

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

INNOVATIVE DIVERSIFICATION



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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
Tahir Hassan Qureshi
(CEO)

Audit Committee of Board

Zafar Iqbal
(Chairman)

Dr. Muhammad Akram Sheikh
Mubashir A. Akhtar

Human Resource & Remuneration Committee

Abdul Aziz Khan
(Chairman)

Muhammad Waseem Mukhtar
Tahir Hassan Qureshi

Company Secretary

Muhammad Raffat

Shariah Board

Mufti Ehsan Waquar Ahmed
(Chairman)

Mufti Mahmood Ahmad
Mufti Muhammad Iftikhar Baig

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Adviser

Mandviwalla & Zafar Advocates

Shares Registrar

Technology Trade (Pvt.) Limited

Registered & Head Office

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

Website & Email

www.abl.com
info@abl.com

Telephone Number

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

Social Media Links

<https://twitter.com/ablpk>
<https://www.facebook.com/alliedbankpk>
<https://www.youtube.com/user/alliedbankitd>

Vision, Mission & Core Values

Vision

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

Mission

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

Core Values

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

Director's Review

Dear Shareholders,

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

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

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

Economic Review:

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

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

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

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

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

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

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

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

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

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

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

Financial Review

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

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

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

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

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

Director's Review

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

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

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

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

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

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

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

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

Future Outlook

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

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

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

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

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

Entity Ratings

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

Corporate Governance

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

Acknowledgement

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

For and on behalf of the Board,

Tahir Hassan Qureshi
Chief Executive Officer

Date: August 17, 2017
Place: Lahore

ڈائریکٹرز جائزہ رپورٹ

محترم ممبرین ہولڈرز!

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

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

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

معاشی جائزہ:

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

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

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

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

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

تھا۔ جس میں مرکزی کردار تجارتی خسارے کا رہا جو کہ مالی سال 16-2015 کی نسبت 39 فیصد اضافے کے ساتھ مالی سال 17-2016 میں 26,885 ملین امریکی ڈالر پر رہا۔ درآمدات اس مالی سال 17-2016 میں 19 فیصد اضافے کے ساتھ 48,545 ملین امریکی ڈالر رہے۔ جبکہ برآمدات نے اپنی تیزی کے گزشتہ چار سال کے درحان کو جاری رکھا اور ایک فیصد مزید گرتے ہوئے مالی سال 17-2016 کے دوران 21,660 ملین امریکی ڈالر کی سطح پر ہیں۔

ترسیلات زرد پستورا خطاط پڈیری کا شکار رہی اور ادائیگیوں کے ناموافق توازن کو مزید سنگین بناتے ہوئے مالی سال 17-2016 میں تین فیصد کمی کے ساتھ 19,303 ملین امریکی ڈالر رہی۔ بیرونی بنیاد رکھنے والے عوامل سے متاثر، یہ کمی زیادہ تر واپس علاقوں مشرق وسطیٰ کے ممالک اور اسکے ساتھ ساتھ برطانیہ اور امریکہ سے بھی دیکھی گئی ہے۔

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

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

MSCI کی جانب سے پاکستان کی ابھرتی ہوئی نمائندوں میں شمولیت بھی پاکستان اسٹاک ایکسیچ میں غیر متوقع طور پر کوئی پیش رفت نہ لاسکی اور KSE-100 انڈیکس مئی 2017 میں 52,876 پوائنٹس کی بلند ترین سطح سے گرتے ہوئے جون 2017 میں دسمبر 2016 کی 46,565 پوائنٹس تک کی سطح تک جا پہنچا۔

اس زیر نظر ششماہی کے دوران براڈ مینی (M2) کی رسد میں 8 فیصد کا اضافہ ہوا جبکہ کرنسی کی گردش 15 فیصد کی خطرناک وسعت کے سبب 3,910 ملین روپے تک پہنچ گئی۔ بینکاری کی صنعت کے ڈیپازٹ اس ششماہی کے دوران 7 فیصد کے اضافے کے ساتھ 1,981 ملین روپے تک جا پہنچے۔ ایک طویل مدت تک یکسانیت کا شکار رہنے کے بعد نئی ششماہی کے قرضوں میں سال کے پہلے چھ ماہ کے دوران 18 فیصد کا اضافہ دیکھا گیا اور مجموعی طور پر صنعتی قرضہ جات جون 2017 کے اختتام تک 6,176 ملین روپے تک بڑھ گئے۔

صارفین کی قیمتوں کے جدول میں جون 2017 کے دوران سال بہ سال کی نسبت میں صرف 4 فیصد کا اضافہ ہوا جو کہ 6 فیصد کے مقررہ ہدف سے کافی کم تھا۔ چنانچہ ٹینک آف پاکستان نے اس زیر نظر حصے میں پالیسی ریٹ کو 5.75 فیصد کی سطح پر برقرار رکھا۔

مالیاتی جائزہ:

آپ ایک محتاط حکمت عملیوں کو اختیار کرتے ہوئے کاروباری ماحول کے کثیر پہلوؤں کو مدنظر رکھتا ہے۔ وسطی مدت میں سپر پڈز پر جاری دباؤ کے باعث بنیادی استحکام کے لئے پیدوار اور اثاثوں کی ترکیب میں تنوع اور تیلنس شیٹ کی معیاری ترقی، لاگت کی اصلاح، فیس آمدنی میں اضافہ اور صارفین کے بہتر تجربہ کے لئے ڈیجیٹل ماحول میں بتدریج فروغ جیسے عوامل شامل ہیں۔

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

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

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

ڈیویڈنڈ آمدنی کا تین سالوں میں اس زیر نظر مدت میں 1,527 ملین روپے رہا جو بینک کی اعلیٰ معیار کی سرمایہ کاری کا مظہر ہے۔ غیر ملکی کرنسیوں کے لین دین سے حاصل شدہ آمدنی پاکستانی

روپے اور امریکی ڈالر میں نسبتاً استحکام کے باوجود، اس زیر نظر مدت میں 318 بلین روپے رہی۔ جبکہ انٹرنیٹ بینک مارکیٹ میں آپ کے بینک کی مستعد کارکردگی کی بدولت اس زیر نظر عرصے میں 290 بلین روپے کا سرمایہ کاری منافع Capital Gain حاصل کیا گیا۔

آپ کے بینک نے اپنی استعداد کو مزید وسیع کرتے ہوئے جون 2016 سے اب تک 114 نئی برانچوں کا اضافہ کرتے ہوئے کل تعداد 1,165 تک پہنچ گئی جبکہ اس میں جون 2017 کے اختتام تک 183 اسلامی بینکاری کی برانچیں بھی شامل ہیں اسکے ساتھ بینک کے ڈیجیٹل اخذ کا ذرائع پر جاری ارتکاز کے باعث ATM نیٹ ورک میں انتہائی حکمت عملی کے تحت کے ATM کی تعداد ملک کی سطح پر 1,186 ہو چکی ہے جس میں 221 Off-Site ATMs بھی شامل ہیں۔

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

اپنے استطاعت کو وسعت دینے اور ٹیکنالوجی اور رسک مینجمنٹ میں جاری سرمایہ کاری کے مندرجہ بالا اقدامات کے باوجود خود کا نظام عمل اور لاگت کو مقبول بنانے کے اقدامات کے باعث بینک کے انتظامی اخراجات میں 30 جون 2017 اختتام پزیر ششماہی کے دوران محض 6 فیصد کا اضافہ ہوا۔

آپ کے بینک کا قبل ازینکس منافع اور بعد ازینکس منافع 30 جون 2017 کو اختتام پزیر ششماہی میں بالترتیب 11,269 بلین روپے اور 6,474 بلین روپے رہا جسکی بدولت EPS اور ROE بالترتیب 5.65 روپے فی حصص اور 17 فیصد ہیں۔

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

آپ کے بینک کا بنیادی ذیابازت میں اضافہ کلیدی مقصد کم لاگت کے ذیابازت کے فروخت پر انحصار کے باعث غیر منافع کرنٹ اکاؤنٹ 22 فیصد یا 55,717 بلین روپے کی نمو کے ساتھ 30 جون 2017 کو اختتام پزیر سماہی تک 306 بلین روپے کی سطح پر ریکارڈ کیا گیا۔ کل ذیابازت میں بھی اس زیر نظر مدت میں 6 فیصد کا اضافہ دیکھا گیا۔ چنگا مجموعی حجم 852,583 بلین روپے تک جا پہنچا۔

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

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

مستقبل کا نقطہ نظر:

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

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

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

ڈیپازٹ کی شرح ضمنی اضافہ ملک میں پروڈنٹی کے نمو کے ساتھ منسلک ہے۔ صنعت کے کل ڈیپازٹ میں نئی شعبے کے ڈیپازٹ کے کردار کو بڑھانے کے لئے بنیادی اصلاحات کا نافذ اور ٹیکس کی تعیل و انتظامی تمدن میں بہتری اب بھی اہم عوامل ہیں۔ الماک کی سرکاری ریٹ پر مالی تفتیش کے فروغ کے لئے اٹھائے گئے اقدامات کی وجہ سے غیر دستاویزی معیشت کو کم کرنے کے لئے مدد ملے گی۔

آپ کے بینک کی کثیر پہلو حکمت عملی ایک مشکل کاروباری ماحول میں اپنی وسعت اور ادائیگی کے متبادل ذریعوں کے فروغ، ڈیجیٹل بینکاری کی پروڈکٹس اور خدمات میں اضافہ، اپنے رسک منیجمنٹ فریم ورک کی مشیروں اور استحکام اور خود کار طریقہ کار کے ذریعے اپنی مستعد کارکردگی کے حصول کے لئے متحرک ہے۔ تاکہ بینکاری سے محروم یا بینکاری کی کم پہلوئوں سے استفادہ کرنے والی آبادی کو متوجہ اور ان کی ضروریات کو پورا کیا جاسکے۔

آپ کے بینک کی توجہ جمعی ڈیپازٹ کی ترکیب میں کم الاگت کے ڈیپازٹس میں فروغ کی جانب گامزن رہے گی۔ نئے کاروباری مواقع جن میں بینکا انٹرنس کی خدمات کی پیش کش اور مخصوص کمزور بینکاری کی پروڈکٹس کی بتدریج آمدنی کے اضافے میں اپنا کردار ادا کریں گے۔ اسلامی بینکاری کے شعبے کی ترقی اپنے محتاط پھیلاؤ کے بدولت آپ کے بینک کو ایسے مواقع سے فائدہ اٹھانے میں مدد کرے گی جو اس مخصوص شعبے میں پیدا ہوں گے۔

اینٹی ریٹینگ:

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

کارپوریٹ گورننس ریٹینگ:

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

تسلیم و تحسین

الائیڈ بینک کی جانب سے ہم اپنے قابل قدر صارفین کا شکر یہ ادا کرنا چاہتے ہیں جنہوں نے ہماری خدمات پر اعتماد کا اظہار کیا اور اپنے ملازمین کا ان کی بھرپور محنت اور لگن، اپنے شیئرز ہولڈرز کا ان کی سرپرستی و یقین اور سٹیٹ بینک آف پاکستان، سکیورٹی اینڈ اینڈ کیچھن کمیشن آف پاکستان، محمد رفیع ضوابطی اداروں کا ان کی مسلسل رہنمائی پر تہنوں سے مشکور ہیں۔

منجانب و برائے بورڈ

طاہر حسن قریشی

چیف ایگزیکٹو آفیسر

17 اگست 2017

لاہور۔

KPMG Taseer Hadi & Co.

Chartered Accountants

2nd Floor, Servis House,

2 - Main Gulberg Jail Road, Lahore, Pakistan.

Independent Auditors' Report to the members

on Review of Interim Financial Information

Introduction

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

Scope of review

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

Conclusion

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

Other matter

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

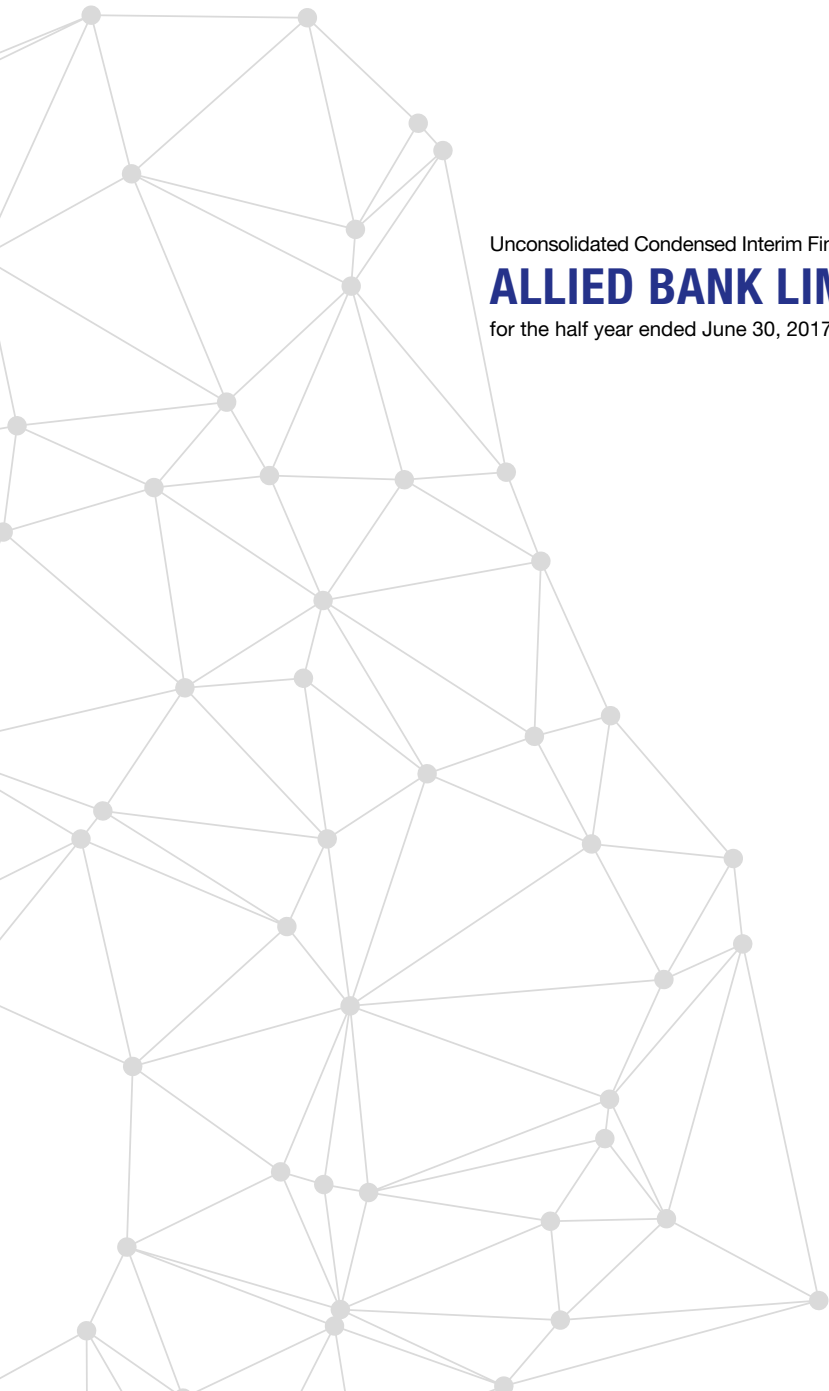
Date: August 17, 2017

Place: Lahore

KPMG Taseer Hadi & Co.

Chartered Accountants

Kamran I. Yousafi



Unconsolidated Condensed Interim Financial Statements

ALLIED BANK LIMITED

for the half year ended June 30, 2017

Unconsolidated Condensed Interim Statement of Financial Position

as at June 30, 2017

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

CONTINGENCIES AND COMMITMENTS

12

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Unconsolidated Condensed Interim Profit and Loss Account

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

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

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Unconsolidated Condensed Interim Statement of Comprehensive Income

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

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

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Unconsolidated Condensed Interim Statement of Cash Flow

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

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

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

ALLIED BANK

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Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited) for the half year ended June 30, 2017

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

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Notes to the Unconsolidated Condensed Interim Financial Statements

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

1 STATUS AND NATURE OF BUSINESS

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

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

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

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

2 STATEMENT OF COMPLIANCE

- 2.1 These unconsolidated condensed interim financial statements of the Bank have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved Accounting Standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by The Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Banking Companies Ordinance, 1962 and the directives issued by State Bank of Pakistan (SBP) & Securities and Exchange Commission of Pakistan (SECP). In case requirements of provisions and directives issued under the Banking Companies Ordinance, 1962, Companies Ordinance, 1984 and the directives issued by SBP and SECP differ from requirements of IFRSs and IFASs, the provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Ordinance, 1984 and the directives issued by SBP and SECP shall prevail. The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the SECP vide its press release dated July 20, 2017, these unconsolidated condensed interim financial statements have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.
- 2.2 The SBP, vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property (IAS 40) for banking companies till further instructions. Further, according to a notification of Securities and Exchange Commission of Pakistan (SECP) dated April 28, 2008, International Financial Reporting Standard (IFRS) 7 "Financial Instruments: Disclosure" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements. However, investments have been classified and disclosed in accordance with the requirements prescribed by SBP through various circulars.
- 2.3 These unconsolidated condensed interim financial statements represent the separate standalone condensed interim financial statements of the Bank. The consolidated condensed interim financial statements of the Bank and its subsidiary company are presented separately.
- 2.4 IFRS 8 'Operating Segments' is effective for the Bank's accounting period beginning on or after January 1, 2009. All banking companies in Pakistan are required to prepare their annual financial statements in line with the format prescribed under BSD Circular No. 4 dated February 17, 2006, 'Revised Forms of Annual Financial Statements', effective from the accounting year ended December 31, 2006. The management of the Bank believes that as the SBP has defined the segment categorization in the above mentioned circular, the SBP requirements prevail over the requirements specified in IFRS 8. Accordingly, segment information disclosed in these unconsolidated financial statements is based on the requirements laid down by SBP.
- 2.5 The Securities and Exchange Commission of Pakistan (SECP) vide SRO 56 (1) / 2016 dated 28 January 2016, has notified that the requirements of IFRS10 (Consolidated Financial Statements) and section 237 of the Companies Ordinance 1984 will not be applicable with respect to the investment in mutual funds established under trust structure.

Notes to the Unconsolidated Condensed Interim Financial Statements

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

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

3 BASIS OF MEASUREMENT

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

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

4 BASIS OF PRESENTATION

- 4.1 The disclosures included in these unconsolidated condensed interim financial statements are limited based on the format prescribed by the State Bank of Pakistan, vide BSD Circular Letter No. 2 dated May 12, 2004, vide BSD Circular Letter No. 7 dated April 20, 2010 and International Accounting Standard 34, Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and these unconsolidated condensed interim financial statements should be read in conjunction with the unconsolidated financial statements of the Bank for the year ended December 31, 2016.
- 4.2 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these unconsolidated financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.
- 4.3 The financial results of the Islamic Banking branches have been consolidated in these financial statements for reporting purposes. Key financial figures of the Islamic Banking branches are disclosed in Note 20 to these unconsolidated condensed interim financial statements.
- 4.4 The Bank has adopted the following amendments and annual improvements to IFRSs, which became effective for the current period:
- Amendments to IAS 12 'Income Taxes'
 - Amendments to IAS 7 'Statement of Cash Flows'
 - Amendments to IFRS 12 'Disclosure of Interests in Other Entities'

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

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

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

Notes to the Unconsolidated Condensed Interim Financial Statements

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

- The Companies Act, 2017 was enacted on 30 May 2017 and SECP vide its circular no. 17 of 2017 has clarified that the companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984; and
- The Companies Act, 2017 applicable for financial year ending after 30 June 2017 requires certain additional disclosures and Section 235 of the repealed Companies Ordinance, 1984 relating to treatment of surplus arising out of revaluation of assets has not been carried forward in the Companies Act, 2017. This would require change in accounting policy relating to surplus on revaluation of fixed assets to bring it in line with the requirements of IAS 16 – Property, plant and equipment. The effects of changes are currently being worked out by the management.

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

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

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

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

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

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

7 INVESTMENTS

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

Notes to the Unconsolidated Condensed Interim Financial Statements

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

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

Notes to the Unconsolidated Condensed Interim Financial Statements

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

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

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

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

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

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

Notes to the Unconsolidated Condensed Interim Financial Statements

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

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

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

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

	Un-audited	Audited
	June 30, 2017	December 31, 2016
Rupees in '000		
9 BORROWINGS		
Details of borrowings (Secured / Unsecured)		
Secured		
Borrowings from State Bank of Pakistan	21,293,943	17,500,610
Repurchase agreement borrowings	77,381,499	78,903,484
Unsecured		
Call borrowings	22,089,948	29,873,171
Overdrawn nostro accounts	225,747	63,459
Other borrowings	17,059	28,151
	22,332,754	29,964,781
	121,008,196	126,368,875

10 DEPOSITS AND OTHER ACCOUNTS

Customers		
Fixed deposits	174,361,200	176,919,972
Savings deposits	217,554,821	212,372,097
Current accounts - remunerative	98,048,469	97,923,756
Current accounts - non - remunerative	293,777,591	248,775,260
	783,742,081	735,991,085
Financial Institutions		
Remunerative deposits	57,543,392	63,861,798
Non - remunerative deposits	11,297,883	5,257,951
	852,583,356	805,110,834

Notes to the Unconsolidated Condensed Interim Financial Statements

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

11 SHARE CAPITAL

11.1 Authorised capital

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

11.2 Issued, subscribed and paid-up capital

Fully paid-up Ordinary shares of Rs. 10 each								
Un-audited June 30, 2017		Audited December 31, 2016			Un-audited June 30, 2017		Audited December 31, 2016	
No. of shares					Rupees in '000			
406,780,094	406,780,094	Fully paid in cash		4,067,801		4,067,801		
720,745,186	720,745,186	Issued as bonus shares		7,207,452		7,207,452		
1,127,525,280	1,127,525,280			11,275,253		11,275,253		
		18,348,550 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation in accordance with the swap ratio stipulated therein less 9,200,000 Ordinary shares of Rs. 10 each, held by Ibrahim Leasing Limited on the cut-off date (September 30, 2004).		91,486		91,486		
		8,400,000 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		
9,148,550	9,148,550							
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 Holdings (Private) Limited (holding company of the Bank) held 965,879,110 (84.35%) [December 31, 2016: 965,879,110 (84.35%)] Ordinary shares of Rs. 10 each, as at reporting date.

Notes to the Unconsolidated Condensed Interim Financial Statements

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

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

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

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

12.9 Other Contingencies

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

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

Notes to the Unconsolidated Condensed Interim Financial Statements

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

	Half year Ended		Quarter Ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Rupees in '000				
13 MARK-UP / RETURN / INTEREST EARNED				
On loans and advances:				
Customers	11,047,198	10,630,559	5,913,213	5,671,206
On investments in:				
'Available-for-sale' securities	17,442,079	13,160,713	8,723,626	6,552,082
'Held-to-maturity' securities	3,451,867	10,380,317	1,749,087	5,158,766
'Held-for-trading' securities	230,585	324,280	146,811	60,138
	21,124,531	23,865,310	10,619,524	11,770,986
On deposits with financial institutions	7,837	4,964	359	3,551
On securities purchased under resale agreements	108,916	57,923	54,638	34,707
On certificates of investment	1,899	-	1,899	-
On call money lending	52,722	12,541	10,993	2,734
On musharaka lending	9,238	9,566	6,075	6,900
On mudaraba lending	5,232	-	5,232	-
On wakala lending	4,189	16,001	3,466	3,765
On Bai Muajjal	296	-	296	-
	32,362,058	34,596,864	16,615,695	17,493,849

14 MARK-UP / RETURN / INTEREST EXPENSED

Deposits	11,480,960	11,802,457	5,763,096	5,784,190
Long term borrowing	133,109	123,102	70,806	59,403
Securities sold under repurchase agreements	3,219,546	3,526,591	1,896,488	1,577,488
Call money borrowing	493,513	342,733	238,655	182,144
Brokerage and commission	74,029	95,849	44,496	53,719
Other short term borrowings	666,887	1,001,504	307,407	630,051
	16,068,044	16,892,236	8,320,948	8,286,995

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

	Half year Ended		Quarter Ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Rupees in '000				

16 EARNINGS PER SHARE - BASIC AND DILUTED

Profit after taxation for the period	6,474,085	8,601,440	2,872,203	3,813,788
Number of Share				
Weighted average number of ordinary shares outstanding during the period.	1,145,073,830	1,145,073,830	1,145,073,830	1,145,073,830
Rupees				
Earnings per share - basic and diluted for the period	5.65	7.51	2.51	3.33

There is no dilution effect on basic earnings per share.

Notes to the Unconsolidated Condensed Interim Financial Statements

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

18 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

	June 30, 2017 (Un-audited)			December 31, 2016 (Audited)				
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Rupees in '000								
On balance sheet financial instruments:								
Financial assets measured at fair value								
Held-for-trading securities:								
Market Treasury Bills	-	1,600	-	1,600	-	101,819	-	101,819
Pakistan Investment Bonds	-	1,600	-	1,600	-	101,819	-	101,819
Available-for-sale securities:								
Market Treasury Bills	-	182,338,652	-	182,338,652	-	226,247,239	-	226,247,239
Pakistan Investment Bonds	-	209,353,376	-	209,353,376	-	203,520,070	-	203,520,070
Ordinary shares of listed companies / " certificates of close-ended mutual funds"	37,926,408	-	-	37,926,408	42,084,599	-	-	42,084,599
Ordinary shares of unlisted companies	-	3,492,550	-	3,492,550	-	-	3,448,081	3,448,081
Sukuk Bonds	15,222,107	4,997,648	-	20,219,755	13,906,369	5,117,620	5,151,607	18,457,976
Foreign Currency Bonds (US\$)	5,426,359	2,336,714	1,915,511	9,678,584	5,177,620	-	2,003,063	5,177,620
Term Finance Certificates	37,926,408	414,677,208	10,405,709	463,009,325	42,084,599	450,605,167	10,602,751	503,292,517
Non-financial assets measured at fair value								
Operating fixed assets	-	24,319,549	-	24,319,549	-	22,914,819	-	22,914,819
Non banking assets	-	3,499,900	-	3,499,900	-	3,476,351	-	3,476,351
	-	27,819,449	-	27,819,449	-	26,391,170	-	26,391,170
Off-balance sheet financial instruments:								
Foreign exchange contracts - Purchase	-	76,456,008	-	76,456,008	-	63,017,979	-	63,017,979
Foreign exchange contracts - Sale	-	39,861,322	-	39,861,322	-	38,469,943	-	38,469,943
	-	116,317,330	-	116,317,330	-	101,487,922	-	101,487,922

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

Notes to the Unconsolidated Condensed Interim Financial Statements

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

19 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

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

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

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

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

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2017

20 ISLAMIC BANKING BUSINESS

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

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

Notes to the Unconsolidated Condensed Interim Financial Statements

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

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

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

21 GENERAL

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

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

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

22 DATE OF AUTHORIZATION FOR ISSUE

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

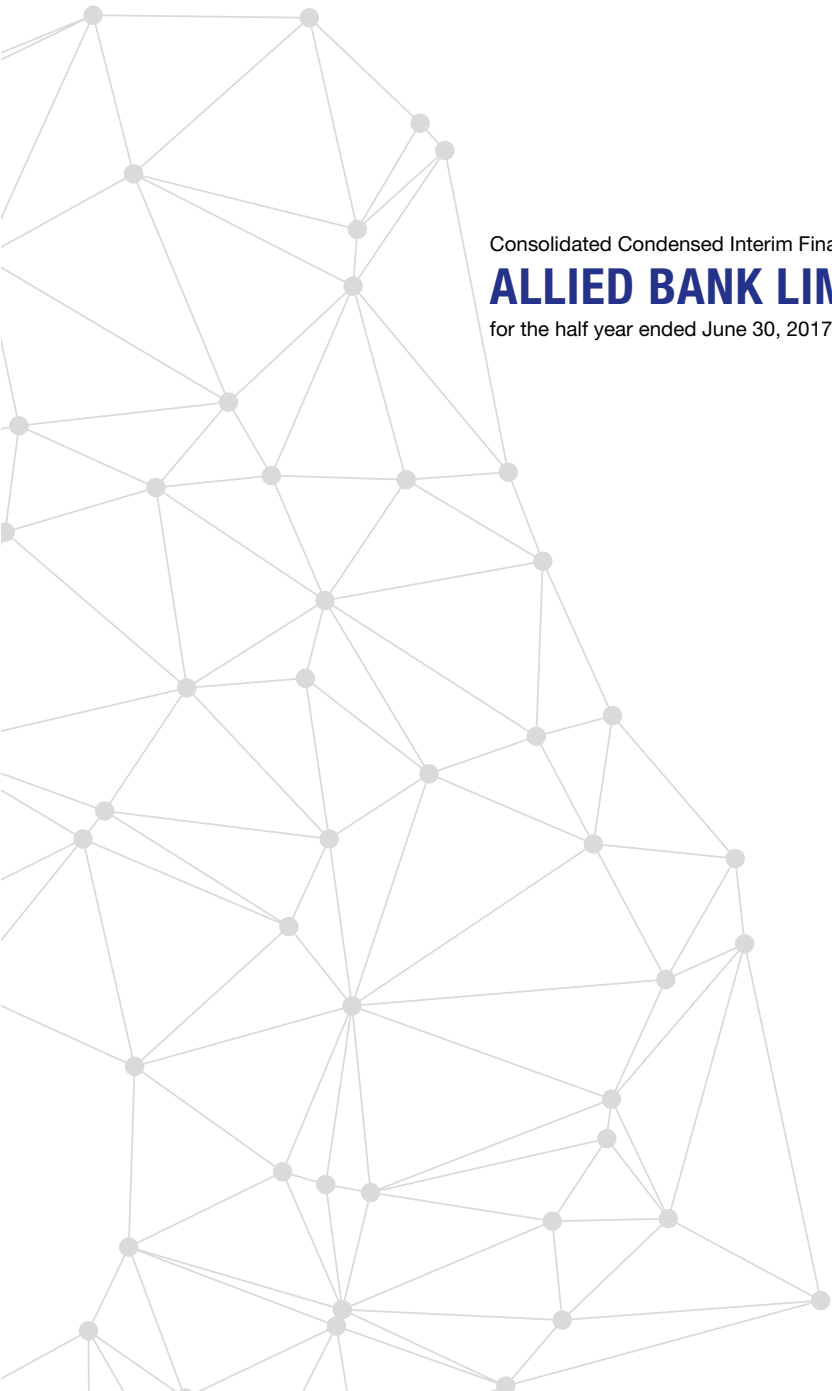
Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman



Consolidated Condensed Interim Financial Statements

ALLIED BANK LIMITED

for the half year ended June 30, 2017

Consolidated Condensed Interim Statement of Financial Position

as at June 30, 2017

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

CONTINGENCIES AND COMMITMENTS

12

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Consolidated Condensed Interim Profit and Loss Account

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

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

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Consolidated Condensed Interim Statement of Comprehensive Income

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

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

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Consolidated Condensed Interim Statement of Cash Flow

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

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

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

ALLIED BANK

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Consolidated Condensed Interim Statement of Changes in Equity

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

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

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Notes to the Consolidated Condensed Interim Financial Statements

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

1 STATUS AND NATURE OF BUSINESS

The "Group" consists of:

Holding Company

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

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

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

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

Subsidiary Company

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

ABL Asset Management company is managing following funds:

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

2 STATEMENT OF COMPLIANCE

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

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

Notes to the Consolidated Condensed Interim Financial Statements

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

- 2.3 IFRS 8 'Operating Segments' is effective for the Bank's accounting period beginning on or after January 1, 2009. All banking companies in Pakistan are required to prepare their annual financial statements in line with the format prescribed under BSD Circular No. 4 dated February 17, 2006, 'Revised Forms of Annual Financial Statements', effective from the accounting year ended December 31, 2006. The management of the Bank believes that as the SBP has defined the segment categorisation in the above mentioned circular, the SBP requirements prevail over the requirements specified in IFRS 8. Accordingly, segment information disclosed in these consolidated financial statements is based on the requirements laid down by SBP.
- 2.4 The Securities and Exchange Commission of Pakistan (SECP) vide SRO 56 (1) / 2016 dated 28 January 2016, has notified that the requirements of IFRS-10 (Consolidated Financial Statements) and section 237 of the Companies Ordinance 1984 will not be applicable with respect to the investment in mutual funds established under Trust structure.
- 2.5 The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred applicability of Islamic Financial Accounting Standard-3 for Profit & Loss Sharing on Deposits (IFAS-3) issued by the Institute of Chartered Accountants of Pakistan and notified by the Securities & Exchange Commission of Pakistan (SECP), vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IFIS). The standard will result in certain new disclosures in the financial statements of the Bank.

3 BASIS OF MEASUREMENT

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

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

4 BASIS OF PRESENTATION

- 4.1 The disclosures included in these consolidated condensed interim financial statements are limited based on the format prescribed by the State Bank of Pakistan, vide BSD Circular Letter No. 2 dated May 12, 2004, vide BSD Circular Letter No. 7 dated April 20, 2010 and International Accounting Standard 34, Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and these consolidated condensed interim financial statements should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2016.
- 4.2 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these consolidated financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.
- 4.3 The financial results of the Islamic Banking branches have been consolidated in these financial statements for reporting purposes. Key financial figures of the Islamic Banking branches are same as disclosed in Note 20 to the unconsolidated condensed interim financial statements.
- 4.4 The Group has adopted the following amendments and annual improvements to IFRSs, which became effective for the current period:
- Amendments to IAS 12 'Income Taxes'
 - Amendments to IAS 7 'Statement of Cash Flows'
 - Amendments to IFRS 12 'Disclosure of Interests in Other Entities'

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

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

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

Notes to the Consolidated Condensed Interim Financial Statements

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

- The Companies Act, 2017 was enacted on 30 May 2017 and SECP vide its circular 17 of 2017 has clarified that the companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.
- The Companies Act, 2017 applicable for financial year ending after 30 June 2017 requires certain additional disclosures and Section 235 of the repealed Companies Ordinance, 1984 relating to treatment of surplus arising out of revaluation of assets has not been carried forward in the Companies Act, 2017. This would require change in accounting policy relating to surplus on revaluation of fixed assets to bring it in line with the requirements of IAS 16 – Property, plant and equipment. The effects of changes are currently being worked out by the management.

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

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

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

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

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

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

7 INVESTMENTS

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

Notes to the Consolidated Condensed Interim Financial Statements

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

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

Notes to the Consolidated Condensed Interim Financial Statements

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

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

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

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

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

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

Notes to the Consolidated Condensed Interim Financial Statements

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

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

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

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

	Un-audited June 30, 2017	Audited December 31, 2016
Rupees in '000		

9 BORROWINGS

Details of borrowings (Secured / Unsecured)

Secured

Borrowings from State Bank of Pakistan	21,293,943	17,500,610
Repurchase agreement borrowings	77,381,499	78,903,484

Unsecured

Call borrowings	22,089,948	29,873,171
Overdrawn nostro accounts	225,747	63,459
Other borrowings	17,059	28,151
	22,332,754	29,964,781
	121,008,196	126,368,875

10 DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits	174,361,200	176,919,971
Savings deposits	217,554,821	212,372,097
Current accounts - remunerative	98,048,469	97,923,755
Current accounts - non - remunerative	293,777,591	248,775,261
	783,742,081	735,991,084

Financial Institutions

Remunerative deposits	57,506,659	63,841,039
Non - remunerative deposits	11,297,883	5,257,951
	852,546,623	805,090,074

Notes to the Consolidated Condensed Interim Financial Statements

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

11 SHARE CAPITAL

11.1 Authorised capital

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

11.2 Issued, subscribed and paid-up capital

Fully paid-up Ordinary shares of Rs. 10 each								
Un-audited June 30, 2017		Audited December 31, 2016			Un-audited June 30, 2017		Audited December 31, 2016	
No. of shares					Rupees in '000			
406,780,094	406,780,094	Fully paid in cash		4,067,801		4,067,801		
720,745,186	720,745,186	Issued as bonus shares		7,207,452		7,207,452		
1,127,525,280	1,127,525,280			11,275,253		11,275,253		
		18,348,550 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation in accordance with the swap ratio stipulated therein less 9,200,000 Ordinary shares of Rs. 10 each, held by Ibrahim Leasing Limited on the cut-off date (September 30, 2004).		91,486		91,486		
		8,400,000 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		
9,148,550	9,148,550							
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 Holdings (Private) Limited (holding company of the Bank) held 965,879,110 (84.35%) [December 31, 2016: 965,879,110 (84.35%)] Ordinary shares of Rs. 10 each, as at reporting date.

Notes to the Consolidated Condensed Interim Financial Statements

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

	Un-audited June 30, 2017	Audited December 31, 2016
Rupees in '000		
12 CONTINGENCIES AND COMMITMENTS		
12.1 Direct credit substitutes		
Guarantees in favour of:		
Banks and financial institutions	5,182,891	5,397,846
12.2 Transaction-related contingent liabilities		
Guarantees in favour of:		
Government	388,631	341,738
Others	19,422,498	20,555,816
	19,811,129	20,897,554
12.3 Trade-related contingent liabilities	60,874,763	65,473,604
12.4 Claims against the Bank not acknowledged as debt	9,124,392	6,815,687
12.5 The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.		
	Un-audited June 30, 2017	Audited December 31, 2016
Rupees in '000		
12.6 Commitments in respect of foreign exchange contracts:		
Purchase	76,456,008	63,017,979
Sale	39,861,322	38,469,943
12.7 Commitments in respect of:		
Civil works	1,327,193	704,903
Acquisition of operating fixed assets	752,142	885,447
	2,079,335	1,590,350
12.8 Commitments in respect of operating lease	6,241,395	6,062,254
12.9 Other Commitments	61,551	61,551
12.10 Other Contingencies		

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

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

Notes to the Consolidated Condensed Interim Financial Statements

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

	Half year Ended		Quarter Ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Rupees in '000				
13 MARK-UP / RETURN / INTEREST EARNED				
On loans and advances:				
Customers	11,047,967	10,631,299	5,913,599	5,671,572
On investments in:				
'Available-for-sale' securities	17,442,079	13,160,713	8,723,626	6,552,082
'Held-to-maturity' securities	3,451,867	10,380,316	1,749,087	5,158,765
'Held-for-trading' securities	231,281	325,254	146,812	60,796
	21,125,227	23,866,283	10,619,525	11,771,643
On deposits with financial institutions	7,825	4,965	347	3,552
On securities purchased under resale agreements	108,916	57,923	54,638	34,707
On certificates of investment	1,899	-	1,899	-
On call money lending	52,722	38,108	10,993	13,399
On musharaka lending	9,238	-	6,075	-
On mudaraba lending	5,232	-	5,232	-
On wakala lending	4,189	-	3,466	-
On Bai Muajjal	296	-	296	-
	32,363,511	34,598,578	16,616,070	17,494,873

14 MARK-UP / RETURN / INTEREST EXPENSED

Deposits	11,480,395	11,801,642	5,762,830	5,783,929
Long term borrowing	133,109	123,102	70,806	59,403
Securities sold under repurchase agreements	3,219,546	3,526,591	1,896,488	1,577,488
Call money borrowing	493,513	342,733	238,655	182,144
Brokerage and commission	74,029	92,129	44,496	51,760
Other short term borrowings	666,887	1,001,504	307,407	630,051
	16,067,479	16,887,701	8,320,682	8,284,775

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

	Half year Ended		Quarter Ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Rupees in '000				

16 EARNINGS PER SHARE - BASIC AND DILUTED

Profit after taxation for the period	6,595,098	8,678,387	2,922,420	3,863,250
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Number of Share

Weighted average number of ordinary shares outstanding during the period.	1,145,073,830	1,145,073,830	1,145,073,830	1,145,073,830
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Rupees

Earnings per share - basic and diluted for the period	5.76	7.58	2.55	3.37
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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, 2017

18 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

	June 30, 2017 (Un-audited)			December 31, 2016 (Audited)				
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Rupees in '000								
On balance sheet financial instruments:								
Financial assets measured at fair value								
Held-for-trading securities:								
Market Treasury Bills	-	1,600	-	1,600	-	-	-	-
Pakistan Investment Bonds	-	1,657,575	-	1,657,575	-	101,819	-	101,819
Units of open-ended mutual funds	-	-	-	-	-	1,520,077	-	1,520,077
Sukuk Bonds	-	-	-	-	-	40,347	-	40,347
	-	1,659,175	-	1,659,175	-	1,662,243	-	1,662,243
Available - for-sale securities:								
Market Treasury Bills	-	182,338,652	-	182,338,652	-	226,247,239	-	226,247,239
Pakistan Investment Bonds	-	209,353,376	-	209,353,376	-	203,520,070	-	203,520,070
Ordinary shares of listed companies / certificates of close-ended mutual funds*	37,926,408	-	-	37,926,408	42,084,599	-	-	42,084,599
Ordinary shares of unlisted companies	-	-	3,492,550	3,492,550	-	-	3,446,081	3,446,081
Sukuk Bonds	-	15,222,107	4,897,648	20,219,755	-	13,306,369	5,151,607	18,457,976
Foreign Currency Bonds (US\$)	-	5,426,359	-	5,426,359	-	5,177,620	-	5,177,620
Term Finance Certificates	-	2,336,714	1,915,511	4,252,225	-	2,353,869	2,003,063	4,356,932
	37,926,408	414,677,208	10,405,709	463,009,325	42,084,599	450,605,167	10,602,751	503,292,517
Non - financial assets measured at fair value								
Operating fixed assets	-	24,319,549	-	24,319,549	-	22,914,819	-	22,914,819
Non banking assets	-	3,499,900	-	3,499,900	-	3,476,351	-	3,476,351
	-	27,819,449	-	27,819,449	-	26,391,170	-	26,391,170
Off-balance sheet financial instruments:								
Foreign exchange contracts - Purchase	-	76,456,008	-	76,456,008	-	63,017,979	-	63,017,979
Foreign exchange contracts - Sale	-	39,861,322	-	39,861,322	-	38,469,943	-	38,469,943
	-	116,317,330	-	116,317,330	-	101,487,922	-	101,487,922

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

Notes to the Consolidated Condensed Interim Financial Statements

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

19 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

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

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

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

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

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2017

20 GENERAL

- 20.1 Figures have been rounded off to the nearest thousand rupees.
- 20.2 Corresponding figures have been re-arranged and reclassified to reflect more appropriate presentation of transactions for the purpose of comparison. However, no significant reclassifications have been made in these consolidated condensed interim financial statements.
- 20.3 The Board of Directors of the Bank in its meeting held on August 17, 2017 has approved interim cash dividend for the half year ended June 30, 2017 at Rs. 1.75 per share (June 30, 2016: Rs. 1.75 per share). The consolidated condensed interim financial statements for the half year ended June 30, 2017 do not include the effect of this appropriation and will be accounted for in the financial statements of the period of declaration.

21 DATE OF AUTHORIZATION FOR ISSUE

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman



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VANTAGE