

# THE BIGGER PICTURE

Condensed Interim Financial Statements  
for the half year ended June 30, 2016





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# Corporate Information

## Board of Directors

Mohammad Naeem Mukhtar  
(Chairman)

Sheikh Mukhtar Ahmad  
Muhammad Waseem Mukhtar  
Abdul Aziz Khan  
Mubashir A. Akhtar  
Dr. Muhammad Akram Sheikh  
Zafar Iqbal  
Tariq Mahmood  
(CEO)

## Audit Committee of the Board

Zafar Iqbal  
(Chairman)

Dr. Muhammad Akram Sheikh  
Mubashir A. Akhtar

## Human Resource & Remuneration Committee

Abdul Aziz Khan  
(Chairman)

Muhammad Waseem Mukhtar  
Tariq Mahmood  
(CEO)

## Company Secretary

Muhammad Raffat

## Shariah Board

Mufti Ehsan Waquar  
(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](http://www.abl.com)  
[info@abl.com](mailto:info@abl.com)

## Tel Number

(+92-42) 35880043

# Vision, Mission & Core Values

## Vision

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

## Mission

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

## Core Values

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

## Directors' Review

Dear Shareholders,

On behalf of the Board, we are pleased to present the financial results of Your Bank for the half year ended June 30, 2016.

### Financial Highlights

	(Rupees in million)		Growth
	Half year ended June 30,		
	2016	2015	
Profit after tax for the period	8,601	7,357	17%
Accumulated profits brought forward	41,416	37,054	12%
Transfer from surplus on revaluation of fixed assets - net of tax	29	42	-31%
Transfer from surplus on revaluation of non-banking assets - net of tax	44	-	100%
<b>Profit available for appropriation</b>	<b>50,090</b>	<b>44,453</b>	<b>13%</b>
Final cash dividend for the year ended December 31, 2015 at Rs. 1.75 per share (2015: Year ended December 31, 2014 at Rs. 2.00 per share)	(2,004)	(2,290)	-13%
Interim cash dividend for the year ending December 31, 2016 at Rs. 1.75 per share (2015: Year ended December 31, 2015 at Rs. 1.75 per share)	(2,004)	(2,004)	-
Transfer to statutory Reserves	(860)	(736)	17%
<b>Accumulated profits carried forward</b>	<b>45,222</b>	<b>39,423</b>	<b>15%</b>
<b>Earnings Per Share (EPS) (Rs.)</b>	<b>7.51</b>	<b>6.42</b>	<b>17%</b>

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, 2016 is Rs. 3.5 per share (June 30, 2015: Rs. 3.5 per share).

### Economic Review

Pakistan's GDP growth edged up to 4.7%, highest in last eight years, during FY 2015-16; ongoing security concerns and chronic energy shortages, which have simultaneously kept the private sector credit appetite restrained, remain major factors for missing the targeted growth of 5.5%. Foreign Direct Investment (FDI) aided by progress in economic reforms under IMF's Extended Fund Facility (EFF) improved during FY 2015-16 to US\$1,281 million. Similarly, remittances during FY 2015-16 reached US\$ 19,915 million, 6.4% higher than the corresponding period of last year. Resultantly, foreign exchange reserves continued their upwards trajectory; increasing to US \$ 23,085 million by end-June'16. Dismal performance by exports sector posting a negative growth of 12% during FY2015-16 led the trade deficit to increase to US \$ 23,963 million. Resultantly, overall current account deficit as a percentage of Gross Domestic Product (GDP) remained flat at corresponding year's level of 1% during Jul'15-May'16. Large Scale Manufacturing (LSM) remained resilient during July'15 – May'16 and posted growth of 3.5% as compared to the corresponding period of last year. The growth in LSM was mainly driven by Automobiles, Food, Beverage and Fertilizer sectors. With the formation of Pakistan Stock Exchange (PSX) during January 2016 and recent announcement about upgrade in Pakistan's status as an "Emerging Market" in Morgan Stanley Index from May 2017, capital market has outperformed major markets in the region. Since the integration, KSE 100 index has increased from 32,320 points to current position at 39,820 points.

During the half year under review Broad Money (M2) supply grew by 7%, while currency in circulation increased by 13% to accumulate to Rs. 3,258 billion. As compared to December 2015, banking industry deposits increased by 8% to cross Rs. 10,000 billion and closed at Rs. 10,464 billion. Private sector credit appetite remained sluggish with overall gross advances reaching Rs. 5,271 billion at end-June 2016, despite historically low interest rates. In line with recent trend and in absence of quality lending avenues, surplus net resources were diverted towards investments which increased by 13% over end-December 15 to reach Rs.7,593 billion.

Consumer Price Index remained under control at 3.2% year on year (YoY) at end-June 2016 due to low commodity prices and waning base effect. With low inflationary pressure and in an effort to stimulate private sector credit growth, SBP reduced the “Policy Rate” by 25 bps to 5.75% during the period under review.

On the international front implications of “Brexit” are still unraveling and are set to overshadow the economic growth not just in the UK but also spill over into the EU and beyond. Growth in most advanced economies remained lackluster and immediate growth potential is expected to remain subdued under prevailing circumstances. While across emerging markets and developing economies, projected growth prospects remain diverse with major reliance on China and India. Reversal in oil prices slump initiated in first quarter of 2016 continued throughout end-June’16. Decline in oil supply on account of slowdown in non-OPEC production and few supply disruptions helped bolster oil prices from low of US\$ 27 per barrel in January’16 to between US\$ 40-50 per barrel up to June’16.

## **Financial Review**

Amidst stabilizing macroeconomic indicators, the operating environment for the Banking sector remained challenging during the period under review. Your Bank adopted a pro-active strategy to derive solid performance despite shrinking spreads, pressure on deposits growth mobilization, lack of quality lending avenues and rising cost of doing business.

Profit After Tax of Your Bank registered a growth of 17% and reached Rs. 8,601 million for the half year ended June 30, 2016, as compared to Rs. 7,356 million in the corresponding period of last year. Super-tax imposed during 2015 at 4% on 2014’s taxable income as a one-off tax charge was re-imposed during the period on 2015’s taxable income. In view of the related charge of Rs. 954 million; average rate of Income Tax for the half year ended June 30, 2016 increased to 41.5%. EPS and RoA of Your Bank stood at Rs.7.51 per share and 1.7% respectively. Excluding the impact of aforementioned prior year tax charge, Profit After Tax, EPS and RoA of Your Bank increases to Rs. 9,555 million, Rs.8.34 per share and 1.9% respectively. Profit Before Tax of Your Bank also increased to Rs. 14,705 million for the half year ended June 30, 2016 as compared to Rs. 13,579 million in the corresponding period of last year.

The Bank’s net interest income during the half year ended June 30, 2016 increased to Rs. 17,705 million from Rs. 17,385 million during the corresponding period of last year. Despite reduction in average discount rate by 183 bps during the half year under review, the growth in net markup income was mainly supported by reduction in cost of funding. In view of prudent lending policies of Your Bank, net provision charge against non-performing loans for the half year ended June 30, 2016 decreased to Rs.180 million as compared to Rs.542 million in corresponding period of last year.

Non mark-up/Interest income (NII) increased substantially by 23% to Rs. 6,970 million from Rs.5,675 million in corresponding period of last year. The increase was driven by gain on sale of securities, which increased to Rs. 2,453 million as against Rs.417 million in corresponding

period of last year and dividend income from Bank's blue chip equity portfolio which increased by 11% to reach Rs.1,966 million during the period under review. In view of active participation in the interbank market, Your Bank, in its first year of obtaining "Primary Dealer" status was ranked amongst the Top 3 Primary Dealers during FY 2015-16 by State Bank of Pakistan.

Your Bank's strategic focus towards expansion in footprint enabled its network to expand to 1,051 branches. Despite branch expansion, growing alternate delivery channels, continuous investment in new technology driven banking platforms and inflationary pressure on operating costs, the administrative expenses growth was curtailed at 8.5% during the period under review.

Your Bank's deposits increased to Rs. 772,345 million as at June 30, 2016 as compared to Rs. 734,596 million as at December 31, 2015. In view of limited quality lending avenues, net advances increased by 6% to reach Rs.341,040 million as at June 30, 2016 mainly driven by increase in commodity operations and long term finance. Investments as at June 30, 2016 remained stable at Rs. 556,444 million as compared to Rs.544,349 million as at December 31, 2015.

Your Bank's continued emphasis on minimizing Non-performing Loans (NPL), through adoption of technology driven Risk Management practices, resulted in reduction in overall NPLs by Rs. 649 million to close at Rs. 21,254 million as at June 30, 2016 as compared to December 31, 2015. The Bank has not taken benefit of FSV while determining the provision against NPLs as allowed under BSD Circular No. 01 dated October 21, 2011. Infection and coverage ratio of Your Bank improved to 5.9% and 90.9% as compared to 6.4% and 87.2% as at December 31, 2015. The high asset quality of the Bank amongst peers is reflected by comparison with the industry average infection and coverage ratios at 11.7% and 83.6% respectively as at March 31, 2016.

Total Assets and Equity of Your Bank as at June 30, 2016 stood at Rs. 1,030,085 million and Rs. 98,080 million, registering a growth of 3.8% and 9.8% respectively as compared to December 31, 2015.

## Future Outlook

Economic uncertainties coupled with downside risks emanating from "Brexit" pre-dominate global economic outlook; Pakistan's macroeconomic indicators' nascent improvement needs to be sustained to achieve the targeted GDP growth for FY 2016-17 projected at 5%. Continuation of macroeconomic policies, structural reforms particularly in revenue collection, reduction in the ballooning undocumented economy reflected by the rising currency in circulation, control over the expanding circular debt along with revitalization of public sector entities that have caused significant fiscal drain are critical pre-requisites for long term fiscal and economic survival of the country. Investment in cost-effective energy supply, enhanced security profile and infrastructural development especially related to China Pakistan Economic Corridor (CPEC) are equally vital for spurring development activity and market optimism. Going forward, the industrial sector should sustain growth momentum driven by expansion in construction, consumer durables, mining, utilities and manufacturing sectors. Managing the trade deficit shall remain another key challenge in short term with exports growth hampered by weak external demand, adverse currency valuation disparity and loss of market share to competitors. Capital markets are however expected to remain vibrant in view of its announced reclassification in Emerging Market Index in 2017.

Banking sector outlook for short to medium term remains engulfed with multifaceted challenges including historically low benchmark interest rates, shrinking banking sector spreads, adverse



impacts of withholding tax regime covering all banking transactions for non-filer of Income Tax returns stifling the growth momentum in deposits and lack of private sector appetite due to aforementioned energy and security situation. Continuation of super tax of 4% on the banking sector along with maturity of Rs.1.6 trillion worth of Government Bonds in Q3 2016 are expected to further escalate the pressure on overall banking sector profitability in the short term.

During the period under review Your Bank entered into an agreement with country's largest telecommunication provider to launch mobile banking services; enabling augmented financial inclusion of unbanked population and supplement outreach expansion for the valued customers. This new initiative should gradually assist in enhancing and diversifying the fee based income of the Bank.

Despite a challenging operating environment, Your Bank's multifaceted strategy geared towards further strengthening the outreach of the Bank through both conventional and alternate delivery channels including gradual expansion in Islamic Banking, robust risk management framework and technology driven automated products, services and processes provides a strong impetus towards sustained growth

### **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 Rating**

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

### **Acknowledgement**

On behalf of Allied Bank we would like to thank our valuable customers for selecting Allied Bank Limited for their banking needs, shareholders of the Bank for their trust and our worthy employees for their dedicated performance and State Bank of Pakistan and other regulatory bodies for their continued support.

For and on behalf of the Board,

**Tariq Mahmood**  
Chief Executive Officer

Date: August 10, 2016  
Place: Lahore

## ڈائریکٹرز کا جائزہ:

### محترم شیئر ہولڈرز!

بورڈ آف ڈائریکٹرز کی جانب سے ہم انتہائی مسرت سے آپ کے بینک کے 30 جون 2016ء کو اختتام پذیر ہونے والی ششماہی کے مالیاتی نتائج پیش کرتے ہیں۔

### مالیاتی جھلکیاں:

ششماہی نتائج پر اختتام 30 جون				
		2015	2016	
ملین روپے				فی صد
17	7,357	8,601		بعد از ٹیکس منافع
12	37,054	41,416		گزشتہ جمع شدہ منافع
-31	42	29		مبین اثاثہ جات کی قدر و پیکائش سے منتقلی
100	-	44		غیر بینکاری اثاثہ جات کی قدر و پیکائش سے منتقلی
13	44,453	50,090		تصرف کے لیے دستیاب منافع
-13	(2,290)	(2,004)		سال ختم 31 دسمبر 2015ء کا حتمی کیش ڈیویڈنڈ 1.75 روپے فی حصص (2015: سال ختم 31 دسمبر 2014ء کیش ڈیویڈنڈ 2:00 روپے فی حصص)
-	(2,004)	(2,004)		سال ختم 31 دسمبر 2016ء کا عبوری ڈیویڈنڈ 1.75 روپے فی حصص (2015: سال ختم 31 دسمبر 2015ء کیش ڈیویڈنڈ 1.75 روپے فی حصص)
17	(736)	(860)		ضوابطی ریزرو میں منتقلی
15	39,423	45,222		آسے منتقل کیا گیا جمع شدہ منافع
17	6.42	7.51		فی حصص آمدنی (EPS) روپے

بورڈ انتہائی مسرت کے ساتھ پہلے سے ادا شدہ عبوری کیش ڈیویڈنڈ 1.75 روپے فی حصص کے علاوہ عبوری کیش ڈیویڈنڈ 1.75 روپے فی حصص کا اعلان کرتا ہے۔  
30 جون 2016ء کو اختتام پذیر ششماہی کا عبوری کیش ڈیویڈنڈ 3.50 روپے فی حصص (30 جون 2015ء: 3.50 روپے فی حصص) ہے۔

### معاشی جائزہ

مالیاتی سال 2015-16 میں پاکستان کا جی ڈی پی (GDP) 4.7 فیصد کی سطح تک جا پہنچا۔ جو کہ گزشتہ آٹھ سالوں میں بلند ترین سطح ہے۔ جاری سیکورٹی خدشات اور توانائی کی شدید قلت کے باعث نجی شعبہ کی قرض حاصل کرنے کی طلب محدود رہی اور 5.5 فی صد سالانہ ترقی کا ہدف حاصل نہ ہو سکا۔

IMF کی Extended Fund Facility کے تحت معاشی اصلاحات کی بہتری نے براہ راست غیر ملکی سرمایہ کاری کو بڑھایا اور مالی سال 2015-16ء میں اس کا حجم 1281 ملین امریکی ڈالر رہا۔ اسی طرح ترسیلات کا حجم 19,915 ملین امریکی ڈالر رہا جو پچھلے سال کی اسی تقابلی مدت سے 6.4 فیصد زائد ہے۔ نتیجہ غیر ملکی زر مبادلہ کے ذخائر کی بلندی کا سفر جاری رہا اور جون 2016ء تک اس کا حجم بڑھ کے 23,085 ملین امریکی ڈالر ہو گیا۔ برآمدات میں مایوس کن کارکردگی کے باعث مالی سال 2015-16ء میں 12 فیصد کی تنزلی نے تجارتی خسارہ کو 23,963 ملین امریکی ڈالر تک پہنچا دیا۔ بطور حاصل کرٹ اکاؤنٹ کا مجموعی خسارہ بطور جی ڈی پی (GDP) کی شرح میں مائیلی سال کی طرح جولائی 2015ء سے مئی 2016ء تک 1 فیصد کی یکساں سطح پر قائم رہا۔ لارج سکیل بیٹو فیکچرنگ (LSM) نے اس عرصہ جولائی 2015ء تا مئی 2016ء میں اپنی لپک کو برقرار رکھتے ہوئے پچھلے تقابلی سال کی نسبت 3.5 فیصد کی بہتری دیکھائی۔ ایل ایس ایم (LSM) میں بہتری کی بڑی وجہ کار سازی (Auto Mobiles)، خوراک (Food)، ہشروہات (Beverage) اور کھاد سازی (Fertilizer) کے شعبہ رہے۔

جنوری 2016ء میں پاکستان اسٹاک ایکسچینج (PSX) کے قیام اور مورگن شیٹلے انڈکس کے حالیہ اعلان کے مطابق مئی 2017ء سے پاکستان کو بطور ایک ابھرتی ہوئی

معیشت کی بہتر دیکھ بھند کی بناء پر، کیمپل مارکیٹ نے پورے خطے میں سب مارکیٹوں کو پیچھے چھوڑ دیا۔ انعام سے اب تک (KSE-100) انڈیکس 32,320 پوائنٹس سے بڑھ کر موجودہ 39,820 پوائنٹس تک پہنچ چکا ہے۔

زیر نظر ششماہی سال کے دوران براڈ منی ایم ٹو (M2) (Broad Money) کی رسد میں 7 فیصد اضافہ ہوا جبکہ کرنسی کی گردش 13 فیصد اضافے کے ساتھ مجموعاً 3,258 ملین روپے رہی۔ دسمبر 2015ء کی نسبت بینکنگ کی صنعت کے ڈیپازٹس (Deposits) 8 فیصد اضافے کے ساتھ 10,000 ارب روپے کی حد عبور کرتے ہوئے 10,464 ملین روپے تک جا پہنچے۔

نئی شہجہ کی قرض کی طلب میں سست روی اور تاریخ میں کم ترین شرح سود کے باوجود کل قرضہ جات کا حجم جون 2016ء کے اختتام تک 5,271 ملین روپے رہا۔ حالیہ رجحان اور قرض کے بہتر مواقع کے فقدان کی بدولت خالص اضافی وسائل کارخ سرماہ کارگی کی طرف رہا جو دسمبر 2015ء سے 13 فیصد اضافے کے ساتھ 7,593 ملین روپے تک جا پہنچی۔

اشیاء کی کم قیمتوں اور انحطاط پذیری کے باعث جون 2016ء کے اختتام تک سال بہ سال کنزیومر پرائس انڈیکس 3.2 فیصد کی شرح سے برقرار رہا۔ افراط زر کے دباؤ میں کی اور نئی شہجہ میں قرض کے فروغ کی کاوشوں کی بدولت زیر نظر عرصہ میں اسٹیٹ بینک نے شرح سود (پالیسی ریٹ) میں 25 بی پی پی ایس (BPS) کی کمی کی جس کے ساتھ شرح سود 5.75 فیصد رہا۔

بین الاقوامی حاذی پر برطانیہ کے یورپین یونین سے متوقع اخلاء (Brexit) کے اثرات ابھی ظہور پذیر ہو رہے ہیں اور یہ معاملہ نہ صرف یورپ اور برطانیہ بلکہ دیگر ممالک کی معاشی ترقی پر گہرے اثرات مرتب کر سکتا ہے۔ موجودہ حالات کے پیش نظر ترقی یافتہ معیشتوں کی نمونوں کا تقابلی تعریف رہی اور فوری ترقی کے امکانات فیرواح ہے۔ جبکہ ابھرتی منڈیاں اور ترقی پذیر معیشتیں بالخصوص چین اور اٹلی اپنی متوقع افواض کے امکانات میں متوجہ کو برقرار رکھے ہوئے ہیں۔ تیل کی قیمتوں میں زوال پذیری کا عمل جو 2016ء کی پہلی سہ ماہی میں شروع ہوا تھا جون 2016ء کے اختتام تک جاری رہا۔ تیل کی رسد میں کمی اور غیر اوپیک (Non OPEC) ممالک کی تیل کی پیداوار میں کٹوتی اور کچھ دیگر رسد کی رکاوٹوں کے باعث تیل کی تیزی سے گرتی ہوئی قیمتوں میں استحکام آیا ہے جو جنوری 2016ء کے 27 امریکی ڈالر فی بیرل کی چٹائی سے جون 2016ء تک 40 سے 50 امریکی ڈالر فی بیرل تک جا پہنچی۔

#### مالیاتی جائزہ

مستحکم ہوتے میکرو اکانامک مظاہر کے درمیان بینک کے شہجہ کو درپیش چیلنجز اس زیر نظر عرصہ میں بھی برقرار رہے۔ آپ کے بینک نے پیش قدمی کرتے ہوئے ایک مضبوط حکمت عملی اپنائی تاکہ بڑھتے ہوئی کاروباری اخراجات، قرض کے محدود مواقع، ڈیپازٹ کی ترقی پر دباؤ اور کم ہوتے ہوئے سپریڈ (Spread) کے باوجود ایک ٹھوس کارکردگی دکھائی جا سکے۔

آپ کے بینک کا بعد از ٹیکس منافع 17 فیصد اضافے کے ساتھ 30 جون 2016ء کو ختم مدت میں 8,601 ملین روپے رہا جو پچھلے سال کی اسی تقابلی مدت میں 7,356 ملین روپے تھا۔ 2015ء میں اور 2014ء کی ٹیکس اسپیل آمدنی پر لاگو 4 فیصد سپر ٹیکس (Super Tax) کو 2015ء کی ٹیکس اسپیل آمدنی پر بھی نافذ کر دیا گیا۔ 954 ملین روپے کی اس اضافی ادائیگی کے نتیجے میں ٹیکس کا اوسط ریٹ 30 جون 2016ء تک 41.5 فی صد تک بڑھ چکا ہے۔ آپ کے بینک کی EPS اور ROA بالترتیب 7.50 روپے فی حصص اور 1.7 فیصد ہیں۔ پہلے بتائے گئے پچھلے سال کے ٹیکس کے اخراجات کو شمال کے بغیر آپ کے بینک کا بعد از ٹیکس منافع، EPS اور ROA اضافے کے ساتھ بالترتیب 9,555 ملین روپے، 34.8 روپے فی حصص اور 1.9 فیصد ہیں۔ قبل از ٹیکس منافع بھی اضافے کے ساتھ 14,705 ملین روپے رہا جو پچھلے سال کی اسی تقابلی مدت میں 13,579 ملین روپے تھا۔

30 جون 2016ء کو ختم ہونے والی ششماہی میں بینک کی (Net Interest Income) بڑھ کر 17,705 ملین روپے تک جا پہنچی جو کہ پچھلے سال کی اسی تقابلی مدت میں 17,385 ملین روپے تھی۔ زیر نظر عرصہ میں اوسط سطح سود میں 183 (BPS) کی کمی کے باوجود بینک کی خالص مارک اپ آمدنی میں ترقی کے بنیادی عوامل سرمائے کی لاگت میں کمی تھی۔ آپ کے بینک کی قرض سے متعلق دانشمندانہ پالیسیوں کی بدولت غیر فعال قرضوں کیلئے مہیا کئے گئے اخراجات 30 جون 2016ء کو ختم ششماہی مدت میں کم ہوتے ہوئے 180 ملین روپے تک آگے جو پچھلے سال کے اسی متقابل دورانیہ میں 542 ملین روپے تھے۔

غیر مارک اپ آمدنی (NII) 23 فیصد کے قابل قدر اضافے کے ساتھ 6,970 ملین روپے رہی جو پچھلے سال کے متقابل دورانیہ میں 6,675 ملین روپے تھی۔ اس

افزودگی کا بڑا سبب بیکوری کی فروخت سے حاصل ہونے والی آمدنی تھی جو پچھلے سال کی اسی تقابلی مدت میں حاصل شدہ 417 روپے سے بڑھ کر 2,453 ملین روپے رہی۔ علاوہ ازیں بینک کے اعلیٰ معیار کے حصص سرمایہ سے حاصل ہونے والی منقسم آمدنی (Dividend Income) جو اس زیر نظر عرصہ میں 11 فیصد اضافہ کے ساتھ 1,966 ملین روپے تک جا پہنچی۔ انٹر بینک مارکیٹ میں مستعد شمولیت کے باعث آپ کے بینک کو خصوصی ڈبلر کی حیثیت حاصل کرنے کے پہلے سال میں ہی سٹیٹ بینک آف پاکستان نے مالی سال 2015-16ء میں 3 پہلے نمبر پر انٹیری ڈیلروں میں شامل کر لیا ہے۔

آپ کے بینک کی جدید وسعت پر مرکز حکمت عملی کے باعث برانچوں کی تعداد 1,051 تک پہنچ چکی ہے۔ باوجود برانچوں کی توسیع، متبادل ذرائع بینکاری کی نمو، جدید ٹیکنالوجی میں مسلسل سرمایہ کاری اور کاروباری لاگت پر افراط زر کے دباؤ کے، زیر نظر عرصہ کے انتظامی اخراجات کی بڑھوتری کو 8.5 فیصد تک محدود رکھا۔

30 جون 2016ء تک آپ کے بینک کے ڈیپازٹ بڑھ کر 772,345 ملین روپے رہے جو 31 دسمبر 2015ء تک 734,596 ملین روپے تھے۔ قرضہ جات کی بہتر مواقع کے فقدان کے باعث خالص قرضہ جات 6 فیصد کے اضافہ کے ساتھ 30 جون 2016ء تک 341,040 ملین روپے رہے جس کی بڑی وجہ اجناس کے کاروبار اور طویل مدتی قرضوں میں اضافہ ہے۔ 30 جون 2016ء تک سرمایہ کاری 556,944 ملین روپے کے ساتھ متوازن رہی جو 31 دسمبر 2015ء تک 544,349 ملین روپے تھی۔

آپ کے بینک کی توجہ غیر فعال قرضوں کی بذریعہ رسک مینجمنٹ ٹیکنالوجی کی مسلسل کمی پر مرکوز رہی نتیجہً غیر فعال قرضوں میں 31 دسمبر 2015ء کی نسبت 649 ملین روپے کمی کی ہوئی اور اس کا حجم 30 جون 2016ء کو ملین 21,254 روپے رہا۔

سٹیٹ بینک کے بی ایس ڈی (BSD) سرکلر نمبر 1 تاریخ 21 اکتوبر 2011ء میں اجازت کے باوجود بینک میں اپنی غیر فعال قرضوں کیلئے مختص شدہ رقم کا شمار کرتے ہوئے FSV کا فائدہ حاصل نہیں کیا ہے۔ آپ کے بینک کی انٹیکشن اور کوریج کا تناسب بھی بہتری کی ساتھ بالترتیب 5.9 فیصد اور 90.9 فیصد رہا۔ 31 دسمبر 2015ء کے جب یہ تناسب بالترتیب 6.4 فیصد اور 87.2 فیصد تھا۔ اپنے مساوی اور ہم پلے بینکوں کی نسبت آپ کے بینک کے اثاثہ جات کی اعلیٰ خصوصیت کا اندازہ بینکنگ انڈسٹری کی اوسط انٹیکشن کوریج کے تناسب سے لگایا جاسکتا ہے جو 31 مارچ 2016ء تک بالترتیب 11.7 فیصد اور 83.6 فیصد ہیں۔

آپ کے بینک کے کل اثاثہ جات اور سرمایہ 30 جون 2016ء تک بالترتیب 1,030,085 ملین روپے اور 98,080 ملین روپے رہا اس طرح 31 دسمبر 2015ء کی نسبت بالترتیب 3.8 فیصد اور 9.8 فیصد کا اضافہ ریکارڈ ہوا۔

### مستقبل کا نقطہ نظر

معاشی غیر یقینیوں اور ریکریٹ (Brexit) سے متعلق پڑنے والے خدشات کے عالمی معیشت پر گہرے اثرات کے باعث پاکستان کی معیشت میں بہتری کے نوزائیدہ مظاہر کو مسلسل بڑھنے کی ضرورت ہے تاکہ جی ڈی پی (GDP) میں 5 فیصد کے اضافہ کے مارگٹ کو حاصل کیا جاسکے۔ مجموعی معاشی پالیسیوں کا تسلسل، مضبوط اصلاحات خصوصاً آمدنی کو اکٹھا کرنے کیلئے، کرنسی میں گردش کے اضافہ پر مبنی غیر دستاویزی معیشت کے پھیلاؤ میں کمی، بڑھتے ہوئے داخلی قرضوں پر کنٹرول اور سرکاری دائرہ کار میں موجود ادارے جو خزانے پر بوجھ ہیں انکی تشکیل نو، وہ اہم اور بنیادی شرائط ہیں جن سے ملک کی طویل مدتی مالی اور معاشی ترقی واپس ہے۔ کم لاگت کی توانائی کی رسد، بہتر بیکوری کی ترقی اور تعمیراتی ترقی خصوصاً پاکستان چین معاشی راہداری (CPEC) سے متعلق معاملات میں سرمایہ کاری بھی ترقی کے فروغ اور مارکیٹ میں امید پروری کیلئے مساوی طور پر اہم ہیں۔

آگے چلے ہوئے صنعتی شعبے کو اپنی نشوونما کو جاری رکھنا چاہئے بالخصوص Utilities, Mining, Consumer durables, Construction اور Manufacturing شعبہ جات میں تجارتی خسارہ کی قلیل مدت میں کمی کا پہنچ اپنی جگہ پر درپیش ہے جس کی وجہ سے برآمدات کے فروغ پر بیرونی طلب کی قلت، کرنسی کے ناموافق عدم مساوی تھقیں اور حریف ممالک کے باعث منڈیوں کے حصہ کا نقصان کا اثر انداز ہونا ہے۔ 2017ء میں ابھرتی مارکیٹ انڈیکس (Emerging Market Index) میں اعلان شدہ ترقی درجہ بندی کے سبب سرمایے کی مارکیٹ میں بحر حال بہتری متوقع ہے۔

بینکنگ کے شعبے کو درمیانی مدت میں کثیر پھلو چیلنجز کا سامنا ہے جن میں شرح سود کی کم ترین تاریخی سطح، بینکنگ کے شعبہ میں سکتے ہوئے سپر ہیڈ، ودولنگ ٹیکس سے متاثرہ فنانسنگز کے ٹیکس کے گوشوارے جمع نہ کرانے کے سبب ان کی تمام بینکنگ لین دین کے معاملات ڈیپازٹ کی ترقی کی رفتار پر ہونے والے ناموافق اثرات علاوہ

ازیں نئی شعبہ کی بالا ذکر توانائی اور سیکورٹی کے معاملات کے باعث محدود ہوتی استطاعت ہیں۔ 4 فیصد کے سپر ٹیکس کے بینکنگ سیکٹر پر اطلاق اور 2016ء کی تیسری سہ ماہی میں 1.6 ٹریلین روپے کی مالیت کی سرکاری تسکات کی واجب ادائیگی (Maturity) بھی بینکنگ کے شعبہ کے مجموعی منافع پر قبضہ مدتی دباؤ میں اضافہ کر سکتی ہے۔ زبردستی پر عرصہ کے دوران آپ کے بینک نے ملک کی سب سے بڑی ٹیلی کمیونیکیشن (مواصلاتی) خدمات مہیا کرنے والی کمپنی سے معاہدہ کیا ہے تاکہ موبائل بینکنگ سروسز کا آغاز کیا جاسکے اور اس طرح ان لوگوں کو بھی بہترین سہولیات اور تعاون فراہم کیا جاسکے جو عموماً بینکاری کے معاملات سے کنارہ کشی اختیار کرتے ہیں نیز اپنے محترم اور معزز کسٹمرز کو بھی معیاری سہولیات فراہم کی جاسکے۔ اس نئے اقدام کی بدولت بینک کی فی بیسڈ (Fee Based) آمدنی میں تفریح اور بڑھوتی کے روشن امکانات ہیں۔

ایک مشکل عملی ماحول میں، روایتی اور متبادل ذرائع بینکاری بشمول اسلامی بینکنگ میں محتاط وسعت، مضبوط رسک مینجمنٹ فریم ورک اور ٹیکنالوجی سے مزین خود کار مصنوعات، سروسز اور طریقہ کار پر مرکوز، آپ کے بینک کی کثیر پہلو حکمت عملی متوازن نشوونما کے لئے مزید قوت فراہم کرتی ہے۔

### اینٹی ریٹنگ

الائیڈ بینک کو طویل المدتی اور مختصر المدتی ریٹنگ بائز تیب ڈیل اے پلس +AA اور اے ون پلس +A1 حاصل ہیں جسے پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے جاری کیا ہے۔ یہ درجہ بندی ظاہر کرتی ہے کہ کریڈٹ کوالٹی کا معیار نہایت بلند درجہ پر ہے۔

### کارپوریٹ گورننس ریٹنگ

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

### تسلیم و تحسین

الائیڈ بینک کی جانب سے ہم شکر یہ ادا کرتے ہیں اپنے معزز صارفین، جنہوں نے اپنی بینکاری کی ضروریات کے لئے الائیڈ بینک کا انتخاب کیا، ہمارے شیئر ہولڈرز کا جنہوں ہم پر اعتماد کیا، ہمارے ملازمین کا جنہوں نے انتھک محنت کی اور اسٹیٹ بینک آف پاکستان بمعہ دیگر ریگولیٹری اداروں کا جنہوں نے مسلسل تعاون کیا۔

مخائبہ و برائے پورڈ

طارق محمود

چیف ایگزیکٹو آفیسر

تاریخ 10 اگست 2016ء

لاہور

**KPMG Taseer Hadi & Co.**

Chartered Accountants

2nd Floor, Servis House,

2 - Main Gulberg Jail Road, Lahore, Pakistan.

## Independent Auditor's 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 2016, 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 information 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 2016 is not prepared, in all in material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

### Other matters

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 2016 and 30 June 2015 have not been reviewed and we do not express a conclusion on them.

Date: August 10, 2016

Place: Lahore

KPMG Taseer Hadi &amp; Co.

Chartered Accountants

Kamran I. Yousafi

# Unconsolidated Condensed Interim Statement of Financial Position

as at June 30, 2016

	Note	Un-audited June 30, 2016	Audited December 31, 2015
<b>Rupees in '000</b>			
<b>ASSETS</b>			
Cash and balances with treasury banks		63,973,780	56,711,573
Balances with other banks		862,660	4,077,598
Lendings to financial institutions	6	2,324,172	3,356,091
Investments	7	556,443,571	544,349,490
Advances	8	341,039,539	321,605,140
Operating fixed assets		29,822,290	28,849,577
Deferred tax assets		–	–
Other assets		35,619,281	32,716,043
		<b>1,030,085,293</b>	<b>991,665,512</b>
<b>LIABILITIES</b>			
Bills payable		6,803,349	4,942,189
Borrowings	9	126,247,121	137,959,818
Deposits and other accounts	10	772,345,254	734,596,166
Sub-ordinated loans		–	–
Liabilities against assets subject to finance lease		–	–
Deferred tax liabilities		10,417,979	8,907,457
Other liabilities		16,191,278	16,003,425
		<b>932,004,981</b>	<b>902,409,055</b>
<b>NET ASSETS</b>		<b>98,080,312</b>	<b>89,256,457</b>
<b>REPRESENTED BY</b>			
Share capital	11	11,450,739	11,450,739
Reserves		15,958,402	15,102,026
Unappropriated profit		45,222,326	41,415,882
		<b>72,631,467</b>	<b>67,968,647</b>
Surplus on revaluation of assets - net of tax	12	25,448,845	21,287,810
		<b>98,080,312</b>	<b>89,256,457</b>

## CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 25 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, 2016

	Note	Half year Ended		Quarter Ended	
		June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
<b>Rupees in '000</b>					
Mark-up / return / interest earned	14	34,596,864	36,369,540	17,493,849	17,878,695
Mark-up / return / interest expensed	15	16,892,236	18,984,506	8,286,995	8,971,123
Net mark-up / interest income		17,704,628	17,385,034	9,206,854	8,907,572
Provision / (reversal) against non-performing loans and advances		180,356	541,779	(95,744)	(187,910)
Provision for diminution in the value of investments		62,705	7,945	62,705	9,170
Bad debts written off directly		-	-	-	-
		243,061	549,724	(33,039)	(178,740)
<b>Net mark-up / interest income after provisions</b>		<b>17,461,567</b>	<b>16,835,310</b>	<b>9,239,893</b>	<b>9,086,312</b>
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee, commission and brokerage income		2,138,537	2,066,800	1,005,614	969,320
Dividend income	16	1,966,473	1,770,151	549,341	496,057
Income from dealing in foreign currencies		337,819	468,243	134,286	173,902
Gain on sale of securities	17	2,453,383	416,570	1,492,299	104,279
Unrealized gain / (loss) on revaluation of investments classified as 'held-for-trading'		3,906	8,170	(8,943)	17,077
Other income	18	70,012	944,657	8,531	859,614
Total non mark-up / interest income		6,970,130	5,674,591	3,181,128	2,620,249
		24,431,697	22,509,901	12,421,021	11,706,561
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Administrative expenses		9,290,691	8,560,476	4,858,073	4,442,760
Provision against other assets		26,717	41,350	14,717	29,350
Provision / (reversal) against off-balance sheet obligations		10,782	(22,142)	10,782	(22,142)
Other charges		398,372	351,619	207,008	150,529
Total non mark-up / interest expenses		9,726,562	8,931,303	5,090,580	4,600,497
Extra-ordinary / unusual items		-	-	-	-
<b>PROFIT BEFORE TAXATION</b>		<b>14,705,135</b>	<b>13,578,598</b>	<b>7,330,441</b>	<b>7,106,064</b>
Taxation					
Current		5,424,473	4,819,684	2,652,656	2,389,856
Prior years	19	954,019	1,460,245	954,019	1,460,245
Deferred		(274,797)	(58,022)	(90,022)	109,414
		6,103,695	6,221,907	3,516,653	3,959,515
<b>PROFIT AFTER TAXATION</b>		<b>8,601,440</b>	<b>7,356,691</b>	<b>3,813,788</b>	<b>3,146,549</b>
Unappropriated profit brought forward		41,415,882	37,053,691	43,735,347	38,576,213
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		<b>45,222,326</b>	<b>39,422,456</b>	<b>45,222,326</b>	<b>39,422,456</b>
<b>Earnings per share - Basic and Diluted</b>					
<b>(in Rupees)</b>	20	<b>7.51</b>	<b>6.42</b>	<b>3.33</b>	<b>2.75</b>

The annexed notes 1 to 25 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, 2016

	Half year Ended		Quarter Ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
<b>Rupees in '000</b>				
<b>Profit after taxation for the period</b>	8,601,440	7,356,691	3,813,788	3,146,549
<b>Other comprehensive income:</b>				
<i>Items to be reclassified to profit and loss account in subsequent periods:</i>				
Exchange differences on translation of net investment in foreign operating branches	(3,768)	(9,589)	115,207	63,663
<b>Comprehensive income transferred to equity</b>	<b>8,597,672</b>	<b>7,347,102</b>	<b>3,928,995</b>	<b>3,210,212</b>
<b>Components of comprehensive income not reflected in equity:</b>				
<i>Items to be reclassified to profit and loss account in subsequent periods:</i>				
Net change in fair value of 'available-for-sale' securities	5,140,571	7,293,090	3,832,081	3,806,036
Related deferred tax charge	(1,799,200)	(5,083,755)	(1,341,228)	(3,958,002)
	<b>3,341,371</b>	<b>2,209,335</b>	<b>2,490,853</b>	<b>(151,966)</b>

The annexed notes 1 to 25 form an integral part of these unconsolidated condensed interim financial statements.

Chief Financial Officer

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Director

Director

Chairman

# Unconsolidated Condensed Interim Statement of Cash Flow

(Un-audited) for the half year ended June 30, 2016

	Half year Ended	
	June 30, 2016	June 30, 2015
	Rupees in '000	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	14,705,135	13,578,598
Less: Dividend income	(1,966,473)	(1,770,151)
	12,738,662	11,808,447
<b>Adjustments for non-cash items:</b>		
Depreciation / amortization	1,073,559	997,118
Provision against non-performing loans and advances	180,356	541,779
Provision for diminution in the value of investments	62,705	7,945
Unrealized gain on revaluation of 'held-for-trading' securities	(3,906)	(8,170)
Provision / (reversal) against off balance sheet obligations	10,782	(22,142)
Provision against other assets	26,717	41,350
Provision for workers welfare fund	309,970	275,411
Gain on sale of operating fixed assets	(31,321)	(8,095)
Loss on sale of other assets	15,994	-
	1,644,856	1,825,196
	14,383,518	13,633,643
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	1,031,919	(17,718,443)
Investments - 'held-for-trading'	(1,425,732)	(4,213,678)
Advances	(19,614,755)	3,958,245
Other assets (excluding advance taxation)	(1,370,374)	(3,476,137)
	(21,378,942)	(21,450,013)
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	1,861,160	7,947,795
Borrowings	(11,816,792)	15,181,690
Deposits	37,749,088	43,176,103
Other liabilities	(156,284)	(1,176,684)
	27,637,172	65,128,904
	20,641,748	57,312,534
Income tax paid	(6,698,420)	(2,847,553)
<b>Net cash flow from operating activities</b>	<b>13,943,328</b>	<b>54,464,981</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in 'available-for-sale' securities	(9,517,699)	(35,395,220)
Net realization / (investments) in 'held-to-maturity' securities	3,931,122	(1,394,779)
Dividend income received	1,566,404	1,744,144
Investments in operating fixed assets	(2,045,879)	(1,204,761)
Proceeds from sale of assets	46,502	57,071
<b>Net cash used in investing activities</b>	<b>(6,019,550)</b>	<b>(36,193,545)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of sub-ordinated loan	-	(600)
Dividend paid	(3,984,372)	(4,271,900)
<b>Net cash used in financing activities</b>	<b>(3,984,372)</b>	<b>(4,272,500)</b>
Effect of translation of net investment in foreign operating branches	3,768	(9,589)
<b>Increase in cash and cash equivalents during the period</b>	<b>3,943,174</b>	<b>13,989,347</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>60,687,303</b>	<b>41,979,844</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>64,630,477</b>	<b>55,969,191</b>

The annexed notes 1 to 25 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, 2016

	Share Capital	Capital Reserves		Statutory Reserve	Revenue Reserves		Total
		Exchange Translation Reserve			General Reserve	Un-appropriated Profit	
Rupees in '000							
<b>Balance as at January 01, 2015 (Audited)</b>	11,450,739	28,293	13,515,062	6,000	37,053,691	62,053,785	
<b>Changes in equity during the half year ended June 30, 2015</b>							
<b>Total comprehensive income for the half year ended June 30, 2015</b>							
Net profit for the half year ended June 30, 2015	-	-	-	-	7,356,691	7,356,691	
Effect of translation of net investment in foreign operating branches	-	(9,589)	-	-	-	(9,589)	
	-	(9,589)	-	-	7,356,691	7,347,102	
<b>Transactions with owners recognized directly in equity</b>							
Final cash dividend for the year ended							
December 31, 2014 (Rs. 2 per ordinary share)	-	-	-	-	(2,290,148)	(2,290,148)	
First interim cash dividend for the year ended							
December 31, 2015 (Rs. 1.75 per ordinary share)	-	-	-	-	(2,003,879)	(2,003,879)	
	-	-	-	-	(4,294,027)	(4,294,027)	
Transferred from surplus on revaluation of fixed assets							
to un-appropriated profit - net of tax	-	-	-	-	41,770	41,770	
Transfer to statutory reserve	-	-	735,669	-	(735,669)	-	
<b>Balance as at June 30, 2015</b>	11,450,739	18,704	14,250,731	6,000	39,422,456	65,148,630	
<b>Changes in equity during the half year ended December 31, 2015</b>							
<b>Total comprehensive income for the half year ended December 31, 2015</b>							
Net profit for the half year ended December 31, 2015	-	-	-	-	7,763,616	7,763,616	
Effect of remeasurement of defined benefit plans net of deferred tax	-	-	-	-	(1,043,973)	(1,043,973)	
Effect of translation of net investment in foreign operating branches	-	50,229	-	-	-	50,229	
	-	50,229	-	-	6,719,643	6,769,872	
<b>Transactions with owners recognized directly in equity</b>							
Second interim cash dividend for the year ended							
December 31, 2015 (Rs. 1.75 per ordinary share)	-	-	-	-	(2,003,879)	(2,003,879)	
Third interim cash dividend for the year ended							
December 31, 2015 (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	-	-	-	-	57,903	57,903	
Transfer to statutory reserve	-	-	776,362	-	(776,362)	-	
<b>Balance as at December 31, 2015 (Audited)</b>	11,450,739	68,933	15,027,093	6,000	41,415,882	67,968,647	
<b>Changes in equity during the half year ended June 30, 2016</b>							
<b>Total comprehensive income for the half year ended June 30, 2016</b>							
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	
<b>Transactions with owners recognized directly in equity</b>							
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 ending							
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)	-	
<b>Balance as at June 30, 2016</b>	11,450,739	65,166	15,887,237	6,000	45,222,326	72,631,467	

The annexed notes 1 to 25 form an integral part of these unconsolidated condensed interim financial statements.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2016

## 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 1,049 (2015: 1,048) branches including 28 (2015: 27) Islamic banking branches in Pakistan, 1 branch (2015: 1) in Karachi Export Processing Zone and 1 wholesale banking branch (2015: 1) in Bahrain. The long term credit rating of the Bank assigned by the Pakistan Credit Rating Agency Limited (PACRA) is 'AA+'. Short term rating of the Bank is 'A1+'. The Bank is the holding company of ABL Asset Management Company Limited.

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

## 2 STATEMENT OF COMPLIANCE

- 2.1 These unconsolidated condensed interim financial statements of the Bank for the half year ended June 30, 2016 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting issued by the International Financial Reporting Board and Islamic Financial Accounting Standards (IFAS) 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 Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by the State Bank of Pakistan (SBP). In case where the requirements differ, the provisions of the Banking Companies Ordinance 1962, Companies Ordinance 1984 and the directives of the SBP have been followed.
- 2.2 The SBP, vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property (IAS 40) for banking companies till further instructions. Further, according to a notification of Securities and Exchange Commission of Pakistan (SECP) dated April 28, 2008, International Financial Reporting Standard (IFRS) 7 "Financial Instruments: Disclosure" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements. However, investments have been classified and disclosed in accordance with the requirements prescribed by SBP through various circulars.
- 2.3 These unconsolidated condensed interim financial statements represent the separate standalone condensed interim financial statements of the Bank. The consolidated condensed interim financial statements of the Bank and its subsidiary company are presented separately.
- 2.4 The Securities and Exchange Commission of Pakistan (SECP) vide SRO 56 (1) / 2016 dated 28 January 2016, has notified that the requirements of IFRS10 (Consolidated Financial Statements) and section 237 of the Companies Ordinance 1984 will not be applicable with respect to the investment in mutual funds established under Trust structure.
- 2.5 These unconsolidated condensed interim financial statements are being submitted to the shareholders in accordance with section 245 of the Companies Ordinance, 1984.

## 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:

- Investments;
- Certain operating fixed assets;
- Assets acquired in satisfaction of claims;
- Derivatives; and
- Staff retirement benefits

## 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, 2015.
- 4.2 The financial results of the Islamic Banking branches have been consolidated in these financial statements for reporting purposes. Key financial figures of the Islamic Banking branches are disclosed in Note 23 to these financial statements.
- 4.3 The Bank has adopted the following amendments and annual improvements to IFRSs, which became effective for the current period:
  - Amendments to IAS 38 - Intangible Assets and IAS 16 - Property, Plant and Equipment
  - Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2016

- Amendments to IFRS 11 - Joint Arrangements
- Amendments to IAS 27 - Separate Financial Statements
- Amendments to IAS 16 - Property, Plant and Equipment and IAS 41 - Agriculture
- Annual Improvements to IFRSs 2012-2014 Cycle

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

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

- 5.1 The accounting policies, underlying estimates and methods of computation followed in the preparation of these unconsolidated condensed interim financial statements are same as those applied in preparing the most recent annual unconsolidated financial statements of the Bank for the year ended December 31, 2015, except for the following:

The Bank has changed its accounting policy of recording non-banking assets acquired in satisfaction of claims to comply with the requirements of the 'Regulations for Debt Property Swap', effective from the date of issuance by SBP vide its BPRD Circular No. 1 of 2016, dated January 1, 2016. In line with the guidance provided in the Regulations, the non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation of property is credited to the 'surplus on revaluation of assets' account and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property is charged to profit and loss account and not capitalised. Previously, Non-banking assets acquired in satisfaction of claims were carried at cost less impairment, if any.

Effect of change in policy is as follows:

	Rupees in '000
Increase in non-banking assets	850,390
Increase in accumulated depreciation	9,588
Increase in surplus on revaluation	850,267
Increase in deferred tax liability	1,688

- 5.2 The financial risk management objectives and policies adopted by the Bank are consistent with that disclosed in the financial statements of the Bank for the year ended December 31, 2015.

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

	Note	Un-audited June 30, 2016	Audited December 31, 2015
<b>Rupees in '000</b>			
<b>6 LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Repurchase agreement lendings (Reverse Repo)		-	2,156,091
Certificates of investment	6.1	70,000	70,000
Call money lendings	6.2	524,172	1,200,000
Musharaka lendings	6.3	300,000	-
Wakala lending	6.4	1,500,000	-
		<b>2,394,172</b>	<b>3,426,091</b>
Provision against lendings to financial institutions		<b>(70,000)</b>	<b>(70,000)</b>
		<b>2,324,172</b>	<b>3,356,091</b>

- 6.1 This represents a classified certificate of investment.
- 6.2 This represents an unsecured call money lending, in foreign currency, carrying mark-up rate of 0.75% per annum and will mature on July 05, 2016.
- 6.3 These represent lendings by Islamic banking business under Shariah permissible Musharka agreements, in local currency, at an average profit of 5.50% per annum and will mature on, latest by July 04, 2016.
- 6.4 This represents lending by Islamic banking business under Shariah permissible Wakala agreements, in local currency, at an average profit of 6.00% per annum and will mature on July 14, 2016.

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2016

	Note	Held by Bank	Given as collateral	Total
<b>Rupees in '000</b>				
<b>7 INVESTMENTS</b>				
Current period - June 30, 2016 (Un-audited)	7.1	468,087,702	88,355,869	556,443,571
Prior year - December 31, 2015 (Audited)	7.1	444,364,189	99,985,301	544,349,490

Note	Un-audited As at June 30, 2016			Audited As at December 31, 2015		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
<b>Rupees in '000</b>						

## 7.1 Investments by types:

<b>Held-for-trading securities</b>						
Pakistan Investment Bonds	1,425,732	-	1,425,732	-	-	-
<b>Available-for-sale securities</b>						
Market Treasury Bills	134,340,128	283,711	134,623,839	113,476,903	25,054,061	138,530,964
Pakistan Investment Bonds	75,852,730	83,220,336	159,073,066	83,273,356	71,436,281	154,709,637
Ordinary shares of listed companies / certificates of close ended mutual funds	14,490,216	-	14,490,216	13,614,525	-	13,614,525
Preference shares	25,000	-	25,000	25,000	-	25,000
Units of open ended mutual funds	-	-	-	150,000	-	150,000
Ordinary shares of unlisted companies	2,281,262	-	2,281,262	2,123,767	-	2,123,767
Investment in related parties						
- Listed shares	8,142,520	-	8,142,520	8,142,520	-	8,142,520
- Unlisted shares	1,352,894	-	1,352,894	1,352,894	-	1,352,894
- Units of open ended mutual funds	135,000	-	135,000	135,000	-	135,000
Sukuk bonds	7.2	3,263,333	3,263,333	1,945,563	-	1,945,563
GOP Sukuk	7.2	5,349,892	5,349,892	5,359,194	-	5,359,194
GOP Ijara Sukuk	7.2	2,106,071	2,106,071	700,275	-	700,275
Foreign Currency Bonds (US\$)	4,746,750	-	4,746,750	-	-	-
Term Finance Certificates (TFCs)	4,896,200	-	4,896,200	4,179,005	-	4,179,005
	256,981,996	83,504,047	340,486,043	234,478,002	96,490,342	330,968,344
<b>Held-to-maturity securities</b>						
Pakistan Investment Bonds	186,221,138	-	186,221,138	185,697,197	-	185,697,197
GOP Sukuk	7.2	1,054,801	1,054,801	1,054,700	-	1,054,700
GOP Ijara Sukuk	7.2	100,000	100,000	150,319	-	150,319
Bai Muajjal Placements (GOP Sukuks)	7.2	272,275	272,275	272,275	-	272,275
Foreign Currency Bonds (US\$)	1,571,148	-	1,571,148	4,906,147	-	4,906,147
TFCs, Bonds and PTCs	358,879	-	358,879	1,428,725	-	1,428,725
	189,578,241	-	189,578,241	193,509,363	-	193,509,363
<b>Subsidiary</b>						
ABL Asset Management Company Limited						
	500,000	-	500,000	500,000	-	500,000
<b>Investment at cost</b>	448,485,969	83,504,047	531,990,016	428,487,365	96,490,342	524,977,707
Provision for diminution in the value of investments	(2,840,426)	-	(2,840,426)	(2,777,721)	-	(2,777,721)
<b>Investments (net of provisions)</b>	445,645,543	83,504,047	529,149,590	425,709,644	96,490,342	522,199,986
Surplus on revaluation of 'held-for-trading' securities	3,906	-	3,906	-	-	-
Surplus on revaluation of 'available-for-sale' securities	22,438,253	4,851,822	27,290,075	18,654,545	3,494,959	22,149,504
<b>Total investments at market value</b>	468,087,702	88,355,869	556,443,571	444,364,189	99,985,301	544,349,490

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2016

7.2 These represent investments under Shariah permissible mode.

	Note	Un-audited June 30, 2016	Audited December 31, 2015
Rupees in '000			
<b>8 ADVANCES</b>			
Loans, cash credits, running finances, etc.			
In Pakistan		338,523,616	324,565,262
Outside Pakistan		10,797,943	9,290,527
Islamic Financing and related assets	8.5 & 23.2	3,436,008	139,983
Net investment in finance lease - in Pakistan		2,122,058	2,072,857
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		2,966,452	1,355,182
Payable outside Pakistan		2,521,741	3,345,595
		5,488,193	4,700,777
<b>Advances - gross</b>		360,367,818	340,769,406
Provision for non-performing advances	8.1 & 8.3	(19,286,498)	(19,092,777)
General provision	8.3	(41,781)	(71,489)
		(19,328,279)	(19,164,266)
<b>Advances - net of provision</b>		341,039,539	321,605,140

8.1 Advances include Rs. 21,254.318 million (2015: Rs. 21,903.729 million) which have been placed under non-performing status as detailed below:-

Category of Classification	June 30, 2016 (Un-audited)				
	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
Rupees in '000					
Other Assets Especially Mentioned	116,238	-	116,238	4,237	4,237
Substandard	681,552	-	681,552	167,531	167,531
Doubtful	474,040	-	474,040	237,020	237,020
Loss	19,982,488	-	19,982,488	18,877,710	18,877,710
	21,254,318	-	21,254,318	19,286,498	19,286,498

Category of Classification	December 31, 2015 (Audited)				
	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
Rupees in '000					
Other Assets Especially Mentioned	152,314	-	152,314	4,496	4,496
Substandard	1,459,082	-	1,459,082	362,376	362,376
Doubtful	586,044	-	586,044	293,022	293,022
Loss	19,706,289	-	19,706,289	18,432,883	18,432,883
	21,903,729	-	21,903,729	19,092,777	19,092,777

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2016

- 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, 2016 (Un-audited)			December 31, 2015 (Audited)		
	Specific	General	Total	Specific	General	Total
Rupees in '000						
Opening balance	19,092,777	71,489	19,164,266	19,694,645	115,919	19,810,564
Charge for the period / year	1,672,122	-	1,672,122	1,612,696	-	1,612,696
Reversals	(1,462,058)	(29,708)	(1,491,766)	(1,856,386)	(44,430)	(1,900,816)
Charged to profit and loss account	210,064	(29,708)	180,356	(243,690)	(44,430)	(288,120)
Amounts written off	(16,343)	-	(16,343)	(358,178)	-	(358,178)
Closing balance	19,286,498	41,781	19,328,279	19,092,777	71,489	19,164,266

- 8.4 The Bank has participated in a syndicated long term loan facility granted to Northern Power Generation Company Limited, valuing Rs. 5,160 million, which is secured against a government guarantee. Pursuant to its restructuring at the syndicate level, State Bank of Pakistan has allowed relaxation against classification vide Letter No. BPRD/ BRD-Policy/ 2015-22984 dated October 19, 2015 and vide Letter No. BPRD/ BRD-Policy/ 2015-29247 dated December 28, 2015.
- 8.5 These represent financing and related assets placed under Shariah permissible mode.

	Un-audited June 30, 2016		Audited December 31, 2015	
	Rupees in '000			
<b>9 BORROWINGS</b>				
<b>Details of borrowings (Secured / Unsecured)</b>				
<b>Secured</b>				
Borrowings from State Bank of Pakistan		15,323,660		15,610,860
Repurchase agreement borrowings		87,892,834		99,542,397
<b>Unsecured</b>				
Call borrowings		20,802,684		22,675,643
Overdrawn nostro accounts		205,963		101,868
Musharaka borrowing	9.1	2,000,000		-
Other borrowings		21,980		29,050
		23,030,627		22,806,561
		126,247,121		137,959,818

- 9.1 These represent borrowings under Shariah permissible mode.

## 10 DEPOSITS AND OTHER ACCOUNTS

<b>Customers</b>		
Fixed deposits		171,459,521
Savings deposits		197,775,324
Current accounts - remunerative		101,200,647
Current accounts - non - remunerative		254,308,757
		724,744,249
<b>Financial Institutions</b>		
Remunerative deposits		44,647,263
Non - remunerative deposits		2,953,742
		772,345,254
		195,785,765
		196,445,624
		88,742,639
		219,778,464
		700,752,492
		30,912,849
		2,930,825
		734,596,166

- 10.1 Deposit include Rs. 5,090.297 million (December 31, 2015: 2,334.757 million) mobilized under Shariah permissible mode.



# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2016

## 11 SHARE CAPITAL

### 11.1 Authorised capital

Un-audited June 30, 2016	Audited December 31, 2015		Un-audited June 30, 2016	Audited December 31, 2015
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, 2016	Audited December 31, 2015		Un-audited June 30, 2016	Audited December 31, 2015
No. of shares			Rupees in '000	
406,780,094	406,780,094	Fully paid in cash	4,067,801	4,067,801
720,745,186	720,745,186	Issued as bonus shares	7,207,452	7,207,452
1,127,525,280	1,127,525,280		11,275,253	11,275,253
		18,348,550 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation in accordance with the swap ratio stipulated therein less 9,200,000 Ordinary shares of Rs. 10 each, held by Ibrahim Leasing Limited on the cut-off date (September 30, 2004).	91,486	91,486
9,148,550	9,148,550			
		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
8,400,000	8,400,000		84,000	84,000
1,145,073,830	1,145,073,830		11,450,739	11,450,739

Ibrahim Fibers Limited, related party of the Bank, holds 194,041,916 (16.95%) [2015: 194,041,916 (16.95%)] ordinary shares of Rs.10 each, as at reporting date.

## 12 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

These include net unrealised gain of Rs. 77.726 million (December 31, 2015: net unrealised loss of Rs. 16.521 million) on investments as per arrangements under shariah permissible mode. Out of this net unrealised gain of Rs. 19.314 million (December 31, 2015: net unrealised gain of Rs. 22.817 million) pertains to Islamic banking business.

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2016

	Un-audited June 30, 2016	Audited December 31, 2015
Rupees in '000		
<b>13 CONTINGENCIES AND COMMITMENTS</b>		
<b>13.1 Direct credit substitutes</b>		
Guarantees in favour of:		
Banks and financial institutions	5,196,929	10,136,906
<b>13.2 Transaction-related contingent liabilities</b>		
Guarantees in favour of:		
Government	495,762	337,994
Others	21,579,254	18,936,699
	22,075,016	19,274,693
<b>13.3 Trade-related contingent liabilities</b>	66,626,970	63,258,242
<b>13.4 Claims against the Bank not acknowledged as debt</b>	4,411,405	4,538,697

**13.5** 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, 2016	Audited December 31, 2015
Rupees in '000		
<b>13.6 Commitments in respect of :</b>		
Purchase of forward foreign exchange contracts	56,856,534	64,741,951
Sale of forward foreign exchange contracts	36,365,538	51,664,798
<b>13.7 Commitments in respect of :</b>		
Forward purchase of Federal Government securities	6,450,000	-
Forward sale of Federal Government securities	-	3,000,000
<b>13.8 Commitments in respect of:</b>		
Civil works	835,305	909,419
Acquisition of operating fixed assets	936,061	1,078,477
	1,771,366	1,987,896
<b>13.9 Commitments in respect of operating lease</b>	3,776,354	4,126,800

### 13.10 Other Contingencies

**13.10.1** There is no change in the status of contingencies, set out in note 22.10 to the unconsolidated financial statements of the Bank for the year ended December 31, 2015, except for the contingencies as mentioned below:

**13.10.2** The income tax assessments of the Bank have been finalized upto and including tax year 2015 for local, Azad Kashmir and Gilgit Baltistan operations. While finalizing income tax assessments upto tax year 2015, income tax authorities made certain add backs with aggregate tax impact of Rs. 22,347 million (2015: 20,572 million). As a result of appeals filed by the Bank before appellate authorities, most of the add backs have been deleted. However, the Bank and Tax Department are in appeals/references before higher forums against unfavorable decisions. Pending finalization of appeals/references no provision has been made by the Bank on aggregate sum of Rs. 22,347 million (2015: 20,572 million). The management is confident that the outcome of these appeals/references will be in favor of the Bank.

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2016

Tax Authorities have conducted proceedings of withholding tax audit under section 161/205 of Income Tax Ordinance, 2001 for tax year 2003 to 2006 and tax year 2008 to 2015 and created an arbitrary demand of Rs. 1,429 million (2015: 1,290 million). The Bank's appeals before Commissioner Inland Revenue - Appeals (CIR(A)) / Appellate Tribunal Inland Revenue (ATIR) are pending for adjudication. The management is confident that these appeals will be decided in favor of the Bank; therefore, no provision has been made against the said demand of Rs. 1,429 million (2015: 1,290 million).

Tax authorities have also issued orders under Federal Excise Act, 2005/Sales Tax Act, 1990/Sindh Sales Tax on Services Act, 2011 for the year 2008 to 2014 thereby creating arbitrary aggregate demand of Rs. 890 million (2015: 633 million). The Bank's appeals before CIR(A) / Appellate Tribunal Inland Revenue (ATIR) are pending for adjudication. The management is confident that aforesaid demand will be deleted by appellate authorities and therefore no provision has been made against the said demand of Rs. 890 million (2015: 633 million).

**13.10.3** While adjudicating foreign exchange repatriation cases of exporter namely: Fateh Textile Mills Limited, the Foreign Exchange Adjudicating Court ('FEAC') of the State Bank of Pakistan ('SBP') has arbitrarily adjudicated penalties against various banks including Rs. 2,173 million in aggregate against Allied Bank Limited (Bank). Against the said judgments, the Bank has filed appeals before the Appellate Board and Constitutional Petitions in the High Court of Sindh, Karachi. The Honorable High Court has granted relief to the Bank by way of interim orders. Based on merits of the appeals, the management is confident that these appeals shall be decided in favor of the Bank and therefore no provision has been made against the impugned penalty.

## 14 MARK-UP / RETURN / INTEREST EARNED

	Half year Ended		Quarter Ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
<b>Rupees in '000</b>				
<b>On loans and advances:</b>				
Customers	10,630,559	13,933,359	5,671,206	6,431,879
<b>On investments in:</b>				
'Available-for-sale' securities	13,160,713	10,759,121	6,552,082	5,589,713
'Held-to-maturity' securities	10,380,317	11,352,630	5,158,766	5,729,676
'Held-for-trading' securities	324,280	99,920	60,138	27,389
	23,865,310	22,211,671	11,770,986	11,346,778
On deposits with financial institutions	4,964	3,206	3,551	-
On securities purchased under resale agreements	57,923	196,616	34,707	85,295
On certificates of investment	-	3,546	-	3,546
On call money lending	38,108	21,142	13,399	11,197
	34,596,864	36,369,540	17,493,849	17,878,695

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2016

	Half year Ended		Quarter Ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
<b>Rupees in '000</b>				
<b>15 MARK-UP / RETURN / INTEREST EXPENSED</b>				
Deposits	11,802,457	13,674,248	5,784,190	6,356,184
Long term borrowing	123,102	242,456	59,403	120,564
Securities sold under repurchase agreements	3,526,591	2,936,357	1,577,488	1,408,026
Call money borrowing	342,733	354,773	182,144	216,045
Brokerage and commission	95,849	76,745	53,719	35,282
Markup on sub-ordinated loans	–	157,566	–	72,689
Other short term borrowings	1,001,504	1,542,361	630,051	762,333
	<b>16,892,236</b>	<b>18,984,506</b>	<b>8,286,995</b>	<b>8,971,123</b>

	Half Year Ended	
	June 30, 2016	June 30, 2015
<b>Rupees in '000</b>		
<b>16 DIVIDEND INCOME</b>		
<b>Listed Shares</b>		
Attock Petroleum Limited	20,077	16,731
Fauji Fertilizer Company Limited	81,588	115,183 L
Habib Bank Limited	46,361	23,181
Hub Power Company Limited	896,000	448,000
Kot Addu Power Company Limited	374,000	352,000
Nishat Chunian Power Limited	60,000	120,000
Nishat Power Limited	105,000	97,500
Pakistan Oil Field Limited	136,595	136,595
Pakistan Petroleum Limited	21,516	43,032
Saif Power Limited	10,417	41,667
United Bank Limited	42,454	42,454
Pioneer Cement Limited	267	240
Pakistan State Oil Company Limited	7,432	8,919
Fatima Fertilizer Company Limited	–	172,425
<b>Unlisted Shares</b>		
Atlas Power Limited	133,125	88,750
Security General Insurance Company Limited	31,005	24,804
National Institutional Facilitation Technologies (Pvt) Limited (NIFT)	–	21,582
<b>Open Ended Mutual Funds</b>		
ABL AMC Islamic Stock Fund	636	5,603
AL Ameen Shariah Stock Fund	–	11,485
	<b>1,966,473</b>	<b>1,770,151</b>

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2016

## 17 GAIN ON SALE OF SECURITIES

These include gain of Rs. 38.210 million (June 30, 2015: loss of Rs. 15.707 million) earned on sale of investments as per arrangements under Shariah permissible mode.

	Half Year Ended	
	June 30, 2016	June 30, 2015
	Rupees in '000	
<b>18 OTHER INCOME</b>		
Gain on sale of operating fixed assets	31,321	8,095
Profit on sale of other assets	–	1,388
Recovery from written off loans / others	35,705	106,717
Rent received	2,986	8,209
Compensation on delayed tax refund	–	820,248
	<u>70,012</u>	<u>944,657</u>

19 The amount represents super tax levied on taxable income of the Bank for tax year 2016 vide Finance Act, 2016.

## 20 EARNINGS PER SHARE - BASIC AND DILUTED

	Half year Ended		Quarter Ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	Rupees in '000			
Profit after taxation for the period	8,601,440	7,356,691	3,813,788	3,146,549
	Number of Shares			
Weighted average number of ordinary shares outstanding during the period	1,145,073,830	1,145,073,830	1,145,073,830	1,145,073,830
	Rupees			
Earnings per share - basic and diluted for the period	7.51	6.42	3.33	2.75

There is no dilution effect on basic earnings per share.



# Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2016

## 22 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, 2016 (Un-audited)						
	Corporate & Investment Banking	Trading & Sales (Treasury)	Commercial & Retail Banking	Others	Eliminations	Total
Rupees in '000						
Total Income	12,928,994	25,801,273	20,150,797	102,796	(17,416,866)	41,566,994
Total Expenses	(10,937,942)	(19,610,050)	(19,006,543)	(827,885)	17,416,866	(32,965,554)
Net Income	1,991,052	6,191,223	1,144,254	(725,089)	-	8,601,440

For the Half Year Ended June 30, 2015 (Un-audited)						
	Corporate & Investment Banking	Trading & Sales (Treasury)	Commercial & Retail Banking	Others	Eliminations	Total
Rupees in '000						
Total Income	15,431,759	22,543,339	26,357,333	1,328,743	(23,617,043)	42,044,131
Total Expenses	(12,911,128)	(18,744,220)	(23,242,439)	(3,406,696)	23,617,043	(34,687,440)
Net Income	2,520,631	3,799,119	3,114,897	(2,077,953)	-	7,356,691

As at June 30, 2016 (Un-audited)						
	Corporate & Investment Banking	Trading & Sales (Treasury)	Commercial & Retail Banking	Others	Eliminations	Total
Rupees in '000						
Segment Assets (Gross)	371,031,300	533,413,978	797,503,036	125,421,515	(774,150,698)	1,053,219,131

As at December 31, 2015 (Audited)						
	Corporate & Investment Banking	Trading & Sales (Treasury)	Commercial & Retail Banking	Others	Eliminations	Total
Rupees in '000						
Segment Assets (Gross)	349,489,547	534,519,724	756,966,003	77,120,606	(702,980,693)	1,015,115,187

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2016

## 23 ISLAMIC BANKING BUSINESS

23.1 The bank is operating 28 Islamic banking branches at June 30, 2016 (December 31, 2015: 27). The statement of financial position of the Bank's Islamic banking branches as at June 30, 2016 is as follows:

	Note	Un-audited June 30, 2016	Audited December 31, 2015
<b>Rupees in '000</b>			
<b>ASSETS</b>			
Cash and balances with treasury banks		391,719	135,599
Balances with other banks		13,670	-
Lendings to financial institutions		1,800,000	-
Investments		4,091,987	2,512,817
Islamic financing and related assets	23.2	3,436,008	139,983
Operating fixed assets		34,583	46,302
Due from Head Office		92,709	55,294
Other assets		71,195	23,254
<b>Total Assets</b>		<b>9,931,871</b>	<b>2,913,249</b>
<b>LIABILITIES</b>			
Bills payable		53,835	11,456
Borrowings from financial institutions		4,231,048	18,500
Deposits and other accounts			
- Current accounts - remunerative		609,643	248,856
- Current accounts - non-remunerative		1,530,889	967,562
- Saving accounts		2,249,471	781,621
- Term deposits		118,850	232,770
Deposits from Financial Institutions - Remunerative		581,444	103,948
Other liabilities		79,021	41,943
		9,454,201	2,406,656
<b>NET ASSETS</b>		<b>477,670</b>	<b>506,593</b>
<b>REPRESENTED BY</b>			
Islamic Banking Fund		500,000	500,000
Unappropriated profit		(52,045)	(28,510)
		447,955	471,490
Surplus on revaluation of assets		29,715	35,103
		477,670	506,593
<b>23.2 ISLAMIC FINANCING AND RELATED ASSETS</b>			
Salam - Financing		3,055,177	-
Murabaha	23.2.1	280,988	109,959
Ijarah	23.2.2	75,488	30,024
Diminishing Musharaka - Advance		24,355	-
		3,436,008	139,983
<b>Gross Advance</b>		<b>3,436,008</b>	<b>139,983</b>
Provision held		-	-
<b>Advance-net of provision</b>		<b>3,436,008</b>	<b>139,983</b>
<b>23.2.1 MURABAHA</b>			
Financing		228,073	-
Advance		52,915	109,959
		280,988	109,959



# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2016

	Un-audited June 30, 2016	Audited December 31, 2015
<b>Rupees in '000</b>		
<b>23.2.2 IJARAH</b>		
Financing	26,042	21,542
Advance	47,721	7,259
Inventories	1,725	1,223
	<b>75,488</b>	<b>30,024</b>
<b>23.3 CHARITY FUND</b>		
Opening Balance	11	-
Additions during the period	2	11
Closing Balance	<b>13</b>	<b>11</b>

23.4 The profit and loss account of the Bank's Islamic banking business for the half year ended June 30, 2016 is as follows:

	<b>Half Year Ended</b>	
	June 30, 2016	June 30, 2015
<b>Rupees in '000</b>		
Income / profit earned	168,553	21,159
Income / profit expensed	97,570	5,677
Net income / profit	<b>70,983</b>	<b>15,482</b>
<b>OTHER INCOME</b>		
Fee, commission and brokerage income	7,766	1,794
Dividend income	637	17,088
Income from dealing in foreign currencies	33	-
Gain / (loss) on sale of securities	38,210	(15,707)
Other income	25	11
Total other income	<b>46,671</b>	<b>3,186</b>
	<b>117,654</b>	<b>18,668</b>
<b>OTHER EXPENSE</b>		
Administrative expenses	141,190	36,600
<b>LOSS BEFORE TAXATION</b>	<b>(23,536)</b>	<b>(17,932)</b>
<b>23.5 Remuneration to Shariah Advisor / Board</b>	<b>3,666</b>	<b>1,698</b>

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2016

## 24 GENERAL

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

24.2 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.

24.3 The Board of Directors of the Bank in its meeting held on August 10, 2016 has approved interim cash dividend for the half year ended June 30, 2016 at Rs. 1.75 per share (June 30, 2015: Rs. 1.75 per share). The unconsolidated condensed interim financial statements for the half year ended June 30, 2016 do not include the effect of this appropriation and will be accounted for in the financial statements of the period of declaration.

## 25 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on August 10, 2016 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, 2016

# Consolidated Condensed Interim Statement of Financial Position

as at June 30, 2016

	Note	Un-audited June 30, 2016	Audited December 31, 2015
<b>Rupees in '000</b>			
<b>ASSETS</b>			
Cash and balances with treasury banks		63,973,780	56,711,623
Balances with other banks		862,724	4,077,613
Lendings to financial institutions	6	2,324,172	3,356,091
Investments	7	557,280,907	545,105,538
Advances	8	341,096,712	321,647,931
Operating fixed assets		29,850,251	28,869,612
Deferred tax assets		–	–
Other assets		35,902,370	32,970,839
		<b>1,031,290,916</b>	<b>992,739,247</b>
<b>LIABILITIES</b>			
Bills payable		6,803,349	4,942,189
Borrowings	9	126,247,121	137,959,818
Deposits and other accounts	10	772,328,668	734,546,015
Sub-ordinated loans		–	–
Liabilities against assets subject to finance lease		–	–
Deferred tax liabilities		10,426,766	8,909,508
Other liabilities		16,459,295	16,256,802
		<b>932,265,199</b>	<b>902,614,332</b>
<b>NET ASSETS</b>		<b>99,025,717</b>	<b>90,124,915</b>
<b>REPRESENTED BY</b>			
Share capital	11	11,450,739	11,450,739
Reserves		15,958,402	15,102,026
Unappropriated profit		46,167,731	42,284,340
		<b>73,576,872</b>	<b>68,837,105</b>
Surplus on revaluation of assets - net of tax	12	25,448,845	21,287,810
		<b>99,025,717</b>	<b>90,124,915</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	13		

The annexed notes 1 to 25 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, 2016

	Note	Half year Ended		Quarter Ended	
		June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
<b>Rupees in '000</b>					
Mark-up / return / interest earned	14	34,598,578	36,370,015	17,494,873	17,878,838
Mark-up / return / interest expensed	15	16,887,701	18,979,003	8,284,775	8,967,080
Net mark-up / interest income		17,710,877	17,391,012	9,210,098	8,911,758
Provision / (reversal) against non-performing					
loans and advances		180,356	541,779	(95,744)	(187,910)
Provision for diminution in the value of					
investments		62,705	7,945	62,705	9,170
Bad debts written off directly		-	-	-	-
		243,061	549,724	(33,039)	(178,740)
<b>Net mark-up / interest income after provisions</b>		<b>17,467,816</b>	<b>16,841,288</b>	<b>9,243,137</b>	<b>9,090,498</b>
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee, commission and brokerage income		2,353,586	2,305,727	1,114,927	1,102,219
Dividend income	16	1,968,028	1,780,914	550,896	506,820
Income from dealing in foreign currencies		337,819	468,243	134,286	173,902
Gain on sale of securities	17	2,464,363	448,504	1,503,219	135,740
Unrealized gain on revaluation of					
investments classified as 'held-for-trading'	18	43,239	44,021	12,895	24,402
Other income	19	69,211	944,675	8,134	859,633
Total non mark-up / interest income		7,236,246	5,992,084	3,324,357	2,802,716
		24,704,062	22,833,372	12,567,494	11,893,214
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Administrative expenses		9,457,253	8,699,434	4,936,735	4,517,957
Provision against other assets		26,717	41,350	14,717	29,350
Provision / (reversal) against off-balance					
sheet obligations		10,782	(22,142)	10,782	(22,142)
Other charges		400,488	355,309	208,380	152,770
Total non mark-up / interest expenses		9,895,240	9,073,951	5,170,614	4,677,935
Extra-ordinary / unusual items		-	-	-	-
<b>PROFIT BEFORE TAXATION</b>		<b>14,808,822</b>	<b>13,759,421</b>	<b>7,396,880</b>	<b>7,215,279</b>
Taxation					
Current		5,444,477	4,858,698	2,666,390	2,414,873
Prior years	20	954,019	1,460,245	954,019	1,460,245
Deferred		(268,061)	(60,424)	(86,779)	104,509
		6,130,435	6,258,519	3,533,630	3,979,627
<b>PROFIT AFTER TAXATION</b>		<b>8,678,387</b>	<b>7,500,902</b>	<b>3,863,250</b>	<b>3,235,652</b>
Unappropriated profit brought forward		42,284,340	37,728,181	44,631,290	39,305,811
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		<b>46,167,731</b>	<b>40,241,157</b>	<b>46,167,731</b>	<b>40,241,157</b>
<b>Earnings per share - Basic and Diluted</b>					
<b>(in Rupees)</b>					
	21	7.58	6.55	3.37	2.83

The annexed notes 1 to 25 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, 2016

	Half year Ended		Quarter Ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
<b>Rupees in '000</b>				
<b>Profit after taxation for the period</b>	8,678,387	7,500,902	3,863,250	3,235,652
<b>Other comprehensive income:</b>				
<i>Items to be reclassified to profit and loss account in subsequent periods:</i>				
Exchange differences on translation of net investment in foreign operating branches	(3,768)	(9,589)	115,207	63,663
<b>Comprehensive income transferred to equity</b>	<b>8,674,619</b>	<b>7,491,313</b>	<b>3,978,457</b>	<b>3,299,315</b>
<b>Components of comprehensive income not reflected in equity:</b>				
<i>Items to be reclassified to profit and loss account in subsequent periods:</i>				
Net change in fair value of 'available-for-sale' securities	5,140,571	7,293,090	3,832,081	3,806,036
Related deferred tax charge	(1,799,200)	(5,083,755)	(1,341,228)	(3,958,002)
	<b>3,341,371</b>	<b>2,209,335</b>	<b>2,490,853</b>	<b>(151,966)</b>

The annexed notes 1 to 25 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, 2016

	Half year Ended	
	June 30, 2016	June 30, 2015
	Rupees in '000	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	14,808,822	13,759,421
Less: Dividend income	(1,968,028)	(1,780,914)
	12,840,794	11,978,507
<b>Adjustments for non-cash items:</b>		
Depreciation / amortization	1,076,204	1,000,476
Provision against non-performing loans and advances	180,356	541,779
Provision for diminution in the value of investments	62,705	7,945
Unrealized gain on revaluation of 'held-for-trading' securities	(43,239)	(44,021)
Provision / (reversal) against off balance sheet obligations	10,782	(22,142)
Provision against other assets	26,717	41,350
Provision for workers welfare fund	312,086	279,101
Gain on sale of operating fixed assets	(31,304)	(8,113)
Loss on sale of other assets	15,994	-
	1,610,301	1,796,375
	14,451,095	13,774,882
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	1,031,919	(17,718,443)
Investments - 'held-for-trading'	(1,467,687)	(4,128,475)
Advances	(19,624,110)	3,950,585
Other assets (excluding advance taxation)	(1,400,000)	(3,679,977)
	(21,459,878)	(21,576,310)
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	1,861,160	7,947,795
Borrowings	(11,816,792)	15,181,690
Deposits	37,782,653	43,175,958
Other liabilities	(143,760)	(1,193,027)
	27,683,261	65,112,416
	20,674,478	57,310,988
Income tax paid	(6,721,221)	(2,896,214)
<b>Net cash flow from operating activities</b>	13,953,257	54,414,774
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in 'available-for-sale' securities	(9,517,699)	(35,395,220)
Net realization / (investments) in 'held-to-maturity' securities	3,931,122	(1,394,779)
Dividend income received	1,567,959	1,754,907
Investments in operating fixed assets	(2,053,180)	(1,208,064)
Proceeds from sale of assets	42,318	99,917
<b>Net cash used in investing activities</b>	(6,029,480)	(36,143,239)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of sub-ordinated loan	-	(600)
Dividend paid	(3,984,372)	(4,271,900)
<b>Net cash used in financing activities</b>	(3,984,372)	(4,272,500)
Effect of translation of net investment in foreign operating branches	3,768	(9,589)
<b>Increase in cash and cash equivalents during the period</b>	3,943,173	13,989,446
<b>Cash and cash equivalents at beginning of the period</b>	60,687,368	41,977,178
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	64,630,541	55,966,624

The annexed notes 1 to 25 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, 2016

	Share Capital	Capital Reserves		Statutory Reserve	Revenue Reserves		Total
		Exchange Translation Reserve			General Reserve	Un-appropriated Profit	
Rupees in '000							
<b>Balance as at January 01, 2015 (Audited)</b>	11,450,739	28,293	13,515,062	6,000	37,728,181	62,728,275	
<b>Changes in equity during the half year ended June 30, 2015</b>							
<b>Total comprehensive income for the half year ended June 30, 2015</b>							
Net profit for the half year ended June 30, 2015	-	-	-	-	7,500,902	7,500,902	
Effect of translation of net investment in foreign operating branches	-	(9,589)	-	-	-	(9,589)	
	-	(9,589)	-	-	7,500,902	7,491,313	
<b>Transactions with owners recognized directly in equity</b>							
Final cash dividend for the year ended							
December 31, 2014 (Rs. 2 per ordinary share)	-	-	-	-	(2,290,148)	(2,290,148)	
First interim cash dividend for the year ended							
December 31, 2015 (Rs. 1.75 per ordinary share)	-	-	-	-	(2,003,879)	(2,003,879)	
	-	-	-	-	(4,294,027)	(4,294,027)	
Transferred from surplus on revaluation of fixed assets							
to un-appropriated profit - net of tax	-	-	-	-	41,770	41,770	
Transfer to statutory reserve	-	-	735,669	-	(735,669)	-	
<b>Balance as at June 30, 2015</b>	11,450,739	18,704	14,250,731	6,000	40,241,157	65,967,331	
<b>Changes in equity during the half year ended December 31, 2015</b>							
<b>Total comprehensive income for the half year ended December 31, 2015</b>							
Net profit for the half year ended December 31, 2015	-	-	-	-	7,813,373	7,813,373	
Effect of remeasurement of defined benefit plans net of deferred tax	-	-	-	-	(1,043,973)	(1,043,973)	
Effect of translation of net investment in foreign operating branches	-	50,229	-	-	-	50,229	
	-	50,229	-	-	6,769,400	6,819,629	
<b>Transactions with owners recognized directly in equity</b>							
Second interim cash dividend for the year ended							
December 31, 2015 (Rs. 1.75 per ordinary share)	-	-	-	-	(2,003,879)	(2,003,879)	
Third interim cash dividend for the year ended							
December 31, 2015 (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	-	-	-	-	57,903	57,903	
Transfer to statutory reserve	-	-	776,362	-	(776,362)	-	
<b>Balance as at December 31, 2015 (Audited)</b>	11,450,739	68,933	15,027,093	6,000	42,284,340	68,837,105	
<b>Changes in equity during the half year ended June 30, 2016</b>							
<b>Total comprehensive income for the half year ended June 30, 2016</b>							
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	
<b>Transactions with owners recognized directly in equity</b>							
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 ending							
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)	-	
<b>Balance as at June 30, 2016</b>	11,450,739	65,166	15,887,237	6,000	46,167,731	73,576,872	

The annexed notes 1 to 25 form an integral part of these consolidated condensed interim financial statements.

Chief Financial Officer

President and Chief Executive Officer



# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2016

## 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 1,049 (2015: 1,048) branches including 28 (2015: 27) Islamic banking branches in Pakistan, 1 branch (2015: 1) in Karachi Export Processing Zone and 1 wholesale banking branch (2015: 1) in Bahrain. The long term credit rating of the Bank assigned by the Pakistan Credit Rating Agency Limited (PACRA) is 'AA+'. Short term rating of the Bank is 'A1+'. The Bank is the holding company of ABL Asset Management Company Limited.

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

### Subsidiary Company

ABL Asset Management Company Limited ("the Company") is a public unlisted company, incorporated in Pakistan as a limited liability company on October 12, 2007 under the Companies Ordinance, 1984. The Company received certificate for commencement of business on December 31, 2007. The Company has obtained licenses from the Securities and Exchange Commission of Pakistan (SECP) to carry out Asset Management Services and Investment Advisory Services as a Non-Banking Finance Company (NBFC) under Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 as amended through S.R.O.1131(I) 2007 (the NBFC Rules). The Company has also obtained license to carry out business as Pension Fund Manager, under the Voluntary Pension System Rules, 2005. The registered office of the Company is situated at 11-B Lalazar, M.T. Khan Road, Karachi. The Company is a wholly owned subsidiary of Allied Bank Limited ("the 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 Pension Fund	Launched on August 20, 2014
- ABL Islamic 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

## 2 STATEMENT OF COMPLIANCE

2.1 These consolidated condensed interim financial statements of the Group for the half year ended June 30, 2016 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting issued by the International Financial Reporting Board and Islamic Financial Accounting Standards (IFAS) 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 Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by the State Bank of Pakistan (SBP). In case where the requirements differ, the provisions of the Banking Companies Ordinance 1962, Companies Ordinance 1984 and the directives of the SBP have been followed.

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

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2016

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

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

## 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:

- Investments;
- Certain operating fixed assets;
- Assets acquired in satisfaction of claims;
- Derivatives; and
- Staff retirement benefits

## 4 BASIS OF PRESENTATION

4.1 The disclosures included in these consolidated condensed interim financial statements are limited based on the format prescribed by the State Bank of Pakistan, vide BSD Circular Letter No. 2 dated May 12, 2004, vide BSD Circular Letter No. 7 dated April 20, 2010 and International Accounting Standard 34, Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and these consolidated condensed interim financial statements should be read in conjunction with the consolidated financial statements of the Bank for the year ended December 31, 2015.

4.2 The financial results of the Islamic Banking branches of the Bank have been consolidated in these financial statements for reporting purposes. Key financial figures of the Islamic Banking branches are same as disclosed in Note 23 to the unconsolidated condensed interim financial statements.

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

- Amendments to IAS 38 - Intangible Assets and IAS 16 - Property, Plant and Equipment
- Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures
- Amendments to IFRS 11 - Joint Arrangements
- Amendments to IAS 27 - Separate Financial Statements
- Amendments to IAS 16 - Property, Plant and Equipment and IAS 41 - Agriculture
- Annual Improvements to IFRSs 2012-2014 Cycle

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

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

5.1 The accounting policies, underlying estimates and methods of computation followed in the preparation of these 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, 2015, except for the following:

The Bank has changed its accounting policy of recording non-banking assets acquired in satisfaction of claims to comply with the requirements of the 'Regulations for Debt Property Swap', effective from the date of issuance by SBP vide its BPRD Circular No. 1 of 2016, dated January 1, 2016. In line with the guidance provided in the Regulations, the non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation of property is credited to the 'surplus on revaluation of assets' account and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property is charged to profit and loss account and not capitalised. Previously, Non-banking assets acquired in satisfaction of claims were carried at cost less impairment, if any.

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2016

Effect of change in policy is as follows:

	Rupees in '000
Increase in non-banking assets	850,390
Increase in accumulated depreciation	9,588
Increase in surplus on revaluation	850,267
Increase in deferred tax liability	1,688

**5.2** The financial risk management objectives and policies adopted by the Group are consistent with that disclosed in the consolidated financial statements of the Group for the year ended December 31, 2015.

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

	Note	Un-audited June 30, 2016	Audited December 31, 2015
Rupees in '000			

## 6 LENDINGS TO FINANCIAL INSTITUTIONS

Repurchase agreement lendings (Reverse Repo)		-	2,156,091
Certificates of investment	6.1	70,000	70,000
Call money lendings	6.2	524,172	1,200,000
Musharaka lendings	6.3	300,000	-
Wakala lending	6.4	1,500,000	-
		2,394,172	3,426,091
Provision against lendings to financial institutions		(70,000)	(70,000)
		2,324,172	3,356,091

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

**6.2** This represents an unsecured call money lending, in foreign currency, carrying mark-up rate of 0.75% per annum and will mature on July 05, 2016.

**6.3** These represent lendings by Islamic banking business under Shariah permissible Musharka agreements, in local currency, at an average profit of 5.50% per annum and will mature on, latest by July 04, 2016.

**6.4** This represents lending by Islamic banking business under Shariah permissible Wakala agreements, in local currency, at an average profit of 6.00% per annum and will mature on July 14, 2016.

	Note	Held by Group	Given as collateral	Total
Rupees in '000				

## 7. INVESTMENTS

Current period - June 30, 2016 (Un-audited)	7.1	468,925,038	88,355,869	557,280,907
Prior year - December 31, 2015 (Audited)	7.1	445,120,237	99,985,301	545,105,538

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2016

Note	Un-audited As at June 30, 2016			Audited As at December 31, 2015		
	Held by Group	Given as collateral	Total	Held by Group	Given as collateral	Total
<b>Rupees in '000</b>						
<b>7.1 Investments by types:</b>						
<b>Held-for-trading securities</b>						
Pakistan Investment Bonds	1,425,731	-	1,425,731	-	-	-
Units of open-ended mutual funds / pension funds- related parties	1,258,004	-	1,258,004	1,212,748	-	1,212,748
Sukuk bonds	7.2 40,000	-	40,000	19,633	-	19,633
	2,723,735	-	2,723,735	1,232,381	-	1,232,381
<b>Available-for-sale securities</b>						
Market Treasury Bills	134,340,128	283,711	134,623,839	113,476,903	25,054,061	138,530,964
Pakistan Investment Bonds	75,852,730	83,220,336	159,073,066	83,273,356	71,436,281	154,709,637
Ordinary shares of listed companies / certificates of close ended mutual funds	14,490,216	-	14,490,216	13,614,525	-	13,614,525
Preference shares	25,000	-	25,000	25,000	-	25,000
Units of open ended mutual funds	-	-	-	150,000	-	150,000
Ordinary shares of unlisted companies	2,281,262	-	2,281,262	2,123,767	-	2,123,767
Investment in related parties						
- Listed shares	8,142,520	-	8,142,520	8,142,520	-	8,142,520
- Unlisted shares	1,352,894	-	1,352,894	1,352,894	-	1,352,894
- Units of open ended mutual funds	7.2 135,000	-	135,000	135,000	-	135,000
Sukuk bonds	7.2 3,263,333	-	3,263,333	1,945,563	-	1,945,563
GOP Sukuk	7.2 5,349,892	-	5,349,892	5,359,194	-	5,359,194
GOP Ijara Sukuk	7.2 2,106,071	-	2,106,071	700,275	-	700,275
Foreign currency bonds (US\$)	4,746,750	-	4,746,750	-	-	-
Term finance certificates (TFCs)	4,896,200	-	4,896,200	4,179,005	-	4,179,005
	256,981,996	83,504,047	340,486,043	234,478,002	96,490,342	330,968,344
<b>Held-to-maturity securities</b>						
Pakistan Investment Bonds	186,221,138	-	186,221,138	185,697,197	-	185,697,197
GOP Sukuk	7.2 1,054,801	-	1,054,801	1,054,700	-	1,054,700
GOP Ijara Sukuk	7.2 100,000	-	100,000	150,319	-	150,319
Bai Muajjal Placements (GOP Sukuks)	7.2 272,275	-	272,275	272,275	-	272,275
Foreign currency bonds (US\$)	1,571,148	-	1,571,148	4,906,147	-	4,906,147
TFCs, Bonds and PTCs	358,879	-	358,879	1,428,725	-	1,428,725
	189,578,241	-	189,578,241	193,509,363	-	193,509,363
<b>Investment at cost</b>	449,283,972	83,504,047	532,788,019	429,219,746	96,490,342	525,710,088
Provision for diminution in the value of investments	(2,840,426)	-	(2,840,426)	(2,777,721)	-	(2,777,721)
<b>Investments (net of provisions)</b>	446,443,546	83,504,047	529,947,593	426,442,025	96,490,342	522,932,367
Surplus on revaluation of						
'held-for-trading' securities	43,239	-	43,239	23,667	-	23,667
Surplus on revaluation of						
'available-for-sale' securities	22,438,253	4,851,822	27,290,075	18,654,545	3,494,959	22,149,504
<b>Total investments at market value</b>	468,925,038	88,355,869	557,280,907	445,120,237	99,985,301	545,105,538

7.2 These represent investments under Shariah permissible mode.

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2016

	Note	Un-audited June 30, 2016	Audited December 31, 2015
<b>Rupees in '000</b>			
<b>8 ADVANCES</b>			
Loans, cash credits, running finances, etc.			
In Pakistan		338,580,789	324,608,053
Outside Pakistan		10,797,943	9,290,527
Islamic Financing and related assets	8.5	3,436,008	139,983
Net investment in finance lease - in Pakistan		2,122,058	2,072,857
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		2,966,452	1,355,182
Payable outside Pakistan		2,521,741	3,345,595
		5,488,193	4,700,777
<b>Advances - gross</b>		360,424,991	340,812,197
Provision for non-performing advances	8.1 & 8.3	(19,286,498)	(19,092,777)
General provision	8.3	(41,781)	(71,489)
		(19,328,279)	(19,164,266)
<b>Advances - net of provision</b>		341,096,712	321,647,931

8.1 Advances include Rs. 21,254.318 million (2015: Rs. 21,903.729 million) which have been placed under non-performing status as detailed below:-

Category of Classification	June 30, 2016 (Un-audited)				
	Classified Advances			Provision	Provision
	Domestic	Overseas	Total	required	held
<b>Rupees in '000</b>					
Other Assets Especially Mentioned	116,238	–	116,238	4,237	4,237
Substandard	681,552	–	681,552	167,531	167,531
Doubtful	474,040	–	474,040	237,020	237,020
Loss	19,982,488	–	19,982,488	18,877,710	18,877,710
	21,254,318	–	21,254,318	19,286,498	19,286,498

Category of Classification	December 31, 2015 (Audited)				
	Classified Advances			Provision	Provision
	Domestic	Overseas	Total	required	held
<b>Rupees in '000</b>					
Other Assets Especially Mentioned	152,314	–	152,314	4,496	4,496
Substandard	1,459,082	–	1,459,082	362,376	362,376
Doubtful	586,044	–	586,044	293,022	293,022
Loss	19,706,289	–	19,706,289	18,432,883	18,432,883
	21,903,729	–	21,903,729	19,092,777	19,092,777

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

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2016

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

	June 30, 2016 (Un-audited)			December 31, 2015 (Audited)		
	Specific	General	Total	Specific	General	Total
Rupees in '000						
Opening balance	19,092,777	71,489	19,164,266	19,694,645	115,919	19,810,564
Charge for the period / year	1,672,122	-	1,672,122	1,612,696	-	1,612,696
Reversals	(1,462,058)	(29,708)	(1,491,766)	(1,856,386)	(44,430)	(1,900,816)
Charged to profit and loss account	210,064	(29,708)	180,356	(243,690)	(44,430)	(288,120)
Amounts written off	(16,343)	-	(16,343)	(358,178)	-	(358,178)
Closing balance	19,286,498	41,781	19,328,279	19,092,777	71,489	19,164,266

8.4 The Bank has participated in a syndicated long term loan facility granted to Northern Power Generation Company Limited, valuing Rs. 5,160 million, which is secured against a government guarantee. Pursuant to its restructuring at the syndicate level, State Bank of Pakistan has allowed relaxation against classification vide Letter No. BPRD/ BRD-Policy/ 2015-22984 dated October 19, 2015 and vide Letter No. BPRD/ BRD-Policy/ 2015-29247 dated December 28, 2015.

8.5 These represent financing and related assets placed under Shariah permissible mode

	Note	Un-audited	Audited
		June 30, 2016	December 31, 2015
Rupees in '000			
<b>9 BORROWINGS</b>			
<b>Details of borrowings (Secured / Unsecured)</b>			
<b>Secured</b>			
Borrowings from State Bank of Pakistan		15,323,660	15,610,860
Repurchase agreement borrowings		87,892,834	99,542,397
<b>Unsecured</b>			
Call borrowings		20,802,684	22,675,643
Overdrawn nostro accounts		205,963	101,868
Musharaka borrowing	9.1	2,000,000	-
Other borrowings		21,980	29,050
		23,030,627	22,806,561
		126,247,121	137,959,818

9.1 These represent borrowings under Shariah permissible mode.

## 10 DEPOSITS AND OTHER ACCOUNTS

<b>Customers</b>		
Fixed deposits		171,459,521
Savings deposits		197,775,324
Current accounts - remunerative		101,200,647
Current accounts - non - remunerative		254,308,757
		724,744,249
<b>Financial Institutions</b>		
Remunerative deposits		44,630,677
Non - remunerative deposits		2,953,742
		772,328,668
		1,957,072,917

10.1 Deposit include Rs. 5,090.297 million (December 31, 2015: 2,334.757 million) mobilized under Shariah permissible mode.

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2016

## 11 SHARE CAPITAL

### 11.1 Authorised capital

Un-audited June 30, 2016	Audited December 31, 2015		Un-audited June 30, 2016	Audited December 31, 2015
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, 2016	Audited December 31, 2015		Un-audited June 30, 2016	Audited December 31, 2015
No. of shares			Rupees in '000	
406,780,094	406,780,094	Fully paid in cash	4,067,801	4,067,801
720,745,186	720,745,186	Issued as bonus shares	7,207,452	7,207,452
1,127,525,280	1,127,525,280		11,275,253	11,275,253
		18,348,550 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation in accordance with the swap ratio stipulated therein less 9,200,000 Ordinary shares of Rs. 10 each, held by Ibrahim Leasing Limited on the cut-off date (September 30, 2004).	91,486	91,486
9,148,550	9,148,550			
		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
8,400,000	8,400,000		84,000	84,000
1,145,073,830	1,145,073,830		11,450,739	11,450,739

Ibrahim Fibers Limited, related party of the Bank, holds 194,041,916 (16.95%) [2015: 194,041,916 (16.95%)] ordinary shares of Rs.10 each, as at reporting date.

## 12 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

These include net unrealised gain of Rs. 77.726 million (December 31, 2015: net unrealised loss of Rs. 16.521 million) on investments as per arrangements under shariah permissible mode. Out of this net unrealised gain of Rs. 19.134 million (December 31, 2015: net unrealised gain of Rs. 22.817 million) pertains to Islamic banking business.

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2016

	Un-audited June 30, 2016	Audited December 31, 2015
Rupees in '000		
<b>13 CONTINGENCIES AND COMMITMENTS</b>		
<b>13.1 Direct credit substitutes</b>		
Guarantees in favour of:		
Banks and financial institutions	5,196,929	10,136,906
<b>13.2 Transaction-related contingent liabilities</b>		
Guarantees in favour of:		
Government	495,762	337,994
Others	21,579,254	18,936,699
	22,075,016	19,274,693
<b>13.3 Trade-related contingent liabilities</b>	66,626,970	63,258,242
<b>13.4 Claims against the Bank not acknowledged as debt</b>	4,411,405	4,538,697
<b>13.5</b> The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.		
	Un-audited June 30, 2016	Audited December 31, 2015
Rupees in '000		
<b>13.6 Commitments in respect of :</b>		
Purchase of forward foreign exchange contracts	56,856,534	64,741,951
Sale of forward foreign exchange contracts	36,365,538	51,664,798
<b>13.7 Commitments in respect of :</b>		
Forward purchase of Federal Government securities	6,450,000	-
Forward sale of Federal Government securities	-	3,000,000
<b>13.8 Commitments in respect of:</b>		
Civil works	835,305	909,419
Acquisition of operating fixed assets	936,061	1,078,477
	1,771,366	1,987,896
<b>13.9 Commitments in respect of operating lease</b>	3,776,354	4,126,800
<b>13.10 Other Commitments</b>	43,811	43,651

## 13.11 Other Contingencies

13.11.1 There is no change in the status of contingencies, set out in note 22.11 to the consolidated financial statements of the Group for the year ended December 31, 2015, except for the contingencies as mentioned below:

13.11.2 The income tax assessments of the Group have been finalized upto and including tax year 2015 for local, Azad Kashmir and Gilgit Baltistan operations. While finalizing income tax assessments upto tax year 2015, income tax authorities made certain add backs with aggregate tax impact of Rs. 22,359 million (2015: 20,584 million). As a result of appeals filed by the Group before appellate authorities, most of the add backs have been deleted. However, the Group and Tax Department are in appeals/references before higher forums against unfavorable decisions. Pending finalization of appeals/references no provision has been made by the Group on aggregate sum of Rs. 22,359 million (2015: 20,584 million). The management is confident that the outcome of these appeals/references will be in favor of the Group.



# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2016

Tax Authorities have conducted proceedings of withholding tax audit under section 161/205 of Income Tax Ordinance, 2001 for tax year 2003 to 2006 and tax year 2008 to 2015 and created an arbitrary demand of Rs. 1,439 million (2015: 1,300 million). The Bank's appeals before Commissioner Inland Revenue - Appeals (CIR(A)) / Appellate Tribunal Inland Revenue (ATIR) are pending for adjudication. The management is confident that these appeals will be decided in favor of the Bank; therefore, no provision has been made against the said demand of Rs. 1,439 million (2015: 1,300 million).

Tax authorities have also issued orders under Federal Excise Act, 2005/Sales Tax Act, 1990/Sindh Sales Tax on Services Act, 2011 for the year 2008 to 2014 thereby creating arbitrary aggregate demand of Rs. 890 million (2015: 633 million). The Bank's appeals before CIR(A) / Appellate Tribunal Inland Revenue (ATIR) are pending for adjudication. The management is confident that aforesaid demand will be deleted by appellate authorities and therefore no provision has been made against the said demand of Rs. 890 million (2015: 633 million).

13.11.3 While adjudicating foreign exchange repatriation cases of exporter namely: Fateh Textile Mills Limited, the Foreign Exchange Adjudicating Court ('FEAC') of the State Bank of Pakistan ('SBP') has arbitrarily adjudicated penalties against various banks including Rs. 2,173 million in aggregate against Allied Bank Limited (Bank). Against the said judgments, the Bank has filed appeals before the Appellate Board and Constitutional Petitions in the High Court of Sindh, Karachi. The Honorable High Court has granted relief to the Bank by way of interim orders. Based on merits of the appeals, the management is confident that these appeals shall be decided in favor of the Bank and therefore no provision has been made against the impugned penalty.

## 14 MARK-UP / RETURN / INTEREST EARNED

	Half year Ended		Quarter Ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
<b>Rupees in '000</b>				
<b>On loans and advances:</b>				
Customers	10,631,299	13,933,834	5,671,572	6,431,998
<b>On investments in:</b>				
'Available-for-sale' securities	13,160,713	10,759,120	6,552,082	5,589,712
'Held-to-maturity' securities	10,380,316	11,352,630	5,158,765	5,729,676
'Held-for-trading' securities	325,254	99,920	60,796	27,389
	23,866,283	22,211,670	11,771,643	11,346,777
On deposits with financial institutions	4,965	3,207	3,552	25
On securities purchased under resale agreements	57,923	196,616	34,707	85,295
On certificates of investment	-	3,546	-	3,546
On call money lending	38,108	21,142	13,399	11,197
	34,598,578	36,370,015	17,494,873	17,878,838

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2016

	Half year Ended		Quarter Ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
<b>Rupees in '000</b>				
<b>15 MARK-UP / RETURN / INTEREST EXPENSED</b>				
Deposits	11,801,642	13,671,938	5,783,929	6,354,471
Long term borrowing	123,102	242,456	59,403	120,564
Securities sold under repurchase agreements	3,526,591	2,936,357	1,577,488	1,408,026
Call money borrowing	342,733	354,773	182,144	216,045
Brokerage and commission	92,129	73,552	51,760	32,952
Markup on sub-ordinated loans	-	157,566	-	72,689
Other short term borrowings	1,001,504	1,542,361	630,051	762,333
	<b>16,887,701</b>	<b>18,979,003</b>	<b>8,284,775</b>	<b>8,967,080</b>

	Half Year Ended	
	June 30, 2016	June 30, 2015
<b>Rupees in '000</b>		
<b>16 DIVIDEND INCOME</b>		
<b>Listed Shares</b>		
Attock Petroleum Limited	20,077	16,731
Fauji Fertilizer Company Limited	81,588	115,183
Habib Bank Limited	46,361	23,181
Hub Power Company Limited	896,000	448,000
Kot Addu Power Company Limited	374,000	352,000
Nishat Chunian Power Limited	60,000	120,000
Nishat Power Limited	105,000	97,500
Pakistan Oil Field Limited	136,595	136,595
Pakistan Petroleum Limited	21,516	43,032
Saif Power Limited	10,417	41,667
United Bank Limited	42,454	42,454
Pioneer Cement Limited	267	240
Pakistan State Oil Company Limited	7,432	8,919
Fatima Fertilizer Company Limited	-	172,425
<b>Unlisted Shares</b>		
Atlas Power Limited	133,125	88,750
Security General Insurance Company Limited	31,005	24,804
National Institutional Facilitation Technologies (Pvt) Limited (NIFT)	-	21,582
<b>Open Ended Mutual Funds</b>		
ABL AMC Stock Fund	-	4,964
ABL AMC Islamic Stock Fund	636	8,299
ABL AMC Islamic Financial Planning Fund	1,555	-
ABL AMC Islamic Principal Preservation Fund	-	3,103
AL Ameen Shariah Stock Fund	-	11,485
	<b>1,968,028</b>	<b>1,780,914</b>

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2016

## 17 GAIN ON SALE OF SECURITIES

These include gain of Rs. 38,259 million (June 30, 2015: loss of Rs. 15,707 million) earned on sale of investments as per arrangements under Shariah permissible mode.

## 18 UNREALIZED GAIN ON REVALUATION OF INVESTMENTS

These include unrealized gain of Rs. 12,299 million (June 30, 2015: unrealised gain of Rs. 23,164 million) on investments as per arrangements under Shariah permissible mode.

	Half Year Ended	
	June 30, 2016	June 30, 2015
	Rupees in '000	
<b>19 OTHER INCOME</b>		
Gain on sale of operating fixed assets	31,304	8,113
Profit on sale of other assets	–	1,388
Recovery from written off loans / others	35,705	106,717
Rent received	2,202	8,209
Compensation on delayed tax refund	–	820,248
	<u>69,211</u>	<u>944,675</u>

20 The amount represents super tax levied on taxable income of the Bank for tax year 2016 vide Finance Act, 2016.

## 21 EARNINGS PER SHARE - BASIC AND DILUTED

	Half year Ended		Quarter Ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	Rupees in '000			
Profit after taxation for the period	<u>8,678,387</u>	<u>7,500,902</u>	<u>3,863,250</u>	<u>3,235,652</u>
	Number of Shares			
Weighted average number of ordinary shares outstanding during the period.	<u>1,145,073,830</u>	<u>1,145,073,830</u>	<u>1,145,073,830</u>	<u>1,145,073,830</u>
	Rupees			
Earnings per share - basic and diluted for the period	<u>7.58</u>	<u>6.55</u>	<u>3.37</u>	<u>2.83</u>

There is no dilution effect on basic earnings per share.

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2016

The Group has relationships with, companies with common directorship, directors, employee benefit plans and key management personnel including their associates. Contributions to the accounts in respect of staff retirement benefits are made in accordance with actuarial valuation / terms of the contribution plan. Remuneration of the key management personnel are in accordance with the terms of their employment. Other transactions are at agreed terms.

Nature of related party transactions	June 30, 2016 (Un-audited)				December 31, 2015 (Audited)			
	Directors	Associated companies*	Key management personnel	Other related parties	Directors	Associated companies*	Key management personnel	Other related parties
	Rupees in '000							
<b>Loans</b>								
Loans at the beginning of the period / year	36,637	1,777,473	276,413	5,379,463	47,285	1,985	217,707	134
Loans given during the period / year	15,093	5,500,019	57,330	33,256,670	32,675	2,187,167	165,744	96,289,134
Loans repaid / adjustments during the period / year	(26,514)	(2,883,646)	(61,650)	(33,129,187)	(43,323)	(411,679)	(107,038)	(80,909,805)
Loans at the end of the period / year	25,216	4,383,846	272,093	5,506,946	36,637	1,777,473	276,413	5,379,463
<b>Deposits</b>								
Deposits at the beginning of the period / year	40,868	102,902	22,837	9,572,394	34,696	25,497	92,833	6,853,139
Deposits received during the period / year	2,749,828	4,682,640	235,434	42,783,889	5,060,426	11,448,550	303,540	101,649,234
Deposits repaid during the period / year	(2,754,366)	(4,575,706)	(206,851)	(43,394,400)	(5,054,254)	(11,371,145)	(373,636)	(98,929,879)
Deposits at the end of the period / year	36,310	219,836	49,420	8,971,883	40,868	102,902	22,837	9,572,394
Non-current balances	-	(21,757)	-	-	-	41,303	-	-
Investments in shares / open end mutual funds	-	5,084,379	-	5,894,038	-	5,084,379	-	5,782,059
Other receivables	5,671	-	74,487	248,002	5,058	-	63,147	217,087
Net receivable from staff retirement benefit funds	-	-	-	3,740,822	-	-	-	4,741,387
Non funded exposure	-	1,285,000	-	23,808	-	1,285,000	-	1,951
	June 30, 2016 (Un-audited)				June 30, 2015 (Un-audited)			
	Directors	Associated companies*	Key management personnel	Other related parties	Directors	Associated companies*	Key management personnel	Other related parties
	Rupees in '000							
Mark-up earned	475	79,148	7,047	221,767	1,215	100	7,578	302,212
Income on placements	-	1,194	-	509,316	-	1,012	-	-
Dividend income	-	895,000	-	-	-	-	-	183,926
Capital gain	-	-	-	2,802	-	-	-	77,875
Sales commission	-	-	-	-	-	-	-	7,402
Management fee sharing expense	-	-	-	201,871	-	-	-	213,611
Management fee income	-	-	-	-	-	-	-	192,143
Mark-up expense on deposits	625	3,888	226	158,396	564	229	166	283
Fee commission / bank charges	15	24	30	144	8	40	36	-
Directors' meeting fee	6,500	-	-	4,325	4,325	-	-	-
Remuneration	36,400	-	234,366	-	30,850	-	104,032	-
Other charges**	-	290	-	47,347	-	1,086	-	51,191
Rent expense***	-	13,083	-	-	-	11,533	-	-
Rent income****	-	-	-	-	-	600	-	-
Charge / (reversal) in respect of staff retirement benefit funds	-	2,202	-	-	-	-	-	-
	-	-	-	104,611	-	-	-	2,831

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

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

\*\* Other charges with other related parties include payments to NIFT amounting to Rs. 45,139 million.

\*\*\* Rent sharing expense of ABI, 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.

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

\*\*\*\*\* Rent office 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.

- During the period ended June 30, 2016; movable asset was disposed off for Rs. 5,000 (WDV); Rs. 1,000) to the key management personnel of the Bank.

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2016

## 23 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, 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	20,150,797	102,796	273,149	(17,422,185)	41,834,824
Total Expenses	(10,937,942)	(19,610,050)	(19,006,543)	(827,885)	(196,202)	17,422,185	(33,156,437)
Net Income	1,991,052	6,191,223	1,144,254	(725,089)	76,947	-	8,678,387

### For the Half Year Ended June 30, 2015 (Un-audited)

	Corporate & Investment Banking	Trading & Sales (Treasury)	Commercial & Retail Banking	Others	Asset Management	Eliminations	Total
Rupees in '000							
Total Income	15,431,759	22,543,339	26,351,831	1,328,743	323,470	(23,617,043)	42,362,099
Total Expenses	(12,911,128)	(18,744,220)	(23,236,935)	(3,406,696)	(179,261)	23,617,043	(34,861,197)
Net Income	2,520,631	3,799,119	3,114,896	(2,077,953)	144,209	-	7,500,902

### As at June 30, 2016 (Un-audited)

	Corporate & Investment Banking	Trading & Sales (Treasury)	Commercial & Retail Banking	Others	Asset Management	Eliminations	Total
Rupees in '000							
Segment Assets (Gross)	371,031,300	533,413,978	797,503,036	125,421,515	1,724,002	(774,669,077)	1,054,424,754

### As at December 31, 2015 (Audited)

	Corporate & Investment Banking	Trading & Sales (Treasury)	Commercial & Retail Banking	Others	Asset Management	Eliminations	Total
Rupees in '000							
Segment Assets (Gross)	349,489,547	534,519,724	756,966,003	77,120,608	1,625,730	(703,532,689)	1,016,188,923

## 24 GENERAL

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

24.2 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.

24.3 The Board of Directors of the Bank in its meeting held on August 10, 2016 has approved interim cash dividend for the half year ended June 30, 2016 at Rs. 1.75 per share (June 30, 2015: Rs. 1.75 per share). The consolidated condensed interim financial statements for the half year ended June 30, 2016 do not include the effect of this appropriation and will be accounted for in the financial statements of the period of declaration.

## 25 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue on August 10, 2016 by the Board of Directors of the Bank.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman



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