

Condensed Interim Financial Statements
for the half year ended June 30, 2015



**EXPANDING THE
POSSIBILITIES...**

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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 *
Dr. Muhammad Akram Sheikh
Tariq Mahmood

Audit Committee of Board

Mubashir A. Akhtar
(Chairman)

Pervaiz Iqbal Butt
A. Akbar Sharifzada *
Dr. Muhammad Akram Sheikh

Human Resource & Remuneration Committee

Abdul Aziz Khan
(Chairman)

Muhammad Waseem Mukhtar
Pervaiz Iqbal Butt
Tariq Mahmood

Company Secretary

Muhammad Raffat

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Adviser

Mandviwalla & Zafar Advocate

Shares Registrar

Technology Trade (Pvt.) Limited

Registered & Head Office

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

Website & Email

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

**Consequent upon divestment of residual shareholding of Govt. of Pakistan and State Bank of Pakistan in Allied Bank Limited, the GOP vide their letter No. F.No. 1(2) Bkg-IV/2014-596 dated August 06, 2015 has withdrawn its nominee Director Mr. A. Akbar Sharifzada from the Board of Allied Bank Limited, consequently he also ceased to be a member of the Audit Committee of the Board as well.*

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 for the half year ended June 30, 2015:

Financial Highlights

	(Rupees in million)		Growth
	Half year ended June 30,		
	2015	2014	
Profit After Tax	7,357	7,103	4%
Un-appropriated profits brought forward	37,054	30,856	20%
Transfer from surplus on revaluation of fixed assets – net of tax	42	11	282%
Profit available for appropriation	44,453	37,970	17%
Final Cash dividend for the year ended December 31, 2014 at Rs. 2.00 per share (2014: year ended December 31, 2013 at Rs. 1.5 per share)	(2,290)	(1,562)	47%
Interim Cash dividend for the year ending December 31, 2015 at Rs.1.75 per share (2014: year ended December 31, 2014 at Rs. 1.25 per share)	(2,004)	(1,431)	40%
Transfer from un-appropriated profit for issue of bonus shares for the year ended December 31, 2014: Nil (2014: year ended December 31, 2013 @10%)	-	(707)	(100%)
Transfer to Statutory Reserves	(736)	(710)	4%
Un-appropriated profits carried forward	39,423	33,560	17%
Earnings Per Share (EPS) (Rs.)	6.42	6.20	4%
Profit After Tax (Excluding prior year tax adjustment)	8,817	7,103	24%
EPS (Rs.) (Excluding prior year tax adjustment)	7.70	6.20	24%

The Board is pleased to announce second interim cash dividend of Rs. 1.75 per share in addition to first interim cash dividend of Rs. 1.75 per share, which has already been paid. Interim Cash Dividend for the half year-ended June 30, 2015 is Rs 3.5 per share (June 30, 2014: Rs. 2.75 per share).

Economic Review

Pakistan's economic indicators are gradually moving from stabilization to growth phase despite challenges from persistent energy crisis, law and order situation and fiscal imbalances. The drop in international oil prices has provided distinct opportunity to oil importing nations like Pakistan to develop structural reforms while maintaining fiscal discipline.

Inflationary pressures remained muted during the quarter under review with CPI inflation reaching 3.2% on YoY basis as compared to 8.2% in corresponding period of 2014. Inflation for FY14-15 remained within Government's revised target of 4%-5%. Going forward, inflation for FY15-16 is expected to increase but likely to stay within GOP's forecast of 6%.

With inflation at manageable level and to augment private sector credit off-take, SBP further reduced discount rate (ceiling rate) by 100 basis points during quarter under review; with a cumulative decrease of 300 basis points during FY14-15. During the quarter under review SBP also introduced "SBP Target Rate" which was set 50 basis points below ceiling rate and referred to it as "Policy Rate of SBP" effectively reducing the benchmark rate to 6.5%, with effect from May 25, 2015. The monetary easing has been initiated to induce growth within the economy. Large Scale Manufacturing (LSM) growth though remained subdued at 3.3% between Jul'14 and May'15; the chronic energy crisis remained the primary factor for this lackluster growth. However, construction, mining and quarrying along with agriculture sector remained buoyant.

During the half year foreign exchange reserves continued to grow on sustainable basis, with end-June'15 reserves reaching record levels of US\$18,677 million. The improvement in reserves was mainly driven by disbursement from international multilateral agencies, rising remittances inflow of US\$ 18,454 million during FY14-15 and low international oil prices which resulted in YoY 21% decline in the oil import bill. Exchange parity between US\$ and Pakistani Rupee also remained stable during the period as a result of stable foreign exchange reserves position. In view of the above situation, external current account (CA) deficit also lowered to 0.8% of GDP in Jul'14-May'15 as compared to 1.4% in corresponding period.

Broad Money (M2) growth picked up during second quarter resulting in Jan'15-Jun'15 growth of 9.8%. Nonetheless, the current year's growth is lower than past 5 financial year's average growth of 14.2%. The declining M2 growth translated into 9.6% growth in industry deposits during the half year, reaching Rs.9,141 billion at end-Jun' 15. Private sector credit appetite remained limited with industry advances increasing by just 3% during the half year to Rs.4,577 billion.

The trend within banking industry to redirect excess liquidity towards investments continued with volumetric growth in government securities. Investments reached Rs.5,812 billion at end-Jun'15, reflecting 14% growth over Dec'14 levels.

In view of positive economic developments, Moody's Investors Service upgraded the Pakistan's bond rating to B3 from Caa1, and assigned a stable outlook.

Financial Review

Your Bank remained steadfast amid a persistently challenging business environment coupled with declining interest rate scenario, shrinking spreads and changes in taxation laws. Strategy of optimizing asset mix, mobilization of low cost deposit, together with sustained focus on

Directors' Review

servicing customers through integrated banking solutions, evolving risk management framework, consistent investment in technology and continued optimization of operational activities to bring about cost rationalization has assisted Your Bank to deliver stable results.

Profit Before Tax of Your Bank increased by 26.0% to reach Rs.13,579 million during the half year ended June 30, 2015 as compared to Rs.10,777 million in the corresponding period of previous year.

Finance Act 2015 promulgated one time super tax at 4% on the taxable income of the Bank and application of uniform tax rate of 35% effective from January 01, 2014. This has resulted in additional tax charge of Rs.1,460 million and effective tax rate of 46% as against 34% in the corresponding period of previous year as explained in note 16 of the appended financial statements.

Despite the additional tax charge, Profit After Tax registered growth of 3.6% reaching Rs.7,357 million as compared to Rs.7,103 million in corresponding period of 2014. EPS of Your Bank increased to Rs.6.42 per share in June 2015 compared to Rs.6.20 per share in June 2014. ROE and ROA of 23.1% and 1.67% respectively were achieved during the period under review. Excluding the impact of prior year tax charge of Rs.1,460 million, Profit after tax amounts to Rs. 8,816 million showing a growth of 24% over June 30, 2014; Similarly EPS, ROE and ROA of Your Bank improves to Rs. 7.70 per share, 27.7% and 2.0% respectively upon aforementioned exclusion.

The Bank's Net Markup Income increased by 35% to Rs.17,385 million for the half year ended June 30, 2015 as against Rs.12,861 million in the corresponding period of last year. Despite reduction in discount rate, the positive variance is primarily driven by optimization of asset mix.

Net provision charge for the half year ended June 30, 2015 was Rs.550 million as compared to net charge of Rs.1.7 million in the corresponding period of last year; mainly on account of provision of Rs.685 million against exposure in BYCO Petroleum Pakistan Limited in the first quarter 2015.

Non Mark-up/ Interest Income marginally declined by Rs.491 million to close at Rs.5,675 million during the period .The decrease is primarily attributable to lower capital gains realized during the period which also off-setted the impact of higher forex, fee and dividend income.

Despite network expansion from 964 branches in June 2014 to 1,000 branches in June 2015 and underlying inflationary impacts, overall administrative expenses were controlled to increase by just 8.7% over the corresponding period of last year.

While maintaining the emphasis on cost effective deposit mix, Your Bank's deposits increased to Rs.711,053 million as at June 30, 2015, a growth of 6.5% over Dec'14; Net advances decreased by Rs.4,500 million to close at Rs.301,514 million. Investments increased by Rs.48,135 million or 11.2% compared to the Dec'14 to reach Rs. 476,925 million.

Continuous focus on asset quality yielded results and Non-performing loans decreased by Rs.357 million during the half year to close at Rs.22,565 million. Infection ratio as at June 30, 2015 remained at December 2014 level of 7.0%. Meanwhile, loan loss coverage improved to 88.8% as at June 30, 2015 compared to 86.4% as at December 31, 2014. No FSV benefit has been taken while determining the provision against Non-Performing Advances as allowed under BSD Circular No. 01 of dated October 21, 2011.

Total assets and equity of Your Bank as at June 30, 2015 stood at Rs. 917,900 million and Rs. 86,147 million respectively registering a growth of 9% and 6% respectively.

Future Outlook

The implementation of fiscal management and stabilization of policies has created a stable economic environment; coupled with low inflationary pressure due to drop in international oil prices, steady build up of foreign exchange reserves and healthy foreign home remittances. Pakistan's economy remains on recovery path. Going forward, key challenges shall remain resolution of energy crisis and improving law and order situation. The recent bilateral agreements with China when materialized could help revive investment and augment GDP growth in the long term. Addressing structural bottlenecks especially energy related issues and improvement in security situation will remain imperative to achieve sustained growth objectives.

Banking sector will continue to face an evolving operating environment. While enactment of flat tax rate on all sources of income effective from Jan 01, 2014, imposition of one off super tax, changes in withholding tax regime on banking transactions, falling benchmark discount interest rates which reached historical low levels, pose challenges to banking sector profitability. Gradual improvement in overall economic environment shall present opportunities to banking sector to diversify revenue streams and venture in to previously untapped market segments.

Despite challenges and evolving operating environment the Bank through utilization of latest technology platforms, robust risk management framework, multiple delivery channels and banking franchise is in a position to deliver steady growth. During the period under review, Your Bank has achieved status of Primary Dealer for government securities from State Bank of Pakistan, which shall also assist in revenue diversification. In addition, the gradual expansion in Islamic Banking and focus on diversifying revenue stream through various initiatives like introduction of branchless/mobile banking to tap into large unbanked population and launch of products and services tailored to customers' needs shall contribute to sustained profitability in medium to long term.

Directors' Review

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.

Moody's Investors Service has upgraded the Bank's local currency deposit rating to B3 from Caa1 and assigned 'Stable' outlook.

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 - Euro Money

Your Bank for the fourth consecutive year has won "Best Investment Bank of the Year award – Pakistan" from Euro Money (UK), the world leading financial markets' magazine.

Acknowledgement

On behalf of Allied Bank we would like to extend our gratitude to our customers and shareholders for their support, State Bank of Pakistan, Securities and Exchange Commission of Pakistan and other regulatory bodies for their support, and employees for all their dedication, loyalty and commitment.

For and on behalf of the Board,

Tariq Mahmood

Chief Executive Officer

Date: August 5, 2015

Place: Lahore

Independent Auditor’s Report to the members on Review of Interim Financial Information

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Allied Bank Limited (“ the Bank”) as at 30 June 2015, and the related unconsolidated condensed interim statement of profit and loss account, unconsolidated condensed interim statement of other comprehensive income, unconsolidated condensed interim statement of changes in equity, unconsolidated condensed interim statement of cash flow and explanatory notes (here-in-after referred to as “interim financial information”) for the six months period then ended. Management is responsible for the preparation and presentation of the interim financial information in accordance with approved accounting standards applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the six months period ended 30 June 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures for the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income for the quarters ended 30 June 2015 and 30 June 2014 have not been reviewed and we do not express a conclusion on them.

The financial statements and of the Bank for the year ended 31 December 2014 and six months period ended 30 June 2014 were audited and reviewed respectively by another auditor whose reports, dated 10 February 2015 and 05 August 2014, expressed unqualified opinion / conclusion on those statements.

Date: August 5, 2015
Place: Lahore

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

Unconsolidated Condensed Interim Statement of Financial Position

as at June 30, 2015

	Note	Un-audited June 30, 2015	Audited December 31, 2014
————— Rupees in '000 —————			
ASSETS			
Cash and balances with treasury banks		54,442,439	41,254,975
Balances with other banks		1,526,935	873,494
Lendings to financial institutions	6	19,748,505	2,030,062
Investments	7	476,925,279	428,790,733
Advances	8	301,514,378	306,014,402
Operating fixed assets		27,403,750	27,250,482
Deferred tax assets		—	—
Other assets		36,338,921	36,054,979
		<u>917,900,207</u>	<u>842,269,127</u>
LIABILITIES			
Bills payable		12,779,596	4,831,801
Borrowings from financial institutions	9	81,129,720	66,096,472
Deposits and other accounts	10	711,053,718	667,877,615
Sub-ordinated loans		2,993,400	2,994,000
Liabilities against assets subject to finance lease		—	—
Deferred tax liabilities		8,648,383	3,622,651
Other liabilities		15,148,053	15,956,263
		<u>831,752,870</u>	<u>761,378,802</u>
NET ASSETS			
		<u>86,147,337</u>	<u>80,890,325</u>
REPRESENTED BY			
Share capital	11	11,450,739	11,450,739
Reserves		14,275,435	13,549,355
Unappropriated profit		39,422,456	37,053,691
		<u>65,148,630</u>	<u>62,053,785</u>
Surplus on revaluation of assets - net of tax		20,998,707	18,836,540
		<u>86,147,337</u>	<u>80,890,325</u>
CONTINGENCIES AND COMMITMENTS			
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The annexed notes 1 to 22 form an integral part of these unconsolidated condensed interim financial statements.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Unconsolidated Condensed Interim Profit and Loss Account

(Un-audited) for the half year ended June 30, 2015

	Note	Half Year Ended		Quarter Ended	
		June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Rupees in '000					
Mark-up / return / interest earned	13	36,369,540	31,770,871	17,878,695	16,779,588
Mark-up / return / interest expensed	14	18,984,506	18,909,538	8,971,123	9,677,241
Net mark-up / interest income		17,385,034	12,861,333	8,907,572	7,102,347
Provision / (reversal) against non-performing loans and advances and general provision - net		541,779	(17,172)	(187,910)	21,356
Provision for diminution in the value of investments - net		7,945	18,861	9,170	17,471
Bad debts written off directly		-	-	-	-
		549,724	1,689	(178,740)	38,827
Net mark-up / interest income after provisions		16,835,310	12,859,644	9,086,312	7,063,520
NON MARK-UP / INTEREST INCOME					
Fee, commission and brokerage income		2,066,800	1,713,585	969,320	785,342
Dividend income		1,770,151	1,645,810	496,057	550,119
Income from dealing in foreign currencies		468,243	215,399	173,902	292,502
Gain on sale of securities		416,570	1,572,581	104,279	793,745
Unrealized gain on revaluation of investments classified as 'held-for-trading' - net		8,170	-	17,077	-
Other income	15	944,657	1,018,609	859,614	951,608
Total non-markup / interest income		5,674,591	6,165,984	2,620,249	3,373,316
		22,509,901	19,025,628	11,706,561	10,436,836
NON MARK-UP / INTEREST EXPENSES					
Administrative expenses		8,560,476	7,872,949	4,442,760	4,014,973
Provision against other assets - net (Reversal) / Provision against off-balance sheet obligations - net		41,350	28,000	29,350	12,000
Other charges		(22,142)	22,933	(22,142)	12,755
		351,619	325,064	150,529	170,273
Total non-markup / interest expenses		8,931,303	8,248,946	4,600,497	4,210,001
Extra-ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		13,578,598	10,776,682	7,106,064	6,226,835
Taxation					
Current		4,819,684	3,565,122	2,389,856	2,313,679
Prior years		1,460,245	-	1,460,245	-
Deferred	16	(58,022)	108,443	109,414	50,192
		6,221,907	3,673,565	3,959,515	2,363,871
PROFIT AFTER TAXATION		7,356,691	7,103,117	3,146,549	3,862,964
Earnings per share - Basic and Diluted (in Rupees)					
	17	6.42	6.20	2.75	3.37

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Unconsolidated Condensed Interim Statement of Comprehensive Income

(Un-audited) for the half year ended June 30, 2015

	Half Year Ended		Quarter Ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
	Rupees in '000			
Profit after taxation for the period	7,356,691	7,103,117	3,146,549	3,862,964
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	(9,589)	(71,236)	63,663	1,391
Comprehensive income transferred to equity	7,347,102	7,031,881	3,210,212	3,864,355
Comprehensive income not reflected in equity				
Net change in fair value of 'available-for-sale' securities	7,293,090	921,109	3,806,036	885,109
Related deferred tax charge	(5,083,755)	(177,051)	(3,958,002)	(122,339)
	2,209,335	744,058	(151,966)	762,770
Total comprehensive income for the period	9,556,437	7,775,939	3,058,246	4,627,125

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Unconsolidated Condensed Interim Statement of Cash Flows

(Un-audited) for the half year ended June 30, 2015

	Half Year Ended	
	June 30, 2015	June 30, 2014
	Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	13,578,598	10,776,682
Less: Dividend income	(1,770,151)	(1,645,810)
	<u>11,808,447</u>	<u>9,130,872</u>
Adjustments for non-cash items:		
Depreciation / amortization	997,118	911,667
Provision / (reversal) against non-performing loans, advances and general provision - net	541,779	(17,172)
Provision for diminution in the value of investments - net	7,945	18,861
Unrealized Gain on revaluation of 'held-for-trading' securities - net	(8,170)	-
(Reversal) / provision against off balance sheet obligations - net	(22,142)	22,933
Provision against other assets - net	41,350	28,000
Provision for workers welfare fund	275,411	215,534
Gain on sale of fixed assets	(8,095)	(27,202)
	<u>1,825,196</u>	<u>1,152,621</u>
	<u>13,633,643</u>	<u>10,283,493</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	(17,718,443)	(2,153,207)
Net investments in 'held-for-trading' securities	(4,213,678)	2,981,436
Advances - net	3,958,245	(18,482,439)
Other assets (excluding advance taxation) - net	(3,476,137)	(10,882,227)
	<u>(21,450,013)</u>	<u>(28,536,437)</u>
Increase / (decrease) in operating liabilities		
Bills payable	7,947,795	6,181,232
Borrowings from financial institutions	15,181,690	25,919,532
Deposits and other accounts	43,176,103	37,460,103
Other liabilities	(1,176,684)	(669,967)
	<u>65,128,904</u>	<u>68,890,900</u>
	<u>57,312,534</u>	<u>50,637,956</u>
	<u>(2,847,553)</u>	<u>(4,200,508)</u>
Income tax paid - net		
	<u>54,464,981</u>	<u>46,437,448</u>
Net cash flow from operating activities		
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in 'available-for-sale' securities	(35,395,220)	90,702,587
Net investments in 'held-to-maturity' securities	(1,394,779)	(125,023,863)
Dividend income received	1,744,144	2,111,982
Investments in operating fixed assets	(1,204,761)	(864,704)
Proceeds from sale of fixed assets	57,071	36,959
	<u>(36,193,545)</u>	<u>(33,037,039)</u>
Net cash used in investing activities		
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of sub-ordinated loan	(600)	(624,100)
Dividend paid	(4,271,900)	(2,995,155)
	<u>(4,272,500)</u>	<u>(3,619,255)</u>
Net cash used in financing activities		
Effect of translation of net investment in foreign branch	(9,589)	(71,236)
	<u>13,989,347</u>	<u>9,709,918</u>
Increase in cash and cash equivalents during the period		
Cash and cash equivalents at beginning of the period	<u>41,979,844</u>	<u>45,775,310</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>55,969,191</u>	<u>55,485,228</u>

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited) for the half year ended June 30, 2015

	Capital Reserves				Revenue Reserves			Total
	Share Capital	Share Premium	Exchange Translation Reserve	Bonus Issue Reserve	Statutory Reserve	General Reserve	Un appropriated Profit	
	Rupees in '000							
Balance as at January 01, 2014	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 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	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	33,559,748	57,753,857
Changes in equity during the half year ended December 31, 2014								
Total comprehensive income for the half year ended December 31, 2014								
- Net profit for the half year ended December 31, 2014	-	-	-	-	-	-	7,911,975	7,911,975
- Effect of remeasurement of defined benefit plans net of deferred tax	-	-	-	-	-	-	60,277	60,277
- Effect of translation of net investment in foreign bank branch	-	-	14,788	-	-	-	-	14,788
	-	-	14,788	-	-	-	7,972,252	7,987,040
Transactions with owners recognized directly in equity								
Second interim cash dividend for the year ended December 31, 2014 (Rs. 1.50 per ordinary share)	-	-	-	-	-	-	(1,717,611)	(1,717,611)
Third interim cash dividend for the year ended December 31, 2014 (Rs. 1.75 per ordinary share)	-	-	-	-	-	-	(2,003,880)	(2,003,880)
	-	-	-	-	-	-	(3,721,491)	(3,721,491)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	34,379	34,379
Transfer to statutory reserve	-	-	-	-	791,197	-	(791,197)	-
Balance as at December 31, 2014	11,450,739	-	28,293	-	13,515,062	6,000	37,053,691	62,053,785
Changes in equity during the half year ended June 30, 2015								
Total comprehensive income for the half year ended June 30, 2015								
- Net profit for the half year ended June 30, 2015	-	-	-	-	-	-	7,356,691	7,356,691
- Effect of translation of net investment in foreign bank branch	-	-	(9,589)	-	-	-	-	(9,589)
	-	-	(9,589)	-	-	-	7,356,691	7,347,102
Transactions with owners recognized directly in equity								
Final cash dividend for the year ended December 31, 2014 (Rs. 2 per ordinary share)	-	-	-	-	-	-	(2,290,148)	(2,290,148)
First interim cash dividend for the year ending December 31, 2015 (Rs. 1.75 per ordinary share)	-	-	-	-	-	-	(2,003,879)	(2,003,879)
	-	-	-	-	-	-	(4,294,027)	(4,294,027)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	41,770	41,770
Transfer to statutory reserve	-	-	-	-	735,669	-	(735,669)	-
Balance as at June 30, 2015	11,450,739	-	18,704	-	14,250,731	6,000	39,422,456	65,148,630

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2015

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 998 (2014: 998) branches including 05 (2014: 4) Islamic banking branches in Pakistan, 1 branch (2014: 1) in Karachi Export Processing Zone and 1 wholesale banking branch (2014: 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, 2015 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, 2014.
- 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 20 to these financial statements.

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2015

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

- Defined Benefit Plans: Employees contributions (Amendments to IAS 19);
- Annual Improvements to IFRSs 2010-2012 Cycle
- Annual Improvements to IFRSs 2011-2013 Cycle

The adoption of above amendments and improvements 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.

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, 2014.

5.3 Measurement of fair values

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

	Note	Un-audited June 30, 2015	Audited December 31, 2014
———— Rupees in '000 ————			
6. LENDINGS TO FINANCIAL INSTITUTIONS			
Repurchase agreement lendings (Reverse Repo)	6.1	18,103,505	919,646
Certificates of investment	6.2	70,000	70,000
Call money lendings	6.3	1,645,000	1,110,416
		19,818,505	2,100,062
Provision against lendings to financial institutions		(70,000)	(70,000)
		19,748,505	2,030,062

6.1 These are short-term lendings to various financial institutions against the Government securities. These carry mark-up at rate, ranging between 7.00% to 7.24% (2014: 9.70%) per annum and will mature on various dates latest by August 28, 2015.

6.2 This represents a classified certificate of investment.

6.3 These represent unsecured call money lendings in local currency, carrying mark-up at rate, ranging between 6.15% to 7.00% (2014: 9.40% to 9.70%) per annum and will mature on various dates latest by July 08, 2015.

7. INVESTMENTS

	Note	Held by Bank	Given as collateral	Total
———— Rupees in '000 ————				
Current period - June 30, 2015 (Un-audited)	7.1	437,242,799	39,682,480	476,925,279
Prior year - December 31, 2014 (Audited)	7.1	397,020,914	31,769,819	428,790,733

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2015

Un-audited As at June 30, 2015			Audited As at December 31, 2014		
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	12,524,550	–	12,524,550	2,474,557	–	2,474,557
Pakistan Investment Bonds	1,169,666	–	1,169,666	6,997,811	–	6,997,811
	13,694,216	–	13,694,216	9,472,368	–	9,472,368

Available-for-sale securities

Market Treasury Bills	76,717,081	8,031,379	84,748,460	81,149,936	31,696,602	112,846,538
Pakistan Investment Bonds	102,473,491	30,156,277	132,629,768	72,370,892	–	72,370,892
Ordinary shares of listed companies / certificates of close ended mutual funds	17,653,309	–	17,653,309	20,088,582	–	20,088,582
Preference shares	87,177	–	87,177	136,855	–	136,855
Pre IPO shares	–	–	–	–	–	–
Units of open ended mutual funds	150,000	–	150,000	250,000	–	250,000
Ordinary shares of unlisted companies	2,479,768	–	2,479,768	2,223,838	–	2,223,838
Investment in related parties						
- Listed shares	4,053,509	–	4,053,509	–	–	–
- Unlisted shares	456,155	–	456,155	456,155	–	456,155
- Units of open ended mutual funds	135,000	–	135,000	458,299	–	458,299
Sukuk bonds	2,122,194	–	2,122,194	2,233,278	–	2,233,278
GOP Sukuk bonds	2,071,873	–	2,071,873	–	–	–
Term finance certificates (TFCs)	2,709,895	–	2,709,895	2,837,451	–	2,837,451
	211,109,452	38,187,656	249,297,108	182,205,286	31,696,602	213,901,888

Held-to-maturity securities

Pakistan Investment Bonds	185,197,723	–	185,197,723	184,587,797	–	184,587,797
GOP Sukuk bonds	1,025,660	–	1,025,660	–	–	–
GOP Ijara Sukuk bonds	150,977	–	150,977	151,602	–	151,602
Foreign currency bonds (US\$)	4,696,910	–	4,696,910	4,570,147	–	4,570,147
TFCs, Bonds and PTCs	1,727,787	–	1,727,787	2,094,732	–	2,094,732
	192,799,057	–	192,799,057	191,404,278	–	191,404,278

Subsidiary

ABL Asset Management Company Limited	500,000	–	500,000	500,000	–	500,000
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Investment at cost

	418,102,725	38,187,656	456,290,381	383,581,932	31,696,602	415,278,534
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Provision for diminution in the
value of investments

	(985,129)	–	(985,129)	(977,183)	–	(977,183)
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Investments (net of provisions)

	417,117,596	38,187,656	455,305,252	382,604,749	31,696,602	414,301,351
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Unrealized surplus on revaluation of
'held-for-trading' securities

	8,170	–	8,170	170,616	–	170,616
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Surplus on revaluation of
'available-for-sale' securities

	20,117,033	1,494,824	21,611,857	14,245,549	73,217	14,318,766
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Total investments at market value

	437,242,799	39,682,480	476,925,279	397,020,914	31,769,819	428,790,733
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Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2015

	Note	Un-audited June 30, 2015	Audited December 31, 2014
————— Rupees in '000 —————			
8. ADVANCES			
Loans, cash credits, running finances, etc.			
In Pakistan		307,052,886	313,356,931
Outside Pakistan		6,055,833	5,024,155
Net investment in finance lease - in Pakistan		2,114,064	2,041,392
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		2,043,027	1,963,256
Payable outside Pakistan		4,284,914	3,439,232
		6,327,941	5,402,488
Advances - gross		321,550,724	325,824,966
Provision for non-performing advances	8.1 & 8.3	(19,945,175)	(19,694,645)
General provision against consumer financing	8.3	(91,171)	(115,919)
		(20,036,346)	(19,810,564)
Advances - net of provision		301,514,378	306,014,402

8.1 Advances include Rs. 22,565.079 million (2014: Rs. 22,921.542 million) which have been placed under non-performing status as detailed below:-

June 30, 2015 (Un-audited)					
Category of Classification	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
————— Rupees in '000 —————					
Other Assets Especially Mentioned	167,126	–	167,126	6,669	6,669
Substandard	2,101,572	–	2,101,572	523,216	523,216
Doubtful	3,325,800	–	3,325,800	2,444,709	2,444,709
Loss	16,970,581	–	16,970,581	16,970,581	16,970,581
	22,565,079	–	22,565,079	19,945,175	19,945,175

December 31, 2014 (Audited)					
Category of Classification	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
————— Rupees in '000 —————					
Other Assets Especially Mentioned	157,086	–	157,086	4,335	4,335
Substandard	1,708,825	–	1,708,825	425,860	425,860
Doubtful	3,582,362	–	3,582,362	1,791,181	1,791,181
Loss	17,473,269	–	17,473,269	17,473,269	17,473,269
	22,921,542	–	22,921,542	19,694,645	19,694,645

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

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2015

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

	June 30, 2015 (Un-audited)			December 31, 2014 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	19,694,645	115,919	19,810,564	18,242,365	132,187	18,374,552
Charge for the period / year	1,730,683	-	1,730,683	3,554,105	-	3,554,105
Reversals	(1,164,156)	(24,748)	(1,188,904)	(1,426,143)	(16,268)	(1,442,411)
Charged to profit and loss account	566,527	(24,748)	541,779	2,127,962	(16,268)	2,111,694
Amounts written off	(315,997)	-	(315,997)	(675,682)	-	(675,682)
Closing balance	19,945,175	91,171	20,036,346	19,694,645	115,919	19,810,564

Un-audited	Audited
June 30,	December 31,
2015	2014
Rupees in '000	

9. BORROWINGS FROM FINANCIAL INSTITUTIONS

Details of borrowings (Secured / Unsecured)

Secured

Borrowings from State Bank of Pakistan	14,030,258	18,410,660
Repurchase agreement borrowings	39,342,415	31,581,822

Unsecured

Call borrowings	27,641,025	15,907,040
Overdrawn nostro accounts	183	148,625
Borrowings from other financial institutions	115,839	48,325
	<u>27,757,047</u>	<u>16,103,990</u>
	<u>81,129,720</u>	<u>66,096,472</u>

10. DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits	177,151,384	182,915,519
Savings deposits	178,676,511	170,313,716
Current accounts - remunerative	112,482,826	106,798,622
- non - remunerative	238,563,479	204,382,128
	<u>706,874,200</u>	<u>664,409,985</u>

Financial Institutions

Remunerative deposits	2,070,150	2,067,539
Non - remunerative deposits	2,109,368	1,400,091
	<u>711,053,718</u>	<u>667,877,615</u>

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2015

11. SHARE CAPITAL

11.1 Authorised capital

Un-audited June 30, 2015	Audited December 31, 2014		Un-audited June 30, 2015	Audited December 31, 2014
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, 2015	Audited December 31, 2014		Un-audited June 30, 2015	Audited December 31, 2014
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>720,745,186</u>	Issued as bonus shares	<u>7,207,452</u>	<u>7,207,452</u>
<u>1,127,525,280</u>	<u>1,127,525,280</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>11,275,253</u>	<u>11,275,253</u>
<u>9,148,550</u>	<u>9,148,550</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>91,486</u>	<u>91,486</u>
<u>8,400,000</u>	<u>8,400,000</u>		<u>84,000</u>	<u>84,000</u>
<u>1,145,073,830</u>	<u>1,145,073,830</u>		<u>11,450,739</u>	<u>11,450,739</u>

Ibrahim Fibers Limited, related party of the Bank, holds 194,041,916 (16.95%) [2014: 194,041,916 (16.95%)] ordinary shares of Rs.10 each, as at reporting date.

Un-audited June 30, 2015	Audited December 31, 2014
Rupees in '000	

12. CONTINGENCIES AND COMMITMENTS

12.1 Direct credit substitutes

Guarantees in favour of: Banks and financial institutions	<u>10,550,246</u>	<u>11,283,919</u>
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12.2 Transaction-related contingent liabilities

Guarantees in favour of: Government	<u>418,140</u>	<u>523,334</u>
Others	<u>18,513,968</u>	<u>24,829,746</u>
	<u>18,932,108</u>	<u>25,353,080</u>

12.3 Trade-related contingent liabilities

<u>57,330,004</u>	<u>59,779,998</u>
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Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2015

	Un-audited June 30, 2015	Audited December 31, 2014
	Rupees in '000	
12.4 Claims against the Bank not acknowledged as debt	4,761,595	5,674,919
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, 2015	Audited December 31, 2014
	Rupees in '000	
12.6 Commitments in respect of forward foreign exchange contracts		
Purchase	93,460,103	65,524,611
Sale	52,611,251	26,343,223
12.7 Commitments in respect of forwards		
Forward purchase of Federal government securities	200,000	200,000
Forward sale of Federal government securities	1,000,000	750,000
12.8 Commitments in respect of:		
Civil works	737,844	663,398
Acquisition of operating fixed assets	531,401	758,854
	1,269,245	1,422,252
12.9 Commitments in respect of lease financing	8,512	59,394
12.10 Commitments in respect of operating lease	-	2,814
12.11 Commitments in respect of software purchasing	2,025	-

12.12 Other Contingencies

12.12.1 There is no change in the status of contingencies, set out in note 22.11 to the unconsolidated financial statements of the Bank for the year ended December 31, 2014, except for the contingencies as mentioned below:

12.12.2 The income tax assessments of the Bank have been finalized upto and including tax year 2014 for local and Azad Kashmir operations. While finalizing income tax assessments upto tax year 2014, income tax authorities made certain add backs with aggregate tax impact of Rs. 20,801 million (2014: 19,048 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. 20,801 million (2014: 19,048 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 2014 and created an arbitrary demand of Rs. 1,218 million (2014: 1,218 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. 1,218 million (2014: 1,218 million).

Tax authorities have also issued orders under Federal Excise Act, 2005/Sales Tax Act, 1990/Sindh Sales Tax on Services Act 2011 for the year 2008 to 2014 thereby creating arbitrary aggregate demand of Rs. 633 million (2014: 573 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. 633 million (2014: 573 million).

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2015

	Half Year Ended		Quarter Ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Rupees in '000				
13 MARK-UP / RETURN / INTEREST EARNED				
On loans and advances	13,933,359	14,747,280	6,431,879	7,809,566
On investments in:				
Available-for-sale' securities	10,759,121	10,551,416	5,589,713	4,500,099
Held-to-maturity' securities	11,352,630	5,799,961	5,729,676	4,169,576
Held-for-trading' securities	99,920	16,657	27,389	-
	22,211,671	16,368,034	11,346,778	8,669,675
On deposits with financial institutions	3,206	8,989	-	7,466
On securities purchased under resale agreements	196,616	641,174	85,295	290,530
On certificates of investment	3,546	-	3,546	-
On call money lending	21,142	5,394	11,197	2,351
	36,369,540	31,770,871	17,878,695	16,779,588

	Half Year Ended		Quarter Ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Rupees in '000				
14 MARK-UP / RETURN / INTEREST EXPENSED				
Deposits	13,674,248	14,775,083	6,356,184	7,320,770
Long term borrowing	242,456	176,296	120,564	98,966
Securities sold under repurchase agreements	2,936,357	1,321,519	1,408,026	852,128
Call money borrowing	354,773	726,610	216,045	446,018
Brokerage and commission	76,745	64,185	35,282	33,801
Markup on sub-ordinated loans	157,566	229,849	72,689	114,720
Other short term borrowings	1,542,361	1,615,996	762,333	810,838
	18,984,506	18,909,538	8,971,123	9,677,241

15 Other income includes compensation on delayed refunds amounting to Rs. 820.248 million (2014: Rs. 907.380 million) under section 171 of the Income Tax Ordinance 2001 pertaining to assessment year 2007, 2011 to 2013 (2014: Assessment year 1997-98, 1999-00, 2000-01 and Tax year 2003 to 2007 & 2009 to 2011). 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.

16 The amount represents one time super tax levied on taxable income of the bank and impact of retrospective change in tax rate on capital gain and dividend income, promulgated through Finance Act, 2015, effective from Tax Year 2015.

	Half Year Ended		Quarter Ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Rupees in '000				
17 EARNINGS PER SHARE - BASIC AND DILUTED				
Profit after taxation for the period attributable to ordinary shareholders	7,356,691	7,103,117	3,146,549	3,862,964
Number of Shares				
Weighted average number of ordinary shares outstanding during the period.	1,145,073,830	1,145,073,830	1,145,073,830	1,145,073,830
Rupees				
Earnings per share - basic and diluted for the period	6.42	6.20	2.75	3.37
There is no dilution effect on basic earnings per share.				

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2015

19. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

For the Half Year Ended June 30, 2015 (Un-audited)							
Corporate & Investment Banking	Trading & Sales	Retail Banking	Commercial Banking	Others	Inter Segment Elimination	Total	
Rupees in '000							
Total Income	15,431,759	22,543,339	11,237,760	15,119,573	1,328,743	(23,617,043)	42,044,131
Total Expenses	(12,911,128)	(18,744,220)	(9,445,597)	(13,796,842)	(3,406,696)	23,617,043	(34,687,440)
Net Income	<u>2,520,631</u>	<u>3,799,119</u>	<u>1,792,163</u>	<u>1,322,731</u>	<u>(2,077,953)</u>	<u>-</u>	<u>7,356,691</u>

For the Half Year Ended June 30, 2014 (Un-audited)							
Corporate & Investment Banking	Trading & Sales	Retail Banking	Commercial Banking	Others	Inter Segment Elimination	Total	
Rupees in '000							
Total Income	17,999,645	17,205,368	10,939,261	18,224,580	19,784,417	(46,216,416)	37,936,855
Total Expenses	(14,463,235)	(14,859,358)	(8,802,109)	(14,799,408)	(24,126,043)	46,216,416	(30,833,738)
Net Income	<u>3,536,410</u>	<u>2,346,010</u>	<u>2,137,152</u>	<u>3,425,172</u>	<u>(4,341,626)</u>	<u>-</u>	<u>7,103,117</u>

As at June 30, 2015 (Un-audited)						
Corporate & Investment Banking	Trading & Sales	Retail Banking	Commercial Banking	Others	Total	
Rupees in '000						
Segment Assets (Gross)	<u>322,636,685</u>	<u>484,718,330</u>	<u>18,619,258</u>	<u>53,712,357</u>	<u>60,730,839</u>	<u>940,417,468</u>

As at December 31, 2014 (Audited)						
Corporate & Investment Banking	Trading & Sales	Retail Banking	Commercial Banking	Others	Total	
Rupees in '000						
Segment Assets (Gross)	<u>335,246,844</u>	<u>417,298,959</u>	<u>17,808,567</u>	<u>43,967,912</u>	<u>50,189,216</u>	<u>864,511,497</u>

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2015

20 ISLAMIC BANKING BUSINESS

21.1 The bank is operating 05 Islamic banking branches at June 30, 2015 (December 31, 2014: 04). 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, 2015 is as follows:

	Un-audited June 30, 2015	Audited December 31, 2014
	Rupees in '000	
ASSETS		
Cash and balances with treasury banks	52,581	30,636
Balances with other banks	-	-
Due from financial institutions	745,000	308,000
Investments	1,833,364	526,242
Islamic financing and receivables	-	-
Operating fixed assets	28,745	24,765
Deferred tax assets	-	-
Due from head office	41,444	16,061
Other assets	32,312	4,279
Total Assets	2,733,446	909,983
LIABILITIES		
Bills payable	4,576	11,372
Borrowings from financial institutions	700,000	-
Deposits and other accounts		
- Current accounts	307,897	144,961
- Saving accounts	1,163,127	236,761
- Term deposits	12,170	500
Due from Financial Institutions - Remunerative	-	-
Due from Financial Institutions - Non-Remunerative	-	-
Deferred tax liability	-	-
Due to Head Office	-	-
Other liabilities	11,908	3,528
Total Liabilities	2,199,678	397,122
NET ASSETS	533,768	512,861
REPRESENTED BY		
Islamic banking fund	500,000	500,000
Reserves	-	-
Unappropriated profit	5,290	23,222
	505,290	523,222
Surplus/ (Deficit) on revaluation of assets - net of tax	28,478	(10,361)
	533,768	512,861

20.2 CHARITY FUND

Opening Balance	-	-
Additions during the period	6	-
Payments / Utilization during the period	-	-
Closing Balance	6	-

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2015

20.3 The profit and loss account of the Bank's Islamic banking business for the half year ended June 30, 2015 is as follows:

	Un-audited Half Year Ended	
	June 30, 2015	June 30, 2014
	Rupees in '000	
Income / return / profit earned	21,159	227
Income / return / profit expensed	5,677	172
Net income / profit	15,482	55
Provision against non-performing loans and advances and general provision - net	-	-
Provision for diminution in the value of investments - net	-	-
Bad debts written off directly	-	-
Net profit / income after provisions	15,482	55
NON MARK-UP / INTEREST INCOME		
Fee, commission and brokerage income	1,794	41
Dividend income	17,088	47,880
Income from dealing in foreign currencies	-	-
Loss on sale of securities	(15,707)	(50)
Unrealized gain on revaluation of investments classified as 'held-for-trading' - net	-	-
Other income	11	-
Total non-markup / interest income	3,186	47,871
	18,668	47,926
NON MARK-UP / INTEREST EXPENSES		
Administrative expenses	36,600	3,722
Provision against other assets - net	-	-
Provision against off-balance sheet obligations - net	-	-
Other charges	-	-
Total non-markup / interest expenses	36,600	3,722
Extra-ordinary / unusual items	-	-
(LOSS) / PROFIT BEFORE TAXATION	(17,932)	44,204
20.4 Remuneration to Shariah Advisor / Board	1,698	275

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2015

21 GENERAL

- 21.1 Figures have been rounded off to the nearest thousand rupees.
- 21.2 Corresponding figures have been re-arranged and reclassified to reflect more appropriate presentation of transactions for the purpose of comparison. However, no significant reclassifications have been made in these unconsolidated condensed interim financial statements.
- 21.3 The Board of Directors of the Bank in its meeting held on August 05, 2015 has approved interim cash dividend for the half year ended June 30, 2015 at Rs. 1.75 per share (June 30, 2014: Rs. 1.50 per share). The unconsolidated condensed interim financial statements for the half year ended June 30, 2015 do not include the effect of this appropriation and will be accounted for in the financial statements of the period of declaration.

22 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on August 05, 2015 by the Board of Directors of the Bank.

Chief Financial Officer
Director

President and Chief Executive Officer
Director

Chairman

Consolidated Condensed Interim Financial Statements
For the half year ended June 30, 2015

Consolidated Condensed Interim Statement of Financial Position

as at June 30, 2015

	Note	Un-audited June 30, 2015	Audited December 31, 2014
————— Rupees in '000 —————			
ASSETS			
Cash and balances with treasury banks		54,428,600	41,252,303
Balances with other banks		1,538,207	873,500
Lendings to financial institutions	6	19,748,505	2,030,062
Investments	7	477,644,914	429,397,275
Advances	8	301,565,521	306,057,885
Operating fixed assets		27,423,986	27,270,823
Deferred tax assets		—	—
Other assets		36,552,281	36,215,718
		918,902,014	843,097,566
LIABILITIES			
Bills payable		12,779,596	4,831,801
Borrowings from financial institutions	9	81,129,720	66,096,472
Deposits and other accounts	10	711,039,829	667,863,871
Sub-ordinated loans		2,993,400	2,994,000
Liabilities against assets subject to finance lease		—	—
Deferred tax liabilities		8,652,975	3,629,645
Other liabilities		15,340,456	16,116,962
		831,935,976	761,532,751
NET ASSETS		86,966,038	81,564,815
REPRESENTED BY			
Share capital	11	11,450,739	11,450,739
Reserves		14,275,435	13,549,355
Unappropriated profit		40,241,157	37,728,181
		65,967,331	62,728,275
Surplus on revaluation of assets - net of tax		20,998,707	18,836,540
		86,966,038	81,564,815
CONTINGENCIES AND COMMITMENTS	12		

The annexed notes 1 to 22 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, 2015

	Note	Half Year Ended		Quarter Ended	
		June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Rupees in '000					
Mark-up / return / interest earned	13	36,370,015	31,771,516	17,878,838	16,779,895
Mark-up / return / interest expensed	14	18,979,003	18,904,660	8,967,080	9,675,601
Net mark-up / interest income		17,391,012	12,866,856	8,911,758	7,104,294
Provision / (reversal) against non-performing loans and advances and general provision - net		541,779	(17,172)	(187,910)	21,356
Provision for diminution in the value of investments - net		7,945	18,861	9,170	17,471
Bad debts written off directly		-	-	-	-
		549,724	1,689	(178,740)	38,827
Net mark-up / interest income after provisions		16,841,288	12,865,167	9,090,498	7,065,467
NON MARK-UP / INTEREST INCOME					
Fee, commission and brokerage income		2,305,727	1,875,228	1,102,219	873,157
Dividend income		1,780,914	1,645,810	506,820	550,119
Income from dealing in foreign currencies		468,243	215,399	173,902	292,502
Gain on sale of securities		448,504	1,579,042	135,740	800,017
Unrealized gain on revaluation of investments classified as 'held-for-trading' - net		44,021	45,996	24,402	18,277
Other income	15	944,675	1,018,599	859,633	951,596
Total non-markup / interest income		5,992,084	6,380,074	2,802,716	3,485,668
		22,833,372	19,245,241	11,893,214	10,551,135
NON MARK-UP / INTEREST EXPENSES					
Administrative expenses		8,699,434	7,978,536	4,517,957	4,070,574
Provision against other assets - net (Reversal) / Provision against off-balance sheet obligations - net		41,350	28,000	29,350	12,000
Other charges		(22,142)	22,933	(22,142)	12,755
		355,309	327,344	152,770	171,447
Total non-markup / interest expenses		9,073,951	8,356,813	4,677,935	4,266,776
Extra-ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		13,759,421	10,888,428	7,215,279	6,284,359
Taxation					
Current		4,856,296	3,584,825	2,409,968	2,324,666
Prior years		1,460,245	-	1,460,245	-
Deferred	16	(58,022)	108,443	109,414	50,192
		6,258,519	3,693,268	3,979,627	2,374,858
PROFIT AFTER TAXATION		7,500,902	7,195,160	3,235,652	3,909,501
Earnings per share - Basic and Diluted (in Rupees)					
	17	6.55	6.28	2.83	3.41

The annexed notes 1 to 22 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, 2015

	Half Year Ended		Quarter Ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
	Rupees in '000			
Profit after taxation for the period	7,500,902	7,195,160	3,235,652	3,909,501
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	(9,589)	(71,236)	63,663	1,391
Comprehensive income transferred to equity	7,491,313	7,123,924	3,299,315	3,910,892
Comprehensive income not reflected in equity				
Net change in fair value of 'available-for-sale' securities	7,293,090	921,109	3,806,036	885,109
Related deferred tax charge	(5,083,755)	(177,051)	(3,958,002)	(122,339)
	2,209,335	744,058	(151,966)	762,770
Total comprehensive income for the period	9,700,648	7,867,982	3,147,349	4,673,662

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Consolidated Condensed Interim Statement of Cash Flows

(Un-audited) for the half year ended June 30, 2015

	Half Year Ended	
	June 30, 2015	June 30, 2014
	Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	13,759,421	10,888,428
Less: Dividend income	(1,780,914)	(1,645,810)
	<u>11,978,507</u>	<u>9,242,618</u>
Adjustments for non-cash items:		
Depreciation / amortization	1,000,476	913,583
Provision / (reversal) against non-performing loans, advances and general provision - net	541,779	(17,172)
Provision for diminution in the value of investments - net	7,945	18,861
Unrealized Gain on revaluation of 'held-for-trading' securities - net	(44,021)	(45,996)
(Reversal) / provision against off balance sheet obligations - net	(22,142)	22,933
Provision against other assets - net	41,350	28,000
Provision for workers welfare fund	279,101	217,814
Gain on sale of fixed assets	(8,113)	(27,192)
	<u>1,796,375</u>	<u>1,110,831</u>
	<u>13,774,882</u>	<u>10,353,449</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	(17,718,443)	(2,153,207)
Net investments in 'held-for-trading' securities	(4,128,475)	2,964,047
Advances - net	3,950,585	(18,495,010)
Other assets (excluding advance taxation) - net	(3,679,977)	(10,915,161)
	<u>(21,576,310)</u>	<u>(28,599,331)</u>
Increase / (decrease) in operating liabilities		
Bills payable	7,947,795	6,181,232
Borrowings from financial institutions	15,181,690	25,919,532
Deposits and other accounts	43,175,958	37,456,078
Other liabilities	(1,193,027)	(649,327)
	<u>65,112,416</u>	<u>68,907,515</u>
	<u>57,310,988</u>	<u>50,661,633</u>
	<u>(2,896,214)</u>	<u>(4,217,933)</u>
Income tax paid - net		
	<u>54,414,774</u>	<u>46,443,700</u>
Net cash flow from operating activities		
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in 'available-for-sale' securities	(35,395,220)	90,702,587
Net investments in 'held-to-maturity' securities	(1,394,779)	(125,023,863)
Dividend income received	1,754,907	2,111,982
Investments in operating fixed assets	(1,208,064)	(872,531)
Proceeds from sale of fixed assets	99,917	37,390
	<u>(36,143,239)</u>	<u>(33,044,435)</u>
Net cash used in investing activities		
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of sub-ordinated loan	(600)	(624,100)
Dividend paid	(4,271,900)	(2,995,155)
	<u>(4,272,500)</u>	<u>(3,619,255)</u>
Net cash used in financing activities		
Effect of translation of net investment in foreign branch	(9,589)	(71,236)
	<u>13,989,446</u>	<u>9,708,774</u>
Increase in cash and cash equivalents during the period		
Cash and cash equivalents at beginning of the period	<u>41,977,178</u>	<u>45,775,366</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>55,966,624</u>	<u>55,484,140</u>

The annexed notes 1 to 22 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, 2015

	Capital Reserves				Revenue Reserves			Total
	Share Capital	Share Premium	Exchange Translation Reserve	Bonus Issue Reserve	Statutory Reserve	General Reserve	Un appropriated Profit	
	Rupees in '000							
Balance as at January 01, 2014	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 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%	-	(333,864)	-	1,040,976	-	-	(707,112)	-
Issue of bonus shares	1,040,976	-	-	(1,040,976)	-	-	-	-
Final cash dividend for the year ended December 31, 2013 (Rs. 1.5 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)	-
	11,450,739	-	13,505	-	12,723,865	6,000	34,139,373	58,333,482
Balance as at June 30, 2014	11,450,739	-	13,505	-	12,723,865	6,000	34,139,373	58,333,482
Changes in equity during the half year ended December 31, 2014								
Total comprehensive income for the half year ended December 31, 2014								
- Net profit for the half year ended December 31, 2014	-	-	-	-	-	-	8,006,840	8,006,840
- Effect of remeasurement of defined benefit plans net of deferred tax	-	-	-	-	-	-	60,277	60,277
- Effect of translation of net investment in foreign bank branch	-	-	14,788	-	-	-	-	14,788
	-	-	14,788	-	-	-	8,067,117	8,081,905
Transactions with owners recognized directly in equity								
Second interim cash dividend for the year ended December 31, 2014 (Rs. 1.50 per ordinary share)	-	-	-	-	-	-	(1,717,611)	(1,717,611)
Third interim cash dividend for the year ended December 31, 2014 (Rs. 1.75 per ordinary share)	-	-	-	-	-	-	(2,003,880)	(2,003,880)
	-	-	-	-	-	-	(3,721,491)	(3,721,491)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	34,379	34,379
Transfer to statutory reserve	-	-	-	-	791,197	-	(791,197)	-
	11,450,739	-	28,293	-	13,515,062	6,000	37,728,161	62,728,275
Balance as at December 31, 2014	11,450,739	-	28,293	-	13,515,062	6,000	37,728,161	62,728,275
Changes in equity during the half year ended June 30, 2015								
Total comprehensive income for the half year ended June 30, 2015								
- Net profit for the half year ended June 30, 2015	-	-	-	-	-	-	7,500,902	7,500,902
- Effect of translation of net investment in foreign bank branch	-	-	(9,589)	-	-	-	-	(9,589)
	-	-	(9,589)	-	-	-	7,500,902	7,491,313
Transactions with owners recognized directly in equity								
Final cash dividend for the year ended December 31, 2014 (Rs. 2 per ordinary share)	-	-	-	-	-	-	(2,290,148)	(2,290,148)
First interim cash dividend for the year ending December 31, 2015 (Rs. 1.75 per ordinary share)	-	-	-	-	-	-	(2,003,879)	(2,003,879)
	-	-	-	-	-	-	(4,294,027)	(4,294,027)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	41,770	41,770
Transfer to statutory reserve	-	-	-	-	735,669	-	(735,669)	-
	11,450,739	-	18,704	-	14,250,731	6,000	40,241,157	65,967,331
Balance as at June 30, 2015	11,450,739	-	18,704	-	14,250,731	6,000	40,241,157	65,967,331

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2015

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 998 (2014: 998) branches including 05 (2014: 4) Islamic banking branches in Pakistan, 1 branch (2014: 1) in Karachi Export Processing Zone and 1 wholesale banking branch (2014: 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.11311] 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 funds:

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

2 STATEMENT OF COMPLIANCE

2.1 These consolidated condensed interim financial statements of the Group for the half year ended June 30, 2015 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:

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

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2015

4 BASIS OF PRESENTATION

- 4.1 The disclosures included in these consolidated condensed interim financial statements are limited based on the format prescribed by the State Bank of Pakistan, vide BSD Circular Letter No. 2 dated May 12, 2004, vide BSD Circular Letter No. 7 dated April 20, 2010 and International Accounting Standard 34, Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and these consolidated condensed interim financial statements should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2014.
- 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 20 to these financial statements.
- 4.3 The Group has adopted the following amendments and annual improvements to IFRSs, which became effective for the current period:
- Defined Benefit Plans: Employees contributions (Amendments to IAS 19);
 - Annual Improvements to IFRSs 2010-2012 Cycle
 - Annual Improvements to IFRSs 2011-2013 Cycle

The adoption of above amendments and improvements 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.
- 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, 2014.
- 5.3 **Measurement of fair values**

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

	Note	Un-audited June 30, 2015	Audited December 31, 2014
————— Rupees in '000 —————			
6. LENDINGS TO FINANCIAL INSTITUTIONS			
Repurchase agreement lendings (Reverse Repo)	6.1	18,103,505	919,646
Certificates of investment	6.2	70,000	70,000
Call money lendings	6.3	1,645,000	1,110,416
		19,818,505	2,100,062
Provision against lendings to financial institutions		(70,000)	(70,000)
		19,748,505	2,030,062

- 6.1 These are short-term lendings to various financial institutions against the Government securities. These carry mark-up at rate, ranging between 7.00% to 7.24% (2014: 9.70%) per annum and will mature on various dates latest by August 28, 2015.
- 6.2 This represents a classified certificate of investment.
- 6.3 These represent unsecured call money lendings in local currency, carrying mark-up at rate, ranging between 6.15% to 7.00% (2014: 9.40% to 9.70%) per annum and will mature on various dates latest by July 08, 2015.

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2015

7. INVESTMENTS

	Note	Held by Group	Given as collateral	Total
Rupees in '000				
Current period - June 30, 2015 (Un-audited)	7.1	437,962,434	39,682,480	477,644,914
Prior year - December 31, 2014 (Audited)	7.1	397,627,456	31,769,819	429,397,275

Un-audited As at June 30, 2015			Audited As at December 31, 2014		
Held by Group	Given as collateral	Total	Held by Group	Given as collateral	Total
Rupees in '000					

7.1 Investments by types:

Held-for-trading securities

Market Treasury Bills	12,524,550	-	12,524,550	2,474,557	-	2,474,557
Pakistan Investment Bonds	1,169,666	-	1,169,666	6,997,811	-	6,997,811
Units of open-ended mutual funds / pension funds	1,183,785	-	1,183,785	1,003,933	-	1,003,933
	14,878,001	-	14,878,001	10,476,301	-	10,476,301

Available-for-sale securities

Market Treasury Bills	76,717,081	8,031,379	84,748,460	81,149,936	31,696,602	112,846,538
Pakistan Investment Bonds	102,473,491	30,156,277	132,629,768	72,370,892	-	72,370,892
Ordinary shares of listed companies / certificates of close ended mutual funds	17,653,309	-	17,653,309	20,088,582	-	20,088,582
Preference shares	87,177	-	87,177	136,855	-	136,855
Pre IPO shares	-	-	-	-	-	-
Units of open ended mutual funds	150,000	-	150,000	250,000	-	250,000
Ordinary shares of unlisted companies	2,479,768	-	2,479,768	2,223,838	-	2,223,838
Investment in related parties						
- Listed shares	4,053,509	-	4,053,509	-	-	-
- Unlisted shares	456,155	-	456,155	456,155	-	456,155
- Units of open ended mutual funds	135,000	-	135,000	458,299	-	458,299
Sukuk bonds	2,122,194	-	2,122,194	2,233,278	-	2,233,278
GOP Sukuk bonds	2,071,873	-	2,071,873	-	-	-
Term finance certificates (TFCs)	2,709,895	-	2,709,895	2,837,451	-	2,837,451
	211,109,452	38,187,656	249,297,108	182,205,286	31,696,602	213,901,888

Held-to-maturity securities

Pakistan Investment Bonds	185,197,723	-	185,197,723	184,587,797	-	184,587,797
GOP Sukuk bonds	1,025,660	-	1,025,660	-	-	-
GOP Ijara Sukuk bonds	150,977	-	150,977	151,602	-	151,602
Foreign currency bonds (US\$)	4,696,910	-	4,696,910	4,570,147	-	4,570,147
TFCs, Bonds and PTCs	1,727,787	-	1,727,787	2,094,732	-	2,094,732
	192,799,057	-	192,799,057	191,404,278	-	191,404,278

Investment at cost

418,786,510	38,187,656	456,974,166	384,085,865	31,696,602	415,782,467	
Provision for diminution in the value of investments	(985,129)	-	(985,129)	(977,183)	-	(977,183)

Investments (net of provisions)

Unrealized surplus on revaluation of 'held-for-trading' securities	44,020	-	44,020	273,225	-	273,225
Surplus on revaluation of 'available-for-sale' securities	20,117,033	1,494,824	21,611,857	14,245,549	73,217	14,318,766
Total investments at market value	437,962,434	39,682,480	477,644,914	397,627,456	31,769,819	429,397,275

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2015

	Note	Un-audited June 30, 2015	Audited December 31, 2014
————— Rupees in '000 —————			
8. ADVANCES			
Loans, cash credits, running finances, etc.			
In Pakistan		307,104,029	313,400,414
Outside Pakistan		6,055,833	5,024,155
Net investment in finance lease - in Pakistan		2,114,064	2,041,392
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		2,043,027	1,963,256
Payable outside Pakistan		4,284,914	3,439,232
		6,327,941	5,402,488
Advances - gross		321,601,867	325,868,449
Provision for non-performing advances	8.1 & 8.3	(19,945,175)	(19,694,645)
General provision against consumer financing	8.3	(91,171)	(115,919)
		(20,036,346)	(19,810,564)
Advances - net of provision		301,565,521	306,057,885

8.1 Advances include Rs. 22,565.079 million (2014: Rs. 22,921.542 million) which have been placed under non-performing status as detailed below:-

June 30, 2015 (Un-audited)					
Category of Classification	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
————— Rupees in '000 —————					
Other Assets Especially Mentioned	167,126	–	167,126	6,669	6,669
Substandard	2,101,572	–	2,101,572	523,216	523,216
Doubtful	3,325,800	–	3,325,800	2,444,709	2,444,709
Loss	16,970,581	–	16,970,581	16,970,581	16,970,581
	22,565,079	–	22,565,079	19,945,175	19,945,175

December 31, 2014 (Audited)					
Category of Classification	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
————— Rupees in '000 —————					
Other Assets Especially Mentioned	157,086	–	157,086	4,335	4,335
Substandard	1,708,825	–	1,708,825	425,860	425,860
Doubtful	3,582,362	–	3,582,362	1,791,181	1,791,181
Loss	17,473,269	–	17,473,269	17,473,269	17,473,269
	22,921,542	–	22,921,542	19,694,645	19,694,645

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

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2015

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

	June 30, 2015 (Un-audited)			December 31, 2014 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	19,694,645	115,919	19,810,564	18,242,365	132,187	18,374,552
Charge for the period / year	1,730,683	-	1,730,683	3,554,105	-	3,554,105
Reversals	(1,164,156)	(24,748)	(1,188,904)	(1,426,143)	(16,268)	(1,442,411)
Charged to profit and loss account	566,527	(24,748)	541,779	2,127,962	(16,268)	2,111,694
Amounts written off	(315,997)	-	(315,997)	(675,682)	-	(675,682)
Closing balance	19,945,175	91,171	20,036,346	19,694,645	115,919	19,810,564

Un-audited	Audited
June 30,	December 31,
2015	2014
Rupees in '000	

9. BORROWINGS FROM FINANCIAL INSTITUTIONS

Details of borrowings (Secured / Unsecured)

Secured

Borrowings from State Bank of Pakistan	14,030,258	18,410,660
Repurchase agreement borrowings	39,342,415	31,581,822

Unsecured

Call borrowings	27,641,025	15,907,040
Overdrawn nostro accounts	183	148,625
Borrowings from other financial institutions	115,839	48,325
	<u>27,757,047</u>	<u>16,103,990</u>
	<u>81,129,720</u>	<u>66,096,472</u>

10. DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits	177,151,384	182,112,271
Savings deposits	178,662,622	170,704,682
Current accounts - remunerative	112,482,826	106,833,615
- non - remunerative	238,563,479	205,251,059
	<u>706,860,311</u>	<u>664,901,627</u>

Financial Institutions

Remunerative deposits	2,070,150	2,431,085
Non - remunerative deposits	2,109,368	531,159
	<u>711,039,829</u>	<u>667,863,871</u>

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2015

11. SHARE CAPITAL

11.1 Authorised capital

Un-audited June 30, 2015	Audited December 31, 2014		Un-audited June 30, 2015	Audited December 31, 2014
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, 2015	Audited December 31, 2014		Un-audited June 30, 2015	Audited December 31, 2014
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>720,745,186</u>	Issued as bonus shares	<u>7,207,452</u>	<u>7,207,452</u>
<u>1,127,525,280</u>	<u>1,127,525,280</u>		<u>11,275,253</u>	<u>11,275,253</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>9,148,550</u>	<u>9,148,550</u>		<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>8,400,000</u>	<u>8,400,000</u>		<u>84,000</u>	<u>84,000</u>
<u>1,145,073,830</u>	<u>1,145,073,830</u>		<u>11,450,739</u>	<u>11,450,739</u>

Ibrahim Fibers Limited, related party of the Bank, holds 194,041,916 (16.95%) [2014: 194,041,916 (16.95%)] ordinary shares of Rs.10 each, as at reporting date.

Un-audited June 30, 2015	Audited December 31, 2014
Rupees in '000	

12. CONTINGENCIES AND COMMITMENTS

12.1 Direct credit substitutes

Guarantees in favour of:

Banks and financial institutions	10,550,246	11,283,919
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12.2 Transaction-related contingent liabilities

Guarantees in favour of:

Government	418,140	523,334
Others	18,513,968	24,829,746
	18,932,108	25,353,080

12.3 Trade-related contingent liabilities

57,330,004	59,779,998
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12.4 Claims against the Bank not acknowledged as debt

4,761,595	5,674,919
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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.

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2015

	Un-audited June 30, 2015	Audited December 31, 2014
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————— Rupees in '000 —————

12.6 Commitments in respect of forward foreign exchange contracts

Purchase	93,460,103	65,524,611
Sale	52,611,251	26,343,223

12.7 Commitments in respect of forwards

Forward purchase of Federal government securities	200,000	200,000
Forward sale of Federal government securities	1,000,000	750,000

12.8 Commitments in respect of:

Civil works	737,844	663,398
Acquisition of operating fixed assets	531,401	758,854
	1,269,245	1,422,252

12.9 Commitments in respect of lease financing 8,512 59,394

12.10 Commitments in respect of operating lease – 2,814

12.11 Commitments in respect of software purchasing 2,025 –

12.12 Other Commitments 1,287 1,154

12.13 Other Contingencies

12.13.1 There is no change in the status of contingencies, set out in note 22.11 to the consolidated financial statements of the Group for the year ended December 31, 2014, except for the contingencies as mentioned below:

12.13.2 The income tax assessments of the Bank have been finalized upto and including tax year 2014 for local and Azad Kashmir operations. While finalizing income tax assessments upto tax year 2014, income tax authorities made certain add backs with aggregate tax impact of Rs. 20,801 million (2014: 19,048 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. 20,801 million (2014: 19,048 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 2014 and created an arbitrary demand of Rs. 1,226 million (2014: 1,226 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. 1,226 million (2014: 1,226 million).

Tax authorities have also issued orders under Federal Excise Act, 2005/Sales Tax Act, 1990/Sindh Sales Tax on Services Act 2011 for the year 2008 to 2014 thereby creating arbitrary aggregate demand of Rs. 633 million (2014: 573 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. 633 million (2014: 573 million).

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2015

Half Year Ended		Quarter Ended	
June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014

Rupees in '000

13 MARK-UP / RETURN / INTEREST EARNED

On loans and advances	13,933,834	14,747,924	6,431,998	7,809,872
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On investments in:

Available-for-sale' securities	10,759,120	10,551,416	5,589,712	4,500,099
Held-to-maturity' securities	11,352,630	5,799,961	5,729,676	4,169,576
Held-for-trading' securities	99,920	16,657	27,389	–
	22,211,670	16,368,034	11,346,777	8,669,675
On deposits with financial institutions	3,207	8,990	25	7,467
On securities purchased under resale agreements	196,616	641,174	85,295	290,530
On certificates of investment	3,546	–	3,546	–
On call money lending	21,142	5,394	11,197	2,351
	36,370,015	31,771,516	17,878,838	16,779,895

14 MARK-UP / RETURN / INTEREST EXPENSED

Deposits	13,671,938	14,774,219	6,354,471	7,320,427
Long term borrowing	242,456	176,296	120,564	98,966
Securities sold under repurchase agreements	2,936,357	1,321,519	1,408,026	852,128
Call money borrowing	354,773	726,610	216,045	446,018
Brokerage and commission	73,552	60,171	32,952	32,504
Markup on sub-ordinated loans	157,566	229,849	72,689	114,720
Other short term borrowings	1,542,361	1,615,996	762,333	810,838
	18,979,003	18,904,660	8,967,080	9,675,601

15 Other income includes compensation on delayed refunds amounting to Rs. 820.248 million (2014: Rs. 907.380 million) under section 171 of the Income Tax Ordinance 2001 pertaining to assessment year 2007, 2011 to 2013 (2014: Assessment year 1997-98, 1999-00, 2000-01 and Tax year 2003 to 2007 & 2009 to 2011). 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.

16 The amount represents one time super tax levied on taxable income of the bank and impact of retrospective change in tax rate on capital gain and dividend income, promulgated through Finance Act, 2015, effective from Tax Year 2015.

Half Year Ended		Quarter Ended	
June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014

Rupees in '000

17 EARNINGS PER SHARE - BASIC AND DILUTED

Profit after taxation for the period attributable to ordinary shareholders	7,500,902	7,195,160	3,235,652	3,909,501
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Number of Shares

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

Earnings per share - basic and diluted for the period	6.55	6.28	2.83	3.41
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There is no dilution effect on basic earnings per share.

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2015

18.

RELATED PARTY TRANSACTIONS

The Group 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	Un-audited June 30, 2015				Audited December 31, 2014			
	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	47,285	1,985	217,707	134	68,906	-	226,005	4,383,941
Loans given during the period / year	11,263	23,802	109,261	82,181,847	24,967	34,475	74,860	38,920,987
Loans repaid / adjustments during the period / year	(17,693)	(24,186)	(69,299)	(79,574,663)	(46,588)	(32,490)	(95,610)	(43,304,794)
Loans at the end of the period / year	40,855	1,601	257,670	2,607,318	47,285	1,985	205,255	134
Deposits								
Deposits at the beginning of the period / year	34,696	25,497	92,933	6,853,139	66,134	14,829	18,527	14,606,555
Deposits received during the period / year	2,653,021	4,549,623	180,785	65,754,836	10,238,173	13,627,731	774,621	94,676,833
Deposits repaid during the period / year	(2,650,273)	(4,549,938)	(248,713)	(66,530,729)	(10,289,611)	(13,617,063)	(700,215)	(102,430,249)
Deposits at the end of the period / year	37,444	25,122	25,005	6,077,246	34,696	25,497	92,933	6,853,139
Nostró balances	-	58,060	-	-	-	69,595	-	-
Investments in shares / open end mutual funds	-	454,628	-	5,774,111	-	454,628	-	1,625,017
Other receivables	4,156	-	57,413	174,935	607	-	41,996	135,279
Other payables	-	-	-	110	-	-	-	110
Net receivable from staff retirement benefit funds	-	-	-	4,706,644	-	-	-	4,470,566
Non funded exposure	-	-	-	625	-	-	-	-

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2015

	Un-audited June 30, 2015				Un-audited June 30, 2014			
	Directors	Associated companies	Key management personnel	Other related parties	Directors	Associated companies	Key management personnel	Other related parties
	Rupees in '000							
Mark-up earned	1,215	100	7,578	302,212	1,663	80	6,914	247,072
Income on Placements	-	1,012	-	-	-	1,012	-	-
Dividend Income	-	-	-	183,926	-	-	-	300,322
Capital Gain	-	-	-	77,875	-	-	-	-
Sales commission	-	-	-	7,402	-	-	-	3,723
Management fee income	-	-	-	213,611	-	-	-	158,923
Mark-up expense on Deposits	564	229	166	192,143	1,621	228	1,454	373,081
Fee commission / bank charges	8	40	36	293	7	34	19	320
Director's meeting fee	4,325	-	-	-	3,450	-	-	-
Remuneration	30,850	-	104,032	-	57,664	206,350	-	-
Other charges	-	1,086	-	51,191	-	-	-	45,304
Rent Expense**	-	11,583	-	-	-	10,610	-	-
Rent Income***	-	600	-	-	-	600	-	-
Reversal in respect of staff retirement benefit funds	-	-	-	2,831	-	-	-	(7,895)

Other balances held with related parties, outstanding at the end of period are included in note 11.2 to these consolidated financial statements.

* Associated company on the basis of common directorship.

** Rent sharing expense of ABL branches with associate companies (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).

*** Office located at Islamabad Stock Exchange Building rented out to associated company (Ibrahim Fibers Limited) at market value and with prior permission of State Bank of Pakistan.

- Bank also purchased Software from its associated company i.e. 1Link (Guarantee) Limited against the consideration of Rs. 371,765.

- During the year the outgoing/existing Key management personnel were given Laptops/IPAD under bank's policy amounting to Rs. 283,272.

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2015

19. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

For the Half Year Ended June 30, 2015 (Un-audited)								
	Corporate & Investment Banking	Trading & Sales	Retail Banking	Commercial Banking	Others	Asset Management	Inter Segment Elimination	Total
	Rupees in '000							
Total Income	15,431,759	22,543,339	11,232,258	15,119,573	1,328,743	323,470	(23,617,043)	42,362,099
Total Expenses	(12,911,128)	(18,744,220)	(9,440,094)	(13,796,842)	(3,406,696)	(179,261)	23,617,043	(34,861,198)
Net Income	2,520,631	3,799,119	1,792,164	1,322,731	(2,077,953)	144,209	-	7,500,901

For the Half Year Ended June 30, 2014 (Un-audited)								
	Corporate & Investment Banking	Trading & Sales	Retail Banking	Commercial Banking	Others	Asset Management	Inter Segment Elimination	Total
	Rupees in '000							
Total Income	17,999,645	17,205,368	10,934,384	18,224,580	19,784,417	219,612	(46,216,416)	38,151,590
Total Expenses	(14,463,235)	(14,859,358)	(8,797,233)	(14,799,408)	(24,126,043)	(127,569)	46,216,416	(30,956,430)
Net Income	3,536,410	2,346,010	2,137,151	3,425,172	(4,341,626)	92,043	-	7,195,160

As at June 30, 2015 (Un-audited)								
	Corporate & Investment Banking	Trading & Sales	Retail Banking	Commercial Banking	Others	Asset Management	Total	
	Rupees in '000							
Segment Assets (Gross)	322,636,685	484,718,330	18,103,287	53,712,357	60,730,839	1,517,777	941,419,275	

As at December 31, 2014 (Audited)								
	Corporate & Investment Banking	Trading & Sales	Retail Banking	Commercial Banking	Others	Asset Management	Total	
	Rupees in '000							
Segment Assets (Gross)	335,246,844	417,298,959	17,293,183	43,967,912	50,189,216	1,343,822	865,339,936	

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2015

20 ISLAMIC BANKING BUSINESS

21.1 The bank is operating 05 Islamic banking branches at June 30, 2015 (December 31, 2014: 04). 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, 2015 is as follows:

	Un-audited June 30, 2015	Audited December 31, 2014
	Rupees in '000	
ASSETS		
Cash and balances with treasury banks	52,581	30,636
Balances with other banks	-	-
Due from financial institutions	745,000	308,000
Investments	1,833,364	526,242
Islamic financing and receivables	-	-
Operating fixed assets	28,745	24,765
Deferred tax assets	-	-
Due from head office	41,444	16,061
Other assets	32,312	4,279
Total Assets	2,733,446	909,983
LIABILITIES		
Bills payable	4,576	11,372
Borrowings from financial institutions	700,000	-
Deposits and other accounts		
- Current accounts	307,897	144,961
- Saving accounts	1,163,127	236,761
- Term deposits	12,170	500
Due from Financial Institutions - Remunerative	-	-
Due from Financial Institutions - Non-Remunerative	-	-
Deferred tax liability	-	-
Due to Head Office	-	-
Other liabilities	11,908	3,528
Total Liabilities	2,199,678	397,122
NET ASSETS	533,768	512,861
REPRESENTED BY		
Islamic banking fund	500,000	500,000
Reserves	-	-
Unappropriated profit	5,290	23,222
	505,290	523,222
Surplus/ (Deficit) on revaluation of assets - net of tax	28,478	(10,361)
	533,768	512,861
20.2 CHARITY FUND		
Opening Balance	-	-
Additions during the period	6	-
Payments / Utilization during the period	-	-
Closing Balance	6	-

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2015

20.3 The profit and loss account of the Bank's Islamic banking business for the half year ended June 30, 2015 is as follows:

	Un-audited Half Year Ended	
	June 30, 2015	June 30, 2014
	Rupees in '000	
Income / return / profit earned	21,159	227
Income / return / profit expensed	5,677	172
Net income / profit	15,482	55
Provision against non-performing loans and advances and general provision - net	-	-
Provision for diminution in the value of investments - net	-	-
Bad debts written off directly	-	-
Net profit / income after provisions	15,482	55

NON MARK-UP / INTEREST INCOME

Fee, commission and brokerage income	1,794	41
Dividend income	17,088	47,880
Income from dealing in foreign currencies	-	-
Loss on sale of securities	(15,707)	(50)
Unrealized gain on revaluation of investments classified as 'held-for-trading' - net	-	-
Other income	11	-
Total non-markup / interest income	3,186	47,871
	18,668	47,926

NON MARK-UP / INTEREST EXPENSES

Administrative expenses	36,600	3,722
Provision against other assets - net	-	-
Provision against off-balance sheet obligations - net	-	-
Other charges	-	-
Total non-markup / interest expenses	36,600	3,722
Extra-ordinary / unusual items	-	-
(LOSS) / PROFIT BEFORE TAXATION	(17,932)	44,204

20.4 Remuneration to Shariah Advisor / Board

	1,698	275
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Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2015

21 GENERAL

- 21.1 Figures have been rounded off to the nearest thousand rupees.
- 21.2 Corresponding figures have been re-arranged and reclassified to reflect more appropriate presentation of transactions for the purpose of comparison. However, no significant reclassifications have been made in these consolidated condensed interim financial statements.
- 21.3 The Board of Directors of the Bank in its meeting held on August 05, 2015 has approved interim cash dividend for the half year ended June 30, 2015 at Rs. 1.75 per share (June 30, 2014: Rs. 1.50 per share). The consolidated condensed interim financial statements for the half year ended June 30, 2015 do not include the effect of this appropriation and will be accounted for in the financial statements of the period of declaration.

22 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue on August 05, 2015 by the Board of Directors of the Bank.

Chief Financial Officer
Director

President and Chief Executive Officer
Director

Chairman



abl.com

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VANTAGE