



## **Financial Statements For The Period Ended March 31, 2020**

# Company Information

## Board of Directors

Mr. Kalim-ur-Rahman  
Non-Executive Director - Chairman

Mr. Adil Matcheswala  
Non-Executive Director

Mr. Ashraf Nawabi  
Non-Executive Director

Mr. G.M. Sikander  
Independent Director

Mr. Hassan Afzal  
Non-Executive Director

Mr. Munawar Alam Siddiqui  
Non-Executive Director

Ms. Nargis Ghaloo  
Independent Director

Mr. Sohail Aman  
Independent Director

Mr. Basir Shamsie  
President & CEO

## Audit Committee

|                           |             |
|---------------------------|-------------|
| Ms. Nargis Ghaloo         | Chairperson |
| Mr. Adil Matcheswala      | Member      |
| Mr. G.M. Sikander         | Member      |
| Mr. Munawar Alam Siddiqui | Member      |

## Human Resource, Remuneration & Nomination Committee

|                      |          |
|----------------------|----------|
| Mr. Sohail Aman      | Chairman |
| Mr. Adil Matcheswala | Member   |
| Mr. G.M. Sikander    | Member   |
| Mr. Kalim-ur-Rahman  | Member   |

## Risk Management Committee

|                           |          |
|---------------------------|----------|
| Mr. Ashraf Nawabi         | Chairman |
| Mr. Munawar Alam Siddiqui | Member   |
| Ms. Nargis Ghaloo         | Member   |
| Mr. Basir Shamsie         | Member   |

## Board IT Committee

|                     |          |
|---------------------|----------|
| Mr. Hassan Afzal    | Chairman |
| Mr. Kalim-ur-Rahman | Member   |
| Mr. Sohail Aman     | Member   |
| Mr. Basir Shamsie   | Member   |

## Chief Financial Officer

Mr. Muhammad Yousuf Amanullah

## Company Secretary

Mr. Ashraf Shahzad

## Auditors

EY Ford Rhodes, Chartered Accountants  
(Member firm of Ernst & Young  
Global Limited)

## Legal Advisors

Bawaney & Partners  
Haidermota BNR  
Liaquat Merchant Associates

## Share Registrar

CDC Share Registrar Services Limited  
CDC House, 99 – B, Block 'B',  
S.M.C.H.S., Main Shahra-e-Faisal  
Karachi.

## Registered Office

JS Bank Limited  
Shaheen Commercial Complex  
Dr. Ziauddin Ahmed Road  
P.O. Box 4847 Karachi-74200, Pakistan  
UAN: +92 21 111 JS Bank (572-265)  
0800-011-22  
www.jsbl.com

## **Directors' Report**

We are pleased to present the unaudited financial statements of JS Bank Limited ("JSBL") for the quarter ended March 31, 2020.

## **Economic Review**

During the period under review, the COVID-19 virus spread rapidly across the globe, impacting Pakistan as well. In line with global control measures, the Government of Pakistan implemented a lock-down, leading to a halt of non-essential industries' operations and most businesses. The already slow growth of Pakistan's economy with 8MFY20 large scale manufacturing (LSM) at negative 3.03% YoY, may prospectively further deteriorate by the current standstill in overall economic activity. International rating agencies and lending bodies have already revised down Pakistan's expected GDP growth.

A relief package worth PKR 1,055 bn (US\$ 6.6 bn) was announced by the Prime Minister of Pakistan to address the needs of the population below the poverty line post COVID-19, and also to provide incentives to the agriculture, export and SME sectors. This was followed by an announcement of a package for the construction industry by the government which included lower taxes and other incentives intended to boost economic activity in construction and all related industries. These steps were in addition to the potential external assistance from the World Bank, Asian Development Bank and the IMF to help Pakistan cope with the very damaging effects of COVID-19.

While the country's fiscal account currently struggles with missed revenue target for 9MFY20 by PKR 459 billion from the revised target, a Sukuk bond of PKR 700 billion has recently been approved by the government in order to meet the additional COVID-19 related expenditures. Fiscal deficit for 9MFY20 was reported at 3.8% of GDP.

Amid announcements of monetary easing by numerous central banks as a step towards providing economic stimulus to counter the ongoing meltdown; the State Bank of Pakistan also cut the Policy Rate by a cumulative 425bps during last 4MCY20, bringing the Policy Rate down to 9%. Average CPI reading for 9MFY20 clocked in at 11.53%, while recent readings for the months of March-2020 and April-2020 were reported at 10.24% and 8.50% respectively, reflecting a declining trend.

The stoppage of most commercial and industrial activity inevitably led to a slump in exports, with March-2020 exports sequentially declining by 16%. On a positive note, the more than 55% fall in international oil prices bodes well for Pakistan being a large oil importer. For 9MFY20, Current Account Deficit (CAD) has already declined by 73% YoY, clocking in at 1.3% of GDP, as compared to 4.7% of GDP during 9MFY19.

## **Banking Sector Review**

The State Bank of Pakistan (SBP) initiated monetary easing cycle during last 4MCY20 by cutting the Policy Rate by a cumulative 425bps (225bps in 1QCY20 and 200bps in April-2020), bringing it down to 9%. The measure was taken amid lower CPI reading and expected economic slowdown as a result of the ongoing COVID-19 pandemic. Moreover, following the government's relief package to combat COVID-19 implications, the SBP extended a relief package to industries at large with the objective of reducing the cost of borrowing for industrial

enterprises and at the same time incentivizing banks to adopt more liberal lending policies. However, the weighted average banking spreads in recent months had reported a declining trend on a sequential basis, even before the monetary easing cycle had begun.

On the deposits front, the banking sector witnessed stable growth of 12% YoY during 1QCY20, reaching PKR 15,126 billion. During the same period, total Advances growth rate was recorded at 5% YoY, clocking in at PKR 8,259 billion and taking the Advances-to-Deposit Ratio (ADR) for the industry down to 55%, as compared to 59% during 1QCY19. At the same time, private sector credit growth also witnessed single-digit growth at 6% YoY. Non-Performing Loans (NPLs) saw a sector-wide increase and grew by PKR 82 billion to PKR 761 billion by end CY19, taking the Infection ratio from 8.6% to 9.3%. Investments, however, increased by 62% YoY to PKR 9,297 billion as a result of banks heavily participating in long-term and short-term government securities auctions: leading to the Investment-to-Deposit Ratio (IDR) increasing to 61%, from 43% during 1QCY19.

### **Financial Performance**

The Bank earned profit before tax of PKR 628.5 million (profit after tax of PKR 382.5 million) for the quarter ended March 31, 2020 as compared to profit before tax of PKR 54.7 million (profit after tax of PKR 33.4 million) in the corresponding period last year. The increase in profit is mainly due to increases in net markup income, fee/commission income, FCY income and gain on sale of equity securities. The breakup value per share of the Bank as of March 31, 2020 is PKR 13.9.

The Bank's deposits have increased from PKR 369,790 million to PKR 379,246 million, whereas the advances level remained more or less unchanged at PKR 235,140 million, during the current quarter, which reflects a continued focus of the Bank on prudent growth and core business activities. Further, investments increased from PKR 142,568 million to PKR 183,241 million during the same period.

The earnings per share is PKR 0.29 for the first quarter ended March 31, 2020.

### **Consolidated Financial Statements**

In the consolidated financial statements, the Group earned profit before tax of PKR 657.3 million (profit after tax of 407.6 million) for the quarter ended March 31, 2020 as compared to profit before tax of PKR 44.8 million (profit after tax of PKR 11.1 million) in the corresponding period last year.

The earnings per share is PKR 0.31 for the first quarter ended March 31, 2020.

### **Business Overview**

The start of this year has been a challenging one, mainly due to the current economic slowdown which is expected to continue for the near future. The Bank's strategy is based on an ongoing process of identifying the key challenges and fulfilling customer needs through innovative products and services, strong alliances, and automation of service delivery. Customer accessibility was facilitated through continued operations in all cities, waiver of digital banking service charges and simplified digital solutions, along with maintaining the highest health and safety standards for customers and colleagues.

The economic stimulus provided by the central bank is centered around a drastic reduction in policy rate, which puts some pressure on the Bank's operating margins. On the lending side, a large number of initiatives have been pushed through by the State Bank of Pakistan, including rebated refinance funding for salaries of business concerns, hospitals and industrial undertakings, encouragement for principal deferral on consumer and business loans, and relaxation of terms on restructuring requests for up to a year. While these steps are a clear statement of intent from the central bank, the medium to long-term impact will depend on the pace at which the economy starts its journey towards recovery.

The Bank's deposit and advances have continued to show remarkable stability, and our continued engagement with customers facing the economic shocks remains at its highest level. While some conventional business lines are likely to be impacted, for the most part the operations of the Bank continue as planned, and the organization has coped well with the changing methodology of work including continuous digital engagement of all staff.

The Bank is playing its part as a responsible social citizen, through the creation of a PKR 110 Million COVID Relief Fund in association with its clients. Based on a pledge matching initiative, wherein JS Bank equally matched all support pledges made by its partners, this fund is rooted in JS Bank's philanthropic philosophy of collaborative efforts. The fund has a three-tiered strategy which focuses on immediate relief through provision of rations, pandemic control through distribution of Personal Protective Equipment (PPE) and future response capacity building through medical and technological research and development.

### **Credit Ratings**

The Pakistan Credit Rating Agency Limited (PACRA) has assigned to the Bank a long-term rating of "AA-" (Double A Minus) and a short-term rating of "A1+" (A One Plus) which is the highest possible rating for this category.

### **Acknowledgments**

On behalf of JS Bank, we would like to express our gratitude to our customers and stakeholders for their patronage. We would also like to thank the Ministry of Finance, the State Bank of Pakistan, the Securities & Exchange Commission of Pakistan and other regulatory authorities for their guidance and support to our Bank. Finally, we extend our appreciation to the management team and the staff for their persistent commitment to working together as a winning team.

For and on behalf of the Board,

Basir Shamsie  
President & CEO

Kalim-ur-Rahman  
Chairman

Karachi: May 28, 2020

ہم انتہائی مسرت کے ساتھ JS بینک لمیٹڈ ("جے ایس بی ایل") کی 31 مارچ 2020 کو ختم ہونے والی سہ ماہی کے مالیاتی بیانات کا جائزہ پیش کر رہے ہیں۔

## معیشت

زیر جائزہ مدت کے دوران پوری دنیا میں COVID-19 وائرس تیزی سے پھیلا، جس سے پاکستان بھی متاثر ہوا۔ بین الاقوامی سطح پر کنٹرول کے اقدامات کے مطابق حکومت پاکستان نے بھی لاک ڈاؤن نافذ کر دیا، جس کی وجہ سے غیر ضروری استعمال کی اشیاء تیار کرنے والی صنعتوں کی سرگرمیاں بند ہو گئیں۔ مالی سال 2020 کے پہلے 8 ماہ (8MFY20) کے دوران پاکستان کی معیشت پہلے سے ہی سست روی کا شکار تھی اور لارج اسکیل مینوفیکچرنگ (ایل ایس ایم) کی نمونہ 3.3 فیصد سال بسال (YoY) تھی، جو مجموعی معاشی سرگرمیوں میں موجودہ تعطل سے ممکنہ طور پر مزید بگڑ سکتی ہے۔ بین الاقوامی ریٹنگ ایجنسیز اور قرضہ دینے والے اداروں نے پہلے ہی پاکستان کی متوقع جی ڈی پی کی شرح نمو میں تبدیلی کی ہے۔

وزیراعظم پاکستان نے 1,055 بلین روپے (6.6 بلین ڈالر) مالیت کے ریلیف پیکج کا اعلان کیا جو COVID-19 کے بعد غربت کی لکیر سے نیچے آنے والی آبادی کی ضروریات کو پورا کرنے میں مدد کرے گا، اور زراعت، برآمدات اور ایس ایم ای سیکٹر میں مراعات بھی فراہم کرے گا۔ اس کے بعد حکومت نے تعمیراتی صنعت کیلئے ایک پیکج کا اعلان کیا جس میں کم ٹیکس اور دیگر مراعات شامل تھیں جن کا مقصد تعمیراتی اور تمام متعلقہ صنعتوں میں معاشی سرگرمیوں کو بڑھانا تھا۔ یہ اقدامات عالمی بینک، ایشین ڈویلپمنٹ بینک اور آئی ایم ایف کی ممکنہ بیرونی امداد کے علاوہ پاکستان کو COVID-19 کے نقصان دہ اثرات سے نمٹنے میں مدد فراہم کرنے کیلئے تھے۔

جبکہ اس وقت ملک کا مالیاتی اکاؤنٹ مالی سال 2020 کے 9 ماہ (9MFY20) میں ترمیم شدہ اہداف سے 459 بلین روپے کے غیر حاصل شدہ آمدنی کے اہداف حاصل کرنے کی جدوجہد کر رہا ہے، COVID-19 سے متعلق اضافی اخراجات کو پورا کرنے کیلئے حکومت نے حال ہی میں 700 بلین روپے کے سکوک بانڈ کی منظوری دے دی ہے۔ مالی سال 2020 کے 9 ماہ (9MFY20) کیلئے مالی خسارہ جی ڈی پی کا 3.8 فیصد بتایا گیا ہے۔

متعدد مرکزی بینکوں کی جانب سے جاری مالی نقصان کو روکنے کے قدم کیلئے معاشی محرک کی فراہمی کے طور پر مانیٹری پالیسی میں نرمی کے اعلانات کئے گئے، اسٹیٹ بینک آف پاکستان نے سال 2020 کے چوتھے ماہ (4MCY20) کے دوران پالیسی کی مجموعی طور پر 425 بیس پوائنٹس (bps) کم کر کے پالیسی ریٹ 9 فیصد تک کم کر دیا۔ مالی سال 2020 کے 9 ماہ (9MFY20) اوسطاً CPI ریڈنگ 11.53 فیصد اضافہ ہوا، حال ہی میں مارچ اور اپریل 2020 کے مہینوں میں ریڈنگ بالترتیب 10.24 فیصد اور 8.50 فیصد ریکارڈ کیا گیا جو اس میں کمی کے رجحان کی عکاسی کرتا ہے۔

سب سے زیادہ تجارتی اور صنعتی سرگرمیاں رک جانے سے برآمدات میں مندی کا باعث بنتا ہے، مارچ 2020 کی برآمدات میں یکساں طور پر 16 فیصد کمی

واقع ہوئی ہے۔ تیل کی بین الاقوامی قیمتوں میں 55 فیصد سے زیادہ کمی سے پاکستان بطور ایک بڑے درآمد کنندہ کے مثبت رہا۔ مالی سال 2020 کے 9 ماہ (9MFY20) میں کرنٹ اکاؤنٹ خسارہ (CAD) پہلے ہی 73 فیصد سال بسال (YoY) سے ہو چکا ہے، جو جی ڈی پی کا 1.33 فیصد ہو گیا ہے، اس کے مقابلہ میں مالی سال 2019 کے 9 ماہ (9MFY19) کے دوران یہ شرح جی ڈی پی کی 4.7 فیصد تھی۔

### شعبہ بینکاری کا جائزہ

اسٹیٹ بینک آف پاکستان (SBP) نے مالی سال 2020 کے چوتھے ماہ (4MFY20) کے دوران مانیٹری ایزنگ سائیکل کا آغاز کیا جس نے پالیسی کی شرح کو مجموعی طور پر 425 بیس پوائنٹس (bps) (سال 2020 کی پہلی سہ ماہی (1QCY20) میں 225 بیس پوائنٹس (bps) اور اپریل 2020 میں 200 بیس پوائنٹس (bps)) کے ذریعہ کم کر کے شرح 9 فیصد کر دیا۔ CPI کی کم ریڈنگ اور جاری COVID-19 وباء کے نتیجے میں متوقع معاشی سست روی کے باعث یہ اقدام اٹھایا گیا۔ مزید برآں COVID-19 کے مضمرات کا مقابلہ کرنے کیلئے حکومتی امدادی پیکج کے تسلسل میں، اسٹیٹ بینک نے صنعتی کاروباری اداروں کیلئے قرض لینے کی لاگت کو کم کرنے اور اسی دوران بینکوں کو مزید آزادانہ قرضوں کی پالیسیاں اپنانے کی ترغیب دینے کے مقصد سے بڑے پیمانے پر صنعتوں کیلئے ایک ریلیف پیکج میں توسیع کی۔ تاہم حالیہ مہینوں میں مانیٹری ایزنگ سائیکل شروع ہونے سے پہلے ہی اوسط بینکاری کے پھیلاؤ میں ترتیب وار بنیادوں پر کمی کا رجحان ریکارڈ کیا گیا۔

سال 2020 کی پہلی سہ ماہی (1QCY20) میں ڈیپازٹ کی جانب بینکنگ سیکٹر میں 12 فیصد سال بسال (YoY) مستحکم نمو دیکھنے میں آئی، جو 15,126 بلین روپے تک پہنچ گیا۔ اسی مدت کے دوران مجموعی ایڈوانس گروتھ ریٹ 5 فیصد سال بسال (YoY) پر ریکارڈ کیا گیا، جو 8,259 بلین روپے ہو گیا اور صنعتوں کا ایڈوانس ٹو ڈیپازٹ تناسب (ADR) 55 فیصد تک جا پہنچا جو اس کے مقابلے سال 2019 کی پہلی سہ ماہی (1QCY19) میں 59 فیصد تھا۔ اسی دوران نجی شعبہ کے قرضہ جات میں بھی 6 فیصد سال بسال (YoY) کی سنگل ہندسوں میں نمو رہی۔ نان پرفارمنگ لوز (NPLs) میں بھی اضافہ دیکھا گیا اور سال 2019 کے اختتام پر 82 بلین روپے سے بڑھ کر 761 بلین روپے تک بڑھ گیا، جس سے شرح 8.6 فیصد سے بڑھ کر 9.3 فیصد ہو گئی۔ تاہم بینکوں کی جانب سے طویل المدتی اور قلیل مدتی سرکاری سیکوریٹیز کی نیلامی میں بڑھ چڑھ کر حصہ لینے کے نتیجے میں سرمایہ کاری میں 62 فیصد سال بسال (YoY) کا اضافہ ہوا جو 9,297 بلین روپے رہا، سال 2019 کی پہلی سہ ماہی (1QCY19) کے دوران انویسٹمنٹ ٹو ڈیپازٹ کی شرح (IDR) 43 فیصد سے بڑھ کر 61 فیصد تک جا پہنچا۔

### مالی کارکردگی

31 مارچ 2020 کو ختم ہونے والی سہ ماہی کے اختتام پر بینک کا قبل از ٹیکس منافع 628.5 ملین روپے رہا (بعد از ٹیکس منافع 382.5 ملین روپے)، جبکہ گزشتہ سال اسی مدت کے دوران بینک نے قبل از ٹیکس منافع 54.7 ملین روپے (بعد از ٹیکس منافع 33.4 ملین روپے) حاصل کیا تھا۔ منافع میں اضافہ کی بنیادی وجہ خالص مارک اپ آمدنی، فیس/کمیشن آمدنی، FCY آمدنی اور ایکویٹی سیکوریٹیز کی فروخت پر حاصل ہونے والا منافع ہے۔ 31 مارچ 2020 تک بینک کے فی حصص قیمت 13.9 روپے ہے۔

بینک کے ڈیپازٹ 369,790 ملین روپے سے بڑھ کر 379,246 ملین روپے ہو چکے ہیں، جبکہ موجودہ سہ ماہی کے دوران ایڈوانسز کم و بیش بغیر کسی بدلاؤ کے 235,140 ملین روپے رہے، جو نمو اور بنیادی کاروباری سرگرمیوں پر بینک کی مستقل توجہ کی عکاسی کرتا ہے۔ مزید برآں اسی مدت کے دوران سرمایہ کاری 142,568 ملین روپے سے بڑھ کر 183,241 ملین روپے ہو گئی۔

31 مارچ 2020 کو ختم ہونے والی پہلی سہ ماہی میں فی شیئر آمدنی 0.29 روپے رہی۔

## مستحکم مالیاتی تفصیلات

مستحکم مالیاتی تفصیلات میں، گروپ کو 31 مارچ 2020 کو ختم ہونے والی سہ ماہی میں قبل از ٹیکس منافع 657.3 ملین روپے (بعد از ٹیکس منافع 407.6 ملین روپے) ہوا جو گزشتہ سال اسی مدت میں قبل از ٹیکس منافع 44.8 ملین روپے (بعد از ٹیکس منافع 11.1 ملین روپے) تھا۔

31 مارچ 2020 کو ختم ہونے والی پہلی سہ ماہی میں فی شیئر آمدنی 0.31 روپے رہی

## کاروباری جائزہ

سال کا آغاز بہت چیلنجنگ رہا، جس کی بنیادی وجہ موجودہ معاشی سست روی ہے جس کی مستقبل قریب تک جاری رہنے کی توقع ہے۔ بینک کی حکمت عملی جدید مصنوعات اور خدمات، مضبوط اتحاد اور آٹومیشن کے ذریعہ خدمات کی فراہمی کلیدی چیلنجوں کی نشاندہی کرنے اور صارفین کی ضروریات کو پورا کرنے کے ایک جاری عمل پر مبنی ہے۔ صارفین اور ساتھوں کیلئے اعلیٰ ترین صحت اور حفاظت کے معیار کو برقرار رکھتے ہوئے تمام شہروں میں جاری آپریشنز کے ذریعہ صارفین کی رسائی کی سہولت، ڈیجیٹل بینکنگ سروس اور آسان ڈیجیٹل سلوشنز چارجز کی چھوٹ فراہم کی گئی۔

مرکزی بینک کے ذریعہ فراہم کردہ معاشی محرک پالیسی کی شرح میں زبردست کمی کے گرد مرکوز ہے، جس سے بینک کے آپریشننگ مارجن پر کچھ دباؤ پڑے گا۔ قرض دینے کے سلسلے میں اسٹیٹ بینک آف پاکستان کی جانب سے بڑے اقدامات کر بڑھایا گیا ہے، جس میں متعلقہ کاروبار کیلئے تنخواہوں کی ادائیگی کیلئے ری فنانس فنڈ، اسپتالوں اور صنعتی اقدامات، صارفین اور کاروباری قرضوں پر بنیادی التوا کی حوصلہ افزائی، اور ایک سال تک تنظیم نو کی درخواستوں پر شرائط میں نرمی شامل ہیں۔ اگرچہ یہ اقدامات مرکزی بینک کے ارادے کا واضح بیان ہے، لیکن درمیانے تا طویل المدتی اثرات کی رفتار معیشت بحالی کی سمت اپنا سفر شروع کرتی ہے اس پر منحصر ہوگا۔

بینک کے ذخائر اور ایڈوانسز نے قابل ذکر استحکام ظاہر کیا ہے، اور اس معاشی بحران کے دوران صارفین کے ساتھ ہماری مسلسل تعلق و مصروفیت اعلیٰ سطح پر برقرار ہے۔ اگرچہ کچھ روایتی کاروباری خطوط پر اثر انداز ہونے کے امکان ہیں، لیکن بیشتر حصہ کیلئے منصوبہ بندی کے مطابق بینک کا کام جاری ہے، اور



ادارے نے بدلتے ہوئے طریقہ کار کا اچھی طرح سے مقابلہ کیا جس میں تمام عملے کی مستقل ڈیجیٹل مصروفیت شامل ہے۔

بینک نے ایک ذمہ دار سماجی شہری کی حیثیت سے اپنا کردار نبھاتے ہوئے صارفین کے ساتھ مل کر 110 ملین روپے کا COVID ریلیف فنڈ قائم کیا ہے۔ ایک عہدہ مماثل اقدام کی بنیاد پر، جس میں جے ایس بینک نے اپنے شراکت داروں کے ذریعہ کئے گئے تمام سپورٹ کے برابر مقدار شامل کی، اس فنڈ کی بنیاد جے ایس بینک کے محیرِ فلسفہ کی مشترکہ کاوشوں کا تسلسل ہے۔ اس فنڈ کی تین درجہ کی حکمت عملی پر مرکوز ہے جس میں راشن کی فراہمی کے ذریعہ فوری امداد، پرسنل پروٹیکٹو ایکیوئمنٹ (PPE) کی تقسیم کے ذریعہ وبائی بیماری پر قابو پانے اور مستقبل میں طبی اور تکنیکی تحقیق اور ترقی کے ذریعہ جوابی صلاحیت میں اضافہ شامل ہے۔

## کریڈٹ ریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے بینک کو 'AA-' (ڈبل اے مائنس) کی طویل المدتی ریٹنگ، سب سے بہتر قلیل المدتی ریٹنگ میں 'A1+' (اے ون پلس) تفویض کی ہے، جو اپنی کمیٹگری میں سب سے اعلیٰ درجہ کے ریٹنگ ہے۔

## اعتراف

جے ایس بینک کی جانب سے ہم اپنے صارفین اور اسٹیک ہولڈرز کا ان کے تعاون پر دل سے شکر گزار ہیں۔ ہم منسٹری آف فنانس، اسٹیٹ بینک آف پاکستان، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر ریگولیٹری اداروں کا بینک کو تعاون فراہم کرنے کیلئے بھی ممنون ہیں، ہم اپنی انتظامی ٹیم اور عملہ کو فاتح ٹیم کے طور پر مل کر کام کرنے کے مستقل عزم پر ان کی حوصلہ افزائی کرتے ہیں۔

منجانب بورڈ،

کلیم الرحمن

چیئر مین

باصر شمش

پریزیڈنٹ اور سی ای او

کراچی: 28 مئی 2020ء



Unconsolidated Condensed Interim Financial Statements  
for the Quarter Ended March 31, 2020

**JS BANK LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2020**

|   |      | (Un-audited)<br>March 31,<br>2020<br>----- Rupees in '000 ----- | (Audited)<br>December 31,<br>2019 |
|---|------|---|-----------------------------------|
|   | Note |   |                                   |
| <b>ASSETS</b>                                       |      |   |                                   |
| Cash and balances with treasury banks               | 6    | 27,430,691  | 25,589,349                        |
| Balances with other banks                           | 7    | 1,315,958   | 462,836                           |
| Lendings to financial institutions                  | 8    | 3,844,651   | 30,320,540                        |
| Investments   | 9    | 183,240,984   | 142,568,470                       |
| Advances  | 10   | 235,139,872   | 242,944,509                       |
| Fixed assets  | 11   | 9,393,198   | 9,692,701                         |
| Intangible assets                                   | 12   | 2,280,447   | 2,271,360                         |
| Deferred tax assets                                 | 18   | -   | 8,756                             |
| Other assets  | 13   | 15,010,650  | 15,588,273                        |
| Assets held for sale                                | 11.3 | 374,000   | 374,000                           |
|   |      | <b>478,030,451</b>  | 469,820,794                       |
| <b>LIABILITIES</b>                                  |      |   |                                   |
| Bills payable                                       | 14   | 4,465,115   | 3,804,491                         |
| Borrowings  | 15   | 49,833,653  | 54,468,283                        |
| Deposits and other accounts                         | 16   | 379,246,461   | 369,789,964                       |
| Liabilities against assets subject to finance lease |      | -   | -                                 |
| Subordinated debt                                   | 17   | 7,494,800   | 7,494,800                         |
| Deferred tax liabilities                            | 18   | 170,911   | -                                 |
| Other liabilities                                   | 19   | 18,784,699  | 16,930,001                        |
|   |      | <b>459,995,639</b>  | 452,487,539                       |
| <b>NET ASSETS</b>                                   |      | <b>18,034,812</b>   | 17,333,255                        |
| <b>REPRESENTED BY</b>                               |      |   |                                   |
| Share capital - net                                 |      | 10,119,242  | 10,119,242                        |
| Reserves  |      | 1,853,540   | 1,749,673                         |
| Surplus on revaluation of assets                    | 20   | 924,621   | 636,700                           |
| Unappropriated profit                               |      | 5,137,409   | 4,827,640                         |
|   |      | <b>18,034,812</b>   | 17,333,255                        |
| <b>CONTINGENCIES AND COMMITMENTS</b>                | 21   |   |                                   |

The annexed notes from 1 to 40 form an integral part of these unconsolidated condensed interim financial statements.

\_\_\_\_\_  
**President and  
Chief Executive Officer**

\_\_\_\_\_  
**Chief Financial  
Officer**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Chairman**

**JS BANK LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE QUARTER ENDED MARCH 31, 2020**

|  |      | March 31,<br>2020          | March 31,<br>2019 |
|--|------|----------------------------|-------------------|
|  | Note | ----- Rupees in '000 ----- |                   |
| Mark-up / return / interest earned         | 23   | 12,923,470                 | 9,338,535         |
| Mark-up / return / interest expensed       | 24   | 10,381,609                 | 7,273,979         |
| Net mark-up / interest income              |      | <u>2,541,861</u>           | <u>2,064,556</u>  |
| <b>NON MARK-UP / INTEREST INCOME</b>       |      |                            |                   |
| Fee and commission income                  | 25   | 848,058                    | 652,269           |
| Dividend income                            |      | 42,826                     | 274               |
| Foreign exchange income                    |      | 192,975                    | 111,405           |
| Income from derivatives                    |      | 19,746                     | 43,082            |
| Gain / (loss) on securities                | 26   | 101,800                    | (62,370)          |
| Other income                               | 27   | 1,414                      | 23,499            |
| <b>Total non mark-up / interest income</b> |      | <u>1,206,819</u>           | <u>768,159</u>    |
| <b>Total Income</b>                        |      | <u>3,748,680</u>           | <u>2,832,715</u>  |
| <b>NON MARK-UP / INTEREST EXPENSES</b>     |      |                            |                   |
| Operating expenses                         | 28   | 2,907,535                  | 2,549,039         |
| Workers welfare fund                       | 29   | 5,028                      | 437               |
| Other charges                              | 30   | 4,044                      | 55                |
| Total non-mark-up / interest expenses      |      | <u>2,916,607</u>           | <u>2,549,531</u>  |
| <b>Profit before provisions</b>            |      | <u>832,073</u>             | <u>283,184</u>    |
| Provisions and write offs - net            | 31   | 203,616                    | 228,517           |
| Extraordinary / unusual items              |      | -                          | -                 |
| <b>PROFIT BEFORE TAXATION</b>              |      | <u>628,457</u>             | <u>54,667</u>     |
| Taxation                                   | 32   | 245,915                    | 21,262            |
| <b>PROFIT AFTER TAXATION</b>               |      | <u>382,542</u>             | <u>33,405</u>     |
| ----- Rupee -----                          |      |                            |                   |
| <b>Basic earnings per share</b>            | 33   | <u>0.29</u>                | <u>0.01</u>       |

The annexed notes from 1 to 40 form an integral part of these unconsolidated condensed interim financial statements

\_\_\_\_\_  
**President and  
Chief Executive Officer**

\_\_\_\_\_  
**Chief Financial  
Officer**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Chairman**

**JS BANK LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE QUARTER ENDED MARCH 31, 2020**

|   | March 31,<br>2020<br>----- Rupees in '000 ----- | March 31,<br>2019     |
|---|---|-----------------------|
| <b>Profit after taxation for the period</b>   | <b>382,542</b>                                  | <b>33,405</b>         |
| <b>Other comprehensive income</b>   |   |                       |
| <b>Items that may be reclassified to profit<br/>and loss account in subsequent periods:</b> |   |                       |
| Effect of translation of net investment in foreign branches                                 | 27,359  | 4,005                 |
| Movement in deficit on revaluation of investments - net of tax                              | <b>270,790</b>                                  | 551,838               |
| Movement in general provision under IFRS 9 - net of tax                                     | <b>20,866</b>                                   | (9,359)               |
|   | <b>291,656</b>                                  | 542,479               |
| <b>Total comprehensive income</b>   | <b><u>701,557</u></b>                           | <b><u>579,889</u></b> |

\_\_\_\_\_  
**President and  
Chief Executive Officer**

\_\_\_\_\_  
**Chief Financial  
Officer**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Chairman**

**JS BANK LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE QUARTER ENDED MARCH 31, 2020**

|  |                | Reserves            |                              | Surplus/(deficit) on revaluation of |              |                    | Unappropriated profit | Total      |
|--|----------------|---------------------|------------------------------|-------------------------------------|--------------|--------------------|-----------------------|------------|
|  | Share capital  | Statutory reserve * | Exchange translation reserve | Investments                         | Fixed Assets | Non Banking Assets |                       |            |
|  | Rupees in '000 |                     |                              |                                     |              |                    |                       |            |
| Balance as at December 31, 2018  | 10,119,242     | 1,641,237           | 70,934                       | (2,180,113)                         | 1,051,666    | 92,858             | 4,821,202             | 15,617,026 |
| Profit after taxation  | -              | -                   | -                            | -                                   | -            | -                  | 33,405                | 33,405     |
| Other comprehensive income - net of tax  | -              | -                   | 4,005                        | 542,479                             | -            | -                  | -                     | 546,484    |
|  | -              | -                   | 4,005                        | 542,479                             | -            | -                  | 33,405                | 579,889    |
| Transfer to statutory reserve  | -              | 6,681               | -                            | -                                   | -            | -                  | (6,681)               | -          |
| Transfer from surplus on revaluation of assets to unappropriated profit - net of tax |                |                     |                              |                                     |              |                    |                       |            |
| Fixed assets   | -              | -                   | -                            | -                                   | (5,134)      | -                  | 5,134                 | -          |
| Non-banking assets acquired in satisfaction of claims                                | -              | -                   | -                            | -                                   | -            | (20)               | 20                    | -          |
| Transaction with owners recorded directly in equity                                  |                |                     |                              |                                     |              |                    |                       |            |
| Preference dividend for the year ended December 31, 2018 @ 12% p.a.                  | -              | -                   | -                            | -                                   | -            | -                  | (24,164)              | (24,164)   |
| Balance as at March 31, 2019 - un-audited  | 10,119,242     | 1,647,918           | 74,939                       | (1,637,634)                         | 1,046,532    | 92,838             | 4,828,916             | 16,172,751 |
| Total comprehensive income for the nine months period ended December 31, 2019        |                |                     |                              |                                     |              |                    |                       |            |
| Profit after taxation  | -              | -                   | -                            | -                                   | -            | -                  | (8,752)               | (8,752)    |
| Other comprehensive (loss) / income - net of tax                                     | -              | -                   | 28,566                       | 1,120,865                           | 30,985       | -                  | (11,160)              | 1,169,256  |
|  | -              | -                   | 28,566                       | 1,120,865                           | 30,985       | -                  | (19,912)              | 1,160,504  |
| Transfer to statutory reserve  | -              | (1,750)             | -                            | -                                   | -            | -                  | 1,750                 | -          |
| Transfer from surplus on revaluation of assets to unappropriated profit - net of tax |                |                     |                              |                                     |              |                    |                       |            |
| Fixed assets   | -              | -                   | -                            | -                                   | (16,824)     | -                  | 16,824                | -          |
| Non-banking assets acquired in satisfaction of claims                                | -              | -                   | -                            | -                                   | -            | (62)               | 62                    | -          |
| Balance as at December 31, 2019 - audited  | 10,119,242     | 1,646,168           | 103,505                      | (516,769)                           | 1,060,693    | 92,776             | 4,827,640             | 17,333,255 |
| Total comprehensive income for the quarter ended March 31, 2020 - un-audited         |                |                     |                              |                                     |              |                    |                       |            |
| Profit after taxation  | -              | -                   | -                            | -                                   | -            | -                  | 382,542               | 382,542    |
| Other comprehensive income / (loss) - net of tax                                     | -              | -                   | 27,359                       | 291,656                             | -            | -                  | -                     | 319,015    |
|  | -              | -                   | 27,359                       | 291,656                             | -            | -                  | 382,542               | 701,557    |
| Transfer to statutory reserve  | -              | 76,508              | -                            | -                                   | -            | -                  | (76,508)              | -          |
| Transfer from surplus on revaluation of assets to unappropriated profit - net of tax |                |                     |                              |                                     |              |                    |                       |            |
| Fixed assets   | -              | -                   | -                            | -                                   | (3,715)      | -                  | 3,715                 | -          |
| Non-banking assets acquired in satisfaction of claims                                | -              | -                   | -                            | -                                   | -            | (20)               | 20                    | -          |
| Balance as at March 31, 2020   | 10,119,242     | 1,722,676           | 130,864                      | (225,113)                           | 1,056,978    | 92,756             | 5,137,409             | 18,034,812 |

\* This represents reserve created under Section 21(i)(a) of the Banking Companies Ordinance, 1962.

The annexed notes from 1 to 40 form an integral part of these unconsolidated condensed interim financial statements.

\_\_\_\_\_  
President and  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chairman

**JS BANK LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE QUARTER ENDED MARCH 31, 2020**

|   | Note | March 31,<br>2020<br>----- Rupees in '000 ----- | March 31,<br>2019   |
|---|------|---|---------------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>  |      |   |                     |
| Profit before taxation  |      | 632,595   | 54,667              |
| Less: Dividend income   |      | (42,826)  | (274)               |
|   |      | <u>589,769</u>                                  | <u>54,393</u>       |
| <b>Adjustments:</b>   |      |   |                     |
| Depreciation  |      | 172,564   | 184,224             |
| Depreciation on non-banking assets  |      | 2,269   | 61                  |
| Depreciation - Right of use assets  | 11.3 | 228,025   | -                   |
| Amortisation of intangible assets   |      | 26,740  | 21,909              |
| Provisions and write offs - net   |      | 203,616   | 228,517             |
| Gain on sale of fixed assets - net  | 27   | (1,414)   | (23,499)            |
| Mark-up / return / interest expense on lease liability against right-of-use assets          | 19.1 | 116,068   | -                   |
| Charge for defined benefit plan   |      | 53,539  | 49,033              |
| Unrealised (gain) / loss on revaluation of investments classified as held-for-trading - net | 26   | (23,717)  | 8,385               |
| Provision for workers welfare fund  | 31   | 5,061   | 437                 |
| Unrealised gain on revaluation of derivative instruments - net                              |      | (8,812)   | (37,428)            |
| Unrealised gain on revaluation of forward foreign exchange contracts                        |      | (441,197)                                       | (36,884)            |
|   |      | <u>332,742</u>                                  | <u>394,755</u>      |
|   |      | <u>922,511</u>                                  | <u>449,148</u>      |
| <b>Decrease / (increase) in operating assets</b>  |      |   |                     |
| Lendings to financial institutions  |      | 26,476,811                                      | (57,035,567)        |
| Held-for-trading securities   |      | 26,616,103                                      | 28,541,588          |
| Advances  |      | 7,703,521                                       | (3,953,674)         |
| Other assets (excluding advance and current taxation)                                       |      | 627,397   | (674,777)           |
|   |      | <u>61,423,832</u>                               | <u>(33,122,430)</u> |
| <b>Increase / (decrease) in operating liabilities</b>                                       |      |   |                     |
| Bills payable   |      | 660,624   | 220,070             |
| Borrowings  |      | (4,270,953)                                     | 18,774,793          |
| Deposits  |      | 9,456,497                                       | (1,634,269)         |
| Other liabilities   |      | 2,211,793                                       | 797,157             |
|   |      | <u>8,057,961</u>                                | <u>18,157,751</u>   |
|   |      | <u>69,481,793</u>                               | <u>(14,964,679)</u> |
| Gratuity paid   |      | -   | -                   |
| Income tax paid   |      | (2,380)   | (132,795)           |
|   |      | <u>70,401,924</u>                               | <u>(14,648,326)</u> |
| <b>Net cash flow from / (used in) operating activities</b>                                  |      |   |                     |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>  |      |   |                     |
| Net investments in available-for-sale securities  |      | (63,336,207)                                    | 2,912,099           |
| Net investments in held-to-maturity securities  |      | (3,504,403)                                     | 110,970             |
| Investment in associated companies  |      | (40,828)  | (21,239)            |
| Dividends received  |      | 42,826  | 274                 |
| Investment in fixed assets  |      | (160,657)                                       | (304,452)           |
| Investment in intangible assets   |      | (35,827)  | (78,325)            |
| Proceeds from sale of fixed assets  |      | 2,477   | 40,550              |
| Effect of translation of net investment in foreign branch                                   |      | 27,359  | 4,005               |
| <b>Net cash flow (used in) / from investing activities</b>                                  |      | <u>(67,005,260)</u>                             | <u>2,663,882</u>    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |      |   |                     |
| Payment of lease liability against right of use assets                                      |      | (338,516)                                       | -                   |
| Dividend paid to preference shareholders  |      | -   | (24,164)            |
| <b>Net cash used in financing activities</b>  |      | <u>(338,516)</u>                                | <u>(24,164)</u>     |
| <b>Increase / (decrease) in cash and cash equivalents</b>                                   |      | <u>3,058,148</u>                                | <u>(12,008,608)</u> |
| Cash and cash equivalents at beginning of the year  |      | 25,415,261                                      | 32,577,913          |
| <b>Cash and cash equivalents at end of the year</b>   | 34   | <u>28,473,409</u>                               | <u>20,569,305</u>   |

The annexed notes from 1 to 40 form an integral part of these unconsolidated condensed interim financial statements.

\_\_\_\_\_  
**President and  
Chief Executive Officer**

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Chairman**

**JS BANK LIMITED**  
**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED March 31, 2020**

**1. STATUS AND NATURE OF BUSINESS**

- 1.1** JS Bank Limited (the Bank / JSBL) is a banking company incorporated in Pakistan as a public limited company on March 15, 2006. The Bank is a subsidiary company of Jahangir Siddiqui & Co. Ltd. (JSCL) and its shares are listed on Pakistan Stock Exchange Limited (PSX). The Bank commenced its banking operations on December 30, 2006 and its registered office is situated at Shaheen Commercial Complex, Dr. Ziauddin Ahmed Road, Karachi.

The Bank is a scheduled bank, engaged in commercial banking and related services as described in the Banking Companies Ordinance, 1962 and is operating through 359 (December 31, 2019: 359) branches / sub-branches in Pakistan and one wholesale banking branch in Bahrain (December 31, 2019: one). The Pakistan Credit Rating Agency Limited (PACRA) has assigned the long-term entity rating of the Bank to AA- (Double A Minus) whereas short-term rating is maintained at 'A1+' (A One Plus), which is the highest possible short-term rating. The ratings denote a very low expectation of credit risk and indicate very strong capacity for timely payment of financial commitments.

- 1.2** Jahangir Siddiqui Investment Bank Limited, JSIBL, (formerly Citicorp Investment Bank Limited which was acquired by JSCL on February 01, 1999), and its holding company, JSCL, entered into a Framework Agreement with American Express Bank Limited, New York (AMEX) on November 10, 2005 for acquisition of its American Express Bank Limited - Pakistan Branches, (AEBL). Consequently, a new banking company, JSBL was incorporated on March 15, 2006 and a restricted Banking License was issued by the State Bank of Pakistan (SBP) on May 23, 2006.

A Transfer Agreement was executed on June 24, 2006 between JSIBL and JSBL for the transfer of entire business and undertaking of JSIBL to JSBL and a separate Transfer Agreement was also executed on June 24, 2006, between AMEX and JSBL for the transfer of AEBL's commercial banking business in Pakistan with all assets and liabilities (other than certain excluded assets and liabilities) (AEBL business). The shareholders of JSIBL and JSBL in their respective extra ordinary general meetings held on July 31, 2006 approved a Scheme of Amalgamation (the Scheme) under Section 48 of the Banking Companies Ordinance, 1962. The Scheme was initially approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter No. SC/NBFC(J)-R/JSIBL/2006/517 dated September 28, 2006. Subsequently, the Scheme was sanctioned by the SBP vide its order dated December 02, 2006 and, in accordance therewith, the effective date of amalgamation was fixed at December 30, 2006.

- 1.3** The Bank is the holding company of JS Investments Limited, JS Global Capital Limited and JS ABAMCO Commodities Limited.

**2. BASIS OF PRESENTATION**

These condensed interim unconsolidated financial statements are separate financial statements of the Bank in which the investments in subsidiaries and associates are stated at cost and are accounted for on the basis of direct equity interest rather than on the basis of reported results. The consolidated condensed interim financial statements of the Bank are being issued separately.

These condensed interim unconsolidated 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 except as stated otherwise.

**2.1 Statement of compliance**

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962;
- Provisions of and directives issued under the Companies Act, 2017; and
- Directives issued by the SBP and the SECP from time to time.

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, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

The disclosures made in these condensed interim unconsolidated financial statements have been limited based on the format prescribed by the SBP vide BPRD circular letter No. 5 dated March 22, 2019 and IAS 34.

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



The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for banking companies vide BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banks vide its notification S.R.O 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

IFRS10 "Consolidated Financial Statements" was made applicable from period beginning on or after January 01, 2015 vide S.R.O 633(I)/2014 dated July 10, 2014 by SECP. However, SECP has directed through S.R.O56(I)/2016 dated January 28, 2016, that the requirement of consolidation under section 228 of the Companies Act, 2017 and IFRS-10 "Consolidated Financial Statements" is not applicable in case of investment by companies in mutual funds established under trust structure. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements.

Through S.R.O. 229 (I)/2019 dated February 14, 2019, the SECP has deferred the applicability of the IFRS 9 'Financial Instruments' for all companies required to prepare their financial statements in accordance with the requirements of IFRS for reporting period/year ending on or after June 30, 2019 (earlier application is permitted). However, SBP has extended the effective date of applicability of IFRS 9 to annual periods beginning on or after January 01, 2021 vide SBP BPRD Circular No.4 dated October 23, 2019. Therefore, the Bank has not considered the impact of IFRS 9 for its Pakistan operations in these unconsolidated financial statements.

Further, the Bank considers that as the Prudential Regulations and other SBP directives currently provide the accounting framework for the measurement and valuation of investments and provision against non performing loans and advances, the implementation of IFRS 9 may require changes in the regulatory regime and for this SBP would issue guidance and instruction on the application of IFRS 9 for the banking sector of Pakistan.

## **2.2 Standards, interpretations of and amendments to published approved accounting standards that are effective in the current period**

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

|  | <b>Effective date (annual periods beginning on or after)</b> |
|--|--|
| - IFRS 3 - Business Combinations (Amendments)  | January 01, 2020   |
| - IAS 1 - Presentation of Financial Statements (Amendments)                            | January 01, 2020   |
| - IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors (Amendments) | January 01, 2020   |

There are certain new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2020 but are considered not to be relevant or do not have any significant effect on the Bank's operations. Therefore not detailed in these condensed interim unconsolidated financial statements other than IFRS 9 and reason for that is mentioned in note 2.1 as above.

## **2.3 Standards, interpretations of and amendments to published approved accounting standards that are not yet effective**

The following standards, amendments and interpretations of approved accounting standards will be effective for the accounting periods as stated below:

| <b>Standard, Interpretation or Amendment</b>   | <b>Effective date (annual periods beginning on or after)</b> |
|--|--|
| - IFRS 9 'Financial Instruments (refer note 2.1 above)   | January 01, 2021   |
| Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan. |  |
| - IFRS 1 - First time adoption of IFRSs  | January 01, 2004   |
| - IFRS 17 - Insurance Contracts  | January 01, 2021   |

## **3 CRITICAL ACCOUNTING ESTIMATES AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

## **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

## **5. FINANCIAL RISK MANAGEMENT**

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the unconsolidated financial statements for the year ended December 31, 2019.

|   | Note | (Un-audited)<br>March 31,<br>2020<br>----- Rupees in '000 ----- | (Audited)<br>December 31,<br>2019 |
|---|------|---|-----------------------------------|
| <b>6. CASH AND BALANCES WITH TREASURY BANKS</b>   |      |   |                                   |
| <b>In hand</b>  |      |   |                                   |
| Local currency  |      | 6,458,661   | 5,572,604                         |
| Foreign currencies  |      | 1,642,579   | 896,523                           |
|   |      | <u>8,101,240</u>  | <u>6,469,127</u>                  |
| <b>With State Bank of Pakistan in:</b>  |      |   |                                   |
| Local currency current account  |      | 14,994,805  | 13,292,331                        |
| Foreign currency current account - non remunerative   |      | 876,028   | 831,532                           |
| Foreign currency deposit account - remunerative   |      | 3,011,557   | 2,566,714                         |
|   |      | <u>18,882,390</u>   | <u>16,690,577</u>                 |
| <b>With National Bank of Pakistan in:</b>   |      |   |                                   |
| Local currency current accounts   |      | 332,141   | 2,286,205                         |
| <b>National Prize Bonds</b>   |      | 114,920   | 143,440                           |
|   |      | <u>27,430,691</u>   | <u>25,589,349</u>                 |
| <b>7. BALANCES WITH OTHER BANKS</b>   |      |   |                                   |
| <b>In Pakistan</b>  |      |   |                                   |
| In current accounts   |      | 38,248  | 143,754                           |
| In deposit accounts   |      | 73  | 67                                |
|   |      | <u>38,321</u>   | <u>143,821</u>                    |
| <b>Outside Pakistan</b>   |      |   |                                   |
| In current accounts   |      | 1,277,712   | 319,083                           |
|   |      | <u>1,316,033</u>  | <u>462,904</u>                    |
| Less: General provision under IFRS 9  | 7.1  | (75)  | (68)                              |
| Balances with other banks - net of provision  |      | <u>1,315,958</u>  | <u>462,836</u>                    |
| <b>7.1</b> This represents general provision held under IFRS 9 by Bahrain branch of the Bank. |      |   |                                   |
| <b>8. LENDINGS TO FINANCIAL INSTITUTIONS</b>  |      |   |                                   |
| Call money lendings   |      | 138,920   | 283,887                           |
| Repurchase agreement lendings (Reverse Repo)  |      | 3,706,071   | 30,037,915                        |
| Due against bills re-discounting  |      | -   | -                                 |
|   |      | <u>3,844,991</u>  | <u>30,321,802</u>                 |
| Less: General provision under IFRS 9  |      | (340)   | (1,262)                           |
| Lending to Financial Institutions - net of provision  |      | <u>3,844,651</u>  | <u>30,320,540</u>                 |
| <b>8.1</b> This represents general provision held under IFRS 9 by Bahrain branch of the Bank. |      |   |                                   |
| <b>8.2 Particulars of lendings - gross</b>  |      |   |                                   |
| In local currency   |      | 3,706,071   | 30,037,915                        |
| In foreign currencies   |      | 138,920   | 283,887                           |
|   |      | <u>3,844,991</u>  | <u>30,321,802</u>                 |

| 9. INVESTMENTS                       | (Un-audited)<br>March 31, 2020 |                             |                        |                    | (Audited)<br>December 31, 2019 |                             |                        |                    |
|--------------------------------------|--------------------------------|-----------------------------|------------------------|--------------------|--------------------------------|-----------------------------|------------------------|--------------------|
|                                      | Cost /<br>Amortised<br>cost    | Provision for<br>diminution | Surplus /<br>(Deficit) | Carrying<br>Value  | Cost /<br>Amortised<br>cost    | Provision for<br>diminution | Surplus /<br>(Deficit) | Carrying<br>Value  |
|                                      | Rupees in '000                 |                             |                        |                    |                                |                             |                        |                    |
| <b>9.1 Investments by type</b>       |                                |                             |                        |                    |                                |                             |                        |                    |
| <b>Held-for-trading securities</b>   |                                |                             |                        |                    |                                |                             |                        |                    |
| Federal Government Securities        | 28,965,797                     | -                           | 23,717                 | 28,989,514         | 55,601,087                     | -                           | (2,618)                | 55,598,469         |
| <b>Available-for-sale securities</b> |                                |                             |                        |                    |                                |                             |                        |                    |
| Federal Government Securities        | 106,989,956                    | -                           | 1,181,909              | 108,171,865        | 47,828,618                     | -                           | (809,244)              | 47,019,374         |
| Shares                               | 2,675,387                      | (153,158)                   | (680,479)              | 1,841,750          | 2,092,667                      | (136,589)                   | 20,675                 | 1,976,753          |
| Non Government Debt Securities       | 3,335,647                      | (370,051)                   | 2,631                  | 2,968,227          | 3,367,738                      | (370,051)                   | (6,461)                | 2,991,226          |
| Foreign Securities                   | 3,626,646                      | -                           | (882,491)              | 2,744,155          | 2,406                          | -                           | -                      | 2,406              |
|                                      | 116,627,636                    | (523,209)                   | (378,430)              | 115,725,997        | 53,291,429                     | (506,640)                   | (795,030)              | 51,989,759         |
| <b>Held-to-maturity securities</b>   |                                |                             |                        |                    |                                |                             |                        |                    |
| Federal Government Securities        | 36,364,285                     | -                           | -                      | 36,364,285         | 32,859,882                     | -                           | -                      | 32,859,882         |
| <b>Associates</b>                    | 242,067                        | -                           | -                      | 242,067            | 201,239                        | -                           | -                      | 201,239            |
| <b>Subsidiaries</b>                  | 1,919,121                      | -                           | -                      | 1,919,121          | 1,919,121                      | -                           | -                      | 1,919,121          |
| <b>Total Investments</b>             | <b>184,118,906</b>             | <b>(523,209)</b>            | <b>(354,713)</b>       | <b>183,240,984</b> | <b>143,872,758</b>             | <b>(506,640)</b>            | <b>(797,648)</b>       | <b>142,568,470</b> |

| 9.2 Investments by segments:               | Note  | (Un-audited)<br>March 31, 2020 |                             |                        |                    | (Audited)<br>December 31, 2019 |                             |                        |                    |
|--|-------|--------------------------------|-----------------------------|------------------------|--------------------|--------------------------------|-----------------------------|------------------------|--------------------|
|  |       | Cost /<br>Amortised            | Provision for<br>diminution | Surplus /<br>(Deficit) | Carrying<br>Value  | Cost /<br>Amortised            | Provision for<br>diminution | Surplus /<br>(Deficit) | Carrying<br>Value  |
|  |       | Rupees in '000                 |                             |                        |                    |                                |                             |                        |                    |
| <b>Held-for-trading securities</b>         |       |                                |                             |                        |                    |                                |                             |                        |                    |
| <b>Federal Government Securities</b>       |       |                                |                             |                        |                    |                                |                             |                        |                    |
| Market Treasury Bills                      |       | 28,965,797                     | -                           | 23,717                 | 28,989,514         | 55,601,087                     | -                           | (2,618)                | 55,598,469         |
| Pakistan Investment Bonds                  |       | -                              | -                           | -                      | -                  | -                              | -                           | -                      | -                  |
|  |       | 28,965,797                     | -                           | 23,717                 | 28,989,514         | 55,601,087                     | -                           | (2,618)                | 55,598,469         |
| <b>Available-for-sale securities</b>       |       |                                |                             |                        |                    |                                |                             |                        |                    |
| <b>Federal Government Securities:</b>      |       |                                |                             |                        |                    |                                |                             |                        |                    |
| Market Treasury Bills                      |       | 53,577,592                     | -                           | 393,207                | 53,970,799         | 12,071,266                     | -                           | (364)                  | 12,070,902         |
| Pakistan Investment Bonds                  |       | 53,412,364                     | -                           | 788,702                | 54,201,066         | 35,757,352                     | -                           | (808,880)              | 34,948,472         |
|  |       | 106,989,956                    | -                           | 1,181,909              | 108,171,865        | 47,828,618                     | -                           | (809,244)              | 47,019,374         |
| <b>Shares:</b>                             |       |                                |                             |                        |                    |                                |                             |                        |                    |
| <b>Listed Companies</b>                    |       |                                |                             |                        |                    |                                |                             |                        |                    |
| Ordinary shares                            | 9.2.1 | 2,527,798                      | (16,569)                    | (680,479)              | 1,830,750          | 1,945,078                      | -                           | 20,675                 | 1,965,753          |
| Preference shares                          |       | 136,589                        | (136,589)                   | -                      | -                  | 136,589                        | (136,589)                   | -                      | -                  |
| <b>Unlisted Companies</b>                  |       |                                |                             |                        |                    |                                |                             |                        |                    |
| Ordinary shares                            |       | 11,000                         | -                           | -                      | 11,000             | 11,000                         | -                           | -                      | 11,000             |
|  |       | 2,675,387                      | (153,158)                   | (680,479)              | 1,841,750          | 2,092,667                      | (136,589)                   | 20,675                 | 1,976,753          |
| <b>Non Government Debt Securities</b>      |       |                                |                             |                        |                    |                                |                             |                        |                    |
| <b>Listed</b>                              |       |                                |                             |                        |                    |                                |                             |                        |                    |
| Term Finance Certificates                  |       | 305,183                        | (155,169)                   | (14)                   | 150,000            | 305,183                        | (155,169)                   | (14)                   | 150,000            |
| Sukuk Certificates                         |       | 352,667                        | -                           | 2,645                  | 355,312            | 396,750                        | -                           | (6,447)                | 390,303            |
| <b>Unlisted</b>                            |       |                                |                             |                        |                    |                                |                             |                        |                    |
| Term Finance Certificates                  | 9.2.2 | 1,200,064                      | (214,882)                   | -                      | 985,182            | 1,179,739                      | (214,882)                   | -                      | 964,857            |
| Sukuk Certificates                         |       | 1,450,000                      | -                           | -                      | 1,450,000          | 1,458,333                      | -                           | -                      | 1,458,333          |
| Preference shares                          | 9.2.3 | 27,733                         | -                           | -                      | 27,733             | 27,733                         | -                           | -                      | 27,733             |
|  |       | 3,335,647                      | (370,051)                   | 2,631                  | 2,968,227          | 3,367,738                      | (370,051)                   | (6,461)                | 2,991,226          |
| <b>Foreign Securities</b>                  |       |                                |                             |                        |                    |                                |                             |                        |                    |
| Government Debt Securities                 |       | 3,090,576                      | -                           | (707,507)              | 2,383,069          | -                              | -                           | -                      | -                  |
| Non Government Debt Securities             |       | 533,664                        | -                           | (174,984)              | 358,680            | -                              | -                           | -                      | -                  |
| Ordinary shares                            |       | 2,406                          | -                           | -                      | 2,406              | 2,406                          | -                           | -                      | 2,406              |
|  |       | 3,626,646                      | -                           | (882,491)              | 2,744,155          | 2,406                          | -                           | -                      | 2,406              |
| <b>Held-to-maturity securities</b>         |       |                                |                             |                        |                    |                                |                             |                        |                    |
| <b>Federal Government Securities:</b>      |       |                                |                             |                        |                    |                                |                             |                        |                    |
| Pakistan Investment Bonds                  | 9.2.4 | 36,364,285                     | -                           | -                      | 36,364,285         | 32,859,882                     | -                           | -                      | 32,859,882         |
| <b>Associates</b>                          |       |                                |                             |                        |                    |                                |                             |                        |                    |
| Omar Jibran Engineering Industries Limited | 9.2.5 | 180,000                        | -                           | -                      | 180,000            | 180,000                        | -                           | -                      | 180,000            |
| Veda Transit Solutions Private Limited     |       | 41,800                         | -                           | -                      | 41,800             | 972                            | -                           | -                      | 972                |
| Intercity Touring Company Private Limited  |       | 20,267                         | -                           | -                      | 20,267             | 20,267                         | -                           | -                      | 20,267             |
|  |       | 242,067                        | -                           | -                      | 242,067            | 201,239                        | -                           | -                      | 201,239            |
| <b>Subsidiaries</b>                        |       |                                |                             |                        |                    |                                |                             |                        |                    |
| JS Global Capital Limited                  |       | 1,357,929                      | -                           | -                      | 1,357,929          | 1,357,929                      | -                           | -                      | 1,357,929          |
| JS Investments Limited                     |       | 561,192                        | -                           | -                      | 561,192            | 561,192                        | -                           | -                      | 561,192            |
|  |       | 1,919,121                      | -                           | -                      | 1,919,121          | 1,919,121                      | -                           | -                      | 1,919,121          |
| <b>Total Investments</b>                   |       | <b>184,118,906</b>             | <b>(523,209)</b>            | <b>(354,713)</b>       | <b>183,240,984</b> | <b>143,872,758</b>             | <b>(506,640)</b>            | <b>(797,648)</b>       | <b>142,568,470</b> |

**9.2.1** Included herein are the investments in related parties amounting to Rs.2,094.226 million (December 31, 2019: Rs.1,552.306 million) having market value of Rs.1,501.011 million (December 31, 2019: Rs.1,554.335 million).

**9.2.2** Included herein is the investment of Rs.65.022 million (December 31, 2019: Rs.65.022 million) in a related party at the rate of 6 months KIBOR + 1.75% matured on December 04, 2017. Due to weak financial position of the investee the Bank has recognised full impairment loss on these Term Finance Certificates.

**9.2.3** This represents investment in related party amounting to Rs. 27.733 million (December 31, 2019: Rs. 27.733 million).

**9.2.4** The market value of securities classified as held-to-maturity as at amounted to Rs. 35,807.008 million (December 31, 2019: Rs. 31,341.410 million).

**9.2.5** During the period, Veda Transit Solutions Private Limited, an associate of the Bank, has issued shares against advance subscription of Rs. 40.828 million made by the Bank. Resultantly, shareholding of the Bank increased to 9.12% (December 31, 2019: 8%). The Bank has classified the investment as associate on account of it's significant influence over the investee company.

## 9.2.1 Investments given as collateral

## Held-for-trading securities

## Federal Government Securities

Market Treasury Bills

8,976,924

8,978,463

-

-

## Available-for-sale securities

## Federal Government Securities:

Market Treasury Bills

10,677,219

10,840,308

4,453,165

4,452,597

Pakistan Investment Bonds

4,970,149

5,107,323

22,232,264

21,475,720

15,647,368

15,947,631

26,685,429

25,928,317

## Foreign Debt Securities

Government Debt Securities

2,827,051

2,204,314

-

-

Non Government Debt Securities

533,664

358,680

-

-

3,360,715

2,562,994

-

-

27,985,007

27,489,088

26,685,429

25,928,317

(Un-audited) (Audited)  
March 31, December 31,  
2020 2019  
----- Rupees in '000 -----

## 9.3 Provision for diminution in value of investments

## 9.3.1 Opening balance

506,640

851,940

Charge

16,569

251,675

Reversal

-

(596,975)

Reversals during the period

16,569

(345,300)

Closing Balance

523,209

506,640

## 9.3.2 Particulars of provision against debt securities

## Category of classification

## Domestic

Other assets especially mentioned

Substandard

Doubtful

Loss

(Un-audited)  
March 31, 2020

(Audited)  
December 31, 2019

NPI

Provision

NPI

Provision

----- Rupees in '000 -----

-

-

-

-

-

-

-

-

-

-

-

-

370,051

370,051

370,051

370,051

370,051

370,051

370,051

370,051

## Performing

## Non Performing

## Total

(Un-audited)

(Audited)

(Un-audited)

(Audited)

(Un-audited)

(Audited)

March 31, 2020

December 31, 2019

March 31, 2020

December 31, 2019

## 10. ADVANCES

Note

----- Rupees in '000 -----

Loans, cash credits, running finances, etc.

217,245,020

224,986,858

9,791,674

10,353,164

227,036,694

235,340,022

Bills discounted and purchased

11,712,921

11,113,114

-

-

11,712,921

11,113,114

Advances - gross

228,957,941

236,099,972

9,791,674

10,353,164

238,749,615

246,453,136

Provision against advances

General

(158,141)

(161,166)

-

-

(158,141)

(161,166)

General provision - under IFRS-9

(25,234)

(7,520)

-

-

(25,234)

(7,520)

Specific

-

-

(3,426,368)

(3,339,941)

(3,426,368)

(3,339,941)

10.3

(183,375)

(168,686)

(3,426,368)

(3,339,941)

(3,609,743)

(3,508,627)

Advances - net of provision

228,774,566

235,931,286

6,365,306

7,013,223

235,139,872

242,944,509

(Un-audited) (Audited)  
March 31, December 31,  
2020 2019  
----- Rupees in '000 -----

## 10.1 Particulars of advances (gross)

In local currency

228,720,507

237,733,122

In foreign currencies

10,029,108

8,720,014

238,749,615

246,453,136

10.2 Advances include Rs.9,791.674 million (December 31, 2019: Rs.10,353.164 million) which have been placed under non-performing status as detailed below:

| Category of Classification        | (Un-audited)<br>March 31,<br>2020 |                  | (Audited)<br>December 31,<br>2019 |                  |
|-----------------------------------|-----------------------------------|------------------|-----------------------------------|------------------|
|                                   | Non<br>Performing<br>Loans        | Provision        | Non<br>Performing<br>Loans        | Provision        |
|                                   | Rupees in '000                    |                  |                                   |                  |
| Domestic                          |                                   |                  |                                   |                  |
| Other Assets Especially Mentioned | 444,969                           | 534              | 841,058                           | 1,721            |
| Substandard                       | 567,786                           | 38,332           | 1,159,072                         | 64,681           |
| Doubtful                          | 2,666,090                         | 415,463          | 2,442,270                         | 426,283          |
| Loss                              | 6,112,829                         | 2,972,039        | 5,910,764                         | 2,847,256        |
| <b>Total</b>                      | <b>9,791,674</b>                  | <b>3,426,368</b> | <b>10,353,164</b>                 | <b>3,339,941</b> |

### 10.3 Particulars of provision against advances

| Note                   | (Un-audited)<br>March 31, 2020         |                |               |                  | (Audited)<br>December 31, 2019         |                |              |                  |
|------------------------|--|----------------|---------------|------------------|--|----------------|--------------|------------------|
|                        | General<br>provision -<br>under IFRS-9 |                |               |                  | General<br>provision -<br>under IFRS-9 |                |              |                  |
|                        | Specific                               | General        | Total         |                  | Specific                               | General        | Total        |                  |
| Rupees in '000         |  |                |               |                  |  |                |              |                  |
| Opening balance        | 3,339,941                              | 161,166        | 7,520         | 3,508,627        | 2,989,888                              | 155,661        | 10,746       | 3,156,295        |
| Exchange adjustments   | -                                      | -              | 1,671         | -                | -                                      | -              | 1,095        | 1,095            |
| Charge for the year    | 115,295                                | -              | 16,043        | 131,338          | 880,994                                | 5,505          | -            | 886,499          |
| Reversals              | (28,868)                               | (3,025)        | -             | (31,893)         | (526,146)                              | -              | (4,321)      | (530,467)        |
|                        | 86,427                                 | (3,025)        | 16,043        | 99,445           | 354,848                                | 5,505          | (4,321)      | 356,032          |
| Amounts written off    | -                                      | -              | -             | -                | (4,795)                                | -              | -            | (4,795)          |
| <b>Closing balance</b> | <b>3,426,368</b>                       | <b>158,141</b> | <b>25,234</b> | <b>3,608,072</b> | <b>3,339,941</b>                       | <b>161,166</b> | <b>7,520</b> | <b>3,508,627</b> |

10.3.1 The general provision is maintained to create general reserves against following advances portfolios in accordance with the prudential regulations issued by State Bank of Pakistan as follows:

|                    | (Un-audited)<br>March 31,<br>2020 | (Audited)<br>December 31,<br>2019 | (Un-audited)<br>March 31,<br>2020 | (Audited)<br>December 31,<br>2019 |
|--------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|                    | Secured portfolio                 |                                   | Unsecured portfolio               |                                   |
|                    | Percentages                       |                                   |                                   |                                   |
| Consumer financing | 1%                                | 1%                                | 4%                                | 4%                                |
| Housing finance    | 0.5%                              | 0.5%                              | -                                 | -                                 |

10.3.2 This represents general provision held under IFRS 9 by Bahrain branch of the Bank.

10.3.3 The State Bank of Pakistan through various circulars has allowed benefit of the forced sale value (FSV) of Plant and Machinery under charge, pledged stock and mortgaged residential, commercial and industrial properties (land and building only) held as collateral against non-performing loans (NPLs) for a maximum of five years from the date of classification. As at March 31, 2020, the Bank has availed cumulative benefit of FSV of Rs.4,268.886 million (December 31, 2019: Rs.4,120.009 million) under the directives of the SBP. Had the benefit not been taken the unappropriated profit after tax would have reduced by Rs.2,774.776 million (December 31, 2019: Rs. 2,678.006 million). Further, as required by the SBP directives, this unappropriated profit will not be available for distribution as dividend or other appropriations.

| Note   | (Un-audited)<br>March 31,<br>2020 | (Audited)<br>December<br>31, 2019 |
|--|-----------------------------------|-----------------------------------|
|  | Rupees in '000                    |                                   |
| <b>11. FIXED ASSETS</b>                        |                                   |                                   |
| Capital work-in-progress                       | 11.1                              | 173,975                           |
| Property and equipment                         | 11.2 & 11.3                       | 5,853,756                         |
| Right-of-use assets                            | 11.3                              | 3,365,467                         |
|  |                                   | <b>9,393,198</b>                  |
| <b>11.1 Capital work-in-progress</b>           |                                   |                                   |
| Civil works                                    |                                   | 139,366                           |
| Advance for purchase of furniture and fixtures |                                   | 290                               |
| Advance for purchase of equipment              |                                   | 34,319                            |
|  |                                   | <b>173,975</b>                    |

| Note                                      | Un-audited        |                   | (Audited)         |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | March 31,<br>2020 | March 31,<br>2019 | March 31,<br>2020 | March 31,<br>2019 |
| Rupees in '000                            |                   |                   |                   |                   |
| Capital work-in-progress - net            | 35,808            | 131,984           | -                 | -                 |
| <b>Property and equipment</b>             |                   |                   |                   |                   |
| Lease hold improvements                   | 35,126            | -                 | 29                | 1,789             |
| Furniture and fixture                     | 20,149            | 20,436            | 43                | 289               |
| Electrical, office and computer equipment | 69,999            | 151,687           | 226               | 3,149             |
| Vehicles                                  | 49                | -                 | 764               | 11,824            |
|   | <b>125,322</b>    | <b>172,123</b>    | <b>1,063</b>      | <b>17,051</b>     |
|   | <b>161,130</b>    | <b>304,107</b>    | <b>1,063</b>      | <b>17,051</b>     |

| Note                             | (Un-audited)<br>March 31,<br>2020 | (Audited)<br>December<br>2019 |
|----------------------------------|-----------------------------------|-------------------------------|
|                                  | Rupees in '000                    |                               |
| <b>11.3 Assets held for sale</b> |                                   |                               |
| Building on leasehold land       | 11.3.1                            | 374,000                       |

**11.3.1** In 2019, Bank had entered into an agreement to sell the Bank property located at 13th floor of Ocean Tower, plot No. G-3, Khayaban-e-Iqbal, Block 9, KDA Scheme No. 5, Clifton Karachi, Pakistan ("Property"). The Bank has initiated the necessary legal proceedings which are expected to be completed in next quarter, accordingly, the property is measured as a non-current asset held for sale.

|             |   | (Un-audited)<br>March 31,<br>2020 | (Audited)<br>December 31,<br>2019 |
|-------------|---|-----------------------------------|-----------------------------------|
|             |   | ---- Rupees in '000 ----          |                                   |
| <b>11.3</b> | <b>The carrying amounts of right-of-use assets</b>                              |                                   |                                   |
|             |   |                                   |                                   |
|             | Opening balance   | 3,593,492                         | 4,461,250                         |
|             | Additional impact arised during the period - net                                | -                                 | 42,563                            |
|             | Depreciation  | (228,025)                         | (910,321)                         |
|             | Closing balance   | <u>3,365,467</u>                  | <u>3,593,492</u>                  |
| <b>12.</b>  | <b>INTANGIBLE ASSETS</b>  |                                   |                                   |
|             |   |                                   |                                   |
|             | Capital work-in-progress  | 12.1 50,661                       | 97,744                            |
|             | Computer software and goodwill  | 12.2 <u>2,229,786</u>             | <u>2,173,616</u>                  |
|             |   | <u>2,280,447</u>                  | <u>2,271,360</u>                  |
| <b>12.1</b> | <b>Capital work-in-progress</b>   |                                   |                                   |
|             | Advance for purchase of software  | <u>50,661</u>                     | <u>97,744</u>                     |
|             |   |                                   |                                   |
|             |   | ----- Un-audited -----            |                                   |
|             |   | March 31,<br>2020                 | March 31,<br>2019                 |
| <b>12.2</b> | <b>Additions to intangible assets</b>   |                                   |                                   |
|             |   | ----- Rupees in '000 -----        |                                   |
|             | The following additions have been made to intangible assets during the period:  |                                   |                                   |
|             |   |                                   |                                   |
|             | Capital work-in-progress - net  | -                                 | 73,340                            |
|             | Computer software   | <u>35,489</u>                     | <u>4,846</u>                      |
|             |   | <u>35,489</u>                     | <u>78,186</u>                     |
|             |   |                                   |                                   |
|             |   | (Un-audited)<br>March 31,<br>2020 | (Audited)<br>December 31,<br>2019 |
| <b>13.</b>  | <b>OTHER ASSETS</b>   |                                   |                                   |
|             |   | ---- Rupees in '000 ----          |                                   |
|             |   |                                   |                                   |
|             | Income/ Mark-up accrued in local currency                                       | 8,523,702                         | 8,731,263                         |
|             | Income/ Mark-up accrued in foreign currency                                     | 130,019                           | 48,511                            |
|             | Advances, deposits, advance rent and other prepayments                          | 675,266                           | 446,321                           |
|             | Acceptances   | 2,490,426                         | 3,221,212                         |
|             | Dividend receivable   | -                                 | 208,948                           |
|             | Taxation (payments less provision)  | 352,961                           | 573,873                           |
|             | Receivable against bancassurance / bancatakaful                                 | 111,114                           | 67,952                            |
|             | Stationery and stamps in hand   | 20,171                            | 23,290                            |
|             | Receivable from other banks in respect of remittance                            | 537,455                           | 495,660                           |
|             | Non-banking assets acquired in satisfaction of claims                           | 1,086,443                         | 1,088,682                         |
|             | Mark to market gain on derivative instruments                                   | 28,569                            | 22,408                            |
|             | Mark to market gain on forward foreign exchange contracts                       | 441,195                           | 65,955                            |
|             | Advance for subscription of TFC - unsecured                                     | 9.2.5 -                           | 40,828                            |
|             | ATM settlement account  | 71,609                            | 106,119                           |
|             | Others  | 461,588                           | 367,088                           |
|             |   | <u>14,930,518</u>                 | <u>15,508,110</u>                 |
|             | Less: Provision held against other assets                                       | 13.1 (13,580)                     | (13,580)                          |
|             | Other assets (net of provisions)  | <u>14,916,938</u>                 | <u>15,494,530</u>                 |
|             | Surplus on revaluation of non-banking assets acquired in satisfaction of claims | 93,712                            | 93,743                            |
|             | Other assets - total  | <u>15,010,650</u>                 | <u>15,588,273</u>                 |

|   | (Un-audited)<br>March 31,<br>2020 | (Audited)<br>December<br>31, 2019 |
|---|-----------------------------------|-----------------------------------|
| ---- Rupees in '000 ----                                    |                                   |                                   |
| <b>13.1 Movement in provision held against other assets</b> |                                   |                                   |
| Opening balance   | 13,580                            | 15,860                            |
| Charge for the period                                       | -                                 | -                                 |
| Reversal for the period                                     | -                                 | (2,280)                           |
| Net charge for the period                                   | -                                 | (2,280)                           |
| Closing balance   | 13,580                            | 13,580                            |

**14. BILLS PAYABLE**

|                  |           |           |
|------------------|-----------|-----------|
| In Pakistan      | 4,228,751 | 3,583,500 |
| Outside Pakistan | 236,364   | 220,991   |
|                  | 4,465,115 | 3,804,491 |

**15. BORROWINGS****Secured**

Borrowings from State Bank of Pakistan under:

|  |            |            |
|--|------------|------------|
| Export Refinancing Scheme (ERF)                                | 17,442,496 | 17,792,778 |
| Long-Term Finance Facility (LTFF)                              | 1,833,961  | 1,877,760  |
| Financing Facility for Storage of Agricultural Produce (FFSAP) | 385,165    | 300,440    |
| Repurchase agreement borrowings                                | -          | 16,849,097 |
|  | 19,661,622 | 36,820,075 |

**Borrowing from financial institutions**

|   |            |            |
|---|------------|------------|
| Repurchase agreement borrowings         | 26,756,075 | 12,746,732 |
| Refinancing facility for mortgage loans | 1,946,747  | 1,961,128  |
|   | 28,702,822 | 14,707,860 |

**Total secured**

|            |            |
|------------|------------|
| 48,364,444 | 51,527,935 |
|------------|------------|

**Unsecured**

|                           |           |           |
|---------------------------|-----------|-----------|
| Call borrowings           | 1,195,894 | 2,303,356 |
| Overdrawn nostro accounts | 273,315   | 636,992   |

**Total unsecured**

|           |           |
|-----------|-----------|
| 1,469,209 | 2,940,348 |
|-----------|-----------|

|            |            |
|------------|------------|
| 49,833,653 | 54,468,283 |
|------------|------------|

**15.1 Particulars of borrowings**

|                       |            |            |
|-----------------------|------------|------------|
| In local currency     | 46,096,378 | 51,527,935 |
| In foreign currencies | 3,737,275  | 2,940,348  |
|                       | 49,833,653 | 54,468,283 |

**16. DEPOSITS AND OTHER ACCOUNTS**

|                               | March 31, 2020       |                          |             | December 31, 2019    |                          |             |
|-------------------------------|----------------------|--------------------------|-------------|----------------------|--------------------------|-------------|
|                               | In Local<br>Currency | In Foreign<br>Currencies | Total       | In Local<br>Currency | In Foreign<br>Currencies | Total       |
| ----- Rupees in '000 -----    |                      |                          |             |                      |                          |             |
| <b>Customers</b>              |                      |                          |             |                      |                          |             |
| Current deposits              | 65,893,899           | 6,788,278                | 72,682,177  | 70,341,319           | 6,412,941                | 76,754,260  |
| Savings deposits              | 79,273,334           | 3,460,800                | 82,734,134  | 73,442,779           | 2,898,794                | 76,341,573  |
| Term deposits                 | 176,197,022          | 10,602,532               | 186,799,554 | 164,602,876          | 11,409,815               | 176,012,691 |
| Margin accounts               | 5,567,309            | 26,180                   | 5,593,489   | 5,455,786            | 15,234                   | 5,471,020   |
|                               | 326,931,564          | 20,877,790               | 347,809,354 | 313,842,760          | 20,736,784               | 334,579,544 |
| <b>Financial Institutions</b> |                      |                          |             |                      |                          |             |
| Current deposits              | 1,159,383            | -                        | 1,159,383   | 859,151              | -                        | 859,151     |
| Savings deposits              | 12,491,724           | -                        | 12,491,724  | 13,450,440           | -                        | 13,450,440  |
| Term deposits                 | 17,786,000           | -                        | 17,786,000  | 20,900,829           | -                        | 20,900,829  |
|                               | 31,437,107           | -                        | 31,437,107  | 35,210,420           | -                        | 35,210,420  |
|                               | 358,368,671          | 20,877,790               | 379,246,461 | 349,053,180          | 20,736,784               | 369,789,964 |

## 17. SUBORDINATED DEBT

|  | (Un-audited)<br>March 31,<br>2020 | (Audited)<br>December 31,<br>2019 |
|--|-----------------------------------|-----------------------------------|
|  | ----- Rupees in '000 -----        |                                   |
| Term Finance Certificates - First Issue  | 17.1                              | 2,996,400                         |
| Term Finance Certificates - Second Issue | 17.2                              | 1,998,400                         |
| Term Finance Certificates - Third Issue  | 17.3                              | 2,500,000                         |
|  | <b>7,494,800</b>                  | <b>7,494,800</b>                  |

- 17.1** In 2016, the Bank has issued Rs.3 billion of rated, privately placed, unsecured and subordinated term finance certificates ("TFCs" or "the Issue") as an instrument of redeemable capital under Section 120 of the Companies Ordinance, 1984 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the issue are:

|                         |  |
|-------------------------|--|
| Purpose:                | To contribute toward the Bank's Tier II Capital for complying with the Capital Adequacy Ratio requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.   |
| Issue date              | December 14, 2016  |
| Tenure:                 | Up to Seven years from the Issue date.   |
| Maturity Date:          | December 14, 2023  |
| Rating                  | A + (Single A Plus)  |
| Profit Rate:            | Floating rate of return at Base rate + 1.4 percent per annum;<br>Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period  |
| Profit payment:         | Semi-annual  |
| Redemption:             | The instrument is structured to redeem 0.24% of the Issue amount during the first six years after the Issue date and the remaining Issue amount of 99.76% in two equal semi-annual installments of 49.88% each in the last year.   |
| Security:               | The Issue is unsecured and subordinated as to payment of Principal and profit to all other indebtedness of the Bank.   |
| Call Option:            | Exercisable in part or in full on or after the 10th redemption, subject to SBP's approval.   |
| Lock-in-clause:         | Principal and profit will be payable subject to compliance with MCR or CAR set by SBP.   |
| Loss absorbency clause: | Upon the occurrence of a Point of Non-Viability event as defined by SBP's Basel III Capital Rule vide BPRD Circular # 6 of 2013 dated August 15, 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger as declared by SBP of the non-viability event as declared by SBP, subject to a cap of 467,836,257 shares. |

- 17.2** In 2017, the Bank has issued Rs.2 billion of rated, privately placed and listed, unsecured and subordinated term finance certificates ("TFCs" or "the Issue") as an instrument of redeemable capital under Section 66 of the Companies Act, 2017 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the Issue are:

|                 |   |
|-----------------|---|
| Purpose:        | To contribute toward the Bank's Tier II Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of   |
| Issue date      | December 29, 2017   |
| Tenure:         | Up to Seven years from the Issue date.  |
| Maturity Date:  | December 29, 2024   |
| Rating          | A + (Single A Plus)   |
| Profit Rate:    | Floating rate of return at Base rate + 1.4 percent per annum;<br>Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period |
| Profit payment: | Semi-annual   |



|                         |  |
|-------------------------|--|
| Redemption:             | The instrument is structured to redeem 0.24% of the Issue amount during the first six years after the Issue date and the remaining Issue amount of 99.76% in two equal semi-annual installments of 49.88% each in the last year.   |
| Security:               | The Issue is unsecured and subordinated as to payment of Principal and profit to all other indebtedness of the Bank.   |
| Call Option:            | Exercisable in part or in full on or after the 10th redemption, with prior approval of SBP.  |
| Lock-in-clause:         | Principal and profit will be payable subject to compliance with MCR or CAR set by SBP.   |
| Loss absorbency clause: | Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger of Point of Non-Viability (PONV) as declared by SBP, subject to a cap of 319,982,544 shares. |

**17.3** In 2018, the Bank has issued Rs.2.5 billion of rated, privately placed and listed, unsecured, subordinated, perpetual and non-cumulative additional Tier I capital term finance certificates ("TFCs" or "the Issue") as an instrument of redeemable capital under Section 66(1) of the Companies Act, 2017 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 (the "Circular") and Basel III guidelines. Summary of terms and conditions of the Issue are:

|                           |   |
|---------------------------|---|
| Purpose:                  | To contribute toward the Bank's Tier I Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.   |
| Issue date                | December 31, 2018   |
| Maturity date:            | Perpetual   |
| Rating                    | A (Single A)  |
| Profit Rate:              | Floating rate of return at Base rate + 2.25 percent per annum;<br>Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period. |
| Profit payment frequency: | Semi-annually on a non-cumulative basis   |
| Redemption:               | Not applicable  |
| Security:                 | The Issue is unsecured and subordinated as to payment of Principal and profit to all other claims except common shares.   |
| Call Option:              | Exercisable in part or in full at a par value on or after five years from the issue date, with prior approval of SBP. The Bank shall not exercise the call option unless the called instrument is replaced with capital of same or better quality.  |
| Lock-in-clause:           | Payment of profit will be made from current year's earning and subject to compliance with MCR or CAR set by SBP.  |

**Loss absorbency clause:**

|                               |  |
|-------------------------------|--|
| Pre-Specified Trigger ("PST") | <p>Upon the occurrence of a Pre-Specified Trigger as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013, which stipulates that if an Issuer's Common Equity Tier 1 ("CET 1") ratio falls to or below 6.625% of Risk Weighted Assets ("RWA"), the Issuer will have full discretion to determine the amount of TFCs to be permanently converted into common shares or written off, subject to SBP regulations / instructions, and the cap specified below. The Bank will be able to exercise this discretion subject to:</p> <ul style="list-style-type: none"> <li>- If and when Bank's CET 1 reaches the loss absorption trigger point, the aggregate amount of Additional Tier-1 capital to be converted must at least be the amount sufficient to immediately return the CET 1 ratio to above 6.625% of total RWA (if possible);</li> <li>- The converted amount should not exceed the amount needed to bring the CET 1 ratio to 8.5% of RWA (i.e. minimum CET 1 of 6.0% plus capital conservation buffer of 2.5%); and</li> <li>- In case, conversion of Additional Tier-1 capital Instrument is not possible following the trigger event, the amount of the Instrument must be written off in the accounts resulting in increase in CET 1 of the Issuer.</li> </ul> |
| Point of Non-Viability        | <p>Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013, which stipulates that SBP may, at its option, fully and permanently convert the TFCs into common shares of the Issuer and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Value of the TFCs' divided by market value per share of the Issuer's common / ordinary share on the date of the PONV trigger event as declared by SBP, subject to the cap specified below:</p>   |

The PONV trigger event is the earlier of:

- A decision made by SBP that a conversion or temporary / permanent write-off is necessary without which the Issuer would become non-viable;
- The decision to make a public sector injection of capital, or equivalent support, without which the Issuer would have become non-viable, as determined by SBP; and
- The maximum number of shares to be issued to TFC holders at the Pre-Specified Trigger and / or Point of Non Viability (or otherwise as directed by SBP) will be subject to a specified cap of 329,595,476 ordinary shares, or such other number as may be agreed to in consultation with SBP.

|  | (Un-audited)<br>March 31,<br>2020 | (Audited)<br>December 31,<br>2019 |
|--|-----------------------------------|-----------------------------------|
|  | ---- Rupees in '000 ----          |                                   |
| <b>18. DEFERRED TAX (ASSETS) / LIABILITIES</b>                                     |                                   |                                   |
| <b>Deferred tax debits arising from:</b>   |                                   |                                   |
| Provision against investments  | (57,149)                          | (57,149)                          |
| Provision against loans and advances   | (139,460)                         | (132,305)                         |
| Provision against other assets   | (719,961)                         | (628,569)                         |
| General provision under IFRS-9   | (20,213)                          | (3,097)                           |
| Intangible other than Goodwill   | (2,623)                           | (2,514)                           |
| Unrealised loss on revaluation of<br>investments classified as held for trading    | 8,301                             | (1,218)                           |
| Deficit on revaluation of investments<br>classified as available for sale          | (121,215)                         | (278,261)                         |
|  | <u>(1,052,320)</u>                | <u>(1,103,113)</u>                |
| <b>Deferred tax credits arising due to:</b>  |                                   |                                   |
| Fixed assets   | 248,556                           | 250,858                           |
| Goodwill   | 512,268                           | 512,268                           |
| Surplus on revaluation of operating fixed assets                                   | 297,034                           | 299,034                           |
| Surplus on revaluation of non-banking<br>assets acquired in satisfaction of claims | 956                               | 967                               |
| Mark to market gain on forward foreign exchange contracts                          | 154,418                           | 23,085                            |
| Unrealized gain on revaluation of derivative instruments                           | 9,999                             | 8,145                             |
|  | <u>1,223,231</u>                  | <u>1,094,357</u>                  |
|  | <u>170,911</u>                    | <u>(8,756)</u>                    |
| <b>19. OTHER LIABILITIES</b>   |                                   |                                   |
| Mark-up / return / interest payable in local currency                              | 6,236,659                         | 4,092,845                         |
| Mark-up / return / interest payable in foreign currency                            | 81,867                            | 72,782                            |
| Unearned income on guarantees  | 107,941                           | 99,505                            |
| Accrued expenses   | 386,048                           | 304,086                           |
| Acceptances  | 2,490,426                         | 3,221,212                         |
| Unclaimed dividends  | 4,214                             | 4,214                             |
| Payable in respect of defined benefit obligation - net                             | 205,420                           | 151,881                           |
| Government duties  | 313,004                           | 352,575                           |
| Donation payable   | 12,641                            | 1,991                             |
| Lease key money deposit  | 3,955,576                         | 4,149,235                         |
| Sindh Workers' Welfare Fund  | 78,805                            | 73,777                            |
| Payable against remittance   | 504,681                           | 446,387                           |
| Visa debit card payable  | 411,304                           | 158,574                           |
| Retention money payable  | 38,941                            | 34,248                            |
| Lease liability against right-of-use assets  | 3,471,582                         | 3,696,371                         |
| Advance against assets held for sale   | 37,500                            | 37,500                            |
| Others   | 448,090                           | 32,818                            |
|  | <u>18,784,699</u>                 | <u>16,930,001</u>                 |

#### 19.1 Lease liabilities

The carrying amounts of lease liabilities and the movements during the period / year is as below:

|  |                  |                  |
|--|------------------|------------------|
| Opening balance                                  | 3,696,371        | 4,153,244        |
| Additional impact arised during the period - net |                  | 42,563           |
| Borrowing cost                                   | 116,068          | 507,361          |
| Payments   | (340,857)        | (1,006,797)      |
| Closing balance                                  | <u>3,471,582</u> | <u>3,696,371</u> |

(Un-audited) (Audited)  
March 31, December 31,  
2020 2019

----- Rupees in '000 -----

## 20. SURPLUS ON REVALUATION OF ASSETS

Surplus / (deficit) on revaluation of:

Available-for-sale securities

Fixed assets

Non-banking assets acquired in satisfaction of claims

|            |           |           |
|------------|-----------|-----------|
| 8.1 & 20.1 | (346,328) | (795,030) |
| 20.2       | 1,354,012 | 1,359,727 |
|            | 93,712    | 93,743    |
|            | 1,101,396 | 658,440   |

Deferred tax on (deficit) / surplus on revaluation of:

Available-for-sale securities

Fixed assets

Non-banking assets acquired in satisfaction of claims

|           |           |
|-----------|-----------|
| 121,215   | 278,261   |
| (297,034) | (299,034) |
| (956)     | (967)     |
| (176,775) | (21,740)  |
| 924,621   | 636,700   |

**20.1** This includes general provision under IFRS 9 of Rs. 32.102 million (December 31, 2019: Rs. Nil) by Bahrain branch of the Bank.

**20.2** This includes Rs. 141.731 million (December 31, 2019: Rs. 141.731 million) which relates to assets held for sale as disclosed in note 11.3.

## 21. CONTINGENCIES AND COMMITMENTS

Guarantees

21.1 44,678,469 45,650,803

Commitments

21.2 101,858,270 76,025,492

146,536,739 121,676,295

### 21.1 Guarantees:

Financial guarantees

2,753,174 2,464,411

Performance guarantees

21,052,052 21,483,841

Other guarantees

20,873,243 21,702,551

21.1.1 44,678,469 45,650,803

**21.1.1** Included herein are outstanding guarantees of Rs.24.125 million (December 31, 2019: Rs.14.217 million) of related parties.

### 21.2 Commitments:

**Documentary credits and short-term trade-related transactions**

- letters of credit

21.2.1 16,081,747 13,965,258

**Commitments in respect of:**

- Forward foreign exchange contracts

21.2.2 69,968,560 55,111,366

- Derivative instruments

21.2.3 15,500,922 6,745,592

- Forward lending

21.2.4 160,693 72,183

**Commitments for acquisition of:**

- Fixed assets

21.2.5 146,348 131,093

101,858,270 76,025,492

**21.2.1** Included herein are the outstanding letter of credits of Rs. 51.007 million (December 31, 2019: Rs.44.368 million) of related parties.

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

Purchase

37,150,341 33,104,108

Sale

32,818,219 22,007,258

69,968,560 55,111,366

The Bank utilises foreign exchange instruments to meet the needs of its customers and as part of its asset and liability management activity to hedge its own exposure to currency risk. At year end, all foreign exchange contracts have a remaining maturity of less than one year.

### 21.2.3 Commitments in respect of derivative instruments

Purchase

4,303,565 3,622,107

Sale

11,197,357 3,123,485

15,500,922 6,745,592

#### 21.2.3.1 Interest rate swaps (notional principal)

Purchase

1,764,876 2,099,175

Sale

1,765,876 2,100,175

3,530,752 4,199,350

#### 21.2.3.2 Options (notional principal)

Purchase

1,664,286 1,023,310

Sale

3,206,296 1,023,310

4,870,582 2,046,620

#### 21.2.3.3 Commitments in respect of forward government securities

Purchase

874,403 499,622

Sale

6,225,185 -

7,099,588 499,622

(Un-audited) (Audited)  
March 31, December 31,  
2020 2019  
----- Rupees in '000 -----

#### 21.2.4 Commitments in respect of forward lending

Undrawn formal standby facilities, credit lines and other commitments to lend 160,693 72,183

21.2.4. These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.

21.2.5 Commitments for acquisition of fixed assets 146,348 131,093

21.2.6 There are no changes in contingent liabilities since the date of annual unconsolidated audited financial statements for the year ended December 31, 2019.

#### 22. Derivative Instruments

Derivative instruments, such as Forward Exchange Contracts, Interest Rate Swaps, Interest Rate Swaps and Options, are forward transactions that provide market making opportunities / hedge against the adverse movement of interest and exchange rates. Derivatives business also provides risk solutions for the existing and potential customers of the Bank.

The Bank has entered into a Cross Currency Swap transaction with its customer on back-to-back basis with an Authorized Derivative Dealer (ADD) without carrying any open position in its books. Specific approvals for the transactions have been granted by State Bank of Pakistan. Policies in line with SBP instructions have been formulated and are operative.

The Bank has also entered into Foreign Currency & Commodity Options from its Wholesale Banking Branch Bahrain for market making activities.

These transactions cover the aspects of both market making and hedging. The risk management related to derivative is disclosed in note 45 to the unconsolidated financial statements for the year ended December 31, 2019.

Accounting policies in respect of derivative financial instruments are described in note 4.5.2 of the consolidated annual financial statements for the year ended December 31, 2019.

|                       |                           | (Un-audited)<br>March 31, 2020 |                |                    |                |                    |                |
|-----------------------|---------------------------|--------------------------------|----------------|--------------------|----------------|--------------------|----------------|
|                       |                           | Interest Rate Swaps            |                | Options            |                | Forward securities |                |
|                       |                           | Notional principal             | Mark to Market | Notional principal | Mark to Market | Notional principal | Mark to Market |
|                       |                           | ----- Rupees in '000 -----     |                |                    |                |                    |                |
| 22.1 Product analysis | With Banks for            |                                |                |                    |                |                    |                |
|                       | Hedging                   | 3,530,752                      | 11,272         | 2,667,259          | 19,647         | -                  | -              |
|                       | Market making             | -                              | -              | -                  | -              | 7,099,588          | (2,350)        |
|                       | With FIs other than banks |                                |                |                    |                |                    |                |
|                       | Hedging                   | -                              | -              | -                  | -              | -                  | -              |
|                       | Market making             | -                              | -              | -                  | -              | -                  | -              |
|                       | Total                     |                                |                |                    |                |                    |                |
|                       | Hedging                   | 3,530,752                      | 11,272         | 2,667,259          | 19,647         | -                  | -              |
|                       | Market making             | -                              | -              | -                  | -              | 7,099,588          | (2,350)        |
|                       |                           |                                |                |                    |                |                    |                |
|                       |                           | (Audited)<br>December 31, 2019 |                |                    |                |                    |                |
|                       |                           | Interest Rate Swaps            |                | Options            |                | Forward securities |                |
|                       |                           | Notional principal             | Mark to market | Notional principal | Mark to Market | Notional principal | Mark to Market |
|                       |                           | ----- Rupees in '000 -----     |                |                    |                |                    |                |
|                       | With Banks for            |                                |                |                    |                |                    |                |
|                       | Hedging                   | 4,199,350                      | 13,327         | -                  | 8,885          | -                  | -              |
|                       | Market making             | -                              | -              | -                  | -              | 499,622            | 196            |
|                       | With FIs other than banks |                                |                |                    |                |                    |                |
|                       | Hedging                   | -                              | -              | -                  | -              | -                  | -              |
|                       | Market making             | -                              | -              | -                  | -              | -                  | -              |
|                       | Total                     |                                |                |                    |                |                    |                |
|                       | Hedging                   | 4,199,350                      | 13,327         | -                  | 8,885          | -                  | -              |
|                       | Market making             | -                              | -              | -                  | -              | 499,622            | 196            |
|                       |                           |                                |                |                    |                |                    |                |

At the exchange rate prevailing at the end of the reporting period.

22.1.1 The notional value of options includes Rs. 1,101.661 million (December 31, 2019: Rs. 1,023.310 million) and the Bank has entered back to back arrangement to close the position at period end.

|   |             | ----- Un-audited -----     |                   |
|---|-------------|----------------------------|-------------------|
|   |             | March 31,<br>2020          | March 31,<br>2019 |
|   |             | ----- Rupees in '000 ----- |                   |
| <b>23. MARK-UP / RETURN / INTEREST EARNED</b>                                 | <b>Note</b> |                            |                   |
| On:   |             |                            |                   |
| Loans and advances  |             | 8,319,959                  | 7,081,085         |
| Investments   |             | 4,166,388                  | 2,079,664         |
| Lendings to financial institutions  |             | 3,581                      | 22,560            |
| Balance with banks  |             | 5,202                      | 11,876            |
| Securities purchased under resale agreements                                  |             | 428,340                    | 143,350           |
|   |             | <u>12,923,470</u>          | <u>9,338,535</u>  |
| <b>24. MARK-UP / RETURN / INTEREST EXPENSED</b>                               |             |                            |                   |
| Deposits  |             | 9,237,978                  | 5,556,941         |
| Borrowings  | 24.1        | 562,398                    | 1,403,695         |
| Sub-ordinated loans   |             | 282,807                    | 231,705           |
| Cost of foreign currency swaps against foreign currency deposits / borrowings |             | 182,358                    | 81,638            |
| Lease liability against right-of-use assets                                   | 19.1        | 116,068                    | -                 |
|   |             | <u>10,381,609</u>          | <u>7,273,979</u>  |
| <b>24.1 Borrowings</b>  |             |                            |                   |
| Export Refinancing Scheme (ERF)   |             | 85,420                     | 80,021            |
| Long-Term Finance Facility (LTFF)   |             | 11,433                     | 5,916             |
| Financing Facility for Storage of Agricultural Produce (FFSAP)                |             | 1,902                      | 723               |
| Securities sold under repurchase agreements                                   |             | 327,814                    | 1,179,709         |
| Other borrowings  |             | 135,829                    | 137,326           |
|   |             | <u>562,398</u>             | <u>1,403,695</u>  |
| <b>25. FEE AND COMMISSION INCOME</b>  |             |                            |                   |
| Branch banking customer fees  |             | 45,875                     | 47,408            |
| Consumer finance related fees   |             | 6,977                      | 4,898             |
| Card related fees (debit and credit cards)                                    |             | 198,996                    | 102,230           |
| Credit related fees   |             | 77,956                     | 75,427            |
| Investment banking fees   |             | 23,799                     | 35,391            |
| Commission on trade   |             | 163,558                    | 114,058           |
| Commission on guarantees  |             | 86,242                     | 84,281            |
| Commission on cash management   |             | 1,736                      | 1,563             |
| Commission on remittances including home remittances                          |             | 56,637                     | 22,081            |
| Commission on bancassurance   |             | 28,636                     | 23,990            |
| Commission on distribution of mutual funds                                    |             | 12,748                     | 40,454            |
| Commission on online Services   |             | 74,688                     | 39,784            |
| Postage & Courier income  |             | 7,168                      | 3,514             |
| Rebate income   |             | 63,042                     | 50,907            |
| Rebate on primary dealership  |             | -                          | 6,283             |
|   |             | <u>848,058</u>             | <u>652,269</u>    |
| <b>26. GAIN / (LOSS) ON SECURITIES</b>  |             |                            |                   |
| Realised  | 26.1        | 78,083                     | (53,985)          |
| Unrealised - held for trading   |             | 23,717                     | (8,385)           |
|   |             | <u>101,800</u>             | <u>(62,370)</u>   |
| <b>26.1 Realised gain / (loss) on:</b>  |             |                            |                   |
| <b>Federal government securities</b>  |             |                            |                   |
| Market treasury bills   |             | 27,955                     | 7,720             |
| Pakistan investment bonds   |             | 57,826                     | (1,370)           |
| Ijara sukuk certificates  |             | -                          | 178               |
|   |             | <u>85,781</u>              | <u>6,528</u>      |
| <b>Shares</b>   |             |                            |                   |
| Listed companies  |             | (10,670)                   | (28,564)          |
| <b>Non Government Debt Securities</b>   |             |                            |                   |
| Sukuk certificates  |             | 450                        | -                 |
| <b>Mutual fund units</b>  |             | 2,522                      | 482               |
| <b>Foreign currency bonds</b>   |             | -                          | (32,431)          |
|   |             | <u>78,083</u>              | <u>(53,985)</u>   |

|   |  | ----- Un-audited -----     |                   |
|---|--|----------------------------|-------------------|
|   |  | March 31,<br>2020          | March 31,<br>2019 |
|   |  | ----- Rupees in '000 ----- |                   |
| <b>27. OTHER INCOME - NET</b>   | <b>Note</b>  |                            |                   |
| Gain on sale of operating fixed assets - net  |  | <u>1,414</u>               | <u>23,499</u>     |
| <b>28. OPERATING EXPENSES</b>   |  |                            |                   |
| <b>Total compensation expense</b>   |  | <b>1,565,155</b>           | <b>1,312,358</b>  |
| <b>Property expense</b>   |  |                            |                   |
| Rent & taxes  |  | 7,830                      | 280,282           |
| Insurance   |  | 2,638                      | 2,638             |
| Utilities cost  |  | 58,208                     | 55,008            |
| Security (including guards)   |  | 106,609                    | 85,802            |
| Repair & maintenance (including janitorial charges)   |  | 53,353                     | 55,956            |
| Depreciation  |  | 50,017                     | 57,328            |
| Depreciation - Right of Use Assets  |  | 228,025                    | -                 |
| Depreciation on non banking assets  |  | 2,269                      | 61                |
|   |  | <b>508,949</b>             | <b>537,075</b>    |
| <b>Information technology expenses</b>  |  |                            |                   |
| Software maintenance  |  | 15,658                     | 37,338            |
| Hardware maintenance  |  | 38,378                     | 43,781            |
| Depreciation  |  | 48,778                     | 39,451            |
| Amortisation  |  | 26,740                     | 21,909            |
| Network charges   |  | 27,184                     | 26,638            |
|   |  | <b>156,738</b>             | <b>169,117</b>    |
| <b>Other operating expenses</b>   |  |                            |                   |
| Directors' fees and allowances  |  | 3,350                      | 2,200             |
| Legal & professional charges  |  | 26,688                     | 23,651            |
| Insurance   |  | 25,809                     | 24,555            |
| Outsourced services costs   |  | 32,769                     | 29,657            |
| Travelling & conveyance   |  | 23,727                     | 19,098            |
| NIFT clearing charges   |  | 8,958                      | 9,488             |
| Depreciation  |  | 73,769                     | 87,445            |
| Training & development  |  | 6,721                      | 8,848             |
| Postage & courier charges   |  | 27,779                     | 20,108            |
| Communication   |  | 32,909                     | 23,520            |
| Stationery & printing   |  | 67,084                     | 61,327            |
| Marketing, advertisement & publicity  |  | 117,412                    | 40,101            |
| Donations   |  | 12,569                     | 1,093             |
| Auditors Remuneration   |  | 3,092                      | 2,062             |
| Staff Auto fuel & maintenance   |  | 56,063                     | 30,295            |
| Bank Charges  |  | 11,369                     | 13,071            |
| Stamp Duty  |  | 3,160                      | 11,579            |
| Online verification charges   |  | 4,677                      | 4,719             |
| Brokerage, fee and commission   |  | 9,350                      | 9,151             |
| Card related fees (debit and credit cards)  |  | 1,776                      | 2,131             |
| CDC and other charges   |  | 1,080                      | 1,310             |
| Consultancy fee   |  | 9,508                      | 15,275            |
| Deposit protection corporation  | 28.1   | 34,970                     | 34,940            |
| Entertainment expenses  |  | 15,121                     | 16,083            |
| Fee and Subscription  |  | 30,245                     | 9,992             |
| Employees social security   |  | 2,233                      | 1,564             |
| Generator fuel & maintenance  |  | 20,326                     | 19,849            |
| Others  |  | 14,179                     | 7,377             |
|   |  | <b>676,693</b>             | <b>530,489</b>    |
|   |  | <b>2,907,535</b>           | <b>2,549,039</b>  |
| <b>28.1</b>   | Under the provision of section 5(2) of the Deposit Protection Corporation Act, 2016 (the Act), and DPC Circular No. 04 of 2018, the Bank is liable to pay annual premium, on quarterly basis, to the Deposit Protection Corporation, a subsidiary company of State Bank of Pakistan, @ 0.16% on eligible deposits as of December 31 of each preceding calendar year. |                            |                   |
|   | The Bank's eligible deposits as of December 31, 2019 are amounting to Rs. 87,425.180 million on which total premium is payable of Rs. 139.880 million per annum (Rs. 34.970 million per quarter).  |                            |                   |
| <b>29. WORKERS' WELFARE FUND</b>  |  |                            |                   |
| Provision held at 2% of the higher of profit before tax or taxable income to the extent of operations carried out under Sindh Workers' Welfare Act, 2014. |  |                            |                   |
|   |  | ----- Un-audited -----     |                   |
|   |  | March 31,<br>2020          | March 31,<br>2019 |
|   |  | ----- Rupees in '000 ----- |                   |
| <b>30. OTHER CHARGES</b>  |  |                            |                   |
| Penalties imposed by State Bank of Pakistan   |  | -                          | 50                |
| Others  |  | 4,044                      | 5                 |
|   |  | <b>4,044</b>               | <b>55</b>         |

----- Un-audited -----  
**March 31,                      March 31,**  
**2020                              2019**  
 ----- Rupees in '000 -----

**31. PROVISIONS AND WRITE OFFS - NET**

|  |                |                |
|--|----------------|----------------|
| Reversal in diminution in value of investments | 16,569         | (32,678)       |
| Provisions against loans & advances            | 83,402         | 284,669        |
| Other reversals                                | -              | (822)          |
| General (reversal) / provision - under IFRS-9  | 45,137         | (22,652)       |
| Fixed assets written off                       | 58,508         | -              |
|  | <u>203,616</u> | <u>228,517</u> |

**32. TAXATION**

|             |                |               |
|-------------|----------------|---------------|
| Current     | 223,292        | 137,107       |
| Prior years | -              | -             |
| Deferred    | 22,623         | (115,845)     |
|             | <u>245,915</u> | <u>21,262</u> |

**32.1** There are no material changes in tax contingencies as disclosed in annual financial statements for the year ended December 31, 2019.

----- Un-audited -----  
**March 31,                      March 31,**  
**2020                              2019**  
 ----- Rupees in '000 -----

**33. BASIC AND DILUTED EARNINGS PER SHARE**

Note

|   |      |                      |                      |
|---|------|----------------------|----------------------|
| Profit after taxation for the period - attributable to ordinary equity holders of the Bank                    |      | 382,542              | 33,405               |
| Preference dividend paid for the year<br>December 31, 2018 @ 12% p.a  | 33.1 | -                    | (24,164)             |
| Profit after taxation for the period - attributable to ordinary equity holders of the Bank for basic earnings |      | <u>382,542</u>       | <u>9,241</u>         |
| ----- Number -----  |      |                      |                      |
| Weighted average number of outstanding ordinary shares during the year for basic earnings                     |      | <u>1,297,464,262</u> | <u>1,297,464,262</u> |
| ----- Rupee -----   |      |                      |                      |
| Basic earnings per share  |      | <u>0.29</u>          | <u>0.01</u>          |

**33.1** In 2019, The shareholders of the Bank in their meeting held on March 28, 2019 approved non-cumulative preference dividend of Rs.24.164 million for the preference shareholders. Since it was not recognised as a liability at reporting period as of December 31, 2018 due to non-adjusting event in accordance with International Accounting Standard - IAS 10 "Events after the Reporting Period", the basic earnings per share of the current period has been adjusted accordingly.

**34. CASH AND CASH EQUIVALENTS**

Note

**(Un-audited)                      (Audited)**  
**March 31,                      December 31,**  
**2020                              2019**  
 ----- Rupees in '000 -----

|                                       |    |                   |                   |
|---------------------------------------|----|-------------------|-------------------|
| Cash and balances with treasury banks | 6  | 27,430,691        | 25,589,349        |
| Balances with other banks             | 7  | 1,316,033         | 462,904           |
| Overdrawn nostro accounts             | 15 | (273,315)         | (636,992)         |
|                                       |    | <u>28,473,409</u> | <u>25,415,261</u> |
| Less: General provision under IFRS 9  |    | <u>(75)</u>       | <u>(68)</u>       |
|                                       |    | <u>28,473,334</u> | <u>25,415,193</u> |

### 35. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 "Fair Value Measurement" defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for 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 4.5 to the annual unconsolidated financial statements for the year ended December 31, 2019.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are either short term in nature or in the case of customer loans and deposits are frequently repriced.

#### Fair value hierarchy

IFRS 13 requires the Bank to classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has following levels:

- Level 1:** Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2:** Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3:** Fair value measurements using unobservable inputs for the asset or liability.

#### 35.1 Valuation techniques used in determination of fair values within level

| Item  | Valuation approach and input used   |
|---|---|
| <b>Financial Instruments- Level 1</b>   |   |
| Shares of listed companies  | Fair values of investments in listed equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.  |
| <b>Financial instruments - Level 2</b>  |   |
| Units of mutual funds   | Fair values of investments in units of mutual funds are determined based on redemption prices disclosed at the Mutual Funds Association of Pakistan (MUFAP) as at the close of the business days.   |
| Market Treasury Bills(MTB) / Pakistan Investment Bonds(PIB), and GoP Sukuks (GIS)   | Fair values of Pakistan Investment Bonds and Market Treasury Bills are derived using PKRV rates (Reuters page).   |
| Debt Securities (TFCs) and Sukuk other than Government  | Investments in debt securities (comprising Term Finance Certificates, Bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the SECP.  |
| Overseas Government Sukuks, Overseas and Euro Bonds   | The fair value of Overseas Government Sukuks, and Overseas Bonds are valued on the basis of price available on Bloomberg.   |
| Forward foreign exchange contracts  | The valuation has been determined by interpolating the foreign exchange revaluation rates announced by the State Bank of Pakistan.  |
| Derivatives   | The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currencies involved, interest rates, yield curves, volatilities, contracts duration, etc.   |
| <b>Non- financial assets- Level 2</b>   |   |
| Fixed assets - Land and building  | Fixed assets and Non-banking assets under satisfaction of claims are carried at revalued amounts determined by professional valuers based on their assessment of the market values as disclosed in note 10 and 13 of the annual financial statements December 31, 2019. The valuations are conducted by the valuation experts appointed by the Bank which are also on the panel of State Bank of Pakistan. The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements. |
| Non-banking assets under satisfaction of claims   |   |
| <b>Financial instruments in level 3</b>   |   |
| Currently, no financial instruments are classified in level 3.  |   |
| 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. |   |

**35.2** The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between levels 1 and 2 during the year.

**35.3** The following table provides an analysis of financial assets that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.



|  | (Un-audited)<br>March 31, 2020 |                   |         |             |
|--|--------------------------------|-------------------|---------|-------------|
|  | Level 1                        | Level 2           | Level 3 | Total       |
|  | Rupees in '000                 |                   |         |             |
| <b>On balance sheet financial instruments</b>                      |                                |                   |         |             |
| <b>Financial assets - measured at fair value</b>                   |                                |                   |         |             |
| <b>Held-for-trading securities'</b>                                |                                |                   |         |             |
| Investments  |                                |                   |         |             |
| Federal Government Securities                                      | -                              | 28,989,514        | -       | 28,989,514  |
| <b>Available-for-sale securities</b>                               |                                |                   |         |             |
| Investments  |                                |                   |         |             |
| Federal Government Securities                                      | -                              | 108,171,865       | -       | 108,171,865 |
| Shares   | 1,830,750                      | -                 | -       | 1,830,750   |
| Non Government Debt Securities                                     | -                              | 505,312           | -       | 505,312     |
| Foreign Securities   | -                              | 2,741,749         | -       | 2,741,749   |
|  | 1,830,750                      | 111,418,926       | -       | 113,249,676 |
| <b>Financial assets - disclosed but not measured at fair value</b> |                                |                   |         |             |
| Investments  |                                |                   |         |             |
| Federal Government Securities                                      | -                              | 35,807,008        | -       | 35,807,008  |
|  | 1,830,750                      | 176,215,448       | -       | 178,046,198 |
| <b>Non-Financial assets - measured at fair value</b>               |                                |                   |         |             |
| Revalued fixed assets  | -                              | 3,791,465         | -       | 3,791,465   |
| Non-banking assets acquired in satisfaction of claims              | -                              | 1,180,155         | -       | 1,180,155   |
|  | -                              | 4,971,620         | -       | 4,971,620   |
| <b>Off balance sheet financial instruments</b>                     |                                |                   |         |             |
| <b>Commitments in respect of:</b>                                  |                                |                   |         |             |
| <b>Forward foreign exchange contracts</b>                          |                                |                   |         |             |
| Purchase   | -                              | 38,893,052        | -       | 38,893,052  |
| Sale   | -                              | 34,119,733        | -       | 34,119,733  |
| <b>Derivative instruments:</b>                                     |                                |                   |         |             |
| <b>Forward government securities</b>                               |                                |                   |         |             |
| Purchase   | -                              | 874,776           | -       | 874,776     |
| Sale   | -                              | 6,222,462         | -       | 6,222,462   |
| <b>Interest rate swaps</b>   |                                |                   |         |             |
| Purchase   | -                              | 2,622,255         | -       | 2,622,255   |
| Sale   | -                              | 2,622,255         | -       | 2,622,255   |
| <b>Options</b>   |                                |                   |         |             |
| Purchase   | -                              | 1,675,271         | -       | 1,675,271   |
| Sale   | -                              | 3,215,357         | -       | 3,215,357   |
|  |                                |                   |         |             |
|  |                                | (Audited)         |         |             |
|  |                                | December 31, 2019 |         |             |
|  | Level 1                        | Level 2           | Level 3 | Total       |
|  | Rupees in '000                 |                   |         |             |
| <b>On balance sheet financial instruments</b>                      |                                |                   |         |             |
| <b>Financial assets - measured at fair value</b>                   |                                |                   |         |             |
| <b>Held-for-trading securities'</b>                                |                                |                   |         |             |
| Investments  |                                |                   |         |             |
| Federal Government Securities                                      | -                              | 55,598,469        | -       | 55,598,469  |
| <b>Available-for-sale securities</b>                               |                                |                   |         |             |
| Investments  |                                |                   |         |             |
| Federal Government Securities                                      | -                              | 47,019,374        | -       | 47,019,374  |
| Shares   | 1,965,753                      | -                 | -       | 1,965,753   |
| Non Government Debt Securities                                     | -                              | 540,303           | -       | 540,303     |
|  | 1,965,753                      | 47,559,677        | -       | 49,525,430  |
| <b>Financial assets - disclosed but not measured at fair value</b> |                                |                   |         |             |
| Investments  |                                |                   |         |             |
| Federal Government Securities                                      | -                              | 31,341,410        | -       | 31,341,410  |
|  | 1,965,753                      | 134,499,556       | -       | 136,465,309 |
| <b>Non-Financial assets - measured at fair value</b>               |                                |                   |         |             |
| Revalued fixed assets  | -                              | 3,797,180         | -       | 3,797,180   |
| Non-banking assets acquired in satisfaction of claims              | -                              | 1,182,425         | -       | 1,182,425   |
|  | -                              | 4,979,605         | -       | 4,979,605   |
| <b>Off balance sheet financial instruments</b>                     |                                |                   |         |             |
| <b>Commitments in respect of:</b>                                  |                                |                   |         |             |
| <b>Forward foreign exchange contracts</b>                          |                                |                   |         |             |
| Purchase   | -                              | 32,885,546        | -       | 32,885,546  |
| Sale   | -                              | 21,722,741        | -       | 21,722,741  |
| <b>Derivative instruments</b>                                      |                                |                   |         |             |
| <b>Forward government securities</b>                               |                                |                   |         |             |
| Purchase   | -                              | 499,818           | -       | 499,818     |
| <b>Interest rate swaps</b>   |                                |                   |         |             |
| Purchase   | -                              | 1,474,016         | -       | 1,474,016   |
| Sale   | -                              | 2,738,661         | -       | 2,738,661   |
| <b>Options</b>   |                                |                   |         |             |
| Purchase   | -                              | 1,024,638         | -       | 1,024,638   |
| Sale   | -                              | 1,030,868         | -       | 1,030,868   |

## 36. SEGMENT INFORMATION

Segment Details with respect to Business Activities

|   | Corporate<br>Finance | Trading and<br>Sales | Retail<br>Banking | Commercial<br>Banking | Others      | Total       |
|---|----------------------|----------------------|-------------------|-----------------------|-------------|-------------|
| <b>March 31, 2020 (Un-audited)</b>      | Rupees in '000       |                      |                   |                       |             |             |
| <b>Profit &amp; Loss</b>                |                      |                      |                   |                       |             |             |
| Net mark-up/return/profit               | 117,152              | (780,637)            | 2,827,165         | 615,098               | (236,918)   | 2,541,861   |
| Inter segment revenue - net             | (1,675)              | -                    | (159,863)         | (37,499)              | 199,037     | -           |
| Non mark-up / return / interest income  | 23,245               | 289,234              | 585,135           | 231,838               | 77,366      | 1,206,819   |
| Total Income                            | 138,723              | (491,403)            | 3,252,438         | 809,437               | 39,485      | 3,748,680   |
| Segment direct expenses                 | 11,976               | 31,353               | 1,287,392         | 163,408               | 1,422,477   | 2,916,607   |
| Inter segment expense allocation        | 32,583               | 80,845               | 835,608           | 307,891               | (1,256,927) | -           |
| Total expenses                          | 44,559               | 112,199              | 2,123,001         | 471,298               | 165,550     | 2,916,607   |
| Provisions                              | 254                  | -                    | 83,638            | 44,920                | 74,805      | 203,616     |
| Profit before tax                       | 93,910               | (603,601)            | 1,045,799         | 293,219               | (200,870)   | 628,457     |
| <b>March 31, 2020 (Un-audited)</b>      |                      |                      |                   |                       |             |             |
| <b>Balance Sheet</b>                    |                      |                      |                   |                       |             |             |
| Cash & Bank balances                    | 104,314              | -                    | 25,969,755        | 2,672,579             | -           | 28,746,649  |
| Investments                             | 2,412,494            | 177,288,942          | -                 | 3,539,548             | -           | 183,240,984 |
| Net inter segment lending               | -                    | -                    | 191,450,802       | 27,587,787            | 18,229,286  | 237,267,875 |
| Lendings to financial institutions      | -                    | 3,705,731            | -                 | 138,920               | -           | 3,844,651   |
| Advances - net                          |                      |                      |                   |                       |             |             |
| Advances - performing                   | 57,922,591           | -                    | 83,557,387        | 80,613,255            | 6,864,708   | 228,957,941 |
| Advances - non-performing               | 1,445,066            | -                    | 3,321,532         | 4,823,651             | 201,425     | 9,791,674   |
| Advances - (Provisions)/reversals - Net | -                    | -                    | (706,262)         | (2,667,603)           | (235,879)   | (3,609,743) |
|   | 59,367,658           | -                    | 86,172,658        | 82,769,303            | 6,830,253   | 235,139,872 |
| Others                                  | -                    | -                    | -                 | -                     | 27,058,295  | 27,058,295  |
| <b>Total Assets</b>                     | 61,884,466           | 180,994,673          | 303,593,215       | 116,708,137           | 52,117,834  | 715,298,326 |
| Borrowings                              | -                    | 33,168,916           | -                 | 16,664,737            | -           | 49,833,653  |
| Subordinated debt                       | -                    | -                    | -                 | -                     | 7,494,800   | 7,494,800   |
| Deposits & other accounts               | 2,661,287            | -                    | 297,961,565       | 71,350,619            | 7,272,990   | 379,246,461 |
| Net inter segment borrowing             | 59,223,179           | 147,825,757          | 1,703,353         | 28,515,586            | -           | 237,267,875 |
| Others                                  | -                    | -                    | 3,928,297         | 177,196               | 19,315,232  | 23,420,725  |
| <b>Total Liabilities</b>                | 61,884,466           | 180,994,673          | 303,593,215       | 116,708,137           | 34,083,022  | 697,263,514 |
| Equity                                  | -                    | -                    | -                 | -                     | 18,034,812  | 18,034,812  |
| <b>Total Equity &amp; liabilities</b>   | 61,884,466           | 180,994,673          | 303,593,215       | 116,708,137           | 52,117,834  | 715,298,326 |
| <b>Contingencies &amp; Commitments</b>  | -                    | 72,030,562           | 52,916,783        | 21,431,517            | 157,877     | 146,536,739 |
|   |                      |                      |                   |                       |             |             |
|   | Corporate<br>Finance | Trading and<br>Sales | Retail<br>Banking | Commercial<br>Banking | Others      | Total       |
| <b>March 31, 2019 (Un-audited)</b>      | Rupees in '000       |                      |                   |                       |             |             |
| <b>Profit &amp; Loss</b>                |                      |                      |                   |                       |             |             |
| Net mark-up/return/profit               | -                    | 593,663              | (988,059)         | 2,458,952             | -           | 2,064,556   |
| Inter segment revenue - net             | -                    | (1,572,308)          | 3,358,814         | (1,786,506)           | -           | -           |
| Non mark-up / return / interest income  | 35,552               | 58,629               | 436,898           | 213,581               | 23,499      | 768,159     |
| Total Income                            | 35,552               | (920,016)            | 2,807,653         | 886,027               | 23,499      | 2,832,715   |
| Segment direct expenses                 | 25,270               | 29,383               | 1,393,327         | 178,896               | 135,781     | 1,762,657   |
| Inter segment expense allocation        | -                    | 69,333               | 422,003           | 295,538               | -           | 786,874     |
| Total expenses                          | 25,270               | 98,716               | 1,815,330         | 474,434               | 135,781     | 2,549,531   |
| Provisions                              | -                    | (32,836)             | 19,178            | 242,175               | -           | 228,517     |
| Profit before tax                       | 10,282               | (985,896)            | 973,145           | 169,418               | (112,282)   | 54,667      |
| <b>December 31, 2019 (Audited)</b>      |                      |                      |                   |                       |             |             |
| <b>Balance Sheet</b>                    |                      |                      |                   |                       |             |             |
| Cash & Bank balances                    | -                    | 17,153,413           | 8,898,772         | -                     | -           | 26,052,185  |
| Investments                             | -                    | 142,568,470          | -                 | -                     | -           | 142,568,470 |
| Net inter segment lending               | -                    | -                    | 202,362,517       | -                     | 8,089,077   | 210,451,594 |
| Lendings to financial institutions      | -                    | 30,320,540           | -                 | -                     | -           | 30,320,540  |
| Advances - net                          |                      |                      |                   |                       |             |             |
| Advances - performing                   | -                    | -                    | 94,201,743        | 141,898,229           | -           | 236,099,972 |
| Advances - non-performing               | -                    | -                    | 3,508,735         | 6,844,429             | -           | 10,353,164  |
| Advances (Provisions) - Net             | -                    | -                    | (469,382)         | (3,039,245)           | -           | (3,508,627) |
|   | -                    | -                    | 97,241,096        | 145,703,413           | -           | 242,944,509 |
| Others                                  | -                    | 4,831,115            | 3,925,690         | 5,017,351             | 14,160,934  | 27,935,090  |
| <b>Total Assets</b>                     | -                    | 194,873,538          | 312,428,075       | 150,720,764           | 22,250,011  | 680,272,388 |
| Borrowings                              | -                    | 36,295,878           | 7,090,687         | 11,081,718            | -           | 54,468,283  |
| Subordinated debt                       | -                    | 7,494,800            | -                 | -                     | -           | 7,494,800   |
| Deposits & other accounts               | -                    | -                    | 295,347,351       | 74,442,613            | -           | 369,789,964 |
| Net inter segment borrowing             | -                    | 150,619,213          | -                 | 59,832,381            | -           | 210,451,594 |
| Others                                  | -                    | 463,647              | 9,990,037         | 5,364,052             | 4,916,756   | 20,734,492  |
| <b>Total liabilities</b>                | -                    | 194,873,538          | 312,428,075       | 150,720,764           | 4,916,756   | 662,939,133 |
| Equity                                  | -                    | -                    | -                 | -                     | 17,333,255  | 17,333,255  |
| <b>Total Equity &amp; liabilities</b>   | -                    | 194,873,538          | 312,428,075       | 150,720,764           | 22,250,011  | 680,272,388 |
| <b>Contingencies &amp; Commitments</b>  | -                    | 59,810,338           | 43,939,275        | 17,795,589            | 131,093     | 121,676,295 |

## 37. RELATED PARTY TRANSACTIONS

The Bank has related party relationship with its associates, parent, subsidiaries, companies having common directors, companies in which parent holds more than 20% shares, employee benefit plans, and its key management personnel (including their associates). The details of investments in subsidiaries and associates are stated in note 8.7 to these unconsolidated financial statements.

Contributions to the accounts in respect of staff retirement benefits are made in accordance with terms of the contribution plans. Remuneration of the key management personnel are in accordance with the terms of their employment. Other transactions are carried out as per agreed terms.

The details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these unconsolidated financial statements are as follows:

[illegible]

|   | As at March 31, 2020 (Un-audited) |           |              |               |                       |                  | As at December 31, 2019 (Audited) |           |              |               |                       |                  |
|---|-----------------------------------|-----------|--------------|---------------|-----------------------|------------------|-----------------------------------|-----------|--------------|---------------|-----------------------|------------------|
|   | Key management personnel          |           |              |               |                       |                  | Key management personnel          |           |              |               |                       |                  |
|   | Parent                            | Directors | Subsidiaries | Associates    | Other related parties | (Rupees in '000) | Parent                            | Directors | Subsidiaries | Associates    | Other related parties | (Rupees in '000) |
| <b>Borrowings</b>   |                                   |           |              |               |                       |                  |                                   |           |              |               |                       |                  |
| Opening balance   | -                                 | -         | -            | -             | -                     | -                | -                                 | -         | -            | -             | -                     | 4,800,000        |
| Borrowings during the period / year                       | -                                 | -         | -            | -             | -                     | 5,028,900        | -                                 | -         | -            | -             | -                     | 174,209,491      |
| Settled during the period / year                          | -                                 | -         | -            | -             | -                     | (5,028,900)      | -                                 | -         | -            | -             | -                     | (179,009,491)    |
| Closing balance   | -                                 | -         | -            | -             | -                     | -                | -                                 | -         | -            | -             | -                     | -                |
| <b>Deposits and other accounts</b>                        |                                   |           |              |               |                       |                  |                                   |           |              |               |                       |                  |
| Opening balance   | 271,648                           | 24,444    | 59,593       | 1,246,363     | 23,104                | 8,622,201        | 336,515                           | 24,308    | 74,950       | 1,606,413     | -                     | 9,656,833        |
| Received during the period / year                         | 741,237                           | 27,370    | 155,867      | 103,723,952   | 228,666               | 35,406,129       | 4,332,699                         | 160,210   | 1,437,872    | 538,270,222   | 1,023,592             | 235,460,531      |
| Withdrawn during the period / year                        | (600,868)                         | (38,131)  | (153,298)    | (102,247,119) | (158,753)             | (34,973,680)     | (4,364,266)                       | (137,680) | (1,450,123)  | (538,630,272) | (1,042,362)           | (236,784,614)    |
| Transfer in / (out) - net                                 | -                                 | -         | (8,123)      | -             | -                     | (169,685)        | (33,300)                          | (22,394)  | (3,106)      | -             | 41,874                | 289,451          |
| Closing balance   | 412,017                           | 13,683    | 54,039       | 2,723,196     | 93,017                | 8,884,965        | 271,648                           | 24,444    | 59,593       | 1,246,363     | 23,104                | 8,622,201        |
| <b>Subordinated loans</b>                                 | -                                 | -         | -            | -             | -                     | 889,588          | -                                 | -         | -            | -             | -                     | 889,588          |
| <b>Other Liabilities</b>                                  |                                   |           |              |               |                       |                  |                                   |           |              |               |                       |                  |
| Interest / return / mark-up payable on deposits           | 128                               | 2         | 103          | 947           | 29                    | 116,004          | -                                 | -         | 114          | -             | -                     | 286,949          |
| Interest / return / mark-up payable on borrowings         | -                                 | -         | -            | -             | -                     | -                | -                                 | -         | -            | -             | -                     | -                |
| Interest / return / mark-up payable on subordinated loans | -                                 | -         | -            | -             | -                     | 36,288           | -                                 | -         | -            | -             | -                     | 2,220            |
| Acceptances   | -                                 | -         | -            | -             | -                     | -                | -                                 | -         | -            | -             | -                     | -                |
| Payable to defined benefit plan                           | -                                 | -         | -            | -             | -                     | 205,420          | -                                 | -         | -            | -             | -                     | 147,885          |
| Others payable  | -                                 | -         | -            | 302           | -                     | -                | -                                 | -         | -            | 5,638         | -                     | -                |
| <b>Represented By</b>                                     |                                   |           |              |               |                       |                  |                                   |           |              |               |                       |                  |
| Share Capital   | 9,733,073                         | 17,330    | 900          | -             | -                     | 81,765           | 9,733,073                         | 17,330    | 900          | -             | -                     | 81,765           |
| <b>Contingencies and Commitments</b>                      |                                   |           |              |               |                       |                  |                                   |           |              |               |                       |                  |
| Letter of guarantee                                       | -                                 | -         | -            | -             | -                     | 24,125           | -                                 | -         | -            | -             | -                     | 14,217           |
| Letter of Credit  | -                                 | -         | -            | -             | -                     | 51,007           | -                                 | -         | -            | -             | -                     | 44,368           |
|   | As at March 31, 2020 (Un-audited) |           |              |               |                       |                  | As at March 31, 2019 (Un-audited) |           |              |               |                       |                  |
|   | Key management personnel          |           |              |               |                       |                  | Key management personnel          |           |              |               |                       |                  |
|   | Parent                            | Directors | Subsidiaries | Associates    | Other related parties | (Rupees in '000) | Parent                            | Directors | Subsidiaries | Associates    | Other related parties | (Rupees in '000) |
| <b>Income</b>   |                                   |           |              |               |                       |                  |                                   |           |              |               |                       |                  |
| Mark-up / return / interest earned                        | -                                 | -         | 14,644       | -             | 5,739                 | 40,265           | -                                 | 88        | 5,014        | -             | -                     | 91,603           |
| Fee and commission income                                 | -                                 | -         | 54           | -             | -                     | 57,929           | -                                 | 27        | 70           | -             | -                     | 75,590           |
| Dividend income   | -                                 | -         | -            | -             | -                     | 42,826           | -                                 | -         | -            | -             | -                     | 274              |
| Gain / (loss) on sale of securities - Net                 | -                                 | -         | -            | -             | -                     | 2,522            | -                                 | -         | -            | -             | -                     | 540              |
| Other income  | -                                 | -         | -            | -             | -                     | -                | -                                 | -         | -            | 531           | -                     | -                |
| <b>Expense</b>  |                                   |           |              |               |                       |                  |                                   |           |              |               |                       |                  |
| Mark-up / return / interest paid                          | 5,165                             | 257       | 121          | 49,232        | 29                    | 311,741          | 7,659                             | 490       | 1,243        | 52,437        | -                     | 299,365          |
| Remuneration paid   | -                                 | -         | 149,070      | -             | -                     | -                | -                                 | -         | 133,635      | -             | -                     | -                |
| Commission / charges paid                                 | -                                 | -         | -            | 1,370         | -                     | -                | -                                 | -         | -            | 418           | -                     | -                |
| Preference Dividend Paid                                  | -                                 | -         | -            | -             | -                     | -                | 23,419                            | -         | 199          | -             | -                     | -                |
| Non-executive directors' fee                              | -                                 | 3,000     | -            | -             | -                     | -                | -                                 | 2,200     | -            | -             | -                     | -                |
| Net charge for defined contribution plans                 | -                                 | -         | -            | -             | -                     | 57,263           | -                                 | -         | -            | -             | -                     | 52,156           |
| Net charge / (reversal) for defined benefit plans         | -                                 | -         | -            | -             | -                     | 53,539           | -                                 | -         | -            | -             | -                     | 79,033           |
| Fee and subscription                                      | -                                 | -         | -            | -             | -                     | -                | -                                 | -         | -            | -             | -                     | -                |
| Rental expense  | -                                 | -         | -            | -             | -                     | -                | -                                 | -         | -            | 1,339         | -                     | -                |
| Advisory fee  | -                                 | -         | -            | -             | -                     | -                | -                                 | -         | -            | -             | -                     | 15,000           |
| Reimbursement of expenses                                 | -                                 | -         | -            | -             | -                     | -                | 1,211                             | -         | -            | 46            | -                     | -                |
| Other expenses  | 225                               | -         | -            | -             | -                     | 399              | -                                 | -         | -            | -             | -                     | 312              |
| Insurance premium paid                                    | -                                 | -         | -            | -             | -                     | 278,743          | -                                 | -         | -            | -             | -                     | 261,664          |
| Insurance claims settled                                  | -                                 | -         | -            | -             | -                     | 8,036            | -                                 | -         | -            | -             | -                     | 3,159            |

| (Un-audited)               | (Audited)    |
|----------------------------|--------------|
| March 31,                  | December 31, |
| 2020                       | 2019         |
| ----- Rupees in '000 ----- |              |

### 38. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

#### Minimum Capital Requirement (MCR):

|                                 |                   |                   |
|---------------------------------|-------------------|-------------------|
| Paid-up capital (net of losses) | <u>10,119,242</u> | <u>10,119,242</u> |
|---------------------------------|-------------------|-------------------|

#### Capital Adequacy Ratio (CAR):

|   |                   |            |
|---|-------------------|------------|
| Eligible Common Equity Tier 1 (CET 1) Capital | <u>15,024,724</u> | 14,619,607 |
| Eligible Additional Tier 1 (ADT 1) Capital    | <u>2,500,000</u>  | 2,500,000  |
| Total Eligible Tier 1 Capital                 | <u>17,524,724</u> | 17,119,607 |
| Eligible Tier 2 Capital                       | <u>4,398,371</u>  | 4,306,756  |

|  |                   |                   |
|--|-------------------|-------------------|
| Total Eligible Capital (Tier 1 + Tier 2) | <u>21,923,095</u> | <u>21,426,362</u> |
|--|-------------------|-------------------|

#### Risk Weighted Assets (RWAs):

|                  |                    |                    |
|------------------|--------------------|--------------------|
| Credit Risk      | <u>148,942,774</u> | 144,380,673        |
| Market Risk      | <u>812,917</u>     | 924,762            |
| Operational Risk | <u>20,468,251</u>  | 20,468,251         |
| Total            | <u>170,223,943</u> | <u>165,773,686</u> |

|   |              |              |
|---|--------------|--------------|
| Common Equity Tier 1 Capital Adequacy ratio | <u>8.83%</u> | <u>8.82%</u> |
|---|--------------|--------------|

|                               |               |               |
|-------------------------------|---------------|---------------|
| Tier 1 Capital Adequacy Ratio | <u>10.30%</u> | <u>10.33%</u> |
|-------------------------------|---------------|---------------|

|                              |               |               |
|------------------------------|---------------|---------------|
| Total Capital Adequacy Ratio | <u>12.88%</u> | <u>12.93%</u> |
|------------------------------|---------------|---------------|

#### Leverage Ratio (LR):

|                         |                    |              |
|-------------------------|--------------------|--------------|
| Eligible Tier-1 Capital | <u>17,524,724</u>  | 17,119,607   |
| Total Exposures         | <u>530,996,914</u> | 501,440,747  |
| Leverage Ratio          | <u>3.30%</u>       | <u>3.41%</u> |

#### Liquidity Coverage Ratio (LCR):

|                                  |                    |                |
|----------------------------------|--------------------|----------------|
| Total High Quality Liquid Assets | <u>138,170,998</u> | 83,221,592     |
| Total Net Cash Outflow           | <u>52,883,698</u>  | 55,819,412     |
| Liquidity Coverage Ratio         | <u>261.27%</u>     | <u>149.09%</u> |

#### Net Stable Funding Ratio (NSFR):

|                                |                    |                |
|--------------------------------|--------------------|----------------|
| Total Available Stable Funding | <u>312,716,312</u> | 308,715,925    |
| Total Required Stable Funding  | <u>267,780,364</u> | 274,288,642    |
| Net Stable Funding Ratio       | <u>116.78%</u>     | <u>112.55%</u> |

### 39. GENERAL

**39.1** These condensed interim unconsolidated financial statements have been prepared in accordance with the revised format for financial statements of Banks issued by the SBP through BPRD Circular no. 2 dated January 25, 2018 and related clarifications / modifications.

**39.2** The figures in these condensed interim unconsolidated financial statements have been rounded off to the nearest thousand.

**40. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim unconsolidated financial statements were authorised for issue by the Board of Directors of the Bank in their meeting held on May 28, 2020.

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**President and  
Chief Executive Officer**

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**Chief Financial  
Officer**

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**Director**

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**Director**

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**Chairman**



Consolidated Condensed Interim Financial Statements  
for the Period Ended March 31, 2020

**JS BANK LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2020**

|   |      | (Unaudited)<br>March 31,<br>2020 | (Audited)<br>December 31,<br>2019 |
|---|------|----------------------------------|-----------------------------------|
|   | Note | ----- Rupees in '000 -----       |                                   |
| <b>ASSETS</b>                                       |      |                                  |                                   |
| Cash and balances with treasury banks               | 6    | 27,431,561                       | 25,590,173                        |
| Balances with other banks                           | 7    | 1,412,930                        | 476,302                           |
| Lendings to financial institutions                  | 8    | 3,844,651                        | 30,320,540                        |
| Investments   | 9    | 182,716,647                      | 143,124,623                       |
| Advances  | 10   | 235,255,633                      | 243,285,308                       |
| Fixed assets  | 11   | 10,364,165                       | 10,693,945                        |
| Intangible assets                                   | 12   | 2,310,420                        | 2,302,474                         |
| Deferred tax assets                                 | 18   | -                                | 125,857                           |
| Other assets  | 13   | 16,004,574                       | 16,919,996                        |
| Assets held for sale                                | 11.4 | 374,000                          | 374,000                           |
|   |      | <b>479,714,581</b>               | <b>473,213,218</b>                |
| <b>LIABILITIES</b>                                  |      |                                  |                                   |
| Bills payable                                       | 14   | 4,465,115                        | 3,804,491                         |
| Borrowings  | 15   | 49,833,653                       | 54,468,283                        |
| Deposits and other accounts                         | 16   | 376,523,267                      | 368,543,603                       |
| Liabilities against assets subject to finance lease |      | -                                | -                                 |
| Subordinated debt                                   | 17   | 7,494,800                        | 7,494,800                         |
| Deferred tax liabilities                            | 18   | 48,385                           | -                                 |
| Other liabilities                                   | 19   | 21,376,756                       | 19,420,729                        |
|   |      | <b>459,741,976</b>               | <b>453,731,906</b>                |
| <b>NET ASSETS</b>                                   |      | <b>19,972,605</b>                | <b>19,481,312</b>                 |
| <b>REPRESENTED BY</b>                               |      |                                  |                                   |
| Share capital - net                                 |      | 10,119,242                       | 10,119,242                        |
| Reserves  |      | 1,853,539                        | 1,749,672                         |
| Surplus on revaluation of assets                    | 20   | 1,395,113                        | 1,308,531                         |
| Unappropriated profit                               |      | 6,126,229                        | 5,795,596                         |
|   |      | <b>19,494,123</b>                | <b>18,973,041</b>                 |
| Non-controlling interest                            |      | 478,482                          | 508,271                           |
|   |      | <b>19,972,605</b>                | <b>19,481,312</b>                 |
| <b>CONTINGENCIES AND COMMITMENTS</b>                | 21   |                                  |                                   |

The annexed notes from 1 to 40 form an integral part of these condensed interim consolidated financial statements.

\_\_\_\_\_  
**President and  
Chief Executive Officer**

\_\_\_\_\_  
**Chief Financial  
Officer**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Chairman**



**JS BANK LIMITED**  
**CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
**FOR THE QUARTER ENDED MARCH 31, 2020**

|   | Note | March 31,<br>2020<br>----- Rupees in '000 ----- | March 31,<br>2019 |
|---|------|---|-------------------|
| Mark-up / return / interest earned          | 23   | 12,958,006                                      | 9,361,260         |
| Mark-up / return / interest expensed        | 24   | 10,375,517                                      | 7,260,043         |
| <b>Net mark-up / interest income</b>        |      | <b>2,582,489</b>                                | <b>2,101,217</b>  |
| <b>NON MARK-UP / INTEREST INCOME</b>        |      |   |                   |
| Fee, commission and brokerage income        | 25   | 1,027,900                                       | 783,383           |
| Dividend income                             |      | 52,226  | 30,251            |
| Foreign exchange income                     |      | 192,975   | 111,405           |
| Income from derivatives                     |      | 19,746  | 39,211            |
| Gain / (loss) on securities                 | 26   | 122,579   | (45,432)          |
| Share of (loss) / profit from associates    |      | (14,387)  | 5,584             |
| Other income                                | 27   | 9,630   | 31,102            |
| Total non mark-up / interest income         |      | 1,410,669                                       | 955,504           |
| <b>Total Income</b>                         |      | <b>3,993,158</b>                                | <b>3,056,721</b>  |
| <b>NON MARK-UP / INTEREST EXPENSES</b>      |      |   |                   |
| Operating expenses                          | 28   | 3,121,905                                       | 2,782,620         |
| Workers welfare fund                        | 29   | 6,244   | 726               |
| Other charges                               | 30   | 4,044   | 55                |
| Total non-mark-up / interest expenses       |      | 3,132,193                                       | 2,783,401         |
| <b>Profit before provisions</b>             |      | <b>860,965</b>                                  | <b>273,320</b>    |
| Provisions and write offs - net             | 31   | 203,616   | 228,517           |
| Extraordinary / unusual items               |      | -   | -                 |
| <b>PROFIT BEFORE TAXATION</b>               |      | <b>657,349</b>                                  | <b>44,803</b>     |
| Taxation                                    | 32   | 248,859   | 33,729            |
| <b>PROFIT AFTER TAXATION</b>                |      | <b>408,490</b>                                  | <b>11,074</b>     |
| <b>Attributable to:</b>                     |      |   |                   |
| Equity holders of the Bank                  |      | 401,888   | 20,855            |
| Non-controlling interest                    |      | 6,602   | (9,781)           |
|   |      | <b>408,490</b>                                  | <b>11,074</b>     |
| ----- Rupee -----                           |      |   |                   |
| <b>Basic and diluted earnings per share</b> | 33   | <b>0.31</b>                                     | <b>-</b>          |

The annexed notes from 1 to 40 form an integral part of these condensed interim consolidated financial statements.

\_\_\_\_\_  
**President and  
Chief Executive Officer**

\_\_\_\_\_  
**Chief Financial  
Officer**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Chairman**

**JS BANK LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE QUARTER ENDED MARCH 31, 2020**

|  | March 31,<br>2020<br>----- Rupees in '000 ----- | March 31,<br>2019 |
|--|---|-------------------|
| <b>Profit after tax for the period</b>   | <b>408,490</b>                                  | <b>11,074</b>     |
| <b>Other comprehensive income</b>  |   |                   |
| <b>Items that may be reclassified to profit and loss account in subsequent periods:</b>      |   |                   |
| Effect of translation of net investment in foreign branch                                    | 27,359  | 4,005             |
| Movement in deficit on revaluation of investments - net of tax                               | 35,678  | 570,141           |
| Movement in general provision under IFRS 9 - net   | 20,866  | (9,359)           |
|  | <b>56,544</b>                                   | <b>560,782</b>    |
| <b>Items that will not be reclassified to profit and loss account in subsequent periods:</b> |   |                   |
| Share of other comprehensive loss of associates - net of tax                                 | (1,100)   | -                 |
|  | <b>82,803</b>                                   | <b>564,787</b>    |
| <b>Total comprehensive income</b>  | <b>491,293</b>                                  | <b>575,861</b>    |
| <b>Attributable to:</b>  |   |                   |
| Equity holders of the Bank   | 521,082   | 580,170           |
| Non-controlling interest   | (29,789)  | (4,309)           |
|  | <b>491,293</b>                                  | <b>575,861</b>    |

The annexed notes from 1 to 40 form an integral part of these condensed interim consolidated financial statements.

\_\_\_\_\_  
**President and  
Chief Executive Officer**

\_\_\_\_\_  
**Chief Financial  
Officer**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Chairman**

**JS BANK LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE QUARTER ENDED MARCH 31, 2020**

|  | Attributable to shareholders of the Bank |                        |                         |                                       |                 |                | Unappro-<br>priated | Sub-total  | Non-<br>controlling | Total       |
|--|--|------------------------|-------------------------|---------------------------------------|-----------------|----------------|---------------------|------------|---------------------|-------------|
|  | Share<br>capital                         | Reserves               |                         | Surplus / (Deficit) on revaluation of |                 |                |                     |            |                     |             |
|  |  | Statutory<br>reserve * | Exchange<br>translation | Investment<br>s                       | Fixed<br>assets | Non<br>banking |                     |            |                     |             |
|  | Rupees in '000                           |                        |                         |                                       |                 |                |                     |            |                     |             |
| Opening balance as at January 01, 2019 - audited   | 10,119,242                               | 1,641,236              | 70,934                  | (2,074,189)                           | 1,158,799       | 92,858         | 5,825,742           | 16,834,622 | 1,604,197           | 18,438,819  |
| Total comprehensive income for the<br>quarter ended March 31, 2019 - un-audited              |  |                        |                         |                                       |                 |                |                     |            |                     |             |
| Profit / (loss) after taxation   | -  | -                      | -                       | -                                     | -               | -              | 20,855              | 20,855     | (9,781)             | 11,074      |
| Other comprehensive income - net of tax  | -  | -                      | 4,005                   | 555,310                               | -               | -              | -                   | 559,315    | 5,472               | 564,787     |
|  | -  | -                      | 4,005                   | 555,310                               | -               | -              | 20,855              | 580,170    | (4,309)             | 575,861     |
| Transfer to statutory reserve  | -  | 6,682                  | -                       | -                                     | -               | -              | (6,682)             | -          | -                   | -           |
| Transfer from surplus on revaluation of<br>assets to unappropriated profit - net of tax      |  |                        |                         |                                       |                 |                |                     |            |                     |             |
| Fixed assets   | -  | -                      | -                       | -                                     | (7,426)         | -              | 6,627               | (799)      | 799                 | -           |
| Non-banking assets acquired<br>in satisfaction of claims                                     | -  | -                      | -                       | -                                     | -               | (20)           | 20                  | -          | -                   | -           |
| Transaction with owners<br>recorded directly in equity                                       |  |                        |                         |                                       |                 |                |                     |            |                     |             |
| Preference dividend paid for the year<br>ended December 31, 2018 @ 12% p.a.                  | -  | -                      | -                       | -                                     | -               | -              | (24,164)            | (24,164)   | -                   | (24,164)    |
| Balance as at March 31, 2019 - unaudited   | 10,119,242                               | 1,647,918              | 74,939                  | (1,518,879)                           | 1,151,373       | 92,838         | 5,822,398           | 17,389,829 | 1,600,687           | 18,990,516  |
| Total comprehensive income for the nine months<br>period ended December 31, 2019 - audited   |  |                        |                         |                                       |                 |                |                     |            |                     |             |
| Profit / (loss) after taxation   | -  | -                      | -                       | -                                     | -               | -              | (266,140)           | (266,140)  | (1,542)             | (267,682)   |
| Other comprehensive income/ (loss) - net of tax  | -  | -                      | 28,566                  | 1,159,259                             | 452,297         | -              | (11,082)            | 1,629,040  | (91,504)            | 1,537,536   |
|  | -  | -                      | 28,566                  | 1,159,259                             | 452,297         | -              | (277,222)           | 1,362,900  | (93,046)            | 1,269,854   |
| Transfer to statutory reserve  | -  | (1,751)                | -                       | -                                     | -               | -              | 1,751               | -          | -                   | -           |
| Transfer from surplus on revaluation of<br>assets to unappropriated profit - net of tax      |  |                        |                         |                                       |                 |                |                     |            |                     |             |
| Fixed assets   | -  | -                      | -                       | -                                     | (28,295)        | -              | 29,094              | 799        | (799)               | -           |
| Non-banking assets acquired<br>in satisfaction of claims                                     | -  | -                      | -                       | -                                     | -               | (62)           | 62                  | -          | -                   | -           |
| Transaction with owners<br>recorded directly in equity                                       |  |                        |                         |                                       |                 |                |                     |            |                     |             |
| Interim cash dividend to non-controlling interest<br>by subsidiary company @ Rs. 4 per share | -  | -                      | -                       | -                                     | -               | -              | -                   | -          | (38,152)            | (38,152)    |
| Buy-back of shares by subsidiary from NCI  | -  | -                      | -                       | -                                     | -               | -              | -                   | -          | (1,001,653)         | (1,001,653) |
| Gain arised on buy back of shares by subsidiary  | -  | -                      | -                       | -                                     | -               | -              | 219,513             | 219,513    | 41,234              | 260,747     |
| Balance as at December 31, 2019 - audited  | 10,119,242                               | 1,646,167              | 103,505                 | (359,620)                             | 1,575,375       | 92,776         | 5,795,596           | 18,973,041 | 508,271             | 19,481,312  |
| Total comprehensive income for the<br>quarter ended March 31, 2020 - un-audited              |  |                        |                         |                                       |                 |                |                     |            |                     |             |
| Profit after taxation  | -  | -                      | -                       | -                                     | -               | -              | 401,888             | 401,888    | 6,602               | 408,490     |
| Other comprehensive income / (loss) net of tax   | -  | -                      | 27,359                  | 92,935                                | 1,216           | -              | (2,316)             | 119,194    | (36,391)            | 82,803      |
|  | -  | -                      | 27,359                  | 92,935                                | 1,216           | -              | 399,572             | 521,082    | (29,789)            | 491,293     |
| Transfer to statutory reserve  | -  | 76,508                 | -                       | -                                     | -               | -              | (76,508)            | -          | -                   | -           |
| Transfer from surplus on revaluation of<br>assets to unappropriated profit - net of tax      |  |                        |                         |                                       |                 |                |                     |            |                     |             |
| Fixed assets   | -  | -                      | -                       | -                                     | (7,549)         | -              | 7,549               | -          | -                   | -           |
| Non-banking assets acquired<br>in satisfaction of claims                                     | -  | -                      | -                       | -                                     | -               | (20)           | 20                  | -          | -                   | -           |
| Balance as at March 31, 2020 - unaudited   | 10,119,242                               | 1,722,675              | 130,864                 | (266,685)                             | 1,569,042       | 92,756         | 6,126,229           | 19,494,123 | 478,482             | 19,972,605  |

\* This represents reserve created under Section 21(i)(a) of the Banking Companies Ordinance, 1962.

The annexed notes from 1 to 40 form an integral part of these condensed interim consolidated financial statements.

\_\_\_\_\_  
President and  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chairman

**JS BANK LIMITED**  
**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE QUARTER ENDED MARCH 31, 2020**

|   | Note | March 31,<br>2020<br>----- Rupees in '000 ----- | March 31,<br>2019   |
|---|------|---|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |      |   |                     |
| Profit before taxation  |      | 657,349   | 44,803              |
| Less: Dividend income   |      | (52,226)  | (30,251)            |
| Add / (less): Share of loss / (profit) from associates                                |      | 14,387  | (5,584)             |
|   |      | <u>619,510</u>                                  | <u>8,968</u>        |
| <b>Adjustments:</b>   |      |   |                     |
| Depreciation  | 29   | 193,735   | 213,700             |
| Depreciation on non-banking assets  | 29   | 2,269   | 61                  |
| Depreciation - right of use assets  |      | 245,959   | -                   |
| Amortisation of intangible assets   | 29   | 27,930  | 23,032              |
| Provisions and write offs - net   | 32   | 203,616   | 228,517             |
| Gain on sale of fixed assets - net  |      | (5,375)   | (23,711)            |
| Mark-up / return / interest expense on lease liability<br>against right-of-use assets |      | 133,658   | 24,781              |
| Charge for defined benefit plan   |      | 53,539  | 49,033              |
| Unrealised gain on revaluation of investments classified as held-for-trading - net    | 27   | (23,935)  | (1,318)             |
| Provision for workers welfare fund  |      | 6,244   | 726                 |
| Unrealised gain on revaluation of derivative instruments - net                        |      | (8,812)   | (37,428)            |
| Unrealised gain on revaluation of forward foreign exchange contracts                  | 28   | (441,195)                                       | (36,884)            |
|   |      | <u>387,633</u>                                  | <u>440,509</u>      |
|   |      | <u>1,007,143</u>                                | <u>449,477</u>      |
| <b>Decrease / (increase) in operating assets</b>                                      |      |   |                     |
| Lendings to financial institutions  |      | 26,476,811                                      | (57,035,567)        |
| Held-for-trading securities   |      | 27,328,761                                      | 28,811,438          |
| Advances  |      | 7,928,559                                       | (3,946,917)         |
| Other assets (excluding advance taxation)   |      | 1,198,673                                       | (519,481)           |
|   |      | <u>62,932,804</u>                               | <u>(32,690,527)</u> |
| <b>Increase / (decrease) in operating liabilities</b>                                 |      |   |                     |
| Bills payable   |      | 660,624   | 220,070             |
| Borrowings  |      | (4,270,953)                                     | 18,774,793          |
| Deposits and other accounts   |      | 7,979,664                                       | (2,036,504)         |
| Other liabilities   |      | 2,165,117                                       | 929,536             |
|   |      | <u>6,534,452</u>                                | <u>17,887,895</u>   |
|   |      | <u>70,474,399</u>                               | <u>(14,353,155)</u> |
| Gratuity paid   |      | -   | -                   |
| Financial cost paid   |      | -   | (24,781)            |
| Income tax paid   |      | (27,646)  | (155,571)           |
| <b>Net cash flow from / (used) in operating activities</b>                            |      | <u>70,446,753</u>                               | <u>(14,533,507)</u> |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>  |      |   |                     |
| Net investment in available-for-sale securities                                       |      | (63,228,916)                                    | 2,897,099           |
| Net investment in held-to-maturity securities   |      | (3,504,403)                                     | 110,970             |
| Investment in associated companies  |      | (40,828)  | (21,239)            |
| Dividend received   |      | 42,826  | 5,228               |
| Investments in fixed assets   |      | (175,677)                                       | (370,071)           |
| Investments in intangible assets  |      | (35,876)  | (78,475)            |
| Proceeds from sale of fixed assets  |      | 12,993  | 41,575              |
| Effect of translation of net investment in foreign branch                             |      | 27,359  | 4,005               |
| <b>Net cash flows (used in) / from investing activities</b>                           |      | <u>(66,902,522)</u>                             | <u>2,589,092</u>    |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>  |      |   |                     |
| Payment of lease liability against right of use assets                                |      | (402,531)                                       | (39,085)            |
| Dividend paid on preference shares  |      | -   | (24,164)            |
|   |      | <u>(402,531)</u>                                | <u>(63,249)</u>     |
| <b>Increase / (decrease) in cash and cash equivalents</b>                             |      | <u>3,141,700</u>                                | <u>(12,007,664)</u> |
| Cash and cash equivalents at beginning of the period                                  |      | 25,429,551                                      | 32,587,698          |
| <b>Cash and cash equivalents at end of the period</b>                                 |      | <u>28,571,251</u>                               | <u>20,580,034</u>   |

The annexed notes from 1 to 40 form an integral part of these consolidated condensed interim financial statements.

\_\_\_\_\_  
President and  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial  
Officer

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chairman

**JS BANK LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE QUARTER ENDED MARCH 31, 2020**

**1. STATUS AND NATURE OF BUSINESS**

**1.1 The "Group" consists of:**

**1.1.1 Holding Company: JS Bank Limited**

JS Bank Limited (the Bank / JSBL) is a banking company incorporated in Pakistan as a public limited company on March 15, 2006. The Bank is a subsidiary company of Jahangir Siddiqui & Co. Ltd. (JSCL) and its shares are listed on Pakistan Stock Exchange Limited (PSX). The Bank commenced its banking operations on December 30, 2006 and its registered office is situated at Shaheen Commercial Complex, Dr. Ziauddin Ahmed Road, Karachi.

The Bank is a scheduled bank, engaged in commercial banking and related services as described in the Banking Companies Ordinance, 1962 and is operating through 359 (December 31, 2019: 359) branches / sub-branches in Pakistan and one wholesale banking branch in Bahrain (December 31, 2019: one). The Pakistan Credit Rating Agency Limited (PACRA) has assigned the long-term entity rating of the Bank to AA- (Double A Minus) whereas short-term rating is maintained at 'A1+' (A One Plus), which is the highest possible short-term rating. The ratings denote a very low expectation of credit risk and indicate very strong capacity for timely payment of financial commitments.

**1.1.2 Jahangir Siddiqui Investment Bank Limited, JSIBL, (formerly Citicorp Investment Bank Limited which was acquired by JSCL on February 01, 1999), and its holding company, JSCL, entered into a Framework Agreement with American Express Bank Limited, New York (AMEX) on November 10, 2005 for acquisition of its American Express Bank Limited - Pakistan Branches, (AEBL). Consequently, a new banking company, JSBL was incorporated on March 15, 2006 and a restricted Banking License was issued by the State Bank of Pakistan (SBP) on May 23, 2006.**

A Transfer Agreement was executed on June 24, 2006 between JSIBL and JSBL for the transfer of entire business and undertaking of JSIBL to JSBL and a separate Transfer Agreement was also executed on June 24, 2006, between AMEX and JSBL for the transfer of AEBL's commercial banking business in Pakistan with all assets and liabilities (other than certain excluded assets and liabilities) (AEBL business). The shareholders of JSIBL and JSBL in their respective extra ordinary general meetings held on July 31, 2006 approved a Scheme of Amalgamation (the Scheme) under Section 48 of the Banking Companies Ordinance, 1962. The Scheme was initially approved by the Securities and Exchange Commission of Pakistan vide its letter No. SC/NBFC(J)-R/JSIBL/2006/517 dated September 28, 2006. Subsequently, the Scheme was sanctioned by the SBP vide its order dated December 02, 2006 and, in accordance therewith, the effective date of amalgamation was fixed at December 30, 2006.

The ultimate parent of the Group is Jahangir Siddiqui & Co. Ltd. which holds 75.02% shares of the Bank.

**1.1.3 Composition of the Group**

|                               | Ownership interest and voting power held by |        |           |        |
|-------------------------------|---|--------|-----------|--------|
|                               | 2020  |        | 2019      |        |
|                               | The Group                                   | NCI    | The Group | NCI    |
| <b>Subsidiary</b>             |   |        |           |        |
| JS Global Capital Limited     | 83.53%                                      | 16.47% | 67.16%    | 32.84% |
| JS Investment Limited         | 84.56%                                      | 15.44% | 65.16%    | 34.84% |
| JS ABAMCO Commodities Limited | 84.56%                                      | 15.44% | 65.16%    | 34.84% |

**1.2 Composition of the Associated Companies**

**Associates**

|   |       |   |       |   |
|---|-------|---|-------|---|
| Omar Jibran Engineering Industries Limited  | 9.60% | - | 9.60% | - |
| Veda Transit Solutions (Private) Limited    | 9.12% | - | 8.00% | - |
| Intercity Touring Company (Private) Limited | 9.12% | - | 9.12% | - |

## 2. BASIS OF PRESENTATION

### 2.1 These consolidated financial statements include financial statements of JS Bank Limited and its subsidiary companies, (the "Group") and share of the profit or loss / reserves of associates.

These consolidated financial statements have been presented in Pakistan Rupees (PKR), which is the currency of the primary economic environment in which the Holding Company operates and functional currency of the Holding Company, in that environment as well. The amounts are rounded off to the nearest thousand rupees except as stated otherwise.

### 2.2 Statement of Compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962;
- Provisions of and directives issued under the Companies Act, 2017; and
- Directives issued by the SBP and the SECP from time to time.

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, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

The disclosures made in these condensed interim consolidated financial statements have been limited based on the format prescribed by the SBP vide BPRD circular letter No. 5 dated March 22, 2019 and IAS 34.

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

The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for banking companies vide BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banks vide its notification S.R.O 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim consolidated financial Statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

IFRS10 "Consolidated Financial Statements" was made applicable from period beginning on or after January 01, 2015 vide S.R.O 633(I)/2014 dated July 10, 2014 by SECP. However, SECP has directed through S.R.O56(I)/2016 dated January28, 2016, that the requirement of consolidation under section 228 of the Companies Act, 2017 and IFRS-10 "Consolidated Financial Statements" is not applicable in case of investment by companies in mutual funds established under trust structure. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim consolidated financial Statements.

Through S.R.O. 229 (I)/2019 dated February 14, 2019, the SECP has extended the applicability of the IFRS 9 'Financial Instruments' for all companies required to prepare their financial statements in accordance with the requirements of IFRS for reporting period/year ending on or after June 30, 2019 (earlier application is permitted). However, SBP has further extended the effective date of applicability of IFRS 9 from annual period beginning on or after January 01, 2021 vide SBP BPRD Circular No. 4 dated October 23, 2019. Therefore, the Group has not considered the impact of IFRS 9 for its Pakistan operations in these condensed interim consolidated financial Statements.

Further, the Bank considers that as the Prudential Regulations and other SBP directives currently provide the accounting framework for the measurement and valuation of investments and provision against non performing loans and advances, the implementation of IFRS 9 may require changes in the regulatory regime and for this SBP would issue guidance and instruction on the application of IFRS 9 for the banking sector of Pakistan.

## **2.3 BASIS OF CONSOLIDATION**

### **2.3.1 The Group**

- The condensed interim consolidated financial Statements include the financial statements of the Bank (The Holding Company) and its subsidiary companies together - "the Group".
- Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its investment with investee and has the ability to effect those return through its power over the investee except investment in mutual funds established under trust structure where IFRS 10 'Consolidated Financial Statements' is not applicable in case of investment by companies in mutual funds established under Trust structure.
- These condensed interim consolidated financial Statements incorporate the financial statements of subsidiaries from the date that control commences until the date that control ceases.
- The assets, liabilities, income and expenses of subsidiary companies have been consolidated on a line by line basis.
- Non-controlling interests are that part of the net results of operations and of net assets of subsidiaries attributable to interest which are not owned by the holding company.
- Material intra-group balances and transactions are eliminated.

### **2.3.2 Associate**

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method.

## **2.4 Standards, interpretations of and amendments to published approved accounting standards that are effective in the current year**

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

|  | <b>Effective date (annual periods beginning on or after)</b> |
|--|--|
| IFRS 3 - Business Combinations (Amendments)  | January 01, 2020   |
| IAS 1 - Presentation of Financial Statements (Amendments)                            | January 01, 2020   |
| IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors (Amendments) | January 01, 2020   |

There are certain new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2020 but are considered not to be relevant or do not have any significant effect on the Bank's operations. Therefore not detailed in these condensed interim unconsolidated financial statements other than IFRS 9 and reason for that is mentioned in note 2.1 as above.

#### **Standards, interpretations of and amendments to published approved accounting standards that are not yet effective**

The following standards, amendments and interpretations of approved accounting standards will be effective for the accounting periods as stated below:

| <b>Standard, Interpretation or Amendment</b>   | <b>Effective date (annual periods beginning on or after)</b> |
|--|--|
| IFRS 9 'Financial Instruments (refer note 2.1 above)   | January 01, 2021   |
| Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan. |  |
| IFRS 1 - First time adoption of IFRSs  | January 01, 2004   |
| IFRS 17 - Insurance Contracts  | January 01, 2021   |

### **3. CRITICAL ACCOUNTING ESTIMATES AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

### **5. FINANCIAL RISK MANAGEMENT**

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



|   |             | (Unaudited)<br>March 31,<br>2020 | (Audited)<br>December 31,<br>2019 |
|---|-------------|----------------------------------|-----------------------------------|
|   |             | ----- Rupees in '000 -----       |                                   |
| <b>6. CASH AND BALANCES WITH TREASURY BANKS</b>   | <b>Note</b> |                                  |                                   |
| <b>In hand:</b>   |             |                                  |                                   |
| Local currency  |             | 6,459,531                        | 5,573,428                         |
| Foreign currencies  |             | 1,642,579                        | 896,523                           |
|   |             | 8,102,110                        | 6,469,951                         |
| <b>With State Bank of Pakistan in:</b>  |             |                                  |                                   |
| Local currency current account  |             | 14,994,805                       | 13,292,331                        |
| Foreign currency current account - non remunerative   |             | 876,028                          | 831,532                           |
| Foreign currency deposit account - remunerative   |             | 3,011,557                        | 2,566,714                         |
|   |             | 18,882,390                       | 16,690,577                        |
| <b>With National Bank of Pakistan in:</b>   |             |                                  |                                   |
| Local currency current accounts   |             | 332,141                          | 2,286,205                         |
| <b>National Prize Bonds</b>   |             | 114,920                          | 143,440                           |
|   |             | <u>27,431,561</u>                | <u>25,590,173</u>                 |
| <b>7. BALANCES WITH OTHER BANKS</b>   |             |                                  |                                   |
| <b>In Pakistan</b>  |             |                                  |                                   |
| In current accounts   |             | 92,594                           | 150,722                           |
| In deposit accounts   |             | 42,699                           | 6,565                             |
|   |             | 135,293                          | 157,287                           |
| <b>Outside Pakistan</b>   |             |                                  |                                   |
| In current accounts   |             | 1,277,712                        | 319,083                           |
|   |             | <u>1,413,005</u>                 | <u>476,370</u>                    |
| Less: General provision under IFRS 9  | 7.1         | (75)                             | (68)                              |
| Balances with other banks - net of provision  |             | <u>1,412,930</u>                 | <u>476,302</u>                    |
| 7.1 This represents general provision held under IFRS 9 by Bahrain branch of the Holding Company. |             |                                  |                                   |
| <b>8. LENDINGS TO FINANCIAL INSTITUTIONS</b>  |             |                                  |                                   |
| Call money lendings   |             | 138,920                          | 283,887                           |
| Repurchase agreement lendings (Reverse Repo)  |             | 3,706,071                        | 30,037,915                        |
|   |             | 3,844,991                        | 30,321,802                        |
| Less: General provision under IFRS 9  | 8.1         | (340)                            | (1,262)                           |
| Lending to Financial Institutions - net of provision  |             | <u>3,844,651</u>                 | <u>30,320,540</u>                 |
| 8.1 This represents general provision held under IFRS 9 by Bahrain branch of the Holding company. |             |                                  |                                   |
| <b>8.2 Particulars of lendings - gross</b>  |             |                                  |                                   |
| In local currency   |             | 3,706,071                        | 30,037,915                        |
| In foreign currencies   |             | 138,920                          | 283,887                           |
|   |             | <u>3,844,991</u>                 | <u>30,321,802</u>                 |

| 9. INVESTMENTS - NET                 | March 31, 2020 (Unaudited)  |                             |                        |                   | December 31, 2019 (Audited) |                             |                        |                   |
|--------------------------------------|-----------------------------|-----------------------------|------------------------|-------------------|-----------------------------|-----------------------------|------------------------|-------------------|
|                                      | Cost /<br>Amortised<br>cost | Provision for<br>diminution | Surplus /<br>(Deficit) | Carrying<br>Value | Cost /<br>Amortised<br>cost | Provision for<br>diminution | Surplus /<br>(Deficit) | Carrying<br>Value |
|                                      | Rupees in '000              |                             |                        |                   |                             |                             |                        |                   |
| <b>9.1 Investments by type</b>       |                             |                             |                        |                   |                             |                             |                        |                   |
| <b>Held-for-trading securities</b>   |                             |                             |                        |                   |                             |                             |                        |                   |
| Federal Government Securities        | 28,965,797                  | -                           | 23,717                 | 28,989,514        | 55,601,087                  | -                           | (2,618)                | 55,598,469        |
| Shares                               | -                           | -                           | -                      | -                 | 486,634                     | -                           | 551                    | 487,185           |
| Open end mutual funds                | 240,217                     | -                           | 7,069                  | 247,286           | 444,902                     | -                           | 11,070                 | 455,972           |
|                                      | 29,206,014                  | -                           | 30,786                 | 29,236,800        | 56,532,623                  | -                           | 9,003                  | 56,541,626        |
| <b>Available-for-sale securities</b> |                             |                             |                        |                   |                             |                             |                        |                   |
| Federal Government Securities        | 106,989,956                 | -                           | 1,181,909              | 108,171,865       | 47,828,618                  | -                           | (809,244)              | 47,019,374        |
| Shares                               | 2,698,448                   | (153,158)                   | (686,137)              | 1,859,153         | 2,115,728                   | (136,589)                   | 25,107                 | 2,004,246         |
| Non Government Debt Securities       | 3,887,836                   | (696,507)                   | 2,944                  | 3,194,273         | 3,931,294                   | (696,507)                   | (6,889)                | 3,227,898         |
| Open end mutual funds                | 873,352                     | (26,023)                    | 27,124                 | 874,453           | 969,276                     | (26,023)                    | 279,616                | 1,222,869         |
| Foreign Securities                   | 3,626,646                   | -                           | (882,491)              | 2,744,155         | 2,406                       | -                           | -                      | 2,406             |
|                                      | 118,076,238                 | (875,688)                   | (356,651)              | 116,843,899       | 54,847,322                  | (859,119)                   | (511,410)              | 53,476,793        |
| <b>Held-to-maturity securities</b>   |                             |                             |                        |                   |                             |                             |                        |                   |
| Federal Government Securities        | 36,364,285                  | -                           | -                      | 36,364,285        | 32,859,882                  | -                           | -                      | 32,859,882        |
| <b>Associates</b>                    | 271,663                     | -                           | -                      | 271,663           | 246,322                     | -                           | -                      | 246,322           |
| <b>Investment in subsidiaries</b>    | -                           | -                           | -                      | -                 | -                           | -                           | -                      | -                 |
| <b>Total Investments</b>             | 183,918,200                 | (875,688)                   | (325,865)              | 182,716,647       | 144,486,149                 | (859,119)                   | (502,407)              | 143,124,623       |

| 9.2 Investments by segments:           | March 31, 2020 (Unaudited) |                             |                        |                   | December 31, 2019 (Audited) |                             |                        |                   |
|--|----------------------------|-----------------------------|------------------------|-------------------|-----------------------------|-----------------------------|------------------------|-------------------|
|  | Cost /<br>Amortised        | Provision for<br>diminution | Surplus /<br>(Deficit) | Carrying<br>Value | Cost /<br>Amortised         | Provision for<br>diminution | Surplus /<br>(Deficit) | Carrying<br>Value |
|  | Rupees in '000             |                             |                        |                   |                             |                             |                        |                   |
| <b>Held-for-trading securities</b>     |                            |                             |                        |                   |                             |                             |                        |                   |
| <b>Federal Government Securities</b>   |                            |                             |                        |                   |                             |                             |                        |                   |
| Market Treasury Bills                  | 28,965,797                 | -                           | 23,717                 | 28,989,514        | 55,601,087                  | -                           | (2,618)                | 55,598,469        |
| Pakistan Investment Bonds              | -                          | -                           | -                      | -                 | -                           | -                           | -                      | -                 |
|  | 28,965,797                 | -                           | 23,717                 | 28,989,514        | 55,601,087                  | -                           | (2,618)                | 55,598,469        |
| <b>Shares:</b>                         |                            |                             |                        |                   |                             |                             |                        |                   |
| <b>Listed Companies</b>                |                            |                             |                        |                   |                             |                             |                        |                   |
| Ordinary shares                        | -                          | -                           | -                      | -                 | 486,634                     | -                           | 551                    | 487,185           |
| <b>Open End Mutual Funds</b>           | 240,217                    | -                           | 7,069                  | 247,286           | 444,902                     | -                           | 11,070                 | 455,972           |
| <b>Available-for-sale securities</b>   |                            |                             |                        |                   |                             |                             |                        |                   |
| <b>Federal Government Securities:</b>  |                            |                             |                        |                   |                             |                             |                        |                   |
| Market Treasury Bills                  | 53,577,592                 | -                           | 393,207                | 53,970,799        | 12,071,266                  | -                           | (364)                  | 12,070,902        |
| Pakistan Investment Bonds              | 53,412,364                 | -                           | 788,702                | 54,201,066        | 35,757,352                  | -                           | (808,880)              | 34,948,472        |
|  | 106,989,956                | -                           | 1,181,909              | 108,171,865       | 47,828,618                  | -                           | (809,244)              | 47,019,374        |
| <b>Shares:</b>                         |                            |                             |                        |                   |                             |                             |                        |                   |
| <b>Listed Companies</b>                |                            |                             |                        |                   |                             |                             |                        |                   |
| Ordinary shares                        | 2,550,859                  | (16,569)                    | (686,137)              | 1,848,153         | 1,968,139                   | -                           | 25,107                 | 1,993,246         |
| Preference shares                      | 136,589                    | (136,589)                   | -                      | -                 | 136,589                     | (136,589)                   | -                      | -                 |
| <b>Unlisted Companies</b>              |                            |                             |                        |                   |                             |                             |                        |                   |
| Ordinary shares                        | 11,000                     | -                           | -                      | 11,000            | 11,000                      | -                           | -                      | 11,000            |
|  | 2,698,448                  | (153,158)                   | (686,137)              | 1,859,153         | 2,115,728                   | (136,589)                   | 25,107                 | 2,004,246         |
| <b>Non Government Debt Securities</b>  |                            |                             |                        |                   |                             |                             |                        |                   |
| <b>Listed</b>                          |                            |                             |                        |                   |                             |                             |                        |                   |
| Term Finance Certificates              | 445,183                    | (155,169)                   | (14)                   | 290,000           | 445,183                     | (155,169)                   | (134)                  | 289,880           |
| Sukuk Certificates                     | 438,400                    | -                           | 2,958                  | 441,358           | 493,850                     | -                           | (6,755)                | 487,095           |
| <b>Unlisted</b>                        |                            |                             |                        |                   |                             |                             |                        |                   |
| Term Finance Certificates              | 1,526,520                  | (541,338)                   | -                      | 985,182           | 1,506,195                   | (541,338)                   | -                      | 964,857           |
| Sukuk Certificates-unlisted            | 1,450,000                  | -                           | -                      | 1,450,000         | 1,458,333                   | -                           | -                      | 1,458,333         |
| Preference shares                      | 27,733                     | -                           | -                      | 27,733            | 27,733                      | -                           | -                      | 27,733            |
|  | 3,887,836                  | (696,507)                   | 2,944                  | 3,194,273         | 3,931,294                   | (696,507)                   | (6,889)                | 3,227,898         |
| <b>Open End Mutual Funds</b>           | 873,352                    | (26,023)                    | 27,124                 | 874,453           | 969,276                     | (26,023)                    | 279,616                | 1,222,869         |
| <b>Foreign Securities</b>              |                            |                             |                        |                   |                             |                             |                        |                   |
| Government Debt Securities             | 3,090,576                  | -                           | (707,507)              | 2,383,069         | -                           | -                           | -                      | -                 |
| Non Government Debt Securities         | 533,664                    | -                           | (174,984)              | 358,680           | -                           | -                           | -                      | -                 |
| Ordinary shares                        | 2,406                      | -                           | -                      | 2,406             | 2,406                       | -                           | -                      | 2,406             |
|  | 3,626,646                  | -                           | (882,491)              | 2,744,155         | 2,406                       | -                           | -                      | 2,406             |
| <b>Held-to-maturity securities</b>     |                            |                             |                        |                   |                             |                             |                        |                   |
| <b>Federal Government Securities:</b>  |                            |                             |                        |                   |                             |                             |                        |                   |
| Pakistan Investment Bonds              | 36,364,285                 | -                           | -                      | 36,364,285        | 32,859,882                  | -                           | -                      | 32,859,882        |
| <b>Associates</b>                      |                            |                             |                        |                   |                             |                             |                        |                   |
| Omar Jibran Engineering Industries Ltd | 223,457                    | -                           | -                      | 223,457           | 224,782                     | -                           | -                      | 224,782           |
| Veda Transit Solutions Private Ltd     | 35,169                     | -                           | -                      | 35,169            | 4,774                       | -                           | -                      | 4,774             |
| Intercity Touring Company Private Ltd  | 13,037                     | -                           | -                      | 13,037            | 16,766                      | -                           | -                      | 16,766            |
|  | 271,663                    | -                           | -                      | 271,663           | 246,322                     | -                           | -                      | 246,322           |
| <b>Investment in subsidiaries</b>      | -                          | -                           | -                      | -                 | -                           | -                           | -                      | -                 |
| <b>Total Investments</b>               | 183,918,200                | (875,688)                   | (325,865)              | 182,716,647       | 144,486,149                 | (859,119)                   | (502,407)              | 143,124,623       |

**9.2.1** Surplus / (deficit) includes revaluation gain on available for sale investments of subsidiaries amounting to Rs.80.378 million (December 31, 2019: Rs.80.378 million) which represents the pre-acquisition surplus and has been included here only for meeting with requirement of the prescribed format of Holding company issued by the State Bank of Pakistan.

**9.2.2** This represents the investments in related parties amounting to Rs.240.217 million (December 31, 2019: Rs.444.902 million) having market value of Rs.247.286 million (December 31, 2019: Rs.455.972 million).

- 9.2.3** Included herein are the investments in related parties amounting to Rs.2,094.226 million (December 31, 2019: Rs.1,552.306 million) having market value of Rs.1,501.011 million (December 31, 2019: Rs.1,554.335 million).
- 9.2.4** Included herein are the investments in related parties amounting to Rs.15.000 million (December 31, 2019: Rs.15.000 million) having market value of Rs.15.000 million (December 31, 2019: Rs.14.880 million).
- 9.2.5** Included herein is the investment of Rs.391.478 million (December 31, 2019: Rs.391.478 million) in a related party at the rate of 6 months KIBOR + 1.75% to 11% having maturity dates of December 04, 2017 to October 19, 2020. Due to weak financial position of the investee, the Group has recognised full impairment loss on these Term Finance Certificates.
- 9.2.6** Included herein are the investments in related parties amounting to Rs. 27.733 million (December 31, 2019: Rs.27.733 million).
- 9.2.7** This represents the investments in related parties amounting to Rs.873.352 million (December 31, 2019: Rs.969.276 million) having market value of Rs.874.453 million (December 31, 2019: Rs.1,222.869 million).
- 9.2.8** The market value of securities classified as held-to-maturity as at March 31, 2020 amounted to Rs. 35,807.008 million (December 31, 2019: Rs. 31,341.410 million).
- 9.2.9** During the period, Veda Transit Solutions Private Limited, an associate of the Bank, has issued shares against advance subscription of Rs. 40.828 million made by the Bank. Resultantly, shareholding of the Bank increased to 9.12% (December 31, 2019: 8%). The Bank has classified the investment as associate on account of it's significant influence over the investee company.

|  | (Unaudited)<br>March 31, 2020 |                   | (Audited)<br>December 31, 2019 |                   |
|--|-------------------------------|-------------------|--------------------------------|-------------------|
|  | Cost                          | Market value      | Cost                           | Market value      |
|  | ----- Rupees in '000 -----    |                   |                                |                   |
| <b>9.3 Investments given as collateral</b> |                               |                   |                                |                   |
| <b>Held-for-trading securities</b>         |                               |                   |                                |                   |
| <b>Federal Government Securities</b>       |                               |                   |                                |                   |
| Market Treasury Bills                      | 8,976,924                     | 8,978,463         | -                              | -                 |
| Pakistan Investment Bonds                  | -                             | -                 | -                              | -                 |
|  | 8,976,924                     | 8,978,463         | -                              | -                 |
| <b>Available-for-sale securities</b>       |                               |                   |                                |                   |
| <b>Federal Government Securities:</b>      |                               |                   |                                |                   |
| Market Treasury Bills                      | 10,677,219                    | 10,840,308        | 4,453,165                      | 4,452,597         |
| Pakistan Investment Bonds                  | 4,970,149                     | 5,107,323         | 22,232,264                     | 21,475,720        |
|  | 15,647,368                    | 15,947,631        | 26,685,429                     | 25,928,317        |
| <b>Foreign Securities</b>                  |                               |                   |                                |                   |
| Government Debt Securities                 | 2,827,051                     | 2,204,314         | -                              | -                 |
| Non Government Debt Securities             | 533,664                       | 358,680           | -                              | -                 |
|  | 3,360,715                     | 2,562,994         | -                              | -                 |
|  | <b>27,985,007</b>             | <b>27,489,088</b> | <b>26,685,429</b>              | <b>25,928,317</b> |

|   | (Unaudited)<br>March 31,<br>2020 | (Audited)<br>December 31,<br>2019 |
|---|----------------------------------|-----------------------------------|
|   | ----- Rupees in '000 -----       |                                   |
| <b>9.4 Provision for diminution in value of investments</b> |                                  |                                   |
| <b>9.4.1 Opening balance</b>                                | 859,119                          | 1,204,419                         |
| Charge  | 16,569                           | 251,675                           |
| Reversal  | -                                | (596,975)                         |
| Reversals during the period                                 | 16,569                           | (345,300)                         |
| Closing Balance   | <b>875,688</b>                   | <b>859,119</b>                    |

**9.4.2 Particulars of provision against debt securities**

| Category of classification        | (Unaudited)<br>March 31, 2020 |                | (Audited)<br>December 31, 2019 |                |
|-----------------------------------|-------------------------------|----------------|--------------------------------|----------------|
|                                   | NPI                           | Provision      | NPI                            | Provision      |
|                                   | ----- Rupees in '000 -----    |                |                                |                |
| <b>Domestic</b>                   |                               |                |                                |                |
| Other assets especially mentioned | -                             | -              | -                              | -              |
| Substandard                       | -                             | -              | -                              | -              |
| Doubtful                          | -                             | -              | -                              | -              |
| Loss                              | 696,507                       | 696,507        | 696,507                        | 696,507        |
|                                   | <b>696,507</b>                | <b>696,507</b> | <b>696,507</b>                 | <b>696,507</b> |

|     |   | Performing  |                            | Non Performing |              | Total       |              |             |
|-----|---|-------------|----------------------------|----------------|--------------|-------------|--------------|-------------|
|     |   | (Unaudited) | (Audited)                  | (Unaudited)    | (Audited)    | (Unaudited) | (Audited)    |             |
|     |   | March 31,   | December 31,               | March 31,      | December 31, | March 31,   | December 31, |             |
|     |   | 2020        | 2019                       | 2020           | 2019         | 2020        | 2019         |             |
| 10. | ADVANCES                                    | Note        | ----- Rupees in '000 ----- |                |              |             |              |             |
|     | Loans, cash credits, running finances, etc. |             | 217,360,781                | 225,327,657    | 9,791,674    | 10,353,164  | 227,152,455  | 235,680,821 |
|     | Bills discounted and purchased              |             | 11,712,921                 | 11,113,114     | -            | -           | 11,712,921   | 11,113,114  |
|     | Advances - gross                            |             | 229,073,702                | 236,440,771    | 9,791,674    | 10,353,164  | 238,865,376  | 246,793,935 |
|     | Provision against advances                  |             |                            |                |              |             |              |             |
|     | General                                     |             | (158,141)                  | (161,166)      | -            | -           | (158,141)    | (161,166)   |
|     | General provision - under IFRS-9            | 10.3.2      | (25,234)                   | (7,520)        | -            | -           | (25,234)     | (7,520)     |
|     | Specific                                    |             | -                          | -              | (3,426,368)  | (3,339,941) | (3,426,368)  | (3,339,941) |
|     |   | 10.3        | (183,375)                  | (168,686)      | (3,426,368)  | (3,339,941) | (3,609,743)  | (3,508,627) |
|     | Advances - net of provision                 |             | 228,890,327                | 236,272,085    | 6,365,306    | 7,013,223   | 235,255,633  | 243,285,308 |

## 10.1 Particulars of advances (gross)

|                            | (Unaudited)<br>March 31, 2020 | (Audited)<br>December 31, 2019 |
|----------------------------|-------------------------------|--------------------------------|
| ----- Rupees in '000 ----- |                               |                                |
| In local currency          | 228,836,268                   | 238,073,921                    |
| In foreign currencies      | 10,029,108                    | 8,720,014                      |
|                            | 238,865,376                   | 246,793,935                    |

10.2 Advances include Rs. 9,791.674 million (December 31, 2019: Rs.10,353.164 million) which have been placed under non-performing status as detailed

| Category of classification        | (Unaudited)<br>March 31, 2020 |           | (Audited)<br>December 31, 2019 |           |
|-----------------------------------|-------------------------------|-----------|--------------------------------|-----------|
|                                   | Non Performing Loans          | Provision | Non Performing Loans           | Provision |
|                                   | ----- Rupees in '000 -----    |           |                                |           |
| Domestic                          |                               |           |                                |           |
| Other Assets Especially Mentioned | 444,969                       | 534       | 841,058                        | 1,721     |
| Substandard                       | 567,786                       | 38,332    | 1,159,072                      | 64,681    |
| Doubtful                          | 2,666,090                     | 415,463   | 2,442,270                      | 426,283   |
| Loss                              | 6,112,829                     | 2,972,039 | 5,910,764                      | 2,847,256 |
| Total                             | 9,791,674                     | 3,426,368 | 10,353,164                     | 3,339,941 |

## 10.3 Particulars of provision against non-performing advances

|   | March 31, 2020 (Unaudited) |         |                                  |           | December 31, 2019 (Audited) |         |                                  |           |
|---|----------------------------|---------|----------------------------------|-----------|-----------------------------|---------|----------------------------------|-----------|
|   | Specific                   | General | General provision - under IFRS-9 | Total     | Specific                    | General | General provision - under IFRS-9 | Total     |
| ----- Rupees in '000 -----                  |                            |         |                                  |           |                             |         |                                  |           |
| Opening balance                             | 3,339,941                  | 161,166 | 7,520                            | 3,508,627 | 2,989,888                   | 155,661 | 10,746                           | 3,156,295 |
| Exchange adjustments                        | -                          | -       | 1,671                            | 1,671     | -                           | -       | 1,095                            | 1,095     |
| Charge for the year                         | 115,295                    | -       | 16,043                           | 131,338   | 880,994                     | 5,505   | -                                | 886,499   |
| Reversals                                   | (28,868)                   | (3,025) | -                                | (31,893)  | (526,146)                   | -       | (4,321)                          | (530,467) |
|   | 86,427                     | (3,025) | 16,043                           | 99,445    | 354,848                     | 5,505   | (4,321)                          | 356,032   |
| Amount written off from the opening balance | -                          | -       | -                                | -         | (4,795)                     | -       | -                                | (4,795)   |
| Closing Balance                             | 3,426,368                  | 158,141 | 25,234                           | 3,609,743 | 3,339,941                   | 161,166 | 7,520                            | 3,508,627 |

10.3.1 The general provision is maintained to create general reserves against following advances portfolios in accordance with the prudential regulations issued by State Bank of Pakistan as follows:

|                    | (Unaudited)<br>March 31,<br>2020 | (Audited)<br>December 31,<br>2019 | (Unaudited)<br>March 31,<br>2020 | (Audited)<br>December 31,<br>2019 |
|--------------------|----------------------------------|-----------------------------------|----------------------------------|-----------------------------------|
|                    | Secured portfolio                |                                   | Unsecured portfolio              |                                   |
|                    | ----- Percentages -----          |                                   |                                  |                                   |
| Consumer financing | 1%                               | 1%                                | 4%                               | 4%                                |
| Housing finance    | 0.5%                             | 0.5%                              | -                                | -                                 |

10.3.2 This represents general provision held under IFRS 9 by Bahrain branch of the Holding company.

10.3.3 The State Bank of Pakistan through various circulars has allowed benefit of the forced sale value (FSV) of Plant and Machinery under charge, pledged stock and mortgaged residential, commercial and industrial properties (land and building only) held as collateral against non-performing loans (NPLs) for a maximum of five years from the date of classification. As at March 31, 2020, the Bank has availed cumulative benefit of FSV of Rs.4,268.886 million (December 31, 2019: Rs.4,120.009 million) under the directives of the SBP. Had the benefit not been taken the unappropriated profit after tax would have reduced by Rs.2,774.776 million (December 31, 2019: Rs. 2,678.006 million). Further, as required by the SBP directives, this unappropriated profit will not be available for distribution as dividend or other appropriations.

|   |   | (Unaudited)<br>March 31,<br>2020 | (Audited)<br>December 31,<br>2019 |
|---|---|----------------------------------|-----------------------------------|
|   |   | ----- Rupees in '000 -----       |                                   |
| <b>11. FIXED ASSETS</b>                                 | <b>Note</b>   |                                  |                                   |
| Capital work-in-progress                                | 11.1  | 186,634                          | 146,181                           |
| Property and equipment                                  |   | 6,313,995                        | 6,438,632                         |
| Right-of-use assets                                     | 4.1   | 3,863,536                        | 4,109,132                         |
|   |   | <u>10,364,165</u>                | <u>10,693,945</u>                 |
| <b>11.1 Capital work-in-progress</b>                    |   |                                  |                                   |
| Civil works   |   | 151,773                          | 124,350                           |
| Advance for purchase of furniture and fixtures          |   | 290                              | 290                               |
| Advance for purchase of vehicles                        |   | 34,319                           | -                                 |
| Advance for purchase of equipment and software          |   | 252                              | 21,541                            |
|   |   | <u>186,634</u>                   | <u>146,181</u>                    |
|   |   | ----- Un-audited -----           |                                   |
|   |   | March 31,<br>2020                | March 31,<br>2019                 |
|   |   | ----- Rupees in '000 -----       |                                   |
| <b>11.2</b>   | The following additions have been made to fixed assets during the period:   |                                  |                                   |
| Capital work-in-progress - net                          |   | 27,423                           | 192,476                           |
| <b>Property and equipment</b>                           |   |                                  |                                   |
| Building on lease hold land                             |   | -                                | -                                 |
| Lease hold improvements                                 |   | 44,032                           | -                                 |
| Furniture and fixture                                   |   | 20,279                           | 20,436                            |
| Electrical office and computer equipment                |   | 71,339                           | 152,689                           |
| Vehicles  |   | 49                               | 4,117                             |
|   |   | <u>135,698</u>                   | <u>177,242</u>                    |
|   |   | <u>163,121</u>                   | <u>369,718</u>                    |
| <b>11.3</b>   | The net book value of fixed assets disposed off during the period is as follows:  |                                  |                                   |
| Lease hold improvements                                 |   | 29                               | 1,789                             |
| Furniture and fixture                                   |   | 43                               | 289                               |
| Electrical, office and computer equipment               |   | 240                              | 3,189                             |
| Vehicles  |   | 7,305                            | 12,597                            |
|   |   | <u>7,618</u>                     | <u>17,864</u>                     |
|   |   | (Unaudited)<br>March 31,<br>2020 | (Audited)<br>December 31,<br>2019 |
| <b>11.4 Assets held for sale</b>                        |   | ----- Rupees in '000 -----       |                                   |
| Building on lease hold land                             |   | <u>374,000</u>                   | <u>374,000</u>                    |
| <b>11.4.1</b>   | In 2019, Holding company had entered into an agreement to sell the Bank property located at 13th floor of Ocean Tower, plot No. G-3, Khayaban-e-Iqbal, Block 9, KDA Scheme No. 5, Clifton Karachi, Pakistan ("Property"). The Holding company has initiated the necessary legal proceedings which are expected to be completed in next quarter, accordingly, the property is measured as a non-current asset held for sale. |                                  |                                   |
|   |   | (Unaudited)<br>March 31,<br>2020 | (Audited)<br>December 31,<br>2019 |
| <b>11.5 The carrying amounts of right-of-use assets</b> | <b>Note</b>   | ----- Rupees in '000 -----       |                                   |
| Opening balance   |   | 4,109,132                        | 5,068,076                         |
| Additional impact arised during the period - net        |   | -                                | 26,553                            |
| Depreciation  |   | (245,959)                        | (985,497)                         |
| Closing balance   |   | <u>3,863,173</u>                 | <u>4,109,132</u>                  |

|   |      | (Unaudited)<br>March 31,<br>2020 | (Audited)<br>December 31,<br>2019 |
|---|------|----------------------------------|-----------------------------------|
|   |      | ----- Rupees in '000 -----       |                                   |
| <b>12. INTANGIBLE ASSETS</b>  |      |                                  |                                   |
| Capital work-in-progress  | 12.1 | 60,404                           | 107,533                           |
| Computer software and goodwill  |      | 2,250,016                        | 2,194,941                         |
|   |      | <u>2,310,420</u>                 | <u>2,302,474</u>                  |
| <b>12.1 Capital work-in-progress</b>  |      |                                  |                                   |
| Advance for purchase of software  |      | <u>60,172</u>                    | <u>107,255</u>                    |
|   |      | ----- Un-audited -----           |                                   |
|   |      | March 31,<br>2020                | March 31,<br>2019                 |
|   |      | ----- Rupees in '000 -----       |                                   |
| <b>12.2 Additions to intangible assets</b>                                      |      |                                  |                                   |
| The following additions have been made to intangible assets during the period:  |      |                                  |                                   |
| Capital work-in-progress - net  |      | 9,511                            | 73,489                            |
| Computer software   |      | 35,489                           | 4,846                             |
|   |      | <u>45,000</u>                    | <u>78,335</u>                     |
| <b>13. OTHER ASSETS</b>   | Note | (Unaudited)<br>March 31,<br>2020 | (Audited)<br>December 31,<br>2019 |
|   |      | ----- Rupees in '000 -----       |                                   |
| Income/ Mark-up accrued in local currency - net of provision                    |      | 8,538,363                        | 8,746,909                         |
| Income/ Mark-up accrued in foreign currency                                     |      | 130,019                          | 48,511                            |
| Trade receivable from brokerage and advisory business - net                     |      | 934,103                          | 976,902                           |
| Advances, deposits, advance rent and other prepayments                          |      | 741,788                          | 1,040,356                         |
| Acceptances   |      | 2,490,426                        | 3,221,212                         |
| Taxation (payments less provision)  |      | 591,037                          | 794,463                           |
| Dividend receivable   |      | 9,400                            | -                                 |
| Balances due from funds under management  |      | 112,250                          | 123,074                           |
| Receivable against bancassurance / bancatakaful                                 |      | 111,114                          | 67,952                            |
| Stationery and stamps in hand   |      | 20,171                           | 23,290                            |
| Receivable from other banks in respect of remittance                            |      | 537,455                          | 495,660                           |
| Non-banking assets acquired in satisfaction of claims                           |      | 1,086,443                        | 1,088,682                         |
| Mark to market gain on derivative instruments                                   |      | 28,569                           | 22,498                            |
| Mark to market gain on forward foreign exchange contracts                       |      | 441,195                          | 65,955                            |
| Advance for subscription of investments securities                              |      | 20,000                           | 63,108                            |
| ATM settlement account  |      | 71,609                           | 106,119                           |
| Others  |      | 479,828                          | 374,470                           |
|   |      | <u>16,343,770</u>                | <u>17,259,161</u>                 |
| Less: Provision held against other assets                                       | 13.1 | (432,908)                        | (432,908)                         |
| Other assets (net of provisions)  |      | <u>15,910,862</u>                | <u>16,826,253</u>                 |
| Surplus on revaluation of non-banking assets acquired in satisfaction of claims |      | 93,712                           | 93,743                            |
|   |      | <u>16,004,574</u>                | <u>16,919,996</u>                 |
| <b>13.1 Provision held against other assets</b>                                 |      |                                  |                                   |
| Trade receivable from brokerage and advisory business - net                     |      | 403,318                          | 403,318                           |
| Others  |      | 29,590                           | 29,590                            |
|   |      | <u>432,908</u>                   | <u>432,908</u>                    |
| <b>13.1.1 Movement in provision held against other assets</b>                   |      |                                  |                                   |
| Opening balance   |      | 432,908                          | 435,188                           |
| Charge  |      | -                                | -                                 |
| Reversal  |      | -                                | (2,280)                           |
| Net reversal for the period   |      | -                                | (2,280)                           |
| Closing balance   |      | <u>432,908</u>                   | <u>432,908</u>                    |
| <b>14. BILLS PAYABLE</b>  |      |                                  |                                   |
| In Pakistan   |      | 4,228,751                        | 3,583,500                         |
| Outside Pakistan  |      | 236,364                          | 220,991                           |
|   |      | <u>4,465,115</u>                 | <u>3,804,491</u>                  |

| 15. BORROWINGS   | Note | (Unaudited)<br>March 31,<br>2020 | (Audited)<br>December 31,<br>2019 |
|--|------|----------------------------------|-----------------------------------|
|  |      | ----- Rupees in '000 -----       |                                   |
| <b>Secured</b>   |      |                                  |                                   |
| Borrowings from State Bank of Pakistan under:                  |      |                                  |                                   |
| Export refinancing scheme (ERF)                                |      | 17,442,496                       | 17,792,778                        |
| Long-Term Finance Facility (LTFF)                              |      | 1,833,961                        | 1,877,760                         |
| Financing Facility for Storage of Agricultural produce (FFSAP) |      | 385,165                          | 300,440                           |
| Repurchase agreement borrowings                                |      | -                                | 16,849,097                        |
|  |      | <b>19,661,622</b>                | <b>36,820,075</b>                 |
| <b>Borrowing from financial institutions</b>                   |      |                                  |                                   |
| Repurchase agreement borrowings                                |      | <b>26,756,075</b>                | 12,746,732                        |
| Refinancing facility for mortgage loans                        |      | <b>1,946,747</b>                 | 1,961,128                         |
|  |      | <b>28,702,822</b>                | <b>14,707,860</b>                 |
| <b>Total secured</b>   |      | <b>48,364,444</b>                | <b>51,527,935</b>                 |
| <b>Unsecured</b>   |      |                                  |                                   |
| Call borrowings  |      | <b>1,195,894</b>                 | 2,303,356                         |
| Overdrawn nostro accounts                                      |      | <b>273,315</b>                   | 636,992                           |
| <b>Total unsecured</b>   |      | <b>1,469,209</b>                 | <b>2,940,348</b>                  |
|  |      | <b>49,833,653</b>                | <b>54,468,283</b>                 |
| <b>15.1 Particulars of borrowings</b>                          |      |                                  |                                   |
| In local currency  |      | <b>46,096,378</b>                | 51,527,935                        |
| In foreign currencies  |      | <b>3,737,275</b>                 | 2,940,348                         |
|  |      | <b>49,833,653</b>                | <b>54,468,283</b>                 |

## 16. DEPOSITS AND OTHER ACCOUNTS

|                               | March 31, 2020 (Unaudited) |                          |                    | December 31, 2019 (Audited) |                          |                    |
|-------------------------------|----------------------------|--------------------------|--------------------|-----------------------------|--------------------------|--------------------|
|                               | In Local<br>Currency       | In Foreign<br>currencies | Total              | In Local<br>Currency        | In Foreign<br>currencies | Total              |
|                               | ----- Rupees in '000 ----- |                          |                    |                             |                          |                    |
| <b>Customers</b>              |                            |                          |                    |                             |                          |                    |
| Current accounts              | 63,170,705                 | 6,788,278                | 69,958,983         | 70,341,319                  | 6,412,941                | 76,754,260         |
| Savings deposits              | 79,273,334                 | 3,460,800                | 82,734,134         | 73,442,779                  | 2,898,794                | 76,341,573         |
| Term deposits                 | 176,197,022                | 10,602,532               | 186,799,554        | 164,602,876                 | 11,409,815               | 176,012,691        |
| Margin accounts               | 5,567,309                  | 26,180                   | 5,593,489          | 5,455,786                   | 15,234                   | 5,471,020          |
|                               | <b>324,208,370</b>         | <b>20,877,790</b>        | <b>345,086,160</b> | <b>313,842,760</b>          | <b>20,736,784</b>        | <b>334,579,544</b> |
| <b>Financial Institutions</b> |                            |                          |                    |                             |                          |                    |
| Current accounts              | 1,159,383                  | -                        | 1,159,383          | 858,905                     | -                        | 858,905            |
| Savings deposits              | 12,491,724                 | -                        | 12,491,724         | 12,204,325                  | -                        | 12,204,325         |
| Term deposits                 | 17,786,000                 | -                        | 17,786,000         | 20,900,829                  | -                        | 20,900,829         |
|                               | <b>31,437,107</b>          | <b>-</b>                 | <b>31,437,107</b>  | <b>33,964,059</b>           | <b>-</b>                 | <b>33,964,059</b>  |
|                               | <b>355,645,477</b>         | <b>20,877,790</b>        | <b>376,523,267</b> | <b>347,806,819</b>          | <b>20,736,784</b>        | <b>368,543,603</b> |

| 17. SUB-ORDINATED DEBT                   | Note | (Unaudited)<br>March 31,<br>2020 | (Audited)<br>December 31,<br>2019 |
|--|------|----------------------------------|-----------------------------------|
|  |      | ----- Rupees in '000 -----       |                                   |
| Term Finance Certificates - First Issue  | 17.1 | <b>2,996,400</b>                 | 2,996,400                         |
| Term Finance Certificates - Second Issue | 17.2 | <b>1,998,400</b>                 | 1,998,400                         |
| Term Finance Certificates - Third Issue  | 17.3 | <b>2,500,000</b>                 | 2,500,000                         |
|  |      | <b>7,494,800</b>                 | <b>7,494,800</b>                  |

**17.1** In 2016, the Holding company has issued Rs.3 billion of rated, privately placed, unsecured and subordinated term finance certificates ("TFCs" or "the Issue") as an instrument of redeemable capital under Section 120 of the Companies Ordinance, 1984 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the Issue are:

|                |  |
|----------------|--|
| Purpose:       | To contribute toward the Bank's Tier II Capital for complying with the Capital Adequacy Ratio requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association. |
| Issue date     | December 14, 2016  |
| Tenure:        | Up to Seven years from the Issue date.   |
| Maturity Date: | December 14, 2023  |
| Rating         | A + (Single A Plus)  |

|                         |  |
|-------------------------|--|
| Profit Rate:            | Floating rate of return at Base rate + 1.4 percent per annum;<br><br>Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period  |
| Profit payment:         | Semi-annual  |
| Redemption:             | The instrument is structured to redeem 0.24% of the Issue amount during the first six years after the Issue date and the remaining Issue amount of 99.76% in two equal semi-annual installments of 49.88% each in the last year.   |
| Security:               | The Issue is unsecured and subordinated as to payment of Principal and profit to all other indebtedness of the Bank.   |
| Call Option:            | Exercisable in part or in full on or after the 10th redemption, subject to SBP's approval.   |
| Lock-in-clause:         | Principal and profit will be payable subject to compliance with MCR or CAR set by  |
| Loss absorbency clause: | Upon the occurrence of a Point of Non-Viability event as defined by SBP's Basel III Capital Rule vide BPRD Circular # 6 of 2013 dated August 15, 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger as declared by SBP of the non-viability event as declared by SBP, subject to a cap of 467,836,257 shares. |

**17.2** In 2017, the Holding company has issued Rs.2 billion of rated, over the counter listed, unsecured and subordinated term finance certificates ("TFCs" or "the Issue") as an instrument of redeemable capital under Section 66 of the Companies Act, 2017 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the Issue are:

|                         |  |
|-------------------------|--|
| Purpose:                | To contribute toward the Bank's Tier II Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.   |
| Issue date              | December 29, 2017  |
| Tenure:                 | Up to Seven years from the Issue date.   |
| Maturity Date:          | December 29, 2024  |
| Rating                  | A + (Single A Plus)  |
| Profit Rate:            | Floating rate of return at Base rate + 1.4 percent per annum;<br><br>Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period.   |
| Profit payment:         | Semi-annual  |
| Redemption:             | The instrument is structured to redeem 0.24% of the Issue amount during the first six years after the Issue date and the remaining Issue amount of 99.76% in two equal semi-annual installments of 49.88% each in the last year.   |
| Security:               | The Issue is unsecured and subordinated as to payment of Principal and profit to all other indebtedness of the Bank.   |
| Call Option:            | Exercisable in part or in full on or after the 10th redemption, subject to SBP's approval.   |
| Lock-in-clause:         | Principal and profit will be payable subject to compliance with MCR or CAR set by SBP.   |
| Loss absorbency clause: | Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger of Point of Non-Viability (PONV) as declared by SBP, subject to a cap of 319,982,544 shares. |

**17.3** In 2018, the Holding company has issued Rs.2.5 billion of rated, privately placed, unsecured, subordinated, perpetual and non-cumulative term finance certificates ("TFCs" or "the Issue") as an instrument of redeemable capital under Section 66(1) of the Companies Act, 2017 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 (the "Circular") and Basel III guidelines. Summary of terms and conditions of the Issue are:

|                |  |
|----------------|--|
| Purpose:       | To contribute toward the Bank's Tier I Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.  |
| Issue date     | December 31, 2018  |
| Maturity Date: | Perpetual  |
| Rating         | A (Single A)   |
| Profit Rate:   | Floating rate of return at Base rate + 2.25 percent per annum;<br><br>Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period |



|                           |  |
|---------------------------|--|
| Profit payment frequency: | Semi-annually on a non-cumulative basis  |
| Redemption:               | Not applicable   |
| Security:                 | The Issue is unsecured and subordinated as to payment of Principal and profit to all other claims except common shares.  |
| Call Option:              | Exercisable in part or in full at a par value on or after five years from the issue date, with prior approval of SBP. The Bank shall not exercise the call option unless the called instrument is replaced with capital of same or better quality. |
| Lock-in-clause:           | Payment of profit will me be made from current year's earning and subject to compliance with MCR or CAR set by SBP.  |

**Loss absorbency clause:**

|                               |   |
|-------------------------------|---|
| Pre-Specified Trigger ("PST") | <p>Upon the occurrence of a Pre-Specified Trigger as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013,, which stipulates that if an Issuer's Common Equity Tier 1 ("CET 1") ratio falls to or below 6.625% of Risk Weighted Assets ("RWA"), the Issuer will have full discretion to determine the amount of TFCs to be permanently converted into common shares or written off, subject to SBP regulations / instructions, and the cap specified below. The Bank will be able to exercise this discretion subject to:</p> <ul style="list-style-type: none"> <li>- If and when Bank's CET 1 reaches the loss absorption trigger point, the aggregate amount of Additional Tier-1 capital to be converted must at least be the amount sufficient to immediately return the CET 1 ratio to above 6.625% of total RWA (if possible);</li> <li>- The converted amount should not exceed the amount needed to bring the CET 1 ratio to 8.5% of RWA (i.e. minimum CET 1 of 6.0% plus capital conservation buffer of 2.5%);</li> <li>- In case, conversion of Additional Tier-1 capital Instrument is not possible following the trigger event, the amount of the Instrument must be written off in the accounts resulting in increase in CET 1 of the Issuer;</li> </ul>   |
| Point of Non-Viability        | <p>Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013, which stipulates that SBP may, at its option, fully and permanently convert the TFCs into common shares of the Issuer and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Value of the TFCs' divided by market value per share of the Issuer's common / ordinary share on the date of the PONV trigger event as declared by SBP, subject to the cap specified below;</p> <p>The PONV trigger event is the earlier of:</p> <ul style="list-style-type: none"> <li>- A decision made by SBP that a conversion or temporary / permanent write-off is necessary without which the Issuer would become non-viable;</li> <li>- The decision to make a public sector injection of capital, or equivalent support, without which the Issuer would have become non-viable, as determined by SBP.</li> <li>- The maximum number of shares to be issued to TFC holders at the Pre-Specified Trigger and / or Point of Non Viability (or otherwise as directed by SBP) will be subject to a specified cap of 329,595,476 ordinary shares, or such other number as may be agreed to in consultation with SBP.</li> </ul> |

**18. DEFERRED TAX (ASSETS) / LIABILITIES**

(Unaudited)      (Audited)  
**March 31,      December 31,**  
**2020              2019**  
 ----- Rupees in '000 -----

**Deductible Temporary Differences on:**

|   |                    |                    |
|---|--------------------|--------------------|
| Provision against investments   | (57,149)           | (57,149)           |
| Provision against loans and advances  | (256,422)          | (249,267)          |
| Provision against other assets  | (811,904)          | (728,281)          |
| General provision under IFRS-9  | (20,213)           | (3,097)            |
| Intangible other than Goodwill  | (2,625)            | (2,507)            |
| Unrealised (loss) / gain on revaluation of investments classified as held for trading     | 8,854              | (665)              |
| Surplus / (deficit) on revaluation of investments classified assets as available for sale | (123,310)          | (253,627)          |
| Provision for workers' welfare fund   | (3,143)            | (3,143)            |
|   | <b>(1,265,912)</b> | <b>(1,297,736)</b> |

**Taxable Temporary Differences on:**

|   |                  |                  |
|---|------------------|------------------|
| Operating fixed assets  | 256,487          | 260,103          |
| Liability against assets subject to finance lease - net                         | 9,843            | (7,082)          |
| Goodwill  | 512,268          | 512,268          |
| Surplus on revaluation of operating fixed assets                                | 370,326          | 374,394          |
| Surplus on revaluation of non-banking assets acquired in satisfaction of claims | 956              | 967              |
| Mark to market gain on forward foreign exchange contracts                       | 154,418          | (51,092)         |
| Unrealized (loss) / gain on revaluation of derivative financial instruments     | 9,999            | 82,321           |
|   | <b>1,314,297</b> | <b>1,171,879</b> |
|   | <b>48,385</b>    | <b>(125,857)</b> |

|   |             | (Unaudited)<br>March 31,<br>2020 | (Audited)<br>December 31,<br>2019 |
|---|-------------|----------------------------------|-----------------------------------|
|   |             | ----- Rupees in '000 -----       |                                   |
| <b>19. OTHER LIABILITIES</b>                            | <b>Note</b> |                                  |                                   |
| Mark-up / return / interest payable in local currency   |             | 6,340,633                        | 4,166,772                         |
| Mark-up / return / interest payable in foreign currency |             | 81,867                           | 72,782                            |
| Unearned income on guarantees                           |             | 107,941                          | 99,505                            |
| Accrued expenses  |             | 465,518                          | 415,112                           |
| Acceptances   |             | 2,490,426                        | 3,221,212                         |
| Trade payable from brokerage business                   |             | 1,641,643                        | 1,426,057                         |
| Payable in respect of defined benefit obligation - net  |             | 205,420                          | 151,881                           |
| Unclaimed dividends                                     |             | 7,576                            | 7,576                             |
| Dividend payable  |             | 5,392                            | 41,102                            |
| Donation payable  |             | 12,641                           | 1,991                             |
| Lease key money deposit                                 |             | 3,955,576                        | 4,149,235                         |
| Provision for Workers' Welfare Fund                     |             | 120,006                          | 113,795                           |
| Government duties                                       |             | 437,208                          | 477,870                           |
| Payable against remittance                              |             | 504,681                          | 446,387                           |
| Retention money payable                                 |             | 38,941                           | 34,248                            |
| Visa debit card payable                                 |             | 411,304                          | 158,574                           |
| Lease liability against right-of-use assets             | 19.1        | 3,991,485                        | 4,260,358                         |
| Advance against assets held for sale                    |             | 37,500                           | 37,500                            |
| Others  |             | 520,998                          | 138,772                           |
|   |             | <u>21,376,756</u>                | <u>19,420,729</u>                 |

#### 19.1 Lease liabilities

The carrying amounts of lease liabilities and the movements during the period / year is as below:

|  |                  |                  |
|--|------------------|------------------|
| Opening balance                                  | 4,153,244        | 4,781,777        |
| Additional impact arised during the period - net | -                | 24,333           |
| Borrowing cost                                   | 133,658          | 580,688          |
| Payments   | (295,417)        | (1,126,440)      |
| Closing balance                                  | <u>3,991,485</u> | <u>4,260,358</u> |

#### 20. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS

(Deficit) / surplus on revaluation of:

|   |            |                  |                  |
|---|------------|------------------|------------------|
| Available-for-sale securities                         | 9.1 & 20.2 | (404,927)        | (591,788)        |
| Operating fixed assets                                | 20.3       | 1,945,543        | 1,955,940        |
| Non-banking assets acquired in satisfaction of claims |            | 93,712           | 93,743           |
|   |            | <u>1,634,328</u> | <u>1,457,895</u> |

Deferred tax on (deficit) / surplus on revaluation of:

|   |                  |                  |
|---|------------------|------------------|
| Available-for-sale securities                         | 123,310          | 253,627          |
| Operating fixed assets                                | (370,326)        | (374,390)        |
| Non-banking assets acquired in satisfaction of claims | (956)            | (967)            |
|   | <u>(247,972)</u> | <u>(121,730)</u> |
|   | <u>1,386,356</u> | <u>1,336,165</u> |

|             |                          |                  |                  |
|-------------|--------------------------|------------------|------------------|
| <b>20.1</b> | Group's share            | 1,395,113        | 1,308,531        |
|             | Non-controlling interest | (8,757)          | 27,634           |
|             |                          | <u>1,386,356</u> | <u>1,336,165</u> |

**20.2** This includes general provision under IFRS 9 of Rs. 32.102 million (December 31, 2019: Rs. Nil) by Bahrain branch of the Holding company.

**20.3** This includes Rs. 141.731 million (December 31, 2019: Rs. 141.731 million) which relates to assets held for sale as disclosed in note 11.4.

#### 21. CONTINGENCIES AND COMMITMENTS

|             |      |                    |                    |
|-------------|------|--------------------|--------------------|
| Guarantees  | 21.1 | 44,678,469         | 45,650,803         |
| Commitments | 21.2 | 102,358,549        | 77,013,578         |
|             |      | <u>147,037,018</u> | <u>122,664,381</u> |

#### 21.1 Guarantees:

|                        |        |                   |                   |
|------------------------|--------|-------------------|-------------------|
| Financial guarantees   |        | 2,753,174         | 2,464,411         |
| Performance guarantees |        | 21,052,052        | 21,483,841        |
| Other guarantees       |        | 20,873,243        | 21,702,551        |
|                        | 21.1.1 | <u>44,678,469</u> | <u>45,650,803</u> |

**21.1.1** Included herein are outstanding guarantees of Rs.24.125 million (December 31, 2019: Rs.14.217 million) of related parties.

|  | Note  | (Unaudited)<br>March 31,<br>2020<br>----- Rupees in '000 ----- | (Audited)<br>December 31,<br>2019 |
|--|---|--|-----------------------------------|
| <b>21.2 Commitments:</b>   |   |  |                                   |
| <b>Documentary credits and short-term trade-related transactions</b>   |   |  |                                   |
| - letters of credit  | 21.2.1  | 16,081,747   | 13,965,258                        |
| <b>Commitments in respect of:</b>  |   |  |                                   |
| - Forward foreign exchange contracts   | 21.2.2  | 69,968,560   | 55,111,366                        |
| - Derivative instruments   | 21.2.3  | 15,500,922   | 7,238,695                         |
| - Forward lending  | 21.2.4  | 160,693  | 72,183                            |
| - Bank Guarantee from a commercial Bank in favor<br>of National Clearing Company of Pakistan Limited   | 21.2.5  | 400,000  | 400,000                           |
| - Outstanding settlements against margin financing contracts - net   | 21.2.6  | 4,068  | 5,305                             |
| <b>Commitments for acquisition of:</b>   |   |  |                                   |
| - operating fixed assets   | 21.2.7  | 242,559  | 220,771                           |
|  |   | <b>102,358,549</b>   | <b>77,013,578</b>                 |
| <b>21.2.1</b>  | Included herein the outstanding letter of credits of Rs. 51.007 million (December 31, 2019: Rs.44.368 million) of related parties.  |  |                                   |
| <b>21.2.2 Commitments in respect of forward foreign exchange contracts</b>   |   |  |                                   |
| Purchase   |   | 37,150,341   | 33,104,108                        |
| Sale   |   | 32,818,219   | 22,007,258                        |
|  |   | <b>69,968,560</b>  | <b>55,111,366</b>                 |
| The Holding company utilises foreign exchange instruments to meet the needs of its customers and as part of its asset and liability management activity to hedge its own exposure to currency risk. At quarter end, all foreign exchange contracts |   |  |                                   |
| <b>21.2.3 Commitments in respect of derivative instruments</b>   |   |  |                                   |
| Purchase   |   | 4,303,565  | 3,622,107                         |
| Sale   |   | 11,197,357   | 3,616,588                         |
|  |   | <b>15,500,922</b>  | <b>7,238,695</b>                  |
| <b>21.2.3.1 Interest rate swaps (notional principal)</b>   |   |  |                                   |
| Purchase   |   | 1,764,876  | 2,099,175                         |
| Sale   |   | 1,765,876  | 2,100,175                         |
|  |   | <b>3,530,752</b>   | <b>4,199,350</b>                  |
| <b>21.2.3.2 Options (notional principal)</b>   |   |  |                                   |
| Purchase   |   | 1,664,286  | 1,023,310                         |
| Sale   |   | 3,206,296  | 1,023,310                         |
|  |   | <b>4,870,582</b>   | <b>2,046,620</b>                  |
| <b>21.2.3.3 Commitments in respect of forward government securities</b>  |   |  |                                   |
| Purchase   |   | 874,403  | 499,622                           |
| Sale   |   | 6,225,185  | 493,103                           |
|  |   | <b>7,099,588</b>   | <b>992,725</b>                    |
| <b>21.2.4 Commitments in respect of forward lending</b>  |   |  |                                   |
| Undrawn formal standby facilities, credit lines and other commitments to lend  |   | <b>160,693</b>   | <b>72,183</b>                     |
| <b>21.2.4.1</b>  | These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the bank without the risk of incurring significant penalty or expense. |  |                                   |
| <b>21.2.5 Bank Guarantee from a commercial Bank in favor<br/>of National Clearing Company of Pakistan Limited</b>  |   | <b>400,000</b>   | <b>400,000</b>                    |
| <b>21.2.6 Outstanding settlements against margin financing contracts - net</b>   |   | <b>4,068</b>   | <b>5,305</b>                      |
| <b>21.2.7 Commitments for acquisition of operating fixed assets</b>  |   | <b>242,559</b>   | <b>220,771</b>                    |
| <b>21.2.8</b>  | There are no changes in contingent liabilities since the date of annual consolidated audited financial statements for the year ended December 31, 2019.                       |  |                                   |

## 22. DERIVATIVE INSTRUMENTS

Derivative instruments, such as Forward Exchange Contracts, Interest Rate Swaps, Interest Rate Swaps and Options, are forward transactions that provide market making opportunities / hedge against the adverse movement of interest and exchange rates. Derivatives business also provides risk solutions for the existing and potential customers of the Group.

The Group has entered into a Cross Currency Swap transaction with its customer on back-to-back basis with an Authorized Derivative Dealer (ADD) without carrying any open position in its books. Specific approvals for the transactions have been granted by State Bank of Pakistan. Policies in line with SBP instructions have been formulated and are operative.

The Holding company has also entered into Foreign Currency & Commodity Options from its Wholesale Banking Branch Bahrain for market making activities.

These transactions cover the aspects of both market making and hedging. The risk management related to derivative is disclosed in note 45 to the financial statements.

Accounting policies in respect of derivative financial instruments are described in note 4.5.2 of the consolidated annual financial statements for the year ended December 31, 2019.

|      |                             | March 31, 2020 (Unaudited)  |                |                     |                |                    |                |
|------|-----------------------------|-----------------------------|----------------|---------------------|----------------|--------------------|----------------|
|      |                             | Options                     |                | Interest rate swaps |                | Forward securities |                |
|      |                             | Notional principal          | Mark to market | Notional principal  | Mark to market | Notional principal | Mark to market |
|      |                             | Rupees in '000              |                |                     |                |                    |                |
| 22.1 | Product Analysis            |                             |                |                     |                |                    |                |
|      | <b>With Banks</b>           |                             |                |                     |                |                    |                |
|      | Hedging                     | 3,530,752                   | 11,272         | 2,667,259           | 19,647         | -                  | -              |
|      | Market making               | -                           | -              | -                   | -              | 7,099,588          | (2,350)        |
|      | <b>With FIs other banks</b> |                             |                |                     |                |                    |                |
|      | Hedging                     | -                           | -              | -                   | -              | -                  | -              |
|      | Market making               | -                           | -              | -                   | -              | -                  | -              |
|      | <b>Total</b>                |                             |                |                     |                |                    |                |
|      | Hedging                     | 3,530,752                   | 11,272         | 2,667,259           | 19,647         | -                  | -              |
|      | Market making               | -                           | -              | -                   | -              | 7,099,588          | (2,350)        |
|      |                             | December 31, 2019 (Audited) |                |                     |                |                    |                |
|      |                             | Options                     |                | Interest rate swaps |                | Forward securities |                |
|      |                             | Notional principal          | Mark to market | Notional principal  | Mark to market | Notional principal | Mark to market |
|      |                             | Rupees in '000              |                |                     |                |                    |                |
|      | <b>With Banks</b>           |                             |                |                     |                |                    |                |
|      | Hedging                     | -                           | 8,885          | 4,199,350           | 13,327         | -                  | -              |
|      | Market making               | -                           | -              | -                   | -              | 992,725            | 286            |
|      | <b>With FIs other banks</b> |                             |                |                     |                |                    |                |
|      | Hedging                     | -                           | -              | -                   | -              | -                  | -              |
|      | Market making               | -                           | -              | -                   | -              | -                  | -              |
|      | <b>Total</b>                |                             |                |                     |                |                    |                |
|      | Hedging                     | -                           | 8,885          | 4,199,350           | 13,327         | -                  | -              |
|      | Market making               | -                           | -              | -                   | -              | 992,725            | 286            |

|     |   | ----- Un-audited -----     |                                    |
|-----|---|----------------------------|------------------------------------|
|     |   | March 31,<br>2020          | March 31,<br>2019                  |
|     |   | ----- Rupees in '000 ----- |                                    |
| 23. | MARK-UP / RETURN / INTEREST EARNED  | Note                       |                                    |
|     | On:   |                            |                                    |
|     | Loans and advances  |                            | 8,344,668 7,095,975                |
|     | Investments   |                            | 4,175,659 2,087,243                |
|     | Lendings to financial institutions  |                            | 3,581 22,560                       |
|     | Balances with other banks   |                            | 5,758 12,132                       |
|     | Securities purchased under resale agreements                                  |                            | 428,340 143,350                    |
|     |   |                            | <u>12,958,006</u> <u>9,361,260</u> |
| 24. | MARK-UP / RETURN / INTEREST EXPENSED  |                            |                                    |
|     | Deposits  |                            | 9,214,296 5,528,665                |
|     | Borrowings  | 24.1                       | 562,398 1,403,695                  |
|     | Sub-ordinated debt  |                            | 282,807 231,705                    |
|     | Cost of foreign currency swaps against foreign currency deposits / borrowings |                            | 182,358 81,638                     |
|     | Lease liability against right-of-use assets                                   |                            | 133,658 14,340                     |
|     |   |                            | <u>10,375,517</u> <u>7,260,043</u> |

**24.1 Borrowings**

|  |                |                  |
|--|----------------|------------------|
| Export refinancing scheme (ERF)                                | 85,420         | 80,021           |
| Long-Term Finance Facility (LTFF)                              | 11,433         | 5,916            |
| Financing Facility for Storage of Agricultural produce (FFSAP) | 1,902          | 723              |
| Securities sold under repurchase agreements                    | 327,814        | 1,179,709        |
| Other short term borrowings                                    | 135,829        | 137,326          |
|  | <b>562,398</b> | <b>1,403,695</b> |

---- Un-audited ----

March 31, 2020      March 31, 2019

----- Rupees in '000 -----

**25. FEE, COMMISSION AND BROKERAGE INCOME**

|  |                  |                |
|--|------------------|----------------|
| Branch banking customer fees                         | 45,850           | 47,367         |
| Consumer finance related fees                        | 6,977            | 4,898          |
| Card related fees (debit and credit cards)           | 198,996          | 102,230        |
| Credit related fees                                  | 77,956           | 75,427         |
| Investment banking fees                              | 30,569           | 44,251         |
| Commission on trade                                  | 163,558          | 114,058        |
| Commission on guarantees                             | 86,242           | 84,281         |
| Commission on cash management                        | 1,736            | 1,563          |
| Commission on remittances including home remittances | 56,637           | 22,081         |
| Commission on bancassurance                          | 28,636           | 23,990         |
| Commission on distribution of mutual funds           | 12,748           | 37,493         |
| Commission on online Services                        | 74,688           | 39,784         |
| Postage & Courier income                             | 7,168            | 3,514          |
| Rebate income  | 63,042           | 50,907         |
| Rebate on primary dealership                         | -                | 6,283          |
| Brokerage income                                     | 115,414          | 71,298         |
| Management fee                                       | 57,683           | 53,958         |
|  | <b>1,027,900</b> | <b>783,383</b> |

**26. GAIN / (LOSS) ON SECURITIES - NET**

|                               |      |                |                 |
|-------------------------------|------|----------------|-----------------|
| Realised                      | 26.1 | 98,644         | (46,750)        |
| Unrealised - held for trading |      | 23,935         | 1,318           |
|                               |      | <b>122,579</b> | <b>(45,432)</b> |

**26.1 Realised gain on:****Federal government securities**

|                           |               |              |
|---------------------------|---------------|--------------|
| Market treasury bills     | 27,973        | 7,720        |
| Pakistan investment bonds | 57,827        | (1,370)      |
| Ijara sukuk certificates  | -             | 178          |
|                           | <b>85,800</b> | <b>6,528</b> |

**Shares**

|                  |         |          |
|------------------|---------|----------|
| Listed companies | (1,585) | (24,571) |
|------------------|---------|----------|

**Non Government Debt Securities**

|                           |       |       |
|---------------------------|-------|-------|
| Term finance certificates | 1,339 | 3,414 |
| Sukuk certificates        | 450   | -     |

**Mutual fund units**

|                        |               |                 |
|------------------------|---------------|-----------------|
| Foreign currency bonds | 12,640        | 310             |
|                        | -             | (32,431)        |
|                        | <b>98,644</b> | <b>(46,750)</b> |

**27. OTHER INCOME - NET**

|                                    |              |               |
|------------------------------------|--------------|---------------|
| Rent on Property                   | -            | 4,078         |
| Gain on sale of fixed assets - net | 5,375        | 23,711        |
| Others                             | 4,255        | 3,313         |
|                                    | <b>9,630</b> | <b>31,102</b> |

|   |             | ----- Un-audited -----     |                   |
|---|-------------|----------------------------|-------------------|
|   |             | March 31,<br>2020          | March 31,<br>2019 |
|   |             | ----- Rupees in '000 ----- |                   |
| <b>28. OPERATING EXPENSES</b>                           | <b>Note</b> |                            |                   |
| <b>Total compensation expense</b>                       |             | <b>1,669,868</b>           | <b>1,427,369</b>  |
| <b>Property expense</b>                                 |             |                            |                   |
| Rent & taxes  |             | 8,415                      | 292,632           |
| Insurance   |             | 2,639                      | 2,639             |
| Utilities cost  |             | 62,240                     | 58,637            |
| Security (including guards)                             |             | 107,005                    | 86,180            |
| Repair & maintenance (including janitorial charges)     |             | 60,709                     | 61,378            |
| Depreciation  |             | 62,094                     | 67,669            |
| Depreciation on right-of-use assets                     |             | 245,959                    | 14,415            |
| Depreciation on non banking assets                      |             | 2,269                      | 61                |
|   |             | <b>551,330</b>             | <b>583,611</b>    |
| <b>Information technology expenses</b>                  |             |                            |                   |
| Software maintenance                                    |             | 19,680                     | 39,491            |
| Hardware maintenance                                    |             | 41,680                     | 45,818            |
| Depreciation  |             | 51,726                     | 41,329            |
| Amortisation  |             | 27,930                     | 23,032            |
| Network charges   |             | 29,622                     | 28,817            |
|   |             | <b>170,638</b>             | <b>178,487</b>    |
| <b>Other operating expenses</b>                         |             |                            |                   |
| Directors' fees and allowances                          |             | 4,088                      | 3,200             |
| Legal & professional charges                            |             | 31,027                     | 30,287            |
| Insurance   |             | 28,576                     | 25,688            |
| Outsourced services costs                               |             | 33,785                     | 30,669            |
| Travelling & conveyance                                 |             | 35,393                     | 29,008            |
| NIFT clearing charges                                   |             | 8,958                      | 9,488             |
| Depreciation  |             | 79,915                     | 90,287            |
| Training & development                                  |             | 6,823                      | 9,166             |
| Postage & courier charges                               |             | 28,208                     | 20,329            |
| Communication   |             | 35,749                     | 27,052            |
| Stationery & printing                                   |             | 68,363                     | 62,091            |
| Marketing, advertisement & publicity                    |             | 120,150                    | 43,573            |
| Donations   |             | 12,569                     | 1,293             |
| Auditors remuneration                                   |             | 3,895                      | 3,250             |
| Staff auto fuel & maintenance                           |             | 56,525                     | 30,864            |
| Bank charges  |             | 11,403                     | 13,152            |
| Stamp duty  |             | 3,160                      | 11,592            |
| Online verification charges                             |             | 4,677                      | 4,719             |
| Brokerage, fee and commission                           |             | 9,064                      | 9,802             |
| Card related fees (debit and credit cards)              |             | 1,776                      | 2,131             |
| CDC and other charges                                   |             | 7,810                      | 9,572             |
| Consultancy fee   |             | 10,933                     | 17,000            |
| Deposit protection corporation                          | 28.1        | 34,970                     | 34,940            |
| Entertainment expenses                                  |             | 16,015                     | 17,232            |
| Fee and Subscription                                    |             | 44,059                     | 23,330            |
| Employees social security                               |             | 2,500                      | 1,709             |
| Generator fuel & maintenance                            |             | 20,329                     | 19,872            |
| Fee and allowances to Shariah Board                     |             | 13                         | 11                |
| Royalty   |             | 7,500                      | 7,500             |
| Ijarah rentals  |             | -                          | 834               |
| Others  |             | 15,234                     | 8,208             |
|   |             | <b>743,467</b>             | <b>597,849</b>    |
|   |             | <b>3,135,303</b>           | <b>2,787,316</b>  |
| Add: Reimbursement of selling and distribution expenses |             | <b>(13,398)</b>            | <b>(4,696)</b>    |
|   |             | <b>3,121,905</b>           | <b>2,782,620</b>  |

**28.1** Under the provision of section 5(2) of the Deposit Protection Corporation Act, 2016 (the Act), and DPC Circular No. 04 of 2018, the Bank is liable to pay annual premium, on quarterly basis, to the Deposit Protection Corporation, a subsidiary company of State Bank of Pakistan, @ 0.16% on eligible deposits as of December 31 of each preceding calendar year.

The Bank's eligible deposits as of December 31, 2019 are amounting to Rs. 87,425.180 million on which total premium is payable of Rs. 139.880 million per annum (Rs. 34.970 million per quarter).

**29. Workers Welfare Fund**

- 29.1** Provision held at 2% of the higher of profit before tax or taxable income to the extent of operations carried out under Sindh Workers' Welfare Act, 2014.

**30. OTHER CHARGES**

Penalties imposed by State Bank of Pakistan  
Others

----- Un-audited -----  
March 31,                      March 31,  
2020                              2019  
----- Rupees in '000 -----

|              |           |
|--------------|-----------|
| -            | 50        |
| <b>4,044</b> | <b>5</b>  |
| <b>4,044</b> | <b>55</b> |

**31. (REVERSALS) / PROVISIONS AND WRITE OFFS - NET**

Provisions for diminution in value of investments  
Provisions against loans & advances  
Other reversals  
General provision - under IFRS-9  
Fixed assets written off  
Impairment loss against intangible assets

|                |                |
|----------------|----------------|
| 16,569         | (32,678)       |
| 83,402         | 283,847        |
| -              | -              |
| 45,137         | (22,652)       |
| 58,508         | -              |
| -              | -              |
| <b>203,616</b> | <b>228,517</b> |

**32. TAXATION**

Current  
Prior years  
Deferred

|                |               |
|----------------|---------------|
| 231,072        | 152,625       |
| -              | -             |
| 17,787         | (118,896)     |
| <b>248,859</b> | <b>33,729</b> |

- 32.1** There are no material changes in tax contingencies as disclosed in the consolidated annual financial statements for the year ended December 31, 2019.

**33. BASIC AND DILUTED EARNINGS / (LOSS) PER SHARE**

Note

----- Un-audited -----  
March 31,                      March 31,  
2020                              2019  
----- Rupees in '000 -----

Profit after taxation for the period - attributable to ordinary equity holders of the holding company for diluted earnings

401,888                      20,855

Preference dividend for the year  
December 31, 2018 @ 12% p.a

33.1

-                      (24,164)

Profit after taxation for the period - attributable to ordinary equity holders of the holding company for basic earnings

**401,888**                      **(3,309)**

Weighted average number of basic outstanding ordinary shares during the year

----- Number -----

**1,297,464,262**                      1,297,464,262

----- Rupee -----

Basic and diluted earnings / (loss) per share

**0.31**                      -

- 33.1** The shareholders of the Holding company in their meeting held on March 28, 2019 approved non-cumulative preference dividend of Rs.24.164 million (2018: Rs.180 million) for the preference shareholders. Since it was not recognised as a liability at reporting period as of December 31, 2018 due to non-adjusting event in accordance with International Accounting Standard - IAS 10 "Events after the Reporting Period", the basic earnings per share of the current period has been adjusted accordingly.

**34. CASH AND CASH EQUIVALENTS**

Note

(Un-audited)                      (Audited)  
March 31,                      December 31,  
2020                              2019  
----- Rupees in '000 -----

Cash and balances with treasury banks  
Balances with other banks  
Overdrawn nostro accounts

6                      27,431,561                      25,590,173  
7                      1,413,005                      476,370  
15                      (273,315)                      (636,992)

**28,571,251**                      **25,429,551**

Less: General provision under IFRS 9

**(75)**                      **(68)**

**28,571,176**                      **25,429,483**

### 35. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 "Fair Value Measurement" defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for 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 4.5 to the annual consolidated financial statements for the year ended December 31, 2019.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are either short term in nature or in the case of customer loans and deposits are frequently repriced.

#### Fair value hierarchy

IFRS 13 requires the Bank to classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has following levels:

- Level 1:** Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity
- Level 2:** Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or
- Level 3:** Fair value measurements using unobservable inputs for the asset or liability.

#### 35.1 Valuation techniques used in determination of fair values within level

| Item  | Valuation approach and input used  |
|---|--|
| <b>Financial Instruments- Level 1</b>   |  |
| Shares of listed companies  | Fair values of investments in listed equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.   |
| <b>Financial instruments - Level 2</b>  |  |
| Units of mutual funds   | Fair values of investments in units of mutual funds are determined based on redemption prices disclosed at the Mutual Funds Association of Pakistan (MUFAP) as at the close of the business days.  |
| Market Treasury Bills(MTB) / Pakistan Investment  | Fair values of Pakistan Investment Bonds and Market Treasury Bills are derived using PKRV rates (Reuters page).  |
| Debt Securities (TFCs) and Sukuk other than Government  | Investments in debt securities (comprising Term Finance Certificates, Bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the SECP.   |
| Overseas Government Sukuks, Overseas and Euro   | The fair value of Overseas Government Sukuks, and Overseas Bonds are valued on the basis of price available on Bloomberg.  |
| Forward foreign exchange con  | The valuation has been determined by interpolating the foreign exchange revaluation rates announced by the State Bank of Pakistan.   |
| Derivatives   | The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currencies involved, interest rates, yield curves, volatilities, contracts duration, etc.  |
| <b>Non- financial assets- Level 2</b>   |  |
| Fixed assets - Land and building  | Fixed assets and Non-banking assets under satisfaction of claims are carried at revalued amounts determined by professional valuers based on their assessment of the market values as disclosed in note 10 and 13 of the annual financial statements December 31, 2019. The valuations are conducted by the valuation experts appointed by the Bank which are also on the panel of State Bank of Pakistan.   |
| Non-banking assets under satisfaction of claims   | The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements. |
| <b>Financial instruments in level 3</b>   |  |
| Currently, no financial instruments are classified in level 3.  |  |
| 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. |  |

**35.2** The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between levels 1 and 2 during the year.

**35.3** The following table provides an analysis of financial assets that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.



| As at March 31, 2020   |                            |             |         |             |
|--|----------------------------|-------------|---------|-------------|
|  | Level 1                    | Level 2     | Level 3 | Total       |
|  | ----- Rupees in '000 ----- |             |         |             |
| <b>On balance sheet financial instruments</b>                      |                            |             |         |             |
| <b>Financial assets - measured at fair value</b>                   |                            |             |         |             |
| <b>Held-for-trading securities'</b>                                |                            |             |         |             |
| Investments  |                            |             |         |             |
| Federal Government Securities                                      | -                          | 28,989,514  | -       | 28,989,514  |
| Shares   | -                          | -           | -       | -           |
| Open end mutual funds  | -                          | 183,526     | -       | 183,526     |
|  | -                          | 29,173,040  | -       | 29,173,040  |
| <b>Available-for-sale securities</b>                               |                            |             |         |             |
| Investments  |                            |             |         |             |
| Federal Government Securities                                      | -                          | 108,171,865 | -       | 108,171,865 |
| Shares   | 1,848,153                  | -           | -       | 1,848,153   |
| Non Government Debt Securities                                     | -                          | 731,358     | -       | 731,358     |
| Foreign Securities   | -                          | 2,741,749   | -       | 2,741,749   |
| Open end mutual funds  | -                          | 874,453     | -       | 874,453     |
|  | 1,848,153                  | 112,519,425 | -       | 114,367,578 |
| <b>Financial assets - disclosed but not measured at fair value</b> |                            |             |         |             |
| Investments  |                            |             |         |             |
| Federal Government Securities                                      | -                          | 35,807,008  | -       | 35,807,008  |
|  | 1,848,153                  | 177,499,473 | -       | 179,347,626 |
| <b>Non-Financial assets - measured at fair value</b>               |                            |             |         |             |
| Revalued fixed assets  | -                          | 3,791,465   | -       | 3,791,465   |
| Non-banking assets acquired in satisfaction of claims              | -                          | 1,180,155   | -       | 1,180,155   |
|  | -                          | 4,971,620   | -       | 4,971,620   |
| <b>Off balance sheet financial instruments</b>                     |                            |             |         |             |
| <b>Commitments in respect of:</b>                                  |                            |             |         |             |
| <b>Forward foreign exchange contracts</b>                          |                            |             |         |             |
| Purchase   | -                          | 38,893,052  | -       | 38,893,052  |
| Sale   | -                          | 34,119,733  | -       | 34,119,733  |
| <b>Derivative instruments</b>                                      |                            |             |         |             |
| <b>Forward investments securities</b>                              |                            |             |         |             |
| Purchase   | -                          | 874,776     | -       | 874,776     |
| Sale   | -                          | 6,222,462   | -       | 6,222,462   |
| <b>Interest rate swaps (notional principal)</b>                    |                            |             |         |             |
| Purchase   | -                          | 2,622,255   | -       | 2,622,255   |
| Sale   | -                          | 2,622,255   | -       | 2,622,255   |
| <b>Options</b>   |                            |             |         |             |
| Purchase   | -                          | 1,675,271   | -       | 1,675,271   |
| Sale   | -                          | 3,215,357   | -       | 3,215,357   |

|  | As at December 31, 2019    |             |         |             |
|--|----------------------------|-------------|---------|-------------|
|  | Level 1                    | Level 2     | Level 3 | Total       |
|  | ----- Rupees in '000 ----- |             |         |             |
| <b>On balance sheet financial instruments</b>                      |                            |             |         |             |
| <b>Financial assets - measured at fair value</b>                   |                            |             |         |             |
| <b>Held-for-trading securities'</b>                                |                            |             |         |             |
| Investments  |                            |             |         |             |
| Federal Government Securities                                      | -                          | 55,598,469  | -       | 55,598,469  |
| Shares   | 487,185                    | -           | -       | 487,185     |
| Open end mutual funds  | -                          | 455,902     | -       | 455,902     |
|  | 487,185                    | 56,054,371  | -       | 56,541,556  |
| <b>Available-for-sale securities</b>                               |                            |             |         |             |
| Investments  |                            |             |         |             |
| Federal Government Securities                                      | -                          | 47,019,374  | -       | 47,019,374  |
| Shares   | 1,993,246                  | -           | -       | 1,993,246   |
| Non Government Debt Securities                                     | -                          | 776,975     | -       | 776,975     |
| Open end mutual funds  | -                          | 1,222,869   | -       | 1,222,869   |
|  | 1,993,246                  | 49,019,218  | -       | 51,012,464  |
| <b>Financial assets - disclosed but not measured at fair value</b> |                            |             |         |             |
| Investments  |                            |             |         |             |
| Federal Government Securities                                      | -                          | 31,341,410  | -       | 31,341,410  |
|  | 2,480,431                  | 136,414,999 | -       | 138,895,430 |
| <b>Non-Financial assets - measured at fair value</b>               |                            |             |         |             |
| Revalued fixed assets  | -                          | 3,797,180   | -       | 3,797,180   |
| Non-banking assets acquired in satisfaction of claims              | -                          | 1,182,425   | -       | 1,182,425   |
|  | -                          | 4,979,605   | -       | 4,979,605   |
| <b>Off balance sheet financial instruments</b>                     |                            |             |         |             |
| <b>Commitments in respect of:</b>                                  |                            |             |         |             |
| <b>Forward foreign exchange contracts</b>                          |                            |             |         |             |
| Purchase   | -                          | 32,885,546  | -       | 32,885,546  |
| Sale   | -                          | 21,722,741  | -       | 21,722,741  |
| <b>Derivative instruments</b>                                      |                            |             |         |             |
| <b>Forward investments securities</b>                              |                            |             |         |             |
| Purchase   | -                          | 499,818     | -       | 499,818     |
| Sale   | -                          | 493,193     | -       | 493,193     |
| <b>Interest rate swaps (notional principal)</b>                    |                            |             |         |             |
| Purchase   | -                          | 1,474,016   | -       | 1,474,016   |
| Sale   | -                          | 2,738,661   | -       | 2,738,661   |
| <b>Options</b>   |                            |             |         |             |
| Purchase   | -                          | 1,024,638   | -       | 1,024,638   |
| Sale   | -                          | 1,030,868   | -       | 1,030,868   |

## 36. SEGMENT INFORMATION

## 36.1. Segment Details with respect to Business Activities

|   | Corporate<br>finance       | Trading and<br>sales | Retail<br>banking | Commercial<br>banking | Brokerage | Asset<br>management | Others      | Total       |
|---|----------------------------|----------------------|-------------------|-----------------------|-----------|---------------------|-------------|-------------|
| <b>March 31, 2020</b>                     | ----- Rupees in '000 ----- |                      |                   |                       |           |                     |             |             |
| <b>Profit &amp; Loss</b>                  |                            |                      |                   |                       |           |                     |             |             |
| Net mark-up / return / profit             | 117,152                    | (756,955)            | 2,827,165         | 615,098               | 21,057    | (4,111)             | (236,918)   | 2,582,489   |
| Inter segment revenue - net               | (1,675)                    | -                    | (159,863)         | (37,499)              | -         | -                   | 199,037     | -           |
| Non mark-up / return / interest income    | 23,245                     | 274,847              | 585,135           | 231,838               | 142,328   | 75,909              | 77,366      | 1,410,669   |
| Total Income                              | 138,723                    | (482,108)            | 3,252,438         | 809,437               | 163,385   | 71,798              | 39,485      | 3,993,158   |
| Segment direct expenses                   | 11,976                     | 29,958               | 1,287,392         | 163,408               | 129,020   | 87,960              | 1,422,477   | 3,132,192   |
| Inter segment expense allocation          | 32,583                     | 80,845               | 835,608           | 307,891               | -         | -                   | (1,256,927) | -           |
| Total expenses                            | 44,559                     | 110,804              | 2,123,001         | 471,298               | 129,020   | 87,960              | 165,550     | 3,132,192   |
| Provisions                                | 254                        | -                    | 83,638            | 44,920                | -         | -                   | 74,805      | 203,616     |
| Profit before tax                         | 93,910                     | (592,911)            | 1,045,799         | 293,219               | 34,365    | (16,162)            | (200,870)   | 657,350     |
| <b>March 31, 2020</b>                     |                            |                      |                   |                       |           |                     |             |             |
| <b>Balance Sheet</b>                      |                            |                      |                   |                       |           |                     |             |             |
| Cash & Bank balances                      | 104,314                    | -                    | 25,969,755        | 2,672,579             | 94,652    | 3,190               | -           | 28,844,491  |
| Investments                               | 2,412,494                  | 175,361,917          | -                 | 3,539,548             | 118,449   | 1,284,239           | -           | 182,716,647 |
| Net inter segment lending                 | -                          | -                    | 191,450,802       | 27,587,787            | -         | -                   | 18,229,286  | 237,267,875 |
| Lendings to financial institutions        | -                          | 3,705,731            | -                 | 138,920               | -         | -                   | -           | 3,844,651   |
| Advances - performing                     | 57,922,591                 | -                    | 83,557,387        | 80,613,255            | 112,062   | 3,699               | 6,864,708   | 229,073,702 |
| Advances - non-performing                 | 1,445,066                  | -                    | 3,321,532         | 4,823,651             | -         | -                   | 201,425     | 9,791,674   |
| Advances - (provisions) / reversals - net | -                          | -                    | (706,262)         | (2,667,603)           | -         | -                   | (235,879)   | (3,609,743) |
|   | 59,367,658                 | -                    | 86,172,658        | 82,769,303            | 112,062   | 3,699               | 6,830,253   | 235,255,633 |
| Others                                    | -                          | -                    | -                 | -                     | 1,229,869 | 764,994             | 27,058,296  | 29,053,159  |
| <b>Total Assets</b>                       | 61,884,466                 | 179,067,648          | 303,593,215       | 116,708,137           | 1,555,032 | 2,056,122           | 52,117,835  | 716,982,456 |
| Borrowings                                | -                          | 33,168,916           | -                 | 16,664,737            | -         | -                   | -           | 49,833,653  |
| Subordinated debt                         | -                          | -                    | -                 | -                     | -         | -                   | 7,494,800   | 7,494,800   |
| Deposits & other accounts                 | 2,661,287                  | -                    | 297,961,565       | 68,627,425            | -         | -                   | 7,272,990   | 376,523,267 |
| Net inter segment borrowing               | 59,223,179                 | 147,825,757          | 1,703,353         | 28,515,588            | -         | -                   | -           | 237,267,877 |
| Others                                    | -                          | 49,502               | 3,928,297         | 177,196               | 1,972,229 | 447,800             | 19,315,232  | 25,890,256  |
| <b>Total Liabilities</b>                  | 61,884,466                 | 181,044,175          | 303,593,215       | 113,984,945           | 1,972,229 | 447,800             | 34,083,022  | 697,009,853 |
| Equity                                    | -                          | -                    | -                 | -                     | -         | -                   | 19,494,123  | 19,494,123  |
| Non-controlling interest                  | -                          | -                    | -                 | -                     | -         | -                   | 478,482     | 478,482     |
| <b>Total Equity &amp; Liabilities</b>     | 61,884,466                 | 181,044,175          | 303,593,215       | 113,984,945           | 1,972,229 | 447,800             | 54,055,627  | 716,982,458 |
| <b>Contingencies &amp; Commitments</b>    | -                          | 72,030,562           | 52,916,783        | 21,431,517            | 500,279   | -                   | 157,877     | 147,037,018 |

|   | Corporate<br>finance | Trading and<br>sales | Retail<br>banking | Commercial<br>banking | Brokerage | Asset<br>management | Others     | Total       |
|---|----------------------|----------------------|-------------------|-----------------------|-----------|---------------------|------------|-------------|
| <b>March 31, 2019</b>                     | Rupees in '000       |                      |                   |                       |           |                     |            |             |
| <b>Profit &amp; Loss</b>                  |                      |                      |                   |                       |           |                     |            |             |
| Net mark-up / return / profit             | -                    | 593,663              | (988,059)         | 2,458,952             | 39,123    | (2,462)             | -          | 2,101,217   |
| Inter segment revenue - net               | -                    | (1,572,308)          | 3,358,814         | (1,786,506)           | -         | -                   | -          | -           |
| Non mark-up / return / interest income    | 35,552               | 59,825               | 441,286           | 213,581               | 115,435   | 66,326              | 23,499     | 955,504     |
| Total Income                              | 35,552               | (918,820)            | 2,812,041         | 886,027               | 154,558   | 63,864              | 23,499     | 3,056,721   |
| Segment direct expenses                   | 25,270               | 29,383               | 1,395,856         | 178,896               | 141,847   | 97,059              | 133,252    | 2,001,563   |
| Inter segment expense allocation          | -                    | 69,333               | 422,003           | 295,538               | (459.00)  | (4,577)             | -          | 781,838     |
| Total expenses                            | 25,270               | 98,716               | 1,817,859         | 474,434               | 141,388   | 92,482              | 133,252    | 2,783,401   |
| Provisions                                | -                    | (32,836)             | 19,178            | 242,175               | -         | -                   | -          | 228,517     |
| Profit before tax                         | 10,282               | (984,700)            | 975,004           | 169,418               | 13,170    | (28,618)            | (109,753)  | 44,803      |
| <b>December 31, 2019</b>                  |                      |                      |                   |                       |           |                     |            |             |
| <b>Balance Sheet</b>                      |                      |                      |                   |                       |           |                     |            |             |
| Cash & Bank balances                      | -                    | 17,153,412           | 8,898,772         | -                     | 11,141    | 3,150               | -          | 26,066,475  |
| Investments                               | -                    | 140,656,932          | -                 | -                     | 626,350   | 1,841,341           | -          | 143,124,623 |
| Net inter segment lending                 | -                    | -                    | 202,362,517       | -                     | -         | -                   | 8,089,077  | 210,451,594 |
| Lendings to financial institutions        | -                    | 30,320,540           | -                 | -                     | -         | -                   | -          | 30,320,540  |
| Advances - performing                     | -                    | -                    | 94,201,743        | 141,898,229           | 336,821   | 3,978               | -          | 236,440,771 |
| Advances - non-performing                 | -                    | -                    | 3,508,735         | 6,844,429             | -         | -                   | -          | 10,353,164  |
| Advances - (provisions) / reversals - net | -                    | -                    | (469,382)         | (3,039,245)           | -         | -                   | -          | (3,508,627) |
|   | -                    | -                    | 97,241,096        | 145,703,413           | 336,821   | 3,978               | -          | 243,285,308 |
| Others                                    | -                    | 4,831,115            | 3,925,690         | 5,017,351             | 1,933,157 | 548,024             | 14,160,935 | 30,416,272  |
| <b>Total Assets</b>                       | -                    | 192,961,999          | 312,428,075       | 150,720,764           | 2,907,469 | 2,396,493           | 22,250,012 | 683,664,812 |
| Borrowings                                | -                    | 36,295,878           | 7,090,687         | 11,081,718            | -         | -                   | -          | 54,468,283  |
| Subordinated debt                         | -                    | 7,494,800            | -                 | -                     | -         | -                   | -          | 7,494,800   |
| Deposits & other accounts                 | -                    | -                    | 295,347,351       | 73,196,252            | -         | -                   | -          | 368,543,603 |
| Net inter segment borrowing               | -                    | 150,619,213          | -                 | 59,832,381            | -         | -                   | -          | 210,451,594 |
| Others                                    | -                    | 513,149              | 9,990,037         | 5,364,052             | 1,858,304 | 762,518             | 4,737,160  | 23,225,220  |
| <b>Total Liabilities</b>                  | -                    | 194,923,040          | 312,428,075       | 149,474,403           | 1,858,304 | 762,518             | 4,737,160  | 664,183,500 |
| Equity                                    | -                    | -                    | -                 | -                     | -         | -                   | 18,973,041 | 18,973,041  |
| Non-controlling interest                  | -                    | -                    | -                 | -                     | -         | -                   | 508,271    | 508,271     |
| <b>Total Equity &amp; Liabilities</b>     | -                    | 194,923,040          | 312,428,075       | 149,474,403           | 1,858,304 | 762,518             | 24,218,472 | 683,664,812 |
| <b>Contingencies &amp; Commitments</b>    | -                    | 59,810,338           | 43,939,275        | 17,795,589            | 988,086   | -                   | 131,093    | 122,664,381 |

The Group has related party relationship with its associates, parent, subsidiaries, companies having common directors, companies in which parent holds more than 20% shares, employee benefit plans, and its key management personnel (including their associates).

Contributions to the accounts in respect of staff retirement benefits are made in accordance with terms of the contribution plans. Remuneration of the key management personnel are in accordance with the terms of their employment. Other transactions are carried out as per agreed terms.

The details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these consolidated financial statements are as follows:

[illegible]

|   | As at March 31, 2020 (Un-audited)               |           |            |                       |              | As at December 31, 2019 (Audited)               |           |             |                       |               |
|---|---|-----------|------------|-----------------------|--------------|---|-----------|-------------|-----------------------|---------------|
|   | Key management personnel                        |           |            |                       |              | Key management personnel                        |           |             |                       |               |
|   | Parent  | Directors | Associates | Other related parties |              | Parent  | Directors | Associates  | Other related parties |               |
|   | (Rupees in '000)                                |           |            |                       |              | (Rupees in '000)                                |           |             |                       |               |
| <b>Borrowings</b>   |   |           |            |                       |              |   |           |             |                       |               |
| Opening balance   | -   | -         | -          | -                     | -            | -   | -         | -           | -                     | 4,800,000     |
| Borrowings during the period / year                       | -   | -         | -          | -                     | 5,028,900    | -   | -         | -           | -                     | 174,209,491   |
| Settled during the period / year                          | -   | -         | -          | -                     | (5,028,900)  | -   | -         | -           | -                     | (179,009,491) |
| Closing balance   | -   | -         | -          | -                     | -            | -   | -         | -           | -                     | -             |
| <b>Deposits and other accounts</b>                        |   |           |            |                       |              |   |           |             |                       |               |
| Opening balance   | 271,648   | 24,444    | 59,593     | 23,104                | 8,622,201    | 336,515   | 24,308    | 74,950      | -                     | 9,656,833     |
| Received during the period / year                         | 741,237   | 27,370    | 155,867    | 228,666               | 35,406,129   | 4,332,699                                       | 160,210   | 1,437,872   | 1,023,592             | 235,460,531   |
| Withdrawn during the period / year                        | (600,868)                                       | (38,131)  | (153,298)  | (158,753)             | (34,973,680) | (4,364,266)                                     | (137,680) | (1,450,123) | (1,042,362)           | (236,784,614) |
| Transfer in / (out) - net                                 | -   | -         | (8,123)    | -                     | (169,685)    | (33,300)  | (22,394)  | (3,106)     | 41,874                | 289,451       |
| Closing balance   | 412,017   | 13,683    | 54,039     | 93,017                | 8,884,965    | 271,648   | 24,444    | 59,593      | 23,104                | 8,622,201     |
| <b>Subordinated loans</b>                                 | -   | -         | -          | -                     | 889,588      | -   | -         | -           | -                     | 889,588       |
| <b>Other Liabilities</b>                                  |   |           |            |                       |              |   |           |             |                       |               |
| Interest / return / mark-up payable on deposits           | 128   | 2         | 103        | 29                    | 116,004      | -   | -         | 114         | -                     | 286,949       |
| Interest / return / mark-up payable on subordinated loans | -   | -         | -          | -                     | 36,288       | -   | -         | -           | -                     | 2,220         |
| Trade payable from brokerage business                     | -   | -         | -          | -                     | -            | -   | 1,306     | 3,115       | -                     | 1,176         |
| Accrued expenses  | -   | -         | -          | -                     | -            | -   | -         | -           | -                     | -             |
| Payable to defined benefit plan                           | -   | -         | -          | -                     | 205,420      | -   | -         | -           | -                     | 147,885       |
| Others payable  | -   | -         | -          | -                     | -            | -   | -         | -           | -                     | 1,464         |
| <b>Represented By</b>                                     |   |           |            |                       |              |   |           |             |                       |               |
| Share Capital   | 9,733,073                                       | 17,330    | 900        | -                     | 81,765       | 9,733,073                                       | 17,330    | 900         | -                     | 81,765        |
| <b>Contingencies and Commitments</b>                      |   |           |            |                       |              |   |           |             |                       |               |
| Letter of guarantee                                       | -   | -         | -          | -                     | 24,125       | -   | -         | -           | -                     | 14,217        |
| Letter of Credit  | -   | -         | -          | -                     | 51,007       | -   | -         | -           | -                     | 44,368        |
|   | For the quarter ended March 31, 2020 Un-audited |           |            |                       |              | For the quarter ended March 31, 2019 Un-audited |           |             |                       |               |
|   | Key management personnel                        |           |            |                       |              | Key management personnel                        |           |             |                       |               |
|   | Parent  | Directors | Associates | Other related parties |              | Parent  | Directors | Associates  | Other related parties |               |
|   | (Rupees in '000)                                |           |            |                       |              | (Rupees in '000)                                |           |             |                       |               |
| Mark-up / return / interest earned                        | -   | -         | 14,644     | 5,739                 | 40,265       | 634   | 88        | 5,014       | -                     | 91,603        |
| Fee, commission and brokerage income                      | -   | -         | 54         | -                     | 57,929       | 1,141   | 187       | 70          | -                     | 152,599       |
| Dividend income   | -   | -         | -          | -                     | 42,826       | -   | -         | -           | -                     | 5,289         |
| Gain / (loss) on sale of securities - Net                 | -   | -         | -          | -                     | 2,522        | -   | -         | -           | -                     | 505           |
| Rental income   | -   | -         | -          | -                     | -            | -   | -         | -           | -                     | 3,035         |
| Other income  | -   | -         | -          | -                     | -            | -   | -         | -           | -                     | -             |
| Mark-up / return / interest paid                          | 5,165   | 257       | 121        | 29                    | 311,741      | 7,659   | 490       | 1,243       | -                     | 299,365       |
| Remuneration paid   | -   | -         | 149,070    | -                     | -            | -   | -         | 203,843     | -                     | -             |
| Commission, charges and brokerage paid                    | -   | -         | -          | -                     | -            | -   | -         | -           | -                     | -             |
| Preference Dividend Paid                                  | -   | -         | -          | -                     | -            | 23,419  | -         | 199         | -                     | -             |
| Non-executive directors' fee                              | -   | 3,000     | -          | -                     | -            | -   | 3,500     | -           | -                     | -             |
| Net charge for defined contribution plans                 | -   | -         | -          | -                     | 57,263       | -   | -         | -           | -                     | 58,185        |
| Net charge / (reversal) for defined benefit plans         | -   | -         | -          | -                     | 53,539       | -   | -         | -           | -                     | 79,033        |
| Fee and subscription                                      | -   | -         | -          | -                     | -            | -   | -         | -           | -                     | -             |
| Donation  | -   | -         | -          | -                     | -            | -   | -         | -           | -                     | -             |
| Rental expense  | -   | -         | -          | -                     | -            | -   | -         | -           | -                     | -             |
| Advisory fee  | -   | -         | -          | -                     | -            | -   | -         | -           | -                     | 15,000        |
| Reimbursement of expenses                                 | -   | -         | -          | -                     | -            | 1,211   | -         | -           | -                     | -             |
| Royalty   | -   | -         | -          | -                     | -            | -   | -         | -           | -                     | 8,750         |
| Other expenses  | 225   | -         | -          | -                     | 399          | -   | -         | -           | -                     | 847           |
| Insurance premium paid                                    | -   | -         | -          | -                     | 210,846      | -   | -         | -           | -                     | 271,313       |
| Insurance claims settled                                  | -   | -         | -          | -                     | 214          | -   | -         | -           | -                     | 3,159         |

(Un-audited)      (Audited)  
March 31, 2020    December 31,  
2019

### 38. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQU

Rupees in '000

#### 38.1 Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

10,119,242      10,119,242

#### Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

Eligible Additional Tier 1 (ADT 1) Capital

Total Eligible Tier 1 Capital

Eligible Tier 2 Capital

Total Eligible Capital (Tier 1 + Tier 2)

|                   |            |
|-------------------|------------|
| <b>16,401,143</b> | 16,145,623 |
| <b>2,272,901</b>  | 2,118,958  |
| <b>18,674,044</b> | 18,264,582 |
| <b>4,880,870</b>  | 4,965,069  |
| <b>23,554,913</b> | 23,229,651 |

Risk Weighted Assets (RWAs):

Credit Risk

Market Risk

Operational Risk

Total

|                    |             |
|--------------------|-------------|
| <b>146,899,074</b> | 142,862,324 |
| <b>2,162,767</b>   | 4,219,399   |
| <b>22,096,563</b>  | 22,096,563  |
| <b>171,158,405</b> | 169,178,286 |

Common Equity Tier 1 Capital Adequacy ratio

9.58%      9.54%

Tier 1 Capital Adequacy Ratio

10.91%      10.80%

Total Capital Adequacy Ratio

13.76%      13.73%

#### 38.2 Leverage Ratio (LR):

Eligible Tier-1 Capital

Total Exposures

Leverage Ratio

|                    |             |
|--------------------|-------------|
| <b>18,674,044</b>  | 18,264,582  |
| <b>550,683,134</b> | 544,436,725 |
| <b>3.39%</b>       | 3.35%       |

#### 38.3 Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets

Total Net Cash Outflow

Liquidity Coverage Ratio

|                    |            |
|--------------------|------------|
| <b>138,170,998</b> | 83,221,592 |
| <b>52,883,698</b>  | 55,819,412 |
| <b>261.27%</b>     | 149.09%    |

#### 38.4 Net Stable Funding Ratio (NSFR):

Total Available Stable Funding

Total Required Stable Funding

Net Stable Funding Ratio

|                    |             |
|--------------------|-------------|
| <b>312,716,227</b> | 308,715,925 |
| <b>267,599,138</b> | 274,288,642 |
| <b>116.86%</b>     | 112.55%     |

### 39. GENERAL

**39.1** These condensed interim consolidated financial statements have been prepared in accordance with the revised format for financial statements of Banks issued by the SBP through BPRD Circular no. 2 dated January 25, 2018 and related clarifications / modifications.

**39.2** The figures in these condensed interim consolidated financial statements have been rounded off to the nearest thousand.

**40. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors of the Holding Company in their meeting held on May 28, 2020.

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**President and  
Chief Executive Officer**

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**Chief Financial  
Officer**

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**Director**

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**Director**

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**Chairman**