				
	Directors	Associated Companies*	Subsidiary	Key management personnel	Other related parties	Directors	Associated Companies*	Subsidiary	Key management personnel
	Rupees in '000								
<b>Loans</b>									
Loans at the beginning of the period / year	36,637	1,777,473	—	254,941	5,379,463	47,285	1,985	—	205,255
Loans given during the period / year	21,422	5,457,902	—	70,456	45,647,269	32,675	2,187,167	—	185,744
Loans repaid / adjustments during the period / year	(33,714)	(2,893,832)	—	(75,362)	(45,680,354)	(43,323)	(11,679)	—	(106,058)
Loans at the end of the period / year	24,345	4,335,543	—	260,035	5,446,378	36,637	1,777,473	—	264,941
<b>Deposits</b>									
Deposits at the beginning of the period / year	40,868	102,902	57,482	22,837	9,579,394	34,696	25,497	13,744	82,933
Deposits received during the period / year	3,970,334	6,823,217	816,590	310,857	69,695,391	5,060,426	11,448,550	2,794,505	303,540
Deposits repaid during the period / year	(3,962,482)	(6,695,189)	(859,131)	(288,557)	(68,646,281)	(5,054,254)	(11,371,149)	(2,750,767)	(373,636)
Deposits at the end of the period / year	48,740	227,930	14,941	45,137	10,821,504	40,968	102,902	57,482	22,837
Nostró balances	—	10,744	—	—	—	—	41,303	—	—
Investments in shares / open end mutual funds	—	5,084,379	500,000	—	4,411,035	—	5,084,379	500,000	—
Other receivables	6,250	—	1,740	77,338	—	5,058	—	1,842	63,147
Net receivable from staff retirement benefit funds	—	—	—	—	3,308,406	—	—	—	4,695,969
Non funded exposure	—	581	—	—	23,782	—	1,265,000	—	1,951
	September 30, 2016 (Un-audited)				September 30, 2015 (Un-audited)				
	Directors	Associated Companies*	Subsidiary	Key management personnel	Other related parties	Directors	Associated Companies*	Subsidiary	Other related parties
	Rupees in '000								
Mark-up earned	1,192	156,633	—	10,606	3,96,941	1,689	116	—	10,629
Income on placements	—	—	—	—	—	—	—	—	359,090
Dividend income	—	896,000	—	—	552,137	—	—	—	470,572
Capital gain	—	—	—	—	25,382	—	—	—	77,875
Sales commission	—	—	5,196	—	—	—	—	4,777	—
Mark-up expense on deposits	860	7,278	1,000	451	294,831	802	298	2,753	222
Fee commission / bank charges	29	1,711	214	53	385	30	1,766	8	48
Director's meeting fee	7,650	—	—	—	—	5,740	—	—	697
Remuneration	44,050	—	—	275,415	—	37,092	—	—	215,782
Other charges**	—	10,598	—	—	70,812	—	26,126	—	72,325
Rent expense***	—	7,241	—	—	—	—	5,718	—	749
Rent income****	—	—	—	—	1,376	—	—	—	—
Rent income**** (reversal) in respect of staff retirement benefit funds	—	2,913	1,362	—	—	—	900	1,171	—
	—	—	—	—	145,549	—	—	—	(28)

Shareholding held by a related party, outstanding at the end of period are included in note 11.2 to these unconsolidated condensed interim financial statements.

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

\*\* Other charges with Other related parties include payments to NIFT amounting to Rs. 66,651 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).

\*\*\*\*\* Two offices located at ISE towers rented out to associated company (Ibrahim Fibers Limited) at market value and with prior permission of State Bank of Pakistan.

- During the period ended September 30, 2016; movable assets were disposed off for Rs. 25,000 (MDV); Rs. 4,000) to the key management personnel of the Bank.

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2016

## 18 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, 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	30,960,690	102,058	(27,118,288)	58,814,874
Total Expenses	(16,179,215)	(26,951,074)	(28,590,915)	(1,984,452)	27,118,288	(46,587,368)
Net Income	3,121,785	8,618,340	2,369,775	(1,882,394)	-	12,227,506

For the Nine Months Ended September 30, 2015 (Un-audited)						
	Corporate & Investment Banking	Trading & sales (Treasury)	Commercial & Retail Banking	Other	Eliminations	Total
Rupees in '000						
Total Income	21,888,880	34,855,065	38,158,370	1,053,996	(34,135,454)	61,820,857
Total Expenses	(19,247,849)	(27,879,937)	(32,450,150)	(4,516,608)	34,135,454	(49,959,090)
Net Income	2,641,031	6,975,128	5,708,220	(3,462,612)	-	11,861,767

As at September 30, 2016 (Un-audited)						
	Corporate & Investment Banking	Trading & sales (Treasury)	Commercial & Retail Banking	Other	Eliminations	Total
Rupees in '000						
Segment Assets (Gross)	375,221,472	546,630,681	773,541,825	156,990,719	(800,267,049)	1,052,117,648

As at December 31, 2015 (Audited)						
	Corporate & Investment Banking	Trading & sales (Treasury)	Commercial & Retail Banking	Other	Eliminations	Total
Rupees in '000						
Segment Assets (Gross)	349,489,547	534,519,724	756,966,003	77,120,606	(702,980,693)	1,015,115,187

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2016

## 19 ISLAMIC BANKING BUSINESS

19.1 The bank is operating 43 Islamic banking branches at September 30, 2016 (December 31, 2015: 27). The statement of financial position of the Bank's Islamic Banking Branches as at September 30, 2016 is as follows:

		Un-audited Note September 30, 2016	Audited December 31, 2015
Rupees in '000			
<b>ASSETS</b>			
Cash and balances with treasury banks		386,201	135,599
Balances with other banks		21,367	–
Lendings to financial institutions		1,000,000	–
Investments		4,891,648	2,512,817
Islamic financing and related assets	19.2	404,911	139,983
Operating fixed assets		25,876	46,302
Due from Head Office		61,178	55,294
Other assets		84,520	23,254
<b>Total Assets</b>		<b>6,875,701</b>	<b>2,913,249</b>
<b>LIABILITIES</b>			
Bills payable		55,559	11,456
Borrowings from financial institutions		1,700,000	18,500
Deposits and other accounts			
- Current accounts - remunerative		539,882	248,856
- Current accounts - non-remunerative		1,266,382	967,562
- Saving accounts		1,558,498	781,621
- Term deposits		182,121	232,770
- Deposits from Financial Institutions - Remunerative		1,101,197	103,948
Other liabilities		31,339	41,943
		6,434,978	2,406,656
<b>NET ASSETS</b>		<b>440,723</b>	<b>506,593</b>
<b>REPRESENTED BY</b>			
Islamic Banking Fund		500,000	500,000
Accumulated loss		(81,263)	(28,510)
		418,737	471,490
Surplus on revaluation of assets - net of tax		21,986	35,103
		440,723	506,593
<b>19.2 ISLAMIC FINANCING AND RELATED ASSETS</b>			
Salam - Financings		–	–
Murabaha	19.2.1	306,013	109,959
Ijarah	19.2.2	74,543	30,024
Diminishing Musharaka - Advances		24,355	–
<b>Gross Advances</b>		<b>404,911</b>	<b>139,983</b>
Provision held		–	–
<b>Advances-net of provision</b>		<b>404,911</b>	<b>139,983</b>
<b>19.2.1 MURABAHA</b>			
Financings		231,100	–
Advances		74,913	109,959
		306,013	109,959
<b>19.2.2 IJARAH</b>			
Financings		35,666	21,542
Advances		4,441	7,259
Inventories		34,436	1,223
		74,543	30,024

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2016

	Un-audited September 30, 2016	Audited December 31, 2015
<b>Rupees in '000</b>		
<b>19.3 CHARITY FUND</b>		
Opening Balance	11	–
Additions during the period	3	11
Closing Balance	<u>14</u>	<u>11</u>

19.4 The profit and loss account of the Bank's Islamic banking business for the nine months ended September 30, 2016 is as follows:

	Nine months ended September 30, 2016	September 30, 2015
<b>Rupees in '000</b>		
Income / profit earned	261,588	59,698
Income / profit expensed	144,110	24,526
Net income / profit	117,478	35,172
<b>OTHER INCOME</b>		
Fee, commission and brokerage income	13,328	2,861
Dividend income	637	17,458
Income from dealing in foreign currencies	99	–
Gain / (loss) on sale of securities	63,572	(15,707)
Other income	51	22
Total other income	77,687	4,634
	195,165	39,806
<b>OTHER EXPENSE</b>		
Administrative expenses	247,919	62,660
<b>LOSS BEFORE TAXATION</b>	<u>(52,754)</u>	<u>(22,854)</u>
<b>19.5 Remuneration to Shariah Advisor / Board</b>	<u>5,499</u>	<u>3,046</u>

## 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 unconsolidated condensed interim financial statements.

20.3 The Board of Directors of the Bank in its meeting held on October 21, 2016 has approved third interim cash dividend for the nine months ended September 30, 2016 at Rs. 2 per share (September 30, 2015: Rs. 1.75 per share). The unconsolidated condensed interim financial statements for the nine months ended September 30, 2016 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 unconsolidated condensed interim financial statements were authorized for issue on October 21, 2016 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, 2016

# Consolidated Condensed Interim Statement of Financial Position

as at September 30, 2016

	Un-audited Note September 30, 2016	Audited December 31, 2015
<b>Rupees in '000</b>		
<b>ASSETS</b>		
Cash and balances with treasury banks	77,168,448	56,711,623
Balances with other banks	1,231,464	4,077,613
Lendings to financial institutions	6 1,000,000	3,356,091
Investments	7 562,251,921	545,105,538
Advances	8 334,058,925	321,647,931
Operating fixed assets	30,468,460	28,869,612
Deferred tax assets	-	-
Other assets	24,691,331	32,970,839
	<b>1,030,870,549</b>	<b>992,739,247</b>
<b>LIABILITIES</b>		
Bills payable	6,108,996	4,942,189
Borrowings	9 138,168,795	137,959,818
Deposits and other accounts	10 757,991,901	734,546,015
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	10,186,328	8,909,508
Other liabilities	18,290,495	16,256,802
	<b>930,746,515</b>	<b>902,614,332</b>
<b>NET ASSETS</b>	<b>100,124,034</b>	<b>90,124,915</b>
<b>REPRESENTED BY</b>		
Share capital	11 11,450,739	11,450,739
Reserves	16,316,092	15,102,026
Unappropriated profit	47,017,237	42,284,340
	74,784,068	68,837,105
Surplus on revaluation of assets - net of tax	25,339,966	21,287,810
	<b>100,124,034</b>	<b>90,124,915</b>

## CONTINGENCIES AND COMMITMENTS

12

The annexed notes 1 to 20 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, 2016

	Note	Nine months ended		Quarter ended	
		September 30, 2016	2015	September 30, 2016	2015
<b>Rupees in '000</b>					
Mark-up / return / interest earned	13	49,993,579	54,015,566	15,395,001	17,645,551
Mark-up / return / interest expensed	14	24,043,981	27,235,919	7,156,280	8,256,916
Net mark-up / interest income		25,949,598	26,779,647	8,238,721	9,388,635
(Reversal) / provision against non-performing loans and advances		(291,608)	466,281	(471,964)	(75,498)
Provision for diminution in the value of investments		62,705	7,945	-	-
Bad debts written off directly		-	-	-	-
		(228,903)	474,226	(471,964)	(75,498)
<b>Net mark-up / interest income after provisions</b>		<b>26,178,501</b>	<b>26,305,421</b>	<b>8,710,685</b>	<b>9,464,133</b>
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee, commission and brokerage income		3,346,281	3,097,930	992,695	792,203
Dividend income		2,511,581	2,777,573	543,553	996,659
Income from dealing in foreign currencies		514,078	666,140	176,259	197,897
Gain on sale of securities		2,705,110	633,964	240,747	185,460
Unrealized gain on revaluation of investments classified as 'held-for-trading' securities		89,234	55,372	45,995	11,351
Other income		84,712	983,053	15,501	38,378
Total non mark-up / interest income		9,250,996	8,214,032	2,014,750	2,221,948
		35,429,497	34,519,453	10,725,435	11,686,081
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Administrative expenses		14,327,304	13,168,148	4,870,051	4,468,714
Provision against other assets		38,717	53,350	12,000	12,000
(Reversal) / provision against off-balance sheet obligations		(13,605)	57,785	(24,387)	79,927
Other charges		539,830	520,029	139,342	164,720
Total non mark-up / interest expenses		14,892,246	13,799,312	4,997,006	4,725,361
Extra-ordinary / unusual items		-	-	-	-
<b>PROFIT BEFORE TAXATION</b>		<b>20,537,251</b>	<b>20,720,141</b>	<b>5,728,429</b>	<b>6,960,720</b>
<b>Taxation</b>					
Current		7,397,003	7,218,957	1,952,526	2,360,259
Prior years	15	949,657	1,460,245	(4,362)	-
Deferred		(183,035)	17,614	85,026	78,038
		8,163,625	8,696,816	2,033,190	2,438,297
<b>PROFIT AFTER TAXATION</b>		<b>12,373,626</b>	<b>12,023,325</b>	<b>3,695,239</b>	<b>4,522,423</b>
Unappropriated profit brought forward		42,284,340	37,728,181	46,167,731	40,241,157
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		<b>47,017,237</b>	<b>42,336,315</b>	<b>47,017,237</b>	<b>42,336,315</b>
<b>Earnings per share - Basic and Diluted</b>					
(In Rupees)	16	10.81	10.50	3.23	3.95

The annexed notes 1 to 20 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, 2016

	Nine months ended September 30,		Quarter ended September 30,	
	2016	2015	2016	2015
<b>Rupees in '000</b>				
<b>Profit after taxation for the period</b>	12,373,626	12,023,325	3,695,239	4,522,423
<b>Other comprehensive income:</b>				
<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	(8,685)	36,344	(4,917)	45,933
<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 charge	265,862	–	265,862	–
	(493,744)	–	(493,744)	–
<b>Other comprehensive income for the period- net of tax</b>	<b>(502,429)</b>	<b>36,344</b>	<b>(498,661)</b>	<b>45,933</b>
<b>Comprehensive income transferred to equity</b>	<b>11,871,197</b>	<b>12,059,669</b>	<b>3,196,578</b>	<b>4,568,356</b>
<b>Components of comprehensive income not reflected in equity:</b>				
<i>Items to be reclassified to profit and loss account in subsequent periods:</i>				
Net change in fair value of 'available-for- sale' securities	4,992,585	7,657,919	(147,986)	364,829
Related deferred tax charge	(1,747,405)	(5,211,301)	51,795	(127,546)
	3,245,180	2,446,618	(96,191)	237,283

The annexed notes 1 to 20 form an integral part of these consolidated condensed interim financial statements.

Chief Financial Officer

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Director

Director

Chairman

# Consolidated Condensed Interim Statement of Cash Flow

(Un-audited) for the nine months ended September 30, 2016

Nine months ended  
September 30, September 30,  
2016 2015

	Rupees in '000	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	20,537,251	20,720,141
Less: Dividend income	(2,511,581)	(2,777,573)
	18,025,670	17,942,568
<b>Adjustments for non-cash items:</b>		
Depreciation / amortization	1,623,762	1,504,719
(Reversal) / provision against non-performing loans and advances	(291,608)	466,281
Provision for diminution in the value of investments	62,705	7,945
Unrealized gain on revaluation of 'held-for-trading' securities	(89,234)	(55,372)
(Reversal) / provision against off balance sheet obligations	(13,605)	57,785
Provision against other assets	38,717	53,350
Provision for workers welfare fund	424,755	414,487
Gain on sale of operating fixed assets	(31,683)	(31,383)
Loss on sale of other assets	2,294	-
	1,726,103	2,417,812
	19,751,773	20,360,380
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	2,356,091	(21,629,642)
Investments - 'held-for-trading' securities	(2,847,570)	(7,092,541)
Advances	(12,127,644)	6,908,280
Other assets (excluding advance taxation)	8,740,386	4,970,378
	(3,878,737)	(16,843,525)
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	1,166,807	(132,345)
Borrowings	290,424	65,463,504
Deposits	23,445,886	38,081,760
Other liabilities	1,486,388	371,707
	26,389,505	103,784,626
	42,262,541	107,301,481
Income tax paid	(8,271,970)	(2,982,663)
<b>Net cash flow from operating activities</b>	<b>33,990,571</b>	<b>104,318,818</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net (investments) in 'available-for-sale' securities	(116,266,942)	(100,918,636)
Net realization / (investments) in 'held-to-maturity' securities	106,987,243	(1,681,009)
Dividend income received	2,127,027	1,805,527
Investments in operating fixed assets	(3,217,781)	(1,805,315)
Proceeds from sale of assets	42,925	104,043
<b>Net cash used in investing activities</b>	<b>(10,327,528)</b>	<b>(102,495,390)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of sub-ordinated loan	-	(2,994,000)
Dividend paid	(5,979,605)	(6,268,048)
<b>Net cash used in financing activities</b>	<b>(5,979,605)</b>	<b>(9,262,048)</b>
Effect of translation of net investment in foreign operating branches	8,685	(8,051)
<b>Increase / (decrease) in cash and cash equivalents during the period</b>	<b>17,692,123</b>	<b>(7,446,671)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>60,687,368</b>	<b>41,977,178</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>78,379,491</b>	<b>34,530,507</b>

The annexed notes 1 to 20 form an integral part of these consolidated condensed interim financial statements.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

# Consolidated Condensed Interim Statement of Changes in Equity

(Un-audited) for the nine months ended September 30, 2016

	Share Capital	Capital Reserve	Statutory Reserve	Revenue Reserves		Total
		Exchange Translation Reserve		General Reserve	Un-appropriated Profit	
Rupees in '000						
<b>Balance as at January 01, 2015 (Audited)</b>	11,450,739	28,293	13,515,062	6,000	37,728,181	62,728,275
<b>Changes in equity during the nine months ended September 30, 2015</b>						
<b>Total comprehensive income for the nine months ended September 30, 2015</b>						
Net profit for the nine months ended September 30, 2015	-	-	-	-	12,023,325	12,023,325
Effect of translation of net investment in foreign operating branches	-	36,344	-	-	-	36,344
	-	36,344	-	-	12,023,325	12,059,669
<b>Transactions with owners recognized directly in equity</b>						
Final cash dividend for the year ended						
December 31, 2014 (Rs. 2 per ordinary share)	-	-	-	-	(2,290,148)	(2,290,148)
First interim cash dividend for the year ended						
December 31, 2015 (Rs. 1.75 per ordinary share)	-	-	-	-	(2,003,879)	(2,003,879)
Second interim cash dividend for the year ended						
December 31, 2015 (Rs. 1.75 per ordinary share)	-	-	-	-	(2,003,879)	(2,003,879)
	-	-	-	-	(6,297,906)	(6,297,906)
Transferred from surplus on revaluation of fixed assets						
to un-appropriated profit - net of tax	-	-	-	-	68,892	68,892
Transfer to statutory reserve	-	-	1,186,177	-	(1,186,177)	-
<b>Balance as at September 30, 2015</b>	<b>11,450,739</b>	<b>64,637</b>	<b>14,701,239</b>	<b>6,000</b>	<b>42,336,315</b>	<b>68,558,930</b>
<b>Changes in equity during the quarter ended December 31, 2015</b>						
<b>Total comprehensive income for the quarter ended December 31, 2015</b>						
Net profit for the quarter ended December 31, 2015	-	-	-	-	3,290,960	3,290,960
Effect of remeasurement of defined benefit plans net of deferred tax	-	-	-	-	(1,043,973)	(1,043,973)
Effect of translation of net investment in foreign operating branches	-	4,296	-	-	-	4,296
	-	4,296	-	-	2,246,977	2,251,273
<b>Transactions with owners recognized directly in equity</b>						
Third interim cash dividend for the year ended						
December 31, 2015 (Rs. 1.75 per ordinary share)	-	-	-	-	(2,003,879)	(2,003,879)
	-	-	-	-	(2,003,879)	(2,003,879)
Transferred from surplus on revaluation of fixed assets						
to un-appropriated profit - net of tax	-	-	-	-	30,781	30,781
Transfer to statutory reserve	-	-	325,854	-	(325,854)	-
<b>Balance as at December 31, 2015 (Audited)</b>	<b>11,450,739</b>	<b>68,933</b>	<b>15,027,093</b>	<b>6,000</b>	<b>42,284,340</b>	<b>68,837,105</b>
<b>Changes in equity during the nine months ended September 30, 2016</b>						
<b>Total comprehensive income for the nine months ended September 30, 2016</b>						
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	-	(8,685)	-	-	-	(8,685)
	-	(8,685)	-	-	11,879,882	11,871,197
<b>Transactions with owners recognized directly in equity</b>						
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 ending						
December 31, 2016 (Rs. 1.75 per ordinary share)	-	-	-	-	(2,003,879)	(2,003,879)
Second interim cash dividend for the year ending						
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)	-
<b>Balance as at September 30, 2016</b>	<b>11,450,739</b>	<b>60,248</b>	<b>16,249,844</b>	<b>6,000</b>	<b>47,017,237</b>	<b>74,784,068</b>

The annexed notes 1 to 20 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, 2016

## 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 1,075 branches including 43 Islamic banking branches (December 31, 2015: 1,048 branches including 27 Islamic banking branches) in Pakistan, 1 branch (December 31, 2015: 1) in Karachi Export Processing Zone and 1 wholesale banking branch (December 31, 2015: 1) in Bahrain. The long term credit rating of the Bank assigned by the Pakistan Credit Rating Agency Limited (PACRA) is 'AA+'. Short term rating of the Bank is 'A1+'. The Bank is the holding company of ABL Asset Management Company Limited.

The registered office of the Bank is situated at 3-Tipu Block, Main Boulevard, New Garden Town, Lahore.

### Subsidiary Company

ABL Asset Management Company Limited (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.1131[I] 2007 (the NBFC Rules). The Company has also obtained license to carry out business as Pension Fund Manager, under the Voluntary Pension System Rules, 2005. The registered office of the Company is situated at 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 Credit 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 Pension Fund	Launched on August 20, 2014
- ABL Islamic Pension Fund	Launched on August 20, 2014
- ABL Islamic Financial Planning Fund	Launched on December 22, 2015
- ABL Financial Planning Fund	Launched on December 31, 2015

## 2 STATEMENT OF COMPLIANCE

- 2.1** These consolidated condensed interim financial statements of the Group for the nine months ended September 30, 2016 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting issued by the International Financial Reporting Board and Islamic Financial Accounting Standards (IFAS) issued by The Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by the State Bank of Pakistan (SBP). In case where the requirements differ, the provisions of the Banking Companies Ordinance 1962, Companies Ordinance 1984 and the directives of the SBP have been followed.
- 2.2** The SBP, vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property (IAS 40) for banking companies till further instructions. Further, according to a notification of Securities and Exchange Commission of Pakistan (SECP) dated April 28, 2008, International Financial Reporting Standard (IFRS) 7 "Financial Instruments: Disclosure" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements. However, investments have been classified and disclosed in accordance with the requirements prescribed by SBP through various circulars.

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2016

2.3 The Securities and Exchange Commission of Pakistan (SECP) vide SRO 56 (1) / 2016 dated 28 January 2016, has notified that the requirements of International Financial Reporting Standard 10, Consolidated Financial Statements (IFRS 10) and section 237 of the Companies Ordinance 1984 will not be applicable with respect to the investment in mutual funds established under Trust structure.

2.4 These consolidated condensed interim financial statements are being submitted to the shareholders in accordance with section 245 of the Companies Ordinance, 1984.

## 3 BASIS OF MEASUREMENT

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

- Investments;
- Certain operating fixed assets;
- Assets acquired in satisfaction of claims;
- Derivatives; and
- Staff retirement benefits.

## 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, 2015.

4.2 The financial results of the Islamic Banking branches have been consolidated in these financial statements for reporting purposes. Key financial figures of the Islamic Banking branches are same as disclosed in Note 19 to the unconsolidated condensed interim financial statements.

4.3 The Group has adopted the following amendments and annual improvements to IFRSs, which became effective for the current period:

- Amendments to IAS 38 - Intangible Assets and IAS 16 - Property, Plant and Equipment
- Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures
- Amendments to IFRS 11 - Joint Arrangements
- Amendments to IAS 27 - Separate Financial Statements
- Amendments to IAS 16 - Property, Plant and Equipment and IAS 41 - Agriculture
- Annual Improvements to IFRSs 2012-2014 Cycle

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

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

5.1 The accounting policies, underlying estimates 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, 2015, except for the following:

The Bank has changed its accounting policy of recording non-banking assets acquired in satisfaction of claims to comply with the requirements of the "Regulations for Debt Property Swap", effective from the date of issuance by SBP vide its BPRD Circular No. 1 of 2016, dated January 1, 2016. In line with the guidance provided in the Regulations, the non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation of property is credited to the



# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2016

'surplus on revaluation of assets' account and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property is charged to profit and loss account and not capitalised. Previously, Non-banking assets acquired in satisfaction of claims were carried at cost less impairment, if any.

Effect of change in policy is as follows:

Rupees in '000

## Impact on statement of financial position:

Increase in non-banking assets	852,200
Increase in accumulated depreciation	14,564
Increase in surplus on revaluation	852,015
Increase in deferred tax liability (Surplus on revaluation)	1,667
Increase in deferred tax liability (Accelerated depreciation)	18,944

## Impact on profit and loss account:

Deficit on revaluation	2,717
Depreciation expense	14,629
Deferred tax	18,944

5.2 The financial risk management objectives and policies adopted by the Group are consistent with that disclosed in the consolidated financial statements of the Group for the year ended December 31, 2015.

5.3 The Group has an established control framework with respect to the measurement of fair values. The management regularly reviews significant observable and unobservable inputs and valuation adjustments. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques. The valuation of financial assets and financial liabilities are categorized and disclosed keeping in view the measurement requirements specified in note 2.2.

	Un-audited Note September 30, 2016	Audited December 31, 2015
<b>Rupees in '000</b>		
<b>6 LENDINGS TO FINANCIAL INSTITUTIONS</b>		
Repurchase agreement lendings (Reverse Repo)	-	2,156,091
Certificates of investment	6.1 70,000	70,000
Call money lending	6.2 1,000,000	1,200,000
	1,070,000	3,426,091
Provision against lendings to financial institutions	(70,000)	(70,000)
	1,000,000	3,356,091

6.1 This represents a classified certificate of investment.

6.2 This represents an unsecured call money lending, in local currency, carrying mark-up rate of 5.70% per annum and will mature on October 31, 2016.

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2016

## 7 INVESTMENTS

	Note	Held by Group	Given as collateral	Total			
Rupees in '000							
<b>Current period - September 30, 2016</b>							
<b>(Un-audited)</b>	7.1	<b>461,235,477</b>	<b>101,016,444</b>	<b>562,251,921</b>			
<b>Prior year - December 31, 2015</b>							
<b>(Audited)</b>	7.1	<b>445,120,237</b>	<b>99,985,301</b>	<b>545,105,538</b>			
		Un-audited As at September 30, 2016		Audited As at December 31, 2015			
		Held by Group	Given as collateral	Total	Held by Group	Given as collateral	Total
Rupees in '000							

### 7.1 Investments by types:

<b>Held-for-trading securities</b>							
Market Treasury Bills	149,037	-	149,037	-	-	-	-
Pakistan Investment Bonds	2,606,412	-	2,606,412	-	-	-	-
Units of open-ended mutual funds / pension funds - related parties	1,308,169	-	1,308,169	1,212,748	-	-	1,212,748
Sukuk bonds	40,000	-	40,000	19,633	-	-	19,633
	4,103,618	-	4,103,618	1,232,381	-	-	1,232,381
<b>Available-for-sale securities</b>							
Market Treasury Bills	209,365,843	7,459,246	216,825,089	113,476,903	25,054,061	-	138,530,964
Pakistan Investment Bonds	91,199,598	92,044,771	183,244,369	83,273,356	71,436,281	-	154,709,637
Ordinary shares of listed companies / certificates of close ended mutual funds	14,468,083	-	14,468,083	13,614,525	-	-	13,614,525
Preference shares	25,000	-	25,000	25,000	-	-	25,000
Units of open ended mutual funds	-	-	-	150,000	-	-	150,000
Ordinary shares of unlisted companies	2,281,262	-	2,281,262	2,123,767	-	-	2,123,767
Investment in related parties							
- Listed shares	8,142,520	-	8,142,520	8,142,520	-	-	8,142,520
- Unlisted shares	1,352,894	-	1,352,894	1,352,894	-	-	1,352,894
- Units of open ended mutual funds	-	-	-	135,000	-	-	135,000
Sukuk bonds	4,094,605	-	4,094,605	1,945,563	-	-	1,945,563
GOP Sukuk	5,331,573	-	5,331,573	5,359,194	-	-	5,359,194
GOP Ijara Sukuk	2,199,053	-	2,199,053	700,275	-	-	700,275
Foreign Currency Bonds (US\$)	4,737,016	-	4,737,016	-	-	-	-
Term Finance Certificates (TFCs)	4,446,418	-	4,446,418	4,179,005	-	-	4,179,005
	347,643,865	99,504,017	447,147,882	234,478,002	96,490,342	-	330,968,344
<b>Held-to-maturity securities</b>							
Pakistan Investment Bonds	83,156,960	-	83,156,960	185,697,197	-	-	185,697,197
GOP Sukuk	1,052,171	-	1,052,171	1,054,700	-	-	1,054,700
GOP Ijara Sukuk	100,000	-	100,000	150,319	-	-	150,319
Bai Muajjal Placements (GOP Sukuks)	272,275	-	272,275	272,275	-	-	272,275
Foreign Currency Bonds (US\$)	1,581,835	-	1,581,835	4,906,147	-	-	4,906,147
TFCs, Bonds and PTCs	358,879	-	358,879	1,428,725	-	-	1,428,725
	86,522,120	-	86,522,120	193,509,363	-	-	193,509,363
<b>Investment at cost</b>	<b>438,269,603</b>	<b>99,504,017</b>	<b>537,773,620</b>	<b>429,219,746</b>	<b>96,490,342</b>	<b>-</b>	<b>525,710,088</b>
Provision for diminution in the value of investments	(2,753,022)	-	(2,753,022)	(2,777,721)	-	-	(2,777,721)
<b>Investments (net of provisions)</b>	<b>435,516,581</b>	<b>99,504,017</b>	<b>535,020,598</b>	<b>426,442,025</b>	<b>96,490,342</b>	<b>-</b>	<b>522,932,367</b>
Surplus on revaluation of 'held-for-trading' securities	89,234	-	89,234	23,667	-	-	23,667
Surplus on revaluation of 'available-for-sale' securities	25,629,662	1,512,427	27,142,089	18,654,545	3,494,959	-	22,149,504
<b>Total investments at market value</b>	<b>461,235,477</b>	<b>101,016,444</b>	<b>562,251,921</b>	<b>445,120,237</b>	<b>99,985,301</b>	<b>-</b>	<b>545,105,538</b>

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2016

	Un-audited		Audited
	Note	September 30, 2016	December 31, 2015
<b>Rupees in '000</b>			
<b>8 ADVANCES</b>			
Loans, cash credits, running finances, etc.			
In Pakistan		337,979,105	324,608,053
Outside Pakistan		8,055,848	9,290,527
		346,034,953	333,898,580
Islamic financing and related assets		404,911	139,983
Net investment in finance lease - in Pakistan		2,180,587	2,072,857
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		2,563,457	1,355,182
Payable outside Pakistan		1,702,640	3,345,595
		4,266,097	4,700,777
<b>Advances - gross</b>		<b>352,886,548</b>	<b>340,812,197</b>
Provision for non-performing advances	8.1 & 8.3	(18,780,575)	(19,092,777)
General provision	8.3	(47,048)	(71,489)
		(18,827,623)	(19,164,266)
<b>Advances - net of provision</b>		<b>334,058,925</b>	<b>321,647,931</b>

8.1 Advances include Rs. 20,653.497 million (2015: Rs. 21,903.729 million) which have been placed under non-performing status as detailed below:-

Category of Classification	September 30, 2016 (Un-audited)				
	Classified Advances			Provision	Provision
	Domestic	Overseas	Total	required	held
<b>Rupees in '000</b>					
Other Assets Especially Mentioned	133,308	–	133,308	2,662	2,662
Substandard	883,117	–	883,117	218,156	218,156
Doubtful	282,332	–	282,332	141,166	141,166
Loss	19,354,740	–	19,354,740	18,418,591	18,418,591
	20,653,497	–	20,653,497	18,780,575	18,780,575

Category of Classification	December 31, 2015 (Audited)				
	Classified Advances			Provision	Provision
	Domestic	Overseas	Total	required	held
<b>Rupees in '000</b>					
Other Assets Especially Mentioned	152,314	–	152,314	4,496	4,496
Substandard	1,459,082	–	1,459,082	362,376	362,376
Doubtful	586,044	–	586,044	293,022	293,022
Loss	19,706,289	–	19,706,289	18,432,883	18,432,883
	21,903,729	–	21,903,729	19,092,777	19,092,777

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, 2016

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

	September 30, 2016 (Un-audited)			December 31, 2015 (Audited)		
	Specific	General	Total	Specific	General	Total
<b>Rupees in '000</b>						
Opening balance	19,092,777	71,489	19,164,266	19,694,645	115,919	19,810,564
Charge for the period / year	1,664,183	-	1,664,183	1,612,696	-	1,612,696
Reversals	(1,931,350)	(24,441)	(1,955,791)	(1,856,386)	(44,430)	(1,900,816)
Charged to profit and loss account	(267,167)	(24,441)	(291,608)	(243,690)	(44,430)	(288,120)
Amounts written off	(45,035)	-	(45,035)	(358,178)	-	(358,178)
Closing balance	18,780,575	47,048	18,827,623	19,092,777	71,489	19,164,266

8.4 The Bank has participated in a syndicated long term loan facility granted to Northern Power Generation Company Limited, valuing Rs. 5,160 million, which is secured against a government guarantee. Pursuant to its restructuring at the syndicate level, State Bank of Pakistan has allowed relaxation against classification vide Letter No. BPRD/ BRD-Policy/ 2015-22984 dated October 19, 2015 and vide Letter No. BPRD/ BRD-Policy/ 2015-29247 dated December 28, 2015.

	Un-audited	Audited
	September 30, 2016	December 31, 2015
<b>Rupees in '000</b>		
<b>9 BORROWINGS</b>		
<b>Details of borrowings (Secured / Unsecured)</b>		
<b>Secured</b>		
Borrowings from State Bank of Pakistan	12,937,854	15,610,860
Repurchase agreement borrowings	100,764,918	99,542,397
<b>Unsecured</b>		
Call borrowings	22,681,332	22,675,643
Overdrawn nostro accounts	20,421	101,868
Musharaka borrowing	1,700,000	-
Other borrowings	64,270	29,050
	24,466,023	22,806,561
	138,168,795	137,959,818

## 10 DEPOSITS AND OTHER ACCOUNTS

<b>Customers</b>		
Fixed deposits	160,770,444	195,785,765
Savings deposits	204,799,386	196,445,624
Current accounts - remunerative	96,805,358	88,742,639
Current accounts - non - remunerative	237,686,415	219,778,464
	700,061,603	700,752,492
<b>Financial Institutions</b>		
Remunerative deposits	55,668,322	30,862,698
Non - remunerative deposits	2,261,976	2,930,825
	757,991,901	734,546,015

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2016

## 11 SHARE CAPITAL

### 11.1 Authorised capital

Un-audited September 30, 2016	Audited December 31, 2015		Un-audited September 30, 2016	Audited December 31, 2015
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, 2016	Audited December 31, 2015		Un-audited September 30, 2016	Audited December 31, 2015
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
9,148,550	9,148,550			
		8,400,000 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation of First Allied Bank Modaraba with Allied Bank Limited in accordance with the share swap ratio stipulated therein.	84,000	84,000
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 Fibers Limited, related party of the Bank, holds 194,041,916 (16.95%) [2015: 194,041,916 (16.95%)] ordinary shares of Rs.10 each, as at reporting date.

	Un-audited September 30, 2016	Audited December 31, 2015
	Rupees in '000	

## 12 CONTINGENCIES AND COMMITMENTS

### 12.1 Direct credit substitutes

Guarantees in favour of:		
Banks and financial institutions	5,194,129	10,136,906

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2016

	Un-audited September 30, 2016	Audited December 31, 2015
Rupees in '000		
<b>12.2 Transaction-related contingent liabilities</b>		
Guarantees in favour of:		
Government	341,738	337,994
Others	20,807,767	18,936,699
	21,149,505	19,274,693
<b>12.3 Trade-related contingent liabilities</b>	67,142,691	63,258,242
<b>12.4 Claims against the Bank not acknowledged as debt</b>	4,410,505	4,538,697
<b>12.5</b> 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, 2016	Audited December 31, 2015
Rupees in '000		
<b>12.6 Commitments in respect of :</b>		
Purchase of forward foreign exchange contracts	59,925,794	64,741,951
Sale of forward foreign exchange contracts	35,542,055	51,664,798
<b>12.7 Commitments in respect of :</b>		
Forward purchase of Federal Government securities	6,481,000	-
Forward sale of Federal Government securities	-	3,000,000
<b>12.8 Commitments in respect of:</b>		
Civil works	870,298	909,419
Acquisition of operating fixed assets	1,159,422	1,078,477
	2,029,720	1,987,896
<b>12.9 Commitments in respect of operating lease</b>	4,766,388	4,126,800
<b>12.10 Others commitments</b>	43,841	43,651

## 12.11 Other Contingencies

**12.11.1** There is no change in the status of contingencies, set out in note 22.11 to the consolidated financial statements of the Group for the year ended December 31, 2015, except for the contingencies as mentioned below:

**12.11.2** The income tax assessments of the Group have been finalized upto and including tax year 2015 for local and tax year 2016 for Azad Kashmir and Gilgit Baltistan operations. While finalizing income tax assessments upto tax year 2015, income tax authorities made certain add backs with aggregate tax impact of Rs. 22,359 million (2015: 20,584 million). As a result of appeals filed by the Group before appellate authorities, most of the add backs have been deleted. However, the Group and Tax Department are in appeals/references before higher forums against unfavorable decisions. Pending finalization of appeals/references no provision has been made by the Group on aggregate sum of Rs. 22,539 million (2015: 20,584 million). The management is confident that the outcome of these appeals/references will be in favor of the Group.

Tax Authorities have conducted proceedings of withholding tax audit under section 161/205 of Income Tax Ordinance, 2001 for tax year 2003 to 2006 and tax year 2008 to 2015 and created an arbitrary demand of Rs. 1,439 million (2015: 1,300 million). The Bank's appeals before Commissioner Inland Revenue - Appeals (CIR(A)) / Appellate Tribunal Inland Revenue (ATIR) are pending for adjudication. The management is confident that these appeals will be decided in favor of the Bank; therefore, no provision has been made against the said demand of Rs. 1,439 million (2015: 1,300 million).

Tax authorities have also issued orders under Federal Excise Act, 2005/Sales Tax Act/Sindh Sales Tax on Services Act, 2011 for the year 2008 to 2014 thereby creating arbitrary aggregate demand of Rs. 890 million (2015: 633 million). The Bank's appeals before CIR(A) / Appellate Tribunal Inland Revenue (ATIR) are pending for adjudication. The management is confident that aforesaid demand will be deleted by appellate authorities and therefore no provision has been made against the said demand of Rs. 890 million (2015: 633 million).

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2016

12.11.3 While adjudicating foreign exchange repatriation cases of exporter namely: Fateh Textile Mills Limited, the Foreign Exchange Adjudicating Court ('FEAC') of the State Bank of Pakistan ('SBP') has arbitrarily adjudicated penalties against various banks including Rs. 2,173 million in aggregate against Allied Bank Limited (Bank). Against the said judgments, the Bank has filed appeals before the Appellate Board and Constitutional Petitions in the High Court of Sindh, Karachi. The Honorable High Court has granted relief to the Bank by way of interim orders. Based on merits of the appeals, the management is confident that these appeals shall be decided in favor of the Bank and therefore no provision has been made against the impugned penalty.

	Nine months ended September 30,		Quarter ended September 30,	
	2016	2015	2016	2015
<b>Rupees in '000</b>				
<b>13 MARK-UP / RETURN / INTEREST EARNED</b>				
<b>On loans and advances:</b>				
Customers	16,183,818	19,482,574	5,552,519	5,548,740
<b>On investments in:</b>				
'Available-for-sale' securities	20,065,090	16,808,254	6,904,377	6,049,134
'Held-to-maturity' securities	13,166,491	16,902,204	2,786,175	5,549,574
'Held-for-trading' securities	390,019	476,470	64,765	376,550
	33,621,600	34,186,928	9,755,317	11,975,258
On deposits with financial institutions	16,962	3,207	11,997	-
On securities purchased under resale agreements	105,348	304,566	47,425	107,950
On certificates of investment	-	5,393	-	1,847
On call money lending	65,851	32,898	27,743	11,756
	49,993,579	54,015,566	15,395,001	17,645,551

<b>14 MARK-UP / RETURN / INTEREST EXPENSED</b>				
Deposits	17,606,721	19,814,421	5,805,079	6,142,483
Long term borrowing	181,550	315,887	58,448	73,431
Securities sold under repurchase agreements	4,456,146	4,345,487	929,555	1,409,130
Call money borrowing	508,796	707,772	166,063	352,999
Brokerage and commission	130,541	106,857	38,412	33,305
Markup on sub-ordinated loans	-	203,896	-	46,330
Other short term borrowings	1,160,227	1,741,599	158,723	199,238
	24,043,981	27,235,919	7,156,280	8,256,916

15 The amount represents super tax levied on taxable income of the Bank for tax year 2016 vide Finance Act, 2016.

	Nine months ended September 30,		Quarter ended September 30,	
	2016	2015	2016	2015
<b>Rupees in '000</b>				

## 16 EARNINGS PER SHARE - BASIC AND DILUTED

Profit after taxation for the period	12,373,626	12,023,325	3,695,239	4,522,423
Weighted average number of ordinary shares outstanding during the period	1,145,073,830	1,145,073,830	1,145,073,830	1,145,073,830
Earnings per share - basic and diluted for the period	10.81	10.50	3.23	3.95

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, 2016

## 17 RELATED PARTY TRANSACTIONS

The Group has related party relationships with, 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, 2016 (Un-audited)			December 31, 2015 (Audited)					
	Directors	Associated companies	Key management personnel	Other related parties	Directors	Associated companies	Key management personnel	Other related parties	
	Rupees in '000								
<b>Loans</b>									
Loans at the beginning of the period / year	36,637	1,777,473	276,413	5,379,463	47,285	1,985	217,707	134	
Loans given during the period / year	21,422	5,457,902	70,456	45,647,269	32,675	2,187,167	165,744	96,289,124	
Loans repaid / adjustments during the period / year	(63,714)	(2,893,557)	(80,835)	(46,590,354)	(43,323)	(411,679)	(107,036)	(95,939,805)	
Loans at the end of the period / year	24,345	4,335,543	260,034	5,446,378	36,637	1,777,473	276,413	5,379,463	
<b>Deposits</b>									
Deposits at the beginning of the period / year	40,868	102,902	22,837	9,572,394	34,696	25,487	92,933	6,853,139	
Deposits received during the period / year	3,970,334	6,623,217	310,357	69,695,391	5,060,426	11,448,550	303,540	101,649,234	
Deposits repaid during the period / year	(3,962,482)	(6,696,189)	(289,557)	(68,646,281)	(6,054,254)	(11,371,145)	(373,636)	(95,939,979)	
Deposits at the end of the period / year	48,740	227,930	45,137	10,821,504	40,868	102,902	22,837	9,572,394	
Nostró balances		10,744				41,303			
Investments in shares / open end mutual funds		5,084,379		5,719,205		5,084,379		5,782,059	
Other receivables	6,250		77,336	261,106	5,058		63,147	217,087	
Net receivable from staff retirement benefit funds				3,306,408				4,695,969	
Non funded exposure		581		23,782		1,265,000		1,951	
	September 30, 2016 (Un-audited)							September 30, 2015 (Un-audited)	
	Directors	Associated companies*	Key management personnel	Other related parties	Directors	Associated companies*	Key management personnel	Other related parties	
	Rupees in '000								
Mark-up earned	1,192	156,633	12,185	336,941	1,689	116	10,819	359,080	
Income on placements									
Dividend income				554,522				485,118	
Capital gain		896,000		25,362				77,875	
Sales commission				6,476				9,809	
Management Fee income				298,502				306,077	
Mark-up expense on deposits	860	7,278	451	294,831	802	298	222	280,978	
Fee commission / bank charges	29	1,711	53	385	30	1,766	48	697	
Director's meeting fee	8,700								
Remuneration	44,060		299,027						
Other charges**		10,598					241,293		
Other income				70,812		26,126		72,325	
Rent expense***		19,749		1,376				749	
Rent income****						17,300			
Charge / (reversal) in respect of staff retirement benefit funds		2,913				900		4,285	

Shareholding held by a related party, outstanding at the end of the period are included in note 11.2 to these consolidated condensed interim financial statements.

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

\*\* Other charges with Other related parties include payments to NIFT amounting to Rs. 66,651 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 Fee ATMs are placed at Ibrahim Fibers Limited (Textile Mills) and Ibrahim Fibers Limited (Polyester Plant)

\*\*\*\*\* Two offices located at ISE Towers rented out to associated company (Ibrahim Fibers Limited) at market value and with prior permission of State Bank of Pakistan.

- During the period ended September 30, 2016, movable assets were disposed off for Rs. 25,000 (MDX, Rs. 4,000) to the key management personnel of the Bank.



# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2016

## 18 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, 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	30,960,690	102,058	429,701	(27,118,288)	59,244,575
Total Expenses	(16,179,215)	(26,951,074)	(28,590,915)	(1,984,452)	(283,581)	27,118,288	(46,870,949)
Net Income	3,121,785	8,618,340	2,369,775	(1,882,394)	146,120	-	12,373,626

### For the Nine Months Ended September 30, 2015 (Un-audited)

	Corporate & Investment Banking	Trading & Sales (Treasury)	Commercial & Retail Banking	Others	Asset Management	Eliminations	Total
Rupees in '000							
Total Income	21,888,880	34,855,065	38,158,370	1,053,996	417,449	(34,144,162)	62,229,598
Total Expenses	(19,247,849)	(27,879,937)	(32,450,150)	(4,516,608)	(255,891)	34,144,162	(50,206,273)
Net Income	2,641,031	6,975,128	5,708,220	(3,462,612)	161,558	-	12,023,325

### As at September 30, 2016 (Un-audited)

	Corporate & Investment Banking	Trading & Sales (Treasury)	Commercial & Retail Banking	Others	Asset Management	Eliminations	Total
Rupees in '000							
Segment Assets							
(Gross)	375,221,472	546,630,681	773,541,825	156,990,719	1,810,760	(800,781,777)	1,053,413,680

### As at December 31, 2015 (Audited)

	Corporate & Investment Banking	Trading & Sales (Treasury)	Commercial & Retail Banking	Others	Asset Management	Eliminations	Total
Rupees in '000							
Segment Assets							
(Gross)	349,489,547	534,519,724	756,966,003	77,120,608	1,625,730	(703,532,689)	1,016,188,923

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2016

## 19 GENERAL

- 19.1 Figures have been rounded off to the nearest thousand rupees.
- 19.2 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.
- 19.3 The Board of Directors of the Bank in its meeting held on October 21, 2016 has approved third interim cash dividend for the nine months ended September 30, 2016 at Rs. 2 per share (September 30, 2015: Rs. 1.75 per share). The consolidated condensed interim financial statements for the nine months ended September 30, 2016 do not include the effect of this appropriation and will be accounted for in the financial statements of the period of declaration.

## 20 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue on October 21, 2016 by the Board of Directors of the Bank.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman



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