

# SERVING ACROSS THE NATION



## QUARTERLY REPORT MARCH 2020



National Bank of Pakistan  
نیشنل بینک آف پاکستان



**NATIONAL BANK OF PAKISTAN**  
**UNCOSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020**

## Directors Review Quarterly Financial Statements

**Dear Readers,**

On behalf of the Board of Directors, we are pleased to present the financial statements of National Bank of Pakistan “the Bank” for the three-month period ended March 31, 2020.

The Coronavirus (COVID-19) pandemic has created unprecedented challenges for the national economy and disrupted people’s lives around the world. Businesses continue to suffer unprecedented operational challenges and financial markets have reflected these adverse developments.

At NBP, our priority has been the well-being of our employees and ensuring that the services we provide to our customers continue uninterrupted. We are managing to contain the business and financial impact on the Bank as far as possible.

- Our branch office staff are strictly adhering to the guidelines set for them by the health authorities.
- Work related travel and events have been suspended.
- We are actively deploying technology to enable the Bank to function smoothly during these uncertain times.
- We encourage our customers to use NBP’s digital channels as far as possible. Customers can now conduct a vast majority of their routine transactions through our Mobile App, Debit Card and ATM with ease and safely.

During these difficult times, NBP has remained fully operational across Pakistan which reflects the dedication of our staff who deserve a special mention for their commitment.

### Economic Environment

The COVID-19 pandemic has emerged as a major shock to the global economy leading to a sharp and widespread downturn. The IMF has altered its earlier global annual economic growth forecast for 2020 from of 3.3% to below zero in 2020 due to the impact of the pandemic. As per initial estimates, this will result in a decline of global GDP income by about US Dollars 1 trillion. Depending on how long the crisis lasts, risks of an even worse outcome still exist.

Domestically, indicators of economic activity including retail sales, credit card spending, cement production, export orders, tax collections have all shown a slowdown in recent weeks. As projected by the IMF, Pakistan economy could contract by 1.5% in FY 2020 (the first full-year contraction since 1952), which is a downward revision of about 4% from the original forecast last year.

To combat the effects of the pandemic, the government has launched various fiscal support packages to mitigate the effects for the impacted population. The State Bank of Pakistan has also taken a number of steps such as reductions in the discount rate from 13.25% in January to 8% currently. Other measures include easing the consumer debt-burden ratio, moratorium

periods of one year, a reduction in margin call limits as well as several low cost re-finance schemes for related purposes. All this is expected to ease the pressure on loan loss provisions and help the Banking industry play its role in the national economy.

The IMF under its Rapid Financing Instrument scheme approved a loan of \$1.4 billion for Pakistan. Moreover, Pakistan is also expected to receive around \$1.5 billion relief in the form of delay in repayment of loans to bilateral creditors. Pakistan's currency has gained some value against the dollar and has been able to weather the outflow of the hot funds which had been invested in the local Government securities market. The drop in oil prices which accounts for a quarter of Pakistan's total imports will also help the country's balance of trade and help the country's overall exchange position in the coming months.

### Financial Highlights Q1, 2020

Financial Performance (PKR 'Bn)	Mar '20	Mar '19	Better/(Worse)	
Total Revenue	24.87	23.73	1.14	4.8%
Operating Expenses and Other Charges	13.81	12.75	(1.06)	(8.3%)
Profit before-provision	11.06	10.98	0.08	0.7%
Provisions/Write-off (Net)	4.06	2.25	(1.80)	(79.9%)
Profit before-tax	7.00	8.73	(1.72)	(19.8%)
Taxation	2.88	4.54	1.66	36.5%
Profit after-tax	4.12	4.19	(0.06)	(1.5%)
EPS (Rs.)	1.94	1.97	(0.03)	(1.5%)

Financial Position (PKR 'Bn)	Mar '20	Dec '19	Better/(Worse)	
Total Assets	2,963.66	3,124.39	(160.73)	(5.1%)
Deposits	1,953.16	2,198.05	(244.89)	(11.1%)
Advances - Net	980.44	1,008.14	(27.70)	(2.7%)
Investments	1,503.03	1,439.16	63.87	4.4%
Shareholders' Net Assets	237.01	232.61	4.39	1.9%

### Financial Performance

Total income of the Bank for the three-months period ended March 31, 2020 amounted to PKR 24.87 billion which is 4.8% higher than PKR 23.73 billion earned during the corresponding three-month period last year. For this period, net interest income (NII) closed at PKR 16.57 billion, the non-mark-up / interest income (NFI) closed at PKR 8.30 billion, up by 7.2% and 0.4% respectively.

The bank's profit before provisions and write-offs amounted to PKR 11.06 billion being 0.7% higher than the PKR 10.98 billion for the similar period last year. Whereas, after-tax profit for the period under review closed at PKR 4.12 billion being marginally lower by 1.5% as against PKR 4.18 billion earned during the corresponding period of 2019. Drop in after-tax profit is mainly attributed to higher provision charge and some increase in operating expenses.

### **Gross Mark-up/Interest Income**

Interest income is the Bank's main driver of revenue. During the three-months period under review, the Bank earned gross mark-up/ interest income amounting to PKR 72.54 billion which is 58.4% higher than PKR 45.79 billion earned during the corresponding period last year. This

growth is attributed to both, the volumetric growth in earning assets, as well as higher policy rates. During the period, net advances of the Bank averaged PKR 980.29 being 8.5% higher. This volume-rate impact resulted into 30.6% growth in mark-up income on loans and advances that closed at PKR 29.83 billion.

With a focused trading strategy and better liquidity management, excess liquidity with the Bank mostly placed into HTM and AFS market securities. Average investment during the quarter mounted to PKR 1,390.12 billion that earned interest income of PKR 41.68 billion being 95.4% higher than interest income earned in Q1, 2019. The bank also earned a sum of PKR 1.03 billion as interest / mark-up on placements.

### **Mark-up/interest Expense**

During the period, the Bank paid PKR 55.96 billion as profit to providers of funds, of which PKR 34.40 billion were paid to the depositors. This is 52.0% higher than PKR 22.64 billion mark-up expense for the corresponding three-months period of 2019. During the period under review, the Bank's average deposits remained 9.8% higher at PKR 1,861.27 billion (Mar' 19: PKR 1,694.48 billion). To benefit from the arbitrage opportunities, the Bank also generates funds through borrowings that averaged PKR 578.65 billion (Mar '19: PKR 242.72 billion). Interest expense on Repo/borrowing/swap transactions amounted to PKR 21.56 billion.

Accordingly, the Bank's net mark-up/interest income closed at PKR 16.57 billion, being 7.2% higher against PKR 15.46 billion earned during the corresponding three-months period last year.

### **Non mark-up/interest income**

Representing one-third of the Bank's total income, non-mark-up/interest income is an important contributor to the Bank's revenues. For the three-month under review, the Bank earned non-mark-up / interest income (NFI) amounting to PKR 8.30 billion which is slightly higher (PKR 29.1 million or 0.4%) than PKR 8.27 billion of Q1, 2019. It is positive to note that despite tough competition and difficult market conditions, the Bank has maintained its Non-Funds-based Income (NFI). While income through fees and commission increased by 12.0% to PKR 4.51 billion, gain on sale of securities amounted to PKR 1.36 billion which is substantially higher than the PKR 0.08 billion during the corresponding quarter. However, this increase was off-set by a 62.3% and 60.1% drop in dividend income and exchange income, respectively. Given the tough market conditions due to Covid-19, lower dividends were declared during the period by most of the companies in which the Bank holds equity shares. On the other hand, income from dealing in foreign currencies also dropped as the exchange rates remained fairly stable during the period. Dividend income for the period amounted to PKR 0.38 billion (Mar '19: PKR 1.02 billion) and exchange income amounted to PKR 0.74 billion s against PKR 1.86 billion earned during the corresponding three-month period last year.

### **Provisions and Loan Losses**

Provision charge for the three-months period under review amounted to PKR 4.06 billion as against PKR 2.25 billion for the corresponding three-months period of 2019. This mainly includes (i) provision charge against loans and advances amounting to PKR 3.11 billion, being PKR 1.38 billion or 79.9% higher YoY, and (ii) provision charge against diminution in value of

investments amounting to PKR 662.60 million as compared to PKR 445.64 million for the corresponding three-months period last year.

### **Expense Management**

Operating expenses for the period under review amounted to PKR 13.53 billion, being 6.2% higher against PKR 12.74 billion for the corresponding period of 2019. HR compensation expenses that constitute 70% of the total operating expenses amounted to PKR 9.50 billion being 7.4% higher than PKR 8.84 billion of corresponding period last year. Property related expenses during the period recorded a 4.3% growth and amounted to PKR 1.61 billion (Mar '19: PKR 1.54 billion), whereas expenses incurred on IT amounted to PKR 265.06 million. Other operating expenses closed at PKR 2.16 billion being 5.3% higher YoY.

### **Taxation**

Effective tax rate for the current quarter is 41% as compared to 52% of corresponding period last year. The drop in effective tax rate is due to the fact that in March 2019, super tax amounting to PKR 1.06 billion for the tax year 2018 was paid and recorded as "prior year charge" in terms of the Finance Supplementary (Second Amendment) Bill, 2019.

### **Profit After Taxation**

Accordingly, after tax profit for the three-month period closed at PKR 4.12 billion being 1.5% down from PKR 4.18 billion in Q1 '19. This translates into Earnings per share of Rs. 1.94 against Rs. 1.97 for the Q1 '19. The after tax return on average assets (RoA) stood lower at 0.5% in Q1 '20 compared to 0.7% for Q1 '19; whereas after tax RoE closed at 10.0% compared to 11.2 % in Q1 '19.

### **Financial Position**

As of March 31, 2020 total assets of the Bank amounted to PKR 2,963.66 billion which is 5.1% lower than PKR 3,124.39 billion as at December 31, 2019. Strength of the Bank's balance sheet is driven by the wide market outreach and branch banking network where the focus remains on low-cost deposit mobilization. The bank's share in total industry assets, advances and deposits is around 14.2%, 12.2% and 13.8% respectively.

### **Loans and Advances**

As at quarter ended March 2020, gross advances of the Bank amounted to PKR 1,129.74 billion, marginally lower than PKR 1,151.32 billion as at December 31, 2019. However, compared to PKR 1,046.11 billion of March 2019, gross advances stand increased by PKR 83.63 billion or 8.0%. The loan portfolio's (net) contribution to total assets stood still low at 33.1% (2019: 32.3%). Marginal drop in the loan portfolio is mainly due to seasonal impact on lending in commodity, SME and Agri products, which is expected to reverse in the following quarters.

Domestic advances constitute 93.0% of the Bank's total loan portfolio and amounted to Rs. 1,050.7 billion (Dec '19: PKR 1,054.9 billion); whereas overseas loans amounted to PKR 79.1 billion (Dec '19: PKR 96.4 billion).

Given the challenging economic environment triggered by the Covid-19 pandemic break-out, non-performing loans 'NPLs' of the Bank have increased by PKR 7.91 billion or 5.3% during the quarter under review. As of March 31, 2020 non-performing loans totaled to PKR 156.66 billion as against PKR 148.75 billion at the end of year 2019.

As of March 31, 2020 total provisions held against NPLs amounted to PKR 149.30 billion of which specific provisions amounted to PKR 138.98 billion. Gross NPL Ratio, Net NPL Ratio and provision coverage stood at 13.9%, 1.8% and 88.7% respectively in Mar-20 as compared to 12.9%, 1.4%, and 90.2% as of Dec-19.

### **Investments**

As of March 31, 2020, the Bank's investments at cost amounted to PKR 1,481.93 billion as against PKR 1,417.65 billion as of December 31, 2019. This depicts an increase of PKR 64.29 billion or 4.5% mainly in available-for-sale securities 'AFS' securities that increased by PKR 80.89 billion or 7.8%. Net investments constitute 50.7% of the Bank's total assets (46.1% as on December 31, 2019) and approx. 16.0% of the total banking industry investments. The Bank's Available for Sale 'AFS' portfolio also includes a small but diversified portfolio of listed equities of PKR 31.78 billion (just over 1% of assets). Investment outside Pakistan includes the Bank's 3.7% stake in Saudi Arabia's Bank Al-Jazira which is carried at marked-to-market value of PKR 15.26 billion.

The bank looks to maintain an efficient investment portfolio with good yield and manages duration and risk within acceptable parameters. Excess liquidity with the Bank is placed in market treasury bills. Pursuant to the Bank's effective risk and capital management strategy, the Bank's investment portfolio is efficiently diversified across zero risk weighted treasury instruments and bonds, high dividend yielding equities and other interest bearing financial instruments. During the period under review, investments averaged at PKR 1,390.12 billion being significantly higher than PKR 945.24 billion during the corresponding year last year. The Bank follows a strategy of building a short-term portfolio. Yield on investments and placements during the three-months period under review stand improved to 12.06% as compared to 9.08% for the corresponding three-months period last year.

### **Deposits**

As of March 31, 2020, deposits of the Bank amounted to PKR 1,953.16 billion, depicting a drop of PKR 244.89 billion or 11.1% as against PKR 2,198.05 billion as of December 31, 2019. Deposits constitute 71.6% of the Bank's total liabilities and translate into 13.8% share in total banking industry deposits. Customer deposits that form 92.5% of the Bank's total funding pool remained stable during the period and amounted to PKR 1,807.0 billion (2019: PKR 1,797.25 billion). During the period under review, deposits averaged at PKR 1,861.27 billion as against PKR 1,694.48 billion during the corresponding period last year. CASA Ratio stood at 80.3% which is marginally lower than 81.8% in Dec '19.

### **Capital Strength and Adequacy**

In order to ensure continuity of the Bank's business, a strong capital base and CAR are a given. With the increasing minimum capital requirements, the Bank aims at efficient capital allocation



through conservative portfolio growth, quality lending to low-risk customers / sectors, enhanced credit monitoring and de-risking from higher capital allocation avenues.

The Bank seeks to maintain strong capital levels to build a solid platform going forward. Effective March 31, 2020 the Bank has been designated as “Category-C” Domestic Systemically Important Bank (D-SIB) by the State Bank of Pakistan. This designation initially required the Bank to hold an additional 1.5% Higher Loss Absorbency (HLA) surcharge, over and above its minimum capital adequacy ratio (CAR) requirement in 2019. However, the SBP has increased the HLA surcharge by 50bps to 2% effective March 31, 2020 as per the latest D-SIB designation. Recently, the SBP has extended regulatory relief to dampen the effects of COVID-19 and support the banking sector in extending credit facilities to its customers. To that end, SBP has reduced the Capital Conservation Buffer (CCB) from its existing 2.5% to 1.5%, for the time being. This has resulted in minimum CAR requirement for the Bank at 13.5% (including the HLA Surcharge of 2%) as at March 31, 2020. Thus the CAR requirement stands reduced by 50 bps from the minimum regulatory CAR requirement applicable for the Bank (including the HLA Surcharge of 2%) of 14.0% at Dec ’19.

With Common Equity Tier 1 (CET-1) ratio at 12.84% (Dec’ 19: 12.11%) and total Capital Adequacy Ratio (CAR) at 16.73% as of March 31, 2020, the Bank is compliant with the regulatory requirements.

### Controls and Compliance

The Bank remains compliant with all the applicable laws, rules, regulations, and codes in the spirit of good governance, and continuously strives for improving the compliance environment. In 2016 the Bank and its New York branch entered into a written agreement with the Federal Reserve Bank of New York and New York State Department of Financial Services (US regulators). This agreement, *inter-alia*, requires the Bank to address certain compliance and risk management matters relating to anti-money laundering and the US bank secrecy law requirements. This agreement also requires implementation of the requisite systems and controls and allocation of adequate resources to ensure full compliance with such requirements.

The Bank’s management continues to address the matters highlighted in the written agreement and in subsequent inspections and gets them independently validated. The Bank is committed to making progress and seeks to comply with all applicable laws and regulations. This heightened attention to compliance is expected across the Bank’s international franchise which will also gain from the development and implementation of an integrated strategy.



### Appropriation of Profit

Profit for the three-months ended March 31, 2020 after carry forward of accumulated profit of 2019 is proposed to be appropriated as follows:

	(PKR Million)
Profit before tax for the three-months ended March 31, 2020	7,002.81
Taxation:	
- Current	3,443.15
- Prior Year	0.00
- Deferred	(559.28)
	<b>2,883.87</b>
Profit after tax for the three-months period ended March 31, 2020	4,118.94
Un-appropriated profit brought forward	88,785.90
Other comprehensive income - net of tax	(133.37)
Transfer from surplus on revaluation of fixed assets	57.59
<b>Profit available for appropriations</b>	<b>92,829.06</b>
Appropriation:	
Transfer to Statutory Reserve (10% of after-tax profit)	(411.89)
<b>Un-appropriated profit carried forward</b>	<b>92,417.17</b>

### Contingency Regarding Pension Case

Status of the case is same as disclosed in Note # 25.3.3.1 to the Annual Financial Statements for the year ended December 31, 2019. Pending the decision on our review petition, the financial impact of the subject case has not been included in the instant financial statements as the Bank, based on the legal counsel's opinion, looks forward to a favourable outcome of the case.

### Credit Rating

NBP is rated as 'AAA' by the two recognised credit rating agencies in Pakistan. In June 2019, M/s JCR VIS Credit Rating Company re-affirmed the Bank's standalone credit rating as "AAA", the highest credit rating awarded by the company for a bank in Pakistan. Similarly, M/s PACRA has also assigned the Bank long-term entity rating as 'AAA' (Triple AAA) and short-term credit rating as 'A1+' (A-one Plus). Moody's Investors Service, in their report of Dec '19, upgraded Outlook of the Bank to 'Stable' with a 'B3' long-term rating.

## Outlook

The actions taken to combat the Covid-19 pandemic will have an adverse impact on the Global economy as well as that of Pakistan. These actions have created unique challenges for the monetary and fiscal policy makers and led to a disruption of economic activity. Massive stimulus packages have been introduced across the world to mitigate the impact though the outlook is still uncertain, Countries, including Pakistan, have begun easing lockdowns, which should help provide support to economic activity. A possible rise in infection rates could prompt fresh lockdowns, and there is the risk that recovery could prove more sluggish than is currently anticipated.

The Bank is fully aware of its duty to support its customers and the wider economy during these difficult times by extending appropriate financing facilities and creating liquidity in line with the measures introduced by the State Bank of Pakistan. The Bank will also consider other measures deemed necessary as the situation emerges. These measures may disrupt our performance indicators through hikes in operating costs, higher loan losses and impairments, all resulting in lower profitability in the short and medium term. A strategy under immediate consideration is that of supporting the microfinance/SME sectors that serve over 7 million borrowers. The operating entities in these sectors are under severe pressures as their borrowers businesses and employment are directly affected by the lockdowns. Our aims here are to help the sectors survive and simultaneously establish NBP as a leading bank in these underserved segments.

## Acknowledgement and appreciation

We would like to take this opportunity to acknowledge and appreciate the contributions of the Directors for their leadership and guidance in helping build a sustainable platform for growth. We also appreciate the critical and valuable role of management as well as that played by the Bank's employees who performed resolutely throughout the year under challenging conditions.

For and on behalf of the Board of Directors,

**Arif Usmani**  
President & CEO

**Zubyr Soomro**  
Chairman

Karachi  
Date: May 21, 2020

NATIONAL BANK OF PAKISTAN  
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2020

		(Un-audited) March 31, 2020	(Audited) December 31, 2019
	Note	----- Rupees in '000 -----	
<b>ASSETS</b>			
Cash and balances with treasury banks	6	171,181,448	292,513,379
Balances with other banks	7	18,814,080	13,220,807
Lendings to financial institutions	8	44,549,936	144,140,344
Investments	9	1,503,025,784	1,439,160,062
Advances	10	980,435,309	1,008,139,084
Fixed assets	11	54,048,209	54,303,565
Intangible assets	12	338,445	374,950
Right of use assets	13	7,309,265	7,221,266
Other assets	14	183,959,171	165,315,413
		2,963,661,647	3,124,388,870
<b>LIABILITIES</b>			
Bills payable	15	16,043,823	19,867,424
Borrowings	16	560,154,560	471,757,352
Deposits and other accounts	17	1,953,160,247	2,198,049,281
Lease liability against right of use assets	18	7,966,088	7,640,188
Deferred tax liabilities	19	10,272,144	10,915,802
Other liabilities	20	179,056,082	183,544,990
		2,726,652,944	2,891,775,037
<b>NET ASSETS</b>		<b>237,008,703</b>	<b>232,613,833</b>
<b>REPRESENTED BY</b>			
Share capital		21,275,131	21,275,131
Reserves		53,153,275	52,308,742
Surplus on revaluation of assets	21	70,163,131	70,244,060
Unappropriated profit		92,417,166	88,785,900
		237,008,703	232,613,833
<b>CONTINGENCIES AND COMMITMENTS</b>			
	22		


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


  
Chairman
   
President / CEO
   
Chief Financial Officer
   
Director
   
Director

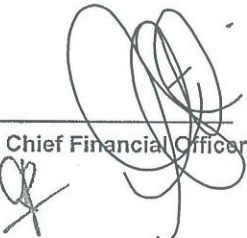
NATIONAL BANK OF PAKISTAN  
UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020

		Quarter Ended	
		March 31, 2020	March 31, 2019
Note		----- 'Rupees in '000 -----	
Mark-up / return / interest earned	23	72,536,966	45,792,928
Mark-up / return / interest expensed	24	55,962,520	30,329,834
Net mark-up / return / interest income		16,574,446	15,463,094
<b>NON MARK-UP / INTEREST INCOME</b>			
Fee and commission income	25	4,507,019	4,024,812
Dividend income		384,061	1,017,955
Foreign exchange income		740,339	1,857,177
Gain on securities - net	26	1,361,315	84,319
Other income	27	1,303,145	1,282,477
Total non-mark-up / interest income		8,295,879	8,266,740
Total income		24,870,325	23,729,834
<b>NON MARK-UP / INTEREST EXPENSES</b>			
Operating expenses	28	13,531,248	12,740,619
Workers welfare fund		-	-
Other charges	29	278,660	6,796
Total non-markup / interest expenses		13,809,908	12,747,415
Profit before provisions		11,060,417	10,982,419
Provisions and write offs - net	30	4,057,607	2,254,911
<b>PROFIT BEFORE TAXATION</b>		7,002,810	8,727,508
Taxation	31	2,883,869	4,544,025
<b>PROFIT AFTER TAXATION</b>		4,118,941	4,183,483
		----- 'Rupees -----	
Earnings per share - basic and diluted	32	1.94	1.97

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

  
Chairman

  
President / CEO

  
Chief Financial Officer

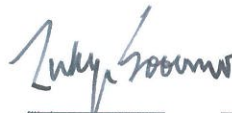


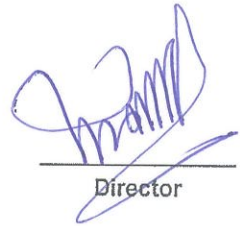

  
Director

  
Director

NATIONAL BANK OF PAKISTAN  
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020

	Quarter ended	
	March 31, 2020	March 31, 2019
	----- Rupees in '000 -----	
Profit after taxation for the period	4,118,941	4,183,483
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Exchange gain on translation of net assets of foreign branches	432,639	781,446
Movement in deficit on revaluation of investments - net of tax	(23,335)	2,182,637
	409,304	2,964,083
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain / (loss) on defined benefit obligations - net of tax	(133,375)	(275,890)
Movement in surplus on revaluation of fixed assets - net of tax	-	-
Movement in surplus on revaluation of non-banking assets - net of tax	-	-
	(133,375)	(275,890)
Total comprehensive income	4,394,870	6,871,676

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

				
Chairman	President / CEO	Chief Financial Officer	Director	Director



NATIONAL BANK OF PAKISTAN  
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020

	Share capital	Reserves					Surplus on revaluation of assets			Unappropriated profit	Total	
		Exchange translation	Statutory reserve	Merger reserve	General loan loss reserve	Revenue general reserve	Total	Investments	Fixed / non-banking assets			Total
Rupees in '000												
Balance as at January 01, 2019	21,275,131	8,918,433	31,490,829	343,802	12,000,000	521,338	53,274,402	16,275,820	43,710,505	59,986,125	72,332,877	206,868,595
Profit after taxation for the three months period ended March 31, 2019	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income / (loss) - net of tax	-	781,446	-	-	-	-	781,446	-	-	-	4,183,483	4,183,483
Transfer to statutory reserve	-	-	418,348	-	-	-	418,348	2,182,637	-	2,182,637	(275,890)	2,688,193
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(60,096)	(60,096)	(418,348)	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	60,096	-
Cash dividend paid for the year ended December 31, 2018 (Rs. Nil per share)	-	-	-	-	-	-	-	-	-	-	-	-
Opening Balance as at April 01, 2019	21,275,131	9,699,879	31,909,177	343,802	12,000,000	521,338	54,474,196	18,458,257	43,650,409	62,106,666	75,882,218	213,740,211
Profit after taxation for the nine months period ended December 31, 20	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income / (loss) - net of tax	-	671,913	-	-	-	-	671,913	7,200,995	1,113,855	8,314,850	11,626,328	11,626,328
Transfer to statutory reserve	-	-	1,162,633	-	-	-	1,162,633	-	-	-	(1,739,469)	7,247,294
Transfer from loss loan reserve to unappropriated profit	-	-	-	-	(4,000,000)	-	(4,000,000)	-	-	-	(1,162,633)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(179,456)	(179,456)	4,000,000	-
Opening Balance as at January 01, 2020	21,275,131	10,371,792	33,071,810	343,802	8,000,000	521,338	52,308,742	25,659,252	44,584,808	70,244,060	88,785,900	232,613,833
Profit after taxation for the three months period ended March 31, 2020	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income / (loss) - net of tax	-	432,639	-	-	-	-	432,639	(23,335)	-	(23,335)	4,118,941	4,118,941
Transfer to statutory reserve	-	-	411,894	-	-	-	411,894	-	-	-	(133,375)	275,929
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(57,595)	(57,595)	(411,894)	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	57,595	(0)
Cash dividend paid for the year ended December 31, 2019 (Rs. Nil per share)	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2020	21,275,131	10,804,431	33,483,704	343,802	8,000,000	521,338	53,153,275	25,635,917	44,527,213	70,163,130	92,417,166	237,008,703

The annexed notes 1 to 10 form an integral part of these unconsolidated condensed interim financial statements.

  
Chairman

President / CEO

  
Chief Financial Officer

  
Director

  
Director

NATIONAL BANK OF PAKISTAN  
UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020

		Quarter ended	
		March 31, 2020	March 31, 2019
Note		Rupees in '000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		7,002,810	8,727,508
Less: dividend income		(384,061)	(1,017,955)
		6,618,749	7,709,553
Adjustments:			
Depreciation on fixed assets		594,467	630,187
Depreciation on right of use assets		463,184	184,530
Amortization		47,233	50,891
Provision and write-offs - net	30	4,057,607	2,254,911
Gain on sale of fixed assets		(421)	(367)
Financial charges on leased assets		10,523	4,765
Financial charges on right-of-use-assets		190,336	105,018
Unrealized loss on revaluation of investments classified as held-for-trading		(266,156)	12,279
Charge for defined benefit plans - net		3,676,809	1,822,506
		8,773,582	5,064,720
		15,392,331	12,774,273
(Increase) / decrease in operating assets			
Lendings to financial institutions		99,690,408	(22,633,950)
Held-for-trading securities		54,389	124,946,933
Advances		21,557,772	11,586,905
Other assets (excluding advance taxation)		(23,427,864)	(38,308,245)
		97,874,705	75,591,643
Increase / (decrease) in operating liabilities			
Bills payable		(3,823,601)	16,852,910
Borrowings from financial institutions		108,738,340	(222,732,185)
Deposits		(244,889,034)	(232,719,099)
Other liabilities (excluding current taxation)		(4,538,645)	29,767,854
		(144,512,940)	(408,830,520)
Financial charges paid		(200,859)	(109,783)
Income tax paid		-	(2,380,787)
Benefits paid		(407,765)	(359,995)
Net cash flows generated from operating activities		(31,854,528)	(323,315,169)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net investments in available-for-sale securities		(80,889,763)	255,857,851
Net investments in held-to-maturity securities		16,825,458	(13,239,645)
Dividends received		384,061	1,017,955
Investments in fixed assets		(207,637)	(3,791,787)
Proceeds from sale of fixed assets		12,505	367
Effect of translation of net investment in foreign branches		432,639	781,446
Net cash flows generated from / (used in) investing activities		(63,442,737)	240,626,187



March 31,                      March 31,  
2020                                      2019  
Note ----- Rupees in '000 -----

**CASH FLOWS FROM FINANCING ACTIVITIES**

Payments of lease obligations	-	-
Dividend paid	(263)	(1,050)
<b>Net cash flow used in financing activities</b>	<b>(263)</b>	<b>(1,050)</b>
 <b>Increase in cash and cash equivalents</b>	 <b>(95,297,528)</b>	 <b>(82,690,032)</b>
Cash and cash equivalents at beginning of the period	<u>263,754,250</u>	<u>227,752,888</u>
Cash and cash equivalents at end of the period	<u><u>168,456,722</u></u>	<u><u>145,062,856</u></u>


33


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

  
Chairman

  
President / CEO

  
Chief Financial Officer

  
Director

  
Director

**NATIONAL BANK OF PAKISTAN**  
**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020**

**1. STATUS AND NATURE OF BUSINESS**

National Bank of Pakistan (the Bank) was incorporated in Pakistan under the National Bank of Pakistan Ordinance, 1949 and is listed on Pakistan Stock Exchange (PSX). The registered and head office of the Bank is situated at I.I. Chundrigar Road, Karachi. The Bank is engaged in providing commercial banking and related services in Pakistan and overseas. The Bank also handles treasury transactions for the Government of Pakistan (GoP) as an agent to the State Bank of Pakistan (SBP). The Bank operates 1,507 (December 31, 2019: 1,509) branches in Pakistan and 21 (December 31, 2019: 21) overseas branches (including the Export Processing Zone branch, Karachi).

**2. BASIS OF PRESENTATION**

**2.1 STATEMENT OF COMPLIANCE**

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017;
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

**2.1.2** The SBP vide BSD Circular letter No.10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments (IAS 39): Recognition and Measurement and International Accounting Standard 40, Investment Property for banking companies till further instructions. Moreover, SBP vide BPRD circular No.4, dated February 25, 2015 has deferred the applicability of Islamic Financial Accounting Standards IFAS 3, Profit and Loss Sharing on Deposits. Further, according to the notification of the SECP issued vide SRO 411(I) /2008 dated April 28, 2008, International Financial Reporting Standard IFRS 7, Financial Instruments: Disclosures has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

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

**2.1.4** The disclosures made in these unconsolidated condensed interim financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular No. 5, dated March 22, 2019 and International Accounting Standard IAS 34, 'Interim Financial Reporting' and do not include all the information required in the annual financial statements. Accordingly, these interim condensed unconsolidated financial statements should be read in conjunction with the annual financial statements of the Bank for the year ended December 31, 2019.

**2.1.5** These unconsolidated condensed interim financial statements are separate financial statements of the Bank in which the investments in subsidiaries, associates and joint ventures are stated at cost and have not been accounted for on the basis of reported results and net assets of the investees.



## 2.1.6 Amendments to approved accounting standards that are not 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:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
---------------------------------------	---

- |  |                 |
|--|-----------------|
| - IFRS 9 - Financial Instruments: Classification and Measurement | January 1, 2021 |
|--|-----------------|

IFRS 9 has been applicable in several overseas jurisdictions from January 1, 2018 and is progressively being adopted in others. The requirements of this standard are incorporated in the Bank's financial statements for the jurisdictions where IFRS 9 has been adopted. As per the SBP's BPRD Circular Letter no. 4 dated October 23, 2019, the applicability of IFRS 9 to banks in Pakistan has been deferred to accounting periods beginning on or after January 1, 2021. The impact of the application of IFRS 9 in Pakistan on the Bank's financial statements is being assessed.

There are certain new and amended standards and interpretations 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 and are therefore not detailed in these unconsolidated condensed interim financial statements.

## 2.1.7 Standards, interpretations of and amendments to approved accounting standards that are effective

The following new standards and interpretations of and amendments to existing accounting standards will be effective from the

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
---------------------------------------	---

- |  |                 |
|--|-----------------|
| - IFRS 3 - Business Combinations (Amendments)  | January 1, 2020 |
| - IAS 1 - Presentation of Financial Statements (Amendments)                            | January 1, 2020 |
| - IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors (Amendments) | January 1, 2020 |

In addition, there are certain new and amended standards and interpretations 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 and are therefore not detailed in these unconsolidated condensed interim financial statements.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies updated for presentation of these unconsolidated condensed interim financial statements are same as those followed in presentation of the unconsolidated financial statements of the Bank for the year ended December 31, 2019.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

## 5. FINANCIAL RISK MANAGEMENT

In order to be more responsive to the changing environment, the Bank reviews/ revises its plans/ procedures to help remain robust in line with emerging risks.

The COVID - 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. State Bank of Pakistan (SBP) has also responded to the crisis by cutting the Policy Rate by 225 basis points to 11% in March 2020 and again by 200 basis points to 9% on April 16, 2020. Other regulatory measures to provide an impetus to economic activity include;

- Reduction in the capital conservation buffer by 100 basis points to 1.5%
- Increasing the regulatory limit on extension of credit to SMEs to Rs 180 million;
- Relaxing the debt burden ratio for consumer loans from 50% to 60%;
- Allowing banks to defer borrowers' principal loan payments by one year; and
- Relaxing regulatory criteria for restructured/rescheduled loans for borrowers who require relief of principal repayment exceeding one year and / or mark-up.

In line with regulatory measures Bank has aligned its policies /procedures and issued instructions. Following is the brief of measures taken by Bank

#### 4.1 Credit Risk Management

The coronavirus (COVID-19) outbreak is causing widespread concern and economic hardship for consumers, businesses and communities across the globe. It is expected that credit off-take to remain restricted in the coming months as supply chains adjust to the economic impacts. The Risk Management function of the Bank is regularly conducting assessments of the credit portfolio to identify borrowers and sectors most likely to get affected due to changes in the business and economic environment locally as well as globally. The Bank is continuously reviewing the portfolio, to identify accounts and industries susceptible to higher risk, resulting from the COVID-19 outbreak.

#### 4.2 Liquidity Risk Management

The Asset and Liability Committee (ALCO) of the Bank is continuously monitoring the liquidity position and Daily Liquidity Monitoring report is also being prepared to notice the changes in liquidity profile of the Bank. Liquidity buffer currently maintained is sufficient to cater to any adverse movement. Moreover the recent fall in interest rate has resulted in substantial MTM gain in Government Securities portfolio, which can be realized in case of any adverse liquidity situation.

#### 4.3 Operational Risk Management

The Bank is closely monitoring the situation and has undertaken required actions to ensure the safety and security of Bank staff and maintenance of service to its customers. The Senior Management of the Bank including the Covid Crises Management Team closely monitors the situation, and is takes timely decisions to resolve any concerns.

The bank has a duly tested Business Continuity Plan (BCP) in place. The Bank has communicated with its customers on how they can connect with the Bank through its digital and online channels. The Bank continues to take measures to ensure that service levels are maintained, customer complaints are resolved and turnaround times are monitored, in order for the Bank to meet the expectations of its stakeholders.

The Bank's operations have been stayed highly resilient, almost more than 95% branches remains open to facilitate its customers. Further, the Bank has deployed all necessary measures for the health and safety of its employees to prevent them from this pandemic situation.

#### 4.4 Information Security Risk Management

The COVID-19 pandemic poses heightened cybersecurity risks. The Bank has taken appropriate actions to monitor and respond to these evolving cybersecurity risks and adopted a heightened state of cybersecurity as transitioned employees to remote working option, where required. The associated risks and implications posed by the pandemic have been assessed to protect the Bank's critical information assets from the increasing cyber threats and to ensure compliance with the regulatory controls.

#### 4.5 Capital Adequacy Ratio (CAR)

The Bank has shown improvement in capital adequacy ratio from 15.48% to 16.73%. The main reasons include; relaxation in Capital Conversion Buffer (CCB) requirements, and profit for the quarter.



		(Un-audited) March 31, 2020	(Audited) December 31, 2019
Note		Rupees in '000	
6.	<b>CASH AND BALANCES WITH TREASURY BANKS</b>		
	In hand		
	Local currency	35,965,968	48,571,567
	Foreign currency	5,607,542	4,565,061
		41,573,510	53,136,628
	With State Bank of Pakistan in		
	Local currency current accounts	6.1 48,278,394	168,326,804
	Foreign currency current accounts	6.2 10,771,473	9,116,381
	Foreign currency deposit accounts	6.2 32,913,796	27,850,977
	Foreign currency collection accounts	1,368,079	1,473,861
		93,331,742	206,768,023
	With other central banks in		
	Foreign currency current accounts	6.3 33,392,926	25,994,672
	Foreign currency deposit accounts	6.3 2,463,364	4,865,977
		35,856,290	30,860,649
	Prize bonds	419,906	1,748,079
		171,181,448	292,513,379

- 6.1 This includes statutory liquidity reserves maintained with the SBP under Section 22 of the Banking Companies Ordinance, 1962.
- 6.2 These represent mandatory reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the SBP.
- 6.3 These balances pertain to the foreign branches and are held with central banks of respective countries. These include balances to meet the statutory and regulatory requirements in respect of liquidity and capital requirements of respective countries. The deposit accounts carry interest at the rate of 0% to 2.17% per annum (December 31, 2019: 0 to 2.17% per annum).

		(Un-audited) March 31, 2020	(Audited) December 31, 2019
Note		Rupees in '000	
7.	<b>BALANCES WITH OTHER BANKS</b>		
	In Pakistan		
	In current account	7,674	-
	In deposit accounts	7.1 5,970	5,841
	Outside Pakistan		
	In current accounts	9,683,039	6,476,086
	In deposit accounts	7.2 9,117,397	6,738,880
		18,800,436	13,214,966
		18,814,080	13,220,807

- 7.1 These include various deposits with banks and carry interest at rates ranging from 4% to 11.5% per annum (December 31, 2019: 2.5% to 11.25% per annum).
- 7.2 These include various deposits with correspondent banks outside Pakistan and carry interest at rates ranging from 0% to 3.0% per annum (December 31, 2019: 0% to 2.17% per annum).

		(Un-audited) March 31, 2020	(Audited) December 31, 2019	
Note		----- Rupees in '000 -----		
8.	LENDINGS TO FINANCIAL INSTITUTIONS			
	Call / clean money lendings	8.1	640,800	540,800
	Repurchase agreement lendings (reverse repo)	8.2	34,548,802	132,180,048
	Bai Muajjal receivables with State Bank of Pakistan	8.3	9,360,334	11,419,496
	Letters of placement	8.4	176,150	176,150
		8.5	44,726,086	144,316,494
	Less: provision held against lendings to financial institutions	8.6	(176,150)	(176,150)
	Lendings to financial institutions - net of provision		44,549,936	144,140,344

- 8.1 This includes zero rate lending to a financial institution amounting to Rs. 40.8 million (December 31, 2019: Rs. 40.8 million) which is guaranteed by the SBP.
- 8.2 These carry mark-up at rates ranging from 10.98% to 13.25% per annum (December 31, 2019: 13.0% to 13.58% per annum) with maturities ranging from April 3, 2020 to April 24, 2020.
- 8.3 This represents Bai Muajjal agreements entered into with SBP and carries mark-up rate 13.07% per annum (December 31, 2019: 12.78% per annum).
- 8.4 These are overdue placements and full provision has been made against these placements as at March 31, 2020.

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	----- Rupees in '000 -----	
8.5 Particulars of lending		
In local currency	44,726,086	144,316,494
In foreign currencies	-	-
	<u>44,726,086</u>	<u>144,316,494</u>

**8.6 Movement in provision held against lendings is as follows:**

Opening balance	176,150	176,150
Charge for the period	-	-
Closing balance	176,150	176,150

8.7 Securities held as collateral against lendings to financial institutions

	March 31, 2020 (Un-audited)			December 31, 2019 (Audited)		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
Market Treasury Bills	14,033,480	-	14,033,480	124,080,048	-	124,080,048
Pakistan Investment Bonds	20,515,322	-	20,515,322	8,100,000	-	8,100,000
<b>Total</b>	<b>34,548,802</b>	<b>-</b>	<b>34,548,802</b>	<b>132,180,048</b>	<b>-</b>	<b>132,180,048</b>

Rupees in '000

8.7.1 Market value of the securities under repurchase agreement lendings amounts to Rs. 36,628 million (December 31, 2019: Rs. 132,453 million).

8.8 Category of classification

	March 31, 2020 (Un-audited)		December 31, 2019 (Audited)	
	Classified Lending	Provision held	Classified Lending	Provision held

Rupees in '000

Domestic	-	-	-	-
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	176,150	176,150	176,150	176,150
Overseas	176,150	176,150	176,150	176,150
Not past due but impaired	-	-	-	-
Overdue by:	-	-	-	-
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	-	-	-	-
> 365 days	-	-	-	-
<b>Total</b>	<b>176,150</b>	<b>176,150</b>	<b>176,150</b>	<b>176,150</b>



### 9. INVESTMENTS

#### 9.1 Investments by type:

	March 31, 2020 (Un-audited)			December 31, 2019 (Audited)				
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
Rupees in '000								
Held-for-trading securities								
Market Treasury Bills	25,338,243	-	50,191	25,388,434	26,911,821	-	(24,649)	26,887,172
Pakistan Investment Bonds	10,911,656	-	215,965	11,127,621	9,116,239	-	15,695	9,131,934
Ordinary shares of listed companies	76,629	-	-	76,629	75,705	-	(2,042)	73,663
	36,326,528	-	266,156	36,592,684	36,103,765	-	(10,996)	36,092,769
Available-for-sale securities								
Pakistan Investment Bonds	318,224,108	-	10,348,141	328,572,249	322,248,605	-	(1,961,853)	320,286,752
Market Treasury Bills	681,546,126	-	8,369,207	689,915,333	593,936,881	-	967,544	594,904,425
Ijarah Sukuks	2,000,000	-	(1,400)	1,998,600	2,000,000	-	(21,200)	1,978,800
Ordinary shares of listed companies	31,776,540	(6,177,232)	5,955,897	31,555,205	29,025,568	(5,723,164)	18,487,730	41,790,134
Ordinary shares of unlisted companies	2,101,182	(507,573)	-	1,593,609	2,101,182	(507,573)	-	1,593,609
Preference shares	570,308	(512,542)	-	57,766	570,214	(490,826)	-	79,388
Investments in mutual funds	619,646	(41,167)	647,990	1,226,469	619,646	(41,167)	1,324,745	1,903,224
Ordinary shares of a bank outside Pakistan	463,294	-	14,799,614	15,262,908	463,294	-	18,368,462	18,831,756
Term Finance Certificates / Musharika								
Participation Term Certificate and Sukuk Bonds	62,503,076	(5,049,047)	969,377	58,423,406	60,253,886	(4,942,505)	941,278	56,252,659
GoP Foreign Currency Bonds	14,950,580	-	(1,722,641)	13,267,939	21,138,771	-	1,337,759	22,476,530
Foreign Government Securities	2,165,893	-	72,260	2,238,153	3,474,324	-	17,527	3,491,851
Foreign Currency Debt Securities	1,169,873	-	1,428	1,171,301	1,408,492	-	13,779	1,422,271
	1,118,130,626	(12,287,561)	39,439,873	1,145,282,938	1,037,240,863	(11,705,236)	39,475,771	1,065,011,399
Held-to-maturity securities								
Pakistan Investment Bonds	166,318,491	-	-	166,318,491	184,864,103	-	-	184,864,103
Market Treasury Bills	117,835,008	-	-	117,835,008	114,091,320	-	-	114,091,320
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	414,973	(407,134)	-	7,839	416,707	(407,134)	-	9,573
GoP Foreign Currency Bonds	1,602	-	-	1,602	4,087,591	-	-	4,087,591
Foreign Government Securities	31,664,483	-	-	31,664,483	29,600,343	-	-	29,600,343
Foreign Currency Debt Securities	645	-	-	645	596	-	-	596
	316,235,202	(407,134)	-	315,828,068	333,060,660	(407,134)	-	332,653,526
Associates	4,970,863	(4,079,889)	-	891,174	4,970,863	(3,999,416)	-	971,447
Joint Venture	2,362,433	-	-	2,362,433	2,362,433	-	-	2,362,433
Subsidiaries	3,906,750	(1,838,263)	-	2,068,487	3,906,750	(1,838,262)	-	2,068,488
Total investments	1,481,932,402	(18,612,647)	39,706,029	1,503,025,784	1,417,645,334	(17,850,047)	39,464,775	1,439,160,062

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

Pakistan Investment Bonds	8,000,000	4,150,000
Market Treasury Bills	434,959,141	360,000,000
	442,959,141	364,150,000

17,950,047 14,908,353

	801,969	3,425,825
	(139,368)	(384,143)
	662,601	3,041,682

Transfers - net	-	-
Others movement	-	-
Closing balance	18,612,646	17,950,047

## 9.2.2 Particulars of provision against debt securities

### Category of classification

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

Rupees in '000

Domestic	-	-	-	-
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	426,170	213,086
Loss	5,571,484	5,456,181	5,145,314	5,136,554
Overseas	5,571,484	5,456,181	5,571,484	5,349,640
Not past due but impaired	-	-	-	-
Overdue by:	-	-	-	-
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	-	-	-	-
> 365 days	-	-	-	-
Total	5,571,484	5,456,181	5,571,484	5,349,640

9.3 SBP vide BPRD Circular Letter No. 13 of 2020 Para 4 (c) of Prudential Regulation R-8: Impairment in Value of Securities has provided regulatory relief to Banks / DFIs to recognize impairment losses resulting from the valuation of listed equity securities held as "Available for Sale" (AFS) in a phased manner equally on quarterly basis during calendar year ending on December 31, 2020. Pursuant to the circular, a portion of the impairment loss, amounting to Rs. 2,021 million, resulting from the valuation of listed equity securities held under the AFS category as of March 31, 2020 has not been recognized in the unconsolidated condensed interim profit and loss account and has been taken to 'Surplus on revaluation of available for sale securities' as disclosed in note 21 of these unconsolidated condensed interim financial statements.

Had there been no relaxation, there would have had the following effect on these unconsolidated condensed interim financial statements:

	(Un-audited) March 31, 2020 Rupees in '000
Impact on Unconsolidated Condensed Interim Statement of Financial Position	
- Increase in provision for diminution in value of investments	2,021,132
- Increase in surplus on revaluation of Available for sale securities - net of tax	1,313,735
- Decrease in Unappropriated Profit	(1,232,890)
Impact on Unconsolidated Condensed Interim Profit and Loss account	
- Decrease in Profit after tax	(1,232,890)
- Decrease in taxation charge	(788,241)

Earnings per share for the period ended March 31, 2020 would have been lower by Rs. 0.58 per share.

### 9.3

The market value of securities classified as held-to-maturity as at March 31, 2020 amounted to Rs. 320,302 million (December 31, 2019: Rs. 328,496 million).



# 10. ADVANCES

	Note	Rupees in '000			
		Performing		Non performing	
		(Un-audited) March 31, 2020	(Audited) December 31, 2019	(Un-audited) March 31, 2020	(Audited) December 31, 2019
<b>Total</b>					
Loans, cash credits, running finances, etc.		908,007,127	936,148,400	147,581,577	141,787,259
Islamic financing and related assets		33,813,133	33,800,111	203,274	203,934
Net investment in finance lease		66,569	71,576	-	-
Bills discounted and purchased	10.1	31,187,627	32,463,246	8,879,564	6,760,524
Advances - gross		973,074,456	1,002,563,333	156,564,415	148,751,717
Provision against advances	10.2				
- Specific		-	-	138,985,265	134,170,016
- General		10,318,297	9,005,950	-	-
Advances - net of provision		10,318,297	9,005,950	138,985,265	134,170,016
	10.4	962,756,159	993,557,383	17,679,150	14,581,701
				980,435,309	1,008,139,084

## 10.1 Net investment in finance lease

	March 31, 2020 (Un-audited)			December 31, 2019 (Audited)		
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years
<b>Total</b>						
Lease rentals receivable	11,554	6,081	-	17,735	11,634	10,434
Residual value	46,482	7,010	-	53,492	45,666	9,617
Minimum lease payments	58,135	13,091	-	71,227	57,300	20,051
Financial charges for future periods	4,262	396	-	4,658	4,982	793
Present value of minimum lease payments	53,873	12,695	-	66,569	52,318	19,258
						71,576

The leases executed are for a term of 1 to 5 years. Security deposit is generally obtained upto 10% of the cost of leased assets at the time of disbursement. The Bank requires the lessee to insure the leased assets in favour of the Bank. Additional surcharge is charged on delayed rentals. The average return implicit ranges from 10.19% to 18.58% (December 31, 2019: 10.19% to 19.46%) per annum.

## 10.2 Particulars of advances (Gross)

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
<b>Rupees in '000</b>		
In local currency	1,048,099,905	1,052,019,665
In foreign currencies	81,638,966	99,295,385
	1,129,738,871	1,151,315,050

- 10.3 Advances includes Rs. 156,664 million (2019: Rs.148,752 million) which have been placed under non-performing status as detailed below:

Category of Classification	March 31, 2020 (Un-audited)		December 31, 2019 (Audited)	
	Non performing loans	Provision	Non performing loans	Provision
----- Rupees in '000 -----				
<b>Domestic</b>				
Other assets especially mentioned	2,964,163	198,072	1,290,081	78,430
Substandard	10,770,646	2,664,537	10,292,449	2,550,709
Doubtful	8,316,755	4,141,971	6,439,788	3,207,031
Loss	90,465,406	89,166,871	89,680,047	88,523,275
	112,516,970	96,171,451	107,702,365	94,359,445
<b>Overseas</b>				
Not past due but impaired	-	-	-	-
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	-	-	-	-
> 365 days	44,147,445	42,813,815	41,049,352	39,810,571
	44,147,445	42,813,815	41,049,352	39,810,571
<b>Total</b>	156,664,415	138,985,266	148,751,717	134,170,016

10.4 Particulars of provision against advances

Note	March 31, 2020 (Un-audited)			December 31, 2019 (Audited)		
	Specific	General	Total	Specific	General	Total
----- Rupees in '000 -----						
Opening balance	134,170,016	9,005,950	143,175,966	126,266,039	7,207,104	133,473,143
Exchange adjustments	3,005,573	34,944	3,040,517	3,803,802	28,732	3,832,534
Charge for the period / year	2,430,928	1,496,316	3,927,244	11,335,930	2,018,117	13,354,047
Reversals	(602,845)	(218,913)	(821,758)	(4,681,591)	(248,003)	(4,929,594)
	1,828,083	1,277,403	3,105,486	6,654,339	1,770,114	8,424,453
Amounts written off	(7,261)	-	(7,261)	(33,004)	-	(33,004)
Amounts charged off - agriculture financing	(11,145)	-	(11,145)	(232,480)	-	(232,480)
Amount charged off international branches 10.4.4	-	-	-	(1,776,734)	-	(1,776,734)
Other movement	-	-	-	(511,946)	-	(511,946)
Closing balance	138,985,266	10,318,297	149,303,563	134,170,016	9,005,950	143,175,966

10.4.1 Particulars of provision against advances

	March 31, 2020 (Un-audited)			December 31, 2019 (Audited)		
	Specific	General	Total	Specific	General	Total
----- Rupees in '000 -----						
In local currency	96,171,451	9,991,223	106,162,674	94,359,445	8,550,135	102,909,580
In foreign currencies	42,813,815	327,074	43,140,889	39,810,571	455,815	40,266,386
	138,985,266	10,318,297	149,303,563	134,170,016	9,005,950	143,175,966

- 10.4.2 The Bank maintains general reserve in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and Prudential Regulations for Small and Medium Enterprise Financing issued by the SBP.

10.4.3 The SBP has allowed specific relaxation to the Bank for non-classification of overdue loans of certain Public Sector Entities (PSEs) which are guaranteed by Government of Pakistan as non-performing loans up till December 31, 2019. Bank is following up for its extension.

10.4.4 This includes fully provided loans granted outside Pakistan which are charged-off as per local regulations of the host country. Charging-off does not affect the Bank's right to pursue recovery against these loans.

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

#### 11. FIXED ASSETS

Capital work-in-progress  
Property and equipment

11.1	2,056,538	2,114,172
	<u>51,991,671</u>	<u>52,189,393</u>
	<u>54,048,209</u>	<u>54,303,565</u>

#### 11.1 Capital work-in-progress

Civil works  
Equipment  
Advances to suppliers and contractors  
License and implementation fee for core banking software

1,981,815	1,999,863
15,928	15,446
58,795	58,372
-	40,491
<u>2,056,538</u>	<u>2,114,172</u>

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

#### 11.2 Additions to fixed assets

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

Capital work-in-progress

32,036	75,975
--------	--------

Property and equipment

Building on leasehold land  
Furniture and fixture  
Electrical office  
Computer equipment  
Vehicles

3,510	-
146,933	130,448
66,364	112,933
37,737	81,632
-	87,178
<u>254,544</u>	<u>412,191</u>
<u>286,580</u>	<u>488,166</u>

Total

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

### 11.3 Disposal of fixed assets

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

Furniture and fixture	195	-
Vehicles	11,890	-
Total	12,084	-

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

### 12. INTANGIBLE ASSETS

Core Banking Application  
Computer Software

-	-
338,445	374,950
338,445	374,950

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

### 12.1 Additions to intangible assets

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

Directly purchased	10,727	165,685
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(Un-audited)	(Audited)
March 31,	December 31,
2020	2019
----- Rupees in '000 -----	

### 13. RIGHT OF USE ASSETS

The recognized right of use assets relate to the following types of assets:

During the period / year Jan 01	7,221,266	7,908,684
Additions during the period	551,182	1,185,554
Depreciation charged for the period	463,184	1,872,972
Balance as at	7,309,265	7,221,266

The right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. There were no onerous lease contracts that would have required an adjustment to the right of use assets at the date of initial application.



		(Un-audited) March 31, 2020	(Audited) December 31, 2019
Note		Rupees in '000	
<b>14. OTHER ASSETS</b>			
	Income / return / mark-up accrued in local currency - net of provision	47,307,000	53,660,237
	Income / return / mark-up accrued in foreign currency	3,068,305	2,551,275
	Advances, deposits, advance rent and other prepayments	5,461,334	7,816,695
	Advance taxation (payments less provisions)	5,421,946	9,155,744
	Income tax refunds receivable	42,667,383	42,667,383
	Compensation for delayed tax refunds	15,005,892	13,722,128
	Non-banking assets acquired in satisfaction of claims	3,280,907	3,284,853
	Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC)	208,423	208,423
	Unrealized gain on forward foreign exchange contracts	7,738,529	-
	Commission receivable on Government, treasury transactions	7,542,356	4,065,704
	Stationery and stamps on hand	464,108	435,733
	Barter trade balances	195,399	195,399
	Receivable on account of Government transactions	323,172	323,172
	Receivable from Government under VHS scheme	418,834	418,834
	Receivable against sale of shares	7,143	310,374
	Acceptances	45,047,169	26,934,779
	Others	10,460,522	9,941,052
		<u>194,618,422</u>	<u>175,691,785</u>
	Less: Provision held against other assets	14.1 11,136,466	10,853,587
	Other assets (net of provision)	<u>183,481,956</u>	<u>164,838,198</u>
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	<u>477,215</u>	<u>477,215</u>
	Other assets - total	<u>183,959,171</u>	<u>165,315,413</u>
<b>14.1 Provision held against other assets</b>			
	Income / mark-up accrued in local currency	152,607	152,607
	Advances, deposits, advance rent and other prepayments	837,949	837,949
	Stationery and stamps on hand	96,542	96,542
	Barter trade balances	195,399	195,399
	Receivable on account of Government transactions	323,172	323,172
	Receivable from Government under VHS scheme	418,834	418,834
	Protested bills	2,572,241	2,555,322
	Provision against FE-25 loans	1,734,591	1,734,591
	Ex-MBL / NDFC - other assets	534,173	534,173
	Assets Acquired from CIRC	208,423	208,423
	Others	3,934,678	3,668,718
		<u>11,136,466</u>	<u>10,853,587</u>
<b>14.1.1 Movement in provision held against other assets</b>			
	Opening balance	10,853,587	8,884,661
	Charge for the year	282,879	1,589,466
	Transfer in	-	457,739
	Adjustment of compensation claimed by SBP to SBP balances	-	(78,279)
	Amount written off	-	-
	Closing balance	<u>11,136,466</u>	<u>10,853,587</u>
<b>15. BILLS PAYABLE</b>			
	In Pakistan	14,756,721	19,648,708
	Outside Pakistan	<u>1,287,102</u>	<u>218,716</u>
		<u>16,043,823</u>	<u>19,867,424</u>

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

**16. BORROWINGS**

**Secured**

**Borrowings from State Bank of Pakistan**

Under Export Refinance Scheme  
Under Export Refinance Scheme (New Scheme)  
Financing Scheme for Renewable Energy  
Refinance Facility for Modernization of SMEs  
Financing Facility for storage of Agriculture Produce (FFSAP)  
Under Long-Term Financing Facility (LTFF)

3,879,500	1,908,291
23,123,014	20,687,441
248,602	236,175
44,654	45,000
258,880	284,012
11,680,236	8,923,286
<b>39,234,886</b>	<b>32,084,205</b>

**Repurchase agreement borrowings**

Bai Muajjal

442,959,141	332,053,770
46,195,591	59,069,167

**Total secured**

<b>528,389,618</b>	<b>423,207,142</b>
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**Unsecured**

Call borrowings  
Overdrawn nostro accounts  
Bai Muajjal

19,408,032	39,052,969
2,771,572	3,467,767
9,585,338	6,029,474

**Total unsecured**

<b>31,764,942</b>	<b>48,550,210</b>
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<b>560,154,560</b>	<b>471,757,352</b>
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**16.1 Particulars of borrowings with respect to currencies**

In local currency  
In foreign currencies

542,115,959	432,843,644
18,038,601	38,913,708
<b>560,154,560</b>	<b>471,757,352</b>

**16.2 Mark-up / interest rates and other terms are as follows:**

- The Bank has entered into agreements with the SBP for extending export refinance to customers. As per the terms of the agreement, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of finances by directly debiting the current account maintained by the Bank with the SBP. These borrowings carry mark-up 3% (December 31, 2019: 3%).
- Repurchase agreement borrowings carry mark-up ranging from 10.49% to 13.3% per annum (December 31, 2019: 13.2% to 13.32% per annum) having maturity on ranging from April 3, 2020 to April 24, 2020.
- Call borrowings carry interest ranging from 1.75% to 4% per annum (December 31, 2019: 1.75% to 4.0% per annum).

**16.3 Borrowings from the SBP under export oriented projects refinance schemes of the SBP are secured by the Bank's cash and security balances held by the SBP.**

**16.4 Pakistan Investment Bonds and Market Treasury Bills having maturity of 5-10 years and 3 months respectively, are pledged as security under borrowing having carrying amount of Rs. 442,959 million (December 31, 2019: Rs. 332,054 million).**



## 17. DEPOSITS AND OTHER ACCOUNTS

March 31, 2020 (Un-audited)			December 31, 2019 (Audited)		
In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- Rupees in '000 -----					

### Customers

Current deposits - remunerative	342,260,894	-	342,260,894	320,884,110	-	320,884,110
Current deposits - non-remunerative	350,116,946	133,534,552	483,651,498	387,100,580	138,036,876	525,137,456
Savings deposits	566,624,692	58,620,285	625,244,977	533,399,568	52,363,840	585,763,408
Term deposits	258,934,824	94,611,367	353,546,191	285,062,513	75,428,176	360,490,689
Others	2,287,588	3,974	2,291,562	4,970,352	3,924	4,974,276
	1,520,224,944	286,770,178	1,806,995,122	1,531,417,123	265,832,816	1,797,249,939

### Financial Institutions

Current deposits	112,759,778	416,455	113,176,233	357,600,795	1,225,295	358,826,090
Savings deposits	918,166	3,149,083	4,067,249	4,405,416	2,911,091	7,316,507
Term deposits	14,241,354	11,653,415	25,894,769	21,888,152	5,932,636	27,820,788
Others	2,717,826	309,048	3,026,874	6,549,217	286,740	6,835,957
	130,637,124	15,528,001	146,165,125	390,443,580	10,355,762	400,799,342
	1,650,862,068	302,298,179	1,953,160,247	1,921,860,703	276,188,578	2,198,049,281

17.1 Foreign currencies deposits includes deposit of foreign branches amounting to Rs. 88,328 million (December 31, 2019: Rs.85,488 million).

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

## 18. LEASE LIABILITY AGAINST RIGHT OF USE ASSETS

Lease liabilities included in the statement of financial position

Of which are:

Current lease liability	1,530,099	1,237,717
Non-current lease liability	6,435,989	6,402,471
	7,966,088	7,640,188

Maturity analysis - contractual undiscounted cash flows

Less than one year	2,280,904	1,948,040
One to five years	7,087,123	6,610,167
More than five years	6,522,658	6,652,960
Total undiscounted lease liabilities	15,890,685	15,211,167

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

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

## 19. DEFERRED TAX LIABILITIES

### Deductible temporary differences on

- Tax losses carried forward
- Post retirement employee benefits
- Provision for diminution in the value of investments
- Provision against loans and advances
- Provision against off-balance sheet obligations
- Other provisions

(10,705)	(10,705)
(3,924,534)	(3,852,716)
(236,751)	(236,751)
(3,092,228)	(2,625,495)
(115,222)	(115,222)
(105,416)	(105,416)
(7,484,856)	(6,946,305)

### Taxable temporary differences on

- Surplus on revaluation of fixed assets
- Surplus on revaluation of investments
- Surplus on revaluation of non-banking assets
- Other

1,596,773	1,689,317
13,803,956	13,816,519
41,439	41,439
2,314,832	2,314,832
17,757,000	17,862,107
10,272,144	10,915,802

## 20. OTHER LIABILITIES

- Mark-up / Return / Interest payable in local currency
- Mark-up / Return / Interest payable in foreign currencies
- Unearned commission and income on bills discounted
- Accrued expenses
- Advance payments
- Unclaimed dividends
- Unrealized loss on forward foreign exchange contracts
- Unrealized loss on put option
- Branch adjustment account
- Employee benefits:
  - Pension fund
  - Post retirement medical benefits
  - Benevolent fund
  - Gratuity scheme
  - Compensated absences
- Staff welfare fund
- Liabilities relating to Barter trade agreements
- Provision against off-balance sheet obligations
- Provision against contingencies
- Payable to brokers
- PIBs short selling
- Acceptances
- Others

37,775,405	57,027,903
1,061,529	439,959
2,601,669	3,045,278
21,099,722	19,000,508
392,015	397,099
186,405	186,668
-	4,358,883
306,339	306,339
1,132,924	926,311
14,895,493	14,785,647
18,720,515	18,333,947
1,967,772	1,749,006
2,311,216	2,206,599
8,532,837	8,344,182
371,257	371,257
2,279,373	5,539,436
627,494	627,494
4,679,645	4,629,645
58,939	38,667
26,371	256,284
45,047,169	26,934,779
14,981,993	14,039,099
179,056,062	183,544,990

		(Un-audited) March 31, 2020	(Audited) December 31, 2019
	Note	Rupees in '000	
<b>21. SURPLUS ON REVALUATION OF ASSETS</b>			
Surplus on revaluation of			
- Available-for-sale securities	9.1	39,439,873	39,475,771
- Fixed assets		44,518,953	44,576,547
- Non-banking assets		2,539,695	2,539,695
		<u>86,498,521</u>	<u>86,592,013</u>
Deferred tax on surplus on revaluation of:			
- Available for sale securities		(13,803,956)	(13,816,519)
- Fixed assets		(2,489,995)	(2,489,995)
- Non-banking assets		(41,439)	(41,439)
		<u>(16,335,390)</u>	<u>(16,347,953)</u>
		<u>70,163,131</u>	<u>70,244,060</u>
<b>22. CONTINGENCIES AND COMMITMENTS</b>			
Guarantees	22.1	155,385,494	161,579,745
Commitments	22.2	1,516,921,400	1,761,652,119
Other contingent liabilities	22.3	30,770,950	30,664,297
		<u>1,703,077,843</u>	<u>1,953,896,161</u>
<b>22.1 Guarantees</b>			
Financial guarantees		97,686,236	101,841,274
Performance guarantees		57,699,258	59,738,471
		<u>155,385,494</u>	<u>161,579,745</u>
<b>22.2 Commitments</b>			
Documentary credits and short-term trade-related transactions			
-letters of credit		864,219,549	937,616,635
Commitments in respect of:			
-forward foreign exchange contracts	22.2.1	631,115,679	801,290,548
-forward government securities transactions	22.2.2	21,000,000	22,164,581
Commitments for acquisition of:			
- operating fixed assets		572,672	566,855
Other commitments	22.2.3	13,500	13,500
		<u>1,516,921,400</u>	<u>1,761,652,119</u>
<b>22.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		402,154,102	478,842,756
Sale		228,961,577	322,447,792
		<u>631,115,679</u>	<u>801,290,548</u>

Commitments for outstanding forward foreign exchange contracts are disclosed in these condensed unconsolidated interim financial statements at contracted rates. Commitments denominated in foreign currencies are expressed in Rupee terms at the rates of exchange prevailing at the statement of financial position date.

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	----- Rupees in '000 -----	
<b>22.2.2</b> Commitments in respect of forward government securities transactions		
Purchase	2,750,000	256,814
Sale	18,250,000	21,907,767
	<u>21,000,000</u>	<u>22,164,581</u>
Commitments for outstanding forward government securities transactions are disclosed in these unconsolidated condensed interim financial statements at contracted rates.		
<b>22.2.3</b> Professional services to be received	<u>13,500</u>	<u>13,500</u>
<b>22.3</b> Other contingent liabilities		
<b>22.3.1</b> Claim against the Bank not acknowledged as debt	<u>30,770,950</u>	<u>30,664,297</u>
Claims against the Bank not acknowledged as debts including claims relating to former Mehran Bank Limited amounting to Rs.1,597 million (December 31, 2019: Rs.1,597 million).		
<b>22.3.2</b> Taxation		
The current status of tax contingencies is same as disclosed in the annual financial statements of the Bank for the year ended December 31, 2019.		
<b>22.3.3</b> Contingencies in respect of employees benefits and related matters		
The current status of these contingencies is same as disclosed in the annual financial statements of the Bank for the year ended December 31, 2019, except for the below mentioned updates		
<b>22.3.4.1</b> Pensionary benefits to retired employees		
The current status of these contingencies is same as disclosed in the annual financial statements of the Bank for the year ended December 31, 2019 except Review Petition is ongoing and is expected to be listed for hearing soon.		
<b>22.3.4.2</b> Post retirement medical facilities		
The current status of these contingencies is same as disclosed in the annual financial statements of the Bank for the year ended December 31, 2019.		
<b>22.3.4.3</b> Restoration of Commuted Pension		
The current status of these contingencies is same as disclosed in the annual financial statements of the Bank for the year ended December 31, 2019.		
<b>22.3.4.4</b> Regularizing the temporary hires / workers deployed by Service provider companies under outsourcing arrangements		
The current status of these contingencies is same as disclosed in the annual financial statements of the Bank for the year ended December 31, 2019.		
<b>22.3.4.5</b> Golden Handshake (GHS)		
The current status of these contingencies is same as disclosed in the annual financial statements of the Bank for the year ended December 31, 2019.		
<b>22.3.4.6</b> Litigation related to management trainee program		
The current status of these contingencies is same as disclosed in the annual financial statements of the Bank for the year ended December 31, 2019.		
<b>22.3.4.7</b> Foreign Exchange repatriation case		
The current status of these contingencies is same as disclosed in the annual financial statements of the Bank for the year ended December 31, 2019.		
<b>22.3.4.8</b> Compliance and risk matters relating to anti-money laundering		
The current status of these contingencies is same as disclosed in the annual financial statements of the bank for the year ended December 31, 2019.		

	(Un-audited) Quarter Ended March 31, 2020	(Un-audited) Quarter Ended March 31, 2019
Note	Rupees in '000	

## 23. MARK-UP / RETURN / INTEREST EARNED

Loans and advances	29,826,346	22,842,290
Investments	41,683,977	21,332,283
On securities purchased under resale agreements	583,489	1,373,553
Balances with other banks	443,154	244,802
	<u>72,536,966</u>	<u>45,792,928</u>

## 24. MARK-UP / RETURN / INTEREST EXPENSED

Deposits	34,399,008	22,637,579
Borrowings	2,215,738	1,402,799
Cost of foreign currency swaps against foreign currency deposits	2,807,395	2,095,563
Finance charge on lease liability against right of use assets	190,336	105,018
Securities sold under repurchase agreements	16,350,043	4,088,875
	<u>55,962,520</u>	<u>30,329,834</u>

## 25. FEE AND COMMISSION INCOME

Branch banking customer fees	443,327	300,055
Consumer finance related fees	188,536	210,403
Card related fees	283,338	158,179
Credit related fees	93,984	72,643
Investment banking fees	89,423	48,217
Commission on trade	718,939	858,685
Commission on guarantees	170,033	91,119
Commission on cash management	4,190	7,047
Commission on remittances including home remittances	229,416	225,389
Commission on bancassurance	66,562	98,786
Commission on government transactions	2,197,525	1,913,750
Others	21,746	40,539
	<u>4,507,019</u>	<u>4,024,812</u>

## 26. GAIN ON SECURITIES - NET

Realized	26.1	1,095,159	96,598
Unrealized - held-for-trading	9.1	266,156	(12,279)
		<u>1,361,315</u>	<u>84,319</u>

### 26.1 Realized gain on

Federal Government Securities	485,344	59,136
Shares	113,554	20,249
Ijarah Sukuks	-	17,213
Foreign Securities	496,261	-
	<u>1,095,159</u>	<u>96,598</u>

## 27. OTHER INCOME

Rent on property	5,012	11,915
Gain on sale of fixed assets - net	421	367
Postal, SWIFT and other charges recovered	9,608	-
Compensation for delayed tax refunds	1,283,765	1,265,675
Others	4,339	4,520
	<u>1,303,145</u>	<u>1,282,477</u>

27.1 This represents compensation on delayed refunds determined under Section 171 of Income Tax Ordinance 2001.



(Un-audited)      (Un-audited)  
Quarter Ended      Quarter Ended  
March 31, 2020      March 31, 2019  
Note ----- Rupees in '000 -----

**28. OPERATING EXPENSES**

Total compensation expenses	9,500,585	8,842,902
-----------------------------	-----------	-----------

**Property expenses**

Rent and taxes	58,156	337,008
Insurance	10,146	8,643
Utilities cost	197,184	177,993
Security (including guards)	524,413	463,695
Repair and maintenance (including janitorial charges)	218,634	208,387
Depreciation	106,766	105,841
Depreciation on non banking assets	3,946	7,394
Depreciation on Ijarah assets	28,169	50,589
Depreciation on right of use assets	463,184	184,530
	1,610,598	1,544,080

**Information technology expenses**

Software maintenance	51,409	57,286
Hardware maintenance	3,751	3,327
Depreciation	49,564	106,129
Amortization	47,233	50,891
Network charges	113,098	89,280
Others	-	-
	265,055	306,913

**Other operating expenses**

Directors' fees and reimbursement of other expenses	10,905	8,670
Fees and allowances to Shariah Board	2,194	2,192
Legal & professional charges	177,906	110,176
Outsourced services costs	164,980	145,630
Travelling and conveyance	119,013	129,939
NIFT clearing charges	38,683	30,587
Depreciation	406,022	360,234
Training and development	18,690	31,430
Postage and courier charges	40,978	36,952
Communication	68,035	61,933
Stationery and printing	177,171	174,952
Marketing, advertisement & publicity	29,536	57,417
Contributions for other Corporate and Social Responsibility	5,447	9,756
Auditors' remuneration	23,052	53,684
Entertainment	59,308	74,841
Clearing, verification, license fee charges	96,889	76,656
Brokerage	16,014	21,677
Financial charges on Leased assets	10,523	4,765
Insurance	110,574	107,095
Vehicle Expenses	33,373	29,138
Repairs & Maintenance	77,924	114,509
Deposit Premium expense	343,659	309,960
Others	124,134	94,531
	2,155,010	2,046,724
	13,531,248	12,740,619



		(Un-audited) Quarter Ended March 31, 2020	(Un-audited) Quarter Ended March 31, 2019
	Note	Rupees in '000	
<b>29. OTHER CHARGES</b>			
Penalties imposed by State Bank of Pakistan		278,577	6,796
Penalties imposed by other regulatory bodies (Central bank of international branches)		83	-
		<u>278,660</u>	<u>6,796</u>
<b>30. PROVISIONS AND WRITE OFFS - NET</b>			
Provisions for diminution in value of investments	9.2	662,601	445,642
Provisions against loans and advances	10.4	3,105,486	1,726,364
Provision against other assets		289,520	82,905
		<u>4,057,607</u>	<u>2,254,911</u>
<b>31. TAXATION</b>			
Current		3,443,146	3,508,189
Prior years		-	1,056,841
Deferred		(559,277)	(21,005)
		<u>2,883,869</u>	<u>4,544,025</u>
<b>32. EARNINGS PER SHARE - BASIC AND DILUTED</b>			
Profit for the period (Rupees in 000's)		<u>4,118,941</u>	<u>4,183,483</u>
Weighted average number of ordinary shares (in 000's)		<u>2,127,513</u>	<u>2,127,513</u>
Earnings per share - basic and diluted (Rupees)		<u>1.94</u>	<u>1.97</u>
<b>33. CASH AND CASH EQUIVALENT</b>			
Cash and balances with treasury banks		171,181,448	173,481,584
Balances with other banks		18,814,080	15,850,645
Call money lendings		640,800	140,800
Call money borrowings		(19,408,032)	(43,167,951)
Overdrawn nostro		(2,771,572)	(1,242,222)
		<u>168,456,724</u>	<u>145,062,856</u>

### 34. FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted instruments classified as held to maturity are carried at cost.

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.

#### 34.1 Fair value of financial assets

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

**Level 1:** Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3:** Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

	At March 31, 2020 (Un-audited)				
	Carrying value	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments ----- Rupees in '000 -----					
<b>Financial assets - measured at fair value</b>					
<b>Investments</b>					
Market Treasury Bills	715,303,767	-	715,303,767	-	715,303,767
Pakistan Investment Bonds	339,699,870	-	339,699,870	-	339,699,870
Ijarah Sukuks	1,998,600	-	1,998,600	-	1,998,600
Ordinary shares of listed companies	31,631,834	31,631,834	-	-	31,631,834
Preference shares	57,766	36,050	-	21,716	57,766
Investments in mutual funds	1,226,469	1,226,469	-	-	1,226,469
Term Finance Certificates / Musharika and Sukuk Bonds	58,423,406	-	58,423,406	-	58,423,406
GoP Foreign Currency Bonds	13,267,939	-	13,267,939	-	13,267,939
Foreign Government Securities	2,238,153	-	2,238,153	-	2,238,153
Foreign Currency Debt Securities	1,171,301	-	1,171,301	-	1,171,301
Ordinary shares of a bank outside Pakistan	15,262,908	15,262,908	-	-	15,262,908
	<b>1,180,282,013</b>	<b>48,157,261</b>	<b>1,132,103,036</b>	<b>21,716</b>	<b>1,180,282,013</b>
<b>Financial assets - disclosed but not measured at fair value</b>					
Cash and balances with treasury banks	171,181,448	-	-	-	-
Balances with other banks	18,814,080	-	-	-	-
Lending to financial instruments	44,549,936	-	-	-	-
<b>Investments</b>					
Ordinary shares of unlisted companies	1,593,609	-	-	-	-
Pakistan Investment Bonds	166,318,491	-	-	-	-
Market Treasury Bills	117,835,008	-	-	-	-
GoP Foreign Currency Bonds	1,602	-	-	-	-
Foreign Government Securities	31,664,483	-	-	-	-
Foreign Currency Debt Securities	645	-	-	-	-
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	7,839	-	-	-	-
Advances	980,435,309	-	-	-	-
Other assets	183,959,171	-	-	-	-
	<b>1,716,361,621</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>2,896,643,634</b>	<b>48,157,261</b>	<b>1,132,103,036</b>	<b>21,716</b>	<b>1,180,282,013</b>
<b>Off-balance sheet financial instruments - measured at fair value</b>					
<b>Commitments</b>					
Foreign exchange contracts purchase and sale	631,115,679	-	(7,734,196)	-	(7,734,196)
Forward government securities transactions	21,000,000	-	(41,872)	-	(41,872)

December 31, 2019 (Audited)

Carrying value	Level 1	Level 2	Level 3	Total
Rupees in '000				

**On balance sheet financial instruments**

**Financial assets - measured at fair value**

**Investments**

Market Treasury Bills	621,791,597	-	621,791,597	-	621,791,597
Pakistan Investment Bonds	329,418,686	-	329,418,686	-	329,418,686
Ijarah Sukuks	1,978,800	-	1,978,800	-	1,978,800
Ordinary shares of listed companies	41,863,797	41,863,797	-	-	41,863,797
Preference shares	79,388	35,956	-	43,432	79,388
Investments in mutual funds	1,903,224	1,903,224	-	-	1,903,224
Term Finance Certificates / Musharika and Sukuk Bonds	56,252,659	9,204,193	47,048,466	-	56,252,659
GoP Foreign Currency Bonds	22,476,530	-	22,476,530	-	22,476,530
Foreign Government Securities	3,491,851	-	3,491,851	-	3,491,851
Foreign Currency Debt Securities	1,422,271	-	1,422,271	-	1,422,271
Ordinary shares of a bank outside Pakistan	18,831,756	18,831,756	-	-	18,831,756
	1,099,510,559	71,838,926	1,027,628,201	43,432	1,099,510,559

**Financial assets - disclosed but not measured at fair value**

Cash and balances with treasury banks	292,513,379	-	-	-	-
Balances with other banks	13,220,807	-	-	-	-
Lending to financial instruments	144,140,344	-	-	-	-
<b>Investments</b>					
Ordinary shares of unlisted companies	1,593,609	-	-	-	-
Market Treasury Bills	114,091,320	-	-	-	-
Pakistan Investment Bonds	184,864,103	-	-	-	-
GoP Foreign Currency Bonds	4,087,591	-	-	-	-
Foreign Government Securities	29,600,343	-	-	-	-
Foreign Currency Debt Securities	596	-	-	-	-
Debentures, Bonds, Sukuks, Participation Term Certificates and Term	9,573	-	-	-	-
Advances	1,008,139,084	-	-	-	-
Other assets	165,315,413	-	-	-	-
	1,957,576,162	-	-	-	-
	3,057,086,721	71,838,926	1,027,628,201	43,432	1,099,510,559

**Off-balance sheet financial instruments - measured at fair value**

Foreign exchange contracts purchase and sale	801,290,548	-	(4,358,883)	-	(4,358,883)
Forward government securities transactions	22,164,581	-	107,348	-	107,348

Valuation techniques used in determination of fair valuation of financial instruments within level 2 and level 3

Item	Valuation approach and input used
Market Treasury Bills	PKRV (MUFAP)
Pakistan Investment Bonds	PKRV (MUFAP)
Ijarah Sukuks	MUFAP
Ordinary shares of unlisted companies	Breakup value as per latest available audited financial statements
Term Finance Certificates / Musharika and Sukuk Bonds	MUFAP
GoP Foreign Currency Bonds	Reuter page
Foreign Government Securities	Reuter page
Foreign Currency Debt Securities	Reuter page

34.2 Fair value of non-financial assets

Information about the fair value hierarchy of Bank's non-financial assets as at the end of the reporting period are as follows:

At March 31, 2020 (Un-audited)					
	Carrying value	Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----					
Land and building (property and equipment)	48,455,255	-	48,455,255	-	48,455,255
Non-banking assets acquired in satisfaction of claims	3,280,907	-	3,280,907	-	3,280,907
	51,736,162	-	51,736,162	-	51,736,162
December 31, 2019 (Audited)					
	Carrying value	Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----					
Land & building (property and equipment)	48,569,603	-	48,569,603	-	48,569,603
Non-banking assets acquired in satisfaction of claims	3,284,853	-	3,284,853	-	3,284,853
	51,854,456	-	51,854,456	-	51,854,456

35. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	Quarter ended March 31, 2020 (Un-audited)						
	Retail Banking Group	Inclusive Development Group	Corporate & Investment Banking	Treasury	International, Fin. Institution & Remittance	Head Office / Others	Total
Profit and loss account							
Net mark-up / return / interest income	(29,095,163)	4,291,429	15,730,022	23,763,298	670,475	1,214,386	16,574,446
Inter segment revenue - net	44,674,533	(4,841,366)	(15,612,479)	(27,728,602)	-	3,507,915	-
Non mark-up / return / interest income	3,472,939	18,629	613,208	2,038,125	871,090	1,281,888	8,295,879
Total income	19,052,309	(531,308)	730,751	(1,927,178)	1,541,565	6,004,188	24,870,325
Segment direct expenses	6,526,692	537,617	185,196	78,359	1,056,604	650,840	9,035,308
Inter segment expense allocation	-	-	-	-	-	4,774,600	4,774,600
Total expenses	6,526,692	537,617	185,196	78,359	1,056,604	5,425,440	13,809,908
Provisions and write offs - net	165,097	283,978	1,897,389	475,785	(166,012)	1,401,370	4,057,607
Profit / (loss) before taxation	12,360,520	(1,352,904)	(1,351,834)	(2,481,322)	650,973	(822,623)	7,002,810



# 36. RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its parent, subsidiaries, associates, joint ventures, employee benefit plans and its directors and Key Management Personnel. The details of investment in subsidiary companies, joint venture and associated undertaking and their provisions are stated in note 9 of the financial statement of the bank.

The Bank enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these unaudited financial statements are as follows:

	March 31, 2022 (Un-audited)										December 31, 2019 (Audited)									
	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund (Current)	Pension Fund (Fixed Deposit)	Pension Fund (N.L.D.A. A/c)	Provident Fund	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund (Current)	Pension Fund (Fixed Deposit)	Pension Fund (N.L.D.A. A/c)	Provident Fund	Other related parties
Balances with other banks																				
In current accounts	-	-	-	-	7,888	-	-	-	-	-	-	-	-	-	-	1,159	-	-	-	-
In deposit accounts	-	-	-	-	38	-	-	-	-	-	-	-	-	-	-	1,159	-	-	-	-
	-	-	-	-	6,216	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advances																				
Opening balance	-	228,805	414,505	3,03,675	-	-	-	-	-	23,366,325	-	222,967	521,199	3,105,007	-	-	-	-	-	217,063
Addition during the year	-	54,704	-	-	-	-	-	-	-	100,402,402	-	74,615	1,292,367	-	-	-	-	-	-	11,246,254
Repaid during the year	-	(6,327)	(50,000)	(65,625)	-	-	-	-	-	(101,473,287)	-	(22,888)	(1,410,000)	(69,157)	-	-	-	-	-	(14,896,873)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	153,379	-	(45,289)	-	-	-	-	-	-	-	28,819,681
Opening balance	-	275,242	304,505	2,871,125	-	-	-	-	-	22,927,049	-	228,605	414,505	3,036,750	-	-	-	-	-	23,393,225
Provisions against loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	284,505	-	2,871,125	-	-	-	-	-	-	-	284,505	-	2,871,125	-	-	-	-	-	-
Rupees in '000																				
	March 31, 2022 (Un-audited)										December 31, 2019 (Audited)									
	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund (Current)	Pension Fund (Fixed Deposit)	Pension Fund (N.L.D.A. A/c)	Provident Fund	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund (Current)	Pension Fund (Fixed Deposit)	Pension Fund (N.L.D.A. A/c)	Provident Fund	Other related parties
Other Assets																				
Interest / mark-up earned	-	-	204,294	1,709,289	-	-	-	-	-	-	-	-	204,433	1,710,481	-	-	-	-	-	-
Other receivables	-	-	78,878	-	-	-	-	-	-	-	-	-	78,592	-	-	-	-	-	-	-
	-	-	283,173	1,709,289	-	-	-	-	-	-	-	-	283,425	1,710,481	-	-	-	-	-	-
Rupees in '000																				
Deposits and other accounts																				
Opening balance	3,835	94,715	1,322,792	-	-	73	-	1,235,110	13,295,083	40,416,131	10,732	80,698	1,120,169	-	-	1,085	11,100,000	459,328	12,465,039	-
Increased during the year	1,897	223,689	933,661	-	-	1,433,445	-	1,037,264	165,469	12,897,775	23,314	625,431	401,078	-	-	45,832,581	-	11,795,192	2,246,485	273,659,395
Withdrawn during the year	(1,958)	(161,686)	(6,514)	-	-	(1,432,804)	-	(1,590,335)	(422,049)	(13,977,160)	(22,148)	(591,584)	(466)	-	-	(45,832,573)	(11,100,000)	(11,008,400)	(1,415,241)	(278,659,470)
Transfer in / (out) - net	78	15,483	-	-	-	-	-	-	-	(13,977,160)	(8,289)	(19,840)	-	-	-	-	-	-	-	45,159,297
Closing balance	3,852	146,438	2,108,142	-	-	524	-	372,070	13,039,524	38,736,727	3,855	94,715	1,527,792	-	-	73	1,235,120	13,295,083	40,416,131	-
Other Liabilities																				
Other payables to subsidiaries	-	-	7,040	-	-	-	-	-	-	-	-	-	-	7,398	-	-	-	-	-	-
Lease finance liabilities paid to subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	7,040	-	-	-	-	-	-	-	-	-	-	7,398	-	-	-	-	-	-
Contingencies and commitments	-	-	-	-	-	-	-	-	-	1,258,200	-	-	-	-	-	-	-	-	-	1,493,095
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
* Transfer in / (out) - net due to retirement / appointment of directors and changes in key management executives.																				



March 31, 2020 (Un-audited)						March 31, 2019 (Un-audited)							
Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund	Provident Fund	Others	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund	Provident Fund	Others
Rupees in '000													

#### Income

Mark-up / return / interest earned	-	425	-	9	-	-	-	-	6,640	-	14	-	-	-
Debts due by Companies in which Directors of the Bank is interested as Directors	-	-	-	-	-	-	937,396	-	-	-	-	-	-	-
Fee and commission income	-	1,155	-	-	-	-	-	-	-	-	-	-	-	-
Rent income / Lighting & Power and Bank charges	-	8,692	1,160	-	-	-	3,889	-	6,401	1,160	-	-	-	3,889
Expense														
Mark-up / return / interest paid	-	7,983	-	-	52,784	446,133	1,223,280	-	4,955	-	-	138,912	420,981	3
Remuneration to key management executives including charge for defined benefit plan	106,476	-	-	-	-	-	-	120,909	-	-	-	-	-	-
Commission paid to subsidiaries	-	1,474	-	-	-	-	-	-	240	-	-	-	-	-
Post Retirement Benefit paid to Director cum Ex-employee	-	-	-	-	-	-	522	-	-	-	-	-	-	-

#### 36.1 Transactions with Government-related entities

The Federal Government through State Bank of Pakistan holds controlling interest (75.60% shareholding) in the Bank and therefore entities which are owned and / or controlled by the Federal Government, or where the Federal Government may exercise significant influence, are related parties of the Bank.

The Bank in the ordinary course of business enters into transaction with Government-related entities. Such transactions include lending to, deposits from and provision of other banking service to Government-related entities.

The Bank also earned commission on handling treasury transactions on behalf of the Government of Pakistan amounting to Rs. 2,198 million for the period ended March 31, 2020. As at the Statement of Financial Position date the loans and advances, deposits and contingencies relating to Government-related entities amounted to Rs. 367,542 million, Rs. 868,019 million and Rs. 860,838 million respectively and income earned on advances and investment and profit paid on deposits amounted to Rs. 11,344 million and Rs. 12,734 million respectively.

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

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	----- Rupees in '000 -----	
<b>Minimum Capital Requirement</b>		
Paid-up capital	<u>166,845,571</u>	<u>162,369,773</u>
<b>Capital Adequacy Ratio</b>		
Eligible Common Equity Tier 1 Capital	147,069,628	142,716,150
Eligible Additional Tier 1 Capital	-	-
Total Eligible Tier 1 Capital	147,069,628	142,716,150
Eligible Tier 2 Capital	44,537,139	39,816,053
Total Eligible Capital (Tier 1 + Tier 2)	<u>191,606,767</u>	<u>182,532,203</u>
<b>Risk Weighted Assets</b>		
Credit Risk	875,636,450	913,568,310
Market Risk	96,289,521	91,752,716
Operational Risk	173,619,541	173,619,541
Total	<u>1,145,545,511</u>	<u>1,178,940,567</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>12.84%</u>	<u>12.11%</u>
Tier 1 Capital Adequacy Ratio	<u>12.84%</u>	<u>12.11%</u>
Total Capital Adequacy Ratio	<u>16.73%</u>	<u>15.48%</u>
<b>Leverage Ratio</b>		
Eligible Tier-1 Capital	147,069,628	142,716,150
Total Exposures	4,039,605,970	4,252,343,911
Leverage Ratio	<u>3.64%</u>	<u>3.36%</u>
<b>Liquidity Coverage Ratio</b>		
Total High Quality Liquid Assets	860,934,333	890,965,256
Total Net Cash Outflow	637,165,075	603,741,462
Liquidity Coverage Ratio	<u>135%</u>	<u>148%</u>
<b>Net Stable Funding Ratio</b>		
Total Available Stable Funding	1,817,137,715	2,040,913,906
Total Required Stable Funding	1,025,772,672	875,207,068
Net Stable Funding Ratio	<u>177%</u>	<u>233%</u>

### 38. ISLAMIC BANKING BUSINESS

The bank is operating 189 (December 31, 2019: 190) Islamic banking branches and no Islamic banking windows at the three months period ended March 31, 2020

		(Un-audited) March 31, 2020	(Audited) December 31, 2019
	Note	Rupees in '000	
<b>ASSETS</b>			
Cash and balances with treasury banks		4,912,992	4,405,856
Balances with other banks		5,970	5,841
Due from financial institutions	38.1	9,360,334	11,419,496
Investments	38.2	21,754,428	19,416,280
Islamic financing and related assets - net	38.3	33,812,928	33,880,482
Fixed assets		164,155	174,862
Right of use assets		852,592	861,049
Other assets		5,514,596	5,888,864
<b>Total Assets</b>		<b>76,377,995</b>	<b>76,052,730</b>
<b>LIABILITIES</b>			
Bills payable		262,930	256,804
Deposits and other accounts	38.4	64,673,747	63,285,896
Lease liability against right of use assets		971,713	943,375
Due to head office		2,345,137	2,784,801
Other liabilities		3,633,619	3,767,018
		<b>71,887,146</b>	<b>71,037,894</b>
<b>NET ASSETS</b>		<b>4,490,849</b>	<b>5,014,836</b>
<b>REPRESENTED BY</b>			
Islamic Banking Fund		3,360,000	2,200,000
Reserves		-	-
Surplus on revaluation of assets		678,844	775,696
Unappropriated / unremitted profit / (loss)	38.5	452,005	2,039,140
		<b>4,490,849</b>	<b>5,014,836</b>

The profit and loss account of the Bank's Islamic banking branches for the three months period ended March 31, 2020 is as follows:

	Note	(Un-audited) Quarter Ended March 31, 2020	(Un-audited) Quarter Ended March 31, 2019
		Rupees in '000	
Profit / return earned	38.6	2,000,902	1,346,518
Profit / return expensed	38.7	(1,100,798)	(672,994)
<b>Net profit / return</b>		<b>900,104</b>	<b>673,524</b>
<b>Other income</b>			
Fee and commission income		94,445	75,073
Foreign exchange income		15,501	14,992
Other income		294	2,031
<b>Total other income</b>		<b>110,240</b>	<b>92,096</b>
<b>Total Income</b>		<b>1,010,344</b>	<b>765,620</b>
<b>Other expenses</b>			
Operating expenses		(558,423)	(567,412)
<b>Profit before provisions</b>		<b>451,921</b>	<b>198,208</b>
Provisions reversal and write offs - net		84	82,905
<b>Profit before taxation</b>		<b>452,005</b>	<b>281,113</b>
Taxation		-	-
<b>Profit after taxation</b>		<b>452,005</b>	<b>281,113</b>

38.1 Due from Financial Institutions

Unsecured

Bai Muajjal Receivable from State Bank of Pakistan

	March 31, 2020 (Un-audited)		December 31, 2019 (Audited)	
	In local currency	In foreign currencies	Total	In local currency
			Rupees in '000	
	9,360,334	-	9,360,334	11,419,496
	9,360,334	-	9,360,334	11,419,496

This represent Bai Muajjal agreement with Government of Pakistan and State Bank of Pakistan which carries profit rate 13.07% per annum. (2019: 12.78%)

38.2 Investments by segments:

Federal Government Securities:

-Ijarah Sukuks

Non Government Debt Securities

-Listed

-Unlisted

Total Investments

	March 31, 2020 (Un-audited)				December 31, 2019 (Audited)			
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
	2,000,000	-	(1,400)	1,998,600	2,000,000	-	(21,200)	1,978,800
	2,000,000	-	(1,400)	1,998,600	2,000,000	-	(21,200)	1,978,800
	4,400,000	-	485,447	4,885,447	4,400,000	-	602,100	5,002,100
	14,806,391	(130,807)	194,797	14,870,381	12,371,391	(130,807)	194,796	12,435,380
	19,206,391	(130,807)	680,244	19,755,828	16,771,391	(130,807)	796,896	17,437,480
	21,206,391	(130,807)	678,844	21,754,428	18,771,391	(130,807)	775,696	19,416,280

38.3 Islamic financing and related assets - net

Ijarah

Murabaha

Musavama

Diminishing Musharaka

Ishtina

Other Islamic Modes (Wakala tul Ishtimar)

Advances against Islamic assets (Ijarah, Murabaha, DM, Istasna)

Gross Islamic financing and related assets

Less: provision against Islamic financings

- Specific

- General

Islamic financing and related assets - net of provision

	March 31, 2020 (Un-audited)		December 31, 2019 (Audited)	
	In local currency	In foreign currencies	Total	In local currency
			Rupees in '000	
	228,436	-	228,436	255,639
	1,779,367	-	1,779,367	1,716,542
	19,352	-	19,352	22,243
	15,376,110	-	15,376,110	15,869,641
	150,678	-	150,678	-
	8,500,000	-	8,500,000	8,500,000
	7,174,963	-	7,174,963	7,180,631
	34,016,407	-	34,016,407	34,084,045
	(203,274)	-	(203,274)	(203,324)
	(203,479)	-	(203,479)	(203,563)
	33,812,928	-	33,812,928	33,880,482

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	----- Rupees in '000 -----	
<b>38.4 Deposits and other accounts</b>		
Customers		
Current deposits	20,202,298	20,550,756
Savings deposits	30,675,641	22,671,179
Term deposits	13,504,709	12,720,085
	<u>64,382,648</u>	<u>55,942,020</u>
Financial Institutions		
Current deposits	155,539	815,386
Savings deposits	35,560	3,028,490
Term deposits	100,000	3,500,000
	<u>291,099</u>	<u>7,343,876</u>
	<u>64,673,747</u>	<u>63,285,896</u>

**38.5 Unappropriated / unremitted profit / (loss)**

Opening balance	2,039,140	(57,150)
Add: Islamic banking profit / (loss) for the period	452,005	2,039,140
Less: Transferred / remitted to head office	(2,039,140)	57,150
Closing balance	<u>452,005</u>	<u>2,039,140</u>

	(Un-audited) Quarter Ended March 31, 2020	(Un-audited) Quarter Ended March 31, 2019
	----- Rupees in '000 -----	
<b>38.6 Profit / return earned</b>		

Profit earned on:		
Financing	991,060	671,468
Investments	686,085	549,920
Placements	130	1,299
Others (Bai Muajjal)	323,627	123,831
	<u>2,000,902</u>	<u>1,346,518</u>

**38.7 Profit / return / expensed**


Deposits and other accounts	907,861	534,643
Finance charge on right of use assets	25,850	-
Others (General Account)	167,087	138,351
	<u>1,100,798</u>	<u>672,994</u>

39. GENERAL

39.1 Figures have been rounded off to the nearest thousand rupees.

40. DATE OF AUTHORIZATION FOR ISSUE

The unconsolidated condensed interim financial statements were authorized for issue on May 21, 2020 by the Board of Directors of the Bank.

  
Chairman  
President / CEO  
Chief Financial Officer  
Director  
Director

**NATIONAL BANK OF PAKISTAN**  
**CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020**

**Directors' Review**  
**Consolidated Financial Statements**

On behalf of the Board of Directors, we are pleased to present the consolidated financial statements of the bank and its subsidiaries for the three-months period ended March 31, 2020.

These consolidated financial statements have been prepared in accordance with the applicable International Financial Reporting Standards, Islamic Financial Accounting Standards, and other applicable regulatory directives.

Consolidated after-tax profit of the Bank and its Subsidiaries for the three-months ended March 31, 2020 amounted to PKR 4.14 billion, being 3.3% lower than PKR 4.28 billion earned for the corresponding three-months period of 2019. For the period under review, the bank's subsidiaries contributed a net profit of PKR 72.10 million (Mr '19:PKR 41.3 million) towards the Group profitability. The Bank's subsidiaries in Central Asian states recorded a net profit as against net loss recorded in the similar period of 2019; whereas, the local subsidiaries recorded a drop in the profitability. For the period under review, the Bank's associate companies contributed a net share of loss of PKR 130.60 million as against a net profit of PKR 25.42 million for the corresponding three-months period of 2019. The bank is developing an integrated strategy to build synergies & new business platforms across both its local and international subsidiaries. The Board has re-looked at the Bank's entire international franchise to decide locations that make sense in longer term to continue operations.

As of March 31, 2020, consolidated assets of the Bank amounted to PKR 2,970.79 billion, being 5.2% lower than PKR 3,132.36 billion as at December 31, 2019. Consolidated earnings per share for the period under review amounted to Rs. 1.94 as against Rs. 2.00 for the similar period of 2019. Consolidated operating results and appropriation of profits as recommended by the Board are given below:

	PKR Million
Profit before tax for the three-months ended March 31, 2020	7,064.32
Taxation:	
- Current	3,481.75
- Prior Year	-
- Deferred	(555.98)
	<u>2,925.77</u>
Profit after tax for the three-months ended March 31, 2020	4,138.55
Un-appropriated profit brought forward	93,465.52
Other comprehensive income - net of tax	(133.38)
Non-controlling interest	(18.69)
Transfer from surplus on revaluation of fixed assets	57.60
Profit available for appropriations	<u>97,509.60</u>
<b>Appropriation:</b>	
Transfer to Statutory Reserve	411.89
Un-appropriated profit carried forward	<u>97,097.70</u>
Basic and diluted earnings per share (Rupees)	1.94

,  
For and on behalf of the Board of Directors,

**Arif Usmani**  
President & CEO  
Karachi  
Date: May 21, 2020

**Zubyr Soomro**  
Chairman



NATIONAL BANK OF PAKISTAN  
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2020

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

ASSETS

Cash and balances with treasury banks	6	171,409,055	293,198,090
Balances with other banks	7	19,462,062	13,598,325
Lendings to financial institutions	8	44,549,936	144,140,344
Investments	9	1,505,083,040	1,442,403,957
Advances	10	980,950,903	1,008,398,612
Fixed assets	11	54,663,562	54,919,564
Intangible assets	12	1,024,546	1,070,766
Right of use assets	13	7,704,321	7,447,414
Other assets	14	185,941,370	167,183,196
		2,970,788,795	3,132,360,268

LIABILITIES

Bills payable	15	16,043,823	19,867,424
Borrowings	16	560,154,560	471,757,352
Deposits and other accounts	17	1,952,697,217	2,197,984,573
Liabilities against assets subject to finance lease	18	179,215	194,403
Lease liability against right of use assets	19	8,327,349	7,831,350
Deferred tax liabilities	20	10,231,415	10,869,353
Other liabilities	21	180,352,525	184,633,258
		2,727,986,105	2,893,137,713
NET ASSETS		242,802,691	239,222,555

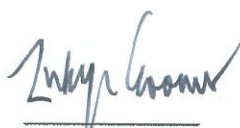
REPRESENTED BY


Share capital		21,275,131	21,275,131
Reserves		54,007,914	53,260,789
Surplus on revaluation of assets	22	69,540,726	70,358,587
Unappropriated profit		97,097,703	93,465,516
		241,921,473	238,360,023
Non-controlling interest		881,218	862,532
		242,802,691	239,222,555

CONTINGENCIES AND COMMITMENTS


23


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

  
Chairman

  
President / CEO

  
Chief Financial Officer

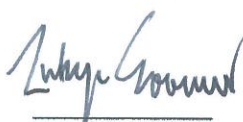
  
Director


  
Director

NATIONAL BANK OF PAKISTAN  
CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020

		Quarter ended		
		March 31, 2020	March 31, 2019	
Note		Rupees in '000		
	Mark-up / return / interest earned	24	72,605,121	45,834,763
	Mark-up / return / interest expensed	25	55,966,731	30,325,144
	Net mark-up / return / interest income		16,638,390	15,509,619
NON MARK-UP / INTEREST INCOME				
	Fee and commission income	26	4,885,764	4,398,051
	Dividend income		384,061	1,017,955
	Foreign exchange income		805,092	1,900,284
	Gain on securities - net	27	1,328,510	101,907
	Share of loss from joint venture - net of tax		(8,860)	(16,015)
	Share of (loss) / profit from associates - net of tax		(130,599)	25,423
	Other income	28	1,300,858	1,282,017
	Total non-mark-up / interest income		8,564,826	8,709,622
	Total income		25,203,216	24,219,241
NON MARK-UP / INTEREST EXPENSES				
	Operating expenses	29	13,888,486	13,139,177
	Workers welfare fund		-	-
	Other charges	30	279,828	8,598
	Total non-markup / interest expenses		14,168,314	13,147,775
	Profit before provisions		11,034,902	11,071,466
	Provisions and write offs - net	31	3,970,582	2,213,244
PROFIT BEFORE TAXATION				
			7,064,320	8,858,222
	Taxation	32	2,925,773	4,580,576
PROFIT AFTER TAXATION				
			4,138,547	4,277,646
Attributable to:				
	Shareholders of the Bank		4,119,861	4,256,002
	Non-controlling interest		18,686	21,644
			4,138,547	4,277,646
----- Rupees -----				
Earnings per share - basic and diluted		33	1.94	2.00

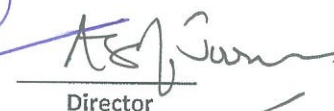
The annexed notes 1 to 41 form an integral part of these consolidated condensed interim financial statements.

  
Chairman

  
President / CEO

  
Chief Financial Officer

  
Director


  
Director

NATIONAL BANK OF PAKISTAN  
CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020


	Quarter ended	
	March 31, 2020	March 31, 2019
	Rupees in '000	
Profit after taxation for the period	4,138,547	4,277,646
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Exchange gain on translation of net assets of foreign branches, subsidiaries and joint venture	335,231	951,260
Movement in surplus on revaluation of investments - net of tax	(760,268)	2,477,330
	(425,037)	3,428,590
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain / (loss) on defined benefit obligations - net of tax	(133,375)	(275,890)
Movement in surplus on revaluation of fixed assets - net of tax	-	-
Movement in surplus on revaluation of non-banking assets - net of tax	-	-
	(133,375)	(275,890)
Total comprehensive income	3,580,135	7,430,346
Total comprehensive income attributable to:		
Shareholders of the Bank	3,561,449	7,408,702
Non-controlling interest	18,686	21,644
	3,580,135	7,430,346


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

  
Chairman

  
President / CEO

  
Chief Financial Officer

  
Director


  
Director



**NATIONAL BANK OF PAKISTAN  
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020**

	Share capital	Exchange translation	Reserves			Surplus on revaluation of assets			Unappropriated profit	Sub Total	Non-Controlling Interest	Total	
			Statutory reserve	General loan loss reserve	Revenue general reserve	Total	Investments	Rupees in '000					
								Fixed / non-banking assets					Total
Balance as at January 01, 2019													
Profit after taxation for the three months period ended March 31, 2019	21,275,131	9,333,431	31,587,874	12,000,000	521,338	53,442,643	15,149,774	44,112,403	59,262,177	210,219,550	841,745	211,061,295	
Other comprehensive income / (loss) - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer to statutory reserve	-	951,260	-	-	-	951,260	2,477,330	-	4,256,002 (275,890)	4,256,002	21,644	4,277,646	
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	418,348	-	-	418,348	-	-	(418,348)	3,152,700	-	3,152,700	
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	(60,096)	60,096	-	-	-	
Cash dividend paid for the year ended December 31, 2018 (Rs. Nil per share)	-	-	-	-	-	-	-	-	-	-	-	-	
Cash dividend paid / profit distribution by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	
Opening Balance as at April 01, 2019													
Profit after taxation for the nine months period ended December 31, 2019	21,275,131	10,284,691	32,006,222	12,000,000	521,338	54,812,251	17,627,103	44,052,308	61,679,411	217,628,252	863,389	218,491,641	
Other comprehensive income / (loss) - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer to statutory reserve	-	1,285,905	-	-	-	1,285,905	7,926,349	1,232,285	8,858,634	10,155,559	42,843	10,198,403	
Transfer from loss loan reserve to unappropriated profit	-	-	1,162,633	-	-	1,162,633	-	-	(1,162,633)	10,576,214	-	10,576,214	
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	(4,000,000)	-	(4,000,000)	-	-	4,000,000	-	-	-	
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	(179,456)	179,456	-	-	-	
Cash dividend paid / profit distribution by subsidiaries	-	-	-	-	-	-	-	-	-	-	(43,700)	(43,700)	
Opening Balance as at January 01, 2020													
Profit after taxation for the three months period ended March 31, 2020	21,275,131	11,570,586	33,168,855	8,000,000	521,338	53,260,789	25,253,452	45,105,135	70,358,587	238,360,023	862,532	239,222,556	
Other comprehensive income / (loss) - net of tax	-	-	-	-	-	-	-	-	-	-	18,686	4,138,547	
Transfer to statutory reserve	-	335,231	-	-	-	335,231	(760,268)	-	(411,894)	4,119,861 (133,375)	-	(556,412)	
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	411,894	-	-	411,894	-	-	(411,894)	-	-	-	
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	(57,595)	57,595	-	-	-	
Cash dividend paid for the year ended December 31, 2019 (Rs. Nil per share)	-	-	-	-	-	-	-	-	-	-	-	-	
Cash dividend paid / profit distribution by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	
Balance as at March 31, 2020													
	21,275,131	11,905,827	33,580,749	8,000,000	521,338	54,007,914	24,493,184	45,047,542	69,540,726	241,921,473	881,218	242,802,691	

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

  
Chairman

  
President / CEO

  
Chief Financial Officer





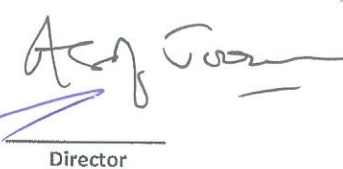
  
Director

  
Director

NATIONAL BANK OF PAKISTAN  
CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020

		Quarter ended	
		March 31, 2020	March 31, 2019
Note		Rupees in '000	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
	Profit before taxation	7,064,320	8,858,222
	Less: dividend income	(384,061)	(1,017,955)
		6,680,259	7,840,267
	Adjustments:		
	Depreciation on fixed assets	626,305	658,915
	Depreciation on right-of-use assets	502,692	184,530
	Amortization	52,957	51,385
	Provision and write-offs - net	3,970,582	2,213,244
	Gain on sale of fixed assets	(2,541)	(3,925)
	Financial charges on leased assets	17,406	8,950
	Financial charges on right-of-use assets	202,133	105,018
	Unrealized loss on revaluation of investments classified as held-for-trading	(219,096)	1,992
	Charge for defined benefit plans - net	3,676,809	1,822,506
	Share of loss from joint venture - net of tax	8,860	16,015
	Share of loss / (gain) from associates - net of tax	130,599	(25,423)
		8,966,706	5,033,207
		15,646,965	12,873,474
	(Increase) / decrease in operating assets		
	Lendings to financial institutions	99,690,408	(22,633,950)
	Held-for-trading securities	103,422	125,080,046
	Advances	21,348,245	11,325,552
	Other's assets (excluding advance taxation)	(23,378,343)	(38,236,206)
		97,763,732	75,535,442
	Increase/ (decrease) in operating liabilities		
	Bills payable	(3,823,601)	16,852,910
	Borrowings from financial institutions	108,738,340	(222,732,185)
	Deposits	(245,287,356)	(232,696,130)
	Other liabilities (excluding current taxation)	(4,330,470)	29,790,252
		(144,703,087)	(408,785,153)
	Financial charges paid	(219,539)	(113,968)
	Income tax paid	(135,636)	(2,416,852)
	Benefits paid	(407,765)	(359,995)
	Net cash flows generated from operating activities	(32,055,330)	(323,267,052)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
	Net investments in available-for-sale securities	(80,803,825)	255,865,042
	Net investments in held-to-maturity securities	16,897,015	(13,239,885)
	Dividends received	384,061	1,017,955
	Investments in fixed assets	(242,682)	(3,882,928)
	Proceeds from sale of fixed assets	18,334	15,199
	Effect of translation of net investment in foreign branches	335,231	951,260
	Net cash flows generated from / (used in) investing activities	(63,411,866)	240,726,642
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
	Lease obligations	(16,707)	(142,678)
	Dividend paid	(263)	(1,050)
	Net cash flow used in financing activities	(16,970)	(143,728)
	Increase in cash and cash equivalents	(95,484,166)	(82,684,139)
	Cash and cash equivalents at beginning of the period	264,816,479	228,999,744
	Cash and cash equivalents at end of the period	169,332,313	146,315,605

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

 Chairman  
 President / CEO  
 Chief Financial Officer  
 Director  
 Director

**NATIONAL BANK OF PAKISTAN**  
**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020**

**1. THE GROUP AND ITS OPERATIONS**

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

**Holding Company**

- National Bank of Pakistan (the Bank)

**Subsidiary Companies**

- CJSC Subsidiary Bank of NBP in Kazakhstan
- CJSC Subsidiary Bank of NBP in Tajikistan
- NBP Exchange Company Limited, Pakistan
- National Bank Modaraba Management Company Limited, Pakistan
- First National Bank Modaraba, Pakistan
- Taurus Securities Limited, Pakistan
- NBP Fund Management Limited, Pakistan
- Cast-N-Link Products Limited

The subsidiary company of the Group, National Bank Modaraba Management Company Limited, Pakistan exercises control over First National Bank Modaraba, Pakistan as its management company and also has a direct economic interest in it. The Group has consolidated the financial statements of the modaraba as the Ultimate Holding Company.

The Group is principally engaged in commercial banking, modaraba management, brokerage, leasing, foreign currency remittances, asset management, exchange transactions and investment advisory asset.

The holding company was incorporated in Pakistan under the National Bank of Pakistan Ordinance, 1949 and is listed on Pakistan Stock Exchange (PSX). The registered and head office of the Bank is situated at I.I. Chundrigar Road, Karachi. The Bank is engaged in providing commercial banking and related services in Pakistan and overseas. The Bank also handles treasury transactions for the Government of Pakistan (GoP) as an agent to the State Bank of Pakistan (SBP). The Bank operates 1,507 (December 31, 2019: 1,509) branches in Pakistan and 21 (December 31, 2019: 21) overseas branches (including the Export Processing Zone branch, Karachi).

CJSC Subsidiary Bank of NBP in Kazakhstan, CJSC Subsidiary Bank of NBP in Tajikistan, NBP Exchange Company Limited, National Bank Modaraba Management Company Limited are wholly owned subsidiaries of the holding company while the controlling interest in Taurus Securities Limited is 58.32%, NBP Fund Management Limited is 54%, First National Bank Modaraba 30% and Cast-N-Link Products Limited 76.51%.

**1.2 BASIS OF CONSOLIDATION**

- The consolidated financial statements include the financial statements of the Bank (Holding Company) and its subsidiary companies together - "the Group".
- Subsidiary companies are fully consolidated from the date on which more than 50% of voting rights are transferred to the Group or power to control the company is established and excluded from consolidation from the date of disposal or when the control is lost.
- The assets, liabilities, income and expenses of subsidiary companies have been consolidated on a line by line basis.
- Income and expenses of subsidiaries acquired during the year are included in the consolidated statement of the comprehensive income from the effective date of acquisition.
- Non-Controlling interest / (minority interest) in equity of the subsidiary companies are measured at fair value for all the subsidiaries acquired from period beginning on or after January 1, 2010 whereas minority interest of previously acquired subsidiaries are measured at the proportionate net assets of subsidiary companies attributable to interest which is not owned by holding company.
- Material intra-group balances and transactions have been eliminated.



## 2. BASIS OF PRESENTATION

### 2.1 STATEMENT OF COMPLIANCE

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

2.1.2 The SBP vide BSD Circular letter No.10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments (IAS 39): Recognition and Measurement and International Accounting Standard 40, Investment Property for banking companies till further instructions. Moreover, SBP vide BPRD circular No.4, dated February 25, 2015 has deferred the applicability of Islamic Financial Accounting Standards IFAS 3, Profit and Loss Sharing on Deposits. Further, according to the notification of the SECP issued vide SRO 411(I) /2008 dated April 28, 2008, International Financial Reporting Standard IFRS 7, Financial Instruments: Disclosures has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

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

2.1.4 The disclosures made in these consolidated condensed interim financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular No. 5, dated March 22, 2019 and International Accounting Standard IAS 34, 'Interim Financial Reporting' and do not include all the information required in the annual financial statements. Accordingly, these consolidated condensed interim financial statements should be read in conjunction with the annual financial statements of the Group for the year ended December 31, 2019.

#### 2.1.5 Amendments to approved accounting standards that are not 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:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
---------------------------------------	---

- |  |                 |
|--|-----------------|
| - IFRS 9 - Financial Instruments: Classification and Measurement | January 1, 2021 |
|--|-----------------|

IFRS 9 has been applicable in several overseas jurisdictions from January 1, 2018 and is progressively being adopted in others. The requirements of this standard are incorporated in the Bank's financial statements for the jurisdictions where IFRS 9 has been adopted. As per the SBP's BPRD Circular Letter no. 4 dated October 23, 2019, the applicability of IFRS 9 to banks in Pakistan has been deferred to accounting periods beginning on or after January 1, 2021. The impact of the application of IFRS 9 in Pakistan on the Group's financial statements is being assessed.



There are certain new and amended standards and interpretations that are mandatory for the Group'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 Group's operations and are therefore not detailed in these consolidated condensed interim financial statements.

#### 2.1.6 Standards, interpretations of and amendments to approved accounting standards that are effective

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:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
- IFRS 3 - Business Combinations (Amendments)	January 1, 2020
- IAS 1 - Presentation of Financial Statements (Amendments)	January 1, 2020
- IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 1, 2020

In addition, there are certain new and amended standards and interpretations that are mandatory for the Group'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 Group's operations and are therefore not detailed in these consolidated condensed interim financial statements.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adapted for presentation of these consolidated condensed interim financial statements are same as those followed in presentation of the consolidated financial statements of the Group for the year ended December 31, 2019.

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of this consolidated condensed interim financial information is the same as that applied in the preparation of the consolidated financial statements for the year ended December 31, 2019.

### 5. FINANCIAL RISK MANAGEMENT

In order to be more responsive to the changing environment, the Group reviews/ revises its plans/ procedures to help remain robust in line with emerging risks.

The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. State Bank of Pakistan (SBP) has also responded to the crisis by cutting the Policy Rate by 225 basis points to 11% in March 2020 and again by 200 basis points to 9% on April 16, 2020. Other regulatory measures to provide an impetus to economic activity include;

- Reduction in the capital conservation buffer by 100 basis points to 1.5%;
- Increasing the regulatory limit on extension of credit to SMEs to Rs 180 million;
- Relaxing the debt burden ratio for consumer loans from 50% to 60%;
- Allowing banks to defer borrowers' principal loan payments by one year; and
- Relaxing regulatory criteria for restructured/rescheduled loans for borrowers who require relief of principal repayment exceeding one year and / or mark-up.

In line with regulatory measures Bank has aligned its policies /procedures and issued instructions. Following is the brief of measures taken by Group:



## 5.1 Credit Risk Management

The coronavirus (COVID-19) outbreak is causing widespread concern and economic hardship for consumers, businesses and communities across the globe. It is expected that credit off-take to remain restricted in the coming months as supply chains adjust to the economic impacts. The Risk Management function of the Group is regularly conducting assessments of the credit portfolio to identify borrowers and sectors most likely to get affected due to changes in the business and economic environment locally as well as globally. The Group is continuously reviewing the portfolio, to identify accounts and industries susceptible to higher risk, resulting from the COVID-19 outbreak.

## 5.2 Liquidity Risk Management

The Asset and Liability Committee (ALCO) of the Bank is continuously monitoring the liquidity position and Daily Liquidity Monitoring report is also being prepared to notice the changes in liquidity profile of the Bank. Liquidity buffer currently maintained is sufficient to cater to any adverse movement. Moreover the recent fall in interest rate has resulted in substantial MTM gain in Government Securities portfolio, which can be realized in case of any adverse liquidity situation.

## 5.3 Operational Risk Management

The Group is closely monitoring the situation and has undertaken required actions to ensure the safety and security of Group staff and maintenance of service to its customers. The Senior Management of the Group including the Covid Crises Management Team closely monitors the situation, and is takes timely decisions to resolve any concerns.

The Group has a duly tested Business Continuity Plan (BCP) in place. The Group has communicated with its customers on how they can connect with the Group through its digital and online channels. The Group continues to take measures to ensure that service levels are maintained, customer complaints are resolved and turnaround times are monitored, in order for the Group to meet the expectations of its stakeholders.

The Group's operations have been stayed highly resilient, almost more than 95% branches remains open to facilitate its customers. Further, the Group has deployed all necessary measures for the health and safety of its employees to prevent them from this pandemic situation.

## 5.4 Information Security Risk Management

The COVID-19 pandemic poses heightened cybersecurity risks. The Group has taken appropriate actions to monitor and respond to these evolving cybersecurity risks and adopted a heightened state of cybersecurity as transitioned employees to remote working option, where required. The associated risks and implications posed by the pandemic have been assessed to protect the Group's critical information assets from the increasing cyber threats and to ensure compliance with the

## 5.5 Capital Adequacy Ratio (CAR)

The Group has shown improvement in capital adequacy ratio from 15.82% to 17.11%. The main reasons include; relaxation in Capital Conversion Buffer (CCB) requirements, and profit for the quarter.

## 6. CASH AND BALANCES WITH TREASURY BANKS

### In hand

Local currency  
Foreign currency

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

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

36,075,084	48,684,542
5,725,526	4,984,290
41,800,611	53,668,832

### With State Bank of Pakistan in

Local currency current accounts  
Foreign currency current accounts  
Foreign currency deposit accounts  
Foreign currency collection accounts

6.1	48,278,900	168,479,311
6.2	10,771,473	9,116,381
6.2	32,913,796	27,850,977
	1,368,079	1,473,861
	93,332,248	206,920,530

### With other central banks in

Foreign currency current accounts  
Foreign currency deposit accounts

6.3	33,392,926	25,994,672
6.3	2,463,364	4,865,977
	35,856,290	30,860,649

### Prize bonds

419,906	1,748,079
171,409,055	293,198,090

- 6.1 This includes statutory liquidity reserves maintained with the SBP under Section 22 of the Banking Companies Ordinance, 1962.
- 6.2 These represent mandatory reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the SBP.
- 6.3 These balances pertain to the foreign branches and are held with central banks of respective countries. These include balances to meet the statutory and regulatory requirements in respect of liquidity and capital requirements of respective countries. The deposit accounts carry interest at the rate of 0% to 2.17% per annum (December 31, 2019: 0% to 2.17% per

## 7. BALANCES WITH OTHER BANKS

### In Pakistan

In current accounts  
In deposit accounts

7.1	18,908	10,446
	253,488	178,710
	272,396	189,156

### Outside Pakistan

In current accounts  
In deposit accounts

7.2	9,920,569	6,670,289
	9,269,097	6,738,880
	19,189,666	13,409,169
	19,462,062	13,598,325

- 7.1 These include various deposits with banks and carry interest at rates ranging from 4.0% to 11.5% per annum (December 31, 2019: 2.5% to 11.25% per annum).
- 7.2 These include various deposits with correspondent banks outside Pakistan and carry interest at rates ranging from 0% to 3.00% per annum (December 31, 2019: 0% to 2.17% per annum).

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

## 8. LENDINGS TO FINANCIAL INSTITUTIONS

Call / clean money lendings	8.1	640,800	540,800
Repurchase agreement lendings (Reverse Repo)	8.2	34,548,802	132,180,048
Bai Muajjal receivables with State Bank of Pakistan	8.3	9,360,334	11,419,496
Letters of placement	8.4	176,150	176,150
	8.5	44,726,086	144,316,494
Less: provision held against lend ngs to financial institutions	8.6	(176,150)	(176,150)
Lendings to financial institutions - net of provision		44,549,936	144,140,344

- 8.1 This includes zero rate lending to a financial institution amounting to Rs. 40.8 million (December 31, 2019: Rs. 40.8 million) which is guaranteed by the SBP.
- 8.2 These carry mark-up at rates ranging from 10.98% to 13.25% per annum (December 31, 2019: 13.00% to 13.58% per annum) with maturities ranging from April 3, 2020 to April 24, 2020.
- 8.3 This represent Bai Muajjal agreement with Government of Pakistan and State Bank of Pakistan which carries profit rate 13.07% per annum. (December 31, 2019: 12.78%)
- 8.4 These are overdue placements and full provision has been made against these placements as at March 31, 2020.

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

## 8.5 Particulars of lending

In local currency	44,726,086	144,316,494
In foreign currencies	-	-
	44,726,086	144,316,494

## 8.6 Movement in provision held against lendings is as follows:

Opening balance	176,150	176,150
Charge for the period	-	-
Closing balance	176,150	176,150

8.7 Securities held as collateral against lendings to financial institutions

	March 31, 2020 (Un-audited)		December 31, 2019 (Audited)		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral
Rupees in '000					
Market Treasury Bills	14,033,480	-	14,033,480	124,080,048	-
Pakistan Investment Bonds	20,515,322	-	20,515,322	8,100,000	-
Total	34,548,802	-	34,548,802	132,180,048	-

8.7.1 Market value of the securities under repurchase agreement lendings amounts to Rs. 36,628 million (December 31, 2019: Rs. 132,453 million).

8.8 Category of classification

	(Un-Audited) March 31, 2020		(Audited) December 31, 2019	
	Classified Lending	Provision held	Classified Lending	Provision held
Rupees in '000				
Domestic	-	-	-	-
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	176,150	176,150	176,150	176,150
Overseas	176,150	176,150	176,150	176,150
Not past due but impaired	-	-	-	-
Overdue by:	-	-	-	-
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	-	-	-	-
> 365 days	-	-	-	-
Total	176,150	176,150	170,150	170,150

9. INVESTMENTS

9.1 Investments by type:

	March 31, 2020 (Un-audited)				December 31, 2019 (Audited)			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	Rupees in '000							
<b>Held-for-trading securities</b>								
Market Treasury Bills	25,434,077	-	50,191	25,484,268	27,007,755	-	(24,649)	26,983,106
Pakistan Investment Bonds	10,911,656	-	215,965	11,127,621	9,116,239	-	15,695	9,131,934
Ijarah Sukuks	69,632	-	-	69,632	71,299	-	-	71,299
Ordinary shares of listed companies	76,629	-	-	76,629	178,596	-	(2,042)	176,554
Investment in mutual funds	245,721	-	(47,060)	198,661	138,305	-	48,822	187,127
Foreign Government Securities	1,006,547	-	-	1,006,547	1,154,220	-	-	1,154,220
	37,744,262	-	219,096	37,963,358	37,666,414	-	37,826	37,704,240
<b>Available-for-sale securities</b>								
Market Treasury Bills	681,546,126	-	8,389,207	689,935,333	593,936,881	-	967,544	594,904,425
Pakistan Investment Bonds	318,224,108	-	10,348,141	328,572,249	322,248,605	-	(1,961,853)	320,286,752
Ijarah Sukuks	2,000,000	-	(1,400)	1,998,600	2,000,000	-	(21,200)	1,978,800
Ordinary shares of listed companies	31,781,692	(6,177,232)	5,963,510	31,567,970	29,062,226	(5,723,164)	18,467,531	41,806,593
Ordinary shares of unlisted companies	2,101,182	(507,573)	-	1,593,609	2,101,182	(507,573)	-	1,593,609
Preference shares	570,308	(512,542)	-	57,766	-	(490,826)	-	79,388
Term Finance Certificates / Musharika								
Participation Term Certificate and Sukuk Bonds	62,503,076	(5,049,047)	969,377	58,423,406	60,253,886	(4,942,505)	941,278	56,252,659
GoP Foreign Currency Bonds	14,990,580	-	(1,722,641)	13,267,939	21,138,771	-	1,337,759	22,476,530
Foreign Government Securities	2,165,893	-	72,260	2,238,153	3,474,324	-	17,527	3,491,851
Foreign Currency Debt Securities	1,169,873	-	1,428	1,171,301	1,408,492	-	13,779	1,422,271
Investments in mutual funds	619,646	(41,167)	647,990	1,226,469	674,078	(41,167)	1,324,745	1,957,656
Ordinary shares of a bank outside Pakistan	463,294	-	14,799,614	15,262,908	463,294	-	18,368,462	18,831,756
	1,118,135,778	(12,287,561)	39,447,486	1,145,295,703	1,037,331,953	(11,705,235)	39,455,572	1,065,082,290
<b>Held-to-maturity securities</b>								
Market Treasury Bills	118,049,950	-	-	118,049,950	114,155,009	-	-	114,155,009
Pakistan Investment Bonds	166,318,491	-	-	166,318,491	184,864,103	-	-	184,864,103
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	414,973	(407,134)	-	7,839	416,707	(407,134)	-	9,573
GoP Foreign Currency Bonds	1,602	-	-	1,602	4,087,591	-	-	4,087,591
Foreign Government Securities	32,073,071	-	-	32,073,071	30,231,741	-	-	30,231,741
Foreign Currency Debt Securities	645	-	-	645	596	-	-	596
	316,858,732	(407,134)	-	316,451,598	333,755,747	(407,134)	-	333,348,613
<b>Associates</b>								
	1,088,552	(814,288)	-	274,264	1,223,080	(782,251)	-	440,829
<b>Joint Venture</b>								
	5,098,117	-	-	5,098,117	5,827,985	-	-	5,827,985
<b>Subsidiaries</b>								
	1,245	(1,245)	-	-	1,245	(1,245)	-	-
<b>Total Investments</b>								
	1,478,926,686	(13,510,228)	39,666,582	1,505,083,040	1,415,806,424	(12,895,866)	39,493,398	1,442,403,957

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	Rupees in '000	
	8,000,000	4,150,000
	434,959,141	360,000,000
	442,959,141	364,150,000
	12,895,866	10,664,680
	753,732 (139,368) 614,365	2,615,328 (384,142) 2,231,186
	13,510,228	12,895,866

#### 9.1.1 Investments given as collateral

Pakistan Investment Bonds  
Market Treasury Bills

#### 9.2 Provision for diminution in value of investments

##### 9.2.1 Opening balance

Charge / reversals  
Charge for the period  
Reversals for the period

Closing Balance

#### 9.2.2 Particulars of provision against debt securities

##### Category of classification

##### Domestic

Other assets especially mentioned

Substandard

Doubtful

Loss

##### Overseas

Not past due but impaired

Overdue by:

Upto 90 days

91 to 180 days

181 to 365 days

> 365 days

Total

	(Un-Audited) March 31, 2020	(Audited) December 31, 2019
	Rupees in '000	
	NPI	Provision
	-	-
	-	-
	-	-
	5,571,484	5,456,181
	5,571,484	5,571,484
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	5,571,484	5,571,484
	5,571,484	5,349,640

#### 9.3

SBP vide BPRD Circular Letter No. 13 of 2020 Para 4 (c) of Prudential Regulation R-8: Impairment in Value of Securities has provided regulatory relief to Banks / DFIs to recognize impairment losses resulting from the valuation of listed equity securities held as "Available for Sale" (AFS) in a phased manner equally on quarterly basis during calendar year ending on December 31, 2020. Pursuant to the circular, a portion of the impairment loss, amounting to Rs. 2,021 million, resulting from the valuation of listed equity securities held under the AFS category as of March 31, 2020 has not been recognized in the consolidated condensed interim profit and loss account and has been taken to 'Surplus on revaluation of available for sale securities' as disclosed in note 22 of these consolidated condensed interim financial statements.

Had there been no relaxation, there would have had the following effect on these unconsolidated condensed interim financial statements:

(Un-audited) March 31, 2020 Rupees in '000
2,021,132
1,313,735
(1,172,257)
(1,232,890)
(788,241)

Impact on Consolidated Condensed Interim Statement of Financial Position

- Increase in provision for diminution in value of investments
- Increase in surplus on revaluation of Available for sale securities - net of tax
- Decrease in Unappropriated Profit

Impact on Consolidated Condensed Interim Profit and Loss account

- Decrease in Profit after tax
- Decrease in taxation charge

Earnings per share for the period ended March 31, 2020 would have been lower by Rs. 0.58 per share.

9.4 The market value of securities classified as held-to-maturity as at March 31, 2020 amounted to Rs. 320,302 million (December 31, 2019: Rs. 328,496 million).



# 10. ADVANCES

	Performing		Non Performing		Total	
	(Un-audited) March 30, 2020	(Audited) December 31, 2019	(Un-audited) March 30, 2020	(Audited) December 31, 2019	(Un-audited) March 30, 2020	(Audited) December 31, 2019
----- Rupees in '000 -----						
Loans, cash credits, running finances, etc.	908,416,331	936,301,542	148,131,432	142,383,652	1,056,547,763	1,078,685,194
Islamic financing and related assets	33,813,133	33,880,111	203,274	203,934	34,016,407	34,084,045
Net Investment in finance lease	66,569	71,576	28,944	28,944	95,513	100,520
Bills discounted and purchased	31,187,627	32,463,246	8,879,564	6,760,524	40,067,191	39,223,770
Advances - gross	973,483,660	1,002,716,475	157,243,214	149,377,054	1,130,726,874	1,152,093,529
Provision against advances						
- Specific	-	-	139,457,674	134,688,966	139,457,674	134,688,966
- General	10,318,297	9,005,951	-	-	10,318,297	9,005,951
	10,318,297	9,005,951	139,457,674	134,688,966	149,775,971	143,694,917
Advances - net of provision	963,165,363	993,710,524	17,785,540	14,688,088	980,950,903	1,008,398,612

## 10.1 Net Investment in Finance Lease

	March 31, 2020 (Un-audited)			December 31, 2019 (Audited)				
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
----- Rupees in '000 -----								
Lease rentals receivable	62,494	6,081	-	68,575	62,474	10,434	-	72,908
Residual value	48,750	7,010	-	55,760	47,934	9,617	-	57,551
Minimum lease payments	111,243	13,091	-	124,335	110,408	20,051	-	130,459
Financial charges for future periods	28,426	396	-	28,822	29,146	793	-	29,939
Present value of minimum lease payments	82,817	12,696	-	95,513	81,262	19,258	-	100,520

The leases executed are for a term of 1 to 5 years. Security deposit is generally obtained upto 10% of the cost of leased assets at the time of disbursement. The Group requires the lessee to insure the leased assets in favour of the Group. Additional surcharge is charged on delayed rentals. The average return implicit ranges from 10.19% to 18.58% (December 31, 2019: 10.19% to 19.46%) per annum.

## 10.2 Particulars of advances (Gross)

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
----- Rupees in '000 -----		
In local currency	1,048,294,308	1,052,162,269
In foreign currencies	82,432,566	99,931,260
	1,130,726,874	1,152,093,529



- 10.3 Advances include Rs. 157,243 million (2019: Rs. 149,377 million) which have been placed under non-performing status as detailed below:

Category of Classification	March 31, 2020 (Un-audited)		December 31, 2019 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	Rupees in '000			
<b>Domestic</b>				
Other Assets Especially Mentioned	2,973,125	198,072	1,299,042	78,430
Substandard	10,770,646	2,664,537	10,292,449	2,550,709
Doubtful	8,366,043	4,141,971	6,489,076	3,207,031
Loss	90,638,167	89,291,492	89,852,808	88,647,897
	112,747,981	96,296,072	107,933,375	94,484,067
<b>Overseas</b>				
Not past due but impaired	-	-	-	-
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	-	-	-	-
> 365 days	44,495,233	43,161,603	41,443,678	40,204,898
	44,495,233	43,161,603	41,443,678	40,204,898
<b>Total</b>	<b>157,243,214</b>	<b>139,457,674</b>	<b>149,377,054</b>	<b>134,688,966</b>

10.4 Particulars of provision against advances

	March 31, 2020 (Un-audited)			December 31, 2019 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	134,688,966	9,005,951	143,694,917	126,969,680	7,207,106	134,176,786
Exchange adjustments	2,998,586	34,944	3,033,530	3,813,805	28,732	3,842,537
Charge for the period / year	2,431,888	1,496,316	3,928,204	11,501,956	2,018,117	13,520,073
Reversals	(643,357)	(218,913)	(862,270)	(4,730,294)	(248,004)	(4,978,298)
	1,788,531	1,277,403	3,065,934	6,771,662	1,770,113	8,541,775
Amounts written off	(7,261)	-	(7,261)	(33,004)	-	(33,004)
Amounts charged off - agriculture financing	(11,145)	-	(11,145)	(232,480)	-	(232,480)
Amount charged off international branches	-	-	-	(1,776,734)	-	(1,776,734)
Amount charged off international subsidiaries	-	-	-	(91,274)	-	(91,274)
Other adjustments	-	-	-	(220,744)	-	(220,744)
Other movements	-	-	-	(511,946)	-	(511,946)
<b>Closing balance</b>	<b>139,457,674</b>	<b>10,318,297</b>	<b>149,775,971</b>	<b>134,688,966</b>	<b>9,005,951</b>	<b>143,694,917</b>

#### 10.4.1 Particulars of provision against advances

	March 31, 2020 (Un-audited)			December 31, 2019 (Audited)		
	Specific	General	Total	Specific	General	Total
	----- Rupees in '000 -----					
In local currency	96,296,072	9,991,223	106,287,295	94,484,067	8,550,136	103,034,203
In foreign currencies	43,161,603	327,074	43,488,677	40,204,898	455,815	40,660,713
	139,457,674	10,318,297	149,775,971	134,688,966	9,005,951	143,694,917

10.4.2 The Group maintains general reserve in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and Prudential Regulations for Small and Medium Enterprise Financing issued by the SBP.

10.4.3 The SBP has allowed specific relaxation to the Bank for non-classification of overdue loans of certain Public Sector Entities (PSEs) which are guaranteed by Government of Pakistan as non-performing loans up till December 31, 2019. Bank is following up for its

10.4.4 This includes fully provided loans granted outside Pakistan which are charged-off as per local regulations of the host country. Charging-off does not affect the Group's right to pursue recovery against these loans.

	Note	(Un-audited) March 31, 2020	(Audited) December 31, 2019
		----- Rupees in '000 -----	
<b>11. FIXED ASSETS</b>			
Capital work-in-progress	11.1	2,119,615	2,162,985
Property and equipment		52,543,947	52,756,579
		<u>54,663,562</u>	<u>54,919,564</u>
<b>11.1 Capital work-in-progress</b>			
Civil works		1,981,815	2,001,776
Equipment		15,928	15,446
Advances to suppliers and contractors		59,822	58,372
License and implementation fee for core banking software		-	40,491
Software		62,050	46,900
		<u>2,119,615</u>	<u>2,162,985</u>
		(Un-audited) March 31, 2020	(Un-audited) March 31, 2019
		----- Rupees in '000 -----	
<b>11.2 Additions to fixed assets</b>			

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

Capital work-in-progress	32,036	75,975
Property and equipment		
Building on leasehold land	4,238	2,594
Furniture and fixture	155,268	153,960
Computer and peripheral equipment	45,448	89,262
Electrical, office equipment	68,852	120,019
Vehicles	-	87,848
Assets held under finance lease - Vehicles	1,519	37,890
	<u>275,325</u>	<u>491,573</u>
Total	<u>307,361</u>	<u>567,548</u>

### 11.3 Disposal of fixed assets

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

	(Un-audited) March 31, 2020	(Un-audited) March 31, 2019
	----- Rupees in '000 -----	
Furniture and fixture	195	-
Computer and peripheral equipment	-	526
Vehicles	13,024	304
Assets held under finance lease - Vehicle	2,539	10,279
Assets held under Ijarah - Vehicle	36	164
<b>Total</b>	<b>15,793</b>	<b>11,274</b>

### 12. INTANGIBLE ASSETS

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	----- Rupees in '000 -----	
Core Banking Application	-	-
Computer Software	461,993	506,181
Goodwill on NBP Fund Acquisition	562,553	562,553
Others	-	2,032
	<b>1,024,546</b>	<b>1,070,766</b>

### 12.1 Additions to intangible assets

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

	(Un-audited) March 31, 2020	(Un-audited) March 31, 2019
	----- Rupees in '000 -----	
Directly purchased	10,727	180,038

### 13. RIGHT-OF-USE ASSETS

The recognised right-of-use assets relate to the following types of assets:

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
During the period / year Jan 01	7,447,414	8,201,792
Additions during the period	759,599	1,185,554
Depreciation charged for the period	502,692	1,939,932
<b>Balance as at</b>	<b>7,704,321</b>	<b>7,447,414</b>

The right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. There were no onerous lease contracts that would have required an adjustment to the right of use assets at the date of initial application.

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

#### 14. OTHER ASSETS

Income / return / mark-up accrued in local currency - net of provision	47,315,848	53,671,771
Income / return / mark-up accrued in foreign currency	3,181,874	2,577,971
Advances, deposits, advance rent and other prepayments	5,648,044	7,989,931
Advance taxation (payments less provisions)	5,673,997	9,310,764
Income tax refunds receivable	42,667,383	42,667,383
Compensation for delayed tax refunds	15,005,892	13,722,128
Non-banking assets acquired in satisfaction of claims	3,280,907	3,284,853
Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC)	208,423	208,423
Unrealized gain on forward foreign exchange contracts	7,738,529	-
Commission receivable on Government treasury transactions	7,542,356	4,065,704
Stationery and stamps on hand	464,108	435,733
Barter trade balances	195,399	195,399
Receivable on account of Government transactions	323,172	323,172
Receivable from Government under VHS scheme	418,834	418,834
Receivable against sale / purchase of shares	124,530	492,009
Receivable from Pakistan Stock Exchange	134,488	6,331
Receivable from mutual funds	831,537	791,738
Acceptances	45,047,169	26,934,779
Others	10,808,304	10,462,646
	<u>196,610,794</u>	<u>177,559,569</u>
Less: Provision held against other assets	14.1 11,146,639	10,853,588
Other assets (net of provision)	185,464,155	166,705,981
Deficit surplus on revaluation of non-banking assets acquired in satisfaction of claims	477,215	477,215
Other assets - total	<u>185,941,370</u>	<u>167,183,196</u>

#### 14.1 Provision held against other assets

Income / mark-up accrued in local currency	152,607	152,607
Advances, deposits, advance rent and other prepayments	837,949	837,949
Stationery and stamps on hand	96,542	96,542
Barter trade balances	195,399	195,399
Receivable on account of Government transactions	323,172	323,172
Receivable from Government under VHS scheme	418,834	418,834
Protested bills	2,572,241	2,555,322
Compensation claimed by SBP due to delay in settlement of Government transactions	127,857	127,857
Provision against FE-25 loans	1,734,591	1,734,591
Ex-MBL / NDFC - other assets	534,173	534,173
Assets acquired from CIRC	208,423	208,424
Others	3,944,850	3,668,718
	<u>11,146,639</u>	<u>10,853,588</u>

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	----- Rupees in '000 -----	
<b>14.1.1 Movement in provision held against other assets</b>		
Opening balance	10,853,588	8,884,661
Charge for the year / period	283,642	1,589,466
Transfer in	-	457,738
Adjustment of compensation claimed by SBP to SBP balances	-	(78,277)
Amount written off	-	-
Other movement	9,409	-
Closing balance	<u>11,146,639</u>	<u>10,853,588</u>

**15. BILLS PAYABLE**

In Pakistan	14,756,721	19,648,708
Outside Pakistan	<u>1,287,102</u>	<u>218,716</u>
	<u>16,043,823</u>	<u>19,867,424</u>

**16. BORROWINGS**

**Secured**

Borrowings from State Bank of Pakistan

Under Export Refinance Scheme	3,879,500	1,908,291
Under Export Refinance Scheme (New Scheme)	23,123,014	20,687,441
Financing Scheme for Renewable Energy	248,602	236,175
Refinance Facility for Modernization of SMEs	44,654	45,000
Financing Facility for storage of Agriculture Produce (FFSAP)	258,880	284,012
Under Long-Term Financing Facility (LTFF)	<u>11,680,236</u>	<u>8,923,286</u>
	39,234,886	32,084,205

Repurchase agreement borrowings	442,959,141	332,053,770
Bai Muajjal	<u>46,195,591</u>	<u>59,069,167</u>
Total secured	<u>528,389,618</u>	<u>423,207,142</u>

**Unsecured**

Call borrowings	19,408,032	39,052,969
Overdrawn nostro accounts	2,771,572	3,467,767
Bai Muajjal	<u>9,585,338</u>	<u>6,029,474</u>
Total unsecured	<u>31,764,942</u>	<u>48,550,210</u>
	<u>560,154,560</u>	<u>471,757,352</u>

**16.1 Particulars of borrowings with respect to currencies**

In local currency	542,115,959	432,843,644
In foreign currencies	<u>18,038,601</u>	<u>38,913,708</u>
	<u>560,154,560</u>	<u>471,757,352</u>

**16.2 Mark-up / interest rates and other terms are as follows:**

- The Bank has entered into agreements with the SBP for extending export refinance to customers. As per the terms of the agreement, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of finances by directly debiting the current account maintained by the Bank with the SBP. These borrowings carry mark-up 3.0% (December 31, 2019: 3.0%).
- Repurchase agreement borrowings carry mark-up ranging from 10.49% to 13.3% per annum (December 31, 2019: 13.2% to 13.32% per annum) having maturity on ranging from April 3, 2020 to April 24, 2020.
- Call borrowings carry interest ranging from 1.75% to 4.0% per annum (December 31, 2019: 1.75% to 4.0% per annum).

**16.3 Borrowings from the SBP under export oriented projects refinance schemes of the SBP are secured by the Bank's cash and security balances held by the SBP.**

**16.4 Pakistan Investment Bonds and Market Treasury Bills having maturity of 5-10 years and 3 months respectively, are pledged as security under borrowing having carrying amount of Rs. 442,959 million (December 31, 2019: Rs. 332,054 million).**

# 17. DEPOSITS AND OTHER ACCOUNTS

	March 31, 2020 (Un-audited)			December 31, 2019 (Audited)		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	Rupees in '000					
<b>Customers</b>						
Current deposits - remunerative	342,260,894	-	342,260,894	320,884,110	-	320,884,110
Current deposits - non-remunerative	350,116,946	135,042,285	485,159,231	387,189,069	139,244,567	526,433,636
Savings deposits	566,624,692	58,734,395	625,359,087	533,399,568	52,502,297	585,901,865
Term deposits	258,934,824	94,634,313	353,569,137	285,063,204	75,448,185	360,511,389
Others	2,287,588	3,974	2,291,562	4,970,352	3,924	4,974,276
	1,520,224,944	288,414,967	1,808,639,911	1,531,506,303	267,198,973	1,798,705,276
<b>Financial Institutions</b>						
Current deposits	112,687,742	413,368	113,101,110	357,457,518	375,807	357,833,325
Savings deposits	230,613	2,122,344	2,352,957	4,405,416	2,911,091	7,316,507
Term deposits	14,241,354	11,335,011	25,576,365	21,655,082	5,638,426	27,293,508
Others	2,717,826	309,048	3,026,874	6,549,217	286,740	6,835,957
	129,877,535	14,179,771	144,057,306	390,067,233	9,212,064	399,279,297
	1,650,102,479	302,594,738	1,952,697,217	1,921,573,536	276,411,037	2,197,984,573

17.1 Foreign currencies deposits includes deposit of foreign branches amounting to Rs. 88,328 million (December 31, 2019: Rs. 85,488 million).

# 18. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	March 31, 2020 (Un-audited)			December 31, 2019 (Audited)		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
	Rupees in '000					
Not later than one year	71,664	15,571	56,093	74,023	17,757	56,266
Later than one year and upto five years	133,315	10,193	123,122	151,479	13,342	138,137
Over five years	-	-	-	-	-	-
	204,979	25,764	179,215	225,502	31,099	194,403

The Group has entered into lease agreements with various financial institutions for lease of vehicles. Lease rentals are payable in monthly instalments. Financial charges included in lease rentals are determined on the basis of discount factors applied at the rates ranging from 6M KIBOR + 1.75% per annum (December 31, 2019: 6M KIBOR + 1.75% to 6M KIBOR + 3.5% per annum). At the end of lease term, the Group has option to acquire the assets, subject to adjustment of security deposits.

# 19. LEASE LIABILITIES AGAINST RIGHT-OF-USE ASSETS

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	Rupees in '000	
Lease liabilities included in the statement of financial position	8,327,349	7,831,350
Of which are:		
Current lease liability	1,677,445	1,339,898
Non-current lease liability	6,649,904	6,491,452
	8,327,349	7,831,350
<b>Maturity analysis - contractual undiscounted cashflows</b>		
Less than one year	2,418,907	2,097,191
One to five years	7,301,137	6,753,791
More than five years	6,525,533	6,652,960
Total undiscounted lease liabilities	16,245,577	15,503,942

## 20. DEFERRED TAX LIABILITIES

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

### Deductible Temporary Differences on

- Tax losses carried forward
- Post retirement employee benefits
- Provision for diminution in the value of investments
- Provision against loans and advances
- Provision against off-balance sheet obligations
- Other provisions
- Others

(10,705)	(10,705)
(3,988,722)	(3,905,148)
(236,751)	(236,751)
(3,092,228)	(2,625,495)
(115,222)	(115,222)
(105,416)	(105,416)
(3,827)	(3,827)
(7,552,871)	(7,002,564)

### Taxable Temporary Differences on

- Surplus on revaluation of fixed assets
- Surplus on revaluation of investments
- Surplus on revaluation of non-banking assets
- Excess of accounting book value of leased assets over lease liabilities
- Other

1,612,367	1,695,407
13,803,956	13,816,519
41,439	41,439
11,692	3,720
2,314,832	2,314,832
17,784,286	17,871,917
10,231,415	10,869,353

## 21. OTHER LIABILITIES

- Mark-up / Return / Interest payable in local currency
- Mark-up / Return / Interest payable in foreign currencies
- Unearned commission and income on bills discounted
- Accrued expenses
- Advance payments
- Acceptances
- Unclaimed dividends
- Unrealized loss on forward foreign exchange contracts
- Unrealized loss on put option
- Branch adjustment account
- Employee benefits:
  - Pension fund
  - Post retirement medical benefits
  - Benevolent fund
  - Gratuity scheme
  - Compensated absences
- Staff welfare fund
- Liabilities relating to Barter trade agreements
- Provision against off-balance sheet obligations
- Provision against contingencies
- Payable to brokers
- Payable to customers
- PIBs short selling
- Others

37,775,405	57,027,903
1,061,529	439,959
2,623,007	3,058,753
21,148,326	19,037,792
425,904	430,377
45,047,169	26,934,779
186,405	186,668
-	4,358,883
306,339	306,339
1,132,924	926,311
14,895,493	14,785,647
18,720,515	18,333,947
1,967,772	1,749,006
2,517,087	2,403,018
8,532,837	8,344,182
371,257	371,257
2,279,373	5,539,436
627,494	627,494
4,679,645	4,629,645
58,939	38,667
357,738	158,180
26,371	256,284
15,610,996	14,688,731
180,352,525	184,633,258

		(Un-audited) March 31, 2020	(Audited) December 31, 2019
Note		Rupees in '000	
<b>22.</b>	<b>SURPLUS ON REVALUATION OF ASSETS</b>		
	Surplus / (deficit) on revaluation of		
	- Available for sale securities	9.1 39,447,486	39,455,572
	- Fixed Assets	45,039,281	45,096,875
	- Non-banking assets	2,539,695	2,539,695
	- On securities of associates and joint venture	(1,150,346)	(385,602)
		<u>85,876,116</u>	<u>86,706,540</u>
	Deferred tax on surplus / (deficit) on revaluation of:		
	- Available for sale securities	(13,803,956)	(13,816,519)
	- Fixed Assets	(2,489,995)	(2,489,995)
	- Non-banking assets	(41,439)	(41,439)
		<u>(16,335,390)</u>	<u>(16,347,953)</u>
		<u>69,540,726</u>	<u>70,358,587</u>
<b>23.</b>	<b>CONTINGENCIES AND COMMITMENTS</b>		
	Guarantees	23.1 155,385,494	161,579,745
	Commitments	23.2 1,516,921,400	1,761,652,119
	Other contingent liabilities	23.3 30,770,950	30,664,297
		<u>1,703,077,843</u>	<u>1,953,896,161</u>
<b>23.1</b>	<b>Guarantees:</b>		
	Financial guarantees	97,686,236	101,841,274
	Performance guarantees	57,699,258	59,738,471
		<u>155,385,494</u>	<u>161,579,745</u>
<b>23.2</b>	<b>Commitments:</b>		
	Documentary credits and short-term trade-related transactions		
	-letters of credit	864,219,549	937,616,635
	Commitments in respect of:		
	-forward foreign exchange contracts	23.2.1 631,115,679	801,290,548
	-forward government securities transactions	23.2.2 21,000,000	22,164,581
	Commitments for acquisition of:		
	- operating fixed assets	572,672	566,855
	Other commitments	23.2.3 13,500	13,500
		<u>1,516,921,400</u>	<u>1,761,652,119</u>
<b>23.2.1</b>	<b>Commitments in respect of forward foreign exchange contracts</b>		
	Purchase	402,154,102	478,842,756
	Sale	228,961,577	322,447,792
		<u>631,115,679</u>	<u>801,290,548</u>

Commitments for outstanding forward foreign exchange contracts are disclosed in these consolidated condensed interim financial statements at contracted rates. Commitments denominated in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the statement of financial position date.



	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	----- Rupees in '000 -----	
<b>23.2.2 Commitments in respect of forward government securities transactions</b>		
Purchase	2,750,000	258,814
Sale	18,250,000	21,907,767
	<u>21,000,000</u>	<u>22,164,581</u>

Commitments for outstanding forward government securities transactions are disclosed in these consolidated condensed interim financial statements at contracted rates.

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	----- Rupees in '000 -----	
<b>23.2.3 Professional services to be received</b>	<u>13,500</u>	<u>13,500</u>
<b>23.3 Other contingent liabilities</b>		
<b>23.3.1 Claim against the Group not acknowledged as debt</b>	<u>30,770,950</u>	<u>30,664,297</u>

Claims against the Bank not acknowledged as debts including claims relating to former Mehran Bank Limited amounting to Rs. 1,597 million (December 31, 2018: Rs. 1,597 million).

#### **23.3.2 Taxation**

The current status of tax contingencies is same as disclosed in the annual financial statements of the Group for the year ended December 31, 2019.

#### **23.3.3 Contingencies in respect of employees benefits and related matters**

The current status of these contingencies is same as disclosed in the annual financial statements of the Group for the year ended December 31, 2019, except for the below mentioned updates.

##### **23.3.4.1 Pensionary benefits to retired employees**

The current status of these contingencies is same as disclosed in the annual financial statements of the Group for the year ended December 31, 2019 except Review Petition is ongoing and is expected to be listed for hearing soon.

##### **23.3.4.2 Post retirement medical facilities**

The current status of these contingencies is same as disclosed in the annual financial statements of the Group for the year ended December 31, 2019.

##### **23.3.4.3 Restoration of Commuted Pension**

The current status of these contingencies is same as disclosed in the annual financial statements of the Group for the year ended December 31, 2019.

##### **23.3.4.4 Regularizing the temporary hires / workers deployed by Service provider companies under outsourcing arrangements**

The current status of these contingencies is same as disclosed in the annual financial statements of the Group for the year ended December 31, 2019.

##### **23.3.4.5 Golden Handshake (GHS)**

The current status of these contingencies is same as disclosed in the annual financial statements of the Group for the year ended December 31, 2019.

**23.3.4.6 Litigation related to management trainee program**

The current status of these contingencies is same as disclosed in the annual financial statements of the Group for the year ended December 31, 2019.

**23.3.4.7 Foreign Exchange repatriation case**

The current status of these contingencies is same as disclosed in the annual financial statements of the Group for the year ended December 31, 2019.

**23.3.4.8 Compliance and risk matters relating to anti-money laundering**

The current status of these contingencies is same as disclosed in the annual financial statements of the Group for the year ended December 31, 2019.



	Note	(Un-audited) Quarter ended March 31, 2020	(Un-audited) Quarter ended March 31, 2019
		Rupees in '000	
<b>24. MARK-UP / RETURN / INTEREST EARNED</b>			
Loans and advances		29,839,496	22,850,539
Investments		41,711,442	21,340,282
On securities purchased under resale agreements		608,373	1,395,573
Balances with other banks		445,810	248,369
		<u>72,605,121</u>	<u>45,834,763</u>
<b>25. MARK-UP / RETURN / INTEREST EXPENSED</b>			
Deposits		34,391,422	22,632,889
Borrowings		2,215,738	1,402,799
Cost of foreign currency swaps against foreign currency deposits		2,807,395	2,095,563
Finance charge on lease liability against right of use assets		202,133	105,018
Securities sold under repurchase agreements		16,350,043	4,088,875
		<u>55,966,731</u>	<u>30,325,144</u>
<b>26. FEE AND COMMISSION INCOME</b>			
Branch banking customer fees		443,327	300,055
Consumer finance related fees		188,536	210,403
Card related fees		283,338	158,179
Credit related fees		93,984	72,643
Investment banking fees		89,423	48,217
Commission on trade		718,939	858,685
Commission on guarantees		170,046	91,119
Commission on cash management		4,421	7,047
Commission on remittances including home remittances		237,985	232,470
Commission on bancassurance		66,562	98,786
Commission on government transactions		2,197,525	1,913,750
Management fee & sale load		343,021	344,060
Brokerage Income		26,703	19,526
Others		21,954	43,111
		<u>4,885,764</u>	<u>4,398,051</u>
<b>27. GAIN ON SECURITIES - NET</b>			
Realised	27.1	1,109,414	103,899
Unrealized - held-for-trading	9.1	219,096	(1,992)
		<u>1,328,510</u>	<u>101,907</u>
<b>27.1 Realised gain on:</b>			
Federal Government Securities		485,344	59,136
Shares and mutual funds		127,809	27,550
Ijarah Sukuks		-	17,213
Foreign Securities		496,261	-
		<u>1,109,414</u>	<u>103,899</u>
<b>28. OTHER INCOME</b>			
Rent on property		750	8,165
Gain on sale of fixed assets - net		2,541	3,925
Postal, SWIFT and other charges recovered		9,608	-
Compensation for delayed tax refunds	28.1	1,283,765	1,265,675
Others		4,193	4,252
		<u>1,300,858</u>	<u>1,282,017</u>
<b>28.1</b>	This represents compensation on delayed refunds determined under Section 171 of Income Tax Ordinance 2001.		

(Un-audited)      (Un-audited)  
Quarter ended      Quarter ended  
March 31, 2020      March 31, 2019  
----- Rupees in '000 -----

**29. OPERATING EXPENSES**

Total compensation expense	9,671,406	9,091,120
Property expense		
Rent and taxes	70,210	365,310
Insurance	15,373	17,393
Utilities cost	198,352	182,874
Security (including guards)	534,267	471,396
Repair and maintenance (including janitorial charges)	225,801	214,997
Depreciation	107,050	106,076
Depreciation on non banking assets	3,946	7,394
Depreciation on Ijarah assets	28,169	50,589
Depreciation on right of use assets	502,692	184,530
	1,685,859	1,600,559
Information technology expenses		
Software maintenance	52,002	57,286
Hardware maintenance	5,105	4,755
Depreciation	57,444	107,852
Amortization	52,957	51,385
Network charges	113,098	89,280
	280,607	310,558
Other operating expenses		
Directors' fees and reimbursement of other expenses	10,905	8,670
Directors' fees and allowances - subsidiaries	1,745	1,865
Fees and allowances to Shariah Board	2,194	2,192
Legal & professional charges	188,132	119,979
Outsourced services costs	165,937	145,630
Travelling and conveyance	128,221	140,021
NIFT clearing charges	38,683	30,587
Depreciation	429,696	387,004
Training and development	20,943	31,473
Postage and courier charges	45,811	40,767
Communication	80,176	72,083
Stationery and printing	186,436	183,858
Marketing, advertisement & publicity	30,197	57,887
Donations	100	-
Contributions for other Corporate and Social Responsibility	5,447	9,756
Auditors' Remuneration	25,357	55,492
Financial charges on leased assets	17,406	8,950
Insurance	110,688	107,095
Entertainment	64,527	80,395
Clearing, verification, license fee charges	99,748	79,317
Vehicle Expenses	33,373	29,138
Repairs & Maintenance	77,924	114,509
Brokerage	14,548	21,951
Deposit premium expense	343,659	309,960
Others	128,759	98,360
	2,250,614	2,136,940
	13,888,486	13,139,177

**30. OTHER CHARGES**

Penalties imposed by State Bank of Pakistan	278,577	6,796
Penalties imposed by other regulatory bodies (Central bank of international branches)	83	-
Penalties imposed by other regulatory bodies (Regulators of subsidiaries)	1,168	1,802
	279,828	8,598



	Note	(Un-audited) Quarter ended March 31, 2020 Rupees in '000	(Un-audited) Quarter ended March 31, 2019 Rupees in '000
<b>31. PROVISIONS &amp; WRITE OFFS - NET</b>			
Provisions for diminution in value of investments	9.2	614,364	403,237
Provisions against loans and advances	10.4	3,065,934	1,727,102
Provision against other assets		290,284	82,905
		<u>3,970,582</u>	<u>2,213,244</u>
<b>32. TAXATION</b>			
Current		3,481,751	3,544,740
Prior years		-	1,056,841
Deferred		(555,978)	(21,005)
		<u>2,925,773</u>	<u>4,580,576</u>
<b>33. EARNINGS PER SHARE - BASIC AND DILUTED</b>			
Profit for the period (Rupees in 000's)		<u>4,119,861</u>	<u>4,256,002</u>
Weighted average number of ordinary shares (000's)		<u>2,127,513</u>	<u>2,127,513</u>
Earnings per share - basic and diluted (Rupees)		<u>1.94</u>	<u>2.00</u>
<b>34. CASH AND CASH EQUIVALENT</b>			
Cash and balances with treasury banks		171,409,055	173,930,108
Balances with other banks		19,462,062	16,654,870
Call money lendings		640,800	140,800
Call money borrowings		(19,408,032)	(43,167,951)
Overdrawn nostro		(2,771,572)	(1,242,222)
		<u>169,332,313</u>	<u>146,315,605</u>
<b>35. FAIR VALUE MEASUREMENTS</b>			

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted instruments classified as held to maturity are carried at cost.

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.

#### 35.1 Fair value of financial assets

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

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

March 31, 2020 (Un-audited)					
On balance sheet financial instruments	Carrying Value	Level 1	Level 2	Level 3	Total
		Rupees in '000			
Financial assets - measured at fair value					
Investments					
Market Treasury Bills	715,399,601	-	715,399,601	-	715,399,601
Pakistan Investment Bonds	339,699,870	-	339,699,870	-	339,699,870
Ijarah Sukuks	2,068,232	-	2,068,232	-	2,068,232
Ordinary shares of listed companies	31,644,599	31,644,599	-	-	31,644,599
Investment in mutual funds	1,425,130	1,425,130	-	-	1,425,130
Preference shares	57,766	36,050	-	21,716	57,766
Term Finance Certificates / Musharika and Sukuk Bonds	58,423,406	-	58,423,406	-	58,423,406
GoP Foreign Currency Bonds	13,267,939	-	13,267,939	-	13,267,939
Foreign Government Securities	3,244,700	-	3,244,700	-	3,244,700
Foreign Currency Debt Securities	1,171,301	-	1,171,301	-	1,171,301
Ordinary shares of a bank outside Pakistan	15,262,908	15,262,908	-	-	15,262,908
	1,181,665,452	48,368,687	1,133,275,049	21,716	1,181,665,451
Financial assets - disclosed but not measured at fair value					
Cash and balances with treasury banks	171,409,055	-	-	-	-
Balances with other banks	19,462,062	-	-	-	-
Lendings to financial institutions	44,549,936	-	-	-	-
Investments					
Ordinary shares of unlisted companies	1,593,609	-	-	-	-
Market Treasury Bills	118,049,950	-	-	-	-
Pakistan Investment Bonds	166,318,491	-	-	-	-
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	7,839	-	-	-	-
GoP Foreign Currency Bonds	1,602	-	-	-	-
Foreign Government Securities	32,073,071	-	-	-	-
Foreign Currency Debt Securities	645	-	-	-	-
Advances	980,950,903	-	-	-	-
Other Assets	185,941,370	-	-	-	-
	1,720,358,533	-	-	-	-
	2,902,023,985	48,368,687	1,133,275,049	21,716	1,181,665,451
Off-balance sheet financial instruments - measured at fair value					
Foreign exchange contracts purchase and sale	631,115,679	-	(7,734,196)	-	(7,734,196)
Forward government securities transactions	21,000,000	-	(41,872)	-	(41,872)
December 31, 2019 (Audited)					
On balance sheet financial instruments	Carrying Value	Level 1	Level 2	Level 3	Total
		Rupees in '000			
Financial assets - measured at fair value					
Investments					
Market Treasury Bills	621,887,531	-	621,887,531	-	621,887,531
Pakistan Investment Bonds	329,418,686	-	329,418,686	-	329,418,686
Ijarah Sukuks	2,050,099	-	2,050,099	-	2,050,099
Ordinary shares of listed companies	41,983,147	41,983,147	-	-	41,983,147
Investments in mutual funds	2,144,783	2,144,783	-	-	2,144,783
Preference shares	79,388	35,956	-	43,432	79,388
Term Finance Certificates / Musharika and Sukuk Bonds	56,252,659	9,204,193	47,048,466	-	56,252,659
GoP Foreign Currency Bonds	22,476,530	-	22,476,530	-	22,476,530
Foreign Government Securities	4,646,071	-	4,646,071	-	4,646,071
Foreign Currency Debt Securities	1,422,271	-	1,422,271	-	1,422,271
Ordinary shares of a bank outside Pakistan	18,831,756	18,831,756	-	-	18,831,756
	1,101,192,921	72,199,835	1,028,949,654	43,432	1,101,192,921

December 31, 2019 (Audited)					
Carrying Value	Level 1	Level 2	Level 3	Total	
Rupees in '000					
Financial assets - disclosed but not measured at fair value					
Cash and balances with treasury banks	293,198,090	-	-	-	-
Balances with other banks	13,598,325	-	-	-	-
Lending to financial instruments	144,140,344	-	-	-	-
Investments					
Market Treasury Bills	114,155,009	-	-	-	-
Pakistan Investment Bonds	184,864,103	-	-	-	-
Ordinary shares of unlisted companies	1,593,609	-	-	-	-
Debentures, Bonds, Sukuks, Participation Term					
Certificates and Term Finance Certificates	9,573	-	-	-	-
GoP Foreign Currency Bonds	4,087,591	-	-	-	-
Foreign Government Securities	30,231,741	-	-	-	-
Foreign Currency Debt Securities	596	-	-	-	-
Advances	1,008,398,612	-	-	-	-
Other assets	167,183,196	-	-	-	-
	1,961,460,789	-	-	-	-
	3,062,653,710	72,199,835	1,028,949,654	43,432	1,101,192,921
Off-balance sheet financial instruments - measured at fair value					
Foreign exchange contracts purchase and sale	801,290,548	-	(4,358,883)	-	(4,358,883)
Forward government securities transactions	22,164,581	-	107,348	-	107,348

**Valuation techniques used in determination of fair valuation of financial instruments within level 2 and level 3**

Item	Valuation approach and input used
Market Treasury Bills	PKRV (MUFAP)
Pakistan Investment Bonds	PKRV (MUFAP)
Ijarah Sukuks	MUFAP
Ordinary shares of unlisted companies	Breakup value as per latest available audited financial statements
Term Finance Certificates / Musharika and Sukuk Bonds	MUFAP
GoP Foreign Currency Bonds	Reuter page
Foreign Government Securities	Reuter page
Foreign Currency Debt Securities	Reuter page

**35.2 Fair value of non-financial assets**

Information about the fair value hierarchy of Bank's non-financial assets as at the end of the reporting period are as follows:

March 31, 2020 (Un-audited)					
Carrying Value	Level 1	Level 2	Level 3	Total	
Rupees in '000					
Land & building (property and equipment)	48,462,041	-	48,462,041	-	48,462,041
Non-banking assets acquired in satisfaction of claims	3,280,907	-	3,280,907	-	3,280,907
	51,742,948	-	51,742,948	-	51,742,948

December 31, 2019 (Audited)					
Carrying Value	Level 1	Level 2	Level 3	Total	
Rupees in '000					
Land & building (property and equipment)	48,575,943	-	48,575,943	-	48,575,943
Non-banking assets acquired in satisfaction of claims	3,284,853	-	3,284,853	-	3,284,853
	51,860,796	-	51,860,796	-	51,860,796

36. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	Quarter Ended March 31, 2020 (Un-audited)						
	Retail Banking Group	Inclusive Development Group	Corporate & Investment Banking	Treasury	International, Fin. Institution & Remittance	Head Office / Others	Total
----- Rupees in '000 -----							
Profit and loss account							
Net mark-up / return / interest income	(29,095,163)	4,291,429	15,730,022	23,763,298	670,475	1,278,329	16,638,390
Inter segment revenue - net	44,674,533	(4,841,366)	(15,612,479)	(27,728,602)	-	3,507,915	-
Non mark-up / return / interest income	3,472,939	18,629	613,208	2,038,125	871,090	1,550,832	8,564,826
Total Income	19,052,309	(531,308)	730,751	(1,927,178)	1,541,565	6,337,076	25,203,216
Segment direct expenses	6,526,692	537,617	185,196	78,359	1,056,604	1,009,245	9,393,713
Inter segment expense allocation	-	-	-	-	-	4,774,600	4,774,600
Total expenses	6,526,692	537,617	185,196	78,359	1,056,604	5,783,845	14,168,314
Provisions and write offs - net	165,097	283,978	1,897,389	475,785	(166,012)	1,314,345	3,970,582
Profit / (loss) before taxation	12,360,520	(1,352,904)	(1,351,834)	(2,481,322)	650,973	(761,114)	7,064,320

	March 31, 2020 (Un-audited)						
	Retail Banking Group	Inclusive Development Group	Corporate & Investment Banking	Treasury	International, Fin. Institution & Remittance	Head Office / Others	Total
	Rupees in '000						
Statement of financial position							
Cash and balances with treasury and other banks	44,053,512	3,462,366	200,524	83,268,212	51,810,207	8,076,296	190,871,117
Investments	-	-	38,554,068	1,391,290,727	48,344,123	26,794,120	1,505,083,040
Net inter segment lending	1,475,253,427	-	-	-	-	156,357,291	1,631,610,718
Lendings to financial institutions	-	-	-	35,186,952	-	9,362,984	44,549,936
Advances - performing	210,885,485	124,662,603	560,069,735	-	34,931,863	42,933,975	973,483,660
- non-performing	3,086,370	19,461,956	35,110,324	-	44,147,445	55,437,119	157,243,214
Provision against advances	(8,044,500)	(14,359,963)	(25,014,670)	-	(43,140,889)	(59,215,951)	(149,775,971)
Others	205,927,355	129,764,596	570,165,389	-	35,938,419	39,155,142	980,950,903
Total Assets	1,796,373,281	138,549,157	623,550,596	1,521,934,260	140,936,485	381,055,733	4,602,399,514
Borrowings	1,479,289	-	37,458,448	502,881,159	18,038,601	297,063	560,154,560
Deposits and other accounts	1,705,149,420	-	92,873,355	-	88,328,464	66,345,980	1,952,697,217
Net inter segment borrowing	-	131,817,283	490,551,263	969,854,078	32,941,193	6,446,900	1,631,610,718
Others	89,744,572	6,731,874	2,378,397	9,078,174	3,277,179	103,924,131	215,134,328
Total liabilities	1,796,373,281	138,549,157	623,261,463	1,481,813,412	142,585,438	177,014,074	4,359,596,823
Equity	-	-	289,133	40,120,849	(1,648,953)	204,041,659	242,802,691
Total Equity & liabilities	1,796,373,281	138,549,157	623,550,596	1,521,934,260	140,936,485	381,055,733	4,602,399,514



Quarter Ended March 31, 2019 (Un-audited) - (Restated)

	Retail Banking Group	Inclusive Development Group	Corporate & Investment Banking	Treasury	International, Fin. Institution & Remittance	Head Office / Others	Total
	(16,264,191)	3,228,779	11,025,123	15,495,706	696,265	1,327,937	15,509,619
Net mark-up / return / interest income	29,915,128	(3,296,078)	(10,667,734)	(18,677,854)	-	2,726,538	-
Inter segment revenue - net	3,135,583	28,956	481,916	2,954,845	340,831	1,767,681	8,709,822
Non mark-up / return / interest income	16,786,520	(38,333)	839,306	(227,503)	1,037,096	5,822,155	24,219,241
Total Income							
	6,424,302	518,787	194,074	84,849	942,200	1,134,453	9,298,665
Segment direct expenses	-	-	-	-	-	3,849,109	3,849,109
Inter segment expense allocation							
Total expenses	6,424,302	518,787	194,074	84,849	942,200	4,983,562	13,147,775
Provisions and write offs - net	(65,633)	439,623	1,669,406	410,737	61,913	(302,802)	2,213,244
Profit / (loss) before taxation	10,427,851	(996,743)	(1,024,174)	(723,090)	32,983	1,141,395	8,858,222

Profit and loss account

Net mark-up / return / interest income  
Inter segment revenue - net  
Non mark-up / return / interest income  
Total Income  
  
Segment direct expenses  
Inter segment expense allocation  
Total expenses  
Provisions and write offs - net  
Profit / (loss) before taxation

December 31, 2019 (Audited) - (Restated)

	Retail Banking Group	Inclusive Development Group	Corporate & Investment Banking	Treasury	International, Fin. Institution & Remittance	Head Office / Others	Total
	162,051,624	12,045,241	238,501	82,716,513	42,748,449	6,996,087	306,796,415
Cash and balances with treasury and other banks	-	-	38,801,666	1,316,800,220	61,079,182	25,722,890	1,442,403,957
Investments	1,631,300,100	-	-	-	-	138,613,215	1,769,913,315
Net inter segment lending	-	-	-	132,718,198	-	11,422,146	144,140,344
Lendings to financial institutions	221,843,742	144,537,546	538,385,369	-	55,382,884	42,566,933	1,002,716,475
Advances - performing	2,973,437	17,309,704	32,196,797	-	41,049,352	55,847,764	149,377,054
- non-performing	(6,664,995)	(14,087,130)	(23,223,024)	-	(40,208,389)	(59,452,580)	(143,694,917)
Provision against advances	218,152,185	147,760,120	547,358,342	-	56,165,847	38,962,117	1,008,398,613
Others	25,398,302	1,853,736	40,745,805	3,971,387	4,014,363	154,637,350	230,620,940
Total Assets	2,036,902,210	161,659,097	627,144,314	1,536,206,318	164,007,840	376,353,805	4,902,273,583
	1,348,351	-	30,388,706	400,759,524	38,913,708	347,062	471,757,352
Borrowings	1,971,199,215	-	76,371,345	-	85,487,723	64,926,290	2,197,984,573
Deposits and other accounts	-	156,924,272	488,444,930	1,081,180,371	36,248,475	7,115,268	1,769,913,315
Net inter segment borrowing	64,354,645	4,734,824	31,794,954	17,079,796	1,988,871	103,442,698	223,395,788
Others	2,036,902,210	161,659,096	626,999,935	1,499,019,691	162,638,778	175,831,318	4,663,051,028
Total liabilities	-	-	144,380	37,186,627	1,369,066	200,522,488	239,222,555
Equity	2,036,902,210	161,659,097	627,144,314	1,536,206,318	164,007,840	376,353,805	4,902,273,583
Total Equity & liabilities							

Statement of financial position

Cash and balances with treasury and other banks  
Investments  
Net inter segment lending  
Lendings to financial institutions  
Advances - performing  
- non-performing  
Provision against advances  
Others  
Total Assets  
  
Borrowings  
Deposits and other accounts  
Net inter segment borrowing  
Others  
Total liabilities  
Equity  
Total Equity & liabilities

Contingencies & Commitments

833,218,160	-	236,880,686	823,455,129	28,997,140	31,345,046	1,953,896,161
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### 37. RELATED PARTY TRANSACTIONS

The Group has related party transactions with its parent, subsidiaries, associates, joint ventures, employee benefit plans and its directors and Key Management Personnel. The details of investment in subsidiary companies, joint venture and associated undertaking and their provisions are stated in note 9 of the financial statement of the Group.

The Group enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their

Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these consolidated financial statements are as follows:

	March 31, 2020 (Un-audited)						December 31, 2019 (Audited)											
	Directors	Key management personnel	Associates	Joint venture	Pension Fund (Current)	Pension Fund (Fixed Deposit)	Pension Fund (N.I.D.A. A/c)	Provident Fund	Other related parties	Directors	Key management personnel	Associates	Joint venture	Pension Fund (Current)	Pension Fund (Fixed Deposit)	Pension Fund (N.I.D.A. A/c)	Provident Fund	Other related parties
Rupees in '000																		
<b>Balances with other banks</b>																		
In current accounts	-	-	-	7,888	-	-	-	-	-	-	-	-	1,159	-	-	-	-	-
In deposit accounts	-	-	-	328	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	8,216	-	-	-	-	-	-	-	-	1,159	-	-	-	-	-
<b>Advances</b>																		
Opening balance	-	229,805	3,036,750	-	-	-	-	-	23,386,325	-	222,967	3,105,907	-	-	-	-	-	217,063
Addition during the period / year	-	54,764	-	-	-	-	-	-	100,662,162	-	74,615	-	-	-	-	-	-	11,246,254
Repaid during the period / year	-	(8,327)	(65,625)	-	-	-	-	-	(101,472,287)	-	(22,889)	(69,157)	-	-	-	-	-	(14,896,873)
Transfer in / (out) - net*	-	-	-	-	-	-	-	-	153,829	-	(45,889)	-	-	-	-	-	-	26,819,881
Closing balance	-	275,242	2,971,125	-	-	-	-	-	22,927,049	-	228,805	3,036,750	-	-	-	-	-	23,386,325
	-	-	-	2,927,375	-	-	-	-	-	-	-	2,927,375	-	-	-	-	-	-
<b>Provisions against loans</b>																		
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest / mark-up accrued	-	-	1,709,369	-	-	-	-	-	-	-	-	1,710,481	-	-	-	-	-	-
<b>Deposits and other accounts</b>																		
Opening balance	3,835	94,715	-	-	73	-	1,235,120	13,286,883	40,416,131	10,732	80,688	-	-	1,085	11,100,000	458,328	12,405,939	-
Received during the period / year	1,697	225,989	-	-	1,433,445	-	1,057,284	165,490	12,297,775	23,314	625,431	-	-	45,832,581	-	11,785,192	2,246,165	273,609,395
Withdrawn during the period / year	(1,958)	(189,650)	-	-	(1,432,964)	-	(1,920,335)	(422,649)	(13,977,180)	(22,146)	(591,554)	-	-	(45,833,593)	(11,100,000)	(11,008,400)	(1,415,241)	(278,409,470)
Transfer in / (out) - net*	78	15,483	-	-	-	-	-	-	-	(8,055)	(19,840)	-	-	-	-	-	-	45,155,207
Closing balance	3,852	146,438	-	-	534	-	372,070	13,039,524	38,736,727	3,835	94,715	-	-	73	-	1,235,120	13,286,883	40,416,131
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,483,085
<b>Contingent &amp; Commitments</b>																		

\* \* Transfer in (out) - net due to retirement / appointment of directors and changes in key management executives.

March 31, 2020 (Un-audited)						March 31, 2019 (Un-audited)					
Key management personnel	Associates	Joint venture	Pension Fund	Provident Fund	Funds / Others	Key management personnel	Associates	Joint venture	Pension Fund	Provident Fund	Funds / Others
Rupees in '000											

#### Income

Mark-up / return / interest earned	-	-	9	-	-	-	-	-	14	-	-	-
Debts due by Companies in which Directors of the Bank is interested as Directors	-	-	-	-	-	937,396	-	-	-	-	-	-
Rent income / Lighting & Power and Bank charges	-	1,160	-	-	-	3,889	-	1,160	-	-	-	3,889

#### Expense

Mark-up / return / interest paid	-	-	-	52,784	446,133	1,223,280	-	-	-	138,912	420,981	3
Remuneration to key management executives including charge for defined benefit plan	106,476	-	-	-	-	-	120,909	-	-	-	-	-
Post Retirement Benefit paid to Director cum Ex-employee	-	-	-	-	-	522	-	-	-	-	-	-

### 37.1 Transactions with Government-related entities

The Federal Government through State Bank of Pakistan holds controlling interest (75.00% shareholding) in the Bank and therefore entities which are owned and / or controlled by the Federal Government, or where the Federal Government may exercise significant influence, are related parties of the Bank.

The Bank in the ordinary course of business enters into transaction with Government-related entities. Such transactions include lending to, deposits from and provision of other banking service to Government-related entities.

The Bank also earned commission on handling treasury transactions on behalf of the Government of Pakistan amounting to Rs. 2,198 million for the period ended March 31, 2020. As at the Statement of Financial Position date the loans and advances, deposits and contingencies relating to Government-related entities amounted to Rs. 367,542 million, Rs. 868,019 million and Rs. 850,838 million respectively and income earned on advances and investment and profit paid on deposits amounted to Rs. 11,344 million and Rs. 12,734 million respectively.

38. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	----- Rupees in '000-----	
<b>Minimum Capital Requirement</b>		
Paid-up capital	<u>172,380,748</u>	<u>168,001,436</u>
<b>Capital Adequacy Ratio</b>		
Eligible Common Equity Tier 1 Capital	151,001,346	146,628,152
Eligible Additional Tier 1 Capital	-	-
Total Eligible Tier 1 Capital	<u>151,001,346</u>	<u>146,628,152</u>
Eligible Tier 2 Capital	46,112,504	41,295,951
Total Eligible Capital (Tier 1 + Tier 2)	<u>197,113,850</u>	<u>187,924,103</u>
<b>Risk Weighted Assets</b>		
Credit Risk	879,400,312	918,174,576
Market Risk	96,297,907	93,146,479
Operational Risk	176,625,691	176,625,691
Total	<u>1,152,323,911</u>	<u>1,187,946,746</u>
Common Equity Tier 1 Capital Adequacy ratio	13.10%	12.34%
Tier 1 Capital Adequacy Ratio	<u>13.10%</u>	<u>12.34%</u>
Total Capital Adequacy Ratio	<u>17.11%</u>	<u>15.82%</u>
<b>Leverage Ratio</b>		
Tier-1 Capital	151,001,346	146,628,152
Total Exposures	<u>4,046,041,779</u>	<u>4,260,315,310</u>
Leverage Ratio	<u>3.73%</u>	<u>3.44%</u>
<b>Liquidity Coverage Ratio</b>		
Total High Quality Liquid Assets	860,934,333	890,965,256
Total Net Cash Outflow	<u>637,165,075</u>	<u>603,741,462</u>
Liquidity Coverage Ratio	<u>135%</u>	<u>148%</u>
<b>Net Stable Funding Ratio</b>		
Total Available Stable Funding	1,817,137,715	2,040,913,906
Total Required Stable Funding	<u>1,025,772,672</u>	<u>875,207,068</u>
Net Stable Funding Ratio	<u>177%</u>	<u>233%</u>

### 39. ISLAMIC BANKING BUSINESS

The bank is operating 189 (December 31, 2019: 190) Islamic banking branches and no Islamic banking windows at the three months period ended March 31, 2020.

		(Un-audited) March 31, 2020	(Audited) December 31, 2019
	Note	Rupees in '000	
<b>ASSETS</b>			
Cash and balances with treasury banks		4,912,992	4,405,856
Balances with other banks		5,970	5,841
Due from financial institutions	39.1	9,360,334	11,419,496
Investments	39.2	21,754,428	19,416,280
Islamic financing and related assets - net	39.3	33,812,928	33,880,482
Fixed assets		164,155	174,862
Right of use assets		852,592	861,049
Other assets		5,514,596	5,888,864
<b>Total Assets</b>		<b>76,377,995</b>	<b>76,052,730</b>
<b>LIABILITIES</b>			
Bills payable		262,930	256,804
Deposits and other accounts	39.4	64,673,747	63,285,896
Lease liability against right of use assets		971,713	943,375
Due to Head Office		2,345,137	2,784,801
Other liabilities		3,633,619	3,767,018
		<b>71,887,146</b>	<b>71,037,894</b>
<b>NET ASSETS</b>		<b>4,490,849</b>	<b>5,014,836</b>
<b>REPRESENTED BY</b>			
Islamic Banking Fund		3,360,000	2,200,000
Reserves		-	-
Surplus on revaluation of assets		678,844	775,696
Unappropriated / unremitted profit / (loss)	39.5	452,005	2,039,140
		<b>4,490,849</b>	<b>5,014,836</b>

The profit and loss account of the Bank's Islamic banking branches for the three months period ended March 31, 2020 is as fol

		(Un-audited) Quarter ended March 31, 2020	(Un-audited) Quarter ended March 31, 2019
		Rupees in '000	
Profit / return earned	39.6	2,000,902	1,346,518
Profit / return expensed	39.7	(1,100,798)	(672,994)
<b>Net Profit / return</b>		<b>900,104</b>	<b>673,524</b>
<b>Other income</b>			
Fee and commission income		94,445	75,073
Foreign exchange income		15,501	14,992
Other income		294	2,031
<b>Total other income</b>		<b>110,240</b>	<b>92,096</b>
<b>Total Income</b>		<b>1,010,344</b>	<b>765,620</b>
<b>Other expenses</b>			
Operating expenses		(558,423)	(567,412)
<b>Profit before provisions</b>		<b>451,921</b>	<b>198,208</b>
Provisions reversal and write offs - net		84	82,905
<b>Profit before taxation</b>		<b>452,005</b>	<b>281,113</b>
Taxation		-	-
<b>Profit after taxation</b>		<b>452,005</b>	<b>281,113</b>

March 31, 2020 (Un-audited)		December 31, 2019 (Audited)	
In Local Currency	In Foreign currencies	Total	In Local Currency
9,360,334	-	9,360,334	11,419,496
9,360,334	-	9,360,334	11,419,496

### 39.1 Due from Financial Institutions Unsecured

Bai Muajjal Receivable from State Bank of Pakistan

This represent Bai Muajjal agreement with Government of Pakistan and State Bank of Pakistan which carries profit rate 13.07% per annum. (December 31, 2019: 12.78%)

March 31, 2020 (Un-audited)		December 31, 2019 (Audited)	
Cost/ Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
2,000,000	(1,400)	1,998,600	2,000,000
2,000,000	(1,400)	1,998,600	2,000,000

### 39.2 Investments by segments:

#### Federal Government Securities:

-Ijarah Sukuks

#### Non Government Debt Securities

-Listed

-Unlisted

#### Total Investments

March 31, 2020 (Un-audited)		December 31, 2019 (Audited)	
Cost/ Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
2,000,000	(1,400)	1,998,600	2,000,000
2,000,000	(1,400)	1,998,600	2,000,000
4,400,000	485,447	4,885,447	4,400,000
14,806,391	(130,807)	14,870,381	12,371,391
19,206,391	(130,807)	19,755,828	16,771,391
21,206,391	(130,807)	21,754,428	18,771,391

### 39.3 Islamic financing and related assets

Ijarah

Murabaha

Musawama

Diminishing Musharaka

Isisna

Other Islamic Modes (Wakala tul Istismar)

Advances against Islamic assets (Ijarah, Murabaha, DMI, Istasna)

Inventory related to Islamic financing (Istisna)

Gross Islamic financing and related assets

Less: provision against Islamic financings

- Specific

- General

Islamic financing and related assets - net of provision

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

226,436	255,639
1,779,367	1,716,542
19,352	22,243
15,376,110	15,869,641
150,678	-
8,500,000	8,500,000
7,174,063	7,180,631
790,401	539,349
34,016,407	34,084,045

(203,274)	(203,324)
(206)	(239)
(203,479)	(203,563)
33,812,928	33,880,482

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	----- Rupees in '000 -----	
<b>39.4 Deposits</b>		
<b>Customers</b>		
Current deposits	20,202,298	20,550,756
Savings deposits	30,675,641	22,671,179
Term deposits	13,504,709	12,720,085
	64,382,648	55,942,020
<b>Financial Institutions</b>		
Current deposits	155,539	815,386
Savings deposits	35,560	3,028,490
Term deposits	100,000	3,500,000
	291,099	7,343,876
	64,673,747	63,285,896

**39.5 Unappropriated/ Unremitted profit / (loss)**

Opening Balance  
Add: Islamic banking profit / (loss) for the period  
Less: Transferred / remitted to head office  
Closing balance

2,039,140	(57,150)
452,005	2,039,140
(2,039,140)	57,150
452,005	2,039,140

	(Un-audited) March 30, 2020	(Un-audited) March 30, 2019
	----- Rupees in '000 -----	

**39.6 Profit/Return Earned of Financing, Investments and Placement**

Profit earned on:

Financing	991,060	671,468
Investments	686,085	549,920
Placements	130	1,299
Others (Bai Muajjal)	323,627	123,831
	2,000,902	1,346,518

**39.7 Profit on Deposits and other Dues Expensed**

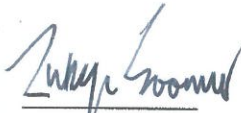
Deposits and other accounts	907,861	534,643
Finance charge on right of use assets	25,850	-
Others (General Account)	167,087	138,351
	1,100,798	672,994

40. GENERAL

40.1 Figures have been rounded off to the nearest thousand rupees.

41. DATE OF AUTHORIZATION FOR ISSUE

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

  
Chairman  
President / CEO  
Chief Financial Officer  
Director  
Director



## HEAD OFFICE:

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