

August 27, 2018

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi.

Dear Sir

Re: Transmission of Quarterly Report for the Period Ended June 30, 2018

We have to inform you that the Quarterly Report of the Allied Bank for the period ended June 30, 2018 have been transmitted through PUCARS and is also available on Company's website.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Thanks & Regards,



Muhammad Raffat

**Company Secretary &
Chief, Corporate Affairs**

EVOLVED FOR A NEW AGE



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Corporate Information

Board of Directors

Mohammad Naeem Mukhtar
(Chairman)

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

Audit Committee of the Board

Zafar Iqbal
(Chairman)

Dr. Muhammad Akram Sheikh
Mubashir A. Akhtar

Human Resource & Remuneration Committee

Abdul Aziz Khan
(Chairman)

Muhammad Waseem Mukhtar
Tahir Hassan Qureshi

Company Secretary

Muhammad Raffat

Shariah Board

Mufti Ehsan Waquar Ahmed
(Chairman)

Mufti Mahmood Ahmad
Mufti Muhammad Iftikhar Baig

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Adviser

Mandviwalla & Zafar Advocates

Shares Registrar

Central Depository Company of
Pakistan Limited (CDCPL)

Registered & Head Office

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

Website & Email



www.abl.com

info@abl.com

Telephone Number

(+92-42) 35880043

UAN: 111-225-225

Social Media Links

<https://twitter.com/ablpk>

<https://www.facebook.com/alliedbankpk>

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

Vision, Mission & Core Values

Vision

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

Mission

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

Core Values

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

Director's Review

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present the financial results of Your Bank for the half year ended June 30, 2018:

Half year ended June 30, 2018:

	(Rupees in million)		Growth %
	Half Year ended June 30,		
	2018	2017	
Profit after tax for the period	7,143	6,474	10
Accumulated profits brought forward	49,212	46,490	6
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	56	27	107
Transferred from surplus on revaluation of non-banking assets to un-appropriated profit - net of tax	3	1	200
Profit available for appropriation	56,414	52,992	6
Final cash dividend for the year ended December 31, 2017 at Rs. 1.75 per share (2017: Year ended December 31, 2016 at Rs. 1.75 per share)	(2,004)	(2,004)	0
First interim cash dividend for the year ended December 31, 2018 at Rs. 2 per share (2017: Year ended December 31, 2017 at Rs. 1.75 per share)	(2,290)	(2,004)	14
Transfer to statutory Reserves	(714)	(647)	10
Accumulated profits carried forward	51,406	48,337	6
Earnings Per Share (EPS) (Rs.)	6.24	5.65	10

The Board is pleased to announce an interim cash dividend of Rs.2.00 per share in addition to first interim cash dividend of Rs. 2.00 per share, which has already been paid. Interim cash dividend for the half year ended June 30, 2018 is Rs. 4.00 per share (June 30, 2017: Rs 3.50 per share).

Economic Review:

During the FY 2017-18, Pakistan's GDP has grown by 5.8% to close at US \$ 313 billion. This highest growth rate in a decade, was primarily driven by improved performances in Large-Scale Manufacturing and Agriculture sectors; which grew by 6% and 4% respectively. However, Pakistan's economy remained beset with multiple and significant challenges.

Adverse balance of trade, meagre growth in workers' remittances and subdued foreign direct investments continued to fuel the worsening Current Account deficit. Resultantly, FX reserves have been depleted by 19% to reach US \$ 16,407 million at end June'18 compared to US \$ 20,177 million at the end of 2017. PKR has also remained under continuous pressure against US \$, depreciating by 16% during the period under review.

The aforementioned issues have led to Consumer Price Index (CPI) for June 2018 spiraling upwards at 5.2% year on year (YoY). Therefore, State Bank of Pakistan maintained monetary tightening stance from the first quarter in which policy rate was increased by 25 bps, by further increasing the policy rate by 50 bps and 100 bps in May 2018 and July 2018 respectively. As a result, policy rate increased to 7.50% against 5.75% at the beginning of 2018.

The persistent fiscal deficit at 6.8% of GDP along with one of the lowest tax-to-GDP ratio of 12.4% among developing countries continues to be major growth impediments for the domestic economy. During FY 2017-18, fiscal revenue collection aggregated to Rs. 3,841 billion against a target of Rs. 3,935 billion. These collections also included contribution from income tax amnesty scheme yielding Rs. 90 billion.

Broad Money (M2) have posted a growth of 8% during the six months period ended June 30, 2018. Growth in currency in circulation was registered at 12% and has reached Rs. 4,388 billion at the end of FY 2017-18; highlighting unabated growth in undocumented economy. The resultant lower Credit to GDP ratio and Deposit to GDP ratio of 17% and 38% respectively pose serious challenges to long-term sustainable growth.

Banking industry deposits has witnessed a growth of 5.7% to reach Rs. 13,063 billion at end-June 2018. While industry advances have posted a growth of 12.7% to close at Rs. 7,362 billion; primarily driven by loans to public sector, which has increased by 20%. Circular debt (including Rs. 500 billion owed by Power Holding Private Limited) surpassed Rs. 1,000 billion at the close of financial year. Overall industry investment portfolio has also increased to Rs. 8,179 billion at end-June 2018.

Financial Review:

Banking industry continued to face manifold challenges stemming from subdued private sector credit appetite, re-pricing risk under rising interest rate scenario, disruptive technologies and evolving customers experience dynamics.

While remaining cognizant of the challenges, Your Bank is continuously focusing on strengthening risk management systems, acquiring latest technologies, automating processes, introducing digital banking products along with concurrent expansion of conventional branch network to further augment customers' experience.

Under the prevailing circumstances and following the strategy of steady growth, total assets of Your Bank stood at Rs. 1,473 billion as at June 30, 2018 recording a growth of 18%. The solid equity base of the Bank has increased to Rs. 107,711 million, with robust Capital Adequacy ratio of 22.3% against the statutory requirement of 11.275%.

Total deposits have grown by 5% and increased to Rs. 926,989 million as at June 30, 2018. However, growth in Non-remunerative current deposits has remained the key focus area for Your Bank, which grew by 10% to close at Rs. 348,649 million as at June 30, 2018. Despite intense competition in the banking industry for low cost deposits, CASA deposit mix has improved to 84% as at June 30, 2018 as compared to 79% as at December 31, 2017.

Total advances have registered a healthy growth of 13% during the half year ended June 30, 2018 reaching Rs. 439,575 million. Prudent risk management practices have enabled the reduction of Non-Performing Loans by Rs. 1,841 million during half year ended June 30, 2018. As a result, Infection ratio has reduced to 3.7% and Coverage ratio has improved to 98%. No FSV benefit has been taken while determining the provision against non-performing advances as allowed under guidelines of the State Bank of Pakistan. Net investments stood at Rs. 860,721 million as against Rs. 698,082 million as at December 31, 2017.

As a result of sustainable balance sheet growth, the Bank earned Net Interest Income of Rs. 15,812 million. The interest income aggregating at Rs. 33,320 million which grew by 3% over the corresponding period; whereas funding cost has closed at Rs. 17,508 million.

During the period under review, net reversal in provision against advances grew by 28% to close at Rs. 892 million.

The Bank earned fee, commission and brokerage income of Rs. 2,248 million and have posted a growth of 8% as compared to the corresponding period of last year.

Your Bank has adopted a proactive strategy towards changing interest rate scenario to effectively manage the fixed rate Government securities portfolio. During the period under review, the Bank has realized healthy capital gains of Rs. 1,525 million as against Rs. 290 million in the corresponding period of last year. Capital gains realized on equity investments also amounted to Rs. 608 million.

On account of active participation in the primary and secondary bond market, State Bank of Pakistan has recognized Your Bank among the top 3 Primary Dealers in the market.

While remaining prudent, income from dealing in foreign currencies of Your Bank grew by 112%, to close at Rs. 674 million during the half year ended June 30, 2018. Furthermore, dividend income of Rs. 1,443 million was also realized during the period.

Non-markup / interest income in aggregate increased by Rs. 2,300 million to close at Rs. 6,704 million or 52% during the half year ended June 30, 2018 as compared to Rs. 4,404 million during the corresponding period of last year.

Your Bank remained committed to expand outreach through a network of 1,254 branches including 1,137 conventional and 117 Islamic banking branches across Pakistan. Growth momentum in alternate delivery channels was also maintained through ATMs network which increased to a total of 1,353 ATMs inclusive of 1,065 on-site and 288 off-site ATMs.

Additionally, during the quarter, Your Bank also launched first 'Mobile ATM' in Lahore to provide essential banking services at the desired locations of specific customers and customers at large.

Targeted marketing campaigns were launched to enhance brand value. As a result, administrative expenses grew by 12% to reach at Rs. 10,967 million during the half year ended June 30, 2018.

Your Bank's Profit Before Tax during the half year ended June 30, 2018 recorded a growth of 5% to reach Rs. 11,799 million against Rs. 11,269 million during the corresponding period of last year.

Effective tax rate remained lower by 3% as compared to corresponding period. Lower rate was mainly due to booking of half yearly charge for Super Tax levied vide Finance Act, 2018-19 applicable on income for Tax Year 2019 as compared to full year charge in corresponding period in view of application of Finance Act 2017-18.

Profit After Tax grew by 10% to reach Rs. 7,143 million as compared to Rs. 6,474 million in the corresponding period of last year.

The improved profitability has translated in to higher EPS of Rs. 6.24 per share from Rs. 5.65 per share in the corresponding period. Annualized Return on Equity and Return on Assets have remained strong at 17.8% and 1.1% respectively during the period under review.

Future Outlook:

Amidst fiscal and trade deficits, declining foreign exchange reserves, rising debt servicing requirements, depreciating currency, growth in undocumented economy; renewed access to financial support packages from multilateral agencies along with additional external borrowings might become inevitable.

Director's Review

While expected transition of power amongst elected governments augurs well for political stability; major changes are required in long term fiscal and monetary policies to address the aforementioned challenges.

The country's fragile external position is further aggravated by the Moody's downgrading of Pakistan's credit rating outlook from 'stable' to 'negative' along with placement on the 'grey list' by International Financial Action Task Force

However, banking industry remains resilient amidst moderating profitability and intense competition for quality lending avenues especially in the private sector. Going forward, credit expansion depends upon underlying structural reforms to augment private sector credit appetite.

Subsequent to the period under review, State Bank of Pakistan enforced the Deposit Protection mechanism for protecting the small depositors, with effect from July 01, 2018. This additional operational cost will assist in enhancing the financial stability of the banking system while simultaneously impacting bottom line of banks.

During the quarter under review, Your Bank has launched myABL FonePay app which is an extension of myABL Digital Banking, exclusively designed to cater to a wide range of Mobile Payments, with login through Biometric Touch ID feature. Through myABL FonePay, customers can purchase products and services including tickets for various services and e-vouchers directly from their Allied Bank accounts with the convenience of Masterpass QR Retail Payments.

Your Bank has also launched country's first ever fully automated 'Robotic Locker', equipped with state of the art multi-layered verification process in Lahore; providing hassle free 24/7 operational convenience for our valued customers.

The Bank's multi-faceted long-term strategy driven toward steady expansion in outreach, gradual penetration in digital and Islamic banking along with continuous focus on robust risk management and technology, remains the key enabling factors towards sustainable growth in foreseeable future.

Awards:

During the quarter under review, Allied Bank Limited received another prestigious accolade of "Best Bank in Pakistan" at the Euromoney Awards for Excellence 2018. Key distinguishing factors for this award included Your Bank's robust capital base reflected by Capital Adequacy ratio supplemented by lowest loan loss and highest loan loss coverage ratios amongst the peer banks.

Allied Bank was also awarded 6th Federation of Pakistan Chamber of Commerce and Industry Achievement award during the quarter, for outstanding banking and financial services in the country.

Entity Rating:

Pakistan Credit Rating Agency (PACRA) upgraded Long-Term Rating of Allied Bank Limited to the highest level of "AAA" (Triple A) while Short-Term Rating of the Bank is already maintained at the highest level of "A1+" (A One plus). These ratings denote exceptionally strong capacity for timely payment of financial commitments with lowest expectation of credit risk. With this rating up-grade, Your Bank now ranks amongst select group of financial institutions with highest entity rating.

Corporate Governance:

JCR-VIS assigned "CGR9+" rating to Allied Bank Limited on Corporate Governance for the period under review.

Acknowledgement:

On behalf of Allied Bank, we would like to extend our acknowledgment to the valued customers for placing their trust in Allied Bank Limited. We would also like to express our gratitude to the worthy shareholders of the Bank for their support, employees for all the hard work and dedication, State Bank of Pakistan, Securities and Exchange Commission and other regulatory bodies for their guidance and motivation.

For and on behalf of the Board,

Tahir Hassan Qureshi
Chief Executive Officer

Mohammad Naeem Mukhtar
Chairman Board of Directors

Lahore
Date: August 09, 2018

ڈائریکٹرز جائزہ رپورٹ

محترم شیئر ہولڈرز!

بورڈ آف ڈائریکٹرز کی جانب سے ہم 30 جون 2018 کو اختتام پذیر ششماہی کے مالیاتی نتائج پیش کرتے ہوئے نہایت مسرت محسوس کرتے ہیں۔

ششماہی ختم 30 جون			
اضافہ	2017	2018	
فی صد	ملین روپے		
10	6,474	7,143	بعد از ٹیکس منافع
6	46,490	49,212	گزشتہ جمع شدہ منافع
107	27	56	معیین اثاثہ جات کی قدر و پیمائش سے غیر تعریف شدہ منافع میں منتقلی - خالص از ٹیکس
200	1	3	غیر بینکاری اثاثہ جات کی قدر و پیمائش سے غیر تعریف شدہ منافع میں منتقلی - خالص از ٹیکس
6	52,992	56,414	تعریف کے لیے دستیاب منافع
--	(2,004)	(2,004)	حتمی کیش ڈیویڈنڈ برائے سال ختم 31 دسمبر 2017-1.75 روپے فی حصص (2017: سال ختم 31 دسمبر 2016-1.75 روپے فی حصص)
14	(2,004)	(2,290)	پسما عبوری کیش ڈیویڈنڈ برائے سال ختم 31 دسمبر 2018-2 روپے فی حصص (2017: سال ختم 31 دسمبر 2017 - 1.75 روپے فی حصص)
10	(647)	(714)	ضوابطی ریزرو میں منتقلی
6	48,337	51,406	آگے منتقل کیا گیا جمع شدہ منافع
10	5.65	6.24	فی حصص روپے (EPS)

بورڈ انتہائی مسرت کے ساتھ 2 روپے فی حصص کے عبوری کیش ڈیویڈنڈ کا اعلان کرتا ہے، جو پہلے عبوری کیش ڈیویڈنڈ 2 روپے فی حصص، جس کی پیشتر ادائیگی کی جا چکی ہے، کے علاوہ ہے۔ 30 جون 2018 کو اختتام پذیر ششماہی کا عبوری کیش ڈیویڈنڈ 4 روپے فی حصص ہے۔ (30 جون 2017 : 3.50 روپے فی حصص)

معاشی جائزہ:

مالی سال 2017-18 کے دوران پاکستان کا جی ڈی پی (GDP) 5.8 فیصد کے اضافہ کے ساتھ 313 ملین امریکی ڈالر پر رپورٹ ہوا۔ ایک دہائی کی اس بلند ترین شرح نمو کی بنیادی وجوہ بڑے پیمانے کی صنعت اور زراعت کے شعبہ کی بہتر کارکردگی رہی، جن میں بالترتیب 6 فیصد اور 4 فیصد کا اضافہ ہوا۔ تاہم پاکستان کی معیشت بدستور مختلف اور نمایاں خدشات سے تیردہ زما رہی۔

تجارت کا عدم توازن، افرادی ترسیلات میں معمولی اضافہ اور غیر ملکی براہ راست سرمایہ کاری کی کمی؛ کرنٹ اکاؤنٹ کے خسارہ کو تقویت دیتی رہی۔ جس کے نتیجے میں غیر ملکی زمرہ مبادلہ کے ذخائر دسمبر 2017 کی 20,177 ملین امریکی ڈالر کی سطح سے 19 فیصدی کے ساتھ جون 2018ء کے اختتام پر 16,407 ملین امریکی ڈالر تک رہ گئے۔

پاکستانی روپیہ بھی امریکی ڈالر کے مقابلہ میں شدید ہواؤ کا شکار رہا اور اس زیر تجزیہ عرصہ میں اس میں 16 فیصدی تیزی ہوئی۔

مندرجہ بالا معاملات کے باعث صارف قیمتوں کے جدول کنزیومر پرائس انڈیکس (CPI) میں جون 2018 تک 5.2 فیصدی (سالانہ بنیاد پر) اونچی اڑان دیکھی گئی۔ چنانچہ اسٹیٹ بینک آف پاکستان نے اپنے مالیاتی انضباط کے میانہ کو سال کی پہلی سہ ماہی سے ہی نافذ کر دیا جس میں پالیسی ریٹ میں 25 بی پی ایس (BPS) کا اضافہ کیا گیا۔ اور اس کے ساتھ ہی اور جولائی 2018 کے دوران بالترتیب 50 بی پی ایس (BPS) اور 100 بی پی ایس (BPS) کا مزید اضافہ کیا گیا۔ جس کے باعث پالیسی ریٹ 2018 کے اوائل کی 5.75 فیصدی شرح کے مقابل میں 7.50 فیصدی شرح تک پہنچ گیا۔

جی ڈی پی کا 6.8 فیصد مسلسل ایلاتی خسارہ اور اس کے ساتھ ساتھ 12.4 فیصد کی ٹیکس بمقابلہ جی ڈی پی (GDP) شرح جو ترقی پذیر ممالک میں سب سے کم ہے، ہماری معیشت کی ترقی کی راہ میں بڑی رکاوٹیں ہیں۔ مالی سال 2017-18 میں ایلاتی وصولیوں کا مجموعی حجم 3,935 بلین روپے کے ہدف کے مقابلہ میں 3,841 بلین روپے رہا۔ ان تمام وصولیوں میں ٹیکس اینبسنٹی سیکم کی عریں وصول کئے گئے 90 بلین روپے بھی شامل ہیں۔

براؤٹنی (M-2) میں 30 جون 2018ء کو اختتام پذیر 6 ماہ کے عرصہ میں 8 فیصد اضافہ درج کیا گیا۔ روپے کی گردش میں 12 فیصد اضافہ ہوا جو مالی سال 2017-18 کے اختتام تک 4,388 بلین روپے تک پہنچا؛ جس کی بدولت کریڈٹ بمقابلہ ڈیبٹ کی پی سی کرپٹ بمقابلہ جی ڈی پی کی شرح اور ڈیپازٹ بمقابلہ جی ڈی پی کی شرح میں بالترتیب 17 فیصد اور 38 فیصد کی کمی درج ہوئی جو کہ ریپامعاشی استحکام کیلئے ایک خیرہ اور تشویش طلب معاملہ ہے۔

بینکاری کی صنعت کے ڈیپازٹس جون 2018 کے اختتام تک 5.7 فیصد کی شرح کے ساتھ 13,063 ملین روپے تک پہنچ گئے۔ جبکہ صنعت کے قرضہ جات، بنیادی طور پر پبلک سیکٹر میں دیئے گئے قرضوں (جن میں 20 فیصد اضافہ دیکھا گیا) کے باعث، 12.7 فیصد بڑھوتری کے ساتھ 7,362 ملین روپے تک پہنچ گئے۔ گرتی قرضہ جات (پاور ہولڈنگز پر انبوٹ لیٹری کے ذمہ واجب الادا 500 ملین روپے کے بشمول) مالی سال کے اختتام 1,000 ملین روپے کی سطح پر گھر گئے۔ صنعت کی مجموعی سرمایہ کاری بھی جون 2018 کے اختتام تک بڑھتے ہوئے 8,179 ملین روپے تک پہنچ گئی۔

مالیاتی تجزیہ:

پیداکاری کی صنعت کو مغلوب فحی شعبہ کی قرض کی طلب، بڑھتے ہوئے شرح سود کے تناظر میں قیمتوں کے دوبارہ تعین، قنطنر انجینئرینگ ٹیکنالوجی اور صارفین کے بدلتے تجربہ کے ارتقاء جیسکیر الجھتی چیلنجز مسلسل سامنا ہے۔

ان جلیجرج کا مکمل ادراک رکھتے ہوئے آپ کا بینک اپنے خدشات کے تدارک کے نظام کی مضبوطی، جدید ترین ٹیکنالوجی کا حصول، عملی خود کاریت، ڈیجیٹل بینکاری کی پراڈکشن کا اجراء اور اس کے ساتھ اپنے روایتی برانچوں کے نیٹ ورک میں جاری وسعت پر اپنی پوری توجہ مرکوز کئے ہوئے ہے، تاکہ صارفین کو بہترین سہولیات فراہم کیا جا سکیں۔

موجودہ حالات کے پیش نظر اور مورخہ نمبر 11 کی حکمت عملی پر عمل پیرا رہتے ہوئے آپ کے بینک کے کل اثاثے 30 جون 2018ء تک 18 فیصد کے اضافہ کے ساتھ 1,473 ملین روپے تک پہنچ گئے۔ آپ کے بینک کے سرمائے کی معنوی اساس پر ہتے ہوئے 107,711 ملین روپے پہنچ گئی اور اس کے ساتھ سرمائے کی معقولیت (Capital Adequacy) بھی 11.275 فیصد کی مطلوبہ ضوابطی شرح کی نسبت 22.3 فیصد کی شرح پر یکاڑ دی گئی۔

کل ڈیپازٹس 5 فیصد کے اضافے کے ساتھ بڑھتے ہوئے 30 جون 2018 تک 926,989 ملین روپے تک پہنچے۔ تاہم غیر ہواداری (بغیر منافع کے حامل) کرنٹ ڈیپازٹس کا فروغ اب بھی آچکے بینک کی بنیادی ترجیحات میں شامل ہے جو 30 جون 2018 تک 10 فیصد کے اضافے کے ساتھ 348,649 ملین روپے پر درج کر کے گئے۔ بینکاری کی صنعت میں کم لاگات کے ڈیپازٹس کے حصول کیلئے جاری شدہ پراساکیٹ کے باوجود CASA ڈیپازٹس کی ترکیب میں 31 دسمبر 2017 کو 79 فیصد کی شرح کی نسبت 30 جون 2018 تک 84 فیصد کی شرح دیکھی گئی۔

کل قرضہ جات 30 جون 2018 کو اقساط پندرہ شہائی میں 13 فیصد کی قابل تدرع موصول کرتے ہوئے 439,575 ملین روپے تک پہنچے۔ خدشات کے انتظام کے دانشمندانہ ضابطہ عمل کے باعث غیر فعال قرضوں میں 30 جون 2018 کو اقساط پندرہ شہائی میں 1,841 ملین روپے کی کمی واقع ہوئی۔ جس کے نتیجے میں Infection کی شرح میں 3.7 فیصد کی کمی ہوئی اور Coverage کی شرح 98 فیصد تک بڑھ گئی۔ اسٹیٹ بینک آف پاکستان کی جاری کردہ رہنما اصولوں میں اجازت کے باوجود، غیر فعال قرضوں کے لئے مختص شدہ اخراجات (Provision) کا تعین کرتے ہوئے FSV کا کوئی فائدہ حاصل نہیں کیا گیا۔ خالص سرمایہ کاری 31 دسمبر 2017 کے 698,082 ملین روپے کی نسبت 860,721 ملین روپے رہی۔

اپنے میزانیہ (Balacne Sheet) کی متوازن بڑھوتی کی بدولت بینک نے 15,812 ملین روپے خالص انٹرسٹ آمدنی حاصل کی۔ انٹرسٹ آمدنی اپنی تقابلی عرصہ کی نسبت 3 فیصد کی افزائش کے ساتھ مجموعی طور پر 33,320 ملین روپے کے حجم تک پہنچ گئی۔ جبکہ سرمائے کی لاگت کا حجم 17,508 ملین روپے رہا۔

اس زیر تجزیہ عرصہ میں قرضہ جات پر Reversal of Provision 28 فیصد کے اضافہ کے ساتھ 892 ملین روپے پر درج کی گئی۔

بینک نے فیس، کمیشن اور بروکریج آمدنی کی مد میں گزشتہ سال کے تقابلی عرصہ کی نسبت 8 فیصد کی شرح کے اضافے کے ساتھ 2,248 ملین روپے حاصل کئے۔

اپنی معینہ شرح کی گورنمنٹ سیکورٹیز (حکومتی تسمکات) کے بہتر انتظام کیلئے آپ کے بینک نے شرح سود کے بدلے رجحانات کے تناظر میں ایک جارحانہ حکمت عملی کو اختیار کیا۔ اس زیر تجزیہ عرصہ کے دوران بینک نے نہایت شاندار کمیشن گین حاصل کیا، جس کا تعین گزشتہ سال کے تقابلی عرصہ کے 290 ملین روپے کے حجم کی نسبت 1,525 ملین روپے پر کیا گیا۔ ایکویٹی سرمایہ کاری کی مد میں بھی 608 ملین روپے کا Capital Gain حاصل کیا گیا۔

ترجمی اور ٹائپو باڈر مارکیٹ میں نمایاں کارکردگی کی بناء پر اسٹیٹ بینک آف پاکستان نے آپ کے بینک کو مارکیٹ کے تین سرفہرست پرائمری ڈیلر شرا کیا ہے۔

دانشمندی کے تقاضوں پر پورا اترتے ہوئے، آپ کے بینک کی غیر ملکی کرنسیوں کے لین دین سے آمدنی 112 فیصد کی شرح سے بڑھی اور 30 جون 2018 کو اختتام پزیر ششماہی کے دوران اس حجم 674 ملین روپے کی سطح پر جا پہنچا۔ علاوہ ازیں اس عرصہ کے دوران 1,443 ملین روپے کی ڈیویڈنڈ آمدنی بھی حاصل کی گئی۔

غیر مارک اپ/انٹرسٹ آمدنی مجموعی طور پر 2,300 ملین روپے کے اضافے کے ساتھ 6,704 ملین روپے یا گزشتہ سال کی اس تقابلی مدت کے دوران حاصل کردہ 4,404 ملین روپے کی نسبت 30 جون 2018 کو اختتام پزیر ششماہی کے دوران 52 فیصد اضافہ کے ساتھ درج کی گئی۔

آپ کا بینک اپنی 1,254 برانچوں کے نیٹ ورک بشمول 1,137 روایتی اور 117 اسلامی بینکاری کی برانچوں کے ذریعہ، اپنی رسائی کو مزید وسعت دینے کیلئے پر عزم ہے۔ ڈیجیٹل کے متبادل ذرائع میں ترقی کے رجحان کو اے ٹی ایٹمز (ATMs) نیٹ ورک کے ذریعہ بھی برقرار رکھا گیا، جن کی کل تعداد بڑھتے ہوئے 1,353 ATMs بشمول 1,065 آن سائٹ اور 288 آف سائٹ ATMs تک جا پہنچی۔

مزید برآں اس سہ ماہی کے دوران آپ کے بینک نے لاہور میں اپنا پہلا "موبائل اے ٹی ایم" (Mobile ATM) بھی لانچ کیا تاکہ ضروری بینکاری کی خدمات کو اپنے مخصوص صارفین اور عمومی صارفین کے مطلوبہ مقام پر فراہم کیا جاسکے۔

اپنے برائے کی قدر میں اضافہ کیلئے مخصوص مارکیٹنگ مہم کا اجراء کیا گیا۔ جس کے باعث انتظامی اخراجات میں 30 جون 2018 کو اختتام پزیر ششماہی کے دوران 12 فیصد کے اضافہ کے بعد اس کا حجم 10,967 ملین روپے پر درج کیا گیا۔

آپ کے بینک کا قبل از ٹیکس منافع 30 جون 2018 کو اختتام پزیر ششماہی کے دوران گزشتہ سال کی اسی تقابلی مدت کے حجم 11,269 ملین روپے سے 5 فیصد اضافہ کے ساتھ 11,799 ملین روپے تک جا پہنچا۔

گزشتہ تقابلی مدت کے تناسب میں ٹیکس کا موزو ریٹ 3 فیصد کم رہا۔ اس ریٹ میں کمی کی بنیادی وجہ گزشتہ تقابلی عرصہ میں ٹرانس ایکٹ 2017-18 میں عائد شدہ سپر ٹیکس کے ایک سال کے اخراجات کے مقابلہ میں ٹرانس ایکٹ 2018-19 کے تحت چھ ماہ کے اخراجات کا اندراج ہے۔

بعد از یکس منافع، گزشتہ سال کے تقابلی مدت کی 6,474 ملین روپے کی سطح سے 10 فیصد اضافہ کے ساتھ 7,143 ملین روپے پر پہنچ گیا۔

اس بہتر منافعت کی بدولت 6.24 روپے فی حصص آمدنی (EPS) حاصل ہوئی جو گزشتہ تقابلی مدت میں 5.65 روپے فی شیئر تھی۔ ریزن آن ایکویٹی (سرمائے پیمانہ) اور ریزن آن ایبلٹس (اکاؤں پیمانہ) کی سالانہ شرح اپنی مضبوطی کو برقرار رکھتے ہوئے اس زیر تجزیہ عرصہ میں بالترتیب 17.8 فیصد اور 1.1 فیصد کی شرح پر رہیں۔

مستقبل کا نکتہ نظر اپیش بینی:

مالیاتی اور تجارتی خساروں کے مابین گہری معیشت، گرتے ہوئے زرمبادلہ کے ذخائر، قرض کی ادائیگیوں کی بڑھتی ضروریات، کرنسی کی تنزلی، غیر دستاویزی معیشت کی افزودگی جیسے معاملات کے تناظر میں کثیر طرفہ ایجنسیوں کی جانب سے مالی امداد کے چیلج کی رسائی کی تجدید اور بیرونی ذرائع سے قرضوں کا حصول شاید ناگزیر ہو گا۔

آنے والی حکومت کو اقتدار کی متوقع منتقلی کو سیاسی استحکام سے تعبیر کیا جانے کے ساتھ مندرجہ بالا عوامل سے بننے والے طویل المدت ضوابطی اور مالیاتی پالیسیوں میں نمایاں تبدیلیوں کی ضرورت ہے۔

ملک کی بیرونی صورتحال کی نزاکت میں مزید اضافہ اس وقت ہوا جب موڈی (Moody) نے پاکستان کی کریڈٹ ریٹنگ کو مستحکم سے منفی میں تبدیل کر دیا اور اس کے ساتھ انٹرنیشنل فنانشل ایکشن ٹاسک فورس (FATF) نے پاکستان کو "کرے لٹ" میں شامل کر دیا۔

تاہم بینکاری کی صنعت، کم ہوتے منافع اور معیاری قرضوں کے حصول کیلئے شدید مسابقت، خصوصاً نجی شعبہ میں، کے ماحول میں اپنی چلکاری کو برقرار رکھنے ہوئے ہے۔ مستقبل میں قرضوں میں وسعت، نجی شعبہ کی قرض کی طلب کے فروغ کیلئے کی جانے والی بنیادی اصلاحات پر منحصر ہوگی۔

اس زیر تجزیہ مدت کے بعد اسٹیٹ بینک آف پاکستان نے چھوٹے ڈیپازٹرز کے تحفظ کیلئے ڈیپازٹ پروٹیکشن میکانزم کا نفاذ کیا ہے جو 01 جولائی 2018 سے موثر ہے۔ یہ اضافی اخراجات مالیاتی استحکام کے فروغ کا باعث بننے کے ساتھ ساتھ بینکوں کے تلف نقصان پر اثر انداز ہوں گے۔

اس زیر نظر سرمایہ کے دوران، آپ کے بینک نے "مائی اے بی ایل فون پے ایپ" (myABL Fonepay app) کا اجراء کیا جو کہ مائی اے بی ایل ڈیجیٹل بینکاری کی ایک توسیع ہے اور خصوصی طور پر موبائل ادائیگیوں کی ایک وسیع رینج کی فراہمی کیلئے ڈیزائن کی گئی ہے، جس میں بائیو میٹرک چھ آئی ڈی فچر بھی موجود ہے۔ "مائی اے بی ایل فون پے" کے ذریعہ صارفین اشیاء خدمات کی خریداری کر سکتے ہیں علاوہ ازیں اپنے الاینڈ بینک اکاؤنٹس سے براہ راست ماسٹر پاس کیو آر کدیں (Masterpass QR Retail Payments) کے ذریعہ کیلے اور ای واکوچر (e-voucher) حاصل کر سکتے ہیں۔

آپ کے بینک نے ملکی تاریخ کا سب سے پہلا مکمل خود کار "ماریوٹ لاکر" (Robotic Locker) بھی لاچ کیا۔ جو کہ جدید ترین اور متعدد تہہ دار توشیحی مراحل سے مزین ہے۔ اور ہمارے معزز صارفین کے 24/7 استعمال کی آسانی سے آراستہ ہے۔

بینک اپنی کثیر الجہتی طویل المدت حکمت عملی کے تحت اپنی رسائی میں متوازن وسعت، ڈیجیٹل اور اسلامی بینکاری میں بتدریج شمولیت اور اس کے ساتھ بدلتے ہوئے خدشات کے انتظام اور ٹیکنالوجی میں جاری ارتکاز ہی وہ تمام عوامل ہیں جو آنے والے وقت میں مستحکم اور پائیدار ترقی میں اہم کردار ادا کر سکتے ہیں۔

ایوارڈز:

اس زیر نظر سرمایہ کے دوران الاینڈ بینک لمیٹڈ نے یورپی ایوارڈ فار ایکسلینس (Euromoney Awards for Excellence) 2018 میں

"پاکستان کے بہترین بینک" کا ایک اور قیمتی ایوارڈ حاصل کیا ہے۔ اس ایوارڈ کے حصول کے اہم ترین عوامل میں آپ کے بینک کی تیزی سے مضبوط ہوئی سرمائے کی اساس ہے جس کا اظہار اس کی سرمائے کی معقولیت کی شرح کیپٹل ایڈیکوئسی (Capital Adequacy) سے ہوتا ہے اور اس کے ساتھ اپنے ہم پلہ بینکوں میں قرضوں کے کم ترین نقصان اور بلند ترین قرضوں کے نقصان کی کوریج کی شرح شامل ہیں۔

الائیڈ بینک کو اس سرمایے میں ملک میں بینکاری اور مالیاتی خدمات میں شاندار کارکردگی کے عوض "چھٹے فیڈریشن آف پاکستان جی بی آر آف کامرس اینڈ انڈسٹری ایسوسی ایشن ایوارڈ" سے بھی نوازا گیا۔

ایسٹینی ریٹنگ:

پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے الائیڈ بینک لمیٹڈ کی طویل المدت ریٹنگ AAA (کوٹر پل اے) کی بلند ترین سطح پر ترقی دے دی۔ جبکہ بینک کی قلیل المدت ریٹنگ پہلے سے ہی A1+ (اے ون پلس) کی بلند سطح پر برقرار ہے۔ یہ درجہ بندیاں آپ کے بینک کی اپنی مالیاتی ذمہ داریوں کی بروقت ادائیگیوں کی نہایت شاندار اور مضبوط صلاحیت اور قرضوں میں کم ترین خدشات کی توقعات کا مظہر ہے۔ درجہ بندی میں اس ترقی کے ساتھ آپ کا بینک مالیاتی اداروں کے ایک مخصوص اور منتخب شدہ گروپ میں سب سے بلند ایسٹینی ریٹنگ کا حامل ہو گیا ہے۔

کارپوریٹ گورننس:

جے سی آر۔ وی آئی ایس (JCR-VIS) نے الائیڈ بینک لمیٹڈ کو اس زیر تجزیہ عرصہ میں کارپوریٹ گورننس کیلئے CRG9+ (سی جی آر 9 پلس) کی ریٹنگ تفویض کی ہے۔

تسلیم و تحسین

الائیڈ بینک کی جانب سے ہم اپنے قابل قدر صارفین کا شکریہ ادا کرتا چاہتے ہیں جنہوں نے ہماری خدمات پر اعتماد کا اظہار کیا ہے۔ ہم بینک کے شیئرز ہولڈرز کا ان کی سرپرستی پر، اپنے ملازمین کا ان کی بھرپور محنت اور لگن، سٹیٹ بینک آف پاکستان، سکیورٹی اینڈ ایکسچینج کمیشن آف پاکستان بمعہ دیگر ضوابطی اداروں کا ان کی مسلسل رہنمائی پر بھی تہنوں سے شکور ہیں۔

منجانب ویرائے بورڈ

محمد نسیم مختار

چیئرمین بورڈ آف ڈائریکٹرز

طاہر حسن قریشی

چیف ایگزیکٹو آفیسر

09 اگست 2018

از لاہور۔

Independent Auditor's Review Report

on Review of Interim Financial Statements

To the members of Allied Bank Limited

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Allied Bank Limited ("the Bank") as at 30 June 2018, and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim statement of cash flow and notes to the unconsolidated condensed interim financial statements for the six-month period then ended (here-in-after referred to as "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements 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 statements 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 Standard 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 statements is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matter

The figures for the quarters ended 30 June 2018 and 30 June 2017 in the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income have not been reviewed by us and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditor's report is Kamran Iqbal Yousafi.

Lahore
Date: 09 August, 2018

KPMG Taseer Hadi & Co.
Chartered Accountants

UNCONSOLIDATED
CONDENSED INTERIM
FINANCIAL STATEMENTS

for the half year ended June 30, 2018

Unconsolidated Condensed Interim Statement of Financial Position

(Un-audited) as at June 30, 2018

	Note	June 30, 2018	Audited December 31, 2017
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		93,392,402	85,367,382
Balances with other banks		495,980	648,765
Lendings to financial institutions	6	13,749,738	8,694,399
Investments	7	860,720,735	698,082,066
Advances	8	423,753,491	372,037,714
Operating fixed assets		49,912,598	48,327,029
Deferred tax assets		–	–
Other assets		30,750,893	32,554,758
		1,472,775,837	1,245,712,113
LIABILITIES			
Bills payable		11,027,917	7,835,467
Borrowings	9	405,335,290	223,556,383
Deposits and other accounts	10	926,988,676	883,740,709
Sub-ordinated loans		–	–
Liabilities against assets subject to finance lease		–	–
Deferred tax liabilities		5,587,419	6,941,804
Other liabilities		16,125,966	16,921,397
		1,365,065,268	1,138,995,760
NET ASSETS		107,710,569	106,716,353
REPRESENTED BY			
Share capital	11	11,450,739	11,450,739
Reserves		19,067,567	17,980,116
Unappropriated profit		51,405,913	49,212,447
		81,924,219	78,643,302
Surplus on revaluation of assets - net of tax		25,786,350	28,073,051
		107,710,569	106,716,353

CONTINGENCIES AND COMMITMENTS

12

The annexed notes 1 to 24 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, 2018

	Note	Half year Ended		Quarter Ended	
		June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Rupees in '000					
Mark-up / return / interest earned	13	33,319,932	32,345,251	17,645,613	16,606,058
Mark-up / return / interest expensed	14	17,507,958	16,068,044	9,846,129	8,320,948
Net mark-up / interest income		15,811,974	16,277,207	7,799,484	8,285,110
Net reversal of provision against non-performing loans and advances		(892,329)	(695,907)	(386,482)	(302,224)
Net provision / (reversal) for diminution in the value of investments		11,376	(8,061)	11,388	(8,061)
Bad debts written off directly		—	—	—	—
		(880,953)	(703,968)	(375,094)	(310,285)
Net mark-up / interest income after reversal of provisions		16,692,927	16,981,175	8,174,578	8,595,395
NON MARK-UP / INTEREST INCOME					
Fee, commission and brokerage income		2,248,300	2,091,156	1,091,832	954,595
Dividend income		1,442,874	1,527,174	893,298	1,105,719
Income from dealing in foreign currencies		674,150	317,584	402,381	148,393
Gain / (loss) on sale of securities - net		2,132,995	289,531	789,774	(9,940)
Unrealized gain on revaluation of investments classified as 'held-for-trading' - net		988	—	988	1,288
Other income		204,508	178,125	165,960	133,949
Total non mark-up / interest income		6,703,815	4,403,570	3,344,233	2,334,004
		23,396,742	21,384,745	11,518,811	10,929,399
NON MARK-UP / INTEREST EXPENSES					
Administrative expenses		10,967,295	9,784,705	5,735,228	5,044,997
Provision / (reversal) against other assets		1,125	24,000	(60,875)	12,000
Provision / (reversal) against off-balance sheet obligations - net		20,000	(2,698)	—	—
Other charges		343,673	309,432	120,283	154,414
Total non mark-up / interest expenses		11,332,093	10,115,439	5,794,636	5,211,411
Extra-ordinary / unusual item	15	265,226	—	—	—
PROFIT BEFORE TAXATION		11,799,423	11,269,306	5,724,175	5,717,988
Taxation					
Current	16	4,809,424	4,098,201	2,398,553	2,042,392
Prior year		—	959,605	—	959,605
Deferred		(153,309)	(262,585)	(46,968)	(156,212)
		4,656,115	4,795,221	2,351,585	2,845,785
PROFIT AFTER TAXATION		7,143,308	6,474,085	3,372,590	2,872,203
Unappropriated profit brought forward		49,212,447	46,490,244	52,634,757	47,742,117
PROFIT AVAILABLE FOR APPROPRIATION		51,405,913	48,337,278	51,405,913	48,337,278
Earnings per share - Basic and Diluted (in Rupees)	17	6.24	5.65	2.95	2.51

The annexed notes 1 to 24 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, 2018

	Half year Ended		Quarter Ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Rupees in '000				
Profit after taxation for the period	7,143,308	6,474,085	3,372,590	2,872,203
Other comprehensive income:				
Items to be reclassified to profit and loss account in subsequent periods				
Exchange differences on translation of net investment in foreign operating branches	373,120	5,292	199,243	(2,183)
Comprehensive income transferred to equity	7,516,428	6,479,377	3,571,833	2,870,020
Components of comprehensive income not reflected in equity:				
Items to be reclassified to profit and loss account in subsequent periods				
Net change in fair value of 'available-for-sale' securities	(3,427,978)	(4,637,287)	(4,289,088)	(3,446,159)
Related deferred tax	1,199,792	1,623,051	1,501,181	1,206,156
	(2,228,186)	(3,014,236)	(2,787,907)	(2,240,003)
Total comprehensive income	5,288,242	3,465,141	783,926	630,017

The annexed notes 1 to 24 form an integral part of these unconsolidated condensed interim financial statements.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Unconsolidated Condensed Interim Statement of Cash Flow

(Un-audited) for the half year ended June 30, 2018

	Half year Ended	
	June 30, 2018	June 30, 2017
	Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	11,799,423	11,269,306
Less: Dividend income	(1,442,874)	(1,527,174)
	10,356,549	9,742,132
Adjustments for non-cash items		
Depreciation / amortization	1,829,601	1,237,826
Reversal against non-performing loans and advances - net	(892,329)	(695,907)
Provision / (reversal) for diminution in the value of investments - net	11,376	(8,061)
Unrealized gain on revaluation of 'held-for-trading' securities - net	(988)	—
Provision / (reversal) against off-balance sheet obligations - net	20,000	(2,698)
Provision against other assets	1,125	24,000
Provision for workers welfare fund	246,437	234,183
Gain on sale of operating fixed assets - net	(23,099)	(23,689)
	1,192,123	765,654
	11,548,672	10,507,786
(Increase) / decrease in operating assets		
Lendings to financial institutions	(5,055,339)	(1,881,733)
Net realization from 'held-for-trading' securities	594,392	100,931
Advances	(51,133,349)	(58,715,010)
Other assets (excluding advance taxation)	1,908,606	(1,562,402)
	(53,685,690)	(62,058,214)
Increase / (decrease) in operating liabilities		
Bills payable	3,192,450	(2,581,537)
Borrowings	181,795,407	(5,522,967)
Deposits and other accounts	43,247,967	47,472,522
Other liabilities	(1,121,873)	1,532,591
	227,113,951	40,900,609
	184,976,933	(10,649,819)
Income tax paid	(4,939,265)	(5,468,410)
Net cash flows generated from / (used in) operating activities	180,037,668	(16,118,229)
CASH FLOW FROM INVESTING ACTIVITIES		
Net (investment in) / realization from 'available-for-sale' securities	(167,574,360)	35,635,671
Net realization from 'held-to-maturity' securities	901,152	1,576,777
Dividend received	1,457,522	1,501,309
Investments in operating fixed assets	(3,100,457)	(1,986,772)
Proceeds from sale of operating fixed assets	28,112	30,575
Net cash flows (used in) / generated from investing activities	(168,288,031)	36,757,560
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(4,234,022)	(3,989,654)
Net cash flows used in financing activities	(4,234,022)	(3,989,654)
Effect of translation of net investment in foreign operating branches	373,120	5,292
Increase in cash and cash equivalents during the period	7,888,735	16,654,969
Cash and cash equivalents at beginning of the period	87,555,281	73,850,898
Effect of exchange rate changes on opening cash and cash equivalents	(1,643,957)	(30,717)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	93,800,059	90,475,150

The annexed notes 1 to 24 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, 2018

	Share Capital	Capital Reserve Exchange Translation Reserve	Statutory Reserve	Revenue Reserve General Reserve	Un- appropriated Profit	Total
Rupees in '000						
Balance as at January 01, 2017 (Audited)	11,450,739	57,687	16,469,798	6,000	46,490,244	74,474,468
Changes in equity during the half year ended June 30, 2017:						
Total comprehensive income for the half year ended June 30, 2017						
Net profit for the half year ended June 30, 2017	-	-	-	-	6,474,085	6,474,085
Effect of translation of net investment in foreign operating branches	-	5,292	-	-	-	5,292
	-	5,292	-	-	6,474,085	6,479,377
Transactions with owners recognized directly in equity						
Final cash dividend for the year ended December 31, 2016 (Rs. 1.75 per ordinary share)	-	-	-	-	(2,003,879)	(2,003,879)
First interim cash dividend for the year ended December 31, 2017 (Rs. 1.75 per ordinary share)	-	-	-	-	(2,003,879)	(2,003,879)
	-	-	-	-	(4,007,758)	(4,007,758)
Transferred from surplus on revaluation of operating fixed assets to un-appropriated profit - net of tax	-	-	-	-	27,470	27,470
Transferred from surplus on revaluation of non-banking assets to un-appropriated profit - net of tax	-	-	-	-	646	646
Transfer to statutory reserve	-	-	647,409	-	(647,409)	-
Balance as at June 30, 2017	11,450,739	62,979	17,117,207	6,000	48,337,278	76,974,203
Changes in equity during the half year ended December 31, 2017:						
Total comprehensive income for the half year ended December 31, 2017						
Net profit for the half year ended December 31, 2017	-	-	-	-	6,259,551	6,259,551
Effect of remeasurement of defined benefit plans-net of tax	-	-	-	-	(965,870)	(965,870)
Effect of translation of net investment in foreign operating branches	-	167,975	-	-	-	167,975
	-	167,975	-	-	5,293,681	5,461,656
Transactions with owners recognized directly in equity						
Second interim cash dividend for the year ended December 31, 2017 (Rs. 1.75 per ordinary share)	-	-	-	-	(2,003,879)	(2,003,879)
Third interim cash dividend for the year ended December 31, 2017 (Rs. 1.75 per ordinary share)	-	-	-	-	(2,003,879)	(2,003,879)
	-	-	-	-	(4,007,758)	(4,007,758)
Transferred from surplus on revaluation of operating fixed assets to un-appropriated profit - net of tax	-	-	-	-	27,467	27,467
Transferred from surplus on revaluation of non-banking assets to un-appropriated profit - net of tax	-	-	-	-	187,734	187,734
Transfer to statutory reserve	-	-	625,955	-	(625,955)	-
Balance as at December 31, 2017 (Audited)	11,450,739	230,954	17,743,162	6,000	49,212,447	78,643,302
Changes in equity during the half year ended June 30, 2018:						
Total comprehensive income for the half year ended June 30, 2018						
Net profit for the half year ended June 30, 2018	-	-	-	-	7,143,308	7,143,308
Effect of translation of net investment in foreign operating branches	-	373,120	-	-	-	373,120
	-	373,120	-	-	7,143,308	7,516,428
Transactions with owners recognized directly in equity						
Final cash dividend for the year ended December 31, 2017 (Rs. 1.75 per ordinary share)	-	-	-	-	(2,003,879)	(2,003,879)
First interim cash dividend for the year ending December 31, 2018 (Rs. 2 per ordinary share)	-	-	-	-	(2,290,148)	(2,290,148)
	-	-	-	-	(4,294,027)	(4,294,027)
Transferred from surplus on revaluation of operating fixed assets to un-appropriated profit - net of tax	-	-	-	-	56,131	56,131
Transferred from surplus on revaluation of non-banking assets to un-appropriated profit - net of tax	-	-	-	-	2,385	2,385
Transfer to statutory reserve	-	-	714,331	-	(714,331)	-
Balance as at June 30, 2018	11,450,739	604,074	18,457,493	6,000	51,405,813	81,924,219

The annexed notes 1 to 24 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, 2018

1 STATUS AND NATURE OF BUSINESS

Allied Bank Limited ("the Bank"), incorporated in Pakistan, is a scheduled bank, engaged in commercial banking and related services. The Bank is listed on Pakistan Stock Exchange Limited. The Bank operates a total of 1,254 (December 31, 2017: 1,248) branches in Pakistan including 117 (December 31, 2017: 117) Islamic banking branches, 1 branch (December 31, 2017: 1) in Karachi Export Processing Zone and 1 (December 31, 2017: 1) Wholesale banking branch in Bahrain.

The long term credit rating of the Bank assigned by the Pakistan Credit Rating Agency Limited (PACRA) is 'AAA'. Short term rating of the Bank is 'A1+'.

Ibrahim Holdings (Private) Limited is the parent company of the Bank and it's registered office is in Pakistan.

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

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

2 STATEMENT OF COMPLIANCE

2.1 These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) & the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the directives issued by the SBP and the SECP differ with the requirements of IFRS and IFAS the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives, shall prevail.

2.2 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.

2.3 The SBP, vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39 (IAS 39) 'Financial Instruments: Recognition and Measurement' and International Accounting Standard 40 (IAS 40) 'Investment Property' for banking companies till further instructions. Further, according to a notification of SECP dated April 28, 2008, International Financial Reporting Standard 7 (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. Furthermore, provision against advances of overseas branch is made as per the requirements of the concerned regulatory regime.

2.4 The SECP vide SRO 56 (1) / 2016 dated January 28, 2016, has notified that the requirements of IFRS 10 (Consolidated Financial Statements) and section 228 of the Companies Act, 2017 will not be applicable with respect to the investment in mutual funds established under Trust structure.

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

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2018

3 BASIS OF MEASUREMENT

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

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

4 BASIS OF PRESENTATION

4.1 The disclosures included in these unconsolidated condensed interim financial statements are limited based on the format prescribed by the SBP, 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 (IAS 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 annual unconsolidated financial statements of the Bank for the year ended December 31, 2017.

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

4.3 The financial results of the Islamic banking business have been included in these financial statements for reporting purposes. Key financial figures of the Islamic banking business are disclosed in Note 21 to these unconsolidated condensed interim financial statements.

4.4 The Bank has adopted various new interpretations, amendments and annual improvements to IFRS, which became effective for annual periods beginning on or after January 01, 2018. The adoption of those interpretations, amendments and annual improvements did not have any material effect on these unconsolidated condensed interim financial statements of the Bank.

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

5.1 The accounting policies, underlying estimates and judgments and methods of computation followed in the preparation of these unconsolidated condensed interim financial statements are same as those applied in preparing the most recent annual unconsolidated financial statements of the Bank for the year ended December 31, 2017. The standards, amendments and interpretations of the accounting and reporting standards effective for accounting periods beginning on or after June 30, 2018; are same as those disclosed in annual unconsolidated financial statements of the Bank for the year ended December 31, 2017, except for the following:

- Upto December 31, 2017, surplus / (deficit) on revaluation of fixed assets were being measured under the repealed Companies Ordinance, 1984. The surplus arising on the revaluation is credited to the surplus on revaluation of fixed asset account. Any deficit arising on subsequent revaluation of fixed assets is adjusted against the balance in the surplus account. With effect from January 1, 2018, the Bank has revised its accounting policy in respect of measurement of 'surplus / (deficit) on revaluation of fixed assets' which are now accounted for in accordance with the requirements of International Accounting Standard IAS-16 'Property, Plant and Equipment'. The revaluation is measured on individual assets where the surplus is taken to surplus on revaluation of fixed assets account. The deficit on revaluation of the asset is charged to profit and loss account after netting of any surplus already recorded on that asset. The management of the Bank believes that the impact of change in policy is not material, therefore, no adjustments are being taken.
- The SBP has issued BPRD Circular No. 02 of 2018 dated January 25, 2018 'Revised Forms of Annual Financial Statements' effective from the accounting year ending December 31, 2018. The 'Revised Forms of Annual Financial Statements' have changed / added certain disclosures.
- The SECP has adopted IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers', which are applicable with effect from July 01, 2018. As elaborated in Note. 2.3; the SBP has deferred implementation of IAS 39; accordingly, IFRS 9 implementation is also under review of the SBP for domestic operations.

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2018

- As per the accounting policy of the Bank, the provision against financial asset portfolio of ABL Bahrain Wholesale Branch is made as per the requirements of the regulatory regime. During the half year ended June 30, 2018, IFRS – 9 “Financial Instruments” became applicable for ABL Bahrain Wholesale Branch. Accordingly, the Bahrain Branch has changed its accounting policy and has followed the requirements of IFRS – 9 “Financial Instruments”, while determining the provisioning requirements against financial assets. IFRS – 9 “Financial Instruments” requires provision against financial assets to be determined under expected credit loss model, which was being previously determined under the incurred loss model as per the regulatory regime.

The adoption of the said standard by the overseas branch has resulted in additional provisioning requirement of Rs. 15.8 million as at June 30, 2018. The amount of additional provision has been accounted for in the profit or loss of the current period and opening balance of retained earnings has not been adjusted as the amount is not material. There is no effect on the statement of cash flow of the Bank.

- 5.2** The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the annual unconsolidated financial statements of the Bank for the year ended December 31, 2017.

	Note	June 30, 2018	Audited December 31, 2017
Rupees in '000			
6	LENDINGS TO FINANCIAL INSTITUTIONS		
Call money lending	6.1	2,794,436	1,000,000
Repurchase agreement lendings (Reverse Repo)	6.2	7,555,302	5,779,431
Musharaka lendings	6.3	2,400,000	1,100,000
Mudaraba lending	6.4	1,000,000	600,000
Bai Muajjal receivable from State Bank of Pakistan		–	214,968
Certificates of investment	6.5	70,000	70,000
		13,819,738	8,764,399
Provision against lendings to financial institutions	6.5	(70,000)	(70,000)
		13,749,738	8,694,399

- 6.1** This represents unsecured foreign currency call money lending at the mark-up rate of 1.90% (December 31, 2017: local currency lending at the rate of 5.90%) per annum, maturing on July 03, 2018.
- 6.2** These are short-term local currency lendings to financial institutions against government securities. These carry mark-up at the rate of 6.40% to 7.00% (December 31, 2017: 5.95% to 6.10%) per annum and are maturing on various dates, latest by August 06, 2018.
- 6.3** These represent local currency lendings by Islamic banking business under Musharaka agreement at profit of 6.70% to 7.00% (December 31, 2017: 5.83% to 5.85%) per annum and are maturing on various dates, latest by July 06, 2018.
- 6.4** This represents local currency lending by Islamic banking business under Mudaraba agreement at profit of 6.75% (December 31, 2017: 5.80%) per annum, maturing on July 03, 2018.
- 6.5** These represent local currency classified certificates of investment and related provisioning, amounting to Rs. 70 million (December 31, 2017: Rs. 70 million).

7 INVESTMENTS

	Note	Held by Bank	Given as collateral	Total
Rupees in '000				
Current period - June 30, 2018	7.1	503,300,641	357,420,094	860,720,735
Prior year - December 31, 2017 (Audited)	7.1	520,286,716	177,795,350	698,082,066

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2018

	As at June 30, 2018			Audited As at December 31, 2017		
	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	24,231,717	–	24,231,717	24,706,169	–	24,706,169
Pakistan Investment Bonds	–	–	–	119,940	–	119,940
	24,231,717	–	24,231,717	24,826,109	–	24,826,109
Available-for-sale securities						
Market Treasury Bills	281,782,673	351,728,890	633,511,563	290,064,860	75,614,442	365,679,302
Pakistan Investment Bonds	62,459,574	784,933	63,244,507	63,758,497	100,297,935	164,056,432
Ordinary shares of listed companies / certificates of close-ended mutual funds	14,393,633	–	14,393,633	14,815,012	–	14,815,012
Ordinary shares of unlisted companies	2,687,929	–	2,687,929	2,500,169	–	2,500,169
Investment in related parties						
Listed shares	8,142,520	–	8,142,520	8,142,520	–	8,142,520
Unlisted shares	1,093,449	–	1,093,449	1,093,449	–	1,093,449
Sukuk bonds	6,814,791	–	6,814,791	5,465,894	–	5,465,894
GOP Foreign Currency Sukuks (US\$)	5,250,291	5,005,908	10,256,199	9,562,817	1,543,073	11,105,890
GOP Ijara Sukuk	2,844,502	–	2,844,502	2,845,696	–	2,845,696
GOP Foreign Currency Bonds (US\$)	5,188,207	–	5,188,207	4,996,009	–	4,996,009
Term Finance Certificates (TFCs)	3,643,236	–	3,643,236	3,707,217	–	3,707,217
	394,300,805	357,519,731	751,820,536	406,952,140	177,455,450	584,407,590
Held-to-maturity securities						
Pakistan Investment Bonds	73,661,116	–	73,661,116	73,454,137	–	73,454,137
GOP Foreign Currency Sukuks (US\$)	–	–	–	1,108,143	–	1,108,143
TFCs and Sukuk Bonds	346,090	–	346,090	346,102	–	346,102
	74,007,206	–	74,007,206	74,908,382	–	74,908,382
Subsidiary						
ABL Asset Management Company Limited	500,000	–	500,000	500,000	–	500,000
Investment at cost	493,039,728	357,519,731	850,559,459	507,186,631	177,455,450	684,642,081
Provision for diminution in the value of investments	(2,555,340)	–	(2,555,340)	(2,705,403)	–	(2,705,403)
Investments (cost net of provisions)	490,484,388	357,519,731	848,004,119	504,481,228	177,455,450	681,936,678
Surplus on revaluation of						
'held-for-trading' securities - net	988	–	988	1,782	–	1,782
Surplus on revaluation of						
'available-for-sale' securities - net	12,815,265	(99,637)	12,715,628	15,803,706	339,900	16,143,606
Total investments at market value	503,300,641	357,420,094	860,720,735	520,286,716	177,795,350	698,082,066

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2018

	Note	June 30, 2018	Audited December 31, 2017
Rupees in '000			
8 ADVANCES			
Loans, cash credits, running finances, etc.			
In Pakistan		422,661,082	373,157,869
Outside Pakistan		4,792,708	4,499,177
		427,453,790	377,657,046
Islamic Financing and related assets	21.2	5,898,104	4,662,326
Net investment in finance lease - in Pakistan		2,542,263	2,380,573
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		2,587,898	2,466,333
Payable outside Pakistan		1,093,044	1,585,373
		3,680,942	4,051,706
Advances - gross		439,575,099	388,751,651
Provision for non-performing advances	8.1 & 8.3	(15,805,714)	(16,702,236)
General provision	8.3	(15,894)	(11,701)
		(15,821,608)	(16,713,937)
Advances - net of provision		423,753,491	372,037,714

- 8.1 Advances include Rs. 16,210.807 million (December 31, 2017: Rs. 18,051.749 million) which have been placed under non-performing status as detailed below:-

Category of Classification	June 30, 2018				
	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
	Rupees in '000				
Other Assets Especially Mentioned	19,472	—	19,472	792	792
Substandard	472,920	—	472,920	117,238	117,238
Doubtful	61,907	—	61,907	30,954	30,954
Loss	15,656,508	—	15,656,508	15,656,730	15,656,730
	16,210,807	—	16,210,807	15,805,714	15,805,714

Category of Classification	December 31, 2017 (Audited)				
	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
	Rupees in '000				
Other Assets Especially Mentioned	39,805	–	39,805	1,054	1,054
Substandard	492,961	–	492,961	122,297	122,297
Doubtful	107,934	–	107,934	53,967	53,967
Loss	17,411,049	–	17,411,049	16,524,918	16,524,918
	18,051,749	–	18,051,749	16,702,236	16,702,236

- 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, 2018

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

	June 30, 2018			December 31, 2017 (Audited)		
	Specific	General	Total	Specific	General	Total
Rupees in '000						
Opening balance	16,702,236	11,701	16,713,937	18,720,563	63,309	18,783,872
Charge for the period / year	137,989	4,193	142,182	365,854	–	365,854
Reversals	(1,034,511)	–	(1,034,511)	(2,281,184)	(51,608)	(2,332,792)
Charged to profit and loss account	(896,522)	4,193	(892,329)	(1,915,330)	(51,608)	(1,966,938)
Amounts written off	–	–	–	(102,997)	–	(102,997)
Closing balance	15,805,714	15,894	15,821,608	16,702,236	11,701	16,713,937

	Audited	
	June 30, 2018	December 31, 2017
Rupees in '000		

9 BORROWINGS

Secured

Borrowings from State Bank of Pakistan	26,537,594	24,186,256
Repurchase agreement borrowings from SBP	351,728,890	169,225,901
Repurchase agreement borrowings from Financial Institutions	4,833,797	7,674,798

Unsecured

Call borrowings	18,832,066	20,246,997
Trading liability	2,789,110	1,976,436
Overdrawn nostro accounts	88,323	104,823
Musharaka borrowings	500,000	100,000
Other borrowings	25,510	41,172
	22,235,009	22,469,428
	405,335,290	223,556,383

10 DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits	145,254,111	185,545,256
Savings deposits	249,172,114	233,494,351
Current accounts - remunerative	132,710,493	107,441,601
Current accounts - non - remunerative	339,390,160	303,716,739
	866,526,878	830,197,947

Financial Institutions

Remunerative deposits	51,202,643	40,924,068
Non - remunerative deposits	9,259,155	12,618,694
	926,988,676	883,740,709

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2018

11 SHARE CAPITAL

11.1 Authorised capital

	Audited		Audited
June 30,	December 31,		December 31,
2018	2017		2017
No. of shares			Rupees in '000
1,500,000,000	1,500,000,000	Ordinary shares of Rs. 10 each	15,000,000

11.2 Issued, subscribed and paid-up capital

Fully paid-up Ordinary shares of Rs. 10 each				
June 30, 2018	Audited December 31, 2017		June 30, 2018	Audited December 31, 2017
No. of shares			Rupees in '000	
406,780,094	406,780,094	Fully paid in cash	4,067,801	4,067,801
720,745,186	720,745,186	Issued as bonus shares	7,207,452	7,207,452
1,127,525,280	1,127,525,280		11,275,253	11,275,253
		18,348,550 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation in accordance with the swap ratio stipulated therein less 9,200,000 Ordinary shares of Rs. 10 each, held by Ibrahim Leasing Limited on the cut-off date (September 30, 2004).		
9,148,550	9,148,550		91,486	91,486
		8,400,000 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation of First Allied Bank Modaraba with Allied Bank Limited in accordance with the share swap ratio stipulated therein.		
8,400,000	8,400,000		84,000	84,000
1,145,073,830	1,145,073,830		11,450,739	11,450,739

Ibrahim Holdings (Private) Limited (holding company of the Bank) held 965,879,110 (84.35%) [December 31, 2017: 965,879,110 (84.35%)] ordinary shares of Rs. 10 each, as at reporting date.

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2018

		Audited June 30, 2018	December 31, 2017
		Rupees in '000	
12 CONTINGENCIES AND COMMITMENTS			
12.1 Direct credit substitutes			
Guarantees in favour of:			
Banks and financial institutions		5,790,615	6,187,865
12.2 Transaction-related contingent liabilities			
Guarantees in favour of:			
Government	105,578	96,140	
Others	21,980,973	19,427,128	
	22,086,551	19,523,268	
12.3 Trade-related contingent liabilities		58,676,527	59,545,681
12.4 Claims against the Bank not acknowledged as debt		8,525,167	8,638,605
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.		
		June 30, 2018	Audited December 31, 2017
		Rupees in '000	
12.6 Commitments in respect of forward foreign exchange contracts			
Purchase		101,846,676	95,038,705
Sale		47,268,142	41,580,643
12.7 Commitments in respect of			
Forward purchase of Federal Government securities		7,720,000	–
12.8 Commitments in respect of			
Civil works	1,226,671	1,350,056	
Acquisition of operating fixed assets	1,101,407	1,713,991	
	2,328,078	3,064,047	
12.9 Commitments in respect of operating lease			
Not later than one year		1,182,690	1,120,394
Later than one year and not later than five years		3,550,319	3,405,724
Later than five years		2,103,036	1,753,793

12.10 Other Contingencies

12.10.1 There is no change in the status of contingencies, set out in note 21.9 to the annual unconsolidated financial statements of the Bank for the year ended December 31, 2017, except for the contingencies as mentioned below:

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2018

The income tax assessments of the Bank have been finalized upto and including tax year 2017 for local, Azad Kashmir and Gilgit Baltistan operations. While finalizing income tax assessments upto tax year 2017, income tax authorities made certain add backs with aggregate tax impact of Rs. 24,332 million (December 31, 2017: 24,332 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. 24,332 million (December 31, 2017: 24,332 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 2003 to 2006 and tax year 2008 to 2017 and created an arbitrary demand of Rs. 1,536 million (December 31, 2017: 1,326 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. 1,536 million (December 31, 2017: 1,326 million).

Tax authorities have also issued orders under Federal Excise Act, 2005 / Sales Tax Act / Sindh Sales Tax on Services Act, 2011 for the year 2008 to 2014 thereby creating arbitrary aggregate demand of Rs. 893 million (December 31, 2017: 893 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. 893 million (December 31, 2017: 893 million).

	Half year Ended		Quarter Ended	
	June 30,	June 30,	June 30,	June 30,
	2018	2017	2018	2017
	Rupees in '000			
13 MARK-UP / RETURN / INTEREST EARNED				
On loans and advances:				
Customers	12,858,382	11,030,391	6,612,322	5,903,576
On investments in:				
Available-for-sale securities	16,214,680	17,442,079	8,831,147	8,723,626
Held-to-maturity securities	3,467,103	3,451,867	1,918,534	1,749,087
Held-for-trading securities	54,247	230,585	(133,130)	146,811
	19,736,030	21,124,531	10,616,551	10,619,524
On securities purchased under resale				
agreements	560,686	108,916	307,919	54,638
On deposits with financial institutions	58,787	7,837	37,466	359
On Call Money Lendings	44,546	52,722	28,344	10,994
On Musharaka Lendings	35,050	9,238	26,839	6,075
On Mudaraba Lendings	21,237	5,232	13,367	5,232
On Wakala Lendings	—	4,189	—	3,465
On Certificates of investment	—	1,899	—	1,899
On Bai Muajjal	5,214	296	2,805	296
	33,319,932	32,345,251	17,645,613	16,606,058

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2018

	Half year Ended		Quarter Ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Rupees in '000				
14 MARK-UP / RETURN / INTEREST EXPENSED				
Deposits	12,712,473	11,480,960	6,401,482	5,763,096
Securities sold under repurchase agreements	3,540,545	3,219,546	2,729,987	1,896,488
Call money borrowings	328,978	493,513	170,875	238,655
Long term borrowings	147,778	133,109	75,888	70,806
Brokerage and commission	87,433	74,029	48,906	44,496
Other short term borrowings	690,751	666,887	418,991	307,407
	17,507,958	16,068,044	9,846,129	8,320,948

15 EXTRA-ORDINARY / UNUSUAL ITEM

Under the Suo Moto case SMC No. 20/2016, the Honorable Supreme Court had taken up the matter relating to pension arrangements of certain privatized banks including Allied Bank Limited. The Honorable Supreme Court of Pakistan concluded the Suo Moto case on February 13, 2018, by using judicial discretion and fixed the minimum pension and indexation levels for eligible staff, on humanitarian grounds. In view of the underlying judgement, the Bank under the guidance of legal counsel, has booked the related past service cost amounting to Rs. 265 million; based on an actuarial valuation.

- 16 This also includes super tax, amounting to Rs. 493.274 million, levied on taxable income of the Bank for Tax Year 2019 vide Finance Act, 2018.

	Half year Ended		Quarter Ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Rupees in '000				
17 EARNINGS PER SHARE - BASIC AND DILUTED				
Profit after taxation for the period	7,143,308	6,474,085	3,372,590	2,872,203
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	6.24	5.65	2.95	2.51

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, 2018

18 RELATED PARTY TRANSACTIONS

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

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

Nature of related party transactions	June 30, 2018						December 31, 2017 (Audited)					
	Parent	Directors	Associated Companies*	Subsidiary	Key management personnel	Other related parties	Parent	Directors	Associated Companies*	Subsidiary	Key management personnel	Other related parties
Rupees in '000												
Loans												
Loans at the beginning of the period / year	-	17,029	3,541,750	-	252,674	5,965,189	-	24,137	4,383,200	-	253,417	17,991,914
Loans given during the period / year	-	9,147	-	-	88,350	19,821,373	-	63,948	-	-	155,728	66,822,844
Loans repaid / adjustments during the period / year	-	(15,314)	(602,519)	-	(78,521)	(21,028,205)	-	(71,056)	(841,450)	-	(156,471)	(78,948,569)
Loans at the end of the period / year	-	10,862	2,939,231	-	262,503	4,158,357	-	17,029	3,541,750	-	252,674	5,965,189
Deposits												
Deposits at the beginning of the period / year	1,202	262,709	98,849	38,653	61,889	13,280,904	403	53,177	258,264	25,508	42,152	13,249,519
Deposits received during the period / year	5,323,825	55,559	5,080,561	550,491	402,076	118,175,901	6,779,403	420,062	41,648,556	884,938	569,875	157,490,029
Deposits repaid during the period / year	(5,324,123)	(273,168)	(5,118,325)	(555,670)	(380,212)	(110,681,660)	(6,778,604)	(210,530)	(41,807,971)	(871,793)	(550,138)	(157,458,644)
Deposits at the end of the period / year	904	45,100	61,085	33,474	83,753	20,775,145	1,202	262,709	98,849	38,653	61,889	13,280,904
Investments in shares	-	-	4,836,429	500,000	-	4,106,036	-	-	4,836,429	500,000	-	4,106,035
Other receivables	-	10,946	22,240	1,784	65,122	56,752	-	12,631	27,810	1,908	81,472	95,567
Net receivable from staff retirement benefit funds	-	-	-	-	-	3,071,558	-	-	-	-	-	3,255,453
Non funded exposure	-	-	486,415	-	-	6,868	-	-	423,881	-	-	6,416
June 30, 2018												
	Parent	Directors	Associated Companies*	Subsidiary	Key management personnel	Other related parties	Parent	Directors	Associated Companies*	Subsidiary	Key management personnel	Other related parties
Rupees in '000												
Mark-up earned	-	327	115,086	-	6,519	104,869	-	721	145,392	-	5,633	334,974
Dividend income	-	-	347,200	-	-	388,600	-	-	382,000	-	-	394,720
Capital gain	-	-	-	-	-	13	-	-	-	-	-	-
Sales commission	-	-	-	4,838	-	-	-	-	-	4,813	-	-
Fee commission / bank charges	1	3	36	221	44	276	2	13	643	28	30	411
Other income**	-	-	490	1,705	-	718	-	-	1,682	1,708	-	92
Mark-up expense on deposits	-	1,719	513	564	243	245,178	-	482	2,742	565	223	164,326
Director's meeting fee	-	8,250	-	-	-	-	-	8,100	-	-	-	-
Remuneration	-	34,361	-	-	229,307	-	-	29,300	-	-	244,557	-
Other charges***	-	-	30,535	-	-	60,575	-	-	32,154	-	-	45,747
Rent expense***	-	-	5,903	-	-	-	-	-	5,550	-	-	-
Charge in respect of staff retirement benefit funds	-	-	-	-	-	452,106	-	-	-	-	-	102,795

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

*Associated companies are on the basis of common directorship.

**Other income include rental income from subsidiary at market value.

***Other charges with Associated Companies include donation to National Management Foundation amounting to Rs. 30 million and with Other related parties include donation to Raast Welfare Society amounting to Rs. 1 million and payments to NFI amounting to Rs. 53,73 million.

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

During the period ended June 30, 2018, Movable assets were disposed of for Rs. 140,000 to the key management personnel of the Bank. The assets were fully depreciated.

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2018

19 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Fair value of fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision / reversal for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 5.4 of annual unconsolidated financial statements for the year ended December 31, 2017 and subject to changes specified in note 5.1 to these unconsolidated condensed interim financial statements for the half year ended June 30, 2018.

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

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

FAIR VALUE HIERARCHY OF ASSETS AND LIABILITIES	June 30, 2018			December 31, 2017 (Audited)				
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	Rupees in '000							
a) On balance sheet financial instruments								
Financial assets measured at fair value:								
Held-for-trading securities								
Market Treasury Bills	-	24,232,705	-	24,232,705	-	24,704,478	-	24,704,478
Pakistan Investment Bonds	-	-	-	-	-	123,415	-	123,415
	-	24,232,705	-	24,232,705	-	24,827,893	-	24,827,893
Available-for-sale securities:								
Market Treasury Bills	-	633,460,425	-	633,460,425	-	385,643,722	-	385,643,722
Pakistan Investment Bonds	-	63,455,188	-	63,455,188	-	166,864,554	-	166,864,554
Ordinary shares of listed companies / certificates of close-ended mutual funds"	33,760,450	-	-	33,760,450	33,346,294	-	-	33,346,294
Ordinary shares of unlisted companies	-	-	3,709,749	3,709,749	-	-	3,522,055	3,522,055
Sukuk Bonds	-	12,799,498	6,596,075	19,395,573	-	14,373,811	5,219,911	19,593,722
Foreign Currency Bonds (US\$)	-	4,918,359	-	4,918,359	-	5,515,525	-	5,515,525
Term Finance Certificates	-	2,254,189	1,372,982	3,627,171	-	2,292,939	1,413,084	3,706,023
	33,760,450	716,887,659	11,678,806	762,326,915	33,346,294	554,690,551	10,155,050	598,191,895
Financial liabilities measured at fair value:								
Held for trading securities								
Pakistan Investment Bonds	-	2,780,889	-	2,780,889	-	1,976,436	-	1,976,436
Non-financial assets measured at fair value:								
Operating fixed assets	-	39,000,891	-	39,000,891	-	36,872,324	-	36,872,324
Non banking assets	-	3,616,236	-	3,616,236	-	3,584,030	-	3,584,030
	-	42,617,127	-	42,617,127	-	40,456,354	-	40,456,354
b) Off-balance sheet financial instruments								
Foreign exchange contracts - Purchase	-	101,846,676	-	101,846,676	-	95,038,705	-	95,038,705
Foreign exchange contracts - Sale	-	47,268,142	-	47,268,142	-	41,580,643	-	41,580,643
Federal Government securities - Purchase	-	7,723,005	-	7,723,005	-	-	-	-

The valuation techniques used for above assets are same as disclosed in notes 5.3, 5.5, 5.8 and 5.14.2 of annual unconsolidated financial statements for the year ended December 31, 2017.

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2018

20 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, 2018						
	Corporate & Investment Banking	Trading & Sales (Treasury)	Commercial & Retail Banking	Other	Eliminations	Total
Rupees in '000						
Total Income	15,395,409	21,725,346	30,736,520	460,631	(28,294,159)	40,023,747
Total Expenses	(13,227,857)	(18,570,788)	(26,310,912)	(3,065,041)	28,294,159	(32,880,439)
Net Income	2,167,552	3,154,558	4,425,608	(2,604,410)	—	7,143,308
For the half year ended June 30, 2017						
	Corporate & Investment Banking	Trading & Sales (Treasury)	Commercial & Retail Banking	Other	Eliminations	Total
Rupees in '000						
Total Income	12,958,108	20,882,533	15,778,930	8,006,081	(20,860,024)	36,765,628
Total Expenses	(11,103,847)	(17,891,856)	(14,042,331)	(8,113,533)	20,860,024	(30,291,543)
Net Income	1,854,261	2,990,677	1,736,599	(107,452)	—	6,474,085
As at June 30, 2018						
	Corporate & Investment Banking	Trading & Sales (Treasury)	Commercial & Retail Banking	Other	Eliminations	Total
Rupees in '000						
Segment Assets (Gross)	463,157,441	856,642,377	956,285,143	129,265,633	(913,388,611)	1,491,961,983
Segment Liabilities	447,993,203	851,024,008	947,440,303	31,996,365	(913,388,611)	1,365,065,268
As at December 31, 2017 (Audited)						
	Corporate & Investment Banking	Trading & Sales (Treasury)	Commercial & Retail Banking	Other	Eliminations	Total
Rupees in '000						
Segment Assets (Gross)	400,890,640	692,542,154	898,771,802	143,752,585	(870,008,666)	1,265,948,515
Segment Liabilities	397,834,210	692,542,154	897,377,822	21,250,240	(870,008,666)	1,138,995,760

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2018

21 ISLAMIC BANKING BUSINESS

21.1 The bank is operating 117 Islamic banking branches at June 30, 2018 (December 31, 2017: 117 and June 30, 2017: 83). The statement of financial position of the Bank's Islamic banking business as at June 30, 2018 is as follows:

	Note	June 30, 2018	Audited December 31, 2017
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		1,433,209	1,093,706
Balances with other banks		47,579	31,209
Due from financial institutions		3,400,000	1,914,968
Investments		9,627,585	8,303,563
Islamic financing and related assets	21.2	5,898,104	4,662,326
Operating fixed assets		983,235	959,241
Due from Head Office		357,745	–
Other assets		419,653	385,148
		22,167,110	17,350,161
LIABILITIES			
Bills payable		128,742	124,270
Due to financial institutions		500,000	500,000
Deposits and other accounts	21.3	19,305,124	15,546,966
Due to Head Office		–	65,013
Other liabilities		267,624	137,038
		20,201,490	16,373,287
NET ASSETS		1,965,620	976,874
REPRESENTED BY			
Islamic banking fund		2,650,000	1,450,000
Accumulated losses		(743,086)	(557,392)
		1,906,914	892,608
Surplus on revaluation of assets		58,706	84,266
		1,965,620	976,874
21.2 Islamic financing and related assets			
Business Musharka - Financings		2,879,208	2,643,053
Diminishing Musharaka	21.2.1	2,562,602	260,759
Staff Ijarah	21.2.2	201,307	95,523
Ijarah	21.2.3	199,538	1,637,694
Diminishing Musharaka Staff House Building - Advances		29,120	–
Murabaha	21.2.4	16,329	25,297
Salam - Advances		10,000	–
Gross Financings		5,898,104	4,662,326
Provision held		–	–
Financings-net of provision		5,898,104	4,662,326
21.2.1 Diminishing Musharaka			
Financings		2,000,252	105,560
Advances		562,350	155,199
		2,562,602	260,759
21.2.2 Staff Ijarah			
Financings		157,590	37,098
Advances		43,717	58,425
		201,307	95,523

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2018

	June 30, 2018	Audited December 31, 2017
	Rupees in '000	
21.2.3 Ijarah		
Financings	116,340	1,590,172
Advances	56,040	28,835
Inventories	27,158	18,687
	199,538	1,637,694
21.2.4 Murabaha		
Financings	16,329	18,687
Advances	—	6,610
	16,329	25,297
21.3 Deposits and other accounts		
Customers		
Fixed deposits	1,312,264	1,388,372
Savings deposits	8,773,977	5,341,065
Current accounts - remunerative	833,530	288,564
- non-remunerative	4,286,893	2,994,591
	15,206,664	10,012,592
Financial institutions		
Remunerative deposits	4,068,614	5,034,324
Non-remunerative deposits	29,846	500,050
	19,305,124	15,546,966
21.4 Charity Fund		
Opening Balance	1	2
Additions during the period	73	22
Payments / utilization during the period	—	(23)
Closing Balance	74	1
21.5 The profit and loss account of the Bank's Islamic banking business for the half year ended June 30, 2018 is as follows:		
	Half year Ended June 30, 2018	June 30, 2017
	Rupees in '000	
Profit earned	500,725	284,673
Profit expensed	226,609	153,453
Net profit	274,116	131,220
OTHER INCOME		
Fee, commission and brokerage income	32,460	18,418
Income / (loss) from dealing in foreign currencies	3,071	(93)
Gain on sale of securities	—	276
Other income	106	10
Total other income	35,637	18,611
	309,753	149,831
OTHER EXPENSE		
Administrative expenses	495,447	317,666
	(185,694)	(167,835)
LOSS BEFORE TAXATION	(185,694)	(167,835)
21.6 Remuneration to Shariah Advisor / Board	3,721	3,666

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2018

22 LIQUIDITY RISK

Bank calculates the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) as per SBP Basel III Liquidity standards issued under BPRD circular no. 08 dated June 23, 2016. As of June 30, 2018, the Bank's LCR stood at 151.47% (March 31, 2018: 154.95%; December 31, 2017: 142.46%) and NSFR stood at 185.04% (March 31, 2018: 198.65%; December 31, 2017: 187.40%) against the SBP's minimum requirement of 90% and 100% respectively.

23 GENERAL

- 23.1 Figures have been rounded off to the nearest thousand rupees.
- 23.2 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.
- 23.3 The Board of Directors of the Bank in its meeting held on August 09, 2018 has approved interim cash dividend for the half year ended June 30, 2018 at Rs. 2.00 per share (June 30, 2017: Rs. 1.75 per share). The unconsolidated condensed interim financial statements for the half year ended June 30, 2018 do not include the effect of this appropriation and will be accounted for in the financial statements of the period of declaration.

24 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on August 09, 2018 by the Board of Directors of the Bank.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

CONSOLIDATED
CONDENSED INTERIM
FINANCIAL STATEMENTS

for the half year ended June 30, 2018

Consolidated Condensed Interim Statement of Financial Position

(Un-audited) as at June 30, 2018

	Note	June 30, 2018	Audited December 31, 2017
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		93,392,462	85,355,555
Balances with other banks		495,995	649,512
Lendings to financial institutions	6	13,749,738	8,694,399
Investments	7	862,050,167	699,323,690
Advances	8	423,794,333	372,080,555
Operating fixed assets		49,941,477	48,355,884
Deferred tax assets		–	–
Other assets		31,063,943	32,863,008
		1,474,488,115	1,247,322,603
LIABILITIES			
Bills payable		11,027,917	7,835,467
Borrowings	9	405,335,290	223,556,383
Deposits and other accounts	10	926,968,278	883,702,056
Sub-ordinated loans		–	–
Liabilities against assets subject to finance lease		–	–
Deferred tax liabilities		5,591,651	6,941,206
Other liabilities		16,418,874	17,237,459
		1,365,342,010	1,139,272,571
NET ASSETS		109,146,105	108,050,032
REPRESENTED BY			
Share capital	11	11,450,739	11,450,739
Reserves		19,067,567	17,980,116
Unappropriated profit		52,841,449	50,546,126
		83,359,755	79,976,981
Surplus on revaluation of assets - net of tax		25,786,350	28,073,051
		109,146,105	108,050,032

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, 2018

	Note	Half year Ended		Quarter Ended	
		June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Rupees in '000					
Mark-up / return / interest earned	13	33,319,952	32,346,704	17,645,380	16,606,433
Mark-up / return / interest expensed	14	17,507,395	16,067,479	9,845,819	8,320,682
Net mark-up / interest income		15,812,557	16,279,225	7,799,561	8,285,751
Net reversal of provision against non-performing loans and advances		(892,329)	(695,907)	(386,482)	(302,224)
Net provision / (reversal) for diminution in the value of investments		11,376	(8,061)	11,388	(8,061)
Bad debts written off directly		—	—	—	—
		(880,953)	(703,968)	(375,094)	(310,285)
Net mark-up / interest income after reversal of provisions		16,693,510	16,983,193	8,174,655	8,596,036
NON MARK-UP / INTEREST INCOME					
Fee, commission and brokerage income		2,566,693	2,407,157	1,260,563	1,122,691
Dividend income		1,442,874	1,556,095	893,298	1,134,640
Income from dealing in foreign currencies		674,150	317,585	402,381	148,394
Gain / (loss) on sale of securities - net		2,140,642	332,964	793,144	33,510
Unrealized gain on revaluation of investments classified as 'held-for-trading' - net		9,882	(24,259)	(43,119)	(54,095)
Other income		202,803	176,541	165,534	132,942
Total non mark-up / interest income		7,037,044	4,766,083	3,471,801	2,518,082
		23,730,554	21,749,276	11,646,456	11,114,118
NON MARK-UP / INTEREST EXPENSES					
Administrative expenses		11,154,040	9,965,633	5,817,016	5,143,230
Provision / (reversal) against other assets		1,125	24,000	(60,875)	12,000
Provision / (reversal) against off-balance sheet obligations - net		20,000	(2,698)	—	—
Other charges		346,602	313,104	121,188	156,144
Total non mark-up / interest expenses		11,521,767	10,300,039	5,877,329	5,311,374
Extra-ordinary / unusual item	15	265,226	—	—	—
PROFIT BEFORE TAXATION		11,943,561	11,449,237	5,769,127	5,802,744
Taxation					
Current	16	4,856,535	4,157,275	2,420,002	2,082,990
Prior year		—	959,605	—	959,605
Deferred		(158,139)	(262,741)	(51,798)	(162,271)
		4,698,396	4,854,139	2,368,204	2,880,324
PROFIT AFTER TAXATION		7,245,165	6,595,098	3,400,923	2,922,420
Unappropriated profit brought forward		50,546,126	47,631,788	54,041,960	48,954,457
PROFIT AVAILABLE FOR APPROPRIATION		52,841,449	49,599,835	52,841,449	49,599,835
Earnings per share - Basic and Diluted (in Rupees)	17	6.33	5.76	2.97	2.55

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, 2018

	Half year Ended		Quarter Ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Rupees in '000				
Profit after taxation for the period	7,245,165	6,595,098	3,400,923	2,922,420
Other comprehensive income:				
Items to be reclassified to profit and loss account in subsequent periods				
Exchange differences on translation of net investment in foreign operating branches	373,120	5,292	199,243	(2,183)
Comprehensive income transferred to equity	7,618,285	6,600,390	3,600,166	2,920,237
Components of comprehensive income not reflected in equity:				
Items to be reclassified to profit and loss account in subsequent periods				
Net change in fair value of 'available-for-sale' securities	(3,427,978)	(4,637,287)	(4,289,088)	(3,446,159)
Related deferred tax	1,199,792	1,623,051	1,501,181	1,206,156
	(2,228,186)	(3,014,236)	(2,787,907)	(2,240,003)
Total comprehensive income	5,390,099	3,586,154	812,259	680,234

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 Flow

(Un-audited) for the half year ended June 30, 2018

	Half year Ended	
	June 30, 2018	June 30, 2017
	Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	11,943,561	11,449,237
Less: Dividend income	(1,442,874)	(1,556,095)
	10,500,687	9,893,142
Adjustments for non-cash items		
Depreciation / amortization	1,834,870	1,243,404
Reversal against non-performing loans and advances - net	(892,329)	(695,907)
Provision / (reversal) for diminution in the value of investments - net	11,376	(8,061)
Unrealized gain / (loss) on revaluation of 'held-for-trading' securities - net	(9,882)	24,259
Provision / (reversal) against off-balance sheet obligations - net	20,000	(2,698)
Provision against other assets	1,125	24,000
Provision for workers welfare fund	249,366	237,855
Gain on sale of operating fixed assets - net	(23,099)	(23,689)
	1,191,427	799,163
	11,692,114	10,692,305
(Increase) / decrease in operating assets		
Lendings to financial institutions	(5,055,339)	(1,881,733)
Net (investment in) 'held-for-trading' securities	(1,226,145)	(20,479)
Advances	(51,131,350)	(58,727,603)
Other assets (excluding advance taxation)	1,885,502	(1,567,999)
	(55,527,332)	(62,197,814)
Increase / (decrease) in operating liabilities		
Bills payable	3,192,450	(2,581,537)
Borrowings	181,795,407	(5,522,967)
Deposits and other accounts	43,266,222	47,456,549
Other liabilities	598,497	1,528,238
	228,852,576	40,880,283
	185,017,358	(10,625,226)
Income tax paid	(4,963,242)	(5,519,915)
Net cash flows generated from / (used in) operating activities	180,054,116	(16,145,141)
CASH FLOW FROM INVESTING ACTIVITIES		
Net (investment in) / realization from 'available-for-sale' securities	(167,574,360)	35,635,671
Net realization from 'held-to-maturity' securities	901,152	1,576,777
Dividend received	1,457,522	1,530,230
Investments in operating fixed assets	(3,105,760)	(1,993,348)
Proceeds from sale of operating fixed assets	28,122	30,575
Net cash flows (used in) / generated from investing activities	(168,293,324)	36,779,905
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(4,234,022)	(3,989,654)
Net cash flows used in financing activities	(4,234,022)	(3,989,654)
Effect of translation of net investment in foreign operating branches	373,120	5,292
Increase in cash and cash equivalents during the period	7,899,890	16,650,402
Cash and cash equivalents at beginning of the period	87,544,201	73,850,963
Effect of exchange rate changes on opening cash and cash equivalents	(1,643,957)	(30,717)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	93,800,134	90,470,648

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, 2018

	Share Capital	Capital Reserve Exchange Translation Reserve	Statutory Reserve	Revenue Reserve General Reserve	Un-appropriated Profit	Total
Rupees in '000						
Balance as at January 01, 2017 (Audited)	11,450,739	57,687	16,469,798	6,000	47,631,788	75,616,012
Changes in equity during the half year ended June 30, 2017:						
Total comprehensive income for the half year ended June 30, 2017						
Net profit for the half year ended June 30, 2017	-	-	-	-	6,595,098	6,595,098
Effect of translation of net investment in foreign operating branches	-	5,292	-	-	-	5,292
	-	5,292	-	-	6,595,098	6,600,390
Transactions with owners recognized directly in equity						
Final cash dividend for the year ended December 31, 2016 (Rs. 1.75 per ordinary share)	-	-	-	-	(2,003,879)	(2,003,879)
First interim cash dividend for the year ended December 31, 2017 (Rs. 1.75 per ordinary share)	-	-	-	-	(2,003,879)	(2,003,879)
	-	-	-	-	(4,007,758)	(4,007,758)
Transferred from surplus on revaluation of operating fixed assets to un-appropriated profit - net of tax	-	-	-	-	27,470	27,470
Transferred from surplus on revaluation of non-banking assets to un-appropriated profit - net of tax	-	-	-	-	646	646
Transfer to statutory reserve	-	-	647,409	-	(647,409)	-
Balance as at June 30, 2017	11,450,739	62,979	17,117,207	6,000	49,599,835	78,236,760
Changes in equity during the half year ended December 31, 2017:						
Total comprehensive income for the half year ended December 31, 2017						
Net profit for the half year ended December 31, 2017	-	-	-	-	6,330,673	6,330,673
Effect of remeasurement of defined benefit plans-net of tax	-	-	-	-	(965,870)	(965,870)
Effect of translation of net investment in foreign operating branches	-	167,975	-	-	-	167,975
	-	167,975	-	-	5,364,803	5,532,778
Transactions with owners recognized directly in equity						
Second interim cash dividend for the year ended December 31, 2017 (Rs. 1.75 per ordinary share)	-	-	-	-	(2,003,879)	(2,003,879)
Third interim cash dividend for the year ended December 31, 2017 (Rs. 1.75 per ordinary share)	-	-	-	-	(2,003,879)	(2,003,879)
	-	-	-	-	(4,007,758)	(4,007,758)
Transferred from surplus on revaluation of operating fixed assets to un-appropriated profit - net of tax	-	-	-	-	27,467	27,467
Transferred from surplus on revaluation of non-banking assets to un-appropriated profit - net of tax	-	-	-	-	187,734	187,734
Transfer to statutory reserve	-	-	625,955	-	(625,955)	-
Balance as at December 31, 2017 (Audited)	11,450,739	230,954	17,743,162	6,000	50,546,126	79,976,981
Changes in equity during the half year ended June 30, 2018:						
Total comprehensive income for the half year ended June 30, 2018						
Net profit for the half year ended June 30, 2018	-	-	-	-	7,245,165	7,245,165
Effect of translation of net investment in foreign operating branches	-	373,120	-	-	-	373,120
	-	373,120	-	-	7,245,165	7,618,285
Transactions with owners recognized directly in equity						
Final cash dividend for the year ended December 31, 2017 (Rs. 1.75 per ordinary share)	-	-	-	-	(2,003,879)	(2,003,879)
First interim cash dividend for the year ending December 31, 2018 (Rs. 2 per ordinary share)	-	-	-	-	(2,290,148)	(2,290,148)
	-	-	-	-	(4,294,027)	(4,294,027)
Transferred from surplus on revaluation of operating fixed assets to un-appropriated profit - net of tax	-	-	-	-	56,131	56,131
Transferred from surplus on revaluation of non-banking assets to un-appropriated profit - net of tax	-	-	-	-	2,385	2,385
Transfer to statutory reserve	-	-	714,331	-	(714,331)	-
Balance as at June 30, 2018	11,450,739	604,074	18,457,493	6,000	52,841,448	83,359,755

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, 2018

1 STATUS AND NATURE OF BUSINESS

The "Group" consists of:

Holding Company

Allied Bank Limited ("the Bank"), incorporated in Pakistan, is a scheduled bank, engaged in commercial banking and related services. The Bank is listed on Pakistan Stock Exchange Limited. The Bank operates a total of 1,254 (December 31, 2017: 1,248) branches in Pakistan including 117 (December 31, 2017: 117) Islamic banking branches, 1 branch (December 31, 2017: 1) in Karachi Export Processing Zone and 1 (December 31, 2017: 1) Wholesale banking branch in Bahrain.

The long term credit rating of the Bank assigned by the Pakistan Credit Rating Agency Limited (PACRA) is 'AAA'. Short term rating of the Bank is 'A1+'.

Ibrahim Holdings (Private) Limited is the parent company of the Bank and it's registered office is in Pakistan.

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

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

Subsidiary Company

ABL Asset Management Company Limited ("the Company") is a public unlisted company, incorporated in Pakistan as a limited liability company on October 12, 2007 under the repealed Companies Ordinance, 1984. The Company has received certificate of commencement of business on 31 December, 2007. The Company has obtained licenses from the Securities and Exchange Commission of Pakistan (SECP) to carry out Asset Management Services and Investment Advisory Services as a Non-Banking Finance Company (NBFC) under Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 as amended through S.R.O.1131[I] 2007 (the NBFC Rules). The Company has also obtained license to carry out business as Pension Fund Manager, under the Voluntary Pension System Rules, 2005. The registered office of the Company is situated at Plot no. 14, Main Boulevard, DHA Phase VI, Lahore (previously at 11-B Lalazar, M.T Khan Road Karachi). The Company is a wholly owned subsidiary of Allied Bank Limited (the holding company).

The management quality rating of the Company, as assigned by JCR-VIS Crediting Rating Company Limited, is AM2++ (Stable) in December 2017.

ABL Asset Management company is managing following funds:

- ABL Income Fund	Launched on September 20, 2008
- ABL Stock Fund	Launched on June 28, 2009
- ABL Cash Fund	Launched on July 30, 2010
- ABL Islamic Income Fund	Launched on July 30, 2010
- ABL Government Securities Fund	Launched on November 30, 2011
- ABL Islamic Stock Fund	Launched on June 12, 2013
- ABL Pension Fund	Launched on August 20, 2014
- ABL Islamic Pension Fund	Launched on August 20, 2014
- ABL Islamic Financial Planning Fund	Launched on December 22, 2015
- ABL Financial Planning Fund	Launched on December 31, 2015
- ABL Islamic Dedicated stock Fund	Launched on December 19, 2016
- Allied Capital Protected Fund	Launched on February 19, 2018
- ABL Islamic Asset Allocation Fund	Launched on May 31, 2018

2 STATEMENT OF COMPLIANCE

- 2.1 These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2018

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) & the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the directives issued by the SBP and the SECP differ with the requirements of IFRS and IFAS the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives, shall prevail.

- 2.2** The SBP, vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39 (IAS 39) 'Financial Instruments: Recognition and Measurement' and International Accounting Standard 40 (IAS 40) 'Investment Property' for banking companies till further instructions. Further, according to a notification of SECP dated April 28, 2008, International Financial Reporting Standard 7 (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. Furthermore, provision against advances of overseas branch is made as per the requirements of the concerned regulatory regime.
- 2.3** The SECP vide SRO 56 (1) / 2016 dated January 28, 2016, has notified that the requirements of IFRS 10 (Consolidated Financial Statements) and section 228 of the Companies Act, 2017 will not be applicable with respect to the investment in mutual funds established under Trust structure.
- 2.4** The SBP through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred applicability of Islamic Financial Accounting Standard-3 for 'Profit & Loss Sharing on Deposits' (IFAS-3) issued by the Institute of Chartered Accountants of Pakistan and notified by the SECP, vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IIFS). The standard will result in certain new disclosures in the financial statements of the Bank.

3 BASIS OF MEASUREMENT

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

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

4 BASIS OF PRESENTATION

- 4.1** The disclosures included in these consolidated condensed interim financial statements are limited based on the format prescribed by the SBP, 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 (IAS 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 annual consolidated financial statements of the Group for the year ended December 31, 2017.

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2018

- 4.2 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the SBP has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these consolidated financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.
- 4.3 The financial results of the Islamic banking business have been included in these financial statements for reporting purposes. Key financial figures of the Islamic banking business are same as disclosed in Note 21 to unconsolidated condensed interim financial statements.
- 4.4 The Group has adopted various new interpretations, amendments and annual improvements to IFRS, which became effective for annual periods beginning on or after January 01, 2018. The adoption of those interpretations, amendments and annual improvements did not have any material effect on these consolidated condensed interim financial statements of the Group.

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

- 5.1 The accounting policies, underlying estimates and judgments and methods of computation followed in the preparation of these consolidated condensed interim financial statements are same as those applied in preparing the most recent annual consolidated financial statements of the Group for the year ended December 31, 2017. The standards, amendments and interpretations of the accounting and reporting standards effective for accounting periods beginning on or after June 30, 2018; are same as those disclosed in annual consolidated financial statements of the Group for the year ended December 31, 2017, except for the following:
- Upto December 31, 2017, surplus / (deficit) on revaluation of fixed assets were being measured under the repealed Companies Ordinance, 1984. The surplus arising on the revaluation is credited to the surplus on revaluation of fixed asset account. Any deficit arising on subsequent revaluation of fixed assets is adjusted against the balance in the surplus account. With effect from January 1, 2018, the Bank has revised its accounting policy in respect of measurement of 'surplus / (deficit) on revaluation of fixed assets' which are now accounted for in accordance with the requirements of International Accounting Standard IAS-16 'Property, Plant and Equipment'. The revaluation is measured on individual assets where the surplus is taken to surplus on revaluation of fixed assets account. The deficit on revaluation of the asset is charged to profit and loss account after netting of any surplus already recorded on that asset. The management of the Group believes that the impact of change in policy is not material, therefore, no adjustments are being taken.
 - The SBP has issued BPRD Circular No. 02 of 2018 dated January 25, 2018 'Revised Forms of Annual Financial Statements' effective from the accounting year ending December 31, 2018. The 'Revised Forms of Annual Financial Statements' have changed / added certain disclosures.
 - The SECP has adopted IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers', which are applicable with effect from July 01, 2018. As elaborated in Note. 2.3; the SBP has deferred implementation of IAS 39; accordingly, IFRS 9 implementation is also under review of the SBP for domestic operations.
 - As per the accounting policy of the Group, the provision against financial asset portfolio of ABL Bahrain Wholesale Branch is made as per the requirements of the regulatory regime. During the half year ended June 30, 2018, IFRS – 9 "Financial Instruments" became applicable for ABL Bahrain Wholesale Branch. Accordingly, the Bahrain Branch has changed its accounting policy and has followed the requirements of IFRS – 9 "Financial Instruments", while determining the provisioning requirements against financial assets. IFRS – 9 "Financial Instruments" requires provision against financial assets to be determined under expected credit loss model, which was being previously determined under the incurred loss model as per the regulatory regime.

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2018

The adoption of the said standard by the overseas branch has resulted in additional provisioning requirement of Rs. 15.8 million as at June 30, 2018. The amount of additional provision has been accounted for in the profit or loss of the current period and opening balance of retained earnings has not been adjusted as the amount is not material. There is no effect on the statement of cash flow of the Group.

- 5.2 The financial risk management objectives and policies adopted by the Group are consistent with those disclosed in the annual consolidated financial statements of the Group for the year ended December 31, 2017.

	Note	June 30, 2018	Audited December 31, 2017
Rupees in '000			
6 LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lending	6.1	2,794,436	1,000,000
Repurchase agreement lendings			
(Reverse Repo)	6.2	7,555,302	5,779,431
Musharaka lendings	6.3	2,400,000	1,100,000
Mudaraba lending	6.4	1,000,000	600,000
Bai Muajjal receivable from State Bank of Pakistan		—	214,968
Certificates of investment	6.5	70,000	70,000
		13,819,738	8,764,399
Provision against lendings to financial institutions	6.5	(70,000)	(70,000)
		13,749,738	8,694,399

- 6.1 This represents unsecured foreign currency call money lending at the mark-up rate of 1.90% (December 31, 2017: local currency lending at the rate of 5.90%) per annum, maturing on July 03, 2018.
- 6.2 These are short-term local currency lendings to financial institutions against government securities. These carry mark-up at the rate of 6.40% to 7.00% (December 31, 2017: 5.95% to 6.10%) per annum and are maturing on various dates, latest by August 06, 2018.
- 6.3 These represent local currency lendings by Islamic banking business under Musharaka agreement at profit of 6.70% to 7.00% (December 31, 2017: 5.83% to 5.85%) per annum and are maturing on various dates, latest by July 06, 2018.
- 6.4 This represents local currency lending by Islamic banking business under Mudaraba agreement at profit of 6.75% (December 31, 2017: 5.80%) per annum, maturing on July 03, 2018.
- 6.5 These represent local currency classified certificates of investment and related provisioning, amounting to Rs. 70 million (December 31, 2017: Rs. 70 million).

7 INVESTMENTS

	Note	Held by Group	Given as collateral	Total
Rupees in '000				
Current period- June 30, 2018	7.1	504,630,073	357,420,094	862,050,167
Prior year - December 31, 2017				
(Audited)	7.1	521,528,340	177,795,350	699,323,690

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2018

	As at June 30, 2018			Audited As at December 31, 2017		
	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	24,231,717	–	24,231,717	24,706,169	–	24,706,169
Pakistan Investment Bonds	–	–	–	119,940	–	119,940
Units of open ended mutual funds	1,820,538	–	1,820,538	1,785,318	–	1,785,318
	26,052,255	–	26,052,255	26,611,427	–	26,611,427
Available-for-sale securities						
Market Treasury Bills	281,782,673	351,728,890	633,511,563	290,064,860	75,614,442	365,679,302
Pakistan Investment Bonds	62,459,574	784,933	63,244,507	63,758,497	100,297,935	164,056,432
Ordinary shares of listed companies / certificates of close-ended mutual funds	14,393,633	–	14,393,633	14,815,012	–	14,815,012
Ordinary shares of unlisted companies	2,687,929	–	2,687,929	2,500,169	–	2,500,169
Investment in related parties						
Listed shares	8,142,520	–	8,142,520	8,142,520	–	8,142,520
Unlisted shares	1,093,449	–	1,093,449	1,093,449	–	1,093,449
Sukuk bonds	6,814,791	–	6,814,791	5,465,894	–	5,465,894
GOP Foreign Currency Sukus (US\$)	5,250,291	5,005,908	10,256,199	9,562,817	1,543,073	11,105,890
GOP Ijara Sukuk	2,844,502	–	2,844,502	2,845,696	–	2,845,696
GOP Foreign Currency Bonds (US\$)	5,188,207	–	5,188,207	4,996,009	–	4,996,009
Term Finance Certificates (TFCs)	3,643,236	–	3,643,236	3,707,217	–	3,707,217
	394,300,805	357,519,731	751,820,536	406,952,140	177,455,450	584,407,590
Held-to-maturity securities						
Pakistan Investment Bonds	73,661,116	–	73,661,116	73,454,137	–	73,454,137
GOP Foreign Currency Sukus (US\$)	–	–	–	1,108,143	–	1,108,143
TFCs and Sukuk Bonds	346,090	–	346,090	346,102	–	346,102
	74,007,206	–	74,007,206	74,908,382	–	74,908,382
Investment at cost	494,360,266	357,519,731	851,879,997	508,471,949	177,455,450	685,927,399
Provision for diminution in the value of investments	(2,555,340)	–	(2,555,340)	(2,705,403)	–	(2,705,403)
Investments (cost net of provisions)	491,804,926	357,519,731	849,324,657	505,766,546	177,455,450	683,221,996
Surplus on revaluation of 'held-for-trading' securities - net	9,882	–	9,882	(41,912)	–	(41,912)
Surplus on revaluation of 'available-for-sale' securities - net	12,815,265	(99,637)	12,715,628	15,803,706	339,900	16,143,606
Total investments at market value	504,630,073	357,420,094	862,050,167	521,528,340	177,795,350	699,323,690

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2018

	Note	June 30, 2018	Audited December 31, 2017
Rupees in '000			
8 ADVANCES			
Loans, cash credits, running finances, etc.			
In Pakistan		422,701,924	373,200,710
Outside Pakistan		4,792,708	4,499,177
		427,494,632	377,699,887
Islamic Financing and related assets		5,898,104	4,662,326
Net investment in finance lease - in Pakistan		2,542,263	2,380,573
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		2,587,898	2,466,333
Payable outside Pakistan		1,093,044	1,585,373
		3,680,942	4,051,706
Advances - gross		439,615,941	388,794,492
Provision for non-performing advances	8.1 & 8.3	(15,805,714)	(16,702,236)
General provision	8.3	(15,894)	(11,701)
		(15,821,608)	(16,713,937)
Advances - net of provision		423,794,333	372,080,555

- 8.1 Advances include Rs. 16,210.807 million (December 31, 2017: Rs. 18,051.749 million) which have been placed under non-performing status as detailed below:-

Category of Classification	June 30, 2018				
	Classified Advances			Provision	Provision
	Domestic	Overseas	Total	required	held
Rupees in '000					
Other Assets Especially Mentioned	19,472	–	19,472	792	792
Substandard	472,920	–	472,920	117,238	117,238
Doubtful	61,907	–	61,907	30,954	30,954
Loss	15,656,508	–	15,656,508	15,656,730	15,656,730
	16,210,807	–	16,210,807	15,805,714	15,805,714

Category of Classification	December 31, 2017 (Audited)				
	Classified Advances			Provision	Provision
	Domestic	Overseas	Total	required	held
Rupees in '000					
Other Assets Especially Mentioned	39,805	–	39,805	1,054	1,054
Substandard	492,961	–	492,961	122,297	122,297
Doubtful	107,934	–	107,934	53,967	53,967
Loss	17,411,049	–	17,411,049	16,524,918	16,524,918
	18,051,749	–	18,051,749	16,702,236	16,702,236

- 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, 2018

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

	June 30, 2018			December 31, 2017 (Audited)		
	Specific	General	Total	Specific	General	Total
Rupees in '000						
Opening balance	16,702,236	11,701	16,713,937	18,720,563	63,309	18,783,872
Charge for the period / year	137,989	4,193	142,182	365,854	–	365,854
Reversals	(1,034,511)	–	(1,034,511)	(2,281,184)	(51,608)	(2,332,792)
Charged to profit and loss account	(896,522)	4,193	(892,329)	(1,915,330)	(51,608)	(1,966,938)
Amounts written off	–	–	–	(102,997)	–	(102,997)
Closing balance	15,805,714	15,894	15,821,608	16,702,236	11,701	16,713,937

	Audited	
	June 30, 2018	December 31, 2017
Rupees in '000		

9 BORROWINGS

Secured

Borrowings from State Bank of Pakistan	26,537,594	24,186,256
Repurchase agreement borrowings from SBP	351,728,890	169,225,901
Repurchase agreement borrowings from Financial Institutions	4,833,797	7,674,798

Unsecured

Call borrowings	18,832,066	20,246,997
Trading liability	2,789,110	1,976,436
Overdrawn nostro accounts	88,323	104,823
Musharaka borrowings	500,000	100,000
Other borrowings	25,510	41,172
	22,235,009	22,469,428
	405,335,290	223,556,383

10 DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits	145,254,111	185,545,256
Savings deposits	249,172,114	233,494,351
Current accounts - remunerative	132,710,493	107,441,601
Current accounts - non - remunerative	339,390,160	303,716,739
	866,526,878	830,197,947

Financial Institutions

Remunerative deposits	51,182,245	40,885,415
Non - remunerative deposits	9,259,155	12,618,694
	926,968,278	883,702,056

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2018

11 SHARE CAPITAL

11.1 Authorised capital

	Audited		Audited	
June 30,	December 31,		June 30,	December 31,
2018	2017		2018	2017
No. of shares			Rupees in '000	
1,500,000,000	1,500,000,000	Ordinary shares of Rs. 10 each	15,000,000	15,000,000

11.2 Issued, subscribed and paid-up capital

Fully paid-up Ordinary shares of Rs. 10 each				
June 30, 2018	Audited December 31, 2017		June 30, 2018	Audited December 31, 2017
No. of shares			Rupees in '000	
406,780,094	406,780,094	Fully paid in cash	4,067,801	4,067,801
720,745,186	720,745,186	Issued as bonus shares	7,207,452	7,207,452
1,127,525,280	1,127,525,280		11,275,253	11,275,253
		18,348,550 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation in accordance with the swap ratio stipulated therein less 9,200,000 Ordinary shares of Rs. 10 each, held by Ibrahim Leasing Limited on the cut-off date (September 30, 2004).		
9,148,550	9,148,550		91,486	91,486
		8,400,000 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation of First Allied Bank Modaraba with Allied Bank Limited in accordance with the share swap ratio stipulated therein.		
8,400,000	8,400,000		84,000	84,000
1,145,073,830	1,145,073,830		11,450,739	11,450,739

Ibrahim Holdings (Private) Limited (holding company of the Bank) held 965,879,110 (84.35%) [December 31, 2017: 965,879,110 (84.35%)] ordinary shares of Rs. 10 each, as at reporting date.

Notes to the Consolidated Condensed Interim Financial Statements
(Un-audited) for the half year ended June 30, 2018

	June 30, 2018	December 31, 2017
	Rupees in '000	
12 CONTINGENCIES AND COMMITMENTS		
12.1 Direct credit substitutes		
Guarantees in favour of:		
Banks and financial institutions	5,790,615	6,187,865
12.2 Transaction-related contingent liabilities		
Guarantees in favour of:		
Government	105,578	96,140
Others	21,980,973	19,427,128
	22,086,551	19,523,268
12.3 Trade-related contingent liabilities	58,676,527	59,545,681
12.4 Claims against the Bank not acknowledged as debt	8,525,167	8,638,605
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.		
	June 30, 2018	December 31, 2017
	Rupees in '000	
12.6 Commitments in respect of forward foreign exchange contracts		
Purchase	101,846,676	95,038,705
Sale	47,268,142	41,580,643
12.7 Commitments in respect of		
Forward purchase of Federal Government securities	7,720,000	–
12.8 Commitments in respect of		
Civil works	1,226,671	1,350,056
Acquisition of operating fixed assets	1,101,407	1,713,991
	2,328,078	3,064,047
12.9 Commitments in respect of operating lease		
Not later than one year	1,182,690	1,120,394
Later than one year and not later than five years	3,550,319	3,405,724
Later than five years	2,103,036	1,753,793
12.10 Other Commitments	61,791	61,551

12.11 Other Contingencies

12.11.1 There is no change in the status of contingencies, set out in note 21.10 to the annual consolidated financial statements of the Group for the year ended December 31, 2017, except for the contingencies as mentioned below:

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2018

The income tax assessments of the Group have been finalized upto and including tax year 2017 for local, Azad Kashmir and Gilgit Baltistan operations. While finalizing income tax assessments upto tax year 2017, income tax authorities made certain add backs with aggregate tax impact of Rs.24,344 million (December 31,2017: 24,344 million). As a result of appeals filed by the Group before appellate authorities, most of the add backs have been deleted. However, the Group and Tax Department are in appeals/references before higher forums against unfavorable decisions. Pending finalization of appeals/references no provision has been made by the Group on aggregate sum of Rs.24,344 million (December 31,2017: 24,344 million). The management is confident that the outcome of these appeals/references will be in favor of the Group.

Tax Authorities have conducted proceedings of withholding tax audit under section 161/205 of Income Tax Ordinance, 2001 for tax year 2003 to 2006 and tax year 2008 to 2017 and created an arbitrary demand of Rs. 1,546 million (December 31,2017: 1,336 million). The Group's appeals before CIR(A)/Appellate Tribunal Inland Revenue (ATIR) are pending for adjudication. The management is confident that these appeals will be decided in favor of the Group; therefore, no provision has been made against the said demand of Rs. 1,546 million (December 31,2017: 1,336 million).

Tax authorities have also issued orders under Federal Excise Act, 2005/Sales Tax Act/Sindh Sales Tax on Services Act, 2011 for the year 2008 to 2014 thereby creating arbitrary aggregate demand of Rs. 893 million (December 31,2017: 893 million). The Group'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. 893 million (December 31,2017: 893 million)."

	Half year Ended		Quarter Ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	Rupees in '000			
13 MARK-UP / RETURN / INTEREST EARNED				
On loans and advances:				
Customers	12,858,382	11,031,160	6,612,024	5,903,962
On investments in:				
Available-for-sale securities	16,214,680	17,442,079	8,831,147	8,723,626
Held-to-maturity securities	3,467,103	3,451,867	1,918,534	1,749,087
Held-for-trading securities	54,247	231,281	(133,130)	146,812
	19,736,030	21,125,227	10,616,551	10,619,525
On securities purchased under resale				
agreements	560,686	108,916	307,919	54,638
On deposits with financial institutions	58,807	7,825	37,531	347
On Call Money Lendings	44,546	52,722	28,344	10,994
On Musharaka Lendings	35,050	9,238	26,839	6,075
On Mudaraba Lendings	21,237	5,232	13,367	5,232
On Wakala Lendings	–	4,189	–	3,465
On Certificates of investment	–	1,899	–	1,899
On Bai Muajjal	5,214	296	2,805	296
	33,319,952	32,346,704	17,645,380	16,606,433

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2018

	Half year Ended		Quarter Ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Rupees in '000				
14 MARK-UP / RETURN / INTEREST EXPENSED				
Deposits	12,711,910	11,480,395	6,401,172	5,762,830
Securities sold under repurchase agreements	3,540,545	3,219,546	2,729,987	1,896,488
Call money borrowings	328,978	493,513	170,875	238,655
Long term borrowings	147,778	133,109	75,888	70,806
Brokerage and commission	87,433	74,029	48,906	44,496
Other short term borrowings	690,751	666,887	418,991	307,407
	17,507,395	16,067,479	9,845,819	8,320,682

15 EXTRA-ORDINARY / UNUSUAL ITEM

Under the Suo Moto case SMC No. 20/2016, the Honorable Supreme Court had taken up the matter relating to pension arrangements of certain privatized banks including Allied Bank Limited. The Honorable Supreme Court of Pakistan concluded the Suo Moto case on February 13, 2018, by using judicial discretion and fixed the minimum pension and indexation levels for eligible staff, on humanitarian grounds. In view of the underlying judgement, the Bank under the guidance of legal counsel, has booked the related past service cost amounting to Rs. 265 million; based on an actuarial valuation.

- 16 This also includes super tax, amounting to Rs. 493.274 million, levied on taxable income of the Bank for Tax Year 2019 vide Finance Act, 2018.

	Half year Ended		Quarter Ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Rupees in '000				
17 EARNINGS PER SHARE - BASIC AND DILUTED				
Profit after taxation for the period	7,245,165	6,595,098	3,400,923	2,922,420
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	6.33	5.76	2.97	2.55

There is no dilution effect on basic earnings per share.

18 RELATED PARTY TRANSACTIONS

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

Nature of related party transactions	June 30, 2018					December 31, 2017 (Audited)				
	Parent	Directors	Associated Companies*	Key management personnel	Other related parties	Parent	Directors	Associated Companies*	Key management personnel	Other related parties
Loan										
Loans at the beginning of the period / year	-	17,029	3,541,750	252,674	5,965,189	-	24,137	4,393,200	253,417	17,991,914
Loans given during the period / year	-	9,147	-	88,350	19,821,373	-	63,948	-	155,728	66,822,844
Loans repaid / adjustments during the period / year	-	(15,314)	(602,519)	(78,521)	(21,428,205)	-	(71,056)	(841,450)	(156,471)	(78,849,569)
Loans at the end of the period / year	-	10,862	2,939,231	282,504	4,158,357	-	17,029	3,541,750	252,674	5,965,189
Deposits										
Deposits at the beginning of the period / year	1,202	262,709	98,849	61,889	13,280,904	403	53,177	251,264	42,152	13,249,519
Deposits received during the period / year	5,323,825	55,559	5,080,861	402,076	118,175,901	6,779,403	420,062	41,648,566	569,875	157,430,293
Deposits repaid during the period / year	(5,324,128)	(273,168)	(5,118,325)	(380,212)	(10,881,560)	(6,177,604)	(210,530)	(41,807,971)	(550,158)	(157,458,644)
Deposits at the end of the period / year	904	45,100	61,085	83,753	20,715,145	1,202	262,709	98,849	61,889	13,280,904
Investments in shares										
Other receivables	-	10,946	22,240	65,122	1,322,324	-	12,631	27,810	81,472	348,167
Net receivable from staff retirement benefit funds	-	-	-	-	3,071,558	-	-	-	-	3,255,453
Non funded exposure	-	-	466,415	-	6,868	-	-	423,881	-	6,416
Mark-up earned										
Dividend income	-	327	115,086	6,519	104,869	-	721	145,392	5,633	334,974
Capital gain	-	-	347,200	-	389,600	-	-	392,000	-	423,641
Sales commission	-	-	-	-	13	-	-	-	-	-
Management fee income	-	-	-	-	15,944	-	-	-	-	29,443
Fee commission / bank charges	-	-	-	-	241,273	-	-	-	-	242,497
Other income	1	3	36	44	276	2	13	643	30	411
Mark-up expense on deposits	-	-	490	-	718	-	-	1,692	-	92
Director's meeting fee	-	1,719	513	243	245,178	-	482	2,742	223	164,226
Remuneration	-	9,250	-	-	-	-	8,650	-	-	-
Other charges**	-	34,361	-	233,254	-	-	29,300	-	254,116	-
Rent expense**	-	-	30,535	-	60,575	-	-	-	-	45,747
Charge in respect of staff retirement benefit funds	-	-	13,136	-	-	-	-	13,742	-	104,622

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

* Associated companies are on the basis of common directorship.

** Other charges with Associated Companies include donation to National Management Foundation amounting to Rs. 30 million and with Other related parties that include donation to Raast Welfare Society amounting to Rs. 1 million and payment to NIFT amounting to Rs. 53.73 Million.

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

**** Rent Free ATMs are placed at Ibrahim Fibers Limited (Textile Mills) and Ibrahim Fibers Limited (Polyester Plant). During the period ended March 31, 2018, Movable assets were disposed of for Rs. 140,000/- to the key management personnel of the Bank. The assets were fully depreciated.

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2018

19 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Fair value of fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision / reversal for impairment of loans and advances has been calculated in accordance with the Group's accounting policy as stated in note 5.4 of annual consolidated financial statements for the year ended December 31, 2017 and subject to changes specified in note 5.1 to these consolidated condensed interim financial statements for the half year ended June 30, 2018.

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

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

	June 30, 2018				December 31, 2017 (Audited)			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Rupees in '000								
FAIR VALUE HIERARCHY OF ASSETS AND LIABILITIES								
a) On balance sheet financial instruments								
Financial assets measured at fair value:								
Held-for-trading securities								
Market Treasury Bills	-	24,232,705	-	24,232,705	-	24,704,478	-	24,704,478
Pakistan Investment Bonds	-	-	-	-	-	123,415	-	123,415
Pakistan Investment Bonds	1,829,431	-	-	1,829,431	1,741,623	-	-	1,741,623
	1,829,431	24,232,705	-	26,062,136	1,741,623	24,827,893	-	26,569,516
Available-for-sale securities								
Market Treasury Bills	-	633,460,425	-	633,460,425	-	365,643,722	-	365,643,722
Pakistan Investment Bonds	-	63,455,188	-	63,455,188	-	166,864,554	-	166,864,554
Ordinary shares of listed companies / certificates of close-ended mutual funds	33,760,450	-	-	33,760,450	33,346,294	-	-	33,346,294
Ordinary shares of unlisted companies	-	3,709,749	-	3,709,749	-	-	3,522,055	3,522,055
Sukuk Bonds	-	12,799,498	6,596,075	19,395,573	-	14,373,811	5,219,911	19,593,722
Foreign Currency Bonds (US\$)	-	4,918,359	-	4,918,359	-	5,515,525	-	5,515,525
Term Finance Certificates	-	2,254,189	1,372,982	3,627,171	-	2,292,939	1,413,084	3,706,023
	33,760,450	716,887,659	11,673,806	762,326,915	33,346,294	554,690,551	10,155,050	598,191,895
Financial liabilities measured at fair value:								
Held for trading securities								
Pakistan Investment Bonds	-	2,780,889	-	2,780,889	-	1,976,436	-	1,976,436
Non-financial assets measured at fair value:								
Operating fixed assets	-	39,000,891	-	39,000,891	-	36,872,324	-	36,872,324
Non banking assets	-	3,616,236	-	3,616,236	-	3,584,030	-	3,584,030
	-	42,617,127	-	42,617,127	-	40,456,354	-	40,456,354
b) Off-balance sheet financial instruments								
Foreign exchange contracts - Purchase	-	101,846,676	-	101,846,676	-	95,038,705	-	95,038,705
Foreign exchange contracts - Sale	-	47,268,142	-	47,268,142	-	41,580,643	-	41,580,643
Federal Government securities - Purchase	-	7,723,005	-	7,723,005	-	-	-	-

The valuation techniques used for above assets are same as disclosed in notes 5.3, 5.5, 5.8 and 5.14.2 of annual consolidated financial statements for the year ended December 31, 2017.

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2018

20 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, 2018							
	Corporate & Investment Banking	Trading & Sales (Treasury)	Commercial & Retail Banking	Others	Asset Management	Eliminations	Total
Rupees in '000							
Total Income	15,395,409	21,725,346	30,736,520	460,631	340,576	(28,301,487)	40,356,995
Total Expenses	(13,227,857)	(18,570,788)	(26,310,912)	(3,065,041)	(238,719)	28,301,487	(33,111,830)
Net Income	2,167,552	3,154,558	4,425,608	(2,604,410)	101,857	–	7,245,165

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

As at June 30, 2018							
	Corporate & Investment Banking	Trading & Sales (Treasury)	Commercial & Retail Banking	Others	Asset Management	Eliminations	Total
Rupees in '000							
Segment Assets (Gross)	463,157,441	856,642,377	956,285,143	129,265,633	2,234,458	(913,923,869)	1,493,661,183
Segment Liabilities	447,993,203	851,024,008	947,440,303	31,996,365	298,923	(913,423,869)	1,365,328,933

As at December 31, 2017 (Audited)							
	Corporate & Investment Banking	Trading & Sales (Treasury)	Commercial & Retail Banking	Others	Asset Management	Eliminations	Total
Rupees in '000							
Segment Assets (Gross)	400,890,640	692,542,154	898,771,802	143,752,585	2,151,050	(870,549,227)	1,267,559,004
Segment Liabilities	397,834,210	692,542,154	897,377,822	21,250,240	317,372	(870,049,227)	1,139,272,571

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 09, 2018 has approved interim cash dividend for the half year ended June 30, 2018 at Rs. 2.00 per share (June 30, 2017: Rs. 1.75 per share). The consolidated condensed interim financial statements for the half year ended June 30, 2018 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 09, 2018 by the Board of Directors of the Bank.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Notes



