



Condensed Interim
Financial Statements
for the First Quarter Ended
March 31, 2020 (Un-Audited)

CONTENT

- 02 Company Information
- 03 Directors' Report to the Members
- 09 ڈائریکٹرز رپورٹ
- 11 Condensed Interim Unconsolidated Statement of Financial Position
- 12 Condensed Interim Unconsolidated Profit and Loss Account
- 13 Condensed Interim Unconsolidated Statement of Comprehensive Income
- 14 Condensed Interim Unconsolidated Statement of Changes in Equity
- 15 Condensed Interim Unconsolidated Cash Flow Statement
- 16 Notes to the Condensed Interim Unconsolidated Financial Statement
- 54 Condensed Interim Consolidated Statement of Financial Position
- 55 Condensed Interim Consolidated Profit and Loss Account
- 56 Condensed Interim Consolidated Statement of Comprehensive Income
- 57 Condensed Interim Consolidated Statement of Changes in Equity
- 58 Condensed Interim Consolidated Cash Flow Statement
- 59 Notes to the Condensed Interim Consolidated Financial Statement

Company Information

Board of Directors

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

Mr. Adil Matcheswala
Non-Executive Director

Mr. Ashraf Nawabi
Non-Executive Director

Mr. G.M. Sikander
Independent Director

Mr. Hassan Afzal
Non-Executive Director

Mr. Munawar Alam Siddiqui
Non-Executive Director

Ms. Nargis Ghaloo
Independent Director

Mr. Sohail Aman
Independent Director

Mr. Basir Shamsie
President & CEO

Audit Committee

Ms. Nargis Ghaloo Chairperson

Mr. Adil Matcheswala Member

Mr. G.M. Sikander Member

Mr. Munawar Alam Siddiqui Member

Human Resource, Remuneration & Nomination Committee

Mr. Sohail Aman Chairman

Mr. Adil Matcheswala Member

Mr. G.M. Sikander Member

Mr. Kalim-ur-Rahman Member

Risk Management Committee

Mr. Ashraf Nawabi Chairman

Mr. Munawar Alam Siddiqui Member

Ms. Nargis Ghaloo Member

Mr. Basir Shamsie Member

Board IT Committee

Mr. Hassan Afzal Chairman

Mr. Kalim-ur-Rahman Member

Mr. Sohail Aman Member

Mr. Basir Shamsie Member

Chief Financial Officer

Mr. Muhammad Yousuf Amanullah

Company Secretary

Mr. Ashraf Shahzad

Auditors

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

Legal Advisors

Bawaney & Partners
Haidermota BNR
Liaquat Merchant Associates

Share Registrar

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

Registered office

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



Directors' Report to the Members

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

Economic Review

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

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

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

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

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

Banking Sector Review

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

However, the weighted average banking spreads in recent months had reported a declining trend on a sequential basis, even before the monetary easing cycle had begun.

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

Financial Performance

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

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

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

Consolidated Financial Statements

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

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

Business Overview

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

The economic stimulus provided by the central bank is centered around a drastic reduction



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

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

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

Credit Ratings

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

Acknowledgments

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

For and on behalf of the Board,

Basir Shamsie
President & CEO

Kalim-ur-Rahman
Chairman

Karachi: May 28, 2020

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

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

کریڈٹ ریٹنگ

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

اعتراف

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

منجانب بورڈ،

کلیم الرحمن
چیئرمین

باسمعی
پریزیڈنٹ اور سی ای او

کراچی: 28 مئی 2020ء

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

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

مستحکم مالیاتی تفصیلات

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

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

کاروباری جائزہ

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

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

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

واقع ہوئی ہے۔ تیل کی بین الاقوامی قیمتوں میں 55 فیصد سے زیادہ کمی سے پاکستان بطور ایک بڑے درآمد کنندہ کے مثبت رہا۔ مالی سال 2020 کے 9 ماہ (9MFY20) میں کرنٹ اکاؤنٹ خسارہ (CAD) پہلے ہی 73 فیصد سال بسال (YoY) سے ہو چکا ہے، جو جی ڈی پی کا 1.3 فیصد ہو گیا ہے، اس کے مقابلہ میں مالی سال 2019 کے 9 ماہ (9MFY19) کے دوران یہ شرح جی ڈی پی کی 4.7 فیصد تھی۔

شعبہ بینکاری کا جائزہ

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

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

مالی کارکردگی

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

ڈائریکٹرز رپورٹ

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

معیشت

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

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

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

متعدد مرکزی بینکوں کی جانب سے جاری مالی نقصان کو روکنے کے قدم کیلئے معاشی محرک کی فراہمی کے طور پر مانیٹری پالیسی میں نرمی کے اعلانات کئے گئے، اسٹیٹ بینک آف پاکستان نے سال 2020 کے چوتھے ماہ (4MCY20) کے دوران پالیسی کی مجموعی طور پر 425 بیسس پوائنٹس (bps) کم کر کے پالیسی ریٹ 9 فیصد تک کم کر دیا۔ مالی سال 20 کے 9 ماہ (9MFY20) اوسطاً CPI ریڈنگ 11.53 فیصد اضافہ ہوا، حال ہی میں مارچ اور اپریل 2020 کے مہینوں میں ریڈنگ بالترتیب 10.24 فیصد اور 8.50 فیصد ریکارڈ کیا گیا جو اس میں کمی کے رجحان کی عکاسی کرتا ہے۔

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

Unconsolidated
Financial Statements

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

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

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman

Condensed Interim Unconsolidated Profit and Loss Account (Un-audited)

For the Quarter Ended March 31, 2020

	Note	March 31, 2020	March 31, 2019
----- Rupees in '000 -----			
Mark-up / return / interest earned	23	12,923,470	9,338,535
Mark-up / return / interest expensed	24	10,381,609	7,273,979
Net mark-up / interest income		<u>2,541,861</u>	<u>2,064,556</u>

NON MARK-UP / INTEREST INCOME

Fee and commission income	25	848,058	652,269
Dividend income		42,826	274
Foreign exchange income		192,975	111,405
Income from derivatives		19,746	43,082
Gain / (loss) on securities	26	101,800	(62,370)
Other income	27	1,414	23,499
Total non mark-up / interest income		<u>1,206,819</u>	<u>768,159</u>
Total Income		<u>3,748,680</u>	<u>2,832,715</u>

NON MARK-UP / INTEREST EXPENSES

Operating expenses	28	2,907,535	2,549,039
Workers welfare fund	29	5,028	437
Other charges	30	4,044	55
Total non-mark-up / interest expenses		<u>2,916,607</u>	<u>2,549,531</u>
Profit before provisions		<u>832,073</u>	<u>283,184</u>

Provisions and write offs - net	31	203,616	228,517
Extraordinary / unusual items		-	-
PROFIT BEFORE TAXATION		<u>628,457</u>	<u>54,667</u>

Taxation	32	245,915	21,262
PROFIT AFTER TAXATION		<u>382,542</u>	<u>33,405</u>

----- Rupee -----

Basic earnings per share	33	<u>0.29</u>	<u>0.01</u>
--------------------------	----	-------------	-------------

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

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman



Condensed Interim Unconsolidated Statement of Comprehensive Income (Un-audited)

For the Quarter Ended March 31, 2020

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

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

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman

Condensed Interim Unconsolidated Statement of Changes in Equity

For the Quarter Ended March 31, 2020

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

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

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

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman

Condensed Interim Unconsolidated Cash Flow Statement (Un-audited)

For the Quarter Ended March 31, 2020

	Note	March 31, 2020	March 31, 2019
		----- Rupees in '000 -----	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		628,457	54,667
Less: Dividend income		(42,826)	(274)
		<u>585,631</u>	<u>54,393</u>
Adjustments:			
Depreciation		172,564	184,224
Depreciation on non-banking assets		2,269	61
Depreciation - Right of use assets	11.4	228,025	-
Amortisation of intangible assets		26,740	21,909
Provisions and write offs - net		203,616	228,517
Gain on sale of fixed assets - net	27	(1,414)	(23,499)
Mark-up / return / interest expense on lease liability against right-of-use assets	19.1	116,068	-
Charge for defined benefit plan		53,539	49,033
Unrealised (gain) / loss on revaluation of investments classified as held-for-trading - net	26	(23,717)	8,385
Provision for workers welfare fund	29	5,028	437
Unrealised gain on revaluation of derivative instruments - net		(8,812)	(37,428)
Unrealised gain on revaluation of forward foreign exchange contracts		(441,197)	(36,884)
		<u>332,709</u>	<u>394,755</u>
		<u>918,340</u>	<u>449,148</u>
Decrease / (increase) in operating assets			
Lendings to financial institutions		26,476,811	(57,035,567)
Held-for-trading securities		26,632,672	28,541,588
Advances		7,703,521	(3,953,674)
Other assets (excluding advance and current taxation)		808,213	(674,777)
		<u>61,621,217</u>	<u>(33,122,430)</u>
Increase / (decrease) in operating liabilities			
Bills payable		660,624	220,070
Borrowings		(4,270,953)	18,774,793
Deposits		9,456,497	(1,634,269)
Other liabilities		2,020,920	797,157
		<u>7,867,088</u>	<u>18,157,751</u>
		<u>69,488,305</u>	<u>(14,964,679)</u>
		<u>(2,380)</u>	<u>(132,795)</u>
Income tax paid			
		<u>70,404,265</u>	<u>(14,648,326)</u>
Net cash flow from / (used in) operating activities			
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(63,336,207)	2,912,099
Net investments in held-to-maturity securities		(3,504,403)	110,970
Investment in associated companies		(40,828)	(21,239)
Dividends received		42,826	274
Investment in fixed assets		(160,657)	(304,452)
Investment in intangible assets		(35,827)	(78,325)
Proceeds from sale of fixed assets		2,477	40,550
Effect of translation of net investment in foreign branch		27,359	4,005
Net cash (used in) / flow from investing activities		<u>(67,005,260)</u>	<u>2,663,882</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability against right of use assets		(340,857)	-
Dividend paid to preference shareholders		-	(24,164)
Net cash used in financing activities		<u>(340,857)</u>	<u>(24,164)</u>
Increase / (decrease) in cash and cash equivalents			
		<u>3,058,148</u>	<u>(12,008,608)</u>
Cash and cash equivalents at beginning of the period		25,415,261	32,577,913
Cash and cash equivalents at end of the period	34	<u>28,473,409</u>	<u>20,569,305</u>

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

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2020

1. STATUS AND NATURE OF BUSINESS

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

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

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

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

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

2. BASIS OF PRESENTATION

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



Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2020

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

2.1 Statement of compliance

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

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

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

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

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

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

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2020

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

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

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

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

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

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

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

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2020

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

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

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
- IFRS 9 'Financial Instruments (refer note 2.1 above)	January 01, 2021

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

- IFRS 1 - First time adoption of IFRSs	January 01, 2004
- IFRS 17 - Insurance Contracts	January 01, 2021

3 CRITICAL ACCOUNTING ESTIMATES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5. FINANCIAL RISK MANAGEMENT

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

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2020

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

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2020

9. INVESTMENTS	(Un-audited) March 31, 2020				(Audited) December 31, 2019			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Rupees in '000								
9.1 Investments by type								
Held-for-trading securities								
Federal Government Securities	28,965,797	-	23,717	28,989,514	55,601,087	-	(2,618)	55,598,469
Available-for-sale securities								
Federal Government Securities	106,989,956	-	1,181,909	108,171,865	47,828,618	-	(809,244)	47,019,374
Shares	2,675,387	(153,158)	(680,479)	1,841,750	2,092,667	(136,589)	20,675	1,976,753
Non Government Debt Securities	3,335,647	-	2,631	2,968,227	3,367,738	(370,051)	(6,461)	2,991,226
Foreign Securities	3,626,646	-	(882,491)	2,744,155	2,406	-	-	2,406
Held-to-maturity securities	116,627,636	(523,209)	(378,430)	115,725,997	53,291,429	(506,640)	(795,030)	51,989,759
Federal Government Securities	36,364,285	-	-	36,364,285	32,859,882	-	-	32,859,882
Associates	242,067	-	-	242,067	201,239	-	-	201,239
Subsidiaries	1,919,121	-	-	1,919,121	1,919,121	-	-	1,919,121
Total Investments	184,118,906	(523,209)	(354,713)	183,240,984	143,872,758	(506,640)	(797,648)	142,568,470
	(Un-audited) March 31, 2020				(Audited) December 31, 2019			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Rupees in '000								
9.2 Investments by segments:								
Held-for-trading securities								
Federal Government Securities	28,965,797	-	23,717	28,989,514	55,601,087	-	(2,618)	55,598,469
Market Treasury Bills	-	-	-	-	-	-	-	-
Pakistan Investment Bonds	28,965,797	-	23,717	28,989,514	55,601,087	-	(2,618)	55,598,469
Available-for-sale securities								
Federal Government Securities:								
Market Treasury Bills	53,577,592	-	393,207	53,970,799	12,071,266	-	(364)	12,070,902
Pakistan Investment Bonds	53,412,364	-	788,702	54,201,066	35,757,352	-	(808,880)	34,948,472
	106,989,956	-	1,181,909	108,171,865	47,828,618	-	(809,244)	47,019,374
Shares:								
Listed Companies								
Ordinary shares	2,527,798	(16,589)	(680,479)	1,830,750	1,945,078	-	20,675	1,965,753
Preference shares	136,589	(136,589)	-	-	136,589	(136,589)	-	-
Unlisted Companies								
Ordinary shares	11,000	-	-	11,000	11,000	-	-	11,000
Non Government Debt Securities	2,675,387	(153,158)	(680,479)	1,841,750	2,092,667	(136,589)	20,675	1,976,753
Listed								
Term Finance Certificates	305,183	(155,169)	(14)	150,000	305,183	(155,169)	(14)	150,000
Sukuk Certificates	352,867	-	2,645	355,512	396,750	-	(6,447)	390,303
Unlisted								
Term Finance Certificates	1,200,064	(214,882)	-	985,182	1,179,739	(214,882)	-	964,857
Sukuk Certificates	1,450,000	-	-	1,450,000	1,458,333	-	-	1,458,333
Preference shares	27,733	-	-	27,733	27,733	-	-	27,733
	3,335,647	(370,051)	2,631	2,968,227	3,367,738	(370,051)	(6,461)	2,991,226
Foreign Securities								
Government Debt Securities	3,090,576	-	(707,507)	2,383,069	-	-	-	-
Non Government Debt Securities	533,664	-	(174,984)	358,680	-	-	-	-
Ordinary shares	2,406	-	-	2,406	2,406	-	-	2,406
	3,626,646	-	(882,491)	2,744,155	2,406	-	-	2,406
Held-to-maturity securities								
Federal Government Securities:								
Pakistan Investment Bonds	36,364,285	-	-	36,364,285	32,859,882	-	-	32,859,882
Associates								
Omar Jilran Engineering Industries Limited	180,000	-	-	180,000	180,000	-	-	180,000
Veda Transit Solutions Private Limited	41,800	-	-	41,800	972	-	-	972
Intercity Touring Company Private Limited	20,267	-	-	20,267	20,267	-	-	20,267
	242,067	-	-	242,067	201,239	-	-	201,239
Subsidiaries								
JS Global Capital Limited	1,357,929	-	-	1,357,929	1,357,929	-	-	1,357,929
JS Investments Limited	561,192	-	-	561,192	561,192	-	-	561,192
	1,919,121	-	-	1,919,121	1,919,121	-	-	1,919,121
Total Investments	184,118,906	(523,209)	(354,713)	183,240,984	143,872,758	(506,640)	(797,648)	142,568,470

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2020

- 9.2.1 Included herein are the investments in related parties amounting to Rs.2,094.226 million (December 31, 2019: Rs.1,552.306 million) having market value of Rs.1,501.011 million (December 31, 2019: Rs.1,554.335 million).
- 9.2.2 Included herein is the investment of Rs.65.022 million (December 31, 2019: Rs.65.022 million) in a related party at the rate of 6 months KIBOR + 1.75% matured on December 04, 2017. Due to weak financial position of the investee the Bank has recognised full impairment loss on these Term Finance Certificates.
- 9.2.3 This represents investment in related party amounting to Rs. 27.733 million (December 31, 2019: Rs. 27.733 million).
- 9.2.4 The market value of securities classified as held-to-maturity as at amounted to Rs. 35,807.008 million (December 31, 2019: Rs. 31,341.410 million).
- 9.2.5 During the period, Veda Transit Solutions Private Limited, an associate of the Bank, has issued shares against advance subscription of Rs. 40.828 million made by the Bank. Resultantly, shareholding of the Bank increased to 9.12% (December 31, 2019: 8%). The Bank has classified the investment as associate on account of it's significant influence over the investee company.

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

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
9.3 Provision for diminution in value of investments		
9.3.1 Opening balance	506,640	851,940
Charge	16,569	251,675
Reversal	-	(596,975)
Charge / (reversal) for the period / year	16,569	(345,300)
Closing Balance	<u>523,209</u>	<u>506,640</u>

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2020

	(Un-audited) March 31, 2020		(Audited) December 31, 2019	
	NPI	Provision	NPI	Provision
----- Rupees in '000 -----				
9.3.2 Particulars of provision against debt securities				
Category of classification				
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
	370,051	370,051	370,051	370,051
	370,051	370,051	370,051	370,051

		Performing		Non Performing		Total	
		(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
		March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
----- Rupees in '000 -----							
10. ADVANCES	Note						
Loans, cash credits, running finances, etc.		217,245,020	224,966,858	9,791,674	10,353,164	227,036,694	235,340,022
Bills discounted and purchased		11,712,921	11,113,114	-	-	11,712,921	11,113,114
Advances - gross		228,957,941	236,099,972	9,791,674	10,353,164	238,749,615	246,453,136
Provision against advances							
General		(158,141)	(161,166)	-	-	(158,141)	(161,166)
General provision - under IFRS-9	10.3.2	(25,234)	(7,520)	-	-	(25,234)	(7,520)
Specific		-	-	(3,426,368)	(3,339,941)	(3,426,368)	(3,339,941)
	10.3	(183,375)	(168,686)	(3,426,368)	(3,339,941)	(3,609,743)	(3,508,627)
Advances - net of provision		228,774,566	235,931,286	6,365,306	7,013,223	235,139,872	242,944,509

		(Un-audited)	(Audited)
		March 31, 2020	December 31, 2019
----- Rupees in '000 -----			
10.1 Particulars of advances (gross)			
In local currency		228,720,507	237,733,122
In foreign currencies		10,029,108	8,720,014
		238,749,615	246,453,136

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

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

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2020

10.3 Particulars of provision against advances

	(Un-audited) March 31, 2020				(Audited) December 31, 2019			
	Specific	General	General provision - under IFRS-9	Total	Specific	General	General provision - under IFRS-9	Total
Note	----- Rupees in '000 -----							
Opening balance	3,339,941	161,166	7,520	3,508,627	2,989,888	155,661	10,746	3,156,295
Exchange adjustments	-	-	1,671	-	-	-	1,095	1,095
Charge for the period / year	115,295	-	16,043	131,338	880,994	5,505	-	886,499
Reversals for the period / year	(28,868)	(3,025)	-	(31,893)	(526,146)	-	(4,321)	(530,467)
	86,427	(3,025)	16,043	99,445	354,848	5,505	(4,321)	356,032
Amounts written off	-	-	-	-	(4,795)	-	-	(4,795)
Closing balance	10.3.1 3,426,368	158,141	25,234	3,608,072	3,339,941	161,166	7,520	3,508,627

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

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

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

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

11. FIXED ASSETS	Note	(Un-audited) March 31, 2020	(Audited) December 31, 2019
		---- Rupees in '000 ----	
Capital work-in-progress	11.1	173,975	138,167
Property and equipment	11.2	5,853,756	5,961,042
Right-of-use assets	11.4	3,365,467	3,593,492
		<u>9,393,198</u>	<u>9,692,701</u>

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2020

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
11.1 Capital work-in-progress	---- Rupees in '000 ----	
Civil works	139,366	116,365
Advance for purchase of furniture and fixtures	290	290
Advance for purchase of equipment	34,319	21,512
	<u>173,975</u>	<u>138,167</u>

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

	----- Un-audited -----		----- (Audited) -----	
	Additions		Disposal (net book value)	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	----- Rupees in '000 -----			
Capital work-in-progress - net	35,808	131,984	-	-
Property and equipment				
Lease hold improvements	35,126	-	29	1,789
Furniture and fixture	20,149	20,436	43	289
Electrical, office and computer equipment	69,999	151,687	226	3,149
Vehicles	49	-	764	11,824
	<u>125,323</u>	<u>172,123</u>	<u>1,062</u>	<u>17,051</u>
	<u>161,131</u>	<u>304,107</u>	<u>1,062</u>	<u>17,051</u>

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

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

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
11.4 The carrying amounts of right-of-use assets	---- Rupees in '000 ----	
Opening balance	3,593,492	4,461,250
Additional impact arised during the period - net	-	42,563
Depreciation	(228,025)	(910,321)
Closing balance	<u>3,365,467</u>	<u>3,593,492</u>

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2020

		(Un-audited) March 31, 2020	(Audited) December 31, 2019
	Note	---- Rupees in '000 ----	
12. INTANGIBLE ASSETS			
Capital work-in-progress	12.1	50,661	97,744
Computer software and goodwill	12.2	<u>2,229,786</u>	<u>2,173,616</u>
		<u>2,280,447</u>	<u>2,271,360</u>
12.1 Capital work-in-progress			
Advance for purchase of software		<u>50,661</u>	<u>97,744</u>
		---- Un-audited ----	
		March 31, 2020	March 31, 2019
12.2 Additions to intangible assets		---- Rupees in '000 ----	

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

Capital work-in-progress - net	-	73,340
Computer software	<u>35,489</u>	<u>4,846</u>
	<u>35,489</u>	<u>78,186</u>

		(Un-audited) March 31, 2020	(Audited) December 31, 2019
	Note	---- Rupees in '000 ----	
13. OTHER ASSETS			
Income/ Mark-up accrued in local currency		8,523,702	8,731,263
Income/ Mark-up accrued in foreign currency		130,019	48,511
Advances, deposits, advance rent and other prepayments		675,266	446,321
Acceptances		2,490,426	3,221,212
Dividend receivable		-	208,948
Taxation (payments less provision)		352,961	573,873
Receivable against bancassurance / bancatakaful		111,114	67,952
Stationery and stamps in hand		20,171	23,290
Receivable from other banks in respect of remittance		537,455	495,660
Non-banking assets acquired in satisfaction of claims		1,086,443	1,088,682
Mark to market gain on derivative instruments		28,569	22,408
Mark to market gain on forward foreign exchange contracts		441,195	65,955
Advance for subscription of TFC - unsecured	9.2.5	-	40,828
ATM settlement account		71,609	106,119
Others		<u>461,588</u>	<u>367,088</u>
		<u>14,930,518</u>	<u>15,508,110</u>
Less: Provision held against other assets	13.1	<u>(13,580)</u>	<u>(13,580)</u>
Other assets (net of provisions)		<u>14,916,938</u>	<u>15,494,530</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		93,712	93,743
Other assets - total		<u>15,010,650</u>	<u>15,588,273</u>

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2020

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	---- Rupees in '000 ----	
13.1 Movement in provision held against other assets		
Opening balance	13,580	15,860
Charge for the period / year	-	-
Reversal for the period / year	-	(2,280)
Net reversal for the period / year	-	(2,280)
Closing balance	<u>13,580</u>	<u>13,580</u>
14. BILLS PAYABLE		
In Pakistan	4,228,751	3,583,500
Outside Pakistan	<u>236,364</u>	<u>220,991</u>
	<u>4,465,115</u>	<u>3,804,491</u>
15. BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan under:		
Export Refinancing Scheme (ERF)	17,442,496	17,792,778
Long-Term Finance Facility (LTFF)	1,833,961	1,877,760
Financing Facility for Storage of Agricultural Produce (FFSAP)	385,165	300,440
Repurchase agreement borrowings	-	16,849,097
	<u>19,661,622</u>	<u>36,820,075</u>
Borrowing from financial institutions		
Repurchase agreement borrowings	<u>26,756,075</u>	<u>12,746,732</u>
Refinancing facility for mortgage loans	<u>1,946,747</u>	<u>1,961,128</u>
	<u>28,702,822</u>	<u>14,707,860</u>
Total secured	<u>48,364,444</u>	<u>51,527,935</u>
Unsecured		
Call borrowings	<u>1,195,894</u>	<u>2,303,356</u>
Overdrawn nostro accounts	<u>273,315</u>	<u>636,992</u>
Total unsecured	<u>1,469,209</u>	<u>2,940,348</u>
	<u>49,833,653</u>	<u>54,468,283</u>
15.1 Particulars of borrowings		
In local currency	46,096,378	51,527,935
In foreign currencies	<u>3,737,275</u>	<u>2,940,348</u>
	<u>49,833,653</u>	<u>54,468,283</u>

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2020

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

	Note	(Un-audited)	(Audited)
		March 31, 2020	December 31, 2019
----- Rupees in '000 -----			
17. SUBORDINATED DEBT			
Term Finance Certificates - First Issue	17.1	2,996,400	2,996,400
Term Finance Certificates - Second Issue	17.2	1,998,400	1,998,400
Term Finance Certificates - Third Issue	17.3	2,500,000	2,500,000
		7,494,800	7,494,800

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

Purpose: To contribute toward the Bank's Tier II Capital for complying with the Capital Adequacy Ratio requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.

Issue date: December 14, 2016

Tenure: Up to Seven years from the Issue date.

Maturity Date: December 14, 2023

Rating: A + (Single A Plus)

Profit Rate: Floating rate of return at Base rate + 1.4 percent per annum;

Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2020

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

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

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

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2020

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

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

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



Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2020

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

Loss absorbcency clause:

Pre-Specified Trigger ("PST") Upon the occurrence of a Pre-Specified Trigger as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013,, which stipulates that if an Issuer's Common Equity Tier 1 ("CET 1") ratio falls to or below 6.625% of Risk Weighted Assets ("RWA"), the Issuer will have full discretion to determine the amount of TFCs to be permanently converted into common shares or written off, subject to SBP regulations / instructions, and the cap specified below. The Bank will be able to exercise this discretion subject to:

- If and when Bank's CET 1 reaches the loss absorption trigger point, the aggregate amount of Additional Tier-1 capital to be converted must at least be the amount sufficient to immediately return the CET 1 ratio to above 6.625% of total RWA (if possible);
- The converted amount should not exceed the amount needed to bring the CET 1 ratio to 8.5% of RWA (i.e. minimum CET 1 of 6.0% plus capital conservation buffer of 2.5%); and
- In case, conversion of Additional Tier-1 capital Instrument is not possible following the trigger event, the amount of the Instrument must be written off in the accounts resulting in increase in CET 1 of the Issuer.

Point of Non-Viability ("PONV") Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013, which stipulates that SBP may, at its option, fully and permanently convert the TFCs into common shares of the Issuer and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Value of the TFCs' divided by market value per share of the Issuer's common / ordinary share on the date of the PONV trigger event as declared by SBP, subject to the cap specified below:

The PONV trigger event is the earlier of:

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2020

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

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	---- Rupees in '000 ----	
18. DEFERRED TAX (ASSETS) / LIABILITIES		
Deductible temporary difference on:		
Provision against investments	(57,149)	(57,149)
Provision against loans and advances	(139,460)	(132,305)
Provision against other assets	(719,961)	(628,569)
General provision under IFRS-9	(20,213)	(3,097)
Intangible other than Goodwill	(2,623)	(2,514)
Unrealised loss on revaluation of investments classified as held for trading	8,301	(1,218)
Deficit on revaluation of investments classified as available for sale	(121,215)	(278,261)
	<u>(1,052,320)</u>	<u>(1,103,113)</u>
Taxable temporary difference on:		
Fixed assets	248,556	250,858
Goodwill	512,268	512,268
Surplus on revaluation of operating fixed assets	297,034	299,034
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	956	967
Mark to market gain on forward foreign exchange contracts	154,418	23,085
Unrealized gain on revaluation of derivative instruments	9,999	8,145
	1,223,231	1,094,357
	<u>170,911</u>	<u>(8,756)</u>

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2020

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
Note	---- Rupees in '000 ----	
19. OTHER LIABILITIES		
Mark-up / return / interest payable in local currency	6,236,659	4,092,845
Mark-up / return / interest payable in foreign currency	81,867	72,782
Unearned income on guarantees	107,941	99,505
Accrued expenses	386,048	304,086
Acceptances	2,490,426	3,221,212
Unclaimed dividends	4,214	4,214
Payable in respect of defined benefit obligation - net	205,420	151,881
Government duties	313,004	352,575
Donation payable	12,641	1,991
Lease key money deposit	3,955,576	4,149,235
Sindh Workers' Welfare Fund	78,805	73,777
Payable against remittance	504,681	446,387
Visa debit card payable	411,304	158,574
Retention money payable	38,941	34,248
Lease liability against right-of-use assets	19.1 3,471,582	3,696,371
Advance against assets held for sale	37,500	37,500
Others	448,090	32,818
	<u>18,784,699</u>	<u>16,930,001</u>

19.1 Lease liability against right of use assets

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

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

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2020

		(Un-audited) March 31, 2020	(Audited) December 31, 2019
		----- Rupees in '000 -----	
20.	SURPLUS ON REVALUATION OF ASSETS	Note	
	Surplus / (deficit) on revaluation of:		
	Available-for-sale securities	9.1 & 20.1 (346,328)	(795,030)
	Fixed assets	20.2 1,354,012	1,359,727
	Non-banking assets acquired in satisfaction of claims	93,712	93,743
		1,101,396	658,440
	Deferred tax on (deficit) / surplus on revaluation of:		
	Available-for-sale securities	121,215	278,261
	Fixed assets	(297,034)	(299,034)
	Non-banking assets acquired in satisfaction of claims	(956)	(967)
		(176,775)	(21,740)
		924,621	636,700

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

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

		(Un-audited) March 31, 2020	(Audited) December 31, 2019
		----- Rupees in '000 -----	
21.	CONTINGENCIES AND COMMITMENTS	Note	
	Guarantees	21.1 44,678,469	45,650,803
	Commitments	21.2 101,858,270	76,025,492
		146,536,739	121,676,295
21.1	Guarantees:		
	Financial guarantees	2,753,174	2,464,411
	Performance guarantees	21,052,052	21,483,841
	Other guarantees	20,873,243	21,702,551
		44,678,469	45,650,803

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

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2020

	Note	(Un-audited) March 31, 2020	(Audited) December 31, 2019
		----- Rupees in '000 -----	
21.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit	21.2.1	16,081,747	13,965,258
Commitments in respect of:			
- Forward foreign exchange contracts	21.2.2	69,968,560	55,111,366
- Derivative instruments	21.2.3	15,500,922	6,745,592
- Forward lending	21.2.4	160,693	72,183
Commitments for acquisition of:			
- Fixed assets	21.2.5	146,348	131,093
		<u>101,858,270</u>	<u>76,025,492</u>
21.2.1	Included herein are the outstanding letter of credits of Rs. 51.007 million (December 31, 2019: Rs.44.368 million) of related parties.		
21.2.2	Commitments in respect of forward foreign exchange contracts		
Purchase		37,150,341	33,104,108
Sale		32,818,219	22,007,258
		<u>69,968,560</u>	<u>55,111,366</u>
The Bank utilises foreign exchange instruments to meet the needs of its customers and as part of its asset and liability management activity to hedge its own exposure to currency risk. At quarter end, all foreign exchange contracts have a remaining maturity of less than one year.			
		(Un-audited) March 31, 2020	(Audited) December 31, 2019
		----- Rupees in '000 -----	
21.2.3	Commitments in respect of derivative instruments		
Purchase		4,303,565	3,622,107
Sale		11,197,357	3,123,485
		<u>15,500,922</u>	<u>6,745,592</u>
21.2.3.1	Interest rate swaps (notional principal)		
Purchase		1,764,876	2,099,175
Sale		1,765,876	2,100,175
		<u>3,530,752</u>	<u>4,199,350</u>
21.2.3.2	Options (notional principal)		
Purchase		1,664,286	1,023,310
Sale		3,206,296	1,023,310
		<u>4,870,582</u>	<u>2,046,620</u>
21.2.3.3	Forward government securities		
Purchase		874,403	499,622
Sale		6,225,185	-
		<u>7,099,588</u>	<u>499,622</u>

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2020

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

21.2.4 Commitments in respect of forward lending

Undrawn formal standby facilities, credit lines and other commitments to lend

160,693 72,183

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

21.2.5 Commitments for acquisition of fixed assets

146,348 131,093

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

22. DERIVATIVE INSTRUMENTS

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

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

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

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

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

		(Un-audited) March 31, 2020					
		Interest Rate Swaps		Options		Forward securities	
		Notional principal	Mark to Market	Notional principal	Mark to Market	Notional principal	Mark to Market
22.1	Product analysis	----- Rupees in '000 -----					
	With Banks for						
	Hedging	3,530,752	11,272	2,667,259	19,647	-	-
	Market making	-	-	-	-	7,099,588	(2,350)
	With FIs other than banks						
	Hedging	-	-	-	-	-	-
	Market making	-	-	-	-	-	-
	Total						
	Hedging	3,530,752	11,272	2,667,259	19,647	-	-
	Market making	-	-	-	-	7,099,588	(2,350)

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2020

(Audited)
December 31, 2019

	Interest Rate Swaps		Options		Forward securities	
	Notional principal	Mark to Market	Notional principal	Mark to Market	Notional principal	Mark to Market
----- Rupees in '000 -----						
With Banks for						
Hedging	4,199,350	13,327	-	8,885	-	-
Market making	-	-	-	-	499,622	196
With FIs other than banks						
Hedging	-	-	-	-	-	-
Market making	-	-	-	-	-	-
Total						
Hedging	4,199,350	13,327	-	8,885	-	-
Market making	-	-	-	-	499,622	196

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

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

		----- Un-audited ----- March 31, 2020	March 31, 2019
		----- Rupees in '000 -----	
23. MARK-UP / RETURN / INTEREST EARNED	Note		
On:			
Loans and advances		8,319,959	7,081,085
Investments		4,166,388	2,079,664
Lendings to financial institutions		3,581	22,560
Balance with banks		5,202	11,876
Securities purchased under resale agreements		428,340	143,350
		<u>12,923,470</u>	<u>9,338,535</u>
24. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		9,237,978	5,556,941
Borrowings	24.1	562,398	1,403,695
Sub-ordinated loans		282,807	231,705
Cost of foreign currency swaps against foreign currency deposits / borrowings		182,358	81,638
Lease liability against right-of-use assets	19.1	116,068	-
		<u>10,381,609</u>	<u>7,273,979</u>
24.1 Borrowings			
Export Refinancing Scheme (ERF)		85,420	80,021
Long-Term Finance Facility (LTFF)		11,433	5,916
Financing Facility for Storage of Agricultural Produce (FFSAP)		1,902	723
Securities sold under repurchase agreements		327,814	1,179,709
Other borrowings		135,829	137,326
		<u>562,398</u>	<u>1,403,695</u>

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2020

		----- Un-audited ----- March 31, 2020	March 31, 2019
	Note	----- Rupees in '000 -----	
25. FEE AND COMMISSION INCOME			
Branch banking customer fees		45,875	47,408
Consumer finance related fees		6,977	4,898
Card related fees (debit and credit cards)		198,996	102,230
Credit related fees		77,956	75,427
Investment banking fees		23,799	35,391
Commission on trade		163,558	114,058
Commission on guarantees		86,242	84,281
Commission on cash management		1,736	1,563
Commission on remittances including home remittances		56,637	22,081
Commission on bancassurance		28,636	23,990
Commission on distribution of mutual funds		12,748	40,454
Commission on online Services		74,688	39,784
Postage & Courier income		7,168	3,514
Rebate income		63,042	50,907
Rebate on primary dealership		-	6,283
		<u>848,058</u>	<u>652,269</u>
26. GAIN / (LOSS) ON SECURITIES			
Realised	26.1	78,083	(53,985)
Unrealised - held for trading		23,717	(8,385)
		<u>101,800</u>	<u>(62,370)</u>
26.1 Realised gain / (loss) on:			
Federal government securities			
Market treasury bills		27,955	7,720
Pakistan investment bonds		57,826	(1,370)
Ijara sukuk certificates		-	178
Shares			
Listed companies		(10,670)	(28,564)
Non Government Debt Securities			
Sukuk certificates		450	-
Mutual fund units		2,522	482
Foreign currency bonds		-	(32,431)
		<u>78,083</u>	<u>(53,985)</u>
27. OTHER INCOME - NET			
Gain on sale of operating fixed assets - net		<u>1,414</u>	<u>23,499</u>

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2020

		----- Un-audited -----	
		March 31, 2020	March 31, 2019
		----- Rupees in '000 -----	
28.	OPERATING EXPENSES		
	Total compensation expense	1,565,155	1,312,358
	Property expense		
	Rent & taxes	7,830	280,282
	Insurance	2,638	2,638
	Utilities cost	58,208	55,008
	Security (including guards)	106,609	85,802
	Repair & maintenance (including janitorial charges)	53,353	55,956
	Depreciation	50,017	57,328
	Depreciation - Right of Use Assets	228,025	-
	Depreciation on non banking assets	2,269	61
		508,949	537,075
	Information technology expenses		
	Software maintenance	15,658	37,338
	Hardware maintenance	38,378	43,781
	Depreciation	48,778	39,451
	Amortisation	26,740	21,909
	Network charges	27,184	26,638
		156,738	169,117
	Other operating expenses		
	Directors' fees and allowances	3,350	2,200
	Legal & professional charges	26,688	23,651
	Insurance	25,809	24,555
	Outsourced services costs	32,769	29,657
	Travelling & conveyance	23,727	19,098
	NIFT clearing charges	8,958	9,488
	Depreciation	73,769	87,445
	Training & development	6,721	8,848
	Postage & courier charges	27,779	20,108
	Communication	32,909	23,520
	Stationery & printing	67,084	61,327
	Marketing, advertisement & publicity	117,412	40,101
	Donations	12,569	1,093
	Auditors Remuneration	3,092	2,062
	Staff Auto fuel & maintenance	56,063	30,295
	Bank Charges	11,369	13,071
	Stamp Duty	3,160	11,579
	Online verification charges	4,677	4,719
	Brokerage, fee and commission	9,350	9,151
	Card related fees (debit and credit cards)	1,776	2,131
	CDC and other charges	1,080	1,310
	Consultancy fee	9,508	15,275
	Deposit protection corporation	34,970	34,940
	Entertainment expenses	15,121	16,083
	Fee and Subscription	30,245	9,992
	Employees social security	2,233	1,564
	Generator fuel & maintenance	20,326	19,849
	Others	14,179	7,377
		676,693	530,489
		2,907,535	2,549,039

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2020

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

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

29. WORKERS WELFARE FUND

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

	----- Un-audited -----	
	March 31, 2020	March 31, 2019
	----- Rupees in '000 -----	
30. OTHER CHARGES		
Penalties imposed by State Bank of Pakistan	-	50
Others	4,044	5
	<u>4,044</u>	<u>55</u>
31. PROVISIONS AND WRITE OFFS - NET		
Provisions / (reversals) in diminution in value of investments	16,569	(32,678)
Provisions against loans & advances	83,402	284,669
Other reversals	-	(822)
General provision / (reversal) - under IFRS-9	45,137	(22,652)
Fixed assets written off	58,508	-
	<u>203,616</u>	<u>228,517</u>
32. TAXATION		
Current	223,292	137,107
Prior years	-	-
Deferred	22,623	(115,845)
	<u>245,915</u>	<u>21,262</u>

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

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2020

		----- Un-audited -----	
		March 31, 2020	March 31, 2019
		----- Rupees in '000 -----	
33. BASIC EARNINGS PER SHARE	Note		
Profit after taxation for the period - attributable to ordinary equity holders of the Bank		382,542	33,405
Preference dividend paid for the year December 31, 2018 @ 12% p.a	33.1	-	(24,164)
Profit after taxation for the period - attributable to ordinary equity holders of the Bank for basic earnings		<u>382,542</u>	<u>9,241</u>
----- Number -----			
Weighted average number of outstanding ordinary shares during the period for basic earnings		<u>1,297,464,262</u>	<u>1,297,464,262</u>
----- Rupee -----			
Basic earnings per share		<u>0.29</u>	<u>0.01</u>

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

		(Un-audited) March 31, 2020	(Audited) December 31, 2019
		----- Rupees in '000 -----	
34. CASH AND CASH EQUIVALENTS	Note		
Cash and balances with treasury banks	6	27,430,691	25,589,349
Balances with other banks	7	1,316,033	462,904
Overdrawn nostro accounts	15	(273,315)	(636,992)
		<u>28,473,409</u>	<u>25,415,261</u>
Less: General provision under IFRS 9	7.1	(75)	(68)
		<u>28,473,334</u>	<u>25,415,193</u>

35. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2020

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 4.7 to the annual unconsolidated financial statements for the year ended December 31, 2019.

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

Fair value hierarchy

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

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Fair value measurements using unobservable inputs for the asset or liability.

35.1 Valuation techniques used in determination of fair values within level

Item	Valuation approach and input used
------	-----------------------------------

Financial Instruments- Level 1

Shares of listed companies	Fair values of investments in listed equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.
----------------------------	--

Financial instruments - Level 2

Units of mutual funds	Fair values of investments in units of mutual funds are determined based on redemption prices disclosed at the Mutual Funds Association of Pakistan (MUFAP) as at the close of the business days.
Market Treasury Bills(MTB) / Pakistan Investment Bonds(PIB), and GoP Sukuks (GIS)	Fair values of Pakistan Investment Bonds and Market Treasury Bills are derived using PKRV rates (Reuters page).

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2020

Debt Securities (TFCs) and Sukuk other than Government	Investments in debt securities (comprising Term Finance Certificates, Bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the SECP.
Overseas Government Sukuks, Overseas and Euro Bonds	The fair value of Overseas Government Sukuks, and Overseas Bonds are valued on the basis of price available on Bloomberg.
Forward foreign exchange contracts	The valuation has been determined by interpolating the foreign exchange revaluation rates announced by the State Bank of Pakistan.
Derivatives	The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currencies involved, interest rates, yield curves, volatilities, contracts duration, etc.

Non- financial assets- Level 2

Fixed assets - Land and building	Fixed assets and Non-banking assets under satisfaction of claims are carried at revalued amounts determined by professional valuers based on their assessment of the market values as disclosed in note 10 and 13 of the annual financial statements December 31, 2019. The valuations are conducted by the valuation experts appointed by the Bank which are also on the panel of State Bank of Pakistan. The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements.
Non-banking assets under satisfaction of claims	

Financial instruments in level 3

Currently, no financial instruments are classified in level 3.
The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2020

- 35.2 The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between levels 1 and 2 during the period.
- 35.3 The following table provides an analysis of financial assets that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

	(Un-audited) March 31, 2020			
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Held-for-trading securities				
Investments				
Federal Government Securities	-	28,989,514	-	28,989,514
Available-for-sale securities				
Investments				
Federal Government Securities	-	108,171,865	-	108,171,865
Shares	1,830,750	-	-	1,830,750
Non Government Debt Securities	-	505,312	-	505,312
Foreign Securities	-	2,741,749	-	2,741,749
	1,830,750	111,418,926	-	113,249,676
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	35,807,008	-	35,807,008
	1,830,750	176,215,448	-	178,046,198
Non-Financial assets - measured at fair value				
Revalued fixed assets	-	3,791,465	-	3,791,465
Non-banking assets acquired in satisfaction of claims	-	1,180,155	-	1,180,155
	-	4,971,620	-	4,971,620
Off balance sheet financial instruments				
Commitments in respect of:				
Forward foreign exchange contracts				
Purchase	-	38,893,052	-	38,893,052
Sale	-	34,119,733	-	34,119,733
Derivative instruments:				
Interest rate swaps				
Purchase	-	2,622,255	-	2,622,255
Sale	-	2,622,255	-	2,622,255
Options				
Purchase	-	1,675,271	-	1,675,271
Sale	-	3,215,357	-	3,215,357
Forward government securities				
Purchase	-	874,776	-	874,776
Sale	-	6,222,462	-	6,222,462

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2020

	(Audited)			Total
	December 31, 2019			
	Level 1	Level 2	Level 3	
	----- Rupees in '000 -----			
<u>On balance sheet financial instruments</u>				
Financial assets - measured at fair value				
Held-for-trading securities				
Investments				
Federal Government Securities	-	55,598,469	-	55,598,469
Available-for-sale securities				
Investments				
Federal Government Securities	-	47,019,374	-	47,019,374
Shares	1,965,753	-	-	1,965,753
Non Government Debt Securities	-	540,303	-	540,303
	1,965,753	47,559,677	-	49,525,430
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	31,341,410	-	31,341,410
	1,965,753	134,499,556	-	136,465,309
Non-Financial assets - measured at fair value				
Revalued fixed assets	-	3,797,180	-	3,797,180
Non-banking assets acquired in satisfaction of claims	-	1,182,425	-	1,182,425
	-	4,979,605	-	4,979,605
<u>Off balance sheet financial instruments</u>				
Commitments in respect of:				
Forward foreign exchange contracts				
Purchase	-	32,885,546	-	32,885,546
Sale	-	21,722,741	-	21,722,741
Derivative instruments				
Forward government securities				
Purchase	-	499,818	-	499,818
Interest rate swaps				
Purchase	-	1,474,016	-	1,474,016
Sale	-	2,738,661	-	2,738,661
Options				
Purchase	-	1,024,638	-	1,024,638
Sale	-	1,030,868	-	1,030,868

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2020

36. SEGMENT INFORMATION

Segment Details with respect to business activities

	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Others	Total
March 31, 2020 (Un-audited)	----- Rupees in '000 -----					
Profit & Loss						
Net mark-up/return/profit	117,152	(780,637)	2,827,165	615,098	(236,917)	2,541,861
Inter segment revenue - net	(1,675)	-	(159,863)	(37,499)	199,037	-
Non mark-up / return / interest income	23,245	289,234	585,135	231,838	77,367	1,206,819
Total Income	138,722	(491,403)	3,252,437	809,437	39,487	3,748,680
Segment direct expenses	11,976	31,353	1,287,392	163,408	1,422,478	2,916,607
Inter segment expense allocation	32,583	80,845	835,608	307,891	(1,256,927)	-
Total expenses	44,559	112,198	2,123,000	471,299	165,551	2,916,607
Provisions	254	-	83,638	44,920	74,804	203,616
Profit before tax	93,909	(603,601)	1,045,799	293,218	(200,868)	628,457
March 31, 2020 (Un-audited)						
Balance Sheet						
Cash & Bank balances	104,314	-	25,969,755	2,672,580	-	28,746,649
Investments	2,412,494	177,288,942	-	3,539,548	-	183,240,984
Net inter segment lending	-	-	191,450,802	27,587,787	18,229,286	237,267,875
Lendings to financial institutions	-	3,705,731	-	138,920	-	3,844,651
Advances - net						
Advances - performing	57,922,591	-	83,557,387	80,613,255	6,864,708	228,957,941
Advances - non-performing	1,445,066	-	3,321,532	4,823,651	201,425	9,791,674
Advances - (Provisions)/reversals - Net	-	-	(706,262)	(2,667,603)	(235,878)	(3,609,743)
	59,367,657	-	86,172,657	82,769,303	6,830,255	235,139,872
Others	-	-	-	-	27,058,295	27,058,295
Total Assets	61,884,465	180,994,673	303,593,214	116,708,138	52,117,836	715,298,326
Borrowings	-	33,168,916	-	16,664,737	-	49,833,653
Subordinated debt	-	-	-	-	7,494,800	7,494,800
Deposits & other accounts	2,661,287	-	297,961,565	71,350,619	7,272,990	379,246,461
Net inter segment borrowing	59,223,179	147,825,757	1,703,353	28,515,586	-	237,267,875
Others	-	-	3,928,297	177,196	19,315,232	23,420,725
Total liabilities	61,884,466	180,994,673	303,593,215	116,708,138	34,083,022	697,263,514
Equity	-	-	-	-	18,034,812	18,034,812
Total Equity & liabilities	61,884,466	180,994,673	303,593,215	116,708,138	52,117,834	715,298,326
Contingencies & Commitments	-	72,030,562	52,916,783	21,431,517	157,877	146,536,739

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2020

	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Others	Total
March 31, 2019 (Un-audited) ----- Rupees in '000 -----						
Profit & Loss						
Net mark-up/return/profit	-	593,663	(988,059)	2,458,952	-	2,064,556
Inter segment revenue - net	-	(1,572,308)	3,358,814	(1,786,506)	-	-
Non mark-up / return / interest income	35,552	58,629	436,898	213,581	23,499	768,159
Total Income	35,552	(920,016)	2,807,653	886,027	23,499	2,832,715
Segment direct expenses	25,270	29,383	1,393,327	178,896	135,781	1,762,657
Inter segment expense allocation	-	69,333	422,003	295,538	-	786,874
Total expenses	25,270	98,716	1,815,330	474,434	135,781	2,549,531
Provisions	-	(32,836)	19,178	242,175	-	228,517
Profit before tax	10,282	(985,896)	973,145	169,418	(112,282)	54,667
December 31, 2019 (Audited)						
Balance Sheet						
Cash & Bank balances	-	17,153,413	8,898,772	-	-	26,052,185
Investments	-	142,568,470	-	-	-	142,568,470
Net inter segment lending	-	-	202,362,517	-	8,089,077	210,451,594
Lendings to financial institutions	-	30,320,540	-	-	-	30,320,540
Advances - net						
Advances - performing	-	-	94,201,743	141,898,229	-	236,099,972
Advances - non-performing	-	-	3,508,735	6,844,429	-	10,353,164
Advances - (Provisions)/reversals - Net	-	-	(469,382)	(3,039,245)	-	(3,508,627)
	-	-	97,241,096	145,703,413	-	242,944,509
Others	-	4,831,115	3,925,690	5,017,351	14,160,934	27,935,090
Total Assets	-	194,873,538	312,428,075	150,720,764	22,250,011	680,272,388
Borrowings	-	36,295,878	7,090,687	11,081,718	-	54,468,283
Subordinated debt	-	7,494,800	-	-	-	7,494,800
Deposits & other accounts	-	-	295,347,351	74,442,613	-	369,789,964
Net inter segment borrowing	-	150,619,213	-	59,832,381	-	210,451,594
Others	-	463,647	9,990,037	5,364,052	4,916,756	20,734,492
Total liabilities	-	194,873,538	312,428,075	150,720,764	4,916,756	662,939,133
Equity	-	-	-	-	17,333,255	17,333,255
Total Equity & liabilities	-	194,873,538	312,428,075	150,720,764	22,250,011	680,272,388
Contingencies & Commitments	-	59,810,338	43,939,275	17,795,589	131,093	121,676,295

37. RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its parent, subsidiaries, associates, employee benefit plans, its directors & Key Management Personnel and other related parties.

The Banks 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 financial statements are as follows:

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2020

As at December 31, 2019 (Audited)

As at March 31, 2020 (Un-audited)

	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)											
Lendings to financial institutions												
Opening balance	-	-	-	-	-	-	-	-	-	-	-	-
Addition during the year	-	-	-	-	1,000,000	-	-	-	-	-	-	-
Repaid during the year	-	-	-	-	(1,000,000)	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-	-	-
Investments												
Opening balance	-	-	-	1,919,121	228,972	1,617,327	-	-	-	1,919,121	180,000	1,964,110
Investment made during the period / year	-	-	-	-	40,828	1,391,920	-	-	-	-	48,972	1,542,991
Investment redeemed / disposed off during the year	-	-	-	-	-	(850,001)	-	-	-	-	-	(1,888,774)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	1,919,121	269,800	2,159,246	-	-	-	1,919,121	228,972	1,617,327
Provision for diminution in value of investments	-	-	-	-	-	65,022	-	-	-	-	-	65,022
Advances												
Opening balance	-	-	596,257	-	-	1,946,481	-	5,230	448,575	-	-	2,823,598
Addition during the period / year	-	-	105,124	-	-	2,434,290	-	316	322,500	-	-	5,086,823
Repaid during the period / year	-	-	(23,823)	-	-	(1,610,308)	-	(5,546)	(120,115)	-	-	(6,320,068)
Transfer in / (out) - net	-	-	77,481	-	-	219,875	-	-	(54,738)	-	-	356,128
Closing balance	-	-	755,039	-	-	3,093,197	-	-	566,257	-	-	1,946,481
Fixed Assets												
Purchase of building	-	-	-	-	-	-	-	-	-	607,299.00	-	-
Cost of disposal	-	-	-	-	-	-	-	-	43,410	-	-	17,667
Accumulated depreciation of disposal	-	-	-	-	-	-	-	-	(12,927)	-	-	(8,002)
WDV of disposal	-	-	-	-	-	-	-	-	30,483	-	-	9,665
Other Assets												
Interest mark-up accrued	-	-	519	-	-	32,571	-	48	473	-	-	49,640
Receivable against bancassurance / bancatakaiul	-	-	-	-	-	111,114	-	-	-	-	-	67,952
Advance for subscription of TFC - unsecured	-	-	-	-	-	-	-	-	-	-	40,828	-
Prepaid insurance	-	-	-	-	-	-	-	-	-	-	-	97,806
Dividend Receivable	-	-	-	-	-	-	-	-	208,946.00	-	-	-
Other receivable	-	-	-	-	-	-	-	-	-	6,133	-	1,000
Provision against other assets	-	-	-	-	-	-	-	-	-	-	-	2,438

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2020

	As at March 31, 2020 (Un-audited)				As at December 31, 2019 (Audited)			
	Parent	Directors	Key management personnel	Other related parties	Parent	Directors	Key management personnel	Other related parties
	(Rupees in '000)				(Rupees in '000)			
Borrowings								
Opening balance	-	-	-	-	-	-	-	4,800,000
Borrowings during the period / year	-	-	-	5,028,900	-	-	-	174,209,491
Settled during the period / year	-	-	-	(5,028,900)	-	-	-	(179,009,491)
Closing balance	-	-	-	-	-	-	-	-
Deposits and other accounts								
Opening balance	271,648	24,444	59,593	8,622,201	336,515	24,308	74,950	1,606,413
Received during the period / year	741,237	27,732	155,491	35,498,565	4,332,699	160,210	1,437,872	538,270,222
Withdrawn during the period / year	(600,868)	(38,131)	(153,298)	(34,973,680)	(137,680)	(137,680)	(1,450,123)	(538,630,272)
Transfer in / (out) - net	-	-	(12,123)	(168,689)	(33,300)	(22,394)	(3,106)	41,874
Closing balance	412,017	14,045	49,663	8,887,401	271,648	24,444	59,593	1,246,863
Subordinated loans	-	-	-	889,588	-	-	-	889,588
Other Liabilities								
Interest / return / mark-up payable on deposits	128	2	103	116,004	-	-	114	286,949
Interest / return / mark-up payable on subordinated loans	-	-	-	36,288	-	-	-	2,220
Payable to defined benefit plan	-	-	-	205,420	-	-	-	147,885
Others payable	-	-	-	302	-	-	-	5,638
Represented By								
Share Capital	9,738,073	17,330	905	45,655	9,733,073	17,330	900	81,765
Contingencies and Commitments								
Letter of guarantee	-	-	-	24,125	-	-	-	14,217
Letter of Credit	-	-	-	51,007	-	-	-	44,388

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2020

	As at March 31, 2020 (Un-audited)				As at March 31, 2019 (Un-audited)			
	Parent	Directors	Key management personnel	Other related parties	Parent	Directors	Key management personnel	Other related parties
	(Rupees in '000)							
Income								
Mark-up / return / interest earned	-	-	14,644	40,265	-	88	5,014	91,603
Fee and commission income	-	-	54	57,929	-	27	70	75,590
Dividend income	-	-	-	42,826	-	-	-	274
Gain / (loss) on sale of securities - Net	-	-	-	2,522	-	-	-	540
Other income	-	-	-	-	-	-	-	531
Expense								
Mark-up / return / interest paid	5,165	257	121	311,741	7,659	490	1,243	299,385
Remuneration paid	-	-	149,070	-	-	-	133,635	-
Commission / charges paid	-	-	-	-	-	-	-	-
Preference Dividend Paid	-	-	-	-	1,370	-	-	418
Non-executive directors' fee	-	3,000	-	-	23,419	2,200	199	-
Net charge for defined contribution plans	-	-	-	57,263	-	-	-	52,156
Net charge for defined benefit plans	-	-	-	53,539	-	-	-	79,033
Rental expense	-	-	-	-	-	-	-	-
Advisory fee	-	-	-	-	-	-	-	1,339
Reimbursement of expenses	-	-	-	-	1,211	-	-	15,000
Other expenses	225	-	-	399	-	-	-	46
Insurance premium paid	-	-	-	210,846	-	-	-	261,664
Insurance claims settled	-	-	-	214	-	-	-	3,159

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2020

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

38. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):
 Paid-up capital (net of losses)

10,119,242 **10,119,242**

Capital Adequacy Ratio (CAR):
 Eligible Common Equity Tier 1 (CET 1) Capital
 Eligible Additional Tier 1 (ADT 1) Capital
 Total Eligible Tier 1 Capital
 Eligible Tier 2 Capital

15,024,724	14,619,607
2,500,000	2,500,000
17,524,724	17,119,607
4,398,371	4,306,756

Total Eligible Capital (Tier 1 + Tier 2)

21,923,095 **21,426,363**

Risk Weighted Assets (RWAs):
 Credit Risk
 Market Risk
 Operational Risk
 Total

148,942,774	144,380,673
812,917	924,762
20,468,251	20,468,251
170,223,943	165,773,686

Common Equity Tier 1 Capital Adequacy ratio

8.83% **8.82%**

Tier 1 Capital Adequacy Ratio

10.30% **10.33%**

Total Capital Adequacy Ratio

12.88% **12.93%**

Leverage Ratio (LR):
 Eligible Tier-1 Capital
 Total Exposures
 Leverage Ratio

17,524,724	17,119,607
530,996,914	501,440,747
3.30%	3.41%

Liquidity Coverage Ratio (LCR):
 Total High Quality Liquid Assets
 Total Net Cash Outflow
 Liquidity Coverage Ratio

138,170,998	83,221,592
52,883,698	55,819,412
261.27%	149.09%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding
 Total Required Stable Funding
 Net Stable Funding Ratio

312,716,312	308,715,925
267,780,364	274,288,642
116.78%	112.55%



Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2020

39. GENERAL

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

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

40. DATE OF AUTHORISATION FOR ISSUE

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

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman

Consolidated
Financial Statements

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

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

_____ President and Chief Executive Officer	_____ Chief Financial Officer	_____ Director	_____ Director	_____ Chairman
---	----------------------------------	-------------------	-------------------	-------------------

Condensed Interim Consolidated Profit and Loss Account (Un-audited)

For the Quarter Ended March 31, 2020

	Note	March 31, 2020	March 31, 2019
----- Rupees in '000 -----			
Mark-up / return / interest earned	23	12,958,006	9,361,260
Mark-up / return / interest expensed	24	10,375,517	7,260,043
Net mark-up / interest income		<u>2,582,489</u>	<u>2,101,217</u>

NON MARK-UP / INTEREST INCOME

Fee, commission and brokerage income	25	1,027,900	783,383
Dividend income		52,226	30,251
Foreign exchange income		192,975	111,405
Income from derivatives		19,746	39,211
Gain / (loss) on securities	26	122,579	(45,432)
Share of (loss) / profit from associates		(14,387)	5,584
Other income	27	9,630	31,102
Total non-mark-up / interest income		<u>1,410,669</u>	<u>955,504</u>
Total Income		3,993,158	3,056,721

NON MARK-UP / INTEREST EXPENSES

Operating expenses	28	3,121,905	2,782,620
Workers welfare fund	29	6,244	726
Other charges	30	4,044	55
Total non-mark-up / interest expenses		<u>3,132,193</u>	<u>2,783,401</u>
Profit before provisions		860,965	273,320

Provisions and write offs - net	31	203,616	228,517
Extraordinary / unusual items		-	-
PROFIT BEFORE TAXATION		<u>657,349</u>	<u>44,803</u>

Taxation	32	248,859	33,729
----------	----	---------	--------

PROFIT AFTER TAXATION		<u>408,490</u>	<u>11,074</u>
------------------------------	--	----------------	---------------

Attributable to:

Equity holders of the Bank		401,888	20,855
Non-controlling interest		6,602	(9,781)
		<u>408,490</u>	<u>11,074</u>

----- Rupee -----

Basic earnings per share	33	<u>0.31</u>	-
--------------------------	----	-------------	---

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

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman

Condensed Interim Consolidated Statement of Comprehensive Income (Un-audited)

For the Quarter Ended March 31, 2020

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

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

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman

Condensed Interim Consolidated Statement of Changes in Equity

For the Quarter Ended March 31, 2020

	Attributable to shareholders of the Bank									
	Reserves			Surplus / (Deficit) on revaluation of				Sub-total	Non-controlling interest	Total
	Share capital	Statutory reserve *	Exchange translation	Investments	Fixed assets	Non banking assets	Unappropriated profit			
Rupees in '000										
Balance as at December 31, 2018 - audited	10,119,242	1,641,236	70,934	(2,074,189)	1,158,799	92,858	5,825,742	16,834,622	1,604,197	18,438,819
Total comprehensive income for the quarter ended March 31, 2019 - un-audited										
Profit / (loss) after taxation	-	-	-	-	-	-	20,855	20,855	(9,781)	11,074
Other comprehensive income - net of tax	-	-	4,005	555,310	-	-	-	559,315	5,472	564,787
	-	-	4,005	555,310	-	-	20,855	560,170	(4,309)	573,861
Transfer to statutory reserve	-	6,682	-	-	-	-	(6,682)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax										
Fixed assets	-	-	-	-	(7,426)	-	6,627	(799)	799	-
Non-banking assets acquired in satisfaction of claims	-	-	-	-	-	(20)	20	-	-	-
Transaction with owners recorded directly in equity										
Preference dividend paid for the year ended December 31, 2018 @12% p.a.	-	-	-	-	-	-	(24,164)	(24,164)	-	(24,164)
Balance as at March 31, 2019 - unaudited	10,119,242	1,647,918	74,939	(1,518,879)	1,151,373	92,838	5,822,398	17,389,829	1,600,687	18,990,516
Total comprehensive income for the nine months period ended December 31, 2019 - audited										
Loss after taxation	-	-	-	-	-	-	(266,140)	(266,140)	(1,542)	(267,682)
Other comprehensive income/ (loss) - net of tax	-	-	28,566	1,159,259	452,297	-	(11,982)	1,629,040	(91,504)	1,537,536
	-	-	28,566	1,159,259	452,297	-	(277,222)	1,362,900	(93,046)	1,269,854
Transfer to statutory reserve	-	(1,751)	-	-	-	-	1,751	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax										
Fixed assets	-	-	-	-	(28,295)	-	29,094	799	(799)	-
Non-banking assets acquired in satisfaction of claims	-	-	-	-	-	(62)	62	-	-	-
Transaction with owners recorded directly in equity										
Interim cash dividend to non-controlling interest by subsidiary company @ Rs. 4 per share	-	-	-	-	-	-	-	-	(38,152)	(38,152)
Buy-back of shares by subsidiary from NCI	-	-	-	-	-	-	-	-	(1,001,653)	(1,001,653)
Gain arisen on buy back of shares by subsidiary	-	-	-	-	-	-	219,513	219,513	41,234	260,747
Balance as at December 31, 2019 - audited	10,119,242	1,646,167	103,505	(359,620)	1,575,375	92,776	5,795,596	18,973,041	508,271	19,481,312
Total comprehensive income for the quarter ended March 31, 2020 - un-audited										
Profit after taxation	-	-	-	-	-	-	401,888	401,888	6,602	408,490
Other comprehensive income / (loss) net of tax	-	-	27,359	92,935	1,216	-	(2,316)	119,194	(36,391)	82,893
	-	-	27,359	92,935	1,216	-	399,572	521,082	(29,789)	491,293
Transfer to statutory reserve	-	76,508	-	-	-	-	(76,508)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax										
Fixed assets	-	-	-	-	(7,549)	-	7,549	-	-	-
Non-banking assets acquired in satisfaction of claims	-	-	-	-	-	(20)	20	-	-	-
Balance as at March 31, 2020 - unaudited	10,119,242	1,722,675	130,864	(266,685)	1,569,042	92,756	6,126,229	19,494,123	478,482	19,972,605

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

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

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman

Condensed Interim Consolidated Cash Flow Statement (Un-audited)

For the Quarter Ended March 31, 2020

	Note	March 31, 2020	March 31, 2019
		----- Rupees in '000 -----	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		657,349	44,803
Less: Dividend income		(52,226)	(30,251)
Add / (less): Share of loss / (profit) from associates		14,387	(5,584)
		<u>619,510</u>	<u>8,968</u>
Adjustments:			
Depreciation		193,735	213,700
Depreciation on non-banking assets		2,269	61
Depreciation - right of use assets	11.5	245,959	-
Amortisation of intangible assets		27,930	23,032
Provisions and write offs - net	31	203,616	228,517
Gain on sale of fixed assets - net	27	(5,375)	(23,711)
Mark-up / return / interest expense on lease liability against right-of-use assets	19.1	133,658	24,781
Charge for defined benefit plan		53,539	49,033
Unrealised gain on revaluation of investments classified as held-for-trading - net	26	(23,935)	(1,318)
Provision for workers welfare fund	29	6,244	726
Unrealised gain on revaluation of derivative instruments - net		(8,812)	(37,428)
Unrealised gain on revaluation of forward foreign exchange contracts		(441,195)	(36,884)
		<u>387,633</u>	<u>440,509</u>
		<u>1,007,143</u>	<u>449,477</u>
Decrease / (increase) in operating assets			
Lendings to financial institutions		26,476,811	(57,035,567)
Held-for-trading securities		27,328,761	28,811,438
Advances		7,928,559	(3,946,917)
Other assets (excluding advance taxation)		1,198,673	(519,481)
		<u>62,932,804</u>	<u>(32,690,527)</u>
Increase / (decrease) in operating liabilities			
Bills payable		660,624	220,070
Borrowings		(4,270,953)	18,774,793
Deposits and other accounts		7,979,664	(2,036,504)
Other liabilities		2,165,117	929,536
		<u>6,534,452</u>	<u>17,867,895</u>
		<u>70,474,399</u>	<u>(14,353,155)</u>
Financial cost paid		-	(24,781)
Income tax paid		(27,646)	(155,571)
		<u>70,446,753</u>	<u>(14,533,507)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in available-for-sale securities		(63,228,916)	2,897,099
Net investment in held-to-maturity securities		(3,504,403)	110,970
Investment in associated companies		(40,828)	(21,239)
Dividend received		42,826	5,228
Investments in fixed assets		(175,677)	(370,071)
Investments in intangible assets		(35,876)	(78,475)
Proceeds from sale of fixed assets		12,993	41,575
Effect of translation of net investment in foreign branch		27,359	4,005
Net cash (used in) / flows from investing activities		<u>(66,902,522)</u>	<u>2,589,092</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability against right of use assets		(402,531)	(39,085)
Dividend paid on preference shares		-	(24,164)
		<u>(402,531)</u>	<u>(63,249)</u>
Increase / (decrease) in cash and cash equivalents		<u>3,141,700</u>	<u>(12,007,664)</u>
Cash and cash equivalents at beginning of the period		25,429,551	32,587,698
Cash and cash equivalents at end of the period	34	<u><u>28,571,251</u></u>	<u><u>20,580,034</u></u>

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

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman



Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2020

1. STATUS AND NATURE OF BUSINESS

1.1 The “Group” consists of:

1.1.1 Holding Company: JS Bank Limited

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

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

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

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

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

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2020

1.1.3 Composition of the Group

Subsidiary	Ownership interest and voting power held by			
	(Un-audited) March 31, 2020		(Audited) December 31, 2019	
	The Group	NCI	The Group	NCI
JS Global Capital Limited	83.53%	16.47%	67.16%	32.84%
JS Investment Limited	84.56%	15.44%	65.16%	34.84%
JS ABAMCO Commodities Limited	84.56%	15.44%	65.16%	34.84%

1.2 Associated Companies

Associates

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

2. BASIS OF PRESENTATION

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

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

2.2 Statement of Compliance

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

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

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

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



Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2020

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

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

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

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

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

2.3 BASIS OF CONSOLIDATION

2.3.1 The Group

- The condensed interim consolidated financial Statements include the financial statements of the Bank (The Holding Company) and its subsidiary companies together - "the Group".

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2020

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

2.3.2 Associate

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

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

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

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

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

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

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



Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2020

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
- IFRS 9 'Financial Instruments (refer note 2.2 above)	January 01, 2021
Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.	
IFRS 1 - First time adoption of IFRSs	January 01, 2004
IFRS 17 - Insurance Contracts	January 01, 2021

3. CRITICAL ACCOUNTING ESTIMATES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5. FINANCIAL RISK MANAGEMENT

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

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2020

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

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2020

		(Un-audited) March 31, 2020				(Audited) December 31, 2019			
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
9.	INVESTMENTS	Rupees in '000							
9.1	Investments by type								
	Held-for-trading securities								
	Federal Government Securities	28,965,797	-	23,717	28,989,514	55,601,087	-	(2,618)	55,598,469
	Shares	-	-	-	-	486,634	-	551	487,185
	Open end mutual funds	240,217	-	7,069	247,286	444,902	-	11,070	455,972
		29,206,014	-	30,786	29,236,800	56,532,623	-	9,003	56,541,626
	Available-for-sale securities								
	Federal Government Securities	106,989,956	-	1,181,909	108,171,865	47,828,618	-	(809,244)	47,019,374
	Shares	2,698,448	(153,158)	(686,137)	1,859,153	2,115,728	(136,589)	25,107	2,004,246
	Non Government Debt Securities	3,887,836	(696,507)	2,944	3,194,273	3,931,294	(696,507)	(6,889)	3,227,988
	Open end mutual funds	873,352	(26,023)	27,124	874,453	969,276	(26,023)	279,616	1,222,869
	Foreign Securities	3,626,646	-	(882,491)	2,744,155	2,406	-	-	2,406
		118,076,238	(875,688)	(356,651)	116,843,899	54,847,322	(859,119)	(511,410)	53,478,793
	Held-to-maturity securities								
	Federal Government Securities	36,364,285	-	-	36,364,285	32,859,882	-	-	32,859,882
	Associates	271,663	-	-	271,663	246,322	-	-	246,322
	Total Investments	183,918,200	(875,688)	(325,865)	182,716,647	144,486,149	(859,119)	(502,407)	143,124,623
9.2	Investments by segments:	Rupees in '000							
	Held-for-trading securities								
	Federal Government Securities								
	Market Treasury Bills	28,965,797	-	23,717	28,989,514	55,601,087	-	(2,618)	55,598,469
	Shares:								
	Listed Companies								
	Ordinary shares	-	-	-	-	486,634	-	551	487,185
	Open End Mutual Funds	240,217	-	7,069	247,286	444,902	-	11,070	455,972
	Available-for-sale securities								
	Federal Government Securities:								
	Market Treasury Bills	53,577,592	-	393,207	53,970,799	12,071,266	-	(684)	12,070,902
	Pakistan Investment Bonds	53,418,364	-	788,702	54,207,066	35,757,352	-	(808,890)	34,948,472
		106,995,956	-	1,181,909	108,171,865	47,828,618	-	(809,244)	47,019,374
	Shares:								
	Listed Companies								
	Ordinary shares	2,550,859	(16,589)	(686,137)	1,848,153	1,968,139	(136,589)	25,107	1,993,246
	Preference shares	136,589	(136,589)	-	-	136,589	-	-	-
	Ordinary shares	11,000	-	-	11,000	11,000	-	-	11,000
		2,698,448	(153,158)	(686,137)	1,859,153	2,115,728	(136,589)	25,107	2,004,246
	Non Government Debt Securities Listed								
	Term Finance Certificates	445,183	(155,169)	(14)	290,000	445,183	(155,169)	(134)	289,880
	Sukuk Certificates	438,400	-	2,958	441,358	493,850	-	(6,755)	487,095
	Unlisted								
	Term Finance Certificates	1,526,520	(541,338)	-	985,182	1,506,195	(541,338)	-	964,857
	Sukuk Certificates-unlisted	1,450,000	-	-	1,450,000	1,459,333	-	-	1,459,333
	Preference shares	27,733	-	-	27,733	27,733	-	-	27,733
		3,887,836	(696,507)	2,944	3,194,273	3,931,294	(696,507)	(6,889)	3,227,898
	Open End Mutual Funds	873,352	(26,023)	27,124	874,453	969,276	(26,023)	279,616	1,222,869
	Foreign Securities								
	Government Debt Securities	3,090,576	-	(707,507)	2,383,069	-	-	-	-
	Non Government Debt Securities	533,664	-	(174,984)	358,680	-	-	-	-
	Ordinary shares	2,406	-	-	2,406	2,406	-	-	2,406
		3,626,646	-	(882,491)	2,744,155	2,406	-	-	2,406
	Held-to-maturity securities								
	Federal Government Securities:								
	Pakistan Investment Bonds	36,364,285	-	-	36,364,285	32,859,882	-	-	32,859,882
	Associates								
	Omar Jirani Engineering Industries Ltd	223,457	-	-	223,457	224,782	-	-	224,782
	Veda Transil Solutions Private Ltd	35,169	-	-	35,169	4,774	-	-	4,774
	Intercity Touring Company Private Ltd	13,037	-	-	13,037	16,766	-	-	16,766
		271,663	-	-	271,663	246,322	-	-	246,322
	Total Investments	183,918,200	(875,688)	(325,865)	182,716,647	144,486,149	(859,119)	(502,407)	143,124,623

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2020

- 9.2.1 Surplus / (deficit) includes revaluation gain on available for sale investments of subsidiaries amounting to Rs.80.378 million (December 31, 2019: Rs.80.378 million) which represents the pre-acquisition surplus and has been included here only for meeting with requirement of the prescribed format of Holding company issued by the State Bank of Pakistan.
- 9.2.2 This represents the investments in related parties amounting to Rs.240.217 million (December 31, 2019: Rs.444.902 million) having market value of Rs.247.286 million (December 31, 2019: Rs.455.972 million).
- 9.2.3 Included herein are the investments in related parties amounting to Rs.2,094.226 million (December 31, 2019: Rs.1,552.306 million) having market value of Rs.1,501.011 million (December 31, 2019: Rs.1,554.335 million).
- 9.2.4 Included herein are the investments in related parties amounting to Rs.15.000 million (December 31, 2019: Rs.15.000 million) having market value of Rs.15.000 million (December 31, 2019: Rs.14.880 million).
- 9.2.5 Included herein is the investment of Rs.391.478 million (December 31, 2019: Rs.391.478 million) in a related party at the rate of 6 months KIBOR + 1.75% to 11% having maturity dates of December 04, 2017 to October 19, 2020. Due to weak financial position of the investee, the Group has recognised full impairment loss on these Term Finance Certificates.
- 9.2.6 Included herein are the investments in related parties amounting to Rs. 27.733 million (December 31, 2019: Rs.27.733 million).
- 9.2.7 This represents the investments in related parties amounting to Rs.873.352 million (December 31, 2019: Rs.969.276 million) having market value of Rs.874.453 million (December 31, 2019: Rs.1,222.869 million).
- 9.2.8 The market value of securities classified as held-to-maturity as at March 31, 2020 amounted to Rs. 35,807.008 million (December 31, 2019: Rs. 31,341.410 million).
- 9.2.9 During the period, Veda Transit Solutions Private Limited, an associate of the Group, has issued shares against advance subscription of Rs. 40.828 million made by the Group. Resultantly, shareholding of the Group increased to 9.12% (December 31, 2019: 8%). The Group has classified the investment as associate on account of it's significant influence over the investee company.

9.3 Investments given as collateral

Held-for-trading securities

Federal Government Securities

Market Treasury Bills

(Un-audited) March 31, 2020		(Audited) December 31, 2019	
Cost	wMarket value	Cost	Market value

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

8,976,924	8,978,463	-	-
-----------	-----------	---	---

Available-for-sale securities

Federal Government Securities:

Market Treasury Bills

Pakistan Investment Bonds

10,677,219	10,840,308	4,453,165	4,452,597
4,970,149	5,107,323	22,232,264	21,475,720
15,647,368	15,947,631	26,685,429	25,928,317

Foreign Securities

Government Debt Securities

Non Government Debt Securities

2,827,051	2,204,314	-	-
533,664	358,680	-	-
3,360,715	2,562,994	-	-

<u>27,985,007</u>	<u>27,489,088</u>	<u>26,685,429</u>	<u>25,928,317</u>
-------------------	-------------------	-------------------	-------------------

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2020

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

9.4 Provision for diminution in value of investments

9.4.1 Opening balance	859,119	1,204,419
Charge	16,569	251,675
Reversal	-	(596,975)
Charge / (reversal) for the period / year	16,569	(345,300)
Closing Balance	<u>875,688</u>	<u>859,119</u>

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

9.4.2 Particulars of provision against debt securities

Category of classification Domestic

Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	<u>696,507</u>	<u>696,507</u>	<u>696,507</u>	<u>696,507</u>
	<u>696,507</u>	<u>696,507</u>	<u>696,507</u>	<u>696,507</u>

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

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2020

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
10.1 Particulars of advances (gross)		
	----- Rupees in '000 -----	
In local currency	228,836,268	238,073,921
In foreign currencies	<u>10,029,108</u>	<u>8,720,014</u>
	<u>238,865,376</u>	<u>246,793,935</u>

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

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

10.3 Particulars of provision against non-performing advances

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

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2020

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

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

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

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

	Note	(Un-audited) March 31, 2020	(Audited) December 31, 2019
---- Rupees in '000 ----			
11. FIXED ASSETS			
Capital work-in-progress	11.1	186,634	146,181
Property and equipment	11.2 & 11.3	6,313,995	6,438,632
Right-of-use assets	11.5	3,863,536	4,109,132
		<u>10,364,165</u>	<u>10,693,945</u>

11.1 Capital work-in-progress

Civil works	151,773	124,350
Advance for purchase of furniture and fixtures	290	290
Advance for purchase of vehicles	34,319	-
Advance for purchase of equipment and software	252	21,541
	<u>186,634</u>	<u>146,181</u>

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2020

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

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

Capital work-in-progress - net	27,423	192,476
Property and equipment		
Building on lease hold land	-	-
Lease hold improvements	44,032	-
Furniture and fixture	20,279	20,436
Electrical office and computer equipment	71,339	152,689
Vehicles	49	4,117
	135,699	177,242
	163,1212	369,718

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

Lease hold improvements	29	1,789
Furniture and fixture	43	289
Electrical, office and computer equipment	240	3,189
Vehicles	7,305	12,597
	7,617	17,864

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

11.4 Assets held for sale

Building on lease hold land	11.4.1	374,000	374,000
-----------------------------	--------	---------	---------

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

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

11.5 The carrying amounts of right-of-use assets

Opening balance	4,109,132	5,068,076
Additional impact / adjustments arisen during the period - net	363	26,553
Depreciation	(245,959)	(985,497)
Closing balance	3,863,173	4,109,132

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2020

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

12. INTANGIBLE ASSETS

Capital work-in-progress	12.1	60,404	107,533
Computer software and goodwill		<u>2,250,016</u>	<u>2,194,941</u>
		<u>2,310,420</u>	<u>2,302,474</u>

12.1 Capital work-in-progress

Advance for purchase of software		<u>60,172</u>	<u>107,255</u>
----------------------------------	--	---------------	----------------

----- Un-audited -----
March 31, March 31,
2020 2019

12.2 Additions to intangible assets

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

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

Capital work-in-progress - net	9,511	73,489
Computer software	<u>35,489</u>	<u>4,846</u>
	<u>45,000</u>	<u>78,335</u>

13. OTHER ASSETS

Note

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

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

Income/ Mark-up accrued in local currency		8,538,363	8,746,909
Income/ Mark-up accrued in foreign currency		130,019	48,511
Trade receivable from brokerage and advisory business - net		934,103	976,902
Advances, deposits, advance rent and other prepayments		741,788	1,040,356
Acceptances		2,490,426	3,221,212
Taxation (payments less provision)		591,037	794,463
Dividend receivable		9,400	-
Balances due from funds under management		112,250	123,074
Receivable against bancassurance / bancatakaful		111,114	67,952
Stationery and stamps in hand		20,171	23,290
Receivable from other banks in respect of remittance		537,455	495,660
Non-banking assets acquired in satisfaction of claims		1,086,443	1,088,682
Mark to market gain on derivative instruments		28,569	22,498
Mark to market gain on forward foreign exchange contracts		441,195	65,955
Advance for subscription of investments securities		20,000	63,108
ATM settlement account		71,609	106,119
Others		<u>479,828</u>	<u>374,470</u>
		<u>16,343,770</u>	<u>17,259,161</u>
Less: Provision held against other assets	13.1	<u>(432,908)</u>	<u>(432,908)</u>
Other assets (net of provisions)		15,910,862	16,826,253
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		93,712	93,743
		<u>16,004,574</u>	<u>16,919,996</u>

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2020

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

13.1 Provision held against other assets

Trade receivable from brokerage and advisory business - net	403,318	403,318
Others	29,590	29,590
	432,908	432,908

13.1.1 Movement in provision held against other assets

Opening balance	432,908	435,188
Charge	-	-
Reversal	-	(2,280)
Net reversal for the period / year	-	(2,280)
Closing balance	432,908	432,908

14. BILLS PAYABLE

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

15. BORROWINGS

Secured

Borrowings from State Bank of Pakistan under:

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

Borrowing from financial institutions

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

Total secured

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

Unsecured

Call borrowings	1,195,894	2,303,356
Overdrawn nostro accounts	273,315	636,992
Total unsecured	1,469,209	2,940,348

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

15.1 Particulars of borrowings

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

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2020

16. DEPOSITS AND OTHER ACCOUNTS

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

17. SUB-ORDINATED DEBT

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

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

Purpose:	To contribute toward the Bank's Tier II Capital for complying with the Capital Adequacy Ratio requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.
Issue date:	December 14, 2016
Tenure:	Up to Seven years from the Issue date.
Maturity Date:	December 14, 2023
Rating:	A + (Single A Plus)
Profit Rate:	Floating rate of return at Base rate + 1.4 percent per annum; Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period
Profit payment:	Semi-annual
Redemption:	The instrument is structured to redeem 0.24% of the Issue amount during the first six years after the Issue date and the remaining Issue amount of 99.76% in two equal semi-annual installments of 49.88% each in the last year.

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2020

Security:	The Issue is unsecured and subordinated as to payment of Principal and profit to all other indebtedness of the Bank.
Call Option:	Exercisable in part or in full on or after the 10th redemption, subject to SBP's approval.
Lock-in-clause:	Principal and profit will be payable subject to compliance with MCR or CAR set by SBP.
Loss absorbency clause:	Upon the occurrence of a Point of Non-Viability event as defined by SBP's Basel III Capital Rule vide BPRD Circular # 6 of 2013 dated August 15, 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger as declared by SBP of the non-viability event as declared by SBP, subject to a cap of 467,836,257 shares.

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

Purpose:	To contribute toward the Bank's Tier II Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.
Issue date:	December 29, 2017
Tenure:	Up to Seven years from the Issue date.
Maturity Date:	December 29, 2024
Rating:	A + (Single A Plus)
Profit Rate:	Floating rate of return at Base rate + 1.4 percent per annum; Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period.
Profit payment:	Semi-annual
Redemption:	The instrument is structured to redeem 0.24% of the Issue amount during the first six years after the Issue date and the remaining Issue amount of 99.76% in two equal semi-annual installments of 49.88% each in the last year.
Security:	The Issue is unsecured and subordinated as to payment of Principal and profit to all other indebtedness of the Bank.
Call Option:	Exercisable in part or in full on or after the 10th redemption, subject to SBP's approval.
Lock-in-clause:	Principal and profit will be payable subject to compliance with MCR or CAR set by SBP.

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2020

Loss absorbency clause: Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger of Point of Non-Viability (PONV) as declared by SBP, subject to a cap of 319,982,544 shares.

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

Purpose: To contribute toward the Bank's Tier I Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.

Issue date: December 31, 2018

Maturity Date: Perpetual

Rating: A (Single A)

Profit Rate: Floating rate of return at Base rate + 2.25 percent per annum; Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period

Profit payment frequency: Semi-annually on a non-cumulative basis

Redemption: Not applicable

Security: The Issue is unsecured and subordinated as to payment of Principal and profit to all other claims except common shares.

Call Option: Exercisable in part or in full at a par value on or after five years from the issue date, with prior approval of SBP. The Bank shall not exercise the call option unless the called instrument is replaced with capital of same or better quality.

Lock-in-clause: Payment of profit will be made from current year's earning and subject to compliance with MCR or CAR set by SBP.

Loss absorbency clause:

Pre-Specified Trigger ("PST") Upon the occurrence of a Pre-Specified Trigger as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013., which stipulates that if an Issuer's Common Equity Tier 1 ("CET 1") ratio falls to or below 6.625% of Risk Weighted Assets ("RWA"), the Issuer will have full discretion to determine the amount of TFCs to be permanently converted into common shares or written off, subject to SBP regulations / instructions, and the cap specified below. The Bank will be able to exercise this discretion subject to:

- If and when Bank's CET 1 reaches the loss absorption trigger point, the aggregate amount of Additional Tier-1 capital to be converted must at least be the amount sufficient to immediately return the CET 1 ratio to above 6.625% of total RWA (if possible);

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2020

- The converted amount should not exceed the amount needed to bring the CET 1 ratio to 8.5% of RWA (i.e. minimum CET 1 of 6.0% plus capital conservation buffer of 2.5%);
- In case, conversion of Additional Tier-1 capital Instrument is not possible following the trigger event, the amount of the Instrument must be written off in the accounts resulting in increase in CET 1 of the Issuer;

Point of Non-Viability ("PONV")

Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013, which stipulates that SBP may, at its option, fully and permanently convert the TFCs into common shares of the Issuer and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Value of the TFCs' divided by market value per share of the Issuer's common / ordinary share on the date of the PONV trigger event as declared by SBP, subject to the cap specified below;

The PONV trigger event is the earlier of:

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

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

18. DEFERRED TAX (ASSETS) / LIABILITIES

Deductible temporary differences on:

Provision against investments
 Provision against loans and advances
 Provision against other assets
 General provision under IFRS-9
 Intangible other than Goodwill
 Unrealised (loss) / gain on revaluation of investments classified as held for trading
 Surplus / (deficit) on revaluation of investments classified assets as available for sale
 Provision for workers' welfare fund

(57,149)	(57,149)
(256,422)	(249,267)
(811,904)	(728,281)
(20,213)	(3,097)
(2,625)	(2,507)
8,854	(665)
(123,310)	(253,627)
(3,143)	(3,143)
(1,265,912)	(1,297,736)

Taxable temporary differences on:

Operating fixed assets
 Liability against assets subject to finance lease - net
 Goodwill
 Surplus on revaluation of operating fixed assets
 Surplus on revaluation of non-banking assets acquired in satisfaction of claims
 Mark to market gain on forward foreign exchange contracts
 Unrealized (loss) / gain on revaluation of derivative financial instruments

256,487	260,103
9,843	(7,082)
512,268	512,268
370,326	374,394
956	967
154,418	(51,092)
9,999	82,321
1,314,297	1,171,879
48,385	(125,857)

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2020

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

19.1 Lease liability against right - of - use assets

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

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

20. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS

Surplus / (Deficit) on revaluation of:

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

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

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

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2020

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	----- Rupees in '000 -----	
20.1 Group's share	1,395,113	1,308,531
Non-controlling interest	(8,757)	27,634
	<u>1,386,356</u>	<u>1,336,165</u>

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

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

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	----- Rupees in '000 -----	
21. CONTINGENCIES AND COMMITMENTS		
Guarantees	21.1 44,678,469	45,650,803
Commitments	21.2 102,358,549	77,013,578
	<u>147,037,018</u>	<u>122,664,381</u>

21.1 Guarantees:

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

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

21.2 Commitments:

Documentary credits and short-term trade-related transactions

- letters of credit

21.2.1	<u>16,081,747</u>	13,965,258
--------	-------------------	------------

Commitments in respect of:

- Forward foreign exchange contracts	21.2.2 69,968,560	55,111,366
- Derivative instruments	21.2.3 15,500,922	7,238,695
- Forward lending	21.2.4 160,693	72,183
- Bank Guarantee from a commercial Bank in favor of National Clearing Company of Pakistan Limited	21.2.5 400,000	400,000
- Outstanding settlements against margin financing contracts - net	21.2.6 4,068	5,305

Commitments for acquisition of:

- operating fixed assets	21.2.7 242,559	220,771
	<u>102,358,549</u>	<u>77,013,578</u>

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

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2020

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

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2020

22. DERIVATIVE INSTRUMENTS

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

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

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

These transactions cover the aspects of both market making and hedging. The risk management related to derivative is disclosed in note 45 to the consolidated financial statements for the year ended December 30, 2019

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

		(Un-audited) March 31, 2020					
		Options		Interest Rate Swaps		Forward securities	
		Notional principal	Mark to Market	Notional principal	Mark to Market	Notional principal	Mark to Market
22.1 Product analysis		----- Rupees in '000 -----					
With Banks							
Hedging		3,530,752	11,272	2,667,259	19,647	-	-
Market making		-	-	-	-	7,099,588	(2,350)
With FIs other than banks							
Hedging		-	-	-	-	-	-
Market making		-	-	-	-	-	-
Total							
Hedging		3,530,752	11,272	2,667,259	19,647	-	-
Market making		-	-	-	-	7,099,588	(2,350)

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2020

(Audited)
December 31, 2019

	Options		Interest Rate Swaps		Forward securities	
	Notional principal	Mark to Market	Notional principal	Mark to Market	Notional principal	Mark to Market
----- Rupees in '000 -----						
With Banks						
Hedging	-	8,885	4,199,350	13,327	-	-
Market making	-	-	-	-	992,725	286
With FIs other than banks						
Hedging	-	-	-	-	-	-
Market making	-	-	-	-	-	-
Total						
Hedging	-	8,885	4,199,350	13,327	-	-
Market making	-	-	-	-	992,725	286

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

	Note	----- Un-audited -----	
		March 31, 2020	March 31, 2019
----- Rupees in '000 -----			
23. MARK-UP / RETURN / INTEREST EARNED			
On:			
Loans and advances		8,344,668	7,095,975
Investments		4,175,659	2,087,243
Lendings to financial institutions		3,581	22,560
Balances with other banks		5,758	12,132
Securities purchased under resale agreements		428,340	143,350
		<u>12,958,006</u>	<u>9,361,260</u>
24. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		9,214,296	5,528,665
Borrowings	24.1	562,398	1,403,695
Sub-ordinated debt		282,807	231,705
Cost of foreign currency swaps against foreign currency deposits / borrowings		182,358	81,638
Lease liability against right-of-use assets	19.1	133,658	14,340
		<u>10,375,517</u>	<u>7,260,043</u>
24.1 Borrowings			
Export refinancing scheme (ERF)		85,420	80,021
Long-Term Finance Facility (LTFF)		11,433	5,916
Financing Facility for Storage of Agricultural produce (FFSAP)		1,902	723
Securities sold under repurchase agreements		327,814	1,179,709
Other short term borrowings		135,829	137,326
		<u>562,398</u>	<u>1,403,695</u>

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2020

	----- Un-audited -----	
	March 31, 2020	March 31, 2019
	----- Rupees in '000 -----	
25. FEE, COMMISSION AND BROKERAGE INCOME		
Branch banking customer fees	45,850	47,367
Consumer finance related fees	6,977	4,898
Card related fees (debit and credit cards)	198,996	102,230
Credit related fees	77,956	75,427
Investment banking fees	30,569	44,251
Commission on trade	163,558	114,058
Commission on guarantees	86,242	84,281
Commission on cash management	1,736	1,563
Commission on remittances including home remittances	56,637	22,081
Commission on bancassurance	28,636	23,990
Commission on distribution of mutual funds	12,748	37,493
Commission on online Services	74,688	39,784
Postage & Courier income	7,168	3,514
Rebate income	63,042	50,907
Rebate on primary dealership	-	6,283
Brokerage income	115,414	71,298
Management fee	57,683	53,958
	<u>1,027,900</u>	<u>783,383</u>
26. GAIN / (LOSS) ON SECURITIES		
Realised	26.1 98,644	(46,750)
Unrealised - held for trading	23,935	1,318
	<u>122,579</u>	<u>(45,432)</u>
26.1 Realised gain on:		
Federal government securities		
Market treasury bills	27,973	7,720
Pakistan investment bonds	57,827	(1,370)
Ijara sukuk certificates	-	178
Shares		
Listed companies	(1,585)	(24,571)
Non Government Debt Securities		
Term finance certificates	1,339	3,414
Sukuk certificates	450	-
Mutual fund units	12,640	310
Foreign currency bonds	-	(32,431)
	<u>98,644</u>	<u>(46,750)</u>
27. OTHER INCOME		
Rent on Property	-	4,078
Gain on sale of fixed assets - net	5,375	23,711
Others	4,255	3,313
	<u>9,630</u>	<u>31,102</u>

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2020

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

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2020

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

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

29. WORKERS WELFARE FUND

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

	----- Un-audited -----	
	March 31, 2020	March 31, 2019
	----- Rupees in '000 -----	
30. OTHER CHARGES		
Penalties imposed by State Bank of Pakistan	-	50
Others	4,044	5
	<u>4,044</u>	<u>55</u>

31. PROVISIONS AND WRITE OFFS - NET

Provisions / (reversal) for diminution in value of investments	16,569	(32,678)
Provisions against loans & advances	83,402	283,847
General provision / (reversal) - under IFRS-9	45,137	(22,652)
Fixed assets written off	58,508	-
	<u>203,616</u>	<u>228,517</u>

32. TAXATION

Current	231,072	152,625
Deferred	17,787	(118,896)
	<u>248,859</u>	<u>33,729</u>

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

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2020

		----- Un-audited -----	
		March 31, 2020	March 31, 2019
		----- Rupees in '000 -----	
33. BASIC EARNINGS PER SHARE	Note		
Profit after taxation for the period - attributable to ordinary equity holders of the Holding company		401,888	20,855
Preference dividend for the year December 31, 2018 @ 12% p.a	33.1	-	(24,164)
Profit after taxation for the period - attributable to ordinary equity holders of the Holding company for basic earnings		<u>401,888</u>	<u>(3,309)</u>
----- Number -----			
Weighted average number of outstanding ordinary shares during the period for basic earnings		<u>1,297,464,262</u>	<u>1,297,464,262</u>
----- Rupee -----			
Basic and diluted earnings / (loss) per share		<u>0.31</u>	-

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

		(Un-audited) March 31, 2020	(Audited) December 31, 2019
		----- Rupees in '000 -----	
34. CASH AND CASH EQUIVALENTS	Note		
Cash and balances with treasury banks	6	27,431,561	25,590,173
Balances with other banks	7	1,413,005	476,370
Overdrawn nostro accounts	15	(273,315)	(636,992)
		<u>28,571,251</u>	<u>25,429,551</u>
Less: General provision under IFRS 9	7.1	<u>(75)</u>	<u>(68)</u>
		<u>28,571,176</u>	<u>25,429,483</u>

35. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for assets and liabilities and reliable data regarding market rates for similar instruments.

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2020

The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 4.7 to the consolidated financial statements for the year ended December 31, 2019.

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

Fair value hierarchy

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

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Fair value measurements using unobservable inputs for the asset or liability.

35.1 Valuation techniques used in determination of fair values within level

Item	Valuation approach and input used
------	-----------------------------------

Financial Instruments- Level 1

Shares of listed companies	Fair values of investments in listed equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.
----------------------------	--

Financial instruments - Level 2

Units of mutual funds	Fair values of investments in units of mutual funds are determined based on redemption prices disclosed at the Mutual Funds Association of Pakistan (MUFAP) as at the close of the business days.
Market Treasury Bills(MTB) / Pakistan Investment Bonds(PIB), and GoP Sukuks (GIS)	Fair values of Pakistan Investment Bonds and Market Treasury Bills are derived using PKRV rates (Reuters page).
Debt Securities (TFCs) and Sukuk other than Government	Investments in debt securities (comprising Term Finance Certificates, Bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the SECP.

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2020

Overseas Government Sukuks, Overseas and Euro Bonds	The fair value of Overseas Government Sukuks, and Overseas Bonds are valued on the basis of price available on Bloomberg.
Forward foreign exchange contracts	The valuation has been determined by interpolating the foreign exchange revaluation rates announced by the State Bank of Pakistan.
Derivatives	The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currencies involved, interest rates, yield curves, volatilities, contracts duration, etc.

Non- financial assets- Level 2

Fixed assets - Land and building	Fixed assets and Non-banking assets under satisfaction of claims are carried at revalued amounts determined by professional valuers based on their assessment of the market values as disclosed in note 10 and 13 of the consolidated financial statements December 31, 2019. The valuations are conducted by the valuation experts appointed by the Holding Company which are also on the panel of State Bank of Pakistan. The valuation experts used a market based approach to arrive at the fair value of the Holding Company properties. The market approach used prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements.
Non-banking assets under satisfaction of claims	

Financial instruments in level 3

Currently, no financial instruments are classified in level 3.
The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

- 35.2 The Group's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between levels 1 and 2 during the period.
- 35.3 The following table provides an analysis of financial assets that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2020

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

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2020

(Audited)
As at December 31, 2019

Level 1	Level 2	Level 3	Total
---------	---------	---------	-------

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

On balance sheet financial instruments

Financial assets - measured at fair value

Held-for-trading securities

Investments

Federal Government Securities	-	55,598,469	-	55,598,469
Shares	487,185	-	-	487,185
Open end mutual funds	-	455,902	-	455,902
	487,185	56,054,371	-	56,541,556

Available-for-sale securities

Investments

Federal Government Securities	-	47,019,374	-	47,019,374
Shares	1,993,246	-	-	1,993,246
Non Government Debt Securities	-	776,975	-	776,975
Open end mutual funds	-	1,222,869	-	1,222,869
	1,993,246	49,019,218	-	51,012,464

Financial assets - disclosed but not measured at fair value

Investments

Federal Government Securities	-	31,341,410	-	31,341,410
	2,480,431	136,414,999	-	138,895,430

Non-Financial assets - measured at fair value

Revalued fixed assets	-	3,797,180	-	3,797,180
Non-banking assets acquired in satisfaction of claims	-	1,182,425	-	1,182,425
	-	4,979,605	-	4,979,605

Off balance sheet financial instruments

Commitments in respect of:

Forward foreign exchange contracts

Purchase	-	32,885,546	-	32,885,546
Sale	-	21,722,741	-	21,722,741

Derivative instruments

Forward investments securities

Purchase	-	499,818	-	499,818
Sale	-	493,193	-	493,193

Interest rate swaps

Purchase	-	1,474,016	-	1,474,016
Sale	-	2,738,661	-	2,738,661

Options

Purchase	-	1,024,638	-	1,024,638
Sale	-	1,030,868	-	1,030,868

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2020

36. SEGMENT INFORMATION

36.1 Segment Details with respect to business activities

	Corporate finance	Trading and sales	Retail banking	Commercial banking	Brokerage	Asset management	Others	Total
March 31, 2020 (un-audited)	----- Rupees in '000 -----							
Profit & Loss								
Net mark-up / return / profit	117,152	(756,955)	2,827,165	615,098	21,057	(4,111)	(236,918)	2,582,489
Inter segment revenue - net	(1,675)	-	(159,863)	(37,499)	-	-	199,037	-
Non mark-up / return / interest income	23,245	274,847	585,135	231,838	142,328	75,909	77,366	1,410,669
Total Income	138,723	(482,108)	3,252,437	809,437	163,385	71,798	39,485	3,993,158
Segment direct expenses	11,976	29,958	1,287,392	163,408	129,021	87,960	1,422,477	3,132,193
Inter segment expense allocation	32,583	80,845	835,608	307,891	-	-	(1,256,927)	-
Total expenses	44,559	110,803	2,123,000	471,299	129,021	87,960	165,550	3,132,193
Provisions	254	-	83,638	44,920	-	-	74,805	203,616
Profit before tax	93,910	(592,911)	1,045,799	293,218	34,364	(16,162)	(200,870)	657,349
March 31, 2020 (un-audited)								
Balance Sheet								
Cash & Bank balances	104,314	-	25,969,755	2,672,579	94,652	3,190	-	28,844,491
Investments	2,412,494	175,361,917	-	3,539,548	118,449	1,284,239	-	182,716,647
Net inter segment lending	-	-	191,450,802	27,587,787	-	-	18,229,286	237,267,875
Lendings to financial institutions	-	3,705,731	-	138,920	-	-	-	3,844,651
Advances - performing	57,922,591	-	83,557,387	80,613,255	112,062	3,699	6,864,708	229,073,702
Advances - non-performing	1,445,066	-	3,321,532	4,823,651	-	-	201,425	9,791,674
Advances - (provisions) / reversals - net	-	-	(706,262)	(2,667,603)	-	-	(235,879)	(3,609,743)
	59,367,657	-	86,172,657	82,769,303	112,062	3,699	6,830,254	235,255,633
Others	-	-	-	-	1,229,869	764,994	27,058,296	29,053,159
Total Assets	61,884,465	179,067,648	303,593,214	116,708,137	1,555,032	2,056,122	52,117,836	716,982,456
Borrowings	-	33,168,916	-	16,664,737	-	-	-	49,833,653
Subordinated debt	-	-	-	-	-	-	7,494,800	7,494,800
Deposits & other accounts	2,661,287	-	297,961,565	68,627,425	-	-	7,272,990	376,523,267
Net inter segment borrowing	59,223,179	147,825,757	1,703,353	28,515,586	-	-	-	237,267,875
Others	-	49,502	3,928,297	177,196	1,972,229	447,800	19,315,232	25,890,256
Total Liabilities	61,884,466	181,044,175	303,593,215	113,984,944	1,972,229	447,800	34,083,022	697,009,851
Equity	-	-	-	-	-	-	19,494,123	19,494,123
Non-controlling interest	-	-	-	-	-	-	478,482	478,482
Total Equity & Liabilities	61,884,466	181,044,175	303,593,215	113,984,946	1,972,229	447,800	54,055,627	716,982,458
Contingencies & Commitments	-	72,030,562	52,916,783	21,431,517	500,279	-	157,877	147,037,018

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2020

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

37. RELATED PARTY TRANSACTIONS

The Group has related party transactions with its parent, associates, employee benefit plans, its directors & Key Management Personnel and other related parties.

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 financial statements are as follows:

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2020

	As at March 31, 2020 (Un-audited)				As at December 31, 2019 (Audited)					
	Parent	Directors	Key management personnel	Associates	Other related parties (Rupees in '000)	Parent	Directors	Key management personnel	Associates	Other related parties
Lendings to financial institutions										
Opening balance	-	-	-	-	-	-	-	-	-	-
Addition during the year	-	-	-	-	1,000,000	-	-	-	-	-
Repaid during the year	-	-	-	-	(1,000,000)	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-
Investments										
Opening balance	15,000	-	-	228,972	3,234,272	20,250	-	-	180,000	3,230,125
Investment made during the period / year	-	-	-	40,828	1,391,920	-	-	-	48,972	3,494,164
Investment redeemed / disposed off during the year	-	-	-	-	(850,001)	(5,250)	-	-	-	(3,494,017)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	15,000	-	-	269,800	3,776,191	15,000	-	-	228,972	3,234,272
Provision for diminution in value of investments	-	-	-	-	-	-	-	-	-	65,022
Advances										
Opening balance	-	-	596,257	-	1,946,481	-	5,230	448,575	-	2,823,538
Addition during the period / year	-	-	144,961	-	2,434,230	-	316	322,580	-	5,096,623
Repaid during the period / year	-	-	(21,777)	(21,259)	(1,610,308)	-	(5,546)	(120,115)	-	(6,320,068)
Transfer in / (out) - net	-	-	77,491	219,875	282,734	-	-	(54,793)	-	356,128
Closing balance	-	-	760,932	198,616	3,083,197	-	-	596,257	-	1,946,481
Fixed Assets										
Purchase of vehicle	-	-	-	-	-	-	-	-	-	-
Sale of Vehicles	-	-	-	-	-	-	-	-	-	-
Cost of disposal	-	-	-	-	-	-	-	43,410	-	17,657
Accumulated depreciation of disposal	-	-	-	-	-	-	-	(12,927)	-	(6,002)
WDV of disposal	-	-	-	-	-	-	-	30,483	-	9,655
Other Assets										
Interest mark-up accrued	151	-	519	-	32,571	736	48	473	-	49,640
Receivable against bancassurance / bancatakalu	-	-	-	-	111,114	-	-	-	-	67,952
Advance for subscription of TTC - unsecured	-	-	-	-	-	-	-	-	40,828	-
Trade receivable from brokerage and advisory business - net	24	-	862	-	8,750	80,255	2	-	-	134,238
Prepaid insurance	-	-	-	-	-	-	-	-	-	97,806
Dividend Receivable	-	-	-	-	-	-	-	-	-	-
Prepaid rent	-	-	-	-	-	-	-	-	-	26,261
Other receivable	280	-	-	-	-	286	-	-	-	12,085
Provision against other assets	-	-	-	-	-	-	-	-	-	2,438

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2020

	As at March 31, 2020 (Un-audited)					As at December 31, 2019 (Audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
(Rupees in '000)										
Borrowings										
Opening balance	-	-	-	-	-	-	-	-	-	4,800,000
Borrowings during the period / year	-	-	-	-	5,028,900	-	-	-	-	174,209,491
Settled during the period / year	-	-	-	-	(5,028,900)	-	-	-	-	(179,009,491)
Closing balance	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts										
Opening balance	271,648	24,444	59,583	23,104	8,622,201	336,515	24,308	74,950	-	9,656,833
Received during the period / year	741,237	27,732	155,491	228,666	35,408,565	4,332,699	160,210	1,437,872	1,023,592	235,460,531
Withdrawn during the period / year	(600,888)	(38,131)	(153,298)	(158,753)	(34,973,680)	(4,364,286)	(137,680)	(1,450,123)	(1,042,362)	(236,794,614)
Transfer in / (out) - net	-	-	(12,123)	-	(168,685)	(33,300)	(22,394)	(3,106)	41,874	289,451
Closing balance	412,017	14,045	49,663	93,017	8,887,401	271,648	24,444	59,583	23,104	8,622,201
Subordinated loans	-	-	-	-	888,588	-	-	-	-	889,598
Other Liabilities										
Interest / return / mark-up payable on deposits	128	2	103	29	116,004	-	-	114	-	286,949
Interest / return / mark-up payable on subordinated loans	-	-	-	-	36,288	-	-	-	-	2,220
Trade payable from brokerage business	-	-	3,672	-	793	-	1,306	3,115	-	1,176
Accrued expenses	-	-	-	-	-	-	-	-	-	-
Payable to defined benefit plan	-	-	-	-	205,420	-	-	-	-	147,885
Others payable	-	-	-	-	-	-	-	-	-	1,464
Represented By										
Share Capital	9,733,073	17,330	905	-	45,655	9,733,073	17,330	900	-	81,765
Contingencies and Commitments										
Letter of guarantee	-	-	-	-	24,125	-	-	-	-	14,217
Letter of Credit	-	-	-	-	51,007	-	-	-	-	44,368

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2020

	For the quarter ended March 31, 2020 (Un-audited)			For the quarter ended March 31, 2019 (Un-audited)						
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)									
Mark-up / return / interest earned	-	-	14,644	5,739	40,265	634	88	5,014	-	91,603
Fee, commission and brokerage income	-	-	54	-	57,929	1,141	187	70	-	152,599
Dividend income	-	-	-	-	42,828	-	-	-	-	5,289
Gain / (loss) on sale of securities - Net	-	-	-	-	2,522	-	-	-	-	505
Rental income	-	-	-	-	-	-	-	-	-	3,035
Other income	-	-	-	-	-	-	-	-	-	-
Mark-up / return / interest paid	5,165	257	121	29	311,741	7,659	490	1,243	-	299,365
Remuneration paid	-	-	149,070	-	-	-	-	203,843	-	-
Commission, charges and brokerage paid	-	-	-	-	-	-	-	-	-	-
Preference Dividend Paid	-	-	-	-	-	23,419	-	189	-	-
Non-executive directors' fee	-	3,000	-	-	-	-	3,500	-	-	-
Net charge for defined contribution plans	-	-	-	-	57,263	-	-	-	-	58,185
Net Charge / (reversal) for defined benefit plans	-	-	-	-	53,539	-	-	-	-	79,033
Fee and subscription	-	-	-	-	-	-	-	-	-	-
Donation	-	-	-	-	-	-	-	-	-	-
Rental expense	-	-	-	-	-	-	-	-	-	-
Advisory fee	-	-	-	-	-	-	-	-	-	15,000
Reimbursement of expenses	-	-	-	-	-	1,211	-	-	-	-
Royalty	-	-	-	-	-	-	-	-	-	-
Other expenses	225	-	-	-	399	-	-	-	-	8,750
Insurance premium paid	-	-	-	-	210,846	-	-	-	-	847
Insurance claims settled	-	-	-	-	214	-	-	-	-	271,313
	-	-	-	-	-	-	-	-	-	3,159

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2020

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	----- Rupees in '000 -----	
38. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>10,119,242</u>	<u>10,119,242</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>16,401,143</u>	16,145,623
Eligible Additional Tier 1 (ADT 1) Capital	<u>2,272,901</u>	2,118,958
Total Eligible Tier 1 Capital	<u>18,674,044</u>	18,264,581
Eligible Tier 2 Capital	<u>4,880,870</u>	4,965,069
Total Eligible Capital (Tier 1 + Tier 2)	<u>23,554,914</u>	<u>23,229,650</u>
Risk Weighted Assets (RWAs):		
Credit Risk	<u>146,899,074</u>	142,862,324
Market Risk	<u>2,162,767</u>	4,219,399
Operational Risk	<u>22,096,563</u>	22,096,563
Total	<u>171,158,404</u>	<u>169,178,286</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>9.58%</u>	<u>9.54%</u>
Tier 1 Capital Adequacy Ratio	<u>10.91%</u>	<u>10.80%</u>
Total Capital Adequacy Ratio	<u>13.76%</u>	<u>13.73%</u>
Leverage Ratio (LR):		
Eligible Tier-1 Capital	18,674,044	18,264,582
Total Exposures	<u>550,683,134</u>	<u>544,436,725</u>
Leverage Ratio	<u>3.39%</u>	<u>3.35%</u>
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	<u>138,170,998</u>	83,221,592
Total Net Cash Outflow	<u>52,883,698</u>	<u>55,819,412</u>
Liquidity Coverage Ratio	<u>261.27%</u>	<u>149.09%</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	<u>312,716,227</u>	308,715,925
Total Required Stable Funding	<u>267,599,138</u>	<u>274,288,642</u>
Net Stable Funding Ratio	<u>116.86%</u>	<u>112.55%</u>



Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2020

39. GENERAL

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

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

40. DATE OF AUTHORISATION FOR ISSUE

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

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman



Shaheen Commercial Complex,
Dr. Ziauddin Ahmed Road,
P.O Box 4867, Karachi-74200, Pakistan.
UAN: +92-21-111-JS BANK (572-265)