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Half yearly  
Report  
● 2019



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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
- Excellence in Service
- High Performance
- Innovation and Growth

### Board of Directors

Mr. Mohammad Naeem Mukhtar	Chairman / Non-Executive Sponsor Director
Mr. Sheikh Mukhtar Ahmad	Non-Executive Sponsor Director
Mr. Muhammad Waseem Mukhtar	Non-Executive Sponsor Director
Mr. Abdul Aziz Khan	Non-Executive Director
Dr. Muhammad Akram Sheikh	Independent Director
Mr. Zafar Iqbal	Independent Director
Ms. Nazrat Bashir	Independent Director
Mr. Tahir Hassan Qureshi	Chief Executive Officer

### Audit Committee of the Board

Mr. Zafar Iqbal (Chairman)  
Mr. Muhammad Waseem Mukhtar  
Dr. Muhammad Akram Sheikh

### Board Risk Management Committee

Mr. Sheikh Mukhtar Ahmad (Chairman)  
Mr. Abdul Aziz Khan  
Dr. Muhammad Akram Sheikh  
Mr. Tahir Hassan Qureshi

### e-Vision Committee

Mr. Mohammad Naeem Mukhtar (Chairman)  
Mr. Zafar Iqbal  
Ms. Nazrat Bashir  
Mr. Tahir Hassan Qureshi

### Strategic Planning & Monitoring Committee

Mr. Muhammad Waseem Mukhtar (Chairman)  
Mr. Abdul Aziz Khan  
Ms. Nazrat Bashir  
Mr. Tahir Hassan Qureshi

### Human Resource & Remuneration Committee

Mr. Abdul Aziz Khan (Chairman)  
Mr. Muhammad Waseem Mukhtar  
Dr. Muhammad Akram Sheikh

### Company Secretary

Mr. Muhammad Raffat

### Chief Financial Officer

Mr. Muhammad Farhanullah Khan

### Shariah Board

Mufti Muhammad Iftikhar Baig  
(Chairman)

Mufti Mahmood Ahmad  
Mufti Tayyab Amin (RSBM)

### Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountants

### Legal Adviser

Mandviwalla & Zafar Advocates

### Shares Registrar

CDC Shares Registrar Services Limited  
(CDCSRSL)

### Registered & Head Office

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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, 2019

	Half year ended June 30,		Growth
	2019	2018	
	(Rupees in million)		%
Profit after tax for the period	6,086	7,143	(15)
Accumulated profits brought forward	52,500	49,212	7
Transferred from surplus on revaluation of fixed assets to un-appropriated profit – net of tax	60	56	7
Transferred from surplus on revaluation of non-banking assets to un-appropriated profit – net of tax	165	3	5400
<b>Profit available for appropriation</b>	<b>58,811</b>	<b>56,414</b>	<b>4</b>
Final cash dividend for the year ended December 31, 2018: Rs. 2.00 per share (2018: Year ended December 31, 2017: 1.75)	(2,290)	(2,004)	14
First interim cash dividend for the year ending December 31, 2019 at Rs.2.00 per share (2018: year ended December 31, 2018: Rs 2.00 per share)	(2,290)	(2,290)	-
<b>Transfer to Statutory Reserves</b>	<b>(609)</b>	<b>(714)</b>	<b>(15)</b>
<b>Accumulated profits carried forward</b>	<b>53,623</b>	<b>51,406</b>	<b>4</b>
<b>Earnings Per Share (EPS) (Rs.)</b>	<b>5.31</b>	<b>6.24</b>	<b>(15)</b>

The Board is pleased to announce an interim cash dividend of Rs. 2.00 per share in addition to first interim cash dividend of Rs. 2.00 per share, which has already been paid. Interim cash dividend for the Half Year ended June 30, 2019 is Rs 4.00 per share (June 30, 2018 Rs. 4.00 per share)

### Economic Review

Global economic growth outlook remains sluggish, amidst continued trade friction between US and China, uncertainty surrounding Brexit, weaker investment flows and stagnant consumer demand in both advanced and emerging markets. Accordingly, the International Monetary Fund (IMF) has revised global growth projections further downwards by 0.1% to 3.2% for 2019.

On the domestic front; the Large-Scale Manufacturing (LSM) sector contracted by 3.5% during the first 11 months of FY 2018-19 primarily on the back of cut in PSDP outlay, tightening in monetary policy, currency depreciation and imposition of regulatory measures. Agriculture sector's performance also remained subdued, with an insignificant growth of 0.85% during FY 2018-19, on account of adverse water supplies and high input costs. Services sector while posting a growth of 4.7% during FY 2018-19, also remained well-below 6.2% growth level achieved in FY 2017-18.

Consequently, domestic GDP growth rate has declined to 3.3% during the FY 2018-19 as per expectations, against 5.8% in FY 2017-18. This is in line with the GoP's multi-faceted policies adopted to address the underlying economic imbalances emanating from rising inflationary pressures and twin deficits.

Notwithstanding the country's export volumes which remained subdued during the period under review, the aforementioned policy measures including 17.5% devaluation in PKR assisted in reducing country's import bill by 9%. Duly supplemented by 10% growth in workers remittances, the country's external front improved with a sizeable 32% reduction in current account (CA) deficit; which still remained significant at US\$ 13.6 billion compared to US\$ 19.9 billion for FY 2017-18.

Foreign Direct Investment (FDI) also remained under pressure, declining by 50% during the FY 2018-19, primarily due to uncertainty regarding exchange rate adjustments, increasing external financing risk and a weakening fiscal position. However, external financing from bilateral and multilateral agencies including IMF, assisted in supporting the dwindling reserves; which stood at US\$ 14.5 billion as at end June '19 against US\$ 13.8 billion in Dec '18, reflecting a growth of 5.1%.

The country's fiscal deficit remained at an alarming level of 7% of GDP, owing to shortfall in revenue collections, higher debt servicing costs, untargeted subsidies and loss-making Public-Sector Enterprises (PSE's).

The GoP's action plan to curtail pressures on twin deficits and boost revenue generation through imposition of additional taxes and tariff revisions along with lagged impact of PKR depreciation adversely impacted Consumer Price Index (CPI), which has surged to 7.3% on a year on year (YoY) basis.

This CPI, despite being the highest in last five years, is in fact expected to touch double digits in FY 2019-20. State Bank of Pakistan, therefore, continued with its monetary tightening stance through further increasing the policy rate by 150 bps and 100 bps in May 2019 and July 2019 respectively. As a result, policy rate has increased to 13.25% against 10% at the beginning of 2019.

### Financial Review

Banking sector continues to face significant ramifications stemming from prevailing economic circumstances. Increase in interest rates started benefiting in NIM growth but re-pricing lag between earning assets and remunerative liabilities is still squeezing the margins. Cost of doing business has witnessed increasing trend due to rising compliance costs including deposit protection insurance costs, implementation of new International Reporting Standards and above all higher super tax imposition.

While remaining cognizant of the above-mentioned challenges, Your Bank prudently managed the economic capital to attain quality growth in the Balance Sheet. Consistent growth in low and no costs deposits and superior assets quality, supported by a pragmatic strategy governing optimum organizational structure, multi-dimensional risk management framework, investments towards digital transformation and effective compliance controls facilitated Your Bank in posting sustainable financial performance during the period under review.

The positive volumetric growth in average earning assets supplemented by gradually increasing Balance Sheet spreads enabled Your Bank to post Net interest income (NII) of Rs. 18,733 million; representing a healthy growth of 19% from the comparative period.

Diversification of revenue streams through continuous enrichment of Your Bank's product suite along with concurrent focus on upholding high service standards enabled Your Bank to post a 12% growth in fee income which stood at Rs. 2,522 million.

Capitalizing on opportunities in the interbank FX market through prudent positioning of Banks foreign exchange (FX) assets and liabilities, income from dealing in foreign currencies posted a significant growth of 86%, closing the period under review at Rs. 1,257 million as compared to Rs. 674 million in the corresponding period.

Prudently anticipating the aforementioned interest rate hikes, Your Bank's timely divestment of fixed income portfolio mitigated risk of any significant mark to market losses. Further, active participation as Primary Dealer (PD) resulted in realization of capital gains of Rs. 386 million. This superior PD performance was also recognized by SBP, as Your Bank was ranked the No. 1 PD in the market during the FY 2018-19.

Resultantly, non-markup income aggregated to Rs. 5,328 million for the period under review, as against Rs. 6,555 million in the corresponding period of 2018.

Contributing towards SBP's Financial Inclusion agenda, Your Bank took concrete measures through augmentation of digital and conventional banking services. Branch outreach expanded to 1,345 branches. ATM network also increased to a total of 1,447 ATM's inclusive of 1,135 on-site and 312 off-site ATM's.

Upon attaining a reasonable footprint of 117 Islamic Banking branches, sustained focus on further promoting Islamic Banking amongst a vast potential customer base was also maintained with the addition of 50 "Islamic Windows" at viable conventional branches.

Centralization and automation of operations assisted Your Bank to restrict increase in non-markup expenses. However, the operating cost has witnessed an increase of 15.8% due to significant currency devaluation, higher compliance related regulatory charges, aforementioned network expansion, continuous augmentation of technology infrastructure and above all incurring additional expense of Rs 469 million on account of deposit protection charge levied effective from third quarter 2018.

During the period under review Your Bank also offered voluntary lump sum settlement against pension and commutation to in-service management grade eligible employees attaining superannuation on or after 1st January 2020. Voluntary exercise of this option led to an additional charge of Rs. 130 million; excluding deposit protection and voluntary pension costs the increase in operating expenses comes down to 10.4%.

During the period under review, Your Bank adopted the International Financial Reporting Standard IFRS 16 - "Leases", which has introduced the concept of recognizing right of use (RoU) assets and corresponding lease liabilities on the Balance Sheet of the lessee. Resultantly, implicit interest expense amortized on lease liabilities led to an additional charge of Rs. 486 million; thereby impacting Your Bank's NII. Whereas, reversal of rental expense netted off against incremental depreciation charged on RoU assets led to a net decline of Rs. 77 million in the operating expenses.

Your Bank's profit before provisions during the period under review stood at Rs. 10,810 million. However, barring the aforementioned net additional impact of Rs. 409 million booked under IFRS-16, deposit protection cost charge of Rs. 469 million and voluntary lump sum settlement against pension of Rs. 130 million, business as usual profit before provisions increases to Rs. 11,818 million compared to Rs 10,790 million earned in the comparative period; representing a growth of 9.5%.

Proactive monitoring and recovery efforts led to a net provision reversal against non-performing loans (NPL's) and investments aggregating to Rs. 289 million for the period under review. No FSV benefit has been taken while determining the provision against non-performing advances as allowed under guidelines of the State Bank of Pakistan.

Profit after current years' taxation stood at Rs. 6,921 million. Incremental super tax levy for the tax year 2018, led to an additional charge of Rs. 835 million which was booked in the Q1 2019. Resultantly, despite the aforementioned significant challenges, Your Bank posted a stable Profit after tax of Rs. 6,086 million during the period under review.

In view of the above developments, EPS of Your Bank stood at Rs. 5.31 per share. Return on Equity (ROE) and Return on Assets (ROA) also stood at a strong level of 14% and 0.9% respectively.

Your Bank, while adopting a prudent approach amidst the rising credit risks; capitalized upon its robust risk management framework to close the gross Advances at Rs. 459,500 million at end June' 19. Overall industry advances growth also remained subdued with just 3% growth from December 2018 against growth of 13% registered in the comparative period.

Proactive adoption of appropriate risk management measures has also resulted in improved infection and coverage ratios which were recorded at 3.4% and 99% respectively at the close of June'19, against 3.7% and 97% respectively as at end of December 2018; significantly outperforming the March' 19 industry ratios of 8.2% and 84% respectively as well.

Remaining fully cognizant of the evolving business dynamics, total borrowings were reduced to 10% of total assets which stood at Rs. 1,319,942 million as at June 30, 2019.

Accumulation of no and low-cost Deposits remained a key objective of Your Bank during the period under review. Thereby, non-remunerative Deposits grew by 8% against December 2018 to close at Rs. 392,502 million; constituting 38% of Total Deposits mix of Your Bank as at end of June 2019. Your Bank's Total Deposits also grew by 5% from December 2018 end to close at Rs. 1,028,989 million.

Your Bank maintained its healthy Equity base, which closed at Rs. 107,608 million at the end of June 2019. Capital adequacy ratio of Your Bank also stood at robust level of 21.5% against the statutory requirement of 11.9%; which is reflective of the strong capital positioning of Your Bank.

# Director's Review

## Future Outlook

The Country's real GDP growth is projected to remain bearish in the short term, at around 3.5% in FY 2019-20 by the SBP; which is well below the country's potential. Higher interest rates and administered price adjustments will continue to constrain credit growth, disposable incomes and domestic consumption levels.

However, a gradual increase in public development spending, improved fiscal consolidation through broad based revenue mobilization strategies, implementation of the envisaged governance and structural reforms to strengthen institutional frameworks along with rebound in Agriculture and LSM sectors are essential to provide much needed impetus to the economy and investor confidence going forward.

Improved market sentiments due to sanctioning of the IMF's program-based lending, are also expected to facilitate enhanced access to international financial support from other multilateral and bilateral creditors which shall be crucial for the country in meeting its future external financing needs.

However, continuous strengthening of the country's AML/CFT regime for implementing measures stipulated under FATF's action plan to support the eventual exit from FATF's 'grey list' remains a key challenge towards management of the aforementioned external threats.

The banking sector outlook remains challenging, amidst crucial global operating and regulatory conditions, re-pricing risks under rising interest rate scenario, evolving customer experience dynamics, weak credit expansion and a dearth of quality lending avenues.

During the period under review, Your Bank's sustained focus on the long term multi-pronged strategy, driven towards optimizing risks, inculcating efficiencies, continuous augmentation of the innovative technology platforms, persistent expansion in customers touchpoints and delivery channels including digital and conventional outreach facilitated in creating a strong platform; enabling the Bank to post sustainable growth in the aforementioned challenging and competitive environment going forward.

Allied 'Visa Premium Debit Card', launched during the period, facilitated Your Bank's valued customers in carrying out Point of Sale (POS) and cash withdrawal transactions with enhanced per day limits and a host of domestic and global features offered by Visa exclusively to Signature Card customers, while initiation of 3-D secure services on all ABL Visa debit and credit cards further improved customer confidence in online shopping while minimizing risk of fraud.

Your Bank has also entered into an agreement with 1-Link for issuance of first ever 'PayPak- Union Pay International' (UPI) co-badged debit cards, with a view to facilitate customers seeking both international and domestic spending convenience.

Capitalizing on its extensive technological infrastructure, Your Bank kept pace with the transforming landscape through upgrade of 'myABL Digital banking' app using top of the line Oracle Digital Banking Experience (OBDx) platform; designed exclusively to enable customers to seamlessly perform financial transactions.

A key initiative of Your Bank for 2019 also includes the planned launch of Branchless banking services. Mobile wallets under the branchless banking shall provide public at large with convenient options including instant account opening along with facilitating payments through mobile devices.

Going forward, broad based digitization and transformation through adoption of cutting-edge technologies, geared towards delivering customer centric user experience from all 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 Ratings to the highest level of "AAA" (Triple A) and "A1+" (A One Plus) respectively. These ratings denote exceptionally strong capacity for timely payment of financial commitments with lowest expectation of credit risk. Your Bank consolidated its position as one of the only select group of financial institutions in the country to maintain highest entity credit ratings.

## Board of Directors

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

## Corporate Governance Rating

Allied Bank enjoyed a Corporate Governance rating of "CGR-9+" assigned by JCR-VIS, denoting a high level of corporate governance.

## Acknowledgement

On behalf of the Bank, we would like to thank our valued customers for selecting Allied Bank Limited for their banking needs, shareholders of the Bank for their trust, State Bank of Pakistan and other regulatory bodies for their continued support and our worthy employees for their dedicated services.

For and on behalf of the Board of Directors.

**Tahir Hassan Qureshi**  
Chief Executive Officer

**Sheikh Mukhtar Ahmad**  
\*Chairman Board of Directors

Lahore  
Date: August 20, 2019

\*Mr. Mohammad Naeem Mukhtar, Chairman of the Board was not present in the meeting.



## ڈائریکٹرز کا تجزیہ

مركزی حسابات

بورڈ آف ڈائریکٹرز کی جانب سے ہم 30 جون 2019ء کو اختتام پذیر ششماہی کے مالیاتی نتائج پیش کرتے ہوئے نہایت مسرت محسوس کرتے ہیں۔

ششماہی ختم 30 جون			
2019ء	2018ء	تغیر %	
ملین روپے			
6,086	7,143	(15)	بعد از ٹیکس منافع
52,500	49,212	7	گزشتہ موقع شدہ منافع
60	56	7	معمین اثاثہ جات کی قدر میں تلاش سے غیر متصرف شدہ منافع میں منتقلی۔ خالص از ٹیکس
165	3	5400	غیر بینکاری اثاثہ جات کی قدر میں تلاش سے غیر متصرف شدہ منافع میں منتقلی۔ خالص از ٹیکس
58,811	56,414	4	تصرف کیلئے دستیاب منافع
(2,290)	(2,004)	14	حتمی کیش ڈیویڈنڈ برائے سال ختم 31 دسمبر 2018-2009 2 روپے فی حصص (2018ء۔ سال ختم 31 دسمبر 2017 - 1.75 روپے فی حصص)
(2,290)	(2,290)	-	پیلا عبوری کیش ڈیویڈنڈ برائے سال ختم 31 دسمبر 2019-2019 2 روپے فی حصص (2018ء۔ سال ختم 31 دسمبر 2018 - 2 روپے فی حصص)
(609)	(714)	(15)	ضوابطی ریزرو میں منتقلی
53,623	51,406	4	آ کے منتقلی کا کیا نتیجہ شدہ منافع
5.31	6.24	(15)	فی حصص آمدنی (EPS) روپے

بورڈ اعلیٰ مسرت کے ساتھ 2 روپے فی حصص کے عبوری کیش ڈیویڈنڈ کا اعلان کرتا ہے جو کہ پہلے عبوری کیش ڈیویڈنڈ 2 روپے فی حصص، جس کی پیشہ اور ایگلی کی جانچ ہے، سے اضافی ہے۔ 30 جون 2019ء کو اختتام پذیر ششماہی کا عبوری کیش ڈیویڈنڈ 4 روپے فی حصص ہے۔ (30 جون 2018ء: 4 روپے فی حصص)

معاہداتی جائزہ:

چین اور امریکہ کے ماہین جاری تجارتی تاؤ، ریگیزٹ کی تھیر پین صورت حال، سرمایہ کاری میں کمی اور جدید اور ابھرتی ہوئی دونوں منڈیوں میں صارفین کی طلب میں جاری نمود کے باعث عالمی معیشت کی ترقی کی پیش بینی مسلسل مختصر ہے۔ چنانچہ عالمی مالیاتی فنڈ (آئی ایم ایف) نے اپنی تخمینوں میں منفی نمو کا اظہار کرتے ہوئے سال 2019ء میں اس کی شرح 0.1 فیصد سے کم کرنے کا فیصلہ کر کے 3.2 فیصد پر مقرر کیا ہے۔

یہ ایس ڈی پی (ترقیاتی) اخراجات میں کوئی، سخت مالیاتی پالیسی، کرنسی کی جزئی اور اصلاحاتی اقدامات کے نفاذ کے بنیادی عوامل کی بدولت مالی سال 2018-19ء کے پہلے 11 ماہ کے دوران بڑے پیمانے کی صنعت کا کلیدی شعبہ درحقیقت 3.5 فیصد کی کمی کا شکار رہا۔ زرعی شعبہ کی کارکردگی میں تھیر جاری رہی جو کہ پانی کی نامناسب رسد اور زیادہ پیداواری لاگت کے باعث محض 0.85 فیصد کی نہایت معمولی نمو کا اظہار کر سکا۔ خدمات کے شعبہ میں اگرچہ مالی سال 2018-19ء میں 4.7 فیصد کی ترقی ہوئی تاہم یہ شرح بھی مالی سال 2017-18ء کی حاصل شدہ 6.2 فیصد کی شرح سے کافی حد تک کم رہی۔

چنانچہ جی ڈی پی کی ترقی کی شرح مالی سال 2018-19ء کے دوران، توقعات کے سبب مطابقت، 3.3 فیصد تک گر گئی جبکہ مالی سال 2017-18ء میں اس کی شرح 5.8 فیصد تھی۔ یہ سطح بڑھتے ہوئے فراہم کردہ دہرے خسارے سے ابھرتی ہوئی صورتحال کے نتیجہ میں معاشی عدم توازن کے تدارک کے لئے حکومت پاکستان کی کثیر الجہت پالیسی اقدامات کے مطابق تھی۔

اس زیر تجزیہ عرصہ کے دوران اگرچہ برآمدات میں کوئی قابل ذکر بھری نہ ہو سکی تاہم مندرجہ بالا پالیسی اقدامات، جن میں 17.5 فیصد کی پاکستانی روپے کی قدر میں تھیر شامل ہے، کی بدولت برآمدات میں 9 فیصد کی کمی ہوئی۔ اسی ضمن میں افزائی ترسیلات زر میں تقریباً 10 فیصد کی شاندار بھری کی مدد سے ملک کو بیرونی معاذ خاصی تقویت حاصل ہوئی جس کے ساتھ کرنٹ اکاؤنٹ کے خسارہ میں 32 فیصد کی تھیر الٹال کی ہوئی جو مالی سال 2017-18ء کی 19.9 بلین ڈالرز کی سطح کے مقابلہ میں 13.3 بلین ڈالرز کی سطح پر برقرار ہے۔

تھیر گلبراد ماسٹ سرمایہ کاری (ایف ڈی آئی) پر دباؤ برقرار رہا جو کہ خصوصی طور پر روپے کی شرح تبادلہ میں ہونے والی غیر یقینی تبدیلیوں، بیرونی قرضہ جات کے بڑھتے ہوئے حجم اور اترتی ہوئی مالی صورتحال کے باعث مالی سال 2018-19ء میں 50 فیصد تک کم ہوئی۔ تاہم دوطرفہ اور کثیر الاصلاح ایجنسیوں بشمول آئی ایم ایف سے حاصل شدہ بیرونی قرضہ جات نے تھیری سے گرتے زرمبادلہ کے فنانس کو کافی حد تک سہارا دیا، جو کہ دسمبر 2018ء کی 13 بلین امریکی ڈالرز کی سطح سے 5.1 فیصد کی نمو کے ساتھ جون 2019ء کے اختتام تک 14.5 بلین امریکی ڈالرز تک جا پہنچے۔

آمدنی کی وصولیوں میں کمی، قرضچارج کی ادائیگیوں کی لاگت میں اضافہ، غیر ہدف شدہ سب سٹیڈیز (امداد) اور منسل نقصان کا ہنگامہ سرکاری ملکیتی اداروں کی وجہ سے مالیاتی خسارہ ہی ڈی پی کے 7 فیصد کی ایک خطرناک شرح تک پہنچ چکا ہے۔

اس دہرے خسارے کے دباؤ سے بچنے کے لئے گورنمنٹ کے اقدامات، اضافی ٹیکس اور محصول کے نفاذ اور اس کے ساتھ ساتھ روپے کی کرنزی کے بتدریج اثرات نے ماسٹرن کے قیاموں کی اہم (اسی ٹائی) پر مبنی اثر ڈالا ہے۔ جو کہ سال پیمانی کی بنیاد پر بڑھتا ہوا 7.3 فیصد کی شرح تک جا پہنچا ہے۔

یہ امر متوقع ہے کہ یہ سی ٹی آئی، جو اس وقت بھی گزشتہ 5 سال کی بلند ترین سطح پر ہے، مالی سال 2019-20 میں دہرے نمبر تک بڑھ سکتا ہے۔ چنانچہ اسٹیٹ بینک آف پاکستان نے اپنے کزنے اضافی پالیسی کو جاری رکھتے ہوئے پالیسی ریٹ میں مئی 2019ء اور جولائی 2019ء کے دوران بائرتیب 150 بی پی ایس اور 100 بی پی ایس کا اضافہ کیا ہے۔ جس کے نتیجے میں پالیسی ریٹ 2019ء کے اوائل کی 10 فیصد کی شرح کی نسبت 13.25 فیصد تک جا پہنچا ہے۔

مالیاتی جائزہ:

بینکنگ کا شعبہ بدستور معاشی حالات سے پیدا ہونے والے کثیر الانواع مسائل کا سامنا کر رہا ہے۔ انٹرنیٹ ریٹ میں اضافے کے باعث اگرچہ بینک کے خالص انٹرنیٹ مارجن میں نمونے کے آثار ہیں تاہم پیداواری اخراجات اور آمدنی کے حامل واجبات کے بائین ٹیموں کی تخصیص کو کا فرق اس افزودگی کے فائدہ کو ختم کر رہا ہے۔ بدستور ہوئی تقابلی اخراجات بشمول ڈیپازٹ پر چارجز، انٹرنیٹ کی لاگت، سماجی ریسرچنگ اسٹینڈرڈ کے نفاذ اور سب سے بڑھ کے پیرسٹس کے اخلاق کی وجہ سے کاروبار کرنے کی لاگت میں اضافے کا رجحان دیکھا گیا۔

مندرجہ بالا چیلنجز کا مکمل اور آگے رکھتے ہوئے آپ کے بینک نے اپنے معاشی مہمراے کو دانشمندانہ طریقے سے استعمال کیا تاکہ اپنی اپنی ٹیٹ (میزاویں) میں اعلیٰ نمو حاصل کر سکتے۔ کیمپینر لاگت کے ڈیپازٹس کی مسلسل افزائش اور اعلیٰ ترین میٹار کے اخراجات جن کو بہترین انتظامی دھارچے کی نہایت قابل عمل حکمت عملی کا تعاون بھی حاصل ہے، کثیر لگتی خدمات کے تدارک کا فروغ، بروم، ڈیجیٹل ہیٹ مارجن میں سرمایہ کاری اور نہایت کامیاب تقابلی اضافہ کی بدولت آپ کے بینک نے اس زیر تجزیہ عرصہ کے دوران ایک شاندار مالیاتی کارکردگی کا مظاہرہ کیا ہے۔

اوسط پیداواری اخراجات میں مثبت مجموعی ترقی اور اس کے ساتھ بتدریج بہتر ہونے والے ٹیٹ (میزاویں) کے سہرے (لاگت اور قیمت فروغ کا فرق) کے تعاون سے آپ کے بینک کی خالص انٹرنیٹ آمدنی گزشتہ تقابلی مدت سے 19 فیصد کے توانا اضافے کے ساتھ 18,733 ملین روپے کی سطح پر پہنچ گئی۔

اپنی پراڈکس میں مسلسل بہتری اور ان کے معیار کو مزید بلند کرنے پر جاری ارتقاء کے ذریعہ اپنی آمدنی کے دعوادوں میں ترمیم پیدا کرنے کے باعث آپ کے بینک نے اپنی فیس آمدنی میں 12 فیصد کی اہم تنظیم شرح سے ترقی کی ہے جس کا مجموعی حجم 2,522 ملین روپے پر درج کیا گیا۔

بینک کے تریگی زرمبادلہ کے اخراجات اور واجبات کو اگے درست مقام پر مہمراے کرنے سے انٹریکٹ فونیکس مارکیٹ میں پیدا ہونے والے مواقع سے فائدہ اٹھاتے ہوئے تریگی کریڈیٹس کے لین دین سے حاصل ہونے والی آمدنی میں 86 فیصد کا نمایاں اضافہ ہوا۔ جو کہ اپنی تقابلی مدت کے 674 ملین روپے کے حجم کی نسبت اس زیر تجزیہ عرصہ میں 1,257 ملین روپے پر بند ہوئی۔

مندرجہ بالا شرح میں اضافوں کی درست فہمراہی بنی ہوئے آپ کے بینک نے اپنی مہمراہی آمدنی کی سرمایہ کاری کو بر وقت تبدیل کرتے ہوئے مارکیٹ سے ہونے والے کسی بھی نقصان کے خدشہ کی تصفیہ کر لی۔ مزید برآں آپ کے بینک کی بطور پرائمری ڈیلر (پی ڈی) فعال کارکردگی کے نتیجے میں 386 ملین روپے کا کپٹل گین حاصل کیا۔ اسٹیٹ بینک آف پاکستان نے بھی اس شاندار کارکردگی کو سراہا ہے جیسا کہ آپ کے بینک کا شمار مالی سال 2018-19ء کے دوران مارکیٹ کا نمبر 1 پرائمری ڈیلر کے طور پر کیا گیا ہے۔

اس کے نتیجے میں نان مارک اپ آمدنی 2018ء کی تقابلی مدت کی 6,555 ملین روپے کی سطح سے اس زیر تجزیہ عرصہ میں مجموعی طور پر 5,328 ملین روپے پر درج کی گئی۔

اسٹیٹ بینک آف پاکستان کے مالیاتی شمولیت کے ایجنڈا میں اپنے حصہ کے طور پر آپ کے بینک نے اپنی ڈیجیٹل اور روایتی بینکنگ کی خدمات میں اضافہ کے ذریعے نوس اقدامات اٹھائے ہیں۔ برائچوں کی کل تعداد 1,345 تک بڑھ گئی ہے۔ اسے ٹی ایم نیٹ ورک بھی جوڑتے ہوئے 1,447 اسے ٹی ایمز تک جا پہنچا ہے جس میں 1,135 آن سائٹ اور 312 آف سائٹ اسے ٹی ایمز شامل ہیں۔

117 اسلامی بینکنگ کی برائچوں کے سنگ میل کو حاصل کرنے کے بعد اب اپنے وسیع اور امکانی صارفین میں اسلامی بینکنگ کے مزید فروغ کیلئے خصوصی توجہ دی گئی اور اس کے ساتھ اپنی مثبت شعبہ رواہتی برائچوں میں 50 نئی "اسلاک ورڈ" کا اضافہ کیا ہے۔

اپنے کام میں مرکزیت اور خودکامیابی کی پالیسی آپ کے بینک کے لئے نان مارک اپ اخراجات کو بڑھنے سے روکنے میں معاون ثابت ہوئی ہے۔ تاہم کاروباری اخراجات میں، کرنسی کی نمایاں کرنزی، ٹیکس سے متعلقہ بڑھتے ہوئے اضافی اخراجات، ٹیکنالوجی کے دھارچے میں مسلسل اضافہ اور سب سے بڑھ کر سال 2018ء کی تیری سرمایہ سے قابل اطلاق ڈیپازٹ پر چارجز کی مدد میں 469 ملین روپے کے اضافی اخراجات کو شمار کرنے کے باعث 15.8 فیصد کا اضافہ دیکھا گیا۔

اس زیر تجزیہ عرصہ کے دوران آپ کے بینک نے 01 جنوری 2020ء تک یا اس کے بعد (Superannuation) بیرون مالی تک پہنچنے والے حاضر سروس اہل ملازمین کو پینشن اور جلدی ہونے کے عمل مکمل تصفیہ کی رضا کارانہ پیش کش کی ہے۔ اس رضا کارانہ عمل کے نتیجے میں 130 ملین روپے کے اضافی خرچ کا اعتراف کیا گیا ہے۔ ڈیپازٹ پر چارجز اور رضا کارانہ پیش کش کے اخراجات کو منہاں کرنے کے بعد کاروباری اخراجات میں اضافہ 10.4 فیصد پر درج کیا گیا۔

اس زیر تجزیہ عرصہ کے دوران آپ کے بینک نے عالمی مالیاتی ریسرچ اسٹینڈرڈ (آئی ایف آئی آر اےس) - 16 لیز (Leases) کو اختیار کیا ہے جس کے تحت استعمال کی بنیاد پر اخراجات اور تقابلی لیز (Lease) کے واجبات کو لیز (Lessee) کے مزایا پر تسلیم کرنے کے تصور کو متعارف کروایا گیا ہے۔ جس کے نتیجے میں لیز (Lease) کے واجبات کیلئے مختص وقت مکمل مضر انٹرنیٹ اخراجات میں 486 ملین روپے کے اضافی خرچ کا تقابلی گین کیا گیا ہے۔ جس سے آپ کے بینک کی خالص انٹرنیٹ آمدنی بھی اثر انداز ہوئی۔ جبکہ کرارہ داری اخراجات کی کٹوتی کو استعمال شدہ اخراجات کی اضافی فرسوزی سے منہاں کرنے سے نان مارک اپ اخراجات میں 77 ملین روپے کی خالص کمی ہوئی ہے۔

اس زہر تجربہ عرصہ کے دوران آپ کے بینک کا پروڈیوز ( اخراجات ) کے ساتھ سے پیلے کا مبالغہ 10,810 ملین روپے پر درج ہوا۔ تاہم مندرجہ بالا آئی ایف آر ایس۔ 16 کے تحت شمار کے لئے 409 ملین روپے کے اضافی اخراجات، ڈیپازٹس پر ٹیکسوں کے 469 ملین روپے کی لاگت اور چین کی مددیں رضا کارانہ ادائیگیوں کے 130 ملین روپے کے خرچ کے اندراج سے قطع نظر عمومی کاروبار سے حاصل شدہ منافع قبل از پروڈیوز گزشتہ سال کے حاصل شدہ 10,790 ملین روپے کے حجم کی نسبت 9.5 فیصد کے اضافہ کے ساتھ 11,818 ملین روپے تک بڑھ گئے۔

اس زہر تجربہ عرصہ کے دوران مستند گھرانے اور وصولیوں کے اقدامات کے ذریعہ غیر فعال قرضوں اور سرمایہ کاری کے خالص اخراجات میں مجموعی طور پر 289 ملین روپے کی کمی لائی گئی۔ اسٹیٹ بینک آف پاکستان کے رہنمائی کے اصولوں کے تحت غیر فعال قرضوں کے اخراجات کے قیمن میں جبری فروخت کے فوائد کا شمار نہیں کیا گیا۔

رواں سال کے ٹیکسوں کے شمار کے بعد کا مبالغہ 6,921 ملین روپے کی سطح پر درج ہوا۔ ٹیکس سال 2018ء کیلئے اضافی پوریکس کے اطلاق سے 835 ملین روپے کے اضافی اخراجات کو شمار کیا گیا جن کا اندراج سال 2019ء کی پہلی سہ ماہی کے دوران کر لیا گیا تھا۔ نتیجتاً مندرجہ بالا چیلنجز سے نبرد آزما ہوتے ہوئے آپ کے بینک نے اس زہر تجربہ عرصہ کے دوران 6,086 ملین روپے کا ایک توانا منافع بعد از ٹیکس حاصل کیا۔

مذکورہ بالا عوامل کی بناء پر آپ کے بینک کی فی شیئر (حصص) آمدنی 5.31 روپے فی حصص رہی۔ سرائے اور اثاثہ جات کی آمدنی بھی بالترتیب 14 فیصد اور 0.9 فیصد کی مضبوط سطح پر رہی۔

آپ کے بینک نے بڑھتے ہوئے کریڈٹ کے خطرات (ریسکو) کے تناظر میں ایک جامع حکمت عملی کو اختیار کرتے ہوئے اپنے خطرات کے مدارک کے مضبوط نظام پر انحصار کرتے ہوئے جن 2019ء کے اختتام تک 459,500 ملین روپے کے کل قرضہ جات کا اندراج کیا۔ صنعت کے مجموعی قرضہ جات بھی اخطا کا مظہر رہے اور گزشتہ تھالی مدت میں 13 فیصد کی گئی شرح کی نسبت، دسمبر 2018ء سے مئی 3 فیصد کی نمو حاصل کر کے۔

خطرات کے مدارک کے مناسب اقدامات کو پیش قدمی کے ساتھ اختیار کرنے کی بدولت نقصان اور کوریج کی شرحوں میں بھی بہتری ہوئی جو دسمبر 2018ء کے اختتام تک بالترتیب 3.7 فیصد اور 97.7 فیصد کی شرح کی نسبت جن 2019ء کے اختتام تک بالترتیب 3.4 فیصد اور 99 فیصد کی شرح پر رہیں۔ اور اس طرح مارچ 2019ء کی مجموعی صنعت کی بالترتیب 8.2 فیصد اور 84 فیصد کی شرحوں کو نمایاں طور پر پیچھے چھوڑ گئے۔

کاروبار کی بددیانتی صورتحال پر کڑی نگاہ رکھتے ہوئے، حاصل کئے گئے قرضہ جات کے کل حجم کو ادائیگی طور پر آپ کے بینک کے کل اثاثہ جات کی 10 فیصد کی شرح تک محدود کیا گیا جو کہ 30 جن 2019ء تک 1,319,942 ملین روپے کی حجم پر درج کئے گئے۔

اس زہر تجربہ کے دوران کم یا بغیر لاگت کے ڈیپازٹس کو اٹھارنا آپ کے بینک کے کلوی میٹاڈ میں شامل رہا ہے۔ چنانچہ فیچر لاگت پیداواری ڈیپازٹس دسمبر 2018ء کے مقابلہ میں 8 فیصد کے اضافہ کے ساتھ 392,502 ملین روپے پر بند ہوئے جو کہ جن 2019ء کے اختتام تک کل ڈیپازٹس کی ترکیب کا 38 فیصد کو ظاہر کرتے ہیں۔ آپ کے بینک کے کل ڈیپازٹس، دسمبر 2018ء سے 5 فیصد کی ترقی کی شرح سے 1,028,989 ملین روپے پر جا پہنچے ہیں۔

آپ کے بینک نے اپنے سرائے کی مضبوط اساس کو برقرار رکھا ہے جو جن 2019ء کے اختتام تک 107,608 ملین روپے پر بند ہوا۔ آپ کے بینک کی سرائے کی معقولیت (کیپٹل ایڈیٹریسی) کی شرح میں 11 فیصد کی مطلوبہ اضافی شرح کے مقابلہ میں 21.5 فیصد پر رہی جو کہ بینک منظم سرمایہ کی صورتحال کی مکمل عکاسی کرتا ہے۔

#### مستقبل کی پیش بینی

اسٹیٹ بینک آف پاکستان کی جانب سے ملک کے حقیقی جی ڈی پی کی نمو میں تھیل مدت تک 3.5 فیصد تک کی کمزور پیش رفت متوقع ہے۔ جو کہ ملک کی استطاعت سے خاصی کم ہے۔ بلند ہوتے ہوئے انٹرس ریش اور قیمتوں میں روہدہ کی منظم گھرانے نے کریڈٹ کی ترقی، قابل فائدہ آمدنیوں اور داخلی اسراف کی سطحوں کو مسلسل محدود کیا ہے۔

تاہم سرکاری و ترقیاتی اخراجات میں بتدریج اضافہ، آمدنی کو فعال کرنے کی حکمت عملیوں کی بہتر انتظامی مجموعیت، اداروں کے فریم ورک کو مضبوط کرنے کیلئے تعمیری اصلاحات اور گورننس نظام کے تازہ اور اس کے ساتھ ساتھ زرعی اور بڑے پیمانے کی صنعت کے شعبوں کا دوبارہ بہتر ہونا نہایت ناگزیر ہے۔ تاکہ معیشت کو مطلوبہ توانائی فراہم کی جاسکے اور مستقبل میں سرمایہ داروں کا اعتماد بحال ہو سکے۔

آئی ایم ایف سے معافی بنائی کے پروگرام کی منظوری کے بعد نام صرف مارکیٹ میں بہت رجحانات کا فروغ ہوا ہے بلکہ یہ دیگر کثیر اطراف اور دوطرفہ کریڈیٹرز (قرض دہندگان والے) سے مزید عالمی مالی ادارے حاصل کرنے میں بھی معاون ثابت ہوگا۔ جو کہ ملک کے مستقبل کی بیرونی قرضوں کی ضرورتیں پوری کرنے کے لیے اہم ہوگا۔

تاہم ایف اے ٹی ایف کے ریٹین پان کے تحت ملک کے اے ایم ایل ای سی ایف ٹی (AML/CFT) کے نظام کو مزید تقویت دینے کے جاری اقدامات، جو بلاخرک کو ایف اے ٹی ایف (FATF) کی 'گرے لسٹ' (Grey List) سے نکلنے میں معاون ثابت ہو گئے، مندرجہ بالا بیرونی خطرات سے بچنے کی راہ میں ایک مشکل کے طور پر برقرار ہیں۔

اہم وزارت عالمی کاروباری اور انتظامی حالات، بڑھتے ہوئے انٹرس ریٹ کی صورتحال میں خطرات کی قیمتوں کا ازرو قیمن، صارفین کے تجربات سے ابھرتے نئے رجحانات، قرض کی کمزور توسیع اور اثاثہ جات کے گرتے ہوئے معیار کے باعث قرضوں کی معیاری طلب کے فقدان جیسے عوامل میں گھرے ہوئے بینکاری کے شعبہ کی پیش بینی کافی چیلنجنگ ہے۔

اس زہر تجربہ عرصہ میں آپ کے بینک نے اپنی کثیر اجزات حکمت عملی پر خصوصی اندازہ جاری رکھا ہے تاکہ اپنے خطرات کا اسن انتظام، اپنی صلاحیتوں کی تائید، ٹیکنالوجی پیٹ فائزر کی مشینری اور اگلی چھٹی بیٹوں میں تبدیلی، صارفین کی رہنمائی کے مقامات میں مسلسل اضافہ اور ادائیگی کے متبادل ذرائع قبول ڈیجیٹل اور وہائی نیٹ ورک میں مزید بہولیات تاکہ ایک مضبوط پیٹ فائزر کو تشکیل دیا جاسکے جس کے باعث بینک نے مذکورہ بالا مشکل سائنسی ماحول میں بھی نہایت شاعرانہ اور دریا نمو کو حاصل کیا ہے۔

الانچ "ویزا پیم ڈیبٹ کارڈ" (VISA Premium Debit Card) کا اس عرصہ کے دوران اجراء کیا گیا جس کے ذریعے معزز صارفین کو پی او ایس (POS) لین این کرتے وقت

اور نقد رقم کے لین دین میں زیادہ یومیہ حد اور دیر (Visa) کی جانب سے حاصل طور پر سگنچر کارڈ (Signature Card) صارفین کیلئے ملکی اور عالمی خصوصیات کی حامل سہولیات فراہم کی گئی ہیں۔ جبکہ تمام ایسے لین دین دینٹ اور کریڈٹ کارڈز پر 3- ڈی سیور سروسز (3-D Secure Services) کے آگاز سے اپنے صارفین کی آن لائن خریداری کو مزید محفوظ بنانے کے ساتھ ساتھ کسی بھی فراڈ کے خدشہ کو بھی کم کیا ہے

آپ کے بینک نے 1-Link (1-Link) کے ساتھ ایک معاہدہ کیا ہے جس کے تحت تاریخ میں پہلی دفعہ پاک پیپ - یونین پی انٹرنیشنل (PayPak - Union Pay International) دوسرے امتیاز (Badge) کے ذریعہ کارڈ کا اجراء کیا جائے گا تاکہ صارفین کو ملکی اور غیر ملکی خریداری میں مزید آسانیاں مہیا کی جاسکیں۔

اپنی ٹیکنالوجی کے انفراسٹرکچر پر انحصار کرتے ہوئے آپ کے بینک نے جدید ترین اور نیکل ڈیجیٹل بینکنگ ایکسپریس ٹائم فارم (OBDX Oracle Digital Banking Experience) اور (PlateForm) جو خاص طور پر صارفین کے بلاک ڈاٹ مالینی لین دین کے لیے تھقیق کیا گیا ہے، کو استعمال کرتے ہوئے اپنی "مائی اے بی ایل ڈیجیٹل بینکنگ" (My ABL Digital Banking) اپنکلیکیشن کو مزید بہتر کیا ہے اور اپنے کاروباری بھت میں تبدیلی کے عمل میں تیزی کو برقرار رکھا ہے۔

سال 2019ء کے اہم اقدامات میں رائج لیس (Branch Less) بینکاری کی خدمات کا آگاز بھی شامل ہے۔ رائج لیس بینکاری کے تحت موبائل واٹ (Mobile Wallet) سے صارفین کوئی اور سہولتیں فراہم کی جائیں گی۔ جن میں فوری طور پر کاؤنٹ کا ٹھکانا اور موبائل ڈیوائسز (Devices) کے ذریعہ ادائیگیوں کا کارڈ شامل ہے۔

مستقبل میں وسیع البیاد ڈیجیٹائزیشن (Digitization) اور جدید ترین ٹیکنالوجی کے ذریعہ اپنی فرانسائزیشن (Transformation) خاص طور پر متعلقہ صارفین کے مرکزی تجربہ و استعمال کو مزید بہتر بنانے کے عمل پر خصوصی توجہ آچکے بینک کے نمایاں مقاصد میں اولین ترجیح رہے گی۔

#### اسٹبلٹی ریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی لیجنڈ (PACRA) نے بینک کی طویل اور قلیل المدت ریٹنگ کو باہتر تہ "AAA" (ٹریبل اے) اور "A1+" (اے ون پلس) کی سطح پر برقرار رکھا ہے۔ یہ ریٹنگ مالیاتی ذمہ داریوں کی بروقت ادائیگیوں کی نہایت شاندار اور مشہور صلاحیت اور کریڈٹ (قرضوں) میں کم ترین خدشات کی توقعات کا مظہر ہیں۔ آچکے بینک مالیاتی اداروں کے ایک مخصوص اور منتخب شدہ گروپ میں سب سے بلند اسٹبلٹی ریٹنگ کی صلاحیت کو مستحکم اور برقرار رکھا ہے۔

#### بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز اور بورڈ کی فنی کھٹی کی ساخت رپورٹ کے کارپوریٹ حصے میں ظاہر کردی گئی ہے۔

#### گورنریٹ گورننس ریٹنگ

الائیڈ بینک، جے سی آر وی آئی اے (JCR-VIS) کی جانب سے مقررہ "جے سی آر-9+ (CGR-9+)" کی کارپوریٹ گورننس کی بلند ترین سطح سے بہرہ مند ہو رہا ہے۔

#### تسلیم و حسن

الائیڈ بینک لیجنڈ کی جانب سے ہم اپنے قابل قدر صارفین کا اپنی بینکنگ ضروریات کے لئے الائیڈ بینک کو پھنے، حصص مالکان کا بینک پر بھروسہ، اور سیکورٹی اینڈ انکیچج کیمن آف پاکستان، اسٹیٹ بینک آف پاکستان اور دیگر انتظامی اداروں کا ان کی مسلسل رہنمائی پر شکر ادا کرتے ہیں۔

#### مخاطب و برائے بورڈ آف ڈائریکٹرز

شیخ مختار احمد  
چیئر مین بورڈ آف ڈائریکٹرز

ظاہر حسن قریشی  
چیئر ایگزیکٹو آفیسر

لاہور

20 اگست 2019ء

\*محمد نعیم مختار چیئر مین بورڈ آف ڈائریکٹرز بینکنگ میں حاضر نہ تھے۔

# Independent Auditor's Review Report for the Half Year ended 2019

## 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 2019, 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 statement 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 Standards on Review Engagements 2410, "Review of 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 2019 and 30 June 2018 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 Kamran Iqbal Yousafi.

Lahore  
Date: 20 August, 2019

KPMG Taseer Hadi & Co.  
Chartered Accountants



# UNCONSOLIDATED **FINANCIAL STATEMENTS**

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for the half year ended June 30, 2019

# Unconsolidated Statement of Financial Position

(Un-audited) as at June 30, 2019

	Note	June 30, 2019	(Audited) December 31, 2018
Rupees in '000			
<b>ASSETS</b>			
Cash and balances with treasury banks	7	136,950,718	99,188,414
Balances with other banks	8	2,669,169	2,575,055
Lendings to financial institutions - net	9	9,525,406	53,785,679
Investments - net	10	622,397,383	671,228,285
Advances - net	11	444,053,218	438,318,894
Fixed assets	12	60,000,490	50,378,537
Intangible assets	13	1,659,829	1,749,054
Deferred tax assets		-	-
Other assets - net	14	42,685,824	33,382,185
		1,319,942,037	1,350,606,103
<b>LIABILITIES</b>			
Bills payable	16	17,661,718	7,752,959
Borrowings	17	132,876,903	225,882,986
Deposits and other accounts	18	1,028,988,516	984,475,183
Liabilities against assets subject to finance lease		-	-
Sub-ordinated debt		-	-
Deferred tax liabilities - net	19	3,377,365	4,755,428
Other liabilities	20	29,429,539	20,434,714
		1,212,334,041	1,243,301,270
<b>NET ASSETS</b>			
		107,607,996	107,304,833
<b>REPRESENTED BY</b>			
Share capital	21	11,450,739	11,450,739
Reserves		21,679,467	20,276,515
Surplus on revaluation of assets - net of tax	22	20,855,206	23,077,174
Unappropriated profit		53,622,584	52,500,405
		107,607,996	107,304,833

## CONTINGENCIES AND COMMITMENTS

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman



# Unconsolidated Profit and Loss Account

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

	Note	Half Year Ended		Quarter Ended	
		June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
<b>Rupees in '000</b>					
Mark-up / return / interest earned	25	52,010,128	33,319,932	27,665,740	17,645,613
Mark-up / return / interest expensed	26	33,276,653	17,507,958	18,517,355	9,846,129
<b>Net mark-up / interest income</b>		<b>18,733,475</b>	<b>15,811,974</b>	<b>9,148,385</b>	<b>7,799,484</b>
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee and commission income	27	2,521,765	2,248,300	1,135,470	1,091,832
Dividend income		900,920	1,442,874	471,668	893,298
Foreign exchange income		1,256,990	674,150	626,556	402,381
Income from derivatives		-	-	-	-
Gain on securities - net	28	385,610	2,133,983	389,986	790,762
Other income	29	262,844	55,240	167,620	22,708
<b>Total non-markup / interest income</b>		<b>5,328,129</b>	<b>6,554,547</b>	<b>2,791,300</b>	<b>3,200,981</b>
<b>Total income</b>		<b>24,061,604</b>	<b>22,366,521</b>	<b>11,939,685</b>	<b>11,000,465</b>
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Operating expenses	30	13,001,819	11,232,521	7,087,757	5,735,228
Workers welfare fund		239,316	246,437	107,271	117,242
Other charges	31	10,087	97,236	(19,957)	3,041
<b>Total non-markup / interest expenses</b>		<b>13,251,222</b>	<b>11,576,194</b>	<b>7,175,071</b>	<b>5,855,511</b>
<b>Profit before provisions</b>		<b>10,810,382</b>	<b>10,790,327</b>	<b>4,764,614</b>	<b>5,144,954</b>
Net reversal against provisions and write offs	32	(289,133)	(1,009,096)	(85,379)	(579,221)
Extra-ordinary / unusual items		-	-	-	-
<b>PROFIT BEFORE TAXATION</b>		<b>11,099,515</b>	<b>11,799,423</b>	<b>4,849,993</b>	<b>5,724,175</b>
Taxation	33	5,013,810	4,656,115	1,749,044	2,351,585
<b>PROFIT AFTER TAXATION</b>		<b>6,085,705</b>	<b>7,143,308</b>	<b>3,100,949</b>	<b>3,372,590</b>
<b>In Rupees</b>					
<b>Basic and Diluted earnings per share</b>	34	<b>5.31</b>	<b>6.24</b>	<b>2.70</b>	<b>2.95</b>

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

# Unconsolidated Statement of Comprehensive Income

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

	Half Year Ended		Quarter Ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Rupees in '000				
<b>Profit after taxation for the period</b>	<b>6,085,705</b>	<b>7,143,308</b>	<b>3,100,949</b>	<b>3,372,590</b>
<b>Other comprehensive income</b>				
<i>Items that may be reclassified to profit and loss account in subsequent periods:</i>				
Effect of translation of net investment in foreign branches	794,381	373,120	721,882	199,243
Movement in deficit on revaluation of investments - net of tax	(1,996,627)	(2,228,185)	(1,503,274)	(2,787,907)
	(1,202,246)	(1,855,065)	(781,392)	(2,588,664)
<i>Items that will not be reclassified to profit and loss account in subsequent periods:</i>				
Movement in surplus on revaluation of fixed assets - net of tax	10,893	-	10,893	-
Movement in surplus on revaluation of non-banking assets - net of tax	163,739	1,873	163,739	1,873
	174,632	1,873	174,632	1,873
<b>Total comprehensive income</b>	<b>5,058,091</b>	<b>5,290,116</b>	<b>2,494,189</b>	<b>785,799</b>

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

# Unconsolidated Cash Flow Statement

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

	Note	June 30, 2019	June 30, 2018
Rupees in '000			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		11,099,515	11,799,423
Less: Dividend income		(900,920)	(1,442,874)
		10,198,595	10,356,549
<b>Adjustments:</b>			
Depreciation		1,624,491	1,634,729
Depreciation on right of use assets		789,398	-
Amortization		223,241	194,872
Net reversal against provisions and write offs	32	(165,772)	(859,828)
Unrealized gain on revaluation of 'held-for-trading' securities		-	(988)
Provision for workers welfare fund - net		239,316	246,437
Gain on sale of fixed assets and non-banking assets - net		(234,973)	(23,099)
		2,475,701	1,192,123
		12,674,296	11,548,672
<b>(Increase) / decrease in operating assets</b>			
Lendings to financial institutions		44,260,273	(5,055,339)
Held-for-trading securities		-	594,392
Advances		(5,701,579)	(51,133,349)
Other assets (excluding advance taxation)		(8,468,850)	682,087
		30,089,844	(54,912,209)
<b>Increase / (decrease) in operating liabilities</b>			
Bills payable		9,908,759	3,192,450
Borrowings		(94,688,444)	181,795,407
Deposits and other accounts		44,513,333	43,247,967
Other liabilities (excluding current taxation)		8,607,352	104,646
		(31,659,000)	228,340,470
		11,105,140	184,976,933
Income tax paid		(6,059,311)	(4,939,265)
<b>Net cash flow generated from operating activities</b>		<b>5,045,829</b>	<b>180,037,668</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net realizations / (investments) from 'available-for-sale' securities		48,718,641	(167,574,360)
Net (investments) / realizations in 'held-to-maturity' securities		(2,835,991)	901,152
Dividend received		871,375	1,457,522
Investments in fixed assets and intangible assets		(3,061,054)	(3,100,457)
Proceeds from sale of fixed assets		304,869	28,112
Effect of translation of net investment in foreign branches		794,381	373,120
<b>Net cash flow generated from / (used in) investing activities</b>		<b>44,792,221</b>	<b>(167,914,911)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Payment of lease liability against right of use assets		(9,101,355)	-
Dividend paid		(4,562,638)	(4,234,022)
<b>Net cash flow used in financing activities</b>		<b>(13,663,993)</b>	<b>(4,234,022)</b>
Effect of exchange rate changes on opening cash and cash equivalents		(3,089,844)	(1,643,957)
<b>Increase in cash and cash equivalents during the period</b>		<b>33,084,213</b>	<b>6,244,778</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>104,609,689</b>	<b>87,555,281</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>		<b>137,693,902</b>	<b>93,800,059</b>

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

# Unconsolidated Statement of Changes In Equity

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

	Share capital	Capital reserve Exchange translation 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, 2018 (Audited)	11,450,739	230,954	17,743,162	6,000	10,493,343	16,004,075	1,575,633	49,212,447	106,716,353
Profit after taxation (June 30, 2018)	-	-	-	-	-	-	-	7,143,308	7,143,308
<b>Other Comprehensive Income - net of tax</b>									
Deficit on revaluation of investments - net of tax	-	-	-	-	(2,228,185)	-	-	-	(2,228,185)
Surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	(1,873)	1,873	-
Effect of translation of net investment in foreign branches	-	373,120	-	-	-	-	-	-	373,120
	-	373,120	-	-	(2,228,185)	-	(1,873)	1,873	(1,855,065)
Transfer to statutory reserve	-	-	714,331	-	-	-	-	(714,331)	-
Transferred from surplus in respect of incremental depreciation of fixed assets to un-appropriated profit-net of tax	-	-	-	-	-	(56,131)	-	56,131	-
Transferred from surplus in respect of incremental depreciation of non-banking assets to un-appropriated profit-net of tax	-	-	-	-	-	-	(512)	512	-
<b>Transactions with owners recognized directly in equity</b>									
Final cash dividend for the year ended	-	-	-	-	-	-	-	-	-
December 31, 2017 (Rs. 1.75 per ordinary share)	-	-	-	-	-	-	-	(2,003,879)	(2,003,879)
First interim cash dividend for the year ending	-	-	-	-	-	-	-	-	-
December 31, 2018 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
	-	-	-	-	-	-	-	(4,294,027)	(4,294,027)
Balance as at June 30, 2018	11,450,739	604,074	18,457,493	6,000	8,265,158	15,947,944	1,573,248	51,405,913	107,710,569
Profit after taxation for the six months ended December 31, 2018	-	-	-	-	-	-	-	5,737,210	5,737,210
<b>Other Comprehensive Income - net of tax</b>									
Deficit on revaluation of investments - net of tax	-	-	-	-	(3,079,389)	-	-	-	(3,079,389)
Deficit on revaluation of fixed assets - net of tax	-	-	-	-	-	(136,403)	-	-	(136,403)
Surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	563,393	-	563,393
Re-measurement gain on defined benefit obligation-net of tax	-	-	-	-	-	-	-	454,522	454,522
Effect of translation of net investment in foreign branches	-	635,227	-	-	-	-	-	-	635,227
	-	635,227	-	-	(3,079,389)	(136,403)	563,393	454,522	(1,562,850)
Transfer to statutory reserve	-	-	573,721	-	-	-	-	(573,721)	-
Transferred from surplus in respect of incremental depreciation of fixed assets to un-appropriated profit-net of tax	-	-	-	-	-	(56,132)	-	56,132	-
Transferred from surplus in respect of incremental depreciation of non-banking assets to un-appropriated profit-net of tax	-	-	-	-	-	-	(645)	645	-
<b>Transactions with owners, recognized directly in equity</b>									
Second interim cash dividend for the year ended	-	-	-	-	-	-	-	-	-
December 31, 2018 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
Third interim cash dividend for the year ended	-	-	-	-	-	-	-	-	-
December 31, 2018 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(4,580,296)	(4,580,296)
	-	-	-	-	-	-	-	(4,580,296)	(4,580,296)
Balance as at December 31, 2018 (Audited)	11,450,739	1,239,301	19,031,214	6,000	5,185,769	15,755,409	2,135,996	62,500,405	107,204,833
Profit after taxation for the half year ended June 30, 2019	-	-	-	-	-	-	-	6,085,705	6,085,705
<b>Other Comprehensive Income - net of tax</b>									
Deficit on revaluation of investments - net of tax	-	-	-	-	(1,996,627)	-	-	-	(1,996,627)
Surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	(10,893)	-	-	(10,893)
Surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	(163,739)	163,739	-
Re-measurement gain on defined benefit obligation - net of tax	-	-	-	-	-	-	-	-	-
Effect of translation of net investment in foreign branches	-	794,381	-	-	-	-	-	-	794,381
	-	794,381	-	-	(1,996,627)	(10,893)	(163,739)	174,832	(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	-
Transferred from surplus in respect of incremental depreciation of non-banking assets to un-appropriated profit-net of tax	-	-	-	-	-	-	(1,112)	1,112	-
<b>Transactions with owners, recognized directly in equity</b>									
Final cash dividend for the year ended	-	-	-	-	-	-	-	-	-
December 31, 2018 (Rs. 2.00 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
First interim cash dividend for the year ending	-	-	-	-	-	-	-	-	-
December 31, 2019 (Rs. 2.00 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	15,694,919	1,971,145	53,622,584	107,607,996

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

## 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 1,343 (December 31, 2018: 1,343) branches in Pakistan including 117 (December 31, 2018: 117) Islamic banking branches, 1 branch (December 31, 2018: 1) in Karachi Export Processing Zone and 1 Wholesale banking branch (December 31, 2018: 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 disclosures made in these unconsolidated condensed interim financial statements are based on the format prescribed by the SBP vide BPRD Circular Letter No. 05, dated March 22, 2019 and the requirements of the International Accounting Standard 34 ‘Interim Financial Reporting’ (IAS 34). Accordingly, certain corresponding figures have been re-arranged/ re-classified to reflect more appropriate presentation.

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 / 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.

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

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 IFRS 9 'Financial Instruments'

IFRS 9 has been globally adopted from January 01, 2018. The standard addresses recognition, classification, measurement and derecognition of financial instruments. The standard stipulates a paradigm shift from incurred loss model to expected credit loss model (ECL). The prudential regulations currently allow provisioning against bad debts on the incurred loss model. The ECL will have an impact on all assets of the Bank which are exposed to credit risk.

However, SBP vide correspondence dated July 23, 2019 has directed the banks that IFRS 9 shall not be applied for the period ended June 30, 2019. Accordingly, with respect to domestic operations, the Bank has not adopted IFRS 9 for these unconsolidated condensed interim financial statements.

However, IFRS 9 has been adopted for overseas branch as per requirement of respective regulatory regime and has resulted in additional Expected credit loss provisioning requirements of Rs. 25.7 million.

2.1.4 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.

2.1.5 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 (IFS). The standard will result in certain new disclosures in the financial statements of the Bank.

2.1.6 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, 2018.

## 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, 2018, except for those disclosed in note 3.3 below:

### 3.1 New Standards, Interpretations and amendments adopted by the Bank

The Bank has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 16 'Leases' from January 01, 2019. The impact of the adoption of these standards and the new accounting policies are explained in note 3.3 below. A number of other new standards are effective from January 01, 2019 but they do not have a material effect on the Bank's unconsolidated condensed interim financial statements.

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

### 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, 2020:

- Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after January 01, 2020). The amendment is not likely to have an impact on the financial statements of the Bank.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after January 01, 2020). The amendment is not likely to have an impact on the financial statements of the Bank.
- On March 29, 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately and contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of January 01, 2020, unless the new guidance contains specific scope outs.

### 3.3 Changes in accounting policies

The Bank has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 16 'Leases' from January 01, 2019.

The details of new significant accounting policies adopted and the nature and effect of the changes from previous accounting policies are set out below:

#### 3.3.1 IFRS 16 'Leases'

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. As a result, the Bank, as a lessee, has recognized right of use of assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.

The Bank has applied IFRS 16 using the modified retrospective approach as at January 01, 2019. Accordingly, the comparative information presented for 2018 has not been restated i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of changes in accounting policies are disclosed below:

#### As a lessee

As a lessee, the Bank previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Bank now recognizes right of use assets and lease liabilities for material leases i.e. these leases are on balance sheet.

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

The Bank presents right-of-use assets in 'Fixed Assets', as a separate line item with the same classification of underlying assets of the same nature that it owns.

### Significant accounting policies

The Bank recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost which comprise the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and subsequently at cost less accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liability. The right to use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use asset are determined the same as those of 'Fixed Assets'. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Right of use asset is disclosed in the 'Fixed Assets' as referred in Note 12 to these unconsolidated condensed interim financial statements.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined i.e. the Bank's incremental borrowing rate. The Bank has used its incremental borrowing rate as the discount rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in rate or a change in the terms of the lease arrangement.

The Bank has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Bank is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

### Transition

Previously, the Bank classified property leases as operating leases under IAS 17. These leases typically run for 3-9 years. Some leases include an option to renew the lease for an additional period after the end of the contracted period.

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Bank's incremental borrowing rate as at January 01, 2019. Right of use asset are measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments.

The Bank used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.



# Notes to the Unconsolidated Condensed Interim Financial Statements

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

## Impact on financial statements

The impact on transition is summarised below:

	January 01, 2019	June 30, 2019
	Rupees in '000'	
Right-of-use assets presented in property and equipment	8,897,551	8,311,957
Lease liabilities	8,549,187	8,444,200
Decrease in other assets	348,364	-

## Impact for the period

As a result of applying IFRS 16, in relation to leases previously classified as operating leases, the Bank has recognised Rs. 203.8 million of right-of-use assets and lease liabilities during the period ended June 30, 2019.

Also in relation to those leases under IFRS 16, the Bank has recognised depreciation and mark-up/return/interest expense, instead of operating lease rentals. During the six months ended June 30, 2019, the Bank recognised Rs. 789.4 million of depreciation charges and Rs. 486 million of mark-up/return/interest expense on these leases. There was a decrease in rent and registration charges of Rs. 866.4 million during the period. Tax expense has also decreased by Rs. 159.51 million due to above mentioned changes.

### 3.3.2 IFRS 15 'Revenue from contracts with customers'

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control at a point in time or over time requires judgement.

The Bank has adopted IFRS 15 on January 01, 2019 retrospectively in accordance with IAS 8 without practical expedient. The timing or amount of the Bank's income from contract with customers was not impacted by IFRS 15. The application of IFRS 15 has no impact on the financial position and/or financial performance of the Bank. Accordingly, there was no adjustment in retained earnings on application of IFRS 15 as at January 01, 2019.

## 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, 2018 except for as disclosed in note 3.3.

## 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, 2018.

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

	June 30, 2019	(Audited) December 31, 2018
	Rupees in '000	
<b>7 CASH AND BALANCES WITH TREASURY BANKS</b>		
<b>In hand</b>		
Local currency	15,395,684	15,271,580
Foreign currencies	1,666,931	1,008,439
	<u>17,062,615</u>	<u>16,280,019</u>
<b>Remittances in transit</b>	879,984	591,133
<b>With State Bank of Pakistan (SBP) in</b>		
Local currency current accounts	60,688,577	38,599,518
Foreign currency current account	56,734	81,311
Foreign currency deposit accounts (non-remunerative)	6,106,044	4,722,714
Foreign currency deposit accounts (remunerative)	18,293,532	14,128,800
	<u>85,144,887</u>	<u>57,532,343</u>
<b>With National Bank of Pakistan in</b>		
Local currency current accounts	24,858,404	24,610,744
<b>Prize Bonds</b>	9,004,828	174,175
	<u>136,950,718</u>	<u>99,188,414</u>
<b>8 BALANCES WITH OTHER BANKS</b>		
<b>In Pakistan</b>		
In deposit accounts	2,000,000	2,000,000
<b>Outside Pakistan</b>		
In current accounts	625,126	268,512
In deposit accounts	44,043	306,543
	<u>2,669,169</u>	<u>2,575,055</u>
<b>9 LENDINGS TO FINANCIAL INSTITUTIONS</b>		
Call money lendings	2,000,000	5,500,000
Repurchase agreement lendings (Reverse Repo)	2,750,000	44,455,680
Musharaka lendings	1,020,000	2,500,000
Bai muajjal receivable		
with State Bank of Pakistan	2,730,523	-
with other financial institutions	1,024,883	1,029,999
Certificates of investment	70,000	70,000
Letters of placement	-	300,000
	<u>9,595,406</u>	<u>53,855,679</u>
Less: Provision held against lendings to financial institutions	(70,000)	(70,000)
Lendings to financial institutions - net of provision	<u>9,525,406</u>	<u>53,785,679</u>

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

	June 30, 2019		(Audited) December 31, 2018	
	Classified Lending	Provision Held	Classified Lending	Provision Held
Rupees in '000				
<b>9.1 Category of classification</b>				
<b>Domestic</b>				
Other Assets Especially Mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	70,000	70,000	70,000	70,000
<b>Total</b>	<b>70,000</b>	<b>70,000</b>	<b>70,000</b>	<b>70,000</b>

	June 30, 2019				(Audited) December 31, 2018			
	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:

Available-for-sale securities								
Federal Government Securities*	560,268,294	(35,963)	(1,600,955)	558,631,376	610,683,028	(21,248)	(1,608,458)	609,053,322
Shares	26,165,771	(2,137,236)	6,471,534	30,500,069	25,390,405	(2,266,130)	9,572,003	32,696,278
Non Government Debt Securities	12,657,014	(21,071)	(23,708)	12,612,235	11,732,046	(21,071)	(47,874)	11,663,101
Foreign Securities	1,037,692	-	-	1,037,692	1,037,692	-	-	1,037,692
Open Ended Mutual Funds	63,834	-	62,733	126,567	63,834	-	62,436	126,270
	600,192,605	(2,194,270)	4,909,604	602,907,939	648,907,005	(2,308,449)	7,978,107	654,576,663
Held-to-maturity securities								
Federal Government Securities	18,989,444	-	-	18,989,444	16,151,622	-	-	16,151,622
Non Government Debt Securities	344,260	(344,260)	-	-	346,090	(346,090)	-	-
	19,333,704	(344,260)	-	18,989,444	16,497,712	(346,090)	-	16,151,622
Subsidiaries	500,000	-	-	500,000	500,000	-	-	500,000
<b>Total Investments</b>	<b>620,026,309</b>	<b>(2,538,530)</b>	<b>4,909,604</b>	<b>622,397,383</b>	<b>665,904,717</b>	<b>(2,654,539)</b>	<b>7,978,107</b>	<b>671,228,285</b>

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

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

	June 30, 2019	(Audited) December 31, 2018
Rupees in '000		
<b>10.1.1 Investments given as collateral</b>		
Market Treasury Bills	75,958,651	158,411,120
Pakistan Investment Bonds	181,251	10,077,521
GOP Foreign Currency Sukuks (US\$)	4,161,355	4,451,600
GOP Foreign Currency Bonds (US\$)	-	710,569
<b>Total Investments given as collateral</b>	<b>80,301,257</b>	<b>173,650,810</b>
<b>10.2 Provision for diminution in value of investments</b>		
<b>10.2.1</b> Opening balance	2,654,539	2,705,403
Exchange adjustments	4,243	1,557
Charge / reversals		
Charge for the period / year	10,472	112,794
Reversals for the period / year	(130,724)	(3,776)
Reversal on disposals for the period / year	-	(161,439)
	(120,252)	(52,421)
<b>Closing Balance</b>	<b>2,538,530</b>	<b>2,654,539</b>

	(Audited)			
	June 30, 2019		December 31, 2018	
	NPL	Provision	NPL	Provision
Rupees in '000				
<b>10.2.2 Particulars of provision against debt securities</b>				
<b>Category of Classification</b>				
<b>Domestic</b>				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	365,330	365,330	367,161	367,161
	365,330	365,330	367,161	367,161
<b>Overseas</b>				
Not past due but impaired*	11,222,132	35,963	9,756,796	21,248
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	-	-	-	-
>365 days	-	-	-	-
	-	-	-	-
<b>Total</b>	<b>11,587,462</b>	<b>401,293</b>	<b>10,123,957</b>	<b>388,409</b>

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

The State Bank of Pakistan (SBP) has not granted any relaxation in any classification / provisioning during the period ended June 30, 2019.

**10.3** The market value of securities classified as held-to-maturity as at June 30, 2019 amounted to Rs. 15,169.8 million (December 31, 2018: Rs. 15,579.4 million).

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

Note	Performing		Non Performing		Total	
	Audited		Audited		Audited	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Rupees in '000						
11 ADVANCES						
Loans, cash credits, running finances, etc.	434,091,567	428,894,557	14,102,508	14,569,294	448,194,075	443,463,851
Islamic financing and related assets	39.3	7,749,510	6,927,030	-	7,749,510	6,927,030
Bills discounted and purchased		2,062,063	1,982,031	1,494,847	3,556,910	3,477,378
Advances - gross	11.1	443,903,140	437,803,618	15,597,355	16,064,641	459,500,495
Provision against advances						
Specific	11.2 & 11.3	-	-	(15,419,112)	(15,533,497)	(15,419,112)
General	11.3	(28,165)	(15,868)	-	-	(28,165)
		(28,165)	(15,868)	(15,419,112)	(15,533,497)	(15,549,365)
Advances - net of provision		443,874,975	437,787,750	178,243	531,144	444,053,218

(Audited)  
June 30, 2019      December 31, 2018

		Rupees in '000	
11.1	Particulars of advances (Gross)		
	In local currency	455,107,406	443,643,826
	In foreign currencies	4,393,089	10,224,433
		459,500,495	453,868,259

11.2 Advances include Rs. 15,597.355 million (December 31, 2018: Rs. 16,064.641 million) which have been placed under non-performing status as detailed below:

Category of Classification:	(Audited)			
	June 30, 2019		December 31, 2018	
	Non Performing Loans	Specific Provision	Non Performing Loans	Specific Provision
Rupees in '000				
Domestic				
Other Assets Especially Mentioned	24,291	825	38,425	2,231
Substandard	173,963	43,101	436,938	109,035
Doubtful	47,830	23,915	334,094	167,047
Loss	15,351,271	15,351,271	15,255,184	15,255,184
	15,597,355	15,419,112	16,064,641	15,533,497

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

	June 30, 2019			(Audited) December 31, 2018		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
<b>11.3 Particulars of provision against advances</b>						
Opening balance	15,533,497	15,868	15,549,365	16,702,236	11,701	16,713,937
Charge for the period / year	268,152	12,297	280,449	500,412	4,167	504,579
Reversals	(380,619)	-	(380,619)	(1,637,415)	-	(1,637,415)
	(112,467)	12,297	(100,170)	(1,137,003)	4,167	(1,132,836)
Amounts written off	(1,918)	-	(1,918)	(31,736)	-	(31,736)
Closing balance	15,419,112	28,165	15,447,277	15,533,497	15,868	15,549,365

**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** The Bank has participated in government guaranteed syndicated long term loan facilities, granted to Power Holding (Pvt.) Limited, with the Bank's outstanding share being Rs. 28,000 million. State Bank of Pakistan has extended relaxation against classification of the exposure vide Letter No. BPRD/ BSD/ MISC/ 2019/ 17244 dated July 26, 2019 till June 30, 2019; with instructions to recognize mark-up on receipt basis.

	Note	(Audited)	
		June 30, 2019	December 31, 2018
Rupees in '000			
<b>12 FIXED ASSETS</b>			
Capital work-in-progress	12.1	3,091,645	2,338,494
Property and equipment		48,596,888	48,040,043
Right-of-Use Assets		8,311,957	-
		<b>60,000,490</b>	<b>50,378,537</b>

### 12.1 Capital work-in-progress

Civil works	2,444,204	1,855,180
Equipment	152,205	-
Advances to suppliers	495,236	483,314
	<b>3,091,645</b>	<b>2,338,494</b>

### 12.2 Additions to fixed assets

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

	June 30, 2019	June 30, 2018
Rupees in '000		
<b>Capital work-in-progress</b>	<b>799,874</b>	<b>650,852</b>
<b>Property and equipment</b>		
Freehold land	604,779	1,588,524
Leasehold land	-	11,197
Building on freehold land	127,379	252,945
Building on leasehold land	80,468	120,870
Furniture and fixture	121,823	81,178
Electrical office and computer equipment	736,230	1,046,783
Vehicles	299,700	65,850
Others-Building Improvements	217,126	298,663
	<b>2,187,505</b>	<b>3,466,010</b>
<b>Right-of-Use Assets</b>	<b>203,804</b>	<b>-</b>
<b>Total</b>	<b>3,191,183</b>	<b>4,116,862</b>

## Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2019

### 12.3 Disposal of fixed assets

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

	June 30, 2019	June 30, 2018
	Rupees in '000	
Furniture and fixture	1,483	133
Electrical office and computer equipment	10,123	2,921
Vehicles	11,345	1,850
Building	60,400	-
<b>Total</b>	<b>83,351</b>	<b>4,904</b>

	June 30, 2019	(Audited) December 31, 2018
	Rupees in '000	
<b>13 INTANGIBLE ASSETS</b>		
Capital work-in-progress	337,619	337,076
Computer Software	1,322,210	1,411,978
	<b>1,659,829</b>	<b>1,749,054</b>

#### 13.1 Capital work-in-progress

	June 30, 2019	June 30, 2018
Software	181,119	180,132
Advances to suppliers	156,500	156,944
	<b>337,619</b>	<b>337,076</b>

#### 13.2 Additions to intangible assets

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

	June 30, 2019	June 30, 2018
	Rupees in '000	
Capital work-in-progress	101,841	131,805
Software	133,474	205,493
<b>Total</b>	<b>235,315</b>	<b>337,298</b>

#### 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, 2019

	Note	June 30, 2019	(Audited) June 30, 2018
Rupees in '000			
<b>14</b>	<b>OTHER ASSETS</b>		
	Income / Mark-up accrued in local currency - net of provision	16,008,987	11,777,626
	Income / Mark-up accrued in foreign currency - net of provision	221,536	293,994
	Advances, deposits, advance rent and other prepayments	1,450,256	883,302
	Advance taxation (payments less provisions)	5,365,509	4,626,194
	Non-banking assets acquired in satisfaction of claims	1,615,828	1,947,348
	Mark to market gain on forward foreign exchange contracts	7,448,506	2,698,766
	Acceptances	3,262,867	4,183,083
	Due from the employees' retirement benefit schemes		
	Benevolent fund	131,274	115,915
	Pension fund	4,862,169	4,560,065
	Fraud and forgeries	509,635	502,115
	Stationery and stamps in hand	227,507	190,398
	Overdue FBN / FBD	106,447	72,441
	Home Remittance Cell agent receivable	93,725	111,098
	Receivable from SBP - customers encashments	22,490	12,572
	Charges receivable	31,738	23,043
	Suspense Account	150,175	7,898
	Excise duty	11	11
	Others	16,256	3,561
		41,524,916	32,009,430
	Less: Provision held against other assets	14.1 (833,600)	(787,203)
	Other assets (net of provision)	40,691,316	31,222,227
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	1,994,508	2,159,958
	Other Assets - total	42,685,824	33,382,185
<b>14.1</b>	<b>Provision held against other assets</b>		
	Advances, deposits, advance rent and other prepayments	210,961	209,506
	Fraud and forgeries	509,635	502,115
	Overdue FBN / FBD	24,295	24,295
	Charges receivable	31,735	23,043
	Suspense account	6,453	6,453
	Others	50,521	21,791
		833,600	787,203
<b>14.1.1</b>	<b>Movement in provision held against other assets</b>		
	Opening balance	787,203	747,062
	Charge for the period / year	57,193	96,695
	Reversals	(2,544)	(12,000)
	Written off / adjusted	(8,252)	(44,554)
	Closing balance	833,600	787,203

## 15 CONTINGENT ASSETS

There were no contingent assets of the Bank as at June 30, 2019 and December 31, 2018.



# Notes to the Unconsolidated Condensed Interim Financial Statements

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

	Note	June 30, 2019	(Audited) December 31, 2018
Rupees in '000			
<b>16</b>	<b>BILLS PAYABLE</b>		
	In Pakistan	17,661,718	7,752,959
<b>17</b>	<b>BORROWINGS</b>		
	<b>Secured</b>		
	Borrowings from State Bank of Pakistan		
	Repurchase agreement borrowings	44,260,200	157,248,800
	Under Export Refinance Scheme	19,650,969	17,913,692
	Under Long Term Financing Facility	18,427,977	14,053,626
		82,339,146	189,216,118
	Repurchase agreement borrowings from Financial Institutions	34,839,507	14,559,563
	<b>Total Secured</b>	117,178,653	203,775,681
	<b>Unsecured</b>		
	Call borrowings	12,427,069	11,861,797
	Trading liability	-	9,987,849
	Overdrawn nostro accounts	1,925,985	243,624
	Musharaka borrowing	1,300,000	-
	Other borrowings	45,196	14,035
	<b>Total unsecured</b>	15,698,250	22,107,305
		132,876,903	225,882,986

	(Audited)						
	June 30, 2019			December 31, 2018			
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total	
Rupees in '000							
<b>18</b>	<b>DEPOSITS AND OTHER ACCOUNTS</b>						
	<b>Customers</b>						
	Current deposits	330,422,976	22,662,629	353,085,605	292,438,272	18,841,868	311,280,140
	Savings deposits	380,545,698	23,694,950	404,240,648	365,456,206	24,707,235	390,163,441
	Term deposits	106,956,779	77,013,496	183,970,275	120,847,788	50,092,266	170,940,054
	Others	22,958,866	45,606	23,004,472	31,335,721	32,615	31,368,336
		840,884,319	123,416,681	964,301,000	810,077,987	93,673,984	903,751,971
	<b>Financial Institutions</b>						
	Current deposits	7,041,823	64,972	7,106,795	20,552,284	27,949	20,580,233
	Savings deposits	38,170,323	-	38,170,323	54,634,073	-	54,634,073
	Term deposits	10,055,301	49,682	10,104,983	4,950,750	52,735	5,003,485
	Others	9,305,415	-	9,305,415	505,421	-	505,421
		64,572,862	114,654	64,687,516	80,642,528	80,684	80,723,212
		905,457,181	123,531,335	1,028,988,516	890,720,515	93,754,668	984,475,183

18.1 This includes deposits eligible to be covered under insurance arrangements amounting to Rs. 585,901 million for December 31, 2018 (December 31, 2017: 513,218 million).

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

	Note	June 30, 2019	(Audited) December 31, 2018
Rupees in '000			
<b>19 DEFERRED TAX LIABILITIES</b>			
<b>Deductible Temporary Differences on</b>			
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		(81,930)	(46,313)
Post retirement medical benefits		(42,980)	(42,980)
Workers welfare fund		(873,967)	(790,207)
		(1,071,753)	(952,376)
<b>Taxable Temporary Differences on</b>			
Surplus on revaluation of fixed assets		1,121,576	1,154,147
Surplus on revaluation of investments		1,720,461	2,792,338
Surplus on revaluation on non-banking assets		23,364	23,962
Actuarial gains		338,631	338,631
Accelerated tax depreciation / amortization		1,231,880	1,385,520
Excess of investment in finance lease over written down value of leased assets		13,206	13,206
		4,449,118	5,707,804
		<b>3,377,365</b>	<b>4,755,428</b>
<b>20 OTHER LIABILITIES</b>			
Mark-up / return / interest payable in local currency		2,633,739	2,366,943
Mark-up / return / interest payable in foreign currencies		551,886	343,307
Accrued expenses		8,502	1,032,259
Retention money payable		328,792	306,416
Unearned commission and income on bills discounted		121,038	123,294
Acceptances		3,262,867	4,183,083
Unclaimed dividends		314,526	291,816
Dividend payable		27,003	32,055
Branch adjustment account		635,911	280,134
Provision for:			
Gratuity		444,655	444,655
Employees' medical benefits		1,376,033	1,332,925
Employees' compensated absences		606,621	606,216
Early retirement		337,527	-
Payable to defined contribution plan		71,750	3,306
Provision against off-balance sheet obligations	20.1	306,342	306,342
Security deposits against lease		700,178	693,151
ATM / POS settlement account		407,681	932,311
Charity fund balance		43	3
Home Remittance Cell overdraft		1,389,903	701,908
With-holding tax payable		1,142,546	688,375
Sundry deposits		2,037,080	2,427,652
Workers welfare fund payable		2,497,050	2,257,734
Present value of lease liability		8,444,200	-
Deferred income on bai muajjal placement		873,230	5,484
Others		910,436	1,075,345
		<b>29,429,539</b>	<b>20,434,714</b>

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

		(Audited)	
		June 30, 2019	December 31, 2018
Rupees in '000			
<b>20.1</b>	<b>Provision against off-balance sheet obligations</b>		
	Opening balance	306,342	306,342
	Charge for the period / year	-	-
	Reversals	-	-
	Closing balance	<u>306,342</u>	<u>306,342</u>
		(Audited)	
	June 30, 2019	December 31, 2018	(Audited) June 30, 2019 December 31, 2018
Number of shares		Rupees in '000	
<b>21</b>	<b>SHARE CAPITAL</b>		
<b>21.1</b>	<b>Authorized capital</b>		
	1,500,000,000	1,500,000,000	Ordinary shares of Rs.10/- each <u>15,000,000</u> 15,000,000
<b>21.2</b>	<b>Issued, subscribed and paid-up capital</b>		
	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	<u>11,275,253</u> 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) <u>91,486</u> 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. <u>84,000</u> 84,000
	<u>1,145,073,830</u>	<u>1,145,073,830</u>	<u>11,450,739</u> 11,450,739

Ibrahim Holdings (Private) Limited (holding company of the Bank), holds 972,510,410 (84.93%) [December 31, 2018: 967,911,610 (84.53%)] 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, 2019

	Note	June 30, 2019	(Audited) December 31, 2018
Rupees in '000			
<b>22</b>	<b>SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>		
Surplus arising on revaluation of:			
Fixed assets		16,816,495	16,909,555
Non-banking assets acquired in satisfaction of claims		1,994,508	2,159,958
Available-for-sale securities		4,909,604	7,978,107
		<u>23,720,607</u>	<u>27,047,620</u>
Deferred tax on surplus on revaluation of:			
Fixed assets		(1,121,576)	(1,154,146)
Non-banking assets acquired in satisfaction of claims		(23,364)	(23,963)
Available-for-sale securities		(1,720,461)	(2,792,337)
		<u>(2,865,401)</u>	<u>(3,970,446)</u>
		<u>20,855,206</u>	<u>23,077,174</u>

## 23 CONTINGENCIES AND COMMITMENTS

Guarantees	23.1	28,343,573	28,018,148
Commitments	23.2	331,020,998	342,770,483
Other contingent liabilities	23.3	8,942,118	8,738,009
		<u>368,306,689</u>	<u>379,526,640</u>

### 23.1 Guarantees

Financial guarantees		4,442,942	4,434,872
Performance guarantees		5,904,888	6,656,657
Other guarantees		17,995,743	16,926,619
		<u>28,343,573</u>	<u>28,018,148</u>

### 23.2 Commitments

#### Documentary credits and short term trade related transactions:

letters of credit		72,361,921	68,457,757
Commitments in respect of:			
forward foreign exchange contracts	23.2.1	247,635,121	207,509,971
forward government securities transactions	23.2.2	7,466,582	57,768,858
operating leases		-	6,018,458
Commitments for acquisition of:			
fixed assets		3,557,374	2,895,671
intangible assets		-	119,768
		<u>331,020,998</u>	<u>342,770,483</u>

#### 23.2.1 Commitments in respect of forward foreign exchange contracts

Purchase		169,536,447	137,056,586
Sale		78,098,674	70,453,385
		<u>247,635,121</u>	<u>207,509,971</u>

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

	(Audited)
	June 30, December 31, 2019 2018
	Rupees in '000
<b>23.2.2 Commitments in respect of forward government securities transactions</b>	
Purchase	7,466,582 57,768,858
	<u>7,466,582 57,768,858</u>
<b>23.3 Other contingent liabilities</b>	
<b>23.3.1 Claims against the Bank not acknowledged as debt</b>	<u>8,942,118 8,738,009</u>

**23.3.2** The income tax assessments of the Bank have been finalized upto and including tax year 2018 for local, Azad Kashmir and Gilgit Baltistan operations. While finalizing income tax assessments upto tax year 2018, income tax authorities made certain add backs with aggregate tax impact of Rs.25,587 million (December 31, 2018: 24,332 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 / references before higher forums against unfavorable decisions. Pending finalization of appeals / references no provision has been made by the Bank on aggregate sum of Rs.25,587 million (December 31, 2018: 24,332 million). The management is confident that the outcome of these appeals / 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, 2018: 1,536 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 has been made against the said demand of Rs. 1,700 million (December 31, 2018: 1,536 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, 2018: 900 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, 2018: 900 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 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 15.01.2019 with a direction to

## Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2019

the Appellate Board to first decide the stay application of the Bank and till then, the Foreign Exchange Regulation Department has been 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 has been 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, 2018.

	Note	Half Year Ended		Quarter Ended	
		June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Rupees in '000					
<b>25 MARK-UP / RETURN / INTEREST EARNED</b>					
On:					
Loans and advances		22,165,357	12,858,382	11,529,366	6,612,322
Investments		23,482,299	19,736,030	14,201,749	10,616,551
Lendings to financial institutions		6,097,559	666,733	1,742,285	379,274
Balances with banks		264,913	58,787	192,340	37,466
		<b>52,010,128</b>	<b>33,319,932</b>	<b>27,665,740</b>	<b>17,645,613</b>
<b>26 MARK-UP / RETURN / INTEREST EXPENSED</b>					
On:					
Deposits		25,678,075	12,712,473	13,795,634	6,401,482
Borrowings		5,213,875	4,245,667	3,023,680	3,095,569
Cost of foreign currency swaps against foreign currency deposits		1,898,692	549,818	1,212,030	349,078
Interest expense on lease liability		486,011	-	486,011	-
		<b>33,276,653</b>	<b>17,507,958</b>	<b>18,517,355</b>	<b>9,846,129</b>
<b>27 FEE AND COMMISSION INCOME</b>					
Card related fees (debit and credit cards)		729,420	663,224	354,824	336,121
Branch banking customer fees		682,438	607,883	342,153	309,886
Commission on remittances including home remittances		376,081	280,576	146,697	172,051
Investment banking fees		359,789	373,497	107,965	101,673
Commission on trade		174,429	177,326	88,464	93,097
Commission on cash management		63,337	51,231	35,262	24,761
Commission on guarantees		49,635	48,812	25,521	21,044
Commission on bancassurance		57,140	36,749	26,772	28,912
Credit related fees		27,293	7,318	6,684	3,425
Consumer finance related fees		2,203	1,684	1,128	862
		<b>2,521,765</b>	<b>2,248,300</b>	<b>1,135,470</b>	<b>1,091,832</b>
<b>28 GAIN ON SECURITIES</b>					
Realised - net	28.1	385,610	2,132,995	388,200	789,774
Unrealised - 'held for trading'		-	988	1,786	988
		<b>385,610</b>	<b>2,133,983</b>	<b>389,986</b>	<b>790,762</b>

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

	Note	Half Year Ended		Quarter Ended	
		June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Rupees in '000					
<b>28.1 Realised gain / (loss) on:</b>					
Federal government securities		387,218	1,524,685	388,379	181,464
Shares		(1,238)	608,310	(1)	608,310
Non government debt securities		(370)	-	(178)	-
		<b>385,610</b>	<b>2,132,995</b>	<b>388,200</b>	<b>789,774</b>
<b>29 OTHER INCOME</b>					
Recovery of written off mark-up and charges		10,168	1,301	10,061	964
Gain on sale of fixed assets - net		220,707	23,098	137,862	12,752
Gain on sale of non-banking assets - net		14,266	264	14,266	264
Other assets disposal		12,680	27,331	2,291	7,431
Rent on property		3,561	1,706	2,383	427
Fee for attending Board meetings		1,462	1,540	757	870
		<b>262,844</b>	<b>55,240</b>	<b>167,620</b>	<b>22,708</b>
<b>30 OPERATING EXPENSES</b>					
<b>Total compensation expense</b>		<b>6,200,400</b>	<b>5,988,931</b>	<b>3,333,745</b>	<b>2,897,957</b>
<b>Property expense:</b>					
Depreciation	30.1	1,915,844	993,171	1,355,834	514,305
Rent and taxes	30.1	122,917	799,453	(377,309)	410,348
Utilities cost		443,306	373,841	244,766	231,935
Security (including guards)		386,257	325,543	194,501	158,386
Repair and maintenance (including janitorial charges)		271,344	222,033	154,868	119,173
Insurance		33,847	31,321	16,939	16,310
		<b>3,173,515</b>	<b>2,745,362</b>	<b>1,589,599</b>	<b>1,450,457</b>
<b>Information technology expenses:</b>					
Depreciation		315,087	262,557	159,301	141,608
Amortization		223,241	194,872	113,468	98,936
Network charges		306,478	303,458	176,656	185,657
Software maintenance		222,876	151,925	133,384	77,665
Hardware maintenance		161,614	76,344	131,634	40,874
Others		3,620	4,576	1,942	1,789
		<b>1,232,916</b>	<b>993,732</b>	<b>716,385</b>	<b>546,529</b>
<b>Other operating expenses:</b>					
Insurance	30.2	546,558	51,070	303,300	13,995
Outsourced service costs		288,621	240,325	148,327	119,718
Stationery and printing		189,325	132,693	88,067	69,010
Cash in Transit service charge		202,676	154,689	117,527	93,628
Marketing, advertisement and publicity		494,569	369,245	434,590	277,717
Depreciation		105,610	59,276	54,740	29,812
Travelling and conveyance		90,749	81,247	58,661	52,184
Postage and courier charges		45,906	21,333	15,742	(2,850)
NIFT clearing charges		57,049	53,725	29,077	28,186
Communication		44,331	44,742	21,873	24,360
Legal and professional charges		44,823	55,933	23,076	34,581
Auditors Remuneration		13,173	8,469	5,939	4,242
Directors fees and allowances		14,116	8,857	8,912	4,639
Fees and allowances to Shariah Board		3,029	3,721	1,515	1,888
Training and development		38,100	27,438	23,129	17,419
Donations		33,632	60,723	32,036	6,486
Others		182,721	131,010	81,517	65,270
		<b>2,394,988</b>	<b>1,504,496</b>	<b>1,448,028</b>	<b>840,285</b>
		<b>13,001,819</b>	<b>11,232,521</b>	<b>7,087,757</b>	<b>5,735,228</b>

## Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2019

30.1 Adoption of IFRS 16 'Leases' resulted in increase in depreciation expense of Rs. 789 million and decrease on rent and registration charges of Rs. 866 million.

30.2 Includes Deposit protection cost of Rs. 469 million (June 30, 2018: Nil).

	Note	Half Year Ended		Quarter Ended	
		June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Rupees in '000					
<b>31 OTHER CHARGES</b>					
Penalties imposed by State Bank of Pakistan		83	37,769	83	16,802
Education cess		-	15,511	-	7,755
Depreciation - non-banking assets		9,919	9,825	4,960	4,876
Others		-	33,430	(25,000)	(27,039)
Other assets written off		85	701	-	647
		<u>10,087</u>	<u>97,236</u>	<u>(19,957)</u>	<u>3,041</u>

<b>32 PROVISIONS AND WRITE OFFS - NET</b>					
Provision / (reversal) for diminution in the value of investments	10.2.1	(120,252)	11,376	(127,566)	11,388
(Reversal) / provision against loans and advances	11.3	(100,170)	(892,329)	75,897	(386,482)
Provision against other assets	14.1.1	54,650	1,125	40,095	(60,875)
Provision against off-balance sheet obligations		-	20,000	-	-
Bad debts written off directly		-	-	-	-
		(165,772)	(859,828)	(11,574)	(435,969)
Recovery against written off bad debts		(123,361)	(149,268)	(73,805)	(143,252)
		<u>(289,133)</u>	<u>(1,009,096)</u>	<u>(85,379)</u>	<u>(579,221)</u>

### 33 TAXATION

Current - for the period	33.1	4,484,565	4,809,424	1,909,680	2,398,553
- for prior year	33.2	834,833	-	-	-
		5,319,398	4,809,424	1,909,680	2,398,553
Deferred - current		(305,588)	(153,309)	(160,636)	(46,968)
		<u>5,013,810</u>	<u>4,656,115</u>	<u>1,749,044</u>	<u>2,351,585</u>

33.1 This also includes proportionate super tax charge of Rs. 477.124 million, levied on taxable income of the Bank for the tax year 2020 vide Finance Supplementary (Second Amendment) Act, 2019.

33.2 This represents super tax levied retrospectively on taxable income of the Bank for the tax year 2018 vide Finance Supplementary (Second Amendment) Act, 2019.

### 34 EARNINGS PER SHARE - BASIC AND DILUTED

Profit after taxation	6,085,705	7,143,308	3,100,949	3,372,590
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	5.31	6.24	2.71	2.95

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, 2019

## 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, 2019										
	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
Rupees in 1000											
On-Balance sheet Financial Instruments											
Financial assets-measured at fair value											
Investments											
Shares / Open Ended Mutual Funds			27,916,835				27,916,835	27,790,269	126,566		27,916,835
Federal Government Securities			558,631,376				558,631,376		558,631,376		558,631,376
Non Government Debt Securities			2,615,839				2,615,839		2,615,839		2,615,839
Financial assets-not measured at fair value											
Cash and balances with treasury banks						136,950,718					136,950,718
Balances with other banks						2,669,169					2,669,169
Lendings					9,525,406						9,525,406
Advances					444,061,047						444,061,047
Other assets						38,231,326					38,231,326
Investments ( HTM, unlisted ordinary shares, term certificates, sukuk, subsidiaries)	18,989,444		14,243,869								33,233,333
	18,989,444		603,407,939		453,986,453	177,851,213		1,253,835,049	27,790,269		561,373,781
Financial liabilities-measured at fair value											
Trading Liability											
Financial liabilities-not measured at fair value											
Bills payable							17,661,718				17,661,718
Borrowings							132,876,903				132,876,903
Deposits and other accounts							1,028,985,516				1,028,985,516
Other liabilities							28,287,095				28,287,095
							1,207,814,232				1,207,814,232
Off-balance sheet financial instruments-measured at fair value											
Forward purchase of foreign exchange contracts									169,536,447		169,536,447
Forward sale of foreign exchange contracts											
Forward purchase of Federal Government securities									78,098,674		78,098,674
Forward sale of Federal Government securities											
									7,466,582		7,466,582

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

		(Audited)		December 31, 2018		Fair Value					
		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
Rupees in 000											
On-Balance sheet Financial Instruments											
Financial assets-measured at fair value											
Investments											
Shares / Open Ended Mutual Funds			30,241,640				30,241,640	30,115,370	126,270		30,241,640
Federal Government Securities			609,053,323				609,053,323		609,053,323		609,053,323
Non-Government Debt Securities			2,986,706				2,986,706		2,986,706		2,986,706
Financial assets - not measured at fair value											
Cash and balances with treasury banks					99,188,414		99,188,414				
Balances with other banks					2,575,055		2,575,055				
Lending to Financial institutions				53,785,769			53,785,769				
Advances				438,318,894			438,318,894				
Other assets					28,988,381		28,988,381				
Investments (HTM, unlisted ordinary shares, term certificates, sukuk, subsidiaries)	16,151,622		12,794,995				28,946,617				
	16,151,622		655,076,664	492,104,663	1,30,751,850		1,294,084,799	30,115,370	612,166,289		642,281,669
Financial liabilities measured at fair value											
Trading Liability							9,987,849		9,987,849		9,987,849
Financial liabilities - not measured at fair value											
Bills payable						7,752,959	7,752,959				
Borrowings						215,895,137	215,895,137				
Deposits and other accounts						984,475,183	984,475,183				
Other liabilities						19,848,238	19,848,238				
Off-balance sheet financial instruments-measured at fair value						1,227,971,517	1,237,959,366		9,987,849		9,987,849
Forward purchase of foreign exchange contracts					137,056,586		137,056,586		137,056,586		137,056,586
Forward sale of foreign exchange contracts					70,453,385		70,453,385		70,453,385		70,453,385
Forward purchase of Federal Government securities					57,768,656		57,768,656		57,768,656		57,768,656

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

	June 30, 2019			(Audited) December 31, 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	Rupees in '000					
<b>35.1 Fair value of non-financial assets</b>						
Fixed assets	-	40,104,090	-	40,104,090	-	39,636,178
Non-banking assets	-	3,610,336	-	3,610,336	-	4,107,906

## 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, 2019					
	Corporate & Investment Banking	Commercial & Retail Banking	Trading & Sale (Treasury)	Islamic Banking	Others	Total
	Rupees in '000					
<b>36 SEGMENT INFORMATION</b>						
<b>36.1 Segment Details with respect to Business Activities</b>						
<b>Profit &amp; Loss</b>						
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
<b>Total Income</b>	<b>1,299,010</b>	<b>20,947,032</b>	<b>1,924,037</b>	<b>598,512</b>	<b>(706,987)</b>	<b>24,061,604</b>
Segment direct expenses	280,104	7,396,132	60,057	596,516	4,918,413	13,251,222
Inter segment expense allocation	-	-	-	-	-	-
<b>Total expenses</b>	<b>280,104</b>	<b>7,396,132</b>	<b>60,057</b>	<b>596,516</b>	<b>4,918,413</b>	<b>13,251,222</b>
Provisions	6,406	42,283	-	(8)	(337,814)	(289,133)
<b>Profit before tax</b>	<b>1,012,500</b>	<b>13,508,617</b>	<b>1,863,980</b>	<b>2,004</b>	<b>(5,287,586)</b>	<b>11,099,515</b>
<b>Balance Sheet</b>						
Cash & Bank balances	62,613	59,590,139	60,946,838	6,939,289	12,081,008	139,619,887
Investments	54,178,774	-	555,746,624	11,971,985	500,000	622,397,383
Net inter segment lending	(399,578,417)	944,355,797	(554,593,200)	(1,274,814)	11,090,634	-
Lendings to financial institutions	704,229	-	4,750,000	4,775,406	(704,229)	9,525,406
Advances - performing	403,944,316	23,554,110	-	7,749,510	8,657,524	443,905,460
Advances - non-performing	120,697	358,253	-	-	15,116,084	15,595,034
Provision against advances	(42,698)	(281,658)	-	-	(15,122,920)	(15,447,276)
Advances - net	404,022,315	23,630,705	-	7,749,510	8,650,688	444,053,218
Others	5,863,035	10,457,899	3,615,954	2,906,882	81,502,373	104,346,143
<b>Total Assets</b>	<b>65,252,549</b>	<b>1,038,034,540</b>	<b>70,466,216</b>	<b>33,068,258</b>	<b>113,120,474</b>	<b>1,319,942,037</b>
Borrowings	51,276,473	3,835,782	79,272,950	1,600,000	(3,108,302)	132,876,903
Subordinated debt	-	-	-	-	-	-
Deposits & other accounts	-	998,787,989	-	27,694,694	2,505,833	1,028,988,516
Net inter segment borrowing	-	-	-	-	-	-
Others	3,325,324	23,319,747	(8,503,199)	1,442,981	30,883,769	50,468,622
<b>Total liabilities</b>	<b>54,601,797</b>	<b>1,025,943,518</b>	<b>70,769,751</b>	<b>30,737,675</b>	<b>30,281,300</b>	<b>1,212,334,041</b>
Equity / Reserves	10,650,752	12,091,024	(303,536)	2,330,583	82,839,173	107,607,996
<b>Total Equity and liabilities</b>	<b>65,252,549</b>	<b>1,038,034,542</b>	<b>70,466,215</b>	<b>33,068,258</b>	<b>113,120,473</b>	<b>1,319,942,037</b>
Contingencies and commitments	88,992,004	10,293,049	255,101,703	1,367,933	12,552,000	368,306,689

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

	June 30, 2018					Total
	Corporate & Investment Banking	Commercial & Retail Banking	Trading & Sale (Treasury)	Islamic Banking	Others	
Rupees in '000						
<b>Profit &amp; Loss</b>						
Net mark-up/return/profit	11,975,735	(11,763,319)	15,231,699	274,116	151,613	15,869,844
Inter segment revenue - net	(11,211,062)	24,405,150	(12,271,044)	-	(923,044)	-
Non mark-up / return / interest income	2,741,048	1,431,700	2,302,140	35,637	193,290	6,703,815
<b>Total Income</b>	<b>3,505,721</b>	<b>14,073,531</b>	<b>5,262,795</b>	<b>309,753</b>	<b>(578,141)</b>	<b>22,573,659</b>
Segment direct expenses	262,051	6,560,691	52,050	495,447	4,263,825	11,634,064
Inter segment expense allocation	-	-	-	-	-	-
<b>Total expenses</b>	<b>262,051</b>	<b>6,560,691</b>	<b>52,050</b>	<b>495,447</b>	<b>4,263,825</b>	<b>11,634,064</b>
Provisions	(335,599)	16,272	-	-	(540,501)	(859,828)
<b>Profit before tax</b>	<b>3,579,269</b>	<b>7,496,568</b>	<b>5,210,745</b>	<b>(185,694)</b>	<b>(4,301,465)</b>	<b>11,799,423</b>
(Audited)						
December 30, 2018						
	Corporate & Investment Banking	Commercial & Retail Banking	Trading & Sale (Treasury)	Islamic Banking	Others	Total
Rupees in '000						
<b>Balance Sheet</b>						
Cash & Bank balances	79,354	44,090,551	47,880,283	4,157,592	5,555,689	101,763,469
Investments	53,748,130	-	606,731,062	10,249,093	500,000	671,228,285
Net inter segment lending	(402,000,239)	893,698,327	(529,115,678)	1,705,552	35,712,038	-
Lendings to financial institutions	3,610,409	-	50,255,680	3,529,999	(3,610,409)	53,785,679
Advances - performing	394,258,308	28,081,086	-	6,927,030	23,966,763	453,233,187
Advances - non-performing	415,941	183,631	-	-	-	599,572
Provision against advances	(116,635)	(103,416)	-	(8)	(15,293,806)	(15,513,865)
Advances - net	394,557,614	28,161,301	-	6,927,022	8,672,957	438,318,894
Others	4,772,402	7,977,518	2,236,843	1,641,756	68,881,257	85,509,776
<b>Total Assets</b>	<b>54,767,670</b>	<b>973,927,697</b>	<b>177,988,190</b>	<b>28,211,014</b>	<b>115,711,532</b>	<b>1,350,606,103</b>
Borrowings	42,470,266	3,912,691	183,088,196	-	(3,588,167)	225,882,986
Subordinated debt	-	-	-	-	-	-
Deposits & other accounts	-	957,686,063	-	24,632,633	2,156,487	984,475,183
Net inter segment borrowing	-	-	-	-	-	-
Others	2,326,844	12,328,943	(3,680,842)	326,877	21,641,279	32,943,101
<b>Total liabilities</b>	<b>44,797,110</b>	<b>973,927,697</b>	<b>179,407,354</b>	<b>24,959,510</b>	<b>20,209,599</b>	<b>1,243,301,270</b>
Equity / Reserves	9,970,560	-	(1,419,164)	3,251,504	95,501,933	107,304,833
<b>Total Equity and liabilities</b>	<b>54,767,670</b>	<b>973,927,697</b>	<b>177,988,190</b>	<b>28,211,014</b>	<b>115,711,532</b>	<b>1,350,606,103</b>
<b>Contingencies and commitments</b>	<b>83,808,051</b>	<b>12,033,029</b>	<b>265,278,829</b>	<b>582,318</b>	<b>17,824,413</b>	<b>379,526,640</b>

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

## RELATED PARTY TRANSACTIONS

The Bank has related party relationships with its parent, subsidiary, companies with common directorship, directors, employee 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, 2019					December 31, 2018								
	Parent	Directors	Key management personnel	Subsidiaries	Associates*	Joint venture	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates*	Joint venture	Other related parties
	Rupees in 1000													
Balances with other banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
In current accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
In deposit accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Opening balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Addition during the period/year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repaid during the period/year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer in/(out)-net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Opening balance	-	-	-	500,000	351	-	25,000	-	-	-	500,000	351	-	-
Investment made during the period/year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment redeemed/disposed off during the period/year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	500,000	351	-	25,000	-	-	-	500,000	351	-	25,000
Provision for diminution in value of investments	-	-	-	-	4,649	-	-	-	-	-	-	4,649	-	-
Advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Opening balance	8,704	-	264,404	-	-	593	-	-	17,029	252,674	-	-	-	(67)
Addition during the period/year	9,334	-	48,451	-	-	4,946	-	-	13,304	112,248	-	-	-	8,011
Repaid during the period/year	(17,357)	-	(60,339)	-	-	(4,854)	-	-	(21,629)	(102,179)	-	-	-	(7,361)
Transfer in/(out)-net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	681	-	252,456	-	-	685	-	-	8,704	264,404	-	-	-	593
Provision held against advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-



# Notes to the Unconsolidated Condensed Interim Financial Statements

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

## 37.1 RELATED PARTY TRANSACTIONS

	June 30, 2019					June 30, 2018								
	Parent	Directors	Key management personnel	Subsidiaries	Associates*	Joint venture	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates*	Joint venture	Other related parties
	Rupees in '000													
<b>Income</b>														
Mark-up/return/interest earned	-	92	10,722	-	-	-	-	-	327	6,519	-	-	-	-
Fee and commission income	-	12	51	4,008	29	-	327	1	3	44	5,059	35	-	212
Dividend income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Gain on sale of securities	-	-	-	-	-	-	389	-	-	-	-	-	-	-
Rental Income	-	-	-	3,561	-	-	-	-	-	-	1,705	-	-	13
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Expense</b>														
Mark-up/return/interest paid	-	6,102	314	1,666	677	-	342,351	-	1,719	243	564	300	-	245,176
Directors meeting fee	-	11,900	-	-	-	-	-	-	8,250	-	-	-	-	-
Remuneration	-	37,388	240,903	-	-	-	-	-	34,361	229,307	-	-	-	-
Other expenses**	-	-	-	-	30,555	-	-	-	-	-	-	30,535	-	-
Rent expense	-	182	-	-	8,226	-	-	-	-	-	-	5,903	-	-
*Charge in respect of staff relief benefit funds*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance premium paid	-	50	132	-	-	-	150,850	-	50	122	-	-	-	452,106
Insurance claims settled	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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 AS 24, 'Related Party Disclosures'.

\*\* Rent expense of ABL Branch with associated company (Ibrahim 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, 2019, certain moveable assets having cumulative net book value of Rs. 92,000 to the Key Management Personnel of the Bank.

\*Other expenses mainly include:

a) National Management Foundation; Donation of Rs. 30 million for construction of hostel building.

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

	June 30, 2019	(Audited) December 31, 2018
	Rupees in '000	
<b>38 CAPITAL ADEQUACY, LEVERAGE RATIO &amp; LIQUIDITY REQUIREMENTS</b>		
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	11,450,739	11,450,739
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	76,897,604	75,040,687
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	76,897,604	75,040,687
Eligible Tier 2 Capital	20,196,268	21,171,279
Total Eligible Capital (Tier 1 + Tier 2)	97,093,872	96,211,966
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	332,702,639	317,173,241
Market Risk	40,876,341	38,020,880
Operational Risk	77,614,260	77,614,260
Total	451,193,240	432,808,381
Common Equity Tier 1 Capital Adequacy ratio	17.04%	17.34%
Tier 1 Capital Adequacy Ratio	17.04%	17.34%
Total Capital Adequacy Ratio	21.52%	22.23%
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	76,897,604	75,040,687
Total Exposures	1,521,354,298	1,633,878,538
Leverage Ratio	5.05%	4.59%
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	441,806,093	397,968,465
Total Net Cash Outflow	255,762,046	262,615,154
Liquidity Coverage Ratio	172.74%	151.54%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	963,694,329	913,354,244
Total Required Stable Funding	538,222,767	491,398,752
Net Stable Funding Ratio	179.05%	185.87%



# Notes to the Unconsolidated Condensed Interim Financial Statements

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

## 39. ISLAMIC BANKING BUSINESS

The Bank is operating 117 (December 31, 2018: 117 and June 30, 2018: 117) Islamic Banking Branches and 60 (December 31, 2018: 10 and June 30, 2018: 0) Islamic Banking Windows at the end of the period.

	Note	June 30, 2019	(Audited) December 31, 2018
Rupees in '000			
<b>ASSETS</b>			
Cash and balances with treasury banks		4,869,874	2,111,510
Balances with other banks		2,069,415	2,046,081
Due from financial institutions	39.1	4,775,406	3,529,999
Investments	39.2	11,971,993	10,249,093
Islamic financing and related assets - net	39.3	7,749,510	6,927,022
Fixed assets		2,260,527	1,139,785
Intangible assets		829	893
Due from Head Office		190,006	799,045
Other assets		645,518	501,078
		<b>34,533,078</b>	<b>27,304,506</b>
<b>LIABILITIES</b>			
Bills payable		166,757	146,954
Due to financial institutions		1,600,000	-
Deposits and other accounts	39.4	27,694,694	24,632,632
Due to Head Office		-	-
Subordinated debt		-	-
Other liabilities		2,741,044	179,923
		<b>32,202,495</b>	<b>24,959,509</b>
<b>NET ASSETS</b>		<b>2,330,583</b>	<b>2,344,997</b>
<b>REPRESENTED BY</b>			
Islamic Banking Fund		3,200,000	3,200,000
Reserves		(305)	(305)
Surplus on revaluation of assets		35,086	51,504
Unappropriated loss	39.5	(904,198)	(906,202)
		<b>2,330,583</b>	<b>2,344,997</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	39.6		

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

	Note	June 30, 2019	June 30, 2018
Rupees in '000			
The profit and loss account of the Bank's Islamic Banking Branches for the period ended June 30, 2019 is as follows:			
Profit / return earned	39.7	1,235,711	500,725
Profit / return expensed	39.8	692,224	226,609
<b>Net Profit / return</b>		<b>543,487</b>	<b>274,116</b>
<b>OTHER INCOME</b>			
Fee and Commission Income		63,044	32,460
Dividend Income		-	-
Foreign exchange (loss) / income		(7,703)	3,071
Loss on securities		(909)	-
Other Income		593	106
Total other income		55,025	35,637
<b>Total Income</b>		<b>598,512</b>	<b>309,753</b>
<b>OTHER EXPENSES</b>			
Operating expenses		596,516	495,447
Workers Welfare Fund		-	-
Other charges		-	-
Total other expenses		596,516	495,447
Profit / (loss) before provisions		1,996	(185,694)
(Reversal) / Provisions and write offs - net		(8)	-
<b>PROFIT / (LOSS) BEFORE TAXATION</b>		<b>2,004</b>	<b>(185,694)</b>
Taxation		-	-
<b>PROFIT / (LOSS) AFTER TAXATION</b>		<b>2,004</b>	<b>(185,694)</b>

	(Audited)					
	June 30, 2019			December 31, 2018		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
Rupees in '000						
<b>39.1 Due from Financial Institutions</b>						
Bai Musajjal Receivable from other Financial Institutions	3,755,406	-	3,755,406	1,029,999	-	1,029,999
Musharaka Lending	1,020,000	-	1,020,000	2,500,000	-	2,500,000
	<b>4,775,406</b>	<b>-</b>	<b>4,775,406</b>	<b>3,529,999</b>	<b>-</b>	<b>3,529,999</b>

	(Audited)							
	June 30, 2019				December 31, 2018			
	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Rupees in '000								
<b>39.2 Investments by Segments</b>								
<b>Federal Government Securities:</b>								
-Ijarah Sukuks	876,501	-	(34,184)	842,317	3,350,837	-	(16,997)	3,333,840
-Other Federal Securities	2,878,400	-	-	2,878,400	-	-	-	-
	3,754,901	-	(34,184)	3,720,717	3,350,837	-	(16,997)	3,333,840
<b>Non Government Debt Securities</b>								
-Listed	147,612	-	(74)	147,538	172,579	-	(842)	171,737
-Unlisted	8,103,738	-	-	8,103,738	6,743,516	-	-	6,743,516
	8,251,350	-	(74)	8,251,276	6,916,095	-	(842)	6,915,253
<b>Total Investments</b>	<b>12,006,251</b>	<b>-</b>	<b>(34,258)</b>	<b>11,971,993</b>	<b>10,266,932</b>	<b>-</b>	<b>(17,839)</b>	<b>10,249,093</b>

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

	June 30, 2019	(Audited) December 31, 2018
	Rupees in '000	
<b>39.3 Islamic financing and related assets</b>		
Ijarah	232,695	268,514
Istisna	457,500	-
Murabaha	13,516	74,796
Diminishing Musharaka	2,188,503	2,628,167
Salam	30,000	20,643
Business Musharka - Financings	4,417,273	3,626,407
Staff Ijarah	348,769	272,629
Staff - Diminishing Musharka	61,254	35,874
<b>Gross Islamic financing and related assets</b>	<b>7,749,510</b>	<b>6,927,030</b>
Less: provision against Islamic financings		
- Specific	-	-
- General	-	8
	-	8
<b>Islamic financing and related assets - net of provision</b>	<b>7,749,510</b>	<b>6,927,022</b>
<b>39.4 Deposits</b>		
<b>Customers</b>		
Current deposits	5,382,540	4,625,036
Savings deposits	11,116,924	9,363,085
Term deposits	1,588,195	1,237,301
Other deposits	873,604	2,667,097
	<b>18,961,263</b>	<b>17,892,519</b>
<b>Financial Institutions</b>		
Current deposits	4,123	3,822
Savings deposits	8,729,308	6,736,291
Term deposits	-	-
Other deposits	-	-
	<b>8,733,431</b>	<b>6,740,113</b>
	<b>27,694,694</b>	<b>24,632,632</b>
<b>39.5 Islamic Banking Business Unappropriated Profit / (Loss)</b>		
Opening Balance	(906,202)	(557,392)
Add: Islamic Banking profit/(loss) for the period	2,004	(348,810)
Less: Taxation	-	-
Less: Reserves	-	-
Less: Transferred / Remitted to Head Office	-	-
Closing Balance	<b>(904,198)</b>	<b>(906,202)</b>
<b>39.6 Contingencies and Commitments</b>		
-Guarantees	808,216	96,846
-Commitments	607,171	485,472
-Other contingencies	-	-
	<b>1,415,387</b>	<b>582,318</b>

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

	June 30, 2019	June 30, 2018
	Rupees in '000	
<b>39.7 Profit/Return Earned of Financing, Investments and Placement</b>		
Profit earned on:		
Financing	350,793	151,036
Investments	773,458	288,187
Placements	111,460	61,502
	<u>1,235,711</u>	<u>500,725</u>
<b>39.8 Profit on Deposits and other Dues Expensed</b>		
Deposits and other accounts	509,018	208,295
Due to Financial Institutions	49	18,092
Profit paid on Musharaka borrowings	101,891	-
Profit paid on Mudaraba borrowings	357	-
Other profit expenses	396	222
Other expenses (IFRS-16)	80,513	-
	<u>692,224</u>	<u>226,609</u>

## 40 NON ADJUSTING EVENT AFTER THE REPORTING DATE

- 40.1 The Board of Directors of the Bank in its meeting held on August 20, 2019 has proposed interim cash dividend for the half year ended June 30, 2019 of Rs. 2.00 per share (June 30, 2018: cash dividend Rs. 2.00 per share). The unconsolidated condensed interim financial statements of the Bank for the half year ended June 30, 2019 do not include the effect of these appropriations which will be accounted for in the unconsolidated financial statements for the year ending December 31, 2019.

## 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, 2019 by the Board of Directors of the Bank.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

# CONSOLIDATED **FINANCIAL STATEMENTS**

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for the half year ended June 30, 2019

# Consolidated Statement of Financial Position

(Un-audited) as at June 30, 2019

	Note	June 30, 2019	(Audited) December 31, 2018
Rupees in '000			
<b>ASSETS</b>			
Cash and balances with treasury banks	7	136,954,655	99,188,414
Balances with other banks	8	2,665,306	2,564,202
Lendings to financial institutions - net	9	9,525,406	53,785,679
Investments - net	10	623,923,732	672,587,309
Advances - net	11	444,089,407	438,357,880
Fixed assets	12	60,094,891	50,399,773
Intangible assets	13	1,668,874	1,756,127
Deferred tax assets		-	-
Other assets - net	14	42,996,321	33,751,113
		1,321,918,592	1,352,390,497
<b>LIABILITIES</b>			
Bills payable	16	17,661,718	7,752,959
Borrowings	17	132,876,903	225,882,986
Deposits and other accounts	18	1,028,946,545	984,463,067
Liabilities against assets subject to finance lease		-	-
Sub-ordinated debt		-	-
Deferred tax liabilities - net	19	3,367,910	4,751,359
Other liabilities	20	29,815,996	20,750,315
		1,212,669,072	1,243,600,686
<b>NET ASSETS</b>		<b>109,249,520</b>	<b>108,789,811</b>
<b>REPRESENTED BY</b>			
Share capital	21	11,450,739	11,450,739
Reserves		21,679,467	20,276,515
Surplus on revaluation of assets - net of tax	22	20,855,206	23,077,174
Unappropriated profit		55,264,108	53,985,383
		109,249,520	108,789,811

## CONTINGENCIES AND COMMITMENTS

23

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

# Consolidated Profit and Loss Account

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

	Note	Half Year Ended		Quarter Ended	
		June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
<b>Rupees in '000</b>					
Mark-up / return / interest earned	25	52,010,659	33,319,952	27,666,047	17,645,380
Mark-up / return / interest expensed	26	33,278,971	17,507,395	18,520,200	9,845,819
<b>Net mark-up / interest income</b>		<b>18,731,688</b>	<b>15,812,557</b>	<b>9,145,847</b>	<b>7,799,561</b>
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee and commission income	27	2,807,363	2,566,695	1,274,835	1,260,565
Dividend income		978,223	1,442,874	548,834	893,298
Foreign exchange income		1,256,990	674,150	626,556	402,381
Income from derivatives		-	-	-	-
Gain on securities - net	28	394,952	2,150,523	317,579	750,024
Other income	29	259,283	53,534	165,237	22,281
<b>Total non-markup / interest income</b>		<b>5,696,811</b>	<b>6,887,776</b>	<b>2,933,041</b>	<b>3,328,549</b>
<b>Total income</b>		<b>24,428,499</b>	<b>22,700,333</b>	<b>12,078,888</b>	<b>11,128,110</b>
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Operating expenses	30	13,194,878	11,419,265	7,187,180	5,817,015
Workers welfare fund		228,344	249,367	93,618	118,148
Other charges	31	10,087	97,236	(19,957)	3,041
<b>Total non-markup / interest expenses</b>		<b>13,433,309</b>	<b>11,765,868</b>	<b>7,260,841</b>	<b>5,938,204</b>
<b>Profit before provisions</b>		<b>10,995,190</b>	<b>10,934,465</b>	<b>4,818,047</b>	<b>5,189,906</b>
Net reversal against provisions and write offs	32	(289,133)	(1,009,096)	(85,379)	(579,221)
Extra-ordinary / unusual items		-	-	-	-
<b>PROFIT BEFORE TAXATION</b>		<b>11,284,323</b>	<b>11,943,561</b>	<b>4,903,426</b>	<b>5,769,127</b>
<b>Taxation</b>	33	<b>5,042,072</b>	<b>4,698,396</b>	<b>1,755,149</b>	<b>2,368,204</b>
<b>PROFIT AFTER TAXATION</b>		<b>6,242,251</b>	<b>7,245,165</b>	<b>3,148,277</b>	<b>3,400,923</b>
<b>In Rupees</b>					
<b>Basic and Diluted earnings per share</b>	34	<b>5.45</b>	<b>6.33</b>	<b>2.75</b>	<b>2.97</b>

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

# Consolidated Statement of Comprehensive Income

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

	Half Year Ended		Quarter Ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	Rupees in '000			
<b>Profit after taxation for the period</b>	<b>6,242,251</b>	<b>7,245,165</b>	<b>3,148,277</b>	<b>3,400,923</b>
<b>Other comprehensive income</b>				
<i>Items that may be reclassified to profit and loss account in subsequent periods:</i>				
Effect of translation of net investment in foreign branches	794,381	373,120	721,882	199,243
Movement in deficit on revaluation of investments - net of tax	(1,996,627)	(2,228,185)	(1,503,274)	(2,787,907)
	(1,202,246)	(1,855,065)	(781,392)	(2,588,664)
<i>Items that will not be reclassified to profit and loss account in subsequent periods:</i>				
Movement in surplus on revaluation of fixed assets - net of tax	10,893	-	10,893	-
Movement in surplus on revaluation of non-banking assets - net of tax	163,739	1,873	163,739	1,873
	174,632	1,873	174,632	1,873
<b>Total comprehensive income</b>	<b>5,214,637</b>	<b>5,391,973</b>	<b>2,541,517</b>	<b>814,132</b>

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman



# Consolidated Cash Flow Statement

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

	Note	June 30, 2019	June 30, 2018
Rupees in '000			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		11,284,323	11,943,561
Less: Dividend income		(978,223)	(1,442,874)
		10,306,100	10,500,687
<b>Adjustments:</b>			
Depreciation		1,634,270	1,638,394
Depreciation on right of use assets		793,382	-
Amortization		224,618	196,476
Net reversal against provisions and write offs	32	(165,772)	(859,828)
Unrealized gain on revaluation of 'held-for-trading' securities		(9,875)	(9,882)
Provision for workers welfare fund - net		228,344	249,366
Gain on sale of fixed assets and non-banking assets - net		(236,638)	(23,099)
		2,468,329	1,191,427
		12,774,429	11,692,114
<b>(Increase) / decrease in operating assets</b>			
Lendings to financial institutions		44,260,273	(5,055,339)
Held-for-trading securities		(2,068,656)	(1,226,145)
Advances		(5,729,381)	(51,131,350)
Other assets (excluding advance taxation)		(8,413,591)	(2,297,551)
		28,048,645	(59,710,385)
<b>Increase / (decrease) in operating liabilities</b>			
Bills payable		9,908,759	3,192,450
Borrowings		(93,006,083)	181,795,407
Deposits and other accounts		44,483,477	43,266,222
Other liabilities (excluding current taxation)		9,005,387	4,781,550
		(29,608,460)	233,035,629
		11,214,614	185,017,358
Income tax paid		(6,087,838)	(4,963,242)
<b>Net cash flow generated from operating activities</b>		5,126,776	180,054,116
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net realizations / (investments) from 'available-for-sale' securities		48,718,642	(167,574,360)
Net (investments) / realizations in 'held-to-maturity' securities		(2,993,973)	901,152
Dividend received		948,678	1,457,522
Investments in fixed assets and intangible assets		(3,072,043)	(3,105,760)
Proceeds from sale of fixed assets		304,869	28,122
Effect of translation of net investment in foreign branches		794,381	373,120
<b>Net cash flow generated from / (used in) investing activities</b>		44,700,554	(167,920,204)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Payment of lease liability against right of use assets		(9,090,561)	-
Dividend paid		(4,562,638)	(4,234,022)
<b>Net cash flow used in financing activities</b>		(13,653,199)	(4,234,022)
Effect of exchange rate changes on opening cash and cash equivalents		(3,088,188)	(1,643,957)
<b>Increase in cash and cash equivalents during the period</b>		33,085,943	6,255,933
<b>Cash and cash equivalents at beginning of the period</b>		104,608,033	87,544,201
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>		137,693,976	93,800,134

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

# Consolidated Statement of Changes In Equity

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

	Share capital	Capital reserve Exchange translation 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, 2018 (Audited)	11,450,739	230,954	17,743,162	6,000	10,493,343	16,004,075	1,575,633	50,546,126	108,050,032
Profit after taxation (June 30, 2018)	-	-	-	-	-	-	-	7,245,165	7,245,165
<b>Other Comprehensive Income - net of tax</b>									
Deficit on revaluation of investments - net of tax	-	-	-	-	(2,228,185)	-	-	-	(2,228,185)
Surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	(1,873)	1,873	-
Effect of translation of net investment in foreign branches	-	373,120	-	-	-	-	-	-	373,120
	-	373,120	-	-	(2,228,185)	-	(1,873)	1,873	(1,855,065)
Transfer to statutory reserve	-	-	714,331	-	-	-	-	(714,331)	-
Transferred from surplus in respect of incremental depreciation of fixed assets to un-appropriated profit-net of tax	-	-	-	-	-	(56,131)	-	56,131	-
Transferred from surplus in respect of incremental depreciation of non-banking assets to un-appropriated profit-net of tax	-	-	-	-	-	-	(512)	512	-
<b>Transactions with owners recognized directly in equity</b>									
Final cash dividend for the year ended									
December 31, 2017 (Rs. 1.75 per ordinary share)	-	-	-	-	-	-	-	(2,003,879)	(2,003,879)
First interim cash dividend for the year ending									
December 31, 2018 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
	-	-	-	-	-	-	-	(4,294,027)	(4,294,027)
Balance as at June 30, 2018	11,450,739	604,074	18,457,493	6,000	8,265,158	15,947,944	1,573,248	52,841,449	109,146,105
Profit after taxation for the six months ended									
December 31, 2018	-	-	-	-	-	-	-	5,786,652	5,786,652
<b>Other Comprehensive Income - net of tax</b>									
Deficit on revaluation of investments - net of tax	-	-	-	-	(3,079,389)	-	-	-	(3,079,389)
Deficit on revaluation of fixed assets - net of tax	-	-	-	-	-	(136,403)	-	-	(136,403)
Surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	563,393	-	563,393
Re-measurement gain on defined benefit obligation-net of tax	-	-	-	-	-	-	-	454,522	454,522
Effect of translation of net investment in foreign branches	-	635,227	-	-	-	-	-	-	635,227
	-	635,227	-	-	(3,079,389)	(136,403)	563,393	454,522	(1,562,650)
Transfer to statutory reserve	-	-	573,721	-	-	-	-	(573,721)	-
Transferred from surplus in respect of incremental depreciation of fixed assets to un-appropriated profit-net of tax	-	-	-	-	-	(56,132)	-	56,132	-
Transferred from surplus in respect of incremental depreciation of non-banking assets to un-appropriated profit-net of tax	-	-	-	-	-	-	(645)	645	-
<b>Transactions with owners, recognized directly in equity</b>									
Second interim cash dividend for the year ended									
December 31, 2018 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
Third interim cash dividend for the year ended									
December 31, 2018 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
	-	-	-	-	-	-	-	(4,580,296)	(4,580,296)
Balance as at December 31, 2018 (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
<b>Other Comprehensive Income - net of tax</b>									
Deficit on revaluation of investments - net of tax	-	-	-	-	(1,996,627)	-	-	-	(1,996,627)
Surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	(10,893)	-	10,893	-
Surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	(163,739)	163,739	-
Re-measurement gain on defined benefit obligation - net of tax	-	-	-	-	-	-	-	-	-
Effect of translation of net investment in foreign branches	-	794,381	-	-	-	-	-	-	794,381
	-	794,381	-	-	(1,996,627)	(10,893)	(163,739)	174,632	(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	-
Transferred from surplus in respect of incremental depreciation of non-banking assets to un-appropriated profit-net of tax	-	-	-	-	-	-	(1,112)	1,112	-
<b>Transactions with owners, recognized directly in equity</b>									
Final cash dividend for the year ended									
December 31, 2018 (Rs. 2.00 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
First interim cash dividend for the year ending									
December 31, 2019 (Rs. 2.00 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	19,639,795	6,000	3,189,142	15,694,919	1,971,145	55,264,108	109,249,820

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

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

# Notes to the Consolidated Condensed Interim Financial Statements

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

## 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 1,343 (December 31, 2018: 1,343) branches in Pakistan including 117 (December 31, 2018: 117) Islamic banking branches, 1 branch (December 31, 2018: 1) in Karachi Export Processing Zone and 1 Wholesale banking branch (December 31, 2018: 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 October 12, 2007 under the repealed Companies Ordinance, 1984. The Company has received certificate of commencement of business on 31 December, 2007. The Company has obtained licenses from the Securities and Exchange Commission of Pakistan (SECP) to carry out 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.11311(I) 2007 (the NBFC Rules). 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 (previously at 11-B Lalazar, M.T Khan Road Karachi). 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 2018.

ABL Asset Management company is managing 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 Finery Fund	Launched on November 30, 2018

## 2 BASIS OF PRESENTATION

These consolidated condensed interim financial statements consists of holding company and its subsidiary company for half year ended June 30, 2019.

The disclosures made in these consolidated condensed interim financial statements are based on the format prescribed by the SBP vide BPRD Circular Letter No. 05, dated March 22, 2019 and the requirements of the International Accounting Standard 34 'Interim Financial Reporting' (IAS 34). Accordingly, certain corresponding figures have been re-arranged/ re-classified to reflect more appropriate presentation.

# Notes to the Consolidated Condensed Interim Financial Statements

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

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

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 consolidated 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 IFRS 9 'Financial Instruments'

IFRS 9 has been globally adopted from January 01, 2018. The standard addresses recognition, classification, measurement and derecognition of financial instruments. The standard stipulates a paradigm shift from incurred loss model to expected credit loss model (ECL). The prudential regulations currently allow provisioning against bad debts on the incurred loss model. The ECL will have an impact on all assets of the Bank which are exposed to credit risk.

However, SBP vide correspondence dated July 23, 2019 has directed the banks that IFRS 9 shall not be applied for the period ended June 30, 2019. Accordingly, with respect to domestic operations, the Bank has not adopted IFRS 9 for these consolidated condensed interim financial statements.

However, IFRS 9 has been adopted for overseas branch as per requirement of respective regulatory regime and has resulted in additional Expected credit loss provisioning requirements of Rs. 25.7 million.

# Notes to the Consolidated Condensed Interim Financial Statements

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

- 2.1.4 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.
- 2.1.5 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 (IFS). The standard will result in certain new disclosures in the financial statements of the Bank.
- 2.1.6 These consolidated condensed interim financial statements do not include all the information and disclosures required in the audited annual consolidated financial statements, and should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2018.

## 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, 2018, except for those disclosed in note 3.3 below:

### 3.1 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE BANK

The Group has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 16 'Leases' from January 01, 2019. The impact of the adoption of these standards and the new accounting policies are explained in note 3.3 below. A number of other new standards are effective from January 01, 2019 but they do not have a material effect on the Bank's 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 are applicable in Pakistan will be effective for accounting periods beginning on or after January 01, 2020:

- Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after January 01, 2020). The amendment is not likely to have an impact on the financial statements of the Bank.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after January 01, 2020). The amendment is not likely to have an impact on the financial statements of the Bank.
- On March 29, 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately and contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of January 01, 2020, unless the new guidance contains specific scope outs.

# Notes to the Consolidated Condensed Interim Financial Statements

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

## 3.3 CHANGES IN ACCOUNTING POLICIES

The Bank has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 16 'Leases' from January 01, 2019.

The details of new significant accounting policies adopted and the nature and effect of the changes from previous accounting policies are set out below:

### 3.3.1 IFRS 16 'Leases'

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. As a result, the Bank, as a lessee, has recognized right of use of assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.

The Bank has applied IFRS 16 using the modified retrospective approach as at January 01, 2019. Accordingly, the comparative information presented for 2018 has not been restated i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of changes in accounting policies are disclosed below:

#### As a lessee

As a lessee, the Bank previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Bank now recognizes right of use assets and lease liabilities for material leases i.e. these leases are on balance sheet.

The Bank presents right-of-use assets in 'Fixed Assets', as a separate line item with the same classification of underlying assets of the same nature that it owns.

#### Significant accounting policies

The Bank recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost which comprise the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and subsequently at cost less accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liability. The right to use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use asset are determined the same as those of 'Fixed Assets'. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Right of use asset is disclosed in the 'Fixed Assets' as referred in Note 12 to these consolidated condensed interim financial statements.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined i.e. the Bank's incremental borrowing rate. The Bank has used its incremental borrowing rate as the discount rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It

# Notes to the Consolidated Condensed Interim Financial Statements

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

is re-measured when there is a change in future lease payments arising from a change in rate or a change in the terms of the lease arrangement.

The Bank has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Bank is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

## Transition

Previously, the Bank classified property leases as operating leases under IAS 17. These leases typically run for 3-9 years. Some leases include an option to renew the lease for an additional period after the end of the contracted period.

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Bank's incremental borrowing rate as at January 01, 2019. Right of use asset are measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

## Impact on financial statements

The impact on transition is summarised below:-

	January 01, 2019	June 30, 2019
	Rupees in '000'	
Right-of-use assets presented in property and equipment	8,974,461	8,380,506
Lease liabilities	8,626,097	8,514,299
Decrease in other assets	348,364	-

## Impact for the period

As a result of applying IFRS 16, in relation to leases previously classified as operating leases, the Bank has recognised Rs. 203.8 million of right-of-use assets and lease liabilities during the period ended June 30, 2019.

Also in relation to those leases under IFRS 16, the Group has recognised depreciation and mark-up/return/interest expense, instead of operating lease rentals. During the six months ended June 30, 2019, the Group recognised Rs. 789.4 million of depreciation charges and Rs. 486 million of mark-up/return/interest expense on these leases. There was a decrease in rent and registration charges of Rs. 866.4 million during the period. Tax expense has also decreased by Rs. 159.51 million due to above mentioned changes.

# Notes to the Consolidated Condensed Interim Financial Statements

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

## 3.3.2 IFRS 15 'Revenue from contracts with customers'

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control at a point in time or over time requires judgement.

The Group has adopted IFRS 15 on January 01, 2019 retrospectively in accordance with IAS 8 without practical expedient. The timing or amount of the Group's income from contract with customers was not impacted by IFRS 15. The application of IFRS 15 has no impact on the financial position and/or financial performance of the Group. Accordingly, there was no adjustment in retained earnings on application of IFRS 15 as at January 01, 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, 2018 except for as disclosed in note 3.3.

## 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 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, 2018.



# Notes to the Consolidated Condensed Interim Financial Statements

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

	June 30, 2019	(Audited) December 31, 2018
	Rupees in '000	
<b>7 CASH AND BALANCES WITH TREASURY BANKS</b>		
<b>In hand</b>		
Local currency	15,399,621	15,271,580
Foreign currencies	1,666,931	1,008,439
	<u>17,066,552</u>	<u>16,280,019</u>
<b>Remittances in transit</b>	879,984	591,133
<b>With State Bank of Pakistan (SBP) in</b>		
Local currency current accounts	60,688,577	38,599,518
Foreign currency current account	56,734	81,311
Foreign currency deposit accounts (non-remunerative)	6,106,044	4,722,714
Foreign currency deposit accounts (remunerative)	18,293,532	14,128,800
	<u>85,144,887</u>	<u>57,532,343</u>
<b>With National Bank of Pakistan in</b>		
Local currency current accounts	24,858,404	24,610,744
<b>Prize Bonds</b>	9,004,828	174,175
	<u>136,954,655</u>	<u>99,188,414</u>
<b>8 BALANCES WITH OTHER BANKS</b>		
<b>In Pakistan</b>		
In deposit accounts	2,000,000	2,000,000
<b>Outside Pakistan</b>		
In current accounts	621,263	257,659
In deposit accounts	44,043	306,543
	<u>2,665,306</u>	<u>2,564,202</u>
<b>9 LENDINGS TO FINANCIAL INSTITUTIONS</b>		
Call money lendings	2,000,000	5,500,000
Repurchase agreement lendings (Reverse Repo)	2,750,000	44,455,680
Musharaka lendings	1,020,000	2,500,000
Bai muajjal receivable		
with State Bank of Pakistan	2,730,523	-
with other financial institutions	1,024,883	1,029,999
Certificates of investment	70,000	70,000
Letters of placement	-	300,000
	<u>9,595,406</u>	<u>53,855,679</u>
Less: Provision held against lendings to financial institutions	(70,000)	(70,000)
Lendings to financial institutions - net of provision	<u>9,525,406</u>	<u>53,785,679</u>

# Notes to the Consolidated Condensed Interim Financial Statements

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

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

	June 30, 2019				(Audited) December 31, 2018			
	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Rupees in '000								
<b>10 INVESTMENTS</b>								
<b>10.1 Investments by type:</b>								
<b>Held-for-trading securities</b>								
Federal Government Securities	-	-	-	-	-	-	-	-
Open Ended Mutual Funds	2,068,656	-	(42,307)	2,026,349	1,912,351	-	(53,328)	1,859,023
	2,068,656	-	(42,307)	2,026,349	1,912,351	-	(53,328)	1,859,023
<b>Available-for-sale securities</b>								
Federal Government Securities*	560,268,294	(35,963)	(1,600,955)	558,631,376	610,683,028	(21,248)	(1,608,457)	609,053,323
Shares	26,165,771	(2,137,236)	6,471,534	30,500,069	25,390,404	(2,266,130)	9,572,004	32,696,278
Non Government Debt Securities	12,657,014	(21,071)	(23,708)	12,612,235	11,732,046	(21,071)	(47,874)	11,663,101
Foreign Securities	1,037,692	-	-	1,037,692	1,037,692	-	-	1,037,692
Open Ended Mutual Funds	63,834	-	62,733	126,567	63,834	-	62,436	126,270
	600,192,605	(2,194,270)	4,909,604	602,907,939	648,907,004	(2,308,449)	7,978,109	654,576,864
<b>Held-to-maturity securities</b>								
Federal Government Securities	18,989,444	-	-	18,989,444	16,151,622	-	-	16,151,622
Non Government Debt Securities	344,260	(344,260)	-	-	346,090	(346,090)	-	-
	19,333,704	(344,260)	-	18,989,444	16,497,712	(346,090)	-	16,151,622
<b>Total Investments</b>	<b>621,594,965</b>	<b>(2,538,530)</b>	<b>4,867,297</b>	<b>623,923,732</b>	<b>667,317,067</b>	<b>(2,654,539)</b>	<b>7,924,781</b>	<b>672,587,309</b>

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

# Notes to the Consolidated Condensed Interim Financial Statements

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

	(Audited)	
	June 30, 2019	December 31, 2018
	Rupees in '000	
<b>10.1.1 Investments given as collateral</b>		
Market Treasury Bills	75,958,651	158,411,120
Pakistan Investment Bonds	181,251	10,077,521
GOP Foreign Currency Sukuks (US\$)	4,161,355	4,451,600
GOP Foreign Currency Bonds (US\$)	-	710,569
<b>Total Investments given as collateral</b>	<b>80,301,257</b>	<b>173,650,810</b>
<b>10.2 Provision for diminution in value of investments</b>		
<b>10.2.1</b>		
Opening Balance	2,654,539	2,705,403
Exchange adjustments	4,243	1,557
Charge / reversals		
Charge for the period / year	10,472	112,794
Reversals for the period / year	(130,724)	(3,776)
Reversal on disposals period / year	-	(161,439)
	(120,252)	(52,421)
Closing Balance	2,538,530	2,654,539

	(Audited)			
	June 30, 2019		December 31, 2018	
	NPL	Provision	NPL	Provision
	Rupees in '000			
<b>10.2.2 Particulars of provision against debt securities</b>				
<b>Category of Classification</b>				
<b>Domestic</b>				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	365,330	365,330	367,161	367,161
	365,330	365,330	367,161	367,161
<b>Overseas</b>				
Not past due but impaired*	11,222,132	35,963	9,756,796	21,248
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	-	-	-	-
>365 days	-	-	-	-
	-	-	-	-
<b>Total</b>	<b>11,587,462</b>	<b>401,293</b>	<b>10,123,957</b>	<b>388,409</b>

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

The State Bank of Pakistan (SBP) has not granted any relaxation in any classification / provisioning during the period ended June 30, 2019.

10.3 The market value of securities classified as held-to-maturity as at June 30, 2019 amounted to Rs. 15,169.8 million (December 31, 2018: Rs. 15,579.4 million).

# Notes to the Consolidated Condensed Interim Financial Statements

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

Note	Performing		Non Performing		Total		
	Audited		Audited		Audited		
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018	
<b>Rupees in '000</b>							
<b>11 ADVANCES</b>							
Loans, cash credits, running finances, etc.	434,127,756	428,933,543	14,102,508	14,569,294	448,230,264	443,502,837	
Islamic financing and related assets	7,749,510	6,927,030	-	-	7,749,510	6,927,030	
Bills discounted and purchased	2,062,063	1,982,031	1,494,847	1,495,347	3,556,910	3,477,378	
Advances - gross	11.1	443,939,329	437,842,604	15,597,355	16,064,641	459,536,684	453,907,245
<b>Provision against advances</b>							
Specific	11.2 & 11.3	-	-	(15,419,112)	(15,533,497)	(15,419,112)	(15,533,497)
General	11.3	(28,165)	(15,868)	-	-	(28,165)	(15,868)
		(28,165)	(15,868)	(15,419,112)	(15,533,497)	(15,447,277)	(15,549,365)
Advances - net of provision		443,911,164	437,826,736	178,243	531,144	444,089,407	438,357,880

(Audited)  
June 30, 2019      December 31, 2018

		<b>Rupees in '000</b>	
<b>11.1</b>	<b>Particulars of advances (Gross)</b>		
	In local currency		443,682,812
	In foreign currencies		10,224,433
			<b>453,907,245</b>

**11.2** Advances include Rs. 15,597.355 million (December 31, 2018: Rs. 16,064.641 million) which have been placed under non-performing status as detailed below:

	(Audited)			
	June 30, 2019		December 31, 2018	
	Non Performing Loans	Specific Provision	Non Performing Loans	Specific Provision
<b>Rupees in '000</b>				
<b>Category of Classification:</b>				
<b>Domestic</b>				
Other Assets Especially Mentioned	24,291	825	38,425	2,231
Substandard	173,963	43,101	436,938	109,035
Doubtful	47,830	23,915	334,094	167,047
Loss	15,351,271	15,351,271	15,255,184	15,255,184
	<b>15,597,355</b>	<b>15,419,112</b>	<b>16,064,641</b>	<b>15,533,497</b>

# Notes to the Consolidated Condensed Interim Financial Statements

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

	June 30, 2019			(Audited) December 31, 2018		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
<b>11.3 Particulars of provision against advances</b>						
Opening balance	15,533,497	15,868	15,549,365	16,702,236	11,701	16,713,937
Charge for the year / period	268,152	12,297	280,449	500,412	4,167	504,579
Reversals	(380,619)	-	(380,619)	(1,637,415)	-	(1,637,415)
	(112,467)	12,297	(100,170)	(1,137,003)	4,167	(1,132,836)
Amounts written off	(1,918)	-	(1,918)	(31,736)	-	(31,736)
Closing balance	15,419,112	28,165	15,447,277	15,533,497	15,868	15,549,365

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 The Bank has participated in government guaranteed syndicated long term loan facilities, granted to Power Holding (Pvt.) Limited, with the Bank's outstanding share being Rs. 28,000 million. State Bank of Pakistan has extended relaxation against classification of the exposure vide Letter No. BPRD/ BSD/ MISC/ 2019/ 17244 dated July 26, 2019 till June 30, 2019; with instructions to recognize mark-up on receipt basis.

	Note	(Audited)	
		June 30, 2019	December 31, 2018
Rupees in '000			
<b>12 FIXED ASSETS</b>			
Capital work-in-progress	12.1	3,097,947	2,338,494
Property and equipment		48,616,438	48,061,279
Right-of-Use Assets		8,380,506	-
		<b>60,094,891</b>	<b>50,399,773</b>

## 12.1 Capital work-in-progress

Civil works	2,444,204	1,855,180
Equipment	152,205	-
Advances to suppliers	501,538	483,314
	<b>3,097,947</b>	<b>2,338,494</b>

## 12.2 Additions to fixed assets

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

	June 30, 2019	June 30, 2018
Rupees in '000		
Capital work-in-progress	799,874	650,852
<b>Property and equipment</b>		
Freehold land	604,779	1,588,524
Leasehold land	-	11,197
Building on freehold land	127,379	252,945
Building on leasehold land	80,468	120,870
Furniture and fixture	121,945	83,560
Electrical office and computer equipment	737,568	1,047,152
Vehicles	299,700	65,850
Others-Building Improvements	217,126	298,663
	<b>2,188,965</b>	<b>3,468,761</b>
Right-of-Use Assets	203,804	-
<b>Total</b>	<b>3,192,643</b>	<b>4,119,613</b>

## Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2019

### 12.3 Disposal of fixed assets

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

	June 30, 2019	June 30, 2018
	Rupees in '000	
Furniture and fixture	1,483	133
Electrical office and computer equipment	10,123	2,971
Vehicles	11,345	1,850
Building	60,400	-
<b>Total</b>	<b>83,351</b>	<b>4,954</b>

	June 30, 2019	(Audited) December 31, 2018
	Rupees in '000	
<b>13 INTANGIBLE ASSETS</b>		
Capital work-in-progress	344,759	340,990
Computer Software	1,324,115	1,415,137
	<b>1,668,874</b>	<b>1,756,127</b>

#### 13.1 Capital work-in-progress

	June 30, 2019	June 30, 2018
Software	181,119	180,132
Advances to suppliers	163,640	160,858
	<b>344,759</b>	<b>340,990</b>

#### 13.2 Additions to intangible assets

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

	June 30, 2019	June 30, 2018
	Rupees in '000	
Capital work-in-progress	101,841	131,805
Software	133,474	205,493
<b>Total</b>	<b>235,315</b>	<b>337,298</b>

#### 13.2 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, 2019

	Note	June 30, 2019	(Audited) June 30, 2018
Rupees in '000			
<b>14</b>	<b>OTHER ASSETS</b>		
	Income / Mark-up accrued in local currency - net of provision	16,008,987	11,777,626
	Income / Mark-up accrued in foreign currency - net of provision	221,536	293,994
	Advances, deposits, advance rent and other prepayments	1,767,998	1,254,352
	Advance taxation (payments less provisions)	5,358,264	4,624,072
	Non-banking assets acquired in satisfaction of claims	1,615,828	1,947,348
	Mark to market gain on forward foreign exchange contracts	7,448,506	2,698,766
	Acceptances	3,262,867	4,183,083
	Due from the employees' retirement benefit schemes		
	Benevolent fund	131,274	115,915
	Pension fund	4,862,169	4,560,065
	Fraud and forgeries	509,635	502,115
	Stationery and stamps in hand	227,507	190,398
	Overdue FBN / FBD	106,447	72,441
	Home Remittance Cell agent receivable	93,725	111,098
	Receivable from SBP - customers encashments	22,490	12,572
	Charges receivable	31,738	23,043
	Suspense Account	150,175	7,898
	Excise duty	11	11
	Others	16,256	3,561
		<b>41,835,413</b>	<b>32,378,358</b>
	Less: Provision held against other assets	14.1 (833,600)	(787,203)
	Other assets (net of provision)	41,001,813	31,591,155
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	1,994,508	2,159,958
	Other Assets - total	<b>42,996,321</b>	<b>33,751,113</b>
<b>14.1</b>	<b>Provision held against other assets</b>		
	Advances, deposits, advance rent and other prepayments	210,961	209,506
	Fraud and forgeries	509,635	502,115
	Overdue FBN / FBD	24,295	24,295
	Charges receivable	31,735	23,043
	Suspense account	6,453	6,453
	Others	50,521	21,791
		<b>833,600</b>	<b>787,203</b>
<b>14.1.1</b>	<b>Movement in provision held against other assets</b>		
	Opening balance	787,203	747,062
	Charge for the period / year	57,193	96,695
	Reversals	(2,544)	(12,000)
	Written off / adjusted	(8,252)	(44,554)
	Closing balance	<b>833,600</b>	<b>787,203</b>
<b>15</b>	<b>CONTINGENT ASSETS</b>		
	There were no contingent assets of the Bank as at June 30, 2019 and December 31, 2018.		

# Notes to the Consolidated Condensed Interim Financial Statements

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

	Note	June 30, 2019	(Audited) December 31, 2018
Rupees in '000			
<b>16</b>	<b>BILLS PAYABLE</b>		
	In Pakistan	17,661,718	7,752,959
<b>17</b>	<b>BORROWINGS</b>		
	<b>Secured</b>		
	Borrowings from State Bank of Pakistan		
	Repurchase agreement borrowings	44,260,200	157,248,800
	Under Export Refinance Scheme	19,650,969	17,913,692
	Under Long Term Financing Facility	18,427,977	14,053,626
		82,339,146	189,216,118
	Repurchase agreement borrowings from Financial Institutions	34,839,507	14,559,563
	<b>Total Secured</b>	117,178,653	203,775,681
	<b>Unsecured</b>		
	Call borrowings	12,427,069	11,861,797
	Trading liability	-	9,987,849
	Overdrawn nostro accounts	1,925,985	243,624
	Musharaka borrowing	1,300,000	-
	Other borrowings	45,196	14,035
	<b>Total unsecured</b>	15,698,250	22,107,305
		132,876,903	225,882,986

	(Audited)						
	June 30, 2019			December 31, 2018			
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total	
Rupees in '000							
<b>18</b>	<b>DEPOSITS AND OTHER ACCOUNTS</b>						
	<b>Customers</b>						
	Current deposits	330,422,976	22,662,629	353,085,605	292,438,272	18,841,868	311,280,140
	Savings deposits	380,545,698	23,694,950	404,240,648	365,456,206	24,707,235	390,163,441
	Term deposits	106,956,779	77,013,496	183,970,275	120,847,788	50,092,266	170,940,054
	Others	22,958,866	45,606	23,004,472	31,335,721	32,615	31,368,336
		840,884,319	123,416,681	964,301,000	810,077,987	93,673,984	903,751,971
	<b>Financial Institutions</b>						
	Current deposits	7,041,823	64,972	7,106,795	20,552,284	27,949	20,580,233
	Savings deposits	38,128,352	-	38,128,352	54,621,957	-	54,621,957
	Term deposits	10,055,301	49,682	10,104,983	4,950,750	52,735	5,003,485
	Others	9,305,415	-	9,305,415	505,421	-	505,421
		64,530,891	114,654	64,645,545	80,630,412	80,684	80,711,096
		905,415,210	123,531,335	1,028,946,545	890,708,399	93,754,668	984,463,067

18.1 This includes deposits eligible to be covered under insurance arrangements amounting to Rs. 585,901 million for December 31, 2018 (December 31, 2017: 513,218 million).



# Notes to the Consolidated Condensed Interim Financial Statements

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

	Note	June 30, 2019	(Audited) December 31, 2018
Rupees in '000			
<b>19 DEFERRED TAX LIABILITIES</b>			
<b>Deductible Temporary Differences on</b>			
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		(81,930)	(46,313)
Post retirement medical benefits		(42,980)	(42,980)
Workers welfare fund		(873,967)	(790,207)
		(1,071,753)	(952,376)
<b>Taxable Temporary Differences on</b>			
Surplus on revaluation of fixed assets		1,121,576	1,154,147
Surplus on revaluation of investments		1,711,026	2,787,505
Surplus on revaluation on non-banking assets		23,364	23,962
Actuarial gains		338,631	338,631
Accelerated tax depreciation / amortization		1,231,860	1,386,284
Excess of investment in finance lease over written down value of leased assets		13,206	13,206
		4,439,663	5,703,735
		<b>3,367,910</b>	<b>4,751,359</b>
<b>20 OTHER LIABILITIES</b>			
Mark-up / return / interest payable in local currency		2,633,739	2,366,943
Mark-up / return / interest payable in foreign currencies		551,886	343,307
Accrued expenses		87,883	1,101,822
Retention money payable		328,792	306,416
Unearned commission and income on bills discounted		121,038	123,294
Acceptances		3,262,867	4,183,083
Unclaimed dividends		314,526	291,816
Dividend payable		27,003	32,055
Branch adjustment account		635,911	280,134
Provision for:			
Gratuity		444,655	444,655
Employees' medical benefits		1,376,033	1,332,925
Employees' compensated absences		606,621	606,216
Early retirement		337,527	-
Payable to defined contribution plan		71,750	3,306
Provision against off-balance sheet obligations	20.1	306,342	306,342
Security deposits against lease		700,178	693,151
ATM / POS settlement account		407,681	932,311
Charity fund balance		43	3
Home Remittance Cell overdraft		1,389,903	701,908
With-holding tax payable		1,145,117	690,598
Sundry deposits		2,037,080	2,427,652
Workers welfare fund payable		2,525,401	2,297,057
Present value of lease liability		8,514,300	-
Deferred income on bai muajjal placement		873,230	5,484
Others		1,116,490	1,279,837
		<b>29,815,996</b>	<b>20,750,315</b>

# Notes to the Consolidated Condensed Interim Financial Statements

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

		(Audited)	
		June 30, 2019	December 31, 2018
Rupees in '000			
<b>20.1</b>	<b>Provision against off-balance sheet obligations</b>		
	Opening balance	306,342	306,342
	Charge for the period / year	-	-
	Reversals	-	-
	Closing balance	<u>306,342</u>	<u>306,342</u>
<b>21</b>	<b>SHARE CAPITAL</b>		
<b>21.1</b>	<b>Authorized capital</b>		
		(Audited)	(Audited)
		June 30, 2019	December 31, 2018
		No. of shares	Rupees in '000
		<u>1,500,000,000</u>	<u>1,500,000,000</u>
	Ordinary shares of Rs.10/- each	15,000,000	15,000,000
<b>21.2</b>	<b>Issued, subscribed and paid-up capital</b>		
	Fully paid-up Ordinary shares of Rs. 10/- each		
	406,780,094	406,780,094	4,067,801
	720,745,186	720,745,186	7,207,452
	1,127,525,280	1,127,525,280	11,275,253
	9,148,550	9,148,550	91,486
	8,400,000	8,400,000	84,000
	1,145,073,830	<u>1,145,073,830</u>	<u>11,450,739</u>
	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)		
	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.		

Ibrahim Holdings (Private) Limited (holding company of the Bank), holds 972,510,410 (84.93%) [December 31, 2018: 967,911,610 (84.53%)] 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, 2019

	Note	June 30, 2019	(Audited) December 31, 2018
Rupees in '000			
<b>22</b>	<b>SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>		
Surplus arising on revaluation of:			
Fixed assets		16,816,495	16,909,555
Non-banking assets acquired in satisfaction of claims		1,994,508	2,159,958
Available-for-sale securities		4,909,604	7,978,107
		23,720,607	27,047,620
Deferred tax on surplus on revaluation of:			
Fixed assets		(1,121,576)	(1,154,146)
Non-banking assets acquired in satisfaction of claims		(23,364)	(23,963)
Available-for-sale securities		(1,720,461)	(2,792,337)
		(2,865,401)	(3,970,446)
Surplus on revaluation of assets - net of tax		20,855,206	23,077,174

## 23 CONTINGENCIES AND COMMITMENTS

Guarantees	23.1	28,343,573	28,018,148
Commitments	23.2	331,063,229	342,834,074
Other contingent liabilities	23.3	8,942,118	8,738,009
		368,348,920	379,590,231

### 23.1 Guarantees

Financial guarantees		4,442,942	4,434,872
Performance guarantees		5,904,888	6,656,657
Other guarantees		17,995,743	16,926,619
		28,343,573	28,018,148

### 23.2 Commitments

#### Documentary credits and short term trade related transactions:

letters of credit		72,361,921	68,457,757
Commitments in respect of:			
forward foreign exchange contracts	23.2.1	247,635,121	207,509,971
forward government securities transactions	23.2.2	7,466,582	57,768,858
operating leases		-	6,018,458
Commitments for acquisition of:			
fixed assets		3,557,374	2,895,671
intangible assets		-	119,768
Other Commitments		42,231	63,591
		331,063,229	342,834,074

#### 23.2.1 Commitments in respect of forward foreign exchange contracts

Purchase		169,536,447	137,056,586
Sale		78,098,674	70,453,385
		247,635,121	207,509,971

# Notes to the Consolidated Condensed Interim Financial Statements

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

	(Audited)
	June 30, 2019
	December 31, 2018
	Rupees in '000
<b>23.2.2 Commitments in respect of forward government securities transactions</b>	
Purchase	7,466,582
	57,768,858
	<u>7,466,582</u>
	<u>57,768,858</u>
<b>23.3 Other contingent liabilities</b>	
<b>23.3.1 Claims against the Bank not acknowledged as debt</b>	<b>8,942,118</b>
	<b>8,738,009</b>

**23.3.2** The income tax assessments of the Group have been finalized up to and including tax year 2018 for local, Azad Kashmir and Gilgit Baltistan operations. While finalizing income tax assessments up to tax year 2018, income tax authorities made certain add backs with aggregate tax impact of Rs.25,599 million (December 31, 2018: Rs.24,344 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 / references before higher forums against unfavorable decisions. Pending finalization of appeals / references no provision has been made by the Group on aggregate sum of Rs.25,599 million (December 31, 2018: Rs.24,344 million). The management is confident that the outcome of these appeals / 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, 2018: Rs.1,556 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 has been made against the said demand of Rs.1,720 million (December 31, 2018: Rs.1,556 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, 2018: Rs.900 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, 2018: Rs.900 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 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

# Notes to the Consolidated Condensed Interim Financial Statements

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

appeals. Subsequently, the earlier CPs were disposed of vide order dated 15.01.2019 with a direction to the Appellate Board to first decide the stay application of the Bank and till then, the Foreign Exchange Regulation Department has been 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 has been 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 consolidated financial statements as at December 31, 2018.

	Note	Half Year Ended		Quarter Ended	
		June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
<b>Rupees in '000</b>					
<b>25 MARK-UP / RETURN / INTEREST EARNED</b>					
On:					
Loans and advances		22,165,888	12,858,382	11,529,625	6,612,024
Investments		23,482,299	19,736,030	14,201,749	10,616,551
Lendings to financial institutions		6,097,559	666,733	1,742,285	379,274
Balances with banks		264,913	58,807	192,388	37,531
		<b>52,010,659</b>	<b>33,319,952</b>	<b>27,666,047</b>	<b>17,645,380</b>
<b>26 MARK-UP / RETURN / INTEREST EXPENSED</b>					
On:					
Deposits		25,676,409	12,711,910	13,794,495	6,401,172
Borrowings		5,213,875	4,245,667	3,023,680	3,095,569
Cost of foreign currency swaps against foreign currency deposits		1,898,692	549,818	1,212,030	349,078
Interest expense on lease liability		489,995	-	489,995	-
		<b>33,278,971</b>	<b>17,507,395</b>	<b>18,520,200</b>	<b>9,845,819</b>
<b>27 FEE AND COMMISSION INCOME</b>					
Card related fees (debit and credit cards)		729,420	663,224	354,824	336,121
Branch banking customer fees		972,044	926,498	483,336	478,747
Commission on remittances including home remittances		376,081	280,576	146,697	172,051
Investment banking fees		359,789	373,497	107,965	101,673
Commission on trade		174,429	177,326	88,464	93,097
Commission on cash management		63,223	51,055	37,261	24,658
Commission on guarantees		49,635	48,812	25,521	21,044
Commission on bancassurance		57,140	36,749	26,772	28,912
Credit related fees		23,399	7,274	2,867	3,400
Consumer finance related fees		2,203	1,684	1,128	862
		<b>2,807,363</b>	<b>2,566,695</b>	<b>1,274,835</b>	<b>1,260,565</b>
<b>28 GAIN ON SECURITIES</b>					
Realised - net	28.1	437,260	2,140,641	394,123	793,143
Unrealised - 'held for trading'		(42,308)	9,882	(76,544)	(43,119)
		<b>394,952</b>	<b>2,150,523</b>	<b>317,579</b>	<b>750,024</b>

# Notes to the Consolidated Condensed Interim Financial Statements

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

	Half Year Ended		Quarter Ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Rupees in '000				
<b>28.1 Realised gain / (loss) on:</b>				
Federal government securities	387,218	1,524,685	388,379	181,464
Shares	(1,238)	608,310	(1)	608,310
Non government debt securities	(370)	-	(178)	-
Open Ended Mutual Funds	51,650	7,646	5,923	3,369
	<u>437,260</u>	<u>2,140,641</u>	<u>394,123</u>	<u>793,143</u>
<b>29 OTHER INCOME</b>				
Recovery of written off mark-up and charges	10,168	1,301	10,061	964
Gain on sale of fixed assets - net	220,707	23,098	137,862	12,752
Gain on sale of non-banking assets - net	14,266	264	14,266	264
Other assets disposal	12,680	27,331	2,291	7,431
Rent on property	-	-	-	-
Fee for attending Board meetings	1,462	1,540	757	870
	<u>259,283</u>	<u>53,534</u>	<u>165,237</u>	<u>22,281</u>
<b>30 OPERATING EXPENSES</b>				
<b>Total compensation expense</b>	<b>6,299,178</b>	<b>6,077,040</b>	<b>3,386,738</b>	<b>2,944,556</b>
<b>Property expense:</b>				
Depreciation	30.1	1,925,623	996,836	1,364,061
Rent and taxes	30.1	121,037	808,424	(382,468)
Utilities cost		445,979	375,458	244,620
Security (including guards)		386,257	325,543	194,501
Repair and maintenance (including janitorial charges)		274,956	225,316	158,480
Insurance		35,640	33,052	17,751
		<u>3,189,492</u>	<u>2,764,629</u>	<u>1,596,945</u>
<b>Information technology expenses:</b>				
Depreciation		315,087	262,557	159,301
Amortization		224,618	196,476	114,061
Network charges		306,478	303,458	176,656
Software maintenance		222,876	151,925	133,384
Hardware maintenance		161,614	76,344	131,634
Others		3,620	4,576	1,942
		<u>1,234,293</u>	<u>995,336</u>	<u>716,978</u>
<b>Other operating expenses:</b>				
Insurance	30.2	546,558	51,070	303,300
Outsourced service costs		288,621	240,325	148,327
Stationery and printing		190,315	133,378	88,356
Cash in Transit service charge		202,676	154,689	117,527
Marketing, advertisement and publicity		545,245	417,044	461,822
Depreciation		105,610	59,276	54,740
Travelling and conveyance		90,800	83,851	58,702
Postage and courier charges		52,062	27,477	19,113
NIFT clearing charges		57,049	53,725	29,077
Communication		44,331	44,742	21,873
Legal and professional charges		45,538	56,861	23,450
Auditors Remuneration		13,455	8,814	6,074
Directors fees and allowances		15,316	9,857	9,512
Fees and allowances to Shariah Board		3,029	3,721	1,515
Training and development		38,100	27,438	23,129
Donations		33,632	60,723	32,036
Others		199,578	149,269	87,966
		<u>2,471,915</u>	<u>1,582,260</u>	<u>1,486,519</u>
		<u>13,194,878</u>	<u>11,419,265</u>	<u>7,187,180</u>
				<u>5,817,015</u>

# Notes to the Consolidated Condensed Interim Financial Statements

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

- 30.1 Adoption of IFRS 16 'Leases' resulted in increase in depreciation expense of Rs. 789 million and decrease on rent and registration charges of Rs. 866 million.
- 30.2 Includes Deposit protection cost of Rs. 469 million (June 30, 2018: Nil).

	Note	Half Year Ended		Quarter Ended	
		June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Rupees in '000					
<b>31 OTHER CHARGES</b>					
Penalties imposed by State Bank of Pakistan		83	37,769	83	16,802
Education cess		-	15,511	-	7,755
Depreciation - non-banking assets		9,919	9,825	4,960	4,876
Others		-	33,430	(25,000)	(27,039)
Other assets written off		85	701	-	647
		<u>10,087</u>	<u>97,236</u>	<u>(19,957)</u>	<u>3,041</u>
<b>32 PROVISIONS AND WRITE OFFS - NET</b>					
Provision / (reversal) for diminution in the value of investments	10.2.1	(120,252)	11,376	(127,566)	11,388
(Reversal) / provision against loans and advances	11.3	(100,170)	(892,329)	75,897	(386,482)
Provision against other assets	14.1.1	54,650	1,125	40,095	(60,875)
Provision against off-balance sheet obligations		-	20,000	-	-
Bad debts written off directly		-	-	-	-
		<u>(165,772)</u>	<u>(859,828)</u>	<u>(11,574)</u>	<u>(435,969)</u>
Recovery against written off bad debts		(123,361)	(149,268)	(73,805)	(143,252)
		<u>(289,133)</u>	<u>(1,009,096)</u>	<u>(85,379)</u>	<u>(579,221)</u>

### 33 TAXATION

Current - for the period	33.1	4,512,827	4,851,705	1,915,785	2,415,172
- for prior year	33.2	834,833	-	-	-
		<u>5,347,660</u>	<u>4,851,705</u>	<u>1,915,785</u>	<u>2,415,172</u>
Deferred - current		(305,588)	(153,309)	(160,636)	(46,968)
		<u>5,042,072</u>	<u>4,698,396</u>	<u>1,755,149</u>	<u>2,368,204</u>

- 33.1 This also includes proportionate super tax charge of Rs. 477.124 million, levied on taxable income of the Bank for the tax year 2020 vide Finance Supplementary (Second Amendment) Act, 2019.
- 33.2 This represents super tax levied retrospectively on taxable income of the Bank for the tax year 2018 vide Finance Supplementary (Second Amendment) Act, 2019.

### 34 EARNINGS PER SHARE - BASIC AND DILUTED

Profit after taxation	6,242,251	7,245,165	3,148,277	3,400,923
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	5.45	6.33	2.75	2.97

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, 2019

December 31, 2018 (Audited)											
	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
Rupees in 1000											
On-Balance sheet Financial Instruments											
Financial assets-measured at fair value											
Investments											
Shares / Open Ended Mutual Funds		1,859,024	30,241,640					30,115,370	1,985,294		32,100,664
Federal Government Securities			609,053,323					609,053,323	609,053,323		609,053,323
Non-Government Debt Securities			2,986,706					2,986,706	2,986,706		2,986,706
Financial assets - not measured at fair value											
Cash and balances with treasury banks					99,188,414			99,188,414			
Balances with other banks					2,564,202			2,564,202			
Lending to Financial institutions				53,785,679				53,785,679			
Advances				438,357,880				438,357,880			
Other assets					28,986,261			28,986,261			
Investments (HTM, unlisted ordinary shares, term certificates, sukuk, subsidiaries)	16,151,622		12,294,994					28,446,616			
	16,151,622	1,859,024	654,576,663	492,143,559	130,738,877		1,236,469,745	30,115,370	614,025,323		644,140,693
Financial liabilities measured at fair value											
Trading Liability					9,987,849			9,987,849			9,987,849
Financial liabilities - not measured at fair value											
Bills payable						7,752,959					7,752,959
Borrowings						225,882,986					225,882,986
Deposits and other accounts						984,463,067					984,463,067
Other liabilities						20,165,409					20,165,409
Off-balance sheet financial instruments-measured at fair value						1,227,971,517					1,227,971,517
Forward purchase of foreign exchange contracts											
Forward sale of foreign exchange contracts											
Forward purchase of Federal Government securities											
						137,056,586					137,056,586
						70,453,385					70,453,385
						57,768,856					57,768,856

# Notes to the Consolidated Condensed Interim Financial Statements

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

## 35.1 Fair value of non-financial assets

	June 30, 2019				December 31, 2018 (Audited)			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	Rupees in '000							
Fixed assets	-	40,104,090	-	40,104,090	-	39,636,178	-	39,636,178
Non-banking assets	-	3,610,336	-	3,610,336	-	4,107,306	-	4,107,306

## 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, 2019						
	Corpo- rate & Investment Banking	Commercial & Retail Banking	Trading & Sale (Treasury)	Islamic Banking	Asset Management	Others	Total
	Rupees in '000						
<b>36 SEGMENT INFORMATION</b>							
<b>36.1 Segment Details with respect to Business Activities</b>							
<b>Profit &amp; Loss</b>							
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
<b>Total Income</b>	<b>1,299,010</b>	<b>20,947,032</b>	<b>1,924,037</b>	<b>598,512</b>	<b>374,042</b>	<b>(714,135)</b>	<b>24,428,498</b>
	-						
Segment direct expenses	280,104	7,396,132	60,057	596,516	185,660	4,914,840	13,433,309
<b>Total expenses</b>	<b>280,104</b>	<b>7,396,132</b>	<b>60,057</b>	<b>596,516</b>	<b>185,660</b>	<b>4,914,840</b>	<b>13,433,309</b>
Provisions	6,406	42,283	-	(8)	-	(337,815)	(289,134)
<b>Profit before tax</b>	<b>1,012,500</b>	<b>13,508,617</b>	<b>1,863,980</b>	<b>2,004</b>	<b>188,382</b>	<b>(5,291,160)</b>	<b>11,284,323</b>
	-						
<b>Balance Sheet</b>							
Cash & Bank balances	62,613	59,590,139	60,946,838	6,939,289	42,045	12,039,037	139,619,961
Investments	54,178,774	-	555,746,624	11,971,985	2,026,349	-	623,923,732
Net inter segment lending	(399,578,417)	944,355,797	(554,593,200)	(1,274,814)	-	11,090,634	-
Lendings to financial institutions	704,229	-	4,750,000	4,775,406	-	(704,229)	9,525,406
Advances - performing	403,944,316	23,554,110	-	7,749,510	33,869	8,657,524	443,939,329
Advances - non-performing	120,697	358,253	-	-	2,321	15,116,084	15,597,355
Provision against advances	(42,698)	(281,658)	-	-	-	(15,122,920)	(15,447,276)
Advances - net	404,022,315	23,630,705	-	7,749,510	36,189	8,650,688	444,089,407
Others	5,863,035	10,457,899	3,615,954	2,906,682	434,268	81,482,048	104,760,086
<b>Total Assets</b>	<b>65,252,549</b>	<b>1,038,034,540</b>	<b>70,466,216</b>	<b>33,068,258</b>	<b>2,538,851</b>	<b>112,558,178</b>	<b>1,321,918,592</b>
	-						
Borrowings	51,276,473	3,835,782	79,272,950	1,600,000	-	(3,108,302)	132,876,903
Subordinated debt	-	-	-	-	-	-	-
Deposits & other accounts	-	998,787,989	-	27,694,694	-	2,463,861	1,028,946,544
Others	3,325,324	23,319,747	(8,503,199)	1,442,981	397,328	30,863,446	50,845,627
<b>Total liabilities</b>	<b>54,601,797</b>	<b>1,025,943,518</b>	<b>70,769,751</b>	<b>30,737,675</b>	<b>397,328</b>	<b>30,219,005</b>	<b>1,212,669,074</b>
Equity / Reserves	10,650,752	12,091,022	(303,535)	2,330,583	2,141,523	82,339,173	109,249,518
<b>Total Equity and liabilities</b>	<b>65,252,549</b>	<b>1,038,034,540</b>	<b>70,466,216</b>	<b>33,068,258</b>	<b>2,538,851</b>	<b>112,558,178</b>	<b>1,321,918,592</b>
	-						
Contingencies and commitments	88,992,004	10,293,049	255,101,703	1,367,933	42,231	12,552,000	368,348,920

# Notes to the Consolidated Condensed Interim Financial Statements

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

	June 30, 2018						
	Corporate & Investment Banking	Commercial and Retail Banking	Trading & Sales (Treasury)	Islamic Banking	Asset Management	Others	Total
Rupees in '000							
<b>Profit &amp; Loss</b>							
Net mark-up/return/profit	11,975,735	(11,763,319)	15,231,699	274,116	584	93,742	15,812,557
Inter segment revenue - net	(11,211,062)	24,405,150	(12,271,044)	-	-	(923,044)	-
Non mark-up / return / interest income	2,741,048	1,431,700	2,302,140	35,637	292,184	85,067	6,887,776
<b>Total Income</b>	<b>3,505,721</b>	<b>14,073,531</b>	<b>5,262,795</b>	<b>309,753</b>	<b>292,768</b>	<b>(744,235)</b>	<b>22,700,333</b>
Segment direct expenses	262,051	6,560,691	52,050	495,447	148,631	4,246,998	11,765,868
<b>Total expenses</b>	<b>262,051</b>	<b>6,560,691</b>	<b>52,050</b>	<b>495,447</b>	<b>148,631</b>	<b>4,246,998</b>	<b>11,765,868</b>
Provisions	(335,599)	16,272	-	-	-	(689,769)	(1,009,096)
<b>Profit before tax</b>	<b>3,579,269</b>	<b>7,496,568</b>	<b>5,210,745</b>	<b>(185,694)</b>	<b>144,137</b>	<b>(4,301,464)</b>	<b>11,943,561</b>

	December 31, 2018 (Audited)						
	Corporate & Investment Banking	Commercial and Retail Banking	Trading & Sales (Treasury)	Islamic Banking	Asset Management	Others	Total
Rupees in '000							
<b>Balance Sheet</b>							
Cash & Bank balances	79,354	44,090,551	47,880,283	4,157,592	1,263	5,543,573	101,752,616
Investments	53,748,130	-	606,731,062	10,249,093	1,859,024	-	672,587,309
Net inter segment lending/borrowing	(402,000,239)	893,698,327	(529,115,678)	1,705,552	-	35,712,038	-
Lendings to financial institutions	3,610,409	-	50,255,680	3,529,999	-	(3,610,409)	53,785,679
Advances - performing	394,258,309	28,081,086	-	6,927,030	38,985	23,966,762	453,272,172
Advances - non-performing	415,941	183,631	-	-	-	-	599,572
Provision against advances	(116,635)	(103,416)	-	(8)	-	(15,293,805)	(15,513,864)
Advances - net	394,557,615	28,161,301	-	6,927,022	38,985	8,672,957	438,357,880
Others	4,772,403	7,977,518	2,236,843	1,641,756	406,822	68,871,671	85,907,013
<b>Total Assets</b>	<b>54,767,672</b>	<b>973,927,697</b>	<b>177,988,190</b>	<b>28,211,014</b>	<b>2,306,094</b>	<b>115,189,830</b>	<b>1,352,390,497</b>
Borrowings	42,470,267	3,912,691	183,088,196	-	-	(3,588,168)	225,882,986
Subordinated debt	-	-	-	-	-	-	-
Deposits & other accounts	-	957,686,063	-	24,632,633	-	2,144,370	984,463,066
Others	2,326,845	12,328,943	(3,680,842)	326,877	321,117	21,631,694	33,254,634
<b>Total liabilities</b>	<b>44,797,112</b>	<b>973,927,697</b>	<b>179,407,354</b>	<b>24,959,510</b>	<b>321,117</b>	<b>20,187,896</b>	<b>1,243,600,686</b>
Equity / Reserves	9,970,560	-	(1,419,164)	3,251,504	1,984,977	95,001,934	108,789,811
<b>Total Equity &amp; liabilities</b>	<b>54,767,672</b>	<b>973,927,697</b>	<b>177,988,190</b>	<b>28,211,014</b>	<b>2,306,094</b>	<b>115,189,830</b>	<b>1,352,390,497</b>
Contingencies and commitments	83,806,271	12,033,028	265,278,829	582,318	1,780	17,824,414	379,526,640

# Notes to the Consolidated Condensed Interim Financial Statements

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

## RELATED PARTY TRANSACTIONS

The Group has related party relationships with its parent, subsidiary, companies with common directorship, directors, employee 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, 2019					December 31, 2018 (Audited)						
	Parent	Directors	Key management personnel	Associates*	Joint venture	Other related parties	Parent	Directors	Key management personnel	Associates*	Joint venture	Other related parties
Rupees in '000												
<b>Balances with other banks</b>	-	-	-	-	-	-	-	-	-	-	-	-
In current accounts	-	-	-	-	-	-	-	-	-	-	-	-
In deposit accounts	-	-	-	-	-	-	-	-	-	-	-	-
<b>Lendings to financial institutions</b>	-	-	-	-	-	-	-	-	-	-	-	-
Opening balance	-	-	-	-	-	-	-	-	-	-	-	-
Addition during the period/year	-	-	-	-	-	-	-	-	-	-	-	-
Repaid during the period/year	-	-	-	-	-	-	-	-	-	-	-	-
Transfer in/(out)-net	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-	-	-
<b>Investments</b>	-	-	-	-	-	-	-	-	-	-	-	-
Opening balance	-	-	1,859,024	351	-	1,859,024	-	-	-	351	-	1,741,623
Investment made during the period/year	-	-	2,249,151	-	-	2,249,151	-	-	-	-	-	1,797,598
Investment redeemed/disposed off during the period/year	-	-	-	-	(2,039,519)	-	-	-	-	-	-	(1,626,870)
Deficit	-	-	(42,307)	-	-	-	-	-	-	-	-	(53,327)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	2,026,249	351	-	2,026,249	-	-	-	351	-	1,859,024
Provision for diminution in value	-	-	-	-	-	-	-	-	-	-	-	-
<b>Advances</b>	-	-	-	-	-	-	-	-	-	-	-	-
Opening balance	-	8,704	264,404	-	-	593	-	17,029	252,674	-	-	(57)
Addition during the period/year	-	9,334	48,451	-	4,946	-	-	13,304	112,248	-	-	8,011
Repaid during the period/year	-	(17,357)	(60,399)	-	(4,854)	-	-	(21,629)	(102,179)	-	-	(7,361)
Transfer in/(out)-net	-	-	-	-	-	-	-	-	1,661	-	-	-
Closing balance	-	681	252,456	-	685	-	-	8,704	264,404	-	-	593
Provision held against advances	-	-	-	-	-	-	-	-	-	-	-	-



# Notes to the Consolidated Condensed Interim Financial Statements

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

	June 30, 2019				June 30, 2018							
	Parent	Directors	Key management personnel	Associates*	Joint venture	Other related parties	Parent	Directors	Key management personnel	Associates*	Joint venture	Other related parties
	Rupees in '000											
<b>Income</b>												
Mark-up/return/interest earned	-	92	10,722	-	-	-	-	327	6,519	-	-	-
Sales commission	-	-	-	-	-	7,715	-	-	-	-	-	15,944
Fee and commission income	-	12	51	29	-	245,732	-	3	44	35	-	241,485
Dividend income	-	-	-	-	-	-	-	-	-	-	-	-
Net Gain on sale of securities	-	-	-	-	-	-	-	-	-	-	-	13
Rental Income	-	-	-	-	-	399	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-	-	-	-
<b>Expense</b>												
Mark-up/return/interest paid	-	6,102	314	677	-	342,351	-	1,719	243	303	-	245,178
Directors meeting fee	-	13,100	-	-	-	-	-	9,250	-	-	-	-
Remuneration	-	37,388	257,048	-	-	-	-	34,361	245,044	-	-	-
Other expenses**	-	182	-	30,555	-	-	-	-	-	30,535	-	-
Rent expense	-	-	-	15,459	-	-	-	-	-	13,136	-	-
Charge in respect of staff retirement benefit funds	-	-	-	-	-	164,890	-	-	-	-	-	454,425
Insurance premium paid	-	50	132	-	-	-	-	50	122	-	-	-
Insurance claims settled	-	-	-	-	-	-	-	-	-	-	-	-

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 (Ibrahim 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, 2019, certain moveable assets having cumulative net book value of Rs. Nil were disposed off for Rs. 92,000 to the Key Management Personnel of the Bank.

# Notes to the Consolidated Condensed Interim Financial Statements

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

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
Rupees in '000		
<b>38 CAPITAL ADEQUACY, LEVERAGE RATIO &amp; LIQUIDITY REQUIREMENTS</b>		
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	11,450,739	11,450,739
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	77,635,437	75,372,381
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	77,635,437	75,372,381
Eligible Tier 2 Capital	19,555,816	20,564,931
Total Eligible Capital (Tier 1 + Tier 2)	97,191,253	95,937,312
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	331,026,424	315,518,950
Market Risk	41,116,402	40,673,396
Operational Risk	78,800,062	78,800,062
Total	450,942,888	434,992,408
Common Equity Tier 1 Capital Adequacy ratio	17.22%	17.33%
Tier 1 Capital Adequacy Ratio	17.22%	17.33%
Total Capital Adequacy Ratio	21.55%	22.05%
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	77,635,437	75,372,381
Total Exposures	1,522,480,048	1,634,600,480
Leverage Ratio	5.10%	4.61%

## 39 NON ADJUSTING EVENT AFTER THE REPORTING DATE

39.1 The Board of Directors of the Bank in its meeting held on August 20, 2019 has proposed interim cash dividend for the half year ended June 30, 2019 of Rs. 2.00 per share (June 30, 2018: cash dividend Rs. 2.00 per share). The consolidated condensed interim financial statements of the Bank for the half year ended June 30, 2019 do not include the effect of these appropriations which will be accounted for in the consolidated financial statements for the year ending December 31, 2019.

## 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, 2019 by the Board of Directors of the Bank.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman





