



ALBARAKA BANK (PAKISTAN) LIMITED
FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED JUNE 2016




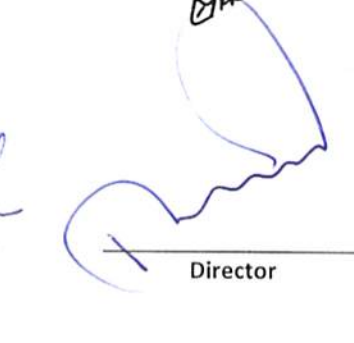
ALBARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	30 June 2016	31 December 2015
Note 16.1	----- (Rupees in '000) -----	
	(Un-Audited)	(Restated) (Audited)
ASSETS		
Cash and balances with treasury banks	8,815,518	10,847,429
Balances with other banks	4,312,766	1,560,544
Due from financial institutions	1,583,176	1,831,716
Investments	21,022,836	17,358,401
Islamic financing and related assets	46,803,619	47,644,690
Operating fixed assets	2,707,625	2,671,911
Deferred tax assets	1,544,442	1,392,003
Other assets	3,784,062	3,625,816
	90,574,044	86,932,510
LIABILITIES		
Bills payable	1,177,867	883,698
Due to financial institutions	1,829,325	2,108,255
Deposits and other accounts	75,482,540	71,644,386
Sub-ordinated loans	3,615,697	3,756,734
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	-	-
Other liabilities	2,472,586	2,266,200
	84,578,015	80,659,273
NET ASSETS	5,996,029	6,273,237
REPRESENTED BY		
Share capital	8,935,200	8,935,200
Advance against issuance of shares	95,704	95,704
Discount on issuance of shares	(767,290)	(767,290)
Reserves	159,348	159,348
Accumulated loss	(2,307,579)	(2,135,310)
	6,115,383	6,287,652
Deficit on revaluation of investments - net of tax	(119,354)	(14,415)
	5,996,029	6,273,237

CONTINGENCIES AND COMMITMENTS

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The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

 Chairman	 Chief Executive Officer	 Director	 Director
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ALBARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2016

	Note	Half year ended		Quarter ended	
		30 June 2016	30 June 2015	30 June 2016	30 June 2015
----- (Rupees in '000) -----					
Profit / return earned on Islamic financing and related assets, investments and placements	12	2,351,422	3,454,889	1,216,232	1,688,028
Return on deposits and other dues expensed		(1,253,187)	(2,185,344)	(642,819)	(998,290)
Net spread earned		1,098,235	1,269,545	573,413	689,738
Provision against non-performing Islamic financing and related assets	7.2	(133,855)	(186,144)	(158,672)	(62,255)
(Provision) / reversal for diminution in the value of investments	6.1	(2,010)	225,286	(1,459)	219
Net spread after provisions		(135,865)	39,142	(160,131)	(62,036)
		962,370	1,308,687	413,282	627,702
Other income					
Fee, commission and brokerage income		222,989	196,850	122,924	110,405
Dividend income		8,473	8,729	6,635	1,140
Income from dealing in foreign currencies		72,978	66,408	29,204	35,031
Gain on sale of securities		15,710	46,001	9,903	30,984
Unrealized gain / (loss) on revaluation of investments classified as held-for-trading		-	3,434	-	(304)
Other income		1,875	1,870	1,735	754
Total other income		322,025	323,292	170,401	178,010
		1,284,395	1,631,979	583,683	805,712
Other expenses					
Administrative expenses		(1,525,801)	(1,405,824)	(839,022)	(752,689)
Other provisions / write off		-	(4,407)	-	(2,203)
Other charges		(63)	(290)	(37)	(290)
Total other expenses		(1,525,864)	(1,410,521)	(839,059)	(755,182)
		(241,469)	221,458	(255,376)	50,530
Extra ordinary / unusual items		-	-	-	-
(Loss) / profit before taxation		(241,469)	221,458	(255,376)	50,530
Taxation - Current / prior year		(26,734)	(56,243)	(13,866)	(31,665)
- Deferred		95,934	(39,987)	88,050	(5,843)
		69,200	(96,230)	74,184	(37,508)
(Loss) / profit after taxation		(172,269)	125,228	(181,192)	13,022
----- (Rupee) -----					
(Loss) / earnings per share - basic / diluted		(0.19)	0.14	(0.20)	0.01

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

Chairman

Chief Executive Officer

Director

Director

ALBARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2016

	Half year ended		Quarter ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	----- (Rupees in '000) -----			
(Loss) / profit after taxation	(172,269)	125,228	(181,192)	13,022
Other comprehensive income	-	-	-	-
Comprehensive income transferred to equity	(172,269)	125,228	(181,192)	13,022
Components of comprehensive income not reflected in equity				
(Deficit) / surplus on revaluation of available-for-sale securities - net of tax *	(104,939)	58,008	(15,054)	21,671
Total comprehensive (loss) / income	(277,208)	183,236	(196,246)	34,693

* Surplus / (deficit) on revaluation of available-for-sale securities - net of tax has been shown in the statement of comprehensive income in order to comply with the revised "Prudential Regulations for Corporate / Commercial Banking" issued by the State Bank of Pakistan vide its BPRD Circular No. 06 of 2014 on 26 June 2014.

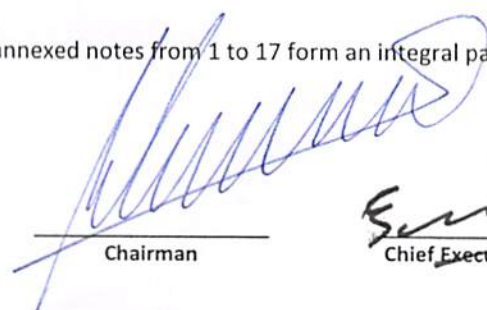
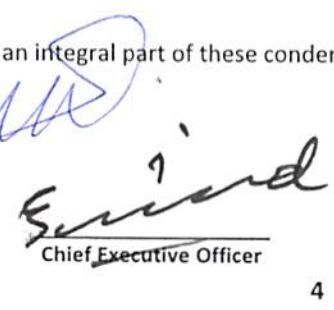

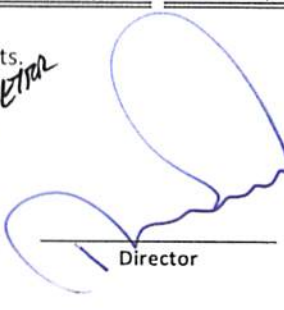
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 <hr style="width: 100%; border: 0.5px solid black;"/> <p>Chairman</p>	 <hr style="width: 100%; border: 0.5px solid black;"/> <p>Chief Executive Officer</p>	 <hr style="width: 100%; border: 0.5px solid black;"/> <p>Director</p>	 <hr style="width: 100%; border: 0.5px solid black;"/> <p>Director</p>
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ALBARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2016

	30 June 2016	30 June 2015
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(241,469)	221,458
Dividend income	(8,473)	(8,729)
	<u>(249,942)</u>	<u>212,729</u>
Adjustments for non-cash and other items:		
Depreciation	76,476	68,224
Depreciation on Ijarah assets held under IFAS 2	648,647	579,891
Amortisation	41,513	50,230
Unrealized gain on revaluation of investments classified as held-for-trading	-	(3,434)
Provision against non-performing Islamic financing and related assets	133,855	186,144
Provision / (reversal) for diminution in the value of investments	2,010	(225,286)
Other provisions / write offs	-	4,407
Gain on sale of operating fixed assets	(1,742)	(31)
	<u>900,759</u>	<u>660,145</u>
	650,817	872,874
(Increase) / decrease in operating assets		
Due from financial institutions	248,540	2,750,688
Held-for-trading securities	-	2,008,662
Islamic financing and related assets	58,569	530,201
Other assets	(156,312)	(505,888)
	<u>150,797</u>	<u>4,783,663</u>
Increase / (decrease) in operating liabilities		
Bills payable	294,169	236,056
Due to financial institutions	(278,930)	(666,119)
Deposits and other accounts	3,838,154	1,558,874
Other liabilities	206,386	71,785
	<u>4,059,779</u>	<u>1,200,596</u>
	(28,993)	(41,814)
Net cash inflow from operating activities	<u>4,832,400</u>	<u>6,815,319</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available-for-sale investments	(3,827,890)	(1,288,540)
Net investments in operating fixed assets	(153,757)	(142,553)
Dividend received	8,799	8,386
Proceeds from disposal of operating fixed assets	1,796	558
Net cash used in investing activities	<u>(3,971,052)</u>	<u>(1,422,149)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt of sub-ordinated loan	-	865,119
Repayment of Tier II Modaraba sukuk	(142,858)	(142,858)
Effect of exchange difference on translation of sub-ordinated loan	1,821	14,252
Net cash (used) / flow from financing activities	<u>(141,037)</u>	<u>736,513</u>
Net increase in cash and cash equivalents	<u>720,311</u>	<u>6,129,683</u>
Cash and cash equivalents at beginning of the period	12,407,973	10,206,610
Cash and cash equivalents at end of the period	<u>13,128,284</u>	<u>16,336,293</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

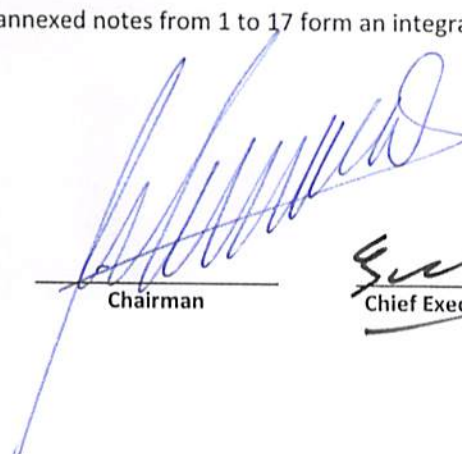
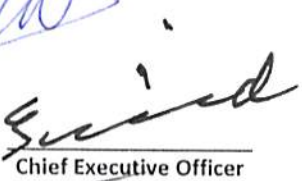

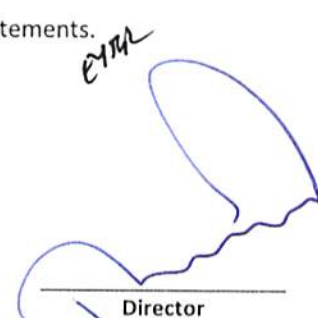
Chairman Chief Executive Officer Director Director

ALBARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2016

	Issued, subscribed and paid-up share capital	Advance against issuance of shares	Discount on issuance of shares	Statutory Reserve *	Accumulated loss	Total
	----- (Rupees in '000) -----					
Balance as at 01 January 2015	8,935,200	95,704	(767,290)	111,259	(2,323,983)	6,050,890
Profit after taxation for the period	-	-	-	-	125,228	125,228
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	125,228	125,228
Transfer to statutory reserves	-	-	-	25,046	(25,046)	-
Balance as at 30 June 2015	8,935,200	95,704	(767,290)	136,305	(2,223,801)	6,176,118
Profit after taxation for the period	-	-	-	-	115,218	115,218
Other comprehensive income for the period	-	-	-	-	(3,684)	(3,684)
Total comprehensive income for the period	-	-	-	-	111,534	111,534
Transfer to statutory reserves	-	-	-	23,043	(23,043)	-
Balance as at 31 December 2015	8,935,200	95,704	(767,290)	159,348	(2,135,310)	6,287,652
Loss after taxation for the period	-	-	-	-	(172,269)	(172,269)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(172,269)	(172,269)
Transfer to statutory reserves	-	-	-	-	-	-
Balance as at 30 June 2016	8,935,200	95,704	(767,290)	159,348	(2,307,579)	6,115,383

* This represents reserve created under section 21(1)(a) of the Banking Companies Ordinance, 1962.

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

Chairman Chief Executive Officer Director Director

ALBARAKA BANK (PAKISTAN) LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** AlBaraka Bank (Pakistan) Limited (the Bank) was incorporated in Pakistan on 20 December 2004 as a public limited company under the Companies Ordinance, 1984.

The main objective of the Bank is to carry on Islamic banking business in Pakistan in accordance and in conformity with Shariah. The Bank was granted an Islamic Banking License BL(i)-01(07), issued by the Banking Policy and Regulations Department of the State Bank of Pakistan (SBP) on 18 January 2007. Subsequently, the Bank was also granted approval for commencement of business as a scheduled bank with effect from 13 February 2007. Upon merger of the Pakistan branches of AlBaraka Islamic Bank B.S.C. (c) with and into the Bank, fresh license no. BL(i)-01(2011) was issued by SBP on 12 March 2011, effective from close of business on 29 October 2010.

The Bank is a subsidiary of AlBaraka Islamic Bank B.S.C. (c) (AlBaraka) {major sponsor} incorporated and domiciled in Bahrain and a member of AlBaraka Banking Group.

The Bank's registered office is located at 162, Bangalore Town, Main Sharah-e-Faisal, Karachi. The Bank has 150 branches including 14 sub-branches (31 December 2015: 135 branches including 14 sub-branches) in Pakistan.

Based on the financial statements of the Bank for the year ended 31 December 2015, Pakistan Credit Rating Agency Limited (PACRA) has determined the Bank's long-term rating at "A" and short term rating as 'A1'. JCR-VIS, has also maintained long-term and short-term ratings of "A" and 'A1' respectively.

- 1.2** As per the requirements of SBP, the banks / DFIs are required to have a minimum paid-up capital (net of losses) of Rs.10 billion. Further, the banks / DFIs are also required to maintain a capital adequacy ratio of 10% at all times.

In order to meet the regulatory capital requirements, the Bank prepared a capitalization plan which was approved by the SBP vide its letter no. BPRD/BA&CP/608/019652/2013 dated 28 December 2013 on the following terms and conditions:

- i) The Bank shall maintain a minimum paid-up capital (net of losses) (MCR) of at least Rs.6 billion at all times and will have to meet the full MCR of Rs.10 billion by 31 December 2016.
- ii) As a short term arrangement, the Bank would raise a foreign currency sub-ordinated debt (FCY subordinated debt) of US \$ 11 million from its major sponsor. The said sub-ordinated debt is deposited as non-remunerative deposit with SBP.
- iii) The above FCY sub-ordinated debt with the SBP shall be increased to Rs.2.1 billion by 31 December 2014 and Rs.2.8 billion by 31 December 2015.
- iv) The FCY sub-ordinated debt shall not be withdrawn unless the Bank achieves full compliance with MCR. However, any withdrawal will be subject to prior approval of the SBP. In the event the Bank is not MCR compliant by 31 December 2016, the sub-ordinated debt will be converted into the paid-up capital of the Bank.
- v) For regulatory purposes, the FCY sub-ordinated debt is allowed to be included in the Bank's capital and the Bank will be required to maintain a capital adequacy ratio (CAR) of atleast 16% which may be reduced depending on the level of increase in the MCR.

In line with the capitalization plan approved by SBP, major Sponsor of the Bank has injected the FCY debt amounting to Rs.1,153.178 (US \$ 11) million and Rs.891.092 (US \$ 8.5) million on 30 December 2013 and 29 April 2015 respectively. In addition to this, to comply with aforementioned CAR requirements, the Bank had issued unsecured, subordinated and privately placed sukuk amounting to Rs.2 billion during September 2014.

As of 30 June 2016, the Bank's MCR for regulatory purposes amounts to Rs.8 billion. SBP has allowed extension in timeline to deposit the FCY sub-ordinated debt till 29 September 2016 to increase the MCR to Rs.9 billion. Meanwhile, the Bank is in advanced stage of acquiring a local Islamic bank. If this merger happens, it will increase Bank's MCR to Rs.10 billion. In case merger does not occur, the Sponsors of the Bank will immediately inject further capital to increase the MCR to Rs.9 billion and subsequently to Rs.10 billion by 31 December 2016. Furthermore, CAR of the Bank as of 30 June 2016 stands at 13.32% (un-audited) as against required CAR of 13.25%.

2. STATEMENT OF COMPLIANCE

- 2.1 These condensed interim financial statements of the Bank for the half year ended 30 June 2016 have been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosures made in these condensed interim financial statements have been limited based on the format prescribed by SBP vide BSD Circular Letter No. 2 dated 12 May 2004 and International Accounting Standard (IAS) 34, "Interim Financial Reporting". They do not include all the disclosures required for annual financial statements, and these condensed interim financial statements should be read in conjunction with financial statements for the year ended 31 December 2015.

3. BASIS OF MEASUREMENT

- 3.1 These condensed interim financial statements have been prepared under the historical cost convention except for available for sale investments and commitments in respect of foreign exchange forward contracts which have been measured at fair value.
- 3.2 Items included in the condensed interim financial statements are measured using the currency of the primary economic environment in which the Bank operates. These condensed interim financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those of the previous financial year except as describe below:

4.1 New Standards, Interpretations and Amendments

The Bank has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current period:

IFRS 10 – Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates – Investment Entities: Applying the Consolidation Exception (Amendment)

IFRS 11 – Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)

IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)

IAS 16 – Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)

IAS 16 – Property, Plant and Equipment and IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)

IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)

4.2 Improvements to Standards issued by the IASB

IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations - Changes In methods of disposal

IFRS 7 – Financial Instruments: Disclosures - Servicing contracts

IFRS 7 – Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements

IAS 19 – Employee Benefits - Discount rate: regional market issue

IAS 34 – Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

The adoption of the above amendments, revisions, improvements to accounting standards and interpretations did not have any effect on these condensed interim financial statements.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

6. INVESTMENTS

	30 June 2016 (Un-Audited)			31 December 2015 (Audited) - Restated		
	Held by Bank	Given as Collateral	Total	Held by Bank	Given as Collateral	Total
Available for sale	(Rupees in '000)					
Sukuk certificates	18,722,642	-	18,722,642	14,944,894	-	14,944,894
Ordinary shares of listed companies	397,890	-	397,890	347,748	-	347,748
Ordinary shares of unlisted company Takaful Pakistan Limited	52,200	-	52,200	52,200	-	52,200
	19,172,732	-	19,172,732	15,344,842	-	15,344,842
Held to maturity						
Bai Muajjal with Government of Pakistan	2,080,047	-	2,080,047	2,080,047	-	2,080,047
Investments at cost	21,252,779	-	21,252,779	17,424,889	-	17,424,889
Less: Provision for diminution in the value of investments	(46,321)	-	(46,321)	(44,311)	-	(44,311)
Investments (net of provisions)	21,206,458	-	21,206,458	17,380,578	-	17,380,578
Deficit on revaluation of available for sale securities	(183,622)	-	(183,622)	(22,177)	-	(22,177)
Total Investments at market value	21,022,836	-	21,022,836	17,358,401	-	17,358,401

6.1 Particulars of provisions for diminution in the value of investments

	30 June 2016		31 December 2015	
	(Un-Audited)	(Audited)	(Un-Audited)	(Audited)
Opening balance	44,311	274,443		
Charged during the period / year	2,341	4,284		
Reversal during the period / year	(331)	(234,416)		
Closing balance	2,010	(230,132)	46,321	44,311

6.2 The mark to market impairment loss on certain investments as of 30 June 2016 amounts to Rs.17.159 (31 December 2015: Rs.Nil) million. However, SBP vide its letter BPRD/BRD (Policy)/2016-14898 has allowed the recognition of impairment loss of Rs.17.159 million in a phased manner by 30 June 2017. As per such relaxation, the Bank is required to book atleast 10% of impairment loss as of 30 June 2016 which amounts to Rs.1.716 (31 December 2015: Rs.Nil) million and the same has been booked in these condensed interim financial statements.

7. ISLAMIC FINANCING AND RELATED ASSETS

In Pakistan

Islamic financing and related assets

- Murabaha finance	11,851,223	15,483,094
- Advance against murabaha finance	1,275,282	826,636
- Export refinance under Islamic scheme	1,019,336	929,405
- Advance against export refinance under Islamic scheme	108,374	47,400
- Ijarah assets under IFAS 2	4,518,405	4,211,037
- Net investment in ijarah	112,172	112,396
- Advance against ijarah	208,824	281,397
- Service ijarah	402,574	469,730
- Diminishing musharaka financing	16,152,829	15,366,192
- Advance against diminishing musharaka finance	332,836	162,414
- Running musharaka	150,000	150,000
- Tijarah finance	709,122	599,886
- Over due acceptances	543,865	505,274
- Payment against guarantee	160,439	80,063
- Payment against documents	21,280	49,049
- Salam financing	22,485	28,385
- Advance against salam	5,579,713	4,897,084
- Salam inventory	244,000	172,001
- Financing against bills	862,554	230,439
- Istasna finance	3,586,010	4,014,527
- Advance against istasna	1,189,476	1,186,864
- Istasna inventory	17,500	18,000
- Staff financing	762,962	721,956
- Advance against staff financing	9,665	4,913
Islamic financing and related assets - gross	49,840,926	50,548,142
Provisions for non-performing financing - specific	(2,999,348)	(2,875,066)
Provisions for non-performing financing - general	(37,959)	(28,386)
	(3,037,307)	(2,903,452)
Islamic financing and related assets - net of provisions	46,803,619	47,644,690

7.1 Islamic financing and related assets include Rs.4,517.416 (31 December 2015: Rs.4,042.561) million which have been placed under non-performing status as detailed below:

Category of classification	30 June 2016 (Un-Audited)				
	Classified financing			Provision required	Provision held
	Domestic	Overseas	Total		
	----- (Rupees in '000) -----				
Other Assets Especially Mentioned	2,582	-	2,582	6	6
Substandard	680,330	-	680,330	140,275	140,275
Doubtful	230,858	-	230,858	9,608	9,608
Loss	3,603,646	-	3,603,646	2,849,459	2,849,459
	<u>4,517,416</u>	<u>-</u>	<u>4,517,416</u>	<u>2,999,348</u>	<u>2,999,348</u>

Category of classification	31 December 2015 (Audited)				
	Classified financing			Provision required	Provision held
	Domestic	Overseas	Total		
	----- (Rupees in '000) -----				
Other Assets Especially Mentioned	5,032	-	5,032	-	-
Substandard	383,873	-	383,873	74,439	74,439
Doubtful	365,059	-	365,059	70,858	70,858
Loss	3,288,597	-	3,288,597	2,729,769	2,729,769
	<u>4,042,561</u>	<u>-</u>	<u>4,042,561</u>	<u>2,875,066</u>	<u>2,875,066</u>

7.2 Particulars of provisions against non-performing Islamic financing and related assets

	30 June 2016 (Un-Audited)			31 December 2015 (Audited)		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000) -----					
Opening balance	2,875,066	28,386	2,903,452	2,795,155	16,548	2,811,703
Charge for the period / year	224,081	9,573	233,654	429,655	11,838	441,493
Reversals for the period / year	(99,799)	-	(99,799)	(336,803)	-	(336,803)
	124,282	9,573	133,855	92,852	11,838	104,690
Written off during the period / year	-	-	-	(12,941)	-	(12,941)
Closing balance	<u>2,999,348</u>	<u>37,959</u>	<u>3,037,307</u>	<u>2,875,066</u>	<u>28,386</u>	<u>2,903,452</u>

7.2.1 The above provision against non-performing Islamic financing has been computed after considering allowable forced sale value (FSV) of collateral amounting to Rs.966.728 (31 December 2015: Rs.831.380) million. The FSV benefit recognized is not allowed for distribution of cash or stock dividend to shareholders.

7.2.2 The Bank maintains general reserve (provisions) in accordance with the applicable requirements of prudential regulations for consumer, small and medium enterprise Islamic financing.

7.2.3 SBP vide its letter BPRD/BLRD-3/DMG/2011-1035 dated 26 January 2011 has allowed relaxation from provisioning requirement against certain financing exposures having a provisioning impact of Rs.40.581 (31 December 2015: Rs.40.581) million.

8. OPERATING FIXED ASSETS	Note	30 June	31 December
		2016	2015
		----- (Rupees in '000) -----	
Property and equipment		1,607,938	1,593,986
Intangible assets		743,025	772,179
Capital work-in-progress	8.1	356,662	305,746
		<u>2,707,625</u>	<u>2,671,911</u>
8.1 Capital work-in-progress			
Advances to suppliers and contractors	8.1.1	356,662	305,746
Advance for purchase of property - related party		251,680	251,680
Provisions for impairment against advance for purchase of property		(251,680)	(251,680)
		-	-
Total capital work-in-progress		<u>356,662</u>	<u>305,746</u>

8.1.1 This includes advance payment amounting to Rs.121.049 (31 December 2015: Rs.121.049) million for implementation of new core banking system of the Bank.

ALBARAKA BANK (PAKISTAN) LIMITED

	30 June 2016 ----- (Rupees in '000) ----- ----- (Un-Audited) -----	30 June 2015 ----- (Rupees in '000) ----- ----- (Un-Audited) -----
8.2 Additions to operating fixed assets	<u>103,228</u>	<u>117,383</u>
Disposals and write offs of operating fixed assets - cost	<u>6,148</u>	<u>3,164</u>
	30 June 2016 ----- (Rupees in '000) ----- (Un-Audited)	31 December 2015 ----- (Rupees in '000) ----- (Audited)
9. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	<u>15,203,846</u>	<u>16,691,631</u>
Savings deposits	<u>35,436,534</u>	<u>33,325,446</u>
Current accounts - non-remunerative	<u>19,395,657</u>	<u>16,816,701</u>
Margin deposits	<u>702,256</u>	<u>726,167</u>
	<u>70,738,293</u>	<u>67,559,945</u>
Financial Institutions		
Remunerative deposits	<u>4,700,337</u>	<u>4,023,857</u>
Non-remunerative deposits	<u>43,910</u>	<u>60,584</u>
	<u>4,744,247</u>	<u>4,084,441</u>
	<u>75,482,540</u>	<u>71,644,386</u>
10. SUBORDINATED LOANS		
Foreign currency sub-ordinated debt	<u>2,044,271</u>	<u>2,042,450</u>
Tier II Modaraba sukuk	<u>1,571,426</u>	<u>1,714,284</u>
	<u>3,615,697</u>	<u>3,756,734</u>
11. CONTINGENCIES AND COMMITMENTS		
11.1 Transaction-related contingent liabilities		
Includes performance bonds, bid bonds, shipping guarantees favouring:		
i) Government	<u>4,225,236</u>	<u>4,446,114</u>
ii) Banking companies and other financial institutions	<u>36,224</u>	<u>611</u>
iii) Others	<u>1,514,799</u>	<u>363,541</u>
	<u>5,776,259</u>	<u>4,810,266</u>
11.2 Trade-related contingent liabilities		
Letters of credit	<u>4,439,208</u>	<u>5,370,825</u>
Others - Shipping Guarantees	<u>2,327</u>	<u>36,279</u>
Acceptances	<u>1,613,498</u>	<u>1,202,664</u>
11.3 Commitments in respect of forward exchange contracts		
Purchase	<u>2,765,066</u>	<u>2,865,530</u>
Sale	<u>2,477,007</u>	<u>1,260,153</u>
11.4 Commitments to incur capital expenditure	<u>2,242</u>	<u>57,419</u>
11.5 Other Contingencies		

11.5.1 The Bank has received various assessment orders from Deputy Commissioner Inland Revenue (DCIR) stating that the Bank has short paid Federal Excise Duty (FED) on specific income of the Bank for the years 2009 to 2011 amounting to Rs.86.5 million and Rs.34.575 million in respect of year 2012. In response to the Bank's appeal, ATIR has set aside the orders related to years 2009 to 2011 for fresh adjudication and the said matter is pending decision for further proceedings. For the year 2012, CIR Appeal I has dropped the proceedings amounting to Rs.8.991 Mn. Accordingly, the Bank has filed the appeal before ATIR against the order of CIR appeals-I amounting to Rs.25.584 million.

The Bank after necessary consultation with its tax advisor is confident that the aforementioned matters will be decided in its favor and hence, no provision has been made in these condensed interim financial statements against any liability which may arise in this respect.

Except for the matter mentioned in note 11.5.1 above, there has been no change in the status of contingencies disclosed in notes 21.5.1 to 21.5.4 to the financial statements for the year ended 31 December 2015.

	Half year ended		Quarter ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	----- (Rupees in '000) -----			
	----- (Un-Audited) -----			
12. PROFIT / RETURN EARNED ON ISLAMIC FINANCING AND RELATED ASSETS, INVESTMENTS AND PLACEMENTS				
On Islamic financing and related assets	1,821,324	2,225,459	927,543	1,084,613
On investments in				
- Available for sale securities	348,350	731,458	176,026	355,581
- Held to maturity securities	62,193	-	31,096	-
- Held for trading securities	-	6,211	-	6
	410,543	737,669	207,122	355,587
On deposits with banks	53,211	76,643	44,000	63,339
On due from financial institutions	66,344	415,118	37,567	184,489
	<u>2,351,422</u>	<u>3,454,889</u>	<u>1,216,232</u>	<u>1,688,028</u>

13. RELATED PARTY TRANSACTIONS

- 13.1 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 and operational decisions and include key management personnel, Parent Bank, Shareholders of the Bank, staff retirement benefit plan and Directors of the Bank. Banking transactions with related parties are entered into the normal course of business. Details of transactions with the related parties, other than those which have been already disclosed elsewhere in these condensed interim financial statements, are as follows:

	30 June 2016	31 December 2015
	----- (Rupees in '000) -----	
	(Un-Audited) (Audited)	
<u>Key management personnel</u>		
Islamic financing and related assets		
At beginning of the period / year	151,457	117,314
Disbursements / additions during the period / year	48,460	66,190
Repayments / deletions during the period / year	(39,560)	(32,047)
At end of the period / year	160,357	151,457
Deposits		
At beginning of the period / year	95,028	108,350
Deposits / additions during the period / year	318,810	438,567
Withdrawals / deletions during the period / year	(314,564)	(451,889)
At end of the period / year	99,274	95,028
Other Balances		
Return payable on deposit	1,655	987
Profit receivable on Islamic financing and related assets	132	126

	Half year ended		Quarter ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	----- (Rupees in '000) -----			
	----- (Un-Audited) -----			
Transactions, income and expenses				
Profit earned on Islamic financing and related assets	2,763	2,304	1,385	1,150
Return on deposits expensed	1,563	889	586	324
Salaries, allowances and benefits	101,824	92,497	61,105	54,421

Parent Bank**Balances**

	30 June 2016	31 December 2015
	----- (Rupees in '000) -----	
	(Un-Audited) (Audited)	
Advance against issuance of shares	95,704	95,704
FCY sub-ordinated debt	2,044,271	2,042,450

30 June 31 December
2016 2015
----- (Rupees in '000) -----
(Un-Audited) (Audited)

Shareholders, directors and other related parties of the Bank**Deposits**

At beginning of the period / year	682,256	420,289
Deposits / additions during the period / year	364,517	1,016,007
Withdrawals / deletions during the period / year	(320,833)	(754,040)
At end of the period / year	725,940	682,256

Other balances

Return payable on deposits	3,139	3,108
Investments	52,200	-
Provision for diminution in the value of investments	22,897	-

Payable to shareholders	657	657
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Half year ended		Quarter ended	
30 June	30 June	30 June	30 June
2016	2015	2016	2015
----- (Rupees in '000) -----			
----- (Un-Audited) -----			

Transactions, income and expenses

Revenue earned from non funded exposure	13	-	-	-
Return on deposits expensed	18,759	15,584	9,972	7,348
Director fee and other allowances	17,579	16,828	8,414	6,819
Shariah board fee	216	572	-	-

30 June 31 December
2016 2015
----- (Rupees in '000) -----
(Un-Audited) (Audited)

Staff Retirement benefit plan of the Bank**Balance**

Payable in respect of defined benefit plan	26,494	26,494
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Half year ended		Quarter ended	
30 June	30 June	30 June	30 June
2016	2015	2016	2015
----- (Rupees in '000) -----			
----- (Un-Audited) -----			

Transactions, income and expenses

Contribution to defined contribution plan	24,886	22,628	13,071	11,980
Contribution to defined benefit plan	21,701	20,908	11,546	11,019

14. SEGMENT BY CLASS OF BUSINESS

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

	Half year ended 30 June 2016 (Un-Audited)				
	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Total
----- (Rupees in '000) -----					
Total income	701,008	225,307	1,744,582	2,550	2,673,447
Total expenses	1,136,425	375,340	1,333,951	-	2,845,716
Net profit / (loss) after taxation	(435,417)	(150,033)	410,631	2,550	(172,269)

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As at 30 June 2016 (Un-Audited)

	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Total
----- (Rupees in '000)-----					
Segment assets (gross of provisions)	37,500,283	6,480,760	47,233,370	2,358,979	93,573,392
Segment non - performing financing (NPF)	-	86,079	4,431,337	-	4,517,416
Segment provision required against NPF	-	36,987	2,962,361	-	2,999,348
Segment liabilities	3,649,294	45,200,601	34,550,253	1,177,867	84,578,015

Half year ended 30 June 2015 (Un-Audited)

	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Total
----- (Rupees in'000)-----					
Total income	1,354,003	362,214	2,059,348	2,616	3,778,181
Total expenses	1,375,712	385,102	1,892,139	-	3,652,953
Net profit / (loss) after taxation	(21,709)	(22,888)	167,209	2,616	125,228

As at 31 December 2015 (Audited)

	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Total
----- (Rupees in'000)-----					
Segment assets (gross of provisions)	33,119,701	5,352,531	49,071,380	2,263,964	89,807,576
Segment non - performing financing (NPF)	-	81,848	3,960,713	-	4,042,561
Segment provision required against NPF	-	41,596	2,833,470	-	2,875,066
Segment liabilities	3,793,585	45,479,522	30,502,468	883,698	80,659,273

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

The fair value of traded investments is based on quoted market prices, except for tradable securities classified by the Bank as 'held to maturity'. These securities are carried at amortized cost in order to comply with the requirements of BSD Circular No.14 dated 24 September 2004.

Fair value of unquoted equity investments is determined on the basis of break up value of these investments as per the latest available financial statements.

Fair value of Islamic financing and related assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of Islamic financing has been calculated in accordance with the Bank's accounting policy.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are either short term in nature or in the case of customer Islamic financing and deposits are frequently repriced.

15.2 Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the condensed interim financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of financial position date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

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The following table provides an analysis of fair values of financial instruments that are measured or disclosed at fair value:

		As at 30 June 2016 (Un-Audited)			
		Level 1	Level 2	Level 3	Total
		----- (Rupees in '000) -----			
	Note				
On - balance sheet financial instruments					
Financial assets classified as 'available-for-sale securities'					
Ordinary shares					
Listed shares		311,887	-	-	311,887
Government Securities					
Government of Pakistan - Ijarah sukuk		-	14,781,501	-	14,781,501
Sukuks					
Sukuks certificates - listed		531,707	-	-	531,707
		<u>843,594</u>	<u>14,781,501</u>	<u>-</u>	<u>15,625,095</u>
Off - balance sheet financial instruments					
Forward exchange contracts					
Purchase	15.2.1	-	2,765,066	-	2,765,066
Sale	15.2.1	-	2,477,007	-	2,477,007
		As at 31 December 2015 (Audited)			
		Level 1	Level 2	Level 3	Total
		----- (Rupees in '000) -----			
	Note				
On - balance sheet financial instruments					
Financial assets classified as 'available-for-sale securities'					
Ordinary shares					
Listed shares		302,166	-	-	302,166
Government Securities					
Government of Pakistan - Ijarah sukuk		-	12,747,203	-	12,747,203
Sukuks					
Sukuks certificates - listed		-	-	-	-
		<u>302,166</u>	<u>12,747,203</u>	<u>-</u>	<u>13,049,369</u>
Off - balance sheet financial instruments					
Forward exchange contracts					
Purchase	15.2.1	-	2,865,530	-	2,865,530
Sale	15.2.1	-	1,260,153	-	1,260,153
				30 June	31 December
				2016	2015
				----- (Rupees in '000) -----	----- (Rupees in '000) -----
				(Un-Audited)	(Audited)
15.2.1 Book value of off - balance sheet financial instruments					
Forward purchase of foreign exchange				<u>2,751,795</u>	<u>2,869,418</u>
Forward sale of foreign exchange				<u>2,485,793</u>	<u>1,262,941</u>

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16. GENERAL

16.1 Corresponding figures have been re-arranged and reclassified, wherever necessary, to facilitate the comparison. However, no significant reclassification were made during the period except as below:

SBP vide its BPRD Circular Letter No. 5 of 2016 dated 29 February 2016, has issued the revised forms of annual financial statements. As per the revised forms, Bai Muajjal transactions with Government of Pakistan will be reported under investments category as other Federal Government securities. Accordingly, below reclassifications have been made to comply with the revised forms of annual financial statements.


Reclassified from	Reclassified to	Amount Rs. in '000
Due from financial institutions	Investments	2,080,047

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

17. DATE OF AUTHORISATION

These condensed interim financial statements were authorized for issue on 26 August 2016 by the Board of Directors of the Bank.

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Chairman Chief Executive Officer Director Director