

Financial Statements for the Quarter
Ended 31 March 2016 (Un-audited)



Bank Alfalah
The Way Forward

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Company Information

Board of Directors

HH Sheikh Hamdan Bin Mubarak Al Nahayan
Chairman

Abdulla Nasser Hawaileel Al-Mansoori
Director

Abdulla Khalil Al Mutawa
Director

Khalid Mana Saeed Al Otaiba
Director

Efstratios Georgios Arapoglou
Director

Khalid Qurashi
Director

Kamran Y. Mirza
Director

Atif Bajwa
Chief Executive Officer

Board Audit Committee

Kamran Y. Mirza
Chairman

Abdulla Khalil Al Mutawa
Director

Khalid Mana Saeed Al Otaiba
Director

Efstratios Georgios Arapoglou
Director

Board Strategy and Finance Committee

Abdulla Khalil Al Mutawa
Chairman

Khalid Mana Saeed Al Otaiba
Director

Efstratios Georgios Arapoglou
Director

Khalid Qurashi
Director

Atif Bajwa
Chief Executive Officer

M. Iftikhar Shabbir
Secretary

Board Risk Management Committee

Khalid Mana Saeed Al Otaiba
Chairman

Abdulla Khalil Al Mutawa
Director

Khalid Qurashi
Director

Atif Bajwa
Chief Executive Officer

Haroon Khalid
Secretary

Board Compensation Committee

Abdulla Khalil Al Mutawa
Chairman

Khalid Mana Saeed Al Otaiba
Director

Kamran Y. Mirza
Director

Mian Ejaz Ahmad
Secretary

Central Management Committee

Atif Bajwa
Chairman

Suhail Yaqoob Khan
Member

Mirza Zafar Baig
Member

Faisal Farooq Khan
Member

Khurram Hussain
Member

Mehreen Ahmad
Member

Rizwan Ata
Member

Saad ur Rahman Khan
Member

Aly Mustansir
Member

Syed Ali Sultan
Member

Aasim Wajid Jawad
Member

Imran Zafar
Member

Board Human Resources & Nomination Committee

Abdulla Khalil Al Mutawa
Chairman

Khalid Mana Saeed Al Otaiba
Director

Kamran Y. Mirza
Director

Atif Bajwa
Chief Executive Officer

Mian Ejaz Ahmad
Secretary

Company Secretary

Mian Ejaz Ahmad

Chief Financial Officer

Mirza Zafar Baig

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Registered/Head Office

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

Share Registrar

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

Directors' Review

On behalf of the Board of Directors, I am pleased to present the unconsolidated condensed interim financial statements of the Bank for the three months period ended March 31, 2016.

	Three months period ended	
	31 March 2016	31 March 2015
	(Rupees in '000)	
Profit before provisions and taxation	4,033,969	3,736,795
Provisions against loans and advances – net	228,631	683,656
Provision for diminution in the value of investments	11,563	13,828
	240,194	697,484
Profit before Taxation	3,793,775	3,039,311
Taxation	1,327,084	1,057,297
Profit after taxation	2,466,691	1,982,014
Earnings per share- basic	Rs. 1.55	Rs. 1.25

Performance Review:

The Bank's performance for the three months period ended March 2016 is reflective of stability in earnings, with profit before taxation recorded at Rs. 3.794 Billion, as against Rs. 3.039 Billion, for the corresponding period last year, improving by 25 percent. With interest rates remaining at their lowest levels, the overall operating environment has been challenging. Our results have been achieved through prudent balance sheet management, and deployment of funds in available avenues for assets offering higher yields. Despite of interest rates being at their lowest, our Net Interest Income increased by 4.3 percent as against the previous corresponding period, while the overall net revenue earned by the Bank amounted to Rs. 9.216 Billion, a 11.1 percent increase over the corresponding period last year.

With a strong focus on effective cost controls, our Cost to Income ratio stands maintained at 57 percent, with non-markup expenses growing by 3.2 percent.

The Bank's NPL coverage remains impressive, and currently stands at 81 percent. For the current quarter, a gross provisioning charge of Rs. 1,046 Million has been considered, which has been offset by healthy recoveries against NPLs amounting to Rs. 818 Million. The overall net charge for the current quarter appears improved against the corresponding quarter last year, on account of higher recoveries and lower gross provisioning.

Basic Earnings per share for the first quarter of the year have been reported at Rs. 1.55 as against Rs. 1.25 for the previous corresponding period, reflecting an improvement of 24 percent.

The Bank's asset base stands at Rs. 861.278 Billion as at March 31, 2016. The net investment portfolio of the Bank depicts an increase of 3 percent from December 2015, and stands at Rs. 434.959 Billion at March 31, 2016.

Period end deposits have been reported at Rs. 623.359 Billion, down from the level of Rs. 640.189 Billion at December end. Borrowings have also come down from the level of Rs. 172.393 Billion at December 2015 to Rs. 143.006 Billion at the end of the current quarter. With Gross Advances reported at Rs. 339.880 Billion, the Bank's ADR stands at a healthy 55 percent.

As at March 31, 2016, the Bank's total reserves stand at Rs. 43.344 Billion, after appropriation of final cash dividend for the year 2015 at 10% approved by the shareholders in the Annual General Meeting.

Economic Outlook:

The macroeconomic outlook continues to remain positive, despite both Year-on-Year (YoY) headline CPI and period average inflation being on a rising trend recently. YoY inflation rose from 1.3 percent in September 2015 to 3.9 percent in March 2016, while the period average inflation increased from 1.7 percent to 2.6 percent during this period.

As per industry experts, this rise in inflation was anticipated and the benign inflation outlook remains largely unchanged for the remaining months of FY16. The SBP-IBA consumer confidence survey has shown an increase in consumer confidence and improvement in the outlook for the country's economy, and also a decline in inflation expectations. KIBOR and market interest rates have also declined depicting low inflation expectations.

The recent inflationary trends, also indicate a pickup in aggregate demand, amid both improved security situation and real incomes. With positive consumer sentiments and incremental lending rates at considerably lower levels, the uptake in credit to private sector is expected to improve.

Improved business sentiments, lower input prices, and better energy availability have led to improved supply conditions as well. Large-scale manufacturing (LSM) grew by 4.1 percent in Jul-Jan FY16, as compared to 2.5 percent growth in Jul-Jan FY15. The improving LSM and industrial growth trends are expected to continue.

Money and foreign exchange markets have exhibited lesser volatility. The cushion provided by decline in oil prices, inflow of remittances, and calmer international capital markets improved sentiments in the foreign exchange market, and the PKR remained stable in the interbank market. Liquidity requirement in the market also increased on account of continuing trend in retirement of government debt from SBP through enhanced borrowing from scheduled banks.

During the quarter, the SBP maintained the policy rate at 6.0 percent, as against the range of 8.5 percent to 8.0 percent in the corresponding quarter of the previous year.

Looking Ahead:

The overall balance of payments has been in surplus, with foreign exchange reserves showing improvement. With the current favourable trend expected to persist, the balance of payments outlook for the remaining months of FY16 remains positive. However, low private capital inflows pose a challenge for medium term external sector sustainability.

The current macroeconomic stability, improved law and order situation, and China Pakistan Economic Corridor related investments; all bode well for the future prospects for Foreign Direct Investment. The current improved domestic environment also provides the necessary conditions to inculcate better value addition and diversification of products and markets for sustainable growth of exports, which have otherwise been on a declining trend.

With the policy rate at their lowest levels, Banking sector margins remain under pressure. With the momentum of credit off-take expected to pick up, it is anticipated that sustainable growth would be volume driven. The Board, cognizant of this fact had decided to retain a higher share of earnings while deciding on the dividend payout for the year 2015, in order for the Bank to support further lending and build a competitive edge in the market.

We shall continue to pursue our lending and investment strategy with an objective of maximizing shareholder returns.

Credit Rating

The Bank was assigned 'AA' (double A) Entity Rating for the Long Term and A1+ (A one plus) for the Short Term, by PACRA. 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. The Bank's outlook has been assigned as positive. The unsecured subordinated debt (Term Finance Certificates) of the Bank has been awarded a credit rating of AA- (double A minus).

Acknowledgments:

On behalf of the Board, I would like to thank the State Bank of Pakistan, the Ministry of Finance and other regulatory authorities for their continuous guidance and support. I would also like to express my gratitude to our shareholders, and our valued customers for their counsel and continued patronage.

I would also like to appreciate the contribution of our employees, who are the very core of this dynamic organization. I look forward to the year with promise, and expect the same levels of the commitment, dedication and hard work as we progress on our way forward.

ATIF BAJWA

Director & Chief Executive Officer

Date: April 27, 2016

Place: Abu Dhabi

ڈائریکٹرز کا جائزہ

میں بورڈ آف ڈائریکٹرز کی جانب سے 31 مارچ 2016 کو ختم ہونے والی پہلی سہ ماہی کے غیر منظم عبوری مالیاتی حسابات پیش کر رہا ہوں۔

31 مارچ 2015	31 مارچ 2016
کو ختم ہونے والی سہ ماہی	کو ختم ہونے والی سہ ماہی
(Rupees in '000)	

3,736,795	4,033,969
683,656	228,631
13,828	11,563
697,484	240,194
3,039,311	3,793,775
1,057,297	1,327,084
1,982,014	2,466,691
Rs. 1.25	Rs. 1.55

منافع قبل از پرویشن اور ٹیکس
قرضہ جات اور ایڈوانسز کے مقابل پر اویشن۔ خالص
سرمایہ کاری کی قدر میں کمی کے لیے پر اویشن

قبل از ٹیکس منافع
ٹیکس
بعد از ٹیکس منافع

فی حصص آمدن۔ خالص

کارکردگی کا جائزہ:

مارچ 2016 کو ختم ہونے والی پہلی سہ ماہی کی مدت میں بینک کی کارکردگی 3.794 ارب روپے کے قبل از ٹیکس منافع کے ساتھ جو گزشتہ سال کے اسی عرصے میں 3.039 ارب روپے رہا تھا، 25 فیصد اضافے کے ساتھ آمدن میں استحکام کو ظاہر کرتی ہے۔ شرح سود کم ترین سطح پر رہنے کی وجہ سے کاروبار کا مجموعی ماحول بدستور سخت رہا۔ حاصل شدہ مالیاتی نتائج میزانیے کی محتاط منتظمیت اور فنڈز کو زیادہ منافع بخش اثاثوں میں لگانے کا نتیجہ ہیں۔ شرح سود کم ترین سطح پر ہونے کے باوجود ہماری خالص مارک اپ آمدنی میں گزشتہ سال کی اسی مدت کے مقابلے میں 4.3 فیصد اضافہ ہوا ہے جبکہ بینک کی مجموعی خالص آمدن گزشتہ سال کی اسی مدت کے مقابلے میں 11.1 فیصد اضافے سے 9.216 ارب روپے ریکارڈ کی گئی ہے۔

کاروبار کی لاگت میں موٹر کمی پر پھر پورے توجہ مرکوز کرتے ہوئے اٹھائے گئے اقدامات کے نتیجے میں لاگت اور آمدن کا تناسب 57 فیصد کی سطح پر رہا، جبکہ اخراجات میں صرف 3.2 فیصد اضافہ ریکارڈ کیا گیا۔

بینک کی غیر فعال قرضوں کی کوریج کی صورت حال بھی متاثر کن رہی جو فی الوقت 81 فیصد کی سطح پر ہے۔ رواں سہ ماہی کے لیے مجموعی پرویزنگ چارج 1,046 ملین روپے رہا جسے مناسب سطح پر لانے میں غیر فعال قرضوں کی مدد میں 818 ملین روپے کی بھرپور وصولیائی نے اہم کردار ادا کیا۔ رواں سہ ماہی میں خالص چارج گزشتہ سال کے اسی عرصے کے چارج کے مقابلے میں اضافی ریکوری اور کمتر مجموعی چارج کی بنا پر خاطر خواہ حد تک بہتر رہا۔

پہلی سہ ماہی کے لیے فی فیصد آمدن 1.55 روپے رہی جو گزشتہ سال کی اسی مدت کی فی فیصد آمدن 1.25 روپے کے مقابلے میں 24 فیصد اضافے کو ظاہر کرتی ہے۔
31 مارچ 2016 کو بینک کے اثاثوں کی مالیت 861.278 ارب روپے ریکارڈ کی گئی۔ دسمبر 2015 کے مقابلے میں بینک کا نوٹسٹنٹ پورٹ فولیو 31 مارچ 2016 تک 3 فیصد اضافے سے 434.959 ارب روپے تک پہنچ گیا۔

بینک میں جمع شدہ رقم (ڈپازٹس) کی مالیت دسمبر 2015 کی مالیت 640.189 ارب روپے کے مقابلے میں 31 مارچ 2016 کے اختتام پر 623.359 ارب روپے رہی۔ پہلی سہ ماہی کے اختتام پر حاصل شدہ قرضہ جات کی مالیت دسمبر 2015 کی مالیت 172.393 ارب روپے کے مقابلے میں گر کر 143.006 ارب روپے کی سطح پر پہنچ گئی۔ مجموعی ایڈوانسز کی مالیت 339.880 ارب روپے کے ساتھ بینک کے اثاثہ جات اور ڈپازٹس کا تناسب بھی 55 فیصد کی مستحکم سطح تک پہنچ گیا۔
سالانہ اجلاس عام میں شیئرز ہولڈرز کی جانب سے سال 2015 کے لیے منظور شدہ 10 فیصد حتمی نقد منافع منقسمہ مختص کیے جانے کے بعد 31 مارچ 2016 کو بینک کے مجموعی مالیاتی ذخائر کی مالیت 43.344 ارب روپے رہی۔

معاشی منظر نامہ:

سال بہ سال لحاظ سے صارف اشاریہ (سی پی آئی) اور دورانیے کے اوسط افراط زر میں اضافے کے باوجود معاشی منظر نامہ بدستور مثبت ہے۔ سال بہ سال لحاظ سے افراط زر ستمبر 2015 کی 1.3 فیصد کے مقابلے میں مارچ 2016 تک 3.9 فیصد کی سطح تک پہنچ گیا ہے، اسی طرح اس دورانیے کا اوسط افراط زر بھی 1.7 فیصد سے بڑھ کر 2.6 فیصد تک پہنچ گیا ہے۔

انڈسٹری کے ماہرین کے مطابق افراط زر میں ہونے والے اضافے کی پہلے سے توقع کی جارہی تھی تاہم مالی سال 2016 کے باقی مہینوں کے دوران افراط زر کی موجودہ صورتحال برقرار رہے گی۔ ایس بی پی۔ آئی بی اے صارف اعتماد سروس کے مطابق ملک کی معیشت کے بارے میں صارفین کا اعتماد بہتر ہوا ہے اور صارفین کی افراط زر کے بارے میں توقعات میں کمی واقع ہوئی ہے۔ افراط زر میں کمی کی توقعات کے باعث KIBOR اور مارکیٹ کی شرح سود میں بھی کمی واقع ہوئی ہے۔

افراط زر کا حالیہ رجحان مجموعی طلب میں اضافے کو ظاہر کرتا ہے جو اس واماں کی صورتحال اور حقیقی آمدن میں بہتری کا نتیجہ ہے۔ صارفین کے مثبت جذبات اور نمایاں کمی کے نتیجے میں شرح سود کی پُرکشش شرح کے باعث نجی شعبے کے قرضوں میں اضافے کی توقع ہے۔

کاروباری صورتحال کی بہتری، پیداواری لاگت میں کمی اور توانائی کی دستیابی بہتر ہونے سے رسد کی صورتحال بھی بہتر ہوئی ہے۔ بڑے پیمانے کی اشیاء سازی (ایل ایس ایم) میں رواں مالی سال جولائی سے جنوری کے دوران 1.4 فیصد اضافہ ہوا ہے۔ گزشتہ مالی سال کے اسی عرصے میں بڑے پیمانے کی اشیاء سازی میں 2.5 فیصد کا اضافہ دیکھا گیا تھا۔ بڑے پیمانے کی اشیاء سازی اور صنعتی ترقی کا رجحان آئندہ بھی برقرار رہنے کی توقع ہے۔

منفی مارکیٹ اور فارن ایکس چینج مارکیٹ میں اتار چڑھاؤ محدود ہے۔ خام تیل کی عالمی قیمتوں میں کمی، بیرون ملک سے ترسیلات کی آمد اور عالمی کھلیٹل مارکیٹ میں استحکام جیسے عوامل نے فارن ایکس چینج مارکیٹ کے بارے میں تاثرات کو بہتر بنایا ہے اور انٹرنیشنل مارکیٹ میں روپے کی قدر مستحکم ہے۔ حکومت کی جانب سے اسٹیٹ بینک آف پاکستان سے لیے گئے قرضوں کی ادائیگی کے لیے شیڈول بینکوں سے قرض گیری کا رجحان برقرار رہنے کی وجہ سے مارکیٹ میں سرمائے کی طلب میں بھی اضافہ ہوا ہے۔

اس سہ ماہی کے دوران اسٹیٹ بینک آف پاکستان نے پالیسی ریٹ 6.0 فیصد کی سطح پر برقرار رکھا ہے جو گزشتہ سال کی اسی سہ ماہی کے دوران 8.5 سے 8.0 فیصد کی رینج میں رہا تھا۔

پیش منظر:

مجموعی ادائیگیوں کا میزانیہ فاضل ہونے کے ساتھ زرمبادلہ کے ذخائر بہتری کو ظاہر کر رہے ہیں۔ موجودہ موافق حالات برقرار رہنے کی توقع کے ساتھ مالی سال 2016 کے آئندہ مہینوں کے دوران ادائیگیوں کا توازن بدستور مثبت رہنے کا امکان ہے تاہم بیرونی شعبے کے استحکام کو کئی سرمائے کی محدود آمد کی وجہ سے وسط مدتی چیلنج کا سامنا ہے۔

موجودہ معاشی استحکام، امن وامان کی بہتر صورتحال اور چین پاکستان اقتصادی راہداری سے متعلق سرمایہ کاری مستقبل میں براہ راست غیر ملکی سرمایہ کاری میں اضافے کی پیش گوئی کر رہے ہیں۔ بہتر داخلی موجودہ صورتحال بھی بہتر ویلیو ایڈیشن اور مصنوعات کے ساتھ بیرونی منڈیوں میں تنوع کے ذریعے برآمدات بڑھانے کے لیے سازگار ماحول مہیا کر رہی ہے جو اس سے قبل گراؤ کا شکار رہی ہے۔

پالیسی ریٹ کم ترین سطح پر آنے کی وجہ سے شعبہ بینکاری کے مارجن دباؤ کا شکار ہیں۔ قرضوں کی طلب میں اضافہ جاری رہنے کے امکانات کے پیش نظر امید ہے کہ یہ رجحان بینکاری کے شعبے میں بڑے حجم کی بنیاد پر پنی پائیدار ترقی کا ذریعہ بنے گا۔ بورڈ آف ڈائریکٹرز نے مذکورہ عوامل کا ادراک رکھتے ہوئے سال 2015 کے لیے منافع منقسمہ کی ادائیگی کرتے ہوئے آمدن کا بڑا حصہ بچانے رکھنے کا فیصلہ کیا تھا تا کہ بینک کی قرضوں کی فراہمی کی صلاحیت کو مزید بہتر بنا کر مارکیٹ میں مسابقت برتری حاصل کی جاسکے۔

ہم شیئرز ہولڈرز کے نفع کو بڑھانے کے لیے قرضوں کی فراہمی اور سرمایہ کاری کی موجودہ حکمت عملی جاری رکھیں گے۔

کریڈٹ ریٹنگ:

کریڈٹ ریٹنگ ایجنسی PACRA کی جانب سے بینک کو طویل مدت کے لیے ڈبل اے (AA) جبکہ قلیل مدت کے لیے اے ون پلس (A1+) کریڈٹ ریٹنگ تفویض کی گئی۔ 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 صلاحیت کو ظاہر کرتی ہے۔ بینک کا آؤٹ لک مثبت قرار دیا گیا ہے۔ بینک کے ٹرم فنڈس سرٹیفکیٹ کو ڈبل اے مائنس (AA-) ریٹنگ تفویض کی گئی ہے۔

اظہار تشکر:

میں بورڈ آف ڈائریکٹرز کی جانب سے اسٹیٹ بینک آف پاکستان، وفاقی وزارت خزانہ اور دیگر ریگولیٹری اتھارٹیز کی مسلسل رہنمائی اور تعاون کی فراہمی کا شکریہ ادا کرتا ہوں۔ میں مشاورت اور سرپرستی کرنے والے اپنے معزز شیئرز اور صارفین کا بھی تہ دل سے شکر گزار ہوں۔

میں بینک کی بہتری کے لیے ملازمین کی کاوشوں کو بھی خراج تحسین پیش کرتا ہوں جو اس ادارے کے بنیادی ستون کی حیثیت رکھتے ہیں۔ میں اس سال کے لیے عہد اور امید کرتا ہوں کہ ہم سب اسی طرح محنت اور لگن کے ساتھ ترقی کی راہ پر گامزن رہیں گے۔

عاطف باجوہ

ڈائریکٹر اینڈ چیف ایگزیکٹو آفیسر

27 اپریل 2016

مقام: ابوظہبی

Unconsolidated Condensed Interim Statement of Financial Position

As at 31 March 2016

	Note	March 31, 2016 (Un-audited)	December 31, 2015 (Audited)
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		43,760,772	62,368,790
Balances with other banks		14,271,608	16,552,207
Lendings to financial institutions	7	12,533,102	27,626,350
Investments - net	8	434,958,890	423,099,734
Advances - net	9	323,481,222	334,158,739
Operating fixed assets	10	17,511,234	17,241,968
Deferred tax assets - net		-	-
Other assets		14,761,548	21,559,733
		861,278,376	902,607,521
LIABILITIES			
Bills payable		11,323,324	9,733,929
Borrowings	11	143,006,169	172,393,198
Deposits and other accounts	12	623,358,571	640,188,735
Sub-ordinated loans		9,982,000	9,983,000
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net		2,624,806	1,824,054
Other liabilities		15,940,241	15,131,430
		806,235,111	849,254,346
NET ASSETS		<u>55,043,265</u>	<u>53,353,175</u>
REPRESENTED BY			
Share capital		15,898,062	15,898,062
Reserves		14,691,247	14,164,120
Unappropriated profit		12,754,198	12,362,596
		43,343,507	42,424,778
Surplus on revaluation of assets - net of tax		11,699,758	10,928,397
		<u>55,043,265</u>	<u>53,353,175</u>

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 19 and annexure I form an integral part of this unconsolidated condensed interim financial information.

Chief Executive Officer

Director

Director

Chairman

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

for the Three Months Period Ended 31 March 2016

Note **Three months period ended March 31, 2016** **Three months period ended March 31, 2015**
(Rupees in '000)

Mark-up / return / interest earned	14,944,380	15,900,137
Mark-up / return / interest expensed	7,849,850	9,097,672
Net mark-up / interest income	7,094,530	6,802,465
Provision against loans and advances - net	228,631	683,656
Provision for diminution in value of investments - net	11,563	13,828
Bad debts written off directly	-	-
	240,194	697,484
Net mark-up / interest income after provisions	6,854,336	6,104,981
Non mark-up / interest income		
Fee, commission and brokerage income	978,285	867,851
Dividend income	138,969	106,740
Income from dealing in foreign currencies	302,964	403,816
Gain on sale of securities - net	782,020	607,076
Unrealized (loss) / gain on revaluation of investments classified as held for trading - net	(1,003)	48,007
Other income	160,554	153,902
Total non mark-up / interest income	2,361,789	2,187,392
	9,216,125	8,292,373
Non mark-up / interest expenses		
Administrative expenses	5,467,241	5,106,906
Provision against off balance sheet obligations	217	8,789
Provision / (reversal) against other assets	(136,978)	51,116
Other charges	91,870	86,251
Total non mark-up / interest expenses	5,422,350	5,253,062
	3,793,775	3,039,311
Extra ordinary / unusual items	-	-
Profit before taxation	3,793,775	3,039,311
Taxation	16	
Current	1,610,414	1,443,755
Deferred	(283,330)	(386,458)
Prior years	-	-
	1,327,084	1,057,297
Profit after taxation	2,466,691	1,982,014
		(Rupees)
Basic earnings per share	14	1.55
Diluted earnings per share	14	1.24

The annexed notes 1 to 19 and annexure I form an integral part of this unconsolidated condensed interim financial information.

Chief Executive Officer

Director

Director

Chairman

Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-Audited) for the Three Months Period Ended 31 March 2016

	Three months period ended March 31, 2016	Three months period ended March 31, 2015
	(Rupees in '000)	
Profit after taxation	2,466,691	1,982,014
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	<u>6,984</u>	<u>185,565</u>
Comprehensive income - transferred to unconsolidated condensed interim statement of changes in equity	2,473,675	2,167,579
Components of comprehensive income not reflected in equity		
Surplus / (deficit) on revaluation of available for sale securities - net of tax	874,803	2,294,939
Total comprehensive income	<u><u>3,348,478</u></u>	<u><u>4,462,518</u></u>

The annexed notes 1 to 19 and annexure I form an integral part of this unconsolidated condensed interim financial information.

Chief Executive Officer

Director

Director

Chairman

Unconsolidated Condensed Interim Cash Flow Statement (Un-Audited)

for the Three Months Period Ended 31 March 2016

Note Three months
 period ended
 March 31, 2016 Three months
 period ended
 March 31, 2015
(Rupees in '000)

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation	3,793,775	3,039,311
Less: Dividend income	(138,969)	(106,740)
	<u>3,654,806</u>	<u>2,932,571</u>
Adjustments		
Depreciation	421,415	397,385
Amortisation	76,666	66,569
Provision against loans and advances - net	228,631	683,656
Provision for diminution in value of investments - net	11,563	13,828
Provision against off-balance sheet obligations	217	8,789
(Reversal) / provision against other assets	(136,978)	51,116
Unrealized loss / (gain) on revaluation of investments classified as held for trading - net	1,003	(48,007)
Bad debts written-off directly	-	-
Gain on sale of fixed assets - net	(2,270)	(16,041)
Charge for defined benefit plan	66,716	74,252
	<u>666,963</u>	<u>1,231,547</u>
	4,321,769	4,164,118
(Increase) / decrease in operating assets		
Lendings to financial institutions	5,317,895	(10,101,923)
Held for trading securities	(6,191,772)	(2,060,496)
Advances	10,448,886	11,176,290
Other assets (excluding tax recoverable and dividend receivable)	7,041,826	8,295,956
	<u>16,616,835</u>	<u>7,309,827</u>
Increase / (decrease) in operating liabilities		
Bills payable	1,589,395	(978,110)
Borrowings	(29,333,221)	25,578,767
Deposits and other accounts	(16,830,164)	(30,825,328)
Other liabilities	(803,541)	(39,184)
	<u>(45,377,531)</u>	<u>(6,263,855)</u>
	(24,438,927)	5,210,090
Gratuity paid	-	-
Income tax paid	(1,102,604)	(108,023)
Net cash generated from / (used in) operating activities	<u>(25,541,531)</u>	<u>5,102,067</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	5,724,705	(8,058,973)
Net investments in held to maturity securities	(10,066,441)	1,373,517
Net investments in associated companies	-	440,781
Dividend income received	32,198	30,547
Investment in fixed assets	(767,448)	(408,140)
Proceeds from sale of operating fixed assets	2,371	16,142
Net cash generated from / (used in) investing activities	<u>(5,074,615)</u>	<u>(6,606,126)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Redemption) of Sub-ordinated loans	(1,000)	(1,000)
Dividend Paid	-	(992)
Net cash generated from / (used in) financing activities	<u>(1,000)</u>	<u>(1,992)</u>
Exchange difference on translation on the net investments in foreign branches	6,984	185,565
Decrease in cash and cash equivalents	<u>(30,610,162)</u>	<u>(1,320,486)</u>
Cash and cash equivalents at beginning of the period	93,595,721	65,880,564
Cash and cash equivalents at end of the period	<u>62,985,559</u>	<u>64,560,078</u>

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The annexed notes 1 to 19 and annexure I form an integral part of this unconsolidated condensed interim financial information.

Chief Executive Officer

Director

Director

Chairman

Unconsolidated Condensed Interim Statement of Changes In Equity (Un-Audited)

for the Three Months Period Ended 31 March 2016

	Capital Reserves				Revenue Reserve		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, 2015	15,872,427	4,285,556	6,636,342	1,362,465	53,663	9,613,374	37,823,827
Changes in equity for three months period ended March 31, 2015							
Total comprehensive income							
Profit after tax	-	-	-	-	-	1,982,014	1,982,014
Other comprehensive income							
Exchange difference on translation of net investment in foreign branches	-	-	-	185,565	-	-	185,565
	-	-	-	185,565	-	1,982,014	2,167,579
Transfer to statutory reserve	-	-	396,403	-	-	(396,403)	-
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	8,696	8,696
Transactions with owners, recorded directly in equity							
Final cash dividend for the year ended December 31, 2014 @ 20%	-	-	-	-	-	(3,174,485)	(3,174,485)
Amortisation of deferred employee compensation expense	-	-	-	-	17,888	-	17,888
Balance as at March 31, 2015	15,872,427	4,285,556	7,032,745	1,548,030	71,551	8,033,196	36,843,505
Changes in equity for nine months period ended December 31, 2015							
Total comprehensive income							
Profit after tax	-	-	-	-	-	5,540,796	5,540,796
Other comprehensive income							
Exchange difference on translation of net investment in foreign branches	-	-	-	24,936	-	-	24,936
Remeasurement of defined benefit plans	-	-	-	-	-	(198,962)	(198,962)
Related tax charge	-	-	-	-	-	69,637	69,637
	-	-	-	24,936	-	5,411,471	5,436,407
Transfer to statutory reserve	-	-	1,108,159	-	-	(1,108,159)	-
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	26,088	26,088
Transactions with owners, recorded directly in equity							
Share capital issued during the period	25,635	16,201	-	-	-	-	41,836
Recognition of fair value of share based payments on grant date	-	-	-	-	119,250	-	119,250
Unamortised portion of deferred employee compensation expense	-	-	-	-	(42,308)	-	(42,308)
Transfer to Share Premium on issuance of shares under Stock Option Scheme	-	27,891	-	-	(27,891)	-	-
Balance as at December 31, 2015	15,898,062	4,329,648	8,140,904	1,572,966	120,602	12,362,596	42,424,778
Changes in equity for three months period ended March 31, 2016							
Total comprehensive income							
Profit after tax	-	-	-	-	-	2,466,691	2,466,691
Other comprehensive income							
Exchange difference on translation of net investment in foreign branches	-	-	-	6,984	-	-	6,984
	-	-	-	6,984	-	2,466,691	2,473,675
Transfer to statutory reserve	-	-	493,338	-	-	(493,338)	-
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	8,055	8,055
Transactions with owners, recorded directly in equity							
Final cash dividend for the year ended December 31, 2015 @ 10%	-	-	-	-	-	(1,589,806)	(1,589,806)
Amortisation of deferred employee compensation expense	-	-	-	-	26,805	-	26,805
Balance as at March 31, 2016	15,898,062	4,329,648	8,634,242	1,579,950	147,407	12,754,198	43,343,507

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

The annexed notes 1 to 19 and annexure I form an integral part of this unconsolidated condensed interim financial information.

Chief Executive Officer

Director

Director

Chairman

Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Information (Un-Audited) for the Three Months Period Ended 31 March 2016

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 under the Companies Ordinance, 1984. 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 (formerly Karachi, Lahore and Islamabad Stock Exchanges). The Bank is engaged in banking services as described in the Banking Companies Ordinance, 1962 and is operating through 484 conventional banking branches including 12 sub branches (2015: 484 branches including 12 sub branches), 10 overseas branches (2015: 10 branches), 158 Islamic banking branches (2015: 158 branches) and 1 offshore banking unit (2015: 1 unit).

PACRA has assigned a long term credit rating of AA [Double A] and a short term credit rating of A1+ (A one plus) to the Bank as at June 2015.

2 BASIS OF PRESENTATION

- 2.1 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 this unconsolidated condensed interim financial information 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 Ordinance, 1984.
- 2.2 Key financial figures of the Islamic Banking branches are disclosed in Annexure I to this unconsolidated condensed interim financial information.
- 2.3 The disclosures made in this unconsolidated condensed interim financial information 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 this unconsolidated condensed interim financial information should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2015.

3 STATEMENT OF COMPLIANCE

- 3.1 This unconsolidated condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, the provisions of and directives issued under the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). In case the requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and the directives issued by SECP and SBP shall prevail.

- 3.2** The State Bank of Pakistan has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for banking companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the Securities and Exchange Commission of Pakistan has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banks through its notification S.R.O 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of this unconsolidated condensed interim financial information. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.
- 3.3** The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred applicability of Islamic Financial Accounting Standard-3 for Profit & Loss Sharing on Deposits (IFAS-3) issued by the Institute of Chartered Accountants of Pakistan and notified by the Securities & Exchange Commission of Pakistan (SECP), vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IIFS). The standard will result in certain new disclosures in the financial statements of the Bank.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies and the methods of computation adopted in the preparation of this unconsolidated condensed interim financial information are same as those applied in the preparation of the financial statements of the Bank for the year ended December 31, 2015.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis and methods used for critical accounting estimates and judgements adopted in this unconsolidated condensed interim financial information are same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2015.

6 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, 2015.

7 LENDINGS TO FINANCIAL INSTITUTIONS

	Note	March 31, 2016 (Un-audited)	December 31, 2015 (Audited)
(Rupees in '000)			
Call money lendings	7.1	4,953,179	15,265,899
Bai Muajjal	7.2	6,134,922	12,360,451
Repurchase agreement lendings	7.3	1,445,001	-
		12,533,102	27,626,350

- 7.1** This represents lending to financial institutions at interest rates ranges from 0.25% to 12.00% per annum (December 2015: 0.40% to 12.00% per annum) with maturities upto November 2016 (December 31, 2015: November 2016).
- 7.2** This represents Bai Muajjal agreements entered into with State Bank of Pakistan (SBP), the rates of return on these transactions are ranging from 5.92% to 5.97% per annum (December 2015: 6.94% to 8.26%). They are due to be matured by February 2017 (December 2015: March 2016).
- 7.3** This represents short term lending to financial institutions against investment securities. These carry markup rates upto 6.15% per annum (December 2015: NIL) with maturities upto April 2016 (December 31, 2015: November 2016).

8 INVESTMENTS - NET

8.1 Investments by types	Note	March 31, 2016 (Un-audited)			December 31, 2015 (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		17,283,890	-	17,283,890	13,480,197	-	13,480,197
Pakistan Investment Bonds		4,641,031	-	4,641,031	2,423,862	-	2,423,862
Overseas Bonds		3,324,969	-	3,324,969	2,990,933	-	2,990,933
Fully paid up ordinary shares/ units - Listed		263,935	-	263,935	197,998	-	197,998
		25,513,825	-	25,513,825	19,092,990	-	19,092,990
Available-for-sale securities							
Market Treasury Bills		70,942,382	7,992,426	78,934,808	78,391,879	494,563	78,886,442
Pakistan Investment Bonds		52,645,536	95,642,429	148,287,965	28,914,704	128,577,363	157,492,067
Fully paid up ordinary shares / units - Listed		6,014,077	-	6,014,077	5,000,753	-	5,000,753
Fully paid up ordinary shares - Unlisted		4,426,616	-	4,426,616	4,426,617	-	4,426,617
Term Finance Certificates		829,534	-	829,534	829,594	-	829,594
Preference Shares - Listed		108,835	-	108,835	108,835	-	108,835
Preference Shares - Unlisted		25,000	-	25,000	325,000	-	325,000
Pakistan Euro Bonds		2,409,360	-	2,409,360	2,409,043	-	2,409,043
Overseas Bonds		4,835,408	-	4,835,408	4,804,159	-	4,804,159
Sukuk Bonds		35,959,007	-	35,959,007	33,280,442	-	33,280,442
		178,195,755	103,634,855	281,830,610	158,491,026	129,071,926	287,562,952
Held-to-maturity securities							
Pakistan Investment Bonds		79,066,627	-	79,066,627	66,180,991	-	66,180,991
Other Federal Securities		26,002,520	-	26,002,520	26,002,520	-	26,002,520
Term Finance Certificates		524,266	-	524,266	524,266	-	524,266
Pakistan Euro Bonds		1,786,356	-	1,786,356	3,347,785	-	3,347,785
Overseas Bonds		6,800,851	-	6,800,851	7,920,557	-	7,920,557
Sukuk Bonds		4,092,756	-	4,092,756	4,230,816	-	4,230,816
		118,273,376	-	118,273,376	108,206,935	-	108,206,935
Subsidiaries							
Alfalsh Securities (Private) Limited		1,126,000	-	1,126,000	1,126,000	-	1,126,000
Alfalsh GHP Investment Management Limited		130,493	-	130,493	130,493	-	130,493
Alfalsh GHP Value Fund		100,000	-	100,000	100,000	-	100,000
Alfalsh GHP Islamic Stock Fund		250,000	-	250,000	250,000	-	250,000
Alfalsh GHP Cash Fund		525,474	-	525,474	525,474	-	525,474
		2,131,967	-	2,131,967	2,131,967	-	2,131,967
Associates							
Alfalsh Insurance Limited		68,990	-	68,990	68,990	-	68,990
Sapphire Wind Power Company Limited		978,123	-	978,123	978,123	-	978,123
Alfalsh GHP Money Market Fund		46,672	-	46,672	46,672	-	46,672
Alfalsh GHP Income Multiplier Fund		250,000	-	250,000	250,000	-	250,000
Alfalsh GHP Sovereign Fund		200,000	-	200,000	200,000	-	200,000
Appollo Pharma Limited		790,400	-	790,400	790,400	-	790,400
		2,334,185	-	2,334,185	2,334,185	-	2,334,185
Investments at cost		326,449,108	103,634,855	430,083,963	290,257,103	129,071,926	419,329,029
Provision for diminution in value of investments	8.2	(6,357,374)	-	(6,357,374)	(6,345,811)	-	(6,345,811)
Investments (net of provisions)		320,091,734	103,634,855	423,726,589	283,911,292	129,071,926	412,983,218
Surplus / (deficit) on revaluation of held for trading securities - net		(1,003)	-	(1,003)	229,063	-	229,063
Surplus / (deficit) on revaluation of available for sale securities-net		12,843,310	(1,610,006)	11,233,304	9,365,358	522,095	9,887,453
Total investments		<u>332,934,041</u>	<u>102,024,849</u>	<u>434,958,890</u>	<u>293,505,713</u>	<u>129,594,021</u>	<u>423,099,734</u>

	March 31, 2016 (Un-audited)	December 31, 2015 (Audited)
	(Rupees in '000)	
8.2 Particulars of provision for diminution in value of investments		
Opening balance	6,345,811	6,216,757
Charge for the period / year	11,563	136,691
Reversals during the period / year	-	-
	11,563	136,691
Provision written off during the period / year	-	(7,637)
Closing balance	<u>6,357,374</u>	<u>6,345,811</u>
8.3 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
- Preference shares		
- Agritech Limited	108,835	108,835
Unlisted companies		
- Fully paid up ordinary shares of Rs. 10 each		
- Pakistan Export Finance Guarantee Agency Limited	5,725	5,725
- Al-Hamra Avenue (Private) Limited	50,000	50,000
- Warid Telecom (Private) Limited (Related party)	4,366,796	4,366,796
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	2,185	2,185
- Fauji Akbar Portia Marine Terminals Limited	102,069	102,069
- Quetta Textile Mills Limited	37,242	37,242
- 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	45,625	34,062
- Security Leasing Corporation Limited	29,245	29,245
- Sitara Peroxide (Private) Limited	113,643	113,643
- Zulekha Textile Mills (formerly Khunja Textile Mills Limited)	24,680	24,680
Investment in subsidiaries		
Unlisted company		
- Fully paid up ordinary shares of Rs. 10 each		
- Alfalah Securities (Private) Limited	826,000	826,000
	<u>6,357,374</u>	<u>6,345,811</u>

	Note	March 31, 2016 (Un-audited) (Rupees in '000)	December 31, 2015 (Audited)
9 ADVANCES - NET			
Loans, cash credits, running finances etc.			
In Pakistan		274,769,426	278,764,277
Outside Pakistan		10,166,209	11,007,287
		<u>284,935,635</u>	<u>289,771,564</u>
Net investment in finance lease			
In Pakistan		3,689,396	3,638,627
Outside Pakistan		-	-
		<u>3,689,396</u>	<u>3,638,627</u>
Islamic financing and related assets (gross)	A-1.1	43,112,848	43,062,240
Bills discounted and purchased (excluding market treasury bills)			
Payable in Pakistan		1,017,501	6,186,509
Payable outside Pakistan		7,124,399	7,692,258
		<u>8,141,900</u>	<u>13,878,767</u>
		<u>339,879,779</u>	<u>350,351,198</u>
Provision against advances			
Specific provision against non-performing advances	9.2	(15,661,343)	(15,452,555)
General provision against advances	9.2	(737,214)	(739,904)
		<u>(16,398,557)</u>	<u>(16,192,459)</u>
		<u><u>323,481,222</u></u>	<u><u>334,158,739</u></u>

9.1 Advances include Rs. 19,428 million (December 31, 2015: Rs. 18,455 million) which have been placed under non-performing status as detailed below:

Category of classification	March 31, 2016 (Un-audited)								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)								
Other Assets Especially Mentioned (Agri Financing)	158,427	-	158,427	4,494	-	4,494	4,494	-	4,494
Substandard	2,938,723	1,744	2,940,467	862,846	60	862,906	862,846	60	862,906
Doubtful	2,913,918	37,368	2,951,286	1,738,057	17,219	1,755,276	1,738,057	17,219	1,755,276
Loss	13,068,783	309,469	13,378,252	12,885,910	152,757	13,038,667	12,885,910	152,757	13,038,667
	<u>19,079,851</u>	<u>348,581</u>	<u>19,428,432</u>	<u>15,491,307</u>	<u>170,036</u>	<u>15,661,343</u>	<u>15,491,307</u>	<u>170,036</u>	<u>15,661,343</u>

Category of classification	December 31, 2015 (Audited)								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)								
Other Assets Especially Mentioned (Agri Financing)	115,219	-	115,219	2,547	-	2,547	2,547	-	2,547
Substandard	2,052,587	54,595	2,107,182	524,432	70,795	595,227	524,432	70,795	595,227
Doubtful	2,554,443	5,506	2,559,949	1,502,617	1,587	1,504,204	1,502,617	1,587	1,504,204
Loss	13,110,724	562,325	13,673,049	12,936,185	414,392	13,350,577	12,936,185	414,392	13,350,577
	<u>17,832,973</u>	<u>622,426</u>	<u>18,455,399</u>	<u>14,965,781</u>	<u>486,774</u>	<u>15,452,555</u>	<u>14,965,781</u>	<u>486,774</u>	<u>15,452,555</u>

9.2 Particulars of provisions against advances

	March 31, 2016 (Unaudited)			December 31, 2015 (Audited)		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	15,452,555	739,904	16,192,459	13,601,307	649,503	14,250,810
Exchange adjustment and other movements	2,241	410	2,651	31,406	3,300	34,706
Charge for the period / year	1,020,830	25,309	1,046,139	3,921,493	146,652	4,068,145
Reversals / recoveries during the period / year	(789,099)	(28,409)	(817,508)	(1,858,385)	(59,551)	(1,917,936)
	231,731	(3,100)	228,631	2,063,108	87,101	2,150,209
Amounts written off	(25,184)	-	(25,184)	(243,266)	-	(243,266)
Closing balance	<u>15,661,343</u>	<u>737,214</u>	<u>16,398,557</u>	<u>15,452,555</u>	<u>739,904</u>	<u>16,192,459</u>

9.2.1 The additional profit arising from availing the forced sales value (FSV) benefit - net of tax at March 31, 2016 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees amounted to Rs. 115.455 million (December 31, 2015: Rs. 110.774 million).

9.2.2 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.

10 OPERATING FIXED ASSETS

	March 31, 2016 (Un-audited)	December 31, 2015 (Audited)
	(Rupees in '000)	
Capital work-in-progress	752,134	704,981
Property and equipment	15,695,063	15,497,616
Intangible assets	1,064,037	1,039,371
	<u>17,511,234</u>	<u>17,241,968</u>

10.1 Additions to operating fixed assets

	Three months period ended March 31, 2016 (Un-audited)	March 31, 2015 (Audited)
	(Rupees in '000)	
Office premises	269,841	-
Leasehold improvements	37,602	94,096
Office equipments	279,810	191,847
Furniture and fixtures	12,804	19,586
Vehicles	15,542	-

10.2 Additions to intangibles

Computer software	103,013	829
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10.3 Disposals of operating fixed assets

Office premises	-	-
Leasehold improvements	10	-
Office equipments	37,916	79
Furniture and fixtures	1,915	392
Vehicles	5,866	14,913

	Note	March 31, 2016 (Un-audited) (Rupees in '000)	December 31, 2015 (Audited)
11 BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan		16,388,482	17,430,111
Repurchase agreement borrowings	11.1	103,634,855	129,071,926
Borrowings of foreign operations		32,679	-
		<u>120,056,016</u>	<u>146,502,037</u>
Unsecured			
Call borrowings	11.2	14,633,693	17,901,900
Bai Muajjal	11.3	8,316,460	7,935,453
Overdrawn nostro accounts		-	53,808
		<u>22,950,153</u>	<u>25,891,161</u>
		<u>143,006,169</u>	<u>172,393,198</u>
11.1	This represents repurchase agreement borrowing from SBP and other banks at the rate of 6.10% and 6.50% per annum respectively (2015: 6.04% and 6.50% per annum) having maturities upto April 2016 (2015: January 2016).		
11.2	This represents borrowings from financial institutions at mark-up rates ranging from 0.50% to 6.10% per annum (2015: 0.50% to 6.08% per annum) having maturities upto October 2016 (2015: March 2016).		
11.3	This represents borrowings from financial institutions at mark-up rates ranging from 6.35% to 7.45% per annum (2015: 6.35% to 7.45% per annum) having maturities upto August 2016 (2015: April 2016).		
12 DEPOSITS AND OTHER ACCOUNTS		March 31, 2016 (Un-audited) (Rupees in '000)	December 31, 2015 (Audited)
Customers			
Fixed deposits		130,502,911	137,604,333
Savings deposits		225,694,986	210,368,288
Current accounts - non-remunerative		232,881,548	234,795,160
Others		6,192,701	6,849,023
		<u>595,272,146</u>	<u>589,616,804</u>
Financial institutions			
Remunerative deposits		25,683,590	48,877,152
Non-remunerative deposits		2,402,835	1,694,779
		<u>28,086,425</u>	<u>50,571,931</u>
		<u>623,358,571</u>	<u>640,188,735</u>
13 CONTINGENCIES AND COMMITMENTS			
13.1 Direct credit substitutes			
i) Government		643,655	743,580
ii) Banking companies and other financial institutions		330,750	311,835
iii) Others		2,095,030	2,094,645
		<u>3,069,435</u>	<u>3,150,060</u>
13.2 Transaction - related contingent liabilities			
i) Government		27,719,550	27,412,625
ii) Banking companies and other financial institutions		490,223	163,826
iii) Others		10,498,481	12,719,286
		<u>38,708,254</u>	<u>40,295,737</u>

	March 31, 2016 (Un-audited) (Rupees in '000)	December 31, 2015 (Audited)
13.3 Trade - related contingent liabilities		
Letters of credit	<u>56,133,531</u>	<u>52,107,916</u>
Acceptances	<u>8,693,831</u>	<u>15,797,161</u>

13.4 Other contingencies

Claims against the Bank not acknowledged as debts	<u>14,752,238</u>	<u>14,861,738</u>
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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 this unconsolidated condensed interim financial information.

	March 31, 2016 (Un-audited) (Rupees in '000)	December 31, 2015 (Audited)
13.5 Commitments to extend credit	<u>7,121,224</u>	<u>5,222,555</u>
13.6 Commitments in respect of forward exchange contracts		
Purchase	<u>93,664,654</u>	<u>98,261,212</u>
Sale	<u>85,237,568</u>	<u>106,520,120</u>
13.7 Commitments for the acquisition of fixed asset	<u>292,355</u>	<u>291,237</u>
13.8 Commitments in respect of repo transactions		
Repurchase	<u>104,624,870</u>	<u>129,226,010</u>
Resale	<u>1,446,705</u>	<u>-</u>
13.9 Other commitments		
Interest rate swaps	<u>6,977,790</u>	<u>6,962,920</u>
Donations	<u>22,000</u>	<u>22,000</u>

13.10 Contingency for tax payable (note 16)

14 EARNINGS PER SHARE	March 31, 2016	March 31, 2015
	(Un-audited)	
	(Rupees in '000)	
14.1 BASIC EARNINGS PER SHARE		
Profit after taxation for the period	<u>2,466,691</u>	<u>1,982,014</u>
	(Number of shares in thousand)	
Weighted average number of ordinary shares	<u>1,589,806</u>	<u>1,587,243</u>
	(Rupees)	
Basic earnings per share	<u>1.55</u>	<u>1.25</u>
14.2 DILUTED EARNINGS PER SHARE		
	(Rupees in '000)	
Profit after taxation for the period	<u>2,466,691</u>	<u>1,982,014</u>
	(Number of shares in thousand)	
Weighted average number of ordinary shares	<u>1,596,291</u>	<u>1,595,107</u>
	(Rupees)	
Diluted earnings per share	<u>1.55</u>	<u>1.24</u>
15 CASH AND CASH EQUIVALENTS	March 31, 2016	December 31, 2015
	(Un-audited) (Audited)	
	(Rupees in '000)	
Cash and balances with treasury banks	43,760,772	62,368,790
Balances with other banks	14,271,608	16,552,207
Call money lendings	4,953,179	14,728,532
Overdrawn nostro accounts	-	(53,808)
	<u>62,985,559</u>	<u>93,595,721</u>

16 TAXATION

- 16.1** The income tax assessments of the Bank have been finalized upto and including tax year 2015. 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 to 2013 and 2015, the tax authorities have raised certain issues including disallowance of expenditure on account of non-deduction of withholding tax, default in payment of WWF, allocation of expenses to dividend and capital gains and dividend income from mutual funds not being taken under income from business, resulting in additional demand of Rs.2,016.136 million. As a result of appeal filed before Commissioner Appeals against these issues, relief has been provided for tax amount of Rs.1,674.708 million whereas appeal effect orders are pending. The management's appeals on certain issues are pending before Commissioner Appeals. The management is confident that this matter 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 assessment orders for Tax Years from 2010 to 2013 wherein Tax Authorities have disallowed depreciation on Ijarah Assets considering it Finance Lease and raised a tax demand of Rs.990.423 million. As a result of appeal filed before Commissioner Appeal, relief is provided to the Bank to the extent of principal amount which is part of Ijarah rentals and should not be taxed. Accordingly tax amount is reduced to Rs.96.160 million. The Bank has filed appeal before Appellate Tribunal. The Bank has not made any provision against these orders and the management is of the view that the matter will be settled in Bank's favour through appellate process.

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.83.205 million against tax demand (after reduction on rectifications) for tax years 2011 to 2015. The Bank intend to obtain relief through rectification orders. The management is of the view that the matter will be settled in Bank's favour.

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.97.560 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.

17 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.

17.1 Details of transactions with the related parties and balances with them as at period end are as follows:

	March 31, 2016 (Un-audited)				
	Directors	Key Management Personnel	Group / Associated Companies / Others	Subsidiaries / Associates	Total
	(Rupees in '000)				
Deposits					
Balance at beginning of the period	14,825	120,281	6,095,049	402,093	6,632,248
Placements during the period	25,061	217,757	11,928,118	5,039,755	17,210,691
Withdrawals / adjustments during the period	(34,316)	(151,591)	(12,129,412)	(4,929,605)	17,244,924
Balance at end of the period	5,570	186,447	5,893,755	512,243	6,598,015
Advances					
Balance at beginning of the period	-	328,280	6,339,450	-	6,667,730
Disbursements / adjustments during the period	-	22,982	4,326,345	-	4,349,327
Repayments / adjustments during the period	-	(95,501)	(4,836,247)	-	(4,931,748)
Balance at end of the period	-	255,761	5,829,548	-	6,085,309
Provision held against advances	-	-	638,674	-	638,674
Investments					
Balance at beginning of the period	-	-	4,716,796	4,466,152	9,182,948
Investments during the period	-	-	-	-	-
Redemption / adjustments during the period	-	-	(300,000)	-	(300,000)
Balance at end of the period	-	-	4,416,796	4,466,152	8,882,948
Provision held against investments	-	-	4,416,796	826,000	5,242,796
Call borrowings / Repo					
Balance at beginning of the period	-	-	-	-	-
Borrowings during the period	-	-	500,000	-	500,000
Repayments during the period	-	-	(500,000)	-	(500,000)
Balance at end of the period	-	-	-	-	-
Call lendings / Reverse repo					
Balance at beginning of the period	-	-	-	-	-
Placements during the period	-	-	700,000	-	700,000
Withdrawals during the period	-	-	(700,000)	-	(700,000)
Balance at end of the period	-	-	-	-	-

	December 31, 2015 (Audited)				
	Directors	Key Management Personnel	Group / Associated Companies / Others	Subsidiaries / Associates	Total
(Rupees in '000)					
Deposits					
Balance at beginning of the year	38,398	71,170	5,054,223	486,239	5,650,030
Placements during the year	168,409	1,271,256	81,788,021	31,744,672	114,972,358
Withdrawals / adjustments during the year	(191,982)	(1,222,145)	(80,747,195)	(31,828,818)	(113,990,140)
Balance at end of the year	14,825	120,281	6,095,049	402,093	6,632,248
Advances					
Balance at beginning of the year	-	280,630	3,828,522	30,000	4,139,152
Disbursements during the year	-	324,922	22,147,792	22,000	22,494,714
Repayments / adjustments during the year	-	(277,272)	(19,636,864)	(52,000)	(19,966,136)
Balance at end of the year	-	328,280	6,339,450	-	6,667,730
Investments					
Balance at beginning of the year	-	-	4,416,796	3,670,925	8,087,721
Investments during the year	-	-	-	1,723,470	1,723,470
Redemptions / adjustments during the year	-	-	300,000	(928,243)	(628,243)
Balance at end of the year	-	-	4,716,796	4,466,152	9,182,948
Provision held against investments	-	-	4,416,796	826,000	5,242,796
Call borrowings / Repo					
Balance at beginning of the year	-	-	-	-	-
Borrowing during the year	-	-	1,300,000	-	1,300,000
Repayments during the year	-	-	(1,300,000)	-	(1,300,000)
Balance at end of the year	-	-	-	-	-
Call lendings / Reverse Repo					
Balance at beginning of the year	-	-	-	-	-
Placements during the year	-	-	17,825,000	-	17,825,000
Withdrawals during the year	-	-	(17,825,000)	-	(17,825,000)
Balance at end of the year	-	-	-	-	-

	March 31, 2016 (Un-audited)	December 31, 2015 (Audited)
(Rupees in '000)		
17.2 Advances		
Running finance	801,875	760,958
Long term loans	5,283,434	5,906,772
17.3 Contingencies and commitments		
Letters of credit, acceptance and Guarantees outstanding	2,051,592	3,134,931
17.4 Customer Accounts		
PLS accounts	3,242,457	3,304,579
Current accounts	1,079,715	1,059,518
Fixed deposit accounts	2,275,843	2,268,151

March **March**
31, 2016 **31, 2015**
(Un-audited)
(Rupees in '000)

17.5 Transactions with Subsidiaries / Associates and Others

Subsidiaries / Associates

Mark-up income on advances	-	809
Mark-up expense on deposits	9,537	14,017
Mark-up paid to Alfalah GHP Income Multiplier Fund on TFCs Issued	256	353
Mark-up paid to Alfalah GHP Income fund on TFCs issued	2,678	4,549
Brokerage Expense pertaining to Alfalah Securities (Private) Limited	135	219
Rent Income from Alfalah Securities (Private) Limited	115	330
Rent Income from Alfalah Insurance Limited	499	499
Insurance premium paid to Alfalah Insurance Company Limited	454,132	509,177
Revenue from Alfalah GHP Investment Management Limited against sale of units	7,477	21,119
Capital Gain on sale of units of Alfalah GHP Money Market Fund	-	29,235
Capital Gain on sale of units of Alfalah GHP Cash Fund	-	25,085

Others

Mark-up income on advances	100,707	90,424
Mark-up expense on deposits	30,231	109,244
Rent income from Warid Telecom (Private) Limited	4,100	4,458
Rent expense pertaining to Wateen Telecom Limited	2,346	2,850
Interest received on placements with Silk Bank	125	-
Amount received on redemption of Silk Bank Preference Shares	439,200	-
Interest paid on Borrowings from Silk Bank	85	-
Payment to Institute of Bankers of Pakistan for calendars and diaries etc.	-	284
Payment to Wateen Telecom Limited and Wateen Solutions (Private) Limited for purchase of equipment and maintenance charges	33,857	31,513
Payment to Monet (Private) Limited for Branchless banking services	85,092	50,166
Payment to Al-Qudees & Co	5,895	-
Payment to Locker Smiths (Private) Limited	5,992	-
Payment to Sundar Interiors & Architects	2,990	-
Payment to Timber Links	1,081	-
Payment to Expressive Safety & Security Solutions	4,155	-
Payment to Olive International (Private) Limited	833	-
Payment to Computer Marketing Co. (Private) Limited.	6,781	-
Payment to K-Tabs	6,031	-
Payment to MEC Engineer	2,951	-
Payment to Tahiri Printers	1,583	-
Payment to Bawany Traders	963	-
Contribution to employees provident fund	79,113	77,625
Provision against advances to Wateen Telecom Limited	453,214	-

**March
31, 2016
(Un-audited)** **December 31,
2015
(Audited)**
(Rupees in '000)

17.6 Balances with Subsidiaries / Associates and Others

Subsidiaries / Associates

Advance Rent from Alfalah Insurance Company Limited	1,456	-
Rent receivable from Alfalah Securities (Private) Limited	462	9,477
Brokerage payable to Alfalah Securities (Private) Limited	42	96
Advance against issuance of shares to Sapphire Wind Power Company Limited	112,350	112,350
TFCs held by Alfalah GHP Income Multiplier Fund	6,118	6,121
TFCs held by Alfalah GHP Income Fund on TFCs held	63,923	87,935

Others

Mark-up suspended on advances to Warid Telecom (Private) Limited	47,298	42,582
Mark-up suspended on advances to Wateen Telecom (Private) Limited	684,803	644,122
Advance Rent from Warid Telecom Limited	4,237	4,547
Commission receivable from Warid Telecom (Private) Limited	1,839	-
Rent payable to Wateen Telecom Limited	798	-
TFCs held by Taavun (Private) Limited	498,800	499,000
TFCs held by Key Management Personnel	186,951	161,466

**March
31, 2016
(Un-audited)** **March
31, 2015**
(Rupees in '000)

17.7 The key management personnel / directors compensation are as follows:

Salaries and Allowances	493,219	416,928
Fair value charge against employee stock option scheme	26,805	17,888

In addition the Chief Executive Officer and other executive officers are provided with the Bank maintained car as per Bank's policy.

18 GENERAL

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

- 18.1** During the current period, the State Bank of Pakistan (SBP), vide BPRD Circular Letter No. 05 of 2016 dated February 29, 2016 has issued instructions on revised forms of annual financial statements, which further supplements the requirements laid down earlier, vide SBP's BSD Circular No. 4 of 2006 and BSD Circular Letter No. 03 of 2013 on the matter.

In order to standardize the financial statements and to bring comparability, banks having IBBs have been advised to show Islamic Financing and Related Assets under the head of "Advances" in their financial statements. In addition, banks have also been advised to show Bai Muajjal of Government of Pakistan Ijara Sukuk with State Bank of Pakistan and other Financial Institutions under the Head "Lendings to Financial Institutions" , whereas Bai Muajjal transactions with Government of Pakistan are required to be reported under investment category as other Federal Government securities.

The effect of re-classification on comparative information presented for the year ended December 31, 2015 as part of the the Statement of Financial Position is as follows:

	As at December 31, 2015		
	As previously reported	Effect of Re-classification	As restated
Lending to Financial Institutions	53,628,870	(26,002,520)	27,626,350
Investments - net	397,097,214	26,002,520	423,099,734
Advances - net	327,297,821	6,860,918	334,158,739
Other assets	28,420,651	(6,860,918)	21,559,733

19 DATE OF AUTHORISATION

The unconsolidated condensed interim financial information was authorised for issue on 27 April 2016 by the Board of Directors of the Bank.

Annexure-I

Islamic Banking Business

The bank is operating through 158 Islamic banking branches as at March 31, 2016 (December 31, 2015: 158 branches).

STATEMENT OF FINANCIAL POSITION	Note	March 31, 2016	December 31, 2015
		(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		8,666,473	9,516,305
Balances with and due from financial institutions		4,317,923	2,938,812
Lendings to financial institutions		7,614,922	12,610,451
Investments - net		62,005,829	59,424,549
Islamic financing and related assets	A-1.1	42,092,125	42,056,149
Fixed assets		2,257,216	2,285,906
Other assets		2,604,163	2,664,563
		129,558,651	131,496,735
LIABILITIES			
Bills payable		2,169,491	1,428,720
Borrowings		6,390,387	9,984,637
Deposits and other accounts			
Current accounts		36,538,994	37,357,094
Saving accounts		52,511,467	51,824,143
Term deposits		14,872,300	14,714,498
Others		904,392	1,269,209
Deposit from financial institutions - Remunerative		1,197,962	240,392
Deposits from financial institutions-Non-Remunerative		4,396	1,946
Other liabilities		5,348,383	5,303,877
		119,937,772	122,124,516
		<u>9,620,879</u>	<u>9,372,219</u>
NET ASSETS			
REPRESENTED BY			
Islamic banking fund		1,800,000	1,800,000
Exchange equalization reserve		(187)	(56)
Unappropriated / unremitted profit		6,660,264	6,463,950
		8,460,077	8,263,894
Surplus on revaluation of assets		1,160,802	1,108,325
		<u>9,620,879</u>	<u>9,372,219</u>
Remuneration to Shariah Advisor / Board		<u>1,680</u>	<u>4,605</u>
CHARITY FUND			
Opening Balance		176,557	131,543
Additions during the period / year			
Received from customers on delayed payments & Others		15,635	80,933
Non-shariah compliant income		-	1,295
Profit on charity saving account		1,828	8,527
		17,463	90,755
Distribution of Charity			
Welfare Works		-	(16,397)
Health		(10,425)	(24,163)
Education		-	(5,181)
		(10,425)	(45,741)
Closing Balance		<u>183,595</u>	<u>176,557</u>

Annexure-I

Islamic Banking Business

PROFIT & LOSS ACCOUNT

	March 31, 2016	March 31, 2015
	(Rupees in '000)	
Income / return earned	2,101,486	2,504,464
Income / return expensed	897,095	1,017,016
Net income / return before depreciation on asset given on lease	<u>1,204,391</u>	<u>1,487,448</u>
Depreciation on assets given on lease	349,955	269,165
Net income / return earned after depreciation	<u>854,436</u>	<u>1,218,283</u>
Provisions against loans and advances - net	14,632	32,781
Provision for diminution in value of investments - net	11,563	13,828
Bad debts written off directly	-	-
	<u>26,195</u>	<u>46,609</u>
Net income / return earned after provisions	<u>828,241</u>	<u>1,171,674</u>
Other income		
Fee, commission and brokerage income	65,641	70,048
Dividend income	-	-
Income from dealing in foreign currencies	33,506	19,559
Gain on sale of securities - net	-	52,433
Unrealised (loss) / gain on revaluation of investment classified as held for trading	1,207	465
Other income	23,989	21,330
Total other income	<u>124,343</u>	<u>163,835</u>
	952,584	1,335,509
Other expenses		
Administrative expenses	755,991	750,052
Other charges	22	(865)
Total other expenses	<u>756,013</u>	<u>749,187</u>
Profit before taxation	<u><u>196,571</u></u>	<u><u>586,322</u></u>

Annexure-I

Islamic Banking Business

	Note	March 31, 2016	December 31, 2015
(Rupees in '000)			
A-1.1 Islamic Financing and Related Assets			
Murabaha	A-1.1.1	7,879,232	10,173,925
Ijarah	A-1.1.2	7,078,293	7,220,136
Diminishing Musharakah	A-1.1.3	543,680	506,584
Musharakah	A-1.1.4	10,024,207	9,902,071
Running Musharakah	A-1.1.5	5,593,896	3,153,938
Salam	A-1.1.6	6,344,839	5,016,961
Istisna	A-1.1.7	846,686	1,833,420
SBP Islamic Export Refinance Scheme	A-1.1.8	2,919,003	3,410,839
Others	A-1.1.9	862,289	838,275
		<u>42,092,125</u>	<u>42,056,149</u>
A-1.1.1 Murabaha			
Financing/Investments/Receivables		7,024,911	7,091,427
Advances		1,410,338	3,652,705
Others (Provisions)		(556,017)	(570,207)
		<u>7,879,232</u>	<u>10,173,925</u>
A-1.1.2 Ijarah			
Financing/Investments/Receivables		166,067	176,280
Advances		473,067	408,452
Assets/Inventories		6,718,513	6,875,617
Others (Provisions)		(279,354)	(240,213)
		<u>7,078,293</u>	<u>7,220,136</u>
A-1.1.3 Diminishing Musharakah			
Financing / Investments / Receivables		629,219	614,441
Advances		58,275	45,053
Others (Provisions)		(143,814)	(152,910)
		<u>543,680</u>	<u>506,584</u>
A-1.1.4 Musharakah			
Financing / Investments / Receivables		8,125,347	8,258,035
Advances		1,907,913	1,653,089
Others (Provisions)		(9,053)	(9,053)
		<u>10,024,207</u>	<u>9,902,071</u>
A-1.1.5 Runnig Musharakah			
Financing / Investments / Receivables		5,593,896	3,153,938
Advances		-	-
Others (Provisions)		-	-
		<u>5,593,896</u>	<u>3,153,938</u>
A-1.1.6 Salam			
Financing / Investments / Receivables		6,320,495	4,989,061
Advances		26,444	30,000
Others (Provisions)		(2,100)	(2,100)
		<u>6,344,839</u>	<u>5,016,961</u>
A-1.1.7 Istisna			
Financing / Investments / Receivables		746,686	810,830
Advances		100,000	1,022,590
		<u>846,686</u>	<u>1,833,420</u>
A-1.1.8 SBP Islamic Export Refinance Scheme			
Financing / Investments / Receivables		2,919,003	3,410,839
Advances		-	-
Others (Provisions)		-	-
		<u>2,919,003</u>	<u>3,410,839</u>
A-1.1.9 Others			
Staff Loans		832,528	808,402
Advance Against Musharakah Staff		58,020	46,320
Advance Against Ijarah Staff		(106)	2,709
Overdue Acceptances and FBP		2,232	12,452
Others (Provisions)		(30,385)	(31,608)
		<u>862,289</u>	<u>838,275</u>

Consolidated Condensed Interim Statement of Financial Position

As at 31 March 2016

	Note	March 31, 2016 (Un-audited)	December 31, 2015 (Audited)
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		43,760,805	62,368,827
Balances with other banks		14,277,759	16,583,138
Lendings to financial institutions	7	12,533,102	27,626,350
Investments - net	8	435,450,677	423,518,968
Advances - net	9	323,482,743	334,160,478
Operating fixed assets	10	17,588,183	17,317,691
Deferred tax assets - net		-	-
Other assets		15,058,621	21,840,305
		862,151,890	903,415,757
LIABILITIES			
Bills payable		11,323,324	9,733,929
Borrowings	11	143,006,169	172,393,198
Deposits and other accounts	12	623,314,026	640,137,161
Sub-ordinated loans		9,982,000	9,983,000
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net		2,627,027	1,826,270
Other liabilities		16,053,734	15,249,463
		806,306,280	849,323,021
NET ASSETS		<u>55,845,610</u>	<u>54,092,736</u>
REPRESENTED BY			
Share capital		15,898,062	15,898,062
Reserves		14,691,247	14,164,120
Unappropriated profit		13,257,623	12,813,488
		43,846,932	42,875,670
Non-controlling interest		284,337	274,134
Surplus on revaluation of assets - net of tax		11,714,341	10,942,932
		<u>55,845,610</u>	<u>54,092,736</u>

CONTINGENCIES AND COMMITMENTS

13

The annexed notes 1 to 19 form an integral part of this consolidated condensed interim financial information.

Chief Executive Officer

Director

Director

Chairman

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

for the Three Months Period Ended 31 March 2016

	Note	Three months period ended March 31, 2016	Three months period ended March 31, 2015
		(Rupees in '000)	
Mark-up / return / interest earned		14,944,549	15,900,045
Mark-up / return / interest expensed		7,849,324	9,097,077
Net mark-up / interest income		7,095,225	6,802,968
Provision against loans and advances - net		228,631	683,656
Provision for diminution in value of investments - net		11,563	13,828
Bad debts written off directly		-	-
		240,194	697,484
Net mark-up / interest income after provisions		6,855,031	6,105,484
Non mark-up / interest income			
Fee, commission and brokerage income		1,052,533	919,166
Dividend income		139,369	107,341
Income from dealing in foreign currencies		302,964	403,816
Gain on sale of securities - net		782,020	607,111
Unrealized (loss) / gain on revaluation of investments classified as held for trading - net		(1,003)	48,007
Share of profit from associates		72,503	64,892
Other income		154,952	135,120
Total non mark-up / interest income		2,503,338	2,285,453
		9,358,369	8,390,937
Non mark-up / interest expenses			
Administrative expenses		5,540,093	5,130,946
Provision against off balance sheet obligations		217	8,789
Provision / (reversal) against other assets		(136,978)	50,786
Other charges		92,357	86,251
Total non mark-up / interest expenses		5,495,689	5,276,772
		3,862,680	3,114,165
Extra ordinary / unusual items		-	-
Profit before taxation		3,862,680	3,114,165
Taxation	16		
Current		1,616,583	1,448,007
Deferred		(283,330)	(386,458)
Prior years		-	-
		1,333,253	1,061,549
Profit after taxation		2,529,427	2,052,616
Profit attributable to:			
Equity holders of the Bank		2,519,224	2,041,308
Non-controlling Interest		10,203	11,308
		2,529,427	2,052,616
		(Rupees)	
Basic earnings per share	14	1.58	1.29
Diluted earnings per share	14	1.58	1.28

The annexed notes 1 to 19 form an integral part of this consolidated condensed interim financial information.

Chief Executive Officer

Director

Director

Chairman

Consolidated Condensed Interim Statement of Comprehensive Income (Un-Audited) for the Three Months Period Ended 31 March 2016

	Three months period ended March 31, 2016	Three months period ended March 31, 2015
	(Rupees in '000)	
Profit after taxation	2,529,427	2,052,616
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	6,984	185,565
Comprehensive income - transferred to consolidated condensed interim statement of changes in equity	<u>2,536,411</u>	<u>2,238,181</u>
Attributable to:		
Equity holders of the Bank	2,526,208	2,226,873
Non-controlling Interest	10,203	11,308
Comprehensive income - transferred to statement of changes in equity	<u>2,536,411</u>	<u>2,238,181</u>
Components of comprehensive income not reflected in equity		
Items that are or may be reclassified subsequently to profit and loss account		
Surplus / (deficit) on revaluation of available for sale securities	874,803	2,294,939
Share of surplus on revaluation of associates' available for sale securities	48	-
Total comprehensive income	<u>3,411,262</u>	<u>4,533,120</u>

The annexed notes 1 to 19 form an integral part of this consolidated condensed interim financial information.

Chief Executive Officer

Director

Director

Chairman

Consolidated Condensed Interim Cash Flow Statement (Un-Audited)

for the Three Months Period Ended 31 March 2016

	Note	Three months period ended March 31, 2016	Three months period ended March 31, 2015
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		3,862,680	3,116,495
Dividend income		(139,369)	(107,341)
Share of profit from associates		(72,503)	(64,892)
		3,650,808	2,944,262
Adjustments			
Depreciation		423,899	398,978
Amortisation		77,687	67,329
Provision against loans and advances - net		228,631	683,656
Provision for diminution in value of investments - net		11,563	13,828
Provision against off-balance sheet obligations (Reversal) / provision against other assets		217	8,789
Unrealized loss / (gain) on revaluation of investments classified as held for trading - net		1,003	(48,007)
Bad debts written-off directly		-	-
Gain on sale of fixed assets - net		(2,270)	(17,104)
Charge for defined benefit plan		66,716	74,252
		670,468	1,232,507
		4,321,276	4,176,769
(Increase) / decrease in operating assets			
Lendings to financial institutions		5,317,895	(10,101,923)
Held for trading securities		(6,191,772)	(2,060,496)
Advances		10,449,104	11,199,432
Other assets (excluding tax recoverable and dividend receivable)		7,025,325	8,309,004
		16,600,552	7,346,017
Increase / (decrease) in operating liabilities			
Bills payable		1,589,395	(978,110)
Borrowings		(29,333,221)	25,578,767
Deposits and other accounts		(16,823,135)	(30,870,581)
Other liabilities		(808,078)	(40,834)
		(45,375,039)	(6,310,758)
		(24,453,211)	5,212,028
Income tax paid		(1,108,773)	(111,309)
Net cash generated from / (used in) operating activities		(25,561,984)	5,100,719
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in available for sale securities		5,724,705	(8,058,973)
Net investments in held to maturity securities		(10,066,441)	1,373,517
Net investments in associated companies		-	440,781
Dividend income received		32,598	31,148
Investment in fixed assets		(772,179)	(408,442)
Proceeds from sale of operating fixed assets		2,371	17,205
Net cash generated from / (used in) investing activities		(5,078,946)	(6,604,764)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Redemption) of Sub-ordinated loans		(1,000)	(1,000)
Dividend Paid		-	(992)
Net cash generated from / (used in) financing activities		(1,000)	(1,992)
Exchange difference on translation on the net investments in foreign branches		6,984	185,565
Decrease in cash and cash equivalents		(30,634,946)	(1,320,472)
Cash and cash equivalents at beginning of the period		93,626,689	65,883,223
Cash and cash equivalents at end of the period	15	62,991,743	64,562,751

The annexed notes 1 to 19 form an integral part of this consolidated condensed interim financial information.

Chief Executive Officer

Director

Director

Chairman

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

for the Three Months Period Ended 31 March 2016

	Capital Reserves				Revenue Reserve		Sub-total	Non Controlling Interest	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, 2015	15,872,427	4,285,566	6,636,342	1,362,465	53,663	10,091,872	38,302,325	255,999	38,558,324
Changes in equity for three months period ended March 31, 2015									
Total comprehensive income									
Profit after tax	-	-	-	-	-	1,982,014	1,982,014	11,308	1,993,322
Other comprehensive income									
Exchange difference on translation of net investment in foreign branches	-	-	-	185,565	-	-	185,565	-	185,565
Transfer to statutory reserve	-	-	396,403	-	-	1,982,014 (396,403)	-	-	-
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	8,696	8,696	-	8,696
Transactions with owners, recorded directly in equity									
Final cash dividend for the year ended December 31, 2014 @ 20%	-	-	-	-	-	(3,174,485)	(3,174,485)	-	(3,174,485)
Amortisation of deferred employee compensation expense	-	-	-	-	17,888	-	17,888	-	17,888
Balance as at March 31, 2015	<u>15,872,427</u>	<u>4,285,566</u>	<u>7,032,745</u>	<u>1,548,030</u>	<u>71,551</u>	<u>8,511,694</u>	<u>37,322,003</u>	<u>267,307</u>	<u>37,589,310</u>
Changes in equity for nine months period ended December 31, 2015									
Total comprehensive income									
Profit after tax	-	-	-	-	-	5,520,646 (6,466)	5,520,646 (6,466)	361	5,521,007
Effect of change in minority interest	-	-	-	-	-	-	-	6,466	-
Other comprehensive income									
Exchange difference on translation of net investment in foreign branches	-	-	-	24,936	-	-	24,936	-	24,936
Remeasurement of defined benefit plans	-	-	-	-	-	(199,200)	(199,200)	-	(199,200)
Related tax charge	-	-	-	-	-	69,637	69,637	-	69,637
Share of Remeasurement of defined benefit plans of associate	-	-	-	-	-	(752)	(752)	-	(752)
Transfer to statutory reserve	-	-	1,108,159	24,936	-	5,383,865 (1,108,159)	5,408,801	6,827	5,415,628
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	26,088	26,088	-	26,088
Transactions with owners, recorded directly in equity									
Share capital issued during the period	25,635	16,201	-	-	-	-	41,836	-	41,836
Recognition of fair value of share based payments on grant date	-	-	-	-	119,250	-	119,250	-	119,250
Unamortised portion of deferred employee compensation expense	-	-	-	-	(42,308)	-	(42,308)	-	(42,308)
Transfer to Share Premium on issuance of shares under Stock Option Scheme	-	27,891	-	-	(27,891)	-	-	-	-
Balance as at December 31, 2015	<u>15,898,062</u>	<u>4,329,648</u>	<u>8,140,904</u>	<u>1,572,966</u>	<u>120,602</u>	<u>12,813,488</u>	<u>42,875,670</u>	<u>274,134</u>	<u>43,149,804</u>
Changes in equity for three months period ended March 31, 2016									
Total comprehensive income									
Profit after tax	-	-	-	-	-	2,519,224	2,519,224	10,203	2,529,427
Other comprehensive income									
Exchange difference on translation of net investment in foreign branches	-	-	-	6,984	-	-	6,984	-	6,984
Transfer to statutory reserve	-	-	493,338	6,984	-	2,519,224 (493,338)	2,526,208	10,203	2,536,411
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	8,055	8,055	-	8,055
Transactions with owners, recorded directly in equity									
Final cash dividend for the year ended December 31, 2015 @ 10%	-	-	-	-	-	(1,589,806)	(1,589,806)	-	(1,589,806)
Amortisation of deferred employee compensation expense	-	-	-	-	26,805	-	26,805	-	26,805
Balance as at March 31, 2016	<u>15,898,062</u>	<u>4,329,648</u>	<u>8,634,242</u>	<u>1,579,950</u>	<u>147,407</u>	<u>13,257,623</u>	<u>43,846,932</u>	<u>284,337</u>	<u>44,131,269</u>

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

The annexed notes 1 to 19 form an integral part of this consolidated condensed interim financial information.

Chief Executive Officer

Director

Director

Chairman

Notes to and Forming Part of the Consolidated Condensed Interim Financial Information (Un-Audited) for the Three Months Period Ended 31 March 2016

1 STATUS AND NATURE OF BUSINESS

1.1 The "Group" consists of:

Holding Company

Bank Alfalah Limited, Pakistan

Bank Alfalah Limited (the Bank) is a banking company incorporated in Pakistan on June 21, 1992 as a public limited company under the Companies Ordinance, 1984. 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 (formerly Karachi, Lahore and Islamabad Stock Exchanges). The Bank is engaged in banking services as described in the Banking Companies Ordinance, 1962 and is operating through 484 conventional banking branches including 12 sub branches (2015: 484 branches including 12 sub branches), 10 overseas branches (2015: 10 branches), 158 Islamic banking branches (2015: 158 branches) and 1 offshore banking unit (2015: 1 unit).

PACRA has assigned a long term credit rating of AA [Double A] and a short term credit rating of A1+ (A one plus) to the Bank as at June 2015.

Subsidiaries	Percentage of Holding	
	March 31, 2016	December 31, 2015
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 2.5 to the annual consolidated financial statements for the year ended December 31, 2015.

2 BASIS OF PRESENTATION

- 2.1 These consolidated financial statements represent financial statements of 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 this consolidated condensed interim financial information 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 Ordinance, 1984.
- 2.3 Key financial figures of the Islamic Banking branches are disclosed in Annexure I to the unconsolidated condensed interim financial information.

- 2.4 The disclosures made in this consolidated condensed interim financial information 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 this consolidated condensed interim financial information should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2015.

2.5 Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity, so as to obtain economic benefits from its activities.

These consolidated financial statements incorporate 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 holding company. Material intra-group balances and transactions are eliminated.

3 STATEMENT OF COMPLIANCE

- 3.1 This consolidated condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, the provisions of and directives issued under the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). In case the requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and the directives issued by SECP and SBP shall prevail.
- 3.2 The State Bank of Pakistan has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for banking companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the Securities and Exchange Commission of Pakistan has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banks through its notification S.R.O 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of this consolidated condensed interim financial information. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.
- 3.3 The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred applicability of Islamic Financial Accounting Standard-3 for Profit & Loss Sharing on Deposits (IFAS-3) issued by the Institute of Chartered Accountants of Pakistan and notified by the Securities & Exchange Commission of Pakistan (SECP), vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IFS). The standard will result in certain new disclosures in the consolidated financial statements of the Group.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies and the methods of computation adopted in the preparation of this consolidated condensed interim financial information are same as those applied in the preparation of the annual consolidated financial statements of the Group for the year ended December 31, 2015.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis and methods used for critical accounting estimates and judgements adopted in this consolidated condensed interim financial information are same as those applied in the preparation of the annual consolidated financial statements of the Group for the year ended December 31, 2015.

6 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, 2015.

7 LENDINGS TO FINANCIAL INSTITUTIONS	Note	March 31, 2016 (Un-audited) (Rupees in '000)	December 31, 2015 (Audited)
Call money lendings	7.1	4,953,179	15,265,899
Bai Muajjal	7.2	6,134,922	12,360,451
Repurchase agreement lendings	7.3	1,445,001	-
		12,533,102	27,626,350

- 7.1** This represents lending to financial institutions at interest rates ranges from 0.25% to 12.00% per annum (December 2015: 0.40% to 12.00% per annum) with maturities upto November 2016 (December 31, 2015: November 2016).
- 7.2** This represents Bai Muajjal agreements entered into with State Bank of Pakistan (SBP), the rates of return on these transactions are ranging from 5.92% to 5.97% per annum (December 2015: 6.94% to 8.26%). They are due to be matured by February 2017 (December 2015: March 2016).
- 7.3** This represents short term lending to financial institutions against investment securities. These carry markup rates upto 6.15% per annum (December 2015: NIL) with maturities upto April 2016 (December 31, 2015: November 2016).

8 INVESTMENTS - NET

8.1 Investments by types	Note	March 31, 2016 (Un-audited)			December 31, 2015 (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		17,283,890	-	17,283,890	13,480,197	-	13,480,197
Pakistan Investment Bonds		4,641,031	-	4,641,031	2,423,862	-	2,423,862
Overseas Bonds		3,324,969	-	3,324,969	2,990,933	-	2,990,933
Fully paid up ordinary shares/ units - Listed		263,935	-	263,935	197,998	-	197,998
		25,513,825	-	25,513,825	19,092,990	-	19,092,990
Available-for-sale securities							
Market Treasury Bills		70,942,382	7,992,426	78,934,808	78,391,879	494,563	78,886,442
Pakistan Investment Bonds		52,645,536	95,642,429	148,287,965	28,914,704	128,577,363	157,492,067
Fully paid up ordinary shares / units - Listed		6,014,077	-	6,014,077	5,000,753	-	5,000,753
Fully paid up ordinary shares / units - Unlisted		4,454,220	-	4,454,220	4,454,222	-	4,454,222
Term Finance Certificates		829,534	-	829,534	829,594	-	829,594
Preference Shares - Listed		108,835	-	108,835	108,835	-	108,835
Preference Shares - Unlisted		25,000	-	25,000	325,000	-	325,000
Pakistan Euro Bonds		2,409,360	-	2,409,360	2,409,043	-	2,409,043
Overseas Bonds		4,835,408	-	4,835,408	4,804,159	-	4,804,159
Sukuk Bonds		35,959,008	-	35,959,008	33,280,442	-	33,280,442
		178,223,360	103,634,855	281,858,215	158,518,631	129,071,926	287,590,557
Held-to-maturity securities							
Pakistan Investment Bonds		79,066,627	-	79,066,627	66,180,991	-	66,180,991
Other Federal Government Securities		26,002,520	-	26,002,520	26,002,520	-	26,002,520
Term Finance Certificates		524,266	-	524,266	524,266	-	524,266
Pakistan Euro Bonds		1,786,356	-	1,786,356	3,347,785	-	3,347,785
Overseas Bonds		6,800,851	-	6,800,851	7,920,557	-	7,920,557
Sukuk Bonds		4,092,756	-	4,092,756	4,230,816	-	4,230,816
		118,273,376	-	118,273,376	108,206,935	-	108,206,935
Investments in Associates and Mutual Funds established under Trust Structure not considered for consolidation							
Alfalsh Insurance Limited		252,002	-	252,002	241,560	-	241,560
Sapphire Wind Power Company Limited		1,026,795	-	1,026,795	1,006,054	-	1,006,054
Alfalsh GHP Money Market Fund		55,108	-	55,108	54,415	-	54,415
Alfalsh GHP Income Multiplier Fund		294,789	-	294,789	283,699	-	283,699
Alfalsh GHP Sovereign Fund		431,246	-	431,246	423,476	-	423,476
Appollo Pharma Limited		802,130	-	802,130	802,130	-	802,130
Alfalsh GHP Income Fund		115,401	-	115,401	113,036	-	113,036
Alfalsh GHP Islamic Income Fund		6,488	-	6,488	6,384	-	6,384
Alfalsh GHP Value Fund		191,181	-	191,181	187,684	-	187,684
Alfalsh GHP Islamic Stock Fund		369,207	-	369,207	359,958	-	359,958
Alfalsh GHP Cash Fund		547,520	-	547,520	540,918	-	540,918
		4,091,867	-	4,091,867	4,019,314	-	4,019,314
Investments at cost		326,102,428	103,634,855	429,737,283	289,837,870	129,071,926	418,909,796
Provision for diminution in value of investments	8.2	(5,531,374)	-	(5,531,374)	(5,519,811)	-	(5,519,811)
Investments (net of provisions)		320,571,054	103,634,855	424,205,909	284,318,059	129,071,926	413,389,985
Surplus / (deficit) on revaluation of held for trading securities - net		(1,003)	-	(1,003)	229,063	-	229,063
Surplus / (deficit) on revaluation of available for sale securities-net		12,855,777	(1,610,006)	11,245,771	9,377,825	522,095	9,899,920
Total investments		333,425,828	102,024,849	435,450,677	293,924,947	129,594,021	423,518,968

	March 31, 2016 (Un-audited) (Rupees in '000)	December 31, 2015 (Audited)
8.2 Particulars of provision for diminution in value of investments		
Opening balance	5,519,811	5,390,757
Charge for the period / year	11,563	136,691
Reversals during the period / year	-	-
	11,563	136,691
Provision written off during the period / year	-	(7,637)
Closing balance	<u>5,531,374</u>	<u>5,519,811</u>
8.3 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
- Preference shares		
- Agritech Limited	108,835	108,835
Unlisted companies		
- Fully paid up ordinary shares of Rs. 10 each		
- Pakistan Export Finance Guarantee Agency Limited	5,725	5,725
- Al-Hamra Avenue (Private) Limited	50,000	50,000
- Warid Telecom (Private) Limited (Related party)	4,366,796	4,366,796
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	2,185	2,185
- Fauji Akbar Portia Marine Terminals Limited	102,069	102,069
- Quetta Textile Mills Limited	37,242	37,242
- 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	45,625	34,062
- Security Leasing Corporation Limited	29,245	29,245
- Sitara Peroxide (Private) Limited	113,643	113,643
- Zulekha Textile Mills (formerly Khunja Textile Mills Limited)	24,680	24,680
	<u>5,531,374</u>	<u>5,519,811</u>

	March 31, 2016 (Un-audited)	December 31, 2015 (Audited)
	(Rupees in '000)	
9 ADVANCES - NET		
Loans, cash credits, running finances etc.		
In Pakistan	274,772,216	278,766,376
Outside Pakistan	10,166,209	11,007,287
	<u>284,938,425</u>	<u>289,773,663</u>
Net investment in finance lease		
In Pakistan	3,689,396	3,638,627
Outside Pakistan	-	-
	<u>3,689,396</u>	<u>3,638,627</u>
Islamic financing and related assets (gross)	43,112,848	43,062,240
Bills discounted and purchased (excluding market treasury bills)		
Payable in Pakistan	1,017,501	6,186,509
Payable outside Pakistan	7,124,399	7,692,258
	<u>8,141,900</u>	<u>13,878,767</u>
	<u>339,882,569</u>	<u>350,353,297</u>
Provision against advances		
Specific provision against non-performing advances	(15,662,612)	(15,452,915)
General provision against advances	(737,214)	(739,904)
	<u>(16,399,826)</u>	<u>(16,192,819)</u>
	<u><u>323,482,743</u></u>	<u><u>334,160,478</u></u>

- 9.1 Advances include Rs. 19,429 million (December 31, 2015: Rs. 18,455 million) which have been placed under non-performing status as detailed below:

	March 31, 2016 (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)	158,427	-	158,427	4,494	-	4,494	4,494	-	4,494
Substandard	2,938,723	1,744	2,940,467	862,846	60	862,906	862,846	60	862,906
Doubtful	2,913,918	37,368	2,951,286	1,738,057	17,219	1,755,276	1,738,057	17,219	1,755,276
Loss	13,070,052	309,469	13,379,521	12,887,179	152,757	13,039,936	12,887,179	152,757	13,039,936
	<u>19,081,120</u>	<u>348,581</u>	<u>19,429,701</u>	<u>15,492,576</u>	<u>170,036</u>	<u>15,662,612</u>	<u>15,492,576</u>	<u>170,036</u>	<u>15,662,612</u>

	December 31, 2015 (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)	115,219	-	115,219	2,547	-	2,547	2,547	-	2,547
Substandard	2,052,587	54,595	2,107,182	524,432	70,795	595,227	524,432	70,795	595,227
Doubtful	2,554,443	5,506	2,559,949	1,502,617	1,587	1,504,204	1,502,617	1,587	1,504,204
Loss	13,111,084	562,325	13,673,409	12,936,545	414,392	13,350,937	12,936,545	414,392	13,350,937
	<u>17,833,333</u>	<u>622,426</u>	<u>18,455,759</u>	<u>14,966,141</u>	<u>486,774</u>	<u>15,452,915</u>	<u>14,966,141</u>	<u>486,774</u>	<u>15,452,915</u>

9.2 Particulars of provisions against advances

	March 31, 2016 (Unaudited)			December 31, 2015 (Audited)		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	15,453,824	739,904	16,193,728	13,601,667	649,503	14,251,170
Exchange adjustment and other movements	2,241	410	2,651	31,406	3,300	34,706
Charge for the period / year	1,020,830	25,309	1,046,139	3,921,493	146,652	4,068,145
Reversals / recoveries during the period / year	(789,099)	(28,409)	(817,508)	(1,858,385)	(59,551)	(1,917,936)
	231,731	(3,100)	228,631	2,063,108	87,101	2,150,209
Amounts written off	(25,184)	-	(25,184)	(243,266)	-	(243,266)
Closing balance	15,662,612	737,214	16,399,826	15,452,915	739,904	16,192,819

9.2.1 The additional profit arising from availing the forced sales value (FSV) benefit - net of tax at March 31, 2016 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees amounted to Rs. 115.455 million (December 31, 2015: Rs. 110.774 million).

9.2.2 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.

10 OPERATING FIXED ASSETS

	March 31, 2016 (Un-audited)	December 31, 2015 (Audited)
	(Rupees in '000)	
Capital work-in-progress	752,134	704,981
Property and equipment	15,731,679	15,532,465
Intangible assets	1,104,370	1,080,245
	<u>17,588,183</u>	<u>17,317,691</u>

Three months period ended

March 31, 2016	March 31, 2015
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(Un-audited)
(Rupees in '000)

10.1 Additions to operating fixed assets

Office premises	269,841	-
Leasehold improvements	37,602	94,096
Office equipments	282,688	192,152
Furniture and fixtures	13,179	19,586
Vehicles	15,542	-

10.2 Additions to intangibles

Computer software	103,192	829
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10.3 Disposals of operating fixed assets

Office premises	-	-
Leasehold improvements	10	-
Office equipments	37,916	79
Furniture and fixtures	1,915	392
Vehicles	7,338	15,503

	Note	March 31, 2016 (Un-audited)	December 31, 2015 (Audited)
11 BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan		16,388,482	17,430,111
Repurchase agreement borrowings	11.1	103,634,855	129,071,926
Borrowings of foreign operations		32,679	-
		<u>120,056,016</u>	<u>146,502,037</u>
Unsecured			
Call borrowings	11.2	14,633,693	17,901,900
Bai Muajjal	11.3	8,316,460	7,935,453
Overdrawn nostro accounts		-	53,808
		<u>22,950,153</u>	<u>25,891,161</u>
		<u>143,006,169</u>	<u>172,393,198</u>

11.1 This represents repurchase agreement borrowing from SBP and other banks at the rate of 6.10% and 6.50% per annum respectively (2015: 6.04% and 6.50% per annum) having maturities upto April 2016 (2015: January 2016).

11.2 This represents borrowings from financial institutions at mark-up rates ranging from 0.50% to 6.10% per annum (2015: 0.50% to 6.08% per annum) having maturities upto October 2016 (2015: March 2016).

11.3 This represents borrowings from financial institutions at mark-up rates ranging from 6.35% to 7.45% per annum (2015: 6.35% to 7.45% per annum) having maturities upto August 2016 (2015: April 2016).

	March 31, 2016 (Un-audited)	December 31, 2015 (Audited)
12 DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	130,502,911	137,604,333
Savings deposits	225,694,986	210,368,288
Current accounts - non-remunerative	232,837,003	234,743,586
Others	6,192,701	6,849,023
	<u>595,227,601</u>	<u>589,565,230</u>
Financial institutions		
Remunerative deposits	25,683,590	48,877,152
Non-remunerative deposits	2,402,835	1,694,779
	<u>28,086,425</u>	<u>50,571,931</u>
	<u>623,314,026</u>	<u>640,137,161</u>

	March 31, 2016 (Un-audited)	December 31, 2015 (Audited)
	(Rupees in '000)	
13 CONTINGENCIES AND COMMITMENTS		
13.1 Direct credit substitutes		
i) Government	643,655	743,580
ii) Banking companies and other financial institutions	330,750	311,835
iii) Others	2,095,030	2,094,645
	<u>3,069,435</u>	<u>3,150,060</u>
13.2 Transaction - related contingent liabilities		
i) Government	27,719,550	27,412,625
ii) Banking companies and other financial institutions	490,223	163,826
iii) Others	10,498,481	12,719,286
	<u>38,708,254</u>	<u>40,295,737</u>
13.3 Trade - related contingent liabilities		
Letters of credit	<u>56,133,531</u>	<u>52,107,916</u>
Acceptances	<u>8,693,831</u>	<u>15,797,161</u>
13.4 Other contingencies		
Claims against the Bank not acknowledged as debts	<u>14,752,238</u>	<u>14,861,738</u>
<p>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 this consolidated condensed interim financial information.</p>		
	March 31, 2016 (Un-audited)	December 31, 2015 (Audited)
	(Rupees in '000)	
13.5 Commitments to extend credit	<u>7,121,224</u>	<u>5,222,555</u>
13.6 Commitments in respect of forward exchange contracts		
Purchase	<u>93,664,654</u>	<u>98,261,212</u>
Sale	<u>85,237,568</u>	<u>106,520,120</u>
13.7 Commitments for the acquisition of fixed asset	<u>292,355</u>	<u>291,237</u>
13.8 Commitments in respect of repo transactions		
Repurchase	<u>104,624,870</u>	<u>129,226,010</u>
Resale	<u>1,446,705</u>	<u>-</u>
13.9 Other commitments		
Interest rate swaps	<u>6,977,790</u>	<u>6,962,920</u>
Donations	<u>22,000</u>	<u>22,000</u>
13.10 Contingency for tax payable (note 16)		

14 EARNINGS PER SHARE	March 31, 2016	March 31, 2015
	(Un-audited)	
	(Rupees in '000)	
14.1 BASIC EARNINGS PER SHARE		
Profit after taxation for the period attributable to equity holders of the Bank	<u>2,519,224</u>	<u>2,041,308</u>
	(Number of shares in thousand)	
Weighted average number of ordinary shares	<u>1,589,806</u>	<u>1,587,243</u>
	(Rupees)	
Basic earnings per share	<u>1.58</u>	<u>1.29</u>
14.2 DILUTED EARNINGS PER SHARE		
	(Rupees in '000)	
Profit after taxation for the period attributable to equity holders of the Bank	<u>2,519,224</u>	<u>2,041,308</u>
	(Number of shares in thousand)	
Weighted average number of ordinary shares	<u>1,596,291</u>	<u>1,595,107</u>
	(Rupees)	
Diluted earnings per share	<u>1.58</u>	<u>1.28</u>
15 CASH AND CASH EQUIVALENTS	March 31, 2016	December 31, 2015
	(Un-audited)	
	(Rupees in '000)	
Cash and balances with treasury banks	43,760,805	62,368,827
Balances with other banks	14,277,759	16,583,138
Call money lendings	4,953,179	14,728,532
Overdrawn nostro accounts	-	(53,808)
	<u>62,991,743</u>	<u>93,626,689</u>

16 TAXATION

- 16.1** The income tax assessments of the holding company have been finalized upto and including tax year 2015. 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 to 2013 and 2015, the tax authorities have raised certain issues including disallowance of expenditure on account of non-deduction of withholding tax, default in payment of WWF, allocation of expenses to dividend and capital gains and dividend income from mutual funds not being taken under income from business, resulting in additional demand of Rs.2,016.136 million. As a result of appeal filed before Commissioner Appeals against these issues, relief has been provided for tax amount of Rs.1,674.708 million whereas appeal effect orders are pending. The management's appeals on certain issues are pending before Commissioner Appeals. The management is confident that this matter 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 assessment orders for Tax Years from 2010 to 2013 wherein Tax Authorities have disallowed depreciation on Ijarah Assets considering it Finance Lease and raised a tax demand of Rs.990.423 million. As a result of appeal filed before Commissioner Appeal, relief is provided to the Bank to the extent of principal amount which is part of Ijarah rentals and should not be taxed. Accordingly tax amount is reduced to Rs.96.160 million. The Bank has filed appeal before Appellate Tribunal. The Group has not made any provision against these orders and the management is of the view that the matter will be settled in Bank's favour through appellate process.

In respect of monitoring of withholding taxes, the Bank has received various orders from tax authorities. The Group has not made provision amounting to Rs.83.205 million against tax demand (after reduction on rectifications) for tax years 2011 to 2015. The Bank intend to obtain relief through rectification orders. The management is of the view that the matter will be settled in Bank's favour.

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.97.560 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 Group 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.

17 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.

17.1 Details of transactions with the related parties and balances with them as at period end are as follows:

	March 31, 2016 (Un-audited)				
	Directors	Key Man- agement Personnel	Group Companies / Others / Strategic Investments	Associates	Total
(Rupees in '000)					
Deposits					
Balance at beginning of the period	14,825	120,281	6,095,252	350,316	6,580,674
Placements during the period	25,061	217,757	11,928,118	4,301,994	16,472,930
Withdrawals / adjustments during the period	(34,316)	(151,591)	(12,129,412)	(4,184,816)	(16,500,135)
Balance at end of the period	5,570	186,447	5,893,958	467,494	6,553,469
Advances					
Balance at beginning of the period	-	328,280	6,339,450	-	6,667,730
Disbursements / adjustments during the period	-	22,982	4,326,345	-	4,349,327
Repayments / adjustments during the period	-	(95,501)	(4,836,247)	-	(4,931,748)
Balance at end of the period	-	255,761	5,829,548	-	6,085,309
Provision held against advances	-	-	638,674	-	638,674
Investments					
Balance at beginning of the period	-	-	4,716,796	4,019,314	8,736,110
Investments during the period	-	-	-	-	-
Redemption / adjustments during the period	-	-	(300,000)	-	(300,000)
Balance at end of the period	-	-	4,416,796	4,019,314	8,436,110
Provision held against investments	-	-	4,416,796	-	4,416,796
Call borrowings / Repo					
Balance at beginning of the period	-	-	-	-	-
Borrowings during the period	-	-	500,000	-	500,000
Repayments during the period	-	-	(500,000)	-	(500,000)
Balance at end of the period	-	-	-	-	-
Call lendings / Reverse repo					
Balance at beginning of the period	-	-	-	-	-
Placements during the period	-	-	700,000	-	700,000
Withdrawals during the period	-	-	(700,000)	-	(700,000)
Balance at end of the period	-	-	-	-	-

	December 31, 2015 (Audited)				
	Group				
	Directors	Key Man- agement Personnel	Companies / Others / Strategic	Associates	Total
	Investments				
	(Rupees in '000)				
Deposits					
Balance at beginning of the year	38,398	71,170	5,054,223	453,398	5,617,189
Placements during the year	168,409	1,271,256	81,661,921	29,668,778	112,770,364
Withdrawals / adjustments during the year	(191,982)	(1,222,145)	(80,620,892)	(29,771,860)	(111,806,879)
Balance at end of the year	<u>14,825</u>	<u>120,281</u>	<u>6,095,252</u>	<u>350,316</u>	<u>6,580,674</u>
Advances					
Balance at beginning of the year	-	280,630	3,828,522	-	4,109,152
Disbursements during the year	-	324,922	22,147,792	-	22,472,714
Repayments / adjustments during the year	-	(277,272)	(19,636,864)	-	(19,914,136)
Balance at end of the year	<u>-</u>	<u>328,280</u>	<u>6,339,450</u>	<u>-</u>	<u>6,667,730</u>
Investments					
Balance at beginning of the year	-	-	4,416,796	3,446,271	7,863,067
Investments during the year	-	-	-	1,867,710	1,867,710
Redemptions / adjustments during the year	-	-	300,000	(1,294,667)	(994,667)
Balance at end of the year	<u>-</u>	<u>-</u>	<u>4,716,796</u>	<u>4,019,314</u>	<u>8,736,110</u>
Provision held against investments					
	<u>-</u>	<u>-</u>	<u>4,416,796</u>	<u>-</u>	<u>4,416,796</u>
Call borrowings / Repo					
Balance at beginning of the year	-	-	-	-	-
Borrowing during the year	-	-	1,300,000	-	1,300,000
Repayments during the year	-	-	(1,300,000)	-	(1,300,000)
Balance at end of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Call lendings / Reverse Repo					
Balance at beginning of the year	-	-	-	-	-
Placements during the year	-	-	17,825,000	-	17,825,000
Withdrawals during the year	-	-	(17,825,000)	-	(17,825,000)
Balance at end of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
			March	December 31,	
			31, 2016	2015	
			(Un-audited)	(Audited)	
			(Rupees in '000)		
17.2 Advances					
Running finance			801,875	760,958	
Long term loans			5,283,434	5,906,772	
17.3 Contingencies and commitments					
Letters of credit, acceptance and Guarantees outstanding			2,051,592	3,134,931	
17.4 Customer Accounts					
PLS accounts			3,220,314	3,264,885	
Current accounts			1,057,319	1,047,645	
Fixed deposit accounts			2,275,836	2,268,144	
			<u>6,553,469</u>	<u>6,580,674</u>	

	March 31, 2016 (Un-audited) (Rupees in '000)	March 31, 2015 (Un-audited) (Rupees in '000)
17.5 Transactions with Associates and Others		
Associates and funds not considered for consolidation		
Mark-up expense on deposits / TFCs	11,217	18,540
Rent Income from Alfalah Insurance Limited	499	499
Insurance premium paid to Alfalah Insurance Company Limited	454,132	509,177
Revenue from Alfalah GHP Investment Management Limited against sale of units	7,477	21,119
Brokerage Income - Alfalah Insurance Company Limited	99	7
Management Fee earned from funds	80,427	49,172
Sales load earned from funds	3,374	2,563
Capital Gain on sale of units of Alfalah GHP Money Market Fund	-	29,235
Capital Gain on sale of units of Alfalah GHP Cash Fund	-	25,085
Others		
Mark-up income on advances / investment	100,707	90,424
Mark-up expense on deposits	30,231	95,227
Rent income from Warid Telecom (Private) Limited	4,100	4,458
Rent expense pertaining to Wateen Telecom Limited	2,346	2,850
Interest received on placements with Silk Bank	125	-
Amount received on Redemption of Silk Bank Preference Shares	439,200	-
Interest paid on Borrowings from Silk Bank	85	-
Payment to Institute of Bankers of Pakistan for calendars and diaries etc.	-	284
Payment to Wateen Telecom Limited and Wateen Solutions (Private) Limited for purchase of equipment and maintenance charges	33,857	31,513
Payment to Monet (Private) Limited for Branchless banking services	85,092	50,166
Payment to Al-Qudees & Co	5,895	-
Payment to Locker Smiths (Private) Limited	5,992	-
Payment to Sundar Interiors & Architects	2,990	-
Payment to Timber Links	1,081	-
Payment to Expressive Safety & Security Solutions	4,155	-
Payment to Olive International (Private) Limited	833	-
Payment to Computer Marketing Co. (Private) Limited.	6,781	-
Payment to K-Tabs	6,031	-
Payment to MEC Engineer	2,951	-
Payment to Tahiri Printers	1,583	-
Payment to Bawany Traders	963	-
Contribution to employees provident fund	79,113	77,625
Provision against advances on Wateen Telecom (Private) Limited	453,214	-
	March 31, 2016 (Un-audited)	December 31, 2015 (Audited)
	(Rupees in '000)	(Rupees in '000)
17.6 Balances with Associates and Others		
Associates		
Advance Rent from Alfalah Insurance Company Limited	1,456	-
Advance against issuance of Shares - Sapphire Wind Power Company Limited	112,350	112,350
Receivable against trade of marketable securities	82	31
TFCs held by Alfalah GHP Income Multiplier Fund	6,118	6,121
TFCs held by Alfalah GHP Income Fund on TFCs held	63,923	87,935
Management Fee Receivable from Funds	101,199	104,497
Sales load receivable from funds	10,879	8,477
Investment in fund units	315,931	225,600
Receivable against formation of funds	6,402	6,402
Insurance Payable for General and Health	-	183
Others		
Mark-up suspended on advances to Warid Telecom (Private) Limited	47,298	42,582
Mark-up suspended on advances to Wateen Telecom (Private) Limited	684,803	644,122
Advance Rent from Warid Telecom Limited	4,237	4,547
Rent payable to Wateen Telecom Limited	798	-
Commission receivable from Warid Telecom (Private) Limited	1,839	-
TFCs held by Taavun (Private) Limited	498,800	499,000
TFCs held by Key Management Personnel	186,951	161,466
Contribution Provident Fund payable to the fund by the subsidiaries	1667	1,667

	March 31, 2016 (Un-audited) (Rupees in '000)	March 31, 2015
17.7 The key management personnel / directors compensation are as follows:		
Salaries and Allowances	493,219	416,928
Fair value charge against employee stock option scheme	26,805	17,888

In addition the Chief Executive Officer and other executive officers are provided with the Bank maintained car as per Bank's policy.

18 GENERAL

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

- 18.1** During the current period, the State Bank of Pakistan (SBP), vide BPRD Circular Letter No. 05 of 2016 dated February 29, 2016 has issued instructions on revised forms of annual financial statements, which further supplements the requirements laid down earlier, vide SBP's BSD Circular No. 4 of 2006 and BSD Circular Letter No. 03 of 2013 on the matter.

In order to standardize the financial statements and to bring comparability, banks having IBBs have been advised to show Islamic Financing and Related Assets under the head of "Advances" in their financial statements. In addition, banks have also been advised to show Bai Muajjal of Government of Pakistan Ijara Sukuk with State Bank of Pakistan and other Financial Institutions under the Head "Lendings to Financial Institutions", whereas Bai Muajjal transactions with Government of Pakistan are required to be reported under investment category as other Federal Government securities.

The effect of re-classification on comparative information presented for the year ended December 31, 2015 as part of the Statement of Financial Position is as follows:

	As previous- ly reported	As at December 31, 2015 Effect of Re-classifi- cation	As restated
Lending to Financial Institutions	53,628,870	(26,002,520)	27,626,350
Investments - net	397,516,448	26,002,520	423,518,968
Advances - net	327,299,560	6,860,918	334,160,478
Other assets	28,701,223	(6,860,918)	21,840,305

19 DATE OF AUTHORISATION

The consolidated condensed interim financial information was authorised for issue on 27 April 2016 by the Board of Directors of the Bank.

Chief Executive Officer

Director

Director

Chairman

Branch Network

Bank Alfalah Presence in Pakistan

Sr #	Location	No. of branches		
		Conventional	Islamic	Total
1	Karachi	81	36	117
2	Lahore	62	31	93
3	Islamabad	23	9	32
4	Rawalpindi	26	8	34
5	Faisalabad	18	11	28
6	Quetta	14	4	18
7	Peshawar	11	4	15
8	Multan	9	6	15
9	Hyderabad	6	2	8
10	Gujranwala	7	2	9
11	Gujrat	3	2	5
12	Sialkot	4	3	7
13	Sargodha	3	2	5
14	Abbottabad	2	1	3
15	Dera Ismail Khan	2	1	3
16	Jhelum	2	1	3
17	Mansehra	2	1	3
18	Taxila	3	0	3
19	Bahawalpur	2	1	3
20	Dera Ghazi Khan	1	1	2
21	Ghotki	2	0	2
22	Gilgit	2	0	2
23	Haripur	2	0	2
24	Hub	1	1	2
25	Jaranwala	2	0	2
26	Jhang	2	1	3
27	Kamra	2	0	2
28	Kohat	2	0	2
29	Mardan	2	0	2
30	Mingora	1	1	2
31	Mirpur	2	0	2
32	Mirpurkhas	1	1	2
33	Okara	2	1	3
34	Rahim Yar Khan	2	1	3
35	Sadiqabad	1	1	2
36	Sahiwal	3	1	4
37	Sheikhupura	2	0	2
38	Sukkur	1	1	2
39	Ahmedpur East	1	0	1
40	Ali pur	1	0	1
41	Allah Abad	1	0	1
42	Arifwala	1	0	1
43	Attock	1	0	1
44	Badin	1	0	1
45	Bahawalnagar	1	1	2
46	Bannu	2	0	2
47	Batkhela	1	0	1
48	Battagram	1	0	1
49	Besham	1	0	1
50	Bewal	0	1	1
51	Bhakkar	1	0	1
52	Bhalwal	1	0	1
53	Bhera	1	0	1
54	Buner	1	0	1
55	Burewala	1	0	1
56	Chak Khasa	1	0	1
57	Chak No. 111 SB	1	0	1
58	Chakwal	2	0	2

Sr #	Location	No. of branches		
		Conventional	Islamic	Total
59	Chaman	1	0	1
60	Charsadda	1	0	1
61	Chichawatni	1	0	1
62	Chillas	1	0	1
63	Chiniot	1	0	1
64	Chishtian	1	0	1
65	Chitral	1	0	1
66	Choa Saidan Shah	1	0	1
67	Dadu	1	0	1
68	Daharki	1	0	1
69	Daska	1	0	1
70	Daultala	1	0	1
71	Depalpur	1	0	1
72	Dera Murad Jamali	1	0	1
73	Dhudial	0	1	1
74	Digri	0	1	1
75	Dina	1	0	1
76	Dinga	1	0	1
77	Dukki	1	0	1
78	Farooqabad	1	0	1
79	Fateh Jang	1	0	1
80	Ferozwala	1	0	1
81	Fort Abbas	1	0	1
82	Gaggo Mandi	1	0	1
83	Gahkuch	1	0	1
84	Gawadar	1	0	1
85	Ghazi	1	0	1
86	Ghourghushti	1	0	1
87	Gojra	1	0	1
88	Gojra Malakwal Tehsil	1	0	1
89	Gujar Khan	1	0	1
90	Haaveli Lakha	1	0	1
91	Hafizabad	1	0	1
92	Hangu	1	0	1
93	Haroonabad	1	0	1
94	Hasan Abdal	0	1	1
95	Hasilpur	1	0	1
96	Havelian	1	0	1
97	Hazro	1	0	1
98	Hunza Nagar	1	0	1
99	Jacobabad	1	0	1
100	Jahania	1	0	1
101	Jalalpur Bhattian	1	0	1
102	Jalalpur Jattan	0	1	1
103	Jampur	1	0	1
104	Jauharabad	1	0	1
105	Kabirwala	0	1	1
106	Kahuta	1	0	1
107	Kallar Syedan	1	0	1
108	Kamalia	0	1	1
109	Kamoke	1	0	1
110	Kandhkot	1	0	1
111	Kasur	1	0	1
112	Khairpur	1	0	1
113	Khanewal	1	0	1
114	Khanpur	1	0	1
115	Kharian	1	0	1
116	Khurrianwala	1	0	1

Sr #	Location	No. of branches		
		Conventional	Islamic	Total
117	Khushab	0	1	1
118	Kot Abdul Malik	0	1	1
119	Kot Addu	0	1	1
120	Kot momin	1	0	1
121	Kotla	1	0	1
122	Kotli	1	0	1
123	Lala Musa	1	0	1
124	Larkana	1	0	1
125	Layyah	1	0	1
126	Liaqatpur	1	0	1
127	Lodhran	1	0	1
128	Loralai	1	0	1
129	Mailsi	0	1	1
130	Malakwal	1	0	1
131	Mamu Kanjan	1	0	1
132	Mandi Bahauddin	1	1	2
133	Mandi Faizabad	1	0	1
134	Mandi Qaidabad	1	0	1
135	Mandi Sadiq Gunj	1	0	1
136	Matli	1	0	1
137	Mian Channu	1	0	1
138	Mianwali	1	1	2
139	Mirpur Mathelo	1	0	1
140	Moro	1	0	1
141	Muridke	1	0	1
142	Murree	1	0	1
143	Muslim Bagh	1	0	1
144	Mustafabad	1	0	1
145	Muzaffarabad	1	1	2
146	Muzaffargarh	1	0	1
147	Nankana Sahib	1	0	1
148	Narowal	1	0	1
149	Nawabshah	1	0	1
150	Nowshera	1	0	1
151	Nowshera Virkan	1	0	1
152	Oghi	1	0	1
153	Pakpattan	1	0	1
154	Pattoki	1	0	1
155	Phalia	1	0	1
156	Pindi Gheb	0	1	1
157	Pir Mahal	1	0	1
158	Pishin	1	0	1
159	Qaboola	1	0	1
160	Rabwah	1	0	1
161	Rajanpur	1	0	1
162	Rawat	1	0	1
163	Renala Khurd	1	0	1
164	Sambrial	1	0	1
165	Samundri	1	0	1
166	Sanghar	1	0	1
167	Sangla Hill	0	1	1
168	Sarai Alamgir	0	1	1
169	Saraqpur	1	0	1
170	Serai Naurang	1	0	1
171	Shahdadpur	1	0	1
172	Shahkot	0	1	1
173	Shahpur	0	1	1
174	Shakargarh	1	0	1

Sr #	Location	No. of branches		
		Conventional	Islamic	Total
175	Shinkhari	1	0	1
176	Shorkot	1	0	1
177	Shujabad	1	0	1
178	Sibi	1	0	1
179	Sillanwali	1	0	1
180	Skardu	1	0	1
181	Swabi	1	0	1
182	Swat	1	0	1
183	Talagang	1	0	1
184	Tando Adam	1	0	1
185	Tando Allahyar	1	0	1
186	Temargarha	1	0	1
187	Toba Tek Singh	1	0	1
188	Turbat	1	0	1
189	Uch Sharif	1	0	1
190	Umerkot	1	0	1
191	Vehari	0	1	1
192	Wah Cantt	1	0	1
193	Waisa	1	0	1
194	Wazirabad	1	0	1
195	Yazman	1	0	1
196	Zafarwal	1	0	1
197	Zhob	1	0	1
198	Sihala	1	0	1
199	Bhowana	1	0	1
200	Dadyal, AJK	1	0	1
201	Bhimber, AJK	1	0	1
202	Chowk Azam	1	0	1
203	Khoiratta, AJK	1	0	1
204	Gondal	1	0	1
205	Pano Aqil	1	0	1
206	Ghakkar	1	0	1
207	Chak Jhumra	1	0	1
208	Mehrabpur	1	0	1
209	Taunsa Sharif	1	0	1
210	Alipur Chatta	1	0	1
211	Kahror Pacca	1	0	1
212	Shikarpur	1	0	1
213	Mehar	1	0	1
214	Shahdadkot	1	0	1
215	Usta Mohammad	1	0	1
216	Jalalpur Pirwala	1	0	1
217	Siranwali	1	0	1
218	Kotli Loharan	1	0	1
219	Abdul Hakim	0	1	1
220	Phoolnagar	1	0	1
221	Islamgarh, AJK	1	0	1
222	Rawalakot	1	0	1
223	Gulbahar	1	0	1
224	Khan Bela	1	0	1
225	Pasrur	1	0	1
Total		484	158	642

Bank Alfalah Presence In Foreign Countries

Sr #	Location	No. of branches
	Bangladesh	
1	Dhaka	4
2	Chittagong	1
3	Sylhet	1
4	Dhanmondi	1
	Afghanistan	
1	Kabul	2
2	Herat	1
	Bahrain (WBU)	
1	Manama	1
	Total	11



Bank Alfalah

Bank Alfalah Limited

B. A. Building, I. I. Chundrigar Road

Karachi, Pakistan

111 777 786

bankalfalah.com