

Condensed Interim Financial Statements  
for the nine months ended September 30, 2015



EXPANDING THE  
POSSIBILITIES...



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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  
Muhammad Akram Sheikh  
Zafar Iqbal  
Tariq Mahmood

## Audit Committee of Board

Zafar Iqbal  
(Chairman)

Mubashir A. Akhtar  
Muhammad Akram Sheikh

## Human Resource & Remuneration Committee

Abdul Aziz Khan  
(Chairman)

Muhammad Waseem Mukhtar  
Tariq Mahmood

## Company Secretary

Muhammad Raffat

## Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountants

## Legal Adviser

Mandviwalla & Zafar Advocate

## Shares Registrar

Technology Trade (Pvt.) Limited

## Registered & Head Office

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

## Website & Email

www.abl.com  
info@abl.com  
U.A.N Number  
(+9242) 111-110-110

# Vision, Mission & Core Values

## Vision

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

## Mission

To provide value added services to our customers

To provide high tech innovative solutions to meet customers' requirements

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

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

To play a proactive role in contributing towards the society

## Core Values

Integrity

Excellence in Service

High Performance

Innovation and Growth

# Directors' Review

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present the financial results for the nine months period ended September 30, 2015.

## Financial Highlights

	(Rupees in million)		Growth
	Nine month ended September 30,		
	2015	2014	
Profit After Tax	11,862	11,557	3%
Un-appropriated profits brought forward	37,053	30,856	20%
Transfer from surplus on revaluation of fixed assets – net of tax	69	39	77%
Profit available for appropriation	48,984	42,452	15%
Final Cash dividend for the year ended December 31, 2014 at Rs. 2.00 per share (2014: year ended December 31, 2013 at Rs. 1.50 per share)	(2,290)	(1,562)	47%
Interim Cash dividends for the year ending December 31, 2015 (2014: interim cash dividends for the year ended December 31, 2014)	(4,008)	(3,149)	27%
Transfer from un-appropriated profit for issue of bonus shares for the year ended December 31, 2014: Nil (2014: year ended December 31, 2013 @10%)	–	(707)	(100%)
Transfer to Statutory Reserves	(1,186)	(1,156)	3%
Un-appropriated profits carried forward	41,500	35,878	16%
Earnings Per Share (EPS) (Rs.)	10.36	10.09	3%
Profit After Tax (Excluding prior year tax adjustment)	13,322	11,557	15.3%
EPS (Rs.) (Excluding prior year tax adjustment)	11.63	10.09	15.3%

The Board is pleased to announce third interim cash dividend of Rs. 1.75 per share in addition to Rs. 1.75 per share each for first and second interim cash dividends, which has already been paid. Interim Cash Dividend for the nine months period ended September 30, 2015 is Rs. 5.25 per share (September 30, 2014: Rs. 4.50 per share).

## Economic Review

Amid mild economic recovery in Pakistan, investor and business sentiments along with consumer confidence is gradually improving; even as the macroeconomic and geo-political environment remained challenging. Declining trend in international oil prices that reached the lowest level in six years reduced year-on-year (YoY) consumer price inflation (CPI) to historically low level of 1.3% in September 2015 as compared to 7.7% in corresponding period of last year. Going forward, CPI is expected to remain within SBP target of 4.5-5.5 percent in FY15-16.

After remaining largely subdued during FY14-15 with a growth of just 3.3 percent, Large-scale Manufacturing (LSM) is expected to gain further traction upon improvement in energy supplies. However, during the period under review, persistent energy crisis continued to stifle economic activities. Improvement in LSM is primarily driven by Automobiles, Fertilizers and Pharmaceutical sectors.

Sustained growth in home remittances, realization of inflows on account of issuance of Eurobonds of US\$ 500 million and disbursement under IMF's Extended Funded Facility program of US\$ 505 million assisted in raising end-September'15 foreign exchange reserves to US\$ 18,349 million. The external Current Account (CA) deficit improved slightly due to reduction in oil import payments. Going forward, CA deficit is expected to remain at 0.8% of GDP.

Broad Money (M2) growth remained stable with Jan-Sep'15 growth reaching 9.6%. Despite stable M2 growth, banking sector's deposits growth remained under pressure during the quarter under review mainly on account of seasonal factors and negative sentiments on accounts of changes in withholding tax regime. Private sector credit appetite also remained subdued with end-September'15 industry advances increasing by only 2.4% and reaching Rs. 4,565 billion. With limited private sector credit appetite, the banking industry continued to deploy surplus funding towards government securities; as a result the industry Investments as at end-September'15 reached Rs. 6,448 billion reflecting growth of 26% over December'14 levels.

Implementation of infrastructure development and energy projects under China Pakistan Economic Corridor (CPEC) would further augment the improving investment environment. Therefore, there is anticipation of higher economic activity in the medium term which should boost credit uptake.

During the quarter under review, SBP maintained its monetary easing stance to stimulate economic growth while also keeping inflation at manageable levels. SBP slashed Discount Rate by 50 basis points from 7.0% to 6.5% while the new "Target Rate", introduced as part of interest rate corridor in last quarter was reduced to 6%; the cumulative decrease in Discount Rate reached 350 basis points since November 2014. Accordingly, in the short term, the industry spreads are expected to remain constrained.

## Financial Review

Your Bank remained proactive in a dynamic business environment while strategizing against a declining interest rate scenario, shrinking spreads and changing taxation regulations for Banks. While being resilient to these challenges, the Bank registered stable growth in all key business areas including profitability through optimization of asset mix and mobilization of low cost deposits in an intensely competitive operating environment. Bank's performance was also positively impacted by continuous focus on customer services, technology driven banking solutions, high asset quality through an enabling risk management framework and operational efficiencies respectively.

## Directors' Review

Profit Before Tax of Your Bank increased by 19.0% to reach Rs. 20,513 million during the nine months period ended September 30, 2015 as compared to Rs. 17,236 million in the corresponding period of previous year.

Revision in Finance Act resulted in additional tax charge of Rs. 1,460 million for the year ended December 31, 2014 duly accounted for in the previous quarter. As a result, during the period under review, effective tax rate increased to 42.2% as against 32.9% in the corresponding period of previous year as explained in note 16 of the appended financial statements.

Despite the additional tax charge, Profit After Tax registered a growth of 2.64% reaching Rs. 11,862 million as compared to Rs. 11,556 million in corresponding period of 2014. EPS of Your Bank increased to Rs. 10.36 per share in September 2015 compared to Rs. 10.09 per share in the corresponding period of last year. ROE and ROA during the period under review stood at 24.37% and 1.76% respectively. Excluding the impact of prior year tax charge of Rs. 1,460 million, Profit After Tax amounts to Rs. 13,322 million showing a growth of 15.28% over September 30, 2014. Similarly, upon aforementioned exclusion, EPS, ROE and ROA of Your Bank improve to Rs. 11.63 per share, 27.37% and 1.97% respectively.

The Bank's Net Markup Income increased by 35.1% to Rs. 26,776 million for the nine months period ended September 30, 2015 as against Rs. 19,824 million in the corresponding period of last year. Despite reduction in discount rate, the growth in net markup income was mainly driven by change in assets mix.

Your Bank's prudent lending strategy continued during the period under review. Despite taking an incremental subjective provision of Rs. 685 million against exposure in BYCO Petroleum Pakistan Limited in the first quarter of 2015, the net provision charge during the nine months period ended September 30, 2015 reduced to Rs. 474.2 million as compared to net reversal of Rs. 44.4 million in the corresponding period of 2014.

Fee and commission income along with income from dealing in foreign currencies increased by 14% and 98% respectively, during the period under review. On account of lower capital gains realized during the period, Non Mark-up/Interest Income witnessed a decline to reach Rs. 7,807 million.

In view of continuous expansion in the Bank's footprint from 977 branches in September 2014 to 1,002 branches in September 2015, infrastructure development, incremental human resource cost and underlying inflationary impacts, administrative expenses increased by 7.4%.

The Bank's deposits increased to Rs. 705,963 million as at September 30, 2015, a growth of 5.7% over December 31, 2014; due to limited credit appetite net advances reduced marginally by Rs. 7,385 million to close at Rs. 298,629 million. In the absence of quality avenues for credit off-take, excess liquidity was diverted towards investments which increased by Rs. 117,048



million or 27.3% as compared to the December 2014 to reach Rs. 545,838 million.

As compared to December 31, 2014, Non-performing loans decreased by Rs. 1,011 million during the period ended September 30, 2015 to close at Rs. 21,911 million. Similarly, infection ratio as at September 30, 2015 decreased to 6.9% as compared to 7.0%. Meanwhile, loan loss coverage improved to 91.1% as at September 30, 2015 compared to 86.4% as at December 31, 2014. 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 and Equity of Your Bank as at September 30, 2015 stood at Rs. 956,667 million and Rs. 88,929 million respectively, registering a growth of 13.6% and 10% against December 31, 2014.

### Future Outlook

The economic progress on the back of fiscal consolidation, low inflation and improving external position continues on the path of gradual recovery. While the economic activity is picking up pace and fundamental weaknesses being overcome; prudent policies and reform efforts are imperative to consolidate the gains achieved thus far in macroeconomic stability and reinforce efforts for sustained high growth. Large scale manufacturing growth prospects remain hinged on resolution of energy sector challenges. With the expectation of slight rebound in international oil prices, inflation for FY 15-16 is expected to be slightly higher than current levels, however, within the forecasted range. CPEC could be the mega project, with a potential to provide the boost in economic activity required to achieve growth at higher rates.

Banking sector is expected to face ongoing dynamic operating environment. Structural reforms within banking sector to improve regulatory capital requirements, improving corporate restructuring law and foreclosure legislation will improve the banking sector role within the economy. Historically low benchmark interest rates will continue to squeeze interest margins and flat tax regime on all sources of banking income will limit sector profitability in short to medium term.

While banking sector continues to face these challenges, the gradual improvement in economic indicators, is a sign of opportunities for the sector to augment income avenues.

With a proactive strategy consisting of state of the art technology driven products and services, sound risk management framework, conventional and alternate delivery channels and expanding outreach including cautious growth in the niche Islamic banking franchise, Your Bank remains in a position to achieve targeted growth and capitalize on opportunities that may arise in future.

# Directors' Review

## Entity & TFC Ratings

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

During the period under review, Your Bank redeemed its unsecured, listed and subordinated TFC's II of Rs. 3,000 million by exercising call option on August 28, 2015. Thus, PACRA has withdrawn the assigned rating of ['AA' (Double A)] of the said TFCs.

## Corporate Governance Rating

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

## Awards

Allied Bank Limited has been named as the "Strongest Bank by Balance Sheet in Pakistan" in the prestigious "Asian Banker Strongest Bank by Balance Sheet Ranking 2015". The award recognizes the strength, liquidity and sustainability of the Balance Sheet (2014) in a challenging market place, relative to peers in the industry.

The Bank was also awarded the "Best Bank of the Year" and "Best Corporate Finance House (Equity & Advisory) of the year – 2014" by the prestigious CFA Institute Pakistan.

The Bank's continuous focus on workforce learning and development was also duly recognized when the Bank was awarded "The Best Enterprise for Human Resource Development 2014" by Employers' Federation of Pakistan (Member International Organization of Employers Geneva)

## Acknowledgement

On behalf of Allied Bank we would like to take this opportunity to thank our valued customers for their patronage, to our employees for their continued commitment, our shareholders for their trust and confidence and State Bank of Pakistan and other regulatory bodies for their continued guidance

For and on behalf of the Board,

**Tariq Mahmood**

Chief Executive Officer

Date: October 22, 2015

Place: Lahore

Unconsolidated Condensed Interim Financial Statements  
For the nine months ended September 30, 2015

# Unconsolidated Condensed Interim Statement of Financial Position

as at September 30, 2015

	Note	Un-audited September 30, 2015	Audited December 31, 2014
<hr/> Rupees in '000 <hr/>			
<b>ASSETS</b>			
Cash and balances with treasury banks		33,459,458	41,254,975
Balances with other banks		1,093,870	873,494
Lendings to financial institutions	6	23,659,704	2,030,062
Investments	7	545,838,507	428,790,733
Advances	8	298,628,983	306,014,402
Operating fixed assets		27,663,100	27,250,482
Deferred tax assets		—	—
Other assets		26,322,994	36,054,979
		<hr/> 956,666,616	<hr/> 842,269,127
<b>LIABILITIES</b>			
Bills payable		4,699,456	4,831,801
Borrowings from financial institutions	9	131,432,041	66,096,472
Deposits and other accounts	10	705,963,266	667,877,615
Sub-ordinated loans		—	2,994,000
Liabilities against assets subject to finance lease		—	—
Deferred tax liabilities		8,851,564	3,622,651
Other liabilities		16,791,151	15,956,263
		<hr/> 867,737,478	<hr/> 761,378,802
<b>NET ASSETS</b>		<hr/> 88,929,138	<hr/> 80,890,325
<b>REPRESENTED BY</b>			
Share capital	11	11,450,739	11,450,739
Reserves		14,771,876	13,549,355
Unappropriated profit		41,500,267	37,053,691
		<hr/> 67,722,882	<hr/> 62,053,785
Surplus on revaluation of assets - net of tax		21,206,256	18,836,540
		<hr/> 88,929,138	<hr/> 80,890,325
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The annexed notes 1 to 22 form an integral part of these unconsolidated condensed interim financial statements.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

# Unconsolidated Condensed Interim Profit and Loss Account

(Un-audited) for the nine months ended September 30, 2015

		Nine Months Ended		Quarter Ended	
	Note	September 30, 2015	2014	September 30, 2015	2014
		Rupees in '000			
Mark-up / return / interest earned	13	54,014,289	48,339,161	17,644,749	16,568,290
Mark-up / return / interest expensed	14	27,238,671	28,515,056	8,254,165	9,605,518
Net mark-up / interest income		26,775,618	19,824,105	9,390,584	6,962,772
Provision / (reversal) against non-performing loans and advances and general provision - net		466,281	(23,430)	(75,498)	(6,258)
Provision / (reversal) for diminution in the value of investments - net		7,945	(21,014)	—	(39,875)
Bad debts written off directly		—	—	—	—
		474,226	(44,444)	(75,498)	(46,133)
Net mark-up / interest income after provisions		26,301,392	19,868,549	9,466,082	7,008,905
NON MARK-UP / INTEREST INCOME					
Fee, commission and brokerage income		2,766,265	2,425,903	699,465	712,318
Dividend income		2,763,027	2,754,460	992,876	1,108,650
Income from dealing in foreign currencies		666,140	336,957	197,897	121,558
Gain on sale of securities		601,753	3,448,404	185,183	1,875,823
Unrealized gain on revaluation of investments classified as 'held-for-trading' - net		26,044	—	17,874	—
Other income	15	983,339	1,093,912	38,682	75,303
Total non-markup / interest income		7,806,568	10,059,636	2,131,977	3,893,652
		34,107,960	29,928,185	11,598,059	10,902,557
NON MARK-UP / INTEREST EXPENSES					
Administrative expenses		12,967,669	12,074,041	4,407,193	4,201,092
Provision against other assets - net		53,350	46,512	12,000	18,512
Provision / (reversal) against off-balance sheet obligations - net		57,785	13,270	79,927	(9,663)
Other charges		515,809	558,091	164,190	233,027
Total non-markup / interest expenses		13,594,613	12,691,914	4,663,310	4,442,968
Extra-ordinary / unusual items		—	—	—	—
PROFIT BEFORE TAXATION		20,513,347	17,236,271	6,934,749	6,459,589
Taxation					
Current	16	7,173,721	5,433,454	2,354,037	1,868,332
Prior years		1,460,245	—	—	—
Deferred		17,614	246,320	75,636	137,877
		8,651,580	5,679,774	2,429,673	2,006,209
PROFIT AFTER TAXATION		11,861,767	11,556,497	4,505,076	4,453,380
Earnings per share - Basic and Diluted (in Rupees)					
	17	10.36	10.09	3.93	3.89

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

# Unconsolidated Condensed Interim Statement of Comprehensive Income

(Un-audited) for the nine months ended September 30, 2015

	Nine Months Ended		Quarter Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
	Rupees in '000			
Profit after taxation for the period	11,861,767	11,556,497	4,505,076	4,453,380
<b>Other comprehensive income to be reclassified to profit and loss account in subsequent periods</b>				
Exchange differences on translation of net investment in foreign wholesale branch	36,344	(20,619)	45,933	50,617
<b>Comprehensive income transferred to equity</b>	<b>11,898,111</b>	<b>11,535,878</b>	<b>4,551,009</b>	<b>4,503,997</b>
<b>Comprehensive income not reflected in equity</b>				
Net change in fair value of 'available-for-sale' securities	7,657,919	50,955	364,829	(870,154)
Related deferred tax charge	(5,211,301)	(411,577)	(127,546)	(234,526)
	2,446,618	(360,622)	237,283	(1,104,680)
<b>Total comprehensive income for the period</b>	<b>14,344,729</b>	<b>11,175,256</b>	<b>4,788,292</b>	<b>3,399,317</b>

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

# Unconsolidated Condensed Interim Statement of Cash Flows

(Un-audited) for the nine months ended September 30, 2015

	Nine Months Ended	
	September 30, 2015	September 30, 2014
	Rupees in '000	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	20,513,347	17,236,271
Less: Dividend income	(2,763,027)	(2,754,460)
	17,750,320	14,481,811
<b>Adjustments for non-cash items:</b>		
Depreciation / amortization	1,499,553	1,369,391
Provision / (reversal) against non-performing loans, advances and general provision - net	466,281	(23,430)
Provision / (reversal) for diminution in the value of investments - net	7,945	(21,014)
Unrealized gain on revaluation of 'held-for-trading' securities - net	(26,044)	-
Provision against off balance sheet obligations - net	57,785	13,270
Provision against other assets - net	53,350	46,512
Provision for workers welfare fund	410,267	344,725
Gain on sale of fixed assets	(30,498)	(45,662)
	2,438,639	1,683,792
	20,188,959	16,165,603
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	(21,629,642)	(11,795,749)
Net (investments) / realization in 'held-for-trading' securities	(6,904,733)	2,981,436
Advances - net	6,919,138	(15,703,194)
Other assets (excluding advance taxation) - net	4,947,489	(6,640,261)
	(16,667,748)	(31,157,768)
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	(132,345)	584,914
Borrowings from financial institutions	65,463,504	11,198,583
Deposits and other accounts	38,085,651	34,959,926
Other liabilities	320,817	1,607,889
	103,737,627	48,351,312
	107,258,838	33,359,147
	(2,931,146)	(4,290,332)
Income tax paid - net		
	104,327,692	29,068,815
<b>Net cash flow from operating activities</b>		
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net (investments) / realization in 'available-for-sale' securities	(100,918,636)	104,362,321
Net investments in 'held-to-maturity' securities	(1,681,009)	(125,260,536)
Dividend income received	1,790,981	2,462,195
Investments in operating fixed assets	(1,799,236)	(1,624,089)
Proceeds from sale of fixed assets	103,101	106,946
	(102,504,799)	(19,953,163)
<b>Net cash used in investing activities</b>		
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of sub-ordinated loan	(2,994,000)	(624,700)
Dividend paid	(6,268,048)	(4,706,601)
	(9,262,048)	(5,331,301)
<b>Net cash used in financing activities</b>		
Effect of translation of net investment in foreign branch	(8,051)	(20,619)
	(7,447,206)	3,763,732
<b>Decrease in cash and cash equivalents during the period</b>		
<b>Cash and cash equivalents at beginning of the period</b>	41,979,844	45,775,310
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	34,532,638	49,539,042

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

# Unconsolidated Condensed Interim Statement of Changes in Equity

(Un-audited) for the nine months ended September 30, 2015

	Capital Reserves				Revenue Reserves			
	Share Capital	Share Premium	Exchange Translation Reserve	Bonus Issue Reserve	Statutory Reserve	General Reserve	Un-appropriated Profit	Total
	Rupees in '000							
Balance as at January 01, 2014	10,409,763	333,864	84,741	-	12,013,553	6,000	30,855,565	53,703,486
Changes in equity during the nine months ended September 30, 2014								
Total comprehensive income for the nine months ended September 30, 2014								
- Net profit for the nine months ended September 30, 2014	-	-	-	-	-	-	11,556,497	11,556,497
- Effect of translation of net investment in foreign bank branch	-	-	(20,619)	-	-	-	-	(20,619)
	-	-	(20,619)	-	-	-	11,556,497	11,535,878
Transactions with owners recognized directly in equity								
Transfer to reserve for issue of bonus shares for the year ended December 31, 2013 @ 10%	1,040,976	(333,864)	-	1,040,976	-	-	(707,112)	-
Issue of bonus shares	-	-	-	(1,040,976)	-	-	-	-
Final cash dividend for the year ended December 31, 2013 (Rs. 1.5 per ordinary share)	-	-	-	-	-	-	(1,561,464)	(1,561,464)
First interim cash dividend for the year ended December 31, 2014 (Rs. 1.25 per ordinary share)	-	-	-	-	-	-	(1,431,342)	(1,431,342)
Second interim cash dividend for the year ended December 31, 2014 (Rs. 1.50 per ordinary share)	-	-	-	-	-	-	(1,717,611)	(1,717,611)
	1,040,976	(333,864)	-	-	-	-	(5,417,529)	(4,710,417)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	39,583	39,583
Transfer to statutory reserve	-	-	-	-	1,155,650	-	(1,155,650)	-
Balance as at September 30, 2014	11,450,739	-	64,122	-	13,169,203	6,000	35,878,466	60,568,530
Changes in equity during the quarter ended December 31, 2014								
Total comprehensive income for the quarter ended December 31, 2014								
- Net profit for the quarter ended December 31, 2014	-	-	-	-	-	-	3,458,595	3,458,595
- Effect of remeasurement of defined benefit plans net of deferred tax	-	-	-	-	-	-	60,277	60,277
- Effect of translation of net investment in foreign bank branch	-	-	(35,829)	-	-	-	-	(35,829)
	-	-	(35,829)	-	-	-	3,518,872	3,483,043
Transactions with owners recognized directly in equity								
Third interim cash dividend for the year ended December 31, 2014 (Rs. 1.75 per ordinary share)	-	-	-	-	-	-	(2,003,880)	(2,003,880)
	-	-	-	-	-	-	(2,003,880)	(2,003,880)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	6,092	6,092
Transfer to statutory reserve	-	-	-	-	345,859	-	(345,859)	-
Balance as at December 31, 2014	11,450,739	-	28,293	-	13,515,062	6,000	37,053,691	62,053,785
Changes in equity during the nine months ended September 30, 2015								
Total comprehensive income for the nine months ended September 30, 2015								
- Net profit for the nine months ended September 30, 2015	-	-	-	-	-	-	11,861,767	11,861,767
- Effect of translation of net investment in foreign bank branch	-	-	36,344	-	-	-	-	36,344
	-	-	36,344	-	-	-	11,861,767	11,898,111
Transactions with owners recognized directly in equity								
Final cash dividend for the year ended December 31, 2014 (Rs. 2 per ordinary share)	-	-	-	-	-	-	(2,290,148)	(2,290,148)
First interim cash dividend for the year ending December 31, 2015 (Rs. 1.75 per ordinary share)	-	-	-	-	-	-	(2,003,879)	(2,003,879)
Second interim cash dividend for the year ending December 31, 2015 (Rs. 1.75 per ordinary share)	-	-	-	-	-	-	(2,003,879)	(2,003,879)
	-	-	-	-	-	-	(6,297,906)	(6,297,906)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	68,892	68,892
Transfer to statutory reserve	-	-	-	-	1,186,177	-	(1,186,177)	-
Balance as at September 30, 2015	11,450,739	-	64,637	-	14,701,239	6,000	41,500,267	67,722,882

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman



# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2015

## 1 STATUS AND NATURE OF BUSINESS

Allied Bank Limited ("the Bank"), incorporated in Pakistan, is a scheduled Bank, engaged in commercial banking and related services. The Bank is listed on all stock exchanges in Pakistan. The Bank operates a total of 1,000 (2014: 998) branches including 08 (2014: 4) Islamic banking branches in Pakistan, 1 branch (2014: 1) in Karachi Export Processing Zone and 1 wholesale banking branch (2014: 1) in Bahrain. The long term credit rating of the Bank assigned by The Pakistan Credit Rating Agency Limited (PACRA) is 'AA+'. Short term rating of the Bank is 'A1+'. The Bank is the holding company of ABL Asset Management Company Limited.

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

## 2 STATEMENT OF COMPLIANCE

- 2.1 These unconsolidated condensed interim financial statements of the Bank for the nine months ended September 30, 2015 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by the State Bank of Pakistan (SBP). In case where requirements of provisions and directives issued under the Banking Companies Ordinance, 1962, Companies Ordinance 1984 and the directives issued by SBP differs, the directives issued by SBP shall prevail.
- 2.2 The SBP, vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property (IAS 40) for banking companies till further instructions. Further, according to a notification of Securities and Exchange Commission of Pakistan (SECP) dated April 28, 2008, International Financial Reporting Standard (IFRS) 7 "Financial Instruments: Disclosure" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements. However, investments have been classified and disclosed in accordance with the requirements prescribed by SBP through various circulars.
- 2.3 These unconsolidated condensed interim financial statements represent the separate standalone condensed interim financial statements of the Bank. The consolidated condensed interim financial statements of the Bank and its subsidiary company are presented separately.
- 2.4 These unconsolidated condensed interim financial statements are being submitted to the shareholders in accordance with section 245 of the Companies Ordinance, 1984.

## 3 BASIS OF MEASUREMENT

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

- Investments;
- Operating fixed assets; and
- Fair value of derivatives

## 4 BASIS OF PRESENTATION

- 4.1 The disclosures included in these unconsolidated condensed interim financial statements are limited based on the format prescribed by the State Bank of Pakistan, vide BSD Circular Letter No. 2 dated May 12, 2004, vide BSD Circular Letter No. 7 dated April 20, 2010 and International Accounting Standard 34, Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and these unconsolidated condensed interim financial statements should be read in conjunction with the unconsolidated financial statements of the Bank for the year ended December 31, 2014.
- 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 20 to these financial statements.

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2015

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

- Defined Benefit Plans: Employees contributions (Amendments to IAS 19);
- Annual Improvements to IFRSs 2010-2012 Cycle;
- Annual Improvements to IFRSs 2011-2013 Cycle

The adoption of above amendments and improvements did not have any effect on the financial statements.

## 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, except for change in basis of measurement and presentation of segment information as disclosed in note 19.

**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, 2014.

### 5.3 Measurement of fair values

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

	Note	Un-audited September 30, 2015	Audited December 31, 2014
————— Rupees in '000 —————			
<b>6. LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Repurchase agreement lendings (Reverse Repo)	6.1	23,159,704	919,646
Certificates of investment	6.2	70,000	70,000
Call money lendings	6.3	500,000	1,110,416
		<u>23,729,704</u>	<u>2,100,062</u>
		(70,000)	(70,000)
Provision against lendings to financial institutions		<u>23,659,704</u>	<u>2,030,062</u>

**6.1** These are short-term lendings to various financial institutions against the Government securities. These carry mark-up at rate, ranging between 6.35% to 6.51% (2014: 9.70%) per annum and will mature on various dates latest by October 07, 2015.

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

**6.3** These represent unsecured call money lendings, in local currency, carrying mark-up rate of 6.50% (2014: 9.40% to 9.70%) per annum and will mature on various dates latest by October 01, 2015.

## 7. INVESTMENTS

	Note	Held by Bank	Given as collateral	Total
————— Rupees in '000 —————				
<b>Current period - September 30, 2015 (Un-audited)</b>	7.1	<u>455,656,153</u>	<u>90,182,354</u>	<u>545,838,507</u>
Prior year - December 31, 2014 (Audited)	7.1	<u>397,020,914</u>	<u>31,769,819</u>	<u>428,790,733</u>

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2015

	Un-audited As at September 30, 2015			Audited As at December 31, 2014		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
	Rupees in '000					
<b>7.1 Investments by types:</b>						
<b>Held-for-trading securities</b>						
Market Treasury Bills	14,199,677	–	14,199,677	2,474,557	–	2,474,557
Pakistan Investment Bonds	2,203,468	–	2,203,468	6,997,811	–	6,997,811
	16,403,145	–	16,403,145	9,472,368	–	9,472,368
<b>Available-for-sale securities</b>						
Market Treasury Bills	121,603,776	5,448,334	127,052,110	81,149,936	31,696,602	112,846,538
Pakistan Investment Bonds	72,273,261	80,285,552	152,558,813	72,370,892	–	72,370,892
Ordinary shares of listed companies / certificates of close ended mutual funds	17,641,358	–	17,641,358	20,088,582	–	20,088,582
Preference shares	87,178	–	87,178	136,855	–	136,855
Units of open ended mutual funds	150,000	–	150,000	250,000	–	250,000
Ordinary shares of unlisted companies	2,479,767	–	2,479,767	2,223,838	–	2,223,838
Investment in related parties						
- Listed shares	4,053,509	–	4,053,509	–	–	–
- Unlisted shares	861,567	–	861,567	456,155	–	456,155
- Units of open ended mutual funds	135,000	–	135,000	458,299	–	458,299
Sukuk bonds	2,064,302	–	2,064,302	2,233,278	–	2,233,278
GOP Sukuk bonds	4,576,107	–	4,576,107	–	–	–
GOP Ijara Sukuk	451,102	–	451,102	–	–	–
Term finance certificates (TFCs)	2,709,711	–	2,709,711	2,837,451	–	2,837,451
	229,086,638	85,733,886	314,820,524	182,205,286	31,696,602	213,901,888
<b>Held-to-maturity securities</b>						
Pakistan Investment Bonds	185,443,753	–	185,443,753	184,587,797	–	184,587,797
GOP Sukuk bonds	1,052,742	–	1,052,742	–	–	–
GOP Ijara Sukuk bonds	150,651	–	150,651	151,602	–	151,602
Foreign currency bonds (US\$)	4,859,885	–	4,859,885	4,570,147	–	4,570,147
TFCs, Bonds and PTCs	1,578,256	–	1,578,256	2,094,732	–	2,094,732
	193,085,287	–	193,085,287	191,404,278	–	191,404,278
<b>Subsidiary</b>						
ABL Asset Management Company Limited	500,000	–	500,000	500,000	–	500,000
<b>Investment at cost</b>	439,075,070	85,733,886	524,808,956	383,581,932	31,696,602	415,278,534
Provision for diminution in the value of investments	(973,178)	–	(973,178)	(977,183)	–	(977,183)
<b>Investments (net of provisions)</b>	438,101,892	85,733,886	523,835,778	382,604,749	31,696,602	414,301,351
Unrealized surplus on revaluation of 'held-for-trading' securities	26,044	–	26,044	170,616	–	170,616
Surplus on revaluation of 'available-for-sale' securities	17,528,217	4,448,468	21,976,685	14,245,549	73,217	14,318,766
<b>Total investments at market value</b>	455,656,153	90,182,354	545,838,507	397,020,914	31,769,819	428,790,733

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2015

	Note	Un-audited September 30, 2015	Audited December 31, 2014
<hr/> Rupees in '000 <hr/>			
<b>8. ADVANCES</b>			
Loans, cash credits, running finances, etc.			
In Pakistan		303,366,855	313,356,931
Outside Pakistan		5,607,053	5,024,155
Islamic financing and related assets		18,932	—
Net investment in finance lease - in Pakistan		2,090,198	2,041,392
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		2,149,273	1,963,256
Payable outside Pakistan		5,357,520	3,439,232
		7,506,793	5,402,488
Advances - gross		318,589,831	325,824,966
Provision for non-performing advances	8.1 & 8.3	(19,883,184)	(19,694,645)
General provision against consumer financing	8.3	(77,664)	(115,919)
		(19,960,848)	(19,810,564)
Advances - net of provision		298,628,983	306,014,402

- 8.1** Advances include Rs. 21,910.557 million (2014: Rs. 22,921.542 million) which have been placed under non-performing status as detailed below:-

September 30, 2015 (Un-audited)					
Category of Classification	Classified Advances			Provision	Provision
	Domestic	Overseas	Total	required	held
<hr/> Rupees in '000 <hr/>					
Other Assets Especially Mentioned	203,230	—	203,230	4,784	4,784
Substandard	1,208,387	—	1,208,387	299,582	299,582
Doubtful*	857,049	—	857,049	428,524	428,524
Loss	19,641,891	—	19,641,891	19,150,294	19,150,294
	<u>21,910,557</u>	<u>—</u>	<u>21,910,557</u>	<u>19,883,184</u>	<u>19,883,184</u>

December 31, 2014 (Audited)					
Category of Classification	Classified Advances			Provision	Provision
	Domestic	Overseas	Total	required	held
<hr/> Rupees in '000 <hr/>					
Other Assets Especially Mentioned	157,086	—	157,086	4,335	4,335
Substandard	1,708,825	—	1,708,825	425,860	425,860
Doubtful	3,582,362	—	3,582,362	1,791,181	1,791,181
Loss	17,473,269	—	17,473,269	17,473,269	17,473,269
	<u>22,921,542</u>	<u>—</u>	<u>22,921,542</u>	<u>19,694,645</u>	<u>19,694,645</u>

\* This excludes net exposure of Rs. 1,314.291 million against Warid Telecom (Private) Limited under State Bank of Pakistan permission Letter No. BPRD/BRD/HBL/2015/22574 dated October 14, 2015.

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2015

**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.

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

	September 30, 2015 (Un-audited)			December 31, 2014 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	19,694,645	115,919	19,810,564	18,242,365	132,187	18,374,552
Charge for the period / year	2,049,047	—	2,049,047	3,554,105	—	3,554,105
Reversals	(1,544,511)	(38,255)	(1,582,766)	(1,426,143)	(16,268)	(1,442,411)
Charged to profit and loss account	504,536	(38,255)	466,281	2,127,962	(16,268)	2,111,694
Amounts written off	(315,997)	—	(315,997)	(675,682)	—	(675,682)
Closing balance	19,883,184	77,664	19,960,848	19,694,645	115,919	19,810,564
				Un-audited September 30, 2015	Audited December 31, 2014	
	Rupees in '000					

## 9. BORROWINGS FROM FINANCIAL INSTITUTIONS

### Details of borrowings (Secured / Unsecured)

#### Secured

Borrowings from State Bank of Pakistan	10,590,675	18,410,660
Repurchase agreement borrowings	90,257,827	31,581,822

#### Unsecured

Call borrowings	30,533,594	15,907,040
Overdrawn nostro accounts	20,690	148,625
Borrowings from other financial institutions	29,255	48,325
	30,583,539	16,103,990
	131,432,041	66,096,472

## 10. DEPOSITS AND OTHER ACCOUNTS

### Customers

Fixed deposits	202,486,217	182,915,519
Savings deposits	184,967,673	170,313,716
Current accounts - remunerative	101,646,014	106,798,622
- non - remunerative	212,492,923	204,382,128
	701,592,827	664,409,985

### Financial Institutions

Remunerative deposits	3,239,405	2,067,539
Non - remunerative deposits	1,131,034	1,400,091
	705,963,266	667,877,615

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2015

## 11. SHARE CAPITAL

### 11.1 Authorised capital

Un-audited September 30, 2015	Audited December 31, 2014		Un-audited September 30, 2015	Audited December 31, 2014
No. of shares			Rupees in '000	
<u>1,500,000,000</u>	<u>1,500,000,000</u>	Ordinary shares of Rs. 10 each	<u>15,000,000</u>	<u>15,000,000</u>

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

Fully paid-up Ordinary shares of Rs. 10 each

Un-audited September 30, 2015	Audited December 31, 2014		Un-audited September 30, 2015	Audited December 31, 2014
No. of shares			Rupees in '000	
<u>406,780,094</u>	<u>406,780,094</u>	Fully paid in cash	<u>4,067,801</u>	<u>4,067,801</u>
<u>720,745,186</u>	<u>720,745,186</u>	Issued as bonus shares	<u>7,207,452</u>	<u>7,207,452</u>
<u>1,127,525,280</u>	<u>1,127,525,280</u>		<u>11,275,253</u>	<u>11,275,253</u>
		18,348,550 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation in accordance with the swap ratio stipulated therein less 9,200,000 Ordinary shares of Rs. 10 each, held by Ibrahim Leasing Limited on the cut-off date (September 30, 2004).	<u>91,486</u>	<u>91,486</u>
<u>9,148,550</u>	<u>9,148,550</u>			
		8,400,000 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation of First Allied Bank Modaraba with Allied Bank Limited in accordance with the share swap ratio stipulated therein.	<u>84,000</u>	<u>84,000</u>
<u>8,400,000</u>	<u>8,400,000</u>		<u>11,450,739</u>	<u>11,450,739</u>
<u>1,145,073,830</u>	<u>1,145,073,830</u>			

Ibrahim Fibers Limited, related party of the Bank, holds 194,041,916 (16.95%) [2014: 194,041,916 (16.95%)] ordinary shares of Rs. 10 each, as at reporting date.

## 12. CONTINGENCIES AND COMMITMENTS

### 12.1 Direct credit substitutes

Guarantees in favour of:

Banks and financial institutions	10,005,903	11,283,919
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### 12.2 Transaction-related contingent liabilities

Guarantees in favour of:

Government	467,352	523,334
Others	17,915,121	24,829,746

18,382,473 25,353,080

### 12.3 Trade-related contingent liabilities

48,938,633 59,779,998

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2015

	Un-audited September 30, 2015	Audited December 31, 2014
	Rupees in '000	
<b>12.4 Claims against the Bank not acknowledged as debt</b>	<b>4,560,821</b>	<b>5,674,919</b>
<b>12.5</b> The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.		
	Un-audited September 30, 2015	Audited December 31, 2014
	Rupees in '000	
<b>12.6 Commitments in respect of forward foreign exchange contracts</b>		
Purchase	56,460,360	65,524,611
Sale	36,390,345	26,343,223
<b>12.7 Commitments in respect of forwards</b>		
Forward purchase of Federal government securities	—	200,000
Forward sale of Federal government securities	—	750,000
<b>12.8 Commitments in respect of:</b>		
Civil works	905,674	663,398
Acquisition of operating fixed assets	614,300	758,854
	1,519,974	1,422,252
<b>12.9 Commitments in respect of lease financing</b>	<b>133,600</b>	<b>59,394</b>
<b>12.10 Commitments in respect of operating lease</b>	<b>—</b>	<b>2,814</b>
<b>12.11 Commitments in respect of software purchasing</b>	<b>2,062</b>	<b>—</b>

## 12.12 Other Contingencies

**12.12.1** There is no change in the status of contingencies, set out in note 22.11 to the unconsolidated financial statements of the Bank for the year ended December 31, 2014, except for the contingencies as mentioned below:

**12.12.2** The income tax assessments of the Bank have been finalized upto and including tax year 2014 for local and Azad Kashmir operations. While finalizing income tax assessments upto tax year 2014, income tax authorities made certain add backs with aggregate tax impact of Rs. 20,801 million (2014: 19,048 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. 20,801 million (2014: 19,048 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 2005, 2006 and tax year 2008 to 2014 and created an arbitrary demand of Rs. 1,218 million (2014: 1,218 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. 1,218 million (2014: 1,218 million).

Tax authorities have also issued orders under Federal Excise Act, 2005/Sales Tax Act, 1990/Sindh Sales Tax on Services Act 2011 for the year 2008 to 2014 thereby creating arbitrary aggregate demand of Rs. 633 million (2014: 573 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. 633 million (2014: 573 million).

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2015

	Nine Months Ended		Quarter Ended	
	September 30, 2015	2014	September 30, 2015	2014
	Rupees in '000			
<b>13 MARK-UP / RETURN / INTEREST EARNED</b>				
On loans and advances	19,481,756	21,767,848	5,548,397	7,020,568
On investments in:				
'Available-for-sale' securities	16,808,254	14,998,503	6,049,133	4,447,087
'Held-to-maturity' securities	16,902,204	10,741,121	5,549,574	4,941,160
'Held-for-trading' securities	476,012	17,724	376,092	1,067
	34,186,470	25,757,348	11,974,799	9,389,314
On deposits with financial institutions	3,206	9,220	–	231
On securities purchased under resale agreements	304,566	779,548	107,950	138,374
On certificates of investment	5,393	–	1,847	–
On call money lending	32,898	25,197	11,756	19,803
	54,014,289	48,339,161	17,644,749	16,568,290

## 14 MARK-UP / RETURN / INTEREST EXPENSED

Deposits	19,817,173	22,639,546	6,142,925	7,864,463
Long term borrowing	315,887	281,102	73,431	104,806
Securities sold under repurchase agreements	4,345,487	1,652,164	1,409,130	330,645
Call money borrowing	707,772	1,229,290	352,999	502,680
Brokerage and commission	106,857	98,094	30,112	33,909
Markup on sub-ordinated loans	203,896	331,002	46,330	101,153
Other short term borrowings	1,741,599	2,283,858	199,238	667,862
	27,238,671	28,515,056	8,254,165	9,605,518

- 15** Other income includes compensation on delayed refunds amounting to Rs. 820.248 million (2014: Rs. 907.380 million) under section 171 of the Income Tax Ordinance 2001 pertaining to assessment year 2007, 2011 to 2013 (2014: Assessment year 1997-98, 1999-00, 2000-01 and Tax year 2003 to 2007 & 2009 to 2011). This compensation has been calculated at the rates applicable under section 171 on the amount of refund for the period commencing at the end of the three months of refund becoming due to the Bank and the date of adjustment of refund by the income tax authorities.

- 16** The amount represents one time super tax levied on taxable income of the bank and impact of retrospective change in tax rate on capital gain and dividend income, promulgated through Finance Act, 2015, effective from Tax Year 2015.

	Nine Months Ended		Quarter Ended	
	September 30, 2015	2014	September 30, 2015	2014
	Rupees in '000			
<b>17 EARNINGS PER SHARE - BASIC AND DILUTED</b>				
Profit after taxation for the period attributable to ordinary shareholders	11,861,767	11,556,497	4,505,076	4,453,380
	Number of Shares			
Weighted average number of ordinary shares outstanding during the period.	1,145,073,830	1,145,073,830	1,145,073,830	1,145,073,830
	Rupees			
Earnings per share - basic and diluted for the period	10.36	10.09	3.93	3.89
There is no dilution effect on basic earnings per share.				



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

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

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2015

Nature of related party transactions	September 30, 2015 (Un-audited)					December 31, 2014 (Audited)				
	Directors	Associated Companies*	Subsidiary	Key management personnel	Other related parties	Directors	Associated Companies*	Subsidiary	Key management personnel	Other related parties
	Rupees in '000									
<b>Loans</b>										
Loans at the beginning of the period / year	47,285	1,985	-	205,255	134	68,906	-	-	226,005	4,383,941
Loans given during the period / year	25,156	-	-	149,771	87,816,235	24,967	34,475	-	74,860	38,920,987
Loans repaid / adjustments during the period / year	(30,606)	(25,936)	-	(91,431)	(86,153,159)	(46,588)	(32,490)	-	(95,610)	(43,304,794)
Loans at the end of the period / year	38,224	1,301	-	263,595	1,663,270	47,285	1,985	-	205,255	134
<b>Deposits</b>										
Deposits at the beginning of the period / year	34,696	25,497	13,744	92,933	6,853,139	66,134	14,829	7,166	18,527	14,606,555
Deposits received during the period / year	3,860,200	8,156,852	1,406,409	225,240	80,266,909	10,238,173	13,627,731	855,985	774,621	94,676,833
Deposits repaid during the period / year	(3,858,669)	(8,127,008)	(1,402,517)	(301,511)	(79,662,977)	(10,269,611)	(13,617,063)	(849,357)	(700,215)	(102,430,249)
Deposits at the end of the period / year	36,227	55,341	17,636	16,662	7,456,971	34,696	25,497	13,744	92,933	6,853,139
<b>Non-current assets</b>										
Nostro balances	-	72,022	-	-	-	-	69,595	-	-	-
Investments in shares / open end mutual funds	-	860,040	500,000	-	4,554,475	-	454,628	500,000	-	518,517
Other receivables	4,628	-	1,792	59,578	-	607	-	1,637	41,996	-
Net receivable from staff retirement benefit funds	-	-	-	-	4,692,122	-	-	-	-	4,470,966
Non funded exposure	-	-	-	-	1,924	-	-	-	-	-
	September 30, 2015 (Un-audited)					September 30, 2014 (Un-audited)				
	Directors	Associated Companies*	Subsidiary	Key management personnel	Other related parties	Directors	Associated Companies*	Subsidiary	Key management personnel	Other related parties
	Rupees in '000									
Mark-up earned	1,689	116	-	10,629	359,080	2,349	124	-	11,020	347,093
Income on Placements	-	1,704	-	-	-	-	1,536	-	-	-
Dividend Income	-	-	-	-	470,572	-	-	-	-	300,322
Capital Gain	-	-	-	-	77,875	-	-	-	-	492,757
Sales commission	-	-	4,777	-	-	-	-	5,613	-	-
Mark-up expense on Deposits	802	298	2,753	222	280,978	2,713	345	1,418	2,336	525,336
Fee commission / bank charges	30	62	8	48	697	21	71	17	47	428
Director's meeting fee	-	-	-	-	-	-	-	-	-	-
Remuneration	5,740	-	-	215,782	-	5,000	-	-	236,496	-
Other charges	37,092	26,126	-	-	72,325	63,931	-	-	-	68,027
Rent Expense**	-	5,718	-	-	-	-	5,718	-	-	-
Rent Income***	-	900	1,171	-	-	-	900	-	-	-
Reversal in respect of staff retirement benefit funds	-	-	-	-	(28)	-	-	-	-	(16,795)

Other balances held with related parties, outstanding at the end of period are included in note 11.2 to these unconsolidated financial statements.

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

\*\* Rent sharing expense of ABL branches with associate company (Ibrahim Fibres Limited) were carried out on terms other than that of arm's length with prior permission of State Bank of Pakistan.

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

\*\*\*\* Office located at Islamabad Stock Exchange Building rented out to associated company (Ibrahim Fibres Limited) at market value and with prior permission of State Bank of Pakistan.

- Bank also purchased Software from its associated company i.e. Link (Guarantee) Limited against the consideration of Rs. 371,765.

- During the year the outgoing/existing Key management personnel were given Laptops/IPAD under bank's policy amounting to Rs. 2,665,192.

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2015

## 19. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	For the Nine Months Ended September 30, 2015 (Un-audited)						
	Corporate & Investment Banking	Trading & Sales (Treasury)	Retail Banking	Commercial Banking	Others	Inter Segment Elimination	Total
	Rupees in '000						
Total Income	21,888,880	34,855,065	15,412,666	22,745,704	1,053,996	(34,135,454)	61,820,857
Total Expenses	(19,247,849)	(27,879,937)	(13,169,574)	(19,280,576)	(4,516,608)	34,135,454	(49,959,090)
Net Income	2,641,031	6,975,128	2,243,092	3,465,128	(3,462,612)	-	11,861,767

	For the Nine Months Ended September 30, 2014 (Un-audited)						
	Corporate & Investment Banking	Trading & Sales (Treasury)	Retail Banking	Commercial Banking	Others	Inter Segment Elimination	Total
	Rupees in '000						
Total Income	25,904,595	26,654,912	18,921,710	20,882,998	1,090,956	(35,056,374)	58,398,797
Total Expenses	(20,696,571)	(22,577,708)	(14,325,193)	(18,750,807)	(5,548,395)	35,056,374	(46,842,300)
Net Income	5,208,024	4,077,204	4,596,517	2,132,191	(4,457,439)	-	11,556,497

	As at September 30, 2015 (Un-audited)					
	Corporate & Investment Banking	Trading & Sales (Treasury)	Retail Banking	Commercial Banking	Others	Total
	Rupees in '000					
Segment Assets (Gross)	334,178,303	534,048,196	13,616,014	35,893,850	61,371,366	979,107,729

	As at December 31, 2014 (Audited)					
	Corporate & Investment Banking	Trading & Sales (Treasury)	Retail Banking	Commercial Banking	Others	Total
	Rupees in '000					
Segment Assets (Gross)	335,246,844	417,298,959	17,808,567	43,967,912	50,189,216	864,511,497

The Bank has revised the composition of its reportable segments, which is in line with the management reporting structure. Accordingly, the comparative segments information has been restated. This change shall have no impact on the Bank's overall Profit and Loss Account & Statement of Financial Position.

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2015

## 20 ISLAMIC BANKING BUSINESS

**20.1** The bank is operating 08 Islamic banking branches at September 30, 2015 (December 31, 2014: 04). The Bank started its Islamic banking operations effective from June, 2014. The statement of financial position of the Bank's Islamic Banking Branches as at September 30, 2015 is as follows:

	Note	Un-audited September 30, 2015	Audited December 31, 2014
		Rupees in '000	
<b>ASSETS</b>			
Cash and balances with treasury banks		78,963	30,636
Balances with other banks		—	—
Due from financial institutions		—	308,000
Investments		2,125,666	526,242
Islamic financing and related assets	20.2	18,932	—
Operating fixed assets		49,178	24,765
Deferred tax assets		—	—
Due from head office		7,498	16,061
Other assets		20,259	4,279
		2,300,496	909,983
<b>LIABILITIES</b>			
Bills payable		11,693	11,372
Borrowings from financial institutions		165,000	—
Deposits and other accounts			
-Current accounts		675,553	144,961
-Saving accounts		903,045	236,761
-Term deposits		17,770	500
Due from Financial Institutions - Remunerative		—	—
Due from Financial Institutions - Non-Remunerative		—	—
Deferred tax liability		—	—
Due to Head Office		—	—
Other liabilities		7,533	3,528
		1,780,594	397,122
<b>NET ASSETS</b>		519,902	512,861
<b>REPRESENTED BY</b>			
Islamic banking fund		500,000	500,000
Reserves		—	—
Unappropriated profit		366	23,222
		500,366	523,222
Surplus/ (Deficit) on revaluation of assets - net of tax		19,536	(10,361)
		519,902	512,861
<b>ISLAMIC FINANCING AND RELATED ASSETS</b>			
Ijarah	20.2.1	18,932	—
Gross Advance		18,932	—
Provision held		—	—
Advance-net of provision		18,932	—
<b>IJARAH</b>			
Financing		8,839	—
Advance		678	—
Assets/ Inventories		9,415	—
Others		—	—
		18,932	—

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2015

Un-audited September 30, 2015	Audited December 31, 2014
Rupees in '000	

## 20.3 CHARITY FUND

Opening Balance	—	—
Additions during the period	8	—
Payments/Utilization during the period	—	—
Closing Balance	8	—

**20.4** The profit and loss account of the Bank's Islamic banking business for the nine months ended September 30, 2015 is as follows:

	Un-audited Nine Months Ended September 30, 2015	September 30, 2014
	Rupees in '000	
Income / return / profit earned	59,698	7,220
Income / return / profit expensed	24,526	1,661
Net income / profit	35,172	5,559
Provision against non-performing loans and advances and general provision - net	—	—
Provision for diminution in the value of investments - net	—	—
Bad debts written off directly	—	—
Net profit / income after provisions	35,172	5,559

## NON MARK-UP / INTEREST INCOME

Fee, commission and brokerage income	2,861	297
Dividend income	17,458	47,880
Income from dealing in foreign currencies	—	—
Loss on sale of securities	(15,707)	143
Unrealized gain on revaluation of investments classified as 'held-for-trading' - net	—	—
Other income	22	—
Total non-markup / interest income	4,634	48,320
	39,806	53,879

## NON MARK-UP / INTEREST EXPENSES

Administrative expenses	62,660	19,140
Provision against other assets - net	—	—
Provision against off-balance sheet obligations - net	—	—
Other charges	—	—
Total non-markup / interest expenses	62,660	19,140
Extra-ordinary / unusual items	—	—
<b>(LOSS) / PROFIT BEFORE TAXATION</b>	<b>(22,854)</b>	<b>34,739</b>

## 20.5 Remuneration to Shariah Advisor / Board

3,046	1,100
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# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2015

## 21 GENERAL

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

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

**21.3** The Board of Directors of the Bank in its meeting held on October 22, 2015 has approved interim cash dividend for the nine months ended September 30, 2015 at Rs. 1.75 per share (September 30, 2014: Rs. 1.75 per share). The unconsolidated condensed interim financial statements for the nine months ended September 30, 2015 do not include the effect of this appropriation and will be accounted for in the financial statements of the period of declaration.

## 22 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on October 22, 2015 by the Board of Directors of the Bank.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman



Consolidated Condensed Interim Financial Statements  
For the nine months ended September 30, 2015

# Consolidated Condensed Interim Statement of Financial Position

as at September 30, 2015

	Note	Un-audited September 30, 2015	Audited December 31, 2014
<hr/> Rupees in '000 <hr/>			
<b>ASSETS</b>			
Cash and balances with treasury banks		33,457,327	41,252,303
Balances with other banks		1,093,870	873,500
Lendings to financial institutions	6	23,659,704	2,030,062
Investments	7	546,588,904	429,397,275
Advances	8	298,683,324	306,057,885
Operating fixed assets		27,684,296	27,270,823
Deferred tax assets		—	—
Other assets		26,537,372	36,215,718
		<hr/> 957,704,797	<hr/> 843,097,566
<b>LIABILITIES</b>			
Bills payable		4,699,456	4,831,801
Borrowings from financial institutions	9	131,432,041	66,096,472
Deposits and other accounts	10	705,945,631	667,863,871
Sub-ordinated loans		—	2,994,000
Liabilities against assets subject to finance lease		—	—
Deferred tax liabilities		8,855,522	3,629,645
Other liabilities		17,006,961	16,116,962
		<hr/> 867,939,611	<hr/> 761,532,751
<b>NET ASSETS</b>			
		<hr/> 89,765,186	<hr/> 81,564,815
<b>REPRESENTED BY</b>			
Share capital	11	11,450,739	11,450,739
Reserves		14,771,876	13,549,355
Unappropriated profit		42,336,315	37,728,181
		<hr/> 68,558,930	<hr/> 62,728,275
Surplus on revaluation of assets - net of tax		21,206,256	18,836,540
		<hr/> 89,765,186	<hr/> 81,564,815
<b>CONTINGENCIES AND COMMITMENTS</b>			
	12		

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman



# Consolidated Condensed Interim Profit and Loss Account

(Un-audited) for the nine months ended September 30, 2015

		Nine Months Ended		Quarter Ended	
	Note	September 30, 2015	2014	September 30, 2015	2014
		Rupees in '000			
Mark-up / return / interest earned	13	54,015,566	48,340,051	17,645,551	16,568,535
Mark-up / return / interest expensed	14	27,235,919	28,508,008	8,256,916	9,603,348
Net mark-up / interest income		26,779,647	19,832,043	9,388,635	6,965,187
Provision / (reversal) against non-performing loans and advances and general provision - net		466,281	(23,430)	(75,498)	(6,258)
Provision / (reversal) for diminution in the value of investments - net		7,945	(21,014)	—	(39,875)
Bad debts written off directly		—	—	—	—
		474,226	(44,444)	(75,498)	(46,133)
Net mark-up / interest income after provisions		26,305,421	19,876,487	9,464,133	7,011,320
NON MARK-UP / INTEREST INCOME					
Fee, commission and brokerage income		3,097,930	2,661,376	792,203	786,148
Dividend income		2,777,573	2,754,460	996,659	1,108,650
Income from dealing in foreign currencies		666,140	336,957	197,897	121,558
Gain on sale of securities		633,964	3,464,480	185,460	1,885,438
Unrealized gain on revaluation of investments classified as 'held-for-trading' - net		55,372	54,296	11,351	8,300
Other income	15	983,053	1,093,880	38,396	75,281
Total non-markup / interest income		8,214,032	10,365,449	2,221,966	3,985,375
		34,519,453	30,241,936	11,686,099	10,996,695
NON MARK-UP / INTEREST EXPENSES					
Administrative expenses		13,168,148	12,238,668	4,468,714	4,260,132
Provision against other assets - net		53,350	46,512	12,000	18,512
Provision / (reversal) against off-balance sheet obligations - net		57,785	13,270	79,927	(9,663)
Other charges		520,029	561,074	164,720	233,730
Total non-markup / interest expenses		13,799,312	12,859,524	4,725,361	4,502,711
Extra-ordinary / unusual items		—	—	—	—
PROFIT BEFORE TAXATION		20,720,141	17,382,412	6,960,738	6,493,984
Taxation					
Current	16	7,218,957	5,458,580	2,362,661	1,873,755
Prior years		1,460,245	—	—	—
Deferred		17,614	246,320	75,636	137,877
		8,696,816	5,704,900	2,438,297	2,011,632
PROFIT AFTER TAXATION		12,023,325	11,677,512	4,522,441	4,482,352
Earnings per share - Basic and Diluted (in Rupees)					
	17	10.50	10.20	3.95	3.91

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

# Consolidated Condensed Interim Statement of Comprehensive Income

(Un-audited) for the nine months ended September 30, 2015

	Nine Months Ended		Quarter Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
	Rupees in '000			
Profit after taxation for the period	12,023,325	11,677,512	4,522,441	4,482,352
<b>Other comprehensive income to be reclassified to profit and loss account in subsequent periods</b>				
Exchange differences on translation of net investment in foreign wholesale branch	36,344	(20,619)	45,933	50,617
<b>Comprehensive income transferred to equity</b>	<b>12,059,669</b>	<b>11,656,893</b>	<b>4,568,374</b>	<b>4,532,969</b>
<b>Comprehensive income not reflected in equity</b>				
Net change in fair value of 'available-for-sale' securities	7,657,919	50,955	364,829	(870,154)
Related deferred tax charge	(5,211,301)	(411,577)	(127,546)	(234,526)
	2,446,618	(360,622)	237,283	(1,104,680)
<b>Total comprehensive income for the period</b>	<b>14,506,287</b>	<b>11,296,271</b>	<b>4,805,657</b>	<b>3,428,289</b>

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

# Consolidated Condensed Interim Statement of Cash Flows

(Un-audited) for the nine months ended September 30, 2015

	Nine Months Ended	
	September 30, 2015	September 30, 2014
	Rupees in '000	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	20,720,141	17,382,412
Less: Dividend income	(2,777,573)	(2,754,460)
	<u>17,942,568</u>	<u>14,627,952</u>
<b>Adjustments for non-cash items:</b>		
Depreciation / amortization	1,504,719	1,372,757
Provision / (reversal) against non-performing loans, advances and general provision - net	466,281	(23,430)
Provision / (reversal) for diminution in the value of investments - net	7,945	(21,014)
Unrealized gain on revaluation of 'held-for-trading' securities - net	(55,372)	(54,296)
Provision against off balance sheet obligations - net	57,785	13,270
Provision against other assets - net	53,350	46,512
Provision for workers welfare fund	414,487	347,708
Gain on sale of fixed assets	(31,383)	(45,630)
	<u>2,417,812</u>	<u>1,635,877</u>
	<u>20,360,380</u>	<u>16,263,829</u>
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	(21,629,642)	(11,795,749)
Net (investments) / realization in 'held-for-trading' securities	(7,092,541)	2,931,029
Advances - net	6,908,280	(15,715,003)
Other assets (excluding advance taxation) - net	4,970,378	(6,675,966)
	<u>(16,843,525)</u>	<u>(31,255,689)</u>
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	(132,345)	584,914
Borrowings from financial institutions	65,463,504	11,198,583
Deposits and other accounts	38,081,760	34,955,668
Other liabilities	371,707	1,654,441
	<u>103,784,626</u>	<u>48,393,606</u>
	<u>107,301,481</u>	<u>33,401,746</u>
Income tax paid - net	<u>(2,982,663)</u>	<u>(4,322,129)</u>
<b>Net cash flow from operating activities</b>	<u>104,318,818</u>	<u>29,079,617</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net (investments) / realization in 'available-for-sale' securities	(100,918,636)	104,362,321
Net investments in 'held-to-maturity' securities	(1,681,009)	(125,260,536)
Dividend income received	1,805,527	2,462,195
Investments in operating fixed assets	(1,805,315)	(1,636,040)
Proceeds from sale of fixed assets	104,043	107,395
<b>Net cash used in investing activities</b>	<u>(102,495,390)</u>	<u>(19,964,665)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of sub-ordinated loan	(2,994,000)	(624,700)
Dividend paid	(6,268,048)	(4,706,601)
<b>Net cash used in financing activities</b>	<u>(9,262,048)</u>	<u>(5,331,301)</u>
Effect of translation of net investment in foreign branch	(8,051)	(20,619)
<b>Decrease in cash and cash equivalents during the period</b>	<u>(7,446,671)</u>	<u>3,763,032</u>
<b>Cash and cash equivalents at beginning of the period</b>	<u>41,977,178</u>	<u>45,775,367</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<u>34,530,507</u>	<u>49,538,399</u>

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

# Consolidated Condensed Interim Statement of Changes in Equity

(Un-audited) for the nine months ended September 30, 2015

	Capital Reserves				Revenue Reserves			
	Share Capital	Share Premium	Exchange Translation Reserve	Bonus Issue Reserve	Statutory Reserve	General Reserve	Un-appropriated Profit	Total
	Rupees in '000							
Balance as at January 01, 2014	10,409,763	333,864	84,741	-	12,013,553	6,000	31,343,147	54,191,068
Changes in equity during the nine months ended September 30, 2014								
Total comprehensive income for the nine months ended September 30, 2014								
- Net profit for the nine months ended September 30, 2014	-	-	-	-	-	-	11,671,512	11,671,512
- Effect of translation of net investment in foreign bank branch	-	-	(20,619)	-	-	-	-	(20,619)
	-	-	(20,619)	-	-	-	11,671,512	11,650,893
Transactions with owners recognized directly in equity								
Transfer to reserve for issue of bonus shares for the year ended December 31, 2013 @ 10%	1,040,976	(333,864)	-	1,040,976	-	-	(707,112)	-
Issue of bonus shares	-	-	-	(1,040,976)	-	-	-	-
Final cash dividend for the year ended December 31, 2013 (Rs. 1.5 per ordinary share)	-	-	-	-	-	-	(1,561,464)	(1,561,464)
First interim cash dividend for the year ended December 31, 2014 (Rs. 1.25 per ordinary share)	-	-	-	-	-	-	(1,431,342)	(1,431,342)
Second interim cash dividend for the year ended December 31, 2014 (Rs. 1.50 per ordinary share)	-	-	-	-	-	-	(1,717,611)	(1,717,611)
	1,040,976	(333,864)	-	-	-	-	(5,417,529)	(4,710,417)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	39,583	39,583
Transfer to statutory reserve	-	-	-	-	1,155,650	-	(1,155,650)	-
Balance as at September 30, 2014	11,450,739	-	64,122	-	13,169,203	6,000	36,481,063	61,171,127
Changes in equity during the quarter ended December 31, 2014								
Total comprehensive income for the quarter ended December 31, 2014								
- Net profit for the quarter ended December 31, 2014	-	-	-	-	-	-	3,530,488	3,530,488
- Effect of remeasurement of defined benefit plans net of deferred tax	-	-	-	-	-	-	60,277	60,277
- Effect of translation of net investment in foreign bank branch	-	-	(35,829)	-	-	-	-	(35,829)
	-	-	(35,829)	-	-	-	3,590,765	3,554,936
Transactions with owners recognized directly in equity								
Third interim cash dividend for the year ended December 31, 2014 (Rs. 1.75 per ordinary share)	-	-	-	-	-	-	(2,003,880)	(2,003,880)
	-	-	-	-	-	-	(2,003,880)	(2,003,880)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	6,092	6,092
Transfer to statutory reserve	-	-	-	-	345,859	-	(345,859)	-
Balance as at December 31, 2014	11,450,739	-	28,293	-	13,515,062	6,000	37,728,181	62,728,275
Changes in equity during the nine months ended September 30, 2015								
Total comprehensive income for the nine months ended September 30, 2015								
- Net profit for the nine months ended September 30, 2015	-	-	-	-	-	-	12,023,325	12,023,325
- Effect of translation of net investment in foreign bank branch	-	-	36,344	-	-	-	-	36,344
	-	-	36,344	-	-	-	12,023,325	12,059,669
Transactions with owners recognized directly in equity								
Final cash dividend for the year ended December 31, 2014 (Rs. 2 per ordinary share)	-	-	-	-	-	-	(2,290,148)	(2,290,148)
First interim cash dividend for the year ending December 31, 2015 (Rs. 1.75 per ordinary share)	-	-	-	-	-	-	(2,003,879)	(2,003,879)
Second interim cash dividend for the year ending December 31, 2015 (Rs. 1.75 per ordinary share)	-	-	-	-	-	-	(2,003,879)	(2,003,879)
	-	-	-	-	-	-	(6,297,906)	(6,297,906)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	68,892	68,892
Transfer to statutory reserve	-	-	-	-	1,186,177	-	(1,186,177)	-
Balance as at September 30, 2015	11,450,739	-	64,637	-	14,701,239	6,000	42,336,315	68,558,930

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2015

## 1 STATUS AND NATURE OF BUSINESS

Allied Bank Limited ("the Bank"), incorporated in Pakistan, is a scheduled Bank, engaged in commercial banking and related services. The Bank is listed on all stock exchanges in Pakistan. The Bank operates a total of 1,000 (2014: 998) branches including 08 (2014: 4) Islamic banking branches in Pakistan, 1 branch (2014: 1) in Karachi Export Processing Zone and 1 wholesale banking branch (2014: 1) in Bahrain. The long term credit rating of the Bank assigned by The Pakistan Credit Rating Agency Limited (PACRA) is 'AA+'. Short term rating of the Bank is 'A1+'. The Bank is the holding company of ABL Asset Management Company Limited.

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

### Subsidiary Company

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

ABL Asset Management company is managing following 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 Principal Preservation Fund	Launched on December 24, 2013
- ABL Islamic Principal Preservation Fund-II	Launched on March 31, 2014
- ABL Pension Fund	Launched on August 20, 2014
- ABL Islamic Pension Fund	Launched on August 20, 2014

## 2 STATEMENT OF COMPLIANCE

2.1 These consolidated condensed interim financial statements of the Group for the nine months ended September 30, 2015 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by the State Bank of Pakistan (SBP). In case where requirements of provisions and directives issued under the Banking Companies Ordinance, 1962, Companies Ordinance 1984 and the directives issued by SBP differs, the directives issued by SBP shall prevail.

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

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

## 3 BASIS OF MEASUREMENT

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

- Investments;
- Operating fixed assets; and
- Fair value of derivatives

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2015

## 4 BASIS OF PRESENTATION

4.1 The disclosures included in these consolidated condensed interim financial statements are limited based on the format prescribed by the State Bank of Pakistan, vide BSD Circular Letter No. 2 dated May 12, 2004, vide BSD Circular Letter No. 7 dated April 20, 2010 and International Accounting Standard 34, Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and these consolidated condensed interim financial statements should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2014.

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 20 to these financial statements.

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

- Defined Benefit Plans: Employees contributions (Amendments to IAS 19);
- Annual Improvements to IFRSs 2010-2012 Cycle;
- Annual Improvements to IFRSs 2011-2013 Cycle

The adoption of above amendments and improvements did not have any effect on the financial statements.

## 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, except for change in basis of measurement and presentation of segment information as disclosed in note 19.

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, 2014.

## 5.3 Measurement of fair values

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

	Note	Un-audited September 30, 2015	Audited December 31, 2014
Rupees in '000			
<b>6. LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Repurchase agreement lendings			
(Reverse Repo)	6.1	23,159,704	919,646
Certificates of investment	6.2	70,000	70,000
Call money lendings	6.3	500,000	1,110,416
		<u>23,729,704</u>	<u>2,100,062</u>
Provision against lendings to financial institutions		(70,000)	(70,000)
		<u>23,659,704</u>	<u>2,030,062</u>

6.1 These are short-term lendings to various financial institutions against the Government securities. These carry mark-up at rate, ranging between 6.35% to 6.51% (2014: 9.70%) per annum and will mature on various dates latest by October 07, 2015.

6.2 This represents a classified certificate of investment.

6.3 These represent unsecured call money lendings, in local currency, carrying mark-up rate of 6.50% (2014: 9.40% to 9.70%) per annum and will mature on various dates latest by October 01, 2015.

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2015

## 7. INVESTMENTS

	Note	Held by Group	Given as collateral	Total
Rupees in '000				
<b>Current period - September 30, 2015 (Un-audited)</b>	7.1	<b>456,406,550</b>	<b>90,182,354</b>	<b>546,588,904</b>
<b>Prior year - December 31, 2014 (Audited)</b>	7.1	<b>397,627,456</b>	<b>31,769,819</b>	<b>429,397,275</b>
Un-audited		Audited		
As at September 30, 2015		As at December 31, 2014		
		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	14,199,677	—	14,199,677	2,474,557	—	2,474,557
Pakistan Investment Bonds	2,203,468	—	2,203,468	6,997,811	—	6,997,811
Units of open-ended mutual funds / pension funds	1,198,623	—	1,198,623	1,003,933	—	1,003,933
Sukuk Bonds	22,446	—	22,446	—	—	—
	17,624,214	—	17,624,214	10,476,301	—	10,476,301

#### Available-for-sale securities

Market Treasury Bills	121,603,776	5,448,334	127,052,110	81,149,936	31,696,602	112,846,538
Pakistan Investment Bonds	72,273,261	80,285,552	152,558,813	72,370,892	—	72,370,892
Ordinary shares of listed companies / certificates of close ended mutual funds	17,641,358	—	17,641,358	20,088,582	—	20,088,582
Preference shares	87,178	—	87,178	136,855	—	136,855
Units of open ended mutual funds	150,000	—	150,000	250,000	—	250,000
Ordinary shares of unlisted companies	2,479,767	—	2,479,767	2,223,838	—	2,223,838
Investment in related parties						
- Listed shares	4,053,509	—	4,053,509	—	—	—
- Unlisted shares	861,567	—	861,567	456,155	—	456,155
- Units of open ended mutual funds	135,000	—	135,000	458,299	—	458,299
Sukuk bonds	2,064,302	—	2,064,302	2,233,278	—	2,233,278
GOP Sukuk bonds	4,576,107	—	4,576,107	—	—	—
GOP Ijara Sukuk	451,102	—	451,102	—	—	—
Term finance certificates (TFCs)	2,709,711	—	2,709,711	2,837,451	—	2,837,451
	229,086,638	85,733,886	314,820,524	182,205,286	31,696,602	213,901,888

#### Held-to-maturity securities

Pakistan Investment Bonds	185,443,753	—	185,443,753	184,587,797	—	184,587,797
GOP Sukuk bonds	1,052,742	—	1,052,742	—	—	—
GOP Ijara Sukuk bonds	150,651	—	150,651	151,602	—	151,602
Foreign currency bonds (US\$)	4,859,885	—	4,859,885	4,570,147	—	4,570,147
TFCs, Bonds and PTCs	1,578,256	—	1,578,256	2,094,732	—	2,094,732
	193,085,287	—	193,085,287	191,404,278	—	191,404,278

#### Investment at cost

	439,796,139	85,733,886	525,530,025	384,085,865	31,696,602	415,782,467
Provision for diminution in the value of investments	(973,178)	—	(973,178)	(977,183)	—	(977,183)

#### Investments (net of provisions)

	438,822,961	85,733,886	524,556,847	383,108,682	31,696,602	414,805,284
Unrealized surplus on revaluation of 'held-for-trading' securities	55,372	—	55,372	273,225	—	273,225
Surplus on revaluation of 'available-for-sale' securities	17,528,217	4,448,468	21,976,685	14,245,549	73,217	14,318,766
<b>Total investments at market value</b>	<b>456,406,550</b>	<b>90,182,354</b>	<b>546,588,904</b>	<b>397,627,456</b>	<b>31,769,819</b>	<b>429,397,275</b>

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2015

	Note	Un-audited September 30, 2015	Audited December 31, 2014
Rupees in '000			
<b>8. ADVANCES</b>			
Loans, cash credits, running finances, etc.			
In Pakistan		303,421,196	313,400,414
Outside Pakistan		5,607,053	5,024,155
Islamic financing and related assets		18,932	—
Net investment in finance lease - in Pakistan		2,090,198	2,041,392
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		2,149,273	1,963,256
Payable outside Pakistan		5,357,520	3,439,232
		7,506,793	5,402,488
Advances - gross		318,644,172	325,868,449
Provision for non-performing advances	8.1 & 8.3	(19,883,184)	(19,694,645)
General provision against consumer financing	8.3	(77,664)	(115,919)
		(19,960,848)	(19,810,564)
Advances - net of provision		298,683,324	306,057,885

- 8.1** Advances include Rs. 21,910.557 million (2014: Rs. 22,921.542 million) which have been placed under non-performing status as detailed below:-

September 30, 2015 (Un-audited)					
Category of Classification	Classified Advances			Provision	Provision
	Domestic	Overseas	Total	required	held
Rupees in '000					
Other Assets Especially Mentioned	203,230	—	203,230	4,784	4,784
Substandard	1,208,387	—	1,208,387	299,582	299,582
Doubtful*	857,049	—	857,049	428,524	428,524
Loss	19,641,891	—	19,641,891	19,150,294	19,150,294
	21,910,557	—	21,910,557	19,883,184	19,883,184

December 31, 2014 (Audited)					
Category of Classification	Classified Advances			Provision	Provision
	Domestic	Overseas	Total	required	held
Rupees in '000					
Other Assets Especially Mentioned	157,086	—	157,086	4,335	4,335
Substandard	1,708,825	—	1,708,825	425,860	425,860
Doubtful	3,582,362	—	3,582,362	1,791,181	1,791,181
Loss	17,473,269	—	17,473,269	17,473,269	17,473,269
	22,921,542	—	22,921,542	19,694,645	19,694,645

\* This excludes net exposure of Rs. 1,314.291 million against Warid Telecom (Private) Limited under State Bank of Pakistan permission Letter No. BPRD/BRD/HBL/2015/22574 dated October 14, 2015.



# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2015

**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.

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

	September 30, 2015 (Un-audited)			December 31, 2014 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	19,694,645	115,919	19,810,564	18,242,365	132,187	18,374,552
Charge for the period / year	2,049,047	—	2,049,047	3,554,105	—	3,554,105
Reversals	(1,544,511)	(38,255)	(1,582,766)	(1,426,143)	(16,268)	(1,442,411)
Charged to profit and loss account	504,536	(38,255)	466,281	2,127,962	(16,268)	2,111,694
Amounts written off	(315,997)	—	(315,997)	(675,682)	—	(675,682)
Closing balance	19,883,184	77,664	19,960,848	19,694,645	115,919	19,810,564

Un-audited  
September 30,  
2015  
Rupees in '000

Audited  
December 31,  
2014

## 9. BORROWINGS FROM FINANCIAL INSTITUTIONS

### Details of borrowings (Secured / Unsecured)

#### Secured

Borrowings from State Bank of Pakistan	10,590,675	18,410,660
Repurchase agreement borrowings	90,257,827	31,581,822

#### Unsecured

Call borrowings	30,533,594	15,907,040
Overdrawn nostro accounts	20,690	148,625
Borrowings from other financial institutions	29,255	48,325
	30,583,539	16,103,990
	131,432,041	66,096,472

## 10. DEPOSITS AND OTHER ACCOUNTS

### Customers

Fixed deposits	202,486,217	182,112,271
Savings deposits	184,950,038	170,704,682
Current accounts - remunerative	101,646,014	106,833,615
- non - remunerative	212,492,923	205,251,059
	701,575,192	664,901,627

### Financial Institutions

Remunerative deposits	3,239,405	2,431,085
Non - remunerative deposits	1,131,034	531,159
	705,945,631	667,863,871

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2015

## 11. SHARE CAPITAL

### 11.1 Authorised capital

Un-audited September 30, 2015	Audited December 31, 2014		Un-audited September 30, 2015	Audited December 31, 2014
No. of shares			Rupees in '000	
<u>1,500,000,000</u>	<u>1,500,000,000</u>	Ordinary shares of Rs. 10 each	<u>15,000,000</u>	<u>15,000,000</u>

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

Fully paid-up Ordinary shares of Rs. 10 each

Un-audited September 30, 2015	Audited December 31, 2014		Un-audited September 30, 2015	Audited December 31, 2014
No. of shares			Rupees in '000	
<u>406,780,094</u>	<u>406,780,094</u>	Fully paid in cash	<u>4,067,801</u>	<u>4,067,801</u>
<u>720,745,186</u>	<u>720,745,186</u>	Issued as bonus shares	<u>7,207,452</u>	<u>7,207,452</u>
<u>1,127,525,280</u>	<u>1,127,525,280</u>		<u>11,275,253</u>	<u>11,275,253</u>
		18,348,550 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation in accordance with the swap ratio stipulated therein less 9,200,000 Ordinary shares of Rs. 10 each, held by Ibrahim Leasing Limited on the cut-off date (September 30, 2004).		
<u>9,148,550</u>	<u>9,148,550</u>		<u>91,486</u>	<u>91,486</u>
		8,400,000 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation of First Allied Bank Modaraba with Allied Bank Limited in accordance with the share swap ratio stipulated therein.		
<u>8,400,000</u>	<u>8,400,000</u>		<u>84,000</u>	<u>84,000</u>
<u>1,145,073,830</u>	<u>1,145,073,830</u>		<u>11,450,739</u>	<u>11,450,739</u>

Ibrahim Fibers Limited, related party of the Bank, holds 194,041,916 (16.95%) [2014: 194,041,916 (16.95%)] ordinary shares of Rs. 10 each, as at reporting date.

Un-audited September 30, 2015	Audited December 31, 2014
Rupees in '000	

## 12. CONTINGENCIES AND COMMITMENTS

### 12.1 Direct credit substitutes

Guarantees in favour of:

Banks and financial institutions

10,005,903 11,283,919

### 12.2 Transaction-related contingent liabilities

Guarantees in favour of:

Government

Others

<u>467,352</u>	<u>523,334</u>
<u>17,915,121</u>	<u>24,829,746</u>
<u>18,382,473</u>	<u>25,353,080</u>

### 12.3 Trade-related contingent liabilities

48,938,633 59,779,998

### 12.4 Claims against the Bank not acknowledged as debt

4,560,821 5,674,919

**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.

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2015

	Un-audited September 30, 2015	Audited December 31, 2014
	Rupees in '000	
<b>12.6 Commitments in respect of forward foreign exchange contracts</b>		
Purchase	56,460,360	65,524,611
Sale	36,390,345	26,343,223
<b>12.7 Commitments in respect of forwards</b>		
Forward purchase of Federal government securities	—	200,000
Forward sale of Federal government securities	—	750,000
<b>12.8 Commitments in respect of:</b>		
Civil works	905,674	663,398
Acquisition of operating fixed assets	614,300	758,854
	1,519,974	1,422,252
<b>12.9 Commitments in respect of lease financing</b>	133,600	59,394
<b>12.10 Commitments in respect of operating lease</b>	—	2,814
<b>12.11 Commitments in respect of software purchasing</b>	2,062	—
<b>12.12 Other Commitments</b>	1,420	1,154
<b>12.13 Other Contingencies</b>		

**12.13.1** There is no change in the status of contingencies, set out in note 22.12 to the consolidated financial statements of the Group for the year ended December 31, 2014, except for the contingencies as mentioned below:

**12.13.2** The income tax assessments of the Bank have been finalized upto and including tax year 2014 for local and Azad Kashmir operations. While finalizing income tax assessments upto tax year 2014, income tax authorities made certain add backs with aggregate tax impact of Rs. 20,801 million (2014: 19,048 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. 20,801 million (2014: 19,048 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 2005, 2006 and tax year 2008 to 2014 and created an arbitrary demand of Rs. 1,226 million (2014: 1,226 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. 1,226 million (2014: 1,226 million).

Tax authorities have also issued orders under Federal Excise Act, 2005/Sales Tax Act, 1990/Sindh Sales Tax on Services Act 2011 for the year 2008 to 2014 thereby creating arbitrary aggregate demand of Rs. 633 million (2014: 573 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. 633 million (2014: 573 million).

The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 whereby, it was alleged that Collective Investment Schemes (CISs)/Mutual Funds whose income exceeds Rs. 0.5 million in a tax year are liable to pay WWF. A writ petition has been filed in Sindh High Court to challenge the applicability of WWF. ABL AMC has undertaken to bear an amount of Rs. 27.38 million, if applicable, in respect of CISs managed by it. Therefore, no provision is made in these financial statements for said amount of RS. 27.38 million because the management is confident that based on MUFAP's legal Council opinion dated December 12, 2011, the matter will be decided favourably in due course.

Through Finance Act, 2015 a change has been made in definition whereby, the mutual funds have been excluded from levy of WWF. The change appear to apply prospectively, therefore, the matter regarding previous years would need to be clarified by Regulatory Bodies/ Courts.

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2015

	Nine Months Ended		Quarter Ended	
	September 30, 2015	2014	September 30, 2015	2014
	Rupees in '000			
<b>13 MARK-UP / RETURN / INTEREST EARNED</b>				
On loans and advances	19,482,574	21,768,840	5,548,740	7,020,916
On investments in:				
'Available-for-sale' securities	16,808,254	14,998,503	6,049,134	4,447,087
'Held-to-maturity' securities	16,902,204	10,741,121	5,549,574	4,941,160
'Held-for-trading' securities	476,470	17,724	376,550	1,067
	34,186,928	25,757,348	11,975,258	9,389,314
On deposits with financial institutions	3,207	9,118	–	128
On securities purchased under resale agreements	304,566	779,548	107,950	138,374
On certificates of investment	5,393	–	1,847	–
On call money lending	32,898	25,197	11,756	19,803
	54,015,566	48,340,051	17,645,551	16,568,535

<b>14 MARK-UP / RETURN / INTEREST EXPENSED</b>				
Deposits	19,814,421	22,638,128	6,142,483	7,863,909
Long term borrowing	315,887	281,102	73,431	104,806
Securities sold under repurchase agreements	4,345,487	1,652,164	1,409,130	330,645
Call money borrowing	707,772	1,229,290	352,999	502,680
Brokerage and commission	106,857	92,464	33,305	32,293
Markup on sub-ordinated loans	203,896	331,002	46,330	101,153
Other short term borrowings	1,741,599	2,283,858	199,238	667,862
	27,235,919	28,508,008	8,256,916	9,603,348

**15** Other income includes compensation on delayed refunds amounting to Rs. 820.248 million (2014: Rs. 907.380 million) under section 171 of the Income Tax Ordinance 2001 pertaining to assessment year 2007, 2011 to 2013 (2014: Assessment year 1997-98, 1999-00, 2000-01 and Tax year 2003 to 2007 & 2009 to 2011). This compensation has been calculated at the rates applicable under section 171 on the amount of refund for the period commencing at the end of the three months of refund becoming due to the Bank and the date of adjustment of refund by the income tax authorities.

**16** The amount represents one time super tax levied on taxable income of the bank and impact of retrospective change in tax rate on capital gain and dividend income, promulgated through Finance Act, 2015, effective from Tax Year 2015.

	Nine Months Ended		Quarter Ended	
	September 30, 2015	2014	September 30, 2015	2014
	Rupees in '000			
<b>17 EARNINGS PER SHARE - BASIC AND DILUTED</b>				
Profit after taxation for the period attributable to ordinary shareholders	12,023,325	11,677,512	4,522,441	4,482,352
	Number of Shares			
Weighted average number of ordinary shares outstanding during the period.	1,145,073,830	1,145,073,830	1,145,073,830	1,145,073,830
	Rupees			
Earnings per share - basic and diluted for the period	10.50	10.20	3.95	3.91
There is no dilution effect on basic earnings per share.				

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2015

## 18. RELATED PARTY TRANSACTIONS

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

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

	Un-audited September 30, 2015				Audited December 31, 2014			
	Directors	Associated companies*	Key management personnel	Other related parties	Directors	Associated companies*	Key management personnel	Other related parties
Rupees in '000								
<b>Nature of related party transactions</b>								
<b>Loans</b>								
Loans at the beginning of the period / year	47,285	1,985	217,707	134	68,906	-	239,437	4,383,941
Loans given during the period / year	21,545	25,152	149,771	87,816,295	24,967	34,475	74,860	38,920,987
Loans repaid / adjustments during the period / year	(30,607)	(25,836)	(92,116)	(86,153,159)	(46,588)	(32,490)	(96,590)	(43,304,794)
Loans at the end of the period / year	38,223	1,301	275,362	1,663,270	47,285	1,985	217,707	134
<b>Deposits</b>								
Deposits at the beginning of the period / year	34,696	25,497	92,933	6,853,139	66,134	14,829	18,527	14,606,555
Deposits received during the period / year	3,860,200	8,156,852	225,240	80,266,809	10,238,173	13,627,731	774,621	94,676,833
Deposits repaid during the period / year	(3,858,669)	(8,127,008)	(301,511)	(79,682,977)	(10,289,611)	(13,617,063)	(700,215)	(102,430,249)
Deposits at the end of the period / year	36,227	55,341	16,662	7,456,971	34,696	25,497	92,933	6,853,139
<b>Other financial instruments</b>								
Nostro balances	-	72,022	-	-	-	69,595	-	-
Investments in shares / open end mutual funds	-	860,040	-	5,804,873	-	454,628	-	1,625,017
Other receivables	4,628	-	59,578	184,928	607	-	41,996	135,279
Other payables	-	-	-	110	-	-	-	110
Net receivable from staff retirement benefit funds	-	-	-	4,692,122	-	-	-	4,470,566
Non funded exposure	-	-	-	1,924	-	-	-	-

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2015

	Un-audited September 30, 2015			Un-audited September 30, 2014				
	Directors	Associated companies*	Key management personnel	Other related parties	Directors	Associated companies*	Key management personnel	Other related parties
	Rupees in '000							
Mark-up earned	1,689	116	10,819	359,080	2,349	124	11,307	347,093
Income on Placements	-	-	-	-	-	1,536	-	-
Dividend Income	-	-	-	485,118	-	-	-	300,322
Capital Gain	-	-	-	77,875	-	-	-	482,757
Sales commission	-	-	-	9,809	-	-	-	4,655
Management fee income	-	-	-	-	-	-	-	232,809
Mark-up expense on Deposits	802	298	222	306,077	2,713	345	2,336	525,336
Fee commission / bank charges	30	62	48	697	21	71	47	428
Director's meeting fee	5,965	-	-	-	5,050	-	-	-
Remuneration	37,092	-	241,293	-	63,931	-	259,135	-
Other charges	-	26,126	-	72,325	-	-	-	68,027
Rent Expense**	-	17,300	-	-	-	15,921	-	-
Rent Income***	-	900	-	-	-	900	-	-
Reversal in respect of staff retirement benefit funds	-	-	-	4,285	-	-	-	(13,377)

Other balances held with related parties, outstanding at the end of period are included in note 11.2 to these consolidated financial statements.

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

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

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

\*\*\* Office located at Islamabad Stock Exchange Building rented out to associated company (Ibrahim Fibers Limited) at market value and with prior permission of State Bank of Pakistan.

- Bank also purchased Software from its associated company i.e. 1Link (Guarantee) Limited against the consideration of Rs. 371,765.

- During the year the outgoing/existing Key management personnel were given Laptops/IPAD under bank's policy amounting to Rs. 2,665,192.

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2015

## 19. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	For the Nine Months Ended September 30, 2015 (Un-audited)							
	Corporate & Investment Banking	Trading & Sales (Treasury)	Retail Banking	Commercial Banking	Others	Asset Management	Inter Segment Elimination	Total
	Rupees in '000							
Total Income	21,888,880	34,855,065	15,412,666	22,745,704	1,053,996	417,449	(34,144,162)	62,229,598
Total Expenses	(19,247,849)	(27,879,937)	(13,169,574)	(19,280,576)	(4,516,608)	(255,891)	34,144,162	(50,206,273)
Net Income	2,641,031	6,975,128	2,243,092	3,465,128	(3,462,612)	161,558	-	12,023,325

	For the Nine Months Ended September 30, 2014 (Un-audited)							
	Corporate & Investment Banking	Trading & Sales (Treasury)	Retail Banking	Commercial Banking	Others	Asset Management	Inter Segment Elimination	Total
	Rupees in '000							
Total Income	25,904,595	26,654,912	18,921,710	20,882,998	1,090,956	313,750	(35,063,421)	58,705,500
Total Expenses	(20,696,571)	(22,577,708)	(14,325,193)	(18,750,807)	(5,548,395)	(192,735)	35,063,421	(47,027,988)
Net Income	5,208,024	4,077,204	4,596,517	2,132,191	(4,457,439)	121,015	-	11,677,512

As at September 30, 2015 (Un-audited)							
	Corporate & Investment Banking	Trading & Sales (Treasury)	Retail Banking	Commercial Banking	Others	Asset Management	Total
Rupees in '000							
Segment Assets (Gross)	334,178,303	534,048,196	13,616,014	35,893,850	60,851,939	1,557,608	980,145,910

As at December 31, 2014 (Audited)							
	Corporate & Investment Banking	Trading & Sales (Treasury)	Retail Banking	Commercial Banking	Others	Asset Management	Total
Rupees in '000							
Segment Assets (Gross)	335,246,844	417,298,959	17,808,567	43,967,912	49,673,832	1,343,822	865,339,936

The Bank has revised the composition of its reportable segments, which is in line with the management reporting structure. Accordingly, the comparative segments information has been restated. This change shall have no impact on the Bank's overall Profit and Loss Account & Statement of Financial Position.

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2015

## 20 ISLAMIC BANKING BUSINESS

**20.1** The bank is operating 08 Islamic banking branches at September 30, 2015 (December 31, 2014: 04). The Bank started its Islamic banking operations effective from June, 2014. The statement of financial position of the Bank's Islamic Banking Branches as at September 30, 2015 is as follows:

	Note	Un-audited September 30, 2015	Audited December 31, 2014
Rupees in '000			
<b>ASSETS</b>			
Cash and balances with treasury banks		78,963	30,636
Balances with other banks		—	—
Due from financial institutions		—	308,000
Investments		2,125,666	526,242
Islamic financing and related assets	20.2	18,932	—
Operating fixed assets		49,178	24,765
Deferred tax assets		—	—
Due from head office		7,498	16,061
Other assets		20,259	4,279
		<b>2,300,496</b>	<b>909,983</b>
<b>LIABILITIES</b>			
Bills payable		11,693	11,372
Borrowings from financial institutions		165,000	—
Deposits and other accounts			
- Current accounts		675,553	144,961
- Saving accounts		903,045	236,761
- Term deposits		17,770	500
Due from Financial Institutions - Remunerative		—	—
Due from Financial Institutions - Non-Remunerative		—	—
Deferred tax liability		—	—
Due to Head Office		—	—
Other liabilities		7,533	3,528
		<b>1,780,594</b>	<b>397,122</b>
<b>NET ASSETS</b>		<b>519,902</b>	<b>512,861</b>
<b>REPRESENTED BY</b>			
Islamic banking fund		500,000	500,000
Reserves		—	—
Unappropriated profit		366	23,222
		<b>500,366</b>	<b>523,222</b>
Surplus/ (Deficit) on revaluation of assets - net of tax		19,536	(10,361)
		<b>519,902</b>	<b>512,861</b>
<b>20.2 ISLAMIC FINANCING AND RELATED ASSETS</b>			
Ijarah	20.2.1	18,932	—
Gross Advance		18,932	—
Provision held		—	—
Advance-net of provision		<b>18,932</b>	<b>—</b>
<b>20.2.1 IJARAH</b>			
Financing		8,839	—
Advance		678	—
Assets/ Inventories		9,415	—
Others		—	—
		<b>18,932</b>	<b>—</b>



# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2015

Un-audited September 30, 2015	Audited December 31, 2014
Rupees in '000	

## 20.3 CHARITY FUND

Opening Balance	—	—
Additions during the period	8	—
Payments/Utilization during the period	—	—
Closing Balance	8	—

**20.4** The profit and loss account of the Bank's Islamic banking business for the nine months ended September 30, 2015 is as follows:

	Nine Months Ended	
	September 30, 2015	September 30, 2014
	Rupees in '000	
Income / return / profit earned	59,698	7,220
Income / return / profit expensed	24,526	1,661
Net income / profit	35,172	5,559
Provision against non-performing loans and advances and general provision - net	—	—
Provision for diminution in the value of investments - net	—	—
Bad debts written off directly	—	—
Net profit / income after provisions	35,172	5,559

## NON MARK-UP / INTEREST INCOME

Fee, commission and brokerage income	2,861	297
Dividend income	17,458	47,880
Income from dealing in foreign currencies	—	—
Loss on sale of securities	(15,707)	143
Unrealized gain on revaluation of investments classified as 'held-for-trading' - net	—	—
Other income	22	—
Total non-markup / interest income	4,634	48,320
	39,806	53,879

## NON MARK-UP / INTEREST EXPENSES

Administrative expenses	62,660	19,140
Provision against other assets - net	—	—
Provision against off-balance sheet obligations - net	—	—
Other charges	—	—
Total non-markup / interest expenses	62,660	19,140
Extra-ordinary / unusual items	—	—
<b>(LOSS) / PROFIT BEFORE TAXATION</b>	<b>(22,854)</b>	<b>34,739</b>

## 20.5 Remuneration to Shariah Advisor / Board

3,046	1,100
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# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2015

## 21 GENERAL

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

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

**21.3** The Board of Directors of the Bank in its meeting held on October 22, 2015 has approved interim cash dividend for the nine months ended September 30, 2015 at Rs. 1.75 per share (September 30, 2014: Rs. 1.75 per share). The consolidated condensed interim financial statements for the nine months ended September 30, 2015 do not include the effect of this appropriation and will be accounted for in the financial statements of the period of declaration.

## 22 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue on October 22, 2015 by the Board of Directors of the Bank.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman





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