آپ کے دل میں ہمارا اکاؤنٹ

Condensed Interim Financial Statements

for the nine months ended September 30, 2014

Allied Bank

Contents

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
Sheikh Jalees Ahmed
Tariq Mahmood

Audit Committee of Board

Mubashir A. Akhtar
(Chairman)

Pervaiz Iqbal Butt
A. Akbar Sharifzada

Human Resource & Remuneration Committee

Abdul Aziz Khan
(Chairman)

Muhammad Waseem Mukhtar
Pervaiz Iqbal Butt
Tariq Mahmood

Company Secretary

Muhammad Raffat

Auditors

Ernst & Young Ford Rhodes
Sidat Hyder
Chartered Accountants

Legal Adviser

Mandviwalla & Zafar Advocates

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 nine months period ended September 30, 2014:

Financial Highlights

	(Rupees in million)		Growth
	Nine Month ended September 30th,		
	2014	2013 (Restated)	
Profit After Tax	11,557	8,342	38.5%
Un-appropriated profits brought forward	30,856	23,687	30.2%
Transfer from surplus on revaluation of fixed assets – net of tax	39	47	(17.0)%
Profit available for appropriation	42,452	32,076	32.3%
Final cash dividend for the year ended December 31, 2013 at Rs. 1.50 per share (2013: year ended December 31, 2012 at Rs. 2 per share)	(1,562)	(1,893)	(17.5)%
Interim Cash Dividend for the year ending December 31,2014 (2013: interim dividend for the year ended December 31, 2013)	(3,149)	(2,602)	21.0%
Transfer from un-appropriated profit for issue of bonus shares for the year ended December 31, 2013 @ 10% (2013: year ended December 31, 2012 @ 10%)	(707)	(946)	(25.3)%
Transfer to Statutory Reserves	(1,156)	(834)	38.6%
Un-appropriated profits carried forward	35,878	25,801	39.0%
Earnings Per Share (EPS) (Rs.)	10.09	7.29	38.5%

The Board is pleased to announce third interim cash dividend of Rs. 1.75 per share in addition to first and second cash dividend of Rs. 1.25 and 1.50 per share respectively. Interim Cash Dividend for the nine months period ended September 30, 2014 is Rs. 4.50 per share (September 30, 2013: Rs. 3.75 per share).

Economic Review

Pakistan is facing multiple challenges including governance, security and economic issues ranging from weak external account, fiscal imbalance, low tax base, long term economic planning for next 20 years and persistent power shortages which continue to impede sustained economic growth.

While GDP growth of 4.1% in FY 2013-14, remains the highest in last seven years, the projected growth in FY 2014-15 at 4.2% remains challenging. The expected growth primarily hinges on agriculture production in FY 2014-15 whereas Large Scale Manufacturing (LSM) growth to remain constrained due to continued energy shortages. The fiscal deficit during FY 2013-14 was recorded at 5.5 percent of GDP whereas the budget for FY 2014-15 targets further reduction in fiscal deficit to 4.9 percent.

CPI inflation declined from 8.6 percent in FY 2013-14 to 7.7 percent YoY in September 2014. Despite expected hike in prices of perishable food items due to recent floods, the declining trend remains broad based and inflation for FY 2014-15 is expected to be in the range of 8.0%-8.5%. The current outlook might, however, change adversely if the electricity subsidy is reduced further, going forward.

Despite healthy growth of 12.6% YoY in foreign remittances, which already witnessed a record volume of US$15,832 million in FY 2013-14, the Government fiscal financing burden would tend to increase and continue its reliance on domestic debt. Further the latest trends in exports and imports, oil payments in particular, indicate that trade deficit is going to dominate the composition of external current account deficit. While the country has generally complied with conditions of EFF of IMF, the recent delay in release of US$ 550million tranche is a temporary setback. The foreign exchange reserves at end-September'14 with SBP broadly remained at June'14 level of US$ 9.0 billion, as a result keeping exchange rate movements in check.

The Government still needs to aggressively pursue enhancement in power generation capacity in the country while simultaneously reduce line losses due to theft and non-payments of bills and to also restructure GENCOS / DISCOS, while circular debt of approximately Rs 300 billion still remains outstanding.

Monetary policy has been tightened since the start of the year with no change in policy rate, which has been kept constant at 10% by SBP, in order to ensure macro-economic stability.

Financial Review

Despite challenging economic and business environment, Your Bank performed well in the nine months period ended September 30, 2014. The continuous focus on strengthening the Bank's risk management framework, diversified business strategy and coverage of geographic outreach remains the key areas to facilitate quality growth momentum. Your Bank leveraged favorable opportunities on the asset side, while maintaining low cost funding profile. The Bank continues to invest in expanding network, customer offerings and servicing capabilities, which combined with strong capital base, makes it well-positioned for steady growth.

Under the current prevalent operating environments Profit Before Tax of Your Bank increased by 47.1% to reach Rs. 17,236 million for the nine months period ended September 30, 2014 as compared to Rs. 11,718 million in the corresponding period of previous year. Profit after Tax rose by 38.5% to Rs. 11,557 million compared to Rs. 8,342 million in the corresponding period of previous year. As a result, the EPS of Your Bank increased to Rs. 10.09 per share during the nine months period ended September 30, 2014 compared to Rs. 7.29 per share in the corresponding period of previous year. The ROE and ROA of the Bank remained stable at 26.9% and 2.0% during the nine months period ended September 30, 2014 compared to 23.9% and 1.7% respectively in the corresponding period last year.

Net Mark-up / Interest Income during nine months period ended September 30, 2014 witnessed an increase of 21.2% or Rs. 3,465 million to reach Rs. 19,824 million compared to Rs. 16,359 million in corresponding period of previous year mainly due to growth in high yielding earning assets. During the nine months period ended September 30, 2014 there is a net provision reversal compared to a net provision charge of Rs. 311 million in the corresponding period of previous year.

Non-Markup / Interest Income during the nine months period ended September 30, 2014 increased by Rs. 2,805 million or 38.7% as compared to the corresponding period of previous year. The increase was mainly attributed to rise in capital gains, dividend income and fee income which increased by Rs. 2,348 million, Rs. 363 million and Rs. 178 million respectively.

With the sizable growth in Your Bank's footprint and prevailing inflation rate, the administrative expenses increased by 7.6% to reach at Rs. 12,074 million for the nine months period ended September 30, 2014 as compared to Rs. 11,225 million in the corresponding period of the previous year.

The deposits of Your Bank increased to Rs. 643,372 million in comparison with Rs. 608,411 million as at December 31, 2013 and Rs. 570,852 million as at September 30, 2013 respectively. Net Investments stood at Rs. 381,368 million as at September 30, 2014 in comparison with Rs. 363,379 million as at December 31, 2013. Furthermore, Net Advances increased to Rs. 282,728 million from Rs. 267,001 million at December 31, 2013. During the third quarter of the period under review, the Bank vide SBP letter dated September 03, 2014 was required to classify exposure of Rs. 2,740 million, being part of the syndicated facility, extended to Byco Petroleum Pakistan Limited; while the provisioning there against has been deferred up till June 29, 2015 subject to receipt of payment as per restructuring agreement. Your Bank's financial position is however resilient to withstand and overcome the risk in case of adversity. In this regard, please refer to Note 8.1.1 to the accounts wherein appropriate disclosure has been made. Accordingly, Your Bank's provision coverage against non performing advances stands at 79.08% as at September 30, 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 September 03, 2010. Total assets of Your Bank stood at Rs. 789,407 million as at September 30, 2014 while the Equity of the Bank as at September 30, 2014 stood at Rs. 72,663 million.

Future Outlook

Owing to ongoing political impasse, continuing energy crisis, delay in the finalization of fourth IMF review, and the recent heavy rains and floods, the Government would remain heavily dependent on raising domestic debt. Under the circumstances many people remain below poverty line while lacking access to basic services and remain vulnerable to shocks. Economic growth is the key to tackling poverty and inequality. Government needs to take concrete steps to overcome energy shortage to restore business activity and expand its revenues and tax base to invest in people, infrastructure and encourage private sector to create jobs in order to maintain sustainable economic growth and alleviate poverty.

Your Bank remains cognizant of the challenging business environment and stands committed to its strategy of steady growth by continuously focusing on diversification in products and services; expansion in outreach especially through alternate delivery channels to increase customer base and mobilizing cost effective deposit mix and to maintain stable profitability trend, 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. Meanwhile, the rating of Bank's earlier TFC Issue of Rs. 2,500 million (Issue Date: December 06, 2006) is also AA (Double A) assigned by JCR-VIS Credit Rating Company (JCR-VIS).

Corporate Governance Rating

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

Acknowledgement

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

For and on behalf of the Board,

Tariq Mahmood
Chief Executive Officer

Date: October 23, 2014
Place: Lahore

Unconsolidated Condensed Interim Statement of Financial Position
as at September 30, 2014

	Note	Un-audited September 30, 2014	Audited December 31, 2013
		Rupees in '000	
ASSETS			
Cash and balances with treasury banks		48,065,314	44,673,079
Balances with other banks		1,473,728	1,102,231
Lendings to financial institutions	6	24,257,152	12,461,403
Investments	7	381,367,746	363,378,998
Advances	8	282,727,652	267,001,028
Operating fixed assets		22,277,027	22,083,612
Deferred tax assets		–	–
Other assets		29,238,484	23,495,595
		789,407,103	734,195,946
LIABILITIES			
Bills payable		5,463,508	4,878,594
Borrowings from financial institutions	9	44,150,989	32,952,406
Deposits and other accounts	10	643,371,596	608,411,670
Sub-ordinated loans		3,617,500	4,242,200
Liabilities against assets subject to finance lease		–	–
Deferred tax liabilities		2,466,300	1,808,405
Other liabilities		17,674,348	15,704,648
		716,744,241	667,997,923
NET ASSETS		72,662,862	66,198,023
REPRESENTED BY			
Share capital	11	11,450,739	10,409,763
Reserves		13,239,325	12,438,158
Unappropriated profit		35,878,466	30,855,565
		60,568,530	53,703,486
Surplus on revaluation of assets - net of tax		12,094,332	12,494,537
		72,662,862	66,198,023
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The annexed notes 1 to 21 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, 2014

	Note	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013	Quarter Ended September 30, 2014	Quarter Ended September 30, 2013
		Rupees in '000			
Mark-up / return / interest earned	13	48,339,161	40,088,003	16,568,290	13,936,186
Mark-up / return / interest expensed	14	28,515,056	23,729,044	9,605,518	7,967,055
Net mark-up / interest income		19,824,105	16,358,959	6,962,772	5,969,131
(Reversal) / provision against non-performing loans and advances and general provision - net		(23,430)	373,988	(6,258)	299,157
Reversal for diminution in the value of investments - net		(21,014)	(63,308)	(39,875)	(19,937)
Bad debts written off directly		–	–	–	–
		(44,444)	310,680	(46,133)	279,220
Net mark-up / interest income after provisions		19,868,549	16,048,279	7,008,905	5,689,911
NON MARK-UP / INTEREST INCOME					
Fee, commission and brokerage income		2,425,903	2,248,269	712,318	643,641
Dividend income		2,754,460	2,391,569	1,108,650	1,195,587
Income from dealing in foreign currencies		336,957	346,495	121,558	177,972
Gain on sale of securities		3,448,404	1,100,142	1,875,823	314,056
Unrealized loss on revaluation of investments classified as 'held-for-trading' - net		–	–	–	(6,906)
Other income	15	1,093,912	1,167,975	75,303	29,082
Total non-markup / interest income		10,059,636	7,254,450	3,893,652	2,353,432
		29,928,185	23,302,729	10,902,557	8,043,343
NON MARK-UP / INTEREST EXPENSES					
Administrative expenses		12,074,041	11,225,668	4,201,092	4,039,438
Provision against other assets - net		46,512	36,000	18,512	12,000
Provision / (Reversal)against off-balance sheet obligations - net		13,270	24,900	(9,663)	21,500
Other charges		558,091	298,138	233,027	130,687
Total non-markup / interest expenses		12,691,914	11,584,706	4,442,968	4,203,625
Extra-ordinary / unusual items		–	–	–	–
PROFIT BEFORE TAXATION		17,236,271	11,718,023	6,459,589	3,839,718
Taxation					
Current period		5,433,454	3,390,388	1,868,332	1,118,631
Prior years		–	–	–	–
Deferred		246,320	(14,443)	137,877	(93,969)
		5,679,774	3,375,945	2,006,209	1,024,662
PROFIT AFTER TAXATION		11,556,497	8,342,078	4,453,380	2,815,056
			Restated		Restated
Earnings per share - Basic and Diluted (in Rupees)	16	10.09	7.29	3.89	2.46

The annexed notes 1 to 21 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, 2014

	Nine Months Ended		Quarter Ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
	Rupees in '000			
Profit after taxation for the period	11,556,497	8,342,078	4,453,380	2,815,056
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	(20,619)	49,547	50,617	37,771
Comprehensive income transferred to equity	11,535,878	8,391,625	4,503,997	2,852,827
Comprehensive income not reflected in equity				
Net change in fair value of available for sale securities	50,955	3,461,412	(870,154)	111,285
Deferred tax	(411,577)	(198,585)	(234,526)	47,954
	(360,622)	3,262,827	(1,104,680)	159,239
Total comprehensive income for the period	11,175,256	11,654,452	3,399,317	3,012,066

The annexed notes 1 to 21 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, 2014

	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013
	Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	17,236,271	11,718,023
Less: Dividend income	(2,754,460)	(2,391,569)
	14,481,811	9,326,454
Adjustments for non-cash items:		
Depreciation / amortization	1,369,391	1,244,217
(Reversal) / provision against non-performing loans, advances and general provision - net	(23,430)	373,988
Reversal for diminution in the value of investments - net	(21,014)	(63,308)
Provision against off balance sheet obligations - net	13,270	24,900
Provision against other assets - net	46,512	36,000
Provision for workers welfare fund	344,725	236,873
(Gain) / loss on sale of fixed assets	(45,662)	1,494
	1,683,792	1,854,164
	16,165,603	11,180,618
(Increase) / decrease in operating assets		
Lendings to financial institutions	(11,795,749)	(12,549,248)
Net investments in 'held-for-trading' securities	2,981,436	–
Advances - net	(15,703,194)	26,985,866
Other assets (excluding advance taxation) - net	(6,640,261)	(1,906,639)
	(31,157,768)	12,529,979
Increase / (decrease) in operating liabilities		
Bills payable	584,914	(342,579)
Borrowings from financial institutions	11,198,583	(15,227,695)
Deposits and other accounts	34,959,926	56,144,952
Other liabilities	1,607,889	24,845
	48,351,312	40,599,523
	33,359,147	64,310,120
Income tax paid - net	(4,290,332)	(2,385,669)
Net cash flow from operating activities	29,068,815	61,924,451
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in 'available-for-sale' securities	104,362,321	(52,473,224)
Net investments in 'held-to-maturity' securities	(125,260,536)	295,494
Dividend income received	2,462,195	2,115,553
Investments in operating fixed assets	(1,624,089)	(2,250,014)
Proceeds from sale of fixed assets	106,946	41,644
Net cash used in investing activities	(19,953,163)	(52,270,547)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of sub-ordinated loan	(624,700)	(624,700)
Dividend paid	(4,706,601)	(4,454,278)
Net cash used in financing activities	(5,331,301)	(5,078,978)
Effect of translation of net investment in foreign branch	(20,619)	49,547
Increase in cash and cash equivalents during the period	3,763,732	4,624,473
Cash and cash equivalents at beginning of the period	45,775,310	44,380,939
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	49,539,042	49,005,412

The annexed notes 1 to 21 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, 2014

	Share Capital	Capital Reserves: Share Premium	Capital Reserves: Exchange Translation Reserve	Capital Reserves: Bonus Issue Reserve	Capital Reserves: Special Reserve*	Capital Reserves: Merger Reserve**	Statutory Reserve	Revenue Reserves: General Reserve	Revenue Reserves: Un-appropriated Profit	Total
	Rupees in '000									
Balance as at January 01, 2013	9,463,421	-	10,198	-	67,995	333,864	10,481,222	6,000	23,687,566	44,050,266
Changes in equity during the nine months ended September 30, 2013										
Total comprehensive income for the nine months ended September 30, 2013										
- Net profit for the nine months ended September 30, 2013	-	-	-	-	-	-	-	-	8,342,078	8,342,078
- Effect of translation of net investment in Wholesale Bank Branch	-	-	49,547	-	-	-	-	-	-	49,547
	-	-	49,547	-	-	-	-	-	8,342,078	8,391,625
Transactions with owners recognized directly in equity										
Transfer to reserve for issue of bonus shares for the year ended December 31, 2012 @ 10%	-	-	-	946,342	-	-	-	-	(946,342)	-
Issue of bonus shares	946,342	-	-	(946,342)	-	-	-	-	-	-
Final cash dividend for the year ended December 31, 2012 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	-	(1,892,684)	(1,892,684)
First interim cash dividend for the year ended December 31, 2013 (Rs. 1.25 per ordinary share)	-	-	-	-	-	-	-	-	(1,301,220)	(1,301,220)
Second interim cash dividend for the year ended December 31, 2013 (Rs. 1.25 per ordinary share)	-	-	-	-	-	-	-	-	(1,301,220)	(1,301,220)
	946,342	-	-	-	-	-	-	-	(5,441,466)	(4,495,124)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	-	-	47,059	47,059
Transfer to statutory reserve	-	-	-	-	-	-	834,208	-	(834,208)	-
Balance as at September 30, 2013	10,409,763	-	59,745	-	67,995	333,864	11,315,430	6,000	25,801,029	47,993,826
Changes in equity during the quarter ended December 31, 2013										
Total comprehensive income for the quarter ended December 31, 2013										
- Net profit for the quarter ended December 31, 2013	-	-	-	-	-	-	-	-	6,301,282	6,301,282
- Effect of remeasurement of defined benefit plans net of deferred tax	-	-	-	-	-	-	-	-	678,190	678,190
- Effect of translation of net investment in foreign wholesale bank branch	-	-	24,996	-	-	-	-	-	-	24,996
	-	-	24,996	-	-	-	-	-	6,979,472	7,004,468
Transactions with owners recognized directly in equity										
Third interim cash dividend for the year ending December 31, 2013 (Rs. 1.25 per ordinary share)	-	-	-	-	-	-	-	-	(1,301,220)	(1,301,220)
	-	-	-	-	-	-	-	-	(1,301,220)	(1,301,220)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	-	-	6,412	6,412
Transfer to statutory reserve	-	-	-	-	-	-	630,128	-	(630,128)	-
Transfer to share premium reserve	-	333,864	-	-	(67,995)	(333,864)	67,995	-	-	-
Balance as at December 31, 2013	10,409,763	333,864	84,741	-	-	-	12,013,553	6,000	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 wholesale 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%	-	(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. 1.50 per ordinary share)	-	-	-	-	-	-	-	-	(1,561,464)	(1,561,464)
First interim cash dividend for the year ending December 31, 2014 (Rs. 1.25 per ordinary share)	-	-	-	-	-	-	-	-	(1,431,342)	(1,431,342)
Second interim cash dividend for the year ending 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

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

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

The annexed notes 1 to 21 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, 2014

1 STATUS AND NATURE OF BUSINESS

Allied Bank Limited ("the Bank"), incorporated in Pakistan, is a scheduled Bank, engaged in commercial banking and related services. The Bank is listed on all stock exchanges in Pakistan. The Bank operates a total of 975 branches (2013: 948 branches) including 01 Islamic banking branch (2013: Nil) in Pakistan, 1 branch (2013:1) in Karachi Export Processing Zone Branch, and 1 wholesale banking branch (2013: 1) in Bahrain. The long term credit rating of the Bank assigned by The Pakistan Credit Rating Agency Limited (PACRA) is 'AA+'. Short term rating of the Bank is 'A1+'. The Bank is the holding company of ABL Asset Management Company Limited.

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

2 STATEMENT OF COMPLIANCE

2.1 These unconsolidated condensed interim financial statements of the Bank for the nine months ended September 30, 2014 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by the State Bank of Pakistan (SBP). In case where requirements of provisions and directives issued under the Banking Companies Ordinance, 1962, Companies Ordinance 1984 and the directives issued by SBP differs, the directives issued by SBP shall prevail.

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

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

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

3 BASIS OF MEASUREMENT

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

- Investments;
- Operating fixed assets; 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, 2013.

4.2 The financial results of the Islamic Banking branch have been consolidated in these financial statements for reporting purposes. Key financial figures of the Islamic Banking branch are disclosed in Note 19 to these financial statements.

4.3 The Bank has adopted the following revised standard, amendments and interpretations of IFRSs which became effective for the current period:

IAS 32 - Offsetting Financial Assets and Financial Liabilities - (Amendment)
IAS 36 - Recoverable Amount for Non - Financial Assets (Amendment)
IFRIC 21 - Levies

The adoption of the above amendments 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. However, the Bank has adopted new accounting policy relating to deposits mobilized under Islamic Banking operations. Such deposits are generated under two modes i.e. “Qard” and “Modaraba”. Deposits taken on Qard basis are classified as ‘Current accounts’ and Deposits generated on Modaraba basis are classified as ‘Saving deposits / Fixed deposits’.

5.2 The financial risk management objectives and policies adopted by the Bank are consistent with that disclosed in the financial statements of the Bank for the year ended December 31, 2013.

	Note	Un-audited September 30, 2014	Audited December 31, 2013
		Rupees in ‘000	
6. LENDINGS TO FINANCIAL INSTITUTIONS			
Repurchase agreement lendings (Reverse Repo)	6.1	19,882,152	11,661,403
Certificates of investment	6.2	70,000	70,000
Call money lendings	6.3	4,375,000	800,000
		24,327,152	12,531,403
Provision against lendings to financial institutions		(70,000)	(70,000)
		24,257,152	12,461,403

6.1 These are short-term lendings to various financial institutions against the government securities. These carry mark-up at rate, ranging between 9.25% to 10.01% (2013: 10.00% to 10.40%) per annum and will mature on various dates latest by October 13, 2014.

6.2 This represents a classified certificate of investment.

6.3 These represent unsecured call money lendings, carrying mark-up at rate, ranging between 9.90% to 11.00% (2013: 9.5% to 10.25%) per annum and will mature on various dated latest by October 14, 2014.

7. INVESTMENTS

	Note	Held by Bank	Given as collateral	Total
		Rupees in ‘000		
Current period - September 30, 2014 (Un-audited)	7.1	375,804,305	5,563,441	381,367,746
Prior year - December 31, 2013 (Audited)	7.1	361,077,553	2,301,445	363,378,998

	Un-audited As at September 30, 2014			Audited As at December 31, 2013		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
	Rupees in '000					
7.1 Investments by types						
'Held-for-trading' securities						
Market Treasury Bills	-	-	-	2,983,343	-	2,983,343
	-	-	-	2,983,343	-	2,983,343
'Available-for-sale' securities						
Market treasury bills	137,988,614	5,565,010	143,553,624	272,873,099	2,304,528	275,177,627
Pakistan investment bonds	35,481,730	-	35,481,730	148,387	-	148,387
Ordinary shares of listed companies / certificates of mutual funds	18,805,790	-	18,805,790	17,602,295	-	17,602,295
Preference shares	149,355	-	149,355	149,355	-	149,355
Pre IPO shares	-	-	-	199,996	-	199,996
Units of open end mutual funds	250,000	-	250,000	5,588,989	-	5,588,989
Ordinary shares of unlisted companies	2,473,840	-	2,473,840	1,992,014	-	1,992,014
Investment in related parties						
- Listed shares	4,053,509	-	4,053,509	4,053,509	-	4,053,509
- Unlisted shares	281,816	-	281,816	281,816	-	281,816
- Units of open end mutual funds	546,008	-	546,008	5,500,000	-	5,500,000
Sukuk bonds	2,283,987	-	2,283,987	2,469,955	-	2,469,955
Term finance certificates (TFCs)	2,863,489	-	2,863,489	2,046,694	-	2,046,694
	205,178,138	5,565,010	210,743,148	312,906,109	2,304,528	315,210,637
'Held-to-maturity' securities						
Pakistan investment bonds	154,159,972	-	154,159,972	28,613,646	-	28,613,646
GOP Ijara Sukuk	151,913	-	151,913	-	-	-
Foreign currency bonds (US$)	4,635,713	-	4,635,713	4,660,597	-	4,660,597
TFCs, Debentures, Bonds and PTCs	2,672,919	-	2,672,919	3,085,738	-	3,085,738
	161,620,517	-	161,620,517	36,359,981	-	36,359,981
Subsidiary						
ABL Asset Management Company Limited	500,000	-	500,000	500,000	-	500,000
Investment at cost	367,298,655	5,565,010	372,863,665	352,749,433	2,304,528	355,053,961
Provision for diminution in the value of investments	(1,459,276)	-	(1,459,276)	(1,585,458)	-	(1,585,458)
Investments (net of provisions)	365,839,379	5,565,010	371,404,389	351,163,975	2,304,528	353,468,503
Unrealized loss on revaluation of 'held-for-trading' securities	-	-	-	(1,907)	-	(1,907)
Surplus / (deficit) on revaluation of 'available-for-sale' securities	9,964,926	(1,569)	9,963,357	9,915,485	(3,083)	9,912,402
Total investments at market value	375,804,305	5,563,441	381,367,746	361,077,553	2,301,445	363,378,998

	Note	Un-audited September 30, 2014	Audited December 31, 2013
		Rupees in '000	
8. ADVANCES			
Loans, cash credits, running finances, etc. - in Pakistan		295,856,822	277,235,883
Net investment in finance lease - in Pakistan		2,038,882	1,904,028
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		1,396,255	1,319,500
Payable outside Pakistan		1,786,775	4,916,169
		3,183,030	6,235,669
Advances - gross		301,078,734	285,375,580
Provision for non-performing advances	8.1 & 8.3	(18,250,648)	(18,242,365)
General provision	8.3	(100,434)	(132,187)
		(18,351,082)	(18,374,552)
Advances - net of provision		282,727,652	267,001,028

8.1 Advances include Rs. 23,079.148 million (2013: Rs. 19,423.896 million) which have been placed under non-performing status as detailed below:-

September 30, 2014 (Un-audited)

Category of Classification	Note	Classified Advances Domestic	Overseas	Total	Provision required	Provision held
		Rupees in '000				
Other Assets Especially Mentioned		229,026	-	229,026	8,355	8,355
Substandard	8.1.1	4,310,341	-	4,310,341	391,301	391,301
Doubtful		1,377,578	-	1,377,578	688,789	688,789
Loss		17,162,203	-	17,162,203	17,162,203	17,162,203
		23,079,148	-	23,079,148	18,250,648	18,250,648

December 31, 2013 (Audited)

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

8.1.1 This includes an exposure of Rs. 2,740.287 million as part of the syndicated facility of Byco Petroleum Pakistan Limited, provisioning against which has been deferred up till June 29, 2015 under a permission by State Bank of Pakistan vide its Letter No. BPRD/BRD-03/HBL/2014/16233 dated September 03, 2014.

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.

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

	September 30, 2014 (Un-audited)			December 31, 2013 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	18,242,365	132,187	18,374,552	17,752,942	52,090	17,805,032
Charge for the period / year	1,097,983	-	1,097,983	2,627,045	80,097	2,707,142
Reversals	(1,089,660)	(31,753)	(1,121,413)	(2,055,661)	-	(2,055,661)
Charged to profit and loss account	8,323	(31,753)	(23,430)	571,384	80,097	651,481
Amounts written off	(40)	-	(40)	(81,961)	-	(81,961)
Closing balance	18,250,648	100,434	18,351,082	18,242,365	132,187	18,374,552

	Un-audited September 30, 2014	Audited December 31, 2013
	Rupees in '000	
9. BORROWINGS FROM FINANCIAL INSTITUTIONS		
Details of Borrowings (Secured / Unsecured)		
Secured		
Borrowings from State Bank of Pakistan	16,267,276	14,929,061
Repurchase agreement borrowings	5,378,955	1,970,489
Unsecured		
Call borrowings	22,439,723	16,012,636
Other Borrowings	65,035	40,220
	22,504,758	16,052,856
	44,150,989	32,952,406
10. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	174,407,316	191,182,134
Savings deposits	157,571,134	145,153,243
Current accounts - remunerative	109,921,996	83,463,328
- non - remunerative	200,206,493	183,047,302
	642,106,939	602,846,007
Financial Institutions		
Remunerative deposits	966,123	5,114,383
Non - remunerative deposits	298,534	451,280
	643,371,596	608,411,670

11. SHARE CAPITAL

11.1 Authorised capital

Un-audited September 30, 2014	Audited December 31, 2013		Un-audited September 30, 2014	Audited December 31, 2013
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 September 30, 2014	Audited December 31, 2013		Un-audited September 30, 2014	Audited December 31, 2013
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	616,647,565	Issued as bonus shares	7,207,452	6,166,476
1,127,525,280	1,023,427,659		11,275,253	10,234,277
9,148,550	9,148,550	18,348,550 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation in accordance with the swap ratio stipulated therein less 9,200,000 Ordinary shares of Rs. 10 each, held by Ibrahim Leasing Limited on the cut-off date (September 30, 2004).	91,486	91,486
8,400,000	8,400,000	8,400,000 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation of First Allied Bank Modaraba with Allied Bank Limited in accordance with the share swap ratio stipulated therein.	84,000	84,000
1,145,073,830	1,040,976,209		11,450,739	10,409,763

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

	Un-audited September 30, 2014	Audited December 31, 2013
	Rupees in '000	
12. CONTINGENCIES AND COMMITMENTS		
12.1 Direct credit substitutes		
Guarantees in favour of:		
Banks and financial institutions	57,978	439,266
12.2 Transaction-related contingent liabilities		
Guarantees in favour of:		
Government	16,078,516	17,959,000
Others	15,915,654	14,245,474
	31,994,170	32,204,474

		Un-audited September 30, 2014	Audited December 31, 2013
		Rupees in '000	
12.3	Trade-related contingent liabilities	76,888,256	71,322,325
12.4	Claims against the Bank not acknowledged as debt	5,581,319	5,740,843

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 September 30, 2014	Audited December 31, 2013
		Rupees in '000	
12.6	Commitments in respect of forward foreign exchange contracts		
	Purchase	65,799,084	97,308,562
	Sale	27,364,292	62,218,028
12.7	Commitments in respect of:		
	Civil works	962,729	1,064,715
	Acquisition of operating fixed assets	819,184	794,367
		1,781,913	1,859,082
12.8	Commitments in respect of lease financing	139,979	100,000

12.9 Other Contingencies

12.9.1 There is no change in the status of contingencies, set out in note 22.9 to the unconsolidated financial statements of the Bank for the year ended December 31, 2013, except for the contingencies as mentioned below:

12.9.2 The income tax assessments of the Bank have been finalized up to and including tax year 2013 for local and Azad Kashmir operations. While finalizing income tax assessments up to tax year 2013, income tax authorities made certain add backs with aggregate tax impact of Rs. 19,048 million (2013: Rs. 15,702 million). As a result of appeals filed by the Bank before appellate authorities, most of the add backs have been deleted . However, the Bank and Tax Department are in appeals / references before higher forums against unfavorable decisions. Pending finalization of appeals / references no provision has been made by the Bank on aggregate sum of Rs. 19,048 million (2013: Rs. 15,702 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 2013 and created an arbitrary demand of Rs. 1,125 million (2013: Rs. 1,081 million). The Bank's appeals before CIR (A) / Appellate Tribunal Inland Revenue (ATIR) are pending for adjudication. The management is confident that these appeals will be decided in favor of the Bank; therefore, no provision has been made against the said demand of Rs. 1,125 million (2013: Rs. 1,081 million).

Tax authorities have also issued orders under Federal Excise Act, 2005 / Sales Tax Act for the year 2008, 2009, 2010, 2011 and 2014 thereby creating arbitrary aggregate demand of Rs. 573 million (2013: Rs. 340 million). The Bank's appeals before CIR (A) / Appellate Tribunal Inland Revenue (ATIR) are pending for adjudication. The management is confident that aforesaid demand will be deleted by appellate authorities and therefore no provision has been made against the said demand of Rs. 573 million (2013: Rs. 340 million).

	Un-audited Nine Months Ended September 30, 2014	Un-audited Nine Months Ended September 30, 2013	Un-audited Quarter Ended September 30, 2014	Un-audited Quarter Ended September 30, 2013
	Rupees in '000			
13 MARK-UP / RETURN / INTEREST EARNED				
On loans and advances	21,767,848	20,811,299	7,020,568	6,865,954
On investments in:				
'Available-for-sale' securities	14,998,503	15,018,907	4,447,087	5,519,127
'Held-to-maturity' securities	10,741,121	3,078,343	4,941,160	1,091,908
'Held-for-Trading' securities	17,724	–	1,067	–
	25,757,348	18,097,250	9,389,314	6,611,035
On deposits with financial institutions	9,220	35,617	231	23,514
On securities purchased under resale agreements	779,548	1,018,729	138,374	420,069
On certificates of investment	–	14,457	–	–
On call money lending	25,197	110,651	19,803	15,614
	48,339,161	40,088,003	16,568,290	13,936,186
14 MARK-UP / RETURN / INTEREST EXPENSED				
Deposits	22,639,546	19,743,449	7,864,463	6,882,764
Long term borrowing	281,102	176,983	104,806	58,281
Securities sold under repurchase agreements	1,652,164	1,102,124	330,645	172,424
Call money borrowing	1,229,290	85,796	502,680	39,617
Brokerage and commission	98,094	101,679	33,909	34,451
Markup on sub-ordinated loans	331,002	426,354	101,153	130,609
Other short term borrowings	2,283,858	2,092,659	667,862	648,909
	28,515,056	23,729,044	9,605,518	7,967,055

15 Other income includes compensation on delayed refunds amounting to Rs. 907.380 million (2013: Rs. 1,066.805 million) under section 171 of the Income Tax Ordinance 2001 pertaining to Assessment Year 1997-98, 1999-00, 2000-01 and Tax year 2003 to 2007 & 2009 to 2011 (2013: Assessment Year / Tax Years 1997-98 to 2006). 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.

	Note	Un-audited Nine Months Ended September 30, 2014	Un-audited Nine Months Ended September 30, 2013	Un-audited Quarter Ended September 30, 2014	Un-audited Quarter Ended September 30, 2013
		Rupees in '000			
16 EARNINGS PER SHARE - BASIC AND DILUTED					
Profit after taxation for the period attributable to ordinary shareholders		11,556,497	8,342,078	4,453,380	2,815,056
		Number of Shares			
			Restated		Restated
Weighted average number of ordinary shares outstanding during the period.	16.1	1,145,073,830	1,145,073,830	1,145,073,830	1,145,073,830
		Rupees			
			Restated		Restated
Earnings per share - basic and diluted for the period	16.1	10.09	7.29	3.89	2.46

There is no dilution effect on basic earnings per share.

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

17. RELATED PARTY TRANSACTIONS

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

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

	September 30, 2014 (Un-audited)					December 31, 2013 (Audited)				
	Directors	Associated Companies*	Subsidiary	Key management personnel	Other related parties	Directors	Associated Companies*	Subsidiary	Key management personnel	Other related parties
	Rupees in '000									
Nature of related party transactions										
Loans										
Loans at the beginning of the period / year	68,906	-	-	226,005	4,383,941	43,842	1,833,333	-	162,016	200
Loans given during the period / year	18,851	18,289	-	62,196	38,920,407	91,890	-	-	162,658	54,583,758
Loans repaid / adjustment during the period / year	(37,347)	(17,021)	-	(76,072)	(39,246,374)	(66,826)	(1,833,333)	-	(98,669)	(50,200,017)
Loans at the end of the period / year	50,410	1,268	-	212,129	4,057,974	68,906	-	-	226,005	4,383,941
Deposits										
Deposits at the beginning of the period / year	66,134	14,829	7,166	18,530	14,606,981	33,653	41,011	5,680	27,640	5,675,814
Deposits received during the period / year	3,449,319	5,330,273	699,206	508,635	75,440,989	5,146,560	7,144,875	902,796	795,509	98,198,169
Deposits repaid during the period / year	(3,462,892)	(5,288,139)	(697,074)	(463,594)	(82,094,383)	(5,114,079)	(7,171,057)	(901,310)	(804,619)	(89,267,002)
Deposits at the end of the period / year	52,561	56,963	9,298	63,571	7,953,587	66,134	14,829	7,166	18,530	14,606,981
Nostro balances	-	261,372	-	-	-	-	148,691	-	-	-
Investments in shares / open end mutual funds	-	277,483	500,000	-	6,240,581	-	279,650	500,000	-	11,262,674
Other receivables	607	-	1,636	39,112	-	-	-	2,356	38,853	-
Net receivable from staff retirement benefit funds	-	-	-	-	4,266,749	-	-	-	-	3,896,907
Non funded exposure	-	-	-	-	209	-	-	-	-	-

	September 30, 2014 (Un-audited)					September 30, 2013 (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	2,349	124	-	11,020	347,093	1,352	-	-	7,882	-
Income on Placements	-	1,536	-	-	-	-	1,226	-	-	-
Dividend Income	-	-	-	-	300,322	-	-	-	-	53,270
Capital Gain	-	-	-	-	492,757	-	-	-	-	-
Sales commission	-	-	5,613	-	-	-	-	3,682	-	-
Mark-up expense on Deposits	2,713	345	1,418	2,336	525,336	1,675	15	960	507	488,900
Fee commission / bank charges	21	71	17	47	428	9	25	6	42	251
Interest expense on Borrowings	-	-	-	-	-	-	17	-	-	-
Director's meeting fee	5,000	-	-	-	-	5,800	-	-	-	-
Remuneration	63,931	-	-	236,496	-	79,711	-	-	218,424	-
NIFT charges	-	-	-	-	68,027	-	-	-	-	53,485
Rent Expense**	-	5,718	-	-	-	-	6,060	-	-	-
Rent Income	-	900	-	-	-	-	300	-	-	-
(Reversal) / charge in respect of staff retirement benefit funds	-	-	-	-	(16,795)	-	-	-	-	79,137

* Associated company on the basis of common directorship.
** Rent sharing expense of ABL branches with associate company (Ibrahim Agencies Pvt. Ltd and Ibrahim Fibers Limited) was carried out on terms other than that of arm's length with prior permission of State Bank of Pakistan.
*** Rent Free ATMs are placed at Ibrahim Fibers Limited (Textile Mills) and Ibrahim Fibers Limited (Polyester Plant).

17. 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, 2014 (Un-audited)

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Eliminations	Total
	Rupees in '000						
Total Income	382,206	1,479,346	25,722,682	52,102,326	600,234	(21,887,997)	58,398,797
Total Expenses	(168,430)	(2,594,360)	(22,235,399)	(43,444,355)	(287,753)	21,887,997	(46,842,300)
Net Income	213,776	(1,115,014)	3,487,283	8,657,971	312,481	-	11,556,497

For the nine months ended September 30, 2013 (Un-audited)

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Eliminations	Total
	Rupees in '000						
Total Income	340,310	1,474,031	30,016,198	39,118,896	685,441	(24,292,423)	47,342,453
Total Expenses	(144,514)	(2,079,904)	(25,117,868)	(35,634,004)	(316,508)	24,292,423	(39,000,375)
Net Income	195,796	(605,873)	4,898,330	3,484,892	368,933	-	8,342,078

As at September 30, 2014 (Un-audited)

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Total
	Rupees in '000					
Segment Assets	329,673	22,797,890	109,522,222	677,622,758	445,549	810,718,092

As at December 31, 2013 (Audited)

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

19 ISLAMIC BANKING BUSINESS

19.1 The bank is operating 01 Islamic banking branch at September 30, 2014 (2013: 0 branch). The Bank started its Islamic banking operations effective from June, 2014. The statement of financial position of the Bank's Islamic Banking Branch as at September 30, 2014 is as follows:

	Un-audited September 30, 2014	December 31, 2013
	Rupees in '000	
ASSETS		
Cash and balances with treasury banks	11,769	–
Balances with and due from financial institutions	175,000	–
Investments	495,385	–
Islamic financing and receivables	–	–
Operating fixed assets	3,106	–
Deferred tax assets	–	–
Other assets	2,296	–
Total Assets	687,556	–
LIABILITIES		
Bills payable	6,910	–
Borrowings from financial institutions	–	–
Deposits and other accounts	184,958	–
-Current accounts	92,602	–
-Saving accounts	92,356	–
Deferred tax liability	–	–
Other liabilities	2,477	–
	194,345	–
NET ASSETS	493,211	–
REPRESENTED BY		
Islamic banking fund	500,000	–
Reserves	–	–
Unappropriated profit	34,739	–
	534,739	–
Deficit on revaluation of assets	(41,528)	–
	493,211	–

19.2 CHARITY FUND

Opening Balance	–	–
Additions during the period	–	–
Payments/ Utilization during the period	–	–
Closing Balance	–	–

19.3 The profit and loss account of the Bank's Islamic banking business for the nine months ended September 30, 2014 is as follows:

	Nine Months Ended Un-audited September 30, 2014	Audited December 31, 2013
	Rupees in '000	
Income / return / profit earned	7,220	–
Income / return / profit expensed	1,661	–
Net income / profit	5,559	–
(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	5,559	–
OTHER INCOME		
Fee, commission and brokerage income	297	–
Dividend income	47,880	–
Income from dealing in foreign currencies	-	–
Loss on sale of securities	143	–
Unrealized gain on revaluation of investments classified as 'held-for-trading' - net	–	–
Other income	–	–
Total other income	48,320	–
	53,879	–
OTHER EXPENSES		
Administrative expenses	19,140	–
Provision against other assets - net	–	–
Provision against off-balance sheet obligations - net	–	–
Other charges	–	–
Total other expenses	19,140	–
Extra-ordinary / unusual items	–	–
PROFIT BEFORE TAXATION	34,739	–

19.4 Remuneration to Shariah Advisor / Board	1,100	–

20 GENERAL

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

20.2 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.

20.3 The Board of Directors of the Bank in its meeting held on October 23, 2014 has approved interim cash dividend for the nine months ended September 30, 2014 at Rs. 1.75 per share (September 30, 2013: Rs. 1.25 per share). The unconsolidated condensed interim financial statements for the nine months ended September 30, 2014 do not include the effect of this appropriation and will be accounted for in the financial statements of the period of declaration.

21 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on October 23, 2014 by the Board of Directors of the Bank.

Chief Financial Officer   President and Chief Executive Officer

Director   Director   Chairman

Consolidated Condensed Interim Financial Statements

For the nine months ended September 30, 2014

Consolidated Condensed Interim Statement of Financial Position
as at September 30, 2014

	Note	Un-audited September 30, 2014	Audited December 31, 2013
		Rupees in '000	
ASSETS			
Cash and balances with treasury banks		48,065,364	44,673,129
Balances with other banks		1,473,035	1,102,237
Lendings to financial institutions	6	24,257,152	12,461,403
Investments	7	381,904,001	363,810,550
Advances	8	282,774,554	267,036,121
Operating fixed assets		22,298,257	22,096,771
Deferred tax assets		–	–
Other assets		29,367,133	23,581,604
		790,139,496	734,761,815
LIABILITIES			
Bills payable		5,463,508	4,878,594
Borrowings from financial institutions	9	44,150,989	32,952,406
Deposits and other accounts	10	643,362,297	608,406,629
Sub-ordinated loans		3,617,500	4,242,200
Liabilities against assets subject to finance lease		–	–
Deferred tax liabilities		2,467,628	1,809,501
Other liabilities		17,806,115	15,786,880
		716,868,037	668,076,210
NET ASSETS		73,271,459	66,685,605
REPRESENTED BY			
Share capital	11	11,450,739	10,409,763
Reserves		13,239,325	12,438,158
Unappropriated profit		36,487,063	31,343,147
		61,177,127	54,191,068
Surplus on revaluation of assets - net of tax		12,094,332	12,494,537
		73,271,459	66,685,605
CONTINGENCIES AND COMMITMENTS	12		

The annexed notes 1 to 21 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, 2014

	Note	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013	Quarter Ended September 30, 2014	Quarter Ended September 30, 2013
		Rupees in '000			
Mark-up / return / interest earned	13	48,340,051	40,089,572	16,568,535	13,936,398
Mark-up / return / interest expensed	14	28,508,008	23,728,220	9,603,348	7,966,737
Net mark-up / interest income		19,832,043	16,361,352	6,965,187	5,969,661
(Reversal) / provision against non-performing loans and advances and general provision - net		(23,430)	373,988	(6,258)	299,157
Reversal for diminution in the value of investments - net		(21,014)	(63,308)	(39,875)	(19,937)
Bad debts written off directly		–	–	–	–
		(44,444)	310,680	(46,133)	279,220
Net mark-up / interest income after provisions		19,876,487	16,050,672	7,011,320	5,690,441
NON MARK-UP / INTEREST INCOME					
Fee, commission and brokerage income		2,661,376	2,438,285	786,148	721,003
Dividend income		2,754,460	2,391,569	1,108,650	1,195,587
Income from dealing in foreign currencies		336,957	346,495	121,558	177,972
Gain on sale of securities		3,464,480	1,120,091	1,885,438	315,885
Unrealized gain on revaluation of investments classified as 'held-for-trading' - net		54,296	35,898	8,300	5,304
Other income	15	1,093,880	1,168,025	75,281	29,083
Total non-markup / interest income		10,365,449	7,500,363	3,985,375	2,444,834
		30,241,936	23,551,035	10,996,695	8,135,275
NON MARK-UP / INTEREST EXPENSES					
Administrative expenses		12,238,668	11,357,201	4,260,132	4,086,402
Provision against other assets - net		46,512	36,000	18,512	12,000
Provision against off-balance sheet obligations - net		13,270	24,900	(9,663)	21,500
Other charges		561,074	298,138	233,730	129,251
Total non-markup / interest expenses		12,859,524	11,716,239	4,502,711	4,249,153
Extra-ordinary / unusual items		–	–	–	–
PROFIT BEFORE TAXATION		17,382,412	11,834,796	6,493,984	3,886,122
Taxation					
Current period		5,458,580	3,410,370	1,873,755	1,128,594
Prior years		-	-	-	-
Deferred		246,320	(14,027)	137,877	(93,409)
		5,704,900	3,396,343	2,011,632	1,035,185
PROFIT AFTER TAXATION		11,677,512	8,438,453	4,482,352	2,850,937
			Restated		Restated
Earnings per share - Basic and Diluted (in Rupees)	16	10.20	7.37	3.91	2.49

The annexed notes 1 to 21 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, 2014

	Nine Months Ended		Quarter Ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
	Rupees in '000			
Profit after taxation for the period	11,677,512	8,438,453	4,482,352	2,850,937
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	(20,619)	49,547	50,617	37,771
Comprehensive income transferred to equity	11,656,893	8,488,000	4,532,969	2,888,708
Comprehensive income not reflected in equity				
Net change in fair value of available for sale securities	50,955	3,461,412	(870,154)	111,285
Deferred tax	(411,577)	(198,585)	(234,526)	47,954
	(360,622)	3,262,827	(1,104,680)	159,239
Total comprehensive income for the period	11,296,271	11,750,827	3,428,289	3,047,947

The annexed notes 1 to 21 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, 2014

	Nine Months Ended September 30, 2014	September 30, 2013
	Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	17,382,412	11,834,796
Less: Dividend income	(2,754,460)	(2,391,569)
	14,627,952	9,443,227
Adjustments for non-cash items:		
Depreciation / amortization	1,372,757	1,246,868
(Reversal) / provision against non-performing loans, advances and general provision - net	(23,430)	373,988
Reversal for diminution in the value of investments - net	(21,014)	(63,308)
Unrealized loss on revaluation of 'held-for-trading' securities - net	(54,296)	(35,898)
Provision against off balance sheet obligations - net	13,270	24,900
Provision against other assets - net	46,512	36,000
Provision for workers welfare fund	347,708	236,873
(Gain) / loss on sale of fixed assets	(45,630)	1,443
	1,635,877	1,820,866
	16,263,829	11,264,093
(Increase) / decrease in operating assets		
Lendings to financial institutions	(11,795,749)	(12,549,248)
Net investments in 'held-for-trading' securities	2,931,029	(80,277)
Advances - net	(15,715,003)	26,987,438
Other assets (excluding advance taxation) - net	(6,675,966)	(1,901,339)
	(31,255,689)	12,456,574
Increase / (decrease) in operating liabilities		
Bills payable	584,914	(342,579)
Borrowings from financial institutions	11,198,583	(15,227,695)
Deposits and other accounts	34,955,668	56,134,495
Other liabilities	1,654,441	40,378
	48,393,606	40,604,599
	33,401,746	64,325,266
Income tax paid - net	(4,322,129)	(2,410,231)
Net cash flow from operating activities	29,079,617	61,915,035
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in 'available-for-sale' securities	104,362,321	(52,458,224)
Net investments in 'held-to-maturity' securities	(125,260,536)	295,494
Dividend income received	2,462,195	2,115,553
Investments in operating fixed assets	(1,636,040)	(2,255,727)
Proceeds from sale of fixed assets	107,395	41,772
Net cash used in investing activities	(19,964,665)	(52,261,132)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of sub-ordinated loan	(624,700)	(624,700)
Dividend paid	(4,706,601)	(4,454,278)
Net cash used in financing activities	(5,331,301)	(5,078,978)
Effect of translation of net investment in foreign branch	(20,619)	49,547
Increase in cash and cash equivalents during the period	3,763,032	4,624,472
Cash and cash equivalents at beginning of the period	45,775,367	44,380,995
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	49,538,399	49,005,467

The annexed notes 1 to 21 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, 2014

	Share Capital	Capital Reserves: Share Premium	Capital Reserves: Exchange Translation Reserve	Capital Reserves: Bonus Issue Reserve	Capital Reserves: Special Reserve*	Capital Reserves: Merger Reserve**	Statutory Reserve	Revenue Reserves: General Reserve	Revenue Reserves: Un-appropriated Profit	Total
	Rupees in '000									
Balance as at January 01, 2013	9,463,421	-	10,198	-	67,995	333,864	10,481,222	6,000	24,035,333	44,398,033
Changes in equity during the nine months ended September 30, 2013										
Total comprehensive income for the nine months ended September 30, 2013										
- Net profit for the nine months ended September 30, 2013	-	-	-	-	-	-	-	-	8,438,453	8,438,453
- Effect of translation of net investment in Wholesale Bank Branch	-	-	49,547	-	-	-	-	-	-	49,547
	-	-	49,547	-	-	-	-	-	8,438,453	8,488,000
Transactions with owners recognized directly in equity										
Transfer to reserve for issue of bonus shares for the year ended December 31, 2012 @ 10%	-	-	-	946,342	-	-	-	-	(946,342)	-
Issue of bonus shares	946,342	-	-	(946,342)	-	-	-	-	-	-
Final cash dividend for the year ended December 31, 2012 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	-	(1,892,684)	(1,892,684)
First interim cash dividend for the year ended December 31, 2013 (Rs. 1.25 per ordinary share)	-	-	-	-	-	-	-	-	(1,301,220)	(1,301,220)
Second interim cash dividend for the year ended December 31, 2013 (Rs. 1.25 per ordinary share)	-	-	-	-	-	-	-	-	(1,301,220)	(1,301,220)
	946,342	-	-	-	-	-	-	-	(5,441,466)	(4,495,124)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	-	-	47,059	47,059
Transfer to statutory reserve	-	-	-	-	-	-	834,208	-	(834,208)	-
Balance as at September 30, 2013	10,409,763	-	59,745	-	67,995	333,864	11,315,430	6,000	26,245,171	48,437,968
Changes in equity during the quarter ended December 31, 2013										
Total comprehensive income for the quarter ended December 31, 2013										
- Net profit for the quarter ended December 31, 2013	-	-	-	-	-	-	-	-	6,344,722	6,344,722
- Effect of remeasurement of defined benefit plans net of deferred tax	-	-	-	-	-	-	-	-	678,190	678,190
- Effect of translation of net investment in foreign wholesale bank branch	-	-	24,996	-	-	-	-	-	-	24,996
	-	-	24,996	-	-	-	-	-	7,022,912	7,047,908
Transactions with owners recognized directly in equity										
Third interim cash dividend for the year ending December 31, 2013 (Rs. 1.25 per ordinary share)	-	-	-	-	-	-	-	-	(1,301,220)	(1,301,220)
	-	-	-	-	-	-	-	-	(1,301,220)	(1,301,220)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	-	6,412	6,412	
Transfer to statutory reserve	-	-	-	-	-	630,128	-	(630,128)	-	
Transfer to share premium reserve	-	333,864	-	-	(67,995)	(333,864)	67,995	-	-	-
Balance as at December 31, 2013	10,409,763	333,864	84,741	-	-	-	12,013,553	6,000	31,343,147	54,191,068
Changes in equity during the 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	-	-	-	-	-	-	-	-	11,677,512	11,677,512
- Effect of translation of net investment in foreign wholesale bank branch	-	-	(20,619)	-	-	-	-	-	-	(20,619)
	-	-	(20,619)	-	-	-	-	-	11,677,512	11,656,893
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. 1.50 per ordinary share)	-	-	-	-	-	-	-	-	(1,561,464)	(1,561,464)
First interim cash dividend for the year ending December 31, 2014 (Rs. 1.25 per ordinary share)	-	-	-	-	-	-	-	-	(1,431,342)	(1,431,342)
Second interim cash dividend for the year ending 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	36,487,063	61,177,127

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

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

The annexed notes 1 to 21 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, 2014

1 STATUS AND NATURE OF BUSINESS

Holding Company

Allied Bank Limited ("the Bank"), incorporated in Pakistan, is a scheduled Bank, engaged in commercial banking and related services. The Bank is listed on all stock exchanges in Pakistan. The Bank operates a total of 975 branches (2013: 948 branches) including 01 Islamic banking branch (2013: Nil) in Pakistan, 1 branch (2013:1) in Karachi Export Processing Zone Branch, and 1 wholesale banking branch (2013: 1) in Bahrain. The long term credit rating of the Bank assigned by The Pakistan Credit Rating Agency Limited (PACRA) is 'AA+'. Short term rating of the Bank is 'A1+'. The Bank is the holding company of ABL Asset Management Company Limited.

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

Subsidiary Company

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

ABL Asset Management company is managing following open ended funds:

- ABL Income Fund	Launched on September 20, 2008
- ABL Stock Fund	Launched on June 28, 2009
- ABL Cash Fund	Launched on July 30, 2010
- ABL Islamic Income Fund	Launched on July 30, 2010
- ABL Government Securities Fund	Launched on November 30, 2011
- ABL 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, 2014 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by the State Bank of Pakistan (SBP). In case where requirements of provisions and directives issued under the Banking Companies Ordinance, 1962, Companies Ordinance 1984 and the directives issued by SBP differs, the directives issued by SBP shall prevail.

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

2.3 These consolidated condensed interim financial statements consist of holding company and its subsidiary, for the nine months ended September 30, 2014.

2.4 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, 2013.

4.2 The financial results of the Islamic Banking branch have been consolidated in these financial statements for reporting purposes. Key financial figures of the Islamic Banking branch are disclosed in Note 19 to these financial statements.

4.3 The Bank has adopted the following revised standard, amendments and interpretations of IFRSs which became effective for the current period:

IAS 32 - Offsetting Financial Assets and Financial Liabilities - (Amendment)
IAS 36 - Recoverable Amount for Non - Financial Assets (Amendment)
IFRIC 21 - Levies

The adoption of the above amendments 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 Bank. However, the Bank has adopted new accounting policy relating to deposits mobilized under Islamic Banking operations. Such deposits are generated under two modes i.e. “Qard” and “Modaraba”. Deposits taken on Qard basis are classified as ‘Current accounts’ and Deposits generated on Modaraba basis are classified as ‘Saving deposits / Fixed deposits’.

5.2 The financial risk management objectives and policies adopted by the Group are consistent with that disclosed in the financial statements of the Group for the year ended December 31, 2013.

	Note	Un-audited September 30, 2014	Audited December 31, 2013
		Rupees in ‘000	
6. LENDINGS TO FINANCIAL INSTITUTIONS			
Repurchase agreement lendings (Reverse Repo)	6.1	19,882,152	11,661,403
Certificates of investment	6.2	70,000	70,000
Call money lendings	6.3	4,375,000	800,000
		24,327,152	12,531,403
Provision against lendings to financial institutions		(70,000)	(70,000)
		24,257,152	12,461,403

6.1 These are short-term lendings to various financial institutions against the government securities. These carry mark-up at rate, ranging between 9.25% to 10.01% (2013: 10.00% to 10.40%) per annum and will mature on various dates latest by October 13, 2014.

6.2 This represents a classified certificate of investment.

6.3 These represent unsecured call money lendings, carrying mark-up at rate, ranging between 9.90% to 11.00% (2013: 9.5% to 10.25%) per annum and will mature on various dated latest by October 14, 2014.

7. INVESTMENTS

	Note	Held by Bank	Given as collateral	Total
		Rupees in '000		
Current period - September 30, 2014 (Un-audited)	7.1	376,340,560	5,563,441	381,904,001
Prior year - December 31, 2013 (Audited)	7.1	361,509,105	2,301,445	363,810,550

7.1 Investments by types

	Un-audited As at September 30, 2014			Audited As at December 31, 2013		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
	Rupees in '000					
'Held-for-trading' securities						
Market Treasury Bills	-	-	-	2,983,343	-	2,983,343
Units of open-end mutual funds	981,959	-	981,959	873,233		873,233
	981,959	-	981,959	3,856,576	-	3,856,576
'Available-for-sale' securities						
Market treasury bills	137,988,614	5,565,010	143,553,624	272,873,099	2,304,528	275,177,627
Pakistan investment bonds	35,481,730	-	35,481,730	148,387	-	148,387
Ordinary shares of listed companies / certificates of mutual funds	18,805,790	-	18,805,790	17,602,295	-	17,602,295
Preference shares	149,355	-	149,355	149,355	-	149,355
Pre IPO shares	-	-	-	199,996	-	199,996
Units of open end mutual funds	250,000	-	250,000	5,588,989	-	5,588,989
Ordinary shares of unlisted companies	2,473,840	-	2,473,840	1,992,014	-	1,992,014
Investment in related parties						
- Listed shares	4,053,509	-	4,053,509	4,053,509	-	4,053,509
- Unlisted shares	281,816	-	281,816	281,816	-	281,816
- Units of open end mutual funds	546,008	-	546,008	5,500,000	-	5,500,000
Sukuk bonds	2,283,987	-	2,283,987	2,469,955	-	2,469,955
Term finance certificates (TFCs)	2,863,489	-	2,863,489	2,046,694	-	2,046,694
	205,178,138	5,565,010	210,743,148	312,906,109	2,304,528	315,210,637
'Held-to-maturity' securities						
Pakistan investment bonds	154,159,972	-	154,159,972	28,613,646	-	28,613,646
GOP Ijara Sukuk	151,913	-	151,913	-	-	-
Foreign currency bonds (US$)	4,635,713	-	4,635,713	4,660,597	-	4,660,597
TFCs, Debentures, Bonds and PTCs	2,672,919	-	2,672,919	3,085,738	-	3,085,738
	161,620,517	-	161,620,517	36,359,981	-	36,359,981
Investment at cost	367,780,614	5,565,010	373,345,624	353,122,666	2,304,528	355,427,194
Provision for diminution in the value of investments	(1,459,276)	-	(1,459,276)	(1,585,458)	-	(1,585,458)
Investments (net of provisions)	366,321,338	5,565,010	371,886,348	351,537,208	2,304,528	353,841,736
Unrealized gain on revaluation of 'held-for-trading' securities	54,296	-	54,296	56,412	-	56,412
Surplus / (deficit) on revaluation of 'available-for-sale' securities	9,964,926	(1,569)	9,963,357	9,915,485	(3,083)	9,912,402
Total investments at market value	376,340,560	5,563,441	381,904,001	361,509,105	2,301,445	363,810,550

	Note	Un-audited September 30, 2014	Audited December 31, 2013
		Rupees in '000	
8. ADVANCES			
Loans, cash credits, running finances, etc. - in Pakistan		295,903,724	277,270,976
Net investment in finance lease - in Pakistan		2,038,882	1,904,028
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		1,396,255	1,319,500
Payable outside Pakistan		1,786,775	4,916,169
		3,183,030	6,235,669
Advances - gross		301,125,636	285,410,673
Provision for non-performing advances	8.1 & 8.3	(18,250,648)	(18,242,365)
General provision	8.3	(100,434)	(132,187)
		(18,351,082)	(18,374,552)
Advances - net of provision		282,774,554	267,036,121

8.1 Advances include Rs. 23,079.148 million (2013: Rs. 19,423.896 million) which have been placed under non-performing status as detailed below:-

September 30, 2014 (Un-audited)

Category of Classification	Note	Classified Advances Domestic	Overseas	Total	Provision required	Provision held
		Rupees in '000				
Other Assets Especially Mentioned		229,026	-	229,026	8,355	8,355
Substandard	8.1.1	4,310,341	-	4,310,341	391,301	391,301
Doubtful		1,377,578	-	1,377,578	688,789	688,789
Loss		17,162,203	-	17,162,203	17,162,203	17,162,203
		23,079,148	-	23,079,148	18,250,648	18,250,648

December 31, 2013 (Audited)

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

8.1.1 This includes an exposure of Rs. 2,740.287 million as part of the syndicated facility of Byco Petroleum Pakistan Limited, provisioning against which has been deferred up till June 29, 2015 under a permission by State Bank of Pakistan vide its Letter No. BPRD/BRD-03/HBL/2014/16233 dated September 03, 2014.

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.

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

	(Un-audited) September 30, 2014			(Audited) December 31, 2013		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	18,242,365	132,187	18,374,552	17,752,942	52,090	17,805,032
Charge for the period / year	1,097,983	–	1,097,983	2,627,045	80,097	2,707,142
Reversals	(1,089,660)	(31,753)	(1,121,413)	(2,055,661)	–	(2,055,661)
Charged to profit and loss account	8,323	(31,753)	(23,430)	571,384	80,097	651,481
Amounts written off	(40)	–	(40)	(81,961)	–	(81,961)
Closing balance	18,250,648	100,434	18,351,082	18,242,365	132,187	18,374,552

	Un-audited September 30, 2014	Audited December 31, 2013
	Rupees in '000	
9. BORROWINGS FROM FINANCIAL INSTITUTIONS		
Details of Borrowings (Secured / Unsecured)		
Secured		
Borrowings from State Bank of Pakistan	16,267,276	14,929,061
Repurchase agreement borrowings	5,378,955	1,970,489
Unsecured		
Call borrowings	22,439,723	16,012,636
Other Borrowings	65,035	40,220
	22,504,758	16,052,856
	44,150,989	32,952,406
10. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	174,407,316	191,182,134
Savings deposits	157,561,835	145,148,202
Current accounts - remunerative	109,921,996	83,463,328
- non - remunerative	200,206,493	183,047,302
	642,097,640	602,840,966
Financial Institutions		
Remunerative deposits	966,123	5,114,383
Non - remunerative deposits	298,534	451,280
	643,362,297	608,406,629

11. SHARE CAPITAL

11.1 Authorised capital

Un-audited September 30, 2014	Audited December 31, 2013		Un-audited September 30, 2014	Audited December 31, 2013
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 September 30, 2014	Audited December 31, 2013		Un-audited September 30, 2014	Audited December 31, 2013
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	616,647,565	Issued as bonus shares	7,207,452	6,166,476
1,127,525,280	1,023,427,659		11,275,253	10,234,277
9,148,550	9,148,550	18,348,550 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation in accordance with the swap ratio stipulated therein less 9,200,000 Ordinary shares of Rs. 10 each, held by Ibrahim Leasing Limited on the cut-off date (September 30, 2004).	91,486	91,486
8,400,000	8,400,000	8,400,000 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation of First Allied Bank Modaraba with Allied Bank Limited in accordance with the share swap ratio stipulated therein.	84,000	84,000
1,145,073,830	1,040,976,209		11,450,739	10,409,763

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

	Un-audited September 30, 2014	Audited December 31, 2013
	Rupees in '000	
12. CONTINGENCIES AND COMMITMENTS		
12.1 Direct credit substitutes		
Guarantees in favour of:		
Banks and financial institutions	57,978	439,266
12.2 Transaction-related contingent liabilities		
Guarantees in favour of:		
Government	16,078,516	17,959,000
Others	15,915,654	14,245,474
	31,994,170	32,204,474
12.3 Trade-related contingent liabilities	76,888,256	71,322,325
12.4 Claims against the Bank not acknowledged as debt	5,581,319	5,740,843

12.5 The Group 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, 2014	Audited December 31, 2013
		Rupees in '000	
12.6	Commitments in respect of forward foreign exchange contracts		
	Purchase	65,799,084	97,308,562
	Sale	27,364,292	62,218,028
12.7	Commitments in respect of:		
	Civil works	962,729	1,064,715
	Acquisition of operating fixed assets	819,184	794,367
		1,781,913	1,859,082
12.8	Commitments in respect of lease financing	139,979	100,000
12.9	Other Commitments	1,135	1,096

12.10 Other Contingencies

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

12.10.2 The income tax assessments of the Bank have been finalized up to and including tax year 2013 for local and Azad Kashmir operations. While finalizing income tax assessments up to tax year 2013, income tax authorities made certain add backs with aggregate tax impact of Rs. 19,048 million (2013: Rs. 15,702 million). As a result of appeals filed by the Bank before appellate authorities, most of the add backs have been deleted . However, the Bank and Tax Department are in appeals / references before higher forums against unfavorable decisions. Pending finalization of appeals / references no provision has been made by the Bank on aggregate sum of Rs. 19,048 million (2013: Rs. 15,702 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 2013 and created an arbitrary demand of Rs. 1,133 million (2013: Rs. 1,090 million). The Group's appeals before CIR (A) / Appellate Tribunal Inland Revenue (ATIR) are pending for adjudication. The management is confident that these appeals will be decided in favor of the Group; therefore, no provision has been made against the said demand of Rs. 1,133 million (2013: Rs. 1,090 million).

Tax authorities have also issued orders under Federal Excise Act, 2005 / Sales Tax Act for the year 2008, 2009, 2010, 2011 and 2014 thereby creating arbitrary aggregate demand of Rs. 573 million (2013: Rs. 340 million). The Bank's appeals before CIR (A) / Appellate Tribunal Inland Revenue (ATIR) are pending for adjudication. The management is confident that aforesaid demand will be deleted by appellate authorities and therefore no provision has been made against the said demand of Rs. 573 million (2013: Rs. 340 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.

	Un-audited Nine Months Ended September 30, 2014	Un-audited Nine Months Ended September 30, 2013	Un-audited Quarter Ended September 30, 2014	Un-audited Quarter Ended September 30, 2013
	Rupees in '000			
13 MARK-UP / RETURN / INTEREST EARNED				
On loans and advances	21,768,840	20,812,056	7,020,916	6,866,165
On investments in:				
'Available-for-sale' securities	14,998,503	15,019,577	4,447,087	5,519,127
'Held-to-maturity' securities	10,741,121	3,078,343	4,941,160	1,091,908
'Held-for-Trading' securities	17,724	–	1,067	–
	25,757,348	18,097,920	9,389,314	6,611,035
On deposits with financial institutions	9,118	35,759	128	23,515
On securities purchased under resale agreements	779,548	1,018,729	138,374	420,069
On certificates of investment	–	14,457	–	–
On call money lending	25,197	110,651	19,803	15,614
	48,340,051	40,089,572	16,568,535	13,936,398
14 MARK-UP / RETURN / INTEREST EXPENSED				
Deposits	22,638,128	19,742,625	7,863,909	6,882,446
Long term borrowing	281,102	176,983	104,806	58,281
Securities sold under repurchase agreements	1,652,164	1,102,124	330,645	172,424
Call money borrowing	1,229,290	85,796	502,680	39,617
Brokerage and commission	92,464	101,679	32,293	34,451
Markup on sub-ordinated loans	331,002	426,354	101,153	130,609
Other short term borrowings	2,283,858	2,092,659	667,862	648,909
	28,508,008	23,728,220	9,603,348	7,966,737

15 Other income includes compensation on delayed refunds amounting to Rs. 907.380 million (2013: Rs. 1,066.805 million) under section 171 of the Income Tax Ordinance 2001 pertaining to Assessment Year 1997-98, 1999-00, 2000-01 and Tax year 2003 to 2007 & 2009 to 2011 (2013: Assessment Year / Tax Years 1997-98 to 2006). 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.

	Note	Un-audited Nine Months Ended September 30, 2014	Un-audited Nine Months Ended September 30, 2013	Un-audited Quarter Ended September 30, 2014	Un-audited Quarter Ended September 30, 2013
		Rupees in '000			
16 EARNINGS PER SHARE - BASIC AND DILUTED					
Profit after taxation for the period attributable to ordinary shareholders		11,677,512	8,438,453	4,482,352	2,850,937
		Number of Shares			
			Restated		Restated
Weighted average number of ordinary shares outstanding during the period.	16.1	1,145,073,830	1,145,073,830	1,145,073,830	1,145,073,830
		Rupees			
			Restated		Restated
Earnings per share - basic and diluted for the period	16.1	10.20	7.37	3.91	2.49

There is no dilution effect on basic earnings per share.

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

17. RELATED PARTY TRANSACTIONS

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

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

	Un-audited September 30, 2014				Audited December 31, 2013			
	Directors	Associated companies*	Key management personnel	Other related parties	Directors	Associated companies*	Kay management personnel	Other related
	Rupees in '000							
Nature of related party transactions								
Loans								
Loans at the beginning of the period / year	68,906	-	240,417	4,383,941	43,842	1,833,333	176,428	200
Loans given during the period / year	18,851	18,289	62,196	38,920,407	91,890	-	162,658	54,583,758
Loans repaid / adjustment during the period / year	(37,347)	(17,021)	(76,758)	(39,246,374)	(66,826)	(1,833,333)	(98,669)	(50,200,017)
Loans at the end of the period / year	50,410	1,268	225,855	4,057,974	68,906	-	240,417	4,383,941
Deposits								
Deposits at the beginning of the period / year	66,134	14,829	18,530	14,606,981	33,653	41,011	27,640	5,675,814
Deposits received during the period / year	3,449,319	5,330,273	508,635	75,440,989	5,146,560	7,144,875	795,509	98,198,169
Deposits repaid during the period / year	(3,462,892)	(5,288,139)	(463,594)	(82,094,383)	(5,114,079)	(7,171,057)	(804,619)	(89,267,002)
Deposits at the end of the period / year	52,561	56,963	63,571	7,953,587	66,134	14,829	18,530	14,606,981
Nostro balances	-	261,372	-	-	-	148,691	-	-
Investments in shares / open end mutual funds	-	277,483	-	7,276,836	-	279,650	-	12,194,226
Other receivables	607	-	39,112	112,536	-	-	38,853	-
Other Payable	-	-	-	110	-	-	-	110
Net receivable from staff retirement benefit funds	-	-	-	4,266,749	-	-	-	3,896,907
Non funded exposure	-	-	-	209	-	-	-	-

	Un-audited September 30, 2014				Un-audited September 30, 2013			
	Directors	Associated companies*	Key management personnel	Other related parties	Directors	Associated companies*	Kay management personnel	Other related
	Rupees in '000							
Mark-up earned	2,349	124	11,307	347,093	1,352	-	8,183	-
Income on Placements	-	1,536	-	-	-	1,226	-	-
Dividend Income	-	-	-	300,322	-	-	-	53,270
Capital Gain	-	-	-	492,757	-	-	-	-
Sales commission	-	-	-	4,655	-	-	-	2,377
Management fee income	-	-	-	232,809	-	-	-	180,801
Mark-up expense on Deposits	2,713	345	2,336	525,336	1,675	15	507	488,900
Fee commission / bank charges	21	71	47	428	9	25	42	251
Interest expense on Borrowings	-	-	-	-	-	17	-	-
Director's meeting fee	5,050	-	-	-	5,800	-	-	-
Remuneration	63,931	-	259,135	-	79,711	-	232,386	-
NIFT charges	-	-	-	68,027	-	-	-	53,485
Rent Expense**	-	15,921	-	-	-	14,476	-	-
Rent Income	-	900	-	-	-	300	-	-
Charge / (reversal) in respect of staff retirement benefit funds	-	-	-	(13,377)	-	-	-	82,080

* Associated company on the basis of common directorship.

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

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

18. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

For the nine ended months September 30, 2014 (Un-audited)

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Asset Management	Eliminations	Total
	Rupees in '000							
Total Income	382,206	1,479,346	25,722,682	52,102,326	600,234	313,750	(21,895,044)	58,705,500
Total Expenses	(168,430)	(2,594,360)	(22,235,399)	(43,444,354)	(287,753)	(192,736)	21,895,044	(47,027,988)
Net Income	213,776	(1,115,014)	3,487,283	8,657,972	312,481	121,014	-	11,677,512

For the nine ended months September 30, 2013 (Un-audited)

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Asset Management	Eliminations	Total
	Rupees in '000							
Total Income	340,310	1,474,031	30,016,198	39,118,896	685,441	251,995	(24,297,236)	47,589,635
Total Expenses	(144,514)	(2,079,904)	(25,117,868)	(35,634,004)	(316,508)	(155,620)	24,297,236	(39,151,182)
Net Income	195,796	(605,873)	4,898,330	3,484,892	368,933	96,375	-	8,438,453

As at September 30, 2014 (Un-audited)

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Asset Management	Total
	Rupees in '000						
Segment Assets	329,673	22,797,890	109,011,285	677,622,758	445,549	1,243,330	811,450,485

As at December 31, 2013 (Audited)

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Asset Management	Total
	Rupees in '000						
Segment Assets	369,234	13,917,310	125,725,177	614,299,239	794,405	1,073,269	756,178,634

19 ISLAMIC BANKING BUSINESS

19.1 The bank is operating 01 Islamic banking branch at September 30, 2014 (2013: 0 branch). The Bank started its Islamic banking operations effective from June, 2014. The statement of financial position of the Bank's Islamic Banking Branch as at September 30, 2014 is as follows:

	Un-audited September 30, 2014	December 31, 2013
	Rupees in '000	
ASSETS		
Cash and balances with treasury banks	11,769	–
Balances with and due from financial institutions	175,000	–
Investments	495,385	–
Islamic financing and receivables	–	–
Operating fixed assets	3,106	–
Deferred tax assets	–	–
Other assets	2,296	–
Total Assets	687,556	–
LIABILITIES		
Bills payable	6,910	–
Borrowings from financial institutions	–	–
Deposits and other accounts	184,958	–
-Current accounts	92,602	–
-Saving accounts	92,356	–
Deferred tax liability	–	–
Other liabilities	2,477	–
	194,345	–
NET ASSETS	493,211	–
REPRESENTED BY		
Islamic banking fund	500,000	–
Reserves	–	–
Unappropriated profit	34,739	–
	534,739	–
Deficit on revaluation of assets	(41,528)	–
	493,211	–

19.2 CHARITY FUND

Opening Balance	–	–
Additions during the period	–	–
Payments / Utilization during the period	–	–
Closing Balance	–	–

19.3 The profit and loss account of the Bank's Islamic banking business for the nine months ended September 30, 2014 is as follows:

	Nine Months Ended Un-audited September 30, 2014	Audited December 31, 2013
	Rupees in '000	
Income / return / profit earned	7,220	–
Income / return / profit expensed	1,661	–
Net income / profit	5,559	–
(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	5,559	–
OTHER INCOME		
Fee, commission and brokerage income	297	–
Dividend income	47,880	–
Income from dealing in foreign currencies	-	–
Loss on sale of securities	143	–
Unrealized gain on revaluation of investments classified as 'held-for-trading' - net	–	–
Other income	–	–
Total other income	48,320	–
	53,879	–
OTHER EXPENSES		
Administrative expenses	19,140	–
Provision against other assets - net	–	–
Provision against off-balance sheet obligations - net	–	–
Other charges	–	–
Total other expenses	19,140	–
Extra-ordinary / unusual items	–	–
PROFIT BEFORE TAXATION	34,739	–
19.4 Remuneration to Shariah Advisor / Board	1,100	–

20 GENERAL

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

20.2 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.

20.3 The Board of Directors of the Bank in its meeting held on October 23, 2014 has approved interim cash dividend for the nine months ending September 30, 2014 at Rs. 1.75 per share (September 30, 2013: Rs. 1.25 per share). The consolidated condensed interim financial statements for the nine months ended September 30, 2014 do not include the effect of this appropriation and will be accounted for in the financial statements of the period of declaration.

21 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue on October 23, 2014 by the Board of Directors of the Bank.

Chief Financial Officer   President and Chief Executive Officer

Director   Director   Chairman

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