

Financial Statements for the Quarter and
Half Year Ended 30 June 2017 (Un-audited)

The Way Forward



Bank Alfalah

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Company Information

Board of Directors

HH Sheikh Nahayan 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

Nauman Ansari
President/CEO and Director

Board Audit Committee

Kamran Y. Mirza
Chairman

Abdulla Khalil Al Mutawa
Director

Khalid Mana Saeed Al Otaiba
Director

Efstratios Georgios Arapoglou
Director

Tahir Khurshid
Secretary

Board Strategy and Finance Committee

Abdulla Khalil Al Mutawa
Chairman

Khalid Mana Saeed Al Otaiba
Director

Efstratios Georgios Arapoglou
Director

Khalid Qurashi
Director

Nauman Ansari
President/CEO and Director

M.Iftikhar Shabbir
Secretary

Board Risk Management Committee

Khalid Mana Saeed Al Otaiba
Chairman

Abdulla Khalil Al Mutawa
Director

Khalid Qurashi
Director

Nauman Ansari
President/CEO and Director

Farhan Ali
Secretary

Board Human Resources and Nomination Committee

Abdulla Khalil Al Mutawa
Chairman

Khalid Mana Saeed Al Otaiba
Director

Kamran Y. Mirza
Director

Nauman Ansari
President/CEO and Director

Mian Ejaz Ahmad
Secretary

Central Management Committee

Nauman Ansari
Chairman

Suhail Yaqoob Khan
Member

Mirza Zafar Baig
Member

Faisal Farooq Khan
Member

Khurram Hussain
Member

Mehreen Ahmed
Member

Rizwan Ata
Member

Saad Ur Rahman Khan
Member

Aly Mustansir
Member

Syed Ali Sultan
Member

Aasim Wajid Jawad
Member

Imran Zafar
Member

Khawaja Muhammad Ahmad
Member

Mohib Hasan Khan
Member

Board Compensation Committee

Abdulla Khalil Al Mutawa
Chairman

Khalid Mana Saeed Al Otaiba
Director

Kamran Y. Mirza
Director

Mian Ejaz Ahmad
Secretary

Chief Financial Officer

Mirza Zafar Baig

Company Secretary

Mian Ejaz Ahmad

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) Limited
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 interim financial statements of the Bank for the half year ended June 30, 2017.

	Half year ended	
	June 30, 2017	June 30, 2016
	(Rupees in '000)	
Profit before provisions and taxation	8,333,678	8,000,437
(Reversal)/Provision against loans and advances – net	(266,973)	343,575
Provision for diminution in the value of investments	130,888	64,887
	<u>(136,085)</u>	<u>408,462</u>
Profit before Taxation	8,469,763	7,591,975
Taxation	3,588,817	3,238,443
Profit after taxation	<u><u>4,880,946</u></u>	<u><u>4,353,532</u></u>
Earnings per share – basic	Rs.3.04	Rs.2.72

Performance Review

The Bank's Profit before taxation for the half year ended June 30, 2017 was recorded at Rs.8.470 Billion, as against Rs.7.592 Billion, for the corresponding period last year, reflecting an increase of 11.6 percent. Earnings per share for the half year were reported at Rs. 3.04 as against Rs. 2.72 for the previous corresponding period, improving by 11.8 percent.

Despite the direct impact of maturities of high yielding government bonds on core revenues, the Bank's Net Interest Income remained at the level of the corresponding period last year, as reduction in expenses outpaced the impact of decline in revenue.

Contribution from non-fund based income remained impressive with NFI levels improving by 9.6 percent as against the corresponding period last year. This growth was driven by improvement in core Fee, Commission and Brokerage Revenue, which improved by 18.4 percent year on year, while income from dealing in foreign currencies also improved by 21.2 percent against the same period last year.

Administrative Expenses were kept in check, increasing by 2.4 percent as against the corresponding period last year.

Improved recoveries against NPLs led to a net reversal of Rs.136.085 Million for the half year as against a net charge of Rs. 408.462 Million for the corresponding prior period. The Bank's coverage ratio at the period end improved to 89.3 percent, whereas the Bank's NPL ratio stood improved at 4.2 percent.

Total assets were reported at Rs. 958.007 Billion, improving by 4.4 percent against December 2016. Net Advances at the half year end were reported at Rs. 409.971 Billion, indicating a growth of 8.3 percent against December 2016 end. With Gross Advances reported at Rs. 426.723 Billion, the Bank's ADR stands at 65 percent, one of the best in the industry.

The Bank's total deposits at the period end were reported at Rs. 656.528 Billion, improving by 9.4 percent from March 2017. The Bank has continued to focus strongly on re-profiling its deposit base. Current accounts registered a growth of 15.5 percent year on year, while fixed deposits have been reduced by 16.6 percent on a year on year basis. As at the half year end, the Bank's CASA mix stands improved at 82.9 percent.

Economic Review

The country's economy continued to witness improvement during the first half of the year. GDP growth stood at 5.3 percent during FY17, an increase from 4.7 percent in FY16. Despite the recent political uncertainty ensuing from the JIT probe affecting market sentiment, macro-economic indicators remained stable.

The economic sentiments remained positive at large, which, coupled with low interest rates, encouraged the private sector to undertake capacity expansions. Loan growth gathered momentum as industry advances picked up by 10.8 percent over December 2016. With improving business confidence, lower input prices and improved energy supply, cumulative Large Scale Manufacturing (LSM) growth statistics (till May 2017) depict a strong growth momentum - with a year on year growth of 5.7 percent as against 3.4 percent recorded during the same period last year. Domestic demand is set to gain further traction as evidenced in the current growth in the real sector, credit to private sector and imports.

Inflation has remained controlled, with the average HI'17 CPI recorded at 4.4 percent. Outlook for average headline inflation, though higher than FY17 is expected to stay below the target of 6.0 percent, mainly on the back of favorable supply conditions.

On the external front, the underperformance of both exports and workers' remittances greatly impacted the current account deficit

which reached USD 12.1 Billion in FY17 (FY16: USD 4.9 Billion). Imports grew by 17.7 percent in FY17, driven mainly by machinery imports for both CPEC and non-CPEC energy and infrastructure projects, significantly widening the trade deficit. Workers' remittances also slowed down this year mainly owing to the changing labor market dynamics in the GCC region. The overall balance of payments witnessed a net outflow of USD 1.9 Billion during FY17. SBP foreign exchange reserves declined to USD 16.1 Billion at the end of FY17 as compared to USD 18.1 Billion in FY16, on account of external debt servicing and EuroBond maturities.

Policy measures, such as the import cash margin and the export package announced earlier in the year, have aimed to check non-essential imports and augment exports. The overall balance of payments is expected to stay at a manageable level in FY18 - however, the continuity of financial inflows, CPEC-related imports, and impacts of fluctuation in global oil prices will determine the overall position of the external sector in FY18.

The State Bank of Pakistan maintained a prudent and cautious monetary policy stance during the first half of the year and kept its policy rate unchanged at 5.75 percent.

Credit Rating

At the start of the year, JCR-VIS Credit Rating Company Limited assigned the Bank an entity rating of 'AA+' (Double A Plus) for the Long Term and 'A1+' (A-One Plus) for the Short Term, with outlook assigned as 'Stable'.

At June 2017, PACRA has also upgraded the Bank's rating to 'AA+' (Double A Plus) for the Long-Term and 'A1+' (A-One Plus) for the Short-Term, with outlook assigned as 'Stable', while the credit rating of the Bank's outstanding unsecured subordinated TFCs has been upgraded to AA (Double A).

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

Future Outlook

The global forecasts project a positive future outlook with both growth and international trade expected to pick up in FY18. With positive domestic policy measures, Pakistan's exports are expected to post gains going forward. Imports on the other hand, are also expected to grow in line with the continuation of CPEC related activities and improving economic growth, albeit at a slower pace. With the ongoing progress on CPEC, the country remains on track to more sustainable economic growth.

On the other hand, uncertainty remains over whether remittances can return to posting meaningful positive growth in the short to medium term - stability of the external account and instrumental reserve accumulation shall depend upon timely inflow of budgeted bilateral and financial inflows in FY18.

Bank Alfalah today is well positioned as a progressive and innovative bank and we shall continue working towards achieving our ambition of becoming a truly digital bank and the most innovative financial institution in Pakistan. Being a formidable player in the industry, we remain committed to our investment in our people and technology. Our focus remains on delivering consistent returns to our stakeholders, while maintaining enhanced service standards, and on developing customer-centric solutions to serve our diversified clientele.

We aim to continue with our efforts to maximize cost efficiencies by focusing on greater synergy amongst our various functions, whilst maintaining high service quality standards.

Acknowledgment

On behalf of the Board, I thank the State Bank of Pakistan, the Ministry of Finance and other regulatory authorities for their guidance and cooperation extended to the Bank. At the same time, I would also like to express my sincere gratitude to our shareholders, our customers and business partners for their continued support and trust.

The Board would also like to acknowledge the contribution and the efforts put in by our former President and CEO, Atif Bajwa. We wish him well for his future endeavors.

I would also like to thank the Bank's staff for their commitment, focus and hard work, and look forward to their continued support in the days to come.

NAUMAN ANSARI
Director & Chief Executive Officer
Date: August 17, 2017
Place: Abu Dhabi

ڈائریکٹرز کا جائزہ

میں بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2017 کو ختم ہونے والی ششماہی کے عبوری مالیاتی حسابات پیش کر رہا ہوں۔
ششماہی کے اختتام پر

2016 جون 30 2017 جون 30

(Rupees in '000)

8,000,437	8,333,678
343,575	(266,973)
64,887	130,888
408,462	(136,085)
7,591,975	8,469,763
3,238,443	3,588,817
4,353,532	4,880,946
2.72 روپے	3.04 روپے

قبل از پرویشن اور ٹیکس منافع
قرضہ جات اور ایڈوائسز کے مقابلے پر پرویشن - خالص
سرمایہ کاری کی قدر میں کمی کے لئے پرویشن

قبل از ٹیکس منافع
ٹیکس
بعد از ٹیکس منافع
بنیادی فی حصص آمدن

کارکردگی کا جائزہ

30 جون 2017 کو ختم ہونے والی ششماہی کے لیے بینک کے قبل از ٹیکس منافع کی مالیت 8.470 ارب روپے ریکارڈ کی گئی جو گزشتہ سال اس دورانیے میں 7.592 ارب روپے رہی تھا۔ جس میں 11.6 فیصد اضافہ ظاہر ہوتا ہے۔ ششماہی کے لیے فی حصص آمدن 3.04 روپے رہی جو گزشتہ سال اس دورانیے میں 2.72 روپے تھی، اس میں 11.8 فیصد اضافہ ہوا۔

زیادہ منافع بخش سرکاری بانڈز کی میچورٹی کے آمدن پر برائے راست اثر کے باوجود، بینک کی خالص اثروست آمدن گزشتہ سال کے اسی دورانیے کی سطح پر برقرار رہی۔

بنک کی کل آمدن میں نان فنڈ آمدن کا حصہ تسلی بخش رہا، جو گزشتہ سال کی اسی مدت کے مقابلے میں 9.6 فیصد بہتر رہا۔ بنیادی فیس، کمیشن اور بروکیج ریویونو گزشتہ سال کے مقابلے میں 18.4 فیصد بہتر ہوئی جبکہ گزشتہ سال کے اسی دورانیے کے مقابلے میں فارن کرنسی میں لین دین سے ہونے والی آمدن بھی 21.2 فیصد بہتری ہوئی۔

انتظامی اخراجات پر نظر رکھی گئی جو گزشتہ سال کے اسی دورانیے کے مقابلے میں 2.4 فیصد بڑھے۔

غیر فعال قرضوں کی وصولیاتی 136.085 ملین روپے رہی جبکہ گزشتہ سال کے اسی دورانیے میں خالص چارج 408.462 ملین روپے تھا۔ بینک کی کوریج شرح 89.3 فیصد رہی، جبکہ بینک کے غیر فعال قرضوں کی شرح 4.2 فیصد پر بہتر رہی۔

بنک کے کل اثاثے 958.007 ارب روپے بیان کئے گئے جو دسمبر 2016 کے مقابلے میں 4.4 فیصد بہتر ہوئے۔ ششماہی کے اختتام پر خالص ایڈوائس 409.971 ارب روپے تھے جو دسمبر 2016 کے مقابلے میں 8.3 فیصد اضافہ کو ظاہر کرتے ہیں۔ بنک کا ADR 426.723 ارب روپے کے گراس ایڈوائس کے ساتھ 65 فیصد کی سطح پر ہے جو انڈسٹری میں بہترین ADR میں سے ایک ہے۔

ختم ہونے والے دورانیے پر بینک کے کل ڈپازٹس 656.528 ارب روپے تھے جو مارچ 2017 سے 9.4 فیصد بہتر رہے۔ بینک اپنے ڈپازٹ کی بنیاد کو مضبوط بنانے پر مسلسل توجہ دے رہا ہے۔ کرنٹ اکاؤنٹس میں گزشتہ سال کے مقابلے میں 15.5 فیصد بہتری ہوئی ہے جبکہ لگسڈ ڈپازٹس سالانہ بنیاد پر پچھلے سال کے مقابلے میں 16.6 فیصد کم ہوئے ہیں۔ ششماہی کے اختتام پر بینک کا CASA کمس 82.9 فیصد پر بہتر ہوا ہے۔

معاشی جائزہ

سال کی پہلی ششماہی میں ملک کی معیشت میں بہتری کا عمل دیکھنے میں آیا۔ جی ڈی پی کی شرح نمو مالی سال 17 میں 5.3 فیصد رہی، جو مالی سال 16 میں 4.7 فیصد تھی۔ حالیہ بے آئی ٹی تحقیقات کی وجہ سے سیاسی غیر یقینی صورتحال کے مارکیٹ پرائز کے باوجود میکرو اکانامک اشاریے مستحکم رہے۔

معاشی کیفیت عموماً مثبت رہی، اس کے ساتھ کم شرح سود کی وجہ سے نجی شعبے کی گنجائش میں توسیع کی حوصلہ افزائی ہوئی۔ لون گروتھ کی رفتار میں اضافہ ہوا، جس سے انڈسٹری ایڈوانسز دسمبر 2016 کے بعد 10.8 فیصد بڑھے۔ کاروباری اعتماد میں اضافے، کم ان پٹ پرائسز اور بہتر انرجی سپلائی، لارج اسکیل مینوفیکچرنگ (اہل ایس ایم) کی مجموعی گروتھ اعداد و شمار (مئی 2017 تک) نے 5.7 فیصد کے ساتھ مضبوط گروتھ کی رفتار واضح کی جو گزشتہ سال کے اس دورانیے میں 3.4 فیصد ریکارڈ کی گئی۔ ریٹیل سیکٹر میں موجودہ گروتھ، نجی سیکٹر کو فروغ کی فراہمی اور اپورٹ کے حالیہ رجحان کو دیکھتے ہوئے اندرونی طلب مزید متحرک ہونے کا امکان ہے۔

افراط زر 4.4 فیصد H1'17 CPI اوسط کے ساتھ حال قابو میں ہے۔ اوسط بالائی افراط زر کے لئے منظر نامہ اگرچہ مالی سال 17 کے مقابلے میں زیادہ ہے، مگر توقع کی جاتی ہے کہ مرکزی طور پر فراہمی کے سازگار حالات کی بنا پر 6.0 فیصد کے ہدف سے کم رہے گا۔

بیرونی سطح پر ایکسپورٹس اور ری بیٹنسز کم کارکردگی کی حامل رہیں، جس نے موجودہ کرنٹ اکاؤنٹ خسارے پرائز ڈالا، جو مالی سال 17 میں 12.1 ارب ڈالر (مالی سال 16: 4.9 ارب ڈالر) پر پہنچ گیا۔ مالی سال 17 میں اپورٹ میں 17.7 فیصد اضافہ ہوا، جس کی بڑی وجہ CPEC اور Non-CPEC انرجی اور انفراسٹرکچر پروجیکٹس کے لئے مشینری کی اپورٹ تھی۔ جس کی وجہ سے نمایاں طور پر تجارتی خسارے میں اضافہ ہوا۔ اس سال ری بیٹنسز میں بھی کمی واقع ہوئی، جس کی بڑی وجہ GCC ریجن میں لیبر مارکیٹ کی صورتحال میں ہونے والی تبدیلی تھی۔ مجموعی طور پر اڈائیگیوں کے توازن میں مالی سال 17 میں 1.9 ارب ڈالر باہر جاتا نظر آیا۔ ایکسٹرنل ڈیبٹ سرونگ اور پوروا ہائیڈرو پراجیکٹوں کی وجہ سے ایس بی پی فارن ایکسیچینج ریزرو مالی سال 16 میں 18.1 ارب ڈالر کے مقابلے میں مالی سال 17 میں کم ہو کر 16.1 ارب ڈالر ہو گیا۔

پالیسی اقدامات جیسے امپورٹ کیش راجن اور ایکسپورٹ سبجیکٹ کا سال کے شروع میں اعلان کیا گیا، جس کا مقصد غیر ضروری امپورٹس کو کم کرنا اور ایکسپورٹس کو فروغ دینا تھا۔ مالی سال 18 میں مجموعی طور پر اڈائیگیوں کے توازن کے قابل انتظام رہنے کی توقع ہے۔ تاہم، مالی رقوم کے آمدنی تسلسل، CPEC سے متعلق اپورٹ اور تیل کی عالمی قیمتوں میں اتار چڑھاؤ کے اثرات مالی سال 18 میں بیرونی سیکٹر کی مجموعی صورتحال کا تعین کریں گے۔

اسٹیٹ بینک آف پاکستان نے حفاظت مانیٹری پالیسی سال کی پہلی ششماہی میں برقرار رکھی اور پالیسی کی شرح 5.75 فیصد پر رکھی۔

کریڈٹ ریٹنگ

سال کے شروع میں کریڈٹ ریٹنگ کمپنی JCR-VIS نے بینک کو طویل مدت کے لیے 'AA+' (ڈبل اے پلس) جبکہ قلیل مدت کے لیے 'A1+' (اے ون پلس) ریٹنگ جاری کی ہے۔ تفویض کی جانے والی ریٹنگ مستحکم آؤٹ لک کو ظاہر کرتی ہے۔

جون 2017 میں PACRA نے بھی بینک کو طویل مدت کے لیے 'AA+' (ڈبل اے پلس) جبکہ قلیل مدت کے لیے 'A1+' (اے ون پلس)

ریٹنگ جاری کی ہے۔ تفویض کی جانے والی ریٹنگ مستحکم آؤٹ لک کو ظاہر کرتی ہے۔ جبکہ بینک کے ٹرم فنانس منجھلیٹ (ٹی ایف سی) کی ریٹنگ بہتر کر کے AA (ڈبل اے) تفویض کی گئی ہے۔

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

مستقبل کا منظر نامہ

عالمی پیشگوئیاں مستقبل کی گروتھ اور بین الاقوامی تجارت کے حوالے سے مثبت منظر نامہ پیش کرتی ہیں اور توقع کی جاتی ہے کہ مالی سال 18 میں ان میں اضافہ ہوگا۔ مثبت داخلی پالیسی کے اقدامات کے ساتھ ایکسپورٹ میں آگے اڑانے کی توقع کی جاتی ہے۔ جبکہ دوسری طرف ایمپورٹس میں بھی CPEC سے متعلقہ سرگرمیوں کے ساتھ اضافے کی توقع ہے، اگرچہ اس کی رفتار کم ہوگی۔ CPEC میں پیش رفت کے ساتھ ملک میں مستقل معاشی ترقی کا عمل جاری رہے گا۔

قلیل یاد دہانی مدت کے لئے ریٹیننٹسز کے مثبت گروتھ میں غیر یقینی صورتحال رہے گی۔ مالی سال 18 میں بیرونی کھاتے اور ریزرو میں بجٹ کے مطابق اضافہ باہمی اور مالی رقوم کی بروقت آمد سے مشروط ہے۔

بینک الفلاح اس وقت ترقی یافتہ اور جدت کے حامل بینک کے طور پر بہتر مقام رکھتا ہے اور ہم اپنے ارادوں کی تکمیل کے لئے حقیقی معنوں میں ڈیجیٹل بینک اور پاکستان کے سب سے زیادہ جدت کے حامل مالی ادارہ بننے کے لئے کوشاں ہیں۔ انڈسٹری کے مضبوط کھلاڑی کے طور پر ہم اپنے لوگوں اور ٹیکنالوجی میں سرمایہ کاری کرنے کے لئے پُر عزم ہیں۔ ہماری توجہ اپنے اسٹیک ہولڈرز کو مسلسل منافع کی فراہمی پر ہے، اور اس کے ساتھ ساتھ وسیع سروس اسٹینڈرڈز کو برقرار رکھنے اور اپنے متنوع صارفین کو خدمات کی فراہمی کے لئے کسٹمر سنٹرک سلوشنز تیار کرنے پر مرکوز ہے۔

ہمارا مقصد سروس کو اعلیٰ اسٹینڈرڈز کو برقرار رکھتے ہوئے مختلف کاموں کو یکجا کرنے پر توجہ دے کر آنے والی لاگت کو کم کرنے کی کوشش کرتے رہنا ہے۔

اظہار تشکر

میں بورڈ آف ڈائریکٹرز کی جانب سے اسٹیٹ بینک آف پاکستان، وفاقی وزارت خزانہ اور دیگر ریگولیٹری اتھارٹیز کی رہنمائی اور تعاون کی فراہمی کا شکریہ ادا کرتا ہوں۔ اس کے ساتھ ساتھ میں اپنے شیئر ہولڈرز، صارفین اور بزنس پارٹنرز کا بھی مسلسل تعاون اور اعتماد کے لئے تہہ دل سے شکر گزار ہوں۔

بورڈ سابق صدر اور سی ای او عاطف باجوہ کی محنت اور کارکردگی کا اعتراف کرتے ہوئے انہیں خراج تحسین پیش کرتا ہے اور ہم ان کے مستقبل کے حوالے سے نیک خواہشات کا اظہار کرتے ہیں۔

میں بینک کے ملازمین کے عزم، لگن اور محنت کی بھرپور قدر کرتے ہوئے ان کا شکریہ ادا کرتا ہوں اور مستقبل میں بھی ان سے تعاون کی توقع کرتا ہوں۔

نعمان انصاری

ڈائریکٹر اینڈ چیف ایگزیکٹو آفیسر

17 اگست 2017

مقام: ایوانٹہی

Independent Auditors' Review Report to the Members of Bank Alfalah Limited

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Bank Alfalah Limited ("the Bank") as at 30 June 2017, and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement, unconsolidated condensed interim statement of changes in equity and notes to the accounts for the six-month period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this unconsolidated condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting. Our responsibility is to express a conclusion on this unconsolidated condensed interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

Other Matter

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

Date: 17 August 2017

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Syed Iftikhar Anjum

Unconsolidated Condensed Interim Statement of Financial Position

As at June 30, 2017

	Note	June 30, 2017 (Un-audited)	December 31, 2016 (Audited)
(Rupees in `000)			
ASSETS			
Cash and balances with treasury banks		81,710,748	74,071,384
Balances with other banks		12,320,712	9,373,123
Lendings to financial institutions	7	40,919,746	30,149,029
Investments - net	8	375,792,755	389,092,637
Advances - net	9	409,971,387	378,720,349
Operating fixed assets	10	18,046,093	18,133,267
Deferred tax assets		-	-
Other assets		19,245,434	17,917,264
		958,006,875	917,457,053
LIABILITIES			
Bills payable		12,597,296	12,886,990
Borrowings	11	201,039,126	178,311,035
Deposits and other accounts	12	656,527,927	640,944,254
Sub-ordinated loans		6,654,340	8,317,670
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		1,828,574	2,650,428
Other liabilities		15,445,818	14,221,914
		894,093,081	857,332,291
NET ASSETS		63,913,794	60,124,762
REPRESENTED BY			
Share capital		16,075,720	15,952,076
Reserves		16,968,591	15,895,652
Unappropriated profit		21,258,271	17,337,458
		54,302,582	49,185,186
Surplus on revaluation of assets - net of tax		9,611,212	10,939,576
		63,913,794	60,124,762
CONTINGENCIES AND COMMITMENTS	13		

The annexed notes 1 to 21 and Annexure I form an integral part of the unconsolidated condensed interim financial information.

Chief Executive Officer

Director

Director

Director

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

For the Quarter and Half Year Ended June 30, 2017

Note	Quarter ended June 30, 2017	Half year ended June 30, 2017	Quarter ended June 30, 2016	Half year ended June 30, 2016	
------(Rupees in '000)-----					
Mark-up / return / interest earned	14,187,313	28,049,391	14,762,391	29,712,593	
Mark-up / return / interest expensed	6,628,989	13,229,226	7,209,176	15,059,026	
Net mark-up / interest income	7,558,324	14,820,165	7,553,215	14,653,567	
(Reversal) / provision against non-performing loans and advances - net	(188,431)	(266,973)	114,944	343,575	
Provision for diminution in value of investments - net	134,784	130,888	53,324	64,887	
Bad debts written-off directly	-	-	-	-	
	(53,647)	(136,085)	168,268	408,462	
Net mark-up / interest income after provisions	7,611,971	14,956,250	7,384,947	14,245,105	
Non mark-up / interest income					
Fee, commission and brokerage income	1,593,325	2,809,540	1,395,259	2,373,544	
Dividend income	79,443	167,272	164,022	302,991	
Income from dealing in foreign currencies	365,252	743,441	310,313	613,277	
Gain on sale of securities - net	781,378	1,502,394	547,795	1,329,815	
Unrealised (loss) / gain on revaluation of investments classified as held-for-trading - net	(10,011)	(4,390)	25,014	24,011	
Other income	120,228	264,368	206,189	360,921	
Total non mark-up / interest income	2,929,615	5,482,625	2,648,592	5,004,559	
	10,541,586	20,438,875	10,033,539	19,249,664	
Non mark-up / interest expenses					
Administrative expenses	6,255,632	11,813,153	6,064,006	11,531,247	
Provision / (reversal) against off-balance sheet obligations	5,811	(13,123)	14,872	15,089	
Provision / (reversal) against other assets	5,648	(16,170)	92,355	(44,623)	
Other charges	94,875	185,252	64,106	155,976	
Total non mark-up / interest expenses	6,361,966	11,969,112	6,235,339	11,657,689	
	4,179,620	8,469,763	3,798,200	7,591,975	
Extra ordinary / unusual items	-	-	-	-	
Profit before taxation	4,179,620	8,469,763	3,798,200	7,591,975	
Taxation	16				
- Current	1,607,655	3,142,250	1,098,686	2,709,100	
- Deferred	(105,160)	(137,867)	249,673	(33,657)	
- Prior years	584,434	584,434	563,000	563,000	
	2,086,929	3,588,817	1,911,359	3,238,443	
Profit after taxation	2,092,691	4,880,946	1,886,841	4,353,532	
	(Rupees)		(Rupees)		
Basic earnings per share	14	1.30	3.04	1.18	2.72
Diluted earnings per share	14	1.30	3.03	1.18	2.72

The annexed notes 1 to 21 and Annexure I form an integral part of the unconsolidated condensed interim financial information.

Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)

For the Quarter and Half Year Ended June 30, 2017

	Quarter ended June 30, 2017	Half year ended June 30, 2017	Quarter ended June 30, 2016	Half year ended June 30, 2016
	------(Rupees in '000)-----			
Profit after taxation	2,092,691	4,880,946	1,886,841	4,353,532
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	(18,011)	(11,027)	313	7,297
Comprehensive income - transferred to unconsolidated condensed interim statement of changes in equity	<u>2,074,680</u>	<u>4,869,919</u>	<u>1,887,154</u>	<u>4,360,829</u>
Components of comprehensive income not reflected in equity				
(Deficit) / surplus on revaluation of available-for-sale securities	(942,591)	(1,980,307)	838,493	2,184,344
Related deferred tax liability	322,969	683,233	(293,472)	(764,520)
	<u>(619,622)</u>	<u>(1,297,074)</u>	<u>545,021</u>	<u>1,419,824</u>

The annexed notes 1 to 21 and Annexure I form an integral part of the unconsolidated condensed interim financial information.

Chief Executive Officer

Director

Director

Director

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)

For the Half Year Ended June 30, 2017

Note	Half year ended	
	June 30, 2017	June 30, 2016
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	8,469,763	7,591,975
Dividend income	(167,272)	(302,991)
	8,302,491	7,288,984
Adjustments for:		
Depreciation	903,341	843,484
Amortisation	210,355	159,364
(Reversal) / provision against non-performing loans and advances - net	(266,973)	343,575
Provision for diminution in the value of investments - net	130,888	64,887
(Reversal) / provision against off-balance sheet obligations	(13,123)	15,089
(Reversal) / provision against other assets	(16,170)	(44,623)
Unrealised loss / (gain) on revaluation of investments classified as held-for-trading - net	4,390	(24,011)
Gain on sale of operating fixed assets - net	(5,664)	(18,535)
Charge for defined benefit plan	140,533	142,028
	1,087,577	1,481,258
	9,390,068	8,770,242
(Increase) / decrease in operating assets		
Lendings to financial institutions	(1,233,860)	6,162,237
Held-for-trading securities	(9,017,984)	3,622,544
Advances	(30,984,065)	(11,251,600)
Other assets (excluding tax recoverable and dividend receivable)	(1,322,381)	435,084
	(42,558,290)	(1,031,735)
Increase / (decrease) in operating liabilities		
Bills payable	(289,694)	4,460,209
Borrowings	22,728,091	(21,341,727)
Deposits and other accounts	15,583,673	(78,711)
Other liabilities	378,557	(1,258,514)
	38,400,627	(18,218,743)
	5,232,405	(10,480,236)
	(3,012,790)	(2,643,207)
Net cash (used in) / generated from operating activities	2,219,615	(13,123,443)
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	18,633,507	16,305,799
Net investments in held-to-maturity securities	1,085,589	(18,851,183)
Disposal / (investment) in subsidiaries and associates	511,397	95,790
Dividend income received	177,653	192,889
Investments in operating fixed assets	(1,083,143)	(1,118,115)
Proceeds from sale of operating fixed assets	62,285	23,399
Net cash generated from / (used in) investing activities	19,387,288	(3,351,421)
CASH FLOW FROM FINANCING ACTIVITIES		
Redemption of sub-ordinated loans	(1,663,330)	(2,000)
Proceeds from issue of shares	191,722	84,895
Dividend paid	(458)	(1,583,978)
Net cash (used in) / generated from financing activities	(1,472,066)	(1,501,083)
Exchange difference on translation of the net investments in foreign branches	(11,027)	7,297
Increase / (decrease) in cash and cash equivalents	20,123,810	(17,968,650)
Cash and cash equivalents at beginning of the period	88,823,482	93,368,946
Effect of exchange rate changes on cash and cash equivalents	(72,385)	226,775
	88,751,097	93,595,721
Cash and cash equivalents at end of the period	15	108,874,907
		75,627,071

The annexed notes 1 to 21 and Annexure I form an integral part of the unconsolidated condensed interim financial information.

Unconsolidated Condensed Interim Statement of Changes In Equity (Un-audited) For the Half Year Ended June 30, 2017

	Capital Reserves				Revenue Reserves		Total
	Share Capital	Share Premium	Statutory Reserve*	Exchange Translation Reserve	Employee Share Option Compensation Reserve	Unappropriated profit	
	(Rupees in '000)						
Balance as at January 1, 2016	15,898,062	4,329,648	8,140,904	1,572,966	120,602	12,362,596	42,424,778
Changes in equity for the half year ended June 30, 2016							
Total comprehensive income for the period							
Profit after taxation for the half year ended June 30, 2016	-	-	-	-	-	4,353,532	4,353,532
Other comprehensive income for the half year ended June 30, 2016							
Exchange differences on translation of net investment in foreign branches	-	-	-	7,297	-	-	7,297
	-	-	-	7,297	-	4,353,532	4,360,829
Transfer to statutory reserve	-	-	870,706	-	-	(870,706)	-
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	16,460	16,460
Transactions with owners, recorded directly in equity							
Final cash dividend for the year ended December 31, 2015 @ 10%	-	-	-	-	-	(1,589,806)	(1,589,806)
Shares issued during the period	54,014	30,881	-	-	-	-	84,895
Recognition of fair value of share based payments on grant date during the period	-	-	-	-	126,102	-	126,102
Unamortised portion of deferred employee compensation expense	-	-	-	-	(69,859)	-	(69,859)
Transfer of Share Premium on issuance of shares under Stock Option Scheme	-	56,597	-	-	(56,597)	-	-
Balance as at June 30, 2016	15,952,076	4,417,126	9,011,610	1,580,263	120,248	14,272,076	45,353,399
Changes in equity for the half year ended December 31, 2016							
Total comprehensive income for the period							
Profit after taxation for the half year ended December 31, 2016	-	-	-	-	-	3,546,376	3,546,376
Other comprehensive income for the half year ended December 31, 2016							
Exchange differences on translation of net investment in foreign branches	-	-	-	3,757	-	-	3,757
Remeasurement of defined benefit plans	-	-	-	-	-	309,314	309,314
Related tax charge	-	-	-	3,757	-	(108,260)	(108,260)
	-	-	-	3,757	-	3,747,430	3,751,187
Transfer to statutory reserve	-	-	709,276	-	-	(709,276)	-
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	27,228	27,228
Transactions with owners, recorded directly in equity							
Recognition of fair value of share based payments on grant date during the period	-	-	-	-	5,924	-	5,924
Unamortised portion of deferred employee compensation expense	-	-	-	-	(47,448)	-	(47,448)
Balance as at December 31, 2016	15,952,076	4,417,126	9,720,886	1,584,020	173,620	17,337,458	49,185,186
Changes in equity for the half year ended June 30, 2017							
Total comprehensive income for the period							
Profit after taxation for the half year ended June 30, 2017	-	-	-	-	-	4,880,946	4,880,946
Other comprehensive income for the half year ended June 30, 2017							
Exchange differences on translation of net investment in foreign branches	-	-	-	(11,027)	-	-	(11,027)
	-	-	-	(11,027)	-	4,880,946	4,869,919
Transfer to statutory reserve	-	-	976,189	-	-	(976,189)	-
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	16,056	16,056
Transactions with owners, recorded directly in equity							
Shares issued during the period	123,644	68,078	-	-	-	-	191,722
Unamortised portion of deferred employee compensation expense	-	-	-	-	39,699	-	39,699
Transfer of Share Premium on issuance of shares under Stock Option Scheme	-	127,787	-	-	(127,787)	-	-
Balance as at June 30, 2017	16,075,720	4,612,991	10,697,075	1,572,993	85,532	21,258,271	54,302,582

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

The annexed notes 1 to 21 and Annexure I form an integral part of the unconsolidated condensed interim financial information.

Chief Executive Officer

Director

Director

Director

Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Information (Un-audited) For The Half Year Ended June 30, 2017

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 repealed 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 471 conventional banking branches including 21 sub branches (2016: 475 branches including 18 sub branches), 10 overseas branches (2016: 10 branches), 151 Islamic banking branches (2016: 153 branches) and 1 offshore banking unit (2016: 1 unit).

PACRA has upgraded the long term credit rating of the Bank to AA+ [Double A plus] and assigned a short term credit rating of A1+ [A one plus] to the Bank as at June 2017 with a stable outlook (2016: AA [Double A] for long term and A1+ [A one plus] for short term with a positive outlook).

JCR-VIS has assigned a long term credit rating of AA+ [Double A plus] and a short term credit rating of A1+ [A one plus] as at February 2017 with a stable outlook to the Bank.

2 BASIS OF PRESENTATION

- 2.1 The unconsolidated condensed interim financial information represents separate financial information of Bank Alfalah Limited in which investments in subsidiaries and associates are accounted on the basis of direct equity interest rather than on the basis of reported results.
- 2.2 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible form of trade-related modes of financing includes purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in 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 repealed Companies Ordinance, 1984.
- 2.3 Key financial figures of the Islamic Banking branches are disclosed in Annexure I to this unconsolidated condensed interim financial information.
- 2.4 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, 2016.

3 STATEMENT OF COMPLIANCE

- 3.1 This unconsolidated condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard 34 "Interim Financial Reporting", the provisions of repealed 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 where requirements differ, provisions of the repealed Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and the said directives have been followed.

The Companies Ordinance, 1984 was repealed by enactment of the Companies Act 2017 on May 30, 2017. SECP vide its Circular No. 17 of 2017 and press release of July 20, 2017, has clarified that all those companies whose financial year, including quarterly and other interim period, closes on or before June 30, 2017 can prepare financial statements in accordance with the provisions of repealed Companies Ordinance, 1984. The Companies Act 2017 requires enhanced disclosures and has also enhanced the definition of related parties.

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, 2016.

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, 2016.

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, 2016.

7 LENDINGS TO FINANCIAL INSTITUTIONS

	Note	June 30, 2017 (Un-audited)	December 31, 2016 (Audited)
(Rupees in '000)			
Call money lendings	7.1	14,843,447	5,306,590
Bai Muajjal	7.2	21,942,281	24,497,227
Repurchase agreement lendings	7.3	4,134,018	345,212
		<u>40,919,746</u>	<u>30,149,029</u>

- 7.1 These represent lendings to financial institutions at interest rates ranging from 1.20% to 9.00% per annum (December 2016: 0.25% to 9.00% per annum) having maturities upto September 2017 (December 2016: March 2017).
- 7.2 This represents Bai Muajjal agreements entered into with State Bank of Pakistan (SBP) and other commercial banks, whereby the Bank sold Sukuks having carrying value of Rs. 20,414 million (December 2016: 24,497 million) on deferred payment basis. The rates of return range from 5.43% to 5.80% per annum (December 2016: 5.62% to 5.97% per annum), and these are due to mature by December 2017 (December 2016: June 2017).
- 7.3 These represent short term lending to financial institutions against investment securities. These carry markup rates ranging from 5.84% to 6.15% per annum (December 2016: 6.15% per annum) with maturities upto July 2017 (December 2016: January 2017).

8 INVESTMENTS - NET

8.1 Investments by types

Note

	June 30, 2017 (Un-audited)			December 31, 2016 (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	22,992,603	-	22,992,603	14,120,130	-	14,120,130
Pakistan Investment Bonds	381,085	-	381,085	20,207	-	20,207
Overseas Bonds	447,207	-	447,207	549,615	-	549,615
Sukuk Bonds	550,000	-	550,000	-	-	-
Fully paid up ordinary shares / units - Listed	77,926	-	77,926	740,776	-	740,776
	24,448,821	-	24,448,821	15,430,728	-	15,430,728
Available-for-sale securities						
Market Treasury Bills	32,941,852	22,527,427	55,469,279	38,584,821	-	38,584,821
Pakistan Investment Bonds	39,463,783	128,881,756	168,345,539	78,936,759	128,150,711	207,087,470
Fully paid up ordinary shares / units - Listed	6,492,958	-	6,492,958	6,223,937	-	6,223,937
Fully paid up ordinary shares - Unlisted	82,056	-	82,056	82,056	-	82,056
Term Finance Certificates	509,162	-	509,162	514,483	-	514,483
Preference Shares - Listed	108,835	-	108,835	108,835	-	108,835
Preference Shares - Unlisted	25,000	-	25,000	25,000	-	25,000
Redeemable Participating Certificates	1,037,818	-	1,037,818	501,938	-	501,938
Pakistan Euro Bonds	2,695,745	-	2,695,745	2,688,770	-	2,688,770
Overseas Bonds	5,228,920	6,650,594	11,879,514	7,819,677	4,839,993	12,659,670
Sukuk Bonds	39,980,022	6,904,877	46,884,899	38,663,395	5,023,937	43,687,332
	128,566,151	164,964,654	293,530,805	174,149,671	138,014,641	312,164,312
Held-to-maturity securities						
Market Treasury Bills	1,214,020	-	1,214,020	1,995,857	-	1,995,857
Pakistan Investment Bonds	31,834,828	-	31,834,828	31,793,773	-	31,793,773
Term Finance Certificates	524,266	-	524,266	524,266	-	524,266
Pakistan Euro Bonds	707,776	-	707,776	706,255	-	706,255
Commercial Papers	-	-	-	661,557	-	661,557
Overseas Bonds	9,372,432	1,039,353	10,411,785	9,714,052	1,036,079	10,750,131
Sukuk Bonds	4,500,848	-	4,500,848	3,847,273	-	3,847,273
	48,154,170	1,039,353	49,193,523	49,243,033	1,036,079	50,279,112
Subsidiaries						
Alfalah Securities (Private) Limited	1,126,000	-	1,126,000	1,126,000	-	1,126,000
Alfalah GHP Investment Management Limited	130,493	-	130,493	130,493	-	130,493
Alfalah GHP Cash Fund	-	-	-	525,474	-	525,474
	1,256,493	-	1,256,493	1,781,967	-	1,781,967
Associates						
Alfalah Insurance Limited	68,990	-	68,990	68,990	-	68,990
Sapphire Wind Power Company Limited	978,123	-	978,123	978,123	-	978,123
TriconBoston Consulting Corporation (Private) Limited	769,230	-	769,230	-	-	-
Alfalah GHP Money Market Fund	-	-	-	55,153	-	55,153
Alfalah GHP Income Multiplier Fund	-	-	-	250,000	-	250,000
Alfalah GHP Sovereign Fund	-	-	-	200,000	-	200,000
Alfalah GHP Islamic Stock Fund	-	-	-	250,000	-	250,000
	1,816,343	-	1,816,343	1,802,266	-	1,802,266
Investments at cost	204,241,978	166,004,007	370,245,985	242,407,665	139,050,720	381,458,385
Provision for diminution in value of investments - net	(2,210,669)	-	(2,210,669)	(2,079,781)	-	(2,079,781)
Investments (net of provisions)	202,031,309	166,004,007	368,035,316	240,327,884	139,050,720	379,378,604
Surplus / (deficit) on revaluation of held-for-trading securities - net	(4,390)	-	(4,390)	109	-	109
Surplus / (deficit) on revaluation of available for sale securities-net	7,004,116	757,713	7,761,829	7,636,113	2,077,811	9,713,924
Total investments	209,031,035	166,761,720	375,792,755	247,964,106	141,128,531	389,092,637

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

	June 30, 2017 (Un-audited)	December 31, 2016 (Audited)
(Rupees in '000)		
Opening balance		2,079,781
Charge for the period / year	138,681	100,766
Reversals during the period / year	(7,793)	-
	130,888	100,766
Provision written off / (adjusted) during the period / year	-	(4,366,796)
Closing balance	2,210,669	2,079,781

8.3 Particulars of provision for diminution in value of investments by type and segment	Note	June 30, 2017 (Un-audited)	December 31, 2016 (Audited)
(Rupees in '000)			
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
- Pakistan Mobile Communications Limited (Related party)		3,936	3,936
Unlisted securities			
- Term finance certificates / sukuks			
- Azgard Nine Limited		76,220	76,220
- Security Leasing Corporation Limited I		6,418	6,418
- Security Leasing Corporation Limited II		23,105	23,105
- New Allied Electronics		2,185	2,185
- Fauji Akbar Portia Marine Terminals Limited		193,551	161,407
- Quetta Textile Mills Limited		72,619	72,619
- Preference shares			
- Trust Investment Bank Limited		25,000	25,000
Held to maturity securities			
Unlisted securities			
- Term finance certificates / sukuk bonds			
- Agritech Limited		499,586	499,586
- BRR Guardian Modaraba		28,384	36,177
- Security Leasing Corporation Limited		29,245	29,245
- Sitara Peroxide (Private) Limited		118,052	113,643
- Zulekha Textile Mills		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
Statutory general reserve held against overseas investments - Afghanistan	8.3.1	102,128	-
		<u>2,210,669</u>	<u>2,079,781</u>
8.3.1 This represents general reserve (of at least one percent) for losses against performing investments - i.e. those classified as standard, under Asset Classification and Provisioning Regulations of DAB, Afghanistan.			
9 ADVANCES - NET			
(Rupees in '000)			
Loans, cash credits, running finances, etc.			
In Pakistan			
Outside Pakistan		342,577,970	309,121,955
		13,246,449	13,181,132
		<u>355,824,419</u>	<u>322,303,087</u>
Net investment in finance lease			
In Pakistan			
Outside Pakistan		4,288,591	4,181,047
		-	-
		<u>4,288,591</u>	<u>4,181,047</u>
Islamic financing and related assets (gross)	9.1	54,910,368	57,908,118
Bills discounted and purchased (excluding market treasury bills)			
Payable in Pakistan			
Payable outside Pakistan		4,783,003	5,033,339
		6,916,594	6,437,718
		11,699,597	11,471,057
		<u>426,722,975</u>	<u>395,863,309</u>
Provision against advances			
Specific provision against non-performing advances			
General provision against advances	9.3	(16,022,544)	(16,366,993)
	9.3	(729,044)	(775,967)
		<u>(16,751,588)</u>	<u>(17,142,960)</u>
		<u>409,971,387</u>	<u>378,720,349</u>

- 9.1 This represents financing and related assets placed under shariah permissible modes and presented in Annexure I to this unconsolidated interim financial information.
- 9.2 Advances include Rs. 17,949 million (December 31, 2016: Rs. 19,019 million) which have been placed under non-performing status as detailed below:

	June 30, 2017 (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)	101,568	-	101,568	2,488	-	2,488	2,488	-	2,488
Substandard	2,137,460	-	2,137,460	561,240	-	561,240	561,240	-	561,240
Doubtful	1,659,392	-	1,659,392	1,413,218	-	1,413,218	1,413,218	-	1,413,218
Loss	13,757,849	292,853	14,050,702	13,793,117	252,481	14,045,598	13,793,117	252,481	14,045,598
	<u>17,656,269</u>	<u>292,853</u>	<u>17,949,122</u>	<u>15,770,063</u>	<u>252,481</u>	<u>16,022,544</u>	<u>15,770,063</u>	<u>252,481</u>	<u>16,022,544</u>

	December 31, 2016 (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)	149,224	-	149,224	4,318	-	4,318	4,318	-	4,318
Substandard	2,336,995	-	2,336,995	577,634	-	577,634	577,634	-	577,634
Doubtful	1,990,208	-	1,990,208	1,483,906	-	1,483,906	1,483,906	-	1,483,906
Loss	14,223,167	318,921	14,542,088	14,061,997	239,138	14,301,135	14,061,997	239,138	14,301,135
	<u>18,699,594</u>	<u>318,921</u>	<u>19,018,515</u>	<u>16,127,855</u>	<u>239,138</u>	<u>16,366,993</u>	<u>16,127,855</u>	<u>239,138</u>	<u>16,366,993</u>

9.3 Particulars of provisions against non-performing loans and advances

	Half year ended June 30, 2017 (Un-audited)			Year ended December 31, 2016 (Audited)		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	16,366,993	775,967	17,142,960	15,452,555	739,904	16,192,459
Exchange adjustment and other movements	(4,080)	(2,109)	(6,189)	347	(1,135)	(788)
Charge for the period / year	811,269	58,025	869,294	3,408,125	157,643	3,565,768
Reversals / recoveries	(1,033,428)	(102,839)	(1,136,267)	(2,362,817)	(120,445)	(2,483,262)
	(222,159)	(44,814)	(266,973)	1,045,308	37,198	1,082,506
Amounts written off	(118,210)	-	(118,210)	(131,217)	-	(131,217)
Closing balance	<u>16,022,544</u>	<u>729,044</u>	<u>16,751,588</u>	<u>16,366,993</u>	<u>775,967</u>	<u>17,142,960</u>

- 9.3.1 The additional profit arising from availing the forced sales value (FSV) benefit - net of tax at June 30, 2017 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees amounted to Rs. 27.928 million (December 31, 2016: Rs. 95.817 million).
- 9.3.2 General provision against consumer loans represents provision maintained at an amount equal to 1.5% of the fully secured performing portfolio and 5% of the unsecured performing portfolio as required by the Prudential Regulations issued by the State Bank of Pakistan. General reserve of at least equivalent to 1% of the secured and performing SE portfolio and 2% of the unsecured and performing SE portfolio is also maintained as required under Prudential Regulations for Small and Medium Enterprise Financing.
- 9.3.3 Exposure amounting to Rs. 10.972 billion relating to certain facilities of Power Holding (Private) Limited, which is guaranteed by the Government of Pakistan, has not been classified as non-performing, pursuant to a relaxation given by SBP in this respect. The relaxation is valid upto August 31, 2017.

	Note	June 30, 2017 (Un-audited) (Rupees in '000)	December 31, 2016 (Audited) (Rupees in '000)
10 OPERATING FIXED ASSETS			
Capital work-in-progress		972,434	775,408
Property and equipment		15,902,710	16,098,712
Intangible assets		1,170,949	1,259,147
		<u>18,046,093</u>	<u>18,133,267</u>
Half year ended			
		June 30, 2017	June 30, 2016
(Un-audited) (Rupees in '000)			
10.1 Additions to operating fixed assets			
Office premises		53,692	386,224
Leasehold improvements		104,606	88,419
Office equipment		541,646	387,606
Furniture and fixtures		6,554	30,919
Vehicles		62,593	16,550
10.2 Additions to Intangibles			
Computer software		123,750	148,611
10.3 Disposals of operating fixed assets			
Office premises		50,159	-
Leasehold improvements		45,023	10
Office equipment		167,583	67,385
Furniture and fixtures		5,597	11,147
Vehicles		11,720	25,227
11 BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan under ERF / LTF - EOP		23,761,907	21,668,916
Repurchase agreement borrowings	11.1	144,776,473	136,763,030
Borrowings from other central banks		56,835	198,418
Bai Muajjal	11.2	19,351,114	-
		<u>187,946,329</u>	<u>158,630,364</u>
Unsecured			
Call borrowings	11.3	10,061,544	13,461,835
Bai Muajjal	11.4	3,031,253	6,218,836
		13,092,797	19,680,671
		<u>201,039,126</u>	<u>178,311,035</u>

11.1 This represents repurchase agreement borrowing from SBP and other banks at the rate of 1.15% and 6.20% per annum respectively (December 2016: 1.10% and 5.95% per annum) having maturities upto July 2017 (December 2016: February 2017).

11.2 This represents borrowings from financial institutions at mark-up rates ranging from 5.73% to 5.79% per annum (December 2016: Nil) having maturities upto February 2018 (December 2016: Nil).

11.3 This represents borrowings from financial institutions at mark-up rates ranging from 0.30% to 5.75% per annum (December 2016: 0.55% to 5.80% per annum) having maturities upto September 2017 (December 2016: March 2017).

11.4 This represents borrowings from financial institutions at mark-up rate of 5.65% per annum (December 2016: 5.60% to 5.70% per annum) having maturities upto July 2017 (December 2016: May 2017).

	June 30, 2017 (Un-audited)	December 31, 2016 (Audited)
	(Rupees in '000)	
12 DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	92,953,832	94,268,250
Savings deposits	217,624,187	229,010,684
Current accounts - non-remunerative	300,486,835	283,711,087
Others	5,949,604	4,721,828
	<u>617,014,458</u>	<u>611,711,849</u>
Financial institutions		
Remunerative deposits	36,472,252	27,435,848
Non-remunerative deposits	3,041,217	1,796,557
	<u>39,513,469</u>	<u>29,232,405</u>
	<u>656,527,927</u>	<u>640,944,254</u>
13 CONTINGENCIES AND COMMITMENTS		
13.1 Direct credit substitutes		
i) Government	67,623	1,632,063
ii) Banking companies and other financial institutions	-	-
iii) Others	5,721	53,167
	<u>73,344</u>	<u>1,685,230</u>
13.2 Transaction - related contingent liabilities		
i) Government	52,398,343	32,243,564
ii) Banking companies and other financial institutions	943,131	544,762
iii) Others	8,312,168	11,725,088
	<u>61,653,642</u>	<u>44,513,414</u>
13.3 Trade - related contingent liabilities		
Letters of credit	<u>80,382,604</u>	<u>73,061,529</u>
Acceptances	<u>9,382,829</u>	<u>12,188,691</u>
13.4 Other contingencies		
Claims against the Bank not acknowledged as debts	<u>17,881,056</u>	<u>13,847,649</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 these financial statements.</p>		
	June 30, 2017 (Un-audited)	December 31, 2016 (Audited)
	(Rupees in '000)	
13.5 Commitments in respect of forward lendings		
Commitments to extend credit	<u>22,631,823</u>	<u>28,450,269</u>
Commitments in respect of investments	<u>3,065,768</u>	<u>3,596,186</u>
13.6 Commitments in respect of forward exchange contracts		
Purchase	<u>49,805,192</u>	<u>53,992,848</u>
Sale	<u>49,511,002</u>	<u>41,084,440</u>
13.7 Commitments for the acquisition of operating fixed assets	<u>641,522</u>	<u>336,774</u>

	June 30, 2017 (Un-audited)	December 31, 2016 (Audited)
13.8 Commitments in respect of repo transactions	(Rupees in '000)	
Repurchase	<u>144,930,726</u>	<u>136,912,078</u>
Resale	<u>4,141,213</u>	<u>349,222</u>

13.9 Other commitments

Interest rate swaps	<u>6,256,948</u>	<u>7,622,307</u>
Futures	<u>6,066,732</u>	<u>-</u>
Donations	<u>22,000</u>	<u>22,000</u>

13.10 Through Finance Act 2008, the Federal Government introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged and conflicting judgments were rendered by various courts. Appeals against these orders were filed in the Supreme Court.

The Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of Workers Welfare Fund were not lawful. The Federal Board of Revenue has filed review petitions against the above judgment. These petitions are currently pending.

Based on the legal advice obtained by the Pakistan Banks Association which highlights that consequent to filing of these review petitions, a risk has arisen and the judgment is not conclusive until the review petitions are decided, the amount charged for Workers Welfare Fund since 2008 has not been reversed.

13.11 Contingencies for tax payable (note 16)

	Half year ended	
	June 30, 2017 (Un-audited)	June 30, 2016 (Un-audited)
14 EARNINGS PER SHARE	(Rupees in '000)	
14.1 BASIC EARNINGS PER SHARE		
Profit after taxation for the period	<u>4,880,946</u>	<u>4,353,532</u>
	(Number of shares in thousand)	
Weighted average number of ordinary shares	<u>1,604,379</u>	<u>1,598,921</u>
	(Rupees)	
Basic earnings per share	<u>3.04</u>	<u>2.72</u>
14.2 DILUTED EARNINGS PER SHARE	(Rupees in '000)	
Profit after taxation for the period	<u>4,880,946</u>	<u>4,353,532</u>
	(Number of shares in thousand)	
Weighted average number of ordinary shares	<u>1,610,730</u>	<u>1,598,921</u>
	(Rupees)	
Diluted earnings per share	<u>3.03</u>	<u>2.72</u>
15 CASH AND CASH EQUIVALENTS	June 30, 2017 (Un-audited)	December 31, 2016 (Audited)
	(Rupees in '000)	
Cash and balances with treasury banks	81,710,748	74,071,384
Balances with other banks	12,320,712	9,373,123
Call money lendings	14,843,447	5,306,590
	<u>108,874,907</u>	<u>88,751,097</u>

16 TAXATION

The income tax assessments of the Bank have been finalized upto and including tax year 2016. 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, 2011, 2014, 2015 and 2016, the tax authorities have raised certain issues including 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, disallowance of Leasehold improvements resulting in additional demand of Rs. 987.015 million. As a result of appeal filed before Commissioner Appeals against these issues, relief has been provided for tax amount of Rs. 60.032 million whereas appeal effect orders are pending. The management's appeals on certain issues are pending before Commissioner Appeals. The management is confident that these matters will be decided in favour of the Bank and consequently has not made any provision in respect of these amounts.

The Bank has received amended assessment orders for Tax Years from 2010 to 2013 wherein Tax Authorities have disallowed depreciation on Ijara 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. Accordingly tax amount is reduced to Rs. 96.161 million. The Bank has filed appeal before Appellate Tribunal. Further, Bank has received two amended orders for Tax Years 2014 and 2015 wherein tax demand of Rs. 37.638 million is raised on this matter. 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. 42.539 million against tax demand for tax years 2016 and 2017. The Bank intends 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 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	For the period ended June 30, 2017							
	Retail Banking	Corporate Banking	Treasury	Consumer Banking	Islamic Banking	International Operations	Others*	Total
	(Rs. in '000)							
Segment income	4,484,554	6,903,659	12,479,748	2,293,763	4,402,644	2,064,953	902,695	33,532,016
Inter-segment income / (expense)	7,401,135	(3,883,463)	(3,439,362)	(529,988)	(577)	-	452,255	-
Segment expenses	8,564,610	1,490,973	4,836,156	834,030	2,968,770	1,281,663	5,086,051	25,062,253
Profit before tax	3,321,079	1,529,223	4,204,230	929,745	1,433,297	783,290	(3,731,101)	8,469,763

	As at June 30, 2017							
	Retail Banking	Corporate Banking	Treasury	Consumer Banking	Islamic Banking	International Operations	Others*	Total
	(Rs. in '000)							
Segment assets	155,087,265	226,375,371	302,559,024	24,260,184	148,664,376	70,220,634	30,840,021	958,006,875
Segment non performing loans	8,230,621	7,526,105	-	347,385	1,552,158	292,853	-	17,949,122
Segment provision required against loans and advances	7,655,923	6,703,686	-	757,909	1,102,081	389,838	142,151	16,751,588
Segment liabilities	436,142,193	86,798,671	159,350,810	1,913,323	136,367,266	61,509,704	12,011,114	894,093,081
Segment return on assets (ROA %)	1.4%	1.2%	1.3%	7.4%	2.0%	2.3%	-5.3%	1.9%
Segment cost of funds(%)	3.0%	5.0%	5.7%	5.3%	2.7%	2.2%	3.0%	3.3%

	For the period ended June 30, 2016							
	Retail Banking	Corporate Banking	Treasury	Consumer Banking	Islamic Banking	International Operations	Others*	Total
	(Rs. in '000)							
Segment income	3,431,309	6,957,253	16,034,087	2,097,584	4,018,807	1,975,829	202,283	34,717,152
Inter-segment income / (expense)	8,298,470	(2,869,337)	(5,060,048)	(458,761)	-	-	89,676	-
Segment expenses	9,508,936	3,365,100	4,660,563	948,766	3,160,768	788,816	4,692,228	27,125,177
Profit before tax	2,220,843	722,816	6,313,476	690,057	858,039	1,187,013	(4,400,269)	7,591,975

	As at June 30, 2016							
	Retail Banking	Corporate Banking	Treasury	Consumer Banking	Islamic Banking	International Operations	Others*	Total
	(Rs. in '000)							
Segment assets	116,812,864	207,756,328	318,413,918	19,308,351	136,979,215	57,135,702	33,767,091	890,173,469
Segment non performing loans	8,707,286	8,285,632	-	479,667	1,176,417	344,707	131,667	19,125,376
Segment provision required against loans and advances	8,176,114	5,928,642	-	887,381	1,053,109	340,694	92,014	16,477,954
Segment liabilities	416,966,445	96,035,096	127,684,245	1,357,911	125,972,039	49,020,097	15,557,927	832,593,760
Segment return on assets (ROA %)	1.0%	0.5%	1.9%	7.1%	0.8%	8.4%	-0.6%	2.2%
Segment cost of funds (%)	3.4%	5.3%	5.8%	5.8%	4.7%	2.1%	5.0%	3.9%

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

18 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

	June 30, 2017 (Un-audited)											
	Carrying Amount			Fair value								
	HFT	AFS	HTM	Loans and Receivables	Subsidiaries & Associates	Derivatives Instrument Held for Risk Management	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments												
Financial assets measured at fair value												
- Forward foreign exchange contracts	593,734	-	-	-	-	-	-	593,734		593,734		593,734
- Interest rate swaps	23,620	-	-	-	-	-	-	23,620		23,620		23,620
- Investments												
- Government Securities (Tbills, PIBs, Govt Sukuks, Overseas Govt. Sukuks, Overseas and Euro bonds)	24,373,164	280,916,568	-	-	-	-	-	305,291,722		305,291,722		305,291,722
- Overseas Bonds - others	6,733,819	7,231,128	-	-	-	-	-	13,964,947		13,964,947		13,964,947
- Other debt securities (IFCS)	71,266	2,407,716	-	-	-	-	-	2,478,982	7,805,394	6,369,080		14,174,474
- Sukuks-Other than Govt	-	4,387,344	-	-	-	-	-	4,387,344	7,805,394	240,716		8,433,454
- Sukuks-Other than Govt	-	-	-	-	-	-	-	-	4,387,344	4,387,344		4,387,344
Financial assets not measured at fair value												
- Cash and bank balances with treasury banks	-	-	-	81,710,748	-	-	-	81,710,748				81,710,748
- Balances with other banks	-	-	-	12,320,712	-	-	-	12,320,712				12,320,712
- Lending to financial institutions	-	-	-	40,919,746	-	-	-	40,919,746				40,919,746
- Advances	-	-	-	405,971,367	-	-	-	405,971,367				405,971,367
- Investments	-	-	-	20,736,304	-	-	-	20,736,304				20,736,304
- Government Securities (PIBs, WAPDA Sukuks, Overseas and Euro bonds)	-	-	43,731,766	-	-	-	-	43,731,766		43,731,760		43,731,760
- Overseas Bonds - Others	-	-	519,976	-	-	-	-	519,976		519,933		519,933
- Redeemable Participating Certificate	-	22,395	-	-	-	-	-	22,395				22,395
- Commercial Paper	-	1,037,818	-	-	-	-	-	1,037,818				1,037,818
- Sukuks-Other than Govt	-	-	4,241,833	-	-	-	-	4,241,833		4,241,833		4,241,833
- Sukuks-Other than Govt	-	-	-	-	-	-	-	-				-
- Mutual Funds	-	-	-	-	1,816,343	-	-	1,816,343				1,816,343
- Ordinary shares of unlisted companies	-	-	-	-	-	-	-	-				-
- Subsidiaries	-	-	-	-	430,493	-	-	430,493				430,493
- Ordinary shares of unlisted companies	-	-	-	-	2,246,836	-	-	2,246,836				2,246,836
Financial liabilities measured at fair value												
- Other liabilities	285,208	-	-	-	-	-	-	285,208		285,208		285,208
- Exchange contracts	67,151	-	-	-	-	-	-	67,151		67,151		67,151
- Interest rate swaps	-	-	-	-	-	-	-	-				-
Financial liabilities not measured at fair value												
- Bills Payable	-	-	-	-	-	-	17,697,296	17,697,296				17,697,296
- Deposits and other accounts	-	-	-	-	-	-	201,036,176	201,036,176				201,036,176
- Subordinated Loans	-	-	-	-	-	-	666,527,927	666,527,927				666,527,927
- Other liabilities	-	-	-	-	-	-	6,654,340	6,654,340				6,654,340
- Other liabilities	352,359	-	-	-	-	-	13,061,470	13,061,470				13,061,470
- Other liabilities	-	-	-	-	-	-	885,880,109	885,880,109				885,880,109
Off balance sheet financial instruments												
- Forward Exchange Contracts Sale	-	-	-	-	-	49,805,192	-	49,805,192		49,805,192		49,805,192
- Forward Exchange Contracts Sale	-	-	-	-	-	49,531,002	-	49,531,002		49,531,002		49,531,002
- Interest Rate Swaps	-	-	-	-	-	6,256,946	-	6,256,946		6,256,946		6,256,946

December 31, 2016 (Audited)

	Carrying Amount					Fair value						
	HFT	AIS	HTM	Loans and Receivables	Subsidiaries & Associates	Derivative Instruments Held for Risk Management	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments												
Financial assets measured at fair value												
- Other assets	320,749	-	-	-	-	-	-	-	320,749	320,749	-	320,749
- Forward foreign exchange contracts	55,336	-	-	-	-	-	-	-	55,336	55,336	-	55,336
- Investments												
- Government Securities (Tbills, PIBs, GoP Sukuk, Overseas Govt. Sukuk, Overseas and Euro bonds)	14,371,242	304,976,096	-	-	-	-	-	-	319,347,338	319,347,338	-	319,347,338
- Overseas Bonds - others	296,341	5,061,134	-	-	-	-	-	-	5,359,475	5,359,475	-	5,359,475
- Ordinary shares of listed companies	761,255	8,292,796	-	-	-	-	-	-	9,054,051	9,054,051	-	9,054,051
- Debt securities (TFLs)	-	278,260	-	-	-	-	-	-	278,260	278,260	-	278,260
- Sukuk-Other than Govt	-	2,195,167	-	-	-	-	-	-	2,195,167	2,195,167	-	2,195,167
Financial assets not measured at fair value												
- Cash and bank balances with treasury banks	-	-	74,071,384	-	-	-	-	-	74,071,384	-	-	74,071,384
- Balances with other banks	-	-	9,373,123	-	-	-	-	-	9,373,123	-	-	9,373,123
- Lending to financial institutions	-	-	30,149,029	-	-	-	-	-	30,149,029	-	-	30,149,029
- Advances	-	-	378,720,349	-	-	-	-	-	378,720,349	-	-	378,720,349
- Other assets	-	-	16,974,249	-	-	-	-	-	16,974,249	-	-	16,974,249
- Investments												
- Government Securities (PIBs, WAPDA Sukuk, Overseas and Euro bonds)	-	-	45,026,708	-	-	-	-	-	45,026,708	45,937,908	-	45,937,908
- Overseas Bonds - Others	-	-	518,251	-	-	-	-	-	518,251	-	-	518,251
- Unlisted shares (Ordinary & Preference)	-	22,395	-	-	-	-	-	-	22,395	-	-	22,395
- Redeemable Participating Certificate	-	501,938	-	-	-	-	-	-	501,938	-	-	501,938
- Commercial Paper	-	-	529,280	-	-	-	-	-	529,280	-	-	529,280
- Sukuk-Other than Govt	-	-	3,501,541	-	-	-	-	-	3,501,541	-	-	3,501,541
- Associates												
- Mutual Funds	-	-	755,153	-	-	-	-	-	755,153	1,009,483	-	1,009,483
- Ordinary shares of unlisted companies	-	-	1,047,113	-	-	-	-	-	1,047,113	-	-	1,047,113
- Subsidiaries												
- Mutual Funds	-	-	525,474	-	-	-	-	-	525,474	-	-	525,474
- Ordinary shares of unlisted companies	-	-	430,493	-	-	-	-	-	430,493	-	-	430,493
- Total	15,806,993	321,327,866	493,575,780	509,288,134	2,736,233	-	-	-	896,726,656	-	-	896,726,656
Financial liabilities measured at fair value												
- Other liabilities	555,131	-	-	-	-	-	-	-	555,131	555,131	-	555,131
- Forward foreign exchange contracts	37,078	-	-	-	-	-	-	-	37,078	37,078	-	37,078
- Interest rate swaps	-	-	-	-	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value												
- Bills Payable	-	-	-	-	-	-	12,886,990	-	12,886,990	-	-	12,886,990
- Borrowings	-	-	-	-	-	-	178,311,035	-	178,311,035	-	-	178,311,035
- Deposits and other accounts	-	-	-	-	-	-	640,944,254	-	640,944,254	-	-	640,944,254
- Subordinated loans	-	-	-	-	-	-	8,317,670	-	8,317,670	-	-	8,317,670
- Other liabilities	-	-	-	-	-	-	12,475,968	-	12,475,968	-	-	12,475,968
- Total	592,209	-	-	-	-	-	852,935,917	-	852,935,917	-	-	852,935,917
Off balance sheet financial instruments												
- Forward Exchange Contracts Purchase	-	-	-	-	-	-	53,992,848	-	53,992,848	53,479,523	-	53,479,523
- Forward Exchange Contracts Sale	-	-	-	-	-	-	41,084,440	-	41,084,440	40,805,498	-	40,805,498
- Interest Rate Swaps	-	-	-	-	-	-	7,622,307	-	7,622,307	7,640,565	-	7,640,565

19 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 companies, 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.

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

June 30, 2017 (Un-audited)					
Directors	Key Management Personnel	Group / Associated Companies / Others	Subsidiaries / Associates	Total	
----- (Rupees in '000) -----					
Deposits					
Balance at beginning of the period	10,201	164,506	8,688,564	1,121,889	9,985,160
Placements during the period	233,329	881,710	69,144,736	31,667,824	101,927,599
Withdrawals / adjustments during the period	(224,930)	(909,765)	(75,273,230)	(31,395,652)	(107,803,577)
Balance at end of the period	<u>18,600</u>	<u>136,451</u>	<u>2,560,070</u>	<u>1,394,061</u>	<u>4,109,182</u>
Advances					
Balance at beginning of the period	79,130	351,335	8,040,236	-	8,470,701
Disbursements / adjustments during the period	21,130	160,519	14,479,672	-	14,661,321
Repayments / adjustments during the period	-	(81,938)	(14,426,486)	-	(14,508,424)
Balance at end of the period	<u>100,260</u>	<u>429,916</u>	<u>8,093,422</u>	<u>-</u>	<u>8,623,598</u>
Provision held against advances	<u>-</u>	<u>-</u>	<u>1,541,709</u>	<u>-</u>	<u>1,541,709</u>
Investments					
Balance at beginning of the period	-	-	2,027,290	3,584,233	5,611,523
Investments during the period	-	-	-	769,230	769,230
Redemption / adjustments during the period	-	-	(538,388)	(1,280,627)	(1,819,015)
Balance at end of the period	<u>-</u>	<u>-</u>	<u>1,488,902</u>	<u>3,072,836</u>	<u>4,561,738</u>
Provision held against investments	<u>-</u>	<u>-</u>	<u>53,936</u>	<u>826,000</u>	<u>879,936</u>
Call borrowings / Repo					
Balance at beginning of the period	-	-	-	-	-
Borrowings during the period	-	-	2,200,000	-	2,200,000
Repayments during the period	-	-	(2,200,000)	-	(2,200,000)
Balance at end of the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Call lendings / Reverse repo					
Balance at beginning of the period	-	-	-	-	-
Placements during the period	-	-	33,900,000	-	33,900,000
Withdrawals during the period	-	-	(33,900,000)	-	(33,900,000)
Balance at end of the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

December 31, 2016 (Audited)					
Directors	Key Management Personnel	Group / Associated Companies / Others	Subsidiaries / Associates	Total	
----- (Rupees in '000) -----					
Deposits					
Balance at beginning of the year	14,825	120,281	6,095,049	402,093	6,632,248
Placements during the year	306,363	1,257,912	117,678,110	47,045,141	166,287,526
Withdrawals / adjustments during the year	(310,987)	(1,213,687)	(115,084,595)	(46,325,345)	(162,934,614)
Balance at end of the year	<u>10,201</u>	<u>164,506</u>	<u>8,688,564</u>	<u>1,121,889</u>	<u>9,985,160</u>
Advances					
Balance at beginning of the year	89,000	328,280	6,339,450	-	6,756,730
Disbursements during the year	-	287,570	22,062,374	-	22,349,944
Repayments / adjustments during the year	(9,870)	(264,515)	(20,361,588)	-	(20,635,973)
Balance at end of the year	<u>79,130</u>	<u>351,335</u>	<u>8,040,236</u>	<u>-</u>	<u>8,470,701</u>
Provision held against advances	<u>-</u>	<u>-</u>	<u>1,543,054</u>	<u>-</u>	<u>1,543,054</u>
Investments					
Balance at beginning of the year	-	-	4,716,796	4,466,152	9,182,948
Investments during the year	-	-	1,977,290	258,481	2,235,771
Redemptions / adjustments during the year	-	-	(4,666,796)	(1,140,400)	(5,807,196)
Balance at end of the year	<u>-</u>	<u>-</u>	<u>2,027,290</u>	<u>3,584,233</u>	<u>5,611,523</u>
Provision held against investments	<u>-</u>	<u>-</u>	<u>53,936</u>	<u>826,000</u>	<u>879,936</u>
Call borrowings / Repo					
Balance at beginning of the year	-	-	-	-	-
Borrowings during the year	-	-	2,200,000	-	2,200,000
Repayments during the year	-	-	(2,200,000)	-	(2,200,000)
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	-	-	17,250,000	-	17,250,000
Withdrawals during the year	-	-	(17,250,000)	-	(17,250,000)
Balance at end of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	June 30, 2017 (Un-audited)	December 31, 2016 (Audited)
	(Rupees in '000)	
19.2 Advances		
Running finance	806,276	753,858
Long term loans	7,817,322	7,716,843
19.3 Contingencies and commitments		
Letter of credit, acceptance and guarantees outstanding	1,126,336	1,724,344
19.4 Customer Accounts		
PLS accounts	1,570,918	5,957,992
Current accounts	1,062,508	1,212,614
Fixed deposit accounts	1,475,756	2,814,554
	Half year ended	
	June 30, 2017 (Un-audited)	June 30, 2016 (Un-audited)
	(Rupees in '000)	
19.5 Transactions with Subsidiaries / Associates and Others		
Subsidiaries / Associates		
Mark-up expense on deposits	33,723	17,575
Mark-up paid to Alfalah GHP Income Multiplier Fund on TFCs Issued	224	256
Mark-up paid to Alfalah GHP Income fund on TFCs issued	1,687	3,084
Brokerage Expense pertaining to Alfalah Securities (Private) Limited	722	490
Rent Income from Alfalah Insurance Limited	-	1,123
Rent Income from Alfalah Securities (Private) Limited	-	115
Insurance premium paid to Alfalah Insurance Company Limited	431,599	537,588
Insurance claims received from Alfalah Insurance Company Limited against operating fixed assets	4,530	4,348
Revenue from Alfalah GHP Investment Management Limited against sale of units	122,072	32,620
Other income from - Sapphire Wind Power Company Limited	3,635	-
Dividend paid to Alfalah Insurance Company Limited	-	500
Dividend income from Alfalah GHP Sovereign Fund	-	9,253
Dividend income from Alfalah GHP Islamic Stock Fund	-	45,320
Dividend income from Alfalah GHP Cash Fund	-	32,926
Dividend income from Alfalah GHP Income Multiplier Fund	-	10,270
Dividend income from Alfalah GHP Money Market Fund	-	4,210
Dividend income from Pakistan Mobile Communication Limited	1,460	-
Capital Gain on sale of units of Alfalah GHP Value Fund	-	104,800
Capital Gain on sale of units of Alfalah GHP Income Multiplier Fund	55,948	-
Capital Gain on sale of units of Alfalah GHP Islamic Stock Fund	217,178	-
Capital Gain on sale of units of Alfalah GHP Cash Fund	28,049	-
Capital Gain on sale of units of Alfalah GHP Money Market Fund	3,287	-
Capital Gain on sale of units of Alfalah GHP Sovereign Fund	18,911	-
Investment in TriconBoston Consulting Corporation (Private) Limited	769,230	-
Others		
Mark-up income	179,685	179,813
Mark-up expense on deposits	101,424	53,075
Rent income from Warid Telecom (Private) Limited / Pakistan Mobile Communication Limited	8,929	8,069
Rent expense paid pertaining to Wateen Telecom Limited	-	4,264
Interest received on placements with Silk Bank	8,844	325
Mark-up paid to Taavun (Private) Limited on TFCs Issued	24,936	37,410
Mark-up paid to Key Management Personnel on TFCs Issued	10,659	14,518
Mark-up received on Sukuk from Pakistan Mobile Communication Limited	56,630	-
Amount received on Redemption of Silk Bank Preference Shares	-	439,200
Advance paid to Silk Bank against Pre-IPO TFC	100,000	-
Interest paid on Borrowings from Silk Bank	366	85
Payment to Institute of Bankers of Pakistan	2,378	2,154
Payment to Wateen Telecom Limited and Wateen Solutions (Private) Limited for purchase of equipment and maintenance charges	98,655	74,541
Payment to Monet (Private) Limited for Branchless banking services	35,988	126,468
Payment to Al-Qudees & Co.	-	8,689
Payment to Locker Smiths (Private) Limited	-	9,414
Payment to Sundar Interior & Architects	-	4,525
Payment to Timber Links	18	2,215
Payment to Expressive Safety & Security Solutions	2,735	7,662
Payment to Olive International (Private) Limited	333	1,525
Payment to Computer Marketing Co. (Private) Limited.	1,756	11,938
Payment to K-Tabs	-	11,349
Payment to MEC Engineer	4,650	4,678
Payment to Tahiri Printers	4,233	3,943
Payment to Bawany Traders	-	2,833
Payment to MEK Steel Furniture	1,535	-
Payment to S-TECH	4,988	-
Payment to The Pakistan Business Council	1,540	-
Payment to Digital Plus	17,203	-
Payment to Computer Need Network	2,697	-
Payment to A. S. General Supplies	3,999	-
Contribution to employees provident fund	163,585	162,703
Contribution to gratuity fund	140,533	142,028
(Reversal) / provision against advances to Wateen Telecom (Private) Limited	(1,344)	679,385
Commission received from Warid Telecom (Private) Limited	-	1,828

	June 30, 2017 (Un-audited)	December 31, 2016 (Audited)
	(Rupees in '000)	
19.6 Balances with Subsidiaries / Associates and Others		
Subsidiaries / Associates		
Advance against issuance of Shares – Sapphire Wind Power Company Limited	112,350	112,350
Rent receivable from Alfalah Insurance Company Limited	1,248	416
Brokerage payable to Alfalah Securities (Private) Limited	25	296
TFCs held by Alfalah GHP Income Multiplier Fund	6,115	6,116
TFCs held by Alfalah GHP Income Fund	41,930	72,887
Others		
Mark-up suspended on advances to Wateen Telecom (Private) Limited	1,091,977	808,508
Mark-up suspended on advances to Wateen Wimax	25,956	16,808
Mark-up suspended on advances to Warid Telecom (Private) Limited / Pakistan Mobile Communication Limited	70,093	61,267
Mark-up receivable on Sukuk from Pakistan Mobile Communication Limited	2,449	3,247
Advance Rent from Warid Telecom Limited	234	9,164
TFCs held by Taavun (Private) Limited	166,234	332,467
TFCs held by Key Management Personnel	86,142	132,348
	Half year ended	
	June 30, 2017	June 30, 2016
	(Un-audited)	(Un-audited)
	(Rupees in '000)	
19.7 The key management personnel / directors compensation are as follows:		
Salaries and Allowances	679,686	832,708
Fair value charge against employee stock option scheme	39,699	56,243

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

Furthermore, in addition to the above, the Bank, being a primary dealer also provides liquidity and investment options including custodial services to clients including its employees.

20 GENERAL

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

21 DATE OF AUTHORISATION

This unconsolidated condensed interim financial information was authorised for issue on August 17, 2017 by the Board of Directors of the Bank.

Chief Executive Officer

Director

Director

Director

ANNEXURE - I ISLAMIC BANKING BUSINESS

The bank is operating through 151 Islamic banking branches as at June 30, 2017 (December 31, 2016: 153 branches).

STATEMENT OF FINANCIAL POSITION

	Note	June 30, 2017	December 31, 2016
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		13,525,675	10,191,942
Balances with and due from financial institutions		657,253	1,672,323
Lendings to financial institutions		34,142,376	27,997,227
Investments - net		39,392,616	38,670,241
Islamic financing and related assets	A-1.1	53,808,287	56,720,714
Operating fixed assets		2,104,059	2,128,031
Other assets		2,430,756	2,317,048
		146,061,022	139,697,526
LIABILITIES			
Bills payable		2,418,557	1,862,656
Due to financial institutions		2,383,811	3,833,240
Deposits and other accounts			
Current accounts		50,572,430	43,990,411
Saving accounts		51,741,464	53,988,674
Term deposits		20,308,558	18,038,671
Others		783,276	428,262
Deposits from financial institutions - remunerative deposits		1,036,130	1,113,125
Deposits from financial institutions - non-remunerative deposits		30,709	1,867
Other liabilities		5,408,012	6,302,957
		134,682,947	129,559,863
NET ASSETS		<u>11,378,075</u>	<u>10,137,663</u>
REPRESENTED BY			
Islamic banking fund		1,800,000	1,800,000
Exchange translation reserve		(1,099)	878
Unappropriated / unremitted profit		7,988,794	6,626,936
		9,787,695	8,427,814
Surplus on revaluation of assets - net of tax		1,590,380	1,709,849
		<u>11,378,075</u>	<u>10,137,663</u>
Remuneration to Shariah Advisor / Board		<u>3,360</u>	<u>6,720</u>
CHARITY FUND			
Opening Balance		148,314	176,557
Additions during the period / year			
Received from customers on delayed payments & others		26,657	40,182
Non-shariah compliant income		-	9,524
Profit on charity saving account		2,140	6,958
		28,797	56,664
Distribution of Charity			
Welfare Works		(51,155)	(38,357)
Health		(9,025)	(38,850)
Education		(26,000)	(7,700)
		(86,180)	(84,907)
Closing Balance		<u>90,931</u>	<u>148,314</u>

ANNEXURE - I

ISLAMIC BANKING BUSINESS

PROFIT AND LOSS ACCOUNT	Quarter ended June 30, 2017	Half year ended June 30, 2017	Quarter ended June 30, 2016	Half year ended June 30, 2016
------(Rupees in '000)-----				
Income / return earned	2,135,872	3,878,957	1,892,572	3,649,925
Income / return expensed	803,342	1,632,774	764,073	1,661,168
Net income / return earned	1,332,530	2,246,183	1,128,499	1,988,757
(Reversal) / provisions against loans and advances - net	(30,944)	(85,324)	32,386	47,018
(Reversal) / provision for diminution in value of investments - net	513	(3,383)	(7,500)	4,063
Bad debts written off directly	-	-	-	-
	(30,431)	(88,707)	24,886	51,081
Net income / return earned after provisions	1,362,961	2,334,890	1,103,613	1,937,676
Other income				
Fee, commission and brokerage income	127,757	238,291	82,220	147,861
Dividend income	-	-	45,320	45,320
Income from dealing in foreign currencies	29,838	60,072	51,604	85,110
Gain on sale of securities - net	214,101	212,320	1,025	1,025
Unrealised gain / (loss) on revaluation of investment classified as held for trading	3,685	3,685	(1,207)	-
Other income	18,264	43,048	24,227	42,394
Total other income	393,645	557,416	203,189	321,710
	1,756,606	2,892,306	1,306,802	2,259,386
Other expenses				
Administrative expenses	771,825	1,529,310	750,944	1,506,935
Provision against other assets	1,181	1,181	-	-
Other charges	193	203	322	344
Total other expenses	773,199	1,530,694	751,266	1,507,279
Profit before taxation	983,407	1,361,612	555,536	752,107

ANNEXURE - I ISLAMIC BANKING BUSINESS

CASH FLOW STATEMENT

CASH FLOWS FROM OPERATING ACTIVITIES

	Half year ended	
	June 30, 2017	June 30, 2016
	(Rupees in '000)	
Profit before taxation	1,361,612	752,107
Dividend income	-	(45,320)
	1,361,612	706,787

Adjustments

Depreciation	115,936	120,750
Amortization	469	453
(Reversal) / provision against loans and advances - net	(85,324)	47,018
(Reversal) / provision for diminution in value of investments - net	(3,383)	4,063
Provision against other assets	1,181	-
Unrealised loss on revaluation of investments classified as held for trading	(3,685)	-
Gain on sale of fixed assets - net	(15)	(4,006)
	25,179	168,278
	1,386,791	875,065

(Increase) / decrease in operating assets

Held for trading securities	(550,000)	-
Lendings to financial institutions	(6,145,149)	(1,716,325)
Islamic financing and related assets	2,997,751	1,156,886
Others assets	(78,917)	(306,807)
	(3,776,315)	(866,246)

Increase/ (decrease) in operating liabilities

Bills payable	555,901	1,130,688
Borrowings	(1,449,429)	(4,789,354)
Deposits and other accounts	6,911,557	10,201,043
Other liabilities	(894,945)	(822,319)
	5,123,084	5,720,058
	2,733,560	5,728,877

Income tax paid

(40,259) (7,856)

Net cash flows generated from / (used in) operating activities

2,693,301 5,721,021

CASH FLOWS FROM INVESTING ACTIVITIES

Net investments in available for sale securities	123,332	(3,755,915)
Net investment in held to maturity securities	(653,575)	207,794
Disposal of investment in associated company	250,000	-
Net investments in fixed assets	(92,433)	(62,678)
Proceeds from sale of fixed assets	15	4,006
	(372,661)	(3,606,793)

Adjustment of Exchange translation reserve

(1,977) 146

Decrease in cash and cash equivalents

2,318,663 2,114,374

Cash and cash equivalents at beginning of the period

11,864,265 12,455,117

Cash and cash equivalents at end of the period

14,182,928 14,569,491

ISLAMIC BANKING BUSINESS

Notes to the Annexure I

	Note	June 30, 2017	December 31, 2016
		(Rupees in '000)	
A-1.1 Islamic Financing and Related Assets			
Murabaha	A-1.1	10,582,079	10,002,211
Ijarah	A-1.2	8,850,322	7,912,045
Diminishing Musharakah	A-1.3	1,484,776	709,981
Musharakah	A-1.4	8,977,882	9,893,714
Running Musharakah	A-1.5	13,469,531	10,424,504
Salam	A-1.6	3,879,633	11,888,467
Istisna	A-1.7	2,956,891	1,934,468
Falah Tijarah	A-1.8	89,890	100,000
SBP Islamic Export Refinance Scheme	A-1.19	2,479,477	2,889,840
Others	A-1.10	1,037,806	965,484
		<u>53,808,287</u>	<u>56,720,714</u>
A-1.1.1 Murabaha			
Financing / Investments / Receivables		8,385,486	6,793,602
Advances		513,084	2,869,333
Inventory		2,234,290	867,834
Others (Provisions)		(550,781)	(528,558)
		<u>10,582,079</u>	<u>10,002,211</u>
A-1.1.2 Ijarah			
Advances		922,908	614,708
Assets		8,161,904	7,566,948
Others (Provisions)		(234,490)	(269,611)
		<u>8,850,322</u>	<u>7,912,045</u>
A-1.1.3 Diminishing Musharakah			
Financing / Investments / Receivables		1,427,196	747,673
Advances		166,117	100,077
Others (Provisions)		(108,537)	(137,769)
		<u>1,484,776</u>	<u>709,981</u>
A-1.1.4 Musharakah			
Financing / Investments / Receivables		8,130,053	8,978,617
Advances		1,029,050	1,096,318
Others (Provisions)		(181,221)	(181,221)
		<u>8,977,882</u>	<u>9,893,714</u>
A-1.1.5 Running Musharakah			
Financing / Investments / Receivables		13,469,531	10,424,504
Advances		-	-
Others (Provisions)		-	-
		<u>13,469,531</u>	<u>10,424,504</u>
A-1.1.6 Salam			
Financing / Investments / Receivables		3,482,392	11,927,367
Advances		-	-
Inventory		399,141	8,000
Others (Provisions)		(1,900)	(46,900)
		<u>3,879,633</u>	<u>11,888,467</u>
A-1.1.7 Istisna			
Financing / Investments / Receivables		160,477	221,340
Advances		2,711,215	1,469,378
Inventory		85,199	243,750
		<u>2,956,891</u>	<u>1,934,468</u>
A-1.1.8 Falah Tijarah			
Financing / Investments / Receivables		-	50,000
Inventory		89,890	50,000
		<u>89,890</u>	<u>100,000</u>
A-1.1.9 SBP Islamic Export Refinance Scheme			
Financing / Investments / Receivables		2,479,477	2,889,840
Advances		-	-
Others (Provisions)		-	-
		<u>2,479,477</u>	<u>2,889,840</u>
A-1.1.10 Others			
Staff Loans		958,585	915,094
Staff Loans Inventory		-	48
Advance Against Musharakah Staff		79,609	63,413
Advance Against Ijarah Staff		15,968	8,472
Overdue Acceptances and FBP		8,796	1,802
Others (Provisions)		(25,152)	(23,345)
		<u>1,037,806</u>	<u>965,484</u>

Consolidated Condensed Interim Statement of Financial Position

As at June 30, 2017

	Note	June 30, 2017 (Un-audited)	December 31, 2016 (Audited)
(Rupees in `000)			
ASSETS			
Cash and balances with treasury banks		81,710,748	74,071,394
Balances with other banks		12,598,562	9,498,787
Lendings to financial institutions	7	40,919,746	30,149,029
Investments - net	8	376,378,334	389,666,922
Advances - net	9	409,974,757	378,724,300
Operating fixed assets	10	18,128,929	18,216,937
Deferred tax assets		-	-
Other assets		20,202,048	19,115,471
		959,913,124	919,442,840
LIABILITIES			
Bills payable		12,597,296	12,886,990
Borrowings	11	201,438,785	178,710,629
Deposits and other accounts	12	656,444,315	640,854,225
Sub-ordinated loans		6,654,340	8,317,670
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		2,078,831	2,911,531
Other liabilities		15,905,665	14,836,925
		895,119,232	858,517,970
NET ASSETS		<u>64,793,892</u>	<u>60,924,870</u>
REPRESENTED BY			
Share capital		16,075,720	15,952,076
Reserves		16,968,591	15,895,652
Unappropriated profit		21,764,522	17,777,737
Total equity attributable to the equity holders of the bank		54,808,833	49,625,465
Non-controlling interest		367,327	323,466
Surplus on revaluation of assets - net of tax		9,617,732	10,975,939
		<u>64,793,892</u>	<u>60,924,870</u>
CONTINGENCIES AND COMMITMENTS	13		

The annexed notes 1 to 21 form an integral part of the consolidated condensed interim financial information.

Chief Executive Officer

Director

Director

Director

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

For the Quarter and Half Year Ended June 30, 2017

Note	Quarter ended June 30, 2017	Half year ended June 30, 2017	Quarter ended June 30, 2016	Half year ended June 30, 2016
------(Rupees in '000)-----				
Mark-up / return / interest earned	14,186,675	28,048,489	14,764,667	29,715,038
Mark-up / return / interest expensed	6,631,324	13,233,902	7,209,268	15,058,592
Net mark-up / interest income	<u>7,555,351</u>	<u>14,814,587</u>	<u>7,555,399</u>	<u>14,656,446</u>
(Reversal) / provision against non-performing loans and advances - net	(188,431)	(266,973)	114,944	343,575
Provision for diminution in value of investments - net	134,784	130,888	53,324	64,887
Bad debts written-off directly	-	-	-	-
	<u>(53,647)</u>	<u>(136,085)</u>	<u>168,268</u>	<u>408,462</u>
Net mark-up / interest income after provisions	<u>7,608,998</u>	<u>14,950,672</u>	<u>7,387,131</u>	<u>14,247,984</u>
Non mark-up / interest income				
Fee, commission and brokerage income	1,809,125	3,144,725	1,486,496	2,539,029
Dividend income	79,203	167,272	62,137	201,506
Income from dealing in foreign currencies	365,252	743,441	310,313	613,277
Gain on sale of securities - net	474,896	1,229,708	443,028	1,225,048
Unrealised (loss) / gain on revaluation of investments classified as held for trading - net	(12,599)	(6,978)	25,014	24,011
Share of profit from associates	234,648	318,353	132,507	205,010
Other income	131,803	278,763	188,602	337,732
Total non mark-up / interest income	<u>3,082,328</u>	<u>5,875,284</u>	<u>2,648,097</u>	<u>5,145,613</u>
	<u>10,691,326</u>	<u>20,825,956</u>	<u>10,035,228</u>	<u>19,393,597</u>
Non mark-up / interest expenses				
Administrative expenses	6,419,002	12,048,752	6,133,712	11,673,805
Provision / (reversal) against off-balance sheet obligations	5,811	(13,123)	14,872	15,089
Provision / (reversal) against other assets	5,648	(16,170)	92,236	(44,742)
Other charges	89,030	185,252	63,619	155,976
Total non mark-up / interest expenses	<u>6,519,491</u>	<u>12,204,711</u>	<u>6,304,439</u>	<u>11,800,128</u>
	<u>4,171,835</u>	<u>8,621,245</u>	<u>3,730,789</u>	<u>7,593,469</u>
Extra ordinary / unusual items	-	-	-	-
Profit before taxation	<u>4,171,835</u>	<u>8,621,245</u>	<u>3,730,789</u>	<u>7,593,469</u>
Taxation	16			
- Current	1,646,022	3,194,744	1,122,063	2,738,646
- Deferred	(150,077)	(148,712)	249,677	(33,653)
- Prior years	584,434	584,434	563,000	563,000
	<u>2,080,379</u>	<u>3,630,466</u>	<u>1,934,740</u>	<u>3,267,993</u>
Profit after taxation	<u>2,091,456</u>	<u>4,990,779</u>	<u>1,796,049</u>	<u>4,325,476</u>
Profit attributable to:				
Equity holders of the Bank	2,065,589	4,946,918	1,786,075	4,305,299
Non-controlling Interest	25,867	43,861	9,974	20,177
	<u>2,091,456</u>	<u>4,990,779</u>	<u>1,796,049</u>	<u>4,325,476</u>
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Basic earnings per share	14	1.29	3.08	1.12
Diluted earnings per share	14	1.28	3.07	1.12

The annexed notes 1 to 21 form an integral part of the consolidated condensed interim financial information.

Chief Executive Officer

Director

Director

Director

Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited) For the Quarter and Half Year Ended June 30, 2017

	Quarter ended June 30, 2017	Half year ended June 30, 2017	Quarter ended June 30, 2016	Half year ended June 30, 2016
	------(Rupees in `000)-----			
Profit after taxation	2,091,456	4,990,779	1,796,049	4,325,476
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>(18,011)</u>	<u>(11,027)</u>	<u>313</u>	<u>7,297</u>
Comprehensive income - transferred to consolidated condensed interim statement of changes in equity	<u>2,073,445</u>	<u>4,979,752</u>	<u>1,796,362</u>	<u>4,332,773</u>
Components of comprehensive income not reflected in equity				
Items that are or may be reclassified subsequently to profit and loss account				
(Deficit) / surplus on revaluation of available-for-sale securities	(918,252)	(2,001,807)	838,492	2,184,344
Related deferred tax liability	318,452	697,696	(293,472)	(764,520)
	(599,800)	(1,304,111)	545,020	1,419,824
Share of surplus on revaluation of associates' available-for-sale securities	-	-	(584)	(536)
	<u>(599,800)</u>	<u>(1,304,111)</u>	<u>544,436</u>	<u>1,419,288</u>

The annexed notes 1 to 21 form an integral part of the consolidated condensed interim financial information.

Chief Executive Officer

Director

Director

Director

Consolidated Condensed Interim Cash Flow Statement (Un-audited)

For the Half Year Ended June 30, 2017

Note	Half year ended	
	June 30, 2017	June 30, 2016
(Rupees in '000)		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	8,621,245	7,593,469
Dividend income	(167,272)	(201,506)
Share of profit from associates	(318,353)	(205,010)
	<u>8,135,620</u>	<u>7,186,953</u>
Adjustments for:		
Depreciation	909,462	848,399
Amortisation	211,235	161,425
(Reversal) / provision against non-performing loans and advances - net	(266,973)	343,575
Provision for diminution in the value of investments - net	130,888	64,887
(Reversal) / provision against off-balance sheet obligations	(13,123)	15,089
(Reversal) / provision against other assets	(16,170)	(44,742)
Unrealised loss / (gain) on revaluation of investments classified as held for trading - net	6,978	(24,011)
Gain on sale of operating fixed assets - net	(5,781)	(19,501)
Charge for defined benefit plan	140,533	142,028
	<u>1,097,049</u>	<u>1,487,149</u>
	<u>9,232,669</u>	<u>8,674,102</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	(1,233,860)	6,162,237
Held-for-trading securities	(9,043,985)	3,622,544
Advances	(30,983,484)	(11,253,054)
Other assets (excluding tax recoverable and dividend receivable)	(1,080,788)	452,224
	<u>(42,342,117)</u>	<u>(1,016,049)</u>
Increase / (decrease) in operating liabilities		
Bills payable	(289,694)	4,460,209
Borrowings	22,728,156	(21,341,727)
Deposits and other accounts	15,590,090	(91,638)
Other liabilities	245,834	(1,200,849)
	<u>38,274,386</u>	<u>(18,174,005)</u>
	<u>5,164,938</u>	<u>(10,515,952)</u>
Income tax paid	(3,075,200)	(2,615,400)
Net cash (used in) / generated from operating activities	<u>2,089,738</u>	<u>(13,131,352)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	18,645,083	16,305,799
Net investments in held-to-maturity securities	1,085,589	(18,851,183)
Investment in associated company	(987,737)	-
Proceeds from disposal of investment in associates	1,764,002	204,799
Dividend income received	189,312	189,173
Investments in operating fixed assets	(1,089,687)	(1,126,424)
Proceeds from sale of operating fixed assets	62,779	24,365
Net cash generated from / (used in) investing activities	<u>19,669,341</u>	<u>(3,253,471)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Redemption of sub-ordinated loans	(1,663,330)	(2,000)
Proceeds from issue of shares	191,722	84,895
Dividend paid	(458)	(1,583,978)
Net cash (used in) / generated from financing activities	<u>(1,472,066)</u>	<u>(1,501,083)</u>
Exchange difference on translation of the net investments in foreign branches	(11,027)	7,297
Increase / (decrease) in cash and cash equivalents	<u>20,275,986</u>	<u>(17,878,609)</u>
Cash and cash equivalents at beginning of the period	88,949,156	93,399,914
Effect of exchange rate changes on cash and cash equivalents	(72,385)	226,775
	<u>88,876,771</u>	<u>93,626,689</u>
Cash and cash equivalents at end of the period	<u>109,152,757</u>	<u>75,748,080</u>

The annexed notes 1 to 21 form an integral part of the consolidated condensed interim financial information.

Chief Executive Officer

Director

Director

Director

Consolidated Condensed Interim Statement of Changes In Equity (Un-audited) For the Half Year Ended June 30, 2017

	Capital Reserves				Revenue Reserves		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, 2016	15,898,062	4,329,648	8,140,904	1,572,966	120,602	12,813,488	42,875,670	274,134	43,149,804
Changes in equity for half year ended June 30, 2016									
Total comprehensive income									
Profit after tax	-	-	-	-	-	4,305,299	4,305,299	20,177	4,325,476
Other comprehensive income									
Exchange difference on translation of net investment in foreign branches	-	-	-	7,297	-	-	7,297	-	7,297
	-	-	-	7,297	-	4,305,299	4,312,596	20,177	4,332,773
Transfer to statutory reserve	-	-	870,706	-	-	(870,706)	-	-	-
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	16,460	16,460	-	16,460
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)
Shares issued during the period	54,014	30,881	-	-	-	-	84,895	-	84,895
Recognition of fair value of share based payments on grant date during the period	-	-	-	-	126,102	-	126,102	-	126,102
Amortisation of deferred employee compensation expense	-	-	-	-	(69,859)	-	(69,859)	-	(69,859)
Transfer to Share Premium on issuance of shares under Stock Option Scheme	-	56,597	-	-	(56,597)	-	-	-	-
Balance as at June 30, 2016	15,952,076	4,417,126	9,011,610	1,580,263	120,248	14,674,735	45,756,058	294,311	46,050,369
Changes in equity for half year ended December 31, 2016									
Total comprehensive income									
Profit after tax	-	-	-	-	-	3,584,495	3,584,495	29,155	3,613,650
Other comprehensive income									
Exchange difference on translation of net investment in foreign branches	-	-	-	3,757	-	-	3,757	-	3,757
Remeasurement of defined benefit plans	-	-	-	-	-	309,314	309,314	-	309,314
Related tax charge	-	-	-	-	-	(108,260)	(108,260)	-	(108,260)
Share of Remeasurement of defined benefit plans of associate	-	-	-	-	-	(499)	(499)	-	(499)
	-	-	-	3,757	-	3,785,050	3,788,807	29,155	3,817,962
Transfer to statutory reserve	-	-	709,276	-	-	(709,276)	-	-	-
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	27,228	27,228	-	27,228
Transactions with owners, recorded directly in equity									
Recognition of fair value of share based payments on grant date	-	-	-	-	5,924	-	5,924	-	5,924
Unamortised portion of deferred employee compensation expense	-	-	-	-	47,448	-	47,448	-	47,448
Balance as at December 31, 2016	15,952,076	4,417,126	9,720,886	1,584,020	173,620	17,777,737	49,625,465	323,466	49,948,931
Changes in equity for half year ended June 30, 2017									
Total comprehensive income									
Profit after tax	-	-	-	-	-	4,946,918	4,946,918	43,861	4,990,779
Other comprehensive income									
Exchange difference on translation of net investment in foreign branches	-	-	-	(11,027)	-	-	(11,027)	-	(11,027)
	-	-	-	(11,027)	-	4,946,918	4,935,891	43,861	4,979,752
Transfer to statutory reserve	-	-	976,189	-	-	(976,189)	-	-	-
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	16,056	16,056	-	16,056
Transactions with owners, recorded directly in equity									
Shares issued during the period	123,644	68,078	-	-	-	-	191,722	-	191,722
Unamortised portion of deferred employee compensation expense	-	-	-	-	39,699	-	39,699	-	39,699
Transfer of Share Premium on issuance of shares under Stock Option Scheme	-	127,787	-	-	(127,787)	-	-	-	-
Balance as at June 30, 2017	16,075,720	4,612,991	10,697,075	1,572,993	85,532	21,764,522	54,808,833	367,327	55,176,160

*This represent reserve created under section 21 (i)(a) of the Banking Companies Ordinance, 1962.
The annexed notes 1 to 21 form an integral part of the consolidated condensed interim financial information.

Chief Executive Officer

Director

Director

Director

Notes to and Forming Part of the Consolidated Condensed Interim Financial Information (Un-audited) For the Half Year Ended June 30, 2017

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 repealed 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 471 conventional banking branches including 21 sub branches (2016: 475 branches including 18 sub branches), 10 overseas branches (2016: 10 branches), 151 Islamic banking branches (2016: 153 branches) and 1 offshore banking unit (2016: 1 unit).

PACRA has upgraded the long term credit rating of the Bank to AA+ [Double A plus] and assigned a short term credit rating of A1+ [A one plus] to the Bank as at June 2017 with a stable outlook (2016: AA [Double A] for long term and A1+ [A one plus] for short term with a positive outlook).

JCR-VIS has assigned a long term credit rating of AA+ [Double A plus] and a short term credit rating of A1+ [A one plus] as at February 2017 with a stable outlook to the Bank.

	Percentage of Holding	
	June 30, 2017	December 31, 2016
Subsidiaries		
Alfalah Securities (Private) Limited, Pakistan	97.91 percent	97.91 percent
Alfalah GHP Investment Management Limited, Pakistan	40.22 percent	40.22 percent

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

2 BASIS OF PRESENTATION

- 2.1 This consolidated condensed interim financial information represents financial information of the holding company - Bank Alfalah Limited and its subsidiaries. The assets and liabilities of subsidiaries have been consolidated on a line-by-line basis and the investment held by the Bank 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.
- 2.3 Key financial figures of the Islamic Banking branches of the Bank are disclosed in Annexure I to the unconsolidated condensed interim financial information of the Bank.
- 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 consolidated financial statements of the Group for the year ended December 31, 2016.

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.

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

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

Non-controlling interests are that part of the net results of operations and of net assets of subsidiaries attributable to interest which are not owned by the 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 requirements of International Accounting Standard 34 "Interim Financial Reporting", the provisions of Companies Ordinance, 1984, Banking repealed 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, provisions of the repealed Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and the said directives have been followed.

3.2 The Companies Ordinance, 1984 was repealed by enactment of the Companies Act 2017 on May 30, 2017. SECP vide its Circular No. 17 of 2017 and press release of July 20, 2017, has clarified that all those companies whose financial year, including quarterly and other interim period, closes on or before June 30, 2017 can prepare financial statements in accordance with the provisions of repealed Companies Ordinance, 1984. The Companies Act 2017 requires enhanced disclosures and has also enhanced the definition of related parties.

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 financial statements of the Bank for the year ended December 31, 2016.

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 financial statements of the Bank for the year ended December 31, 2016.

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, 2016.

7 LENDINGS TO FINANCIAL INSTITUTIONS	Notes	June 30,	December 31,
		2017 (Un-audited)	2016 (Audited)
		(Rupees in '000)	
Call money lendings	7.1	14,843,447	5,306,590
Bai Muajjal	7.2	21,942,281	24,497,227
Repurchase agreement lendings	7.3	4,134,018	345,212
		<u>40,919,746</u>	<u>30,149,029</u>

7.1 These represent lendings to financial institutions at interest rates ranging from 1.2% to 9.00% per annum (December 2016: 0.25% to 9.00% per annum) having maturities upto September 2017 (December 2016: March 2017).

7.2 This represents Bai Muajjal agreements entered into with State Bank of Pakistan (SBP) / other commercial banks, whereby the Bank sold Sukuks having carrying value of Rs. 20,414 million (December 2016: 24,497 million) on deferred payment basis. The rates of return range from 5.43% to 5.80% per annum (December 2016: 5.62% to 5.97% per annum), and these are due to mature by December 2017 (December 2016: June 2017).

7.3 These represent short term lending to financial institutions against investment securities. These carry markup rates ranging from 5.84% to 6.15% per annum (December 2016: 6.15% per annum) with maturities upto July 2017 (December 2016: January 2017).

8 INVESTMENTS - NET

8.1 Investments by types

	June 30, 2017 (Un-audited)			December 31, 2016 (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	22,992,603	-	22,992,603	14,120,130	-	14,120,130
Pakistan Investment Bonds	381,085	-	381,085	20,207	-	20,207
Overseas Bonds	447,207	-	447,207	549,615	-	549,615
Sukuk Bonds	550,000	-	550,000	-	-	-
Fully paid up ordinary shares /units - Listed	103,927	-	103,927	740,776	-	740,776
	24,474,822	-	24,474,822	15,430,728	-	15,430,728
Available-for-sale securities						
Market Treasury Bills	32,941,852	22,527,427	55,469,279	38,584,821	-	38,584,821
Pakistan Investment Bonds	39,463,783	128,881,756	168,345,539	78,936,759	128,150,711	207,087,470
Fully paid up ordinary shares / units - Listed	6,492,958	-	6,492,958	6,223,937	-	6,223,937
Fully paid up ordinary shares - Unlisted	98,086	-	98,086	109,662	-	109,662
Term Finance Certificates	509,162	-	509,162	514,483	-	514,483
Preference Shares - Listed	108,835	-	108,835	108,835	-	108,835
Preference Shares - Unlisted	25,000	-	25,000	25,000	-	25,000
Redeemable Participating Certificates	1,037,818	-	1,037,818	501,938	-	501,938
Pakistan Euro Bonds	2,695,745	-	2,695,745	2,688,770	-	2,688,770
Overseas Bonds	5,228,920	6,650,594	11,879,514	7,819,677	4,839,993	12,659,670
Sukuk Bonds	39,980,022	6,904,877	46,884,899	38,663,395	5,023,937	43,687,332
	128,582,181	164,964,654	293,546,835	174,177,277	138,014,641	312,191,918
Held-to-maturity securities						
Market Treasury Bills	1,214,020	-	1,214,020	1,995,857	-	1,995,857
Pakistan Investment Bonds	31,834,828	-	31,834,828	31,793,773	-	31,793,773
Term Finance Certificates	524,266	-	524,266	524,266	-	524,266
Pakistan Euro Bonds	707,776	-	707,776	706,255	-	706,255
Commercial Papers	-	-	-	661,557	-	661,557
Overseas Bonds	9,372,432	1,039,353	10,411,785	9,714,052	1,036,079	10,750,131
Sukuk Bonds	4,500,848	-	4,500,848	3,847,273	-	3,847,273
	48,154,170	1,039,353	49,193,523	49,243,033	1,036,079	50,279,112
Investments in Associates and Mutual Funds established under Trust Structure not considered for consolidation						
Alfalsh Insurance Limited	305,352	-	305,352	282,909	-	282,909
Sapphire Wind Power Company Limited	1,452,204	-	1,452,204	1,221,237	-	1,221,237
TriconBoston Consulting Corporation (Private) Limited	767,831	-	767,831	-	-	-
Alfalsh GHP Money Market Fund	-	-	-	57,287	-	57,287
Alfalsh GHP Income Multiplier Fund	24,822	-	24,822	298,473	-	298,473
Alfalsh GHP Sovereign Fund	39,954	-	39,954	253,490	-	253,490
Appollo Pharma Limited	-	-	-	169,745	-	169,745
Alfalsh GHP Income Fund	37,686	-	37,686	6,683	-	6,683
Alfalsh GHP Islamic Income Fund	155,525	-	155,525	-	-	-
Alfalsh GHP Value Fund	-	-	-	439,502	-	439,502
Alfalsh GHP Cash Fund	9,598	-	9,598	534,264	-	534,264
	2,792,972	-	2,792,972	3,263,590	-	3,263,590
Investments	204,004,145	166,004,007	370,008,152	242,114,628	139,050,720	381,165,348
Provision for diminution in value of investments including associates	8.2	(1,384,669)	(1,384,669)	(1,253,781)	-	(1,253,781)
Investments (net of provisions)						
	202,619,476	166,004,007	368,623,483	240,860,847	139,050,720	379,911,567
Surplus / (deficit) on revaluation of held for trading securities - net	(6,978)	-	(6,978)	109	-	109
Surplus / (deficit) on revaluation of available for sale securities-net	7,004,116	757,713	7,761,829	7,677,435	2,077,811	9,755,246
Total investments	209,616,614	166,761,720	376,378,334	248,538,391	141,128,531	389,666,922

	Note	June 30, 2017 (Un-audited)	December 31, 2016 (Audited)
(Rupees in '000)			
8.2 Particulars of provision for diminution in value of investments - net			
Opening balance		1,253,781	5,519,811
Charge for the period / year		138,681	100,766
Reversals during the period / year		(7,793)	-
		130,888	100,766
Provision written off / (adjusted) during the period / year		-	(4,366,796)
Closing balance		<u>1,384,669</u>	<u>1,253,781</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
- Pakistan Mobile Communications Limited (Related party)		3,936	3,936
Unlisted securities			
- Term finance certificates / sukuks			
- Azgard Nine Limited		76,220	76,220
- Security Leasing Corporation Limited I		6,418	6,418
- Security Leasing Corporation Limited II		23,105	23,105
- New Allied Electronics		2,185	2,185
- Fauji Akbar Portia Marine Terminals Limited		193,551	161,407
- Quetta Textile Mills Limited		72,619	72,619
- Preference shares			
- Trust Investment Bank Limited		25,000	25,000
Held to maturity securities			
Unlisted securities			
- Term finance certificates / sukuk bonds			
- Agritech Limited		499,586	499,586
- BRR Guardian Modaraba		28,384	36,177
- Security Leasing Corporation Limited		29,245	29,245
- Sitara Peroxide (Private) Limited		118,052	113,643
- Zulekha Textile Mills		24,680	24,680
Statutory general reserve held against overseas investments - Afghanistan	8.3.1	102,128	-
		<u>1,384,669</u>	<u>1,253,781</u>

8.3.1 This represents general reserve (of at least one percent) for losses against performing investments - i.e. those classified as standard, under Asset Classification and Provisioning Regulations of DAB, Afghanistan.

	Note	June 30, 2017 (Un-audited)	December 31, 2016 (Audited)
(Rupees in '000)			
9 ADVANCES - NET			
Loans, cash credits, running finances, etc.			
In Pakistan		342,582,611	309,127,177
Outside Pakistan		13,246,449	13,181,132
		<u>355,829,060</u>	<u>322,308,309</u>
Net investment in finance lease			
In Pakistan		4,288,591	4,181,047
Outside Pakistan		-	-
		<u>4,288,591</u>	<u>4,181,047</u>
Islamic financing and related assets (gross)	9.1	54,910,368	57,908,118
Bills discounted and purchased (excluding market treasury bills)			
Payable in Pakistan		4,783,003	5,033,339
Payable outside Pakistan		6,916,594	6,437,718
		<u>11,699,597</u>	<u>11,471,057</u>
		<u>426,727,616</u>	<u>395,868,531</u>
Provision against advances			
Specific provision against non-performing advances	9.3	(16,023,814)	(16,368,263)
General provision against advances	9.3	(729,045)	(775,968)
		<u>(16,752,859)</u>	<u>(17,144,231)</u>
		<u>409,974,757</u>	<u>378,724,300</u>

9.1 This represents financing and related assets placed under shariah permissible modes and presented in Annexure I to the unconsolidated condensed interim financial information of the Bank.

9.2 Advances include Rs. 17,950 million (December 31, 2016: Rs. 19,020 million) which have been placed under non-performing status as detailed below:

	June 30, 2017 (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)	101,568	-	101,568	2,488	-	2,488	2,488	-	2,488
Substandard	2,137,460	-	2,137,460	561,240	-	561,240	561,240	-	561,240
Doubtful	1,659,392	-	1,659,392	1,413,218	-	1,413,218	1,413,218	-	1,413,218
Loss	13,759,119	292,853	14,051,972	13,794,387	252,481	14,046,868	13,794,387	252,481	14,046,868
	<u>17,657,539</u>	<u>292,853</u>	<u>17,950,392</u>	<u>15,771,333</u>	<u>252,481</u>	<u>16,023,814</u>	<u>15,771,333</u>	<u>252,481</u>	<u>16,023,814</u>

	December 31, 2016 (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)	149,224	-	149,224	4,318	-	4,318	4,318	-	4,318
Substandard	2,336,995	-	2,336,995	577,634	-	577,634	577,634	-	577,634
Doubtful	1,990,208	-	1,990,208	1,483,906	-	1,483,906	1,483,906	-	1,483,906
Loss	14,224,437	318,921	14,543,358	14,063,267	239,138	14,302,405	14,063,267	239,138	14,302,405
	<u>18,700,864</u>	<u>318,921</u>	<u>19,019,785</u>	<u>16,129,125</u>	<u>239,138</u>	<u>16,368,263</u>	<u>16,129,125</u>	<u>239,138</u>	<u>16,368,263</u>

9.3 Particulars of provisions against non-performing loans and advances

	Half year ended June 30, 2017 (Un-audited)			Year ended December 31, 2016 (Audited)		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in `000) -----					
Opening balance	16,368,263	775,968	17,144,231	15,452,915	739,904	16,192,819
Exchange adjustment and other movements	(4,080)	(2,109)	(6,189)	1,258	(1,135)	123
Charge for the period / year	811,269	58,025	869,294	3,408,124	157,644	3,565,768
Reversals / recoveries	(1,033,428)	(102,839)	(1,136,267)	(2,362,817)	(120,445)	(2,483,262)
	(222,159)	(44,814)	(266,973)	1,045,307	37,199	1,082,506
Amounts written off	(118,210)	-	(118,210)	(131,217)	-	(131,217)
Closing balance	16,023,814	729,045	16,752,859	16,368,263	775,968	17,144,231

9.3.1 The additional profit arising from availing the forced sales value (FSV) benefit - net of tax at June 30, 2017 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees amounted to Rs. 27.928 million (December 31, 2016: Rs. 95.817 million).

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

9.3.3 Exposure amounting to Rs. 10.972 billion relating to certain facilities of Power Holding (Pvt.) Limited, which is a government guaranteed loan, has not been classified as non-performing, pursuant to a relaxation given by SBP in this respect. The relaxation is valid upto August 31, 2017.

June 30, 2017 (Un-audited)	December 31, 2016 (Audited)
(Rupees in `000)	

10 OPERATING FIXED ASSETS

Capital work-in-progress	972,434	775,408
Property and equipment	15,948,263	16,144,219
Intangible assets	<u>1,208,232</u>	<u>1,297,310</u>
	<u>18,128,929</u>	<u>18,216,937</u>

	Note	Half year ended	
		June 30, 2017	June 30, 2016
		(Un-audited) (Rupees in '000)	
10.1 Additions to operating fixed assets			
Office premises		53,692	386,224
Leasehold improvements		104,606	88,419
Office equipment		545,876	394,023
Furniture and fixtures		8,598	32,334
Vehicles		62,638	16,550
10.2 Additions to Intangibles			
Computer software		123,750	149,090
10.3 Disposals of operating fixed assets			
Office premises		50,159	-
Leasehold improvements		45,023	10
Office equipment		168,026	67,385
Furniture and fixtures		5,597	11,147
Vehicles		11,720	26,773
11 BORROWINGS		June 30, 2017 (Un-audited)	December 31, 2016 (Audited)
		(Rupees in '000)	
Secured			
Borrowings from State Bank of Pakistan under ERF / LTF - EOP		23,761,907	21,668,916
Repurchase agreement borrowings	11.1	144,776,473	136,763,030
Borrowings from other central banks		56,835	198,418
Bai Muajjal	11.2	19,351,114	-
Other short term borrowings		399,659	399,594
		<u>188,345,988</u>	<u>159,029,958</u>
Unsecured			
Call borrowings	11.3	10,061,544	13,461,835
Bai Muajjal	11.4	3,031,253	6,218,836
		13,092,797	19,680,671
		<u>201,438,785</u>	<u>178,710,629</u>

11.1 This represents repurchase agreement borrowing from SBP and other banks at the rate of 1.15% and 6.20% per annum respectively (December 2016: 1.10% and 5.95% per annum) having maturities upto July 2017 (December 2016: February 2017).

11.2 This represents borrowings from financial institutions at mark-up rates ranging from 5.73% to 5.79% per annum (December 2016: Nil) having maturities upto February 2018 (December 2016: Nil).

11.3 This represents borrowings from financial institutions at mark-up rates ranging from 0.3% to 5.75% per annum (December 2016: 0.55% to 5.80% per annum) having maturities upto September 2017 (December 2016: March 2017).

11.4 This represents borrowings from financial institutions at mark-up rate of 5.65% per annum (December 2016: 5.60% to 5.70% per annum) having maturities upto July 2017 (December 2016: May 2017).

	June 30, 2017 (Un-audited)	December 31, 2016 (Audited)
	(Rupees in '000)	
12 DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	92,953,832	94,268,250
Savings deposits	217,624,187	229,010,684
Current accounts - non-remunerative	300,486,835	283,711,087
Others	5,949,604	4,721,828
	<u>617,014,458</u>	<u>611,711,849</u>
Financial institutions		
Remunerative deposits	36,388,640	27,347,009
Non-remunerative deposits	3,041,217	1,795,367
	<u>39,429,857</u>	<u>29,142,376</u>
	<u>656,444,315</u>	<u>640,854,225</u>
13 CONTINGENCIES AND COMMITMENTS		
13.1 Direct credit substitutes		
i) Government	67,623	1,632,063
ii) Banking companies and other financial institutions	-	-
iii) Others	5,721	53,167
	<u>73,344</u>	<u>1,685,230</u>
13.2 Transaction - related contingent liabilities		
i) Government	52,398,343	32,243,564
ii) Banking companies and other financial institutions	943,131	544,762
iii) Others	8,312,168	11,725,088
	<u>61,653,642</u>	<u>44,513,414</u>
13.3 Trade - related contingent liabilities		
Letters of credit	80,382,604	73,061,529
Acceptances	9,382,829	12,188,691
13.4 Other contingencies		
Claims against the Bank not acknowledged as debts	17,881,056	13,847,649

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

	June 30, 2017 (Un-audited)	December 31, 2016 (Audited)
	(Rupees in '000)	
13.5 Commitments in respect of forward lendings		
Commitments to extend credit	<u>22,631,823</u>	<u>28,450,269</u>
Commitments in respect of investments	<u>3,065,768</u>	<u>3,596,186</u>
13.6 Commitments in respect of forward exchange contracts		
Purchase	<u>49,805,192</u>	<u>53,992,848</u>
Sale	<u>49,511,002</u>	<u>41,084,440</u>
13.7 Commitments for the acquisition of operating fixed assets	<u>641,522</u>	<u>336,774</u>
13.8 Commitments in respect of repo transactions		
Repurchase	<u>144,930,726</u>	<u>136,912,078</u>
Resale	<u>4,141,213</u>	<u>349,222</u>
13.9 Other commitments		
Interest rate swaps	<u>6,256,948</u>	<u>7,622,307</u>
Futures	<u>6,066,732</u>	<u>-</u>
Donations	<u>22,000</u>	<u>22,000</u>
13.10 Through Finance Act 2008, the Federal Government introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged and conflicting judgments were rendered by various courts. Appeals against these orders were filed in the Supreme Court.		
The Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of Workers Welfare Fund were not lawful. The Federal Board of Revenue has filed review petitions against the above judgment. These petitions are currently pending.		
Based on the legal advice obtained by the Pakistan Banks Association which highlights that consequent to filing of these review petitions, a risk has arisen and the judgment is not conclusive until the review petitions are decided, the amount charged for Workers Welfare Fund since 2008 has not been reversed.		
13.11 Contingencies for tax payable (note 16)		

	<u>Half year ended</u>	
	<u>June 30, 2017 (Un-audited)</u>	<u>June 30, 2016 (Un-audited)</u>
	(Rupees in '000)	
14 EARNINGS PER SHARE		
14.1 BASIC EARNINGS PER SHARE		
Profit after taxation for the period attributable to equity holders of the Bank	<u>4,946,918</u>	<u>4,305,299</u>
	(Number of shares in thousand)	
Weighted average number of ordinary shares	<u>1,604,379</u>	<u>1,598,921</u>
	(Rupees)	
Basic earnings per share	<u>3.08</u>	<u>2.69</u>
14.2 DILUTED EARNINGS PER SHARE		
Profit after taxation for the period attributable to equity holders of the Bank	<u>4,946,918</u>	<u>4,305,299</u>
	(Number of shares in thousand)	
Weighted average number of ordinary shares	<u>1,610,730</u>	<u>1,598,921</u>
	(Rupees)	
Diluted earnings per share	<u>3.07</u>	<u>2.69</u>
	June 30, 2017 (Un-audited)	December 31, 2016 (Audited)
	(Rupees in '000)	
15 CASH AND CASH EQUIVALENTS		
Cash and balances with treasury banks	81,710,748	74,071,394
Balances with other banks	12,598,562	9,498,787
Call money lendings	<u>14,843,447</u>	<u>5,306,590</u>
	<u>109,152,757</u>	<u>88,876,771</u>

16 TAXATION

The income tax assessments of the Bank have been finalized upto and including tax year 2016. 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, 2011, 2014, 2015 and 2016, the tax authorities have raised certain issues including 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, disallowance of Leasehold improvements resulting in additional demand of Rs. 987.015 million. As a result of appeal filed before Commissioner Appeals against these issues, relief has been provided for tax amount of Rs. 60.032 million whereas appeal effect orders are pending. The management's appeals on certain issues are pending before Commissioner Appeals. The management is confident that these matters will be decided in favour of the Bank and consequently has not made any provision in respect of these amounts.

The Bank has received amended assessment orders for Tax Years from 2010 to 2013 wherein Tax Authorities have disallowed depreciation on Ijara 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. Accordingly tax amount is reduced to Rs. 96.161 million. The Bank has filed appeal before Appellate Tribunal. Further, Bank has received two amended orders for Tax Years 2014 and 2015 wherein tax demand of Rs. 37.638 million is raised on this matter. 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. 42.539 million against tax demand for tax years 2016 and 2017. The Bank intends 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 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

For the period ended June 30, 2017										
	Retail Banking	Corporate Banking	Treasury	Consumer Banking	Islamic Banking	International Operations	Retail Brokerage	Asset Management	Others*	Total
(Rs. in '000)										
Segment income	4,484,554	6,903,659	12,479,748	2,293,763	4,402,644	2,064,953	141,263	250,494	902,695	33,923,773
Inter-segment income / (expense)	7,401,135	(3,883,463)	(3,439,362)	(529,988)	(577)	-	-	-	452,255	-
Segment expenses	8,564,610	1,490,973	4,836,156	834,030	2,968,770	1,281,663	82,570	157,705	5,086,051	25,302,528
Profit before tax	3,321,079	1,529,223	4,204,230	929,745	1,433,297	783,290	58,693	92,789	(3,731,101)	8,621,245
As at June 30, 2017										
	Retail Banking	Corporate Banking	Treasury	Consumer Banking	Islamic Banking	International Operations	Retail Brokerage	Asset Management	Others*	Total
(Rs. in '000)										
Segment assets	155,087,265	226,375,371	302,559,024	24,260,184	148,664,376	70,220,634	941,586	1,395,156	30,409,528	959,913,124
Segment non performing loans	8,230,621	7,526,105	-	347,385	1,552,158	292,853	1,270	-	-	17,950,392
Segment provision required against loans and advances	7,655,923	6,703,686	-	757,909	1,102,081	389,838	1,271	-	142,151	16,752,859
Segment liabilities	436,142,194	86,798,671	159,350,810	1,913,323	136,367,266	61,509,704	698,057	328,093	12,011,114	895,119,232
Segment return on assets (ROA %)	1.4%	1.2%	1.3%	7.4%	2.0%	2.3%			-5.3%	
Segment cost of funds(%)	3.0%	5.0%	5.7%	5.3%	2.7%	2.2%			3.0%	
For the period ended June 30, 2016										
	Retail Banking	Corporate Banking	Treasury	Consumer Banking	Islamic Banking	International Operations	Retail Brokerage	Asset Management	Others*	Total
(Rs. in '000)										
Segment income	3,430,897	6,957,253	16,020,018	2,097,584	4,018,807	1,975,829	28,595	162,495	169,173	34,860,651
Inter-segment income / (expense)	8,298,470	(2,869,337)	(5,060,048)	(458,761)	-	-	-	-	89,676	-
Segment expenses	9,508,936	3,365,100	4,660,563	948,766	3,160,768	788,816	60,279	81,728	4,692,226	27,267,182
Profit before tax	2,220,431	722,816	6,299,407	690,057	858,039	1,187,013	(31,684)	80,767	(4,433,377)	7,593,469
As at June 30, 2016										
	Retail Banking	Corporate Banking	Treasury	Consumer Banking	Islamic Banking	International Operations	Retail Brokerage	Asset Management	Others*	Total
(Rs. in '000)										
Segment assets	116,821,821	207,756,328	318,860,606	19,308,351	136,979,215	57,135,702	280,069	559,372	33,336,602	891,038,066
Segment non performing loans	8,707,286	8,285,632	-	479,667	1,176,417	344,707	360	-	131,667	19,125,736
Segment provision required against loans and advances	8,176,114	5,928,642	-	887,381	1,053,109	340,694	360	-	92,014	16,478,314
Segment liabilities	416,901,834	96,035,096	127,684,245	1,357,911	125,972,039	49,020,097	102,956	115,282	15,557,927	832,747,387
Segment return on assets (ROA %)	1.0%	0.5%	1.9%	7.1%	0.8%	8.4%			-0.6%	2.2%
Segment cost of funds (%)	3.4%	5.3%	5.8%	5.8%	4.7%	2.1%			5.0%	3.9%

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

December 31, 2016 (Audited)

	Carrying Amount				Fair value							
	HFT	A/S	HTM	Loans and Receivables	Subsidiaries & Associates	Derivative Instrument Held for Risk Management	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments												
Financial assets measured at fair value												
- Other assets	320,749	-	-	-	-	-	-	-	-	320,749	-	320,749
- Forward foreign exchange contracts	55,336	-	-	-	-	-	-	-	-	55,336	-	55,336
- Investments	14,371,242	304,976,096	-	-	-	-	-	-	-	319,347,338	-	319,347,338
- Government Securities (TBills, PIBs, Gop Sukuks, Overseas Govt. Sukuk, Overseas and Euro bonds)	296,341	5,061,134	-	-	-	-	-	-	-	5,359,475	-	5,359,475
- Overseas Bonds - others	761,255	8,292,796	-	-	-	-	-	-	-	9,054,051	-	9,054,051
- Ordinary shares of listed companies	-	278,480	-	-	-	-	-	-	-	278,480	-	278,480
- Risk securities (TCS)	-	2,193,167	-	-	-	-	-	-	-	2,193,167	-	2,193,167
- Sukuk-Other than Govt	-	-	-	-	-	-	-	-	-	-	-	-
Financial assets not measured at fair value												
- Cash and bank balances with treasury banks	-	-	-	74,071,384	-	-	-	-	-	74,071,384	-	74,071,384
- Balances with other banks	-	-	-	9,373,123	-	-	-	-	-	9,373,123	-	9,373,123
- Lending to financial institutions	-	-	-	30,149,029	-	-	-	-	-	30,149,029	-	30,149,029
- Advances	-	-	-	378,720,349	-	-	-	-	-	378,720,349	-	378,720,349
- Other assets	-	-	-	16,974,249	-	-	-	-	-	16,974,249	-	16,974,249
- Investments	-	-	-	-	-	-	-	-	-	-	-	-
- Government Securities (PIBs, WAPDA Sukuks, Overseas and Euro bonds)	-	-	45,026,708	-	-	-	-	-	-	45,026,708	-	45,026,708
- Overseas Bonds - Others	-	-	518,251	-	-	-	-	-	-	518,251	-	518,251
- Unlisted shares (Ordinary & Preference)	-	22,395	-	-	-	-	-	-	-	22,395	-	22,395
- Redeemable Participating Certificate	-	501,938	-	-	-	-	-	-	-	501,938	-	501,938
- Commercial Paper	-	-	529,280	-	-	-	-	-	-	529,280	-	529,280
- Sukuk-Other than Govt	-	-	3,501,541	-	-	-	-	-	-	3,501,541	-	3,501,541
- Assets	-	-	-	-	755,153	-	-	-	-	755,153	-	755,153
- Mutual Funds	-	-	-	-	1,047,113	-	-	-	-	1,047,113	-	1,047,113
- Ordinary shares of unlisted companies	-	-	-	-	-	-	-	-	-	-	-	-
- Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
- Mutual Funds	-	-	-	-	525,474	-	-	-	-	525,474	-	525,474
- Ordinary shares of unlisted companies	-	-	-	-	430,493	-	-	-	-	430,493	-	430,493
- Total	15,806,923	321,327,786	49,575,780	509,288,134	2,758,233	-	-	-	-	898,756,856	-	898,756,856
Financial liabilities measured at fair value												
- Other liabilities	555,131	-	-	-	-	-	-	-	-	555,131	-	555,131
- Forward foreign exchange contracts	37,078	-	-	-	-	-	-	-	-	37,078	-	37,078
- Interest rate swaps	-	-	-	-	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value												
- Bills Payable	-	-	-	-	-	-	12,886,990	-	-	12,886,990	-	12,886,990
- Borrowings	-	-	-	-	-	-	178,311,035	-	-	178,311,035	-	178,311,035
- Deposits and other accounts	-	-	-	-	-	-	640,934,254	-	-	640,934,254	-	640,934,254
- Subordinated loans	-	-	-	-	-	-	8,311,000	-	-	8,311,000	-	8,311,000
- Other liabilities	-	-	-	-	-	-	12,473,968	-	-	12,473,968	-	12,473,968
- Total	592,209	-	-	-	-	-	852,935,917	-	-	852,935,917	-	852,935,917
Off balance sheet financial instruments												
- Forward Exchange Contracts Purchase	-	-	-	-	-	53,982,848	-	-	-	53,982,848	-	53,982,848
- Forward Exchange Contracts Sale	-	-	-	-	-	41,084,440	-	-	-	41,084,440	-	41,084,440
- Interest Rate Swaps	-	-	-	-	-	7,622,307	-	-	-	7,622,307	-	7,622,307
- Forward Exchange Contracts Sale	-	-	-	-	-	41,084,440	-	-	-	41,084,440	-	41,084,440
- Interest Rate Swaps	-	-	-	-	-	7,622,307	-	-	-	7,622,307	-	7,622,307
- Total	-	-	-	-	-	141,376,932	-	-	-	141,376,932	-	141,376,932
Total	16,405,152	321,327,786	49,575,780	509,288,134	2,758,233	-	-	-	-	898,756,856	-	898,756,856

19 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.

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

	June 30, 2017 (Un-audited)				
	Directors	Key Management Personnel	Group / Associated Companies / Others	Associates	Total
	----- (Rupees in '000) -----				
Deposits					
Balance at beginning of the period	10,201	164,506	8,688,767	1,031,657	9,895,131
Placements during the period	233,329	881,710	69,144,736	29,409,755	99,669,530
Withdrawals / adjustments during the period	(224,930)	(909,765)	(75,273,433)	(29,130,965)	(105,539,093)
Balance at end of the period	<u>18,600</u>	<u>136,451</u>	<u>2,560,070</u>	<u>1,310,447</u>	<u>4,025,568</u>
Advances					
Balance at beginning of the period	79,130	351,335	8,040,236	-	8,470,701
Disbursements / adjustments during the period	21,130	163,267	14,479,672	-	14,664,069
Repayments / adjustments during the period	-	(82,278)	(14,426,486)	-	(14,508,764)
Balance at end of the period	<u>100,260</u>	<u>432,324</u>	<u>8,093,422</u>	<u>-</u>	<u>8,626,006</u>
Provision held against advances	<u>-</u>	<u>-</u>	<u>1,541,709</u>	<u>-</u>	<u>1,541,709</u>
Investments					
Balance at beginning of the period	-	-	2,027,290	3,263,590	5,290,880
Investments during the period	-	-	-	1,171,482	1,171,482
Redemption / adjustments during the period	-	-	(538,388)	(1,640,701)	(2,179,089)
Balance at end of the period	<u>-</u>	<u>-</u>	<u>1,488,902</u>	<u>2,794,371</u>	<u>4,283,273</u>
Provision held against investments	<u>-</u>	<u>-</u>	<u>53,936</u>	<u>-</u>	<u>53,936</u>
Call borrowings / Repo					
Balance at beginning of the period	-	-	-	-	-
Borrowings during the period	-	-	2,200,000	-	2,200,000
Repayments during the period	-	-	(2,200,000)	-	(2,200,000)
Balance at end of the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Call lendings / Reverse repo					
Balance at beginning of the period	-	-	-	-	-
Placements during the period	-	-	33,900,000	-	33,900,000
Withdrawals during the period	-	-	(33,900,000)	-	(33,900,000)
Balance at end of the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

December 31, 2016 (Audited)					
	Directors	Key Management Personnel	Group / Associated Companies / Others	Associates	Total
	----- (Rupees in '000) -----				
Deposits					
Balance at beginning of the year	14,825	120,281	6,095,252	350,316	6,580,674
Placements during the year	306,363	1,257,912	117,678,110	44,962,231	164,204,616
Withdrawals / adjustments during the year	(310,987)	(1,213,687)	(115,084,595)	(44,280,890)	(160,890,159)
Balance at end of the year	<u>10,201</u>	<u>164,506</u>	<u>8,688,767</u>	<u>1,031,657</u>	<u>9,895,131</u>
Advances					
Balance at beginning of the year	89,000	328,280	6,339,450	-	6,756,730
Disbursements during the year	-	287,570	22,062,374	-	22,349,944
Repayments / adjustments during the year	(9,870)	(264,515)	(20,361,588)	-	(20,635,973)
Balance at end of the year	<u>79,130</u>	<u>351,335</u>	<u>8,040,236</u>	<u>-</u>	<u>8,470,701</u>
Provision held against advances	<u>-</u>	<u>-</u>	<u>1,543,054</u>	<u>-</u>	<u>1,543,054</u>
Investments					
Balance at beginning of the year	-	-	4,716,796	4,019,314	8,736,110
Investments during the year	-	-	1,977,290	67,267	2,044,557
Redemptions / adjustments during the year	-	-	(4,666,796)	(822,991)	(5,489,787)
Balance at end of the year	<u>-</u>	<u>-</u>	<u>2,027,290</u>	<u>3,263,590</u>	<u>5,290,880</u>
Provision held against investments	<u>-</u>	<u>-</u>	<u>53,936</u>	<u>-</u>	<u>53,936</u>
Call borrowings / Repo					
Balance at beginning of the year	-	-	-	-	-
Borrowings during the year	-	-	2,200,000	-	2,200,000
Repayments during the year	-	-	(2,200,000)	-	(2,200,000)
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	-	-	17,250,000	-	17,250,000
Withdrawals during the year	-	-	(17,250,000)	-	(17,250,000)
Balance at end of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	June 30, 2017 (Un-audited)	December 31, 2016 (Audited)
	(Rupees in '000)	
19.2 Advances		
Running finance	806,276	753,858
Long term loans	7,819,730	7,716,843
19.3 Contingencies and commitments		
Letter of credit, acceptance and guarantees outstanding	1,126,336	1,724,344
19.4 Customer Accounts		
PLS accounts	1,489,361	5,869,154
Current accounts	1,060,451	1,211,423
Fixed deposit accounts	1,475,756	2,814,554

	Half year ended	
	June 30, 2017	June 30, 2016
	(Un-audited) (Rupees in '000)	
19.5 Transactions with Associates and Others		
Associates		
Mark-up expense on deposits / TFCs	33,478	20,085
Rent Income from Alfalah Insurance Limited	-	1,123
Insurance premium paid to Alfalah Insurance Company Limited	431,599	537,588
Insurance claims received from Alfalah Insurance Company Limited against operating fixed assets	4,530	4,348
Dividend paid to Alfalah Insurance Company Limited	-	500
Dividend income from funds	-	101,980
Dividend income from Pakistan Mobile Communication Limited	1,460	-
Capital Gain on sale of units of funds	323,373	104,800
Investment in TriconBoston Consulting Corporation (Private) Limited	769,230	-
Management fee earned from funds	216,780	126,514
Reimbursement of expenses from funds	17,017	10,445
Sales load earned from funds	19,539	14,766
Investment made in fund units	209,763	8,000
Redemption in investment in fund units	160,000	-
Dividend income from funds	-	12,401
Receivable from funds for selling & marketing expenses	964	-
Others		
Mark-up income on advances / Investment	215,422	231,741
Mark-up expense on deposits	101,424	53,075
Rent income from Warid Telecom (Private) Limited / Pakistan Mobile Communication Limited	8,929	8,069
Rent expense paid pertaining to Wateen Telecom Limited	-	4,264
Interest received on placements with Silk Bank	8,844	325
Mark-up received on Sukuk from Pakistan Mobile Communication Limited	56,630	-
Amount received on Redemption of Silk Bank Preference Shares	-	439,200
Advance paid to Silk Bank against Pre-IPO TFC	100,000	-
Interest paid on Borrowings from Silk Bank	366	85
Payment to Institute of Bankers of Pakistan	2,378	2,154
Payment to Wateen Telecom Limited and Wateen Solutions (Private) Limited for purchase of equipment and maintenance charges	98,655	74,541
Payment to Monet (Private) Limited for Branchless banking services	35,988	126,468
Payment to Al-Qudees & Co.	-	8,689
Payment to Locker Smiths (Private) Limited	-	9,414
Payment to Sundar Interior & Architects	-	4,525
Payment to Timber Links	18	2,215
Payment to Expressive Safety & Security Solutions	2,735	7,662
Payment to Olive International (Private) Limited	333	1,525
Payment to Computer Marketing Co. (Private) Limited.	1,756	11,938
Payment to K-Tabs	-	11,349
Payment to MEC Engineer	4,650	4,678
Payment to Tahiri Printers	4,233	3,943
Payment to Bawany Traders	-	2,833
Payment to MEK STEEL FURNITURE	1,535	-
Payment to S-TECH	4,988	-
Payment to The Pakistan Business Council	1,540	-
Payment to Digital Plus	17,203	-
Payment to Computer Need Network	2,697	-
Payment to A. S. General Supplies	3,999	-
Contribution to employees provident fund	168,218	166,444
Contribution to gratuity fund	140,533	142,028
(Reversal) / Provision against advances to Wateen Telecom (Private) Limited	(1,344)	679,385
Commission received from Warid Telecom (Private) Limited	-	1,828

	June 30, 2017 (Un-audited)	December 31, 2016 (Audited)
	(Rupees in `000)	
19.6 Balances with Associates and Others		
Associates		
Advance against issuance of Shares - Sapphire Wind Power Company Limited	112,350	112,350
Rent receivable from Alfalah Insurance Company Limited	1,248	416
TFCs held by Alfalah GHP Income Multiplier Fund	6,115	6,116
TFCs held by Alfalah GHP Income Fund	41,930	72,887
Management fee receivable from funds	141,156	137,853
Sales load receivable from funds	12,516	14,982
Investment in funds units	446,979	539,267
Receivable against formation cost of funds	3,436	2,647
Receivable against allocation of expenses from funds	17,017	13,127
Receivable from funds for selling & marketing expenses	6,612	-
Seed Capital in funds	-	180,000
Advisory income receivable from funds	-	976
Insurance payable for General & Health	-	480
Employees and the Company's contribution payable to the provident fund	14	363
Others		
Mark-up suspended on advances to Wateen Telecom (Private) Limited	1,091,977	808,508
Mark-up suspended on advances to Wateen Wimax (Private) Limited	25,956	16,808
Mark-up suspended on advances to Pakistan Mobile Communication Limited	70,093	61,267
Mark-up receivable on Sukuk from Pakistan Mobile Communication Limited	2,449	3,247
Advance Rent from Warid Telecom Limited	234	9,164
TFCs held by Taavun (Private) Limited	166,234	332,467
TFCs held by Key Management Personnel	86,142	132,348
	Half year ended	
	June 30, 2017	June 30, 2016
	(Un-audited)	
	(Rupees in `000)	

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

Salaries and Allowances	694,884	832,708
Fair value charge against employee stock option scheme	39,699	56,243

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

Furthermore, in addition to the above, the Bank, being a primary dealer also provides liquidity and investment options including custodial services to clients including its employees.

20 GENERAL

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

21 DATE OF AUTHORISATION

This consolidated condensed interim financial information was authorised for issue on August 17, 2017 by the Board of Directors of the Bank.

Chief Executive Officer

Director

Director

Director

Branch Network

Bank Alfalah Presence in Pakistan

Sr#	Location	No. of Branches		
		Conventional	Islamic	Total
1	Karachi	73	34	107
2	Lahore	63	30	93
3	Islamabad	24	10	34
4	Rawalpindi	23	8	31
5	Faisalabad	19	10	29
6	Quetta	14	4	18
7	Multan	10	6	16
8	Peshawar	10	4	14
9	Gujranwala	11	2	13
10	Sialkot	8	3	11
11	Hyderabad	6	2	8
12	Gujrat	5	2	7
13	Sargodha	5	1	6
14	Sahiwal	3	1	4
15	Okara	3	1	4
16	Jhang	1	1	2
17	Sheikhupura	3	-	3
18	Taxila	3	-	3
19	Rahim Yar Khan	3	1	4
20	Jhelum	1	1	2
21	Bahawalpur	2	1	3
22	Mingora	2	1	3
23	Abbottabad	2	1	3
24	Mansehra	1	1	2
25	Bahawalnagar	-	1	1
26	Nankana Sahib	1	1	2
27	Charsadda	2	-	2
28	Chakwal	2	-	2
29	Chichawatni	2	-	2
30	Mirpurkhas	1	1	2
31	Dera Ghazi Khan	2	-	2
32	Jaranwala	2	-	2
33	Dera Ismail Khan	1	1	2
34	Kohat	2	-	2
35	Mandi Bahauddin	1	1	2
36	Gilgit	2	-	2
37	Mianwali	1	1	2
38	Gojra	2	-	2
39	Muzaffarabad	1	1	2
40	Haripur	2	-	2
41	Attock	2	-	2
42	Sukkur	1	1	2
43	Ghotki	1	-	1
44	Sanghar	1	-	1
45	Dhodial	-	1	1

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

Sr#	Location	No. of Branches		
		Conventional	Islamic	Total
91	Hazro	1	-	1
92	Besham	1	-	1
93	Hub	1	-	1
94	Pattoki	1	-	1
95	Hunza Nagar	1	-	1
96	Pindi Ghaib	-	1	1
97	D.G Khan	-	1	1
98	Bhakkar	1	-	1
99	Badin	1	-	1
100	Rajanpur	1	-	1
101	Islamgarh	1	-	1
102	Renala Khurd	1	-	1
103	Jacobabad	1	-	1
104	Sambrial	1	-	1
105	Jahania	1	-	1
106	Serai Alamgir	-	1	1
107	Jalalpur Bhattian	1	-	1
108	Shakargarh	1	-	1
109	Jalalpur Jattan	-	1	1
110	Shinkhari	1	-	1
111	Jampur	1	-	1
112	Sibi	1	-	1
113	Dadu	1	-	1
114	Mailsi	-	1	1
115	Jauharabad	1	-	1
116	Mamukanjan	1	-	1
117	Jehlum	1	-	1
118	Mandi Faizabad	1	-	1
119	Dadyal	1	-	1
120	Deharki	2	-	2
121	Ahmedpur East	1	-	1
122	Mehar	1	-	1
123	Kabirwala	-	1	1
124	Mian Channu	1	-	1
125	Kahirpur	1	-	1
126	Batkhela	1	-	1
127	Kahuta	1	-	1
128	Mirpur, AJK	1	-	1
129	Kallar Syedan	1	-	1
130	Moro	1	-	1
131	Kamalia	-	1	1
132	Muridke	1	-	1
133	Kamoke	1	-	1
134	Muslim Bagh	1	-	1
135	Kamra	1	-	1

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

Sr#	Location	No. of Branches		
		Conventional	Islamic	Total
181	Umerkot	1	-	1
182	Chak Khasa	1	-	1
183	Vehari	-	1	1
184	Sillanwali	1	-	1
185	Waisa	1	-	1
186	Zafarwal	1	-	1
187	Kotli	1	-	1
188	Talagang	1	-	1
189	Kotmomin	1	-	1
190	Tando Allahyar	1	-	1
191	Kotri District Jamshoro	1	-	1
192	Tarnol	1	-	1
193	Bannu	1	-	1
194	Temargarha	1	-	1
195	Lala Musa	1	-	1
196	Toba Tek Singh	1	-	1
197	Larkana	1	-	1
198	Uch Sharif	1	-	1
199	Layyah	1	-	1
200	Usta Muhammad	1	-	1
201	Liaquat Pur	1	-	1
202	Wah Cantt	1	-	1
203	Lodharan	1	-	1
204	Yazman	1	-	1
205	Lodhran	1	-	1
206	Chaman	1	-	1
207	Loralai	1	-	1
208	Kot Addu	-	1	1
		471	151	622

Branch Network

Bank Alfalah Presence In Foreign Countries

Sr #	Location	No. 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

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