Condensed Interim Financial Statements
for the half year ended **June 30, 2017**

# INNOVATIVE DIVERSIFICATION

Allied Bank

# Contents

# Corporate Information

## Board of Directors

Mohammad Naeem Mukhtar
(Chairman)

Sheikh Mukhtar Ahmad
Muhammad Waseem Mukhtar
Abdul Aziz Khan
Mubashir A. Akhtar
Dr. Muhammad Akram Sheikh
Zafar Iqbal
Tahir Hassan Qureshi
(CEO)

## Audit Committee of Board

Zafar Iqbal
(Chairman)

Dr. Muhammad Akram Sheikh
Mubashir A. Akhtar

## Human Resource & Remuneration Committee

Abdul Aziz Khan
(Chairman)

Muhammad Waseem Mukhtar
Tahir Hassan Qureshi

## Company Secretary

Muhammad Raffat

## Shariah Board

Mufti Ehsan Waquar Ahmed
(Chairman)

Mufti Mahmood Ahmad
Mufti Muhammad Iftikhar Baig

## Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

## Legal Adviser

Mandviwalla & Zafar Advocates

## Shares Registrar

Technology Trade (Pvt.) Limited

## Registered & Head Office

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

## Website & Email

www.abl.com

info@abl.com

## Telephone Number

(+92-42) 35880043
UAN: 111-225-225

## Social Media Links

https://twitter.com/ablpk

https://www.facebook.com/alliedbankpk

https://www.youtube.com/user/alliedbankltd

# Vision, Mission & Core Values

## Vision

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

## Mission

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

## Core Values

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

# Director's Review

Dear Shareholders,

On behalf of the Board, we are pleased to present the financial results of Your Bank for the half year ended June 30, 2017.

| | (Rupees in million) | | |
|---|---|---|---|
| | Half year ended June 30, | | Growth |
| | 2017 | 2016 | % |
| Profit after tax for the year | 6,474 | 8,601 | (25) |
| Accumulated Profits brought forward | 46,490 | 41,416 | 12 |
| Transfer from surplus on revaluation of fixed / non - banking assets – net of tax | 28 | 73 | (62) |
| **Profit Available for appropriation** | **52,992** | **50,090** | **6** |
| Final cash dividend for the year ended December 31,2016 at Rs. 1.75 per share (2016: Year ended December 31, 2015 at Rs. 1.75 per share) | (2,004) | (2,004) | – |
| Interim cash dividend for the year ending December 31,2017 at Rs. 1.75 per share (2016: Year ended December 31, 2016 at Rs. 1.75 per share) | (2,004) | (2,004) | – |
| Transfer to statutory Reserves | (647) | (860) | (25) |
| **Accumulated profits carried forward** | **48,337** | **45,222** | **7** |
| **Earnings Per Share (EPS) (Rs.)** | **5.65** | **7.51** | **(25)** |

The board is pleased to announce an interim cash dividend of Rs.1.75 per share in addition to first interim cash dividend of Rs. 1.75 per share, which has already been paid. Interim cash dividend for the half year ended June 30, 2017 is Rs.3.50 per share (June 30, 2016: Rs.3.5 per share).

**Economic Review:**

According to the IMF, global projections remain stable with GDP growth anticipated at 3.5% and 3.6% in 2017 and 2018 respectively. Amidst this stable performance, risks associated with global growth remain skewed towards downside in medium term, beset with geo-political risks, conflicts in the Middle East and policy uncertainties in United States.

Pakistan's GDP maintained its growth trajectory with increase of 5.3% during FY 2016-17; against a targeted growth of 5.7%. Agriculture and Large-Scale Manufacturing sectors witnessed a healthy growth of 3.5% and 5.7% respectively against dismal performance of 0.3% and 3.4% respectively in FY 2015-16. Service sector supported by 10.8% growth in finance and insurance sector also registered a healthy growth of 6.0% against the target of 5.7%.

Despite Pakistan's economy crossing the GDP level of US$300 billion, accomplishment of broad based progress on poverty alleviation and growing economic disparities remains elusive.

In order to realize a more inclusive growth pattern, policy focus on key areas including fiscal consolidation through broadening of tax base, reduction in burgeoning public sector debt to GDP ratio, expanding the private sector credit to GDP ratio, building of external reserves buffer with focused attention towards curtailment of rising imports, containment of rising circular debt and structural reforms to strengthen overall business climate especially export oriented industries remains imperative.

Rising current account deficit alarmingly stretched to US$12.1 billion or 4% of GDP during FY 2016-17 from 1.7% over the previous financial year; primarily attributable to unprecedented trade deficit of US$ 26,885 million during FY 2016-17, up 39% over FY 2015-16. Imports increasing by 19% during FY 2016-17 to US$48,545 million; while exports continued its downward trend for the past four years and fell 1% to reach US$21,660 million during FY 2016-17.

Remittances remained sluggish and declined by 3% during FY 2016-17 to reach US$19,303 million, further aggravating the adverse balance of payments position. Driven by exogenous factors, this decline was witnessed across major traditional areas in middle eastern countries along with flows from US and UK.

On a positive note, Foreign Direct Investment (FDI) increased by 5% during FY 2016-17 to reach US$2,411 million; dominated by Chinese CPEC related inflows during FY 2016-17.

Amidst the aforementioned situation, foreign exchange (FX) reserves declined by 7% to reach US$21,402 million at end-June 2017. Continued pressure on Current Account and FX reserves may lead to possible currency depreciation in the medium term.

Pakistan's upgrade to Emerging Market status by MSCI unexpectedly failed to stimulate the PSX; as KSE-100 index after reaching peak of 52,876 points during May'17 dropped to below December 2016 level to close at 46,565 points as at June 30, 2017.

During the half year under review, Broad Money (M2) supply grew by 8% while currency in circulation continued to grow alarmingly, increasing by 15% to reach Rs.3,910 billion. Banking industry deposits registered a growth of 7% during first half of the year to reach Rs.11,981 billion at end-June'17. After remaining stagnant for prolonged periods, private sector credit increased by 18% during first six months with overall industry advances increasing to Rs.6,176 billion at end June 2017.

Consumer Price Index increased by just 4% year on year (YoY) during June 2017; well within the target of 6%. Accordingly, State Bank of Pakistan maintained Policy Rate at 5.75% during the period under review.

## Financial Review

Your Bank, while adopting prudent strategies, is fully cognizant of the challenging multifaceted business environment. Medium term horizon encompasses continued pressure on spreads, therefore, bottom-line stability remains dependent upon diversification of earning assets mix while ensuring quality Balance Sheet growth, cost optimization, augmenting of fee income and gradual penetration in digital landscape for enhanced customer experience.

Under the prevailing challenging market dynamics, the Bank earned interest income of Rs.32,362 million for the half year ended June 30, 2017. Interest cost was contained to Rs.16,068 million down 5% from corresponding period of last year. Resultantly, overall Net Interest Income aggregated to Rs.16,294 million during the period under review.

The Bank's prudent and digital technology based risk management practices and recovery efforts continued to yield positive results with net provision reversal against Non-Performing Advances amounting to Rs.696 million as against provision charge of Rs.180 million in corresponding period of last year; enabling the Bank to post a stable net mark-up income after provision at Rs.16,998 million during the period under review.

Fee based and other income for the half year ended June 30, 2017 increased by 3% and aggregated to Rs.2,269 million. Higher income from corporate and investment banking, cash management and commodity operations remained major contributors to fee based income.

Dividend income amounted to Rs.1,527 million during the period under review, reflecting the good quality investment portfolio of the Bank. Income from dealing in foreign currencies during the period under review stood at Rs.318 million despite relatively stable PKR to USD parity. While remaining active participant in interbank market, Your Bank realized capital gains of Rs.290 million during the period under review.

# Director's Review

Your Bank's outreach continued to expand with additional 114 branches since June 2016 to reach 1,165 branches including Islamic banking network of 83 branches at end-June 2017. Simultaneous focus on expansion in digital channels was maintained with an ATM network of strategically located 1,186 ATMs across Pakistan including 221 off-site ATMs.

During the quarter, Your Bank formally launched state of the art internet banking platform dedicatedly for corporate customers; offering General Banking, Cash Management and Trade Finance facilities to further augment the alternate delivery channels. The solution offers multilayered log-in and authorization matrix ensuring seamless and secured transaction flow.

Despite aforementioned initiatives to expand outreach and continuous investment towards technology and risk management platforms; process automation and cost rationalization initiatives assisted in managing overall administrative expenses growth to just 6% during the half year ended June 30, 2017.

Your Bank's Profit Before Tax and Profit After Tax for the half year ended June 30, 2017 stood at Rs.11,269 million and Rs.6,474 million respectively; translating in to EPS and ROE of Rs.5.65 per share and 17% respectively.

The Bank sustained focus on enhanced penetration in quality credit opportunities resulted in an overall increase of 18% in total advances portfolio aggregating at Rs.388,956 million. Resultantly, gross ADR of Your Bank improved to 48% at end-June 2017. The overall investments portfolio of the Bank closed at Rs.547,922 million at end-June 2017.

Your Bank's strategic objective of enhancing deposit base with focus on low cost deposit culminated in growth in non-remunerative current deposits by Rs. 55,717 million or 22% during the quarter ended June 30, 2017 to close at Rs.306 billion. The total deposits also witnessed a growth of 6% to close at Rs.852,583 million during the period under review.

Through utilization of digital technology enabled risk management framework, Non-Performing Loans were further curtailed by 5% to Rs.19,444 million from December 2016 balance of Rs.20,432 million. Resultantly, the Bank's infection and coverage ratio improved to 5% and 93% respectively; remaining significantly better than the end March 2017 industry infection and coverage ratio of 10% and 85% respectively. No FSV benefit has been taken while determining the provision against Non-Performing advances, allowed under BSD Circular No. 01 dated October 21, 2011.

Total assets of Your Bank increased by 4% to reach Rs.1,107,830 million as at June 30, 2017. Equity of Your Bank remained robust as reflected by Capital Adequacy Ratio of 22.06% as against statutory requirement of 10.65%; with total equity of Rs.100,132 million.

## Future Outlook

The country's outlook remains favorable with real GDP growth envisaged at 6% in FY 2017-18; contingent upon timely delivery of energy and infrastructure related projects, fiscal consolidation to resolve revenue shortfalls and rising circular debt along with continued efforts to reduce worsening current account deficit and stabilize security situation. These persistent fiscal pressures, continue to hamper government's spending on key areas of human and social infrastructure development respectively.

Banking sector outlook remains immersed in challenges stemming from low interest rates environment leading to historically low spreads, transactional withholding tax on non-filers of income tax return and re-imposition of super tax of 4% during FY 2017-18. The uptick in private sector credit off-take augurs well for the banking industry, however intense competition for quality credit opportunities along with fine pricing spreads are likely to persist.

Deposit growth is envisaged to remain in line with broad money growth of the country. In order to enhance private sector deposit mix in total industry deposits, implementation of structural reforms and improving tax compliance and administration culture remain critical. Steps towards enhancing the official real estate valuation (DC rates) would also facilitate in reducing the size of undocumented economy.

Your Bank's multi-pronged strategic impetus remains towards accomplishing steady performance under the challenging business environment by augmenting outreach and alternate delivery channels, expanding Digital Banking products and services suite, enrichment of robust risk management framework and process automations; to cater for the needs of under-banked and un-banked population of the country.

Your Bank's focus for growth shall remain on enhancing proportion of low cost deposits in overall deposit mix. New business avenues including offering of Bancassurance and selective Consumer Banking products shall also gradually contribute in improving revenue streams. Organic growth in Islamic Banking segment through cautious network expansion shall also enable Your Bank to capitalize on opportunities as they arise in this niche segment.

## Entity 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.

## Corporate Governance

Your Bank's Corporate Governance rating was maintained at "CGR9+" assigned by JCR-VIS, indicating a high level of corporate governance.

## Acknowledgement

On behalf of Allied Bank, we would like to extend our gratitude to our valued customers for choosing Allied Bank for their banking needs, shareholders for their support, worthy employees for their dedication and State Bank of Pakistan, Securities and Exchange Commission and other regulatory bodies for their guidance and encouragement.

For and on behalf of the Board,

**Tahir Hassan Qureshi**
Chief Executive Officer

Date: August 17, 2017
Place: Lahore

# ڈائریکٹرز جائزہ رپورٹ

محترم شیئر ہولڈرز!

بورڈ آف ڈائریکٹرز کی جانب سے ہم 30 جون 2017 کو اختتام پذیر ششماہی کے مالیاتی نتائج پیش کرتے ہوئے نہایت مسرت محسوس کرتے ہیں۔

| | ششماہی مختتم 30 جون | | |
|---|---|---|---|
| | 2017 | 2016 | اضافہ |
| | ملین روپے | | فی صد |
| بعد از ٹیکس منافع | 6,474 | 8,601 | -25 |
| گزشتہ جمع شدہ منافع | 46,490 | 41,416 | 12 |
| معین اثاثا جات/غیر بینکاری اثاثہ جات کی قدر و پیمائش سے منتقلی- خالص از ٹیکس | 28 | 73 | -62 |
| **تصرف کیلئے دستیاب منافع** | 52,992 | 50,090 | 6 |
| حتمی کیش ڈیوڈینڈ برائے سال مختتمہ 31 دسمبر 2016-1.75 روپے فی حصص (2016: سال مختتمہ 31 دسمبر 2015-1.75 روپے فی حصص) | (2,004) | (2,004) | - |
| عبوری کیش ڈیوڈینڈ برائے سال مختتمہ 31 دسمبر 2017-1.75 روپے فی حصص (2016: سال مختتمہ 31 دسمبر 2017-1.75 روپے فی حصص) | (2004) | (2004) | - |
| ضوابطی ریزرو میں منتقلی | (647 ) | (860) | -25 |
| **آگے منتقل کیا گیا جمع شدہ منافع** | 48,337 | 45,222 | 7 |
| **فی حصص روپے (EPS)** | 5.65 | 7.51 | -25 |

بورڈ انتہائی مسرت کے ساتھ 1.75 روپے فی حصص کے عبوری کیش ڈیوڈینڈ کا اعلان کرتا ہے، جو پہلے عبوری کیش ڈیویڈنڈ 1.75 روپے فی حصص، جس کی بیشتر ادائیگی کی جا چکی ہے، کے علاوہ ہے۔ 30 جون 2017 کو اختتام پذیر ششماہی کا عبوری کیش ڈیوڈینڈ 3.50 روپے فی حصص ہے۔ (30 جون 2016: 3.50 روپے فی حصص)

## معاشی جائزہ:

IMF کے مطابق جی ڈی پی سے متعلق عالمی توقعات سال 2017 اور 2018 میں بالترتیب 3.5 اور 3.6 فیصد متوقع نمو کے ساتھ قدرے مستحکم رہے۔ اس متوازن کارکردگی کے باوجود عالمی ترقی سے جڑے خدشات درمیانی مدت میں انحطاط پذیری کا شکار رہے، جن کی وجہ جغرافیائی اور سیاسی خدشات، مشرق وسطیٰ میں وقوع پذیر اختلافات اور امریکہ کی غیر یقینی پالیساں ہیں۔

پاکستان کا جی ڈی پی مالی سال 17-2016 میں اپنی بڑھوتی کے رجحان کو برقرار رکھتے ہوئے 5.7 فیصد مقررہ ہدف کی نسبت 5.3 فیصد پر رہا۔ زراعت اور بڑے پیمانے کی صنعت کے شعبے میں گزشتہ مالی سال 16-2015 میں بالترتیب 0.3 فیصد اور 3.4 فیصد کی مایوس کن کارکردگی کی نسبت بالترتیب 3.5 فیصد اور 5.7 فیصد کی مضبوط ترقی دیکھنے میں آئی۔ خدمات کے شعبہ کو سرمایہ میں 10.8 فیصد کی نمو کا تعاون رہا اور انشورنس کے شعبے میں بھی 5.7 فیصد کے مقررہ ہدف کی نسبت 6.0 فیصد کی مستحکم ترقی ریکارڈ کی گئی۔

باوجود اس امر کے کہ پاکستان کی معیشت 300 بلین امریکی ڈالر کے جی ڈی پی کی حد سے تجاوز کر گئی، معاشی عدم توازن اور وسیع پیمانے پر غربت کے خاتمے کا حصول مبہم ہے۔

مجموعی ترقی کے عمل کے حصول کے لئے اہم پالیسی عناصر پر توجہ کی ضرورت ہے بشمول ٹیکس کے نظام کی وسعت کے ذریعے مالی استحکام، پبلک سیکٹر کے بڑھتے ہوئے قرضوں اور جی ڈی پی کے تناسب میں کمی، پرائیوٹ سیکٹر کے قرضوں اور جی ڈی پی کے تناسب میں اضافہ، بڑھتی ہوئی درآمدات میں کٹوتی کے ذریعے بیرونی ذخائر میں اضافہ، بڑھتے ہوئے گردشی قرضوں کی روک تھام اور جامعہ اصلاحات کے ذریعے مجموعی کاروباری حالات خصوصاً برآمدات سے متعلقہ صنعتوں پر توجہ مرکوز کرنے کی ضرورت ہے۔

کرنٹ اکاؤنٹ کا خسارہ مزید بڑھتے ہوئے مالی سال 17-2016 میں 12.1 بلین امریکی ڈالر یا جی ڈی پی کے 4 فیصد تک رہا، جبکہ پچھلے مالی سال میں یہ خسارہ 1.7 فیصد

تھا۔جس میں مرکزی کردار تجارتی خسارے کا رہا جو کہ مالی سال16-2015 کی نسبت 39 فیصد اضافے کے ساتھ مالی سال 17-2016 میں 26,885 ملین امریکی ڈالر پر رہا۔درآمدات اس مالی سال 17-2016 میں 19 فیصد اضافے کے ساتھ 48,545 ملین امریکی ڈالر رہے۔ جبکہ برآمدات نے اپنی تنزلی کے گزشتہ چار سال کے رجحان کو جاری رکھا اور ایک فیصد مزید گرتے ہوئے مالی سال17-2016 کے دوران 21,660 ملین امریکی ڈالر کی سطح پر رہیں۔

ترسیلات زر بدستور انحطاط پذیری کا شکار رہی اور ادائیگیوں کے ناموافق توازن کو مزید سنگین بناتے ہوئے مالی سال17-2016 میں تین فیصد کی کمی کے ساتھ 19,303 ملین امریکی ڈالر رہی۔ بیرونی بنیاد رکھنے والے عوامل سے متاثر، یہ کمی زیادہ تر روایتی علاقوں مشرق وسطیٰ کے ممالک اور اسکے ساتھ ساتھ برطانیہ اور امریکہ سے بھی دیکھی گئی ہے۔

ایک مثبت پہلو کے طور پر غیر ملکی براہ راست سرمایہ کاری مالی سال 17-2016 میں 5 فیصد اضافے کے ساتھ 2,411 ملین امریکی ڈالر تک جا پہنچی جس میں چین کے CPEC سے متعلقہ ترسیلات حاوی رہیں۔

مندرجہ بالا صورتحال کے تناظر میں غیر ملکی زرمبادلہ کے ذخائر جون 2017 کے اختتام تک 7 فیصد کی کمی کے ساتھ 21,402 ملین امریکی ڈالر تک پہنچ گئے۔کرنٹ اکاؤنٹ اور فارن ایکسچینج پر جاری دباؤ کی بدولت درمیانی مدت میں روپے کی قدر میں کمی واقع ہوسکتی ہے۔

MSCI کی جانب سے پاکستان کی ابھرتی ہوئی منڈیوں میں شمولیت بھی پاکستان اسٹاک ایکسچینج میں غیر متوقع طور پر کوئی پیش رفت نہ لاسکی اور KSE-100 انڈکس مئی 2017 میں 52,876 پوائنٹس کی بلند ترین سطح سے گرتے ہوئے جون 2017 میں دسمبر2016 کی 46,565 پوائنٹس تک کی سطح تک جا پہنچا۔

اس زیر نظر ششماہی کے دوران براڈ منی (M2) کی رسد میں 8 فیصد کا اضافہ ہوا جبکہ کرنسی کی گردش 15 فیصد کی خطرناک وسعت کے سبب 3,910 بلین روپے تک پہنچ گئی۔ بینکاری کی صنعت کے ڈیپازٹ اس ششماہی کے دوران 7 فیصد کے اضافے کے ساتھ 11,981 بلین روپے تک جا پہنچے۔ایک طویل مدت تک یکسانیت کا شکار رہنے کے بعد نجی شعبہ کے قرضوں میں سال کے پہلے چھ ماہ کے دوران 18 فیصد کا اضافہ دیکھا گیا اور مجموعی طور پر صنعتی قرضہ جات جون 2017 کے اختتام تک 6,176 بلین روپے تک بڑھ گئے۔

صارفین کی قیمتوں کے جدول میں جون2017 کے دوران سال بہ سال کی نسبت میں صرف 4 فیصد کا اضافہ ہوا جو کہ 6 فیصد کے مقررہ ہدف سے کافی کم تھا۔ چنانچہ سٹیٹ بینک آف پاکستان نے اس زیر نظر عرصے میں پالیسی ریٹ کو5.75 فیصد کی سطح پر برقرار رکھا۔

## مالیاتی جائزہ:

آپکا بینک محتاط حکمت عملیوں کو اختیار کرتے ہوئے کاروباری ماحول کے کثیر پہلو خدشات کا مکمل ادراک رکھتا ہے۔وسطی مدت میں سپریڈز پر جاری دباؤ کے باعث بنیادی استحکام کے لئے پیداواری اثاثوں کی ترکیب میں تنوّع اور بیلنس شیٹ کی معیاری ترقی، لاگت کی اصلاح، فیس آمدنی میں اضافہ اور صارفین کے بہتر تجربہ کے لئے ڈیجیٹل ماحول میں بتدریج فروغ جیسے عوامل شامل ہیں۔

مارکیٹ کے موجودہ درپیش بدلتے ہوئے چیلنجز کے تناظر میں بینک کی مارک اپ آمدنی 30 جون 2017 کو اختتام پذیر ششماہی میں 32,362 ملین روپے رہی۔ مارک اپ اخراجات گزشتہ سال کی تقابلی مدت کی نسبت 5 فیصد کمی کے ساتھ 16,068 ملین روپے تک محدود رہے۔ جسکے نتیجے میں خالص مارک اپ آمدنی اس زیر تجزیہ عرصے میں 16,294 ملین روپے رہی۔

بینک کی دانشمندانہ اور ڈیجیٹل ٹیکنالوجی سے مزین رِسک مینجمنٹ کے ضابطہ اور وصولیوں کی کوششیں، مسلسل مثبت نتائج کا پیش خیمہ ہیں۔جسکے نتیجے میں غیر فعال قرضوں کی خالص مہیا شدہ اخراجات میں گزشتہ سال کی اسی تقابلی مدت کے 180 ملین روپے کے اخراجات کی نسبت 696 ملین روپے کی واپسی ہوئی اور جسکی بدولت بینک نے اس زیر نظر عرصے کے دوران 16,998 ملین روپے کی مضبوط خالص مارک اپ آمدنی اشدہ اخراجات حاصل کی۔

فیس اور دیگر آمدنی کی مد میں 30 جون 2017 اختتام پذیر ششماہی کے دوران 3 فیصد کا اضافہ ہوا اور مجموعی طور پر اسکا تعین 2,269 ملین روپے رہا۔ کارپوریٹ اور سرمایہ کاری کی بینکاری، کیش مینجمنٹ اور اجناس کے کاروبار سے متعلقہ شعبوں سے حاصل شدہ اضافی رقم، فیس آمدنی میں بڑے کردار کی حامل رہیں۔

ڈیویڈینڈ آمدنی کا تعین اس زیر نظر مدت میں1,527 ملین روپے رہا جو بینک کی اعلیٰ معیار کی سرمایہ کاری کا مظہر ہے۔ غیر ملکی کرنسیوں کے لین دین سے حاصل شدہ آمدنی پاکستانی

روپےاورامریکی ڈالر میں نسبتاً استحکام کے باوجود، اس زیرنظر مدت میں 318 ملین روپے رہی۔جبکہ انٹر بینک مارکیٹ میں آپ کے بینک کی مستعد کارکردگی کی بدولت اس زیرنظر عرصے میں 290 ملین روپے کا سرمایہ کاری منافع Capital Gain حاصل کیا گیا۔

آپکے بینک نے اپنی استعداد کو مزید وسیع کرتے ہوئے جون 2016 سے اب تک 114 نئی برانچوں کا اضافہ کرتے ہوئے کل تعداد 1,165 تک پہنچ گئی جبکہ اس میں جون 2017 کے اختتام تک 83 اسلامی بینکاری کی برانچیں بھی شامل ہیں اسکے ساتھ بینک کے ڈیجیٹل/خودکار ذرائع پر جاری ارتکاز کے باعث ATM نیٹ ورک میں انتہائی حکمت عملی کے تحت ATMs کی تعداد ملک گیر سطح پر 1,186 ہو چکی ہے جس میں 221 Off-Site ATMs, بھی شامل ہیں۔

اس سہ ماہی کے دوران آپکے بینک نے باقاعدہ طور پر اپنے کارپوریٹ صارفین کے لئے مخصوص جدید ترین انٹرنیٹ بینکاری کے پلیٹ فارم کا افتتاح کیا ہے۔جس میں عام بینکاری کی خدمات، کیش مینیجمنٹ اورتجارتی مقاصد کے قرضوں کے مزید فروغ کے متبادل ذرائع کا اعادہ کیا گیاہے۔یہ سہولت متعدد تہوں پر مشتمل Log-In اور Authorization Matrix سے مزین ہے تاکہ تمام لین دین کے نظام کو یقینی طور پر مؤثر اور محفوظ بنایا جاسکے۔

اپنے استطاعت کو وسعت دینے اورٹیکنالوجی اور رسک مینیجمنٹ میں جاری سرمایہ کاری کے مندرجہ بالا اقدامات کے باوجود خودکار نظام عمل اور لاگت کو معقول بنانے کے اقدامات کے باعث بینک کے انتظامی اخراجات میں 30 جون 2017 اختتام پذیر ششماہی کے دوران محض 6 فیصد کا اضافہ ہوا۔

آپکے بینک کا قبل از ٹیکس منافع اور بعد از ٹیکس منافع 30 جون 2017 کو اختتام پذیر ششماہی میں بالترتیب 11,269 ملین روپے اور 6,474 ملین روپے رہا جسکی بدولت EPS اور ROE بالترتیب 5.65 روپے فی حصص اور 17 فیصد رہیں۔

معیاری قرض کے مواقع میں بینک کے جاری ارتکاز کے فروغ کے باعث قرضہ جات کی مد میں مجموعی طور پر 18 فیصد اضافے کے باعث انکا کل حجم 388,956 ملین روپے رہا۔ جس کے نتیجے میں آپکے بینک کا مجموعی ADR بہتر ہوتے ہوئے جون 2017 کے اختتام تک 48 فیصد کی شرح تک جا پہنچا۔سرمایہ کاری کا مجموعی حجم جون 2017 کے اختتام تک 547,922 ملین روپے رہا۔

آپکے بینک کا بنیادی ڈیپازٹ میں اضافہ کا کلیدی مقصد کم لاگت کے ڈیپازٹ کے فروخت پر انحصار کے باعث غیر منافع کرنٹ اکاؤنٹ 22 فیصد یا 55,717 ملین روپے کی نمو کے ساتھ 30 جون 2017 کو اختتام پذیر سہ ماہی تک 306 بلین روپے کی سطح پر ریکارڈ کیا گیا۔کل ڈیپازٹس میں بھی اس زیرنظر مدت میں 6 فیصد کا اضافہ دیکھا گیا جنکا مجموعی حجم 852,583 ملین روپے تک جا پہنچا۔

جدید ٹیکنالوجی سے مزین رسک مینجمنٹ فریم ورک کے استعمال کے ذریعے غیر فعال قرضوں میں مزید 5 فیصد کی کمی آئی اور یہ دسمبر 2016 کے 20,432 ملین روپے کی نسبت 19,444 ملین روپے رہے۔ جسکے نتیجے میں بینک کی Infection اور Coverage کی شرح بہتری کے ساتھ بالترتیب 5 فیصد اور 93 فیصد رہی جو کہ مارچ 2017 کے پوری صنعت کے انفیکشن اور کوریج کی شرح جو بالترتیب 10 فیصد اور 85 فیصد تھیں سے نمایاں طور پر بہتر ہیں۔ غیر فعال قرضوں کے لئے مختص شدہ اخراجات کا شمار کرتے ہوئے سٹیٹ بینک کے بی ایس ڈی سرکلر نمبر 01 مورخہ 21 اکتوبر 2011 کے تحت حاصل شدہ FSV کا فائدہ حاصل نہیں کیا گیا ہے۔

آپکے بینک کے کل اثاثے 4 فیصد کے اضافے کے ساتھ 30 جون 2017 تک 1,107,830 ملین روپے رہے۔آپکے بینک کا سرمایہ میں استحکام برقرار رہا جو 22.06 فیصد کی Capital Adequancy کی شرح سے ثابت ہے جبکہ اس شرح کی مقررہ ضوابطی حد 10.65 فیصد ہے۔جبکہ کل سرمایہ کا حجم 100,132 ملین روپے رہا۔

## مستقبل کا نقطہ نظر:

ملک کی پیش بینی میں اصل جی ڈی پی سال 18-2017 میں 6 فیصد کی نمو برقرار ہے ۔تاہم یہ چند عوامل پر منحصر ہے، جن میں توانائی اور تعمیراتی منصوبوں کی بروقت تکمیل، آمدنیوں کی وصولیوں میں کمی اور بڑھتے ہوئے اندرونی قرضوں کی روک تھام سے مالی استحکام کے حصول اور اسکے علاوہ بدترین کرنٹ اکاؤنٹ خسارے کو کم کرنے اور امن و امان کی صورتحال کو بہتر بنانے کی کوششوں کو جاری رکھنے جیسے معاملات شامل ہیں۔ان عوامل کا دباؤ حکومت کی ان کاوشوں کو مسلسل متاثر کررہا ہے جو اہم ترین انسانی وسماجی شعبوں کی بہتری کے لئے کی جاتی تھیں۔

بینکنگ کے شعبے کی پیش بینی ابھی تک ان خدشات میں مستغرق ہے جو شرح سود کی کمی کی وجہ سے ظہور پذیر ہیں اور جن کے نتیجے میں تاریخی طور پر کم ترین سپریڈز کی شرح موجود ہے۔

انکم ٹیکس ریٹرن کے نان فائلرز کے لین دین پر ودہولڈنگ ٹیکس اور مالی سال 18-2017 میں 4 فیصد سپر ٹیکس کا مزید نفاذ بھی ان خدشات میں شامل ہیں۔نجی شعبے میں قرض کے رجحان میں اضافہ بینکنگ کے شعبے کے لئے خوش آئند ہے تاہم اس میں معیاری قرض کے مواقعوں اور اسکے ساتھ بہتر قیمتوں کے شدید مسابقتی ماحول کے جاری رہنے کی توقع ہے۔

ڈیپازٹ کی شرح نمو میں اضافہ ملک میں براڈ منی کے نمو کے ساتھ منسلک ہے۔صنعت کے کل ڈیپازٹ میں نجی شعبے کے ڈیپازٹ کے کردار کو بڑھانے کے لئے بنیادی اصلاحات کا نفاذ اور ٹیکس کی تعمیل وانتظامی تمدن میں بہتری اب بھی اہم عوامل ہیں۔املاک کی سرکاری ریٹ پر مالی تشخیص کے فروغ کے لئے اٹھائے گئے اقدامات کی وجہ سے غیر دستاویزی معیشت کو کم کرنے کے لئے مدد ملے گی۔

آپکے بینک کی کثیر پہلو حکمت عملی ایک مشکل کاروباری ماحول میں اپنی وسعت اور ادائیگی کے متبادل ذریعوں کے فروغ، ڈیجیٹل بینکاری کی پراڈکٹس اور خدمات میں اضافہ، اپنے رسک مینجمنٹ فریم ورک کی مضبوطی اور استحکام اور خودکار طریقہ کار کے ذریعے اپنی مستعد کارکردگی کے حصول کے لئے متحرک ہے۔تا کہ بینکاری سے محروم یا بینکاری کی کم سہولتوں سے استفادہ کرنے والی آبادی کو متوجہ اور انکی ضروریات کو پورا کیا جاسکے۔

آپکے بینک کی توجہ مجموعی ڈیپازٹ کی ترکیب میں کم لاگت کے ڈیپازٹس میں فروغ کی جانب گامزن رہے گی۔نئے کاروباری مواقع جن میں بینکا اشورنس کی خدمات کی پیش کش اور مخصوص کنزیومر بینکاری کی پراڈکٹس کی بتدریج آمدنی کے اضافے میں اپنا کردار ادا کریں گے۔اسلامی بینکاری کے شعبے کی ترقی اپنے محتاط پھیلاؤ کے بدولت آپکے بینک کو ایسے مواقع سے فائدہ اٹھانے میں مدد کرے گی جو اس مخصوص شعبے میں پیدا ہونگے۔

## اینٹٹی ریٹنگ:

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

## کارپوریٹ گورننس ریٹنگ:

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

## تسلیم وتحسین

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

منجانب وبرائے بورڈ

**طاہر حسن قریشی**
چیف ایگزیکٹیو آفیسر
17 اگست 2017
لاہور۔

**KPMG Taseer Hadi & Co.**
Chartered Accountants
2nd Floor, Servis House,
2 - Main Gulberg Jail Road, Lahore, Pakistan.

# Independent Auditors' Report to the members
on Review of Interim Financial Information

## Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Allied Bank Limited ("the Bank") as at 30 June 2017, and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, unconsolidated condensed interim statement of cash flows and explanatory notes (here-in-after referred to as "interim financial information") for the six months period then ended. Management is responsible for the preparation and presentation of the interim financial information in accordance with approved accounting standards applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

## Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the six months period ended 30 June 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

## Other matter

The figures for the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income for the quarters ended 30 June 2017 and 30 June 2016 have not been reviewed and we do not express a conclusion on them.

Date: August 17, 2017
Place: Lahore

KPMG Taseer Hadi & Co.
Chartered Accountants
Kamran I. Yousafi

Unconsolidated Condensed Interim Financial Statements

# ALLIED BANK LIMITED

for the half year ended June 30, 2017

# Unconsolidated Condensed Interim Statement of Financial Position
as at June 30, 2017

| | Note | Un-audited June 30, 2017 | Audited December 31, 2016 |
|---|---|---|---|
| | | Rupees in '000 | |
| **ASSETS** | | | |
| Cash and balances with treasury banks | | 89,227,358 | 73,203,717 |
| Balances with other banks | | 1,473,539 | 679,923 |
| Lendings to financial institutions | 6 | 12,394,485 | 10,512,752 |
| Investments | 7 | 547,922,654 | 589,864,548 |
| Advances | 8 | 388,956,301 | 329,562,191 |
| Operating fixed assets | | 33,525,552 | 32,757,221 |
| Deferred tax assets | | – | – |
| Other assets | | 34,330,258 | 32,365,396 |
| | | 1,107,830,147 | 1,068,945,748 |
| **LIABILITIES** | | | |
| Bills payable | | 7,267,258 | 9,848,795 |
| Borrowings | 9 | 121,008,196 | 126,368,875 |
| Deposits and other accounts | 10 | 852,583,356 | 805,110,834 |
| Sub-ordinated loans | | – | – |
| Liabilities against assets subject to finance lease | | – | – |
| Deferred tax liabilities | | 9,100,904 | 10,986,887 |
| Other liabilities | | 17,738,709 | 15,956,529 |
| | | 1,007,698,423 | 968,271,920 |
| **NET ASSETS** | | 100,131,724 | 100,673,828 |
| | | | |
| **REPRESENTED BY** | | | |
| Share capital | 11 | 11,450,739 | 11,450,739 |
| Reserves | | 17,186,186 | 16,533,485 |
| Unappropriated profit | | 48,337,278 | 46,490,244 |
| | | 76,974,203 | 74,474,468 |
| Surplus on revaluation of assets - net of tax | | 23,157,521 | 26,199,360 |
| | | 100,131,724 | 100,673,828 |

**CONTINGENCIES AND COMMITMENTS** 12

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

Chief Financial Officer President and Chief Executive Officer

Director Director Chairman

# Unconsolidated Condensed Interim Profit and Loss Account

(Un-audited) for the half year ended June 30, 2017

| | Note | Half year Ended June 30, 2017 | Half year Ended June 30, 2016 | Quarter Ended June 30, 2017 | Quarter Ended June 30, 2016 |
|---|---|---|---|---|---|
| | | Rupees in '000 | | | |
| Mark-up / return / interest earned | 13 | 32,362,058 | 34,596,864 | 16,615,695 | 17,493,849 |
| Mark-up / return / interest expensed | 14 | 16,068,044 | 16,892,236 | 8,320,948 | 8,286,995 |
| Net mark-up / interest income | | 16,294,014 | 17,704,628 | 8,294,747 | 9,206,854 |
| (Reversal) / provision against non-performing loans and advances - net | | (695,907) | 180,356 | (302,224) | (95,744) |
| (Reversal) / provision for diminution in the value of investments - net | | (8,061) | 62,705 | (8,061) | 62,705 |
| Bad debts written off directly | | – | – | – | – |
| | | (703,968) | 243,061 | (310,285) | (33,039) |
| **Net mark-up / interest income after provisions** | | 16,997,982 | 17,461,567 | 8,605,032 | 9,239,893 |
| **NON MARK-UP / INTEREST INCOME** | | | | | |
| Fee, commission and brokerage income | | 2,091,156 | 2,138,537 | 954,595 | 1,005,614 |
| Dividend income | | 1,527,174 | 1,966,473 | 1,105,719 | 549,341 |
| Income from dealing in foreign currencies | | 317,584 | 337,819 | 148,393 | 134,286 |
| Gain / (loss) on sale of securities - net | | 289,531 | 2,453,383 | (9,940) | 1,492,299 |
| Unrealized gain / (loss) on revaluation of investments classified as 'held-for-trading' - net | | – | 3,906 | 1,288 | (8,943) |
| Other income | | 178,125 | 70,012 | 133,949 | 8,531 |
| Total non mark-up / interest income | | 4,403,570 | 6,970,130 | 2,334,004 | 3,181,128 |
| | | 21,401,552 | 24,431,697 | 10,939,036 | 12,421,021 |
| **NON MARK-UP / INTEREST EXPENSES** | | | | | |
| Administrative expenses | | 9,801,512 | 9,290,691 | 5,054,634 | 4,858,073 |
| Provision against other assets | | 24,000 | 26,717 | 12,000 | 14,717 |
| (Reversal) / provision against off-balance sheet obligations - net | | (2,698) | 10,782 | – | 10,782 |
| Other charges | | 309,432 | 398,372 | 154,414 | 207,008 |
| Total non mark-up / interest expenses | | 10,132,246 | 9,726,562 | 5,221,048 | 5,090,580 |
| Extra-ordinary / unusual items | | – | – | – | – |
| **PROFIT BEFORE TAXATION** | | 11,269,306 | 14,705,135 | 5,717,988 | 7,330,441 |
| **Taxation:** | | | | | |
| Current | | 4,098,201 | 5,424,473 | 2,042,392 | 2,652,656 |
| Prior year | 15 | 959,605 | 954,019 | 959,605 | 954,019 |
| Deferred | | (262,585) | (274,797) | (156,212) | (90,022) |
| | | 4,795,221 | 6,103,695 | 2,845,785 | 3,516,653 |
| **PROFIT AFTER TAXATION** | | 6,474,085 | 8,601,440 | 2,872,203 | 3,813,788 |
| Unappropriated profit brought forward | | 46,490,244 | 41,415,882 | 47,742,117 | 43,735,347 |
| **PROFIT AVAILABLE FOR APPROPRIATION** | | 48,337,278 | 45,222,326 | 48,337,278 | 45,222,326 |
| **Earnings per share - Basic and Diluted (in Rupees)** | 16 | 5.65 | 7.51 | 2.51 | 3.33 |

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

Chief Financial Officer President and Chief Executive Officer

Director Director Chairman

# Unconsolidated Condensed Interim Statement of Comprehensive Income

(Un-audited) for the half year ended June 30, 2017

| | Half year Ended | | Quarter Ended | |
|---|---|---|---|---|
| | June 30, 2017 | June 30, 2016 | June 30, 2017 | June 30, 2016 |
| | Rupees in '000 | | | |
| **Profit after taxation for the period** | 6,474,085 | 8,601,440 | 2,872,203 | 3,813,788 |
| **Other comprehensive income** | | | | |
| ***Items to be reclassified to profit and loss account in subsequent periods:*** | | | | |
| Exchange differences on translation of net investment in foreign operating branches | 5,292 | (3,768) | (2,183) | 115,207 |
| **Comprehensive income transferred to equity** | 6,479,377 | 8,597,672 | 2,870,020 | 3,928,995 |
| **Components of comprehensive income not reflected in equity:** | | | | |
| ***Items to be reclassified to profit and loss account in subsequent periods:*** | | | | |
| Net change in fair value of 'available-for-sale' securities | (4,637,287) | 5,140,571 | (3,446,159) | 3,832,081 |
| Related deferred tax charge / (reversal) | 1,623,051 | (1,799,200) | 1,206,156 | (1,341,228) |
| | (3,014,236) | 3,341,371 | (2,240,003) | 2,490,853 |
| **Total comprehensive income** | 3,465,141 | 11,939,043 | 630,017 | 6,419,848 |

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

# Unconsolidated Condensed Interim Statement of Cash Flow

(Un-audited) for the half year ended June 30, 2017

| | Half year Ended June 30, 2017 | June 30, 2016 |
|---|---|---|
| | Rupees in '000 | |
| **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Profit before taxation | 11,269,306 | 14,705,135 |
| Less: Dividend income | (1,527,174) | (1,966,473) |
| | 9,742,132 | 12,738,662 |
| **Adjustments for non-cash items:** | | |
| Depreciation / amortization | 1,237,826 | 1,073,559 |
| (Reversal) / provision against non-performing loans and advances - net | (695,907) | 180,356 |
| (Reversal) / provision for diminution in the value of investments - net | (8,061) | 62,705 |
| Unrealized gain on revaluation of 'held-for-trading' securities - net | – | (3,906) |
| (Reversal) / provision against off-balance sheet obligations - net | (2,698) | 10,782 |
| Provision against other assets | 24,000 | 26,717 |
| Provision for workers welfare fund | 234,183 | 309,970 |
| Gain on sale of operating fixed assets - net | (23,689) | (31,321) |
| Loss on sale of other assets | – | 15,994 |
| | 765,654 | 1,644,856 |
| | 10,507,786 | 14,383,518 |
| **(Increase) / decrease in operating assets** | | |
| Lendings to financial institutions | (1,881,733) | 1,031,919 |
| Net realization / (investment) - 'held-for-trading' securities | 100,931 | (1,425,732) |
| Advances | (58,715,010) | (19,614,755) |
| Other assets (excluding advance taxation) | (1,562,402) | (1,362,838) |
| | (62,058,214) | (21,371,406) |
| **Increase / (decrease) in operating liabilities** | | |
| Bills payable | (2,581,537) | 1,861,160 |
| Borrowings | (5,522,967) | (11,816,792) |
| Deposits and other accounts | 47,472,522 | 37,749,088 |
| Other liabilities | 1,532,591 | (156,284) |
| | 40,900,609 | 27,637,172 |
| | (10,649,819) | 20,649,284 |
| Income tax paid | (5,468,410) | (6,698,420) |
| **Net cash flows generated from operating activities** | (16,118,229) | 13,950,864 |
| | | |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| Net realization / (investment) in 'available-for-sale' securities | 35,635,671 | (9,517,699) |
| Net realization in 'held-to-maturity' securities | 1,576,777 | 3,931,122 |
| Dividend received | 1,501,309 | 1,566,404 |
| Investments in operating fixed assets | (1,986,772) | (2,045,879) |
| Proceeds from sale of operating fixed assets | 30,575 | 46,502 |
| **Net cash flows used in investing activities** | 36,757,560 | (6,019,550) |
| | | |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Dividend paid | (3,989,654) | (3,984,372) |
| **Net cash flows used in financing activities** | (3,989,654) | (3,984,372) |
| Effect of translation of net investment in foreign operating branches | 5,292 | (3,768) |
| **Increase in cash and cash equivalents during the period** | 16,654,969 | 3,943,174 |
| **Cash and cash equivalents at beginning of the period** | 73,850,898 | 60,698,203 |
| **Effect of exchange rate changes on opening cash and cash equivalents** | (30,717) | (10,900) |
| **CASH AND CASH EQUIVALENTS AT END OF THE PERIOD** | 90,475,150 | 64,630,477 |

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

Chief Financial Officer President and Chief Executive Officer

Director Director Chairman

# Unconsolidated Condensed Interim Statement of Changes in Equity

(Un-audited) for the half year ended June 30, 2017

| | Share Capital | Capital Reserve: Exchange Translation Reserve | Statutory Reserve | Revenue Reserves: General Reserve | Revenue Reserves: Un-appropriated Profit | Total |
|---|---|---|---|---|---|---|
| | Rupees in '000 | | | | | |
| Balance as at January 01, 2016 (Audited) | 11,450,739 | 68,933 | 15,027,093 | 6,000 | 41,415,882 | 67,968,647 |
| Changes in equity during the half year ended June 30, 2016 | | | | | | |
| Total comprehensive income for the half year ended June 30, 2016: | | | | | | |
| Net profit for the half year ended June 30, 2016 | – | – | – | – | 8,601,440 | 8,601,440 |
| Effect of translation of net investment in foreign operating branches | – | (3,768) | – | – | – | (3,768) |
| | – | (3,768) | – | – | 8,601,440 | 8,597,672 |
| Transactions with owners recognized directly in equity: | | | | | | |
| Final cash dividend for the year ended December 31, 2015 (Rs. 1.75 per ordinary share) | – | – | – | – | (2,003,879) | (2,003,879) |
| First interim cash dividend for the year ended December 31, 2016 (Rs. 1.75 per ordinary share) | – | – | – | – | (2,003,879) | (2,003,879) |
| | – | – | – | – | (4,007,758) | (4,007,758) |
| Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax | – | – | – | – | 28,915 | 28,915 |
| Transferred from surplus on revaluation of non-banking assets to un-appropriated profit - net of tax | – | – | – | – | 43,991 | 43,991 |
| Transfer to statutory reserve | – | – | 860,144 | – | (860,144) | – |
| Balance as at June 30, 2016 | 11,450,739 | 65,165 | 15,887,237 | 6,000 | 45,222,326 | 72,631,467 |
| Changes in equity during the half year ended December 31, 2016 | | | | | | |
| Total comprehensive income for the half year ended December 31, 2016: | | | | | | |
| Net profit for the half year ended December 31, 2016 | – | – | – | – | 5,825,610 | 5,825,610 |
| Effect of remeasurement of defined benefit plans-net of tax | – | – | – | – | 288,700 | 288,700 |
| Effect of translation of net investment in foreign operating branches | – | (7,478) | – | – | – | (7,478) |
| | – | (7,478) | – | – | 6,114,310 | 6,106,832 |
| Transactions with owners recognized directly in equity: | | | | | | |
| Second interim cash dividend for the year ended December 31, 2016 (Rs. 1.75 per ordinary share) | – | – | – | – | (2,003,879) | (2,003,879) |
| Third interim cash dividend for the year ended December 31, 2016 (Rs. 2.00 per ordinary share) | – | – | – | – | (2,290,148) | (2,290,148) |
| | – | – | - | - | (4,294,027) | (4,294,027) |
| Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax | – | – | – | – | 28,915 | 28,915 |
| Transferred from surplus on revaluation of non-banking assets to un-appropriated profit - net of tax | – | – | – | – | 1,281 | 1,281 |
| Transfer to statutory reserve | – | – | 582,561 | – | (582,561) | – |
| Balance as at December 31, 2016 (Audited) | 11,450,739 | 57,687 | 16,469,798 | 6,000 | 46,490,244 | 74,474,468 |
| Changes in equity during the half year ended June 30, 2017 | | | | | | |
| Total comprehensive income for the half year ended June 30, 2017: | | | | | | |
| Net profit for the half year ending June 30, 2017 | – | – | – | – | 6,474,085 | 6,474,085 |
| Effect of translation of net investment in foreign operating branches | – | 5,292 | – | – | – | 5,292 |
| | – | 5,292 | – | – | 6,474,085 | 6,479,377 |
| Transactions with owners recognized directly in equity: | | | | | | |
| Final cash dividend for the year ended December 31, 2016 (Rs. 1.75 per ordinary share) | – | – | – | – | (2,003,879) | (2,003,879) |
| First interim cash dividend for the year ending December 31, 2017 (Rs. 1.75 per ordinary share) | – | – | – | – | (2,003,879) | (2,003,879) |
| | – | – | – | – | (4,007,758) | (4,007,758) |
| Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax | – | – | – | – | 27,470 | 27,470 |
| Transferred from surplus on revaluation of non-banking assets to un-appropriated profit - net of tax | – | – | – | – | 646 | 646 |
| Transfer to statutory reserve | – | – | 647,409 | – | (647,409) | – |
| Balance as at June 30, 2017 | 11,450,739 | 62,979 | 17,117,207 | 6,000 | 48,337,278 | 76,974,203 |

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

Chief Financial Officer | President and Chief Executive Officer

Director | Director | Chairman

## 1 STATUS AND NATURE OF BUSINESS

Allied Bank Limited ("the Bank"), incorporated in Pakistan, is a scheduled bank, engaged in commercial banking and related services. The Bank is listed on Pakistan Stock Exchange Limited. The Bank operates a total of 1,163 (December 31, 2016: 1,148) branches in Pakistan including 83 (December 31, 2016: 77) Islamic banking branches, 1 branch (December 31, 2016:1) in Karachi Export Processing Zone and 1 Wholesale Banking Branch (December 31, 2016: 1) in Bahrain.

The long term credit rating of the Bank assigned by the Pakistan Credit Rating Agency Limited (PACRA) is 'AA+'. Short term rating of the Bank is 'A1+'. Ibrahim Holdings (Private) Limited is the parent company of the Bank and it's registered office is in Pakistan.

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

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

## 2 STATEMENT OF COMPLIANCE

**2.1** These unconsolidated condensed interim financial statements of the Bank have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved Accounting Standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by The Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Banking Companies Ordinance, 1962 and the directives issued by State Bank of Pakistan (SBP) & Securities and Exchange Commission of Pakistan (SECP). In case requirements of provisions and directives issued under the Banking Companies Ordinance, 1962, Companies Ordinance, 1984 and the directives issued by SBP and SECP differ from requirements of IFRSs and IFASs, the provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Ordinance, 1984 and the directives issued by SBP and SECP shall prevail. The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the SECP vide its press release dated July 20, 2017, these unconsolidated condensed interim financial statements have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

**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** IFRS 8 'Operating Segments' is effective for the Bank's accounting period beginning on or after January 1, 2009. All banking companies in Pakistan are required to prepare their annual financial statements in line with the format prescribed under BSD Circular No. 4 dated February 17, 2006, 'Revised Forms of Annual Financial Statements', effective from the accounting year ended December 31, 2006. The management of the Bank believes that as the SBP has defined the segment categorization in the above mentioned circular, the SBP requirements prevail over the requirements specified in IFRS 8. Accordingly, segment information disclosed in these unconsolidated financial statements is based on the requirements laid down by SBP.

**2.5** The Securities and Exchange Commission of Pakistan (SECP) vide SRO 56 (1) / 2016 dated 28 January 2016, has notified that the requirements of IFRS10 (Consolidated Financial Statements) and section 237 of the Companies Ordinance 1984 will not be applicable with respect to the investment in mutual funds established under trust structure.

**2.6** The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred applicability of Islamic Financial Accounting Standard-3 for Profit & Loss Sharing on Deposits (IFAS-3) issued by the Institute of Chartered Accountants of Pakistan and notified by the Securities & Exchange Commission of Pakistan (SECP), vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IIFS). The standard will result in certain new disclosures in the financial statements of the Bank.

## 3 BASIS OF MEASUREMENT

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

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

## 4 BASIS OF PRESENTATION

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

**4.2** In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these unconsolidated financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.

**4.3** The financial results of the Islamic Banking branches have been consolidated in these financial statements for reporting purposes. Key financial figures of the Islamic Banking branches are disclosed in Note 20 to these unconsolidated condensed interim financial statements.

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

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

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

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

**5.1** The accounting policies, underlying estimates & judgments and methods of computation followed in the preparation of these unconsolidated condensed interim financial statements are same as those applied in preparing the most recent annual unconsolidated financial statements of the Bank for the year ended December 31, 2016. The standards, amendments and interpretations of approved accounting standards effective for accounting periods beginning on or after June 30, 2017, are same as those disclosed in annual unconsolidated financial statements of the Bank for the year ended December 31, 2016 except for the following:

– The Companies Act, 2017 was enacted on 30 May 2017 and SECP vide its circular no. 17 of 2017 has clarified that the companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984; and

– The Companies Act, 2017 applicable for financial year ending after 30 June 2017 requires certain additional disclosures and Section 235 of the repealed Companies Ordinance, 1984 relating to treatment of surplus arising out of revaluation of assets has not been carried forward in the Companies Act, 2017. This would require change in accounting policy relating to surplus on revaluation of fixed assets to bring it in line with the requirements of IAS 16 – Property, plant and equipment. The effects of changes are currently being worked out by the management.

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

| | | Note | Un-audited June 30, 2017 | Audited December 31, 2016 |
|---|---|---|---|---|
| | | | Rupees in '000 | |
| 6 | **LENDINGS TO FINANCIAL INSTITUTIONS** | | | |
| | Call money lendings | 6.1 | 1,572,810 | 2,091,970 |
| | Repurchase agreement lendings (Reverse Repo) | 6.2 | 10,106,707 | 7,220,782 |
| | Musharaka lendings | | – | 700,000 |
| | Bai Muajjal receivable from State Bank of Pakistan | 6.3 | 214,968 | – |
| | Mudaraba lending | | – | 500,000 |
| | Certificates of investment | 6.4 | 570,000 | 70,000 |
| | | | 12,464,485 | 10,582,752 |
| | Provision against lendings to financial institutions | | (70,000) | (70,000) |
| | | | 12,394,485 | 10,512,752 |

6.1 This represents an unsecured call money lending, in foreign currency, carrying mark-up rate of 1.15% (December 31, 2016: 0.65%) per annum and will mature on July 05, 2017.

6.2 These are short-term lendings to financial institutions against government securities. These carry mark-up at the rate of 6.10% to 6.25% (December 31, 2016: 5.90% to 6.20%) per annum and are maturing on July 04, 2017.

6.3 This represents lending by Islamic banking business under Bai Muajjal agreement with State Bank of Pakistan at profit of 5.46% (December 31, 2016: Nil) per annum, maturing on June 21, 2018.

6.4 This represents a classified certificate of investment amounting to Rs. 70 million (December 31, 2016: Rs. 70 million) and a regular certificate of investment amounting to Rs. 500 million (December 31, 2016: Nil), carrying mark-up at the rate of 6.30% per annum and maturing on July 10, 2017.

## 7 INVESTMENTS

| | Note | Held by Bank | Given as collateral | Total |
|---|---|---|---|---|
| | | | Rupees in '000 | |
| **Current period - June 30, 2017 (Un-audited)** | 7.1 | 470,288,443 | 77,634,211 | 547,922,654 |
| Prior year - December 31, 2016 (Audited) | 7.1 | 510,646,965 | 79,217,583 | 589,864,548 |

| | Un-audited As at June 30, 2017 | | | Audited As at December 31, 2016 | | |
|---|---|---|---|---|---|---|
| | Held by Bank | Given as collateral | Total | Held by Bank | Given as collateral | Total |
| | Rupees in '000 | | | | | |
| **7.1 Investments by types:** | | | | | | |
| **Held-for-trading securities** | | | | | | |
| Market Treasury Bills | 1,600 | – | 1,600 | – | – | – |
| Pakistan Investment Bonds | – | – | – | 102,531 | – | 102,531 |
| | 1,600 | – | 1,600 | 102,531 | – | 102,531 |
| **Available-for-sale securities** | | | | | | |
| Market Treasury Bills | 181,715,221 | 699,533 | 182,414,754 | 202,224,770 | 23,995,274 | 226,220,044 |
| Pakistan Investment Bonds | 128,006,501 | 76,854,372 | 204,860,873 | 144,961,948 | 53,343,313 | 198,305,261 |
| Ordinary shares of listed companies / certificates of close-ended mutual funds | 14,493,083 | – | 14,493,083 | 14,493,083 | – | 14,493,083 |
| Ordinary shares of unlisted companies | 2,500,169 | – | 2,500,169 | 2,500,169 | – | 2,500,169 |
| Investment in related parties | | | | | | |
| - Listed shares | 8,142,520 | – | 8,142,520 | 8,142,520 | – | 8,142,520 |
| - Unlisted shares | 1,043,449 | – | 1,043,449 | 997,894 | – | 997,894 |
| Sukuk bonds | 5,268,614 | – | 5,268,614 | 5,423,031 | – | 5,423,031 |
| GOP Sukuk | 10,561,451 | – | 10,561,451 | 10,550,356 | – | 10,550,356 |
| GOP Ijara Sukuk | 3,946,884 | – | 3,946,884 | 2,148,084 | – | 2,148,084 |
| Foreign Currency Bonds (US$) | 4,745,515 | – | 4,745,515 | 4,734,946 | – | 4,734,946 |
| Term Finance Certificates (TFCs) | 4,233,523 | – | 4,233,523 | 4,340,267 | – | 4,340,267 |
| | 364,656,930 | 77,553,905 | 442,210,835 | 400,517,068 | 77,338,587 | 477,855,655 |
| **Held-to-maturity securities** | | | | | | |
| Pakistan Investment Bonds | 83,358,495 | – | 83,358,495 | 83,222,932 | – | 83,222,932 |
| GOP Sukuk | 1,053,235 | – | 1,053,235 | 1,051,562 | – | 1,051,562 |
| GOP Ijara Sukuk | – | – | – | 100,000 | – | 100,000 |
| Foreign Currency Bonds (US$) | – | – | – | 1,595,719 | – | 1,595,719 |
| TFCs, Bonds and PTCs | 349,732 | – | 349,732 | 358,879 | – | 358,879 |
| | 84,761,462 | – | 84,761,462 | 86,329,092 | – | 86,329,092 |
| **Subsidiary** | | | | | | |
| ABL Asset Management Company Limited | 500,000 | – | 500,000 | 500,000 | – | 500,000 |
| **Investment at cost** | 449,919,992 | 77,553,905 | 527,473,897 | 487,448,691 | 77,338,587 | 564,787,278 |
| Provision for diminution in the value of investments | (2,688,538) | – | (2,688,538) | (2,696,599) | – | (2,696,599) |
| **Investments (net of provisions)** | 447,231,454 | 77,553,905 | 524,785,359 | 484,752,092 | 77,338,587 | 562,090,679 |
| Deficit on revaluation of 'held-for-trading' securities | – | – | – | (713) | – | (713) |
| Surplus on revaluation of 'available-for-sale' securities | 23,056,989 | 80,306 | 23,137,295 | 25,895,586 | 1,878,996 | 27,774,582 |
| **Total investments at market value** | 470,288,443 | 77,634,211 | 547,922,654 | 510,646,965 | 79,217,583 | 589,864,548 |

| | Note | Un-audited June 30, 2017 | Audited December 31, 2016 |
|---|---|---|---|
| | | Rupees in '000 | |
| **8 ADVANCES** | | | |
| Loans, cash credits, running finances, etc. | | | |
| In Pakistan | | 358,364,697 | 334,047,662 |
| Outside Pakistan | | 3,596,492 | 7,876,267 |
| | | 361,961,189 | 341,923,929 |
| Islamic financing and related assets | 20.2 | 2,356,736 | 605,138 |
| Net investment in finance lease - in Pakistan | | 2,414,973 | 2,131,845 |
| Bills discounted and purchased (excluding treasury bills) | | | |
| Payable in Pakistan | | 39,286,373 | 1,997,152 |
| Payable outside Pakistan | | 1,021,999 | 1,687,999 |
| | | 40,308,372 | 3,685,151 |
| **Advances - gross** | | 407,041,270 | 348,346,063 |
| Provision for non-performing advances | 8.1 & 8.3 | (18,032,758) | (18,720,563) |
| General provision | 8.3 | (52,211) | (63,309) |
| | | (18,084,969) | (18,783,872) |
| **Advances - net of provision** | | 388,956,301 | 329,562,191 |

8.1 Advances include Rs. 19,444.397 million (December 31, 2016: Rs. 20,431.609 million) which have been placed under non-performing status as detailed below:-

| Category of Classification | June 30, 2017 (Un-audited) | | | | |
|---|---|---|---|---|---|
| | Classified Advances | | | Provision required | Provision held |
| | Domestic | Overseas | Total | | |
| | Rupees in '000 | | | | |
| Other Assets Especially Mentioned | 78,496 | – | 78,496 | 3,228 | 3,228 |
| Substandard | 658,616 | – | 658,616 | 163,451 | 163,451 |
| Doubtful | 156,253 | – | 156,253 | 78,127 | 78,127 |
| Loss | 18,551,032 | – | 18,551,032 | 17,787,952 | 17,787,952 |
| | 19,444,397 | – | 19,444,397 | 18,032,758 | 18,032,758 |

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

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

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

| | June 30, 2017 (Un-audited) | | | December 31, 2016 (Audited) | | |
|---|---|---|---|---|---|---|
| | Specific | General | Total | Specific | General | Total |
| | Rupees in '000 | | | | | |
| Opening balance | 18,720,563 | 63,309 | 18,783,872 | 19,092,777 | 71,489 | 19,164,266 |
| Charge for the period / year | 213,863 | – | 213,863 | 1,841,422 | – | 1,841,422 |
| Reversals | (898,672) | (11,098) | (909,770) | (2,168,601) | (8,180) | (2,176,781) |
| Charged to profit and loss account | (684,809) | (11,098) | (695,907) | (327,179) | (8,180) | (335,359) |
| Amounts written off | (2,996) | – | (2,996) | (45,035) | – | (45,035) |
| Closing balance | 18,032,758 | 52,211 | 18,084,969 | 18,720,563 | 63,309 | 18,783,872 |

8.4 The Bank has participated in syndicated long term loan facilities, granted to Power Holding (Pvt.) Limited, valuing Rs. 30,950 million and Rs. 25,000 million with Bank's share being Rs. 5,250 million and Rs. 5,000 million respectively. These exposures are secured against a Government Guarantee. State Bank of Pakistan has extended relaxation against classification of these exposures vide Letter No. BPRD/ BRD (Policy)/ 2017/ 16794 dated July 19, 2017 till August 31, 2017 and August 30, 2017 respectively.

| | Un-audited June 30, 2017 | Audited December 31, 2016 |
|---|---|---|
| | Rupees in '000 | |
| **9 BORROWINGS** | | |
| **Details of borrowings (Secured / Unsecured)** | | |
| ***Secured*** | | |
| Borrowings from State Bank of Pakistan | 21,293,943 | 17,500,610 |
| Repurchase agreement borrowings | 77,381,499 | 78,903,484 |
| ***Unsecured*** | | |
| Call borrowings | 22,089,948 | 29,873,171 |
| Overdrawn nostro accounts | 225,747 | 63,459 |
| Other borrowings | 17,059 | 28,151 |
| | 22,332,754 | 29,964,781 |
| | 121,008,196 | 126,368,875 |
| **10 DEPOSITS AND OTHER ACCOUNTS** | | |
| ***Customers*** | | |
| Fixed deposits | 174,361,200 | 176,919,972 |
| Savings deposits | 217,554,821 | 212,372,097 |
| Current accounts - remunerative | 98,048,469 | 97,923,756 |
| Current accounts - non - remunerative | 293,777,591 | 248,775,260 |
| | 783,742,081 | 735,991,085 |
| ***Financial Institutions*** | | |
| Remunerative deposits | 57,543,392 | 63,861,798 |
| Non - remunerative deposits | 11,297,883 | 5,257,951 |
| | 852,583,356 | 805,110,834 |

## 11 SHARE CAPITAL

### 11.1 Authorised capital

| Un-audited June 30, 2017 | Audited December 31, 2016 | | Un-audited June 30, 2017 | Audited December 31, 2016 |
|---|---|---|---|---|
| No. of shares | | | Rupees in '000 | |
| 1,500,000,000 | 1,500,000,000 | Ordinary shares of Rs. 10 each | 15,000,000 | 15,000,000 |

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

Fully paid–up Ordinary shares of Rs. 10 each

| Un-audited June 30, 2017 | Audited December 31, 2016 | | Un-audited June 30, 2017 | Audited December 31, 2016 |
|---|---|---|---|---|
| No. of shares | | | Rupees in '000 | |
| 406,780,094 | 406,780,094 | Fully paid in cash | 4,067,801 | 4,067,801 |
| 720,745,186 | 720,745,186 | Issued as bonus shares | 7,207,452 | 7,207,452 |
| 1,127,525,280 | 1,127,525,280 | | 11,275,253 | 11,275,253 |
| 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 | 1,145,073,830 | | 11,450,739 | 11,450,739 |

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

| | | Un-audited June 30, 2017 | Audited December 31, 2016 |
|---|---|---|---|
| | | Rupees in '000 | |
| **12** | **CONTINGENCIES AND COMMITMENTS** | | |
| **12.1** | **Direct credit substitutes** | | |
| | Guarantees in favour of: | | |
| | Banks and financial institutions | 5,182,891 | 5,397,846 |
| **12.2** | **Transaction-related contingent liabilities** | | |
| | Guarantees in favour of: | | |
| | Government | 388,631 | 341,738 |
| | Others | 19,422,498 | 20,555,816 |
| | | 19,811,129 | 20,897,554 |
| **12.3** | **Trade-related contingent liabilities** | 60,874,763 | 65,473,604 |
| **12.4** | **Claims against the Bank not acknowledged as debt** | 9,124,392 | 6,815,687 |

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

| | | Un-audited June 30, 2017 | Audited December 31, 2016 |
|---|---|---|---|
| | | Rupees in '000 | |
| **12.6** | **Commitments in respect of foreign exchange contracts:** | | |
| | Purchase | 76,456,008 | 63,017,979 |
| | Sale | 39,861,322 | 38,469,943 |
| **12.7** | **Commitments in respect of:** | | |
| | Civil works | 1,327,193 | 704,903 |
| | Acquisition of operating fixed assets | 752,142 | 885,447 |
| | | 2,079,335 | 1,590,350 |
| **12.8** | **Commitments in respect of operating lease** | 6,241,395 | 6,062,254 |
| **12.9** | **Other Contingencies** | | |

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

12.9.2 The income tax assessments of the Bank have been finalized upto and including tax year 2016 for local, Azad Kashmir and Gilgit Baltistan operations. While finalizing income tax assessments upto tax year 2016, income tax authorities made certain add backs with aggregate tax impact of Rs. 23,334 million (December 31, 2016: Rs. 21,223 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. Against pending finalization of appeals/references, no provision has been made by the Bank on aggregate sum of Rs. 23,334 million (December 31, 2016: Rs. 21,223 million). The management is confident that the outcome of these appeals/references will be in favor of the Bank.

| | | Half year Ended | | Quarter Ended | |
|---|---|---|---|---|---|
| | | June 30, 2017 | June 30, 2016 | June 30, 2017 | June 30, 2016 |
| | | Rupees in '000 | | | |
| **13** | **MARK-UP / RETURN / INTEREST EARNED** | | | | |
| | On loans and advances: | | | | |
| | Customers | 11,047,198 | 10,630,559 | 5,913,213 | 5,671,206 |
| | On investments in: | | | | |
| | 'Available-for-sale' securities | 17,442,079 | 13,160,713 | 8,723,626 | 6,552,082 |
| | 'Held-to-maturity' securities | 3,451,867 | 10,380,317 | 1,749,087 | 5,158,766 |
| | 'Held-for-trading' securities | 230,585 | 324,280 | 146,811 | 60,138 |
| | | 21,124,531 | 23,865,310 | 10,619,524 | 11,770,986 |
| | On deposits with financial institutions | 7,837 | 4,964 | 359 | 3,551 |
| | On securities purchased under resale agreements | 108,916 | 57,923 | 54,638 | 34,707 |
| | On certificates of investment | 1,899 | – | 1,899 | – |
| | On call money lending | 52,722 | 12,541 | 10,993 | 2,734 |
| | On musharaka lending | 9,238 | 9,566 | 6,075 | 6,900 |
| | On mudaraba lending | 5,232 | – | 5,232 | – |
| | On wakala lending | 4,189 | 16,001 | 3,466 | 3,765 |
| | On Bai Muajjal | 296 | – | 296 | – |
| | | 32,362,058 | 34,596,864 | 16,615,695 | 17,493,849 |
| **14** | **MARK-UP / RETURN / INTEREST EXPENSED** | | | | |
| | Deposits | 11,480,960 | 11,802,457 | 5,763,096 | 5,784,190 |
| | Long term borrowing | 133,109 | 123,102 | 70,806 | 59,403 |
| | Securities sold under repurchase agreements | 3,219,546 | 3,526,591 | 1,896,488 | 1,577,488 |
| | Call money borrowing | 493,513 | 342,733 | 238,655 | 182,144 |
| | Brokerage and commission | 74,029 | 95,849 | 44,496 | 53,719 |
| | Other short term borrowings | 666,887 | 1,001,504 | 307,407 | 630,051 |
| | | 16,068,044 | 16,892,236 | 8,320,948 | 8,286,995 |

15 The amount represents super tax levied on taxable income of the Bank for tax year 2017 vide Finance Act, 2017.

| | | Half year Ended | | Quarter Ended | |
|---|---|---|---|---|---|
| | | June 30, 2017 | June 30, 2016 | June 30, 2017 | June 30, 2016 |
| | | Rupees in '000 | | | |
| **16** | **EARNINGS PER SHARE - BASIC AND DILUTED** | | | | |
| | Profit after taxation for the period | 6,474,085 | 8,601,440 | 2,872,203 | 3,813,788 |
| | | Number of Share | | | |
| | Weighted average number of ordinary shares outstanding during the period. | 1,145,073,830 | 1,145,073,830 | 1,145,073,830 | 1,145,073,830 |
| | | Rupees | | | |
| | Earnings per share - basic and diluted for the period | 5.65 | 7.51 | 2.51 | 3.33 |

There is no dilution effect on basic earnings per share.

## 17 RELATED PARTY TRANSACTIONS

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

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

| | June 30, 2017 (Un-audited) | | | | | | December 31, 2016 (Audited) | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Parent | Directors | Associated Companies* | Subsidiary | Key management personnel | Other related parties | Parent | 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 | - | 24,137 | 4,383,200 | - | 253,417 | 17,991,914 | - | 36,637 | 1,774,626 | - | 264,941 | 5,379,463 |
| Loans given during the period / year | - | 50,458 | - | - | 71,514 | 40,463,960 | - | 27,681 | 5,642,759 | - | 80,198 | 71,307,904 |
| Loans repaid / adjustments during the period / year | - | (52,017) | (247,848) | - | (87,491) | (50,132,311) | - | (40,181) | (3,034,185) | - | (91,722) | (58,695,453) |
| Loans at the end of the period / year | - | 22,578 | 4,135,352 | - | 237,440 | 8,323,563 | - | 24,137 | 4,383,200 | - | 253,417 | 17,991,914 |
| Deposits | | | | | | | | | | | | |
| Deposits at the beginning of the period / year | 403 | 53,177 | 258,264 | 25,508 | 42,152 | 13,249,519 | - | 40,868 | 102,902 | 57,482 | 22,837 | 9,572,394 |
| Deposits received during the period / year | 3,387,326 | 73,974 | 36,302,736 | 428,919 | 286,280 | 64,101,655 | 654 | 5,505,258 | 10,566,219 | 965,420 | 406,337 | 94,959,394 |
| Deposits repaid during the period / year | (3,386,205) | (98,589) | (36,505,931) | (417,694) | (280,261) | (67,785,673) | (251) | (5,492,949) | (10,410,857) | (997,394) | (387,022) | (91,282,269) |
| Deposits at the end of the period / year | 1,524 | 28,562 | 55,069 | 36,733 | 48,171 | 9,565,501 | 403 | 53,177 | 258,264 | 25,508 | 42,152 | 13,249,519 |
| Nostro balances | - | - | 59,629 | - | - | - | - | - | 35,968 | - | - | - |
| Investments in shares | - | - | 4,836,429 | 500,000 | - | 4,055,035 | - | - | 4,790,874 | 500,000 | - | 4,055,035 |
| Other receivables | - | 12,187 | 32,310 | 3,003 | 82,077 | 137,959 | - | 6,363 | 37,246 | 1,553 | 81,029 | 243,311 |
| Net receivable from staff retirement benefit funds | - | - | - | - | - | 4,577,081 | - | - | - | - | - | 4,408,206 |
| Non funded exposure | - | - | 3 | - | - | 5,782 | - | - | 550 | - | - | 17,421 |

| | June 30, 2017 (Un-audited) | | | | | | June 30, 2016 (Un-audited) | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Parent | Directors | Associated Companies* | Subsidiary | Key management personnel | Other related parties | Parent | Directors | Associated Companies* | Subsidiary | Key management personnel | Other related parties |
| | Rupees in '000 | | | | | | | | | | | |
| Mark-up earned | - | 721 | 145,392 | - | 5,633 | 334,974 | - | 475 | 79,148 | - | 6,874 | 221,767 |
| Income on placements | - | - | - | - | - | - | - | - | 1,194 | - | - | - |
| Dividend income | - | - | 392,000 | - | - | 394,720 | - | - | 896,000 | - | - | 507,762 |
| Sales commission | - | - | - | 4,813 | - | - | - | - | - | 3,568 | - | - |
| Fee commission / bank charges | 2 | 13 | 643 | 28 | 30 | 411 | - | 15 | 24 | 152 | 30 | 144 |
| Other Income** | - | - | 1,682 | 1,708 | - | 92 | - | - | 2,202 | 784 | - | - |
| Mark-up expense on deposits | - | 482 | 2,742 | 565 | 223 | 164,326 | - | 625 | 3,888 | 829 | 226 | 158,396 |
| Director's meeting fee | - | 8,100 | - | - | - | - | - | 5,850 | - | - | - | - |
| Remuneration | - | 29,300 | - | - | 244,557 | - | - | 36,400 | - | - | 212,815 | - |
| Other charges *** | - | - | 32,154 | - | - | 45,747 | - | - | 290 | - | - | 47,347 |
| Rent expense**** | - | - | 5,550 | - | - | - | - | - | 4,764 | - | - | - |
| Charge / (reversal ) in respect of staff retirement benefit funds | - | - | - | - | - | 102,795 | - | - | - | - | - | 101,356 |

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

* Associated companies are on the basis of common directorship.

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

*** Other charges with Other related parties comprises of payments to NIFT amounting to Rs. 45.75 million.

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

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

- During the period ended June 30, 2017; movable assets were disposed of for Rs. 103,000 to the key management personnel of the Bank. These assets were fully depreciated.

## 18 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of traded investments is based on quoted market prices, except for tradable securities classified by the Bank as 'Held-to-Maturity'. Quoted securities classified as 'Held-to-Maturity' are carried at amortized cost. Fair value of unquoted equity investments other than investment in subsidiary is determined on the basis of break up value of these investments as per the latest available audited financial statements.

Fair value of fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 5.5 of annual unconsolidated financial statements for the year ended December 31, 2016.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are either short-term in nature or in the case of customer loans and deposits are frequently re-priced.

The table below presents, by valuation methods, the financial and non-financial assets carried at fair values. Valuation of investments is carried out as per guidelines specified by the SBP. In case of non-financial assets, the Bank has adopted revaluation model (as per IAS 16) in respect of land and building.

| | June 30, 2017 (Un-audited) | | | | December 31, 2016 (Audited) | | | |
|---|---|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| | Rupees in '000 | | | | | | | |
| **On balance sheet financial instruments:** | | | | | | | | |
| ***Financial assets measured at fair value*** | | | | | | | | |
| Held-for-trading securities: | | | | | | | | |
| Market Treasury Bills | – | 1,600 | – | 1,600 | – | – | – | – |
| Pakistan Investment Bonds | – | – | – | – | – | 101,819 | – | 101,819 |
| | – | 1,600 | – | 1,600 | – | 101,819 | – | 101,819 |
| Available- for-sale securities: | | | | | | | | |
| Market Treasury Bills | – | 182,338,652 | – | 182,338,652 | – | 226,247,239 | – | 226,247,239 |
| Pakistan Investment Bonds | – | 209,353,376 | – | 209,353,376 | – | 203,520,070 | – | 203,520,070 |
| Ordinary shares of listed companies / | | | | | | | | |
| " certificates of close-ended mutual funds" | 37,926,408 | – | – | 37,926,408 | 42,084,599 | – | – | 42,084,599 |
| Ordinary shares of unlisted companies | – | – | 3,492,550 | 3,492,550 | – | – | 3,448,081 | 3,448,081 |
| Sukuk Bonds | – | 15,222,107 | 4,997,648 | 20,219,755 | – | 13,306,369 | 5,151,607 | 18,457,976 |
| Foreign Currency Bonds (US$) | – | 5,426,359 | – | 5,426,359 | – | 5,177,620 | – | 5,177,620 |
| Term Finance Certificates | – | 2,336,714 | 1,915,511 | 4,252,225 | – | 2,353,869 | 2,003,063 | 4,356,932 |
| | 37,926,408 | 414,677,208 | 10,405,709 | 463,009,325 | 42,084,599 | 450,605,167 | 10,602,751 | 503,292,517 |
| ***Non - financial assets measured at fair value*** | | | | | | | | |
| Operating fixed assets | – | 24,319,549 | – | 24,319,549 | – | 22,914,819 | – | 22,914,819 |
| Non banking assets | – | 3,499,900 | – | 3,499,900 | – | 3,476,351 | – | 3,476,351 |
| | – | 27,819,449 | – | 27,819,449 | – | 26,391,170 | – | 26,391,170 |
| **Off-balance sheet financial instruments:** | | | | | | | | |
| Foreign exchange contracts - Purchase | – | 76,456,008 | – | 76,456,008 | – | 63,017,979 | – | 63,017,979 |
| Foreign exchange contracts - Sale | – | 39,861,322 | – | 39,861,322 | – | 38,469,943 | – | 38,469,943 |
| | – | 116,317,330 | – | 116,317,330 | – | 101,487,922 | – | 101,487,922 |

The valuation techniques used for above assets are same as disclosed in notes 5.1, 5.4 & 5.6 of annual unconsolidated financial statements for the year ended December 31, 2016.

## 19 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

| | For the half year ended June 30, 2017 (Un-audited) | | | | | |
|---|---|---|---|---|---|---|
| | Corporate & Investment Banking | Trading & Sales (Treasury) | Commercial & Retail Banking | Other | Eliminations | Total |
| | Rupees in '000 | | | | | |
| Total Income | 12,958,108 | 20,882,533 | 15,778,930 | 8,006,081 | (20,860,024) | 36,765,628 |
| Total Expenses | (11,103,847) | (17,891,856) | (14,042,331) | (8,113,533) | 20,860,024 | (30,291,543) |
| Net Income | 1,854,261 | 2,990,677 | 1,736,599 | (107,452) | – | 6,474,085 |

| | For the half year ended June 30, 2016 (Un-audited) | | | | | |
|---|---|---|---|---|---|---|
| | Corporate & Investment Banking | Trading & Sales (Treasury) | Commercial & Retail Banking | Other | Eliminations | Total |
| | Rupees in '000 | | | | | |
| Total Income | 12,928,994 | 25,801,273 | 15,738,428 | 6,159,430 | (19,061,132) | 41,566,993 |
| Total Expenses | (10,937,942) | (19,610,050) | (13,729,906) | (7,748,787) | 19,061,132 | (32,965,553) |
| Net Income | 1,991,052 | 6,191,223 | 2,008,522 | (1,589,357) | – | 8,601,440 |

| | As at June 30, 2017 (Un-audited) | | | | | |
|---|---|---|---|---|---|---|
| | Corporate & Investment Banking | Trading & Sales (Treasury) | Commercial & Retail Banking | Other | Eliminations | Total |
| | Rupees in '000 | | | | | |
| Segment Assets (Gross) | 431,059,148 | 542,904,809 | 672,514,171 | 333,317,622 | (850,182,256) | 1,129,613,494 |
| Segment Liabilities | 427,081,110 | 542,904,811 | 671,101,613 | 216,793,145 | (850,182,256) | 1,007,698,423 |

| | As at December 31, 2016 (Audited) | | | | | |
|---|---|---|---|---|---|---|
| | Corporate & Investment Banking | Trading & Sales (Treasury) | Commercial & Retail Banking | Other | Eliminations | Total |
| | Rupees in '000 | | | | | |
| Segment Assets (Gross) | 371,284,006 | 572,327,815 | 607,735,966 | 352,976,449 | (812,901,066) | 1,091,423,170 |
| Segment Liabilities | 367,051,366 | 572,327,815 | 606,143,918 | 235,649,887 | (812,901,066) | 968,271,920 |

## 20 ISLAMIC BANKING BUSINESS

**20.1** The bank is operating 83 Islamic banking branches at June 30, 2017 (December 31, 2016: 77 and June 30, 2016: 28). The statement of financial position of the Bank's Islamic Banking Branches as at June 30, 2017 is as follows:

| | Note | Un-audited June 30, 2017 | Audited December 31, 2016 |
|---|---|---|---|
| | | Rupees in '000 | |
| **ASSETS** | | | |
| Cash and balances with treasury banks | | 838,679 | 624,008 |
| Balances with other banks | | 39,399 | 40,870 |
| Lendings to financial institutions | | 214,968 | 1,200,000 |
| Investments | | 9,242,589 | 6,047,476 |
| Islamic financing and related assets | 20.2 | 2,356,736 | 605,138 |
| Operating fixed assets | | 398,441 | 426,925 |
| Due from Head Office | | 702,593 | – |
| Other assets | | 251,947 | 177,468 |
| | | 14,045,352 | 9,121,885 |
| **LIABILITIES** | | | |
| Bills payable | | 119,906 | 68,082 |
| Borrowings | | – | – |
| Deposits and other accounts: | | | |
| Current accounts - non-remunerative | | 2,360,791 | 1,425,226 |
| Current accounts - remunerative | | 1,293,262 | – |
| Saving accounts | | 4,434,875 | 2,002,964 |
| Term deposits | | 535,749 | 236,663 |
| Deposits from Financial Institutions - remunerative | | 4,559,085 | 4,889,822 |
| Deposits from Financial Institutions - non-remunerative | | 50 | 10 |
| Due to Head Office | | – | 77,954 |
| Other liabilities | | 84,861 | 45,680 |
| | | 13,388,579 | 8,746,401 |
| **NET ASSETS** | | 656,773 | 375,484 |
| **REPRESENTED BY** | | | |
| Islamic Banking Fund | | 950,000 | 500,000 |
| Accumulated Losses | | (343,267) | (175,432) |
| | | 606,733 | 324,568 |
| Surplus on revaluation of assets - net of tax | | 50,040 | 50,916 |
| | | 656,773 | 375,484 |
| **20.2 ISLAMIC FINANCING AND RELATED ASSETS** | | | |
| Business Musharka - Financings | | 2,010,612 | – |
| Diminishing Musharaka - Advances | | 204,243 | 54,355 |
| Ijarah | 20.2.1 | 138,881 | 105,602 |
| Murabaha - Advances | | 3,000 | 445,181 |
| **Gross Advances** | | 2,356,736 | 605,138 |
| Provision held | | – | – |
| **Advances-net of provision** | | 2,356,736 | 605,138 |
| **20.2.1 IJARAH** | | | |
| Financings | | 111,458 | 61,562 |
| Advances | | 9,589 | 32,530 |
| Inventories | | 17,834 | 11,510 |
| | | 138,881 | 105,602 |
| **20.3 CHARITY FUND** | | | |
| Opening Balance | | 2 | 11 |
| Additions during the period | | 3 | 5 |
| Payments/Utilization during the period | | – | (14) |
| Closing Balance | | 5 | 2 |

**20.4** The profit and loss account of the Bank's Islamic banking business for the half year ended June 30, 2017 is as follows:

| | Half year Ended June 30, 2017 | June 30, 2016 |
|---|---|---|
| | Rupees in '000 | |
| Income / profit earned | 301,480 | 168,553 |
| Income / profit expensed | 153,453 | 97,570 |
| **Net income / profit** | 148,027 | 70,983 |
| **OTHER INCOME** | | |
| Fee, commission and brokerage income | 18,418 | 7,766 |
| Dividend income | - | 637 |
| (Loss) / income from dealing in foreign currencies | (93) | 33 |
| Gain on sale of securities | 276 | 38,210 |
| Other income | 10 | 25 |
| Total other income | 18,611 | 46,671 |
| | 166,638 | 117,654 |
| **OTHER EXPENSE** | | |
| Administrative expenses | 334,473 | 141,190 |
| **LOSS BEFORE TAXATION** | (167,835) | (23,536) |
| **20.5 Remuneration to Shariah Advisor / Board** | 3,666 | 3,666 |

## 21 GENERAL

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

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

**21.3** The Board of Directors of the Bank in its meeting held on August 17, 2017 has approved interim cash dividend for the half year ended June 30, 2017 at Rs. 1.75 per share (June 30, 2016: Rs. 1.75 per share). The unconsolidated condensed interim financial statements for the half year ended June 30, 2017 do not include the effect of this appropriation and will be accounted for in the financial statements of the period of declaration.

## 22 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on August 17, 2017 by the Board of Directors of the Bank.

Chief Financial Officer    President and Chief Executive Officer

Director    Director    Chairman

Consolidated Condensed Interim Financial Statements

# ALLIED BANK LIMITED

for the half year ended June 30, 2017

# Consolidated Condensed Interim Statement of Financial Position
as at June 30, 2017

| | Note | Un-audited June 30, 2017 | Audited December 31, 2016 |
|---|---|---|---|
| | | Rupees in '000 | |
| **ASSETS** | | | |
| Cash and balances with treasury banks | | 89,221,662 | 73,203,767 |
| Balances with other banks | | 1,474,733 | 679,938 |
| Lendings to financial institutions | 6 | 12,394,485 | 10,512,752 |
| Investments | 7 | 549,080,229 | 590,924,972 |
| Advances | 8 | 389,009,924 | 329,603,221 |
| Operating fixed assets | | 33,552,669 | 32,783,340 |
| Deferred tax assets | | – | – |
| Other assets | | 34,630,854 | 32,667,653 |
| | | 1,109,364,556 | 1,070,375,643 |
| **LIABILITIES** | | | |
| Bills payable | | 7,267,258 | 9,848,795 |
| Borrowings | 9 | 121,008,196 | 126,368,875 |
| Deposits and other accounts | 10 | 852,546,623 | 805,090,074 |
| Sub-ordinated loans | | – | – |
| Liabilities against assets subject to finance lease | | – | – |
| Deferred tax liabilities | | 9,115,301 | 11,001,128 |
| Other liabilities | | 18,032,897 | 16,251,399 |
| | | 1,007,970,275 | 968,560,271 |
| **NET ASSETS** | | 101,394,281 | 101,815,372 |
| **REPRESENTED BY** | | | |
| Share capital | 11 | 11,450,739 | 11,450,739 |
| Reserves | | 17,186,186 | 16,533,485 |
| Unappropriated profit | | 49,599,835 | 47,631,788 |
| | | 78,236,760 | 75,616,012 |
| Surplus on revaluation of assets - net of tax | | 23,157,521 | 26,199,360 |
| | | 101,394,281 | 101,815,372 |

**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 half year ended June 30, 2017

| | Note | Half year Ended June 30, 2017 | Half year Ended June 30, 2016 | Quarter Ended June 30, 2017 | Quarter Ended June 30, 2016 |
|---|---|---|---|---|---|
| | | Rupees in '000 | | | |
| Mark-up / return / interest earned | 13 | 32,363,511 | 34,598,578 | 16,616,070 | 17,494,873 |
| Mark-up / return / interest expensed | 14 | 16,067,479 | 16,887,701 | 8,320,682 | 8,284,775 |
| Net mark-up / interest income | | 16,296,032 | 17,710,877 | 8,295,388 | 9,210,098 |
| (Reversal) / provision against non-performing loans and advances - net | | (695,907) | 180,356 | (302,224) | (95,744) |
| (Reversal) / provision for diminution in the value of investments - net | | (8,061) | 62,705 | (8,061) | 62,705 |
| Bad debts written off directly | | – | – | – | – |
| | | (703,968) | 243,061 | (310,285) | (33,039) |
| **Net mark-up / interest income after provisions** | | 17,000,000 | 17,467,816 | 8,605,673 | 9,243,137 |
| **NON MARK-UP / INTEREST INCOME** | | | | | |
| Fee, commission and brokerage income | | 2,407,157 | 2,353,586 | 1,122,691 | 1,114,927 |
| Dividend income | | 1,556,095 | 1,968,028 | 1,134,640 | 550,896 |
| Income from dealing in foreign currencies | | 317,585 | 337,819 | 148,394 | 134,286 |
| Gain on sale of securities - net | | 332,964 | 2,464,363 | 33,510 | 1,503,219 |
| Unrealized (loss) / gain on revaluation of investments classified as 'held-for-trading' - net | | (24,259) | 43,239 | (54,095) | 12,895 |
| Other income | | 176,541 | 69,211 | 132,942 | 8,134 |
| Total non mark-up / interest income | | 4,766,083 | 7,236,246 | 2,518,082 | 3,324,357 |
| | | 21,766,083 | 24,704,062 | 11,123,755 | 12,567,494 |
| **NON MARK-UP / INTEREST EXPENSES** | | | | | |
| Administrative expenses | | 9,982,440 | 9,457,253 | 5,152,867 | 4,936,735 |
| Provision against other assets | | 24,000 | 26,717 | 12,000 | 14,717 |
| (Reversal) / provision against off-balance sheet obligations - net | | (2,698) | 10,782 | – | 10,782 |
| Other charges | | 313,104 | 400,488 | 156,144 | 208,380 |
| Total non mark-up / interest expenses | | 10,316,846 | 9,895,240 | 5,321,011 | 5,170,614 |
| Extra-ordinary / unusual items | | – | – | – | – |
| **PROFIT BEFORE TAXATION** | | 11,449,237 | 14,808,822 | 5,802,744 | 7,396,880 |
| **Taxation:** | | | | | |
| Current | | 4,157,275 | 5,444,477 | 2,082,990 | 2,666,390 |
| Prior year | 15 | 959,605 | 954,019 | 959,605 | 954,019 |
| Deferred | | (262,741) | (268,061) | (162,271) | (86,779) |
| | | 4,854,139 | 6,130,435 | 2,880,324 | 3,533,630 |
| **PROFIT AFTER TAXATION** | | 6,595,098 | 8,678,387 | 2,922,420 | 3,863,250 |
| Unappropriated profit brought forward | | 47,631,788 | 42,284,340 | 48,954,457 | 44,631,290 |
| **PROFIT AVAILABLE FOR APPROPRIATION** | | 49,599,835 | 46,167,731 | 49,599,835 | 46,167,731 |
| **Earnings per share - Basic and Diluted (in Rupees)** | 16 | 5.76 | 7.58 | 2.55 | 3.37 |

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 half year ended June 30, 2017

| | Half year Ended | | Quarter Ended | |
|---|---|---|---|---|
| | June 30, 2017 | June 30, 2016 | June 30, 2017 | June 30, 2016 |
| | Rupees in '000 | | | |
| **Profit after taxation for the period** | 6,595,098 | 8,678,387 | 2,922,420 | 3,863,250 |
| **Other comprehensive income** | | | | |
| ***Items to be reclassified to profit and loss account in subsequent periods:*** | | | | |
| Exchange differences on translation of net investment in foreign operating branches | 5,292 | (3,768) | (2,183) | 115,207 |
| **Comprehensive income transferred to equity** | 6,600,390 | 8,674,619 | 2,920,237 | 3,978,457 |
| **Components of comprehensive income not reflected in equity:** | | | | |
| ***Items to be reclassified to profit and loss account in subsequent periods:*** | | | | |
| Net change in fair value of 'available-for-sale' securities | (4,637,287) | 5,140,571 | (3,446,159) | 3,832,081 |
| Related deferred tax charge / (reversal) | 1,623,051 | (1,799,200) | 1,206,156 | (1,341,228) |
| | (3,014,236) | 3,341,371 | (2,240,003) | 2,490,853 |
| **Total comprehensive income** | 3,586,154 | 12,015,990 | 680,234 | 6,469,310 |

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 Flow

(Un-audited) for the half year ended June 30, 2017

| | Half year Ended June 30, 2017 | June 30, 2016 |
|---|---|---|
| | Rupees in '000 | |
| **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Profit before taxation | 11,449,237 | 14,808,822 |
| Less: Dividend income | (1,556,095) | (1,968,028) |
| | 9,893,142 | 12,840,794 |
| **Adjustments for non-cash items:** | | |
| Depreciation / amortization | 1,243,404 | 1,076,204 |
| (Reversal) / provision against non-performing loans and advances - net | (695,907) | 180,356 |
| (Reversal) / provision for diminution in the value of investments - net | (8,061) | 62,705 |
| Unrealized loss / (gain) on revaluation of 'held-for-trading' securities - net | 24,259 | (43,239) |
| (Reversal) / provision against off-balance sheet obligations - net | (2,698) | 10,782 |
| Provision against other assets | 24,000 | 26,717 |
| Provision for workers welfare fund | 237,855 | 312,086 |
| Gain on sale of operating fixed assets - net | (23,689) | (31,304) |
| Loss on sale of other assets | – | 15,994 |
| | 799,163 | 1,610,301 |
| | 10,692,305 | 14,451,095 |
| **(Increase) / decrease in operating assets** | | |
| Lendings to financial institutions | (1,881,733) | 1,031,919 |
| Net investments - 'held-for-trading' securities | (20,479) | (1,467,687) |
| Advances | (58,727,603) | (19,624,110) |
| Other assets (excluding advance taxation) | (1,567,999) | (1,392,464) |
| | (62,197,814) | (21,452,342) |
| **Increase / (decrease) in operating liabilities** | | |
| Bills payable | (2,581,537) | 1,861,160 |
| Borrowings | (5,522,967) | (11,816,792) |
| Deposits and other accounts | 47,456,549 | 37,782,653 |
| Other liabilities | 1,528,237 | (143,760) |
| | 40,880,282 | 27,683,261 |
| | (10,625,226) | 20,682,014 |
| Income tax paid | (5,519,915) | (6,721,221) |
| **Net cash flows generated from operating activities** | (16,145,141) | 13,960,793 |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| Net realization / (investment) in 'available-for-sale' securities | 35,635,671 | (9,517,699) |
| Net realization in 'held-to-maturity' securities | 1,576,777 | 3,931,122 |
| Dividend received | 1,530,230 | 1,567,959 |
| Investments in operating fixed assets | (1,993,348) | (2,053,180) |
| Proceeds from sale of operating fixed assets | 30,575 | 42,318 |
| **Net cash flows used in investing activities** | 36,779,905 | (6,029,480) |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Dividend paid | (3,989,654) | (3,984,372) |
| **Net cash flows used in financing activities** | (3,989,654) | (3,984,372) |
| Effect of translation of net investment in foreign operating branches | 5,292 | (3,768) |
| **Increase in cash and cash equivalents during the period** | 16,650,402 | 3,943,173 |
| **Cash and cash equivalents at beginning of the period** | 73,850,963 | 60,698,268 |
| **Effect of exchange rate changes on opening cash and cash equivalents** | (30,717) | (10,900) |
| **CASH AND CASH EQUIVALENTS AT END OF THE PERIOD** | 90,470,648 | 64,630,541 |

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 half year ended June 30, 2017

| | Share Capital | Capital Reserve: Exchange Translation Reserve | Statutory Reserve | Revenue Reserves: General Reserve | Revenue Reserves: Un-appropriated Profit | Total |
|---|---|---|---|---|---|---|
| | Rupees in '000 | | | | | |
| Balance as at January 01, 2016 (Audited) | 11,450,739 | 68,933 | 15,027,093 | 6,000 | 42,284,340 | 68,837,105 |
| Changes in equity during the half year ended June 30, 2016 | | | | | | |
| Total comprehensive income for the half year ended June 30, 2016: | | | | | | |
| Net profit for the half year ended June 30, 2016 | – | – | – | – | 8,678,387 | 8,678,387 |
| Effect of translation of net investment in foreign operating branches | – | (3,768) | – | – | – | (3,768) |
| | – | (3,768) | – | – | 8,678,387 | 8,674,619 |
| Transactions with owners recognized directly in equity: | | | | | | |
| Final cash dividend for the year ended December 31, 2015 (Rs. 1.75 per ordinary share) | – | – | – | – | (2,003,879) | (2,003,879) |
| First interim cash dividend for the year ended December 31, 2016 (Rs. 1.75 per ordinary share) | – | – | – | – | (2,003,879) | (2,003,879) |
| | – | – | – | – | (4,007,758) | (4,007,758) |
| Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax | – | – | – | – | 28,915 | 28,915 |
| Transferred from surplus on revaluation of non-banking assets to un-appropriated profit - net of tax | – | – | – | – | 43,991 | 43,991 |
| Transfer to statutory reserve | – | – | 860,144 | – | (860,144) | – |
| Balance as at June 30, 2016 | 11,450,739 | 65,165 | 15,887,237 | 6,000 | 46,167,731 | 73,576,872 |
| Changes in equity during the half year ended December 31, 2016 | | | | | | |
| Total comprehensive income for the half year ended December 31, 2016: | | | | | | |
| Net profit for the half year ended December 31, 2016 | – | – | – | – | 6,021,749 | 6,021,749 |
| Effect of remeasurement of defined benefit plans-net of tax | – | – | – | – | 288,700 | 288,700 |
| Effect of translation of net investment in foreign operating branches | – | (7,478) | – | – | – | (7,478) |
| | – | (7,478) | – | – | 6,310,449 | 6,302,971 |
| Transactions with owners recognized directly in equity: | | | | | | |
| Second interim cash dividend for the year ended December 31, 2016 (Rs. 1.75 per ordinary share) | – | – | – | – | (2,003,879) | (2,003,879) |
| Third interim cash dividend for the year ended December 31, 2016 (Rs. 2.00 per ordinary share) | – | – | – | – | (2,290,148) | (2,290,148) |
| | – | – | – | – | (4,294,027) | (4,294,027) |
| Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax | – | – | – | – | 28,915 | 28,915 |
| Transferred from surplus on revaluation of non-banking assets to un-appropriated profit - net of tax | – | – | – | – | 1,281 | 1,281 |
| Transfer to statutory reserve | – | – | 582,561 | – | (582,561) | – |
| Balance as at December 31, 2016 (Audited) | 11,450,739 | 57,687 | 16,469,798 | 6,000 | 47,631,788 | 75,616,012 |
| Changes in equity during the half year ended June 30, 2017 | | | | | | |
| Total comprehensive income for the half year ended June 30, 2017: | | | | | | |
| Net profit for the half year ending June 30, 2017 | – | – | – | – | 6,595,098 | 6,595,098 |
| Effect of translation of net investment in foreign operating branches | – | 5,292 | – | – | – | 5,292 |
| | – | 5,292 | – | – | 6,595,098 | 6,600,390 |
| Transactions with owners recognized directly in equity: | | | | | | |
| Final cash dividend for the year ended December 31, 2016 (Rs. 1.75 per ordinary share) | – | – | – | – | (2,003,879) | (2,003,879) |
| First interim cash dividend for the year ending December 31, 2017 (Rs. 1.75 per ordinary share) | – | – | – | – | (2,003,879) | (2,003,879) |
| | – | – | – | – | (4,007,758) | (4,007,758) |
| Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax | – | – | – | – | 27,470 | 27,470 |
| Transferred from surplus on revaluation of non-banking assets to un-appropriated profit - net of tax | – | – | – | – | 646 | 646 |
| Transfer to statutory reserve | – | – | 647,409 | – | (647,409) | – |
| Balance as at June 30, 2017 | 11,450,739 | 62,979 | 17,117,207 | 6,000 | 49,599,835 | 78,236,760 |

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

## 1 STATUS AND NATURE OF BUSINESS

### The "Group" consists of:

### Holding Company

Allied Bank Limited ("the Bank"), incorporated in Pakistan, is a scheduled bank, engaged in commercial banking and related services. The Bank is listed on Pakistan Stock Exchange Limited. The Bank operates a total of 1,163 (December 31, 2016: 1,148) branches in Pakistan including 83 (December 31, 2016: 77) Islamic banking branches, 1 branch (December 31, 2016:1) in Karachi Export Processing Zone and 1 Wholesale Banking Branch (December 31, 2016: 1) in Bahrain.

The long term credit rating of the Bank assigned by the Pakistan Credit Rating Agency Limited (PACRA) is 'AA+'. Short term rating of the Bank is 'A1+'. Ibrahim Holdings (Private) Limited is the parent company of the Bank and it's registered office is in Pakistan.

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

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

### Subsidiary Company

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

ABL Asset Management company is managing following funds:

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

## 2 STATEMENT OF COMPLIANCE

**2.1** These consolidated condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved Accounting Standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by The Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Banking Companies Ordinance, 1962 and the directives issued by State Bank of Pakistan (SBP) & Securities and Exchange Commission of Pakistan (SECP). In case requirements of provisions and directives issued under the Banking Companies Ordinance, 1962, Companies Ordinance, 1984 and the directives issued by SBP and SECP differ from requirements of IFRSs and IFASs, the provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Ordinance, 1984 and the directives issued by SBP and SECP shall prevail. The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the SECP vide its press release dated July 20, 2017, these consolidated condensed interim financial statements have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

**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** IFRS 8 'Operating Segments' is effective for the Bank's accounting period beginning on or after January 1, 2009. All banking companies in Pakistan are required to prepare their annual financial statements in line with the format prescribed under BSD Circular No. 4 dated February 17, 2006, 'Revised Forms of Annual Financial Statements', effective from the accounting year ended December 31, 2006. The management of the Bank believes that as the SBP has defined the segment categorisation in the above mentioned circular, the SBP requirements prevail over the requirements specified in IFRS 8. Accordingly, segment information disclosed in these consolidated financial statements is based on the requirements laid down by SBP.

**2.4** The Securities and Exchange Commission of Pakistan (SECP) vide SRO 56 (1) / 2016 dated 28 January 2016, has notified that the requirements of IFRS-10 (Consolidated Financial Statements) and section 237 of the Companies Ordinance 1984 will not be applicable with respect to the investment in mutual funds established under Trust structure.

**2.5** The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred applicability of Islamic Financial Accounting Standard-3 for Profit & Loss Sharing on Deposits (IFAS-3) issued by the Institute of Chartered Accountants of Pakistan and notified by the Securities & Exchange Commission of Pakistan (SECP), vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IIFS). The standard will result in certain new disclosures in the financial statements of the Bank.

## 3 BASIS OF MEASUREMENT

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

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

## 4 BASIS OF PRESENTATION

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

**4.2** In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these consolidated financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.

**4.3** The financial results of the Islamic Banking branches have been consolidated in these financial statements for reporting purposes. Key financial figures of the Islamic Banking branches are same as disclosed in Note 20 to the unconsolidated condensed interim financial statements.

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

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

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

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

**5.1** The accounting policies, underlying estimates and methods of computation followed in the preparation of these consolidated condensed interim financial statements are same as those applied in preparing the most recent annual consolidated financial statements of the Group for the year ended December 31, 2016. The standards, amendments and interpretations of approved accounting standards effective for accounting periods beginning on or after June 30, 2017, are same as those disclosed in annual consolidated financial statements of the Group for the year ended December 31, 2016 except for the following:

- The Companies Act, 2017 was enacted on 30 May 2017 and SECP vide its circular 17 of 2017 has clarified that the companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

- The Companies Act, 2017 applicable for financial year ending after 30 June 2017 requires certain additional disclosures and Section 235 of the repealed Companies Ordinance, 1984 relating to treatment of surplus arising out of revaluation of assets has not been carried forward in the Companies Act, 2017. This would require change in accounting policy relating to surplus on revaluation of fixed assets to bring it in line with the requirements of IAS 16 – Property, plant and equipment. The effects of changes are currently being worked out by the management.

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

| | | Note | Un-audited June 30, 2017 | Audited December 31, 2016 |
|---|---|---|---|---|
| | | | Rupees in '000 | |
| **6** | **LENDINGS TO FINANCIAL INSTITUTIONS** | | | |
| | Call money lendings | 6.1 | 1,572,810 | 2,091,970 |
| | Repurchase agreement lendings (Reverse Repo) | 6.2 | 10,106,707 | 7,220,782 |
| | Musharaka lendings | | – | 700,000 |
| | Bai Muajjal receivable from State Bank of Pakistan | 6.3 | 214,968 | – |
| | Mudaraba lending | | – | 500,000 |
| | Certificates of investment | 6.4 | 570,000 | 70,000 |
| | | | 12,464,485 | 10,582,752 |
| | Provision against lendings to financial institutions | | (70,000) | (70,000) |
| | | | 12,394,485 | 10,512,752 |

6.1 This represents an unsecured call money lending, in foreign currency, carrying mark-up rate of 1.15% (December 31, 2016: 0.65%) per annum and will mature on July 05, 2017.

6.2 These are short-term lendings to financial institutions against the government securities. These carry mark-up at the rate of 6.10% to 6.25% (December 31, 2016: 5.90% to 6.20%) per annum and are maturing on July 04, 2017.

6.3 This represents lending by Islamic banking business under Bai Muajjal agreement with State Bank of Pakistan at profit of 5.46% (December 31, 2016: Nil) per annum, maturing on July 05, 2017.

6.4 This represents a classified certificate of investment amounting to Rs. 70 million (December 31, 2016: Rs. 70 million) and a regular certificate of investment of Rs. 500 million (December 31, 2016: Nil), carrying mark-up rate of 6.30% per annum and will mature on July 10, 2017.

## 7 INVESTMENTS

| | Note | Held by Group | Given as collateral | Total |
|---|---|---|---|---|
| | | | Rupees in '000 | |
| **Current period - June 30, 2017 (Un-audited)** | 7.1 | 471,446,018 | 77,634,211 | 549,080,229 |
| Prior year - December 31, 2016 (Audited) | 7.1 | 511,707,389 | 79,217,583 | 590,924,972 |

| | Un–audited As at June 30, 2017 | | | Audited As at December 31, 2016 | | |
|---|---|---|---|---|---|---|
| | Held by Group | Given as collateral | Total | Held by Group | Given as collateral | Total |
| | Rupees in '000 | | | | | |
| **7.1 Investments by types:** | | | | | | |
| **Held-for-trading securities** | | | | | | |
| Market Treasury Bills | 1,600 | – | 1,600 | – | – | – |
| Pakistan Investment Bonds | – | – | – | 102,531 | – | 102,531 |
| Units of open- ended mutual funds/ pension funds - related parties | 1,681,834 | – | 1,681,834 | 1,390,368 | – | 1,390,368 |
| Sukuk bonds | – | – | – | 40,000 | – | 40,000 |
| | 1,683,434 | – | 1,683,434 | 1,532,899 | – | 1,532,899 |
| **Available-for-sale securities** | | | | | | |
| Market Treasury Bills | 181,715,221 | 699,533 | 182,414,754 | 202,224,770 | 23,995,274 | 226,220,044 |
| Pakistan Investment Bonds | 128,006,501 | 76,854,372 | 204,860,873 | 144,961,948 | 53,343,313 | 198,305,261 |
| Ordinary shares of listed companies / certificates of close-ended mutual funds | 14,493,083 | – | 14,493,083 | 14,493,083 | – | 14,493,083 |
| Ordinary shares of unlisted companies | 2,500,169 | – | 2,500,169 | 2,500,169 | – | 2,500,169 |
| Investment in related parties | | | | | | |
| - Listed shares | 8,142,520 | – | 8,142,520 | 8,142,520 | – | 8,142,520 |
| - Unlisted shares | 1,043,449 | – | 1,043,449 | 997,894 | – | 997,894 |
| Sukuk bonds | 5,268,614 | – | 5,268,614 | 5,423,031 | – | 5,423,031 |
| GOP Sukuk | 10,561,451 | – | 10,561,451 | 10,550,356 | – | 10,550,356 |
| GOP Ijara Sukuk | 3,946,884 | – | 3,946,884 | 2,148,084 | – | 2,148,084 |
| Foreign Currency Bonds (US$) | 4,745,515 | – | 4,745,515 | 4,734,946 | – | 4,734,946 |
| Term Finance Certificates (TFCs) | 4,233,523 | – | 4,233,523 | 4,340,267 | – | 4,340,267 |
| | 364,656,930 | 77,553,905 | 442,210,835 | 400,517,068 | 77,338,587 | 477,855,655 |
| **Held-to-maturity securities** | | | | | | |
| Pakistan Investment Bonds | 83,358,495 | – | 83,358,495 | 83,222,932 | – | 83,222,932 |
| GOP Sukuk | 1,053,235 | – | 1,053,235 | 1,051,562 | – | 1,051,562 |
| GOP Ijara Sukuk | – | – | – | 100,000 | – | 100,000 |
| Foreign Currency Bonds (US$) | – | – | – | 1,595,719 | – | 1,595,719 |
| TFCs, Bonds and PTCs | 349,732 | – | 349,732 | 358,879 | – | 358,879 |
| | 84,761,462 | – | 84,761,462 | 86,329,092 | – | 86,329,092 |
| **Investment at cost** | 451,101,826 | 77,553,905 | 528,655,731 | 488,379,059 | 77,338,587 | 565,717,646 |
| Provision for diminution in the value of investments | (2,688,538) | – | (2,688,538) | (2,696,599) | – | (2,696,599) |
| **Investments (net of provisions)** | 448,413,288 | 77,553,905 | 525,967,193 | 485,682,460 | 77,338,587 | 563,021,047 |
| Deficit on revaluation of 'held-for-trading' securities | (24,259) | – | (24,259) | 129,343 | – | 129,343 |
| Surplus on revaluation of 'available-for-sale' securities | 23,056,989 | 80,306 | 23,137,295 | 25,895,586 | 1,878,996 | 27,774,582 |
| **Total investments at market value** | 471,446,018 | 77,634,211 | 549,080,229 | 511,707,389 | 79,217,583 | 590,924,972 |

| | Note | Un-audited June 30, 2017 | Audited December 31, 2016 |
|---|---|---|---|
| | | Rupees in '000 | |
| **8 ADVANCES** | | | |
| Loans, cash credits, running finances, etc. | | | |
| In Pakistan | | 358,418,320 | 334,088,692 |
| Outside Pakistan | | 3,596,492 | 7,876,267 |
| | | 362,014,812 | 341,964,959 |
| Islamic financing and related assets | | 2,356,736 | 605,138 |
| Net investment in finance lease - in Pakistan | | 2,414,973 | 2,131,845 |
| Bills discounted and purchased (excluding treasury bills) | | | |
| Payable in Pakistan | | 39,286,373 | 1,997,152 |
| Payable outside Pakistan | | 1,021,999 | 1,687,999 |
| | | 40,308,372 | 3,685,151 |
| **Advances - gross** | | 407,094,893 | 348,387,093 |
| Provision for non-performing advances | 8.1 & 8.3 | (18,032,758) | (18,720,563) |
| General provision | 8.3 | (52,211) | (63,309) |
| | | (18,084,969) | (18,783,872) |
| **Advances - net of provision** | | 389,009,924 | 329,603,221 |

8.1 Advances include Rs. 19,444.397 million (December 31, 2016: Rs. 20,431.609 million) which have been placed under non-performing status as detailed below:-

| Category of Classification | June 30, 2017 (Un-audited) | | | | |
|---|---|---|---|---|---|
| | Classified Advances | | | Provision | Provision |
| | Domestic | Overseas | Total | required | held |
| | Rupees in '000 | | | | |
| Other Assets Especially Mentioned | 78,496 | – | 78,496 | 3,228 | 3,228 |
| Substandard | 658,616 | – | 658,616 | 163,451 | 163,451 |
| Doubtful | 156,253 | – | 156,253 | 78,127 | 78,127 |
| Loss | 18,551,032 | – | 18,551,032 | 17,787,952 | 17,787,952 |
| | 19,444,397 | – | 19,444,397 | 18,032,758 | 18,032,758 |

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

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

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

| | June 30, 2017 (Un-audited) | | | December 31, 2016 (Audited) | | |
|---|---|---|---|---|---|---|
| | Specific | General | Total | Specific | General | Total |
| | Rupees in '000 | | | | | |
| Opening balance | 18,720,563 | 63,309 | 18,783,872 | 19,092,777 | 71,489 | 19,164,266 |
| Charge for the period / year | 213,863 | – | 213,863 | 1,841,422 | – | 1,841,422 |
| Reversals | (898,672) | (11,098) | (909,770) | (2,168,601) | (8,180) | (2,176,781) |
| Charged to profit and loss account | (684,809) | (11,098) | (695,907) | (327,179) | (8,180) | (335,359) |
| Amounts written off | (2,996) | – | (2,996) | (45,035) | – | (45,035) |
| Closing balance | 18,032,758 | 52,211 | 18,084,969 | 18,720,563 | 63,309 | 18,783,872 |

8.4 The Bank has participated in syndicated long term loan facilities, granted to Power Holding (Pvt.) Limited, valuing Rs. 30,950 million and Rs. 25,000 million with Bank's share being Rs. 5,250 million and Rs. 5,000 million respectively. These exposures are secured against a Government Guarantee. State Bank of Pakistan has extended relaxation against classification of these exposures vide Letter No. BPRD/ BRD (Policy)/ 2017/ 16794 dated July 19, 2017 till August 31, 2017 and August 30, 2017 respectively.

| | Un-audited June 30, 2017 | Audited December 31, 2016 |
|---|---|---|
| | Rupees in '000 | |
| **9 BORROWINGS** | | |
| **Details of borrowings (Secured / Unsecured)** | | |
| ***Secured*** | | |
| Borrowings from State Bank of Pakistan | 21,293,943 | 17,500,610 |
| Repurchase agreement borrowings | 77,381,499 | 78,903,484 |
| ***Unsecured*** | | |
| Call borrowings | 22,089,948 | 29,873,171 |
| Overdrawn nostro accounts | 225,747 | 63,459 |
| Other borrowings | 17,059 | 28,151 |
| | 22,332,754 | 29,964,781 |
| | 121,008,196 | 126,368,875 |
| **10 DEPOSITS AND OTHER ACCOUNTS** | | |
| ***Customers*** | | |
| Fixed deposits | 174,361,200 | 176,919,971 |
| Savings deposits | 217,554,821 | 212,372,097 |
| Current accounts - remunerative | 98,048,469 | 97,923,755 |
| Current accounts - non - remunerative | 293,777,591 | 248,775,261 |
| | 783,742,081 | 735,991,084 |
| ***Financial Institutions*** | | |
| Remunerative deposits | 57,506,659 | 63,841,039 |
| Non - remunerative deposits | 11,297,883 | 5,257,951 |
| | 852,546,623 | 805,090,074 |

## 11 SHARE CAPITAL

### 11.1 Authorised capital

| Un-audited June 30, 2017 | Audited December 31, 2016 | | Un-audited June 30, 2017 | Audited December 31, 2016 |
|---|---|---|---|---|
| No. of shares | | | Rupees in '000 | |
| 1,500,000,000 | 1,500,000,000 | Ordinary shares of Rs. 10 each | 15,000,000 | 15,000,000 |

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

Fully paid–up Ordinary shares of Rs. 10 each

| Un-audited June 30, 2017 | Audited December 31, 2016 | | Un-audited June 30, 2017 | Audited December 31, 2016 |
|---|---|---|---|---|
| No. of shares | | | Rupees in '000 | |
| 406,780,094 | 406,780,094 | Fully paid in cash | 4,067,801 | 4,067,801 |
| 720,745,186 | 720,745,186 | Issued as bonus shares | 7,207,452 | 7,207,452 |
| 1,127,525,280 | 1,127,525,280 | | 11,275,253 | 11,275,253 |
| 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 | 1,145,073,830 | | 11,450,739 | 11,450,739 |

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

| | | Un-audited June 30, 2017 | Audited December 31, 2016 |
|---|---|---|---|
| | | Rupees in '000 | |
| **12** | **CONTINGENCIES AND COMMITMENTS** | | |
| **12.1** | **Direct credit substitutes** | | |
| | Guarantees in favour of: | | |
| | Banks and financial institutions | 5,182,891 | 5,397,846 |
| **12.2** | **Transaction-related contingent liabilities** | | |
| | Guarantees in favour of: | | |
| | Government | 388,631 | 341,738 |
| | Others | 19,422,498 | 20,555,816 |
| | | 19,811,129 | 20,897,554 |
| **12.3** | **Trade-related contingent liabilities** | 60,874,763 | 65,473,604 |
| **12.4** | **Claims against the Bank not acknowledged as debt** | 9,124,392 | 6,815,687 |

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

| | | Un-audited June 30, 2017 | Audited December 31, 2016 |
|---|---|---|---|
| | | Rupees in '000 | |
| **12.6** | **Commitments in respect of foreign exchange contracts:** | | |
| | Purchase | 76,456,008 | 63,017,979 |
| | Sale | 39,861,322 | 38,469,943 |
| **12.7** | **Commitments in respect of:** | | |
| | Civil works | 1,327,193 | 704,903 |
| | Acquisition of operating fixed assets | 752,142 | 885,447 |
| | | 2,079,335 | 1,590,350 |
| **12.8** | **Commitments in respect of operating lease** | 6,241,395 | 6,062,254 |
| **12.9** | **Other Commitments** | 61,551 | 61,551 |
| **12.10** | **Other Contingencies** | | |

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

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

| | | Half year Ended | | Quarter Ended | |
|---|---|---|---|---|---|
| | | June 30, 2017 | June 30, 2016 | June 30, 2017 | June 30, 2016 |
| | | Rupees in '000 | | | |
| 13 | **MARK-UP / RETURN / INTEREST EARNED** | | | | |
| | On loans and advances: | | | | |
| | Customers | 11,047,967 | 10,631,299 | 5,913,599 | 5,671,572 |
| | On investments in: | | | | |
| | 'Available-for-sale' securities | 17,442,079 | 13,160,713 | 8,723,626 | 6,552,082 |
| | 'Held-to-maturity' securities | 3,451,867 | 10,380,316 | 1,749,087 | 5,158,765 |
| | 'Held-for-trading' securities | 231,281 | 325,254 | 146,812 | 60,796 |
| | | 21,125,227 | 23,866,283 | 10,619,525 | 11,771,643 |
| | On deposits with financial institutions | 7,825 | 4,965 | 347 | 3,552 |
| | On securities purchased under resale agreements | 108,916 | 57,923 | 54,638 | 34,707 |
| | On certificates of investment | 1,899 | – | 1,899 | – |
| | On call money lending | 52,722 | 38,108 | 10,993 | 13,399 |
| | On musharaka lending | 9,238 | – | 6,075 | – |
| | On mudaraba lending | 5,232 | – | 5,232 | – |
| | On wakala lending | 4,189 | – | 3,466 | – |
| | On Bai Muajjal | 296 | – | 296 | – |
| | | 32,363,511 | 34,598,578 | 16,616,070 | 17,494,873 |
| 14 | **MARK-UP / RETURN / INTEREST EXPENSED** | | | | |
| | Deposits | 11,480,395 | 11,801,642 | 5,762,830 | 5,783,929 |
| | Long term borrowing | 133,109 | 123,102 | 70,806 | 59,403 |
| | Securities sold under repurchase agreements | 3,219,546 | 3,526,591 | 1,896,488 | 1,577,488 |
| | Call money borrowing | 493,513 | 342,733 | 238,655 | 182,144 |
| | Brokerage and commission | 74,029 | 92,129 | 44,496 | 51,760 |
| | Other short term borrowings | 666,887 | 1,001,504 | 307,407 | 630,051 |
| | | 16,067,479 | 16,887,701 | 8,320,682 | 8,284,775 |

15 The amount represents super tax levied on taxable income of the Bank for tax year 2017 vide Finance Act, 2017.

| | | Half year Ended | | Quarter Ended | |
|---|---|---|---|---|---|
| | | June 30, 2017 | June 30, 2016 | June 30, 2017 | June 30, 2016 |
| | | Rupees in '000 | | | |
| 16 | **EARNINGS PER SHARE - BASIC AND DILUTED** | | | | |
| | Profit after taxation for the period | 6,595,098 | 8,678,387 | 2,922,420 | 3,863,250 |
| | | Number of Share | | | |
| | Weighted average number of ordinary shares outstanding during the period. | 1,145,073,830 | 1,145,073,830 | 1,145,073,830 | 1,145,073,830 |
| | | Rupees | | | |
| | Earnings per share - basic and diluted for the period | 5.76 | 7.58 | 2.55 | 3.37 |

There is no dilution effect on basic earnings per share.

## 17 RELATED PARTY TRANSACTIONS

The Group has related party relationships with its parent, subsidiary, companies with common directorship, directors, employee benefit plans and key management personnel including their associates.

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

| | June 30, 2017 (Un-audited) | | | | | December 31, 2016 (Audited) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Parent | Directors | Associated Companies* | key management personnel | Other related parties | Parent | Directors | Associated Companies* | key management personnel | Other related parties |
| | Rupees in '000 | | | | | | | | | |
| **Nature of related party transactions** | | | | | | | | | | |
| Loans: | | | | | | | | | | |
| Loans at the beginning of the period / year | - | 24,137 | 4,383,200 | 253,416 | 17,991,914 | - | 36,637 | 1,774,626 | 276,413 | 5,379,463 |
| Loans given during the period / year | - | 50,458 | - | 71,514 | 40,463,960 | - | 27,681 | 5,642,759 | 80,198 | 71,307,904 |
| Loans repaid / adjustments during the period / year | - | (52,017) | (247,848) | (87,491) | (50,132,311) | - | (40,181) | (3,034,185) | (103,195) | (58,695,453) |
| Loans at the end of the period / year | - | 22,578 | 4,135,352 | 237,439 | 8,323,563 | - | 24,137 | 4,383,200 | 253,416 | 17,991,914 |
| Deposits: | | | | | | | | | | |
| Deposits at the beginning of the period / year | 403 | 53,177 | 258,274 | 42,152 | 13,249,509 | - | 40,868 | 102,902 | 22,837 | 9,572,394 |
| Deposits received during the period / year | 3,387,326 | 73,974 | 36,302,736 | 286,280 | 64,101,655 | 654 | 5,505,258 | 10,566,219 | 406,337 | 94,959,384 |
| Deposits repaid during the period / year | (3,386,205) | (98,589) | (36,505,931) | (280,261) | (67,785,673) | (251) | (5,492,949) | (10,410,847) | (387,022) | (91,282,269) |
| Deposits at the end of the period / year | 1,524 | 28,562 | 55,079 | 48,171 | 9,565,491 | 403 | 53,177 | 258,274 | 42,152 | 13,249,509 |
| Nostro balances | - | - | 59,629 | - | - | - | - | 35,968 | - | - |
| Investments in shares | - | - | 4,836,429 | - | 5,736,869 | - | - | 4,790,874 | - | 5,445,403 |
| Other receivables | - | 12,187 | 32,310 | 82,077 | 426,426 | - | 6,363 | 37,246 | 81,029 | 513,103 |
| Net receivable from staff retirement benefit funds | - | - | - | - | 4,577,081 | - | - | - | - | 4,408,206 |
| Non funded exposure | - | - | 3 | - | 5,782 | - | - | 550 | - | 17,421 |

| | June 30, 2017 (Un-audited) | | | | | June 30, 2017 (Un-audited) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Parent | Directors | Associated Companies* | key management personnel | Other related parties | Parent | Directors | Associated Companies* | key management personnel | Other related parties |
| | Rupees in '000 | | | | | | | | | |
| Mark-up earned | - | 721 | 145,392 | 5,633 | 334,974 | - | 475 | 79,148 | 7,047 | 221,767 |
| Income on placements | - | - | - | - | - | - | - | 1,194 | - | - |
| Dividend income | - | - | 392,000 | - | 423,641 | - | - | 896,000 | - | 509,316 |
| Sales commission | - | - | - | - | 29,443 | - | - | - | - | 2,802 |
| Management fee income | - | - | - | - | 242,497 | - | - | - | - | 201,871 |
| Fee commission / bank charges | 2 | 13 | 643 | 30 | 411 | - | 15 | 24 | 30 | 144 |
| Other Income** | - | - | 1,682 | - | 92 | - | - | 2,202 | - | - |
| Mark-up expense on deposits | - | 482 | 2,742 | 223 | 164,326 | - | 625 | 3,888 | 226 | 158,396 |
| Director's meeting fee | - | 8,650 | - | - | - | - | 6,500 | - | - | - |
| Remuneration | - | 29,300 | - | 254,116 | - | - | 36,400 | - | 234,966 | - |
| Other charges *** | - | - | 32,154 | - | 45,747 | - | - | 290 | - | 47,347 |
| Rent expense**** | - | - | 13,742 | - | - | - | - | 13,083 | - | - |
| Charge / (reversal ) in respect of staff retirement benefit funds | - | - | - | - | 104,622 | - | - | - | - | 104,611 |

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

* Associated companies are on the basis of common directorship.

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

*** Other charges with Other related parties comprises of payments to NIFT amounting to Rs. 45.75 million.

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

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

- During the period ended June 30, 2017; movable assets were disposed of for Rs. 103,000 to the key management personnel of the Bank. These assets were fully depreciated.

## 18 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of traded investments is based on quoted market prices, except for tradable securities classified by the Bank as 'Held-to-Maturity'. Quoted securities classified as 'Held-to-Maturity' are carried at amortized cost. Fair value of unquoted equity investments other than investment in subsidiary is determined on the basis of break up value of these investments as per the latest available audited financial statements.

Fair value of fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 5.5 of annual consolidated financial statements for the year ended December 31, 2016.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are either short-term in nature or in the case of customer loans and deposits are frequently re-priced.

The table below presents, by valuation methods, the financial and non-financial assets carried at fair values. Valuation of investments is carried out as per guidelines specified by the SBP. In case of non-financial assets, the Bank has adopted revaluation model (as per IAS 16) in respect of land and building.

| | June 30, 2017 (Un-audited) | | | | December 31, 2016 (Audited) | | | |
|---|---|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| | Rupees in '000 | | | | | | | |
| **On balance sheet financial instruments:** | | | | | | | | |
| ***Financial assets measured at fair value*** | | | | | | | | |
| Held-for-trading securities: | | | | | | | | |
| Market Treasury Bills | – | 1,600 | – | 1,600 | – | – | – | – |
| Pakistan Investment Bonds | – | – | – | – | – | 101,819 | – | 101,819 |
| Units of open-ended mutual funds | – | 1,657,575 | – | 1,657,575 | – | 1,520,077 | – | 1,520,077 |
| Sukuk Bonds | – | – | – | – | – | 40,347 | – | 40,347 |
| | – | 1,659,175 | – | 1,659,175 | – | 1,662,243 | – | 1,662,243 |
| Available- for-sale securities: | | | | | | | | |
| Market Treasury Bills | – | 182,338,652 | – | 182,338,652 | – | 226,247,239 | – | 226,247,239 |
| Pakistan Investment Bonds | – | 209,353,376 | – | 209,353,376 | – | 203,520,070 | – | 203,520,070 |
| Ordinary shares of listed companies / | | | | | | | | |
| " certificates of close-ended mutual funds" | 37,926,408 | – | – | 37,926,408 | 42,084,599 | – | – | 42,084,599 |
| Ordinary shares of unlisted companies | – | – | 3,492,550 | 3,492,550 | – | – | 3,448,081 | 3,448,081 |
| Sukuk Bonds | – | 15,222,107 | 4,997,648 | 20,219,755 | – | 13,306,369 | 5,151,607 | 18,457,976 |
| Foreign Currency Bonds (US$) | – | 5,426,359 | – | 5,426,359 | – | 5,177,620 | – | 5,177,620 |
| Term Finance Certificates | – | 2,336,714 | 1,915,511 | 4,252,225 | – | 2,353,869 | 2,003,063 | 4,356,932 |
| | 37,926,408 | 414,677,208 | 10,405,709 | 463,009,325 | 42,084,599 | 450,605,167 | 10,602,751 | 503,292,517 |
| ***Non - financial assets measured at fair value*** | | | | | | | | |
| Operating fixed assets | – | 24,319,549 | – | 24,319,549 | – | 22,914,819 | – | 22,914,819 |
| Non banking assets | – | 3,499,900 | – | 3,499,900 | – | 3,476,351 | – | 3,476,351 |
| | – | 27,819,449 | – | 27,819,449 | – | 26,391,170 | – | 26,391,170 |
| **Off-balance sheet financial instruments:** | | | | | | | | |
| Foreign exchange contracts - Purchase | – | 76,456,008 | – | 76,456,008 | – | 63,017,979 | – | 63,017,979 |
| Foreign exchange contracts - Sale | – | 39,861,322 | – | 39,861,322 | – | 38,469,943 | – | 38,469,943 |
| | – | 116,317,330 | – | 116,317,330 | – | 101,487,922 | – | 101,487,922 |

The valuation techniques used for above assets are same as disclosed in notes 5.1, 5.4, 5.6 & 5.14 of annual consolidated financial statements for the year ended December 31, 2016.

## 19 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

| | For the half year ended June 30, 2017 (Un-audited) | | | | | | |
|---|---|---|---|---|---|---|---|
| | Corporate & Investment Banking | Trading & Sales (Treasury) | Commercial & Retail Banking | Others | Asset Management | Eliminations | Total |
| | Rupees in '000 | | | | | | |
| Total Income | 12,958,108 | 20,882,533 | 15,778,930 | 8,006,081 | 371,080 | (20,867,138) | 37,129,594 |
| Total Expenses | (11,103,847) | (17,891,856) | (14,042,331) | (8,113,533) | (250,067) | 20,867,138 | (30,534,496) |
| Net Income | 1,854,261 | 2,990,677 | 1,736,599 | (107,452) | 121,013 | – | 6,595,098 |

| | For the half year ended June 30, 2016 (Un-audited) | | | | | | |
|---|---|---|---|---|---|---|---|
| | Corporate & Investment Banking | Trading & Sales (Treasury) | Commercial & Retail Banking | Others | Asset Management | Eliminations | Total |
| | Rupees in '000 | | | | | | |
| Total Income | 12,928,994 | 25,801,273 | 15,738,428 | 6,159,430 | 273,149 | (19,066,450) | 41,834,824 |
| Total Expenses | (10,937,942) | (19,610,050) | (13,729,906) | (7,748,787) | (196,202) | 19,066,450 | (33,156,437) |
| Net Income | 1,991,052 | 6,191,223 | 2,008,521 | (1,589,357) | 76,947 | – | 8,678,387 |

| | As at June 30, 2017 (Un-audited) | | | | | | |
|---|---|---|---|---|---|---|---|
| | Corporate & Investment Banking | Trading & Sales (Treasury) | Commercial & Retail Banking | Others | Asset Management | Eliminations | Total |
| | Rupees in '000 | | | | | | |
| Segment Assets (Gross) | 431,059,148 | 542,904,809 | 672,514,171 | 333,317,622 | 2,074,145 | (850,721,992) | 1,131,147,903 |
| Segment Liabilities | 427,081,110 | 542,904,811 | 671,101,613 | 216,793,145 | 311,588 | (850,221,992) | 1,007,970,275 |

| | As at December 31, 2016 (Audited) | | | | | | |
|---|---|---|---|---|---|---|---|
| | Corporate & Investment Banking | Trading & Sales (Treasury) | Commercial & Retail Banking | Others | Asset Management | Eliminations | Total |
| | Rupees in '000 | | | | | | |
| Segment Assets (Gross) | 371,284,006 | 572,327,815 | 607,735,966 | 352,976,449 | 1,952,208 | (813,423,379) | 1,092,853,065 |
| Segment Liabilities | 367,051,366 | 572,327,815 | 606,143,918 | 235,649,887 | 310,664 | (812,923,379) | 968,560,271 |

### 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 August 17, 2017 has approved interim cash dividend for the half year ended June 30, 2017 at Rs. 1.75 per share (June 30, 2016: Rs. 1.75 per share). The consolidated condensed interim financial statements for the half year ended June 30, 2017 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 August 17, 2017 by the Board of Directors of the Bank.

Chief Financial Officer President and Chief Executive Officer

Director Director Chairman

# Note

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