

INNOVATIVE DIVERSIFICATION

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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
Dr. Muhammad Akram Sheikh
Zafar Iqbal
Tahir Hassan Qureshi
(CEO)

Audit Committee of Board

Zafar Iqbal
(Chairman)

Dr. Muhammad Akram Sheikh
Mubashir A. Akhtar

Human Resource & Remuneration Committee

Abdul Aziz Khan
(Chairman)

Muhammad Waseem Mukhtar
Tahir Hassan Qureshi

Company Secretary

Muhammad Raffat

Shariah Board

Mufti Ehsan Waquar Ahmed
(Chairman)

Mufti Mahmood Ahmad
Mufti Muhammad Iftikhar Baig

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Adviser

Mandviwalla & Zafar Advocates

Shares Registrar

Technology Trade (Pvt.) Limited

Registered & Head Office

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

Website & Email

www.abl.com
info@abl.com

Telephone Number

(+92-42) 35880043

Social Media Links

<https://twitter.com/ablpk>
<https://www.facebook.com/alliedbankpk>
<https://www.youtube.com/user/alliedbankitd>

Vision, Mission & Core Values

Vision

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

Mission

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

Core Values

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

Director's Review

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present the financial results of Your Bank for the first quarter ended March 31, 2017:

	(Rupees in million)		Growth
	Quarter ended March 31,		
	2017	2016	%
Profit after tax for the period	3,602	4,787	(25)
Accumulated profits brought forward	46,490	41,416	12
Transfer from surplus on revaluation of fixed assets / non - banking assets net of tax	14	14	–
Profit available for appropriation	50,106	46,217	8
Final cash dividend for the year ended December 31, 2016 at Rs. 1.75 per share (2016: Year ended December 31, 2015 at Rs. 1.75 per share)	(2,004)	(2,004)	–
Transfer to statutory Reserves	(360)	(478)	(25)
Accumulated profits carried forward	47,742	43,735	9
Earnings Per Share (EPS) (Rs.)	3.15	4.18	(25)

The Board is pleased to announce an interim cash dividend of Rs. 1.75 per share for the first quarter ended March 31, 2017 (March 31, 2016: Rs. 1.75 per share)

Economic Review

Global Economic activity has continued to be dominated by emerging and developing economies; supported by partial recovery in commodity prices and gradual improvement in macroeconomic conditions.

Constraint growth in advanced economies is expected to be primarily driven by higher projected growth in the United States while Europe and Japan are also expected to benefit from cyclical recovery in manufacturing and trade.

Commodity prices trend, particularly oil, may reduce the discrepancy in growth outlooks between commodity exporters and importers in 2017. Accordingly, IMF is projecting global growth to rise from 3.1% in 2016 to 3.5% in 2017.

Pakistan GDP target set at 5.7% for FY 2016-17 remains challenging, regardless of SBP's accommodative monetary policy stance, gradual increase in development spending and trickle-down effect of CPEC related activities. Pakistan Stock Exchange's index rose from 47,807 points as at December 31, 2016 to 48,156 points as at March 31, 2017, depicting optimistic market sentiments and continued confidence of foreign investors.

Pakistan's strategic demographic advantage supplemented by numerous natural resources remain underutilized with major hindrances stemming from persistent fiscal and current account deficit amidst falling exports and declining remittances, lack of cost efficient energy supply and fragile security situation augmented by rising undocumented cash based economy and low Human Development Index (HDI) ranking which continues to drag the potential growth momentum.

Current Account deficit escalated to 8 year high of 2.6% of GDP at US\$5,473 million during July'16-Feb'17 as compared to 1.3% in the corresponding period.

Rising imports volumes along with lagging exports, despite GoP's incentive packages for exports sector, pushed trade deficit to increase by 39% to US\$ 23,385 million during July'16-Mar'17. Foreign remittances, which historically sustained balance of payments position, remained sluggish during July'16-Mar'17 with a drop of 2.3% year-on-year to reach US\$14,058 million; with sustained medium term outlook primarily driven by challenging economic situation for oil exporting countries, being the country's traditional hub for inward remittances.

Foreign Direct Investment (FDI) inflows during the period July'16-Mar'17 reached US\$1,602 million as compared to US\$1,425 million in corresponding period. Accordingly, Foreign exchange reserves at end-March 2017 stood at US\$ 21,551 million down from end-December 2016 level of US\$ 23,202 million; despite receipt of Coalition Support Fund (CSF) amounting to US\$ 550 million.

Large Scale Manufacturing registered a cumulative growth of 4.1% during July'16-Feb'17 against the target set for FY 2016-17 at 5.9%; with growth contributed by automobile, fertilizers, pharmaceutical and construction sectors.

While Broad Money (M2) supply witnessed growth of 3.7% during July'16-Feb'17, Banking sector's deposits witnessed a negative growth rate of 0.3% and closed at Rs.11,170 billion as at end-March 2017.

The Industry after recording the highest quarterly growth in advances to private sector in the last 10 years in Q4'2016, posted a subdued growth in overall advances at just 2.3% during the quarter under review to reach Rs.5,697 billion. Accordingly, deployment of surplus net resources diverted towards investments which increased by 6.0% to reach Rs.7,670 billion at end-March 2017. The industry's bottom line also remains under pressure in view of the thin margins. According to SBP's quarterly report for December 2016, Net Interest Margin (NIM) at industry level declined from 4.4% in 2015 to 3.7% in 2016.

Consumer Price Index (CPI) inflation accelerated sharply to 4.9% YoY in March 2017 as compared to 3.9% in March 2016 – highest in previous 29 months; widening current account deficit and pressure on FX reserves may further augment the rising inflation trend going forward. Uptick in inflation may lead to the bottoming out of SBP's accommodative Policy Rate stance. Accordingly, during the quarter under review SBP kept the "Policy Rate" unchanged at 5.75%.

Financial Review:

2017 is expected to be a challenging year for the entire banking industry including Your Bank; marked by macroeconomic and geopolitical uncertainties and augmented by adverse customer mindset amidst unfavorable regulatory and taxation frameworks.

Your Bank while implementing a multi-dimensional risk management strategy, remains focused on delivering a world class technology enabled customer experience and creating shareholder value.

While striving for stable financial performance in the short term, Your Bank remains poised for achieving long term strategy to become one of the premier financial service providers by adapting pro-actively to rapidly changing global banking dynamics.

The Bank's interest income aggregated to Rs. 15,746 million for the quarter ended March 2017. While persistent focus towards mobilization of low cost deposits favorably impacted the interest expense which declined by 10% for the quarter ended March 31, 2017 as against the corresponding period of last year. Resultantly the Bank's net interest income aggregated to Rs.7,999 million for the quarter ended March 31, 2017.

Driven by a robust risk management framework, proactive monitoring and recovery efforts; the net provision reversal against Non-Performing Loans (NPL) aggregated to Rs. 394 million for the quarter ended March 31, 2017 as compared to net charge of Rs. 276 million during corresponding period of last year.

Resultantly Net Mark-up Income after provision increased to Rs. 8,393 million during the quarter under review, as against Rs. 8,222 million in corresponding period last year.

Non-markup / interest income (NII) for the quarter ended March 31, 2017 reached Rs. 2,070 million with major contribution from fee based income which remained stable at Rs.1,137 million, 0.3% higher than corresponding period of last year.

The lower dividend income was impacted by the announced book closure of certain investee companies; which deferred payouts to the following quarter. Going forward, Your Bank, intends to maintain its focus on augmenting various avenues for fee-based income.

Your Bank continued to expand outreach for financial inclusion of unbanked population through multiple touchpoints including conventional and alternate delivery channels.

The Bank enhanced presence across Pakistan and expanded branch network to 1,150 branches as compared to 1,050 branches in March 2016. Additionally, the Bank augmented outreach through vast ATM network by increasing number of ATMs from 1,015 ATMs in March 2016 to 1,173 ATMs at March 2017; including 217 off-site ATMs installed at strategic locations for increasing accessibility.

Continued focus on costs rationalization and effective management resulted in curtailing the overall administrative expenses growth by 7% during the period under review, despite investment in outreach and alternate delivery channels. Consistent with December 2016, Your Bank continued to provide for WWF charge during the quarter and shall evaluate its position on periodic basis.

Your Bank's Profit Before Tax stood at Rs.5,551 million for the quarter ended March 31, 2017 while Profit After Tax for the quarter ended March 31, 2017 reached Rs.3,602 million. EPS of Your Bank stood at Rs.3.15 per share. Return on Equity during the quarter under review stood at 19.1%.

Overall advances of Your Bank increased by 6% as compared to December 2016 and reached Rs.350,545 million as at March 31, 2017. Resultantly Gross ADR increased from 43% as at December 31, 2016 to 46% as at March 31, 2017. While overall investment portfolio increased to Rs.606,019 million.

Your Bank remained focused on optimizing the deposit mix while maintaining robust deposit base despite intense competition within banking industry for low cost deposits. CASA deposits mix improved to 80% as at March 31, 2017 from 78% as at December 31, 2016. While overall industry deposits declined in the quarter under review, total deposits of Your Bank increased to Rs.810,220 million during the quarter under review.

Persistent focus on adoption of technology driven latest risk management techniques enabled Your Bank to reduce Non-Performing loans by 3% to Rs.19,847 million as at March 31, 2017. Infection and coverage ratio as at March 31, 2017 stood at 5.4% and 93% respectively; significantly outperforming the December 2016 industry infection and coverage ratio of 10.1% and 85% respectively. No FSV benefit has been taken while determining the provision against Non-Performing Advances as allowed under BSD Circular No. 01 dated October 21, 2011.

Total Assets of Your Bank stood at Rs. 1,093 billion, reflecting an increase of 2.2% over December 2016 level of Rs. 1,070 billion. Total equity as at March 31, 2017 also stood at a robust level of Rs.101,506 million as at March 31, 2017.

Future outlook:

Pakistan's macroeconomic outlook remains stable amidst conducive environment with low interest rates, accommodative investment policies, gradually improving availability of energy and strong domestic demand due to uptick in infrastructure related projects. However, sustained efforts are required towards enhanced fiscal discipline, taxation reforms to remove impediments in documenting the economy and assist in poverty alleviation, addressing the epidemic of unemployment, implementation of structural reforms and vigilance in managing the country's external debt position remains imperative.

Banking sector outlook remains challenging with expected pressure on the bottom line in the medium term with historically low benchmark rates leading to reduced margins, intense competition for quality obligors, cautious growth in SME in the absence of much needed foreclosure law and favorable taxation regime, lack of significant growth in core deposit base supplemented by the rising costs of doing business.

The Bank envisaging rapid transformation in the operating environment in the "digital age", is investing in latest technology driven innovative and customer centric banking products and services, pre-emptive risk management solutions and enhancement of conventional and alternate delivery channels/touchpoints. Your Bank's gradual deepening in Digital Banking segment is also driven towards un-tapped yet high unbanked population segment in the country and improving financial inclusion.

Your Bank, also aims to continuously augment Islamic Banking segment through expansion in network and gradually capitalize on opportunities within this niche segment.

Entity Rating 2017

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

Corporate Governance Rating 2017

Your Bank's Corporate Governance Rating was maintained at "CGR-9+" by JCR-VIS denoting high level of corporate governance.

Awards 2017

During the quarter Your Bank was also recognized by Management Association of Pakistan by awarding 1st position in "2016 Corporate Excellence Award" banking sector category.

Your Bank's Islamic Banking initiative was also awarded the "Best Emerging Bank in Islamic Finance" by COMSATS Institute of Information Technology, Lahore; recognized in terms of branch expansion and products outreach in a very short span of time.

Acknowledgement

On behalf of Allied Bank, I would like to express our gratitude to our worthy customers for their continuous trust in our services, to our employees for their consistent hard work and dedication, to our shareholders for their belief in us while acknowledging the guidance and encouragement by State Bank of Pakistan and other regulatory bodies for their constant direction.

For and on behalf of the Board,

Tahir Hassan Qureshi
Chief Executive Officer

Place: Lahore
Date: April 26, 2017

ڈائریکٹرز جائزہ رپورٹ

محترم مینیجر ہولڈرز!

بورڈ آف ڈائریکٹرز کی جانب سے ہم 31 مارچ 2017 کو اختتام پذیر پہلی سہ ماہی کے مالیاتی نتائج پیش کرتے ہوئے نہایت مسرت محسوس کرتے ہیں۔

31 مارچ کو ختم ہونے والی سہ ماہی			
اضافہ	2016	2017	
فی صد	ملین روپے		
-25	4,787	3,602	بعد از ٹیکس منافع
12	41,416	46,490	گزر شدہ جمع شدہ منافع
-	14	14	میں منافع / غیر بینکاری اثاثہ جات کی قدر روپیہ پیکس سے منتقلی
8	46,217	50,106	تصرف کیلئے دستیاب منافع
-	(2,004)	(2,004)	سال مختتمہ 31 دسمبر 2016ء کا حتمی کمیشن ڈیویڈنڈ 1.75 روپے فی حصص (2016: سال مختتمہ 31 دسمبر 2015ء کمیشن ڈیویڈنڈ 1.75 روپے فی حصص)
-25	(478)	(360)	ضوابطی ریزرو میں منتقلی
9	43,735	47,742	آسے منتقل کیا گیا جمع شدہ منافع
-25	4.18	3.15	فی حصص روپے (EPS)

بورڈ انتہائی مسرت کے ساتھ 31 مارچ 2017 کو اختتام پذیر سہ ماہی کیلئے 1.75 روپے فی حصص کے عبوری کمیشن ڈیویڈنڈ کا اعلان کرتا ہے (31 مارچ 2016 : 1.75 روپے فی حصص)۔

معاشی جائزہ:

ابھرتی ہوئی اور ترقی پذیر معیشتوں نے عالمی معاشی سرگرمیوں میں اپنے حاوی کردار کو جاری رکھا۔ اس میں اشیاء کی قیمتوں کی قدرے بہتری اور میکرو اکنامک صورتحال میں بتدریج بہتری بھی معاون رہی۔ ترقی یافتہ معیشتوں میں متبادل نمونے تھے جس کی بڑی وجہ ریاست ہائے متحدہ کی ترقی کے مستقبل کے بڑے اندازے ہیں جبکہ یورپ اور جاپان بھی اپنی صنعت سازی اور تجارت کی دائرہ بحالی سے منفعت حاصل کرنے کی توقع رکھتے ہیں۔

سال 2017ء میں اشیاء کی قیمتوں کا رجحان، خصوصاً تیل کی قیمتیں، درآ مد کنندگان اور برآمد کنندگان کے مابین ترقی کی پیش بینی کی تفریق میں کمی کا باعث بن سکتی ہے۔ لہذا سال 2017ء میں IMF نے معاشی شرح نمو کا اندازہ 3.1% سے 3.5% پر بڑھایا ہے۔

سٹیٹ بینک آف پاکستان کے مانیٹری پالیسی کے سہولت پسندانہ نقطہ نظر، ترقیاتی اخراجات میں اضافہ اور سی پیک سے متعلقہ سرگرمیوں کے حاصل ہونے والے اثرات کے باوجود مالی سال 2016-17 میں پاکستان کے جی ڈی پی کا 5.7 فیصد کا ہدف ایک مشکل چیلنج ہے۔ پاکستان کی سٹاک مارکیٹ انڈیکس 31 دسمبر 2016 کے 47,807 پوائنٹس سے بڑھتی ہوئی 31 مارچ 2017 تک 48,156 پوائنٹس تک چاٹھنی جو مارکیٹ کے پرامید اور روشن رجحان کے حامل اور غیر ملکی سرمایہ کاروں کے اعتماد کے جاری رہنے کا مظہر ہے۔

پاکستان کی خطہ میں جغرافیائی افادیت اور بے شمار دستیاب قدرتی وسائل کا صحیح استعمال نہ ہونا اور اس کے علاوہ مالیاتی اور تجارتی اکاؤنٹ میں مسلسل خسارہ، گرتی ہوئی برآمدات، ترسیلات زر میں کمی، موخر قیمتوں پر توانائی کی رسد کی عدم دستیابی اور امن و عوام کی نازک صورتحال اور اس کے ساتھ غیر متبادل یزنی کمیشن پر مشتمل معیشت کا فروغ اور افرادی ترقی کے انڈیکس کی چلی سطح کی وجہ بندی ہماری معاشی استطاعت کی ترقی کے راستے کی رکاوٹ ہے۔

کرنٹ اکاؤنٹ کا خسارہ جولائی 16 تا فروری 17 کی مدت میں بڑھتے ہوئے پچھلے 8 سالوں کی بلند ترین سطح پر 5,473 امریکی ڈالر پر ریکارڈ ہوا جو کہ جی ڈی پی کا 2.6 فیصد ہے۔ نسبت گزشتہ سال کی اسی تقابلی مدت کے جب یہ شرح 1.3 فیصد تھی۔

بڑھتی ہوئی درآمدات اور اس کے ساتھ برآمدات میں کمی، باوجود اس امر کے کہ حکومت پاکستان نے برآمدات کے شعبے کی ترغیب کیلئے کچھ بھی دیا، تجارتی خسارے میں 39 فیصد تک کا اضافہ درج کیا گیا جس کا تین جولائی 16 تا مارچ 2017 کے دوران 23,385 ملین امریکی ڈالر زراہ۔ غیر ملکی ترسیلات زرجو تا ریخی طور پر ادائیگیوں کے توازن کو بہتر بنانے میں معاون ثابت ہوئی ہیں، جولائی 2016 تا مارچ 2017 کی عرصہ میں سست روی کا شکار ہیں اور سالانہ بنیاد پر 2.3 فیصد کمی کے ساتھ 14,058 ملین امریکی ڈالر تک پہنچ گئیں۔ درمیانی مدت میں اس صورتحال کے جاری رہنے کی پیش بینی ہے جس کے بنیادی عوامل میں تیل کے درآمد کنندہ ممالک کیلئے ایک مشکل معاشی صورتحال ہے۔ جو ہمارے ملک کی ترسیلات کا ایک روایتی مرکز ہے۔

غیر ملکی براہ راست سرمایہ کاری (FDI) جولائی 16 تا مارچ 2017 کے عرصہ کے دوران 1,602 ملین امریکی ڈالر تک جا پہنچی، جبکہ گزشتہ تقابلی مدت کے دوران اس کا حجم 1,425 ملین امریکی ڈالر تھا۔ اسی طرح غیر ملکی زرمبادلہ کے ذخائر 3 دسمبر 2016 کے معین شدہ 23,202 ملین امریکی ڈالر سے ہو کر مارچ 2017 تک 21,551 ملین امریکی ڈالر تک آگئے حالانکہ اسی عرصہ میں کولیشن سپورٹ فنڈ (سی ایس ایف) کی مدد میں 550 ملین امریکی ڈالر بھی وصول کئے گئے۔

بڑے پیمانے کی صنعت سازی نے جس میں بڑی ہجڑا ٹوموبیل، کھاد سازی، دوا سازی اور تعمیرات کے شعبے ہیں۔ مالی سال 2016-17 میں اپنے معین شدہ ہدف 5.9 فی صد کی نسبت جولائی 16 تا فروری 17 تک 4.1 فیصد کی نمو حاصل کی۔

دریں اثناء برآمداتی (M2) نے جولائی 16 تا فروری 17 میں 3.7 فی صد کی نمو حاصل کی۔ بینکاری کے شعبے کے ڈیپازٹس نے 0.3 فیصد کی منفی ترقی کا سامنا کیا اور مارچ 2017 کے اختتام تک 11,170 ملین روپے کے حجم پر ہے۔

انٹرنیٹ نے فنی شعبہ کو دینے کے قرضہ جات کے اجراء میں پچھلے دس سال میں بلند ترین سہ ماہی ترقی، سال 2016 کی آخری سہ ماہی میں حاصل کی، جس کے باوجود زیر نظر سہ ماہی میں 2.3 فیصد کا معمولی اضافہ ریکارڈ کیا اور 5,697 ملین روپے پر ہے۔ اسی طرح آمدنی کے خالص وسائل کا سرمایہ کاری کی طرف بہاؤ کی بدولت، سرمایہ کاری اضافہ کے ساتھ مارچ 2017 کے اختتام تک 6 فی صد کے اضافے سے 7,670 ملین روپے تک پہنچ گئی۔ کمر و اور سکرٹے مارجنز کے تناظر میں انٹرنیٹ دباؤ کا شکار رہی۔ سٹیٹ بینک کی سہ ماہی رپورٹ برائے دسمبر 2016 کے مطابق خالص انٹرنسٹ مارجنز (NIM) کی شرح، 2015 کے 4.4 فیصد سے کم ہو کر 2016 میں 3.7 فیصد تک آگئی۔

صارفین کی قیمتوں کے انڈیکس (CPI) کا افراط زر مارچ 2016 کے 3.9 فیصد کی نسبت سالانہ بنیاد پر بڑھتے ہوئے مارچ 2017 میں 4.9 فیصد کی سطح پہنچ گیا جو کہ گزشتہ 29 ماہ میں بلند ترین ہے۔ کرنٹ اکاؤنٹ کے پچھلے ہوئے خسارے اور زرمبادلہ کے ذخائر پر دباؤ اس بڑھتے ہوئے افراط زر میں مزید اضافہ کا باعث بن سکتے ہیں۔ افراط زر میں اضافہ سٹیٹ بینک کی جانب سے جاری شدہ بھولت پائمنڈ پالیسی ریٹ میں قطع کا سبب بن سکتی ہے۔ چنانچہ اس زیر تجزیہ سہ ماہی کے دوران سٹیٹ بینک نے اپنے پالیسی ریٹ کو 5.75 فیصد کی سطح پر برقرار رکھا ہے۔

مالیاتی جائزہ:-

متوقع طور پر، 2017 آپ کے بینک کے بشمول، تمام بینکنگ کی صنعت کیلئے ایک مشکل سال ہے۔ جس میں خصوصاً میکرو اکنامک اور جغرافیائی و سیاسی غیر یقینی کی صورتحال اور ناموافق انضباطی اور نیکویشن کے دائرہ کاری موجودگی میں صارفین ان عدم دلچسپی ان نامساعد حالات میں مزید اضافہ کا باعث بن سکتی ہے۔

آپ کے بینک نے ایک کثیر الجہتی رسک کے انتظام کی حکمت عملی کے نفاذ کے ساتھ اپنی توجہ دنیا کی بہترین ٹیکنالوجی سے مزین صارفین کی بھولت اور اپنے شیئر ہولڈرز کی قدر میں اضافہ کی جانب سے مرکوز رہی ہے۔ قلیل مدت میں ایک مستحکم مالیاتی کارکردگی کے حصول کی کوشش کے ساتھ آپ کا بینک مستعد اور تیزی سے تبدیل ہوتے عالمی بینکاری کے طریقوں کو اختیار کرتے ہوئے ایک طویل المدتی حکمت عملی کے حصول کیلئے بھی کوشاں ہے تاکہ اعلیٰ ترین بینکاری کی خدمات مہیا کرنے والے اداروں میں شامل ہو سکے۔

بینک کی انٹرنسٹ آمدنی کا حجم مارچ 2017 کو اختتام پزیر سہ ماہی تک 15,746 ملین روپے تھا۔ جبکہ کم لاگت کے ڈیپازٹس کے حصول پر مسلسل ارتکاز کی بدولت انٹرنسٹ اخراجات میں 31 مارچ 2017 کو اختتام پزیر سہ ماہی میں گزشتہ سال کی اسی تقابلی مدت کی نسبت 10 فی صد کی کمی واقع ہوئی ہے۔ جس کے نتیجہ میں بینک کی خالص انٹرنسٹ آمدنی کا حجم 31 مارچ 2017 کو اختتام پزیر سہ ماہی میں 7,999 ملین روپے تک جا پہنچا۔

ایک مضبوط رسک کے انتظام کا دائرہ کار، پیش قدم گرائی اور وصولیوں کی کاوشوں کے تناظر میں غیر فعال قرضوں کی مدد میں مہیا کئے گئے اخراجات 31 مارچ 2017 کو اختتام پزیر سہ ماہی میں کم ہوتے ہوئے مجموعی طور پر 394 ملین روپے رہے جبکہ گزشتہ سال کی اسی تقابلی مدت میں ان کا حجم 276 ملین روپے تھا۔ لہذا خالص مال اکاپ آمدنی ان مہیا کئے

گئے اخراجات کے بعد، اس زیر تجزیہ سہ ماہی کے دوران، 8,393 ملین روپے رہی جبکہ گزشتہ سال کی اسی تقابلی مدت میں اس کا حجم 8,222 ملین روپے تھا۔

نان مارک اپ انٹرنسٹ آمدنی (NII) اس 31 مارچ کو اختتام پذیر سہ ماہی کے دوران 2,070 ملین روپے رہی جس میں زیادہ کردار فیس پر مشتمل آمدنی کا ہے جو پچھلے سال کی اسی تقابلی مدت سے 0.3 فیصد کے ساتھ قدرے مستقیم رہتے ہوئے 1,137 ملین روپے رہی۔

چند کمپنیوں کے کتابوں کی بندش کے اعلان، کے تحت منافع کی تقسیم (پے آؤٹ) کو اگلی سہ ماہی تک موخر کر دیا گیا ہے جس کے باعث ڈیوڈینڈ کی آمدنی میں کمی واقع ہوئی۔ مستقبل میں آپ کے بینک کا اعادہ اپنی توجہ کو فیس سے متعلق آمدنی کے مختلف مواقع کے حصول کی طرف مرکوز رکھنے کا ہے۔

آپ کے بینک نے اپنی وسعت پذیری کی جاری رکھتے ہوئے بینکاری سے محروم افراد کی مالی شمولیت کے مختلف انواع کے روایتی اور متبادل ذرائع اپنائے ہیں۔ بینک نے اپنی موجودگی کو پورے پاکستان پھیلاتے ہوئے اپنی برانچوں کے جال کو مارچ 2016 کے 1050 برانچوں کی نسبت 1150 برانچوں تک وسیع کر لیا ہے۔ علاوہ ازیں بینک نے اپنے وسیع آئی ایم کے نیٹ ورک میں بھی اضافہ کیا ہے جن کی تعداد مارچ 2016 کی 1015 اسے ٹی ایبز سے بڑھ کر مارچ 2017 تک 1,173 اسے ٹی ایبز ہو گئی۔ اس میں 217 آف سائٹ اسے ٹی ایبز بھی شامل ہیں جو صارفین کی بڑھتی ہوئی رسائی کے لئے مخصوص جگہوں پر استعداد رکھنے گئے ہیں۔

لاگت کو مزید موثر بنانے اور بہتر انتظامی کاوشوں پر جاری توجہ کے نتیجہ میں اس زیر تجزیہ عرصہ میں مجموعی انتظامی اخراجات میں 7 فیصد کمی کی واقع ہوئی جو کہ وسعت پذیری اور متبادل سہولتوں کے مہیا کرنے کے اخراجات کے باوجود حاصل کی گئی۔ دسمبر 2016 کی طرح آپ کے بینک نے اس سہ ماہی کے دوران بھی (WWF) ورکر ویلفیئر فنڈ کی مدد میں اخراجات مہیا کئے اور مستقبل میں اس کا جائزہ مختلف اوقات میں لیتے ہیں گے۔

آپ کے بینک کا قبل انگیس منافع 31 مارچ 2017 کو اختتام پذیر سہ ماہی میں 5,551 ملین روپے رہا جبکہ بعد انگیس منافع 31 مارچ 2017 کو اختتام پذیر سہ ماہی تک 3,602 ملین روپے رہا۔ آپ کے بینک کی فیصد آمدنی 3.15 روپے فی حصص رہی۔ ایکویٹی پر حاصل شدہ آمدنی کا تناسب اس زیر نظر سہ ماہی میں 19.1 فیصد رہا۔

آپ کے بینک کے مجموعی قرضہ جات دسمبر 2016 کی نسبت 6 فیصد اضافہ کے ساتھ 31 مارچ 2017 تک 350,545 ملین روپے تک پہنچ گئے جس کے نتیجہ میں کل اے ڈی آر (ADR) دسمبر 2016 کی 43 فیصد کی سطح سے بڑھتے ہوئے 46 فیصد تک پہنچ گئی۔ جبکہ مجموعی سرمایہ کاری کا حجم اضافہ کے ساتھ 606,019 ملین روپے تک جا پہنچا۔

آپ کے بینک نے اپنے ڈیپازٹس کی ترکیب کی بہتری پر اپنی توجہ مرکوز رکھی اور اس کے ساتھ بینکنگ کی صنعت میں کم لاگت کے ڈیپازٹس کے حصول پر جاری سخت مسابقتی ماحول میں اپنی مضبوط ڈیپازٹس میں کو برقرار رکھا۔ CASA ڈیپازٹس کی ترکیب 31 مارچ 2017 تک بہتر ہوتے ہوئے 80 فیصد تک درج کی گئی جبکہ 31 دسمبر 2016 میں یہ شرح 78 فیصد تھی۔ اس زیر نظر سہ ماہی کے دوران بینکاری کی صنعت کے مجموعی ڈیپازٹس میں کمی واقع ہوئی۔ جبکہ آپ کے بینک کے مجموعی ڈیپازٹس اس زیر نظر سہ ماہی میں اضافہ کے ساتھ 810,220 ملین روپے تک جا پہنچے۔

نیکانوجی سے مزین جدید رسک کے انتظام کی تکنیک کے حصول پر بھرپور توجہ کے باعث آپ کے بینک نے اپنے غیر فعال قرضوں میں 31 مارچ 2017 تک اس کا حجم 19,847 ملین روپے کی سطح پر درج کیا۔ Infection اور Coverage کا تناسب 31 مارچ 2017 تک بالترتیب 5.4 فیصد اور 93 فیصد رہا۔ جو کہ دسمبر 2016 تک بینکاری کی صنعت کی Infection اور Coverage 10.1 فیصد اور 85 فیصد کے بالترتیب تناسب سے نمایاں طور پر بہتر اور قابل رشک ہے۔ سٹیٹ بینک کے بی ایس ڈی سرٹیفکیشن نمبر 1 تاریخ 21 اکتوبر 2011 میں اجازت کے باوجود غیر فعال قرضوں کے لئے مہیا کئے گئے اخراجات میں ایف ایف ایس وی (FSV) کا فائدہ حاصل نہیں کیا گیا۔

آپ کے بینک کے کل اثاثہ جات 1,093 ملین روپے رہے جو کہ دسمبر 2016 کی 1,070 ملین روپے کی سطح سے 2.2 فی صد کا اضافہ ہے۔ کل سرمایہ بھی 31 مارچ 2017 تک 101,506 ملین روپے کی ایک مضبوط اور مستحکم سطح پر رہا۔

مستقبل کا نقطہ نظر:-

کم شرح سودی بدولت سازگار ماحول، سہولت مند سرمایہ کاری کی پالیسیاں، توانائی کی بتدریج بہتر دستیابی اور تعمیراتی منصوبوں کے فروغ کے باعث مضبوط ہوتی ہوئی اندرونی طلب جیسے عوامل کے درمیان پاکستان کی میکرو اکنامک پیش بینی میں تھمراؤ برقرار ہے۔

تاہم الباقی نظم و ضبط میں اضافہ معیشت کو مستاد بنی کرنے کی راہ میں مائل رکاوٹوں کو دور کرنے اور غربت میں کمی سے متعلق مجلس اصلاحات، بڑھتی ہوئی بیروزگاری کو روکنے اور ملک کے بیرونی قرضوں کے انتظام کی نگرانی اور بنیادی اصلاحات کے نفاذ کیلئے مسلسل کوششوں کی ضرورت ہے۔

چیلنگ کے شعبہ گورنر پیش خدمات بے قرار ہیں جس میں تاریخ کے کم ترین قح مارک ریٹ کے باعث کم ہوئے مارجنری بدولت درمیانی مدت میں بینک پر متوقع دباؤ، معیاری کے لئے شدید مقابلہ، نہایت ضروری ضوابطی قوانین اور مفید محصولات کے نظام کی عدم دستیابی کے باعث ایس ایم ای (SME) کے شعبہ کی مختلط ترقی، مرکزی ڈیپازٹ میں نمایاں ترقی میں کمی کا روبرو جاری رکھنے کے اخراجات میں اضافہ جیسے عوامل شامل ہیں۔

بینک، ڈیجیٹل دور میں تیزی سے داخل ہوتے ہوئے کاروباری ماحول کا ادراک رکھتے ہوئے جدید ٹیکنالوجی سے مزین منفرد اور صارفین پر مرکوز بینکاری کی اشیاء اور خدمات، پیش قدم رسک کے انتظام کے حل اور روایتی اور قبائل ذرائع کے فروغ جیسے معاملات میں سرمایہ کاری کر رہا ہے۔ آپ کے بینک کی ڈیجیٹل بینکاری کے شعبہ کی بتدریج مضبوطی و انحصار کا مقصد بھی ملک میں بینکاری سے محروم افراد کی تلاش اور ان کی اس نظام میں مالی شمولیت ہے۔ آپ کے بینک کا مقصد اپنی تیزی سے بڑھتی ہوئی اسلامی بینکاری کے شعبہ کی ترویج بھی ہے اس کا حصول اس شعبہ سے متعلقہ برانچوں میں اضافہ اور اس شعبہ میں موجود تمام مواقع سے بتدریج فائدہ حاصل کرنے سے ممکن ہے۔

اینٹی ریٹنگ 2017:-

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

کارپوریٹ گورننس ریٹنگ 2017:-

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

ایوارڈز 2017:-

مئنجمنٹ ایسوسی ایشن آف پاکستان (MAP) کی جانب سے آپ کے بینک کو بینکاری کے شعبہ میں 2016 کارپوریٹ ایکسیلنس ایوارڈ میں پہلی پوزیشن دی گئی ہے۔ آپ کے بینک کے اسلامی بینکاری کے شعبہ کو بھی Comsats انسٹیٹیوٹ آف انفارمیشن اینڈ ٹیکنالوجی کی جانب سے "بیسٹ ایمرنگ بینک ان اسلامک فنانس" کے ایوارڈ سے نوازا گیا۔ جو کہ اس کی برانچوں اور معیاری پراڈکٹس کی نہایت قلیل مدت میں وسعت کے باعث دیا گیا۔

تسلیم و تحسین:-

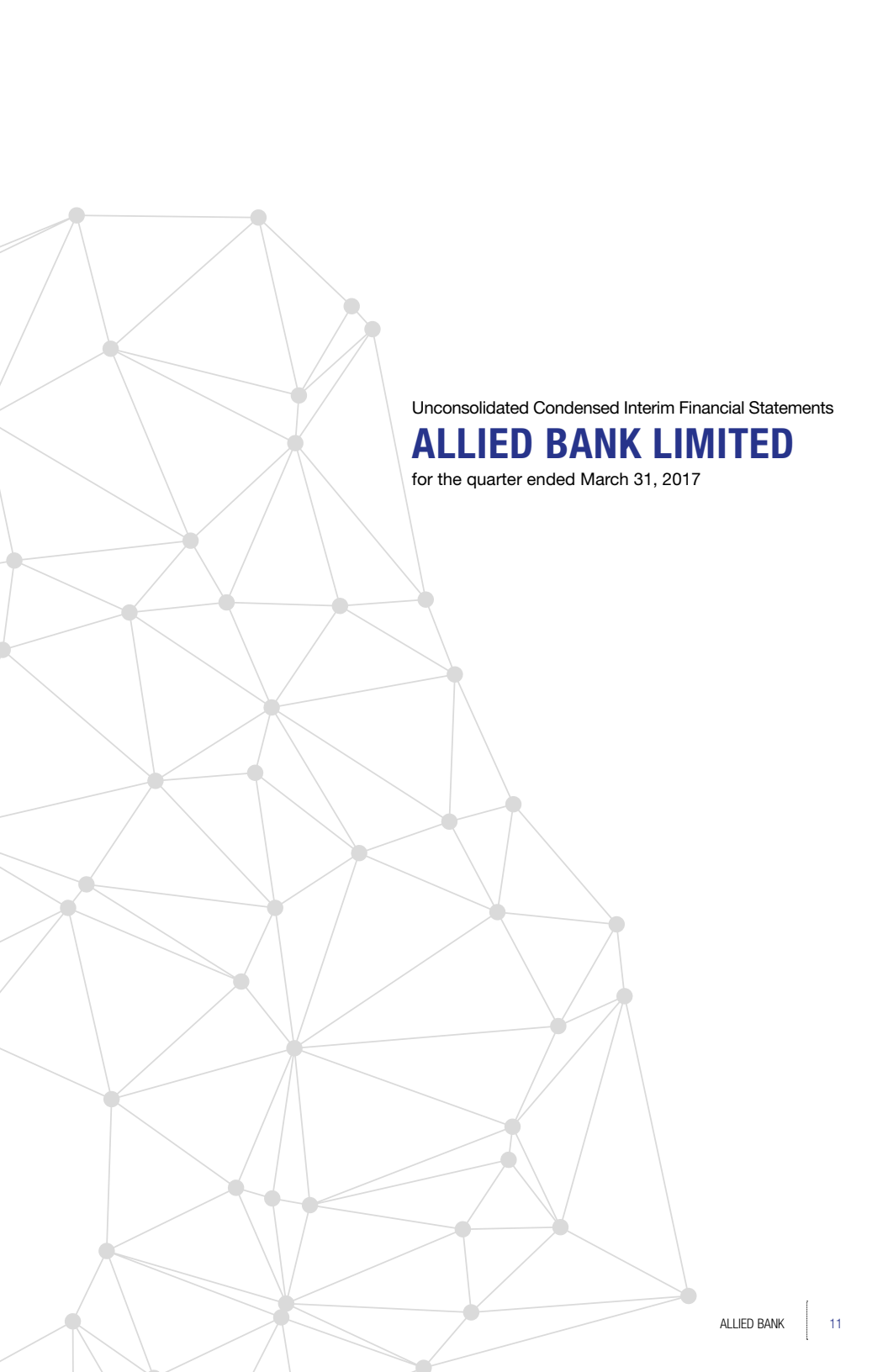
الائیڈ بینک کی جانب سے ہم اپنے قابل قدر صارفین کا شکریہ ادا کرنا چاہتے ہیں جنہوں نے ہماری خدمات پر اعتماد کا اظہار کیا جبکہ اپنے ملازمین کا انکی بھرپور محنت اور لگن، اپنے شیئر ہولڈرز کا ان کی سرپرستی و یقین، اور ٹیسٹ بینک آف پاکستان بمعہ دیگر ضوابطی اداروں کا ان کی مسلسل رہنمائی، پر تہہ دل سے مشکور ہیں۔

طاہر حسن قریشی

چیف ایگزیکٹو آفیسر

تاریخ 26 اپریل 2017ء

لاہور



Unconsolidated Condensed Interim Financial Statements

ALLIED BANK LIMITED

for the quarter ended March 31, 2017

Unconsolidated Condensed Interim Statement of Financial Position

as at March 31, 2017

	Note	Un-audited March 31, 2017	Audited December 31, 2016
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		72,843,737	73,203,717
Balances with other banks		534,814	679,923
Lendings to financial institutions	6	2,142,899	10,512,752
Investments	7	606,019,494	589,864,548
Advances	8	350,545,330	330,230,851
Operating fixed assets		33,025,674	32,757,221
Deferred tax assets		–	–
Other assets		27,732,322	32,365,396
		1,092,844,270	1,069,614,408
LIABILITIES			
Bills payable		6,415,018	9,848,795
Borrowings	9	144,090,560	126,368,875
Deposits and other accounts	10	810,220,640	805,110,834
Sub-ordinated loans		–	–
Liabilities against assets subject to finance lease		–	–
Deferred tax liabilities		10,463,445	10,986,887
Other liabilities		20,149,021	16,625,189
		991,338,684	968,940,580
NET ASSETS		101,505,586	100,673,828
REPRESENTED BY			
Share capital	11	11,450,739	11,450,739
Reserves		16,901,148	16,533,485
Unappropriated profit		47,742,117	46,490,244
		76,094,004	74,474,468
Surplus on revaluation of assets - net of tax		25,411,582	26,199,360
		101,505,586	100,673,828

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 20 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, 2017

	Note	Quarter Ended March 31, 2017	March 31, 2016
Rupees in '000			
Mark-up / return / interest earned	13	15,746,363	17,103,015
Mark-up / return / interest expensed	14	7,747,096	8,605,241
Net mark-up / interest income		7,999,267	8,497,774
(Reversal) / provision against non-performing loans and advances - net		(393,683)	276,100
Provision for diminution in the value of investments		-	-
Bad debts written off directly		-	-
		(393,683)	276,100
Net mark-up / interest income after provisions		8,392,950	8,221,674
NON MARK-UP / INTEREST INCOME			
Fee, commission and brokerage income		1,136,561	1,132,923
Dividend income		421,455	1,417,132
Income from dealing in foreign currencies		169,191	203,533
Gain on sale of securities - net		299,471	961,084
Unrealized (loss) / gain on revaluation of investments classified as 'held-for-trading' - net		(1,288)	12,849
Other income		44,176	61,481
Total non mark-up / interest income		2,069,566	3,789,002
		10,462,516	12,010,676
NON MARK-UP / INTEREST EXPENSES			
Administrative expenses		4,746,878	4,432,618
Provision against other assets		12,000	12,000
Reversal against off-balance sheet obligations		(2,698)	-
Other charges		155,018	191,364
Total non mark-up / interest expenses		4,911,198	4,635,982
Extra-ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		5,551,318	7,374,694
Taxation			
Current		2,055,809	2,771,817
Prior years		-	-
Deferred		(106,373)	(184,775)
		1,949,436	2,587,042
PROFIT AFTER TAXATION		3,601,882	4,787,652
Unappropriated profit brought forward		46,490,244	41,415,882
PROFIT AVAILABLE FOR APPROPRIATION		47,742,117	43,735,347
Earnings per share - Basic and Diluted (in Rupees)	15	3.15	4.18

The annexed notes 1 to 20 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 quarter ended March 31, 2017

	Quarter Ended	
	March 31, 2017	March 31, 2016
	Rupees in '000	
Profit after taxation for the period	3,601,882	4,787,652
Other comprehensive income:		
<i>Items to be reclassified to profit and loss account in subsequent periods:</i>		
Exchange differences on translation of net investment in foreign operating branches	7,475	(118,975)
Comprehensive income transferred to equity	3,609,357	4,668,677
Components of comprehensive income not reflected in equity:		
<i>Items to be reclassified to profit and loss account in subsequent periods:</i>		
Net change in fair value of 'available-for-sale' securities	(1,191,128)	1,308,490
Related deferred tax charge	416,895	(457,972)
	(774,233)	850,518
Total comprehensive income	2,835,124	5,519,195

The annexed notes 1 to 20 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 quarter ended March 31, 2017

	Quarter Ended	
	March 31, 2017	March 31, 2016
	Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	5,551,318	7,374,694
Less: Dividend income	(421,455)	(1,417,132)
	5,129,863	5,957,562
Adjustments for non-cash items:		
Depreciation / amortization	608,908	522,653
(Reversal) / provision against non-performing loans and advances - net	(393,683)	276,100
Unrealized loss/ (gain) on revaluation of 'held-for-trading' securities - net	1,288	(12,849)
Reversal against off balance sheet obligations	(2,698)	-
Provision against other assets	12,000	12,000
Provision for workers' welfare fund	117,475	158,401
Gain on sale of operating fixed assets - net	(9,570)	(28,781)
	333,720	927,524
	5,463,583	6,885,086
(Increase) / decrease in operating assets		
Lendings to financial institutions	8,369,853	3,356,091
Net investments - 'held-for-trading' securities	(10,554,077)	(16,097,985)
Advances	(19,927,966)	16,992,892
Other assets (excluding advance taxation)	3,700,297	8,864,239
	(18,411,893)	13,115,237
Increase / (decrease) in operating liabilities		
Bills payable	(3,433,777)	965,319
Borrowings	17,519,310	19,468,091
Deposits and other accounts	5,109,806	(112,465)
Other liabilities	3,173,927	1,846,376
	22,369,266	22,167,321
	9,420,956	42,167,644
Income tax paid	(1,278,267)	(2,360,088)
Net cash flows generated from operating activities	8,142,689	39,807,556
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in 'available-for-sale' securities	(6,706,375)	(45,506,297)
Net (investments) / realization in 'held-to-maturity' securities	(86,199)	436,483
Dividend received	559,591	402,744
Investments in operating fixed assets	(868,157)	(865,570)
Proceeds from sale of operating fixed assets	12,263	38,020
Net cash flows used in investing activities	(7,088,877)	(45,494,620)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(1,768,751)	(1,711,693)
Net cash flows used in financing activities	(1,768,751)	(1,711,693)
Effect of translation of net investment in foreign operating branches	7,475	118,975
Decrease in cash and cash equivalents during the period	(707,464)	(7,279,782)
Cash and cash equivalents at beginning of the period	73,850,422	60,687,303
Effect of exchange rate changes on opening cash and cash equivalents	(30,241)	-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	73,112,717	53,407,521

The annexed notes 1 to 20 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, 2017

	Share Capital	Capital Reserve Exchange Translation Reserve	Statutory Reserve	Revenue Reserves		Total
				General Reserve	Un- appropriated Profit	
Rupees in '000						
Balance as at January 01, 2016 (Audited)	11,450,739	68,933	15,027,093	6,000	41,415,882	67,968,647
Changes in equity during the quarter ended March 31, 2016						
Total comprehensive income for the quarter ended March 31, 2016						
Net profit for the quarter ended March 31, 2016	-	-	-	-	4,787,652	4,787,652
Effect of translation of net investment in foreign operating branches	-	(118,975)	-	-	-	(118,975)
	-	(118,975)	-	-	4,787,652	4,668,677
Transaction with owners recognized directly in equity						
Final cash dividend for the year ended December 31, 2015 (Rs. 1.75 per ordinary share)	-	-	-	-	(2,003,879)	(2,003,879)
	-	-	-	-	(2,003,879)	(2,003,879)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	14,457	14,457
Transfer to statutory reserve	-	-	478,765	-	(478,765)	-
Balance as at March 31, 2016	11,450,739	(50,042)	15,505,858	6,000	43,735,347	70,647,902
Changes in equity during the nine months ended December 31, 2016						
Total comprehensive income for the quarter ended December 31, 2016						
Net profit for the nine months ended December 31, 2016	-	-	-	-	9,639,398	9,639,398
Effect of remeasurement of defined benefit plans-net of tax	-	-	-	-	288,700	288,700
Effect of translation of net investment in foreign operating branches	-	107,729	-	-	-	107,729
	-	107,729	-	-	9,928,098	10,035,827
Transactions with owners recognized directly in equity						
First interim cash dividend for the year ended December 31, 2016 (Rs. 1.75 per ordinary share)	-	-	-	-	(2,003,879)	(2,003,879)
Second interim cash dividend for the year ended December 31, 2016 (Rs. 1.75 per ordinary share)	-	-	-	-	(2,003,879)	(2,003,879)
Third interim cash dividend for the year ended December 31, 2016 (Rs. 2.00 per ordinary share)	-	-	-	-	(2,290,148)	(2,290,148)
	-	-	-	-	(6,297,906)	(6,297,906)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	43,373	43,373
Transferred from surplus on revaluation of non-banking assets to un-appropriated profit - net of tax	-	-	-	-	45,272	45,272
Transfer to statutory reserve	-	-	963,940	-	(963,940)	-
Balance as at December 31, 2016 (Audited)	11,450,739	57,687	16,469,798	6,000	46,490,244	74,474,468
Changes in equity during the quarter ended March 31, 2017						
Total comprehensive income for the quarter ended March 31, 2017						
Net profit for the quarter ended March 31, 2017	-	-	-	-	3,601,882	3,601,882
Effect of translation of net investment in foreign operating branches	-	7,475	-	-	-	7,475
	-	7,475	-	-	3,601,882	3,609,357
Transaction 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)
	-	-	-	-	(2,003,879)	(2,003,879)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	13,735	13,735
Transferred from surplus on revaluation of non-banking assets to un-appropriated profit - net of tax	-	-	-	-	323	323
Transfer to statutory reserve	-	-	360,188	-	(360,188)	-
Balance as at March 31, 2017	11,450,739	65,162	16,829,986	6,000	47,742,117	76,094,004

The annexed notes 1 to 20 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, 2017

1 STATUS AND NATURE OF BUSINESS

Allied Bank Limited ("the Bank"), incorporated in Pakistan, is a scheduled bank, engaged in commercial banking and related services. The Bank is listed on Pakistan Stock Exchange Limited. The Bank operates a total of 1,148 (December 31, 2016: 1,148) branches in Pakistan including 77 (December 31, 2016: 77) Islamic banking branches, 1 branch (December 31, 2016:1) in Karachi Export Processing Zone and 1 Wholesale Banking Branch (December 31, 2016: 1) in Bahrain. The long term credit rating of the Bank assigned by the Pakistan Credit Rating Agency Limited (PACRA) is 'AA+'. Short term rating of the Bank is 'A1+'. Ibrahim Holdings (Private) Limited is the parent company of the Bank and it's registered office is in Pakistan.

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

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

2 STATEMENT OF COMPLIANCE

- 2.1** These unconsolidated condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved Accounting Standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by The Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Banking Companies Ordinance, 1962 and the directives issued by State Bank of Pakistan (SBP) & Securities and Exchange Commission of Pakistan (SECP). In case requirements of provisions and directives issued under the Banking Companies Ordinance, 1962, Companies Ordinance, 1984 and the directives issued by SBP and SECP differ from requirements of IFRSs and IFASs, the provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Ordinance, 1984 and the directives issued by SBP and SECP 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** The Securities and Exchange Commission of Pakistan (SECP) vide SRO 56 (1) / 2016 dated 28 January 2016, has notified that the requirements of IFRS10 (Consolidated Financial Statements) and section 237 of the Companies Ordinance 1984 will not be applicable with respect to the investment in mutual funds established under Trust structure.
- 2.5** These unconsolidated condensed interim financial statements are being submitted to the shareholders in accordance with section 245 of the Companies Ordinance, 1984.
- 2.6** The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred applicability of Islamic Financial Accounting Standard-3 for Profit & Loss Sharing on Deposits (IFAS-3) issued by the Institute of Chartered Accountants of Pakistan and notified by the Securities & Exchange Commission of Pakistan (SECP), vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (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 quarter ended March 31, 2017

3 BASIS OF MEASUREMENT

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

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

4 BASIS OF PRESENTATION

4.1 The disclosures included in these unconsolidated condensed interim financial statements are limited based on the format prescribed by the State Bank of Pakistan, vide BSD Circular Letter No. 2 dated May 12, 2004, vide BSD Circular Letter No. 7 dated April 20, 2010 and International Accounting Standard 34, Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and these unconsolidated condensed interim financial statements should be read in conjunction with the annual unconsolidated financial statements of the Bank for the year ended December 31, 2016.

4.2 The financial results of the Islamic Banking branches have been consolidated in these financial statements for reporting purposes. Key financial figures of the Islamic Banking branches are disclosed in Note 18 to these financial statements.

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

- Amendments to IAS 12 'Income Taxes'
- Amendments to IAS 7 'Statement of Cash Flows'
- Amendments to IFRS 12 'Disclosure of Interests in Other Entities'

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

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

5.1 The accounting policies, underlying estimates and methods of computation followed in the preparation of these unconsolidated condensed interim financial statements are same as those applied in preparing the most recent annual unconsolidated financial statements of the Bank for the year ended December 31, 2016.

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

5.3 The Bank has an established control framework with respect to the measurement of fair values. The management regularly reviews significant observable and unobservable inputs and valuation adjustments. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as specified in Note 4 of annual unconsolidated financial statements of the Bank for the year ended December 31, 2016.

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2017

	Note	Un-audited March 31, 2017	Audited December 31, 2016
Rupees in '000			
6	LENDINGS TO FINANCIAL INSTITUTIONS		
Call money lendings	6.1	1,048,458	2,091,970
Repurchase agreement lendings			
(Reverse Repo)	6.2	644,441	7,220,782
Musharaka lending	6.3	450,000	700,000
Mudaraba lending		–	500,000
Certificates of investment	6.4	70,000	70,000
		2,212,899	10,582,752
Provision against lendings to financial institutions		(70,000)	(70,000)
		<u>2,142,899</u>	<u>10,512,752</u>

6.1 This represents an unsecured call money lending, in foreign currency, carrying mark-up rate of 0.95% per annum and will mature on April 03, 2017.

6.2 These are short-term lendings to financial institutions against the government securities. These carry mark-up at the rate of 6.10% per annum and are maturing on April 03, 2017.

6.3 This represents lending by Islamic banking business under Musharaka agreement at profit of 5.65% per annum, maturing on April 03, 2017.

6.4 This represents a classified certificate of investment.

7 INVESTMENTS

	Note	Held by Bank	Given as collateral	Total
Rupees in '000				
Current period - March 31, 2017				
(Un-audited)	7.1	<u>510,052,462</u>	<u>95,967,032</u>	<u>606,019,494</u>
Prior year - December 31, 2016				
(Audited)	7.1	<u>510,646,965</u>	<u>79,217,583</u>	<u>589,864,548</u>

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2017

	Un-audited As at March 31, 2017			Audited As at December 31, 2016		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
Rupees in '000						
7.1 Investments by types:						
Held-for-trading securities						
Market Treasury Bills	10,079,080	–	10,079,080	–	–	–
Pakistan Investment Bonds	577,528	–	577,528	102,531	–	102,531
	10,656,608	–	10,656,608	102,531	–	102,531
Available-for-sale securities						
Market Treasury Bills	211,795,812	6,177,675	217,973,487	202,224,770	23,995,274	226,220,044
Pakistan Investment Bonds	123,894,440	89,366,728	213,261,168	144,961,948	53,343,313	198,305,261
Ordinary shares of listed companies / certificates of close-ended mutual funds	14,493,083	–	14,493,083	14,493,083	–	14,493,083
Ordinary shares of unlisted companies	2,500,169	–	2,500,169	2,500,169	–	2,500,169
Investment in related parties	–	–	–	–	–	–
- Listed shares	8,142,520	–	8,142,520	8,142,520	–	8,142,520
- Unlisted shares	1,043,449	–	1,043,449	997,894	–	997,894
Sukuk bonds	5,347,008	–	5,347,008	5,423,031	–	5,423,031
GOP Sukuk	10,567,823	–	10,567,823	10,550,356	–	10,550,356
GOP Ijara Sukuk	2,147,490	–	2,147,490	2,148,084	–	2,148,084
Foreign Currency Bonds (US\$)	4,746,036	–	4,746,036	4,734,946	–	4,734,946
Term Finance Certificates (TFCs)	4,339,795	–	4,339,795	4,340,267	–	4,340,267
	389,017,625	95,544,403	484,562,028	400,517,068	77,338,587	477,855,655
Held-to-maturity securities						
Pakistan Investment Bonds	83,288,891	–	83,288,891	83,222,932	–	83,222,932
GOP Sukuk	1,053,547	–	1,053,547	1,051,562	–	1,051,562
GOP Ijara Sukuk	100,000	–	100,000	100,000	–	100,000
Foreign Currency Bonds (US\$)	1,613,974	–	1,613,974	1,595,719	–	1,595,719
TFCs, Bonds and PTCs	358,879	–	358,879	358,879	–	358,879
	86,415,291	–	86,415,291	86,329,092	–	86,329,092
Subsidiary						
ABL Asset Management Company Limited	500,000	–	500,000	500,000	–	500,000
Investments at cost	486,589,524	95,544,403	582,133,927	487,448,691	77,338,587	564,787,278
Provision for diminution in the value of investments	(2,696,599)	–	(2,696,599)	(2,696,599)	–	(2,696,599)
Investments (net of provisions)	483,892,925	95,544,403	579,437,328	484,752,092	77,338,587	562,090,679
Deficit on revaluation of 'held-for-trading' securities	(1,288)	–	(1,288)	(713)	–	(713)
Surplus on revaluation of 'available-for-sale' securities	26,160,825	422,629	26,583,454	25,895,586	1,878,996	27,774,582
Total investments at market value	510,052,462	95,967,032	606,019,494	510,646,965	79,217,583	589,864,548

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2017

	Note	Un-audited March 31, 2017	Audited December 31, 2016
Rupees in '000			
8 ADVANCES			
Loans, cash credits, running finances, etc.			
In Pakistan		317,539,826	334,047,662
Outside Pakistan		7,790,043	7,876,267
		325,329,869	341,923,929
Islamic Financing and related assets	18.2	1,416,118	605,138
Net investment in finance lease - in Pakistan		2,339,580	2,131,845
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		38,727,707	2,665,812
Payable outside Pakistan		1,119,249	1,687,999
		39,846,956	4,353,811
Advances - gross		368,932,523	349,014,723
Provision for non-performing advances	8.1 & 8.3	(18,334,044)	(18,720,563)
General provision	8.3	(53,149)	(63,309)
		(18,387,193)	(18,783,872)
Advances - net of provision		350,545,330	330,230,851

- 8.1** Advances include Rs. 19,847.420 million (2016: Rs. 20,431.609 million) which have been placed under non-performing status as detailed below:-

March 31, 2017 (Un-audited)					
Category of Classification	Classified Advances			Provision	Provision
	Domestic	Overseas	Total	required	held
Rupees in '000					
Other Assets Especially Mentioned	107,711	-	107,711	4,120	4,120
Substandard	696,341	-	696,341	172,088	172,088
Doubtful	244,423	-	244,423	122,211	122,211
Loss	18,798,945	-	18,798,945	18,035,625	18,035,625
	19,847,420	-	19,847,420	18,334,044	18,334,044

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

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

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2017

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

	March 31, 2017 (Un-audited)			December 31, 2016 (Audited)		
	Specific	General	Total	Specific	General	Total
Rupees in '000						
Opening balance	18,720,563	63,309	18,783,872	19,092,777	71,489	19,164,266
Charge for the period / year	154,186	–	154,186	1,841,422	–	1,841,422
Reversals	(537,709)	(10,160)	(547,869)	(2,168,601)	(8,180)	(2,176,781)
Charged to profit and loss account	(383,523)	(10,160)	(393,683)	(327,179)	(8,180)	(335,359)
Amounts written off	(2,996)	–	(2,996)	(45,035)	–	(45,035)
Closing balance	18,334,044	53,149	18,387,193	18,720,563	63,309	18,783,872
				Un-audited March 31, 2017	Audited December 31, 2016	
Rupees in '000						

9 BORROWINGS

Details of borrowings (Secured / Unsecured)

Secured

Borrowings from State Bank of Pakistan	18,474,484	17,500,610
Repurchase agreement borrowings	95,787,861	78,903,484

Unsecured

Call borrowings	28,047,690	29,873,171
Overdrawn nostro accounts	265,834	63,459
Musharaka borrowings	1,500,000	–
Other borrowings	14,691	28,151
	29,828,215	29,964,781
	144,090,560	126,368,875

10 DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits	160,934,663	176,919,972
Savings deposits	217,838,796	212,372,097
Current accounts - remunerative	109,326,929	97,923,756
Current accounts - non-remunerative	245,608,464	248,775,260
	733,708,852	735,991,085

Financial Institutions

Remunerative deposits	72,762,062	63,861,798
Non - remunerative deposits	3,749,726	5,257,951
	810,220,640	805,110,834

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2017

11 SHARE CAPITAL

11.1 Authorised capital

Un-audited March 31, 2017	Audited December 31, 2016		Un-audited March 31, 2017	Audited December 31, 2016
No. of shares			Rupees in '000	
1,500,000,000	1,500,000,000	Ordinary shares of Rs. 10 each	15,000,000	15,000,000

11.2 Issued, subscribed and paid-up capital

Fully paid-up Ordinary shares of Rs. 10 each				
Un-audited March 31, 2017	Audited December 31, 2016		Un-audited March 31, 2017	Audited December 31, 2016
No. of shares			Rupees in '000	
406,780,094	406,780,094	Fully paid in cash	4,067,801	4,067,801
720,745,186	720,745,186	Issued as bonus shares	7,207,452	7,207,452
1,127,525,280	1,127,525,280		11,275,253	11,275,253
		18,348,550 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation in accordance with the swap ratio stipulated therein less 9,200,000 Ordinary shares of Rs. 10 each, held by Ibrahim Leasing Limited on the cut-off date (September 30, 2004).		
9,148,550	9,148,550		91,486	91,486
		8,400,000 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation of First Allied Bank Modaraba with Allied Bank Limited in accordance with the share swap ratio stipulated therein.		
8,400,000	8,400,000		84,000	84,000
1,145,073,830	1,145,073,830		11,450,739	11,450,739

Ibrahim Holdings (Private) Limited (holding company of the Bank) held 965,879,110 (84.35%) [December 31, 2016: 965,879,110 (84.35%)] ordinary shares of Rs. 10 each, as at reporting date.

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2017

	Un-audited March 31, 2017	Audited December 31, 2016
	Rupees in '000	
12 CONTINGENCIES AND COMMITMENTS		
12.1 Direct credit substitutes		
Guarantees in favour of:		
Banks and financial institutions	5,343,407	5,397,846
12.2 Transaction-related contingent liabilities		
Guarantees in favour of:		
Government	338,430	341,738
Others	19,938,023	20,555,816
	20,276,453	20,897,554
12.3 Trade-related contingent liabilities	55,989,990	65,473,604
12.4 Claims against the Bank not acknowledged as debt	6,815,687	6,815,687

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

	Un-audited March 31, 2017	Audited December 31, 2016
	Rupees in '000	
12.6 Commitments in respect of foreign exchange contracts:		
Purchase	81,271,634	63,017,979
Sale	42,426,173	38,469,943
12.7 Commitments in respect of:		
Civil works	776,574	704,903
Acquisition of operating fixed assets	878,315	885,447
	1,654,889	1,590,350
12.8 Commitments in respect of operating lease	5,866,948	6,062,254

12.9 Other Contingencies

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

12.9.2 The income tax assessments of the Bank have been finalized upto and including tax year 2016 for local, Azad Kashmir and Gilgit Baltistan operations. While finalizing income tax assessments upto tax year 2016, income tax authorities made certain add backs with aggregate tax impact of Rs. 23,334 million (December 31, 2016: Rs. 21,233 million). As a result of appeals filed by the Bank before appellate authorities, most of the add backs have been deleted. However, the Bank and Tax Department are in appeals/references before higher forums against unfavorable decisions. Pending finalization of appeals/references no provision has been made by the Bank on aggregate sum of Rs. 23,334 million (December 31, 2016: Rs. 21,233 million). The management is confident that the outcome of these appeals/references will be in favor of the Bank.

Tax Authorities have conducted proceedings of withholding tax audit under section 161/205 of Income Tax Ordinance, 2001 for tax year 2003 to 2006 and tax year 2008 to 2015 and created an arbitrary demand of Rs. 1,429 million (December 31, 2016: Rs. 1,429 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. 1,429 million (December 31, 2016: Rs. 1,429 million).

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2017

Tax authorities have also issued orders under Federal Excise Act, 2005, Sales Tax Act, 1990 and Sindh Sales Tax on Services Act, 2011 for the year 2008 to 2014 thereby creating arbitrary aggregate demand of Rs. 890 million(December 31, 2016: Rs. 890 million). The Bank's appeals before CIR(A)/Appellate Tribunal Inland Revenue (ATIR) are pending for adjudication. The management is confident that aforesaid demand will be deleted by appellate authorities and therefore no provision has been made against the said demand of Rs. 890 million (December 31, 2016: Rs. 890 million).

		Quarter Ended	
		March 31, 2017	March 31, 2016
		Rupees in '000	
13	MARK-UP / RETURN / INTEREST EARNED		
On loans and advances:			
Customers		5,133,985	4,959,353
On investments in:			
'Available-for-sale' securities		8,718,453	6,608,631
'Held-to-maturity' securities		1,702,780	5,221,551
'Held-for-trading' securities		83,774	264,142
		10,505,007	12,094,324
On deposits with financial institutions		7,478	1,413
On securities purchased under resale agreements		54,278	23,216
On call money lending		45,615	24,709
		15,746,363	17,103,015
14	MARK-UP / RETURN / INTEREST EXPENSED		
Deposits		5,717,864	6,018,267
Long term borrowing		62,303	63,699
Securities sold under repurchase agreements		1,323,058	1,949,103
Call money borrowing		254,858	160,589
Brokerage and commission		29,533	42,130
Markup on sub-ordinated loans		—	—
Other short term borrowings		359,480	371,453
		7,747,096	8,605,241
15	EARNINGS PER SHARE - BASIC AND DILUTED		
Profit after taxation for the period		3,601,882	4,787,652
		Number of Share	
Weighted average number of ordinary shares outstanding during the period		1,145,073,830	1,145,073,830
		Rupees	
Earnings per share - basic and diluted for the period		3.15	4.18

There is no dilution effect on basic earnings per share.

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.

26

Condensed Interim Financial Statements

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

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

***** 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.

- During the period ended March 31, 2017; movable assets were disposed off for Rs. 28,000 to the key management personnel of the Bank.

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2017

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, 2017						
	Corporate & Investment Banking	Trading & Sales (Treasury)	Commercial & Retail Banking	Other	Eliminations	Total
Rupees in '000						
Total Income	5,770,549	10,559,226	10,462,626	1,311,627	(10,288,099)	17,815,929
Total Expenses	(4,919,836)	(8,733,869)	(9,470,339)	(1,378,102)	10,288,099	(14,214,047)
Net Income	850,713	1,825,357	992,287	(66,475)	–	3,601,882
For the quarter ended March 31, 2016						
	Corporate & Investment Banking	Trading & Sales (Treasury)	Commercial & Retail Banking	Other	Eliminations	Total
Rupees in '000						
Total Income	6,549,964	12,901,408	10,592,262	49,784	(9,201,401)	20,892,017
Total Expenses	(5,336,595)	(9,668,400)	(9,760,073)	(540,698)	9,201,401	(16,104,365)
Net Income	1,213,369	3,233,008	832,189	(490,914)	–	4,787,652
As at March 31, 2017						
	Corporate & Investment Banking	Trading & Sales (Treasury)	Commercial & Retail Banking	Other	Eliminations	Total
Rupees in '000						
Segment Assets (Gross)	392,389,196	576,987,162	826,366,351	141,073,863	(821,885,014)	1,114,931,558
As at December 31, 2016 (Audited)						
	Corporate & Investment Banking	Trading & Sales (Treasury)	Commercial & Retail Banking	Other	Eliminations	Total
Rupees in '000						
Segment Assets (Gross)	369,840,034	572,327,816	822,485,323	138,227,090	(810,788,433)	1,092,091,830

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2017

18 ISLAMIC BANKING BUSINESS

18.1 The bank is operating 77 Islamic banking branches at March 31, 2017 (December 31, 2016: 77 and March 31, 2016: 27). The statement of financial position of the Bank's Islamic Banking Branches as at March 31, 2017 is as follows:

	Note	Un-audited March 31, 2017	Audited December 31, 2016
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		615,597	624,008
Balances with other banks		64,987	40,870
Lendings to financial institutions		450,000	1,200,000
Investments		7,602,800	6,047,476
Islamic financing and related assets	18.2	1,416,118	605,138
Operating fixed assets		413,120	426,925
Due from Head Office		102,850	–
Other assets		227,860	177,468
		10,893,332	9,121,885
LIABILITIES			
Bills payable		78,677	68,082
Borrowings		1,500,000	–
Deposits and other accounts			
Current accounts - non-remunerative		2,007,228	1,425,226
Saving accounts		2,310,311	2,002,964
Term deposits		1,367,143	236,663
Deposits from Financial Institutions - remunerative		3,146,322	4,889,822
Deposits from Financial Institutions - non-remunerative		45	10
Due to Head Office		–	77,954
Other liabilities		60,327	45,680
		10,470,053	8,746,401
		423,279	375,484
NET ASSETS			
REPRESENTED BY			
Islamic Banking Fund		650,000	500,000
Accumulated Loss		(257,971)	(175,432)
		392,029	324,568
Surplus on revaluation of assets - net of tax		31,250	50,916
		423,279	375,484
18.2 ISLAMIC FINANCING AND RELATED ASSETS			
Murabaha	18.2.1	116,686	445,181
Ijarah	18.2.2	146,614	105,602
Business Musharka		1,000,000	–
Diminishing Musharaka - Advances		152,818	54,355
Gross Advances		1,416,118	605,138
Provision held		–	–
Advances-net of provision		1,416,118	605,138
18.2.1 MURABAHA			
Financings		116,686	–
Advances		–	445,181
		116,686	445,181
18.2.2 IJARAH			
Financings		84,897	61,562
Advances		45,788	32,530
Inventories		15,929	11,510
		146,614	105,602
18.3 CHARITY FUND			
Opening Balance		2	11
Additions during the period		2	5
Payments/Utilization during the period		–	(14)
Closing Balance		4	2

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2017

18.4 The profit and loss account of the Bank's Islamic banking business for the quarter ended March 31, 2017 is as follows:

	March 31, 2017	March 31, 2016
	Rupees in '000	
Income / profit earned	121,877	61,599
Income / profit expensed	64,975	28,875
Net income / profit	56,902	32,724
OTHER INCOME		
Fee, commission and brokerage income	8,117	3,245
Income from dealing in foreign currencies	152	—
Other income	7	25
Total other income	8,276	3,270
	65,178	35,994
OTHER EXPENSE		
Administrative expenses	147,717	57,933
LOSS BEFORE TAXATION	(82,539)	(21,939)
18.5 Remuneration to Shariah Advisor / Board	1,833	1,833

19 GENERAL

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

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

19.3 The Board of Directors of the Bank in its meeting held on April 26, 2017 has approved interim cash dividend for the quarter ended March 31, 2017 at Rs. 1.75 per share (March 31, 2016: Rs. 1.75 per share). The unconsolidated condensed interim financial statements for the quarter ended March 31, 2017 do not include the effect of this appropriation and will be accounted for in the financial statements of the period of declaration.

20 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on April 26, 2017 by the Board of Directors of the Bank.

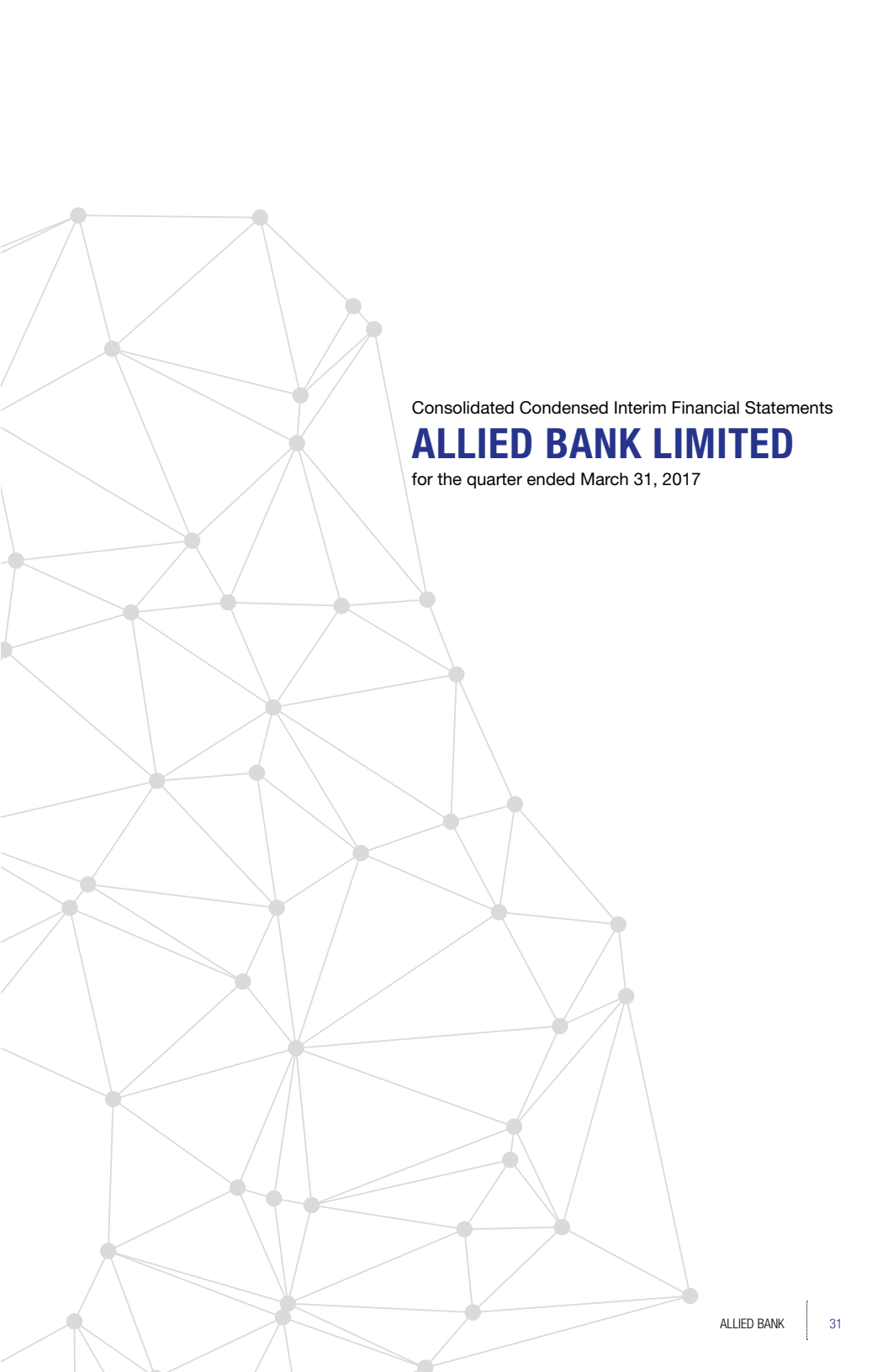
Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman



Consolidated Condensed Interim Financial Statements

ALLIED BANK LIMITED

for the quarter ended March 31, 2017

Consolidated Condensed Interim Statement of Financial Position

as at March 31, 2017

	Note	Un-audited March 31, 2017	Audited December 31, 2016
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		72,843,737	73,203,767
Balances with other banks		534,889	679,938
Lendings to financial institutions	6	2,142,899	10,512,752
Investments	7	607,160,540	590,924,972
Advances	8	350,598,438	330,271,881
Operating fixed assets		33,052,008	32,783,340
Deferred tax assets		–	–
Other assets		28,043,253	32,667,653
		1,094,375,764	1,071,044,303
LIABILITIES			
Bills payable		6,415,018	9,848,795
Borrowings	9	144,090,560	126,368,875
Deposits and other accounts	10	810,208,988	805,090,074
Sub-ordinated loans		–	–
Liabilities against assets subject to finance lease		–	–
Deferred tax liabilities		10,483,590	11,001,128
Other liabilities		20,459,682	16,920,059
		991,657,838	969,228,931
NET ASSETS		102,717,926	101,815,372
REPRESENTED BY			
Share capital	11	11,450,739	11,450,739
Reserves		16,901,148	16,533,485
Unappropriated profit		48,954,457	47,631,788
		77,306,344	75,616,012
Surplus on revaluation of assets - net of tax		25,411,582	26,199,360
		102,717,926	101,815,372

CONTINGENCIES AND COMMITMENTS

12

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, 2017

	Note	Quarter Ended March 31, 2017	March 31, 2016
Rupees in '000			
Mark-up / return / interest earned	13	15,747,441	17,103,705
Mark-up / return / interest expensed	14	7,746,797	8,602,926
Net mark-up / interest income		8,000,644	8,500,779
(Reversal) / provision against non-performing loans and advances - net		(393,683)	276,100
Provision for diminution in the value of investments		-	-
Bad debts written off directly		-	-
		(393,683)	276,100
Net mark-up / interest income after provisions		8,394,327	8,224,679
NON MARK-UP / INTEREST INCOME			
Fee, commission and brokerage income		1,284,466	1,238,659
Dividend income		421,455	1,417,132
Income from dealing in foreign currencies		169,191	203,533
Gain on sale of securities - net		299,454	961,144
Unrealized gain on revaluation of investments classified as 'held-for-trading' - net		29,836	30,344
Other income		43,599	61,077
Total non mark-up / interest income		2,248,001	3,911,889
		10,642,328	12,136,568
NON MARK-UP / INTEREST EXPENSES			
Administrative expenses		4,829,573	4,520,518
Provision against other assets		12,000	12,000
Reversal against off-balance sheet obligations		(2,698)	-
Other charges		156,960	192,108
Total non mark-up / interest expenses		4,995,835	4,724,626
Extra-ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		5,646,493	7,411,942
Taxation			
Current		2,074,285	2,781,580
Prior years		-	-
Deferred		(100,470)	(184,775)
		1,973,815	2,596,805
PROFIT AFTER TAXATION		3,672,678	4,815,137
Unappropriated profit brought forward		47,631,788	42,284,340
PROFIT AVAILABLE FOR APPROPRIATION		48,954,457	44,631,290
Earnings per share - Basic and Diluted (in Rupees)	15	3.21	4.21

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, 2017

	Quarter Ended	
	March 31, 2017	March 31, 2016
	Rupees in '000	
Profit after taxation for the period	3,672,678	4,815,137
Other comprehensive income:		
<i>Items to be reclassified to profit and loss account in subsequent periods:</i>		
Exchange differences on translation of net investment in foreign operating branches	7,475	(118,975)
Comprehensive income transferred to equity	3,680,153	4,696,162
Components of comprehensive income not reflected in equity:		
<i>Items to be reclassified to profit and loss account in subsequent periods:</i>		
Net change in fair value of 'available-for-sale' securities	(1,191,128)	1,308,490
Related deferred tax charge	416,895	(457,972)
	(774,233)	850,518
Total comprehensive income	2,905,920	5,546,680

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 Cash Flow

(Un-audited) for the quarter ended March 31, 2017

	Quarter Ended	
	March 31, 2017	March 31, 2016
	Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	5,646,493	7,411,942
Less: Dividend income	(421,455)	(1,417,132)
	5,225,038	5,994,810
Adjustments for non-cash items:		
Depreciation / amortization	611,699	524,555
(Reversal) / provision against non-performing loans and advances - net	(393,683)	276,100
Unrealized gain on revaluation of 'held-for-trading' securities - net	(29,836)	(30,344)
Reversal against off balance sheet obligations	(2,698)	-
Provision against other assets	12,000	12,000
Provision for workers' welfare fund	119,417	159,144
Gain on sale of operating fixed assets - net	(9,570)	(28,776)
	307,329	912,679
	5,532,367	6,907,489
(Increase) / decrease in operating assets		
Lendings to financial institutions	8,369,853	3,356,091
Net investments - 'held-for-trading' securities	(10,603,575)	(16,131,974)
Advances	(19,940,044)	16,985,473
Other assets (excluding advance taxation)	3,686,141	8,863,402
	(18,487,625)	13,072,992
Increase / (decrease) in operating liabilities		
Bills payable	(3,433,777)	965,319
Borrowings	17,519,310	19,468,091
Deposits and other accounts	5,118,914	(73,823)
Other liabilities	3,187,776	1,844,561
	22,392,223	22,204,148
	9,436,965	42,184,629
Income tax paid	(1,291,260)	(2,373,623)
Net cash flows generated from operating activities	8,145,705	39,811,006
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in 'available-for-sale' securities	(6,706,375)	(45,506,297)
Net (investments) / realization in 'held-to-maturity' securities	(86,199)	436,483
Dividend received	559,591	402,744
Investments in operating fixed assets	(871,181)	(869,090)
Proceeds from sale of operating fixed assets	12,281	38,090
Net cash flows used in investing activities	(7,091,883)	(45,498,070)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(1,768,751)	(1,711,693)
Net cash flows used in financing activities	(1,768,751)	(1,711,693)
Effect of translation of net investment in foreign operating branches	7,475	118,975
Decrease in cash and cash equivalents during the period	(707,454)	(7,279,782)
Cash and cash equivalents at beginning of the period	73,850,487	60,687,368
Effect of exchange rate changes on opening cash and cash equivalents	(30,241)	-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	73,112,792	53,407,586

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, 2017

	Share Capital	Capital Reserves Exchange Translation Reserve	Statutory Reserve	Revenue Reserves General Reserve	Un- appropriated Profit	Total
Rupees in '000						
Balance as at January 01, 2016 (Audited)	11,450,739	68,933	15,027,093	6,000	42,284,340	68,837,105
Changes in equity during the quarter ended March 31, 2016						
Total comprehensive income for the quarter ended March 31, 2016						
Net profit for the quarter ended March 31, 2016	-	-	-	-	4,815,137	4,815,137
Effect of translation of net investment in foreign operating branches	-	(118,975)	-	-	-	(118,975)
	-	(118,975)	-	-	4,815,137	4,696,162
Transaction with owners recognized directly in equity						
Final cash dividend for the year ended December 31, 2015 (Rs. 1.75 per ordinary share)	-	-	-	-	(2,003,879)	(2,003,879)
	-	-	-	-	(2,003,879)	(2,003,879)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	14,457	14,457
Transfer to statutory reserve	-	-	478,765	-	(478,765)	-
Balance as at March 31, 2016	11,450,739	(50,042)	15,505,858	6,000	44,631,290	71,543,845
Changes in equity during the nine months ended December 31, 2016						
Total comprehensive income for the quarter ended December 31, 2016						
Net profit for the nine months ended December 31, 2016	-	-	-	-	9,884,999	9,884,999
Effect of remeasurement of defined benefit plans-net of tax	-	-	-	-	288,700	288,700
Effect of translation of net investment in foreign operating branches	-	107,729	-	-	-	107,729
	-	107,729	-	-	10,173,699	10,281,428
Transactions with owners recognized directly in equity						
First interim cash dividend for the year ended December 31, 2016 (Rs. 1.75 per ordinary share)	-	-	-	-	(2,003,879)	(2,003,879)
Second interim cash dividend for the year ended December 31, 2016 (Rs. 1.75 per ordinary share)	-	-	-	-	(2,003,879)	(2,003,879)
Third interim cash dividend for the year ended December 31, 2016 (Rs. 2.00 per ordinary share)	-	-	-	-	(2,290,148)	(2,290,148)
	-	-	-	-	(6,297,906)	(6,297,906)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	43,373	43,373
Transferred from surplus on revaluation of non-banking assets to un-appropriated profit - net of tax	-	-	-	-	45,272	45,272
Transfer to statutory reserve	-	-	963,940	-	(963,940)	-
Balance as at December 31, 2016 (Audited)	11,450,739	57,687	16,469,798	6,000	47,631,788	75,616,012
Changes in equity during the quarter ended March 31, 2017						
Total comprehensive income for the quarter ended March 31, 2017						
Net profit for the quarter ended March 31, 2017	-	-	-	-	3,672,678	3,672,678
Effect of translation of net investment in foreign operating branches	-	7,475	-	-	-	7,475
	-	7,475	-	-	3,672,678	3,680,153
Transaction 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)
	-	-	-	-	(2,003,879)	(2,003,879)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	13,735	13,735
Transferred from surplus on revaluation of non-banking assets to un-appropriated profit - net of tax	-	-	-	-	323	323
Transfer to statutory reserve	-	-	360,188	-	(360,188)	-
Balance as at March 31, 2017	11,450,739	65,162	16,829,986	6,000	48,954,457	77,306,344

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

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2017

1 STATUS AND NATURE OF BUSINESS

The "Group" consists of:

Holding Company

Allied Bank Limited ("the Bank"), incorporated in Pakistan, is a scheduled bank, engaged in commercial banking and related services. The Bank is listed on Pakistan Stock Exchange Limited. The Bank operates a total of 1,148 (December 31, 2016: 1,148) branches in Pakistan including 77 (December 31, 2016: 77) Islamic banking branches, 1 branch (December 31, 2016: 1) in Karachi Export Processing Zone and 1 Wholesale Banking Branch (December 31, 2016: 1) in Bahrain. The long term credit rating of the Bank assigned by the Pakistan Credit Rating Agency Limited (PACRA) is 'AA+'. Short term rating of the Bank is 'A1+'. Ibrahim Holdings (Private) Limited is the parent company of the Bank and it's registered office is in Pakistan.

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

Subsidiary Company

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

ABL Asset Management company is managing following funds:

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

2 STATEMENT OF COMPLIANCE

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

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2017

- 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.
- 2.3** The Securities and Exchange Commission of Pakistan (SECP) vide SRO 56 (1) / 2016 dated 28 January 2016, has notified that the requirements of IFRS10 (Consolidated Financial Statements) and section 237 of the Companies Ordinance 1984 will not be applicable with respect to the investment in mutual funds established under Trust structure.
- 2.4** These consolidated condensed interim financial statements are being submitted to the shareholders in accordance with section 245 of the Companies Ordinance, 1984.
- 2.5** The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred applicability of Islamic Financial Accounting Standard-3 for Profit & Loss Sharing on Deposits (IFAS-3) issued by the Institute of Chartered Accountants of Pakistan and notified by the Securities & Exchange Commission of Pakistan (SECP), vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IFS). The standard will result in certain new disclosures in the financial statements of the Bank.

3 BASIS OF MEASUREMENT

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

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

4 BASIS OF PRESENTATION

- 4.1** The disclosures included in these consolidated condensed interim financial statements are limited based on the format prescribed by the State Bank of Pakistan, vide BSD Circular Letter No. 2 dated May 12, 2004, vide BSD Circular Letter No. 7 dated April 20, 2010 and International Accounting Standard 34, Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and these consolidated condensed interim financial statements should be read in conjunction with the annual consolidated financial statements of the Group for the year ended December 31, 2016.
- 4.2** The financial results of the Islamic Banking branches have been consolidated in these financial statements for reporting purposes. Key financial figures of the Islamic Banking branches are disclosed in Note 18 to these unconsolidated condensed interim financial statements.
- 4.3** The Group has adopted the following amendments and annual improvements to IFRSs, which became effective for the current period:
- Amendments to IAS 12 'Income Taxes'
 - Amendments to IAS 7 'Statement of Cash Flows'
 - Amendments to IFRS 12 'Disclosure of Interests in Other Entities'

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

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2017

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

- 5.1** The accounting policies, underlying estimates and methods of computation followed in the preparation of these consolidated condensed interim financial statements are same as those applied in preparing the most recent annual consolidated financial statements of the Group for the year ended December 31, 2016.
- 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, 2016.
- 5.3** The Group has an established control framework with respect to the measurement of fair values. The management regularly reviews significant observable and unobservable inputs and valuation adjustments. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as specified in Note 4 of annual consolidated financial statements of the Group for the year ended December 31, 2016.

	Note	Un-audited March 31, 2017	Audited December 31, 2016
Rupees in '000			
6	LENDINGS TO FINANCIAL INSTITUTIONS		
Call money lendings	6.1	1,048,458	2,091,970
Repurchase agreement lendings			
(Reverse Repo)	6.2	644,441	7,220,782
Musharaka lending	6.3	450,000	700,000
Mudaraba lending		—	500,000
Certificates of investment	6.4	70,000	70,000
		2,212,899	10,582,752
Provision against lendings to financial institutions		(70,000)	(70,000)
		2,142,899	10,512,752

- 6.1** This represents an unsecured call money lending, in foreign currency, carrying mark-up rate of 0.95% per annum and will mature on April 03, 2017.
- 6.2** These are short-term lendings to financial institutions against the government securities. These carry mark-up at the rate of 6.10% per annum and are maturing on April 03, 2017.
- 6.3** This represents lending by Islamic banking business under Musharaka agreement at profit of 5.65% per annum, maturing on April 03, 2017.
- 6.4** This represents a classified certificate of investment.

7 INVESTMENTS

	Note	Held by Group	Given as collateral	Total
Rupees in '000				
Current period - March 31, 2017				
(Un-audited)	7.1	511,193,508	95,967,032	607,160,540
Prior year - December 31, 2016				
(Audited)	7.1	511,707,389	79,217,583	590,924,972

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2017

	Un-audited As at March 31, 2017			Audited As at December 31, 2016		
	Held by Group	Given as collateral	Total	Held by Group	Given as collateral	Total
Rupees in '000						
7.1 Investments by types:						
Held-for-trading securities						
Market Treasury Bills	10,079,080	–	10,079,080	–	–	–
Pakistan Investment Bonds	577,528	–	577,528	102,531	–	102,531
Units of open-ended mutual funds / pension funds - related parties	1,609,922	–	1,609,922	1,390,368	–	1,390,368
Sukuk bonds	–	–	–	40,000	–	40,000
	12,266,530	–	12,266,530	1,532,899	–	1,532,899
Available-for-sale securities						
Market Treasury Bills	211,795,812	6,177,675	217,973,487	202,224,770	23,995,274	226,220,044
Pakistan Investment Bonds	123,894,440	89,366,728	213,261,168	144,961,948	53,343,313	198,305,261
Ordinary shares of listed companies / certificates of close-ended mutual funds	14,493,083	–	14,493,083	14,493,083	–	14,493,083
Ordinary shares of unlisted companies	2,500,169	–	2,500,169	2,500,169	–	2,500,169
Investment in related parties						
- Listed shares	8,142,520	–	8,142,520	8,142,520	–	8,142,520
- Unlisted shares	1,043,449	–	1,043,449	997,894	–	997,894
Sukuk bonds	5,347,008	–	5,347,008	5,423,031	–	5,423,031
GOP Sukuk	10,567,823	–	10,567,823	10,550,356	–	10,550,356
GOP Ijara Sukuk	2,147,490	–	2,147,490	2,148,084	–	2,148,084
Foreign Currency Bonds (US\$)	4,746,036	–	4,746,036	4,734,946	–	4,734,946
Term Finance Certificates (TFCs)	4,339,795	–	4,339,795	4,340,267	–	4,340,267
	389,017,625	95,544,403	484,562,028	400,517,068	77,338,587	477,855,655
Held-to-maturity securities						
Pakistan Investment Bonds	83,288,891	–	83,288,891	83,222,932	–	83,222,932
GOP Sukuk	1,053,547	–	1,053,547	1,051,562	–	1,051,562
GOP Ijara Sukuk	100,000	–	100,000	100,000	–	100,000
Foreign Currency Bonds (US\$)	1,613,974	–	1,613,974	1,595,719	–	1,595,719
TFCs, Bonds and PTCs	358,879	–	358,879	358,879	–	358,879
	86,415,291	–	86,415,291	86,329,092	–	86,329,092
Investments at cost	487,699,446	95,544,403	583,243,849	488,379,059	77,338,587	565,717,646
Provision for diminution in the value of investments	(2,696,599)	–	(2,696,599)	(2,696,599)	–	(2,696,599)
Investments (net of provisions)	485,002,847	95,544,403	580,547,250	485,682,460	77,338,587	563,021,047
Surplus on revaluation of 'held-for-trading' securities	29,836	–	29,836	129,343	–	129,343
Surplus on revaluation of 'available-for-sale' securities	26,160,825	422,629	26,583,454	25,895,586	1,878,996	27,774,582
Total investments at market value	511,193,508	95,967,032	607,160,540	511,707,389	79,217,583	590,924,972

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2017

	Note	Un-audited March 31, 2017	Audited December 31, 2016
Rupees in '000			
8 ADVANCES			
Loans, cash credits, running finances, etc.			
In Pakistan		317,592,934	334,088,692
Outside Pakistan		7,790,043	7,876,267
		325,382,977	341,964,959
Islamic Financing and related assets		1,416,118	605,138
Net investment in finance lease - in Pakistan		2,339,580	2,131,845
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		38,727,707	2,665,812
Payable outside Pakistan		1,119,249	1,687,999
		39,846,956	4,353,811
Advances - gross		368,985,631	349,055,753
Provision for non-performing advances	8.1 & 8.3	(18,334,044)	(18,720,563)
General provision	8.3	(53,149)	(63,309)
		(18,387,193)	(18,783,872)
Advances - net of provision		350,598,438	330,271,881

- 8.1** Advances include Rs. 19,847.420 million (2016: Rs. 20,431.609 million) which have been placed under non-performing status as detailed below:-

March 31, 2017 (Un-audited)					
Category of Classification	Classified Advances			Provision	Provision
	Domestic	Overseas	Total	required	held
Rupees in '000					
Other Assets Especially Mentioned	107,711	-	107,711	4,120	4,120
Substandard	696,341	-	696,341	172,088	172,088
Doubtful	244,423	-	244,423	122,211	122,211
Loss	18,798,945	-	18,798,945	18,035,625	18,035,625
	19,847,420	-	19,847,420	18,334,044	18,334,044

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

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

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2017

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

	March 31, 2017 (Un-audited)			December 31, 2016 (Audited)		
	Specific	General	Total	Specific	General	Total
Rupees in '000						
Opening balance	18,720,563	63,309	18,783,872	19,092,777	71,489	19,164,266
Charge for the period / year	154,186	–	154,186	1,841,422	–	1,841,422
Reversals	(537,709)	(10,160)	(547,869)	(2,168,601)	(8,180)	(2,176,781)
Charged to profit and loss account	(383,523)	(10,160)	(393,683)	(327,179)	(8,180)	(335,359)
Amounts written off	(2,996)	–	(2,996)	(45,035)	–	(45,035)
Closing balance	18,334,044	53,149	18,387,193	18,720,563	63,309	18,783,872
				Un-audited March 31, 2017	Audited December 31, 2016	
Rupees in '000						

9 BORROWINGS

Details of borrowings (Secured / Unsecured)

Secured

Borrowings from State Bank of Pakistan	18,474,484	17,500,610
Repurchase agreement borrowings	95,787,861	78,903,484

Unsecured

Call borrowings	28,047,690	29,873,171
Overdrawn nostro accounts	265,834	63,459
Musharaka borrowings	1,500,000	–
Other borrowings	14,691	28,151
	29,828,215	29,964,781
	144,090,560	126,368,875

10 DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits	160,934,663	176,919,971
Savings deposits	217,838,796	212,372,097
Current accounts - remunerative	109,326,929	97,923,755
Current accounts - non-remunerative	245,608,464	248,775,261
	733,708,852	735,991,084

Financial Institutions

Remunerative deposits	72,750,410	63,841,039
Non - remunerative deposits	3,749,726	5,257,951
	810,208,988	805,090,074

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2017

11 SHARE CAPITAL

11.1 Authorised capital

Un-audited March 31, 2017	Audited December 31, 2016		Un-audited March 31, 2017	Audited December 31, 2016
No. of shares			Rupees in '000	
1,500,000,000	1,500,000,000	Ordinary shares of Rs. 10 each	15,000,000	15,000,000

11.2 Issued, subscribed and paid-up capital

Fully paid-up Ordinary shares of Rs. 10 each				
Un-audited March 31, 2017	Audited December 31, 2016		Un-audited March 31, 2017	Audited December 31, 2016
No. of shares			Rupees in '000	
406,780,094	406,780,094	Fully paid in cash	4,067,801	4,067,801
720,745,186	720,745,186	Issued as bonus shares	7,207,452	7,207,452
1,127,525,280	1,127,525,280		11,275,253	11,275,253
		18,348,550 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation in accordance with the swap ratio stipulated therein less 9,200,000 Ordinary shares of Rs. 10 each, held by Ibrahim Leasing Limited on the cut-off date (September 30, 2004).		
9,148,550	9,148,550		91,486	91,486
		8,400,000 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation of First Allied Bank Modaraba with Allied Bank Limited in accordance with the share swap ratio stipulated therein.		
8,400,000	8,400,000		84,000	84,000
1,145,073,830	1,145,073,830		11,450,739	11,450,739

Ibrahim Holdings (Private) Limited (holding company of the Bank) held 965,879,110 (84.35%) [December 31, 2016: 965,879,110 (84.35%)] ordinary shares of Rs. 10 each, as at reporting date.

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2017

	Un-audited March 31, 2017	Audited December 31, 2016
	Rupees in '000	
12 CONTINGENCIES AND COMMITMENTS		
12.1 Direct credit substitutes		
Guarantees in favour of:		
Banks and financial institutions	5,343,407	5,397,846
12.2 Transaction-related contingent liabilities		
Guarantees in favour of:		
Government	338,430	341,738
Others	19,938,023	20,555,816
	20,276,453	20,897,554
12.3 Trade-related contingent liabilities	55,989,990	65,473,604
12.4 Claims against the Bank not acknowledged as debt	6,815,687	6,815,687
12.5 The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.		
	Un-audited March 31, 2017	Audited December 31, 2016
	Rupees in '000	
12.6 Commitments in respect of foreign exchange contracts:		
Purchase	81,271,634	63,017,979
Sale	42,426,173	38,469,943
12.7 Commitments in respect of:		
Civil works	776,574	704,903
Acquisition of operating fixed assets	878,315	885,447
	1,654,889	1,590,350
12.8 Commitments in respect of operating lease	5,866,948	6,062,254
12.9 Other Commitments	61,551	61,551
12.10 Other Contingencies		

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

12.10.2 The income tax assessments of the Group have been finalized upto and including tax year 2016. While finalizing income tax assessments upto tax year 2016, income tax authorities made certain add backs with aggregate tax impact of Rs.23,346 million (December 31, 2016: 21,235 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.23,346 million (December 31, 2016: 21,235 million). The management is confident that the outcome of these appeals/references will be in favor of the Group.

Tax Authorities have conducted proceedings of withholding tax audit under section 161/205 of Income Tax Ordinance, 2001 for tax year 2003 to 2006 and tax year 2008 to 2015 and created an arbitrary demand of Rs. 1,439 million (December 31, 2016: 1,439 million). The Group 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. 1,439 million (December 31, 2016: 1,439 million).

(Un-audited) for the quarter ended March 31, 2017

Tax authorities have also issued orders under Federal Excise Act, 2005, Sales Tax Act, 1990 and Sindh Sales Tax on Services Act, 2011 for the year 2008 to 2014 thereby creating arbitral aggregate demand of Rs. 890 million (December 31, 2016: 890 million). The Group's appeal before CIR(A)/Appellate Tribunal Inland Revenue (ATIR) are pending for adjudication. The management is confident that aforesaid demand will be deleted by appellate authorities and therefore no provision has been made against the said demand of Rs. 890 million (December 31, 2016: 890 million).

	Quarter Ended	
	March 31, 2017	March 31, 2016
	Rupees in '000	
13 MARK-UP / RETURN / INTEREST EARNED		
On loans and advances:		
Customers	5,134,368	4,959,727
On investments in:		
'Available-for-sale' securities	8,718,453	6,608,631
'Held-to-maturity' securities	1,702,780	5,221,551
'Held-for-trading' securities	84,469	264,458
	10,505,702	12,094,640
On deposits with financial institutions	7,478	1,413
On securities purchased under resale agreements	54,278	23,216
On call money lending	45,615	24,709
	15,747,441	17,103,705
14 MARK-UP / RETURN / INTEREST EXPENSED		
Deposits	5,717,565	6,017,713
Long term borrowing	62,303	63,699
Securities sold under repurchase agreements	1,323,058	1,949,103
Call money borrowing	254,858	160,589
Brokerage and commission	29,533	40,369
Markup on sub-ordinated loans	—	—
Other short term borrowings	359,480	371,453
	7,746,797	8,602,926
15 EARNINGS PER SHARE - BASIC AND DILUTED		
Profit after taxation for the period	3,672,678	4,815,137
	Number of Share	
Weighted average number of ordinary shares outstanding during the period	1,145,073,830	1,145,073,830
	Rupees	
Earnings per share - basic and diluted for the period	3.21	4.21

There is no dilution effect on basic earnings per share.

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2017

16 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	March 31, 2017					December 31, 2016 (Audited)				
	Parent	Directors	Associated Companies*	Key management personnel	Other related parties	Parent	Directors	Associated Companies*	Key management personnel	Other related parties
Rupees in '000										
Loans										
Loans at the beginning of the period / year	-	24,137	4,385,590	253,416	17,991,914	-	36,637	1,777,473	276,413	5,379,463
Loans given during the period / year	-	43,353	-	41,592	13,494,284	-	27,681	5,851,902	80,198	71,307,904
Loans repaid / adjustments during the period / year	-	(37,990)	(51,494)	(55,002)	(22,466,432)	-	(40,181)	(3,043,185)	(103,196)	(58,686,453)
Loans at the end of the period / year	-	29,500	4,334,096	240,006	9,020,766	-	24,137	4,385,590	253,416	17,991,914
Deposits										
Deposits at the beginning of the period / year	403	53,177	258,274	42,152	13,249,509	-	40,868	102,902	22,837	9,572,394
Deposits received during the period / year	1,697,038	44,478	22,655,333	87,406	31,102,958	654	5,505,258	10,566,219	406,337	94,959,354
Deposits repaid during the period / year	(1,693,799)	(43,080)	(17,967,112)	(102,047)	(38,239,686)	(251)	(5,492,949)	(10,410,847)	(387,022)	(81,282,263)
Deposits at the end of the period / year	3,642	54,575	4,946,495	27,511	11,122,782	403	53,177	258,274	42,152	13,249,509
Net interest balances	-	-	56,953	-	-	-	-	35,988	-	-
Investments in shares	-	-	4,836,429	-	5,664,958	-	-	4,790,874	-	5,445,403
Other receivables	-	11,905	55,636	73,975	475,657	-	6,363	37,246	81,029	513,103
Net receivable from staff retirement benefit funds	-	-	-	-	4,510,357	-	-	-	-	4,419,506
Non funded exposure	-	-	-	-	5,395	-	-	550	-	17,421
March 31, 2016										
	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	-	439	74,123	2,891	183,149	-	473	38,277	3,551	115,280
Dividend income	-	-	-	-	-	-	-	504,000	-	537,774
Sales commission	-	-	-	-	16,376	-	-	-	-	2,011
Fee commission / bank charges	1	1	309	12	252	-	4	624	14	145
Management fee income	-	-	-	-	115,714	-	-	-	-	103,725
Other Income**	-	-	712	-	36	-	-	1,520	-	-
Mark-up expense on deposits	-	240	55,956	56	90,416	-	263	697	46	65,501
Director's meeting fee	-	4,900	-	-	-	-	3,150	-	-	-
Remuneration	-	5,550	-	59,689	-	-	6,750	-	46,883	-
Other charges ***	-	-	31,194	-	21,841	-	-	290	-	2,790
Rent expense ****	-	-	7,218	-	-	-	-	6,256	-	-
Charge in respect of staff retirement benefit funds	-	-	-	-	49,709	-	-	-	-	49,551

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

* Associated companies are on the basis of common directorship.

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

*** Other charges with Other related parties include payments to NIFT amounting to Rs. 21,815 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 March 31, 2017, movable assets were disposed off for Rs. 25,000 to the key management personnel of the Bank.

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2017

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, 2017							
	Corporate & Investment Banking	Trading & Sales (Treasury)	Commercial & Retail Banking	Others	Asset Management	Eliminations	Total
Rupees in '000							
Total Income	5,770,549	10,559,226	10,462,626	1,311,627	182,641	(10,291,227)	17,995,442
Total Expenses	(4,919,836)	(8,733,869)	(9,470,339)	(1,378,102)	(111,845)	10,291,227	(14,322,764)
Net Income	850,713	1,825,357	992,287	(66,475)	70,796	–	3,672,678

For the Quarter Ended March 31, 2016							
	Corporate & Investment Banking	Trading & Sales (Treasury)	Commercial & Retail Banking	Others	Asset Management	Eliminations	Total
Rupees in '000							
Total Income	6,549,964	12,901,408	10,592,262	49,784	126,290	(9,204,114)	21,015,594
Total Expenses	(5,336,595)	(9,668,400)	(9,760,073)	(540,698)	(98,805)	9,204,114	(16,200,457)
Net Income	1,213,369	3,233,008	832,189	(490,914)	27,485	–	4,815,137

As at March 31, 2017							
	Corporate & Investment Banking	Trading & Sales (Treasury)	Commercial & Retail Banking	Others	Asset Management	Eliminations	Total
Rupees in '000							
Segment Assets (Gross)	392,389,196	576,987,162	826,366,351	141,073,863	2,045,303	(822,398,823)	1,116,463,052

As at December 31, 2016 (Audited)							
	Corporate & Investment Banking	Trading & Sales (Treasury)	Commercial & Retail Banking	Others	Asset Management	Eliminations	Total
Rupees in '000							
Segment Assets (Gross)	369,840,034	572,327,816	822,485,323	138,227,090	1,952,208	(811,310,746)	1,093,521,725

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2017

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 April 26, 2017 has approved interim cash dividend for the quarter ended March 31, 2017 at Rs. 1.75 per share (March 31, 2016: Rs. 1.75 per share). The consolidated condensed interim financial statements for the quarter ended March 31, 2017 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 April 26, 2017 by the Board of Directors of the Bank.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

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