

ALBARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

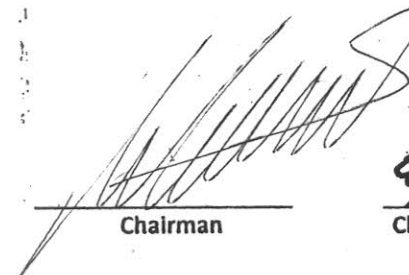
		30 June 2015	31 December 2014
	Note	(Rupees '000)	
		(Un-Audited)	(Audited)
ASSETS			
Cash and balances with treasury banks		10,104,772	6,465,268
Balances with other banks		6,231,521	3,741,342
Due from financial institutions		7,255,262	10,005,950
Investments	6	19,158,510	19,560,668
Islamic financing and related assets	7	45,726,342	47,022,578
Operating fixed assets	8	2,690,766	2,667,194
Deferred tax assets		1,470,209	1,541,433
Other assets		3,831,743	3,344,347
		96,469,125	94,348,780
LIABILITIES			
Bills payable		915,866	679,810
Due to financial institutions		1,545,449	2,211,568
Deposits and other accounts	9	81,781,453	80,222,579
Sub-ordinated loans	10	3,841,827	3,105,314
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		2,299,984	2,228,199
		90,384,579	88,447,470
NET ASSETS		6,084,546	5,901,310
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		136,305	111,259
Accumulated loss		(2,223,801)	(2,323,983)
		6,176,118	6,050,890
Deficit on revaluation of investments - net of tax		(91,572)	(149,580)
		6,084,546	5,901,310

CONTINGENCIES AND COMMITMENTS

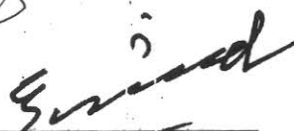
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The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

Signature



 Chairman



 Chief Executive Officer



 Director

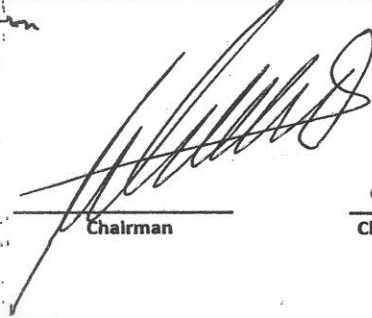


 Director

ALBARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2015

	Half year ended		Quarter ended		
	30 June 2015	30 June 2014	30 June 2015	30 June 2014	
Note	----- (Rupees '000) -----				
Profit / return earned on Islamic financing and related assets,					
Investments and placements	12	3,454,889	3,111,514	1,688,028	1,520,046
Return on deposits and other dues expensed		<u>(2,185,344)</u>	<u>(2,024,642)</u>	<u>(998,290)</u>	<u>(1,005,137)</u>
Net spread earned		1,269,545	1,086,872	689,738	514,909
(Provision) / reversal against non-performing Islamic financing and related assets	7.2	<u>(186,144)</u>	52,234	<u>(62,255)</u>	143,475
Reversal / (provision) for diminution in the value of Investments	6.1	<u>225,286</u>	<u>(3,657)</u>	219	<u>(1,999)</u>
		<u>39,142</u>	<u>48,577</u>	<u>(62,036)</u>	<u>141,476</u>
Net spread after provisions		1,308,687	1,135,449	627,702	656,385
Other income					
Fee, commission and brokerage income		196,850	194,506	110,405	86,817
Dividend income		8,729	540	1,140	540
Income from dealing in foreign currencies		66,408	113,328	35,031	57,178
Gain on sale of securities - net		46,001	82,453	30,984	25,051
Unrealized gain / (loss) on revaluation of Investments classified as held-for-trading		3,434	-	(304)	-
Other income		1,870	2,923	754	2,056
Total other income		<u>323,292</u>	<u>393,750</u>	<u>178,010</u>	<u>171,642</u>
		1,631,979	1,529,199	805,712	828,027
Other expenses					
Administrative expenses		<u>(1,405,824)</u>	<u>(1,298,327)</u>	<u>(752,689)</u>	<u>(662,826)</u>
(Other provisions / write off) / reversal of other provisions		<u>(4,407)</u>	<u>(14,328)</u>	<u>(2,203)</u>	978
(Other charges) / other recoveries		<u>(290)</u>	3,495	<u>(290)</u>	3,596
Total other expenses		<u>(1,410,521)</u>	<u>(1,309,160)</u>	<u>(755,182)</u>	<u>(658,252)</u>
		221,458	220,039	50,530	169,775
Extra ordinary / unusual items		-	-	-	-
Profit before taxation		221,458	220,039	50,530	169,775
Taxation					
- Current		<u>(37,748)</u>	<u>(35,053)</u>	<u>(13,170)</u>	<u>(16,917)</u>
- Prior year		<u>(18,495)</u>	-	<u>(18,495)</u>	-
- Deferred		<u>(39,987)</u>	<u>(34,437)</u>	<u>(5,843)</u>	<u>(37,763)</u>
		<u>(96,230)</u>	<u>(69,490)</u>	<u>(37,508)</u>	<u>(54,680)</u>
Profit after taxation		<u>125,228</u>	<u>150,549</u>	<u>13,022</u>	<u>115,095</u>
		----- Rupee -----			
Basic / diluted earning per share		<u>0.14</u>	<u>0.17</u>	<u>0.01</u>	<u>0.13</u>

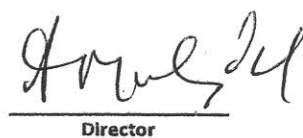
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 Chairman



 Chief Executive Officer



 Director



 Director

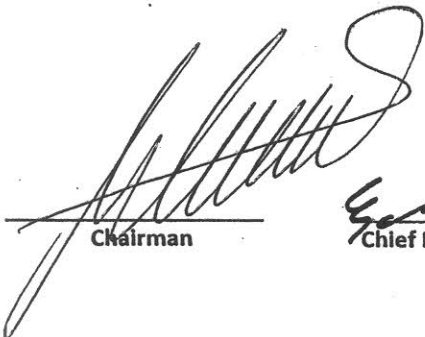

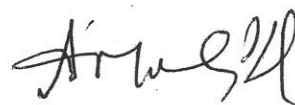

ALBARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2015

	Half year ended		Quarter ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	------(Rupees '000)-----			
Profit after taxation	125,228	150,549	13,022	115,095
Other comprehensive income	-	-	-	-
Total comprehensive income	125,228	150,549	13,022	115,095

As per the requirement of the State Bank of Pakistan, surplus / deficit on revaluation of available-for-sale securities is required to be taken to a separate account 'Surplus / deficit on revaluation of investments' shown in the statement of financial position below equity. Accordingly, it has not been included in statement of comprehensive income.

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

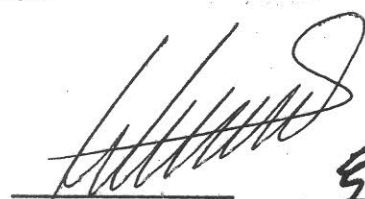
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Chairman	Chief Executive Officer	Director	Director


ALBARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2015

	Note	30 June 2015	30 June 2014
		----- (Rupees '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		221,458	220,039
Dividend income		(8,729)	(540)
		<u>212,729</u>	<u>219,499</u>
Adjustments for non-cash and other items:			
Depreciation		68,224	63,256
Depreciation on Ijarah assets held under IFAS 2		579,891	495,967
Amortisation		50,230	46,410
Unrealized gain on revaluation of investments classified as held-for-trading		(3,434)	-
Provision / (reversal) against non-performing Islamic financing and related assets	7.2	186,144	(52,234)
(Reversal) / provision for diminution in the value of investments	6.1	(225,286)	3,657
Other provisions / write offs		4,407	14,328
Gain on sale of operating fixed assets		(31)	(1,908)
		<u>660,145</u>	<u>569,476</u>
		872,874	788,975
Increase) / decrease in operating assets			
Due from financial institutions		2,750,688	-
Held-for-trading securities		2,008,662	-
Islamic financing and related assets		530,201	(5,146,596)
Other assets		(505,888)	(177,146)
		<u>4,755,885</u>	<u>(5,323,742)</u>
Increase / (decrease) in operating liabilities			
Bills payable		236,056	(5,239)
Due to financial institutions		(666,119)	(854,845)
Deposits and other accounts		1,558,874	4,711,134
Other liabilities		71,785	116,329
		<u>1,228,374</u>	<u>3,967,379</u>
		(41,814)	(8,730)
		<u>6,815,319</u>	<u>(576,118)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in available-for-sale investments		(1,288,540)	(3,704,281)
Net investments in operating fixed assets		(142,553)	(69,759)
Dividend received		8,386	-
Proceeds from disposal of operating fixed assets		558	2,014
Net cash used in investing activities		<u>(1,422,149)</u>	<u>(3,772,026)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt of sub-ordinated loan	1.2 & 10	865,119	-
Repayment of tier II Modaraba sukuk	10	(142,858)	-
Net cash flow from financing activities		<u>722,261</u>	<u>-</u>
Effect of exchange difference on translation of sub-ordinated loan		14,252	(71,720)
Net increase / (decrease) in cash and cash equivalents		<u>6,129,683</u>	<u>(4,419,864)</u>
Cash and cash equivalents at beginning of the period		10,206,610	22,292,784
Cash and cash equivalents at end of the period		<u>16,336,293</u>	<u>17,872,920</u>

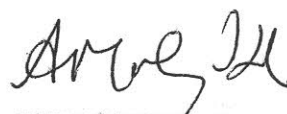
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 Chairman



 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 2015

	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 2014	8,935,200	-	(767,290)	82,074	(2,419,224)	5,830,760
Profit after taxation for the period	-	-	-	-	150,549	150,549
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	150,549	150,549
Transfer to statutory reserves	-	-	-	30,110	(30,110)	-
Balance as at 30 June 2014	8,935,200	-	(767,290)	112,184	(2,298,785)	5,981,309
Advance against issuance of shares	-	95,704	-	-	-	95,704
Loss after taxation for the period	-	-	-	-	(4,626)	(4,626)
Other comprehensive loss for the period	-	-	-	-	(21,497)	(21,497)
Total comprehensive income for the period	-	-	-	-	(26,123)	(26,123)
Transfer (from) / to statutory reserves	-	-	-	(925)	925	-
Balance as at 31 December 2014	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

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

The annexed notes from 1 to 16 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 2015

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) vide its letter no. BPRD (LCGD-02)/625-76/D/2007/521 dated 18 January 2007 under section 27 of the Banking Companies Ordinance, 1962 read with Islamic Banking Department circular no. 2 of 2004. Subsequently, the Bank was also granted approval for commencement of business as a scheduled bank with effect from 13 February 2007 by the SBP vide its letter no. BPRD (LCGD-02)/625-76/X/JD/2007/1269 dated 12 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 vide its letter no. BPRD (R&P-01)/2011-3087 dated 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 135 branches including 14 sub-branches (31 December 2014: 130 branches including 10 sub-branches) in Pakistan.

Based on the financial statements of the Bank for the year ended 31 December 2014, Pakistan Credit Rating Agency Limited (PACRA) has maintained the Bank's long-term rating at "A" and short term rating as 'A1' with a positive outlook. JCR-VIS, has also maintained long-term and short-term ratings of "A" and 'A1' respectively and enhanced the Bank's outlook from stable to positive.

- 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 debt) of USD 11 million from its major sponsor. The said sub-ordinated debt is deposited as non-remunerative deposit with SBP.
- iii) The above FCY 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 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 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.

To meet the regulatory requirements, AlBaraka Islamic Bank B.S.C. (c) (the major sponsor) has injected additional Rs.865.119 (USD 8.5) million during the year 2015. This is in addition to Rs.1,119.566 (USD 11) million injected in December 2013. Subsequent to the receipt of Rs.865.119 (USD 8.5) million, the Bank's capital for regulatory purposes amounts to Rs. 8,024 million. At current MCR of Rs 8,024 million, the Bank is required to maintain the CAR of 14%. As at 30 June 2015, the Bank's CAR is 15.46% (refer to note 15.1) and is in compliance with the aforementioned regulatory requirements.

2. STATEMENT OF COMPLIANCE

- 2.1 These condensed interim financial statements of the Bank for the half year ended 30 June 2015 have been prepared in accordance with approved accounting standards as applicable in Pakistan. 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 2014.

3. BASIS OF MEASUREMENT

These condensed interim financial statements have been prepared under the historical cost convention except that certain investments, foreign currency balances and commitments in respect of certain foreign exchange contracts have been marked to market and carried at fair value in accordance with the requirements of the SBP.

3.1 Functional and presentation currency

These condensed interim financial information has been presented in Pakistan Rupee, which is the Bank's functional and presentation currency.

SIGNIFICANT ACCOUNTING POLICIES AND RISK MANAGEMENT

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

New and amended standards

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

Standard, Interpretation or amendment

IFRS 10 - Consolidated Financial Statements
IFRS 11 - Joint Arrangements
IFRS 12 - Disclosure of Interests in Other Entities
IFRS 13 - Fair Value Measurement
IAS 19 - Employee Benefits - (Amendment) - Defined Benefit Plans : Employee Contributions

The above standards and amendments did not have any impact on the Bank's condensed interim financial statements for the current period.

In addition to the above standards and amendments, certain improvements to various accounting standards have also been issued by the IASB. Such improvements are effective for the current accounting period but did not have any material impact on the Bank's condensed interim financial statements.

- 4.2 The financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Bank for the year ended 31 December 2014.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis and the methods used for critical accounting estimates and judgments 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 2014.

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6. INVESTMENTS

	30 June 2015 (Un-Audited)			31 December 2014 (Audited)		
	Held by the Bank	Given as Collateral	Total	Held by the Bank	Given as Collateral	Total
Note	----- Rupees in '000 -----					
Held-for-trading securities						
Sukuk certificates	-	-	-	2,024,399	-	2,024,399
Available-for-sale securities						
Sukuk certificates	18,977,980	-	18,977,980	17,768,298	-	17,768,298
Ordinary shares of listed companies	318,367	-	318,367	239,509	-	239,509
Ordinary shares of unlisted company Takaful Pakistan Limited	52,200	-	52,200	52,200	-	52,200
	19,348,547	-	19,348,547	18,060,007	-	18,060,007
Investments at cost	19,348,547	-	19,348,547	20,084,406	-	20,084,406
Less: Provisions for diminution in the value of investments	6.1 (49,157)	-	(49,157)	(274,443)	-	(274,443)
Investments (net of provisions)	19,299,390	-	19,299,390	19,809,963	-	19,809,963
Deficit on revaluation of 'available-for-sale' securities	(140,880)	-	(140,880)	(230,124)	-	(230,124)
Deficit on revaluation of held-for-trading securities	-	-	-	(19,171)	-	(19,171)
Total investments at market value	19,158,510	-	19,158,510	19,560,668	-	19,560,668

1 Particulars of provisions for diminution in the value of investments:

	Note	30 June 2015	31 December 2014
		(Un-Audited)	(Audited)
Opening balance		274,443	210,334
Charged during the period / year	6.2	3,066	67,724
Reversal during the period / year		(228,352)	(3,545)
		(225,286)	64,109
Closing balance		49,157	274,443

6.2 The mark to market impairment loss on certain investment as of 30 June 2015 amounts to Rs.22.439 (31 December 2014: Rs.22.398) million. However, SBP has allowed the recognition of impairment loss in a phased manner by 31 December 2015. As per such relaxation, the Bank is required to book at least 85% of impairment loss as of 30 June 2015 which amounts to Rs.19.073 (31 December 2014 : Rs.16.798) 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	17,442,884	18,889,191
- Advance against murabaha finance	846,273	1,671,397
- Murabaha inventory	-	1,045
- Export refinance under Islamic scheme	1,437,819	1,940,997
- Advance against export refinance under Islamic scheme	22,500	10,900
- Ijarah assets under IFAS 2	3,796,850	3,418,437
- Net investment in Ijarah	114,358	123,179
- Advance against Ijarah	342,672	295,954
- Service Ijarah	593,137	735,294
- Diminishing musharaka financing	12,625,489	11,157,066
- Advance against diminishing musharaka finance	104,754	137,240
- Running musharaka	150,000	-
- Tijara finance	391,372	463,630
- Over due acceptances	452,774	387,601
- Payment against guarantee	22,578	25,903
- Payment against documents	30,059	5,642
- Salam financing	32,525	32,525
- Advance against salam	5,684,068	5,617,643
- Salam inventory	209,000	230,000
- Financing against bills	217,295	291,513
- Istasna finance	2,660,913	3,182,871
- Advance against istasna	858,216	589,048
- Istasna inventory	14,502	-
- Staff financing	661,750	625,334
- Advance against staff financing	522	1,786
- Rahnuma travel services	292	85
Islamic financing and related assets - gross	48,712,602	49,834,281
Provisions for non-performing financing - specific	7.1 (2,962,988)	(2,795,155)
Provisions for non-performing financing - general	7.2 (23,272)	(16,548)
	(2,986,260)	(2,811,703)
Islamic financing and related assets - net of provisions	45,726,342	47,022,578

ALBARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM FINANCIAL STATEMENTS

7.1 Islamic financing and related assets include Rs.4,379.551 (31 December 2014: Rs.4,176.617) million which have been placed under non-performing status as detailed below:

Category of classifications	30 June 2015 (Un-Audited)				
	Classified financing			Provision required	Provision held
	Domestic	Overseas	Total		
	----- Rupees in '000 -----				
Other assets especially mentioned	5,259	-	5,259	-	-
Substandard	335,324	-	335,324	68,429	68,429
Doubtful	395,424	-	395,424	38,177	38,177
Loss	3,643,544	-	3,643,544	2,856,382	2,856,382
	<u>4,379,551</u>	<u>-</u>	<u>4,379,551</u>	<u>2,962,988</u>	<u>2,962,988</u>

Category of classifications	31 December 2014 (Audited)				
	Classified financing			Provision required	Provision held
	Domestic	Overseas	Total		
	----- Rupees in '000 -----				
Other assets especially mentioned	11,738	-	11,738	-	-
Substandard	376,923	-	376,923	81,142	81,142
Doubtful	47,355	-	47,355	9,658	9,658
Loss	3,740,601	-	3,740,601	2,704,355	2,704,355
	<u>4,176,617</u>	<u>-</u>	<u>4,176,617</u>	<u>2,795,155</u>	<u>2,795,155</u>

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

	30 June 2015 (Un-Audited)			31 December 2014 (Audited)		
	Specific	General	Total	Specific	General	Total
	----- Rupees in '000 -----					
Opening balance	2,795,155	16,548	2,811,703	2,778,875	14,943	2,793,818
Charge for the period / year	239,709	6,724	246,433	723,845	1,605	725,450
Reversals for the period / year	(60,289)	-	(60,289)	(704,315)	-	(704,315)
	179,420	6,724	186,144	19,530	1,605	21,135
Written off during the period / year	(11,587)	-	(11,587)	(3,250)	-	(3,250)
Closing balance	<u>2,962,988</u>	<u>23,272</u>	<u>2,986,260</u>	<u>2,795,155</u>	<u>16,548</u>	<u>2,811,703</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.1,130.934 (31 December 2014: Rs.958.395) million. The total FSV of collateral held against non-performing Islamic financing amounts to Rs.1,926.605 (31 December 2014: Rs.1,219.590) 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 letters BPRD/BLRD-3/DMG/2011-1035 dated 26 January 2011 has allowed relaxation from provisioning requirement against certain credit exposures having a provisioning impact of Rs.40.581 (31 December 2014: Rs.178.036) million.

	Note	30 June 2015	31 December 2014
		----- (Rupees '000) -----	
		(Un-Audited)	(Audited)
8. OPERATING FIXED ASSETS			
Property and equipments		1,490,931	1,463,980
Intangible assets		810,104	838,406
Capital work-in-progress	8.1	<u>389,731</u>	<u>364,808</u>
		<u>2,690,766</u>	<u>2,667,194</u>
8.1. Capital work-in-progress			
Advances to suppliers and contractors	8.1.1	389,731	364,808
Advance for purchase of property		251,680	251,680
Provisions for impairment against advance for purchase of property		(251,680)	(251,680)
		-	-
		<u>389,731</u>	<u>364,808</u>

8.1.1 This includes advance payment amounting to Rs.121.049 (31 December 2014: Rs.121.049) million for implementation of new core banking system of the Bank.

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	30 June 2015	31 December 2014
Note	------(Rupees '000)----- (Un-Audited)	----- (Audited)
9. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	23,969,546	26,186,424
Savings deposits	30,021,211	29,177,743
Current accounts - non-remunerative	18,566,468	13,612,220
Margin deposits	937,105	1,058,207
	<u>73,494,330</u>	<u>70,034,594</u>
Financial Institutions		
Remunerative deposits	8,219,572	10,114,392
Non-remunerative deposits	67,551	73,593
	<u>8,287,123</u>	<u>10,187,985</u>
	<u><u>81,781,453</u></u>	<u><u>80,222,579</u></u>
10. SUBORDINATED LOANS		
Foreign currency sub-ordinated debt	10.1 <u>1,984,685</u>	<u>1,105,314</u>
Tier II mudarbah sukuk	10.2 <u>1,857,142</u>	<u>2,000,000</u>
	<u><u>3,841,827</u></u>	<u><u>3,105,314</u></u>
10.1	During the year 2013, the Bank has entered into a sub-ordinated loan agreement with AlBaraka Islamic Bank BSC (the major sponsor). In terms of the said agreement, sub-ordinated loans of Rs.1,119.566 (USD 11) million and Rs.865.119 (USD 8.5) million has been provided to the Bank in December 2013 and April 2015 respectively. As per terms of loan agreement, no return will be payable on the loan and the loan stands sub-ordinated to all other creditors, depositors and third party obligations of the Bank. The loan is intended to bridge the regulatory capital shortfall of the Bank and will only be repaid if and when the Bank is compliant with the MCR requirements. In the event the Bank is not MCR compliant by 31 December 2016, the loan will be converted into the paid up capital of the Bank. As per the terms of the agreement, the proceeds of the loan have been placed by the Bank in an profit free deposit account maintained by the Bank with the SBP in US Dollars.	
10.2	During the year 2014, the Bank has issued unsecured, sub-ordinated and privately placed sukuk amounting to Rs.2,000 million. The issuance of sukuk is intended to comply with regulatory requirements related to CAR as stated in note 1.2 to these condensed interim financial statements. The tenor of the sukuk is seven years maturing in 2021. During the period ended 30 June 2015, the Bank has paid the first tranche of principal repayment along with profit to sukuk holders amounting to Rs.142.858 million and Rs.113.361 million respectively.	
11. CONTINGENCIES AND COMMITMENTS	30 June 2015	31 December 2014
	------(Rupees '000)----- (Un-Audited)	----- (Audited)
11.1 Transaction-related contingent liabilities		
Includes performance bonds, bid bonds, shipping guarantees favouring:		
i) Government	4,892,921	4,785,202
ii) Others	168,192	551,823
	<u>5,061,113</u>	<u>5,337,025</u>
11.2 Trade-related contingent liabilities		
Letters of credit	<u>4,524,667</u>	<u>4,440,887</u>
Others - Shipping Guarantees	<u>16,984</u>	<u>252,899</u>
Acceptances	<u>1,235,113</u>	<u>873,157</u>
11.3 Commitments in respect of forward exchange contracts		
Purchase	<u>4,793,295</u>	<u>4,052,452</u>
Sale	<u>4,468,546</u>	<u>3,908,355</u>
11.4 Commitments to incur capital expenditure	<u>27,903</u>	<u>42,092</u>

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11.5 Other Contingencies

11.5.1 There is no change in the status of contingencies disclosed in note 21.5 to the financial statements for the year ended 31 December 2014.

	Half year ended		Quarter ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	(Rupees '000)			
	(Un-Audited)			
12. PROFIT / RETURN EARNED ON ISLAMIC FINANCING AND RELATED ASSETS, INVESTMENTS AND PLACEMENTS				
On Islamic financing and related assets	2,225,459	1,881,522	1,084,613	925,291
On investments in				
- Available-for-sale securities	731,458	806,534	355,581	370,794
- Held-for-trading securities	6,211	-	6	-
	737,669	806,534	355,587	370,794
On deposits with banks	76,643	397,860	63,339	198,682
On due from financial institutions	415,118	25,598	184,489	25,279
	3,454,889	3,111,514	1,688,028	1,520,046

3. 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. The details of balances and transactions with related parties during the period are as follows:

	30 June 2015	31 December 2014
	(Rupees '000)	
	(Un-Audited) (Audited)	
Key management personnel		
Islamic financing and related assets		
At beginning of the period / year	117,314	116,663
Disbursements / additions during the period / year	17,827	45,724
Repayments / deletions during the period / year	(22,296)	(45,073)
At end of the period / year	112,845	117,314
Deposits		
At beginning of the period / year	108,350	171,731
Deposits / additions during the period / year	228,366	655,454
Withdrawals / deletions during the period / year	(219,241)	(718,835)
At end of the period / year	117,475	108,350
Other Balances		
Return payable on deposit	4,827	197
Profit receivable on Islamic financing and related assets	93	65

	Half year ended		Quarter ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	Rupees in '000			
	(Un-Audited)			
Transactions, income and expenses				
Profit earned on Islamic financing and related assets	2,304	1,766	1,150	619
Return on deposits expenses	889	5,202	324	1,894
Salaries, allowances and benefits	99,229	93,859	57,813	40,450

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		30 June 2015	31 December 2014
	Note	----- (Rupees '000) ----- (Un-Audited)	(Audited)
Parent Bank			
Balances			
Advance against issuance of shares		95,704	95,704
FCY sub-ordinated loan	10.1	1,984,685	1,105,314
Shareholders, directors and staff retirement benefit plans of the Bank			
Deposits			
At beginning of the period / year		420,289	718,217
Deposits / additions during the period / year		254,437	612,893
Withdrawals / deletions during the period / year		(181,470)	(910,821)
At end of the period / year		493,256	420,289
Other balances			
Return payable on deposits		2,588	3,713
Investments net of provisions		-	27,943
Non funded exposure		-	43,963
Payable to shareholders		657	657
Staff Retirement benefit plan			
Payable in respect of defined benefit plan		18,281	18,281

	Half year ended		Quarter ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	----- Rupees in '000 ----- ----- (Un-Audited) -----			
Shareholders, directors and staff retirement benefit plans of the Bank				
Return on deposits expenses	15,584	29,975	7,348	13,203
Director fee and other allowances	17,032	11,368	6,737	4,642
Retirement benefit plan				
Contribution to defined contribution plan	22,628	20,679	11,980	10,466
Contribution to defined benefit plan	20,908	23,309	11,019	14,114

14. SEGMENT BY CLASS OF BUSINESS

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

	Half year ended 30 June 2015 (Un-Audited)				
	Trading and sales	Retail banking	Commercial banking	Payment and 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
(Loss) / Net profit after taxation	(21,709)	(22,888)	167,209	2,616	125,228
	As at 30 June 2015 (Un-Audited)				
	Trading and sales	Retail banking	Commercial banking	Payment and settlement	Total
	----- (Rupees in '000) -----				
Segment assets (gross of provisions)	43,456,047	7,288,329	46,977,152	1,733,857	99,455,385
Segment non - performing financing (NPF)	-	88,966	4,290,585	-	4,379,551
Segment provision required against NPF	-	69,259	2,917,001	-	2,986,260
Segment liabilities	3,887,183	31,469,154	54,112,376	915,866	90,384,579

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Half year ended 30 June 2014 (Un-Audited)

	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Total
----- (Rupees in'000) -----					
Total income	1,426,314	310,709	1,766,345	1,896	3,505,264
Total expenses	1,450,410	314,850	1,589,455	-	3,354,715
Net (loss) / profit after taxation	(24,096)	(4,141)	176,890	1,896	150,549

As at 31 December 2014 (Audited)

	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Total
----- (Rupees in'000) -----					
Segment assets (gross of provisions)	40,721,514	6,366,011	48,313,145	1,759,813	97,160,483
Segment non-performing financing (NPF)	-	111,801	4,064,816	-	4,176,617
Segment provision required against NPF	-	72,288	2,739,415	-	2,811,703
Segment liabilities	3,166,065	28,417,445	56,184,150	679,810	88,447,470

15. GENERAL


- 15.1 Figures of the profit and loss account and comprehensive income for the quarters ended 30 June 2015 and 30 June 2014 and CAR disclosed in Note 1.2 have not been subjected to limited scope review by the auditors.
- 15.2 Corresponding figures have been re-arranged and reclassified, wherever necessary, to facilitate comparisons. No significant reclassifications were made during the current period.
- 15.3 Figures have been rounded off to the nearest thousand rupees.

16. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on -- August 2015 by the Board of Directors of the Bank.

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Chairman


Chief Executive Officer


Director


Director