

SERVING ACROSS THE NATION



QUARTERLY REPORT MARCH 2020



National Bank of Pakistan
نیشنل بینک آف پاکستان



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**NBP**

National Bank of Pakistan

نیشنل بینک آف پاکستان

CORPORATE INFORMATION

Board of Directors

| | |
|-----------------|------------------------|
| Chairman | Zubyr Soomro |
| President / CEO | Arif Usmani |
| Directors | Asif Jooma |
| | Farid Malik, CFA |
| | Imam Bakhsh Baloch |
| | Muhammad Sohail Rajput |
| | Sadafte Abid |
| | Tawfiq Asghar Hussain |

Audit Committee

| | |
|----------|------------------------|
| Chairman | Tawfiq Asghar Hussain |
| | Asif Jooma |
| | Muhammad Sohail Rajput |

Auditors

Deloitte Yousuf Adil
Chartered Accountants

Grant Thornton Anjum Rahman
Chartered Accountants

Legal Advisors

Mandviwalla & Zafar
Advocates & Legal Consultants

Registered & Head Office

NBP Building
I.I. Chundrigar Road, Karachi, Pakistan.

Registrar & Share Registration Office

CDC Share Registrar Services Limited
CDC House, 99-B, Block-B,
S.M.C.H.S., Main Shara-e-Faisal
Karachi-74400, Pakistan.
111-111-500

Website

www.nbp.com.pk

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 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) |
| | 2,883.87 |
| 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 |
| Profit available for appropriations | 92,829.06 |
| Appropriation: | |
| Transfer to Statutory Reserve (10% of after-tax profit) | (411.89) |
| Un-appropriated profit carried forward | 92,417.17 |

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

کریڈٹ ریٹنگ

نیشنل بینک آف پاکستان، پاکستان کی دونوں تسلیم شدہ کریڈٹ ریٹنگ ایجنسیز کی طرف سے 'AAA' ریٹنگ کا حامل ہے۔ جون 2019 میں میسرز JCR-VIS کریڈٹ ریٹنگ کمپنی نے بطور "AAA" بینک کی اسٹیٹڈالون کریڈٹ ریٹنگ کی توثیق کی ہے جو پاکستان میں کسی بینک کے لیے کمپنی کی تفویض کردہ سب سے بلند کریڈٹ ریٹنگ ہے۔ اسی طرح میسرز PACRA نے بھی بینک کو طویل مدتی 'AAA' (ٹریبل اے) اور مختصر مدتی کریڈٹ ریٹنگ 'A1+' (اے ون پلس) تفویض کی ہے۔ موڈیز کی انویسٹرسروس نے اپنی دسمبر 2019 کی رپورٹ میں بینک کے آؤٹ لگ کو 'B3' طویل مدتی ریٹنگ کے ساتھ "مستحکم" کے درجے میں ترقی دے دی ہے۔

مستقبل کی توقعات

کووڈ-19 عالمی وبا کا مقابلہ کرنے کے لئے کئے گئے اقدامات کا عالمی اور پاکستانی معیشت پر بھی برا اثر پڑے گا۔ اس نے زراور مالیات کے پالیسی سازوں کے لئے انوکھے چیلنجز پیدا کیے ہیں اور اس سے نمٹنے کے لئے معاشی سرگرمی میں قنطل درکار ہے۔ کووڈ-19 کے اثرات کو کم کرنے کے لئے دنیا بھر میں بڑے پیمانے پر محرک چیک متعارف کروائے گئے ہیں حالانکہ مستقبل کی صورت حال ابھی تک غیر یقینی ہے، پاکستان سمیت دیگر ممالک نے لاک ڈاؤن میں نرمی لانا شروع کر دی ہے، جس سے معاشی سرگرمیوں کو سہارا فراہم کرنے میں بھی مدد ملنی چاہئے۔ مریضوں میں ممکنہ اضافہ، تازہ لاک ڈاؤنز کو جنم دے سکتا ہے، اور بحالی اس سے کہیں زیادہ سست ثابت ہو سکتی ہے جس کی فی الوقت توقع کی جا رہی ہے۔

بینک، اسٹیٹ بینک آف پاکستان کے اقدامات کے مطابق مناسب مالی اعانت کی سہولیات میں توسیع اور لیکویڈیٹی پیدا کرنے کے ذریعے، ان مشکل اوقات میں اپنے کسٹمرز اور وسیع تر معیشت کی معاونت کے اپنے فرض سے پوری طرح واقف ہے۔ جیسے جیسے صورتحال سامنے آئے گی، بینک دوسرے اقدامات پر بھی غور کرے گا۔ یہ اقدامات انتظامی اخراجات میں غیر متوقع اضافے، قرضوں سے متعلق زیادہ نقصان، اور خرابیوں کے ذریعہ ہماری کارکردگی کے اشاریوں کو متاثر کر سکتے ہیں، جس کے نتیجے میں قلیل اور درمیانی مدت میں کم منافع ہو سکتا ہے۔ تاہم، ہمارا موقف ہے کہ یہ اقدامات ملک میں معاشی سرگرمی کو فروغ دینے اور ہمارے صارفین کی مالیاتی خوشحالی کے لئے ضروری ہیں اور طویل مدت میں، ہمارے کاروبار کے لئے فائدہ مند ہیں۔

اعتراف اور ستائش

ہم اس موقع سے فائدہ اٹھاتے ہوئے اپنے ڈائریکٹرز کو ان کی قیادت اور ترقی کے لئے ایک پائیدار پلیٹ فارم کی تعمیر کے لیے رہنمائی کے لیے ان کے کردار پر خراج تحسین پیش کرتے ہیں اور اعتراف کرتے ہیں۔ ہم بینک کے ملازمین کے کردار کی بھی تعریف کرتے ہیں جنہوں نے ان آزمائش سے بھرپور حالات میں پورا سال بھر پور کارکردگی کا مظاہرہ کیا۔

برائے دلچسپ اور ڈائریکٹرز

ذہیر سومرو

چیرمین

عارف عثمانی

صدر اور چیف ایگزیکٹو آفیسر

کراچی

تاریخ: 21 مئی، 2020

**NBP**National Bank of Pakistan
نیشنل بینک آف پاکستان

منافع جات کا استعمال

31 مارچ 2020 کو ختم ہونے والے تین ماہ کا منافع، 2019 کا جمع شدہ منافع آگے منتقل کرنے کے بعد برطابق ذیل مختص کرنے کے لئے تجویز کیا گیا ہے۔

| (ملین روپے) | |
|------------------|---|
| 7,002.81 | 31 مارچ 2020 کو ختم ہونے والے تین ماہ کے لیے قبل از محصول منافع |
| | محصول: |
| 3,443.15 | - موجودہ |
| 0.00 | - گزشتہ سال |
| (559.28) | - مؤخر شدہ |
| 2,883.87 | |
| 4,118.94 | 31 مارچ 2020 کو ختم ہونے والے تین ماہ کے لیے بعد از محصول منافع |
| 88,785.90 | آگے منتقل کیا گیا، غیر استعمال شدہ منافع |
| (133.37) | دیگر جامع آمدن - بعد از محصول |
| 57.59 | گلڈ ایسیٹس کے از سر نو تخمینہ پر فاضل سرمائے سے منتقلی |
| 92,829.06 | استعمال کے لیے دستیاب منافع |
| | منافع کا استعمال: |
| (411.89) | قانونی تقاضے کے لیے منتقلی (بعد از محصول منافع کا 10 فیصد) |
| 92,417.17 | آگے منتقل کیا گیا غیر استعمال شدہ منافع |

پیشن کیس سے متعلق ہنگامی صورتحال

کیس کی کیفیت وہی ہے جس کا دسمبر 2019 کو ختم ہونے والے سال کے لیے مالیاتی گوشواروں کے نوٹ نمبر 25.3.3.1 میں اکتشاف کیا گیا ہے۔ نظر ثانی کے لیے فیصلے کے زیر التوا ہونے کی وجہ سے مذکورہ مقدمے کے مالیاتی اثرات کو فوری مالیاتی گوشواروں میں شامل نہیں کیا گیا ہے اور بینک اپنے قانونی مشیروں کی رائے کی بنیاد اس مقدمے کے سازگار نتیجے کی توقع رکھتا ہے۔

مالیت 1,807.0 ارب روپے رہی (2019: 1,797.25 ارب روپے)۔ زیر جائزہ مدت کے دوران، ڈیپازٹس اوسطاً 1,861.27 ارب روپے رہے جو کہ گذشتہ سال کی اسی مدت کے دوران 1,694.48 ارب روپے تھے۔ CASA تناسب 80.3 فیصد رہا جو دسمبر 2019 میں 81.8 فیصد سے معمولی حد تک کم ہے۔

سرمائے کا استحکام اور موزونیت (ایڈیکویسی)

بینک کے کاروبار کا تسلسل یقینی بنانے کے مضبوط سرمایہ جاتی بنیاد اور سرمائے کی موزوں شرح (CAR) ناگزیر ہیں۔ کم سے کم درکار سرمائے کے تقاضے بڑھنے کے ساتھ، بینک پورٹ فولیو کی محتاط نمونہ، کم خطرہ والے کسٹمرز/شعبوں کو معیاری قرضوں کی فراہمی، قرضوں کی اضافی نگرانی اور بھاری سرمایہ مختص کرنے کے راستوں سے خطرہ مول لینے سے گریز کے ساتھ سرمایہ کو موثر انداز میں مختص کرنے کا ہدف رکھتا ہے۔

بینک کاروبار میں اضافے کے لئے ٹھوس پلیٹ فارم کی تعمیر کے لئے سرمائے کی مستحکم سطح کو برقرار رکھنا چاہتا ہے۔ اسٹیٹ بینک آف پاکستان نے 31 مارچ، 2020 سے بینک کو بطور ”کیٹیگری سی“ بالفاظ مقامی سسٹمیکی اہم بینک (D-SIB) نامزد کیا ہے۔ اس نامزدگی کے تحت ابتدائی طور پر بینک سے 2019 میں سرمائے کی شرح موزونیت (CAR) کے کم از کم تقاضے سے 1.5 فیصد اضافی نقصان برداشت کرنے (HLA) کے سرچارج کا تقاضا کیا گیا تھا۔ تاہم اسٹیٹ بینک نے تازہ ترین SIB-D نامزدگی کے مطابق 31 مارچ، 2020 سے HAL سرچارج 50 کو بنیادی پوائنٹس کے اضافے کے ساتھ 2 فیصد تک بڑھا دیا ہے۔ حال ہی میں، اسٹیٹ بینک نے کووڈ-19 کے اثرات کو کم کرنے اور بینکاری کے شعبے کو اپنے صارفین تک قرضوں کی سہولیات فراہم کرنے میں مدد کے لئے ریگولیٹری ریلیف پیش کیا ہے۔ اس مقصد کے لئے، اسٹیٹ بینک نے موجودہ وقت میں کپینٹل کنزرویشن لفز (CCB) کو اپنے موجودہ 2.5 فیصد سے کم کر کے 1.5 فیصد کر دیا ہے۔ اس کے نتیجے میں 31 مارچ 2020 تک بینک کے لئے CAR کم از کم تقاضا 13.5 فیصد (HLA سرچارج سمیت 2 فیصد) ہو گیا ہے۔ اس طرح CAR کا تقاضا بینک کے لئے قابل اطلاق کم سے کم ریگولیٹری CAR کے تقاضے سے 50 بنیادی پوائنٹس تک کم ہے۔ دسمبر 2019 میں 14.0 فیصد (بشمول HLA سرچارج کا 2 فیصد)۔

بمطابق 31 مارچ 2020، 12.84 فیصد پرمشتر کہ ایکویٹی ٹیئر 1 (1-CET) شرح (دسمبر 2019: 12.11 فیصد) اور 16.73 فیصد مجموعی سرمائے کی شرح موزونیت (CAR) کے ساتھ، بینک انضباطی تقاضوں سے ہم آہنگ ہے۔

کنٹرول اور کمپلائنس

ایچھے انتظام و انصرام کے جذبے کے تحت بینک تمام قابل اطلاق قوانین، قواعد و ضوابط، اور ضابطوں کی تعمیل کرتا ہے جیسا کہ کمپلائنس فنکشن تعمیل (کمپلائنس) کے ماحول کو بہتر بنانے کے لئے مسلسل جدوجہد کرتا ہے۔ 2016 میں بینک اور اس کی نیویارک کی شاخ نے فیڈرل ریزرو بینک آف نیویارک اور نیویارک اسٹیٹ ڈپارٹمنٹ آف فنانشل سروسز (یو ایس ریگولیٹرز) کے ساتھ تحریری معاہدہ کیا۔ یہ معاہدہ، دیگر امور کے علاوہ، بینک سے اینٹی منی لانڈرنگ اور یو ایس بینک سیکرٹری قانون کے تقاضوں سے متعلق تعمیل اور رسک مینجمنٹ سے متعلق مخصوص معاملات سے عہدہ برآ ہونے کا تقاضا کرتا ہے۔ یہ معاہدہ ایسے تقاضوں کی مکمل پاسداری یقینی بنانے کے لیے مطلوبہ سسٹمز اور کنٹرولز کے اطلاق اور معقول وسائل مختص کرنے کا بھی تقاضا کرتا ہے۔ بینک کی انتظامیہ تحریری معاہدے اور اس کے بعد کے معائنوں میں نمایاں کیے گئے معاملات سے عہدہ برآ ہوتی رہتی ہے اور آزادانہ طور پر ان کی توثیق کرواتا ہے۔ نیشنل بینک آف پاکستان نے خاصی پیشرفت کی ہے اور تمام قابل اطلاق قوانین اور ضوابط پر عمل پیرا ہونے کے لیے کوشاں ہے۔ اس سے بینک کی پوری فرینچائز میں کمپلائنس پرتوجہ میں اضافہ ہونے کی توقع ہے جسے ایک مربوط حکمت عملی کی تیاری اور اطلاق سے فائدہ پہنچے گا۔



ماہیوں میں میں بحالی ہوگی۔

ملکی ایڈوانسز بینک کے مجموعی قرض کے پورٹ فولیو کو 93.0 فیصد ہے اور اس کی مجموعی مالیت 1,050.7 ارب روپے ہے (دسمبر 2019: 1,054.9 ارب روپے)؛ جبکہ بیرون ملک قرضوں کی مالیت 179.1 ارب روپے (دسمبر 2019: 96.4 ارب روپے) ہے۔
 کوڈ-19 کی عالمی وبا کے پھیلاؤ سے پیدا ہونے والے چیلنج سے بھرپور معاشی ماحول کو دیکھتے ہوئے، زیر جائزہ سہ ماہی کے دوران بینک کے غیر فعال بخش قرضوں 'NPLs' میں 7.91 ارب روپے یا 5.3 فیصد اضافہ ہوا ہے۔ بمطابق 31 مارچ 2020، غیر فعال قرضوں کی مجموعی مالیت 156.66 ارب تھی، جو سال 2019 کے آخر میں 148.75 ارب روپے تھی۔

31 مارچ 2020 تک، غیر فعال قرضوں کے خلاف رکھی جانے والی کل تمویں کی مجموعی مالیت 149.30 ارب روپے تھی جس میں سے مخصوص تمویں کی مالیت 138.98 ارب روپے تھی۔ مجموعی غیر فعال قرضوں کا تناسب، خالص غیر فعال قرضوں کا تناسب اور تمویں کا تحفظ دسمبر 2019 کے 12.9 فیصد، 1.4 فیصد اور 90.2 فیصد کے مقابلے میں مارچ 2020 میں بالترتیب 13.9 فیصد، 1.8 فیصد اور 88.7 فیصد رہے۔

سرمایہ کاری

بمطابق 31 مارچ، 2020، بینک کی سرمایہ کاری کی مالیت 1,481.93 ارب روپے تھی، جو 31 دسمبر، 2019 کو 1,417.65 ارب روپے تھی۔ یہ 64.29 ارب روپے یا 4.5 فیصد اضافے کی عکاسی کرتا ہے جو بنیادی طور پر فروخت کے لیے دستیاب سیکورٹیز 'AFS' میں ہوا جن میں 80.89 ارب روپے یا 7.8 فیصد اضافہ ہوا ہے۔ یہ خالص سرمایہ کاریاں بینک کے کل اثاثوں کا 50.7 فیصد (31 دسمبر، 2019 کو 46.1 فیصد) اور بینکاری کی صنعت کی کل سرمایہ کاریوں کا 16.0 فیصد بنتی ہیں۔ بینک کے فروخت کے لیے دستیاب 'AFS' پورٹ فولیو میں 31.78 ارب روپے (اثاثوں کے صرف 1 فیصد سے کچھ زیادہ) کی لیڈ ایکویٹیٹر کا ایک چھوٹا لیکن متنوع پورٹ فولیو شامل ہے۔ پاکستان سے باہر سرمایہ کاری میں سعودی عرب کے الجزیرہ بینک میں بینک کا 3.7 فیصد حصہ شامل ہے جو 15.26 ارب روپے کی بازاری قدر رکھتا ہے۔

بینک اچھی پیداوار کے ساتھ سرمایہ کاری کا ایک موثر پورٹ فولیو برقرار رکھنا چاہتا ہے اور قابل قبول حدود میں دورانہ اور خطرے کا بندوبست کرتا ہے۔ بینک کے پاس موجود اضافی لیکویڈیٹی سے مارکیٹ ٹریڈری بلز میں سرمایہ کاری کی جاتی ہے۔ بینک کی رسک اور کیپٹل مینجمنٹ کی موثر حکمت عملی کے تحت، بینک کے سرمایہ کاری کے پورٹ فولیو کو صفر رسک تخمینے والے ٹریڈریڈری تسلکات اور بانڈز، اعلیٰ منافع بخش ایکویٹیڈری اور دیگر انٹرنسٹ پیدا کرنے والے مالیاتی تسلکات کے ماہین موثر طریقے سے متنوع رکھا گیا ہے۔ زیر جائزہ مدت کے دوران، سرمایہ کاری کی اوسط 1,390.1 ارب روپے رہی جو گزشتہ سال کی اسی مدت کے دوران 1,945.24 ارب روپے سے نمایاں طور پر زیادہ ہے۔ بینک زیادہ سیال (لیکویڈ) پورٹ فولیو کی تشکیل کی حکمت عملی پر عمل پیرا ہے۔ زیر جائزہ تین ماہ کے عرصے کے دوران سرمایہ کاری اور پلیٹفم سے آمدنی میں 12.06 فیصد تک اضافہ ہوا ہے جبکہ پچھلے سال کے ان ہی مہینوں میں یہ 9.08 فیصد تھی۔

ڈپازٹس:

بمطابق 31 مارچ، 2020، بینک کے ڈپازٹس کی مالیت 1,953.16 ارب روپے تھی، جو 31 دسمبر 2019 کو 2,198.05 ارب روپے کے مقابلے میں 244.89 ارب روپے یا 11.1 فیصد کی عکاسی کرتی ہے۔ ڈپازٹس بینک کی مجموعی مالی مدداریوں کے 71.6 فیصد پر مشتمل ہیں اور بینکنگ انڈسٹری کے کل ڈپازٹس کا 13.8 فیصد حصہ بنتے ہیں۔ کسٹمرز کے ڈپازٹس جو بینک کے کل فنڈنگ پول کا 92.5 فیصد بنتے ہیں، اس عرصے کے دوران مستحکم رہے اور ان کی

اخراجات کا انتظام

زیر جائزہ مدت کے لیے انتظامی اخراجات کی مالیت 13.53 ارب روپے رہی جو کہ 2019 کی اسی مدت میں 12.74 ارب روپے کے مقابلے میں 6.2 فیصد اضافہ ہے۔ HR معاوضے کی مالیت، جو مجموعی انتظامی اخراجات کے 70 فیصد پر مشتمل ہیں، 9.50 ارب روپے رہی جو گزشتہ سال میں اسی مدت کے لئے 8.84 ارب روپے سے 7.4 فیصد زیادہ ہے۔ املاک سے متعلق اخراجات نے زیر جائزہ مدت کے دوران 4.3 فیصد اضافہ ریکارڈ کرایا جس کی مالیت 1.61 ارب روپے رہی (مارچ 2019: 1.54 ارب روپے)، جب کہ آئی ٹی پر ہونے والے اخراجات کی مالیت 265.06 ملین روپے رہی۔ دیگر انتظامی اخراجات 2.16 ارب روپے پر بند ہوئے جو سال بہ سال بنیاد پر 5.3 فیصد اضافہ ہے۔

محصولات

موجودہ سہ ماہی کے لئے محصول کی موثر شرح 41 فیصد ہے جو پچھلے سال کی اسی مدت کے لئے 52 فیصد تھی۔ محصول کی موثر شرح میں کمی کی وجہ یہ ہے کہ مارچ 2019 میں ٹیکس سال 2018 کے لئے 1.06 ارب روپے پر محصول ادا کیا گیا تھا اور اسے مالیاتی ضمیمہ (دوسری ترمیم) بل 2019 کے حوالے سے ’سال گزشتہ کا چارج‘ کے طور پر ریکارڈ کیا گیا تھا۔

بعد از محصول منافع

اسی کے مطابق ان تین ماہ کے لیے بعد از محصول منافع 4.12 ارب روپے پر بند ہوا جو 2019 کی پہلی سہ ماہی کے لئے 4.18 ارب روپے کے مقابلے میں 1.5 فیصد کم ہے۔ جس کا نتیجہ 2019 کی پہلی سہ ماہی کے لئے 1.97 روپے کے مقابلے میں 1.94 روپے کی فی حصص آمدنی کی صورت میں سامنے آیا۔ 2020 کی پہلی سہ ماہی میں اوسط اثاثوں (RoA) پر بعد از محصول منافع 0.5 فیصد رہا جو 2019 کی پہلی سہ ماہی کے لئے 0.7 فیصد کے مقابلے میں کم ہے، جب کہ بعد از محصول RoE 2019، 2019 کی پہلی سہ ماہی میں 11.2 فیصد کے مقابلے میں 10.0 فیصد پر بند ہوا۔

مالیاتی صورت حال

برطانیق مارچ، 2020، بینک کے مجموعی اثاثوں کی مالیت 2,963.66 ارب روپے تھی جو 31 دسمبر 2019 کو 3,124.39 سے 5.1 فیصد کم ہے۔ وسیع مارکیٹ ٹیک رسائی اور برانچ بینکنگ نیٹ ورک بینک کی بیلنس شیٹ کے استحکام کے تحریک ہیں جب کہ لاگت والے ڈپازٹ کو تحریک کرنے پر توجہ مرکوز رکھی جاتی ہے۔ انڈسٹری کے مجموعی اثاثوں، ایڈوانسز اور ڈپازٹس میں بینک کا حصہ بالترتیب 14.2 فیصد، 12.2 فیصد اور 13.8 فیصد ہے۔

قرضے اور ایڈوانسز

مارچ 2020 کو ختم ہونے والے سہ ماہی کے اختتام پر، بینک کے مجموعی ایڈوانسز کی مالیت 1,129.74 ارب روپے تھی، جو 31 دسمبر 2019 کو 1,151.32 ارب روپے سے معمولی طور پر کم ہے۔ تاہم، مارچ 2019 کے 1,046.11 ارب روپے کے مقابلے میں، مجموعی ایڈوانسز میں 183.63 ارب روپے یا 8 فیصد اضافہ ہو۔ مجموعی اثاثوں میں قرض کے پورٹ فولیو کی (خالص) شراکت 33.1 فیصد (2019: 32.3 فیصد) پر اب بھی کم ہے۔ قرضوں کے پورٹ فولیو میں معمولی کمی بنیادی طور پر اجناس، ایس ایم ای اور زرعی مصنوعات میں قرضے دینے پر موسمیاتی اثرات کی وجہ سے ہے، جیسا کہ توقع ہے کہ آئندہ سہ



مارک اپ/ انٹرسٹ کی مد میں اخراجات:

اس مدت کے دوران، بینک نے فنڈز فراہم کرنے والوں کو 55.96 ارب روپے بطور منافع ادا کئے، جن میں سے 34.40 ارب روپے ڈپازٹرز کو ادا کئے گئے۔ یہ 2019 کے اسی تین ماہ کی مدت کے لئے 22.64 ارب روپے مارک اپ اخراجات سے 52.0 فیصد زیادہ ہیں۔ زیر جائزہ اس مدت کے دوران، بینک کے اوسط ڈپازٹس 1,861.27 ارب روپے پر 9.8 فیصد زیادہ رہے (مارچ 2019: 1,694.48 ارب روپے)۔ ثالثی کے مواقع سے فائدہ اٹھانے کے لئے، بینک قرضوں کے ذریعے بھی فنڈ پیدا کرتا ہے جس کی اوسط 578.65 ارب روپے ہے (مارچ 2019: 242.72 ارب روپے)۔ ریپو/ ادھار/ تبادلہ لین دین پر سود کا خرچ 21.56 ارب روپے تھا۔

اسی کے مطابق، بینک کی مارک اپ/ انٹرسٹ کی مد میں خالص آمدنی 16.57 ارب روپے پر بند ہوئی، جو گزشتہ سال کی اسی تین ماہ کی مدت کے دوران حاصل کردہ 15.46 ارب روپے کے مقابلے میں 7.2 فیصد زیادہ ہے۔

نان مارک اپ/ انٹرسٹ آمدنی:

بینک کی کل آمدنی کا ایک تہائی حصہ، نان مارک اپ/ انٹرسٹ آمدنی پر مشتمل اور بینک کے محصولات میں ایک اہم حصہ دار ہے۔ زیر جائزہ تین ماہ کے لئے، بینک نے نان مارک اپ/ انٹرسٹ آمدنی (NFI) کی مد میں 8.30 ارب روپے حاصل کئے جو 2019 کی پہلی سہ ماہی کے 8.27 ارب روپے کے مقابلے میں قدرے زیادہ ہے (29.1 ملین روپے یا 0.4 فیصد)۔ یہ مثبت پہلو قابل توجہ ہے کہ سخت مسابقت اور مارکیٹ کی مشکل صورتحال کے باوجود، بینک نے اپنی غیر فنڈ زپر مینی آمدنی (NFI) برقرار رکھی ہے۔ جہاں فیس اور کمیشن کے ذریعہ آمدنی 12.0 فیصد اضافے کے ساتھ 4.51 ارب روپے ہو گئی، سیکورٹیز کی فروخت پر منافع کی مالیت 1.36 ارب روپے ہے جو گزشتہ سال اسی سہ ماہی کے دوران 10.08 ارب روپے سے کئی گنا زیادہ ہے۔ تاہم، یہ اضافہ ڈیپوٹنڈ اور زرمبادلہ کی مد میں آمدنیوں میں بالترتیب 62.3 فیصد اور 60.1 فیصد کمی کے نتیجے میں زائل ہو گیا۔

کوویڈ-19 کی وجہ سے مارکیٹ کی کٹھن صورتحال کے پیش نظر، ایسی زیادہ تر کمپنیوں کی طرف سے اس عرصے میں کم منافع کا اعلان کیا گیا تھا جن میں بینک ایکویٹی حصص رکھتا ہے۔ دوسری طرف، غیر ملکی کرنسیوں میں سودوں سے حاصل ہونے والی آمدنی میں بھی کمی واقع ہوئی ہے کیونکہ مدت کے دوران زرمبادلہ کی شرحیں کافی مستحکم رہیں۔ اس مدت کے لیے ڈیپوٹنڈ کی آمدنی 0.38 ارب روپے (مارچ 2019: 1.02 ارب روپے) اور زرمبادلہ سے آمدنی 0.74 ارب روپے رہی جب کہ اس کے مقابلے میں گزشتہ سال کی اسی تین ماہ کی مدت کے دوران حاصل شدہ آمدنی 1.86 ارب روپے تھی۔

تموین اور قرض سے متعلق خسارہ:

زیر جائزہ تین ماہ کی مدت کے لئے تموینی چارج 0.06 ارب روپے تھا جبکہ 2019 کے ان ہی مہینوں میں یہ 2.25 ارب روپے تھا۔ اس میں درج ذیل شامل ہیں (i) قرضوں اور ایڈوانسز کے مقابل 3.11 ارب روپے مالیت کا تموینی چارج جو سال بہ سال بنیاد پر 1.38 ارب روپے یا 79.9 فیصد اضافہ ہے (ii) پچھلے سال کی اسی تین ماہ کی مدت کے لئے 445.64 ملین روپے کے مقابلے میں سرمایہ کاری کی قدر میں تخفیف کے مقابل 662.60 ملین روپے کا تموینی چارج۔

| مالياتی صورت حال (پاکستانی روپے) | مارچ 2020 | مارچ 2019 | بہتر/خراب |
|----------------------------------|-----------|-----------|------------------|
| مجموعی اثاثہ جات | 2,963.66 | 3,124.39 | (5.1%) (160.73) |
| ڈپازٹس | 1,953.16 | 2,198.05 | (11.1%) (244.89) |
| ایڈوانسز۔ خالص | 980.44 | 1,008.14 | (2.7%) (27.70) |
| سرمایہ کاری | 1,503.03 | 1,439.16 | 4.4% 63.87 |
| حصص یا فنڈنگان کے خالص اثاثہ جات | 237.01 | 232.61 | 1.9% 4.39 |

مالياتی کارکردگی

31 مارچ 2020 کو ختم ہونے والی تین ماہ کی مدت کے لئے بینک کی کل آمدنی 24.87 ارب روپے تھی جو گزشتہ سال کے اسی تین ماہ کے عرصے کے دوران حاصل شدہ 23.73 ارب روپے سے 4.8 فیصد زیادہ ہے۔ اس مدت کے لئے، انٹرنسٹ کی مد میں خالص آمدنی (NII) 16.57 ارب روپے پر بند ہوئی، نان-مارک اپ/ انٹرنسٹ آمدنی (NFI) بالترتیب 7.2 فیصد اور 0.4 فیصد اضافے کے ساتھ 8.30 ارب روپے پر بند ہوئی۔
تعمین اور رائٹ آف سے قبل بینک کا منافع 11.06 ارب روپے تھا جو گزشتہ سال کی اسی مدت میں 10.98 ارب روپے سے 0.7 فیصد زیادہ تھا۔ جبکہ، زیر جائزہ مدت کے دوران بعد از محصول منافع، 4.12 ارب روپے پر معمولی طور پر 1.5 فیصد کم ہوا، جو 2019 کے اسی عرصے کے دوران 4.18 ارب روپے تھا۔ بعد از تعمین منافع میں کمی بنیادی طور پر زیادہ تعمین چارج اور آپریٹنگ اخراجات میں کچھ اضافے کا نتیجہ ہے۔

مارک اپ/ انٹرنسٹ سے مجموعی آمدنی:

انٹرنسٹ کی مد میں آمدنی بینک کی آمدنی کا اصل محرک ہے۔ زیر جائزہ تین ماہ کی مدت کے دوران، بینک نے مارک اپ/ انٹرنسٹ کی مد میں 72.54 ارب روپے کی مجموعی آمدنی حاصل کی جو گزشتہ سال کی اسی مدت کے دوران کمائے گئے 45.79 ارب روپے سے 58.4 فیصد زیادہ ہے۔ یہ نمو اثاثوں کی آمدنی کے حجم میں اضافہ اور ساتھ ساتھ بلند پالیسی ریٹ، دونوں کا نتیجہ ہے۔ اس عرصے کے دوران، بینک کے خالص ایڈوانسز کا اوسط 980.29 رہا جو 8.5 فیصد اضافہ ہے۔ حجم اور ریٹ کے ان اثرات کے نتیجے میں قرضوں اور ایڈوانسز میں مارک اپ کی مد میں آمدنی میں 30.6 فیصد اضافہ ہوا جو 29.83 ارب روپے پر بند ہوئی۔

ایک مرکوز تجارتی حکمت عملی اور سیالیت (لیکویڈیٹی) کے بہتر انتظام کے ساتھ، بینک کے پاس موجود اضافی لیکویڈیٹی سے زیادہ تر HTM اور AFS مارکیٹ سکیورٹیز میں سرمایہ کاری گئی ہے۔ سدماہی کے دوران اوسط سرمایہ کاری کی مالیت 1,390.12 ارب روپے ہو گئی جس سے انٹرنسٹ کی مد میں 41.68 ارب روپے آمدنی حاصل ہوئی جو کہ 2019 کی پہلی سدماہی میں انٹرنسٹ کی مد میں حاصل کردہ آمدنی سے 95.4 فیصد زیادہ ہے۔ بینک نے 1.03 ارب روپے کی رقم پلیٹفمٹنس پر انٹرنسٹ/ مارک اپ کی مد میں بھی حاصل کی۔



سے کم کر دیا ہے۔ ابتدائی تخمینے کے مطابق، اس کے نتیجے میں عالمی جی ڈی پی آمدنی میں تقریباً 1 ٹریلین امریکی ڈالر کی کمی واقع ہوگی۔ اس پر انحصار کرتے ہوئے کہ بحران کتنے دن چلتا ہے، اس سے بھی بدتر نتائج کے خطرات اب بھی موجود ہیں۔

مقامی طور پر، اقتصادی سرگرمی کے اشارے جن میں ریٹیل سلز، کریڈٹ کارڈ سے خرچ، سیمنٹ کی پیداوار، برآمدات کے آرڈرز، ٹیکس وصولی، سبھی حالیہ ہفتوں میں مندی کا مظاہرہ کر رہے ہیں۔ آئی ایم ایف کی پیش گوئی کے مطابق، مالی سال 2020 (1952 کے بعد سے پہلی پورے سال کی تخفیف) میں پاکستان کی معیشت میں 1.5 فیصد تک تخفیف ہو سکتی ہے، جو گزشتہ سال کی اصل پیش گوئی سے تقریباً 4 فیصد کی کمی نظر ثانی ہے۔

عالمی وبا کے اثرات سے نمٹنے کے لئے، حکومت نے متاثرہ آبادی پر اثرات کو کم کرنے کے لئے مالی اعانت کے مختلف پیکیجز کا آغاز کیا ہے۔ اسٹیٹ بینک آف پاکستان نے بھی متعدد اقدامات کئے ہیں، مثلاً ڈسکاؤنٹ ریٹ جنوری میں 13.25 فیصد سے موجودہ 8 فیصد تک کم کر دیا گیا ہے۔ دیگر اقدامات میں صارف کے قرضوں کے بوجھ کے تناسب کو کم کرنا، ایک سال کی رعایتی مدت، مارجن کال کی حد میں کمی کے ساتھ ساتھ متعلقہ مقاصد کے لئے متعدد کم لاگت والی ریفنانسنگ اسکیمز شامل ہیں۔ توقع کی جاتی ہے کہ ان تمام اقدامات سے قرضوں کے خسارے کے لئے تمویں (Provisions) پر دباؤ کو کم کرنے اور بینکاری کی صنعت کو قومی معیشت میں اپنا کردار جاری رکھنے میں مدد ملے گی۔

آئی ایم ایف نے اپنی ریپڈ فنڈنگ انسٹرومنٹ اسکیم تحت پاکستان کے لئے 1.4 بلین ڈالر کے قرض کی منظوری دی۔ مزید یہ کہ، دو طرفہ قرض دہندگان کو قرضوں کی واپسی میں تاخیر کی صورت میں بھی پاکستان کو تقریباً 1.5 بلین ڈالر کا ریلیف ملنے کی توقع ہے۔ پاکستان کی کرنسی نے ڈالر کے مقابلے میں کچھ قدر و قیمت حاصل کر لی ہے اور وہ اس قابل ہو گیا ہے کہ مقامی حکومت کی سیکورٹیز مارکیٹ میں لگائے گئے ہاٹ فنڈز کا اخراج برداشت کر سکے۔ تیل کی قیمت میں کمی سے بھی، جس کا پاکستان کی مجموعی درآمدات میں ایک چوتھائی حصہ ہے، آنے والے مہینوں میں ملکی تجارتی توازن سے ملک کی مجموعی زرمبادلہ کی حیثیت کو مستحکم کرنے میں مدد ملے گی۔

مالیاتی جھلکیاں، پہلی سہ ماہی، 2020

| بہتر / خراب | | مارچ 2019 | مارچ 2020 | مالیاتی کارکردگی (پاکستانی ارب روپے) |
|-------------|--------|-----------|-----------|--------------------------------------|
| 4.8% | 1.14 | 23.73 | 24.87 | مجموعی آمدنی |
| (8.3%) | (1.06) | 12.75 | 13.81 | آپریٹنگ اخراجات اور دیگر معاوضے |
| 0.7% | 0.08 | 10.98 | 11.06 | قبل از تمویں منافع |
| (79.9%) | (1.80) | 2.25 | 4.06 | تمویں / رائٹ آف (خالص) |
| (19.8%) | (1.72) | 8.73 | 7.00 | قبل از محصول منافع |
| 36.5% | 1.66 | 4.54 | 2.88 | محصول |
| (1.5%) | (0.06) | 4.19 | 4.12 | بعد از محصول منافع |
| (1.5%) | (0.03) | 1.97 | 1.94 | فی حصص آمدنی (روپے) |

ڈائریکٹرز کا جائزہ

سہ ماہی کے مالیاتی گوشوارے - مارچ 2020

عزیز قارئین،

ہم بورڈ آف ڈائریکٹرز کی جانب سے 31 مارچ 2020 کو ختم ہونے والی تین ماہ کی مدت کے لئے نیشنل بینک آف پاکستان "بینک" کے مالیاتی گوشوارے پیش کرنے میں خوشی محسوس کرتے ہیں۔

کورونا وائرس (COVID-19) صحت کے بحران سے کہیں زیادہ ہے کیونکہ یہ پوری دنیا کے لوگوں کی زندگیوں اور معیشتوں پر پریشان کن اثر ڈال کر بے مثال چیلنج پیش کر رہا ہے۔ کاروبار بری طرح متاثر ہو رہے ہیں، اور اسٹاک مارکیٹس کو کافی نقصان ہوا ہے۔ کورونا وائرس (COVID-19) عالمی وبا نے قومی معیشت کے لئے بے مثال چیلنج پیدا کیے ہیں اور پوری دنیا میں لوگوں کی زندگی کو درہم برہم کر دیا ہے۔ کاروباروں کو بے مثال آپریشنل چیلنجز درپیش ہیں اور مالیاتی منڈیاں نے ان منفی پیش رفتوں کی عکاس ہیں۔

این بی پی میں ہم صورتحال کی مسلسل نگرانی کر رہے ہیں اور ملازمین اور کسٹمرز کی فلاح و بہبود کو یقینی بنانے اور ساتھ ساتھ بینک اور بحیثیت مجموعی معیشت پر کسی بھی ممکنہ کاروباری اثرات کی روک تھام کے لیے تمام ضروری اقدامات کر رہے ہیں۔ ہمارے صحت کے کمزور نظام پر غور کرتے ہوئے، ہم محسوس کرتے ہیں کہ COVID-19 کے تیزی سے پھیلاؤ کا مقابلہ کرنے کے لیے انتہائی احتیاطی تدابیر اختیار کرنا ہم سب کے لیے ضروری ہے۔ یہ کہنے کی ضرورت نہیں کہ ہم اپنے عملے، کلائنٹس اور بزنس پارٹنرز کی صحت و سلامتی کے لیے ہر ممکن کوشش کر رہے ہیں۔

این بی پی میں، ہمارے ملازمین کی فلاح و بہبود اور یہ یقینی بنانا ہماری ترجیح رہی ہے کہ ہمارے کسٹمرز کو خدمات کی فراہمی بلا تعطل جاری رہے۔ ہم جہاں تک ممکن ہو بینک پر کاروباری اور مالیات اثرات محدود رکھنے کا انتظام کر رہے ہیں۔

- ہمارا ہر نچ آفس اسٹاف حفظان صحت سے متعلق حکام کی طرف سے ان کے لئے وضع کردہ ہدایات پر سختی سے عمل پیرا ہے۔
- کام سے متعلق سفر اور تقریبات معطل کر دی گئی ہیں۔
- ہم ان غیر یقینی حالات کے دوران بینکوں کو ہموار انداز میں کام کرنے کے قابل بنانے کے لئے ٹیکنالوجی کا فعال طریقے سے نفاذ کر رہے ہیں۔
- ہم اپنے کسٹمرز کو جہاں تک ممکن ہو NBP کے ڈیجیٹل چینلز کے استعمال کی ترغیب دیتے ہیں۔ صارفین اب اپنا معمول کا اکثر لین دین ہماری موبائل ایپ، ڈیٹ کارڈ اور آئی ایم کے ذریعے آسانی اور تحفظ کے ساتھ انجام دے سکتے ہیں۔
- ان مشکل حالات کے دوران NBP پر پاکستان میں پوری طرح کام کرتا رہا ہے جو ہمارے عملے کی لگن کی عکاسی کرتا ہے جو اپنے عزم کے لئے لخصہ صحتی ذکر کے حق دار ہیں۔

معاشی ماحول

COVID-19 عالمی وبا عالمی معیشت کے لیے ایک بڑے دھچکے کی حیثیت سے سامنے آئی ہے جس کی وجہ سے تیزی سے اور بڑے پیمانے پر مندی پھیل رہی ہے۔ آئی ایم ایف نے اس عالمی وبا کے اثرات کی وجہ سے 2020 میں اپنی عالمی سطح پر سالانہ معاشی نمو کی پیش گوئی کو 3.3 فیصد کے مقابلے میں صفر

**NBP**

National Bank of Pakistan

نیشنل بینک آف پاکستان

**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 | |
| ASSETS | | | |
| 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 |
| LIABILITIES | | | |
| 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 |
| NET ASSETS | | 237,008,703 | 232,613,833 |
| REPRESENTED BY | | | |
| 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 |
| CONTINGENCIES AND COMMITMENTS | 22 | | |

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

Zubyr Soomro
ChairmanArif Usmani
President / CEOAbdul Wahid Sethi
Chief Financial OfficerImam Bakhsh Baloch
DirectorAsif Jooma
Director

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

| | Note | Quarter Ended | |
|--|------|-----------------------------|----------------|
| | | March 31, 2020 | March 31, 2019 |
| | | ----- '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 |
| NON MARK-UP / INTEREST INCOME | | | |
| 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 |
| NON MARK-UP / INTEREST EXPENSES | | | |
| 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 |
| PROFIT BEFORE TAXATION | | 7,002,810 | 8,727,508 |
| Taxation | 31 | 2,883,869 | 4,544,025 |
| PROFIT AFTER TAXATION | | 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.

Zubyr Soomro
Chairman

Arif Usmani
President / CEO

Abdul Wahid Sethi
Chief Financial Officer

Imam Bakhsh Baloch
Director

Asif Jooma
Director

**UNCONSOLIDATED 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 | 4,118,941 | 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.

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

| | Reserves | | | | | | Surplus on revaluation of assets | | | Unappropriated profit | Total | |
|--|---------------|----------------------|-------------------|----------------|---------------------------|-------------------------|----------------------------------|-------------|----------------------------|-----------------------|-------------|-------------|
| | Share capital | Exchange translation | Statutory reserve | Merger reserve | General loan loss reserve | Revenue General reserve | Total | Investments | Fixed / non-banking assets | | | Total |
| | | | | | | | | | | | | |
| 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 | 16,275,620 | 43,710,505 | 59,986,125 | 72,332,877 | 206,888,535 |
| Profit after taxation for the three months period ended March 31, 2019 | - | - | - | - | - | - | 781,446 | 2,182,637 | - | 2,182,637 | 4,183,483 | 4,183,483 |
| Other comprehensive income / (loss) - net of tax | - | 781,446 | - | - | - | - | 416,348 | - | - | - | (275,890) | 2,888,483 |
| Transfer from surplus on revaluation of assets to unappropriated profit - net of tax | - | - | 416,348 | - | - | - | - | - | - | - | (416,348) | - |
| Transactions with owners, recorded directly in equity | - | - | - | - | - | - | - | - | (60,096) | (60,096) | 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 | 62,108,666 | 75,882,218 | 213,740,211 |
| Profit after taxation for the nine months period ended December 31, 2019 | - | - | - | - | - | - | 671,913 | 7,200,995 | 1,113,855 | 8,314,850 | 11,606,328 | 11,606,328 |
| Other comprehensive income / (loss) - net of tax | - | 671,913 | - | - | - | - | 1,652,633 | - | - | - | (1,759,499) | 7,247,294 |
| Transfer from surplus on revaluation of assets to unappropriated profit | - | - | 1,162,633 | - | (4,000,000) | - | (4,000,000) | - | - | - | 4,000,000 | - |
| Transfer from surplus on revaluation of assets to unappropriated profit - net of tax | - | - | - | - | - | - | - | - | (179,456) | (179,456) | 179,456 | - |
| Opening Balance as at January 01, 2020 | 21,275,131 | 10,371,792 | 33,071,810 | 343,802 | 8,000,000 | 521,338 | 52,306,742 | 25,659,252 | 44,584,808 | 70,244,060 | 85,765,500 | 232,613,833 |
| Profit after taxation for the three months period ended March 31, 2020 | - | - | - | - | - | - | 432,639 | (23,335) | - | (23,335) | 4,118,941 | 4,118,941 |
| Other comprehensive income / (loss) - net of tax | - | 432,639 | - | - | - | - | 411,894 | - | - | - | (133,375) | 275,929 |
| Transfer from surplus on revaluation of assets to unappropriated profit - net of tax | - | - | 411,894 | - | - | - | - | - | (57,595) | (57,595) | 441,894 | - |
| Transactions with owners, recorded directly in equity | - | - | - | - | - | - | - | - | - | - | 57,595 | - |
| 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 | 25,695,917 | 44,527,213 | 70,169,130 | 92,417,166 | 237,008,703 |

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

Zubyr Soomro
Chairman

Arif Usmani
President / CEO

Abdul Wahid Sethi
Chief Financial Officer

Imam Bakhsh Baloch
Director

Asif Jooma
Director



**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 ----- | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 7,002,810 | 8,727,508 |
| Less dividend income | <u>(384,061)</u> | <u>(1,017,955)</u> |
| | 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 | 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 | 1,926,809 | 1,822,506 |
| | <u>7,023,582</u> | <u>5,064,720</u> |
| | 13,624,331 | 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) | <u>(23,196,906)</u> | <u>(38,308,245)</u> |
| | 98,105,663 | 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) | <u>(3,019,601)</u> | <u>29,767,854</u> |
| | (142,993,896) | (408,830,520) |
| Financial charges paid | (200,859) | (109,783) |
| Income tax paid | - | (2,380,787) |
| Benefits paid | <u>(407,765)</u> | <u>(359,995)</u> |
| Net cash flows generated from operating activities | (31,854,526) | (323,315,169) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| 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 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Payments of lease obligations | - | - |
| Dividend paid | <u>(263)</u> | <u>(1,050)</u> |
| Net cash flow used in financing activities | (263) | (1,050) |
| Increase in cash and cash equivalents | (95,297,526) | (82,690,032) |
| Cash and cash equivalents at beginning of the period | 263,754,250 | 227,752,888 |
| Cash and cash equivalents at end of the period | <u>168,456,724</u> | <u>145,062,856</u> |

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

Zubyr Soomro
Chairman

Arif Usmani
President / CEO

Abdul Wahid Sethi
Chief Financial Officer

Imam Bakhsh Baloch
Director

Asif Jooma
Director

**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; 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 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 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 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

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 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.

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 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.

5.4 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.

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

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. BALANCES WITH OTHER BANKS | | | |
| In Pakistan | | | |
| In current account | | <u>7,674</u> | - |
| In deposit accounts | 7.1 | <u>5,970</u> | <u>5,841</u> |
| | | <u>13,644</u> | <u>5,841</u> |
| Outside Pakistan | | | |
| In current accounts | | <u>9,683,039</u> | <u>6,476,086</u> |
| In deposit accounts | 7.2 | <u>9,117,397</u> | <u>6,738,880</u> |
| | | <u>18,800,436</u> | <u>13,214,966</u> |
| | | <u>18,814,080</u> | <u>13,220,807</u> |

- 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 | <u>176,150</u> | <u>176,150</u> |
| | 8.5 | <u>44,726,086</u> | 144,316,494 |
| Less: provision held against lendings to financial institutions | 8.6 | <u>(176,150)</u> | <u>(176,150)</u> |
| Lendings to financial institutions - net of provision | | <u><u>44,549,936</u></u> | <u><u>144,140,344</u></u> |

- 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 | | <u>176,150</u> | <u>176,150</u> |



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 |
| ----- Rupees in '000 ----- | | | | | | |
| 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 |
| Total | 34,548,802 | - | 34,548,802 | 132,180,048 | - | 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

| | 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 | | | | |
| Not past due but impaired | - | - | - | - |
| Overdue by: | | | | |
| Upto 90 days | - | - | - | - |
| 91 to 180 days | - | - | - | - |
| 181 to 365 days | - | - | - | - |
| > 365 days | - | - | - | - |
| | 176,150 | 176,150 | 176,150 | 176,150 |
| Total | 176,150 | 176,150 | 176,150 | 176,150 |

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 | 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 | 14,990,580 | - | (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 |
| | 1,118,130,626 | (12,287,561) | 39,439,873 | 1,145,282,938 | 1,037,240,863 | (11,705,235) | 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 | (4,079,689) | - | 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 | (17,950,047) | 39,464,775 | 1,439,160,662 |

| | (Un-audited) March 31, 2020 | (Audited) December 31, 2019 |
|---|-----------------------------------|-----------------------------------|
| | -----Rupees in '000----- | |
| 9.1.1 Investments given as collateral | | |
| Pakistan Investment Bonds | 8,000,000 | 4,150,000 |
| Market Treasury Bills | <u>434,959,141</u> | <u>360,000,000</u> |
| | <u>442,959,141</u> | <u>364,150,000</u> |
| 9.2 Provision for diminution in value of investments | | |
| 9.2.1 Opening balance | 17,950,047 | 14,908,363 |
| Charge / reversals | | |
| Charge for the period | 801,969 | 3,425,825 |
| Reversals for the period | <u>(139,368)</u> | <u>(384,143)</u> |
| | 662,601 | 3,041,682 |
| Transfers - net | - | - |
| Others movement | - | - |
| Closing balance | <u>18,612,647</u> | <u>17,950,047</u> |

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 | 213,085 |
| Loss | <u>5,571,484</u> | <u>5,456,181</u> | <u>5,145,314</u> | <u>5,136,554</u> |
| | 5,571,484 | 5,456,181 | 5,571,484 | 5,349,640 |
| Overseas | | | | |
| Not past due but impaired | - | - | - | - |
| Overdue by: | | | | |
| Upto 90 days | - | - | - | - |
| 91 to 180 days | - | - | - | - |
| 181 to 365 days | - | - | - | - |
| > 365 days | - | - | - | - |
| | - | - | - | - |
| Total | <u>5,571,484</u> | <u>5,456,181</u> | <u>5,571,484</u> | <u>5,349,640</u> |

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 | <u>(1,232,890)</u> |
| Impact on Unconsolidated Condensed Interim Profit and Loss account | |
| - Decrease in Profit after tax | (1,232,890) |
| - Decrease in taxation charge | <u>(788,241)</u> |
| | - |
| 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**

| | Performing | | Non performing | | Total | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | (Un-audited) March 31, 2020 | (Audited) December 31, 2019 | (Un-audited) March 31, 2020 | (Audited) December 31, 2019 | (Un-audited) March 31, 2020 | (Audited) December 31, 2019 |
| | Rupees in '000 | | | | | |
| Loans, cash credits, running finances, etc. | 908,007,127 | 936,148,400 | 147,581,577 | 141,787,259 | 1,055,588,704 | 1,077,935,659 |
| 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 | - | - | 66,569 | 71,576 |
| Bills discounted and purchased | 31,187,627 | 32,463,246 | 8,879,564 | 6,780,324 | 40,067,191 | 39,237,770 |
| Advances - gross | 973,074,456 | 1,002,563,333 | 156,664,415 | 148,751,717 | 1,129,738,871 | 1,151,315,050 |
| Provision against advances | | | | | | |
| - Specific | - | - | 138,985,265 | 134,170,016 | 138,985,265 | 134,170,016 |
| - General | 10,318,297 | 9,005,950 | - | - | 10,318,297 | 9,005,950 |
| | 10,318,297 | 9,005,950 | 138,985,265 | 134,170,016 | 149,303,562 | 143,175,966 |
| Advances - net of provision | 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) | | Total |
|---|-----------------------------|-----------------|-----------------------------|---|--------|
| | Not later than one year | Over five years | Not later than one year | Later than one and less than five years | |
| | Rupees in '000 | | | | |
| Lease rentals receivable | 11,654 | - | 17,735 | 11,634 | 22,068 |
| Residual value | 46,482 | 7,010 | 53,492 | 9,617 | 55,283 |
| Minimum lease payments | 58,135 | 13,091 | 71,227 | 20,051 | 77,351 |
| Financial charges for future periods | 4,262 | 396 | 4,658 | 793 | 5,775 |
| Present value of minimum lease payments | 53,873 | 12,695 | 66,569 | 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 |
|-----------------------|-----------------------------|-----------------------------|
| 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 ----- | | | | |
| Domestic | | | | |
| 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 |
| Overseas | | | | |
| 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 |
| Total | 156,664,415 | 138,985,265 | 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 | - | - | - | (1,776,734) | - | (1,776,734) |
| Other movement | - | - | - | (511,946) | - | (511,946) |
| Closing balance | 138,985,265 | 10,318,297 | 149,303,562 | 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 |
| | 138,985,265 | 10,318,297 | 149,303,562 | 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) March 31, 2020 | (Audited) December 31, 2019 |
|--------------------------|------|-----------------------------------|-----------------------------------|
| | Note | ----- Rupees in '000 ----- | |
| 11. FIXED ASSETS | | | |
| Capital work-in-progress | 11.1 | 2,056,538 | 2,114,172 |
| Property and equipment | | <u>51,991,671</u> | <u>52,189,393</u> |
| | | <u><u>54,048,209</u></u> | <u><u>54,303,565</u></u> |

11.1 Capital work-in-progress

| | | |
|--|------------------|------------------|
| Civil works | 1,981,815 | 1,999,863 |
| Equipment | 15,928 | 15,446 |
| Advances to suppliers and contractors | 58,795 | 58,372 |
| License and implementation fee for core banking software | - | 40,491 |
| | <u>2,056,538</u> | <u>2,114,172</u> |

| | (Un-audited) March 31, 2020 | (Un-audited) March 31, 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 | 3,510 | - |
| Furniture and fixture | 146,933 | 130,448 |
| Electrical office | 66,364 | 112,933 |
| Computer equipment | 37,737 | 81,632 |
| Vehicles | - | 87,178 |
| Total | <u>254,544</u> | <u>412,191</u> |
| | <u>286,580</u> | <u>488,166</u> |

| | (Un-audited) March 31, 2020 | (Un-audited) March 31, 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 | <u>11,890</u> | <u>-</u> |
| Total | <u><u>12,084</u></u> | <u><u>-</u></u> |

| | (Un-audited) March 31, 2020 | (Audited) December 31, 2019 |
|------------------------------|-----------------------------------|-----------------------------------|
| | ----- Rupees in '000 ----- | |
| 12. INTANGIBLE ASSETS | | |
| Core Banking Application | - | - |
| Computer Software | <u>338,445</u> | <u>374,950</u> |
| | <u><u>338,445</u></u> | <u><u>374,950</u></u> |

| | (Un-audited) March 31, 2020 | (Un-audited) March 31, 2019 |
|--|-----------------------------------|-----------------------------------|
| | ----- Rupees in '000 ----- | |
| 12.1 Additions to intangible assets | | |
| The following additions have been made to intangible assets during the period: | | |
| Directly purchased | <u>10,727</u> | <u>165,685</u> |

| | (Un-audited) March 31, 2020 | (Audited) December 31, 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 | <u>463,184</u> | <u>1,872,972</u> |
| Balance as at | <u><u>7,309,265</u></u> | <u><u>7,221,266</u></u> |

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 | 47,307,000 | 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 <u>11,136,466</u> | <u>10,853,587</u> |
| 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><u>183,959,171</u></u> | <u><u>165,315,413</u></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 |
| 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 | <u>3,934,678</u> | <u>3,668,718</u> |
| | <u><u>11,136,466</u></u> | <u><u>10,853,587</u></u> |
| 14.1.1 Movement in provision held against other assets | | |
| 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><u>11,136,466</u></u> | <u><u>10,853,587</u></u> |
| 15. BILLS PAYABLE | | |
| In Pakistan | 14,756,721 | 19,648,708 |
| Outside Pakistan | <u>1,287,102</u> | <u>218,716</u> |
| | <u><u>16,043,823</u></u> | <u><u>19,867,424</u></u> |

| | (Un-audited) March 31, 2020 | (Audited) December 31, 2019 |
|---|-----------------------------------|-----------------------------------|
| | ----- Rupees in '000 ----- | |
| 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) | 11,680,236 | 8,923,286 |
| | 39,234,886 | 32,084,205 |
| Repurchase agreement borrowings | 442,959,141 | 332,053,770 |
| Bai Muajjal | 46,195,591 | 59,069,167 |
| Total secured | 528,389,618 | 423,207,142 |
| Unsecured | | |
| Call borrowings | 19,408,032 | 39,052,969 |
| Overdrawn nostro accounts | 2,771,572 | 3,467,767 |
| Bai Muajjal | 9,585,338 | 6,029,474 |
| Total unsecured | 31,764,942 | 48,550,210 |
| | 560,154,560 | 471,757,352 |
| 16.1 Particulars of borrowings with respect to currencies | | |
| In local currency | 542,115,959 | 432,843,644 |
| In foreign currencies | 18,038,601 | 38,913,708 |
| | 560,154,560 | 471,757,352 |
| 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) March 31, 2020 | (Audited) December 31, 2019 |
|-----------------------------------|-----------------------------------|
|-----------------------------------|-----------------------------------|

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

18. LEASE LIABILITY AGAINST RIGHT OF USE ASSETS

Lease liabilities included in the statement of financial position

| | |
|------------------|------------------|
| 7,966,088 | 7,640,188 |
|------------------|------------------|

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 | (10,705) | (10,705) |
| - Post retirement employee benefits | (3,924,534) | (3,852,716) |
| - Provision for diminution in the value of investments | (236,751) | (236,751) |
| - Provision against loans and advances | (3,092,228) | (2,625,495) |
| - Provision against off-balance sheet obligations | (115,222) | (115,222) |
| - Other provisions | (105,416) | (105,416) |
| | (7,484,856) | (6,946,305) |

Taxable temporary differences on

| | | |
|--|-------------------|-------------------|
| - Surplus on revaluation of fixed assets | 1,596,773 | 1,689,317 |
| - Surplus on revaluation of investments | 13,803,956 | 13,816,519 |
| - Surplus on revaluation of non-banking assets | 41,439 | 41,439 |
| - Other | 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 | 37,775,405 | 57,027,903 |
| Mark-up / Return / Interest payable in foreign currencies | 1,061,529 | 439,959 |
| Unearned commission and income on bills discounted | 2,601,669 | 3,045,278 |
| Accrued expenses | 21,099,722 | 19,000,508 |
| Advance payments | 392,015 | 397,099 |
| Unclaimed dividends | 186,405 | 186,668 |
| Unrealized loss on forward foreign exchange contracts | - | 4,358,883 |
| Unrealized loss on put option | 306,339 | 306,339 |
| Branch adjustment account | 1,132,924 | 926,311 |
| Employee benefits: | | |
| Pension fund | 14,895,493 | 14,785,647 |
| Post retirement medical benefits | 18,720,515 | 18,333,947 |
| Benevolent fund | 1,967,772 | 1,749,006 |
| Gratuity scheme | 2,311,216 | 2,206,599 |
| Compensated absences | 8,532,837 | 8,344,182 |
| Staff welfare fund | 371,257 | 371,257 |
| Liabilities relating to Barter trade agreements | 2,279,373 | 5,539,436 |
| Provision against off-balance sheet obligations | 627,494 | 627,494 |
| Provision against contingencies | 4,679,645 | 4,629,645 |
| Payable to brokers | 58,939 | 38,667 |
| PIBs short selling | 26,371 | 256,284 |
| Acceptances | 45,047,169 | 26,934,779 |
| Others | 14,981,993 | 14,039,099 |
| | 179,056,082 | 183,544,990 |



| | | (Un-audited) March 31, 2020 | (Audited) December 31, 2019 |
|--|--------|-----------------------------------|-----------------------------------|
| | Note | Rupees in '000 | |
| 21. SURPLUS ON REVALUATION OF ASSETS | | | |
| 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> |
| 22. CONTINGENCIES AND COMMITMENTS | | | |
| 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> |
| 22.1 Guarantees | | | |
| 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> |
| 22.2 Commitments | | | |
| 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> |
| 22.2.1 Commitments in respect of forward foreign exchange contracts | | | |
| 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 ----- | |
| 22.2.2 Commitments in respect of forward government securities transactions | | |
| Purchase | 2,750,000 | 256,814 |
| Sale | <u>18,250,000</u> | <u>21,907,767</u> |
| | <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.

| | | |
|--|---------------|---------------|
| 22.2.3 Professional services to be received | <u>13,500</u> | <u>13,500</u> |
|--|---------------|---------------|

22.3 Other contingent liabilities

| | | |
|---|-------------------|-------------------|
| 22.3.1 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).

22.3.2 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.

22.3.3 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 Bank for the year ended December 31, 2019, except for the below mentioned updates

22.3.4.1 Pensionary benefits to retired employees

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

22.3.4.2 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.

22.3.4.3 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.

22.3.4.4 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 Bank for the year ended December 31, 2019.

22.3.4.5 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.

22.3.4.6 Litigation related to management trainee program

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

22.3.4.7 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.

22.3.4.8 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 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 | 27.1 | 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. | | |

28. OPERATING EXPENSES

| | (Un-audited) Quarter Ended March 31, 2020 | (Un-audited) Quarter Ended March 31, 2019 |
|---|---|---|
| | ----- Rupees in '000 ----- | |
| 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 |
| | 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 |
|---|------|---|---|
| | | ----- Rupees in '000 ----- | |
| 29. 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 | - |
| | | <u>278,660</u> | <u>6,796</u> |
| 30. PROVISIONS AND WRITE OFFS - NET | | | |
| 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> |
| 31. TAXATION | | | |
| 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> |
| 32. EARNINGS PER SHARE - BASIC AND DILUTED | | | |
| 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> |
| | | (Un-audited) Quarter Ended March 31, 2020 | (Un-audited) Quarter Ended March 31, 2019 |
| | | ----- Rupees in '000 ----- | |
| 33. CASH AND CASH EQUIVALENT | | | |
| 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:

| Carrying value | At March 31, 2020 (Un-audited) | | | Total |
|--|--------------------------------|-------------------|----------------------|----------------------|
| | Level 1 | Level 2 | Level 3 | |
| ----- Rupees in '000 ----- | | | | |
| On balance sheet financial instruments | | | | |
| Financial assets - measured at fair value | | | | |
| Investments | | | | |
| 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 | - | 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 |
| | 1,180,282,013 | 48,157,261 | 1,132,103,036 | 21,716 |
| | | | | 1,180,282,013 |
| Financial assets - disclosed but not measured at fair value | | | | |
| Cash and balances with treasury banks | 171,181,448 | - | - | - |
| Balances with other banks | 18,814,080 | - | - | - |
| Lending to financial instruments | 44,549,936 | - | - | - |
| Investments | | | | |
| 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 | - | - | - |
| | 1,716,361,621 | - | - | - |
| | 2,896,643,634 | 48,157,261 | 1,132,103,036 | 21,716 |
| | | | | 1,180,282,013 |
| 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)

| 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 | - | - | - | - |
| Investments | | | | | |
| 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 Finance | 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 |
| Rupees in '000 | | | | | | |
| (29,095,163) | 4,291,429 | 15,730,022 | 23,763,298 | 670,475 | 1,214,386 | 16,574,446 |
| 44,674,533 | (4,841,366) | (15,612,479) | (27,728,602) | - | 3,507,915 | 8,295,879 |
| 3,472,939 | 1,86,629 | 613,208 | 2,038,125 | 871,090 | 1,281,888 | 8,295,879 |
| 19,052,309 | (531,308) | 730,751 | (1,927,178) | 1,544,565 | 6,004,188 | 24,870,325 |
| 6,526,692 | 537,617 | 185,196 | 78,359 | 1,056,604 | 650,840 | 9,035,308 |
| 6,526,692 | 537,617 | 185,196 | 78,359 | 1,056,604 | 4,774,600 | 4,774,600 |
| 165,097 | 283,978 | 1,897,389 | 475,785 | (166,012) | 5,425,440 | 13,809,908 |
| 12,360,520 | (1,352,904) | (1,351,834) | (2,481,322) | 650,973 | (822,623) | 7,002,810 |
| 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 | | | | | | |
| 46,161,654 | 3,462,366 | 200,524 | 83,268,212 | 51,810,207 | 5,092,566 | 189,995,528 |
| 1,475,253,427 | - | 38,654,068 | 1,391,290,727 | 48,344,123 | 24,736,866 | 1,503,025,784 |
| 210,985,409 | 124,662,603 | 560,069,735 | - | - | 156,357,291 | 1,631,610,718 |
| 3,283,509 | 19,461,956 | 35,110,324 | - | - | 9,362,984 | 44,549,936 |
| (7,981,566) | (14,359,963) | (25,014,670) | - | - | (58,806,475) | (1,49,303,563) |
| 206,287,552 | 125,764,596 | 570,165,389 | - | - | 38,279,555 | 980,485,309 |
| 71,138,987 | 5,522,195 | 14,530,615 | 12,188,370 | 35,938,419 | 137,651,188 | 245,655,090 |
| 1,798,841,420 | 138,549,157 | 623,550,596 | 1,521,934,260 | 140,936,485 | 371,460,447 | 4,595,272,365 |
| 1,776,352 | - | 37,458,448 | 502,881,159 | 18,038,601 | - | 560,154,560 |
| 1,707,257,562 | - | 92,873,355 | - | 88,328,464 | 64,700,866 | 1,953,160,247 |
| 89,807,506 | 131,817,283 | 490,551,263 | 969,854,078 | 32,941,193 | 6,446,900 | 1,631,610,718 |
| 1,798,841,420 | 138,549,157 | 623,261,463 | 1,481,813,412 | 142,588,438 | 102,065,006 | 213,338,137 |
| Equity | 289,133 | 40,120,849 | 198,247,674 | 371,460,447 | 237,008,703 | 237,008,703 |
| 1,798,841,420 | 138,549,157 | 623,550,596 | 1,521,934,260 | 140,936,485 | 371,460,447 | 4,595,272,365 |
| 768,569,966 | - | 223,241,608 | 652,115,679 | 27,693,075 | 31,457,516 | 1,703,077,843 |

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

Statement of financial position

Cash and balances with treasury and other banks
 Investments
 Net inter segment lending
 Lendings to financial institutions
 Advances - performing
 Advances - non-performing
 Provision against Advances
 Advances - Net
 Others

Total assets

Borrowings
 Deposits and other accounts
 Net inter segment borrowing
 Others
 Total liabilities

Equity

Total equity and liabilities

Contingencies and commitments

| 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 |
| Net mark-up / return / interest income | (16,264,191) | 3,228,779 | 11,025,123 | 15,495,706 | 696,265 | 1,281,412 | 15,463,094 |
| Inter segment revenue - net | 29,915,128 | (3,296,078) | (10,667,734) | (18,677,854) | - | 2,726,538 | - |
| Non mark-up / return / interest income | 3,135,583 | 28,966 | 481,916 | 2,954,645 | 340,831 | 1,324,799 | 8,266,740 |
| Total income | 16,786,520 | (38,334) | 839,306 | (227,503) | 1,037,096 | 5,332,748 | 23,729,834 |
| Segment direct expenses | 6,424,302 | 518,787 | 194,074 | 84,849 | 942,200 | 734,093 | 8,898,306 |
| Inter segment expense allocation | - | - | - | - | - | 3,849,109 | 3,849,109 |
| Total expenses | 6,424,302 | 518,787 | 194,074 | 84,849 | 942,200 | 4,583,203 | 12,747,415 |
| Provisions and write offs - net | (65,633) | 439,623 | 1,669,406 | 410,737 | 61,913 | (261,135) | 2,254,911 |
| Profit / (loss) before taxation | 10,427,851 | (996,744) | (1,024,374) | (723,090) | 32,983 | 1,010,681 | 8,727,502 |

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 |
| Cash and balances with treasury and other banks | 163,574,415 | 12,045,241 | 238,501 | 82,716,513 | 42,748,449 | 4,411,067 | 305,734,186 |
| Investments | 1,631,300,100 | - | 38,801,666 | 1,316,800,220 | 61,079,182 | 22,478,994 | 1,439,160,062 |
| Net inter segment lending | - | - | - | - | - | 138,613,215 | 1,769,913,315 |
| Lendings to financial institutions | - | - | - | 132,718,198 | - | 11,422,146 | 144,140,344 |
| Advances - performing | 221,997,792 | 144,537,546 | 538,385,369 | - | 55,382,884 | 42,259,741 | 1,002,563,333 |
| Advances - non-performing | 3,166,450 | 17,309,704 | 32,196,797 | - | 41,049,352 | 55,029,414 | 148,791,717 |
| Provision against Advances | (6,573,731) | (14,087,130) | (23,223,824) | - | (40,266,386) | (59,024,895) | (143,175,966) |
| Advances - net | 218,590,512 | 147,760,120 | 547,358,342 | - | 56,165,850 | 38,264,260 | 1,008,139,084 |
| Others | 25,307,037 | 1,853,736 | 40,745,805 | 3,971,387 | 4,014,363 | 151,322,867 | 227,215,194 |
| Total assets | 2,038,772,064 | 161,659,097 | 627,144,314 | 1,536,206,318 | 164,007,843 | 366,512,549 | 4,894,302,184 |
| Borrowings | 1,695,414 | - | 30,388,706 | 400,759,524 | 38,913,708 | - | 471,757,352 |
| Deposits and other accounts | 1,972,722,005 | - | 76,371,345 | - | 85,487,723 | 63,468,208 | 2,198,049,281 |
| Net inter segment borrowing | - | 156,924,272 | 488,444,930 | 1,081,180,371 | 362,488,475 | 7,115,268 | 1,769,913,315 |
| Others | 64,354,645 | 4,734,825 | 31,794,954 | 17,079,796 | 1,988,871 | 102,015,312 | 221,968,404 |
| Total liabilities | 2,038,772,064 | 161,659,097 | 626,999,935 | 1,499,019,691 | 162,638,778 | 172,598,788 | 4,661,688,351 |
| Equity | - | - | 144,380 | 37,186,627 | 1,369,066 | 193,913,761 | 232,613,833 |
| Total equity and liabilities | 2,038,772,064 | 161,659,097 | 627,144,314 | 1,536,206,318 | 164,007,843 | 366,512,549 | 4,894,302,184 |
| Contingencies and commitments | 833,218,160 | - | 236,880,686 | 823,455,129 | 28,997,140 | 31,345,046 | 1,953,896,161 |

Statement of financial position

Cash and balances with treasury and other banks
Investments
Net inter segment lending
Lendings to financial institutions
Advances - performing
Advances - non-performing
Provision against Advances
Advances - net
Others
Total assets
Borrowings
Deposits and other accounts
Net inter segment borrowing
Others
Total liabilities
Equity
Total equity and liabilities
Contingencies and commitments



3. 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 under taking and their provisions are stated in notes 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 unconsolidated financial statements are as follows:

| | March 31, 2020 (Interim) | | | | | | | | | | December 31, 2019 (Audited) | | | | | | | | | |
|--------------------------------------|--------------------------|--------------------------|--------------|------------|----------------|--------------------------|-------------------------------|----------------|-----------------------|-----------|-----------------------------|--------------|------------|----------------|--------------------------|-------------------------------|----------------|-----------------------|-----------------------|--|
| | Directors | Key management personnel | Subsidiaries | Associates | Joint ventures | Provision Fund (Current) | Provision Fund (N.I.S.A. A/C) | Provision Fund | Other related parties | Directors | Key management personnel | Subsidiaries | Associates | Joint ventures | Provision Fund (Current) | Provision Fund (N.I.S.A. A/C) | Provision Fund | Other related parties | Other related parties | |
| Balances with other banks | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| In current accounts | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| In deposit accounts | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Advances | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Opening balance | - | 228,805 | 414,565 | 3,034,790 | - | - | - | 21,386,325 | - | - | 528,108 | 3,105,907 | - | - | - | - | - | - | 217,063 | |
| Addition during the year | - | 34,784 | (50,000) | (8,542) | - | - | - | (10,866,218) | - | - | 1,293,807 | (68,127) | - | - | - | - | - | - | 12,466,254 | |
| Transfer to / (out) *net* | - | - | - | - | - | - | - | (14,512,821) | - | - | (14,512,821) | (68,127) | - | - | - | - | - | - | 25,813,881 | |
| Closing balance | - | 273,582 | 364,565 | 2,971,235 | - | - | - | 21,977,649 | - | - | 218,895 | 3,036,790 | - | - | - | - | - | - | 21,386,325 | |
| Provisions against loans | - | - | 228,605 | 2,827,235 | - | - | - | - | - | - | 218,895 | 3,036,790 | - | - | - | - | - | - | - | |
| Other Assets | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Interest / marks up accrued | - | - | 267,276 | 1,709,369 | - | - | - | - | - | - | 267,276 | 1,709,481 | - | - | - | - | - | - | - | |
| Other receivables | - | - | 284,173 | 1,793,369 | - | - | - | - | - | - | 284,173 | 1,703,481 | - | - | - | - | - | - | - | |
| Deposits and other accounts | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Opening balance | 3,882 | 39,715 | 1,527,292 | - | - | 1,252,125 | 31,286,663 | 64,542,131 | - | 1,527,292 | 1,103,035 | - | - | 5,025 | 11,100,000 | 1,828,225 | 5,156,519 | - | | |
| Addition during the year | 1,258 | 2,929 | - | - | - | 1,433,425 | 1,205,234 | 2,929,713 | - | 33,134 | 6,833 | - | - | 48,833,533 | 11,100,000 | 11,100,000 | 11,100,000 | 2,746,534 | | |
| Withdrawal during the year | (1,568) | (189,650) | (8,511) | - | - | (1,432,864) | (432,849) | (13,977,189) | - | (22,146) | (591,244) | - | - | (48,833,533) | (11,100,000) | (11,100,800) | (14,142,341) | (278,469,395) | | |
| Transfer to / (out) *net* | - | 15,683 | - | - | - | - | (1,200,315) | (13,977,189) | - | (8,055) | (19,564) | - | - | - | - | - | - | - | 45,156,207 | |
| Closing balance | 3,882 | 36,688 | 2,166,142 | - | - | 272,679 | 31,093,524 | 36,762,727 | - | 3,882 | 39,715 | 1,527,292 | - | 79 | - | - | 12,78,120 | 13,296,883 | 46,416,131 | |
| Other Liabilities | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Other payable to subsidiaries | - | - | 7,040 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Other payable to subsidiaries | - | - | 7,040 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Contingencies and commitments | - | - | - | - | - | - | - | 1,264,299 | - | - | - | - | - | - | - | - | - | - | 1,461,085 | |

* 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 |
| 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 | - | - | - | - | - | - | - |

Rupees in '000

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. 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.

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

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

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 ----- | |
| ASSETS | | | |
| 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 |
| Total Assets | | 76,377,995 | 76,052,730 |
| LIABILITIES | | | |
| 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 |
| | | 71,887,146 | 71,037,894 |
| NET ASSETS | | 4,490,849 | 5,014,836 |
| REPRESENTED BY | | | |
| 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 |
| | | 4,490,849 | 5,014,836 |

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

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



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

38.1 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. (2019: 12.78%)

| 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 |

Investments by segments:

Federal Government Securities:

-Ijarah Sukuk

Non Government Debt Securities

-Listed

-Unlisted

Total Investments

| | | | | | | | |
|-------------------|------------------|----------------|-------------------|-------------------|------------------|----------------|-------------------|
| 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 |

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

38.3 Islamic financing and related assets - net

| | | |
|---|-------------------|-------------------|
| Ijarah | 226,436 | 255,639 |
| Murabaha | 1,779,367 | 1,716,542 |
| Musawama | 19,352 | 22,243 |
| Diminishing Musharaka | 15,376,110 | 15,869,641 |
| Islisna | 150,678 | - |
| Other Islamic Modes (Wakala tul Istismar) | 8,500,000 | 8,500,000 |
| Advances against Islamic assets (Ijarah, Murabaha, DM, Istisna) | 7,174,063 | 7,180,631 |
| Gross Islamic financing and related assets | 34,016,407 | 34,084,045 |

Less: provision against Islamic financings
 - Specific
 - General

Islamic financing and related assets - net of provision

| | |
|-------------------|-------------------|
| (203,274) | (203,324) |
| (203,479) | (239) |
| 33,812,928 | 33,880,482 |

| | (Un-audited) March 31, 2020 | (Audited) December 31, 2019 |
|---|-----------------------------------|-----------------------------------|
| | ----- Rupees in '000 ----- | |
| 38.4 Deposits and other accounts | | |
| 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 ----- | |
| 38.6 Profit / return earned | | |
| 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> |

**NBP**National Bank of Pakistan
نیشنل بینک آف پاکستان**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.

Zubyr Soomro
Chairman**Arif Usmani**
President / CEO**Abdul Wahid Sethi**
Chief Financial Officer**Imam Bakhsh Baloch**
Director**Asif Jooma**
Director

Consolidated Financial
Statements of NBP
and its
Subsidiary Companies



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> |
| Appropriation: | |
| 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

Zubyr Soomro
Chairman

Karachi
Date: May 21, 2020

**NBP**National Bank of Pakistan
نیشنل بینک آف پاکستان

(ملین روپے)

7,064.32**31 مارچ 2020** کو ختم ہونے والے تین ماہ کے لیے قبل از محصول منافع

محصول:

3,481.75

موجودہ سال

--

گزشتہ سال

(555.98)

مؤخر شدہ

2,925.77

4,138.55**31 مارچ 2020** کو ختم ہونے والے تین ماہ کے لیے بعد از محصول منافع

93,465.52

آگے منتقل کیا گیا، غیر استعمال شدہ منافع

(133.38)

دیگر جامع آمدن۔ بعد از محصول

(18.69)

نان کنٹروالنگ انٹریسٹ

57.60

گلد اسٹیس کے از سر نو تخمینہ پر فاضل سرمائے سے منتقلی

97,509.60

استعمال کے لیے دستیاب منافع

منافع کا استعمال:

(411.89)

قانونی تقاضے کے لیے منتقلی

97,097.70

آگے منتقل کیا گیا غیر استعمال شدہ منافع

1.94 روپے

فی حصص بنیادی اور تعداد میں شدہ آمدنی

برائے و منجانب بورڈ آف ڈائریکٹرز

زیر سو مہر و

عارف عثمانی

چیئر مین

صدر اور چیف ایگزیکٹو آفیسر

تاریخ: 21 مئی 2020

ڈائریکٹرز کا جائزہ مجمع مالیاتی گوشوارے

ہم بورڈ آف ڈائریکٹرز کی طرف سے 31 مارچ 2020 کو ختم ہونے والی تین ماہ کی مدت kے لیے بینک اور اس کے ذیلی اداروں کے مجمع (consolidated) مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

یہ مجمع مالیاتی گوشوارے قابل اطلاق انٹرنیشنل فنانسل رپورٹنگ اسٹینڈرڈز، اسلامک فنانسل اکاؤنٹنگ اسٹینڈرڈز اور دیگر قابل اطلاق انتظامی ہدایات کے مطابق تیار کیے گئے ہیں۔

31 مارچ 2020 کو ختم ہونے والی تین ماہ کی مدت سال کے لیے بینک اور اس کے ذیلی اداروں کے مجمع بعد از محصول منافع کی مالیت 4.14 ارب روپے رہی جو 2019 کی اسی تین ماہ کی مدت میں کمائے گئے 4.28 ارب روپے کے منافع کے مقابلے میں 3.3 فیصد کم ہے۔ زیر جائزہ مدت کے لیے بینک کے ذیلی اداروں کی طرف سے گروپ کی مجمع منفعت میں 72.10 ملین روپے کا خالص منافع جمع کرایا گیا (مارچ 2019: 41.3 ملین روپے)۔ وسط ایشیائی ریاستوں میں بینک کی منسلکہ کمپنیوں نے 2019 کی اسی مدت میں ریکارڈ کرائے گئے خالص نقصان کے مقابلے میں خالص منافع ریکارڈ کرایا جب کہ مقامی ذیلی اداروں نے منفعت میں کمی ریکارڈ کرائی۔ بینک کی منسلکہ کمپنیاں 2019 کی اسی تین ماہ کی مدت میں کمائے گئے 25.42 ملین روپے منافع کے مقابلے میں زیر جائزہ مدت کے لیے 130.60 ملین روپے کے نقصان کی خالص حصہ دار بنیں۔ بینک اپنے مقامی اور بین الاقوامی ذیلی اداروں کے مابین ہم آہنگی اور نئے کاروباری پلیٹ فارمز کی تعمیر کے لیے مربوط حکمت عملی تیار کر رہا ہے۔ بورڈ نے ایسے مقامات کا فیصلہ کرنے کے لیے، جو طویل مدت میں کاروبار جاری رکھنے کے لیے عقل و دانش کے مطابق ہوں، پوری انٹرنیشنل فرینچائز پر نظر ثانی کی ہے

بمطابق 31 مارچ 2020، بینک کے مجمع اثاثہ جات کی مالیت 2,970.79 ارب روپے ہے جو 31 دسمبر 2019 میں 3,132.36 ارب روپے کے مقابلے میں 5.2 فیصد کم ہے۔ زیر جائزہ مدت کے دوران فی شیئر مجمع آمدن سال 2019 میں اسی مدت کے لیے 2.00 روپے کے مقابلے میں 1.94 روپے رہی۔ مجمع کاروباری نتائج اور منافع جات کے استعمال کے لیے تجاویز بورڈ کی سفارش کے مطابق درج ذیل ہیں:

**NBP**

National Bank of Pakistan

نیشنل بینک آف پاکستان

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

| | | (Un-audited) March 31, 2020 | (Audited) December 31, 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.

Zubyr Soomro
ChairmanArif Usmani
President / CEOAbdul Wahid Sethi
Chief Financial OfficerImam Bakhsh Baloch
DirectorAsif Jooma
Director

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

| | Note | Quarter ended | |
|---|------|--------------------|-------------------|
| | | March 31, 2020 | March 31, 2019 |
| | | 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.

Zubyr Soomro
Chairman

Arif Usmani
President / CEO

Abdul Wahid Sethi
Chief Financial Officer

Imam Bakhsh Baloch
Director

Asif Jooma
Director

**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.

**CONSOLIDATED 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 | | | Sub Total | No-Controlling Interest | Total | | | |
|--|---------------|-------------------|-----------------|-------------------------|----------------------------------|----------------------------|------------|------------|-------------------------|-------------|-------------|----------|-------------|
| | Share Capital | Statutory reserve | General reserve | Revenue general reserve | Total | Fixed / Non-banking assets | | | | | | | |
| | | | | | | Investments | Total | | | | | | |
| Balance as at January 01, 2019 | 21,275,131 | 9,333,431 | 31,587,874 | 12,000,000 | 531,338 | 59,442,643 | 15,149,774 | 44,112,403 | 59,262,177 | 76,239,599 | 210,215,550 | 841,745 | 211,061,295 |
| Profit after taxation for the three months period ended March 31, 2019 | - | - | - | - | - | - | - | - | - | 4,256,002 | 4,256,002 | 21,644 | 4,277,646 |
| Other comprehensive income / (loss) - net of tax | - | 951,260 | - | - | 951,260 | 2,477,330 | - | 2,477,330 | - | (775,890) | 3,152,700 | - | 3,152,700 |
| Transfer to statutory reserve | - | - | 418,348 | - | 418,348 | - | - | - | - | (418,348) | - | - | - |
| Transfer from surplus on revaluation of assets to unappropriated profit - net of tax | - | - | - | - | - | - | - | (60,096) | (60,096) | 60,096 | - | - | - |
| Transactions with owners, recorded directly in equity | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 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 | 21,275,131 | 10,284,691 | 32,006,222 | 12,000,000 | 521,338 | 54,812,251 | 17,627,103 | 44,032,308 | 61,679,411 | 79,861,459 | 217,624,252 | 863,389 | 218,491,641 |
| Profit after taxation for the nine months period ended December 31, 2019 | - | - | - | - | - | - | - | - | - | 10,155,559 | 10,155,559 | 42,843 | 10,198,403 |
| Other comprehensive income / (loss) - net of tax | - | 1,285,905 | - | - | 1,285,905 | 7,626,349 | - | 1,322,285 | 8,888,634 | 431,675 | 10,576,214 | - | 10,576,214 |
| Transfer to statutory reserve | - | - | 1,162,603 | - | 1,162,603 | - | - | - | - | (1,162,603) | - | - | - |
| Transfer from surplus on revaluation of assets to unappropriated profit - net of tax | - | - | - | (4,000,000) | - | (4,000,000) | - | (179,456) | (179,456) | 179,456 | - | - | - |
| Transactions with owners, recorded directly in equity | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Cash dividend paid / profit distribution by subsidiaries | - | - | - | - | - | - | - | - | - | - | - | (43,700) | (43,700) |
| Opening Balance as at January 01, 2020 | 21,275,131 | 11,570,596 | 33,165,855 | 8,000,000 | 521,338 | 53,260,789 | 25,253,452 | 46,105,135 | 70,358,387 | 99,465,516 | 238,360,023 | 862,532 | 239,222,555 |
| Profit after taxation for the three months period ended March 31, 2020 | - | - | - | - | - | - | - | - | - | 4,119,861 | 4,119,861 | 18,686 | 4,138,547 |
| Other comprehensive income / (loss) - net of tax | - | 335,231 | - | - | 335,231 | (760,268) | - | (760,168) | (133,375) | (558,412) | (558,412) | - | (558,412) |
| Transfer to statutory reserve | - | - | 411,894 | - | 411,894 | - | - | - | - | (411,894) | - | - | - |
| Transfer from surplus on revaluation of assets to unappropriated profit - net of tax | - | - | - | - | - | - | - | (57,999) | (57,999) | 57,999 | - | - | - |
| Transactions with owners, recorded directly in equity | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 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 | 45,647,543 | 69,540,726 | 97,097,703 | 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.

Zubyr Soomro
Chairman

Abdul Wahid Sethi
Chief Financial Officer

Imam Bakhsh Baloch
Director

Asif Jooma
Director



**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 | |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 7,064,320 | 8,858,222 |
| Less: dividend income | <u>(384,061)</u> | <u>(1,017,955)</u> |
| | 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 | 1,926,809 | 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) |
| | <u>7,216,706</u> | <u>5,033,207</u> |
| | 13,896,965 | 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 |
| Others assets (excluding advance taxation) | <u>(23,147,387)</u> | <u>(38,236,206)</u> |
| | 97,994,688 | 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) | <u>(2,811,426)</u> | <u>29,790,252</u> |
| | (143,184,043) | (408,785,153) |
| Financial charges paid | (219,539) | (113,968) |
| Income tax paid | (135,636) | (2,416,852) |
| Benefits paid | <u>(407,765)</u> | <u>(359,995)</u> |
| Net cash flows generated from operating activities | <u>(32,055,330)</u> | <u>(323,267,052)</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| 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 | <u>(63,411,866)</u> | <u>240,726,642</u> |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Lease obligations | (16,707) | (142,678) |
| Dividend paid | <u>(263)</u> | <u>(1,050)</u> |
| Net cash flow used in financing activities | <u>(16,970)</u> | <u>(143,728)</u> |
| Increase in cash and cash equivalents | <u>(95,484,166)</u> | <u>(82,684,139)</u> |
| Cash and cash equivalents at beginning of the period | 264,816,479 | 228,999,744 |
| Cash and cash equivalents at end of the period | <u>169,332,313</u> | <u>146,315,605</u> |

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

Zubyr Soomro
Chairman

Arif Usmani
President / CEO

Abdul Wahid Sethi
Chief Financial Officer

Imam Bakhsh Baloch
Director

Asif Jooma
Director

**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 regulatory controls.

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.

| | (Un-audited) March 31, 2020 | (Audited) December 31, 2019 |
|---|-----------------------------------|-----------------------------------|
| Note ----- Rupees in '000 ----- | | |
| 6. CASH AND BALANCES WITH TREASURY BANKS | | |
| In hand | | |
| Local currency | 36,075,084 | 48,684,542 |
| Foreign currency | 5,725,526 | 4,984,290 |
| | 41,800,611 | 53,668,832 |
| With State Bank of Pakistan in | | |
| Local currency current accounts | 6.1 48,278,900 | 168,479,311 |
| 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 |
| | 93,332,248 | 206,920,530 |
| 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 |
| | 171,409,055 | 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 annum).



| | | (Un-audited) March 31, 2020 | (Audited) December 31, 2019 |
|-------------------------------------|------|-----------------------------------|-----------------------------------|
| | Note | ----- Rupees in '000 ----- | |
| 7. BALANCES WITH OTHER BANKS | | | |
| In Pakistan | | | |
| In current accounts | | 18,908 | 10,446 |
| In deposit accounts | 7.1 | 253,488 | 178,710 |
| | | 272,396 | 189,156 |
| Outside Pakistan | | | |
| In current accounts | | 9,920,569 | 6,670,289 |
| In deposit accounts | 7.2 | 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 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: 13.00% to 13.58% per annum) with maturities ranging from 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 | Total |
| Rupees in '000 | | | | | | |
| 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 |
| Total | 34,548,802 | - | 34,548,802 | 132,180,048 | - | 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

| | 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 | | | | |
| Not past due but impaired | - | - | - | - |
| Overdue by: | | | | |
| Upto 90 days | - | - | - | - |
| 91 to 180 days | - | - | - | - |
| 181 to 365 days | - | - | - | - |
| > 365 days | - | - | - | - |
| | 176,150 | 176,150 | 176,150 | 176,150 |
| Total | 176,150 | 176,150 | 176,150 | 176,150 |

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 | | | | | | | | |
| Held-for-trading securities | | | | | | | | |
| 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 | 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 |
| Available-for-sale securities | | | | | | | | |
| Market Treasury Bills | 681,546,126 | - | 8,369,207 | 689,915,333 | 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 | 570,214 | (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 |
| Held-to-maturity securities | | | | | | | | |
| 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 | 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 |
| Associates | 1,088,552 | (814,288) | - | 274,264 | 1,223,080 | (782,251) | - | 440,829 |
| Joint Venture | 5,098,117 | - | - | 5,098,117 | 5,827,985 | - | - | 5,827,985 |
| Subsidiaries | 1,245 | (1,245) | - | - | 1,245 | (1,245) | - | - |
| Total Investments | 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 | |
| 9.1.1 Investments given as collateral | | |
| Pakistan Investment Bonds | 8,000,000 | 4,150,000 |
| Market Treasury Bills | 434,959,141 | 360,000,000 |
| | 442,959,141 | 364,150,000 |
| 9.2 Provision for diminution in value of investments | | |
| 9.2.1 Opening balance | 12,895,866 | 10,664,680 |
| Charge / reversal | | |
| Charge for the period | 753,732 | 2,615,328 |
| Reversals for the period | (139,368) | (384,142) |
| | 614,365 | 2,231,186 |
| Closing Balance | 13,510,228 | 12,895,866 |

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 | |
|-----------------------------------|--------------------------------|------------------|--------------------------------|------------------|
| | NPI | Provision | NPI | Provision |
| | Rupees in '000 | | | |
| Other assets especially mentioned | - | - | - | - |
| Substandard | - | - | - | - |
| Doubtful | - | - | 426,170 | 213,086 |
| Loss | 5,571,484 | 5,456,181 | 5,145,314 | 5,136,554 |
| | 5,571,484 | 5,456,181 | 5,571,484 | 5,349,640 |
| Overseas | | | | |
| 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 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 |
| Impact on Consolidated 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 Consolidated 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. | |

9.4 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 31, 2020 | (Audited) December 31, 2019 | (Un-audited) March 31, 2020 | (Audited) December 31, 2019 | (Un-audited) March 31, 2020 | (Audited) December 31, 2019 |
| | ----- Rupees in '000 ----- | | | | | |
| | 908,416,331 | 936,301,542 | 148,131,432 | 142,383,652 | 1,056,547,763 | 1,078,685,194 |
| Loans, cash credits, running finances, etc. | 33,813,133 | 33,880,111 | 203,274 | 203,934 | 34,016,407 | 34,084,045 |
| Islamic financing and related assets | 66,569 | 71,576 | 28,944 | 28,944 | 95,513 | 100,520 |
| Net investment in finance lease | 31,187,627 | 32,463,246 | 8,879,564 | 6,760,524 | 40,067,191 | 39,223,770 |
| Bills discounted and purchased | 973,483,660 | 1,002,716,475 | 157,243,214 | 149,377,054 | 1,130,726,874 | 1,152,093,529 |
| Advances - gross | | | | | | |
| Provision against advances | - | - | 139,457,674 | 134,688,966 | 139,457,674 | 134,688,966 |
| - Specific | 10,318,297 | 9,005,951 | - | - | 10,318,297 | 9,005,951 |
| - General | 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 |

Note

10.1 Loans, cash credits, running finances, etc.
Islamic financing and related assets
Net investment in finance lease

10.2 Bills discounted and purchased
Advances - gross

Provision against advances
- Specific
- General

Advances - net of provision

10.1 Net investment in Finance Lease

| | March 31, 2020 (Un-audited) | | | December 31, 2019 (Audited) | | |
|---|---|-----------------|---------|-----------------------------|---|---------|
| | 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 | Total |
| | ----- Rupees in '000 ----- | | | | | |
| | 62,494 | - | 68,575 | 62,474 | 10,434 | 72,908 |
| Lease rentals receivable | 48,750 | - | 55,760 | 47,934 | 9,617 | 57,551 |
| Residual value | 111,243 | - | 124,335 | 110,408 | 20,051 | 130,459 |
| Minimum lease payments | 28,426 | 396 | 28,822 | 29,146 | 793 | 29,939 |
| Financial charges for future periods | 82,817 | - | 95,513 | 81,262 | 19,258 | 100,520 |
| Present value of minimum lease payments | | | | | | |

10.2 Lease rentals receivable
Residual value
Minimum lease payments
Financial charges for future periods
Present value of minimum lease payments

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 |
|-----------------------|-----------------------------|-----------------------------|
| 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 ----- | | | | |
| Domestic | | | | |
| 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 |
| Overseas | | | | |
| 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 |
| Total | 157,243,214 | 139,457,674 | 149,377,054 | 134,688,966 |

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) |
| Closing balance | 139,457,674 | 10,318,297 | 149,775,971 | 134,688,966 | 9,005,951 | 143,694,917 |

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 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 Group's right to pursue recovery against these loans.

| | Note | (Un-audited) | (Audited) |
|--------------------------|------|----------------------------|-------------------|
| | | March 31, 2020 | December 31, 2019 |
| | | ----- Rupees in '000 ----- | |
| 11. FIXED ASSETS | | | |
| Capital work-in-progress | 11.1 | 2,119,615 | 2,162,985 |
| Property and equipment | | 52,543,947 | 52,756,579 |
| | | 54,663,562 | 54,919,564 |

11.1 Capital work-in-progress

| | | |
|--|------------------|-----------|
| 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 |
| | 2,119,615 | 2,162,985 |

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 | 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 |
| | 275,325 | 491,573 |
| Total | 307,361 | 567,548 |

**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 |
| Total | 15,793 | 11,274 |

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 |
| Total | 1,024,546 | 1,070,766 |

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:

| | | |
|-------------------------------------|------------------|------------------|
| 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 |
| Balance as at | 7,704,321 | 7,447,414 |

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 ----- | |
| 14.1.1 Movement in provision held against other assets | | |
| 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 ----- | | | | | | |
| Customers | | | | | | |
| 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 |
| Financial Institutions | | | | | | |
| 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.

| | (Un-audited) | (Audited) |
|---|----------------|-------------------|
| | March 31, 2020 | December 31, 2019 |
| ----- Rupees in '000 ----- | | |
| 19. LEASE LIABILITIES AGAINST RIGHT-OF-USE ASSETS | | |
| 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 |
| Maturity analysis - contractual undiscounted cashflows | | |
| 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
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

| (Un-audited) March 31, 2020 | (Audited) December 31, 2019 |
|-----------------------------------|-----------------------------------|
| ----- Rupees in '000----- | |
| (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 | 37,775,405 | 57,027,903 |
| Mark-up / Return / Interest payable in foreign currencies | 1,061,529 | 439,959 |
| Unearned commission and income on bills discounted | 2,623,007 | 3,058,753 |
| Accrued expenses | 21,148,326 | 19,037,792 |
| Advance payments | 425,904 | 430,377 |
| Acceptances | 45,047,169 | 26,934,779 |
| Unclaimed dividends | 186,405 | 186,668 |
| Unrealized loss on forward foreign exchange contracts | - | 4,358,883 |
| Unrealized loss on put option | 306,339 | 306,339 |
| Branch adjustment account | 1,132,924 | 926,311 |
| Employee benefits: | | |
| Pension fund | 14,895,493 | 14,785,647 |
| Post retirement medical benefits | 18,720,515 | 18,333,947 |
| Benevolent fund | 1,967,772 | 1,749,006 |
| Gratuity scheme | 2,517,087 | 2,403,018 |
| Compensated absences | 8,532,837 | 8,344,182 |
| Staff welfare fund | 371,257 | 371,257 |
| Liabilities relating to Barter trade agreements | 2,279,373 | 5,539,436 |
| Provision against off-balance sheet obligations | 627,494 | 627,494 |
| Provision against contingencies | 4,679,645 | 4,629,645 |
| Payable to brokers | 58,939 | 38,667 |
| Payable to customers | 357,738 | 158,180 |
| PIBs short selling | 26,371 | 256,284 |
| Others | 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 ----- | |
| 22. SURPLUS ON REVALUATION OF ASSETS | | | |
| 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 | | <u>(1,150,346)</u> | <u>(385,602)</u> |
| | | 85,876,116 | 86,706,540 |
| Deferred tax on surplus / (deficit) on revaluation of: | | | |
| - Available for sale securities | | <u>(13,803,956)</u> | <u>(13,816,519)</u> |
| - Fixed Assets | | <u>(2,489,995)</u> | <u>(2,489,995)</u> |
| - Non-banking assets | | <u>(41,439)</u> | <u>(41,439)</u> |
| | | <u>(16,335,390)</u> | <u>(16,347,953)</u> |
| | | <u>69,540,726</u> | <u>70,358,587</u> |
| 23. CONTINGENCIES AND COMMITMENTS | | | |
| 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 | <u>30,770,950</u> | <u>30,664,297</u> |
| | | <u>1,703,077,843</u> | <u>1,953,896,161</u> |
| 23.1 Guarantees: | | | |
| Financial guarantees | | 97,686,236 | 101,841,274 |
| Performance guarantees | | <u>57,699,258</u> | <u>59,738,471</u> |
| | | <u>155,385,494</u> | <u>161,579,745</u> |
| 23.2 Commitments: | | | |
| 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 | <u>13,500</u> | <u>13,500</u> |
| | | <u>1,516,921,400</u> | <u>1,761,652,119</u> |
| 23.2.1 Commitments in respect of forward foreign exchange contracts | | | |
| Purchase | | 402,154,102 | 478,842,756 |
| Sale | | <u>228,961,577</u> | <u>322,447,792</u> |
| | | <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 ----- | |
| 23.2.2 Commitments in respect of forward government securities transactions | | |
| Purchase | 2,750,000 | 256,814 |
| Sale | 18,250,000 | 21,907,767 |
| | 21,000,000 | 22,164,581 |

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 ----- | |
| 23.2.3 Professional services to be received | 13,500 | 13,500 |

23.3 Other contingent liabilities

| | | |
|--|-------------------|-------------------|
| 23.3.1 Claim against the Group not acknowledged as debt | 30,770,950 | 30,664,297 |
|--|-------------------|-------------------|

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.

| | | (Un-audited) Quarter ended March 31, 2020 | (Un-audited) Quarter ended March 31, 2019 |
|--|------|--|--|
| | Note | ----- Rupees in '000 ----- | |
| 24. MARK-UP / RETURN / INTEREST EARNED | | | |
| 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 | | <u>445,810</u> | <u>248,369</u> |
| | | <u><u>72,605,121</u></u> | <u><u>45,834,763</u></u> |
| 25. MARK-UP / RETURN / INTEREST EXPENSED | | | |
| 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 | | <u>16,350,043</u> | <u>4,088,875</u> |
| | | <u><u>55,966,731</u></u> | <u><u>30,325,144</u></u> |
| 26. 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 | | 170,046 | 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 | | <u>21,954</u> | <u>43,111</u> |
| | | <u><u>4,885,764</u></u> | <u><u>4,398,051</u></u> |
| 27. GAIN ON SECURITIES - NET | | | |
| Realised | 27.1 | 1,109,414 | 103,899 |
| Unrealized - held-for-trading | 9.1 | <u>219,096</u> | <u>(1,992)</u> |
| | | <u><u>1,328,510</u></u> | <u><u>101,907</u></u> |
| 27.1 Realised gain on: | | | |
| Federal Government Securities | | 485,344 | 59,136 |
| Shares and mutual funds | | 127,809 | 27,550 |
| Ijarah Sukuks | | - | 17,213 |
| Foreign Securities | | <u>496,261</u> | <u>-</u> |
| | | <u><u>1,109,414</u></u> | <u><u>103,899</u></u> |
| 28. OTHER INCOME | | | |
| 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 | | <u>4,193</u> | <u>4,252</u> |
| | | <u><u>1,300,858</u></u> | <u><u>1,282,017</u></u> |

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



| | (Un-audited) Quarter ended March 31, 2020 | (Un-audited) Quarter ended 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 |

| | | (Un-audited) Quarter ended March 31, 2020 | (Un-audited) Quarter ended March 31, 2019 |
|--|------|--|--|
| | Note | ----- Rupees in '000 ----- | |
| 31. PROVISIONS & WRITE OFFS - NET | | | |
| 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> |
| 32. TAXATION | | | |
| 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> |
| 33. EARNINGS PER SHARE - BASIC AND DILUTED | | (Un-audited) Quarter ended March 31, 2020 | (Un-audited) Quarter ended March 31, 2019 |
| 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> |
| 34. CASH AND CASH EQUIVALENT | | (Un-audited) Quarter ended March 31, 2020 | (Un-audited) Quarter ended March 31, 2019 |
| | | ----- Rupees in '000 ----- | |
| 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> |

35. 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.

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) | | | | Total |
|--|-----------------------------|-------------------|----------------------|---------------|----------------------|
| | Carrying Value | Level 1 | Level 2 | Level 3 | |
| | Rupees in '000 | | | | |
| On balance sheet financial instruments | | | | | |
| 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) | | | | | |
| | 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 | 621,887,531 | - | 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 | - | - | - | - |
| | <u>1,961,460,789</u> | | | | |
| | <u>3,062,653,710</u> | <u>72,199,835</u> | <u>1,028,949,654</u> | <u>43,432</u> | <u>1,101,192,921</u> |
| 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 |
| | <u>51,742,948</u> | <u>-</u> | <u>51,742,948</u> | <u>-</u> | <u>51,742,948</u> |
| 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 |
| | <u>51,860,796</u> | <u>-</u> | <u>51,860,796</u> | <u>-</u> | <u>51,860,796</u> |



| | 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 | (1,327,178) | 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 |
| Total expenses | 6,526,692 | 537,617 | 185,196 | 78,359 | 1,056,604 | 1,009,245 | 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) | (2,483,322) | 650,973 | (761,114) | 7,064,320 |
| | March 31, 2020 (Un-audited) | | | | | | |
| | 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 | - | - | 38,654,068 | 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 | - | - | - | - | - | 9,362,984 | 44,549,936 |
| Advances - performing | 210,885,485 | 124,662,603 | 560,069,735 | 35,186,952 | 34,931,863 | 42,933,975 | 973,483,660 |
| - non-performing | 3,086,370 | 19,461,956 | 35,110,324 | - | 44,147,445 | 55,487,119 | 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 | 705,927,355 | 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 | 140,336,485 | 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 |
| Contingencies & Commitments | 768,569,966 | - | 223,241,608 | 652,115,679 | 27,693,075 | 31,457,116 | 1,703,077,843 |

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

| | Rupees in '000 | | | | | | |
|--|----------------------|-----------------------------|--------------------------------|--------------|--|----------------------|------------|
| | 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 | (16,264,191) | 3,228,779 | 11,025,123 | 15,495,706 | 696,265 | 1,327,937 | 15,509,619 |
| Inter segment revenue - net | 29,915,128 | (3,296,078) | (10,667,734) | (18,677,854) | - | 2,726,538 | - |
| Non mark-up / return / interest income | 3,135,583 | 28,966 | 481,916 | 2,954,645 | 340,831 | 1,767,681 | 8,709,622 |
| Total Income | 16,786,520 | (38,333) | 839,306 | (227,503) | 1,037,096 | 5,822,155 | 24,219,241 |
| Segment direct expenses | 6,424,302 | 518,787 | 194,074 | 84,849 | 942,200 | 1,134,453 | 9,298,665 |
| Inter segment expense allocation | - | - | - | - | - | 3,849,109 | 3,849,109 |
| 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 |

December 31, 2019 (Audited) - (Restated)

| | Rupees in '000 | | | | | | |
|---|----------------------|-----------------------------|--------------------------------|---------------|--|----------------------|---------------|
| | Retail Banking Group | Inclusive Development Group | Corporate & Investment Banking | Treasury | International, Fin. Institution & Remittance | Head Office / Others | Total |
| Statement of financial position | | | | | | | |
| Cash and balances with treasury and other banks | 162,051,624 | 12,045,241 | 238,501 | 82,716,513 | 42,748,449 | 6,996,087 | 306,796,415 |
| Investments | 1,631,300,100 | - | 38,801,666 | 1,316,800,220 | 61,079,182 | 25,722,890 | 1,442,403,957 |
| Net inter segment lending | - | - | - | - | - | 138,613,215 | 1,769,913,315 |
| Lendings to financial institutions | - | - | - | - | - | 11,422,146 | 144,140,344 |
| Advances - performing | 221,843,742 | 144,537,546 | 538,385,369 | - | 55,382,884 | 42,566,933 | 1,002,716,475 |
| - non-performing | 2,973,437 | 17,309,704 | 32,196,797 | - | 41,049,352 | 55,847,764 | 149,377,054 |
| Provision against advances | (6,664,955) | (14,087,130) | (23,223,824) | - | (40,286,389) | (59,457,580) | (143,694,917) |
| Others | 218,152,185 | 147,760,120 | 547,358,342 | - | 56,165,847 | 38,962,117 | 1,008,398,613 |
| 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 |
| Borrowings | 1,348,351 | - | 30,388,706 | 400,759,524 | 38,913,708 | 347,062 | 471,757,352 |
| Deposits and other accounts | 1,971,199,215 | - | 76,371,345 | - | 85,487,723 | 64,926,290 | 2,197,984,573 |
| Net inter segment borrowing | - | 156,924,272 | 488,444,930 | 1,081,180,371 | 36,248,475 | 7,115,268 | 1,769,913,315 |
| Others | 64,354,645 | 4,734,824 | 31,794,954 | 17,079,796 | 1,988,871 | 103,442,698 | 223,395,798 |
| Total liabilities | 2,036,902,210 | 161,659,096 | 626,999,935 | 1,499,019,691 | 162,638,778 | 175,831,318 | 4,663,051,028 |
| Equity | 2,036,902,210 | 161,659,097 | 144,380 | 37,186,627 | 1,369,066 | 200,522,488 | 239,222,555 |
| Total Equity & liabilities | 2,036,902,210 | 161,659,097 | 627,144,314 | 1,536,206,318 | 164,007,840 | 376,353,805 | 4,902,273,583 |
| Contingencies & Commitments | 833,218,160 | - | 236,880,686 | 823,455,129 | 28,997,140 | 31,345,046 | 1,953,896,161 |

**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 appointment.

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 (Current) | Joint venture | Associates | Key management personnel | Directors | Other related parties | Pension Fund (N.I.D.A. A/c) | Provident Fund | Other related parties |
| Balances with other banks | | | | | | | | | | | | | | | |
| In current accounts | - | - | 7,888 | - | - | - | - | - | - | - | 1,159 | - | - | - | - |
| In deposit accounts | - | - | 328 | - | - | - | - | - | - | - | 1,159 | - | - | - | - |
| | | | 8,216 | | | | | | | | | | | | |
| Advances | | | | | | | | | | | | | | | |
| Opening balance | - | 229,805 | 3,036,750 | - | - | - | - | 23,386,325 | - | 272,967 | 3,105,507 | - | - | - | 217,063 |
| Addition during the period / year | - | 58,774 | - | - | - | - | - | 1,001,352,350 | - | (72,888) | (69,157) | - | - | - | 11,869,873 |
| Reduction during the period / year | - | (8,257) | (65,525) | - | - | - | - | (1,014,375,350) | - | (21,888) | (69,157) | - | - | - | (14,896,873) |
| Transfer in / (out) - net* | - | - | - | - | - | - | - | 133,829 | - | (45,888) | - | - | - | - | 26,813,881 |
| Closing balance | - | 270,242 | 2,971,125 | - | - | - | - | 22,937,049 | - | 228,895 | 3,036,750 | - | - | - | 23,969,324 |
| Provisions against loans | - | - | 2,827,375 | - | - | - | - | - | - | - | 2,827,375 | - | - | - | - |
| Other Assets | | | | | | | | | | | | | | | |
| Interest / mark-up accrued | - | - | 1,709,369 | - | - | - | - | - | - | - | 1,710,481 | - | - | - | - |
| Deposits and other accounts | | | | | | | | | | | | | | | |
| Opening balance | 3,855 | 94,715 | - | - | 73 | - | - | 40,416,131 | 10,732 | 80,688 | - | 1,085 | 11,100,000 | 458,328 | 12,465,939 |
| Addition during the period / year | - | - | - | - | 1,433,444 | - | - | 1,235,120 | (22,146) | (591,564) | - | (45,833,593) | (11,100,000) | 11,108,400 | 373,669,395 |
| Reduction during the period / year | (1,858) | (189,650) | - | - | (14,132,984) | - | - | (13,977,180) | (22,146) | (591,564) | - | (45,833,593) | (11,100,000) | (11,108,400) | (78,409,270) |
| Transfer in / (out) - net* | 78 | 15,483 | - | - | - | - | - | (8,055) | (19,840) | - | - | - | - | - | (1,415,241) |
| Closing balance | 3,852 | 146,438 | - | 534 | - | - | - | 38,736,727 | 3,855 | 94,715 | - | 73 | - | 1,235,120 | 13,296,863 |
| Contingents & Commitments | | | | | | | | | | | | | | | |
| | | | | | | | | 1,256,209 | | | | | | | 1,415,035 |

* * * 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 |
| 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 | - | - | - | - | - | - |

Rupees in '000

37.1 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. 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 ----- | | |
| Minimum Capital Requirement | | |
| Paid-up capital | <u>172,380,748</u> | <u>168,001,436</u> |
| Capital Adequacy Ratio | | |
| 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 | <u>46,112,504</u> | <u>41,295,951</u> |
| Total Eligible Capital (Tier 1 + Tier 2) | <u>197,113,850</u> | <u>187,924,103</u> |
| Risk Weighted Assets | | |
| Credit Risk | 879,400,312 | 918,174,576 |
| Market Risk | 96,297,907 | 93,146,479 |
| Operational Risk | <u>176,625,691</u> | <u>176,625,691</u> |
| Total | <u>1,152,323,911</u> | <u>1,187,946,746</u> |
| Common Equity Tier 1 Capital Adequacy ratio | <u>13.10%</u> | <u>12.34%</u> |
| 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> |
| Leverage Ratio | | |
| 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> |
| Liquidity Coverage Ratio | | |
| 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> |
| Net Stable Funding Ratio | | |
| 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 | |
| ASSETS | | | |
| 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 |
| Total Assets | | 76,377,995 | 76,052,730 |
| LIABILITIES | | | |
| 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 |
| | | 71,887,146 | 71,037,894 |
| NET ASSETS | | 4,490,849 | 5,014,836 |
| REPRESENTED BY | | | |
| 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 |
| | | 4,490,849 | 5,014,836 |

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

| | | (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) |
| Net Profit / return | | 900,104 | 673,524 |
| Other income | | | |
| Fee and commission income | | 94,445 | 75,073 |
| Foreign exchange income | | 15,501 | 14,992 |
| Other income | | 294 | 2,031 |
| Total other income | | 110,240 | 92,096 |
| Total Income | | 1,010,344 | 765,620 |
| Other expenses | | | |
| Operating expenses | | (558,423) | (567,412) |
| Profit before provisions | | 451,921 | 198,208 |
| Provisions reversal and write offs - net | | 84 | 82,905 |
| Profit before taxation | | 452,005 | 281,113 |
| Taxation | | - | - |
| Profit after taxation | | 452,005 | 281,113 |



| | March 31, 2020 (Un-audited) | | December 31, 2019 (Audited) | |
|--|-----------------------------|-----------------------|-----------------------------|----------------------|
| | In Local Currency | In Foreign currencies | Total Rupees in '000 | Total Rupees in '000 |
| Due from Financial Institutions | 9,360,334 | - | 9,360,334 | 11,419,496 |
| Unsecured | - | - | - | - |
| Bai Muajjal Receivable from State Bank of Pakistan | 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. (December 31, 2019: 12.78%)

39.2 Investments by segments:

| | March 31, 2020 (Un-audited) | | | December 31, 2019 (Audited) | | |
|---------------------------------------|-----------------------------|---------------------|----------------|-----------------------------|--------------------------|---------------------|
| | Cost/Amortised cost | Surplus / (Deficit) | Carrying Value | Cost /Amortised cost | Provision for diminution | Surplus / (Deficit) |
| Federal Government Securities: | | | | | | |
| -Ijarah Sukuks | 2,000,000 | (1,400) | 1,998,600 | 2,000,000 | - | (21,200) |
| | 2,000,000 | (1,400) | 1,998,600 | 2,000,000 | - | (21,200) |
| Non Government Debt Securities | | | | | | |
| -Listed | 4,400,000 | 485,447 | 4,885,447 | 4,400,000 | - | 602,100 |
| -Unlisted | 14,806,391 | 194,797 | 14,870,381 | 12,371,391 | (130,807) | 194,796 |
| | 19,206,391 | 680,244 | 19,755,828 | 16,771,391 | (130,807) | 796,896 |
| Total Investments | 21,206,391 | 678,844 | 21,754,428 | 18,771,391 | (130,807) | 775,696 |

39.3 Islamic financing and related assets

| | | |
|---|-------------------|-------------------|
| Ijarah | 226,436 | 255,639 |
| Murabaha | 1,779,367 | 1,716,542 |
| Musawama | 19,352 | 22,243 |
| Diminishing Musharaka | 15,376,110 | 15,869,641 |
| Istisna | 150,678 | - |
| Other Islamic Modes (Wakala tul Istismar) | 8,500,000 | 8,500,000 |
| Advances against Islamic assets (Ijarah, Murabaha, DM, Istasna) | 7,174,063 | 7,180,631 |
| Inventory related to Islamic financing (Istisna) | 790,401 | 539,349 |
| Gross Islamic financing and related assets | 34,016,407 | 34,084,045 |
| Less: provision against Islamic financings | (203,274) | (203,324) |
| - Specific | (205) | (239) |
| - General | (203,479) | (203,563) |
| Islamic financing and related assets - net of provision | 33,812,928 | 33,880,482 |

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

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

| | (Un-audited) March 31, 2020 | (Audited) December 31, 2019 |
|-------------------------------|-----------------------------------|-----------------------------------|
| | ----- Rupees in '000 ----- | |
| 39.4 Deposits | | |
| 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> |

39.5 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 ----- | |

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 |
| | <u>2,000,902</u> | <u>1,346,518</u> |

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 |
| | <u>1,100,798</u> | <u>672,994</u> |

**NBP**National Bank of Pakistan
نیشنل بینک آف پاکستان**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.

Zubyr Soomro
Chairman

Arif Usmani
President / CEO

Abdul Wahid Sethi
Chief Financial Officer

Imam Bakhsh Baloch
Director

Asif Jooma
Director

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