



آپ کے دل میں بہارا اکاؤنٹ

Condensed Interim Financial Statements
for the half year ended June 30, 2014

 **Allied Bank**

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Corporate Information

Board of Directors

Mohammad Naeem Mukhtar
(Chairman)

Sheikh Mukhtar Ahmad
Muhammad Waseem Mukhtar
Abdul Aziz Khan
Mubashir A. Akhtar
Pervaiz Iqbal Butt
A. Akbar Sharifzada
Sheikh Jalees Ahmed
Tariq Mahmood

Audit Committee of Board

Mubashir A. Akhtar
(Chairman)

Pervaiz Iqbal Butt
A. Akbar Sharifzada

Human Resource & Remuneration Committee

Abdul Aziz Khan
(Chairman)

Muhammad Waseem Mukhtar
Pervaiz Iqbal Butt
Tariq Mahmood

Company Secretary

Muhammad Raffat

Auditors

Ernst & Young Ford Rhodes
Sidat Hyder
Chartered Accountants

Legal Adviser

Mandviwalla & Zafar Advocates

Shares Registrar

Technology Trade (Pvt.) Limited

Registered & Head Office

3 Tipu Block,
New Garden Town
Lahore - Pakistan
(92-42) 35880043
Postal Code 54000

Website & Email

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info@abl.com
U.A.N Number
(+9242) 111-110-110

Vision, Mission & Core Values

Vision

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

Mission

To provide value added services to our customers

To provide high tech innovative solutions to meet customers' requirements

To create sustainable value through growth, efficiency and diversity for all stakeholders

To provide a challenging work environment and reward dedicated team members according to their abilities and performance

To play a proactive role in contributing towards the society

Core Values

Integrity

Excellence in Service

High Performance

Innovation and Growth

Directors' Review

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present the financial results of Your Bank for the half year ended June 30, 2014:

Financial Highlights

	(Rupees in million)		Growth
	Half year ended June 30,		
	2014	2013	
Profit After Tax	7,103	5,527	28.5%
Un-appropriated profits brought forward	30,856	23,687	30.3%
Transfer from surplus on revaluation of fixed assets – net of tax	11	41	(73.2%)
Profit available for appropriation	37,970	29,255	29.8%
Final cash dividend for the year ended December 31, 2013 at Rs.1.5 per share (2013: year ended December 31, 2012 at Rs. 2 per share)	(1,562)	(1,893)	(17.5%)
Interim Cash Dividend for the year ending December 31, 2014 at Rs 1.25 per share (2013: interim dividend for the year ended December 31, 2013 at Rs 1.25 per share)	(1,431)	(1,301)	10.0%
Transfer from un-appropriated profit for issue of bonus shares for the year ended December 31, 2013 @ 10% (2013: year ended December 31, 2012 @ 10%)	(707)	(946)	(25.3%)
Transfer to Statutory Reserves	(710)	(553)	28.4%
Un-appropriated profits carried forward	33,560	24,562	36.6%
Earnings Per Share (EPS) (Rs.)	6.20	4.83	28.5%

The Board is pleased to announce second interim cash dividend of Rs. 1.50 per share in addition to first cash dividend of Rs. 1.25 per share, which has already been paid. Interim Cash Dividend for half year ended June 30, 2014 is Rs. 2.75 per share (June 30, 2013: Rs. 2.50 per share).

Economic Review

Pakistan's economic indicators have started showing signs of revival after years of depressed growth. Manifestations of gradually changing market sentiments can be witnessed in the rebound in real GDP growth; the rise in private sector credit; a contained fiscal deficit; the subdued inflation outlook; the increase in FX reserves; the appreciation, subsequent stability in the exchange rate; and the historic rise in benchmark KSE-100 index above the 30,000 level. Moody's acknowledging the positive economic fundamentals, has also recently revised the outlook on Pakistan's foreign currency government bond rating to 'stable' from 'negative'. These signs of improvements though should not discount the challenges faced by the economy; and efforts for much needed structural reforms remain critical for long term sustainable growth.

The Government's external inflows, anticipated for many years, specifically from auction of 3G / 4G licenses fetching US\$1,113 million; inflows of US\$2,000 million through successful floatation of Eurobonds against target of US\$500 million; receipt of US\$ 725 million against Coalition Support Fund (CSF); program loans from the IFIs; US\$1,500 million grant from a friendly country have significantly improved the outlook of the country's external sector. The country also received a record US\$15,832 million in remittances from overseas Pakistanis in fiscal year

2013-14, an increase of 13.7 per cent over the previous year. Further, in view of keeping on track with the structural benchmarks of the Extended Funding Facility (EFF) of International Monetary Fund (IMF), resumption of program loans from the Asian Development Bank and World Bank has been witnessed after many years. These loans should help push reforms in the power sector, education, social services and overall economic development. The foreign exchange inflows not only stabilized the exchange rate, but have substantially increased SBP's FX reserves to US\$ 9.0 billion as at end-June 14, compared to only US\$ 3.5 billion as at end-December 13 providing some level of comfort for both domestic and foreign investment.

The real GDP growth of 4.1 percent during FY14, highest in the past five years, was driven primarily by the industrial sector, which grew by 5.8 percent in FY14, compared with an average growth of only 1.3 percent since FY08 whereas services and agriculture sector also grew by 4.3 percent and 2.1 percent, respectively.

The Government still needs to aggressively pursue enhancement in power generation capacity in the country while simultaneously reduce line losses due to theft and non-payments of bills and to also restructure GENCOS / DISCOS. Circular debt issue, partially settled in FY-13, has again risen to approximately Rs. 300 billion.

Average inflation during FY14 was recorded at 8.6 percent despite reduction in subsidies in the early part of FY14. Ignoring the seasonal and supply-driven volatility of food prices, the stability of PKR parity, stable international oil prices, and softer global commodity prices should contain inflationary expectations, going forward.

Monetary policy has been tight since September 2013 (there were two consecutive 50 bps increases in the policy rate in September 2013 and November 2013), which has also helped cap inflation. SBP's policy rate has been kept unchanged since then, keeping in mind the stability of key macroeconomic variables, in particular the sustainability of recent improvements in the external sector. The fiscal deficit during the first nine months of FY14 was recorded at 3.2 percent of GDP, which is significantly lower than the average gap of 4.6 percent posted in the last five years. Although efforts towards fiscal consolidation can be seen on the expenditure side tax mobilization still remains lackluster with total collections of just Rs. 1,575 billion during the period July-Mar14, against a revised target of Rs. 2,275 billion for FY14.

Overall M2 growth during FY-14 aggregated to 12.19 percent compared to 15.91 percent during FY-13. This slowdown came primarily from a decline in government borrowing to Rs 436.9 billion during Jul-Mar FY14, compared with Rs. 856.7 billion during the same period in FY13. The private sector credit recorded a healthy growth of 10 percent during the period. This broad-based increase encompassed financing of external trade activities; working capital; fixed investment and consumer financing. The total advances of schedule banks increased from Rs. 3,868 billion at end-June 13 to Rs. 4,285 billion at end-June 14 whereas the total deposits also grew from Rs. 7,316 billion at end-June13 to Rs. 8,082 billion at end-June 14, increasing by 10%. On the other hand, the total investments of scheduled banks increased by just 5.6% from Rs. 4,128 billion in June 13 to Rs. 4,360 billion in June 14. Market expectations of stable interest rates in short to medium term without any further monetary tightening, encouraged Banks to significantly increase their higher yielding/long term PIB holdings duly facilitated by Government as well which borrowed more than its pre-announced targets for PIBs.

Financial Review

The economic outlook is showing signs of recovery. However, this remains a slow process and the operating environment remained challenging during the half year ended June 2014. Your Bank persisted with its strategy of steady growth while continuously augmenting the risk management function to ensure maintenance of high asset quality. Simultaneously focus remained on deposit mobilization with concentration towards low cost deposits, continuous optimization of operational efficiencies through enhanced focus on technology based solutions, and expansion of Branch network.

Directors' Review

Under the challenging operating environments Profit Before Tax of Your Bank increased by 36.8% to reach Rs. 10,777 million during the half year ended June 30, 2014 as compared to Rs. 7,878 million in the corresponding period of previous year. Profit after Tax rose by 28.5% to Rs. 7,103 million compared to Rs. 5,527 million in the corresponding period of previous year. As a result, the EPS of Your Bank increased to Rs. 6.20 per share during the half year ended June 30, 2014 compared to Rs. 4.83 per share in the corresponding period of previous year. The ROE and ROA of the Bank remained stable at 25.5% and 1.8% during the half year ended June 30, 2014 compared to 24.1% and 1.7% in the corresponding period last year.

Despite regulatory changes in PLS Saving deposits' profit payment methodology and rate capping by the SBP, Net Mark-up/Interest Income during the half year ended June 30, 2014 witnessed an increase of 23.8% or Rs. 2,472 million to reach Rs. 12,861 million compared to Rs. 10,390 million in corresponding period of previous year attributable mainly to the two pronged strategy i.e. growth and diversification in earning asset mix. The effective risk management framework is yielding results and accordingly the net provision charge reduced to Rs. 2 million during half year ended June 30, 2014 compared to a net provision charge of Rs. 31 million in the corresponding period of previous year.

Non-Markup/Interest Income during the half year ended June 30, 2014 increased by Rs. 1,265 million or 25.8% as compared to the corresponding period of previous year. The increase was mainly attributed to rise in capital gains, dividend income and fee income which increased by Rs. 786 million, Rs. 450 million and Rs. 109 million respectively. The Bank has recognized compensation on delayed tax refunds aggregating to Rs. 908 million during the half year ended June 30, 2014 in comparison with Rs. 1,066 million recognized in the corresponding period of previous year.

Keeping in view of the prevailing inflation and continuous network expansion, the administrative expenses increased by 9.6% to reach Rs. 7,873 million for the half year ended June 30, 2014 as compared to Rs. 7,186 million in the corresponding period of the previous year.

The deposits of Your Bank increased to Rs. 645,872 million in comparison with Rs. 608,411 million as at December 31, 2013 and Rs. 570,221 million as at June 30, 2013 respectively. Net Investments stood at Rs. 395,621 million as at June 30, 2014 in comparison with Rs. 363,379 million as at December 31, 2013. While the Net Advances increased to Rs. 285,501 million from Rs. 267,001 million at December 31, 2013. Your Bank has adequately provided for the Non-Performing Advances with provision coverage remaining high at 93.2% as at June 30, 2014. No FSV benefit has been taken while determining the provision against Non-Performing Advances as allowed under BSD Circular No. 02 of 2010 dated June 03, 2010. Total assets of Your Bank stood at Rs. 807,767 million as at June 30, 2014 while the Equity of the Bank as at June 30, 2014 stood at Rs. 70,981 million.

Future Outlook

While acknowledging the noticeable improvement in business sentiments, structural issues continue to hinder Pakistan's economic growth. Policy makers need to formulate an Industrial Policy that prioritizes production efficiency and job creation; restructure loss-making PSEs (especially in the power and transportation sectors); and create a skilled labor force that meets the current and potential needs of the manufacturing sector. Resolution of the long standing crisis in energy sector and law and order situation would enable in the creation of an investor friendly environment that will absorb the growing job-seekers within the population. Furthermore, tax-to-GDP ratio has to be increased on no choice basis through elimination of tax exemptions; and equitable expansion in the overall tax base.

Your Bank has adopted a customer-centric and technology focused strategy to take advantage of the changing market dynamics. This evolving strategy enables Your Bank to remain close to customers and create value for shareholders while remaining a contributing member of the community fully cognizant of social responsibilities. The continuous improvement in Assets quality and Deposit mix, provision of diversified Product and Services, expansion in service

delivery channels and outreach across the country and leveraging technology will remain the key strategic areas of focus, going forward. The recently started Islamic Banking operations are also expected to further diversify and gradually enhance the revenue streams of Your Bank.

Entity & TFC Ratings

Allied Bank has long-term and short-term entity ratings of AA+(Double A plus) and A1+ (A One Plus), respectively, assigned by The Pakistan Credit Rating Agency (PACRA). The ratings represent very high credit quality. The rating of TFC Issue of Rs. 3,000 million (Issue Date: August 28, 2009) by PACRA is AA (Double A). The ratings denote very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments. Meanwhile, the rating of Bank's earlier TFC Issue of Rs. 2,500 million (Issue Date: December 06, 2006) is also AA (Double A) assigned by JCR-VIS Credit Rating Company (JCR-VIS).

Corporate Governance Rating

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

Best Investment Bank Award - Euromoney

Your Bank has won the Best Investment Bank of the Year award – Pakistan from Euromoney, the world leading financial markets' magazine.

Acknowledgement

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

For and on behalf of the Board,

Tariq Mahmood

Chief Executive Officer

Date: August 5th, 2014

Place: Lahore

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 2014 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of cash flows, unconsolidated condensed interim statement of changes in equity and explanatory notes (here-in-after referred to as "interim financial information") for the half year then ended. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with approved accounting standards as 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 consist 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 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures of the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income for the quarters ended 30 June 2014 and 2013 have not been reviewed and we do not express a conclusion on them, as we are required to review only the cumulative figures for the half year ended 30 June 2014.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants

Engagement Partner:

Naseem Akbar

Date : August 05, 2014

Place : Lahore

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

	Note	Un-audited June 30, 2014	Audited December 31, 2013
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		54,246,950	44,673,079
Balances with other banks		1,238,278	1,102,231
Lendings to financial institutions	6	14,614,610	12,461,403
Investments	7	395,621,084	363,378,998
Advances	8	285,500,639	267,001,028
Operating fixed assets		22,026,894	22,083,612
Deferred tax assets		-	-
Other assets		34,519,034	23,495,595
		807,767,489	734,195,946
LIABILITIES			
Bills payable		11,059,826	4,878,594
Borrowings from financial institutions	9	58,871,938	32,952,406
Deposits and other accounts	10	645,871,773	608,411,670
Sub-ordinated loans		3,618,100	4,242,200
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		2,093,897	1,808,405
Other liabilities		15,270,799	15,704,648
		736,786,333	667,997,923
NET ASSETS		70,981,156	66,198,023
REPRESENTED BY			
Share capital	11	11,450,739	10,409,763
Reserves		12,743,370	12,438,158
Unappropriated profit		33,559,748	30,855,565
		57,753,857	53,703,486
Surplus on revaluation of assets - net of tax		13,227,299	12,494,537
		70,981,156	66,198,023

CONTINGENCIES AND COMMITMENTS

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Unconsolidated Condensed Interim Profit and Loss Account (Un-audited) for the half year ended June 30, 2014

	Note	Half Year Ended		Quarter Ended	
		June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Rupees in '000					
Mark-up / return / interest earned	13	31,770,871	26,151,817	16,779,588	13,423,276
Mark-up / return / interest expensed	14	18,909,538	15,761,989	9,677,241	8,041,707
Net mark-up / interest income		12,861,333	10,389,828	7,102,347	5,381,569
(Reversal) / provision against non-performing loans and advances and general provision - net		(17,172)	74,831	21,356	97,595
Provision / (reversal) for diminution in the value of investments - net		18,861	(43,371)	17,471	(22,862)
Bad debts written off directly		-	-	-	-
		1,689	31,460	38,827	74,733
Net mark-up / interest income after provisions		12,859,644	10,358,368	7,063,520	5,306,836
NON MARK-UP / INTEREST INCOME					
Fee, commission and brokerage income		1,713,585	1,604,628	785,342	793,178
Dividend income		1,645,810	1,195,982	550,119	190,549
Income from dealing in foreign currencies		215,399	168,523	292,502	98,460
Gain on sale of securities		1,572,581	786,086	793,745	168,264
Unrealized gain on revaluation of investments classified as 'held-for-trading' - net		-	6,906	-	6,906
Other income	15	1,018,609	1,138,893	951,608	1,125,098
Total non-markup / interest income		6,165,984	4,901,018	3,373,316	2,382,455
		19,025,628	15,259,386	10,436,836	7,689,291
NON MARK-UP / INTEREST EXPENSES					
Administrative expenses		7,872,949	7,186,230	4,014,973	3,698,895
Provision against other assets - net		28,000	24,000	12,000	12,000
Provision against off-balance sheet obligations - net		22,933	3,400	12,755	3,400
Other charges		325,064	167,451	170,273	62,414
Total non-markup / interest expenses		8,248,946	7,381,081	4,210,001	3,776,709
Extra-ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		10,776,682	7,878,305	6,226,835	3,912,582
Taxation					
Current period		3,565,122	2,271,757	2,313,679	1,152,993
Prior years		-	-	-	-
Deferred		108,443	79,526	50,192	58,963
		3,673,565	2,351,283	2,363,871	1,211,956
PROFIT AFTER TAXATION		7,103,117	5,527,022	3,862,964	2,700,626
Earnings per share - Basic and Diluted (in Rupees)	16	6.20	Restated 4.83	3.37	Restated 2.36

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited) for the half year ended June 30, 2014

	Half Year Ended		Quarter Ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
	Rupees in '000			
Profit after taxation for the period	7,103,117	5,527,022	3,862,964	2,700,626
Other comprehensive income to be reclassified to profit and loss account in subsequent periods				
Exchange differences on translation of net investment in foreign wholesale branch	(71,236)	11,776	1,391	6,574
Comprehensive income transferred to equity	7,031,881	5,538,798	3,864,355	2,707,200
Comprehensive income not reflected in equity				
Net change in fair value of available for sale securities	921,109	3,350,127	885,109	3,130,844
Deferred tax	(177,051)	(246,539)	(122,339)	(359,312)
	744,058	3,103,588	762,770	2,771,532
Total comprehensive income for the period	7,775,939	8,642,386	4,627,125	5,478,732

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

Chief Financial Officer
Director

President and Chief Executive Officer
Director

Chairman

Unconsolidated Condensed Interim Statement of Cash Flows

(Un-audited) for the half year ended June 30, 2014

	Half Year Ended	
	June 30, 2014	June 30, 2013
	Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	10,776,682	7,878,305
Less: Dividend income	(1,645,810)	(1,195,982)
	<u>9,130,872</u>	<u>6,682,323</u>
Adjustments for non-cash items:		
Depreciation / amortization	911,667	810,051
(Reversal) / provision against non-performing loans, advances and general provision - net	(17,172)	74,831
Provision / (reversal) for diminution in the value of investments - net	18,861	(43,371)
Unrealized loss on revaluation of 'held-for-trading' securities - net	-	(6,906)
Provision against off balance sheet obligations - net	22,933	3,400
Provision against other assets - net	28,000	24,000
Provision for workers welfare fund	215,534	157,566
(Gain) / loss on sale of fixed assets	(27,202)	1,503
	<u>1,152,621</u>	<u>1,021,074</u>
	<u>10,283,493</u>	<u>7,703,397</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	(2,153,207)	(30,855,605)
Net investments in 'held-for-trading' securities	2,981,436	(67,157)
Advances - net	(18,482,439)	9,376,996
Other assets (excluding advance taxation) - net	(10,882,227)	(613,144)
	<u>(28,536,437)</u>	<u>(22,158,910)</u>
Increase / (decrease) in operating liabilities		
Bills payable	6,181,232	4,334,871
Borrowings from financial institutions	25,919,532	(13,740,928)
Deposits and other accounts	37,460,103	55,514,820
Other liabilities	(669,967)	(1,370,888)
	<u>68,890,900</u>	<u>44,737,875</u>
	<u>50,637,956</u>	<u>30,282,362</u>
Income tax paid - net	(4,200,508)	(2,302,118)
Net cash flow from operating activities	<u>46,437,448</u>	<u>27,980,244</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in 'available-for-sale' securities	90,702,587	(16,234,276)
Net investments in 'held-to-maturity' securities	(125,023,863)	(1,298,981)
Dividend income received	2,111,982	1,842,112
Investments in operating fixed assets	(864,704)	(1,378,070)
Proceeds from sale of fixed assets	36,959	40,815
Net cash used in investing activities	<u>(33,037,039)</u>	<u>(17,028,400)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of sub-ordinated loan	(624,100)	(624,100)
Dividend paid	(2,995,155)	(3,177,878)
Net cash used in financing activities	<u>(3,619,255)</u>	<u>(3,801,978)</u>
Effect of translation of net investment in foreign branch	(71,236)	(11,776)
	<u>9,709,918</u>	<u>7,138,090</u>
Increase in cash and cash equivalents during the period	<u>45,775,310</u>	<u>44,380,939</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>55,485,228</u>	<u>51,519,029</u>

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited) for the half year ended June 30, 2014

	Share Capital	Capital Reserves					Revenue Reserves		Total	
		Share Premium	Exchange Translation Reserve	Bonus Issue Reserve	Special Reserve*	Merger Reserve**	Statutory Reserve	General Reserve		Un-appropriated Profit
Rupees in '000										
Balance as at January 01, 2013	9,463,421	-	10,198	-	67,995	333,864	10,481,222	6,000	23,687,566	44,050,266
Changes in equity during the half year ended June 30, 2013										
Total comprehensive income for the half year ended June 30, 2013										
- Net profit for the half year ended June 30, 2013	-	-	-	-	-	-	-	-	5,527,022	5,527,022
- Effect of translation of net investment in Wholesale Bank Branch	-	-	11,776	-	-	-	-	-	-	11,776
	-	-	11,776	-	-	-	-	-	5,527,022	5,538,798
Transactions with owners recognized directly in equity										
Transfer to reserve for issue of bonus shares for the year ended December 31, 2012 @ 10% issue of bonus shares	946,342	-	-	946,342	-	-	-	-	(946,342)	-
Final cash dividend for the year ended December 31, 2012 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	-	(1,892,684)	(1,892,684)
First interim cash dividend for the year ended December 31, 2013 (Rs. 1.25 per ordinary share)	-	-	-	-	-	-	-	-	(1,301,220)	(1,301,220)
	946,342	-	-	-	-	-	-	-	(4,140,246)	(3,193,904)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	-	-	40,647	40,647
Transfer to statutory reserve	-	-	-	-	-	-	552,702	-	(552,702)	-
Balance as at June 30, 2013	10,409,763	-	21,974	-	67,995	333,864	11,033,924	6,000	24,562,287	46,435,807
Changes in equity during the half year ended December 31, 2013										
Total comprehensive income for the half year ended December 31, 2013										
- Net profit for the half year ended December 31, 2013	-	-	-	-	-	-	-	-	9,116,338	9,116,338
- Effect of remeasurement of defined benefit plans net of deferred tax	-	-	-	-	-	-	-	-	678,190	678,190
- Effect of translation of net investment in foreign wholesale bank branch	-	-	62,767	-	-	-	-	-	-	62,767
	-	-	62,767	-	-	-	-	-	9,794,528	9,857,295
Transactions with owners recognized directly in equity										
Second interim cash dividend for the year ended December 31, 2013 (Rs. 1.25 per ordinary share)	-	-	-	-	-	-	-	-	(1,301,220)	(1,301,220)
Third interim cash dividend for the year ended December 31, 2013 (Rs. 1.25 per ordinary share)	-	-	-	-	-	-	-	-	(1,301,220)	(1,301,220)
	-	-	-	-	-	-	-	-	(2,602,440)	(2,602,440)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	-	-	12,824	12,824
Transfer to statutory reserve	-	-	-	-	-	-	911,634	-	(911,634)	-
Transfer to share premium reserve	-	333,864	-	-	(67,995)	(333,864)	67,995	-	-	-
Balance as at December 31, 2013	10,409,763	333,864	84,741	-	-	-	12,013,553	6,000	30,855,565	53,703,486
Changes in equity during the half year ended June 30, 2014										
Total comprehensive income for the half year ended June 30, 2014										
- Net profit for the half year ended June 30, 2014	-	-	-	-	-	-	-	-	7,103,117	7,103,117
- Effect of translation of net investment in foreign wholesale bank branch	-	-	(71,236)	-	-	-	-	-	-	(71,236)
	-	-	(71,236)	-	-	-	-	-	7,103,117	7,031,881
Transactions with owners recognized directly in equity										
Transfer to reserve for issue of bonus shares for the year ended December 31, 2013 @ 10% issue of bonus shares	-	(333,864)	-	1,040,976	-	-	-	-	(707,112)	-
Final cash dividend for the year ended December 31, 2013 (Rs. 1.5 per ordinary share)	1,040,976	-	-	(1,040,976)	-	-	-	-	(1,561,464)	(1,561,464)
First interim cash dividend for the year ending December 31, 2014 (Rs. 1.25 per ordinary share)	-	-	-	-	-	-	-	-	(1,431,342)	(1,431,342)
	1,040,976	(333,864)	-	-	-	-	-	-	(3,699,918)	(2,992,806)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	-	-	11,296	11,296
Transfer to statutory reserve	-	-	-	-	-	-	710,312	-	(710,312)	-
Balance as at June 30, 2014	11,450,739	-	13,505	-	-	-	12,723,865	6,000	33,559,748	57,753,857

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

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

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

| 15

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2014

1 STATUS AND NATURE OF BUSINESS

Allied Bank Limited ("the Bank"), incorporated in Pakistan, is a scheduled Bank, engaged in commercial banking and related services. The Bank is listed on all stock exchanges in Pakistan. The Bank operates a total of 962 branches (2013: 948 branches) including 01 Islamic banking branch (2013: Nil) in Pakistan, 1 branch (2013:1) in Karachi Export Processing Zone Branch, and 1 wholesale banking branch (2013: 1) in Bahrain. The long term credit rating of the Bank assigned by The Pakistan Credit Rating Agency Limited (PACRA) is 'AA+'. Short term rating of the Bank is 'A1+'. The Bank is the holding company of ABL Asset Management Company Limited.

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

2 STATEMENT OF COMPLIANCE

- 2.1 These unconsolidated condensed interim financial statements of the Bank for the half year ended June 30, 2014 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by the State Bank of Pakistan (SBP). In case where requirements of provisions and directives issued under the Banking Companies Ordinance, 1962, Companies Ordinance 1984 and the directives issued by SBP differs, the directives issued by SBP shall prevail.
- 2.2 The SBP, vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property (IAS 40) for banking companies till further instructions. Further, according to a notification of Securities and Exchange Commission of Pakistan (SECP) dated April 28, 2008, International Financial Reporting Standard (IFRS) 7 "Financial Instruments Disclosure" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements. However, investments have been classified and disclosed in accordance with the requirements prescribed by SBP through various circulars.
- 2.3 These unconsolidated condensed interim financial statements represent the separate standalone condensed interim financial statements of the Bank. The consolidated condensed interim financial statements of the Bank and its subsidiary company are presented separately.
- 2.4 These unconsolidated condensed interim financial statements are being submitted to the shareholders in accordance with section 245 of the Companies Ordinance, 1984.

3 BASIS OF MEASUREMENT

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

- Investments;
- Operating fixed assets; and
- Fair value of derivatives

4 BASIS OF PRESENTATION

- 4.1 The disclosures included in these unconsolidated condensed interim financial statements are limited based on the format prescribed by the State Bank of Pakistan, vide BSD Circular Letter No. 2 dated May 12, 2004, vide BSD Circular Letter No. 7 dated April 20, 2010 and International Accounting Standard 34, Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and these unconsolidated condensed interim financial statements should be read in conjunction with the unconsolidated financial statements of the Bank for the year ended December 31, 2013.
- 4.2 The financial results of the Islamic Banking branch have been consolidated in these financial statements for reporting purposes. Key financial figures of the Islamic Banking branches are disclosed in Note 19 to these financial statements.

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2014

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

IAS 32 - Offsetting Financial Assets and Financial Liabilities - (Amendment)
IAS 36 - Recoverable Amount for Non - Financial Assets (Amendment)
IAS 39 - Novation of Derivatives and Continuation of Hedge
IFRIC 21 - Levies

The adoption of the above amendments did not have any effect on the financial statements.

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

- 5.1 The accounting policies, underlying estimates and methods of computation followed in the preparation of these unconsolidated condensed interim financial statements are same as those applied in preparing the most recent annual unconsolidated financial statements of the Bank. However, the Bank has adopted new accounting policy relating to deposits mobilized under Islamic Banking operations. Such deposits are generated under two modes i.e. "Qard" and "Modaraba". Deposits taken on Qard basis are classified as 'Current accounts' and Deposits generated on Modaraba basis are classified as 'Saving deposits / Fixed deposits'.
- 5.2 The financial risk management objectives and policies adopted by the Bank are consistent with that disclosed in the financial statements of the Bank for the year ended December 31, 2013.

	Note	Un-audited June 30, 2014	Audited December 31, 2013
Rupees in '000			
6. LENDINGS TO FINANCIAL INSTITUTIONS			
Repurchase agreement lendings (Reverse Repo)	6.1	14,564,610	11,661,403
Certificates of investment	6.2	70,000	70,000
Call money lendings	6.3	50,000	800,000
		14,684,610	12,531,403
Provision against lendings to financial institutions		(70,000)	(70,000)
		14,614,610	12,461,403

- 6.1 These are short-term lendings to various financial institutions against the government securities. These carry mark-up at rate, ranging between 7.50% to 10.00% (2013: 10.00% to 10.40%) per annum and will mature on various dates latest by July 08, 2014.
- 6.2 This represents a classified certificate of investment.
- 6.3 This represents an unsecured call money lending from the interbank market, carrying mark-up at rate of 7.25% (2013: 9.5% to 10.25%) per annum maturing on July 02, 2014.

7. INVESTMENTS

	Note	Held by Bank	Given as collateral	Total
Rupees in '000				
Current period - June 30, 2014 (Un-audited)	7.1	375,562,390	20,058,694	395,621,084
Prior year - December 31, 2013 (Audited)	7.1	361,077,553	2,301,445	363,378,998

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2014

Un-audited As at June 30 2014			Audited As at December 31, 2013		
Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total

Rupees in '000

7.1 Investments by types

'Held-for-trading' securities

Market Treasury Bills	-	-	-	2,983,343	-	2,983,343
	-	-	-	2,983,343	-	2,983,343

'Available-for-sale' securities

Market treasury bills	141,802,260	20,094,690	161,896,950	272,873,099	2,304,528	275,177,627
Pakistan investment bonds	24,762,116	-	24,762,116	148,387	-	148,387
Ordinary shares of listed companies / certificates of mutual funds	19,795,525	-	19,795,525	17,602,295	-	17,602,295
Preference shares	149,355	-	149,355	149,355	-	149,355
Pre IPO shares	350,000	-	350,000	199,996	-	199,996
Units of open end mutual funds	798,999	-	798,999	5,588,989	-	5,588,989
Ordinary shares of unlisted companies	2,223,838	-	2,223,838	1,992,014	-	1,992,014
Investment in related parties						
- Listed shares	4,053,509	-	4,053,509	4,053,509	-	4,053,509
- Unlisted shares	281,816	-	281,816	281,816	-	281,816
- Units of open end mutual funds	5,274,950	-	5,274,950	5,500,000	-	5,500,000
Sukuk bonds	2,345,110	-	2,345,110	2,469,955	-	2,469,955
Term finance certificates (TFCs)	2,575,757	-	2,575,757	2,046,694	-	2,046,694
	204,413,235	20,094,690	224,507,925	312,906,109	2,304,528	315,210,637

'Held-to-maturity' securities

Pakistan investment bonds	153,967,866	-	153,967,866	28,613,646	-	28,613,646
GOP Ijara Sukuk	152,218	-	152,218	-	-	-
Foreign currency bonds (US\$)	4,431,341	-	4,431,341	4,660,597	-	4,660,597
TFCs, Debentures, Bonds and PTCs	2,832,419	-	2,832,419	3,085,738	-	3,085,738
	161,383,844	-	161,383,844	36,359,981	-	36,359,981

Subsidiary

ABL Asset Management Company Limited	500,000	-	500,000	500,000	-	500,000
Investment at cost	366,297,079	20,094,690	386,391,769	352,749,433	2,304,528	355,053,961
Provision for diminution in the value of investments	(1,604,195)	-	(1,604,195)	(1,585,458)	-	(1,585,458)
Investments (net of provisions)	364,692,884	20,094,690	384,787,574	351,163,975	2,304,528	353,468,503
Unrealized loss on revaluation of 'held-for-trading' securities	-	-	-	(1,907)	-	(1,907)
Surplus / (deficit) on revaluation of 'available-for-sale' securities	10,869,506	(35,996)	10,833,510	9,915,485	(3,083)	9,912,402
Total investments at market value	375,562,390	20,058,694	395,621,084	361,077,553	2,301,445	363,378,998

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2014

	Note	Un-audited June 30, 2014	Audited December 31, 2013
Rupees in '000			
8. ADVANCES			
Loans, cash credits, running finances, etc. - in Pakistan		297,870,483	277,235,883
Net investment in finance lease - in Pakistan		2,073,707	1,904,028
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		1,397,295	1,319,500
Payable outside Pakistan		2,516,494	4,916,169
		3,913,789	6,235,669
Advances - gross		303,857,979	285,375,580
Provision for non-performing advances	8.1 & 8.3	(18,245,222)	(18,242,365)
General provision	8.3	(112,118)	(132,187)
		(18,357,340)	(18,374,552)
Advances - net of provision		285,500,639	267,001,028

8.1 Advances include Rs. 19,579.205 million (2013: Rs. 19,423.896 million) which have been placed under non-performing status as detailed below:-

Category of Classification	June 30, 2014 (Un-audited)				
	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
Rupees in '000					
Other Assets Especially Mentioned	92,248	-	92,248	4,275	4,275
Substandard	707,563	-	707,563	175,511	175,511
Doubtful	1,427,915	-	1,427,915	713,957	713,957
Loss	17,351,479	-	17,351,479	17,351,479	17,351,479
	19,579,205	-	19,579,205	18,245,222	18,245,222

Category of Classification	December 31, 2013 (Audited)				
	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
Rupees in '000					
Other Assets Especially Mentioned	82,766	-	82,766	3,288	3,288
Substandard	647,912	-	647,912	160,315	160,315
Doubtful	1,228,912	-	1,228,912	614,456	614,456
Loss	17,464,306	-	17,464,306	17,464,306	17,464,306
	19,423,896	-	19,423,896	18,242,365	18,242,365

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

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2014

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

	June 30, 2014 (Un-audited)			December 31, 2013 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	18,242,365	132,187	18,374,552	17,752,942	52,090	17,805,032
Charge for the period / year	773,136	-	773,136	2,627,045	80,097	2,707,142
Reversals	(770,239)	(20,069)	(790,308)	(2,055,661)	-	(2,055,661)
Charged to profit and loss account	2,897	(20,069)	(17,172)	571,384	80,097	651,481
Amounts written off	(40)	-	(40)	(81,961)	-	(81,961)
Closing balance	18,245,222	112,118	18,357,340	18,242,365	132,187	18,374,552

Un-audited
June 30,
2014
Audited
December 31,
2013
Rupees in '000

9. BORROWINGS FROM FINANCIAL INSTITUTIONS

Details of Borrowings (Secured / Unsecured)

Secured

Borrowings from State Bank of Pakistan	14,477,751	14,929,061
Repurchase agreement borrowings	19,869,054	1,970,489

Unsecured

Call borrowings	23,994,260	16,012,636
Other Borrowings	530,873	40,220
	24,525,133	16,052,856
	<u>58,871,938</u>	<u>32,952,406</u>

10. DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits	164,129,884	191,182,134
Savings deposits	145,579,347	145,153,243
Current accounts - remunerative	98,715,803	83,463,328
- non - remunerative	232,999,335	183,047,302
	641,424,369	602,846,007

Financial Institutions

Remunerative deposits	1,014,229	5,114,383
Non - remunerative deposits	3,433,175	451,280
	<u>645,871,773</u>	<u>608,411,670</u>

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2014

11. SHARE CAPITAL

11.1 Authorised capital

Un-audited June 30, 2014	Audited December 31, 2013		Un-audited June 30, 2014	Audited December 31, 2013
No. of shares			Rupees in '000	
<u>1,500,000,000</u>	<u>1,500,000,000</u>	Ordinary shares of Rs. 10 each	<u>15,000,000</u>	<u>15,000,000</u>

11.2 Issued, subscribed and paid-up capital

Fully paid-up Ordinary shares of Rs. 10 each

Un-audited June 30, 2014	Audited December 31, 2013		Un-audited June 30, 2014	Audited December 31, 2013
No. of shares			Rupees in '000	
<u>406,780,094</u>	<u>406,780,094</u>	Fully paid in cash	<u>4,067,801</u>	<u>4,067,801</u>
<u>720,745,186</u>	<u>616,647,565</u>	Issued as bonus shares	<u>7,207,452</u>	<u>6,166,476</u>
<u>1,127,525,280</u>	<u>1,023,427,659</u>		<u>11,275,253</u>	<u>10,234,277</u>
		18,348,550 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation in accordance with the swap ratio stipulated therein less 9,200,000 Ordinary shares of Rs. 10 each, held by Ibrahim Leasing Limited on the cut-off date (September 30, 2004).	<u>91,486</u>	<u>91,486</u>
		8,400,000 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation of First Allied Bank Modaraba with Allied Bank Limited in accordance with the share swap ratio stipulated therein.	<u>84,000</u>	<u>84,000</u>
<u>9,148,550</u>	<u>9,148,550</u>		<u>11,450,739</u>	<u>10,409,763</u>
<u>8,400,000</u>	<u>8,400,000</u>			
<u>1,145,073,830</u>	<u>1,040,976,209</u>			

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

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2014

	Un-audited June 30, 2014	Audited December 31, 2013
	Rupees in '000	
12. CONTINGENCIES AND COMMITMENTS		
12.1 Direct credit substitutes		
Guarantees in favour of:		
Banks and financial institutions	523,432	439,266
12.2 Transaction-related contingent liabilities		
Guarantees in favour of:		
Government	15,149,407	17,959,000
Others	18,437,799	14,245,474
	33,587,206	32,204,474
12.3 Trade-related contingent liabilities	78,370,227	71,322,325
12.4 Claims against the Bank not acknowledged as debt	6,133,816	5,740,843
12.5 The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.		
	Un-audited June 30, 2014	Audited December 31, 2013
	Rupees in '000	
12.6 Commitments in respect of forward foreign exchange contracts		
Purchase	67,806,346	97,308,562
Sale	26,639,378	62,218,028
12.7 Commitments in respect of:		
Civil works	923,864	1,064,715
Acquisition of operating fixed assets	748,644	794,367
	1,672,508	1,859,082
12.8 Commitments in respect of lease financing	4,878	100,000
12.9 Other Contingencies		

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

12.9.2 The income tax assessments of the Bank have been finalized upto and including tax year 2013 for local and Azad Kashmir operations. While finalizing income tax assessments upto tax year 2013, income tax authorities made certain add backs with aggregate tax impact of Rs. 19,048 million (2013: Rs. 15,702 million). As a result of appeals filed by the Bank before appellate authorities, most of the add backs have been deleted. However, the Bank and Tax Department are in appeals / references before higher forums against unfavorable decisions. Pending finalization of appeals / references no provision has been made by the Bank on aggregate sum of Rs. 19,048 million (2013: Rs. 15,702 million). The management is confident that the outcome of these appeals / references will be in favor of the Bank.

Tax Authorities have conducted proceedings of withholding tax audit under section 161 / 205 of Income Tax Ordinance, 2001 for tax year 2005, 2006 and tax year 2008 to 2013 and created an arbitrary demand of Rs. 1,125 million (2013: Rs. 1,081 million). The Bank's appeals before CIR (A) / Appellate Tribunal Inland Revenue (ATIR) are pending for adjudication. The management is confident that these appeals will be decided in favor of the Bank; therefore, no provision has been made against the said demand of Rs. 1,125 million (2013: Rs. 1,081 million).

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

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2014

	Half Year Ended		Quarter Ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Rupees in '000				
13 MARK-UP / RETURN / INTEREST EARNED				
On loans and advances	14,747,280	13,945,345	7,809,566	7,249,223
On investments in:				
'Available-for-sale' securities	10,551,416	9,499,780	4,500,099	4,769,038
'Held-to-maturity' securities	5,799,961	1,986,435	4,169,576	999,321
'Held-for-Trading' securities	16,657	-	-	-
	16,368,034	11,486,215	8,669,675	5,768,359
On deposits with financial institutions	8,989	12,103	7,466	9,323
On securities purchased under resale agreements	641,174	598,660	290,530	323,198
On certificates of investment	-	14,457	-	4,123
On call money lending	5,394	95,037	2,351	69,050
	<u>31,770,871</u>	<u>26,151,817</u>	<u>16,779,588</u>	<u>13,423,276</u>

14 MARK-UP / RETURN / INTEREST EXPENSED				
Deposits	14,775,083	12,860,685	7,320,770	6,619,763
Long term borrowing	176,296	118,702	98,966	59,748
Securities sold under repurchase agreements	1,321,519	929,700	852,128	457,395
Call money borrowing	726,610	46,179	446,018	32,528
Brokerage and commission	64,185	67,228	33,801	36,644
Markup on sub-ordinated loans	229,849	295,745	114,720	143,791
Other short term borrowings	1,615,996	1,443,750	810,838	691,838
	<u>18,909,538</u>	<u>15,761,989</u>	<u>9,677,241</u>	<u>8,041,707</u>

- 15 Other income includes compensation on delayed refunds amounting to Rs. 907.380 million (2013: Rs. 1,066.805 million) under section 171 of the Income Tax Ordinance 2001 pertaining to Assessment Year 1997-98, 1999-00, 2000-01 and Tax year 2003 to 2007 & 2009 to 2011 (2013: Assessment Year / Tax Years 1997-98 to 2006). This compensation has been calculated at the rates applicable under section 171 on the amount of refund for the period commencing at the end of the three months of refund becoming due to the Bank and the date of adjustment of refund by the income tax authorities.

	Note	Half Year Ended		Quarter Ended	
		June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Rupees in '000					
16 EARNINGS PER SHARE - BASIC AND DILUTED					
Profit after taxation for the period attributable to ordinary shareholders		7,103,117	5,527,022	3,862,964	2,700,626
		Number of Shares			
		Restated		Restated	
Weighted average number of ordinary shares outstanding during the period.	16.1	1,145,073,830	1,145,073,830	1,145,073,830	1,145,073,830
		Rupees			
		Restated		Restated	
Earnings per share - basic and diluted for the period	16.1	6.20	4.83	3.37	2.36

There is no dilution effect on basic earnings per share.

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

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2014

17. RELATED PARTY TRANSACTIONS

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

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

Nature of related party transactions	June 30, 2014 (Un-audited)				December 31, 2013 (Audited)				
	Directors	Associated Companies	Subsidiary	Key management personnel	Other related parties	Directors	Associated Companies	Subsidiary	Key management personnel
Rupees in '000									
Loans									
Loans at the beginning of the period / year	68,906	-	-	226,005	4,383,941	43,842	1,833,333	-	162,016
Loans given during the period / year	12,771	7,838	-	16,712	29,827,354	91,990	-	-	162,688
Loans repaid / adjustment during the period / year	(29,012)	(6,183)	-	(38,731)	(31,085,954)	(66,826)	(1,833,333)	-	(98,669)
Loans at the end of the period / year	52,665	1,675	-	203,966	3,125,241	68,906	-	-	226,005
Deposits									
Deposits at the beginning of the period / year	66,134	14,829	7,166	18,530	14,606,981	33,653	41,011	5,680	27,640
Deposits received during the period / year	2,450,915	3,571,954	407,022	325,663	61,107,175	5,465,560	7,144,875	902,796	795,509
Deposits repaid during the period / year	(2,449,763)	(3,557,357)	(405,122)	(292,645)	(69,601,314)	(5,114,079)	(7,171,057)	(901,310)	(804,619)
Deposits at the end of the period / year	67,286	29,426	9,066	51,568	6,112,842	6,611,34	14,829	7,166	18,530
Nostro balances	-	200,223	-	-	-	-	148,691	-	-
Investments in shares / open end mutual funds	-	277,483	500,000	-	10,988,689	-	279,650	500,000	-
Other receivables	607	-	2,495	44,800	-	-	-	2,356	38,853
Net receivable from staff retirement benefit funds	-	-	-	-	41,443,468	-	-	-	-
Non funded exposure	-	-	-	-	209	-	-	-	-
Rupees in '000									
Mark-up earned	1,663	80	-	6,721	247,072	1,250	808	-	5,438
Income on Placements	-	1,012	-	-	-	-	-	-	-
Dividend Income	-	-	-	-	300,322	-	-	-	-
Sales commission / management fee sharing	-	-	4,007	-	-	-	-	2,402	-
Mark-up expense on Deposits	1,621	228	864	1,454	373,081	1,060	12	544	251
Fee commission / bank charges	7	34	6	19	320	7	16	5	23
Interest expense on borrowings	-	-	-	-	-	-	-	-	-
Director's meeting fee	3,400	-	-	-	-	4,500	98	-	-
Remuneration	57,664	-	-	188,663	-	31,911	-	-	179,010
NIFT charges	-	-	-	-	45,304	-	-	-	-
Rent Expense**	-	3,811	-	-	-	-	4,154	-	-
Rent Income	-	600	-	-	-	-	-	-	-
Charge / (reversal) in respect of staff retirement benefit funds	-	-	-	-	(10,193)	-	-	-	-

* Associated company on the basis of common directorship.

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

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

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2014

18. 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, 2014 (Un-audited)							
Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Eliminations	Total	
Rupees in '000							
Total Income	312,987	1,782,070	20,007,392	33,001,836	496,588	(17,664,018)	37,936,855
Total Expenses	(134,866)	(2,218,999)	(16,034,629)	(29,878,846)	(230,416)	17,664,018	(30,833,738)
Net Income	178,121	(436,929)	3,972,763	3,122,990	266,172	-	7,103,117

For the Half Year Ended June 30, 2013 (Un-audited)							
Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Eliminations	Total	
Rupees in '000							
Total Income	337,367	918,748	20,127,694	25,263,390	460,467	(16,054,831)	31,052,835
Total Expenses	(139,288)	(1,497,689)	(16,516,928)	(23,219,615)	(207,124)	16,054,831	(25,525,813)
Net Income	198,079	(578,941)	3,610,766	2,043,775	253,343	-	5,527,022

As at June 30, 2014 (Un-audited)						
Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Total	
Rupees in '000						
Segment Assets	472,137	13,646,185	124,642,409	689,780,795	669,980	829,211,506

As at December 31, 2013 (Audited)						
Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Total	
Rupees in '000						
Segment Assets	369,234	13,917,310	126,232,576	614,299,239	794,405	755,612,764

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2014

19 ISLAMIC BANKING BUSINESS

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

	Un-audited June 30, 2014	December 31, 2013
	Rupees in '000	
ASSETS		
Cash and balances with treasury banks	24,724	-
Balances with and due from financial institutions	50,000	-
Investments	525,169	-
Islamic financing and receivables	-	-
Operating fixed assets	2,887	-
Deferred tax assets	-	-
Other assets	51,038	-
Total Assets	653,818	-
LIABILITIES		
Bills payable	11,260	-
Borrowings from financial institutions	-	-
Deposits and other accounts		
-Current accounts	76,206	-
-Saving accounts	72,801	-
Deferred tax liability	-	-
Other liabilities	1,345	-
	<u>161,612</u>	<u>-</u>
NET ASSETS	<u>492,206</u>	<u>-</u>
REPRESENTED BY		
Islamic banking fund	500,000	-
Reserves	-	-
Unappropriated profit	44,204	-
	<u>544,204</u>	<u>-</u>
Deficit on revaluation of assets	(51,998)	-
	<u><u>492,206</u></u>	<u><u>-</u></u>
19.2 CHARITY FUND		
Opening Balance	-	-
Additions during the period	-	-
Payments / Utilization during the period	-	-
Closing Balance	<u>-</u>	<u>-</u>

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2014

19.3 The profit and loss account of the Bank's Islamic banking business for the half year ended June 30, 2014 is as follows:

	Half Year Ended	
	Un-audited June 30, 2014	June 30, 2013
	Rupees in '000	
Income / return / profit earned	227	-
Income / return / profit expensed	172	-
Net income / profit	55	-
(Reversal) / provision against non-performing loans and advances and general provision - net	-	-
Provision / (reversal) for diminution in the value of investments - net	-	-
Bad debts written off directly	-	-
Net profit / income after provisions	55	-
OTHER INCOME		
Fee, commission and brokerage income	41	-
Dividend income	47,880	-
Income from dealing in foreign currencies	-	-
Loss on sale of securities	(50)	-
Unrealized gain on revaluation of investments classified as 'held-for-trading' - net	-	-
Other income	-	-
Total other income	47,871	-
	47,926	-
OTHER EXPENSES		
Administrative expenses	3,722	-
Provision against other assets - net	-	-
Provision against off-balance sheet obligations - net	-	-
Other charges	-	-
Total other expenses	3,722	-
Extra-ordinary / unusual items	-	-
PROFIT BEFORE TAXATION	44,204	-
19.4 Remuneration to Shariah Advisor / Board	275	-

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2014

20 GENERAL

- 20.1 Figures have been rounded off to the nearest thousand rupees.
- 20.2 Corresponding figures have been re-arranged and reclassified to reflect more appropriate presentation of transactions for the purpose of comparison. However, no significant reclassifications have been made in these unconsolidated condensed interim financial statements.
- 20.3 The Board of Directors of the Bank in its meeting held on August 05, 2014 has approved interim cash dividend for the half year ended June 30, 2014 at Rs. 1.50 per share (June 30, 2013: Rs. 1.25 per share). The unconsolidated condensed interim financial statements for the half year ended June 30, 2014 do not include the effect of this appropriation and will be accounted for in the financial statements of the period of declaration.

21 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on August 05, 2014 by the Board of Directors of the Bank.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Consolidated Condensed Interim Financial Statements
For the half year ended June 30, 2014

Consolidated Condensed Interim Statement of Financial Position

as at June 30, 2014

	Note	Un-audited June 30, 2014	Audited December 31, 2013
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		54,247,000	44,673,129
Balances with other banks		1,237,140	1,102,237
Lendings to financial institutions	6	14,614,610	12,461,403
Investments	7	396,116,021	363,810,550
Advances	8	285,548,303	267,036,121
Operating fixed assets		22,045,513	22,096,771
Deferred tax assets		-	-
Other assets		34,635,954	23,581,604
		808,444,541	734,761,815
LIABILITIES			
Bills payable		11,059,826	4,878,594
Borrowings from financial institutions	9	58,871,938	32,952,406
Deposits and other accounts	10	645,862,707	608,406,629
Sub-ordinated loans		3,618,100	4,242,200
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		2,095,237	1,809,501
Other liabilities		15,375,952	15,786,880
		736,883,760	668,076,210
NET ASSETS		71,560,781	66,685,605
REPRESENTED BY			
Share capital	11	11,450,739	10,409,763
Reserves		12,743,370	12,438,158
Unappropriated profit		34,139,373	31,343,147
		58,333,482	54,191,068
Surplus on revaluation of assets - net of tax		13,227,299	12,494,537
		71,560,781	66,685,605

CONTINGENCIES AND COMMITMENTS

12

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Consolidated Condensed Interim Profit and Loss Account

(Un-audited) for the half year ended June 30, 2014

	Note	Half Year Ended		Quarter Ended	
		June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Rupees in '000					
Mark-up / return / interest earned	13	31,771,516	26,153,174	16,779,895	13,423,687
Mark-up / return / interest expensed	14	18,904,660	15,761,483	9,675,601	8,041,389
Net mark-up / interest income		12,866,856	10,391,691	7,104,294	5,382,298
(Reversal) / provision against non-performing loans and advances and general provision - net		(17,172)	74,831	21,356	97,595
Provision / (reversal) for diminution in the value of investments - net		18,861	(43,371)	17,471	(22,862)
Bad debts written off directly		-	-	-	-
		1,689	31,460	38,827	74,733
Net mark-up / interest income after provisions		12,865,167	10,360,231	7,065,467	5,307,565
NON MARK-UP / INTEREST INCOME					
Fee, commission and brokerage income		1,875,228	1,717,282	873,157	857,244
Dividend income		1,645,810	1,195,982	550,119	190,549
Income from dealing in foreign currencies		215,399	168,523	292,502	98,460
Gain on sale of securities		1,579,042	804,206	800,017	186,113
Unrealized gain on revaluation of investments classified as 'held-for-trading' - net		45,996	30,594	18,277	10,308
Other income	15	1,018,599	1,138,942	951,596	1,125,108
Total non-markup / interest income		6,380,074	5,055,529	3,485,668	2,467,782
		19,245,241	15,415,760	10,551,135	7,775,347
NON MARK-UP / INTEREST EXPENSES					
Administrative expenses		7,978,536	7,270,799	4,070,574	3,739,230
Provision against other assets - net		28,000	24,000	12,000	12,000
Provision against off-balance sheet obligations - net		22,933	3,400	12,755	3,400
Other charges		327,344	168,887	171,447	63,328
Total non-markup / interest expenses		8,356,813	7,467,086	4,266,776	3,817,958
Extra-ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		10,888,428	7,948,674	6,284,359	3,957,389
Taxation					
Current period		3,584,825	2,281,776	2,324,666	1,161,210
Prior years		-	-	-	-
Deferred		108,443	79,382	50,192	58,929
		3,693,268	2,361,158	2,374,858	1,220,139
PROFIT AFTER TAXATION		7,195,160	5,587,516	3,909,501	2,737,250
Earnings per share - Basic and Diluted (in Rupees)	16	6.28	Restated 4.88	3.41	Restated 2.39

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, 2014

	Half Year Ended		Quarter Ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
	Rupees in '000			
Profit after taxation for the period	7,195,160	5,587,516	3,909,501	2,737,250
Other comprehensive income to be reclassified to profit and loss account in subsequent periods				
Exchange differences on translation of net investment in foreign wholesale branch	(71,236)	11,776	1,391	6,574
Comprehensive income transferred to equity	7,123,924	5,599,292	3,910,892	2,743,824
Comprehensive income not reflected in equity				
Net change in fair value of available for sale securities	921,109	3,350,127	885,109	3,130,844
Deferred tax	(177,051)	(246,539)	(122,339)	(359,312)
	744,058	3,103,588	762,770	2,771,532
Total comprehensive income for the period	<u>7,867,982</u>	<u>8,702,880</u>	<u>4,673,662</u>	<u>5,515,356</u>

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

Chief Financial Officer
Director

President and Chief Executive Officer
Director

Chairman

Consolidated Condensed Interim Statement of Cash Flows

(Un-audited) for the half year ended June 30, 2014

	Half Year Ended	
	June 30, 2014	June 30, 2013
	Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	10,888,428	7,948,674
Less: Dividend income	(1,645,810)	(1,195,982)
	<u>9,242,618</u>	<u>6,752,692</u>
Adjustments for non-cash items:		
Depreciation / amortization	913,583	811,787
(Reversal) / provision against non-performing loans, advances and general provision - net	(17,172)	74,831
Provision / (reversal) for diminution in the value of investments - net	18,861	(43,371)
Unrealized loss on revaluation of 'held-for-trading' securities - net	(45,996)	(30,594)
Provision against off balance sheet obligations - net	22,933	3,400
Provision against other assets - net	28,000	24,000
Provision for workers' welfare fund	217,814	159,002
(Gain) / loss on sale of fixed assets	(27,192)	1,454
	<u>1,110,831</u>	<u>1,000,509</u>
	<u>10,353,449</u>	<u>7,753,201</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	(2,153,207)	(30,855,605)
Net investments in 'held-for-trading' securities	2,964,047	(128,776)
Advances - net	(18,495,010)	9,378,626
Other assets (excluding advance taxation) - net	(10,915,161)	(597,819)
	<u>(28,599,331)</u>	<u>(22,203,574)</u>
Increase / (decrease) in operating liabilities		
Bills payable	6,181,232	4,334,871
Borrowings from financial institutions	25,919,532	(13,740,928)
Deposits and other accounts	37,456,078	55,513,031
Other liabilities	(649,327)	(1,376,813)
	<u>68,907,515</u>	<u>44,730,161</u>
	<u>50,661,633</u>	<u>30,279,788</u>
Income tax paid - net	(4,217,933)	(2,313,749)
Net cash flow from operating activities	<u>46,443,700</u>	<u>27,966,039</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in 'available-for-sale' securities	90,702,587	(16,219,279)
Net investments in 'held-to-maturity' securities	(125,023,863)	(1,298,981)
Dividend income received	2,111,982	1,842,112
Investments in operating fixed assets	(872,531)	(1,378,969)
Proceeds from sale of fixed assets	37,390	40,922
Net cash used in investing activities	<u>(33,044,435)</u>	<u>(17,014,195)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of sub-ordinated loan	(624,100)	(624,100)
Dividend paid	(2,995,155)	(3,177,878)
Net cash used in financing activities	<u>(3,619,255)</u>	<u>(3,801,978)</u>
Effect of translation of net investment in foreign branch	(71,236)	(11,776)
	<u>9,708,774</u>	<u>7,138,090</u>
Increase in cash and cash equivalents during the period	<u>45,775,366</u>	<u>44,380,995</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>55,484,140</u>	<u>51,519,085</u>

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Consolidated Condensed Interim Statement of Changes in Equity (Un-audited) for the half year ended June 30, 2014

	Share Capital	Capital Reserves					Revenue Reserves		Total	
		Share Premium	Exchange Translation Reserve	Bonus Issue Reserve	Special Reserve*	Merger Reserve**	Statutory Reserve	General Reserve		Un-appropriated Profit
Rupees in '000										
Balance as at January 01, 2013	9,463,421	-	10,198	-	67,995	333,864	10,481,222	6,000	24,035,333	44,398,033
Changes in equity during the half year ended June 30, 2013										
Total comprehensive income for the half year ended June 30, 2013										
- Net profit for the half year ended June 30, 2013	-	-	-	-	-	-	-	-	5,587,516	5,587,516
- Effect of translation of net investment in Wholesale Bank Branch	-	-	11,776	-	-	-	-	-	-	11,776
	-	-	11,776	-	-	-	-	-	5,587,516	5,599,292
Transactions with owners recognized directly in equity										
Transfer to reserve for issue of bonus shares for the year ended December 31, 2012 @ 10% issue of bonus shares	946,342	-	-	946,342	-	-	-	-	(946,342)	-
Final cash dividend for the year ended December 31, 2012 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	-	(1,892,684)	(1,892,684)
First interim cash dividend for the year ended December 31, 2013 (Rs. 1.25 per ordinary share)	-	-	-	-	-	-	-	-	(1,301,220)	(1,301,220)
	946,342	-	-	-	-	-	-	-	(4,140,246)	(3,193,904)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	-	-	40,647	40,647
Transfer to statutory reserve	-	-	-	-	-	-	552,702	-	(552,702)	-
Balance as at June 30, 2013	10,409,763	-	21,974	-	67,995	333,864	11,033,924	6,000	24,970,548	46,844,068
Changes in equity during the half year ended December 31, 2013										
Total comprehensive income for the half year ended December 31, 2013										
- Net profit for the half year ended December 31, 2013	-	-	-	-	-	-	-	-	9,195,659	9,195,659
- Effect of remeasurement of defined benefit plans net of deferred tax	-	-	-	-	-	-	-	-	678,190	678,190
- Effect of translation of net investment in foreign wholesale bank branch	-	-	62,767	-	-	-	-	-	-	62,767
	-	-	62,767	-	-	-	-	-	9,873,849	9,936,616
Transactions with owners recognized directly in equity										
Second interim cash dividend for the year ended December 31, 2013 (Rs. 1.25 per ordinary share)	-	-	-	-	-	-	-	-	(1,301,220)	(1,301,220)
Third interim cash dividend for the year ended December 31, 2013 (Rs. 1.25 per ordinary share)	-	-	-	-	-	-	-	-	(1,301,220)	(1,301,220)
	-	-	-	-	-	-	-	-	(2,602,440)	(2,602,440)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	-	-	12,824	12,824
Transfer to statutory reserve	-	-	-	-	-	-	911,634	-	(911,634)	-
Transfer to share premium reserve	-	333,864	-	-	(67,995)	(333,864)	67,995	-	-	-
Balance as at December 31, 2013	10,409,763	333,864	84,741	-	-	-	12,013,553	6,000	31,343,147	54,191,068
Changes in equity during the half year ended June 30, 2014										
Total comprehensive income for the half year ended June 30, 2014										
- Net profit for the half year ended June 30, 2014	-	-	-	-	-	-	-	-	7,195,160	7,195,160
- Effect of translation of net investment in foreign wholesale bank branch	-	-	(71,236)	-	-	-	-	-	-	(71,236)
	-	-	(71,236)	-	-	-	-	-	7,195,160	7,123,924
Transactions with owners recognized directly in equity										
Transfer to reserve for issue of bonus shares for the year ended December 31, 2013 @ 10% issue of bonus shares	1,040,976	(333,864)	-	1,040,976	-	-	-	-	(707,112)	-
Final cash dividend for the year ended December 31, 2013 (Rs. 1.5 per ordinary share)	-	-	-	-	-	-	-	-	(1,561,464)	(1,561,464)
First interim cash dividend for the year ended December 31, 2014 (Rs. 1.25 per ordinary share)	-	-	-	-	-	-	-	-	(1,431,342)	(1,431,342)
	1,040,976	(333,864)	-	-	-	-	-	-	(3,699,918)	(2,992,806)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	-	-	11,296	11,296
Transfer to statutory reserve	-	-	-	-	-	-	710,312	-	(710,312)	-
Balance as at June 30, 2014	11,450,739	-	13,505	-	-	-	12,723,865	6,000	34,139,373	58,333,482

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

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

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

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Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2014

1 STATUS AND NATURE OF BUSINESS

Holding Company

Allied Bank Limited ("the Bank"), incorporated in Pakistan, is a scheduled Bank, engaged in commercial banking and related services. The Bank is listed on all stock exchanges in Pakistan. The Bank operates a total of 962 branches (2013: 948 branches) including 01 Islamic banking branch (2013: Nil) in Pakistan, 1 branch (2013:1) in Karachi Export Processing Zone Branch, and 1 wholesale banking branch (2013: 1) in Bahrain. The long term credit rating of the Bank assigned by The Pakistan Credit Rating Agency Limited (PACRA) is 'AA+'. Short term rating of the Bank is 'A1+'. The Bank is the holding company of ABL Asset Management Company Limited.

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

Subsidiary Company

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

ABL Asset Management company is managing following open ended funds:

- ABL Income Fund	Launched on September 20, 2008
- ABL Stock Fund	Launched on June 28, 2009
- ABL Cash Fund	Launched on July 30, 2010
- ABL Islamic Income Fund	Launched on July 30, 2010
- ABL Government Securities Fund	Launched on November 30, 2011
- ABL AMC Capital Protected Fund	Launched on June 01, 2012
- ABL Islamic Stock Fund	Launched on June 12, 2013
- ABL Islamic Principal Preservation Fund	Launched on December 24, 2013
- ABL Islamic Principal Preservation Fund-II	Launched on March 31, 2014

2 STATEMENT OF COMPLIANCE

- 2.1 These consolidated condensed interim financial statements of the Group for the half year ended June 30, 2014 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by the State Bank of Pakistan (SBP). In case where requirements of provisions and directives issued under the Banking Companies Ordinance, 1962, Companies Ordinance 1984 and the directives issued by SBP differs, the directives issued by SBP shall prevail.
- 2.2 The SBP, vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property (IAS 40) for banking companies till further instructions. Further, according to a notification of Securities and Exchange Commission of Pakistan (SECP) dated April 28, 2008, International Financial Reporting Standard (IFRS) 7 "Financial Instruments Disclosure" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements. However, investments have been classified and disclosed in accordance with the requirements prescribed by SBP through various circulars.
- 2.3 These consolidated condensed interim financial statements are being submitted to the shareholders in accordance with section 245 of the Companies Ordinance, 1984.

3 BASIS OF MEASUREMENT

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

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2014

- Investments;
- Operating fixed assets; and
- Fair value of derivatives

4 BASIS OF PRESENTATION

- 4.1 The disclosures included in these consolidated condensed interim financial statements are limited based on the format prescribed by the State Bank of Pakistan, vide BSD Circular Letter No. 2 dated May 12, 2004, vide BSD Circular Letter No. 7 dated April 20, 2010 and International Accounting Standard 34, Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and these consolidated condensed interim financial statements should be read in conjunction with the consolidated financial statements of the Bank for the year ended December 31, 2013.
- 4.2 The financial results of the Islamic Banking branches have been consolidated in these financial statements for reporting purposes. Key financial figures of the Islamic Banking branches are disclosed in Note 19 to these financial statements.
- 4.3 The Bank has adopted the following revised standard, amendments and interpretations of IFRSs which became effective for the current period:

IAS 32 - Offsetting Financial Assets and Financial Liabilities - (Amendment)
 IAS 36 - Recoverable Amount for Non - Financial Assets (Amendment)
 IAS 39 - Novation of Derivatives and Continuation of Hedge
 IFRIC 21 - Levies

The adoption of the above amendments did not have any effect on the financial statements.

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

- 5.1 The accounting policies, underlying estimates and methods of computation followed in the preparation of these consolidated condensed interim financial statements are same as those applied in preparing the most recent annual consolidated financial statements of the Group. However, the Group has adopted new accounting policy relating to deposits mobilized under Islamic Banking operations. Such deposits are generated under two modes i.e. "Qard" and "Modaraba". Deposits taken on Qard basis are classified as 'Current accounts' and Deposits generated on Modaraba basis are classified as 'Saving deposits / Fixed deposits'.
- 5.2 The financial risk management objectives and policies adopted by the Group are consistent with that disclosed in the financial statements of the Group for the year ended December 31, 2013.

	Note	Un-audited June 30, 2014	Audited December 31, 2013
Rupees in '000			
6. LENDINGS TO FINANCIAL INSTITUTIONS			
Repurchase agreement lendings (Reverse Repo)	6.1	14,564,610	11,661,403
Certificates of investment	6.2	70,000	70,000
Call money lendings	6.3	50,000	800,000
		14,684,610	12,531,403
Provision against lendings to financial institutions		(70,000)	(70,000)
		14,614,610	12,461,403

- 6.1 These are short-term lendings to various financial institutions against the government securities. These carry mark-up at rate, ranging between 7.50% to 10.00% (2013: 10.00% to 10.40%) per annum and will mature on various dates latest by July 08, 2014.
- 6.2 This represents a classified certificate of investment.
- 6.3 This represents an unsecured call money lending from the interbank market, carrying mark-up at rate of 7.25% (2013: 9.5% to 10.25%) per annum maturing on July 02, 2014.

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2014

7. INVESTMENTS

	Note	Held by Bank		Given as collateral		Total	
		Rupees in '000					
Current period - June 30, 2014 (Un-audited)	7.1	376,057,327	20,058,694	396,116,021			
Prior year - December 31, 2013 (Audited)	7.1	361,509,105	2,301,445	363,810,550			
		Un-audited As at June 30, 2014		Audited As at December 31, 2013			
		Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
		Rupees in '000					

7.1 Investments by types

'Held-for-trading' securities

Market Treasury Bills	-	-	-	2,983,343	-	2,983,343
Units of open-end mutual funds	948,941	-	948,941	873,233	-	873,233
	948,941	-	948,941	3,856,576	-	3,856,576

'Available-for-sale' securities

Market treasury bills	141,802,260	20,094,690	161,896,950	272,873,099	2,304,528	275,177,627
Pakistan investment bonds	24,762,116	-	24,762,116	148,387	-	148,387
Ordinary shares of listed companies / certificates of mutual funds	19,795,525	-	19,795,525	17,602,295	-	17,602,295
Preference shares	149,355	-	149,355	149,355	-	149,355
Pre IPO shares	350,000	-	350,000	199,996	-	199,996
Units of open end mutual funds	973,949	-	973,949	5,588,989	-	5,588,989
Ordinary shares of unlisted companies	2,223,838	-	2,223,838	1,992,014	-	1,992,014
Investment in related parties						
- Listed shares	4,053,509	-	4,053,509	4,053,509	-	4,053,509
- Unlisted shares	281,816	-	281,816	281,816	-	281,816
- Units of open end mutual funds	5,100,000	-	5,100,000	5,500,000	-	5,500,000
Sukuk bonds	2,345,110	-	2,345,110	2,469,955	-	2,469,955
Term finance certificates (TFCs)	2,575,757	-	2,575,757	2,046,694	-	2,046,694
	204,413,235	20,094,690	224,507,925	312,906,109	2,304,528	315,210,637

'Held-to-maturity' securities

Pakistan investment bonds	153,967,866	-	153,967,866	28,613,646	-	28,613,646
GOP Ijara Sukuk	152,218	-	152,218	-	-	-
Foreign currency bonds (US\$)	4,431,341	-	4,431,341	4,660,597	-	4,660,597
TFCs, Debentures, Bonds and PTCs	2,832,419	-	2,832,419	3,085,738	-	3,085,738
	161,383,844	-	161,383,844	36,359,981	-	36,359,981

Investments at cost	366,746,020	20,094,690	386,840,710	353,122,666	2,304,528	355,427,194
Provision for diminution in the value of investments	(1,604,195)	-	(1,604,195)	(1,585,458)	-	(1,585,458)
Investments (net of provisions)	365,141,825	20,094,690	385,236,515	351,537,208	2,304,528	353,841,736
Unrealized Surplus on revaluation of 'held-for-trading' securities	45,996	-	45,996	56,412	-	56,412
Surplus / (deficit) on revaluation of 'available-for-sale' securities	10,869,506	(35,996)	10,833,510	9,915,485	(3,083)	9,912,402
Total investments at market value	376,057,327	20,058,694	396,116,021	361,509,105	2,301,445	363,810,550

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2014

	Note	Un-audited June 30, 2014	Audited December 31, 2013
Rupees in '000			
8. ADVANCES			
Loans, cash credits, running finances, etc. - in Pakistan		297,918,147	277,270,976
Net investment in finance lease - in Pakistan		2,073,707	1,904,028
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		1,397,295	1,319,500
Payable outside Pakistan		2,516,494	4,916,169
		3,913,789	6,235,669
Advances - gross		303,905,643	285,410,673
Provision for non-performing advances	8.1 & 8.3	(18,245,222)	(18,242,365)
General provision	8.3	(112,118)	(132,187)
		(18,357,340)	(18,374,552)
Advances - net of provision		285,548,303	267,036,121

8.1 Advances include Rs. 19,579.205 million (2013: Rs. 19,423.896 million) which have been placed under non-performing status as detailed below:-

Category of Classification	June 30, 2014 (Un-audited)				
	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
Rupees in '000					
Other Assets Especially Mentioned	92,248	-	92,248	4,275	4,275
Substandard	707,563	-	707,563	175,511	175,511
Doubtful	1,427,915	-	1,427,915	713,957	713,957
Loss	17,351,479	-	17,351,479	17,351,479	17,351,479
	<u>19,579,205</u>	<u>-</u>	<u>19,579,205</u>	<u>18,245,222</u>	<u>18,245,222</u>

Category of Classification	December 31, 2013 (Audited)				
	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
Rupees in '000					
Other Assets Especially Mentioned	82,766	-	82,766	3,288	3,288
Substandard	647,912	-	647,912	160,315	160,315
Doubtful	1,228,912	-	1,228,912	614,456	614,456
Loss	17,464,306	-	17,464,306	17,464,306	17,464,306
	<u>19,423,896</u>	<u>-</u>	<u>19,423,896</u>	<u>18,242,365</u>	<u>18,242,365</u>

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

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2014

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

	(Un-audited) June 30, 2014			(Audited) December 31, 2013		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	18,242,365	132,187	18,374,552	17,752,942	52,090	17,805,032
Charge for the period / year	773,136	-	773,136	2,627,045	80,097	2,707,142
Reversals	(770,239)	(20,069)	(790,308)	(2,055,661)	-	(2,055,661)
Charged to profit and loss account	2,897	(20,069)	(17,172)	571,384	80,097	651,481
Amounts written off	(40)	-	(40)	(81,961)	-	(81,961)
Closing balance	18,245,222	112,118	18,357,340	18,242,365	132,187	18,374,552

Un-audited
June 30,
2014
Rupees in '000

Audited
December 31,
2013

9. BORROWINGS FROM FINANCIAL INSTITUTIONS

Details of Borrowings (Secured / Unsecured)

Secured

Borrowings from State Bank of Pakistan	14,477,751	14,929,061
Repurchase agreement borrowings	19,869,054	1,970,489

Unsecured

Call borrowings	23,994,260	16,012,636
Other Borrowings	530,873	40,220
	24,525,133	16,052,856
	58,871,938	32,952,406

10. DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits	164,129,884	191,182,134
Savings deposits	145,570,281	145,148,202
Current accounts - remunerative	98,715,803	83,463,328
- non - remunerative	232,999,335	183,047,302
	641,415,303	602,840,966

Financial Institutions

Remunerative deposits	3,873,069	5,114,383
Non - remunerative deposits	574,335	451,280
	645,862,707	608,406,629

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2014

11. SHARE CAPITAL

11.1 Authorised capital

Un-audited June 30, 2014	Audited December 31, 2013		Un-audited June 30, 2014	Audited December 31, 2013
No. of shares			Rupees in '000	
<u>1,500,000,000</u>	<u>1,500,000,000</u>	Ordinary shares of Rs. 10 each	<u>15,000,000</u>	<u>15,000,000</u>

11.2 Issued, subscribed and paid-up capital

Fully paid-up Ordinary shares of Rs. 10 each

Un-audited June 30, 2014	Audited December 31, 2013		Un-audited June 30, 2014	Audited December 31, 2013
No. of shares			Rupees in '000	
406,780,094	406,780,094	Fully paid in cash	4,067,801	4,067,801
720,745,186	616,647,565	Issued as bonus shares	7,207,452	6,166,476
<u>1,127,525,280</u>	<u>1,023,427,659</u>		<u>11,275,253</u>	<u>10,234,277</u>
9,148,550	9,148,550	18,348,550 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation in accordance with the swap ratio stipulated therein less 9,200,000 Ordinary shares of Rs. 10 each, held by Ibrahim Leasing Limited on the cut-off date (September 30, 2004).	91,486	91,486
8,400,000	8,400,000	8,400,000 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation of First Allied Bank Modaraba with Allied Bank Limited in accordance with the share swap ratio stipulated therein.	84,000	84,000
<u>1,145,073,830</u>	<u>1,040,976,209</u>		<u>11,450,739</u>	<u>10,409,763</u>

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

	Un-audited June 30, 2014	Audited December 31, 2013
	Rupees in '000	
12. CONTINGENCIES AND COMMITMENTS		
12.1 Direct credit substitutes		
Guarantees in favour of: Banks and financial institutions	523,432	439,266
12.2 Transaction-related contingent liabilities		
Guarantees in favour of: Government Others	<u>15,149,407</u> <u>18,437,799</u> 33,587,206	<u>17,959,000</u> <u>14,245,474</u> 32,204,474
12.3 Trade-related contingent liabilities	78,370,227	71,322,325
12.4 Claims against the Bank not acknowledged as debt	6,133,816	5,740,843

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2014

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, 2014	Audited December 31, 2013
	Rupees in '000	
12.6 Commitments in respect of forward foreign exchange contracts		
Purchase	67,806,346	97,308,562
Sale	26,639,378	62,218,028
12.7 Commitments in respect of:		
Civil works	923,864	1,064,715
Acquisition of operating fixed assets	748,644	794,367
	1,672,508	1,859,082
12.8 Commitments in respect of lease financing	4,878	100,000
12.9 Other Commitments	1,135	1,096
12.10 Other Contingencies		

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

12.10.2 The income tax assessments of the Bank have been finalized upto and including tax year 2013 for local and Azad Kashmir operations. While finalizing income tax assessments upto tax year 2013, income tax authorities made certain add backs with aggregate tax impact of Rs. 19,048 million (2013: Rs. 15,702 million). As a result of appeals filed by the Bank before appellate authorities, most of the add backs have been deleted. However, the Bank and Tax Department are in appeals / references before higher forums against unfavorable decisions. Pending finalization of appeals / references no provision has been made by the Bank on aggregate sum of Rs. 19,048 million (2013: Rs. 15,702 million). The management is confident that the outcome of these appeals/references will be in favor of the Bank.

Tax Authorities have conducted proceedings of withholding tax audit under section 161 / 205 of Income Tax Ordinance, 2001 for tax year 2005, 2006 and tax year 2008 to 2013 and created an arbitrary demand of Rs. 1,133 million (2013: Rs. 1,090 million). The Group's appeals before CIR (A) / Appellate Tribunal Inland Revenue (ATIR) are pending for adjudication. The management is confident that these appeals will be decided in favor of the Group; therefore, no provision has been made against the said demand of Rs. 1,133 million (2013: Rs. 1,090 million).

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

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance 1971 whereby it is alleged that Collective Investment Schemes (CISs) / Mutual Funds whose income exceeds Rs. 0.5 million in a tax year are liable to pay WWF. A writ petition has been filed in Sindh High Court to challenge the applicability of WWF. ABL AMC has undertaken to bear an amount of Rs. 27.38 million, if applicable, in respect of CISs managed by it. Therefore, no provision is made in these financial statements for said amount of Rs. 27.38 million because the management is confident that based on MUFAP's legal Council opinion dated December 12, 2011, the matter will be decided favourably in due course.

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2014

	Half Year Ended		Quarter Ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Rupees in '000				
13 MARK-UP / RETURN / INTEREST EARNED				
On loans and advances	14,747,924	13,945,891	7,809,872	7,249,490
On investments in:				
'Available-for-sale' securities	10,551,416	9,500,450	4,500,099	4,769,039
'Held-to-maturity' securities	5,799,961	1,986,435	4,169,576	999,321
'Held-for-Trading' securities	16,657	-	-	-
	16,368,034	11,486,885	8,669,675	5,768,360
On deposits with financial institutions	8,990	12,244	7,467	9,466
On securities purchased under resale agreements	641,174	598,660	290,530	323,198
On certificates of investment	-	14,457	-	4,123
On call money lending	5,394	95,037	2,351	69,050
	<u>31,771,516</u>	<u>26,153,174</u>	<u>16,779,895</u>	<u>13,423,687</u>

14 MARK-UP / RETURN / INTEREST EXPENSED

Deposits	14,774,219	12,860,179	7,320,427	6,619,445
Long term borrowing	176,296	118,702	98,966	59,748
Securities sold under repurchase agreements	1,321,519	929,700	852,128	457,395
Call money borrowing	726,610	46,179	446,018	32,528
Brokerage and commission	60,171	67,228	32,504	36,644
Markup on sub-ordinated loans	229,849	295,745	114,720	143,791
Other short term borrowings	1,615,996	1,443,750	810,838	691,838
	<u>18,904,660</u>	<u>15,761,483</u>	<u>9,675,601</u>	<u>8,041,389</u>

- 15 Other income includes compensation on delayed refunds amounting to Rs. 907,380 million (2013: Rs. 1,066.805 million) under section 171 of the Income Tax Ordinance 2001 pertaining to Assessment Year 1997-98, 1999-00, 2000-01 and Tax year 2003 to 2007 & 2009 to 2011 (2013: Assessment Year / Tax Years 1997-98 to 2006). This compensation has been calculated at the rates applicable under section 171 on the amount of refund for the period commencing at the end of the three months of refund becoming due to the Bank and the date of adjustment of refund by the income tax authorities.

	Half Year Ended		Quarter Ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Note				
Rupees in '000				

16 EARNINGS PER SHARE - BASIC AND DILUTED

Profit after taxation for the period attributable to ordinary shareholders				
	<u>7,195,160</u>	<u>5,587,516</u>	<u>3,909,501</u>	<u>2,737,250</u>
	Number of Shares			
		Restated		Restated
Weighted average number of ordinary shares outstanding during the period.	16.1	<u>1,145,073,830</u>	<u>1,145,073,830</u>	<u>1,145,073,830</u>
		Rupees		
		Restated		Restated
Earnings per share - basic and diluted for the period	16.1	<u>6.28</u>	<u>4.88</u>	<u>3.41</u>
			<u>2.39</u>	

There is no dilution effect on basic earnings per share.

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

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2014

17.

RELATED PARTY TRANSACTIONS

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

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

Nature of related party transactions	Un-audited June 30, 2014				Audited December 31, 2013			
	Directors	Associated companies*	Key management personnel	Other related parties	Directors	Associated companies*	Key management personnel	Other related parties
Rupees in 000								
Loans								
Loans at the beginning of the period / year	66,906	-	239,437	4,383,941	43,842	1,833,333	176,428	200
Loans given during the period / year	12,771	7,838	16,712	29,827,254	91,890	-	162,658	54,583,758
Loans repaid / adjustment during the period / year	(29,012)	(6,163)	(39,339)	(31,085,954)	(66,826)	(1,833,333)	(99,649)	(50,200,017)
Loans at the end of the period / year	52,665	1,675	216,810	3,125,241	88,906	-	239,437	4,383,941
Deposits								
Deposits at the beginning of the period / year	66,134	14,829	18,530	14,606,981	33,653	41,011	27,640	5,675,814
Deposits received during the period / year	2,450,915	3,571,954	325,683	61,107,175	5,146,560	7,144,875	7,95,509	98,198,169
Deposits repaid during the period / year	(2,449,763)	(3,557,357)	(292,645)	(69,601,314)	(5,114,079)	(7,171,057)	(804,619)	(89,267,002)
Deposits at the end of the period / year	67,286	29,426	5,168	6,112,842	66,134	14,829	18,530	14,606,981
Nostro balances	-	200,223	-	-	-	148,691	-	-
Investments in shares / open end mutual funds	-	277,483	-	11,983,626	-	279,650	-	12,194,226
Other receivables	607	-	44,800	106,236	-	-	38,853	78,260
Other payables	-	-	-	110	-	-	-	110
Net receivable from staff retirement benefit funds	-	-	-	4,143,468	-	-	-	3,896,907

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2014

	Un-audited June 30, 2014			Un-audited June 30, 2013				
	Directors	Associated companies*	Key management personnel	Other related parties	Directors	Associated companies*	Key management personnel	Other related
	Rupees in '000							
Mark-up earned	1,663	80	6,914	247,072	1,250	-	5,640	-
Income on Placements	-	1,012	-	-	-	808	-	-
Dividend Income	-	-	-	300,322	-	-	-	-
Sales commission / management fee sharing	-	-	-	3,723	-	-	-	257
Management fee income	-	-	-	158,923	-	-	-	110,351
Mark-up expense on Deposits	1,621	228	1,454	373,081	1,060	12	251	306,547
Fee commission / bank charges	7	34	19	320	7	16	23	118
Interest expense on Borrowings	-	-	-	-	-	-	98	-
Director's meeting fee	3,450	-	-	-	4,500	-	-	-
Remuneration	57,664	-	206,350	-	49,007	-	188,317	-
NIFT charges	-	-	-	45,304	-	35,333	-	-
Rent Expense**	-	10,610	-	-	-	9,667	-	-
Rent Income	-	600	-	-	-	-	-	-
Charge / (reversal) in respect of staff retirement benefit funds	-	-	-	(7,895)	-	-	-	54,350

* Associated company on the basis of common directorship.

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

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

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2014

18. 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, 2014 (Un-audited)							Total
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Asset Management	Eliminations	
	Rupees in '000							
Total Income	312,987	1,782,070	20,002,515	33,001,836	496,588	219,612	(17,664,018)	38,151,590
Total Expenses	(134,866)	(2,218,999)	(16,029,752)	(29,878,846)	(230,416)	(127,569)	17,664,018	(30,956,430)
Net Income	178,121	(436,929)	3,972,763	3,122,990	266,172	92,043	-	7,195,160

	For the Half Year Ended June 30, 2013 (Un-audited)							Total
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Asset Management	Eliminations	
	Rupees in '000							
Total Income	337,367	918,748	20,127,694	25,263,390	460,467	156,869	(16,055,832)	31,208,703
Total Expenses	(139,288)	(1,497,689)	(16,516,928)	(23,219,615)	(207,124)	(96,375)	16,055,832	(25,621,187)
Net Income	198,079	(578,941)	3,610,766	2,043,775	253,343	60,494	-	5,587,516

	As at June 30, 2014 (Un-audited)							Total
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Asset Management		
	Rupees in '000							
Segment Assets (Gross)	472,137	13,646,185	124,130,844	689,780,795	669,980	1,188,617	829,888,558	

	As at December 31, 2013 (Audited)							Total
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Asset Management		
	Rupees in '000							
Segment Assets (Gross)	369,234	13,917,310	125,725,177	614,299,239	794,405	1,073,269	756,178,634	

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2014

19 ISLAMIC BANKING BUSINESS

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

	Un-audited June 30, 2014	December 31, 2013
	Rupees in '000	
ASSETS		
Cash and balances with treasury banks	24,724	-
Balances with and due from financial institutions	50,000	-
Investments	525,169	-
Islamic financing and receivables	-	-
Operating fixed assets	2,887	-
Deferred tax assets	-	-
Other assets	51,038	-
Total Assets	653,818	-
LIABILITIES		
Bills payable	11,260	-
Borrowings from financial institutions	-	-
Deposits and other accounts		
-Current accounts	76,206	-
-Saving accounts	72,801	-
Deferred tax liability	-	-
Other liabilities	1,345	-
	<u>161,612</u>	<u>-</u>
NET ASSETS	<u>492,206</u>	<u>-</u>
REPRESENTED BY		
Islamic banking fund	500,000	-
Reserves	-	-
Unappropriated profit	44,204	-
	<u>544,204</u>	<u>-</u>
Deficit on revaluation of assets	(51,998)	-
	<u><u>492,206</u></u>	<u><u>-</u></u>
19.2 CHARITY FUND		
Opening Balance	-	-
Additions during the period	-	-
Payments / Utilization during the period	-	-
Closing Balance	<u>-</u>	<u>-</u>

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2014

19.3 The profit and loss account of the Bank's Islamic banking business for the half year ended June 30, 2014 is as follows:

	Half Year Ended	
	Un-audited June 30, 2014	June 30, 2013
	Rupees in '000	
Income / return / profit earned	227	-
Income / return / profit expensed	172	-
Net income / profit	55	-
(Reversal) / provision against non-performing loans and advances and general provision - net	-	-
Provision / (reversal) for diminution in the value of investments - net	-	-
Bad debts written off directly	-	-
Net profit / income after provisions	55	-
OTHER INCOME		
Fee, commission and brokerage income	41	-
Dividend income	47,880	-
Income from dealing in foreign currencies	-	-
Loss on sale of securities	-	-
Unrealized gain on revaluation of investments classified as 'held-for-trading' - net	(50)	-
Other income	-	-
Total other income	47,871	-
	47,926	-
OTHER EXPENSES		
Administrative expenses	3,722	-
Provision against other assets - net	-	-
Provision against off-balance sheet obligations - net	-	-
Other charges	-	-
Total other expenses	3,722	-
Extra-ordinary / unusual items	-	-
PROFIT BEFORE TAXATION	44,204	-
19.4 Remuneration to Shariah Advisor / Board	275	-

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 05, 2014 has approved interim cash dividend for the half year ended June 30, 2014 at Rs. 1.50 per share (June 30, 2013: Rs. 1.25 per share). The consolidated condensed interim financial statements for the half year ended June 30, 2014 do not include the effect of this appropriation and will be accounted for in the financial statements of the period of declaration.

21 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue on August 05, 2014 by the Board of Directors of the Bank.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman



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