

THE BIGGER PICTURE

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



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Corporate Information

Board of Directors

Mohammad Naeem Mukhtar
(Chairman)

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

Audit Committee of the Board

Zafar Iqbal
(Chairman)

Dr. Muhammad Akram Sheikh
Mubashir A. Akhtar

Human Resource & Remuneration Committee

Abdul Aziz Khan
(Chairman)

Muhammad Waseem Mukhtar
Tariq Mahmood
(CEO)

Company Secretary

Muhammad Raffat

Shariah Board

Mufti Ehsan Waquar
(Chairman)

Mufti Mahmood Ahmad
Mufti Muhammad Iftikhar Baig

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Adviser

Mandviwalla & Zafar Advocates

Shares Registrar

Technology Trade (Pvt.) Limited

Registered & Head Office

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

Website & Email

www.abl.com
info@abl.com

Tel Number

(+92-42) 35880043

Vision, Mission & Core Values

Vision

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

Mission

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

Core Values

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

Directors' Review

Dear Shareholders,

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

Financial Highlights

Financial Highlights

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

The board is pleased to announce an interim cash dividend of Rs. 1.75 Per share in addition to first interim cash dividend of Rs. 1.75 per share, which has already been paid. Interim cash dividend for the half year ended June 30, 2016 is Rs. 3.5 per share (June 30, 2015: Rs. 3.5 per share).

Economic Review

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

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

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

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

Financial Review

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

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

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

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

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

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

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

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

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

Future Outlook

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

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

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

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

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

Entity Ratings

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

Corporate Governance Rating

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

Acknowledgement

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

For and on behalf of the Board,

Tariq Mahmood
Chief Executive Officer

Date: August 10, 2016
Place: Lahore

ڈائریکٹر کا جائزہ:

محترم شیئر ہولڈرز!

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

مالیاتی جھلکیاں:

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

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

معاشی جائزہ

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

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

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

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

زیر نظر ششماہی سال کے دوران براڈ منی ایم 2 (Broad Money) (M2) کی رسد میں 7 فیصد اضافہ ہوا جبکہ کرنسی کی گردش 13 فیصد اضافے کے ساتھ مجموعاً 3,258 ملین روپے رہی۔ دسمبر 2015ء کی نسبت بینکنگ کی صنعت کے ڈیپازٹس (Deposits) 8 فیصد اضافے کے ساتھ 10,000 ارب روپے کی حد عبور کرتے ہوئے 10,464 ملین روپے تک جا پہنچے۔

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

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

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

مالیاتی جائزہ

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

آپ کے بینک کا بعد از ٹیکس منافع 17 فیصد اضافہ کے ساتھ 30 جون 2016ء کو ختم مدت میں 8,601 ملین روپے رہا جو پچھلے سال کی اسی تقابلی مدت میں 7,356 ملین روپے تھا۔ 2015ء میں 2014ء کی ٹیکس اسبل آمدنی پر لاگو 4 فیصد سپر ٹیکس (Super Tax) کو 2015ء کی ٹیکس اسبل آمدنی پر بھی نافذ کر دیا گیا۔ 954 ملین روپے کی اس اضافی ادائیگی کے نتیجے میں ٹیکس کا اوسط ریٹ 30 جون 2016ء تک 41.5 فی صد تک بڑھ چکا ہے۔ آپ کے بینک کی EPS اور ROA بالترتیب 7.50 روپے فی حصص اور 1.7 فیصد ہیں۔ پہلے بتائے گئے پچھلے سال کے ٹیکس کے اخراجات کو شامل کئے بغیر آپ کے بینک کا بعد از ٹیکس منافع، EPS اور ROA اضافہ کے ساتھ بالترتیب 9,555 ملین روپے، 8.34 روپے فی حصص اور 1.9 فیصد ہیں۔ قبل از ٹیکس منافع بھی اضافہ کے ساتھ 14,705 ملین روپے رہا جو پچھلے سال کی اسی تقابلی مدت میں 13,579 ملین روپے تھا۔

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

غیر مارک اپ آمدنی (NII) 23 فیصد کے قابل قدر اضافہ کے ساتھ 6,970 ملین روپے رہی جو پچھلے سال کے مقابل دورانیہ میں 5,675 ملین روپے تھی۔ اس

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

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

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

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

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

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

مستقبل کا نقطہ نظر

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

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

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

ازیں نجی شعبہ کی بالا ذکر توانائی اور سیکورٹی کے معاملات کے باعث محدود ہوتی استطاعت ہیں۔ 4 فیصد کے سپر فیکس کے بینکنگ سیکٹر پر اطلاق اور 2016ء کی تیسری سہ ماہی میں 1.6 ٹریلین روپے کی مالیت کی سرکاری تسکات کی واجب ادائیگی (Maturity) بھی بینکنگ کے شعبہ کے مجموعی منافع پر قلیل مدتی دباؤ میں اضافہ کر سکتی ہے۔

زیر تجزیہ عرصہ کے دوران آپ کے بینک نے ملک کی سب سے بڑی ٹیلی کمیونیکیشن (مواصلاتی) خدمات مہیا کرنے والی کمپنی سے معاہدہ کیا ہے تاکہ موبائل بینکنگ سروسز کا آغاز کیا جاسکے اور اس طرح ان لوگوں کو بھی بہترین سہولیات اور تعاون فراہم کیا جاسکے جو عموماً بینکاری کے معاملات سے کنارہ کشی اختیار کرتے ہیں نیز اپنے محترم اور معزز کسٹمرز کو بھی معیاری سہولیات فراہم کی جاسکے۔ اس نئے اقدام کی بدولت بینک کی فی فیلڈ (Fee Based) آمدنی میں تفریح اور بڑھوتی کے روشن امکانات ہیں۔

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

اینٹی رینٹنگ

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

کارپوریٹ گورننس رینٹنگ

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

تسلیم و تحسین

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

منجانب و برائے بورڈ

طارق محمود

چیف ایگزیکٹو آفیسر

تاریخ 10 اگست 2016ء

لاہور

Independent Auditor's Report

to the members on Review of Interim Financial Information

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Allied Bank Limited ("the Bank") as at 30 June 2016, and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, unconsolidated condensed interim statement of cash flows and explanatory notes (here-in-after referred to as "interim financial information") for the six months period then ended. Management is responsible for the preparation and presentation of the interim financial information in accordance with approved accounting standards applicable in Pakistan for interim information reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the six months period ended 30 June 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures for the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income for the quarters ended 30 June 2016 and 30 June 2015 have not been reviewed and we do not express a conclusion on them.

Date: August 10, 2016

Place: Lahore

KPMG Taseer Hadi & Co.

Chartered Accountants

Kamran I. Yousafi

Unconsolidated Condensed Interim Statement of Financial Position

as at June 30, 2016

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

CONTINGENCIES AND COMMITMENTS

13

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Unconsolidated Condensed Interim Profit and Loss Account

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

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

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Unconsolidated Condensed Interim Statement of Comprehensive Income

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

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

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Unconsolidated Condensed Interim Statement of Cash Flow

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

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

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Unconsolidated Condensed Interim Statement of Changes in Equity

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

| | Share Capital | Capital Reserves Exchange Translation Reserve | Statutory Reserve | Revenue Reserves General Reserve Un- appropriated Profit | | Total |
|---|------------------|--|----------------------|---|-------------|-------------|
| Rupees in '000 | | | | | | |
| Balance as at January 01, 2015 (Audited) | 11,450,739 | 28,293 | 13,515,062 | 6,000 | 37,053,691 | 62,053,785 |
| Changes in equity during the half year ended June 30, 2015 | | | | | | |
| Total comprehensive income for the half year ended June 30, 2015 | | | | | | |
| Net profit for the half year ended June 30, 2015 | - | - | - | - | 7,356,691 | 7,356,691 |
| Effect of translation of net investment in foreign operating branches | - | (9,589) | - | - | - | (9,589) |
| | - | (9,589) | - | - | 7,356,691 | 7,347,102 |
| Transactions with owners recognized directly in equity | | | | | | |
| Final cash dividend for the year ended | | | | | | |
| December 31, 2014 (Rs. 2 per ordinary share) | - | - | - | - | (2,290,148) | (2,290,148) |
| First interim cash dividend for the year ended | | | | | | |
| December 31, 2015 (Rs. 1.75 per ordinary share) | - | - | - | - | (2,003,879) | (2,003,879) |
| | - | - | - | - | (4,294,027) | (4,294,027) |
| Transferred from surplus on revaluation of fixed assets | | | | | | |
| to un-appropriated profit - net of tax | - | - | - | - | 41,770 | 41,770 |
| Transfer to statutory reserve | - | - | 735,669 | - | (735,669) | - |
| Balance as at June 30, 2015 | 11,450,739 | 18,704 | 14,250,731 | 6,000 | 39,422,456 | 65,148,630 |
| Changes in equity during the half year ended December 31, 2015 | | | | | | |
| Total comprehensive income for the half year ended December 31, 2015 | | | | | | |
| Net profit for the half year ended December 31, 2015 | - | - | - | - | 7,763,616 | 7,763,616 |
| Effect of remeasurement of defined benefit plans net of deferred tax | - | - | - | - | (1,043,973) | (1,043,973) |
| Effect of translation of net investment in foreign operating branches | - | 50,229 | - | - | - | 50,229 |
| | - | 50,229 | - | - | 6,719,643 | 6,769,872 |
| Transactions with owners recognized directly in equity | | | | | | |
| Second interim cash dividend for the year ended | | | | | | |
| December 31, 2015 (Rs. 1.75 per ordinary share) | - | - | - | - | (2,003,879) | (2,003,879) |
| Third interim cash dividend for the year ended | | | | | | |
| December 31, 2015 (Rs. 1.75 per ordinary share) | - | - | - | - | (2,003,879) | (2,003,879) |
| | - | - | - | - | (4,007,758) | (4,007,758) |
| Transferred from surplus on revaluation of fixed assets | | | | | | |
| to un-appropriated profit - net of tax | - | - | - | - | 57,903 | 57,903 |
| Transfer to statutory reserve | - | - | 776,362 | - | (776,362) | - |
| Balance as at December 31, 2015 (Audited) | 11,450,739 | 68,933 | 15,027,093 | 6,000 | 41,415,882 | 67,968,647 |
| Changes in equity during the half year ended June 30, 2016 | | | | | | |
| Total comprehensive income for the half year ended June 30, 2016 | | | | | | |
| Net profit for the half year ended June 30, 2016 | - | - | - | - | 8,601,440 | 8,601,440 |
| Effect of translation of net investment in foreign operating branches | - | (3,768) | - | - | - | (3,768) |
| | - | (3,768) | - | - | 8,601,440 | 8,597,672 |
| Transactions with owners recognized directly in equity | | | | | | |
| Final cash dividend for the year ended | | | | | | |
| December 31, 2015 (Rs. 1.75 per ordinary share) | - | - | - | - | (2,003,879) | (2,003,879) |
| First interim cash dividend for the year ending | | | | | | |
| December 31, 2016 (Rs. 1.75 per ordinary share) | - | - | - | - | (2,003,879) | (2,003,879) |
| | - | - | - | - | (4,007,758) | (4,007,758) |
| Transferred from surplus on revaluation of fixed assets | | | | | | |
| to un-appropriated profit - net of tax | - | - | - | - | 28,915 | 28,915 |
| Transferred from surplus on revaluation of non-banking assets | | | | | | |
| to un-appropriated profit - net of tax | - | - | - | - | 43,991 | 43,991 |
| Transfer to statutory reserve | - | - | 860,144 | - | (860,144) | - |
| Balance as at June 30, 2016 | 11,450,739 | 65,165 | 15,887,237 | 6,000 | 45,222,326 | 72,631,467 |

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Notes to the Unconsolidated Condensed Interim Financial Statements

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

1 STATUS AND NATURE OF BUSINESS

Allied Bank Limited ("the Bank"), incorporated in Pakistan, is a scheduled bank, engaged in commercial banking and related services. The Bank is listed on Pakistan Stock Exchange Limited. The Bank operates a total of 1,049 (2015: 1,048) branches including 28 (2015: 27) Islamic banking branches in Pakistan, 1 branch (2015: 1) in Karachi Export Processing Zone and 1 wholesale banking branch (2015: 1) in Bahrain. The long term credit rating of the Bank assigned by the Pakistan Credit Rating Agency Limited (PACRA) is 'AA+'. Short term rating of the Bank is 'A1+'. The Bank is the holding company of ABL Asset Management Company Limited.

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

2 STATEMENT OF COMPLIANCE

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

3 BASIS OF MEASUREMENT

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

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

4 BASIS OF PRESENTATION

- 4.1 The disclosures included in these unconsolidated condensed interim financial statements are limited based on the format prescribed by the State Bank of Pakistan, vide BSD Circular Letter No. 2 dated May 12, 2004, vide BSD Circular Letter No. 7 dated April 20, 2010 and International Accounting Standard 34, Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and these unconsolidated condensed interim financial statements should be read in conjunction with the unconsolidated financial statements of the Bank for the year ended December 31, 2015.
- 4.2 The financial results of the Islamic Banking branches have been consolidated in these financial statements for reporting purposes. Key financial figures of the Islamic Banking branches are disclosed in Note 23 to these financial statements.
- 4.3 The Bank has adopted the following amendments and annual improvements to IFRSs, which became effective for the current period:
- Amendments to IAS 38 - Intangible Assets and IAS 16 - Property, Plant and Equipment
 - Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures

Notes to the Unconsolidated Condensed Interim Financial Statements

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

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

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

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

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

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

Effect of change in policy is as follows:

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

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

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

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

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

Notes to the Unconsolidated Condensed Interim Financial Statements

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

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

| Note | Un-audited | | | Audited | | |
|----------------|---------------------|---------------------|-------|-------------------------|---------------------|-------|
| | As at June 30, 2016 | | | As at December 31, 2015 | | |
| | 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 | | | | | | | |
| Pakistan Investment Bonds | 1,425,732 | - | 1,425,732 | - | - | - | - |
| Available-for-sale securities | | | | | | | |
| Market Treasury Bills | 134,340,128 | 283,711 | 134,623,839 | 113,476,903 | 25,054,061 | 138,530,964 | |
| Pakistan Investment Bonds | 75,852,730 | 83,220,336 | 159,073,066 | 83,273,356 | 71,436,281 | 154,709,637 | |
| Ordinary shares of listed companies / certificates of close ended mutual funds | 14,490,216 | - | 14,490,216 | 13,614,525 | - | 13,614,525 | |
| Preference shares | 25,000 | - | 25,000 | 25,000 | - | 25,000 | |
| Units of open ended mutual funds | - | - | - | 150,000 | - | 150,000 | |
| Ordinary shares of unlisted companies | 2,281,262 | - | 2,281,262 | 2,123,767 | - | 2,123,767 | |
| Investment in related parties | | | | | | | |
| - Listed shares | 8,142,520 | - | 8,142,520 | 8,142,520 | - | 8,142,520 | |
| - Unlisted shares | 1,352,894 | - | 1,352,894 | 1,352,894 | - | 1,352,894 | |
| - Units of open ended mutual funds | 135,000 | - | 135,000 | 135,000 | - | 135,000 | |
| Sukuk bonds | 7.2 3,263,333 | - | 3,263,333 | 1,945,563 | - | 1,945,563 | |
| GOP Sukuk | 7.2 5,349,892 | - | 5,349,892 | 5,359,194 | - | 5,359,194 | |
| GOP Ijara Sukuk | 7.2 2,106,071 | - | 2,106,071 | 700,275 | - | 700,275 | |
| Foreign Currency Bonds (US\$) | 4,746,750 | - | 4,746,750 | - | - | - | |
| Term Finance Certificates (TFCs) | 4,896,200 | - | 4,896,200 | 4,179,005 | - | 4,179,005 | |
| | 256,981,996 | 83,504,047 | 340,486,043 | 234,478,002 | 96,490,342 | 330,968,344 | |
| Held-to-maturity securities | | | | | | | |
| Pakistan Investment Bonds | 186,221,138 | - | 186,221,138 | 185,697,197 | - | 185,697,197 | |
| GOP Sukuk | 7.2 1,054,801 | - | 1,054,801 | 1,054,700 | - | 1,054,700 | |
| GOP Ijara Sukuk | 7.2 100,000 | - | 100,000 | 150,319 | - | 150,319 | |
| Bai Muajjal Placements (GOP Sukuks) | 7.2 272,275 | - | 272,275 | 272,275 | - | 272,275 | |
| Foreign Currency Bonds (US\$) | 1,571,148 | - | 1,571,148 | 4,906,147 | - | 4,906,147 | |
| TFCs, Bonds and PTCs | 358,879 | - | 358,879 | 1,428,725 | - | 1,428,725 | |
| | 189,578,241 | - | 189,578,241 | 193,509,363 | - | 193,509,363 | |
| Subsidiary | | | | | | | |
| ABL Asset Management Company Limited | | | | | | | |
| | 500,000 | - | 500,000 | 500,000 | - | 500,000 | |
| Investment at cost | 448,485,969 | 83,504,047 | 531,990,016 | 428,487,365 | 96,490,342 | 524,977,707 | |
| Provision for diminution in the value of investments | (2,840,426) | - | (2,840,426) | (2,777,721) | - | (2,777,721) | |
| Investments (net of provisions) | 445,645,543 | 83,504,047 | 529,149,590 | 425,709,644 | 96,490,342 | 522,199,986 | |
| Surplus on revaluation of 'held-for-trading' securities | 3,906 | - | 3,906 | - | - | - | |
| Surplus on revaluation of 'available-for-sale' securities | 22,438,253 | 4,851,822 | 27,290,075 | 18,654,545 | 3,494,959 | 22,149,504 | |
| Total investments at market value | 468,087,702 | 88,355,869 | 556,443,571 | 444,364,189 | 99,985,301 | 544,349,490 | |

Notes to the Unconsolidated Condensed Interim Financial Statements

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

7.2 These represent investments under Shariah permissible mode.

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

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

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

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

Notes to the Unconsolidated Condensed Interim Financial Statements

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

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

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

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

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

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

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

9.1 These represent borrowings under Shariah permissible mode.

10 DEPOSITS AND OTHER ACCOUNTS

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

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

Notes to the Unconsolidated Condensed Interim Financial Statements

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

11 SHARE CAPITAL

11.1 Authorised capital

| Un-audited June 30, 2016 No. of shares | Audited December 31, 2015 | | Un-audited June 30, 2016 Rupees in '000 | Audited December 31, 2015 |
|---|---------------------------------|--------------------------------|--|---------------------------------|
| 1,500,000,000 | 1,500,000,000 | Ordinary shares of Rs. 10 each | 15,000,000 | 15,000,000 |

11.2 Issued, subscribed and paid-up capital

| Fully paid-up Ordinary shares of Rs. 10 each | | | | |
|---|---------------------------------|--|--|---------------------------------|
| Un-audited June 30, 2016 No. of shares | Audited December 31, 2015 | | Un-audited June 30, 2016 Rupees in '000 | Audited December 31, 2015 |
| 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 Fibers Limited, related party of the Bank, holds 194,041,916 (16.95%) [2015: 194,041,916 (16.95%)] ordinary shares of Rs.10 each, as at reporting date.

12 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

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

Notes to the Unconsolidated Condensed Interim Financial Statements

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

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

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

| | Un-audited June 30, 2016 | Audited December 31, 2015 |
|---|--------------------------------|---------------------------------|
| | Rupees in '000 | |
| 13.6 Commitments in respect of : | | |
| Purchase of forward foreign exchange contracts | 56,856,534 | 64,741,951 |
| Sale of forward foreign exchange contracts | 36,365,538 | 51,664,798 |
| 13.7 Commitments in respect of : | | |
| Forward purchase of Federal Government securities | 6,450,000 | – |
| Forward sale of Federal Government securities | – | 3,000,000 |
| 13.8 Commitments in respect of: | | |
| Civil works | 835,305 | 909,419 |
| Acquisition of operating fixed assets | 936,061 | 1,078,477 |
| | 1,771,366 | 1,987,896 |
| 13.9 Commitments in respect of operating lease | 3,776,354 | 4,126,800 |

13.10 Other Contingencies

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

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

Notes to the Unconsolidated Condensed Interim Financial Statements

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

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

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

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

14 MARK-UP / RETURN / INTEREST EARNED

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

Notes to the Unconsolidated Condensed Interim Financial Statements

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

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

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

Notes to the Unconsolidated Condensed Interim Financial Statements

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

17 GAIN ON SALE OF SECURITIES

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

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

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

20 EARNINGS PER SHARE - BASIC AND DILUTED

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

There is no dilution effect on basic earnings per share.

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

21

RELATED PARTY TRANSACTIONS

The Bank has related party relationships with its 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 are in accordance with the terms of their employment. Other transactions are at agreed terms.

| | June 30, 2016 (Un-audited) | | | | December 31, 2015 (Audited) | | | | | |
|--|----------------------------|-----------------------|--------------------------|--------------------------|-----------------------------|-----------------------|-----------------------|--------------------------|--------------------------|-----------------------|
| | Directors | Associated Companies* | Subsidiary | Key management personnel | Other related parties | Directors | Associated Companies* | Subsidiary | Key management personnel | Other related parties |
| | Rupees in '000 | | | | | | | | | |
| Nature of related party transactions | | | | | | | | | | |
| Loans | | | | | | | | | | |
| Loans at the beginning of the period / year | 36,637 | 1,771,473 | - | 264,941 | 5,379,483 | 47,285 | 1,985 | - | 205,255 | 134 |
| Loans given during the period / year | 15,093 | 5,500,019 | - | 37,330 | 33,256,670 | 32,675 | 2,187,167 | - | 165,744 | 96,289,134 |
| Loans repaid / adjustments during the period / year | (26,514) | (2,693,646) | - | (61,161) | (33,129,167) | (43,329) | (411,679) | - | (106,058) | (90,909,906) |
| Loans at the end of the period / year | 25,216 | 4,383,846 | - | 261,111 | 5,506,946 | 36,637 | 1,777,473 | - | 264,941 | 5,379,483 |
| Deposits | | | | | | | | | | |
| Deposits at the beginning of the period / year | 40,868 | 102,902 | 57,482 | 22,837 | 9,572,394 | 34,866 | 25,497 | 13,744 | 92,833 | 6,853,139 |
| Deposits received during the period / year | 2,749,828 | 4,692,640 | 669,796 | 235,434 | 42,793,889 | 5,060,426 | 11,448,550 | 2,794,505 | 303,540 | 101,649,234 |
| Deposits repaid during the period / year | (2,754,386) | (4,575,706) | (708,628) | (208,851) | (43,394,400) | (5,054,254) | (11,371,145) | (2,750,767) | (373,636) | (98,929,979) |
| Deposits at the end of the period / year | 36,310 | 219,836 | 18,650 | 49,420 | 8,971,883 | 40,868 | 102,902 | 57,482 | 22,837 | 9,572,394 |
| Nostró balances | - | (21,757) | - | - | - | - | 41,303 | - | - | - |
| Investments in shares / open end mutual funds | - | 5,084,379 | 500,000 | - | 4,546,035 | - | 5,084,379 | 500,000 | - | 4,546,035 |
| Other receivables | 5,671 | - | 1,793 | 74,497 | - | 5,058 | - | 1,842 | 63,147 | - |
| Net receivable from staff retirement benefit funds | - | - | - | - | 3,740,622 | - | - | - | - | 4,741,357 |
| Non funded expense | - | 1,265,000 | - | - | 23,808 | - | 1,265,000 | - | - | 1,951 |
| June 30, 2016 (Un-audited) | | | | | | | | | | |
| Directors | Associated Companies* | Subsidiary | Key management personnel | Other related parties | Directors | Associated Companies* | Subsidiary | Key management personnel | Other related parties | |
| June 30, 2015 (Un-audited) | | | | | | | | | | |
| Rupees in '000 | | | | | | | | | | |
| Mark-up earned | 475 | 79,148 | - | 6,874 | 221,767 | 1,215 | 100 | - | 7,478 | 302,212 |
| Income on Placements | - | 1,194 | - | - | - | - | 1,012 | - | - | 173,163 |
| Dividend Income | - | 895,000 | - | - | 507,762 | - | - | - | - | 77,675 |
| Capital Gain | - | - | - | - | - | - | - | - | - | 192,143 |
| Sales commission | - | - | 3,568 | - | - | - | - | 3,187 | - | 36 |
| Mark-up expense on Deposits | 625 | 3,888 | 829 | 226 | 158,396 | 564 | 229 | 2,310 | 166 | 293 |
| Fee commission / bank charges | 15 | 24 | 152 | 30 | 144 | 8 | 40 | 7 | - | - |
| Directors' meeting fee | 5,850 | - | - | - | - | 4,100 | - | - | - | - |
| Remuneration | 36,400 | - | - | 212,815 | - | 30,850 | - | - | 83,920 | - |
| Other charges** | - | 290 | - | - | 47,347 | - | 1,086 | - | - | 51,191 |
| Rent Expense*** | - | 4,764 | - | - | - | - | 3,812 | - | - | - |
| Rent Income**** | - | 2,202 | 784 | - | - | - | 600 | - | - | - |
| Charge / (Reversal) in respect of staff retirement benefit funds | - | - | - | - | 101,356 | - | - | - | - | (19) |

Shareholding held by a related party, 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 charges with Other related parties include payments to NIFT amounting to Rs. 45.139 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).

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

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

Notes to the Unconsolidated Condensed Interim Financial Statements

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

22 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

| For the Half Year Ended June 30, 2016 (Un-audited) | | | | | | |
|--|--------------------------------|----------------------------|-----------------------------|-----------|--------------|--------------|
| | Corporate & Investment Banking | Trading & Sales (Treasury) | Commercial & Retail Banking | Others | Eliminations | Total |
| Rupees in '000 | | | | | | |
| Total Income | 12,928,994 | 25,801,273 | 20,150,797 | 102,796 | (17,416,866) | 41,566,994 |
| Total Expenses | (10,937,942) | (19,610,050) | (19,006,543) | (827,885) | 17,416,866 | (32,965,554) |
| Net Income | 1,991,052 | 6,191,223 | 1,144,254 | (725,089) | – | 8,601,440 |

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

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

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

Notes to the Unconsolidated Condensed Interim Financial Statements

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

23 ISLAMIC BANKING BUSINESS

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

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

Notes to the Unconsolidated Condensed Interim Financial Statements

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

| | Un-audited June 30, 2016 | Audited December 31, 2015 |
|----------------------|--------------------------------|---------------------------------|
| Rupees in '000 | | |
| 23.2.2 IJARAH | | |
| Financing | 26,042 | 21,542 |
| Advance | 47,721 | 7,259 |
| Inventories | 1,725 | 1,223 |
| | <u>75,488</u> | <u>30,024</u> |

| | | |
|-----------------------------|-----------|-----------|
| 23.3 CHARITY FUND | | |
| Opening Balance | 11 | – |
| Additions during the period | 2 | 11 |
| Closing Balance | <u>13</u> | <u>11</u> |

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

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

Notes to the Unconsolidated Condensed Interim Financial Statements

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

24 GENERAL

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

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

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

25 DATE OF AUTHORIZATION FOR ISSUE

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

**Consolidated Condensed
Interim Financial Statements**

Allied Bank Limited

for the half year ended June 30, 2016

Consolidated Condensed Interim Statement of Financial Position

as at June 30, 2016

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

CONTINGENCIES AND COMMITMENTS

13

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Consolidated Condensed Interim Profit and Loss Account

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

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

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Consolidated Condensed Interim Statement of Comprehensive Income

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

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

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Consolidated Condensed Interim Statement of Cash Flow

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

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

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

Consolidated Condensed Interim Statement of Changes in Equity

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

| | Share Capital | Capital Reserves Exchange Translation Reserve | Statutory Reserve | Revenue Reserves General Reserve Un-appropriated Profit | | Total |
|--|----------------|--|-------------------|---|-------------|-------------|
| | Rupees in '000 | | | | | |
| Balance as at January 01, 2015 (Audited) | 11,450,739 | 28,293 | 13,515,062 | 6,000 | 37,728,181 | 62,728,275 |
| Changes in equity during the half year ended June 30, 2015 | | | | | | |
| Total comprehensive income for the half year ended June 30, 2015 | | | | | | |
| Net profit for the half year ended June 30, 2015 | - | - | - | - | 7,500,902 | 7,500,902 |
| Effect of translation of net investment in foreign operating branches | - | (9,589) | - | - | - | (9,589) |
| | - | (9,589) | - | - | 7,500,902 | 7,491,313 |
| Transactions with owners recognized directly in equity | | | | | | |
| Final cash dividend for the year ended December 31, 2014 (Rs. 2 per ordinary share) | - | - | - | - | (2,290,148) | (2,290,148) |
| First interim cash dividend for the year ended December 31, 2015 (Rs. 1.75 per ordinary share) | - | - | - | - | (2,003,879) | (2,003,879) |
| | - | - | - | - | (4,294,027) | (4,294,027) |
| Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax | - | - | - | - | 41,770 | 41,770 |
| Transfer to statutory reserve | - | - | 735,669 | - | (735,669) | - |
| Balance as at June 30, 2015 | 11,450,739 | 18,704 | 14,250,731 | 6,000 | 40,241,157 | 65,967,331 |
| Changes in equity during the half year ended December 31, 2015 | | | | | | |
| Total comprehensive income for the half year ended December 31, 2015 | | | | | | |
| Net profit for the half year ended December 31, 2015 | - | - | - | - | 7,813,373 | 7,813,373 |
| Effect of remeasurement of defined benefit plans net of deferred tax | - | - | - | - | (1,043,973) | (1,043,973) |
| Effect of translation of net investment in foreign operating branches | - | 50,229 | - | - | - | 50,229 |
| | - | 50,229 | - | - | 6,769,400 | 6,819,629 |
| Transactions with owners recognized directly in equity | | | | | | |
| Second interim cash dividend for the year ended December 31, 2015 (Rs. 1.75 per ordinary share) | - | - | - | - | (2,003,879) | (2,003,879) |
| Third interim cash dividend for the year ended December 31, 2015 (Rs. 1.75 per ordinary share) | - | - | - | - | (2,003,879) | (2,003,879) |
| | - | - | - | - | (4,007,758) | (4,007,758) |
| Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax | - | - | - | - | 57,903 | 57,903 |
| Transfer to statutory reserve | - | - | 776,362 | - | (776,362) | - |
| Balance as at December 31, 2015 (Audited) | 11,450,739 | 68,933 | 15,027,093 | 6,000 | 42,284,340 | 68,837,105 |
| Changes in equity during the half year ended June 30, 2016 | | | | | | |
| Total comprehensive income for the half year ended June 30, 2016 | | | | | | |
| Net profit for the half year ended June 30, 2016 | - | - | - | - | 8,678,387 | 8,678,387 |
| Effect of translation of net investment in foreign operating branches | - | (3,768) | - | - | - | (3,768) |
| | - | (3,768) | - | - | 8,678,387 | 8,674,619 |
| Transactions with owners recognized directly in equity | | | | | | |
| Final cash dividend for the year ended December 31, 2015 (Rs. 1.75 per ordinary share) | - | - | - | - | (2,003,879) | (2,003,879) |
| First interim cash dividend for the year ending December 31, 2016 (Rs. 1.75 per ordinary share) | - | - | - | - | (2,003,879) | (2,003,879) |
| | - | - | - | - | (4,007,758) | (4,007,758) |
| Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax | - | - | - | - | 28,915 | 28,915 |
| Transferred from surplus on revaluation of non-banking assets to un-appropriated profit - net of tax | - | - | - | - | 43,991 | 43,991 |
| Transfer to statutory reserve | - | - | 860,144 | - | (860,144) | - |
| Balance as at June 30, 2016 | 11,450,739 | 65,165 | 15,887,237 | 6,000 | 46,167,731 | 73,576,872 |

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

Chief Financial Officer

President and Chief Executive Officer

Notes to the Consolidated Condensed Interim Financial Statements

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

1 STATUS AND NATURE OF BUSINESS

The "Group" consists of:

Holding Company

Allied Bank Limited ("the Bank"), incorporated in Pakistan, is a scheduled bank, engaged in commercial banking and related services. The Bank is listed on Pakistan Stock Exchange Limited. The Bank operates a total of 1,049 (2015: 1,048) branches including 28 (2015: 27) Islamic banking branches in Pakistan, 1 branch (2015: 1) in Karachi Export Processing Zone and 1 wholesale banking branch (2015: 1) in Bahrain. The long term credit rating of the Bank assigned by the Pakistan Credit Rating Agency Limited (PACRA) is 'AA+'. Short term rating of the Bank is 'A1+'. The Bank is the holding company of ABL Asset Management Company Limited.

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

Subsidiary Company

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

ABL Asset Management company is managing following funds:

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

2 STATEMENT OF COMPLIANCE

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

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

Notes to the Consolidated Condensed Interim Financial Statements

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

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

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

3 BASIS OF MEASUREMENT

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

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

4 BASIS OF PRESENTATION

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

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

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

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

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

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

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

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

Notes to the Consolidated Condensed Interim Financial Statements

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

Effect of change in policy is as follows:

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

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

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

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

6.1 This represents a classified certificate of investment.

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

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

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

| | Note | Held by Group | Given as collateral | Total |
|--------------------------------|--------------------|------------------|------------------------|-------------|
| Rupees in '000 | | | | |
| 7. | INVESTMENTS | | | |
| Current period - June 30, 2016 | | | | |
| (Un-audited) | 7.1 | 468,925,038 | 88,355,869 | 557,280,907 |
| Prior year - December 31, 2015 | | | | |
| (Audited) | 7.1 | 445,120,237 | 99,985,301 | 545,105,538 |

Notes to the Consolidated Condensed Interim Financial Statements

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

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

7.2 These represent investments under Shariah permissible mode.

Notes to the Consolidated Condensed Interim Financial Statements

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

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

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

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

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

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

Notes to the Consolidated Condensed Interim Financial Statements

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

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

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

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

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

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

9.1 These represent borrowings under Shariah permissible mode.

10 DEPOSITS AND OTHER ACCOUNTS

| | | |
|---------------------------------------|-------------|-------------|
| Customers | | |
| Fixed deposits | 171,459,521 | 195,785,765 |
| Savings deposits | 197,775,324 | 196,445,624 |
| Current accounts - remunerative | 101,200,647 | 88,742,639 |
| Current accounts - non - remunerative | 254,308,757 | 219,778,464 |
| | 724,744,249 | 700,752,492 |
| Financial Institutions | | |
| Remunerative deposits | 44,630,677 | 30,862,698 |
| Non - remunerative deposits | 2,953,742 | 2,930,825 |
| | 772,328,668 | 734,546,015 |

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

Notes to the Consolidated Condensed Interim Financial Statements

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

11 SHARE CAPITAL

11.1 Authorised capital

| Un-audited June 30, 2016 No. of shares | Audited December 31, 2015 | | Un-audited June 30, 2016 Rupees in '000 | Audited December 31, 2015 |
|---|---------------------------------|--------------------------------|--|---------------------------------|
| 1,500,000,000 | 1,500,000,000 | Ordinary shares of Rs. 10 each | 15,000,000 | 15,000,000 |

11.2 Issued, subscribed and paid-up capital

| Fully paid-up Ordinary shares of Rs. 10 each | | | | |
|---|---------------------------------|--|--|---------------------------------|
| Un-audited June 30, 2016 No. of shares | Audited December 31, 2015 | | Un-audited June 30, 2016 Rupees in '000 | Audited December 31, 2015 |
| 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 Fibers Limited, related party of the Bank, holds 194,041,916 (16.95%) [2015: 194,041,916 (16.95%)] ordinary shares of Rs.10 each, as at reporting date.

12 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

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

Notes to the Consolidated Condensed Interim Financial Statements

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

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

13.11 Other Contingencies

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

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

Notes to the Consolidated Condensed Interim Financial Statements

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

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

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

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

14 MARK-UP / RETURN / INTEREST EARNED

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

Notes to the Consolidated Condensed Interim Financial Statements

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

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

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

Notes to the Consolidated Condensed Interim Financial Statements

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

17 GAIN ON SALE OF SECURITIES

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

18 UNREALIZED GAIN ON REVALUATION OF INVESTMENTS

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

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

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

21 EARNINGS PER SHARE - BASIC AND DILUTED

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

There is no dilution effect on basic earnings per share.

Notes to the Consolidated Condensed Interim Financial Statements

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

22 RELATED PARTY TRANSACTIONS

The Group has relationships with, companies with common directorship, directors, employee benefit plans and key management personnel including their associates.

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

| Nature of related party transactions | June 30, 2016 (Un-audited) | | | | December 31, 2015 (Audited) | | | |
|--|----------------------------|-----------------------|--------------------------|-----------------------|-----------------------------|-----------------------|--------------------------|-----------------------|
| | Directors | Associated companies* | Key management personnel | Other related parties | Directors | Associated companies* | Key management personnel | Other related parties |
| Rupees in '000 | | | | | | | | |
| Loans | | | | | | | | |
| Loans at the beginning of the period / year | 36,637 | 1,777,473 | 276,413 | 5,379,463 | 47,285 | 1,985 | 217,707 | 134* |
| Loans given during the period / year | 15,093 | 5,500,019 | 57,330 | 33,256,670 | 32,675 | 2,187,167 | 165,744 | 96,289,134 |
| Loans repaid / adjustments during the period / year | (26,514) | (2,893,646) | (61,650) | (33,129,187) | (43,323) | (411,679) | (107,038) | (90,909,905) |
| Loans at the end of the period / year | 25,216 | 4,383,846 | 272,093 | 5,506,946 | 36,637 | 1,777,473 | 276,413 | 5,379,463 |
| Deposits | | | | | | | | |
| Deposits at the beginning of the period / year | 40,868 | 102,902 | 22,837 | 9,572,394 | 34,696 | 25,497 | 92,833 | 6,853,139 |
| Deposits received during the period / year | 2,749,828 | 4,692,640 | 235,434 | 42,793,889 | 5,060,426 | 11,448,550 | 303,540 | 101,649,234 |
| Deposits repaid during the period / year | (2,754,396) | (4,575,706) | (206,851) | (43,394,400) | (5,054,254) | (11,371,145) | (373,636) | (98,929,979) |
| Deposits at the end of the period / year | 36,310 | 219,836 | 49,420 | 8,971,883 | 40,868 | 102,902 | 22,837 | 9,572,394 |
| Non-current balances | - | (21,257) | - | - | - | 41,303 | - | - |
| Investments in shares / open end mutual funds | - | 5,084,379 | - | 5,804,038 | - | 5,084,379 | - | 5,782,059 |
| Other receivables | 5,671 | - | 74,497 | 248,002 | 5,058 | - | 63,147 | 217,067 |
| Net receivable from staff retirement benefit funds | - | - | - | 3,740,822 | - | - | - | 4,741,357 |
| Non funded exposure | - | 1,285,000 | - | 23,808 | - | 1,285,000 | - | 1,951 |
| June 30, 2016 (Un-audited) | | | | | | | | |
| Directors | 475 | 79,148 | 7,047 | 221,767 | 1,215 | 100 | 7,578 | 302,212 |
| Mark-up earned | - | 1,194 | - | 509,316 | - | 1,012 | - | - |
| Income on placements | - | 886,000 | - | - | - | - | - | - |
| Dividend income | - | - | - | - | - | - | - | - |
| Capital gain | - | - | - | 2,802 | - | - | - | 183,928 |
| Sales commission | - | - | - | - | - | - | - | 77,875 |
| Management fee sharing expense | - | - | - | 201,871 | - | - | - | 17,402 |
| Management fee income | - | - | - | - | - | - | - | 213,611 |
| Mark-up expense on deposits | 625 | 3,888 | 226 | 158,396 | 564 | 229 | 186 | 192,143 |
| Fee commission / bank charges | 15 | 24 | 30 | 144 | 8 | 40 | 36 | 283 |
| Directors' meeting fee | 6,500 | - | - | 4,325 | - | - | - | - |
| Remuneration | 36,400 | - | 234,966 | - | 30,850 | - | 104,032 | - |
| Other charges** | - | 290 | - | 47,347 | - | 1,086 | - | 51,191 |
| Rent expense*** | - | - | - | - | - | 11,533 | - | - |
| Rent income**** | - | 13,063 | - | - | - | - | - | - |
| Charge / (reversal) in respect of staff retirement benefit funds | - | 2,202 | - | - | - | 600 | - | - |
| | - | - | - | 104,611 | - | - | - | 2,831 |

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

* Associated companies are on the basis of common directorship.

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

*** Rent sharing expense of 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).

***** Two offices located at Pakistan Stock Exchange (Islamabad Building) entered into to associated company (Ibrahim Fibers Limited) at market value and with prior permission of State Bank of Pakistan.

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

Notes to the Consolidated Condensed Interim Financial Statements

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

23 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

For the Half Year Ended June 30, 2016 (Un-audited)

| | Corporate & Investment Banking | Trading & Sales (Treasury) | Commercial & Retail Banking | Others | Asset Management | Eliminations | Total |
|----------------|--------------------------------------|----------------------------------|-----------------------------------|-----------|---------------------|--------------|--------------|
| Rupees in '000 | | | | | | | |
| Total Income | 12,928,994 | 25,801,273 | 20,150,797 | 102,796 | 273,149 | (17,422,185) | 41,834,824 |
| Total Expenses | (10,937,942) | (19,610,050) | (19,006,543) | (827,885) | (196,202) | 17,422,185 | (33,156,437) |
| Net Income | 1,991,052 | 6,191,223 | 1,144,254 | (725,089) | 76,947 | - | 8,678,387 |

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

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

As at June 30, 2016 (Un-audited)

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

As at December 31, 2015 (Audited)

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

24 GENERAL

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

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

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

25 DATE OF AUTHORIZATION FOR ISSUE

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

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