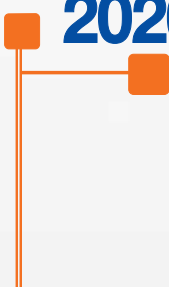




Half Yearly
Report
2020



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Corporate Information

Vision

To become a dynamic and efficient bank providing integrated solutions in order to be the first choice bank for the customers.

Mission

- To provide value added services to our customers
- To provide high tech innovative solutions to meet customers' requirements
- To create sustainable value through growth, efficiency and diversity for all stakeholders
- To provide a challenging work environment and reward dedicated team members according to their abilities and performance
- To play a proactive role in contributing towards the society

Core Values

- Integrity
- High Performance
- Excellence in Service
- Innovation and Growth

Board of Directors

Mr. Mohammad Naeem Mukhtar
Sheikh Mukhtar Ahmad

Mr. Muhammad Waseem Mukhtar

Mr. Abdul Aziz Khan

Dr. Muhammad Akram Sheikh

Mr. Zafar Iqbal

Ms. Nazrat Bashir

Mr. Tahir Hassan Qureshi

Chairman / Non-Executive Sponsor Director

Non-Executive Sponsor Director

Non-Executive Sponsor Director

Non-Executive Director

Independent Director

Independent Director

Independent Director

Chief Executive Officer

Audit Committee of the Board

Mr. Zafar Iqbal (Chairman)

Mr. Muhammad Waseem Mukhtar

Dr. Muhammad Akram Sheikh

Strategic Planning & Monitoring Committee

Mr. Muhammad Waseem Mukhtar (Chairman)

Mr. Abdul Aziz Khan

Ms. Nazrat Bashir

Mr. Tahir Hassan Qureshi

Board Risk Management Committee

Sheikh Mukhtar Ahmad (Chairman)

Mr. Abdul Aziz Khan

Dr. Muhammad Akram Sheikh

Mr. Tahir Hassan Qureshi

Human Resource & Remuneration Committee

Mr. Abdul Aziz Khan (Chairman)

Mr. Muhammad Waseem Mukhtar

Dr. Muhammad Akram Sheikh

Mr. Tahir Hassan Qureshi (Permanent Invitee)

e-Vision Committee

Mr. Mohammad Naeem Mukhtar (Chairman)

Mr. Zafar Iqbal

Ms. Nazrat Bashir

Mr. Tahir Hassan Qureshi

Shariah Board

Mufti Muhammad Iftikhar Baig
(Chairman)

Mufti Mahmood Ahmad
Mufti Tayyab Amin

Chief Financial Officer

Mr. Mehmud ul Hassan

Company Secretary

Mr. Muhammad Raffat

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Adviser

Mandviwalla & Zafar Advocates

Shares Registrar

M/s. CDC Share Registrar Services
Limited. (CDCSRSL)

Registered & Head Office

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Lahore - Pakistan
Postal Code 54000

Contact Detail




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Director's Review

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present the financial results of Your Bank for the half year ended June 30, 2020. The operating results and appropriations as recommended by the Board are included in the appended table:

| | Half year ended June 30, | | Growth |
|--|--------------------------|---------------|-----------|
| | 2020 | 2019 | |
| | (Rupees in million) | | % |
| Profit after tax for the period | 8,413 | 6,086 | 38 |
| Accumulated profits brought forward | 55,821 | 52,500 | 6 |
| Transferred from surplus on revaluation of non-banking assets to un-appropriated profit – net of tax | 6 | 165 | (96) |
| Transferred from surplus on revaluation of fixed assets to un-appropriated profit – net of tax | 75 | 60 | 25 |
| Profit available for appropriation | 64,315 | 58,811 | 9 |
| Final cash dividend for the year ended December 31, 2019: Rs. 2.00 per share (2019: Year ended December 31, 2018: Rs. 2.00 per share) | (2,290) | (2,290) | - |
| First interim cash dividend for the year ending December 31, 2020 at Rs.2.00 per share (2019: year ended December 31, 2019: Rs 2.00 per share) | (2,290) | (2,290) | - |
| Transfer to Statutory Reserves | (841) | (609) | 38 |
| Accumulated profits carried forward | 58,894 | 53,623 | 10 |
| Earnings Per Share (EPS) (Rs.) | 7.35 | 5.31 | 38 |

As a precautionary measure to conserve capital and enhance the liquidity and stress absorption capacity of the banks during the COVID-19 pandemic, State Bank of Pakistan (SBP) vide its circular BPRD/BA&CPD/006315/20 dated April 22, 2020, had advised the banks to suspend paying dividend for the first two quarters of 2020.

Banks which had already approved dividend for the quarter ended March 31, 2020 on or before April 22, 2020, were advised by SBP to suspend dividend distribution for the next two quarters i.e. June 2020 and September 2020.

The Board of Directors of Allied Bank Limited while meticulously complying with the aforementioned guidelines has not declared dividend for the quarter ended June 2020.

Economic Review

The outbreak of COVID-19 has inflicted an unprecedented global crisis; taking a large toll on human lives, inducing a synchronized economic downturn and exerting socio-economic repercussions. The adverse impact on the low-income households is particularly acute, imperiling the significant progress made in reducing extreme poverty in the world since 1990s. Consumption and services output have dropped noticeably, mobility has remained depressed, labor markets have been severely hit, the global trade activity has contracted owing to weak consumer demand and collapse in cross border tourism and supply disruptions related to shutdowns has been witnessed.

While noticing larger than anticipated economic downturn, the International Monetary Fund (IMF) has further downgraded global economic growth projections for the current year to negative 4.9% compared to its earlier forecast of negative 3%.

In sync with the global trend, Pakistan's economy has witnessed a contraction of 0.4% compared to an earlier projected growth of 1.9%. The economic shocks and severe health risk caused by COVID-19 outbreak waned the progress witnessed by the Country during the first eight months of FY2020 i.e. achieved a swift turnaround on the path of macroeconomic adjustment through a broad-based adoption of stabilization measures and decisive policy actions. Those measures paid off in terms of reversal in large external and internal imbalances, steadying of foreign reserves, successful completion of IMF program, improvement in credit rating profile of the Country and instigation of emerging tailwinds in fiscal performance.

Locust attack and erratic weather conditions, on the other hand, are also affecting yields of agriculture sector; the impact is expected to be much larger than last year. Government of Pakistan's (GoP) loss estimates range from US\$ 3.4 billion to US\$ 10.2 billion over 2020 and 2021.

Notwithstanding the above, the Agriculture sector recorded a strong growth of 2.7%, considerably higher than the 0.6% growth achieved in FY2019, however that growth trajectory remained overshadowed by the negative performances of both Industry and Services sectors which contracted by 2.6% and 0.6% respectively owing to a constrained economic environment triggered by exchange rate depreciation, contractionary monetary and fiscal policies and shocks to private consumption patterns which fell to 78.5% of the GDP in FY2020 compared to 82.9% in FY2019.

On the external front, current account deficit continued to narrow down amidst an improving balance of trade position, sustained inflow of workers' remittances and a resilient Foreign Direct Investment (FDI) influx.

Exports had witnessed a growth of 3.6% during the first eight months of FY2020 as Country's market competitiveness improved on account of sharp decline in real effective exchange rate (REER). However, the COVID-19 outbreak slowed down economic activity which adversely affected both demand and supply across the global trade. As a result, the Country's exports fell by 23% during the last 4 months of FY2020 to close the year at US\$ 26.84 billion compared to US\$ 28.94 billion in the FY2019. Whereas, downward trend witnessed in imports during the first half of FY2020 reflecting impacts of macroeconomic stabilization measures undertaken over the past year and lower global commodity prices led the total import bill to fall by 19% during the FY2020.

Foreign Direct Investment (FDI) remained resilient, nearly increasing two folds during FY2020 to reach US\$ 2.56 billion compared to the corresponding period of FY2019, however still remained below Country's true potential. Notwithstanding foreign portfolio investment outflows amidst a stagnating demand for emerging market assets, disbursements from multilateral agencies, commercial sources and the international community funded Country's external position and extended much needed support to SBP's foreign exchange (FX) reserves which closed the FY2020 at a healthy level of US\$ 12.04 billion; Rupee closed at Rs. 168.17 against the US\$ as at June 2020.

Although fiscal consolidation gained traction during first nine months of the FY2020 amidst comprehensive tax measures and administrative reforms undertaken by the Government of Pakistan (GoP); taxation revenues reported a growth of 13.7% while the fiscal deficit moderated to 3.8% of GDP against 5.0% in the corresponding period of FY2019. However, amidst slowing economic activity the Federal Board of Revenue (FBR) collected revenues at Rs. 3,997 billion for the FY2020 which is Rs. 90 billion over the revised target of Rs. 3,907 billion. The pre-existing fiscal space already limited by Country's high debt servicing expenditure and funding costs for loss-making Public-Sector Enterprises (PSE) became severely strained as the COVID-19 outbreak forged the need to accommodate incremental expenditures for mitigating its detrimental effects; nonetheless, a comprehensive fiscal stimulus package of Rs. 1,200 billion entailing support to the healthcare, businesses, households and more vulnerable segments of the society was initiated by the GoP.

Inflationary pressures built up during the first half of FY2020 peaked in the month of January; consumer price index (CPI) reaching 14.6%. Subsequently, sharply decelerating food and energy prices as well as an easing core inflation alleviated pressures on headline inflation, hence allowing it to drop down to 8.6% in June 2020.

Coping with the dynamic and rapidly evolving scenario, the State Bank of Pakistan (SBP) undertook a data driven monetary policy response to support growth amidst rising downside risks, keep inflation expectations anchored and maintain financial stability; the shift in priority towards an accommodative policy stance has therefore led to a cumulative reduction of 625bps in policy rate since mid-march, hence bringing it down to 7% as at end June 2020.

In order to support the economy and combat growing joblessness, SBP also under took several other measures, including:

- Reduction in the capital conservation buffer by 100 basis points to 1.5%;
- Increase in regulatory limit on extension of credit to SMEs to Rs 180 million;
- Relaxation in debt burden ratio for consumer loans from 50% to 60%;
- Allowed banks to defer borrowers' principal loan payments by one year and or restructure / reschedule loans for borrowers who require relief of principal repayment exceeding one year and / or mark-up with no reflection on credit history; and
- Introduction of refinancing schemes for payment of wages and salaries.

Financial Review

Amidst the novel COVID-19 outbreak, the new era of enforcing confinement measures through "SMART" lockdowns and mandating social distancing practices has accelerated the pace to offer digital banking services to satisfy increasing customers' retail banking needs and at the same time use of information technology to interact with various stakeholders including regulators.

The digital evolution is now also accentuating the importance of assessing and adjusting existing functional structures to instill operational efficiencies for ensuring long-term viability of financial institutions across the globe.

Pakistan's banking sector continued to encounter multifarious challenges emanating from the current economic downturn, disruptive technological advancements, escalating regulatory compliance, emerging cyber security threats, rising risks to asset quality and weakening private sector credit appetite.

Under the challenging and competitive operating environment, Your Bank's sustained focus on its long term multi-pronged strategy driven towards strengthening risk management, optimizing operating efficiencies, continuous augmentation of the innovative technology-based products and service offering to customers through enhancing digital touchpoints, while rationalizing branch network, resulted in achieving sustainable growth.

Your Bank undertook various timely measures, by invoking Business Continuity Plan, for the protection of employees and providing un-interrupted financial services to customers to mitigate the risk of spreading COVID-19 pandemic. Emphasis largely remained on offering free of cost seamless e-Banking services through myabl mobile banking and ATMs which indeed helped existing as well as new customers to manage their routine transactions, particularly utility bills payment. The Bank not only opened 91,589 new CASA accounts but also registered 45,391 existing customers on myABL during a very short period of three months. The total no of 677,757 utility bill payments aggregating approximately Rs. 940 million routed through e-banking services, with increase in average CASA volume of Rs. 24,328 million.

Director's Review

Timely diversification and favorable repricing lag, due to proactive duration management of investment portfolio in a declining interest rate movement enabled Your Bank to register volumetric growth in average earning assets. Which resulted in recording of Net Interest Income (NII) of Rs. 25,007 million during the period under review; representing a healthy growth of 33% from the comparative period.

Amidst the COVID-19 outbreak, Your Bank continued to focus on upholding high service standards by capitalizing on the emerging digital financial services; which enhanced digital banking transactions mix to 62%, particularly online, compared to the counter transactions and facilitated a growth of 10% in fee income which stood at Rs. 2,773 million compared to Rs. 2,522 million in the corresponding period.

The dividend income witnessed a decline of 21% as weakening shareholder returns in the current economic slowdown and the consequent liquidity constraints hampered companies' dividend distribution capacity. Whereas, Your Bank recognized capital gain of Rs. 2,426 million. Total non-mark up income stood at Rs. 6,698 million as against Rs. 5,328 million in the corresponding period of 2019; reflecting a growth of 26%.

Your Bank's broader objective remains to gradually achieve financial inclusion by promoting digital financial services to attract savings of people living in underserved and unserved areas of the Country. As the transition is dependent on developing ecosystem, the brick and mortar-based network expansion could not be avoided. Therefore, the Bank has adopted a hybrid expansion strategy comprising of digital as well as branch banking operations. As a result, branch outreach has undergone the process of optimization and the number closed at 1,387 in June 2020 including 1,263 conventional branches, 117 Islamic banking branches and 7 digital branches. ATM network extended to 1,542 ATM's consisting of 1,199 on-site, 340 off-site and 3 Mobile Banking Units (MBU).

Operating cost quarter over quarter remained under check and registered a growth of 5% despite rising regulatory compliance costs, increased CSR, employees and customer health care spending to mitigate socio-economic impacts of novel COVID-19 outbreak, devaluation of rupee and its impact on ongoing investment in technological infrastructure including upgradation of information security measures. Non-markup expense growth for the first half 2020 stood at 12% as compared to 14% over the same period last year.

Timely introduction of various regulatory relief packages to support industry and discourage unemployment have largely helped to manage the liquidity risk, whereas credit risk might emerge going forward leading to increase in non-performing advances.

In consideration of the anticipated downside risks posed by COVID-19 pandemic, a general provision of Rs. 1,311 million has been created. The basis thereof has been narrated in Note 6.1 to the accounts for the period ended June 30, 2020. While net charge of Rs. 588 million was recognized on account of diminution in the value of equity investment, on a prudent basis, during first quarter, 2020.

As a result, Your Bank posted profit before tax of Rs. 14,662 million during the half year ended June 30, 2020 as compared to Rs. 11,100 million earned in the corresponding period; showing growth of 32%. Profit after tax recorded a growth of 38% to reach Rs. 8,414 million. Had the Bank not created the general provision, growth in profit before and after tax would have been 44% and 51% respectively. EPS of Your Bank stood at Rs. 7.35 per share against an EPS of Rs.5.31 per share in the corresponding period, while Equity stood at Rs. 120,328 million compared to Rs. 107,608 million over the corresponding period of last year. Capital Adequacy Ratio of the Bank stood at 25% against the statutory requirement of 11.5% which is indicative of a strong capital positioning of Your Bank.

Consistent effective monitoring enabled Your bank to further reduce gross non-performing advances portfolio to Rs. 15,139 million compared to Rs. 15,854 million in December 31, 2019; while also paving the way for its low infection and strong specific provisioning coverage ratios of 3.4% and 97.9% respectively. The overall coverage ratio after incorporating general provisioning charge stood at 107% whereas the industry Infection and coverage ratios stood at 8.5% and 83.6% respectively as at March 31, 2020.

No FSV benefit was availed while determining the provision against Non-performing advances, allowed under guidelines of State Bank of Pakistan.

Growth in zero-cost and low-cost deposits remained a key strategic objective of Your Bank. Thereby, non-remunerative deposits grew by 6% to close at Rs. 435,839 million; improving their mix in the total deposits to 39.4% as at June 30, 2020. CASA mix recorded at 86% compared to 81% over the corresponding period last year. Total deposits of the Bank grew by 5.4% to reach Rs. 1,106,140 million compared to December 31, 2019 and 7.5% as compared to June 30, 2019.

Future Outlook

The IMF, bearing witness to the severity of COVID-19's negative impact on the global economic activity, during first half of the current year, has projected an even slower pace of economic recovery than previously anticipated as countries across the globe continue to grapple with the emerging pandemic situation by tracking the infection spread and enforcing containment measures to flatten the rising curve; the global economy is now being projected to grow at 5.4% in 2021, which is around 6.5% percentage points below the earlier forecasts.

The ultimate growth outcome, however, still remains extremely uncertain and largely dependent on the pandemics' pathway and ramifications of policy measures adopted for combating the outbreak, extending fiscal protection to vulnerable groups, improving financial conditions for instigating a rebound in market sentiment and attaining liquidity assistance through multilateral cooperation.

Pakistan's GDP growth outlook also remains strangled in the short term; IMF forecasting the economic output to remain range bound at the upper limit of 1% for the FY 2021. Agriculture sector's growth is expected to slow down as the GoP declares a national emergency to combat the worst locust infestation witnessed by the Country in over 2 decades.

Contemplated rebound in domestic investment witnessed due to reduction in discount rate, realization of global supply chain rebalancing and diversification of manufacturing from China together with a spur in consumer demand amidst declining inflationary pressures are expected to provide much needed impetus to the large-scale manufacturing (LSM) growth.

Due to the inextricable linkages, Country's export growth remains reliant on its ability to exploit aforementioned opportunities together with the expected rebound in global trade activity; particularly in Country's primary export markets including the United States. On the imports side, lower oil prices together with a lower demand for services, including travel, shall keep the total bill in check while concurrently paving the way for a favorable outlook on trade balances.

Job losses and dwindling employment opportunities in Country's key remittance markets amidst the ongoing outbreak are expected to weaken the influx of workers remittances. The Asian Development Bank (ADB) has placed the Country amongst the five worst affected Asian economies with the remittance inflows projected to fall as much as 27% due to a drop in the income of expatriates mainly in the oil producing and exporting countries of the world.

Realization of time-bound suspension in debt servicing costs, extended to the Country by the Paris Club under its Debt Service Suspension Initiative (DSSI), shall assist in freeing up resources for incremental public development spending and lowering pressure on the Country's FX reserves, however, the downside risks emerging from slippages in twin deficits and uncertainty surrounding re-negotiation of Extended Finance Facility (EFF) program agreed with IMF would continue to mount pressure on Country's gross financing needs; thereby keeping the net FX position in check.

Two-sided risks engulf the inflation outlook; keeping its uncertainty intact. Upside risks might emerge from potential food-price shocks associated with adverse agriculture conditions and price pressures exerted by a higher than envisaged growth momentum achieved on the back of recent withdrawal of lockdown restrictions imposed on various sectors. Whereas, a delayed pickup in the economic activity due to a second wave of COVID-19 outbreak will sustain the recent witnessed downtrend in inflationary pressures; in turn stabilizing the forward-looking real interest rates to bring them close to zero.

The banking sector would continue to play its intrinsic intermediary role to support the business communities and public at large by providing most of the digital banking services free of cost, under the directives of SBP. At the same time the industry would remain exposed to emerging health risk associated with the disruptions in workforce and service providers due to the ongoing or expected second wave of COVID-19 outbreak, continuity of free of cost customers service under SBP instructions, anticipated credit risks and a dearth of quality lending avenues, which would keep the bottom line under pressure, going forward.

While remaining cognizant of the economic and social challenges, Your Bank would continue its focus to provide excellent technology based financial service solutions to meet customer's needs. As more customers adopt pioneering voice-activated technologies in an increasingly mobile world, Your Bank is excited to announce the launch of Country's first voice-assisted banking facility; using Siri (a virtual assistant in iPhone) and engaging natural-language voice commands to respond queries and perform actions.

With this service, iPhone users of myABL digital banking platform can inquire account balances, make instant payments to any bank account and enquire credit card outstanding balance with just a simple voice command.

Your Bank has continued to re-align towards digital transformation by adopting robust technologies for improving the digital ecosystem in the Country. During the period under review, Your Bank pioneered the launch of NIFT ePay i.e. a domestic e-commerce gateway service launched by NIFT's "Digital Financial Services Platform". With this service, valued customers of the Bank will be able to conduct e-Commerce transactions directly from their bank accounts on all e-commerce merchants powered with "NIFT ePay" payment option

Your Bank retains focus on proactively responding to various growing service quality dimensions through smart, mobile and online channels in an omni-channel environment. The deployment of the "Universal Banker" has also inculcated service efficiencies in Bank's brick and mortar channel.

The implementation of a world class "Robotic Process Automation (RPA)" software has facilitated Your Bank's transition towards a virtual workforce setup, in line with its long-term strategy; enabling it to achieve improved work productivity in back office functions with efficient resource utilization, cost optimization and increased accuracy. The Bank has also embarked on its cognitive journey by initiating the Oracle Big Data Platform, wherein an enterprise wide "Data Lake" is being built with machine learning capabilities. This will not only help in revolutionizing data driven decision making across the Bank but will also allow for leveraging cognitive capabilities in RPA.

Going forward, broad based digitization and transformation through adoption of cutting-edge technologies geared towards delivering a customer centric user experience from all of the delivery channels shall remain at the forefront of the Your Bank's key strategic goals.

Entity Rating

Pakistan Credit Rating Agency (PACRA) maintained Bank's long-term and short-term credit rating at the highest level of "AAA" (Triple A) and "A1+" (A One Plus) respectively. These ratings indicate highest credit quality and an exceptionally strong capacity for payment of financial commitments. Your Bank has consolidated its position as one of the only select group of financial institutions in the Country to maintain highest entity credit ratings.

Director's Review

Corporate Governance Rating

VIS Credit Rating Company Limited re-affirmed Allied Bank Limited's (ABL) Corporate Governance Rating of 'CGR-9+'. The rating indicates a 'very high level of corporate governance'; thus, depicting a strong commitment towards governance framework by the Board and Management of ABL.

Rewards and Accolades

It is matter of great pride that Your Bank's resilient risk management, high focus on compliance with domestic and international applicable regulatory requirements, high standards of corporate governance and inclination towards service excellence was acknowledged by the following national as well as international publications during the period under review:

- Best Bank of the Year – Finance Asia Country Awards 2020
- Certificate of Excellence by Management Association of Pakistan
- Telecom Deal of the Year from Triple-A Asia Infrastructure Awards 2020
- Pakistan Domestic Initiative of the Year for Green Banking – ABF Wholesale Banking Awards 2020.

Board of Directors

Composition of the Board of Directors and Board sub-committees is disclosed in the corporate information section of the report.

Non-Executive Directors (excluding those who have opted not to receive meeting fee on voluntary basis) are paid a reasonable and appropriate remuneration for attending the Board and/or its committees' meetings. This remuneration is not at a level that could be perceived to compromise independence. No fee is paid to the directors who do not attend a meeting. Similarly, fee is not paid for the proposals considered through circulation.

Acknowledgement

On behalf of Allied Bank, we would like to extend our acknowledgment to the valued customers for placing their trust in Allied Bank Limited. We would also like to express our gratitude to the worthy shareholders of the Bank for their support, State Bank of Pakistan, Securities and Exchange Commission and other regulatory bodies for their guidance and motivation.

We would especially like to recognize hard work and dedication of our employees who in these testing times have performed their duties with utmost commitment and discipline to ensure business continuity and provision of un-interrupted financial services to the customers and public at large.

We wish and pray for health and safety of mankind against this pandemic.

For and on behalf of the Board of Directors.

Azid Razzaq Gill
Officiating Chief Executive Officer

Mohammad Naeem Mukhtar
Chairman Board of Directors

Lahore
Date: August 20, 2020

ڈائریکٹرز کا تجزیہ

موزیشیز ہولڈرز:

بورڈ آف ڈائریکٹرز کی جانب سے ہم 30 جون 2020ء کو اختتام پذیر ہونے والے ہفت روزہ کی پیش کرتے ہوئے نہایت سرت موصول کرتے ہیں۔ بورڈ کی طرف سے سٹاکس کردہ کاروباری نتائج اور تفصیلی مندرجہ ذیل جدول میں درج ہے:

| ششماہی مختصر 30 جون | | | |
|---------------------|----------|---------|---|
| نمبر | 2019ء | 2020ء | |
| % | لین روپے | | |
| 38 | 6,086 | 8,413 | بعد ازنگس منافع |
| 6 | 52,500 | 55,821 | گزشتہ تین ماہوں کا منافع |
| (96) | 165 | 6 | غیر بینکاری ۵۱۱ جات کی قدر دیکھا گیا ہے غیر تصرف شدہ منافع میں منتقلی خالص ازنگس |
| 25 | 60 | 75 | مبین ۵۱۱ جات کی قدر دیکھا گیا ہے غیر تصرف شدہ منافع میں منتقلی خالص ازنگس |
| 9 | 58,811 | 64,315 | تصرف کے لیے دستیاب منافع |
| - | (2,290) | (2,290) | تحتیٰ پیش ڈیویڈنڈ برائے سال مختصر 31 دسمبر 2019 - 2 روپے فی حصص (2019: سال مختصر 31 دسمبر 2018 - 2 روپے فی حصص) |
| - | (2,290) | (2,290) | مہوری کسٹ ڈیویڈنڈ برائے سال مختصر 31 دسمبر 2020 - 2 روپے فی حصص (2019: سال مختصر 31 دسمبر 2019 - 2 روپے فی حصص) |
| (38) | (609) | (841) | ضوابطی ریزرو میں منتقلی |
| 10 | 53,623 | 58,894 | آگے منتقل کیا گیا منافع شدہ منافع |
| 38 | 5.31 | 7.35 | فی حصص آمدنی (EPS) روپے |

کوڈ 19 کی عالمگیر وبا کے دوران سرمائے کو محفوظ بنانے اور سیال پذیری اور کسی بھی دباؤ کو برداشت کرنے کے علاوہ، اضافی کیلئے، اسٹیٹ بینک آف پاکستان (ایس بی پی) نے حفاظتی اقدامات کے طور پر اپنے سرکلر نمبر پی بی آر ڈی پی ای ایس ایف ڈی 00631520 مورخہ 22 اپریل 2020ء کو تحت بینکوں کو ہدایت کی ہے کہ وہ سال 2020ء کی پہلی دوسرے ماہوں کیلئے ڈیویڈنڈ کی ادائیگی کو معطل کر دیں۔

وہ بینک جنہوں نے 31 مارچ 2020ء کو اختتام پذیر سرمایہ کیلئے 22 اپریل 2020ء تک یا اس سے پہلے ڈیویڈنڈ کی پیشتر منظوری دے چکے ہیں ان کے لئے اسٹیٹ بینک آف پاکستان نے ڈیویڈنڈ کی آگے دوسرے ماہوں کیلئے، یعنی جون 2020ء اور ستمبر 2020ء کیلئے ڈیویڈنڈ کی تقسیم کو معطل کرنے کی ہدایت کی ہے۔

الائیڈ بینک لیمنٹڈ کے بورڈ آف ڈائریکٹرز نے مندرجہ بالا رجسٹری کی مکمل پاسداری کرتے ہوئے جون 2020ء کو اختتام پذیر سرمایہ کیلئے ڈیویڈنڈ کا اعلان نہیں کیا ہے۔

معاشی جائزہ:

کوڈ 19 کے پھیلاؤ نے ایک ایسا عالمی بحران پیدا کیا ہے جس کی اس پہلے کوئی نظیر نہیں ملتی۔ جس میں انسانوں کی کثیر الاموات، معاشی تھپتھور کے جامع رجحان اور دیگر سماجی و معاشی اثرات کی توقع پڑی شامل ہے۔ کم آمدنی والے ممالک پر خاص طور پر اپنے متنی اثرات ڈالنے ہوئے اس نے غربت میں کمی کے اس عالمی کوشش کو شدید دھچکا پہنچایا جو کہ دنیا نوے کی دہائی سے جاری رکھے ہوئے تھی۔ اس بحران میں مصارف اور خدمات کی رسد میں تاخیر ذکر کی ہوئی، نقل پھیری میں کمی کا رجحان برقرار رہا، مزدور طبقہ بری طرح متاثر ہوا، صارفین کی گری ہوئی طلب کی وجہ سے عالمی تجارتی مرکز میں بھی سکتھیں اور بین الاقوامی (ممالک کے مابین) سیاحت کی مکمل چابی اور شہ ڈاؤن کی وجہ سے رسد کی فراہمی میں خلل جیسے مظاہر کیے گئے۔

توقع سے زیادہ برے معاشی بحران کو دیکھتے ہوئے بین الاقوامی مالیاتی فنڈ (آئی ایم ایف) نے عالمی معاشی ترقی کے تخمینہ میں میں اپنی ترقی 3 فیصد کی سابقہ پیش بینی کو مزید کم کرتے ہوئے رواں سال کیلئے اس کی شرح کا تخمینہ 4.9 فیصد کی منفی نمو پر کیا ہے۔

اس متنی عالمی رجحان کی طرح پاکستان کی معیشت میں بھی اپنے 1.9 فیصد کی متوقع نمو کے ساتھ ہدف کے مقابلہ میں 0.4 فیصد کم کراؤ دیکھا گیا۔ کوڈ 19 کے پھیلاؤ کے باعث درج

معاشی چیلن اور صحت عامہ کے شدید خدشات کے ملک کی مالی سال 2020ء کے پہلے آٹھ ماہ کے دوران حاصل کی گئی تمام کارکردگی کو دیکھا گیا۔ جس میں وسیع اہلیاؤں کو پالیسی اقدامات اور استحکام کی تدابیر اختیار کرنے کے ذریعے نیکروڈاکٹاک مطابقت کے راستے میں ایک شمار سنگ میل کا حصول شامل تھا۔ ان اقدامات نے بیرونی اور اندرونی مہیب عدم توازن کی کوئی، غیر ملکی زرمبادلہ کے ذخائر میں استحکام، آئی ایم ایف کے پروگرام کی کامیابی، ملک کی کریڈٹ ریٹنگ کے پروفائل میں بہتری اور انضامی کارکردگی کو متحرک کرنے کی کوششیں شامل تھیں۔

بڑی دل کے حلوں اور شدت اختیار کرتی موبی صورتحال نے دوسری طرف زراعت کے شعبہ سے حاصل آمدنی کو بھی متاثر کیا۔ یہ اثرات گزشتہ سال سے بھی زیادہ شدید ہونے کی توقع ہے۔ حکومت پاکستان کا اس بارے میں شمارہ سال 2020ء اور 2021ء کیلئے 3.4 بلین امریکی ڈالرز سے 10.2 بلین امریکی ڈالرز تک جانے کا تعین ہے۔

مکروہلا عوامل سے قطع نظر، زرعی شعبہ نے 2.7 فیصد کی ایک توانا نمو حاصل کی ہے جو کہ مالی سال 2019ء کی 0.6 فیصد نمو سے نمایاں طور پر بلند ہے۔ تاہم شرح تبادلہ کی فروسی کے باعث، محدود معاشی ماحول، انحصاری مالیاتی اور انضامی پالیسیوں اور نجی مصارف و استعمال کے خط طلب جو کہ مالی سال 2019 کی 82.9 فیصد کی شرح کی نسبت شدید دلچھے سے 78.5 فیصد کی سطح تک گر گیا، جیسے عوامل کی بدولت صنعت اور خدمات دونوں شعبوں کی باآرتیب 2.6 فیصد اور 0.6 فیصد کی منفی کارکردگی کی وجہ سے زراعت کے شعبہ سے حاصل ہونے والی ترقی زیادہ ابھرتے ہوئے آئی۔

بیرونی تاجز پر تجارتی صورتحال کے بہتر توازن، افرادی ترسیلات زر کی پائیدار ترسیل اور مضبوط براہ راست غیر ملکی سرمایہ کاری کی بدولت کرنٹ اکاؤنٹ کے خسارے میں مسلسل کمی کا رجحان برقرار ہے۔

حقیقی معروضات تبادلہ (آر ایم ای آر) میں تیزی سے ہونے والی کمی کی بدولت ملکی منڈیوں میں مطابقت میں بہتری کی وجہ سے برآمدات میں مالی سال 2020ء کے پہلے آٹھ ماہ کے عرصہ میں 3.6 فیصد کا اضافہ ہوا۔ تاہم کووڈ 19 کے پھیلاؤ نے عالمی تجارت کی طلب اور رسد دونوں پر شدید اثر انداز ہوتے ہوئے، معاشی سرگرمیوں کو سست روکی کا فکھار کر دیا جس کے نتیجے میں ملک کی برآمدات مالی سال 2020ء کے آخری چار ماہ کے دوران 23 فیصد کمی کے ساتھ مالی سال 2019ء میں 26.84 بلین امریکی ڈالرز کی سطح کے مقابلہ میں 28.94 بلین امریکی ڈالرز پر درج کی گئیں۔ جبکہ برآمدات میں مالی سال 2020ء کے پہلے ششماہی عرصہ میں کمی کا رجحان دیکھا گیا جو کہ گزشتہ سال کے دوران نیکروڈاکٹاک استحکام کیلئے اٹھانے گئے اقدامات اور ایشیائی عالمی قیمتوں میں کمی کے اثرات کا عکاس تھا اور جس سے برآمدات کے کل بل میں مالی سال 2020ء کے دوران 19 فیصد کمی حاصل کی گئی۔

غیر ملکی براہ راست سرمایہ کاری میں چلک برقرار رہی جو کہ مالی سال 2019ء کے تقابلی عرصہ کی نسبت مالی سال 2020ء کے دوران تقریباً دوگنا تک بڑھتے ہوئے 2.56 بلین امریکی ڈالرز تک جا پہنچی تاہم یہ ملک کی حقیقی صلاحیت سے ابھی بھی خاصی کم ہے۔ غیر ملکی سرمایہ کاری کے پورٹ فولیو کے اخراج کے باوجود، اجمرتی رابٹ کے الاضحات کی طلب کے تقاضا، کثیر اطراف انجینئری سے رقم کی ترسیل، ملک کی بیرونی پوزیشن میں مدد کے لئے غیر ملکی کینیڈا اور کمرشل ذرائع سے قرضہ اجراء سے اسٹیٹ بینک آف پاکستان کے غیر ملکی زرمبادلہ کے ذخائر میں مہمیت ضروری اضافہ ہوا جو کہ مالی سال 2020ء تک 12.04 بلین امریکی ڈالرز کی مضبوط سطح پر درج ہوئے۔ روپے کی شرح جون 2020ء تک 168.17 روپے فی امریکی ڈالر پر بند ہوئی۔

اگرچہ مالی سال 2020ء کے پہلے نو ماہ کے عرصہ کے دوران حکومت پاکستان کی جانب سے محصولات سے متعلقہ جامع اقدامات اور انتظامی اصلاحات کے نفاذ سے انضامی اور مالی جامعیت کو تقویت ملی ہے اور نگیں آمدنی میں 13.7 فیصد ترقی پورٹ ہوئی ہے۔ جبکہ مالی سال 2019ء کے تقابلی عرصہ کی 5.0 فیصد کمی کے مقابلہ میں شمارہ مئی ڈی پی کا 3.8 فیصد تک آ گیا ہے۔ تاہم سست رفتار معاشی سرگرمیوں کے تقاضا میں فیڈرل بزنس ایسوسی ایشن (ایف بی آر) نے مالی سال 2020ء کیلئے 3,997 بلین روپے کی آمدنی اکٹی کی ہے جو کہ 3,907 بلین روپے کے نظریاتی شدہ ہدف سے 90 بلین روپے زیادہ ہے۔

موجودہ مالیاتی غلام جو پہلے ہی ملک کے بلڈن ترین قرض کی ادائیگی کے اخراجات اور تقاضا زدہ قوماں گئے اداروں (پبلک سیکٹور پرائیویز) کو سرمایے کی فراہمی سے محدود ہو چکا ہے، کو کووڈ 19 کے پھیلاؤ نے بری طرح متاثر کیا ہے جس کے باعث اس دہاؤ کے مضمرات سے نپٹنے کیلئے اضافی اخراجات درپیش ہیں۔ تاہم حکومت پاکستان نے 1,200 بلین روپے کے ایک جامع کٹج کے ذریعہ صحت عامہ، کاروبار، گھریلو طبقہ اور معاشرے کے کردار ادا کرنے والے افراد کی مدد کا اعادہ کیا ہے۔

افراط زر کے دہاؤ جو کہ مالی سال 2020ء کی پہلی ششماہی میں بڑھتا شروع ہو گئے تھے، جنوری کے سینے میں بلڈن ترین شرح پر جا پہنچے لہذا صارفین کی قیمتوں کا انڈیکس (سی پی آئی) 14.6 فیصد تک درج کیا گیا۔ تاہم بدیں ایشیائی فروکش اور توانائی کی قیمتوں میں تیزی سے کمی اور اس کے ساتھ خالص افراط زر میں پیدا ہونے والی بہتری اور آسانی نے نمایاں افراط زر کے دہاؤ خاصی حد تک تحلیل کر دیا۔ چنانچہ جون 2020ء تک اس کی شرح کم ہوتے ہوئے 8.6 فیصد سطح پر جا پہنچی۔ اس متحرک اور تیزی سے ارتقاء پذیر صورتحال سے بہرہ آزا ہوتے ہوئے اسٹیٹ بینک آف پاکستان نے بڑھتے ہوئے منفی خدشات، افراط زر کے تخمینوں پر قابو رکھنے اور اور مالیاتی استحکام کو برقرار رکھنے کے تقاضا میں اپنی نمو کو مدد فراہم کرنے کیلئے ایک اعادہ و شمار پر محضر مالیاتی پالیسی کا اعادہ کیا۔ اٹیڈریجیٹات رخ کو ایک معاون پالیسی کے بنیادی جانب موڑنے سے پالیسی ریٹ میں مارچ کے وسط کے مجموعی طور پر 625 بی پی پی ایس کی کووریج ہوئی جس کی شرح جون 2020ء تک کم ہوتے ہوئے 7 فیصد رہیں کی گئی۔

مصیبت کو مدد فراہم کرنے اور مسلسل بڑھتی ہیردگاری سے نپٹنے کیلئے بھی اسٹیٹ بینک آف پاکستان نے کئی اقدامات اٹھائے ہیں جن میں:

- سرمایے کو محفوظ بنانے کے باؤ (Buffer) میں 100 بیس پوائنٹس کی کمی کے ساتھ اس کا 1.5 فیصد رہیں؛
- چھوٹے اور درمیانے کاروبار (ایس ایم ایف) کو کریڈٹ کی توسیع کی ضوابطی حد میں 180 بلین روپے تک کا اضافہ

- کٹھنر قرض چھڑانے کیلئے قرض کے بوجھ کو برداشت کرنے کے تناسب (ڈیٹ برڈن ریشو) کی شرح کو 50 فیصد سے بڑھا کر 60 فیصد تک کرنے کی ہوتی؛
- بینکوں کو اجازت دی گئی کہ وہ اپنے قرض بانڈنگ کی اصل رقم کی ادائیگی کو ایک سال کیلئے موثر کریں اور ایسا اپنے قرض دہندہ جو اپنی کریڈٹ سہی کو سٹرکے بغیر ماک اپ اور یا اصل رقم کی واپسی کیلئے ایک سال سے زیادہ عرصہ درکار کرتے ہیں، ان کے اس قرض کو ری سٹرکچر / آری شیڈیول (Re-Structure / Re-Schedule) کر لے۔
- تنخواہوں اور اجرت کی ادائیگی کیلئے قرض کی ادائیگی کا اجراء؛ شامل ہیں۔

مالیاتی جائزہ:

نودل کوڈز 19 کے پھیلاؤ کے تناظر میں سارٹ لاک ڈاؤن کے ذریعہ لوگوں کو غلات کے ذریعے محدود کرنے کے اقدامات کے ایک نئے دور کا آغاز ہوا۔ اور سماجی فاصلوں کو لازمی طور پر اپنانے سے گھلنے ڈبچیلنے بینکنگ کی خدمات کی پیشکش کی رفتار میں اضافہ کر دیا تاکہ صارفین کی ریشل (Retail) بینکنگ سے متعلقہ بڑھتی ہوئی ضروریات اور طلب کا مٹا دیا جاسکے اور اس کے ساتھ ساتھ دیگر اسٹیک ہولڈرز بشمول ریگولیٹرز کے ساتھ افکار مشین ٹیکنالوجی کو استعمال کرتے ہوئے رابطہ رکھا جائے۔

اس ڈبچیلنے ارتقاء سے اب کارڈنگ کے موجودہ نظام کو پھرنے اور اپنی کاروباری صلاحیتوں کو مضبوط اور جدید تقاضوں کی مطابقت میں بہتر کرنے کی اہمیت کو اجاگر کیا ہے۔ تاکہ مالیاتی اداروں کو دنیا بھر میں طویل المدت بنیاد پر حاصل ہو سکے۔

پاکستان میں بینکاری کا شعبہ موجودہ معاشی تیزی، ٹیکنالوجی کی ترقی میں تھقل، شوبانہی قبیلات کے اضافے، مسلسل ابھرنے والے سماجی ریسکیٹیو غرضات، اثاثہ جات کے معیار سے جڑے غرضات میں فروغ اور نئی شعبہ کی قرض کی کمزور استطاعت جیسے مختلف نوعیت کے غرضات سے مسلسل دوچار ہے۔

اس مشکل اور سائنسی کاروباری ماحول کے تحت، آپ کے بینک نے اپنی کثیر لچت اور طویل المدت سکت عملی پر ارتکاز رکھا ہے تاکہ جبکہ غرضات کے انتظام کو ٹھوس بنانے، کاروباری صلاحیتوں کے بہترین استعمال اور اپنی برانچوں کے نیٹ ورک کو موزوں رکھنے سے ہونے ڈبچیلنے رسائی کے ذرائع میں اضافہ کے ذریعے صارفین کو ٹیکنالوجی سے مزین جدید اور موثر پراڈکٹس اور خدمات کی فراہمی کو تسلسل مضبوط رکھنے جیسے عوامل پر انحصار کرتی ہے۔

کوڈز 19 کا نتیجہ دہاؤ کے پھیلاؤ سے پیدا ہونے والے غرضات میں کمی کرنے کیلئے آپ کے بینک نے اپنے کاروبار کو جاری رکھنے کے مقاصد کے آغاز سے کئی ہفتہ اقدامات اٹھائے ہیں تاکہ اپنے ملازمین کی حفاظت اور صارفین کو بلا تھقل مالی خدمات کی فراہمی یقینی بنایا جاسکے۔ اس بارے میں زیادہ تر توجہ مالی اسے ایبل (myABL) اور اسے ایبل کے ذریعے بلا معاوضہ اور بلا رکاوٹ ای بینکنگ کی خدمات کو مہیا کرنے پر دی جو موجودہ اور نئے صارفین کیلئے یقینی طور پر ہدایت ہوئی تاکہ وہ اپنے روزمرہ کے لین دین اور خصوصی طور پر پینشن بلز میں کردہ سکیں۔ بینک نے صرف تین ماہ کے قبل عمر میں بائرنس 91,589 سے گاما اکاؤنٹ کھولے ہیں جبکہ 45,391 موجودہ صارفین کو مائی اسے ایبل پر ریزنگ کیا ہے۔ کل 677,757 پینشن بلوں کی ادائیگی سے مجموعی طور پر اوسط 940 ملین روپے کی خرید رقم آئی۔ بینکنگ کی خدمات میں شامل ہوئی۔ جس سے ساسا کی اوسط حجم میں 24,328 ملین روپے کا اضافہ ہوا۔ انٹرس ریٹ کی گرتی صورتحال میں اپنی سرمایہ کاری کے پورٹ فولیو کی مدت کے پیش قدم انتظام سے کئی ہفتہ تھقلی اور قیوتوں کے ذمہ وثیت تھقلوں نے آپ کے بینک کو اپنے اوسط پیداواری اثاثہ جات میں شمارہ نمو حاصل کرنے کے قابل کیا جس کے نتیجہ میں خالص انٹرس آمدنی گزشتہ تھقلی مدت سے 33 فیصد مضبوط اضافے کے ساتھ زہ تجویز عرصہ میں 25,007 ملین روپے پر درج کی گئی۔

کوڈز 19 کے پھیلاؤ کے تناظر میں آپ کے بینک نے نئی ابھرتی ڈبچیلنے ٹھائل سروسز (خدمات) پر انحصار کرتے ہوئے اپنی خدمات کے معیار کو بلند رکھنے پر خصوصی توجہ دہی رکھی۔ جس سے ڈبچیلنے بینکنگ کے لین دین کی ترکیب میں بینک کے کاؤنٹر پر کی گئی لین دین کی نسبت 62 فیصد کا اضافہ دیکھا گیا خاص طور پر آن لائن لین دین میں، جس کی بدولت فیس کی آمدنی گزشتہ تھقلی مدت کی 2,522 ملین روپے کے حجم کی نسبت 10 فیصد کے اضافے کے ساتھ 2,773 ملین روپے پر درج کی گئی۔

عالیہ معاشی سہ روزی میں ٹھائل بانڈنگ کی آمدنی میں کمی اور اس کے نتیجہ میں سال پڑی کے محدود ہونے کی وجہ سے کینیڈن کی ڈیڈیٹ کی ادائیگی کی صلاحیت بھی متاثر ہوئی چنانچہ ڈیڈیٹ کی آمدنی میں 21 فیصد کمی دیکھی گئی۔ جبکہ آپ کے بینک نے 2,426 ملین روپے کا نیٹ لین حاصل کیا۔ کل ٹان ماک اپ آمدنی سال 2019ء کے تھقلی عرصہ کے 5,328 ملین روپے کے حجم کی نسبت 26 فیصد کے اضافے کے ساتھ 6,698 ملین روپے پر ریکارڈ کی گئی۔

آپ کے بینک کے وسیع مقاصد میں یہ امر برقرار ہے کہ ملک میں رہنے والے تمام لوگوں کو چاہے وہ بینکاری کی خدمات سے محروم علاقوں میں رہائش پزیر ہوں یا ایسے علاقوں میں ہیں جہاں یہ خدمات جزوی طور پر میسر ہیں، سب کو ڈبچیلنے، ٹھائل مالی خدمات کے فروغ کے ذریعہ سب کے ان کی بہتر مالی شہولیت کو حاصل کیا جائے۔ اگرچہ یہ تھقلی ماحولی نظام کی تعمیر کے تابع ہے، تاہم موجودہ نظام کے حدود میں وسعت ایک ناگزیر عمل ہے۔ چنانچہ بینک نے براؤچ بینکنگ اور ڈبچیلنے کاروبار میں اضافہ پر مشتمل ایک دہری دست کی سکت عملی کو اختیار کیا ہے۔ جس کے نتیجہ میں براؤچ نیٹ ورک بہتر سے عمل سے گزرتے ہوئے جن 2020ء تک 1,387 برانچوں پر بند ہو جس میں 1,263 روایتی برانچیں، 117 اسلامی بینکنگ کی برانچیں اور 7 ڈبچیلنے برانچیں شامل ہیں۔

اسے ٹی ایم نیٹ ورک بڑھتے ہوئے 1,542 اسے ٹی ایمز پر درج ہوا جس میں 1,199 آن سائٹ 340 آف سائٹ اور 3 موبائل بینکنگ یونٹ (ایم بی یو) شامل ہیں۔

اس سہ ماہی میں بڑھتی ہوئی شوبانہی قبیلات کی لاگت، اضافی ایس آف (CSR)، نودل کوڈز 19 کے پھیلاؤ کے سماجی اور معاشی اثرات کو کم کرنے کیلئے ملازمین اور صارفین کی سکت کی دیکھ بھال کے اخراجات، روپے کی قدر میں کمی اور ٹیکنالوجی ٹھائل انفراسٹرکچر میں جاری سرمایہ کاری بشمول افکار مشین سیکورٹی کے اقدامات کے باوجود کاروباری لاگت میں 5

فائدہ کا اضافہ دیکھا گیا۔ سال 2020ء کی پہلی ششماہی میں فیرمارک اپ اخراجات میں گزشتہ سال کی اسی تقابلی مدت کی 14 فیصد کی شرح کی نسبت 12 فیصد کا اضافہ درج ہوا۔

صنعت کی مدد اور ہیرڈنگاری کی حوصلہ شکنی کرنے کیلئے کی اصلاحی ریلیف تکبیر کا بروقت آغاز کیا گیا جو سیال پیری کے خدشات سے بننے میں مددگار رہے جبکہ کریڈٹ سے جڑے خطرات شعل میں نمودار ہو سکتے ہیں جس سے فیرفیٹل قرضوں میں اضافہ کا خدشہ ہے۔

کوڈ: 19 کوڈ کے عالمگیر ہمارے ظہور پزیر متوقع حقی خدشات کے مظہر 1,311 ملین روپے کے عام اخراجات (جنرل پروڈیون) کا تعین کیا گیا ہے۔ اس کی بنیادی وجوہات 30 جون 2020ء کو اختتام پزیر مدت کے کاؤنٹس کے ٹوٹ 6.1 ملین روپے کا ہے۔ جبکہ سال 2020ء کی پہلی سہ ماہی کے دوران ایلیٹیو سرمایہ کاری کی قدر میں تھپڑ کی مدد میں، دانشمندانہ بنیاد پر 558 ملین روپے کے اخراجات کا تعین کیا گیا۔

اس کے نتیجے میں آپ کے بینک نے گزشتہ سال کے تقابلی عرصہ کے 11,100 ملین روپے کے حجم کی نسبت 32 فیصد کی بڑھتی ہوئی ظاہر کرتے ہوئے۔ 30 جون 2020ء کو اختتام پزیر ششماہی کے دوران 14,562 ملین روپے کا منافع قبل از ٹیکس حاصل کیا۔ منافع بعد از ٹیکس 38 فیصد کی نمو ریکارڈ کرتے ہوئے 8,414 ملین روپے تک جا پہنچا۔ اگر بینک نے عام اخراجات (جنرل پروڈیون) کا تعین نہ کیا ہوتا تو منافع قبل از ٹیکس اور بعد از ٹیکس کی شرح نمو با ترتیب 44 فیصد اور 51 فیصد ہوتیں۔ آپ کے بینک کی ای ٹی ایس (EPS) گزشتہ تقابلی مدت کی 5.31 روپے فی حصے کے مقابلہ میں 7.35 روپے فی حصے پر رہی جبکہ ای ٹی ایس (سرمایہ) گزشتہ سال کے تقابلی عرصہ 107,868 ملین روپے کے حجم کی نسبت 120,328 ملین روپے درج کی گئی۔ بینک کی کپٹل ایلیٹیو کی کا تناسب 11.5 فیصد کی مطلوبہ قانونی شرح کے مقابلہ میں 25 فیصد پر رہا جبکہ آپ کے بینک کے سرمایہ کی مضبوط پوزیشن کا مظہر ہے۔

مسئلہ اور کڑی گمرانی نے آپ کے بینک کو اس بات کا اہل کیا ہے کہ وہ فیرفیٹل قرضوں کے پورٹ فولیو کو 31 دسمبر 2019ء میں 15,854 ملین روپے کے حجم سے کم کر کے مجموعی طور پر 15,159 ملین روپے پر لائے۔ اس کے ساتھ انٹیکشن میں کی اور مخصوص اخراجات کی مضبوط کوریج ریلو جن کی شرح با ترتیب 3.4 فیصد اور 97.9 فیصد درج ہوئیں۔ کی راہ ہموار کر کے۔ عمومی اخراجات کے شمار کے بعد مجموعی کوریج ریلو کی شرح 107 فیصد درج ہوئی جبکہ 31 مارچ 2020ء تک صنعت کی انٹیکشن اور کوریج کا تناسب با ترتیب 8.5 فیصد اور 83.6 فیصد رہا۔

فیرفیٹل قرضوں کے اخراجات کا تعین کرتے ہوئے اسٹیبٹ بینک آف پاکستان کی جانب سے جاری رہنمائی کے اصولوں میں اجازت کے باوجود جبری فروخت کے کسی فائدے کا شمار نہیں کیا گیا۔

بغیر لاگت یا کم لاگت کے ڈیپازٹس کا حصول آپ کے بینک کے اولین مقاصد میں ایک اہم حکمت عملی کے طور پر برقرار ہے۔ چنانچہ، غیر پیداواری ڈیپازٹس 6 فیصد کے اضافہ کے ساتھ 453,839 ملین روپے پر بند ہوئے اور اس طرح 30 جون 2020ء تک کل ڈیپازٹس میں اپنی ترکیب بہتر بنانے کے لیے 39.4 فیصد تک چھپانے۔ اس کی ترکیب گزشتہ سال کی تقابلی مدت کی 81 فیصد کی شرح کے مقابلہ میں 86 فیصد ریکارڈ ہوئی۔ بینک کے کل ڈیپازٹس 31 دسمبر 2019ء کے مقابلہ میں 5.4 فیصد اور 30 جون 2019ء کے مقابلہ میں 7.5 فیصد کے اضافہ کے ساتھ 1,106,140 ملین روپے تک بڑھ گئے۔

مشتمل فیٹس بینڈ :

آئی ایم ایف، جو کہ کوڈ: 19 کے عالمی معاشی سرگرمیوں پر معرعات کا شدت کا تعلق شاہد ہے، نے رواں سال کی پہلی سہ ماہی کے دوران معاشی بحالی کی رفتار میں اپنے سابقہ تخمینوں سے بھی زیادہ سودی کی توقع ظاہر کی ہے کیونکہ دنیا کے طول و عرض میں پھیلے تمام ممالک اس اجمرتی ہوئی عالمی وبا سے مسلسل تیرا زما ہیں اور اس صورتحال کو انٹیکشن کے پھیلاؤ کو ڈھونڈنے اور اس کے بڑھتے ہوئے خط کو معتدل کرنے کیلئے تدریجی اقدامات کو بڑھ کر انتظامی طاقت عمل کرانے میں مصروف ہیں۔ عالمی معیشت کی نومال 2021ء کیلئے 5.4 فیصد پر توقع کی جاتی ہے جو کہ اپنے سابقہ تخمینہ سے تقریباً 6.5 فیصد نیچے پائمنٹس کم ہے۔

صوبہ کے حتمی نتائج تاہم فیرفیٹل کی صورتحال سے دوچار ہیں اور اس عالمگیر وبا کے مشتمل میں برتاؤ اور اس کے پھیلاؤ سے بچنے کیلئے اٹھانے گئے پالیسی اقدامات کے باعث ہونے والے مضامیر اثرات، کمزور طیفوں کو فراہم کی گئی معاشی امداد، مارکیٹ کی صورتحال کی بہتری کیلئے مالی شراکت کی بہتری اور تکبیر لگتی خاندان سے سیلیت حاصل کرنے کی کوشش کے زیادہ تر نتائج ہیں۔

پاکستان کی جی ڈی پی کی نمو کی پیش بینی قبل مدت میں مسلسل مشکلات سے دوچار ہے۔ مالی سال 2021ء کیلئے آئی ایم ایف کے معاشی نتائج کے تخمینہ کی بلند ترین سطح بھی 1 فیصد کی شرح تک محدود ہے۔ زراعت کی شعبہ کی نمو میں کمی کی توقع ہے جیسا کہ حکومت پاکستان نے گزشتہ 2 دہائیوں میں نئی ذل کے شدید ترین حملہ سے بننے کے لئے فیٹل اجمرتی جی ڈی پی اعلان کر دیا ہے۔

ڈسکونٹ ریٹ میں کمی، عالمی رسد میں توازن کے حصول اور چین سے صنعت سازی کی ترویج کی بدولت داخلی سرمایہ کاری میں فروغ نظر آیا اور اس کے ساتھ کم ہوتے افراد زری کے وجہ سے صارفین کی طلب میں افزوئی سے بڑے پیمانے کی صنعت کو محرک کرنے میں مدد ملے گی۔

مجیدہ راولپہ کے وجہ سے ملک کی برآمدات کی نمو کا انحصار مندرجہ بالا عوامل میں موجود مواقع سے فائدہ حاصل کرنے کی صلاحیت پر ہے اور اس کے ساتھ ساتھ عالمی تجارتی سرگرمیوں خاص طور پر ملک کی نمایاں برآمدات کی منڈیوں بشمول امریکہ میں متوقع پہلی پیمہ ٹھہرے۔ برآمدات کی مدد میں تیل کی گرتی قیمتیں اور اس کے ساتھ خدمات کی طلب میں کمی بشمول سبز، سے ادا کیلیوں کی صورتحال قابو میں رہنے کی توقع ہے جبکہ مشتمل میں یہ تجارتی توازن کی مثبت پیش بینی کی راہ بھی ہموار کرے گی۔

ملک کی زرمبادلہ کی فراہمی کی نمایاں منڈیوں میں اس دباؤ کے جاری پھیلاؤ کے تاثر میں ملازمتوں کے فقدان اور روزگار کے مواقع کی اجڑو سھال کی وجہ سے افرادی ترسیلات زر کی مقدار میں کمی کی توقع ہے۔ ایٹین ڈیولپمنٹ بینک نے ملک کو پانچ شریعتی ترین حداثہ معیشتوں میں شمار کیا ہے جس کے ساتھ ترسیلات زر میں غیر ممالک خصوصاً دنیا کے نل پید او برآمد کرنے والے ممالک میں موجود افراد کی آمدنیوں میں کمی کی وجہ سے 27 فیصد تک کمی کی پیش بینی کی ہے۔

ایک مخصوص مدت تک موخر کرنے کے قرض کی ادائیگی کی جگہ ملکہ کو برسر کلب کی جانب سے ڈیپٹ سروں سہولتیں ایٹیشیو (DSSI) (Debt Service Suspension Initiative) کے تحت فراہم کی گئی ہے، اس سے نامزد ملک کے زرمبادلہ کے ذخائر پر دباؤ کی کمی کے نلکہ اضافی ترقیاتی اخراجات کی مد میں بھی ذرائع کی دستیابی میں معاون ثابت ہوگی۔ تاہم دہرے خسارے میں شیارے سے نمودار ہونے والے حقی ذخشات اور آئی ایم ایف سے منظورشہ ایکسیڈنٹس فیسٹی (EFF) (Extended Finance Facility) کی شرائط پر دوبارہ مذاکرات میں موجود غیر یقینی صورتحال کی وجہ سے ملک کی مجموعی قرض کی ضرورت پر دباؤ برقرار ہے گا جس سے فارن ایسیٹی کی پوزیشن بھی محدود رہے گی۔

افراز کی پیش بینی کو درود ذخشات لاحق ہیں جس سے اس کی غیر یقینی برقرار ہے۔ زراعت کی ناقص کارکردگی کے باعث ایشیا خورد روٹی کی موقوف قیوں میں اتار چڑھاؤ اور مختلف شعبوں میں لاک ڈاؤن کی پابندیوں کے حالیہ تاخیر سے ترقی کے موقوف حصول سے پیدا ہونے والے قیوں کے دباؤ کے باعث اس میں اضافہ کے ذخشات ٹھہر پڑے ہو سکتے ہیں۔ جبکہ 19-20 کے پھیلاؤ کی دوسری رو کی وجہ سے معاشی سرگرمی کی تھالی میں ہونے والی تاخیر افراز کے دباؤ میں کمی کے ساتھ موجود رحمان کے برقرار رہنے کا باعث ہو سکے گی اور مستقبل میں معاشی انٹرسٹ ریٹ کو صفر کے قریب کرتے ہوئے اس میں استحکام کا باعث ہوگی۔

اپنے ذاتی مصالحتی کردار کو جاری رکھتے ہوئے بینکاری کا شعبہ کاروباری مظنون اور دیگر لوگوں کو باہم، اپنی ڈیجیٹل بینکنگ کی خدمات، ایٹیف ٹیکسٹ آف پاکستان کی ہدایت کے تحت بلا معاوضہ فراہم کرتا رہے گا۔ اسی دوران صنعت، کووڈ-19 کی جاری یا موقوف دوسری رو کے باعث پیشور اور خدمات مہیا کرنے والے افراد کو درپیش مشکلات سے جڑے صحت کے بحال سے عاجز رہتے ذخشات، ایٹیف بینک کی ہدایت کے مطابق صارفین کو بلا معاوضہ خدمات کی فراہمی، کریڈٹ کے موقوف ذخشات اور معیاری قرض کے مواقع کا فقدان جیسے عوامل سے نہر دآزما ہے اور جو مستقبل میں بھی اس کے اساس چھاپا دباؤ برقرار رکھیں گے۔

معاشی اور سماجی چیلنجز کا مکمل ادراک رکھتے ہوئے آپ کے بینک نے اپنی اچھدیہ ٹیکنالوجی سے مزین بہترین مالی خدمات کی فراہمی پر برقرار رہی ہے تاکہ صارفین کی ضروریات کو پورا کیا جاسکے۔ چنک اس تیزی سے بدلتی دنیا میں صارفین کی بڑی تعداد نئی حصارف کردہائی کی آواز سے محرک ٹیکنالوجی کو اختیار کر رہی ہے، آپ کا بینک نہایت پرجوش طریقے سے ملک سے سب سے پہلی آواز کی مد سے پہلے والی بینکاری کی سہولت کا اعلان کرتا ہے۔ جو کہ (Sirilanka) (آئی فون میں موجود ایک مجازی مددگار) کے استعمال اور قدرتی زبانوں میں موقوف ہدایت کو برسنے کا لالٹے ہونے اپنے سوالات کے جواب اور مددگار کے جاسکتے ہیں۔

ان خدمات کی بدولت مائی اے بی ایل (myABL) ڈیجیٹل بینکنگ کے پلٹ فارم کو استعمال کر کے آئی فون کے صارف اپنے کھاتوں میں محض ایک سادہ صوتی ہدایت کے ساتھ موجود رقم کے بارے میں پوچھ سکتے ہیں، کسی بھی بینک اکاؤنٹ میں فوری ادائیگی کر سکتے ہیں اور کریڈٹ کارڈ کی ہالیاء رقم کے بارے میں بھی پوچھ سکتے ہیں۔

مضبوط ٹیکنالوجیز کو اختیار کرتے ہوئے آپ کا بینک اپنی ڈیجیٹل ہیٹ میں مٹھلی کے نل کے درستی کو جاری رکھتے ہوئے ہے تاکہ ملک کے ڈیجیٹل ماحولی نظام کو بہتر بنایا جاسکے۔ اس تجربیہ عرصہ کے دوران آپ کے بینک نے پہلی دفعہ نئی ای۔ پی (NIFT ePay) کو حصارف کر دیا ہے جو کہ نطف کی آناز کردہ ڈیجیٹل نفاصل سروسز پلٹ فارم کی ایک ڈیویسنگ ای کامرس گیٹ وے سروس ہے۔ اس سروس کے ازاد سے بینک کے حصارف نطف ای (NIFT ePay) کی ادائیگی کی سہولت کو استعمال کرتے ہوئے تمام ای کامرس مرنچس (ٹائروں) کے ساتھ اپنے بینک اکاؤنٹس کو استعمال کرتے ہوئے، ای کامرس کا براہ راست لین دین کر سکیں گے۔

ایک اڈی جیل (ہمز ذرائع) ماحول میں آپ کا بینک اپنی خدمات کے بڑھتے معیاری نئی جہتوں پر سات، موہال اور ان لائن چیلنجز (ذرائع) کے ذریعہ اپنے پیش قدم رول پر مکمل توجہ رکھے ہوئے ہے۔ "یونیورسل بینکر (Universal Banker) کے قیام سے بھی بینک کے مادی ذرائع میں خدمات کی صلاحیتوں میں بیرونی ہو سکے گی۔

دنیا کے اعلیٰ معیار کے "روبوٹک پراس آٹومیشن" (RPA-Robotic Process Automation) سونف ویز کے نفاذ سے آپ کے بینک کو ایک مجازی وک فوری سیٹ اپ میں مٹھلی میں سہولت ملے گی جو کہ بینک کو اپنے نلکہ انسانی پیروایہ صلاحیت کو، وسائل کے بہترین استعمال، اخراجات کی موڈرنیت اور انکوسٹی (درستگی) میں اضافے کی بینک کی طویل المدت حصارفگی سے ہم آہنگ ہے۔ بینک نے اپنی آگہی کی راہ پر جہتوں سے ہونے اور نلکہ گڈ ڈیٹا پلٹ فارم (Oracle Big Data Platform) کا آناز کردہ کیا ہے۔ جس میں ایک ادارے کے مٹھ "ڈیٹا لیکٹ (Data Lake) اور اس کے ڈیٹوں کے سیکھے کی صلاحیتوں کی قبیر کی جاسی ہے اس سے نامزد پورے بینک میں انقلابی اعداد و شمار پر حصارف فیلم سازی میں مدد ملے گی بلکہ بی آر پی اے (RPA) میں ادراکانہ صلاحیتوں میں اضافہ کا باعث بھی ہے گی۔

مستقبل میں جدید ترین ٹیکنالوجی کے حصول جو کہ تمام ڈیجیٹل چیلنجز سے حصارف کے مستفید ہونے کے تجربات کی روشنی سے مزین ہوگی، کے ذریعہ وسیع النہاد ڈیجیٹل ترقی اور ہیٹ سازی آپ کے بینک کے نمایاں مقاصد کی اولین ترجیح رہے گی۔

ایٹیلی ریٹنگ:

دی پاکستان کریڈٹ ریٹنگ ایجنسی لیٹڈ (PACRA) نے ال ایٹیل بینک کی طویل المدتی ریٹنگ اور قلیل المدتی ریٹنگ کو "AAA" (نیل اے) اور "A1+" (اے ون پلس) کی اعلیٰ سطح پر برقرار رکھا ہے۔ یہ درجہ نمایاں بینک کی مضبوط حصارف سرمایہ کی بنیاد اور سیال پڑہی کے اعلیٰ معیار کو ظاہر کرتی ہیں۔ آپ کے بینک نے بطور ایسے ادارے جو ملک کے مالیاتی

اداروں کے واحد منتخب گروپ میں اپنی پوزیشن کو محفوظ رکھنے کے لیے جو بلند ترین ایجنسی کرڈیٹ ریٹنگ کے حامل ہیں۔

کارپوریٹ گورننس ریٹنگ:

وی آئی ایس (VIS) کرڈیٹ ریٹنگ کمپنی لیٹڈ نے الائیڈ بینک لیٹڈ کی کارپوریٹ گورننس کی درجہ بندی کو "CGR+9" کی سطح پر برقرار رکھا ہے۔ ریٹنگ کی یہ بہتری کارپوریٹ گورننس کے اعلیٰ ترین معیار اور بورڈ اور آپ کے بینک کی مینجمنٹ کے ایک منہجیہ اور "مستحکم گورننس کے نظام (فریم ورک) پر مسلسل یقین اور اعادہ کا منظر ہے۔"

انعام و اسناد:

بیاض قابل فخر دستاویز ہے کہ آپ کے بینک کی گنبدار رسک مینجمنٹ، قابل اطلاق داخلی اور بین الاقوامی ضوابطی مطلوبات کی تعمیل پر مکمل ریکارڈ، کارپوریٹ گورننس کے اعلیٰ معیار اور بہترین خدمات فراہم کرنے کی گمن کواں زہر تجزیہ عرصہ کے دوران مندرجہ ذیل گلی اور فی رملگی جزیروں میں بہت سراہا گیا ہے:

- بیسٹ بینک آف دی ایئر (سال کا بہترین بینک) - فائس ایٹیا انٹرنی ایوارڈ 2020ء
- مینجمنٹ ایسی ایٹیا آف پاکستان کی جانب سے عظیم آف ایکلیس؛
- ٹی ٹی کام ڈیل آف دی ایئر - ٹریڈ ایس، ایٹیا انٹرنی ایوارڈ 2020ء
- پاکستان ڈومیسٹک ایٹیا ایئر آف دی ایئر برائے گرین ٹیکنالوجی، ایس بی ایف ہول سیل

ٹیکنالوجی ایوارڈ 2020ء :

ہورڈ آف ڈائریکٹرز ہورڈ آف ڈائریکٹرز اور ہورڈ کی ذیلی کمیٹیوں کی بناوٹ کو کارپوریٹ مطلوبات کے جزو میں درج کیا گیا ہے۔

غیر انتظامی ڈائریکٹرز (ماسوائے جنہوں نے اجلاس کی فیس دینے کے اختیار کو اپنا یا ہے) کو ہورڈ یا ا اور اعلیٰ کمیٹی کے اجلاس میں شریک ہونے کے لیے ایک مناسب اور موزوں معاوضہ دیا جاتا ہے۔ معاوضے کا معیار ایسا نہیں ہے کہ جس سے یہ تاثر بھی ملے کہ کسی آزاد حیثیت پر کوئی سمجھوتا ممکن ہے۔ جو ڈائریکٹرز اجلاس میں شریک نہیں ہوا اسکو کوئی معاوضہ نہیں دیا جاتا ہے۔ اسی طرح ایسا سفارشات جن پر ریکلیشن کے ذریعہ غور اور جانچا جاتا ہے ان کا بھی کوئی معاوضہ نہیں دیا جاتا۔

تخلیم و تحسین :

ہم، ہورڈ اور مینجمنٹ کی جانب سے، اپنے قابل قدر صارفین کے الائیڈ بینک پرائے کے اتحاد کے لیے بہت ممنون ہیں۔ ہم بینک کے لیے تعاون پر اپنے معزز شیئرز ہولڈرز کا بھی تہہ دل سے شکر یہ ادا کرتے ہیں۔ ایٹیا بینک آف پاکستان، سکیورٹی ایئر ایچ پی سی آف پاکستان، اور دیگر انتظامی اداروں کا ان کی مسلسل رضامندی اور تعاون پر شکور ہیں۔

ہم اپنے ملازمین کی خدمات و خاص طور پر سراہتے ہیں جنہوں نے اس کڑے اور آزمائش کے دور میں اپنی اٹھک محنت، بھرپور ذمہ داری اور نظم رقت سے کاروبار کو جاری رکھنا یقینی بنایا اور اپنے صارفین کو بلخصوص اور عوام الناس کو بلخصوص بلا تامل خدمات کی فراہمی جاری رکھی۔

ہم اس عالی درجہ کے مقابلے میں بنی نو انسان کی صحت اور تحفظ کے لیے دعا گو ہیں

منجانب، ہورڈ آف ڈائریکٹرز

محمد نسیم حقار

چیئر مین ہورڈ آف ڈائریکٹرز

ایزڈ رزاق رمل

ٹائم ہولڈنگ ایگزیکٹو آفیسر

لاہور

20 اگست 2020ء

Independent Auditor's Review Report for the Half Year ended 2020

On Review of Interim Financial Statements

To the members of Allied Bank Limited

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Allied Bank Limited ("the Bank") as at 30 June 2020, and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim statement of cash flow and notes to the unconsolidated condensed interim financial statements for the six-month period then ended (here-in-after referred to as "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matter

The figures for the quarters ended 30 June 2020 and 30 June 2019 in the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income have not been reviewed by us and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditor's report is Fahad Bin Waheed.

Lahore
Date: 27 August, 2020

KPMG Taseer Hadi & Co.
Chartered Accountants

UNCONSOLIDATED **FINANCIAL STATEMENTS**

for the half year ended June 30, 2020

Unconsolidated Statement of Financial Position

(Un-audited) as at June 30, 2020

| | Note | June 30, 2020 | (Audited) December 31, 2019 |
|---|------|--------------------|-----------------------------------|
| Rupees in '000 | | | |
| ASSETS | | | |
| Cash and balances with treasury banks | 7 | 118,306,723 | 119,943,828 |
| Balances with other banks | 8 | 786,948 | 602,582 |
| Lendings to financial institutions - net | 9 | 32,991,887 | 13,606,921 |
| Investments - net | 10 | 653,842,315 | 757,956,993 |
| Advances - net | 11 | 431,150,432 | 485,015,881 |
| Fixed assets | 12 | 65,549,552 | 62,114,648 |
| Intangible assets | 13 | 2,582,464 | 1,969,051 |
| Deferred tax assets | | - | - |
| Other assets - net | 14 | 38,053,940 | 39,911,348 |
| | | 1,343,264,261 | 1,481,121,252 |
| LIABILITIES | | | |
| Bills payable | 16 | 9,508,205 | 7,878,626 |
| Borrowings | 17 | 68,087,634 | 266,448,386 |
| Deposits and other accounts | 18 | 1,106,140,323 | 1,049,043,032 |
| Liabilities against assets subject to finance lease | | - | - |
| Sub-ordinated debt | | - | - |
| Deferred tax liabilities - net | 19 | 5,351,149 | 5,898,310 |
| Other liabilities | 20 | 33,849,448 | 36,502,065 |
| | | 1,222,936,759 | 1,365,770,419 |
| NET ASSETS | | 120,327,502 | 115,350,833 |
| REPRESENTED BY | | | |
| Share capital | 21 | 11,450,739 | 11,450,739 |
| Reserves | | 23,650,668 | 22,270,225 |
| Surplus on revaluation of assets - net of tax | 22 | 26,331,882 | 25,808,658 |
| Unappropriated profit | | 58,894,213 | 55,821,211 |
| | | 120,327,502 | 115,350,833 |

CONTINGENCIES AND COMMITMENTS

23

The annexed notes 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.

Mehmud ul Hassan
Chief Financial Officer

Tahir Hassan Qureshi
President and Chief Executive

Dr. Muhammad Akram Sheikh
Director

Nazrat Bashir
Director

Mohammad Naeem Mukhtar
Chairman

Unconsolidated Profit and Loss Account

(Un-audited) for the half year ended June 30, 2020

| | Note | Half Year Ended | | Quarter Ended | |
|---|------|-------------------|-------------------|-------------------|-------------------|
| | | June 30, 2020 | June 30, 2019 | June 30, 2020 | June 30, 2019 |
| Rupees in '000 | | | | | |
| Mark-up / return / interest earned | 25 | 61,947,096 | 52,010,128 | 29,876,383 | 27,665,740 |
| Mark-up / return / interest expensed | 26 | 36,940,057 | 33,276,653 | 16,485,568 | 18,517,355 |
| Net mark-up / interest income | | 25,007,039 | 18,733,475 | 13,390,815 | 9,148,385 |
| NON MARK-UP / INTEREST INCOME | | | | | |
| Fee and commission income | 27 | 2,773,329 | 2,521,765 | 1,230,137 | 1,135,470 |
| Dividend income | | 712,206 | 900,920 | 334,497 | 471,668 |
| Foreign exchange income | | 687,208 | 1,256,990 | 875,616 | 626,556 |
| Income from derivatives | | - | - | - | - |
| Gain on securities - net | 28 | 2,425,745 | 385,610 | 1,324,435 | 389,986 |
| Other income | 29 | 99,567 | 262,844 | 83,704 | 167,620 |
| Total non-markup / interest income | | 6,698,055 | 5,328,129 | 3,848,389 | 2,791,300 |
| Total income | | 31,705,094 | 24,061,604 | 17,239,204 | 11,939,685 |
| NON MARK-UP / INTEREST EXPENSES | | | | | |
| Operating expenses | 30 | 14,399,592 | 13,001,819 | 7,385,271 | 7,087,757 |
| Workers welfare fund | | 344,252 | 239,316 | 199,939 | 107,271 |
| Other charges | 31 | 89,781 | 10,087 | 44,387 | (19,957) |
| Total non-markup / interest expenses | | 14,833,625 | 13,251,222 | 7,629,597 | 7,175,071 |
| Profit before provisions | | 16,871,469 | 10,810,382 | 9,609,607 | 4,764,614 |
| Provisions / (reversals) and write offs - net | 32 | 2,209,001 | (289,133) | 1,528,070 | (85,379) |
| Extra-ordinary / unusual items | | - | - | - | - |
| PROFIT BEFORE TAXATION | | 14,662,468 | 11,099,515 | 8,081,537 | 4,849,993 |
| Taxation | 33 | 6,248,939 | 5,013,810 | 3,685,699 | 1,749,044 |
| PROFIT AFTER TAXATION | | 8,413,529 | 6,085,705 | 4,395,838 | 3,100,949 |
| In Rupees | | | | | |
| Basic and Diluted earnings per share | 34 | 7.35 | 5.31 | 3.84 | 2.70 |

The annexed notes 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.

Mehmud ul Hassan
Chief Financial Officer

Nazrat Bashir
Director

Tahir Hassan Qureshi
President and Chief Executive

Mohammad Naeem Mukhtar
Chairman

Dr. Muhammad Akram Sheikh
Director

Unconsolidated Statement of Comprehensive Income

(Un-audited) for the half year ended June 30, 2020

| | Half Year Ended | | Quarter Ended | |
|--|------------------|------------------|------------------|------------------|
| | June 30, 2020 | June 30, 2019 | June 30, 2020 | June 30, 2019 |
| | Rupees in '000 | | | |
| Profit after taxation for the period | 8,413,529 | 6,085,705 | 4,395,838 | 3,100,949 |
| Other comprehensive income | | | | |
| <i>Items that may be reclassified to profit and loss account in subsequent periods:</i> | | | | |
| Effect of translation of net investment in foreign branches | 539,090 | 794,381 | 1,081,840 | 721,882 |
| Movement in surplus / (deficit) on revaluation investments - net of tax | 627,421 | (1,996,627) | 3,842,092 | (1,503,274) |
| | 1,166,511 | (1,202,246) | 4,923,932 | (781,392) |
| <i>Items that will not be reclassified to profit and loss account in subsequent periods:</i> | | | | |
| Movement in revaluation of non-banking assets - net of tax | (23,075) | - | - | - |
| | (23,075) | - | - | - |
| Total comprehensive income | 9,556,965 | 4,883,459 | 9,319,770 | 2,319,557 |

The annexed notes 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.

Mehmud ul Hassan
Chief Financial Officer

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Director

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President and Chief Executive

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Chairman

Dr. Muhammad Akram Sheikh
Director

Unconsolidated Cash Flow Statement

(Un-audited) for the half year ended June 30, 2020

| | Note | June 30, 2020 | June 30, 2019 |
|---|------|------------------|------------------|
| Rupees in '000 | | | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Profit before taxation | | 14,662,468 | 11,099,515 |
| Less: Dividend income | | (712,206) | (900,920) |
| | | 13,950,262 | 10,198,595 |
| Adjustments: | | | |
| Depreciation | | 1,803,650 | 1,624,491 |
| Depreciation on right of use assets | | 900,969 | 789,398 |
| Interest expense on lease liability | | 521,426 | 486,011 |
| Amortization | | 124,411 | 223,241 |
| Net provision / (reversals) and write offs | 32 | 2,209,084 | (165,772) |
| Provision for workers welfare fund - net | | 344,252 | 239,316 |
| Gain on sale of fixed assets and non-banking assets - net | | (61,209) | (234,973) |
| | | 5,842,583 | 2,961,712 |
| | | 19,792,845 | 13,160,307 |
| (Increase) / decrease in operating assets | | | |
| Lendings to financial institutions | | (19,384,966) | 44,260,273 |
| Held-for-trading securities | | 19,862,396 | - |
| Advances | | 52,192,459 | (5,701,579) |
| Other assets (excluding advance taxation) | | (2,738,009) | (8,763,929) |
| | | 49,931,880 | 29,794,765 |
| Increase / (decrease) in operating liabilities | | | |
| Bills payable | | 1,629,579 | 9,908,759 |
| Borrowings | | (198,452,437) | (94,688,444) |
| Deposits and other accounts | | 57,097,291 | 44,513,333 |
| Other liabilities (excluding current taxation) | | (3,010,698) | 128,026 |
| | | (142,736,265) | (40,138,326) |
| | | (73,011,540) | 2,816,746 |
| Income tax paid | | (5,042,298) | (6,059,311) |
| Net cash flow used in operating activities | | (78,053,838) | (3,242,565) |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Net realizations from 'available-for-sale' securities | | 84,741,666 | 48,718,641 |
| Net investments in 'held-to-maturity' securities | | (117,449) | (2,835,991) |
| Dividend received | | 587,481 | 871,375 |
| Investments in fixed assets and intangible assets | | (3,576,929) | (3,061,054) |
| Proceeds from sale of fixed assets | | 119,727 | 304,869 |
| Effect of translation of net investment in foreign branches | | 539,090 | 794,381 |
| Net cash flow generated from investing activities | | 82,293,586 | 44,792,221 |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Payment of lease liability against right of use assets | | (1,219,116) | (812,961) |
| Dividend paid | | (4,565,056) | (4,562,638) |
| Net cash flow used in financing activities | | (5,784,172) | (5,375,599) |
| Effect of exchange rate changes on opening cash and cash equivalents | | (1,407,189) | (3,089,844) |
| (Decrease) / Increase in cash and cash equivalents during the period | | (2,951,613) | 33,084,213 |
| Cash and cash equivalents at beginning of the period | | 121,889,391 | 104,609,689 |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | | 118,937,778 | 137,693,902 |

The annexed notes 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.

Mehmud ul Hassan
Chief Financial Officer

Tahir Hassan Qureshi
President and Chief Executive

Dr. Muhammad Akram Sheikh
Director

Nazrat Bashir
Director

Mohammad Naeem Mukhtar
Chairman

Unconsolidated Statement of Changes In Equity

(Un-audited) for the half year ended June 30, 2020

| | Share capital | Capital reserve Exchange transition reserve | Statutory reserve | Revenue reserve General reserve | Surplus on revaluation of | | | Un-appropriated profit | Total |
|--|---------------|--|-------------------|------------------------------------|---------------------------|--------------|--------------------|------------------------|-------------|
| | | | | | Investments | Fixed assets | Non-banking assets | | |
| Rupees in '000 | | | | | | | | | |
| Balance as at January 01, 2019 (Audited) | 11,450,739 | 1,239,301 | 19,031,214 | 6,000 | 5,185,769 | 15,755,409 | 2,135,996 | 52,500,405 | 107,304,833 |
| Profit after taxation for the half year ended June 30, 2019 | - | - | - | - | - | - | - | 6,085,705 | 6,085,705 |
| Other Comprehensive Income - net of tax | - | - | - | - | - | - | - | - | - |
| Deficit on revaluation of investments - net of tax | - | - | - | - | (1,996,627) | - | - | - | (1,996,627) |
| Effect of translation of net investment in foreign branches | - | 794,381 | - | - | - | - | - | - | 794,381 |
| | - | 794,381 | - | - | (1,996,627) | - | - | - | (1,202,246) |
| Transfer to statutory reserve | - | - | 608,571 | - | - | - | - | (608,571) | - |
| Transferred from surplus in respect of incremental depreciation of fixed assets to un-appropriated profit-net of tax | - | - | - | - | - | (49,597) | - | 49,597 | - |
| Surplus realised on disposal of revalued fixed assets - net of tax | - | - | - | - | - | (9,729) | - | 9,729 | - |
| Transferred from surplus in respect of incremental depreciation of non-banking assets to un-appropriated profit-net of tax | - | - | - | - | - | - | (1,112) | 1,112 | - |
| Surplus realised on disposal of revalued non-banking assets - net of tax | - | - | - | - | - | - | (163,739) | 163,739 | - |
| Transactions with owners recognized directly in equity | - | - | - | - | - | - | - | - | - |
| Final cash dividend for the year ended | - | - | - | - | - | - | - | - | - |
| December 31, 2018 (Rs. 2 per ordinary share) | - | - | - | - | - | - | - | (2,290,148) | (2,290,148) |
| First interim cash dividend for the year ending | - | - | - | - | - | - | - | - | - |
| December 31, 2019 (Rs. 2 per ordinary share) | - | - | - | - | - | - | - | (2,290,148) | (2,290,148) |
| | - | - | - | - | - | - | - | (4,580,296) | (4,580,296) |
| Balance as at June 30, 2019 | 11,450,739 | 2,033,682 | 19,639,785 | 6,000 | 3,189,142 | 15,696,083 | 1,971,145 | 53,621,420 | 107,607,996 |
| Profit after taxation for the six months period ended December 31, 2019 | - | - | - | - | - | - | - | 8,027,206 | 8,027,206 |
| Other Comprehensive Income - net of tax | - | - | - | - | - | - | - | - | - |
| Surplus on revaluation of investments - net of tax | - | - | - | - | 4,239,839 | - | - | - | 4,239,839 |
| Surplus on revaluation of non-banking assets - net of tax | - | - | - | - | - | - | 770,648 | - | 770,648 |
| Re-measurement loss on defined benefit obligation - net of tax | - | - | - | - | - | - | - | (502,598) | (502,598) |
| Effect of translation of net investment in foreign branches | - | (211,962) | - | - | - | - | - | - | (211,962) |
| | - | (211,962) | - | - | 4,239,839 | - | 770,648 | (502,598) | 4,296,927 |
| Transfer to statutory reserve | - | - | 802,720 | - | - | - | - | (802,720) | - |
| Transferred from surplus in respect of incremental depreciation of fixed assets to un-appropriated profit-net of tax | - | - | - | - | - | (57,087) | - | 57,087 | - |
| Transferred from surplus in respect of incremental depreciation of non-banking assets to un-appropriated profit-net of tax | - | - | - | - | - | - | (1,112) | 1,112 | - |
| Transactions with owners, recognized directly in equity | - | - | - | - | - | - | - | - | - |
| Second interim cash dividend for the year ended | - | - | - | - | - | - | - | - | - |
| December 31, 2019 (Rs. 2 per ordinary share) | - | - | - | - | - | - | - | (2,290,148) | (2,290,148) |
| Third interim cash dividend for the year ended | - | - | - | - | - | - | - | - | - |
| December 31, 2019 (Rs. 2 per ordinary share) | - | - | - | - | - | - | - | (2,290,148) | (2,290,148) |
| | - | - | - | - | - | - | - | (4,580,296) | (4,580,296) |
| Balance as at December 31, 2019 (Audited) | 11,450,739 | 1,821,720 | 20,442,505 | 6,000 | 7,428,981 | 15,638,996 | 2,740,681 | 55,821,211 | 115,350,933 |
| Profit after taxation for the half year ended June 30, 2020 | - | - | - | - | - | - | - | 8,413,529 | 8,413,529 |
| Other Comprehensive Income - net of tax | - | - | - | - | - | - | - | - | - |
| Surplus on revaluation of investments - net of tax | - | - | - | - | 627,421 | - | - | - | 627,421 |
| Change in revaluation surplus of non-banking assets | - | - | - | - | - | - | (23,075) | - | (23,075) |
| Effect of translation of net investment in foreign branches | - | 539,090 | - | - | - | - | - | - | 539,090 |
| | - | 539,090 | - | - | 627,421 | - | (23,075) | - | 1,143,436 |
| Transfer to statutory reserve | - | - | 841,353 | - | - | - | - | (841,353) | - |
| Transfer of revaluation surplus on change in use - net of tax | - | - | - | - | - | 1,848,955 | (1,848,955) | - | - |
| Transferred from surplus in respect of incremental depreciation of fixed assets to un-appropriated profit-net of tax | - | - | - | - | - | (50,042) | - | 50,042 | - |
| Surplus realised on disposal of revalued fixed assets - net of tax | - | - | - | - | - | (25,316) | - | 25,316 | - |
| Transferred from surplus in respect of incremental depreciation of non-banking assets to un-appropriated profit-net of tax | - | - | - | - | - | - | (5,764) | 5,764 | - |
| Transactions with owners, recognized directly in equity | - | - | - | - | - | - | - | - | - |
| Final cash dividend for the year ended | - | - | - | - | - | - | - | - | - |
| December 31, 2019 (Rs. 2.00 per ordinary share) | - | - | - | - | - | - | - | (2,290,148) | (2,290,148) |
| First interim cash dividend for the year ending | - | - | - | - | - | - | - | - | - |
| December 31, 2020 (Rs. 2.00 per ordinary share) | - | - | - | - | - | - | - | (2,290,148) | (2,290,148) |
| | - | - | - | - | - | - | - | (4,580,296) | (4,580,296) |
| Balance as at June 30, 2020 | 11,450,739 | 2,360,810 | 21,283,858 | 6,000 | 8,056,402 | 17,412,593 | 862,887 | 58,894,213 | 120,327,502 |

The annexed notes 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.

Mehmud ul Hassan
Chief Financial Officer

Tahir Hassan Qureshi
President and Chief Executive

Dr. Muhammad Akram Sheikh
Director

Nazrat Bashir
Director

Mohammad Naeem Mukhtar
Chairman

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

1. STATUS AND NATURE OF BUSINESS

Allied Bank Limited (“the Bank”), incorporated in Pakistan, is a scheduled Bank, engaged in commercial banking and related services. The Bank is listed on Pakistan Stock Exchange Limited. The Bank operates a total of 1,385 (December 31, 2019: 1,393) branches in Pakistan including 117 (December 31, 2019: 117) Islamic banking branches, 1 branch (December 31, 2019: 1) in Karachi Export Processing Zone and 1 Wholesale banking branch (December 31, 2019: 1) in Bahrain.

The long term credit rating of the Bank assigned by the Pakistan Credit Rating Agency Limited (PACRA) is ‘AAA’. Short term rating of the Bank is ‘A1+’.

Ibrahim Holdings (Private) Limited is the parent company of the Bank and its registered office is in Pakistan.

The Bank is the holding company of ABL Asset Management Company Limited.

The registered office of the Bank is situated at 3 - Tipu Block, Main Boulevard, New Garden Town, Lahore.

2. BASIS OF PRESENTATION

These unconsolidated condensed interim financial statements represent the separate condensed interim financial statements of the Bank. The consolidated condensed interim financial statements of the Bank are being issued separately.

The financial results of the Islamic banking branches have been consolidated in these unconsolidated condensed interim financial statements for reporting purposes, after eliminating inter-branch transactions and balances. Key financial figures of the Islamic banking branches are disclosed in Note 39 to these unconsolidated condensed interim financial statements.

These unconsolidated condensed interim financial statements have been presented in Pakistan Rupees (PKR), which is the currency of the primary economic environment in which the Bank operates and functional currency of the Bank, in that environment as well. The amounts are rounded to nearest thousand.

2.1 STATEMENT OF COMPLIANCE

These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

2.1.1 Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IFRS and IFAS, the requirements of Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives, shall prevail.

2.1.2 The SBP, vide BSD Circular Letter No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39 ‘Financial Instruments: Recognition and Measurement’ (IAS 39) and International Accounting Standard 40 ‘Investment Property’ (IAS 40) for banking companies till further instructions.

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

Further, according to a notification of SECP dated April 28, 2008, International Financial Reporting Standard 7 'Financial Instruments Disclosure' (IFRS 7), has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements. However, investments have been classified and disclosed in accordance with the requirements prescribed by SBP through various circulars.

- 2.1.3 The Securities and Exchange Commission of Pakistan (SECP) vide SRO 56 (1) / 2016 dated January 28, 2016, has notified that the requirements of International Financial Reporting Standard 10 'Consolidated Financial Statements' (IFRS 10) and section 228 of the Companies Act, 2017 will not be applicable with respect to the investment in mutual funds established under Trust structure.
- 2.1.4 The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred applicability of Islamic Financial Accounting Standard 3 'Profit & Loss Sharing on Deposits' (IFAS-3) issued by The Institute of Chartered Accountants of Pakistan and notified by the Securities & Exchange Commission of Pakistan (SECP), vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IIFS). The standard will result in certain new disclosures in the financial statements of the Bank.
- 2.1.5 These unconsolidated condensed interim financial statements do not include all the information and disclosures required in the audited annual unconsolidated financial statements, and should be read in conjunction with the audited annual unconsolidated financial statements for the year ended December 31, 2019.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in preparing the audited annual unconsolidated financial statements of the Bank for the year ended December 31, 2019.

3.1 New standards, interpretations and amendments adopted by the Bank

There are certain amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after January 01, 2020. These are considered either to not be relevant or to not have any significant impact on these unconsolidated condensed interim financial statements.

3.2 Standards, interpretations of and amendments to accounting and reporting standards that are not yet effective

The following new standards and amendments to existing accounting standards will be effective from the dates mentioned below against the respective standard or amendment:

| | Effective date (periods beginning on or after) |
|--|--|
| - Amendments to IFRS-16 | June 01, 2020 |
| - IAS 16 Property, Plant and Equipment (Amendments) | January 01, 2022 |
| - IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments) | January 01, 2022 |
| - Annual improvements to IFRS Standards 2018-2020 | January 01, 2022 |
| - IFRS 9 'Financial Instruments', the effective date of the standard has been extended to annual periods beginning on or after January 01, 2021 vide SBP BPRD Circular no. 4 dated October 23, 2019. IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. According to SBP BPRD Circular Letter No. 15 dated March 26, 2020, the Banks / DFIs are required to have a parallel run of IFRS 9 from July 01, 2020 and are also required to prepare pro-forma financial statements which includes the impact of IFRS 9 for the year ended December 31, 2019. | |

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these unconsolidated condensed interim financial statements are the same as that applied in the preparation of the audited annual unconsolidated financial statements for the year ended December 31, 2019, except as mentioned below:

In the current period, the Bank has made general provision against its performing portfolio of loans and advances as more fully explained in Financial Risk Management section (note 6.1) of the unconsolidated condensed interim financial statements.

5. BASIS OF MEASUREMENT

These unconsolidated condensed interim financial statements have been prepared under the historical cost convention except for the following which are stated at revalued amounts / fair values / present values:

- Investments;
- Certain fixed assets including RoU assets and corresponding lease liability.
- Staff retirement and other benefits;
- Non-banking assets acquired in satisfaction of claims; and
- Derivative financial instruments.

6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the audited annual unconsolidated financial statements for the year ended December 31, 2019, except as mentioned below:

The COVID-19 pandemic has impacted all economies and emerged as a contagion risk around the globe. Various preventive strategies adopted by the governments including the general lockdown resulted in to halt in the operations of various industries, which has translated into a negative GDP growth rate. These measures have also impacted the Pakistan economy in no different way and disrupted the supply chain and operations of almost all industries resulting into liquidity crisis.

The State Bank of Pakistan responded in a timely manner and undertook various initiatives like:

- Reduction of the policy rate from 13.25% to 7% since the start of the pandemic.
- Reduction in the capital conservation buffer by 100 basis points to 1.5%.
- Increasing the regulatory limit on extension of credit to SMEs to Rs 180 million.
- Relaxing the debt burden ratio for consumer loans from 50% to 60%.
- Allowing banks to defer borrowers principal loan payments by one year and or restructure/reschedule loans to borrowers who require relief of principal repayment exceeding one year and / or mark up with no reflection on credit history; and
- Introduction of refinancing scheme for payment of wages and salaries.

COVID-19 will impact banks in Pakistan on a number of fronts including increase in overall credit risk pertaining to loans and advances portfolio, reduced fee income due to free of cost service offering and overall slowdown in economic activity, continuity of business operations and managing cyber security threats.

6.1 Credit risk management

The Risk Management function of the Bank is regularly conducting the assessment of the credit portfolio to identify obligors most likely to get affected due to changes in the business and economic environment resulting from the COVID-19 outbreak. The Bank is continuously strengthening its credit review procedures. The Bank expects that some of its obligors will be severely impacted by this pandemic. Since some of the obligors have also availed the SBP enabled deferment, restructuring and rescheduling relief, the full potential effect of the economic stress is difficult to predict. Given the uncertain economic environment, the management feels that it is appropriate to maintain a general provision up to 0.5% of the performing credit portfolio excluding the following:

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

- Government guaranteed exposure
- Consumer and staff lending
- Exposure secured by cash and cash equivalents

The provision is based on management's best estimate and in the current period, a provision of Rs. 1,311 million has been recognized in the unconsolidated condensed interim profit and loss account.

6.2 Liquidity risk management

SBP initiatives such as deferral of principal and rescheduling / restructuring of loans may have an adverse effect on liquidity and maturity profile of the Bank, however the Bank holds sufficient liquidity buffer to absorb any unforeseen shocks during the prevailing situation. Moreover, the Asset and Liability Committee (ALCO) of the Bank continues to regularly monitor the liquidity position of the Bank in view of emerging risks.

6.3 Equity risk management

The negative impact of COVID-19 pandemic was observed in equity markets during the first half of the current year resulting in significant decline in the valuation of various equity investments on reporting date. Cognizant to this fact, the State Bank of Pakistan (SBP) through its BPRD Circular Letter No. 13 of 2020 granted relaxation in recognizing the impairment in listed equity instruments held as Available for Sale (AFS) portfolio, in phased manner. However, the Bank after carefully reviewing the portfolio, did not avail this relaxation.

6.4 Operational risk

The Bank, like all financial institutions, is exposed to operational risk and the risk of Business Continuity in current pandemic situation. The Management of the Bank is closely monitoring the situation and taking prompt decisions to ensure the uninterrupted services to the customers.

Business Continuity Plans (BCP) for all critical processes are already in place and are being tested on regular basis. However, during pandemic, the Bank has significantly enhanced monitoring of risk related to business continuity and disruption. The Bank recognizes that pandemic can cause varying degrees of disruption to normal business processes and that it has the responsibility to its customers to continue critical operations during this event. The Bank's goal is to meet this obligation with no or minimal interruption, given the circumstances and scope of disruptive event.

Employees of the Bank were mandated to work from home and their respective BCP sites where required as part of the de-crowding plan. Therefore, the Bank developed a secure and comprehensive strategy including enhanced monitoring to deal with Cybersecurity risks during these times. Related risk and control measures including regulatory protocols were assessed so as to ensure that the Bank's information assets are protected from emerging cyber threats. Various Covid - 19 related awareness campaigns took place as part of the strategy. As the Bank is majorly communicating with its customers through digital channels to ensure their safety and health, all measures were, therefore taken for the security of these channels and to ensure that complaints are resolved and turnaround times are monitored to meet the expectations of the customers.

6.5 Capital adequacy ratio (CAR)

The SBP has relaxed CAR requirements for all Tiers by reducing the Capital Conversion Buffer (CCB) from 2.5% to 1.5%. The initiative will encourage banks to extend lending despite probable reduction in profits and increased credit risk. The Bank's CAR as at June 30, 2020 stands at a sound level of 25.38%, providing cushion to absorb any unexpected shocks.

6.6 Suspension of dividends

The SBP through its Circular Letter No. BPRD/BA & CPD/006315-2/20 dated April 22, 2020 has advised that banks which had declared dividend for the quarter ended March 31, 2020 to suspend cash dividend distribution for the next two quarters.

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

| | Note | June 30, 2020 | (Audited) December 31, 2019 |
|---|------|--------------------|-----------------------------------|
| Rupees in '000 | | | |
| 7 CASH AND BALANCES WITH TREASURY BANKS | | | |
| In hand | | | |
| Local currency | | 23,083,377 | 13,645,304 |
| Foreign currencies | | 1,890,714 | 1,008,793 |
| | | 24,974,091 | 14,654,097 |
| Remittances in transit | | 4,047,428 | 1,528,644 |
| With State Bank of Pakistan (SBP) in | | | |
| Local currency current accounts | | 49,510,890 | 51,250,399 |
| Foreign currency current account | | 128,158 | 91,812 |
| Foreign currency deposit accounts (non-remunerative) | | 4,964,055 | 5,515,729 |
| Foreign currency deposit accounts (remunerative) | | 9,900,779 | 16,509,764 |
| | | 64,503,882 | 73,367,704 |
| With National Bank of Pakistan in | | | |
| Local currency current accounts | | 24,711,259 | 30,059,400 |
| Prize Bonds | | 70,063 | 333,983 |
| | | 118,306,723 | 119,943,828 |
| 8 BALANCES WITH OTHER BANKS | | | |
| Outside Pakistan | | | |
| In current accounts | | 325,547 | 300,295 |
| In deposit accounts | | 461,401 | 302,287 |
| | | 786,948 | 602,582 |
| 9 LENDINGS TO FINANCIAL INSTITUTIONS | | | |
| Call money lendings | | 3,000,000 | - |
| Repurchase agreement lendings (Reverse Repo) | | 29,078,751 | 2,052,491 |
| Musharaka lendings | | - | 1,000,000 |
| Bai muajjal receivable | | | |
| with State Bank of Pakistan | | 913,136 | 2,704,142 |
| with other financial institutions | | - | 7,850,288 |
| Certificates of investment | | 70,000 | 70,000 |
| | | 33,061,887 | 13,676,921 |
| Less: Provision held against lendings to financial institutions | | (70,000) | (70,000) |
| Lendings to financial institutions - net of provision | | 32,991,887 | 13,606,921 |

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

| | June 30, 2020 | | (Audited) December 31, 2019 | |
|---------------------------------------|--------------------|----------------|--------------------------------|----------------|
| | Classified Lending | Provision Held | Classified Lending | Provision Held |
| Rupees in '000 | | | | |
| 9.1 Category of classification | | | | |
| Domestic | | | | |
| Other Assets Especially Mentioned | - | - | - | - |
| Substandard | - | - | - | - |
| Doubtful | - | - | - | - |
| Loss | 70,000 | 70,000 | 70,000 | 70,000 |
| Total | 70,000 | 70,000 | 70,000 | 70,000 |

| | June 30, 2020 | | | | (Audited) December 31, 2019 | | | |
|--------------------------------------|-----------------------|--------------------------|---------------------|--------------------|--------------------------------|--------------------------|---------------------|--------------------|
| | Cost / Amortized cost | Provision for diminution | Surplus / (Deficit) | Carrying Value | Cost / Amortized cost | Provision for diminution | Surplus / (Deficit) | Carrying Value |
| Rupees in '000 | | | | | | | | |
| 10 INVESTMENTS | | | | | | | | |
| 10.1 Investments by type: | | | | | | | | |
| Held-for-trading securities | | | | | | | | |
| Federal Government Securities | - | - | - | - | 19,862,396 | - | 5,767 | 19,868,163 |
| Available-for-sale securities | | | | | | | | |
| Federal Government Securities* | 586,193,328 | (23,854) | 8,347,558 | 594,517,032 | 677,300,056 | (15,961) | 1,689,073 | 678,973,168 |
| Shares | 21,167,310 | (2,811,046) | 4,052,237 | 22,408,501 | 24,349,646 | (3,202,822) | 9,686,372 | 30,833,196 |
| Non Government Debt Securities | 22,248,002 | (21,071) | (3,480) | 22,223,451 | 13,633,213 | (21,071) | (37,667) | 13,574,475 |
| Foreign Securities | 1,037,692 | - | - | 1,037,692 | 1,037,692 | - | - | 1,037,692 |
| Open Ended Mutual Funds | 25,000 | - | (1,851) | 23,149 | 63,834 | - | 91,424 | 155,258 |
| | 630,671,332 | (2,855,971) | 12,394,464 | 640,209,825 | 716,384,441 | (3,239,854) | 11,429,202 | 724,573,789 |
| Held-to-maturity securities | | | | | | | | |
| Federal Government Securities | 13,132,490 | - | - | 13,132,490 | 13,015,041 | - | - | 13,015,041 |
| Non Government Debt Securities | 344,260 | (344,260) | - | - | 344,260 | (344,260) | - | - |
| | 13,476,750 | (344,260) | - | 13,132,490 | 13,359,301 | (344,260) | - | 13,015,041 |
| Subsidiaries | | | | | | | | |
| | 500,000 | - | - | 500,000 | 500,000 | - | - | 500,000 |
| Total Investments | 644,648,082 | (3,200,231) | 12,394,464 | 653,842,315 | 750,106,138 | (3,584,114) | 11,434,969 | 757,956,993 |

* Provision for diminution against federal government securities represents expected credit loss provisioning under IFRS 9 on portfolio pertaining to overseas branch.

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

| | June 30, 2020 | (Audited) December 31, 2019 |
|--|------------------|-----------------------------------|
| Rupees in '000 | | |
| 10.1.1 Investments given as collateral | | |
| Market Treasury Bills | - | 145,442,739 |
| Pakistan Investment Bonds | - | 48,417,010 |
| GOP Foreign Currency Sukuks (US\$) | - | 2,957,611 |
| GOP Foreign Currency Bonds (US\$) | 1,394,862 | - |
| Total Investments given as collateral | 1,394,862 | 196,817,360 |
| 10.2 Provision for diminution in value of investments | | |
| 10.2.1 Opening balance | 3,584,114 | 2,654,539 |
| Exchange adjustments | 1,346 | 3,163 |
| Charge / reversals | | |
| Charge for the period / year | 608,577 | 1,118,302 |
| Reversals for the period / year | (21,017) | (139,161) |
| | 587,560 | 979,141 |
| Reversal on disposals for the period / year | (972,789) | (52,729) |
| Closing Balance | 3,200,231 | 3,584,114 |

| | (Audited) | | | |
|--|----------------------------------|----------------|----------------------------------|----------------|
| | June 30, 2020 | | December 31, 2019 | |
| | Non Performing Investments | Provision | Non Performing Investments | Provision |
| Rupees in '000 | | | | |
| 10.2.2 Particulars of provision against debt securities | | | | |
| Category of Classification | | | | |
| Domestic | | | | |
| Other assets especially mentioned | - | - | - | - |
| Substandard | - | - | - | - |
| Doubtful | - | - | - | - |
| Loss | 365,331 | 365,331 | 365,331 | 365,331 |
| | 365,331 | 365,331 | 365,331 | 365,331 |
| Overseas | | | | |
| Not past due but impaired* | 4,199,838 | 23,854 | 3,869,387 | 15,961 |
| Overdue by: | | | | |
| Upto 90 days | - | - | - | - |
| 91 to 180 days | - | - | - | - |
| 181 to 365 days | - | - | - | - |
| >365 days | - | - | - | - |
| | 4,199,838 | 23,854 | 3,869,387 | 15,961 |
| Total | 4,565,169 | 389,185 | 4,234,718 | 381,292 |

* Provision represents expected credit loss provisioning in overseas branch.

10.3 The market value of Pakistan Investment Bonds classified as held-to-maturity as at June 30, 2020 amounted to Rs. 11,932.4 million (December 31, 2019: Rs. 10,848.5 million).

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2020

| Note | Performing | | Non Performing | | Total | | | |
|----------------|---|-------------------|----------------|-------------------|---------------|-------------------|--------------|------------|
| | Audited | | Audited | | Audited | | | |
| | June 30, 2020 | December 31, 2019 | June 30, 2020 | December 31, 2019 | June 30, 2020 | December 31, 2019 | | |
| Rupees in '000 | | | | | | | | |
| 11 | ADVANCES | | | | | | | |
| | Loans, cash credits, running finances, etc. | 407,619,535 | 467,845,262 | 13,737,510 | 14,450,873 | 421,357,045 | 482,296,135 | |
| | Islamic financing and related assets | 39.3 | 21,478,471 | 12,615,228 | - | - | 21,478,471 | 12,615,228 |
| | Bills discounted and purchased | 3,064,637 | 3,853,892 | 1,401,205 | 1,403,045 | 4,465,842 | 5,256,937 | |
| | Advances - gross | 432,162,643 | 484,314,382 | 15,138,715 | 15,853,918 | 447,301,358 | 500,168,300 | |
| | Provision against advances | | | | | | | |
| | Specific | - | - | (14,822,686) | (15,112,624) | (14,822,686) | (15,112,624) | |
| | General | 11.3 | (1,328,240) | (39,795) | - | (1,328,240) | (39,795) | |
| | | (1,328,240) | (39,795) | (14,822,686) | (15,112,624) | (16,150,926) | (15,152,419) | |
| | Advances - net of provision | 430,834,403 | 484,274,587 | 316,029 | 741,294 | 431,150,432 | 485,015,881 | |

(Audited)
June 30, 2020 December 31, 2019

Rupees in '000

11.1 Particulars of advances (Gross)

| | | |
|-----------------------|--------------------|--------------------|
| In local currency | 441,944,209 | 484,420,108 |
| In foreign currencies | 5,357,149 | 15,748,192 |
| | <u>447,301,358</u> | <u>500,168,300</u> |

11.2 Advances include Rs. 15,138.715 million (December 31, 2019: Rs. 15,853.918 million) which have been placed under non-performing status as detailed below:

| Category of Classification: | (Audited) | | | |
|-----------------------------------|----------------------|--------------------|----------------------|--------------------|
| | June 30, 2020 | | December 31, 2019 | |
| | Non Performing Loans | Specific Provision | Non Performing Loans | Specific Provision |
| Rupees in '000 | | | | |
| Domestic | | | | |
| Other Assets Especially Mentioned | 38,693 | 190 | 35,436 | 449 |
| Substandard | 173,355 | 42,298 | 809,938 | 202,107 |
| Doubtful | 292,938 | 146,469 | 196,952 | 98,476 |
| Loss | 14,633,729 | 14,633,729 | 14,811,592 | 14,811,592 |
| Total | 15,138,715 | 14,822,686 | 15,853,918 | 15,112,624 |

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

| Note | June 30, 2020 | | | (Audited) December 31, 2019 | | |
|---|---------------|------------|------------|--------------------------------|---------|-------------|
| | Specific | General | Total | Specific | General | Total |
| Rupees in '000 | | | | | | |
| 11.3 Particulars of provision against advances | | | | | | |
| Opening balance | 15,112,624 | 39,795 | 15,152,419 | 15,533,497 | 15,868 | 15,549,365 |
| Exchange adjustments | - | 1,853 | 1,853 | - | (896) | (896) |
| Charge for the period / year | 11.3.2 | 534,423 | 1,311,403 | 1,845,826 | 24,823 | 614,575 |
| Reversals | | (227,118) | (24,811) | (1,008,707) | - | (1,008,707) |
| | | 307,305 | 1,286,592 | (418,955) | 24,823 | (394,132) |
| Amounts written off | | (597,243) | - | (1,918) | - | (1,918) |
| Closing balance | | 14,822,686 | 1,328,240 | 15,112,624 | 39,795 | 15,152,419 |

11.3.1 No benefit of forced sale value of the collaterals held by the Bank has been taken while determining the provision against non-performing loans as allowed under BSD Circular No. 01 dated October 21, 2011.

11.3.2 General provision also includes Rs. 1,311.403 million (December 31, 2019: Nil) as discussed in Note 6.1.

| Note | (Audited) | | |
|--------------------------|---------------|-------------------|------------|
| | June 30, 2020 | December 31, 2019 | |
| Rupees in '000 | | | |
| 12 FIXED ASSETS | | | |
| Capital work-in-progress | 12.1 | 3,585,373 | 2,991,144 |
| Property and equipment | | 54,147,135 | 51,103,181 |
| Right-of-Use Assets | | 7,817,044 | 8,020,323 |
| | | 65,549,552 | 62,114,648 |

12.1 Capital work-in-progress

| | | |
|-----------------------|-----------|-----------|
| Civil works | 3,137,549 | 2,219,464 |
| Equipment | 6,546 | 6,546 |
| Advances to suppliers | 441,278 | 765,134 |
| | 3,585,373 | 2,991,144 |

12.2 Additions to fixed assets

The following additions are made to fixed assets during the period:

| | June 30, 2020 | June 30, 2019 |
|--|------------------|------------------|
| Rupees in '000 | | |
| Capital work-in-progress | 926,085 | 799,874 |
| Property and equipment | | |
| Freehold land | 3,112,010 | 604,779 |
| Leasehold land | 554,130 | - |
| Building on freehold land | 85,626 | 127,379 |
| Building on leasehold land | 45,058 | 80,468 |
| Furniture and fixture | 157,988 | 121,823 |
| Electrical office and computer equipment | 604,062 | 736,230 |
| Vehicles | 42,504 | 299,700 |
| Others-building improvements | 283,969 | 217,126 |
| | 4,885,347 | 2,187,505 |
| Right-of-Use Assets | 586,156 | 203,804 |
| Total | 6,397,588 | 3,191,183 |

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

12.3 Disposal of fixed assets

The net book value of fixed assets disposed off during the period is as follows:

| | June 30, 2020 | June 30, 2019 |
|--|------------------|------------------|
| | Rupees in '000 | |
| Furniture and fixture | 330 | 1,483 |
| Electrical office and computer equipment | 1,504 | 10,123 |
| Vehicles | 7,344 | 11,345 |
| Building | 48,810 | 60,400 |
| Total | 57,988 | 83,351 |

| | June 30, 2020 | (Audited) December 31, 2019 |
|-----------------------------|------------------|-----------------------------------|
| | Rupees in '000 | |
| 13 INTANGIBLE ASSETS | | |
| Capital work-in-progress | 1,047,094 | 644,315 |
| Computer Software | 1,535,370 | 1,324,736 |
| | 2,582,464 | 1,969,051 |

13.1 Capital work-in-progress

| | June 30, 2020 | June 30, 2019 |
|-----------------------|------------------|------------------|
| Software | 1,020,298 | 617,519 |
| Advances to suppliers | 26,796 | 26,796 |
| | 1,047,094 | 644,315 |

13.2 Additions to intangible assets

The following additions are made to intangible assets through direct purchases during the period:

| | June 30, 2020 | June 30, 2019 |
|--------------------------|------------------|------------------|
| | Rupees in '000 | |
| Directly purchased | 335,044 | - |
| Capital work-in-progress | 402,780 | 101,841 |
| Software | - | 133,474 |
| Total | 737,824 | 235,315 |

13.3 Disposals of intangible assets

No intangible assets were disposed off during the period.

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

| | Note | June 30, 2020 | (Audited) December 31, 2019 |
|----------------|---------------------|------------------|-----------------------------------|
| Rupees in '000 | | | |
| 14 | OTHER ASSETS | | |
| | | 20,056,601 | 20,573,788 |
| | | 236,242 | 245,676 |
| | | 1,310,098 | 888,144 |
| | | 1,738,628 | 3,817,847 |
| | | 886,609 | 1,609,193 |
| | | 2,854,927 | - |
| | | 5,034,230 | 5,182,716 |
| | | | |
| | | 4,690,184 | 4,440,411 |
| | | 528,102 | 524,357 |
| | | 330,720 | 286,343 |
| | | 119,460 | 97,601 |
| | | 101,446 | 93,978 |
| | | 1,126 | 6,033 |
| | | 27,280 | 32,329 |
| | | 1,150 | 1,387 |
| | | 17,826 | 96,535 |
| | | 37,934,629 | 37,896,338 |
| | | | |
| | 14.1 | (864,623) | (862,460) |
| | | 37,070,006 | 37,033,878 |
| | | | |
| | | 983,934 | 2,877,470 |
| | | 38,053,940 | 39,911,348 |

14.1 Provision held against other assets

| | | | |
|--|--|---------|---------|
| | | 138,531 | 127,037 |
| | | 528,102 | 524,357 |
| | | 24,295 | 24,295 |
| | | 27,279 | 32,327 |
| | | 146,416 | 154,444 |
| | | 864,623 | 862,460 |

14.1.1 Movement in provision held against other assets

| | | | |
|--|--|----------|-----------|
| | | 862,460 | 787,203 |
| | | 30,276 | 213,529 |
| | | (4,100) | (112,865) |
| | | 26,176 | 100,664 |
| | | (24,013) | (25,407) |
| | | 864,623 | 862,460 |

15 CONTINGENT ASSETS

There were no contingent assets of the Bank as at June 30, 2020 and December 31, 2019.

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

| | Note | June 30, 2020 | (Audited) December 31, 2019 |
|----------------|---|-------------------|-----------------------------------|
| Rupees in '000 | | | |
| 16 | BILLS PAYABLE | | |
| | In Pakistan | 9,508,205 | 7,878,626 |
| 17 | BORROWINGS | | |
| | Secured | | |
| | Borrowings from State Bank of Pakistan | | |
| | Repurchase agreement borrowings | - | 170,120,570 |
| | Under Export Refinance Scheme | 25,027,649 | 22,523,266 |
| | Under Payroll Refinance Scheme | 1,336,075 | - |
| | Under Long Term Financing Facility | 25,366,480 | 21,852,621 |
| | | 51,730,204 | 214,496,457 |
| | Repurchase agreement borrowings from Financial Institutions | 1,394,862 | 26,585,287 |
| | Total Secured | 53,125,066 | 241,081,744 |
| | Unsecured | | |
| | Call borrowings | 9,911,625 | 24,602,435 |
| | Overdrawn nostro accounts | 155,893 | 64,207 |
| | Musharaka borrowing | 4,300,000 | 700,000 |
| | Mudaraba borrowing | 500,000 | - |
| | Other borrowings | 95,050 | - |
| | Total unsecured | 14,962,568 | 25,366,642 |
| | | 68,087,634 | 266,448,386 |

| | (Audited) | | | | | | |
|----------------|------------------------------------|--------------------------|--------------------|----------------------|--------------------------|--------------------|----------------------|
| | June 30, 2020 | | | December 31, 2019 | | | |
| | In Local Currency | In Foreign Currencies | Total | In Local Currency | In Foreign Currencies | Total | |
| Rupees in '000 | | | | | | | |
| 18 | DEPOSITS AND OTHER ACCOUNTS | | | | | | |
| | Customers | | | | | | |
| | Current deposits | 354,004,963 | 23,138,940 | 377,143,903 | 327,547,304 | 20,719,488 | 348,266,792 |
| | Savings deposits | 439,051,568 | 21,462,221 | 460,513,789 | 403,489,789 | 21,019,875 | 424,509,664 |
| | Term deposits | 91,482,431 | 55,993,357 | 147,475,788 | 107,203,269 | 63,293,352 | 170,496,621 |
| | Others | 27,575,539 | 33,531 | 27,609,070 | 19,207,173 | 30,890 | 19,238,063 |
| | | 912,114,501 | 100,628,049 | 1,012,742,550 | 857,447,535 | 105,063,605 | 962,511,140 |
| | Financial Institutions | | | | | | |
| | Current deposits | 31,056,720 | 23,672 | 31,080,392 | 39,711,458 | 41,039 | 39,752,497 |
| | Savings deposits | 57,137,917 | - | 57,137,917 | 33,722,513 | - | 33,722,513 |
| | Term deposits | 5,130,350 | 43,693 | 5,174,043 | 10,011,200 | 40,261 | 10,051,461 |
| | Others | 5,421 | - | 5,421 | 3,005,421 | - | 3,005,421 |
| | | 93,330,408 | 67,365 | 93,397,773 | 86,450,592 | 81,300 | 86,531,892 |
| | | 1,005,444,909 | 100,695,414 | 1,106,140,323 | 943,898,127 | 105,144,905 | 1,049,043,032 |

18.1 This includes deposits eligible to be covered under insurance arrangements amounting to Rs. 677,791 million for June 30, 2020 (December 31, 2019: 628,087 million).

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

| | Note | June 30, 2020 | (Audited) December 31, 2019 |
|---|------|-------------------|-----------------------------------|
| Rupees in '000 | | | |
| 19 DEFERRED TAX LIABILITIES | | | |
| Deductible Temporary Differences on | | | |
| Provision against investments | | (19,093) | (19,093) |
| Provision against other assets | | (38,959) | (38,959) |
| Provision against off balance sheet obligations | | (14,824) | (14,824) |
| Provision against advances | | (641,593) | (115,184) |
| Post retirement medical benefits | | (42,980) | (42,980) |
| Workers welfare fund | | (641,468) | (520,980) |
| | | (1,398,917) | (752,020) |
| Taxable Temporary Differences on | | | |
| Surplus on revaluation of fixed assets | | 1,051,100 | 1,091,465 |
| Surplus on revaluation of investments | | 4,338,063 | 4,000,221 |
| Surplus on revaluation on non-banking assets | | 121,047 | 136,789 |
| Actuarial gains | | 68,002 | 68,002 |
| Accelerated tax depreciation / amortization | | 1,158,648 | 1,340,647 |
| Excess of investment in finance lease over written down value of leased assets | | 13,206 | 13,206 |
| | | 6,750,066 | 6,650,330 |
| | | 5,351,149 | 5,898,310 |
| 20 OTHER LIABILITIES | | | |
| Mark-up / return / interest payable in local currency | | 3,546,128 | 4,323,269 |
| Mark-up / return / interest payable in foreign currencies | | 322,495 | 519,548 |
| Accrued expenses | | 1,133,576 | 1,544,570 |
| Retention money payable | | 351,960 | 342,559 |
| Unearned commission and income on bills discounted | | 142,198 | 115,745 |
| Acceptances | | 5,034,230 | 5,182,716 |
| Unclaimed dividends | | 348,571 | 330,514 |
| Dividend payable | | 20,741 | 23,558 |
| Branch adjustment account | | 1,104,791 | 41,140 |
| Unrealized loss on forward foreign exchange contracts | | - | 2,714,153 |
| Provision for: | | | |
| Gratuity | | 606,906 | 606,906 |
| Employees' medical benefits | | 1,378,259 | 1,365,237 |
| Employees' compensated absences | | 668,765 | 668,547 |
| Early retirement | | 513,832 | 337,527 |
| Payable to defined contribution plan | 20.1 | 97,150 | 84,946 |
| Provision against off-balance sheet obligations | | 314,494 | 313,043 |
| Security deposits against lease | | 696,423 | 712,112 |
| ATM / Point of Sale settlement account | | 1,093,645 | 1,243,494 |
| Charity fund balance | | 53 | 15 |
| Home Remittance Cell overdraft | | 837,830 | 490,972 |
| With-holding tax payable | | 2,201,997 | 2,345,071 |
| Sundry deposits | | 2,309,775 | 2,451,078 |
| Workers welfare fund payable | | 1,832,766 | 1,488,514 |
| Present value of lease liability | | 8,754,237 | 8,555,677 |
| Others | | 538,626 | 701,154 |
| | | 33,849,448 | 36,502,065 |

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2020

| | (Audited) | |
|---|------------------|----------------------|
| | June 30, 2020 | December 31, 2019 |
| | Rupees in '000 | |
| 20.1 Provision against off-balance sheet obligations | | |
| Opening balance | 313,043 | 306,342 |
| Charge for the period / year | 1,451 | 6,701 |
| Reversals | - | - |
| | 1,451 | 6,701 |
| Closing balance | 314,494 | 313,043 |

| | (Audited) | | (Audited) | |
|--|------------------|----------------------|------------------|----------------------|
| | June 30, 2020 | December 31, 2019 | June 30, 2020 | December 31, 2019 |
| | Number of shares | | Rupees in '000 | |

21 SHARE CAPITAL

21.1 Authorized capital

| | | | | |
|---------------|---------------|---------------------------------|------------|------------|
| 1,500,000,000 | 1,500,000,000 | Ordinary shares of Rs.10/- each | 15,000,000 | 15,000,000 |
|---------------|---------------|---------------------------------|------------|------------|

21.2 Issued, subscribed and paid-up capital

| Fully paid-up Ordinary shares of Rs. 10/- each | | | | |
|--|---------------|------------------------|------------|------------|
| 406,780,094 | 406,780,094 | Fully paid in cash | 4,067,801 | 4,067,801 |
| 720,745,186 | 720,745,186 | Issued as bonus shares | 7,207,452 | 7,207,452 |
| 1,127,525,280 | 1,127,525,280 | | 11,275,253 | 11,275,253 |

| | | | | |
|---------------|---------------|---|------------|------------|
| 9,148,550 | 9,148,550 | 18,348,550 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation in accordance with the swap ratio stipulated therein less 9,200,000 ordinary shares of Rs. 10 each, held by Ibrahim Leasing Limited on the cut-off date (September 30, 2004) | 91,486 | 91,486 |
| 8,400,000 | 8,400,000 | 8,400,000 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation of First Allied Bank Modaraba with Allied Bank Limited in accordance with the share swap ratio stipulated therein. | 84,000 | 84,000 |
| 1,145,073,830 | 1,145,073,830 | | 11,450,739 | 11,450,739 |

Ibrahim Holdings (Private) Limited (holding company of the Bank), holds 972,510,410 (84.93%) [December 31, 2019: 972,510,410 (84.93%)] ordinary shares of Rs. 10 each respectively, as at reporting date.

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

| | Note | June 30, 2020 | (Audited) December 31, 2019 |
|---|---|------------------|-----------------------------------|
| Rupees in '000 | | | |
| 22 | SURPLUS ON REVALUATION OF ASSETS - NET OF TAX | | |
| Surplus arising on revaluation of: | | | |
| Fixed assets | | 18,463,693 | 16,730,460 |
| Non-banking assets acquired in satisfaction of claims | | 983,934 | 2,877,470 |
| Available-for-sale securities | | 12,394,465 | 11,429,202 |
| | | 31,842,092 | 31,037,132 |
| Deferred tax on surplus on revaluation of: | | | |
| Fixed assets | | (1,051,100) | (1,091,464) |
| Non-banking assets acquired in satisfaction of claims | | (121,047) | (136,789) |
| Available-for-sale securities | | (4,338,063) | (4,000,221) |
| | | (5,510,210) | (5,228,474) |
| | | | |
| Surplus on revaluation of assets - net of tax | | 26,331,882 | 25,808,658 |
| 23 | CONTINGENCIES AND COMMITMENTS | | |
| Guarantees | 23.1 | 38,948,425 | 32,308,285 |
| Commitments | 23.2 | 312,117,555 | 424,307,597 |
| Other contingent liabilities | 23.3 | 8,729,684 | 8,923,603 |
| | | 359,795,664 | 465,539,485 |
| 23.1 | Guarantees | | |
| Financial guarantees | | 8,759,747 | 4,594,077 |
| Performance guarantees | | 6,141,584 | 5,508,570 |
| Other guarantees | | 24,047,094 | 22,205,638 |
| | | 38,948,425 | 32,308,285 |
| 23.2 | Commitments | | |
| Documentary credits and short term trade related transactions: | | | |
| letters of credit | | 54,284,487 | 60,392,362 |
| Commitments in respect of: | | | |
| forward foreign exchange contracts | 23.2.1 | 251,841,838 | 358,881,918 |
| forward government securities transactions | 23.2.2 | 2,189,287 | 513,938 |
| operating leases | 23.2.3 | 273,456 | 320,145 |
| Commitments for acquisition of: | | | |
| fixed assets | | 3,319,902 | 4,199,234 |
| intangible assets | | 208,585 | - |
| | | 312,117,555 | 424,307,597 |
| 23.2.1 | Commitments in respect of forward foreign exchange contracts | | |
| Purchase | | 167,668,052 | 220,381,401 |
| Sale | | 84,173,786 | 138,500,517 |
| | | 251,841,838 | 358,881,918 |

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2020

| | June 30, 2020 | (Audited) December 31, 2019 |
|--|------------------|-----------------------------------|
| | Rupees in '000 | |
| 23.2.2 Commitments in respect of forward government securities transactions | | |
| Purchase | 2,189,287 | 464,217 |
| Sale | - | 49,721 |
| | <u>2,189,287</u> | <u>513,938</u> |
| 23.2.3 Commitments in respect of operating leases | | |
| Not later than one year | 102,948 | 76,013 |
| Later than one year and not later than five years | 145,352 | 213,971 |
| Later than five years | 25,156 | 30,161 |
| | <u>273,456</u> | <u>320,145</u> |

23.3 Other contingent liabilities

| | | |
|--|------------------|------------------|
| 23.3.1 Claims against the Bank not acknowledged as debt | <u>8,729,684</u> | <u>8,923,603</u> |
|--|------------------|------------------|

23.3.2 The income tax assessments of the Bank are finalized upto and including tax year 2019 for local, Azad Kashmir and Gilgit Baltistan operations. While finalizing income tax assessments upto tax year 2019, income tax authorities made certain add backs with aggregate tax impact of Rs.26,991 million (December 31, 2019: 25,455 million). As a result of appeals filed by the Bank before appellate authorities, most of the add backs have been deleted. However, the Bank and Tax Department are in appeals and references before higher forums against unfavorable decisions. Pending finalization of appeals and references no provision is made by the Bank on aggregate sum of Rs. 26,991 million (December 31, 2019: 25,455 million). The management is confident that the outcome of these appeals and references will be in favor of the Bank.

Tax Authorities have conducted proceedings of withholding tax audit under section 161/205 of Income Tax Ordinance, 2001 for tax year 2003 to 2006 and tax year 2008 to 2018 and created an arbitrary demand of Rs. 1,700 million (December 31, 2019: 1,700 million). The Bank's appeals before CIR(A)/Appellate Tribunal Inland Revenue (ATIR) are pending for adjudication. The management is confident that these appeals will be decided in favor of the Bank; therefore, no provision is made against the said demand of Rs. 1,700 million (December 31, 2019: 1,700 million).

Tax authorities have also issued orders under Federal Excise Act, 2005 / Sales Tax Act, 1990 and Sindh Sales Tax on Services Act, 2011 for the year 2008 to 2017 thereby creating arbitrary aggregate demand of Rs. 963 million (December 31, 2019: 963 million). The Bank's appeals before CIR(A)/Appellate Tribunal Inland Revenue (ATIR) are pending for adjudication. The management is confident that aforesaid demand will be deleted by appellate authorities and therefore no provision has been made against the said demand of Rs. 963 million (December 31, 2019: 963 million).

23.3.3 As a result of default by Fateh Textile Mills in complying with the terms of compromise decree passed in August 2002 by the Honourable High Court of Sindh, 16,376,106 shares of ABL were sold in accordance with section 19 (3) of the Financial Institutions (Recovery of Finances) Ordinance, 2001, after complying with the due and complete transparent process. Sealed bids were invited from interested parties. The bidding process was scheduled for July 23, 2004 and Rs. 25 per share was fixed reserve price. On the bid date, the highest offer for these shares was received at a rate of Rs. 25.51 per share. The bid was approved and the successful bidder had deposited an amount of Rs. 417.75 million with the Bank.

Fateh Textile Mills Limited filed suit in the High Court of Sindh challenging the above sale of shares. The High Court had not granted a stay order against the said sale. The sale of shares was, therefore, concluded.

23.3.4 While adjudicating foreign exchange repatriation cases of exporter namely: Fateh Textile Mills Limited, the Foreign Exchange Adjudicating Court (FEAC) of the State Bank of Pakistan (SBP) has arbitrarily adjudicated penalties against various banks including Rs. 2,173 million in aggregate against Allied Bank Limited (the Bank). Against the said judgments, the Bank had filed appeals before the Appellate Board

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2020

and Constitutional Petitions (CP) in the High Court of Sindh, Karachi. The Honorable High Court granted relief to the Bank by way of interim orders. Meanwhile, alongwith other banks, Bank filed a further CP whereby vires of section 23C of the FE Regulations Act, 1947 was sought to be declared ultra vires. On November 8, 2018, the Honorable court was pleased to order that the Appellate Board shall not finally decide the appeals. Subsequently, the earlier CPs were disposed of vide order dated January 15, 2019 with a direction to the Appellate Board to first decide the stay application of the Bank and till then, the Foreign Exchange Regulation Department was restrained from taking any coercive action against the Bank. Based on merits of the appeals, the management is confident that these appeals shall be decided in favor of the Bank and therefore no provision is made against the impugned penalty.

24 DERIVATIVE INSTRUMENTS

The Bank at present does not offer structured derivative products such as Interest Rate Swaps, Forward Rate Agreements or FX Options. However, the Bank buys and sells derivative instruments such as:

- Forward Exchange Contracts
- Foreign Exchange Swaps
- Equity Futures
- Forward Contracts for Government Securities

The accounting policies used to recognize and disclose derivatives and definitions are same as those disclosed in audited annual unconsolidated financial statements as at December 31, 2019.

| | Note | Half Year Ended | | Quarter Ended | |
|--|------|-------------------|-------------------|-------------------|-------------------|
| | | June 30, 2020 | June 30, 2019 | June 30, 2020 | June 30, 2019 |
| Rupees in '000 | | | | | |
| 25 MARK-UP / RETURN / INTEREST EARNED | | | | | |
| On: | | | | | |
| Loans and advances | | 26,015,232 | 22,165,357 | 11,956,384 | 11,529,366 |
| Investments | | 34,809,278 | 23,482,299 | 17,602,874 | 14,201,749 |
| Lendings to financial institutions | | 1,087,066 | 6,097,559 | 327,968 | 1,742,285 |
| Balances with banks | | 35,520 | 264,913 | (10,843) | 192,340 |
| | | 61,947,096 | 52,010,128 | 29,876,383 | 27,665,740 |
| 26 MARK-UP / RETURN / INTEREST EXPENSED | | | | | |
| On: | | | | | |
| Deposits | | 29,500,503 | 25,678,075 | 12,573,242 | 13,795,634 |
| Borrowings | | 3,850,370 | 5,213,875 | 2,295,482 | 3,023,680 |
| Cost of foreign currency swaps against | | | | | |
| foreign currency deposits | | 3,067,758 | 1,898,692 | 1,372,210 | 1,212,030 |
| Interest expense on lease liability | | 521,426 | 486,011 | 244,634 | 486,011 |
| | | 36,940,057 | 33,276,653 | 16,485,568 | 18,517,355 |
| 27 FEE AND COMMISSION INCOME | | | | | |
| Card related fees (debit and credit cards) | | 945,111 | 729,420 | 423,896 | 354,824 |
| Branch banking customer fees | | 622,956 | 682,438 | 282,160 | 342,153 |
| Commission on remittances including | | | | | |
| home remittances | | 506,133 | 376,081 | 309,489 | 146,697 |
| Investment banking fees | | 327,779 | 359,789 | 62,387 | 107,965 |
| Commission on trade | | 156,594 | 174,429 | 71,673 | 88,464 |
| Commission on cash management | | 84,197 | 63,337 | 39,675 | 35,262 |
| Commission on guarantees | | 65,992 | 49,635 | 24,657 | 25,521 |
| Commission on bancassurance | | 47,959 | 57,140 | 12,116 | 26,772 |
| Credit related fees | | 14,805 | 27,293 | 3,325 | 6,684 |
| Consumer finance related fees | | 1,803 | 2,203 | 759 | 1,128 |
| | | 2,773,329 | 2,521,765 | 1,230,137 | 1,135,470 |
| 28 GAIN ON SECURITIES | | | | | |
| Realised - net | 28.1 | 2,425,745 | 385,610 | 1,503,216 | 388,200 |
| Unrealised - held for trading | | - | - | (178,781) | 1,786 |
| | | 2,425,745 | 385,610 | 1,324,435 | 389,986 |

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

| Note | Half Year Ended | | Quarter Ended | |
|--|-------------------|-------------------|------------------|------------------|
| | June 30, 2020 | June 30, 2019 | June 30, 2020 | June 30, 2019 |
| Rupees in '000 | | | | |
| 28.1 Realised gain / (loss) on: | | | | |
| Federal government securities | 1,581,812 | 387,218 | 1,101,611 | 388,379 |
| Shares | 755,402 | (1,238) | 401,727 | (1) |
| Non government debt securities | (259) | (370) | (122) | (178) |
| Open ended mutual funds | 88,790 | - | - | - |
| | 2,425,745 | 385,610 | 1,503,216 | 388,200 |
| 29 OTHER INCOME | | | | |
| Recovery of written off mark-up and charges | 226 | 10,168 | - | 10,061 |
| Gain on sale of fixed assets - net | 61,209 | 220,707 | 56,868 | 137,862 |
| Gain on sale of non-banking assets - net | - | 14,266 | - | 14,266 |
| Other assets disposal | 19,759 | 12,680 | 17,602 | 2,291 |
| Rent on property | 7,000 | 3,561 | 5,213 | 2,383 |
| Fee for attending Board meetings | 933 | 1,462 | 521 | 757 |
| Income from data center hosting service | 7,382 | - | 2,953 | - |
| Gain on sale of islamic financing and related assets | 3,058 | - | 547 | - |
| | 99,567 | 262,844 | 83,704 | 167,620 |
| 30 OPERATING EXPENSES | | | | |
| Total compensation expense | 6,881,014 | 6,200,400 | 3,564,684 | 3,333,745 |
| Property expense: | | | | |
| Depreciation | 2,106,370 | 1,915,844 | 1,071,338 | 1,355,834 |
| Rent and taxes | 106,705 | 122,917 | 54,971 | (377,309) |
| Utilities cost | 467,514 | 443,306 | 226,306 | 244,766 |
| Security (including guards) | 482,787 | 386,257 | 240,098 | 194,501 |
| Repair and maintenance (including janitorial charges) | 392,819 | 271,344 | 194,867 | 154,868 |
| Insurance | 39,850 | 33,847 | 21,417 | 16,939 |
| | 3,596,045 | 3,173,515 | 1,808,997 | 1,589,599 |
| Information technology expenses: | | | | |
| Depreciation | 388,333 | 315,087 | 196,345 | 159,301 |
| Amortization | 124,411 | 223,241 | 61,884 | 113,468 |
| Network charges | 331,630 | 306,478 | 169,804 | 176,656 |
| Software maintenance | 274,560 | 222,876 | 186,975 | 133,384 |
| Hardware maintenance | 207,026 | 161,614 | 148,072 | 131,634 |
| Others | 18,997 | 3,620 | 17,435 | 1,942 |
| | 1,344,957 | 1,232,916 | 780,515 | 716,385 |
| Other operating expenses: | | | | |
| Insurance | 581,033 | 546,558 | 287,778 | 303,300 |
| Outsourced service costs | 375,987 | 288,621 | 183,235 | 148,327 |
| Stationery and printing | 193,252 | 189,325 | 90,135 | 88,067 |
| Cash in Transit service charge | 259,005 | 202,676 | 144,597 | 117,527 |
| Marketing, advertisement and publicity | 410,013 | 494,569 | 134,438 | 434,590 |
| Depreciation | 114,078 | 105,610 | 55,942 | 54,740 |
| Travelling and conveyance | 86,966 | 90,749 | 29,172 | 58,661 |
| Postage and courier charges | 73,595 | 45,906 | 36,436 | 15,742 |
| NIFT clearing charges | 59,893 | 57,049 | 28,243 | 29,077 |
| Communication | 45,125 | 44,331 | 23,373 | 21,873 |
| Legal and professional charges | 52,829 | 44,823 | 25,065 | 23,076 |
| Auditors Remuneration | 8,608 | 13,173 | 3,277 | 5,939 |
| Directors fees and allowances | 13,127 | 14,116 | 6,136 | 8,912 |
| Fees and allowances to Shariah Board | 3,081 | 3,029 | 1,566 | 1,515 |
| Training and development | 47,305 | 38,100 | 30,925 | 23,129 |
| Donations | 75,331 | 33,632 | 66,700 | 32,036 |
| Others | 178,348 | 182,721 | 84,057 | 81,517 |
| | 2,577,576 | 2,394,988 | 1,231,075 | 1,448,028 |
| | 14,399,592 | 13,001,819 | 7,385,271 | 7,087,757 |

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

| | Note | Half Year Ended | | Quarter Ended | |
|--|---|----------------------|----------------------|----------------------|----------------------|
| | | June 30, 2020 | June 30, 2019 | June 30, 2020 | June 30, 2019 |
| Rupees in '000 | | | | | |
| 31 OTHER CHARGES | | | | | |
| Penalties imposed by State Bank of Pakistan | | 277 | 83 | - | 83 |
| Education cess | | 23,502 | - | 11,751 | - |
| Depreciation - non-banking assets | | 16,745 | 9,919 | 8,379 | 4,960 |
| Others | | 49,257 | - | 24,257 | (25,000) |
| Other assets written off | | - | 85 | - | - |
| | | 89,781 | 10,087 | 44,387 | (19,957) |
| 32 PROVISIONS AND WRITE OFFS - NET | | | | | |
| Provision for diminution | | | | | |
| in the value of investments | 10.2.1 | 587,560 | (120,252) | 8,577 | (127,566) |
| Provision / (reversal) | | | | | |
| against loans and advances | 11.3 | 1,593,897 | (100,170) | 1,513,065 | 75,897 |
| Provision against other assets | 14.1.1 | 26,176 | 54,650 | 11,678 | 40,095 |
| Provision against off-balance | | | | | |
| sheet obligations | 20.1 | 1,451 | - | (5,250) | - |
| Bad debts written off directly | | - | - | - | - |
| | | 2,209,084 | (165,772) | 1,528,070 | (11,574) |
| Recovery of written off bad debts | | (83) | (123,361) | - | (73,805) |
| | | 2,209,001 | (289,133) | 1,528,070 | (85,379) |
| 33 TAXATION | | | | | |
| Current - for the period | 33.1 | 7,118,199 | 4,484,565 | 4,339,768 | 1,909,680 |
| - for prior year | | - | 834,833 | - | - |
| | | 7,118,199 | 5,319,398 | 4,339,768 | 1,909,680 |
| Deferred - current | | (869,260) | (305,588) | (654,069) | (160,636) |
| | | 6,248,939 | 5,013,810 | 3,685,699 | 1,749,044 |
| 33.1 | This also includes proportionate super tax charge of Rs. 688.503 million, levied on taxable income of the Bank for the tax year 2021 vide Finance Supplementary (Second Amendment) Act, 2019. | | | | |
| 34 EARNINGS PER SHARE - BASIC AND DILUTED | | | | | |
| Profit after taxation | | 8,413,529 | 6,085,705 | 4,395,838 | 3,100,949 |
| Number of Shares | | | | | |
| Weighted average number of ordinary shares | | | | | |
| outstanding during the year | | 1,145,073,830 | 1,145,073,830 | 1,145,073,830 | 1,145,073,830 |
| Rupees | | | | | |
| Earnings per share - basic and diluted | | 7.35 | 5.31 | 3.84 | 2.70 |
| There is no dilution effect on basic earnings per share. | | | | | |

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

| | | (Audited) | | December 31, 2019 | | Fair Value | | | | | |
|---|--|------------------|------------------|--------------------|---------------------------|------------------------|-----------------------------|---------------|------------|-------------|-------------|
| | | Carrying Value | | | | | | Total | | | |
| | | Rupees in '000 | | | | | | Total | | | |
| | | Held to Maturity | Held for Trading | Available for Sale | Financing and receivables | Other financial assets | Other financial liabilities | Level 1 | Level 2 | Level 3 | Total |
| On-Balance sheet Financial Instruments | | | | | | | | | | | |
| Financial assets-measured at fair value | | | | | | | | | | | |
| Investments | | | | | | | | | | | |
| Shares / Open Ended Mutual Funds | | | | 28,613,526 | | | | 28,613,526 | | | 28,613,526 |
| Federal Government Securities | | 19,888,163 | | 678,973,168 | | | | 698,841,331 | | | 698,841,331 |
| Non-Government Debt Securities | | | | 4,176,639 | | | | 4,176,639 | | | 4,176,639 |
| Financial assets - not measured at fair value | | | | | | | | | | | |
| Cash and balances with treasury banks | | | | | | | | | | | |
| Balances with other banks | | | | | 119,943,828 | | | 119,943,828 | | | |
| Lending to Financial institutions | | | | | 602,582 | | | 602,582 | | | |
| Advances | | | | | 13,606,921 | | | 13,606,921 | | | |
| Other assets | | | | | 485,015,881 | | | 485,015,881 | | | |
| Investments (HTM, unlisted ordinary shares, term certificates, sukuk, subsidiaries) | | 13,015,041 | | 13,310,456 | | | | 26,325,497 | | | |
| | | 13,015,041 | | 725,073,789 | 498,622,802 | 1,55,659,068 | | 1,412,238,663 | 28,613,526 | 703,017,970 | 731,631,496 |
| Financial liabilities - not measured at fair value | | | | | | | | | | | |
| Bills payable | | | | | | | 7,878,626 | 7,878,626 | | | |
| Borrowings | | | | | | | 266,448,386 | 266,448,386 | | | |
| Deposits and other accounts | | | | | | | 1,049,043,032 | 1,049,043,032 | | | |
| Other liabilities | | | | | | | 36,147,882 | 36,147,882 | | | |
| Off-balance sheet financial instruments-measured at fair value | | | | | | | 1,359,517,326 | 1,359,517,326 | | | |
| Forward foreign exchange contracts | | | | | | | | | | | |
| Forward government securities transactions | | | | | | 358,881,918 | | 358,881,918 | | | 358,881,918 |
| | | | | | | 513,938 | | 513,938 | | | 513,938 |
| | | | | | | 359,395,656 | | 359,395,656 | | | 359,395,656 |

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

| | June 30, 2020 | | | (Audited) December 31, 2019 | | | | |
|--|----------------|------------|---------|--------------------------------|---------|------------|---------|------------|
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| | Rupees in '000 | | | | | | | |
| 35.1 Fair value of non-financial assets | | | | | | | | |
| Fixed assets | - | 45,355,247 | - | 45,355,247 | - | 41,974,966 | - | 41,974,966 |
| Non-banking assets | - | 1,870,543 | - | 1,870,543 | - | 4,486,663 | - | 4,486,663 |

35.2 Valuation Techniques used in determination of Fair Valuation of Financial Instruments within Level 2

| Item | Valuation approach and input used |
|--------------------------------|---|
| Federal Government Securities | Marked to Market on the basis of PKRV rates. |
| Non-Government Debt Securities | Marked to Market on the basis of MUFAP rates. |
| Foreign exchange contracts | Marked to Market on the basis of SBP rates. |
| Open ended mutual funds | Marked to Market on the basis of MUFAP rates. |

| 36 | June 30, 2020 | | | | | |
|---|--------------------------------|-----------------------------|---------------------------|-------------------|--------------------|----------------------|
| | Corporate & Investment Banking | Commercial & Retail Banking | Trading & Sale (Treasury) | Islamic Banking | Others | Total |
| | Rupees in '000 | | | | | |
| 36 SEGMENT INFORMATION | | | | | | |
| 36.1 Segment Details with respect to Business Activities | | | | | | |
| Profit & Loss | | | | | | |
| Net mark-up/return/profit | 23,609,105 | (27,552,185) | 28,288,252 | 1,037,962 | (376,095) | 25,007,039 |
| Inter segment revenue - net | (20,697,516) | 46,155,227 | (23,240,286) | - | (2,217,425) | - |
| Non mark-up / return / interest income | 2,558,725 | 1,696,998 | 2,264,989 | 87,401 | 89,942 | 6,698,055 |
| Total Income | 5,470,314 | 20,300,040 | 7,312,955 | 1,125,363 | (2,503,578) | 31,705,094 |
| Segment direct expenses | 287,678 | 8,115,142 | 64,555 | 652,177 | 5,714,073 | 14,833,625 |
| Total expenses | 287,678 | 8,115,142 | 64,555 | 652,177 | 5,714,073 | 14,833,625 |
| Provisions | (929,918) | (146,344) | - | (37) | (1,132,702) | (2,209,001) |
| Profit before tax | 4,252,718 | 12,038,554 | 7,248,400 | 473,149 | (9,350,353) | 14,662,468 |
| Balance Sheet | | | | | | |
| Cash & Bank balances | 85,888 | 49,429,101 | 56,773,958 | 2,240,052 | 10,564,672 | 119,093,671 |
| Investments | 39,251,903 | - | 593,795,236 | 20,295,176 | 500,000 | 653,842,315 |
| Net inter segment lending / (borrowing) | (357,350,946) | 1,019,776,990 | (676,496,891) | (1,218,074) | 15,288,921 | - |
| Lendings to financial institutions | 2,148,190 | - | 32,078,751 | 913,136 | (2,148,190) | 32,991,887 |
| Advances - performing | 382,864,592 | 19,353,465 | - | 21,478,471 | 8,466,115 | 432,162,643 |
| Advances - non-performing | 97,344 | 320,030 | - | - | 14,721,341 | 15,138,715 |
| Provision against advances | (26,361) | (202,072) | - | (58) | (15,922,435) | (16,150,926) |
| Advances - net | 382,935,575 | 19,471,423 | - | 21,478,413 | 7,265,021 | 431,150,432 |
| Others | 5,223,492 | 9,362,448 | 9,885,127 | 2,914,196 | 78,800,693 | 106,185,956 |
| Total Assets | 72,294,102 | 1,098,039,962 | 16,036,181 | 46,622,899 | 110,271,117 | 1,343,264,261 |
| Borrowings | 56,801,049 | 3,190,567 | 4,444,208 | 5,800,000 | (2,148,190) | 68,087,634 |
| Deposits & other accounts | - | 1,068,179,159 | - | 34,592,189 | 3,368,975 | 1,106,140,323 |
| Others | 3,913,733 | 15,062,198 | (4,006,148) | 2,404,859 | 31,334,160 | 48,708,802 |
| Total Liabilities | 60,714,782 | 1,086,431,924 | 438,060 | 42,797,048 | 32,554,945 | 1,222,936,759 |
| Equity / Reserves | 11,579,319 | 11,608,037 | 15,598,121 | 3,825,851 | 77,716,174 | 120,327,502 |
| Total Equity and liabilities | 72,294,101 | 1,098,039,961 | 16,036,181 | 46,622,899 | 110,271,119 | 1,343,264,261 |
| Contingencies and commitments | 70,519,134 | 12,068,158 | 254,031,125 | 10,711,627 | 12,465,620 | 359,795,664 |

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

| | June 30, 2019 | | | | | Total |
|--|--------------------------------|-----------------------------|---------------------------|-----------------|--------------------|-------------------|
| | Corporate & Investment Banking | Commercial & Retail Banking | Trading & Sale (Treasury) | Islamic Banking | Others | |
| Rupees in '000 | | | | | | |
| Profit & Loss | | | | | | |
| Net mark-up/return/profit | 20,357,314 | (23,801,959) | 21,816,654 | 543,487 | (182,021) | 18,733,475 |
| Inter segment revenue - net | (20,789,840) | 43,203,535 | (21,547,845) | - | (865,850) | - |
| Non mark-up / return / interest income | 1,731,536 | 1,545,456 | 1,655,228 | 55,025 | 340,884 | 5,328,129 |
| Total Income | 1,299,010 | 20,947,032 | 1,924,037 | 598,512 | (706,987) | 24,061,604 |
| Segment direct expenses | 280,104 | 7,396,132 | 60,057 | 596,516 | 4,918,413 | 13,251,222 |
| Total expenses | 280,104 | 7,396,132 | 60,057 | 596,516 | 4,918,413 | 13,251,222 |
| Provisions | (6,406) | (42,283) | - | 8 | 337,814 | 289,133 |
| Profit before tax | 1,012,500 | 13,508,617 | 1,863,980 | 2,004 | (5,287,586) | 11,099,515 |

| | (Audited) | | | | | Total |
|---|--------------------------------|-----------------------------|---------------------------|-------------------|-------------------|----------------------|
| | December 30, 2019 | | | | | |
| | Corporate & Investment Banking | Commercial & Retail Banking | Trading & Sale (Treasury) | Islamic Banking | Others | Total |
| | Rupees in '000 | | | | | |
| Balance Sheet | | | | | | |
| Cash & Bank balances | 59,821 | 51,303,207 | 61,984,899 | 2,045,240 | 5,153,243 | 120,546,410 |
| Investments | 47,128,653 | - | 697,876,038 | 12,452,302 | 500,000 | 757,956,993 |
| Net inter segment lending / (borrowing) | (413,717,279) | 972,381,940 | (557,387,800) | 159,062 | (1,435,923) | - |
| Lendings to financial institutions | 4,753,821 | - | 2,052,492 | 11,554,430 | (4,753,822) | 13,606,921 |
| Advances - performing | 437,660,414 | 25,631,709 | - | 12,615,228 | 8,407,031 | 484,314,382 |
| Advances - non-performing | 511,117 | 461,688 | - | - | 14,881,113 | 15,853,918 |
| Provision against advances | (127,779) | (205,889) | - | (20) | (14,818,731) | (15,152,419) |
| Advances - net | 438,043,752 | 25,887,508 | - | 12,615,208 | 8,469,413 | 485,015,881 |
| Others | 7,072,635 | 8,706,936 | 7,215,579 | 2,752,910 | 78,246,987 | 103,995,047 |
| Total Assets | 83,341,403 | 1,058,279,591 | 211,741,208 | 41,579,152 | 86,179,898 | 1,481,121,252 |
| Borrowings | 63,149,483 | 2,415,660 | 203,936,638 | 1,700,000 | (4,753,395) | 266,448,386 |
| Deposits & other accounts | - | 1,012,571,004 | - | 34,389,411 | 2,082,617 | 1,049,043,032 |
| Others | 2,413,361 | 16,402,958 | 1,917,549 | 2,143,144 | 27,401,989 | 50,279,001 |
| Total liabilities | 65,562,844 | 1,031,389,622 | 205,854,187 | 38,232,555 | 24,731,211 | 1,365,770,419 |
| Equity / Reserves | 17,778,559 | 26,889,969 | 5,887,021 | 3,346,597 | 61,448,687 | 115,350,833 |
| Total Equity and liabilities | 83,341,403 | 1,058,279,591 | 211,741,208 | 41,579,152 | 86,179,898 | 1,481,121,252 |
| Contingencies and commitments | 78,732,154 | 12,055,398 | 359,395,856 | 1,907,886 | 13,128,046 | 465,219,340 |

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

| | June 30, 2020 | | | | | December 31, 2019 | | | | | | |
|---------------------------------------|----------------|-----------|--------------------------|--------------|-------------|-----------------------|-------------|-------------|--------------------------|--------------|-------------|-----------------------|
| | Parent | Directors | Key management personnel | Subsidiaries | Associates* | Other related parties | Parent | Directors | Key management personnel | Subsidiaries | Associates* | Other related parties |
| | Rupees in '000 | | | | | | | | | | | |
| Other Assets | | | | | | | | | | | | |
| Interest / mark-up accrued | - | 609 | 70,689 | - | - | - | - | 7,860 | 69,367 | - | - | - |
| Receivable from staff retirement fund | - | - | - | 3,955,149 | - | - | - | - | - | - | - | 3,705,491 |
| Other receivable | - | - | - | 19,353 | - | - | - | - | - | 7,348 | - | - |
| Borrowings | - | - | - | - | - | - | - | - | - | - | - | - |
| Subordinated debt | - | - | - | - | - | - | - | - | - | - | - | - |
| Deposits and other accounts | | | | | | | | | | | | |
| Opening balance | 2,849 | 357,194 | 34,882 | 24,228 | 123,315 | 16,915,556 | 1,784 | 24,424 | 70,387 | 12,116 | 82,381 | 18,296,520 |
| Received during the period/year | 6,718,255 | 950,886 | 317,355 | 839,717 | 3,494,005 | 165,262,702 | 8,594,379 | 1,824,926 | 524,289 | 970,413 | 7,718,711 | 247,373,082 |
| Withdrawn during the period/year | (6,720,228) | (908,256) | (303,591) | (883,766) | (3,609,804) | (161,978,364) | (8,593,314) | (1,432,156) | (559,794) | (958,301) | (7,677,777) | (248,754,026) |
| Closing balance | 876 | 399,834 | 48,646 | 30,179 | 7,516 | 20,199,894 | 2,849 | 357,194 | 34,882 | 24,228 | 123,315 | 16,915,556 |
| Other Liabilities | | | | | | | | | | | | |
| Interest / mark-up payable | - | - | 44 | - | - | 97,852 | - | - | - | - | 599 | 116,987 |

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

| | June 30, 2020 | | | | June 30, 2019 | | | | | | | |
|---|----------------|-----------|--------------------------|--------------|---------------|-----------------------|--------|-----------|--------------------------|--------------|-------------|-----------------------|
| | Parent | Directors | Key management personnel | Subsidiaries | Associates* | Other related parties | Parent | Directors | Key management personnel | Subsidiaries | Associates* | Other related parties |
| | Rupees in '000 | | | | | | | | | | | |
| Income | | | | | | | | | | | | |
| Mark-up/return/interest earned | - | 279 | 7,384 | - | - | - | - | 92 | 10,722 | - | - | - |
| Fee and commission income | 1 | 15 | 37 | 2,131 | 4 | 349 | - | 12 | 51 | 4,008 | 29 | 327 |
| Net gain on sale of securities | - | - | 10 | - | - | 3,354 | - | - | - | - | - | 389 |
| Rental income | - | - | - | 7,000 | - | - | - | - | - | 3,561 | - | - |
| Other income | - | - | - | 7,482 | - | - | - | - | - | - | - | - |
| Expense | | | | | | | | | | | | |
| Mark-up/return/interest paid | - | 7,674 | 357 | 1,742 | 117 | 550,539 | - | 6,102 | 314 | 1,666 | 677 | 342,351 |
| Directors meeting fee | - | 12,750 | - | - | - | - | - | 11,900 | - | - | - | - |
| Remuneration | - | - | - | - | - | - | - | 37,388 | 240,303 | - | - | - |
| Other expenses | - | 41,810 | 235,256 | - | - | - | - | 182 | - | - | 30,555 | - |
| Rent expenses** | - | - | - | - | 7,133 | - | - | - | - | - | 8,226 | - |
| Charge in respect of staff retirement benefit funds | - | - | - | - | - | - | - | - | - | - | - | - |
| Insurance premium paid | - | 68 | 415 | - | - | 119,822 | - | - | 132 | - | - | 160,850 |

Shares held by the holding company, outstanding at the end of year are included in note 21 to these unconsolidated condensed interim financial statements.

* Associated companies are as per IAS 24 'Related Party Disclosures'.

**Rent expenses of ABL Branch with associated company (Ibrahīm Fibres Limited) was carried out on terms other than that of arm's length with prior permission of State Bank of Pakistan. During the period ended June 30, 2020, certain moveable assets having cumulative net book value of Rs. 107,950 to the Key Management Personnel of the Bank.

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

| | June 30, 2020 | (Audited) December 31, 2019 |
|---|------------------|-----------------------------------|
| | Rupees in '000 | |
| 38 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS | | |
| Minimum Capital Requirement (MCR): | | |
| Paid-up capital | 11,450,739 | 11,450,739 |
| Capital Adequacy Ratio (CAR): | | |
| Eligible Common Equity Tier 1 (CET 1) Capital | 83,891,197 | 80,480,270 |
| Eligible Additional Tier 1 (ADT 1) Capital | - | - |
| Total Eligible Tier 1 Capital | 83,891,197 | 80,480,270 |
| Eligible Tier 2 Capital | 25,059,710 | 22,351,157 |
| Total Eligible Capital (Tier 1 + Tier 2) | 108,950,907 | 102,831,427 |
| Risk Weighted Assets (RWAs): | | |
| Credit Risk | 308,068,619 | 345,902,918 |
| Market Risk | 37,677,658 | 44,703,919 |
| Operational Risk | 83,485,603 | 83,485,603 |
| Total | 429,231,880 | 474,092,440 |
| Common Equity Tier 1 Capital Adequacy ratio | 19.54% | 16.98% |
| Tier 1 Capital Adequacy Ratio | 19.54% | 16.98% |
| Total Capital Adequacy Ratio | 25.38% | 21.69% |
| Banks are also required to maintain a Capital Adequacy Ratio (CAR) of 10% plus capital conservation buffer of 2.5% and High Loss Absorbency Requirement of 1% of the risk weighted exposures of the Bank. | | |
| In order to dampen the effects of Covid - 19, the State Bank of Pakistan under BPRD Circular Letter No. 12 of 2020 has given a regulatory relief and reduced the Capital Conservation Buffer (CCB) as prescribed vide BPRD Circular No. 6 of August 15, 2013, for the time being, from its existing level of 2.5% to 1.5%, till further instructions. | | |
| Leverage Ratio (LR): | | |
| Eligible Tier-1 Capital | 83,891,197 | 80,480,270 |
| Total Exposures | 1,455,241,318 | 1,798,987,646 |
| Leverage Ratio | 5.76% | 4.47% |
| Liquidity Coverage Ratio (LCR): | | |
| Total High Quality Liquid Assets | 480,123,727 | 460,376,621 |
| Total Net Cash Outflow | 294,469,074 | 274,294,059 |
| Liquidity Coverage Ratio | 163.05% | 167.84% |
| Net Stable Funding Ratio (NSFR): | | |
| Total Available Stable Funding | 1,059,525,402 | 1,007,506,800 |
| Total Required Stable Funding | 605,567,124 | 703,906,177 |
| Net Stable Funding Ratio | 174.96% | 143.13% |

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

39. ISLAMIC BANKING BUSINESS

The Bank is operating 117 (December 31, 2019: 117 and June 30, 2019: 117) Islamic Banking Branches and 85 (December 31, 2019: 60 and June 30, 2019: 60) Islamic Banking Windows at the end of the period.

| | | June 30, 2020 | (Audited) December 31, 2019 |
|--|------|-------------------|-----------------------------------|
| Rupees in '000 | | | |
| ASSETS | | | |
| Cash and balances with treasury banks | | 2,177,804 | 1,985,765 |
| Balances with other banks | | 62,248 | 59,475 |
| Due from financial institutions | 39.1 | 913,136 | 11,554,430 |
| Investments | 39.2 | 20,295,176 | 12,452,302 |
| Islamic financing and related assets - net | 39.3 | 21,478,413 | 12,615,208 |
| Fixed assets | | 1,874,066 | 2,041,413 |
| Intangible assets | | 700 | 764 |
| Due from Head Office | | - | 159,062 |
| Other assets | | 1,039,430 | 710,733 |
| | | 47,840,973 | 41,579,152 |
| LIABILITIES | | | |
| Bills payable | | 202,733 | 164,687 |
| Due to financial institutions | | 5,800,000 | 1,700,000 |
| Deposits and other accounts | 39.4 | 34,592,189 | 34,389,411 |
| Due to Head Office | | 1,218,074 | - |
| Subordinated debt | | - | - |
| Other liabilities | | 2,202,126 | 1,978,457 |
| | | 44,015,122 | 38,232,555 |
| NET ASSETS | | 3,825,851 | 3,346,597 |
| REPRESENTED BY | | | |
| Islamic Banking Fund | | 4,100,000 | 4,100,000 |
| Reserves | | (305) | (305) |
| Surplus on revaluation of assets | | 82,593 | 76,488 |
| Accumulated losses | 39.5 | (356,437) | (829,586) |
| | | 3,825,851 | 3,346,597 |
| CONTINGENCIES AND COMMITMENTS | 39.6 | | |

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

| | June 30, 2020 | June 30, 2019 |
|--|------------------|------------------|
| Rupees in '000 | | |
| The profit and loss account of the Bank's Islamic Banking Branches for the period ended June 30, 2020 is as follows: | | |
| Profit / return earned | 39.7 | 2,129,167 |
| Profit / return expensed | 39.8 | 1,091,205 |
| Net Profit / return | 1,037,962 | 543,487 |
| OTHER INCOME | | |
| Fee and commission income | 80,505 | 63,044 |
| Dividend income | - | - |
| Foreign exchange income / (loss) | 5,691 | (7,703) |
| Loss on securities | (1,919) | (909) |
| Other income | 3,124 | 593 |
| Total other income | 87,401 | 55,025 |
| Total income | 1,125,363 | 598,512 |
| OTHER EXPENSES | | |
| Operating expenses | 652,154 | 596,516 |
| Workers Welfare Fund | - | - |
| Other charges | 23 | - |
| Total other expenses | 652,177 | 596,516 |
| Profit before provisions | 473,186 | 1,996 |
| Provisions and write offs - net | 37 | (8) |
| PROFIT BEFORE TAXATION | 473,149 | 2,004 |
| Taxation | - | - |
| PROFIT AFTER TAXATION | 473,149 | 2,004 |

| | (Audited) | | | | | |
|--|----------------------|--------------------------|----------------|----------------------|--------------------------|-------------------|
| | June 30, 2020 | | | December 31, 2019 | | |
| | In Local Currency | In Foreign Currencies | Total | In Local Currency | In Foreign Currencies | Total |
| Rupees in '000 | | | | | | |
| 39.1 Due from financial institutions | | | | | | |
| Bai Muajjal Receivable from other Financial Institutions | - | - | - | 7,850,288 | - | 7,850,288 |
| Bai Muajjal Receivable from State Bank of Pakistan | 913,136 | - | 913,136 | 2,704,142 | - | 2,704,142 |
| Musharaka Lending | - | - | - | 1,000,000 | - | 1,000,000 |
| | 913,136 | - | 913,136 | 11,554,430 | - | 11,554,430 |

| | (Audited) | | | | | | | |
|---------------------------------------|-----------------------------|-----------------------------|------------------------|-------------------|-----------------------------|-----------------------------|------------------------|-------------------|
| | June 30, 2020 | | | | December 31, 2019 | | | |
| | Cost / Amortized cost | Provision for diminution | Surplus / (Deficit) | Carrying Value | Cost / Amortized cost | Provision for diminution | Surplus / (Deficit) | Carrying Value |
| Rupees in '000 | | | | | | | | |
| 39.2 Investments by Segments | | | | | | | | |
| Federal Government Securities: | | | | | | | | |
| -Ijarah Sukuks | 500,000 | - | (15,000) | 485,000 | 876,500 | - | (8,765) | 867,735 |
| -Other Federal Securities | 2,436,229 | - | - | 2,436,229 | 2,300,521 | - | - | 2,300,521 |
| | 2,936,229 | - | (15,000) | 2,921,229 | 3,177,021 | - | (8,765) | 3,168,256 |
| Non Government Debt Securities | | | | | | | | |
| -Listed | 2,197,963 | - | 28,250 | 2,226,213 | 2,222,735 | - | 15,910 | 2,238,645 |
| -Unlisted | 15,147,734 | - | - | 15,147,734 | 7,045,401 | - | - | 7,045,401 |
| | 17,345,697 | - | 28,250 | 17,373,947 | 9,268,136 | - | 15,910 | 9,284,046 |
| Total Investments | 20,281,926 | - | 13,250 | 20,295,176 | 12,445,157 | - | 7,145 | 12,452,302 |

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

| | June 30, 2020 | (Audited) December 31, 2019 |
|---|-------------------|-----------------------------------|
| | Rupees in '000 | |
| 39.3 Islamic financing and related assets | | |
| Ijarah | 264,990 | 294,553 |
| Istisna | 557,521 | 504,728 |
| Murabaha | 65,353 | 114,409 |
| Islamic Export Re-finance - Business Musharakah | 1,000,000 | 1,000,000 |
| Diminishing Musharaka | 7,152,930 | 3,200,020 |
| Finance against Dishonored Bills | - | 309,737 |
| Salam | 45,510 | - |
| Musawamah | 7,098 | - |
| Business Musharka - Financings | 11,943,957 | 6,752,116 |
| Staff Ijarah | 334,118 | 348,929 |
| Staff Diminishing Musharakah | 106,994 | 90,736 |
| Gross Islamic financing and related assets | 21,478,471 | 12,615,228 |
| Less: provision against Islamic financings | | |
| - Specific | - | - |
| - General | 58 | 20 |
| | 58 | 20 |
| Islamic financing and related assets - net of provision | 21,478,413 | 12,615,208 |
| 39.4 Deposits | | |
| Customers | | |
| Current deposits | 10,666,224 | 6,015,518 |
| Savings deposits | 13,984,059 | 11,754,139 |
| Term deposits | 1,600,878 | 1,518,756 |
| Other deposits | 1,375,722 | 2,089,570 |
| | 27,626,883 | 21,377,983 |
| Financial Institutions | | |
| Current deposits | 7,292 | 5,057 |
| Savings deposits | 6,958,014 | 8,196,371 |
| Term deposits | - | 4,810,000 |
| | 6,965,306 | 13,011,428 |
| | 34,592,189 | 34,389,411 |
| 39.5 Islamic banking business unappropriated profit / (loss) | | |
| Opening Balance | (829,586) | (906,202) |
| Add: Islamic Banking profit for the period | 473,149 | 76,616 |
| Less: Taxation | - | - |
| Less: Reserves | - | - |
| Less: Transferred / Remitted to Head Office | - | - |
| Closing Balance | (356,437) | (829,586) |
| 39.6 Contingencies and commitments | | |
| -Guarantees | 4,384,114 | 200,370 |
| -Commitments | 6,313,871 | 1,660,217 |
| -Other contingencies | 13,642 | 47,299 |
| | 10,711,627 | 1,907,886 |

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

| | June 30, 2020 | June 30, 2019 |
|--|------------------|------------------|
| | Rupees in '000 | |
| 39.7 Profit/return earned of financing, investments and placement | | |
| Profit earned on: | | |
| Financing | 1,009,533 | 350,793 |
| Investments | 1,103,140 | 773,458 |
| Placements | 16,494 | 111,460 |
| | <u>2,129,167</u> | <u>1,235,711</u> |
| 39.8 Profit on deposits and other dues expensed | | |
| Deposits and other accounts | 746,975 | 509,018 |
| Due to Financial Institutions | 23,644 | 49 |
| Profit paid on Musharaka borrowings | 230,899 | 101,891 |
| Profit paid on Mudaraba borrowings | 14,173 | 357 |
| Other profit expenses | 781 | 396 |
| Other expenses (IFRS-16) | 74,733 | 80,513 |
| | <u>1,091,205</u> | <u>692,224</u> |

40 NON ADJUSTING EVENT AFTER THE REPORTING DATE

40.1 In compliance with the SBP's instructions as described in note 6.6 to the unconsolidated condensed interim financial statements, the Board of Directors, in its meeting held on August 20, 2020 has not declared any cash dividend for the quarter ended June 30, 2020 (June 30, 2019: Rs. 2.00 per share).

41 GENERAL

41.1 Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

42 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on August 20, 2020 by the Board of Directors of the Bank.

Mehmud ul Hassan
Chief Financial Officer

Tahir Hassan Qureshi
President and Chief Executive

Dr. Muhammad Akram Sheikh
Director

Nazrat Bashir
Director

Mohammad Naeem Mukhtar
Chairman

CONSOLIDATED **FINANCIAL STATEMENTS**

for the half year ended June 30, 2020

Consolidated Statement of Financial Position

(Un-audited) as at June 30, 2020

| | Note | (Un-audited) June 30, 2020 | (Audited) December 31, 2019 |
|---|------|----------------------------------|-----------------------------------|
| Rupees in '000 | | | |
| ASSETS | | | |
| Cash and balances with treasury banks | 7 | 118,299,298 | 119,935,126 |
| Balances with other banks | 8 | 786,948 | 602,582 |
| Lendings to financial institutions - net | 9 | 32,991,887 | 13,606,921 |
| Investments - net | 10 | 655,541,498 | 759,654,427 |
| Advances - net | 11 | 431,202,915 | 485,051,568 |
| Fixed assets | 12 | 65,658,884 | 62,240,062 |
| Intangible assets | 13 | 2,588,919 | 1,975,898 |
| Deferred tax assets | | - | - |
| Other assets - net | 14 | 38,449,442 | 40,316,857 |
| | | 1,345,519,791 | 1,483,383,441 |
| LIABILITIES | | | |
| Bills payable | 16 | 9,508,205 | 7,878,626 |
| Borrowings | 17 | 68,087,634 | 266,448,386 |
| Deposits and other accounts | 18 | 1,106,110,144 | 1,049,018,804 |
| Liabilities against assets subject to finance lease | | - | - |
| Sub-ordinated debt | | - | - |
| Deferred tax liabilities - net | 19 | 5,321,554 | 5,912,375 |
| Other liabilities | 20 | 34,240,194 | 36,913,696 |
| | | 1,223,267,731 | 1,366,171,887 |
| NET ASSETS | | 122,252,060 | 117,211,554 |
| REPRESENTED BY | | | |
| Share capital | 21 | 11,450,739 | 11,450,739 |
| Reserves | | 23,650,668 | 22,270,225 |
| Surplus on revaluation of assets - net of tax | 22 | 26,331,882 | 25,808,658 |
| Unappropriated profit | | 60,818,771 | 57,681,932 |
| | | 122,252,060 | 117,211,554 |

CONTINGENCIES AND COMMITMENTS

23

The annexed notes 1 to 41 form an integral part of these consolidated condensed interim financial statements.

Mehmud ul Hassan
Chief Financial Officer

Tahir Hassan Qureshi
President and Chief Executive

Dr. Muhammad Akram Sheikh
Director

Nazrat Bashir
Director

Mohammad Naeem Mukhtar
Chairman

Consolidated Profit and Loss Account

(Un-audited) for the half year ended June 30, 2020

| | Note | Half Year Ended | | Quarter Ended | |
|---|------|-------------------|-------------------|-------------------|-------------------|
| | | June 30, 2020 | June 30, 2019 | June 30, 2020 | June 30, 2019 |
| Rupees in '000 | | | | | |
| Mark-up / return / interest earned | 25 | 61,948,091 | 52,010,659 | 29,876,847 | 27,666,047 |
| Mark-up / return / interest expensed | 26 | 36,941,902 | 33,278,971 | 16,486,676 | 18,520,200 |
| Net mark-up / interest income | | 25,006,189 | 18,731,688 | 13,390,171 | 9,145,847 |
| NON MARK-UP / INTEREST INCOME | | | | | |
| Fee and commission income | 27 | 3,147,425 | 2,807,363 | 1,428,811 | 1,274,835 |
| Dividend income | | 821,666 | 978,223 | 433,993 | 548,834 |
| Foreign exchange income | | 687,208 | 1,256,990 | 875,616 | 626,556 |
| Income from derivatives | | - | - | - | - |
| Gain on securities - net | 28 | 2,253,350 | 394,952 | 1,383,881 | 317,579 |
| Other income | 29 | 92,567 | 259,283 | 78,491 | 165,237 |
| Total non mark-up / interest income | | 7,002,216 | 5,696,811 | 4,200,792 | 2,933,041 |
| Total income | | 32,008,405 | 24,428,499 | 17,590,963 | 12,078,888 |
| NON MARK-UP / INTEREST EXPENSES | | | | | |
| Operating expenses | 30 | 14,610,440 | 13,194,878 | 7,491,888 | 7,187,180 |
| Workers welfare fund | | 346,064 | 228,344 | 201,751 | 93,618 |
| Other charges | 31 | 89,781 | 10,087 | 44,387 | (19,957) |
| Total non-markup / interest expenses | | 15,046,285 | 13,433,309 | 7,738,026 | 7,260,841 |
| Profit before provisions | | 16,962,120 | 10,995,190 | 9,852,937 | 4,818,047 |
| Provisions / (reversals) and write offs - net | 32 | 2,209,001 | (289,133) | 1,528,070 | (85,379) |
| Extra-ordinary / unusual items | | - | - | - | - |
| PROFIT BEFORE TAXATION | | 14,753,119 | 11,284,323 | 8,324,867 | 4,903,426 |
| Taxation | 33 | 6,275,753 | 5,042,072 | 3,737,722 | 1,755,149 |
| PROFIT AFTER TAXATION | | 8,477,366 | 6,242,251 | 4,587,145 | 3,148,277 |
| In Rupees | | | | | |
| Basic and Diluted earnings per share | 34 | 7.40 | 5.45 | 4.01 | 2.75 |

The annexed notes 1 to 41 form an integral part of these consolidated condensed interim financial statements.

Mehmud ul Hassan
Chief Financial Officer

Tahir Hassan Qureshi
President and Chief Executive

Dr. Muhammad Akram Sheikh
Director

Nazrat Bashir
Director

Mohammad Naeem Mukhtar
Chairman

Consolidated Statement of Comprehensive Income

(Un-audited) for the half year ended June 30, 2020

| | Half Year Ended | | Quarter Ended | |
|--|------------------|------------------|------------------|------------------|
| | June 30, 2020 | June 30, 2019 | June 30, 2020 | June 30, 2019 |
| | Rupees in '000 | | | |
| Profit after taxation for the period | 8,477,366 | 6,242,251 | 4,587,145 | 3,148,277 |
| Other comprehensive income | | | | |
| <i>Items that may be reclassified to profit and loss account in subsequent periods:</i> | | | | |
| Effect of translation of net investment in foreign branches | 539,090 | 794,381 | 1,081,840 | 721,882 |
| Movement in surplus / (deficit) on revaluation of investments - net of tax | 627,421 | (1,996,627) | 3,842,092 | (1,503,274) |
| | 1,166,511 | (1,202,246) | 4,923,932 | (781,392) |
| <i>Items that will not be reclassified to profit and loss account in subsequent periods:</i> | | | | |
| Movement in deficit on revaluation of non-banking assets - net of tax | (23,075) | - | - | - |
| | (23,075) | - | - | - |
| Total comprehensive income | 9,620,802 | 5,040,005 | 9,511,077 | 2,366,885 |

The annexed notes 1 to 41 form an integral part of these consolidated condensed interim financial statements.

Mehmud ul Hassan
Chief Financial Officer

Tahir Hassan Qureshi
President and Chief Executive

Dr. Muhammad Akram Sheikh
Director

Nazrat Bashir
Director

Mohammad Naeem Mukhtar
Chairman

Consolidated Cash Flow Statement

(Un-audited) for the half year ended June 30, 2020

| | Note | June 30, 2020 | June 30, 2019 |
|--|------|---------------------|---------------------|
| Rupees in '000 | | | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Profit before taxation | | 14,753,119 | 11,284,323 |
| Less: Dividend income | | (821,666) | (978,223) |
| | | 13,931,453 | 10,306,100 |
| Adjustments: | | | |
| Depreciation | | 1,820,935 | 1,634,270 |
| Depreciation on right of use assets | | 900,969 | 793,382 |
| Interest expense on lease liability | | 525,013 | - |
| Amortization | | 124,802 | 224,618 |
| Net provision / (reversals) and write offs | 32 | 2,209,084 | (165,772) |
| Unrealized loss / (gain) on revaluation of 'held-for-trading' securities | | 177,702 | (9,875) |
| Provision for workers welfare fund - net | | 346,064 | 228,344 |
| Gain on sale of fixed assets and non-banking assets - net | | (61,209) | (236,638) |
| | | 6,043,360 | 2,468,329 |
| | | 19,974,813 | 12,774,429 |
| (Increase) / decrease in operating assets | | | |
| Lendings to financial institutions | | (19,384,966) | 44,260,273 |
| Held-for-trading securities | | 19,862,396 | (2,068,656) |
| Advances | | 52,176,673 | (5,729,381) |
| Other assets (excluding advance taxation) | | (2,745,929) | (8,413,591) |
| | | 49,908,174 | 28,048,645 |
| Increase / (decrease) in operating liabilities | | | |
| Bills payable | | 1,629,579 | 9,908,759 |
| Borrowings | | (198,452,437) | (93,006,083) |
| Deposits and other accounts | | 57,067,113 | 44,483,477 |
| Other liabilities (excluding current taxation) | | (3,014,170) | 9,005,387 |
| | | (142,769,915) | (29,608,460) |
| | | (72,886,928) | 11,214,614 |
| Income tax paid | | (5,107,860) | (6,087,838) |
| Net cash flow generated from operating activities | | (77,994,788) | 5,126,776 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Net realizations from 'available-for-sale' securities | | 84,741,666 | 48,718,642 |
| Net investments in 'held-to-maturity' securities | | (296,900) | (2,993,973) |
| Dividend received | | 696,941 | 948,678 |
| Investments in fixed assets and intangible assets | | (3,578,131) | (3,072,043) |
| Proceeds from sale of fixed assets | | 119,727 | 304,869 |
| Effect of translation of net investment in foreign branches | | 539,090 | 794,381 |
| Net cash flow generated from / (used in) investing activities | | 82,222,393 | 44,700,554 |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Payment of lease liability against right of use assets | | (1,229,924) | (9,090,561) |
| Dividend paid | | (4,565,056) | (4,562,638) |
| Net cash flow used in financing activities | | (5,794,980) | (13,653,199) |
| Effect of exchange rate changes on opening cash and cash equivalents | | (1,407,189) | (3,088,188) |
| Decrease in cash and cash equivalents during the period | | (2,974,564) | 33,085,943 |
| Cash and cash equivalents at beginning of the period | | 121,904,917 | 104,608,033 |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | | 118,930,353 | 137,693,976 |

The annexed notes 1 to 41 form an integral part of these consolidated condensed interim financial statements.

Consolidated Statement of Changes In Equity

(Un-audited) for the half year ended June 30, 2020

| | Share capital | Capital reserve Exchange translation reserve | Statutory reserve | Revenue reserve General reserve | Investments | Surplus on revaluation of Fixed assets Non-banking assets | | Un-appropriated profit | Total |
|--|----------------|---|-------------------|------------------------------------|-------------|--|-------------|------------------------|-------------|
| | Rupees in '000 | | | | | | | | |
| Balance as at January 01, 2019 (Audited) | 11,450,739 | 1,239,301 | 19,031,214 | 6,000 | 5,185,769 | 15,755,409 | 2,135,996 | 53,985,383 | 108,789,811 |
| Profit after taxation for the half year ended June 30, 2019 | - | - | - | - | - | - | - | 6,242,251 | 6,242,251 |
| Other Comprehensive Income - net of tax | - | - | - | - | - | - | - | - | - |
| Deficit on revaluation of investments - net of tax | - | - | - | - | (1,996,627) | - | - | - | (1,996,627) |
| Effect of translation of net investment in foreign branches | - | 794,381 | - | - | - | - | - | - | 794,381 |
| | - | 794,381 | - | - | (1,996,627) | - | - | - | (1,202,246) |
| Transfer to statutory reserve | - | - | 608,571 | - | - | - | - | (608,571) | - |
| Transferred from surplus in respect of incremental depreciation of fixed assets to un-appropriated profit-net of tax | - | - | - | - | - | (49,597) | - | 49,597 | - |
| Surplus realised on disposal of revalued fixed assets - net of tax | - | - | - | - | - | (9,729) | - | 9,729 | - |
| Transferred from surplus in respect of incremental depreciation of non-banking assets to un-appropriated profit-net of tax | - | - | - | - | - | - | (1,112) | 1,112 | - |
| Surplus realised on disposal of revalued non-banking assets - net of tax | - | - | - | - | - | - | (163,739) | 163,739 | - |
| Transactions with owners recognized directly in equity | - | - | - | - | - | - | - | - | - |
| Final cash dividend for the year ended December 31, 2019 (Rs. 2 per ordinary share) | - | - | - | - | - | - | - | (2,290,148) | (2,290,148) |
| First interim cash dividend for the year ending December 31, 2019 (Rs. 2 per ordinary share) | - | - | - | - | - | - | - | (2,290,148) | (2,290,148) |
| | - | - | - | - | - | - | - | (4,580,296) | (4,580,296) |
| Balance as at June 30, 2019 | 11,450,739 | 2,033,682 | 19,639,785 | 6,000 | 3,189,142 | 15,696,083 | 1,971,145 | 55,262,944 | 109,249,520 |
| Profit after taxation for the six months ended December 31, 2019 | - | - | - | - | - | - | - | 8,246,512 | 8,246,512 |
| Other Comprehensive Income - net of tax | - | - | - | - | - | - | - | - | - |
| Surplus on revaluation of investments - net of tax | - | - | - | - | 4,239,839 | - | - | - | 4,239,839 |
| Surplus on revaluation of non-banking assets - net of tax | - | - | - | - | - | - | 770,648 | - | 770,648 |
| Re-measurement loss on defined benefit obligation - net of tax | - | - | - | - | - | - | (502,707) | - | (502,707) |
| Effect of translation of net investment in foreign branches | - | (211,962) | - | - | - | - | - | - | (211,962) |
| | - | (211,962) | - | - | 4,239,839 | - | 770,648 | (502,707) | 4,295,818 |
| Transfer to statutory reserve | - | - | 802,720 | - | - | - | - | (802,720) | - |
| Transferred from surplus in respect of incremental depreciation of fixed assets to un-appropriated profit-net of tax | - | - | - | - | - | (57,087) | - | 57,087 | - |
| Transferred from surplus in respect of incremental depreciation of non-banking assets to un-appropriated profit-net of tax | - | - | - | - | - | - | (1,112) | 1,112 | - |
| Transactions with owners, recognized directly in equity | - | - | - | - | - | - | - | - | - |
| Second interim cash dividend for the year ended December 31, 2019 (Rs. 2 per ordinary share) | - | - | - | - | - | - | - | (2,290,148) | (2,290,148) |
| Third interim cash dividend for the year ended December 31, 2019 (Rs. 2 per ordinary share) | - | - | - | - | - | - | - | (2,290,148) | (2,290,148) |
| | - | - | - | - | - | - | - | (4,580,296) | (4,580,296) |
| Balance as at December 31, 2019 (Audited) | 11,450,739 | 1,821,720 | 20,442,505 | 6,000 | 7,428,981 | 15,638,996 | 2,740,681 | 57,681,932 | 117,211,554 |
| Profit after taxation for the half year ended June 30, 2020 | - | - | - | - | - | - | - | 8,477,366 | 8,477,366 |
| Other Comprehensive Income - net of tax | - | - | - | - | - | - | - | - | - |
| Deficit on revaluation of investments - net of tax | - | - | - | - | 627,421 | - | - | - | 627,421 |
| Deficit on revaluation of non-banking assets - net of tax | - | - | - | - | - | - | (23,075) | - | (23,075) |
| Effect of translation of net investment in foreign branches | - | 539,090 | - | - | - | - | - | - | 539,090 |
| | - | 539,090 | - | - | 627,421 | - | (23,075) | - | 1,143,436 |
| Transfer to statutory reserve | - | - | 841,353 | - | - | - | - | (841,353) | - |
| Transferred from surplus in respect of change in use of non-banking assets - net of tax | - | - | - | - | - | 1,848,955 | (1,848,955) | - | - |
| Transferred from surplus in respect of incremental depreciation of fixed assets to un-appropriated profit-net of tax | - | - | - | - | - | (50,042) | - | 50,042 | - |
| Surplus realised on disposal of revalued fixed assets - net of tax | - | - | - | - | - | (25,316) | - | 25,316 | - |
| Transferred from surplus in respect of incremental depreciation of non-banking assets to un-appropriated profit-net of tax | - | - | - | - | - | - | (6,764) | 6,764 | - |
| Transactions with owners, recognized directly in equity | - | - | - | - | - | - | - | - | - |
| Final cash dividend for the year ended December 31, 2019 (Rs. 2 per ordinary share) | - | - | - | - | - | - | - | (2,290,148) | (2,290,148) |
| First interim cash dividend for the year ended December 31, 2020 (Rs. 2 per ordinary share) | - | - | - | - | - | - | - | (2,290,148) | (2,290,148) |
| | - | - | - | - | - | - | - | (4,580,296) | (4,580,296) |
| Balance as at June 30, 2020 | 11,450,739 | 2,360,810 | 21,283,859 | 6,000 | 8,056,402 | 17,412,593 | 862,987 | 60,818,771 | 122,252,060 |

The annexed notes 1 to 41 form an integral part of these consolidated condensed interim financial statements.

Mehmud ul Hassan
Chief Financial Officer

Nazrat Bashir
Director

Tahir Hassan Qureshi
President and Chief Executive

Mohammad Naeem Mukhtar
Chairman

Dr. Muhammad Akram Sheikh
Director

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

1 STATUS AND NATURE OF BUSINESS

The "Group" consist of:

Holding Company

Allied Bank Limited ("the Bank"), incorporated in Pakistan, is a scheduled Bank, engaged in commercial banking and related services. The Bank is listed on Pakistan Stock Exchange Limited. The Bank operates a total of 1,385 (December 31, 2019: 1,393) branches in Pakistan including 117 (December 31, 2019: 117) Islamic banking branches, 1 branch (December 31, 2019: 1) in Karachi Export Processing Zone and 1 Wholesale banking branch (December 31, 2019: 1) in Bahrain.

The long term credit rating of the Bank assigned by the Pakistan Credit Rating Agency Limited (PACRA) is 'AAA'. Short term rating of the Bank is 'A1+'.

Ibrahim Holdings (Private) Limited is the parent company of the Bank and it's registered office is in Pakistan.

The Bank is the holding company of ABL Asset Management Company Limited.

The registered office of the Bank is situated at 3 - Tipu Block, Main Boulevard, New Garden Town, Lahore.

Subsidiary Company

ABL Asset Management Company Limited ("the Company") is a public unlisted company, incorporated in Pakistan as a limited liability company on 12 October 2007 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Company has obtained licenses from the Securities and Exchange Commission of Pakistan (SECP) to carry on Asset Management Services and Investment Advisory Services as a Non-Banking Finance Company (NBFC) under Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 as amended through S.R.O.1131(I) 2007 ("the NBFC Rules"). The Company received certificate of commencement of business on 31 December 2007. The Company has also obtained license to carry out business as Pension Fund Manager, under the Voluntary Pension System Rules, 2005. The registered office of the Company is situated at Plot no. 14, Main Boulevard, DHA Phase VI, Lahore. The Company is a wholly owned subsidiary of Allied Bank Limited ("the holding Company").

The management quality rating of the Company, as assigned by JCR-VIS Crediting Rating Company Limited, is AM2++ (Stable) in December 2019.

ABL Asset Management Company is managing the following funds:

| | |
|---------------------------------------|--------------------------------|
| - ABL Income Fund | Launched on September 20, 2008 |
| - ABL Stock Fund | Launched on June 28, 2009 |
| - ABL Cash Fund | Launched on July 30, 2010 |
| - ABL Islamic Income Fund | Launched on July 30, 2010 |
| - ABL Government Securities Fund | Launched on November 30, 2011 |
| - ABL Islamic Stock Fund | Launched on June 12, 2013 |
| - ABL Pension Fund | Launched on August 20, 2014 |
| - ABL Islamic Pension Fund | Launched on August 20, 2014 |
| - ABL Islamic Financial Planning Fund | Launched on December 22, 2015 |
| - ABL Financial Planning Fund | Launched on December 31, 2015 |
| - ABL Islamic Dedicated stock fund | Launched on December 19, 2016 |
| - Allied Capital Protected Fund | Launched on February 19, 2018 |
| - ABL Islamic Asset Allocation Fund | Launched on May 31, 2018 |
| - Allied Finergy Fund | Launched on November 30, 2018 |
| ABL Special Saving Fund | Launched on September 19, 2019 |
| ABL Islamic Cash Fund | Launched on February 10, 2020 |
| ABL Monthly Payout Fund | To be launched |

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

2 BASIS OF PRESENTATION

These consolidated financial statements consists of holding company and its subsidiary company for the half year ended June 30, 2020.

The financial results of the Islamic banking branches have been consolidated in these unconsolidated condensed interim financial statements for reporting purposes, after eliminating inter-branch transactions and balances. Key financial figures of the Islamic banking branches are disclosed in Note 39 to these unconsolidated condensed interim financial statements.

These consolidated condensed interim financial statements have been presented in Pakistan Rupees (PKR), which is the currency of the primary economic environment in which the Bank operates and functional currency of the Bank, in that environment as well. The amounts are rounded to nearest thousand.

2.1 Statement of compliance

These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

2.1.1 Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IFRS and IFAS, the requirements of Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives, shall prevail.

2.1.2 The SBP, vide BSD Circular Letter No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39 'Financial Instruments: Recognition and Measurement' (IAS 39) and International Accounting Standard 40 'Investment Property' (IAS 40) for banking companies till further instructions. Further, according to a notification of SECP dated April 28, 2008, International Financial Reporting Standard 7 'Financial Instruments Disclosure' (IFRS 7), has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements. However, investments have been classified and disclosed in accordance with the requirements prescribed by SBP through various circulars.

2.1.3 The Securities and Exchange Commission of Pakistan (SECP) vide SRO 56 (1) / 2016 dated January 28, 2016, has notified that the requirements of International Financial Reporting Standard 10 'Consolidated Financial Statements' (IFRS 10) and section 228 of the Companies Act, 2017 will not be applicable with respect to the investment in mutual funds established under Trust structure.

2.1.4 The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred applicability of Islamic Financial Accounting Standard 3 'Profit & Loss Sharing on Deposits' (IFAS-3) issued by The Institute of Chartered Accountants of Pakistan and notified by the Securities & Exchange Commission of Pakistan (SECP), vide their SRO No. 571 of 2013

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

dated June 12, 2013 for Institutions offering Islamic Financial Services (IIFS). The standard will result in certain new disclosures in the financial statements of the Bank.

- 2.1.5 These consolidated condensed interim financial statements do not include all the information and disclosures required in the audited annual unconsolidated financial statements, and should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2019.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in preparing the audited annual consolidated financial statements of the Bank for the year ended December 31, 2019.

3.1 New standards, interpretations and amendments adopted by the bank

There are certain amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after January 01, 2020. These are considered either to not be relevant or to not have any significant impact on these consolidated condensed interim financial statements.

3.2 Standards, interpretations of and amendments to accounting and reporting standards that are not yet effective

The following standards, amendments and interpretations of accounting and reporting standards as applicable in Pakistan will be effective for accounting periods beginning on or after January 01, 2021:

| | Effective date (periods beginning on or after) |
|--|--|
| - Amendments to IFRS-16 | June 01, 2020 |
| - IAS 16 Property, Plant and Equipment (Amendments) | January 01, 2022 |
| - IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments) | January 01, 2022 |
| - Annual improvements to IFRS Standards 2018-2020 | January 01, 2022 |
| | |
| - IFRS 9 'Financial Instruments', the effective date of the standard has been extended to annual periods beginning on or after January 01, 2021 vide SBP BPRD circular no. 4 dated October 23, 2019. IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. According to SBP BPRD Circular Letter No. 15 dated March 26, 2020, the Banks / DFIs are required to have a parallel run of IFRS 9 from July 01, 2020 and are also required to prepare pro-forma financial statements which includes the impact of IFRS 9 for the year ended December 31, 2019. | |

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these consolidated condensed interim financial statements are the same as that applied in the preparation of the audited annual consolidated financial statements for the year ended December 31, 2019, except as mentioned below:

In the current period, the Bank has also made general provision against its performing portfolio of loans and advances as more fully explained in Financial Risk Management section (note 6.1) of the consolidated condensed interim financial statements.

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2019

5 BASIS OF MEASUREMENT

These consolidated condensed interim financial statements have been prepared under the historical cost convention except for the following which are stated at revalued amounts / fair values / present values:

- Investments;
- Certain fixed assets including RoU of assets and corresponding lease liability;
- Staff retirement and other benefits;
- Non-banking assets acquired in satisfaction of claims; and
- Derivative financial instruments.

6 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the audited annual consolidated financial statements for the year ended December 31, 2019, except as mentioned below:

The COVID-19 pandemic has impacted all economies and emerged as a contagion risk around the Globe. Various preventive strategies adopted by the governments including the general lockdown resulted in to halt in the operations of various industries, which has translated into a negative GDP growth rate. These measures have also impacted the Pakistan economy in no different way and disrupted the supply chain and operations of almost all industries resulting into liquidity crisis.

The State Bank of Pakistan responded in a timely manner and undertook various initiatives like:

- Reduction of the policy rate from 13.25% to 7% since the start of the pandemic.
- Reduction in the capital conservation buffer by 100 basis points to 1.5%.
- Increasing the regulatory limit on extension of credit to SMEs to Rs 180 million.
- Relaxing the debt burden ratio for consumer loans from 50% to 60%.
- Allowing banks to defer borrowers principal loan payments by one year and or restructure/reschedule loans for borrowers to relief of Principal repayment exceeding one year and / or mark up with no reflection on credit history; and
- Introduction of refinancing scheme for payment of wages and salaries.

COVID-19 will impact banks in Pakistan on a number of fronts including increase in overall credit risk pertaining to loans and advances portfolio, reduced fee income due to free of cost services offering and overall slowdown in economic activity, continuity of business operations and managing cyber security threats.

6.1 Credit risk management

The Risk Management function of the Bank is regularly conducting the assessment of the credit portfolio to identify obligors most likely to get affected due to changes in the business and economic environment resulting from the COVID-19 outbreak. The Bank is continuously strengthening its credit review procedures. The Bank expects that some of its obligors will be severely impacted by this pandemic. Since some of the obligors have also availed the SBP enabled deferment, restructuring and rescheduling relief and the full potential effect of the economic stress is difficult to predict. Given the uncertain economic environment, the management feels that it is appropriate to maintain a general provision up to 0.5% of the performing credit portfolio excluding the following:

- Government guaranteed exposure
- Consumer and staff lending
- Exposure secured by cash and cash equivalents

The provision is based on management's best estimate and in the current period, a provision of Rs. 1,311 million has been recognized in the consolidated condensed interim profit and loss account.

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2019

6.2 Liquidity risk management

SBP initiatives such as deferral of principal and rescheduling / restructuring of loans may have adverse effect on liquidity and maturity profile of the Bank, however the Bank holds sufficient liquidity buffer to absorb any unforeseen shocks during the prevailing situation. Moreover, the Asset and Liability Committee (ALCO) of the Bank continues to regularly monitor the liquidity position of the Bank in view of emerging risks.

6.3 Equity risk management

The negative impact of COVID-19 pandemic was observed in equity markets during the first half of the current year resulting in significant decline in the valuation of various equity investments on reporting date. Cognizant to this fact, the State Bank of Pakistan (SBP) through its BPRD Circular Letter No. 13 of 2020 granted relaxation in recognizing the impairment in listed equity instruments held as Available for Sale (AFS) portfolio, in phased manner. However, the Bank after carefully reviewing the portfolio, did not avail this relaxation.

6.4 Operational risk

The Bank, like all financial institutions, is exposed to operational risk and the risk of Business Continuity in current pandemic situation. The Management of the Bank is closely monitoring the situation and taking prompt decisions to ensure the uninterrupted services to the customers.

Business Continuity Plans (BCP) for all critical processes are already in place and are being tested on regular basis. However, during pandemic, the Bank has significantly enhanced monitoring of risk related to business continuity and disruption. The Bank recognizes that pandemic can cause varying degrees of disruption to normal business processes and that it has the responsibility to its customers to continue critical operations during this event. The Bank's goal is to meet this obligation with no or minimal interruption, given the circumstances and scope of disruptive event.

Employees of the Bank were mandated to work from home and their respective BCP sites where required as part of the de-crowding plan. Therefore, the Bank developed a secure and comprehensive strategy including enhanced monitoring to deal with Cybersecurity risks during these times. Related risk and control measures including regulatory protocols were assessed so as to ensure that the Bank's information assets are protected from emerging cyber threats. Various Covid - 19 related awareness campaigns took place as part of the strategy. As the Bank is majorly communicating with its customers through digital channels to ensure their safety and health, all measures were, therefore taken for the security of these channels and to ensure that complaints are resolved and turnaround times are monitored to meet the expectations of the customers.

6.5 Capital adequacy ratio (CAR)

The SBP has relaxed CAR requirements for all Tiers by reducing the Capital Conversion Buffer (CCB) from 2.5% to 1.5%. The initiative will encourage banks to extend lending despite probable reduction in profits and increased credit risk. The Bank's CAR as at June 30, 2020 stands at a sound level of 25.59%, providing cushion to absorb any unexpected shocks.

6.6 Suspension of dividends

The SBP through its Circular Letter No. BPRD/BA & CPD/006315-2/20 dated April 22, 2020 has advised that banks which had declared dividend for the quarter ended March 31, 2020 to suspend cash dividend distribution for the next two quarters.

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

| | June 30, 2020 | (Audited) December 31, 2019 |
|---|--------------------|-----------------------------------|
| | Rupees in '000 | |
| 7 CASH AND BALANCES WITH TREASURY BANKS | | |
| In hand | | |
| Local currency | 23,075,952 | 13,636,602 |
| Foreign currencies | 1,890,714 | 1,008,793 |
| | 24,966,666 | 14,645,395 |
| Remittances in transit | 4,047,428 | 1,528,644 |
| With State Bank of Pakistan (SBP) in | | |
| Local currency current accounts | 49,510,890 | 51,250,399 |
| Foreign currency current account | 128,158 | 91,812 |
| Foreign currency deposit accounts (non-remunerative) | 4,964,055 | 5,515,729 |
| Foreign currency deposit accounts (remunerative) | 9,900,779 | 16,509,764 |
| | 64,503,882 | 73,367,704 |
| With National Bank of Pakistan in | | |
| Local currency current accounts | 24,711,259 | 30,059,400 |
| Prize Bonds | 70,063 | 333,983 |
| | 118,299,298 | 119,935,126 |
| 8 BALANCES WITH OTHER BANKS | | |
| Outside Pakistan | | |
| In current accounts | 325,547 | 300,295 |
| In deposit accounts | 461,401 | 302,287 |
| | 786,948 | 602,582 |
| 9 LENDINGS TO FINANCIAL INSTITUTIONS | | |
| Call money lendings | 3,000,000 | - |
| Repurchase agreement lendings (Reverse Repo) | 29,078,751 | 2,052,491 |
| Musharaka lendings | - | 1,000,000 |
| Bai muajjal receivable | - | - |
| with State Bank of Pakistan | 913,136 | 2,704,142 |
| with other financial institutions | - | 7,850,288 |
| Certificates of investment | 70,000 | 70,000 |
| | 33,061,887 | 13,676,921 |
| Less: Provision held against lendings to financial institutions | (70,000) | (70,000) |
| Lendings to financial institutions - net of provision | 32,991,887 | 13,606,921 |

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

| | June 30, 2020 | | (Audited) December 31, 2019 | |
|---------------------------------------|--------------------|----------------|--------------------------------|----------------|
| | Classified Lending | Provision Held | Classified Lending | Provision Held |
| Rupees in '000 | | | | |
| 9.1 Category of classification | | | | |
| Domestic | | | | |
| Other Assets Especially Mentioned | - | - | - | - |
| Substandard | - | - | - | - |
| Doubtful | - | - | - | - |
| Loss | 70,000 | 70,000 | 70,000 | 70,000 |
| Total | 70,000 | 70,000 | 70,000 | 70,000 |

| | June 30, 2020 | | | | (Audited) December 31, 2019 | | | |
|----------------|-----------------------|--------------------------|---------------------|----------------|--------------------------------|--------------------------|---------------------|----------------|
| | Cost / Amortized cost | Provision for diminution | Surplus / (Deficit) | Carrying Value | Cost / Amortized cost | Provision for diminution | Surplus / (Deficit) | Carrying Value |
| Rupees in '000 | | | | | | | | |

10 INVESTMENTS

10.1 Investments by type:

| Held-for-trading securities | | | | | | | | |
|---|--------------------|--------------------|-------------------|--------------------|--------------------|--------------------|-------------------|--------------------|
| Federal Government Securities | - | - | - | - | 19,862,396 | - | 5,767 | 19,868,163 |
| Open ended Mutual Funds/ Pension Funds | 2,376,884 | - | (177,701) | 2,199,183 | 2,061,722 | - | 135,712 | 2,197,434 |
| | 2,376,884 | - | (177,701) | 2,199,183 | 21,924,118 | - | 141,479 | 22,065,597 |
| Available-for-sale securities | | | | | | | | |
| Federal Government Securities* | 586,193,328 | (23,854) | 8,347,558 | 594,517,032 | 677,300,056 | (15,961) | 1,689,073 | 678,973,168 |
| Shares | 21,167,310 | (2,811,046) | 4,052,237 | 22,408,501 | 24,349,646 | (3,202,822) | 9,686,372 | 30,833,196 |
| Non Government Debt Securities | 22,248,002 | (21,071) | (3,480) | 22,223,451 | 13,633,213 | (21,071) | (37,667) | 13,574,475 |
| Foreign Securities | 1,037,692 | - | - | 1,037,692 | 1,037,692 | - | - | 1,037,692 |
| Open Ended Mutual Funds | 25,000 | - | (1,851) | 23,149 | 63,834 | - | 91,424 | 155,258 |
| | 630,671,332 | (2,855,971) | 12,394,464 | 640,209,825 | 716,384,441 | (3,239,854) | 11,429,202 | 724,573,789 |
| Held-to-maturity securities | | | | | | | | |
| Federal Government Securities | 13,132,490 | - | - | 13,132,490 | 13,015,041 | - | - | 13,015,041 |
| Non Government Debt Securities | 344,260 | (344,260) | - | - | 344,260 | (344,260) | - | - |
| | 13,476,750 | (344,260) | - | 13,132,490 | 13,359,301 | (344,260) | - | 13,015,041 |
| Total Investments | 646,524,966 | (3,200,231) | 12,216,763 | 655,541,498 | 751,667,860 | (3,584,114) | 11,570,681 | 759,654,427 |

* Provision for diminution against federal government securities represents expected credit loss provisioning under IFRS 9 on portfolio pertaining to overseas branch.

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

| | June 30, 2020 | (Audited) December 31, 2019 |
|--|------------------|-----------------------------------|
| | Rupees in '000 | |
| 10.1.1 Investments given as collateral | | |
| Market Treasury Bills | - | 145,442,739 |
| Pakistan Investment Bonds | - | 48,417,010 |
| GOP Foreign Currency Sukuks (US\$) | - | 2,957,611 |
| GOP Foreign Currency Bonds (US\$) | 1,394,862 | - |
| Total Investments given as collateral | 1,394,862 | 196,817,360 |
| 10.2 Provision for diminution in value of investments | | |
| 10.2.1 Opening balance | 3,584,114 | 2,654,539 |
| Exchange adjustments | 1,345 | 3,163 |
| Charge / reversals | | |
| Charge for the period / year | 608,577 | 1,118,302 |
| Reversals for the period / year | (21,017) | (139,161) |
| | 587,560 | 979,141 |
| Reversal on disposals period / year | (972,789) | (52,729) |
| Closing Balance | 3,200,230 | 3,584,114 |

| | (Audited) | | | |
|--|---------------------------------|----------------|---------------------------------|----------------|
| | June 30, 2020 | | December 31, 2019 | |
| | Non Performing Investment | Provision | Non Performing Investment | Provision |
| | Rupees in '000 | | | |
| 10.2.2 Particulars of provision against debt securities | | | | |
| Category of Classification | | | | |
| Domestic | | | | |
| Other assets especially mentioned | - | - | - | - |
| Substandard | - | - | - | - |
| Doubtful | - | - | - | - |
| Loss | 365,331 | 365,331 | 365,331 | 365,331 |
| | 365,331 | 365,331 | 365,331 | 365,331 |
| Overseas | | | | |
| Not past due but impaired* | 4,199,838 | 23,854 | 3,869,387 | 15,961 |
| Overdue by: | | | | |
| Upto 90 days | - | - | - | - |
| 91 to 180 days | - | - | - | - |
| 181 to 365 days | - | - | - | - |
| >365 days | - | - | - | - |
| Total | 4,565,169 | 389,185 | 4,234,718 | 381,292 |

* Provision represents expected credit loss provisioning in overseas branch.

10.3 The market value of Pakistan Investment Bonds classified as held-to-maturity as at June 30, 2020 amounted to Rs. 11,932.4 million (December 31, 2019: Rs. 10,848.5 million).

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

| | Performing | | Non Performing | | Total | | |
|---|------------------|-------------------|----------------|-------------------|---------------|-------------------|--------------|
| | Audited | | Audited | | Audited | | |
| | June 30, 2020 | December 31, 2019 | June 30, 2020 | December 31, 2019 | June 30, 2020 | December 31, 2019 | |
| Rupees in '000 | | | | | | | |
| 11 ADVANCES | | | | | | | |
| Loans, cash credits, running finances, etc. | 407,672,018 | 467,880,949 | 13,737,510 | 14,450,873 | 421,409,528 | 482,331,822 | |
| Islamic financing and related assets | 39.3 21,478,471 | 12,615,228 | - | - | 21,478,471 | 12,615,228 | |
| Bills discounted and purchased | 3,084,637 | 3,853,892 | 1,401,205 | 1,403,045 | 4,465,842 | 5,256,937 | |
| Advances - gross | 11.1 432,215,126 | 484,350,069 | 15,138,715 | 15,853,918 | 447,353,841 | 500,203,987 | |
| Provision against advances | | | | | | | |
| Specific | 11.2 & 11.3 | - | - | (14,822,686) | (15,112,624) | (14,822,686) | (15,112,624) |
| General | 11.3 | (1,328,240) | (39,795) | - | - | (1,328,240) | (39,795) |
| | | (1,328,240) | (39,795) | (14,822,686) | (15,112,624) | (16,150,926) | (15,152,419) |
| Advances - net of provision | | 430,886,886 | 484,310,274 | 318,029 | 741,294 | 431,202,915 | 485,051,568 |

(Audited)
June 30, 2020 December 31, 2019

| | | Rupees in '000 | |
|---|--|--------------------|--------------------|
| 11.1 Particulars of advances (gross) | | | |
| In local currency | | 441,996,692 | 484,455,795 |
| In foreign currencies | | 5,357,149 | 15,748,192 |
| | | <u>447,353,841</u> | <u>500,203,987</u> |

11.2 Advances include Rs. 15,138.715 million (December 31, 2019: Rs. 15,853.918 million) which have been placed under non-performing status as detailed below:

| | (Audited) | | | |
|------------------------------------|----------------------|--------------------|----------------------|--------------------|
| | June 30, 2020 | | December 31, 2019 | |
| | Non Performing Loans | Specific Provision | Non Performing Loans | Specific Provision |
| Rupees in '000 | | | | |
| Category of Classification: | | | | |
| Domestic | | | | |
| Other Assets Especially Mentioned | 38,693 | 190 | 35,436 | 449 |
| Substandard | 173,355 | 42,298 | 809,938 | 202,107 |
| Doubtful | 292,938 | 146,469 | 196,952 | 98,476 |
| Loss | 14,633,729 | 14,633,729 | 14,811,592 | 14,811,592 |
| Total | 15,138,715 | 14,822,686 | 15,853,918 | 15,112,624 |

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

| | Note | (Audited) | | | | | |
|---|--------|---------------|-----------|------------|-------------------|---------|-------------|
| | | June 30, 2020 | | | December 31, 2019 | | |
| | | Specific | General | Total | Specific | General | Total |
| Rupees in '000 | | | | | | | |
| 11.3 Particulars of provision against advances | | | | | | | |
| Opening balance | | 15,112,624 | 39,795 | 15,152,419 | 15,533,497 | 15,868 | 15,549,365 |
| Exchange adjustments | | - | 1,853 | 1,853 | - | (896) | (896) |
| Charge for the period / year | 11.3.2 | 534,423 | 1,311,403 | 1,845,826 | 589,752 | 24,823 | 614,575 |
| Reversals | | (227,118) | (24,811) | (251,929) | (1,008,707) | - | (1,008,707) |
| | | 307,305 | 1,286,592 | 1,593,897 | (418,955) | 24,823 | (394,132) |
| Amounts written off | | (597,243) | - | (597,243) | (1,918) | - | (1,918) |
| Closing balance | | 14,822,686 | 1,328,240 | 16,150,926 | 15,112,624 | 39,795 | 15,152,419 |

11.3.1 No benefit of forced sale value of the collaterals held by the Bank is taken while determining the provision against non-performing loans as allowed under BSD Circular No. 01 dated October 21, 2011.

11.3.2 General provision also includes Rs. 1,311.403 million (December 31, 2019: Nil) as discussed in Note 6.1.

| | Note | (Audited) | |
|--------------------------|------|-------------------|-------------------|
| | | June 30, 2020 | December 31, 2019 |
| Rupees in '000 | | | |
| 12 FIXED ASSETS | | | |
| Capital work-in-progress | 12.1 | 3,585,373 | 2,991,144 |
| Property and equipment | | 54,197,942 | 51,161,710 |
| Right-of-Use Assets | | 7,875,569 | 8,087,208 |
| | | 65,658,884 | 62,240,062 |

12.1 Capital work-in-progress

| | | |
|-----------------------|------------------|------------------|
| Civil works | 3,137,549 | 2,219,464 |
| Equipment | 6,546 | 6,546 |
| Advances to suppliers | 441,278 | 765,134 |
| | 3,585,373 | 2,991,144 |

12.2 Additions to fixed assets

The following additions have been made to fixed assets during the period:

| | June 30, 2020 | June 30, 2019 |
|--|------------------|------------------|
| Rupees in '000 | | |
| Capital work-in-progress | 926,085 | 799,874 |
| Property and equipment | | |
| Freehold land | 3,112,010 | 604,779 |
| Leasehold land | 554,130 | - |
| Building on freehold land | 85,626 | 127,379 |
| Building on leasehold land | 45,058 | 80,468 |
| Furniture and fixture | 158,260 | 121,945 |
| Electrical office and computer equipment | 604,992 | 737,568 |
| Vehicles | 42,504 | 299,700 |
| Others-building improvements | 283,969 | 217,126 |
| | 4,886,549 | 2,188,965 |
| Right-of-Use Assets | 586,156 | 203,804 |
| Total | 6,398,790 | 3,192,643 |

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

12.3 Disposal of fixed assets

The net book value of fixed assets disposed off during the period is as follows:

| | June 30, 2020 | June 30, 2019 |
|--|------------------|------------------|
| | Rupees in '000 | |
| Furniture and fixture | 330 | 1,483 |
| Electrical office and computer equipment | 1,504 | 10,123 |
| Vehicles | 7,344 | 11,345 |
| Building | 48,810 | 60,400.00 |
| Total | 57,988 | 83,351 |

| | June 30, 2020 | (Audited) December 31, 2019 |
|-----------------------------|------------------|-----------------------------------|
| | Rupees in '000 | |
| 13 INTANGIBLE ASSETS | | |
| Capital work-in-progress | 1,052,882 | 650,104 |
| Computer Software | 1,536,037 | 1,325,794 |
| | 2,588,919 | 1,975,898 |

13.1 Capital work-in-progress

| | June 30, 2020 | June 30, 2019 |
|-----------------------|------------------|------------------|
| Software | 1,026,086 | 623,308 |
| Advances to suppliers | 26,796 | 26,796 |
| | 1,052,882 | 650,104 |

13.2 Additions to intangible assets

The following additions are made to intangible assets through direct purchases during the period:

| | June 30, 2020 | June 30, 2019 |
|--------------------------|------------------|------------------|
| | Rupees in '000 | |
| Directly purchased | 335,044 | - |
| Capital work-in-progress | 402,780 | 101,841 |
| Software | - | 133,474 |
| Total | 737,824 | 235,315 |

13.3 Disposals of intangible assets

No intangible assets were disposed off during the period.

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

| | Note | June 30, 2020 | (Audited) December 31, 2019 |
|----------------|---------------------|------------------|-----------------------------------|
| Rupees in '000 | | | |
| 14 | OTHER ASSETS | | |
| | | 20,056,601 | 20,573,788 |
| | | 236,242 | 245,676 |
| | | 1,705,600 | 1,293,653 |
| | | 1,738,628 | 3,817,847 |
| | | 886,609 | 1,609,193 |
| | | 2,854,927 | - |
| | | 5,034,230 | 5,182,716 |
| | | | |
| | | 4,690,184 | 4,440,411 |
| | | 528,102 | 524,357 |
| | | 330,720 | 286,343 |
| | | 119,460 | 97,601 |
| | | 101,446 | 93,978 |
| | | 1,126 | 6,033 |
| | | 27,280 | 32,329 |
| | | 1,150 | 1,387 |
| | | 17,826 | 96,535 |
| | | 38,330,131 | 38,301,847 |
| | 14.1 | (864,623) | (862,460) |
| | | 37,465,508 | 37,439,387 |
| | | 983,934 | 2,877,470 |
| | | 38,449,442 | 40,316,857 |

14.1 Provision held against other assets

| | | | |
|--|--|---------|---------|
| | | 138,531 | 127,037 |
| | | 528,102 | 524,357 |
| | | 24,295 | 24,295 |
| | | 27,279 | 32,327 |
| | | 146,416 | 154,444 |
| | | 864,623 | 862,460 |

14.1.1 Movement in provision held against other assets

| | | | |
|--|--|----------|-----------|
| | | 862,460 | 787,203 |
| | | 30,276 | 213,529 |
| | | (4,100) | (112,865) |
| | | 26,176 | 100,664 |
| | | (24,013) | (25,407) |
| | | 864,623 | 862,460 |

15 CONTINGENT ASSETS

There were no contingent assets of the Bank as at June 30, 2020 and December 31, 2019.

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

| | Note | June 30, 2020 | (Audited) December 31, 2019 |
|----------------|---|------------------|-----------------------------------|
| Rupees in '000 | | | |
| 16 | BILLS PAYABLE | | |
| | In Pakistan | 9,508,205 | 7,878,626 |
| 17 | BORROWINGS | | |
| | Secured | | |
| | Borrowings from State Bank of Pakistan | | |
| | Repurchase agreement borrowings | - | 170,120,570 |
| | Under Export Refinance Scheme | 25,027,649 | 22,523,266 |
| | Under Payroll Refinance Scheme | 1,336,075 | - |
| | Under Long Term Financing Facility | 25,366,480 | 21,852,621 |
| | | 51,730,204 | 214,496,457 |
| | Repurchase agreement borrowings from Financial Institutions | 1,394,862 | 26,585,287 |
| | Total Secured | 53,125,066 | 241,081,744 |
| | Unsecured | | |
| | Call borrowings | 9,911,625 | 24,602,435 |
| | Overdrawn nostro accounts | 155,893 | 64,207 |
| | Musharaka borrowing | 4,800,000 | 700,000 |
| | Other borrowings | 95,050 | - |
| | Total unsecured | 14,962,568 | 25,366,642 |
| | | 68,087,634 | 266,448,386 |

| | (Audited) | | | | | | |
|----------------|------------------------------------|--------------------------|-------------|----------------------|--------------------------|-------------|---------------|
| | June 30, 2020 | | | December 31, 2019 | | | |
| | In Local Currency | In Foreign Currencies | Total | In Local Currency | In Foreign Currencies | Total | |
| Rupees in '000 | | | | | | | |
| 18 | DEPOSITS AND OTHER ACCOUNTS | | | | | | |
| | Customers | | | | | | |
| | Current deposits | 353,974,784 | 23,138,940 | 377,113,724 | 327,523,076 | 20,719,488 | 348,242,564 |
| | Savings deposits | 439,051,568 | 21,462,221 | 460,513,789 | 403,505,248 | 21,019,875 | 424,525,123 |
| | Term deposits | 91,482,431 | 55,993,357 | 147,475,788 | 107,203,269 | 63,293,352 | 170,496,621 |
| | Others | 27,575,539 | 33,531 | 27,609,070 | 19,207,173 | 30,890 | 19,238,063 |
| | | 912,084,322 | 100,628,049 | 1,012,712,371 | 857,438,766 | 105,063,605 | 962,502,371 |
| | Financial Institutions | | | | | | |
| | Current deposits | 31,056,720 | 23,672 | 31,080,392 | 39,711,458 | 41,039 | 39,752,497 |
| | Savings deposits | 57,137,917 | - | 57,137,917 | 33,707,054 | - | 33,707,054 |
| | Term deposits | 5,130,350 | 43,693 | 5,174,043 | 10,011,200 | 40,261 | 10,051,461 |
| | Others | 5,421 | - | 5,421 | 3,005,421 | - | 3,005,421 |
| | | 93,330,408 | 67,365 | 93,397,773 | 86,435,133 | 81,300 | 86,516,433 |
| | | 1,005,414,730 | 100,695,414 | 1,106,110,144 | 943,873,899 | 105,144,905 | 1,049,018,804 |

18.1 This includes deposits eligible to be covered under insurance arrangements amounting to Rs. 677,791 million for June 30, 2020 (December 31, 2019: 628,087 million).

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

| | Note | June 30, 2020 | (Audited) December 31, 2019 |
|---|------|-------------------|-----------------------------------|
| Rupees in '000 | | | |
| 19 DEFERRED TAX LIABILITIES | | | |
| Deductible Temporary Differences on | | | |
| Provision against investments | | (19,093) | (19,093) |
| Provision against other assets | | (21,987) | (43,039) |
| Provision against off balance sheet obligations | | (14,824) | (14,824) |
| Provision against advances | | (641,593) | (115,184) |
| Post retirement medical benefits | | (47,921) | (42,980) |
| Workers welfare fund | | (641,468) | (520,980) |
| | | (1,386,886) | (756,100) |
| Taxable Temporary Differences on | | | |
| Surplus on revaluation of fixed assets | | 1,051,100 | 1,091,465 |
| Surplus on revaluation of investments | | 4,311,398 | 4,015,045 |
| Surplus on revaluation on non-banking assets | | 121,047 | 136,789 |
| Actuarial gains | | 68,002 | 68,002 |
| Accelerated tax depreciation / amortization | | 1,161,788 | 1,344,767 |
| Excess of investment in finance lease over written down value of leased assets | | (4,895) | 12,407 |
| | | 6,708,440 | 6,668,475 |
| | | 5,321,554 | 5,912,375 |
| 20 OTHER LIABILITIES | | | |
| Mark-up / return / interest payable in local currency | | 3,546,128 | 4,323,269 |
| Mark-up / return / interest payable in foreign currencies | | 322,495 | 519,548 |
| Accrued expenses | | 1,215,733 | 1,640,767 |
| Retention money payable | | 351,960 | 342,559 |
| Unearned commission and income on bills discounted | | 142,198 | 115,745 |
| Acceptances | | 5,034,230 | 5,182,716 |
| Unclaimed dividends | | 348,571 | 330,514 |
| Dividend payable | | 20,741 | 23,558 |
| Branch adjustment account | | 1,104,791 | 41,140 |
| Unrealized loss on forward foreign exchange contracts | | - | 2,714,153 |
| Provision for: | | | |
| Gratuity | | 623,977 | 620,977 |
| Employees' medical benefits | | 1,378,259 | 1,365,237 |
| Employees' compensated absences | | 668,765 | 668,547 |
| Early retirement | | 513,832 | 337,527 |
| Payable to defined contribution plan | | 97,150 | 84,946 |
| Provision against off-balance sheet obligations | 20.1 | 314,494 | 313,043 |
| Security deposits against lease | | 696,423 | 712,112 |
| ATM / POS settlement account | | 1,093,645 | 1,243,494 |
| Charity fund balance | | 53 | 15 |
| Home Remittance Cell overdraft | | 837,830 | 490,972 |
| With-holding tax payable | | 2,205,196 | 2,348,629 |
| Sundry deposits | | 2,309,776 | 2,451,078 |
| Workers welfare fund payable | | 1,868,518 | 1,522,454 |
| Present value of lease liability | | 8,816,655 | 8,625,316 |
| Others | | 728,774 | 895,380 |
| | | 34,240,194 | 36,913,696 |

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

| | (Audited) | |
|---|------------------|----------------------|
| | June 30, 2020 | December 31, 2019 |
| | Rupees in '000 | |
| 20.1 Provision against off-balance sheet obligations | | |
| Opening balance | 313,043 | 306,342 |
| Charge for the period / year | 1,451 | 6,701 |
| Reversals | - | - |
| | 1,451 | 6,701 |
| Closing balance | 314,494 | 313,043 |

| | (Audited) | | (Audited) | |
|--|------------------|----------------------|------------------|----------------------|
| | June 30, 2020 | December 31, 2019 | June 30, 2020 | December 31, 2019 |
| | Rupees in '000 | | Rupees in '000 | |

| | | | | |
|--|---------------|---------------|---|-----------------------|
| 21 SHARE CAPITAL | | | | |
| 21.1 Authorized capital | | | | |
| | 1,500,000,000 | 1,500,000,000 | Ordinary shares of Rs.10/- each | 15,000,000 15,000,000 |
| 21.2 Issued, subscribed and paid-up capital | | | | |
| Fully paid-up Ordinary shares of Rs. 10/- each | | | | |
| | 406,780,094 | 406,780,094 | Fully paid in cash | 4,067,801 4,067,801 |
| | 720,745,186 | 720,745,186 | Issued as bonus shares | 7,207,452 7,207,452 |
| | 1,127,525,280 | 1,127,525,280 | | 11,275,253 11,275,253 |
| | 9,148,550 | 9,148,550 | 18,348,550 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation in accordance with the swap ratio stipulated therein less 9,200,000 ordinary shares of Rs. 10 each, held by Ibrahim Leasing Limited on the cut-off date (September 30, 2004) | 91,486 91,486 |
| | 8,400,000 | 8,400,000 | 8,400,000 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation of First Allied Bank Modaraba with Allied Bank Limited in accordance with the share swap ratio stipulated therein. | 84,000 84,000 |
| | 1,145,073,830 | 1,145,073,830 | | 11,450,739 11,450,739 |

Ibrahim Holdings (Private) Limited (holding company of the Bank), holds 972,510,410 (84.93%) [December 31, 2019: 972,510,410 (84.93%)] ordinary shares of Rs. 10 each respectively, as at reporting date.

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

| | Note | June 30, 2020 | (Audited) December 31, 2019 |
|---|---|------------------|-----------------------------------|
| Rupees in '000 | | | |
| 22 | SURPLUS ON REVALUATION OF ASSETS - NET OF TAX | | |
| Surplus arising on revaluation of: | | | |
| Fixed assets | | 18,463,693 | 16,730,460 |
| Non-banking assets acquired in satisfaction of claims | | 983,934 | 2,877,470 |
| Available-for-sale securities | | 12,394,465 | 11,429,202 |
| | | 31,842,092 | 31,037,132 |
| Deferred tax on surplus on revaluation of: | | | |
| Fixed assets | | (1,051,100) | (1,091,464) |
| Non-banking assets acquired in satisfaction of claims | | (121,047) | (136,789) |
| Available-for-sale securities | | (4,338,063) | (4,000,221) |
| | | (5,510,210) | (5,228,474) |
| | | | |
| Surplus on revaluation of assets - net of tax | | 26,331,882 | 25,808,658 |
| 23 | CONTINGENCIES AND COMMITMENTS | | |
| Guarantees | 23.1 | 38,948,425 | 32,308,285 |
| Commitments | 23.2 | 312,159,786 | 424,349,828 |
| Other contingent liabilities | 23.3 | 8,729,684 | 8,923,603 |
| | | 359,837,895 | 465,581,716 |
| 23.1 | Guarantees | | |
| Financial guarantees | | 8,759,747 | 4,594,077 |
| Performance guarantees | | 6,141,584 | 5,508,570 |
| Other guarantees | | 24,047,094 | 22,205,638 |
| | | 38,948,425 | 32,308,285 |
| 23.2 | Commitments | | |
| Documentary credits and short term trade related transactions: | | | |
| letters of credit | | 54,284,487 | 60,392,362 |
| Commitments in respect of: | | | |
| forward foreign exchange contracts | 23.2.1 | 251,841,838 | 358,881,918 |
| forward government securities transactions | 23.2.2 | 2,189,287 | 513,938 |
| operating leases | 23.2.3 | 273,456 | 320,145 |
| Commitments for acquisition of: | | | |
| fixed assets | | 3,319,902 | 4,199,234 |
| intangible assets | | 208,585 | - |
| Other Commitments | | 42,231 | 42,231 |
| | | 312,159,786 | 424,349,828 |
| 23.2.1 | Commitments in respect of forward foreign exchange contracts | | |
| Purchase | | 167,668,052 | 220,381,401 |
| Sale | | 84,173,786 | 138,500,517 |
| | | 251,841,838 | 358,881,918 |

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

| | (Audited) June 30, 2020 | December 31, 2019 |
|--|-------------------------------|----------------------|
| | Rupees in '000 | |
| 23.2.2 Commitments in respect of forward government securities transactions | | |
| Purchase | 2,189,287 | 464,217 |
| Sale | - | 49,721 |
| | <u>2,189,287</u> | <u>513,938</u> |
| 23.2.3 Commitments in respect of operating leases | | |
| Not later than one year | 102,948 | 76,013 |
| Later than one year and not later than five years | 145,352 | 213,971 |
| Later than five years | 25,156 | 30,161 |
| | <u>273,456</u> | <u>320,145</u> |
| 23.3 Other contingent liabilities | | |
| 23.3.1 Claims against the Bank not acknowledged as debt | 8,729,684 | 8,923,603 |

23.3.2 The income tax assessments of the Group are finalized upto and including tax year 2019 for local, Azad Kashmir and Gilgit Baltistan operations. While finalizing income tax assessments upto tax year 2019, income tax authorities made certain add backs with aggregate tax impact of Rs.27,003 million (December 31, 2019: 25,467 million). As a result of appeals filed by the Group before appellate authorities, most of the add backs have been deleted. However, the Group and Tax Department are in appeals and references before higher forums against unfavorable decisions. Pending finalization of appeals and references no provision is made by the Group on aggregate sum of Rs. 27,003 million (December 31, 2019: 25,467 million). The management is confident that the outcome of these appeals and references will be in favor of the Group.

Tax Authorities have conducted proceedings of withholding tax audit under section 161/205 of Income Tax Ordinance, 2001 for tax year 2003 to 2006 and tax year 2008 to 2018 and created an arbitrary demand of Rs. 1,720 million (December 31, 2019: 1,720 million). The Group's appeals before CIR(A)/Appellate Tribunal Inland Revenue (ATIR) are pending for adjudication. The management is confident that these appeals will be decided in favor of the Group; therefore, no provision is made against the said demand of Rs. 1,720 million (December 31, 2019: 1,720 million).

Tax authorities have also issued orders under Federal Excise Act, 2005 / Sales Tax Act, 1990 and Sindh Sales Tax on Services Act, 2011 for the year 2008 to 2017 thereby creating arbitrary aggregate demand of Rs. 963 million (December 31, 2019: 963 million). The Group's appeals before CIR(A)/Appellate Tribunal Inland Revenue (ATIR) are pending for adjudication. The management is confident that aforesaid demand will be deleted by appellate authorities and therefore no provision has been made against the said demand of Rs. 963 million (December 31, 2019: 963 million).

23.3.3 As a result of default by Fateh Textile Mills in complying with the terms of compromise decree passed in August 2002 by the Honourable High Court of Sindh, 16,376,106 shares of ABL were sold in accordance with section 19 (3) of the Financial Institutions (Recovery of Finances) Ordinance, 2001, after complying with the due and complete transparent process. Sealed bids were invited from interested parties. The bidding process was scheduled for July 23, 2004 and Rs. 25 per share was fixed reserve price. On the bid date, the highest offer for these shares was received at a rate of Rs. 25.51 per share. The bid was approved and the successful bidder had deposited an amount of Rs. 417.75 million with the Bank.

Fateh Textile Mills Limited filed suit in the High Court of Sindh challenging the above sale of shares. The High Court had not granted a stay order against the said sale. The sale of shares was, therefore, concluded.

23.3.4 While adjudicating foreign exchange repatriation cases of exporter namely: Fateh Textile Mills Limited, the Foreign Exchange Adjudicating Court (FEAC) of the State Bank of Pakistan (SBP) has arbitrarily

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2020

adjudicated penalties against various banks including Rs. 2,173 million in aggregate against Allied Bank Limited (the Bank). Against the said judgments, the Bank had filed appeals before the Appellate Board and Constitutional Petitions (CP) in the High Court of Sindh, Karachi. The Honorable High Court granted relief to the Bank by way of interim orders. Meanwhile, alongwith other banks, Bank filed a further CP whereby vires of section 23C of the FE Regulations Act, 1947 was sought to be declared ultra vires. On November 8, 2018, the Honorable court was pleased to order that the Appellate Board shall not finally decide the appeals. Subsequently, the earlier CPs were disposed of vide order dated January 15, 2019 with a direction to the Appellate Board to first decide the stay application of the Bank and till then, the Foreign Exchange Regulation Department was restrained from taking any coercive action against the Bank. Based on merits of the appeals, the management is confident that these appeals shall be decided in favor of the Bank and therefore no provision is made against the impugned penalty.

24 DERIVATIVE INSTRUMENTS

The Group at present does not offer structured derivative products such as Interest Rate Swaps, Forward Rate Agreements or FX Options. However, the Group buys and sells derivative instruments such as:

- Forward Exchange Contracts
- Foreign Exchange Swaps
- Equity Futures
- Forward Contracts for Government Securities

The accounting policies used to recognize and disclose derivatives and definitions are same as those disclosed in audited annual consolidated financial statements as at December 31, 2018.

| | Note | Half Year Ended | | Quarter Ended | |
|---|------|-------------------|-------------------|-------------------|-------------------|
| | | June 30, 2020 | June 30, 2019 | June 30, 2020 | June 30, 2019 |
| Rupees in '000 | | | | | |
| 25 MARK-UP / RETURN / INTEREST EARNED | | | | | |
| On: | | | | | |
| Loans and advances | | 26,016,242 | 22,165,888 | 11,956,863 | 11,529,625 |
| Investments | | 34,809,278 | 23,482,299 | 17,602,874 | 14,201,749 |
| Lendings to financial institutions | | 1,087,066 | 6,097,559 | 327,968 | 1,742,285 |
| Balances with banks | | 35,505 | 264,913 | (10,858) | 192,388 |
| | | 61,948,091 | 52,010,659 | 29,876,847 | 27,666,047 |
| 26 MARK-UP / RETURN / INTEREST EXPENSED | | | | | |
| On: | | | | | |
| Deposits | | 29,498,761 | 25,676,409 | 12,572,605 | 13,794,495 |
| Borrowings | | 3,850,371 | 5,213,875 | 2,295,483 | 3,023,680 |
| Cost of foreign currency swaps against foreign currency deposits | | 3,067,758 | 1,898,692 | 1,372,210 | 1,212,030 |
| Interest expense on lease liability | | 525,012 | 489,995 | 246,378 | 489,995 |
| | | 36,941,902 | 33,278,971 | 16,486,676 | 18,520,200 |
| 27 FEE AND COMMISSION INCOME | | | | | |
| Card related fees (debit and credit cards) | | 944,972 | 729,420 | 425,845 | 354,824 |
| Branch banking customer fees | | 999,183 | 972,044 | 480,812 | 483,336 |
| Commission on remittances including home remittances | | 506,133 | 376,081 | 309,489 | 146,697 |
| Investment banking fees | | 327,779 | 359,789 | 62,387 | 107,965 |
| Commission on trade | | 156,594 | 174,429 | 71,673 | 88,464 |
| Commission on cash management | | 82,205 | 63,223 | 37,749 | 37,261 |
| Commission on guarantees | | 65,992 | 49,635 | 24,657 | 25,521 |
| Commission on bancassurance | | 47,959 | 57,140 | 12,116 | 26,772 |
| Credit related fees | | 14,805 | 23,399 | 3,325 | 2,867 |
| Consumer finance related fees | | 1,803 | 2,203 | 758 | 1,128 |
| | | 3,147,425 | 2,807,363 | 1,428,811 | 1,274,835 |
| 28 GAIN ON SECURITIES | | | | | |
| Realised - net | 28.1 | 2,431,052 | 437,260 | 1,500,294 | 394,123 |
| Unrealised - 'held for trading' | 10.1 | (177,702) | (42,308) | (116,413) | (76,544) |
| | | 2,253,350 | 394,952 | 1,383,881 | 317,579 |

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

| | Half Year Ended | | Quarter Ended | |
|--|-------------------|-------------------|------------------|------------------|
| | June 30, 2020 | June 30, 2019 | June 30, 2020 | June 30, 2019 |
| Rupees in '000 | | | | |
| 28.1 Realised gain / (loss) on: | | | | |
| Federal government securities | 1,581,812 | 387,218 | 1,101,611 | 388,379 |
| Shares | 755,402 | (1,238) | 401,727 | (1) |
| Non government debt securities | (259) | (370) | (122) | (178) |
| Open Ended Mutual Funds | 94,097 | 51,650 | | |
| | 2,431,052 | 437,260 | 1,503,216 | 388,200 |
| 29 OTHER INCOME | | | | |
| Recovery of written off mark-up and charges | 226 | 10,168 | - | 10,061 |
| Gain on sale of fixed assets - net | 61,209 | 220,707 | 56,868 | 137,862 |
| Gain on sale of non-banking assets - net | - | 14,266 | - | 14,266 |
| Other assets disposal | 19,759 | 12,680 | 17,602 | 2,291 |
| Rent on property | - | - | - | - |
| Fee for attending Board meetings | 933 | 1,462 | 521 | 757 |
| Income from data centre hosting service | 7,382 | - | 2,953 | - |
| Gain on sale of islamic financing and related assets | 3,058 | - | 547 | - |
| | 92,567 | 259,283 | 78,491 | 165,237 |
| 30 OPERATING EXPENSES | | | | |
| Total compensation expense | 7,028,375 | 6,299,178 | 3,643,472 | 3,386,738 |
| Property expense: | | | | |
| Depreciation | 2,116,504 | 1,925,623 | 1,074,388 | 1,364,061 |
| Rent and taxes | 101,001 | 121,037 | 50,281 | (382,468) |
| Utilities cost | 469,485 | 445,979 | 226,697 | 244,620 |
| Security (including guards) | 482,787 | 386,257 | 240,098 | 194,501 |
| Repair and maintenance (including janitorial charges) | 405,404 | 274,956 | 200,491 | 158,480 |
| Insurance | 42,918 | 35,640 | 23,140 | 17,751 |
| | 3,618,099 | 3,189,492 | 1,815,095 | 1,596,945 |
| Information technology expenses: | | | | |
| Depreciation | 388,333 | 315,087 | 196,345 | 159,301 |
| Amortization | 124,802 | 224,618 | 61,491 | 114,061 |
| Network charges | 331,630 | 306,478 | 169,804 | 176,656 |
| Software maintenance | 274,560 | 222,876 | 186,975 | 133,384 |
| Hardware maintenance | 207,026 | 161,614 | 148,072 | 131,634 |
| Others | 18,997 | 3,620 | 17,435 | 1,942 |
| | 1,345,348 | 1,234,293 | 780,122 | 716,978 |
| Other operating expenses: | | | | |
| Insurance | 581,033 | 546,558 | 287,778 | 303,300 |
| Outsourced service costs | 375,987 | 288,621 | 183,235 | 148,327 |
| Stationery and printing | 193,899 | 190,315 | 90,533 | 88,356 |
| Cash in Transit service charge | 259,005 | 202,676 | 144,597 | 117,527 |
| Marketing, advertisement and publicity | 420,144 | 545,245 | 140,605 | 461,822 |
| Depreciation | 114,078 | 105,610 | 55,942 | 54,740 |
| Travelling and conveyance | 88,993 | 90,800 | 29,503 | 57,851 |
| Postage and courier charges | 77,829 | 52,062 | 37,938 | 19,964 |
| NIFT clearing charges | 59,893 | 57,049 | 28,243 | 29,077 |
| Communication | 45,125 | 44,331 | 23,373 | 21,873 |
| Legal and professional charges | 53,697 | 45,538 | 25,620 | 23,450 |
| Auditors Remuneration | 9,237 | 13,455 | 3,736 | 6,074 |
| Directors fees and allowances | 14,127 | 15,316 | 6,536 | 9,512 |
| Fees and allowances to Shariah Board | 3,081 | 3,029 | 1,468 | 1,515 |
| Training and development | 47,305 | 38,100 | 30,925 | 23,129 |
| Donations | 75,331 | 33,632 | 66,700 | 32,036 |
| Others | 199,854 | 199,578 | 96,467 | 87,966 |
| | 2,618,618 | 2,471,915 | 1,253,199 | 1,486,519 |
| | 14,610,440 | 13,194,878 | 7,491,888 | 7,187,180 |

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

| | Note | Half Year Ended | | Quarter Ended | |
|-----------------------------------|------|------------------|------------------|------------------|------------------|
| | | June 30, 2020 | June 30, 2019 | June 30, 2020 | June 30, 2019 |
| Rupees in '000 | | | | | |
| 31 OTHER CHARGES | | | | | |
| Penalties imposed by | | | | | |
| State Bank of Pakistan | | 277 | 83 | - | 83 |
| Education cess | | 23,502 | - | 11,751 | - |
| Depreciation - non-banking assets | | 16,745 | 9,919 | 8,379 | 4,960 |
| Others | | 49,257 | - | 24,257 | (25,000) |
| Other assets written off | | - | 85 | - | - |
| | | 89,781 | 10,087 | 44,387 | (19,957) |

| | | | | | |
|---|--------|------------------|------------------|------------------|-----------------|
| 32 PROVISIONS AND WRITE OFFS - NET | | | | | |
| Provision for diminution in the | | | | | |
| value of investments | 10.2.1 | 587,560 | (120,252) | 8,577 | (127,566) |
| provision / (Reversal) against | | | | | |
| loans and advances | 11.3 | 1,593,897 | (100,170) | 1,513,065 | 75,897 |
| Provision against other assets | 14.1.1 | 26,176 | 54,650 | 11,678 | 40,095 |
| Provision against off-balance | | | | | |
| sheet obligations | 20.1 | 1,451 | - | (5,250) | - |
| Bad debts written off directly | | - | - | - | - |
| | | 2,209,084 | (165,772) | 1,528,070 | (11,574) |
| Recovery against written off bad debts | | (83) | (123,361) | - | (73,805) |
| | | 2,209,001 | (289,133) | 1,528,070 | (85,379) |

| | Note | Half Year Ended | | Quarter Ended | |
|--------------------------|------|------------------|------------------|------------------|------------------|
| | | June 30, 2020 | June 30, 2019 | June 30, 2020 | June 30, 2019 |
| Rupees in '000 | | | | | |
| 33 TAXATION | | | | | |
| Current - for the period | 33.1 | 7,188,674 | 4,512,827 | 4,435,452 | 1,915,785 |
| - for prior year | | - | 834,833 | - | - |
| | | 7,188,674 | 5,347,660 | 4,435,452 | 1,915,785 |
| Deferred - current | | (912,921) | (305,588) | (697,730) | (160,636) |
| | | 6,275,753 | 5,042,072 | 3,737,722 | 1,755,149 |

33.1 This also includes proportionate super tax charge of Rs. 688,503 million, levied on taxable income of the Bank for the tax year 2021 vide Finance Supplementary (Second Amendment) Act, 2019.

| | | | | | |
|--|--|----------------------|----------------------|----------------------|----------------------|
| 34 EARNINGS PER SHARE - BASIC AND DILUTED | | | | | |
| Profit after taxation | | 8,477,366 | 6,242,251 | 4,587,145 | 3,148,277 |
| Number of Shares | | | | | |
| Weighted average number of ordinary shares | | | | | |
| outstanding during the year | | 1,145,073,830 | 1,145,073,830 | 1,145,073,830 | 1,145,073,830 |
| Rupees | | | | | |
| Earnings per share - basic and diluted | | 7.40 | 5.45 | 4.01 | 2.75 |

There is no dilution effect on basic earnings per share.

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

35 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

| | June 30, 2020 | | | | | | | | | | | |
|---|------------------|------------------|--------------------|---------------------------|------------------------|-----------------------------|-------|---------------|-------------|-------------|-------|-------------|
| | Carrying Value | | | | | Fair Value | | | | | | |
| | Held to Maturity | Held for Trading | Available for Sale | Financing and receivables | Other financial assets | Other financial liabilities | Total | Level 1 | Level 2 | Level 3 | Total | |
| On-Balance sheet Financial Instruments | | | | | | | | | | | | |
| Rupees in '000 | | | | | | | | | | | | |
| Financial assets-measured at fair value | | | | | | | | | | | | |
| Investments | | | | | | | | | | | | |
| Shares / Open Ended Mutual Funds | | 2,199,183 | 20,321,225 | | | | | 22,520,408 | 22,497,259 | 23,149 | | 22,520,408 |
| Federal Government Securities | | | 594,517,032 | | | | | 594,517,032 | 594,517,032 | | | 594,517,032 |
| Non Government Debt Securities | | | 4,763,502 | | | | | 4,763,502 | 4,763,502 | | | 4,763,502 |
| Financial assets-not measured at fair value | | | | | | | | | | | | |
| Cash and balances with treasury banks | | | | | 118,299,298 | | | 118,299,298 | | | | |
| Balances with other banks | | | | | 786,948 | | | 786,948 | | | | |
| Lendings | | | | 32,991,887 | | | | 32,991,887 | | | | |
| Advances | | | | 431,202,915 | | | | 431,202,915 | | | | |
| Other assets | | | | | 34,992,886 | | | 34,992,886 | | | | |
| Investments (HTM, unlisted ordinary shares, term certificates, sukuk, subsidiaries) | 13,632,490 | | 20,608,066 | | | | | 34,240,556 | 22,497,259 | | | 621,800,942 |
| | 13,632,490 | 2,199,183 | 640,209,825 | 464,194,802 | 154,079,132 | | | 1,274,315,432 | 22,497,259 | 599,303,683 | | 621,800,942 |
| Financial liabilities-measured at fair value | | | | | | | | | | | | |
| Trading Liability | | | | | | | | | | | | |
| Financial liabilities-not measured at fair value | | | | | | | | | | | | |
| Bills payable | | | | | | 9,508,205 | | 9,508,205 | | | | |
| Borrowings | | | | | | 68,087,634 | | 68,087,634 | | | | |
| Deposits and other accounts | | | | | | 1,106,110,144 | | 1,106,110,144 | | | | |
| Other liabilities | | | | | | 32,820,909 | | 32,820,909 | | | | |
| | | | | | | 1,216,526,892 | | 1,216,526,892 | | | | |
| Off-balance sheet financial instruments-measured at fair value | | | | | | | | | | | | |
| Forward foreign exchange contracts | | | | | 251,841,838 | | | 251,841,838 | | | | 251,841,838 |
| Forward government securities transactions | | | | | 2,189,287 | | | 2,189,287 | | | | 2,189,287 |
| | | | | | 254,031,125 | | | 254,031,125 | | | | 254,031,125 |

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

(Audited)
December 31, 2019

| | Carrying Value | | | Fair Value | | | | | |
|---|--------------------|---------------------------|------------------------|-----------------------------|---------------|-------------|-------------|---------|-------------|
| | Available for Sale | Financing and receivables | Other financial assets | Other financial liabilities | Total | Level 1 | Level 2 | Level 3 | Total |
| Rupees in 000 | | | | | | | | | |
| On-Balance sheet Financial Instruments | | | | | | | | | |
| Financial assets-measured at fair value | | | | | | | | | |
| Investments | | | | | | | | | |
| Shares / Open Ended Mutual Funds | 2,197,434 | 25,613,526 | | | 30,810,960 | 28,458,268 | 2,352,692 | | 30,810,960 |
| Federal Government Securities | 19,868,163 | 673,973,168 | | | 693,841,331 | 693,841,331 | | | 693,841,331 |
| Non-Government Debt Securities | | 4,176,639 | | | 4,176,639 | 4,176,639 | | | 4,176,639 |
| Financial assets - not measured at fair value | | | | | | | | | |
| Cash and balances with treasury banks | | | 119,335,126 | | 119,335,126 | | | | |
| Balances with other banks | | | 602,582 | | 602,582 | | | | |
| Lending to Financial institutions | | | 13,606,921 | | 13,606,921 | | | | |
| Advances | | | 485,051,568 | | 485,051,568 | | | | |
| Other assets | | | 34,250,198 | | 34,250,198 | | | | |
| Investments (HTM, unlisted ordinary shares, term certificates, sukuk, subsidiaries) | 13,015,041 | 12,810,456 | | | 25,825,497 | | | | |
| | 13,015,041 | 724,573,789 | 498,656,489 | 154,787,906 | 1,413,100,822 | 28,458,268 | 705,370,662 | | 733,628,930 |
| Financial liabilities measured at fair value | | | | | | | | | |
| Trading Liability | | | | | | | | | |
| Financial liabilities - not measured at fair value | | | | | | | | | |
| Bills payable | | | | 7,878,626 | 7,878,626 | | | | |
| Borrowings | | | | 296,448,386 | 296,448,386 | | | | |
| Deposits and other accounts | | | | 1,049,018,804 | 1,049,018,804 | | | | |
| Other liabilities | | | | 36,559,513 | 36,559,513 | | | | |
| Off-balance sheet financial instruments-measured at fair value | | | | 1,359,905,329 | 1,359,905,329 | | | | |
| Forward foreign exchange contracts | | | 355,881,916 | | 355,881,916 | | | | 355,881,916 |
| Forward government securities transactions | | | 513,938 | | 513,938 | | | | 513,938 |
| | | | 359,395,656 | | 359,395,656 | | | | 359,395,656 |

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

| | June 30, 2020 | | | (Audited) December 31, 2019 | | |
|--|----------------|------------|---------|--------------------------------|---------|------------|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| | Rupees in '000 | | | | | |
| 35.1 Fair value of non-financial assets | | | | | | |
| Fixed assets | - | 54,147,135 | - | 54,147,135 | - | 41,974,966 |
| Non-banking assets | - | 1,870,543 | - | 1,870,543 | - | 4,486,663 |

35.2 Valuation techniques used in determination of fair valuation of financial instruments within level 2

| Item | Valuation approach and input used |
|--------------------------------|---|
| Federal Government Securities | Marked to Market on the basis of PKRV rates. |
| Non-Government Debt Securities | Marked to Market on the basis of MUFAP rates. |
| Foreign exchange contracts | Marked to Market on the basis of SBP rates. |
| Open ended mutual funds | Marked to Market on the basis of MUFAP rates. |

| | June 30, 2020 | | | | | | |
|---|---|-----------------------------------|---------------------------------|--------------------------|--------------------|--------------------|----------------------|
| | Corpo- rate & Invest- ment Banking | Commercial & Retail Banking | Trading & Sale (Treasury) | ASSET MANAGE- MENT | Islamic Banking | Others | Total |
| Rupees in '000 | | | | | | | |
| 36 SEGMENT INFORMATION | | | | | | | |
| 36.1 Segment details with respect to business activities | | | | | | | |
| Profit & Loss | | | | | | | |
| Net mark-up/return/profit | 23,609,105 | (27,552,185) | 28,288,252 | 1,037,963 | (850) | (376,096) | 25,006,189 |
| Inter segment revenue - net | (20,697,516) | 46,155,227 | (23,240,286) | - | - | (2,217,425) | - |
| Non mark-up / return / interest income | 2,558,725 | 1,696,998 | 2,264,989 | 87,400 | 204,507 | 189,597 | 7,002,216 |
| Total Income | 5,470,314 | 20,300,040 | 7,312,955 | 1,125,363 | 203,657 | (2,403,924) | 32,008,405 |
| Segment direct expenses | 287,678 | 8,115,142 | 64,555 | 652,177 | 113,005 | 5,813,728 | 15,046,285 |
| Total expenses | 287,678 | 8,115,142 | 64,555 | 652,177 | 113,005 | 5,813,728 | 15,046,285 |
| Provisions | (929,918) | (146,344) | - | (37) | - | (1,132,702) | (2,209,001) |
| Profit before tax | 4,252,718 | 12,038,554 | 7,248,400 | 473,149 | 90,652 | (9,350,354) | 14,753,119 |
| Balance Sheet | | | | | | | |
| Cash & Bank balances | 85,888 | 49,429,101 | 56,773,958 | 2,240,052 | 22,754 | 10,534,493 | 119,086,246 |
| Investments | 39,251,903 | - | 593,795,236 | 20,295,176 | 2,199,183 | - | 655,541,498 |
| Net inter segment lending | (357,350,946) | 1,019,776,990 | (676,496,891) | (1,218,074) | - | 15,288,921 | - |
| Lendings to financial institutions | 2,148,190 | - | 32,078,751 | 913,136 | - | (2,148,190) | 32,991,887 |
| Advances - performing | 382,864,592 | 19,353,465 | - | 21,478,471 | 52,483 | 8,466,115 | 432,215,126 |
| Advances - non-performing | 97,344 | 320,030 | - | - | - | 14,721,341 | 15,138,715 |
| Provision against advances | (26,361) | (202,072) | - | (58) | - | (15,922,435) | (16,150,926) |
| Advances - net | 382,935,575 | 19,471,423 | - | 21,478,413 | 52,483 | 7,265,021 | 431,202,915 |
| Others | 5,223,492 | 9,362,448 | 9,885,127 | 2,914,197 | 560,237 | 78,751,744 | 106,697,245 |
| Total Assets | 72,294,102 | 1,098,039,962 | 16,036,181 | 46,622,900 | 2,834,657 | 109,691,989 | 1,345,519,791 |
| Borrowings | 56,801,049 | 3,190,567 | 4,444,208 | 5,800,000 | - | (2,148,190) | 68,087,634 |
| Deposits & other accounts | - | 1,068,179,159 | - | 34,592,189 | - | 3,338,796 | 1,106,110,144 |
| Net inter segment borrowing | - | - | - | - | - | - | - |
| Others | 3,913,733 | 15,062,198 | (4,006,148) | 2,404,860 | 410,098 | 31,285,212 | 49,069,953 |
| Total liabilities | 60,714,782 | 1,086,431,924 | 438,060 | 42,797,049 | 410,098 | 32,475,818 | 1,223,267,731 |
| Equity / Reserves | 11,579,319 | 11,608,037 | 15,598,121 | 3,825,850 | 2,424,559 | 77,216,174 | 122,252,060 |
| Total Equity and liabilities | 72,294,101 | 1,098,039,961 | 16,036,181 | 46,622,899 | 2,834,657 | 109,691,992 | 1,345,519,791 |
| Contingencies and commitments | 70,519,134 | 12,068,158 | 254,031,125 | 10,711,627 | 42,231 | 12,465,620 | 359,837,895 |

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

| | June 30, 2019 | | | | | | |
|--|--------------------------------|-------------------------------|----------------------------|-----------------|------------------|--------------------|-------------------|
| | Corporate & Investment Banking | Commercial and Retail Banking | Trading & Sales (Treasury) | Islamic Banking | Asset Management | Others | Total |
| Rupees in '000 | | | | | | | |
| Profit & Loss | | | | | | | |
| Net mark-up/return/profit | 20,357,314 | (23,801,959) | 21,816,654 | 543,487 | 1,787 | (185,595) | 18,731,688 |
| Inter segment revenue - net | (20,789,840) | 43,203,535 | (21,547,845) | - | - | (865,850) | - |
| Non mark-up / return / interest income | 1,731,536 | 1,545,456 | 1,655,228 | 55,025 | 372,255 | 337,310 | 5,696,810 |
| Total Income | 1,299,010 | 20,947,032 | 1,924,037 | 598,512 | 374,042 | (714,135) | 24,428,498 |
| Segment direct expenses | 280,104 | 7,396,132 | 60,057 | 596,516 | 185,660 | 4,914,840 | 13,433,309 |
| Total expenses | 280,104 | 7,396,132 | 60,057 | 596,516 | 185,660 | 4,914,840 | 13,433,309 |
| Provisions | (6,406) | (42,283) | - | 8 | - | 337,815 | 289,134 |
| Profit before tax | 1,012,500 | 13,508,617 | 1,863,980 | 2,004 | 188,382 | (5,291,160) | 11,284,323 |

| | December 31, 2019 (Audited) | | | | | | |
|---------------------------------------|--------------------------------|-------------------------------|----------------------------|-------------------|------------------|-------------------|----------------------|
| | Corporate & Investment Banking | Commercial and Retail Banking | Trading & Sales (Treasury) | Islamic Banking | Asset Management | Others | Total |
| Rupees in '000 | | | | | | | |
| Balance Sheet | | | | | | | |
| Cash & Bank balances | 59,821 | 51,303,207 | 61,984,899 | 2,045,240 | 15,525 | 5,129,016 | 120,537,708 |
| Investments | 47,128,653 | - | 697,876,038 | 12,452,302 | 2,197,434 | (134,379) | 759,520,048 |
| Net inter segment lending/borrowing | (413,717,279) | 972,381,940 | (557,387,800) | 159,062 | - | (1,435,923) | - |
| Lendings to financial institutions | 4,753,821 | - | 2,052,492 | 11,554,430 | - | (4,753,822) | 13,606,921 |
| Advances - performing | 437,660,414 | 25,631,709 | - | 12,615,228 | 35,688 | 8,407,031 | 484,350,070 |
| Advances - non-performing | 511,117 | 461,688 | - | - | - | 14,881,113 | 15,853,918 |
| Provision against advances | (127,779) | (205,889) | - | (20) | - | (14,818,731) | (15,152,419) |
| Advances - net | 438,043,752 | 25,887,508 | - | 12,615,208 | 35,688 | 8,469,413 | 485,051,569 |
| Others | 7,072,635 | 8,706,936 | 7,215,579 | 2,752,910 | 545,118 | 78,239,639 | 104,532,817 |
| Total Assets | 83,341,403 | 1,058,279,591 | 211,741,208 | 41,579,152 | 2,793,765 | 85,513,944 | 1,483,249,063 |
| Borrowings | 63,149,483 | 2,415,660 | 203,936,638 | 1,700,000 | - | (4,753,395) | 266,448,386 |
| Deposits & other accounts | - | 1,012,571,004 | - | 34,389,411 | - | 2,058,389 | 1,049,018,804 |
| Others | 2,413,361 | 16,402,958 | 1,917,549 | 2,143,144 | 433,045 | 27,394,639 | 50,704,696 |
| Total liabilities | 65,562,844 | 1,031,389,622 | 205,854,187 | 38,232,555 | 433,045 | 24,699,633 | 1,366,171,886 |
| Equity / Reserves | 17,778,559 | 26,889,969 | 5,887,021 | 3,346,597 | 2,360,720 | 60,814,311 | 117,077,177 |
| Total Equity & liabilities | 83,341,403 | 1,058,279,591 | 211,741,208 | 41,579,152 | 2,793,765 | 85,513,944 | 1,483,249,063 |
| Contingencies and commitments | 78,732,154 | 12,055,398 | 359,395,856 | 1,907,886 | 42,231 | 13,128,046 | 465,261,571 |

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

37 RELATED PARTY TRANSACTIONS

The Group has related party relationships with its parent, subsidiary, companies with common directorship, directors, employees benefit plans and key management personnel including their associates.

Contributions to the accounts in respect of staff retirement benefits are made in accordance with actuarial valuation / terms of the contribution plan. Remuneration of the key management personnel are in accordance with the terms of their employment. Other transactions are at agreed terms.

| | June 30, 2020 | | | | December 31, 2019 (Audited) | | | | | |
|---|---------------|-----------|--------------------------|-------------|-----------------------------|--------|-----------|--------------------------|-------------|-----------------------|
| | Parent | Directors | Key management personnel | Associates* | Other related parties | Parent | Directors | Key management personnel | Associates* | Other related parties |
| | - | - | - | - | - | - | - | - | - | - |
| Balances with other banks | - | - | - | - | - | - | - | - | - | - |
| Lendings to financial institutions | - | - | - | - | - | - | - | - | - | - |
| Investments | - | - | - | - | - | - | - | - | - | - |
| Opening balance | - | - | - | - | 2,197,434 | - | - | - | 351 | 1,859,024 |
| Investment made during the year | - | - | - | - | 1,300,913 | - | - | - | - | 4,276,363 |
| Investment redeemed/disposed off during the period/year | - | - | - | - | (1,211,463) | - | - | - | - | (4,073,665) |
| (Deficit) / Surplus | - | - | - | - | (177,701) | - | - | - | - | 135,712 |
| Transfer in / (out) - net | - | - | - | - | - | - | - | - | (351) | - |
| Closing balance | - | - | - | - | 2,199,183 | - | - | - | - | 2,197,434 |
| Advances | - | - | - | - | - | - | - | - | - | - |
| Opening balance | - | 4,764 | 196,884 | - | 575 | - | 8,704 | 264,404 | - | 593 |
| Addition during the period/year | - | 1,730 | 34,963 | - | 2,089 | - | 25,719 | 97,754 | - | 9,129 |
| Repaid during the period/year | - | (3,702) | (61,999) | - | (2,664) | - | (29,659) | (165,274) | - | (9,147) |
| Closing balance | - | 2,792 | 169,849 | - | - | - | 4,764 | 196,884 | - | 575 |

Rupees in '000

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

| | (Audited) | | | | | | | | | |
|---------------------------------------|----------------|-----------|--------------------------|-----------------------------|-----------------------|-------------|-------------|--------------------------|-------------|-----------------------|
| | June 30, 2020 | | | December 31, 2019 (Audited) | | | | | | |
| | Parent | Directors | Key management personnel | Associates* | Other related parties | Parent | Directors | Key management personnel | Associates* | Other related parties |
| | | | | | | | | | | |
| | Rupees in '000 | | | | | | | | | |
| Other Assets | | | | | | | | | | |
| Interest / mark-up accrued | - | 609 | 70,708 | - | 3,955,149 | - | - | 7,860 | 69,367 | - |
| Receivable from staff retirement fund | - | - | - | - | 380,229 | - | - | - | - | 3,705,491 |
| Other receivable | - | - | - | - | - | - | - | - | - | 365,707 |
| Borrowings | - | - | - | - | - | - | - | - | - | - |
| Subordinated debt | - | - | - | - | - | - | - | - | - | - |
| Deposits and other accounts | | | | | | | | | | |
| Opening balance | 2,849 | 357,194 | 34,882 | 123,315 | 16,915,556 | 1,784 | 24,424 | 70,387 | 82,381 | 18,286,008 |
| Received during the period/year | 6,718,255 | 950,896 | 317,955 | 3,494,005 | 165,262,702 | 8,594,379 | 1,824,926 | 524,039 | 7,718,711 | 247,333,950 |
| Withdrawn during the period/year | (6,720,228) | (908,256) | (903,591) | (8,609,804) | (161,978,364) | (8,593,314) | (1,492,156) | (559,794) | (7,677,777) | (248,692,059) |
| Closing balance | 876 | 399,834 | 48,646 | 7,516 | 20,199,894 | 2,849 | 357,194 | 34,632 | 123,315 | 16,907,899 |
| Contingencies and Commitments | | | | | | | | | | |
| Other contingencies | - | - | 44 | - | 97,852 | - | - | - | 599 | 116,987 |

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

| | June 30, 2020 | | | | June 30, 2019 | | | |
|---|----------------|-----------|--------------------------|--------------------------------------|---------------|-----------|--------------------------|--------------------------------------|
| | Parent | Directors | Key management personnel | Associates* Other related parties | Parent | Directors | Key management personnel | Associates* Other related parties |
| | Rupees in '000 | | | | | | | |
| Income | | | | | | | | |
| Mark-up/return/interest earned | - | 279 | 7,334 | - | - | 92 | 10,722 | - |
| Sales commission | - | - | - | 4,581 | - | - | - | 7,715 |
| Fee and commission income | 1 | 15 | 37 | 4 | 260,755 | 12 | 51 | 29 |
| Net Gain on sale of securities | - | - | 10 | 3,352 | - | - | - | 396 |
| Rental Income | - | - | - | - | - | - | - | - |
| Other Income | - | - | - | - | - | - | - | - |
| Expense | | | | | | | | |
| Mark-up/return/interest paid | - | 357 | 357 | 117 | 550,839 | 6,102 | 314 | 677 |
| Directors meeting fee | - | 13,750 | - | - | - | 13,100 | - | - |
| Remuneration | - | 41,810 | 235,256 | - | - | 37,368 | 257,048 | - |
| Other expenses | - | - | - | - | - | 182 | - | 30,555 |
| Rent expense** | - | - | - | 14,366 | - | - | - | 15,459 |
| Charge in respect of staff retirement benefit funds | - | - | - | - | - | - | - | - |
| Insurance premium paid | - | 68 | 415 | - | - | 50 | 132 | 164,690 |

Shares held by the holding company, outstanding at the end of year are included in note 21 to these consolidated condensed interim financial statements.

* Associated companies are as per IAS 24 'Related Party Disclosures'.

**Rent expense of ABL Branch with associated company (Ibrahīm Fibres Limited) was carried out on terms other than that of arm's length with prior permission of State Bank of Pakistan.

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2020

| | June 30, 2020 | (Audited) December 31, 2019 |
|---|------------------|-----------------------------------|
| | Rupees in '000 | |
| 38 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS | | |
| Minimum Capital Requirement (MCR): | | |
| Paid-up capital (net of losses) | 11,450,739 | 11,450,739 |
| Capital Adequacy Ratio (CAR): | | |
| Eligible Common Equity Tier 1 (CET 1) Capital | 85,469,322 | 82,135,834 |
| Eligible Additional Tier 1 (ADT 1) Capital | - | - |
| Total Eligible Tier 1 Capital | 85,469,322 | 82,135,834 |
| Eligible Tier 2 Capital | 25,059,710 | 22,351,157 |
| Total Eligible Capital (Tier 1 + Tier 2) | 110,529,032 | 104,486,991 |
| Risk Weighted Assets (RWAs): | | |
| Credit Risk | 307,354,979 | 345,197,859 |
| Market Risk | 39,648,083 | 49,574,917 |
| Operational Risk | 84,845,040 | 84,845,040 |
| Total | 431,848,102 | 479,617,816 |
| Common Equity Tier 1 Capital Adequacy ratio | 19.79% | 17.13% |
| Tier 1 Capital Adequacy Ratio | 19.79% | 17.13% |
| Total Capital Adequacy Ratio | 25.59% | 21.79% |
| Leverage Ratio (LR): | | |
| Eligible Tier-1 Capital | 85,469,322 | 82,135,834 |
| Total Exposures | 1,457,415,848 | 1,801,242,634 |
| Leverage Ratio | 5.86% | 4.56% |

39 NON ADJUSTING EVENT AFTER THE REPORTING DATE

39.1 In compliance with the SBP's instructions as described in note 6.6 to the consolidated condensed interim financial statements, the Board of Directors, in its meeting held on August 20, 2020 has not declared any cash dividend for the quarter ended June 30, 2020 (June 30, 2019: Rs. 2.00 per share). Therefore, there is no non-adjusting event after the reporting date.

40 GENERAL

40.1 Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

41 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue on August 20, 2020 by the Board of Directors of the Bank.

Mehmud ul Hassan
Chief Financial Officer

Tahir Hassan Qureshi
President and Chief Executive

Dr. Muhammad Akram Sheikh
Director

Nazrat Bashir
Director

Mohammad Naeem Mukhtar
Chairman

