

Condensed Interim Financial Statements
for the Quarter ended March 31, 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
Pervaiz Iqbal Butt
A. Akbar Sharifzada
Dr. Muhammad Akram Sheikh
Tariq Mahmood

Audit Committee of Board

Mubashir A. Akhtar
(Chairman)

Pervaiz Iqbal Butt
A. Akbar Sharifzada

Human Resource & Remuneration Committee

Abdul Aziz Khan
(Chairman)

Muhammad Waseem Mukhtar
Pervaiz Iqbal Butt
Tariq Mahmood

Company Secretary

Muhammad Raffat

Auditors

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 of Your Bank for the first quarter ended March 31, 2015:

Financial Highlights

Financial Highlights

	(Rupees in million)		Growth
	Quarter ended March 31,		
	2015	2014	
Profit After Tax	4,210	3,240	30%
Un-appropriated profits brought forward	37,053	30,856	20%
Transfer from surplus on revaluation of fixed assets – net of tax	24	5	380%
Profit available for appropriation	41,287	34,101	21%
Final cash dividend for the year ended December 31, 2014 Rs. 2.0 per share (2014: year ended December 31, 2013 at Rs. 1.5 per share	(2,290)	(1,562)	47%
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	(421)	(324)	30%
Un-appropriated profits carried forward	38,576	31,508	22%
Earnings Per Share (EPS) (Rs.)	3.68	2.83	30%

The Board is pleased to announce an interim cash dividend of Rs. 1.75 per share for the first quarter ended March 31, 2015 (March 31, 2014: Rs. 1.25 per share).

Economic Overview

Pakistan's economy demonstrated resilience on back of declining global oil prices, which started towards the end of 2014, and steady implementation of institutional reforms as set out under IMF's program. The sudden drop in global oil prices has brought real income shifts and a distinct set of opportunities for oil importing nations including Pakistan.

Growth in Large Scale Manufacturing (LSM) remained 2.2% between Jul'14 and Jan'15; going forward, the sector would steadily gain momentum as lagged impact of monetary easing begins to trickle down. The major downside hindering the growth is persistent energy crises.

Foreign exchange reserves continued to improve during the first quarter of 2015 with end-March reserves reaching US\$16,194 million; supported by favorable impact of fall in global oil prices, disbursements program of international multilateral agencies and privatization proceeds. As a result, Pakistan Rupee exchange parity with US\$ remained stable during the quarter under review.

External current account deficit remained at a manageable level of around 0.8% of GDP during Jul'14 - Feb'15 as compared to 1.5% during corresponding period mainly due to receipt of Coalition Support Fund (CSF) of US\$ 717 million and healthy remittances inflow of US\$ 13,327 million during Jul'14 - Mar'15 which were 15% higher than the corresponding period.

Broad Money (M2) growth remained 2% during the quarter under review. The sluggish expansion in M2 translated in modest growth in overall banking sector deposits, posting similar modest growth of 2% to reach Rs. 8,508 Billion (Dec'14: Rs. 8,342 Billion). Due to lack of private sector credit appetite the banking sector advances contracted from Dec'14 level of Rs. 4,458 Billion to reach Rs. 4,431 Billion at end-Mar'15.

With limited credit expansion opportunities, bulk of the surplus liquidity continues to be diverted towards Investments with volumetric growth primarily in government securities. Investments at end-March 2015 reached Rs. 5,704 Billion, approximately 12% higher than December 2014 level of Rs. 5,108 Billion.

Decline in international oil and other commodity prices continued to ease inflationary pressures with YoY inflation reaching 2.5% at end - March 2015 as compared to 8.5% in the corresponding period of last year. With inflation being consistently under FY-15 initial target of 8% (revised target of 4.5%-5.5%) SBP reduced policy rate by 100 basis points in January 2015 to 8.5%. The economic indicators which continued to improve during Q1 2015 prompted SBP to further ease the policy rate by 50 basis points to 8.0% in March 2015.

The positive economic indicators were recognized internationally as well with Moody's Investors Service revising the outlook on Pakistan's rating to 'positive' from 'stable'.

Financial Review

Your Bank remains cognizant of the positive economic indicators and duly capitalized on available opportunities by consistently following up strategy of steady growth through further augmenting risk management framework, enhancing the service delivery efficiency while continuously focusing on strengthening information technology platform and building up quality earning assets portfolio to increase profitability during the quarter.

Profit Before Tax of Your Bank increased by 42.3% to reach Rs. 6,473 million during the first quarter ended March 31, 2015 as compared to Rs.4,550 million in the corresponding period of previous year. Profit after tax also registered impressive growth of 30% reaching Rs. 4,210 million as compared to Rs. 3,240 million in corresponding quarter of 2014. As a result EPS of Your Bank increased to Rs. 3.68 per share in March 2015 compared to Rs. 2.83 per share (diluted) in March 2014. Similarly, ROE and ROA of Your Bank improved to 26.74% and 1.97% respectively as compared to 23.78% and 1.75% in the corresponding period.

The Net Mark-up income increased by Rs. 2,718 million or 47.2% and aggregated to Rs. 8,477 million during the quarter ended March 31, 2015 as compared to Rs. 5,759 million during the corresponding period in 2014. The positive variance mainly emanated from higher average volumes and change in earning assets mix.

Net provision charge for the quarter ended March 31, 2015 was Rs. 729 million as compared to net reversal of Rs. 37 million in the corresponding period of last year mainly on account of Rs. 685 million provision against exposure in BYCO Petroleum Pakistan Limited. Your Bank is following a prudent approach and has now provided 75% of total exposure in BYCO despite an exemption available from the SBP till June 2015.

Your Bank's non mark-up/ interest income increased to Rs. 3,054 million during the quarter ended March 31, 2015 as compared to Rs. 2,793 million during the corresponding period in last year, depicting an increase of Rs. 262 million or 9.4%.The increase is attributable mainly to higher FX and fee income by Rs. 371 million and Rs. 169 million respectively offsetting the impact of lower capital gain and dividend income which reduced by Rs. 297 million.

Despite network expansion from 952 branches in March 2014 to 1,000 branches in March 2015, overall administrative expenses increased by 6.7% over the same period last year.

Your Bank's total deposits as at March 31, 2015 remained stable to close at Rs. 665,619 million compared to Rs. 667,878 million as at December 31, 2014. Net advances decreased by Rs. 8,051 million to close at Rs. 297,964 million compared to December 2014 level of Rs. 306,014 mainly on account of repayments in seasonal financing. Investments on the other hand increased by Rs. 26,195 million or 6.1% to reach Rs. 454,986 million as compared to the December 2014 level of Rs. 428,791 million.

Directors' Review

Non-performing loans decreased by Rs. 275 million to Rs. 22,647 million as at March 31, 2015, compared to December 31, 2014. Infection ratio marginally increased to 7.1 % as at March 31, 2015 from 7.0% in Dec 2014, mainly due to reduction in advances portfolio. Meanwhile, the loan loss coverage increased to 90.6% as at March 31, 2015 from 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. 02 of 2010 dated June 03, 2010.

Total assets of Your Bank stood at Rs. 865,844 million as at March 31, 2015 while the Equity of the Bank as at March 31, 2015 stood at Rs. 85,093 million.

Future Outlook

The positive economic indicators in the form of lower than expected inflationary pressure emanating from drop in international oil prices, steady build up of reserves and manageable external account deficit have improved the future outlook of the country's economy. Going forward, the key challenges remain the resolution of the energy crisis and improving the law and order situation. Easing of inflation due to fall in international oil and other commodity prices has provided an opportunity to further reduce distortions in the energy sector, while allowing for some downward adjustments in consumer tariffs.

Major future developments in the banking sector shall be adjusting to falling interest rates scenario, which has already witnessed 150 bps drop in policy rate during the first quarter of 2015, minimum capital requirements especially for smaller banks which may raise opportunities for consolidation within the industry and compliance with any future regulatory requirements.

Your Bank remains conscious of changing economic and operational environment; Strategic priorities towards steady growth in performance would be driven by optimum utilization of multiple delivery channels through use of latest technology platforms and augmented risk management framework continuously improving the quality of assets. The Bank remains committed towards diversifying revenue streams through focusing on gradual growth in Islamic Banking, Branchless banking and fee based income opportunities to contribute in sustainable profitability, going forward.

Entity & TFC Ratings

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

Corporate Governance Rating

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

Acknowledgement

We take this opportunity to express our sincere appreciation to our customers and shareholders for their patronage, State Bank of Pakistan, Securities and Exchange Commission of Pakistan and other regulatory bodies for their continuous guidance and support, and employees for all their continued dedication, enthusiasm and loyalty.

For and on behalf of the Board,

Tariq Mahmood
Chief Executive Officer

Date: April 23, 2015
Place: Lahore

Unconsolidated Condensed Interim Statement of Financial Position

as at March 31, 2015

	Note	Un-audited March 31, 2015	Audited December 31, 2014
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		49,243,306	41,254,975
Balances with other banks		1,634,933	873,494
Lendings to financial institutions	6	5,913,757	2,030,062
Investments	7	454,986,349	428,790,733
Advances	8	297,964,256	306,014,402
Operating fixed assets		27,320,168	27,250,482
Deferred tax assets		—	—
Other assets		28,781,481	36,054,979
		865,844,250	842,269,127
LIABILITIES			
Bills payable		5,310,029	4,831,801
Borrowings from financial institutions	9	83,603,994	66,096,472
Deposits and other accounts	10	665,619,194	667,877,615
Sub-ordinated loans		2,993,400	2,994,000
Liabilities against assets subject to finance lease		—	—
Deferred tax liabilities		4,580,967	3,622,651
Other liabilities		18,643,379	15,956,263
		780,750,963	761,378,802
NET ASSETS		85,093,287	80,890,325
REPRESENTED BY			
Share capital	11	11,450,739	11,450,739
Reserves		13,897,117	13,549,355
Unappropriated profit		38,576,210	37,053,691
		63,924,066	62,053,785
Surplus on revaluation of assets - net of tax		21,169,221	18,836,540
		85,093,287	80,890,325
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The annexed notes 1 to 20 form an integral part of these unconsolidated condensed interim financial statements.

Chief Financial Officer
Director

President and Chief Executive Officer
Director

Chairman

Unconsolidated Condensed Interim Profit and Loss Account

(Un-audited) for the quarter ended March 31, 2015

	Note	Quarter Ended	
		March 31, 2015	March 31, 2014
		Rupees in '000	
Mark-up / return / interest earned	13	18,490,845	14,991,283
Mark-up / return / interest expensed	14	10,013,383	9,232,297
Net mark-up / interest income		8,477,462	5,758,986
Provision / (reversal) against non-performing loans and advances and general provision - net		729,689	(38,528)
(Reversal) / provision for diminution in the value of investments - net		(1,225)	1,390
Bad debts written off directly		—	—
		728,464	(37,138)
Net mark-up / interest income after provisions		7,748,998	5,796,124
NON MARK-UP / INTEREST INCOME			
Fee, commission and brokerage income		1,097,480	928,243
Dividend income		1,274,094	1,095,691
Income / (loss) from dealing in foreign currencies		294,341	(77,103)
Gain on sale of securities		312,291	778,836
Unrealized loss on revaluation of investments classified as 'held-for-trading' - net		(8,907)	—
Other income		85,043	67,001
Total non-markup / interest income		3,054,342	2,792,668
		10,803,340	8,588,792
NON MARK-UP / INTEREST EXPENSES			
Administrative expenses		4,117,716	3,857,976
Provision against other assets - net		12,000	16,000
Provision against off-balance sheet obligations - net		—	10,178
Other charges		201,090	154,791
Total non-markup / interest expenses		4,330,806	4,038,945
Extra-ordinary / unusual items		—	—
PROFIT BEFORE TAXATION		6,472,534	4,549,847
Taxation			
Current period		2,429,828	1,251,443
Prior years		—	—
Deferred		(167,436)	58,251
		2,262,392	1,309,694
PROFIT AFTER TAXATION		4,210,142	3,240,153
			Restated
Earnings per share - Basic and Diluted (in Rupees)	15	3.68	2.83

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Unconsolidated Condensed Interim Statement of Comprehensive Income

(Un-audited) for the quarter ended March 31, 2015

	Quarter Ended	
	March 31, 2015	March 31, 2014
	Rupees in '000	
Profit after taxation for the period	4,210,142	3,240,153
Other comprehensive income to be reclassified to profit and loss account in subsequent periods		
Exchange differences on translation of net investment in foreign wholesale branch	(73,252)	(72,627)
	4,136,890	3,167,526
Comprehensive income not reflected in equity		
Net change in fair value of available for sale securities	3,487,054	35,999
Related deferred tax charge	(1,125,753)	(54,712)
	2,361,301	(18,713)
Total comprehensive income for the period	6,498,191	3,148,813

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

Chief Financial Officer
Director

President and Chief Executive Officer
Director

Chairman

Unconsolidated Condensed Interim Statement of Cash Flows

(Un-audited) for the quarter ended March 31, 2015

	Quarter Ended	
	March 31, 2015	March 31, 2014
	Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	6,472,534	4,549,847
Less: Dividend income	(1,274,094)	(1,095,691)
	5,198,440	3,454,156
Adjustments for non-cash items:		
Depreciation / amortization	501,284	449,766
Provision / (reversal) against non-performing loans, advances and general provision - net	729,689	(38,528)
(Reversal) / provision for diminution in the value of investments - net	(1,225)	1,390
Unrealized loss on revaluation of 'held-for-trading' securities - net	8,907	—
Provision against off balance sheet obligations - net	—	10,178
Provision against other assets - net	12,000	16,000
Provision for workers welfare fund	139,411	90,998
Provision against fixed asset written off	16,647	—
Gain on sale of fixed assets	(2,292)	(24,153)
	1,404,421	505,651
	6,602,861	3,959,807
(Increase) / decrease in operating assets		
Lendings to financial institutions	(3,883,695)	(39,347,335)
Net investments in 'held-for-trading' securities	7,659,313	2,981,436
Advances - net	7,320,457	1,470,796
Other assets (excluding advance taxation) - net	6,512,960	(2,281,730)
	17,609,035	(37,176,833)
Increase / (decrease) in operating liabilities		
Bills payable	478,228	501,702
Borrowings from financial institutions	17,425,127	8,182,182
Deposits and other accounts	(2,258,421)	2,208,856
Other liabilities	2,171,227	3,202,275
	17,816,161	14,095,015
	42,028,057	(19,122,011)
Income tax paid - net	(574,964)	(2,033,362)
Net cash flow from operating activities	41,453,093	(21,155,373)
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in 'available-for-sale' securities	(29,299,876)	75,529,566
Net investments in 'held-to-maturity' securities	(1,255,204)	(54,788,740)
Dividend income received	346,802	1,097,265
Investments in operating fixed assets	(574,555)	(663,861)
Proceeds from sale of fixed assets	25,913	25,400
Net cash used in investing activities	(30,756,920)	21,199,630
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of sub-ordinated loan	(600)	(600)
Dividend paid	(1,954,946)	(1,454,402)
Net cash used in financing activities	(1,955,546)	(1,455,002)
Effect of translation of net investment in foreign branch	(73,252)	(72,627)
Increase in cash and cash equivalents during the period	8,667,375	(1,483,372)
Cash and cash equivalents at beginning of the period	41,979,844	45,775,310
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	50,647,219	44,291,938

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Unconsolidated Condensed Interim Statement of Changes in Equity

(Un-audited) for the quarter ended March 31, 2015

	Share Capital	Share Premium Reserve	Exchange Translation Reserve	Reserves			Un appropriated Profit	Total
				Bonus Issue Reserve	Statutory Reserve	General Reserve		
	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 quarter ended March 31, 2014								
Total comprehensive income for the quarter ended March 31, 2014								
- Net profit for the quarter ended March 31, 2014	-	-	-	-	-	-	3,240,153	3,240,153
- Effect of translation of net investment in Wholesale Bank Branch	-	-	(72,627)	-	-	-	-	(72,627)
	-	-	(72,627)	-	-	-	3,240,153	3,167,526
Transactions with owners recognized directly in equity								
Transfer to reserve for issue of bonus shares for the year ended December 31, 2013 @ 10%	-	(333,864)	-	1,040,976	-	-	(707,112)	-
Issue of bonus shares	1,040,976	-	-	(1,040,976)	-	-	-	-
Final cash dividend for the year ended December 31, 2013 (Rs. 1.5 per ordinary share)	-	-	-	-	-	-	(1,561,464)	(1,561,464)
	1,040,976	(333,864)	-	-	-	-	(2,268,576)	(1,561,464)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	5,206	5,206
Transfer to statutory reserve	-	-	-	-	324,015	-	(324,015)	-
Balance as at March 31, 2014	11,450,739	-	12,114	-	12,337,568	6,000	31,508,333	55,314,754
Changes in equity during the nine months ended December 31, 2014								
Total comprehensive income for the nine months ended December 31, 2014								
- Net profit for the nine months ended December 31, 2014	-	-	-	-	-	-	11,774,939	11,774,939
- Effect of remeasurement of defined benefit plans net of deferred tax	-	-	-	-	-	-	60,277	60,277
- Effect of translation of net investment in foreign wholesale bank branch	-	-	16,179	-	-	-	-	16,179
	-	-	16,179	-	-	-	11,835,216	11,851,395
Transactions with owners recognized directly in equity								
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)
Third interim cash dividend for the year ended December 31, 2014 (Rs. 1.75 per ordinary share)	-	-	-	-	-	-	(2,003,880)	(2,003,880)
	-	-	-	-	-	-	(5,152,833)	(5,152,833)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	40,469	40,469
Transfer to statutory reserve	-	-	-	-	1,177,494	-	(1,177,494)	-
Balance as at December 31, 2014	11,450,739	-	28,293	-	13,515,062	6,000	37,063,691	62,053,785
Changes in equity during the quarter ended March 31, 2015								
Total comprehensive income for the quarter ended March 31, 2015								
- Net profit for the quarter ended March 31, 2015	-	-	-	-	-	-	4,210,142	4,210,142
- Effect of translation of net investment in foreign wholesale bank branch	-	-	(73,252)	-	-	-	-	(73,252)
	-	-	(73,252)	-	-	-	4,210,142	4,136,890
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)
	-	-	-	-	-	-	(2,290,148)	(2,290,148)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	23,539	23,539
Transfer to statutory reserve	-	-	-	-	421,014	-	(421,014)	-
Balance as at March 31, 2015	11,450,739	-	(44,959)	-	13,936,076	6,000	38,576,210	63,924,066

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 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 998 (2014: 998) branches including 4 (2014: 4) Islamic banking branches in Pakistan, 1 branch (2014:1) in Karachi Export Processing Zone Branch, 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 quarter ended March 31, 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.

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2015

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

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.

	Note	Un-audited March 31, 2015	Audited December 31, 2014
Rupees in '000			
6. LENDINGS TO FINANCIAL INSTITUTIONS			
Repurchase agreement lendings (Reverse Repo)	6.1	3,993,757	919,646
Certificates of investment	6.2	70,000	70,000
Call money lendings	6.3	1,920,000	1,110,416
		<u>5,983,757</u>	<u>2,100,062</u>
Provision against lendings to financial institutions		<u>(70,000)</u>	<u>(70,000)</u>
		<u>5,913,757</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 8.00% to 8.85% (2014: 9.70%) per annum and will mature on various dates latest by April 27, 2015.

6.2 This represents a classified certificate of investment amounting to Rs. 70 million (2014: Rs. 70 million).

6.3 These represent unsecured call money lendings, carrying mark-up at rate, ranging between 7.40% to 8.00% (2014: 9.40% to 9.70%) per annum and will mature on various dates latest by April 14, 2015.

7. INVESTMENTS

	Note	Held by Bank	Given as collateral	Total
Rupees in '000				
Current period - March 31, 2015 (Un-audited)	7.1	403,303,102	51,683,247	454,986,349
Prior year - December 31, 2014 (Audited)	7.1	397,020,914	31,769,819	428,790,733

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2015

Un-audited As at March 31, 2015			Audited As at December 31, 2014		
Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total

Rupees in '000

7.1 Investments by types:

Held-for-trading securities

Market Treasury Bills	-	-	-	2,474,557	-	2,474,557
Pakistan Investment Bonds	1,804,148	-	1,804,148	6,997,811	-	6,997,811
	1,804,148	-	1,804,148	9,472,368	-	9,472,368

Available-for-sale securities

Market Treasury Bills	98,624,259	3,864,962	102,489,221	81,149,936	31,696,602	112,846,538
Pakistan Investment Bonds	64,747,118	45,773,510	110,520,628	72,370,892	-	72,370,892
Ordinary shares of listed companies / certificates of close ended mutual funds	16,035,072	-	16,035,072	20,088,582	-	20,088,582
Preference shares	136,855	-	136,855	136,855	-	136,855
Pre IPO shares	-	-	-	-	-	-
Units of open ended mutual funds	250,000	-	250,000	250,000	-	250,000
Ordinary shares of unlisted companies	2,223,838	-	2,223,838	2,223,838	-	2,223,838
Investment in related parties						
- Listed shares	4,053,509	-	4,053,509	-	-	-
- Unlisted shares	456,155	-	456,155	456,155	-	456,155
- Units of open ended mutual funds	359,707	-	359,707	458,299	-	458,299
Sukuk bonds	2,180,523	-	2,180,523	2,233,278	-	2,233,278
GOP Sukuk	1,658,989	-	1,658,989	-	-	-
Term finance certificates (TFCs)	2,837,267	-	2,837,267	2,837,451	-	2,837,451
	193,563,292	49,638,472	243,201,764	182,205,286	31,696,602	213,901,888

Held-to-maturity securities

Pakistan Investment Bonds	184,961,448	-	184,961,448	184,587,797	-	184,587,797
GOP Sukuk	1,027,645	-	1,027,645	-	-	-
GOP Ijara Sukuk	151,294	-	151,294	151,602	-	151,602
Foreign currency bonds (US\$)	4,670,727	-	4,670,727	4,570,147	-	4,570,147
TFCs, Bonds and PTCs	1,848,368	-	1,848,368	2,094,732	-	2,094,732
	192,659,482	-	192,659,482	191,404,278	-	191,404,278

Subsidiary

ABL Asset Management Company Limited	500,000	-	500,000	500,000	-	500,000
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Investment at cost	388,526,922	49,638,472	438,165,394	383,581,932	31,696,602	415,278,534
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Provision for diminution in the value of investments	(975,958)	-	(975,958)	(977,183)	-	(977,183)
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Investments (net of provisions)	387,550,964	49,638,472	437,189,436	382,604,749	31,696,602	414,301,351
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(Deficit) / Surplus on revaluation of 'held-for-trading' securities	(8,907)	-	(8,907)	170,616	-	170,616
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Surplus / (deficit) on revaluation of 'available-for-sale' securities	15,761,045	2,044,775	17,805,820	14,245,549	73,217	14,318,766
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Total investments at market value	403,303,102	51,683,247	454,986,349	397,020,914	31,769,819	428,790,733
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Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2015

	Note	Un-audited March 31, 2015	Audited December 31, 2014
		Rupees in '000	
8. ADVANCES			
Loans, cash credits, running finances, etc. - in Pakistan		310,685,278	318,381,086
Net investment in finance lease - in Pakistan		2,078,792	2,041,392
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		2,028,071	1,963,256
Payable outside Pakistan		3,693,368	3,439,232
		5,721,439	5,402,488
Advances - gross		318,485,509	325,824,966
Provision for non-performing advances	8.1 & 8.3	(20,411,671)	(19,694,645)
General provision against consumer financing	8.3	(109,582)	(115,919)
		(20,521,253)	(19,810,564)
Advances - net of provision		297,964,256	306,014,402

- 8.1 Advances include Rs. 22,646.617 million (2014: Rs. 22,921.542 million) which have been placed under non-performing status as detailed below:-

March 31, 2015 (Un-audited)					
Category of Classification	Classified Advances			Provision	Provision
	Domestic	Overseas	Total	required	held
	Rupees in '000				
Other Assets Especially Mentioned	228,492	–	228,492	7,701	7,701
Substandard	919,685	–	919,685	228,517	228,517
Doubtful	4,016,117	–	4,016,117	2,693,130	2,693,130
Loss	17,482,323	–	17,482,323	17,482,323	17,482,323
	22,646,617	–	22,646,617	20,411,671	20,411,671

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

- 8.2 No benefit of forced sale value of the collaterals held by the Bank has been taken while determining the provision against non performing loans as allowed under BSD circular No. 02 dated June 03, 2010.

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2015

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

	March 31, 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	1,314,485	–	1,314,485	3,554,105	–	3,554,105
Reversals	(578,459)	(6,337)	(584,796)	(1,426,143)	(16,268)	(1,442,411)
Charged to profit and loss account	736,026	(6,337)	729,689	2,127,962	(16,268)	2,111,694
Amounts written off	(19,000)	–	(19,000)	(675,682)	–	(675,682)
Closing balance	20,411,671	109,582	20,521,253	19,694,645	115,919	19,810,564
				Un-audited March 31, 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	17,992,270	18,410,660
Repurchase agreement borrowings	51,415,236	31,581,822

Unsecured

Call borrowings	13,936,729	15,907,040
Overdrawn nostro accounts	231,020	148,625
Borrowings from other financial institutions	28,739	48,325
	14,196,488	16,103,990
	83,603,994	66,096,472

10. DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits	169,633,388	182,915,519
Savings deposits	172,576,347	170,313,716
Current accounts - remunerative	109,430,983	106,798,622
- non - remunerative	211,195,389	204,382,128
	662,836,107	664,409,985

Financial Institutions

Remunerative deposits	1,597,703	2,067,539
Non - remunerative deposits	1,185,384	1,400,091
	665,619,194	667,877,615

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2015

11. SHARE CAPITAL

11.1 Authorised capital

Un-audited March 31, 2015	Audited December 31, 2014		Un-audited March 31, 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 March 31, 2015	Audited December 31, 2014		Un-audited March 31, 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.

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2015

	Un-audited March 31, 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	10,856,035	11,283,919
12.2 Transaction-related contingent liabilities		
Guarantees in favour of:		
Government	520,482	523,334
Others	34,315,556	24,829,746
	34,836,038	25,353,080
12.3 Trade-related contingent liabilities	61,610,399	59,779,998
12.4 Claims against the Bank not acknowledged as debt	4,871,418	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.		
	Un-audited March 31, 2015	Audited December 31, 2014
	Rupees in '000	
12.6 Commitments in respect of forward foreign exchange contracts		
Purchase	94,565,974	65,524,611
Sale	47,483,553	26,343,223
12.7 Commitments in respect of forwards		
Forward purchase of Federal government securities	–	200,000
Forward sale of Federal government securities	50,000	750,000
12.8 Commitments in respect of:		
Civil works	781,731	663,398
Acquisition of operating fixed assets	367,046	758,854
	1,148,777	1,422,252
12.9 Commitments in respect of lease financing	23,450	59,394
12.10 Commitments in respect of software purchasing	2,027	–
12.11 Other Contingencies		
12.11.1 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:		
12.11.2 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. 20,804 million (December 31, 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. 20,804 million (December 31, 2014: 19,048 million). The management is confident that the outcome of these appeals/references will be in favor of the Bank.		

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2015

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 (December 31, 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 (December 31, 2014: 1,218 million).

Tax authorities have also issued orders under Federal Excise Act, 2005/Sales Tax Act/Sindh Sales Tax on Services Act 2011 for the year 2008 to 2014 thereby creating arbitrary aggregate demand of Rs. 621 million (December 31, 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. 621 million (December 31, 2014: 573 million).

		Un-audited Quarter ended	
	Note	March 31, 2015	March 31, 2014
		Rupees in '000	
13	MARK-UP / RETURN / INTEREST EARNED		
	On loans and advances	7,501,480	6,937,714
	On investments in:		
	'Available-for-sale' securities	5,169,408	6,051,317
	'Held-to-maturity' securities	5,622,954	1,630,385
	'Held-for-trading' securities	72,531	16,657
		10,864,893	7,698,359
	On deposits with financial institutions	3,206	1,523
	On securities purchased under resale agreements	111,321	350,644
	On call money lending	9,945	3,043
		18,490,845	14,991,283
14	MARK-UP / RETURN / INTEREST EXPENSED		
	Deposits	7,318,064	7,454,313
	Long term borrowing	121,892	77,330
	Securities sold under repurchase agreements	1,528,331	469,391
	Call money borrowing	138,728	280,592
	Brokerage and commission	41,463	30,384
	Markup on sub-ordinated loans	84,877	115,129
	Other short term borrowings	780,028	805,158
		10,013,383	9,232,297
15	EARNINGS PER SHARE - BASIC AND DILUTED		
	Profit after taxation for the period attributable to ordinary shareholders	4,210,142	3,240,153
			Number of Shares
	Weighted average number of ordinary shares outstanding during the period.	1,145,073,830	1,145,073,830
			Rupees
	Earnings per share - basic and diluted for the period	3.68	2.83
	There is no dilution effect on basic earnings per share.		

(Un-audited) for the quarter ended March 31, 2015

16.

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.

[illegible]

* Associated company on the basis of common directorship.

*** Rent sharing expense of ABL branches with associate companies (Ibrahim Fibers Limited) were carried out on terms other than that of arm's length with prior permission of State Bank of Pakistan, a regulated company on the basis of written undertakings.

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

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the quarter ended March 31, 2015

17. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

For the Quarter Ended March 31, 2015 (Un-audited)							
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Eliminations	Total
Rupees in '000							
Total Income	253,895	1,609,253	9,396,493	19,224,986	384,929	(9,324,369)	21,545,187
Total Expenses	(118,000)	(1,916,794)	(7,421,475)	(17,012,710)	(190,435)	9,324,369	(17,335,045)
Net Income	135,895	(307,541)	1,975,018	2,212,276	194,494	–	4,210,142

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

As at March 31, 2015 (Un-audited)						
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Total
Rupees in '000						
Segment Assets (Gross)	501,273	6,779,159	123,270,458	757,124,775	1,132,419	888,808,084

As at December 31, 2014 (Audited)						
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Total
Rupees in '000						
Segment Assets (Gross)	242,581	11,034,675	122,209,706	729,841,208	1,183,327	864,511,497

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2015

18 ISLAMIC BANKING BUSINESS

- 18.1 The bank is operating 04 Islamic banking branches at March 31, 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 March 31, 2015 is as follows:

	Un-audited March 31, 2015	Audited December 31, 2014
	Rupees in '000	
ASSETS		
Cash and balances with treasury banks	28,591	30,636
Balances with other banks	—	—
Due from financial institutions	420,000	308,000
Investments	499,901	526,242
Islamic financing and receivables	—	—
Operating fixed assets	23,761	24,765
Deferred tax assets	—	—
Due from Head Office	25,607	16,061
Other assets	4,026	4,279
Total Assets	1,001,886	909,983
LIABILITIES		
Bills payable	6,022	11,372
Borrowings from financial institutions	—	—
Deposits and other accounts		
-Current accounts	253,269	144,961
-Saving accounts	255,045	236,761
-Term deposits	4,070	500
Due from Financial Institutions - Remunerative	—	—
Due from Financial Institutions - Non-Remunerative	—	—
Deferred tax liability	—	—
Due to Head Office	—	—
Other liabilities	5,406	3,528
	523,812	397,122
NET ASSETS	478,074	512,861
REPRESENTED BY		
Islamic banking fund	500,000	500,000
Reserves	—	—
Unappropriated profit	14,466	23,222
	514,466	523,222
Deficit on revaluation of assets - net of tax	(36,392)	(10,361)
	478,074	512,861
Remuneration to Shariah Advisor / Board	825	1,925
CHARITY FUND		
Opening Balance	—	—
Additions during the period	3	—
Payments / Utilization during the period	—	—
Closing Balance	3	—

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2015

18.2 The profit and loss account of the Bank's Islamic banking business for the quarter ended March 31, 2015 is as follows:

	Un-audited Quarter ended	
	March 31, 2015	March 31, 2014
	Rupees in '000	
Income / return / profit earned	9,210	—
Income / return / profit expensed	2,309	—
Net income / profit	6,901	—
(Reversal) / provision against non-performing loans and advances and general provision - net	—	—
Provision / (reversal) for diminution in the value of investments - net	—	—
Bad debts written off directly	—	—
Net profit / income after provisions	6,901	—
OTHER INCOME		
Fee, commission and brokerage income	827	—
Dividend income	—	—
Income from dealing in foreign currencies	—	—
Gain on sale of securities	71	—
Unrealized gain on revaluation of investments classified as 'held-for-trading' - net	—	—
Other income	10	—
Total other income	908	—
	7,809	—
OTHER EXPENSES		
Administrative expenses	16,565	—
Provision against other assets - net	—	—
Provision against off-balance sheet obligations - net	—	—
Other charges	—	—
Total other expenses	16,565	—
Extra-ordinary / unusual items	—	—
PROFIT BEFORE TAXATION	(8,756)	—

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2015

19 GENERAL

- 19.1 Figures have been rounded off to the nearest thousand rupees.
- 19.2 Corresponding figures have been re-arranged and reclassified to reflect more appropriate presentation of transactions for the purpose of comparison. However, no significant reclassifications have been made in these unconsolidated condensed interim financial statements.
- 19.3 The Board of Directors of the Bank in its meeting held on April 23, 2015 has approved interim cash dividend for the quarter ended March 31, 2015 at Rs. 1.75 per share (March 31, 2014: Rs. 1.25 per share). The unconsolidated condensed interim financial statements for the quarter ended March 31, 2015 do not include the effect of this appropriation and will be accounted for in the financial statements of the period of declaration.

20 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on April 23, 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 quarter ended March 31, 2015

Consolidated Condensed Interim Statement of Financial Position

as at March 31, 2015

	Note	Un-audited March 31, 2015	Audited December 31, 2014
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		49,232,184	41,252,303
Balances with other banks		1,644,522	873,500
Lendings to financial institutions	6	5,913,757	2,030,062
Investments	7	455,661,737	429,397,275
Advances	8	298,008,445	306,057,885
Operating fixed assets		27,339,711	27,270,823
Deferred tax assets		—	—
Other assets		28,964,758	36,215,718
		866,765,114	843,097,566
LIABILITIES			
Bills payable		5,310,029	4,831,801
Borrowings from financial institutions	9	83,603,994	66,096,472
Deposits and other accounts	10	665,608,022	667,863,871
Sub-ordinated loans		2,993,400	2,994,000
Liabilities against assets subject to finance lease		—	—
Deferred tax liabilities		4,590,465	3,629,645
Other liabilities		18,836,319	16,116,962
		780,942,229	761,532,751
NET ASSETS		85,822,885	81,564,815
REPRESENTED BY			
Share capital	11	11,450,739	11,450,739
Reserves		13,897,117	13,549,355
Unappropriated profit		39,305,808	37,728,181
		64,653,664	62,728,275
Surplus on revaluation of assets - net of tax		21,169,221	18,836,540
		85,822,885	81,564,815
CONTINGENCIES AND COMMITMENTS	12		

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

Chief Financial Officer
Director

President and Chief Executive Officer
Director

Chairman

Consolidated Condensed Interim Profit and Loss Account

(Un-audited) for the quarter ended March 31, 2015

	Note	Quarter Ended	
		March 31, 2015	March 31, 2014
		Rupees in '000	
Mark-up / return / interest earned	13	18,491,177	14,991,621
Mark-up / return / interest expensed	14	10,011,923	9,229,059
Net mark-up / interest income		8,479,254	5,762,562
Provision / (reversal) against non-performing loans and advances and general provision - net		729,689	(38,528)
(Reversal) / provision for diminution in the value of investments - net		(1,225)	1,390
Bad debts written off directly		—	—
		728,464	(37,138)
Net mark-up / interest income after provisions		7,750,790	5,799,700
NON MARK-UP / INTEREST INCOME			
Fee, commission and brokerage income		1,203,508	1,002,071
Dividend income		1,274,094	1,095,691
Income / (loss) from dealing in foreign currencies		294,341	(77,103)
Gain on sale of securities		312,764	779,025
Unrealized gain on revaluation of investments classified as 'held-for-trading' - net		19,619	27,719
Other income		85,042	67,003
Total non-markup / interest income		3,189,368	2,894,406
		10,940,158	8,694,106
NON MARK-UP / INTEREST EXPENSES			
Administrative expenses		4,181,477	3,907,962
Provision against other assets - net		12,000	16,000
Provision against off-balance sheet obligations - net		—	10,178
Other charges		202,539	155,897
Total non-markup / interest expenses		4,396,016	4,090,037
Extra-ordinary / unusual items		—	—
PROFIT BEFORE TAXATION		6,544,142	4,604,069
Taxation			
Current period		2,446,328	1,260,159
Prior years		—	—
Deferred		(167,436)	58,251
		2,278,892	1,318,410
PROFIT AFTER TAXATION		4,265,250	3,285,659
			Restated
Earnings per share - Basic and Diluted (in Rupees)	15	3.72	2.87

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Consolidated Condensed Interim Statement of Comprehensive Income

(Un-audited) for the quarter ended March 31, 2015

	Quarter Ended	
	March 31, 2015	March 31, 2014
	Rupees in '000	
Profit after taxation for the period	4,265,250	3,285,659
Other comprehensive income to be reclassified to profit and loss account in subsequent periods		
Exchange differences on translation of net investment in foreign wholesale branch	(73,252)	(72,627)
	4,191,998	3,213,032
Comprehensive income not reflected in equity		
Net change in fair value of available for sale securities	3,487,054	35,999
Related deferred tax charge	(1,125,753)	(54,712)
	2,361,301	(18,713)
Total comprehensive income for the period	6,553,299	3,194,319

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Consolidated Condensed Interim Statement of Cash Flows

(Un-audited) for the quarter ended March 31, 2015

	Quarter Ended	
	March 31, 2015	March 31, 2014
	Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	6,544,142	4,604,069
Less: Dividend income	(1,274,094)	(1,095,691)
	5,270,048	3,508,378
Adjustments for non-cash items:		
Depreciation / amortization	502,956	450,716
Provision / (reversal) against non-performing loans, advances and general provision - net	729,689	(38,528)
(Reversal) / provision for diminution in the value of investments - net	(1,225)	1,390
Unrealized loss / (gain) on revaluation of 'held-for-trading' securities - net	19,619	(27,719)
Provision against off balance sheet obligations - net	-	10,178
Provision against other assets - net	12,000	16,000
Provision for workers welfare fund	140,872	92,104
Provision against fixed assets written off	16,647	-
Gain on sale of fixed assets	(2,303)	(24,155)
	1,418,255	479,986
	6,688,303	3,988,364
(Increase) / decrease in operating assets		
Lendings to financial institutions	(3,883,695)	(39,347,335)
Net investments in 'held-for-trading' securities	7,544,910	2,971,247
Advances - net	7,319,751	1,460,936
Other assets (excluding advance taxation) - net	6,525,254	(2,294,322)
	17,506,220	(37,209,474)
Increase / (decrease) in operating liabilities		
Bills payable	478,228	501,702
Borrowings from financial institutions	17,425,127	8,182,182
Deposits and other accounts	(2,255,849)	2,201,960
Other liabilities	2,202,035	3,219,953
	17,849,541	14,105,797
	42,044,064	(19,115,313)
Income tax paid - net	(588,975)	(2,041,466)
Net cash flow from operating activities	41,455,089	(21,156,779)
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in 'available-for-sale' securities	(29,299,876)	75,529,566
Net investments in 'held-to-maturity' securities	(1,255,204)	(54,788,740)
Dividend income received	346,802	1,097,265
Investments in operating fixed assets	(575,450)	(665,296)
Proceeds from sale of fixed assets	25,945	25,471
Net cash used in investing activities	(30,757,783)	21,198,266
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of sub-ordinated loan	(600)	(600)
Dividend paid	(1,954,946)	(1,454,402)
Net cash used in financing activities	(1,955,546)	(1,455,002)
Effect of translation of net investment in foreign branch	(73,252)	(72,627)
Increase in cash and cash equivalents during the period	8,668,508	(1,486,142)
Cash and cash equivalents at beginning of the period	41,977,178	45,775,366
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	50,645,686	44,289,224

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Consolidated Condensed Interim Statement of Changes in Equity

(Un-audited) for the quarter ended March 31, 2015

	Share Capital	Share Premium Reserve	Exchange Translation Reserve	Reserves			Un-	Total
				Bonus Issue Reserve	Statutory Reserve	General Reserve	appropriated Profit	
	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 quarter ended March 31, 2014								
Total comprehensive income for the quarter ended March 31, 2014								
- Net profit for the quarter ended March 31, 2014	-	-	-	-	-	-	3,285,659	3,285,659
- Effect of translation of net investment in Wholesale Bank Branch	-	-	(72,627)	-	-	-	-	(72,627)
	-	-	(72,627)	-	-	-	3,285,659	3,213,032
Transactions with owners recognized directly in equity								
Transfer to reserve for issue of bonus shares for the year ended December 31, 2013 @ 10% issue of bonus shares	-	(333,864)	-	1,040,976	-	-	(707,112)	-
Final cash dividend for the year ended December 31, 2013 (Rs. 1.5 per ordinary share)	-	-	-	-	-	-	(1,561,464)	(1,561,464)
	1,040,976	(333,864)	-	-	-	-	(2,268,576)	(1,561,464)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	5,206	5,206
Transfer to statutory reserve	-	-	-	-	324,015	-	(324,015)	-
Balance as at March 31, 2014	11,450,739	-	12,114	-	12,337,568	6,000	32,041,421	55,847,842
Changes in equity during the nine months ended December 31, 2014								
Total comprehensive income for the nine months ended December 31, 2014								
- Net profit for the nine months ended December 31, 2014	-	-	-	-	-	-	11,916,341	11,916,341
- Effect of remeasurement of defined benefit plans net of deferred tax	-	-	-	-	-	-	60,277	60,277
- Effect of translation of net investment in foreign wholesale bank branch	-	-	16,179	-	-	-	-	16,179
	-	-	16,179	-	-	-	11,976,618	11,992,797
Transactions with owners recognized directly in equity								
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)
Third interim cash dividend for the year ended December 31, 2014 (Rs. 1.75 per ordinary share)	-	-	-	-	-	-	(2,003,880)	(2,003,880)
	-	-	-	-	-	-	(5,152,833)	(5,152,833)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	40,469	40,469
Transfer to statutory reserve	-	-	-	-	1,177,494	-	(1,177,494)	-
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 quarter ended March 31, 2015								
Total comprehensive income for the quarter ended March 31, 2015								
- Net profit for the quarter ended March 31, 2015	-	-	-	-	-	-	4,265,250	4,265,250
- Effect of translation of net investment in foreign wholesale bank branch	-	-	(73,252)	-	-	-	-	(73,252)
	-	-	(73,252)	-	-	-	4,265,250	4,191,998
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)
	-	-	-	-	-	-	(2,290,148)	(2,290,148)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	23,539	23,539
Transfer to statutory reserve	-	-	-	-	421,014	-	(421,014)	-
Balance as at March 31, 2015	11,450,739	-	(44,959)	-	13,936,076	6,000	39,305,808	64,653,664

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 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 998 (2014: 998) branches including 4 (2014: 4) Islamic banking branches in Pakistan, 1 branch (2013:1) in Karachi Export Processing Zone Branch, and 1 wholesale banking branch (2013: 1) in Bahrain. The long term credit rating of the Bank assigned by The Pakistan Credit Rating Agency Limited (PACRA) is 'AA+'. Short term rating of the Bank is 'A1+'. The Bank is the holding company of ABL Asset Management Company Limited.

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

Subsidiary Company

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

ABL Asset Management company is managing following 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 quarter ended March 31, 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.

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2015

- 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

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 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 18 to these 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 Bank.

- 5.2 The financial risk management objectives and policies adopted by the Bank are consistent with that disclosed in the financial statements of the Bank for the year ended December 31, 2014.

	Note	Un-audited March 31, 2015	Audited December 31, 2014
Rupees in '000			
6. LENDINGS TO FINANCIAL INSTITUTIONS			
Repurchase agreement lendings (Reverse Repo)	6.1	3,993,757	919,646
Certificates of investment	6.2	70,000	70,000
Call money lendings	6.3	1,920,000	1,110,416
		5,983,757	2,100,062
Provision against lendings to financial institutions		(70,000)	(70,000)
		5,913,757	2,030,062

- 6.1 These are short-term lendings to various financial institutions against the government securities. These carry mark-up at rate, ranging between 8.00% to 8.85% (2014: 9.70%) per annum and will mature on various dates latest by April 27, 2015.

- 6.2 This represents a classified certificate of investment amounting to Rs. 70 million (2014: Rs. 70 million).

- 6.3 These represent unsecured call money lendings, carrying mark-up at rate, ranging between 7.40% to 8.00% (2014: 9.40% to 9.70%) per annum and will mature on various dates latest by April 14, 2015.

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2015

7. INVESTMENTS

	Note	Held by Bank	Given as collateral	Total
Rupees in '000				
Current period - March 31, 2015 (Un-audited)	7.1	403,978,490	51,683,247	455,661,737
Prior year - December 31, 2014 (Audited)	7.1	397,627,456	31,769,819	429,397,275

Un-audited As at March 31, 2015			Audited As at December 31, 2014		
Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
Rupees in '000					

7.1 Investments by types:

Held-for-trading securities

Market Treasury Bills	-	-	-	2,474,557	-	2,474,557
Pakistan Investment Bonds	1,804,148	-	1,804,148	6,997,811	-	6,997,811
Units of Open-ended mutual funds/ pension funds	1,146,862	-	1,146,862	1,003,933	-	1,003,933
	2,951,010	-	2,951,010	10,476,301	-	10,476,301

Available-for-sale securities

Market Treasury Bills	98,624,259	3,864,962	102,489,221	81,149,936	31,696,602	112,846,538
Pakistan Investment Bonds	64,747,118	45,773,510	110,520,628	72,370,892	-	72,370,892
Ordinary shares of listed companies / certificates of close ended mutual funds	16,035,072	-	16,035,072	20,088,582	-	20,088,582
Preference shares	136,855	-	136,855	136,855	-	136,855
Pre IPO shares	-	-	-	-	-	-
Units of open ended mutual funds	250,000	-	250,000	250,000	-	250,000
Ordinary shares of unlisted companies	2,223,838	-	2,223,838	2,223,838	-	2,223,838
Investment in related parties						
- Listed shares	4,053,509	-	4,053,509	-	-	-
- Unlisted shares	456,155	-	456,155	456,155	-	456,155
- Units of open ended mutual funds	359,707	-	359,707	458,299	-	458,299
Sukuk bonds	2,180,523	-	2,180,523	2,233,278	-	2,233,278
GOP Sukuk	1,658,989	-	1,658,989	-	-	-
Term finance certificates (TFCs)	2,837,267	-	2,837,267	2,837,451	-	2,837,451
	193,563,292	49,638,472	243,201,764	182,205,286	31,696,602	213,901,888

Held-to-maturity securities

Pakistan Investment Bonds	184,961,448	-	184,961,448	184,587,797	-	184,587,797
GOP Sukuk	1,027,645	-	1,027,645	-	-	-
GOP Ijara Sukuk	151,294	-	151,294	151,602	-	151,602
Foreign currency bonds (US\$)	4,670,727	-	4,670,727	4,570,147	-	4,570,147
TFCs, Bonds and PTCs	1,848,368	-	1,848,368	2,094,732	-	2,094,732
	192,659,482	-	192,659,482	191,404,278	-	191,404,278

Investment at cost	389,173,784	49,638,472	438,812,256	384,085,865	31,696,602	415,782,467
Provision for diminution in the value of investments	(975,958)	-	(975,958)	(977,183)	-	(977,183)
Investments (net of provisions)	388,197,826	49,638,472	437,836,298	383,108,682	31,696,602	414,805,284
(Deficit) / Surplus on revaluation of 'held-for-trading' securities	19,619	-	19,619	273,225	-	273,225
Surplus / (deficit) on revaluation of 'available-for-sale' securities	15,761,045	2,044,775	17,805,820	14,245,549	73,217	14,318,766
Total investments at market value	403,978,490	51,683,247	455,661,737	397,627,456	31,769,819	429,397,275

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2015

	Note	Un-audited March 31, 2015	Audited December 31, 2014
Rupees in '000			
8. ADVANCES			
Loans, cash credits, running finances, etc. - in Pakistan		310,729,467	318,424,569
Net investment in finance lease - in Pakistan		2,078,792	2,041,392
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		2,028,071	1,963,256
Payable outside Pakistan		3,693,368	3,439,232
		5,721,439	5,402,488
Advances - gross		318,529,698	325,868,449
Provision for non-performing advances	8.1 & 8.3	(20,411,671)	(19,694,645)
General provision against consumer financing	8.3	(109,582)	(115,919)
		(20,521,253)	(19,810,564)
Advances - net of provision		298,008,445	306,057,885

- 8.1 Advances include Rs. 22,646.617 million (2014: Rs. 22,921.542 million) which have been placed under non-performing status as detailed below:-

March 31, 2015 (Un-audited)					
Category of Classification	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
	Rupees in '000				
Other Assets Especially Mentioned	228,492	–	228,492	7,701	7,701
Substandard	919,685	–	919,685	228,517	228,517
Doubtful	4,016,117	–	4,016,117	2,693,130	2,693,130
Loss	17,482,323	–	17,482,323	17,482,323	17,482,323
	<u>22,646,617</u>	<u>–</u>	<u>22,646,617</u>	<u>20,411,671</u>	<u>20,411,671</u>
December 31, 2014 (Audited)					
Category of Classification	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
	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
	<u>22,921,542</u>	<u>–</u>	<u>22,921,542</u>	<u>19,694,645</u>	<u>19,694,645</u>

- 8.2 No benefit of forced sale value of the collaterals held by the Bank has been taken while determining the provision against non performing loans as allowed under BSD circular No. 02 dated June 03, 2010.

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2015

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

	March 31, 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	1,314,485	–	1,314,485	3,554,105	–	3,554,105
Reversals	(578,459)	(6,337)	(584,796)	(1,426,143)	(16,268)	(1,442,411)
Charged to profit and loss account	736,026	(6,337)	729,689	2,127,962	(16,268)	2,111,694
Amounts written off	(19,000)	–	(19,000)	(675,682)	–	(675,682)
Closing balance	20,411,671	109,582	20,521,253	19,694,645	115,919	19,810,564
				Un-audited March 31, 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	17,992,270	18,410,660
Repurchase agreement borrowings	51,415,236	31,581,822

Unsecured

Call borrowings	13,936,729	15,907,040
Overdrawn nostro accounts	231,020	148,625
Borrowings from other financial institutions	28,739	48,325
	14,196,488	16,103,990
	83,603,994	66,096,472

10. DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits	169,633,388	182,915,519
Savings deposits	172,565,175	170,299,972
Current accounts - remunerative	109,430,983	106,798,622
- non - remunerative	211,195,389	204,382,128
	662,824,935	664,396,241

Financial Institutions

Remunerative deposits	1,597,703	2,067,539
Non - remunerative deposits	1,185,384	1,400,091
	665,608,022	667,863,871

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2015

11. SHARE CAPITAL

11.1 Authorised capital

Un-audited March 31, 2015	Audited December 31, 2014		Un-audited March 31, 2015	Audited December 31, 2014
No. of shares			Rupees in '000	
1,500,000,000	1,500,000,000	Ordinary shares of Rs. 10 each	15,000,000	15,000,000

11.2 Issued, subscribed and paid-up capital

Fully paid-up Ordinary shares of Rs. 10 each

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

Ibrahim 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 March 31, 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	10,856,035	11,283,919
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12.2 Transaction-related contingent liabilities

Guarantees in favour of:

Government	520,482	523,334
Others	34,315,556	24,829,746
	34,836,038	25,353,080

12.3 Trade-related contingent liabilities

61,610,399	59,779,998
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12.4 Claims against the Bank not acknowledged as debt

4,871,418	5,674,919
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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 quarter ended March 31, 2015

	Un-audited March 31, 2015	Audited December 31, 2014
	Rupees in '000	
12.6 Commitments in respect of forward foreign exchange contracts		
Purchase	94,565,974	65,524,611
Sale	47,483,553	26,343,223
12.7 Commitments in respect of forwards		
Forward purchase of Federal government securities	–	200,000
Forward sale of Federal government securities	50,000	750,000
12.8 Commitments in respect of:		
Civil works	781,731	663,398
Acquisition of operating fixed assets	367,046	758,854
	1,148,777	1,422,252
12.9 Commitments in respect of lease financing	23,450	59,394
12.10 Commitments in respect of software purchasing	2,027	–
12.11 Other Commitments	1,287	1,154
12.12 Other Contingencies		

12.12.1 There is no change in the status of contingencies, set out in note 22.12 to the consolidated 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. 20,804 million (December 31, 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. 20,804 million (December 31, 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 (December 31, 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 (December 31, 2014: 1,226 million).

Tax authorities have also issued orders under Federal Excise Act, 2005/Sales Tax Act/Sindh Sales Tax on Services Act 2011 for the year 2008 to 2014 thereby creating arbitrary aggregate demand of Rs. 621 million (December 31, 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. 621 million (December 31, 2014: 573 million).

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance 1971 whereby it is 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.

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2015

		Un-audited Quarter ended	
		March 31, 2015	March 31, 2014
		Rupees in '000	
13	MARK-UP / RETURN / INTEREST EARNED		
	On loans and advances	7,501,836	6,938,052
	On investments in:		
	'Available-for-sale' securities	5,169,408	6,051,317
	'Held-to-maturity' securities	5,622,954	1,630,385
	'Held-for-trading' securities	72,531	16,657
		10,864,893	7,698,359
	On deposits with financial institutions	3,182	1,523
	On securities purchased under resale agreements	111,321	350,644
	On call money lending	9,945	3,043
		<u>18,491,177</u>	<u>14,991,621</u>
14	MARK-UP / RETURN / INTEREST EXPENSED		
	Deposits	7,317,467	7,453,792
	Long term borrowing	121,892	77,330
	Securities sold under repurchase agreements	1,528,331	469,391
	Call money borrowing	138,728	280,592
	Brokerage and commission	40,600	27,667
	Markup on sub-ordinated loans	84,877	115,129
	Other short term borrowings	780,028	805,158
		<u>10,011,923</u>	<u>9,229,059</u>
15	EARNINGS PER SHARE - BASIC AND DILUTED		
	Profit after taxation for the period attributable to ordinary shareholders	4,265,250	3,285,659
		Number of Shares	
	Weighted average number of ordinary shares outstanding during the period.	1,145,073,830	1,145,073,830
		Rupees	
	Earnings per share - basic and diluted for the period	<u>3.72</u>	<u>2.87</u>
	There is no dilution effect on basic earnings per share.		

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2015

16. RELATED PARTY TRANSACTIONS

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

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

Nature of related party transactions	Un-audited March 31, 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								
Loans								
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	6,367	14,773	84,707	44,788,474	24,967	34,475	74,860	38,920,987
Loans repaid / adjustment during the period / year	(5,864)	(15,157)	(43,617)	(38,567,378)	(46,588)	(32,490)	(96,590)	(43,304,794)
Loans at the end of the period / year	47,788	1,601	258,797	6,221,230	47,285	1,985	217,707	134
Deposits								
Deposits at the beginning of the period / year	34,636	25,497	92,933	6,853,139	66,134	14,829	18,527	14,606,555
Deposits received during the period / year	1,405,104	2,404,155	52,662	34,785,825	10,238,173	13,627,731	774,621	94,676,833
Deposits repaid during the period / year	(1,406,709)	(2,410,977)	(130,059)	(36,503,649)	(10,269,611)	(13,617,063)	(700,215)	(102,430,249)
Deposits at the end of the period / year	33,091	18,675	15,536	5,135,315	34,696	25,497	92,933	6,853,139
Nostro balances	-	63,087	-	-	-	69,595	-	-
Investments in shares / open end mutual funds	-	454,628	-	8,415,877	-	454,628	-	1,625,017
Other receivables	3,986	-	53,463	161,942	607	-	41,986	135,279
Other payable	-	-	-	110	-	-	-	110
Net receivable from staff retirement benefit funds	-	-	-	4,552	-	-	-	4,470,566
Non funded exposure	-	-	-	631	-	-	-	-

Rupees in '000

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2015

16. RELATED PARTY TRANSACTIONS (CONTD.)

	Un-audited March 31, 2015				Un-audited March 31, 2014			
	Directors	Associated companies*	Key management personnel	Other related parties	Directors	Associated companies*	Key management personnel	Other related parties
	Rupees in '000				Rupees in '000			
Mark-up earned	608	56	3,028	170,597	976	11	3,601	130,930
Income on Placements	-	463	-	-	-	164	-	-
Dividend Income	-	-	-	-	-	-	-	242,000
Capital Gain	-	-	-	16,219	-	-	-	-
Sales commission	-	-	-	3,845	-	-	-	2,051
Management fee income	-	-	-	102,810	-	-	-	74,447
Mark-up expense on Deposits	220	117	112	98,894	613	136	587	218,820
Fee commission / bank charges	5	16	15	84	7	6	4	84
Director's meeting fee	1,500	-	-	-	1,250	-	-	-
Remuneration	-	-	45,370	-	11,589	-	51,882	-
Other charges	-	986	-	-	-	-	-	21,571
Rent Expense**	-	5,767	-	-	-	5,935	-	-
Rent Income	-	300	-	-	-	300	-	-
(Reversal) / charge in respect of staff retirement benefit funds	-	-	-	1,259	-	-	-	(4,573)

* Associated company on the basis of common directorship.

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

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

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2015

17. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

For the Quarter Ended March 31, 2015 (Un-audited)								
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Asset Management	Eliminations	Total
	Rupees in '000							
Total Income	253,895	1,609,253	9,395,023	19,224,986	384,929	136,828	(9,324,369)	21,680,545
Total Expenses	(118,000)	(1,916,794)	(7,420,005)	(17,012,710)	(190,435)	(81,720)	9,324,369	(17,415,295)
Net Income	135,895	(307,541)	1,975,018	2,212,276	194,494	55,108	-	4,265,250

For the Quarter Ended March 31, 2014 (Un-audited)								
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Asset Management	Eliminations	Total
	Rupees in '000							
Total Income	228,422	690,907	10,019,409	15,670,332	227,888	105,315	(9,056,246)	17,886,027
Total Expenses	(101,310)	(898,260)	(8,120,230)	(14,368,182)	(108,820)	(59,812)	9,056,246	(14,600,368)
Net Income	127,112	(207,353)	1,899,179	1,302,150	119,068	45,503	-	3,285,659

As at March 31, 2015 (Un-audited)							
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Asset Management	Total
	Rupees in '000						
Segment Assets (Gross)	501,273	6,779,159	122,758,027	757,124,775	1,132,419	1,433,295	889,728,948

As at December 31, 2014 (Audited)							
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Asset Management	Total
	Rupees in '000						
Segment Assets (Gross)	242,581	11,034,675	121,694,323	729,841,208	1,183,327	1,343,822	865,339,936

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2015

18 ISLAMIC BANKING BUSINESS

- 18.1 The bank is operating 04 Islamic banking branches at March 31, 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 March 31, 2015 is as follows:

	Un-audited March 31, 2015	Audited December 31, 2014
	Rupees in '000	
ASSETS		
Cash and balances with treasury banks	28,591	30,636
Balances with other banks	—	—
Due from financial institutions	420,000	308,000
Investments	499,901	526,242
Islamic financing and receivables	—	—
Operating fixed assets	23,761	24,765
Deferred tax assets	—	—
Due from Head Office	25,607	16,061
Other assets	4,026	4,279
Total Assets	1,001,886	909,983
LIABILITIES		
Bills payable	6,022	11,372
Borrowings from financial institutions	—	—
Deposits and other accounts		
-Current accounts	253,269	144,961
-Saving accounts	255,045	236,761
-Term deposits	4,070	500
Due from Financial Institutions - Remunerative	—	—
Due from Financial Institutions - Non-Remunerative	—	—
Deferred tax liability	—	—
Due to Head Office	—	—
Other liabilities	5,406	3,528
	523,812	397,122
NET ASSETS	478,074	512,861
REPRESENTED BY		
Islamic banking fund	500,000	500,000
Reserves	—	—
Unappropriated profit	14,466	23,222
	514,466	523,222
Deficit on revaluation of assets - net of tax	(36,392)	(10,361)
	478,074	512,861
Remuneration to Shariah Advisor / Board	825	1,925
CHARITY FUND		
Opening Balance	—	—
Additions during the period	3	—
Payments / Utilization during the period	—	—
Closing Balance	3	—

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the quarter ended March 31, 2015

- 18.2 The profit and loss account of the Bank's Islamic banking business for the quarter ended March 31, 2015 is as follows:

	Un-audited Quarter ended March 31, 2015	March 31, 2014
	Rupees in '000	
Income / return / profit earned	9,210	—
Income / return / profit expensed	2,309	—
Net income / profit	6,901	—
(Reversal) / provision against non-performing loans and advances and general provision - net	—	—
Provision / (reversal) for diminution in the value of investments - net	—	—
Bad debts written off directly	—	—
Net profit / income after provisions	6,901	—
OTHER INCOME		
Fee, commission and brokerage income	827	—
Dividend income	—	—
Income from dealing in foreign currencies	—	—
Gain on sale of securities	71	—
Unrealized gain on revaluation of investments classified as 'held-for-trading' - net	—	—
Other income	10	—
Total other income	908	—
	7,809	—
OTHER EXPENSES		
Administrative expenses	16,565	—
Provision against other assets - net	—	—
Provision against off-balance sheet obligations - net	—	—
Other charges	—	—
Total other expenses	16,565	—
Extra-ordinary / unusual items	—	—
PROFIT BEFORE TAXATION	(8,756)	—

19 GENERAL

- 19.1 Figures have been rounded off to the nearest thousand rupees.
- 19.2 Corresponding figures have been re-arranged and reclassified to reflect more appropriate presentation of transactions for the purpose of comparison. However, no significant reclassifications have been made in these consolidated condensed interim financial statements.
- 19.3 The Board of Directors of the Bank in its meeting held on April 23, 2015 has approved interim cash dividend for the quarter ended March 31, 2015 at Rs. 1.75 per share (March 31, 2014: Rs. 1.25 per share). The consolidated condensed interim financial statements for the quarter ended March 31, 2015 do not include the effect of this appropriation and will be accounted for in the financial statements of the period of declaration.

20 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue on April 23, 2015 by the Board of Directors of the Bank.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman



abl.com

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