



**CORPORATE AFFAIRS GROUP**

HO/CAG/CAU/2020/63

August 28, 2020

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

**Subject: Transmission of Quarterly Report for the Period Ended June 30, 2020**

Dear Sir

We have to inform you that the Quarterly Report of Allied Bank for the period ended June 30, 2020 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,

A handwritten signature in blue ink, appearing to read 'Muhammad Raffat', with a long horizontal stroke extending to the right.

**Muhammad Raffat**  
**Company Secretary**



Half Yearly  
Report  
**2020**





# Contents

Corporate Information .....	02
Director's Review .....	04
Independent Auditor's Review Report .....	15

## Unconsolidated Financial Statements of Allied Bank Limited

Unconsolidated Statement of Financial Position .....	18
Unconsolidated Profit and Loss Account .....	19
Unconsolidated Statement of Comprehensive Income .....	20
Unconsolidated Statement of Cash Flow .....	21
Unconsolidated Statement of Changes in Equity .....	21
Notes to the Unconsolidated Condensed Interim Financial Statements .....	23

## Consolidated Financial Statements of Allied Bank Limited and its Subsidiary

Consolidated Statement of Financial Position .....	56
Consolidated Profit and Loss Account .....	57
Consolidated Statement of Comprehensive Income .....	58
Consolidated Statement of Cash Flow .....	59
Consolidated Statement of Changes in Equity .....	60
Notes to the Consolidated Condensed Interim Financial Statements .....	61

## Corporate Information

### Vision

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

### Mission

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

### Core Values

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

### Board of Directors

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

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

### Audit Committee of the Board

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

### Strategic Planning & Monitoring Committee

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

### Board Risk Management Committee

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

### Human Resource & Remuneration Committee

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

### e-Vision Committee

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

## Shariah Board

Mufti Muhammad Iftikhar Baig  
(Chairman)

Mufti Mahmood Ahmad  
Mufti Tayyab Amin

## Chief Financial Officer

Mr. Mehmud ul Hassan

## Company Secretary

Mr. Muhammad Raffat

## Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountants

## Legal Adviser

Mandviwalla & Zafar Advocates

## Shares Registrar

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

## Registered & Head Office

3 Tipu Block, New Garden Town  
Lahore - Pakistan  
Postal Code 54000

## Contact Detail



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UAN: 111-225-225



/ablpk



/alliedbankpk



/user/alliedbankitd



/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 half year ended June 30, 2020. The operating results and appropriations as recommended by the Board are included in the appended table:

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

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

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

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

### Economic Review

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

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

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

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

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

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

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

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

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

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

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

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

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

## Financial Review

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

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

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

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

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

## Director's Review

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

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

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

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

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

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

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

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

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

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

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

### Future Outlook

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### Entity Rating

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

# Director's Review

## Corporate Governance Rating

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

## Rewards and Accolades

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

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

## Board of Directors

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

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

## Acknowledgement

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

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

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

For and on behalf of the Board of Directors.

**Aizid Razzaq Gill**  
Officiating Chief Executive Officer

**Mohammad Naeem Mukhtar**  
Chairman Board of Directors

Lahore  
Date: August 20, 2020

## ڈائریکٹرز کا تجزیہ

معزز شیئر ہولڈرز:

بورڈ آف ڈائریکٹرز کی جانب سے ہم 30 جون 2020ء کو اختتام پزیر ششماہی کے مالیاتی نتائج پیش کرتے ہوئے نہایت مسرت محسوس کرتے ہیں۔ بورڈ کی طرف سے سفارش کردہ کاروباری نتائج اور تفصیلی مندرجہ ذیل جدول میں درج ہے:

ششماہی اختتمہ 30 جون			
2020ء	2019ء	مب	
ملین روپے			
		%	
بعد از ٹیکس منافع	8,413	6,086	38
گزشتہ پانچ شہ ماہ منافع	55,821	52,500	6
غیر بینکاری ۵۱۱ ہجرت کی قدر و پائیکس سے غیر تصرف شدہ منافع میں منتقلی خالص از ٹیکس	6	165	(96)
میں ۱۱۱ ہجرت کی قدر و پائیکس سے غیر تصرف شدہ منافع میں منتقلی خالص از ٹیکس	75	60	25
تصرف کے لیے دستیاب منافع	64,315	58,811	9
حتیٰ پیش ڈیویڈنڈ برائے سال اختتمہ 31 دسمبر 2019ء - 2 روپے فی حصص	(2,290)	(2,290)	-
(2019ء: سال اختتمہ 31 دسمبر 2018ء - 2 روپے فی حصص)			
مہوری کش ڈیویڈنڈ برائے سال اختتمہ 31 دسمبر 2020ء - 2 روپے فی حصص	(2,290)	(2,290)	-
(2019ء: سال اختتمہ 31 دسمبر 2019ء - 2 روپے فی حصص)			
ضوابطی ریزرو میں منتقلی	(841)	(609)	(38)
آگے منتقل کیا گیا منافع شدہ منافع	58,894	53,623	10
فی حصص آمدنی (EPS) روپے	7.35	5.31	38

کوڈ 19 کی عالمگیر وبا کے دوران سرمایہ کو محفوظ بنانے اور سیال پذیری اور کسی بھی دباؤ کو برداشت کرنے کے علاوہ اضافہ کیلئے، اسٹیٹ بینک آف پاکستان (ایس بی پی) نے حفاظتی اقدامات کے طور پر اپنے سرگرمیوں پر پی ایچ ڈی پی ایس ای ایچ ڈی پی ڈی 006315/2020ء کے تحت ٹیکس کو دہائی کی ہے کہ وہ سال 2020ء کی پہلی دوسرے ماہوں کیلئے ڈیویڈنڈ کی ادائیگی کو معطل کریں۔

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

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

معاشی جائزہ :

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

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

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

معاشی چیلن اور صحت عامہ کے شدید خدشات ملک کی مالی سال 2020ء کے پہلے آٹھ ماہ کے دوران حاصل کی گئی تمام کارکردگی کو گھٹا دیا۔ جس میں وسیع اہیاد خوش پالیسی اقدامات اور استحکام کی تدابیر اختیار کرنے کے ذریعے میکرواکنامک مطابقت کے راستے میں ایک شاندار سنگ میل کا حصول شامل تھا۔ ان اقدامات نے بیرونی اور اندرونی مہیب عدم توازن کی کوئی، غیر ملکی زرمبادلہ کے ذخائر میں استحکام، آئی ایم ایف کے پروگرام کی کامیاب تکمیل، ملک کی کریڈٹ ریٹنگ کے پروجیکٹ میں بہتری اور انضباطی کارکردگی کو متحرک کرنے کی کوششیں شامل تھیں۔

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

مکروہلا عوامل سے قطع نظر، زری شعبہ نے 2.7 فیصد کی ایک توانا نمو حاصل کی ہے جو کہ مالی سال 2019ء کی 0.6 فیصد نمو سے نمایاں طور پر بلند ہے۔ تاہم شرح تبادلہ کی فرسوںگی کے باعث، محدود معاشی ماحول، انحصاری مالیاتی اور انضباطی پالیسیوں اور نجی مصارف و استعانت کے خط طلب جو کہ مالی سال 2019 کی 82.9 فیصد کی شرح کی نسبت شدید دھچکے سے 78.5 فیصد کی سطح تک گر گیا، جیسے عوامل کی بدولت صنعت اور خدمات دونوں شعبوں کی باآرتیب 2.6 فیصد اور 0.6 فیصد کی منفی کارکردگی کی وجہ سے زراعت کے شعبہ سے حاصل ہونے والی قدرتی زیادہ ابھر کر سامنے نہ آسکی۔

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

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

غیر ملکی براہ راست سرمایہ کاری میں چلک برقرار رہی جو کہ مالی سال 2019ء کے تھالی عرصہ کی نسبت مالی سال 2020ء کے دوران تقریباً دوگنا تک بڑھتے ہوئے 2.56 بلین امریکی ڈالرز تک جا پہنچی تاہم یہ ملک کی حقیقی صلاحیت سے ابھی بھی خاص کمی ہے۔ غیر ملکی سرمایہ کاری کے پورٹ فولیو کے اخراج کے باوجود، ابھرتی داریک کے انچارجز کی طلب کے تھان، کثیر اطراف انجینیئری سے رقم کی ترسیل، ملک کی بیرونی پوزیشن میں مدد کے لئے غیر ملکی کینیڈی اور کمرشل ذرائع سے قرض کا اجراء سے اسٹیٹ بینک آف پاکستان کے غیر ملکی زرمبادلہ کے ذخائر میں نہایت ضروری اضافہ ہوا جو کہ مالی سال 2020ء تک 12.04 بلین امریکی ڈالرز کی مضبوط سطح پر درج ہوئے۔ روپے کی شرح جون 2020ء تک 168.17 روپے فی امریکی ڈالر پر بند ہوئی۔

اگرچہ مالی سال 2020ء کے پہلے نو ماہ کے عرصہ کے دوران حکومت پاکستان کی جانب سے محصولات سے متعلقہ جامع اقدامات اور انتظامی اصلاحات کے نفاذ سے انضباطی اور مالی جامعیت کو تقویت ملی ہے اور نگیں آمدنی میں 13.7 فیصد کی ترقی رپورٹ ہوئی ہے۔ جبکہ مالی سال 2019ء کے تھالی عرصہ کی 5.0 فیصد کی شرح کے مقابلہ میں مالی خسارہ مئی ڈی پی کا 3.8 فیصد تک آگیا ہے۔ تاہم سست رفتار معاشی سرگرمیوں کے تاثر میں فیڈرل بورڈ آف ریونیو (ایف بی آر) نے مالی سال 2020ء کیلئے 3,997 بلین روپے کی آمدنی اکٹھی کی ہے جو کہ 3,907 بلین روپے کے نظریاتی شدہ ہدف سے 90 بلین روپے زیادہ ہے۔

موجودہ مالیاتی غلاء جو پہلے ہی ملک کے بلند ترین قرض کی ادائیگی کے اخراجات اور نقصان زدہ قومیانے گئے اداروں (پبلک انٹرپرائز انڈسٹریز) کو سرمایے کی فراہمی سے محدود ہو چکا ہے، کو کووڈ-19 کے پھیلاؤ نے بری طرح متاثر کیا ہے جس کے باعث اس دہاؤ کے مضمرات سے غفلت کیلئے اضافی اخراجات درپیش ہیں۔ تاہم حکومت پاکستان نے 1,200 بلین روپے کے ایک جامع کٹنگ کے ذریعہ صحت عامہ، کاروبار، گھریلو طبقہ اور معاشرے کے کمزور اور پوسے ہوئے افراد کی مدد کا اعادہ کیا ہے۔

افراط زر کے دہاؤ جو کہ مالی سال 2020ء کی پہلی ششماہی میں پیدائش ہو گئے تھے، جنوری کے سینے میں بلند ترین شرح پر جا پہنچے لہذا صارفین کی قیمتوں کا انڈیکس (سی پی آئی) 14.6 فیصد تک درج کیا گیا۔ تاہم بدیں ایشیاء پر دروش اور توانائی کی قیمتوں میں تیزی سے کمی اور اس کے ساتھ خالص افراط زر میں پیدا ہونے والی بہتری اور آسانی نے نمایاں افراط زر کے دہاؤ خاص حد تک ختم کر دیا۔ چنانچہ جون 2020ء تک اس کی شرح کم ہوتے ہوئے 8.6 فیصدی سطح پر جا پہنچی۔ اس متحرک اور تیزی سے ارتقاء پذیر صورتحال سے خبردار ہوتے ہوئے اسٹیٹ بینک آف پاکستان نے بڑھتے ہوئے منفی خدشات، افراط زر کے تخمینوں پر قابو رکھنے اور اسے مالیاتی استحکام کو برقرار رکھنے کے تاثر میں اپنی نمو کو مدد فراہم کرنے کیلئے ایک اعداد و شمار پر مقرر مالیاتی پالیسی کا اعادہ کیا۔ اہلی ترسیلات زر کو ایک معاون پالیسی کے بیانیہ کی جانب موڑنے سے پالیسی ریٹ میں مارچ کے وسط تک مجموعی طور پر 625 بی پی پیس کی کمی درج ہوئی جس کی شرح جون 2020ء تک کم ہوتے ہوئے 7 فیصد پر تھیں کی گئی۔

معیشت کو مدد فراہم کرنے اور مسلسل برپا ہونے والی بیرونی دہاؤ سے نمٹنے کیلئے بھی اسٹیٹ بینک آف پاکستان نے کئی اقدامات اٹھائے ہیں جن میں:

- سرمایہ کو محفوظ بنانے کے باؤ (Buffer) میں 100 سویر پینس کی کمی کے ساتھ اس کا 1.5 فیصد پر تھیں؛
- چھوٹے اور درمیانے کاروبار (ایس ایم ایچ) کو کریڈٹ کی توسیع کی خواہشیں حد میں 180 بلین روپے تک کا اضافہ

- کمزور قرض چھٹا کیلئے قرض کے پھوٹ کو برداشت کرنے کے تناسب (ذریعہ برڈن ریشو) کی شرح کو 50 فیصد سے بڑھا کر 60 فیصد تک کرنے کی ہوتی:
- بینک کو اجازت دی گئی کہ وہ اپنے قرض ڈیفنٹس کی اصل رقم کی ادائیگی کو ایک سال کیلئے موثر کریں اور ایسے قرض دہندہ جو اپنی کریڈٹ ہسٹری کوٹاڑنے کے بغیر مارک اپ اور یا اصل رقم کی واپسی کیلئے ایک سال سے زیادہ عرصہ درکار کرتے ہیں، ان کے لئے قرض کو ری سٹرکچر / ری شیڈیول (Re-Structure / Re-Schedule) کر لے۔
- تنخواہوں اور اجرت کی ادائیگی کیلئے قرض کی ایکسٹنشن کا اہتمام شامل ہیں۔

#### مالیاتی جائزہ :

نومل کوڈ 19 کے پھیلاؤ کے تناظر میں سمارٹ لاک ڈاؤن کے ذریعہ لوگوں کو طاقت کے ذریعے محدود کرنے کے اقدامات کے ایک نئے دور کا آغاز ہوا۔ اور سماجی فاصلوں کو لازمی طور پر اپنانے کے عمل نے ڈیجیٹل بینکنگ کی خدمات کی پیش کش کی رفتار میں اضافہ کر دیا تاکہ صارفین کی ریشٹل (Retail) بینکنگ سے متعلق پڑھتی ہوئی ضروریات اور طلب کا امداد کیا جاسکے اور اس کے ساتھ ساتھ دیگر ایسیک ہولڈرز بشمول ریگولیٹر کے ساتھ انٹرایکشن میں تکنالوجی کو استعمال کرتے ہوئے رابطہ رکھا جائے۔

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

پاکستان میں بینکاری کا شعبہ موجودہ معاشی تیزی، تکنالوجی کی ترقی میں تھقل، ذوالعملیاتی قبلیات کے اضافے، مسلسل ابھرنے والے سائبر سکیورٹی خطرات، اضافی جاتی معیار سے جڑے خطرات میں فروغ اور غیر شعبہ کی قرض کی کمزور استطاعت جیسے مختلف نوعیت کے خطرات سے مسلسل دوچار ہے۔

اس مشکل اور سائنسی کاروباری ماحول کے تحت، آپ کے بینک نے اپنی کثیر لچت اور طویل المدت صحت عملی پر کارکن جاری رکھا جو کہ خطرات کے انتظام کو ٹھوس بنانے، کاروباری صلاحیتوں کے بہترین استعمال اور اپنی برانچوں کے نیٹ ورک کو موزوں رکھنے کے ہونے ڈیجیٹل رسائی کے ذرائع میں اضافہ کے ذریعہ صارفین کو تکنالوجی سے محرمین جدید اور موثر پراڈکٹس اور خدمات کی فراہمی کو مسلسل مضبوط رکھنے جیسے عوامل پر انحصار کرتی ہے۔

کوڈ-19 کا عالمگیر دہائے پھیلاؤ سے پیدا ہونے والے خطرات میں کمی کرنے کیلئے آپ کے بینک نے اپنے کاروبار کو جاری رکھنے کے منصوبے کے آغاز سے کئی ہفتہ اقدامات اٹھائے ہیں تاکہ اپنے ملازمین کی حفاظت اور صارفین کو بلا تھقل مالی خدمات کی فراہمی یقینی بنایا جاسکے۔ اس بارے میں زیادہ تر توجہ مالی اسے ایبل (myABL) اور اسے ایبلز کے ذریعے بلا معاوضہ اور بلا رکاوٹ ای بینکنگ کی خدمات کو مہیا کرنے پر مبنی موجودہ اور نئے صارفین کیلئے یقینی طور پر ہدکار ثابت ہوئی تاکہ وہ اپنے روزمرہ کے لین دین اور خصوصی طور پر پیشگی بلز میں کردار سکیں۔ بینک نے صرف تین ماہ کے قبل عمر میں صارفین 91,589 نئے گاہکوں کو ملے ہیں جبکہ 45,391 موجودہ صارفین کو مالی اسے ایبلز پر رجسٹر کیا ہے۔ کل 677,757 پٹیلی بلوں کی ادائیگی سے مجموعی طور پر اوسط 940 ملین روپے کی خلیہ رقم آئی۔ بینکنگ کی خدمات میں شامل ہوئی جس سے کارکنوں کو اوسط حجم میں 24,328 ملین روپے کا اضافہ ہوا۔ انٹرس ریٹ کی گرتی صورتحال میں اپنی سرمایہ کاری کے پورٹ فولیو کی مدت کے پیش قدم انتظام سے کئی ہفتہ متعلق اور قیوتوں کے ذریعہ مثبت نتیجوں نے آپ کے بینک کو اپنے اوسط پیداواری اضافی جات میں شمار مہ حاصل کرنے کے قابل کیا جس کے نتیجہ میں خالص انٹرس آمدنی گزشتہ تھقلی مدت سے 33 فیصد کے مضبوط اضافے کے ساتھ زبردستی تجویز عرصہ میں 25,007 ملین روپے پر درج کی گئی۔

کوڈ-19 کے پھیلاؤ کے تناظر میں آپ کے بینک نے نئی ابھرتی ڈیجیٹل فاضل سروسز (خدمات) پر انحصار کرتے ہوئے اپنی خدمات کے معیار کو بولڈر کے پڑھنے بھی متاثر ہوئی چنانچہ ڈیڈیوڈ ڈیجیٹل بینکنگ کے لین دین کی ترکیب میں بینک کے کاؤنٹر پر کی گئی لین دین کی نسبت 62 فیصد کا اضافہ دیکھا گیا خاص طور پر آن لائن لین دین میں، جس کی بدولت فیس کی آمدنی گزشتہ تھقلی مدت کی 5,522 ملین روپے کے حجم کی نسبت 10 فیصد کے اضافہ کے ساتھ 2,773 ملین روپے پر درج کی گئی۔

عالمی معاشی سستوری میں حصص ڈیفنٹس کی آمدنی میں کمی اور اس کے نتیجہ میں سال پڑھنے کے محدود ہونے کی وجہ سے کمپنیوں کی ڈیڈیوڈ کی ادائیگی کی صلاحیت بھی متاثر ہوئی چنانچہ ڈیڈیوڈ کی آمدنی میں 21 فیصد کی کمی دیکھی گئی۔ جبکہ آپ کے بینک نے 2,426 ملین روپے کا نیٹ لین حاصل کیا۔ کل ٹان مارک اپ آمدنی سال 2019ء کے تھقلی عرصہ کے 5,328 ملین روپے کے حجم کی نسبت 26 فیصد کے اضافہ کے ساتھ 6,698 ملین روپے پر ریکارڈ کی گئی۔

آپ کے بینک کے وسیع مقاصد میں یہ امر برقرار ہے کہ ملک میں رہنے والے تمام لوگوں کو چاہے وہ بینکاری کی خدمات سے محرم علاقوں میں رہائش پزیر ہوں یا ایسے علاقوں میں جہاں یہ خدمات جزیی طور پر میسر ہیں، سب کو ڈیجیٹل، فاضل مالی خدمات کے فروغ کے ذریعہ سب کے ان کی بتدریج مالی شمولیت کو حاصل کیا جائے۔ اگرچہ یہ متعلق ماحولی نظام کی تعمیر کے تابع ہے تاہم موجودہ نظام کے خدوخال میں وسعت ایک ناگزیر عمل ہے۔ چنانچہ بینک نے برانچ بینکنگ اور ڈیجیٹل کاروبار میں اضافہ پر مشتمل ایک دہری وسعت کی صحت ملکی کو انتظار کیا ہے۔ جس کے نتیجہ میں برانچ نیٹ ورک بہتری کے عمل سے گزرتے ہوئے جون 2020ء تک 1,387 برانچوں پر بند ہوا جس میں 1,263 روایتی برانچیں، 117 اسلامی بینکنگ کی برانچیں اور 7 ڈیجیٹل برانچیں شامل ہیں۔

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

اس سہ ماہی میں پڑھتی ہوئی ذوالعملیاتی قبلیات کی لاگت، اضافی ایس آر (CSR)، نول کوڈ 19 کے پھیلاؤ کے سماجی اور معاشی اثرات کو کم کرنے کیلئے ملازمین اور صارفین کی صحت کی دیکھ بھال کے اخراجات، روپے کی قدر میں کمی اور تکنالوجیکل انفراسٹرکچر میں جاری سرمایہ کاری بشمول انٹرایکشن سکیورٹی کے اقدامات کے باوجود کاروباری لاگت میں 5

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

صنعت کی مدد اور بیرونگاری کی حوصلہ دہنی کرنے کیلئے کیلئے اصلاحی ریلیف کنکھو کا بروقت آغاز کیا گیا جو سیال پیری کے خدشات سے بچنے میں مددگار رہے جبکہ کریڈٹ سے جڑے خطرات پیش میں نمودار ہو سکتے ہیں جس سے غیر فعال قرضوں میں اضافہ کا خدشہ ہے۔

کوڈ-19 کے عالمگیر وباء سے ظہور پزیر متوقع حقی خدشات کے منظر 1,311 ملین روپے کے عام اخراجات (جنرل پروڈیون) کا تین لاکھ لاکھ ہے۔ اس کی بنیادی وجوہات کو 30 جون 2020ء کو اختتام پزیر مدت کے کاؤنٹس کے لوٹ 6.1 ملین درج کیا گیا ہے۔ جبکہ سال 2020ء کی پہلی سہ ماہی کے دوران ایکویٹی سرمایہ کاری کی قدر میں تیزی کے ہم میں، دانشمند بنیاد پر، 558 ملین روپے کے اخراجات کا تین لاکھ لاکھ۔

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

مسئلہ اور گزشتہ گزشتہ سال کے آپ کے بینک کو اس بات کا اہل کیا ہے کہ وہ غیر فعال قرضوں کے پورٹ فولیو 31 دسمبر 2019ء کے 15,854 ملین روپے کے حجم سے کم کر کے مجموعی طور پر 15,159 ملین روپے پر لائے۔ اس کے ساتھ انکلیشن میں کمی اور مخصوص اخراجات کی مضبوط کوریج ریشو جن کی شرح بالترتیب 3.4 فیصد اور 97.9 فیصد درج ہوئی۔ کی راہ ہموار کر سکے۔ عمومی اخراجات کے شمار کے بعد مجموعی کوریج ریشو کی شرح 107 فیصد درج ہوئی جبکہ 31 مارچ 2020ء تک صنعت کی انکلیشن اور کوریج کا تناسب بالترتیب 8.5 فیصد اور 83.6 فیصد رہا۔

غیر فعال قرضوں کے اخراجات کا تین لاکھ لاکھ ہونے اور سوائے بینک آف پاکستان کی جانب سے جاری رہنمائی کے اصولوں میں اجازت کے باوجود جاری فروخت کے کسی فائدے کا شمار نہیں کیا گیا۔

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

#### مشترک فیش بین بنی :

آئی ایم ایف، جو کہ کوڈ-19 کے عالمی معاشی سرگرمیوں پر معاشرت کا شدت کا بھتی شاہد ہے، نے رواں سال کی پہلی سہ ماہی کے دوران معاشی بحالی کی رفتار میں اپنے ساتھ تینوں سے بھی زیادہ سہولت کی توقع ظاہر کی ہے کیونکہ دنیا کے طول و عرض میں پچھلے تمام ممالک اس اجماعی ہوئی عالمی وباء سے مسلسل تیرا زما ہیں اور اس صورتحال کو انکلیشن کے پھیلاؤ کو ڈھونڈنے اور اس کے بڑھتے ہوئے خط کو معتدل کرنے کیلئے تدارکی اقدامات کو بذریعہ انتظامی طاقت عمل کرانے میں مصروف ہیں۔ عالمی معیشت کی مومال 2021ء کیلئے 5.4 فیصد پر توقع کی جاتی ہے جو کہ اپنے سابقہ تخمینہ سے تقریباً 6.5 فیصد تیز پائمنٹس کم ہے۔

ممو کے حقیقی نتائج تاہم غیر یقینی کی صورتحال سے دوچار ہیں اور اس عالمگیر وباء کے مشترک میں بڑاؤ اور اس کے پھیلاؤ سے بچنے کیلئے اٹھائے گئے پالیسی اقدامات کے باعث ہونے والے مضر اثرات، کمزور طلبوں کو فراہم کی گئی معاشی امداد، مالیات کی صورتحال کی بھڑکیلے مالی شرائط کی بھڑکی اور کثیر الجہتی خاندان سے سیالیت حاصل کرنے کی کوشش کے زیادہ تر نتائج ہیں۔

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

ڈسکونٹ ریٹ میں کمی، عالمی رسد میں توازن کے حصول اور یقین سے صنعت سازی کی توجہ کی بدولت داخلی سرمایہ کاری میں فروغ نظر آیا اور اس کے ساتھ کم ہوتے افراط زر کی وجہ سے صارفین کی طلب میں افروختی سے بڑھنے کی صنعت کو محرک کرنے میں مدد ملے گی۔

مجیدہ راولپ کی وجہ سے ملک کی برآمدات کی نمو کا انحصار مندرجہ بالا عوامل میں موجود مواقع سے فائدہ حاصل کرنے کی صلاحیت پر ہے اور اس کے ساتھ ساتھ عالمی تجارتی سرگرمیوں خاص طور پر ملک کی نمایاں برآمدات کی منڈیوں بشمول امریکہ میں متوقع پہلی پچاسی مہینے پر منحصر ہے۔ برآمدات کی مدین تیل کی گرتی قیمتیں اور اس کے ساتھ خدمات کی طلب میں کمی بشمول سفر سے ادا کیلیں کی صورتحال قابو میں رہنے کی توقع ہے جبکہ مشترک میں یہ تجارتی توازن کی مثبت فیش بین کی راہ بھی ہموار کرے گی۔

ملک کی ذمہ داری کی فراہمی کی نمایاں منصوبوں میں اس دباؤ کے جاری پھیلاؤ کے تاثر میں ملازمتوں کے فقدان اور روزگار کے مواقع کی اجڑ سوتھالی کی وجہ سے افرادی ترسیلات زر کی مقدار میں کمی کی توقع ہے۔ اسٹین ڈیویٹمنٹ بینک نے ملک کو پانچ شدید ترین متاثرہ معیشتوں میں شمار کیا ہے جس کے ساتھ ترسیلات زر میں غیر ملکی خصوصاً دنیا کے تیل پیداوار برآمد کرنے والے ملکوں میں موجود افراد کی آمدنیوں میں کمی کی وجہ سے 27 فیصد تک کمی کی پیش بینی کی ہے۔

ایک مخصوص مدت تک موخر کرنے کے قرض کی ادائیگی کی جہاں ملک کو کسٹمر سروس سسٹم (Debt Service Suspension Initiative) (DSSI) کے تحت فراہم کی گئی ہے، اس سے نامزد ملک کے ذمہ داری کے ذخائر پر دباؤ کی کمی کی بلکہ اضافی ترقیاتی اخراجات کی مد میں بھی ذرائع کی دستیابی میں معاون ثابت ہوگی۔ تاہم دہرے خسارے میں شائع سے نمودار ہونے والے حقیقی خدشات اور آئی ایم ایف سے منظور شدہ ایکسیلنڈ ٹرانس فیسٹی (Extended Finance Facility-EFF) کی شرائط پر دوبارہ مذاکرات میں موجود غیر یقینی صورتحال کی وجہ سے ملک کی مجموعی قرض کی ضرورت پر دباؤ برقرار ہے گا جس سے فارن ایکسیٹ کی پوزیشن بھی محدود رہے گی۔

افراط زر کی پیش گوئی کو دو طرفہ خدشات لاحق ہیں جس سے اس کی غیر یقینی برقرار ہے۔ زراعت کی ناقص کارکردگی کے باعث اشیاء خورد و نوش کی متوقع قیمتوں میں اتار چڑھاؤ اور مختلف شعبوں میں آگ ڈاکوں کی پابندیوں کے حالیہ خاتمہ سے ترقی کے متوقع حصول سے پیدا ہونے والے قیمتوں کے دباؤ کے باعث اس میں اضافہ کے خدشات ظہور پر ہو سکتے ہیں۔ جبکہ 19-20 کے پھیلاؤ کی دوسری رو کی وجہ سے معاشی سرگرمی کی بحالی میں ہونے والی تاخیر افراط زر کے دباؤ میں کمی کے ساتھ موجودہ رتھان کے برقرار رہنے کا باعث ہو سکے گی اور مستقبل میں معاشی انٹرسٹ ریٹ کو صفر کے قریب کرتے ہوئے اس میں استحکام کا باعث ہوگی۔

اپنے ذاتی مصافحی کردار کو جاری رکھتے ہوئے بینکاری کا شعبہ کاروباری مصلحتوں اور دیگر لوگوں کو باہم، اپنی ڈیجیٹل بینکنگ کی خدمات، اسٹیٹ بینک آف پاکستان کی ہدایت کے تحت بلا معاوضہ فراہم کرتا رہے گا۔ اسی دوران صنعت، کووڈ-19 کی جاری یا متوقع دوسری رو کے باعث پیشور اور خدمات مہیا کرنے والے افراد کو درپیش مشکلات سے جڑے صحت کے بحالے سے عاجز رہتے خدشات، اسٹیٹ بینک کی ہدایت کے مطابق صارفین کو بلا معاوضہ خدمات کی فراہمی، کریڈٹ کے متوقع خدشات اور معیاری قرض کے مواقع کا فقدان جیسے عوامل سے برآء آ رہا ہے اور جو مستقل میں کمی اس کے اساس پر پناہ دباؤ برقرار رکھیں گے۔

معاشی اور سماجی چیلنجز کا مکمل ادراک رکھتے ہوئے آپ کے بینک نے اپنی انویدید ٹیکنالوجی سے مزین بہترین مالی خدمات کی فراہمی پر برقرار رہی ہے تاکہ صارفین کی ضروریات کو پورا کیا جاسکے۔ چونکہ اس تیزی سے بدلتی دنیا میں صارفین کی بڑی تعداد نئی تحائف کو اپنی آواز سے متحرک ٹیکنالوجی کو اختیار کر رہی ہے، آپ کا بینک نہایت پرچش طریقہ سے ملک سے سب سے پہلی آواز کی مد سے پٹنے والی بینکاری کی سہولت کا اعلان کرتا ہے۔ جو کہ سر (NIFT ePay) (آئی بی این میں موجود ایک مجازی مددگار) کے استعمال اور قدرتی زبانوں میں صوتی ہدایت کو بروئے کار لائے ہوئے اپنے سوالات کے جواب اور دیگر کام کے جانتے ہیں۔

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

مضبوط ٹیکنالوجیز کو اختیار کرتے ہوئے آپ کا بینک اپنی ڈیجیٹل جیت میں متغی کے عمل کی درستی کو جاری رکھتے ہوئے ہے تاکہ ملک کے ڈیجیٹل ماحولی نظام کو بہتر بنایا جاسکے اس زیر تجویز عرصہ کے دوران آپ کے بینک نے پہلی دفعہ ایف پی (NIFT ePay) کو صارف کو دیا ہے جو کہ نفٹ کی آواز کردہ ڈیجیٹل فائل سروس پلٹ فارم کی ایک ڈیویسنگ ای کامرس گیٹ دے سروس ہے۔ اس سروس کے ذریعہ سے بینک کے صارف نفٹ ای (NIFT ePay) کی ادائیگی کی سہولت کو استعمال کرتے ہوئے تمام ای کامرس مرچنٹس (تاجروں) کے ساتھ اپنے بینک اکاؤنٹس کو استعمال کرتے ہوئے، ای کامرس کا براہ راست لین دین کر سکیں گے۔

ایک اوٹو پیٹل (ہم ذرائع) ماحول میں آپ کا بینک اپنی خدمات کے بڑھتے معیاری بنی جہتوں پر سارٹ، موپائل اور آن لائن چیلنجز (ذرائع) کے ذریعہ اپنے پیش قدم رول پر مکمل توجہ رکھتے ہوئے ہے۔ "یونیورسل بینکر (Universal Banker) کے قیام سے بھی بینک کے مادی ذرائع میں خدمات کی صلاحیتوں میں بڑھوتی ہو سکتی گی۔

دنیا کے اعلیٰ معیار کے "روبوٹک پراسس آٹومیشن" (RPA-Robotic Process Automation) سافٹ ویئر کے فائز سے آپ کے بینک کو ایک مجازی ورک فورس سیٹ اپ میں متغی میں سہولت ملے گی جو کہ بینک کو اپنے نیک آفر کی پیروی اور ملازمت کو، وسائل کے بہترین استعمال، اخراجات کی موزونیت اور انکریسی (درستگی) میں اضافے کی بینک کی طویل المدت حکمت عملی سے ہم آہنگ ہے۔ بینک نے اپنی آگئی کی ادائیگی ماحول میں رہتے ہوئے اور نیل گڈ ڈیٹا پلیٹ فارم (Oracle Big Data Platform) کا آواز دہی کیا ہے۔ جس میں ایک ادارے کے وسیع "ڈیٹا لیکٹ (Data Lake) اور اس کے شیڈوں کے سیکھے کی صلاحیتوں کی قبیر کی جاری ہے اس سے نامزد پورے بینک میں انقلابی اعداد و شمار پر مبنی فیصلہ سازی میں مدد ملے گی بلکہ یہ آسانی اے (RPA) میں ادراکات صلاحیتوں میں اضافہ کا باعث بھی بنے گی۔

مستقبل میں جدید ترین ٹیکنالوجی کے حصول جو کہ تمام ڈیجیٹل صارفین کے مستقبل ہونے کے تجربات کی روشنی سے مزین ہوگی، کے ذریعے وسیع ایجاد ڈیجیٹل ترقی اور جیت سازی آپ کے بینک کے نمایاں مقاصد کی اولین ترجیح رہے گی۔

اسٹیلی ریٹنگ:

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

اداروں کے واحد منتخب گروپ میں اپنی پوزیشن کو محفوظ کیا ہے جو بلند ترین ایسٹیمیٹ کریڈٹ ریٹنگ کے حامل ہیں۔

کارپوریٹ گورننس ریٹنگ:

وی آئی ایس (VIS) کریڈٹ ریٹنگ ایجنسی کی طرف سے الائیز بینک لیٹیڈ کی کارپوریٹ گورننس کی درجہ بندی کو "CGR+9" کی سطح پر برقرار رکھا ہے۔ ریٹنگ کی یہ بہتری کارپوریٹ گورننس کے اعلیٰ ترین معیار اور بورڈ اور آپ کے بینک کی مینجمنٹ کے ایک مضبوط اور مستحکم گورننس کے نظام (فریم ورک) پر مسلسل یقین اور اعادہ کی منظر ہے۔

اعلام و اسناد:

یامر قابل خرم سائنس ہے کہ آپ کے بینک کی گنبدار رسک مینجمنٹ، قابل اطلاق داخلی اور بین الاقوامی ضوابطی مطلوبات کی تعمیل پر مکمل ارتکاز، کارپوریٹ گورننس کے اعلیٰ معیار اور بہترین خدمات فراہم کرنے کی لگن کو اس زیر تجزیہ عرصہ کے دوران مندرجہ ذیل ملکی اور غیر ملکی تجزیوں میں بہت سراہا گیا ہے:

- بیسٹ بینک آف دی ایئر (سال کا بہترین بینک) - فنانس انشیا کی کنٹری ایوارڈ 2020ء
- مینجمنٹ ایسوسی ایشن آف پاکستان کی جانب سے عظیمیٹ آف ایکلیس؛
- نیلی کا مڈل آف دی ایئر - ٹریڈ ایس، انشیا انٹرنیشنل ایوارڈ 2020ء
- پاکستان ڈیویسٹک انشیا ایئر آف دی ایئر برائے گرین بینکنگ، اے بی ایف ہول سیل

بینکنگ ایوارڈ 2020ء :

بورڈ آف ڈائریکٹرز بورڈ آف ڈائریکٹرز اور بورڈ کی ذیلی کمیٹیوں کی مشاورت کو کارپوریٹ معلومات کے جزو میں درج کیا گیا ہے۔

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

حلیم و حنین :

ہم، بورڈ اور مینجمنٹ کی جانب سے، اپنے قابل قدر صارفین کے الائیز بینک پرائیکٹ امتداد کے لیے بہت ممنون ہیں۔ ہم بینک کے لیے تعاون پر اپنے معزز شیئرز ہولڈرز کا بھی تہہ دل سے شکر ادا کرتے ہیں۔ اسٹیٹ بینک آف پاکستان، سکیورٹی اینڈ اینچینج کمیٹی آف پاکستان، اور دیگر انتظامی اداروں کا ان کی مسلسل رہنمائی اور تعاون پر مشکور ہیں۔

ہم اپنے ملازمین کی خدمات و خاص طور پر سراجے ہیں جنہوں نے اس کڑے اور آزمائش کے دور میں اپنی انھک محنت، بھرپور مدداری اور نظم رنق سے کاروبار کو جاری رکھنا یقینی بنایا اور اپنے صارفین کو مخصوص اور عوام الناس کو بلعموم بافضل خدمات کی فراہمی جاری رکھی۔

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

منجانب دبرائے بورڈ آف ڈائریکٹرز

محمد نسیم عطار

ممبرین بورڈ آف ڈائریکٹرز

ایزاد رزاق بگل

انجمن بینک ایگزیکٹو آفیسر

لاہور

20 اگست 2020ء

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

## On Review of Interim Financial Statements

### To the members of Allied Bank Limited

#### Introduction

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

#### Scope of review

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

#### Conclusion

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

#### Other matter

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

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

Lahore  
Date: 27 August, 2020

KPMG Taseer Hadi & Co.  
Chartered Accountants



# UNCONSOLIDATED **FINANCIAL STATEMENTS**

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for the half year ended June 30, 2020

# Unconsolidated Statement of Financial Position

(Un-audited) as at June 30, 2020

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

## CONTINGENCIES AND COMMITMENTS

23

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

Mehmud ul Hassan  
Chief Financial Officer

Nazrat Bashir  
Director

Tahir Hassan Qureshi  
President and Chief Executive

Mohammad Naeem Mukhtar  
Chairman

Dr. Muhammad Akram Sheikh  
Director

# Unconsolidated Profit and Loss Account

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

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

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

Mehmud ul Hassan  
Chief Financial Officer

Nazrat Bashir  
Director

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President and Chief Executive

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Chairman

Dr. Muhammad Akram Sheikh  
Director

# Unconsolidated Statement of Comprehensive Income

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

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

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

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Chief Financial Officer

Nazrat Bashir  
Director

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President and Chief Executive

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Chairman

Dr. Muhammad Akram Sheikh  
Director

# Unconsolidated Cash Flow Statement

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

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

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

Mehmud ul Hassan  
Chief Financial Officer

Tahir Hassan Qureshi  
President and Chief Executive

Dr. Muhammad Akram Sheikh  
Director

Nazrat Bashir  
Director

Mohammad Naeem Mukhtar  
Chairman

# Unconsolidated Statement of Changes In Equity

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

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

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

Mehmud ul Hassan  
Chief Financial Officer

Tahir Hassan Qureshi  
President and Chief Executive

Dr. Muhammad Akram Sheikh  
Director

Nazrat Bashir  
Director

Mohammad Naeem Mukhtar  
Chairman

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

## 1. STATUS AND NATURE OF BUSINESS

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

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

Ibrahim Holdings (Private) Limited is the parent company of the Bank and 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 financial results of the Islamic banking branches have been consolidated in these unconsolidated condensed interim financial statements for reporting purposes, after eliminating inter-branch transactions and balances. Key financial figures of the Islamic banking branches are disclosed in Note 39 to these unconsolidated condensed interim financial statements.

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

### 2.1 STATEMENT OF COMPLIANCE

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

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

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

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

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

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

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

### 3. SIGNIFICANT ACCOUNTING POLICIES

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

#### 3.1 New standards, interpretations and amendments adopted by the Bank

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

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

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

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

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

### 5. BASIS OF MEASUREMENT

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

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

### 6. FINANCIAL RISK MANAGEMENT

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

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

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

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

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

#### 6.1 Credit risk management

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

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

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

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

### 6.2 Liquidity risk management

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

### 6.3 Equity risk management

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

### 6.4 Operational risk

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

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

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

### 6.5 Capital adequacy ratio (CAR)

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

### 6.6 Suspension of dividends

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

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

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

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

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

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

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

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

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

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

\* Provision represents expected credit loss provisioning in overseas branch.

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

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

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

(Audited)  
June 30, December 31,  
2020 2019

Rupees in '000		
11.1 Particulars of advances (Gross)		
In local currency	441,944,209	484,420,108
In foreign currencies	5,357,149	15,748,192
	447,301,358	500,168,300

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

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

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

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

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

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

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

## 12.1 Capital work-in-progress

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

## 12.2 Additions to fixed assets

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

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

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

## 12.3 Disposal of fixed assets

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

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

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

## 13.1 Capital work-in-progress

Software	1,020,298	617,519
Advances to suppliers	26,796	26,796
	<b>1,047,094</b>	<b>644,315</b>

## 13.2 Additions to intangible assets

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

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

## 13.3 Disposals of intangible assets

No intangible assets were disposed off during the period.

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

	Note	June 30, 2020	(Audited) December 31, 2019
Rupees in '000			
<b>14 OTHER ASSETS</b>			
Income / mark-up accrued in local currency		20,056,601	20,573,788
Income / mark-up accrued in foreign currency		236,242	245,676
Advances, deposits, advance rent and other prepayments		1,310,098	888,144
Advance taxation (payments less provisions)		1,738,628	3,817,847
Non-banking assets acquired in satisfaction of claims		886,609	1,609,193
Mark to market gain on forward foreign exchange contracts		2,854,927	-
Acceptances		5,034,230	5,182,716
Due from the employees' retirement benefit schemes			
Pension fund		4,690,184	4,440,411
Fraud and forgeries		528,102	524,357
Stationery and stamps in hand		330,720	286,343
Overdue Foreign Bills Negotiated / Discounted		119,460	97,601
Home Remittance Cell agent receivable		101,446	93,978
Receivable from SBP - customers encashments		1,126	6,033
Charges receivable		27,280	32,329
Suspense Account		1,150	1,387
Others		17,826	96,535
		<b>37,934,629</b>	<b>37,896,338</b>
Less: Provision held against other assets	14.1	(864,623)	(862,460)
Other assets (net of provision)		<b>37,070,006</b>	<b>37,033,878</b>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		983,934	2,877,470
Other Assets - total		<b>38,053,940</b>	<b>39,911,348</b>

## 14.1 Provision held against other assets

Advances, deposits, advance rent and other prepayments	138,531	127,037
Provision against fraud and forgeries	528,102	524,357
Overdue Foreign Bills Negotiated / Discounted	24,295	24,295
Charges receivable	27,279	32,327
Others	146,416	154,444
	<b>864,623</b>	<b>862,460</b>

### 14.1.1 Movement in provision held against other assets

Opening balance	862,460	787,203
Charge for the period / year	30,276	213,529
Reversals	(4,100)	(112,865)
Net charge	26,176	100,664
Written off / adjusted	(24,013)	(25,407)
Closing balance	<b>864,623</b>	<b>862,460</b>

## 15 CONTINGENT ASSETS

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

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

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

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

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

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

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

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

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

	(Audited) June 30, 2020	(Audited) December 31, 2019		(Audited) June 30, 2020	(Audited) December 31, 2019
				Rupees in '000	
<b>21 SHARE CAPITAL</b>					
<b>21.1 Authorized capital</b>					

	1,500,000,000	1,500,000,000	Ordinary shares of Rs.10/- each	15,000,000	15,000,000
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## 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)	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.	84,000	84,000
	9,148,550	9,148,550		11,450,739	11,450,739
	8,400,000	8,400,000			
	1,145,073,830	1,145,073,830			

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

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

	Note	June 30, 2020	(Audited) December 31, 2019
Rupees in '000			
<b>22</b>	<b>SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>		
Surplus arising on revaluation of:			
Fixed assets		18,463,693	16,730,460
Non-banking assets acquired in satisfaction of claims		983,934	2,877,470
Available-for-sale securities		12,394,465	11,429,202
		31,842,092	31,037,132
Deferred tax on surplus on revaluation of:			
Fixed assets		(1,051,100)	(1,091,464)
Non-banking assets acquired in satisfaction of claims		(121,047)	(136,789)
Available-for-sale securities		(4,338,063)	(4,000,221)
		(5,510,210)	(5,228,474)
Surplus on revaluation of assets - net of tax		26,331,882	25,808,658

## 23 CONTINGENCIES AND COMMITMENTS

Guarantees	23.1	38,948,425	32,308,285
Commitments	23.2	312,117,555	424,307,597
Other contingent liabilities	23.3	8,729,684	8,923,603
		359,795,664	465,539,485

### 23.1 Guarantees

Financial guarantees		8,759,747	4,594,077
Performance guarantees		6,141,584	5,508,570
Other guarantees		24,047,094	22,205,638
		38,948,425	32,308,285

### 23.2 Commitments

Documentary credits and short term trade related transactions:			
letters of credit		54,284,487	60,392,362
Commitments in respect of:			
forward foreign exchange contracts	23.2.1	251,841,838	358,881,918
forward government securities transactions	23.2.2	2,189,287	513,938
operating leases	23.2.3	273,456	320,145
Commitments for acquisition of:			
fixed assets		3,319,902	4,199,234
intangible assets		208,585	-
		312,117,555	424,307,597

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

Purchase		167,668,052	220,381,401
Sale		84,173,786	138,500,517
		251,841,838	358,881,918

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

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

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

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

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

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

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

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

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

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

## 24 DERIVATIVE INSTRUMENTS

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

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

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

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

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

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

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

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

## 335 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

June 30, 2020									
Carrying Value					Fair Value				
Held to Maturity	Held for Trading	Available for Sale	Financing and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3
Rupees in '000									
On-Balance sheet Financial Instruments									
Financial assets-measured at fair value									
Investments									
Shares / Open Ended Mutual Funds	-	20,321,225	-	-	-	20,321,225	20,288,076	23,149	-
Federal Government Securities	-	594,517,032	-	-	-	594,517,032	-	594,517,032	-
Non Government Debt Securities	-	4,763,502	-	-	-	4,763,502	-	4,763,502	-
Financial assets-not measured at fair value									
Cash and balances with treasury banks									
Balances with other banks	-	-	-	118,306,723	-	-	118,306,723	-	-
Lendings	-	-	32,991,887	766,948	-	-	766,948	-	-
Advances	-	-	431,150,432	-	-	-	431,150,432	-	-
Other assets	-	-	-	34,681,110	-	-	34,681,110	-	-
Investments (HFM, related ordinary shares, term certificates, stocks, subsidiaries)	13,132,490	21,108,066	-	-	-	-	34,240,556	-	-
	13,132,490	640,139,825	484,142,319	153,774,781	-	1,271,759,415	20,288,076	599,303,683	519,601,759
Financial liabilities-not measured at fair value									
Bills payable	-	-	-	-	9,508,205	9,508,205	-	-	-
Borrowings	-	-	-	-	68,087,634	68,087,634	-	-	-
Deposits and other accounts	-	-	-	-	1,106,140,323	1,106,140,323	-	-	-
Other liabilities	-	-	-	-	32,430,163	32,430,163	-	-	-
	-	-	-	-	1,216,166,325	1,216,166,325	-	-	-
Off-balance sheet financial Instruments-measured at fair value									
Forward foreign exchange contracts	-	-	-	251,841,838	-	-	-	251,841,838	-
Forward Government securities transactions	-	-	-	2,189,287	-	-	-	2,189,287	-
	-	-	-	254,031,125	-	-	-	254,031,125	-

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

(Audited)

December 31, 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			28,613,526				28,613,526	28,613,526			28,613,526	
Federal Government Securities		19,888,163	678,973,168				698,841,331	698,841,331	698,841,331		698,841,331	
Non Government Debt Securities			4,176,639				4,176,639	4,176,639	4,176,639		4,176,639	
Financial assets -not measured at fair value												
Cash and balances with												
Treasury banks					119,943,828		119,943,828					
Balances with other banks					602,582		602,582					
Lending to Financial institutions				13,606,921			13,606,921					
Advances				485,015,881			485,015,881					
Other assets					35,112,658		35,112,658					
Investments (HTM, unlisted ordinary shares, term certificates, sukuk, subsidiaries)	13,015,041		13,310,456				26,325,497					
	13,015,041	19,888,163	725,073,789	498,622,802	155,659,088		1,412,238,863	28,613,526	703,017,970		731,631,496	
Financial liabilities - not measured at fair value												
Bills payable						7,878,626	7,878,626					
Borrowings						266,448,386	266,448,386					
Deposits and other accounts						1,049,043,032	1,049,043,032					
Other liabilities						36,147,882	36,147,882					
						1,359,517,926	1,359,517,926					
Off-Balance sheet financial Instruments-measured at fair value												
Forward foreign exchange contracts												
Forward government securities transactions					358,881,918		358,881,918				358,881,918	
					513,938		513,938				513,938	
					359,395,856		359,395,856				359,395,856	

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

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

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

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

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

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

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

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

## 37

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

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

	June 30, 2020					December 31, 2019						
	Parent	Directors	Key management personnel	Subsidiaries	Associates*	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates*	Other related parties
	Rupees in '000											
Balances with other banks	-	-	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Opening balance	-	-	-	500,000	-	25,000	-	-	-	500,000	351	25,000
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	(351)	-
Closing balance	-	-	-	500,000	-	25,000	-	-	-	500,000	-	25,000
Advances	-	-	-	-	-	-	-	-	-	-	-	-
Opening balance	-	4,764	196,864	-	-	575	-	8,704	264,404	-	-	593
Addition during the period/year	-	1,730	34,963	-	-	2,069	-	25,719	97,754	-	-	9,129
Repaid during the period/year	-	(3,702)	(61,998)	-	-	(2,664)	-	(29,659)	(165,274)	-	-	(9,147)
Closing balance	-	2,792	169,819	-	-	-	-	4,764	196,884	-	-	575

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

	June 30, 2020						(Audited) December 31, 2019					
	Parent	Directors	Key management personnel	Subsidiaries	Associates*	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates*	Other related parties
	Rupees in '000											
<b>Other Assets</b>												
Interest / mark-up accrued	-	609	70,699	-	-	-	-	-	7,860	69,367	-	-
Receivable from staff retirement fund	-	-	-	-	-	3,955,149	-	-	-	-	-	3,705,491
Other receivable	-	-	-	19,353	-	-	-	-	-	7,348	-	-
<b>Borrowings</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Subordinated debt</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Deposits and other accounts</b>												
Opening balance	2,849	357,194	34,882	24,228	123,315	16,915,556	1,784	24,424	70,387	12,116	82,381	18,296,520
Received during the period/year	6,718,255	950,886	317,355	839,717	3,494,005	165,262,702	8,594,379	1,824,926	524,289	970,413	7,718,711	247,373,082
Withdrawn during the period/year	(6,720,228)	(908,256)	(303,591)	(883,766)	(3,609,804)	(161,978,364)	(8,593,314)	(1,432,156)	(559,794)	(958,301)	(7,677,777)	(248,754,026)
Closing balance	876	399,834	48,646	30,179	7,516	20,199,894	2,849	357,194	34,882	24,228	123,315	16,915,556
<b>Other Liabilities</b>												
Interest / mark-up payable	-	-	44	-	-	97,852	-	-	-	-	599	116,987

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

	June 30, 2020					June 30, 2019						
	Parent	Directors	Key man- agement personal	Subsid- iaries	Associates*	Other related parties	Parent	Direct- ors	Key man- agement personal	Subsidiaries	Associates*	Other relat- ed parties
	Rupees in '000											
Income												
Mark-up/return/interest earned	-	279	7,384	-	-	-	-	92	10,722	-	-	-
Fee and commission income	1	15	37	2,131	4	349	-	12	51	4,008	29	327
Net gain on sale of securities	-	-	10	-	-	3,354	-	-	-	-	-	399
Rental income	-	-	-	7,000	-	-	-	-	-	3,561	-	-
Other income	-	-	-	7,382	-	-	-	-	-	-	-	-
Expense												
Mark-up/return/interest paid	-	7,674	357	1,742	117	550,839	-	6,102	314	1,666	677	342,351
Directors meeting fee	-	12,750	-	-	-	-	-	11,900	-	-	-	-
Remuneration	-	41,810	235,256	-	-	-	-	37,388	240,903	-	-	-
Other expenses	-	-	-	-	-	-	-	162	-	-	30,555	-
Rent expense**	-	-	-	-	7,133	-	-	-	-	-	8,226	-
Charge in respect of staff	-	-	-	-	-	-	-	-	-	-	-	-
retirement benefit funds	-	-	-	-	-	-	-	-	-	-	-	-
Insurance premium paid	-	68	415	-	-	119,922	-	50	132	-	-	160,850

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

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

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

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

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

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

## 39. ISLAMIC BANKING BUSINESS

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

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

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

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

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

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

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

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

# Notes to the Unconsolidated Condensed Interim Financial Statements

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

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

## 40 NON ADJUSTING EVENT AFTER THE REPORTING DATE

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

## 41 GENERAL

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

## 42 DATE OF AUTHORIZATION FOR ISSUE

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

Mehmud ul Hassan  
Chief Financial Officer

Nazrat Bashir  
Director

Tahir Hassan Qureshi  
President and Chief Executive

Mohammad Naeem Mukhtar  
Chairman

Dr. Muhammad Akram Sheikh  
Director



# CONSOLIDATED FINANCIAL STATEMENTS

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for the half year ended June 30, 2020

# Consolidated Statement of Financial Position

(Un-audited) as at June 30, 2020

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

## CONTINGENCIES AND COMMITMENTS

23

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

Mehmud ul Hassan  
Chief Financial Officer

Tahir Hassan Qureshi  
President and Chief Executive

Dr. Muhammad Akram Sheikh  
Director

Nazrat Bashir  
Director

Mohammad Naeem Mukhtar  
Chairman

## Consolidated Profit and Loss Account

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

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

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

Mehmud ul Hassan  
Chief Financial Officer

Tahir Hassan Qureshi  
President and Chief Executive

Dr. Muhammad Akram Sheikh  
Director

Nazrat Bashir  
Director

Mohammad Naeem Mukhtar  
Chairman

# Consolidated Statement of Comprehensive Income

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

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

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

Mehmud ul Hassan  
Chief Financial Officer

Nazrat Bashir  
Director

Tahir Hassan Qureshi  
President and Chief Executive

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Chairman

Dr. Muhammad Akram Sheikh  
Director

# Consolidated Cash Flow Statement

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

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

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

# Consolidated Statement of Changes In Equity

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

	Share capital	Capital reserve Exchange translation reserve	Statutory reserve	Revenue reserve General reserve	Investments	Surplus on revaluation of Fixed assets	Non-banking assets	Un-appropriated profit	Total
Rupees in '000									
Balance as at January 01, 2019 (Audited)	11,450,739	1,239,301	19,031,214	6,000	5,185,769	15,755,409	2,135,996	53,985,383	108,789,811
Profit after taxation for the half year ended June 30, 2019	-	-	-	-	-	-	-	6,242,251	6,242,251
<b>Other Comprehensive Income - net of tax</b>									
Deficit on revaluation of investments - net of tax	-	-	-	-	(1,996,627)	-	-	-	(1,996,627)
Effect of translation of net investment in foreign branches	-	794,381	-	-	-	-	-	-	794,381
	-	794,381	-	-	(1,996,627)	-	-	-	(1,202,246)
Transfer to statutory reserve	-	-	608,571	-	-	-	-	(608,571)	-
Transferred from surplus in respect of incremental depreciation of fixed assets to un-appropriated profit-net of tax	-	-	-	-	-	(49,597)	-	49,597	-
Surplus realised on disposal of revalued fixed assets - net of tax	-	-	-	-	-	(9,729)	-	9,729	-
Transferred from surplus in respect of incremental depreciation of non-banking assets to un-appropriated profit-net of tax	-	-	-	-	-	-	(1,112)	1,112	-
Surplus realised on disposal of revalued non-banking assets - net of tax	-	-	-	-	-	-	(163,739)	163,739	-
<b>Transactions with owners recognized directly in equity</b>									
Final cash dividend for the year ended December 31, 2019 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
First interim cash dividend for the year ending December 31, 2019 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
	-	-	-	-	-	-	-	(4,580,296)	(4,580,296)
Balance as at June 30, 2019	11,450,739	2,033,682	19,639,785	6,000	3,188,142	15,696,083	1,971,145	55,262,944	109,249,520
Profit after taxation for the six months ended December 31, 2019	-	-	-	-	-	-	-	8,246,512	8,246,512
<b>Other Comprehensive Income - net of tax</b>									
Surplus on revaluation of investments - net of tax	-	-	-	-	4,239,839	-	-	-	4,239,839
Surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	770,648	-	770,648
Re-measurement loss on defined benefit obligation - net of tax	-	-	-	-	-	-	-	(502,707)	(502,707)
Effect of translation of net investment in foreign branches	-	(211,962)	-	-	-	-	-	-	(211,962)
	-	(211,962)	-	-	4,239,839	-	770,648	(502,707)	4,295,818
Transfer to statutory reserve	-	-	802,720	-	-	-	-	(802,720)	-
Transferred from surplus in respect of incremental depreciation of fixed assets to un-appropriated profit-net of tax	-	-	-	-	-	(57,087)	-	57,087	-
Transferred from surplus in respect of incremental depreciation of non-banking assets to un-appropriated profit-net of tax	-	-	-	-	-	-	(1,112)	1,112	-
<b>Transactions with owners, recognized directly in equity</b>									
Second interim cash dividend for the year ended December 31, 2019 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
Third interim cash dividend for the year ended December 31, 2019 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
	-	-	-	-	-	-	-	(4,580,296)	(4,580,296)
Balance as at December 31, 2019 (Audited)	11,450,739	1,821,720	20,442,505	6,000	7,428,981	15,638,996	2,740,681	57,681,932	117,211,554
Profit after taxation for the half year ended June 30, 2020	-	-	-	-	-	-	-	8,477,366	8,477,366
<b>Other Comprehensive Income - net of tax</b>									
Deficit on revaluation of investments - net of tax	-	-	-	-	627,421	-	-	-	627,421
Deficit on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	(23,075)	-	(23,075)
Effect of translation of net investment in foreign branches	-	539,090	-	-	-	-	-	-	539,090
	-	539,090	-	-	627,421	-	(23,075)	-	1,143,436
Transfer to statutory reserve	-	-	841,353	-	-	-	-	(841,353)	-
Transferred from surplus in respect of change in use of non-banking assets - net of tax	-	-	-	-	-	1,848,955	(1,848,955)	-	-
Transferred from surplus in respect of incremental depreciation of fixed assets to un-appropriated profit-net of tax	-	-	-	-	-	(50,042)	-	50,042	-
Surplus realised on disposal of revalued fixed assets - net of tax	-	-	-	-	-	(25,316)	-	25,316	-
Transferred from surplus in respect of incremental depreciation of non-banking assets to un-appropriated profit-net of tax	-	-	-	-	-	-	(5,764)	5,764	-
<b>Transactions with owners, recognized directly in equity</b>									
Final cash dividend for the year ended December 31, 2019 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
First interim cash dividend for the year ended December 31, 2020 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
	-	-	-	-	-	-	-	(4,580,296)	(4,580,296)
Balance as at June 30, 2020	11,450,739	2,360,810	21,283,858	6,000	8,056,402	17,412,593	862,987	60,818,771	122,252,060

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

Mehmud ul Hassan  
Chief Financial Officer  
  
Nazrat Bashir  
Director

Tahir Hassan Qureshi  
President and Chief Executive  
  
Mohammad Naeem Mukhtar  
Chairman

Dr. Muhammad Akram Sheikh  
Director

# Notes to the Consolidated Condensed Interim Financial Statements

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

## 1 STATUS AND NATURE OF BUSINESS

The "Group" consist of:

### Holding Company

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

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

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

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

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

### Subsidiary Company

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

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

ABL Asset Management Company is managing the following funds:

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

# Notes to the Consolidated Condensed Interim Financial Statements

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

### 2 BASIS OF PRESENTATION

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

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

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

#### 2.1 Statement of compliance

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

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

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

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

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

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

# Notes to the Consolidated Condensed Interim Financial Statements

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

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

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

### 3 SIGNIFICANT ACCOUNTING POLICIES

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

#### 3.1 New standards, interpretations and amendments adopted by the bank

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

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

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

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

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

# Notes to the Consolidated Condensed Interim Financial Statements

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

### 5 BASIS OF MEASUREMENT

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

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

### 6 FINANCIAL RISK MANAGEMENT

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

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

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

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

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

#### 6.1 Credit risk management

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

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

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

# Notes to the Consolidated Condensed Interim Financial Statements

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

## 6.2 Liquidity risk management

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

## 6.3 Equity risk management

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

## 6.4 Operational risk

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

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

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

## 6.5 Capital adequacy ratio (CAR)

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

## 6.6 Suspension of dividends

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

# Notes to the Consolidated Condensed Interim Financial Statements

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

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

# Notes to the Consolidated Condensed Interim Financial Statements

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

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

	June 30, 2020				(Audited) December 31, 2019			
	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Rupees in '000								
<b>10 INVESTMENTS</b>								
<b>10.1 Investments by type:</b>								
<b>Held-for-trading securities</b>								
Federal Government Securities	-	-	-	-	19,862,396	-	5,767	19,868,163
Open ended Mutual Funds/ Pension Funds	2,376,884	-	(177,701)	2,199,183	2,061,722	-	135,712	2,197,434
	2,376,884	-	(177,701)	2,199,183	21,924,118	-	141,479	22,065,597
<b>Available-for-sale securities</b>								
Federal Government Securities*	586,193,328	(23,854)	8,347,558	594,517,032	677,300,056	(15,961)	1,689,073	678,973,168
Shares	21,167,310	(2,811,046)	4,052,237	22,408,501	24,349,646	(3,202,822)	9,686,372	30,833,196
Non Government Debt Securities	22,248,002	(21,071)	(3,480)	22,223,451	13,633,213	(21,071)	(37,667)	13,574,475
Foreign Securities	1,037,692	-	-	1,037,692	1,037,692	-	-	1,037,692
Open Ended Mutual Funds	25,000	-	(1,851)	23,149	63,834	-	91,424	155,258
	630,671,332	(2,855,971)	12,394,464	640,209,825	716,384,441	(3,239,854)	11,429,202	724,573,789
<b>Held-to-maturity securities</b>								
Federal Government Securities	13,132,490	-	-	13,132,490	13,015,041	-	-	13,015,041
Non Government Debt Securities	344,260	(344,260)	-	-	344,260	(344,260)	-	-
	13,476,750	(344,260)	-	13,132,490	13,359,301	(344,260)	-	13,015,041
<b>Total Investments</b>	<b>646,524,966</b>	<b>(3,200,231)</b>	<b>12,216,763</b>	<b>655,541,498</b>	<b>751,667,860</b>	<b>(3,584,114)</b>	<b>11,570,681</b>	<b>759,654,427</b>

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

# Notes to the Consolidated Condensed Interim Financial Statements

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

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

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

\* Provision represents expected credit loss provisioning in overseas branch.

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

# Notes to the Consolidated Condensed Interim Financial Statements

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

		Performing		Non Performing		Total		
		Audited		Audited		Audited		
		June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019	
Rupees in '000								
11	ADVANCES							
	Loans, cash credits, running finances, etc.	407,672,018	467,880,949	13,737,510	14,450,873	421,409,528	482,331,822	
	Islamic financing and related assets	39.3	21,478,471	12,615,228	-	-	21,478,471	12,615,228
	Bills discounted and purchased		3,064,637	3,853,892	1,401,205	1,403,045	4,465,842	5,256,937
	Advances - gross	11.1	432,215,126	484,350,069	15,138,715	15,853,918	447,353,841	500,203,987
	Provision against advances							
	Specific	11.2 & 11.3	-	-	(14,822,686)	(15,112,624)	(14,822,686)	(15,112,624)
	General	11.3	(1,328,240)	(39,795)	-	-	(1,328,240)	(39,795)
			(1,328,240)	(39,795)	(14,822,686)	(15,112,624)	(16,150,926)	(15,152,419)
	Advances - net of provision		430,886,886	484,310,274	316,029	741,294	431,202,915	485,051,568

(Audited)  
June 30, 2020      December 31, 2019

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

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

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

# Notes to the Consolidated Condensed Interim Financial Statements

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

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

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

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

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

## 12.1 Capital work-in-progress

Civil works	3,137,549	2,219,464
Equipment	6,546	6,546
Advances to suppliers	441,278	765,134
	<b>3,585,373</b>	<b>2,991,144</b>

## 12.2 Additions to fixed assets

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

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

# Notes to the Consolidated Condensed Interim Financial Statements

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

## 12.3 Disposal of fixed assets

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

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

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

## 13.1 Capital work-in-progress

Software	1,026,086	623,308
Advances to suppliers	26,796	26,796
	<b>1,052,882</b>	<b>650,104</b>

## 13.2 Additions to intangible assets

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

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

## 13.3 Disposals of intangible assets

No intangible assets were disposed off during the period.

# Notes to the Consolidated Condensed Interim Financial Statements

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

	Note	June 30, 2020	(Audited) December 31, 2019
Rupees in '000			
<b>14 OTHER ASSETS</b>			
Income / Mark-up accrued in local currency		20,056,601	20,573,788
Income / Mark-up accrued in foreign currency		236,242	245,676
Advances, deposits, advance rent and other prepayments		1,705,600	1,293,653
Advance taxation (payments less provisions)		1,738,628	3,817,847
Non-banking assets acquired in satisfaction of claims		886,609	1,609,193
Mark to market gain on forward foreign exchange contracts		2,854,927	-
Acceptances		5,034,230	5,182,716
Due from the employees' retirement benefit schemes			
Pension fund		4,690,184	4,440,411
Fraud and forgeries		528,102	524,357
Stationery and stamps in hand		330,720	286,343
Overdue Foreign Bills Negotiated / Discounted		119,460	97,601
Home Remittance Cell agent receivable		101,446	93,978
Receivable from SBP - customers encashments		1,126	6,033
Charges receivable		27,280	32,329
Suspense Account		1,150	1,387
Others		17,826	96,535
		<b>38,330,131</b>	<b>38,301,847</b>
Less: Provision held against other assets	14.1	(864,623)	(862,460)
Other assets (net of provision)		<b>37,465,508</b>	<b>37,439,387</b>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		983,934	2,877,470
Other Assets - total		<b>38,449,442</b>	<b>40,316,857</b>

## 14.1 Provision held against other assets

Advances, deposits, advance rent and other prepayments	138,531	127,037
Provision against fraud and forgeries	528,102	524,357
Overdue Foreign Bills Negotiated / Discounted	24,295	24,295
Charges receivable	27,279	32,327
Others	146,416	154,444
	<b>864,623</b>	<b>862,460</b>

### 14.1.1 Movement in provision held against other assets

Opening balance	862,460	787,203
Charge for the period / year	30,276	213,529
Reversals	(4,100)	(112,865)
Net charge	26,176	100,664
Written off / adjusted	(24,013)	(25,407)
Closing balance	<b>864,623</b>	<b>862,460</b>

## 15 CONTINGENT ASSETS

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

# Notes to the Consolidated Condensed Interim Financial Statements

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

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

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

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

# Notes to the Consolidated Condensed Interim Financial Statements

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

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

# Notes to the Consolidated Condensed Interim Financial Statements

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

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

		(Audited)	
		June 30, 2020	December 31, 2019
		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
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### 21.2 Issued, subscribed and paid-up capital

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

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

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

# Notes to the Consolidated Condensed Interim Financial Statements

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

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

# Notes to the Consolidated Condensed Interim Financial Statements

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

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

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

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

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

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

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

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

## Notes to the Consolidated Condensed Interim Financial Statements

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

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

### 24 DERIVATIVE INSTRUMENTS

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

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

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

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

# Notes to the Consolidated Condensed Interim Financial Statements

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

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

# Notes to the Consolidated Condensed Interim Financial Statements

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

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

## 32 PROVISIONS AND WRITE OFFS - NET

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

	Note	Half Year Ended		Quarter Ended	
		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Rupees in '000					

## 33 TAXATION

Current - for the period	33.1	7,188,674	4,512,827	4,435,452	1,915,785
- for prior year		-	834,833	-	-
		<b>7,188,674</b>	<b>5,347,660</b>	<b>4,435,452</b>	<b>1,915,785</b>
Deferred - current		(912,921)	(305,588)	(697,730)	(160,636)
		<b>6,275,753</b>	<b>5,042,072</b>	<b>3,737,722</b>	<b>1,755,149</b>

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

## 34 EARNINGS PER SHARE - BASIC AND DILUTED

Profit after taxation		<b>8,477,366</b>	<b>6,242,251</b>	<b>4,587,145</b>	<b>3,148,277</b>
Number of Shares					
Weighted average number of ordinary shares					
outstanding during the year		<b>1,145,073,830</b>	<b>1,145,073,830</b>	<b>1,145,073,830</b>	<b>1,145,073,830</b>
Rupees					
Earnings per share - basic and diluted		<b>7.40</b>	<b>5.45</b>	<b>4.01</b>	<b>2.75</b>

There is no dilution effect on basic earnings per share.

### 335 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:

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		2,19,183	20,321,225								
Federal Government Securities			994,517,032								
Non Government Debt Securities			4,763,502								
Financial assets-not measured at fair value											
Cash and balances with treasury banks					118,299,298						
Balances with other banks					786,948						
Lendings				32,991,887							
Advances				431,202,915							
Other assets					34,992,886						
Investments (HFM, unlisted ordinary shares, term certificates, sukuk, subsidiaries)	13,632,490		20,608,066								
	13,632,490	2,19,183	840,209,825	484,194,802	154,079,132		1,274,315,432	22,497,269	999,303,683		821,800,942
Financial liabilities-measured at fair value											
Trading Liability											
Financial liabilities-not measured at fair value											
Bills payable						9,508,205	9,508,205				
Borrowings						68,087,634	68,087,634				
Deposits and other accounts						1,106,110,144	1,106,110,144				
Other liabilities						32,820,909	32,820,909				
						1,216,528,892	1,216,528,892				
Off-balance sheet financial instruments-measured at fair value											
Forward foreign exchange contracts					251,841,838				251,841,838		251,841,838
Forward government securities transactions					2,189,287				2,189,287		2,189,287
					254,031,125				254,031,125		254,031,125

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

(Audited) December 31, 2019													
	Held to Maturity	Held for Trading	Carrying Value		Fair Value								
			Available for Sale	Financing and receiv- ables	Other finan- cial assets	Other finan- cial 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	-	2,197,434	28,613,526	-	-	-	-	30,810,960	28,458,268	2,352,692	-	-	30,810,960
Mutual Funds	-	19,868,163	673,973,168	-	-	-	-	693,841,331	693,841,331	-	-	-	693,841,331
Federal Government Securities	-	-	4,176,639	-	-	-	-	4,176,639	4,176,639	-	-	-	4,176,639
Non Government Debt Securities	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial assets - not measured at fair value													
Cash and balances with	-	-	-	-	-	-	-	-	-	-	-	-	-
treasury banks	-	-	-	-	119,935,126	-	-	119,935,126	-	-	-	-	-
Balances with other banks	-	-	-	-	602,582	-	-	602,582	-	-	-	-	-
Lending to Financial institutions	-	-	-	13,606,921	-	-	-	13,606,921	-	-	-	-	-
Advances	-	-	-	485,061,568	-	-	-	485,061,568	-	-	-	-	-
Other assets	-	-	-	-	34,250,198	-	-	34,250,198	-	-	-	-	-
Investments (HTM, unlisted	-	-	-	-	-	-	-	-	-	-	-	-	-
ordinary shares, term	-	-	-	-	-	-	-	-	-	-	-	-	-
certificates, sukuk, subsidiaries)	13,015,041	-	12,810,456	-	-	-	-	25,825,497	-	-	-	-	-
	13,015,041	22,065,597	724,573,789	498,658,489	154,787,906	-	-	1,413,100,822	28,458,268	705,370,662	-	-	733,828,930
Financial liabilities measured at fair value													
Trading Liability													
Financial liabilities - not measured at fair value													
Bills payable	-	-	-	-	-	-	7,878,626	7,878,626	-	-	-	-	-
Borrowings	-	-	-	-	-	-	266,448,386	266,448,386	-	-	-	-	-
Deposits and other accounts	-	-	-	-	-	-	1,049,018,804	1,049,018,804	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	36,559,513	36,559,513	-	-	-	-	-
	-	-	-	-	-	-	1,359,905,329	1,359,905,329	-	-	-	-	-
Off-balance sheet financial instruments-measured at fair value													
Forward foreign	-	-	-	-	-	-	-	-	-	-	-	-	-
exchange contracts	-	-	-	-	359,881,918	-	-	359,881,918	-	-	-	-	359,881,918
Forward government	-	-	-	-	-	-	513,938	513,938	-	-	-	-	513,938
securities transactions	-	-	-	-	359,395,856	-	-	359,395,856	-	-	-	-	359,395,856

# Notes to the Consolidated Condensed Interim Financial Statements

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

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

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

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

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

# Notes to the Consolidated Condensed Interim Financial Statements

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

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

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

# Notes to the Consolidated Condensed Interim Financial Statements

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

## 37 RELATED PARTY TRANSACTIONS

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

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

	June 30, 2020				December 31, 2019 (Audited)			
	Parent	Directors	Key management personnel	Associates*	Other related parties	Parent	Directors	Key management personnel
	Rupees in '000							
<b>Balances with other banks</b>	-	-	-	-	-	-	-	-
<b>Lendings to financial institutions</b>	-	-	-	-	-	-	-	-
<b>Investments</b>	-	-	-	-	-	-	-	-
Opening balance	-	-	-	-	2,197,434	-	-	1,859,024
Investment made during the year	-	-	-	-	-	-	-	-
Investment redeemed/disposed	-	-	-	-	1,300,913	-	-	4,276,363
off during the period/year	-	-	-	-	-	-	-	-
(Deficit) / Surplus	-	-	-	-	(1,211,463)	-	-	(4,073,665)
Transfer in / (out) - net	-	-	-	-	(177,701)	-	-	135,712
Closing balance	-	-	-	-	2,199,183	-	-	2,197,434
<b>Advances</b>	-	-	-	-	-	-	-	-
Opening balance	-	4,764	196,884	-	575	-	8,704	264,404
Addition during the period/year	-	1,730	34,963	-	2,089	-	25,719	97,754
Repaid during the period/year	-	(3,702)	(61,999)	-	(2,664)	-	(29,659)	(165,274)
Closing balance	-	2,792	169,849	-	-	-	4,764	196,884
	-	-	-	-	-	-	-	575

# Notes to the Consolidated Condensed Interim Financial Statements

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

	June 30, 2020					(Audited)				
	Parent	Directors	Key management personnel	Associates*	Other related parties	Parent	Directors	Key management personnel	Associates*	Other related parties
	Rupees in '000									
<b>Other Assets</b>										
Interest / mark-up accrued	-	609	70,708	-	-	-	-	7,860	69,367	-
Receivable from staff retirement fund	-	-	-	-	3,955,149	-	-	-	-	3,705,491
Other receivable	-	-	-	-	380,229	-	-	-	-	365,707
<b>Borrowings</b>	-	-	-	-	-	-	-	-	-	-
<b>Subordinated debt</b>	-	-	-	-	-	-	-	-	-	-
<b>Deposits and other accounts</b>										
Opening balance	2,849	357,194	34,882	123,315	16,915,556	1,784	24,424	70,387	82,381	18,286,008
Received during the period/year	6,718,255	950,896	317,355	3,494,005	165,262,702	8,594,379	1,824,926	524,039	7,718,711	247,333,950
Withdrawn during the period/year	(6,720,228)	(908,256)	(303,591)	(3,609,804)	(161,978,364)	(8,593,314)	(1,492,156)	(559,794)	(7,677,777)	(248,692,059)
Closing balance	876	399,834	48,646	7,516	20,199,894	2,849	357,194	34,632	123,315	16,907,899
<b>Contingencies and Commitments</b>										
Other contingencies	-	-	44	-	97,852	-	-	-	599	116,987

# Notes to the Consolidated Condensed Interim Financial Statements

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

	June 30, 2020					June 30, 2019				
	Parent	Directors	Key management personnel	Associates*	Other related parties	Parent	Directors	Key management personnel	Associates*	Other related parties
	Rupees in '000									
<b>Income</b>										
Mark-up/return/interest earned	-	279	7,314	-	-	-	92	10,722	-	-
Sales commission	-	-	-	-	4,581	-	-	-	-	7,715
Fee and commission income	1	15	37	4	260,755	-	12	51	29	243,732
Net Gain on sale of securities	-	-	10	-	3,354	-	-	-	-	396
Rental Income	-	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-	-
<b>Expense</b>										
Mark-up/return/interest paid	-	357	357	117	550,839	-	6,102	314	677	342,351
Directors meeting fee	-	13,750	-	-	-	-	13,100	-	-	-
Remuneration	-	41,810	235,256	-	-	-	37,368	257,048	-	-
Other expenses	-	-	-	-	-	-	182	-	30,555	-
Rent expense**	-	-	-	14,366	-	-	-	-	15,459	-
Charge in respect of staff retirement benefit funds	-	-	-	-	-	-	-	-	-	164,890
Insurance premium paid	-	68	415	-	-	-	50	132	-	-

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

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

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

# Notes to the Consolidated Condensed Interim Financial Statements

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

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

## 39 NON ADJUSTING EVENT AFTER THE REPORTING DATE

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

## 40 GENERAL

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

## 41 DATE OF AUTHORIZATION FOR ISSUE

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

Mehmud ul Hassan  
Chief Financial Officer

Tahir Hassan Qureshi  
President and Chief Executive

Dr. Muhammad Akram Sheikh  
Director

Nazrat Bashir  
Director

Mohammad Naeem Mukhtar  
Chairman



