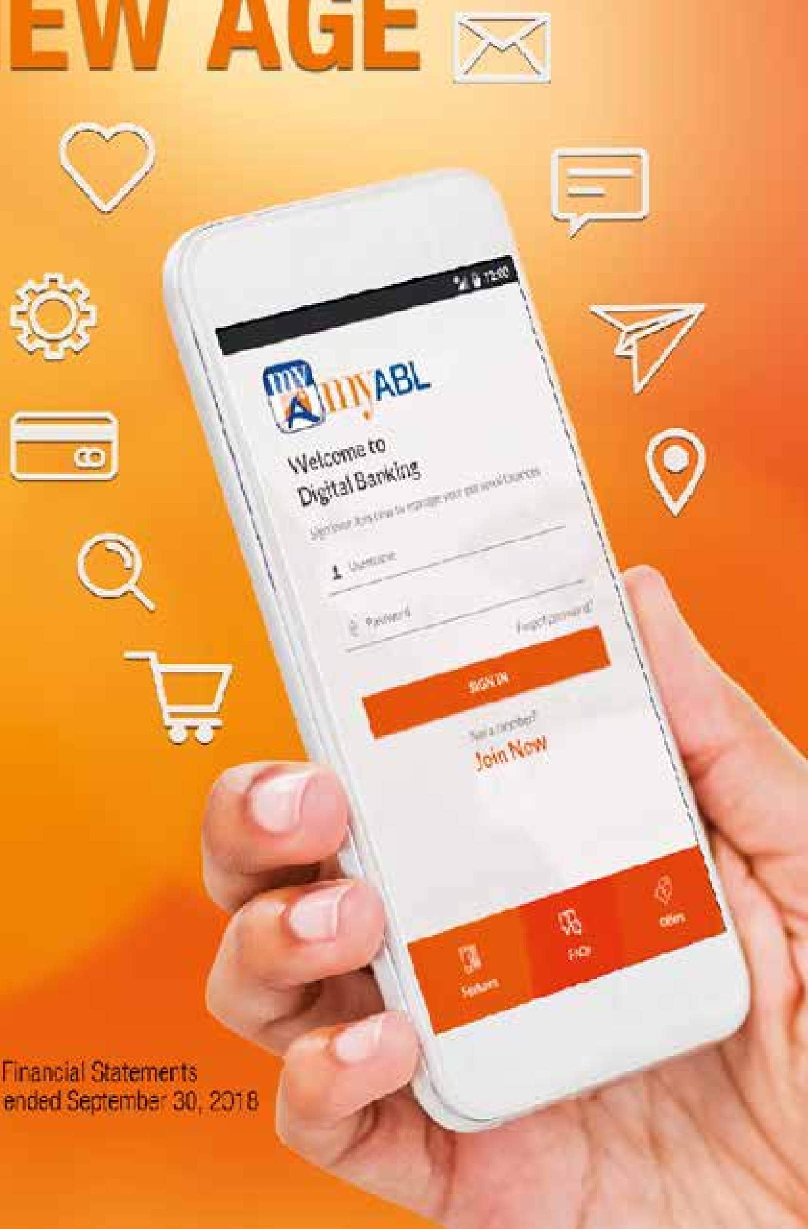
Allied Bank

EVOLVED FOR A NEW AGE



Condensed Interim Financial Statements
for the nine months ended September 30, 2018

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Corporate Information

Board of Directors

Mohammad Naeem Mukhtar
(Chairman)

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

Audit Committee of the Board

Zafar Iqbal
(Chairman)

Muhammad Waseem Mukhtar
Dr. Muhammad Akram Sheikh

Human Resource & Remuneration Committee

Abdul Aziz Khan
(Chairman)

Muhammad Waseem Mukhtar
Dr. Muhammad Akram Shaikh

Company Secretary

Muhammad Raffat

Shariah Board

Mufti Muhammad Iftikhar Baig
(Chairman)

Mufti Mahmood Ahmad
Mufti Tayyab Amin

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Adviser

Mandviwalla & Zafar Advocates

Shares Registrar

Central Depository Company of
Pakistan Limited (CDCPL)

Registered & Head Office

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

Website & Email

www.abl.com

info@abl.com

Telephone Number

(+92-42) 35880043
UAN: 111-225-225

Social Media Links

https://twitter.com/ablpk

https://www.facebook.com/alliedbankpk

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

https://www.instagram.com/ablpk

Vision, Mission & Core Values

Vision

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

Mission

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

Core Values

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

Director's Review

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present the financial results of Your Bank for the third quarter ended September 30, 2018:

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

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

Economic Review:

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

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

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

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

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

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

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

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

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

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

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

Financial Review:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Director's Review

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

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

Future Outlook:

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

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

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

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

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

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

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

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

Entity Rating:

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

Corporate Governance:

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

Acknowledgement:

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

For and on behalf of the Board,

Tahir Hassan Qureshi	Mohammad Naeem Mukhtar
Chief Executive Officer	Chairman Board of Directors

Lahore
Date: October 24, 2018

ڈائریکٹرز جائزہ رپورٹ

محترم شیئرز ہولڈرز!

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

	نو ماہی بااختتام 30 ستمبر		
	2018	2017	نمو%
	ملین روپے		
بعد از ٹیکس منافع	9,968	9,735	2
گزشتہ جمع شدہ منافع	49,212	46,490	6
معین اثاثہ جات کی قدر پیمائش سے غیر تصرف شدہ منافع میں منتقلی - خالص از ٹیکس	84	41	105
غیر بینکاری اثاثہ جات کی قدر پیمائش سے غیر تصرف شدہ منافع میں منتقلی - خالص از ٹیکس	3	188	(98)
تصرف کے لیے دستیاب منافع	**59,267**	**56,454**	**5**
حتمی کیش ڈیویڈنڈ برائے سال مختتمہ 31 دسمبر 2017-1.75 روپے فی حصص (2017: سال مختتمہ 31 دسمبر 2016-1.75 روپے فی حصص)	(2,004)	(2,004)	--
پہلا عبوری کیش ڈیویڈنڈ برائے سال مختتمہ 31 دسمبر 2018 - 2 روپے فی حصص (2017: سال مختتمہ 31 دسمبر 2017 1.75 روپے فی حصص)	(2,290)	(2,004)	14
دوسرا عبوری کیش ڈیویڈنڈ برائے سال مختتمہ 31 دسمبر 2018 - 2 روپے فی حصص (2017: سال مختتمہ 31 دسمبر 2017 1.75 روپے فی حصص)	(2,290)	(2,004)	14
ضوابطی ریزرو میں منتقلی	(997)	(973)	2
آگے منتقل کیا گیا جمع شدہ منافع	**51,686**	**49,469**	**5**
فی حصص آمدنی (EPS) روپے	**8.70**	**8.50**	**2**

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

معاشی جائزہ:

ملک، مسلسل تیسری مرتبہ جمہوری حکومت کی منتقلی کے عمل کا شاہد ہے۔ نئی تشکیل شدہ حکومت کو ادائیگیوں کے عدم متوازن میں گھرے موجودہ معاشی صورتحال جیسے کڑے امتحان کا سامنا ہے۔

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

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

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

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

موجودہ میکرو اکنامک صورتحال کی پیش نظر کنزیومر پرائس انڈکس۔ سی پی آئی بھی ستمبر 2017 کی 3.9 فیصد کی شرح کے تقابل میں بڑھتا ہوا ستمبر 2018 تک 5.1 فیصد کی شرح تک جا پہنچا۔ جس کی بنیادی وجہ کرنسی کی تنزلی اور تیل کی بین الاقوامی قیمتوں میں اضافہ ہے جو کہ ستمبر 2018 تک 73 امریکی ڈالر فی بیرل سے تجاوز کر چکی ہیں۔

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

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

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

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

مالیاتی تجزیہ:

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

اب جبکہ خودکار نظام، بینکنگ کی صنعت کے طویل المدت مستقبل میں ایک اہم صورت اختیار کرتا جا رہا ہے۔ یہ امر ناگزیر ہے کہ اس منتقلی کو بتدریج اپنایا جائے تاکہ یہ شعبہ آنے والے ڈیجیٹل بینکنگ کے دور سے ہم آہنگ ہو سکے۔

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

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

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

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

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

ڈائریکٹرز جائزہ رپورٹ

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

اس زیر تجزیہ عرصہ کے دوران 22.4 فیصد کی نہایت مضبوط کیپٹل ایڈیکیوسی (سرمایہ کی معقولیت) کی شرح کو برقرار رکھا گیا ہے۔ جبکہ اس شرح کی قانونی حد 11.3 فیصد پر مقرر ہے۔

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

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

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

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

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

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

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

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

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

چنانچہ آپ کے بینک کی فی حصص آمدنی گزشتہ تقابلی مدت کے 8.50 فی شیئر کے مقابلہ میں 8.70 روپے فی شیئر پر درج ہوئی۔ سالانہ بنیاد پر سرمائے کی آمدنی (ریٹرن آن ایکوئٹی۔ ROE) اور اثاثوں کی آمدنی (ریٹرن آن ایسٹ۔ ROA) کی شرح اس زیر تجزیہ عرصہ میں بالترتیب 16.5 فیصد اور 1.1 فیصد رپورٹ ہوئی جبکہ صنعت کی ROE اور ROA کی مجموعی شرح جون 2018 تک بالترتیب 11 فیصد اور 0.8 فیصد تھی۔

مستقبل کا نقطہ نظر / پیش بینی:

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

تاہم ورلڈ بینک کے نے تیزی سے بڑھتے دوہرے خساروں، لڑکھڑاتے زر مبادلہ کے ذخائر اور قرض کی ادائیگی کے بڑھتے ہوئے بوجھ کے فوری تدراک کے باعث مالی سال

ڈائریکٹرز جائزہ رپورٹ

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

حکومت کے اٹھائے گئے حالیہ اقدامات اور اسکے ساتھ ناگزیر بیرونی قرض، درمیانی مدت میں استحکام کے حصول پر مرکوز ہیں۔ تاہم اہم ترین تعمیری اصلاحات جن میں ٹیکس کے نظام کی جدیدیت؛ جس کے تحت نئے ٹیکس ادا کنندگان کو فوائد کی منتقلی پر خصوصی توجہ، طویل المدت مالیاتی منصوبے اور ان کی نگرانی، حکومت کے زیر انتظام اداروں کے خسارہ کو ختم کرنے کیلئے گورننس میں بہتری، نجی شعبہ کے قرض اور جی ڈی پی کی شرح میں اضافہ اور ایف اے ٹی ایف (FATF) کی رہنمائی کی ہدایات کے تناظر میں اے ایم ایل/سی ایف ٹی (AML/CFT) کیلئے اٹھائے گئے اقدامات میں مزید شدت جیسے عوامل پر زیادہ توجہ کی ضرورت ہے۔ تاکہ طویل مدت میں دیرپا جی ڈی پی کی نمو کو یقینی بنایا جاسکے۔

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

اس زیر تجزیہ سہ ماہی کے دوران آپ کے بینک نے معاشرے کے معمر افراد کی خصوصی ضروریات کو پورا کرنے کیلئے "الائیڈ سینئر سٹیزن اکاؤنٹ" کا آغاز کیا ہے۔

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

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

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

اینٹٹی ریٹنگ:

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

کورپوریٹ گورننس ریٹنگ:

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

تسلیم وتحسین:

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

منجانب وبرائے بورڈ آف ڈائریکٹرز

طاہر حسن قریشی
چیف ایگزیکٹو آفیسر

محمد نعیم مختار
چیئرمین بورڈ آف ڈائریکٹرز

لاہور
24 اکتوبر 2018

UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

for the nine months ended September 30, 2018

Unconsolidated Condensed Interim Statement of Financial Position

(Un-audited) as at September 30, 2018

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

CONTINGENCIES AND COMMITMENTS 12

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

Chief Financial Officer President and Chief Executive Officer

Director Director Chairman

Unconsolidated Condensed Interim Profit and Loss Account

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

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

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

Chief Financial Officer President and Chief Executive Officer

Director Director Chairman

Unconsolidated Condensed Interim Statement of Comprehensive Income

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

	Nine months Ended		Quarter Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
	Rupees in '000			
Profit after taxation for the period	9,967,845	9,735,368	2,824,537	3,261,283
Other comprehensive income:				
Items to be reclassified to profit and loss account in subsequent periods				
Exchange differences on translation of net investment in foreign operating branches	467,156	16,669	94,036	11,377
Comprehensive income transferred to equity	10,435,001	9,752,037	2,918,573	3,272,660
Components of comprehensive income not reflected in equity				
Items to be reclassified to profit and loss account in subsequent periods				
Net change in fair value of 'available-for-sale' securities	(3,946,862)	(5,958,041)	(518,884)	(1,320,754)
Related deferred tax	1,381,402	2,085,315	181,610	462,264
	(2,565,460)	(3,872,726)	(337,274)	(858,490)
Total comprehensive income	7,869,541	5,879,311	2,581,299	2,414,170

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Unconsolidated Condensed Interim Statement of Cash Flow

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

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

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

Chief Financial Officer President and Chief Executive Officer

Director Director Chairman

Unconsolidated Condensed Interim Statement of Changes in Equity

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

	Share Capital	Capital Reserve: Exchange Translation Reserve	Statutory Reserve	Revenue Reserve: General Reserve	Un-appropriated Profit	Total
	Rupees in '000					
Balance as at January 01, 2017 (Audited)	11,450,739	57,687	16,469,798	6,000	46,490,244	74,474,468
Changes in equity during the nine months ended September 30, 2017:						
Total comprehensive income for the nine months ended September 30, 2017						
Net profit for the nine months ended September 30, 2017	–	–	–	–	9,735,368	9,735,368
Effect of translation of net investment in foreign operating branches	–	16,669	–	–	–	16,669
	–	16,669	–	–	9,735,368	9,752,037
Transactions with owners recognized directly in equity						
Final cash dividend for the year ended December 31, 2016 (Rs. 1.75 per ordinary share)	–	–	–	–	(2,003,879)	(2,003,879)
First interim cash dividend for the year ended December 31, 2017 (Rs. 1.75 per ordinary share)	–	–	–	–	(2,003,879)	(2,003,879)
Second interim cash dividend for the year ended December 31, 2017 (Rs. 1.75 per ordinary share)	–	–	–	–	(2,003,879)	(2,003,879)
	–	–	–	–	(6,011,637)	(6,011,637)
Transferred from surplus on revaluation of operating fixed assets to un-appropriated profit - net of tax	–	–	–	–	41,204	41,204
Transferred from surplus on revaluation of non-banking assets to un-appropriated profit - net of tax	–	–	–	–	188,057	188,057
Transfer to statutory reserve	–	–	973,537	–	(973,537)	–
Balance as at September 30, 2017	11,450,739	74,356	17,443,335	6,000	49,469,699	78,444,129
Changes in equity during the quarter ended December 31, 2017:						
Total comprehensive income for the quarter ended December 31, 2017						
Net profit for the quarter ended December 31, 2017	–	–	–	–	2,998,268	2,998,268
Effect of remeasurement of defined benefit plans-net of tax	–	–	–	–	(965,870)	(965,870)
Effect of translation of net investment in foreign operating branches	–	156,598	–	–	–	156,598
	–	156,598	–	–	2,032,398	2,188,996
Transactions with owners recognized directly in equity						
Third interim cash dividend for the year ended December 31, 2017 (Rs. 1.75 per ordinary share)	–	–	–	–	(2,003,879)	(2,003,879)
	–	–	–	–	(2,003,879)	(2,003,879)
Transferred from surplus on revaluation of operating fixed assets to un-appropriated profit - net of tax	–	–	–	–	13,733	13,733
Transferred from surplus on revaluation of non-banking assets to un-appropriated profit - net of tax	–	–	–	–	323	323
Transfer to statutory reserve	–	–	299,827	–	(299,827)	–
Balance as at December 31, 2017 (Audited)	11,450,739	230,954	17,743,162	6,000	49,212,447	78,643,302
Changes in equity during the nine months ended September 30, 2018:						
Total comprehensive income for the nine months ended September 30, 2018						
Net profit for the nine months ended September 30, 2018	–	–	–	–	9,967,845	9,967,845
Effect of translation of net investment in foreign operating branches	–	467,156	–	–	–	467,156
	–	467,156	–	–	9,967,845	10,435,001
Transactions with owners recognized directly in equity						
Final cash dividend for the year ended December 31, 2017 (Rs. 1.75 per ordinary share)	–	–	–	–	(2,003,879)	(2,003,879)
First interim cash dividend for the year ending December 31, 2018 (Rs. 2 per ordinary share)	–	–	–	–	(2,290,148)	(2,290,148)
Second interim cash dividend for the year ending December 31, 2018 (Rs. 2 per ordinary share)	–	–	–	–	(2,290,148)	(2,290,148)
	–	–	–	–	(6,584,175)	(6,584,175)
Transferred from surplus on revaluation of operating fixed assets to un-appropriated profit - net of tax	–	–	–	–	84,196	84,196
Transferred from surplus on revaluation of non-banking assets to un-appropriated profit - net of tax	–	–	–	–	2,968	2,968
Transfer to statutory reserve	–	–	996,784	–	(996,784)	–
Balance as at September 30, 2018	11,450,739	698,110	18,739,946	6,000	51,686,497	82,581,292

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

Chief Financial Officer President and Chief Executive Officer

Director Director Chairman

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

1 STATUS AND NATURE OF BUSINESS

Allied Bank Limited ("the Bank"), incorporated in Pakistan, is a scheduled bank, engaged in commercial banking and related services. The Bank is listed on Pakistan Stock Exchange Limited. The Bank operates a total of 1,256 (December 31, 2017: 1,248) branches in Pakistan including 117 (December 31, 2017: 117) Islamic banking branches, 1 branch (December 31, 2017: 1) in Karachi Export Processing Zone and 1 (December 31, 2017: 1) Wholesale banking branch in Bahrain.

The long term credit rating of the Bank assigned by the Pakistan Credit Rating Agency Limited (PACRA) is 'AAA'. Short term rating of the Bank is 'A1+'.

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

The Bank is the holding company of ABL Asset Management Company Limited.

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

2 STATEMENT OF COMPLIANCE

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

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

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

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

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

2.4 The SECP vide SRO 56 (1) / 2016 dated January 28, 2016, has notified that the requirements of IFRS 10 (Consolidated Financial Statements) and section 228 of the Companies Act, 2017 will not be applicable with respect to the investment in mutual funds established under Trust structure.

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

Notes to the Unconsolidated Condensed Interim Financial Statements

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

3 BASIS OF MEASUREMENT

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

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

4 BASIS OF PRESENTATION

4.1 The disclosures included in these unconsolidated condensed interim financial statements are limited based on the format prescribed by the SBP, vide BSD Circular Letter No. 2 dated May 12, 2004, vide BSD Circular Letter No. 7 dated April 20, 2010 and International Accounting Standard 34 (IAS 34) 'Interim Financial Reporting'. They do not include all of the information required for full annual financial statements, and these unconsolidated condensed interim financial statements should be read in conjunction with the annual unconsolidated financial statements of the Bank for the year ended December 31, 2017.

4.2 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the SBP has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these unconsolidated condensed interim financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.

4.3 The financial results of the Islamic banking business have been included in these unconsolidated condensed interim financial statements for reporting purposes. Key financial figures of the Islamic banking business are disclosed in Note 21 to these unconsolidated condensed interim financial statements.

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

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

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

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

5.1 The accounting policies, underlying estimates & judgments and methods of computation followed in the preparation of these unconsolidated condensed interim financial statements are same as those applied in preparing the most recent annual unconsolidated financial statements of the Bank for the year ended December 31, 2017. The standards, amendments and interpretations of the accounting and reporting standards effective for accounting periods beginning on or after September 30, 2018; are same as those disclosed in annual unconsolidated financial statements of the Bank for the year ended December 31, 2017, except for the following:

- Upto December 31, 2017, surplus / (deficit) on revaluation of fixed assets were being measured under the repealed Companies Ordinance, 1984. The surplus arising on the revaluation is credited to the surplus on revaluation of fixed asset account. Any deficit arising on subsequent revaluation of fixed assets is adjusted against the balance in the surplus account. With effect from January 1, 2018, the Bank has revised its accounting policy in respect of measurement of 'surplus/(deficit) on revaluation of fixed assets' which are now accounted for in accordance with the requirements of International Financial Reporting Standard IAS-16 'Property, Plant and Equipment. The revaluation is measured on individual assets where the surplus is taken to surplus on revaluation of fixed assets account. The deficit on revaluation of the asset is charged to profit and loss account after netting of any surplus already recorded on that asset. The management of the Bank believes that the impact of change in policy is not material, therefore, no adjustments are being taken.
- The SBP has issued BPRD Circular No. 02 of 2018 dated January 25, 2018 'Revised Forms of Annual Financial Statements' effective from the accounting year ending December 31, 2018. The 'Revised Forms of Annual Financial Statements' have changed / added certain disclosures.

Notes to the Unconsolidated Condensed Interim Financial Statements

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

- The SECP has adopted IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers', which are applicable with effect from July 01, 2018. As elaborated in Note 2.3; the SBP has deferred implementation of IAS 39; accordingly IFRS 9 implementation is also under review of the SBP for domestic operations.
- As per the accounting policy of the Bank, the provision against financial asset portfolio of ABL Bahrain Wholesale Branch is made as per the requirements of the concerned regulatory regime. During the current year, IFRS – 9 "Financial Instruments" became applicable for ABL Bahrain Wholesale Branch. Accordingly, Bahrain Branch has changed its accounting policy and has followed the requirements of IFRS – 9 "Financial Instruments", while determining the provisioning requirements against financial assets. IFRS – 9 "Financial Instruments" requires provision against financial assets to be determined under expected credit loss model, which was being previously determined under the incurred loss model as per the concerned regulatory regime.

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

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

		Note	September 30, 2018	Audited December 31, 2017
			Rupees in '000	
6	LENDINGS TO FINANCIAL INSTITUTIONS			
	Call money lending		–	1,000,000
	Repurchase agreement lendings			
	(Reverse Repo)	6.1	249,056,869	5,779,431
	Musharaka lendings	6.2	2,800,000	1,100,000
	Mudaraba lending	6.3	2,000,000	600,000
	Bai Muajjal receivable			
	from State Bank of Pakistan		–	214,968
	Certificates of investment	6.4	70,000	70,000
			253,926,869	8,764,399
	Provision against lendings to financial institutions	6.4	(70,000)	(70,000)
			253,856,869	8,694,399

6.1 These are short-term local currency lendings to financial institutions against government securities. These carry mark-up at the rate of 7.48% to 8.05% (December 31, 2017: 5.95% to 6.10%) per annum and are maturing on various dates, latest by October 09, 2018.

6.2 These represent local currency lendings by Islamic banking business under Musharaka agreement at expected profit of 7.10% to 7.80% (December 31, 2017: 5.83% to 5.85%) per annum and are maturing on various dates, latest by October 03, 2018.

6.3 This represents local currency lendings by Islamic banking business under Mudaraba agreement at expected profit of 7.60% to 7.85% (December 31, 2017: 5.80%) per annum, maturing on various dates, latest by October 02, 2018.

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

7 INVESTMENTS

	Note	Held by Bank	Given as collateral	Total
			Rupees in '000	
Current period - September 30, 2018	7.1	265,745,003	143,279,363	409,024,366
Prior year - December 31, 2017 (Audited)	7.1	520,286,716	177,795,350	698,082,066

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

	As at September 30, 2018			Audited As at December 31, 2017		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
	Rupees in '000					
7.1 Investments by types						
Held-for-trading securities						
Market Treasury Bills	–	–	–	24,706,169	–	24,706,169
Pakistan Investment Bonds	–	–	–	119,940	–	119,940
	–	–	–	24,826,109	–	24,826,109
Available-for-sale securities						
Market Treasury Bills	142,684,614	134,420,248	277,104,862	290,064,860	75,614,442	365,679,302
Pakistan Investment Bonds	46,239,386	4,184,933	50,424,319	63,758,497	100,297,935	164,056,432
Ordinary shares of listed companies / certificates of close-ended mutual funds	14,364,607	–	14,364,607	14,815,012	–	14,815,012
Units of open-ended mutual funds	38,834	–	38,834	–	–	–
Ordinary shares of unlisted companies	2,687,929	–	2,687,929	2,500,169	–	2,500,169
Investment in related parties						
Listed shares	8,142,520	–	8,142,520	8,142,520	–	8,142,520
Unlisted shares	1,093,449	–	1,093,449	1,093,449	–	1,093,449
Sukuk bonds	6,893,665	–	6,893,665	5,465,894	–	5,465,894
GOP Foreign Currency Sukuks (US$)	7,675,735	1,435,899	9,111,634	9,562,817	1,543,073	11,105,890
GOP Ijara Sukuk	3,342,848	–	3,342,848	2,845,696	–	2,845,696
GOP Foreign Currency Bonds (US$)	2,231,372	2,759,575	4,990,947	4,996,009	–	4,996,009
Term Finance Certificates (TFCs)	4,142,765	–	4,142,765	3,707,217	–	3,707,217
	239,537,724	142,800,655	382,338,379	406,952,140	177,455,450	584,407,590
Held-to-maturity securities						
Market Treasury Bills	25,045	–	25,045	–	–	–
Pakistan Investment Bonds	16,171,817	–	16,171,817	73,454,137	–	73,454,137
GOP Foreign Currency Sukuks (US$)	–	–	–	1,108,143	–	1,108,143
TFCs and Sukuk Bonds	346,090	–	346,090	346,102	–	346,102
	16,542,952	–	16,542,952	74,908,382	–	74,908,382
Subsidiary						
ABL Asset Management Company Limited	500,000	–	500,000	500,000	–	500,000
Investment at cost	256,580,676	142,800,655	399,381,331	507,186,631	177,455,450	684,642,081
Provision for diminution in the value of investments	(2,553,709)	–	(2,553,709)	(2,705,403)	–	(2,705,403)
Investments (cost net of provisions)	254,026,967	142,800,655	396,827,622	504,481,228	177,455,450	681,936,678
Surplus on revaluation of held-for-trading' securities - net	–	–	–	1,782	–	1,782
Surplus on revaluation of 'available-for-sale' securities - net	11,718,036	478,708	12,196,744	15,803,706	339,900	16,143,606
Total investments at market value	265,745,003	143,279,363	409,024,366	520,286,716	177,795,350	698,082,066

Notes to the Unconsolidated Condensed Interim Financial Statements

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

		Note	September 30, 2018	Audited December 31, 2017
			Rupees in '000	
8	ADVANCES			
	Loans, cash credits, running finances, etc.			
	In Pakistan		423,401,161	373,157,869
	Outside Pakistan		2,751,126	4,499,177
			426,152,287	377,657,046
	Islamic Financing and related assets	21.2	6,227,465	4,662,326
	Net investment in finance lease - in Pakistan		2,563,947	2,380,573
	Bills discounted and purchased (excluding treasury bills)			
	Payable in Pakistan		2,727,665	2,466,333
	Payable outside Pakistan		1,068,625	1,585,373
			3,796,290	4,051,706
	Advances - gross		438,739,989	388,751,651
	Provision for non-performing advances	8.1 & 8.3	(15,532,210)	(16,702,236)
	General provision	8.3	(15,501)	(11,701)
			(15,547,711)	(16,713,937)
	Advances - net of provision		423,192,278	372,037,714

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

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

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

8.2 No benefit of forced sale value of the collaterals held by the Bank has been taken while determining the provision against non performing loans as allowed under BSD circular No. 01 dated October 21, 2011.

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

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

	September 30, 2018			December 31, 2017 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	16,702,236	11,701	16,713,937	18,720,563	63,309	18,783,872
Charge for the period / year	253,673	3,800	257,473	365,854	–	365,854
Reversals	(1,423,699)	–	(1,423,699)	(2,281,184)	(51,608)	(2,332,792)
Charged to profit and loss account	(1,170,026)	3,800	(1,166,226)	(1,915,330)	(51,608)	(1,966,938)
Amounts written off	–	–	–	(102,997)	–	(102,997)
Closing balance	15,532,210	15,501	15,547,711	16,702,236	11,701	16,713,937

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

	September 30, 2018	Audited December 31, 2017
	Rupees in '000	
9 BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan	20,845,035	24,186,256
Repurchase agreement borrowings from SBP	107,696,196	169,225,901
Repurchase agreement borrowings from Financial Institutions	33,520,909	7,674,798
Unsecured		
Call borrowings	18,316,134	20,246,997
Trading liability	6,744,784	1,976,436
Overdrawn nostro accounts	512,974	104,823
Musharaka borrowings	300,000	100,000
Other borrowings	31,445	41,172
	25,905,337	22,469,428
	187,967,477	223,556,383
10 DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	155,730,068	185,545,256
Savings deposits	233,715,380	233,494,351
Current accounts - remunerative	136,288,985	107,441,601
Current accounts - non - remunerative	327,224,357	303,716,739
	852,958,790	830,197,947
Financial Institutions		
Remunerative deposits	52,273,106	40,924,068
Non - remunerative deposits	24,206,500	12,618,694
	929,438,396	883,740,709

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

11 SHARE CAPITAL

11.1 Authorised capital

September 30, 2018	Audited December 31, 2017		September 30, 2018	Audited December 31, 2017
No. of shares			Rupees in '000	
1,500,000,000	1,500,000,000	Ordinary shares of Rs. 10 each	15,000,000	15,000,000

11.2 Issued, subscribed and paid–up capital

Fully paid–up Ordinary shares of Rs. 10 each

September 30, 2018	Audited December 31, 2017		September 30, 2018	Audited December 31, 2017
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
9,148,550	9,148,550	18,348,550 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation in accordance with the swap ratio stipulated therein less 9,200,000 Ordinary shares of Rs. 10 each, held by Ibrahim Leasing Limited on the cut-off date (September 30, 2004).	91,486	91,486
8,400,000	8,400,000	8,400,000 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation of First Allied Bank Modaraba with Allied Bank Limited in accordance with the share swap ratio stipulated therein.	84,000	84,000
1,145,073,830	1,145,073,830		11,450,739	11,450,739

Ibrahim Holdings (Private) Limited (holding company of the Bank) held 965,879,110 (84.35%) [December 31, 2017: 965,879,110 (84.35%)] ordinary shares of Rs. 10 each, as at reporting date.

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

		September 30, 2018	Audited December 31, 2017
		Rupees in '000	
12	CONTINGENCIES AND COMMITMENTS		
12.1	Direct credit substitutes		
	Guarantees in favour of:		
	Banks and financial institutions	6,063,052	6,187,865
12.2	Transaction-related contingent liabilities		
	Guarantees in favour of:		
	Government	105,578	96,140
	Others	21,800,157	19,427,128
		21,905,735	19,523,268
12.3	Trade-related contingent liabilities	62,439,788	59,545,681
12.4	Claims against the Bank not acknowledged as debt	8,568,506	8,638,605

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

		September 30, 2018	Audited December 31, 2017
		Rupees in '000	
12.6	Commitments in respect of forward foreign exchange contracts		
	Purchase	131,291,660	95,038,705
	Sale	70,087,089	41,580,643
12.7	Commitments in respect of		
	Forward purchase of Federal Government securities	47,824,522	–
	Forward sale of Federal Government securities	6,443,480	–
12.8	Commitments in respect of		
	Civil works	1,479,305	1,350,056
	Acquisition of operating fixed assets	2,059,471	1,713,991
		3,538,776	3,064,047
12.9	Commitments in respect of operating lease		
	Not later than one year	1,053,413	1,120,394
	Later than one year and not later than five years	3,078,202	3,405,724
	Later than five years	1,425,756	1,753,793

12.10 Other Contingencies

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

Notes to the Unconsolidated Condensed Interim Financial Statements
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The income tax assessments of the Bank have been finalized upto and including tax year 2017 for local, Azad Kashmir and Gilgit Baltistan operations. While finalizing income tax assessments upto tax year 2017, income tax authorities made certain add backs with aggregate tax impact of Rs. 24,332 million (December 31, 2017: 24,332 million). As a result of appeals filed by the Bank before appellate authorities, most of the add backs have been deleted. However, the Bank and Tax Department are in appeals/references before higher forums against unfavorable decisions. Pending finalization of appeals/references no provision has been made by the Bank on aggregate sum of Rs. 24,332 million (December 31, 2017: 24,332 million). The management is confident that the outcome of these appeals/references will be in favor of the Bank.

Tax Authorities have conducted proceedings of withholding tax audit under section 161/205 of Income Tax Ordinance, 2001 for tax year 2003 to 2006 and tax year 2008 to 2017 and created an arbitrary demand of Rs. 1,536 million (December 31, 2017: 1,326 million). The Bank's appeals before CIR(A)/Appellate Tribunal Inland Revenue (ATIR) are pending for adjudication. The management is confident that these appeals will be decided in favor of the Bank; therefore, no provision has been made against the said demand of Rs. 1,536 million (December 31, 2017: 1,326 million).

Tax authorities have also issued orders under Federal Excise Act, 2005 / Sales Tax Act, 1990 / Sindh Sales Tax on Services Act, 2011 for the year 2008 to 2017 thereby creating arbitrary aggregate demand of Rs. 900 million (December 31, 2017: 893 million). The Bank's appeals before CIR(A)/Appellate Tribunal Inland Revenue (ATIR) are pending for adjudication. The management is confident that aforesaid demand will be deleted by appellate authorities and therefore no provision has been made against the said demand of Rs. 900 million (December 31, 2017: 893 million).

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

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

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

15 EXTRA-ORDINARY / UNUSUAL ITEM

Under the Suo Moto case SMC No. 20/2016, the Honorable Supreme Court had taken up the matter relating to pension arrangements of certain privatized banks including Allied Bank Limited. The Honorable Supreme Court of Pakistan concluded the Suo Moto case on February 13, 2018, by using judicial discretion and fixed the minimum pension and indexation levels for eligible staff, on humanitarian grounds. In view of the underlying judgement, the Bank under the guidance of legal counsel, has booked the related past service cost amounting to Rs. 265 million; based on an actuarial valuation in Quarter 1, 2018.

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

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

There is no dilution effect on basic earnings per share.

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

18 RELATED PARTY TRANSACTIONS

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

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

	September 30, 2018						December 31, 2017 (Audited)					
Nature of related party transactions	Parent	Directors	Associated Companies*	Subsidiary	Key management personnel	Other related parties	Parent	Directors	Associated Companies*	Subsidiary	Key management personnel	Other related parties
	Rupees in '000											
Loans:												
Loans at the beginning of the period / year	-	17,029	3,541,750	-	252,674	5,965,189	-	24,137	4,383,200	-	253,417	17,991,914
Loans given during the period / year	-	11,204	1,000,001	-	113,707	26,659,369	-	63,948	-	-	155,728	66,822,844
Loans repaid / adjustments during the period / year	-	(16,973)	(3,699,327)	-	(95,001)	(24,139,852)	-	(71,056)	(841,450)	-	(156,471)	(78,849,569)
Loans at the end of the period / year	-	11,260	842,424	-	271,380	8,484,706	-	17,029	3,541,750	-	252,674	5,965,189
Deposits:												
Deposits at the beginning of the period / year	1,202	262,709	98,849	38,653	61,889	13,280,904	403	53,177	258,264	25,508	42,152	13,249,519
Deposits received during the period / year	7,260,083	76,812	5,701,397	750,342	531,382	167,183,368	6,779,403	420,062	41,648,556	884,938	569,875	157,490,029
Deposits repaid during the period / year	(7,260,670)	(308,598)	(5,719,076)	(773,306)	(518,726)	(169,987,723)	(6,778,604)	(210,530)	(41,807,971)	(871,793)	(550,138)	(157,458,644)
Deposits at the end of the period / year	615	30,923	81,170	15,689	74,545	10,476,549	1,202	262,709	98,849	38,653	61,889	13,280,904
Investments in shares	-	-	4,836,429	500,000	-	4,106,036	-	-	4,836,429	500,000	-	4,106,035
Other receivables	-	13,056	13,309	1,804	70,841	105,811	-	12,631	27,810	1,908	81,472	95,567
Net receivable from staff retirement benefit funds	-	-	-	-	-	3,178,400	-	-	-	-	-	3,255,453
Non funded exposure	-	-	476,980	-	-	6,995	-	-	423,881	-	-	6,416

	September 30, 2018						September 30, 2017					
	Parent	Directors	Associated Companies*	Subsidiary	Key management personnel	Other related parties	Parent	Directors	Associated Companies*	Subsidiary	Key management personnel	Other related parties
	Rupees in '000											
Mark-up earned	-	425	141,446	-	10,136	184,549	-	925	216,596	-	8,656	444,364
Dividend income	-	-	660,800	-	-	389,600	-	-	672,000	-	-	394,720
Capital loss	-	-	-	-	-	(63)	-	-	-	-	-	
Sales commission	-	-	-	7,102	-	-	-	-	-	5,594	-	-
Fee commission / bank charges	1	7	55	288	70	393	2	17	802	292	43	633
Other Income**	-	-	560	3,405	-	978	-	-	3,219	2,255	-	144
Mark-up expense on deposits	-	2,046	877	1,079	469	459,540	-	732	3,043	885	401	284,362
Director's meeting fee	-	12,150	-	-	-	-	-	12,150	-	-	-	-
Remuneration	-	41,807	-	-	269,115	-	-	36,050	-	-	301,428	-
Other charges***	-	-	30,730	-	-	86,654	-	-	30,712	-	-	74,481
Rent expense****	-	-	7,901	-	-	-	-	-	8,275	-	-	-
Charge in respect of staff retirement benefit funds	-	-	-	-	-	531,214	-	-	-	-	-	157,730

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

*Associated companies are on the basis of common directorship.

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

***Other charges with Associated Companies include donation to National Management Foundation amounting to Rs. 30 million and with Other related parties include donation to Raast Welfare Society amounting to Rs. 1 million and payments to NIFT amounting to Rs. 77.621 million.

****Rent 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 the State Bank of Pakistan.

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

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

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

19 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Fair value of fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision/ reversal for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 5.4 of annual unconsolidated financial statements for the year ended December 31, 2017.

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

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

	September 30, 2018				December 31, 2017 (Audited)			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
FAIR VALUE HIERARCHY OF ASSETS AND LIABILITIES	Rupees in '000							
a) On balance sheet financial instruments								
Financial assets measured at fair value:								
Held-for-trading securities								
Market Treasury Bills	–	–	–	–	–	24,704,478	–	24,704,478
Pakistan Investment Bonds	–	–	–	–	–	123,415	–	123,415
	–	–	–	–	–	24,827,893	–	24,827,893
Available-for-sale securities								
Market Treasury Bills	–	276,980,562	–	276,980,562	–	365,643,722	–	365,643,722
Pakistan Investment Bonds	–	49,989,209	–	49,989,209	–	166,864,554	–	166,864,554
Ordinary shares of listed companies / certificates of close-ended mutual funds"	33,114,597	–	–	33,114,597	33,346,294	–	–	33,346,294
Ordinary shares of unlisted companies	–	–	3,709,749	3,709,749	–	–	3,522,055	3,522,055
Units of open-ended mutual funds	113,716	–	-	113,716	–	–	–	–
Sukuk Bonds	–	12,466,862	6,687,493	19,154,355	–	14,373,811	5,219,911	19,593,722
GOP Foreign Currency Bonds (US$)	–	5,171,886	-	5,171,886	–	5,515,525	-	5,515,525
Term Finance Certificates	–	2,720,555	1,372,875	4,093,430	–	2,292,939	1,413,084	3,706,023
	33,228,313	347,329,074	11,770,117	392,327,504	33,346,294	554,690,551	10,155,050	598,191,895
Financial liabilities measured at fair value:								
Held-for-trading securities								
Pakistan Investment Bonds	–	6,712,897	–	6,712,897	–	1,976,436	–	1,976,436
Non-financial assets measured at fair value:								
Operating fixed assets	–	39,388,134	–	39,388,134	–	36,872,324	–	36,872,324
Non banking assets	–	3,609,468	–	3,609,468	–	3,584,030	–	3,584,030
	–	42,997,602	–	42,997,602	–	40,456,354	–	40,456,354
b) Off-balance sheet financial instruments								
Foreign exchange contracts - Purchase	–	131,291,660	–	131,291,660	–	95,038,705	–	95,038,705
Foreign exchange contracts - Sale	–	70,087,089	–	70,087,089	–	41,580,643	–	41,580,643
Federal Government securities - Purchase	–	47,719,665	–	47,719,665	–	–	–	–
Federal Government securities - Sale	–	6,449,758	–	6,449,758	–	–	–	–

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

Notes to the Unconsolidated Condensed Interim Financial Statements

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

20 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	For the nine months ended September 30, 2018					
	Corporate & Investment Banking	Trading & Sales (Treasury)	Commercial & Retail Banking	Other	Eliminations	Total
	Rupees in '000					
Total Income	23,698,470	33,714,068	44,040,599	411,616	(39,759,835)	62,104,918
Total Expenses	(21,164,691)	(29,772,081)	(36,586,473)	(4,373,663)	39,759,835	(52,137,073)
Net Income	2,533,779	3,941,987	7,454,126	(3,962,047)	–	9,967,845

	For the nine months ended September 30, 2017					
	Corporate & Investment Banking	Trading & Sales (Treasury)	Commercial & Retail Banking	Other	Eliminations	Total
	Rupees in '000					
Total Income	19,868,898	30,466,709	37,374,882	565,926	(33,764,227)	54,512,188
Total Expenses	(16,882,473)	(26,096,778)	(31,968,009)	(3,593,787)	33,764,227	(44,776,820)
Net Income	2,986,425	4,369,931	5,406,873	(3,027,861)	–	9,735,368

	As at September 30, 2018					
	Corporate & Investment Banking	Trading & Sales (Treasury)	Commercial & Retail Banking	Other	Eliminations	Total
	Rupees in '000					
Segment Assets (Gross)	471,177,843	642,298,361	958,673,339	109,732,801	(907,510,583)	1,274,371,761
Segment Liabilities	448,797,467	636,121,175	944,923,455	25,314,706	(907,510,583)	1,147,646,220

	As at December 31, 2017 (Audited)					
	Corporate & Investment Banking	Trading & Sales (Treasury)	Commercial & Retail Banking	Other	Eliminations	Total
	Rupees in '000					
Segment Assets (Gross)	400,890,640	692,542,154	898,771,802	143,752,585	(870,008,666)	1,265,948,515
Segment Liabilities	397,834,210	692,542,154	897,377,822	21,250,240	(870,008,666)	1,138,995,760

Notes to the Unconsolidated Condensed Interim Financial Statements

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

21 ISLAMIC BANKING BUSINESS

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

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

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

	September 30, 2018	Audited December 31, 2017
	Rupees in '000	
21.2.3 Ijarah		
Financings	110,369	1,590,172
Advances	74,020	28,835
Inventories	26,446	18,687
	210,835	1,637,694
21.2.4 Murabaha		
Financings	3,106	18,687
Advances	9,998	6,610
	13,104	25,297
21.3 Deposits and other accounts		
Customers		
Fixed deposits	1,314,912	1,388,372
Savings deposits	6,993,303	5,341,065
Current accounts - remunerative	778,368	288,564
- non-remunerative	5,616,141	2,994,591
	14,702,724	10,012,592
Financial institutions		
Remunerative deposits	6,168,491	5,034,324
Non-remunerative deposits	9,569	500,050
	20,880,784	15,546,966
21.4 Charity Fund		
Opening Balance	1	2
Additions during the period	166	22
Payments / utilization during the period	–	(23)
Closing Balance	167	1

21.5 The profit and loss account of the Bank's Islamic banking business for the nine months ended September 30, 2018 is as follows:

	Nine months Ended June 30, 2018	June 30, 2017
	Rupees in '000	
Profit earned	865,687	491,880
Profit expensed	412,533	255,565
Net profit	453,154	236,315
OTHER INCOME		
Fee, commission and brokerage income	50,021	28,744
Income / (loss) from dealing in foreign currencies	2,117	(438)
Gain on sale of securities	–	1
Other income	321	18
Total other income	52,459	28,325
	505,613	264,640
OTHER EXPENSE		
Administrative expenses	771,282	504,775
LOSS BEFORE TAXATION	(265,669)	(240,135)
21.6 Remuneration to Shariah Advisor / Board	5,453	5,499

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

22 LIQUIDITY RISK

Bank calculates the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) as per SBP Basel III Liquidity standards issued under BPRD circular no. 08 dated June 23, 2016. As of September 30, 2018, the Bank's LCR stood at 148.26% (December 31, 2017: 142.46%) and NSFR stood at 188.11% (December 31, 2017: 187.40%) against the SBP's minimum requirement of 90% and 100% respectively.

23 GENERAL

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

23.2 Corresponding figures have been re-arranged and reclassified to reflect more appropriate presentation of transactions for the purpose of comparison. However, no significant reclassifications have been made in these unconsolidated condensed interim financial statements.

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

24 DATE OF AUTHORIZATION FOR ISSUE

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

Chief Financial Officer   President and Chief Executive Officer

Director   Director   Chairman

CONSOLIDATED
CONDENSED INTERIM
FINANCIAL STATEMENTS

for the nine months ended September 30, 2018

Consolidated Condensed Interim Statement of Financial Position

(Un-audited) as at September 30, 2018

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

CONTINGENCIES AND COMMITMENTS 12

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Consolidated Condensed Interim Profit and Loss Account

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

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

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

Chief Financial Officer President and Chief Executive Officer

Director Director Chairman

Consolidated Condensed Interim Statement of Comprehensive Income

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

	Nine months Ended		Quarter Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
	Rupees in '000			
Profit after taxation for the period	10,108,176	9,892,864	2,863,011	3,293,766
Other comprehensive income:				
Items to be reclassified to profit and loss account in subsequent periods				
Exchange differences on translation of net investment in foreign operating branches	467,156	16,669	94,036	11,377
Comprehensive income transferred to equity	10,575,332	9,909,533	2,957,047	3,305,143
Components of comprehensive income not reflected in equity				
Items to be reclassified to profit and loss account in subsequent periods				
Net change in fair value of 'available-for-sale' securities	(3,946,862)	(5,958,041)	(518,884)	(1,320,754)
Related deferred tax	1,381,402	2,085,315	181,610	462,264
	(2,565,460)	(3,872,726)	(337,274)	(858,490)
Total comprehensive income	8,009,872	6,036,807	2,619,773	2,446,653

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

Chief Financial Officer President and Chief Executive Officer

Director Director Chairman

Consolidated Condensed Interim Statement of Cash Flow

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

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

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

Chief Financial Officer President and Chief Executive Officer

Director Director Chairman

Consolidated Condensed Interim Statement of Changes in Equity

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

	Share Capital	Capital Reserve: Exchange Translation Reserve	Statutory Reserve	Revenue Reserve: General Reserve	Revenue Reserve: Un-appropriated Profit	Total
	Rupees in '000					
Balance as at January 01, 2017 (Audited)	11,450,739	57,687	16,469,798	6,000	47,631,788	75,616,012
Changes in equity during the nine months ended September 30, 2017:						
Total comprehensive income for the nine months ended September 30, 2017						
Net profit for the nine months ended September 30, 2017	–	–	–	–	9,892,864	9,892,864
Effect of translation of net investment in foreign operating branches	–	16,669	–	–	–	16,669
	–	16,669	–	–	9,892,864	9,909,533
Transactions with owners recognized directly in equity						
Final cash dividend for the year ended December 31, 2016 (Rs. 1.75 per ordinary share)	–	–	–	–	(2,003,879)	(2,003,879)
First interim cash dividend for the year ended December 31, 2017 (Rs. 1.75 per ordinary share)	–	–	–	–	(2,003,879)	(2,003,879)
Second interim cash dividend for the year ended December 31, 2017 (Rs. 1.75 per ordinary share)	–	–	–	–	(2,003,879)	(2,003,879)
	–	–	–	–	(6,011,637)	(6,011,637)
Transferred from surplus on revaluation of operating fixed assets to un-appropriated profit - net of tax	–	–	–	–	41,204	41,204
Transferred from surplus on revaluation of non-banking assets to un-appropriated profit - net of tax	–	–	–	–	188,057	188,057
Transfer to statutory reserve	–	–	973,537	–	(973,537)	–
Balance as at September 30, 2017	11,450,739	74,356	17,443,335	6,000	50,768,739	79,743,169
Changes in equity during the quarter ended December 31, 2017:						
Total comprehensive income for the quarter ended December 31, 2017						
Net profit for the quarter ended December 31, 2017	–	–	–	–	3,032,907	3,032,907
Effect of remeasuremnt of defined benefit plans-net of tax	–	–	–	–	(965,870)	(965,870)
Effect of translation of net investment in foreign operating branches	–	156,598	–	–	–	156,598
	–	156,598	–	–	2,067,037	2,223,635
Transactions with owners recognized directly in equity						
Third interim cash dividend for the year ended December 31, 2017 (Rs. 1.75 per ordinary share)	–	–	–	–	(2,003,879)	(2,003,879)
	–	–	–	–	(2,003,879)	(2,003,879)
Transferred from surplus on revaluation of operating fixed assets to un-appropriated profit - net of tax	–	–	–	–	13,733	13,733
Transferred from surplus on revaluation of non-banking assets to un-appropriated profit - net of tax	–	–	–	–	323	323
Transfer to statutory reserve	–	–	299,827	–	(299,827)	–
Balance as at December 31, 2017 (Audited)	11,450,739	230,954	17,743,162	6,000	50,546,126	79,976,981
Changes in equity during the nine months ended September 30, 2018:						
Total comprehensive income for the nine months ended September 30, 2018						
Net profit for the nine months ended September 30, 2018	–	–	–	–	10,108,176	10,108,176
Effect of translation of net investment in foreign operating branches	–	467,156	–	–	–	467,156
	–	467,156	–	–	10,108,176	10,575,332
Transactions with owners recognized directly in equity						
Final cash dividend for the year ended December 31, 2017 (Rs. 1.75 per ordinary share)	–	–	–	–	(2,003,879)	(2,003,879)
First interim cash dividend for the year ending December 31, 2018 (Rs. 2 per ordinary share)	–	–	–	–	(2,290,148)	(2,290,148)
Second interim cash dividend for the year ending December 31, 2018 (Rs. 2 per ordinary share)	–	–	–	–	(2,290,148)	(2,290,148)
	–	–	–	–	(6,584,175)	(6,584,175)
Transferred from surplus on revaluation of operating fixed assets to un-appropriated profit - net of tax	–	–	–	–	84,196	84,196
Transferred from surplus on revaluation of non-banking assets to un-appropriated profit - net of tax	–	–	–	–	2,968	2,968
Transfer to statutory reserve	–	–	996,784	–	(996,784)	–
Balance as at September 30, 2018	11,450,739	698,110	18,739,946	6,000	53,160,507	84,055,302

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

Chief Financial Officer President and Chief Executive Officer

Director Director Chairman

Notes to the Consolidated Condensed Interim Financial Statements

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

1 STATUS AND NATURE OF BUSINESS

The “Group” consists of:

Holding Company

Allied Bank Limited (“the Bank”), incorporated in Pakistan, is a scheduled bank, engaged in commercial banking and related services. The Bank is listed on Pakistan Stock Exchange Limited. The Bank operates a total of 1,256 (December 31, 2017: 1,248) branches in Pakistan including 117 (December 31, 2017: 117) Islamic banking branches, 1 branch (December 31, 2017: 1) in Karachi Export Processing Zone and 1 (December 31, 2017: 1) Wholesale banking branch in Bahrain.

The long term credit rating of the Bank assigned by the Pakistan Credit Rating Agency Limited (PACRA) is ‘AAA’. Short term rating of the Bank is ‘A1+’.

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

The Bank is the holding company of ABL Asset Management Company Limited.

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

Subsidiary Company

ABL Asset Management Company Limited (“the Company”) is a public unlisted company, incorporated in Pakistan as a limited liability company on October 12, 2007 under the repealed Companies Ordinance, 1984.The Company has received certificate of commencement of business on 31 December, 2007. The Company has obtained licenses from the Securities and Exchange Commission of Pakistan (SECP) to carry out Asset Management Services and Investment Advisory Services as a Non-Banking Finance Company (NBFC) under Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 as amended through S.R.O.1131[I] 2007 (the NBFC Rules). The Company has also obtained license to carry out business as Pension Fund Manager, under the Voluntary Pension System Rules, 2005. The registered office of the Company is situated at Plot no. 14, Main Boulevard, DHA Phase VI, Lahore (previously at 11-B Lalazar, M.T Khan Road Karachi). The Company is a wholly owned subsidiary of Allied Bank Limited (the holding company).

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

ABL Asset Management company is managing following funds:

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

2 STATEMENT OF COMPLIANCE

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

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

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

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

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

2.3 The SECP vide SRO 56 (1) / 2016 dated January 28, 2016, has notified that the requirements of IFRS 10 (Consolidated Financial Statements) and section 228 of the Companies Act, 2017 will not be applicable with respect to the investment in mutual funds established under Trust structure.

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

3 BASIS OF MEASUREMENT

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

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

4 BASIS OF PRESENTATION

4.1 The disclosures included in these consolidated condensed interim financial statements are limited based on the format prescribed by the SBP, vide BSD Circular Letter No. 2 dated May 12, 2004, vide BSD Circular Letter No. 7 dated April 20, 2010 and International Accounting Standard 34 (IAS 34) 'Interim Financial Reporting'. They do not include all of the information required for full annual financial statements, and these consolidated condensed interim financial statements should be read in conjunction with the annual consolidated financial statements of the Group for the year ended December 31, 2017.

Notes to the Consolidated Condensed Interim Financial Statements

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

4.2 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the SBP has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these consolidated condensed interim financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.

4.3 The financial results of the Islamic banking business have been included in these consolidated condensed interim financial statements for reporting purposes. Key financial figures of the Islamic banking business are same as disclosed in Note 21 to unconsolidated condensed interim financial statements.

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

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

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

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

5.1 The accounting policies, underlying estimates & judgments and methods of computation followed in the preparation of these consolidated condensed interim financial statements are same as those applied in preparing the most recent annual consolidated financial statements of the Group for the year ended December 31, 2017. The standards, amendments and interpretations of the accounting and reporting standards effective for accounting periods beginning on or after September 30, 2018; are same as those disclosed in annual consolidated financial statements of the Group for the year ended December 31, 2017, except for the following:

- Upto December 31, 2017, surplus / (deficit) on revaluation of fixed assets were being measured under the repealed Companies Ordinance, 1984. The surplus arising on the revaluation is credited to the surplus on revaluation of fixed asset account. Any deficit arising on subsequent revaluation of fixed assets is adjusted against the balance in the surplus account. With effect from January 1, 2018, the Bank has revised its accounting policy in respect of measurement of ‘surplus/(deficit) on revaluation of fixed assets’ which are now accounted for in accordance with the requirements of International Financial Reporting Standard IAS-16 ‘Property, Plant and Equipment. The revaluation is measured on individual assets where the surplus is taken to surplus on revaluation of fixed assets account. The deficit on revaluation of the asset is charged to profit and loss account after netting of any surplus already recorded on that asset. The management of the Group believes that the impact of change in policy is not material, therefore, no adjustments are being taken.

- The SBP has issued BPRD Circular No. 02 of 2018 dated January 25, 2018 ‘Revised Forms of Annual Financial Statements’ effective from the accounting year ending December 31, 2018. The ‘Revised Forms of Annual Financial Statements’ have changed / added certain disclosures.

- The SECP has adopted IFRS 9 ‘Financial Instruments’ and IFRS 15 ‘Revenue from Contracts with Customers’, which are applicable with effect from July 01, 2018. As elaborated in Note 2.3; the SBP has deferred implementation of IAS 39; accordingly IFRS 9 implementation is also under review of the SBP for domestic operations.

- As per the accounting policy of the Group, the provision against financial asset portfolio of ABL Bahrain Wholesale Branch is made as per the requirements of the concerned regulatory regime.

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

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

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

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

	Note	September 30, 2018	Audited December 31, 2017
		Rupees in ‘000	
6 LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lending		–	1,000,000
Repurchase agreement lendings (Reverse Repo)	6.1	249,056,869	5,779,431
Musharaka lendings	6.2	2,800,000	1,100,000
Mudaraba lending	6.3	2,000,000	600,000
Bai Muajjal receivable from State Bank of Pakistan		–	214,968
Certificates of investment	6.4	70,000	70,000
		253,926,869	8,764,399
Provision against lendings to financial institutions	6.4	(70,000)	(70,000)
		253,856,869	8,694,399

6.1 These are short-term local currency lendings to financial institutions against government securities. These carry mark-up at the rate of 7.48% to 8.05% (December 31, 2017: 5.95% to 6.10%) per annum and are maturing on various dates, latest by October 09, 2018.

6.2 These represent local currency lendings by Islamic banking business under Musharaka agreement at profit of 7.10% to 7.80% (December 31, 2017: 5.83% to 5.85%) per annum and are maturing on various dates, latest by October 03, 2018.

6.3 This represents local currency lending by Islamic banking business under Mudaraba agreement at profit of 7.60% to 7.85% (December 31, 2017: 5.80%) per annum, maturing on various dates, latest by October 02, 2018.

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

7 INVESTMENTS

	Note	Held by Group	Given as collateral	Total
		Rupees in ‘000		
Current period - September 30, 2018	7.1	267,116,733	143,279,363	410,396,096
Prior year - December 31, 2017 (Audited)	7.1	521,528,340	177,795,350	699,323,690

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

	As at September 30, 2018			Audited As at December 31, 2017		
	Held by Group	Given as collateral	Total	Held by Group	Given as collateral	Total
	Rupees in '000					
7.1 Investments by types						
Held-for-trading securities						
Market Treasury Bills	–	–	–	24,706,169	–	24,706,169
Pakistan Investment Bonds	–	–	–	119,940	–	119,940
Units of open-ended mutual funds	1,897,985	–	1,897,985	1,785,318	–	1,785,318
	1,897,985	–	1,897,985	26,611,427	–	26,611,427
Available-for-sale securities						
Market Treasury Bills	142,684,614	134,420,248	277,104,862	290,064,860	75,614,442	365,679,302
Pakistan Investment Bonds	46,239,386	4,184,933	50,424,319	63,758,497	100,297,935	164,056,432
Ordinary shares of listed companies / certificates of close-ended mutual funds	14,364,607	–	14,364,607	14,815,012	–	14,815,012
Units of open-ended mutual funds	38,834	–	38,834	–	–	–
Ordinary shares of unlisted companies	2,687,929	–	2,687,929	2,500,169	–	2,500,169
Investment in related parties						
Listed shares	8,142,520	–	8,142,520	8,142,520	–	8,142,520
Unlisted shares	1,093,449	–	1,093,449	1,093,449	–	1,093,449
Sukuk bonds	6,893,665	–	6,893,665	5,465,894	–	5,465,894
GOP Foreign Currency Sukuks (US$)	7,675,735	1,435,899	9,111,634	9,562,817	1,543,073	11,105,890
GOP Ijara Sukuk	3,342,848	–	3,342,848	2,845,696	–	2,845,696
GOP Foreign Currency Bonds (US$)	2,231,372	2,759,575	4,990,947	4,996,009	–	4,996,009
Term Finance Certificates (TFCs)	4,142,765	–	4,142,765	3,707,217	–	3,707,217
	239,537,724	142,800,655	382,338,379	406,952,140	177,455,450	584,407,590
Held-to-maturity securities						
Market Treasury Bills	25,045	–	25,045	–	–	–
Pakistan Investment Bonds	16,171,817	–	16,171,817	73,454,137	–	73,454,137
GOP Foreign Currency Sukuks (US$)	–	–	–	1,108,143	–	1,108,143
TFCs and Sukuk Bonds	346,090	–	346,090	346,102	–	346,102
	16,542,952	–	16,542,952	74,908,382	–	74,908,382
Investment at cost	257,978,661	142,800,655	400,779,316	508,471,949	177,455,450	685,927,399
Provision for diminution in the value of investments	(2,553,709)	–	(2,553,709)	(2,705,403)	–	(2,705,403)
Investments (cost net of provisions)	255,424,952	142,800,655	398,225,607	505,766,546	177,455,450	683,221,996
Deficit on revaluation of 'held-for-trading' securities - net	(26,255)	–	(26,255)	(41,912)	–	(41,912)
Surplus on revaluation of 'available-for-sale' securities - net	11,718,036	478,708	12,196,744	15,803,706	339,900	16,143,606
Total investments at market value	267,116,733	143,279,363	410,396,096	521,528,340	177,795,350	699,323,690

Notes to the Consolidated Condensed Interim Financial Statements

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

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

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

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

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

8.2 No benefit of forced sale value of the collaterals held by the Bank has been taken while determining the provision against non performing loans as allowed under BSD circular No. 01 dated October 21, 2011.

Notes to the Consolidated Condensed Interim Financial Statements

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

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

	September 30, 2018			December 31, 2017 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	16,702,236	11,701	16,713,937	18,720,563	63,309	18,783,872
Charge for the period / year	253,673	3,800	257,473	365,854	–	365,854
Reversals	(1,423,699)	–	(1,423,699)	(2,281,184)	(51,608)	(2,332,792)
Charged to profit and loss account	(1,170,026)	3,800	(1,166,226)	(1,915,330)	(51,608)	(1,966,938)
Amounts written off	–	–	–	(102,997)	–	(102,997)
Closing balance	15,532,210	15,501	15,547,711	16,702,236	11,701	16,713,937

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

	September 30, 2018	Audited December 31, 2017
	Rupees in '000	
9 BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan	20,845,035	24,186,256
Repurchase agreement borrowings from SBP	107,696,196	169,225,901
Repurchase agreement borrowings from Financial Institutions	33,520,909	7,674,798
Unsecured		
Call borrowings	18,316,134	20,246,997
Trading liability	6,744,784	1,976,436
Overdrawn nostro accounts	512,974	104,823
Musharaka borrowings	300,000	100,000
Other borrowings	31,445	41,172
	25,905,337	22,469,428
	187,967,477	223,556,383
10 DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	155,730,068	185,545,256
Savings deposits	244,086,859	233,494,351
Current accounts - remunerative	125,917,506	107,441,601
Current accounts - non - remunerative	327,224,357	303,716,739
	852,958,790	830,197,947
Financial Institutions		
Remunerative deposits	52,257,417	40,885,415
Non - remunerative deposits	24,206,500	12,618,694
	929,422,707	883,702,056

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

11 SHARE CAPITAL

11.1 Authorised capital

September 30, 2018	Audited December 31, 2017		September 30, 2018	Audited December 31, 2017
No. of shares			Rupees in '000	
1,500,000,000	1,500,000,000	Ordinary shares of Rs. 10 each	15,000,000	15,000,000

11.2 Issued, subscribed and paid–up capital

Fully paid–up Ordinary shares of Rs. 10 each

September 30, 2018	Audited December 31, 2017		September 30, 2018	Audited December 31, 2017
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
9,148,550	9,148,550	18,348,550 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation in accordance with the swap ratio stipulated therein less 9,200,000 Ordinary shares of Rs. 10 each, held by Ibrahim Leasing Limited on the cut-off date (September 30, 2004).	91,486	91,486
8,400,000	8,400,000	8,400,000 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation of First Allied Bank Modaraba with Allied Bank Limited in accordance with the share swap ratio stipulated therein.	84,000	84,000
1,145,073,830	1,145,073,830		11,450,739	11,450,739

Ibrahim Holdings (Private) Limited (holding company of the Bank) held 965,879,110 (84.35%) [December 31, 2017: 965,879,110 (84.35%)] ordinary shares of Rs. 10 each, as at reporting date.

Notes to the Consolidated Condensed Interim Financial Statements

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

		September 30, 2018	Audited December 31, 2017
		Rupees in '000	
12	CONTINGENCIES AND COMMITMENTS		
12.1	Direct credit substitutes		
	Guarantees in favour of:		
	Banks and financial institutions	6,063,052	6,187,865
12.2	Transaction-related contingent liabilities		
	Guarantees in favour of:		
	Government	105,578	96,140
	Others	21,800,157	19,427,128
		21,905,735	19,523,268
12.3	Trade-related contingent liabilities	62,439,788	59,545,681
12.4	Claims against the Bank not acknowledged as debt	8,568,506	8,638,605

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

		September 30, 2018	Audited December 31, 2017
		Rupees in '000	
12.6	Commitments in respect of forward foreign exchange contracts		
	Purchase	131,291,660	95,038,705
	Sale	70,087,089	41,580,643
12.7	Commitments in respect of		
	Forward purchase of Federal Government securities	47,824,522	–
	Forward sale of Federal Government securities	6,443,480	–
12.8	Commitments in respect of		
	Civil works	1,479,305	1,350,056
	Acquisition of operating fixed assets	2,059,471	1,713,991
		3,538,776	3,064,047
12.9	Commitments in respect of operating lease		
	Not later than one year	1,053,413	1,120,394
	Later than one year and not later than five years	3,078,202	3,405,724
	Later than five years	1,425,756	1,753,793
12.10	Other Commitments	61,791	61,551

12.11 Other Contingencies

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

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

The income tax assessments of the Group have been finalized up to and including tax year 2017 for local, Azad Kashmir and Gilgit Baltistan operations. While finalizing income tax assessments up to tax year 2017, income tax authorities made certain add backs with aggregate tax impact of Rs.24,344 million (December 31, 2017: Rs.24,344 million). As a result of appeals filed by the Group before appellate authorities, most of the add backs have been deleted. However, the Group and Tax Department are in appeals/ references before higher forums against unfavorable decisions. Pending finalization of appeals/references no provision has been made by the Group on aggregate sum of Rs.24,344 million (December 31, 2017: Rs.24,344 million). The management is confident that the outcome of these appeals/references will be in favor of the Group.

Tax Authorities have conducted proceedings of withholding tax audit under section 161/205 of Income Tax Ordinance, 2001 for tax year 2003 to 2006 and tax year 2008 to 2017 and created an arbitrary demand of Rs.1,546 million (December 31, 2017: Rs.1,366 million). The Group's appeals before CIR(A)/Appellate Tribunal Inland Revenue (ATIR) are pending for adjudication. The management is confident that these appeals will be decided in favor of the Group; therefore, no provision has been made against the said demand of Rs.1,546 million (December 31, 2017: Rs.1,366 million).

Tax authorities have also issued orders under Federal Excise Act, 2005/Sales Tax Act, 1990/Sindh Sales Tax on Services Act, 2011 for the year 2008 to 2017 thereby creating arbitrary aggregate demand of Rs.900 million (December 31, 2017: Rs.893 million). The Group's appeals before CIR(A)/Appellate Tribunal Inland Revenue (ATIR) are pending for adjudication. The management is confident that aforesaid demand will be deleted by appellate authorities and therefore no provision has been made against the said demand of Rs. 900 million (December 31, 2017: Rs.893 million).

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

Notes to the Consolidated Condensed Interim Financial Statements

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

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

15 EXTRA-ORDINARY / UNUSUAL ITEM

Under the Suo Moto case SMC No. 20/2016, the Honorable Supreme Court had taken up the matter relating to pension arrangements of certain privatized banks including Allied Bank Limited. The Honorable Supreme Court of Pakistan concluded the Suo Moto case on February 13, 2018, by using judicial discretion and fixed the minimum pension and indexation levels for eligible staff, on humanitarian grounds. In view of the underlying judgement, the Bank under the guidance of legal counsel, has booked the related past service cost amounting to Rs. 265 million; based on an actuarial valuation in Quarter 1,2018.

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

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

There is no dilution effect on basic earnings per share.

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

18 RELATED PARTY TRANSACTIONS

The Group has related party relationships with its parent, companies with common directorship, directors, employee benefit plans and key management personnel including their associates.

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

Nature of related party transactions	September 30, 2018					December 31, 2017 (Audited)				
	Parent	Directors	Associated Companies*	Key management personnel	Other related parties	Parent	Directors	Associated Companies*	Key management personnel	Other related parties
	Rupees in '000									
Loans:										
Loans at the beginning of the period / year	-	17,029	3,541,750	252,674	5,965,189	-	24,137	4,383,200	253,417	17,991,914
Loans given during the period / year	-	11,204	1,000,001	113,707	26,659,369	-	63,948	-	155,728	66,822,844
Loans repaid / adjustments during the period / year	-	(16,973)	(3,699,327)	(95,001)	(24,139,852)	-	(71,056)	(841,450)	(156,471)	(78,849,569)
Loans at the end of the period / year	-	11,260	842,424	271,380	8,484,706	-	17,029	3,541,750	252,674	5,965,189
Deposits:										
Deposits at the beginning of the period / year	1,202	262,709	98,849	61,889	13,280,904	403	53,177	258,264	42,152	13,249,519
Deposits received during the period / year	7,260,083	76,812	5,701,397	531,382	167,183,368	6,779,403	420,062	41,648,556	569,875	157,490,029
Deposits repaid during the period / year	(7,260,670)	(308,598)	(5,719,076)	(518,726)	(169,987,723)	(6,778,604)	(210,530)	(41,807,971)	(550,138)	(157,458,644)
Deposits at the end of the period / year	615	30,923	81,170	74,545	10,476,549	1,202	262,709	98,849	61,889	13,280,904
Investments in shares	-	-	4,836,429	-	6,004,021	-	-	4,836,429	-	5,891,353
Other receivables	-	13,056	13,309	70,841	1,625,450	-	12,631	27,810	81,472	348,161
Net receivable from staff retirement benefit funds	-	-	-	-	3,178,400	-	-	-	-	3,255,453
Non funded exposure	-	-	476,980	-	6,995	-	-	423,881	-	6,416

	September 30, 2018					September 30, 2017				
	Parent	Directors	Associated Companies*	Key management personnel	Other related parties	Parent	Directors	Associated Companies*	Key management personnel	Other related parties
	Rupees in '000									
Mark-up earned	-	425	141,446	10,136	184,549	-	925	216,596	8,656	444,364
Dividend income	-	-	660,800	-	389,600	-	-	672,000	-	425,403
Capital Gain/ (Loss)	-	-	-	-	(63)	-	-	-	-	-
Sales commission	-	-	-	-	21,730	-	-	-	-	51,168
Management fee income	-	-	-	-	354,606	-	-	-	-	366,437
Fee commission / bank charges	1	7	55	70	393	2	17	802	43	633
Other Income	-	-	560	-	978	-	-	2,972	-	144
Mark-up expense on deposits	-	2,046	877	469	459,540	-	732	3,043	401	284,362
Director's meeting fee	-	13,750	-	-	-	-	12,900	-	-	-
Remuneration	-	41,807	-	288,825	-	-	36,050	-	322,016	-
Other charges**	-	-	30,730	-	86,654	-	-	30,712	-	74,481
Rent expense***	-	-	18,751	-	-	-	-	20,084	-	-
Charge in respect of staff retirement benefit funds	-	-	-	-	533,718	-	-	-	-	160,561

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

* Associated companies are on the basis of common directorship.

** Other charges with Associated Companies include donation to National Management Foundation amounting to Rs. 30 million and with other related parties include donation to Raast Welfare Soceity amounting to Rs. 1 million and payments to NIFT amounting to Rs. 77.621 million.

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

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

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

19 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Fair value of fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision/ reversal for impairment of loans and advances has been calculated in accordance with the Group's accounting policy as stated in note 5.4 of annual consolidated financial statements for the year ended December 31, 2017 and subject to changes specified in note 5.1 to these consolidated condensed interim financial statements for the nine months ended September 30, 2018.

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

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

	September 30, 2018				December 31, 2017 (Audited)			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
FAIR VALUE HIERARCHY OF ASSETS AND LIABILITIES	Rupees in '000							
a) On balance sheet financial instruments								
Financial assets measured at fair value:								
Held-for-trading securities								
Market Treasury Bills	–	–	–	–	–	24,704,478	–	24,704,478
Pakistan Investment Bonds	–	–	–	–	–	123,415	–	123,415
Units of open-ended mutual funds	1,871,730	–	–	1,871,730	1,741,623	–	–	1,741,623
	1,871,730	–	–	1,871,730	1,741,623	24,827,893	–	26,569,516
Available-for-sale securities								
Market Treasury Bills	–	276,980,562	–	276,980,562	–	365,643,722	–	365,643,722
Pakistan Investment Bonds	–	49,989,209	–	49,989,209	–	166,864,554	–	166,864,554
Ordinary shares of listed companies / certificates of close-ended mutual funds"	33,114,597	–	–	33,114,597	33,346,294	–	–	33,346,294
Ordinary shares of unlisted companies	–	–	3,709,749	3,709,749	–	–	3,522,055	3,522,055
Units of open-ended mutual funds	113,716	–	–	113,716	–	–	–	–
Sukuk Bonds	–	12,466,862	6,687,493	19,154,355	–	14,373,811	5,219,911	19,593,722
GOP Foreign Currency Bonds (US$)	–	5,171,886	–	5,171,886	–	5,515,525	–	5,515,525
Term Finance Certificates	–	2,720,555	1,372,875	4,093,430	–	2,292,939	1,413,084	3,706,023
	33,228,313	347,329,074	11,770,117	392,327,504	33,346,294	554,690,551	10,155,050	598,191,895
Financial liabilities measured at fair value:								
Held-for-trading securities								
Pakistan Investment Bonds	–	6,712,897	–	6,712,897	–	1,976,436	–	1,976,436
Non-financial assets measured at fair value:								
Operating fixed assets	–	39,388,134	–	39,388,134	–	36,872,324	–	36,872,324
Non banking assets	–	3,609,468	–	3,609,468	–	3,584,030	–	3,584,030
	–	42,997,602	–	42,997,602	–	40,456,354	–	40,456,354
b) Off-balance sheet financial instruments								
Foreign exchange contracts - Purchase	–	131,291,660	–	131,291,660	–	95,038,705	–	95,038,705
Foreign exchange contracts - Sale	–	70,087,089	–	70,087,089	–	41,580,643	–	41,580,643
Federal Government securities - Purchase	–	47,719,665	–	47,719,665	–	–	–	–
Federal Government securities - Sale	–	6,449,758	–	6,449,758	–	–	–	–

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

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

20 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

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

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

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

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

21 GENERAL

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

21.2 Corresponding figures have been re-arranged and reclassified to reflect more appropriate presentation of transactions for the purpose of comparison. However, no significant reclassifications have been made in these consolidated condensed interim financial statements.

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

22 DATE OF AUTHORIZATION FOR ISSUE

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

Chief Financial Officer President and Chief Executive Officer

Director Director Chairman

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