

Financial Statements for the Quarter Ended 31 March 2015 (Un-audited)



Bank Alfalah

Bank Alfalah Limited
B. A. Building, I. I. Chundrigar Road
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bankalfalah.com

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Bank Alfalah

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Company Information

Board of Directors

HH Sheikh Hamdan Bin Mubarak Al Nahayan
Chairman

Mr. Abdulla Nasser Hawaileel Al-Mansoori
Director

Mr. Abdulla Khalil Al Mutawa
Director

Mr. Khalid Mana Saeed Al Otaiba
Director

Mr. Ikram Ul-Majeed Sehgal
Director

Mr. Nadeem Iqbal Sheikh
Director

Mr. Atif Bajwa
Chief Executive Officer

Board Audit Committee

Mr. Abdulla Khalil Al Mutawa
Director

Mr. Khalid Mana Saeed Al Otaiba
Director

Mr. Nadeem Iqbal Sheikh
Director

Mr. Yasar Rashid
Secretary

Board Strategy and Finance Committee

Mr. Abdulla Khalil Al Mutawa
Director

Mr. Khalid Mana Saeed Al Otaiba
Director

Mr. Ikram Ul-Majeed Sehgal
Director

Mr. Atif Bajwa
Chief Executive Officer

Mr. M. Iftikhar Shabbir
Secretary

Board Risk Management Committee

Mr. Khalid Mana Saeed Al Otaiba
Director

Mr. Abdulla Khalil Al Mutawa
Director

Mr. Ikram Ul-Majeed Sehgal
Director

Mr. Atif Bajwa
Chief Executive Officer

Mr. Haroon Khalid
Secretary

Board Compensation Committee

Mr. Nadeem Iqbal Sheikh
Director

Mr. Abdulla Khalil Al Mutawa
Director

Mr. Khalid Mana Saeed Al Otaiba
Director

Central Management Committee

Mr. Atif Bajwa
Chairman

Mr. Bahauddin Khan
Member

Mr. A. Wahid Dada
Member

Mr. Faisal Farooq Khan
Member

Mr. Khurram Hussain
Member

Ms. Mehreen Ahmed
Member

Mr. Mirza Zafar Baig
Member

Mr. Rizwan Ata
Member

Mr. Saad ur Rahman Khan
Member

Mr. Aly Mustansir
Member

Mr. Suhail Yaqub Khan
Member

Mr. Syed Ali Sultan
Member

Board Human Resource Committee

Mr. Abdulla Khalil Al Mutawa
Director

Mr. Khalid Mana Saeed Al Otaiba
Director

Mr. Nadeem Iqbal Sheikh
Director

Mr. Atif Bajwa
Chief Executive Officer

Mr. Mian Ejaz Ahmad
Secretary

Chief Operating Officer

Mr. Bahauddin Khan

Company Secretary

Mr. Mian Ejaz Ahmad

Chief Financial Officer

Mr. Mirza Zafar Baig

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Registered/Head Office

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

Share Registrar

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

Directors' Review

On behalf of the board of directors, I am pleased to present the unconsolidated condensed interim financial statements of the Bank for the three months period ended 31 March 2015.

	Three months period ended 31 March 2015	Three months period ended 31 March 2014 (Rupees in '000)
Profit before provisions and taxation	3,736,795	1,832,538
Provisions against loans and advances – net	683,656	62,131
Provision for diminution in the value of investments	13,828	66,848
	697,484	128,979
Profit before taxation	3,039,311	1,703,559
Taxation	1,057,297	575,075
Profit after taxation	1,982,014	1,128,484
Earnings per share - basic	Rs.1.25	Restated RS.0.82

Performance Review

The Bank's performance for the three months period ended March 2015 indicates strong growth, with profit before provisions and taxation recorded at Rs.3.737 Billion, representing an increase of 104 percent as against the corresponding period last year. This growth in profitability has been backed by core revenue growth, with Net Interest Income increasing by 59 percent as against the previous corresponding period. The overall net revenue earned by the Bank amounted to Rs.8.958 Billion registering an increase of Rs.2.615 Billion, a 41 percent increase over the corresponding period last year. Total non-markup expenses have increased by 16 percent, ending at Rs.5.221 Billion, however, our cost to income ratio significantly improved to 58.3 percent as against 71.1 percent in the corresponding quarter reported.

During the first quarter of 2015, the Bank continued its effort to improve the NPL coverage by considering a net charge of Rs.683.656 Million against NPLs, after taking into account the impacts of FSV retirements. As a result, our NPL coverage ratio stands improved from 70 percent in December 2014 to 76.5 percent in March 2015. As at 31 March 2015, the Non-performing loans (NPL) have come down to Rs.18.687 Billion as compared to Rs.19.412 Billion at December 2014, and our NPL ratio stands at 6.36 percent. An amount of Rs.250.954 Million – net of tax which was not available for distribution as either cash or stock dividend stands released as a result of FSV retirements considered.

Basic Earnings per share for the first quarter of the year have been reported at Rs.1.25 as against Rs.0.82 for the previous corresponding period, reflecting an improvement of 52.4 percent.

The Bank's asset base stands at Rs.742.193 Billion as at 31 March 2015. The net investment portfolio of the Bank depicts an increase of 4 percent from December 2014, and stands at Rs.336.189 Billion at 31 March 2015. The Bank continues to hold investments in medium to long-term government bonds, which have led to a stable earnings stream.

Period end deposits have been reported at Rs.575.138 Billion, down from the level of Rs.605.963 Billion at December end. Borrowings have increased by 46 percent to Rs.80.720 Billion at the end of the quarter. With Gross Advances reported at Rs.293.660 Billion, the Bank's ADR stands at 51 percent. The Bank's ALM function continues to play an important role in managing the overall assets and liabilities position.

Economic Outlook

During the current fiscal year, the economic indicators continue to move in a positive direction with headline CPI inflation following a continued downward trajectory and GDP growth on course to surpass the FY14 outcome.

At the back of strong workers' remittances and declining import growth, current account deficit has shrunk in Jul-Feb period of FY15 as compared to the same period last year. Furthermore, with lower price impact in imports, lower oil prices, and multilateral inflows on track, the external sector outlook remains stable. An upward trajectory has been observed in the foreign exchange reserves and there is stability in the Foreign Exchange market. During the current quarter, the Central Bank reduced the policy rate by 150 basis points overall, with the rate reduced by 100 basis points from 9.5 percent to 8.5 percent in January 2015 followed by a further 50 basis points reduction from 8.5 percent to 8.0 percent in March 2015.

Looking Ahead

The macroeconomic outlook for FY15 remains positive. Survey-based indices of March 2015 report an increase in consumer confidence and in the current economic conditions. The State Bank of Pakistan is currently reviewing its interest rate corridor framework in order to further strengthen transmission of the monetary policy and have the desired effect on the term structure of the Interest Rate. With the reduction in policy rate, sector margins will come under pressure. In lieu of the recent policy rate cuts, the momentum of credit off-take is also expected to pick up. However, a prerequisite for the same would be resolution of the key structural issues including energy shortages.

Bank Alfalah shall continue to pursue a sound lending and investment strategy with an objective of maximizing shareholder returns.

The Bank, being a leading player in the market, shall continue to provide excellent services to its customers, while striving to improve operational efficiency.

Credit Rating

PACRA, a premier rating agency of the country, has rated the Bank 'AA' (double A) Entity Rating for the Long Term and A1+ (A one plus) for the Short Term. These ratings denote a very low expectation of credit risk, a strong capacity for timely payment of financial commitments in the long term and the highest capacity for timely repayment in the short term. The unsecured subordinated debt (Term Finance Certificates) of the Bank has been awarded a credit rating of AA- (double A minus).

Acknowledgments

On behalf of the Board, I would like to thank the State Bank of Pakistan, the Ministry of Finance and other regulatory authorities for their continued support and guidance. I would also like to express my gratitude to our shareholders for their counsel. Most importantly, I am grateful to our valued customers for their continued patronage. I will also take this opportunity to acknowledge the dedication and hard work of our employees who continue to contribute to the organisation and enable us to perform well in a challenging business environment.

Atif Bajwa
Director and Chief Executive Officer
Date: 22 April 2015
Place: Abu Dhabi

Unconsolidated Condensed Interim Statement of Financial Position

for the Three Months Period Ended 31 March 2015

	Note	31 March 2015 (Un-audited)	31 December 2014 (Audited)
(Rupees in '000)			
Assets			
Cash and balances with treasury banks		51,051,866	50,515,643
Balances with other banks		11,990,001	12,331,713
Lendings to financial institutions	7	26,808,956	18,313,485
Investments - net	8	336,189,480	324,319,454
Advances - net	9	278,737,291	290,597,237
Operating Fixed assets	10	15,684,185	15,740,100
Deferred tax assets		-	-
Other assets		21,731,367	31,310,661
		<u>742,193,146</u>	<u>743,128,293</u>
Liabilities			
Bills payable		10,780,045	11,758,155
Borrowings		80,720,228	55,232,916
Deposits and other accounts	11	575,137,896	605,963,224
Sub-ordinated loans		9,986,000	9,987,000
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		1,702,610	853,331
Other liabilities		17,749,837	14,514,599
		<u>696,076,616</u>	<u>698,309,225</u>
Net Assets			
		<u>46,116,530</u>	<u>44,819,068</u>
Represented by			
Share capital		15,872,427	15,872,427
Reserves		12,937,882	12,338,026
Unappropriated profit		8,033,196	9,613,374
		<u>36,843,505</u>	<u>37,823,827</u>
Surplus on revaluation of assets - net of tax		9,273,025	6,995,241
		<u>46,116,530</u>	<u>44,819,068</u>
Contingencies and Commitments			
	12		

The annexed notes 1 to 18 and annexure 1 form an integral part of this unconsolidated condensed interim financial information.

CEO

Director

Director

Chairman

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

for the Three Months Period Ended 31 March 2015

	Note	Three months period ended 31 March 2015 (Rupees in '000)	Three months period ended 31 March 2014 (Rupees in '000)
Mark-up/return/interest earned		15,900,137	11,918,640
Mark-up/return/interest expensed		9,097,672	7,630,314
Net mark-up/interest income		<u>6,802,465</u>	<u>4,288,326</u>
Provision against loans and advances - net		683,656	62,131
Provision for diminution in value of investments - net		13,828	66,848
Bad debts written off directly		-	-
		<u>697,484</u>	<u>128,979</u>
Net mark-up/interest income after provisions		<u>6,104,981</u>	<u>4,159,347</u>
Non mark-up/interest income			
Fee, commission and brokerage income		620,365	741,294
Dividend income		106,740	102,375
Income from dealing in foreign currencies		403,816	379,250
Gain on sale of securities - net		607,076	271,156
Unrealised gain on revaluation of investments classified as held for trading - net		48,007	89,616
Other income		369,784	471,616
Total non mark-up/interest income		<u>2,155,788</u>	<u>2,055,307</u>
		<u>8,260,769</u>	<u>6,214,654</u>
Non mark-up/interest expenses			
Administrative expenses		5,075,302	4,326,396
Provision against off balance sheet obligations		8,789	1,050
Provision against other assets		51,116	147,938
Other charges		86,251	35,711
Total non mark-up/interest expenses		<u>5,221,458</u>	<u>4,511,095</u>
		<u>3,039,311</u>	<u>1,703,559</u>
Extra ordinary/unusual items		-	-
Profit before taxation		<u>3,039,311</u>	<u>1,703,559</u>
Taxation	15		
Current		1,443,755	604,066
Deferred		(386,458)	(28,991)
Prior years		-	-
		<u>1,057,297</u>	<u>575,075</u>
Profit after taxation		<u>1,982,014</u>	<u>1,128,484</u>
(Rupees)			
Basic earnings per share	13	<u>1.25</u>	<u>0.82</u>
Diluted earnings per share		<u>1.24</u>	<u>0.82</u>

The annexed notes 1 to 18 and annexure 1 form an integral part of this unconsolidated condensed interim financial information.

CEO

Director

Director

Chairman

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

for the Three Months Period Ended 31 March 2015

	Three months period ended 31 March 2015 (Rupees in '000)	Three months period ended 31 March 2014 (Rupees in '000)
Profit after taxation	1,982,014	1,128,484
Other comprehensive income		
Items that are or maybe reclassified subsequently to profit and loss account		
Exchange differences on translation of net investment in foreign branches	185,565	(475,473)
Comprehensive income - transferred to unconsolidated condensed interim statement of changes in equity	2,167,579	653,011
Components of comprehensive income not reflected in equity		
Surplus on revaluation of available for sale securities - net of tax	2,294,939	589,958
Total comprehensive income	<u>4,462,518</u>	<u>1,242,969</u>

The annexed notes 1 to 18 and annexure 1 form an integral part of this unconsolidated condensed interim financial information.

CEO

Director

Director

Chairman

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)

for the Three Months Period Ended 31 March 2015

Note	Three months period ended 31 March 2015 (Rupees in '000)	Three months period ended 31 March 2014 (Rupees in '000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,039,311	1,703,559
Less: Dividend income	(106,740)	(102,375)
	2,932,571	1,601,184
Adjustments		
Depreciation	397,385	377,124
Amortisation	66,569	51,416
Provision against loans and advances - net	683,656	62,131
Provision for diminution in value of investments - net	13,828	66,848
Provision against off-balance sheet obligations	8,789	1,050
Provision against other assets	51,116	147,938
Unrealized loss on revaluation of investments classified as held for trading - net	(48,007)	(89,616)
Bad debts written-off directly	-	-
Gain on sale of fixed assets - net	(16,041)	(9,156)
Charge for defined benefit plan	74,252	71,903
	1,231,547	679,638
	4,164,118	2,280,822
(Increase) / decrease in operating assets		
Lendings to financial institutions	(10,101,923)	(11,096,171)
Held for trading securities	(2,060,496)	(10,524,141)
Advances	11,176,290	5,592,770
Other assets (excluding tax recoverable and dividend receivable)	8,295,956	1,113,229
	7,309,827	(14,914,313)
Increase / (decrease) in operating liabilities		
Bills payable	(978,110)	1,205,735
Borrowings	25,578,767	25,131,309
Deposits and other accounts	(30,825,328)	(24,048,500)
Other liabilities	(39,184)	1,729,169
	(6,263,855)	4,017,713
	5,210,090	(8,615,778)
Gratuity paid	-	-
Income tax paid	(108,023)	(1,015,910)
Net cash generated from / (used in) operating activities	5,102,067	(9,631,688)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	(8,058,973)	9,822,286
Net investments in held to maturity securities	1,373,517	(8,277,497)
Net investments in associated companies	440,781	-
Dividend income received	30,547	76,246
Investment in fixed assets	(408,140)	(741,647)
Proceeds from sale of operating fixed assets	16,142	14,510
Net cash generated from / (used in) investing activities	(6,606,126)	893,898
CASH FLOWS FROM FINANCING ACTIVITIES		
(Redemption) of Sub-ordinated loans	(1,000)	(1,000)
Dividend Paid	(992)	-
Net cash generated from / (used in) financing activities	(1,992)	(1,000)
Exchange difference on translation on the net investments in foreign branches	185,565	(475,473)
Decrease in cash and cash equivalents	(1,320,486)	(9,214,263)
Cash and cash equivalents at beginning of the period	65,880,564	98,831,214
Cash and cash equivalents at end of the period	64,560,078	89,616,951

The annexed notes 1 to 18 and annexure 1 form an integral part of this unconsolidated condensed interim financial information.

CEO

Director

Director

Chairman

Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited)

for the Three Months Period Ended 31 March 2015

	Share capital	Capital Reserve		Revenue Reserve		Total	
		Share premium	Statutory reserve*	Exchange translation reserve	Employee share option compensation reserve		Unappropriated profit
(Rupees in '000)							
Balance as at 1 January 2014	13,491,563	-	5,508,172	1,766,050	-	7,499,831	28,265,616
Changes in equity for three months period ended 31 March 2014							
Total comprehensive income							
Profit after tax	-	-	-	-	-	1,128,484	1,128,484
Other comprehensive income							
Exchange difference on translation of net investment in foreign branches	-	-	(475,473)	(475,473)	-	1,128,484	(475,473)
Transfer to statutory reserve	-	-	225,697	-	-	(225,697)	-
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	8,708	8,708
Transactions with owners, recorded directly in equity							
Final cash dividend for the year ended December 31, 2013 @ 20%	-	-	-	-	-	(2,698,313)	(2,698,313)
Balance as at 31 March 2014	13,491,563	-	5,733,869	1,290,577	-	5,713,013	26,229,022
Changes in equity for nine months period ended 31 December 2014							
Total comprehensive income							
Profit after tax	-	-	-	-	-	4,512,367	4,512,367
Other comprehensive income							
Exchange difference on translation of net investment in foreign branches	-	-	-	71,888	-	-	71,888
Remeasurement of defined benefit plans	-	-	-	-	-	357,045	357,045
Related tax charge	-	-	-	-	-	(124,966)	(124,966)
Transfer to statutory reserve	-	-	902,473	-	-	(902,473)	-
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	58,388	58,388
Transactions with owners, recorded directly in equity							
Share capital issued during the period	2,380,864	4,285,556	-	-	-	-	6,666,420
Recognition of fair value of share based payments on grant date	-	-	-	-	117,083	-	117,083
Unamortised portion of deferred employee compensation expense	-	-	-	-	(63,420)	-	(63,420)
Balance as at 31 December 2014	15,872,427	4,285,556	6,636,342	1,362,465	53,663	9,613,374	37,823,827
Changes in equity for three months period ended 31 March 2015							
Total comprehensive income							
Profit after tax	-	-	-	-	-	1,982,014	1,982,014
Other comprehensive income							
Exchange difference on translation of net investment in foreign branches	-	-	-	185,565	-	-	185,565
Transfer to statutory reserve	-	-	396,403	-	-	(396,403)	-
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	8,696	8,696
Transactions with owners, recorded directly in equity							
Final cash dividend for the year ended 31 December 2014 @ 20%	-	-	-	-	-	(3,174,485)	(3,174,485)
Amortisation of deferred employee compensation expense	-	-	-	-	17,888	-	17,888
Balance as at 31 March 2015	15,872,427	4,285,556	7,032,745	1,548,030	71,551	8,033,196	36,843,505

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

The annexed notes 1 to 18 and annexure 1 form an integral part of this unconsolidated condensed interim financial information.

CEO

Director

Director

Chairman

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

for the Three Months Period Ended 31 March 2015

1 STATUS AND NATURE OF BUSINESS

Bank Alfalah Limited (the Bank) is a banking company incorporated in Pakistan on 21 June 1992 as a public limited company under the Companies Ordinance, 1984. It commenced its banking operations on November 1, 1992. The Bank's registered office is at B. A. Building, I. I. Chundrigar Road, Karachi and is listed on the 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 480 conventional banking branches including 12 sub branches (2014: 480 branches including 12 sub branches), 10 overseas branches (2014: 10 branches), 157 Islamic banking branches (2014: 157 branches) and 1 offshore banking unit (2014: 1 unit).

The Securities and Exchange Commission of Pakistan (SECP) vide letter EMD/233/655/2004-1185 dated 30 March 2015 has granted an exemption to the Bank from the preparation of consolidated financial information of the Bank and its subsidiary company namely Alfalah securities (Private) Limited upto 31 March 2015.

The interim un-audited and condensed financial information of the subsidiary Alfalah Securities (private) Limited for the period ended 31 March 2015 and the annual audited financial statements for the year ended 31 December 2014 shall be made available for inspection at the Registered Office of the Bank and shall be available to the members on request and without any cost.

Pakistan Credit Rating Agency Limited (PACRA) has assigned a long term credit rating of AA [Double A] and a short term credit rating of A1+ [A one plus] to the Bank as at June 2014.

2 BASIS OF PRESENTATION

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

2.2 Key financial figures of the Islamic Banking branches are disclosed in Annexure I to the un-audited, unconsolidated condensed interim financial information.

2.3 The disclosures made in this unconsolidated condensed interim financial information have been limited based on the format prescribed by the State Bank of Pakistan through BSD Circular Letter No. 2 dated 12 May 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 31 December 2014.

3 STATEMENT OF COMPLIANCE

3.1 The unconsolidated condensed interim financial information of the Bank for the period ended 31 March 2015 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, provisions of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan. In case where requirements differ, the provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.

3.2 The State Bank of Pakistan has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for banking companies through BSD Circular Letter No. 10 dated 26 August 2002 till further instructions. Further, the Securities and Exchange Commission of Pakistan has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banks through its notification S.R.O 411(I)/2008 dated 28 April 2008. Accordingly, the requirements of these standards have not been considered in the preparation of this unconsolidated condensed interim financial information. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

3.3 The Securities and Exchange Commission of Pakistan has notified the applicability of Islamic Financial Accounting Standard – IFAS 1 “Murhaba”, issued by the Institute of Chartered Accountants of Pakistan, which was effective for financial periods beginning on or after 01 January 2006. The standard had not been adopted by Islamic branches of conventional banks pending resolution of certain issues. IFAS 1 requires assets underlying Murhaba financing to be recorded as inventory separately from the assets in Bank’s own use. These assets are carried at cost less impairment, if any. The Bank has adopted the standard starting March 2015.

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 31 December 2014.

4.1 EMPLOYEES STOCK OPTION SCHEME

During the year 2014, the Bank granted share options to its employees under Employee Stock Options Scheme (ESOS) as approved by the shareholders and Securities and Exchange Commission of Pakistan (SECP) vide its letter no. SMD/CI-W/ESOS/02/2013 dated 27 December 2013.

Under the Scheme, the Bank may grant options to certain critical employees selected by the Board Compensation Committee to subscribe upto 40,474,689 new ordinary shares over a period from 2014 to 2016. As per the Scheme, the entitlements and exercise price are subject to adjustments because of issue of right shares and bonus shares. The options carry neither right to dividends nor voting rights till shares are issued to employees on exercise of options. The details of share options granted during the year 2014 which remained outstanding as at 31 March 2015 are as follows:

-Number of options in issue 10.761 million (initially granted 11.330 million)

-Exercise price Rs. 16.32 per option

-Option discount Rs. 10.88 per option.

These options vest over a period of three year period with one third of the options vesting on completion of each year of service from 01 April 2014. The options not exercised on completion of first and second year of service may be carried forward to be exercised on completion of three year period. After the expiry of the third exercise period, the option holder will lose all the rights of exercise for any remaining options not exercised.

In this respect, employee compensation reserve and the related deferred employee stock option cost amounting to Rs.117.083 million has been recognized out of which Rs. 53.663 million has been amortized and recognized as charge for the year in respect of related employees services received to the balance sheet date ended 2014, and Rs. 17.888 million has been amortised and recognised as a charge for the three months period ended 31 March 2015.

5 Critical Accounting Estimates And Judgements

The basis and methods used for critical accounting estimates and judgements adopted in this unconsolidated condensed interim financial information are same as those applied in the preparation of the annual financial statements of the Bank for the year ended 31 December 2014.

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 31 December 2014.

7 Lendings to Financial Institutions

	Note	31 March 2015 (Un-audited)	31 December 2014 (Audited)
(Rupees in '000)			
Call money lendings	7.1	1,518,211	3,528,957
Bai Muajjal	7.2	25,290,745	14,784,528
		<u>26,808,956</u>	<u>18,313,485</u>

7.1 These represent lending to financial institutions at interest rates ranges from 2.91% to 13.00% per annum (December 2014: 2.83% to 12.50% per annum) with maturities upto November 2016 (31 December 2014: November 2016).

7.2 These represent lending to financial institutions by Islamic banking business under Bai Muajjal agreements at returns ranging from 7.87% to 9.98% per annum (31 December 2014: 9.05% to 9.52% per annum) with maturities upto March 2016 (31 December 2014: December 2015).

8 INVESTMENTS - NET

8.1 Investments by types

Note	31 March 2015 (Un-audited)			31 December 2014 (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	15,808,701	-	15,808,701	15,194,352	-	15,194,352	
Pakistan Investment Bonds	5,028,278	-	5,028,278	2,905,528	-	2,905,528	
Overseas Bonds	2,513,967	-	2,513,967	2,193,796	-	2,193,796	
Sukuk Bonds	-	-	-	1,002,278	-	1,002,278	
	165,602	-	165,602	-	-	-	
	23,516,548	-	23,516,548	21,295,954	-	21,295,954	
Available-for-sale securities							
Market Treasury Bills	31,923,936	7,452,000	39,375,936	44,998,239	102,962	45,101,201	
Pakistan Investment Bonds	81,373,331	52,207,388	133,580,719	85,004,793	30,150,519	115,155,312	
Fully paid up ordinary shares / units - Listed	5,124,920	-	5,124,920	4,729,456	-	4,729,456	
Fully paid up ordinary shares - Unlisted	4,426,616	-	4,426,616	4,426,617	-	4,426,617	
Term Finance Certificates	1,227,860	-	1,227,860	1,234,849	-	1,234,849	
Preference Shares - Listed	108,835	-	108,835	108,835	-	108,835	
Preference Shares - Unlisted	340,000	-	340,000	340,000	-	340,000	
Overseas Bonds	4,319,090	-	4,319,090	3,566,942	-	3,566,942	
Sukuk Bonds	35,727,375	-	35,727,375	41,516,803	-	41,516,803	
	164,571,963	59,659,388	224,231,351	185,926,534	30,253,481	216,180,015	
Held-to-maturity securities							
Market Treasury Bills	1,227,390	-	1,227,390	1,193,121	-	1,193,121	
Pakistan Investment Bonds	65,866,683	-	65,866,683	65,769,574	-	65,769,574	
Term Finance Certificates	524,266	-	524,266	524,266	-	524,266	
Pakistan Euro Bonds	3,286,255	-	3,286,255	3,176,300	-	3,176,300	
Overseas Bonds	7,036,141	-	7,036,141	8,315,367	-	8,315,367	
Sukuk Bonds	3,874,518	-	3,874,518	4,210,142	-	4,210,142	
	81,815,253	-	81,815,253	83,188,770	-	83,188,770	
Subsidiary / Associates							
Alfalah Securities (Private) Limited	8.2	826,000	826,000	826,000	-	826,000	
Alfalah Insurance Limited		68,990	68,990	68,990	-	68,990	
Sapphire Wind Power Company Limited		849,952	849,952	345,052	-	345,052	
IGI Money Market Fund		29,235	29,235	500,000	-	500,000	
Alfalah GHP Value Fund		100,000	100,000	100,000	-	100,000	
Alfalah GHP Income Multiplier Fund		250,000	250,000	250,000	-	250,000	
Alfalah GHP Islamic Fund		250,000	250,000	250,000	-	250,000	
Alfalah GHP Cash Fund		525,474	525,474	1,000,390	-	1,000,390	
Alfalah GHP Sovereign Fund		200,000	200,000	200,000	-	200,000	
Alfalah GHP Investment Management Limited		130,493	130,493	130,493	-	130,493	
		3,230,144	3,230,144	3,670,925	-	3,670,925	
Investments at cost		273,133,908	59,659,388	332,793,296	294,082,183	30,253,481	324,335,664
Less: Provision for diminution in value of investments							
	8.3	(6,222,948)	-	(6,222,948)	(6,216,757)	-	(6,216,757)
Investments (net of provisions)		266,910,960	59,659,388	326,570,348	287,865,426	30,253,481	318,118,907
Surplus on revaluation of held for trading securities - net							
		48,007	-	48,007	160,098	-	160,098
Surplus on revaluation of available for sale securities-net							
		9,478,477	92,648	9,571,125	5,994,801	45,648	6,040,449
Total investments		276,437,444	59,752,036	336,189,480	294,020,325	30,299,129	324,319,454

8.2 The financial statements of the subsidiary company as at 31 December 2014 were audited by its statutory auditors who have expressed an unqualified opinion thereon with emphasis of matter paragraphs drawing attention to the fact that the financial position of the Company indicates existence of material uncertainty that may cast significant doubts about the Company’s ability to continue as a going concern.

The extract of the subsidiary company’s audited balance sheet as at 31 December 2014 and audited profit and loss accounts for the year ended 31 December 2014 are disclosed in note 9.20 to the Bank’s annual audited unconsolidated financial statements for the year ended 31 December 2014.

	Note	31 March 2015 (Un-audited) (Rupees in '000)	31 December 2014 (Audited) (Rupees in '000)
8.3 Particulars of provision for diminution in value of investments			
Opening balance		6,216,757	6,130,860
Charge for the period / year		13,828	130,043
Reversals		-	(44,146)
Provision written off during the period / year		(7,637)	-
Closing balance		<u>6,222,948</u>	<u>6,216,757</u>
8.4 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			
- Agritech Limited		-	7,637
- Preference shares			
- Agritech Limited		108,835	108,835
Unlisted companies			
- Fully paid up ordinary shares of Rs. 10 each			
- Pakistan Export Finance Guarantee Agency Limited		5,725	5,725
- Al-Hamra Avenue (Private) Limited		50,000	50,000
- Warid Telecom (Private) Limited (Related party)		4,366,796	4,366,796
Unlisted securities			
- Term finance certificates			
- 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		51,034	51,034
- Preference shares			
- First Dawood Investment Bank Limited		15,000	15,000
- Trust Investment Bank Limited		25,000	25,000
Held to maturity securities			
Unlisted securities			
- Term finance certificates/sukuk bonds			
- Agritech Limited		465,000	465,000
- BRR Guardian Modaraba		34,062	20,234
- Security Leasing Corporation Limited		29,245	29,245
- Sitara Peroxide (Private) Limited		113,643	113,643
- Zulekha Textile Mills (formerly Khunja Textile Mills Limited)		24,680	24,680
Investment in subsidiary company			
Unlisted company			
- Fully paid up ordinary shares of Rs. 10 each			
- Alfalah Securities (Private) Limited		826,000	826,000
		<u>6,222,948</u>	<u>6,216,757</u>

	Note	31 March 2015 (Un-audited) (Rupees in '000)	31 December 2014 (Audited) (Rupees in '000)
9 Advances - Net			
Loans, cash credits, running finances etc.			
In Pakistan		265,066,853	272,433,191
Outside Pakistan		9,887,440	12,957,433
		<u>274,954,293</u>	<u>285,390,624</u>
Net investment in finance lease			
In Pakistan		3,709,525	3,720,506
Outside Pakistan		-	-
		<u>3,709,525</u>	<u>3,720,506</u>
Financing and investing assets under IFAS 2 Ijarah		5,879,842	5,474,603
Bills discounted and purchased (excluding market treasury bills)			
Payable in Pakistan		2,591,322	5,799,128
Payable outside Pakistan		6,525,375	4,463,186
		<u>9,116,697</u>	<u>10,262,314</u>
		<u>293,660,357</u>	<u>304,848,047</u>
Provision against advances			
Specific provision against non-performing advances	9.2	(14,295,873)	(13,601,307)
General provision against advances	9.2	(627,193)	(649,503)
		<u>(14,923,066)</u>	<u>(14,250,810)</u>
		<u>278,737,291</u>	<u>290,597,237</u>

9.1 Advances include Rs. 18,687 million (31 December 2014: Rs. 19,412 million) which have been placed under non-performing status as detailed below:

31 March 2015 (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)								
	149,771	-	149,771	4,284	-	4,284	4,284	-
Substandard	2,112,448	37,701	2,150,149	511,696	1,314	513,010	511,696	1,314
Doubtful	3,229,208	-	3,229,208	1,611,530	-	1,611,530	1,611,530	-
Loss	12,446,847	710,900	13,157,747	11,603,884	563,165	12,167,049	11,603,884	563,165
	<u>17,938,274</u>	<u>748,601</u>	<u>18,686,875</u>	<u>13,731,394</u>	<u>564,479</u>	<u>14,295,873</u>	<u>13,731,394</u>	<u>564,479</u>
(Rupees in '000)								
31 December 2014 (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)								
	169,364	-	169,364	6,756	-	6,756	6,756	-
Substandard	4,043,560	-	4,043,560	987,640	-	987,640	987,640	-
Doubtful	1,877,474	1,325	1,878,799	885,009	662	885,671	885,009	662
Loss	12,607,501	713,039	13,320,540	11,155,119	566,121	11,721,240	11,155,119	566,121
	<u>18,697,899</u>	<u>714,364</u>	<u>19,412,263</u>	<u>13,034,524</u>	<u>566,783</u>	<u>13,601,307</u>	<u>13,034,524</u>	<u>566,783</u>
(Rupees in '000)								

9.2 Particulars of provisions against advances

	31 March 2015 (Unaudited)			31 December 2014 (Audited)		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	13,601,307	649,503	14,250,810	12,441,472	605,975	13,047,447
Exchange adjustment and other movements	11,730	1,998	13,728	(25,754)	(5,212)	(30,966)
Charge for the period / year	1,376,362	5,628	1,381,990	3,281,110	48,740	3,329,850
Reversals / recoveries	(668,398)	(29,936)	(698,334)	(1,881,919)	-	(1,881,919)
	707,964	(24,308)	683,656	1,399,191	48,740	1,447,931
Amounts written off	(25,128)	-	(25,128)	(213,602)	-	(213,602)
Closing balance	14,295,873	627,193	14,923,066	13,601,307	649,503	14,250,810

9.2.1 The additional profit arising from availing the forced sales value (FSV) benefit - net of tax at 31 March 2015 which is not available for distribution as either cash or stock dividend to shareholders amounted to Rs. 497.003 million (31 December 2014: Rs. 747.957 million).

9.2.2 General provision against consumer loans represents provision maintained at an amount equal to 1.5% of the fully secured performing portfolio and 5% of the unsecured performing portfolio as required by the Prudential Regulations issued by the State Bank of Pakistan. General provision for overseas branches is maintained in accordance with the guidelines of the authorities in the respective countries.

9.2.3 General provision also includes reserve required to be maintained against financing to Small Enterprises (SE) as required under the revised Prudential Regulations for Small and Medium Enterprise Financing issued by the State Bank of Pakistan during the year 2013. Under the revised regulations, effective 30 September 2013, banks have been required to maintain general reserve at least equivalent to 1% of the secured and performing SE portfolio and 2% of the unsecured and performing SE portfolio.

10 Operating Fixed Assets

Capital work-in-progress
Property and equipment
Intangible assets

	31 March 2015 (Un-audited)	31 December 2014 (Audited)
	(Rupees in '000)	
Capital work-in-progress	1,225,097	1,134,085
Property and equipment	13,746,603	13,828,003
Intangible assets	712,485	778,012
	<u>15,684,185</u>	<u>15,740,100</u>

10.1 Additions to operating fixed assets

Office premises
Leasehold improvements
Office equipments
Furniture and fixtures
Vehicles

	Three months period ended	
	31 March 2015 (Un-audited)	31 March 2014 (Audited)
	(Rupees in '000)	
Office premises	-	6,603
Leasehold improvements	94,096	201,589
Office equipments	191,847	365,696
Furniture and fixtures	19,586	91,471
Vehicles	-	86

10.2 Additions to intangibles

Computer software

Computer software	829	99,711
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10.3 Disposals of operating fixed assets

Office premises
Leasehold improvements
Office equipments
Furniture and fixtures
Vehicles

Three months period ended
31 March
2015
(Un-audited)

31 March
2014
(Audited)

(Rupees in '000)

31 March
2015
(Un-audited)

31 December
2014
(Audited)

(Rupees in '000)

11 Deposits and Other Accounts

Customers

Fixed deposits
Savings deposits
Current accounts - non-remunerative
Other

Fixed deposits	137,108,139	153,480,193
Savings deposits	195,289,046	196,118,387
Current accounts - non-remunerative	209,784,367	215,500,460
Other	7,768,869	6,728,458
	<u>549,950,421</u>	<u>571,827,498</u>

Financial institutions

Remunerative deposits
Non-remunerative deposits

Remunerative deposits	24,535,653	33,534,156
Non-remunerative deposits	651,822	601,570
	<u>25,187,475</u>	<u>34,135,726</u>
	<u>575,137,896</u>	<u>605,963,224</u>

12 Contingencies and Commitments

12.1 Direct credit substitutes

i) Government
ii) Banking companies and other financial institutions
iii) Other

i) Government	1,026,765	937,508
ii) Banking companies and other financial institutions	2,750	2,606
iii) Other	1,440,683	1,756,948
	<u>2,470,198</u>	<u>2,697,062</u>

12.2 Transaction - related contingent liabilities

i) Government
ii) Banking companies and other financial institutions
iii) Other

i) Government	26,551,625	26,536,835
ii) Banking companies and other financial institutions	4,370,764	506,432
iii) Other	8,415,184	8,671,481
	<u>39,337,573</u>	<u>35,714,748</u>

12.3 Trade related contingent liabilities

Letters of credit

Letters of credit	52,380,958	48,045,564
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Acceptances

Acceptances	9,351,068	12,774,108
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12.4 Other contingencies

Claims against the Bank not acknowledged as debts

Claims against the Bank not acknowledged as debts	9,259,472	9,521,537
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These mainly represents counter claims filed by the borrowers for restricting the Bank for disposal of assets (such as hypothe-cated / mortgaged / pledged assets kept as security), damage to reputation and cases filed by ex employees of the Bank for damages sustained by them consequent to the termination from the Bank's employment. Based on legal advice and / or internal assessment, management is confident that the matters will be decided in Bank's favour and the possibility of any outcome against the Bank is remote and accordingly no provision has been made in this unconsolidated condensed interim financial information.

An amount of USD 3,949,335 ("the Amount") in Bank's nostro account in New York, United States of America has been put on hold by a commercial bank pursuant to receipt of notice of seizure based on the order passed by the District Court, District of Columbia, USA. The order was issued at the request of United States Department of Justice (DOJ) which claims its rights through filing a complaint for forfeiture in rem of assets of a third party in Afghanistan - a customer of the Bank ("Third Party-Customer") - and obtained a court order to hold/seize certain amount in the Nostro accounts of different banks (including Bank Alfalah) wherein the Third Party - Customer was maintaining bank accounts. As a result the Amount has been put on hold for the time being in Nostro Account of the Bank in New York. The dispute is held between the United States Government and the Third Party - Customer, who provided logistic services to the United States Military in Afghanistan. The Amounts put on hold is equivalent to the customers' balances held/blocked by the Bank during the period. In January 2014 the Bank had to release the accounts of the Third Party - Customer on specific instructions of Central Bank of Afghanistan. The Bank has filed a representation with the DOJ's to challenge its right to hold the Amount and with a request to release the same as the Bank did not have any involvement in the dispute between DOJ and the Third Party - Customers.

Based on internal assessments and careful analysis of the precedents in relation to other banks involved, the management is confident that the Bank has a relatively strong case and the matter will be decided in the Bank's favour. However the bank has as a matter of prudence considered a provision to the extent of USD 1,974,668 against the same.

The Bank has filed a case against the above mentioned Third Party Customer in primary commercial court in Afghanistan. In June 2014, the court did not accede claim of the Bank and advised it to pay USD 0.52 million as compensation to the customer along with government/court fee of AFS 5.268 million. The Bank has filed an appeal in the appellate court against the said judgment, which has been admitted for regular hearing. Based on advice of legal counsel of the Bank, the management is confident that the matter will be decided in Bank's favour in the appellate court and thus no provision for the said amounts has been considered in these financial statements.

	31 March 2015 (Un-audited)	31 December 2014 (Audited)
	(Rupees in '000)	
12.5 Commitments in respect of forward lendings		
Commitments to extend credit	10,526,500	8,609,125
Commitments in respect of investments	1,110,918	1,615,818
12.6 Commitments in respect of forward exchange contracts		
Purchase	78,185,774	69,435,889
Sale	65,751,037	54,156,057
12.7 Commitments for the acquisition of fixed asset	491,190	291,239
12.8 Commitments in respect of repo transactions		
Repurchase	59,692,848	30,274,144
Resale	-	-
12.9 Other commitments		
Interest rate swaps	6,362,995	6,314,951
Donations	-	41,500
12.10 Contingency For Tax Payable (Note 15)		
13 EARNINGS PER SHARE		
13.1 BASIC EARNINGS PER SHARE		
Profit after taxation for the period	1,982,014	1,128,484
(Number of shares in thousand)	Restated	Restated
Weighted average number of ordinary shares	1,587,243	1,371,906
(Rupees)		
Basic and diluted earnings per share	1.25	0.82
13.2 DILUTED EARNINGS PER SHARE		
Profit after taxation for the period	1,982,014	1,128,484
(Number of shares in thousand)	Restated	Restated
Weighted average number of ordinary shares	1,595,107	1,371,906
(Rupees)		
Diluted earnings per share	1.24	0.82

	31 March 2015 (Un-audited)	31 December 2014 (Audited)
	(Rupees in '000)	
14 Cash and Cash Equivalents		
Cash and balances with treasury banks	51,051,866	50,515,643
Balances with other banks	11,990,001	11,934,891
Call money lendings	1,518,211	3,521,485
Overdrawn nostro accounts	-	(91,455)
	<u>64,560,078</u>	<u>65,880,564</u>

	31 March 2015 (Un-audited)	31 December 2014 (Audited)
	(Rupees in '000)	
15 Taxation		
15.1		

The income tax assessments of the Bank have been finalised upto and including tax year 2014. 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.

For all assessments finalised upto tax year 2014, adequate provision has been made by the Bank in these financial statements. In respect of tax years 2008 to 2011, the tax authorities have raised certain issues including disallowance of expenditure on account of non-deduction of withholding tax, default in payment of WWF and dividend income from mutual funds not being taken under income from business, resulting in additional demand of Rs.952.212 million. The management's appeals in respect of these add-backs are currently pending before various appellate forums. The management is confident that this matter will be decided in favour of the Bank and consequently has not made any provision in respect of these amounts.

In respect of monitoring of withholding taxes on profit on debt, the Bank has received various orders from tax authorities. The Bank has not made provision amounting to Rs.61.741 million against tax demand (after reduction on rectifications) for tax years 2011 to 2014. The Bank has either filed appeals before various tax appellate forums or intend to obtain relief through rectification orders. The management is of the view that the matter will be settled in Bank's favour.

During the period, the Bank has received an order from Sindh Revenue Board wherein the provincial 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). The Bank has filed appeal against this order 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.

	31 March 2015 (Un-audited)					
	Directors	Key Management Personnel	Group / Associated Companies / Others	Subsidiary / Associates	Strategic Investments	Total
	(Rupees in '000)					
16 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.						
16.1						
Details of transactions with the related parties and balances with them as at period end are as follows:						

	Directors	Key Management Personnel	Group / Associated Companies / Others	Subsidiary / Associates	Strategic Investments	Total
	(Rupees in '000)					
Deposits						
Balance at beginning of the period	38,398	71,170	5,054,205	486,239	18	5,650,030
Placements during the period	63,199	225,293	18,563,354	6,404,513	-	25,256,359
Withdrawals / adjustments during the period	(43,059)	(168,961)	(19,369,978)	(6,321,363)	-	(25,903,361)
Balance at end of the period	58,538	127,502	4,247,581	569,389	18	5,003,028
Advances						
Balance at beginning of the period	-	280,630	3,828,522	30,000	-	4,139,152
Disbursements / adjustments during the period	-	27,860	2,675,806	22,000	-	2,725,666
Repayments / adjustments during the period	-	(49,681)	(2,976,607)	-	-	(3,026,288)
Balance at end of the period	-	258,809	3,527,721	52,000	-	3,838,530
Investments						
Balance at beginning of the period	-	-	4,366,796	3,670,925	50,000	8,087,721
Investments during the period	-	-	-	504,900	-	504,900
Redemption / adjustments during the period	-	-	-	(945,680)	-	(945,680)
Balance at end of the period	-	-	4,366,796	3,230,145	50,000	7,646,941
Provision Held Against Investments	-	-	4,366,796	826,000	50,000	5,242,796

Call Borrowings/Repo

Balance at beginning of the period	-	-	-	-	-	-
Borrowings during the period	-	-	-	-	-	-
Repayments during the period	-	-	-	-	-	-
Balance at end of the period	-	-	-	-	-	-

Call Lendings/Reverse Repo

Balance at beginning of the period	-	-	-	-	-	-
Placements during the period	-	-	-	-	-	-
Withdrawals during the period	-	-	-	-	-	-
Balance at end of the period	-	-	-	-	-	-

31 December 2014 (Audited)

Directors	Key Management Personnel	Group / Associated Companies / Others	Subsidiary / Associates	Strategic Investments	Total
(Rupees in '000)					

Deposits

Balance at the beginning of the year	34,796	80,786	4,416,681	505,482	18	5,037,763
Placements during the year	236,286	894,069	57,901,746	19,130,947	-	78,163,048
Withdrawals / adjustments during the year	(232,684)	(903,685)	(57,264,222)	(19,150,190)	-	(77,550,781)
Balance at end of the year	38,398	71,170	5,054,205	486,239	18	5,650,030

Advances

Balance at the beginning of the year	-	278,201	3,622,533	30,000	-	3,930,734
Disbursements during the year	-	82,967	10,697,701	-	-	10,780,668
Repayments / adjustments during the year	-	(80,538)	(10,491,712)	-	-	(10,572,250)
Balance at end of the year	-	280,630	3,828,522	30,000	-	4,139,152

Investments

Balance at the beginning of the year	-	-	4,553,930	3,125,873	50,000	7,729,803
Investments during the year	-	-	-	545,052	-	545,052
Redemptions / adjustments during the year	-	-	(187,134)	-	-	(187,134)
Balance at end of the year	-	-	4,366,796	3,670,925	50,000	8,087,721

Provision held against investments

	-	-	4,366,796	826,000	50,000	4,399,296
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Call borrowings / Repo

Balance at the beginning of the year	-	-	4,000,000	-	-	4,000,000
Borrowing during the year	-	-	-	-	-	-
Repayments during the year	-	-	(4,000,000)	-	-	(4,000,000)
Balance at end of the year	-	-	-	-	-	-

16.2 Advances

Running finance						
- Subsidiary company						
- Other related parties				2,529,949		2,698,691
Long term loans						
- Subsidiary company				52,000		30,000
- Other related parties				1,256,581		1,410,461

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

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

31 December 2014
(Audited)

16.3 Contingencies And Commitments

Letters of credit, acceptance and Guarantees outstanding	1,388,928	1,809,608
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16.4 Customer Accounts

PLS accounts		
- Other related parties	3,833,863	3,612,686
Current accounts		
- Subsidiary company	30,233	3,005
- Other related parties	559,015	1,452,720
Fixed deposit accounts		
- Other related parties	579,917	581,619

Three months period ended

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

31 March 2014
(Un-audited)

16.5 With Subsidiary / Associates**Alfalsh Securities (Private) Limited**

Brokerage expense	219	130
Rent income	330	314

In addition to these, the remuneration to the CEO and certain expenses of the subsidiary are paid by the bank.

Others

Rent income from Alfalah Insurance Limited	499	499
Rent income from Wateen Telecom Limited	1,766	3,266
Rent income from Alfalah GHP Investment Management Limited	-	324
Rent income from Warid Telecom (Private) Limited	4,458	5,833
Rent expense pertaining to Wateen Telecom Limited	2,850	2,850
Dividend income from Alfalah GHP Cash Fund	-	20,067
Dividend income from Alfalah GHP Income Multiplier Fund	-	5,483
Capital Gain on sale of units of Alfalah GHP Cash Fund	25,085	-
Capital Gain on sale of units of IGI Money Market Fund	29,235	-
Revenue from Alfalah GHP against sale of units	21,119	-
Mark-up income on advances	90,424	108,620
Mark-up expense on deposits	109,244	226,657
Mark up paid to Taavun Pvt Ltd	-	37,448
Mark up paid to IGI Income Fund	4,549	6,222
Mark up paid to Alfalah GHP Income Multiplier Fund	353	320
Mark up paid to IGI Aggressive Income Fund	-	3,939
Payment to Institute of Bankers Pakistan for Calendars & Diaries etc.	284	126
Charge for security services to Security and Management Services (Private) Limited and Wackenhut Pakistan (Private) Limited	87,939	71,727
Reversal of Provision made against rent receivable from Warid Telecom (Private) Limited	-	37,990
Provision made during the period in respect of strategic investments	-	17,500
Contribution to employees provident fund	77,625	63,679
Contribution to Gratuity fund	74,252	71,903
Commission received from Warid Telecom (Private) Limited	-	4,389

31 March 2015 **31 December 2014**
(Un-audited) (Audited)
(Rupees in '000)

Alfaluh Securities (Private) Limited

Mark-up receivable on advances	34,232	33,423
Mark-up held in suspense	34,232	33,423
Provision held against investment	826,000	826,000
Rent receivable	9,477	9,147
Provision held against rent receivable	9,477	9,147
Deposit balance	30,234	3,006
Brokerage payable	96	12

Others

Insurance premium paid to Alfalah Insurance Company Limited	305,995	460,811
Dividend paid to Alfalah Insurance Company Limited	-	1,000
Mark-up suspended on advances to Wateen Telecom Limited	484,057	441,119
Mark-up suspended on advances to Warid Telecom (Private) Limited	22,300	22,300
Payment to Wateen Telecom Limited for purchase of equipment and maintenance charges	31,513	110,969
Payment to Monet (Private) Ltd for Branchless banking services	7,489	110,809
Advance rent from Wateen Telecom Limited	-	589
Advance rent from Warid Telecom (Private) Limited	4,547	9,005
Rent receivable from Wateen Telecom Limited	1,177	-
Rent payable to Wateen Telecom Limited	-	950
Provision held against investments in Warid Telecom (Private) Limited	4,366,796	4,366,796
TFCs held by Taavun Pvt Ltd	499,000	499,000
TFCs held by IGI Income fund	87,935	87,935
TFCs held by Alfalah GHP Income Multiplier Fund	6,121	6,121

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

Salaries and allowances	416,928	258,019
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In addition the Chief Executive Officer and other executive officers are provided with the Bank maintained car as per Bank's policy.

17 Date of Authorisation

This unconsolidated condensed interim financial information was authorised for issue on 22 April 2015 by the Board of Directors.

18 General

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

CEO

Director

Director

Chairman

Islamic Banking Business

The bank is operating through 157 Islamic banking branches as at 31 March 2015 (31 December 2014: 157 branches).

Note	31 March 2015	31 December 2014
	(Rupees in '000)	
ASSETS		
Cash and balances with treasury banks	7,881,988	9,424,644
Balances with and due from financial institutions	2,304,582	2,655,800
Lendings to financial institutions	26,004,354	17,286,944
Investments - net	35,404,848	42,725,945
Islamic financing and related assets	33,520,817	36,314,148
Fixed assets	2,152,176	2,130,999
Other assets	3,875,098	4,571,148
	111,143,863	115,109,628
LIABILITIES		
Bills payable	2,032,664	1,348,263
Borrowings	2,616,154	9,756,894
Deposits and other accounts		
-Current accounts	32,023,587	34,284,151
-Saving accounts	45,738,939	44,024,101
-Term deposits	14,853,080	11,428,821
-Others	602,646	807,927
-Deposit from financial institutions - Remunerative	252,961	214,559
-Deposits from financial institutions-Non-Remunerative	3,206	1,319
Other liabilities	3,901,572	4,799,138
	102,024,809	106,665,173
	9,119,054	8,444,455
NET ASSETS		
Islamic banking fund	1,800,000	1,800,000
Exchange equalization reserve	11,587	10,786
Unappropriated / unremitted profit	6,326,855	5,665,417
	8,138,442	7,476,203
Surplus on revaluation of assets	980,612	968,252
	9,119,054	8,444,455
Remuneration to Shariah Advisor / Board	975	2,800
CHARITY FUND		
Opening Balance	131,543	145,707
Additions during the period / year		
Received from customers on delayed payments & Others	19,017	53,410
Dividend Purification	-	-
Non-shariah compliant income	-	3,805
Profit on charity saving account	2,015	8,861
	21,032	66,076
Distribution of Charity		
Welfare Works	-	(20,511)
Health	(2,809)	(43,425)
Education	(1,757)	(16,304)
Relief and disaster recovery	-	-
	(4,566)	(80,240)
Closing Balance	148,009	131,543
A-I.1 Islamic Financing and Related Assets		
Financing	28,502,784	29,655,655
Advances	5,018,033	6,658,493
Assets / Inventories	-	-
Others	-	-
	33,520,817	36,314,148
A-I.2 Islamic Financing and Related Assets		
Murahaba	13,499,745	17,194,729
Ijarah	6,430,259	5,862,184
Diminishing Musharakah	606,310	723,800
Musharakah	4,328,910	3,998,454
Salam	4,407,034	3,703,959
Istisna	1,477,950	1,986,254
SBP Islamic Export Refinance Scheme	2,010,275	2,099,949
Others	760,334	744,819
	33,520,817	36,314,148

Branch Network

Bank Alfalah's Presence in Pakistan

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

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

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

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

Bank Alfalah's Presence in Foreign Countries

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