

CORPORATE AFFAIRS GROUP

HO/CAG/CAU/2022/61

August 29, 2022

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

Subject: Transmission of Half Yearly Report for the Period Ended June 30, 2022

Dear Sir

We have to inform you that Half Yearly Report of Allied Bank for the period ended June 30, 2022 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,



Adeel Javaid
Company Secretary

TRANSFORMING FUTURE



Allied Bank

2022

HALF YEARLY REPORT

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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

Mohammad Naeem Mukhtar
Sheikh Mukhtar Ahmad
Muhammad Waseem Mukhtar
Abdul Aziz Khan
Zafar Iqbal
Nazrat Bashir
Mubashir A. Akhtar
Aizid Razzaq Gill

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

Zafar Iqbal (Chairman)
Nazrat Bashir
Mubashir A. Akhtar

e-Vision Committee

Mohammad Naeem Mukhtar (Chairman)
Muhammad Waseem Mukhtar
Zafar Iqbal
Aizid Razzaq Gill

Board Risk Management Committee

Sheikh Mukhtar Ahmad (Chairman)
Abdul Aziz Khan
Nazrat Bashir
Aizid Razzaq Gill

Strategic Planning & Monitoring Committee

Muhammad Waseem Mukhtar (Chairman)
Abdul Aziz Khan
Nazrat Bashir
Aizid Razzaq Gill

Human Resource & Remuneration Committee

Mubashir A. Akhtar (Chairman)
Abdul Aziz Khan
Muhammad Waseem Mukhtar
Aizid Razzaq Gill (Permanent Invitee)

Shariah Board

Mufti Muhammad Iftikhar Baig
(Chairman)

Mufti Mahmood Ahmad
Mufti Tayyab Amin

Chief Financial Officer

Muhammad Atif Mirza

Company Secretary

Adeel Javaid

Auditors

EY Ford Rhodes
Chartered Accountants

Legal Adviser

Mandviwalla & Zafar Advocates

Shares Registrar

CDC Share Registrar Services Limited
(CDCSRSL)

Registered and Head Office

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Pakistan

Contact Detail



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/user/alliedbankitd



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Directors' Review

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present the financial results of Your Bank for the half year ended June 30, 2022. The operating results and appropriations as recommended by the Board are included in the appended table:

	Half year ended June 30,		Growth
	2022	2021	
	(Rupees in million)		%
Profit after tax for the period	6,887	8,762	(21)
Accumulated profits brought forward	69,471	66,995	4
Transferred from surplus on revaluation of non-banking assets to un-appropriated profit – net of tax	26	1	2,500
Transferred from surplus on revaluation of fixed assets to un-appropriated profit – net of tax	62	320	(81)
Re-measurement on defined benefit obligation – net of tax	34	42	(19)
Profit available for appropriation	76,480	76,119	0.5
Final cash dividend for the year ended December 31, 2021: Rs. 2.00 per share (2021: Year ended December 31, 2020: Rs. 6.00 per share)	(2,290)	(6,870)	(67)
First interim cash dividend for the year ending at December 31, 2022: Rs. 2.00 per share (2021: year ended December 31, 2021: Rs. 2 per share)	(2,290)	(2,290)	-
Transfer to Statutory Reserves	(689)	(876)	(22)
Accumulated profits carried forward	71,211	66,083	8
Earnings Per Share (EPS) (Rs.)	6.01	7.65	(21)

The Board is pleased to announce an interim cash dividend of Rs. 2.00 per share in addition to first interim cash dividend of Rs. 2.00 per share, which has already been paid. Interim cash dividend for the half year ended June 30, 2022 is Rs 4.00 per share (June 30, 2021 Rs. 4.00 per share).

Economic Review

Global recovery from COVID-19 pandemic is steering through a number of economic challenges. Increasing commodity and energy prices together with supply chain disruptions surged inflationary pressure globally. This has resulted in tightened monetary policy stance by most of the central banks. Recent Russia-Ukraine conflict and re-emergence of the pandemic in China have slowed down the economic activity across the world. Resultantly, International Monetary Fund (IMF) has forecasted a slowdown in baseline global growth to 3.2% in 2022 from 6.1% last year which is 0.4% lower than earlier projection made in April 2022.

Economy of Pakistan remained resilient, despite adverse impacts of subdued global economic outlook together with uncertain domestic environment. Resultantly, in July 2022, IMF forecasted real GDP Growth of Pakistan at 6.0% in 2022 which was earlier estimated at 4.0% as compared to 5.7% in 2021.

Large Scale Manufacturing (LSM) witnessed broad-based growth in Food, Tobacco, Wearing Apparel, Textile, Chemicals, Automobiles, Iron & Steel Products, Leather Products and Paper & Paperboard sectors. LSM growth was recorded at 11.7% during Jul-May FY2022 as compared to 10.2% growth in the corresponding period last year.

Agriculture sector has recorded a growth of 4.40% during FY2022 and surpassed the target of 3.5% as well as last year's growth of 3.48%. Agriculture credit disbursement also increased by 2.3% to Rs 1,219 billion during Jul-May FY2022 as compared to Rs 1,192 billion last year.

Exports showed a growth of 25% during FY2022 and reached at US\$ 39,418 million as compared to US\$ 31,584 million during last year. Textile, chemical & pharmaceutical, manufactured leather and rice remained major sectors contributing in growth of exports. On the other hand, imports grew by 34% during FY2022 reaching at US\$ 84,191 million as compared to US\$ 62,734 million last year. Imports grew mainly because of higher volume and prices of energy and non-energy commodities.

Higher imports as compared to lower exports and modest growth in workers remittances translated into Current Account Deficit (CAD) which stood at US\$ 17,406 million for FY2022 as against a lower CAD of US\$ 2,820 million during last year.

Pakistan Net Foreign Reserves and Foreign Reserves with SBP were recorded at US\$ 15,537 million and US\$ 9,816 million as on June 30, 2022. During FY2022, Net Foreign Direct Investment was recorded at US\$ 1,868 million as compared to US\$ 1,821 million in last year showing an increase of 2.6%. Whereas, Net Portfolio investment recorded an outflow of US\$ 79 million during FY2022 as compared to inflow of US\$ 2,762 million during last year.

Money supply (M2) registered a Year on Year (YoY) growth of 14% and reached at Rs. 27,581,015 million as on June 30, 2022, whereas, currency in circulation stood at Rs. 7,572,465 million showing a YoY growth of 10%.

On fiscal side, Federal Board of Revenue's tax collection exhibited YoY growth of 29%. Total collection was recorded at Rs. 6,126 billion against target of Rs. 6,050 billion. In Jul-May FY2022, expenditures overran revenue growth; thus, Fiscal Deficit was recorded at 5.2% of GDP and the primary balance posted a deficit of Rs 945 billion.

In view of the prevailing uncertainty, investor sentiments remained bearish, KSE100 index closed at 41,541 points as on June 30, 2022 as compared to 47,356 points as on June 30, 2021, showing a decline of 12%. Pakistan Rupee depreciated by 16% as compared to December 31, 2021 to stand at Rs. 204.85 as on June 30, 2022.

Headline inflation was recorded at 21.3% in the month of June FY2022, highest since 2008, as against 9.7% in the same month last year. Increasing food prices, high transportation cost and rising energy prices remained major drivers of inflation.

In view of this challenging situation, policy actions were required to moderate demand, prevent the compounding of inflationary pressures and to safeguard the external stability. Accordingly, State Bank of Pakistan (SBP) continued with further tightening of monetary policy and policy rate has cumulatively been increased by 525 basis points since December 2021 to bring the policy rate at 15.00% on July 07, 2022.

Financial Review

During this challenging operating environment due to global economic slow-down, macroeconomic imbalances, rising inflationary pressures and tightening of monetary policy, the domestic banking sector's performance remained consistent.

Banking industry's assets base (domestic operations) registered a growth of 16% to reach at Rs. 33,542 billion as on June 30, 2022 as compared to Rs. 28,882 billion as on December 31, 2021. Asset base growth is substantially driven on the back of investments and advances which increased by 23% and 8% respectively, from December 31, 2021. Industry deposits stood at Rs. 22,810 billion, achieving a growth of 9%.

Your Bank continued its focus towards enriched technological infrastructures and digitally-induced financial offerings assisting in creating sustainable growth and value for the stakeholders. Thereby, contributing in achieving robust financial position with stable profitability.

Positive volumetric growth in average earning assets coupled with positive rate variance assisted in 64% increase in mark-up income to reach at Rs. 87,567 million during the half year ended June 30, 2022. Mark-up expense reached at Rs. 60,052 million showing a growth of 98% during the captioned period. The increase is mainly on account of higher cost of deposits due to increasing interest rate scenario. Net Interest Income (NII) was recorded at Rs. 27,515 million achieving a growth of 20% during the half year ended June 30, 2022.

Fee income has increased by Rs. 677 million, recording a growth of 21% to reach at Rs. 3,932 million mainly on account of higher card related fees and branch banking customer fees.

There was an increase of 21% in dividend income to reach at Rs. 1,325 million during the half year ended June 30, 2022 as compared to Rs. 1,093 million in the corresponding period last year.

Foreign exchange income recorded a reasonable growth to reach at Rs. 4,296 million mainly attributable to increased volume of large ticket transactions. At the same time, the Bank remained an active participant in the interbank swap market. This is also counterbalancing the effect of decrease in other income which stands at Rs. 46 million for the half year ended June 30, 2022 as compared to Rs. 270 million during the corresponding period last year. Decrease in other income is due to decrease in gain on disposal of fixed assets.

Resultantly, non-markup income increased by 35% to reach at Rs. 10,739 million during the half year ended June 30, 2022 as compared to Rs. 7,933 million for the corresponding period last year.

Administration expenses increased by 14% during the period under review as compared to 10% increase in the corresponding period last year.

Your Bank posted profit before tax of Rs. 20,118 million during the half year ended June 30, 2022 which is higher by 37% as compared to corresponding period last year.

Vide Finance Act 2022, for Banking companies, Corporate Tax rate is enhanced from 35% to 39%, Super Tax on high earning persons is levied for Tax Year 2023 (Income Year 2022) at 10% and subsequently at 4% and tax rate on attributable income from investments in Federal Government Securities is increased (49% for ADR 40% to 50%) retrospectively from Tax Year 2022 (Income Year 2021), which resulted in additional tax charge during the half year ended June 30, 2022. Resultantly, effective tax rate of the Bank increased to 65.8%, amounting to Rs. 13,231 million as compared to 40.4% in corresponding half year period.

Profit after tax for the half year ended June 30, 2022 recorded at Rs. 6,887 million, lower by Rs. 1,875 million as compared to the corresponding half year ended June 30, 2021. In line with profit after tax, earnings per share (EPS) of Your Bank also decreased to Rs. 6.01 as compared to Rs. 7.65 against the same corresponding period.

Your Bank has always strived to provide seamless banking experiences and development of digital ecosystem. Therefore, Allied Bank has maintained a balanced approach for digital innovations and optimized expansion in branch banking operations.

Your Bank has a large ATM network of 1,569 machines including 1,295 on-site, 269 off-site and 5 mobile banking units (MBU). Whereas, Branch outreach closed at 1,429 branches comprising of 1,305 conventional branches, 117 Islamic branches and 7 digital branches.

Director's Review

Your Bank's assets base showed a growth of 6% to reach at Rs. 2,131,359 million during the half year ended June 30, 2022. Main increase is witnessed in investments and balances with other banks.

Prudent fund deployment in investments resulted in increase of investments by Rs. 88,131 million to stand at Rs. 1,152,626 million as at June 30, 2022.

Effective risk management and prudent monitoring enabled Your Bank to further reduce gross non-performing advances portfolio by Rs. 563 million to reach at Rs. 13,038 million as on June 30, 2022. Gross advances and net advances reached at Rs. 657,990 million and Rs. 646,254 million respectively.

Your Bank continued to pave the way for its low infection ratio and strong coverage ratio which stood at 1.98% and 90.00% respectively, as on June 30, 2022. Whereas the industry infection ratio and coverage ratio stood at 7.8% and 91.5% respectively, as on March 31, 2022. No forced sale value (FSV) benefit was availed while determining the provision against Non-Performing Loans, allowed under SBP guidelines.

Balances with other banks significantly increased by 454% to reach at Rs.5,003 million during the captioned period as compared to Rs. 903 million as on December 31, 2021.

Total deposits of Your Bank demonstrated a growth of 11% to reach at Rs. 1,575,095 million as on June 30, 2022 as compared to Rs. 1,413,295 million as on December 31, 2021. Your Bank concentrated efforts towards low-cost deposits which resulted in increase of current deposits by 8%. Whereas, current deposit to total deposit ratio and current account saving account (CASA) to total deposit ratio stood at 42% and 82% respectively, as on June 30, 2022.

Return on Assets and Return on Equity were recorded at 0.7% and 12.7% respectively, as on June 30, 2022. Capital Adequacy Ratio (CAR) remained resilient at 20.76% against a statutory requirement of 11.5%.

Future Outlook

Going forward, global economic decline is expected to continue in the backdrop of Russia-Ukraine conflict, pandemic containment measures in China, high inflation and monetary tightening policies adopted by Central Banks. Accordingly, IMF has downgraded the expected Global growth rate to 2.9% in 2023.

Supply chain disruptions and increasing commodity prices driven by geopolitical conflicts have worsened the inflation outlook expectation. IMF estimated inflation at 6.6% in advanced countries and 9.5% in emerging and developing economies in 2022.

On the domestic front, GDP growth is targeted at 5.0% in FY2023. Inflation is forecasted to sustain its current level till FY2023 after which it is expected to sharply fall to a range of 5%-7%.

Developing innovative products and technology-based solutions have always been remained a focus of Your Bank. In order to improve customer experience and bring more convenience, the Bank has extended debit card replacement and upgrade services through Allied Phone Banking.

Your Bank's flagship digital banking platform myABL Digital is now catering to the financial needs of over 1.1 million customers and offering a wide range of banking services. In order to minimize the emerging cyber security risks, Robo Call feature has been introduced for registration on myABL Digital. Digital lending facility (Pay Day Loan) through myABL Digital is expanding with onboarding of new business entities. During the period, myABL WhatsApp Banking has also been augmented with the introduction of additional features.

Your Bank's commitment for providing global standard uninterrupted services to its customers with ease and convenience has been acknowledged at international and domestic forums. During the period, Your Bank has been awarded several recognitions including the following:

1. Best Domestic Bank in Pakistan – FinanceAsia Country Awards 2022
2. Best Bank for SMEs in Pakistan – Asiamoney Awards 2022
3. Best Banking Tech of the Year – Pakistan Digital Awards 2022

Entity Rating

Pakistan Credit Rating Agency (PACRA) maintained the 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 select group of financial institutions in the Country to maintain highest entity credit ratings.

Corporate Governance Rating

VIS Credit Rating Company Limited (VIS) has upgraded Corporate Governance Rating of Allied Bank Limited (ABL) at "CGR-9++" out of maximum scale of 10. This Corporate Governance Rating of CGR-9++ indicates strong commitment of the Bank towards governance framework.

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 of Directors and 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 Board of Directors and the Management, we would like to place on record our gratitude; to esteemed shareholders and valued customers for placing their trust in Allied Bank; the Securities and Exchange Commission of Pakistan, the State Bank of Pakistan and other regulatory authorities for their consistent direction and oversight.

We would also like to extend appreciation to our colleagues for their diligent work towards meeting customer expectations and their dedication towards achieving the Bank's goals and objectives.

For and on behalf of the Board of Directors.

Aizid Razzaq Gill
Chief Executive Officer

Mohammad Naeem Mukhtar
Chairman Board of Directors

Lahore
Date: August 17, 2022

ڈائریکٹرز کا تجزیہ

معزز شیئر ہولڈرز:

بورڈ آف ڈائریکٹرز کی جانب سے ہم 30 جون 2022ء کو اختتام پذیر ہونے والی نتائج پیش کرتے ہوئے نہایت مسرت محسوس کرتے ہیں۔ بورڈ کی طرف سے سفارش کردہ کاروباری نتائج اور تخصیص مندرجہ ذیل جدول میں درج ہے:

ششماہی مختتمہ 30 جون			
نمبر %	2021	2022	
%	ملین روپے		
(21)	8,762	6,887	بعد از ٹیکس منافع
4	66,995	69,471	گزشتہ جمع شدہ منافع
2500	1	26	غیر بینکاری اثاثہ جات کی قدر دیکھنا سے غیر تصرف شدہ منافع میں منتقلی خالص از ٹیکس
(81)	320	62	معمین اثاثہ جات کی قدر دیکھنا سے غیر تصرف شدہ منافع میں منتقلی خالص از ٹیکس
(19)	42	34	متعین فوائد کی ذمہ داری کی دوبارہ پیمائش سے حاصل شدہ آمدنی۔ خالص از ٹیکس
0.5	76,119	76,480	تصرف کے لیے دستیاب منافع
(67)	(6,870)	(2,290)	حتیٰ کیش ڈیویڈنڈ برائے سال مختتمہ 31 دسمبر 2021 - 2 روپے فی حصص (2021: سال مختتمہ 31 دسمبر 2020 - 6 روپے فی حصص)
-	(2,290)	(2,290)	پہلا عبوری کیش ڈیویڈنڈ برائے سال مختتمہ 31 دسمبر 2022 - 2 روپے فی حصص (2021: سال مختتمہ 31 دسمبر 2021 - 2 روپے فی حصص)
(22)	(876)	(689)	نصوابی ریڑرو میں منتقلی
8	66,083	71,211	آگے منتقل کیا گیا جمع شدہ منافع
(21)	7.65	6.01	فی حصص آمدنی (EPS) روپے

بورڈ نہایت مسرت سے 2 روپے فی شیئر کے عبوری کیش ڈیویڈنڈ کا اعلان کرتا ہے جو کہ 2 روپے فی شیئر کے پہلے عبوری ڈیویڈنڈ کے علاوہ ہے جس کی پیشتر ادائیگی کی جا چکی ہے۔ 30 جون 2022ء کو اختتام پذیر ہونے والی ششماہی کے لیے عبوری کیش ڈیویڈنڈ 4 روپے فی شیئر ہے (30 جون 2021ء - 4 روپے فی شیئر)۔

معاشی جائزہ:

کوڈ - 19 کی عالمگیر وبا سے بحالی کا عالمی سفر کئی ایک معاشی چیلنجز کا سامنا کر رہا ہے۔ اشیاء اور توانائی کی بڑھتی قیمتیں اور اس کے ساتھ رسد کی ترسیل میں درجش رکاوٹوں نے پوری دنیا میں افراط زر کے دباؤ میں اضافہ کیا ہے۔ جس کے رد عمل کے طور پر مرکزی بینکوں کی ایک کثیر تعداد نے کڑے مالیاتی پالیسی کے پیمانہ کو اختیار کیا ہے۔ روس اور یوکرین کے مابین حالیہ تنازعہ اور چین میں عالمگیر وبا کے دوبارہ سراٹھانے اور پھیلاؤ سے دنیا بھر میں معاشی سرگرمیوں میں ست روی دیکھی جا رہی ہے۔ ٹیچا، عالمی مالیاتی فنڈ (آئی ایم ایف) نے عالمی بنیادی نمو کی رفتار میں کمی کی توقع پر اس کی شرح ترقی میں گزشتہ سال کی 6.1 فیصد حاصل شدہ سطح سے تخفیف کرتے ہوئے اسے 3.2 فیصد رکھنے کا حند یہ دیا ہے جو اپریل 2022ء میں آئی ایم ایف کے سابقہ تخمینے سے بھی 0.4 فیصد کم ہے۔

اس امر کے باوجود کہ عالمی معاشی چیلنجز میں ناموافق اور غیر یقین دہانی صورتحال سے مسلسل منفی اثرات مرتب ہو رہے ہیں، پاکستان کی معیشت اپنی پیکاری اور مقابلے کی صلاحیت کو برقرار رکھے ہوئے ہے۔ چنانچہ، جولائی 2021ء میں آئی ایم ایف نے سال 2022ء کے لیے پاکستان کے جی ڈی پی کی نمو کا تخمینہ 6 فیصد پر کیا ہے جس کا سابقہ اندازہ سال 2021ء کی 5.7 فیصد کی ترقی کے مقابلے میں 4 فیصد پر کیا گیا تھا۔

بڑے پیمانے کی صنعت میں خوراک، تمباکو، ملبوسات، ٹیکسٹائل، کیمیکلز، آٹوموبیل، لوہے اور اسٹیل کی اشیاء، پھوسے کی اشیاء اور کانڈ وگٹے کی اشیاء کے حوالے سے ایک وسیع البیاد ترقی دیکھی گئی۔ بڑے پیمانے کی صنعت کی نمو گزشتہ سال کے تقابلی عرصہ میں حاصل کی گئی 10.2 فیصد کی نمو کے مقابلے میں مالی سال 2022ء کے جولائی تا مئی 2022ء کے عرصہ میں 11.7 فیصد پر ریکارڈ کی گئی۔

زراعت کے شعبہ نے، سال 2022ء کے دوران گزشتہ سال 3.48 فیصد کی نمو کے مقابلے میں اپنے 3.5 فیصد کے تین شدہ ہدف کو عبور کرتے ہوئے 4.40 فیصد کی شرح نمو ریکارڈ کی۔ زراعت کے لیے دیئے گئے قرضہ جات بھی گزشتہ سال کے 1,192 بلین روپے کی سطح سے 2.3 فیصد اضافے کے ساتھ مالی سال 2022ء کے جولائی تا مئی کے عرصہ میں 1,219 بلین روپے پر درج ہوئے۔

برآمدات میں گزشتہ سال کے 31,584 بلین امریکی ڈالرز کے مقابلے میں مالی سال 2022ء کے دوران 25 فیصد کا اضافہ دیکھا گیا، جس سے اسکا حجم 39,418 بلین امریکی ڈالرز پر پہنچ گیا۔ ٹیکسٹائل، کیمیکل اور فارماسیوٹیکل، چمڑے کی مصنوعات اور چاول کے شعبے برآمدات کی اس نمو کے نمایاں کردار رہے۔ دوسری طرف درآمدات، مالی سال 2022ء کے دوران گزشتہ سال کے 62,734 بلین امریکی ڈالرز سے 34 فیصد کے اضافے کے ساتھ 84,191 بلین امریکی ڈالرز تک بڑھ گئیں۔ درآمدات میں اضافے کی بڑی وجہ توانائی اور غیر توانائی کی اشیاء کے مقدار اور قیمتوں میں بڑھوتی ہے۔

کم برآمدات کے مقابلے میں درآمدات کے بڑھتے حجم اور افرادی ترسیلات زر میں معتدل اضافے کے اثرات کرنٹ اکاؤنٹ خسارے پر بھی مرتب ہوئے۔ جو کہ مالی سال 2022 میں 17,406 بلین امریکی ڈالرز رہا جبکہ گزشتہ سال کے 2,820 بلین امریکی ڈالرز پر تھا۔

پاکستان کے خالص زرمبادلہ کے ذخائر اور اسٹیٹ بینک آف پاکستان کے غیر ملکی کرنسی کے ذخائر 30 جون 2022ء تک بالترتیب 15,537 بلین امریکی ڈالرز اور 9,816 بلین امریکی ڈالرز پر ریکارڈ ہوئے۔ مالی سال 2022ء کے دوران غیر ملکی برادہ راست خالص سرمایہ کاری گزشتہ سال کے 1,821 بلین امریکی ڈالرز کی سطح سے 2.6 فیصد اضافہ ظاہر کرتے ہوئے 1,868 بلین امریکی ڈالرز پر ریکارڈ ہوئی۔ جبکہ خالص پورٹ فولیو سرمایہ کاری میں گزشتہ سال کے 2,762 بلین امریکی ڈالرز کے انفلو (Inflow) کے مقابلے میں مالی سال 2022ء کے دوران 79 بلین امریکی ڈالرز کا آؤٹ فلو (Out Flow) دیکھا گیا۔

منی سپلائی (ایم 2) میں، سال بہ سال کی بنیاد پر، 14 فیصد کی نمو کے ساتھ اس کا حجم 30 جون 2022ء تک 27,581,015 بلین روپے پر پہنچ گیا۔ جبکہ کرنسی کی سرکولیشن 10 فیصد کے، سال بہ سال کی بنیاد پر، اضافے کے ساتھ 7,572,465 بلین روپے رہی۔

مالیاتی حوالے سے، فیڈرل بورڈ آف ریونیو کے محصولات کو اکٹھا کرنے کی شرح میں سال بہ سال کی بنیاد پر 29 فیصد کی نمو ظاہر کرتے ہوئے اپنے 6,050 بلین روپے کے ہدف کی نسبت 6,126 بلین روپے کی وصولیاں کی گئیں۔ مالی سال 2022ء کے جولائی تا مئی کے عرصہ کے دوران اخراجات کا حجم آمدنی کی نمو سے زائد رہا۔ لہذا، جی ڈی پی کا 5.2 فیصد تک کا مالیاتی خسارہ ریکارڈ کیا گیا اور بنیادی توازن میں 945 بلین روپے کا خسارہ درج ہوا۔

موجودہ غیر بینکی صورت حال کے تناظر میں سرمایہ کاروں کے اعتماد اور رجحان میں خدشات برقرار رہے۔ کے ایس ای- 100 انڈیکس 30 جون 2021ء کے 47,356 پوائنٹس کی نسبت 12 فیصد کی کمی کو ظاہر کرتے ہوئے 30 جون 2022ء کے 41,541 پوائنٹس پر بند ہوا۔ پاکستانی روپے میں 31 دسمبر 2021ء کی سطح سے 16 فیصد کی فروسنگی ہوئی اور یہ 30 جون 2022ء تک 204.85 روپے فی امریکی ڈالر پہنچ گیا۔

سرکاری افراط زر مالی سال 2022ء کے جن کے مہینے میں 21.3 فیصد کی شرح پر ریکارڈ ہوا جو کہ سال 2008 سے اب تک کی سب سے بلند ترین شرح ہے۔ جبکہ، گزشتہ سال کے اسی مہینے اس کی شرح 9.7 فیصد تھی۔ اشیاء خورد و نوش کی قیمتوں میں اضافے، نقل و حمل کی بڑھتی لاگت اور توانائی کی قیمتوں میں بڑھتی افراط زر کے دباؤ میں بنیادی عوامل کے طور پر برقرار ہیں۔

اس مشکل اور چیلنجک صورتحال کے مد نظر، طلب کو معتدل کرنے کے پالیسی اقدامات کی ضرورت ہے تاکہ بیرونی استحکام کو تحفظ اور افراط زر کے دباؤ میں مرکبیت کا خاتمہ کیا جاسکے۔ چنانچہ، اسٹیٹ بینک آف پاکستان نے اپنے کڑے مالیاتی پالیسی کے تسلسل کو برقرار رکھتے ہوئے پالیسی ریٹ میں دسمبر 2021ء سے اب تک 525 بیس پوائنٹس کا اضافہ کیا اور 07 جولائی 2022 تک اس کی شرح 15 فیصد پر مقرر کر دی۔

مالیاتی جائزہ :

عالمی معاشی ستردی، گلاں معاشی عدم توازن، بڑھتے ہوئے افراط زر کے دباؤ اور کڑے مالیاتی پالیسی پالیسی سے ابھرتے مسابقتی اور مشکل کاروباری ماحول کے باوجود، ملک کے بینکاری کے شعبہ کی کارکردگی میں تسلسل برقرار ہے۔

بینکنگ کی صنعت کے اثاثہ جات کی اساس (داخلی کاروبار) میں 31 دسمبر 2021ء کے 28,882 ارب روپے کے حجم کی نسبت 30 جون 2022ء تک 16 فیصد کے اضافے کے اندراج کے ساتھ 33,542 ارب روپے پر درج کی گئی۔ اثاثہ جات کی اساس میں اس اضافے کے بنیادی عوامل میں سرمایہ کاری اور قرضہ جات کا اہم کردار رہا جن میں بالترتیب 23 فیصد اور 8 فیصد کی افزائش دیکھی گئی۔ اس طرح 31 دسمبر 2021ء کے صنعت کے ڈیپازٹس 9 فیصد کی نمو کے ساتھ 22,810 ارب روپے پر پہنچ گئے۔

آپ کے بینک نے اپنی توجہ ٹیکنالوجی سے مزین بنیادی ڈھانچے اور ڈیجیٹلائزیشن سے بھرپور مالیاتی پیشکشوں پر جاری رکھی۔ جس سے پائیدار نمو اور متعلقہ اسٹیک ہولڈر کے لیے افادہ حاصل کیا جاسکے اور جو ایک مضبوط مالیاتی صورتحال کے قیام اور مستحکم منافع کے حصول میں اپنا کردار ادا کر سکیں۔

اوسط پیداواری اثاثہ جات میں ہونے والی مثبت مقداری نمو اور اس کے ساتھ مثبت ریٹ کی قنات نے مارک اپ آمدنی میں 64 فیصد کے اضافے کے ساتھ 30 جون 2022ء کو اختتام پذیر ششماہی کے دوران، اس کے حجم کو 87,567 ملین روپے تک پہنچنے میں مدد فراہم کی۔ مارک اپ اخراجات اس مذکورہ مدت کے دوران 98 فیصد کی نمو کے ساتھ 60,052 ملین روپے پر درج ہوئے۔ اس اضافے کی اہم وجہ انٹرنٹ ریٹ کے بڑھنے منظر نامے میں ڈیپازٹس کی بڑھتی لاگت رہی۔ خالص انٹرنٹ آمدنی 30 جون 2022ء کو اختتام پذیر ششماہی کے دوران 20 فیصد کی نمو کے اندراج کے ساتھ 27,515 ملین روپے پر ریکارڈ ہوئی۔

فیس آمدنی 677 ملین روپے کے اضافے کے ساتھ، 21 فیصد کی نمو کا اندراج کرتے ہوئے، 3,932 ملین روپے پر درج ہوئی۔ جس میں کارڈ سے متعلق فیس اور برانچ بینکنگ کے صارفین کی فیس کی آمدنیوں کا نمایاں کردار رہا ہے۔

ڈیوڈینڈ کی آمدنی میں 30 جون 2022ء کو اختتام پذیر ششماہی کے دوران 21 فیصد کا اضافہ دیکھا گیا جو گزشتہ سال کی تقابلی مدت کے 1,093 ملین روپے سے بڑھ کر 1,325 ملین روپے پر درج کی گئی۔

غیر ملکی زرمبادلہ کی آمدنی میں لین دین کے اضافی و مقداری حجم کی وجہ سے بہتر نمو دیکھی گئی اور اس کا شمار 4,296 ملین روپے پر پہنچ گیا۔ اسی مدت میں بینک نے انٹربینک سواپ مارکیٹ (Interbank Swap Market) میں اپنے مستعد کردار کو جاری رکھا۔ اس اقدام سے دیگر آمدنی میں ہونے والی کمی کے اثرات کو ختم کرنے میں مدد ملی۔ جس کا حجم گزشتہ سال کے تقابلی عرصہ کے دوران حاصل شدہ 270 ملین روپے کی نسبت 30 جون 2022ء کو اختتام پذیر ششماہی میں حاصل ہونے والی 46 ملین روپے پر درج کیا گیا۔ دیگر آمدنی میں اس کی وجہ معین اثاثہ جات کی فروخت سے حاصل آمدنی میں کمی تھی۔

اس کے نتیجے میں غیر مارک اپ آمدنی گزشتہ سال کی تقابلی مدت کے 7,933 ملین روپے کے مقابلے میں 30 جون 2022ء کو اختتام پذیر ششماہی کے دوران 35 فیصد کے اضافے کے ساتھ 10,739 ملین روپے پر پہنچی۔

انتظامی اخراجات میں گزشتہ سال کی تقابلی مدت کے 10 فیصد کے اضافے کی نسبت، اس زیر تجزیہ عرصہ کے دوران، 14 فیصد تک بڑھ گئے۔

آپکے بینک کے 20,118 ملین روپے کا منافع قبل از ٹیکس حاصل کیا جو کہ گزشتہ سال کے تقابلی عرصہ کے حاصل شدہ رقم سے 37 فیصد اضافے کا مظہر ہے۔

فنانس ایکٹ 2022ء کے ذریعے بینکنگ کمپنیوں کے لیے کارپوریٹ ریٹ ٹیکس کو 35 فیصد سے بڑھا کر 39 فیصد، زیادہ آمدنی حاصل کرنے افراد پر ٹیکس سال 2023ء (آمدنی سال 2022ء) کے لیے 10 فیصد سوپر ٹیکس کا نفاذ جبکہ اس کے بعد کی مدت میں اس شرح کو 4 فیصد رکھا گیا ہے۔ اور اس کے ساتھ وفاقی حکومتی تحریکات میں سرمایہ کاری سے متعلق آمدنی کے ٹیکس ریٹ میں اضافہ (49 فیصد جس میں قرضہ جات اور ڈیپازٹس کی شرح 40 فیصد تا 50 فیصد تک) جس کا اطلاق پچھلے سال یعنی ٹیکس سال 2022ء (آمدنی سال 2021ء) سے کیا گیا ہے اور جس کے نتیجے میں 30 جون 2022ء کو اختتام پذیر ششماہی کے دوران ٹیکس کی مدت میں اضافی اخراجات کا شمار کیا گیا۔ چنانچہ، بینک کا موثر ٹیکس ریٹ اپنی تقابلی ششماہی مدت کی 40.4 فیصد کی شرح کی نسبت 65.8 فیصد تک بڑھ گیا اور اس کا حجم 13,231 ملین روپے تک جا پہنچا۔

30 جون 2022ء کو اختتام پذیر ششماہی کے دوران منافع بعد از ٹیکس 6,887 ملین روپے کی سطح پر درج ہوا جو کہ 30 جون 2021ء کے اپنی تقابلی مدت کی سطح سے 1,875 ملین روپے کم ہے۔ منافع بعد از ٹیکس کی مطابقت میں آپکے بینک کی فی حصص آمدنی بھی کسی کے اندراج کے ساتھ 6.01 روپے فی حصص پر آپکی جبکہ اسی مابقی تقابلی مدت کے دوران اس کی سطح 7.65 روپے فی حصص پر درج ہوئی تھی۔

آپکے بینک نے ہمیشہ بینکنگ کے تجربات کی بلارکادہ فراہمی اور ڈیجیٹل ایکوسٹم (Digital Eco System) کی تعمیر اور فروغ کے لیے اپنی کوششوں کو جاری رکھا ہے۔ چنانچہ الائیڈ بینک نے اپنی برانچ بینکنگ کے کاروبار کے لیے ڈیجیٹل اختراعات اور موزوں توسیع کے لیے ایک متوازن پالیسی کو برقرار رکھا ہے۔

آپکے بینک کا 1,569 مشینوں پر مشتمل ایک وسیع اسے ٹی ایم نیٹ ورک ہے جس میں 1,295 آن سائٹ 269 آف سائٹ اور 5 موبائل بینکنگ پینل شامل ہیں۔ جبکہ برانچوں کی تعداد 1,429 برانچوں پر بند ہوئی جس میں 1,305 روایتی بینکنگ کی برانچیں، 117 اسلامک برانچیں اور 7 ڈیجیٹل برانچیں شامل ہیں۔

آپکے بینک کے اثاثہ جات کی اساس 30 جون 2022ء کو اختتام پذیر ششماہی کے دوران 6 فیصد کے اضافے کے اندراج کے ساتھ 2,131,359 ملین روپے پر رپورٹ ہوئی۔ اس اضافے کی بنیادی وجہ میں سرمایہ کاری دوسرے ٹیکوں میں موجود اپنے پینلٹری میں بڑھوتی تھی۔

سرمایہ کاری کی دانشمندانہ تقسیم اور ترویج کے باعث سرمایہ کاری کے حجم میں اضافہ دیکھا گیا جو کہ 30 جون 2022ء تک 88,131 ملین روپے کے اضافے کے ساتھ 1,152,626 ملین روپے پر درج ہوئی۔

خدشات کے مدارک کے موزوں انتظام اور دانشمندانہ نگرانی نے آپکے بینک کو اس امر کا حامل کیا کہ وہ گل غیر فعال قرضوں کے پورٹ فولیو میں 563 ملین روپے کی تخفیف کر سکے جس کا حجم 30 جون 2022ء تک 13,038 ملین روپے پر رپورٹ ہوا۔ کل قرضہ جات اور خالص قرضہ جات بھی بالترتیب 657,990 ملین روپے اور 646,254 ملین روپے پر پہنچ گئے۔

آپکا بینک اپنی کم ترین انفعشن کی شرح اور مضبوط کوریج کی شرح سے مستفید ہونے کی راہ کو مسلسل اپنائے ہوئے ہے۔ جن کی سطحیں 30 جون 2022ء پر بالترتیب 1.98 فیصد اور 90.00 فیصد پر درج ہوئیں۔ جبکہ 31 مارچ 2022ء تک صنعت کی انفعشن کی شرح اور کوریج کی شرح بالترتیب 7.8 فیصد اور 91.5 فیصد پر درج ہوئیں۔ غیر فعال قرضوں کے اخراجات (پروویژن) کا شمار کرتے ہوئے اسٹیٹ بینک آف پاکستان کی گائیڈ لائنز میں اجازت کے باوجود جری فروخت کے کسی بھی فائدے کو شامل نہیں کیا گیا۔

دیگر ٹیکوں میں موجود پینلٹری 31 دسمبر 2021ء کے 903 ملین کے حجم کے مقابلے میں 454 فیصد کے نمایاں اضافے کے ساتھ 5,003 ملین روپے پر رپورٹ کیے گئے۔

آپکے بینک کے کل ڈیپازٹس 31 دسمبر 2021ء تک کے 1,413,295 ملین کے حجم کے تناسب میں 30 جون 2022ء تک 11 فیصد کی نمو کے اظہار کے ساتھ 1,575,095 ملین روپے پہنچ گئے۔ کم لاگت کے ڈیپازٹس کے حصول کے آپکے بینک کی جامع اور بھرپور کوششوں سے کرنٹ اکاؤنٹ ڈیپازٹس میں 8 فیصد کی بڑھوتی دیکھی گئی۔

جیکرکرنٹ ڈیپازٹ کی گھل ڈیپازٹ سے شرح، تناسب اور کرنٹ اکاؤنٹ سیونگ اکاؤنٹ (کاسا) کی کل ڈیپازٹس سے شرح، تناسب 30 جون 2022ء تک بالترتیب 42% فیصد اور 82% فیصد پر ریکارڈ ہوئیں۔

30 جون 2022ء تک اثاثوں پر منافع اور ایکویٹی پر منافع بالترتیب 0.7 فیصد اور 12.7 فیصد ریکارڈ کی گئی۔ سرائے کی معقولیت کی شرح (CAR) اپنی 11.5 فیصد کی حوالگی مطلوبہ شرح کی نسبت اپنی لچکداری اور مقابلے کی کیفیت کو برقرار رکھتے ہوئے 20.76 فیصد پر درج کی گئی۔

مستقبل کی پیش بینی :

مستقبل قریب میں روس اور یوکرین کے تنازعہ، چین کی جانب سے عالمگیر دہاء پر قابو کے اقدامات، بلند ہوتے افراط زر اور مرکزی بینکوں کی جانب سے اختیار کیے گئے کڑے مالیاتی پابندی کی وجہ سے عالمی معیشت میں گراؤ برقرار رہنے کی توقع ہے۔ لہذا، آئی ایم ایف نے سال 2023ء کے لیے عالمی نمو کی شرح کو کم کرتے ہوئے 2.9 فیصد پر تخمینہ کیا ہے۔

جغرافیائی و سیاسی تنازعات کی وجہ سے رسد کی فراہمی میں رکاوٹوں اور اشیاء کی بڑھتی قیمتوں نے افراط زر کی پیش بینی کی توقعات کو مزید بدتر کر دیا ہے۔ آئی ایم ایف نے سال 2022ء کے لیے ترقی یافتہ ممالک کے لیے افراط زر کی شرح کو 6.6 فیصد جبکہ ترقی پذیر معیشتوں کے لیے اس کی شرح کو 9.5 فیصد پر توقع کیا ہے۔

داخلی حما، سال 2023ء کے لیے جی ڈی پی کی نمو کا ہدف 5.0 فیصد رکھا گیا ہے۔ افراط زر کے سال 2023ء تک اسی سطح پر برقرار رہنے کی امید ہے تاہم اسکے بعد اس کی شرح میں تیزی سے کمی یعنی 5 تا 7 فیصد تک آنے کا اندازہ ہے۔

اپنی پراڈکس میں نئی اختراعات اور اس کے ساتھ ساتھ انکو جدید ترین ٹیکنالوجی سے آراستہ کر کے اپنے صارفین کو فراہم کرنا، آپ کے بینک کے بنیادی اور اہم مقاصد کے طور پر برقرار ہے، اپنے صارفین کے بہتر تجربے، مشاہدے اور آسانی کے لیے بینک نے ان ایپڈ فون بینکنگ کے ذریعے ڈیجٹل کارڈ کو تبدیل کرنے اور انکی خصوصیات و خدمات کو مزید بہتر اور اپ گریڈ کرنے کی سہولت کا آغاز کیا ہے۔

آپ کے بینک کی ہر اول پراڈکٹ ڈیجیٹل بینکنگ پلٹ فارم مائی اے بی ایل ڈیجیٹل اس وقت 1.1 ملین افراد سے زیادہ لوگوں کی مالیاتی ضرورت کا حادہ کر رہی ہے اور بینکنگ کی خدمات کی ایک وسیع پیمائش کی حامل ہے۔ نئے امجرتے سائبر سیکورٹی خدشات کے تدارک اور کی کے لیے روبو کال (ROBO CALL) کی خصوصیت کو مائی اے بی ایل ڈیجیٹل سہولت میں متعارف کروایا گیا ہے۔ مائی اے بی ایل کے ذریعے قرض کی ڈیجیٹل سہولت میں نئے کاروباری اداروں کی شمولیت سے وسعت پیدا کی گئی ہے۔ اس مدت کے دوران مائی اے بی ایل، واٹس ایپ (Whatsapp) بینکنگ کا بھی چند نئی خصوصیات کے ساتھ اجراء کیا گیا ہے۔

اپنے صارفین کی رسائی اور آسانی کے لیے اپنی خدمات کو عالمی سطح پر بلا تامل فراہمی کے آپ کے بینک کے اس عزم کو داخلی اور بین الاقوامی دونوں سطحوں پر پھر پور سراہا گیا ہے۔ اس مدت کے دوران بینک کو بہت سے ایوارڈ و اسناد سے نوازا گیا جن میں مندرجہ ذیل بھی شامل ہیں:

- بیسٹ ڈومیسٹک بینک ان پاکستان - خاص ایشیاء کنٹری ایوارڈ 2022
- بیسٹ بینک فار ایس ایم ایف ان پاکستان - ایشیاء مئی ایوارڈ 2022
- بیسٹ بینکنگ ٹیک آف دی ایئر - پاکستان ڈیجیٹل ایوارڈ 2022

اسٹیلی ریٹنگ :

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے بینک کی طویل المدتی اور قلیل المدتی ریٹنگ کو بالترتیب "AAA" ٹریپل اے اور "A1+" (اے ون پلس) کی اعلیٰ سطح پر برقرار رکھا ہے۔ یہ درجہ بنیادین بینک کے قرضہ جات کے اعلیٰ معیار اور اپنی مالیاتی ذمہ داریوں کی ادائیگیوں کی انتہائی مضبوط صلاحیتوں کی عکاس ہیں۔ آپ کے بینک نے،

ملک کے مالیاتی ادارے جو بلند ترین کریڈٹ ریٹنگ کے حامل ہیں، کے اپنی نوعیت کے مخصوص گروپ میں اپنی حیثیت کو مزید مستحکم کیا ہے۔

کارپوریٹ گورننس ریٹنگ:

وی آئی ایس (VIS) کریڈٹ ریٹنگ کمپنی لمیٹڈ نے الائیڈ بینک لمیٹڈ (ایے بی ایل) کی کارپوریٹ گورننس کی درجہ بندی کو اپ گریڈ کرتے ہوئے زیادہ سے زیادہ 10 کے پیمانے میں سے "CGR-9++" کی سطح پر قیمن کیا ہے۔ کارپوریٹ گورننس کی "CGR-9++" کی یہ ریٹنگ بینک کے مضبوط اور مستحکم گورننس کے نظام (فریم ورک) پر مسلسل یقین اور اعادہ کا مظہر ہیں۔

بورڈ آف ڈائریکٹرز:

بورڈ آف ڈائریکٹرز اور بورڈ کی ذیلی کمیٹیوں کی بناوٹ کو کارپوریٹ معلومات کے جڑ میں درج کیا گیا ہے۔ غیر انتظامی ڈائریکٹرز کو بورڈ یا / اور اس کی 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 اور یہ اسٹیٹ بینک آف پاکستان کی قیمن کردہ حدود کی مطابقت میں ہے۔ جو ڈائریکٹر اجلاس میں شریک نہیں ہوا اسکو کوئی معاوضہ ادا نہیں کیا جاتا ہے۔ اسی طرح ایسی سفارشات جن پر سرکولیشن کے ذریعہ غور اور جانچا جاتا ہے ان کا بھی کوئی معاوضہ نہیں دیا جاتا۔

حلیمہ حسین:

بورڈ آف ڈائریکٹرز اور مینجمنٹ کی جانب سے، ہم اپنے معزز شیئر ہولڈرز اور قابل قدر صارفین کے الائیڈ بینک پر اگے اعتماد، سکیورٹی اینڈ آپجیکٹ کیمن آف پاکستان، اسٹیٹ بینک آف پاکستان، اور دیگر انتظامی اداروں کا ان کی مسلسل رہنمائی اور اعانت پر انتہائی خلوص سے شکریہ ادا کرتے ہیں۔

ہم اپنے ملازمین کا صارفین کی توقعات پر پورا اترنے کے لیے نہایت ذمہ داری اور مستعدی کے ساتھ کام کرنے اور بینک کے اغراض و مقاصد کے حصول کے لیے انتھک محنت اور لگن کا بھی بھرپور طریقے سے اعتراف کرتے ہیں۔

منجانب دہرائے بورڈ آف ڈائریکٹرز

محمد نسیم مختار
چیئرمین بورڈ آف ڈائریکٹرز

ایزاد رزاق بگل
چیف ایگزیکٹو آفیسر

لاہور

17 اگست 2022ء

Independent Auditors' Review Report

To the members of Allied Bank Limited

REPORT ON REVIEW OF UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Allied Bank Limited ("the Bank") as at 30 June 2022, and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim cash flow statement and notes to the unconsolidated condensed interim financial statements for the six month period then ended (here-in-after referred to as the "unconsolidated condensed interim financial statements"). Management is responsible for the preparation and presentation of these unconsolidated condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of review

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

Conclusion

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

Other matter

The figures for the condensed interim profit and loss account and condensed interim statement of comprehensive income for the three months period ended 30 June 2022 and 2021 have not been reviewed by us and we do not express a conclusion on them, as we are required to review only the cumulative figures for the six-month period ended 30 June 2022.

The engagement partner on the review resulting in this independent auditor's report is Muhammad Ahsan Shahzad.

EY Ford Rhodes
Chartered Accountants

Date: 26 August 2022

Lahore

UDIN: RR202210079GtTHVmYcM

UNCONSOLIDATED **FINANCIAL STATEMENTS**

for the half year ended June 30, 2022

Unconsolidated Statement of Financial Position

(Un-audited) as at June 30, 2022

	Note	June 30, 2022	(Audited) December 31, 2021
Rupees in '000			
ASSETS			
Cash and balances with treasury banks	7	132,692,987	124,406,408
Balances with other banks	8	5,003,217	903,243
Lendings to financial institutions - net	9	53,562,570	45,452,910
Investments - net	10	1,152,626,384	1,064,494,900
Advances - net	11	646,254,037	652,889,677
Fixed assets	12	80,085,571	78,002,712
Intangible assets	13	2,995,178	2,868,311
Deferred tax assets - net	14	6,283,897	1,488,287
Other assets - net	15	51,855,067	39,649,555
		2,131,358,908	2,010,156,003
LIABILITIES			
Bills payable	17	9,329,349	10,059,879
Borrowings	18	372,526,298	420,005,768
Deposits and other accounts	19	1,575,094,808	1,413,295,261
Liabilities against assets subject to finance lease		-	-
Sub-ordinated debt		-	-
Deferred tax liabilities - net		-	-
Other liabilities	20	49,007,880	39,550,556
		2,005,958,335	1,882,911,464
NET ASSETS			
		125,400,573	127,244,539
REPRESENTED BY			
Share capital	21	11,450,739	11,450,739
Reserves		28,900,017	26,784,066
Surplus on revaluation of assets - net of tax	22	13,838,630	19,539,127
Unappropriated profit		71,211,187	69,470,607
		125,400,573	127,244,539

CONTINGENCIES AND COMMITMENTS

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

Muhammad Atif Mirza
Chief Financial Officer

Zafar Iqbal
Director

Azid Razzaq Gill
President and Chief Executive

Mohammad Naeem Mukhtar
Chairman

Mubashir A. Akhtar
Director

Unconsolidated Profit and Loss Account

(Un-audited) for the half year ended June 30, 2022

	Note	Half Year Ended		Quarter Ended	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Rupees in '000					
Mark-up / return / interest earned	25	87,567,089	53,336,809	48,504,712	29,563,248
Mark-up / return / interest expensed	26	60,051,703	30,318,861	33,530,999	17,338,937
Net mark-up / interest income		27,515,386	23,017,948	14,973,713	12,224,311
NON MARK-UP / INTEREST INCOME					
Fee and commission income	27	3,932,265	3,255,676	1,835,552	1,632,552
Dividend income		1,325,194	1,092,899	390,577	589,337
Foreign exchange income		4,295,911	662,531	3,543,849	416,672
Income from derivatives		-	-	-	-
Gain on securities - net	28	1,139,428	2,651,854	869,889	1,205,724
Other income	29	46,470	270,048	19,173	258,342
Total non mark-up / interest income		10,739,268	7,933,008	6,659,040	4,102,627
Total income		38,254,654	30,950,956	21,632,753	16,326,938
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	30	18,246,220	16,160,271	9,656,266	8,279,242
Workers welfare fund		423,893	310,875	252,904	167,831
Other charges	31	215,815	78,465	113,482	38,891
Total non mark-up / interest expenses		18,885,928	16,549,611	10,022,652	8,485,964
Profit before provisions		19,368,726	14,401,345	11,610,101	7,840,974
(Reversals) / Provisions and write offs - net	32	(749,192)	(309,544)	(496,749)	(170,543)
Extra-ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		20,117,918	14,710,889	12,106,850	8,011,517
Taxation	33	13,231,311	5,948,901	10,048,117	3,278,506
PROFIT AFTER TAXATION		6,886,607	8,761,988	2,058,733	4,733,011
In Rupees					
Basic and Diluted earnings per share	34	6.01	7.65	1.80	4.13

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

Muhammad Atif Mirza
Chief Financial Officer

Zafar Iqbal
Director

Azid Razzaq Gill
President and Chief Executive

Mohammad Naeem Mukhtar
Chairman

Mubashir A. Akhtar
Director

Unconsolidated Statement of Comprehensive Income

(Un-audited) for the half year ended June 30, 2022

	Half Year Ended		Quarter Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	Rupees in '000			
Profit after taxation for the period	6,886,607	8,761,988	2,058,733	4,733,011
Other comprehensive income				
<i>Items that may be reclassified to profit and loss account in subsequent periods:</i>				
Effect of translation of net investment in foreign branches	1,427,290	(112,929)	1,083,017	219,345
Movement in deficit on revaluation of investments - net of tax	(5,436,041)	(2,374,083)	(4,239,980)	332,570
	(4,008,751)	(2,487,012)	(3,156,963)	551,915
<i>Items that will not be reclassified to profit and loss account in subsequent periods:</i>				
Effect of change in tax rate on:				
Remeasurement of defined benefit obligations	34,462	41,632	34,462	-
Revaluation of fixed assets	(174,267)	(199,010)	(174,267)	-
Revaluation of non-banking assets	(1,721)	(1,263)	(1,721)	-
	(141,526)	(158,641)	(141,526)	-
Total comprehensive income	2,736,330	6,116,335	(1,239,756)	5,284,926

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

Muhammad Atif Mirza
Chief Financial Officer

Zafar Iqbal
Director

Azid Razzaq Gill
President and Chief Executive

Mohammad Naeem Mukhtar
Chairman

Mubashir A. Akhtar
Director

Unconsolidated Cash Flow Statement

(Un-audited) for the half year ended June 30, 2022

	Note	June 30, 2022	June 30, 2021
Rupees in '000			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		20,117,918	14,710,889
Less: Dividend income		(1,325,194)	(1,092,899)
		18,792,724	13,617,990
Adjustments:			
Depreciation - Operating Fixed Assets		2,024,873	1,781,798
Depreciation - Non Banking Assets		3,234	3,116
Depreciation on right of use assets		851,191	813,298
Interest expense on lease liability	26	480,545	444,575
Amortization	30	252,084	192,635
Net provision and write offs	32	(666,377)	(268,330)
Unrealized (gain) / loss on revaluation of 'held-for-trading' securities	28	(913)	9,547
Provision for workers welfare fund		423,893	310,875
Charge for defined benefit plans		207,996	213,253
Gain on sale of fixed assets		(612)	(202,718)
Loss / (gain) on sale of non-banking assets and other assets		3,063	(304)
		3,578,977	3,297,745
		22,371,701	16,915,735
(Increase) / decrease in operating assets			
Lendings to financial institutions		(8,109,660)	10,626,811
Held-for-trading securities		(825,478)	(2,442,370)
Advances		7,236,727	(19,977,286)
Other assets (excluding advance tax)		(18,844,624)	(4,825)
		(20,543,035)	(11,797,670)
Increase / (decrease) in operating liabilities			
Bills payable		(730,530)	(505,193)
Borrowings		(47,382,048)	161,596,731
Deposits and other accounts		161,799,547	98,376,821
Other assets (excluding advance taxation)		8,593,002	(1,199,011)
		122,279,971	258,269,348
		124,108,637	263,387,413
Income tax paid		(6,888,078)	(5,953,871)
Defined benefits paid		(288,050)	(298,863)
Net cash flow generated from operating activities		116,932,509	257,134,679
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in 'available-for-sale' securities		(94,605,422)	(220,847,324)
Net investments in 'held-to-maturity' securities		(2,713,747)	(25,299,805)
Dividend received		1,325,188	1,093,846
Investments in fixed assets and intangible assets		(4,211,455)	(4,013,227)
Proceeds from sale of fixed assets		29,602	844,665
Effect of translation of net investment in foreign branches		1,427,290	(112,929)
Net cash flow used in investing activities		(98,748,544)	(248,334,774)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liability against right of use assets		(1,121,457)	(919,690)
Dividend paid		(4,578,533)	(9,129,690)
Net cash flow used in financing activities		(5,699,990)	(10,049,380)
Increase / (Decrease) in cash and cash equivalents during the period		12,483,975	(1,249,475)
Cash and cash equivalents at beginning of the period		127,722,862	135,379,608
Effect of exchange rate changes on opening cash and cash equivalents		(2,604,673)	204,993
		125,118,189	135,584,601
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		137,602,164	134,335,126

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

Muhammad Atif Mirza
Chief Financial Officer

Azid Razaq Gill
President and Chief Executive

Mubashir A. Akhtar
Director

Zafar Iqbal
Director

Mohammad Naeem Mukhtar
Chairman

Unconsolidated Statement of Changes In Equity

(Un-audited) for the half year ended June 30, 2022

	Share capital	Capital reserve Exchange translation reserve	Statutory reserve	Revenue reserve General reserve	Investments	Surplus/(deficit) on revaluation of Fixed assets	Non-banking assets	Un-appropriated profit	Total
Rupees in '000									
Balance as at January 01, 2021 (Audited)	11,450,739	2,025,733	22,245,451	6,000	4,875,950	23,322,739	638,972	66,994,523	131,560,107
Profit after taxation for the half year ended June 30, 2021	-	-	-	-	-	-	-	8,761,988	8,761,988
Other Comprehensive Income - net of tax	-	-	-	-	-	-	-	-	-
Deficit on revaluation of investments - net of tax	-	-	-	-	(2,374,083)	-	-	-	(2,374,083)
Effect of change in tax rate on revaluation surplus of fixed assets - net of tax	-	-	-	-	-	(199,010)	-	-	(199,010)
Effect of change in tax rate on revaluation surplus of non-banking assets - net of tax	-	-	-	-	-	-	(1,263)	-	(1,263)
Re-measurement gain on defined benefit obligation - net of tax	-	-	-	-	-	-	-	41,632	41,632
Effect of translation of net investment in foreign branches	-	(112,929)	-	-	-	-	-	-	(112,929)
	-	(112,929)	-	-	(2,374,083)	(199,010)	(1,263)	41,632	(2,645,653)
Transfer to statutory reserve	-	-	876,199	-	-	-	-	(876,199)	-
Transfer of revaluation surplus on change in use - net of tax	-	-	-	-	4,399	(4,399)	-	-	-
Surplus realised on disposal of revalued fixed assets - net of tax	-	-	-	-	-	(249,522)	-	249,522	-
Transferred from surplus in respect of incremental depreciation of fixed assets to un-appropriated profit-net of tax	-	-	-	-	-	(70,359)	-	70,359	-
Transferred from surplus in respect of incremental depreciation of non-banking assets to un-appropriated profit-net of tax	-	-	-	-	-	-	(454)	454	-
Surplus realised on disposal of revalued non-banking assets - net of tax	-	-	-	-	-	-	(1,006)	1,006	-
Transactions with owners recognized directly in equity	-	-	-	-	-	-	-	-	-
Final cash dividend for the year ended	-	-	-	-	-	-	-	-	-
December 31, 2021 (Rs. 6 per ordinary share)	-	-	-	-	-	-	-	(6,870,443)	(6,870,443)
First interim cash dividend for the year ending	-	-	-	-	-	-	-	-	-
December 31, 2021 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
	-	-	-	-	-	-	-	(9,160,591)	(9,160,591)
Balance as at June 30, 2021	11,450,739	1,912,804	23,121,650	6,000	2,501,867	22,808,247	631,850	66,082,694	128,515,851
Profit after taxation for the half year ended	-	-	-	-	-	-	-	8,551,811	8,551,811
December 31, 2021	-	-	-	-	-	-	-	-	-
Other Comprehensive Income - net of tax	-	-	-	-	-	-	-	-	-
Deficit on revaluation of investments - net of tax	-	-	-	-	(6,623,703)	-	-	-	(6,623,703)
Surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	383,083	-	383,083
Re-measurement gain on defined benefit obligation - net of tax	-	-	-	-	-	-	-	109,362	109,362
Effect of translation of net investment in foreign branches	-	888,431	-	-	-	-	-	-	888,431
	-	888,431	-	-	(6,623,703)	-	383,083	109,362	(5,242,827)
Transfer to statutory reserve	-	-	855,181	-	-	-	-	(855,181)	-
Transferred from surplus in respect of incremental depreciation of fixed assets to un-appropriated profit-net of tax	-	-	-	-	(69,513)	-	-	69,513	-
Surplus realised on disposal of revalued fixed assets - net of tax	-	-	-	-	-	(16,947)	-	16,947	-
Transferred from surplus in respect of incremental depreciation of non-banking assets to un-appropriated profit-net of tax	-	-	-	-	-	-	(405)	405	-
Surplus realised on disposal of revalued non-banking assets - net of tax	-	-	-	-	-	-	(75,352)	75,352	-
Transactions with owners, recognized directly in equity	-	-	-	-	-	-	-	-	-
Second interim cash dividend for the year ended	-	-	-	-	-	-	-	-	-
December 31, 2021 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
Third interim cash dividend for the year ended	-	-	-	-	-	-	-	-	-
December 31, 2021 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
	-	-	-	-	-	-	-	(4,580,296)	(4,580,296)
Balance as at December 31, 2021 (Audited)	11,450,739	2,801,235	23,976,831	6,000	(4,121,836)	22,721,787	939,176	69,470,607	127,244,539
Profit after taxation for the half year ended June 30, 2022	-	-	-	-	-	-	-	6,886,607	6,886,607
Other Comprehensive Income	-	-	-	-	-	-	-	-	-
Deficit on revaluation of investments - net of tax	-	-	-	-	(5,436,041)	-	-	-	(5,436,041)
Effect of change in tax rate on revaluation surplus of fixed assets - net of tax	-	-	-	-	-	(174,267)	-	-	(174,267)
Effect of change in tax rate on revaluation surplus of non-banking assets - net of tax	-	-	-	-	-	-	(1,721)	-	(1,721)
Effect of change in tax rate on re-measurement of defined benefit obligation - net of tax	-	-	-	-	-	-	-	34,462	34,462
Effect of translation of net investment in foreign branches	-	1,427,290	-	-	-	-	-	-	1,427,290
	-	1,427,290	-	-	(5,436,041)	(174,267)	(1,721)	34,462	(4,150,277)
Transfer to statutory reserve	-	-	688,661	-	-	-	-	(688,661)	-
Transfer of revaluation surplus on change in use - net of tax	-	-	-	-	-	100,467	(100,467)	-	-
Transferred from surplus in respect of incremental depreciation of fixed assets to un-appropriated profit-net of tax	-	-	-	-	-	(62,086)	-	62,086	-
Transferred from surplus in respect of incremental depreciation of non-banking assets to un-appropriated profit-net of tax	-	-	-	-	-	-	(607)	607	-
Surplus realised on disposal of revalued non-banking assets - net of tax	-	-	-	-	-	-	(25,775)	25,775	-
Transactions with owners, recognized directly in equity	-	-	-	-	-	-	-	-	-
Final cash dividend for the year ended	-	-	-	-	-	-	-	-	-
December 31, 2021 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
First interim cash dividend for the year ending	-	-	-	-	-	-	-	-	-
December 31, 2022 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
	-	-	-	-	-	-	-	(4,580,296)	(4,580,296)
Balance as at June 30, 2022	11,450,739	4,229,525	24,665,492	6,000	(9,557,877)	22,585,901	810,806	71,211,167	125,400,573

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

Muhammad Atif Mirza
Chief Financial Officer

Azid Razaq Gill
President and Chief Executive

Mubashir A. Akhtar
Director

Zafar Iqbal
Director

Mohammad Naeem Mukhtar
Chairman

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

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 1,427 (December 31, 2021: 1,427) branches in Pakistan including 117 (December 31, 2021: 117) Islamic banking branches, 1 branch (December 31, 2021: 1) in Karachi Export Processing Zone and 1 Wholesale banking branch (December 31, 2021: 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, 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 of rupees unless otherwise stated.

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

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

Accounting Standard 40 'Investment Property' (IAS 40) for banking companies till further instructions. Please refer to note 3.2 for the applicability of IFRS 9. Further, according to a notification of SECP dated April 28, 2008, International Financial Reporting Standard 7 'Financial Instruments Disclosure' (IFRS 7), has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements. However, investments have been classified and disclosed in accordance with the requirements prescribed by SBP through various circulars.

- 2.1.3 The Securities and Exchange Commission of Pakistan (SECP) vide SRO 56 (1) / 2016 dated January 28, 2016, has notified that the requirements of International Financial Reporting Standard 10 'Consolidated Financial Statements' (IFRS 10) and section 228 of the Companies Act, 2017 will not be applicable with respect to the investment in mutual funds established under Trust structure.
- 2.1.4 The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred applicability of Islamic Financial Accounting Standard 3 'Profit & Loss Sharing on Deposits' (IFAS-3) issued by The Institute of Chartered Accountants of Pakistan and notified by the Securities & Exchange Commission of Pakistan (SECP), vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IFS).
- 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, 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the unconsolidated condensed interim financial statements are consistent with those followed in the preparation of the Bank's annual financial statements for the year ended December 31, 2021, except for the adoption of new standards effective as of January 01, 2022. The Bank has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

3.1 New standards, interpretations and amendments adopted by the Bank

Several amendments apply for the first time in 2022, but do not have an impact on the unconsolidated condensed interim financial statements of the Bank:

	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
- Amendments to IFRS 3 - Reference to the Conceptual Framework	January 01, 2022
- Annual improvements to IFRS Standards 2018 - 2020	January 01, 2022

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

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

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

	Effective date (periods beginning on or after)
- Amendments to IAS 1 - Classification of liabilities as current or non-current	January 01, 2023
- Amendments to IAS 8 - Definition of Accounting Estimates	January 01, 2023
- Amendments to IAS 1 (and IFRS Practice Statement 2) - Disclosure of Accounting Policies	January 01, 2023
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2022
The above mentioned amendments are not likely to have a material impact on the Bank's financial statements.	
- IFRS 9 'Financial Instruments', the effective date of the standard has been extended to annual periods beginning on or after January 01, 2023 vide SBP BPRD Circular no. 3 dated July 05, 2022. 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 (ECL) 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. The impact of the application of IFRS 9 on the Bank's financial statements is being assessed, in light of implementation guidelines issued by SBP.	

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, 2021.

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:

- Certain Investments;
- Certain operating fixed assets;
- Staff retirement and other benefits;
- Non-banking assets acquired in satisfaction of claims;
- Derivative financial instruments; and
- Lease liability and related right of use assets.

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, 2021.

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

	Note	June 30, 2022	(Audited) December 31, 2021
Rupees in '000			
7 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		31,096,869	22,823,027
Foreign currencies		2,158,811	967,026
		33,255,680	23,790,053
Remittances in transit		473,088	508,766
With State Bank of Pakistan (SBP) in			
Local currency current accounts		54,379,281	59,570,982
Foreign currency current account		139,305	54,580
Foreign currency deposit accounts (non-remunerative)		4,852,613	4,807,522
Foreign currency deposit accounts (remunerative)		9,674,031	9,588,566
		69,045,230	74,021,650
With National Bank of Pakistan in			
Local currency current accounts		29,590,636	25,567,776
Prize Bonds		328,353	518,163
		132,692,987	124,406,408
8 BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		7,500	-
Outside Pakistan			
In current accounts		1,915,692	650,288
In deposit accounts		3,080,025	252,955
		5,003,217	903,243
9 LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings - local currency		8,500,000	6,000,000
Call money lendings - foreign currency		819,387	-
Repurchase agreement lendings (Reverse Repo)		44,243,183	39,452,910
Certificates of investment		70,000	70,000
		53,632,570	45,522,910
Less: Provision held against lendings to financial institutions	9.1	(70,000)	(70,000)
Lendings to financial institutions - net of provision		53,562,570	45,452,910

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

	June 30, 2022		(Audited) December 31, 2021	
	Classified Lending	Provision Held	Classified Lending	Provision Held
Rupees in '000				
9.1 Category of classification				
Domestic				
Other Assets Especially Mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	70,000	70,000	70,000	70,000
Total	70,000	70,000	70,000	70,000

	June 30, 2022				(Audited) December 31, 2021			
	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Rupees in '000								
10 INVESTMENTS								
10.1 Investments by type:								
Held-for-trading securities								
Federal Government Securities	951,559	-	913	952,472	126,081	-	2	126,083
Available-for-sale securities								
Federal Government Securities*	1,062,587,670	(20,989)	(18,911,024)	1,043,655,657	972,123,080	(1,807)	(9,403,483)	962,717,790
Shares	18,379,220	(1,670,628)	2,064,183	18,772,775	16,598,013	(1,726,160)	2,496,231	17,368,084
Non Government Debt Securities	26,764,856	(21,071)	80,687	26,824,472	25,350,035	(21,071)	150,924	25,479,888
Foreign Securities	1,770	-	-	1,770	1,037,692	-	-	1,037,692
Naya Pakistan Certificate	2,690,426	-	-	2,690,426	772,649	-	-	772,649
Open Ended Mutual Funds	25,000	-	(2,052)	22,948	25,000	-	(780)	24,220
	1,110,448,942	(1,712,688)	(16,768,206)	1,091,968,048	1,015,906,469	(1,749,038)	(6,757,108)	1,007,400,323
Held-to-maturity securities								
Federal Government Securities	59,205,864	-	-	59,205,864	56,468,494			56,468,494
Non Government Debt Securities	320,637	(320,637)	-	-	344,260	(344,260)	-	-
	59,526,501	(320,637)	-	59,205,864	56,812,754	(344,260)	-	56,468,494
Subsidiaries								
	500,000	-	-	500,000	500,000	-	-	500,000
Total Investments	1,171,427,002	(2,033,325)	(16,767,293)	1,152,626,384	1,073,345,304	(2,093,298)	(6,757,106)	1,064,494,900

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

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

		(Audited) June 30, 2022	December 31, 2021
		Rupees in '000	
10.1.1 Investments given as collateral - at market value			
Market Treasury Bills		108,652,765	220,234,899
Pakistan Investment Bonds		150,215,048	81,656,107
Government of Pakistan Euro Bonds (US\$)		6,685,734	1,647,863
Total Investments given as collateral		265,553,547	303,538,869
10.2 Provision for diminution in value of investments			
10.2.1 Opening balance		2,093,298	2,433,232
Exchange adjustments		1,496	254
Charge / (reversals)			
Charge for the period / year		26,599	-
Reversals for the period / year		(23,622)	(10,753)
		2,977	(10,753)
Reversal on disposals		(64,446)	(329,435)
Closing Balance		2,033,325	2,093,298

	(Audited)			
	June 30, 2022		December 31, 2021	
	Non Performing Investments	Provision	Non Performing Investments	Provision
	Rupees in '000			
10.2.2 Particulars of provision against debt securities				
Category of Classification				
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	341,708	341,708	365,331	365,331
	341,708	341,708	365,331	365,331
Overseas				
Not past due but impaired*	13,032,076	20,989	889,292	1,807
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	-	-	-	-
>365 days	-	-	-	-
Total	13,373,784	362,697	1,254,623	367,138

* Provision represents expected credit loss provisioning in overseas branch.

- 10.3** The market value of Pakistan Investment Bonds classified as held-to-maturity as at June 30, 2022 amounted to Rs. 53,669.2 million (December 31, 2021: Rs. 50,857.5 million).

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

Note	Performing		Non Performing		Total	
	Audited		Audited		Audited	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Rupees in '000						
11 ADVANCES						
Loans, cash credits, running finances, etc.	576,730,645	567,291,774	11,650,406	12,188,573	588,381,051	579,480,347
Islamic financing and related assets 39.3	65,664,193	82,203,444	-	-	65,664,193	82,203,444
Bills discounted and purchased	2,557,443	2,644,451	1,387,642	1,412,187	3,945,085	4,056,638
Advances - gross 11.1	644,952,281	652,139,669	13,038,048	13,600,760	657,990,329	665,740,429
Provision against advances						
Specific 11.2 & 11.3	-	-	(11,662,630)	(12,750,397)	(11,662,630)	(12,750,397)
General 11.3	(73,662)	(100,355)	-	-	(73,662)	(100,355)
	(73,662)	(100,355)	(11,662,630)	(12,750,397)	(11,736,292)	(12,850,752)
Advances - net of provision	644,878,619	652,039,314	1,375,418	850,363	646,254,037	652,889,677

(Audited)
June 30, 2022 December 31, 2021

Rupees in '000

11.1 Particulars of advances (Gross)

In local currency	631,755,808	637,546,049
In foreign currencies	26,234,521	28,194,380
	657,990,329	665,740,429

11.2 Advances include Rs. 13,038.048 million (December 31, 2021: Rs. 13,600.760 million) which have been placed under non-performing status as detailed below:

Category of Classification:	June 30, 2022		(Audited) December 31, 2021	
	Non Performing Loans	Specific Provision	Non Performing Loans	Specific Provision
	Rupees in '000			
Domestic				
Other Assets Especially Mentioned	164,209	1,400	21,390	623
Substandard	719,701	179,421	713,919	177,740
Doubtful	550,572	275,286	586,834	293,417
Loss	11,603,566	11,206,523	12,278,617	12,278,617
Total	13,038,048	11,662,630	13,600,760	12,750,397

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

	June 30, 2022				(Audited) December 31, 2021		
	Note	Specific	General	Total	Specific	General	Total
	Rupees in '000						
11.3 Particulars of provision against advances							
Opening balance		12,750,397	100,355	12,850,752	13,632,529	109,459	13,741,988
Exchange adjustments		-	10,189	10,189	-	2,271	2,271
Charge for the period / year		143,505	24,807	168,312	337,741	49,901	387,642
Reversals		(707,710)	(61,689)	(769,399)	(1,133,844)	(61,276)	(1,195,120)
		(564,205)	(36,882)	(601,087)	(796,103)	(11,375)	(807,478)
Amounts written off		(523,562)	-	(523,562)	(86,029)	-	(86,029)
Closing balance	11.3.1	11,662,630	73,662	11,736,292	12,750,397	100,355	12,850,752

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

	Note	(Audited)	
		June 30, 2022	December 31, 2021
		Rupees in '000	
12 FIXED ASSETS			
Capital work-in-progress	12.1	3,277,236	3,630,604
Property and equipment		68,797,998	66,669,052
Right-of-Use Assets		8,010,337	7,703,056
		80,085,571	78,002,712

12.1 Capital work-in-progress

Civil works	2,482,054	2,901,559
Advances to suppliers	795,182	729,045
	3,277,236	3,630,604

12.2 Additions to fixed assets

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

	June 30, 2022	June 30, 2021
Rupees in '000		
Capital work-in-progress	1,502,283	1,418,876
Property and equipment		
Freehold land	854,579	619,713
Leasehold land	143,086	213,119
Building on freehold land	1,273,219	496,240
Building on leasehold land	160,171	167,431
Furniture and fixture	127,269	101,074
Electrical office and computer equipment	1,319,067	1,426,871
Vehicles	18,615	123,355
Others-building improvements	451,717	315,681
	4,347,723	3,463,484
Right-of-Use Assets	1,223,334	706,101
Total	7,073,340	5,588,461

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

12.3 Disposal of fixed assets

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

	June 30, 2022	June 30, 2021
	Rupees in '000	
Furniture and fixture	560	191
Electrical office and computer equipment	7,783	1,278
Vehicles	-	22,640
Freehold land	-	250,000
Leasehold land	-	291,000
Building on freehold land	12,290	863
Building on leasehold land	-	74,132
Building improvements	6	-
Total	20,639	640,104

	Note	June 30, 2022	(Audited) December 31, 2021
		Rupees in '000	
13 INTANGIBLE ASSETS			
Capital work-in-progress	13.1	185,729	229,582
Computer Software		2,809,449	2,638,729
		2,995,178	2,868,311

13.1 Capital work-in-progress

Software	182,855	226,708
Advances to suppliers	2,874	2,874
	185,729	229,582

13.2 Additions to intangible assets

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

	June 30, 2022	June 30, 2021
	Rupees in '000	
Directly purchased	275,153	194,400
Capital work-in-progress	147,651	147,614
Total	422,804	342,014

13.3 Disposals of intangible assets

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

Directly purchased	-	19
	-	19

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

		(Audited)	
		June 30, 2022	December 31, 2021
		Rupees in '000	
14	DEFERRED TAX ASSETS		
Deductible Temporary Differences on			
	Provision against investments	19,093	19,093
	Provision against other assets	38,959	38,959
	Provision against off balance sheet obligations	14,824	14,824
	Provision against advances	290,714	261,344
	Deficit on revaluation of investments	7,210,329	2,635,272
	Actuarial gains	370,462	336,000
	Post retirement medical benefits	42,980	42,980
	Workers welfare fund	1,342,174	1,052,003
		9,329,535	4,400,475
Taxable Temporary Differences on			
	Surplus on revaluation of fixed assets	(1,826,637)	(1,699,102)
	Surplus on revaluation of non-banking assets	(17,234)	(16,780)
	Accelerated tax depreciation / amortization	(1,188,561)	(1,183,100)
	Excess of investment in finance lease over written down value of leased assets	(13,206)	(13,206)
		(3,045,638)	(2,912,188)
		6,283,897	1,488,287

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

	Note	June 30, 2022	(Audited) December 31, 2021
Rupees in '000			
15 OTHER ASSETS			
Income / Mark-up accrued in local currency - net of provision		34,168,017	21,433,765
Income / Mark-up accrued in foreign currency - net of provision		891,615	430,467
Advances, deposits, advance rent and other prepayments		2,128,943	1,328,747
Advance taxation (payments less provisions)		-	3,534,663
Non-banking assets acquired in satisfaction of claims		607,599	571,346
Mark to market gain on forward foreign exchange contracts		557,831	-
Acceptances		5,432,170	5,646,815
Due from the employees' retirement benefit schemes			
Pension fund		4,637,299	4,379,974
Fraud and forgeries		509,981	523,692
Stationery and stamps in hand		535,844	475,818
Overdue Foreign Bills Negotiated or Discounted		176,797	132,573
Home Remittance Cell agent receivable		-	659
Receivable from State Bank of Pakistan		1,390,683	934,298
Charges receivable		43,868	33,291
ATM/Point of Sale settlement account		592,254	-
Suspense Account		3,020	3,012
Others		34,395	24,631
		51,710,316	39,453,751
Less: Provision held against other assets	15.1	(683,089)	(760,152)
Other assets (net of provision)		51,027,227	38,693,599
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		827,840	955,956
Other Assets - Total		51,855,067	39,649,555
15.1 Provision held against other assets			
Advances, deposits, advance rent and other prepayments		175,647	153,018
Provision against fraud and forgeries		409,439	523,692
Overdue Foreign Bills Negotiated / Discounted		24,295	24,295
Charges receivable		43,856	28,811
Others		29,852	30,336
		683,089	760,152
15.1.1 Movement in provision held against other assets			
Opening balance		760,152	756,559
Charge for the period / year		32,290	70,766
Reversals		(100,557)	(7,264)
Net charge		(68,267)	63,502
Written off / adjusted		(8,796)	(59,909)
Closing balance		683,089	760,152

16 CONTINGENT ASSETS

There were no contingent assets of the Bank as at June 30, 2022 and December 31, 2021.

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

	Note	June 30, 2022	(Audited) December 31, 2021
Rupees in '000			
17	BILLS PAYABLE		
In Pakistan		9,329,349	10,059,879
18	BORROWINGS		
Secured			
Borrowings from State Bank of Pakistan			
Repurchase agreement borrowings		254,486,596	235,497,430
Under export refinance scheme		32,618,586	33,230,671
Under payroll refinance scheme		3,871,623	7,681,205
Under long term financing facility		39,117,206	30,544,852
Under financing scheme for renewable energy		608,198	558,933
Under temporary economic refinance scheme		12,764,197	10,013,124
Under refinance scheme for modernization of SMEs		20,455	22,500
Other borrowings		6,716	6,915
Under refinance scheme for wages and salaries		217,295	763,347
		343,710,872	318,318,977
Repurchase agreement borrowings from Financial Institutions		10,685,734	65,134,454
Total Secured		354,396,606	383,453,431
Unsecured			
Call borrowings		13,010,652	28,516,551
Trading liability		-	5,644,324
Overdrawn nostro accounts		94,040	191,462
Musharaka borrowing		5,000,000	2,200,000
Other borrowings		25,000	-
		18,129,692	36,552,337
Total unsecured		372,526,298	420,005,768

				(Audited)		
	June 30, 2022			December 31, 2021		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
Rupees in '000						
19 DEPOSITS AND OTHER ACCOUNTS						
Customers						
Current deposits	518,597,270	26,981,583	545,578,853	487,101,187	25,141,039	512,242,226
Savings deposits	497,889,884	17,752,224	515,642,108	506,117,895	25,910,230	532,028,125
Term deposits	219,818,740	60,503,019	280,321,759	175,366,193	39,218,366	214,584,559
Others	52,961,137	50,769	53,011,906	30,029,090	41,106	30,070,196
	1,289,267,031	105,287,595	1,394,554,626	1,198,614,365	90,310,741	1,288,925,106
Financial Institutions						
Current deposits	57,136,170	125,568	57,261,738	64,781,898	86,694	64,868,592
Savings deposits	115,466,798	-	115,466,798	49,880,491	-	49,880,491
Term deposits	7,761,350	46,090	7,807,440	9,581,350	39,716	9,621,066
Others	4,206	-	4,206	6	-	6
	180,368,524	171,658	180,540,182	124,243,745	126,410	124,370,155
	1,469,635,555	105,459,253	1,575,094,808	1,322,858,110	90,437,151	1,413,295,261

19.1 This includes deposits eligible to be covered under insurance arrangements amounting to Rs. 921,427 million for June 30, 2022 (December 31, 2021: 865,799 million).

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

	Note	June 30, 2022	(Audited) December 31, 2021
Rupees in '000			
20 OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		8,910,925	4,387,835
Mark-up / return / interest payable in foreign currencies		265,702	111,457
Present value of lease liability		9,778,604	9,252,665
Accrued expenses		1,395,287	1,561,131
Provision for taxation (provisions less payments)		3,169,488	-
Retention money payable		509,962	580,710
Deferred income		381,860	-
Unearned commission and income on bills discounted		837,189	472,824
Acceptances		5,432,170	5,646,815
Unclaimed dividends		395,445	390,644
Dividend payable		18,783	21,821
Branch adjustment account		585,659	179,774
Mark to market loss on forward foreign exchange contracts		-	638,730
Provision for:			
Gratuity		716,131	716,131
Employees' medical benefits		1,578,058	1,515,000
Employees' compensated absences		1,037,351	923,138
Payable to defined contribution plan		77,971	54,641
Provision against off-balance sheet obligations	20.1	298,904	298,904
Security deposits against lease		933,778	863,526
ATM / Point of Sale settlement account		-	820,679
Charity fund balance		1,596	46
Home Remittance Cell overdraft		1,407,393	1,052,343
With-holding tax payable		3,442,580	2,260,045
Sundry deposits		3,180,242	3,577,163
Workers welfare fund payable		3,121,336	2,697,443
Others		1,531,466	1,527,091
		49,007,880	39,550,556

		June 30, 2022	(Audited) December 31, 2021
Rupees in '000			
20.1 Provision against off-balance sheet obligations			
Opening balance		298,904	301,093
Charge for the period / year		-	12,862
Reversals for the period / year		-	(15,051)
		-	(2,189)
Closing balance		298,904	298,904

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

		(Audited)		(Audited)	
		June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Number of shares		Rupees in '000			
21	SHARE CAPITAL				
21.1	Authorized capital				
		<u>1,500,000,000</u>	<u>1,500,000,000</u>	<u>15,000,000</u>	<u>15,000,000</u>
		Ordinary shares of Rs.10/- each			
21.2	Issued, subscribed and paid-up capital				
	Fully paid-up Ordinary shares of Rs. 10/- each				
		<u>406,780,094</u>	<u>406,780,094</u>	<u>4,067,801</u>	<u>4,067,801</u>
		<u>720,745,186</u>	<u>720,745,186</u>	<u>7,207,452</u>	<u>7,207,452</u>
		<u>1,127,525,280</u>	<u>1,127,525,280</u>	<u>11,275,253</u>	<u>11,275,253</u>
		18,348,550 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation in accordance with the swap ratio stipulated therein less 9,200,000 ordinary shares of Rs. 10 each, held by Ibrahim Leasing Limited on the cut-off date (September 30, 2004)			
		<u>9,148,550</u>	<u>9,148,550</u>	<u>91,486</u>	<u>91,486</u>
		8,400,000 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation of First Allied Bank Modaraba with Allied Bank Limited in accordance with the share swap ratio stipulated therein.			
		<u>8,400,000</u>	<u>8,400,000</u>	<u>84,000</u>	<u>84,000</u>
		<u>1,145,073,830</u>	<u>1,145,073,830</u>	<u>11,450,739</u>	<u>11,450,739</u>

Ibrahim Holdings (Private) Limited (holding company of the Bank), holds 1,030,566,368 (90.00%) [December 31, 2021: 990,767,307 (86.52%)] ordinary shares of Rs. 10 each, as at reporting date.

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

	Note	June 30, 2022	(Audited) December 31, 2021
Rupees in '000			
22	SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
Surplus / (deficit) arising on revaluation of:			
Fixed assets		24,412,538	24,420,889
Non-banking assets acquired in satisfaction of claims		827,840	955,956
Available-for-sale securities	10.1	(16,768,206)	(6,757,108)
		8,472,172	18,619,737
Deferred tax on (surplus) / deficit on revaluation of:			
Fixed assets		(1,826,637)	(1,699,102)
Non-banking assets acquired in satisfaction of claims		(17,234)	(16,780)
Available-for-sale securities		7,210,329	2,635,272
		5,366,458	919,390
Surplus on revaluation of assets - net of tax		13,838,630	19,539,127

23 CONTINGENCIES AND COMMITMENTS

Guarantees	23.1	41,089,824	38,151,849
Commitments	23.2	478,086,194	395,509,858
Other contingent liabilities	23.3	7,074,449	6,668,875
		526,250,467	440,330,582

23.1 Guarantees

Financial guarantees		4,963,817	4,751,558
Performance guarantees		10,534,965	7,218,569
Other guarantees		25,591,042	26,181,722
		41,089,824	38,151,849

23.2 Commitments

Documentary credits and short term trade related transactions:			
letters of credit		149,700,279	113,658,809
Commitments in respect of:			
forward foreign exchange contracts	23.2.1	298,719,559	277,034,728
forward government securities transactions	23.2.2	24,834,415	-
operating leases	23.2.3	215,395	307,316
Commitments for acquisition of:			
fixed assets		3,763,097	4,178,585
intangible assets		853,449	330,420
		478,086,194	395,509,858

23.2.1 Commitments in respect of forward foreign exchange contracts

Purchase		167,851,485	161,470,903
Sale		130,868,074	115,563,825
		298,719,559	277,034,728

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

		(Audited)
	June 30, 2022	December 31, 2021
	Rupees in '000	
23.2.2 Commitments in respect of forward government securities transactions		
Purchase	22,091,475	-
Sale	2,742,940	-
	<u>24,834,415</u>	<u>-</u>

23.2.3 Commitments in respect of operating leases

Not later than one year	72,945	142,691
Later than one year and not later than five years	113,154	142,348
Later than five years	29,296	22,277
	<u>215,395</u>	<u>307,316</u>

23.3 Other contingent liabilities

23.3.1 Claims against the Bank not acknowledged as debt	<u>7,074,449</u>	<u>6,668,875</u>
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23.3.2 The income tax assessments of the Bank have been finalized upto and including tax year 2021 for local, Azad Kashmir and Gilgit Baltistan operations. While finalizing income tax assessments upto tax year 2021, income tax authorities made certain add backs with aggregate tax impact of Rs. 32,741 million (2021: 32,741 million). As a result of appeals filed by the Bank before appellate authorities, most of the add backs have been deleted. However, the Bank and Tax Department are in appeals / references before higher forums against unfavorable decisions. Pending finalization of appeals / references no provision has been made by the Bank on aggregate sum of Rs.32,741 million (2021: 32,741 million). The management is confident that the outcome of these appeals / references will be in favor of the Bank.

Tax Authorities have conducted proceedings of withholding tax audit under section 161/205 of Income Tax Ordinance, 2001 for tax year 2003 to 2006 and tax year 2008 to 2018 and created an arbitrary demand of Rs. 1,700 million (2020: 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 has been made against the said demand of Rs. 1,700 million (2020: 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 (2021: 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 (2021: 963 million).

23.3.3 While adjudicating foreign exchange repatriation cases of exporter namely: Fateh Textile Mills Limited, the Foreign Exchange Adjudicating Court (FEAC) of the State Bank of Pakistan (SBP) has arbitrarily adjudicated penalties against various banks including Rs.2.173 million in aggregate against Allied Bank Limited (the Bank). Against the said judgments, the Bank had filed appeals before the Appellate Board and Constitutional Petitions (CP) in the High Court of Sindh, Karachi. The Honorable High Court granted relief to the Bank by way of interim orders. Meanwhile, alongwith other banks, Bank filed a further CP whereby vires of section 23C of the FE Regulations Act, 1947 was sought to be declared ultra vires. On November 8, 2018, the Honorable court was pleased to order that the Appellate Board shall not finally decide the appeals. Subsequently, the earlier CP was disposed of vide order dated 15.01.2019 with a direction to the Appellate Board to first decide the stay application of the Bank and till then, the Foreign Exchange Regulation Department has been restrained from taking any coercive action against the Bank. Based on merits of the appeals, the management is confident that these appeals shall be decided in favor of the Bank and therefore no provision has been made against the impugned penalty.

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

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 applied to recognize and disclose derivatives and definitions are same as those disclosed in audited annual unconsolidated financial statements as at December 31, 2021.

	Note	Half Year Ended June 30, 2022	June 30, 2021	Quarter Ended June 30, 2022	June 30, 2021
Rupees in '000					
25 MARK-UP / RETURN / INTEREST EARNED					
On:					
Loans and advances		29,153,428	16,585,584	16,175,325	8,757,606
Investments		57,176,350	36,311,923	31,755,982	20,629,114
Lendings to financial institutions		1,221,404	437,993	558,388	178,967
Balances with banks		15,907	1,309	15,017	(2,439)
		<u>87,567,089</u>	<u>53,336,809</u>	<u>48,504,712</u>	<u>29,563,248</u>
26 MARK-UP / RETURN / INTEREST EXPENSED					
On:					
Deposits		39,324,489	19,218,173	22,645,627	9,513,223
Borrowings		17,951,932	8,547,736	9,636,371	6,521,580
Cost of foreign currency swaps against foreign currency deposits		2,294,737	2,108,377	1,003,463	1,099,049
Interest expense on lease liability		480,545	444,575	245,538	205,085
		<u>60,051,703</u>	<u>30,318,861</u>	<u>33,530,999</u>	<u>17,338,937</u>
27 FEE AND COMMISSION INCOME					
Card related fees (debit and credit cards)		1,557,076	1,112,533	606,159	534,882
Branch banking customer fees		977,774	721,122	601,078	360,061
Commission on remittances including home remittances		374,930	537,480	150,082	301,621
Investment banking fees		469,087	395,649	173,999	188,890
Commission on trade		268,900	224,953	149,857	120,293
Commission on cash management		160,710	99,912	90,003	52,845
Commission on guarantees		68,573	101,139	37,403	40,383
Commission on bancassurance		33,691	49,279	15,675	26,860
Credit related fees		12,674	10,495	6,402	4,941
Consumer finance related fees		8,850	3,114	4,894	1,776
		<u>3,932,265</u>	<u>3,255,676</u>	<u>1,835,552</u>	<u>1,632,552</u>
28 GAIN / (LOSS) ON SECURITIES - NET					
Realised - net	28.1	1,130,074	2,661,144	873,079	1,224,505
Unrealised - held for trading	10.1	913	(9,547)	(19,562)	(21,932)
Unrealised - forward government securities		8,441	257	16,372	3,151
		<u>1,139,428</u>	<u>2,651,854</u>	<u>869,889</u>	<u>1,205,724</u>

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

	Note	Half Year Ended		Quarter Ended	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Rupees in '000					
28.1 Realised gain / (loss) on:					
Federal government securities		198,832	982,934	152,226	499,696
Shares		931,258	1,679,052	720,853	724,872
Non government debt securities		(16)	(842)	-	(63)
		1,130,074	2,661,144	873,079	1,224,505
29 OTHER INCOME					
Recovery of written off mark-up and charges		27,566	43,408	17,317	43,323
Gain on sale of fixed assets - net		612	202,718	(1,498)	200,835
(Loss) / gain on sale of non-banking assets - net		(3,063)	304	(3,063)	304
Other assets disposal		843	5,154	(6,114)	4,546
Rent on property		5,319	5,147	3,566	2,574
Fee for attending Board meetings		959	1,397	538	618
Income from data centre hosting service		8,858	8,858	4,429	4,429
Gain on sale of islamic financing and related assets		5,376	3,062	3,998	1,713
		46,470	270,048	19,173	258,342
30 OPERATING EXPENSES					
Total compensation expense		8,199,924	7,440,112	4,222,994	3,809,282
Property expense:					
Depreciation		2,317,956	2,152,610	1,173,175	1,062,460
Rent and taxes		166,661	201,419	102,855	117,598
Utilities cost		760,878	580,754	482,741	321,877
Security (including guards)		624,512	522,091	303,868	265,986
Repair and maintenance					
(including janitorial charges)		505,284	448,036	291,759	239,959
Insurance		48,603	45,128	24,983	22,762
		4,423,894	3,950,038	2,379,381	2,030,642
Information technology expenses:					
Depreciation		410,487	332,160	212,976	156,968
Amortization		252,084	192,635	130,193	97,876
Network charges		376,436	363,699	213,656	190,620
Software maintenance		556,850	383,456	324,753	190,329
Hardware maintenance		229,155	244,868	134,201	121,852
Others		1,917	3,779	1,218	2,050
		1,826,929	1,520,597	1,016,997	759,695
Other operating expenses:					
Insurance		778,164	694,981	387,854	344,023
Outsourced service costs		440,082	409,654	228,441	218,874
Stationery and printing		173,880	249,703	84,959	135,505
Cash in Transit service charge		177,372	277,904	94,206	135,262
Marketing, advertisement and publicity		461,392	474,889	285,095	263,320
Depreciation		147,621	110,326	73,882	55,664
Travelling and conveyance		139,770	90,003	86,129	42,730
Postage and courier charges		90,339	98,750	48,181	52,227
NIFT clearing charges		88,877	73,284	40,627	37,146
Communication		90,248	89,172	46,445	44,024
Legal and professional charges		143,347	76,538	82,099	30,431
Auditors Remuneration		4,511	14,831	(433)	7,417
Directors fees and allowances		24,383	23,366	11,448	11,262
Fees and allowances to Shariah Board		4,199	3,349	2,105	1,684
Training and development		53,051	20,289	27,263	7,617
Brokerage expenses		53,449	54,467	31,037	23,426
Card related expenses		506,926	204,788	304,910	105,853
Donations		64,415	50,263	6,704	48,574
Others		353,447	232,967	195,942	114,584
		3,795,473	3,249,524	2,036,894	1,679,623
		18,246,220	16,160,271	9,656,266	8,279,242

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

	Note	Half Year Ended		Quarter Ended	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Rupees in '000					
31 OTHER CHARGES					
Penalties imposed by State Bank of Pakistan		189,025	1,795	124,941	775
Education cess		23,502	23,502	11,751	11,751
Depreciation - non-banking assets		3,234	3,116	1,784	1,318
Others		54	50,013	(24,994)	25,013
Other assets written off		-	39	-	34
		<u>215,815</u>	<u>78,465</u>	<u>113,482</u>	<u>38,891</u>
32 PROVISIONS AND WRITE OFFS - NET					
Provision / (Reversal) for diminution					
in the value of investments	10.2.1	2,977	(6,407)	(7,380)	(1,925)
Reversal					
against loans and advances	11.3	(601,087)	(314,421)	(386,903)	(158,924)
Provision / (Reversal) against other assets	15.1.1	(68,267)	39,636	(83,382)	22,136
Provision against off-balance					
sheet obligations	20.1	-	12,862	-	9,157
Bad debts written off directly		-	-	-	-
		(666,377)	(268,330)	(477,665)	(129,556)
Recovery of written off bad debts		(82,815)	(41,214)	(19,084)	(40,987)
		<u>(749,192)</u>	<u>(309,544)</u>	<u>(496,749)</u>	<u>(170,543)</u>
33 TAXATION					
Current - for the period	33.1	11,584,811	6,280,773	8,224,390	3,477,458
- for prior year		2,007,418	-	2,007,418	-
		<u>13,592,229</u>	<u>6,280,773</u>	<u>10,231,808</u>	<u>3,477,458</u>
Deferred - current		(360,918)	(331,872)	(183,691)	(198,952)
		<u>13,231,311</u>	<u>5,948,901</u>	<u>10,048,117</u>	<u>3,278,506</u>
33.1	This also includes proportionate super tax on high earning persons of Rs. 2,119,464 million (June 30, 2021: super tax for rehabilitation of temporarily displaced persons of Rs. 620,984 million).				
34 EARNINGS PER SHARE - BASIC AND DILUTED					
Profit after taxation		<u>6,886,607</u>	<u>8,761,988</u>	<u>2,058,733</u>	<u>4,733,011</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>6.01</u>	<u>7.65</u>	<u>1.80</u>	<u>4.13</u>
There is no dilution effect on basic earnings per share.					

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2022

35. FAIR VALUE OF FINANCIAL INSTRUMENTS

35.1 Fair value of financial assets

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1:	Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities. Financial instruments included in level 1 comprise of investments in Listed Ordinary Shares.
Level 2:	Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Financial instruments included in level 2 comprise of Sukuk Bonds, Units of Mutual Funds, Pakistan Investment Bonds, Market Treasury Bills, Term Finance Certificates and Forward Government & Exchange Contracts.
Level 3:	Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs). Currently, no financial instruments are classified in level 3.

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:

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.
Operating fixed assets (land & building) & NBA	The valuation is based on their assessment of market value of the properties.

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

	June 30, 2022				
	Carrying Value	Level 1	Level 2	Level 3	Total
Rupees in '000					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	1,044,608,130		- 1,044,608,130		- 1,044,608,130
Shares	18,417,147	18,394,199	22,948	-	18,417,147
Non-Government Debt Securities	13,351,907		- 13,351,907		- 13,351,907
Financial assets - disclosed but not measured					
Investments (Federal Government Securities, unlisted ordinary shares, term certificates, sukuk, subsidiaries, Bai muajjal)	76,249,200	-	-	-	-
Cash and balances with treasury banks	132,692,987	-	-	-	-
Balances with other banks	5,003,217	-	-	-	-
Lendings	53,562,570	-	-	-	-
Advances	646,254,037	-	-	-	-
Other assets	43,293,189	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets	58,347,837	-	58,347,837	-	58,347,837
Non-banking assets	1,435,439	-	1,435,439	-	1,435,439
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	167,851,485	-	167,851,485	-	167,851,485
Forward sale of foreign exchange	130,868,074	-	130,868,074	-	130,868,074
Forward purchase of government securities transactions	22,091,475	-	22,091,475	-	22,091,475
Forward sale of government securities transactions	2,742,940	-	2,742,940	-	2,742,940

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

	(Audited)				
	December 31, 2021				
	Carrying Value	Level 1	Level 2	Level 3	Total
Rupees in '000					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	962,843,872	-	962,843,872	-	962,843,872
Shares	16,996,375	16,972,155	24,220	-	16,996,375
Non-Government Debt Securities	13,451,819	-	13,451,819	-	13,451,819
Financial assets - disclosed but not measured					
Investments (Federal Government Securities, unlisted ordinary shares, term certificates, sukuku, subsidiaries, Bai muajjal)	71,202,834	-	-	-	-
Cash and balances with treasury banks	124,406,408	-	-	-	-
Balances with other banks	903,243	-	-	-	-
Lendings	45,452,910	-	-	-	-
Advances	652,889,677	-	-	-	-
Other assets	28,556,069	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets	56,525,189	-	56,525,189	-	56,525,189
Non-banking assets	1,527,302	-	1,527,302	-	1,527,302
Off-balance sheet financial instruments					
- measured at fair value					
Forward purchase of foreign exchange	161,470,903	-	161,470,903	-	161,470,903
Forward sale of foreign exchange	115,563,825	-	115,563,825	-	115,563,825

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

June 30, 2022

	Corporate & Investment Banking	Commercial & Retail Banking	Trading & Sale (Treasury)	Islamic Banking	Others	Total
Rupees in '000						
36 SEGMENT INFORMATION						
36.1 Segment Details with respect to Business Activities						
Profit & Loss						
Net mark-up/return/profit	24,103,970	(36,178,144)	37,863,686	1,409,809	316,065	27,515,386
Inter segment revenue - net	(26,164,015)	72,292,020	(41,881,283)	-	(4,246,722)	-
Non mark-up / return / interest income	3,342,739	2,519,869	4,497,071	168,599	210,990	10,739,268
Total Income	1,282,694	38,633,745	479,474	1,578,408	(3,719,667)	38,254,654
	-	-	-	-	-	-
Segment direct expenses	349,697	9,411,936	125,250	762,520	8,236,525	18,885,928
Total expenses	349,697	9,411,936	125,250	762,520	8,236,525	18,885,928
Provisions	(25,844)	(84,642)	-	31	859,647	749,192
Profit before tax	907,153	29,137,167	354,224	815,919	(11,096,545)	20,117,918
	-	-	-	-	-	-
Balance Sheet						
Cash & Bank balances	2,481,393	53,737,036	69,134,220	4,982,436	7,361,119	137,696,204
Investments	46,684,717	-	1,075,879,020	29,549,600	513,047	1,152,626,384
Net inter segment lending	(471,345,314)	1,397,687,762	(1,003,611,240)	(2,791,562)	80,060,354	-
Lendings to financial institutions	1,567,077	-	83,431,334	-	(31,435,841)	53,562,570
Advances - performing	533,647,429	34,854,612	-	65,664,193	10,786,047	644,952,281
Advances - non-performing	653,436	355,466	-	-	12,029,146	13,038,048
Provision against advances	(323,923)	(157,495)	-	(202)	(11,254,672)	(11,736,292)
Advances - net	533,976,942	35,052,583	-	65,663,991	11,560,521	646,254,037
Operating fixed assets	155,407	53,634,886	9,707	1,359,940	27,920,809	83,080,749
Others	4,005,838	11,083,530	20,221,466	2,855,808	19,972,322	58,138,964
Total Assets	117,526,060	1,551,195,797	245,064,507	101,620,213	115,952,331	2,131,358,908
	-	-	-	-	-	-
Borrowings	111,816,367	5,189,057	258,605,636	28,407,449	(31,492,211)	372,526,298
Deposits & other accounts	523,191	1,499,509,192	-	64,039,667	11,022,758	1,575,094,808
Net inter segment borrowing	-	-	-	-	-	-
Others	2,062,158	17,627,374	1,257,870	3,402,653	33,987,174	58,337,229
Total liabilities	114,401,716	1,522,325,623	259,863,506	95,849,769	13,517,721	2,005,958,335
Equity / Reserves	3,124,344	28,870,174	(14,798,999)	5,770,444	102,434,610	125,400,573
Total Equity and liabilities	117,526,060	1,551,195,797	245,064,507	101,620,213	115,952,331	2,131,358,908
	-	-	-	-	-	-
Contingencies and commitments	162,675,226	24,155,960	323,553,974	3,906,409	11,958,898	526,250,467

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

June 30, 2021						
	Corporate & Investment Banking	Commercial & Retail Banking	Trading & Sale (Treasury)	Islamic Banking	Others	Total
Rupees in '000						
Profit & Loss						
Net mark-up/return/profit	14,324,509	(17,716,492)	25,510,918	1,028,676	(129,663)	23,017,948
Inter segment revenue - net	(12,682,920)	36,338,057	(21,551,240)	-	(2,103,897)	-
Non mark-up / return / interest income	3,880,118	1,997,070	1,634,792	148,350	272,678	7,933,008
Total Income	5,521,707	20,618,635	5,594,470	1,177,026	(1,960,882)	30,950,956
Segment direct expenses	323,293	8,540,954	116,369	694,098	6,874,897	16,549,611
Total expenses	323,293	8,540,954	116,369	694,098	6,874,897	16,549,611
Provisions	(104,898)	(98,892)	-	15	513,319	309,544
Profit before tax	5,093,516	11,978,789	5,478,101	482,943	(8,322,460)	14,710,889

(Audited)						
December 31, 2021						
	Corporate & Investment Banking	Commercial & Retail Banking	Trading & Sale (Treasury)	Islamic Banking	Others	Total
Rupees in '000						
Balance Sheet						
Cash & Bank balances	265,776	43,509,889	71,358,163	4,305,649	5,870,174	125,309,651
Investments	35,400,389	-	999,447,524	29,146,987	500,000	1,064,494,900
Net inter segment lending	(446,532,421)	1,253,708,768	(857,849,308)	(2,415,498)	53,088,459	-
Lendings to financial institutions	-	-	82,900,029	-	(37,447,119)	45,452,910
Advances - performing	524,632,629	35,007,398	-	82,203,444	10,296,198	652,139,669
Advances - non-performing	670,589	152,873	-	-	12,777,298	13,600,760
Provision against advances	(381,005)	(102,705)	-	(233)	(12,366,809)	(12,850,752)
Advances - net	524,922,213	35,057,566	-	82,203,211	10,706,687	652,889,677
Operating fixed assets	389,184	50,947,459	7,448	1,460,572	28,066,360	80,871,023
Others	2,840,258	10,664,551	12,117,451	1,861,117	13,654,465	41,137,842
Total Assets	117,285,399	1,393,888,233	307,981,307	116,562,038	74,439,026	2,010,156,003
Borrowings	100,524,929	5,468,498	308,819,318	42,597,423	(37,404,400)	420,005,768
Deposits & other accounts	-	1,345,635,407	-	65,014,170	2,645,684	1,413,295,261
Others	1,465,092	14,712,882	212,341	3,983,158	29,236,962	49,610,435
Total liabilities	101,990,021	1,365,816,787	309,031,659	111,594,751	(5,521,754)	1,882,911,464
Equity / Reserves	15,295,378	28,071,446	(1,050,352)	4,967,287	79,960,780	127,244,539
Total Equity and liabilities	117,285,399	1,393,888,233	307,981,307	116,562,038	74,439,026	2,010,156,003
Contingencies and commitments	123,812,661	25,510,317	277,034,728	2,435,173	11,537,703	440,330,582

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

37 RELATED PARTY TRANSACTIONS

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

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

	June 30, 2022						(Audited) December 31, 2021					
	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	-	25,000
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	500,000	-	25,000	-	-	-	500,000	-	25,000
Advances	-	-	-	-	-	-	-	-	-	-	-	-
Opening balance	-	63,811	301,793	-	-	1,242	-	2,969	156,424	-	-	496
Addition during the period/year	-	41,050	134,908	-	-	9,621	-	112,084	253,507	-	-	7,015
Repaid during the period/year	-	(32,602)	(65,533)	-	-	(8,174)	-	(51,242)	(108,138)	-	-	(6,269)
Closing balance	-	72,259	371,168	-	-	2,689	-	63,811	301,793	-	-	1,242

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

	(Audited)											
	June 30, 2022						December 31, 2021					
	Parent	Directors	Key management personnel	Subsidiaries	Associates*	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates*	Other related parties
Rupees in '000												
Other Assets												
Interest / mark-up accrued	-	2,927	89,437	-	8	-	-	1,540	78,624	-	-	29
Receivable from staff retirement fund	-	-	-	-	-	3,807,933	-	-	-	-	-	3,571,151
Other receivable	-	-	-	50,417	-	-	-	-	-	45,291	-	-
Borrowings	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts												
Opening balance	100,304	391,278	46,188	17,578	61,637	38,313,174	803	144,243	40,672	10,007	46,745	26,961,726
Received during the period/year	4,464,927	132,253	569,855	1,062,608	2,907,486	323,993,938	13,701,403	1,679,675	751,007	2,030,051	13,867,649	542,781,289
Withdrawn during the period/year	(4,565,143)	(470,774)	(580,702)	(1,056,184)	(2,716,432)	(332,326,390)	(13,601,902)	(1,432,640)	(745,491)	(2,022,480)	(13,852,757)	(531,429,841)
Closing balance	88	52,757	35,341	24,002	252,691	29,980,722	100,304	391,278	46,188	17,578	61,637	38,313,174
Other Liabilities												
Interest / mark-up payable	-	-	39	12	152	219,627	-	-	64	25	58	184,999

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

	June 30, 2022						June 30, 2021					
	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	-	2,101	8,214	-	8	-	-	530	4,710	-	-	-
Fee and commission income	2	20	158	4,854	2	411	-	16	18	4,124	5	421
Dividend income	-	-	-	-	-	-	-	-	-	-	-	-
Net gain on sale of securities	-	-	-	-	-	12,818	-	-	(1)	-	-	318
Rental Income	-	-	-	5,319	-	-	-	-	-	5,147	-	-
Other Income	-	-	-	8,858	-	-	-	-	-	83,995	-	-
Expense												
Mark-up/return/interest expensed	-	8,229	372	2,370	151	1,086,986	-	6,889	346	1,189	45	517,233
Directors meeting fee	-	24,000	-	-	-	-	-	23,200	-	-	-	-
Remuneration	-	39,113	279,378	-	-	-	-	25,439	266,367	-	-	-
Charge for defined benefit plans	-	646	10,293	-	-	-	-	513	8,401	-	-	-
Contribution to defined contribution plan	-	608	4,587	-	-	-	-	516	4,078	-	-	-
Other expenses**	-	-	-	-	31,148	-	-	-	-	-	30,030	-
Rent expense***	-	-	-	-	8,630	-	-	-	-	-	7,846	-
Charge in respect of staff retirement benefit funds	-	-	-	-	-	157,321	-	-	-	-	-	190,503
Insurance premium paid	-	75	315	-	-	-	-	45	370	-	-	-

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

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

** Other Expenses include donation of Rs. 30 million to National Management Foundation for construction of hostel building.

***Rent expense of ABL Branch with associated company (Ibrahim Fibres Limited & Ibrahim Agencies Pvt. Limited) was carried out on agreed terms with prior permission of State Bank of Pakistan.

During the period ended June 30, 2022; certain moveable assets having cumulative net book value of Rs. 0 were disposed off for Rs. 193,000 to the Key Management Personnel of the Bank.

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

		(Audited) June 30, 2022	December 31, 2021
		Rupees in '000	
38 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS			
Minimum Capital Requirement (MCR):			
Paid-up capital (net of losses)		11,450,739	11,450,739
Capital Adequacy Ratio (CAR):			
Eligible Common Equity Tier 1 (CET 1) Capital		99,231,534	97,235,663
Eligible Additional Tier 1 (ADT 1) Capital		-	-
Total Eligible Tier 1 Capital		99,231,534	97,235,663
Eligible Tier 2 Capital		15,409,201	20,152,261
Total Eligible Capital (Tier 1 + Tier 2)		114,640,735	117,387,924
Risk Weighted Assets (RWAs):			
Credit Risk		415,255,037	388,941,078
Market Risk		32,576,013	32,787,687
Operational Risk		104,299,052	104,299,052
Total		552,130,102	526,027,817
Common Equity Tier 1 Capital Adequacy ratio			
Tier 1 Capital Adequacy Ratio		17.97%	18.48%
Total Capital Adequacy Ratio		20.76%	22.32%
Leverage Ratio (LR):			
Eligible Tier-1 Capital		99,231,534	97,235,663
Total Exposures		2,281,412,658	2,488,085,909
Leverage Ratio		4.35%	3.91%
Liquidity Coverage Ratio (LCR):			
Total High Quality Liquid Assets		671,590,728	642,371,329
Total Net Cash Outflow		398,455,367	345,039,134
Liquidity Coverage Ratio		168.55%	186.17%
Net Stable Funding Ratio (NSFR):			
Total Available Stable Funding		1,398,377,684	1,330,494,083
Total Required Stable Funding		1,072,144,748	934,385,758
Net Stable Funding Ratio		130.43%	142.39%

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

39. ISLAMIC BANKING BUSINESS

The Bank is operating 117 (December 31, 2021: 117 and June 30, 2021: 117) Islamic Banking Branches and 135 (December 31, 2021: 110 and June 30, 2021: 104) Islamic Banking Windows at the end of the period.

		(Audited)	
		June 30, 2022	December 31, 2021
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		4,865,242	4,140,005
Balances with other banks		117,194	165,644
Due from financial institutions	39.1	-	-
Investments	39.2	29,549,600	29,146,987
Islamic financing and related assets - net	39.3	65,663,991	82,203,211
Fixed assets		1,358,369	1,457,221
Intangible assets		1,571	3,351
Due from Head Office		-	-
Other assets		2,855,808	1,861,117
		104,411,775	118,977,536
LIABILITIES			
Bills payable		668,752	1,426,659
Due to financial institutions		28,407,449	42,597,423
Deposits and other accounts	39.4	64,039,667	65,014,170
Due to Head Office		2,791,562	2,415,498
Subordinated debt		-	-
Other liabilities		2,733,901	2,556,499
		98,641,331	114,010,249
NET ASSETS		5,770,444	4,967,287
REPRESENTED BY			
Islamic Banking Fund		4,100,000	4,100,000
Reserves		-	-
Surplus on revaluation of assets		124,964	137,726
Unappropriated profit / (Accumulated losses)	39.5	1,545,480	729,561
		5,770,444	4,967,287
CONTINGENCIES AND COMMITMENTS		39.6	

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

	June 30, 2022	June 30, 2021
Rupees in '000		
The profit and loss account of the Bank's Islamic Banking Branches for the period ended June 30, 2022 is as follows:		
Profit / return earned	39.7	4,640,762
Profit / return expensed	39.8	3,230,953
Net Profit / return		1,409,809
OTHER INCOME		1,028,676
Fee and commission income	147,692	123,377
Dividend income	-	-
Foreign exchange income	15,442	22,753
Loss on securities	(16)	(842)
Other income	5,481	3,062
Total other income	168,599	148,350
Total income	1,578,408	1,177,026
OTHER EXPENSES		
Operating expenses	762,520	694,030
Workers Welfare Fund	-	-
Other charges	-	68
Total other expenses	762,520	694,098
Profit before provisions	815,888	482,928
(Reversals) / provisions and write offs - net	(31)	(15)
PROFIT BEFORE TAXATION	815,919	482,943
Taxation	-	-
PROFIT AFTER TAXATION	815,919	482,943

	(Audited)					
	June 30, 2022			December 31, 2021		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
Rupees in '000						
39.1 Due from financial institutions	-	-	-	-	-	-

	(Audited)							
	June 30, 2022				December 31, 2021			
	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Rupees in '000								
39.2 Investments by Segments								
Federal Government Securities:								
-Ijarah Sukuks	11,500,000	-	(48,600)	11,451,400	9,500,000	-	(95,850)	9,404,150
-Other Federal Securities	2,690,425	-	-	2,690,425	3,618,241	-	-	3,618,241
	14,190,425	-	(48,600)	14,141,825	13,118,241	-	(95,850)	13,022,391
Non Government Debt Securities								
-Listed	11,137,500	-	104,220	11,241,720	11,224,309	-	164,232	11,388,541
-Unlisted	4,166,055	-	-	4,166,055	4,736,055	-	-	4,736,055
	15,303,555	-	104,220	15,407,775	15,960,364	-	164,232	16,124,596
Total Investments	29,493,980	-	55,620	29,549,600	29,078,605	-	68,382	29,146,987

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

		(Audited) December 31, 2021
	June 30, 2022	
	Rupees in '000	
39.3 Islamic financing and related assets		
Ijarah Financing	370,370	310,152
Istisna Financing	28,048	-
Istisna - Financing under Islamic Export Re-finance	907,029	-
Murabaha Financing	353,866	531,952
Musawamah Financing	105,339	5,324
Business Musharaka - Islamic Export Refinance	1,150,000	1,150,000
Business Musharaka - Islamic Re-finance against wages and salaries	6,554	13,107
Diminishing Musharaka	12,462,920	12,581,827
Diminishing Musharka - Islamic Re-finance against renewable energy	550,895	-
Salam Financing	10,374	36,322
Business Musharaka Financing	46,399,488	62,520,891
Ijarah Financing	480,797	389,846
Diminishing Musharakah Financing	282,477	202,893
Advance against Ijarah	287,144	383,845
Advance against Istisna	696,996	1,266,010
Advance against Ijarah	241,824	129,966
Advance against Diminishing Musharaka	101,342	117,761
Advance against Istisna - Financing under Islamic Export Re-finance	900,000	1,800,000
Advance against Murabaha	4,913	19,392
Advance against Musawamah	40,009	31,886
Advance against Diminishing Musharaka	149,370	73,274
Advance against Diminishing Musharaka - IFRE	-	534,316
Advance against Salam	134,438	104,680
Gross Islamic financing and related assets	65,664,193	82,203,444
Less: provision against Islamic financings		
- Specific	-	-
- General	202	233
	202	233
Islamic financing and related assets - net of provision	65,663,991	82,203,211
39.4 Deposits		
Customers		
Current deposits	13,406,651	11,542,267
Savings deposits	22,068,435	24,629,519
Term deposits	2,097,049	869,511
Other deposits	1,958,891	2,084,495
	39,531,026	39,125,792
Financial Institutions		
Current deposits	123,222	259,197
Savings deposits	24,385,419	25,629,181
Term deposits	-	-
Other deposits	-	-
	24,508,641	25,888,378
	64,039,667	65,014,170

Notes to the Unconsolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

		(Audited) June 30, December 31, 2022 2021
		Rupees in '000
39.5	Islamic banking business unappropriated profit / (loss)	
	Opening Balance	729,561 (80,520)
	Add: Islamic Banking profit for the period	815,919 810,081
	Less: Taxation	- -
	Less: Reserves	- -
	Less: Transferred / Remitted to Head Office	- -
	Closing Balance	1,545,480 729,561
39.6	Contingencies and commitments	
	-Guarantees	1,109,798 1,020,748
	-Commitments	1,992,471 255,688
	-Other contingencies	804,140 1,158,737
		3,906,409 2,435,173
		June 30, June 30, 2022 2021
		Rupees in '000
39.7	Profit/return earned of financing, investments and placement	
	Profit earned on:	
	Financing	3,153,409 980,921
	Investments	1,448,144 799,040
	Placements	39,209 118,613
		4,640,762 1,898,574
39.8	Profit on deposits and other dues expensed	
	Deposits and other accounts	1,836,330 610,193
	Due to Financial Institutions	54,025 23,837
	Profit paid on Musharaka borrowings	1,277,341 163,283
	Profit paid on Mudaraba borrowings	- 8,081
	Other expenses (IFRS-16)	63,257 64,504
		3,230,953 869,898

40 NON ADJUSTING EVENT AFTER THE REPORTING DATE

40.1 The Board of Directors of the Bank in its meeting held on August 17, 2022 has proposed an interim cash dividend for the quarter ended June 30, 2022 of Rs. 2.00 per share (June 30, 2021: cash dividend of Rs. 2.00 per share). The unconsolidated condensed interim financial statements of the Bank for the half year ended June 30, 2022 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

41 GENERAL

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

41.2 Corresponding figures have been rearranged or reclassified where considered necessary, for the purpose of better presentation. However, no material restatements have been made.

42 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on August 17, 2022 by the Board of Directors of the Bank.

Muhammad Atif Mirza
Chief Financial Officer

Azid Razzaq Gill
President and Chief Executive

Mubashir A. Akhtar
Director

Zafar Iqbal
Director

Mohammad Naeem Mukhtar
Chairman

CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended June 30, 2022

Consolidated Statement of Financial Position

(Un-audited) as at June 30, 2022

	Note	June 30, 2022	(Audited) December 31, 2021
Rupees in '000			
ASSETS			
Cash and balances with treasury banks	7	132,694,057	124,400,515
Balances with other banks	8	5,003,217	903,243
Lendings to financial institutions - net	9	53,562,570	45,452,910
Investments - net	10	1,154,387,509	1,066,389,996
Advances - net	11	646,476,773	653,079,762
Fixed assets	12	80,428,402	78,350,554
Intangible assets	13	3,002,526	2,875,975
Deferred tax assets - net	14	6,311,356	1,507,405
Other assets - net	15	52,215,465	40,018,520
		2,134,081,875	2,012,978,880
LIABILITIES			
Bills payable	17	9,329,349	10,059,879
Borrowings	18	372,526,298	420,005,768
Deposits and other accounts	19	1,575,072,081	1,413,277,683
Liabilities against assets subject to finance lease		-	-
Sub-ordinated debt		-	-
Deferred tax liabilities - net		-	-
Other liabilities	20	49,415,662	39,992,364
		2,006,343,390	1,883,335,694
NET ASSETS			
		127,738,485	129,643,186
REPRESENTED BY			
Share capital	21	11,450,739	11,450,739
Reserves		28,900,017	26,784,066
Surplus on revaluation of assets - net of tax	22	13,885,366	19,585,863
Unappropriated profit		73,502,363	71,822,518
		127,738,485	129,643,186

CONTINGENCIES AND COMMITMENTS

23

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

Muhammad Atif Mirza
Chief Financial Officer

Zafar Iqbal
Director

Azid Razzaq Gill
President and Chief Executive

Mohammad Naeem Mukhtar
Chairman

Mubashir A. Akhtar
Director

Consolidated Profit and Loss Account

(Un-audited) for the half year ended June 30, 2022

	Note	Half Year Ended		Quarter Ended	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Rupees in '000					
Mark-up / return / interest earned	25	87,572,297	53,338,666	48,507,459	29,564,474
Mark-up / return / interest expensed	26	60,063,479	30,330,202	33,539,865	17,349,021
Net mark-up / interest income		27,508,818	23,008,464	14,967,594	12,215,453
NON MARK-UP / INTEREST INCOME					
Fee and commission income	27	4,264,204	3,649,104	2,002,353	1,833,952
Dividend income		1,384,070	1,240,696	431,079	726,310
Foreign exchange income		4,295,911	662,531	3,543,849	416,672
Income from derivatives		-	-	-	-
Gain on securities - net	28	1,012,605	2,633,870	753,904	1,146,106
Other income	29	32,293	180,906	11,178	176,202
Total non mark-up / interest income		10,989,083	8,367,107	6,742,363	4,299,242
Total income		38,497,901	31,375,571	21,709,957	16,514,695
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	30	18,512,930	16,404,588	9,788,246	8,404,369
Workers welfare fund		425,448	315,884	253,833	170,421
Other charges	31	215,815	78,465	113,482	38,891
Total non mark-up / interest expenses		19,154,193	16,798,937	10,155,561	8,613,681
Profit before provisions		19,343,708	14,576,634	11,554,396	7,901,014
(Reversals) / Provisions and write offs - net	32	(749,192)	(309,544)	(496,749)	(170,543)
Extra-ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		20,092,900	14,886,178	12,051,145	8,071,557
Taxation	33	13,267,028	6,010,088	10,074,935	3,307,346
PROFIT AFTER TAXATION		6,825,872	8,876,090	1,976,210	4,764,211
In Rupees					
Basic and Diluted earnings per share	34	5.96	7.75	1.73	4.16

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

Muhammad Atif Mirza
Chief Financial Officer

Zafar Iqbal
Director

Azid Razzaq Gill
President and Chief Executive

Mohammad Naeem Mukhtar
Chairman

Mubashir A. Akhtar
Director

Consolidated Statement of Comprehensive Income

(Un-audited) for the half year ended June 30, 2022

	Half Year Ended		Quarter Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	Rupees in '000			
Profit after taxation for the period	6,825,872	8,876,090	1,976,210	4,764,211
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	1,427,290	(112,929)	1,083,018	219,345
Movement in deficit on revaluation of investments - net of tax	(5,436,041)	(2,374,083)	(4,239,980)	332,570
	(4,008,751)	(2,487,012)	(3,784,383)	551,915
<i>Items that will not be reclassified to profit and loss account in subsequent periods:</i>				
Effect of change in tax rate on:				
Remeasurement of defined benefit obligations	34,462	41,632	34,462	-
Revaluation of fixed assets	(174,267)	(199,010)	(174,267)	-
Revaluation of non-banking assets	(1,721)	(1,263)	(1,721)	-
	(141,526)	(158,641)	(141,526)	-
Total comprehensive income	2,675,595	6,230,437	(1,949,699)	5,316,126

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

Muhammad Atif Mirza
Chief Financial Officer

Zafar Iqbal
Director

Azid Razzaq Gill
President and Chief Executive

Mohammad Naeem Mukhtar
Chairman

Mubashir A. Akhtar
Director

Consolidated Cash Flow Statement

(Un-audited) for the half year ended June 30, 2022

	Note	June 30, 2022	June 30, 2021
Rupees in '000			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		20,092,900	14,886,178
Less: Dividend income		(1,384,070)	(1,240,696)
		18,708,830	13,645,482
Adjustments:			
Depreciation - Operating Fixed Assets		2,041,501	1,782,781
Depreciation - Non Banking Assets		3,234	3,116
Depreciation on right of use assets		851,191	813,298
Interest expense on lease liability		494,690	457,100
Amortization		252,084	203,680
Net provision / (reversals) and write offs	32	(666,377)	(268,330)
Unrealized gain on revaluation of 'held-for-trading' securities		129,552	83,788
Provision for workers welfare fund		425,448	315,884
Charge for defined benefit plans		207,996	213,253
Gain on sale of fixed assets and non-banking assets - net		2,451	(203,022)
		3,741,770	3,401,548
		22,450,600	17,047,030
(Increase) / Decrease in operating assets			
Lendings to financial institutions		(8,109,660)	10,626,811
Held-for-trading securities		(3,217,068)	(2,289,534)
Advances		7,204,076	(20,029,125)
Other assets (excluding advance taxation)		(17,826,849)	(3,730)
		(21,949,501)	(11,695,578)
Increase / (Decrease) in operating liabilities			
Bills payable		(730,530)	(505,193)
Borrowings		(47,382,048)	161,596,731
Deposits and other accounts		161,794,398	98,359,530
Other liabilities (excluding current taxation)		10,094,084	(1,243,738)
		123,775,904	258,207,330
		124,277,003	263,558,782
Income tax paid		(6,912,336)	(5,990,193)
Defined benefits paid		(285,326)	(298,863)
Net cash flow generated from operating activities		117,079,341	257,269,726
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in 'available-for-sale' securities		(94,261,162)	(220,847,324)
Net (investments) from 'held-to-maturity' securities		(2,713,747)	(25,299,805)
Dividend received		1,384,064	1,241,643
Investments in fixed assets and intangible assets		(4,223,796)	(4,280,574)
Proceeds from sale of fixed assets		29,602	844,665
Effect of translation of net investment in foreign branches		1,427,290	(112,929)
Net cash flow (used in) / generated from investing activities		(98,357,749)	(248,454,324)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liability against right of use assets		(1,652,122)	(932,070)
Dividend paid		(4,578,533)	(9,129,690)
Net cash flow used in financing activities		(6,230,655)	(10,061,760)
Increase / (Decrease) in cash and cash equivalents during the period		12,490,937	(1,246,358)
Cash and cash equivalents at beginning of the period		127,716,970	135,376,432
Effect of exchange rate changes on opening cash and cash equivalents		(2,604,673)	204,993
		125,112,297	135,581,425
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		137,603,234	134,335,067

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

Muhammad Atif Mirza
Chief Financial Officer

Azid Razzaq Gill
President and Chief Executive

Mubashir A. Akhtar
Director

Zafar Iqbal
Director

Mohammad Naeem Mukhtar
Chairman

Consolidated Statement of Changes In Equity

(Un-audited) for the half year ended June 30, 2022

	Share capital	Capital reserve Exchange translation reserve	Statutory reserve	Revenue reserve General reserve	Surplus/(deficit) on revaluation of			Un-appropriated profit	Total
					Investments	Fixed assets	Non-banking assets		
Rupees in '000									
Balance as at January 01, 2021 (Audited)	11,450,739	2,025,733	22,245,451	6,000	4,875,950	23,322,739	638,972	69,203,702	133,769,286
Profit after taxation for six months ended June 30, 2021	-	-	-	-	-	-	-	8,876,090	8,876,090
Other Comprehensive Income - net of tax	-	-	-	-	-	-	-	-	-
Deficit on revaluation of investments - net of tax	-	-	-	-	(2,374,083)	-	-	-	(2,374,083)
Effect of change in tax rate on revaluation surplus of fixed assets - net of tax	-	-	-	-	-	(199,010)	-	-	(199,010)
Effect of change in tax rate on revaluation surplus of non-banking assets - net of tax	-	-	-	-	-	-	(1,263)	-	(1,263)
Re-measurement gain on defined benefit obligation - net of tax	-	-	-	-	-	-	-	41,632	41,632
Effect of translation of net investment in foreign branches	-	(112,929)	-	-	-	-	-	-	(112,929)
	-	(112,929)	-	-	(2,374,083)	(199,010)	(1,263)	41,632	(2,645,653)
Transfer to statutory reserve	-	-	876,199	-	-	-	-	(876,199)	-
Transfer of revaluation surplus on change in use - net of tax	-	-	-	-	-	4,399	(4,399)	-	-
Transferred from surplus in respect of incremental depreciation of fixed assets to un-appropriated profit-net of tax	-	-	-	-	-	(70,359)	-	70,359	-
Surplus realised on disposal of revalued fixed assets - net of tax	-	-	-	-	-	(202,786)	-	202,786	-
Transferred from surplus in respect of incremental depreciation of non-banking assets to un-appropriated profit-net of tax	-	-	-	-	-	-	(454)	454	-
Surplus realised on disposal of revalued non-banking assets - net of tax	-	-	-	-	-	-	(1,006)	1,006	-
Transactions with owners recognized directly in equity	-	-	-	-	-	-	-	-	-
Final cash dividend for the year ended	-	-	-	-	-	-	-	-	-
December 31, 2020 (Rs. 6 per ordinary share)	-	-	-	-	-	-	-	(6,870,443)	(6,870,443)
First interim cash dividend for the year ending	-	-	-	-	-	-	-	-	-
December 31, 2021 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
	-	-	-	-	-	-	-	(9,160,591)	(9,160,591)
Balance as at June 30, 2021	11,450,739	1,912,804	23,121,650	6,000	2,501,867	22,854,983	631,850	68,359,239	130,839,132
Profit after taxation for six months ended December 31, 2021	-	-	-	-	-	-	-	8,627,138	8,627,138
Other Comprehensive Income - net of tax	-	-	-	-	-	-	-	-	-
Deficit on revaluation of investments - net of tax	-	-	-	-	(6,623,703)	-	-	-	(6,623,703)
Surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	-	-	-	-
Surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	383,083	-	383,083
Re-measurement gain on defined benefit obligation - net of tax	-	-	-	-	-	-	-	109,401	109,401
Effect of translation of net investment in foreign branches	-	888,431	-	-	-	-	-	-	888,431
	-	888,431	-	-	(6,623,703)	-	383,083	109,401	(5,242,789)
Transfer to statutory reserve	-	-	855,181	-	-	-	-	(855,181)	-
Transfer of revaluation surplus on change in use - net of tax	-	-	-	-	-	-	-	-	-
Transferred from surplus in respect of incremental depreciation of fixed assets to un-appropriated profit-net of tax	-	-	-	-	-	(69,513)	-	69,513	-
Surplus realised on disposal of revalued fixed assets - net of tax	-	-	-	-	-	(16,947)	-	16,947	-
Transferred from surplus in respect of incremental depreciation of non-banking assets to un-appropriated profit-net of tax	-	-	-	-	-	-	(405)	405	-
Surplus realised on disposal of revalued non-banking assets - net of tax	-	-	-	-	-	-	(75,352)	75,352	-
Transactions with owners, recognized directly in equity	-	-	-	-	-	-	-	-	-
Second interim cash dividend for the year ended	-	-	-	-	-	-	-	-	-
December 31, 2021 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
Third interim cash dividend for the year ended	-	-	-	-	-	-	-	-	-
December 31, 2021 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
	-	-	-	-	-	-	-	(4,580,296)	(4,580,296)
Balance as at December 31, 2021 (Audited)	11,450,739	2,801,236	23,976,831	6,000	(4,121,836)	22,768,523	939,176	71,822,518	129,643,186
Profit after taxation for the half year ended June 30, 2022	-	-	-	-	-	-	-	6,825,872	6,825,872
Other Comprehensive Income	-	-	-	-	-	-	-	-	-
Deficit on revaluation of investments - net of tax	-	-	-	-	(5,436,041)	-	-	-	(5,436,041)
Effect of change in tax rate on revaluation surplus of fixed assets - net of tax	-	-	-	-	-	(174,267)	-	-	(174,267)
Effect of change in tax rate on revaluation surplus of non-banking assets - net of tax	-	-	-	-	-	-	(1,721)	-	(1,721)
Re-measurement gain on defined benefit obligation - net of tax	-	-	-	-	-	-	-	34,462	34,462
Effect of translation of net investment in foreign branches	-	1,427,290	-	-	-	-	-	-	1,427,290
	-	1,427,290	-	-	(5,436,041)	(174,267)	(1,721)	34,462	(4,150,277)
Transfer to statutory reserve	-	-	688,661	-	-	-	-	(688,661)	-
Transfer of revaluation surplus on change in use - net of tax	-	-	-	-	-	100,467	(100,467)	-	-
Transferred from surplus in respect of incremental depreciation of fixed assets to un-appropriated profit-net of tax	-	-	-	-	-	(62,086)	-	62,086	-
Transferred from surplus in respect of incremental depreciation of non-banking assets to un-appropriated profit-net of tax	-	-	-	-	-	-	(607)	607	-
Surplus realised on disposal of revalued non-banking assets - net of tax	-	-	-	-	-	-	(25,776)	25,776	-
Transactions with owners, recognized directly in equity	-	-	-	-	-	-	-	-	-
Final cash dividend for the year ended	-	-	-	-	-	-	-	-	-
December 31, 2021 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
First interim cash dividend for the year ending	-	-	-	-	-	-	-	-	-
December 31, 2022 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
	-	-	-	-	-	-	-	(4,580,296)	(4,580,296)
Balance as at June 30, 2022	11,450,739	4,228,526	24,665,492	6,000	(9,557,877)	22,632,637	810,806	73,502,363	127,738,465

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

Muhammad Atif Mirza
Chief Financial Officer

Azid Razaq Gill
President and Chief Executive

Mubashir A. Akhtar
Director

Zafar Iqbal
Director

Mohammad Naeem Mukhtar
Chairman

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

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 1,427 (December 31, 2021: 1,427) branches in Pakistan including 117 (December 31, 2021: 117) Islamic banking branches, 1 branch (December 31, 2021: 1) in Karachi Export Processing Zone and 1 Wholesale banking branch (December 31, 2021: 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") S.R.O 1233(I) / 2019. 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 the Pakistan Credit Rating Agency Limited (PACRA) is AM2++ (Stable) in December 2020.

ABL Asset Management Company is managing the following funds:

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

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

2 BASIS OF PRESENTATION

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

2.1 Statement of compliance

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

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

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

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

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

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

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, 2021.

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in preparing the audited annual consolidated financial statements of the Group for the year ended December 31, 2021.

3.1 New standards, interpretations and amendments adopted by the bank

Several amendments apply for the first time in 2022, but do not have an impact on the unconsolidated condensed interim financial statements of the Bank:

	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
- Amendments to IFRS 3 - Reference to the Conceptual Framework	January 01, 2022
- Annual improvements to IFRS Standards 2018 - 2020	January 01, 2022

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

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

	Effective date (periods beginning on or after)
- Amendments to IAS 1 - Classification of liabilities as current or non-current	January 01, 2023
- Amendments to IAS 8 - Definition of Accounting Estimates	January 01, 2023
- Amendments to IAS 1 (and IFRS Practice Statement 2) - Disclosure of Accounting Policies	January 01, 2023
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
- Amendments on disclosure of Accounting Policies	January 01, 2023

The above mentioned amendments are not likely to have a material impact effect on the Bank's financial statements.

- IFRS 9 'Financial Instruments', the effective date of the standard has been extended to annual periods beginning on or after January 01, 2023 vide SBP BPRD Circular no. 3 dated July 05, 2022. 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 (ECL) 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. The impact of the application of IFRS 9 on the Bank's financial statements is being assessed, in light of implementation guidelines issued by SBP.

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, 2021.

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:

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

- Certain Investments;
- Certain operating fixed assets;
- Staff retirement and other benefits;
- Non-banking assets acquired in satisfaction of claims;
- Derivative financial instruments; and
- Lease liability and related right of use assets.

6 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Group are consistent with those disclosed in the audited annual consolidated financial statements for the year ended December 31, 2021.

		(Audited)
	June 30, 2022	December 31, 2021
	Rupees in '000	
7 CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	31,096,664	22,823,155
Foreign currencies	2,158,811	967,027
	33,255,475	23,790,182
Remittances in transit	474,363	502,744
With State Bank of Pakistan (SBP) in		
Local currency current accounts	54,379,281	59,570,982
Foreign currency current account	139,305	54,580
Foreign currency deposit accounts (non-remunerative)	4,852,613	4,807,522
Foreign currency deposit accounts (remunerative)	9,674,031	9,588,566
	69,045,230	74,021,650
With National Bank of Pakistan in		
Local currency current accounts	29,590,636	25,567,776
Prize Bonds	328,353	518,163
	132,694,057	124,400,515
8 BALANCES WITH OTHER BANKS		
Outside Pakistan		
In current accounts	4,238,848	650,288
In deposit accounts	764,369	252,955
	5,003,217	903,243
9 LENDINGS TO FINANCIAL INSTITUTIONS		
Call money lendings - local currency	8,500,000	6,000,000
Call money lendings - foreign currency	819,387	-
Repurchase agreement lendings (Reverse Repo)	44,243,183	39,452,910
Certificates of investment	70,000	70,000
	53,632,570	45,522,910
Less: Provision held against lendings to financial institutions	(70,000)	(70,000)
Lendings to financial institutions - net of provision	53,562,570	45,452,910

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

	June 30, 2022		(Audited) December 31, 2021	
	Classified Lending	Provision Held	Classified Lending	Provision Held
Rupees in '000				
9.1 Category of classification				
Domestic				
Other Assets Especially Mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	70,000	70,000	70,000	70,000
Total	70,000	70,000	70,000	70,000

	June 30, 2022				(Audited) December 31, 2021			
	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Rupees in '000								
10 INVESTMENTS								
10.1 Investments by type:								
Held-for-trading securities								
Federal Government Securities	951,559	-	913	952,472	126,081	-	2	126,083
Open ended Mutual Funds/ Pension Funds	2,391,589	-	(130,464)	2,261,125	2,457,809	-	(62,713)	2,395,096
	3,343,148	-	(129,551)	3,213,597	2,583,890	-	(62,711)	2,521,179
Available-for-sale securities								
Federal Government Securities*	1,062,587,670	(20,989)	(18,911,024)	1,043,655,657	972,123,080	(1,807)	(9,403,483)	962,717,790
Shares	18,379,220	(1,670,628)	2,064,183	18,772,775	16,598,013	(1,726,160)	2,496,231	17,368,084
Non Government Debt Securities	26,764,856	(21,071)	80,687	26,824,472	25,350,035	(21,071)	150,924	25,479,888
Foreign Securities	1,770	-	-	1,770	1,037,692	-	-	1,037,692
Naya Pakistan Certificate	2,690,426	-	-	2,690,426	772,649	-	-	772,649
Open Ended Mutual Funds	25,000	-	(2,052)	22,948	25,000	-	(780)	24,220
	1,110,448,942	(1,712,688)	(16,768,206)	1,091,968,048	1,015,906,469	(1,749,038)	(6,757,108)	1,007,400,323
Held-to-maturity securities								
Federal Government Securities	59,205,864	-	-	59,205,864	56,468,494	-	-	56,468,494
Non Government Debt Securities	320,637	(320,637)	-	-	344,260	(344,260)	-	-
	59,526,501	(320,637)	-	59,205,864	56,812,754	(344,260)	-	56,468,494
Total Investments	1,173,318,591	(2,033,325)	(16,897,757)	1,154,387,509	1,075,303,113	(2,093,298)	(6,819,819)	1,066,389,996

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

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

		(Audited)
	June 30, 2022	December 31, 2021
	Rupees in '000	
10.1.1 Investments given as collateral		
Market Treasury Bills	108,652,765	220,234,899
Pakistan Investment Bonds	150,215,048	81,656,107
Government of Pakistan Foreign Currency Euro Bonds (US\$)	6,685,734	1,647,863
Total Investments given as collateral	265,553,547	303,538,869
10.2 Provision for diminution in value of investments		
10.2.1 Opening balance	2,093,298	2,433,232
Exchange adjustments	1,496	254
Charge / (reversals)		
Charge for the period / year	26,599	-
Reversals for the period / year	(23,622)	(10,753)
	2,977	(10,753)
Reversal on disposals	(64,446)	(329,435)
Closing Balance	2,033,325	2,093,298

	June 30, 2022		(Audited) December 31, 2021	
	Non Performing Investment	Provision	Non Performing Investment	Provision
	Rupees in '000			
10.2.2 Particulars of provision against debt securities				
Category of Classification				
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	341,708	341,708	365,331	365,331
	341,708	341,708	365,331	365,331
Overseas				
Not past due but impaired*	13,032,076	20,989	889,292	1,807
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	-	-	-	-
>365 days	-	-	-	-
	-	-	-	-
Total	13,373,784	362,697	1,254,623	367,138

* Provision represents expected credit loss provisioning in overseas branch.

10.3 The market value of Pakistan Investment Bonds classified as held-to-maturity as at June 30, 2022 amounted to Rs. 53,669.2 million (December 31, 2021: Rs. 50,857.5 million).

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

		Performing		Non Performing		Total		
		Audited		Audited		Audited		
		June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	
Rupees in '000								
11	ADVANCES							
	Loans, cash credits, running finances, etc.	576,953,381	567,489,342	11,650,406	12,181,090	588,603,787	579,670,432	
	Islamic financing and related assets	39.3	65,664,193	82,203,444	-	-	65,664,193	82,203,444
	Bills discounted and purchased		2,557,443	2,636,968	1,387,642	1,419,670	3,945,085	4,056,638
	Advances - gross	11.1	645,175,017	652,329,754	13,038,048	13,600,760	658,213,065	665,930,514
Provision against advances								
	Specific	11.2 & 11.3	-	-	(11,662,630)	(12,750,397)	(11,662,630)	(12,750,397)
	General	11.3	(73,662)	(100,355)	-	-	(73,662)	(100,355)
			(73,662)	(100,355)	(11,662,630)	(12,750,397)	(11,736,292)	(12,850,752)
	Advances - net of provision		645,101,355	652,229,399	1,375,418	850,363	646,476,773	653,079,762

(Audited)
June 30, 2022 December 31, 2021

Rupees in '000

11.1 Particulars of advances (gross)

In local currency	631,978,544	651,918,872
In foreign currencies	26,234,521	14,011,642
	658,213,065	665,930,514

11.2 Advances include Rs. 13,038.048 million (December 31, 2021: Rs. 13,600.760 million) which have been placed under non-performing status as detailed below:

	June 30, 2022		(Audited) December 31, 2021	
	Non Performing Loans	Specific Provision	Non Performing Loans	Specific Provision
	Rupees in '000			
Category of Classification:				
Domestic				
Other Assets Especially Mentioned	164,209	1,400	21,390	623
Substandard	719,701	179,421	713,919	177,740
Doubtful	550,572	275,286	586,834	293,417
Loss	11,603,566	11,206,523	12,278,617	12,278,617
Total	13,038,048	11,662,630	13,600,760	12,750,397

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

(Audited)						
	June 30, 2022			December 31, 2021		
Note	Specific	General	Total	Specific	General	Total
Rupees in '000						
11.3 Particulars of provision against advances						
Opening balance	12,750,397	100,355	12,850,752	13,632,529	109,459	13,741,988
Exchange adjustments	-	10,189	10,189	-	2,271	2,271
Charge for the period / year	143,505	24,807	168,312	337,741	49,901	387,642
Reversals	(707,710)	(61,689)	(769,399)	(1,133,844)	(61,276)	(1,195,120)
	(564,205)	(36,882)	(601,087)	(796,103)	(11,375)	(807,478)
Amounts written off	(523,562)	-	(523,562)	(86,029)	-	(86,029)
Closing balance	11.3.1	11,662,630	73,662	11,736,292	100,355	12,850,752

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.

		(Audited)		
	Note	June 30, 2022	December 31, 2021	
		Rupees in '000		
12	FIXED ASSETS			
	Capital work-in-progress	12.1	3,277,236	3,630,604
	Property and equipment		69,087,094	66,962,119
	Right-of-Use Assets		8,064,072	7,757,831
			80,428,402	78,350,554

12.1 Capital work-in-progress

Civil works	2,482,054	2,901,559
Advances to suppliers	795,182	729,045
	3,277,236	3,630,604

12.2 Additions to fixed assets

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

	June 30, 2022	June 30, 2021
Rupees in '000		
Capital work-in-progress	1,241,066	387,848
Property and equipment		
Freehold land	854,579	619,713
Leasehold land	143,086	213,119
Building on freehold land	1,240,219	496,240
Building on leasehold land	160,171	167,431
Furniture and fixture	127,269	101,251
Electrical office and computer equipment	1,323,942	1,430,599
Vehicles	18,615	123,355
Others-building improvements	451,717	315,681
	4,319,598	3,467,389
Right-of-Use Assets	1,223,334	706,101
Total	6,783,998	4,561,338

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

12.3 Disposal of fixed assets

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

	June 30, 2022	June 30, 2021
	Rupees in '000	
Furniture and fixture	560	191
Electrical office and computer equipment	7,783	1,278
Vehicles	-	22,640
Freehold land	-	250,000
Leasehold land	-	291,000
Building on freehold land	12,290	863
Building on leasehold land	-	74,132
Building improvements	6	-
Total	20,639	640,104

	June 30, 2022	(Audited) December 31, 2021
	Rupees in '000	
13 INTANGIBLE ASSETS		
Capital work-in-progress	192,191	237,246
Computer Software	2,810,335	2,638,729
	3,002,526	2,875,975

13.1 Capital work-in-progress

Software	182,855	226,708
Advances to suppliers	9,336	10,538
	192,191	237,246

13.2 Additions to intangible assets

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

	June 30, 2022	June 30, 2021
	Rupees in '000	
Directly purchased	275,153	342,014
Capital work-in-progress	147,651	141,796
Software	-	-
Total	422,804	483,810

13.3 Disposals of intangible assets

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

Directly purchased	-	19
	-	19

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

		(Audited)	
		June 30, 2022	December 31, 2021
		Rupees in '000	
14	DEFERRED TAX ASSETS		
	Deductible Temporary Differences on		
	Provision against investments	19,093	19,093
	Provision against other assets	38,959	38,959
	Provision against off balance sheet obligations	14,824	14,824
	Provision against advances	290,714	261,344
	Deficit on revaluation of investments	7,226,723	2,644,679
	Actuarial gains	370,462	336,000
	Post retirement medical benefits	50,196	49,639
	Workers welfare fund	1,342,174	1,052,003
	Investment in Finance Lease Liabilities	2,219	2,531
		9,355,364	4,419,072
	Taxable Temporary Differences on		
	Surplus on revaluation of fixed assets	(1,826,637)	(1,699,102)
	Surplus on revaluation on non-banking assets	(17,234)	(16,780)
	Accelerated tax depreciation / amortization	(1,186,931)	(1,182,579)
	Excess of investment in finance lease over written down value of leased assets	(13,206)	(13,206)
		(3,044,008)	(2,911,667)
		6,311,356	1,507,405

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

	Note	June 30, 2022	(Audited) December 31, 2021
Rupees in '000			
15 OTHER ASSETS			
Income / Mark-up accrued in local currency		34,168,005	21,433,740
Income / Mark-up accrued in foreign currency		891,615	430,467
Advances, deposits, advance rent and other prepayments		2,489,353	1,681,674
Advance taxation (payments less provisions)		-	3,550,725
Non-banking assets acquired in satisfaction of claims		607,599	571,346
Mark to market gain on forward foreign exchange contracts		557,831	-
Acceptances		5,432,170	5,646,815
Due from the employees' retirement benefit schemes			
Pension fund		4,637,299	4,379,974
Fraud and forgeries		509,981	523,692
Stationery and stamps in hand		535,844	475,818
Overdue Foreign Bills Negotiated / Discounted		176,797	132,573
Home Remittance Cell agent receivable		-	659
Receivable from State Bank of Pakistan		1,390,683	934,298
Charges receivable		43,868	33,291
ATM/Point of Sale settlement account		592,254	
Suspense Account		3,020	3,012
Others		34,395	24,632
		52,070,714	39,822,716
Less: Provision held against other assets		(683,089)	(760,152)
Other assets (net of provision)		51,387,625	39,062,564
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		827,840	955,956
Other Assets - total		52,215,465	40,018,520

15.1 Provision held against other assets

Advances, deposits, advance rent and other prepayments	175,647	153,018
Provision against fraud and forgeries	409,439	523,692
Overdue Foreign Bills Negotiated / Discounted	24,295	24,295
Charges receivable	43,856	28,811
Others	29,852	30,336
	683,089	760,152

15.1.1 Movement in provision held against other assets

Opening balance	760,152	756,559
Charge for the period	32,290	70,766
Reversals	(100,557)	(7,264)
Net charge	(68,267)	63,502
Written off / adjusted	(8,796)	(59,909)
Closing balance	683,089	760,152

16 CONTINGENT ASSETS

There were no contingent assets of the Bank as at June 30, 2022 and December 31, 2021.

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

	Note	June 30, 2022	(Audited) December 31, 2021
Rupees in '000			
17	BILLS PAYABLE		
	In Pakistan	9,329,349	10,059,879
18	BORROWINGS		
	Secured		
	Borrowings from State Bank of Pakistan		
	Repurchase agreement borrowings	254,486,596	235,497,430
	Under Export Refinance Scheme	32,618,586	33,230,671
	Under Payroll Refinance Scheme	3,871,623	7,681,205
	Under long term financing facility	39,117,206	27,772,856
	Under financing scheme for renewable energy	608,198	3,330,929
	Under Temporary Economic Refinance Scheme	12,764,197	10,013,124
	Under refinance scheme for modernization of SMEs	20,455	22,500
	Other borrowings	6,716	6,915
	Under refinance scheme for wages and salaries	217,295	763,347
		343,710,872	318,318,977
	Repurchase agreement borrowings from Financial Institutions	10,685,734	65,134,454
	Total Secured	354,396,606	383,453,431
	Unsecured		
	Call borrowings	13,010,652	28,516,551
	Trading liability	-	5,644,324
	Overdrawn nostro accounts	94,040	191,462
	Musharaka borrowing	5,000,000	2,200,000
	Other borrowings	25,000	-
	Total unsecured	18,129,692	36,552,337
		372,526,298	420,005,768

(Audited)						
June 30, 2022				December 31, 2021		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
Rupees in '000						
19 DEPOSITS AND OTHER ACCOUNTS						
Customers						
Current deposits	518,574,543	26,981,583	545,556,126	487,083,609	25,141,039	512,224,648
Savings deposits	497,889,884	17,752,224	515,642,108	506,117,895	25,910,230	532,028,125
Term deposits	219,818,740	60,503,019	280,321,759	175,366,193	39,218,366	214,584,559
Others	52,961,137	50,769	53,011,906	30,029,090	41,106	30,070,196
	1,289,244,304	105,287,595	1,394,531,899	1,198,596,787	90,310,741	1,288,907,528
Financial Institutions						
Current deposits	57,136,170	125,568	57,261,738	64,781,898	86,694	64,868,592
Savings deposits	115,466,798	-	115,466,798	49,880,491	-	49,880,491
Term deposits	7,761,350	46,090	7,807,440	9,581,350	39,716	9,621,066
Others	4,206	-	4,206	6	-	6
	180,368,524	171,658	180,540,182	124,243,745	126,410	124,370,155
	1,469,612,828	105,459,253	1,575,072,081	1,322,840,532	90,437,151	1,413,277,683

19.1 This includes deposits eligible to be covered under insurance arrangements amounting to Rs. 921,427 million for June 30, 2022 (December 31, 2021: 865,799 million).

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

	Note	June 30, 2022	(Audited) December 31, 2021
Rupees in '000			
20 OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		8,910,913	4,387,810
Mark-up / return / interest payable in foreign currencies		265,702	111,457
Present value of lease liability		9,840,152	9,316,166
Accrued expenses		1,514,710	1,700,608
Provision for taxation (provisions less payments)		3,164,885	-
Retention money payable		509,962	580,710
Deferred income		381,860	-
Unearned commission and income on bills discounted		837,189	472,824
Acceptances		5,432,170	5,646,815
Unclaimed dividends		395,445	390,644
Dividend payable		18,783	21,821
Branch adjustment account		585,659	179,774
Mark to market loss on forward foreign exchange contracts		-	638,730
Provision for:			
Gratuity		716,131	716,131
Employees' medical benefits		1,603,745	1,537,963
Employees' compensated absences		1,037,351	923,138
Payable to defined contribution plan		77,971	54,641
Provision against off-balance sheet obligations		298,904	298,904
Security deposits against lease		933,778	863,526
ATM / Point of Sale settlement account		-	820,679
Charity fund balance		1,596	46
Home Remittance Cell overdraft		1,407,393	1,052,343
With-holding tax payable		3,446,374	2,261,555
Sundry deposits		3,180,242	3,577,163
Workers welfare fund payable		3,163,902	2,747,835
Others		1,690,845	1,691,081
		49,415,662	39,992,364

	June 30, 2022	(Audited) December 31, 2021
Rupees in '000		
20.1 Provision against off-balance sheet obligations		
Opening balance	298,904	301,093
Charge for the period / year	-	12,862
Reversals	-	(15,051)
	-	(2,189)
Closing balance	298,904	298,904

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

		(Audited)		(Audited)	
		June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
		Number of shares		Rupees in '000	
21	SHARE CAPITAL				
21.1	Authorized capital				
		1,500,000,000	1,500,000,000	Ordinary shares of Rs. 10/- each	15,000,000 15,000,000
21.2	Issued, subscribed and paid-up capital				
	Fully paid-up Ordinary shares of Rs. 10/- each				
		406,780,094	406,780,094	Fully paid in cash	4,067,801 4,067,801
		720,745,186	720,745,186	Issued as bonus shares	7,207,452 7,207,452
		1,127,525,280	1,127,525,280		11,275,253 11,275,253
				18,348,550 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation in accordance with the swap ratio stipulated therein less 9,200,000 ordinary shares of Rs. 10 each, held by Ibrahim Leasing Limited on the cut-off date (September 30, 2004)	
		9,148,550	9,148,550		91,486 91,486
				8,400,000 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation of First Allied Bank Modaraba with Allied Bank Limited in accordance with the share swap ratio stipulated therein.	
		8,400,000	8,400,000		84,000 84,000
		1,145,073,830	1,145,073,830		11,450,739 11,450,739

Ibrahim Holdings (Private) Limited (holding company of the Bank), holds 1,030,543,868 (90.00%) [December 31, 2021: 990,767,307 (86.52%)] ordinary shares of Rs. 10 each, as at reporting date.

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

	Note	June 30, 2022	(Audited) December 31, 2021
Rupees in '000			
22	SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
Surplus arising on revaluation of:			
Fixed assets		24,459,274	24,467,625
Non-banking assets acquired in satisfaction of claims		827,840	955,956
Available-for-sale securities		(16,768,206)	(6,757,108)
		8,518,908	18,666,472
Deferred tax on surplus on revaluation of:			
Fixed assets		(1,826,637)	(1,699,102)
Non-banking assets acquired in satisfaction of claims		(17,234)	(16,780)
Available-for-sale securities		7,210,329	2,635,272
		5,366,458	919,391
Surplus on revaluation of assets - net of tax		13,885,366	19,585,863
23	CONTINGENCIES AND COMMITMENTS		
Guarantees	23.1	41,089,824	38,151,849
Commitments	23.2	478,128,425	395,552,089
Other contingent liabilities	23.3	7,074,449	6,668,875
		526,292,698	440,372,813
23.1	Guarantees		
Financial guarantees		4,963,817	4,751,558
Performance guarantees		10,534,965	7,218,569
Other guarantees		25,591,042	26,181,722
		41,089,824	38,151,849
23.2	Commitments		
Documentary credits and short term trade related transactions:			
letters of credit		149,700,279	113,658,809
Commitments in respect of:			
forward foreign exchange contracts	23.2.1	298,719,559	277,034,728
forward government securities transactions	23.2.2	24,834,415	-
operating leases	23.2.3	215,395	307,316
Commitments for acquisition of:			
fixed assets		3,763,097	4,178,585
intangible assets		853,449	330,420
Other Commitments		42,231	42,231
		478,128,425	395,552,089
23.2.1	Commitments in respect of forward foreign exchange contracts		
Purchase		167,851,485	161,470,903
Sale		130,868,074	115,563,825
		298,719,559	277,034,728

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

		(Audited)	
		June 30, 2022	December 31, 2021
		Rupees in '000	
23.2.2 Commitments in respect of forward government securities transactions			
Purchase		22,091,475	-
Sale		2,742,940	-
		<u>24,834,415</u>	<u>-</u>
23.2.3 Commitments in respect of operating leases			
Not later than one year		72,945	142,691
Later than one year and not later than five years		113,154	142,348
Later than five years		29,296	22,277
		<u>215,395</u>	<u>307,316</u>
23.3 Other contingent liabilities			
23.3.1 Claims against the Bank not acknowledged as debt			
		7,074,449	6,668,875

23.3.2 The income tax assessments of the Group have been finalized upto and including tax year 2021 for local, Azad Kashmir and Gilgit Baltistan operations. While finalizing income tax assessments upto tax year 2021, income tax authorities made certain add backs with aggregate tax impact of Rs. 32,753 million (2021: 32,753 million). As a result of appeals filed by the Group before appellate authorities, most of the add backs have been deleted. However, the Group and Tax Department are in appeals / references before higher forums against unfavorable decisions. Pending finalization of appeals / references no provision has been made by the Group on aggregate sum of Rs.32,753 million (2021: 32,753 million). The management is confident that the outcome of these appeals / references will be in favor of the Group.

Tax Authorities have conducted proceedings of withholding tax audit under section 161/205 of Income Tax Ordinance, 2001 for tax year 2003 to 2006 and tax year 2008 to 2018 and created an arbitrary demand of Rs. 1,720 million (2021: 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 has been made against the said demand of Rs. 1,720 million (2021: 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 (2021: 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 (2021: 963 million).

24 DERIVATIVE INSTRUMENTS

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

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

The accounting policies used to recognize and disclose derivatives and definitions are same as those disclosed in audited annual unconsolidated financial statements as at December 31, 2021.

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

	Note	Half Year Ended		Quarter Ended	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Rupees in '000					
25 MARK-UP / RETURN / INTEREST EARNED					
On:					
Loans and advances		29,158,363	16,587,441	16,177,790	8,758,832
Investments		57,176,350	36,311,923	31,755,983	20,629,114
Lendings to financial institutions		1,221,404	437,993	558,388	178,967
Balances with banks		16,180	1,309	15,298	(2,439)
		<u>87,572,297</u>	<u>53,338,666</u>	<u>48,507,459</u>	<u>29,564,474</u>
26 MARK-UP / RETURN / INTEREST EXPENSED					
On:					
Deposits		39,322,119	19,216,989	22,644,111	9,512,611
Borrowings		17,951,933	8,547,736	9,636,372	6,521,580
Cost of foreign currency swaps against foreign currency deposits		2,294,737	2,108,377	1,003,463	1,099,049
Interest expense on lease liability		494,690	457,100	255,919	215,781
		<u>60,063,479</u>	<u>30,330,202</u>	<u>33,539,865</u>	<u>17,349,021</u>
27 FEE AND COMMISSION INCOME					
Card related fees (debit and credit cards)		1,557,076	1,112,533	606,159	534,882
Branch banking customer fees		1,314,567	1,118,674	770,925	564,128
Commission on remittances including home remittances		374,930	537,480	150,082	301,621
Investment banking fees		469,087	395,649	173,999	188,890
Commission on trade		268,900	224,953	149,857	120,293
Commission on cash management		155,856	95,788	86,957	50,178
Commission on guarantees		68,573	101,139	37,403	40,383
Commission on bancassurance		33,691	49,279	15,675	26,860
Credit related fees		12,674	10,495	6,402	4,941
Consumer finance related fees		8,850	3,114	4,894	1,776
		<u>4,264,204</u>	<u>3,649,104</u>	<u>2,002,353</u>	<u>1,833,952</u>
28 GAIN / (LOSS) ON SECURITIES					
Realised - net	28.1	1,133,715	2,717,402	873,603	1,267,093
Unrealised - held for trading	10.1	(129,551)	(83,789)	(136,071)	(124,138)
Unrealised - forward government securities		8,441	257	16,372	3,151
		<u>1,012,605</u>	<u>2,633,870</u>	<u>753,904</u>	<u>1,146,106</u>

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

	Half Year Ended		Quarter Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Rupees in '000				
28.1 Realised gain / (loss) on:				
Federal government securities	198,832	982,934	152,226	499,696
Shares	931,258	1,679,052	720,853	724,872
Non government debt securities	(16)	55,416	-	56,195
Open Ended Mutual Funds	3,641	-	524	(13,670)
	<u>1,133,715</u>	<u>2,717,402</u>	<u>873,603</u>	<u>1,267,093</u>
29 OTHER INCOME				
Recovery of written off mark-up and charges	27,566	43,408	17,317	43,323
Gain on sale of fixed assets - net	612	127,581	(1,498)	125,698
(Loss) / gain on sale of non-banking assets - net	(3,063)	304	(3,063)	304
Other assets disposal	843	5,154	(6,114)	4,546
Fee for attending Board meetings	959	1,397	538	618
Gain on sale of islamic financing and related assets	5,376	3,062	3,998	1,713
	<u>32,293</u>	<u>180,906</u>	<u>11,178</u>	<u>176,202</u>
30 OPERATING EXPENSES				
Total compensation expense	8,404,287	7,616,472	4,327,174	3,900,542
Property expense:				
Depreciation	2,327,434	2,164,390	1,178,729	1,068,848
Rent and taxes	162,193	196,420	99,274	115,051
Utilities cost	763,379	582,759	482,758	322,439
Security (including guards)	624,512	522,090	303,868	265,986
Repair and maintenance	-	-	-	-
(including janitorial charges)	519,685	461,352	299,378	246,307
Insurance	51,148	48,011	26,327	24,182
	<u>4,448,351</u>	<u>3,975,022</u>	<u>2,390,334</u>	<u>2,042,813</u>
Information technology expenses:				
Depreciation	410,487	332,160	212,976	156,968
Amortization	252,084	192,884	130,193	98,001
Network charges	376,436	363,699	213,656	190,620
Software maintenance	556,850	383,456	324,753	190,329
Hardware maintenance	229,155	244,868	134,201	121,852
Others	1,917	3,779	1,218	2,050
	<u>1,826,929</u>	<u>1,520,846</u>	<u>1,016,997</u>	<u>759,820</u>
Other operating expenses:				
Insurance	778,164	694,982	387,854	344,024
Outsourced service costs	440,082	409,654	228,441	218,874
Stationery and printing	174,868	250,645	85,401	136,044
Cash in Transit service charge	177,372	277,904	94,206	135,262
Marketing, advertisement and publicity	489,660	517,014	298,873	295,901
Depreciation	154,773	110,326	78,074	55,664
Travelling and conveyance	140,530	90,430	86,305	42,838
Postage and courier charges	90,339	99,492	48,181	50,326
NIFT clearing charges	88,877	73,284	40,627	37,146
Communication	93,345	91,954	47,879	46,806
Legal and professional charges	145,005	78,057	82,932	31,540
Auditors Remuneration	4,996	15,091	(192)	7,504
Directors fees and allowances	26,383	25,166	12,048	12,062
Brokerage expenses	53,449	54,467	31,037	23,426
Card related expenses	506,926	204,788	304,910	105,853
Fees and allowances to Shariah Board	4,199	3,523	2,105	1,858
Training and development	53,051	20,289	27,263	7,617
Donations	64,415	50,263	6,704	48,574
Others	346,929	224,919	191,093	99,875
	<u>3,833,363</u>	<u>3,292,248</u>	<u>2,053,741</u>	<u>1,701,194</u>
	<u>18,512,930</u>	<u>16,404,588</u>	<u>9,788,246</u>	<u>8,404,369</u>

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

	Note	Half Year Ended		Quarter Ended	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Rupees in '000					
31 OTHER CHARGES					
Penalties imposed by					
State Bank of Pakistan		139,031	1,646	74,947	626
Education cess		23,502	23,502	11,751	11,751
Depreciation - non-banking assets		3,234	3,116	1,784	1,318
Others		50,048	50,163	25,000	25,163
Other assets written off		-	38	-	33
		<u>215,815</u>	<u>78,465</u>	<u>113,482</u>	<u>38,891</u>

32 PROVISIONS AND WRITE OFFS - NET					
Provision / (Reversal) for diminution					
in the value of investments	10.2.1	2,977	(6,407)	(7,380)	(1,925)
Reversal					
against loans and advances	11.3	(601,087)	(314,421)	(386,903)	(158,924)
Provision / (Reversal) against other assets	15.1.1	(68,267)	39,636	(83,382)	22,136
Provision against off-balance					
sheet obligations	20.1	-	12,862	-	9,157
Bad debts written off directly		-	-	-	-
		<u>(666,377)</u>	<u>(268,330)</u>	<u>(477,665)</u>	<u>(129,556)</u>
Recovery of written off bad debts		<u>(82,815)</u>	<u>(41,214)</u>	<u>(19,084)</u>	<u>(40,987)</u>
		<u>(749,192)</u>	<u>(309,544)</u>	<u>(496,749)</u>	<u>(170,543)</u>

	Note	Half Year Ended		Quarter Ended	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Rupees in '000					
33 TAXATION					
Current - for the period	33.1	11,620,528	6,356,726	8,251,208	3,516,630
- for prior year		2,007,418	-	2,007,418	-
		<u>13,627,946</u>	<u>6,356,726</u>	<u>10,258,626</u>	<u>3,516,630</u>
Deferred - current		(360,918)	(346,638)	(183,691)	(209,284)
		<u>13,267,028</u>	<u>6,010,088</u>	<u>10,074,935</u>	<u>3,307,346</u>

33.1 This also includes proportionate super tax on high earning persons of Rs. 2,119.464 million (June 30, 2021: super tax for rehabilitation of temporarily displaced persons of Rs. 620.984 million).

34 EARNINGS PER SHARE - BASIC AND DILUTED					
Profit after taxation		6,825,872	8,876,090	1,976,210	4,764,211
Number of Shares					
Weighted average number of ordinary shares					
outstanding during the year		1,145,073,830	1,145,073,830	1,145,073,830	1,145,073,830
Rupees					
Earnings per share - basic and diluted		5.96	7.75	1.73	4.16
There is no dilution effect on basic earnings per share.					

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

35. FAIR VALUE OF FINANCIAL INSTRUMENTS

35.1 Fair value of financial assets

The fair value of traded investments is based on quoted market prices other than those classified as “held to maturity”. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank’s accounting policy as stated in note 5.4 to these unconsolidated financial statements.

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities. Financial instruments included in level 1 comprise of investments in Listed Ordinary Shares.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Financial instruments included in level 2 comprise of Sukuk Bonds, Units of Mutual Funds, Pakistan Investment Bonds, Market Treasury Bills, Term Finance Certificates and Forward Government & Exchange Contracts.
- Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs). Currently, no financial instruments are classified in level 3.

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:

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.
Operating fixed assets (land & building) & NBA	The valuation is based on their assessment of market value of the properties.

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

	June 30, 2022				
	Carrying Value	Level 1	Level 2	Level 3	Total
Rupees in '000					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	1,044,608,130	-	1,044,608,130	-	1,044,608,130
Shares	20,678,272	18,394,199	2,284,073	-	20,678,272
Non-Government Debt Securities	13,351,907	-	13,351,907	-	13,351,907
Financial assets - disclosed but not measured at fair value					
Investments (Federal Government Securities, unlisted ordinary shares, term certificates, sukuk, subsidiaries, Bai mujjal)	75,749,200	-	-	-	-
Cash and balances with treasury banks	132,692,987	-	-	-	-
Balances with other banks	5,003,217	-	-	-	-
Lendings	53,562,570	-	-	-	-
Advances	646,254,037	-	-	-	-
Other assets	43,293,189	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets	58,347,837	-	58,347,837	-	58,347,837
Non-banking assets	1,435,439	-	1,435,439	-	1,435,439
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	167,851,485	-	167,851,485	-	167,851,485
Forward sale of foreign exchange	130,868,074	-	130,868,074	-	130,868,074
Forward purchase of government securities transactions	22,091,475	-	22,091,475	-	22,091,475
Forward sale of government securities transactions	2,742,940	-	2,742,940	-	2,742,940

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

	(Audited)				
	December 31, 2021				
	Carrying Value	Level 1	Level 2	Level 3	Total
Rupees in '000					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	971,471,372	-	971,471,372	-	971,471,372
Shares	19,391,471	16,972,155	2,419,316	-	19,391,471
Non-Government Debt Securities	4,824,319	-	4,824,319	-	4,824,319
Financial assets - disclosed but not measured at fair value					
Investments (Federal Government Securities, unlisted ordinary shares, term certificates, sukuks, subsidiaries, Bai mujjal)	70,702,834	-	-	-	-
Cash and balances with treasury banks	124,400,515	-	-	-	-
Balances with other banks	903,243	-	-	-	-
Lendings	45,452,910	-	-	-	-
Advances	653,079,762	-	-	-	-
Other assets	28,556,045	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets	56,784,877	-	56,525,189	-	56,525,189
Non-banking assets	1,527,302	-	1,527,302	-	1,527,302
Off-balance sheet financial instruments					
- measured at fair value					
Forward purchase of foreign exchange	161,470,903	-	161,470,903	-	161,470,903
Forward sale of foreign exchange	115,563,825	-	115,563,825	-	115,563,825

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

36. SEGMENT INFORMATION

36.1 Segment Details with respect to Business Activities

	June 30, 2022						
	Corporate & Investment Banking	Commercial and Retail Banking	Trading & Sales (Treasury)	Islamic Banking	Asset Management Company	Others	Total
Rupees in '000							
Profit & Loss							
Net mark-up/return/profit	24,103,970	(36,178,144)	37,863,686	1,409,809	(6,568)	316,065	27,508,818
Inter segment revenue - net	(26,164,015)	72,292,020	(41,881,283)	-	-	(4,246,722)	-
Non mark-up / return / interest income	3,342,739	2,519,869	4,497,071	168,599	268,846	191,959	10,989,083
Total Income	1,282,694	38,633,745	479,474	1,578,408	262,278	(3,738,698)	38,497,901
Segment direct expenses	349,697	9,411,936	125,250	762,520	287,296	8,217,494	19,154,193
Total expenses	349,697	9,411,936	125,250	762,520	287,296	8,217,494	19,154,193
Provisions	(25,844)	(84,642)	-	31	-	859,647	749,192
Profit before tax	907,153	29,137,167	354,224	815,919	(25,019)	(11,096,545)	20,092,900
Balance Sheet							
Cash & Bank balances	2,481,393	53,737,036	69,134,220	4,982,436	23,797	7,338,392	137,697,274
Investments	46,684,717	-	1,075,879,020	29,549,600	2,261,125	13,047	1,154,387,509
Net inter segment lending	(471,345,314)	1,397,687,762	(1,003,611,240)	(2,791,562)	-	80,060,354	-
Lendings to financial institutions	1,567,077	-	83,431,334	-	-	(31,435,841)	53,562,570
Advances - performing	533,647,429	34,854,612	-	65,664,193	222,736	10,786,047	645,175,017
Advances - non-performing	653,436	355,466	-	-	-	12,029,146	13,038,048
Provision against advances	(323,923)	(157,495)	-	(202)	-	(11,254,672)	(11,736,292)
Advances - net	533,976,942	35,052,583	-	65,663,991	222,736	11,560,521	646,476,773
Operating fixed assets	155,407	53,634,886	9,707	1,359,940	425,316	27,845,672	83,430,928
Others	4,005,838	11,083,530	20,221,467	2,855,808	442,889	19,917,289	58,526,821
Total Assets	117,526,060	1,551,195,797	245,064,508	101,620,213	3,375,863	115,299,434	2,134,081,875
Borrowings	111,816,367	5,189,057	258,605,636	28,407,449	-	(31,492,211)	372,526,298
Deposits & other accounts	523,191	1,499,509,192	-	64,039,667	-	11,000,031	1,575,072,081
Net inter segment borrowing	-	-	-	-	-	-	-
Others	2,062,158	17,627,374	1,257,870	3,402,653	462,815	33,932,141	58,745,011
Total liabilities	114,401,716	1,522,325,623	259,863,506	95,849,769	462,815	13,439,961	2,006,343,390
Equity / Reserves	3,124,344	28,870,174	(14,798,999)	5,770,444	2,913,048	101,859,474	127,738,485
Total Equity and liabilities	117,526,060	1,551,195,797	245,064,507	101,620,213	3,375,863	115,299,435	2,134,081,875
Contingencies and commitments	162,675,226	24,155,960	323,553,974	3,906,409	42,231	11,958,898	526,292,698

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

	June 30, 2021						
	Corporate & Investment Banking	Commercial and Retail Banking	Trading & Sales (Treasury)	Islamic Banking	Asset Management Company	Others	Total
Rupees in '000							
Profit & Loss							
Net mark-up/return/profit	14,324,509	(17,716,492)	25,510,918	1,028,676	(9,483)	(129,664)	23,008,464
Inter segment revenue - net	(12,682,920)	36,338,057	(21,551,240)	-	-	(2,103,897)	-
Non mark-up / return / interest income	3,880,118	1,997,070	1,634,792	148,350	426,650	280,127	8,367,107
Total Income	5,521,707	20,618,635	5,594,470	1,177,026	417,167	(1,953,434)	31,375,571
		-				-	
Segment direct expenses	323,293	8,540,954	116,369	694,098	166,740	6,957,483	16,798,937
Total expenses	323,293	8,540,954	116,369	694,098	166,740	6,957,483	16,798,937
Provisions	(104,898)	(98,892)	-	15	-	513,319	309,544
Profit before tax	5,093,516	11,978,789	5,478,101	482,943	250,427	(8,397,598)	14,886,178
December 31, 2021 (Audited)							
	Corporate & Investment Banking	Commercial and Retail Banking	Trading & Sales (Treasury)	Islamic Banking	Asset Management Company	Others	Total
Rupees in '000							
Balance Sheet							
Cash & Bank balances	265,776	43,509,889	71,358,163	4,305,649	11,685	5,852,596	125,303,758
Investments	35,400,389	-	999,447,524	29,146,987	2,395,096	-	1,066,389,996
Net inter segment lending	(446,532,421)	1,253,708,768	(857,849,308)	(2,415,498)	-	53,088,459	-
Lendings to financial institutions	-	-	82,900,029	-	-	(37,447,119)	45,452,910
Advances - performing	524,632,629	35,007,398	-	82,203,444	190,085	10,296,198	652,329,754
Advances - non-performing	670,589	152,873	-	-	-	12,777,298	13,600,760
Provision against advances	(381,005)	(102,705)	-	(233)	-	(12,366,809)	(12,850,752)
Advances - net	524,922,213	35,057,566	-	82,203,211	190,085	10,706,687	653,079,762
Others	389,184	50,947,459	7,448	1,460,572	430,643	27,991,223	81,226,529
	2,840,258	10,664,551	12,117,451	1,861,117	433,398	13,609,150	41,525,925
Total Assets	117,285,399	1,393,888,233	307,981,307	116,562,038	3,460,907	73,800,996	2,012,978,880
Borrowings	100,524,929	5,468,498	308,819,318	42,597,423	-	(37,404,400)	420,005,768
Deposits & other accounts	-	1,345,635,407	-	65,014,170	-	2,628,106	1,413,277,683
Others	1,465,092	14,712,882	212,341	3,983,158	487,124	29,191,646	50,052,243
Total liabilities	101,990,021	1,365,816,787	309,031,659	111,594,751	487,124	(5,584,648)	1,883,335,694
Equity / Reserves	15,295,378	28,071,446	(1,050,352)	4,967,287	2,973,783	79,385,644	129,643,186
Total Equity and liabilities	117,285,399	1,393,888,233	307,981,307	116,562,038	3,460,907	73,800,996	2,012,978,880
Contingencies and commitments	123,812,661	25,510,317	277,034,728	2,435,173	42,231	11,537,703	440,372,813

The Bank has related party relationships with its parent, subsidiary, companies with common directorship over which it has significant influence, 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.

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(Un-audited) for the half year ended June 30, 2022

[illegible]

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

	June 30, 2022					June 30, 2021				
	Parent	Directors	Key management personnel	Associates*	Other related parties	Parent	Directors	Key management personnel	Associates*	Other related parties
Rupees in '000										
Income										
Mark-up / return / interest earned	-	2,101	8,214	8	-	-	530	4,946	-	-
Sales Commission	-	20	158	2	17,259	-	-	-	-	9,993
Fee and commission income	2	-	-	-	203,316	-	16	18	5	278,146
Dividend income	-	-	-	-	-	-	-	-	-	-
Net gain / (loss) on sale of securities	-	-	-	-	12,818	-	-	(1)	-	318
Rental Income	-	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-	-
Expense										
Mark-up/return/interest paid	-	8,229	372	151	1,086,986	-	6,889	346	45	517,233
Directors meeting fee	-	26,000	-	-	-	-	25,000	-	-	-
Remuneration	-	39,113	299,938	-	-	-	25,439	285,316	-	-
Other expenses***	-	-	-	31,148	-	-	-	-	30,030	-
Rent expense**	-	-	-	8,630	-	-	-	-	15,079	-
Charge for defined benefit plans	-	646	10,537	-	-	-	513	9,208	-	-
Contribution to defined contribution plan	-	608	5,173	-	-	-	516	4,610	-	-
Insurance premium paid	-	75	315	-	-	-	45	370	-	-
Change in respect of staff retirement benefit funds	-	-	-	-	-	-	-	-	-	198,600

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

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

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

During the period ended June 30, 2022; certain moveable assets having cumulative net book value of Rs. 0 were disposed off for Rs. 193,000 to the Key Management Personnel of the Bank.

Notes to the Consolidated Condensed Interim Financial Statements

(Un-audited) for the half year ended June 30, 2022

	June 30, 2022	(Audited) December 31, 2021
	Rupees in '000	
38 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	11,450,739	11,450,739
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	101,131,773	98,872,275
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	101,131,773	98,872,275
Eligible Tier 2 Capital	15,455,937	20,126,655
Total Eligible Capital (Tier 1 + Tier 2)	116,587,710	118,998,930
Risk Weighted Assets (RWAs):		
Credit Risk	414,943,963	388,470,764
Market Risk	34,810,636	34,566,906
Operational Risk	105,933,865	105,933,865
Total	555,688,464	528,971,535
Common Equity Tier 1 Capital Adequacy ratio	18.20%	18.69%
Tier 1 Capital Adequacy Ratio	18.20%	18.69%
Total Capital Adequacy Ratio	20.98%	22.50%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	101,131,773	98,872,275
Total Exposures	2,284,065,482	2,490,193,486
Leverage Ratio	4.43%	3.97%

39 NON ADJUSTING EVENT AFTER THE REPORTING DATE

- 39.1 The Board of Directors of the Bank in its meeting held on August 17, 2022 has proposed an interim cash dividend for the quarter ended June 30, 2022 of Rs. 2.00 per share (June 30, 2021: cash dividend of Rs. 2.00 per share). The consolidated condensed interim financial statements of the Bank for the half year ended June 30, 2022 do not include the effect of these appropriations which will be accounted for subsequent to period end.

40 GENERAL

- 40.1 Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.
- 40.2 Corresponding figures have been rearranged or reclassified where considered necessary, for the purpose of better presentation. However, no material restatements have been made.

41 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue on August 17, 2022 by the Board of Directors of the Bank.

Muhammad Atif Mirza
Chief Financial Officer

Azid Razaq Gill
President and Chief Executive

Mubashir A. Akhtar
Director

Zafar Iqbal
Director

Mohammad Naeem Mukhtar
Chairman

Notes:

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