

HO/CAG/CAU/2020/ 84

October 29, 2020

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

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

Dear Sir

We have to inform you that the Quarterly Report of Allied Bank for the period ended September 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.

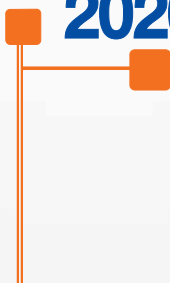
Yours Sincerely,



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



3rd Quarterly  
Report  
**2020**





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## Corporate Information

### Vision

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

### Mission

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

### Core Values

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

### Board of Directors

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

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

### Audit Committee of the Board

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

### Strategic Planning & Monitoring Committee

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

### Board Risk Management Committee

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

### Human Resource & Remuneration Committee

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

### e-Vision Committee

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

## Shariah Board

Mufti Muhammad Iftikhar Baig  
(Chairman)

Mufti Mahmood Ahmad  
Mufti Tayyab Amin

## Chief Financial Officer

Mr. Mehmud ul Hassan

## Company Secretary

Mr. Muhammad Raffat

## Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountants

## Legal Adviser

Mandviwalla & Zafar Advocates

## Shares Registrar

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

## Registered & Head Office

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

## Contact Detail



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/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 nine months ended September 30, 2020. The operating results and appropriations as recommended by the Board are included in the appended table:

	Nine Months ended September 30,		Growth
	2020	2019	
	(Rupees in million)		%
Profit after tax for the period	12,410	9,405	32
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	9	165	(95)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit – net of tax	100	85	18
Profit available for appropriation	68,340	62,155	10
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)	-
Second interim cash dividend for the year ending December 31, 2020 at Rs. 0.00 per share (2019: year ended December, 2019: Rs. 2.00 per share)	-	(2,290)	(100)
Transfer to Statutory Reserves	(1,241)	(940)	32
Accumulated profits carried forward	62,519	54,345	15
Earnings Per Share (EPS) (Rs.)	10.84	8.21	32

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 nine months period ended September 2020.

### Economic Review

Global economy is showing signs of recovery; the International Monetary Fund (IMF) has recently upgraded global economic growth projection from negative 4.9% to negative 4.4%. The revised projection for 2020 manifests the upward impetus from better than anticipated GDP outturns against the downdraft of the pandemic. However, the growth projections also signify wide negative output gaps on the back of challenges faced to place the economies on a path of augmented productivity growth and expected second wave of infection.

According to IMF, Pakistan's economic growth is expected to gradually recover but would remain muted at negative 0.4% in 2020 amid heightened uncertainty. However, aggressive policy countermeasures have played a pivotal role in averting further amplification of COVID-19 shock and regaining the economic pickup.

Steering the economy towards recovery, the large-scale manufacturing (LSM) index has returned to expansion. Encouraging signs of pick-up have also reflected in high-frequency demand indicators including auto sales, cement dispatches, petroleum, oil and lubricant (POL) sales, and electricity consumption during the quarter under review.

The current account Balance manifested a surplus for third consecutive month in September 2020 to elevate at US\$ 792 million as compared to US\$ 1,492 million deficit in the same period last year. The improvement in current account balance is primarily driven by escalating remittances that augmented by 31% during July-September FY 2020-21 to stand at US\$ 7,147 million.

Current account surplus is also aided by 8% decline in imports to stand at US\$ 12,374 million during July-September FY 2020-21 that has overshadowed the 10% decline in exports which stood at US\$ 6,583 million and the trade deficit contracted by 6% to record at US\$ 5,791 million during July-September FY 2020-21.

Pakistan Foreign Direct Investment stood at US\$ 415 million in July-September FY-2020-21 as against US\$ 546 million in July-September FY 2019-20.

SBP's foreign exchange reserves stood at US\$ 12,360 million as at end September 2020 as against their pre-pandemic level of US\$ 10,845 million as at end March 2020. Likewise, total foreign exchange reserves stood at US\$ 19,535 million as at end September 2020 as compared to US\$ 17,098 million as at end March 2020.

Pakistan Stock Exchange (PSX) is ranked the best performing stock market in Asia and the fourth best-performing stock market in the world by leading New York-based global financial markets research firm. PSX index has registered a growth of 18% during three months ended September 30, 2020.

Broad money (M2) posted a growth of 12% during the nine months ended September 30, 2020 to stand at Rs. 20,876 billion. Growth in currency circulation was registered at 16% and has reached Rs. 6,148 billion at end September 2020; depicting an unrelenting growth in undocumented economy.

Consumer Price Index has increased to 9% in September 2020, which is attributable to the recent supply side hike in food prices in the wake of flood related damages and Locust attack together with the increase in fuel prices and lagged impact of currency devaluation. The forecast for inflation has risen slightly and is now expected to fall within the range of 7%–9% during FY 2020-21. Multiple remedial measures implemented by the SBP has ensured availability of necessary liquidity to private sector and households, which has played a vital role in supporting economic recovery of the country and contain unemployment. Keeping in view the emerging economic recovery SBP decided to sustain the policy rate at the level of 7% during the quarter under review.

## Financial Review

Pakistan's banking industry continues to face manifold challenges including re-calibrating their strategies to contain the pressure from steep decline in benchmark Policy rate, implementation of safe work place practices, disruptive technological advancements followed by evolving customer experience dynamics, developing regulatory requirements and decline in credit growth and quality owing to COVID-19 pandemic.

While remaining cognizant of the emerging challenges, Your Bank continued to achieve notable momentum by pursuing its strategy of consistent growth by focusing on technology driven automation, risk management framework, introduction of e-banking services to augment digital financial inclusion along with optimization of conventional branch network to further enhance customers' experience.

Sharp decline in interest rates led the average policy rate to contract to 9.6% as against 11.6% in the corresponding period. Effective duration management, favorable repricing lag, volumetric growth along with change in funding and placement mix has enabled Your Bank to earn Net Interest Income of Rs. 37,185 million during the nine months period ended September 30, 2020; reflecting a growth of 29%.

COVID-19 pandemic has accelerated digital transformation of organizations to ensure uninterrupted business activity while addressing social distancing and adaption to the new normal. Your Bank's constant emphasis of capitalizing on the emerging digital financial avenues along with maintaining diversification of revenue streams through sustained enrichment of services has facilitated a growth of 10% in Fee income which stood at Rs. 4,029 million during the nine months period ended September 30, 2020 compared to Rs. 3,668 million in the corresponding period.

Dividend income has observed a downturn of 36% on the back of prevailing economic slowdown which has impacted investee companies' dividend distribution capacity due to liquidity constraints. Your Bank recognized a capital gain of Rs. 2,838 million in the period under review as against Rs. 853 million in the corresponding period, reflecting a growth of 233%. Adverse movement of swap points was observed on account of decline in foreign portfolio investment and adverse impact on Special Convertible Rupee Accounts. However, Foreign exchange (FX) income which has registered a loss of Rs. 188 million in the first quarter of 2020; has reached Rs.1,295 million during the nine months period ended September 30, 2020. Resultantly, total non-markup income has increased by 17% to stand at Rs. 9,146 million during the period ended September 30, 2020 as compared to Rs. 7,820 million in the corresponding period.

Your Bank's operating expenses growth was curtailed to 9% during the nine months period ended September 30, 2020 much lower than the 18% growth over the same period last year. Optimization was carried out despite continuous investment towards technological upgradation to enable digital migration, increased spending to address socio-economic influence of COVID-19, currency devaluation and hiked inflationary pressures.

In line with the rapidly transforming digital space in Pakistan towards more convenient and flexible ways of banking; Your Bank thrives towards a hybrid expansion strategy involving digital and brick and mortar banking operations, together with resorting more focus towards e-banking. Consequently, transaction mix of digital and counter based services improved from 46:54 as at December 31, 2019 to 57:43 as at September 30, 2020. ATM network expanded to 1,552 comprising of 1,210 on-site, 339 off-site and 3 Mobile Banking Units (MBU). Branch outreach closed at 1,385 including 1,262 conventional branches, 117 Islamic banking branches and 6 digital branches.

Despite the challenging economic and banking dynamics, Your Bank has registered a 30% increase in Profit before tax to stand at Rs. 21,443 million. Profit after tax increased to Rs. 12,410 million for the nine months period ended September 30, 2020 as compared to Rs. 9,405 million in the corresponding period of last year; registering a growth of 32%. Consequently, earning per Share (EPS) of Your Bank stood at Rs. 10.84 per share as against an EPS of 8.21 per share in the corresponding period.

Your Bank's gross Advances portfolio closed at Rs. 455,596 million, depicting a growth of 2% since June 30, 2020 as against 2% decline in Industry advances. Persistent focus on maintaining a robust risk management framework coupled with prompt introduction of regulatory relief packages to assist industry growth and mitigate liquidity risk has led to a decline of Rs. 1,337 million in Non-Performing advances which closed at Rs. 14,517 million as at September 30, 2020 as compared to Rs. 15,854 million in December 2019.

Your Bank's infection and coverage ratio stood at 3.2% and 95.7% respectively. Meanwhile loan loss coverage ratio including general provision made in respect of financing against potential losses due to COVID-19 amounting to Rs.1,311 million



## Director's Review

stood at 104.8%, whereas the industry infection and coverage ratio stood at 8.9% and 85% respectively as at June 30, 2020. No forced sale value (FSV) benefit was availed while determining the provision against Non-Performing advances, allowed under guidelines of the State Bank of Pakistan.

Proactive review of economic scenario led to prudent management of investment portfolio, which has resulted in change of mix coupled with duration optimization. Net investments increased by 4% to close at Rs. 788,219 million as at September 30, 2020. The liquidity was placed primarily in Government securities with Rs. 381,361 million deployed in Pakistan investment Bonds (PIB) as at September 30, 2020 as against Rs. 154,349 million as at December 31, 2019; increasing PIB contribution to the total investment mix to 49% as at September 30, 2020 compared to 21% as at December 31, 2019.

Funding mix was optimized during the period, which has resulted in decline of Borrowings from Rs. 266,448 million as at December 31, 2019 to Rs. 145,896 million as at September 30, 2020 i.e. 45%, whereas, total Deposits have increased by 7% to stand at Rs. 1,122,372 million as at September 30, 2020. Your Bank pivoted its concentration towards low cost deposits which is evident from a growth of 11% in non-remunerative current deposits. Resultantly, Current Account and Saving Account (CASA) deposit mix has improved to 86% as at September 30, 2020 from 83% as at December 31, 2019.

Resultantly, total Assets of the Bank stood at Rs. 1,441,688 million as at September 30, 2020 as against Rs. 1,481,121 million as at December 31, 2019.

Your Bank's Equity base stood at a robust level of Rs. 122,048 million as at September 30, 2020; reflecting a growth of 6%. While Return on Equity and Return on Assets manifested a strong level of 17.7% and 1.1%, respectively. Capital Adequacy Ratio of the Bank stood at 27% against statutory requirement of 11.5% which is indicative of a strong Capital positioning of Your Bank.

### Future Outlook

The initial phase of economic recovery from coronavirus-related lockdowns has been faster than expectations; reflected in IMF upgraded global growth projection for 2020 with lesser contraction at negative 4.4%, which is indicative of a stronger recovery in the third quarter. However, for 2021 global GDP growth rate is projected to further moderate from 5.4% to 5.2% on the back of uncertainty surrounding the global spillover from soft demand, effects of adjustment cost and productivity, lower efficiency and persistent social distancing in anticipation of second wave of the pandemic. This requires need for structural changes and steps to strengthen defense against catastrophic health crises.

On the national front the economy, according to IMF projections, GDP growth is expected at 1% in 2021 with gradual increase to 5% in 2025. The ultimate growth outcome, would remain largely dependent on addressal of multifaceted challenges emanating from tight international financing conditions, slow economic activity with high unemployment and the pandemic pathway around the globe.

The growth in real sector is projected to recover, primarily driven by manufacturing and construction related activities, which are being supported by various financial policies from SBP including the Temporary Economic Refinance Facility and the government's incentives for the housing and construction sectors.

On external side, continued improvement is anticipated in Balance of Payment and foreign exchange reserves in FY 2020-21 on the back of flexible, market-determined exchange rate regime. Exports are projected to accelerate on the back of economic recovery in Pakistan's major trade partners. Despite higher tariffs on imports of non-essential goods; imports are expected to rebound from a low base in FY2019-20 and more importantly in response to economic recovery.

While sustaining its intermediary role to support business communities and public at large, the Banking sector continues to steer through an inexplicable economic and operating scenario surrounding diverse challenges emerging from evolving business models, progressing technological advancements, rising cyber security threats and increasing risk of asset quality degradation amidst low business generation and private sector credit demand due to expected second wave of COVID-19 outbreak.

Notwithstanding the headwinds from the spread of COVID-19, the long-term growth levers for Pakistan's Banking industry remains intact, disruptive technologies and fintech are redefining the competitive landscape. The banking sector is at a crossroads for driving industry growth through financial inclusion, convenient policy and regulatory reforms and emergence of customers' expectations around convenience of evolving technological platforms of e-banking.

While remaining cognizant of the economic and social challenges, Your Bank has successfully launched myABL Wallet to fulfil with ease and convenience wide range of banking needs without conventional bank account.

Your Bank has achieved yet another milestone with launch of Visa Contactless Debit Cards, also known as NFC cards, to facilitate our customers with state-of-the-art contactless payment technology.

Your Bank has always taken pride in introducing highly competitive services to facilitate the needs of its diversified customer base. Hence, Allied Basic Debit Card was launched to address the needs of illiterate Customers. The card provides Chip & PIN security and freedom to use anywhere in Pakistan on ATMs and POS terminals.

As a step forward toward digitalization, facility to open all variants of Allied Asaan Accounts vide Self Service Kiosk (SSK) has been made available in Top 100 Branches enabling the customers to initiate their account opening requests.

On a roadmap towards improved and seamless customer experience, the Bank has rolled out "Customer's 360° View" for branches. This dashboard will provide customer information on an overall relationship level, rather than just account level.

This view will enable all customer-facing staff to engage the customers in a "cross-sell / up-sell" interaction.

### Entity Ratings

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.

### 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 honor that Your Bank's resilient risk management, higher 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
- Corporate Excellence Award – Management Association of Pakistan
- Telecom Deal of the Year – The Asset Triple A Asia Infrastructure Awards 2020
- Pakistan Domestic Initiative of the Year for Green Banking – ABF Wholesale Banking Awards 2020
- Best Mobile Banking App – Pakistan Digital Awards 2020
- Best Digital Innovation – Pakistan Digital Awards 2020
- Best App and Web Enabled Market Award – Pakistan Digital Awards 2020
- Green Deal of the Year – ABF Corporate & Investment Banking Awards 2020
- Syndicated Loan of the Year – ABF Corporate & Investment Banking Awards 2020
- Best Bank of the Year 2019 – Runner up - Large Banks by CFA Society

### 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 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 and is within the prescribed threshold defined by SBP. 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 the Bank, we would like to thank our valued customers for selecting Allied Bank Limited for their banking needs, shareholders of the Bank for their trust, State Bank of Pakistan, Securities and Exchange Commission and other regulatory bodies for their continued support and our worthy employees for their dedicated services.

For and on behalf of the Board of Directors.

Aizid Razzaq Gill  
Officiating Chief Executive Officer

Mohammad Naeem Mukhtar  
Chairman Board of Directors

Lahore  
Date: October 21, 2020

## ڈائریکٹرز کا تجزیہ

معروضی رپورٹ:

بورڈ آف ڈائریکٹرز کی جانب سے 30 ستمبر 2020ء کو اختتام پذیر ہونے والی ہفت روزہ کی مدت کے ایالتی نتائج پیش کرتے ہوئے نہایت سرتسٹ محسوس کرتے ہیں۔ بورڈ کی طرف سے سفارش کردہ کاروباری نتائج اور تفصیلات مندرجہ ذیل جدول میں درج ہے:

نوامبر 30 ستمبر			
نمبر	2019ء	2020ء	
%	ملین روپے		
32	9,405	12,410	بھارتی گیس منافع
6	52,500	55,821	کرشمہ بیج شہ منافع
(95)	165	9	غیر بینکاری اثاثہ جات کی قدر دیکھائی سے غیر تصرف شدہ منافع میں منتقلی خاص اربن گیس
18	85	100	مستحق اثاثہ جات کی قدر دیکھائی سے غیر تصرف شدہ منافع میں منتقلی خاص اربن گیس
10	62,155	68,340	تصرف کے لیے دستیاب منافع
			حتمی پیش ڈیویڈنڈ برائے سال ستمبر 31 دسمبر 2019ء - 2 روپے فی حصص
-	(2,290)	(2,290)	(2019ء: سال ستمبر 31 دسمبر 2018ء - 2 روپے فی حصص)
			پہلا عبوری پیش ڈیویڈنڈ برائے سال ستمبر 31 دسمبر 2020ء - 2 روپے فی حصص
-	(2,290)	(2,290)	(2019ء: سال ستمبر 31 دسمبر 2019ء - 2 روپے فی حصص)
			دوسرا عبوری پیش ڈیویڈنڈ برائے سال ستمبر 31 دسمبر 2020ء - 2 روپے فی حصص
(100)	(2,290)	-	(2019ء: سال ستمبر 31 دسمبر 2019ء - 2 روپے فی حصص)
32	(940)	(1241)	ضوابطی ریزرو میں منتقلی
15	54,345	62,519	آئندہ منتقل کیا گیا بیج شدہ منافع
32	8.21	10.84	فی حصص آمدنی (EPS) روپے

کوڈ 19 کی عالمگیر وبا کے دوران سراسر کو محفوظ بنانے اور سال پوری اور کسی بھی وبا کو برداشت کرنے کی صلاحیت میں اضافہ کیلئے، اسٹیٹ بینک آف پاکستان (ایس بی پی) نے حفاظتی اقدامات کے طور پر اپنے مرکز نمبر بی بی آر ڈی/ای ایس ایڈی بی ڈی 006315/2019ء مورخہ 22 اپریل 2020ء کے تحت بینکوں کو ہدایت کی ہے کہ وہ سال 2020ء کی پہلی دوسرے ماہوں کیلئے ڈیویڈنڈ کی ادائیگی کو معطل کر دیں۔

وہ بینک جنہوں نے 31 مارچ 2020ء کو اختتام پذیر ہونے والی سالانہ 22 اپریل 2020ء تک یا اس سے پہلے ڈیویڈنڈ کی 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 لیٹر کے بورڈ آف ڈائریکٹرز نے مندرجہ بالا رضامندی کی مکمل پاسداری کرتے ہوئے ستمبر 2020ء کو اختتام ہونے والے سالانہ اجلاس کے لیے ڈیویڈنڈ کا اعلان نہیں کیا ہے۔

محاشی جائزہ:

عالمی معیشت بحالی کے اشارے ظاہر کر رہی ہے۔ عالمی مالیاتی ادارے (آئی ایم ایف) نے عالمی معیشت کی نمو کے تخمینہ کو حالیہ میں بہتر بناتے ہوئے اس کی شرح کا تخمینہ 4.9 فیصد سے منفی 4.4 فیصد پر کیا ہے۔ سال 2020ء کے لیے اس تخمینے کی نظر ثانی، اس عالمگیر وبا کے مضر اثرات کے مقابلے میں بی ڈی پی کی متوقع شرح سے بھی بہتر رجحان کے ساتھ نمو کا مظہر ہے۔ تاہم نمو کے یہ تخمینے معیشتوں کو پائیدار بنیاد پر ترقی کی راہ پر درج فحش دکھاتے اور انٹیکشن کی متوقع دوسری لہر جیسے پیچیدہ کے باعث پیداوار میں وسیع منتقلی رجحان کی نشاندہی بھی کرتے ہیں۔

آئی ایم ایف کے مطابق، پاکستان کی معیشت میں بتدریج بحالی کی امید ہے لیکن یہ سال 2020ء میں غیر یقینی کی بڑھتی صورتحال کی وجہ سے منفی 0.4 فیصد تک برقرار رکھنے کی۔ تاہم، جارحانہ پالیسی اقدامات نے کوڈ 19 کے مزید خطرات کو ذرا کم کرنے اور محاشی ترقی کی بحالی میں ایک کامیاب کردار ادا کیا ہے۔

معیشت کو بحالی کے سفر پر گامزن کرتے ہوئے بڑے پیمانے کی صنعت سازی (ایس ایم ایم) کے انڈیکس نے صنعت کے رجحان کی طرف دیکھنے کو ظاہر کرنا شروع کر دیا ہے۔ اس زیر تجزیہ سرمایہ کے دوران، ترقی کے عوامل افراد اشارے قوت کے ساتھ باہمی طلب سے بھی دیکھے جاسکتے ہیں جن میں گاڑیوں کی فروخت (آؤٹ لٹ)، بہت کم تیل، پٹرولیم پروڈکشن جن میں پٹرول، تیل اور بریک فٹ (lubricant) شامل ہیں، کی فروخت اور بجلی کی کھپت جیسے عوامل موجود ہیں۔

کرنٹ اکاؤنٹ کا سیشن ستمبر 2020ء میں تین ماہ کے تسلسل کے ساتھ ڈائنامیال جم کو ظاہر کر رہا ہے۔ جو کہ گزشتہ سال کے اسی مہینے کے مقابلے میں 1,492 ملین امریکی ڈالر کے خسارے کی نسبت اضافے کے ساتھ 792 ملین امریکی ڈالر پر درج ہوا۔ کرنٹ اکاؤنٹ میں اس افزودگی کی بنیادی وجہ باہمی بڑھتی ہوئی ترسیلات زر ہیں جو کہ مالی سال 2020 - 21ء کے جولائی تا ستمبر کی مدت کے دوران 31 فیصد گھٹا ہونے کو ظاہر کرتے ہوئے 7,147 ملین امریکی ڈالر پر ریکارڈ کی گئیں۔ کرنٹ اکاؤنٹ کے ڈائنامیال جم کو درآمدات کی 8 فیصد کمی کی کٹاوتوں بھی حاصل رہا جو کہ مالی سال 2020 - 21ء کے جولائی تا ستمبر کی مدت میں 12,374 ملین امریکی ڈالر پر درج ہوئیں اور جس نے درآمدات میں ہونے والی 10 فیصد کمی کی وجہ سے 6,583 ملین امریکی ڈالر پر ریکارڈ

ہوئیں گے مطلقاً کو ماند کر دیا۔

پاکستان میں براہ راست برآمدی سرمایہ کاری مالی سال 20 - 2019ء کے جولائی تا ستمبر کے عرصہ کے 546 ملین امریکی ڈالرز کے حجم کے مقابلے میں مالی سال 21 - 2020ء کے جولائی تا ستمبر کی مدت میں 415 ملین امریکی ڈالرز پر رہی۔

اسٹیٹ بینک آف پاکستان کے ذریعہ سالانہ ذخائر مارچ 2020ء کے اختتام تک اس عالمگیر وباء سے پہلے تک کی 10,845 ملین امریکی ڈالرز کی نسبت ستمبر 2020ء کے اختتام تک 12,360 ملین امریکی ڈالرز پر چاہئے۔ اس طرح غیر ملکی زر مبادلہ کے کل ذخائر مارچ 2020ء کے اختتام کی 17,098 ملین امریکی ڈالرز کی سطح کے مقابل میں ستمبر 2020ء کے اختتام تک 19,535 ملین امریکی ڈالرز پر چاہئے۔

عالمی مالیاتی مارکیٹوں پر یقین کرنے والی بینکار کی ایک نمایاں فہم نے پاکستان کی اسٹاک ایکسچینج کو ایشیائی بحریں کارکردگی دکھانے والی اسٹاک مارکیٹ اور دنیا کی چھ بحریں کارکردگی ظاہر کرنے والی اسٹاک مارکیٹ کا درجہ دیا ہے۔ پی ایس ایکس (PSX) انڈیکس نے 30 ستمبر 2020ء کو اختتام پر پچھن ماہ کے عرصہ میں 18 فیصدی نمو درج کی ہے۔

براؤڈ مونی (ایم 2) نے 20,876 ملین روپے کے حجم تک پہنچنے والے 30 ستمبر 2020ء کو اختتام پزیر نو ماہ کے عرصے کے دوران 12 فیصدی نمو ظاہر کی ہے۔ کرنسی کی گردش 16 فیصد اضافہ ظاہر کرتے ہوئے ستمبر 2020ء کے اختتام پر 6,148 ملین روپے پر درج ہوئی۔ جو کہ غیر متاثرہ معیشت میں کم نہ ہونے والی ترقی کا غماز ہے۔

کنزرویٹو پرائس انڈیکس ستمبر 2020ء کے دوران 9 فیصد تک بڑھ گیا۔ جس کے بنیادی عوامل میں رسد کے حوالے سے سیلاب سے متعلق نقصانات اور ٹریڈر کے حملوں کے باعث اشیاء خورد و نوش کی قیمتوں میں اضافے اور اس کے ساتھ جیل کی بچتی قیمتیں اور کرنسی کی قدر میں کمی کے تاخیری اثرات شامل ہیں اور اس کی شرح کا تعین مالی سال 21 - 2020ء کے دوران 7 تا 9 فیصد کی حد تک رہنے کی توقع ہے۔ اسٹیٹ بینک آف پاکستان کی جانب سے اٹھائے گئے مختلف تدارکات اقدامات نے قحطی اور گرہیلہ شعبے کے لیے ضروری سیال پزیری کو یقینی بنایا ہے جس نے ملک کی معاشی بحالی اور پوزیٹو گدگاری کو محدود رکھنے میں مدد فراہم کرنے کا اہم کردار ادا کیا ہے۔ معیشت میں پیدا ہوتی ہوئی اس بحالی کی پیش نظر اسٹیٹ بینک آف پاکستان نے اس زیر تجزیہ سرمایہ کے دوران پالیسی ریٹ کو 7 فیصدی سطح پر برقرار رکھا ہے۔

#### مالیاتی جائزہ :

پاکستان کی بینکنگ کثیرالاجت خدمتات سے مسلسل تیز رفتاری سے جن میں بینچ مارک پالیسی ریٹ میں عمومی کمی کے دباؤ کو محدود رکھنے کے لیے اپنی حکمت عملیوں کی تشکیل، کام کرنے کی جگہوں کو محفوظ رکھنے کی پالیسیوں کا نفاذ، بینکاری کی باظہل ترقی اور اس کے ساتھ صارفین کے بدلے تجربات، نئے شراکتی مصلحت اور کارڈ - 19 عالمگیر وباء کی بدولت قرض کی ترقی اور معیار میں کمی جیسے عوامل شامل ہیں۔

ان انجمنے چیلنجز کا مکمل ادراک رکھتے ہوئے آپ کے بینک نے بینکاری سے مزین خود کارایت، خدمتات کے تدارک کے نظام، ڈیجیٹل مالی شمولیت کو موثر بنانے کے لیے ای سی بینکنگ کی خدمات کا آغاز اور اس کے ساتھ اپنے صارفین کے تجربات کو مزید بہتر بنانے کے لیے برآمدی برانچوں کی موزونیت بارے اپنی حکمت عملیوں کو جاری رکھتے ہوئے اپنی کامیابی کے سفر کو جاری رکھا ہے۔

انٹرنس ریٹ میں ہونے والی تیزی کے باعث ادھ اوسط پالیسی ریٹ اپنی ابتدائی مدت کی 11.6 فیصد کی شرح کی نسبت 9.6 فیصد تک سکر گیا۔ مدت کے موزوں نظام، قیمتوں میں تیزی کی تاخیر کے منفی نتائج، تقادری ترقی اور اس کے ساتھ فنڈنگ اور پلیٹیفک کی ترکیب میں تبدیلی سے آپ کے بینک 30 ستمبر 2020ء کو اختتام پزیر نو ماہ کے عرصہ کے دوران 37,185 ملین روپے کی خالص انٹرنس آمدنی حاصل کر سکا ہے جو کہ 29 فیصد کی نمو کو ظاہر کرتی ہے۔

کوڈ - 19 کی عالمگیر وباء نے اداروں کی ڈیجیٹل منتقلی کے عمل کو تیز بنایا ہے تاکہ سرمایہ فاصلوں اور نئے سرمایہ اموالوں کو اٹھانے سے باظہل کاروباری سرگرمیوں کو یقینی بنایا جاسکے۔ آپ کے بینکاری خدمات میں پائیدار خوردگی کے ذریعے آمدنی کے مختلف اسلوب میں توجہ کو برقرار رکھنے اور اس کے ساتھ ساتھ ابھرتے ہوئے ڈیجیٹل مالیاتی مواقع سے بہرہ ور استفادہ حاصل کرنے کی مسلسل تاکید کرتا ہے جس سے فیس کی آمدنی گزشتہ سال کی ابتدائی مدت کے 3,668 ملین روپے کی نسبت 30 ستمبر 2020ء کو اختتام پزیر نو ماہ کی مدت کے دوران 10 فیصد اضافہ کے ساتھ 4,029 ملین روپے پر ریکارڈ کی گئی۔

ست روپیہ سے زیادتی کے مسائل کی وجہ سے سرمایہ کاروں کی کمپنیوں کی ڈیویڈنڈ کی تقسیم کی صلاحیتوں کو شدید متاثر کیا ہے، جسکی وجہ سے ڈیویڈنڈ آمدنی میں 36 فیصد کمی ظہیر دیکھی گئی ہے۔ آپ کے بینک نے کچھ بینک کی مدد میں گزشتہ ابتدائی مدت کے 853 ملین روپے کے مقابل میں اس زیر تجزیہ عرصہ میں 233 فیصدی نمو ظاہر کرتے ہوئے 2,838 ملین روپے حاصل کیے ہیں۔ غیر ملکی سرمایہ کاری کے پورٹ فولیو میں کمی اور پیش روپی کنویرٹبل اکاؤنٹس (Special Rupee Convertible Accounts) کے ناموافق اثرات کی وجہ سے سوپ پاسنٹس (Swap Points) میں نامساوات روپیہ بھگتے گئے۔ تاہم، غیر ملکی کرنسیوں کے تبادلے حاصل ہونے والی آمدنی جو کسمال 2020ء کی پہلی سرمایہ میں 188 ملین روپے کے نقصان کو ظاہر کر رہی تھی، 30 ستمبر 2020ء کو اختتام پزیر نو ماہ کے عرصہ میں 1,295 ملین روپے پر چاہئے۔ جس کے نتیجے میں کل ٹرانزاکشن آمدنی کے 7,820 ملین روپے کے حجم کے مقابلے میں 30 ستمبر 2020ء کو اختتام پزیر عرصہ کے دوران 17 فیصد اضافہ کے ساتھ 9,146 ملین روپے پر درج کی گئی۔ آپ کے بینک نے اپنے کاروباری اخراجات کو 30 ستمبر 2020ء کو اختتام پزیر نو ماہ کے عرصہ میں 18 فیصدی سال کی اسی مدت کی 18 فیصد کی شرح میں نمایاں طور پر کم ہے۔ ڈیجیٹل منتقلی میں آسانی کے لیے بینکاری کی اپ گریڈیشن میں مسلسل سرمایہ کاری، کوڈ - 19 کے سلامتی اور معاشی اثرات کے تدارک کے لیے اضافی اخراجات، کرنسی کی قدر میں تخفیف اور برصغیر ہونے والے فراخ روز کے دباؤ کے باوجود موزونیت کے رجحان کو برقرار رکھا گیا۔

پاکستان میں ڈیجیٹل ماحول میں تیز ترین منتقلی اور نگہدار اور مزید آسان ہونے پیکاری کے طریقوں کے تاخیر میں آپ کے بینک نے ڈیجیٹل اور روایتی بینکنگ کے کاروبار میں وسعت کی دہری حکمت عملی کو اپنایا ہے جس کے ساتھ ساتھ ای سی بینکنگ پر بھی خصوصی توجہ مرکوز ہے۔ چنانچہ، ڈیجیٹل اور روایتی لین دین کی شرح 31 دسمبر 2019ء کی 46:54 کے مقابلے میں ستمبر 30 ستمبر 2020ء کی 57:43 کی

سط پر درج ہوئی۔ اسے ٹی ایم ہیڈ ورک دیکھتے ہوئے 1,552 روپے رہا جس میں 1,210 آن سائٹ، 339 آف سائٹ اور تین سو پانچ ٹیکنیکل پینل شامل ہیں۔ برانچوں کا پچھلا 1,385 پر بند ہوا جس میں 1,262 روایتی ٹیکنیکل کی برانچیں، 117 اسلامی ٹیکنیکل کی برانچیں اور 6 ڈیجیٹل برانچیں شامل ہیں۔

معیشت اور ٹیکنیکل کے حیزی سے بدلے پینلجز کے باوجود آپکے بینک نے 30 فیصد کے اضافے کے ساتھ 21,443 ملین روپے کا منافع قبل ازینس درج کیا۔ منافع بعد ازینس گزشتہ سال کی اس تقابلی مدت کے 9,405 ملین روپے کی سطح پر 30 ستمبر 2020ء کو اختتام پذیر ہوا۔ عرصہ میں بڑھتا ہوا 12,410 ملین روپے پر چاہا پیچھا۔ جو کہ 32 فیصد کی نمو کو ظاہر کرتا ہے۔ چنانچہ آپکے بینک کی فی حصص آمدنی گزشتہ تقابلی مدت کے 8.21 روپے فی حصص کے مقابلہ میں 10.84 روپے فی حصص پر رپورٹ ہوئی۔

آپکے بینک کے کل قرضہ جات کا پورٹ فولیو 455,596 ملین روپے پر بند ہوا جو کہ 30 جون 2020ء کے حجم سے 2 فیصد کے اضافے کو ظاہر کر رہا ہے جبکہ صنعت کے قرضہ جات میں 2 فیصد کی کمی دیکھی گئی۔ خدشات کے مذاک کے مضبوط نظام پر مسلسل ارتکاز برقرار رکھتے ہوئے اور اس کے ساتھ صنعت کی ترقی میں مدد اور سیالیت کے خدشات سے نمٹنے کے لیے ضوابطی اعدا کے نتیجے کے بروقت اجرائی بدلت غیر فعال قرضہ جات میں 1,337 ملین روپے کی کمی حاصل کی گئی۔ جس کا حجم دسمبر 2019ء کی 15,854 ملین روپے کی سطح کی نسبت 30 ستمبر 2020ء کی 14,517 ملین روپے پر درج کیا گیا۔

آپکے بینک کی انٹیکشن اور کوریج کی شرح بالترتیب 3.2 فیصد اور 97.5 فیصد رہی، دیرین اثاء قرض کے نقصان کی کوریج کی شرح جس میں کوڈ۔ 19 کے باعث قرضہ جات میں ہونے والے متوقع نقصان کے لیے عمومی اخراجات (بیزل پروویژن) کا 1,311 ملین روپے کا شمار شامل ہے، 104.8 فیصد پر رہی۔ جبکہ صنعت کی انٹیکشن اور کوریج شرحوں کا تناسب 30 جون 2020ء تک بالترتیب 8.9 فیصد اور 85 فیصد رہا۔ اسٹیٹ بینک آف پاکستان کی جانب سے رہنمائی کے اصولوں میں اجازت کے باوجود غیر فعال قرضہ جات کے لیے نقص کینے کے لیے اخراجات (پروویژن) کے نقصان میں جری فروخت کے فوائد کا شمار نہیں کیا گیا۔

معاشی صورتحال کے پیش قدم تجربے کی رہنمائی میں سرمایہ کاری کے پورٹ فولیو کا پراعزت انتظام کیا گیا جس کے نتیجے میں اس کی ترکیب میں تبدیلی اور اس کے ساتھ ایک اعلیٰ مدت کو مؤدوں بنایا گیا۔ غاص سرمایہ کاری 30 ستمبر 2020ء تک 4 فیصد کے اضافے کے ساتھ 788,219 ملین روپے پر بند ہوئی۔ یہ سرمایہ کاری زیادہ تر حکومتی شرکت میں کی گئی جس میں پاکستان انویسٹمنٹ باڈر (پی آئی آئی) میں لگائی گئی رقم 31 دسمبر 2019ء کی 154,349 ملین روپے کے حجم کی نسبت 30 ستمبر 2020ء تک 381,361 ملین روپے پر چاہا پیچھا۔ اس طرح کل سرمایہ کی ترکیب میں پی آئی آئی کا حصہ 31 دسمبر 2019ء کی 21 فیصد کی سطح کی نسبت 30 ستمبر 2020ء تک 49 فیصد رہا۔

سرمائے کی ترکیب کو اس عرصہ کے دوران مؤدوں بنایا گیا جس کے نتیجے میں بینک کے حاصل شدہ قرضہ جات میں 31 دسمبر 2019ء کی 266,448 ملین روپے کی سطح سے 45 فیصد کی کمی کے ساتھ 30 ستمبر 2020ء تک 145,896 ملین روپے پر ریکارڈ ہوئے۔ جبکہ کل ڈیپازٹس 30 ستمبر 2020ء تک 7 فیصد کے اضافے کے ساتھ 1,122,372 ملین روپے پر درج ہوئے۔ آپکے بینک نے اپنی خصوصی قسم جو لاکھ کے ڈیپازٹ کے حصول پر مرکوز تھی جس کا بوجھ غیر ملکی کرنٹ ڈیپازٹس میں 11 فیصد نمو سے ظاہر ہے۔ چنانچہ کرنٹ اکاؤنٹ اور سیونگ اکاؤنٹ (کاسا) ڈیپازٹس کی ترکیب 31 دسمبر 2019ء کی 83 فیصد کی سطح سے بہتر ہوتے ہوئے 30 ستمبر 2020ء تک 86 فیصد پر رہی۔

اس کے نتیجے میں، بینک کے کل اثاثہ جات 31 دسمبر 2019ء کو 1,481,121 ملین روپے کے حجم کے مقابلے میں 30 ستمبر 2020ء تک 1,441,688 ملین روپے پر چاہا پیچھا۔

آپکے بینک کی انجینیئر کی اساس 30 ستمبر 2020ء تک 122,048 ملین روپے کی مضبوط سطح پر درج ہوئی جو کہ 6 فیصد کی نمو کو ظاہر کرتی ہے۔ جبکہ ریٹرن آن ایکٹیو اور ریٹرن آن ایٹل (Return on Assets & Return on Equity) بالترتیب 17.7 فیصد اور 1.1 فیصد کی مضبوط سطح کا مظہر ہیں۔ سرمائے کی معقولیت کی شرح (Capital Adequacy) 11.5 فیصد کی مطلوبہ ضوابطی حد کی نسبت 27 فیصد پر رپورٹ کی گئی جو کہ آپکے بینک کے سرمائے کی توانا صورتحال کی عکاسی کرتی ہے۔

#### مستقبل کی پیش بینی:

کردہ دلائل سے متعلق لاک ڈاؤن سے معاشی بحالی کا ابتدائی سڑوق سے زیادہ حیران کن ہے کہ آئی ایم ایف نے سال 2020ء میں معاشی نمو کے اسپیڈ پیسے کو مزید بھتر بناتے ہوئے اس کے سکڑاؤ میں 4.4 فیصد تک کی کمی کا اندازہ کیا ہے۔ جو کہ تیسری سہ ماہی میں زیادہ مضبوط بحالی کا اشارہ ہے تاہم طلب میں کمی کی بدولت عالمی اثرات پر چھائی پڑی، لاکھ اور پیچہ دار میں مبالغہات کے اثرات، خاص کارکردگی اور عالمگیر دہائی متوقع دوسری اہری پیش بینی کے تحت جاری سماجی فاصلوں کی وجہ سے عالمی تیزی ڈی پی کی نمو کی شرح کو مزید حقیقت پسندانہ بناتے ہوئے 5.4 فیصد سے 5.2 فیصد پر یقین کیا گیا ہے۔ سال 2021ء کے لیے تعمیراتی اصلاحات اور صحت عامہ کے کسی بھی جہاں بحران سے مضبوط تحفظ کے لیے اقدامات کی تازہ ضرورت ہے۔

معیشت کے قوی عائد کے حوالہ سے، آئی ایم ایف کے اندازوں کے مطابق تیزی ڈی پی کی نمو سال 2021ء میں 1 فیصد رہنے کی توقع ہے۔ جبکہ سال 2025ء تک یہ بے بدلت اضافے کے ساتھ 5 فیصد تک پہنچتی ہے۔ نمو کے حتمی نتائج، بین الاقوامی قرضوں کی کڑی شرائط، سست رفتار معاشی سرگرمی، بلند ہوتی بیرونی دہائی اور عالمگیر دہائی پوری دنیا پر اثرات پھنسر کثیر اطراف خدشات کو دور کرنے کے تابع ہیں۔

صنعت سازی اور تعمیرات سے متعلق سرگرمیاں جن کو اسٹیٹ بینک آف پاکستان کی جانب مقامی پالیسیوں کا تعاون حاصل رہا، جس میں عبوری معاشی ری فنانس کی کھولت اور نمکوت کی جانب سے مکافوں اور تعمیرات کے شعبہ کے لیے امداد کے اعلان کی وجہ سے حقیقی شعبہ کی ترقی میں بحالی کی توقع کی جا رہی ہے۔

بیرونی حوالے سے مالی سال 2021ء میں ادائیگیوں کے توازن اور غیر ملکی زرمبادلہ کے ذخائر میں ایک لچکدار اور مارکیٹ پر منحصر شرح تبادلہ کے دور میں، بہتری کے رجحان کے جاری رہنے کی توقع ہے۔ پاکستان کے نمایاں تجارتی شرکت واردوں کی معاشی بحالی کی بنیاد پر، برآمدات میں تیزی کے امکانات ہیں۔ غیر ضروری اشیاء کی درآمد پر زیادہ ڈیوٹی کے باوجود، ٹیکس ایمل ہوئے۔ مالی سال 2019-20ء میں کم ترین سطح سے فیصل نظر، درآمدات میں اس معاشی بحالی کے رد عمل کے طور پر اضافہ ہونے کا اندیشہ ہے۔

عوام الناس اور کاروباری طبقے کی مدد کے لیے اپنے درمیانی کردار کو برقرار رکھتے ہوئے بینکنگ کا شعبہ ایک ناقابل بیان معاشی اور کاروباری صورتحال سے گزر رہا ہے۔ جس میں کاروبار کے ارتقائی ماحول، ٹیکنالوجی سے متعلق جاری ترقی و فروغ، بڑھتے ہوئے سائبر سکیورٹی خدشات اور کووڈ - 19 کی دوسری لہر کے متوقع پھیلاؤ کے پیش نظر کاروبار کے مواقع اور نجی شعبہ کے قرض کی طلب میں گھٹان جیسے انواع اقسام کے چیلنجز ابھر رہے ہیں۔

کووڈ - 19 کے پھیلاؤ سے درجنوں ممالک حالات سے قطع نظر، پاکستان کی بینکنگ کی صنعت کی طویل المدت نمو کے محرکات محفوظ اور برقرار ہیں جبکہ ناقابل ٹیکنالوجی اور مالیاتی ٹیکنالوجی مسابقتی میدان کو ایک بنیاد بن رہی ہیں۔ بینکنگ کا شعبہ ایک چارہ ہے کہ اسے مالی نمو، معقول پالیسی اور ضوابطی اصلاحات اور ای بینکنگ کے ارتقائی پلیٹ فارم میں آسانی کے لیے صارفین کی ابھرتی توقعات کے بارے میں ترقی کے لیے صنعت کی رہنمائی کر سکے۔

معاشی اور سماجی چیلنجز کا مکمل ادراک رکھتے ہوئے آپ کے بینک نے مائی بی ایل والٹ (My ABL Wallet) کا کامیابی سے اجراء کیا ہے تاکہ بینکنگ کی وسیع درجہ ضروریات کو روایتی بینک کاؤنٹ رکھے بغیر آسانی اور سہولت سے پورا کیا جاسکے۔

آپ کے بینک نے دیزا کونٹیکٹ لیس ڈیبٹ کارڈ (Visa Contactless Debit Card) جو کہ این ایف سی (NFC) کے نام سے بھی جانا جاتا ہے، کے اجراء سے ایک مزید سنگ میل عبور کیا ہے تاکہ اپنے صارفین کو جدید ترین اور بغیر رابطے کے انٹلجی کی سہولت فراہم کی جاسکے۔

آپ کے بینک کو ہمیشہ یہ فرما رہا ہے کہ اس نے اپنے صارفین کی وسیع اساس کی ضرورت کے منظر انکی سہولت کے لیے اہل مسابقتی خدمات کا آغاز کیا ہے۔ چنانچہ اپنے ان بڑھ چڑھ رہے صارفین کی ضروریات کو پورا کرنے کے لیے الائیڈ بیسیک ڈیبٹ کارڈ (Allied Basic Debit Card) کا اجراء کیا گیا۔ یہ کارڈ چپ اداروں سے سکیورٹی اور پورے پاکستان میں کسی بھی اسے این ایم اور پی ایل اس (POS) مشین پر استعمال کی آزادی اور سہولت فراہم کرتا ہے۔

ڈیجیٹلائزیشن کی طرف قدم بڑھاتے ہوئے الائیڈ آسان کی تمام اقسام کے اکاؤنٹس کی ویسٹروس کی اوپنک (Self Service Kiosk) (ایس ایس کے) کے ذریعے کھولنے کی سہولت ٹاپ 100 برانچوں میں فراہم کر دی گئی ہے تاکہ صارفین اپنے اکاؤنٹس کھولنے کی درخواست کو جگ کر سکیں۔

اپنے صارفین کو یلغار اور بہتر تجربے کی راہ پر گامزن رکھتے ہوئے بینک نے اپنی برانچوں میں سکرز 360 ویو (Customer's 360 view) کا آغاز کیا ہے۔ یہ ڈیجیٹل یورڈ صارف کے بارے میں اس کے اکاؤنٹ کی سطح کی بجائے، اس کے مکمل تعلق کے بارے میں معلومات فراہم کرے گا جس سے تمام غلط فہمیوں کو ختم کیا جاسکے، جو صارف کا سامنا کرتا ہے، دیگر پراڈکٹس (کراس سِل / اپ سِل / کراس سِل / اپ سِل) (Cross Sell / up Sell) کی طرف راغب کرنے میں بھی مدد ملے گی۔

#### ایسٹریٹیجک:

دی پاکستان کریڈٹ بینک ایسٹریٹیجک لیٹھ (PACRA) نے اس سال کے دوران الائیڈ بینک کی طویل المدتی ریٹنگ کو "AAA" فریل اسے اور قلیل المدتی ریٹنگ کو "A1+" (اے ون پلس) کی اعلیٰ سطح پر برقرار رکھا ہے۔ یہ درجہ بینڈ بینک کی مضبوط معیسی سرمایہ کی بنیاد اور سیال پڑ پڑی 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 مضبوط کیا ہے جو بلند ترین ایسٹریٹیجک کریڈٹ ریٹنگ کے حامل ہیں۔

#### کارپوریٹ گورننس ریٹنگ:

وی آئی ایس (VIS) کریڈٹ ریٹنگ ایجنسی لیٹھ نے الائیڈ بینک لیٹھ کی کارپوریٹ گورننس کی درجہ بندی کو "CGR+9" کی سطح پر برقرار رکھا ہے۔ ریٹنگ کی یہ بھجری کارپوریٹ گورننس کے اعلیٰ ترین معیار اور بورڈ اور آپ کے بینک کی مینجمنٹ کے ایک مضبوط اور مضبوط گورننس کے نظام (فریم ورک) پر مشتمل یقین اور اعادہ کا مظہر ہے۔

#### افعام و اسناد:

یامر قابل فروخت اس ہے کہ آپ کے بینک کی لگھدار رسک مینجمنٹ، قابل اطلاق داخلی اور بین الاقوامی ضوابطی معلومات کی قیاس پر عمل رکھنا، کارپوریٹ گورننس کے اعلیٰ معیار اور بہترین خدمات فراہم کرنے کی کھن کھن زیر تجربہ عرصہ کے دوران مندرجہ ذیل ملکی اور فریق ملک یوروڈ میں بہت سہرا لیا گیا ہے:

- بیسٹ بینک آف دی ایئر (سال کا بہترین بینک) - فنانس ایسٹریٹیجک ایوارڈ 2020ء
- کارپوریٹ اسکینس ایوارڈ - مینجمنٹ ایسٹریٹیجک آف پاکستان
- ٹیلی کام ڈیل آف دی ایئر - فریل اسے، ایسٹریٹیجک ایئر لائنر ایئر 2020ء
- پاکستان ڈیویسک ایسٹریٹیجک آف دی ایئر برائے گرین بینکنگ، اے پی ایف ہول سیل بینکنگ ایوارڈ 2020ء
- بیسٹ موبائل بینکنگ ایپ - پاکستان ڈیجیٹل ایوارڈ 2020ء
- بیسٹ ڈیجیٹل ایڈویشن - پاکستان ڈیجیٹل ایوارڈ 2020ء
- بیسٹ ایپ ڈیویسک ایئر لائنر مارکیٹ ایوارڈ - پاکستان ڈیجیٹل ایوارڈ 2020ء
- گرین ڈیل آف دی ایئر اسے پی ایف کارپوریٹ ایئر لائنر سسٹم بینکنگ ایوارڈ 2020ء
- سٹریٹیجک لوڈ آف دی ایئر اسے پی ایف کارپوریٹ ایئر لائنر سسٹم بینکنگ ایوارڈ 2020ء
- بیسٹ بینک آف دی ایئر 2019ء - رزپ - لارنچ بینکس - سی ایف اے سوسائٹی

ہورڈ آف ڈائریکٹرز:

ہورڈ آف ڈائریکٹرز اور ہورڈ کی ذیلی کمیٹیوں کی بناوٹ کو کارپوریٹ معلومات کے جڑ میں درج کیا گیا ہے۔ غیر انتظامی ڈائریکٹرز کو ہورڈ یا / 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 نہیں کیا جاتا ہے۔ اسی طرح ایسی سفارشات جن پر سرکلیشن کے ذریعہ غور اور جانچا جاتا ہے ان کا بھی کوئی معاوضہ نہیں دیا جاتا۔

سلیم حسین:

ہم، ہورڈ اور مینجمنٹ کی جانب سے، اپنے قابل قدر صارفین کے الائیڈ بینک ہانگے اتحاد کے لیے بہت ممنون ہیں۔ ہم بینک کے لیے تعاون پر اپنے معزز شیئر ہولڈرز کا بھی تہہ دل سے شکریہ ادا کرتے ہیں۔ اسٹیٹ بینک آف پاکستان، سکیورٹی اینڈ اینڈریجنگ کمیشن آف پاکستان، اور دیگر انتظامی اداروں کا ان کی مسلسل رہنمائی اور تعاون پر اور اپنے ملازمین کی لگن اور اعلیٰ خدمات پر مشکور ہیں۔

منجانب ویرائے ہورڈ آف ڈائریکٹرز

محمد نسیم مختار  
چیرمین ہورڈ آف ڈائریکٹرز

ایزو رزاق گل  
چئم مقام چیف ایگزیکٹو آفیسر

لاہور

21 اکتوبر 2020ء

# UNCONSOLIDATED **FINANCIAL STATEMENTS**

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for the nine months ended September 30, 2020



# Unconsolidated Statement of Financial Position

(Un-audited) as at September 30, 2020

	Note	September 30, 2020	(Audited) December 31, 2019
Rupees in '000			
<b>ASSETS</b>			
Cash and balances with treasury banks	7	111,505,631	119,943,828
Balances with other banks	8	187,172	602,582
Lendings to financial institutions - net	9	4,876,057	13,606,921
Investments - net	10	788,218,610	757,956,993
Advances - net	11	440,377,960	485,015,881
Fixed assets	12	65,483,065	62,114,648
Intangible assets	13	2,720,119	1,969,051
Deferred tax assets		-	-
Other assets - net	14	28,319,398	39,911,348
		1,441,688,012	1,481,121,252
<b>LIABILITIES</b>			
Bills payable	16	9,577,698	7,878,626
Borrowings	17	145,896,251	266,448,386
Deposits and other accounts	18	1,122,372,447	1,049,043,032
Liabilities against assets subject to finance lease		-	-
Sub-ordinated debt		-	-
Deferred tax liabilities - net	19	3,974,185	5,898,310
Other liabilities	20	37,819,386	36,502,065
		1,319,639,967	1,365,770,419
<b>NET ASSETS</b>		<b>122,048,045</b>	<b>115,350,833</b>
<b>REPRESENTED BY</b>			
Share capital	21	11,450,739	11,450,739
Reserves		23,963,083	22,270,225
Surplus on revaluation of assets - net of tax	22	24,115,288	25,808,658
Unappropriated profit		62,518,935	55,821,211
		122,048,045	115,350,833

## CONTINGENCIES AND COMMITMENTS

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

Mehmud ul Hassan  
Chief Financial Officer

Zafar Iqbal  
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 nine months ended September 30, 2020

		Nine Months Ended		Quarter Ended	
	Note	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Rupees in '000					
Mark-up / return / interest earned	25	86,630,080	86,984,735	24,682,984	34,974,607
Mark-up / return / interest expensed	26	49,444,978	58,204,451	12,504,921	24,927,798
Net mark-up / interest income		37,185,102	28,780,284	12,178,063	10,046,809
NON MARK-UP / INTEREST INCOME					
Fee and commission income	27	4,029,451	3,667,616	1,256,122	1,145,851
Dividend income		854,884	1,327,733	142,678	426,813
Foreign exchange income		1,295,358	1,611,094	608,150	354,104
Income from derivatives		-	-	-	-
Gain on securities - net	28	2,837,772	852,795	412,027	467,185
Other income	29	128,716	361,160	29,149	98,316
Total non mark-up / interest income		9,146,181	7,820,398	2,448,126	2,492,269
Total income		46,331,283	36,600,682	14,626,189	12,539,078
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	30	21,817,939	19,943,929	7,418,347	6,942,110
Workers welfare fund		492,240	353,555	147,988	114,239
Other charges	31	169,225	104,123	79,444	94,036
Total non mark-up / interest expenses		22,479,404	20,401,607	7,645,779	7,150,385
Profit before provisions		23,851,879	16,199,075	6,980,410	5,388,693
Provisions / (reversals) and write offs - net	32	2,408,381	(356,364)	199,380	(67,231)
Extra-ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		21,443,498	16,555,439	6,781,030	5,455,924
Taxation	33	9,033,503	7,150,089	2,784,564	2,136,279
PROFIT AFTER TAXATION		12,409,995	9,405,350	3,996,466	3,319,645
In Rupees					
Basic and Diluted earnings per share	34	10.84	8.21	3.49	2.90

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

Mehmud ul Hassan  
Chief Financial Officer

Zafar Iqbal  
Director

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President and Chief Executive

Mohammad Naeem Mukhtar  
Chairman

Dr. Muhammad Akram Sheikh  
Director

# Unconsolidated Statement of Comprehensive Income

(Un-audited) for the nine months ended September 30, 2020

	Nine Months Ended		Quarter Ended	
	September 30,	September 30,	September 30,	September 30,
	2020	2019	2020	2019
	Rupees in '000			
Profit after taxation for the period	12,409,995	9,405,350	3,996,466	3,319,645
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Effect of translation of net investment in foreign branches	451,858	642,123	(87,232)	(152,258)
Movement in deficit on revaluation of investments - net of tax	(1,561,270)	(2,375,683)	(2,188,691)	(379,056)
	(1,109,412)	(1,733,560)	(2,275,923)	(531,314)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Movement in deficit on revaluation of non-banking assets - net of tax	(23,075)	-	-	-
	(23,075)	-	-	-
Total comprehensive income	11,277,508	7,671,790	1,720,543	2,788,331

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

Mehmud ul Hassan  
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Director

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Chairman

Dr. Muhammad Akram Sheikh  
Director

# Unconsolidated Cash Flow Statement

(Un-audited) for the nine months ended September 30, 2020

	Note	September 30, 2020	September 30, 2019
Rupees in '000			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		21,443,498	16,555,439
Less: Dividend income		(854,884)	(1,327,733)
		20,588,614	15,227,706
<b>Adjustments:</b>			
Depreciation		2,697,187	2,444,525
Depreciation on right of use assets		1,351,844	1,205,402
Interest expense on lease liability		764,095	739,634
Amortization		192,748	333,796
Net provision / (reversals) and write offs	32	2,409,516	(212,799)
Unrealized loss on revaluation of 'held-for-trading' securities		1,138	5,384
Provision for workers welfare fund - net		492,240	353,555
Gain on sale of fixed assets and non-banking assets - net		(64,645)	(272,491)
		7,844,123	4,597,006
		28,432,737	19,824,712
<b>(Increase) / decrease in operating assets</b>			
Lendings to financial institutions		8,730,864	24,389,391
Held-for-trading securities		17,211,016	(21,754,739)
Advances		42,754,138	5,992,011
Other assets (excluding advance taxation)		8,268,470	(5,220,069)
		76,964,488	3,406,594
<b>Increase / (decrease) in operating liabilities</b>			
Bills payable		1,699,072	(951,158)
Borrowings		(121,056,633)	94,036,044
Deposits and other accounts		73,329,415	35,725,315
Other liabilities (excluding current taxation)		802,072	13,102,825
		(45,226,074)	141,913,026
		60,171,151	165,144,332
Income tax paid		(6,875,645)	(6,394,131)
<b>Net cash flow generated from operating activities</b>		53,295,506	158,750,201
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investments in 'available-for-sale' securities		(50,294,370)	(153,471,780)
Net investments / realizations from 'held-to-maturity' securities		(175,691)	2,549,597
Dividend received		851,911	994,799
Investments in fixed assets and intangible assets		(7,278,021)	(5,104,272)
Proceeds from sale of fixed assets		123,924	359,581
Effect of translation of net investment in foreign branches		451,858	642,123
<b>Net cash flow used in investing activities</b>		(56,320,389)	(154,029,952)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Payment of lease liability against right of use assets		(1,763,945)	(1,265,315)
Dividend paid		(4,569,277)	(6,839,179)
<b>Net cash flow used in financing activities</b>		(6,333,222)	(8,104,494)
Effect of exchange rate changes on opening cash and cash equivalents		(1,106,341)	(2,568,948)
<b>Decrease in cash and cash equivalents during the period</b>		(10,464,446)	(5,953,193)
<b>Cash and cash equivalents at beginning of the period</b>		121,588,543	104,088,793
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>		111,124,097	98,135,600

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

Zafar Iqbal  
Director

Mohammad Naeem Mukhtar  
Chairman

# Unconsolidated Statement of Changes In Equity

(Un-audited) for the nine months ended September 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 nine months ended September 30, 2019	-	-	-	-	-	-	-	9,405,350	9,405,350
Other Comprehensive Income - net of tax	-	-	-	-	-	-	-	-	-
Deficit on revaluation of investments - net of tax	-	-	-	-	(2,375,683)	-	-	-	(2,375,683)
Effect of translation of net investment in foreign branches	-	642,123	-	-	-	-	-	-	642,123
	-	642,123	-	-	(2,375,683)	-	-	-	(1,733,560)
Transfer to statutory reserve	-	-	940,535	-	-	-	-	(940,535)	-
Transferred from surplus in respect of incremental depreciation of fixed assets to un-appropriated profit-net of tax	-	-	-	-	-	(74,776)	-	74,776	-
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	-	-	-	-	-	-	(1,668)	1,668	-
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)
Second interim cash dividend for the year ended December 31, 2019 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
	-	-	-	-	-	-	-	(8,870,444)	(8,870,444)
Balance as at September 30, 2019	11,450,739	1,881,424	19,971,749	6,000	2,810,086	15,670,904	1,970,589	54,344,688	108,106,179
Profit after taxation for the nine months ended December 31, 2019	-	-	-	-	-	-	-	4,707,561	4,707,561
Other Comprehensive Income - net of tax	-	-	-	-	-	-	-	-	-
Surplus on revaluation of investments - net of tax	-	-	-	-	4,618,895	-	-	-	4,618,895
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	-	(59,704)	-	-	-	-	-	-	(59,704)
	-	(59,704)	-	-	4,618,895	-	770,648	(502,598)	4,827,241
Transfer to statutory reserve	-	-	470,756	-	-	-	-	(470,756)	-
Transferred from surplus in respect of incremental depreciation of fixed assets to un-appropriated profit-net of tax	-	-	-	-	-	(31,908)	-	31,908	-
Transferred from surplus in respect of incremental depreciation of non-banking assets to un-appropriated profit-net of tax	-	-	-	-	-	-	(556)	556	-
Transactions with owners, recognized directly in equity	-	-	-	-	-	-	-	-	-
Third interim cash dividend for the year ended December 31, 2019 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
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 nine months ended September 30, 2020	-	-	-	-	-	-	-	12,409,995	12,409,995
Other Comprehensive Income - net of tax	-	-	-	-	-	-	-	-	-
Deficit on revaluation of investments - net of tax	-	-	-	-	(1,561,270)	-	-	-	(1,561,270)
Deficit on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	(23,075)	-	(23,075)
Effect of translation of net investment in foreign branches	-	451,858	-	-	-	-	-	-	451,858
	-	451,858	-	-	(1,561,270)	-	(23,075)	-	(1,132,487)
Transfer to statutory reserve	-	-	1,241,000	-	-	-	-	(1,241,000)	-
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	-	-	-	-	-	(75,063)	-	75,063	-
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	-	-	-	-	-	-	(8,646)	8,646	-
Transactions with owners, recognized directly in equity	-	-	-	-	-	-	-	-	-
Final cash dividend for the year ended December 31, 2019 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
First interim cash dividend for the year ending December 31, 2020 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
	-	-	-	-	-	-	-	(4,580,296)	(4,580,296)
Balance as at September 30, 2020	11,450,739	2,273,578	21,683,505	6,000	5,867,711	17,387,572	860,006	62,518,935	122,048,045

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

Zafar Iqbal  
Director

Mohammad Naeem Mukhtar  
Chairman

# Notes to the Unconsolidated Condensed Interim Financial Statements

## (Un-audited) for the nine months ended September 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 1,383 (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. Further, according to a notification of SECP dated April 28, 2008, International Financial Reporting Standard 7 'Financial Instruments

# Notes to the Unconsolidated Condensed Interim Financial Statements

## (Un-audited) for the nine months ended September 30, 2020

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)
- 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 / DFLs 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 nine months ended September 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:

#### Impact of COVID-19 on the Financial Statements

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 nine months ended September 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 current year resulting in 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 dated March 26, 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 is 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 Conservation 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 September 30, 2020 stands at a sound level of 27.07%, 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 nine months ended September 30, 2020

(Audited)  
September 30, December 31,  
2020 2019

Rupees in '000

## 7 CASH AND BALANCES WITH TREASURY BANKS

In hand		
Local currency	17,801,694	13,645,304
Foreign currencies	2,286,619	1,008,793
	20,088,313	14,654,097
Remittances in transit	620,272	1,528,644
With State Bank of Pakistan (SBP) in		
Local currency current accounts	61,731,704	51,250,399
Foreign currency current account	70,401	91,812
Foreign currency deposit accounts (non-remunerative)	4,867,002	5,515,729
Foreign currency deposit accounts (remunerative)	9,713,623	16,509,764
	76,382,730	73,367,704
With National Bank of Pakistan in		
Local currency current accounts	14,355,797	30,059,400
Prize Bonds	58,519	333,983
	111,505,631	119,943,828

## 8 BALANCES WITH OTHER BANKS

Outside Pakistan		
In current accounts	170,627	300,295
In deposit accounts	16,545	302,287
	187,172	602,582

## 9 LENDINGS TO FINANCIAL INSTITUTIONS

Repurchase agreement lendings (Reverse Repo)	3,942,271	2,052,491
Musharaka lendings	-	1,000,000
Bai muajjal receivable		
with State Bank of Pakistan	933,786	2,704,142
with other financial institutions	-	7,850,288
Certificates of investment	70,000	70,000
	4,946,057	13,676,921
Less: Provision held against lendings to financial institutions	(70,000)	(70,000)
Lendings to financial institutions - net of provision	4,876,057	13,606,921

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2020

	September 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>

	September 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	2,651,379	-	(1,138)	2,650,241	19,862,396	-	5,767	19,868,163
<b>Available-for-sale securities</b>								
Federal Government Securities*	722,715,469	(24,238)	3,073,433	725,764,664	677,300,056	(15,961)	1,689,073	678,973,168
Shares	19,552,050	(2,071,080)	5,930,297	23,411,267	24,349,646	(3,202,822)	9,686,372	30,833,196
Non Government Debt Securities	21,636,567	(21,071)	23,162	21,638,658	13,633,213	(21,071)	(37,667)	13,574,475
Foreign Securities	1,037,693	-	-	1,037,693	1,037,692	-	-	1,037,692
Open Ended Mutual Funds	25,000	-	355	25,355	63,834	-	91,424	155,258
	764,966,779	(2,116,389)	9,027,247	771,877,637	716,384,441	(3,239,854)	11,429,202	724,573,789
<b>Held-to-maturity securities</b>								
Federal Government Securities	13,190,732	-	-	13,190,732	13,015,041	-	-	13,015,041
Non Government Debt Securities	344,260	(344,260)	-	-	344,260	(344,260)	-	-
	13,534,992	(344,260)	-	13,190,732	13,359,301	(344,260)	-	13,015,041
<b>Subsidiaries</b>								
	500,000	-	-	500,000	500,000	-	-	500,000
<b>Total Investments</b>	<b>781,653,150</b>	<b>(2,460,649)</b>	<b>9,026,109</b>	<b>788,218,610</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 nine months ended September 30, 2020

		(Audited) September 30, 2020	December 31, 2019
		Rupees in '000	
<b>10.1.1 Investments given as collateral - at market value</b>			
Market Treasury Bills		31,506,307	145,442,739
Pakistan Investment Bonds		35,245,000	48,417,010
GOP Foreign Currency Sukuks (US\$)		-	2,957,611
GOP Foreign Currency Bonds (US\$)		-	-
<b>Total Investments given as collateral</b>		<b>66,751,307</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		1,074	3,163
Charge / (reversals)			
Charge for the period / year		607,555	1,118,302
Reversals for the period / year		(18,988)	(139,161)
		588,567	979,141
Reversal on disposals		(1,713,106)	(52,729)
Closing Balance		2,460,649	3,584,114

	(Audited)			
	September 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*	4,141,412	24,238	3,869,387	15,961
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	-	-	-	-
>365 days	-	-	-	-
	4,141,412	24,238	3,869,387	15,961
<b>Total</b>	<b>4,506,743</b>	<b>389,569</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 September 30, 2020 amounted to Rs. 11,528.9 million (December 31, 2019: Rs. 10,848.5 million).

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2020

	Performing		Non Performing		Total	
	Audited		Audited		Audited	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Rupees in '000						
11 ADVANCES						
Loans, cash credits, running finances, etc.	415,403,706	467,845,262	13,097,162	14,450,873	428,500,868	482,296,135
Islamic financing and related assets 39.3	21,951,971	12,615,228	-	-	21,951,971	12,615,228
Bills discounted and purchased	3,722,912	3,853,892	1,419,912	1,403,045	5,142,824	5,256,937
Advances - gross 11.1	441,078,589	484,314,382	14,517,074	15,853,918	455,595,663	500,168,300
Provision against advances						
Specific 11.2 & 11.3	-	-	(13,880,798)	(15,112,624)	(13,880,798)	(15,112,624)
General 11.3	(1,336,905)	(39,795)	-	-	(1,336,905)	(39,795)
	(1,336,905)	(39,795)	(13,880,798)	(15,112,624)	(15,217,703)	(15,152,419)
Advances - net of provision	439,741,684	484,274,587	636,276	741,294	440,377,960	485,015,881

(Audited)  
September 30, December 31,  
2020 2019

Rupees in '000

## 11.1 Particulars of advances (Gross)

In local currency	450,803,164	484,420,108
In foreign currencies	4,792,499	15,748,192
	455,595,663	500,168,300

11.2 Advances include Rs. 14,517.074 million (December 31, 2019: Rs. 15,853.918 million) which have been placed under non-performing status as detailed below:

	September 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	62,043	264	35,436	449
Substandard	241,226	59,265	809,938	202,107
Doubtful	785,072	392,536	196,952	98,476
Loss	13,428,733	13,428,733	14,811,592	14,811,592
Total	14,517,074	13,880,798	15,853,918	15,112,624

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2020

		September 30, 2020			(Audited) December 31, 2019		
	Note	Specific	General	Total	Specific	General	Total
Rupees in '000							
11.3Particulars of provision against advances							
Opening balance		15,112,624	39,795	15,152,419	15,533,497	15,868	15,549,365
Exchange adjustments		-	1,830	1,830	-	(896)	(896)
Charge for the period / year	11.3.2	850,751	1,320,206	2,170,957	589,752	24,823	614,575
Reversals		(379,717)	(24,926)	(404,643)	(1,008,707)	-	(1,008,707)
		471,034	1,295,280	1,766,314	(418,955)	24,823	(394,132)
Amounts written off		(1,702,860)	-	(1,702,860)	(1,918)	-	(1,918)
Closing balance		13,880,798	1,336,905	15,217,703	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	September 30, 2020	December 31, 2019	
Rupees in '000				
12	FIXED ASSETS			
	Capital work-in-progress	12.1	4,018,277	2,991,144
	Property and equipment		53,796,459	51,103,181
	Right-of-Use of Assets		7,668,329	8,020,323
			65,483,065	62,114,648
12.1	Capital work-in-progress			
	Civil works		3,625,897	2,219,464
	Equipment		416	6,546
	Advances to suppliers		391,964	765,134
			4,018,277	2,991,144

## 12.2 Additions to fixed assets

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

	September 30, 2020	September 30, 2019
Rupees in '000		
Capital work-in-progress	980,332	1,060,262
<b>Property and equipment</b>		
Freehold land	3,115,551	1,139,128
Leasehold land	554,130	-
Building on freehold land	142,813	144,952
Building on leasehold land	45,985	81,642
Furniture and fixture	246,406	156,525
Electrical office and computer equipment	856,621	1,141,912
Vehicles	73,110	394,913
Others-building improvements	351,110	257,297
	5,385,726	3,316,369
Right-of-Use of Assets	465,869	402,695
<b>Total</b>	<b>6,831,927</b>	<b>4,779,326</b>

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2020

## 12.3 Disposal of fixed assets

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

	September 30, 2020	September 30, 2019
	Rupees in '000	
Furniture and fixture	354	1,483
Electrical office and computer equipment	1,915	10,835
Vehicles	7,708	18,779
Building	48,810	73,349
<b>Total</b>	<b>58,787</b>	<b>104,446</b>

	September 30, 2020	(Audited) December 31, 2019
	Rupees in '000	

<b>13 INTANGIBLE ASSETS</b>		
Capital work-in-progress	1,093,050	644,315
Computer Software	1,627,069	1,324,736
	<b>2,720,119</b>	<b>1,969,051</b>

<b>13.1 Capital work-in-progress</b>		
Software	1,066,254	617,519
Advances to suppliers	26,796	26,796
	<b>1,093,050</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:

	September 30, 2020	September 30, 2019
	Rupees in '000	
Directly purchased	-	-
Capital work-in-progress	448,736	485,766
Software	495,079	147,101
<b>Total</b>	<b>943,815</b>	<b>632,867</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 nine months ended September 30, 2020

	Note	September 30, 2020	(Audited) December 31, 2019
Rupees in '000			
<b>14 OTHER ASSETS</b>			
Income / Mark-up accrued in local currency		14,288,946	20,573,788
Income / Mark-up accrued in foreign currency		152,467	245,676
Advances, deposits, advance rent and other prepayments		1,362,817	888,144
Advance taxation (payments less provisions)		588,973	3,817,847
Non-banking assets acquired in satisfaction of claims		1,012,584	1,609,193
Acceptances		4,810,737	5,182,716
Due from the employees' retirement benefit schemes			
Pension fund		4,815,070	4,440,411
Fraud and forgeries		538,150	524,357
Stationery and stamps in hand		365,030	286,343
Overdue FBN / FBD		116,433	97,601
Home Remittance Cell agent receivable		96,953	93,978
Receivable from SBP - customers encashments		974	6,033
Charges receivable		27,881	32,329
Suspense Account		4,193	1,387
Others		23,567	96,535
		28,204,775	37,896,338
Less: Provision held against other assets	14.1	(864,878)	(862,460)
Other assets (net of provision)		27,339,897	37,033,878
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		979,501	2,877,470
Other Assets - Total		28,319,398	39,911,348
<b>14.1 Provision held against other assets</b>			
Advances, deposits, advance rent and other prepayments		142,856	127,037
Provision against fraud and forgeries		538,150	524,357
Overdue Foreign Bills Negotiated / Discounted		24,295	24,295
Charges receivable		27,881	32,327
Others		131,696	154,444
		864,878	862,460
<b>14.1.1 Movement in provision held against other assets</b>			
Opening balance		862,460	787,203
Charge for the period / year		49,890	213,529
Reversals		(10,107)	(112,865)
Net charge		39,783	100,664
Written off / adjusted		(37,365)	(25,407)
Closing balance		864,878	862,460

## 15 CONTINGENT ASSETS

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



# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2020

		(Audited)	
		September 30, 2020	December 31, 2019
		Rupees in '000	
<b>16</b>	<b>BILLS PAYABLE</b>		
	In Pakistan	9,577,698	7,878,626
<b>17</b>	<b>BORROWINGS</b>		
	<b>Secured</b>		
	Borrowings from State Bank of Pakistan		
	Repurchase agreement borrowings	35,000,000	170,120,570
	Under Export Refinance Scheme	23,190,211	22,523,266
	Under Payroll Refinance Scheme	9,667,211	-
	Under Long Term Financing Facility	27,240,538	21,852,621
		95,097,960	214,496,457
	Repurchase agreement borrowings from Financial Institutions	31,475,290	26,585,287
	<b>Total Secured</b>	<b>126,573,250</b>	<b>241,081,744</b>
	<b>Unsecured</b>		
	Call borrowings	5,551,075	24,602,435
	Trading liability	4,816,252	-
	Overdrawn nostro accounts	568,706	64,207
	Musharaka borrowing	8,195,000	700,000
	Mudaraba borrowing	48,968	-
	Other borrowings	143,000	-
	<b>Total unsecured</b>	<b>19,323,001</b>	<b>25,366,642</b>
		<b>145,896,251</b>	<b>266,448,386</b>

		(Audited)					
		September 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	360,286,235	24,204,616	384,490,851	327,547,304	20,719,488	348,266,792
	Savings deposits	446,302,902	19,764,664	466,067,566	403,489,789	21,019,875	424,509,664
	Term deposits	93,492,803	57,019,078	150,511,881	107,203,269	63,293,352	170,496,621
	Others	21,601,860	60,509	21,662,369	19,207,173	30,890	19,238,063
		921,683,800	101,048,867	1,022,732,667	857,447,535	105,063,605	962,511,140
	Financial Institutions						
	Current deposits	48,091,206	12,045	48,103,251	39,711,458	41,039	39,752,497
	Savings deposits	48,809,675	-	48,809,675	33,722,513	-	33,722,513
	Term deposits	2,678,350	43,083	2,721,433	10,011,200	40,261	10,051,461
	Others	5,421	-	5,421	3,005,421	-	3,005,421
		99,584,652	55,128	99,639,780	86,450,592	81,300	86,531,892
		1,021,268,452	101,103,995	1,122,372,447	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. 628,087 million for December 31, 2019 (December 31, 2018: 585,901 million).

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2020

	Note	September 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		(704,194)	(115,184)
Post retirement medical benefits		(42,980)	(42,980)
Workers welfare fund		(693,264)	(520,980)
		(1,513,314)	(752,020)
<b>Taxable Temporary Differences on</b>			
Surplus on revaluation of fixed assets		1,037,627	1,091,465
Surplus on revaluation of investments		3,159,536	4,000,221
Surplus on revaluation on non-banking assets		119,495	136,789
Actuarial gains		68,002	68,002
Accelerated tax depreciation / amortization		1,089,634	1,340,647
Excess of investment in finance lease over written down value of leased assets		13,205	13,206
		5,487,499	6,650,330
		<b>3,974,185</b>	<b>5,898,310</b>
<b>20 OTHER LIABILITIES</b>			
Mark-up / return / interest payable in local currency		7,184,427	4,323,269
Mark-up / return / interest payable in foreign currencies		461,237	519,548
Accrued expenses		1,258,894	1,544,570
Retention money payable		362,207	342,559
Unearned commission and income on bills discounted		163,080	115,745
Acceptances		4,810,737	5,182,716
Unclaimed dividends		355,760	330,514
Dividend payable		9,331	23,558
Branch adjustment account		749,073	41,140
Unrealized loss on forward foreign exchange contracts		528,318	2,714,153
Provision for:			
Gratuity		606,906	606,906
Employees' medical benefits		1,377,787	1,365,237
Employees' compensated absences		661,816	668,547
Early retirement		505,744	337,527
Payable to defined contribution plan		57,375	84,946
Provision against off-balance sheet obligations	20.1	327,895	313,043
Security deposits against lease		750,821	712,112
ATM / Point of Sale settlement account		2,885,411	1,243,494
Charity fund balance		73	15
Home Remittance Cell overdraft		552,658	490,972
With-holding tax payable		217,236	2,345,071
Sundry deposits		2,424,808	2,451,078
Workers welfare fund payable		1,980,754	1,488,514
Present value of lease liability		8,792,018	8,555,677
Others		795,020	701,154
		<b>37,819,386</b>	<b>36,502,065</b>

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2020

		(Audited) September 30, 2020	(Audited) 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	14,852	6,701
	Reversals	-	-
		14,852	6,701
	Closing balance	327,895	313,043

		(Audited) September 30, 2020	(Audited) December 31, 2019		(Audited) September 30, 2020	(Audited) December 31, 2019
		Number of shares			Rupees in '000	
<b>21</b>	<b>SHARE CAPITAL</b>					
<b>21.1</b>	<b>Authorized capital</b>					
		1,500,000,000	1,500,000,000	Ordinary shares of Rs. 10/- each	15,000,000	15,000,000

<b>21.2</b>	<b>Issued, subscribed and paid-up capital</b>					
	Fully paid-up Ordinary shares of Rs. 10/- each					
		406,780,094	406,780,094	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
		1,145,073,830	1,145,073,830		11,450,739	11,450,739

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

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2020

		Note	September 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		18,425,199	16,730,460
	Non-banking assets acquired in satisfaction of claims		979,500	2,877,470
	Available-for-sale securities	10.1	9,027,247	11,429,202
			28,431,946	31,037,132
Deferred tax on surplus on revaluation of:				
	Fixed assets		(1,037,627)	(1,091,464)
	Non-banking assets acquired in satisfaction of claims		(119,495)	(136,789)
	Available-for-sale securities		(3,159,536)	(4,000,221)
			(4,316,658)	(5,228,474)
	Surplus on revaluation of assets - net of tax		24,115,288	25,808,658

## 23 CONTINGENCIES AND COMMITMENTS

	Guarantees	23.1	37,022,243	32,308,285
	Commitments	23.2	276,871,993	424,307,597
	Other contingent liabilities	23.3	8,595,111	8,923,603
			322,489,347	465,539,485

### 23.1 Guarantees

	Financial guarantees		8,383,394	4,594,077
	Performance guarantees		6,192,032	5,508,570
	Other guarantees		22,446,817	22,205,638
			37,022,243	32,308,285

### 23.2 Commitments

Documentary credits and short term trade related transactions:				
	letters of credit		65,422,092	60,392,362
Commitments in respect of:				
	forward foreign exchange contracts	23.2.1	185,711,665	358,881,918
	forward government securities transactions	23.2.2	21,931,877	513,938
	operating leases	23.2.3	257,543	320,145
Commitments for acquisition of:				
	fixed assets		3,118,314	4,199,234
	intangible assets		430,502	-
			276,871,993	424,307,597

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

	Purchase		132,390,084	220,381,401
	Sale		53,321,581	138,500,517
			185,711,665	358,881,918

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2020

		(Audited)
	September 30, 2020	December 31, 2019
	Rupees in '000	
<b>23.2.2 Commitments in respect of forward government</b>		
Purchase	6,106,468	464,217
Sale	15,825,409	49,721
	<u>21,931,877</u>	<u>513,938</u>
<b>23.2.3 Commitments in respect of operating leases</b>		
Not later than one year	32,952	76,013
Later than one year and not later than five years	127,914	213,971
Later than five years	96,677	30,161
	<u>257,543</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>	<u>8,595,111</u>	<u>8,923,603</u>

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

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

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

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

**23.3.4** While adjudicating foreign exchange repatriation cases of exporter namely: Fateh Textile Mills Limited, the Foreign Exchange Adjudicating Court (FEAC) of the State Bank of Pakistan (SBP) has arbitrarily adjudicated penalties against various banks including Rs. 2,173 million in aggregate against Allied Bank Limited (the Bank). Against the said judgments, the Bank had filed appeals before the Appellate Board and Constitutional Petitions (CP) in the High Court of Sindh, Karachi. The Honorable High Court granted relief to the Bank by way of interim orders. Meanwhile, alongwith other banks, Bank filed a further CP whereby vires of section 23C of the FE Regulations Act, 1947 was sought to be declared ultra vires. On

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2020

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.

		Nine Months Ended		Quarter Ended	
	Note	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Rupees in '000					
<b>25 MARK-UP / RETURN / INTEREST EARNED</b>					
On:					
Loans and advances		34,387,646	34,735,313	8,372,414	12,569,956
Investments		50,889,484	44,561,428	16,080,206	21,079,129
Lendings to financial institutions		1,317,413	7,356,345	230,347	1,258,786
Balances with banks		35,537	331,649	17	66,736
		86,630,080	86,984,735	24,682,984	34,974,607
<b>26 MARK-UP / RETURN / INTEREST EXPENSED</b>					
On:					
Deposits		39,182,751	41,814,000	9,682,248	16,135,925
Borrowings		5,278,939	11,713,350	1,428,569	6,499,475
Cost of foreign currency swaps against foreign currency deposits		4,219,193	3,937,467	1,151,435	2,038,775
Interest expense on lease liability		764,095	739,634	242,669	253,623
		49,444,978	58,204,451	12,504,921	24,927,798
<b>27 FEE AND COMMISSION INCOME</b>					
Card related fees (debit and credit cards)		1,435,445	1,029,350	490,334	299,930
Branch banking customer fees		966,395	1,023,995	343,439	341,557
Commission on remittances including home remittances		613,162	482,817	107,029	106,736
Investment banking fees		429,593	564,283	101,814	204,494
Commission on trade		256,665	255,726	100,071	81,297
Commission on cash management		126,217	110,127	42,020	46,790
Commission on guarantees		113,318	81,873	47,326	32,238
Commission on bancassurance		64,970	82,470	17,011	25,330
Credit related fees		20,094	33,922	5,289	6,629
Consumer finance related fees		3,592	3,053	1,789	850
		4,029,451	3,667,616	1,256,122	1,145,851
<b>28 GAIN ON SECURITIES</b>					
Realised - net	28.1	2,838,910	858,179	413,165	472,569
Unrealised - 'held for trading'	10.1	(1,138)	(5,384)	(1,138)	(5,384)
		2,837,772	852,795	412,027	467,185

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2020

Note	Nine Months Ended		Quarter Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Rupees in '000				
<b>28.1 Realised gain / (loss) on:</b>				
Federal government securities	1,657,324	551,632	75,512	164,414
Shares	1,093,163	306,547	337,761	307,785
Non government debt securities	(367)	-	(108)	370
Open ended mutual funds	88,790	-	-	-
	<u>2,838,910</u>	<u>858,179</u>	<u>413,165</u>	<u>472,569</u>
<b>29 OTHER INCOME</b>				
Recovery of written off mark-up and charges	736	11,395	510	1,227
Gain on sale of fixed assets - net	64,645	258,225	3,436	37,518
Gain on sale of non-banking assets - net	-	14,266	-	-
Other assets disposal	36,681	69,345	16,922	56,665
Rent on property	9,286	5,348	2,286	1,787
Fee for attending Board meetings	1,549	2,581	616	1,119
Income from data centre hosting service	11,811	-	4,429	-
Gain on sale of islamic financing and related assets	4,008	-	950	-
	<u>128,716</u>	<u>361,160</u>	<u>29,149</u>	<u>98,316</u>
<b>30 OPERATING EXPENSES</b>				
<b>Total compensation expense</b>	<u>10,346,369</u>	<u>9,436,742</u>	<u>3,465,355</u>	<u>3,236,342</u>
<b>Property expense:</b>				
Depreciation	3,163,981	2,891,543	1,057,611	975,699
Rent and taxes	188,756	224,654	82,051	101,737
Utilities cost	862,942	874,269	395,428	430,963
Security (including guards)	729,385	588,097	246,598	201,840
Repair and maintenance				
(including janitorial charges)	607,963	457,361	215,144	186,017
Insurance	61,270	50,786	21,420	16,939
	<u>5,614,297</u>	<u>5,086,710</u>	<u>2,018,252</u>	<u>1,913,195</u>
<b>Information technology expenses:</b>				
Depreciation	571,965	477,427	183,632	162,340
Amortization	192,748	333,796	68,337	110,555
Network charges	529,407	439,855	197,777	133,377
Software maintenance	466,833	355,863	192,273	132,987
Hardware maintenance	301,653	230,996	94,627	69,382
Others	5,383	5,886	(13,614)	2,266
	<u>2,067,989</u>	<u>1,843,823</u>	<u>723,032</u>	<u>610,907</u>
<b>Other operating expenses:</b>				
Insurance	873,202	862,685	292,169	316,127
Outsourced service costs	564,551	440,363	188,564	151,742
Stationery and printing	300,561	305,971	107,309	116,646
Cash in Transit service charge	404,591	347,594	145,586	144,918
Marketing, advertisement and publicity	478,624	586,449	68,611	91,880
Depreciation	170,413	161,383	56,335	55,773
Travelling and conveyance	115,210	137,987	28,244	47,238
Postage and courier charges	111,139	76,903	37,544	30,997
NIFT clearing charges	88,721	87,046	28,828	29,997
Communication	68,343	65,566	23,218	21,235
Legal and professional charges	119,601	65,372	66,772	20,549
Auditors Remuneration	12,877	15,811	4,269	2,638
Directors fees and allowances	23,010	19,474	9,883	5,358
Fees and allowances to Shariah Board	4,647	4,544	1,566	1,515
Training and development	52,500	55,525	5,195	17,425
Donations	118,217	52,535	42,886	18,903
Others	283,077	291,446	104,729	108,725
	<u>3,789,284</u>	<u>3,576,654</u>	<u>1,211,708</u>	<u>1,181,666</u>
	<u>21,817,939</u>	<u>19,943,929</u>	<u>7,418,347</u>	<u>6,942,110</u>

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2020

		Nine Months Ended		Quarter Ended	
	Note	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Rupees in '000					
<b>31 OTHER CHARGES</b>					
Penalties imposed by State Bank of Pakistan		22,092	32,838	21,815	32,755
Education cess		46,930	39,644	23,428	39,644
Depreciation - non-banking assets		25,203	14,879	8,458	4,960
Others		75,000	16,667	25,743	16,667
Other assets written off		-	95	-	10
		<u>169,225</u>	<u>104,123</u>	<u>79,444</u>	<u>94,036</u>
<b>32 PROVISIONS AND WRITE OFFS - NET</b>					
Provision for diminution					
in the value of investments	10.2.1	588,567	(128,028)	1,007	(7,776)
Provision / (reversal)					
against loans and advances	11.3	1,766,314	(156,584)	172,417	(56,414)
Provision against other assets	14.1.1	39,783	71,813	13,607	17,163
Provision against off-balance					
sheet obligations	20.1	14,852	-	13,401	-
Bad debts written off directly		-	-	-	-
		<u>2,409,516</u>	<u>(212,799)</u>	<u>200,432</u>	<u>(47,027)</u>
Recovery against written off bad debts		(1,135)	(143,565)	(1,052)	(20,204)
		<u>2,408,381</u>	<u>(356,364)</u>	<u>199,380</u>	<u>(67,231)</u>
<b>33 TAXATION</b>					
Current - for the period	33.1	10,099,649	6,676,965	2,981,450	2,192,400
- for prior year		-	834,833	-	-
		<u>10,099,649</u>	<u>7,511,798</u>	<u>2,981,450</u>	<u>2,192,400</u>
Deferred - current		(1,066,146)	(361,709)	(196,886)	(56,121)
		<u>9,033,503</u>	<u>7,150,089</u>	<u>2,784,564</u>	<u>2,136,279</u>
<b>33.1</b> This also includes proportionate super tax charge of Rs. 984.480 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>12,409,995</u>	<u>9,405,350</u>	<u>3,996,466</u>	<u>3,319,645</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>10.84</u>	<u>8.21</u>	<u>3.49</u>	<u>2.90</u>

There is no dilution effect on basic earnings per share.



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

September 30, 2020											
	Carrying Value			Fair Value							
	Held to Maturity	Held for Trading	Available for Sale	Financing and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Rupees in '000											
On-Balance sheet Financial Instruments											
Financial assets-measured at fair value											
Investments											
Shares / Open Ended Mutual Funds			21,488,294				21,488,294	21,488,294	25,355		21,488,294
Federal Government Securities		2,650,241	725,764,664				728,414,905	728,414,905			728,414,905
Non Government Debt Securities			13,877,497				13,877,497		13,877,497		13,877,497
Financial assets-not measured at fair value											
Cash and balances with treasury banks					111,505,631		111,505,631				
Balances with other banks					187,172		187,172				
Lendings				4,876,057			4,876,057				
Advances				440,377,960			440,377,960				
Other assets					24,742,322						
Investments (HFM, unlisted ordinary shares, term certificates, sukuk, subsidiaries)	13,190,732		11,267,192				24,457,914				
	13,190,732	2,650,241	772,377,637	445,254,017	136,435,125		1,369,907,762	21,442,938	742,317,767		763,760,696
Financial liabilities-measured at fair value											
Trading Liability											
Financial liabilities-not measured at fair value											
Bills payable						9,577,698	9,577,698				
Borrowings						145,896,251	145,896,251				
Deposits and other accounts						1,122,372,447	1,122,372,447				
Other liabilities						36,742,418	36,742,418				
						1,314,598,814	1,314,598,814				
Off-balance sheet financial instruments-measured at fair value											
Forward purchase of foreign exchange contracts					185,711,665		185,711,665				185,711,665
Forward government securities transactions					21,931,877		21,931,877				21,931,877
Forward purchase of Federal					207,643,542		207,643,542				207,643,542

## Notes to the Unconsolidated Condensed Interim Financial Statements

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	19,888,163	28,613,526	-	-	-	28,613,526	28,458,266	155,258	-	28,613,526
Federal Government Securities	-	678,973,168	-	-	-	638,841,331	-	638,841,331	-	698,841,331
Non Government Debt Securities	-	4,176,639	-	-	-	4,176,639	-	4,176,639	-	4,176,639
Financial assets -not measured at fair value										
Cash and balances with treasury banks	-	-	-	119,943,828	-	119,943,828	-	-	-	-
Balancees with other banks	-	-	-	602,592	-	602,592	-	-	-	-
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	155,659,008	1,412,238,863	28,458,268	703,173,228	-	731,631,496
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	-	-	-	-	1,049,043,032	1,049,043,032	-	-	-	-
Other liabilities	-	-	-	-	36,147,882	36,147,882	-	-	-	-
	-	-	-	-	1,389,517,926	1,389,517,926	-	-	-	-
Off-balance sheet financial instruments-measured at fair value										
Forward purchase of foreign exchange contracts	-	-	-	-	-	-	-	-	-	-
Forward purchase of Federal Government securities	-	-	-	358,881,918	-	358,881,918	-	358,881,918	-	358,881,918
	-	-	-	513,938	-	513,938	-	513,938	-	513,938
	-	-	-	359,395,856	-	359,395,856	-	359,395,856	-	359,395,856

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2020

	September 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	-	45,265,521	-	45,265,521	-	41,974,966
Non-banking assets	-	1,992,085	-	1,992,085	-	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.

September 30, 2020						
	Corporate & Investment Banking	Commercial & Retail Banking	Trading & Sale (Treasury)	Islamic Banking	Others	Total
Rupees in '000						
<b>36 SEGMENT INFORMATION</b>						
<b>36.1 Segment Details with respect to Business Activities</b>						
<b>Profit &amp; Loss</b>						
Net mark-up/return/profit	31,159,084	(36,644,275)	41,751,009	1,417,048	(497,764)	37,185,102
Inter segment revenue - net	(26,599,001)	62,947,243	(32,337,313)	-	(4,010,929)	-
Non mark-up / return / interest income	3,328,001	2,614,992	2,949,475	143,204	110,509	9,146,181
<b>Total Income</b>	<b>7,888,084</b>	<b>28,917,960</b>	<b>12,363,171</b>	<b>1,560,252</b>	<b>(4,398,184)</b>	<b>46,331,283</b>
Segment direct expenses	457,698	12,334,006	99,976	991,891	8,595,833	22,479,404
Total expenses	457,698	12,334,006	99,976	991,891	8,595,833	22,479,404
Provisions	1,239,315	156,032	-	44	1,012,990	2,408,381
<b>Profit before tax</b>	<b>6,191,071</b>	<b>16,427,922</b>	<b>12,263,195</b>	<b>568,317</b>	<b>(14,007,007)</b>	<b>21,443,498</b>
<b>Balance Sheet</b>						
Cash & Bank balances	56,174	36,887,628	63,730,041	3,881,497	7,137,463	111,692,803
Investments	39,783,357	-	727,545,321	20,389,932	500,000	788,218,610
Net inter segment lending	(360,997,972)	1,060,209,111	(713,241,524)	(1,227,834)	15,258,219	-
Lendings to financial institutions	1,074,247	-	5,831,276	933,786	(2,963,252)	4,876,057
Advances - performing	392,662,609	17,336,867	-	21,951,971	9,127,142	441,078,589
Advances - non-performing	705,063	254,587	-	-	13,557,424	14,517,074
Provision against advances	(322,584)	(148,158)	-	(65)	(14,746,896)	(15,217,703)
Advances - net	393,045,088	17,443,296	-	21,951,906	7,937,670	440,377,960
Others	3,949,388	9,246,144	4,864,488	2,735,044	75,727,518	96,522,582
<b>Total Assets</b>	<b>76,910,282</b>	<b>1,123,786,179</b>	<b>88,729,602</b>	<b>48,664,331</b>	<b>103,597,618</b>	<b>1,441,688,012</b>
Borrowings	61,367,749	3,944,536	74,303,248	9,243,967	(2,963,249)	145,896,251
Deposits & other accounts	-	1,085,625,740	-	32,917,106	3,829,601	1,122,372,447
Net inter segment borrowing	-	-	-	-	-	-
Others	2,747,506	17,984,496	(619,955)	2,543,735	28,715,487	51,371,269
Total liabilities	64,115,255	1,107,554,772	73,683,293	44,704,808	29,581,839	1,319,639,967
Equity / Reserves	12,795,027	16,231,407	15,046,309	3,959,523	74,015,779	122,048,045
<b>Total Equity and liabilities</b>	<b>76,910,282</b>	<b>1,123,786,179</b>	<b>88,729,602</b>	<b>48,664,331</b>	<b>103,597,618</b>	<b>1,441,688,012</b>
Contingencies and commitments	80,284,074	15,536,294	207,643,542	6,543,247	12,482,190	322,489,347

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2020

	September 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	32,041,547	(38,985,696)	35,235,260	869,007	(379,834)	28,780,284
Inter segment revenue - net	(33,372,792)	69,350,666	(34,416,719)	-	(1,561,155)	-
Non mark-up / return / interest income	2,836,556	2,251,593	2,177,183	72,162	482,904	7,820,398
<b>Total Income</b>	1,505,311	32,616,563	2,995,724	941,169	(1,458,085)	36,600,682
Segment direct expenses	425,804	11,398,641	86,825	938,138	7,552,199	20,401,607
<b>Total expenses</b>	425,804	11,398,641	86,825	938,138	7,552,199	20,401,607
Provisions	(71,435)	(88,805)	-	8	516,596	356,364
<b>Profit before tax</b>	1,008,072	21,129,117	2,908,899	3,039	(8,493,688)	16,555,439

(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	(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

## Notes to the Unconsolidated Condensed Interim Financial Statements

## RELATED PARTY TRANSACTIONS

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

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

	September 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	196,884	-	-	575	-	8,704	264,404	-	-	593
Addition during the period/year	-	12,721	57,030	-	-	3,477	-	25,719	97,754	-	-	9,129
Repaid during the period/year	-	(16,216)	(84,532)	-	-	(3,907)	-	(29,659)	(165,274)	-	-	(9,147)
Closing balance	-	1,269	169,382	-	-	145	-	4,764	196,884	-	-	575

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2020

	September 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	-	684	72,335	-	-	-	-	7,860	69,387	-	-	-
Receivable from staff retirement fund	-	-	-	-	-	4,111,592	-	-	-	-	-	3,705,491
Other receivable	-	-	-	28,438	-	-	-	-	-	7,348	-	-
Borrowings	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-
<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	7,163,326	1,586,195	406,198	1,160,983	4,090,702	251,107,780	8,594,379	1,824,926	524,289	970,413	7,718,711	247,373,062
Withdrawn during the period/year	(7,165,959)	(17,881,157)	(397,302)	(1,164,886)	(4,145,298)	(245,478,032)	(8,593,314)	(1,492,156)	(559,794)	(868,301)	(7,677,777)	(248,754,028)
Closing balance	216	155,232	43,778	20,315	68,719	22,545,304	2,849	357,194	34,882	24,228	123,315	16,915,556
<b>Other Liabilities</b>												
Interest / mark-up payable	-	2,974	22	-	-	191,663	-	-	-	-	599	116,987

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2020

## 37.1 RELATED PARTY TRANSACTIONS

	September 30, 2020						September 30, 2019					
	Parent	Directors	Key management personnel	Subsidiaries	Associates*	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates*	Other related parties
Rupees in '000												
Income												
Mark-up/return/interest earned	-	353	10,734	-	-	-	-	-	266	14,041	-	-
Fee and commission income	2	18	54	4,280	6	504	-	16	77	3,709	40	499
Net gain on sale of securities	-	-	14	-	-	3,354	-	-	-	-	-	465
Rental Income	-	-	-	9,286	-	-	-	-	-	5,348	-	-
Other Income	-	-	124	11,811	-	-	-	-	92	-	-	-
Other Income												
Expense												
Mark-up/return/interest paid	-	11,098	420	2,286	682	759,729	-	8,177	409	3,234	4,791	540,143
Directors meeting fee	-	22,600	-	-	-	-	-	17,150	-	-	-	-
Remuneration	-	50,750	300,150	-	-	-	-	45,583	306,134	-	-	-
Other expenses	-	-	-	-	30,177	-	-	182	-	-	31,172	-
Rent expense**	-	-	-	-	10,758	-	-	-	-	-	11,072	-
*Charge in respect of staff retirement benefit funds*	-	-	-	-	-	182,349	-	-	-	-	-	188,742
Insurance premium paid	-	97	620	-	-	-	-	117	656	-	-	-

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

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

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

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2020

	September 30, 2020	(Audited) 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	87,625,774	80,480,270
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	87,625,774	80,480,270
Eligible Tier 2 Capital	24,275,872	22,351,157
Total Eligible Capital (Tier 1 + Tier 2)	111,901,646	102,831,427
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	290,883,998	345,902,918
Market Risk	39,044,301	44,703,919
Operational Risk	83,485,603	83,485,603
Total	413,413,902	474,092,440
Common Equity Tier 1 Capital Adequacy ratio	21.20%	16.98%
Tier 1 Capital Adequacy Ratio	21.20%	16.98%
Total Capital Adequacy Ratio	27.07%	21.69%
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	87,625,774	80,480,270
Total Exposures	1,624,937,046	1,798,987,646
Leverage Ratio	5.39%	4.47%
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	507,158,745	460,376,621
Total Net Cash Outflow	292,143,832	274,294,059
Liquidity Coverage Ratio	173.60%	167.84%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	1,102,746,304	1,007,506,800
Total Required Stable Funding	636,053,327	703,906,177
Net Stable Funding Ratio	173.37%	143.13%



# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2020

## 39. ISLAMIC BANKING BUSINESS

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

	Note	September 30, 2020	(Audited) December 31, 2019
Rupees in '000			
<b>ASSETS</b>			
Cash and balances with treasury banks		3,834,274	1,985,765
Balances with other banks		47,223	59,475
Due from financial institutions	39.1	933,786	11,554,430
Investments	39.2	20,389,932	12,452,302
Islamic financing and related assets - net	39.3	21,951,906	12,615,208
Fixed assets		1,775,543	2,041,413
Intangible assets		667	764
Due from Head Office		-	159,062
Other assets		958,834	710,733
		49,892,165	41,579,152
<b>LIABILITIES</b>			
Bills payable		326,226	164,687
Due to financial institutions		9,243,967	1,700,000
Deposits and other accounts	39.4	32,917,106	34,389,411
Due to Head Office		1,227,834	-
Subordinated debt		-	-
Other liabilities		2,217,509	1,978,457
		45,932,642	38,232,555
<b>NET ASSETS</b>		<b>3,959,523</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		121,097	76,488
Accumulated losses	39.5	(261,269)	(829,586)
		<b>3,959,523</b>	<b>3,346,597</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	39.6		

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2020

Note September 30, 2020 September 30, 2019

Rupees in '000

The profit and loss account of the Bank's Islamic Banking Branches for the period ended September 30, 2020 is as follows:			
Profit / return earned	39.7	2,931,825	2,067,649
Profit / return expensed	39.8	1,514,777	1,198,642
<b>Net Profit / return</b>		<b>1,417,048</b>	<b>869,007</b>
<b>OTHER INCOME</b>			
Fee and commission income		131,263	87,347
Dividend income		-	-
Foreign exchange income / (loss)		9,849	(15,908)
Loss on securities		(2,027)	(1,073)
Other income		4,119	1,796
Total other income		143,204	72,162
<b>Total income</b>		<b>1,560,252</b>	<b>941,169</b>
<b>OTHER EXPENSES</b>			
Operating expenses		991,868	938,138
Workers Welfare Fund		-	-
Other charges		23	-
Total other expenses		991,891	938,138
Profit before provisions		568,361	3,031
Provisions and write offs - net		44	(8)
<b>PROFIT BEFORE TAXATION</b>		<b>568,317</b>	<b>3,039</b>
Taxation		-	-
<b>PROFIT AFTER TAXATION</b>		<b>568,317</b>	<b>3,039</b>

(Audited)

	September 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	933,786	-	933,786	2,704,142	-	2,704,142
Musharaka Lending	-	-	-	1,000,000	-	1,000,000
	933,786	-	933,786	11,554,430	-	11,554,430

(Audited)

	September 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	-	(15,283)	484,717	876,500	-	(8,765)	867,735
-Other Federal Securities	2,504,829	-	-	2,504,829	2,300,521	-	-	2,300,521
	3,004,829	-	(15,283)	2,989,546	3,177,021	-	(8,765)	3,168,256
<b>Non Government Debt Securities</b>								
-Listed	11,285,615	-	67,036	11,352,651	2,222,735	-	15,910	2,238,645
-Unlisted	6,047,735	-	-	6,047,735	7,045,401	-	-	7,045,401
	17,333,350	-	67,036	17,400,386	9,268,136	-	15,910	9,284,046
<b>Total Investments</b>	<b>20,338,179</b>	<b>-</b>	<b>51,753</b>	<b>20,389,932</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 nine months ended September 30, 2020

		(Audited) December 31, 2019
	September 30, 2020	
	Rupees in '000	
<b>39.3 Islamic financing and related assets</b>		
Ijarah	352,999	294,553
Istisna	527,423	504,728
Murabaha	121,583	114,409
Islamic Export Re-finance - Business Musharakah	1,000,000	1,000,000
<b>Diminishing Musharaka</b>	<b>11,089,616</b>	<b>3,200,020</b>
Finance against Dishonored Bills	-	309,737
Salam	39,970	-
Musawamah	6,491	-
<b>Business Musharka - Financings</b>	<b>8,324,191</b>	<b>6,752,116</b>
Staff Ijarah	363,389	348,929
Staff Diminishing Musharakah	126,309	90,736
Gross Islamic financing and related assets	21,951,971	12,615,228
Less: provision against Islamic financings		
- Specific	-	-
- General	65	20
	65	20
<b>Islamic financing and related assets - net of provision</b>	<b>21,951,906</b>	<b>12,615,208</b>
<b>39.4 Deposits</b>		
<b>Customers</b>		
Current deposits	7,720,291	6,015,518
Savings deposits	14,381,941	11,754,139
Term deposits	1,515,332	1,518,756
Other deposits	1,379,445	2,089,570
	24,997,009	21,377,983
<b>Financial Institutions</b>		
Current deposits	9,717	5,057
Savings deposits	7,910,380	8,196,371
Term deposits	-	4,810,000
Other deposits	-	-
	7,920,097	13,011,428
	32,917,106	34,389,411
<b>39.5 Islamic Banking Business Unappropriated Profit / (Loss)</b>		
Opening Balance	(829,586)	(906,202)
Add: Islamic Banking profit/(loss) for the period	568,317	76,616
Less: Taxation	-	-
Less: Reserves	-	-
Less: Transferred / Remitted to Head Office	-	-
Closing Balance	(261,269)	(829,586)
<b>39.6 Contingencies and Commitments</b>		
Guarantees	4,399,361	200,370
Commitments	2,115,821	1,660,217
Other contingencies	28,065	47,299
	6,543,247	1,907,886

# Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2020

	September 30, 2020	September 30, 2019
	Rupees in '000	
<b>39.7 Profit/Return Earned of Financing, Investments and Placement</b>		
Profit earned on:		
Financing	1,325,993	645,362
Investments	1,414,305	1,257,450
Placements	191,527	164,837
	<b>2,931,825</b>	<b>2,067,649</b>
<b>39.8 Profit on Deposits and other Dues Expensed</b>		
Deposits and other accounts	982,850	874,569
Due to Financial Institutions	32,884	2,849
Profit paid on Musharaka borrowings	353,267	197,148
Profit paid on Mudaraba borrowings	33,013	1,188
Other profit expenses	1,374	710
Other expenses (IFRS-16)	111,389	122,178
	<b>1,514,777</b>	<b>1,198,642</b>

## 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 October 21, 2020 has not declared any cash dividend for the quarter ended September 30, 2020 (September 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 October 21, 2020 by the Board of Directors of the Bank.

Mehmud ul Hassan  
Chief Financial Officer

Zafar Iqbal  
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 nine months ended September 30, 2020

# Consolidated Statement of Financial Position

(Un-audited) as at September 30, 2020

	Note	September 30, 2020	(Audited) December 31, 2019
Rupees in '000			
<b>ASSETS</b>			
Cash and balances with treasury banks	7	111,497,579	119,935,126
Balances with other banks	8	187,172	602,582
Lendings to financial institutions - net	9	4,876,057	13,606,921
Investments - net	10	790,143,366	759,654,427
Advances - net	11	440,429,059	485,051,568
Fixed assets	12	65,586,467	62,240,062
Intangible assets	13	2,726,410	1,975,898
Deferred tax assets		-	-
Other assets - net	14	28,698,372	40,316,857
		1,444,144,482	1,483,383,441
<b>LIABILITIES</b>			
Bills payable	16	9,577,698	7,878,626
Borrowings	17	145,896,251	266,448,386
Deposits and other accounts	18	1,122,352,132	1,049,018,804
Liabilities against assets subject to finance lease		-	-
Sub-ordinated debt		-	-
Deferred tax liabilities - net	19	3,961,521	5,912,375
Other liabilities	20	38,224,476	36,913,696
		1,320,012,078	1,366,171,887
<b>NET ASSETS</b>		<b>124,132,404</b>	<b>117,211,554</b>
<b>REPRESENTED BY</b>			
Share capital	21	11,450,739	11,450,739
Reserves		23,963,083	22,270,226
Surplus on revaluation of assets - net of tax	22	24,115,288	25,808,658
Unappropriated profit		64,603,294	57,681,931
		124,132,404	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

Zafar Iqbal  
Director

Tahir Hassan Qureshi  
President and Chief Executive

Mohammad Naeem Mukhtar  
Chairman

Dr. Muhammad Akram Sheikh  
Director

# Consolidated Profit and Loss Account

(Un-audited) for the nine months ended September 30, 2020

		Nine Months Ended		Quarter Ended	
	Note	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Rupees in '000					
Mark-up / return / interest earned	25	86,631,705	86,985,661	24,683,614	34,975,002
Mark-up / return / interest expensed	26	49,451,922	58,207,069	12,510,020	24,928,098
Net mark-up / interest income		37,179,783	28,778,592	12,173,594	10,046,904
NON MARK-UP / INTEREST INCOME					
Fee and commission income	27	4,600,159	4,106,308	1,452,734	1,298,945
Dividend income		967,301	1,405,198	145,635	426,975
Foreign exchange income		1,295,358	1,611,094	608,150	354,104
Income from derivatives		-	-	-	-
Gain on securities - net	28	2,802,407	910,674	549,057	515,722
Other income	29	107,027	355,814	14,460	96,531
Total non mark-up / interest income		9,772,252	8,389,088	2,770,036	2,692,277
Total income		46,952,035	37,167,680	14,943,630	12,739,181
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	30	22,130,783	20,228,505	7,520,343	7,033,627
Workers welfare fund		498,394	344,944	152,330	116,600
Other charges	31	169,225	104,123	79,444	94,036
Total non mark-up / interest expenses		22,798,402	20,677,572	7,752,117	7,244,263
Profit before provisions		24,153,633	16,490,108	7,191,513	5,494,918
Provisions / (reversals) and write offs - net	32	2,408,381	(356,364)	199,380	(67,231)
Extra-ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		21,745,252	16,846,472	6,992,133	5,562,149
Taxation	33	9,111,618	7,209,386	2,835,865	2,167,314
PROFIT AFTER TAXATION		12,633,634	9,637,086	4,156,268	3,394,835
In Rupees					
Basic and Diluted earnings per share	34	11.03	8.42	3.63	2.96

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

Mehmud ul Hassan  
Chief Financial Officer

Zafar Iqbal  
Director

Tahir Hassan Qureshi  
President and Chief Executive

Mohammad Naeem Mukhtar  
Chairman

Dr. Muhammad Akram Sheikh  
Director



# Consolidated Statement of Comprehensive Income

(Un-audited) for the nine months ended September 30, 2020

	Nine Months Ended		Quarter Ended	
	September 30,	September 30,	September 30,	September 30,
	2020	2019	2020	2019
	Rupees in '000			
Profit after taxation for the period	12,633,634	9,637,086	4,156,268	3,394,835
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	451,858	642,123	(87,232)	(152,258)
Movement in deficit on revaluation of investments - net of tax	(1,561,270)	(2,375,683)	(2,188,691)	(379,056)
	(1,109,412)	(1,733,560)	(2,275,923)	(531,314)
<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>11,501,147</b>	<b>7,903,526</b>	<b>1,880,345</b>	<b>2,863,521</b>

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

Mehmud ul Hassan  
Chief Financial Officer

Zafar Iqbal  
Director

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President and Chief Executive

Mohammad Naeem Mukhtar  
Chairman

Dr. Muhammad Akram Sheikh  
Director

# Consolidated Cash Flow Statement

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

	Note	September 30, 2020	September 30, 2019
Rupees in '000			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		21,745,252	16,846,472
Less: Dividend income		(967,301)	(1,405,198)
		20,777,951	15,441,274
<b>Adjustments:</b>			
Depreciation		2,722,408	2,462,715
Depreciation on right of use assets		1,351,844	1,204,807
Interest expense on lease liability		773,325	-
Amortization		194,125	335,173
Net provision / (reversals) and write offs	32	2,409,516	(212,799)
Unrealized loss on revaluation of 'held-for-trading' securities		61,788	(14,493)
Provision for workers welfare fund - net		492,240	344,944
Gain on sale of fixed assets and non-banking assets - net		(64,649)	(274,750)
		7,940,596	3,845,597
		28,718,547	19,286,871
<b>(Increase) / Decrease in operating assets</b>			
Lendings to financial institutions		8,730,864	24,389,391
Held-for-trading securities		17,211,016	(21,812,618)
Advances		42,740,366	5,994,326
Other assets (excluding advance taxation)		8,258,771	(4,882,314)
		76,941,017	3,688,785
<b>Increase / (Decrease) in operating liabilities</b>			
Bills payable		1,699,072	(951,158)
Borrowings		(121,056,633)	94,036,044
Deposits and other accounts		73,309,100	35,715,927
Other liabilities (excluding current taxation)		823,104	21,602,955
		(45,225,357)	150,403,768
		60,434,208	173,379,424
Income tax paid		(6,966,589)	(6,448,327)
<b>Net cash flow generated from operating activities</b>		<b>53,467,618</b>	<b>166,931,097</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investments in 'available-for-sale' securities		(50,294,370)	(153,654,940)
Net (investments) / realizations from 'held-to-maturity' securities		(463,663)	2,549,597
Dividend received		964,328	1,072,264
Investments in fixed assets and intangible assets		(7,282,037)	(5,130,341)
Proceeds from sale of fixed assets		124,016	362,767
Effect of translation of net investment in foreign branches		451,858	642,123
<b>Net cash flow used in investing activities</b>		<b>(56,499,867)</b>	<b>(154,158,530)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Payment of lease liability against right of use assets		(1,780,156)	(9,316,297)
Dividend paid		(4,569,277)	(6,839,179)
<b>Net cash flow used in financing activities</b>		<b>(6,349,433)</b>	<b>(16,155,476)</b>
Effect of exchange rate changes on opening cash and cash equivalents		(1,106,341)	(2,568,948)
<b>Decrease in cash and cash equivalents during the period</b>		<b>(10,488,024)</b>	<b>(5,951,857)</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>121,604,069</b>	<b>104,087,530</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>		<b>111,116,045</b>	<b>98,135,673</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

Zafar Iqbal  
Director

Mohammad Naeem Mukhtar  
Chairman

# Consolidated Statement of Changes In Equity

(Un-audited) for the nine months ended September 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	53,985,383	108,789,811
Profit after taxation for the nine months ended (September 30, 2019)	-	-	-	-	-	-	-	9,637,086	9,637,086
Other Comprehensive Income - net of tax	-	-	-	-	-	-	-	-	-
Deficit on revaluation of investments - net of tax	-	-	-	-	(2,375,683)	-	-	-	(2,375,683)
Effect of translation of net investment in foreign branches	-	642,123	-	-	-	-	-	-	642,123
	-	642,123	-	-	(2,375,683)	-	-	-	(1,733,560)
Transfer to statutory reserve	-	-	940,535	-	-	-	-	(940,535)	-
Transferred from surplus in respect of incremental depreciation of fixed assets to un-appropriated profit-net of tax	-	-	-	-	-	(74,776)	-	74,776	-
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	-	-	-	-	-	-	(1,668)	1,668	-
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 ended December 31, 2019 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
Second interim cash dividend for the year ended December 31, 2019 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
	-	-	-	-	-	-	-	(6,870,444)	(6,870,444)
Balance as at September 30, 2019	11,450,739	1,881,424	19,971,749	6,000	2,810,086	15,670,904	1,970,589	56,061,402	109,822,893
Profit after taxation for the three months ended December 31, 2019	-	-	-	-	-	-	-	4,851,677	4,851,677
Other Comprehensive Income - net of tax	-	-	-	-	-	-	-	-	-
Surplus on revaluation of investments - net of tax	-	-	-	-	4,618,895	-	-	-	4,618,895
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	-	(59,704)	-	-	-	-	-	-	(59,704)
	-	(59,704)	-	-	4,618,895	-	770,648	(502,707)	4,827,132
Transfer to statutory reserve	-	-	470,756	-	-	-	-	(470,756)	-
Transferred from surplus in respect of incremental depreciation of fixed assets to un-appropriated profit-net of tax	-	-	-	-	-	(31,908)	-	31,908	-
Transferred from surplus in respect of incremental depreciation of non-banking assets to un-appropriated profit-net of tax	-	-	-	-	-	-	(556)	556	-
Transactions with owners, recognized directly in equity	-	-	-	-	-	-	-	-	-
Third interim cash dividend for the year ended December 31, 2019 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
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	57,681,931	117,211,554
Profit after taxation for the nine months ended September 30, 2020	-	-	-	-	-	-	-	12,633,634	12,633,634
Other Comprehensive Income - net of tax	-	-	-	-	-	-	-	-	-
Deficit on revaluation of investments - net of tax	-	-	-	-	(1,561,270)	-	-	-	(1,561,270)
Deficit on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	(23,075)	-	(23,075)
Effect of translation of net investment in foreign branches	-	451,858	-	-	-	-	-	-	451,858
	-	451,858	-	-	(1,561,270)	-	(23,075)	-	(1,132,487)
Transfer to statutory reserve	-	-	1,241,000	-	-	-	-	(1,241,000)	-
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	-	-	-	-	-	(75,063)	-	75,063	-
Surplus realised on disposal of revalued fixed assets - net of tax	-	-	-	-	-	(25,318)	-	25,318	-
Transferred from surplus in respect of incremental depreciation of non-banking assets to un-appropriated profit-net of tax	-	-	-	-	-	-	(8,545)	8,545	-
Transactions with owners, recognized directly in equity	-	-	-	-	-	-	-	-	-
Final cash dividend for the year ended December 31, 2019 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
First interim cash dividend for the year ending December 31, 2020 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
	-	-	-	-	-	-	-	(4,580,296)	(4,580,296)
Balance as at September 30, 2020	11,450,739	2,273,578	21,683,505	6,000	5,867,711	17,387,572	860,005	64,603,294	124,132,404

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

Zafar Iqbal  
Director

Mohammad Naeem Mukhtar  
Chairman

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 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 1,383 (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 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 nine months ended September 30, 2020

### 2 BASIS OF PRESENTATION

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

#### 2.1 STATEMENT OF COMPLIANCE

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

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

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

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

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

# Notes to the Consolidated Condensed Interim Financial Statements

## (Un-audited) for the nine months ended September 30, 2020

### 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 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)
- 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 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.

### 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.

# Notes to the Consolidated Condensed Interim Financial Statements

## (Un-audited) for the nine months ended September 30, 2020

### 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:

#### Impact of COVID-19 on the Financial Statements

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:

- 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.

#### 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 current year resulting in decline in the valuation of various equity investments on reporting date. Cognizant to

## Notes to the Consolidated Condensed Interim Financial Statements

### (Un-audited) for the nine months ended September 30, 2020

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 is 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 September 30, 2020 stands at a sound level of 27.30%, 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 nine months ended September 30, 2020

	September 30, 2020	(Audited) December 31, 2019
	Rupees in '000	
<b>7 CASH AND BALANCES WITH TREASURY BANKS</b>		
<b>In hand</b>		
Local currency	17,793,642	13,636,602
Foreign currencies	2,286,619	1,008,793
	<u>20,080,261</u>	<u>14,645,395</u>
<b>Remittances in transit</b>	620,272	1,528,644
<b>With State Bank of Pakistan (SBP) in</b>		
Local currency current accounts	61,731,704	51,250,399
Foreign currency current account	70,401	91,812
Foreign currency deposit accounts (non-remunerative)	4,867,002	5,515,729
Foreign currency deposit accounts (remunerative)	9,713,623	16,509,764
	<u>76,382,730</u>	<u>73,367,704</u>
<b>With National Bank of Pakistan in</b>		
Local currency current accounts	14,355,797	30,059,400
<b>Prize Bonds</b>	58,519	333,983
	<u>111,497,579</u>	<u>119,935,126</u>
<b>8 BALANCES WITH OTHER BANKS</b>		
<b>Outside Pakistan</b>		
In current accounts	170,627	300,295
In deposit accounts	16,545	302,287
	<u>187,172</u>	<u>602,582</u>
<b>9 LENDINGS TO FINANCIAL INSTITUTIONS</b>		
Repurchase agreement lendings (Reverse Repo)	3,942,271	2,052,491
Musharaka lendings	-	1,000,000
Bai muajjal receivable		
with State Bank of Pakistan	933,786	2,704,142
with other financial institutions	-	7,850,288
Certificates of investment	70,000	70,000
	<u>4,946,057</u>	<u>13,676,921</u>
Less: Provision held against lendings to financial institutions	(70,000)	(70,000)
Lendings to financial institutions - net of provision	<u>4,876,057</u>	<u>13,606,921</u>

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2020

	September 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>

	September 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>								
Open Ended Mutual Fund/ Pension Fund	2,485,406	-	(60,650)	2,424,756	2,061,722	-	135,712	2,197,434
Federal Government Securities	2,651,379	-	(1,138)	2,650,241	19,862,396	-	5,767	19,868,163
	5,136,785	-	(61,788)	5,074,997	21,924,118	-	141,479	22,065,597
<b>Available-for-sale securities</b>								
Federal Government Securities*	722,715,469	(24,238)	3,073,433	725,764,664	677,300,056	(15,961)	1,689,073	678,973,168
Shares	19,552,050	(2,071,080)	5,930,297	23,411,267	24,349,646	(3,202,822)	9,686,372	30,833,196
Non Government Debt Securities	21,636,567	(21,071)	23,162	21,638,658	13,633,213	(21,071)	(37,667)	13,574,475
Foreign Securities	1,037,693	-	-	1,037,693	1,037,692	-	-	1,037,692
Open Ended Mutual Funds	25,000	-	355	25,355	63,834	-	91,424	155,258
	764,966,779	(2,116,389)	9,027,247	771,877,637	716,384,441	(3,239,854)	11,429,202	724,573,789
<b>Held-to-maturity securities</b>								
Federal Government Securities	13,190,732	-	-	13,190,732	13,015,041	-	-	13,015,041
Non Government Debt Securities	344,260	(344,260)	-	-	344,260	(344,260)	-	-
	13,534,992	(344,260)	-	13,190,732	13,359,301	(344,260)	-	13,015,041
<b>Total Investments</b>	<b>783,638,556</b>	<b>(2,460,649)</b>	<b>8,965,459</b>	<b>790,143,366</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 nine months ended September 30, 2020

		(Audited) September 30, 2020	December 31, 2019
		Rupees in '000	
<b>10.1.1 Investments given as collateral - at market value</b>			
Market Treasury Bills		31,506,307	145,442,739
Pakistan Investment Bonds		35,245,000	48,417,010
GOP Foreign Currency Sukuks (US\$)		-	2,957,611
GOP Foreign Currency Bonds (US\$)		-	-
<b>Total Investments given as collateral</b>		<b>66,751,307</b>	<b>196,817,360</b>

## 10.2 Provision for diminution in value of investments

<b>10.2.1</b>	Opening balance	3,584,114	2,654,539
	Exchange adjustments	1,074	3,163
	Charge / (reversals)		
	Charge for the period / year	607,555	1,118,302
	Reversals for the period / year	(18,988)	(139,161)
		588,567	979,141
	Reversal on disposals	(1,713,106)	(52,729)
	Closing Balance	2,460,649	3,584,114

			(Audited) September 30, 2020	December 31, 2019
			NPI	Provision
			Rupees in '000	
<b>10.2.2 Particulars of provision against debt securities</b>				
<b>Category of Classification</b>				
<b>Domestic</b>				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	365,330	365,330	365,331	365,331
	365,330	365,330	365,331	365,331
<b>Overseas</b>				
Not past due but impaired*	4,141,412	24,238	3,869,387	15,961
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	-	-	-	-
>365 days	-	-	-	-
	-	-	-	-
<b>Total</b>	<b>4,506,742</b>	<b>389,568</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 September 30, 2020 amounted to Rs. 11,528.9 million (December 31, 2019: Rs. 10,848.5 million).

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2020

Notes	Performing		Non Performing		Total	
	Audited		Audited		Audited	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Rupees in '000						
11 ADVANCES						
Loans, cash credits, running finances, etc.	415,454,805	467,880,949	13,097,162	14,450,873	428,551,967	482,331,822
Islamic financing and related assets	39.3	21,951,971	12,615,228	-	21,951,971	12,615,228
Bills discounted and purchased		3,722,912	3,853,892	1,419,912	1,403,045	5,142,824
Advances - gross	11.1	441,129,688	484,350,069	14,517,074	15,853,918	500,203,987
Provision against advances						
Specific	11.2 & 11.3	-	-	(13,880,798)	(13,880,798)	(15,112,624)
General	11.3	(1,336,905)	(39,795)	-	(1,336,905)	(39,795)
		(1,336,905)	(39,795)	(13,880,798)	(15,112,624)	(15,152,419)
Advances - net of provision		439,792,783	484,310,274	636,276	741,294	485,051,568

(Audited)  
September 30, 2020      December 31, 2019

Rupees in '000

## 11.1 Particulars of advances (Gross)

In local currency	450,854,263	484,420,108
In foreign currencies	4,792,499	15,748,192
	455,646,762	500,168,300

11.2 Advances include Rs. 14,517.074 million (December 31, 2019: Rs. 15,853.918 million) which have been placed under non-performing status as detailed below:

Category of Classification:	September 30, 2020		December 31, 2019	
	Non Performing Loans	Specific Provision	Non Performing Loans	Specific Provision
	Rupees in '000			
Domestic				
Other Assets Especially Mentioned	62,043	264	35,436	449
Substandard	241,226	59,265	809,938	202,107
Doubtful	785,072	392,536	196,952	98,476
Loss	13,428,733	13,428,733	14,811,592	14,811,592
Total	14,517,074	13,880,798	15,853,918	15,112,624

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2020

		(Audited)					
	Note	September 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		-	1,830	1,830	-	(896)	(896)
Charge for the period / year	11.3.2	850,751	1,320,206	2,170,957	589,752	24,823	614,575
Reversals		(379,717)	(24,926)	(404,643)	(1,008,707)	-	(1,008,707)
		471,034	1,295,280	1,766,314	(418,955)	24,823	(394,132)
Amounts written off		(1,702,860)	-	(1,702,860)	(1,918)	-	(1,918)
Closing balance		13,880,798	1,336,905	15,217,703	15,112,624	39,795	15,152,419

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

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

		Note	September 30, 2020	(Audited) December 31, 2019
			Rupees in '000	
12	FIXED ASSETS			
	Capital work-in-progress	12.1	4,018,277	2,991,144
	Property and equipment		53,845,517	51,161,710
	Right-of-Use Assets		7,722,673	8,087,208
			65,586,467	62,240,062

## 12.1 Capital work-in-progress

Civil works	3,625,897	2,219,464
Equipment	416	6,546
Advances to suppliers	391,964	765,134
	4,018,277	2,991,144

## 12.2 Additions to fixed assets

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

	September 30, 2020	September 30, 2019
Rupees in '000		
Capital work-in-progress	980,332	1,060,262
<b>Property and equipment</b>		
Freehold land	3,115,551	1,139,128
Leasehold land	554,130	-
Building on freehold land	142,813	144,952
Building on leasehold land	45,985	81,642
Furniture and fixture	246,678	156,647
Electrical office and computer equipment	860,360	1,143,353
Vehicles	73,110	394,913
Others-building improvements	351,110	257,297
	5,389,737	3,317,932
Right-of-Use Assets	465,869	402,695
<b>Total</b>	<b>6,835,938</b>	<b>4,780,889</b>

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2020

## 12.3 Disposal of fixed assets

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

	September 30, 2020	September 30, 2019
	Rupees in '000	
Furniture and fixture	354	1,483
Electrical office and computer equipment	2,007	10,885
Vehicles	7,708	18,779
Building	48,810	73,349
<b>Total</b>	<b>58,879</b>	<b>104,496</b>

	September 30, 2020	(Audited) December 31, 2019
	Rupees in '000	
<b>13 INTANGIBLE ASSETS</b>		
Capital work-in-progress	1,093,050	650,104
Computer Software	1,633,360	1,325,794
	<b>2,726,410</b>	<b>1,975,898</b>

### 13.1 Capital work-in-progress

Software	1,066,254	623,308
Advances to suppliers	26,796	26,796
	<b>1,093,050</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:

	September 30, 2020	September 30, 2019
	Rupees in '000	
Directly purchased	-	-
Capital work-in-progress	448,736	485,766
Software	495,079	147,101
<b>Total</b>	<b>943,815</b>	<b>632,867</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 nine months ended September 30, 2020

	Note	September 30, 2020	(Audited) December 31, 2019
Rupees in '000			
<b>14 OTHER ASSETS</b>			
Income / Mark-up accrued in local currency		14,288,946	20,573,788
Income / Mark-up accrued in foreign currency		152,467	245,676
Advances, deposits, advance rent and other prepayments		1,742,545	1,293,653
Advance taxation (payments less provisions)		588,220	3,817,847
Non-banking assets acquired in satisfaction of claims		1,012,584	1,609,193
Branches adjustment account		-	-
Acceptances		4,810,737	5,182,716
Due from the employees' retirement benefit schemes			
Pension fund		4,815,070	4,440,411
Fraud and forgeries		538,150	524,357
Stationery and stamps in hand		365,030	286,343
Overdue Foreign Bills Negotiated / Discounted		116,433	97,601
Home Remittance Cell agent receivable		96,953	93,978
Receivable from SBP - customers encashments		974	6,033
Charges receivable		27,881	32,329
Suspense Account		4,193	1,387
Others		23,566	96,535
		<b>28,583,749</b>	<b>38,301,847</b>
Less: Provision held against other assets	14.1	(864,878)	(862,460)
Other assets (net of provision)		<b>27,718,871</b>	<b>37,439,387</b>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		979,501	2,877,470
Other Assets - total		<b>28,698,372</b>	<b>40,316,857</b>

## 14.1 Provision held against other assets

Advances, deposits, advance rent and other prepayments	142,856	127,037
Provision against fraud and forgeries	538,150	524,357
Overdue Foreign Bills Negotiated / Discounted	24,295	24,295
Charges receivable	27,881	32,327
Others	131,696	154,444
	<b>864,878</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	49,890	213,529
Reversals	(10,107)	(112,865)
Net charge	39,783	100,664
Written off / adjusted	(37,365)	(25,407)
Closing balance	<b>864,878</b>	<b>862,460</b>

## 15 CONTINGENT ASSETS

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

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2020

(Audited)  
September 30, December 31,  
2019 2018

Rupees in '000		
<b>16</b>	<b>BILLS PAYABLE</b>	
	In Pakistan	9,577,698 7,878,626
<b>17</b>	<b>BORROWINGS</b>	
	<b>Secured</b>	
	Borrowings from State Bank of Pakistan	
	Repurchase agreement borrowings	35,000,000 170,120,570
	Under Export Refinance Scheme	23,190,211 22,523,266
	Under Payroll Refinance Scheme	9,667,211 -
	Under Long Term Financing Facility	27,240,538 21,852,621
		95,097,960 214,496,457
	Repurchase agreement borrowings from Financial Institutions	31,475,290 26,585,287
	<b>Total Secured</b>	<b>126,573,250 241,081,744</b>
	<b>Unsecured</b>	
	Call borrowings	5,551,075 24,602,435
	Trading liability	4,816,252 -
	Overdrawn nostro accounts	568,706 64,207
	Musharaka borrowing	8,195,000 700,000
	Mudaraba borrowing	48,968 -
	Other borrowings	143,000 -
	<b>Total unsecured</b>	<b>19,323,001 25,366,642</b>
		<b>145,896,251 266,448,386</b>

(Audited)						
September 30, 2020			December 31, 2019			
In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total	
Rupees in '000						
<b>18</b>	<b>DEPOSITS AND OTHER ACCOUNTS</b>					
	<b>Customers</b>					
	Current deposits	360,265,920 24,204,616 384,470,536	327,523,076 20,719,488 348,242,564			
	Savings deposits	446,302,902 19,764,664 466,067,566	403,505,248 21,019,875 424,525,123			
	Term deposits	93,492,803 57,019,078 150,511,881	107,203,269 63,293,352 170,496,621			
	Others	21,601,860 60,509 21,662,369	19,207,173 30,890 19,238,063			
		921,663,485 101,048,867 1,022,712,352	857,438,766 105,063,605 962,502,371			
	<b>Financial Institutions</b>					
	Current deposits	48,091,206 12,045 48,103,251	39,711,458 41,039 39,752,497			
	Savings deposits	48,809,675 - 48,809,675	33,707,054 - 33,707,054			
	Term deposits	2,678,350 43,083 2,721,433	10,011,200 40,261 10,051,461			
	Others	5,421 - 5,421	3,005,421 - 3,005,421			
		99,584,652 55,128 99,639,780	86,435,133 81,300 86,516,433			
		<b>1,021,248,137 101,103,995 1,122,352,132</b>	<b>943,873,899 105,144,905 1,049,018,804</b>			

**18.1** This includes deposits eligible to be covered under insurance arrangements amounting to Rs. 628,087 million for December 31, 2019 (December 31, 2018: 585,901 million).



# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2020

(Audited)  
 Note      September 30,      December 31,  
                                  2020                                   2019  
 Rupees in '000

## 19 DEFERRED TAX LIABILITIES

Deductible Temporary Differences on		
Provision against investments	(19,093)	(19,093)
Provision against other assets	(38,959)	(43,039)
Provision against off balance sheet obligations	(14,824)	(14,824)
Provision against advances	(704,194)	(115,184)
Post retirement medical benefits	(48,366)	(42,980)
Workers welfare fund	(693,264)	(520,980)
	(1,518,700)	(756,100)
Taxable Temporary Differences on		
Surplus on revaluation of fixed assets	1,037,627	1,091,465
Surplus on revaluation of investments	3,150,439	4,015,045
Surplus on revaluation on non-banking assets	119,495	136,789
Actuarial gains	68,002	68,002
Accelerated tax depreciation / amortization	1,108,464	1,344,767
Excess of investment in finance lease over written down value of leased assets	(3,806)	12,407
	5,480,221	6,668,475
	<u>3,961,521</u>	<u>5,912,375</u>

## 20 OTHER LIABILITIES

Mark-up / return / interest payable in local currency	7,184,427	4,323,269
Mark-up / return / interest payable in foreign currencies	461,237	519,548
Accrued expenses	1,362,397	1,640,767
Retention money payable	362,207	342,559
Unearned commission and income on bills discounted	163,080	115,745
Acceptances	4,810,737	5,182,716
Unclaimed dividends	355,760	330,514
Dividend payable	9,331	23,558
Branch adjustment account	749,073	41,140
Unrealized loss on forward foreign exchange contracts	528,318	2,714,153
Provision for:		
Gratuity	625,477	620,977
Employees' medical benefits	1,377,787	1,365,237
Employees' compensated absences	661,816	668,547
Early retirement	505,744	337,527
Payable to defined contribution plan	57,375	84,946
Provision against off-balance sheet obligations	20.1 327,895	313,043
Security deposits against lease	750,821	712,112
ATM / Point of Sale settlement account	2,885,411	1,243,494
Charity fund balance	73	15
Home Remittance Cell overdraft	552,658	490,972
With-holding tax payable	220,045	2,348,629
Sundry deposits	2,424,808	2,451,078
Workers welfare fund payable	2,020,848	1,522,454
Present value of lease liability	8,850,676	8,625,316
Others	976,475	895,380
	<u>38,224,476</u>	<u>36,913,696</u>

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2020

		(Audited)	
		September 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	14,852	6,701
	Reversals	-	-
		14,852	6,701
	Closing balance	327,895	313,043

## 21 SHARE CAPITAL

### 21.1 Authorized capital

		(Audited)	
		September 30, 2020	December 31, 2019
		(Audited)	
		September 30, 2020	December 31, 2019
		Rupees in '000	
		No. of shares	
	1,500,000,000	1,500,000,000	Ordinary shares of Rs.10/- each
			15,000,000

### 21.2 Issued, subscribed and paid-up capital

		Fully paid-up Ordinary shares of Rs. 10/- each	
		September 30, 2020	December 31, 2019
	406,780,094	406,780,094	Fully paid in cash
			4,067,801
	720,745,186	720,745,186	Issued as bonus shares
			7,207,452
	1,127,525,280	1,127,525,280	
			11,275,253
			11,275,253
			18,348,550 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation in accordance with the swap ratio stipulated therein less 9,200,000 ordinary shares of Rs. 10 each, held by Ibrahim Leasing Limited on the cut-off date (September 30, 2004)
	9,148,550	9,148,550	
			91,486
			91,486
			8,400,000 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation of First Allied Bank Modaraba with Allied Bank Limited in accordance with the share swap ratio stipulated therein.
	8,400,000	8,400,000	
			84,000
	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 nine months ended September 30, 2020

		Note	September 30, 2020	(Audited) December 31, 2019
Rupees in '000				
22	SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Surplus arising on revaluation of:				
Fixed assets			18,425,199	16,730,460
Non-banking assets acquired in satisfaction of claims			979,500	2,877,470
Available-for-sale securities	10.1		9,027,247	11,429,202
			28,431,946	31,037,132
Deferred tax on surplus on revaluation of:				
Fixed assets			(1,037,627)	(1,091,464)
Non-banking assets acquired in satisfaction of claims			(119,495)	(136,789)
Available-for-sale securities			(3,159,536)	(4,000,221)
			(4,316,658)	(5,228,474)
Surplus on revaluation of assets - net of tax			24,115,288	25,808,658
23	CONTINGENCIES AND COMMITMENTS			
Guarantees	23.1		37,022,243	32,308,285
Commitments	23.2		276,871,993	424,307,597
Other contingent liabilities	23.3		8,595,111	8,923,603
			322,489,347	465,539,485
23.1	Guarantees			
Financial guarantees			8,383,394	4,594,077
Performance guarantees			6,192,032	5,508,570
Other guarantees			22,446,817	22,205,638
			37,022,243	32,308,285
23.2	Commitments			
Documentary credits and short term trade related transactions:				
letters of credit			65,422,092	60,392,362
Commitments in respect of:				
forward foreign exchange contracts	23.2.1		185,711,665	358,881,918
forward government securities transactions	23.2.2		21,931,877	513,938
operating leases	23.2.3		257,543	320,145
Commitments for acquisition of:				
fixed assets			3,118,314	4,199,234
intangible assets			430,502	-
			276,871,993	424,307,597
23.2.1	Commitments in respect of forward foreign exchange contracts			
Purchase			132,390,084	220,381,401
Sale			53,321,581	138,500,517
			185,711,665	358,881,918

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2020

	(Audited)	
	September 30, 2020	December 31, 2019
	Rupees in '000	
<b>23.2.2 Commitments in respect of forward government securities transactions</b>		
Purchase	6,106,468	464,217
Sale	15,825,409	49,721
	<b>21,931,877</b>	<b>513,938</b>
<b>23.2.3 Commitments in respect of operating leases</b>		
Not later than one year	32,952	76,013
Later than one year and not later than five years	127,914	213,971
Later than five years	96,677	30,161
	<b>257,543</b>	<b>320,145</b>
<b>23.3 Other contingent liabilities</b>		
<b>23.3.1 Claims against the Bank not acknowledged as debt</b>	<b>8,595,111</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 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

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2020

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 consolidated financial statements as at December 31, 2019.

		Nine Months Ended		Quarter Ended	
	Note	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Rupees in '000					
25 MARK-UP / RETURN / INTEREST EARNED					
On:					
Loans and advances		34,389,287	34,736,287	8,373,045	12,570,399
Investments		50,889,484	44,561,428	16,080,206	21,079,129
Lendings to financial institutions		1,317,413	7,356,345	230,347	1,258,786
Balances with banks		35,521	331,601	16	66,688
		86,631,705	86,985,661	24,683,614	34,975,002
26 MARK-UP / RETURN / INTEREST EXPENSED					
On:					
Deposits		39,180,465	41,810,766	9,681,704	16,134,357
Borrowings		5,278,939	11,713,350	1,428,568	6,499,475
Cost of foreign currency swaps against foreign currency deposits		4,219,193	3,937,467	1,151,435	2,038,775
Interest expense on lease liability		773,325	745,486	248,313	255,491
		49,451,922	58,207,069	12,510,020	24,928,098
27 FEE AND COMMISSION INCOME					
Card related fees (debit and credit cards)		1,435,445	1,029,350	490,473	299,930
Branch banking customer fees		966,009	1,466,396	(33,174)	494,352
Commission on remittances including home remittances		613,162	482,817	107,029	106,736
Investment banking fees		1,000,687	564,283	672,908	204,494
Commission on trade		256,665	255,726	100,071	81,297
Commission on cash management		126,217	109,974	44,012	46,751
Commission on guarantees		113,318	81,873	47,326	32,238
Commission on bancassurance		64,970	82,470	17,011	25,330
Credit related fees		20,094	30,366	5,289	6,967
Consumer finance related fees		3,592	3,053	1,789	850
		4,600,159	4,106,308	1,452,734	1,298,945
28 GAIN ON SECURITIES					
Realised - net	28.1	2,864,195	896,181	433,143	458,921
Unrealised - 'held for trading'	10.1	(61,788)	14,493	115,914	56,801
		2,802,407	910,674	549,057	515,722

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2020

Note	Nine Months Ended		Quarter Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Rupees in '000				
<b>28.1 Realised gain / (loss) on:</b>				
Federal government securities	1,657,324	551,632	75,512	164,414
Shares	1,093,163	306,547	337,761	307,785
Non government debt securities	(367)	-	(108)	370
Open Ended Mutual Funds	114,075	38,002	19,978	(13,648)
	<u>2,864,195</u>	<u>896,181</u>	<u>433,143</u>	<u>458,921</u>
<b>29 OTHER INCOME</b>				
Recovery of written off mark-up and charges	736	11,395	510	1,227
Gain on sale of fixed assets - net	64,649	258,227	3,440	37,520
Gain on sale of non-banking assets - net	-	14,266	-	-
Other assets disposal	36,085	69,345	16,326	56,665
Rent on property	-	-	-	-
Fee for attending Board meetings	1,549	2,581	616	1,119
Income from data centre hosting service	-	-	(7,382)	-
Gain on sale of islamic financing and related assets	4,008	-	950	-
	<u>107,027</u>	<u>355,814</u>	<u>14,460</u>	<u>96,531</u>
<b>30 OPERATING EXPENSES</b>				
Total compensation expense	10,574,976	9,643,884	3,546,601	3,344,706
Property expense:				
Depreciation	3,190,023	2,905,491	1,073,519	979,868
Rent and taxes	180,176	219,306	79,175	98,269
Utilities cost	866,173	878,591	396,688	432,612
Security (including guards)	729,385	588,097	246,598	201,840
Repair and maintenance				
(including janitorial charges)	626,736	462,196	221,332	187,240
Insurance	65,352	53,351	22,434	17,711
	<u>5,657,845</u>	<u>5,107,032</u>	<u>2,039,746</u>	<u>1,917,540</u>
Information technology expenses:				
Depreciation	571,965	477,427	183,632	162,340
Amortization	193,303	335,957	68,501	111,339
Network charges	529,407	439,855	197,777	133,377
Software maintenance	466,833	355,863	192,273	132,987
Hardware maintenance	301,653	230,996	94,627	69,382
Others	5,383	5,886	(13,614)	2,266
	<u>2,068,544</u>	<u>1,845,984</u>	<u>723,196</u>	<u>611,691</u>
Other operating expenses:				
Insurance	873,202	862,685	292,169	316,127
Outsourced service costs	564,551	440,363	188,564	151,742
Stationery and printing	301,406	307,333	107,507	117,018
Cash in Transit service charge	404,591	347,594	145,586	144,918
Marketing, advertisement and publicity	478,624	600,513	58,480	55,268
Depreciation	170,413	161,383	56,335	55,773
Travelling and conveyance	115,684	138,286	26,691	47,486
Postage and courier charges	116,510	87,091	38,681	35,029
NIFT clearing charges	88,721	87,046	28,828	29,997
Communication	68,343	65,566	23,218	21,235
Legal and professional charges	121,518	66,371	67,821	20,833
Auditors Remuneration	13,896	16,369	4,659	2,914
Directors fees and allowances	24,810	21,474	10,683	6,158
Fees and allowances to Shariah Board	4,647	4,544	1,566	1,515
Training and development	52,500	55,525	5,195	17,425
Donations	118,217	52,535	42,886	18,903
Others	311,785	316,927	111,931	117,349
	<u>3,829,418</u>	<u>3,631,605</u>	<u>1,210,800</u>	<u>1,159,690</u>
	<u>22,130,783</u>	<u>20,228,505</u>	<u>7,520,343</u>	<u>7,110,554</u>

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2020

		Nine Months Ended		Quarter Ended	
	Note	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Rupees in '000					
<b>31 OTHER CHARGES</b>					
Penalties imposed by State Bank of Pakistan		22,092	32,838	21,815	32,755
Education cess		46,930	39,644	23,428	39,644
Depreciation - non-banking assets		25,203	14,879	8,458	4,960
Others		75,000	16,667	25,743	16,667
Other assets written off		-	95	-	10
		169,225	104,123	79,444	94,036
<b>32 PROVISIONS AND WRITE OFFS - NET</b>					
Provision for diminution					
in the value of investments	10.2.1	588,567	(128,028)	1,007	(7,776)
Provision / (Reversal) against loans and advances	11.3	1,766,314	(156,584)	172,417	(56,414)
Provision against other assets	14.1.1	39,783	71,813	13,607	17,163
Provision against off-balance sheet obligations	20.1	14,852	-	13,401	-
Bad debts written off directly		-	-	-	-
		2,409,516	(212,799)	200,432	(47,027)
Recovery against written off bad debts		(1,135)	(143,565)	(1,052)	(20,204)
		2,408,381	(356,364)	199,380	(67,231)
<b>33 TAXATION</b>					
Current - for the period	33.1	10,177,764	6,673,250	2,989,090	2,155,037
- for prior year		-	834,833	-	-
		10,177,764	7,508,083	2,989,090	2,115,037
Deferred - current		(1,066,146)	(298,691)	(153,225)	12,277
		9,111,618	7,209,386	2,835,865	2,167,314
33.1	This also includes proportionate super tax charge of Rs. 984.480 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		12,633,634	9,637,086	4,156,268	3,394,835
		Number of Shares			
Weighted average number of ordinary shares outstanding during the year		1,145,073,830	1,145,073,830	1,145,073,830	1,145,073,830
		Rupees			
Earnings per share - basic and diluted		11.03	8.42	3.63	2.96
There is no dilution effect on basic earnings per share.					





# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2020

(Audited) December 31, 2019													
	Held to Maturity	Held for Trading	Available for Sale	Carrying Value		Fair Value							
				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 Mutual Funds	-	2,197,434	28,613,526	-	-	-	30,810,960	28,458,268	2,352,692	-	-	-	30,810,960
Federal Government Securities	-	19,888,163	675,973,168	-	-	-	695,841,331	-	695,841,331	-	-	-	695,841,331
Non Government Debt Securities	-	-	4,176,639	-	-	-	4,176,639	-	4,176,639	-	-	-	4,176,639
Financial assets - not measured at fair value													
Cash and balances with treasury banks	-	-	-	-	119,935,126	-	119,935,126	-	-	-	-	-	-
Balances with other banks	-	-	-	-	602,582	-	602,582	-	-	-	-	-	-
Lending to Financial institutions	-	-	-	13,606,921	-	-	13,606,921	-	-	-	-	-	-
Advances	-	-	-	485,051,568	-	-	485,051,568	-	-	-	-	-	-
Other assets	-	-	-	-	34,250,198	-	34,250,198	-	-	-	-	-	-
Investments ( HTM, unlisted ordinary shares, term certificates, sukuk, subsidiaries)	13,015,041	-	12,810,456	-	-	-	25,825,497	-	-	-	-	-	-
	13,015,041	22,065,597	724,573,789	498,656,489	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 purchase of foreign exchange contracts	-	-	-	-	359,881,918	-	359,881,918	-	359,881,918	-	-	-	359,881,918
Forward sale of foreign exchange contracts	-	-	-	-	-	513,938	513,938	-	513,938	-	-	-	513,938
	-	-	-	-	359,395,856	-	359,395,856	-	359,395,856	-	-	-	359,395,856

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2020

## 35.1 Fair value of non-financial assets

	September 30, 2020				December 31, 2019 (Audited)			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Rupees in '000								
Fixed assets	-	45,265,521	-	45,265,521	-	41,974,966	-	41,974,966
Non-banking assets	-	1,992,085	-	1,992,085	-	4,486,663	-	4,486,663

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

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

September 30, 2020							
	Corpo- rate & Investment Banking	Commercial & Retail Banking	Trading & Sale (Treasury)	Islamic Banking	Asset Management	Others	Total
Rupees in '000							
<b>36 SEGMENT INFORMATION</b>							
<b>36.1 Segment Details with respect to Business Activities</b>							
<b>Profit &amp; Loss</b>							
Net mark-up/return/profit	31,159,084	(36,644,275)	41,751,009	1,417,048	(5,319)	(497,764)	37,179,783
Inter segment revenue - net	(26,599,001)	62,947,243	(32,337,313)	-	-	(4,010,929)	-
Non mark-up / return / interest income	3,328,001	2,614,992	2,949,475	143,204	485,226	251,354	9,772,252
<b>Total Income</b>	<b>7,888,084</b>	<b>28,917,960</b>	<b>12,363,171</b>	<b>1,560,252</b>	<b>479,907</b>	<b>(4,257,339)</b>	<b>46,952,035</b>
Segment direct expenses	457,698	12,334,006	99,976	991,891	178,157	8,736,673	22,798,401
Total expenses	457,698	12,334,006	99,976	991,891	178,157	8,736,673	22,798,401
Provisions	1,239,315	156,032	-	44	-	1,012,990	2,408,381
Profit before tax	6,191,071	16,427,922	12,263,195	568,317	301,750	(14,007,002)	21,745,253
<b>Balance Sheet</b>							
Cash & Bank balances	56,174	36,887,628	63,730,041	3,881,497	12,263	7,117,148	111,684,751
Investments	39,783,357	-	727,545,321	20,389,932	2,424,756	-	790,143,366
Net inter segment lending	(360,997,972)	1,060,209,111	(713,241,524)	(1,227,834)	-	15,258,219	-
Lendings to financial institutions	1,074,247	-	5,831,276	933,786	-	(2,963,252)	4,876,057
Advances - performing	392,662,609	17,336,867	-	21,951,971	51,099	9,127,142	441,129,688
Advances - non-performing	705,063	254,587	-	-	-	13,557,424	14,517,074
Provision against advances	(322,584)	(148,158)	-	(65)	-	(14,746,896)	(15,217,703)
Advances - net	393,045,088	17,443,296	-	21,951,906	51,099	7,937,670	440,429,059
Others	3,949,388	9,246,144	4,864,488	2,735,044	530,522	75,685,664	97,011,250
<b>Total Assets</b>	<b>76,910,282</b>	<b>1,123,786,179</b>	<b>88,729,602</b>	<b>48,664,331</b>	<b>3,018,640</b>	<b>103,035,449</b>	<b>1,444,144,483</b>
Borrowings	61,367,749	3,944,536	74,303,248	9,243,967	-	(2,963,249)	145,896,251
Deposits & other accounts	-	1,085,625,740	-	32,917,106	-	3,809,286	1,122,352,132
Net inter segment borrowing	-	-	-	-	-	-	-
Others	2,747,506	17,984,496	(619,955)	2,543,735	434,280	28,673,633	51,763,695
<b>Total liabilities</b>	<b>64,115,255</b>	<b>1,107,554,772</b>	<b>73,683,293</b>	<b>44,704,808</b>	<b>434,280</b>	<b>29,519,670</b>	<b>1,320,012,078</b>
Equity / Reserves	12,795,027	16,231,407	15,046,309	3,959,523	2,584,360	73,515,779	124,132,405
<b>Total Equity and liabilities</b>	<b>76,910,282</b>	<b>1,123,786,179</b>	<b>88,729,602</b>	<b>48,664,331</b>	<b>3,018,640</b>	<b>103,035,449</b>	<b>1,444,144,483</b>
Contingencies and commitments	80,284,074	15,536,294	207,643,542	6,543,247	42,231	12,574,532	322,623,920

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2020

September 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	32,041,547	(38,985,696)	35,235,260	869,007	3,186	(384,712)	28,778,592
Inter segment revenue - net	(33,372,792)	69,350,666	(34,416,719)	-	-	(1,561,155)	-
Non mark-up / return / interest income	2,836,556	2,251,593	2,177,183	72,162	521,312	530,282	8,389,088
<b>Total Income</b>	<b>1,505,311</b>	<b>32,616,563</b>	<b>2,995,724</b>	<b>941,169</b>	<b>524,498</b>	<b>(1,415,585)</b>	<b>37,167,680</b>
Segment direct expenses	425,804	11,398,641	86,825	938,138	233,466	7,594,698	20,677,572
Total expenses	425,804	11,398,641	86,825	938,138	233,466	7,594,698	20,677,572
Provisions	71,435	88,805	-	(8)	-	(516,596)	(356,364)
<b>Profit before tax</b>	<b>1,008,072</b>	<b>21,129,117</b>	<b>2,908,899</b>	<b>3,039</b>	<b>291,032</b>	<b>(8,493,687)</b>	<b>16,846,472</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	47,263,032	-	697,876,038	12,452,302	2,197,434	(134,379)	759,654,427
Net inter segment lending	(413,851,658)	972,381,940	(557,387,799)	161,300	-	(1,303,783)	-
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	8,407,030	484,350,069
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	8,469,412	485,051,568
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>211,741,209</b>	<b>41,581,390</b>	<b>2,793,765</b>	<b>85,646,083</b>	<b>1,483,383,441</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	1,917,550	2,143,144	433,045	27,394,639	50,704,697
Total liabilities	65,562,844	1,031,389,622	205,854,188	38,232,555	433,045	24,699,633	1,366,171,887
Equity / Reserves	17,778,559	26,889,969	5,887,021	3,348,835	2,360,720	60,946,450	117,211,554
<b>Total Equity and liabilities</b>	<b>83,341,403</b>	<b>1,058,279,591</b>	<b>211,741,209</b>	<b>41,581,390</b>	<b>2,793,765</b>	<b>85,646,083</b>	<b>1,483,383,441</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 nine months ended September 30, 2020

## RELATED PARTY TRANSACTIONS

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

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

	September 30, 2020					December 31, 2019 (Audited)				
	Parent	Directors	Key management personnel	Associates*	Other related parties	Parent	Directors	Key management personnel	Associates*	Other related parties
	Rupees in '000									
<b>Balances with other banks</b>	-	-	-	-	-	-	-	-	-	-
<b>Lendings to financial institutions</b>	-	-	-	-	-	-	-	-	-	-
Opening balance	-	-	-	-	-	-	-	-	-	-
Addition during the period/year	-	-	-	-	-	-	-	-	-	-
Repaid during the period/year	-	-	-	-	-	-	-	-	-	-
Transfer in/(out)-net	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-
<b>Investments</b>	-	-	-	-	-	-	-	-	-	-
Opening balance	-	-	-	-	2,197,434	-	-	-	351	1,859,024
Investment made during the period/year	-	-	-	-	2,154,311	-	-	-	-	4,276,363
Investment redeemed/disposed	-	-	-	-	-	-	-	-	-	-
off during the period/year	-	-	-	-	(1,866,213)	-	-	-	-	(4,073,665)
Surplus	-	-	-	-	(60,776)	-	-	-	-	135,712
Transfer in / (out) - net	-	-	-	-	-	-	-	-	(351)	-
Closing balance	-	-	-	-	2,424,756	-	-	-	-	2,197,434
<b>Advances</b>	-	-	-	-	-	-	-	-	-	-
Opening balance	-	4,764	196,884	-	575	-	8,704	264,404	-	593
Addition during the period/year	-	12,721	57,030	-	3,477	-	25,719	97,754	-	9,129
Repaid during the period/year	-	(16,216)	(84,532)	-	(3,907)	-	(29,659)	(165,274)	-	(9,147)
Closing balance	-	1,269	169,382	-	145	-	4,764	196,884	-	575

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2020

	September 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	-	684	72,335	-	-	-	7,860	69,367	-	-
Receivable from staff retirement fund	-	-	-	-	4,111,592	-	-	-	-	3,705,491
Other receivable					383,844					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	18,296,520
Received during the period/year	7,163,326	1,586,195	406,198	4,090,702	251,107,780	8,594,379	1,824,926	524,039	7,718,711	247,373,312
Withdrawn during the period/year	(7,165,959)	(1,788,157)	(397,302)	(4,145,298)	(245,478,032)	(8,593,314)	(1,492,156)	(659,794)	(7,677,777)	(248,754,026)
Closing balance	216	155,232	43,778	68,719	22,545,304	2,849	357,194	34,632	123,315	16,915,806
<b>Other Liabilities</b>										
Interest / mark-up payable	-	2,974	22	-	191,663	-	-	-	599	116,987

# Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the nine months ended September 30, 2020

	September 30, 2020					September 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	-	353	10,734	-	-	-	266	14,041	-	-
Sales Commission	-	-	-	-	6,290	-	-	-	-	15,271
Fee and commission income	2	18	54	6	359,653	-	16	77	40	359,660
Net gain on sale of securities	-	-	14	-	3,354	-	-	-	-	465
Rental Income	-	-	-	-	-	-	-	-	-	-
Other Income	-	-	124	-	-	-	-	92	-	-
<b>Expense</b>										
Mark-up/return/interest paid	-	11,098	420	682	759,729	-	8,177	409	4,791	540,143
Directors meeting fee	-	24,400	-	-	-	-	19,150	-	-	-
Remuneration	-	50,750	323,131	-	-	-	45,583	32,607	-	-
Other expenses	-	-	-	30,177	-	-	182	-	31,172	-
Rent expense**	-	-	-	21,608	-	-	-	-	21,922	-
Charge in respect of staff retirement benefit funds	-	-	-	-	192,694	-	-	-	-	194,757
Insurance premium paid	-	97	620	-	-	-	117	656	-	-

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 (Ibrahin 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 nine months ended September 30, 2020

		(Audited) September 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		89,286,645	82,135,834
Eligible Additional Tier 1 (ADT 1) Capital		-	-
Total Eligible Tier 1 Capital		89,286,645	82,135,834
Eligible Tier 2 Capital		24,275,872	22,351,157
Total Eligible Capital (Tier 1 + Tier 2)		113,562,517	104,486,991
<b>Risk Weighted Assets (RWAs):</b>			
Credit Risk		290,155,453	345,197,859
Market Risk		40,990,050	49,574,917
Operational Risk		84,845,040	84,845,040
Total		415,990,543	479,617,816
Common Equity Tier 1 Capital Adequacy ratio		21.46%	17.13%
Tier 1 Capital Adequacy Ratio		21.46%	17.13%
Total Capital Adequacy Ratio		27.30%	21.79%
<b>Leverage Ratio (LR):</b>			
Eligible Tier-1 Capital		89,286,645	82,135,834
Total Exposures		1,627,309,413	1,801,242,634
Leverage Ratio		5.49%	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 October 21, 2020 has not declared any cash dividend for the quarter ended September 30, 2020 (September 30, 2019: Rs. 2.00 per share).

## 40 GENERAL

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

## 41 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue on October 21, 2020 by the Board of Directors of the Bank.

Mehmud ul Hassan  
Chief Financial Officer

Zafar Iqbal  
Director

Tahir Hassan Qureshi  
President and Chief Executive

Mohammad Naeem Mukhtar  
Chairman

Dr. Muhammad Akram Sheikh  
Director









