

Financial Statements for the Quarter and
Half Year Ended 30 June 2018 (Un-audited)



Bank Alfalah
The Way Forward

Contents

Company Information	2
Directors' Review	5
Independent Auditors' Review Report	14
Unconsolidated Condensed Interim Statement of Financial Position	15
Unconsolidated Condensed Interim Profit and Loss Account (Un-audited)	16
Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)	17
Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)	18
Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited)	19
Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Statements (Un-audited)	20
Consolidated Condensed Interim Statement of Financial Position	44
Consolidated Condensed Interim Profit and Loss Account (Un-audited)	45
Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)	46
Consolidated Condensed Interim Cash Flow Statement (Un-audited)	47
Consolidated Condensed Interim Statement of Changes in Equity (Un-audited)	48
Notes to and Forming Part of the Consolidated Condensed Interim Financial Statements (Un-audited)	49
Branch Network	71

Company Information

Board of Directors

HH Sheikh Nahayan Mubarak Al Nahayan
Chairman / Director

Abdulla Nasser Hawaileel Al Mansoori
Director

Abdulla Khalil Al Mutawa
Director

Khalid Mana Saeed Al Otaiba
Director

Efstratios Georgios Arapoglou
Director

Shehzad Naqvi
Director

Gyorgy Tamas Ladics
Director

Ayesha Khan
Director

Nauman Ansari
President / CEO and Director

Board Audit Committee

Shehzad Naqvi
Chairman

Abdulla Khalil Al Mutawa
Member

Khalid Mana Saeed Al Otaiba
Member

Efstratios Georgios Arapoglou
Member

Ayesha Khan
Member

Board Strategy and Finance Committee

Abdulla Khalil Al Mutawa
Chairman

Khalid Mana Saeed Al Otaiba
Member

Efstratios Georgios Arapoglou
Member

Shehzad Naqvi
Member

Nauman Ansari
Member

Board Risk Management Committee

- Khalid Mana Saeed Al Otaiba
Chairman
 - Abdulla Khalil Al Mutawa
Member
 - Efstratios Georgios Arapoglou
Member
 - Shehzad Naqvi
Member
 - Nauman Ansari
Member
-

Board Human Resources, Remuneration and Nomination Committee

- Ayesha Khan
Chairperson
- Abdulla Khalil Al Mutawa
Member
- Khalid Mana Saeed Al Otaiba
Member
- Shehzad Naqvi
Member
- Gyorgy Tamas Ladics
Member

Board Compensation Committee

- Khalid Mana Saeed Al Otaiba
Chairman
 - Abdulla Khalil Al Mutawa
Member
 - Efstratios Georgios Arapoglou
Member
 - Ayesha Khan
Member
-

Board Information Technology Committee

- Gyorgy Tamas Ladics
Chairman
- Abdulla Khalil Al Mutawa
Member
- Khalid Mana Saeed Al Otaiba
Member
- Efstratios Georgios Arapoglou
Member
- Nauman Ansari
Member

Central Management Committee

Nauman Ansari
Chairman

Anjum Hai
Member

Hafsa Abbasy
Member

Mehreen Ahmed
Member

Rizwan Ata
Member

Bilal Asghar
Member

Syed Ali Sultan
Member

Aasim Wajid Jawad
Member

Khawaja Mohammad Ahmad
Member

Mohib Hasan Khan
Member

Muhammad Akram Swaleh
Member

Haroon Khalid
Member

Muhammad Yahya Khan
Member

Najamuz Zaman Siddiqui
Member

Chief Financial Officer

Anjum Hai

Company Secretary

Muhammad Akram Swaleh

Auditors

EY Ford Rhodes
Chartered Accountants

Registered/Head Office

B. A. Building
I. I. Chundrigar Road
Karachi, Pakistan
bankalfalah.com

Share Registrar

F.D. Registrar Services (SMC-Pvt) Limited
1705, 17th Floor, Saima Trade Tower-A
I. I. Chundrigar Road
Karachi, Pakistan

Directors' Review

On behalf of the Board of Directors, we are pleased to present the unconsolidated condensed interim financial statements of Bank Alfalah Limited (the Bank) for the quarter and half year ended June 30, 2018.

Economic Review

FY18 ended on a fair note, with the country's economy achieving a thirteen-year high growth rate of 5.8 percent, despite falling short of the annual GDP growth target of 6.2 percent. Average CPI inflation ended well below the 6.0 percent target. These fundamentals were supported by robust domestic demand, a recovery in agriculture and stronger manufacturing output, amidst certain challenges.

Weaknesses in the economy became apparent towards the end of FY18. The current account deficit widened to USD 18.0 Bn in FY18 against USD 12.6 Bn last year. The country's imports for the year witnessed a 14.7 percent increase on the back of higher economic activity. This significant growth in imports overshadowed the recovery posted in exports and worker's remittances, which grew by 12.6 percent and 1.4 percent respectively in FY18.

The higher current account deficit was partially financed by the country's own resources; SBP's net liquid FX reserves were depleted by USD 5.8 Bn, reaching USD 10.4 Bn as of August 3, 2018 (USD 9.8 Bn as of end FY18). Low FX reserves and a large import bill have led to a drop in import cover from 16 weeks of imports at end FY17 to about 9 weeks as of end FY18. The Ministry of Finance, in coordination with the SBP, FBR and Ministry of Commerce, is considering an increase in regulatory duties on imported items, with additional collections aiming to address the country's trade deficit. Recently, the SBP has undertaken measures such as monetary policy tightening, PKR devaluation, export packages and withdrawing advance payment facilities up to a defined threshold to stabilize FX reserves. Inflows from the recently promulgated amnesty scheme and expectation of further repatriation in the near future remain critical in providing much needed relief on the external front, given the external debt repayments and the large current account deficit.

The monetary sector has been driven by government borrowing for budgetary support and a healthy growth in credit to the private sector. In FY18, private sector borrowing increased by Rs. 769 Bn, a 14.8 percent growth over last year and 13.0 percent growth is expected in FY19.

Although real economic activity continued its strong performance, as mentioned above, challenges faced at the end of FY18 are expected to affect real sector growth. Import compression and lower consumer spending will hit key LSM sectors while the agriculture sector is likely to be affected adversely by the shortage of water.

With YoY CPI inflation at 5.8 percent as of July 2018, the average headline inflation is expected to cross the 6.0 percent target in FY19 according to the July 2018 Monetary Policy Statement (MPS) by the State Bank of Pakistan (SBP). Core NFNE (non-food non-energy) inflation increased by 7.6% YoY in July 2018 and is projected by the SBP at around 7.0 percent for FY19. These projections reflect demand pressures and are based on the higher than expected fiscal deficit, the unfavorable trend in international oil prices, lagged pass through of rupee depreciation and high survey-based inflation expectations.

In January 2018, the State Bank of Pakistan adjusted the policy rate upwards by 25 bps, after maintaining status quo for 20 months. The rate was kept unchanged in the March 2018 MPS but adjusted upwards again in May 2018 by 50 bps and in July 2018 by a further 100 bps, reaching 7.50 percent. The objective behind these adjustments was to address external account concerns amidst rising global interest rates, increase in international oil prices and increasing aggregate demand pressures. The SBP's Monetary Policy Committee stated that factors contributing to ongoing economic challenges include: the multiplier-effect of strong fiscal expansion during the second half of FY18, which is offsetting the contractionary impact of recent monetary tightening on domestic demand; an inflated import bill on account of higher international oil prices; the fall in real interest rates due to rising inflation projections, and a notable reduction in PKR and US interest rate differential. The latter has been rectified by the recent increase in domestic interest rates.

For FY19, the SBP projects FY19 GDP growth to be around 5.5 percent as compared to the annual target of 6.2 percent. These growth trajectories are optimistic given the BoP problem the country is currently facing.

Going forward, with the general elections in FY19 resolving last year's political concerns, the new government will have a clear field and a fresh five-year tenure to resume the economic reforms program. This would help improve business confidence, encourage private sector investment, accelerate CPEC related projects, address power generation and gas supply issues and ameliorate the security situation.

Review of the Bank's Performance

The summarized operating results of the Bank for the half year ended June 30, 2018 are presented as follows:

	Half year ended June 30, 2018	Half year ended June 30, 2017
FINANCIAL PERFORMANCE		
	Rupees in Millions	
Net Interest Income and Non Markup Income	21,121	20,426
Non Markup Expenses	11,691	12,092
Profit before tax	10,008	8,470
Profit after tax	6,039	4,881
Basic earnings per share – Rupees	3.75	3.04
Diluted earnings per share – Rupees	3.74	3.04
	June 30, 2018	December 31, 2017
STATEMENT OF FINANCIAL POSITION		
	Rupees in Millions	
Shareholders' Equity (before surplus)	63,257	58,514
Total Deposits	668,062	653,406
Total Assets	998,985	988,074
Advances – net	479,731	400,655
Investments – net	355,645	400,733

The Bank's Profit before Taxation for the half year ended June 30, 2018 was recorded at Rs. 10.008 Billion, as against Rs. 8.470 Billion, for the corresponding period last year, improving by 18 percent. This translates into earnings per share of Rs. 3.75 versus Rs. 3.04 per share for the corresponding period last year.

The Bank's revenue for the half year was reported at Rs. 21.121 Billion, improving by 3.4 percent from the corresponding period last year. Net Interest Income improved by 1.6 percent to end at Rs. 15.356 Billion. Amongst peers, the bank has augmented its position in advances - sustained by fresh deployments. The deposit system share has witnessed dilution as the bank embarked upon a strategy to sustainably rationalize its cost of funding with enduring focus on low cost deposits. Resultantly, BAFL's cost of fund is comparable to some of the large banks.

Non-Interest Income has improved by 8 percent as against the corresponding period last year, with improvement in foreign exchange earnings and dividend income complementing the growth in core fee and commission income.

With additional focus on cost control initiatives, administrative expenses have decreased by Rs. 261 million, reflecting a reduction of 2.2 percent as against the corresponding period last year. Total non-mark-up expenses have reduced by 3.3 percent, mainly due to the reversal of provision booked in earlier years against funds blocked in the Bank's Nostro Account in the US. The case has been settled in the current period and the blocked funds stand released in favor of the Bank.

Effective July 2018, the SBP has introduced a mechanism for Depositors protection, whereby all banks shall be depositing a quarterly premium with the SBP's Depositors Protection Corporation, to safeguard eligible depositors. This shall be an additional cost for doing business for all Banks in Pakistan.

With regards to non-performing loans, the Bank's coverage ratio stands at 91 percent at June 30, 2018. Net reversals against advances improved from Rs. 267 million for the half year ended June 2017 to Rs. 496 million for the current period, mainly on account of improved recoveries, which were reported at Rs. 1,355 million for June 2018, as against Rs. 1,136 million for the corresponding half year period. The Bank's NPL ratio at the period end stands at 3.4 percent, and remains one of the lowest in the industry.

Effective January 2018, IFRS 9 Financial Instruments, became applicable for the Bank's overseas locations, excluding Bangladesh. For Pakistan, the SBP has recently instructed all Banks to conduct an impact assessment exercise, for which work is in process. The Bank has engaged the services of a reputable firm of chartered accountants to facilitate this exercise.

On the Statement of Financial position, the Bank's total assets at the period end stand at Rs. 998.985 Billion as against Rs. 988.074 Billion at December 2017 end.

As mentioned above, the bank has maintained a stronger position in advances - as net advances improved by 20 percent from December 2017 to end at Rs. 479.731 Billion at June 2018 end. Compared to December 2017 end, Deposits increased by Rs. 15 Billion, ending at Rs. 668.062 Billion. More importantly, the Bank's CA has increased by Rs. 39 Billion to Rs. 307 Billion, representing an increase of 15 percent. This is reflective of the Bank's continued focus towards profiling its deposits profile. The bank enjoys extended outreach across the country which has augmented its deposit base.

Borrowings were reported at Rs. 197.792 Billion, reducing by 4 percent as against December 2017 levels.

During the current period, the Bank successfully closed its first ever additional Tier-1 Capital in the form of listed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments, with an issue size of Rs. 7 Billion.

Credit Rating

The Bank has been assigned an Entity Rating of 'AA+' (Double A Plus) for the Long Term and 'A1+' (A-One Plus) for the Short Term by PACRA, at June 2018 with Outlook assigned as Stable. The unsecured subordinated debt (Term Finance Certificates) of the Bank has been awarded a credit rating of AA (double A).

Furthermore, JCR-VIS Credit Rating Company Limited (JCR-VIS) has also assigned an entity rating of 'AA+' (Double A Plus) for the Long Term and 'A-1+' (A-One Plus) for the short term to the Bank, with Outlook assigned as 'Stable'. These ratings were also assigned in June 2018. The Bank's first ever Additional Tier 1 instrument (ADT-1) has been assigned an instrument rating 'AA-' (Double A Minus), with Stable Outlook.

The assigned ratings reflect the Bank's diversified operations, healthy financial risk profile, strong sponsors and existing market presence. These ratings denote a very low expectation of credit risk, a strong capacity for timely payment of financial commitments in the long term and the highest capacity for timely repayment in the short term, respectively.

Reconstitution of the Board of Directors

The Board of Directors at the Bank has been reconstituted following the election of Directors held in May 2018, and three new members have been inducted on the Board.

The members of the Board extend a warm welcome to the newly elected Board members Mr. Shehzad Naqvi, Dr. Ayesha Khan and Mr. Gyorgy Tamas Ladics, who were elected by the shareholders in the EOGM held on May 27th 2018. The skill set, expertise and wealth of knowledge that they bring to Bank Alfalah will surely help the Bank in maximizing the impact of the new initiatives we intend to take in the days to come.

We would also like to thank our outgoing Board member Mr. Kamran Y. Mirza, who finished his term in May 2018. The contribution of his time, talent and expertise are much appreciated, and we wish him well for his future endeavors.

Acknowledgment

On behalf of the Board, we thank the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan, the Ministry of Finance and other regulatory authorities for their continued guidance and support. We would also like to express our gratitude to our shareholders, customers, employees and business partners for their patronage.

President & Chief Executive Officer

Director

Date: August 26, 2018

Place: Abu Dhabi

مذکورہ بہتر کریڈٹ ریٹنگ بینک الفلاح کے متنوع آپریشنز، مستحکم مالیاتی رسک پروفائل، اسپانسرز کی مضبوطی اور مارکیٹ میں بینک کی مستحکم پوزیشن کی عکاسی کرتی ہے۔ یہ ریٹنگ بینک کے بہت کم کریڈٹ رسک کے ساتھ طویل مدت کے لیے اپنے مالیاتی وعدوں کی بروقت تکمیل کی بھرپور صلاحیت اور قلیل مدت کے لیے اپنے مالیاتی وعدوں کی تکمیل کی اعلیٰ تر صلاحیت کو ظاہر کرتی ہے۔

بورڈ آف ڈائریکٹرز کی تشکیل نو

بورڈ آف ڈائریکٹرز کی حال ہی میں تشکیل نو کی گئی ہے جس کیلئے مئی 2018 میں ڈائریکٹرز کے الیکشنز کا انعقاد کیا گیا اور بورڈ میں تین نئے ممبرز شامل کئے گئے۔

بورڈ میں توسیع کے بعد شامل ہونے والے نئے ممبرز جناب شہزاد نقوی، ڈاکٹر عائشہ خان اور جناب Gyorgy Tamas Ladics کو بورڈ کے ممبرز خوش آمدید کہتے ہیں، جن کو 27 مئی 2018 کو منعقدہ ای او جی ایم میں شیئرز ہولڈرز کی جانب سے منتخب کیا گیا ہے۔ بینک الفلاح کو ان کے ہنر، مہارت اور علم کی دولت سے بینک کے نئے اقدامات کو زیادہ سے زیادہ کارآمد بنانے میں آنے والے دنوں میں یقیناً مدد ملے گی۔

ہم اپنے رخصت ہونے والے بورڈ ممبر جناب کامران مرزا کا بھی شکریہ ادا کرنا چاہیں گے جن کی مدت مئی 2018 میں مکمل ہوئی۔ ہم ان کے وقت، صلاحیت اور مہارت کو سراہتے ہیں اور ان کے مستقبل کیلئے بینک خواہشات کا اظہار کرتے ہیں۔

اظہار تشکر

ہم بورڈ آف ڈائریکٹرز کی جانب سے اسٹیٹ بینک آف پاکستان، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، وفاقی وزارت خزانہ اور دیگر ریگولیٹری اتھارٹیز کی رہنمائی اور تعاون کی فراہمی کا شکریہ ادا کرتے ہیں۔ اس کے ساتھ ساتھ ہم اپنے شیئرز ہولڈرز، صارفین، ملازمین اور بزنس پارٹنرز کی جانب سے سرپرستی کے لئے تہہ دل سے شکر گزار ہیں۔

ڈائریکٹر

پریذیڈنٹ اینڈ چیف ایگزیکٹو آفیسر

26 اگست 2018

مقام: ابوظہبی

جنوری 2018 سے لاگو، آئی ایف آر ایس 9 فنانشل انسٹرومنٹس بینک کے بیرون ملک مقامات علاوہ بنگلہ دیش پر لاگو ہو گئے۔ پاکستان کیلئے ایس بی پی نے حال ہی میں تمام بینکوں کو ایک امپیکٹ اسیسمنٹ ایکسرسائز کروانی کی ہدایات دی، جس کیلئے کام جاری ہے۔ بینک نے اس ایکسرسائز کی سہولت کے حوالے سے اچھی ساکھ کی حامل چارٹرڈ اکاؤنٹنٹس فرم کی خدمات حاصل کی ہیں۔

فنانشل پوزیشن کی اسٹیٹمنٹ میں ختم ہونے والے دواہے میں بینک کے کل اثاثہ جات 998.985 بلین روپے ہیں جو دسمبر 2017 کے اختتام پر 988.074 بلین روپے تھے۔

جیسا کہ اوپر بیان کیا گیا کہ بینک نے ایڈوانسز میں اپنی مضبوط حیثیت برقرار رکھی ہے اور دسمبر 2017 کے اختتام سے نیٹ ایڈوانسز 20 فیصد بہتر ہوئے ہیں جو جون 2018 کے اختتام پر 479.731 بلین روپے تھے۔ دسمبر 2017 کے اختتام کے مقابلے میں ڈپازٹس میں 15 بلین روپے اضافہ ہوا، جو 668.062 بلین روپے پر ختم ہوئے۔ مزید اہم یہ کہ بینک کے سی اے میں 39 بلین روپے کا اضافہ ہوا اور کل سی اے 15 فیصد کے اضافے کے ساتھ 307 بلین روپے کی سطح پر پہنچ گئے۔ یہ بینک کی اپنے ڈپازٹ کی پروفائل کو بہتر بنانے کیلئے کی جانے والی کوششوں کا عکاس ہے۔ بینک کی ملک بھر میں رسائی کی وجہ سے اس کے ڈپازٹ کی بنیاد مضبوط ہوئی ہے۔

بینک کے حاصل شدہ قرضے 197.792 بلین روپے بیان کئے گئے، جو دسمبر 2017 کے مقابلے میں 4 فیصد کی کوٹا ہر کرتے ہیں۔

موجودہ دورانیے کے دوران بینک نے کامیابی کے ساتھ اپنے پہلے اضافی Tier-1 کیپٹل کو لسٹڈ، مستقل، غیر محفوظ، ماتحت، غیر مجموعی اور کنٹینجٹ قابل تبدیل ڈیٹ انسٹرومنٹ کی صورت میں 7 بلین روپے ایشو سائز پر بند کیا۔

کریڈٹ ریٹنگ

کریڈٹ ریٹنگ ایجنسی PACRA کی جانب سے جون 2018 کو بینک کی ریٹنگ طویل مدت کے لیے 'AA+' (ڈبل اے پلس) جبکہ قلیل مدت کے لیے 'A1+' (اے ون پلس) تفویض کی گئی۔ بینک کا آؤٹ لک مثبت قرار دیا گیا ہے۔ بینک کے ٹرم فنانس سرٹیفکیٹ کی ریٹنگ AA (ڈبل اے) تفویض کی گئی ہے۔

کریڈٹ ریٹنگ کمپنی JCR-VIS نے بینک الفلاح کو طویل مدت کے لیے 'AA+' (ڈبل اے پلس) جبکہ قلیل مدت کے لیے 'A-1+' (اے ون پلس) کریڈٹ ریٹنگ تفویض کی ہے۔ بینک الفلاح کے لیے تفویض کی جانے والی ریٹنگ مستحکم آؤٹ لک کو ظاہر کرتی ہے۔ یہ ریٹنگ جون 2018 کو جاری کی گئی ہے۔ بینک کا پہلا اضافی Tier 1 انسٹرومنٹ (ADT-1) کو مستحکم آؤٹ لک کے ساتھ انسٹرومنٹ ریٹنگ 'AA-' (ڈبل اے مائنس) تفویض کی گئی ہے۔

30 جون 2018 کو ختم ہونے والی ششماہی کے لیے بینک کے قبل از ٹیکس منافع کی مالیت 10.008 ارب روپے ریکارڈ کی گئی جو گزشتہ سال اس دورانیے میں 8.470 ارب روپے رہا تھا۔ جس میں 18 فیصد اضافہ ظاہر ہوتا ہے۔ ششماہی کے لیے آمدن فی شیئر 3.75 روپے رہی جو گزشتہ سال اس دورانیے میں 3.04 روپے تھا۔

اس ششماہی کیلئے بینک کا منافع 21.121 ارب روپے بیان کیا گیا، پچھلے سال اسی دورانیے کے مقابلے میں 3.4 فیصد اضافہ ہوا۔ خالص انٹرسٹ آمدن میں 1.6 فیصد بہتر ہوئی جو کہ 15.356 بلین روپے رہی۔ دیگر بینکوں کے درمیان بینک نے ایڈوانسز میں اپنی پوزیشن میں اضافہ کیا جو تازہ کم کی وجہ سے برقرار رہی۔ ڈپازٹ سسٹم شیئر میں کمزوری دیکھنے میں آئی جیسا کہ بینک نے کم لاگت کے ڈپازٹس پر دیر پا توجہ کے ساتھ فنڈنگ کی لاگت مستقل موزوں کرنے کے لئے حکمت عملی اپنائی۔

نان انٹرسٹ آمدن پچھلے سال بیان کئے گئے دورانیے کے مقابلے میں 8 فیصد بہتر ہوئی، جس میں فارن ایکسچج آمدنی اور ڈیویڈنڈ انکم نے بھی کورفیس اور کمیشن انکم کی نمو میں اضافے کا ساتھ دیا۔

لاگت پر قابو کرنے کے اقدامات پر اضافی توجہ کے ساتھ انتظامی اخراجات 261 بلین روپے کم ہو گئے، جو پچھلے بیان کئے گئے دورانیے کے مقابلے میں 2.2 فیصد کمی کو ظاہر کرتا ہے۔ ابتدائی سالوں میں بک کی گئی Provision جو امریکہ میں بینک کے Nostro اکاؤنٹ میں بلاک رقم کے مقابلے میں موجود تھی، اس رقم کی واپسی کی وجہ سے، کل نان مارک اپ اخراجات 3.3 فیصد کم ہوئے۔ موجودہ دور میں تنازعہ حل ہو گیا ہے اور بلاک فنڈز بینک کے حق میں جاری ہو گئے ہیں۔

ڈپازٹرز کے تحفظ کے لئے ایس بی پی نے ایک طریقہ کار متعارف کروایا ہے، جس کے تحت تمام بینک اہل ڈپازٹرز کے تحفظ کیلئے ایس بی پی کے ڈپازٹرز پروفیکشن کارپوریشن میں کواٹری پرییمیم ڈپازٹ کریں گے، جو جولائی 2018 سے لاگو ہوگا۔ پاکستان میں کاروبار کرنے کیلئے بینکوں کی یہ اضافی لاگت ہوگی۔

نان پر فارمنگ لونز کے حوالے سے بینک کی کوریج کی شرح 30 جون 2018 کو 91 فیصد رہی۔ ایڈوانسز کے مقابلے میں خالص ریلیسز جون 2017 میں ختم ہونے والی ششماہی میں 267 بلین روپے سے موجودہ مدت کیلئے بہتر ہو کر 496 بلین روپے ہو گئے، ریکوریز کے سلسلے میں بہتری آئی جو جون 2018 میں 1,355 بلین روپے بیان کی گئیں جبکہ پچھلے سال اسی مدت کے دورانیے میں 1,136 بلین روپے تھیں۔ بینک کی این پی ایل شرح دورانیے کے اختتام پر 3.4 فیصد رہی، جو انڈسٹری میں سب سے کم شرح میں سے ایک ہے۔

سال کا مدت ہوگی اور کرنے کو کھلا میدان ہوگا۔ اس سے کاروباری اعتماد، نجی سیکٹر کو سرمایہ کاری میں حوصلہ ہی پی ای سی سے متعلقہ پروجیکٹس کی رفتار میں اضافہ، توانائی کی پیداوار میں اضافہ اور گیس سپلائی کے مسائل اور امن و امان کے حالات میں بہتری لانے میں مدد ملے گی۔

بینک کی کارکردگی کا جائزہ

30 جون 2018 کو ختم ہونے والی سہ ماہی کے آپریٹنگ نتائج کا خلاصہ مندرجہ ذیل ہے:

ختم ہونے والی ششماہی 30 جون 2018	ختم ہونے والی ششماہی 30 جون 2017	فنانشل کارکردگی
21,121	20,426	خالص انٹرسٹ آمدن اور بغیر مارک اپ آمدن
11,691	12,092	بغیر مارک اپ اخراجات
10,008	8,470	قبل از ٹیکس منافع
6,039	4,881	بعد از ٹیکس منافع
3.75	3.04	بنیادی فی حصص آمدن - روپے
3.74	3.04	ڈائیلوٹڈ فی حصص آمدن - روپے
30 جون 2018	31 دسمبر 2017	فنانشل پوزیشن کی اسٹیٹمنٹ
63,257	58,514	شیر ہولڈرز کی ایکویٹی (قبل از سرپلس)
668,062	653,406	جمع شدہ قوم (ڈپازٹس) کی مجموعی مالیت
998,985	988,074	اثاثوں کی مجموعی مالیت
479,731	400,655	قرضہ جات - خالص
355,645	400,733	سرمایہ کاری - خالص

روپے اضافہ ہوا، جو کہ پچھلے سال کے مقابلے میں 14.8 فیصد نمو کو ظاہر کرتی ہے اور مالی سال 19 میں 13.0 فیصد نمو کی توقع ہے۔

اگرچہ ریئل معاشی سرگرمیاں بہتر کارکردگی جاری رکھے ہوئے ہیں جیسا کہ اوپر ظاہر کیا گیا ہے، مالی سال 18 کے آخر میں آنے والے چیلنجز کی وجہ سے ریئل سیکٹر نمو کے متاثر ہونے کی توقع ہے۔ امپورٹ میں کمی اور کنزیومر کے کم خرچ کرنے سے اہم ایل ایس ایم سیکٹر پر اثر پڑے گا، جبکہ ایگریکلچر سیکٹر پانی کی کمی سے متاثر ہو سکتا ہے۔

سی پی آئی افراط زر (YoY) جولائی 2018 کو 5.8 فیصد رہا، اسٹیٹ بینک آف پاکستان (ایس بی پی) کی جولائی 2018 کی مانیٹری پالیسی اسٹیٹمنٹ (ایم پی ایس) کے مطابق اوسط بالائی افراط زر مالی سال 19 میں 6.0 فیصد ہدف سے بڑھنے کا خدشہ ہے۔ کور این ایف این ای (نان فوڈ نان ایجز) افراط زر میں جولائی 2018 میں 7.6% YoY اضافہ ہوا اور مالی سال 19 میں ایس بی پی کے مطابق تقریباً 7.0 فیصد توقع ہے۔ یہ توقعات طلب کے دباؤ اور توقع سے زیادہ مالی خسارے کی بنیاد پر ہیں، اور انٹرنیشنل آئل پرائسز میں منفی رجحان، روپے کی قدر میں کمی اور سروے میسڈ زیادہ افراط زر کی توقعات پر مبنی ہیں۔

جنوری 2018 میں اسٹیٹ بینک آف پاکستان نے پالیسی ریٹ 20 مہینے برقرار رکھنے کے بعد، 25 bps بڑھادیا۔ مارچ 2018 میں MPS تبدیل نہیں ہوئے لیکن مئی 2018 میں دوبارہ 50 bps اضافہ کیا گیا اور جولائی 2018 میں مزید 100 bps اضافہ ہوا جس سے پالیسی ریٹ 7.50 فیصد پر پہنچ گیا۔ ان تبدیلیوں کا مقصد بیرونی اکاؤنٹ معاملات سے مطابقت اختیار کرنا تھا جو عالمی انٹرسٹ ریٹس، اور انٹرنیشنل آئل پرائسز میں اضافہ اور مجموعی طلب کے دباؤ میں اضافہ سے متاثر ہیں۔ ایس بی پی مانیٹری پالیسی کمیٹی نے موجودہ معاشی چیلنجز میں شریک مندرجہ ذیل عوامل بیان کئے: مالی سال 18 کے دوسرے حصے میں زیادہ مالی اخراجات کے اعداد و شمار کا اثر شامل ہے، جو اندرونی طلب پر حالیہ مانیٹری کھچاؤ کے تخفیفی اثر کو متوازن کر رہا ہے؛ زیادہ انٹرنیشنل آئل پرائسز کے سلسلے میں بڑھا ہوا امپورٹ بل؛ افراط زر میں اضافے کی توقع کی وجہ سے ریئل انٹرسٹ ریٹس میں کمی، اور پاکستانی روپے اور امریکی ڈالر کے درمیان انٹرسٹ ریٹ میں قابل توجہ کمی، جو کہ داخلی انٹرسٹ ریٹس میں حالیہ اضافے سے درست کر دیا گیا ہے۔

مالی سال 19 کیلئے ایس بی پی کو جی ڈی پی کی نمو میں، سالانہ ہدف 6.2 فیصد کے مقابلے میں 5.5 فیصد کی توقع ہے۔ یہ نمو پر اُمید ہیں، ایسے حالات میں جب BoP کے مسئلے کا ملک کو سامنا ہے۔

عام انتخابات نے پچھلے سال کے سیاسی بے چینی کو حل کر دیا ہے، نئی حکومت کے پاس معاشی اصلاحات کے پروگرام کو شروع کرنے کیلئے پانچ

ڈائریکٹرز کا جائزہ

ہم بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2018 کو ختم ہونے والی سہ ماہی اور شش ماہی کے بینک الفلاح لمیٹڈ (بینک) کے unconsolidated condensed عبوری مالیاتی حسابات پیش کر رہے ہیں۔

معاشی جائزہ

مالی سال 18 خوش اسلوبی سے مکمل ہوا، جس میں ملک کی معیشت میں GDP کی نمو، پچھلے 13 سالوں میں سب سے زیادہ 5.8 فیصد رہی، تاہم یہ نمو 6.2 فیصد کے ہدف سے کم رہا۔ اوسط سی پی آئی افراط زر 6.0 فیصد ہدف سے خاطر خواہ کم سطح پر ختم ہوا۔ بہتر داخلی طلب، ایگریکلچر میں ریکوری اور شاندار مینوفیکچرنگ پیداوار، مخصوص چیلنجز میں مذکورہ معاملات کی وجہ سے معاونت رہی۔

تاہم معیشت میں کمزوری مالی سال 18 کے اختتام پر نظر آئی۔ مالی سال 18 میں کرنٹ اکاؤنٹ خسارہ بڑھ کر 18.0 بلین ڈالر ہو گیا جو پچھلے سال 12.6 بلین ڈالر تھا۔ سال میں ملکی امپورٹس زیادہ معاشی سرگرمی میں اضافے کی وجہ سے 14.7 فیصد دیکھنے میں آئی۔ امپورٹس میں یہ نمایاں نمو ایکسپورٹس اور ورکرز کی ریمینٹنسز سے ہونے والی ریکوری پر حاوی رہی، جن میں مالی سال 18 میں بالترتیب 12.6 فیصد اور 1.4 فیصد کا اضافہ دیکھا گیا۔

بلند کرنٹ اکاؤنٹ خسارہ ملک کے اپنے ذرائع سے جزوی طور پر فنانس کیا گیا۔ ایس بی پی کے لیکوئڈ FX ذخائر 5.8 بلین ڈالر سے کم ہو کر 3 اگست 2018 کو 10.4 بلین ڈالر پر پہنچے (جو کہ مالی سال 18 کے آخر میں 9.8 بلین ڈالر تھے)۔ کم FX ذخائر اور بڑے امپورٹ بل کی وجہ سے امپورٹ کور مالی سال 17 کے اختتام پر 16 ہفتے امپورٹس سے مالی سال 18 کے اختتام میں 9 ہفتے رہ گیا۔ منسٹری آف فنانس، ایس بی پی، ایف بی آر اور منسٹری آف کامرس کے تعاون سے امپورٹ ڈیوٹیز پر ریگولیٹری ڈیوٹیوں میں اضافے پر غور کر رہے ہیں جس کا مقصد ملکی تجارتی خسارے پر قابو پانا ہے۔ حال ہی میں ایس بی پی نے چند اقدامات اٹھائے ہیں جیسا کہ سخت مانیٹری پالیسی، روپے کی قدر میں کمی، ایکسپورٹ پیکیجز اور ایڈوائس جیمینٹ سہولیات کو واضح کردہ سطح تک ختم کرنا، تاکہ FX ذخائر مستحکم ہو سکیں۔ اعلان کردہ ایمنسٹی اسکیم سے رقوم کی آمد، اور مستقبل قریب میں بھی رقم کی مزید وطن واپسی کی توقع، بیرونی قرضوں کی واپسی اور بڑے کرنٹ اکاؤنٹ خسارے کے حوالے سے اہمیت کی حامل ہے۔

مانیٹری سیکٹر میں حکومتی قرضہ نمایاں رہا اور نجی سیکٹر کے کریڈٹ میں بہتر نمونہ نظر آئی۔ مالی سال 18 میں نجی سیکٹر کے قرضوں میں 769 بلین

Independent Auditors' Review Report

To the Members of Bank Alfalah Limited Report on Review of Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Bank Alfalah Limited (the Bank) as at 30 June 2018 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity and notes to the accounts for the six-months' period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the three months ended 30 June 2018 and 30 June 2017 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 30 June 2018.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International 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 statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The financial statements for the Bank for the six-month period ended 30 June 2017 and for the year ended 31 December 2017 were reviewed and audited by another firm of chartered accountants who have expressed unmodified conclusion and unmodified opinion vide their review report and audit report issued on 17 August 2017 and 25 February 2018 respectively.

The engagement partner on the audit resulting in this independent auditor's review report is Omer Chughtai.

EY Ford Rhodes
Chartered Accountants
Karachi
Date: August 26, 2018

Unconsolidated Condensed Interim Statement of Financial Position

As at June 30, 2018

	Note 5.1	(Un-audited) June 30, 2018	(Audited) (Restated) December 31, 2017
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		82,162,914	70,381,435
Balances with other banks		3,786,003	3,753,954
Lendings to financial institutions	8	15,574,386	48,895,828
Investments - net	9	355,644,517	400,733,286
Advances - net	10	479,730,649	400,655,424
Operating fixed assets	11	16,816,902	17,627,997
Deferred tax assets		-	-
Other assets	12	45,269,854	46,026,023
		998,985,225	988,073,947
LIABILITIES			
Bills payable		10,346,213	12,461,866
Borrowings	13	197,792,903	207,193,686
Deposits and other accounts	14	668,062,092	653,406,071
Sub-ordinated loans	15	11,990,000	4,991,000
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		2,172,128	3,153,750
Other liabilities	12	39,864,579	41,067,834
		930,227,915	922,274,207
NET ASSETS		68,757,310	65,799,740
REPRESENTED BY			
Share capital		16,130,572	16,075,720
Reserves		20,489,279	18,156,669
Unappropriated profit		26,637,031	24,282,103
		63,256,882	58,514,492
Surplus on revaluation of assets - net of tax		5,500,428	7,285,248
		68,757,310	65,799,740

CONTINGENCIES AND COMMITMENTS

16

The annexed notes 1 to 27 and Annexure I form an integral part of the unconsolidated condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Unconsolidated Condensed Interim Profit and Loss Account (Un-audited)

For the quarter and half year ended June 30, 2018

	Note	Quarter ended June 30, 2018	Half year ended June 30, 2018	Quarter ended June 30, 2017	Half year ended June 30, 2017
----- (Rupees in '000) -----					
Mark-up / return / interest earned		13,823,192	28,091,911	14,150,199	27,979,767
Mark-up / return / interest expensed		6,021,309	12,735,920	6,464,160	12,869,042
Net mark-up / interest income		7,801,883	15,355,991	7,686,039	15,110,725
(Reversal) / provision against non-performing loans and advances - net	10.3	(294,911)	(495,546)	(188,431)	(266,973)
Provision for diminution in value of investments - net	9.2	4,081	(82,742)	134,784	130,888
Bad debts written-off directly		-	-	-	-
		(290,830)	(578,288)	(53,647)	(136,085)
Net mark-up / interest income after provisions		8,092,713	15,934,279	7,739,686	15,246,810
Non mark-up / interest income					
Fee, commission and brokerage income		1,637,171	3,153,344	1,700,950	3,067,489
Dividend income		184,867	272,709	79,443	167,272
Income from dealing in foreign currencies		469,932	882,858	230,979	466,415
Gain on sale of securities - net		528,683	1,277,656	781,378	1,502,394
Unrealised (loss) / gain on revaluation of investments classified as held for trading - net		(97,075)	(95,604)	(10,011)	(4,390)
Other income		176,489	273,761	58,149	115,881
Total non mark-up / interest income		2,900,067	5,764,724	2,840,888	5,315,061
		10,992,780	21,699,003	10,580,574	20,561,871
Non mark-up / interest expenses					
Administrative expenses		5,723,006	11,675,634	6,294,620	11,936,149
Provision / (reversal) against off-balance sheet obligations		(11,213)	2,857	5,811	(13,123)
Provision / (reversal) against other assets	17	234,648	(180,366)	5,648	(16,170)
Other charges		114,032	193,356	94,875	185,252
Total non mark-up / interest expenses		6,060,473	11,691,481	6,400,954	12,092,108
		4,932,307	10,007,522	4,179,620	8,469,763
Extra ordinary / unusual items		-	-	-	-
Profit before taxation		4,932,307	10,007,522	4,179,620	8,469,763
Taxation	20				
- Current		2,402,831	4,285,804	1,607,655	3,142,250
- Deferred		(225,352)	(97,397)	(105,160)	(137,867)
- Prior years		(20,376)	(219,843)	584,434	584,434
		2,157,103	3,968,564	2,086,929	3,588,817
Profit after taxation		2,775,204	6,038,958	2,092,691	4,880,946
(Rupees)					
Basic earnings per share	18	1.72	3.75	1.30	3.04
Diluted earnings per share - Restated	18	1.72	3.74	1.30	3.04

The annexed notes 1 to 27 and Annexure I form an integral part of the unconsolidated condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited) For the quarter and half year ended June 30, 2018

	Quarter ended June 30, 2018	Half year ended June 30, 2018	Quarter ended June 30, 2017	Half year ended June 30, 2017
	----- (Rupees in '000) -----			
Profit after taxation	2,775,204	6,038,958	2,092,691	4,880,946
Other comprehensive income				
Items that are or may be reclassified subsequently to profit and loss account				
Exchange differences on translation of net investment in foreign branches	732,272	1,089,818	(18,011)	(11,027)
Comprehensive income - transferred to unconsolidated condensed interim statement of changes in equity	<u>3,507,476</u>	<u>7,128,776</u>	<u>2,074,680</u>	<u>4,869,919</u>
Components of comprehensive income not reflected in equity				
(Deficit) on revaluation of available-for-sale securities	(2,056,359)	(2,559,578)	(942,591)	(1,980,307)
Related deferred tax liability	738,240	924,575	322,969	683,233
	<u>(1,318,119)</u>	<u>(1,635,003)</u>	<u>(619,622)</u>	<u>(1,297,074)</u>

The annexed notes 1 to 27 and Annexure I form an integral part of the unconsolidated condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)

For the half year ended June 30, 2018

Note	Half year ended	
	June 30, 2018	June 30, 2017
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	10,007,522	8,469,763
Less: Dividend income	(272,709)	(167,272)
	<u>9,734,813</u>	<u>8,302,491</u>
Adjustments for:		
Depreciation	868,446	903,341
Amortisation	246,193	210,355
(Reversal) against non-performing loans and advances - net	(495,546)	(266,973)
(Reversal) / provision for diminution in the value of investments - net	(82,742)	130,888
Provision / (Reversal) against off-balance sheet obligations	2,857	(13,123)
(Reversal) / provision against other assets	(180,366)	(16,170)
Unrealised loss on revaluation of investments classified as held for trading - net	95,604	4,390
Gain on sale of operating fixed assets - net	(119,121)	(5,664)
Charge for defined benefit plan	95,753	140,533
	<u>431,078</u>	<u>1,087,577</u>
	<u>10,165,891</u>	<u>9,390,068</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	25,692,236	(1,233,860)
Held-for-trading securities	(35,839,455)	(9,017,984)
Advances	(78,579,679)	(30,984,065)
Other assets (excluding tax recoverable and dividend receivable)	(36,155)	(1,322,381)
	<u>(88,763,053)</u>	<u>(42,558,290)</u>
Increase / (decrease) in operating liabilities		
Bills payable	(2,115,653)	(289,694)
Borrowings	(8,977,026)	22,728,091
Deposits and other accounts	14,656,021	15,583,673
Other liabilities	(1,322,015)	378,557
	<u>2,241,327</u>	<u>38,400,627</u>
	<u>(76,355,835)</u>	<u>5,232,405</u>
Income tax paid	(3,198,226)	(3,012,790)
Net cash (used in) / generated from operating activities	<u>(79,554,061)</u>	<u>2,219,615</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in available-for-sale securities	74,885,315	18,633,507
Net investment in held-to-maturity securities	3,404,406	1,085,589
Disposal in subsidiaries and associates	-	511,397
Dividend income received	273,320	177,653
Investment in operating fixed assets	(566,979)	(1,083,143)
Proceeds from sale of operating fixed assets	382,556	62,285
Net cash generated from / (used in) investing activities	<u>78,378,618</u>	<u>19,387,288</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Issuance / (Redemption) of sub-ordinated loans	6,999,000	(1,663,330)
Proceeds from issue of shares	82,489	191,722
Dividend paid	(2,387,785)	(458)
Net cash (used in) / generated from financing activities	4,693,704	(1,472,066)
Exchange difference on translation of the net investments in foreign branches	1,089,818	(11,027)
Increase / (decrease) in cash and cash equivalents	4,608,079	20,123,810
Cash and cash equivalents at beginning of the period	95,910,073	88,823,482
Effect of exchange rate changes on cash and cash equivalents	(2,488,862)	(72,385)
	<u>93,421,211</u>	<u>88,751,097</u>
Cash and cash equivalents at end of the period	<u>19</u> <u>98,029,290</u>	<u>108,874,907</u>

The annexed notes 1 to 27 and Annexure I form an integral part of the unconsolidated condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited) For the half year ended June 30, 2018

	Capital Reserves				Revenue Reserves		Total
	Share Capital	Share Premium	Statutory Reserve*	Exchange Translation Reserve	Employee Share Option Compensation Reserve	Unappropriated profit	
	(Rupees in '000)						
Balance as at January 1, 2017, as previously reported	15,952,076	4,417,126	9,720,886	1,584,020	173,620	17,337,458	49,185,186
Effect of change in accounting policy for surplus / (deficit) on operating fixed assets - note 5.1	-	-	-	-	-	(30,137)	(30,137)
Balance as at January 1, 2017 (Restated)	15,952,076	4,417,126	9,720,886	1,584,020	173,620	17,307,321	49,155,045
Changes in equity for the half year ended June 30, 2017							
Total comprehensive income for the period							
Profit after taxation for the half year ended June 30, 2017	-	-	-	-	-	4,880,946	4,880,946
Other comprehensive income for the half year ended June 30, 2017							
Exchange differences on translation of net investment in foreign branches	-	-	-	(11,027)	-	-	(11,027)
	-	-	-	(11,027)	-	4,880,946	4,869,919
Transfer to statutory reserve	-	-	976,189	-	-	(976,189)	-
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	16,056	16,056
Transactions with owners, recorded directly in equity							
Shares issued during the period	123,644	68,078	-	-	-	-	191,722
Adjustment to unamortised portion of deferred employee compensation expense	-	-	-	-	39,699	-	39,699
Transfer of Share Premium on issuance of shares under Stock Option Scheme	-	127,787	-	-	(127,787)	-	-
Balance as at June 30, 2017 - Restated	16,075,720	4,612,991	10,697,075	1,572,993	85,532	21,228,134	54,272,445
Changes in equity for the half year ended December 31, 2017							
Total comprehensive income for the period							
Profit after taxation for the half year ended December 31, 2017	-	-	-	-	-	3,486,349	3,486,349
Other comprehensive income for the half year ended December 31, 2017							
Exchange differences on translation of net investment in foreign branches	-	-	-	503,814	-	-	503,814
Remeasurement of defined benefit plans	-	-	-	-	-	380,229	380,229
Related tax charge	-	-	-	-	-	(133,080)	(133,080)
	-	-	-	503,814	-	3,733,498	4,237,312
Transfer to statutory reserve	-	-	697,270	-	-	(697,270)	-
Transfer from surplus on revaluation of operating fixed assets - net of tax	-	-	-	-	-	17,741	17,741
Transactions with owners, recorded directly in equity							
Adjustment to unamortised portion of deferred employee compensation expense	-	-	-	-	(13,006)	-	(13,006)
Balance as at December 31, 2017 - Restated	16,075,720	4,612,991	11,394,345	2,076,807	72,526	24,282,103	58,514,492
Impact of adoption of IFRS 9 - note 5.2	-	-	-	-	-	(81,596)	(81,596)
Restated opening balances as at January 01, 2018 under IFRS 9	16,075,720	4,612,991	11,394,345	2,076,807	72,526	24,200,507	58,432,896
Changes in equity for the half year ended June 30, 2018							
Total comprehensive income for the period							
Profit after taxation for the half year ended June 30, 2018	-	-	-	-	-	6,038,958	6,038,958
Other comprehensive income for the half year ended June 30, 2018							
Exchange differences on translation of net investment in foreign branches	-	-	-	1,089,818	-	-	1,089,818
	-	-	-	1,089,818	-	6,038,958	7,128,776
Transfer to statutory reserve	-	-	1,207,792	-	-	(1,207,792)	-
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	16,716	16,716
Transactions with owners, recorded directly in equity							
Final cash dividend for the year ended December 31, 2017 @15%	-	-	-	-	-	(2,411,358)	(2,411,358)
Shares issued during the period	54,852	27,637	-	-	-	-	82,489
Amortisation of deferred employee compensation expense	-	-	-	-	7,363	-	7,363
Transfer of Share Premium on issuance of shares under Stock Option Scheme	-	54,972	-	-	(54,972)	-	-
Balance as at June 30, 2018	16,130,572	4,695,600	12,602,137	3,166,625	24,917	26,637,031	63,255,882

* This represents reserve created under section 21(i) (a) of the Banking Companies Ordinance, 1962.
The annexed notes 1 to 27 and Annexure I form an integral part of the unconsolidated condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2018

1 STATUS AND NATURE OF BUSINESS

Bank Alfalah Limited (the Bank) is a banking company incorporated in Pakistan on June 21, 1992 as a public limited company. It commenced its banking operations on November 1, 1992. The Bank's registered office is located at B. A. Building, I. I. Chundrigar Road, Karachi and is listed on the Pakistan Stock Exchange. The Bank is engaged in banking services as described in the Banking Companies Ordinance, 1962 and is operating through 478 conventional banking branches including 22 sub branches (2017: 475 branches including 22 sub branches), 10 overseas branches (2017: 10 branches), 152 Islamic banking branches (2017: 152 branches) and 1 offshore banking unit (2017: 1 unit).

The Bank has been assigned an Entity Rating of 'AA+' (Double A Plus) for the Long Term and 'A1+' (A-One Plus) for the Short Term by PACRA, with Outlook assigned as 'Stable' (2017: AA+ [Double A Plus] for long term and A1+ [A-One Plus] for short term with a 'Stable' outlook). The unsecured subordinated debt (Term Finance Certificates) of the Bank has been assigned a credit rating of AA (double A). These ratings were assigned at June 2018.

Furthermore, JCR-VIS Credit Rating Company Limited (JCR-VIS) also assigned an entity rating of 'AA+' (Double A Plus) for the Long Term and 'A-1+' (A-One Plus) for the short term to the Bank, with Outlook assigned as 'Stable' (2017: AA+ [Double A Plus] for long term and A1+ [A-One Plus] for short term with a 'Stable' outlook). These ratings were assigned in June 2018. The Bank's first ever Additional Tier 1 instrument (ADT-1) has been assigned an instrument rating 'AA-' (Double A Minus), with 'Stable' Outlook.

2 BASIS OF PRESENTATION

- 2.1 These unconsolidated condensed interim financial statements represent separate financial information of Bank Alfalah Limited in which investments in subsidiaries and associates are accounted on the basis of direct equity interest rather than on the basis of reported results.
- 2.2 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible form of trade-related modes of financing includes purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these unconsolidated condensed interim financial statements as such, but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon. The Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards issued by the Institute of Chartered Accountants of Pakistan and notified under the provisions of the Companies Act, 2017.
- 2.3 Key financial figures of the Islamic Banking branches are disclosed in Annexure I to these unconsolidated condensed interim financial statements.

3 STATEMENT OF COMPLIANCE

- 3.1 These condensed interim unconsolidated financial statements has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards comprise of:
 - International Accounting Standard (IAS-34), Interim financial reporting, issued by the International Accounting Standards Board (IASB),
 - Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017,
 - Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017.

Wherever the requirements of provisions of Companies Act, 2017, Banking Companies Ordinance, 1962 and directives issued by the SBP and the SECP differ with the requirements of IAS-34 or IFAS, the requirements of the Companies

Act, 2017, Banking Companies Ordinance, 1962 and the directives issued by the SECP and SBP have been followed.

3.2 The disclosures made in these unconsolidated condensed interim financial statements have been limited based on the format prescribed by the State Bank of Pakistan through BSD Circular Letter No. 2 dated May 12, 2004 and the requirements of International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the information required for the full annual financial statements and these unconsolidated condensed interim financial statements should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2017.

4 BASIS OF MEASUREMENT

4.1 Accounting convention

These unconsolidated condensed interim financial statements have been prepared under the historical cost convention except that certain fixed assets and other assets are stated at revalued amounts, held for trading and available for sale investments and derivative financial instruments are measured at fair value. Further, staff retirement benefits have been carried at present values as determined under the International Accounting Standards (IAS) 19 (revised) 'Employee Benefits'.

4.2 Functional and Presentation Currency

These condensed interim unconsolidated financial statements is presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies and the methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are same as those applied in the preparation of the financial statements of the Bank for the year ended December 31, 2017, except for the following:

5.1 Surplus / Deficit on Revaluation of Operating Fixed Assets

The Companies Ordinance, 1984 (the repealed Ordinance) was repealed through the enactment of the Companies Act, 2017 on May 30, 2017. However, as directed by the Securities and Exchange Commission of Pakistan vide circular number 23 dated October 4, 2017, the financial reporting requirements of the Companies Act, 2017 were only made applicable for reporting periods starting from January 1, 2018.

The repealed Ordinance specified the accounting treatment for the surplus on revaluation on fixed assets, wherein, a deficit arising on revaluation of a particular property was to be adjusted against the total balance in the surplus account or, if no surplus existed, was to be charged to the profit and loss account as an impairment of the asset. However, the Companies Act, 2017 removed the specific provisions allowing the above treatment and hence, a deficit arising on revaluation of a particular property is now to be accounted for in accordance with IAS 16, which requires that such deficit is to be taken to the profit and loss account as an impairment.

Consequently, the Bank has changed its policy for accounting for a deficit arising on revaluation of fixed assets and accordingly, any surplus/deficit arising on revaluation of owned property and non-banking assets acquired in satisfaction of claims is accounted for at individual assets level.

The effect of this change in accounting policy, which is applied with retrospective effect, is as follows:

	December 31, 2017	December 31, 2016	December 31, 2015
	------(Rupees in '000)-----		
Decrease in unappropriated profit	732	732	28,673
Increase in surplus on revaluation of assets – net of tax	732	732	28,673

5.2 Expected Credit Losses - IFRS 9

During the current period, the Bank's Bahrain, Afghanistan and UAE Operations have, in line with their respective locally applicable regulatory frameworks, adopted IFRS 9 'Financial Instruments' as issued by the International Accounting Standards Board (IASB) in July 2014. In order to ensure compliance with the regulatory framework in these countries, the expected credit loss charge arising as a result of adoption of IFRS 9 has been retained as a general provision in these unconsolidated condensed interim financial statements.

As permitted by the transitional provisions of IFRS 9, the Bank elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings and other reserves of the current period.

The adoption of this standard by the overseas branches have resulted in additional net of tax provisioning requirement of Rs. 81.596 million in respect of prior year which has been incorporated in the opening balance of retained earnings, while net of tax provision reversal of Rs. 21.264 million has been booked in profit and loss statement of overseas operations, in respect of current period.

Had IFRS 9 not been adopted by the overseas branches, unappropriated profit, investments, advances, other assets, other liabilities and deferred tax liabilities as at June 30, 2018 would have been higher by Rs. 60.332 million, Rs. 52.457 million, Rs. 16.777 million, Rs. 4.210 million, Rs. 5.788 million and Rs. 18.900 million, respectively.

5.3 Measurement of Redeemable Participating Certificates - IFRS 9

During the current period, the adoption of IFRS 9 at Bahrain Operations of the Bank has resulted in investments in Redeemable Participating Certificates held abroad, being mandatorily measured at "Fair Value through Profit and Loss Account". However, based on the clarification received from the State Bank of Pakistan (SBP) vide their letter No. BPRD/RPD/2018-16203 dated July 26, 2018, such investments have been reported and measured under "Available for Sale" investments in these unconsolidated condensed interim financial statements.

5.4 New / Revised Standards, Interpretations and Amendments

There are certain new and amended standards and interpretations that are mandatory for accounting periods beginning on or after January 1, 2018 but are considered not to be relevant or don't have any significant effect on the Bank's operations and therefore not detailed in these condensed interim unconsolidated financial statements.

6 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis and methods used for critical accounting estimates and judgements adopted in these unconsolidated condensed interim financial statements are same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2017.

7 FINANCIAL RISK MANAGEMENT

The Bank's Financial Risk Management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended December 31, 2017.

	Note	(Un-audited) June 30, 2018 (Rupees in '000)	(Audited) December 31, 2017
8 LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings	8.1	12,626,730	20,255,936
Bai Muajjal		-	16,791,356
Repurchase agreement lendings	8.2	<u>2,947,656</u>	<u>11,848,536</u>
		<u>15,574,386</u>	<u>48,895,828</u>

8.1 These represent lendings to financial institutions at interest rates ranging from 3.00% to 10.50% per annum (December 2017: 1.50% to 9.75% per annum) having maturities upto August 2018 (December 2017: March 2018).

8.2 These represent short term lending to financial institutions against government securities. These carry mark-up rates ranging from 5.95% to 6.95% per annum (December 2017: 5.80% to 6.20% per annum) with maturities upto July 2018 (December 2017: June 2018).

9. INVESTMENTS - NET

9.1 Investments by types

	June 30, 2018 (Un-audited)			December 31, 2017 (Audited)		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
	------(Rupees in '000)-----					
Held-for-trading securities						
Market Treasury Bills	48,200,616	-	48,200,616	22,759,650	-	22,759,650
Pakistan Investment Bonds	9,337,262	-	9,337,262	-	-	-
Overseas Bonds	21,154	-	21,154	19,443	-	19,443
Fully paid up ordinary shares / units - Listed	1,080,305	-	1,080,305	28,140	-	28,140
	58,639,337	-	58,639,337	22,807,233	-	22,807,233
Available-for-sale securities						
Market Treasury Bills	37,410,650	76,799,875	114,210,525	77,610,358	85,274,643	162,885,001
Pakistan Investment Bonds	14,290,335	66,490,545	80,780,880	43,168,310	64,920,622	108,088,932
Fully paid up ordinary shares / units - Listed	6,507,145	-	6,507,145	5,773,258	-	5,773,258
Fully paid up ordinary shares - Unlisted	382,055	-	382,055	350,507	-	350,507
Term Finance Certificates	1,125,996	-	1,125,996	1,297,084	-	1,297,084
Preference Shares - Listed	108,835	-	108,835	108,835	-	108,835
Preference Shares - Unlisted	25,000	-	25,000	25,000	-	25,000
Redeemable Participating Certificates	1,262,421	-	1,262,421	1,133,659	-	1,133,659
Commercial papers	93,542	-	93,542	90,201	-	90,201
Pakistan Euro Bonds	2,140,374	-	2,140,374	1,435,375	845,802	2,281,177
Overseas Bonds	1,473,088	3,024,372	4,497,460	1,479,097	2,526,175	4,005,272
Sukuk Bonds	39,483,718	3,666,894	43,150,612	36,191,513	6,939,721	43,131,234
	104,303,159	149,981,686	254,284,845	168,663,197	160,506,963	329,170,160
Held-to-maturity securities						
Market Treasury Bills	2,378,378	-	2,378,378	1,470,741	-	1,470,741
Pakistan Investment Bonds	28,455,334	-	28,455,334	31,637,988	-	31,637,988
Term Finance Certificates	524,266	-	524,266	524,266	-	524,266
Pakistan Euro Bonds	212,626	-	212,626	193,239	-	193,239
Overseas Bonds	4,399,209	1,206,046	5,605,255	4,945,043	1,095,269	6,040,312
Sukuk Bonds	3,384,091	-	3,384,091	4,097,810	-	4,097,810
	39,353,904	1,206,046	40,559,950	42,869,087	1,095,269	43,964,356
Subsidiaries						
Alfalah Securities (Private) Limited	300,000	-	300,000	300,000	-	300,000
Alfalah GHP Investment Management Limited	130,493	-	130,493	130,493	-	130,493
	430,493	-	430,493	430,493	-	430,493
Associates						
Alfalah Insurance Limited	68,990	-	68,990	68,990	-	68,990
Sapphire Wind Power Company Limited	978,123	-	978,123	978,123	-	978,123
TriconBoston Consulting Corporation (Private) Limited	769,230	-	769,230	769,230	-	769,230
	1,816,343	-	1,816,343	1,816,343	-	1,816,343
Investments at cost	204,543,236	151,187,732	355,730,968	236,586,353	161,602,232	398,188,585
Provision for diminution in value of investments - net	9.2 (1,380,737)	-	(1,380,737)	(1,349,330)	-	(1,349,330)
Investments (net of provisions)	203,162,499	151,187,732	354,350,231	235,237,023	161,602,232	396,839,255
Surplus / (deficit) on revaluation of held for trading securities - net	(95,604)	-	(95,604)	(7,351)	-	(7,351)
Surplus / (deficit) on revaluation of available for sale securities-net	1,057,732	332,158	1,389,890	1,976,459	1,924,923	3,901,382
Total investments	204,124,627	151,519,890	355,644,517	237,206,131	163,527,155	400,733,286

9.2 Particulars of provision for diminution in value of investments - net

	(Un-audited) June 30, 2018	(Audited) December 31, 2017
	(Rupees in '000)	
Opening balance	1,349,330	2,079,781
Impact of adoption of IFRS 9 (note 5.2)	77,698	-
Balance at January 01 on adoption of IFRS 9	1,427,028	2,079,781
Charge for the period / year	39,518	189,997
Reversals during the period / year	(122,260)	(15,584)
	(82,742)	174,413
Provision written off / (adjusted) during the period / year	36,451	(904,864)
Closing balance	1,380,737	1,349,330

		(Un-audited) June 30, 2018	(Audited) December 31, 2017
		(Rupees in '000)	
9.3	Particulars of provision for diminution in value of investments by type and segment		
	Available for sale securities		
	Listed companies / mutual funds		
	- Fully paid up ordinary shares / units		
	- First Dawood Investment Bank Limited	15,000	15,000
	- Agritech Limited	7,383	-
	- Preference shares		
	- Agritech Limited	108,835	108,835
	Unlisted companies		
	- Fully paid up ordinary shares of Rs. 10 each		
	- AGP Limited	-	43,632
	- Pakistan Export Finance Guarantee Agency Limited	5,725	5,725
	- Al-Hamra Avenue (Private) Limited	50,000	50,000
	- Pakistan Mobile Communications Limited	3,936	3,936
	Unlisted securities		
	- Term finance certificates / sukuks		
	- Azgard Nine Limited	76,220	76,220
	- Security Leasing Corporation Limited I	6,418	6,418
	- Security Leasing Corporation Limited II	23,105	23,105
	- New Allied Electronics	1,785	2,185
	- Fauji Akbar Portia Marine Terminals Limited	253,560	224,499
	- Quetta Textile Mills Limited	66,987	72,619
	- Preference shares		
	- Trust Investment Bank Limited	25,000	25,000
	Held to maturity securities		
	Unlisted securities		
	- Term finance certificates / sukuk bonds		
	- Agritech Limited	499,586	499,586
	- BRR Guardian Modaraba	12,800	20,593
	- Security Leasing Corporation Limited II	29,245	29,245
	- Sitara Peroxide (Private) Limited	118,052	118,052
	- Zulekha Textile Mills	24,680	24,680
	General Provision - Overseas Operations - (Refer Note 5.2)	9.3.1	
		52,420	-
		1,380,737	1,349,330
9.3.1	General provision pertains to overseas branches to meet the requirements of the regulatory authorities of the respective countries in which the Bank operates.		
10	ADVANCES - NET		
	Loans, cash credits, running finances, etc.		
	- In Pakistan	382,010,915	331,070,523
	- Outside Pakistan	15,099,959	14,338,182
		397,110,874	345,408,705
	Net investment in finance lease		
	- In Pakistan	4,282,526	4,090,945
	- Outside Pakistan	-	-
		4,282,526	4,090,945
	Islamic financing and related assets (gross)	10.1	
		84,347,843	56,880,169
	Bills discounted and purchased		
	- Payable in Pakistan	3,156,051	5,444,779
	- Payable outside Pakistan	6,797,874	5,357,334
		9,953,925	10,802,113
	Gross Advances	495,695,168	417,181,932
	Provision against advances		
	- Specific provision	10.3	
	- General provision	10.3	
		(15,051,989)	(15,683,771)
		(912,530)	(842,737)
		(15,964,519)	(16,526,508)
	Advances - net of provision	479,730,649	400,655,424

- 10.1** This represents financing and related assets placed under shariah permissible modes and presented in Annexure I to these unconsolidated interim financial statements.
- 10.2** Advances include Rs. 16,592 million (December 31, 2017: Rs. 17,579 million) which have been placed under non-performing status as detailed below:

June 30, 2018 (Un-audited)									
Classified Advances			Provision Required			Provision Held			
Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total	
----- (Rupees in '000) -----									
Category of classification									
Other Assets Especially Mentioned (Agri Financing)	91,333	-	91,333	3,877	-	3,877	3,877	-	3,877
Substandard	1,366,973	-	1,366,973	333,874	-	333,874	333,874	-	333,874
Doubtful	986,666	-	986,666	670,004	-	670,004	670,004	-	670,004
Loss	13,839,610	307,140	14,146,750	13,768,313	275,921	14,044,234	13,768,313	275,921	14,044,234
	16,284,582	307,140	16,591,722	14,776,068	275,921	15,051,989	14,776,068	275,921	15,051,989
<hr/>									
December 31, 2017 (Audited)									
Classified Advances			Provision Required			Provision Held			
Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total	
----- (Rupees in '000) -----									
Category of classification									
Other Assets Especially Mentioned (Agri Financing)	84,960	-	84,960	4,979	-	4,979	4,979	-	4,979
Substandard	1,359,006	-	1,359,006	338,582	-	338,582	338,582	-	338,582
Doubtful	1,854,513	-	1,854,513	1,245,152	-	1,245,152	1,245,152	-	1,245,152
Loss	13,977,344	303,018	14,280,362	13,836,719	258,339	14,095,058	13,836,719	258,339	14,095,058
	17,275,823	303,018	17,578,841	15,425,432	258,339	15,683,771	15,425,432	258,339	15,683,771

10.3 Particulars of provisions against non-performing loans and advances

	Half year ended June 30, 2018 (Un-audited)			Year ended December 31, 2017 (Audited)		
	Specific	General	Total	Specific	General	Total
(Rupees in '000)						
Opening balance	15,683,771	842,737	16,526,508	16,366,993	775,967	17,142,960
Impact of adoption of IFRS 9 (note 5.2)	-	25,297	25,297	-	-	-
Balance at January 01 on adoption of IFRS 9	15,683,771	868,034	16,551,805	16,366,993	775,967	17,142,960
Exchange adjustment and other movements	22,323	12,593	34,916	2,221	(9,425)	(7,204)
Charge for the period / year	742,017	117,363	859,380	2,230,902	169,445	2,400,347
Reversals / recoveries	(1,269,466)	(85,460)	(1,354,926)	(2,741,259)	(93,250)	(2,834,509)
	(527,449)	31,903	(495,546)	(510,357)	76,195	(434,162)
Amounts written off	(126,656)	-	(126,656)	(175,086)	-	(175,086)
Closing balance	15,051,989	912,530	15,964,519	15,683,771	842,737	16,526,508

10.3.1 The additional profit arising from availing the forced sales value (FSV) benefit - net of tax at June 30, 2018 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees amounted to Rs. 20.293 million (December 31, 2017: Rs. 29.889 million).

10.3.2 General provision against consumer loans represents provision maintained at an amount equal to 1.5% of the fully secured performing portfolio and 5% of the unsecured performing portfolio as required by the Prudential Regulations issued by the State Bank of Pakistan. General reserve of at least equivalent to 1% of the secured and performing SE portfolio and 2% of the unsecured and performing SE portfolio is also maintained as required under Prudential Regulations for Small and Medium Enterprise Financing.

General provision also includes Rs. 145.664 million (December 31, 2017: Rs. 141.702 million) pertaining to overseas branches to meet the requirements of the regulatory authorities of the respective countries in which the Bank operates.

	Note	(Un-audited) June 30, 2018	(Audited) December 31, 2017
11 OPERATING FIXED ASSETS			(Rupees in '000)
Capital work-in-progress		231,336	209,328
Property and equipment		15,367,046	16,076,088
Intangible assets		1,218,520	1,342,581
		<u>16,816,902</u>	<u>17,627,997</u>

		(Un-audited) Half year ended June 30, 2018	June 30, 2017
11.1 Additions to operating fixed assets			(Rupees in '000)

The following additions have been made to operating fixed assets during the period:

Capital work-in-progress	22,008	197,026
Tangible fixed assets		
Office premises	22,062	53,692
Leasehold improvements	24,860	104,606
Office equipment	400,355	541,646
Furniture and fixtures	18,711	6,554
Vehicles	10,139	62,593
Intangibles assets		
Computer software	121,664	123,750
	<u>619,799</u>	<u>1,089,867</u>

11.2 Transfer / disposals of operating fixed assets

The cost of operating fixed assets disposed off during the period is as follows:

Tangible fixed assets		
Office premises	242,489	50,159
Leasehold improvements	43,080	45,023
Office equipment	130,028	167,583
Furniture and fixtures	10,310	5,597
Vehicles	32,548	11,720
	<u>458,455</u>	<u>280,082</u>

12 OTHER ASSETS AND OTHER LIABILITIES

These include assets and liabilities held for sale as referred to in note 21 to the Bank's annual financial statements for the year ended December 31, 2017, the Bank is in the process of selling its Afghanistan Operations.

During the current period, the Business transfer agreement with the buyer has been executed. The sale is expected to be materialized in the near future, subject to all regulatory approvals.

Accordingly, the assets and liabilities relating to the Bank's Afghanistan Operations continue to be classified as assets and liabilities held for sale under other assets and other liabilities respectively.

12.1 The carrying amounts of the assets and liabilities classified as held for sale are as follows:

	Note	(Un-audited) June 30, 2018	(Audited) December 31, 2017
			(Rupees in '000)
Other Assets - Assets Held for Sale (Afghanistan Operations)		23,677,990	26,821,724
Other Liabilities - Assets Held for Sale (Afghanistan Operations)		21,450,465	24,759,096

	Note	(Un-audited) June 30, 2018	(Audited) December 31, 2017
13 BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan under ERF / LTF - EOP		32,624,971	27,798,748
Repurchase agreement borrowings	13.1	129,140,581	125,220,096
Borrowings from other central banks	13.2	204,147	-
Bai Muajjal	13.3	22,354,307	37,650,637
		<u>184,324,006</u>	<u>190,669,481</u>
Unsecured			
Call borrowings	13.4	12,922,540	10,332,574
Trading Liabilities		-	5,221,517
Overdrawn nostro accounts	13.5	546,357	970,114
		<u>13,468,897</u>	<u>16,524,205</u>
		<u>197,792,903</u>	<u>207,193,686</u>

- 13.1 This represents repurchase agreement borrowing from SBP and other banks at the rate of 2.26% and 6.60% per annum respectively (December 2017: 1.55% and 5.82% per annum) having maturities upto July 2018 (December 2017: February 2018).
- 13.2 This represents Export Development Fund refinancing facility availed by the Bank's Bangladesh Operations from Bangladesh Bank at mark-up rates ranging from 2.99% to 3.50% per annum (December 2017: Nil) having maturities upto December 2018 (December 2017: Nil).
- 13.3 This represents borrowings from financial institutions at mark-up rates ranging from 5.82% to 6.30% per annum (December 2017: 5.73% to 5.83%) having maturities upto February 2019 (December 2017: October 2018).
- 13.4 This represents borrowings from financial institutions at mark-up rates ranging from 0.50% to 6.63% per annum (December 2017: 0.60% to 5.75% per annum) having maturities upto October 2018 (December 2017: March 2018).
- 13.5 This represents book overdrawn balances appearing under certain nostro accounts which are due for settlement and the balance exists only due to timing differences. These do not carry any mark-up rates.

	Note	(Un-audited) June 30, 2018	(Audited) December 31, 2017
14 DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		116,266,356	131,010,038
Savings deposits		219,227,933	215,129,943
Current accounts - non-remunerative		305,125,950	266,018,609
Others		7,967,043	6,505,849
		<u>648,587,282</u>	<u>618,664,439</u>
Financial institutions			
Remunerative deposits		17,287,080	29,548,087
Non-remunerative deposits		2,187,730	5,193,545
		<u>19,474,810</u>	<u>34,741,632</u>
		<u>668,062,092</u>	<u>653,406,071</u>

15 SUB-ORDINATED LOANS

Term Finance Certificates V - Quoted, Unsecured		4,990,000	4,991,000
Additional Tier-I	15.1	7,000,000	-
		<u>11,990,000</u>	<u>4,991,000</u>

- 15.1 During the period, the Bank issued fully paid up, rated, listed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Term Finance Certificates ("TFCs") issued under Section 66 of the Companies Act, 2017 which qualify as Additional Tier I Capital as outlined by State Bank of Pakistan ("SBP") under BPRD Circular No. 6 dated August 15, 2013. Salient feature of the issue are as follows:

Credit Rating	"AA-" (double A minus) by JCR-VIS Credit Rating Company Limited.
Tenor	Perpetual.
Mark-up Payment Frequency	Payable semi-annually in arrears.
Mark-up Rate	For the period at end of which the Bank is in compliance with Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) requirements of SBP, mark-up rate will be 6 month KIBOR + 1.50% with no step up feature.
Call Option	The Bank may, at its sole discretion, exercise call option any time after five years from the Issue Date, subject to prior approval of SBP.
Lock-in Clause	Mark-up will only be paid from the Bank's current year's earning and if the Bank is in compliance of regulatory MCR and CAR requirements set by SBP from time to time.
Loss Absorbency	In conformity with SBP Basel III Guidelines, the TFCs shall, if directed by the SBP, be permanently converted into ordinary shares upon: (i) the CET 1 Trigger Event; (ii) the point of non-viability Trigger Event; or (iii) failure by the Bank to comply with the Lock-In Clause. The SBP will have full discretion in declaring the point of non-viability Trigger Event.

(Un-audited)
June 30,
2018
(Rupees in '000)

(Audited)
December 31,
2017

16 CONTINGENCIES AND COMMITMENTS

16.1 Direct credit substitutes

i) Government	847,480	9,955,661
ii) Banking companies and other financial institutions	473,839	430,638
iii) Others	-	6,531
	<u>1,321,319</u>	<u>10,392,830</u>

16.2 Transaction - related contingent liabilities

i) Government	57,135,779	41,857,229
ii) Banking companies and other financial institutions	1,114,204	609,154
iii) Others	9,510,612	11,317,138
	<u>67,760,595</u>	<u>53,783,521</u>

16.3 Trade - related contingent liabilities

Letters of credit	<u>78,934,279</u>	<u>73,773,817</u>
Acceptances	<u>13,242,530</u>	<u>10,701,434</u>

16.4 Other contingencies

Claims against the Bank not acknowledged as debts	<u>17,647,745</u>	<u>18,973,919</u>
---	-------------------	-------------------

These mainly represents counter claims filed by the borrowers for restricting the Bank from disposal of assets (such as hypothecated / mortgaged / pledged assets kept as security), damage to reputation and cases filed by Ex. employees of the Bank for damages sustained by them consequent to the termination from the Bank's employment. Based on legal advice and / or internal assessment, management is confident that the matters will be decided in Bank's favour and the possibility of any outcome against the Bank is remote and accordingly no provision has been made in these unconsolidated condensed interim financial statements.

	(Un-audited) June 30, 2018	(Audited) December 31, 2017
(Rupees in '000)		
16.5 Commitments in respect of forward lendings		
Commitments to extend credit	27,105,136	22,628,329
Commitments in respect of investments	6,028,442	7,579,043
16.6 Commitments in respect of forward exchange contracts		
Purchase	96,488,370	60,285,544
Sale	52,618,630	31,823,206
16.7 Commitments for the acquisition of operating fixed assets	439,845	318,978
16.8 Commitments in respect of repo transactions		
Repurchase	121,963,324	125,378,959
Resale	6,776,937	12,017,776
16.9 Other commitments		
Interest rate swaps	9,318,835	8,865,756
Futures	1,356,716	-
Donations	1,814	23,952

16.10 Contingencies in respect of tax related matters are discussed in note 20 of these unconsolidated condensed interim financial statements.

17 REVERSAL / PROVISION AGAINST OTHER ASSETS

This includes reversal of provision amounting to Rs. 443.898 million (USD 3.949 million), previously held against amount blocked in the Bank's Nostro account following settlement of dispute, and release of funds in favour of the Bank.

	(Un-audited) Half year ended June 30, 2018	(Restated) June 30, 2017
(Rupees in '000)		
18 EARNINGS PER SHARE		
18.1 BASIC EARNINGS PER SHARE		
Profit after taxation for the period	6,039,958	4,880,946
(Number of shares in thousand)		
Weighted average number of ordinary shares	1,611,791	1,608,159
(Rupees)		
Basic earnings per share	3.75	3.04

	(Un-audited) Half year ended June 30, 2018	(Restated) June 30, 2017 (Rupees in '000)
18.2 DILUTED EARNINGS PER SHARE		
Profit after taxation for the period	6,038,958	4,880,946
	(Number of shares in thousand)	(Restated)
Weighted average number of ordinary shares	1,613,991	1,608,159
	(Rupees)	(Restated)
Diluted earnings per share	3.74	3.04

	(Un-audited) June 30, 2018 (Rupees in '000)	(Audited) December 31, 2017
19 CASH AND CASH EQUIVALENTS		
Cash and balances with treasury banks	82,162,914	70,381,435
Balances with other banks	3,786,003	3,753,954
Call money lendings	12,626,730	20,255,936
Overdrawn nostro accounts	(546,357)	(970,114)
	98,029,290	93,421,211

20 TAXATION

- a) The income tax assessments of the Bank have been finalized upto and including tax year 2017. Matters of disagreement exist between the Bank and tax authorities for various assessment years and are pending with the Commissioner of Inland Revenue (Appeals), Appellate Tribunal Inland Revenue (ATIR), High Court of Sindh and Supreme Court of Pakistan. These issues mainly relate to addition of mark up in suspense to income, taxability of profit on government securities, bad debts written off and disallowances relating to profit and loss expenses.

In respect of tax years 2008, 2014 and 2017, the tax authorities have raised certain issues including default in payment of WWF, allocation of expenses to dividend and capital gains, dividend income from mutual funds not being taken under income from business, disallowance of Leasehold improvements resulting in additional demand of Rs.599.879 million (December 31, 2017 : Rs.1,033.519 million). As a result of appeal filed before Commissioner Appeals against these issues, relief has been provided for tax amount of Rs.116.351 million appeal effect orders are pending. Bank has filed appeals on these issues which are pending before Commissioner Appeals. The management is confident that these matters will be decided in favour of the Bank and consequently has not made any provision in respect of these amounts.

The Bank has received amended orders for Tax Years from 2010 to 2015 wherein Tax Authorities considered Ijarah Lease as Finance Lease and raised a tax demand of Rs.133.799 million. Commissioner Appeal for Tax Years 2010 to 2013, decided the matter in favour of the bank to the extent of not taxing principal amounts. The Bank is in appeal before Appellate Tribunal and Commissioner Appeals on the matter. The Bank has not made any provision against these orders as the management is of the view that the matter will be settled in Bank's favour through appellate process.

- b) In respect of monitoring of withholding taxes, the Bank has received various orders from tax authorities. The Bank has not made provision amounting to Rs.48.027 million against tax demand for tax years 2017 and 2018 as management is of the view that the matter will be settled in Bank's favour in appeals.
- c) The Bank has received an order from a provincial tax authority wherein tax authority has disallowed certain exemptions of sales tax on banking services and demanded sales tax and penalty amounting to Rs.77.592 million (December 31, 2017 : Rs.77.592 million) (excluding default surcharge) for the period from July 2011 to June 2014. Bank's appeal against this order is currently pending before Commissioner Appeals. The Bank has not made any provision against this order and the management is of the view that the matter will be settled in Bank's favour through appellate process.

21 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

Based on the Bank's internal reporting framework, business activities are split into various reporting segments. The segment analysis with respect to the business activities is presented below:

For the period ended June 30, 2018 (Un-audited)							
	Retail Banking	Corporate Banking	Treasury	Consumer Banking	Islamic Banking	International Operations	Others*
	(Rs. in '000)						
Segment income	5,176,004	7,721,508	11,529,097	2,606,708	4,488,532	1,864,660	470,126
Inter-segment income / (expense)	8,220,123	(3,542,950)	(5,030,876)	(675,933)	(440)	-	1,030,076
Segment expenses	9,432,943	1,568,640	3,188,120	1,111,112	3,119,526	640,719	4,788,053
Profit before tax / (loss)	3,963,184	2,609,918	3,310,101	819,664	1,368,567	1,223,941	(3,287,853)
	10,007,522						
As at June 30, 2018 (Un-audited)							
	Retail Banking	Corporate Banking	Treasury	Consumer Banking	Islamic Banking	International Operations	Others*
	(Rs. in '000)						
Segment assets	164,222,529	243,243,714	306,978,819	28,894,750	144,456,378	74,978,587	36,210,448
Segment non performing loans	8,161,571	6,478,088	-	275,817	1,135,969	307,140	233,137
Segment provision required against loans and advances	7,630,320	5,828,830	-	790,759	1,157,644	421,585	135,381
Segment liabilities	466,465,592	93,343,268	145,308,706	2,543,541	132,042,097	63,179,991	27,344,720
Segment return on assets (ROA %)	1.5%	1.8%	1.0%	5.5%	2.0%	3.3%	-5.7%
Segment cost of funds(%)	3.3%	5.1%	5.9%	5.5%	1.3%	5.4%	3.0%
	17.4%						
For the period ended June 30, 2017 (Un-audited)							
	Retail Banking	Corporate Banking	Treasury	Consumer Banking	Islamic Banking	International Operations	Others*
	(Rs. in '000)						
Segment income	4,222,986	6,803,514	13,103,836	2,307,293	4,452,369	1,994,144	410,686
Inter-segment income / (expense)	7,417,927	(3,883,463)	(3,679,301)	(529,988)	(577)	-	675,402
Segment expenses	8,690,277	1,519,530	4,751,261	856,243	3,010,292	1,256,867	4,740,595
Profit before tax / (loss)	2,950,641	1,400,520	4,673,273	921,061	1,441,499	737,277	(3,654,508)
	8,469,763						
As at June 30, 2017 (Un-audited)							
	Retail Banking	Corporate Banking	Treasury	Consumer Banking	Islamic Banking	International Operations	Others*
	(Rs. in '000)						
Segment assets	155,087,265	226,375,371	302,559,024	24,260,184	148,664,376	70,220,634	30,840,021
Segment non performing loans	8,230,621	7,526,105	-	347,385	1,552,158	292,853	-
Segment provision required against loans and advances	7,655,923	6,703,686	-	757,909	1,102,081	389,838	142,151
Segment liabilities	436,142,193	86,798,671	159,350,810	1,913,323	136,367,266	61,509,704	12,011,114
Segment return on assets (ROA %)	1.4%	1.2%	1.3%	7.4%	2.0%	2.3%	-5.3%
Segment cost of funds (%)	3.0%	5.0%	5.7%	5.3%	2.7%	2.2%	3.0%
	3.2%						

* Profit before tax of this segment includes head office related expenses

22 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The valuation techniques used in determination of fair values for various assets and liabilities is tabulated in note 22.2.

221 The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	June 30, 2018 (Un-audited)					Fair value		
	HFT	AFS	HTM	Carrying Amount Loans and Receivables	Subsidiaries & Associates	Other financial liabilities	Total	Total
						(Rupees in '000)		
On balance sheet financial instruments								
Financial assets measured at fair value								
- Other assets	2,173,459	-	-	-	-	-	2,173,459	-
- Unrealised gain on forward foreign exchange contracts	146,149	-	-	-	-	-	146,149	-
- Investments	-	-	-	-	-	-	-	-
- Government Securities (T-bills, PIBs, GoP Sukuks)	57,542,460	235,751,988	-	-	-	-	294,294,358	-
- Overseas Govt. Sukuks, Overseas and Euro bonds)	-	3,221,494	-	-	-	-	3,221,494	-
- Overseas Bonds - others	-	7,631,511	-	-	-	-	8,832,782	-
- Ordinary shares of listed companies	1,001,271	-	-	-	-	8,832,782	-	8,832,782
- Debt securities (TFCs)	-	782,883	-	-	-	782,883	-	782,883
- Sukuks-Other than Govt	-	4,721,599	-	-	-	-	4,721,599	-
Financial assets not measured at fair value								
- Cash and bank balances with treasury banks	-	-	-	82,162,914	-	-	82,162,914	-
- Balances with other banks	-	-	-	3,786,003	-	-	3,786,003	-
- Lending to financial institutions	-	-	-	15,574,386	-	-	15,574,386	-
- Advances	-	-	-	479,730,649	-	-	479,730,649	-
- Other assets	-	-	-	42,057,045	-	-	42,057,045	-
- Investments	-	-	-	-	-	-	-	-
- Government Securities (PIBs, WAPDA Sukuks, Overseas and Euro bonds)	-	-	36,045,003	-	-	-	36,045,003	-
- Overseas Bonds - Others	-	-	601,627	-	-	-	601,627	-
- Unlisted Shares (Ordinary & Preference)	-	322,395	-	-	-	-	322,395	-
- Redeemable Participating Certificate	-	1,258,004	-	-	-	-	1,258,004	-
- Commercial Paper	-	93,542	-	-	-	-	93,542	-
- Sukuks-Other than Govt	-	3,223,994	-	-	-	-	3,223,994	-
- Associates	-	-	-	-	1,816,343	-	1,816,343	-
- Ordinary shares of unlisted companies	-	-	-	-	-	-	-	-
- Subsidiaries	-	-	-	-	-	-	-	-
- Ordinary shares of unlisted companies	60,863,399	254,983,326	39,870,624	623,310,997	430,493	-	981,275,172	-
Financial liabilities measured at fair value								
- Other liabilities	1,826,191	-	-	-	-	-	1,826,191	-
- Unrealised loss on forward foreign exchange contracts	1,024	-	-	-	-	-	1,024	-
- Unrealised loss on interest rate swaps	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
- Bills Payable	-	-	-	-	-	10,346,213	10,346,213	-
- Borrowings	-	-	-	-	-	187,792,903	187,792,903	-
- Deposits and other accounts	-	-	-	-	-	688,062,092	688,062,092	-
- Subordinated Loans	-	-	-	-	-	11,990,000	11,990,000	-
- Other liabilities	-	-	-	-	-	36,972,857	36,972,857	-
	1,827,215	-	-	-	-	925,164,065	926,991,280	-
Off balance sheet financial instruments								
- Forward Exchange Contracts Purchase	-	-	-	-	-	96,488,370	96,488,370	-
- Forward Exchange Contracts Sale	-	-	-	-	-	52,618,630	52,618,630	-
- Interest Rate Swaps	-	-	-	-	-	9,318,835	9,318,835	-
	-	-	-	-	-	9,462,507	9,462,507	-

December 31, 2017 (Audited)									
	HFT	AFS	HTM	Carrying Amount		Fair value			
				Loans and Receivables	Subsidiaries & Associates	Other financial liabilities	Total	Level 1	Level 2
(Rupees in '000)									
On balance sheet financial instruments									
Financial assets measured at fair value									
Other assets									
Unrealised gain on forward foreign exchange contracts	1,960,858	-	-	-	-	-	1,960,858	-	1,960,858
Unrealised gain on interest rate swaps	31,700	-	-	-	-	-	31,700	-	31,700
Investments									
Government Securities (T-bills, PIBs, Govt Sukuks, Overseas Govt. Sukuk, Overseas and Euro bonds)	22,772,732	315,202,970	-	-	-	-	337,975,702	-	337,975,702
Overseas Bonds - others	-	4,045,616	-	-	-	-	4,045,616	-	4,045,616
Ordinary shares of listed companies	27,149	6,024,766	-	-	-	6,151,915	-	-	6,151,915
Debt securities (TFCs)	-	985,706	-	-	-	985,706	-	-	985,706
Sukuk-Other than Govt	-	4,584,236	-	-	-	4,584,236	-	-	4,584,236
Financial assets not measured at fair value									
Cash and bank balances with treasury banks	-	-	-	70,381,435	-	-	70,381,435	-	-
Balances with other banks	-	-	-	3,753,954	-	-	3,753,954	-	-
Lending to financial institutions	-	-	-	48,895,828	-	-	48,895,828	-	-
Advances	-	-	-	400,655,424	-	-	400,655,424	-	-
Other assets	-	-	-	42,123,604	-	-	42,123,604	-	-
Investments									
Government Securities (PIBs, WAPDA Sukuks, Overseas and Euro bonds)	-	-	38,794,138	-	-	-	38,794,138	-	-
Overseas Bonds - Others	-	-	548,143	-	-	-	548,143	-	-
Unlisted shares (Ordinary & Preference)	-	247,214	-	-	-	-	247,214	-	-
Redeemable Participating Certificate	-	1,133,659	-	-	-	-	1,133,659	-	-
Commercial Paper	-	90,201	-	-	-	-	90,201	-	-
Sukuk-Other than Govt	-	-	3,929,920	-	-	-	3,929,920	-	-
Associates	-	-	-	-	-	-	-	-	-
- Mutual Funds	-	-	-	-	1,816,343	-	1,816,343	-	-
- Ordinary shares of unlisted companies	-	-	-	-	-	-	-	-	-
Subsidiaries	-	-	-	-	-	-	-	-	-
- Mutual Funds	-	-	-	-	430,493	-	430,493	-	-
- Ordinary shares of unlisted companies	-	-	-	-	2,246,836	-	2,246,836	-	-
Financial liabilities measured at fair value									
Other liabilities									
Unrealised loss on forward foreign exchange contracts	968,982	-	-	-	-	-	968,982	-	968,982
Unrealised loss on interest rate swaps	6,202	-	-	-	-	-	6,202	-	6,202
Financial liabilities not measured at fair value									
Bills Payable	-	-	-	-	-	12,461,866	-	-	-
Borrowings	-	-	-	-	-	207,193,686	-	-	-
Deposits and other accounts	-	-	-	-	-	653,406,071	-	-	-
Subordinated loans	-	-	-	-	-	4,991,000	-	-	-
Other liabilities	-	-	-	-	-	40,942,997	-	-	-
	975,184	-	-	-	-	918,995,620	-	-	-

The Bank's policy is to recognize transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between levels 1 and 2 during the half year.

(a) Financial instruments in level 1

Financial instruments included in level 1 comprise of investments in ordinary shares of listed companies.

(b) Financial instruments in level 2

Financial instruments included in level 2 comprise of Market Treasury Bills, Pakistan Investment Bonds, GoP Sukuks, Overseas Government Sukuks, Overseas and Euro Bonds, Term Finance Certificates, and other than Government Sukuks, forward foreign exchange contracts, and interest rate swaps.

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

22.2 Valuation techniques used in determination of fair values:

Item	Valuation approach and input used
Forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by State Bank of Pakistan.
Interest rate swaps	The fair value of interest rate swaps is determined using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currency involved, interest rates, yield curves, volatilities, contract durations etc.
Market Treasury Bills(MTB) / Pakistan Investment Bonds(PIB), and GoP Sukuks (GIS)	The fair value of MTBs and PIBs are derived using PKRV rates. GIS are revalued using PKISRV rates.
Overseas Government Sukuks, Overseas and Euro Bonds	The fair value of Overseas Government Sukuks, and Overseas Bonds are valued on the basis of rates available on Bloomberg.
Debt Securities (TFCs) and Sukuk other than Government	Investment in WAPDA Sukuks, debt securities (comprising term finance certificates, bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Ordinary shares - listed	The fair value of investments in listed equity securities are valued on the basis of closing quoted market price available at the Pakistan Stock Exchange.

23 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include major shareholders, subsidiary company, associated companies with or without common directors, retirement benefit funds and directors and key management personnel and their close family members.

Banking transactions with the related parties are executed substantially on the same terms, including mark-up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than a normal risk.

Contributions to and accruals in respect of staff retirements and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to executives is determined in accordance with the terms of their appointment.

Details of transactions with related parties and balances with them as at the year-end other than disclosed elsewhere are as follows:

	June 30, 2018 (Un-audited)					
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Total
Statement of Financial Position	(Rupees in '000)					
Lendings						
Balance at beginning of the period	-	-	-	-	1,500,000	1,500,000
Placements during the period	-	-	-	-	59,821,898	59,821,898
Withdrawals during the period	-	-	-	-	(61,321,898)	(61,321,898)
Balance at end of the period	-	-	-	-	-	-
Investments						
Balance at beginning of the period	-	-	430,493	1,816,343	1,317,808	3,564,644
Investments during the period	-	-	-	-	3,864,429	3,864,429
Redemptions during the period	-	-	-	-	(3,560,013)	(3,560,013)
Balance at end of the period	-	-	430,493	1,816,343	1,622,224	3,869,060
Provisions held against investments	-	-	-	-	53,936	53,936
Advances						
Balance at beginning of the period	-	444,585	-	-	7,591,327	8,035,912
Placements during the period	112,932	185,600	-	-	10,814,023	11,112,555
Withdrawals / adjustments during the period	-	(213,635)	-	-	(12,316,279)	(12,529,914)
Balance at end of the period	112,932	416,550	-	-	6,089,071	6,618,553
Provisions held against advances	-	-	-	-	1,540,029	1,540,029
Mark-up held in suspense against classified advances	-	-	-	-	1,162,844	1,162,844
Other receivables	-	-	-	-	50,566	50,566
Borrowings						
Balance at beginning of the period	-	-	-	-	502,800	502,800
Borrowing during the period	-	-	-	-	17,429,010	17,429,010
Repayments during the period	-	-	-	-	(17,931,810)	(17,931,810)
Balance at end of the period	-	-	-	-	-	-
Deposits						
Balance at beginning of the period	6,275	160,415	59,984	1,509,943	4,178,787	5,915,404
Placements during the period	92,372	1,112,863	2,781,965	17,585,572	42,890,975	64,463,747
Withdrawals / adjustments* during the period	(90,989)	(1,062,455)	(2,780,323)	(18,086,284)	(43,121,578)	(65,141,629)
Balance at end of the period	7,658	210,823	61,626	1,009,231	3,948,184	5,237,522
Sub-Ordinated Loans						
Balance at beginning of the period	-	19,964	-	45,044	-	65,008
Sub-Ordinated loans issued during the period	-	-	-	-	-	-
Sub-Ordinated loans redemption during the period	-	(19,964)	-	(45,044)	-	(65,008)
Balance at end of the period	-	-	-	-	-	-
Other payables	-	-	44	-	5,282	5,326
Off Balance Sheet Items						
Letters of credit, acceptance and Guarantees outstanding	-	-	-	142,152	825,161	967,313

	December 31, 2017 (Audited)					
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Total
	----- (Rupees in '000) -----					
Lendings						
Balance at beginning of the year	-	-	-	-	-	-
Placements during the year	-	-	-	-	89,750,000	89,750,000
Withdrawals during the year	-	-	-	-	(88,250,000)	(88,250,000)
Balance at end of the year	-	-	-	-	1,500,000	1,500,000
Investments						
Balance at beginning of the year	-	-	1,781,967	1,802,266	2,579,489	6,163,722
Investments during the year	-	-	-	769,230	1,819,585	2,588,815
Redemptions during the year	-	-	(1,351,474)	(755,153)	(3,081,266)	(5,187,893)
Balance at end of the year	-	-	430,493	1,816,343	1,317,808	3,564,644
Provisions held against investments	-	-	-	-	53,936	53,936
Advances						
Balance at beginning of the year	79,130	351,335	-	-	8,040,236	8,470,701
Placements during the year	21,130	314,797	-	-	15,620,727	15,956,654
Withdrawals / adjustments during the year	(100,260)	(221,547)	-	-	(16,069,636)	(16,391,443)
Balance at end of the year	-	444,585	-	-	7,591,327	8,035,912
Provisions held against advances	-	-	-	-	1,540,029	1,540,029
Mark-up held in suspense against classified advances	-	-	-	-	1,161,382	1,161,382
Other receivables	-	-	-	2,496	508	3,004
Borrowings						
Balance at beginning of the year	-	-	-	-	-	-
Borrowing during the year	-	-	-	-	34,192,883	34,192,883
Repayments during the year	-	-	-	-	(33,690,083)	(33,690,083)
Balance at end of the year	-	-	-	-	502,800	502,800
Deposits						
Balance at beginning of the year	10,201	164,506	90,030	1,031,859	8,662,986	9,959,582
Placements during the year	308,744	1,684,639	7,676,656	56,650,035	111,897,086	178,217,160
Withdrawals / adjustments* during the year	(312,670)	(1,688,730)	(7,706,702)	(56,171,951)	(116,381,285)	(182,261,338)
Balance at end of the year	6,275	160,415	59,984	1,509,943	4,178,787	5,915,404
Sub-Ordinated Loans						
Balance at beginning of the year	-	132,348	-	79,003	332,467	543,818
Sub-Ordinated loans issued during the year	-	-	-	-	-	-
Sub-Ordinated loans redemption during the year	-	(112,384)	-	(33,959)	(332,467)	(478,810)
Balance at end of the year	-	19,964	-	45,044	-	65,008
Other payables	-	-	316	-	9,444	9,760
Off Balance Sheet Items						
Letters of credit, acceptance and Guarantees outstanding	-	-	-	129,188	2,589,842	2,719,030

Half year ended June 30, 2018 (Un-audited)						
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Total
Transactions during the quarter	(Rupees in '000)					
Mark-up received on lendings	-	-	-	-	16,692	16,692
Mark-up received on investments	-	-	-	-	35,164	35,164
Mark-up received on advances	2,461	9,443	-	-	165,512	177,416
Mark-up paid on deposits	10	3,220	1,372	26,788	83,442	114,832
Mark-up paid on borrowing	-	-	-	-	10,907	10,907
Brokerage	-	-	398	-	-	398
Insurance Premium paid	-	-	-	444,773	-	444,773
Insurance Claim received - Fixed Assets	-	-	-	1,647	-	1,647
Purchase and maintenance of machines / equipments and services	-	-	-	-	76,165	76,165
Dividend income	-	-	-	99,000	-	99,000
Dividend paid	377,458	6,241	-	473	820,394	1,204,566
Capital gain	-	-	-	-	15,922	15,922
Other income	-	-	35,647	-	12,173	47,820
Administrative expenses	-	-	-	-	312,200	312,200

Half year ended June 30, 2017 (Un-audited)						
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Total
Transactions during the quarter	(Rupees in '000)					
Mark-up received on lendings	-	-	-	-	8,844	8,844
Mark-up received on investments	-	-	-	-	56,630	56,630
Mark-up received on advances	2,319	9,938	-	-	167,427	179,684
Mark-up paid on deposits	113	1,498	2,156	31,567	99,813	135,147
Mark-up paid on borrowing	-	-	-	-	366	366
Mark-up paid on sub-ordinated loans	-	10,659	-	1,911	24,936	37,506
Brokerage	-	-	722	-	-	722
Insurance Premium paid	-	-	-	431,599	-	431,599
Insurance Claim received - Fixed Assets	-	-	-	4,530	-	4,530
Rent paid	-	-	-	-	6,195	6,195
Purchase and maintenance of machines / equipments and services	-	-	-	-	134,643	134,643
(Reversal) against non-performing advances	-	-	-	-	(1,344)	(1,344)
Dividend income	-	-	-	-	1,460	1,460
Capital gain	-	-	-	323,373	-	323,373
Other income	-	-	122,072	3,635	8,929	134,636
Administrative expenses	-	-	-	-	369,992	369,992

The key management personnel / directors compensation are as follows:

	(Un-audited) Half year ended	
	June 30, 2018	June 30, 2017
	(Rupees in '000)	
Managerial remuneration (including allowances)	714,309	679,686
Fair value charge against employee stock option scheme	7,363	39,699
Contribution to employee funds	271,053	304,118
	<u>992,725</u>	<u>1,023,503</u>

In addition, the Chief Executive and certain Executives are provided with Bank maintained cars and other benefits, while the Non-executive Directors are entitled to fee for attending Directors' meetings as per the scale approved by the Board.

24 LIQUIDITY COVERAGE RATIO AND NET STABLE FUNDING RATIO

The Bank's monthly average Liquidity Coverage Ratio (LCR) for the half year of 2018 is 1.53 or 153% (Monthly Average for 2017: 1.41 or 141%) against the SBP minimum requirement of 90% (December 31, 2017: 90%), while the Bank's Net Stable Funding Ratio (NSFR) as at June 30, 2018, is 134% (December 2017: 137%) against the SBP minimum requirement of 100% (December 31, 2017: 100%). These ratios have been calculated in accordance with the State Bank of Pakistan's Basel III Liquidity standards issued vide BPRD Circular No. 08, dated June 23, 2016.

25 GENERAL

Comparative information has been re-classified, re-stated, re-arranged or additionally incorporated in these unconsolidated condensed interim financial statements, wherever necessary, to facilitate comparison and to conform with changes in presentation in the current period.

The effect of re-classification, re-statement in comparative information presented in the unconsolidated condensed interim profit and loss accounts for the half year ended June 30, 2017 is as follows:

Head	(Rupees in '000)	From	To
Foreign exchange swap cost	(215,700)	Income from dealing in foreign currencies	Mark-up / return / interest expensed
Various service charges and commission income	102,234	Other income	Fee, commission and brokerage income
Staff commission and incentive expenses	(34,617)	Fee, commission and brokerage income	Salaries, allowances, etc.
Interest Income on Interest Rate Swaps	69,624	Mark-up / return / interest earned	Mark-up / return / interest expensed
Brokerage and commission expense	(101,542)	Mark-up / return / interest expensed	Administrative expense - Brokerage and commission
Brokerage and commission expense	(5,694)	Mark-up / return / interest expensed	Administrative expense - Other expense
Courier expense - recoveries	10,001	Other income	Administrative expense - communication
Swift / Telex Charges	8,856	Other income	Administrative expense - communication
Foreign exchange expense	(61,325)	Fee, commission and brokerage income	Income from dealing in foreign currencies
Reward points expense	(32,376)	Fee, commission and brokerage income	Mark-up / return / interest expensed

The effect of re-classification in comparative information presented in note 16 to these condensed interim unconsolidated financial statements is as follows:

Head	(Rupees in '000)	From	To
Contingencies and commitments	9,952,554	Transaction - related contingent liabilities	Direct credit substitutes

26 NON-ADJUSTING EVENT

The Board of Directors in its meeting held on August 26, 2018 has declared an interim cash dividend in respect of the half year ended June 30, 2018 of Re. 1 per share (June 30, 2017: NIL) and interim stock dividend in respect of the half year ended June 30, 2018 of 10 shares for every 100 shares held (June 30, 2017 : NIL). These unconsolidated condensed interim financial statements do not include the effect of these appropriations which will be accounted for subsequent to the period end.

27 DATE OF AUTHORISATION

These unconsolidated condensed interim financial statements were authorised for issue on August 26, 2018 by the Board of Directors of the Bank.

ANNEXURE - I

ISLAMIC BANKING BUSINESS

The bank is operating through 152 Islamic banking branches as at June 30, 2018 (December 31, 2017: 152 branches).

	Note	June 30, 2018	December 31, 2017
STATEMENT OF FINANCIAL POSITION			
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		10,872,139	10,165,273
Balances with and due from financial institutions		362,620	372,714
Lendings to financial institutions		9,250,103	30,891,460
Investments - net		37,758,881	37,914,191
Islamic financing and related assets	A-I.1	83,190,200	55,605,166
Operating fixed assets		2,012,638	2,075,079
Other assets		4,203,245	2,350,828
		147,649,826	139,374,711
LIABILITIES			
Bills payable		1,959,718	2,686,172
Borrowings		8,188,934	3,793,802
Deposits and other accounts			
Current accounts		51,172,239	45,508,163
Saving accounts		49,366,547	51,057,687
Term deposits		15,226,636	16,452,472
Others		985,092	840,741
Deposits from financial institutions - remunerative deposits		1,191,594	743,414
Deposits from financial institutions - non-remunerative deposits		3,692	70,000
Other liabilities		6,199,140	6,072,680
		134,293,592	127,225,131
NET ASSETS		13,356,234	12,149,580
REPRESENTED BY			
Islamic banking fund		1,800,000	1,800,000
Exchange translation reserve		-	-
Unappropriated / unremitted profit		10,536,182	9,165,580
		12,336,182	10,965,580
Surplus on revaluation of assets - net of tax		1,020,052	1,184,000
		13,356,234	12,149,580
CHARITY FUND			
Opening Balance		54,253	148,314
Additions during the period			
Received from customers on delayed payments & others		18,895	19,463
Non-shariah compliant income		670	15,551
Profit on charity saving account		464	3,428
		20,029	38,442
Distribution of Charity			
Welfare Works		(21,300)	(78,655)
Health		(3,500)	(15,816)
Education		(38,588)	(38,032)
		(63,388)	(132,503)
Closing Balance		10,894	54,253

ANNEXURE - I

ISLAMIC BANKING BUSINESS

	Quarter ended June 30, 2018	Half year ended June 30, 2018	Quarter ended June 30, 2017	Half year ended June 30, 2017
------(Rupees in '000)-----				
PROFIT AND LOSS ACCOUNT				
Income / return earned	2,036,665	3,972,425	2,135,872	3,878,957
Income / return expensed	739,871	1,474,660	803,342	1,632,774
Net income / return earned	1,296,794	2,497,765	1,332,530	2,246,183
Provisions / (Reversal) against loans and advances - net	256,818	198,801	(30,944)	(85,324)
(Reversal) / provision for diminution in value of investments - net	(3,896)	(7,792)	513	(3,383)
Bad debts written off directly	-	-	-	-
	252,922	191,009	(30,431)	(88,707)
Net income / return earned after provisions	1,043,872	2,306,756	1,362,961	2,334,890
Other income				
Fee, commission and brokerage income	193,201	399,370	127,757	238,291
Dividend income	-	-	-	-
Income from dealing in foreign currencies	46,301	86,328	29,838	60,072
Gain on sale of securities - net	225	11	214,101	212,320
Unrealised gain / (loss) on revaluation of investment classified as held for trading	-	-	3,685	3,685
Other income	12,464	23,487	18,264	43,048
Total other income	252,191	509,196	393,645	557,416
	1,296,063	2,815,952	1,756,606	2,892,306
Other expenses				
Administrative expenses	677,742	1,445,346	771,825	1,529,310
Provision against other assets	50	120	1,181	1,181
Other charges	-	10	193	203
Total other expenses	677,792	1,445,476	773,199	1,530,694
Profit before taxation	618,271	1,370,476	983,407	1,361,612
Remuneration to Shariah Advisor / Board	1,680	3,360	1,680	3,360

ANNEXURE - I

ISLAMIC BANKING BUSINESS

CASH FLOW STATEMENT

CASH FLOWS FROM OPERATING ACTIVITIES

	Half year ended	
	June 30, 2018	June 30, 2017
	(Rupees in '000)	
Profit before taxation	1,370,476	1,361,612
Less: Dividend income	-	-
	1,370,476	1,361,612
Adjustments		
Depreciation	109,998	115,936
Amortization	627	469
(Reversal) / provision against loans and advances - net	198,801	(85,324)
(Reversal) / provision for diminution in value of investments - net	(7,792)	(3,383)
Provision against other assets	120	1,181
Unrealised loss on revaluation of investments classified as held for trading	-	(3,685)
Gain on sale of fixed assets - net	(1,787)	(15)
	299,967	25,179
	1,670,443	1,386,791

(Increase) / decrease in operating assets

Held for trading securities	-	(550,000)
Lendings to financial institutions	21,641,357	(6,145,149)
Islamic financing and related assets	(27,783,835)	2,997,751
Others assets	(1,806,450)	(78,917)
	(7,948,928)	(3,776,315)

Increase/ (decrease) in operating liabilities

Bills payable	(726,454)	555,901
Borrowings	4,395,132	(1,449,429)
Deposits and other accounts	3,273,323	6,911,557
Other liabilities	126,465	(894,945)
	7,068,466	5,123,084
	789,981	2,733,560
	(45,967)	(40,259)
Net cash flows generated from / (used in) operating activities	744,014	2,693,301

CASH FLOWS FROM INVESTING ACTIVITIES

Net investments in available for sale securities	(714,564)	123,332
Net investment in held to maturity securities	713,719	(653,575)
Disposal of investment in associated company	-	250,000
Net investments in fixed assets	(48,184)	(92,433)
Proceeds from sale of fixed assets	1,787	15
Net cash flows used in investing activities	(47,242)	(372,661)

Adjustment of Exchange translation reserve

	-	(1,977)
Decrease in cash and cash equivalents	696,772	2,318,663
Cash and cash equivalents at beginning of the period	10,537,987	11,864,265
Cash and cash equivalents at end of the period	11,234,759	14,182,928

ISLAMIC BANKING BUSINESS

Notes to the Annexure I

	Note	June 30, 2018	December 31, 2017
		(Rupees in '000)	
A-1.1 Islamic Financing and Related Assets			
Murabaha	A-1.1.1	11,920,064	11,538,075
Ijarah	A-1.1.2	11,800,036	10,208,716
Diminishing Musharakah	A-1.1.3	1,467,769	1,269,013
Musharakah	A-1.1.4	12,197,367	9,340,060
Running Musharakah	A-1.1.5	31,312,469	12,153,190
Salam	A-1.1.6	4,379,818	2,514,091
Istisna	A-1.1.7	6,198,441	4,848,883
Falah Tijarah	A-1.1.8	1,100,572	594,978
SBP Islamic Export Refinance Scheme	A-1.1.9	1,723,136	2,073,834
Others	A-1.1.10	1,090,528	1,064,326
		<u>83,190,200</u>	<u>55,605,166</u>
A-1.1.1 Murabaha			
Financing/Investments/Receivables		7,458,793	7,789,403
Advances		3,023,697	1,296,582
Inventory		1,663,355	3,032,872
Others (Provisions)		(225,781)	(580,782)
		<u>11,920,064</u>	<u>11,538,075</u>
A-1.1.2 Ijarah			
Financing / Investments / Receivables		(5,471)	(5,385)
Advances		1,349,607	1,257,996
Assets		10,631,267	9,165,446
Others (Provisions)		(175,367)	(209,341)
		<u>11,800,036</u>	<u>10,208,716</u>
A-1.1.3 Diminishing Musharakah			
Financing / Investments / Receivables		1,536,971	1,236,279
Advances		32,445	145,519
Others (Provisions)		(101,647)	(112,785)
		<u>1,467,769</u>	<u>1,269,013</u>
A-1.1.4 Musharakah			
Financing / Investments / Receivables		11,176,769	7,743,187
Advances		1,581,230	1,879,516
Others (Provisions)		(560,632)	(282,643)
		<u>12,197,367</u>	<u>9,340,060</u>
A-1.1.5 Running Musharakah			
Financing / Investments / Receivables		31,312,469	12,153,190
Advances		-	-
Others (Provisions)		-	-
		<u>31,312,469</u>	<u>12,153,190</u>
A-1.1.6 Salam			
Financing / Investments / Receivables		4,420,229	1,945,447
Advances		-	254,112
Inventory		6,489	361,432
Others (Provisions)		(46,900)	(46,900)
		<u>4,379,818</u>	<u>2,514,091</u>
A-1.1.7 Istisna			
Financing / Investments / Receivables		(73,093)	60,369
Advances		5,582,665	4,558,120
Inventory		688,869	230,394
		<u>6,198,441</u>	<u>4,848,883</u>
A-1.1.8 Falah Tijarah			
Financing / Investments / Receivables		539,288	81,360
Inventory		561,284	513,618
		<u>1,100,572</u>	<u>594,978</u>
A-1.1.9 SBP Islamic Export Refinance Scheme			
Financing / Investments / Receivables		1,723,136	2,073,834
Advances		-	-
Others (Provisions)		-	-
		<u>1,723,136</u>	<u>2,073,834</u>
A-1.1.10 Others			
Staff Loans		1,048,940	1,022,626
Staff Loans Inventory		-	-
Advance Against Musharakah Staff		56,913	65,484
Advance Against Ijarah Staff		8,455	6,085
Advance to Against Murabaha Staff		-	227
Overdue Acceptances and FBP		23,536	12,456
Others (Provisions)		(47,316)	(42,552)
		<u>1,090,528</u>	<u>1,064,326</u>

Consolidated Condensed Interim Statement of Financial Position

As at June 30, 2018

Note	(Un-audited)	(Audited) (Restated)
5.1	June 30, 2018	December 31, 2017
	(Rupees in '000)	

ASSETS

Cash and balances with treasury banks		82,162,947	70,381,480
Balances with other banks		3,913,659	3,993,054
Lendings to financial institutions	8	15,574,386	48,895,828
Investments - net	9	356,944,075	401,742,398
Advances - net	10	479,733,950	400,659,922
Operating fixed assets	11	16,898,484	17,707,667
Deferred tax assets		-	-
Other assets	12	45,906,656	46,892,193
		1,001,134,157	990,272,542

LIABILITIES

Bills payable		10,346,213	12,461,866
Borrowings	13	198,083,504	207,536,939
Deposits and other accounts	14	668,000,467	653,346,088
Sub-ordinated loans		11,990,000	4,991,000
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		2,541,561	3,443,012
Other liabilities	12	40,205,751	41,663,256
		931,167,496	923,442,161

NET ASSETS

69,966,661	66,830,381
------------	------------

REPRESENTED BY

Share capital	16,130,572	16,075,720
Reserves	20,489,279	18,156,669
Unappropriated profit	27,362,108	24,865,838
Total equity attributable to the equity holders of the bank	63,981,959	59,098,227
Non-controlling interest	464,676	422,265
Surplus on revaluation of assets - net of tax	5,520,026	7,309,889
	69,966,661	66,830,381

CONTINGENCIES AND COMMITMENTS

16

The annexed notes 1 to 27 form an integral part of these consolidated condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Consolidated Condensed Interim Profit and Loss Account (Un-Audited)

For the quarter and half year ended June 30, 2018

	Note	Quarter ended June 30, 2018	Half year ended June 30, 2018	Quarter ended June 30, 2017	Half year ended June 30, 2017
------(Rupees in '000)-----					
Mark-up / return / interest earned		13,825,331	28,094,001	14,117,051	27,978,865
Mark-up / return / interest expensed		6,022,652	12,738,378	6,271,140	12,873,718
Net mark-up / interest income		7,802,679	15,355,623	7,845,911	15,105,147
(Reversal) / provision against non-performing loans and advances - net	10.3	(294,911)	(495,546)	(188,431)	(266,973)
Provision for diminution in value of investments - net	9.2	4,081	(82,742)	134,784	130,888
Bad debts written-off directly		-	-	-	-
		(290,830)	(578,288)	(53,647)	(136,085)
Net mark-up / interest income after provisions		8,093,509	15,933,911	7,899,558	15,241,232
Non mark-up / interest income					
Fee, commission and brokerage income		1,735,552	3,393,248	2,067,074	3,402,674
Dividend income		84,867	172,804	79,203	167,272
Income from dealing in foreign currencies		469,932	882,858	88,226	466,415
Gain on sale of securities - net		528,633	1,277,606	474,896	1,229,708
Unrealised (loss) / gain on revaluation of investments classified as held for trading - net		(97,132)	(95,661)	(12,599)	(6,978)
Share of profit from associates		328,648	336,373	234,648	318,353
Other income		176,634	276,256	(16,684)	130,276
Total non mark-up / interest income		3,227,134	6,243,484	2,914,764	5,707,720
		11,320,643	22,177,395	10,814,322	20,948,952
Non mark-up / interest expenses					
Administrative expenses		5,797,104	11,843,197	6,541,998	12,171,748
Provision / (reversal) against off-balance sheet obligations		(11,213)	2,857	5,811	(13,123)
Provision / (reversal) against other assets	17	234,648	(180,366)	5,648	(16,170)
Other charges		119,793	200,721	89,030	185,252
Total non mark-up / interest expenses		6,140,332	11,866,409	6,642,487	12,327,707
		5,180,311	10,310,986	4,171,835	8,621,245
Extra ordinary / unusual items		-	-	-	-
Profit before taxation		5,180,311	10,310,986	4,171,835	8,621,245
Taxation	20				
- Current		2,416,299	4,324,912	1,646,022	3,194,744
- Deferred		(144,244)	(16,794)	(150,077)	(148,712)
- Prior years		(20,376)	(219,843)	584,434	584,434
		2,251,679	4,088,275	2,080,379	3,630,466
Profit after taxation		2,928,632	6,222,711	2,091,456	4,990,779
Profit attributable to:					
Equity holders of the Bank		2,911,504	6,180,300	2,065,589	4,946,918
Non-controlling Interest		17,128	42,411	25,867	43,861
		2,928,632	6,222,711	2,091,456	4,990,779
(Rupees)					
Basic earnings per share	18	1.81	3.83	1.28	3.08
Diluted earnings per share - Restated	18	1.80	3.83	1.28	3.08

The annexed notes 1 to 27 form an integral part of these consolidated condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Consolidated Condensed Interim Statement of Comprehensive Income (Un-Audited) For the quarter and half year ended June 30, 2018

	Quarter ended June 30, 2018	Half year ended June 30, 2018	Quarter ended June 30, 2017	Half year ended June 30, 2017
	----- (Rupees in '000) -----			
Profit after taxation	2,928,632	6,222,711	2,091,456	4,990,779
Other comprehensive income				
Items that are or may be reclassified subsequently to profit and loss account				
Exchange differences on translation of net investment in foreign branches	732,272	1,089,818	(18,011)	(11,027)
Comprehensive income - transferred to unconsolidated condensed interim statement of changes in equity	<u>3,660,904</u>	<u>7,312,529</u>	<u>2,073,445</u>	<u>4,979,752</u>
Components of comprehensive income not reflected in equity				
(Deficit) on revaluation of available-for-sale securities	(2,068,081)	(2,564,621)	(918,252)	(2,001,807)
Related deferred tax liability	740,004	926,340	318,452	697,696
	<u>(1,328,077)</u>	<u>(1,638,281)</u>	<u>(599,800)</u>	<u>(1,304,111)</u>

The annexed notes 1 to 27 and Annexure I form an integral part of the unconsolidated condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Consolidated Condensed Interim Cash Flow Statement (Un-Audited) For the half year ended June 30, 2018

Note	Half year ended	
	June 30, 2018	June 30, 2017
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	10,310,986	8,621,245
Dividend income	(172,804)	(167,272)
Share of profit from associates	(336,373)	(318,353)
	9,801,809	8,135,620
Adjustments for:		
Depreciation	875,379	909,462
Amortisation	246,914	211,235
(Reversal) / provision against non-performing loans and advances - net	(495,546)	(266,973)
Provision for diminution in the value of investments - net	(82,742)	130,888
(Reversal) / provision against off-balance sheet obligations	2,857	(13,123)
(Reversal) / provision against other assets	(180,366)	(16,170)
Unrealised loss / (gain) on revaluation of investments classified as held for trading - net	95,661	6,978
Gain on sale of operating fixed assets - net	(119,121)	(5,781)
Charge for defined benefit plan	95,753	140,533
	438,789	1,097,049
	10,240,598	9,232,669
(Increase) / decrease in operating assets		
Lendings to financial institutions	25,692,236	(1,233,860)
Held-for-trading securities	(35,854,066)	(9,043,985)
Advances	(78,578,482)	(30,983,484)
Other assets (excluding tax recoverable and dividend receivable)	185,755	(1,080,788)
	(88,554,557)	(42,342,117)
Increase / (decrease) in operating liabilities		
Bills payable	(2,115,653)	(289,694)
Borrowings	(9,029,678)	22,728,156
Deposits and other accounts	14,654,379	15,590,090
Other liabilities	(1,576,265)	245,834
	1,932,783	38,274,386
	(76,381,176)	5,164,938
Income tax paid	(3,230,208)	(3,075,200)
Net cash (used in) / generated from operating activities	(79,611,384)	2,089,738
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	74,885,314	18,645,083
Net investments in held-to-maturity securities	3,404,406	1,085,589
Investment in associated company	-	(987,737)
Net proceed from sale and purchase of associated funds	(44,566)	1,764,002
Dividend income received	273,320	189,312
Investments in operating fixed assets	(576,545)	(1,089,687)
Proceeds from sale of operating fixed assets	382,556	62,779
Net cash generated from / (used in) investing activities	78,324,485	19,669,341
CASH FLOW FROM FINANCING ACTIVITIES		
Issuance / (Redemption) of sub-ordinated loans	6,999,000	(1,663,330)
Proceeds from issue of shares	82,489	191,722
Dividend paid	(2,387,785)	(458)
Net cash (used in) / generated from financing activities	4,693,704	(1,472,066)
Exchange difference on translation of the net investments in foreign branches	1,089,818	(11,027)
Increase / (decrease) in cash and cash equivalents	4,496,623	20,275,986
Cash and cash equivalents at beginning of the period	96,149,218	88,949,156
Effect of exchange rate changes on cash and cash equivalents	(2,488,862)	(72,385)
	93,660,356	88,876,771
Cash and cash equivalents at end of the period	19 98,156,979	109,152,757

The annexed notes 1 to 27 and Annexure I form an integral part of the unconsolidated condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Consolidated Condensed Interim Statement of Changes in Equity (Un-Audited)

For the half year ended June 30, 2018

	Capital Reserves				Revenue Reserves			Non Controlling Interest	Total
	Share Capital	Share Premium	Statutory Reserve*	Exchange Translation Reserve	Employee Share Option Compensation Reserve	Unappropriated profit	Sub-total		
	(Rupees in '000)								
Balance as at January 1, 2017, as previously reported	15,952,076	4,417,126	9,720,886	1,584,020	173,620	17,777,737	49,625,465	323,466	49,948,931
Effect of change in accounting policy for surplus / (deficit) on operating fixed assets - note 5.1	-	-	-	-	-	(30,137)	(30,137)	-	(30,137)
Balance as at January 1, 2017 (Restated)	15,952,076	4,417,126	9,720,886	1,584,020	173,620	17,747,600	49,595,328	323,466	49,918,794
Changes in equity for half year ended June 30, 2017									
Total comprehensive income for the period									
Profit after taxation for the half year ended June 30, 2017	-	-	-	-	-	4,946,918	4,946,918	43,861	4,990,779
Other comprehensive income for the half year ended June 30, 2017									
Exchange difference on translation of net investment in foreign branches	-	-	-	(11,027)	-	-	(11,027)	-	(11,027)
	-	-	-	(11,027)	-	4,946,918	4,935,891	43,861	4,979,752
Transfer to statutory reserve	-	-	976,189	-	-	(976,189)	-	-	-
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	16,056	16,056	-	16,056
Transactions with owners, recorded directly in equity									
Shares issued during the period	123,644	68,078	-	-	-	-	191,722	-	191,722
Adjustment to unamortised portion of deferred employee compensation expense	-	-	-	-	39,699	-	39,699	-	39,699
Transfer to Share Premium on issuance of shares under Stock Option Scheme	-	127,787	-	-	(127,787)	-	-	-	-
Balance as at June 30, 2017 - Restated	16,075,720	4,612,991	10,697,075	1,572,993	85,532	21,734,385	54,778,696	367,327	55,146,023
Changes in equity for half year ended December 31, 2017									
Total comprehensive income									
Profit after taxation for the half year ended December 31, 2017	-	-	-	-	-	3,567,998	3,567,998	55,027	3,623,025
Other comprehensive income for the half year ended December 31, 2017									
Exchange difference on translation of net investment in foreign branches	-	-	-	503,814	-	-	503,814	-	503,814
Remeasurement of defined benefit plans	-	-	-	-	-	376,064	376,064	(89)	375,975
Related tax charge	-	-	-	-	-	(133,080)	(133,080)	-	(133,080)
	-	-	-	503,814	-	3,810,982	4,314,796	54,938	4,369,734
Transfer to statutory reserve	-	-	697,270	-	-	(697,270)	-	-	-
Transfer from surplus on revaluation of operating fixed assets - net of tax	-	-	-	-	-	17,741	17,741	-	17,741
Transactions with owners, recorded directly in equity									
Adjustment to unamortised portion of deferred employee compensation expense	-	-	-	-	(13,006)	-	(13,006)	-	(13,006)
Balance as at December 31, 2017 - Restated	16,075,720	4,612,991	11,394,345	2,076,807	72,526	24,865,838	59,098,227	422,265	59,520,492
Impact of adoption of IFRS 9 - note 5.2	-	-	-	-	-	(81,596)	(81,596)	-	(81,596)
Restated opening balances as at January 01, 2018 under IFRS 9	16,075,720	4,612,991	11,394,345	2,076,807	72,526	24,784,242	59,016,631	422,265	59,438,896
Changes in equity for half year ended June 30, 2018									
Total comprehensive income									
Profit after taxation for the half year ended June 30, 2018	-	-	-	-	-	6,180,300	6,180,300	42,411	6,222,711
Other comprehensive income for the half year ended June 30, 2018									
Exchange difference on translation of net investment in foreign branches	-	-	-	1,089,818	-	-	1,089,818	-	1,089,818
	-	-	-	1,089,818	-	6,180,300	7,270,118	42,411	7,312,529
Transfer to statutory reserve	-	-	1,207,792	-	-	(1,207,792)	-	-	-
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	16,716	16,716	-	16,716
Transactions with owners, recorded directly in equity									
Final cash dividend for the year ended December 31, 2017 @15%	-	-	-	-	-	(2,411,358)	(2,411,358)	-	(2,411,358)
Shares issued during the period	54,852	27,637	-	-	-	-	82,489	-	82,489
Amortisation of deferred employee compensation expense	-	-	-	-	7,363	-	7,363	-	7,363
Transfer of Share Premium on issuance of shares under Stock Option Scheme	-	54,972	-	-	(54,972)	-	-	-	-
Balance as at June 30, 2018	16,130,572	4,695,600	12,602,137	3,166,625	24,917	27,362,108	63,981,959	464,676	64,446,635

* This represents reserve created under section 21(i) (a) of the Banking Companies Ordinance, 1962.

The annexed notes 1 to 27 form an integral part of these consolidated condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Notes to and Forming Part of the Consolidated Condensed Interim Financial Statements (Un-Audited) For the half year ended June 30, 2018

1 STATUS AND NATURE OF BUSINESS

1.1 The "Group" consists of:

Holding Company
Bank Alfalah Limited, Pakistan

Bank Alfalah Limited (the Holding Company) is a banking company incorporated in Pakistan on June 21, 1992 as a public limited company. It commenced its banking operations on November 1, 1992. The Bank's registered office is located at B. A. Building, I. I. Chundrigar Road, Karachi and is listed on the Pakistan Stock Exchange. The Holding Company is engaged in banking services as described in the Banking Companies Ordinance, 1962 and is operating through 478 conventional banking branches including 22 sub branches (2017: 475 branches including 22 sub branches), 10 overseas branches (2017: 10 branches), 152 Islamic banking branches (2017: 152 branches) and 1 offshore banking unit (2017: 1 unit).

The Holding Company has been assigned an Entity Rating of 'AA+' (Double A Plus) for the Long Term and 'A1+' (A-One Plus) for the Short Term by PACRA, with Outlook assigned as 'Stable' (2017: AA+ [Double A Plus] for long term and A1+ [A-One Plus] for short term with a 'Stable' outlook). The unsecured subordinated debt (Term Finance Certificates) of the Holding Company has been assigned a credit rating of AA (double A). These ratings were assigned at June 2018.

Furthermore, JCR-VIS Credit Rating Company Limited (JCR-VIS) also assigned an entity rating of 'AA+' (Double A Plus) for the Long Term and 'A-1+' (A-One Plus) for the short term to the Holding Company, with Outlook assigned as 'Stable' (2017: AA+ [Double A Plus] for long term and A1+ [A-One Plus] for short term with a 'Stable' outlook). These ratings were assigned in June 2018. The Holding Company's first ever Additional Tier 1 instrument (ADT-1) has been assigned an instrument rating 'AA-' (Double A Minus), with 'Stable' Outlook.

Percentage of Holding

	June 30, 2018	December 31, 2017
Subsidiaries		
Alfalah Securities (Private) Limited, Pakistan	97.91 percent	97.91 percent
Alfalah GHP Investment Management Limited, Pakistan	40.22 percent	40.22 percent

- 1.2 In addition, the Group maintains investments in associates, as well as in certain mutual funds established under trust structure not consolidated as subsidiaries, based on directives issued by the Security and Exchange Commission of Pakistan (SECP) through S.R.O. 56(I)/2016, dated January 28, 2016 (refer note 8.1), as detailed in note 1.2 and note 2.4 to the annual consolidated financial statements for the year ended 31 December 2017.

2 BASIS OF PRESENTATION

- 2.1 These consolidated condensed interim financial statements represents financial statements of the Holding Company - Bank Alfalah Limited and its subsidiaries. The assets and liabilities of subsidiaries have been consolidated on a line-by-line basis and the investment held by the Holding Company is eliminated against the corresponding share capital of subsidiaries in these consolidated financial statements.
- 2.2 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible form of trade-related modes of financing includes purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these consolidated condensed interim financial statements as such, but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon. The Islamic Banking branches of the Holding Company have complied with the requirements set out under the Islamic Financial Accounting Standards issued by the Institute of Chartered Accountants of Pakistan and notified under the provisions of the Companies Act, 2017.
- 2.3 Key financial figures of the Islamic Banking branches of the Holding Company are disclosed in Annexure I to the unconsolidated condensed interim financial statements of the Holding Company.
- 2.4 **Basis of consolidation**

Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its investment with investee and has the ability to affect those returns through its power over the investee.

These consolidated condensed interim financial statements incorporates the financial statements of subsidiaries from the date that control commences until the date that control ceases.

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates as well as investment in mutual funds established under trust structure (not consolidated as subsidiaries) are accounted for using the equity method.

Non-controlling interests are that part of the net results of operations and of net assets of subsidiaries attributable to interest which are not owned by the Group. Material intra-group balances and transactions are eliminated.

3 STATEMENT OF COMPLIANCE

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

- International Accounting Standard (IAS-34), Interim financial reporting, issued by the International Accounting Standards Board (IASB),
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017,
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017.

Wherever the requirements of provisions of Companies Act, 2017, Banking Companies Ordinance, 1962 and directives issued by the SBP and the SECP differ with the requirements of IAS-34 or IFAS, the requirements of the Companies Act, 2017, Banking Companies Ordinance, 1962 and the directives issued by the SECP and SBP have been followed.

3.2 The disclosures made in these consolidated condensed interim financial statements have been limited based on the format prescribed by the State Bank of Pakistan through BSD Circular Letter No. 2 dated May 12, 2004 and the requirements of International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the information required for the full annual financial statements and these consolidated condensed interim financial statements should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2017.

4 BASIS OF MEASUREMENT

4.1 Accounting convention

These consolidated condensed interim financial statements have been prepared under the historical cost convention except that certain fixed assets and other assets are stated at revalued amounts, held for trading and available for sale investments and derivative financial instruments are measured at fair value. Further, staff retirement benefits have been carried at present values as determined under the International Accounting Standards (IAS) 19 (revised) 'Employee Benefits'.

4.2 Functional and Presentation Currency

These condensed interim consolidated financial statements is presented in Pakistani Rupees, which is the Group's functional and presentation currency.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies and the methods of computation adopted in the preparation of these consolidated condensed interim financial statements are same as those applied in the preparation of the annual consolidated financial statements of the Group for the year ended December 31, 2017, except for the following:

5.1 Surplus / Deficit on Revaluation of Operating Fixed Assets

The Companies Ordinance, 1984 (the repealed Ordinance) was repealed through the enactment of the Companies Act, 2017 on May 30, 2017. However, as directed by the Securities and Exchange Commission of Pakistan vide circular number 23 dated October 4, 2017, the financial reporting requirements of the Companies Act, 2017 were only made applicable for reporting periods starting from January 1, 2018.

The repealed Ordinance specified the accounting treatment for the surplus on revaluation on fixed assets, wherein, a deficit arising on revaluation of a particular property was to be adjusted against the total balance in the surplus account or, if no surplus existed, was to be charged to the profit and loss account as an impairment of the asset. However, the Companies Act, 2017 removed the specific provisions allowing the above treatment and hence, a deficit arising on revaluation of a particular property is now to be accounted for in accordance with IAS 16, which requires that such deficit is to be taken to the profit and loss account as an impairment.

Consequently, the Group has changed its policy for accounting for a deficit arising on revaluation of fixed assets and accordingly, any surplus/deficit arising on revaluation of owned property and non-banking assets acquired in satisfaction of claims is accounted for at individual assets level.

The effect of this change in accounting policy, which is applied with retrospective effect, is as follows:

	December 31, 2017	December 31, 2016	December 31, 2015
		(Rupees in '000)	
Decrease in unappropriated profit	732	732	28,673
Increase in surplus on revaluation of assets – net of tax	732	732	28,673

5.2 Expected Credit Losses - IFRS 9

During the current period, the Group's Bahrain, Afghanistan and UAE Operations have, in line with their respective locally applicable regulatory frameworks, adopted IFRS 9 'Financial Instruments' as issued by the International Accounting Standards Board (IASB) in July 2014. In order to ensure compliance with the regulatory framework in these countries, the expected credit loss charge arising as a result of adoption of IFRS 9 has been retained as a general provision in these consolidated condensed interim financial statements.

As permitted by the transitional provisions of IFRS 9, the Group elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings and other reserves of the current period.

The adoption of this standard by the overseas branches have resulted in additional net of tax provisioning requirement of Rs. 81.596 million in respect of prior year which has been incorporated in the opening balance of retained earnings, while net of tax provision reversal of Rs. 21.264 million has been booked in profit and loss statement of overseas operations, in respect of current period.

Had IFRS 9 not been adopted by the overseas branches, unappropriated profit, investments, advances, other assets, other liabilities and deferred tax liabilities as at June 30, 2018 would have been higher by Rs. 60.332 million, Rs. 52.457 million, Rs. 16.777 million, Rs. 4.210 million, Rs. 5.788 million and Rs. 18.900 million, respectively.

5.3 Measurement of Redeemable Participating Certificates - IFRS 9

During the current period, the adoption of IFRS 9 at Bahrain Operations of the Group has resulted in investments in Redeemable Participating Certificates held abroad, being mandatorily measured at "Fair Value through Profit and Loss Account". However, based on the clarification received from the State Bank of Pakistan (SBP) vide their letter No. BPRD/RPD/2018-16203 dated July 26, 2018, such investments have been reported and measured under "Available for Sale" investments in these consolidated condensed interim financial statements.

5.4 New / Revised Standards, Interpretations and Amendments

There are certain new and amended standards and interpretations that are mandatory for accounting periods beginning on or after January 1, 2018 but are considered not to be relevant or don't have any significant effect on the Group's operations and therefore not detailed in these condensed interim consolidated financial statements.

6 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis and methods used for critical accounting estimates and judgements adopted in these consolidated condensed interim financial statements are same as those applied in the preparation of the annual consolidated financial statements of the Group for the year ended December 31, 2017.

7 FINANCIAL RISK MANAGEMENT

The Group's Financial Risk Management objectives and policies are consistent with those disclosed in the annual consolidated financial statements for the year ended December 31, 2017.

8	LENDINGS TO FINANCIAL INSTITUTIONS	Note	(Un-audited) June 30, 2018	(Audited) December 31, 2017
			(Rupees in '000)	
	Call money lendings	8.1	12,626,730	20,255,936
	Bai Muajjal		-	16,791,356
	Repurchase agreement lendings	8.2	2,947,656	11,848,536
			<u>15,574,386</u>	<u>48,895,828</u>
8.1	These represent lendings to financial institutions at interest rates ranging from 3.00% to 10.50% per annum (December 2017: 1.50% to 9.75% per annum) having maturities upto August 2018 (December 2017: March 2018).			
8.2	These represent short term lending to financial institutions against government securities. These carry mark-up rates ranging from 05.95% to 6.95% per annum (December 2017: 5.80% to 6.20% per annum) with maturities upto July 2018 (December 2017: June 2018).			

9 INVESTMENTS - NET

9.1 Investments by types

Note	June 30, 2018 (Un-audited)			December 31, 2017 (Audited)		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
	(Rupees in '000)					
	48,200,616	-	48,200,616	22,759,650	-	22,759,650
	9,337,262	-	9,337,262	-	-	-
	21,154	-	21,154	19,443	-	19,443
	1,094,916	-	1,094,916	28,140	-	28,140
	58,653,948	-	58,653,948	22,807,233	-	22,807,233
	37,410,650	76,799,875	114,210,525	77,610,358	85,274,643	162,885,001
	14,290,335	66,490,545	80,780,880	43,168,310	64,920,622	108,088,932
	6,520,255	-	6,520,255	5,786,367	-	5,786,367
	382,055	-	382,055	350,507	-	350,507
	1,125,996	-	1,125,996	1,297,084	-	1,297,084
	108,835	-	108,835	108,835	-	108,835
	25,000	-	25,000	25,000	-	25,000
	1,262,421	-	1,262,421	1,133,659	-	1,133,659
	93,542	-	93,542	90,201	-	90,201
	2,140,374	-	2,140,374	1,435,375	845,802	2,281,177
	1,473,088	3,024,372	4,497,460	1,479,097	2,526,175	4,005,272
	39,483,718	3,666,894	43,150,612	36,191,513	6,939,721	43,131,234
	104,316,269	149,981,686	254,297,955	168,676,306	160,506,963	329,183,269
	2,378,378	-	2,378,378	1,470,741	-	1,470,741
	28,455,334	-	28,455,334	31,637,988	-	31,637,988
	524,266	-	524,266	524,266	-	524,266
	212,626	-	212,626	193,239	-	193,239
	4,399,209	1,206,046	5,605,255	4,945,043	1,095,269	6,040,312
	3,384,091	-	3,384,091	4,097,810	-	4,097,810
	39,353,904	1,206,046	40,559,950	42,869,087	1,095,269	43,964,356
	10,051	-	10,051	9,800	-	9,800
	153,321	-	153,321	1,529	-	1,529
	7	-	7	6	-	6
	5,696	-	5,696	5,576	-	5,576
	87,470	-	87,470	86,277	-	86,277
	284,817	-	284,817	381,416	-	381,416
	88,022	-	88,022	86,343	-	86,343
	504	-	504	491	-	491
	328,294	-	328,294	319,725	-	319,725
	1,773,508	-	1,773,508	1,557,584	-	1,557,584
	762,567	-	762,567	764,575	-	764,575
	3,494,257	-	3,494,257	3,213,322	-	3,213,322
	205,818,378	151,187,732	357,006,110	237,565,948	161,602,232	399,168,180
9.2	(1,380,737)	-	(1,380,737)	(1,349,330)	-	(1,349,330)
	204,437,641	151,187,732	355,625,373	236,216,618	161,602,232	397,818,850
	(95,662)	-	(95,662)	(7,351)	-	(7,351)
	1,082,206	332,158	1,414,364	2,005,976	1,924,923	3,930,899
	205,424,185	151,519,890	356,944,075	238,215,243	163,527,155	401,742,398

	Note	(Un-audited) June 30, 2018	(Audited) December 31, 2017
(Rupees in '000)			
9.2 Particulars of provision for diminution in value of investments			
Opening balance		1,349,330	1,253,781
Impact of adoption of IFRS 9 (note 5.2)		77,698	-
Balance at January 01 on adoption of IFRS 9		1,427,028	1,253,781
Charge for the period / year		39,518	189,997
Reversals during the period / year		(122,260)	(15,584)
Provision written off / (adjusted) during the period / year		36,451	(78,864)
Closing balance		1,380,737	1,349,330
9.3 Particulars of provision for diminution in value of investments by type and segment			
Available for sale securities			
Listed companies / mutual funds			
- Fully paid up ordinary shares / units			
- First Dawood Investment Bank Limited		15,000	15,000
- Agritech Limited		7,383	-
- Preference shares			
- Agritech Limited		108,835	108,835
Unlisted companies			
- Fully paid up ordinary shares of Rs. 10 each			
- AGP Limited		-	43,632
- Pakistan Export Finance Guarantee Agency Limited		5,725	5,725
- Al-Hamra Avenue (Private) Limited		50,000	50,000
- Pakistan Mobile Communications Limited		3,936	3,936
Unlisted securities			
- Term finance certificates / sukuk bonds			
- Azgard Nine Limited		76,220	76,220
- Security Leasing Corporation Limited I		6,418	6,418
- Security Leasing Corporation Limited II		23,105	23,105
- New Allied Electronics		1,785	2,185
- Fauji Akbar Portia Marine Terminals Limited		253,560	224,499
- Quetta Textile Mills Limited		66,987	72,619
- Preference shares			
- Trust Investment Bank Limited		25,000	25,000
Held to maturity securities			
Unlisted securities			
- Term finance certificates / sukuk bonds			
- Agritech Limited		499,586	499,586
- BRR Guardian Modaraba		12,800	20,593
- Security Leasing Corporation Limited		29,245	29,245
- Sitara Peroxide (Private) Limited		118,052	118,052
- Zulekha Textile Mills		24,680	24,680
General Provision - Overseas Operations - (Refer Note 5.2)	9.3.1	52,420	-
		1,380,737	1,349,330

- 9.3.1 General provision pertains to overseas branches to meet the requirements of the regulatory authorities of the respective countries in which the Group operates.

	Note	(Un-audited) June 30, 2018	(Audited) December 31, 2017
(Rupees in '000)			
10 ADVANCES - NET			
Loans, cash credits, running finances, etc.			
- In Pakistan		382,015,487	331,076,292
- Outside Pakistan		15,099,959	14,338,182
		<u>397,115,446</u>	<u>345,414,474</u>
Net investment in finance lease			
- In Pakistan		4,282,526	4,090,945
- Outside Pakistan		-	-
		<u>4,282,526</u>	<u>4,090,945</u>
Islamic financing and related assets (gross)	10.1	84,347,843	56,880,169
Bills discounted and purchased (excluding market treasury bills)			
- Payable in Pakistan		3,156,051	5,444,779
- Payable outside Pakistan		6,797,874	5,357,334
		<u>9,953,925</u>	<u>10,802,113</u>
Gross Advances		<u>495,699,740</u>	<u>417,187,701</u>
Provision against advances			
- Specific provision	10.3	(15,053,259)	(15,685,041)
- General provision	10.3	(912,531)	(842,738)
		<u>(15,965,790)</u>	<u>(16,527,779)</u>
Advances - net of provision		<u>479,733,950</u>	<u>400,659,922</u>

- 10.1 This represents financing and related assets placed under shariah permissible modes and presented in Annexure I to the unconsolidated interim financial statements of the Holding Company.

- 10.2 Advances include Rs. 16,593 million (December 31, 2017: Rs. 17,580 million) which have been placed under non-performing status as detailed below:

	June 30, 2018 (Un-audited)								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)								
Category of classification									
Other Assets Especially Mentioned (Agri Financing)	91,333	-	91,333	3,877	-	3,877	3,877	-	3,877
Substandard	1,366,973	-	1,366,973	333,874	-	333,874	333,874	-	333,874
Doubtful	986,666	-	986,666	670,004	-	670,004	670,004	-	670,004
Loss	13,840,879	307,140	14,148,019	13,769,583	275,921	14,045,504	13,769,583	275,921	14,045,504
	<u>16,285,851</u>	<u>307,140</u>	<u>16,592,991</u>	<u>14,777,338</u>	<u>275,921</u>	<u>15,053,259</u>	<u>14,777,338</u>	<u>275,921</u>	<u>15,053,259</u>

	December 31, 2017 (Audited)								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)								
Category of classification									
Other Assets Especially Mentioned (Agri Financing)	84,960	-	84,960	4,979	-	4,979	4,979	-	4,979
Substandard	1,359,006	-	1,359,006	338,582	-	338,582	338,582	-	338,582
Doubtful	1,854,513	-	1,854,513	1,245,152	-	1,245,152	1,245,152	-	1,245,152
Loss	13,978,614	303,018	14,281,632	13,837,989	258,339	14,096,328	13,837,989	258,339	14,096,328
	<u>17,277,093</u>	<u>303,018</u>	<u>17,580,111</u>	<u>15,426,702</u>	<u>258,339</u>	<u>15,685,041</u>	<u>15,426,702</u>	<u>258,339</u>	<u>15,685,041</u>

10.3 Particulars of provisions against non-performing loans and advances

	Half year ended June 30, 2018 (Un-audited)			Year ended December 31, 2017 (Audited)		
	Specific	General	Total	Specific	General	Total
------(Rupees in '000)-----						
Opening balance	15,685,041	842,738	16,527,779	16,368,263	775,968	17,144,231
Impact of adoption of IFRS 9 (note 5.2)	-	25,297	25,297	-	-	-
Balance at January 01 on adoption of IFRS 9	15,685,041	868,035	16,553,076	16,368,263	775,968	17,144,231
Exchange adjustment and other movements	22,323	12,593	34,916	2,221	(9,425)	(7,204)
Charge for the period / year	742,017	117,363	859,380	2,230,902	169,445	2,400,347
Reversals / recoveries	(1,269,466)	(85,460)	(1,354,926)	(2,741,259)	(93,250)	(2,834,509)
	(527,449)	31,903	(495,546)	(510,357)	76,195	(434,162)
Amounts written off	(126,656)	-	(126,656)	(175,086)	-	(175,086)
Closing balance	15,053,259	912,531	15,965,790	15,685,041	842,738	16,527,779

10.3.1 The additional profit arising from availing the forced sales value (FSV) benefit - net of tax at June 30, 2018 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees amounted to Rs. 20.293 million (December 31, 2017: Rs. 29.889 million).

10.3.2 General provision against consumer loans represents provision maintained at an amount equal to 1.5% of the fully secured performing portfolio and 5% of the unsecured performing portfolio as required by the Prudential Regulations issued by the State Bank of Pakistan. General reserve of at least equivalent to 1% of the secured and performing SE portfolio and 2% of the unsecured and performing SE portfolio is also maintained as required under Prudential Regulations for Small and Medium Enterprise Financing.

General provision also includes Rs. 145.664 million (December 31, 2017: Rs. 141.702 million) pertaining to overseas branches to meet the requirements of the regulatory authorities of the respective countries in which the Group operates.

	(Un-audited) June 30, 2018	(Audited) December 31, 2017
(Rupees in '000)		
11 OPERATING FIXED ASSETS		
Capital work-in-progress	231,336	209,328
Property and equipment	15,411,852	16,119,263
Intangible assets	1,255,296	1,379,076
	<u>16,898,484</u>	<u>17,707,667</u>

		(Un-audited) Half year ended	
		June 30, 2018	June 30, 2017
11.1 Additions to operating fixed assets		(Rupees in '000)	
The following additions have been made to operating fixed assets during the period:			
Capital work-in-progress		22,008	197,026
Tangible fixed assets			
Office premises		22,062	386,224
Leasehold improvements		24,860	88,419
Office equipment		408,918	394,023
Furniture and fixtures		18,711	32,334
Vehicles		10,139	16,550
Intangibles assets			
Computer software		122,666	149,090
11.2 Transfer / disposals of operating fixed assets			
Tangible fixed assets			
Office premises		242,489	-
Leasehold improvements		43,080	10
Office equipment		131,017	67,385
Furniture and fixtures		10,310	11,147
Vehicles		32,548	26,773
12 OTHER ASSETS AND OTHER LIABILITIES			
These include assets and liabilities held for sale as referred to in note 21 to the Holding Company's annual financial statements for the year ended December 31, 2017, the Holding Company is in the process of selling its Afghanistan Operations.			
During the current period, the Business Transfer Agreement with the buyer has been executed. The sale is expected to be materialized in the near future, subject to all regulatory approvals.			
Accordingly, the assets and liabilities relating to the Holding Company's Afghanistan Operations continue to be classified as assets and liabilities held for sale under other assets and other liabilities respectively.			
12.1 The carrying amounts of the assets and liabilities classified as held for sale are as follows:			
		(Un-audited) June 30, 2018	(Audited) December 31, 2017
		(Rupees in '000)	
Other Assets - Assets Held for Sale (Afghanistan Operations)		23,677,990	26,821,724
Other Liabilities - Assets Held for Sale (Afghanistan Operations)		21,450,465	24,759,096

	Note	(Un-audited) June 30, 2018	(Audited) December 31, 2017
(Rupees in '000)			
13 BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan under ERF / LTF - EOP		32,624,971	27,798,748
Repurchase agreement borrowings	13.1	129,140,581	125,220,096
Borrowings from other central banks	13.2	204,147	-
Bai Muajjal	13.3	22,354,307	37,650,637
Other short term borrowings		290,601	343,253
		<u>184,614,607</u>	<u>191,012,734</u>
Unsecured			
Call borrowings	13.4	12,922,540	10,332,574
Trading liabilities		-	5,221,517
Overdrawn nostro accounts	13.5	546,357	970,114
		<u>13,468,897</u>	<u>16,524,205</u>
		<u>198,083,504</u>	<u>207,536,939</u>

- 13.1** This represents repurchase agreement borrowing from SBP and other banks at the rate of 2.26% and 6.60% per annum respectively (December 2017: 1.55% and 5.82% per annum) having maturities upto July 2018 (December 2017: February 2018).
- 13.2** This represents Export Development Fund refinancing facility availed by the Bank's Bangladesh Operations from Bangladesh Bank at mark-up rates ranging from 2.99% to 3.50% per annum (December 2017: Nil) having maturities upto December 2018 (December 2017: Nil).
- 13.3** This represents borrowings from financial institutions at mark-up rates ranging from 5.82% to 6.30% per annum (December 2017: 5.73% to 5.83%) having maturities upto February 2019 (December 2017: October 2018).
- 13.4** This represents borrowings from financial institutions at mark-up rates ranging from 0.50% to 6.63% per annum (December 2017: 0.60% to 5.75% per annum) having maturities upto October 2018 (December 2017: March 2018).
- 13.5** This represents book overdrawn balances appearing under certain nostro accounts which are due for settlement and the balance exists only due to timing differences. These do not carry any mark-up rates.

	(Un-audited) June 30, 2018	(Audited) December 31, 2017
(Rupees in '000)		
14 DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	116,266,356	131,010,038
Savings deposits	219,227,933	215,069,960
Current accounts - non-remunerative	305,125,950	266,018,609
Others	7,967,043	6,505,849
	<u>648,587,282</u>	<u>618,604,456</u>
Financial institutions		
Remunerative deposits	17,248,697	29,548,087
Non-remunerative deposits	2,164,488	5,193,545
	<u>19,413,185</u>	<u>34,741,632</u>
	<u>668,000,467</u>	<u>653,346,088</u>

	Note	(Un-audited) June 30, 2018	(Audited) December 31, 2017
15 SUB-ORDINATED LOANS			
(Rupees in '000)			
Term Finance Certificates V - Quoted, Unsecured		4,990,000	4,991,000
Additional Tier-I	15.1	7,000,000	-
		<u>11,990,000</u>	<u>4,991,000</u>

- 15.1** During the period, the Holding Company issued fully paid up, rated, listed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Term Finance Certificates ("TFCs") issued under Section 66 of the Companies Act, 2017 which qualify as Additional Tier I Capital as outlined by State Bank of Pakistan ("SBP") under BPRD Circular No. 6 dated August 15, 2013. Salient feature of the issue are as follows:

Credit Rating	"AA-" (double A minus) by JCR-VIS Credit Rating Company Limited.
Tenor	Perpetual.
Mark-up Payment Frequency	Payable semi-annually in arrears.
Mark-up Rate	For the period at end of which the Holding Company is in compliance with Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) requirements of SBP, mark-up rate will be 6 month KIBOR + 1.50% with no step up feature.
Call Option	The Holding Company may, at its sole discretion, exercise call option any time after five years from the Issue Date, subject to prior approval of SBP.
Lock-in Clause	Mark-up will only be paid from the Holding Company's current year's earning and if the Holding Company is in compliance of regulatory MCR and CAR requirements set by SBP from time to time.
Loss Absorbency	In conformity with SBP Basel III Guidelines, the TFCs shall, if directed by the SBP, be permanently converted into ordinary shares upon: (i) the CET 1 Trigger Event; (ii) the point of non-viability Trigger Event; or (iii) failure by the Holding Company to comply with the Lock-In Clause. The SBP will have full discretion in declaring the point of non-viability Trigger Event.

	(Un-audited) June 30, 2018	(Audited) December 31, 2017
16 CONTINGENCIES AND COMMITMENTS		
16.1 Direct credit substitutes		
i) Government	847,480	9,955,661
ii) Banking companies and other financial institutions	473,839	430,638
iii) Others	-	6,531
	<u>1,321,319</u>	<u>10,392,830</u>
16.2 Transaction - related contingent liabilities		
i) Government	57,135,779	41,857,229
ii) Banking companies and other financial institutions	1,114,204	609,154
iii) Others	9,510,612	11,317,138
	<u>67,760,595</u>	<u>53,783,521</u>
16.3 Trade - related contingent liabilities		
Letters of credit	<u>78,934,279</u>	<u>73,773,817</u>
Acceptances	<u>13,242,530</u>	<u>10,701,434</u>
16.4 Other contingencies		
Claims against the Bank not acknowledged as debts	<u>17,647,745</u>	<u>18,973,919</u>
<p>These mainly represents counter claims filed by the borrowers for restricting the Group from disposal of assets (such as hypothecated / mortgaged / pledged assets kept as security), damage to reputation and cases filed by Ex. employees of the Holding Company for damages sustained by them consequent to the termination from the Holding Company's employment. Based on legal advice and / or internal assessment, management is confident that the matters will be decided in Group's favour and the possibility of any outcome against the Group is remote and accordingly no provision has been made in these financial statements.</p>		
	(Un-audited) June 30, 2018	(Audited) December 31, 2017
16.5 Commitments in respect of forward lendings		
Commitments to extend credit	<u>27,105,136</u>	<u>22,628,329</u>
Commitments in respect of investments	<u>6,028,442</u>	<u>7,579,043</u>
16.6 Commitments in respect of forward exchange contracts		
Purchase	<u>96,488,370</u>	<u>60,285,544</u>
Sale	<u>52,618,630</u>	<u>31,823,206</u>
16.7 Commitments for the acquisition of operating fixed assets	<u>439,845</u>	<u>318,978</u>

	(Un-audited) June 30, 2018	(Audited) December 31, 2017
16.8 Commitments in respect of repo transactions		
	(Rupees in '000)	
Repurchase	121,963,324	125,378,959
Resale	6,776,937	12,017,776

16.9 Other commitments

Interest rate swaps	9,318,835	8,865,756
Future	1,356,716	-
Donations	1,814	23,952

16.10 Contingencies in respect of tax related matters are discussed in Note 20 of these consolidated condensed interim financial statements.

17 REVERSAL / PROVISION AGAINST OTHER ASSETS

This includes reversal of provision amounting to Rs. 443.898 million (USD 3.949 million), previously held against amount blocked in the Holding Company's Nostro account following settlement of dispute, and release of funds in favour of the Group.

	(Un-audited) Half year ended	
	June 30, 2018	June 30, 2017
	(Rupees in '000)	

18 EARNINGS PER SHARE**18.1 BASIC EARNINGS PER SHARE**

Profit after taxation for the period	6,180,300	4,946,918
	(Number of shares in thousand) (Restated)	
Weighted average number of ordinary shares	1,611,791	1,608,159

(Rupees)

Basic earnings per share	3.83	3.08
--------------------------	------	------

18.2 DILUTED EARNINGS PER SHARE**(Rupees in '000)**

Profit after taxation for the period	6,180,300	4,946,918
	(Number of shares in thousand) (Restated)	
Weighted average number of ordinary shares	1,613,991	1,608,159
	(Rupees) (Restated)	
Diluted earnings per share	3.83	3.08

(Un-audited)
June 30,
2018
(Audited)
December 31,
2017
(Rupees in '000)

19 CASH AND CASH EQUIVALENTS

Cash and balances with treasury banks	82,162,947	70,381,480
Balances with other banks	3,913,659	3,993,054
Call money lendings	12,626,730	20,255,936
Overdrawn nostro accounts	(546,357)	(970,114)
	<u>98,156,979</u>	<u>93,660,356</u>

20 TAXATION

- a) The income tax assessments of the Holding Company have been finalized upto and including tax year 2017. Matters of disagreement exist between the Holding Company and tax authorities for various assessment years and are pending with the Commissioner of Inland Revenue (Appeals), Appellate Tribunal Inland Revenue (ATIR), High Court of Sindh and Supreme Court of Pakistan. These issues mainly relate to addition of mark up in suspense to income, taxability of profit on government securities, bad debts written off and disallowances relating to profit and loss expenses.

In respect of tax years 2008, 2014 and 2017, the tax authorities have raised certain issues including default in payment of WWF, allocation of expenses to dividend and capital gains, dividend income from mutual funds not being taken under income from business, disallowance of Leasehold improvements resulting in additional demand of Rs.599.879 million (December 31, 2017 : Rs.1,033.519 million). As a result of appeal filed before Commissioner Appeals against these issues, relief has been provided for tax amount of Rs.116.351 million appeal effect orders are pending. Holding Company has filed appeals on these issues which are pending before Commissioner Appeals. The management is confident that these matters will be decided in favour of the Holding Company and consequently has not made any provision in respect of these amounts.

The Holding Company has received amended orders for Tax Years from 2010 to 2015 wherein Tax Authorities considered Ijarah Lease as Finance Lease and raised a tax demand of Rs.133.799 million. Commissioner Appeal for Tax Years 2010 to 2013, decided the matter in favour of the Holding Company to the extent of not taxing principal amounts. The Holding Company is in appeal before Appellate Tribunal and Commissioner Appeals on the matter. The Holding Company has not made any provision against these orders as the management is of the view that the matter will be settled in Holding Company's favour through appellate process.

- b) In respect of monitoring of withholding taxes, the Holding Company has received various orders from tax authorities. The Holding Company has not made provision amounting to Rs.48.027 million against tax demand for tax years 2017 and 2018 as management is of the view that the matter will be settled in Holding Company's favour in appeals.
- c) The Holding Company has received an order from a provincial tax authority wherein tax authority has disallowed certain exemptions of sales tax on Holding Companying services and demanded sales tax and penalty amounting to Rs.77.592 million (December 31, 2017 : Rs.77.592 million) (excluding default surcharge) for the period from July 2011 to June 2014. Holding Company's appeal against this order is currently pending before Commissioner Appeals. The Holding Company has not made any provision against this order and the management is of the view that the matter will be settled in Holding Company's favour through appellate process.

21 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

Based on the Group's internal reporting framework, business activities are split into various reporting segments. The segment analysis with respect to the business activities is presented below:

For the period ended June 30, 2018 (Un-audited)										
	Retail Banking	Corporate Banking	Treasury	Consumer Banking	Islamic Banking	International Operations	Retail Brokerage	Asset Management	Others*	Total
	(Rs. in '000)									
Segment income	5,174,953	7,721,508	11,529,097	2,606,708	4,488,532	1,864,660	65,742	225,845	660,440	34,337,485
Inter-segment income / (expense)	8,220,123	(3,542,950)	(5,030,876)	(675,933)	(440)	-	-	-	1,030,076	-
Segment expenses	9,431,892	1,568,640	3,188,120	1,111,112	3,119,526	640,719	94,425	116,183	4,755,882	24,026,499
Profit / (loss) before tax	3,963,184	2,609,918	3,310,101	819,664	1,368,567	1,223,941	(28,683)	109,662	(3,065,368)	10,310,986

As at June 30, 2018 (Un-audited)										
	Retail Banking	Corporate Banking	Treasury	Consumer Banking	Islamic Banking	International Operations	Retail Brokerage	Asset Management	Others*	Total
	(Rs. in '000)									
Segment assets	164,222,529	243,243,714	306,978,819	28,894,750	144,456,378	74,978,587	662,312	966,375	36,730,693	1,001,134,157
Segment non performing loans	8,161,571	6,478,088	-	275,817	1,135,969	307,140	1,269	-	233,137	16,592,991
Segment provision required against loans and advances	7,630,320	5,828,830	-	790,759	1,157,644	421,585	1,271	-	135,381	15,965,790
Segment liabilities	466,465,592	93,343,268	145,308,706	2,543,541	132,042,097	63,179,991	475,138	194,918	27,614,245	931,167,496
Segment return on assets (ROA %)	1.5%	1.8%	1.0%	5.5%	2.0%	3.3%	-	-	-5.7%	-
Segment cost of funds(%)	3.3%	5.1%	5.9%	5.5%	1.3%	5.4%	-	-	3.0%	-

For the period ended June 30, 2017 (Un-audited)										
	Retail Banking	Corporate Banking	Treasury	Consumer Banking	Islamic Banking	International Operations	Retail Brokerage	Asset Management	Others*	Total
	(Rs. in '000)									
Segment income	4,222,986	6,803,514	13,103,836	2,307,293	4,452,369	1,994,144	141,263	250,494	410,686	33,686,585
Inter-segment income / (expense)	7,417,927	(3,883,463)	(3,679,301)	(529,988)	(577)	-	-	-	675,402	-
Segment expenses	8,690,277	1,519,530	4,751,261	856,243	3,010,292	1,256,867	82,570	157,705	4,740,595	25,065,340
Profit / (loss) before tax	2,950,641	1,400,520	4,673,273	921,061	1,441,499	737,277	58,693	92,789	(3,654,508)	8,621,245

As at June 30, 2017 (Un-audited)										
	Retail Banking	Corporate Banking	Treasury	Consumer Banking	Islamic Banking	International Operations	Retail Brokerage	Asset Management	Others*	Total
	(Rs. in '000)									
Segment assets	155,087,265	226,375,371	302,559,024	24,260,184	148,664,376	70,220,634	941,586	1,395,156	30,409,528	959,913,124
Segment non performing loans	8,230,621	7,526,105	-	347,385	1,552,158	292,853	1,270	-	-	17,950,392
Segment provision required against loans and advances	7,655,923	6,703,686	-	757,909	1,102,081	389,838	1,271	-	142,151	16,752,859
Segment liabilities	436,142,193	86,798,671	159,350,810	1,913,323	136,367,266	61,509,704	698,057	328,093	12,011,115	895,119,232
Segment return on assets (ROA %)	1.4%	1.2%	1.3%	7.4%	2.0%	2.3%	-	-	-5.3%	-
Segment cost of funds (%)	3.0%	5.0%	5.7%	5.3%	2.7%	2.2%	-	-	3.0%	-

* Profit before tax of this segment includes head office related expenses

22 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The valuation techniques used in determination of fair values for various assets and liabilities is tabulated in note 22.2.

June 30, 2018 (Un-audited)

	HFT	AFS	HTM	Carrying Amount Loans and Receivables	Subsidiaries & Associates	Other financial liabilities (Rupees in '000)	Total	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments											
Financial assets measured at fair value											
- Other assets											
- Forward foreign exchange contracts	2,173,459	-	-	-	-	-	2,173,459	-	2,173,459	-	2,173,459
- Interest rate swaps	146,149	-	-	-	-	-	146,149	-	146,149	-	146,149
- Investments											
- Government Securities (TBills, PIBs, GoP Sukuks, Overseas Govt. Sukuks, Overseas and Euro bonds)	57,542,460	236,751,898	-	-	-	-	294,294,358	-	294,294,358	-	294,294,358
- Overseas Bonds - others		3,273,631	-	-	-	-	3,273,631	-	3,273,631	-	3,273,631
- Ordinary shares of listed companies	1,001,271	783,151	-	-	-	-	8,832,782	8,832,782	-	-	8,832,782
- Debt securities (TFGs)		782,883	-	-	-	-	782,883	-	782,883	-	782,883
- Sukuks-Other than Govt	-	4,721,599	-	-	-	-	4,721,599	-	4,387,344	-	4,387,344
Financial assets not measured at fair value											
- Cash and bank balances with treasury banks		-	-	82,162,947	-	-	82,162,947	-	-	-	-
- Balances with other banks		-	-	3,913,659	-	-	3,913,659	-	-	-	-
- Lending to financial institutions		-	-	15,574,386	-	-	15,574,386	-	-	-	-
- Advances		-	-	356,944,075	-	-	356,944,075	-	-	-	-
- Other assets		-	-	42,057,045	-	-	42,057,045	-	-	-	-
- Investments		-	-	-	-	-	-	-	-	-	-
- Government Securities (PIBs, WAPDA Sukuks, Overseas and Euro bonds)		-	-	36,045,003	-	-	36,045,003	-	-	-	-
- Overseas Bonds - Others		-	-	601,627	-	-	601,627	-	-	-	-
- Unlisted Shares (Ordinary & Preference)		-	-	322,395	-	-	322,395	-	-	-	-
- Redeemable Participating Certificate		-	-	1,258,004	-	-	1,258,004	-	-	-	-
- Commercial Paper		-	-	93,542	-	-	93,542	-	-	-	-
- Sukuks-Other than Govt		-	-	3,223,994	-	-	3,223,994	-	-	-	-
- Associates		-	-	-	-	-	-	-	-	-	-
- Mutual Funds		-	-	-	2,568,318	-	2,568,318	-	2,568,318	-	2,568,318
- Ordinary shares of unlisted companies		-	-	-	925,939	-	925,939	-	-	-	-
	60,863,339	255,035,463	39,870,624	500,652,112	3,494,257	-	859,915,795				
Financial liabilities measured at fair value											
- Other liabilities											
- Forward foreign exchange contracts	1,826,191	-	-	-	-	-	1,826,191	-	1,826,191	-	1,826,191
- Interest rate swaps	1,024	-	-	-	-	-	1,024	-	1,024	-	1,024
Financial liabilities not measured at fair value											
- Bills Payable		-	-	-	-	10,346,213	10,346,213	-	-	-	-
- Borrowings		-	-	-	-	198,083,504	198,083,504	-	-	-	-
- Deposits and other accounts		-	-	-	-	668,000,467	668,000,467	-	-	-	-
- Subordinated loans		-	-	-	-	11,990,000	11,990,000	-	-	-	-
- Other liabilities		-	-	-	-	36,972,857	36,972,857	-	-	-	-
	1,827,215	-	-	-	-	925,393,041	927,220,756				
Off balance sheet financial instruments											
- Forward Exchange Contracts Purchase		-	-	-	-	96,488,370	96,488,370	-	98,592,223	-	98,592,223
- Forward Exchange Contracts Sale		-	-	-	-	52,618,630	52,618,630	-	54,375,215	-	54,375,215
- Interest Rate Swaps		-	-	-	-	9,318,835	9,318,835	-	9,462,507	-	9,462,507

December 31, 2017 (Audited)

	December 31, 2021 (Rupee)									
	Carrying Amount			Fair value						
	HFT	AFS	HTM	Loans and Receivables	Subsidiaries & Associates	Other financial liabilities	Level 1	Level 2	Level 3	Total
(Rupees in '000)										
On balance sheet financial instruments										
Financial assets measured at fair value										
Other assets	1,960,858	-	-	-	-	-	-	1,960,858	-	1,960,858
Forward foreign exchange contracts	31,700	-	-	-	-	-	-	31,700	-	31,700
Interest rate swaps	-	-	-	-	-	-	-	-	-	-
Investments	22,772,732	315,202,970	-	-	-	-	-	337,975,702	-	337,975,702
Government Securities (T-bills, PIBs, GoP Sukuks, Overseas Govt. Sukuk, Overseas and Euro bonds)	-	4,045,616	-	-	-	-	-	4,045,616	-	4,045,616
Overseas Bonds - others	27,149	6,167,392	-	-	-	-	6,194,541	4,045,616	-	6,194,541
Ordinary shares of listed companies	-	-	-	-	-	-	-	985,706	-	985,706
Debt securities (TFCs)	-	985,706	-	-	-	-	-	985,706	-	985,706
Sukuk-Other than Govt	-	4,584,236	-	-	-	-	-	4,584,236	-	4,584,236
Financial assets not measured at fair value										
Cash and bank balances with treasury banks	-	-	-	70,381,480	-	-	-	-	-	-
Balances with other banks	-	-	-	3,993,054	-	-	-	-	-	-
Lending to financial institutions	-	-	-	48,895,828	-	-	-	-	-	-
Advances	-	-	-	400,659,922	-	-	-	-	-	-
Other assets	-	-	-	42,989,774	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-
Government Securities (PIBs, WAPDA Sukuks, Overseas and Euro bonds)	-	-	38,794,138	-	-	-	-	-	-	-
Overseas Bonds - Others	-	-	548,143	-	-	-	-	-	-	-
Unlisted shares (Ordinary & Preference)	-	247,214	-	-	-	-	-	-	-	-
Redeemable Participating Certificate	-	1,133,659	-	-	-	-	-	-	-	-
Commercial Paper	-	90,201	-	-	-	-	-	-	-	-
Sukuk-Other than Govt	-	-	3,929,920	-	-	-	-	-	-	-
Associates	-	-	-	-	-	-	-	-	-	-
- Mutual Funds	-	-	-	-	571,438	-	-	571,438	-	571,438
- Ordinary shares of unlisted companies	24,752,439	332,456,994	43,272,201	566,920,058	3,213,322	2,641,884	-	-	-	-
Financial liabilities measured at fair value										
Other liabilities	968,982	-	-	-	-	-	-	968,982	-	968,982
Forward foreign exchange contracts	6,202	-	-	-	-	-	-	6,202	-	6,202
Interest rate swaps	-	-	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value										
Bills Payable	-	-	-	-	-	12,461,866	-	-	-	-
Borrowings	-	-	-	-	-	206,566,825	-	-	-	-
Deposits and other accounts	-	-	-	-	-	653,346,088	-	-	-	-
Subordinated loans	-	-	-	-	-	4,991,000	-	-	-	-
Other liabilities	-	-	-	-	-	41,538,421	-	-	-	-
Off balance sheet financial instruments										
- Forward Exchange Contracts Purchase	975,184	-	-	-	-	918,302,200	-	62,241,402	-	62,241,402
- Forward Exchange Contracts Sale	-	-	-	-	-	31,823,206	-	32,787,188	-	32,787,188
- Interest Rate Swaps	-	-	-	-	-	8,865,756	-	8,879,930	-	8,879,930

On balance sheet financial instruments
Financial assets measured at fair value

- Other assets
- Forward foreign exchange contracts
- Interest rate swaps
- Investments
- Government Securities (T-bills, PIBs, GoP Sukuk, Overseas Govt. Sukuk, Overseas and Euro bonds)
- Overseas Bonds - others
- Ordinary shares of listed companies
- Debt securities (TFCs)
- Sukuk-Other than Govt

Financial assets not measured at fair value

- Cash and bank balances with treasury banks
- Balances with other banks
- Lending to financial institutions
- Advances
- Other assets
- Investments
- Government Securities (PIBs, WAPDA Sukuk, Overseas and Euro bonds)
- Overseas Bonds - Others
- Unlisted shares (Ordinary & Preference)
- Redeemable Participating Certificate
- Commercial Paper
- Sukuk-Other than Govt
- Associates
- Mutual Funds
- Ordinary shares of unlisted companies

Financial liabilities measured at fair value

- Other liabilities
- Forward foreign exchange contracts
- Interest rate swaps

Financial liabilities not measured at fair value

- Bills Payable
- Borrowings
- Deposits and other accounts
- Subordinated loans
- Other liabilities

Off balance sheet financial instruments

- Forward Exchange Contracts Purchase
- Forward Exchange Contracts Sale
- Interest Rate Swaps

The Group's policy is to recognize transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between levels 1 and 2 during the half year.

(a) Financial instruments in level 1

Financial instruments included in level 1 comprise of investments in ordinary shares of listed companies.

(b) Financial instruments in level 2

Financial instruments included in level 2 comprise of Market Treasury Bills, Pakistan Investment Bonds, GoP Sukuks, Overseas Government Sukuks, Overseas and Euro Bonds, Term Finance Certificates, and other than Government Sukuks, forward foreign exchange contracts, and interest rate swaps.

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

22.2 Valuation techniques used in determination of fair values:

Item	Valuation approach and input used
Forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by State Bank of Pakistan.
Interest rate swaps	The fair value of interest rate swaps is determined using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currency involved, interest rates, yield curves, volatilities, contract durations etc.
Market Treasury Bills(MTB) / Pakistan Investment Bonds(PIB), and GoP Sukuks (GIS)	The fair value of MTBs and PIBs are derived using PKRV rates. GIS are revalued using PKISRV rates.
Overseas Government Sukuks, Overseas and Euro Bonds	The fair value of Overseas Government Sukuks, and Overseas Bonds are valued on the basis of rates available on Bloomberg.
Debt Securities (TFCs) and Sukuk other than Government	Investment in WAPDA Sukuks, debt securities (comprising term finance certificates, bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Ordinary shares - listed	The fair value of investments in listed equity securities are valued on the basis of closing quoted market price available at the Pakistan Stock Exchange.

23 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include major shareholders, subsidiary company, associated companies with or without common directors, retirement benefit funds and directors and key management personnel and their close family members.

Banking transactions with the related parties are executed substantially on the same terms, including mark-up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than a normal risk.

Contributions to and accruals in respect of staff retirements and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to executives is determined in accordance with the terms of their appointment.

Details of transactions with related parties and balances with them as at the year-end other than disclosed elsewhere are as follows:

	June 30, 2018 (Un-audited)				
	Directors	Key Management Personnel	Associates	Other related parties	Total
	(Rupees in '000)				
Statement of Financial Position					
Lendings					
Balance at beginning of the period	-	-	-	1,500,000	1,500,000
Placements during the period	-	-	-	59,821,898	59,821,898
Withdrawals during the period	-	-	-	(61,321,898)	(61,321,898)
Balance at end of the period	-	-	-	-	-
Investments					
Balance at beginning of the period	-	-	3,040,701	1,317,808	4,358,509
Investments during the period	-	-	560,959	3,864,429	4,425,388
Redemptions during the period	-	-	(107,403)	(3,560,013)	(3,667,416)
Balance at end of the period	-	-	3,494,257	1,622,224	5,116,481
Provisions held against investments	-	-	-	53,936	53,936
Advances					
Balance at beginning of the period	-	446,634	-	7,591,327	8,037,961
Placements during the period	112,932	185,600	-	10,814,023	11,112,555
Withdrawals / adjustments during the period	-	(214,015)	-	(12,316,279)	(12,530,294)
Balance at end of the period	112,932	418,219	-	6,089,071	6,620,222
Provisions held against advances	-	-	-	1,540,029	1,540,029
Mark-up held in suspense against classified advances	-	-	-	1,162,844	1,162,844
Other receivables	-	-	194,130	50,566	244,696
Borrowings					
Balance at beginning of the period	-	-	-	502,800	502,800
Borrowing during the period	-	-	-	17,429,010	17,429,010
Repayments during the period	-	-	-	(17,931,810)	(17,931,810)
Balance at end of the period	-	-	-	-	-
Deposits					
Balance at beginning of the period	6,275	161,264	1,509,741	4,178,990	5,856,270
Placements during the period	92,372	1,121,444	17,585,572	42,890,975	61,690,363
Withdrawals / adjustments* during the period	(90,989)	(1,071,814)	(18,086,284)	(43,121,578)	(62,370,665)
Balance at end of the period	7,658	210,894	1,009,029	3,948,387	5,175,968
Sub-Ordinated Loans					
Balance at beginning of the period	-	19,964	45,044	-	65,008
Issued during the period	-	-	-	-	-
Redeemed during the period	-	(19,964)	(45,044)	-	(65,008)
Balance at end of the period	-	-	-	-	-
Other payables	-	-	109	5,282	5,391
Off Balance Sheet Items					
Letters of credit, acceptance and Guarantees outstanding	-	-	142,152	825,161	967,313

	December 31, 2017 (Audited)				
	Directors	Key management personnel	Associates	Other related parties	Total
	(Rupees in '000)				
Lendings					
Balance at beginning of the year	-	-	-	-	-
Placements during the year	-	-	-	89,750,000	89,750,000
Withdrawals during the year	-	-	-	(88,250,000)	(88,250,000)
Balance at end of the year	-	-	-	1,500,000	1,500,000
Investments					
Balance at beginning of the year	-	-	3,263,590	2,579,489	5,843,079
Investments during the year	-	-	1,961,972	1,819,585	3,781,557
Redemptions during the year	-	-	(2,184,861)	(3,081,266)	(5,266,127)
Balance at end of the year	-	-	3,040,701	1,317,808	4,358,509
Provisions held against investments	-	-	-	53,936	53,936
Advances					
Balance at beginning of the year	79,130	351,335	-	8,040,236	8,470,701
Placements during the year	21,130	317,546	-	15,620,727	15,959,403
Withdrawals / adjustments during the year	(100,260)	(222,247)	-	(16,069,636)	(16,392,143)
Balance at end of the year	-	446,634	-	7,591,327	8,037,961
Provisions held against advances	-	-	-	1,540,029	1,540,029
Mark-up held in suspense against classified advances	-	-	-	1,161,382	1,161,382
Other receivables	-	-	224,149	508	224,657
Borrowings					
Balance at beginning of the year	-	-	-	-	-
Borrowing during the year	-	-	-	34,192,883	34,192,883
Repayments during the year	-	-	-	(33,690,083)	(33,690,083)
Balance at end of the year	-	-	-	502,800	502,800
Deposits					
Balance at beginning of the year	10,201	164,506	1,031,657	8,663,189	9,869,553
Placements during the year	308,744	1,699,071	56,650,035	111,897,086	170,554,936
Withdrawals / adjustments* during the year	(312,670)	(1,702,313)	(56,171,951)	(116,381,285)	(174,568,219)
Balance at end of the year	6,275	161,264	1,509,741	4,178,990	5,856,270
Sub-Ordinated Loans					
Balance at beginning of the year	-	132,348	79,003	332,467	543,818
Issued during the year	-	-	-	-	-
Redeemed during the year	-	(112,384)	(33,959)	(332,467)	(478,810)
Balance at end of the year	-	19,964	45,044	-	65,008
Other payables	-	8,070	844	9,444	18,358
Off Balance Sheet Items					
Letters of credit, acceptance and Guarantees outstanding	-	-	-	1,126,336	1,126,336

Half year ended June 30, 2018 (Un-audited)					
	Directors	Key Management Personnel	Associates	Other related parties	Total
----- (Rupees in '000) -----					
Transactions during the half year					
Mark-up received on lendings	-	-	-	16,692	16,692
Mark-up received on investments	-	-	-	35,164	35,164
Mark-up received on advances	2,461	9,545	-	165,512	177,518
Mark-up paid on deposits	10	3,220	26,788	83,442	113,460
Mark-up paid on borrowing	-	-	-	10,907	10,907
Insurance Premium paid	-	-	444,773	-	444,773
Insurance Claim received - Fixed Assets	-	-	1,647	-	1,647
Purchase and maintenance of machines / equipments and services	-	-	-	76,165	76,165
Dividend income	-	-	99,000	-	99,000
Dividend paid	377,458	6,241	473	820,394	1,204,566
Capital gain	-	-	-	15,922	15,922
Other income	-	-	-	12,173	12,173
Administrative expenses	-	-	-	312,200	312,200

Half year ended June 30, 2017 (Un-audited)					
	Directors	Key Management Personnel	Associated	Other related parties	Total
----- (Rupees in '000) -----					
Transactions during the half year					
Mark-up received on lendings	-	-	-	8,844	8,844
Mark-up received on investments	-	-	-	56,630	56,630
Mark-up received on advances	2,319	10,080	-	167,427	179,826
Mark-up paid on deposits	113	1,498	31,567	99,813	132,991
Mark-up paid on borrowing	-	-	-	366	366
Mark-up paid on sub-ordinated loans	-	10,659	1,911	24,936	37,506
Insurance Premium paid	-	-	431,599	-	431,599
Insurance Claim received - Fixed Assets	-	-	4,530	-	4,530
Purchase and maintenance of machines / equipments and services	-	-	-	134,643	134,643
(Reversal) against non-performing advances	-	-	-	(1,344)	(1,344)
Dividend income	-	-	-	1,460	1,460
Capital gain	-	-	323,373	-	323,373
Other income	-	-	-	8,929	8,929
Administrative expenses	-	-	-	322,293	322,293

The key management personnel / directors compensation are as follows:

	Half year ended	
	June 30, 2018	June 30, 2017
(Rupees in '000)		
Managerial remuneration (including allowances)	730,204	694,884
Fair value charge against employee stock option scheme	7,363	39,699
Contribution to employee funds	271,053	308,751
	<u>1,008,620</u>	<u>1,043,334</u>

In addition, the Chief Executive and certain Executives are provided with Bank maintained cars and other benefits, while the Non-executive Directors are entitled to fee for attending Directors' meetings as per the scale approved by the Board.

24 LIQUIDITY COVERAGE RATIO AND NET STABLE FUNDING RATIO

The Holding Company's monthly average Liquidity Coverage Ratio (LCR) for the half year of 2018 is 1.53 or 153% (Monthly Average for 2017: 1.41 or 141%) against the SBP minimum requirement of 90% (December 31, 2017: 90%), while the Holding Company's Net Stable Funding Ratio (NSFR) as at June 30, 2018, is 134% (December 2017: 137%) against the SBP minimum requirement of 100% (December 31, 2017: 100%). These ratios have been calculated in accordance with the State Holding Company of Pakistan's Basel III Liquidity standards issued vide BPRD Circular No. 08, dated June 23, 2016.

25 GENERAL

Comparative information has been re-classified, re-stated, re-arranged or additionally incorporated in these consolidated condensed interim financial statements, wherever necessary, to facilitate comparison and to conform with changes in presentation in the current period.

The effect of re-classification, re-statement in comparative information presented in the consolidated condensed interim profit and loss accounts for the half year ended June 30, 2017 is as follows:

Head	(Rupees in '000)	From	To
Foreign exchange swap cost	(215,700)	Income from dealing in foreign currencies	Mark-up / return / interest expensed
Various service charges and commission income	102,234	Other income	Fee, commission and brokerage income
Staff commission and incentive expenses	(34,617)	Fee, commission and brokerage income	Salaries, allowances, etc.
Interest Income on Interest Rate Swaps	69,624	Mark-up / return / interest earned	Mark-up / return / interest expensed
Brokerage and commission expense	(101,542)	Mark-up / return / interest expensed	Administrative expense - Brokerage and commission
Brokerage and commission expense	(5,694)	Mark-up / return / interest expensed	Administrative expense - Other expense
Courier expense - recoveries	10,001	Other income	Administrative expense - communication
Swift / Telex Charges	8,856	Other income	Administrative expense - communication
Foreign exchange expense	(61,325)	Fee, commission and brokerage income	Income from dealing in foreign currencies
Reward points expense	(32,376)	Fee, commission and brokerage income	Mark-up / return / interest expensed

The effect of re-classification in comparative information presented in note 16 to these condensed interim consolidated financial statements is as follows:

Head	(Rupees in '000)	From	To
Contingencies and commitments	9,952,554	Transaction - related contingent liabilities	Direct credit substitutes

26 NON-ADJUSTING EVENT

The Board of Directors in its meeting held on August 26, 2018 has declared an interim cash dividend in respect of the half year ended June 30, 2018 of Re. 1 per share (June 30, 2017: NIL) and interim stock dividend in respect of the half year ended June 30, 2018 of 10 shares for every 100 shares held (June 30, 2017 : NIL). These consolidated condensed interim financial statements do not include the effect of these appropriations which will be accounted for subsequent to the period end.

27 DATE OF AUTHORISATION

These consolidated condensed interim financial statements were authorised for issue on August 26, 2018 by the Board of Directors of the Holding Company.

Branch Network

Bank Alfalah Presence in Pakistan

Serial No.	Location	No. of Branches		
		Conventional	Islamic	Total
1	Karachi	76	34	110
2	Lahore	61	30	91
3	Islamabad	25	11	36
4	Rawalpindi	23	8	31
5	Faisalabad	19	10	29
6	Quetta	15	4	19
7	Multan	11	6	17
8	Peshawar	10	4	14
9	Gujranwala	11	2	13
10	Sialkot	8	3	11
11	Hyderabad	6	2	8
12	Gujrat	5	2	7
13	Sargodha	5	2	7
14	Sahiwal	3	1	4
15	Okara	3	1	4
16	Jhang	2	1	3
17	Sheikhupura	3	-	3
18	Taxila	3	-	3
19	Rahim Yar Khan	4	1	5
20	Jhelum	2	1	3
21	Bahawalpur	2	1	3
22	Mingora	2	1	3
23	Abbottabad	2	1	3
24	Mansehra	1	1	2
25	Bahawalnagar	1	1	2
26	Nankana Sahib	1	1	2
27	Charsadda	2	-	2
28	Chakwal	2	-	2
29	Chichawatni	2	-	2
30	Mirpurkhas	1	1	2
31	Dera Ghazi Khan	2	-	2
32	Jaranwala	2	-	2
33	Dera Ismail Khan	1	1	2
34	Kohat	2	-	2
35	Mandi Bahauddin	1	-	1
36	Gilgit	2	-	2
37	Mianwali	1	1	2
38	Gojra	2	-	2
39	Muzaffarabad	1	1	2
40	Haripur	2	-	2
41	Attock	2	-	2
42	Sukkur	1	1	2

Serial No.	Location	No. of Branches		
		Conventional	Islamic	Total
43	Ghotki	2	-	2
44	Sanghar	1	-	1
45	Dhudial	-	1	1
46	Mardan	1	-	1
47	Ali Pur	1	-	1
48	Pishin	1	-	1
49	Farooqabad	1	-	1
50	Dukki	1	-	1
51	Fateh Jang	1	-	1
52	Chillas	1	-	1
53	Fort Abbas	1	-	1
54	Pano Aqil	1	-	1
55	Bhimber	1	-	1
56	Gawadar	1	-	1
57	Burewala	2	-	2
58	Ghazi	1	-	1
59	Daultala	1	-	1
60	Chishtian	1	-	1
61	Depalpur	1	-	1
62	Ghourgushti	1	-	1
63	Murree	1	-	1
64	Chitral	1	-	1
65	Nowshera Virkan	1	-	1
66	Choa Saidan Shah	1	-	1
67	Phalia	1	-	1
68	Gujar Khan	1	-	1
69	Rabwah	1	-	1
70	Allahabad	1	-	1
71	Arifwala	1	-	1
72	Shahdadkot	1	-	1
73	Hafizabad	1	-	1
74	Shujaabad	1	-	1
75	Hangu	1	-	1
76	Malakwal	1	-	1
77	Chowk Azam	1	-	1
78	Mandi Quaidabad	1	-	1
79	Haroonabad	1	-	1
80	Mehrabpur.	1	-	1
81	Hasan Abdal	-	1	1
82	Mirpur Mathelo	1	-	1
83	Hasilpur	1	-	1
84	Battagram	1	-	1
85	Haveli Lakha	1	-	1
86	Chiniot	1	-	1
87	Havelian	1	-	1

Serial No.	Location	No. of Branches		
		Conventional	Islamic	Total
88	Nawabshah	1	-	1
89	Hazro	1	-	1
90	Besham	1	-	1
91	Hub	1	-	1
92	Pattoki	1	-	1
93	Hunza Nagar	1	-	1
94	Pindi Ghaib	-	1	1
95	D.G Khan	-	1	1
96	Bhakkar	1	-	1
97	Badin	1	-	1
98	Rajanpur	1	-	1
99	Islamgarh	1	-	1
100	Renala Khurd	1	-	1
101	Jacobabad	1	-	1
102	Sambrial	1	-	1
103	Jahania	1	-	1
104	Serai Alamgir	-	1	1
105	Jalalpur Bhattian	1	-	1
106	Shakargarh	1	-	1
107	Jalalpur Jattan	-	1	1
108	Shinkhari	1	-	1
109	Jampur	1	-	1
110	Sibi	1	-	1
111	Dadu	1	-	1
112	Mailsi	-	1	1
113	Jauharabad	1	-	1
114	Mamukanjan	1	-	1
115	Jehlum	1	-	1
116	Mandi Faizabad	1	-	1
117	Dadyal	1	-	1
118	Deharki	1	-	1
119	Ahmedpur East	1	-	1
120	Mehar	1	-	1
121	Kabirwala	-	1	1
122	Mian Channu	1	-	1
123	Kahirpur	1	-	1
124	Batkheila	1	-	1
125	Kahuta	1	-	1
126	Kallar Syedan	1	-	1
127	Moro	1	-	1
128	Kamalia	-	1	1
129	Muridke	1	-	1
130	Kamoke	1	-	1
131	Muslim Bagh	1	-	1
132	Kamra	1	-	1

Serial No.	Location	No. of Branches		
		Conventional	Islamic	Total
133	Muzaffargarh	1	-	1
134	Kandhkot	1	-	1
135	Narowal	1	-	1
136	Bakhshi Pul	1	-	1
137	Nowshera	1	-	1
138	Kasur	1	-	1
139	Oghi	1	-	1
140	Khan Bela	1	-	1
141	Pakpattan	1	-	1
142	Khanewal	1	-	1
143	Pasrur	1	-	1
144	Khanna	1	-	1
145	Bewal	-	1	1
146	Khanpur	1	-	1
147	Phool Nagar	1	-	1
148	Kharian	1	-	1
149	Pir Mahal	1	-	1
150	Khoiratta	1	-	1
151	Qaboola	1	-	1
152	Khushab	-	1	1
153	Qutba	1	-	1
154	Khuzdar	-	1	1
155	Bhalwal	1	-	1
156	Kkurrianwala	1	-	1
157	Daharki	1	-	1
158	Rawat	1	-	1
159	Kot Abdul Malik	-	1	1
160	Sadiqabad	1	-	1
161	Zhob	1	-	1
162	Saidqabad	-	1	1
163	Skardu	1	-	1
164	Samundri	1	-	1
165	Swabi	1	-	1
166	Buner	1	-	1
167	Tando Adam	1	-	1
168	Shahdad Pur	1	-	1
169	Tank Adda	1	-	1
170	Shahkot	-	1	1
171	Daska	1	-	1
172	Sharakpur	-	1	1
173	Tench Bhatta	1	-	1
174	Shikarpur	1	-	1
175	Turbat	1	-	1
176	Shorkot	1	-	1
177	Umerkot	1	-	1

Serial No.	Location	No. of Branches		
		Conventional	Islamic	Total
178	Chak Khasa	1	-	1
179	Vehari	-	1	1
180	Sillanwali	1	-	1
181	Waisa	1	-	1
182	Zafarwal	1	-	1
183	Kotli	1	-	1
184	Talagang	1	-	1
185	Kotmomin	1	-	1
186	Tando Allahyar	1	-	1
187	Kotri District Jamshoro	1	-	1
188	Tarnol	1	-	1
189	Bannu	1	-	1
190	Temargarha	1	-	1
191	Lala Musa	1	-	1
192	Toba Tek Singh	1	-	1
193	Larkana	1	-	1
194	Uch Sharif	1	-	1
195	Layyah	1	-	1
196	Usta Muhammad	1	-	1
197	Liaquat Pur	1	-	1
198	Wah Cantt	1	-	1
199	Lodharan	1	-	1
200	Yazman	1	-	1
201	Lodhran	1	-	1
202	Chaman	1	-	1
203	Loralai	1	-	1
204	Dasu	1	-	1
205	Kot Addu	-	1	1
206	Kashmore	1	-	1
Total		478	152	630

BANK ALFALAH PRESENCE IN FOREIGN COUNTRIES

Serial No.	Location	No. of Branches
	Bangladesh	
1	Dhaka	5
2	Chittagong	1
3	Sylhet	1
	Afghanistan	
1	Kabul	1
2	Herat	1
	Bahrain (WBU)	
1	Bahrain	1
	United Arab Emirates (WBB)	
1	Dubai	1
	Total	11



Bank Alfalah
The Way Forward

Bank Alfalah Limited
B. A. Building, I. I. Chundrigar Road
Karachi, Pakistan
111 777 786
bankalfalah.com