



CORPORATE AFFAIRS GROUP

HO/CAG/CAU/2019/69

October 30, 2019

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

Subject: Transmission of Quarterly Report for the Period Ended September 30, 2019

Dear Sir

We have to inform you that Quarterly Report of Allied Bank Ltd. for the period ended September 30, 2019 has been transmitted through PUCARS and is also available on Bank's website.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Yours Sincerely,

Muhammad Raffat
**Company Secretary &
Chief, Corporate Affairs**

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3rd Quarterly
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
 Sheikh Mukhtar Ahmad
 Mr. Muhammad Waseem Mukhtar
 Mr. Abdul Aziz Khan
 Dr. Muhammad Akram Sheikh
 Mr. Zafar Iqbal
 Ms. Nazrat Bashir
 Mr. Tahir Hassan Qureshi

Chairman / Non-Executive Sponsor Director
 Non-Executive Sponsor Director
 Non-Executive Sponsor Director
 Non-Executive Director
 Independent Director
 Independent Director
 Independent Director
 Chief Executive Officer

Audit Committee of the Board

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

Strategic Planning & Monitoring Committee

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

Board Risk Management Committee

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

Human Resource & Remuneration Committee

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

e-Vision Committee

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

Company Secretary

Mr. Muhammad Raffat

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

Share Registrar

CDC Share Registrar Services Limited
(CDCSRSL)

Registered & Head Office

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Postal Code 54000

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<https://www.youtube.com/user/alliedbankltd>
<https://www.instagram.com/ablpk>

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 nine months period ended September 30, 2019:

	Nine Months ended September 30,		Growth
	2019	2018	
	(Rupees in million)		%
Profit after tax for the period	9,405	9,968	(6)
Accumulated profits brought forward	52,500	49,212	7
Transferred from surplus on revaluation of fixed assets to un-appropriated profit – net of tax	90	84	7
Transferred from surplus on revaluation of non-banking assets to un-appropriated profit – net of tax	165	3	5400
Profit available for appropriation	62,160	59,267	5
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 ended December 31, 2019 at Rs. 2.00 per share (2018: Year ended December 31, 2018: Rs 2.00 per share)	(2,290)	(2,290)	-
Second interim cash dividend for the year ended December 31, 2019 at Rs.2.00 per share (2018: Year ended December 31, 2018: Rs. 2.00 per share)	(2,290)	(2,290)	-
Transfer to Statutory Reserves	(940)	(997)	(6)
Accumulated profits carried forward	54,350	51,686	5
Earnings Per Share (EPS) (Rs.)	8.21	8.70	(6)

The Board is pleased to announce an interim cash dividend of Rs. 2.00 per share in addition to Rs. 4.00 per share for first and second interim cash dividends, which have already been paid. Interim cash dividend for the nine months ended September 30, 2019 is Rs. 6.00 per share (September 30, 2018 Rs. 6.00 per share).

Economic Review

International Monetary Fund has further downgraded the global economic growth outlook for the year 2019 to 3% from an earlier estimate of 3.2% in July' 2019. The subdued growth is mainly driven by precipitous and broad-based slowdown in manufacturing and global trade which is being affected by higher tariffs and protracted uncertainty encompassing trade policies along with idiosyncratic factors.

Pakistan's GDP witnessed a moderated growth of 3.3% in FY 2018-19 on the back of weak performances against sectoral growth projections for agriculture, industry and services sector. Economic slowdown was more pronounced in domestic oriented industries such as cement, automobiles and steel; the trend also reflected in Large-Scale-Manufacturing index which contracted by 3.6% in FY 2018-19.

Amidst ongoing macroeconomic challenges, Government of Pakistan has adopted stabilization policies on monetary tightening, fiscal consolidation, exchange rate adjustments and public expenditure management, aiming to re-align fundamentals to pave the way for sustainable and balanced economic growth.

Current account deficit, following-up on significant decline of 32% in FY 2018-19, continued to contract in light of aforementioned policy measures. Current account deficit has declined to US\$ 1.5 billion in first three months of FY 2019-20 as compared to US\$ 4.3 billion in the corresponding period of FY 2018-19; the improvement is primarily driven by 19% contraction in imports.

Workers' remittances have posted a healthy growth of 4.4% during the nine-month period ended September 30, 2019 as compared to the corresponding period; reaching US\$ 16.3 billion.

Policy rate cuts by US Federal Reserve and other major central banks around the world, subsidizing exchange rate volatility and reducing political uncertainty attracted financial inflows which has translated into net foreign investment of US\$ 322 million in debt instruments received during first 3 months of FY 2019-20. Foreign Direct Investments has yet to depict noticeable movement.

Aforementioned improvements in current and financial account balances together with disbursement of International Monetary Fund economic program related inflows and activation of Saudi oil facility helped ease pressure on State Bank of Pakistan's foreign exchange reserves; which stood at US\$ 7.7 billion as at September' 2019 end as compared to US\$ 7.3 billion at end FY 2018-19 level.

On the fiscal front, long standing structural weaknesses continue to cause fiscal deterioration; primary deficit and overall deficit worsened to reach 3.5% and 8.9% of GDP respectively in FY 2018-19, owing to shortfall in revenue collections, higher debt servicing costs, subsidies and loss-making Public-Sector Enterprises.

Broad Money (M2) posted a growth of 7% during the nine months ended September 30, 2019. Growth in currency in circulation was registered at 16% and has reached Rs. 5,271 billion at September 2019 end; highlighting unabated growth in undocumented economy.

Attributable to recent rounds of increase in electricity and gas tariffs, imposition of indirect taxes, lagged impact of currency devaluation, hike in domestic fuel prices and rising prices of perishable and non-perishable food items, Consumer Price Index has increased to a multi-year high of 11.4% on a year on year basis as compared to 5.4% year on year in September' 2018.

Keeping in view the inflationary outlook, real interest rate and output gap in the economy, State Bank of Pakistan proactively managed its monetary policy stance. The tightening regime led to a policy rate increase of 725 bps since January' 18; reaching 13.25% in July' 19. However, as inflation outcomes achieved parity with projections for the FY 2019-20, policy rate was sustained at the existing level of 13.25% during monetary policy announcement for September' 2019.

Financial Review

Pakistan banking sector is routing through an enigmatic economic scenario which encompasses multi facet challenges emanating from evolving regulatory framework, disruptive technological advancements, inflationary pressures along with persistently changing customer preferences.

Your Bank, remaining fully cognizant of the paradigm shift in economic and banking sector dynamics has overcome afore-mentioned challenges by following its policy of steady growth vide focusing on mobilizing low cost deposits and prudent lending practices; while continuously re-aligning towards digital transformation, adopting robust technology and compliance platforms and expanding outreach to provide innovative customer centric products and services.

Despite adverse timing difference between repricing of earning assets and remunerable liabilities under steeply rising interest rate scenario, positive volumetric growth in average earning assets and improving spreads, enabled Your Bank to increase net interest income by 22%, which aggregated to reach Rs. 28,780 million for the nine-months period ended September 30, 2019 as compared to Rs. 23,621 million in the corresponding period of 2018.

Fee, Commission and Brokerage income has increased to Rs. 3,668 million and registered a growth rate of 15% in the period under review. Active management of foreign currency funds has resulted in a sizeable increase in income from dealing in foreign currencies during the period under review, which increased by 53% and amounted to Rs. 1,611 million.

Dividend income of Your Bank slid over the corresponding period. Your Bank de-recognized some of its equity portfolio which has resulted in a capital gain of Rs. 307 million realized during the period under review.

Your Bank continued its active participation as a Primary Dealer and has realized capital gains of Rs. 552 million during the period under review as against capital gains of Rs. 1,572 million recognized in the corresponding period by disposing of Pakistan Investment Bonds forecasting imminent sharp increase in benchmark rates. Consequently, non markup income stood at Rs. 7,820 million, as against Rs. 8,742 million in the corresponding period of 2018.

In line with the State Bank of Pakistan's objective of expanding Financial Inclusion, branch outreach was increased to 1,345 branches including 1,228 conventional and 117 Islamic banking branches across Pakistan. Geared towards serving the un-banked and under-banked population of the country, rural branches were increased to 268. Islamic network was further augmented through addition of 50 windows at viable conventional branches while concurrent growth in ATM network increased total ATM's to 1,496, inclusive of 1,181 on-site and 315 off-site ATM's.

Optimization of operating costs by implementation of technology-based solutions has enabled Your Bank to circumvent the inflationary pressures. Despite significant impact of new and ongoing compliance related regulatory charges, financial impact of aforementioned outreach expansion along-with higher investments in cyber security, technology and digital banking transformation; administrative expenses growth was curtailed to 18%.

Pakistan's economy is traversing challenging times, low sales and high input costs are affecting all businesses; this in turn increases the risk of Non-performing loans. Nonetheless, Your Bank's realistic lending strategy coupled with recovery efforts has recognized the net recoveries against non-performing loans of Rs. 311 million.

Accordingly, Your Bank earned profit before tax of Rs. 16,555 million for the period ended September 30, 2019 as compared to Rs. 16,410 million in the corresponding period of 2018.

Profit after current years' taxation stood at a level of Rs. 10,240 million, as against Rs. 9,968 million for the corresponding period of last year. Incremental super tax levy for the tax year 2018 led to a charge of Rs. 835 million, recognized in first quarter of 2019, which caused an additional drag on the profitability and resultant Your Bank's Profit after tax amounted to Rs. 9,405 million during the period under review. On quarter over quarter, Profit after tax grew by 7% as against June 2019 and 17% as compared to Sep 2018.

Earnings per share of Your Bank stood at Rs. 8.21 per share with return on Equity and return on Assets at a strong level of 14.6% and 0.9% respectively.

Imminent from macroeconomic slowdown, multi-year high interest rates, rising risks to credit quality and increased Govt. borrowing; industry advances growth slowed down to 1% during the current period as compared to a growth rate of 16% registered in the corresponding period of 2018.

Your Bank's gross advances portfolio amounted to Rs. 447,769 million as at September 30, 2019 as against Rs. 453,868 million at December 31, 2018 on account of slowdown in SME sector and seasonal adjustment of agriculture portfolio.

Robust risk assessment management systems paved way for Your Banks low infection ratio of 3.5% along-with a strong coverage ratio of 98.5%, well above the June 2019's industry averages of 8.2% and 82.8% respectively. No FSV benefit was taken while determining the provision against non-performing advances as allowed under guidelines of the State Bank of Pakistan.

In consideration of sustained policy rate in September' 2019 monetary policy statement by State Bank of Pakistan and anticipating peaked interest rates, investment portfolio was reprofiled to reach Rs. 840,373 million as at September 30, 2019; representing an increase of 25% as against a 22% increase in total industry investments. The liquidity placed primarily in Government securities with Rs. 651,720 million deployed in T-Bills and Rs.124,602 million diverted to longer duration Pakistan Investment Bonds as against Rs.64,695 million as on December 31, 2018; improving Pakistan Investment Bonds contribution to the total investment mix to 15% as at September 30, 2019.

Director's Review

Total deposits of Your Bank stood at Rs. 1,020,200 million as at September 30, 2019 compared to Rs. 984,475 million at end December' 2018; thus, registering a growth of 4% for the period under review. Current Deposits amounted to Rs. 382,869 million as at September 30, 2019 against Rs. 363,734 million as at December 31, 2018, depicting a growth rate of 5%, thus increasing the mix of current deposits in total deposits. Industry deposits as at September 2019 have witnessed a decline of 3% as against June 30, 2019, while Your Bank's deposits have registered a decline of only 1%, therefore market share was improved from 7.1% as at June 30, 2019 to 7.3% as at September 30, 2019.

Aggregate financial position of Your Bank has increased by 11% to Rs. 1,500,518 million as against Rs. 1,350,606 million as at December 31, 2018, whereas industry witnessed a growth rate of 10%. Your Bank's Equity base stood at a robust level of Rs. 108,106 million, with Capital Adequacy ratio of 22.9% against the statutory requirement of 11.9% which is indicative of a strong capital positioning of Your Bank.

Capitalizing on its strong financial position, adequate capital buffers, resilient deposit-based funding structure, robust risk management, high focus on compliance with domestic and international applicable regulatory requirements and high standards of corporate governance; Your Bank achieved tremendous success in 2018 which also translated into recognition as the "Best Bank of the Year 2018 – Large Banks" by the prestigious CFA Institute and "Best Primary Dealer" by the State Bank of Pakistan. During the period under review, Your Bank was also recognized as "Best Place to Work 2019 – Financial Services" by the Pakistan Society of Human Resource Management; which is a testament to Your Bank's unwavering professional resolve and progress towards inducting, retaining and nurturing the best human capital.

Future Outlook

According to International Monetary Fund, global growth in 2020 is projected to improve modestly to 3.4%. The recovery is not broad based but driven primarily by growth uptick in emerging market and developing economies; projected to improve from 3.9% in 2019 to 4.6% in 2020.

On the domestic front, despite turnaround in external indicators owing to macro-stabilization policies adopted by Government of Pakistan, the economy continues to pass through challenging times as GDP growth projections remain bearish in the short term and expected to average at 3.5% for the FY 2019-20 according to State Bank of Pakistan. Slight improvement in growth is foreseen on the back of improving consumer and business confidence, expected agriculture sector rebound through improved water supplies and impact realization of government incentives offered for export-oriented industries.

Implementation of envisaged governance and structural reforms to strengthen institutional frameworks and enhancing documentation of economic activities shall remain critical to credibly reversing the trend of fiscal deterioration; while further laying the foundation for achieving long term sustainable GDP growth.

Although, the pace of implementation of Financial Action Task Force's action plan has picked up considerably vide concrete efforts undertaken by Government of Pakistan through legislative updates and enhancing inter-agency cooperation between the federal and provincial governments; the country still to improve structural base for implementing the sophisticated Anti Money Laundering regime.

From a monetary policy perspective, Government of Pakistan's commitment to end its borrowing from State Bank of Pakistan and implementing a liability management operation to restructure the profile of outstanding debt held by State Bank of Pakistan shall remain a key focus area for successful monetary policy transmission while credibly anchoring market's inflation expectations.

The banking sector outlook remains challenging in view of expected suppressed economic activity and resultant risks to asset quality, weak credit expansion, inflationary pressures on the cost of doing business, regulatory tightening and evolving customer experience dynamics.

Your Bank, continuing its transition towards the "Digital Age", adopted a multipronged long-term strategy to focus on broad based digitization and transformation through adoption of cutting-edge technologies geared towards delivering customer centric user experience.

During the period under review, Your Bank launched its first self-service branch at Lahore University of Management Sciences; enabling customers to conduct banking independently 24/7 at various digital touch points. The Branch is designed to encourage a culture of self-service banking using innovative technology solutions offering a wide array of banking transactions including instant account opening and payments through mobile devices.

Keeping track with the fast-paced, dynamic and virtually competitive market scenario, Your Bank acquired and installed a world class Robotic Process Automation software to leverage its capabilities to instill and further augment operational efficiencies.

Bank's innovation strategy also encompasses forging strong partnerships with leading technology platforms and partners to facilitate provision of the premier services for the customers while simultaneously playing a positive role in expanding the domestic innovation ecosystem. During the period under review, Your Bank collaborated with Avanza Premier Payment Services to revamp online transactions through payfast payment gateway; allowing customers to shop on Avanza Premier Payment Services' vast merchant base ranging from schools, billers, mutual funds, marketplaces and other entities directly vide their bank accounts.

Going forward, these initiatives shall further compliment the ongoing endeavors by Your Bank to further strengthen the funding base while maintaining focus towards further improvement in industry's leading asset quality levels.

Entity Ratings

Pakistan Credit Rating Agency maintained Long-Term Rating of Allied Bank Limited to the highest level of "AAA" (Triple A) while Short-Term Rating of the Bank is already maintained at the highest level of "A1+" (A One plus). These ratings denote exceptionally strong capacity for timely payment of financial commitments with lowest expectation of credit risk. Your Bank ranks amongst a select group of financial institutions with highest entity rating.

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

JCR-VIS assigned "CGR9+" rating to Allied Bank Limited on Corporate Governance for the period under review.

Acknowledgement

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

For and on behalf of the Board of Directors.

Tahir Hassan Qureshi
Chief Executive Officer

Mohammad Naeem Mukhtar
Chairman Board of Directors

Lahore
Date: October 17, 2019

ڈائریکٹرز کا تجزیہ

معزز حصص مالکان

ہیڈ آف ڈائریکٹرز کی جانب سے ہم 30 ستمبر 2019 کو اختتام پذیر ہونے والی کیمٹ کے مالیاتی نتائج پیش کرتے ہوئے نہایت مسرت محسوس کرتے ہیں۔

نمایہ اختتام 30 ستمبر			
2019ء	2018ء	مؤ	
ملین روپے			
%			
بہبود ٹیکس منافع	9,405	9,968	(6)
گزشتہ جمع شدہ منافع	52,500	49,212	7
مجموعہ ۵۵۱ پابند کی قدر پیکائل سے فیہ صرف شدہ منافع میں متعلقہ خالص اڑکس	90	84	7
غیر پیکائل ۵۵۱ پابند کی قدر پیکائل سے فیہ صرف شدہ منافع میں متعلقہ خالص اڑکس	165	3	5400
صرف کے لیے دستیاب منافع	62,160	59,267	5
حتمی کیش ڈیویڈنڈ برائے سال ختمہ 31 دسمبر 2018 - 2 روپے فی حصص (2018: سال ختمہ 31 دسمبر 2017 - 1.75 روپے فی حصص)	(2,290)	(2,004)	14
پابند کی کیش ڈیویڈنڈ برائے سال ختمہ 31 دسمبر 2019 - 2 روپے فی حصص (31 دسمبر 2018 - 2 روپے فی حصص)	(2,290)	(2,290)	-
دوسرا معیاری کیش ڈیویڈنڈ برائے سال ختمہ 31 دسمبر 2019 - 2 روپے فی حصص (2018: سال ختمہ 31 دسمبر 2018 - 2.00 روپے فی حصص)	(2,290)	(2,290)	-
خود اعلیٰ ریزرو میں متعلق	(940)	(997)	(6)
آ کے متعلق کیا کیا جمع شدہ منافع	54,350	51,686	5
فی حصص آمدنی (EPS) روپے	8.21	8.70	(6)

ہیڈ انچارج مسرت کے ساتھ 2 روپے فی حصص کے معیاری کیش ڈیویڈنڈ کا اعلان کرتا ہے جو کہ 4 روپے کے پہلے اور دوسرے معیاری کیش ڈیویڈنڈ، جس کی ادائیگی کی جا چکی ہے، سے اضافی ہے۔ 30 ستمبر 2019 کو اختتام پذیر ہونے والے عرصہ کے لیے معیاری کیش ڈیویڈنڈ 6 روپے فی حصص رہا (30 ستمبر 2018ء: 6 روپے فی حصص)۔

معاشی جائزہ:

جولائی 2019 میں، مالیاتی فنڈ نے سال 2019 کے لیے عالمی معاشی ترقی کی تجویز شدہ 3.2 فیصد کی توقع میں مزید تخفیف کے 3 فیصد پر مقرر کی ہے۔ اس زبردستی ترقی کے بنیادی عوامل میں صنعت سازی اور عالمی تجارت میں غیر یقینی اور وضع ایجاد سست روی شامل ہے جو کہ بڑے پیمانے پر تجارتی پالیسیوں پر چھائی ہوئی غیر یقینی اور اس کے مخصوص عوامل سے خاصا متاثر ہے۔

پاکستان میں جی ڈی پی کی نمو میں زراعت، صنعت اور خدمات سے متعلق کئی شعبوں میں توقعات کے برخلاف تھیں کارکردگی کے باعث مالی سال 2018-19 میں 3 فیصد درمیانی درجہ کی ترقی ہوئی۔ معاشی سست روی کے یہ اثرات ملک کی داخلی صنعتوں جن میں سینٹر، آٹوموبائل اور سٹیل شامل ہیں، میں زیادہ نمایاں رہی۔ بڑے پیمانے کی صنعت بھی اسی رجحان کا مظہر رہی جس کی نمو میں مالی سال 2018-19 میں 3.6 فیصد کمی ہوئی۔

میکرو کا پیکل سے متعلق برآمدات حکومت پاکستان نے مالیاتی ترقی، مالی استحکام، زرمبادلہ کی شرح میں ہم آہنگی اور سرکاری اخراجات کے متوازن انتظام کی معیاد اور مستحکم پالیسیوں کو اپنانے کے تاکہ اپنی بنیادی ترجیحات کے کارروائیت سے ہم آہنگ اور متوازن معاشی ترقی کی راہ کو ہموار کیا جا سکے۔

فائدہ مالیاتی پالیسی کے پیش نظر کرنٹ اکاؤنٹ خسارہ، مالی سال 2019 - 2018 میں 32 فیصد کی نمایاں کمی کے ساتھ، مزید کمزور رہا۔ مالی سال 2019 - 2020 کے پہلے تین ماہ کے عرصہ میں کرنٹ اکاؤنٹ خسارہ میں مالی سال 2019 - 2018، کا قلمبندی کی 4.3 بلین امریکی ڈالرز کے حجم سے کم ہو کر 1.5 بلین امریکی ڈالرز پر درج ہوا۔ اس بہتری کی بنیادی وجوہات میں 19 فیصد کمی کی تھی۔

اگر وہی تریلات زر 30 ستمبر 2019ء کو اختتام پذیر ہونے والے عرصہ کے دوران گزشتہ قلمبندی سے 4.4 فیصد کے معیاد اضافہ کے ساتھ 16.3 بلین امریکی ڈالرز پر شمار کی گئیں۔

یو ایس فیڈرل ریزرو (US Federal Reserve) اور دنیا کے دیگر اہم مرکزی بینکوں کی جانب سے پالیسی ریت میں کٹوتی، زرمبادلہ کی شرح میں کمی کی اور کم ہونے والی فی ریت نے مالی ثبات کو مستحکم کیا ہے، جس کے باعث مالی سال 2019 - 2020ء کے پہلے 3 ماہ کے عرصہ کے دوران تسکات میں 322 بلین امریکی ڈالرز کی خالص چرندی سرمایہ کاری دیکھی گئی ہے۔ غیر ملکی راہداری سرمایہ کاری میں تاہم کوئی تبدیلی ذکر نہیں کی گئی۔

فہمیں دیکھی جا سکتی۔

کرنٹ اور مالیاتی اکاؤنٹ میں مندرجہ بالا اجازت اور اس کے ساتھ عالمی مالیاتی فنڈ کے معافی پروگرام سے متعلقہ رقم کی ترسیل اور سودی عرب کی جانب سے منسلک کیسولٹ کے اجراء سے اسٹیٹ بینک آف پاکستان کے غیر ملکی زرمبادلہ کے ذخائر پر موجود ہذا کو کم کرنے میں مدد ملی ہے۔ جو کہ مالی سال 2019 - 2018ء کے اختتام پر 7.3 بلین امریکی ڈالر کی سطح سے 30 ستمبر 2019ء تک 7.7 بلین امریکی ڈالر پر پہنچے۔

مالی انضمام کے حوالہ سے ایک عرصہ سے قائم بنیادی کردہروں کے باعث مالی انتظام میں خرابی کا شکار ہو گیا ہے۔ وصولیوں میں کمی، قرضوں کی لاگت میں اضافہ، غیر ضمنی شدہ امداد اور نقصان زدہ سرکاری ملکیتی اداروں کی بدولت مالی سال 2019 - 2018ء میں اولین خسارہ اور مجموعی خسارہ مزید کم ہونے کی ذی بنی کی بنا پر ترتیب 3.5 فیصد اور 8.9 فیصدی شرح پر درج ہوا۔

براڈ بی (ایم 2) (M2) میں 30 ستمبر 2019ء کو اختتام پزیر ہوا، کے عرصہ میں 7 فیصدی ترقی واقع ہوئی۔ کرنسی کی گردش 16 فیصدی شرح سے بڑھتی ہوئی ستمبر 2019ء کے اختتام تک 5,271 بلین روپے تک پہنچ گئی۔ جو کہ غیر درجہ بندی معیشت کی طاقتور ترقی کا مظہر ہے۔

تیل اور گیس کی قیمتوں میں حالیہ یکے بعد دیگرے اضافہ، واسطہ کیوں کے بخاؤ، کرنسی کی خرابی کے تاخیری اثرات، تیل کی داخلی قیمتوں میں اضافہ اور کھانے پینے کی پائیدار اور ناپائیدار اشیاء کی بڑھتی قیمتوں کے باعث صارفین کی قیمتوں کے جدول (Consumer Price Index) میں ستمبر 2018ء کی سال ہرسال کی بنیاد پر، 5.4 فیصدی شرح کی نسبت 11.4 فیصد، سال بہ سال کی بنیاد پر، اضافہ دیکھا گیا جو گزشتہ کئی سالوں میں بلند ترین شرح ہے۔

افراد کی پیش بینی، معیشت میں حقیقی انٹرنسٹ ریٹ اور بچہ دار کی قنات کے تاثر میں اسٹیٹ بینک آف پاکستان نے اپنے مالیاتی پالیسی کے جائزہ کا پیش قدمی سے انتظام کیا ہے۔ اس کے انضمامی دور میں پالیسی ریٹ میں 725 بی پی پی ایس کا اضافہ کیا گیا ہے جو جنوری 2018ء سے بڑھتا ہوا جولائی 2019ء تک 13.25 فیصد پر پہنچا ہے۔ تاہم مالی سال 2020 - 2019ء کی توقعات کی افراط زر کے نتائج سے ہم آہنگی حاصل ہونے کے بعد ستمبر 2019ء کے لیے پالیسی ریٹ 13.25 فیصد کی موجودہ سطح پر برقرار رہا۔

مالیاتی جائزہ:

پاکستانی بینکاری شعبہ ایک پیچیدہ معافی صورتحال سے گزر رہا ہے جو کہ مسلسل ارتقاء میں مصروف اصلاحاتی فریم ورک، بین الاقوامی ترقی میں رکاوٹوں، افراط زر کے دباؤ اور صارفین کی ہر طرح کی ترجیحات سے پیدا ہوتی کثیرالگاتی خدشات میں گھرا ہوا ہے۔

معیشت اور بینکاری شعبہ میں درج ذیل پر ان مثالی تبدیلیوں کا مکمل ادراک رکھتے ہوئے آپکا بینک کم لاگت کے ڈیپازٹس کے فروغ میں دیہا ترقی پر اپنی توجہ مرکوز رکھتے ہوئے اور قرض دینے کی دانشمندانہ عمل اور اس کے ساتھ اپنی ڈیجیٹل ہیئت میں مسلسل درگی، بین الاقوامی اور صارفین پر متمرکز جدید پراڈکٹس اور خدمات کو مینکارنے کے لیے اپنی وسعت کے فروغ بھی پائیدار ترقی کی پالیسیوں کے بخاؤ پر خصوصی توجہ کی بدولت مندرجہ بالا خدشات پر قابو پانے میں کامیاب رہا ہے۔

بچہ دار کی اضافہ اور آمدنی کا باعث بننے والے واجبات کی توجہ کے اسٹرو قسٹین میں اس تیزی سے بڑھتے انٹرنسٹ ریٹ کی صورتحال کے باعث ناموافق قنات قنات کے باوجود، اسٹرو ادار کی اضافہات میں مقداری ترقی اور بڑھوتے پھر پزیرنے کے آپکے بینک کو خاص انٹرنسٹ آمدنی میں 22 فیصد کے اضافہ کے حاصل کے قابل کیا۔ جو کہ سال 2018ء کی اسی قناتی مدت کی 23,621 بلین روپے کے مقابلہ میں 30 ستمبر 2019ء کو اختتام پزیر ہوا کے عرصہ کے دوران 28,780 بلین روپے پر درج کی گئی۔

فہمیں، کشین اور بروکر کی آمدنی اس زمرہ پر عرصہ کے دوران 15 فیصدی شرح میں 3,668 بلین روپے پر پہنچی۔ غیر ملکی کرنسی کے مینکار انتظام کے باعث، اس زمرہ جائزہ مدت میں، غیر ملکی کرنسیوں کے لین دین سے حاصل ہونے والی آمدنی 53 فیصدی فیصدی نہایت شاندار بڑھوتی کے ساتھ 1,611 بلین روپے پر پہنچی گئی۔

آپکے بینک کی ڈیوٹی بند کی آمدنی قناتی مدت تک بھل گئی۔ آپکے بینک نے اپنے ایکٹیو پورٹ فولیو میں سے کچھ حصہ کو فروخت کیا ہے جس کے نتیجہ میں اس زمرہ پر عرصہ کے دوران 307 بلین روپے کا کینٹل کیمن حاصل ہوا۔

اس زمرہ پر عرصہ کے دوران آپکے بینک نے پراہری ڈیٹر کے طور پر اپنی فعال فولیو کے ساتھ پاکستان انوسٹمنٹ انڈر کی فروخت اور بنچ مارک (Bench Mark) ریٹ میں تاخیر سے اضافہ کی درست پیش بینی کے ذریعے 522 بلین روپے کے کینٹل کیمن حاصل کیا، جو کہ سال 2018ء کی اسی قناتی مدت میں 1572 بلین روپے تھا۔ چنانچہ فیبر مارک اپ آمدنی سال 2018ء کے قناتی عرصہ کے 8,742 بلین روپے کے کم کے مقابلہ میں 7,820 بلین روپے پر پہنچی گئی۔

اسٹیٹ بینک آف پاکستان کے مالی فولیو کے فروغ کے متحدہ قوت برائچوں کی وسعت بڑھتے ہوئے 1,345 برائچوں تک پہنچی۔ جس میں پورے پاکستان میں 1,228 روایتی اور 117 اسلامی بینکاری کی برائچیں شامل ہیں۔ ملک میں بینکاری کی خدمات سے مکمل یا نہایت محرم افراد بکھائی خدمات پہنچانے کے عزم کا اعادہ کرتے ہوئے، دیکھی برائچوں کی تعداد 268 تک بڑھادی گئی ہے۔ اسلامی بینکاری میں مزید ترقی کے لیے موزوں منتخب روایتی برائچوں میں 50 نئی بڑوں (Windows) کا اجراء کیا گیا ہے۔ جبکہ اسے آئی ایم (ATM) کے نیٹ ورک میں بھی اضافہ جاری ہے جس کی تعداد بڑھتے ہوئے 1,496 تک پہنچی گئی ہے جن میں 1,181 آن سائٹ اور 315 آف سائٹس ای ٹی ایگزٹل ہیں۔

بینکاری سے مزین نظام کے بخاؤ کے ذریعہ اپنی کاروباری لاگت میں موزونیت کے باعث آپکا بینک افراط زر کے دباؤ کو کام بنانے میں کامیاب رہا ہے۔ نئی اور پہلے سے جاری قنات سے متعلقہ اصلاحاتی اخراجات، ذکورہ بالا وسعت کے اخراجات کے مالی اثرات، اس کے علاوہ ساربرج رکنی، بین الاقوامی اور ڈیجیٹل بینکاری میں تبدیلی میں بڑھتی شرحیں بریکاری جیسے حوالہ کے باوجود انتظامی اخراجات میں بڑھوتی کو 18 فیصد تک محدود رکھا گیا ہے۔

پاکستان کی معیشت ایک نازک دور سے گزر رہی ہے۔ سیکڑ (Sales) میں کمی اور بڑھتی ہوئی کاروباری لاگت ہر طرح کے کاروبار کو متاثر کر رہی ہے جس کے نتیجہ میں قرضوں کے غیر فعال ہونے کے امکانات میں اضافہ ہو گیا ہے۔ تاہم آپکے بینک کی قرض دینے کی حقیقت پنداز نہایت سخت عملی اور وصولیوں کی مہجڑ ماحولیتوں کے باعث غیر فعال قرضوں کے اخراجات (ہروڈین) میں 311 بلین روپے کی کوٹنی کا اندراج کیا گیا ہے۔ چنانچہ آپکے بینک نے سال 2018ء کی اسی قناتی مدت میں حاصل شدہ 16,410 بلین روپے کی نسبت 30 ستمبر 2019ء کو اختتام پزیر عرصہ میں 16,555 بلین روپے کا کل انڈکس

منافع حاصل کیا ہے۔

رداں سال کے ٹیکس کے اخراجات کے بعد منافع یکھنے سال کی 9,968 ملین روپے کی نسبت 10,240 ملین روپے کی سطح پر درج کیا گیا۔ سال 2019ء کی ٹیکس سہا کے دوران درج کئے گئے پرنسپل، برائے ٹیکس سال 2018ء کے لیے 835 ملین روپے کے اضافی اخراجات کا اثر کیا گیا جو کہ منافع پر ایک اضافی بوجھ کا باعث بنا اور جس کے نتیجے میں آپ کے بینک کا منافع بعد ٹیکس اس زمرہ جیوہ مدت میں 9,405 ملین روپے پر ریکارڈ کیا گیا۔ سرمایہ سے سرمایہ کی بنیاد پر منافع بعد ٹیکس میں 7 فیصد کا اضافہ اور نوایں سے نوایں کی بنیاد پر 17 فیصد اضافہ ہوا ہے۔

آپ کے بینک کی فی صفا آمدنی 8.21 روپے فی حصص جبکہ سرمایہ کی آمدنی اور اثاثہ جات کی آمدنی کی شرح بائرنجی 14.6 فیصد اور 0.9 فیصد کی مضبوط سطح پر درج ہوئی۔ ٹیکس اکاؤنٹ سٹ ریڈی، کل سالوں کی انٹرسٹ ریٹ کی بلند شرح، قرضوں کے معیار کے بارے میں بڑھتے خدشات اور حکومت کے بڑھتے قرضوں سے متاثر، صنعت کے قرضہ جات کی موزی شرح اس دوران کم ہوتے ہوئے 1 فیصد پر ریکارڈ ہوئی جبکہ سال 2018ء کی اسی تقابلی مدت میں اس کی شرح موزی 16 فیصد رہی تھی۔

آپ کے بینک کے کل قرضہ جات ایس ایم اے کی (SME) شعبہ کی سٹ کارکردگی اور اپنے زرعی پورٹ فولیو کی ذیلی تحقیق کے باعث 31 دسمبر 2018ء میں 453,868 ملین روپے کے حجم کی نسبت 30 جبر 2019ء تک 447,769 ملین روپے پر پورٹ ہوئے۔

خدشات کی تحقیق اور نظریات کے مضبوط نظام نے آپ کے بینک کی 3.5 فیصد کی نقدینگی کی شرح میں کمی کی راہ ہموار کی ہے۔ اور اس کے ساتھ 98.5 فیصد کی ایک توانا کو بیج کی شرح بھی حاصل کی ہے، جو کہ جن 2019ء کی صنعت کی 8.2 فیصد اور 82.8 فیصد کی بائرنجی اوسط شرح سے خاص بلنہ و بھر ہے۔ الٹ بینک آف پاکستان کی جانب سے جاری کردہ اثاثاتی کے اصولوں میں موجود احکامات کے باوجود غیر فعال قرضوں کے اخراجات کا قصین کرتے ہوئے جبری فروخت کی کیرات کے کسی فائدہ کے اندراج نہیں کیا گیا۔

الٹ بینک آف پاکستان کی جانب سے جبر 2019ء میں پالیسی ریٹ کے پائین کو برقرار رکھنے اور مستقبل میں بڑھتے ہوئے انٹرسٹ ریٹ کے مضر سرمایہ کاری کے پورٹ فولیو کی ترجیح کو بعد بینک کی سرمایہ کاری، بینکاری کی صنعت کی کل سرمایہ کاری میں اضافہ کی 22 فیصد کی شرح کے مقابلہ میں، 30 جبر 2019ء میں 25 تک فیصد کے اضافہ کے ساتھ 840,373 ملین روپے کے حجم تک جا پہنچا۔ کوئی شکست خاص طور پر کمائی 651,720 ملین روپے کی سرمایہ کاری کو ٹی بیلز (T Bills) کے لیے مختص کیا گیا اور 124,602 ملین روپے رقم کو طویل مدت کے پاکستان انویسٹمنٹ بانڈز میں لگایا گیا، جن کا حجم 31 دسمبر 2018ء میں 64,695 ملین روپے تھا۔ پاکستان انویسٹمنٹ بانڈز میں اس اضافی سرمایہ کاری سے اس کا کل سرمایہ کاری کی ترکیب میں حصہ 30 جبر 2019ء تک 15 فیصد کی شرح پر درج ہوا۔

آپ کے بینک کے کل ڈپازٹس دسمبر 2018ء کے اختتام کے 984,475 ملین روپے کے حجم سے، اس زمرہ جیوہ عرصہ میں، 4 فیصد کے اضافہ کو درج کرتے ہوئے 30 جبر 2019ء میں 1,020,200 ملین روپے پر ریکارڈ کئے گئے۔ کرنٹ ڈپازٹس 31 دسمبر 2018ء کی 363,734 ملین روپے کی سطح سے 5 فیصد کی شرح کے اضافہ کے ساتھ 30 جبر 2019ء تک 382,869 ملین روپے پر درج ہوئے۔ اس طرح کل ڈپازٹس کی ترکیب میں کرنٹ ڈپازٹس کے حصہ میں 5 فیصد کے اضافہ کا باعث رہا۔ صنعت کے کل ڈپازٹس میں 30 جبر 2019ء کے مقابلہ میں 3 فیصد کی بھی کمی جبکہ آپ کے بینک کے ڈپازٹس میں حصہ 1 فیصد کی کی درج ہوئی لہذا مارکیٹ میں اسکا حصہ 30 جبر 2019ء کی 7.1 فیصد کی شرح سے بھر ہوتا ہوا 30 جبر 2019ء میں 7.3 فیصد پر جا پہنچا۔

آپ کے بینک کی مجموعی مالی حیثیت 31 دسمبر 2018ء کی 1,350,606 ملین روپے کے مقابلہ میں 11 فیصد کی بڑھتی کے ساتھ 1,500,518 ملین روپے پر درج ہوئی۔ جبکہ صنعت میں اس کی شرح 10 فیصد رہی تھی۔ آپ کے بینک کے سرمایہ کی اساس 108,106 ملین روپے کی ایک مضبوط سطح پر قصین گئی۔ اس کے ساتھ کیمپل اینڈیکسی (سرمایہ کی معقولیت) کی شرح 11.9 فیصد کی مطلوب قانونی سطح کی نسبت 22.9 فیصد پر درج ہوئی جو آپ کے بینک کے سرمایہ کی مضبوط حیثیت کی عکاس ہے۔

انجیٹم مالی حیثیت، نقصان کے اثرات کو کم کرتا ہوا موزوں سرمایہ، ڈپازٹس کی فراہمی کا کلیدار نظام، خدشات کا مضبوط تدارک، اندرونی اور عالمی اطلاق شدہ انضباطی مہلکات کی قبیل پر خصوصی قبہ اور کارپوریٹ گورننس کے اعلیٰ ترین معیار پر انحصار کرتے ہوئے آپ کے بینک نے سال 2018ء کے دوران قابل رشک کامیابی حاصل کی ہیں۔ جس کا اعتراف اعلیٰ درجے کی شہرت کے حامل سی ایف اے (CFA) انجیٹم کی جانب سے عطا کئے گئے "بیسٹ بینک آف دی ایئر 2018ء"، لارنچ بینک "Best Bank of the Year - Large Bank" کا ایوارڈ اور الٹ بینک آف پاکستان کی جانب سے "بیسٹ پرائمری ڈیلر" "Best Primary Dealer" کی حیثیت کو پیش کرنے سے کیا گیا۔ اس زمرہ جیوہ عرصہ کے دوران پاکستان سوسائٹی آف ہیومن ریسورس مینجمنٹ (Pakistan Society of Human Resource Management) کی جانب سے آپ کے بینک کو "بیسٹ جین آف ورک 2019"، "بیسٹ پلاس آف ورک (Best Place of Work 2019) کا ایوارڈ بھی دیا گیا جو آپ کے بینک کے غیر جزئی پیشہ ورانہ مزم اور تربیت میں ترقی کی گواہی ہے۔

مستقبل کی پیش بینی:

عالمی بائینی فنڈ کے مطابق سال 2020 میں عالمی ترقی کی شرح قدرے احتمال کے ساتھ بڑھتے ہوئے 3.4 فیصد پر رہنے کی توقع ہے۔ پیجری ویکل ایجاد تو جنس مگر اس میں زیادہ تر حصہ اجمرتی منڈیوں اور ترقی پذیر مینشٹن میں ہونے والی انوائس کا ہے جن میں، سال 2019 کی 3.9 فیصد کی شرح سے، سال 2020 تک 4.6 فیصد تک بہتری متوقع ہے۔

داخلی حوالہ پر، حکومت پاکستان کی جانب سے مجموعی انتظام کی پالیسیوں کے نفاذ کی بدولت مثبت چروٹی اشاروں کے باوجود بیڈی ٹی ڈی کی موزی قبیل مدد کی کزور پیش بینی کی توقع کے عطف، معیشت مسلسل ایک مشکل دور سے گزر رہی ہے اور الٹ بینک آف پاکستان کے مطابق سال 2020 - 2019 میں اس کی اوسط شرح 3.5 فیصد تک رہنے کی امید کی جارہی ہے۔ بھر ہوتے سارا میں اور کاروبار کے احاد، پانی کی بڑھ رستہ کی بدولت زرعی شعبہ کی متوقع ذیلی شعبہ کی متوقع ترقی اور برآمدات سے متعلق صنعتوں کے لیے حکومت کی جانب سے دی گئی سہولتوں سے حاصل شدہ اثرات کی جہ سے عمومی بہتری کی توقع کی جا سکتی ہے۔

خفارت کے تدارک کے نظام اور اداروں کو مضبوط اور معاشی سرگرمیوں کی تدارکات میں اضافہ کے لیے قیمتی اصلاحات کے نفاذ کی اہمیت انجیٹم پر ناگزیر ہے۔ تاکہ مالی حزی کی کاس ریمان کاروبار موزاں کے اس کے ساتھ طویل مدت کی پائیدار بیڈی ٹی ڈی کی موزی بنیاد رکھی جاسکے۔ اگرچہ حکومت پاکستان کی جانب سے قوانین میں بہتری اور دفاعی اور موزائی کھڑوں کی انجیٹنوں کے مابین تعلقات کے فروغ کے لیے اٹھائے گئے محض اقدامات سے ناقص انکیشن ٹاکسز (FATF) کے انکیشن پلان کے نفاذ کی رفتار میں خاصی تیزی آئی ہے تاہم ملک کو اب بھی اپنے بنیادی ڈھانچے میں بہتری کی ضرورت ہے تاکہ ایک مجموعہ اور موزن دفاعی مل لاؤرنگ نظام مدد کا نفاذ کیا جاسکے۔

مالیاتی پالیسی کے تناظر میں حکومت پاکستان کا اسٹیٹ بینک پاکستان سے حاصل شدہ قرض کے خاتمے کا اعادہ اور اسٹیٹ بینک آف پاکستان کے تمام واجب الادا قرضوں کی ازمرئ بہت ساری کے لیے واجبات کے انتظام کے آپریشن کا نفاذ ایک کلیدی اور مرکزی دائرہ کاری حثیت کا حامل ہے۔ تاکہ مارکیٹ میں افراط زر کی توقعات کو کنٹرول کرنے کے ساتھ کامیاب مالیاتی پالیسی کی ترسیل کی جاسکے۔

معاشی سرگرمیوں میں حثیت دہاؤ اور اس سے بڑے اڈاپٹات کے معیار سے مختلف خطرات، قرض کی کمزور دہستہ، کاروبار کرنے کی لاگت پر افراط زر کے دہاؤ، انضباطی سختی اور صارفین کے مسلسل بدلنے اور تبدیلی کے رجحانات کے منظر بینکاری کے شعبہ کی پیش بینی میں خطرات برقرار ہیں۔

آپ کے بینکنگ ڈیجیٹل دور میں اپنی نقل مکانی کو جاری رکھے ہوئے ہے اور اس بارے میں ایک کثیر الجہت اور طویل المدت حکمت عملی پر مبنی ہے جس کا خصوصی ارتکاز جدید ترین ٹیکنالوجی جو کہ صارفین کو ان کی توقعات اور ضروریات کے تحت خدمات کی فراہمی کو یقینی بنائے، کے حصول کے ذریعہ وسیع البہاد و ڈیجیٹلائزیشن (غور کا باعث) میں خود کو ڈھال رہا ہے۔

اس زیر جائزہ عرصہ کے دوران آپ کے بینک نے لاہور پرنٹنگ آف مینجمنٹ سائنسز میں اپنی مکمل اپنی مدد آپ کے تحت چلنے والی (سہل فروس) برانچ کا آغاز کیا ہے تاکہ صارفین چاہیں گئے اور بقیے میں سات دن بینکاری کی خدمات سے مختلف ڈیجیٹل ٹچ پوائنٹس (Digital Touch Points) پر آزادانہ طور پر مستفید ہو سکیں۔ یہ برانچ اپنی مدد آپ کے تحت بینکاری کے حتم کے فروغ کے لیے تعمیر کی گئی ہے، جہاں جدید اور منفرد ٹیکنالوجی کے ذریعہ بینکاری کے لین دین کی وسیع خدمات فراہم کی جارہی ہیں جن میں فوری طور پر اکاؤنٹ کھولنا اور موبائل ڈیوائسز کے ذریعہ ادائیگیاں کرنا شامل ہیں۔

مارکیٹ کی تیزی سے بدلتی اور تبدیلی سے ہم آہنگ ہونے کے لیے آپ کے بینک نے عالمی معیار کا روبوٹک پراسس آٹومیشن سافٹ ویئر (Robotic Process Automation Software) حاصل اور نافذ کیا ہے تاکہ اپنی صلاحیتوں کے محور کو بتدریج مضبوط کرے اور اپنی کاروباری کارکردگی کو مزید مضبوط بنا سکے۔

بینک کی اختراعی حکمت عملی، صارفین کو اپنی ترین خدمات کی فراہمی اور اس کے ساتھ ساتھ جدید ماحولی نظام کی وسعت کے لیے ایک مثبت کردار کے لیے نامور ٹیکنالوجی پلیٹ فارمز اور پائرنز سے مضبوط شراکت داری کا احاطہ بھی کرتی ہے۔ اس زیر تجزیہ عرصہ کے دوران آپ کے بینک نے اوپنزا پرنٹرمینٹ سروسز (Avanza Premier Payment Services) کے ساتھ مل کر اپنے آن لائن لین دین کو پے فاسٹ پیمنٹ گیٹ وی (Pay Fast Payment Gateway) کے ذریعہ تبدیل کیا ہے اور اس طرح اپنے صارفین کو اوپنزا پرنٹرمینٹ سروسز پر خریداری کا اہل کیا ہے تاکہ وہ اس کی وسیع تجارتی اساس جو کہ سکولوں، بھڑ، میڈیکل قذز، مختلف مارکیٹوں اور دیگر جگہوں پر مشتمل ہے، سے مستفید ہوتے ہوئے اپنے بینک اکاؤنٹ سے براہ راست خریداری یا ادائیگیاں کر سکیں۔

مستقبل میں یہ اقدامات آپ کے بینک کی جاری جدوجہد میں مزید معاون ثابت ہوں گے تاکہ اپنے سروسز کے اساس کو مزید مضبوط بنائے اور بینکاری کی صنعت کے اعلیٰ معیار کے اڈاپٹات کی اپنی نمایاں حثیت پر قیام برقرار رکھے ہوئے اس میں مزید بہتری لائے۔

انتہائی ریٹنگ:

پاکستان کریڈٹ ریٹنگ ایجنسی لیٹر (PACRA) نے الا ایڈ بینک کی طویل المدتی ریٹنگ کو "AAA" (ٹرین اے) کی بلند ترین سطح پر برقرار رکھا ہے۔ جبکہ قلیل المدتی ریٹنگ کی سطح "A1+" (ایسڈن ٹریس) کی بلند ترین سطح پر برقرار ہے یہ ریٹنگ بینک کی مالی پائین دہندگی کی بروقت ادائیگی اور اس کے ساتھ قرضوں سے بنجے خطرات میں کمی کی مضبوط صلاحیتوں کا مظہر ہے۔ ان ریٹنگوں میں بہتری آنے کے بعد اب آپ کے بینک کا شمار بلند ترین انتہائی رکھے والے مالیاتی اداروں کے منتخب گروپ میں ہو رہا ہے۔

یورڈ آف ڈائریکٹرز:

یورڈ آف ڈائریکٹرز اور یورڈ کی سب کمیٹیوں کی تشکیل کو اس رپورٹ کے کارپوریٹ معلومات کے نکتہ میں ظاہر کیا گیا ہے۔

کارپوریٹ گورننس ریٹنگ:

جی آئی آر وی آئی ایس (JCR-VIS) کریڈٹ ریٹنگ ایجنسی لیٹر نے اس زیر تجزیہ عرصہ میں الا ایڈ بینک لیٹر کی کارپوریٹ گورننس کی درجہ بندی کو "CGR+9" کی سطح پر دے رکھا ہے۔

تعلیم و حثیت:

الا ایڈ بینک لیٹر کی جانب سے ہم اپنے قابل قدر صارفین کا الا ایڈ بینک پر غیر حرجول اتحاد پر مشرے ادا کرتے ہیں۔ ہم اپنے معزز حثیت ہولڈرز کا ایسے بھرپور تعاون اور یقین سے اپنے خلاف ہمراز کا ان کی انتھک خدمات اور محنت پر، سیکورٹی اینڈ ایکنجے کیشن آف پاکستان، اسٹیٹ بینک آف پاکستان اور دیگر انتظامی اداروں کا ان کی مسلسل رضامندی پر بھی نہایت مشکور ہیں۔

منجانب دیرائے یورڈ آف ڈائریکٹرز

محضم حذر
چئین یورڈ آف ڈائریکٹرز

طاہر حسن قریشی
چیف ایگزیکٹو آفیسر

لاہور

17 اکتوبر 2019ء

UNCONSOLIDATED **FINANCIAL STATEMENTS**

for the nine months ended September 30, 2019

Unconsolidated Statement of Financial Position

(Un-audited) as at September 30, 2019

	Note	September 30, 2019	(Audited) December 31, 2018
Rupees in '000			
ASSETS			
Cash and balances with treasury banks	7	97,058,851	99,188,414
Balances with other banks	8	1,161,017	2,575,055
Lendings to financial institutions - net	9	29,396,288	53,785,679
Investments - net	10	840,372,952	671,228,285
Advances - net	11	432,378,772	438,318,894
Fixed assets	12	60,750,150	50,378,537
Intangible assets	13	1,830,560	1,749,054
Deferred tax assets		-	-
Other assets - net	14	37,569,834	33,382,185
		1,500,518,424	1,350,606,103
LIABILITIES			
Bills payable	16	6,801,801	7,752,959
Borrowings	17	319,759,674	225,882,986
Deposits and other accounts	18	1,020,200,498	984,475,183
Liabilities against assets subject to finance lease		-	-
Sub-ordinated debt		-	-
Deferred tax liabilities - net	19	3,113,607	4,755,428
Other liabilities	20	42,536,665	20,434,714
		1,392,412,245	1,243,301,270
NET ASSETS		108,106,179	107,304,833
REPRESENTED BY			
Share capital	21	11,450,739	11,450,739
Reserves		21,859,173	20,276,515
Surplus on revaluation of assets - net of tax	22	20,446,342	23,077,174
Unappropriated profit		54,349,925	52,500,405
		108,106,179	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 nine months ended September 30, 2019

		Nine Months Ended		Quarter Ended	
	Note	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Rupees in '000					
Mark-up / return / interest earned	25	86,984,735	53,213,086	34,974,607	19,893,154
Mark-up / return / interest expensed	26	58,204,451	29,592,092	24,927,798	12,084,134
Net mark-up / interest income		28,780,284	23,620,994	10,046,809	7,809,020
NON MARK-UP / INTEREST INCOME					
Fee and commission income	27	3,667,616	3,188,505	1,145,851	940,205
Dividend income		1,327,733	2,079,824	426,813	636,950
Foreign exchange income		1,611,094	1,051,243	354,104	377,093
Income from derivatives		-	-	-	-
Gain on securities - net	28	852,795	2,180,281	467,185	46,298
Other income	29	361,160	241,895	98,316	186,655
Total non-markup / interest income		7,820,398	8,741,748	2,492,269	2,187,201
Total income		36,600,682	32,362,742	12,539,078	9,996,221
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	30	19,943,929	16,850,522	6,942,110	5,618,001
Workers welfare fund		353,555	340,225	114,239	93,788
Other charges	31	104,123	77,885	94,036	(19,351)
Total non-markup / interest expenses		20,401,607	17,268,632	7,150,385	5,692,438
Profit before provisions		16,199,075	15,094,110	5,388,693	4,303,783
Net reversal against provisions and write offs	32	(356,364)	(1,316,172)	(67,231)	(307,076)
Extra-ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		16,555,439	16,410,282	5,455,924	4,610,859
Taxation	33	7,150,089	6,442,437	2,136,279	1,786,322
PROFIT AFTER TAXATION		9,405,350	9,967,845	3,319,645	2,824,537
In Rupees					
Basic and Diluted earnings per share	34	8.21	8.70	2.90	2.47

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 nine months ended September 30, 2019

	Nine Months Ended		Quarter Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
	Rupees in '000			
Profit after taxation for the period	9,405,350	9,967,845	3,319,645	2,824,537
Other comprehensive income				
<i>Items that may be reclassified to profit and loss account in subsequent periods:</i>				
Effect of translation of net investment in foreign branches	642,123	467,156	(152,258)	94,036
Movement in deficit on revaluation of investments - net of tax	(2,375,683)	(2,565,459)	(379,056)	(2,787,907)
	(1,733,560)	(2,098,303)	(531,314)	(2,693,871)
<i>Items that will not be reclassified to profit and loss account in subsequent periods:</i>				
Movement in surplus / (deficit) on revaluation of fixed assets - net of tax	14,966	(168,024)	4,073	(168,024)
Movement in surplus on revaluation of non-banking assets - net of tax	163,739	1,873	-	-
	178,705	(166,151)	4,073	(168,024)
Total comprehensive income	7,850,495	7,703,391	2,792,404	(37,358)

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 nine months ended September 30, 2019

	Note	September 30, 2019	September 30, 2018
Rupees in '000			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		16,555,439	16,410,282
Less: Dividend income		(1,327,733)	(2,079,824)
		15,227,706	14,330,458
Adjustments:			
Depreciation		2,444,525	2,354,073
Depreciation on right of use assets		1,205,402	-
Amortization		333,796	296,876
Net reversal against provisions and write offs	32	(212,799)	(1,166,090)
Unrealized loss on revaluation of 'held-for-trading' securities		5,384	-
Provision for workers welfare fund - net		353,555	340,225
Gain on sale of fixed assets and non-banking assets - net		(272,491)	(34,409)
		3,857,372	1,790,675
		19,085,078	16,121,133
(Increase) / decrease in operating assets			
Lendings to financial institutions		24,389,391	(245,162,470)
Held-for-trading securities		(21,754,739)	24,826,109
Advances		5,992,011	(50,318,561)
Other assets (excluding advance taxation)		(4,924,990)	3,991,570
		3,701,673	(266,663,352)
Increase / (decrease) in operating liabilities			
Bills payable		(951,158)	(778,970)
Borrowings		94,036,044	(35,997,056)
Deposits and other accounts		35,725,315	45,697,687
Other liabilities (excluding current taxation)		21,582,151	1,036,351
		150,392,352	9,958,012
		173,179,103	(240,584,207)
Income tax paid		(6,394,131)	(5,602,854)
Net cash flow generated from operating activities		166,784,972	(246,187,061)
CASH FLOW FROM INVESTING ACTIVITIES			
Net (investments) / realizations from 'available-for-sale' securities		(153,471,780)	201,907,762
Net realizations in 'held-to-maturity' securities		2,549,597	58,365,441
Dividend received		994,799	1,529,714
Investments in fixed assets and intangible assets		(5,104,272)	(4,646,771)
Proceeds from sale of fixed assets		359,581	42,514
Effect of translation of net investment in foreign branches		642,123	467,156
Net cash flow generated from / (used in) investing activities		(154,029,952)	257,665,816
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liability against right of use assets		(9,300,086)	-
Dividend paid		(6,839,179)	(6,507,149)
Net cash flow used in financing activities		(16,139,265)	(6,507,149)
Effect of exchange rate changes on opening cash and cash equivalents		(2,568,948)	(2,074,657)
(Decrease) / Increase in cash and cash equivalents during the period		(5,953,193)	2,896,949
Cash and cash equivalents at beginning of the period		104,088,793	87,985,981
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		98,135,600	90,882,930

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 nine months ended September 30, 2019

	Share capital	Capital reserve Exchange translation reserve	Statutory reserve	Revenue reserve General reserve	Investments	Surplus on revaluation of Fixed assets	Non-banking assets	Un-appropriated profit	Total
	Rupees in '000								
Balance as at January 01, 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 for the nine months ended September 30, 2018	-	-	-	-	-	-	-	9,967,845	9,967,845
Other Comprehensive Income - net of tax	-	-	-	-	-	-	-	-	-
Deficit on revaluation of investments - net of tax	-	-	-	-	(2,565,459)	-	-	-	(2,565,459)
Deficit on revaluation of fixed assets - net of tax	-	-	-	-	-	(168,024)	-	-	(168,024)
Surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	(1,873)	1,873	-
Effect of translation of net investment in foreign branches	-	467,156	-	-	-	-	-	-	467,156
	-	467,156	-	-	(2,565,459)	(168,024)	(1,873)	1,873	(2,266,327)
Transfer to statutory reserve	-	-	996,784	-	-	-	-	(996,784)	-
Transferred from surplus in respect of incremental depreciation of fixed assets to un-appropriated profit-net of tax	-	-	-	-	-	(84,196)	-	84,196	-
Transferred from surplus in respect of incremental depreciation of non-banking assets to un-appropriated profit-net of tax	-	-	-	-	-	-	(1,095)	1,095	-
Transactions with owners recognized directly in equity	-	-	-	-	-	-	-	-	-
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)
Second interim cash dividend for the year ended December 31, 2018 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
	-	-	-	-	-	-	-	(6,584,175)	(6,584,175)
Balance as at September 30, 2018	11,450,739	698,110	18,739,946	6,000	7,927,884	15,751,855	1,572,665	51,886,497	107,833,696
Profit after taxation for the three months ended December 31, 2018	-	-	-	-	-	-	-	2,912,673	2,912,673
Other Comprehensive Income - net of tax	-	-	-	-	-	-	-	-	-
Deficit on revaluation of investments - net of tax	-	-	-	-	(2,742,115)	-	-	-	(2,742,115)
Surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	31,621	-	-	31,621
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	-	541,191	-	-	-	-	-	-	541,191
	-	541,191	-	-	(2,742,115)	31,621	563,393	454,522	(1,151,388)
Transfer to statutory reserve	-	-	291,268	-	-	-	-	(291,268)	-
Transferred from surplus in respect of incremental depreciation of fixed assets to un-appropriated profit-net of tax	-	-	-	-	-	(28,067)	-	28,067	-
Transferred from surplus in respect of incremental depreciation of non-banking assets to un-appropriated profit-net of tax	-	-	-	-	-	-	(62)	62	-
Transactions with owners, recognized directly in equity	-	-	-	-	-	-	-	-	-
Third interim cash dividend for the year ended December 31, 2018 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
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	52,500,405	107,304,833
Profit after taxation for the nine month ended September 30, 2019	-	-	-	-	-	-	-	9,405,350	9,405,350
Other Comprehensive Income - net of tax	-	-	-	-	-	-	-	-	-
Deficit on revaluation of investments - net of tax	-	-	-	-	(2,375,683)	-	-	-	(2,375,683)
Surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	(14,966)	-	14,966	-
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	-	642,123	-	-	-	-	-	-	642,123
	-	642,123	-	-	(2,375,683)	(14,966)	(163,739)	178,705	(1,733,560)
Transfer to statutory reserve	-	-	940,535	-	-	-	-	(940,535)	-
Transferred from surplus in respect of incremental depreciation of fixed assets to un-appropriated profit-net of tax	-	-	-	-	-	(74,776)	-	74,776	-
Transferred from surplus in respect of incremental depreciation of non-banking assets to un-appropriated profit-net of tax	-	-	-	-	-	-	(1,668)	1,668	-
Transactions with owners, recognized directly in equity	-	-	-	-	-	-	-	-	-
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)
Second interim cash dividend for the year ending December 31, 2019 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
	-	-	-	-	-	-	-	(6,870,444)	(6,870,444)
Balance as at September 30, 2019	11,450,739	1,881,424	19,971,749	6,000	2,810,086	15,665,667	1,970,589	54,349,925	108,106,179

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 nine months ended September 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 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.

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 and 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 and balances. Key financial figures of the Islamic banking branches are disclosed in Note 39 to these unconsolidated condensed interim financial statements.

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

2.1 STATEMENT OF COMPLIANCE

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

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

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

Notes to the Unconsolidated Condensed Interim Financial Statements

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

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,

- 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

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2019

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 of 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 of 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 of asset and a lease liability at the lease commencement date. The right of use of 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 of use of 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 of asset or the end of the lease term. The estimated useful lives of right of use of asset are determined the same as those of 'Fixed Assets'. In addition, the right of use of asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Right of use of asset is disclosed in the 'Fixed Assets' as referred in Note 12 to these unconsolidated condensed interim financial statements.

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2019

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 of 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 of asset is 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 of assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use of 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	September 30, 2019
	Rupees in '000'	
Right-of-use assets presented in property and equipment	8,897,551	8,094,684
Lease liabilities	8,549,187	8,512,067
Decrease in other assets	348,364	-

Impact for the period

As a result of applying IFRS 16, the Bank has recognised Rs. 402.7 million of right-of-use assets and lease liabilities during the period ended September 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 nine months ended September 30, 2019, the Bank recognised Rs. 1,205.4 million of depreciation charges and Rs. 739.6 million of mark-up/return/interest expense on these leases. There was a decrease in rent and registration charges of Rs. 1,345.6 million during the period. Tax expense has also decreased by Rs. 233.77 million due to above mentioned changes.

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 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 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 nine months ended September 30, 2019

	(Audited)	
	September 30, 2019	December 31, 2018
	Rupees in '000	
7 CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	17,961,814	15,271,580
Foreign currencies	1,286,043	1,008,439
	19,247,857	16,280,019
Remittances in transit	798,308	591,133
With State Bank of Pakistan (SBP) in		
Local currency current accounts	33,204,809	38,599,518
Foreign currency current account	29,699	81,311
Foreign currency deposit accounts (non-remunerative)	5,910,010	4,722,714
Foreign currency deposit accounts (remunerative)	17,701,134	14,128,800
	56,845,652	57,532,343
With National Bank of Pakistan in		
Local currency current accounts	19,477,929	24,610,744
Prize Bonds	689,105	174,175
	97,058,851	99,188,414
8 BALANCES WITH OTHER BANKS		
In Pakistan		
In deposit accounts	-	2,000,000
Outside Pakistan		
In current accounts	390,240	268,512
In deposit accounts	770,777	306,543
	1,161,017	2,575,055
9 LENDINGS TO FINANCIAL INSTITUTIONS		
Call money lendings	2,000,000	5,500,000
Repurchase agreement lendings (Reverse Repo)	20,622,171	44,455,680
Musharaka lendings	2,550,000	2,500,000
Bai muajjal receivable		
with State Bank of Pakistan	2,730,523	-
with other financial institutions	1,493,594	1,029,999
Certificates of investment	70,000	70,000
Letters of placement	-	300,000
	29,466,288	53,855,679
Less: Provision held against lendings to financial institutions	(70,000)	(70,000)
Lendings to financial institutions - net of provision	29,396,288	53,785,679

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2019

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

	September 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:								
Held-for-trading securities								
Federal Government Securities	21,754,739	-	(5,384)	21,749,355	-	-	-	-
Available-for-sale securities								
Federal Government Securities*	761,949,728	(27,372)	29,200	761,951,556	610,683,028	(21,248)	(1,608,458)	609,053,322
Shares	25,768,697	(2,137,237)	4,256,226	27,887,686	25,390,405	(2,266,130)	9,572,003	32,696,278
Non Government Debt Securities	13,564,091	(21,071)	(23,547)	13,519,473	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	-	61,331	125,165	63,834	-	62,436	126,270
	802,384,042	(2,185,680)	4,323,210	804,521,572	648,907,005	(2,308,449)	7,978,107	654,576,663
Held-to-maturity securities								
Federal Government Securities	13,602,025	-	-	13,602,025	16,151,622	-	-	16,151,622
Non Government Debt Securities	344,260	(344,260)	-	-	346,090	(346,090)	-	-
	13,946,285	(344,260)	-	13,602,025	16,497,712	(346,090)	-	16,151,622
Subsidiaries								
	500,000	-	-	500,000	500,000	-	-	500,000
Total Investments	838,585,066	(2,529,940)	4,317,826	840,372,952	665,904,717	(2,654,539)	7,978,107	671,228,285

* 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 nine months ended September 30, 2019

		(Audited)	
		September 30, 2019	December 31, 2018
		Rupees in '000	
10.1.1	Investments given as collateral - at market value		
	Market Treasury Bills	256,148,559	158,411,120
	Pakistan Investment Bonds	163,574	10,077,521
	GOP Foreign Currency Sukuks (US\$)	2,399,604	4,451,600
	GOP Foreign Currency Bonds (US\$)	-	710,569
	Total Investments given as collateral	258,711,737	173,650,810
10.2	Provision for diminution in value of investments		
10.2.1	Opening balance	2,654,539	2,705,403
	Exchange adjustments	3,429	1,557
	Charge / (reversals)		
	Charge for the period / year	2,696	112,794
	Reversals for the period / year	(130,724)	(3,776)
	Reversal on disposals for the period / year	-	(161,439)
		(128,028)	(52,421)
	Closing Balance	2,529,940	2,654,539

		(Audited)	
		September 30, 2019	December 31, 2018
		NPI	Provision
		Rupees in '000	
10.2.2	Particulars of provision against debt securities		
	Category of Classification		
	Domestic		
	Other assets especially mentioned	-	-
	Substandard	-	-
	Doubtful	-	-
	Loss	365,330	367,161
		365,330	367,161
	Overseas		
	Not past due but impaired*	10,951,881	9,756,796
	Overdue by:		
	Upto 90 days	-	-
	91 to 180 days	-	-
	181 to 365 days	-	-
	>365 days	-	-
		-	-
	Total	11,317,211	10,123,957

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

The State Bank of Pakistan (SBP) has not granted any relaxation w.r.t classification or provisioning during the period ended September 30, 2019.

10.3 The market value of securities classified as held-to-maturity as at September 30, 2019 amounted to Rs. 10,376.16 million (December 31, 2018: Rs. 15,579.4 million).

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2019

		Performing		Non Performing		Total	
		Audited		Audited		Audited	
		September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Rupees in '000							
11	ADVANCES						
	Loans, cash credits, running finances, etc.	419,924,294	428,894,557	14,115,178	14,569,294	434,039,472	443,463,851
	Islamic financing and related assets	39.3	8,725,328	6,927,030	-	8,725,328	6,927,030
	Bills discounted and purchased		3,497,381	1,982,031	1,507,031	1,495,347	5,004,412
	Advances - gross	11.1	432,147,003	437,803,618	15,622,209	16,064,641	447,769,212
							453,868,259
	Provision against advances						
	Specific	11.2 & 11.3	-	-	(15,325,444)	(15,333,497)	(15,325,444)
	General	11.3	(64,996)	(15,868)	-	(64,996)	(15,868)
			(64,996)	(15,868)	(15,325,444)	(15,333,497)	(15,390,440)
	Advances - net of provision		432,082,007	437,787,750	296,765	531,144	432,378,772
							438,318,894

(Audited)
September 30, 2019 December 31, 2018

		Rupees in '000	
11.1	Particulars of advances (Gross)		
	In local currency	432,028,986	443,643,826
	In foreign currencies	15,740,226	10,224,433
		447,769,212	453,868,259

11.2 Advances include Rs. 15,622.209 million (December 31, 2018: Rs. 16,064.641 million) which have been placed under non-performing status as detailed below:

	(Audited)			
	September 30, 2019		December 31, 2018	
	Non Performing Loans	Specific Provision	Non Performing Loans	Specific Provision
Rupees in '000				
Category of Classification:				
Domestic				
Other Assets Especially Mentioned	39,348	-	38,425	2,231
Substandard	313,831	78,137	436,938	109,035
Doubtful	43,447	21,724	334,094	167,047
Loss	15,225,583	15,225,583	15,255,184	15,255,184
Total	15,622,209	15,325,444	16,064,641	15,533,497

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2019

	September 30, 2019			(Audited) December 31, 2018		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
11.3 Particulars of provision against advances						
Opening balance	15,533,497	15,868	15,549,365	16,702,236	11,701	16,713,937
Exchange adjustments	-	(423)	(423)	-	-	-
Charge for the period / year	346,531	49,551	396,082	500,412	4,167	504,579
Reversals	(552,666)	-	(552,666)	(1,637,415)	-	(1,637,415)
	(206,135)	49,551	(156,584)	(1,137,003)	4,167	(1,132,836)
Amounts written off	(1,918)	-	(1,918)	(31,736)	-	(31,736)
Closing balance	15,325,444	64,996	15,390,440	15,533,497	15,868	15,549,365

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

	Note	(Audited)	
		September 30, 2019	December 31, 2018
		Rupees in '000	
12 FIXED ASSETS			
Capital work-in-progress	12.1	3,728,585	2,338,494
Property and equipment		48,926,881	48,040,043
Right-of-Use of Assets		8,094,684	-
		60,750,150	50,378,537

12.1 Capital work-in-progress

Civil works	2,714,913	1,855,180
Equipment	306,827	-
Advances to suppliers	706,845	483,314
	3,728,585	2,338,494

12.2 Additions to fixed assets

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

	September 30, 2019	September 30, 2018
	Rupees in '000	
Capital work-in-progress	1,060,262	878,826
Property and equipment		
Freehold land	1,139,128	1,975,282
Leasehold land	-	34,936
Building on freehold land	144,952	804,257
Building on leasehold land	81,642	293,190
Furniture and fixture	156,525	186,780
Electrical office and computer equipment	1,141,912	1,588,740
Vehicles	394,913	112,038
Others-Building Improvements	257,297	464,103
	3,316,369	5,459,326
Right-of-Use of Assets	402,695	-
Total	4,779,326	6,338,152

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2019

12.3 Disposal of fixed assets

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

	September 30, 2019	September 30, 2018
	Rupees in '000	
Furniture and fixture	1,483	284
Electrical office and computer equipment	10,835	4,137
Vehicles	18,779	3,698
Building	73,349	-
Total	104,446	8,119

	September 30, 2019	(Audited) December 31, 2018
	Rupees in '000	
13 INTANGIBLE ASSETS		
Capital work-in-progress	605,278	337,076
Computer Software	1,225,282	1,411,978
	1,830,560	1,749,054

13.1 Capital work-in-progress

Software	568,811	180,132
Advances to suppliers	36,467	156,944
	605,278	337,076

13.2 Additions to intangible assets

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

	September 30, 2019	September 30, 2018
	Rupees in '000	
Capital work-in-progress	485,766	154,066
Software	147,101	320,685
Total	632,867	474,751

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 nine months ended September 30, 2019

	Note	September 30, 2019	(Audited) December 31, 2018
Rupees in '000			
14 OTHER ASSETS			
Income / Mark-up accrued in local currency - net of provision		17,650,698	11,777,626
Income / Mark-up accrued in foreign currency - net of provision		307,052	293,994
Advances, deposits, advance rent and other prepayments		1,463,863	883,302
Advance taxation (payments less provisions)		3,507,631	4,626,194
Non-banking assets acquired in satisfaction of claims		1,611,724	1,947,348
Mark to market gain on forward foreign exchange contracts		-	2,698,766
Acceptances		5,136,563	4,183,083
Due from the employees' retirement benefit schemes			
Benevolent fund		138,953	115,915
Pension fund		5,013,222	4,560,065
Fraud and forgeries		512,624	502,115
Stationery and stamps in hand		246,438	190,398
Overdue FBN / FBD		100,623	72,441
Home Remittance Cell agent receivable		114,246	111,098
Receivable from SBP - customers encashments		564,381	12,572
Charges receivable		31,655	23,043
Suspense Account		1,844	7,898
Others		21,550	3,572
		36,423,067	32,009,430
Less: Provision held against other assets	14.1	(846,885)	(787,203)
Other assets (net of provision)		35,576,182	31,222,227
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		1,993,652	2,159,958
Other Assets - Total		37,569,834	33,382,185
14.1 Provision held against other assets			
Advances, deposits, advance rent and other prepayments		211,464	209,506
Fraud and forgeries		512,624	502,115
Overdue FBN / FBD		24,295	24,295
Charges receivable		31,655	23,043
Suspense account		6,453	6,453
Others		60,394	21,791
		846,885	787,203
14.1.1 Movement in provision held against other assets			
Opening balance		787,203	747,062
Charge for the period / year		74,357	96,695
Reversals		(2,544)	(12,000)
Written off / adjusted		(12,131)	(44,554)
Closing balance		846,885	787,203

15 CONTINGENT ASSETS

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

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2019

(Audited)
September 30, December 31,
2019 2018
Rupees in '000

16 BILLS PAYABLE

In Pakistan	6,801,801	7,752,959
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17 BORROWINGS

Secured

Borrowings from State Bank of Pakistan		
Repurchase agreement borrowings	255,745,540	157,248,800
Under Export Refinance Scheme	17,955,478	17,913,692
Under Long Term Financing Facility	20,567,100	14,053,626
	294,268,118	189,216,118
Repurchase agreement borrowings from Financial Institutions	2,399,604	14,559,563
Total Secured	296,667,722	203,775,681

Unsecured

Call borrowings	22,985,714	11,861,797
Trading liability	-	9,987,849
Overdrawn nostro accounts	84,268	243,624
Other borrowings	21,970	14,035
Total unsecured	23,091,952	22,107,305
	319,759,674	225,882,986

(Audited)

	September 30, 2019			December 31, 2018		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
Rupees in '000						
18 DEPOSITS AND OTHER ACCOUNTS						
Customers						
Current deposits	314,522,637	21,104,718	335,627,355	292,438,272	18,841,868	311,280,140
Savings deposits	385,589,646	24,468,160	410,057,806	365,456,206	24,707,235	390,163,441
Term deposits	114,469,761	75,434,791	189,904,552	120,847,788	50,092,266	170,940,054
Others	18,435,928	36,597	18,472,525	31,335,721	32,615	31,368,336
	833,017,972	121,044,266	954,062,238	810,077,987	93,673,984	903,751,971
Financial Institutions						
Current deposits	19,217,862	33,879	19,251,741	20,552,284	27,949	20,580,233
Savings deposits	28,917,910	-	28,917,910	54,634,073	-	54,634,073
Term deposits	8,402,650	48,538	8,451,188	4,950,750	52,735	5,003,485
Others	9,517,421	-	9,517,421	505,421	-	505,421
	66,055,843	82,417	66,138,260	80,642,528	80,684	80,723,212
	899,073,815	121,126,683	1,020,200,498	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 nine months ended September 30, 2019

	Note	September 30, 2019	(Audited) December 31, 2018
Rupees in '000			
19 DEFERRED TAX LIABILITIES			
Deductible Temporary Differences on			
Provision against investments		(19,093)	(19,093)
Provision against other assets		(38,959)	(38,959)
Provision against off balance sheet obligations		(14,824)	(14,824)
Provision against advances		(44,646)	(46,313)
Post retirement medical benefits		(42,980)	(42,980)
Workers welfare fund		(913,951)	(790,207)
		(1,074,453)	(952,376)
Taxable Temporary Differences on			
Surplus on revaluation of fixed assets		1,105,824	1,154,147
Surplus on revaluation of investments		1,513,123	2,792,338
Surplus on revaluation on non-banking assets		23,064	23,962
Actuarial gains		338,631	338,631
Accelerated tax depreciation / amortization		1,194,212	1,385,520
Excess of investment in finance lease over written down value of leased assets		13,206	13,206
		4,188,060	5,707,804
		3,113,607	4,755,428
20 OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		10,079,828	2,366,943
Mark-up / return / interest payable in foreign currencies		818,196	343,307
Accrued expenses		91,266	1,032,259
Retention money payable		333,336	306,416
Unearned commission and income on bills discounted		111,985	123,294
Acceptances		5,136,563	4,183,083
Dividend payable		355,136	323,871
Branch adjustment account		5,122,537	280,134
Unrealized loss on forward foreign exchange contracts		1,140,354	-
Provision for:			
Gratuity		444,655	444,655
Employees' medical benefits		1,393,242	1,332,925
Employees' compensated absences		604,289	606,216
Early retirement		337,527	-
Payable to defined contribution plan		62,733	3,306
Provision against off-balance sheet obligations	20.1	306,342	306,342
Security deposits against lease		716,065	693,151
ATM / POS settlement account		65,359	932,311
Charity fund balance		55	3
Home Remittance Cell overdraft		556,586	701,908
With-holding tax payable		242,379	688,375
Sundry deposits		2,081,898	2,427,652
Workers welfare fund payable		2,611,289	2,257,734
Present value of lease liability		8,512,067	-
Deferred income on bai muajjal placement		757,432	5,484
Others		655,546	1,075,345
		42,536,665	20,434,714

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2019

		(Audited) September 30, 2019	(Audited) December 31, 2018
		Rupees in '000	
20.1 Provision against off-balance sheet obligations			
Opening balance		306,342	306,342
Charge for the period / year		-	-
Reversals		-	-
Closing balance		306,342	306,342

	(Audited) September 30, 2019	(Audited) December 31, 2018		(Audited) September 30, 2019	(Audited) December 31, 2018
				Rupees in '000	
21 SHARE CAPITAL					
21.1 Authorized capital					
	1,500,000,000	1,500,000,000	Ordinary shares of Rs. 10/- each	15,000,000	15,000,000

21.2 Issued, subscribed and paid-up capital					
Fully paid-up Ordinary shares of Rs. 10/- each					
	406,780,094	406,780,094	Fully paid in cash	4,067,801	4,067,801
	720,745,186	720,745,186	Issued as bonus shares	7,207,452	7,207,452
	1,127,525,280	1,127,525,280		11,275,253	11,275,253
			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)		
	9,148,550	9,148,550		91,486	91,486
			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.		
	8,400,000	8,400,000		84,000	84,000
	1,145,073,830	1,145,073,830		11,450,739	11,450,739

Ibrahim Holdings (Private) Limited (holding company of the Bank), holds 972,510,410 (84.93%) [December 31, 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 nine months ended September 30, 2019

		(Audited)	
	Note	September 30, 2019	December 31, 2018
		Rupees in '000	
22	SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
Surplus arising on revaluation of:			
		16,771,491	16,909,555
		1,993,652	2,159,958
		4,323,210	7,978,107
		23,088,353	27,047,620
Deferred tax on surplus on revaluation of:			
		(1,105,824)	(1,154,146)
		(23,064)	(23,963)
		(1,513,123)	(2,792,337)
		(2,642,011)	(3,970,446)
		20,446,342	23,077,174
23	CONTINGENCIES AND COMMITMENTS		
	23.1	28,849,500	28,018,148
	23.2	360,139,453	342,770,483
	23.3	8,926,821	8,738,009
		397,915,774	379,526,640
23.1	Guarantees		
		4,450,809	4,434,872
		5,858,623	6,656,657
		18,540,068	16,926,619
		28,849,500	28,018,148
23.2	Commitments		
	Documentary credits and short term trade related transactions:		
		51,961,691	68,457,757
	Commitments in respect of:		
	23.2.1	256,662,352	207,509,971
	23.2.2	48,173,443	57,768,858
		-	6,018,458
	Commitments for acquisition of:		
		3,341,967	2,895,671
		-	119,768
		360,139,453	342,770,483
23.2.1	Commitments in respect of forward foreign exchange contracts		
		175,420,661	137,056,586
		81,241,691	70,453,385
		256,662,352	207,509,971

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2019

		(Audited)
	September 30, 2019	December 31, 2018
	Rupees in '000	
23.2.2 Commitments in respect of forward government securities transactions		
Purchase	43,703,213	57,768,858
Sale	4,470,230	-
	<u>48,173,443</u>	<u>57,768,858</u>
23.3 Other contingent liabilities		
23.3.1 Claims against the Bank not acknowledged as debt	<u>8,926,821</u>	<u>8,738,009</u>

23.3.2 The income tax assessments of the Bank are 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 and references before higher forums against unfavorable decisions. Pending finalization of appeals and references no provision is made by the Bank on aggregate sum of Rs. 25,587 million (December 31, 2018: 24,332 million). The management is confident that the outcome of these appeals and references will be in favor of the Bank.

Tax Authorities have conducted proceedings of withholding tax audit under section 161 and section 205 of Income Tax Ordinance, 2001 for tax year 2003 to 2006 and tax year 2008 to 2018 and have calculated 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 is 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

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2019

decide the appeals. Subsequently, the earlier CPs were disposed of vide order dated January 15, 2019 with a direction to the Appellate Board to first decide the stay application of the Bank and till then, the Foreign Exchange Regulation Department was restrained from taking any coercive action against the Bank. Based on merits of the appeals, the management is confident that these appeals shall be decided in favor of the Bank and therefore no provision is made against the impugned penalty.

24 DERIVATIVE INSTRUMENTS

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

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

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

Note	Nine Months Ended		Quarter Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Rupees in '000				
25 MARK-UP / RETURN / INTEREST EARNED				
On:				
Loans and advances	34,735,313	20,656,473	12,569,956	7,798,091
Investments	44,561,428	30,586,944	21,079,129	10,850,914
Lendings to financial institutions	7,356,345	1,867,133	1,258,786	1,200,400
Balances with banks	331,649	102,536	66,736	43,749
	86,984,735	53,213,086	34,974,607	19,893,154
26 MARK-UP / RETURN / INTEREST EXPENSED				
On:				
Deposits	41,814,000	20,436,198	16,135,925	7,723,725
Borrowings	11,713,350	8,151,418	6,499,475	3,905,751
Cost of foreign currency swaps against foreign currency deposits	3,937,467	1,004,476	2,038,775	454,658
Interest expense on lease liability	739,634	-	253,623	-
	58,204,451	29,592,092	24,927,798	12,084,134
27 FEE AND COMMISSION INCOME				
Card related fees (debit and credit cards)	1,029,350	977,079	299,930	313,855
Branch banking customer fees	1,023,995	897,780	341,557	289,897
Commission on remittances including home remittances	482,817	361,846	106,736	81,270
Investment banking fees	564,283	452,973	204,494	79,476
Commission on trade	255,726	267,283	81,297	89,957
Commission on cash management	110,127	83,697	46,790	32,466
Commission on guarantees	81,873	77,342	32,238	28,530
Commission on bancassurance	82,470	56,792	25,330	20,043
Credit related fees	33,922	11,097	6,629	3,779
Consumer finance related fees	3,053	2,616	850	932
	3,667,616	3,188,505	1,145,851	940,205
28 GAIN ON SECURITIES				
Realised - net	28.1	858,179	2,180,281	472,569
Unrealised - 'held for trading'		(5,384)	-	(5,384)
		852,795	2,180,281	467,185
				46,298

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2019

Note	Nine Months Ended		Quarter Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Rupees in '000				
28.1 Realised gain / (loss) on:				
Federal government securities	551,632	1,571,971	164,414	47,286
Shares	306,547	608,310	307,785	-
Non government debt securities	-	-	370	-
	858,179	2,180,281	472,569	47,286
29 OTHER INCOME				
Recovery of written off mark-up and charges	11,395	1,301	1,227	-
Gain on sale of fixed assets - net	258,225	34,409	37,518	11,311
Gain on sale of non-banking assets - net	14,266	264	-	-
Other assets disposal	69,345	200,245	56,665	172,914
Rent on property	5,348	3,405	1,787	1,699
Fee for attending Board meetings	2,581	2,271	1,119	731
	361,160	241,895	98,316	186,655
30 OPERATING EXPENSES				
Total compensation expense	9,436,742	8,511,889	3,236,342	2,522,958
Property expense:				
Depreciation	30.1 2,891,543	1,522,484	975,699	529,313
Rent and taxes	30.1 224,654	1,214,434	101,737	414,981
Utilities cost	874,269	702,727	430,963	328,886
Security (including guards)	588,097	455,223	201,840	129,680
Repair and maintenance (including janitorial charges)	457,361	356,093	186,017	134,060
Insurance	50,786	47,530	16,939	16,209
	5,086,710	4,298,491	1,913,195	1,553,129
Information technology expenses:				
Depreciation	477,427	398,535	162,340	135,978
Amortization	333,796	296,876	110,555	102,004
Network charges	439,855	444,565	133,377	141,107
Software maintenance	355,863	243,440	132,987	91,515
Hardware maintenance	230,996	167,205	69,382	90,861
Others	5,886	6,163	2,266	1,587
	1,843,823	1,556,784	610,907	563,052
Other operating expenses:				
Insurance	30.2 862,685	308,705	316,127	257,635
Outsourced service costs	440,363	392,286	151,742	151,961
Stationery and printing	305,971	192,149	116,646	59,456
Cash in Transit service charge	347,594	277,410	144,918	122,721
Marketing, advertisement and publicity	586,449	477,456	91,880	108,211
Depreciation	161,383	88,033	55,773	28,757
Travelling and conveyance	137,987	108,924	47,238	27,677
Postage and courier charges	76,903	39,300	30,997	17,967
NIFT clearing charges	87,046	77,621	29,997	23,896
Communication	65,566	62,181	21,235	17,439
Legal and professional charges	65,372	73,691	20,549	17,758
Auditors Remuneration	15,811	12,752	2,638	4,283
Directors fees and allowances	19,474	13,012	5,358	4,155
Fees and allowances to Shariah Board	4,544	5,453	1,515	1,732
Training and development	55,525	65,739	17,425	38,301
Donations	52,535	81,312	18,903	20,589
Others	291,446	207,334	108,725	76,324
	3,576,654	2,483,358	1,181,666	978,862
	19,943,929	16,850,522	6,942,110	5,618,001

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2019

30.1 Adoption of IFRS 16 'Leases' resulted in increase in depreciation expense of Rs. 1,205.4 million and decrease of rent and registration charges of Rs. 1,345.6 million.

30.2 Includes Deposit protection cost of Rs. 703 million (September 30, 2018: 205 million).

	Note	Nine Months Ended		Quarter Ended	
		September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Rupees in '000					
31 OTHER CHARGES					
Penalties imposed by State Bank of Pakistan		32,838	37,863	32,755	94
Education cess		39,644	23,267	39,644	7,756
Depreciation - non-banking assets		14,879	14,798	4,960	4,973
Others		16,667	1,065	16,667	(32,365)
Other assets written off		95	892	10	191
		<u>104,123</u>	<u>77,885</u>	<u>94,036</u>	<u>(19,351)</u>

32 PROVISIONS AND WRITE OFFS - NET

Provision / (reversal) for diminution in the value of investments	10.2.1	(128,028)	9,745	(7,776)	(1,631)
(Reversal) / provision against loans and advances	11.3	(156,584)	(1,166,226)	(56,414)	(273,897)
Provision against other assets	14.1.1	71,813	(9,609)	17,163	(10,734)
Provision against off-balance sheet obligations		-	-	-	(20,000)
Bad debts written off directly		-	-	-	-
		<u>(212,799)</u>	<u>(1,166,090)</u>	<u>(47,027)</u>	<u>(306,262)</u>
Recovery against written off bad debts		(143,565)	(150,082)	(20,204)	(814)
		<u>(356,364)</u>	<u>(1,316,172)</u>	<u>(67,231)</u>	<u>(307,076)</u>

33 TAXATION

Current - for the period	33.1	6,676,965	6,634,415	2,192,400	1,824,991
- for prior year	33.2	834,833	-	-	-
		<u>7,511,798</u>	<u>6,634,415</u>	<u>2,192,400</u>	<u>1,824,991</u>
Deferred - current		(361,709)	(191,978)	(56,121)	(38,669)
		<u>7,150,089</u>	<u>6,442,437</u>	<u>2,136,279</u>	<u>1,786,322</u>

33.1 This also includes proportionate super tax charge of Rs. 707.057 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	9,405,350	9,967,845	3,319,645	2,824,537
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	8.21	8.70	2.90	2.47

There is no dilution effect on basic earnings per share.

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 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:

	September 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 '000											
On-Balance sheet Financial Instruments											
Financial assets-measured at fair value											
Investments											
Shares / Open Ended Mutual Funds			25,303,050				25,303,050	25,177,885	125,165		25,303,050
Federal Government Securities		21,749,355	761,951,556				783,700,911		783,700,911		783,700,911
Non Government Debt Securities			2,603,184				2,603,184		2,603,184		2,603,184
Financial assets-not measured at fair value											
Cash and balances with treasury banks											
Balances with other banks					97,058,851		97,058,851				
Lendings to financial institutions					1,161,017		1,161,017				
Advances					29,386,288		29,386,288				
Other assets					432,378,772		432,378,772				
Investments (HFM, unlisted ordinary shares, term certificates, sukuk, subsidiaries)					33,101,042		33,101,042				
	13,602,025		15,163,782								
	13,602,025	21,749,355	805,021,572	461,775,060	131,320,910		1,433,469,922	25,177,885	786,429,260		811,807,145
Financial liabilities-measured at fair value											
Trading Liability											
Financial liabilities-not measured at fair value											
Bills payable						6,801,801	6,801,801				
Borrowings						319,759,674	319,759,674				
Deposits and other accounts						1,020,200,498	1,020,200,498				
Other liabilities						37,107,786	37,107,786				
						1,383,869,759	1,383,869,759				
Off-balance sheet financial instruments-measured at fair value											
Forward purchase of foreign exchange contracts					175,420,661		175,420,661		175,420,661		175,420,661
Forward sale of foreign exchange contracts					81,241,691		81,241,691		81,241,691		81,241,691
Forward purchase of Federal Government securities					43,703,213		43,703,213		43,703,213		43,703,213
Forward sale of Federal Government securities					4,470,230		4,470,230		4,470,230		4,470,230

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2019

(Audited)
December 31, 2018

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 (H-TM, 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	130,751,850		1,294,084,799	30,115,370	612,166,299		642,281,669	
Financial liabilities measured at fair value												
Trading Liability		9,987,849					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					
		9,987,849				1,227,971,517	1,237,953,366		9,987,849		9,987,849	
Off-balance sheet financial instruments-measured at fair value												
Forward purchase of foreign exchange contracts					137,056,596		137,056,596				137,056,596	
Forward sale of foreign exchange contracts					70,453,385		70,453,385				70,453,385	
Forward purchase of Federal Government securities					57,768,858		57,768,858				57,768,858	

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2019

	September 30, 2019			(Audited) December 31, 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	Rupees in '000					
35.1 Fair value of non-financial assets						
Fixed assets	-	45,321,505	-	45,321,505	-	39,636,178
Non-banking assets	-	3,605,376	-	3,605,376	-	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.

	September 30, 2019					
	Corporate & Investment Banking	Commercial & Retail Banking	Trading & Sale (Treasury)	Islamic Banking	Others	Total
	Rupees in '000					
36 SEGMENT INFORMATION						
36.1 Segment Details with respect to Business Activities						
Profit & Loss						
Net mark-up/return/profit	32,041,547	(38,985,696)	35,235,260	869,007	(379,834)	28,780,284
Inter segment revenue - net	(33,372,792)	69,350,666	(34,416,719)	-	(1,561,155)	-
Non mark-up / return / interest income	2,836,556	2,251,593	2,177,183	72,162	482,904	7,820,398
Total Income	1,505,311	32,616,563	2,995,724	941,169	(1,458,085)	36,600,682
Segment direct expenses	425,804	11,398,641	86,825	938,138	7,552,199	20,401,607
Inter segment expense allocation	-	-	-	-	-	-
Total expenses	425,804	11,398,641	86,825	938,138	7,552,199	20,401,607
Provisions	71,435	88,805	-	(8)	(516,596)	(356,364)
Profit before tax	1,008,072	21,129,117	2,908,899	3,039	(8,493,688)	16,555,439
Balance Sheet						
Cash & Bank balances	73,651	40,048,204	48,959,630	1,906,327	7,232,056	98,219,868
Investments	50,998,124	-	775,977,016	12,887,930	509,882	840,372,952
Net inter segment lending	(380,654,430)	963,891,812	(591,557,120)	1,094,292	7,225,446	-
Lendings to financial institutions	2,126,569	-	22,622,171	6,774,117	(2,126,569)	29,396,288
Advances - performing	394,180,363	20,586,790	-	8,725,328	8,654,522	432,147,003
Advances - non-performing	111,780	395,267	-	-	15,115,163	15,622,210
Provision against advances	(19,374)	(302,713)	-	-	(15,068,354)	(15,390,441)
Advances - net	394,272,769	20,679,344	-	8,725,328	8,701,331	432,378,772
Others	7,179,515	11,673,994	2,729,584	3,177,049	75,390,402	100,150,544
Total Assets	73,996,198	1,036,293,354	258,731,281	34,565,043	96,932,548	1,500,518,424
Borrowings	63,077,814	2,206,651	255,851,778	750,000	(2,126,569)	319,759,674
Subordinated debt	-	-	-	-	-	-
Deposits & other accounts	-	990,739,895	-	27,770,837	1,689,766	1,020,200,498
Net inter segment borrowing	-	-	-	-	-	-
Others	2,395,894	23,858,092	310,320	3,104,192	22,783,575	52,452,073
Total liabilities	65,473,708	1,016,804,638	256,162,098	31,625,029	22,346,772	1,392,412,245
Equity / Reserves	8,522,490	19,488,716	2,569,183	2,940,014	74,585,776	108,106,179
Total Equity and liabilities	73,996,198	1,036,293,354	258,731,281	34,565,043	96,932,548	1,500,518,424
Contingencies and commitments	19,453,298	60,955,954	304,835,795	401,938	12,268,788	397,915,773

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2019

	September 30, 2018					
	Corporate & Investment Banking	Commercial & Retail Banking	Trading & Sale (Treasury)	Islamic Banking	Others	Total
Rupees in '000						
Profit & Loss						
Net mark-up/return/profit	19,286,268	(18,924,093)	23,656,008	453,155	(850,344)	23,620,994
Inter segment revenue - net	(18,537,092)	39,238,173	(19,884,464)	-	(816,617)	-
Non mark-up / return / interest income	3,548,056	2,115,776	2,794,127	52,457	231,333	8,741,748
Total Income	4,297,232	22,429,856	6,565,671	505,612	(1,435,628)	32,362,742
Segment direct expenses	395,047	10,070,286	78,982	771,280	5,953,037	17,268,632
Inter segment expense allocation	-	-	-	-	-	-
Total expenses	395,047	10,070,286	78,982	771,280	5,953,037	17,268,632
Provisions	(285,928)	17,469	-	-	(1,047,713)	(1,316,172)
Profit before tax	4,188,113	12,342,101	6,486,689	(265,668)	(6,340,952)	16,410,282
(Audited)						
	December 30, 2018					
	Corporate & Investment Banking	Commercial & Retail Banking	Trading & Sale (Treasury)	Islamic Banking	Others	Total
Rupees in '000						
Balance Sheet						
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
Total Assets	54,767,670	973,927,697	177,988,190	28,211,014	115,711,532	1,350,606,103
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
Total liabilities	44,797,110	973,927,697	179,407,354	24,959,510	20,209,599	1,243,301,270
Equity / Reserves	9,970,560	-	(1,419,164)	3,251,504	95,501,933	107,304,833
Total Equity and liabilities	54,767,670	973,927,697	177,988,190	28,211,014	115,711,532	1,350,606,103
Contingencies and commitments	83,808,051	12,033,029	265,278,829	582,318	17,824,413	379,526,640

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.

[illegible]

Notes to the Unconsolidated Condensed Interim Financial Statements

[illegible]

37.1 RELATED PARTY TRANSACTIONS

	September 30, 2019						September 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													
Income														
Mark-up/return/interest earned	-	266	14,041	-	-	-	-	-	-	425	10,136	-	141,446	-
Fee and commission income	-	16	77	3,703	40	-	499	-	7	70	7,390	-	55	289
Dividend income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Gain on sale of securities	-	-	-	-	-	-	485	-	-	-	-	-	-	(63)
Rental income	-	-	-	5,348	-	-	-	-	-	-	-	3,405	-	-
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	560	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expense														
Mark-up/return/interest paid	-	8,177	409	3,234	4,791	-	540,143	-	2,046	469	1,079	507	-	450,657
Directors meeting fee	-	17,150	-	-	-	-	-	-	12,150	-	-	-	-	-
Remuneration	-	45,593	306,134	-	-	-	-	-	41,807	268,115	-	-	-	-
Other expenses	-	-	-	-	31,172	-	-	-	-	-	-	-	30,730	-
Rent expense**	-	182	-	-	11,072	-	-	-	-	-	-	-	7,901	-
Charge in respect of staff retirement benefit funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance premium paid	-	117	656	-	-	-	188,742	-	140	703	-	-	-	531,214

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

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

*****Rent 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 September 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 Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2019

	(Audited)	
	September 30, 2019	December 31, 2018
	Rupees in '000	
38 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	11,450,739	11,450,739
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	77,738,115	75,040,687
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	77,738,115	75,040,687
Eligible Tier 2 Capital	19,724,703	21,171,279
Total Eligible Capital (Tier 1 + Tier 2)	97,462,818	96,211,966
Risk Weighted Assets (RWAs):		
Credit Risk	310,744,110	317,173,241
Market Risk	37,600,923	38,020,880
Operational Risk	77,614,260	77,614,260
Total	425,959,293	432,808,381
Common Equity Tier 1 Capital Adequacy ratio	18.25%	17.34%
Tier 1 Capital Adequacy Ratio	18.25%	17.34%
Total Capital Adequacy Ratio	22.88%	22.23%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	77,738,115	75,040,687
Total Exposures	1,853,018,160	1,633,878,538
Leverage Ratio	4.20%	4.59%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	451,850,264	397,968,465
Total Net Cash Outflow	265,412,462	262,615,154
Liquidity Coverage Ratio	170.24%	151.54%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	985,026,641	913,354,244
Total Required Stable Funding	595,426,921	491,398,752
Net Stable Funding Ratio	165.43%	185.87%

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2019

39. ISLAMIC BANKING BUSINESS

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

	Note	September 30, 2019	(Audited) December 31, 2018
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		1,812,578	2,111,510
Balances with other banks		93,749	2,046,081
Due from financial institutions	39.1	6,774,117	3,529,999
Investments	39.2	12,887,938	10,249,093
Islamic financing and related assets - net	39.3	8,725,328	6,927,022
Fixed assets		2,189,868	1,139,785
Intangible assets		796	893
Due from Head Office		1,094,292	799,045
Other assets		986,377	501,078
		34,565,043	27,304,506
LIABILITIES			
Bills payable		124,981	146,954
Due to financial institutions		750,000	-
Deposits and other accounts	39.4	27,770,837	24,632,632
Due to Head Office		-	-
Subordinated debt		-	-
Other liabilities		2,979,211	179,923
		31,625,029	24,959,509
NET ASSETS			
		2,940,014	2,344,997
REPRESENTED BY			
Islamic Banking Fund		3,800,000	3,200,000
Reserves		(305)	(305)
Surplus on revaluation of assets		43,482	51,504
Unappropriated loss	39.5	(903,163)	(906,202)
		2,940,014	2,344,997
CONTINGENCIES AND COMMITMENTS			
	39.6		

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2019

Note September 30, September 30,
2019 2018

Rupees in '000

The profit and loss account of the Bank's Islamic Banking Branches for the period ended September 30, 2019 is as follows:			
Profit / return earned	39.7	2,067,649	865,687
Profit / return expensed	39.8	1,198,642	412,533
Net Profit / return		869,007	453,154
OTHER INCOME			
Fee and Commission Income		87,347	50,021
Dividend Income		-	-
Foreign exchange (loss) / income		(15,908)	2,117
Loss on securities		(1,073)	-
Other Income		1,796	321
Total other income		72,162	52,459
Total Income		941,169	505,613
OTHER EXPENSES			
Operating expenses		938,138	771,282
Workers Welfare Fund		-	-
Other charges		-	-
Total other expenses		938,138	771,282
Profit / (loss) before provisions		3,031	(265,669)
(Reversals) / Provisions and write offs - net		(8)	-
PROFIT / (LOSS) BEFORE TAXATION		3,039	(265,669)
Taxation		-	-
PROFIT / (LOSS) AFTER TAXATION		3,039	(265,669)

(Audited)

	September 30, 2019			December 31, 2018		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
Rupees in '000						
39.1 Due from Financial Institutions						
Bai Musajjal Receivable from other Financial Institutions	4,224,117	-	4,224,117	1,029,999	-	1,029,999
Musharaka Lending	2,550,000	-	2,550,000	2,500,000	-	2,500,000
	6,774,117	-	6,774,117	3,529,999	-	3,529,999

(Audited)

	September 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								
39.2 Investments by Segments								
Federal Government Securities:								
-Ijarah Sukuks	876,501	-	(25,944)	850,557	3,350,837	-	(16,997)	3,333,840
-Other Federal Securities	2,878,400	-	-	2,878,400	-	-	-	-
	3,754,901	-	(25,944)	3,728,957	3,350,837	-	(16,997)	3,333,840
Non Government Debt Securities								
-Listed	2,235,161	-	82	2,235,243	172,579	-	(842)	171,737
-Unlisted	6,923,738	-	-	6,923,738	6,743,516	-	-	6,743,516
	9,158,899	-	82	9,158,981	6,916,095	-	(842)	6,915,253
Total Investments	12,913,800	-	(25,862)	12,887,938	10,266,932	-	(17,839)	10,249,093

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2019

	September 30, 2019	(Audited) December 31, 2018
	Rupees in '000	
39.3 Islamic financing and related assets		
Ijarah	240,243	268,514
Istisna	477,792	-
Murabaha	21,428	74,796
Diminishing Musharaka	1,731,641	2,628,167
Salam	46,482	20,643
Business Musharka - Financings	5,776,188	3,626,407
Staff Ijarah	358,479	272,629
Staff - Diminishing Musharka	73,075	35,874
Gross Islamic financing and related assets	8,725,328	6,927,030
Less: provision against Islamic financings		
- Specific	-	-
- General	-	8
	-	8
Islamic financing and related assets - net of provision	8,725,328	6,927,022
39.4 Deposits		
Customers		
Current deposits	5,975,383	4,625,036
Savings deposits	11,085,442	9,363,085
Term deposits	3,943,475	1,237,301
Other deposits	480,233	2,667,097
	21,484,533	17,892,519
Financial Institutions		
Current deposits	4,510	3,822
Savings deposits	5,081,794	6,736,291
Term deposits	1,200,000	-
Other deposits	-	-
	6,286,304	6,740,113
	27,770,837	24,632,632
39.5 Islamic Banking Business Unappropriated Profit / (Loss)		
Opening Balance	(906,202)	(557,392)
Add: Islamic Banking profit/(loss) for the period	3,039	(348,810)
Less: Taxation	-	-
Less: Reserves	-	-
Less: Transferred / Remitted to Head Office	-	-
Closing Balance	(903,163)	(906,202)
39.6 Contingencies and Commitments		
-Guarantees	196,613	96,846
-Commitments	518,130	485,472
-Other contingencies	-	-
	714,743	582,318

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2019

	September 30, 2019	September 30, 2018
	Rupees in '000	
39.7 Profit/Return Earned of Financing, Investments and Placement		
Profit earned on:		
Financing	645,362	383,746
Investments	1,257,450	481,941
Placements	164,837	-
	2,067,649	865,687
39.8 Profit on Deposits and other Dues Expensed		
Deposits and other accounts	874,569	388,128
Due to Financial Institutions	2,849	-
Profit paid on Musharaka borrowings	197,148	23,927
Profit paid on Mudaraba borrowings	1,188	-
Other profit expenses	710	478
Other expenses (IFRS-16)	122,178	-
	1,198,642	412,533

40 NON ADJUSTING EVENT AFTER THE REPORTING DATE

- 40.1 The Board of Directors of the Bank in its meeting held on October 17, 2019 has proposed interim cash dividend for the nine months ended September 30, 2019 of Rs. 2.00 per share (September 30, 2018: cash dividend Rs. 2.00 per share). The unconsolidated condensed interim financial statements of the Bank for the nine months ended September 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 October 17, 2019 by the Board of Directors of the Bank.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

CONSOLIDATED FINANCIAL STATEMENTS

for the nine months ended September 30, 2019

Consolidated Statement of Financial Position

(Un-audited) as at September 30, 2019

	Note	September 30, 2019	(Audited) December 31, 2018
Rupees in '000			
ASSETS			
Cash and balances with treasury banks	7	97,073,343	99,188,414
Balances with other banks	8	1,146,598	2,564,202
Lendings to financial institutions - net	9	29,396,288	53,785,679
Investments - net	10	841,973,015	672,587,309
Advances - net	11	432,413,734	438,357,880
Fixed assets	12	60,848,697	50,399,773
Intangible assets	13	1,844,296	1,756,127
Deferred tax assets		-	-
Other assets - net	14	37,922,856	33,751,113
		1,502,618,827	1,352,390,497
LIABILITIES			
Bills payable	16	6,801,801	7,752,959
Borrowings	17	319,759,674	225,882,986
Deposits and other accounts	18	1,020,187,924	984,463,067
Liabilities against assets subject to finance lease		-	-
Sub-ordinated debt		-	-
Deferred tax liabilities - net	19	3,116,429	4,751,359
Other liabilities	20	42,930,106	20,750,315
		1,392,795,934	1,243,600,686
NET ASSETS		109,822,893	108,789,811
REPRESENTED BY			
Share capital	21	11,450,739	11,450,739
Reserves		21,859,173	20,276,515
Surplus on revaluation of assets - net of tax	22	20,446,342	23,077,174
Unappropriated profit		56,066,639	53,985,383
		109,822,893	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 nine months ended September 30, 2019

		Nine Months Ended		Quarter Ended	
	Note	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Rupees in '000					
Mark-up / return / interest earned	25	86,985,661	53,214,126	34,975,002	19,894,174
Mark-up / return / interest expensed	26	58,207,069	29,591,013	24,928,098	12,083,618
Net mark-up / interest income		28,778,592	23,623,113	10,046,904	7,810,556
NON MARK-UP / INTEREST INCOME					
Fee and commission income	27	4,106,308	3,653,325	1,298,945	1,086,630
Dividend income		1,405,198	2,117,335	426,975	674,461
Foreign exchange income		1,611,094	1,051,243	354,104	377,093
Income from derivatives		-	-	-	-
Gain on securities - net	28	910,674	2,161,691	515,722	11,168
Other income	29	355,814	238,490	96,531	184,956
Total non mark-up / interest income		8,389,088	9,222,084	2,692,277	2,334,308
Total income		37,167,680	32,845,197	12,739,181	10,144,864
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	30	20,228,505	17,135,555	7,033,627	5,716,290
Workers welfare fund		344,944	344,173	116,600	94,806
Other charges	31	104,123	77,885	94,036	(19,351)
Total non mark-up / interest expenses		20,677,572	17,557,613	7,244,263	5,791,745
Profit before provisions		16,490,108	15,287,584	5,494,918	4,353,119
Net reversal against provisions and write offs	32	(356,364)	(1,316,172)	(67,231)	(307,076)
Extra-ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		16,846,472	16,603,756	5,562,149	4,660,195
Taxation	33	7,209,386	6,495,580	2,167,314	1,797,184
PROFIT AFTER TAXATION		9,637,086	10,108,176	3,394,835	2,863,011
In Rupees					
Basic and Diluted earnings per share	34	8.42	8.83	2.96	2.50

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 nine months ended September 30, 2019

	Nine Months Ended		Quarter Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
	Rupees in '000			
Profit after taxation for the period	9,637,086	10,108,176	3,394,835	2,863,011
Other comprehensive income				
<i>Items that may be reclassified to profit and loss account in subsequent periods:</i>				
Effect of translation of net investment in foreign branches	642,123	467,156	(152,258)	94,036
Movement in deficit on revaluation of investments - net of tax	(2,375,683)	(2,565,459)	(379,056)	(2,787,907)
	(1,733,560)	(2,098,303)	(531,314)	(2,693,871)
<i>Items that will not be reclassified to profit and loss account in subsequent periods:</i>				
Movement in surplus / (deficit) on revaluation of fixed assets - net of tax	14,966	(168,024)	4,073	(168,024)
Movement in surplus on revaluation of non-banking assets - net of tax	163,739	1,873	-	-
	178,705	(166,151)	4,073	(168,024)
Total comprehensive income	8,082,231	7,843,722	2,867,594	1,116

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 nine months ended September 30, 2019

	Note	September 30, 2019	September 30, 2018
Rupees in '000			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		16,846,472	16,603,756
Less: Dividend income		(1,405,198)	(2,117,335)
		15,441,274	14,486,421
Adjustments:			
Depreciation		2,462,715	2,359,230
Depreciation on right of use assets		1,204,807	-
Amortization		335,173	299,282
Net reversal against provisions and write offs	32	(212,799)	(1,166,090)
Unrealized (gain)/ loss on revaluation of 'held-for-trading' securities		(14,493)	26,235
Provision for workers welfare fund - net		344,944	344,174
Gain on sale of fixed assets and non-banking assets - net		(274,750)	(34,409)
		3,845,597	1,828,422
		19,286,871	16,314,843
(Increase) / Decrease in operating assets			
Lendings to financial institutions		24,389,391	(245,162,470)
Held-for-trading securities		(21,812,618)	22,928,144
Advances		5,994,326	(50,316,127)
Other assets (excluding advance taxation)		(4,882,314)	4,506,997
		3,688,785	(268,043,456)
Increase / (decrease) in operating liabilities			
Bills payable		(951,158)	(778,970)
Borrowings		94,036,044	(35,997,056)
Deposits and other accounts		35,715,927	45,720,651
Other liabilities (excluding current taxation)		21,602,955	2,011,284
		150,403,768	10,955,909
		173,379,424	(240,772,704)
Income tax paid		(6,448,327)	(5,442,936)
Net cash flow generated from operating activities		166,931,097	(246,215,640)
CASH FLOW FROM INVESTING ACTIVITIES			
Net (investments) / realizations from 'available-for-sale' securities		(153,654,940)	201,907,774
Net realizations in 'held-to-maturity' securities		2,549,597	58,365,429
Dividend received		1,072,264	1,567,225
Investments in fixed assets and intangible assets		(5,130,341)	(4,652,704)
Proceeds from sale of fixed assets		362,767	42,514
Effect of translation of net investment in foreign branches		642,123	467,156
Net cash flow generated from / (used in) investing activities		(154,158,530)	257,697,394
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liability against right of use assets		(9,316,297)	-
Dividend paid		(6,839,179)	(6,507,149)
Net cash flow used in financing activities		(16,155,476)	(6,507,149)
Effect of exchange rate changes on opening cash and cash equivalents			
Increase in cash and cash equivalents during the period		(2,568,948)	(2,074,657)
Cash and cash equivalents at beginning of the period		(5,951,857)	2,899,948
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		104,087,530	87,974,901
		98,135,673	90,874,849

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 nine months ended September 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 for the nine months ended (September 30, 2018)	-	-	-	-	-	-	-	10,108,176	10,108,176
Other Comprehensive Income - net of tax	-	-	-	-	-	-	-	-	-
Deficit on revaluation of investments - net of tax	-	-	-	-	(2,565,459)	-	-	-	(2,565,459)
Deficit on revaluation of fixed assets - net of tax	-	-	-	-	-	(168,024)	-	-	(168,024)
Surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	(1,873)	1,873	-
Effect of translation of net investment in foreign branches	-	467,156	-	-	-	-	-	-	467,156
	-	467,156	-	-	(2,565,459)	(168,024)	(1,873)	1,873	(2,266,327)
Transfer to statutory reserve	-	-	996,784	-	-	-	-	(996,784)	-
Transferred from surplus in respect of incremental depreciation of fixed assets to un-appropriated profit-net of tax	-	-	-	-	-	(84,196)	-	84,196	-
Transferred from surplus in respect of incremental depreciation of non-banking assets to un-appropriated profit-net of tax	-	-	-	-	-	-	(1,095)	1,095	-
Transactions with owners recognized directly in equity	-	-	-	-	-	-	-	-	-
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 ended	-	-	-	-	-	-	-	-	-
December 31, 2018 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
Second interim cash dividend for the year ended	-	-	-	-	-	-	-	-	-
December 31, 2018 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
	-	-	-	-	-	-	-	(6,584,175)	(6,584,175)
Balance as at September 30, 2018	11,450,739	696,110	18,739,946	6,000	7,927,884	15,751,855	1,572,665	53,160,507	109,307,706
Profit after taxation for the three months ended (December 31, 2018)	-	-	-	-	-	-	-	2,923,641	2,923,641
Other Comprehensive Income - net of tax	-	-	-	-	-	-	-	-	-
Deficit on revaluation of investments - net of tax	-	-	-	-	(2,742,115)	-	-	-	(2,742,115)
Surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	31,621	-	-	31,621
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	-	541,191	-	-	-	-	-	-	541,191
	-	541,191	-	-	(2,742,115)	31,621	563,393	454,522	(1,151,388)
Transfer to statutory reserve	-	-	291,268	-	-	-	-	(291,268)	-
Transferred from surplus in respect of incremental depreciation of fixed assets to un-appropriated profit-net of tax	-	-	-	-	-	(28,067)	-	28,067	-
Transferred from surplus in respect of incremental depreciation of non-banking assets to un-appropriated profit-net of tax	-	-	-	-	-	-	(62)	62	-
Transactions with owners, recognized directly in equity	-	-	-	-	-	-	-	-	-
Third interim cash dividend for the year ended	-	-	-	-	-	-	-	-	-
December 31, 2018 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
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 nine months ended September 30, 2019	-	-	-	-	-	-	-	9,637,086	9,637,086
Other Comprehensive Income - net of tax	-	-	-	-	-	-	-	-	-
Deficit on revaluation of investments - net of tax	-	-	-	-	(2,375,683)	-	-	-	(2,375,683)
Surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	(14,966)	-	14,966	-
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	-	642,123	-	-	-	-	-	-	642,123
	-	642,123	-	-	(2,375,683)	(14,966)	(163,739)	178,705	(1,733,560)
Transfer to statutory reserve	-	-	940,535	-	-	-	-	(940,535)	-
Transferred from surplus in respect of incremental depreciation of fixed assets to un-appropriated profit-net of tax	-	-	-	-	-	(74,778)	-	74,778	-
Transferred from surplus in respect of incremental depreciation of non-banking assets to un-appropriated profit-net of tax	-	-	-	-	-	-	(1,668)	1,668	-
Transactions with owners, recognized directly in equity	-	-	-	-	-	-	-	-	-
Final cash dividend for the year ended	-	-	-	-	-	-	-	-	-
December 31, 2018 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
First interim cash dividend for the year ending	-	-	-	-	-	-	-	-	-
December 31, 2019 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
Second interim cash dividend for the year ending	-	-	-	-	-	-	-	-	-
December 31, 2019 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
	-	-	-	-	-	-	-	(6,870,444)	(6,870,444)
Balance as at September 30, 2019	11,450,739	1,881,424	19,971,749	6,000	2,810,086	15,665,667	1,970,589	56,066,639	109,822,893

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 nine months ended September 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.1131(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 Finergy Fund	Launched on November 30, 2018
- ABL Special Saving Fund	Launched on September 19, 2019

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2019

2 BASIS OF PRESENTATION

These consolidated condensed interim financial statements consists of holding company and its subsidiary company for nine months ended September 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 and re-classified to reflect more appropriate presentation.

The financial results of the Islamic banking branches of the bank have been consolidated in these consolidated condensed interim financial statements for reporting purposes, after eliminating inter-branch transactions and balances. Key financial figures of the Islamic banking branches are disclosed in Note 39 to unconsolidated condensed interim financial statements of the bank for nine months ended September 30, 2019.

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 Group operates and functional currency of the Group, 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 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.

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2019

2.1.4 The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred applicability of Islamic Financial Accounting Standard 3 'Profit & Loss Sharing on Deposits' (IFAS-3) issued by The Institute of Chartered Accountants of Pakistan and notified by the Securities & Exchange Commission of Pakistan (SECP), vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IIFS). The standard will result in certain new disclosures in the financial statements of the Bank.

2.1.5 These 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 Group 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.

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

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 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 of asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. As a result, the Group, 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 Group 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 Group 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 Group now recognizes right of use of assets and lease liabilities for material leases i.e. these leases are on balance sheet.

The Group presents right-of-use of 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 Group recognizes a right of use of asset and a lease liability at the lease commencement date. The right of use of 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 of use of 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 of asset or the end of the lease term. The estimated useful lives of right of use of asset are determined the same as those of 'Fixed Assets'. In addition, the right of use of asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Right of use of 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 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 Group 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 Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right of use of assets recognised.

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2019

Transition

Previously, the Group 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 Group's incremental borrowing rate as at January 01, 2019. Right of use of asset is 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 of assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use of 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	September 30, 2019
	Rupees in '000'	
Right-of-use assets presented in property and equipment	8,974,461	8,159,053
Lease liabilities	8,626,097	8,578,631
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 Group has recognised Rs. 471.3 million of right-of-use assets and lease liabilities during the period ended September 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 nine months ended September 30, 2019, the Group recognised Rs. 1,213.8 million of depreciation charges and Rs. 743.6 million of mark-up/return/interest expense on these leases. There was a decrease in rent and registration charges of Rs. 1,345.6 million during the period. Tax expense has also decreased by Rs. 233.77 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.

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2019

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

6 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Group 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 nine months ended September 30, 2019

	(Audited)	
	September 30, 2019	December 31, 2018
	Rupees in '000	
7 CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	17,976,306	15,271,580
Foreign currencies	1,286,043	1,008,439
	19,262,349	16,280,019
Remittances in transit	798,308	591,133
With State Bank of Pakistan (SBP) in		
Local currency current accounts	33,204,809	38,599,518
Foreign currency current account	29,699	81,311
Foreign currency deposit accounts (non-remunerative)	5,910,010	4,722,714
Foreign currency deposit accounts (remunerative)	17,701,134	14,128,800
	56,845,652	57,532,343
With National Bank of Pakistan in		
Local currency current accounts	19,477,929	24,610,744
Prize Bonds	689,105	174,175
	97,073,343	99,188,414
8 BALANCES WITH OTHER BANKS		
In Pakistan		
In deposit accounts	-	2,000,000
Outside Pakistan		
In current accounts	375,821	257,659
In deposit accounts	770,777	306,543
	1,146,598	2,564,202
9 LENDINGS TO FINANCIAL INSTITUTIONS		
Call money lendings	2,000,000	5,500,000
Repurchase agreement lendings (Reverse Repo)	20,622,171	44,455,680
Musharaka lendings	2,550,000	2,500,000
Bai muajjal receivable		
with State Bank of Pakistan	2,730,523	-
with other financial institutions	1,493,594	1,029,999
Certificates of investment	70,000	70,000
Letters of placement	-	300,000
	29,466,288	53,855,679
Less: Provision held against lendings to financial institutions	(70,000)	(70,000)
Lendings to financial institutions - net of provision	29,396,288	53,785,679

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2019

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

	September 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:								
Held-for-trading securities								
Federal Government Securities	21,754,739	-	(5,384)	21,749,355	-	-	-	-
Open Ended Mutual Funds	2,080,186	-	19,877	2,100,063	1,912,351	-	(53,328)	1,859,023
	23,834,925	-	14,493	23,849,418	1,912,351	-	(53,328)	1,859,023
Available-for-sale securities								
Federal Government Securities*	761,949,728	(27,372)	29,200	761,951,556	610,683,028	(21,248)	(1,608,457)	609,053,323
Shares	25,768,697	(2,137,237)	4,256,226	27,887,686	25,390,405	(2,266,130)	9,572,003	32,696,278
Non Government Debt Securities	13,564,091	(21,071)	(23,547)	13,519,473	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	-	61,331	125,165	63,834	-	62,436	126,270
	802,384,042	(2,185,680)	4,323,210	804,521,572	648,907,005	(2,308,449)	7,978,108	654,576,664
Held-to-maturity securities								
Federal Government Securities	13,602,025	-	-	13,602,025	16,151,622	-	-	16,151,622
Non Government Debt Securities	344,260	(344,260)	-	-	346,090	(346,090)	-	-
	13,946,285	(344,260)	-	13,602,025	16,497,712	(346,090)	-	16,151,622
Total Investments	40,165,252	(2,529,940)	4,337,703	841,973,015	667,317,068	(2,654,539)	7,924,780	672,587,309

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

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2019

		(Audited)	
		September 30, 2019	December 31, 2018
		Rupees in '000	
10.1.1	Investments given as collateral		
	Market Treasury Bills	256,148,559	158,411,120
	Pakistan Investment Bonds	163,574	10,077,521
	GOP Foreign Currency Sukuks (US\$)	2,399,604	4,451,600
	GOP Foreign Currency Bonds (US\$)	-	710,569
	Total Investments given as collateral	258,711,737	173,650,810
10.2	Provision for diminution in value of investments		
10.2.1	Opening balance	2,654,539	2,705,403
	Exchange adjustments	3,429	1,557
	Charge / (reversals)		
	Charge for the period / year	2,696	112,794
	Reversals for the period / year	(130,724)	(3,776)
	Reversal on disposals	-	(161,439)
		(128,028)	(52,421)
	Closing Balance	2,529,940	2,654,539

		(Audited)	
		September 30, 2019	December 31, 2018
		NPI	Provision
		Rupees in '000	
10.2.2	Particulars of provision against debt securities		
	Category of Classification		
	Domestic		
	Other assets especially mentioned	-	-
	Substandard	-	-
	Doubtful	-	-
	Loss	365,330	367,161
		365,330	367,161
	Overseas		
	Not past due but impaired*	10,951,881	9,756,796
	Overdue by:		
	Upto 90 days	-	-
	91 to 180 days	-	-
	181 to 365 days	-	-
	>365 days	-	-
		-	-
	Total	11,317,211	10,123,957

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

The State Bank of Pakistan (SBP) has not granted any relaxation w.r.t classification or provisioning during the period ended September 30, 2019.

10.3 The market value of securities classified as held-to-maturity as at September 30, 2019 amounted to Rs. 10,376.16 million (December 31, 2018: Rs. 15,579.4 million).

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2019

Notes		Performing		Non Performing		Total	
		Audited		Audited		Audited	
		September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Rupees in '000							
11	ADVANCES						
	Loans, cash credits, running finances, etc.	419,959,256	428,933,543	14,115,178	14,569,294	434,074,434	443,502,837
	Islamic financing and related assets	8,725,328	6,927,030	-	-	8,725,328	6,927,030
	Bills discounted and purchased	3,497,381	1,982,031	1,507,031	1,495,347	5,004,412	3,477,378
	Advances - gross	432,181,965	437,842,604	15,622,209	16,064,641	447,804,174	453,907,245
	Provision against advances						
	Specific	11.2 & 11.3	-	-	(15,325,444)	(15,533,497)	(15,325,444)
	General	11.3	(64,996)	(15,868)	-	(64,996)	(15,868)
			(64,996)	(15,868)	(15,325,444)	(15,533,497)	(15,390,440)
	Advances - net of provision	432,116,969	437,826,736	296,765	531,144	432,413,734	438,357,880

(Audited)
September 30, 2019 December 31, 2018

11.1 Particulars of advances (Gross)		Rupees in '000	
	In local currency	432,063,948	443,682,812
	In foreign currencies	15,740,226	10,224,433
		447,804,174	453,907,245

11.2 Advances include Rs. 15,622.209 million (December 31, 2018: Rs. 16,064.641 million) which have been placed under non-performing status as detailed below:

	September 30, 2019		(Audited) December 31, 2018	
	Non Performing Loans	Specific Provision	Non Performing Loans	Specific Provision
Rupees in '000				
Category of Classification:				
Domestic				
Other Assets Especially Mentioned	39,348	-	38,425	2,231
Substandard	313,831	78,137	436,938	109,035
Doubtful	43,447	21,724	334,094	167,047
Loss	15,225,583	15,225,583	15,255,184	15,255,184
Total	15,622,209	15,325,444	16,064,641	15,533,497

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2019

	September 30, 2019			(Audited) December 31, 2018		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
11.3 Particulars of provision against advances						
Opening balance	15,533,497	15,868	15,549,365	16,702,236	11,701	16,713,937
Exchange adjustments	-	(423)	(423)	-	-	-
Charge for the period / year	346,531	49,551	396,082	500,412	4,167	504,579
Reversals	(552,666)	-	(552,666)	(1,637,415)	-	(1,637,415)
	(206,135)	49,551	(156,584)	(1,137,003)	4,167	(1,132,836)
Amounts written off	(1,918)	-	(1,918)	(31,736)	-	(31,736)
Closing balance	15,325,444	64,996	15,390,440	15,533,497	15,868	15,549,365

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

	Note	(Audited)	
		September 30, 2019	December 31, 2018
		Rupees in '000	
12 FIXED ASSETS			
Capital work-in-progress	12.1	3,744,745	2,338,494
Property and equipment		48,944,899	48,061,279
Right-of-Use Assets		8,159,053	-
		60,848,697	50,399,773

12.1 Capital work-in-progress

Civil works	2,714,913	1,855,180
Equipment	306,827	-
Advances to suppliers	723,005	483,314
	3,744,745	2,338,494

12.2 Additions to fixed assets

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

	(Audited)	
	September 30, 2019	September 30, 2018
	Rupees in '000	
Capital work-in-progress	1,060,262	878,826
Property and equipment		
Freehold land	1,139,128	1,975,282
Leasehold land	-	34,936
Building on freehold land	144,952	804,257
Building on leasehold land	81,642	293,190
Furniture and fixture	156,647	189,162
Electrical office and computer equipment	1,143,353	1,589,753
Vehicles	394,913	112,038
Others-building improvements	257,297	464,103
	3,317,932	5,462,721
Right-of-Use Assets	402,695	-
Total	4,780,889	6,341,547

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2019

12.3 Disposal of fixed assets

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

	September 30, 2019	September 30, 2018
	Rupees in '000	
Furniture and fixture	1,483	284
Electrical office and computer equipment	10,885	4,187
Vehicles	18,779	3,698
Building	73,349	-
Total	104,496	8,169

	September 30, 2019	(Audited) December 31, 2018
	Rupees in '000	
13 INTANGIBLE ASSETS		
Capital work-in-progress	617,535	340,990
Computer Software	1,226,761	1,415,137
	1,844,296	1,756,127

13.1 Capital work-in-progress

Software	568,811	180,132
Advances to suppliers	48,724	160,858
	617,535	340,990

13.2 Additions to intangible assets

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

	September 30, 2019	September 30, 2018
	Rupees in '000	
Capital work-in-progress	485,766	154,066
Software	147,101	320,685
Total	632,867	474,751

13.3 Disposals of intangible assets

No intangible assets were disposed off during the period.

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2019

	Note	September 30, 2019	(Audited) December 31, 2018
Rupees in '000			
14 OTHER ASSETS			
Income / Mark-up accrued in local currency - net of provision		17,650,698	11,777,626
Income / Mark-up accrued in foreign currency - net of provision		307,052	293,994
Advances, deposits, advance rent and other prepayments		1,815,005	1,254,352
Advance taxation (payments less provisions)		3,509,511	4,624,072
Non-banking assets acquired in satisfaction of claims		1,611,724	1,947,348
Mark to market gain on forward foreign exchange contracts		-	2,698,766
Acceptances		5,136,563	4,183,083
Due from the employees' retirement benefit schemes			
Benevolent fund		138,953	115,915
Pension fund		5,013,222	4,560,065
Fraud and forgeries		512,624	502,115
Stationery and stamps in hand		246,438	190,398
Overdue FBN / FBD		100,623	72,441
Home Remittance Cell agent receivable		114,246	111,098
Receivable from SBP - customers encashments		564,381	12,572
Charges receivable		31,655	23,043
Suspense Account		1,844	7,898
Others		21,550	3,572
		36,776,089	32,378,358
Less: Provision held against other assets	14.1	(846,885)	(787,203)
Other assets (net of provision)		35,929,204	31,591,155
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		1,993,652	2,159,958
Other Assets - total		37,922,856	33,751,113
14.1 Provision held against other assets			
Advances, deposits, advance rent and other prepayments		211,464	209,506
Fraud and forgeries		512,624	502,115
Overdue FBN / FBD		24,295	24,295
Charges receivable		31,655	23,043
Suspense account		6,453	6,453
Others		60,394	21,791
		846,885	787,203
14.1.1 Movement in provision held against other assets			
Opening balance		787,203	747,062
Charge for the period / year		74,357	96,695
Reversals		(2,544)	(12,000)
Written off / adjusted		(12,131)	(44,554)
Closing balance		846,885	787,203

15 CONTINGENT ASSETS

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

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2019

		(Audited)	
		September 30, 2019	December 31, 2018
		Rupees in '000	
16	BILLS PAYABLE		
	In Pakistan	6,801,801	7,752,959
17	BORROWINGS		
	Secured		
	Borrowings from State Bank of Pakistan		
	Repurchase agreement borrowings	255,745,540	157,248,800
	Under Export Refinance Scheme	17,955,478	17,913,692
	Under Long Term Financing Facility	20,567,100	14,053,626
		294,268,118	189,216,118
	Repurchase agreement borrowings from Financial Institutions	2,399,604	14,559,563
	Total Secured	296,667,722	203,775,681
	Unsecured		
	Call borrowings	22,985,714	11,861,797
	Trading liability	-	9,987,849
	Overdrawn nostro accounts	84,268	243,624
	Other borrowings	21,970	14,035
	Total unsecured	23,091,952	22,107,305
		319,759,674	225,882,986

		(Audited)					
		September 30, 2019			December 31, 2018		
		In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
		Rupees in '000					
18	DEPOSITS AND OTHER ACCOUNTS						
	Customers						
	Current deposits	314,510,063	21,104,718	335,614,781	292,438,272	18,841,868	311,280,140
	Savings deposits	385,589,646	24,468,160	410,057,806	365,456,206	24,707,235	390,163,441
	Term deposits	114,469,761	75,434,791	189,904,552	120,847,788	50,092,266	170,940,054
	Others	18,435,928	36,597	18,472,525	31,335,721	32,615	31,368,336
		833,005,398	121,044,266	954,049,664	810,077,987	93,673,984	903,751,971
	Financial Institutions						
	Current deposits	19,217,862	33,879	19,251,741	20,552,284	27,949	20,580,233
	Savings deposits	28,917,910	-	28,917,910	54,621,957	-	54,621,957
	Term deposits	8,402,650	48,538	8,451,188	4,950,750	52,735	5,003,485
	Others	9,517,421	-	9,517,421	505,421	-	505,421
		66,055,843	82,417	66,138,260	80,630,412	80,684	80,711,096
		899,061,241	121,126,683	1,020,187,924	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 nine months ended September 30, 2019

	Note	September 30, 2019	(Audited) December 31, 2018
Rupees in '000			
19 DEFERRED TAX LIABILITIES			
Deductible Temporary Differences on			
Provision against investments		(19,093)	(19,093)
Provision against other assets		(38,959)	(38,959)
Provision against off balance sheet obligations		(14,824)	(14,824)
Provision against advances		(44,646)	(46,313)
Post retirement medical benefits		(42,980)	(42,980)
Workers welfare fund		(913,951)	(790,207)
		(1,074,453)	(952,376)
Taxable Temporary Differences on			
Surplus on revaluation of fixed assets		1,105,824	1,154,147
Surplus on revaluation of investments		1,516,479	2,787,505
Surplus on revaluation on non-banking assets		23,064	23,962
Actuarial gains		338,631	338,631
Accelerated tax depreciation / amortization		1,193,678	1,386,284
Excess of investment in finance lease over written down value of leased assets		13,206	13,206
		4,190,882	5,703,735
		3,116,429	4,751,359
20 OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		10,079,828	2,366,943
Mark-up / return / interest payable in foreign currencies		818,196	343,307
Accrued expenses		186,053	1,101,822
Retention money payable		333,336	306,416
Unearned commission and income on bills discounted		111,985	123,294
Acceptances		5,136,563	4,183,083
Dividend payable		355,136	323,871
Branch adjustment account		5,122,537	280,134
Unrealized loss on forward foreign exchange contracts		1,140,354	-
Provision for:			
Gratuity		444,655	444,655
Employees' medical benefits		1,393,242	1,332,925
Employees' compensated absences		604,289	606,216
Early retirement		337,527	-
Payable to defined contribution plan		62,733	3,306
Provision against off-balance sheet obligations	20.1	306,342	306,342
Security deposits against lease		716,065	693,151
ATM / POS settlement account		65,359	932,311
Charity fund balance		55	3
Home Remittance Cell overdraft		556,586	701,908
With-holding tax payable		245,182	690,598
Sundry deposits		2,081,898	2,427,652
Workers welfare fund payable		2,642,000	2,297,057
Present value of lease liability		8,578,631	-
Deferred income on bai muajjal placement		757,432	5,484
Others		854,122	1,279,837
		42,930,106	20,750,315

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2019

		(Audited)	
		September 30, 2019	December 31, 2018
		Rupees in '000	
20.1	Provision against off-balance sheet obligations		
	Opening balance	306,342	306,342
	Charge for the period / year	-	-
	Reversals	-	-
		-	-
	Closing balance	306,342	306,342

21 SHARE CAPITAL

21.1 Authorized capital

		(Audited)	
		September 30, 2019	December 31, 2018
		(Audited)	
		September 30, 2019	December 31, 2018
		Rupees in '000	
		No. of shares	
		1,500,000,000	1,500,000,000
	Ordinary shares of Rs.10/- each	15,000,000	15,000,000

21.2 Issued, subscribed and paid-up capital

Fully paid-up Ordinary shares of Rs. 10/- each				
406,780,094	406,780,094	Fully paid in cash	4,067,801	4,067,801
720,745,186	720,745,186	Issued as bonus shares	7,207,452	7,207,452
1,127,525,280	1,127,525,280		11,275,253	11,275,253
		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)		
9,148,550	9,148,550		91,486	91,486
		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.		
8,400,000	8,400,000		84,000	84,000
1,145,073,830	1,145,073,830		11,450,739	11,450,739

Ibrahim Holdings (Private) Limited (holding company of the Bank), holds 972,510,410 (84.93%) [December 31, 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 nine months ended September 30, 2019

		(Audited)	
	Note	September 30, 2019	December 31, 2018
Rupees in '000			
22	SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
Surplus arising on revaluation of:			
Fixed assets		16,771,491	16,909,555
Non-banking assets acquired in satisfaction of claims		1,993,652	2,159,958
Available-for-sale securities		4,323,210	7,978,107
		23,088,353	27,047,620
Deferred tax on surplus on revaluation of:			
Fixed assets		(1,105,824)	(1,154,146)
Non-banking assets acquired in satisfaction of claims		(23,064)	(23,963)
Available-for-sale securities		(1,513,123)	(2,792,337)
		(2,642,011)	(3,970,446)
Surplus on revaluation of assets - net of tax		20,446,342	23,077,174
23	CONTINGENCIES AND COMMITMENTS		
Guarantees	23.1	28,849,500	28,018,148
Commitments	23.2	360,203,044	342,834,074
Other contingent liabilities	23.3	8,926,821	8,738,009
		397,979,365	379,590,231
23.1	Guarantees		
Financial guarantees		4,450,809	4,434,872
Performance guarantees		5,858,623	6,656,657
Other guarantees		18,540,068	16,926,619
		28,849,500	28,018,148
23.2	Commitments		
Documentary credits and short term trade related transactions:			
letters of credit		51,961,691	68,457,757
Commitments in respect of:			
forward foreign exchange contracts	23.2.1	256,662,352	207,509,971
forward government securities transactions	23.2.2	48,173,443	57,768,858
operating leases		-	6,018,458
Commitments for acquisition of:			
fixed assets		3,341,967	2,895,671
intangible assets		-	119,768
Other Commitments		63,591	63,591
		360,203,044	342,834,074
23.2.1	Commitments in respect of forward foreign exchange contracts		
Purchase		175,420,661	137,056,586
Sale		81,241,691	70,453,385
		256,662,352	207,509,971

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2019

	(Audited)	
	September 30, 2019	December 31, 2018
	Rupees in '000	
23.2.2 Commitments in respect of forward government securities transactions		
Purchase	43,703,213	57,768,858
Sale	4,470,230	-
	<u>48,173,443</u>	<u>57,768,858</u>
23.3 Other contingent liabilities		
23.3.1 Claims against the Bank not acknowledged as debt	<u>8,926,821</u>	<u>8,738,009</u>

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 and references before higher forums against unfavorable decisions. Pending finalization of appeals and 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 and references will be in favor of the Group.

Tax Authorities have conducted proceedings of withholding tax audit under section 161 and Section 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

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2019

decide the appeals. Subsequently, the earlier CPs were disposed of vide order dated January 15, 2019 with a direction to the Appellate Board to first decide the stay application of the Bank and till then, the Foreign Exchange Regulation Department was restrained from taking any coercive action against the Bank. Based on merits of the appeals, the management is confident that these appeals shall be decided in favor of the Bank and therefore no provision is made against the impugned penalty.

24 DERIVATIVE INSTRUMENTS

The Group at present does not offer structured derivative products such as Interest Rate Swaps, Forward Rate Agreements or FX Options. However, the 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	Nine Months Ended		Quarter Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Rupees in '000				
25 MARK-UP / RETURN / INTEREST EARNED				
On:				
Loans and advances	34,736,287	20,657,493	12,570,399	7,799,111
Investments	44,561,428	30,586,944	21,079,129	10,850,914
Lendings to financial institutions	7,356,345	1,867,133	1,258,786	1,200,400
Balances with banks	331,601	102,556	66,688	43,749
	<u>86,985,661</u>	<u>53,214,126</u>	<u>34,975,002</u>	<u>19,894,174</u>
26 MARK-UP / RETURN / INTEREST EXPENSED				
On:				
Deposits	41,810,766	20,435,119	16,134,357	7,723,209
Borrowings	11,713,350	8,151,418	6,499,475	3,905,751
Cost of foreign currency swaps against foreign currency deposits	3,937,467	1,004,476	2,038,775	454,658
Interest expense on lease liability	745,486	-	255,491	-
	<u>58,207,069</u>	<u>29,591,013</u>	<u>24,928,098</u>	<u>12,083,618</u>
27 FEE AND COMMISSION INCOME				
Card related fees (debit and credit cards)	1,029,350	977,079	299,930	313,855
Branch banking customer fees	1,466,396	1,362,888	494,352	436,390
Commission on remittances including home remittances	482,817	361,846	106,736	81,270
Investment banking fees	564,283	452,973	204,494	79,476
Commission on trade	255,726	267,283	81,297	89,957
Commission on cash management	109,974	83,460	46,751	32,405
Commission on guarantees	81,873	77,342	32,238	28,530
Commission on bancassurance	82,470	56,792	25,330	20,043
Credit related fees	30,366	11,046	6,967	3,772
Consumer finance related fees	3,053	2,616	850	932
	<u>4,106,308</u>	<u>3,653,325</u>	<u>1,298,945</u>	<u>1,086,630</u>
28 GAIN ON SECURITIES				
Realised - net	28.1	896,181	2,187,945	458,921
Unrealised - 'held for trading'		14,493	(26,254)	56,801
		<u>910,674</u>	<u>515,722</u>	<u>11,168</u>

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2019

		Nine Months Ended		Quarter Ended	
	Note	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Rupees in '000					
28.1 Realised gain / (loss) on:					
Federal government securities		551,632	1,571,971	164,414	47,286
Shares		306,547	608,310	307,785	-
Non government debt securities		-	-	370	-
Open Ended Mutual Funds		38,002	7,664	(13,648)	18
		<u>896,181</u>	<u>2,187,945</u>	<u>458,921</u>	<u>47,304</u>
29 OTHER INCOME					
Recovery of written off mark-up and charges		11,395	1,301	1,227	-
Gain on sale of fixed assets - net		258,227	34,409	37,520	11,311
Gain on sale of non-banking assets - net		14,266	264	-	-
Other assets disposal		69,345	200,245	56,665	172,914
Rent on property		-	-	-	-
Fee for attending Board meetings		2,581	2,271	1,119	731
		<u>355,814</u>	<u>238,490</u>	<u>96,531</u>	<u>184,956</u>
30 OPERATING EXPENSES					
Total compensation expense		9,643,884	8,696,388	3,344,706	2,619,348
Property expense:					
Depreciation	30.1	2,905,491	1,527,641	979,868	530,805
Rent and taxes	30.1	219,306	1,225,754	98,269	417,330
Utilities cost		878,591	706,099	432,612	330,641
Security (including guards)		588,097	455,223	201,840	129,680
Repair and maintenance					
(including janitorial charges)		462,196	360,753	187,240	135,437
Insurance		53,351	50,119	17,711	17,067
		<u>5,107,032</u>	<u>4,325,589</u>	<u>1,917,540</u>	<u>1,560,960</u>
Information technology expenses:					
Depreciation		477,427	398,535	162,340	135,978
Amortization		335,957	299,282	111,339	102,806
Network charges		439,855	444,565	133,377	141,107
Software maintenance		355,863	243,440	132,987	91,515
Hardware maintenance		230,996	167,205	69,382	90,861
Others		5,886	6,163	2,266	1,587
		<u>1,845,984</u>	<u>1,559,190</u>	<u>611,691</u>	<u>563,854</u>
Other operating expenses:					
Insurance	30.2	862,685	308,705	316,127	257,635
Outsourced service costs		440,363	392,286	151,742	151,961
Stationery and printing		307,333	193,030	117,018	59,652
Cash in Transit service charge		347,594	277,410	144,918	122,721
Marketing, advertisement and publicity		600,513	494,121	55,268	77,077
Depreciation		161,383	88,033	55,773	28,757
Travelling and conveyance		138,286	112,994	47,486	29,143
Postage and courier charges		87,091	48,640	35,029	21,163
NIFT clearing charges		87,046	77,621	29,997	23,896
Communication		65,566	62,181	21,235	17,439
Legal and professional charges		66,371	75,198	20,833	18,337
Auditors Remuneration		16,369	13,259	2,914	4,445
Directors fees and allowances		21,474	14,612	6,158	4,755
Fees and allowances to Shariah Board		4,544	5,453	1,515	1,732
Training and development		55,525	65,739	17,425	38,301
Donations		52,535	81,312	18,903	20,589
Others		316,927	243,794	117,349	94,525
		<u>3,631,605</u>	<u>2,554,388</u>	<u>1,159,690</u>	<u>972,128</u>
		<u>20,228,505</u>	<u>17,135,555</u>	<u>7,033,627</u>	<u>5,716,290</u>

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2019

- 30.1 Adoption of IFRS 16 'Leases' resulted in increase in depreciation expense of Rs. 1,205.4 million and decrease of rent and registration charges of Rs. 1,345.6 million.
- 30.2 Includes Deposit protection cost of Rs. 703 million (September 30, 2018: 205 million).

		Nine Months Ended		Quarter Ended	
	Note	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Rupees in '000					
31 OTHER CHARGES					
Penalties imposed by State Bank of Pakistan		32,838	37,863	32,755	94
Education cess		39,644	23,267	39,644	7,756
Depreciation - non-banking assets		14,879	14,798	4,960	4,973
Others		16,667	1,065	16,667	(32,365)
Other assets written off		95	892	10	191
		104,123	77,885	94,036	(19,351)
32 PROVISIONS AND WRITE OFFS - NET					
Provision / (reversal) for diminution in the value of investments	10.2.1	(128,028)	9,745	(7,776)	(1,631)
(Reversal) / provision against loans and advances	11.3	(156,584)	(1,166,226)	(56,414)	(273,897)
Provision against other assets	14.1.1	71,813	(9,609)	17,163	(10,734)
Provision against off-balance sheet obligations		-	-	-	(20,000)
Bad debts written off directly		-	-	-	-
		(212,799)	(1,166,090)	(47,027)	(306,262)
Recovery against written off bad debts		(143,565)	(150,082)	(20,204)	(814)
		(356,364)	(1,316,172)	(67,231)	(307,076)

33 TAXATION

Current - for the period	33.1	6,673,250	6,690,704	2,155,037	1,843,829
- for prior year	33.2	834,833	-	-	-
		7,508,083	6,690,704	2,155,037	1,843,829
Deferred - current		(298,697)	(195,124)	12,277	(46,645)
		7,209,386	6,495,580	2,167,314	1,797,184

- 33.1 This also includes proportionate super tax charge of Rs. 707.057 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	9,637,086	10,108,176	3,394,835	2,863,011
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	8.42	8.83	2.96	2.50

There is no dilution effect on basic earnings per share.

Notes to the Consolidated Condensed Interim Financial Statements
(Un-audited) for the nine months ended September 30, 2019

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:

September 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 '000											
On-Balance sheet Financial Instruments											
Financial assets-measured at fair value											
Investments											
Shares / Open Ended Mutual Funds	2,100,663		25,303,060				27,403,113	25,177,865	2,225,228		27,403,113
Federal Government Securities	21,749,955		761,951,556				783,700,911		783,700,911		783,700,911
Non Government Debt Securities			2,603,194				2,603,194		2,603,194		2,603,194
Financial assets-not measured at fair value											
Cash and balances with treasury banks					97,073,343		97,073,343				
Balances with other banks					1,146,598		1,146,598				
Lendings to Financial Institutions				29,396,288			29,396,288				
Advances				432,413,734			432,413,734				
Other assets					33,102,922		33,102,922				
Investments (HTM, unlisted ordinary shares, term certificates, sukuk, subsidiaries)	13,602,025		14,663,782				28,265,807				
	13,602,025	23,849,418	804,521,572	461,810,022	131,322,863		1,435,105,300	25,177,865	788,629,323		813,707,298
Financial liabilities-measured at fair value											
Trading Liability											
Financial liabilities-not measured at fair value											
Bills payable						6,801,801	6,801,801				
Borrowings						319,759,674	319,759,674				
Deposits and other accounts						1,020,187,924	1,020,187,924				
Other liabilities						37,501,227	37,501,227				
						1,384,250,626	1,384,250,626				
Off-balance sheet financial Instruments-measured at fair value											
Forward purchase of foreign exchange contracts											
Forward sale of foreign exchange contracts					175,420,661		175,420,661				175,420,661
Forward purchase of Federal Government securities					81,241,691		81,241,691				81,241,691
Forward sale of Federal Government securities					43,703,213		43,703,213				43,703,213
					4,470,230		4,470,230				4,470,230

Notes to the Consolidated Condensed Interim Financial Statements
(Un-audited) for the nine months ended September 30, 2019

December 31, 2018 (Audited)													
	Held to Maturity	Held for Trading	Carrying Value		Fair Value								
			Available for Sale	Financing and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total		
Rupees in '000													
On-Balance sheet Financial Instruments													
Financial assets-measured at fair value													
Investments													
Shares / Open Ended Mutual Funds		1,859,024	30,244,640	-	-	-	-	-	-	32,100,864	30,115,370	1,985,294	32,100,864
Federal Government Securities		-	639,053,323	-	-	-	-	-	-	639,053,323	-	639,053,323	639,053,323
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													
Balances with other banks													
Lendings to Financial institutions													
Advances													
Other assets													
Investments (HFM, unlisted ordinary shares, term certificates, sukuk, subsidiaries)	16,151,622	-	12,294,994	-	-	-	-	-	-	28,446,616	-	-	-
	16,151,622	1,859,024	64,576,663	492,143,559	130,738,877	-	-	-	-	1,236,469,745	30,115,370	614,025,233	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			-
Borrowings										225,892,986			-
Deposits and other accounts										994,463,087			-
Other liabilities										20,165,409			-
	-	9,987,849	-	-	-	-	-	-	-	1,227,971,517	1,237,959,365	9,987,849	9,987,849
Off-balance sheet financial instruments-measured at fair value													
Forward purchase of foreign exchange contracts													-
Forward sale of foreign exchange contracts										137,056,596			137,056,596
Forward purchase of Federal Government securities										70,453,395			70,453,395
	-	-	-	-	-	-	-	-	-	57,768,858	-	-	57,768,858

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2019

35.1 Fair value of non-financial assets

	September 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	-	45,321,505	-	45,321,505	-	39,636,178	-	39,636,178
Non-banking assets	-	3,605,376	-	3,605,376	-	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.

September 30, 2019							
	Corpo- rate & Investment Banking	Commercial & Retail Banking	Trading & Sale (Treasury)	Islamic Banking	Asset Management	Others	Total
Rupees in '000							
36 SEGMENT INFORMATION							
36.1 Segment Details with respect to Business Activities							
Profit & Loss							
Net mark-up/return/profit	32,041,547	(38,985,696)	35,235,260	869,007	3,186	(384,712)	28,778,592
Inter segment revenue - net	(33,372,792)	69,350,666	(34,416,719)	-	-	(1,561,155)	-
Non mark-up / return / interest income	2,836,556	2,251,593	2,177,183	72,162	521,312	530,282	8,389,088
Total Income	1,505,311	32,616,563	2,995,724	941,169	524,498	(1,415,585)	37,167,680
Segment direct expenses	425,804	11,398,641	86,825	938,138	233,466	7,594,698	20,677,572
Total expenses	425,804	11,398,641	86,825	938,138	233,466	7,594,698	20,677,572
Provisions	71,435	88,805	-	(8)	-	(516,596)	(356,364)
Profit before tax	1,008,072	21,129,117	2,908,899	3,039	291,032	(8,493,687)	16,846,472
Balance Sheet							
Cash & Bank balances	73,651	40,048,204	48,959,630	1,906,327	12,649	7,219,480	98,219,941
Investments	50,998,124	-	775,977,016	12,887,930	2,100,062	9,883	841,973,015
Net inter segment lending	(380,654,430)	963,891,812	(591,557,120)	1,094,292	-	7,225,446	-
Lendings to financial institutions	2,126,569	-	22,622,171	6,774,117	-	(2,126,569)	29,396,288
Advances - performing	394,180,363	20,586,790	-	8,725,328	34,962	8,654,522	432,181,965
Advances - non-performing	111,780	395,266	-	-	-	15,115,163	15,622,209
Provision against advances	(19,374)	(302,713)	-	-	-	(15,068,354)	(15,390,440)
Advances - net	394,272,769	20,679,343	-	8,725,328	34,962	8,701,331	432,413,734
Others	7,179,515	11,673,995	2,729,584	3,177,049	468,528	75,387,179	100,615,849
Total Assets	73,996,198	1,036,293,354	258,731,281	34,565,043	2,616,201	96,416,750	1,502,618,827
Borrowings	63,077,814	2,206,651	255,851,778	750,000	-	(2,126,569)	319,759,674
Subordinated debt	-	-	-	-	-	-	-
Deposits & other accounts	-	990,739,895	-	27,770,837	-	1,677,192	1,020,187,924
Others	2,395,894	23,858,092	310,320	3,104,192	399,488	22,780,350	52,848,336
Total liabilities	65,473,708	1,016,804,638	256,162,098	31,625,029	399,488	22,330,973	1,392,795,934
Equity / Reserves	8,522,490	19,488,716	2,569,183	2,940,014	2,216,713	74,085,777	109,822,893
Total Equity and liabilities	73,996,198	1,036,293,354	258,731,281	34,565,043	2,616,201	96,416,750	1,502,618,827
Contingencies and commitments	19,453,298	60,955,954	304,835,795	401,938	63,591	12,268,788	397,979,364

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2019

September 30, 2018

	Corporate & Investment Banking	Commercial and Retail Banking	Trading & Sales (Treasury)	Islamic Banking	Asset Management	Others	Total
Rupees in '000							
Profit & Loss							
Net mark-up/return/profit	19,286,268	(18,924,093)	23,656,008	453,155	1,099	(849,324)	23,623,113
Inter segment revenue - net	(18,537,092)	39,238,173	(19,884,464)	-	-	(816,617)	-
Non mark-up / return / interest income	3,548,056	2,115,776	2,794,127	52,457	414,498	297,171	9,222,084
Total Income	4,297,232	22,429,856	6,565,671	505,612	415,597	(1,368,770)	32,845,197
Segment direct expenses	395,047	10,070,286	78,982	771,280	222,123	6,019,895	17,557,613
Inter segment expense allocation	-	-	-	-	-	-	-
Total expenses	395,047	10,070,286	78,982	771,280	222,123	6,019,895	17,557,613
Provisions	(285,928)	17,469	-	-	-	(1,047,713)	(1,316,172)
Profit before tax	4,188,113	12,342,101	6,486,689	(265,668)	193,474	(6,340,952)	16,603,756

December 31, 2018 (Audited)

	Corporate & Investment Banking	Commercial and Retail Banking	Trading & Sales (Treasury)	Islamic Banking	Asset Management	Others	Total
Rupees in '000							
Balance Sheet							
Cash & Bank balances	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	(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
Total Assets	54,767,672	973,927,697	177,988,190	28,211,014	2,306,094	115,189,830	1,352,390,497
Borrowings	42,470,267	3,912,691	183,088,196	-	-	(3,588,168)	225,882,966
Subordinated debt	-	-	-	-	-	-	-
Deposits & other accounts	-	957,686,063	-	24,632,633	-	2,144,370	984,463,066
Net inter segment borrowing	-	-	-	-	-	-	-
Others	2,326,845	12,328,943	(3,680,842)	326,877	321,117	21,631,694	33,254,634
Total liabilities	44,797,112	973,927,697	179,407,354	24,959,510	321,117	20,187,896	1,243,600,686
Equity / Reserves	9,970,560	-	(1,419,164)	3,251,504	1,984,977	95,001,934	108,789,811
Total Equity & liabilities	54,767,672	973,927,697	177,988,190	28,211,014	2,306,094	115,189,830	1,352,390,497
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 nine months ended September 30, 2019

RELATED PARTY TRANSACTIONS

The Group has related party relationships with its parent, 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.

	September 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											
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	-	-	-	351	-	1,859,024	-	-	-	351	-	1,741,623
Investment made during the period/year	-	-	-	-	-	3,922,112	-	-	-	-	-	1,797,598
Investment redeemed/disposed off during the period/year	-	-	-	-	-	(3,700,951)	-	-	-	-	-	(1,626,870)
Deficit	-	-	-	-	-	19,877	-	-	-	-	-	(53,327)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	351	-	2,100,062	-	-	-	351	-	1,859,024
Provision for diminution in value	-	-	-	4,649	-	-	-	-	-	4,649	-	-
Advances	-	-	-	-	-	-	-	-	-	-	-	-
Opening balance	-	8,704	264,404	-	-	593	-	17,029	252,674	-	-	(57)
Addition during the period/year	-	22,098	76,872	-	7,247	-	-	13,304	112,248	-	-	8,011
Repaid during the period/year	-	(24,166)	(105,399)	-	(7,538)	-	-	(21,829)	(102,179)	-	-	(7,361)
Transfer in/(out)-net	-	-	-	-	-	-	-	-	1,661	-	-	-
Closing balance	-	6,636	235,877	-	-	302	-	8,704	264,404	-	-	593
Provision held against advances	-	-	-	-	-	-	-	-	-	-	-	-

Notes to the Consolidated Condensed Interim Financial Statements

[illegible]

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2019

September 30, 2019							September 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												
Income												
Mark-up/return/interest earned	-	266	14,041	-	-	-	-	-	425	10,136	141,446	-
Sales commission	-	-	-	-	-	15,271	-	-	-	-	-	21,730
Fee and commission income	-	16	77	40	-	359,660	1	7	70	55	-	354,895
Dividend income	-	-	-	-	-	-	-	-	-	-	-	-
Net Gain on sale of securities	-	-	-	-	-	465	-	-	-	-	-	(63)
Rental Income	-	-	-	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-	-	-	-
Expense												
Mark-up/return/interest paid	-	8,177	409	4,791	-	540,143	-	2,046	469	507	-	459,540
Directors meeting fee	-	19,150	-	-	-	-	-	13,750	-	-	-	-
Remuneration	-	45,583	326,607	-	-	-	-	41,807	288,825	-	-	-
Other expenses*	-	182	-	31,172	-	-	-	-	-	30,730	-	-
Rent expense**	-	-	-	21,922	-	-	-	-	-	18,751	-	-
Charge in respect of staff retirement benefit funds	-	-	-	-	-	-	-	-	-	-	-	-
Insurance premium paid	-	117	656	-	-	194,757	-	140	703	-	-	533,718

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

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

**Rent 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 September 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 nine months ended September 30, 2019

	September 30, 2019	(Audited) December 31, 2018
	Rupees in '000	
38 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	11,450,739	11,450,739
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	78,400,617	75,372,381
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	78,400,617	75,372,381
Eligible Tier 2 Capital	18,931,598	20,564,931
Total Eligible Capital (Tier 1 + Tier 2)	97,332,215	95,937,312
Risk Weighted Assets (RWAs):		
Credit Risk	308,899,613	315,518,950
Market Risk	37,629,265	40,673,396
Operational Risk	78,800,062	78,800,062
Total	425,328,940	434,992,408
Common Equity Tier 1 Capital Adequacy ratio	18.43%	17.33%
Tier 1 Capital Adequacy Ratio	18.43%	17.33%
Total Capital Adequacy Ratio	22.88%	22.05%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	78,400,617	75,372,381
Total Exposures	1,854,064,348	1,634,600,480
Leverage Ratio	4.23%	4.61%

39 NON ADJUSTING EVENT AFTER THE REPORTING DATE

- 39.1** The Board of Directors of the Bank in its meeting held on October 17, 2019 has proposed interim cash dividend for the nine months ended September 30, 2019 of Rs. 2.00 per share (September 30, 2018: cash dividend Rs. 2.00 per share). The consolidated condensed interim financial statements of the Bank for the nine months ended September 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 October 17, 2019 by the Board of Directors of the Bank.

Chief Financial Officer

President and Chief Executive Officer

Director

Director

Chairman

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