



آپ کے دل میں بہارا اکاؤنٹ

**Condensed Interim Financial Statements**  
for the quarter ended March 31, 2014

 **Allied Bank**



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# Corporate Information

## Board of Directors

Mohammad Naeem Mukhtar  
(Chairman)

Sheikh Mukhtar Ahmad  
Muhammad Waseem Mukhtar  
Abdul Aziz Khan  
Mubashir A. Akhtar  
Pervaiz Iqbal Butt  
A. Akbar Sharifzada  
Shekih Jalees Ahmed  
Tariq Mahmood

## Audit Committee of Board

Mubashir A. Akhtar  
(Chairman)

Pervaiz Iqbal Butt  
A. Akbar Sharifzada

## Human Resource & Remuneration Committee

Abdul Aziz Khan  
(Chairman)

Muhammad Waseem Mukhtar  
Pervaiz Iqbal Butt  
Tariq Mahmood

## Company Secretary

Muhammad Raffat

## Auditors

Ernst & Young Ford Rhodes  
Sidat Hyder  
Chartered Accountants

## Legal Adviser

Haidermota & Co.  
Barrister-at-Law & Corporate Counselors

## Shares Registrar

Technology Trade (Pvt.) Limited

## Registered & Head Office

3 Tipu Block,  
New Garden Town  
Lahore - Pakistan  
(92-42) 35880043  
Postal Code 54000

## Website & Email

[www.abl.com](http://www.abl.com)  
[info@abl.com](mailto:info@abl.com)  
U.A.N Number  
(+9242) 111-110-110

# Vision, Mission & Core Values

## Vision

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

## Mission

To provide value added services to our customers

To provide high tech innovative solutions to meet customers' requirements

To create sustainable value through growth, efficiency and diversity for all stakeholders

To provide a challenging work environment and reward dedicated team members according to their abilities and performance

To play a proactive role in contributing towards the society

## Core Values

Integrity

Excellence in Service

High Performance

Innovation and Growth

# Directors' Review

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present the financial results of Your Bank for the first quarter ended March 31, 2014:

## Financial Highlights

Financial Highlights

	(Rupees in million)		Growth
	Quarter ended March 31,		
	2014	2013	
Profit After Tax	3,240	2,826	15%
Un-appropriated profits brought forward	30,856	23,688	30%
Transfer from surplus on revaluation of fixed assets – net of tax	5	6	(17)%
Profit available for appropriation	34,101	26,520	29%
Final cash dividend for the year ended December 31, 2013 Rs. 1.5 per share (2013: year ended December 31, 2012 at Rs. 2.0 per share	(1,562)	(1,893)	(18%)
Transfer from un-appropriated profit for issue of bonus shares for the year ended December 31, 2013 @ 10% (2013: year ended December 31, 2012 @ 10%)	(707)	(946)	(25%)
Transfer to Statutory Reserves	(324)	(282)	15%
Un-appropriated profits carried forward	31,508	23,399	35%
Earnings Per Share (EPS) (Rs.)	2.83	2.47	15%

The Board is pleased to announce an interim cash dividend of Rs. 1.25 per share for the first quarter ended March 31, 2014 (March 31, 2013: Rs. 1.25 per share).

## Economic Overview

The country's economy has started to show gradual improvement. Monthly Consumer Price Index (CPI) has stabilized during the year with YoY inflation hovering at 8.5% in March 2014. The positive economic indicators have improved the inflation outlook with a greater likelihood of average inflation remaining within single digits for FY-14. Large Scale Manufacturing (LSM) growth of 6.8% is stronger than previously anticipated, mainly supported by textiles, food processing and construction materials. This positive aggregate supply indicator bodes well for further containing inflation in future.

The foreign exchange reserves increased to approximately \$10.1 billion by end-March 2014 with the upward swing facilitated by the receipt of USD 1.5 billion grant. Consequently improvement in foreign exchange reserves position has further augmented business sentiments and resulted in 8.7% appreciation against US dollar since January 2014. While the subsequent incremental inflows from successful floatation of Euro-Bonds aggregating to USD 2 billion in the international markets are a much needed boost to the growing reserves, substantial and consistent accumulation is required to maintain adequate reserve levels going forward.

With an improving reserves and fiscal position the Government's reliance on financing budgetary requirements through domestic channels diminished significantly as Broad Money (M2) growth was restricted to 5.1% (Jul-13 to Mar-14) compared to 15.1% in the corresponding period last year. The constrained Broad Money supply also translated into sluggish growth in banking industry deposits with just over 0.5% QoQ increase in deposits compared to 1.4% in corresponding period last year.

The banking industry advances are gradually responding to the improving credit environment with 0.7% QoQ growth over Dec-13 compared to 0.4% growth in the corresponding period last year. In view of the meager growth in credit, the banking sectors reliance on diverting surplus liquidity towards sovereign debt instruments is clearly visible with an investment to deposit ratio hovering around 59% at end-March 2014. The declining inflation together with rising confidence in market sentiments enabled the government to meet incremental borrowing needs from the long-term Pakistan Investment Bonds (PIBs) rather than short term Treasury Bills. However, the total fiscal borrowing from SBP remains at a higher level. The government's efforts towards materialization of foreign inflows are expected to not only assist in accumulation of foreign exchange reserves but also in keeping monetary aggregates at sustainable levels.

While inflationary pressure eased during Q1 2014, State Bank of Pakistan kept policy rate unchanged at 10%. Going forward, with the positive inflationary outlook, SBP may make policy rate cuts within short to medium term, resulting in further squeezing of the banking sector spreads. In order to curtail the drag on Net Interest Margins, continuous focus on Non-Interest Income remains a high priority for the banking sector.

## Financial Review

Despite the gradual improvement in economic indicators, the overall business environment for the banking sector remained challenging during the first quarter 2014. Your Bank continued to follow its strategic impetus towards maintaining stable profitability trend through continuous focus on an efficient risk management framework enabling continuous improvement in quality of Bank's assets portfolio, mobilizing cost effective deposits and enhancing operational efficiencies through automation and rationalization of costs, while increasing its foot print of Branches .

Profit Before Tax of Your Bank increased by 14.7% to reach Rs. 4,550 million during the first quarter ended March 31, 2014 as compared to Rs. 3,966 million in the corresponding period of previous year. Profit after Tax rose by 14.6% to Rs. 3,240 million compared to Rs. 2,826 million in the corresponding period of previous year. Resultantly, the EPS of Your Bank increased to Rs. 2.83 during the first quarter ended March 31, 2014 compared to Rs. 2.47 in the corresponding period of previous year. The ROE and ROA of the Bank remained stable at 23.8% and 1.8% during the first quarter ended March 31, 2014 compared to 25.4% and 1.8% in the corresponding period last year.

Net Mark-up/Interest Income during the first quarter ended March 31, 2014 witnessed an increase of 15% or Rs. 751 million to reach Rs. 5,759 million compared to Rs. 5,008 million in corresponding period of previous year attributable mainly to the growth in Interest earning assets. This growth was achieved despite absorption of the impact of regulatory changes in PLS Saving deposits' profit payment methodology and rate capping during the period. There was a net provision reversal of Rs. 37 million during the first quarter ended March 31, 2014 compared to a net provision reversal of Rs. 43 million in the corresponding period of previous year.

Non-Markup/Interest Income during the first quarter ended March 31, 2014 increased by Rs. 274 million or 10.9% as compared to the corresponding period of previous year. The increase was attributed to fee income, capital gain and dividend income which rose by Rs. 117 million, Rs. 90 million and Rs. 161 million respectively after offsetting the negative impact of FX dealing activities, owing to temporary adverse movement in forward rates, which subsequently stabilized, on the Quarter end under review.

In view of the expanding network of the Bank, which increased from 875 branches in March 2013 to 952 branches in March 2014 together with QoQ inflationary impact, administrative expenses increased by 10.6% to reach Rs. 3,858 million for the quarter ended March 31, 2014 as compared to Rs. 3,487 million in corresponding period of previous year.

Deposits of Your Bank remained above December 31, 2013 level and increased to Rs. 610,621 million as at March 31, 2014. Net Investments stood at Rs. 339,691 million as at March 31, 2014 from Rs. 363,379 million as at December 31, 2013. While the Net Advances remained at

## Directors' Review

Rs. 265,569 million, slightly lower from December 31, 2013 level of Rs. 267,001 million. Your Bank has adequately provided for the Non-Performing Advances with provision coverage remaining high at 92.4% as at March 31, 2014. No FSV benefit has been taken while determining the provision against Non-Performing Advances as allowed under BSD Circular No. 02 of 2010 dated June 03, 2010. Total assets of Your Bank stood at Rs. 750,199 million as at March 31, 2014 while the Equity of the Bank as at March 31, 2014 stood at Rs. 67,785 million.

### Future Outlook

The optimistic economic outlook for inflation, higher than expected growth in Large Scale Manufacturing, anticipated ease on foreign exchange reserves owing to upcoming 3G/4G auction and expected release of the fourth tranche of IMF's Extended Fund Facility (EFF) to the country is gradually changing the market sentiments and overall business environment. However, sustained curtailment of fiscal deficit, increasing the tax base of the country, materialization of expected foreign exchange inflows, rising population, addressing the energy crisis and law and order situation remains critical challenges in the medium to short term towards expansion and economic stability of the country. According to the recently released IMF World Economic Outlook, Pakistan's GDP growth is expected to fall to 3.1% in FY-2014 from 3.6% in 2013, before steadily growing back to the respectable 5% mark by 2018, provided the security and energy concerns are addressed dynamically.

With positive inflation outlook going forward, SBP may initiate downward adjustments in the benchmark policy rates. Together with fixed minimum rate for remunerative deposits, the banking industry spreads and consequently, the profitability may be adversely impacted going forward. Your Bank is actively responding to evolving market dynamics by maintaining the high asset quality while striving towards continuously focusing on mobilizing deposits while optimizing cost of funds. Moreover, concerted efforts are continuously being made to diversify revenue streams in the wake of receding spreads through enhanced focus on fee based income avenues in addition to introducing Islamic banking operations going forward. In addition, Your Bank would continue to utilize technological advancements in offering innovative products and solutions to its valued customers. The above initiatives are expected to yield sustainable growth in our profitability without compromising the balance sheet strength.

### Entity & TFC Ratings

Allied Bank has long-term and short-term entity ratings of AA+(Double A plus) and A1+ (A One Plus), respectively, assigned by The Pakistan Credit Rating Agency (PACRA). The ratings represent very high credit quality. The rating of TFC Issue of Rs. 3,000 million (Issue Date: August 28, 2009) by PACRA is AA (Double A). The ratings denote very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments. Meanwhile, the rating of Bank's earlier TFC Issue of Rs. 2,500 million (Issue Date: December 06, 2006) is also AA (Double A) assigned by JCR-VIS Credit Rating Company (JCR-VIS).

### Corporate Governance Rating

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

### Acknowledgement

We take this opportunity to thank our valued customers for their patronage, to our employees for their continued commitment, our shareholders for their trust and confidence and State Bank of Pakistan and other regulatory bodies for their continued guidance.

For and on behalf of the Board,

**Tariq Mahmood**  
Chief Executive Officer

Date: April 25, 2014  
Place: Lahore



# Unconsolidated Condensed Interim Statement of Financial Position

as at March 31, 2014

	Note	Un-audited March 31, 2014	Audited December 31, 2013
Rupees in '000			
<b>ASSETS</b>			
Cash and balances with treasury banks		42,805,423	44,673,079
Balances with other banks		1,486,515	1,102,231
Lendings to financial institutions	6	51,808,738	12,461,403
Investments	7	339,691,346	363,378,998
Advances	8	265,568,760	267,001,028
Operating fixed assets		22,296,457	22,083,612
Deferred tax assets		-	-
Other assets		26,541,670	23,495,595
		<b>750,198,909</b>	<b>734,195,946</b>
<b>LIABILITIES</b>			
Bills payable		5,380,296	4,878,594
Borrowings from financial institutions	9	41,134,588	32,952,406
Deposits and other accounts	10	610,620,526	608,411,670
Sub-ordinated loans		4,241,600	4,242,200
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		1,921,366	1,808,405
Other liabilities		19,115,160	15,704,648
		<b>682,413,536</b>	<b>667,997,923</b>
<b>NET ASSETS</b>		<b>67,785,373</b>	<b>66,198,023</b>
<b>REPRESENTED BY</b>			
Share capital	11	11,450,739	10,409,763
Reserves		12,355,682	12,438,158
Unappropriated profit		31,508,333	30,855,565
		<b>55,314,754</b>	<b>53,703,486</b>
Surplus on revaluation of assets - net of tax		12,470,619	12,494,537
		<b>67,785,373</b>	<b>66,198,023</b>

## CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

# Unconsolidated Condensed Interim Profit and Loss Account

(Un-audited) for the quarter ended March 31, 2014

	Note	Quarter Ended	
		March 31, 2014	March 31, 2013
		Rupees in '000	
Mark-up / return / interest earned	13	14,991,283	12,728,541
Mark-up / return / interest expensed	14	9,232,297	7,720,282
Net mark-up / interest income		5,758,986	5,008,259
Reversal against non-performing loans and advances and general provision - net		(38,528)	(22,764)
Provision / (reversal) for diminution in the value of investments - net		1,390	(20,509)
Bad debts written off directly		-	-
		(37,138)	(43,273)
Net mark-up / interest income after provisions		5,796,124	5,051,532
<b>NON MARK-UP / INTEREST INCOME</b>			
Fee, commission and brokerage income		928,243	811,450
Dividend income		1,095,691	1,005,433
(Loss) / income from dealing in foreign currencies		(77,103)	70,063
Gain on sale of securities		778,836	617,822
Unrealized gain / (loss) on revaluation of investments classified as 'held-for-trading' - net		-	-
Other income		67,001	13,795
Total non-markup / interest income		2,792,668	2,518,563
		8,588,792	7,570,095
<b>NON MARK-UP / INTEREST EXPENSES</b>			
Administrative expenses		3,857,976	3,487,335
Provision against other assets - net		16,000	12,000
Provision against off-balance sheet obligations - net		10,178	-
Other charges		154,791	105,037
Total non-markup / interest expenses		4,038,945	3,604,372
Extra-ordinary / unusual items		-	-
<b>PROFIT BEFORE TAXATION</b>		4,549,847	3,965,723
<b>Taxation</b>			
Current		1,251,443	1,118,764
Prior years		-	-
Deferred		58,251	20,563
		1,309,694	1,139,327
<b>PROFIT AFTER TAXATION</b>		3,240,153	2,826,396
Unappropriated profit brought forward		30,855,565	23,687,566
Transfer from surplus on revaluation of fixed assets - net of tax		5,206	6,412
		30,860,771	23,693,978
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		34,100,924	26,520,374
Earnings per share - Basic and Diluted (in Rupees)	15	2.83	Restated 2.47

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Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

## Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited) for the quarter ended March 31, 2014

	Quarter Ended	
	March 31, 2014	March 31, 2013
	Rupees in '000	
Profit after taxation for the quarter	3,240,153	2,826,396
Other comprehensive income to be reclassified to profit and loss account in subsequent periods:		
Exchange differences on translation of net investment in foreign wholesale branch	(72,627)	5,202
<b>Total comprehensive income for the quarter</b>	<b>3,167,526</b>	<b>2,831,598</b>

Surplus / (deficit) on revaluation of 'available for sale' securities and 'operating fixed assets' are presented under a separate head below equity as 'surplus / (deficit) on revaluation of assets' in accordance with the requirements specified by the State Bank of Pakistan vide its BSD Circular No. 20 dated August 04, 2000 and BSD Circular No. 10 dated July 13, 2004 respectively and Companies Ordinance, 1984.

The annexed notes 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.

Chief Financial Officer  
Director

President and Chief Executive Officer  
Director

Chairman

# Unconsolidated Condensed Interim Statement of Cash Flows

(Un-audited) for the quarter ended March 31, 2014

	Quarter Ended	
	March 31, 2014	March 31, 2013
	Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	4,549,847	3,965,723
Less: Dividend income	(1,095,691)	(1,005,433)
	3,454,156	2,960,290
Adjustments for non-cash items:		
Depreciation / amortization	449,766	382,337
Reversal against non-performing loans, advances and general provision - net	(38,528)	(22,764)
Provision / (reversal) for diminution in the value of investments - net	1,390	(20,509)
Provision against off balance sheet obligations - net	10,178	-
Provision against other assets - net	16,000	12,000
Provision for workers' welfare fund	90,998	79,314
Gain on sale of fixed assets	(24,153)	(6,558)
	505,651	423,820
	3,959,807	3,384,110
(Increase) / decrease in operating assets		
Lendings to financial institutions	(39,347,335)	(10,004,306)
Net investments in 'held-for-trading' securities	2,981,436	-
Advances	1,470,796	1,381,634
Other assets (excluding advance taxation) - net	(2,281,730)	605,725
	(37,176,833)	(8,016,947)
Increase / (decrease) in operating liabilities		
Bills payable	501,702	(2,071,782)
Borrowings from financial institutions	8,182,182	(19,636,723)
Deposits and other accounts	2,208,856	15,174,455
Other liabilities	3,202,275	1,000,227
	14,095,015	(5,533,823)
	(19,122,011)	(10,166,660)
Income tax paid - net	(2,033,362)	(47,208)
	(21,155,373)	(10,213,868)
Net cash used in operating activities		
	(21,155,373)	(10,213,868)
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in 'available-for-sale' securities	75,529,566	10,107,770
Net investments in 'held-to-maturity' securities	(54,788,740)	(957,967)
Dividend income received	1,097,265	912,286
Investments in operating fixed assets	(663,861)	(821,581)
Proceeds from sale of fixed assets	25,400	10,311
	21,199,630	9,250,819
Net cash flow generated from investing activities		
	21,199,630	9,250,819
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of sub-ordinated loan	(600)	(600)
Dividend paid	(1,454,402)	(1,571,555)
	(1,455,002)	(1,572,155)
Net cash used in financing activities	(1,455,002)	(1,572,155)
Effect of translation of net investment in Wholesale Bank Branch	(72,627)	5,202
	(1,483,372)	(2,530,002)
Decrease in cash and cash equivalents during the period	(1,483,372)	(2,530,002)
Cash and cash equivalents at beginning of the period	45,775,310	44,380,939
	44,291,938	41,850,937
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		
	44,291,938	41,850,937

The annexed notes 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Unconsolidated Condensed Interim Statement of Changes in Equity  
(Un-audited) for the quarter ended March 31, 2014

	Share Capital	Share Premium	Exchange Translation Reserve	Capital Reserves			Statutory Reserve	Revenue Reserves		Total
				Bonus Issue Reserve	Special Reserve*	Merger Reserve**		General Reserve	Un-appropriated Profit	
	Rupees in '000									
Balance as at January 01, 2013	9,463,421	-	10,198	-	67,995	333,864	10,481,222	6,000	23,687,566	44,050,266
Changes in equity during the quarter ended March 31, 2013										
Total comprehensive income for the quarter ended March 31, 2013										
- Net profit for the quarter ended March 31, 2013	-	-	-	-	-	-	-	-	2,826,396	2,826,396
- Effect of translation of net investment in Wholesale Bank Branch	-	-	5,202	-	-	-	-	-	-	5,202
	-	-	5,202	-	-	-	-	-	2,826,396	2,831,598
Transactions with owners recognized directly in equity										
Transfer to reserve for issue of bonus shares for the year ended December 31, 2012 @ 10%	946,342	-	-	946,342 (946,342)	-	-	-	-	(946,342)	-
Issue of bonus shares	-	-	-	-	-	-	-	-	(1,892,684)	(1,892,684)
Final cash dividend for the year ended December 31, 2012 (Rs. 2 per ordinary share)	946,342	-	-	-	-	-	-	-	(2,839,026)	(1,892,684)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	-	-	6,412	6,412
Transfer to statutory reserve	-	-	-	-	-	-	282,640	-	(282,640)	-
Balance as at March 31, 2013	10,409,763	-	15,400	-	67,995	333,864	10,763,862	6,000	23,398,708	44,995,592
Changes in equity during the nine months ended December 31, 2013										
Total comprehensive income for the nine months ended December 31, 2013										
- Net profit for the nine months ended December 31, 2013	-	-	-	-	-	-	-	-	11,816,964	11,816,964
- Effect of remeasurement of defined benefit plans net of deferred tax	-	-	-	-	-	-	-	-	678,190	678,190
- Effect of translation of net investment in foreign wholesale bank branch	-	-	69,341	-	-	-	-	-	-	69,341
	-	-	69,341	-	-	-	-	-	12,495,154	12,564,495
Transactions with owners recognized directly in equity										
First interim cash dividend for the year ending December 31, 2013 (Rs. 1.25 per ordinary share)	-	-	-	-	-	-	-	-	(1,301,220)	(1,301,220)
Second interim cash dividend for the year ending December 31, 2013 (Rs. 1.25 per ordinary share)	-	-	-	-	-	-	-	-	(1,301,220)	(1,301,220)
Third interim cash dividend for the year ending December 31, 2013 (Rs. 1.25 per ordinary share)	-	-	-	-	-	-	-	-	(1,301,220)	(1,301,220)
	-	-	-	-	-	-	-	-	(3,903,660)	(3,903,660)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	-	-	47,059	47,059
Transfer to statutory reserve	-	333,864	-	-	(67,995)	(333,864)	1,181,696	-	(1,181,696)	-
Transfer to share premium reserve	-	-	-	-	-	-	67,995	-	-	-
Balance as at December 31, 2013	10,409,763	333,864	84,741	-	-	-	12,013,553	6,000	30,855,565	53,703,486
Changes in equity during the quarter ended March 31, 2014										
Total comprehensive income for the quarter ended March 31, 2014										
- Net profit for the quarter ended March 31, 2014	-	-	-	-	-	-	-	-	3,240,153	3,240,153
- Effect of translation of net investment in foreign wholesale bank branch	-	-	(72,627)	-	-	-	-	-	-	(72,627)
	-	-	(72,627)	-	-	-	-	-	3,240,153	3,167,526
Transactions with owners recognized directly in equity										
Transfer to reserve for issue of bonus shares for the year ended December 31, 2013 @ 10%	-	(333,864)	-	1,040,976 (1,040,976)	-	-	-	-	(707,112)	-
Issue of bonus shares	1,040,976	-	-	-	-	-	-	-	-	-
Final cash dividend for the year ended December 31, 2013 (Rs. 1.5 per ordinary share)	-	-	-	-	-	-	-	-	(1,561,464)	(1,561,464)
	1,040,976	(333,864)	-	-	-	-	-	-	(2,268,576)	(1,561,464)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	-	-	5,206	5,206
Transfer to statutory reserve	-	-	-	-	-	-	324,015	-	(324,015)	-
Balance as at March 31, 2014	11,450,739	-	12,114	-	-	-	12,337,568	6,000	31,508,333	55,314,754

\* This represented reserve created by 20% of profit after tax of Ibrahim Leasing Limited (ILL) before its amalgamation with the Bank, as required under the Non Banking Finance Companies (NBFC) Rules, 2003. Being Statutory Reserve in nature, same has been transferred to Statutory Reserve of the Bank.

\* These were created as a result of merger of Ibrahim Leasing Limited and First Allied Mordaraba into Allied Bank Limited. This has been transferred to Share Premium Reserve with the approval of SECP vide letter number FMD/233/673/2002-965 dated April 15, 2013.

The annexed notes 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

# Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2014

## 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 all stock exchanges in Pakistan. The Bank operates a total of 950 (2013: 948) branches in Pakistan, 1 branch (2013:1) in Karachi Export Processing Zone Branch, and 1 wholesale banking branch (2013: 1) in Bahrain. The long term credit rating of the Bank assigned by The Pakistan Credit Rating Agency Limited (PACRA) is 'AA+'. Short term rating of the Bank is 'A1+'. The Bank is the holding company of ABL Asset Management Company Limited.

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

## 2 STATEMENT OF COMPLIANCE

2.1 These unconsolidated condensed interim financial statements of the Bank for the quarter ended March 31, 2014 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by the State Bank of Pakistan (SBP). In case where requirements of provisions and directives issued under the Banking Companies Ordinance, 1962, Companies Ordinance 1984 and the directives issued by SBP differs, the directives issued by SBP shall prevail.

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

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

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

## 3 BASIS OF MEASUREMENT

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

- Investments
- Operating fixed assets
- Fair value of derivatives

## 4 BASIS OF PRESENTATION

The disclosures included in these unconsolidated condensed interim financial statements are limited based on the format prescribed by the State Bank of Pakistan, vide BSD Circular Letter No. 2 dated May 12, 2004, vide BSD Circular Letter No. 7 dated April 20, 2010 and International Accounting Standard 34, Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and these unconsolidated condensed interim financial statements should be read in conjunction with the unconsolidated financial statements of the Bank for the year ended December 31, 2013.

# Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2014

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

- 5.1 The accounting policies, underlying estimates and methods of computation followed in the preparation of these unconsolidated condensed interim financial statements are same as those applied in preparing the most recent annual unconsolidated financial statements of the Bank.
- 5.2 The financial risk management objectives and policies adopted by the Bank are consistent with that disclosed in the financial statements of the Bank for the year ended December 31, 2013.

	Note	Un-audited March 31, 2014	Audited December 31, 2013
Rupees in '000			
<b>6. LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Repurchase agreement lendings (Reverse Repo)	6.1	51,111,678	11,661,403
Certificates of investment	6.2	70,000	70,000
Call money lendings	6.3	697,060	800,000
		<u>51,878,738</u>	<u>12,531,403</u>
Provision against lendings to financial institutions		(70,000)	(70,000)
		<u>51,808,738</u>	<u>12,461,403</u>

- 6.1 These are short-term lendings to various financial institutions against the government securities. These carry mark-up at rate, ranging between 9.90% to 10.31% (2013: 10.00% to 10.40%) per annum and will mature on various dates latest by April 21, 2014.
- 6.2 This represents a classified certificate of investment amounting to Rs. 70 million (2013: Rs. 70 million).
- 6.3 These represent unsecured call money lending in local and foreign currency from the local and foreign interbank market, carrying mark-up at rate of 10.00% (2013: 9.5% to 10.25%) for local currency borrowing, and at rate of 1.75% (2013: Nil) for foreign currency borrowing per annum maturing on various dates, latest by April 02, 2014.

## 7. INVESTMENTS

	Note	Held by Bank	Given as collateral	Total
Rupees in '000				
Current period - March 31, 2014 (Un-audited)	7.1	<u>335,905,756</u>	<u>3,785,590</u>	<u>339,691,346</u>
Prior year - December 31, 2013 (Audited)	7.1	<u>361,077,553</u>	<u>2,301,445</u>	<u>363,378,998</u>

# Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2014

Un-audited As at March 31, 2014			Audited As at December 31, 2013		
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	-	-	-	2,983,343	-	2,983,343
	-	-	-	2,983,343	-	2,983,343

### 'Available-for-sale' securities

Market treasury bills	193,793,926	3,787,857	197,581,783	272,873,099	2,304,528	275,177,627
Pakistan investment bonds	148,538	-	148,538	148,387	-	148,387
Ordinary shares of listed companies / certificates of mutual funds	19,183,412	-	19,183,412	17,602,295	-	17,602,295
Preference shares	149,355	-	149,355	149,355	-	149,355
Pre IPO shares	-	-	-	199,996	-	199,996
Units of open end mutual funds	5,548,999	-	5,548,999	5,588,989	-	5,588,989
Ordinary shares of unlisted companies	2,223,838	-	2,223,838	1,992,014	-	1,992,014
Investment in related parties						
- Listed shares	4,053,509	-	4,053,509	4,053,509	-	4,053,509
- Unlisted shares	281,816	-	281,816	281,816	-	281,816
- Units of open end mutual funds	5,500,000	-	5,500,000	5,500,000	-	5,500,000
Sukuk bonds	2,406,723	-	2,406,723	2,469,955	-	2,469,955
Term finance certificates (TFCs)	2,602,973	-	2,602,973	2,046,694	-	2,046,694
	235,893,089	3,787,857	239,680,946	312,906,109	2,304,528	315,210,637

### 'Held-to-maturity' securities

Pakistan investment bonds	83,753,300	-	83,753,300	28,613,646	-	28,613,646
Foreign currency bonds (US\$)	4,389,588	-	4,389,588	4,660,597	-	4,660,597
TFCs, Debentures, Bonds and PTCs	3,005,833	-	3,005,833	3,085,738	-	3,085,738
	91,148,721	-	91,148,721	36,359,981	-	36,359,981

### Subsidiary

ABL Asset Management Company Limited	500,000	-	500,000	500,000	-	500,000
Investment at cost	327,541,810	3,787,857	331,329,667	352,749,433	2,304,528	355,053,961
Provision for diminution in the value of investments	(1,586,723)	-	(1,586,723)	(1,585,458)	-	(1,585,458)
Investment (net of provisions)	325,955,087	3,787,857	329,742,944	351,163,975	2,304,528	353,468,503
Unrealized loss on revaluation of 'held-for-trading' securities	-	-	-	(1,907)	-	(1,907)
Surplus / (deficit) on revaluation of 'available-for-sale' securities	9,950,669	(2,267)	9,948,402	9,915,485	(3,083)	9,912,402
Total investments at market value	335,905,756	3,785,590	339,691,346	361,077,553	2,301,445	363,378,998



# Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2014

	Note	Un-audited March 31, 2014	Audited December 31, 2013
		Rupees in '000	
<b>8. ADVANCES</b>			
Loans, cash credits, running finances, etc. - in Pakistan		277,715,034	277,235,883
Net investment in finance lease - in Pakistan		2,018,702	1,904,028
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		1,263,614	1,319,500
Payable outside Pakistan		2,907,434	4,916,169
		4,171,048	6,235,669
<b>Advances - gross</b>		<b>283,904,784</b>	<b>285,375,580</b>
Provision for non-performing advances	8.1 & 8.3	(18,229,717)	(18,242,365)
General provision against consumer financing	8.3	(106,307)	(132,187)
		(18,336,024)	(18,374,552)
<b>Advances - net of provision</b>		<b>265,568,760</b>	<b>267,001,028</b>

- 8.1 Advances include Rs. 19,732.239 million (2013: Rs. 19,423.896 million) which have been placed under non-performing status as detailed below:-

March 31, 2014 (Un-audited)					
Category of Classification	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
	Rupees in '000				
Other Assets Especially Mentioned	187,503	-	187,503	11,480	11,480
Substandard	740,939	-	740,939	183,736	183,736
Doubtful	1,538,591	-	1,538,591	769,295	769,295
Loss	17,265,206	-	17,265,206	17,265,206	17,265,206
	19,732,239	-	19,732,239	18,229,717	18,229,717

December 31, 2013 (Audited)					
Category of Classification	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
	Rupees in '000				
Other Assets Especially Mentioned	82,766	-	82,766	3,288	3,288
Substandard	647,912	-	647,912	160,315	160,315
Doubtful	1,228,912	-	1,228,912	614,456	614,456
Loss	17,464,306	-	17,464,306	17,464,306	17,464,306
	19,423,896	-	19,423,896	18,242,365	18,242,365

- 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. 02 dated June 03, 2010.

# Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2014

## 8.3 Particulars of provision against non-performing loans & advances and general provision.

	March 31, 2014 (Un-audited)			December 31, 2013 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	18,242,365	132,187	18,374,552	17,752,942	52,090	17,805,032
Charge for the period / year	315,998	-	315,998	2,627,045	80,097	2,707,142
Reversals	(328,646)	(25,880)	(354,526)	(2,055,661)	-	(2,055,661)
Charged to profit and loss account	(12,648)	(25,880)	(38,528)	571,384	80,097	651,481
Amounts written off	-	-	-	(81,961)	-	(81,961)
Closing balance	18,229,717	106,307	18,336,024	18,242,365	132,187	18,374,552
				Un-audited March 31, 2014	Audited December 31, 2013	
				Rupees in '000		

## 9. BORROWINGS FROM FINANCIAL INSTITUTIONS

### Details of Borrowings (Secured / Unsecured)

#### Secured

Borrowings from State Bank of Pakistan	16,318,439	14,929,061
Repurchase agreement borrowings	3,448,818	1,970,489

#### Unsecured

Call borrowings	21,332,803	16,012,636
Other Borrowings	34,528	40,220
	21,367,331	16,052,856
	41,134,588	32,952,406

## 10. DEPOSITS AND OTHER ACCOUNTS

### Customers

Fixed deposits	189,693,169	191,182,134
Savings deposits	146,225,744	145,153,243
Current accounts - remunerative	87,044,971	83,463,328
- non - remunerative	183,300,598	183,047,302
	606,264,482	602,846,007

### Financial Institutions

Remunerative deposits	3,274,833	5,114,383
Non - remunerative deposits	1,081,211	451,280
	610,620,526	608,411,670

# Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2014

## 11. SHARE CAPITAL

### 11.1 Authorised capital

Un-audited March 31, 2014	Audited December 31, 2013		Un-audited March 31, 2014	Audited December 31, 2013
No. of shares			Rupees in '000	
<u>1,500,000,000</u>	<u>1,500,000,000</u>	Ordinary shares of Rs. 10 each	<u>15,000,000</u>	<u>15,000,000</u>

### 11.2 Issued, subscribed and paid-up capital

Fully paid-up Ordinary shares of Rs. 10 each

Un-audited March 31, 2014	Audited December 31, 2013		Un-audited March 31, 2014	Audited December 31, 2013
No. of shares			Rupees in '000	
<u>406,780,094</u>	<u>406,780,094</u>	Fully paid in cash	<u>4,067,801</u>	<u>4,067,801</u>
<u>720,745,186</u>	<u>616,647,565</u>	Issued as bonus shares	<u>7,207,452</u>	<u>6,166,476</u>
<u>1,127,525,280</u>	<u>1,023,427,659</u>		<u>11,275,253</u>	<u>10,234,277</u>
		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).		
<u>9,148,550</u>	<u>9,148,550</u>		<u>91,486</u>	<u>91,486</u>
		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.		
<u>8,400,000</u>	<u>8,400,000</u>		<u>84,000</u>	<u>84,000</u>
<u>1,145,073,830</u>	<u>1,040,976,209</u>		<u>11,450,739</u>	<u>10,409,763</u>

Ibrahim Fibers Limited, related party of the Bank, holds 194,041,916 (16.95%) [2013: 176,401,742 (16.95%)] ordinary shares of Rs. 10 each, as at reporting date.

# Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2014

	Un-audited March 31, 2014	Audited December 31, 2013
	Rupees in '000	
<b>12. CONTINGENCIES AND COMMITMENTS</b>		
<b>12.1 Direct credit substitutes</b>		
Guarantees in favour of:		
Banks and financial institutions	444,869	439,266
<b>12.2 Transaction-related contingent liabilities</b>		
Guarantees in favour of:		
Government	15,149,880	17,959,000
Others	15,635,090	14,245,474
	30,784,970	32,204,474
<b>12.3 Trade-related contingent liabilities</b>	58,849,209	71,322,325
<b>12.4 Claims against the Bank not acknowledged as debt</b>	6,146,378	5,740,843
<b>12.5</b> The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.		
	Un-audited March 31, 2014	Audited December 31, 2013
	Rupees in '000	
<b>12.6 Commitments in respect of forward foreign exchange contracts</b>		
Purchase	76,671,686	97,308,562
Sale	34,741,595	62,218,028
<b>12.7 Commitments in respect of:</b>		
Civil works	1,132,953	1,064,715
Acquisition of operating fixed assets	603,833	794,367
	1,736,786	1,859,082
<b>12.8 Commitments in respect of lease financing</b>	66,468	100,000
<b>12.9 Other Contingencies</b>		
<b>12.9.1</b> There is no change in the status of contingencies, set out in note 22.9 to the unconsolidated financial statements of the Bank for the year ended December 31, 2013, except for the contingency as mentioned below:		
<b>12.9.2</b> The income tax assessments of the Bank have been finalized up to and including tax year 2013 for local and Azad Kashmir operations. While finalizing income tax assessments up to tax year 2013, income tax authorities made certain add backs with aggregate tax impact of Rs. 18,517 Million (2013: Rs. 15,702 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 unfavourable decisions. Pending finalization of appeals/references no provision has been made by the Bank on aggregate sum of Rs. 18,517 million (2013: Rs. 15,702 million). The management is confident that the outcome of these appeals/references will be in favour of the Bank.		
Tax Authorities have conducted proceedings of withholding tax audit under section 161 / 205 of Income Tax Ordinance, 2001 for tax year 2005, 2006 and tax year 2008 to 2012 and created an arbitrary demand of Rs. 1,081 million (2013: Rs. 1,081 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 favour of the Bank; therefore, no provision has been made against the said demand of Rs. 1,081 million (2013: Rs. 1,081 million).		

# Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2014

Tax authorities have also issued orders under Federal Excise Act, 2005 for the year 2008 to 2011 thereby creating arbitrary aggregate demand of Rs. 340 million (2013: Rs. 340 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. 340 million (2013: Rs. 340 million).

	Note	Un-audited Quarter ended March 31, 2014	Un-audited Quarter ended March 31, 2013
		Rupees in '000	
<b>13 MARK-UP / RETURN / INTEREST EARNED</b>			
On loans and advances		6,937,714	6,696,122
On investments in:			
'Available-for-sale' securities		6,051,317	4,730,742
'Held-to-maturity' securities		1,630,385	987,114
'Held-for-Trading' securities		16,657	-
		7,698,359	5,717,856
On deposits with financial institutions		1,523	2,780
On securities purchased under resale agreements		350,644	275,462
On certificates of investment		-	10,334
On call money lending		3,043	25,987
		<u>14,991,283</u>	<u>12,728,541</u>
<b>14 MARK-UP / RETURN / INTEREST EXPENSED</b>			
Deposits		7,454,313	6,240,922
Long term borrowing		77,330	58,954
Securities sold under repurchase agreements		469,391	472,305
Call money borrowing		280,592	13,651
Brokerage and commission		30,384	30,584
Markup on sub-ordinated loans		115,129	151,954
Other short term borrowings		805,158	751,912
		<u>9,232,297</u>	<u>7,720,282</u>
<b>15 EARNINGS PER SHARE - BASIC AND DILUTED</b>			
Profit after taxation for the period attributable to ordinary shareholders		<u>3,240,153</u>	<u>2,826,396</u>
		Number of Shares	
Weighted average number of ordinary shares outstanding during the period.	15.1	<u>1,145,073,830</u>	<u>1,145,073,830</u>
		Rupees	
Earnings per share - basic and diluted for the period	15.1	<u>2.83</u>	<u>2.47</u>
There is no dilution effect on basic earnings per share.			

**15.1** The corresponding figure of weighted average number of shares outstanding and earnings per share have been restated to include the effect of bonus shares issued by the Bank during the period.

# Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2014

16.

## RELATED PARTY TRANSACTIONS

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

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	March 31, 2014 (Un-audited)					December 31, 2013 (Audited)				
	Directors	Associated Companies*	Subsidiary	Key management personnel	Other related parties	Directors	Associated Companies*	Subsidiary	Key management personnel	Other related parties
Rupees in '000										
Loans										
Loans at the beginning of the period / year	68,906	-	-	226,005	4,383,941	43,842	1,833,333	-	162,016	200
Loans given during the period / year	5,286	4,777	-	5,404	12,793,721	91,890	-	-	162,658	54,583,758
Loans repaid / adjustment during the period / year	(15,072)	(2,958)	-	(13,562)	(13,201,103)	(66,826)	(1,833,333)	-	(98,669)	(50,200,017)
Loans at the end of the period / year	59,120	1,819	-	217,847	3,976,559	68,906	-	-	226,005	4,383,941
Deposits										
Deposits at the beginning of the period / year	66,134	14,829	7,166	18,530	14,606,981	33,653	41,011	5,680	27,640	5,675,814
Deposits received during the period / year	1,238,061	1,633,021	115,161	69,432	33,957,338	5,146,565	7,144,875	902,796	795,509	98,198,169
Deposits repaid during the period / year	(1,255,660)	(1,618,275)	(110,390)	(72,135)	(38,400,538)	(5,114,079)	(7,171,057)	(901,310)	(804,619)	(89,267,002)
Deposits at the end of the period / year	48,535	29,575	11,937	15,827	10,163,789	66,134	14,829	7,166	18,530	14,606,981
Nostro balances	-	141,775	-	-	-	-	148,691	-	-	-
Investments in shares / open end mutual funds	-	277,483	500,000	-	11,198,872	-	279,650	500,000	-	11,262,674
Other receivables	-	-	3,197	-	-	-	-	2,356	-	-
Net receivable from staff retirement benefit funds	-	-	-	-	4,020,089	-	-	-	-	3,896,907
Non funded exposure	-	-	-	-	205	-	-	-	-	-
March 31, 2014 (Un-audited)										
	Directors	Associated Companies*	Subsidiary	Key management personnel	Other related parties	Directors	Associated Companies*	Subsidiary	Key management personnel	Other related parties
Rupees in '000										
Mark-up earned	976	11	-	3,504	130,930	396	-	-	2,294	-
Income on Placements	-	164	-	-	-	-	384	-	-	-
Dividend Income	-	-	-	-	242,000	-	-	-	-	-
Sales commission / management fee sharing	-	-	2,714	-	-	-	-	1,721	-	-
Mark-up expense on Deposits	613	136	412	567	218,820	488	8	204	100	139,305
Fee commission / bank charges	7	6	1	4	84	1	8	2	9	63
Interest expense on Borrowings	-	-	-	-	-	-	-	-	-	-
Director's meeting fee	1,200	-	-	-	-	2,300	-	-	-	-
Remuneration	11,589	-	-	46,975	21,571	17,598	-	-	39,576	-
NFT Charges	-	-	-	-	-	-	-	-	-	-
Rent Expense**	-	2,541	-	-	-	-	1,613	-	-	15,834
Rent Income	-	300	-	-	-	-	-	-	-	-
Charge / (reversal) in respect of staff retirement benefit funds	-	-	-	-	(5,624)	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	24,773

\* Associated company on the basis of common directorship.

\*\* Rent sharing expense of ABL branches with associate companies (Ibrahim Agencies Pvt. Ltd. and Ibrahim Fibers Limited) were 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).

# Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2014

## 17. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

For the Quarter Ended March 31, 2014 (Un-audited)							
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Eliminations	Total
	Rupees in '000						
Total Income	228,422	690,907	10,022,648	15,670,332	227,888	(9,056,246)	17,783,951
Total Expenses	(101,310)	(898,260)	(8,123,472)	(14,368,182)	(108,820)	9,056,246	(14,543,798)
Net Income	127,112	(207,353)	1,899,176	1,302,150	119,068	-	3,240,153

For the Quarter Ended March 31, 2013 (Un-audited)							
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Eliminations	Total
	Rupees in '000						
Total Income	249,669	442,802	9,752,855	13,109,948	143,925	(8,452,095)	15,247,104
Total Expenses	(117,477)	(724,270)	(8,153,525)	(11,805,017)	(72,514)	8,452,095	(12,420,708)
Net Income	132,192	(281,468)	1,599,330	1,304,931	71,411	-	2,826,396

As at March 31, 2014 (Un-audited)						
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Total
	Rupees in '000					
Segment Assets	727,089	50,789,585	117,341,422	602,075,800	658,755	771,592,651

As at December 31, 2013 (Audited)						
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Total
	Rupees in '000					
Segment Assets	369,234	13,917,310	126,232,576	614,299,239	794,405	755,612,764

# Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2014

## 18 GENERAL

- 18.1 Figures have been rounded off to the nearest thousand rupees.
- 18.2 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.
- 18.3 The Board of Directors of the Bank in its meeting held on 25 April, 2014 has approved interim cash dividend for the quarter ending March 31, 2014 at Rs. 1.25 per share (March 31, 2013: Rs. 1.25 per share). The unconsolidated condensed interim financial statements for the quarter ended March 31, 2014 do not include the effect of this appropriation and will be accounted for in the financial statements of the period of declaration.

## 19 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on 25 April, 2014 by the Board of Directors of the Bank.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman



Consolidated Condensed Interim Financial Statements  
For the quarter ended March 31, 2014



# Consolidated Condensed Interim Statement of Financial Position

as at March 31, 2014

	Note	Un-audited March 31, 2014	Audited December 31, 2013
Rupees in '000			
<b>ASSETS</b>			
Cash and balances with treasury banks		42,805,473	44,673,129
Balances with other banks		1,483,751	1,102,237
Lendings to financial institutions	6	51,808,738	12,461,403
Investments	7	340,160,805	363,810,550
Advances	8	265,613,713	267,036,121
Operating fixed assets		22,310,034	22,096,771
Deferred tax assets		-	-
Other assets		26,639,685	23,581,604
		750,822,199	734,761,815
<b>LIABILITIES</b>			
Bills payable		5,380,296	4,878,594
Borrowings from financial institutions	9	41,134,588	32,952,406
Deposits and other accounts	10	610,608,589	608,406,629
Sub-ordinated loans		4,241,600	4,242,200
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		1,922,488	1,809,501
Other liabilities		19,216,177	15,786,880
		682,503,738	668,076,210
<b>NET ASSETS</b>		<b>68,318,461</b>	<b>66,685,605</b>
<b>REPRESENTED BY</b>			
Share capital	11	11,450,739	10,409,763
Reserves		12,355,682	12,438,158
Unappropriated profit		32,041,421	31,343,147
		55,847,842	54,191,068
Surplus on revaluation of assets - net of tax		12,470,619	12,494,537
		68,318,461	66,685,605

## CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 19 form an integral part of these consolidated condensed interim financial statements.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

# Consolidated Condensed Interim Profit and Loss Account

(Un-audited) for the quarter ended March 31, 2014

	Note	Quarter Ended	
		March 31, 2014	March 31, 2013
		Rupees in '000	
Mark-up / return / interest earned	13	14,991,621	12,729,487
Mark-up / return / interest expensed	14	9,229,059	7,720,094
Net mark-up / interest income		5,762,562	5,009,393
Reversal against non-performing loans and advances and general provision - net		(38,528)	(22,764)
Provision / (reversal) for diminution in the value of investments - net		1,390	(20,509)
Bad debts written off directly		-	-
		(37,138)	(43,273)
Net mark-up / interest income after provisions		5,799,700	5,052,666
<b>NON MARK-UP / INTEREST INCOME</b>			
Fee, commission and brokerage income		1,002,071	860,038
Dividend income		1,095,691	1,005,433
(Loss) / income from dealing in foreign currencies		(77,103)	70,063
Gain on sale of securities		779,025	618,093
Unrealized gain on revaluation of investments classified as 'held-for-trading' - net		27,719	20,286
Other income		67,003	13,834
Total non-markup / interest income		2,894,406	2,587,747
		8,694,106	7,640,413
<b>NON MARK-UP / INTEREST EXPENSES</b>			
Administrative expenses		3,907,962	3,531,569
Provision against other assets - net		16,000	12,000
Provision against off-balance sheet obligations - net		10,178	-
Other charges		155,897	105,559
Total non-markup / interest expenses		4,090,037	3,649,128
Extra-ordinary / unusual items		-	-
<b>PROFIT BEFORE TAXATION</b>		4,604,069	3,991,285
<b>Taxation</b>			
Current		1,260,159	1,120,566
Prior years		-	-
Deferred		58,251	20,453
		1,318,410	1,141,019
<b>PROFIT AFTER TAXATION</b>		3,285,659	2,850,266
Unappropriated profit brought forward		31,343,147	24,035,333
Transfer from surplus on revaluation of fixed assets - net of tax		5,206	6,412
		31,348,353	24,041,745
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		34,634,012	26,892,011
<b>Earnings per share - Basic and Diluted (in Rupees)</b>	15	2.87	Restated 2.49

The annexed notes 1 to 19 form an integral part of these consolidated condensed interim financial statements.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

## Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited) for the quarter ended March 31, 2014

	Quarter Ended	
	March 31, 2014	March 31, 2013
	Rupees in '000	
Profit after taxation for the quarter	3,285,659	2,850,266
Other comprehensive income to be reclassified to profit and loss account in subsequent periods:		
Exchange differences on translation of net investment in foreign wholesale branch	(72,627)	5,202
Total comprehensive income for the quarter	<u>3,213,032</u>	<u>2,855,468</u>

Surplus / (deficit) on revaluation of 'available for sale' securities and 'operating fixed assets' are presented under a separate head below equity as 'surplus / (deficit) on revaluation of assets' in accordance with the requirements specified by the State Bank of Pakistan vide its BSD Circular No. 20 dated August 04, 2000 and BSD Circular No. 10 dated July 13, 2004 respectively and Companies Ordinance, 1984.

The annexed notes 1 to 19 form an integral part of these consolidated condensed interim financial statements.

Chief Financial Officer  
Director

President and Chief Executive Officer  
Director  
Chairman

# Consolidated Condensed Interim Statement of Cash Flows

(Un-audited) for the quarter ended March 31, 2014

	Quarter Ended	
	March 31, 2014	March 31, 2013
	Rupees in '000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	4,604,069	3,991,285
Less: Dividend income	(1,095,691)	(1,005,433)
	<u>3,508,378</u>	<u>2,985,852</u>
<b>Adjustments for non-cash items:</b>		
Depreciation / amortization	450,716	383,213
Reversal against non-performing loans, advances and general provision - net	(38,528)	(22,764)
Provision / (reversal) for diminution in the value of investments - net	1,390	(20,509)
Unrealized gain on revaluation of 'held-for-trading' securities - net	(27,719)	(20,286)
Provision against off balance sheet obligations - net	10,178	-
Provision against other assets - net	16,000	12,000
Provision for workers' welfare fund	92,104	79,314
Gain on sale of fixed assets	(24,155)	(6,597)
	<u>479,986</u>	<u>404,371</u>
	<u>3,988,364</u>	<u>3,390,223</u>
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	(39,347,335)	(10,004,306)
Net investments in 'held-for-trading' securities	2,971,247	(30,771)
Advances	1,460,936	1,382,504
Other assets (excluding advance taxation) - net	(2,294,322)	637,332
	<u>(37,209,474)</u>	<u>(8,015,241)</u>
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	501,702	(2,071,782)
Borrowings from financial institutions	8,182,182	(19,636,723)
Deposits and other accounts	2,201,960	15,171,727
Other liabilities	3,219,953	986,384
	<u>14,105,797</u>	<u>(5,550,394)</u>
	<u>(19,115,313)</u>	<u>(10,175,412)</u>
Income tax paid - net	<u>(2,041,466)</u>	<u>(52,798)</u>
<b>Net cash used in operating activities</b>	<u>(21,156,779)</u>	<u>(10,228,210)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in 'available-for-sale' securities	75,529,566	10,122,770
Net investments in 'held-to-maturity' securities	(54,788,740)	(957,967)
Dividend income received	1,097,265	912,286
Investments in operating fixed assets	(665,296)	(822,328)
Proceeds from sale of fixed assets	25,471	10,399
<b>Net cash flow generated from investing activities</b>	<u>21,198,266</u>	<u>9,265,160</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of sub-ordinated loan	(600)	(600)
Dividend paid	(1,454,402)	(1,571,555)
<b>Net cash used in financing activities</b>	<u>(1,455,002)</u>	<u>(1,572,155)</u>
Effect of translation of net investment in Wholesale Bank Branch	<u>(72,627)</u>	<u>5,202</u>
<b>Decrease in cash and cash equivalents during the period</b>	<u>(1,486,142)</u>	<u>(2,530,003)</u>
Cash and cash equivalents at beginning of the period	<u>45,775,366</u>	<u>44,380,995</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<u>44,289,224</u>	<u>41,850,992</u>

The annexed notes 1 to 19 form an integral part of these consolidated condensed interim financial statements.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

# Consolidated Condensed Interim Statement of Changes in Equity (Un-audited) for the quarter ended March 31, 2014

	Share Capital	Share Premium	Exchange Translation Reserve	Capital Reserves			Statutory Reserve	Revenue Reserves		Total
				Bonus Issue Reserve	Special Reserve*	Merger Reserve**		General Reserve	Un-appropriated Profit	
				Rupees in '000						
Balance as at January 01, 2013	9,463,421	-	10,198	-	67,995	333,864	10,481,222	6,000	24,035,333	44,398,033
Changes in equity during the quarter ended March 31, 2013										
Total comprehensive income for the quarter ended March 31, 2013										
- Net profit for the quarter ended March 31, 2013	-	-	-	-	-	-	-	-	2,850,266	2,850,266
- Effect of translation of net investment in Wholesale Bank Branch	-	-	5,202	-	-	-	-	-	5,202	5,202
	-	-	5,202	-	-	-	-	-	2,850,266	2,855,468
Transactions with owners recognized directly in equity										
Transfer to reserve for issue of bonus shares for the year ended December 31, 2012 @ 10%	-	-	-	946,342	-	-	-	-	(946,342)	-
Issue of bonus shares	946,342	-	-	(946,342)	-	-	-	-	-	-
Final cash dividend for the year ended December 31, 2012 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	-	(1,892,684)	(1,892,684)
	946,342	-	-	-	-	-	-	-	(2,839,026)	(1,892,684)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	-	-	6,412	6,412
Transfer to statutory reserve	-	-	-	-	-	-	282,640	-	(282,640)	-
Balance as at March 31, 2013	10,409,763	-	15,400	-	67,995	333,864	10,763,862	6,000	23,770,345	45,367,229
Changes in equity during the nine months ended December 31, 2013										
Total comprehensive income for the nine months ended December 31, 2013										
- Net profit for the nine months ended December 31, 2013	-	-	-	-	-	-	-	-	11,932,909	11,932,909
- Effect of remeasurement of defined benefit plans net of deferred tax	-	-	-	-	-	-	-	-	678,190	678,190
- Effect of translation of net investment in foreign wholesale bank branch	-	-	69,341	-	-	-	-	-	-	69,341
	-	-	69,341	-	-	-	-	-	12,611,099	12,680,440
Transactions with owners recognized directly in equity										
First interim cash dividend for the year ending December 31, 2013 (Rs. 1.25 per ordinary share)	-	-	-	-	-	-	-	-	(1,301,220)	(1,301,220)
Second interim cash dividend for the year ending December 31, 2013 (Rs. 1.25 per ordinary share)	-	-	-	-	-	-	-	-	(1,301,220)	(1,301,220)
Third interim cash dividend for the year ending December 31, 2013 (Rs. 1.25 per ordinary share)	-	-	-	-	-	-	-	-	(1,301,220)	(1,301,220)
	-	-	-	-	-	-	-	-	(3,903,660)	(3,903,660)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	-	-	47,059	47,059
Transfer to statutory reserve	-	-	-	-	-	-	1,181,696	-	(1,181,696)	-
Transfer to share premium reserve	-	333,864	-	-	(67,995)	(333,864)	67,995	-	-	-
Balance as at December 31, 2013	10,409,763	333,864	84,741	-	-	-	12,013,553	6,000	31,343,147	54,191,068
Changes in equity during the quarter ended March 31, 2014										
Total comprehensive income for the quarter ended March 31, 2014										
- Net profit for the quarter ended March 31, 2014	-	-	-	-	-	-	-	-	3,285,659	3,285,659
- Effect of translation of net investment in foreign wholesale bank branch	-	-	(72,627)	-	-	-	-	-	-	(72,627)
	-	-	(72,627)	-	-	-	-	-	3,285,659	3,213,032
Transactions with owners recognized directly in equity										
Transfer to reserve for issue of bonus shares for the year ended December 31, 2013 @ 10%	-	(333,864)	-	1,040,976	-	-	-	-	(707,112)	-
Issue of bonus shares	1,040,976	-	-	(1,040,976)	-	-	-	-	-	-
Final cash dividend for the year ended December 31, 2013 (Rs. 1.5 per ordinary share)	-	-	-	-	-	-	-	-	(1,561,464)	(1,561,464)
	1,040,976	(333,864)	-	-	-	-	-	-	(2,268,576)	(1,561,464)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	-	-	5,206	5,206
Transfer to statutory reserve	-	-	-	-	-	-	324,015	-	(324,015)	-
Balance as at March 31, 2014	11,450,739	-	12,114	-	-	-	12,337,568	6,000	32,041,421	55,847,842

\* This represented reserve created by 20% of profit after tax of Ibrahim Leasing Limited (ILL) before its amalgamation with the Bank, as required under the Non Banking Finance Companies (NBFC) Rules, 2003. Being Statutory Reserve in nature, same has been transferred to Statutory Reserve of the Bank.

\*\* These were created as a result of merger of Ibrahim Leasing Limited and First Allied Mordaraba into Allied Bank Limited. This has been transferred to Share Premium Reserve with the approval of SECP vide letter number EMO/233/673/2002-965 dated April 15, 2013.

The annexed notes 1 to 19 form an integral part of these consolidated condensed interim financial statements.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

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# Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2014

## 1 STATUS AND NATURE OF BUSINESS

### 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 all stock exchanges in Pakistan. The Bank operates a total of 950 (2013: 948) branches in Pakistan, 1 branch (2013:1) in Karachi Export Processing Zone Branch, and 1 wholesale banking branch (2013: 1) in Bahrain. The long term credit rating of the Bank assigned by The Pakistan Credit Rating Agency Limited (PACRA) is 'AA+'. Short term rating of the Bank is 'A1+'. The Bank is the holding company of ABL Asset Management Company Limited.

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

### Subsidiary Company

ABL Asset Management Company Limited (the Company) is a public unlisted company, incorporated in Pakistan as a limited liability company on October 12, 2007 under the Companies Ordinance, 1984. The Company received certificate for commencement of business on December 31, 2007. The Company has obtained licenses from the Securities and Exchange Commission of Pakistan (SECP) to carry out Asset Management Services and Investment Advisory Services as a Non-Banking Finance Company (NBFC) under Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 as amended through S.R.O. 1131(I) 2007 (the NBFC Rules). The company has also obtained license to carry out business as Pension Fund Manager, under the Voluntary Pension System Rules, 2005. The registered office of the Company is situated at 11-B Lalazar, M.T. Khan Road, Karachi. The Company is a wholly owned subsidiary of Allied Bank Limited (the Parent Company). The management quality rating of the Company, as assigned by JCR-VIS Crediting Rating Company Limited, is AM2 (Stable).

ABL Asset Management company is managing following open ended 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 AMC Capital Protected Fund	Launched on June 01, 2012
- ABL Islamic Stock Fund	Launched on June 12, 2013
- ABL Islamic Principal Preservation Fund	Launched on December 24, 2013
- ABL Islamic Principal Preservation Fund-II	Launched on March 31, 2014

## 2 STATEMENT OF COMPLIANCE

2.1 These consolidated condensed interim financial statements of the Bank for the quarter ended March 31, 2014 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by the State Bank of Pakistan (SBP). In case where requirements of provisions and directives issued under the Banking Companies Ordinance, 1962, Companies Ordinance 1984 and the directives issued by SBP differs, the directives issued by SBP shall prevail.

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



# Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2014

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

## 3 BASIS OF MEASUREMENT

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

- Investments
- Operating fixed assets
- Fair value of derivatives

## 4 BASIS OF PRESENTATION

The disclosures included in these consolidated condensed interim financial statements are limited based on the format prescribed by the State Bank of Pakistan, vide BSD Circular Letter No. 2 dated May 12, 2004, vide BSD Circular Letter No. 7 dated April 20, 2010 and International Accounting Standard 34, Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and these consolidated condensed interim financial statements should be read in conjunction with the consolidated financial statements of the Bank for the year ended December 31, 2013.

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

- 5.1 The accounting policies, underlying estimates and methods of computation followed in the preparation of these consolidated condensed interim financial statements are same as those applied in preparing the most recent annual consolidated financial statements of the Group.
- 5.2 The financial risk management objectives and policies adopted by the Group are consistent with that disclosed in the financial statements of the Group for the year ended December 31, 2013.

	Note	Un-audited March 31, 2014	Audited December 31, 2013
		Rupees in '000	

## 6. LENDINGS TO FINANCIAL INSTITUTIONS

Repurchase agreement lendings (Reverse Repo)	6.1	51,111,678	11,661,403
Certificates of investment	6.2	70,000	70,000
Call money lendings	6.3	697,060	800,000
		<u>51,878,738</u>	<u>12,531,403</u>
Provision against lendings to financial institutions		(70,000)	(70,000)
		<u>51,808,738</u>	<u>12,461,403</u>

- 6.1 These are short-term lendings to various financial institutions against the government securities. These carry mark-up at rate, ranging between 9.90% to 10.31% (2013: 10.00% to 10.40%) per annum and will mature on various dates latest by April 21, 2014.
- 6.2 This represents a classified certificate of investment amounting to Rs. 70 million (2013: Rs. 70 million).
- 6.3 These represent unsecured call money lending in local and foreign currency from the local and foreign interbank market, carrying mark-up at rate of 10.00% (2013: 9.5% to 10.25%) for local currency borrowing, and at rate of 1.75% (2013: Nil) for foreign currency borrowing per annum maturing on various dates, latest by April 02, 2014.

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2014

## 7. INVESTMENTS

	Note	Held by Bank	Given as collateral	Total
<b>Rupees in '000</b>				
Current period - March 31, 2014 (Un-audited)	7.1	<u>336,375,215</u>	<u>3,785,590</u>	<u>340,160,805</u>
Prior year - December 31, 2013 (Audited)	7.1	<u>361,509,105</u>	<u>2,301,445</u>	<u>363,810,550</u>

Un-audited As at March 31, 2014			Audited As at December 31, 2013		
Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
<b>Rupees in '000</b>					

### 7.1 Investments by types

#### 'Held-for-trading' securities

Market Treasury Bills	-	-	-	2,983,343	-	2,983,343
Units of open ended mutual funds	941,741	-	941,741	873,233	-	873,233
	941,741	-	941,741	3,856,576	-	3,856,576

#### 'Available-for-sale' securities

Market treasury bills	193,793,926	3,787,857	197,581,783	272,873,099	2,304,528	275,177,627
Pakistan investment bonds	148,538	-	148,538	148,387	-	148,387
Ordinary shares of listed companies / certificates of mutual funds	19,183,412	-	19,183,412	17,602,295	-	17,602,295
Preference shares	149,355	-	149,355	149,355	-	149,355
Pre IPO shares	-	-	-	199,996	-	199,996
Units of open end mutual funds	5,548,999	-	5,548,999	5,588,989	-	5,588,989
Ordinary shares of unlisted companies	2,223,838	-	2,223,838	1,992,014	-	1,992,014
Investment in related parties						
- Listed shares	4,053,509	-	4,053,509	4,053,509	-	4,053,509
- Unlisted shares	281,816	-	281,816	281,816	-	281,816
- Units of open end mutual funds	5,500,000	-	5,500,000	5,500,000	-	5,500,000
Sukuk bonds	2,406,723	-	2,406,723	2,469,955	-	2,469,955
Term finance certificates (TFCs)	2,602,973	-	2,602,973	2,046,694	-	2,046,694
	235,893,089	3,787,857	239,680,946	312,906,109	2,304,528	315,210,637

#### 'Held-to-maturity' securities

Pakistan investment bonds	83,753,300	-	83,753,300	28,613,646	-	28,613,646
Foreign currency bonds (US\$)	4,389,588	-	4,389,588	4,660,597	-	4,660,597
TFCs, Debentures, Bonds and PTCs	3,005,833	-	3,005,833	3,085,738	-	3,085,738
	91,148,721	-	91,148,721	36,359,981	-	36,359,981

#### Investment at cost

Provision for diminution in the value of investments	327,983,551	3,787,857	331,771,408	353,122,666	2,304,528	355,427,194
	(1,586,723)	-	(1,586,723)	(1,585,458)	-	(1,585,458)

Investment (net of provisions)	326,396,828	3,787,857	330,184,685	351,537,208	2,304,528	353,841,736
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Unrealized gain on revaluation of 'held-for-trading' securities	27,718	-	27,718	56,412	-	56,412
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Surplus / (deficit) on revaluation of 'available-for-sale' securities	9,950,669	(2,267)	9,948,402	9,915,485	(3,083)	9,912,402
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Total investments at market value	<u>336,375,215</u>	<u>3,785,590</u>	<u>340,160,805</u>	<u>361,509,105</u>	<u>2,301,445</u>	<u>363,810,550</u>
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## Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2014

	Note	Un-audited March 31, 2014	Audited December 31, 2013
		Rupees in '000	
<b>8. ADVANCES</b>			
Loans, cash credits, running finances, etc. - in Pakistan		277,759,987	277,270,976
Net investment in finance lease - in Pakistan		2,018,702	1,904,028
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		1,263,614	1,319,500
Payable outside Pakistan		2,907,434	4,916,169
		4,171,048	6,235,669
<b>Advances - gross</b>		<b>283,949,737</b>	<b>285,410,673</b>
Provision for non-performing advances	8.1 & 8.3	(18,229,717)	(18,242,365)
General provision against consumer financing	8.3	(106,307)	(132,187)
		(18,336,024)	(18,374,552)
<b>Advances - net of provision</b>		<b>265,613,713</b>	<b>267,036,121</b>

- 8.1 Advances include Rs. 19,732.239 million (2013: Rs. 19,423.896 million) which have been placed under non-performing status as detailed below:-

March 31, 2014 (Un-audited)					
Category of Classification	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
	Rupees in '000				
Other Assets Especially Mentioned	187,503	-	187,503	11,480	11,480
Substandard	740,939	-	740,939	183,736	183,736
Doubtful	1,538,591	-	1,538,591	769,295	769,295
Loss	17,265,206	-	17,265,206	17,265,206	17,265,206
	19,732,239	-	19,732,239	18,229,717	18,229,717

December 31, 2013 (Audited)					
Category of Classification	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
	Rupees in '000				
Other Assets Especially Mentioned	82,766	-	82,766	3,288	3,288
Substandard	647,912	-	647,912	160,315	160,315
Doubtful	1,228,912	-	1,228,912	614,456	614,456
Loss	17,464,306	-	17,464,306	17,464,306	17,464,306
	19,423,896	-	19,423,896	18,242,365	18,242,365

- 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. 02 dated June 03, 2010.

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2014

## 8.3 Particulars of provision against non-performing loans & advances and general provision.

	(Un-audited)			(Audited)		
	March 31, 2014			December 31, 2013		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	18,242,365	132,187	18,374,552	17,752,942	52,090	17,805,032
Charge for the period / year	315,998	-	315,998	2,627,045	80,097	2,707,142
Reversals	(328,646)	(25,880)	(354,526)	(2,055,661)	-	(2,055,661)
Charged to profit and loss account	(12,648)	(25,880)	(38,528)	571,384	80,097	651,481
Amounts written off	-	-	-	(81,961)	-	(81,961)
Closing balance	18,229,717	106,307	18,336,024	18,242,365	132,187	18,374,552

Un-audited  
March 31,  
2014  
Rupees in '000

Audited  
December 31,  
2013

## 9. BORROWINGS FROM FINANCIAL INSTITUTIONS

### Details of Borrowings (Secured / Unsecured)

#### Secured

Borrowings from State Bank of Pakistan	16,318,419	14,929,061
Repurchase agreement borrowings	3,448,818	1,970,489

#### Unsecured

Call borrowings	21,332,803	16,012,636
Other Borrowings	34,528	40,220
	21,367,331	16,052,856
	41,134,588	32,952,406

## 10. DEPOSITS AND OTHER ACCOUNTS

### Customers

Fixed deposits	189,693,170	191,182,134
Savings deposits	146,213,806	145,148,202
Current accounts - remunerative	87,044,971	83,463,328
- non - remunerative	183,300,598	183,047,302
	606,252,545	602,840,966

### Financial Institutions

Remunerative deposits	3,274,833	5,114,383
Non - remunerative deposits	1,081,211	451,280
	610,608,589	608,406,629

# Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2014

## 11. SHARE CAPITAL

### 11.1 Authorised capital

Un-audited March 31, 2014	Audited December 31, 2013		Un-audited March 31, 2014	Audited December 31, 2013
No. of shares			Rupees in '000	
<u>1,500,000,000</u>	<u>1,500,000,000</u>	Ordinary shares of Rs. 10 each	<u>15,000,000</u>	<u>15,000,000</u>

### 11.2 Issued, subscribed and paid-up capital

Fully paid-up Ordinary shares of Rs. 10 each

Un-audited March 31, 2014	Audited December 31, 2013		Un-audited March 31, 2014	Audited December 31, 2013
No. of shares			Rupees in '000	
<u>406,780,094</u>	<u>406,780,094</u>	Fully paid in cash	<u>4,067,801</u>	<u>4,067,801</u>
<u>720,745,186</u>	<u>616,647,565</u>	Issued as bonus shares	<u>7,207,452</u>	<u>6,166,476</u>
<u>1,127,525,280</u>	<u>1,023,427,659</u>		<u>11,275,253</u>	<u>10,234,277</u>
		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).		
<u>9,148,550</u>	<u>9,148,550</u>		<u>91,486</u>	<u>91,486</u>
		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.		
<u>8,400,000</u>	<u>8,400,000</u>		<u>84,000</u>	<u>84,000</u>
<u>1,145,073,830</u>	<u>1,040,976,209</u>		<u>11,450,739</u>	<u>10,409,763</u>

Ibrahim Fibers Limited, related party of the Bank, holds 194,041,916 (16.95%) [2013: 176,401,742 (16.95%)] ordinary shares of Rs. 10 each, as at reporting date.

Un-audited March 31, 2014	Audited December 31, 2013
Rupees in '000	

## 12. CONTINGENCIES AND COMMITMENTS

### 12.1 Direct credit substitutes

Guarantees in favour of: Banks and financial institutions	<u>444,869</u>	<u>439,266</u>
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### 12.2 Transaction-related contingent liabilities

Guarantees in favour of: Government	<u>15,149,880</u>	<u>17,959,000</u>
Others	<u>15,635,090</u>	<u>14,245,474</u>
	<u>30,784,970</u>	<u>32,204,474</u>

12.3 Trade-related contingent liabilities	<u>58,849,209</u>	<u>71,322,325</u>
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12.4 Claims against the Bank not acknowledged as debt	<u>6,146,378</u>	<u>5,740,843</u>
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## Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2014

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

	Un-audited March 31, 2014	Audited December 31, 2013
	Rupees in '000	
12.6 Commitments in respect of forward foreign exchange contracts		
Purchase	76,671,686	97,308,562
Sale	34,741,595	62,218,028
12.7 Commitments in respect of:		
Civil works	1,132,953	1,064,715
Acquisition of operating fixed assets	603,833	794,367
	1,736,786	1,859,082
12.8 Commitments in respect of lease financing	66,468	100,000
12.9 Other Commitments	1,135	1,096

### 12.10 Other Contingencies

- 12.10.1 There is no change in the status of contingencies, set out in note 22.10 to the consolidated financial statements of the Bank for the year ended December 31, 2013, except for the contingencies as mentioned below:

- 12.10.2 The income tax assessments of the Bank have been finalized up to and including tax year 2013 for local and Azad Kashmir operations. While finalizing income tax assessments up to tax year 2013, income tax authorities made certain add backs with aggregate tax impact of Rs. 18,517 Million (2013: Rs. 15,702 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 unfavourable decisions. Pending finalization of appeals/references no provision has been made by the Bank on aggregate sum of Rs. 18,517 million (2013: Rs. 15,702 million). The management is confident that the outcome of these appeals/references will be in favour of the Bank.

Tax Authorities have conducted proceedings of withholding tax audit under section 161 / 205 of Income Tax Ordinance, 2001 for tax year 2005, 2006 and tax year 2008 to 2012 and created an arbitrary demand of Rs. 1,081 million (2013: Rs. 1,081 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 favour of the Bank; therefore, no provision has been made against the said demand of Rs. 1,081 million (2013: Rs. 1,081 million).

Tax authorities have also issued orders under Federal Excise Act, 2005 for the year 2008 to 2011 thereby creating arbitrary aggregate demand of Rs. 340 million (2013: Rs. 340 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. 340 million (2013: Rs. 340 million).

- 12.10.3 The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund (WWF) Ordinance, 1971, through which Collective Investment Schemes (CISs)/Mutual Funds whose income exceeded Rs. 0.5 million in a tax year became liable to pay WWF. A writ petition has been filed in Sindh High Court to challenge the applicability of WWF on the CISs / Mutual Funds. ABL AMC has undertaken to bear an amount of Rs. 27.38 million (2013: Rs. 27.38 million), if applicable, in respect of CISs managed by it. However, ABL AMC has made

## Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2014

no provision for the aforementioned Rs. 27.38 million in its financial statements, being confident that the matter will be decided favourably in due course based on Mutual Fund Association of Pakistan (MUFAP's) Legal Council's opinion dated December 12, 2011.

	Note	Un-audited Quarter ended March 31, 2014	Un-audited Quarter ended March 31, 2013
		Rupees in '000	
<b>13. MARK-UP / RETURN / INTEREST EARNED</b>			
On loans and advances		6,938,052	6,696,401
On investments in:			
'Available-for-sale' securities		6,051,317	4,731,411
'Held-to-maturity' securities		1,630,385	987,114
'Held-for-Trading' securities		16,657	-
		7,698,359	5,718,525
On deposits with financial institutions		1,523	2,778
On securities purchased under resale agreements		350,644	275,462
On certificates of investment		-	10,334
On call money lending		3,043	25,987
		<u>14,991,621</u>	<u>12,729,487</u>
<b>14. MARK-UP / RETURN / INTEREST EXPENSED</b>			
Deposits		7,453,792	6,240,734
Long term borrowing		77,330	58,954
Securities sold under repurchase agreements		469,391	472,305
Call money borrowing		280,592	13,651
Brokerage and commission		27,667	30,584
Markup on sub-ordinated loans		115,129	151,954
Other short term borrowings		805,158	751,912
		<u>9,229,059</u>	<u>7,720,094</u>
<b>15. EARNINGS PER SHARE - BASIC AND DILUTED</b>			
Profit after taxation for the period attributable to ordinary shareholders		<u>3,285,659</u>	<u>2,850,266</u>
		Number of Shares	
Weighted average number of ordinary shares outstanding during the period.	15.1	<u>1,145,073,830</u>	Restated <u>1,145,073,830</u>
		Rupees	
Earnings per share - basic and diluted for the period	15.1	<u>2.87</u>	Restated <u>2.49</u>
There is no dilution effect on basic earnings per share.			
15.1 The corresponding figure of weighted average number of shares outstanding and earnings per share have been restated to include the effect of bonus shares issued by the Bank during the period.			

# Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2014

## 16. RELATED PARTY TRANSACTIONS

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

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.

	Un-audited March 31, 2014				Audited December 31, 2013			
	Directors	Associated companies*	Key management personnel	Other related parties	Directors	Associated companies*	Key management personnel	Other related parties
Rupees in '000								
<b>Nature of related party transactions</b>								
<b>Loans</b>								
Loans at the beginning of the period / year	68,906	-	239,437	4,383,941	43,842	1,833,333	176,428	200
Loans given during the period / year	5,286	4,777	5,404	12,793,721	91,890	-	162,658	54,583,758
Loans repaid/ adjustment during the period / year	(15,072)	(2,958)	(13,856)	(13,201,103)	(66,826)	(1,833,333)	(99,649)	(50,200,017)
Loans at the end of the period / year	59,120	1,819	230,985	3,976,559	68,906	-	239,437	4,383,941
<b>Deposits</b>								
Deposits at the beginning of the period / year	66,134	14,829	18,530	14,606,981	33,653	41,011	27,640	5,675,814
Deposits received during the period / year	1,238,061	1,633,021	69,432	33,957,338	5,146,560	7,144,875	795,509	98,198,169
Deposits repaid during the period / year	(1,255,660)	(1,618,275)	(72,135)	(38,400,530)	(5,114,079)	(7,171,057)	(804,619)	(89,267,002)
Deposits at the end of the period / year	48,535	29,575	15,827	10,163,789	66,134	14,829	18,530	14,606,981
<b>Nostro Balances</b>								
Investment in Shares/ open end mutual funds	-	141,775	-	-	-	148,691	-	-
Other Receivable	-	277,463	-	12,168,332	-	279,650	-	12,194,226
Other Payable	-	-	-	93,437	-	-	-	78,260
Net receivable from :	-	-	-	110	-	-	-	110
Staff retirement benefit funds	-	-	-	4,020,188	-	-	-	3,896,907
Non funded exposure	-	-	-	205	-	-	-	-



# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2014

	Un-audited March 31, 2014				Un-audited March 31, 2013			
	Directors	Associated companies*	Key management personnel	Other related parties	Directors	Associated companies*	Key management personnel	Other related
	Rupees in '000							
Mark-up earned	976	11	3,601	130,930	396	-	2,396	-
Income on Placements	-	164	-	-	-	384	-	-
Dividend Income	-	-	-	242,000	-	-	-	-
Sales commission / management fee sharing	-	-	-	2,051	-	-	-	90
Management fee income	-	-	-	74,447	-	-	-	50,220
Mark-up expense on Deposits	613	136	587	218,820	488	8	100	139,305
Fee commission/ bank charges	7	6	4	84	1	8	9	63
Director's meeting fee	1,250	-	-	-	2,300	-	-	-
Remuneration	11,589	-	51,882	-	17,598	-	44,230	-
NIFT charges	-	-	-	21,571	-	-	-	15,834
Rent Expense**	-	5,935	-	-	-	4,370	-	-
Rent Income	-	300	-	-	-	-	-	-
Charge / (reversal) in respect of staff retirement benefit funds	-	-	-	(4,573)	-	-	-	25,742

\* Associated company on the basis of common directorship.

\*\* Rent sharing expense of ABL branches with associate companies (Ibrahim Agencies Pvt. Ltd. and Ibrahim Fibers Limited) were 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).

# Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2014

## 17. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

For the Quarter Ended March 31, 2014 (Un-audited)								
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Asset Management	Eliminations	Total
Rupees in '000								
Total Income	228,422	690,907	10,019,409	15,670,332	227,888	105,315	(9,056,246)	17,886,027
Total Expenses	(101,310)	(898,260)	(8,120,230)	(14,368,182)	(108,820)	(59,812)	9,056,246	(14,600,368)
Net Income	127,112	(207,353)	1,899,179	1,302,150	119,068	45,503	-	3,285,659
For the Quarter Ended March 31, 2013 (Un-audited)								
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Asset Management	Eliminations	Total
Rupees in '000								
Total Income	249,669	442,802	9,752,855	13,109,948	143,925	72,041	(8,454,006)	15,317,234
Total Expenses	(117,477)	(724,270)	(8,153,525)	(11,805,017)	(72,514)	(48,171)	8,454,006	(12,466,968)
Net Income	132,192	(281,468)	1,599,330	1,304,931	71,411	23,870	-	2,850,266
As at March 31, 2014 (Un-audited)								
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Asset Management		Total
Rupees in '000								
Segment Assets (Gross)	727,089	50,789,585	116,826,287	602,075,800	658,755	1,138,425		772,215,941
As at December 31, 2013 (Audited)								
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Asset Management		Total
Rupees in '000								
Segment Assets (Gross)	369,234	13,917,310	125,725,177	614,299,239	794,405	1,073,269		756,178,634

## 18. GENERAL

- 18.1 Figures have been rounded off to the nearest thousand rupees.
- 18.2 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.
- 18.3 The Board of Directors of the Bank in its meeting held on 25 April, 2014 has approved interim cash dividend for the quarter ending March 31, 2014 at Rs. 1.25 per share (March 31, 2013: Rs. 1.25 per share). The consolidated condensed interim financial statements for the quarter ended March 31, 2014 do not include the effect of this appropriation and will be accounted for in the financial statements of the period of declaration.

## 19. DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue on 25 April, 2014 by the Board of Directors of the Bank.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman





Allied Bank Limited  
3 Tipu Block, Main Boulevard,  
New Garden Town, Lahore - Pakistan  
Tel 92 42 3588 0043