

Directors Review

Half-Yearly Standalone Financial Statements

On behalf of the Board of Directors, we are pleased to present the Directors' Review together with standalone interim financial statements of National Bank of Pakistan "the Bank" for the half-year ended June 30th, 2020. The accompanying financial statements were subject to a limited scope review by the statutory auditors of the Bank.

Economic Environment

Economic activity almost came to a standstill in the second quarter of the year due to the Covid-19 pandemic. The Covid-19 pandemic is a humanitarian crisis and countermeasures taken to contain the virus and save lives adversely impacted the functioning of the economy across many sectors. Pakistan's GDP contracted by 0.4% for the first time in history, with estimated loss of PKR 3 trillion and increased unemployment by more than 12 Million people. LSM during July-May FY 2020 plunged to -10.3% and headline inflation averaged at 10.7%.

The government has launched various fiscal support packages to mitigate the economic effects of the pandemic such as an enhanced Ehsaas programme, support for exports, incentives for the construction industry, a subsidy on fertilisers and the lowering of duties on the import of food items. The State Bank of Pakistan announced a series of steps to ensure the smooth functioning of the financial system. In addition to the substantial reduction in the policy rate from 13.25% in January 2020 to 7% in June 2020, the SBP announced a comprehensive package for both individual and corporate borrowers. The SBP also reduced the capital conservation buffer from its existing level of 2.50% to 1.50% that will facilitate the banking industry in lending an additional amount of around PKR 800 billion which is about 10% of their current outstanding loans.

The major improvement noted in the economic indicators was in the current account deficit which reduced by 78% to \$ 3.0 billion in FY'20 (a 5-year low). Additionally, with inflation averaging below the projected range, a policy shift was seen to a market-determined exchange rate and a build-up in foreign exchange reserves. Workers' remittances increased to \$23.1 billion during FY2020 compared with \$21.7 billion during FY2019. FDI also increased by 88 percent to \$ 2.6 billion during FY2020 as compared to \$ 1.4 billion in FY2019.

The acceleration in the outflow of the foreign portfolio, uncertainty about the nature and timing of any economic recovery and lower corporate earnings, continued to dampen sentiment and a bearish trend continued in the equity markets till March 2020. However, the sharp interest rate cuts and relief measures announced by the Government and the SBP resulted in a recovery although the PSX index remained 15% below December 2019 levels at the end of June 2020.

During this period, the banking sector remained reasonably resilient with adequate liquidity, solvency and profitability. As the economic slowdown reduced overall financing demand, banks opted for investment in government paper. Banking sector advances thus rose marginally by 0.1% during the first half of 2020, while deposits grew by 11% since December '19. The recent sharp cuts in the policy rate bolstered net interest margins. Capital Adequacy Ratios remained above the minimum regulatory requirements. However, asset quality emerged as a key concern as the slowdown undermined borrowers' payback capacity and some industry specific factors led to a rise in NPLs across the banking system. This issue will need to be carefully watched as some of the SBP sanctioned relaxations in credit parameters are gradually lifted over the next 12-18 months and the longer term impact of the Covid 19 pandemic become clearer.

NBP's Response

NBP adapted its operations and business to the new challenges presented by the Covid outbreak. We kept the safety and health of our people as our topmost priority. Given our systemically important role in the nation-wide financial ecosystem, we continued to follow a multipronged strategy to strengthen our resilience to shocks while continuing to support the communities we serve.

Our response to the situation included:

1. Uninterrupted Business

Our client service channels i.e. Branch operations, ATM operations and Contact Operations have continued largely uninterrupted. Special arrangements to ensure compliance with health & safety guidelines e.g. 'Safety First', 'Social Distancing' and 'No Mask No Service' have remained in place. We consider our staff our assets and allowed up to hundred percent coverage of medical & related costs for them along with bank intercession to ensure service at hospitals.

2. Internal Operations

With our IT operating model and automation, we looked to provide appropriate arrangements to ensure continuity of internal operations while attending to our compliance and control environment.

3. Customers Relief & Remediation

We supported our client relationships by offering near-term relief and remediation packages in line with customer requirements across all segments. We actively participated in the various schemes introduced by the SBP to mitigate the impact of this pandemic for our customers.

4. Revenue Outlook and Asset Quality

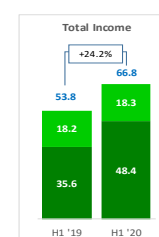
We are revalidating our business assumptions with a focus on how the Covid-19 crisis may affect our asset quality in the short, medium and long term, and what adjustments we should make to contain the impact on the overall business model of the Bank. Going forward, we seek to substantially strengthen our credit risk management function and have initiated policy and process changes to this effect. Our significant legacy portfolio and existing concentrations in both the public and private sectors, along with a historically dispersed credit approval framework in the branch network, will continue to warrant serious attention. We continue to set aside high levels of provisions and as the effects of the pandemic and its repercussions emerge we are committed to using our earnings to further bolster our balance sheet.

Review of the Bank's Financial Performance

Financial Performance (PKR 'Bn)	Jun '20	Jun '19	Better/(Worse)	
Total Revenue	66.78	53.77	13.01	24.2%
OPEX and Other Charges	29.54	27.89	(1.65)	(5.9%)
Profit before-provision	37.24	25.88	11.36	43.9%
Provisions/Write-off (Net)	15.64	5.49	(10.15)	(184.9%)
Profit before-tax	21.60	20.39	1.21	5.9%
Profit after-tax	15.19	11.1	4.09	36.8%

Financial Position (PKR 'Bn)	Jun '20	Dec '19	Better/(Worse)	
Total Assets	3,163.40	3,124.39	39.01	1.2%
Deposits	2,339.26	2,198.05	141.21	6.4%
Advances – Net	935.62	1,008.14	(72.52)	(7.2%)
Investments	1,642.97	1,439.16	203.81	14.2%
Net Assets	259.03	232.61	26.42	11.4%

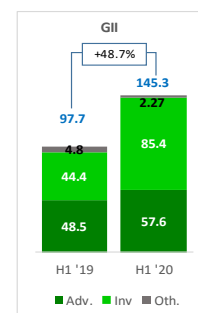
After-tax Profit for the half-year ended June 30th, 2020 amounted to PKR 15.19 billion which is 36.8% higher than the PKR 11.10 billion recorded for half year 2019. Total income amounted to PKR 66.78 billion, being 24.2% higher than PKR 53.77 billion of H1, 2019. Sharp downward repricing of domestic interest bearing liabilities due to steep policy rates reductions, coupled with volumetric growth in earning assets, improved net interest margins in domestic operations. Net interest income (NII) closed at PKR 48.44 billion, and the non-mark-up / interest income (NFI) closed at PKR 18.34 billion, up by 36.2% and 0.8%, respectively.



The Bank's profit before provisions and write-offs amounted to PKR 37.24 billion being 43.9% higher than the PKR 25.88 billion earned during H1 '19. The Bank used this substantially higher level of earnings to build additional provisions against its portfolio.

Mark-up/Interest Income

The Bank earned gross mark-up/ interest income amounting to PKR 145.26 billion which is 48.7% higher than PKR 97.69 billion, YoY. This increase is attributed to growth in earning assets that averaged at PKR 2,428.06 billion (Jun '19: PKR 1,931.54 billion), as well as higher yield on our earning assets. Investments, which are positioned towards longer tenor instruments averaged at PKR 1,403.68 billion (Jun '19: PKR 927.86 billion) and generated interest/mark-up income amounting to PKR 85.42 billion, being 92.2% higher than that of H1, 2019. Net advances averaged at PKR 971.08 billion being 6.6% higher than PKR 911.33 billion of Jun '19 and recorded 18.7% growth in mark-up income that closed at PKR 57.56 billion.

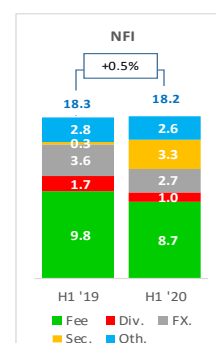


During the period, the Bank incurred PKR 96.82 billion as cost of funds (H1 '19:PKR 62.13 billion); of which PKR 61.50 billion were appropriated towards paid as profit to the depositors as deposits grew by PKR 141.21 billion during H1, 2020, to PKR 2.34 trillion. To benefit optimally from the arbitrage opportunities, the Bank also generated funds through borrowings that averaged PKR 541.51 billion (Jun '19: PKR 254.32 billion) during the period and incurred borrowing cost of PKR 30.42 billion (Jun '19: PKR 12.32 billion).

Consequently, the Bank's net mark-up/interest income closed at PKR 48.44 billion, being 36.2% higher against PKR 35.56 billion earned during the corresponding period of 2019.

Non mark-up/interest income

Representing a quarter of the total income, NFI for this period amounted to PKR 18.34 billion, marginally higher (by PKR 137.21 million or 0.8%) than PKR 18.20 billion of H1, 2019. Positively, despite tough market conditions amidst the pandemic, the Bank has maintained its NFI. Capital gains closed higher by PKR 3.33 billion, YoY, mainly due to capital gains on fixed income being higher by PKR 2.43 billion and on equity investment being slightly higher by PKR 0.17 billion. Further, capital gains amounting to PKR 0.42 billion were realized on the sale of GOP Bonds in overseas branches.



Given the lower trade business activity in both local and foreign economies, fees & commission income for the period dropped by 11.3% to PKR 8.72 billion, and exchange income dropped by 23.3% YoY to PKR 2.70 billion. Due to generally lower dividend pay-outs during the period under review, the Bank's dividend income for the period closed at PKR 1.03 billion which is 40.3% lower on YoY basis.

Loan Losses and Provisions

Given the challenging economic environment triggered by the Covid pandemic, the asset quality of the Bank came under considerable pressure in recent months. As of June 30th, 2020 NPLs totaled PKR 169.41 billion, being PKR 20.7 billion (including PKR 3.4 billion exchange adjustment) or 13.9% higher than PKR 148.75 billion at year-end 2019. An increase in the NPLs of PKR 12.75 billion was mainly observed in 2nd quarter as the impact of the lockdowns developed.

The Bank maintains specific and general provisions in accordance with the prudential regulations issued by the SBP and additionally strengthened its balance sheet through significantly increasing provisions which now cover 95.0% of NPLs. Total provision charge for H1 '20 amounted to PKR 15.64 billion which is 184.9% higher, YoY. These include (i) a provision charge of PKR 14.32 billion (June '19: PKR 2.74 billion) against loans and advances, (ii) a provision charge of PKR 0.70 billion (June '19: PKR 2.38 billion) against diminution in the fair value of investments, and (iii) a provision charge of PKR 0.62 billion (June '19: PKR 0.36 billion) against other assets.

Expense Management

Operating expenses of the Bank for the six-months period under review amounted to PKR 29.25 billion, being 5.2% higher against PKR 27.80 billion for the corresponding six-month period of 2019. Employee compensation expenses that constitute 67.2% of the total operating expenses, amounted to PKR 19.65 billion being 6.8% higher than PKR 18.40 billion of the corresponding period last year. Property related expenses during the period dropped marginally by 1.3% by closing at PKR 3.74 billion (Jun '19: PKR 3.79 billion), whereas expenses incurred on IT dropped by 16.7% to PKR 0.92 billion due to no additional/new charge in depreciation & amortisation. Other operating expenses amounted to PKR 4.95 billion being 9.8% higher as compared to that of June 2019. Cost-to-income ratio for the period closed at 44.2% as against 51.9% for H1, 19. Expenses incurred during the period are well within the approved budgets as well as in line with industry norms.

Taxation

Effective tax rate for the period under review is 30% as compared to 46% or the corresponding H1 period of 2019. Key reason was the super tax for tax year 2018 imposed in 2019.

Profit After-Taxation

In spite of the prevailing challenging environment created by Covid- 19 pandemic, the Bank delivered an impressive growth of 36.8% in after tax profit that closed at PKR 15.19 billion as against PKR. 11.10 billion for H1 '19.

Profit Appropriation:

Profit for the half-year ended June 30th, 2020 after carry forward of accumulated profit of 2019 is proposed to be appropriated as follows:

	(PKR 'Bn)
Profit before tax for the six-months ended June 30, 2020	21.60
Taxation:	
- Current	12.31
- Prior Year	-
- Deferred	(5.90)
	<u>6.41</u>
Profit after tax for the six-months ended June 30, 2020	15.19
Un-appropriated profit brought forward	88.79
Other comprehensive income - net of tax	(0.66)
Transfer from surplus on revaluation of fixed assets	0.11
Profit available for appropriations	<u>103.43</u>
Appropriation:	
Transfer to Statutory Reserve	<u>(1.52)</u>
Un-appropriated profit carried forward	<u>101.91</u>

Financial Position

As of June 30th, 2020 total assets of the Bank amounted to PKR 3,163.40 billion which is 1.2% higher than PKR 3,124.39 billion as at December 31, 2019. On the liability side, the Bank's balance sheet is driven by its wide market outreach and branch banking network where the focus remains on low-cost deposit mobilization. The Bank's share in industry total assets, investments, advances and deposits is around 13.3%, 15.0%, 11.6% and 13.4%, respectively.

Loans and Advances

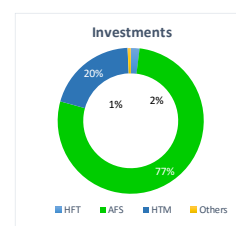
As at June 30th, 2020, gross advances of the Bank amounted to PKR 1,096.53 billion; marginally lower by 4.8% than the PKR 1,151.32 billion level as at December 31, 2019. The small reduction is mainly due to overall slower demand and some seasonal impact in commodity, commercial and agriculture sectors, which is expected to reverse in the following quarters. The loan portfolio of the Bank is fairly diversified,

with ~50% in the commercial and retail sectors where the growth focus remains. Domestic advances constitute 93.2% of the Bank's total loan portfolio and amounted to Rs. 1,021.86 billion (Dec '19: PKR 1,054.9 billion), whereas overseas loans amounted to PKR 74.67 billion (Dec '19: PKR 96.43 billion).

Reflecting the industry-wide trend of deteriorating asset quality, the Bank too experienced an increase in NPLs to PKR 169.41 billion as against PKR 156.66 billion at March 31, 2020 and PKR 148.75 billion at year end 2019. The Bank's objective is to maintain a robust level of provisioning against its NPLs and accordingly these have been adjusted upwards to PKR 160.91 billion (Dec '19: PKR 143.18 billion), translating into 95.0% coverage ratio.

Investments

Pursuant to an effective risk and capital management strategy, the Bank's investment portfolio is diversified across zero risk weighted treasury instruments and bonds, high dividend yielding equities and other interest bearing financial instruments. The Bank maintains an efficient investment portfolio with good yields and manages tenor and risk within acceptable parameters.

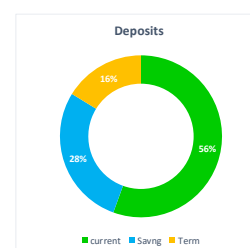


As of June 30th, 2020, investments at cost amounted to PKR 1,604.68 billion as against PKR 1,417.65 billion as of December 31, 2019. This depicts an increase of PKR 187.03 billion or 13.2% mainly in available-for-sale 'AFS' securities that increased by PKR 203.65 billion or 19.6%. Net investments that amounted to PKR 1,642.97 billion, constitute 51.9% of the Bank's total assets (Dec '19: 46.1%) and approx. 16.0% of the total banking industry investments. The Bank's AFS portfolio also includes a diversified range of investment in ordinary shares of listed companies amounting to PKR 32.97 billion (just over 1% of the Bank's total assets). Outside Pakistan, the Bank holds a 3.7% stake in Bank Al-Jazira, Saudi Arabia and a 45% stake in a JV, United National Bank, London.

During the period under review, investments averaged at PKR 1,403.68 billion being significantly higher than PKR 927.85 billion during the corresponding period last year. Yield on investments and placements during the period under review stand improved to 12.06% as compared to 9.08% for the corresponding period last year.

Deposits & Liquidity

As of June 30th, 2020, deposits of the Bank amounted to PKR 2,339.26 billion, depicting an increase of PKR 141.21 billion or 6.4% as against PKR 2,198.05 billion as of December 31, 2019. Deposits constitute 80.5% of the Bank's total liabilities and translate into a 13.8% share in total banking industry deposits. Customer deposits are a key source of the Bank's funding pool (85.5% of the total deposits) and remained stable during the period. These amounted to PKR 2,000.82 billion (2019: PKR 1,797.25 billion) as of June 30th, 2020. During the period under review, deposits averaged at PKR 1,937.89 billion as against PKR 1,693.15 billion during the corresponding period last year.



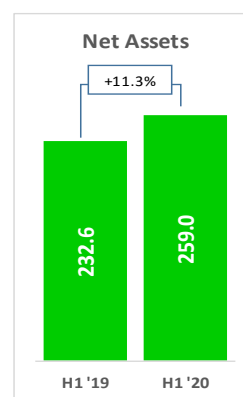
During the period, the Bank maintained optimum levels of funding & liquidity through a diversified (by type and maturity) funding pool. At June 30th, 2020, customer deposits and equity capital together funded ~70% of the Bank's total assets. CASA deposits (including NIDA) have shown improvement from 81.8% in December 2019 to 83.1% as of June 30th, 2020.

At 167%, the Bank's LCR was well above the minimum requirement of 100%. As the available stable funding as at Jun '20 closed at PKR 2,218.84 billion (Dec '19 : PKR 2,040.91 billion) against total required stable funding of PKR 985.29 billion, the Net Stable Funding Ratio stood at 225%, comfortably above the statutory minimum of 100%.

Capital Strength and Adequacy

In order to ensure continuity of the Bank's business, the Bank aims for efficient capital allocation through conservative portfolio growth, quality lending to low-risk customers / sectors, enhanced credit monitoring and de-risking from higher capital allocation avenues.

NBP has been designated as "Category-C" Domestic Systemically Important Bank (D-SIB) by the State Bank of Pakistan. This designation required the Bank to hold 2.0% Higher Loss Absorbency (HLA) surcharge, over and above its minimum capital adequacy ratio (CAR) requirement in 2020. As a measure to alleviate the effects of Covid-19 and support the banking sector in extending credit facilities to its customers, SBP reduced the capital conservation buffer from 2.5% to 1.5%, for the time being. This has resulted in minimum CAR requirement for the Bank being 13.5% (including the HLA Surcharge of 2%) as at June 30th, 2020.



As of June 30th, 2020 Common Equity Tier 1 (CET-1) ratio stood at 14.16% (Dec '19: 12.11%), and the total Capital Adequacy Ratio stood at 18.60 % (Dec '19: 15.48%). Contributors for the growth include both profits during the period, as well as relaxation in the capital conservation buffer.

Controls and Compliance

The Bank remains compliant with all the applicable laws, rules, regulations, and codes and seeks to emphasize the need to improve its compliance & control capacity. The inculcation of performance management systems and attention to ensuring accountability are being given priority by the Board. The Board recognises that the legacy of a largely manual operation across a wide branch network exposes the institution and an upgrading of technological capability as well as the induction of talent to embed and drive such changes is essential. A Balanced Scorecard system inclusive of audit quality has been implemented, bell curve based evaluations have been reintroduced and an improved accountability process has been put in place. The results of these efforts are expected to bear fruit over the coming 12-18 months. The International Franchise of the Bank is being streamlined to both integrate strategy as well as facilitate an enhanced level of compliance. Seven overseas franchises are already in the process of being exited and the Bank's position on another seven will be decided upon by the end of the year. In 2016 the Bank and its New York branch entered into a written agreement with the Federal Reserve Bank of New York and New York State Department of Financial Services (US regulators). This agreement, *inter-alia*, requires the Bank to address certain compliance and risk management matters relating to anti-money laundering and the US bank secrecy law requirements. This agreement also requires implementation of the requisite systems and controls and allocation of adequate resources to ensure full compliance with such requirements. In this connection, the Bank made significant personnel changes in its NY operations to strengthen the team to address identified regulatory weaknesses. In the UK, the Bank is reengaging with an active role in the oversight of its joint venture subsidiary, United National Bank Ltd and will seek to serve the diaspora as well as the growing trade and investment flows between the UK and Pakistan post Brexit.

Contingency Regarding Pension Case

The hearing of the pension case was fixed on March 12, 2020, however the same was adjourned as the counsel for both parties submitted to the Supreme Court of Pakistan that it would be more appropriate if the hearing, of the present case, can be arranged at Karachi. The request of the counsel was approved and accordingly, the hearing was fixed for last week of March in Karachi. However, in March 2020, Covid-19 was declared as pandemic and affected all activities throughout the country. Therefore, the hearing was further adjourned with a new date of hearing yet to be decided.

Credit Rating

NBP is rated as 'AAA' by the two recognised credit rating agencies in Pakistan. In June 2020, M/s JCR VIS Credit Rating Company re-affirmed the Bank's standalone credit rating as "AAA" (Triple AAA), the highest credit rating awarded by the company for a bank in Pakistan. Similarly, M/s PACRA Credit Rating has also re-affirmed the Bank's long-term entity rating as 'AAA' and short-term credit rating as 'A1+' (A-one Plus).

Moody's Investors Service, in their report of August '2020, upgraded Outlook of the Bank to 'Stable' with a 'B3' long-term rating.

Outlook

In Pakistan, the daily numbers of new Coronavirus cases are on a declining trend since the last week of June, 2020. However, the risk still prevails. Failure to get the Covid-19 pandemic under control may worsen economic sentiment in Pakistan's main trading areas and hence endanger the revival of export revenues. Banks may also come under stress due to higher NPLs if growth slows down. The government is committed to keeping a primary balance in line with sustainable budget deficits and stable debt dynamics. Regarding, the external sector, the current account deficit is projected to remain within the limits of the external financing constraints, preserving levels of foreign exchange reserves at reasonable proportion of the level of imports.

At NBP, we are fully cognizant of our responsibility to manage down the impact of Covid-19 for customers and the wider economy during these difficult times by extending appropriate financing facilities and creating liquidity. Our strategy of supporting the development of underserved sectors has been timely and now needs to be accelerated in these difficult times. We will enhance our focus on achieving greater financial inclusion through supporting the retail and consumer segments e.g. housing, agriculture, small and medium enterprises and daily wage earners. Entities operating in these sectors are under considerable pressure as their businesses and employment are directly affected by the lockdowns. Our aim is to help these sectors survive and grow while simultaneously establishing NBP as a leading bank in these critical segments.

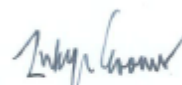
Acknowledgement and appreciation

On behalf of the Board, we thank the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan, the Ministry of Finance and other regulatory authorities for their continued guidance and support. We would also like to express our gratitude to our shareholders, customers, employees and business partners for their patronage. Our staff, in particular, has served above and beyond the call of duty in these trying circumstances to ensure we fulfil our responsibilities and we extend our strong appreciation for their commitment and efforts.

For and on behalf of the Board of Directors,



Arif Usmani
President & CEO



Zubyr Soomro
Chairman

Karachi

Date: September 1st, 2020

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Independent auditors' review report to the members of National Bank of Pakistan

Report on review of unconsolidated condensed interim financial statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of National Bank of Pakistan (the Bank) as at June 30, 2020 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement, unconsolidated condensed interim statement of changes in equity and notes to the unconsolidated condensed interim financial statements for the half year then ended (here-in-after referred to as the "unconsolidated condensed interim financial statements"). Management is responsible for the preparation and presentation of this unconsolidated condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for the interim financial reporting. Our responsibility is to express a conclusion on these unconsolidated condensed interim financial statements based on our review.

Scope of Review

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

Conclusion

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

Emphasis of Matter

We draw attention to note 22.3.4.1 to the unconsolidated condensed interim financial statements which explains the contingency in relation to the pension obligations of the Bank. Based on the opinion of the legal counsel, the Bank is confident about the favorable outcome of this matter and hence, no provision against any additional pension obligation is made in the unconsolidated condensed interim financial statements. Our conclusion is not qualified in respect of this matter.

Other Matter

The figures for the quarters ended June 30, 2020 and June 30, 2019 in the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income and figures for half year ended December 31, 2019 in unconsolidated condensed interim statement of changes in equity have not been subject to the review and therefore, we do not express a conclusion thereon.

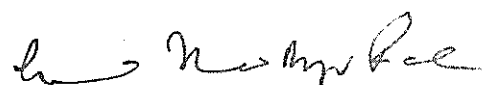


Deloitte Yousuf Adil
Chartered Accountants

Engagement Partner:
Nadeem Yousuf Adil

Date: September 02, 2020
Place: Karachi

Member of
Deloitte Touche Tohmatsu Limited



Grant Thornton Anjum Rahman
Chartered Accountants

Engagement Partner:
Khaliq-ur-Rahman

Member of
Grant Thornton International Limited

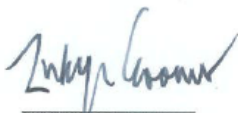
NATIONAL BANK OF PAKISTAN
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020


		(Un-audited) June 30, 2020	(Audited) December 31, 2019
	Note	Rupees in '000	
ASSETS			
Cash and balances with treasury banks	6	286,488,752	292,513,379
Balances with other banks	7	32,351,978	13,220,807
Lendings to financial institutions	8	48,534,859	144,140,344
Investments	9	1,642,966,608	1,439,160,062
Advances	10	935,617,903	1,008,139,084
Fixed assets	11	54,426,450	54,303,565
Intangible assets	12	371,316	374,950
Right of use assets	13	7,115,285	7,221,266
Other assets	14	155,530,716	165,315,413
		3,163,403,867	3,124,388,870
LIABILITIES			
Bills payable	15	27,406,814	19,867,424
Borrowings	16	348,753,404	471,757,352
Deposits and other accounts	17	2,339,262,855	2,198,049,281
Lease liability against right of use assets	18	7,897,345	7,640,188
Deferred tax liabilities	19	10,779,317	10,915,802
Other liabilities	20	170,272,993	183,544,990
		2,904,372,728	2,891,775,037
NET ASSETS		259,031,139	232,613,833
REPRESENTED BY			
Share capital		21,275,131	21,275,131
Reserves		53,833,890	52,308,742
Surplus on revaluation of assets	21	82,008,711	70,244,060
Unappropriated profit		101,913,407	88,785,900
		259,031,139	232,613,833
CONTINGENCIES AND COMMITMENTS	22		

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

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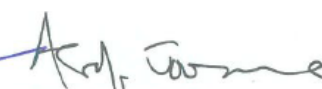
ATL


Chairman


President / CEO


Chief Financial Officer


Director


Director

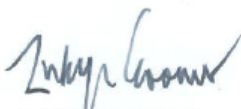
NATIONAL BANK OF PAKISTAN
UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2020

	Note	Quarter ended		Half year ended	
		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
----- Rupees in '000 -----					
Mark-up / return / interest earned	23	72,721,670	51,897,045	145,258,636	97,689,973
Mark-up / return / interest expensed	24	40,852,587	31,796,622	96,815,107	62,126,456
Net mark-up / return / interest income		31,869,083	20,100,423	48,443,529	35,563,517
NON MARK-UP / INTEREST INCOME					
Fee and commission income	25	4,216,904	5,811,149	8,723,923	9,835,961
Dividend income		648,267	710,761	1,032,328	1,728,716
Foreign exchange income		1,958,625	1,660,707	2,698,964	3,517,884
Gain on securities - net	26	1,973,847	257,713	3,335,162	342,032
Other income	27	1,247,403	1,496,648	2,550,548	2,779,125
Total non-mark-up / interest income		10,045,046	9,936,978	18,340,925	18,203,718
Total income		41,914,129	30,037,401	66,784,454	53,767,235
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	28	15,719,109	15,060,270	29,250,357	27,800,889
Workers welfare fund		-	-	-	-
Other charges	29	14,578	84,375	293,238	91,171
Total non-markup / interest expenses		15,733,687	15,144,645	29,543,595	27,892,060
Profit before provisions		26,180,442	14,892,756	37,240,859	25,875,175
Provisions and write offs - net	30	11,580,825	3,235,089	15,638,432	5,490,000
PROFIT BEFORE TAXATION		14,599,617	11,657,667	21,602,427	20,385,175
Taxation	31	3,528,189	4,740,136	6,412,058	9,284,161
PROFIT AFTER TAXATION		11,071,428	6,917,531	15,190,369	11,101,014
----- Rupees -----					
Earnings per share - basic and diluted	32	5.20	3.25	7.14	5.22

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

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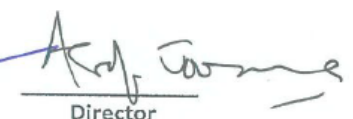
CTA


Chairman


President / CEO


Chief Financial Officer


Director


Director

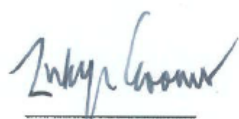
NATIONAL BANK OF PAKISTAN
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2020


	Quarter ended		Half year ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	----- Rupees in '000 -----			
Profit after taxation for the period	11,071,428	6,917,531	15,190,369	11,101,014
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Exchange gain on translation of net assets of foreign branches	(426,528)	742,624	6,111	1,524,070
Movement in surplus / (deficit) on revaluation of investments - net of tax	11,326,723	(5,580,551)	11,303,388	(3,397,914)
	10,900,195	(4,837,927)	11,309,499	(1,873,844)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement (loss) / gain on defined benefit obligations - net of tax	(524,237)	104,208	(657,612)	(171,682)
Movement in surplus on revaluation of fixed assets - net of tax	575,049	-	575,049	-
Movement in surplus on revaluation of non-banking assets - net of tax	1	-	1	-
	50,813	104,208	(82,562)	(171,682)
Total comprehensive income	22,022,436	2,183,812	26,417,306	9,055,488

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


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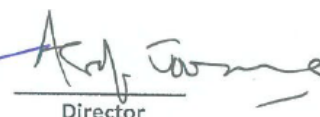
CITR


Chairman


President / CEO


Chief Financial Officer


Director


Director

NATIONAL BANK OF PAKISTAN
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2020

	Rupees in '000											
	Share capital	Reserves					Surplus on revaluation of assets				Unappropriated profit	Total
		Exchange translation	Statutory reserve	Merger reserve	General loan loss reserve	Revenue general reserve	Total	Investments	Fixed / non-banking assets	Total		
Balance as at January 01, 2019	21,275,131	8,918,433	31,450,829	343,802	12,000,000	521,338	53,274,402	16,275,820	43,710,505	59,986,125	72,332,877	206,868,535
Profit after taxation for the half year ended June 30, 2019	-	-	-	-	-	-	-	-	-	-	11,101,014	11,101,014
Other comprehensive income / (loss) - net of tax	-	1,524,070	-	-	-	-	1,524,070	(3,397,914)	-	(3,397,914)	(171,682)	(2,045,526)
Transfer to statutory reserve	-	-	1,110,101	-	-	-	1,110,101	-	-	-	(1,110,101)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(119,775)	(119,775)	119,775	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid for the year ended December 31, 2018 (Rs. Nil per share)	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at July 01, 2019	21,275,131	10,442,503	32,600,930	343,802	12,000,000	521,338	55,908,573	12,877,706	43,590,730	58,468,436	82,271,883	215,924,023
Profit after taxation for the half year ended December 31, 2019	-	-	-	-	-	-	-	-	-	-	4,708,797	4,708,797
Other comprehensive income / (loss) - net of tax	-	(70,711)	-	-	-	-	(70,711)	12,781,546	1,113,855	13,895,401	(1,843,677)	11,981,013
Transfer to statutory reserve	-	-	470,880	-	-	-	470,880	-	-	-	(470,880)	-
Transfer from loss loan reserve to unappropriated profit	-	-	-	-	-	-	-	-	-	-	4,000,000	4,000,000
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	(4,000,000)	-	-	-	-	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	(119,777)	(119,777)	119,777	-
Cash dividend paid for the year ended December 31, 2019 (Rs. Nil per share)	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at January 01, 2020	21,275,131	10,371,792	33,071,910	343,802	8,000,000	521,338	52,308,742	25,659,252	44,584,808	70,244,060	88,785,900	232,613,833
Profit after taxation for the half year ended June 30, 2020	-	-	-	-	-	-	-	-	-	-	15,190,369	15,190,369
Other comprehensive income / (loss) - net of tax	-	6,111	-	-	-	-	6,111	11,303,388	575,050	11,878,438	(587,612)	11,226,937
Transfer to statutory reserve	-	-	1,519,037	-	-	-	1,519,037	-	-	-	(1,519,037)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(113,787)	(113,787)	113,787	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid for the year ended December 31, 2019 (Rs. Nil per share)	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2020	21,275,131	10,377,903	34,590,947	343,802	8,000,000	521,338	53,833,890	36,962,640	45,046,071	82,008,711	101,913,407	259,031,139

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

Signature

Signature

Signature
Chairman

Signature
President / CEO

Signature
Chief Financial Officer

Signature
Director

Signature
Director

NATIONAL BANK OF PAKISTAN
UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2020

	June 30, 2020	June 30, 2019
Note	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	21,602,427	20,385,175
Less dividend income	<u>(1,032,328)</u>	<u>(1,728,716)</u>
	20,570,099	18,656,459
Adjustments:		
Depreciation on fixed assets	1,212,664	1,213,391
Depreciation on right of use assets	928,957	942,493
Amortization	94,723	180,163
Provision and write-offs - net	15,638,432	5,490,000
Gain on sale of fixed assets	(24,513)	(11,973)
Financial charges on leased assets	14,536	12,383
Financial charges on right-of-use-assets	378,679	350,903
Unrealized loss on revaluation of investments classified as held-for-trading	(71,410)	12,605
Charge for defined benefit plans - net	3,705,440	3,598,694
	<u>21,877,508</u>	<u>11,788,659</u>
	42,447,607	30,445,118
(Increase) / decrease in operating assets		
Lendings to financial institutions	98,205,485	63,885,675
Held-for-trading securities	4,936,337	74,271,379
Advances	54,759,903	(34,213,698)
Other assets (excluding advance taxation)	<u>(2,180,996)</u>	<u>(84,760,917)</u>
	155,720,729	19,182,439
Increase / (decrease) in operating liabilities		
Bills payable	7,539,390	6,267,213
Borrowings from financial institutions	(102,913,720)	(144,873,086)
Deposits	141,213,574	82,010,752
Other liabilities (excluding current taxation)	<u>(13,402,219)</u>	<u>86,397,424</u>
	32,437,025	29,802,303
Financial charges paid	(393,215)	(363,286)
Income tax paid	-	(6,423,076)
Benefits paid	<u>(1,840,121)</u>	<u>(1,527,229)</u>
Net cash flows generated from operating activities	228,372,025	71,116,269
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(203,654,179)	27,539,828
Net investments in held-to-maturity securities	11,758,043	(15,901,333)
Dividends received	595,282	1,728,716
Investments in fixed assets	(756,960)	(7,955,112)
Proceeds from sale of fixed assets	42,707	4,465
Effect of translation of net investment in foreign branches	6,111	1,524,070
Net cash flows (used in) / generated from investing activities	(192,008,996)	6,940,634

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June 30, June 30,
 2020 2019
 Note ----- Rupees in '000 -----

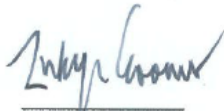
CASH FLOWS FROM FINANCING ACTIVITIES

Payments of lease obligations	(565,819)	(612,422)
Dividend paid	(438)	(1,482)
Net cash flow used in financing activities	(566,257)	(613,904)
Increase in cash and cash equivalents	35,796,772	77,442,999
Cash and cash equivalents at beginning of the period	<u>263,754,250</u>	<u>227,752,888</u>
Cash and cash equivalents at end of the period	<u>33 299,551,022</u>	<u>305,195,887</u>


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

BVA

CTA



 Chairman



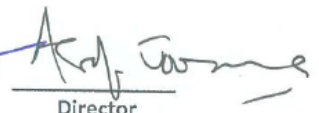
 President / CEO



 Chief Financial Officer



 Director



 Director

NATIONAL BANK OF PAKISTAN
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2020

1. STATUS AND NATURE OF BUSINESS

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

2. BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

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

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

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

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

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

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

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

2.1.6 Amendments to approved accounting standards that are not effective in the current period

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

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
- IFRS 9 - Financial Instruments: Classification and Measurement	January 1, 2021
- Amendments to IAS 1 Presentation of Financial Statements regarding the definition of material.	January 1, 2022
- Amendments to IFRS 3 'Business Combination' - Reference to the conceptual	January 1, 2022
- Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended	January 1, 2022
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 1, 2022
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from and investors to its associates or joint venture.	Effective date deferred indefinitely. Adoption is still permitted.

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

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

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

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

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
- Amendments to the conceptual framework for financial reporting, including amendments to references to the conceptual framework in IFRS	January 1, 2020
- IFRS 3 - Business Combinations (Amendments)	January 1, 2020
- IAS 1 - Presentation of Financial Statements (Amendments)	January 1, 2020
- IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 1, 2020
- Amendment to IFRS 16 'Leases' - Covid-19 related rent	January 1, 2020

In addition, there are certain new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2020 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these unconsolidated condensed interim financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

5. FINANCIAL RISK MANAGEMENT

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

The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. State Bank of Pakistan (SBP) has also responded to the crisis by cutting the Policy Rate by 625 basis points to 7.00% during the period from March 2020 to June 2020. Other regulatory measures to provide an impetus to economic activity include;

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

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

5.1 Credit Risk Management

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

5.2 Liquidity Risk Management

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

5.3 Operational Risk Management

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

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

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

5.4 Information Security Risk Management

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

5.5 Capital Adequacy Ratio (CAR)

The Bank has shown improvement in capital adequacy ratio from 15.48% to 18.60%. The main reasons include; relaxation Capital Conversion Buffer (CCB) requirements, and profit for the half year ended.

		(Un-audited) June 30, 2020	(Audited) December 31, 2019
	Note	----- Rupees in '000 -----	
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		50,842,052	48,571,567
Foreign currency		6,736,596	4,565,061
		<u>57,578,648</u>	<u>53,136,628</u>
With State Bank of Pakistan in			
Local currency current accounts	6.1	152,182,418	168,326,804
Foreign currency current accounts	6.2	10,944,234	9,116,381
Foreign currency deposit accounts	6.2	22,523,063	27,850,977
Foreign currency collection accounts		1,475,374	1,473,861
		<u>187,125,089</u>	<u>206,768,023</u>
With other central banks in			
Foreign currency current accounts	6.3	37,360,958	25,994,672
Foreign currency deposit accounts	6.3	4,255,669	4,865,977
		<u>41,616,627</u>	<u>30,860,649</u>
Prize bonds		168,388	1,748,079
		<u>286,488,752</u>	<u>292,513,379</u>

6.1 This includes statutory liquidity reserves maintained with the SBP under Section 22 of the Banking Companies Ordinance, 1962.

6.2 These represent mandatory reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the SBP.

6.3 These balances pertain to the foreign branches and are held with central banks of respective countries. These include balances to meet the statutory and regulatory requirements in respect of liquidity and capital requirements of respective countries. The deposit accounts carry interest at the rate of 0.00% to 2.96% per annum (December 31, 2019: 0.00% to 2.17% per annum).

		(Un-audited) June 30, 2020	(Audited) December 31, 2019
	Note	----- Rupees in '000 -----	
7. BALANCES WITH OTHER BANKS			
In Pakistan			
In current account		-	-
In deposit accounts	7.1	3,006,299	5,841
Outside Pakistan			
In current accounts		17,440,331	6,476,086
In deposit accounts	7.2	11,905,348	6,738,880
		<u>29,345,679</u>	<u>13,214,966</u>
		<u>32,351,978</u>	<u>13,220,807</u>

- 7.1 These include various deposits with banks and carry interest at rates ranging from 2.00% to 8.00% per annum (December 31, 2019: 2.50% to 11.25% per annum).
- 7.2 These include various deposits with correspondent banks outside Pakistan and carry interest at rates ranging from 0.00% to 2.96% per annum (December 31, 2019: 0.00% to 2.17% per annum).

		(Un-audited) June 30, 2020	(Audited) December 31, 2019
	Note	----- Rupees in '000 -----	
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Call / clean money lendings	8.1	3,140,800	540,800
Repurchase agreement lendings (reverse repo)	8.2	36,033,725	132,180,048
Bai Muajjal receivables with State Bank of Pakistan	8.3	9,360,334	11,419,496
Letters of placement	8.4	<u>176,150</u>	<u>176,150</u>
	8.5	48,711,009	144,316,494
Less: provision held against lendings to financial institutions	8.6	<u>(176,150)</u>	<u>(176,150)</u>
Lendings to financial institutions - net of provision		<u>48,534,859</u>	<u>144,140,344</u>

- 8.1 This includes zero rate lending to a financial institution amounting to Rs. 40.8 million (December 31, 2019: Rs. 40.8 million) which is guaranteed by the SBP.
- 8.2 These carry mark-up at rates ranging from 7.10 % to 8.25 % per annum (December 31, 2019: 13.00% to 13.58% per annum) with maturities ranging from July 02, 2020 to July 20, 2020.
- 8.3 This represents Bai Muajjal agreements entered into with SBP and carries mark-up rate 13.00% per annum (December 31, 2019: 12.78% per annum).
- 8.4 These are overdue placements and full provision has been made against these placements as at June 30, 2020.

		(Un-audited) June 30, 2020	(Audited) December 31, 2019
		----- Rupees in '000 -----	
8.5 Particulars of lending			
In local currency		48,711,009	144,316,494
In foreign currencies		<u>-</u>	<u>-</u>
		<u>48,711,009</u>	<u>144,316,494</u>
8.6 Movement in provision held against lendings is as follows:			
Opening balance		176,150	176,150
Charge for the period		<u>-</u>	<u>-</u>
Closing balance		<u>176,150</u>	<u>176,150</u>

8.7 Securities held as collateral against lendings to financial institutions

	June 30, 2020 (Un-audited)		December 31, 2019 (Audited)			
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
Market Treasury Bills	29,768,725	-	29,768,725	124,080,048	-	124,080,048
Pakistan Investment Bonds	6,265,000	-	6,265,000	8,100,000	-	8,100,000
Total	36,033,725	-	36,033,725	132,180,048	-	132,180,048

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

8.7.1 Market value of the securities under repurchase agreement lendings amounts to Rs. 36.156 million (December 31, 2019: Rs. 132,453 million).

8.8 Category of classification

	June 30, 2020 (Un-audited)		December 31, 2019 (Audited)	
	Classified Lending	Provision held	Classified Lending	Provision held
Domestic				
Loss				

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

Domestic				
Loss				
	176,150	176,150	176,150	176,150

9. INVESTMENTS

9.1 Investments by type:

	June 30, 2020 (Un-audited)				December 31, 2019 (Audited)			
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
----- Rupees in '000 -----								
Held-for-trading securities								
Market Treasury Bills	18,302,148	-	51,877	18,354,025	26,911,821	-	(24,649)	26,887,172
Pakistan Investment Bonds	12,933,122	-	19,435	12,952,557	9,116,239	-	15,695	9,131,934
Ordinary shares of listed companies	3,568	-	98	3,666	75,705	-	(2,042)	73,663
	31,238,838	-	71,410	31,310,248	36,103,765	-	(10,996)	36,092,769
Available-for-sale securities								
Pakistan Investment Bonds	425,951,331	-	15,427,645	441,378,976	322,248,605	-	(1,961,853)	320,286,752
Market Treasury Bills	697,202,526	-	11,909,122	709,111,648	593,936,881	-	967,544	594,904,425
Ijarah Sukuks	6,000,000	-	5,600	6,005,600	2,000,000	-	(21,200)	1,978,800
Ordinary shares of listed companies	32,974,896	(6,073,783)	12,589,783	39,490,896	29,025,568	(5,723,164)	18,487,730	41,790,134
Ordinary shares of unlisted companies	2,101,182	(507,573)	-	1,593,609	2,101,182	(507,573)	-	1,593,609
Preference shares	570,308	(539,708)	-	30,600	570,214	(490,826)	-	79,388
Investments in mutual funds	619,646	(41,167)	1,034,068	1,612,547	619,646	(41,167)	1,324,745	1,903,224
Ordinary shares of a bank outside Pakistan	463,295	-	14,893,166	15,356,461	463,294	-	18,368,462	18,831,756
Term Finance Certificates / Musharika								
Participation Term Certificate and Sukuk Bonds	57,222,620	(5,147,340)	899,423	52,974,703	60,253,886	(4,942,505)	941,278	56,252,659
GoP Foreign Currency Bonds	14,767,946	-	54,675	14,822,621	21,138,771	-	1,337,759	22,476,530
Foreign Government Securities	2,171,305	-	49,897	2,221,202	3,474,324	-	17,527	3,491,851
Foreign Currency Debt Securities	849,987	-	2,221	852,208	1,408,492	-	13,779	1,422,271
	1,240,895,042	(12,309,571)	56,865,600	1,285,451,071	1,037,240,863	(11,705,235)	39,475,771	1,065,011,399
Held-to-maturity securities								
Pakistan Investment Bonds	167,008,427	-	-	167,008,427	184,864,103	-	-	184,864,103
Market Treasury Bills	121,832,789	-	-	121,832,789	114,091,320	-	-	114,091,320
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	414,973	(407,134)	-	7,839	416,707	(407,134)	-	9,573
GoP Foreign Currency Bonds	1,655	-	-	1,655	4,087,591	-	-	4,087,591
Foreign Government Securities	32,044,123	-	-	32,044,123	29,600,343	-	-	29,600,343
Foreign Currency Debt Securities	650	-	-	650	596	-	-	596
	321,302,617	(407,134)	-	320,895,483	333,060,660	(407,134)	-	332,653,526
Associates	4,970,863	(4,091,977)	-	878,886	4,970,863	(3,999,416)	-	971,447
Joint Venture	2,362,433	-	-	2,362,433	2,362,433	-	-	2,362,433
Subsidiaries	3,906,750	(1,838,263)	-	2,068,487	3,906,750	(1,838,262)	-	2,068,488
Total investments	1,604,676,543	(18,646,945)	56,937,010	1,642,966,608	1,417,645,334	(17,950,047)	39,464,775	1,439,160,062

(Un-audited) (Audited)
 June 30, December 31,
 2020 2019
 -----Rupees in '000 -----

9.1.1 Investments given as collateral

Pakistan Investment Bonds	50,000	4,150,000
Market Treasury Bills	224,150,000	360,000,000
	<u>224,200,000</u>	<u>364,150,000</u>

9.2 Provision for diminution in value of investments

9.2.1 Opening balance	17,950,047	14,908,363
Charge / reversals		
Charge for the period	1,018,723	3,425,825
Reversals for the period	(321,825)	(384,143)
	696,898	3,041,682
Transfers - net	-	-
Others movement	-	-
Closing balance	<u>18,646,945</u>	<u>17,950,047</u>

9.2.2 Particulars of provision against debt securities

Category of classification	December 31, 2019 (Audited)	
	NPI	Provision
----- Rupees in '000 -----		
Domestic		
Doubtful	426,170	213,086
Loss	5,145,314	5,136,554
	<u>5,563,234</u>	<u>5,349,640</u>
	5,563,234	5,554,474
	<u>5,563,234</u>	<u>5,554,474</u>

9.3 SBP vide BPRD Circular Letter No. 13 of 2020 Para 4 (c) of Prudential Regulation R-8: Impairment in Value of Securities has provided regulatory relief to Banks / DFIs to recognize impairment losses resulting from the valuation of listed equity securities held as "Available for Sale" (AFS) in a phased manner equally on quarterly basis during calendar year ending on December 31, 2020. Pursuant to the circular, a portion of the impairment loss, amounting to Rs. 166.8 million, resulting from the valuation of listed equity securities held under the AFS category as of June 30, 2020 has not been recognized in the unconsolidated condensed interim profit and loss account and has been taken to 'Surplus on revaluation of available for sale securities' as disclosed in note 21 of these unconsolidated condensed interim financial statements.

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

	(Un-audited) June 30, 2020	Rupees in '000
Impact on Unconsolidated Condensed Interim Statement of Financial Position		
- Increase in provision for diminution in value of investments		166,842
- Increase in surplus on revaluation of Available for sale securities - net of tax		108,447
- Decrease in Unappropriated Profit		(101,774)
Impact on Unconsolidated Condensed Interim Profit and Loss account		
- Decrease in Profit after tax		(101,774)
- Decrease in taxation charge		(65,068)

Earnings per share for the period ended June 30, 2020 would have been lower by Rs. 0.05 per share.

9.4 The market value of securities classified as held-to-maturity as at June 30, 2020 amounted to Rs. 331,186 million (December 31, 2019: Rs. 328,496 million).

10. ADVANCES

	Performing		Non performing		Total	
	(Un-audited) June 30, 2020	(Audited) December 31, 2019	(Un-audited) June 30, 2020	(Audited) December 31, 2019	(Un-audited) June 30, 2020	(Audited) December 31, 2019
	----- Rupees in '000 -----					
Loans, cash credits, running finances, etc.	863,130,156	936,148,400	159,237,467	141,787,259	1,022,367,623	1,077,935,659
Islamic financing and related assets	32,037,497	33,880,111	603,063	203,934	32,640,560	34,084,045
Net investment in finance lease	65,636	71,576	-	-	65,636	71,576
Bills discounted and purchased	31,885,485	32,463,246	9,569,251	6,760,524	41,454,736	39,223,770
Advances - gross	927,118,774	1,002,563,333	169,409,781	148,751,717	1,096,528,555	1,151,315,050
Provision against advances						
- Specific	-	-	146,150,124	134,170,016	146,150,124	134,170,016
- General	14,760,528	9,005,950	-	-	14,760,528	9,005,950
	14,760,528	9,005,950	146,150,124	134,170,016	160,910,652	143,175,966
Advances - net of provision	912,358,246	993,557,383	23,259,657	14,581,701	935,617,903	1,008,139,084

10.1 Net investment in finance lease

	June 30, 2020 (Un-audited)			December 31, 2019 (Audited)		
	Not later than one year	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years
	----- Rupees in '000 -----					
Lease rentals receivable	13,001	-	16,443	11,634	10,434	22,068
Residual value	46,482	-	53,492	45,666	9,617	55,283
Minimum lease payments	59,483	-	69,935	57,300	20,051	77,351
Financial charges for future periods	4,114	185	4,299	4,982	793	5,775
Present value of minimum lease payments	55,369	10,267	65,636	52,318	19,258	71,576

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

10.2 Particulars of advances (Gross)

In local currency	1,021,020,479	1,052,019,665
In foreign currencies	75,508,076	99,295,385
	<u>1,096,528,555</u>	<u>1,151,315,050</u>

(Un-audited) (Audited)
June 30, December 31,
2020 2019
----- Rupees in '000 -----

- 10.3 Advances includes Rs. 169,410 million (2019: Rs.148,752 million) which have been placed under non-performing status as detailed below:

Category of Classification	June 30, 2020 (Un-audited)		December 31, 2019 (Audited)	
	Non performing loans	Provision	Non performing loans	Provision
----- Rupees in '000 -----				
Domestic				
Other assets especially mentioned	9,350,692	241,144	1,290,081	78,430
Substandard	9,435,013	2,273,774	10,292,449	2,550,709
Doubtful	8,402,258	4,188,691	6,439,788	3,207,031
Loss	97,711,778	96,280,879	89,680,047	88,523,275
	124,899,741	102,984,488	107,702,365	94,359,445
Overseas				
Not past due but impaired	-	-	-	-
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	-	-	-	-
> 365 days	44,510,040	43,165,636	41,049,352	39,810,571
	44,510,040	43,165,636	41,049,352	39,810,571
Total	169,409,781	146,150,124	148,751,717	134,170,016

10.4 Particulars of provision against advances

	June 30, 2020 (Un-audited)			December 31, 2019 (Audited)		
	Specific	General	Total	Specific	General	Total
----- Rupees in '000 -----						
Note						
Opening balance	134,170,018	9,005,950	143,175,968	126,266,039	7,207,104	133,473,143
Exchange adjustments	3,399,290	39,099	3,438,389	3,803,802	28,732	3,832,534
Charge for the period / year	10,129,780	6,040,825	16,170,605	11,335,930	2,018,117	13,354,047
Reversals	(1,522,370)	(325,346)	(1,847,716)	(4,681,591)	(248,003)	(4,929,594)
	8,607,410	5,715,479	14,322,889	6,654,339	1,770,114	8,424,453
Amounts written off	(26,594)	-	(26,594)	(33,004)	-	(33,004)
Amounts charged off - agriculture financing	-	-	-	(232,480)	-	(232,480)
Amount charged off international branches 10.4.4	-	-	-	(1,776,734)	-	(1,776,734)
Other movement	-	-	-	(511,946)	-	(511,946)
Closing balance	146,150,124	14,760,528	160,910,652	134,170,016	9,005,950	143,175,966

10.4.1 Particulars of provision against advances

	June 30, 2020 (Un-audited)			December 31, 2019 (Audited)		
	Specific	General	Total	Specific	General	Total
----- Rupees in '000 -----						
In local currency	102,984,488	14,487,647	117,472,135	94,359,445	8,550,135	102,909,580
In foreign currencies	43,165,636	272,881	43,438,517	39,810,571	455,815	40,266,386
	146,150,124	14,760,528	160,910,652	134,170,016	9,005,950	143,175,966

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

The Bank has also maintained general provision of Rs. 4,126 million (2019: Rs. 2,500 million) in respect of its corporate portfolio on prudent basis. This general provision is in addition to the requirements of Prudential Regulations.

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

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

10.4.5 State Bank of Pakistan ('SBP'), vide its BPRD circular letter No. 13 of 2020, has provided regulatory relief to dampen the effects of Covid-19 and allowed banks to offer deferral of principal component of installments to its borrowers for one year, provided that the borrower will continue to service the mark-up amount as per agreed terms & conditions. During the period ended June 30, 2020, 63 borrowers having aggregate outstanding exposure of Rs. 20,852 million have availed regulatory relief extended by SBP.

	Note	(Un-audited) June 30, 2020	(Audited) December 31, 2019
		----- Rupees in '000 -----	
11. FIXED ASSETS			
Capital work-in-progress	11.1	2,038,864	2,114,172
Property and equipment		52,387,586	52,189,393
		<u>54,426,450</u>	<u>54,303,565</u>
11.1 Capital work-in-progress			
Civil works		1,963,833	1,999,863
Equipment		15,977	15,446
Advances to suppliers and contractors		59,054	58,372
License and implementation fee for core banking software		-	40,491
		<u>2,038,864</u>	<u>2,114,172</u>
		(Un-audited) June 30, 2020	(Un-audited) June 30, 2019
		----- Rupees in '000 -----	
11.2 Additions to fixed assets			
The following material additions have been made to fixed assets during the period:			
Capital work-in-progress		63,802	56,504
Property and equipment			
Building on freehold land		-	26,908
Building on leasehold land		39,182	6,338
Furniture and fixture		251,960	248,978
Computer and peripheral equipment		58,211	106,893
Electrical, office equipment		89,896	112,992
Vehicles		167,732	97,246
		<u>606,981</u>	<u>599,355</u>
		<u>670,783</u>	<u>655,859</u>

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

11.3 Disposal of fixed assets

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

Furniture and fixture	1,519	1,310
Electrical, office equipment	-	104
Vehicles	<u>16,675</u>	<u>6,094</u>
	<u><u>18,194</u></u>	<u><u>7,508</u></u>

(Un-audited) June 30, 2020	(Audited) December 31, 2019
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----- Rupees in '000 -----

12. INTANGIBLE ASSETS

Computer Software	<u>371,316</u>	<u>374,950</u>
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(Un-audited) June 30, 2020	(Un-audited) June 30, 2019
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----- Rupees in '000 -----

12.1 Additions to intangible assets

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

Directly purchased	<u>86,177</u>	<u>375,641</u>
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(Un-audited) June 30, 2020	(Audited) December 31, 2019
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----- Rupees in '000 -----

13. RIGHT OF USE ASSETS

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

Balance as at January 01	7,221,266	7,908,684
Additions during the period	822,976	1,185,554
Depreciation charged for the period	<u>928,957</u>	<u>1,872,972</u>
Balance as at	<u><u>7,115,285</u></u>	<u><u>7,221,266</u></u>

	(Un-audited) June 30, 2020	(Audited) December 31, 2019
Note	----- Rupees in '000 -----	
14. OTHER ASSETS		
Income / return / mark-up accrued in local currency - net of provision	52,594,804	53,660,237
Income / return / mark-up accrued in foreign currency	2,684,155	2,551,275
Advances, deposits, advance rent and other prepayments	8,222,630	7,816,695
Income tax refunds receivable and advance taxation	39,267,427	51,823,127
Compensation for delayed tax refunds	16,098,222	13,722,128
Non-banking assets acquired in satisfaction of claims	3,276,961	3,284,853
Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC)	208,423	208,423
Unrealized gain on forward foreign exchange contracts	4,311,968	-
Commission receivable on Government treasury transactions	10,327,518	4,065,704
Stationery and stamps on hand	486,201	435,733
Barter trade balances	195,399	195,399
Receivable on account of Government transactions	323,172	323,172
Receivable from Government under VHS scheme	418,834	418,834
Receivable against sale of shares	8,455	310,374
Acceptances	18,075,711	26,934,779
Others	10,407,220	9,941,052
	<u>166,907,100</u>	<u>175,691,785</u>
Less: Provision held against other assets	14.1 <u>11,853,599</u>	<u>10,853,587</u>
Other assets (net of provision)	<u>155,053,501</u>	<u>164,838,198</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	<u>477,215</u>	<u>477,215</u>
Other assets - total	<u><u>155,530,716</u></u>	<u><u>165,315,413</u></u>
14.1 Provision held against other assets		
Income / mark-up accrued in local currency	152,607	152,607
Advances, deposits, advance rent and other prepayments	837,949	837,949
Stationery and stamps on hand	96,542	96,542
Barter trade balances	195,399	195,399
Receivable on account of Government transactions	323,172	323,172
Receivable from Government under VHS scheme	418,834	418,834
Protested bills	3,442,959	2,555,322
Provision against FE-25 loans	1,734,591	1,734,591
Ex-MBL / NDFC - other assets	534,173	534,173
Assets Acquired from CIRC	208,423	208,423
Others	3,908,950	3,796,575
	<u>11,853,599</u>	<u>10,853,587</u>
14.1.1 Movement in provision held against other assets		
Opening balance	10,853,587	8,884,661
Charge for the year	580,478	1,589,466
Transfer in	419,534	457,739
Adjustment of compensation claimed by SBP to SBP balances	-	(78,279)
Closing balance	<u>11,853,599</u>	<u>10,853,587</u>
15. BILLS PAYABLE		
In Pakistan	26,781,156	19,648,708
Outside Pakistan	<u>625,658</u>	<u>218,716</u>
	<u><u>27,406,814</u></u>	<u><u>19,867,424</u></u>

(Un-audited) (Audited)
 June 30, December 31,
 2020 2019
 ----- Rupees in '000 -----

16. BORROWINGS

Secured

Borrowings from State Bank of Pakistan

Under Export Refinance Scheme	3,313,000	1,908,291
Under Export Refinance Scheme (New Scheme)	24,193,051	20,687,441
Financing Scheme for Renewable Energy	284,584	236,175
Refinance Facility for Modernization of SMEs	44,654	45,000
Financing Facility for storage of Agriculture Produce (FFSAP)	321,594	284,012
Under Long-Term Financing Facility (LTFF)	13,472,623	8,923,286
Refinance Scheme for Payment of Wages and Salaries	6,651	-
	41,636,157	32,084,205

Repurchase agreement borrowings

Bai Muajjal

219,426,878	332,053,770
65,259,861	59,069,167
326,322,896	423,207,142

Unsecured

Call borrowings

Overdrawn nostro accounts

Bai Muajjal

14,171,414	39,052,969
8,259,094	3,467,767
-	6,029,474
22,430,508	48,550,210

348,753,404	471,757,352
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16.1 Particulars of borrowings with respect to currencies

In local currency

In foreign currencies

334,982,003	432,843,644
13,771,401	38,913,708
348,753,404	471,757,352

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

- The Bank has entered into agreements with the SBP for extending export refinance to customers. As per the terms of the agreement, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of finances by directly debiting the current account maintained by the Bank with the SBP. These borrowings carry mark-up 3.00% (December 31, 2019: 3.00%).
- Repurchase agreement borrowings carry mark-up ranging from 7.00% to 8.00% per annum (December 31, 2019: 13.20% to 13.32% per annum) having maturity on ranging from July 2, 2020 to July 14, 2020.
- Call borrowings carry interest ranging from 0.00% to 4.72% per annum (December 31, 2019: 1.75% to 4.00% per annum).

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

16.4 Pakistan Investment Bonds and Market Treasury Bills having maturity of 5 -10 years and 3 months respectively, are pledged as security under borrowing having carrying amount of Rs. 219,427 million (December 31, 2019: Rs. 332,054 million).

17. DEPOSITS AND OTHER ACCOUNTS

	June 30, 2020 (Un-audited)			December 31, 2019 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- Rupees in '000 -----						
Customers						
Current deposits - remunerative	395,065,598	-	395,065,598	320,884,110	-	320,884,110
Current deposits - non-remunerative	456,268,406	130,634,467	586,902,873	387,100,580	138,036,876	525,137,456
Savings deposits	589,091,603	62,617,062	651,708,665	533,399,568	52,363,840	585,763,408
Term deposits	260,713,075	89,405,636	350,118,711	285,062,513	75,428,176	360,490,689
Others	17,016,043	3,958	17,020,001	4,970,352	3,924	4,974,276
	1,718,154,725	282,661,123	2,000,815,848	1,531,417,123	265,832,816	1,797,249,939
Financial Institutions						
Current deposits	304,208,272	2,734,208	306,942,480	357,600,795	1,225,295	358,826,090
Savings deposits	3,243,386	-	3,243,386	4,405,416	2,911,091	7,316,507
Term deposits	18,221,730	8,284,689	26,506,419	21,888,152	5,932,636	27,820,788
Others	1,440,676	314,046	1,754,722	6,549,217	286,740	6,835,957
	327,114,064	11,332,943	338,447,007	390,443,580	10,355,762	400,799,342
	2,045,268,789	293,994,066	2,339,262,855	1,921,860,703	276,188,578	2,198,049,281

17.1 Foreign currencies deposits includes deposit of foreign branches amounting to Rs. 81,360 million (December 31, 2019: Rs.85,488 million).

	(Un-audited) June 30, 2020	(Audited) December 31, 2019
-----Rupees in '000 -----		
18. LEASE LIABILITY AGAINST RIGHT OF USE ASSETS		
Lease liabilities included in the statement of financial position	7,897,345	7,640,188
Of which are:		
Current lease liability	1,324,393	1,237,717
Non-current lease liability	6,572,952	6,402,471
	7,897,345	7,640,188
Maturity analysis - contractual undiscounted cash flows		
Less than one year	2,798,858	1,948,040
One to five years	8,077,009	6,610,167
More than five years	10,488,272	6,652,960
Total undiscounted lease liabilities	21,364,139	15,211,167

(Un-audited) (Audited)
 June 30, December 31,
 2020 2019
 -----Rupees in '000 -----

19. DEFERRED TAX LIABILITIES

Deductible temporary differences on

- Tax losses carried forward	(10,705)	(10,705)
- Post retirement employee benefits	(4,206,815)	(3,852,716)
- Provision for diminution in the value of investments	(236,751)	(236,751)
- Provision against loans and advances	(6,148,251)	(2,625,495)
- Provision against off-balance sheet obligations	(115,222)	(115,222)
- Other provisions	(105,416)	(105,416)
	(10,823,160)	(6,946,305)

Taxable temporary differences on

- Surplus on revaluation of fixed assets	1,658,078	1,689,317
- Surplus on revaluation of investments	19,902,960	13,816,519
- Surplus on revaluation of non-banking assets	41,439	41,439
- Other	-	2,314,832
	21,602,477	17,862,107
	10,779,317	10,915,802

20. OTHER LIABILITIES

Mark-up / return / interest payable in local currency	54,094,861	57,027,903
Mark-up / return / interest payable in foreign currencies	403,526	439,959
Unearned commission and income on bills discounted	2,246,252	3,045,278
Accrued expenses	21,801,235	19,000,508
Advance payments	388,718	397,099
Unclaimed dividends	186,230	186,668
Unrealized loss on forward foreign exchange contracts	-	4,358,883
Unrealized loss on put option	306,339	306,339
Branch adjustment account	689,495	926,311
Employee benefits:		
Pension fund	15,389,909	14,785,647
Post retirement medical benefits	19,253,925	18,333,947
Benevolent fund	2,156,169	1,749,006
Gratuity scheme	2,424,989	2,206,599
Compensated absences	8,530,839	8,344,182
Staff welfare fund	371,257	371,257
Liabilities relating to Barter trade agreements	2,273,703	5,539,436
Provision against off-balance sheet obligations	627,494	627,494
Provision against contingencies	4,760,305	4,629,645
Payable to brokers	23,717	38,667
PIBs short selling	-	256,284
Acceptances	18,075,711	26,934,779
Others	16,268,319	14,039,099
	170,272,993	183,544,990

		(Un-audited) June 30, 2020	(Audited) December 31, 2019
	Note	----- Rupees in '000 -----	
21. SURPLUS ON REVALUATION OF ASSETS			
Surplus on revaluation of			
- Available-for-sale securities	9.1	56,865,600	39,475,771
- Fixed assets		45,012,297	44,576,547
- Non-banking assets		2,539,696	2,539,695
		<u>104,417,593</u>	<u>86,592,013</u>
Deferred tax on surplus on revaluation of:			
- Available for sale securities		(19,902,960)	(13,816,519)
- Fixed assets		(2,464,483)	(2,489,995)
- Non-banking assets		(41,439)	(41,439)
		<u>(22,408,882)</u>	<u>(16,347,953)</u>
		<u>82,008,711</u>	<u>70,244,060</u>
22. CONTINGENCIES AND COMMITMENTS			
Guarantees	22.1	198,114,371	161,579,745
Commitments	22.2	1,577,215,244	1,761,652,119
Other contingent liabilities	22.3	36,767,692	30,664,297
		<u>1,812,097,307</u>	<u>1,953,896,161</u>
22.1 Guarantees			
Financial guarantees		135,032,949	101,841,274
Performance guarantees		63,081,422	59,738,471
		<u>198,114,371</u>	<u>161,579,745</u>
22.2 Commitments			
Documentary credits and short-term trade-related transactions			
- letters of credit		1,028,490,428	937,616,635
Commitments in respect of:			
- forward foreign exchange contracts	22.2.1	479,450,824	801,290,548
- forward government securities transactions	22.2.2	68,579,065	22,164,581
Commitments for acquisition of:			
- operating fixed assets		681,427	566,855
Other commitments	22.2.3	13,500	13,500
		<u>1,577,215,244</u>	<u>1,761,652,119</u>
22.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		322,083,444	478,842,756
Sale		157,367,380	322,447,792
		<u>479,450,824</u>	<u>801,290,548</u>

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

	(Un-audited) June 30, 2020	(Audited) December 31, 2019
	----- Rupees in '000 -----	
22.2.2	Commitments in respect of forward government securities transactions	
Purchase	511,600	256,814
Sale	<u>68,067,465</u>	<u>21,907,767</u>
	<u>68,579,065</u>	<u>22,164,581</u>

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

	(Un-audited) June 30, 2020	(Audited) December 31, 2019
	----- Rupees in '000 -----	
22.2.3	Professional services to be received	
	<u>13,500</u>	<u>13,500</u>
22.3	Other contingent liabilities	
22.3.1	Claim against the Bank not acknowledged as debt	
	<u>36,767,692</u>	<u>30,664,297</u>

Claims against the Bank not acknowledged as debts including claims relating to former Mehran Bank Limited amounting to Rs.1,597 million (December 31, 2019: Rs.1,597 million).

22.3.2 Taxation

The current status of tax contingencies for the period ended June 30, 2020 is given below:

- a) Tax returns of the Bank have been filed up to tax year 2019 and amended by tax authorities up to tax year 2018. Tax year 2019 has been selected for tax audit under section 177 of the Income Tax Ordinance, 2001 in July 2020 which is on-going. For Azad Kashmir and Gilgit Baltistan branches no amendment to returns filed under section 120 of the Ordinance has been made, hence returns filed are deemed assessments for all the years till tax year 2019.
- b) The matters under tax contingencies include interest credited to suspense account, allocation of common expenditure between taxable income and exempt / low tax rate income, reversal of bad debts expense, reversal of provisions of non-performing loans, provisions for diminution in value of investment. Surplus on revaluation of Available for Sale Securities disclosed in the Statement of Comprehensive Income has been taxed in respect of tax year 2013 during the year which issue was decided by the learned Commissioner Appeals against the Bank, without considering that double taxation of same may occur when gain or loss would be reported in Profit & Loss account on realization stage. Miscellaneous Application before CIR(A) as well as appeal before Appellate Tribunal have been filed by Bank. The aggregate effect of contingencies as on June 30, 2020, including amount of Rs. 645.97 million (December 31, 2019: Rs. 183.455 million) in respect of indirect tax issues, amounts to Rs. 18.629 billion (December 31, 2019: Rs. 18.166 billion). No provision has been made against these contingencies, based on the opinion of tax consultants of the Bank, who expect favorable outcome upon decisions of pending appeals.
- c) Sindh High Court had quashed the show-cause notices issued in previous round in 2013 for passing orders for tax years 2006 and 2007 under section 161 of the Ordinance on the grounds that these were time-barred in terms of section 174(3) of the Ordinance. Supreme Court on Department's appeal has subsequently allowed taxation officer to initiate proceedings through fresh notices, subject to certain directions. Orders are recently passed by taxation officer for tax years 2006 and 2007 on June 30, 2020, treating the Bank as taxpayer-in-default and raising tax demands of Rs. 1,032,176,800 and Rs. 1,394,718,100 respectively. Bank has filed appeals before CIR(A) primarily on the grounds that Supreme Court's instructions have been blatantly ignored as cogent reasons for late proceedings were not given and neither amount of tax default nor names of parties were disclosed in the show-cause notices or the orders. The orders are also assailed for being passed in quite arbitrary manner and various legal and factual mistakes are made therein. Sindh High Court through interim order has instructed the taxation officer not to take any coercive measures. Bank's tax advisors expect a favourable decision on this issue from appellate fora.
- d) The Bank has filed an Appeal before the Appellate Tribunal, Sindh Revenue Board against the Order passed by Commissioner (Appeals) Sindh Revenue Board confirming the levy of Sindh Sales Tax on the services provided by the Bank to State Bank of Pakistan for the tax periods January 2015 to March 2015 amounting to Rs.76,767,487/- and the rate differential amount of Rs. 11,986,935/- for the tax periods January 2014 to December 2014 aggregating to Rs. 88,754,422 along with the penalties and default surcharge thereon. It is pertinent to mention that the aforesaid differential amount has already been paid by availing the tax amnesty in 2019. Further, no provision has been made for the amount relating to State Bank of Pakistan in these unconsolidated financial statements based on the opinion of Tax Consultants of the Bank who expect favorable outcome upon decision of filed Appeal.

- e) The Bank filed an Appeal before the Honorable Appellate Tribunal, PRA in terms of Section 66 of the Act read with the Punjab Sales Tax on Services (Adjudication and Appeals) Rules, 2012 against the Order passed by the Commissioner HQ, Punjab Revenue Authority u/s 52 of the Punjab Sales Tax on Services Act, 2012 (the Act) regarding Non withholding of Punjab Sales Tax on Services for the Tax Periods from January-2016 to December -2016 wherein the principal demand of Rs 385,784,598/- was raised.

The Honorable Appellate Tribunal, PRA accepted the appeal and set aside the impugned Order passed by the Commissioner HQ, PRA. No correspondence has been received till date.

22.3.3 Contingencies in respect of employees benefits and related matters

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

22.3.4.1 Pensionary benefits to retired employees

This has been explained in note 25.3.3.1 to the financial statement of the year ended December 31, 2019. Subsequently, the hearing of the pension case was fixed on March 12, 2020, however the same was adjourned as the counsel for both parties submitted to the Supreme Court of Pakistan ('SCP') that it would be more appropriate if the hearing, of the present case, can be arranged at Karachi. The request of the legal counsels was approved and the case was fixed for the last week of March in Karachi; however, due to the pandemic caused by the Covid-19, the hearing was again adjourned with no further date given. The management's estimate of overall increase in pension liability, based on the independent actuarial firm report for the year ended December 31, 2019 amounted to Rs. 70.6 billion (2019 67.1 billion), excluding any penal interest / profit payment (if any) due to delayed payment. Further, the pension expense for year 2020 onward will also increase by Rs. 7.0 billion due to this decision. Based on the opinion of legal counsel, no provision for any additional pension liability has been considered made in these unconsolidated interim financial statements for the above mentioned amount as the Bank is confident about the favorable outcome of the matter.

22.3.4.2 Post retirement medical facilities

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

22.3.4.3 Restoration of Commuted Pension

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

22.3.4.4 Regularizing the temporary hires / workers deployed by Service provider companies under outsourcing

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

22.3.4.5 Golden Handshake (GHS)

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

22.3.4.6 Litigation related to management trainee program

This has been explained in note 25.3.3.6 to the financial statement of the year ended December 31, 2019. Subsequently, the matter of out of court settlements has successfully been executed with many Non-MTO employees ('petitioners') and accordingly compromise agreements ('the agreement'), offering waiver of loans, increase in basic salaries and provision of other allowances, were signed with those petitioners who have withdrawn their cases against the Bank. Further, the Bank has carried out an assessment to ascertain the financial implications of the case with respect to non-petitioners and accordingly, they were also encouraged to enter into a similar agreement with Bank. The management is in the process of negotiation and is confident to undertake the agreement with remaining petitioners and non-petitioners. Furthermore, with respect to ongoing litigation, the management has reflected any potential impact it may have in an appropriate manner in these unconsolidated condensed interim financial statements.

22.3.4.7 Foreign Exchange repatriation case

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

22.3.4.8 Compliance and risk matters relating to anti-money laundering

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

		(Un-audited) Half year ended June 30, 2020	(Un-audited) Half year ended June 30, 2019
	Note	Rupees in '000	
23. MARK-UP / RETURN / INTEREST EARNED			
Loans and advances		57,555,424	48,481,747
Investments		85,424,166	44,435,362
On securities purchased under resale agreements		1,424,775	3,884,280
Balances with other banks		854,271	888,584
		<u>145,258,636</u>	<u>97,689,973</u>
24. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		61,505,511	47,140,624
Borrowings		4,604,262	2,962,062
Cost of foreign currency swaps against foreign currency deposits		4,514,336	2,318,315
Finance charge on lease liability against right of use assets		378,679	350,903
Securities sold under repurchase agreements		25,812,319	9,354,552
		<u>96,815,107</u>	<u>62,126,456</u>
25. FEE AND COMMISSION INCOME			
Branch banking customer fees		603,624	805,868
Consumer finance related fees		298,215	403,967
Card related fees		538,743	341,240
Credit related fees		87,767	135,075
Investment banking fees		115,417	347,621
Commission on trade		1,334,523	1,684,573
Commission on guarantees		252,817	248,162
Commission on cash management		1,444	9,804
Commission on remittances including home remittances		410,471	911,268
Commission on bancassurance		93,815	210,293
Commission on government transactions		4,894,601	4,625,176
Others		92,486	112,914
		<u>8,723,923</u>	<u>9,835,961</u>
26. GAIN ON SECURITIES - NET			
Realized	26.1	3,263,752	354,637
Unrealized - held-for-trading	9.1	71,410	(12,605)
		<u>3,335,162</u>	<u>342,032</u>
26.1 Realized gain on			
Federal Government Securities		2,570,855	206,969
Shares		273,455	119,205
Ijarah Sukuks		-	28,463
Foreign Securities		419,442	-
		<u>3,263,752</u>	<u>354,637</u>
27. OTHER INCOME			
Rent on property		14,456	28,176
Gain on sale of fixed assets - net		24,513	11,973
Postal, SWIFT and other charges recovered		-	32,246
Compensation for delayed tax refunds	27.1	2,376,094	2,698,910
Remittances expense reimbursed by SBP		112,861	-
Others		22,624	7,820
		<u>2,550,548</u>	<u>2,779,125</u>

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

(Un-audited) (Un-audited)
 Half year ended Half year ended
 June 30, 2020 June 30, 2019
 ----- Rupees in '000 -----

28. OPERATING EXPENSES

Total compensation expenses	19,645,965	18,400,712
Property expenses		
Rent and taxes	140,288	610,855
Insurance	10,156	8,626
Utilities cost	512,823	439,452
Security (including guards)	1,329,440	1,070,647
Repair and maintenance (including janitorial charges)	543,118	387,605
Depreciation	213,641	220,543
Depreciation on non banking assets	7,892	14,788
Depreciation on Ijarah assets	49,107	91,168
Depreciation on right of use assets	928,957	942,493
	3,735,422	3,786,177
Information technology expenses		
Software maintenance	525,117	498,534
Hardware maintenance	5,844	47,030
Depreciation	101,315	156,640
Amortization	94,723	180,163
Network charges	195,914	225,897
	922,913	1,108,264
Other operating expenses		
Directors' fees and reimbursement of other expenses	22,459	15,026
Fees and allowances to Shariah Board	4,442	4,678
Legal and professional charges	338,642	298,577
Outsourced services costs	384,487	358,158
Travelling and conveyance	210,024	349,983
NIFT clearing charges	69,518	65,861
Depreciation	840,709	730,252
Training and development	28,803	54,575
Postage and courier charges	124,413	81,982
Communication	142,167	135,925
Stationery and printing	505,524	331,469
Marketing, advertisement and publicity	78,857	120,102
Contributions for other Corporate and Social Responsibility	85,447	10,203
Auditors' remuneration	249,347	140,420
Entertainment	114,697	142,492
Clearing, verification, license fee charges	168,659	127,731
Brokerage	48,563	34,717
Financial charges on leased assets	14,536	12,383
Insurance	364,843	357,771
Vehicle expenses	81,717	74,217
Repairs and maintenance	147,834	234,456
Deposit premium expense	687,318	619,920
Others	233,051	204,838
	4,946,057	4,505,736
	29,250,357	27,800,889

		(Un-audited) Half year ended June 30, 2020	(Un-audited) Half year ended June 30, 2019
	Note	----- Rupees in '000 -----	
29. OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		293,155	90,135
Penalties imposed by other regulatory bodies (Central bank of international branches)		83	1,036
		<u>293,238</u>	<u>91,171</u>
30. PROVISIONS AND WRITE OFFS - NET			
Provisions for diminution in value of investments	9.2	696,898	2,384,091
Provisions against loans and advances	10.4	14,322,889	2,742,394
Provision against other assets		618,645	363,515
		<u>15,638,432</u>	<u>5,490,000</u>
31. TAXATION			
Current		12,316,643	8,856,891
Prior years		-	1,056,841
Deferred		<u>(5,904,585)</u>	<u>(629,571)</u>
		<u>6,412,058</u>	<u>9,284,161</u>
32. EARNINGS PER SHARE - BASIC AND DILUTED			
Profit for the period (Rupees in 000's)		<u>15,190,369</u>	<u>11,101,014</u>
Weighted average number of ordinary shares (in 000's)		<u>2,127,513</u>	<u>2,127,513</u>
Earnings per share - basic and diluted (Rupees)		<u>7.14</u>	<u>5.22</u>
		(Un-audited) Half year ended June 30, 2020	(Un-audited) Half year ended June 30, 2019
		----- Rupees in '000 -----	
33. CASH AND CASH EQUIVALENT			
Cash and balances with treasury banks		286,488,752	351,877,109
Balances with other banks		32,351,978	21,267,448
Call money lendings		3,140,800	1,040,800
Call money borrowings		<u>(14,171,414)</u>	<u>(64,559,165)</u>
Overdrawn nostro		<u>(8,259,094)</u>	<u>(4,430,305)</u>
		<u>299,551,022</u>	<u>305,195,887</u>
34. FAIR VALUE MEASUREMENTS			

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

The fair value of unquoted debt securities, fixed term loans, other assets other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

34.1 Fair value of financial assets

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

- Level 1:** Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2:** Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3:** Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

	At June 30, 2020 (Un-audited)				Total
	Carrying value	Level 1	Level 2	Level 3	
----- Rupees in '000 -----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Market Treasury Bills	727,465,673	-	727,465,673	-	727,465,673
Pakistan Investment Bonds	454,331,533	-	454,331,533	-	454,331,533
Ijarah Sukuks	6,005,600	-	6,005,600	-	6,005,600
Ordinary shares of listed companies	39,494,562	39,494,562	-	-	39,494,562
Preference shares	30,600	30,600	-	-	30,600
Investments in mutual funds	1,612,547	-	1,612,547	-	1,612,547
Term Finance Certificates / Musharika and Sukuk Bonds	52,974,703	-	52,974,703	-	52,974,703
GoP Foreign Currency Bonds	14,822,621	-	14,822,621	-	14,822,621
Foreign Government Securities	2,221,202	-	2,221,202	-	2,221,202
Foreign Currency Debt Securities	852,208	-	852,208	-	852,208
Ordinary shares of a bank outside Pakistan	15,356,461	15,356,461	-	-	15,356,461
	1,315,167,710	54,881,623	1,260,286,087	-	1,315,167,710
Financial assets - disclosed but not measured at fair value					
Cash and balances with treasury banks	286,488,752	-	-	-	-
Balances with other banks	32,351,978	-	-	-	-
Lending to financial instruments	48,534,859	-	-	-	-
Investments					
Ordinary shares of unlisted companies	1,593,609	-	-	-	-
Pakistan Investment Bonds	167,008,427	-	-	-	-
Market Treasury Bills	121,832,789	-	-	-	-
GoP Foreign Currency Bonds	1,655	-	-	-	-
Foreign Government Securities	32,044,123	-	-	-	-
Foreign Currency Debt Securities	650	-	-	-	-
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	7,839	-	-	-	-
Advances	935,617,903	-	-	-	-
Other assets	95,234,685	-	-	-	-
	1,720,717,269	-	-	-	-
	3,035,884,979	54,881,623	1,260,286,087	-	1,315,167,710
Off-balance sheet financial instruments - measured at fair value					
Commitments					
Foreign exchange contracts purchase and sale	479,450,824	-	4,311,697	-	4,311,697
Forward government securities transactions	68,579,065	-	1,718,396	-	1,718,396

December 31, 2019 (Audited)

	Carrying value	Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Market Treasury Bills	621,791,597	-	621,791,597	-	621,791,597
Pakistan Investment Bonds	329,418,686	-	329,418,686	-	329,418,686
Ijarah Sukuks	1,978,800	-	1,978,800	-	1,978,800
Ordinary shares of listed companies	41,863,797	41,863,797	-	-	41,863,797
Preference shares	79,388	35,956	-	43,432	79,388
Investments in mutual funds	1,903,224	-	1,903,224	-	1,903,224
Term Finance Certificates / Musharika and Sukuk Bonds	56,252,659	9,204,193	47,048,466	-	56,252,659
GoP Foreign Currency Bonds	22,476,530	-	22,476,530	-	22,476,530
Foreign Government Securities	3,491,851	-	3,491,851	-	3,491,851
Foreign Currency Debt Securities	1,422,271	-	1,422,271	-	1,422,271
Ordinary shares of a bank outside Pakistan	18,831,756	18,831,756	-	-	18,831,756
	<u>1,099,510,559</u>	<u>69,935,702</u>	<u>1,029,531,425</u>	<u>43,432</u>	<u>1,099,510,559</u>

Financial assets - disclosed but not measured at fair value

Cash and balances with treasury banks	292,513,379	-	-	-	-
Balances with other banks	13,220,807	-	-	-	-
Lending to financial instruments	144,140,344	-	-	-	-
Investments					
Ordinary shares of unlisted companies	1,593,609	-	-	-	-
Market Treasury Bills	114,091,320	-	-	-	-
Pakistan Investment Bonds	184,864,103	-	-	-	-
GoP Foreign Currency Bonds	4,087,591	-	-	-	-
Foreign Government Securities	29,600,343	-	-	-	-
Foreign Currency Debt Securities	596	-	-	-	-
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance	9,573	-	-	-	-
Advances	1,008,139,084	-	-	-	-
Other assets	94,348,508	-	-	-	-
	<u>1,886,609,257</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>2,986,119,816</u>	<u>69,935,702</u>	<u>1,029,531,425</u>	<u>43,432</u>	<u>1,099,510,559</u>

Off-balance sheet financial instruments - measured at fair value

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

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

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

34.2 Fair value of non-financial assets

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

At June 30, 2020 (Un-audited)					
Carrying value	Level 1	Level 2	Level 3	Total	
----- Rupees in '000 -----					
Land and building (property and equipment)	49,606,857	-	49,606,857	-	49,606,857
Non-banking assets acquired in satisfaction of claims	3,276,961	-	3,276,961	-	3,276,961
	52,883,818	-	52,883,818	-	52,883,818

December 31, 2019 (Audited)					
Carrying value	Level 1	Level 2	Level 3	Total	
----- Rupees in '000 -----					
Land & building (property and equipment)	48,569,603	-	48,569,603	-	48,569,603
Non-banking assets acquired in satisfaction of claims	3,284,853	-	3,284,853	-	3,284,853
	51,854,456	-	51,854,456	-	51,854,456

Half year ended June 30, 2019 (Un-audited) (Restated)

	Retail Banking Group	Inclusive Development Group	Corporate & Investment Banking	Treasury	International, Fin. Institution & Remittance	Head Office / Others	Total
	(33,745,426)	7,132,520	23,250,798	35,186,948	1,392,150	2,346,527	35,563,517
Net mark-up / return / interest income / (expense)	63,694,116	(6,996,967)	(23,252,420)	(37,976,486)	-	4,531,757	-
Inter segment revenue - net	7,890,000	492,155	1,340,100	5,162,019	852,947	2,466,497	18,203,718
Non mark-up / return / interest income	37,838,690	627,708	1,338,478	2,372,481	2,245,097	9,344,781	53,767,235
Total income	14,072,200	1,042,448	401,488	173,075	1,996,695	1,496,130	19,182,036
Segment direct expenses	-	-	-	-	-	8,710,024	8,710,024
Inter segment expense allocation	14,072,200	1,042,448	401,488	173,075	1,996,695	10,206,154	27,892,060
Total expenses	360,697	871,953	3,435,971	1,758,483	(92,239)	(844,865)	5,490,000
Provisions and write offs - net	23,405,793	(1,286,693)	(2,498,981)	440,923	340,641	(16,506)	20,385,175
Profit / (loss) before taxation							

Rupees in '000

Profit and loss account

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

December 31, 2019 (Audited) - (Restated)

	Retail Banking Group	Inclusive Development Group	Corporate & Investment Banking	Treasury	International, Fin. Institution & Remittance	Head Office / Others	Total
	163,574,415	12,045,241	238,501	82,716,513	42,748,449	4,411,067	305,734,186
Cash and balances with treasury and other banks	-	-	38,801,666	1,316,800,220	61,079,182	22,478,994	1,439,160,062
Investments	1,631,300,101	-	-	-	-	138,613,215	1,769,913,316
Net inter segment lending	-	-	-	132,718,198	-	11,422,146	144,140,344
Lendings to financial institutions	221,997,792	144,537,546	538,385,399	-	55,382,884	42,259,742	1,002,563,333
Advances - performing	3,166,450	17,309,704	32,196,797	-	41,049,352	55,029,414	148,751,717
- non-performing	(6,573,731)	(14,087,130)	(23,223,824)	-	(40,266,386)	(59,024,895)	(143,175,966)
Provision against Advances	218,590,511	147,760,120	547,358,342	-	56,165,850	38,264,261	1,008,139,084
Advances - net	25,307,037	1,853,736	40,745,805	3,971,387	4,014,363	151,322,866	227,215,194
Others	2,038,772,064	161,659,097	627,144,314	1,536,206,318	164,007,844	366,512,549	4,894,302,186
Total assets	1,695,414	-	30,388,706	400,759,524	38,913,708	-	471,757,352
Borrowings	1,972,722,005	-	76,371,345	-	85,487,723	63,468,208	2,198,049,281
Deposits and other accounts	-	156,924,272	488,444,930	1,081,180,371	36,248,475	7,115,268	1,769,913,316
Net inter segment borrowing	64,354,645	4,734,825	31,794,954	17,079,796	1,988,871	102,015,313	221,968,404
Others	2,038,772,064	161,659,097	626,999,935	1,499,019,691	162,638,777	172,598,789	4,661,688,353
Total liabilities	-	-	144,380	37,186,627	1,369,066	193,913,760	232,613,833
Equity	2,038,772,064	161,659,097	627,144,315	1,536,206,318	164,007,843	366,512,549	4,894,302,186
Total equity and liabilities							

Rupees in '000

Statement of financial position

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

Contingencies and commitments

833,218,160	-	236,880,686	823,455,129	28,997,140	31,345,046	1,953,896,161
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	June 30, 2020 (Un-audited)					June 30, 2019 (Un-audited)							
	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund	Provident Fund	Others	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund	Provident Fund

Rupees in '000

Income														
Mark-up / return / interest earned	-	821	-	9	-	-	11,717	-	8,968	-	29	-	-	120,844
Debts due by Companies in which Directors of the Bank is interested as Directors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commission received from subsidiaries	-	645	-	-	-	-	-	-	3,631	-	-	-	-	-
Dividend income	-	12,016	-	-	-	-	-	-	-	-	-	-	-	-
Rent income / lighting and power and bank charges	-	19,489	2,319	-	-	-	9,723	-	11,433	2,319	-	-	-	7,779
Expense														
Mark-up / return / interest paid	-	19,203	-	293	52,784	721,268	2,140	-	11,634	-	233	198,306	830,422	244
Remuneration to key management executives including charge for defined benefit plan	220,761	-	-	-	-	-	-	232,232	-	-	-	-	-	-
Commission paid to subsidiaries	-	2,432	-	-	-	-	-	-	739	-	-	-	-	-
Insurance premium paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance claims settled	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Post Retirement Benefit paid to Director cum Ex-employee	-	-	-	-	-	-	1,044	-	-	-	-	-	-	1,044

36.1 Transactions with Government-related entities

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

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

The Bank also earned commission on handling treasury transactions on behalf of the Government of Pakistan amounting to Rs. 4,895 million for the year ended June 30, 2020. As at the Statement of Financial Position date the loans and advances, deposits and contingencies relating to Government-related entities amounted to Rs. 333,323 million, Rs. 926,773 million and Rs. 999,207 million respectively and income earned on advances and profit paid on deposits amounted to Rs. 19,207 million and Rs. 36,168 million respectively.

37. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) June 30, 2020	(Audited) December 31, 2019
	----- Rupees in '000 -----	
Minimum Capital Requirement		
Paid-up capital	<u>177,022,427</u>	<u>162,369,773</u>
Capital Adequacy Ratio		
Eligible Common Equity Tier 1 Capital	<u>157,687,498</u>	<u>142,716,150</u>
Eligible Additional Tier 1 Capital	<u>-</u>	<u>-</u>
Total Eligible Tier 1 Capital	<u>157,687,498</u>	<u>142,716,150</u>
Eligible Tier 2 Capital	<u>49,464,701</u>	<u>39,816,053</u>
Total Eligible Capital (Tier 1 + Tier 2)	<u>207,152,199</u>	<u>182,532,203</u>
Risk Weighted Assets		
Credit Risk	<u>852,960,642</u>	<u>913,568,310</u>
Market Risk	<u>86,911,662</u>	<u>91,752,716</u>
Operational Risk	<u>173,619,541</u>	<u>173,619,541</u>
Total	<u>1,113,491,845</u>	<u>1,178,940,567</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>14.16%</u>	<u>12.11%</u>
Tier 1 Capital Adequacy Ratio	<u>14.16%</u>	<u>12.11%</u>
Total Capital Adequacy Ratio	<u>18.60%</u>	<u>15.48%</u>
Leverage Ratio		
Eligible Tier-1 Capital	<u>157,687,498</u>	<u>142,716,150</u>
Total Exposures	<u>4,448,962,984</u>	<u>4,252,343,911</u>
Leverage Ratio	<u>3.54%</u>	<u>3.36%</u>
Liquidity Coverage Ratio		
Total High Quality Liquid Assets	<u>1,051,743,289</u>	<u>890,965,256</u>
Total Net Cash Outflow	<u>629,368,636</u>	<u>603,741,462</u>
Liquidity Coverage Ratio	<u>167%</u>	<u>148%</u>
Net Stable Funding Ratio		
Total Available Stable Funding	<u>2,218,841,763</u>	<u>2,040,913,906</u>
Total Required Stable Funding	<u>985,289,614</u>	<u>875,207,068</u>
Net Stable Funding Ratio	<u>225%</u>	<u>233%</u>

38. ISLAMIC BANKING BUSINESS

The Bank is operating 188 (December 31, 2019: 190) Islamic banking branches and no Islamic banking windows at the half year ended June 30, 2020.

	Note	(Un-audited) June 30, 2020	(Audited) December 31, 2019
----- Rupees in '000 -----			
ASSETS			
Cash and balances with treasury banks		6,859,898	4,405,856
Balances with other banks		3,006,299	5,841
Due from financial institutions	38.1	9,360,334	11,419,496
Investments	38.2	24,829,253	19,416,280
Islamic financing and related assets - net	38.3	32,337,218	33,880,482
Fixed assets		155,356	174,862
Right of use assets		817,136	861,049
Other assets		7,602,607	5,888,864
Total Assets		84,968,101	76,052,730
LIABILITIES			
Bills payable		314,043	256,804
Deposits and other accounts	38.4	75,091,860	63,285,896
Lease liability against right of use assets		947,431	943,375
Due to head office		72,117	2,784,801
Other liabilities		3,112,337	3,767,018
		79,537,788	71,037,894
NET ASSETS		5,430,313	5,014,836
REPRESENTED BY			
Islamic Banking Fund		3,360,000	2,200,000
Reserves		-	-
Surplus on revaluation of assets		678,669	775,696
Unappropriated / unremitted profit	38.5	1,391,644	2,039,140
		5,430,313	5,014,836

The profit and loss account of the Bank's Islamic banking branches for the half year ended June 30, 2020 is as follows:

	Note	(Un-audited) Half year ended June 30, 2020	(Un-audited) Half year ended June 30, 2019
----- Rupees in '000 -----			
Profit / return earned	38.6	4,383,147	3,004,267
Profit / return expensed	38.7	2,002,606	1,514,015
Net profit / return		2,380,541	1,490,252
Other income			
Fee and commission income		198,966	177,711
Foreign exchange income		36,760	18,331
Other income		708	3,773
Total other income		236,434	199,815
Total income		2,616,975	1,690,067
Other expenses			
Operating expenses		1,123,947	1,172,000
Other charges		1,605	202
		1,125,552	1,172,202
Profit before provisions		1,491,423	517,865
Provisions charge / (reversal) and write offs - net		99,779	(75,049)
Profit before taxation		1,391,644	592,914
Taxation		-	-
Profit after taxation		1,391,644	592,914

	June 30, 2020 (Un-audited)		December 31, 2019 (Audited)	
	In local currency	In foreign currencies	Total	Total
	-	-	-	-
Bai Muajjal Receivable from State Bank of Pakistan	9,360,334	-	9,360,334	11,419,496
	9,360,334	-	9,360,334	11,419,496

38.1 Due from Financial Institutions

Unsecured

Bai Muajjal Receivable from State Bank of Pakistan

This represent Bai Muajjal agreement with Government of Pakistan and State Bank of Pakistan which carries profit rate 13.00% per annum. (2019: 12.78%)

	June 30, 2020 (Un-audited)			December 31, 2019 (Audited)				
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
	6,000,000	-	5,600	6,005,600	2,000,000	-	(21,200)	1,978,800
	6,000,000	-	5,600	6,005,600	2,000,000	-	(21,200)	1,978,800
	4,500,000	-	481,819	4,981,819	4,400,000	-	602,100	5,002,100
	13,781,391	(130,807)	191,250	13,841,834	12,371,391	(130,807)	194,796	12,435,380
	18,281,391	(130,807)	673,069	18,823,653	16,771,391	(130,807)	796,896	17,437,480
Total Investments	24,281,391	(130,807)	678,669	24,829,253	18,771,391	(130,807)	775,696	19,416,280

38.2 Investments by segments:

Federal Government Securities:

- Ijarah Sukuks

Non Government Debt Securities

- Listed

- Unlisted

Total Investments

38.3 Islamic financing and related assets - net

Ijarah

Murabaha

Musawama

Diminishing Musharaka

Other Islamic Modes (Wakala tul Istismar)

Advances against Islamic assets (Murabaha, DM, Istisna, Musawama)

Inventory related to Islamic financing (Istisna)

Gross Islamic financing and related assets

Less: provision against Islamic financings

- Specific

- General

Islamic financing and related assets - net of provision

(Un-audited) (Audited)
June 30, December 31,
2020 2019

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

205,424	255,639
763,901	1,716,542
-	22,243
15,433,330	15,869,641
8,500,000	8,500,000
7,389,184	7,180,631
348,721	539,349
32,640,560	34,084,045

(303,165)	(203,324)
(177)	(239)
(303,342)	(203,563)
32,337,218	33,880,482

(Un-audited) (Audited)
June 30, December 31,
2020 2019
----- Rupees in '000 -----

38.4 Deposits and other accounts

Customers

Current deposits	24,920,440	20,550,756
Savings deposits	30,272,532	22,671,179
Term deposits	<u>13,680,005</u>	<u>12,720,085</u>
	68,872,977	55,942,020

Financial Institutions

Current deposits	827,838	815,386
Savings deposits	1,591,045	3,028,490
Term deposits	<u>3,800,000</u>	<u>3,500,000</u>
	<u>6,218,883</u>	<u>7,343,876</u>
	75,091,860	63,285,896

38.5 Unappropriated / unremitted profit

Opening balance	2,039,140	(57,150)
Add: Islamic banking profit for the period	1,391,644	2,039,140
Less: Transferred / remitted to head office	<u>(2,039,140)</u>	<u>57,150</u>
Closing balance	<u>1,391,644</u>	<u>2,039,140</u>

(Un-audited) (Un-audited)
Half year ended Half year ended
June 30, 2020 June 30, 2019
----- Rupees in '000 -----

38.6 Profit / return earned

Profit earned on:		
Financing	2,342,843	1,417,256
Investments	1,401,918	1,090,921
Placements	5,380	6,612
Others (Bai Muajjal)	<u>633,006</u>	<u>489,478</u>
	4,383,147	3,004,267

38.7 Profit / return expensed

Deposits and other accounts	1,746,341	1,192,203
Finance charge on right of use assets	47,676	45,444
Others (General Account)	<u>208,589</u>	<u>276,368</u>
	<u>2,002,606</u>	<u>1,514,015</u>

39. GENERAL

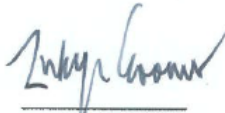
39.1 Figures have been rounded off to the nearest thousand rupees.

40. DATE OF AUTHORIZATION FOR ISSUE

The unconsolidated condensed interim financial statements were authorized for issue on September 1, 2020 by the Board of Directors of the Bank.

BY

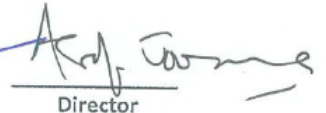
9782


Chairman


President / CEO


Chief Financial Officer


Director


Director

Directors' Review
Consolidated Financial Statements

On behalf of the Board of Directors, we are pleased to present the Directors' Review together with consolidated interim financial statement of National Bank of Pakistan "the bank" and its subsidiaries for the half-year ended June 30, 2020.

Consolidated after-tax profit for the six-months period ended June 30, 2020 amounted to PKR 15.11 billion, being 32.80% higher than PKR 11.38 billion earned for the corresponding six-month period of 2019. For the period under review, the bank's subsidiaries contributed a net profit of PKR 0.16 billion (Jun '19: PKR 0.11 billion) towards the Group's profitability; whereas share of loss from associates and joint venture (UNBL) was PKR 0.063 billion (Jun '19: PKR 0.029 billion) and PKR 0.218 billion (Jun '19: PKR 0.039 billion), respectively. Accordingly, consolidated EPS increased from Rs. 5.34 for the half year ended June 30, 2019 to Rs. 7.08 for the half year ended June 30, 2020. As of June 30, 2020, consolidated assets of the bank amounted to PKR 3,172.0 billion, being marginally higher by 1.2% as against PKR 3,132.36 billion as at December 31, 2019.

The Bank is framing strategy with a focus on key selected market both in its local and international subsidiaries with the objective of improving Returns on Assets and Equity.

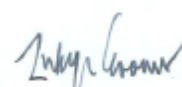
Consolidated operating results and appropriation of profits as recommended by the Board are given below:

	<u>PKR Billion</u>
Profit before tax for the six-months ended June 30, 2020	21.59
Taxation:	
- Current	12.38
- Prior Year	-
- Deferred	(5.90)
	6.48
Profit after tax for the six-months ended June 30, 2020	15.11
Un-appropriated profit brought forward	93.47
Other comprehensive income - net of tax	(0.66)
Non-controlling interest	(0.04)
Transfer from surplus on revaluation of fixed assets	0.11
Profit available for appropriations	107.99
Appropriation:	
Transfer to Statutory Reserve	(1.52)
Un-appropriated profit carried forward	106.47

For and on behalf of the Board of Directors



Arif Usmani
President & CEO



Zubyr Soomro
Chairman

Karachi

Date: September 01, 2020

NATIONAL BANK OF PAKISTAN
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

(Un-audited) (Audited)
June 30, December 31,
2020 2019
Note ----- Rupees in '000 -----

ASSETS

Cash and balances with treasury banks	6	286,912,987	293,198,090
Balances with other banks	7	32,842,413	13,598,325
Lendings to financial institutions	8	48,534,859	144,140,344
Investments	9	1,646,250,024	1,442,403,957
Advances	10	936,049,626	1,008,398,612
Fixed assets	11	55,067,715	54,919,564
Intangible assets	12	1,075,429	1,070,766
Right of use assets	13	7,520,916	7,447,414
Other assets	14	157,725,893	167,183,196
		3,171,979,862	3,132,360,268

LIABILITIES

Bills payable	15	27,406,814	19,867,424
Borrowings	16	348,753,404	471,757,352
Deposits and other accounts	17	2,339,439,387	2,197,984,573
Liabilities against assets subject to finance lease	18	189,453	194,403
Lease liability against right of use assets	19	8,285,038	7,831,350
Deferred tax liabilities	20	10,734,108	10,869,353
Other liabilities	21	171,504,933	184,633,258
		2,906,313,137	2,893,137,713

NET ASSETS

265,666,724 239,222,555

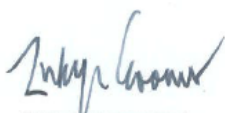
REPRESENTED BY

Share capital		21,275,131	21,275,131
Reserves		54,907,228	53,260,789
Surplus on revaluation of assets	22	82,107,764	70,358,587
Unappropriated profit		106,469,244	93,465,516
		264,759,368	238,360,023
Non-controlling interest		907,356	862,532
		<u>265,666,724</u>	<u>239,222,555</u>

CONTINGENCIES AND COMMITMENTS

23

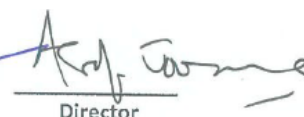
The annexed notes 1 to 41 form an integral part of these consolidated condensed interim financial statements.


Chairman


President / CEO


Chief Financial Officer

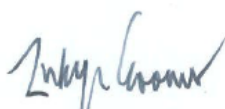

Director



Director

NATIONAL BANK OF PAKISTAN
CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2020


Note	Quarter ended		Half year ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	Rupees in '000			
Mark-up / return / interest earned	24	72,788,477	51,952,156	145,393,598
Mark-up / return / interest expensed	25	40,841,155	31,790,015	96,807,886
Net mark-up / return / interest income		31,947,322	20,162,141	48,585,712
NON MARK-UP / INTEREST INCOME				
Fee and commission income	26	4,427,954	6,166,992	9,313,718
Dividend income		636,251	710,761	1,020,312
Foreign exchange income		2,022,930	1,770,411	2,828,022
Gain on securities - net	27	2,000,357	251,919	3,328,867
Share of loss from joint venture - net of tax		(208,763)	(23,176)	(217,623)
Share of (loss) / profit from associates - net of tax		67,633	(54,794)	(62,966)
Other income	28	1,243,345	1,535,415	2,544,203
Total non-mark-up / interest income		10,189,707	10,357,528	18,754,533
Total income		42,137,029	30,519,669	67,340,245
NON MARK-UP / INTEREST EXPENSES				
Operating expenses	29	15,985,078	15,506,332	29,873,564
Workers welfare fund		-	-	-
Other charges	30	14,624	84,776	294,452
Total non-markup / interest expenses		15,999,702	15,591,108	30,168,016
Profit before provisions		26,137,327	14,928,561	37,172,229
Provisions and write offs - net	31	11,610,877	3,046,440	15,581,459
PROFIT BEFORE TAXATION		14,526,450	11,882,121	21,590,770
Taxation	32	3,553,583	4,780,816	6,479,356
PROFIT AFTER TAXATION		10,972,867	7,101,305	15,111,414
Attributable to:				
Shareholders of the Bank		10,946,729	7,096,982	15,066,590
Non-controlling interest		26,138	4,323	44,824
		10,972,867	7,101,305	15,111,414
----- Rupees -----				
Earnings per share - basic and diluted	33	5.15	3.34	7.08
				5.34

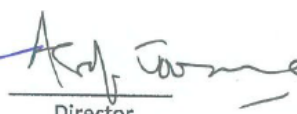
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Chairman


President / CEO


Chief Financial Officer

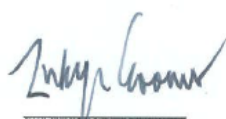

Director



Director

NATIONAL BANK OF PAKISTAN
CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2020


	Quarter ended		Half year ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
----- Rupees in '000 -----				
Profit after taxation for the period	10,972,867	7,101,305	15,111,414	11,378,951
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Exchange gain on translation of net assets of foreign branches, subsidiaries and joint venture	(207,829)	1,468,834	127,402	2,420,094
Movement in surplus on revaluation of investments - net of tax	12,033,235	(5,415,683)	11,272,967	(2,938,353)
	11,825,406	(3,946,849)	11,400,369	(518,259)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement gain / (loss) on defined benefit obligations - net of tax	(524,237)	104,207	(657,612)	(171,683)
Movement in surplus on revaluation of fixed assets - net of tax	589,997	-	589,997	-
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-
	65,760	104,207	(67,615)	(171,683)
Total comprehensive income	22,864,033	3,258,663	26,444,168	10,689,009
Total comprehensive income attributable to:				
Shareholders of the Bank	22,837,895	3,254,340	26,399,344	10,663,042
Non-controlling interest	26,138	4,323	44,824	25,967
	22,864,033	3,258,663	26,444,168	10,689,009

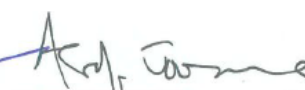
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Chairman


President / CEO


Chief Financial Officer


Director


Director

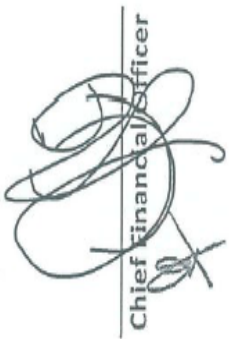
NATIONAL BANK OF PAKISTAN
 CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
 FOR THE HALF YEAR ENDED JUNE 30, 2020

	Rupees in '000												
	Reserves			Surplus on revaluation of assets			Surplus on revaluation of assets						
	Share capital	Exchange translation	Statutory reserve	General loan loss reserve	Revenue general reserve	Total	Investments	Fixed / non-banking assets	Total	Unappropriated profit	Sub Total	Non-Controlling Interest	Total
Balance as at January 01, 2019	21,275,131	9,333,431	31,567,874	12,000,000	521,338	53,442,643	15,149,774	44,112,403	59,262,177	76,239,599	210,219,550	841,745	211,061,295
Profit after taxation for the half year ended June 30, 2019	-	-	-	-	-	-	-	-	-	11,352,984	11,352,984	25,957	11,378,951
Other comprehensive income / (loss) - net of tax	-	2,420,094	-	-	-	2,420,094	(2,938,353)	-	(2,938,353)	(171,683)	(689,942)	-	(689,942)
Transfer to statutory reserve	-	-	1,110,101	-	-	1,110,101	-	-	-	(1,110,101)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(119,775)	(119,775)	119,775	-	-	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid for the year ended December 31, 2018 (Rs. Nil per share)	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid / profit distribution by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-
Opening Balance as at July 01, 2019	21,275,131	11,753,525	32,687,975	12,000,000	521,338	56,972,838	12,211,420	43,992,629	56,204,049	86,430,573	220,882,592	867,712	221,750,304
Profit after taxation for the half year ended December 31, 2019	-	-	-	-	-	-	-	-	-	5,229,721	5,229,721	36,520	5,266,242
Other comprehensive income / (loss) - net of tax	-	(182,929)	-	-	-	(182,929)	13,042,032	1,232,284	14,274,316	(1,843,676)	12,247,711	-	12,247,711
Transfer to statutory reserve	-	-	470,880	-	-	470,880	-	-	-	(470,880)	-	-	-
Transfer from loss loan reserve to unappropriated profit	-	-	-	(4,000,000)	-	(4,000,000)	-	-	-	4,000,000	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(119,777)	(119,777)	119,777	-	-	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-	(43,700)	(43,700)
Cash dividend paid / profit distribution by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-
Opening Balance as at January 01, 2020	21,275,131	11,570,596	33,168,855	8,000,000	521,338	53,260,789	25,253,452	45,105,135	70,358,587	93,465,516	238,360,023	862,532	239,222,555
Profit after taxation for the half year ended June 30, 2020	-	-	-	-	-	-	-	-	-	19,066,590	19,066,590	44,824	19,111,414
Other comprehensive income / (loss) - net of tax	-	127,402	-	-	-	127,402	11,272,967	589,897	11,862,964	(657,612)	11,332,754	-	11,332,754
Transfer to statutory reserve	-	-	1,519,937	-	-	1,519,937	-	-	-	(1,519,937)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(113,787)	(113,787)	113,787	-	-	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid for the year ended December 31, 2019 (Rs. Nil per share)	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid / profit distribution by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2020	21,275,131	11,697,998	34,687,892	8,000,000	521,338	54,907,228	36,526,419	45,681,345	82,107,764	106,469,244	264,759,368	907,356	265,666,724

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


 Chairman


 President / CEO


 Chief Financial Officer

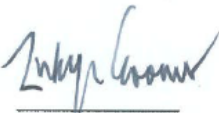

 Director



 Director

NATIONAL BANK OF PAKISTAN
CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2020

	June 30, 2020	June 30, 2019
Note	----- Rupees in '000 -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	21,590,770	20,740,343
Less dividend income	(1,020,312)	(1,728,716)
	<u>20,570,458</u>	<u>19,011,627</u>
Adjustments:		
Depreciation on fixed assets	1,277,373	1,268,806
Depreciation on right of use assets	1,012,114	942,493
Amortization	106,905	182,165
Provision and write-offs - net	15,581,459	5,259,684
Gain on sale of fixed assets	(29,117)	(18,120)
Financial charges on leased assets	20,243	21,095
Financial charges on right-of-use-assets	389,616	350,903
Unrealized loss on revaluation of investments classified as held-for-trading	(48,399)	13,599
Charge for defined benefit plans - net	3,705,440	3,598,694
Share of loss from joint venture - net of tax	217,623	39,191
Share of loss / (gain) from associates - net of tax	62,966	29,371
	<u>22,296,223</u>	<u>11,687,881</u>
	42,866,681	30,699,508
(Increase) / decrease in operating assets		
Lendings to financial institutions	98,205,485	63,885,675
Held-for-trading securities	4,786,184	74,225,518
Advances	54,595,827	(34,677,214)
Other assets (excluding advance taxation)	(2,548,940)	(85,869,769)
	<u>155,038,556</u>	<u>17,564,210</u>
Increase/ (decrease) in operating liabilities		
Billis payable	7,539,390	6,267,213
Borrowings from financial institutions	(102,913,720)	(144,873,086)
Deposits	141,454,814	82,155,213
Other liabilities (excluding current taxation)	(13,258,547)	86,786,480
	<u>32,821,937</u>	<u>30,335,820</u>
Financial charges paid	(409,859)	(371,998)
Income tax paid	(165,215)	(6,561,577)
Benefits paid	(1,840,121)	(1,527,229)
Net cash flows generated from operating activities	<u>228,311,979</u>	<u>70,138,734</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(203,716,753)	27,572,757
Net investments in held-to-maturity securities	11,612,598	(16,324,706)
Dividends received	595,282	1,728,716
Investments in fixed assets	(758,256)	(8,121,532)
Proceeds from sale of fixed assets	79,284	43,718
Effect of translation of net investment in foreign branches	127,402	2,420,094
Net cash flows (used in) / generated from investing activities	<u>(192,060,444)</u>	<u>7,319,046</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of lease obligations	(601,884)	(650,833)
Dividend paid	(438)	(1,482)
Net cash flow used in financing activities	<u>(602,322)</u>	<u>(652,315)</u>
Increase in cash and cash equivalents	<u>35,649,213</u>	<u>76,805,465</u>
Cash and cash equivalents at beginning of the period	264,816,479	228,999,744
Cash and cash equivalents at end of the period	<u>300,465,692</u>	<u>305,805,209</u>

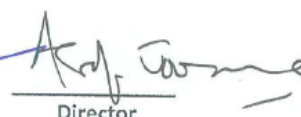
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Chairman


President / CEO


Chief Financial Officer


Director


Director

NATIONAL BANK OF PAKISTAN
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2020

1. THE GROUP AND ITS OPERATIONS

1.1 The "Group" consists of:

Holding Company

- National Bank of Pakistan (the Bank)

Subsidiary Companies

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

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

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

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

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

1.2 BASIS OF CONSOLIDATION

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

2. BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

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

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

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

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

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

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

2.1.5 Amendments to approved accounting standards that are not effective in the current period

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

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
- IFRS 9 - Financial Instruments: Classification and Measurement	January 1, 2021
- Amendments to IAS 1 Presentation of Financial Statements regarding the definition of material.	January 1, 2022
- Amendments to IFRS 3 'Business Combination' - Reference to the conceptual framework	January 1, 2022
- Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use.	January 1, 2022

- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract January 1, 2022
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from and investors to its associates or joint Effective date deferred indefinitely. Adoption is still permitted.

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

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

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

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

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
- Amendments to the conceptual framework for financial reporting, including amendments to references to the conceptual framework in IFRS	January 1, 2020
- IFRS 3 - Business Combinations (Amendments)	January 1, 2020
- IAS 1 - Presentation of Financial Statements (Amendments)	January 1, 2020
- IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 1, 2020
- Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions	January 1, 2020

In addition, there are certain new and amended standards and interpretations that are mandatory for the Group's accounting periods beginning on or after January 1, 2020 but are considered not to be relevant or do not have any significant effect on the Group's operations and are therefore not detailed in these consolidated condensed interim financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

5. FINANCIAL RISK MANAGEMENT

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

The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. State Bank of Pakistan (SBP) has also responded to the crisis by cutting the Policy Rate by 625 basis points to 7.00% during the period from March 2020 to June 2020. Other regulatory measures to provide an impetus to economic activity include;

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

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

5.1 Credit Risk Management

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

5.2 Liquidity Risk Management

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

5.3 Operational Risk Management

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

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

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

5.4 Information Security Risk Management

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

5.5 Capital Adequacy Ratio (CAR)

The Group has shown improvement in capital adequacy ratio from 15.82% to 18.93%. The main reasons include; relaxation in Capital Conversion Buffer (CCB) requirements, and profit for the half year ended.

(Un-audited) (Audited)
June 30, December 31,
2020 2019
Note ----- Rupees in '000 -----

6. CASH AND BALANCES WITH TREASURY BANKS

In hand

Local currency		51,041,147	48,684,542
Foreign currency		6,960,956	4,984,290
		58,002,103	53,668,832

With State Bank of Pakistan in

Local currency current accounts	6.1	152,183,198	168,479,311
Foreign currency current accounts	6.2	10,944,234	9,116,381
Foreign currency deposit accounts	6.2	22,523,063	27,850,977
Foreign currency collection accounts		1,475,374	1,473,861
		187,125,869	206,920,530

With other central banks in

Foreign currency current accounts	6.3	37,360,958	25,994,672
Foreign currency deposit accounts	6.3	4,255,669	4,865,977
		41,616,627	30,860,649

Prize bonds

		168,388	1,748,079
		286,912,987	293,198,090

- 6.1 This includes statutory liquidity reserves maintained with the SBP under Section 22 of the Banking Companies Ordinance, 1962.
- 6.2 These represent mandatory reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the SBP.
- 6.3 These balances pertain to the foreign branches and are held with central banks of respective countries. These include balances to meet the statutory and regulatory requirements in respect of liquidity and capital requirements of respective countries. The deposit accounts carry interest at the rate of 0.00% to 2.96% per annum (December 31, 2019: 0.00% to 2.96% per annum).

(Un-audited) (Audited)
June 30, December 31,
2020 2019
Note ----- Rupees in '000 -----

7. BALANCES WITH OTHER BANKS

In Pakistan

In current accounts		15,826	10,446
In deposit accounts	7.1	3,065,055	178,710
		3,080,881	189,156

Outside Pakistan

In current accounts		17,703,258	6,670,289
In deposit accounts	7.2	12,058,274	6,738,880
		29,761,532	13,409,169
		32,842,413	13,598,325

- 7.1 These include various deposits with banks and carry interest at rates ranging from 2.00% to 8.00% per annum (December 31, 2019: 2.5% to 11.25% per annum).
- 7.2 These include various deposits with correspondent banks outside Pakistan and carry interest at rates ranging from 0.00% to 2.96% per annum (December 31, 2019: 0% to 2.17% per annum).

		(Un-audited) June 30, 2020	(Audited) December 31, 2019
	Note	----- Rupees in '000 -----	
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Call / clean money lendings	8.1	3,140,800	540,800
Repurchase agreement lendings (Reverse Repo)	8.2	36,033,725	132,180,048
Bai Muajjal receivables with State Bank of Pakistan	8.3	9,360,334	11,419,496
Letters of placement	8.4	176,150	176,150
	8.5	48,711,009	144,316,494
Less: provision held against lendings to financial institutions	8.6	(176,150)	(176,150)
Lendings to financial institutions - net of provision		<u>48,534,859</u>	<u>144,140,344</u>

- 8.1 This includes zero rate lending to a financial institution amounting to Rs. 40.8 million (December 31, 2019: Rs. 40.8 million) which is guaranteed by the SBP.
- 8.2 These carry mark-up at rates ranging from 7.10 % to 8.25 % per annum (December 31, 2019: 13.00% to 13.58% per annum) with maturities ranging from July 02, 2020 to July 20, 2020.
- 8.3 This represent Bai Muajjal agreement with Government of Pakistan and State Bank of Pakistan which carries profit rate 13.00% per annum. (December 31, 2019: 12.78%)
- 8.4 These are overdue placements and full provision has been made against these placements as at June 30, 2020.

		(Un-audited) June 30, 2020	(Audited) December 31, 2019
		----- Rupees in '000 -----	
8.5 Particulars of lending			
In local currency		48,711,009	144,316,494
In foreign currencies		-	-
		<u>48,711,009</u>	<u>144,316,494</u>
8.6 Movement in provision held against lendings is as follows:			
Opening balance		176,150	176,150
Charge for the period		-	-
Closing balance		<u>176,150</u>	<u>176,150</u>

8.7 Securities held as collateral against lendings to financial institutions

	June 30, 2020 (Un-audited)		December 31, 2019 (Audited)			
	Held by Bank	Further given as collateral	Total	Further given as collateral	Total	
Market Treasury Bills	29,768,725	-	29,768,725	124,080,048	-	124,080,048
Pakistan Investment Bonds	6,265,000	-	6,265,000	8,100,000	-	8,100,000
Total	36,033,725	-	36,033,725	132,180,048	-	132,180,048

Rupees in '000

8.7.1 Market value of the securities under repurchase agreement lendings amounts to Rs. 36,156 million (December 31, 2019: Rs. 132,453 million).

8.8 Category of classification

	June 30, 2020 (Un-audited)		December 31, 2019 (Audited)	
	Classified Lending	Provision held	Classified Lending	Provision held
Domestic	176,150	176,150	176,150	176,150
Loss				
	176,150	176,150	176,150	176,150

Rupees in '000

9. INVESTMENTS

9.1 Investments by type:

Held-for-trading securities

	June 30, 2020 (Un-audited)			December 31, 2019 (Audited)				
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Market Treasury Bills	18,302,148	-	51,877	18,354,025	27,007,755	-	(24,649)	26,983,106
Pakistan Investment Bonds	12,933,122	-	19,435	12,952,557	9,116,239	-	15,695	9,131,934
Ijarah Sukuks	-	-	-	-	71,299	-	-	71,299
Ordinary shares of listed companies	157,853	-	98	157,951	178,596	-	(2,042)	176,554
Investment in mutual funds	303,836	-	(23,011)	280,825	138,305	-	48,822	187,127
Foreign Government Securities	1,193,844	-	-	1,193,844	1,154,220	-	-	1,154,220
32,890,803	-	48,399	32,939,202	37,666,414	-	37,826	37,704,240	
Available-for-sale securities								
Market Treasury Bills	697,296,658	-	11,909,122	709,205,780	593,936,881	-	967,544	594,904,425
Pakistan Investment Bonds	425,951,331	-	15,427,645	441,378,976	322,248,605	-	(1,961,853)	320,286,752
Ijarah Sukuks	6,054,380	-	5,600	6,059,980	2,000,000	-	(21,200)	1,978,800
Ordinary shares of listed companies	32,980,048	(6,073,783)	12,600,658	39,506,923	29,062,226	(5,723,164)	18,467,531	41,806,593
Ordinary shares of unlisted companies	2,101,182	(507,573)	-	1,593,609	2,101,182	(507,573)	-	1,593,609
Preference shares	570,308	(539,708)	-	30,600	570,214	(490,826)	-	79,388
Term Finance Certificates / Musharika								
Participation Term Certificate and Sukuk Bonds	57,222,620	(5,147,340)	899,423	52,974,703	60,253,886	(4,942,505)	941,278	56,252,659
GoP Foreign Currency Bonds	14,767,946	-	54,675	14,822,621	21,138,771	-	1,337,759	22,476,530
Foreign Government Securities	2,171,305	-	49,897	2,221,202	3,474,324	-	17,527	3,491,851
Foreign Currency Debt Securities	849,987	-	2,221	852,208	1,408,492	-	13,779	1,422,271
Investments in mutual funds	619,646	(41,167)	1,034,068	1,612,547	674,078	(41,167)	1,324,745	1,957,656
Ordinary shares of a bank outside Pakistan	463,295	-	14,893,166	15,356,461	463,294	-	18,368,462	18,831,756
1,241,048,706	(12,309,571)	56,876,475	1,285,615,610	1,037,331,953	(11,705,235)	39,455,572	1,065,082,290	

Held-to-maturity securities

	June 30, 2020 (Un-audited)			December 31, 2019 (Audited)				
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Market Treasury Bills	127,071,156	-	-	122,071,156	114,155,009	-	-	114,155,009
Pakistan Investment Bonds	167,008,427	-	-	167,008,427	184,864,103	-	-	184,864,103
Debtentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	452,973	(407,134)	-	45,839	416,707	(407,134)	-	9,573
GoP Foreign Currency Bonds	1,655	-	-	1,655	4,087,591	-	-	4,087,591
Foreign Government Securities	32,608,288	-	-	32,608,288	30,231,741	-	-	30,231,741
Foreign Currency Debt Securities	890	-	-	650	596	-	-	596
322,143,149	(407,134)	-	321,736,015	333,755,747	(407,134)	-	333,348,613	
Associates	1,158,792	(826,576)	-	332,216	1,223,080	(782,251)	-	440,829
Joint Venture	5,626,981	-	-	5,626,981	5,827,965	-	-	5,827,985
Subsidiaries	1,245	(1,245)	-	-	1,245	(1,245)	-	-
Total Investments	1,602,869,676	(13,544,527)	56,924,874	1,646,250,024	1,415,806,424	(12,895,866)	39,493,398	1,442,403,957

(Un-audited) (Audited)
June 30, December 31,
2020 2019
----- Rupees in '000 -----

9.1.1	Investments given as collateral		
	Pakistani Investment Bonds	50,000,000	4,150,000
	Market Treasury Bills	219,376,878	360,000,000
		<u>269,376,878</u>	<u>364,150,000</u>
9.2	Provision for diminution in value of investments		
9.2.1	Opening balance	12,895,866	10,664,680
	Charge / reversals		
	Charge for the period	970,486	2,615,328
	Reversals for the period	(321,825)	(384,142)
		<u>648,662</u>	<u>2,231,186</u>
	Closing Balance	<u>13,544,527</u>	<u>12,895,866</u>

9.2.2	Particulars of provision against debt securities		
	Category of classification	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	Domestic	NPI	Provision
		----- Rupees in '000 -----	
	Doubtful	-	426,170
	Loss	5,563,234	5,145,314
		<u>5,563,234</u>	<u>5,571,484</u>

9.3 SBP vide BPRD Circular Letter No. 13 of 2020 Para 4 (c) of Prudential Regulation R-8: Impairment in Value of Securities has provided regulatory relief to Banks / DFIs to recognize impairment losses resulting from the valuation of listed equity securities held as "Available for Sale" (AFS) in a phased manner equally on quarterly basis during calendar year ending on December 31, 2020. Pursuant to the circular, a portion of the impairment loss, amounting to Rs. 166.8 million, resulting from the valuation of listed equity securities held under the AFS category as of June 30, 2020 has not been recognized in the consolidated condensed interim profit and loss account and has been taken to 'Surplus on revaluation of available for sale securities' as disclosed in note 22 of these consolidated condensed interim financial statements.

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

Impact on Consolidated Condensed Interim Statement of Financial Position	(Un-audited)
- Increase in provision for diminution in value of investments	June 30,
- Increase in surplus on revaluation of Available for sale securities - net of tax	2020
- Decrease in Unappropriated Profit	Rupees in '000
	166,842
	108,447
	(101,774)
Impact on Consolidated Condensed Interim Profit and Loss account	(101,774)
- Decrease in Profit after tax	(65,068)
- Decrease in taxation charge	

Earnings per share for the period ended June 30, 2020 would have been lower by Rs. 0.05 per share.

9.4 The market value of securities classified as held-to-maturity as at June 30, 2020 amounted to Rs. 331,186 million (December 31, 2019: Rs. 328,496 million).

10.3 Advances include Rs. 170,027 million (2019: Rs. 149,377 million) which have been placed under non-performing status as detailed below:

Category of Classification	June 30, 2020 (Un-audited)		December 31, 2019 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
----- Rupees in '000 -----				
Domestic				
Other Assets Especially Mentioned	9,359,654	241,144	1,299,042	78,430
Substandard	9,435,013	2,273,774	10,292,449	2,550,709
Doubtful	8,451,546	4,188,691	6,489,076	3,207,031
Loss	97,684,539	96,405,500	89,852,808	88,647,897
	125,130,752	103,109,109	107,933,375	94,484,067
Overseas				
Not past due but impaired	-	-	-	-
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	-	-	-	-
> 365 days	44,896,248	43,551,844	41,443,678	40,204,898
	44,896,248	43,551,844	41,443,678	40,204,898
Total	170,027,000	146,660,953	149,377,054	134,688,966

10.4 Particulars of provision against advances

	June 30, 2020 (Un-audited)			December 31, 2019 (Audited)		
	Specific	General	Total	Specific	General	Total
----- Rupees in '000 -----						
Opening balance	134,688,966	9,005,951	143,694,917	126,969,680	7,207,106	134,176,786
Exchange adjustments	3,400,926	39,099	3,440,025	3,813,805	28,732	3,842,537
Charge for the period / year	10,135,197	6,040,825	16,176,022	11,501,956	2,018,117	13,520,073
Reversals	(1,537,543)	(325,346)	(1,862,888)	(4,730,294)	(248,004)	(4,978,298)
	8,597,654	5,715,479	14,313,133	6,771,662	1,770,113	8,541,775
Amounts written off	(26,594)	-	(26,594)	(33,004)	-	(33,004)
Amounts charged off - agriculture financing	-	-	-	(232,480)	-	(232,480)
Amount charged off international branches	-	-	-	(1,776,734)	-	(1,776,734)
Amount charged off international subsidiaries	-	-	-	(91,274)	-	(91,274)
Other adjustments	-	-	-	(220,744)	-	(220,744)
Other movement	-	-	-	(511,946)	-	(511,946)
Closing balance	146,660,953	14,760,528	161,421,481	134,688,966	9,005,951	143,694,917

10.4.1 Particulars of provision against advances

	June 30, 2020 (Un-audited)			December 31, 2019 (Audited)		
	Specific	General	Total	Specific	General	Total
----- Rupees in '000 -----						
In local currency	103,109,109	14,487,647	117,596,756	94,484,067	8,550,136	103,034,203
In foreign currencies	43,551,844	272,881	43,824,725	40,204,898	455,815	40,660,713
	<u>146,660,953</u>	<u>14,760,528</u>	<u>161,421,481</u>	<u>134,688,966</u>	<u>9,005,951</u>	<u>143,694,917</u>

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

The Group has also maintained general provision of Rs. 4,126 million (2019: Rs. 2,500 million) in respect of its corporate portfolio on prudent basis. This general provision is in addition to the requirements of Prudential Regulations.

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

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

10.4.5 State Bank of Pakistan ('SBP'), vide its BPRD circular letter No. 13 of 2020, has provided regulatory relief to dampen the effects of Covid-19 and allowed banks to offer deferral of principal component of installments to its borrowers for one year, provided that the borrower will continue to service the mark-up amount as per agreed terms & conditions.

During the period ended June 30, 2020, 63 borrowers having aggregate outstanding exposure of Rs. 20,852 million have availed regulatory relief extended by SBP.

	Note	(Un-audited)	(Audited)
		June 30, 2020	December 31, 2019
----- Rupees in '000 -----			
11. FIXED ASSETS			
Capital work-in-progress	11.1	2,103,994	2,162,985
Property and equipment		<u>52,963,721</u>	<u>52,756,579</u>
		<u>55,067,715</u>	<u>54,919,564</u>
11.1 Capital work-in-progress			
Civil works		1,963,833	2,001,776
Equipment		15,977	15,446
Advances to suppliers and contractors		59,634	58,372
License and implementation fee for core banking software		-	40,491
Software		64,550	46,900
		<u>2,103,994</u>	<u>2,162,985</u>
		(Un-audited)	(Un-audited)
		June 30, 2020	June 30, 2019
----- Rupees in '000 -----			
11.2 Additions to fixed assets			
The following material additions have been made to fixed assets during the period:			
Capital work-in-progress		63,802	56,504
Property and equipment			
Buidling on freehold land		-	26,908
Buidling on leasehold land		39,914	6,338
Furniture and fixture		291,435	279,133
Computer and peripheral equipment		82,951	129,002
Electrical, office equipment		99,095	123,083
Vehicles		167,732	100,587
Assets held under finance lease - Vehicles		31,115	84,887
		<u>712,242</u>	<u>749,938</u>
Total		<u>776,044</u>	<u>806,442</u>

	(Un-audited) June 30, 2020	(Un-audited) June 30, 2019
	----- Rupees in '000 -----	
11.3 Disposal of fixed assets		
The net book value of material fixed assets disposed off during the period is as follows:		
Furniture and fixture	17,349	1,406
Computer and peripheral equipment	4,616	554
Electrical, office equipment	3,294	169
Vehicles	18,244	9,165
Assets held under finance lease - Vehicle	6,722	29,156
Assets held under Ijarah - Machinery	4	-
Assets held under Ijarah - Vehicle	8	164
Total	<u>50,167</u>	<u>40,613</u>
	(Un-audited) June 30, 2020	(Audited) December 31, 2019
	----- Rupees in '000 -----	
12. INTANGIBLE ASSETS		
Core Banking Application	-	-
Computer Software	512,876	506,181
Goodwill on NBP Fund Acquisition	562,553	562,553
Others	-	2,032
	<u>1,075,429</u>	<u>1,070,766</u>
	(Un-audited) June 30, 2020	(Un-audited) June 30, 2019
	----- Rupees in '000 -----	
12.1 Additions to intangible assets		
The following additions have been made to intangible assets during the period:		
Directly purchased	<u>105,005</u>	<u>390,144</u>
	(Un-audited) June 30, 2020	(Audited) December 31, 2019
	----- Rupees in '000 -----	
13. RIGHT-OF-USE ASSETS		
The recognised right-of-use assets relate to the following types of assets:		
Balance as at January 01	7,447,414	8,201,792
Additions during the period	1,085,615	1,185,554
Depreciation charged for the period	<u>1,012,114</u>	<u>1,939,932</u>
Balance as at	<u>7,520,916</u>	<u>7,447,414</u>

	(Un-audited) June 30, 2020	(Audited) December 31, 2019
Note	----- Rupees in '000 -----	
14. OTHER ASSETS		
Income / return / mark-up accrued in local currency - net of provision	52,600,778	53,671,771
Income / return / mark-up accrued in foreign currency	2,772,164	2,577,971
Advances, deposits, advance rent and other prepayments	8,372,176	7,989,931
Income tax refunds receivable and advance taxation	39,520,485	51,978,147
Compensation for delayed tax refunds	16,098,222	13,722,128
Non-banking assets acquired in satisfaction of claims	3,276,961	3,284,853
Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC)	208,423	208,423
Unrealized gain on forward foreign exchange contracts	4,311,968	-
Commission receivable on Government treasury transactions	10,327,518	4,065,704
Stationery and stamps on hand	486,201	435,733
Barter trade balances	195,399	195,399
Receivable on account of Government transactions	323,172	323,172
Receivable from Government under VHS scheme	418,834	418,834
Receivable against sale / purchase of shares	51,869	492,009
Receivable from Pakistan Stock Exchange	60,720	6,331
Receivable from mutual funds	842,961	791,738
Acceptances	18,075,711	26,934,779
Others	11,170,353	10,462,646
	<u>169,113,915</u>	<u>177,559,569</u>
Less: Provision held against other assets	14.1 <u>11,865,237</u>	<u>10,853,588</u>
Other assets (net of provision)	<u>157,248,678</u>	<u>166,705,981</u>
Deficit surplus on revaluation of non-banking assets acquired in satisfaction of claims	<u>477,215</u>	<u>477,215</u>
Other assets - total	<u>157,725,893</u>	<u>167,183,196</u>
14.1 Provision held against other assets		
Income / mark-up accrued in local currency	152,607	152,607
Advances, deposits, advance rent and other prepayments	837,949	837,949
Stationery and stamps on hand	96,542	96,542
Barter trade balances	195,399	195,399
Receivable on account of Government transactions	323,172	323,172
Receivable from Government under VHS scheme	418,834	418,834
Protested bills	3,442,959	2,555,322
Provision against FE-25 loans	1,734,591	1,734,591
Ex-MBL / NDFC - other assets	534,173	534,173
Assets acquired from CIRC	208,423	208,424
Others	3,920,588	3,796,575
	<u>11,865,237</u>	<u>10,853,588</u>

	(Un-audited) June 30, 2020	(Audited) December 31, 2019
	----- Rupees in '000 -----	
14.1.1 Movement in provision held against other assets		
Opening balance	10,853,588	8,884,661
Charge for the year / period	581,496	1,589,466
Transfer in	419,534	457,738
Adjustment of compensation claimed by SBP to SBP balances	-	(78,277)
Other movement	10,619	-
Closing balance	<u>11,865,237</u>	<u>10,853,588</u>
15. BILLS PAYABLE		
In Pakistan	26,781,156	19,648,708
Outside Pakistan	<u>625,658</u>	<u>218,716</u>
	<u>27,406,814</u>	<u>19,867,424</u>
16. BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan		
Under Export Refinance Scheme	3,313,000	1,908,291
Under Export Refinance Scheme (New Scheme)	24,193,051	20,687,441
Financing Scheme for Renewable Energy	284,584	236,175
Refinance Facility for Modernization of SMEs	44,654	45,000
Financing Facility for storage of Agriculture Produce (FFSAP)	321,594	284,012
Under Long-Term Financing Facility (LTFF)	13,472,623	8,923,286
Refinance Scheme for Payment of Wages and Salaries	6,651	-
	<u>41,636,157</u>	<u>32,084,205</u>
Repurchase agreement borrowings	219,426,878	332,053,770
Bai Muajjal	<u>65,259,861</u>	<u>59,069,167</u>
	<u>326,322,896</u>	<u>423,207,142</u>
Unsecured		
Call borrowings	14,171,414	39,052,969
Overdrawn nostro accounts	8,259,094	3,467,767
Bai Muajjal	-	6,029,474
	<u>22,430,508</u>	<u>48,550,210</u>
	<u>348,753,404</u>	<u>471,757,352</u>
16.1 Particulars of borrowings with respect to currencies		
In local currency	334,982,003	432,843,644
In foreign currencies	<u>13,771,401</u>	<u>38,913,708</u>
	<u>348,753,404</u>	<u>471,757,352</u>
16.2 Mark-up / interest rates and other terms are as follows:		
- The Bank has entered into agreements with the SBP for extending export refinance to customers. As per the terms of the agreement, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of finances by directly debiting the current account maintained by the Bank with the SBP. These borrowings carry mark-up 3.00% (December 31, 2019: 3.00%).		
- Repurchase agreement borrowings carry mark-up ranging from 7.00% to 8.00% per annum (December 31, 2019: 13.20% to 13.32% per annum) having maturity on ranging from July 2, 2020 to July 14, 2020.		
- Call borrowings carry interest ranging from 0.00% to 4.72% per annum (December 31, 2019: 1.75% to 4.00% per		
16.3 Borrowings from the SBP under export oriented projects refinance schemes of the SBP are secured by the Bank's cash and security balances held by the SBP.		
16.4 Pakistan Investment Bonds and Market Treasury Bills having maturity of 5-10 years and 3 months respectively, are pledged as security under borrowing having carrying amount of Rs. 219,427 million (December 31, 2019: Rs. 332,054 million).		

17. DEPOSITS AND OTHER ACCOUNTS

	June 30, 2020 (Un-audited)			December 31, 2019 (Audited)		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
-----Rupees in '000 -----						
Customers						
Current deposits - remunerative	395,065,598	-	395,065,598	320,884,110	-	320,884,110
Current deposits - non-remunerative	456,268,406	132,062,880	588,331,286	387,189,069	139,244,567	526,433,636
Savings deposits	589,091,603	62,740,960	651,832,563	533,399,568	52,502,297	585,901,865
Term deposits	260,713,075	89,427,907	350,140,982	285,063,204	75,448,185	360,511,389
Others	17,016,043	3,958	17,020,001	4,970,352	3,924	4,974,276
	1,718,154,725	284,235,705	2,002,390,430	1,531,506,303	267,198,973	1,798,705,276
Financial Institutions						
Current deposits	304,084,128	1,807,733	305,891,861	357,457,518	375,807	357,833,325
Savings deposits	3,200,127	-	3,200,127	4,405,416	2,911,091	7,316,507
Term deposits	18,221,730	7,980,517	26,202,247	21,655,082	5,638,426	27,293,508
Others	1,440,676	314,046	1,754,722	6,549,217	286,740	6,835,957
	326,946,661	10,102,296	337,048,957	390,067,233	9,212,064	399,279,297
	2,045,101,386	294,338,001	2,339,439,387	1,921,573,536	276,411,037	2,197,984,573

17.1 Foreign currencies deposits includes deposit of foreign branches amounting to Rs. 81,360 million (December 31, 2019: Rs. 85,488 million).

18. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	June 30, 2020 (Un-audited)			December 31, 2019 (Audited)		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
----- Rupees in '000 -----						
Not later than one year	81,715	18,083	63,632	74,023	17,757	56,266
Later than one year and upto five years	135,699	9,878	125,821	151,479	13,342	138,137
Over five years	-	-	-	-	-	-
	217,414	27,961	189,453	225,502	31,099	194,403

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

	(Un-audited)	(Audited)
	June 30, 2020	December 31, 2019
----- Rupees in '000 -----		
19. LEASE LIABILITIES AGAINST RIGHT-OF-USE ASSETS		
Lease liabilities included in the statement of financial position	8,285,038	7,831,350
Of which are:		
Current lease liability	1,485,805	1,339,898
Non-current lease liability	6,799,233	6,491,452
	8,285,038	7,831,350
Maturity analysis - contractual undiscounted cash flows		
Less than one year	2,811,964	2,097,191
One to five years	8,107,035	6,753,791
More than five years	10,488,272	6,652,960
Total undiscounted lease liabilities	21,407,271	15,503,942

	(Un-audited) June 30, 2020	(Audited) December 31, 2019
	----- Rupees in '000-----	
20. DEFERRED TAX LIABILITIES		
Deductible Temporary Differences on		
- Tax losses carried forward	(10,705)	(10,705)
- Post retirement employee benefits	(4,274,209)	(3,905,148)
- Provision for diminution in the value of investments	(236,751)	(236,751)
- Provision against loans and advances	(6,148,251)	(2,625,495)
- Provision against off-balance sheet obligations	(115,222)	(115,222)
- Other provisions	(105,416)	(105,416)
- Others	(3,827)	(3,827)
	(10,894,381)	(7,002,564)
Taxable Temporary Differences on		
- Surplus on revaluation of fixed assets	1,676,087	1,695,407
- Surplus on revaluation of investments	19,902,960	13,816,519
- Surplus on revaluation of non-banking assets	41,439	41,439
- Excess of accounting book value of leased assets over lease liabilities	8,003	3,720
- Other	-	2,314,832
	21,628,489	17,871,917
	10,734,108	10,869,353
21. OTHER LIABILITIES		
Mark-up / Return / Interest payable in local currency	54,094,861	57,027,903
Mark-up / Return / Interest payable in foreign currencies	403,526	439,959
Unearned commission and income on bills discounted	2,255,940	3,058,753
Accrued expenses	21,887,987	19,037,792
Advance payments	428,063	430,377
Acceptances	18,075,711	26,934,779
Unclaimed dividends	186,230	186,668
Unrealized loss on forward foreign exchange contracts	-	4,358,883
Unrealized loss on put option	306,339	306,339
Branch adjustment account	689,495	926,311
Employee benefits:		
Pension fund	15,389,909	14,785,647
Post retirement medical benefits	19,253,925	18,333,947
Benevolent fund	2,156,169	1,749,006
Gratuity scheme	2,644,332	2,403,018
Compensated absences	8,530,839	8,344,182
Staff welfare fund	371,257	371,257
Liabilities relating to Barter trade agreements	2,273,703	5,539,436
Provision against off-balance sheet obligations	627,494	627,494
Provision against contingencies	4,760,305	4,629,645
Payable to brokers	23,717	38,667
Payable to customers	229,821	158,180
PIBs short selling	-	256,284
Others	16,915,310	14,688,731
	171,504,933	184,633,258

		(Un-audited) June 30, 2020	(Audited) December 31, 2019
	Note	----- Rupees in '000 -----	
22. SURPLUS ON REVALUATION OF ASSETS			
Surplus / (deficit) on revaluation of			
- Available for sale securities	9.1	56,876,475	39,455,572
- Fixed Assets		45,547,573	45,096,875
- Non-banking assets		2,539,695	2,539,695
- On securities of associates and joint venture		(447,096)	(385,602)
		<u>104,516,646</u>	<u>86,706,540</u>
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities		(19,902,960)	(13,816,519)
- Fixed Assets		(2,464,483)	(2,489,995)
- Non-banking assets		(41,439)	(41,439)
		<u>(22,408,882)</u>	<u>(16,347,953)</u>
		<u>82,107,764</u>	<u>70,358,587</u>
23. CONTINGENCIES AND COMMITMENTS			
Guarantees	23.1	198,114,371	161,579,745
Commitments	23.2	1,577,215,244	1,761,652,119
Other contingent liabilities	23.3	36,767,692	30,664,297
		<u>1,812,097,307</u>	<u>1,953,896,161</u>
23.1 Guarantees:			
Financial guarantees		135,032,949	101,841,274
Performance guarantees		63,081,422	59,738,471
		<u>198,114,371</u>	<u>161,579,745</u>
23.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		1,028,490,428	937,616,635
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	479,450,824	801,290,548
- forward government securities transactions	23.2.2	68,579,065	22,164,581
Commitments for acquisition of:			
- operating fixed assets		681,427	566,855
Other commitments	23.2.3	13,500	13,500
		<u>1,577,215,244</u>	<u>1,761,652,119</u>
23.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		322,083,444	478,842,756
Sale		157,367,380	322,447,792
		<u>479,450,824</u>	<u>801,290,548</u>

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

	(Un-audited) June 30, 2020	(Audited) December 31, 2019
	----- Rupees in '000 -----	
23.2.2 Commitments in respect of forward government securities transactions		
Purchase	511,600	256,814
Sale	<u>68,067,465</u>	<u>21,907,767</u>
	<u>68,579,065</u>	<u>22,164,581</u>

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

	(Un-audited) June 30, 2020	(Audited) December 31, 2019
	----- Rupees in '000 -----	
23.2.3 Professional services to be received	<u>13,500</u>	<u>13,500</u>
23.3 Other contingent liabilities		
23.3.1 Claim against the Group not acknowledged as debt	<u>36,767,692</u>	<u>30,664,297</u>

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

23.3.2 Taxation

The current status of tax contingencies for the period ended June 30, 2020 is given below:

- a) Tax returns of the Bank have been filed up to tax year 2019 and amended by tax authorities up to tax year 2018. Tax year 2019 has been selected for tax audit under section 177 of the Income Tax Ordinance, 2001 in July 2020 which is on-going. For Azad Kashmir and Gilgit Baltistan branches no amendment to returns filed under section 120 of the Ordinance has been made, hence returns filed are deemed assessments for all the years till tax year 2019.
- b) The matters under tax contingencies include interest credited to suspense account, allocation of common expenditure between taxable income and exempt / low tax rate income, reversal of bad debts expense, reversal of provisions of non-performing loans, provisions for diminution in value of investment. Surplus on revaluation of Available for Sale Securities disclosed in the Statement of Comprehensive Income has been taxed in respect of tax year 2013 during the year which issue was decided by the learned Commissioner Appeals against the Bank, without considering that double taxation of same may occur when gain or loss would be reported in Profit & Loss account on realization stage. Miscellaneous Application before CIR(A) as well as appeal before Appellate Tribunal have been filed by Bank. The aggregate effect of contingencies as on June 30, 2020, including amount of Rs. 645.97 million (December 31, 2019: Rs. 183.455 million) in respect of indirect tax issues, amounts to Rs. 18.629 billion (December 31, 2019: Rs. 18.166 billion). No provision has been made against these contingencies, based on the opinion of tax consultants of the Bank, who expect favorable outcome upon decisions of pending appeals.
- c) Sindh High Court had quashed the show-cause notices issued in previous round in 2013 for passing orders for tax years 2006 and 2007 under section 161 of the Ordinance on the grounds that these were time-barred in terms of section 174(3) of the Ordinance. Supreme Court on Department's appeal has subsequently allowed taxation officer to initiate proceedings through fresh notices, subject to certain directions. Orders are recently passed by taxation officer for tax years 2006 and 2007 on June 30, 2020, treating the Bank as taxpayer-in-default and raising tax demands of Rs. 1,032,176,800 and Rs. 1,394,718,100 respectively. Bank has filed appeals before CIR(A) primarily on the grounds that Supreme Court's instructions have been blatantly ignored as cogent reasons for late proceedings were not given and neither amount of tax default nor names of parties were disclosed in the show-cause notices or the orders. The orders are also assailed for being passed in quite arbitrary manner and various legal and factual mistakes are made

Sindh High Court through interim order has instructed the taxation officer not to take any coercive measures.

Bank's tax advisors expect a favourable decision on this issue from appellate fora.

- d) The Bank has filed an Appeal before the Appellate Tribunal, Sindh Revenue Board against the Order passed by Commissioner (Appeals) Sindh Revenue Board confirming the levy of Sindh Sales Tax on the services provided by the Bank to State Bank of Pakistan for the tax periods January 2015 to March 2015 amounting to Rs.76,767,487/- and the rate differential amount of Rs. 11,986,935/- for the tax periods January 2014 to December 2014 aggregating to Rs. 88,754,422 along with the penalties and default surcharge thereon. It is pertinent to mention that the aforesaid differential amount has already been paid by availing the tax amnesty in 2019. Further, no provision has been made for the amount relating to State Bank of Pakistan in these consolidated financial statements based on the opinion of Tax Consultants of the Bank who expect favorable outcome upon decision of filed Appeal.
- e) The Bank filed an Appeal before the Honorable Appellate Tribunal, PRA in terms of Section 66 of the Act read with the Punjab Sales Tax on Services (Adjudication and Appeals) Rules, 2012 against the Order passed by the Commissioner HQ, Punjab Revenue Authority u/s 52 of the Punjab Sales Tax on Services Act, 2012 (the Act) regarding Non withholding of Punjab Sales Tax on Services for the Tax Periods from January-2016 to December - 2016 wherein the principal demand of Rs 385,784,598/- was raised.

The Honorable Appellate Tribunal, PRA accepted the appeal and set aside the impugned Order passed by the Commissioner HQ, PRA. No correspondence has been received till date.

23.3.3 Contingencies in respect of employees benefits and related matters

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

23.3.4.1 Pensionary benefits to retired employees

This has been explained in note 26.3.3.1 to the financial statement of the year ended December 31, 2019. Subsequently, the hearing of the pension case was fixed on March 12, 2020, however the same was adjourned as the counsel for both parties submitted to the Supreme Court of Pakistan ('SCP') that it would be more appropriate if the hearing, of the present case, can be arranged at Karachi. The request of the legal counsels was approved and the case was fixed for the last week of March in Karachi; however, due to the pandemic caused by the Covid-19, the hearing was again adjourned with no further date given. The management's estimate of overall increase in pension liability, based on the independent actuarial firm report for the year ended December 31, 2019 amounted to Rs. 70.6 billion (2019: 67.1 billion), excluding any penal interest / profit payment (if any) due to delayed payment. Further, the pension expense for year 2020 onward will also increase by Rs. 7.0 billion due to this decision. Based on the opinion of legal counsel, no provision for any additional pension liability has been considered made in these consolidated interim financial statements for the above mentioned amount as the Bank is confident about the favorable outcome of the matter.

23.3.4.2 Post retirement medical facilities

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

23.3.4.3 Restoration of Commuted Pension

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

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

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

23.3.4.5 Golden Handshake (GHS)

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

23.3.4.6 Litigation related to management trainee program

This has been explained in note 26.3.3.6 to the financial statement of the year ended December 31, 2019. Subsequently, the matter of out of court settlements has successfully been executed with many Non-MTO employees ('petitioners') and accordingly compromise agreements ('the agreement'), offering waiver of loans, increase in basic salaries and provision of other allowances, were signed with those petitioners who have withdrawn their cases against the Bank. Further, the Bank has carried out an assessment to ascertain the financial implications of the case with respect to non-petitioners and accordingly, they were also encouraged to enter into a similar agreement with Bank. The management is in the process of negotiation and is confident to undertake the agreement with remaining petitioners and non-petitioners. Furthermore, with respect to ongoing litigation, the management has reflected any potential impact it may have in an appropriate manner in these consolidated condensed interim financial statements.

23.3.4.7 Foreign Exchange repatriation case

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

23.3.4.8 Compliance and risk matters relating to anti-money laundering

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

	Note	(Un-audited) Half year ended June 30, 2020	(Un-audited) Half year ended June 30, 2019
----- Rupees in '000 -----			
24. MARK-UP / RETURN / INTEREST EARNED			
Loans and advances		57,575,817	48,501,242
Investments		85,476,981	44,459,427
On securities purchased under resale agreements		1,479,838	3,928,865
Balances with other banks		860,962	897,385
		<u>145,393,598</u>	<u>97,786,919</u>
25. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		61,487,352	47,129,327
Borrowings		4,604,262	2,962,062
Cost of foreign currency swaps against foreign currency deposits		4,514,336	2,318,315
Finance charge on lease liability against right of use assets		389,616	350,903
Securities sold under repurchase agreements		25,812,319	9,354,552
		<u>96,807,886</u>	<u>62,115,159</u>
26. FEE AND COMMISSION INCOME			
Branch banking customer fees		603,624	805,868
Consumer finance related fees		298,215	403,967
Card related fees		538,743	341,240
Credit related fees		87,767	135,075
Investment banking fees		115,417	347,621
Commission on trade		1,334,523	1,684,573
Commission on guarantees		253,018	248,162
Commission on cash management		1,810	9,804
Commission on remittances including home remittances		428,431	928,216
Commission on bancassurance		93,815	210,293
Commission on government transactions		4,894,601	4,625,176
Management fee and sale load		523,232	673,964
Brokerage income		47,544	36,011
Others		92,978	115,073
		<u>9,313,718</u>	<u>10,565,043</u>
27. GAIN ON SECURITIES - NET			
Realised	27.1	3,280,468	367,425
Unrealized - held-for-trading	9.1	48,399	(13,599)
		<u>3,328,867</u>	<u>353,826</u>
27.1 Realised gain on:			
Federal Government Securities		2,570,855	206,969
Shares and mutual funds		290,171	131,993
Ijarah Sukuks		-	28,463
Foreign Securities		419,442	-
		<u>3,280,468</u>	<u>367,425</u>
28. OTHER INCOME			
Rent on property		5,494	16,743
Gain on sale of fixed assets - net		29,117	18,120
Postal, SWIFT and other charges recovered		-	32,246
Compensation for delayed tax refunds	28.1	2,376,094	2,698,910
Remittances expense reimbursed by SBP		112,861	-
Digital infrastructure support income		-	33,729
Others		20,637	17,684
		<u>2,544,203</u>	<u>2,817,432</u>
28.1	This represents compensation on delayed refunds determined under Section 171 of Income Tax Ordinance 2001.		

(Un-audited) (Un-audited)
Half year ended Half year ended
June 30, 2020 June 30, 2019
----- Rupees in '000 -----

29. OPERATING EXPENSES

Total compensation expense 19,984,837 18,964,978

Property expense

Rent and taxes	143,393	650,759
Insurance	20,928	25,917
Utilities cost	514,725	450,469
Security (including guards)	1,348,496	1,087,192
Repair and maintenance (including janitorial charges)	552,534	400,104
Depreciation	214,202	221,012
Depreciation on non banking assets	7,892	14,788
Depreciation on Ijarah assets	49,107	91,168
Depreciation on right of use assets	1,012,114	942,493
	3,863,390	3,883,902

Information technology expenses

Software maintenance	526,513	499,719
Hardware maintenance	8,213	49,451
Depreciation	116,727	170,258
Amortization	106,905	182,165
Network charges	195,914	225,897
	954,273	1,127,489

Other operating expenses

Directors' fees and reimbursement of other expenses	22,459	15,026
Directors' fees and allowances - subsidiaries	3,795	3,605
Fees and allowances to Shariah Board	4,442	4,678
Legal and professional charges	343,204	319,502
Outsourced services costs	384,487	358,158
Travelling and conveyance	220,297	368,664
NIFT clearing charges	69,518	65,861
Depreciation	889,445	771,580
Training and development	29,265	58,605
Postage and courier charges	129,627	91,116
Communication	156,030	156,108
Stationery and printing	512,170	340,124
Marketing, advertisement and publicity	80,117	124,757
Donations	100	-
Contributions for other Corporate and Social Responsibility	85,447	10,203
Auditors' Remuneration	253,705	144,030
Financial charges on leased assets	20,243	21,095
Insurance	365,054	357,771
Entertainment	117,812	149,160
Clearing, verification, license fee charges	173,707	132,242
Vehicle Expenses	81,717	74,217
Repairs and maintenance	147,834	234,456
Brokerage	46,682	34,548
Deposit premium expense	687,318	619,920
Others	246,589	213,714
	5,071,064	4,669,139
	29,873,564	28,645,509

30. OTHER CHARGES

Penalties imposed by State Bank of Pakistan	293,155	90,135
Penalties imposed by other regulatory bodies (Central bank of international branches)	83	1,036
Penalties imposed by other regulatory bodies (Regulators of subsidiaries)	1,214	2,203
	294,452	93,374
	294,452	93,374

	Note	(Un-audited) Half year ended June 30, 2020	(Un-audited) Half year ended June 30, 2019
----- Rupees in '000 -----			
31. PROVISIONS & WRITE OFFS - NET			
Provisions for diminution in value of investments	9.2	648,661	2,149,798
Provisions against loans and advances	10.4	14,313,133	2,746,371
Provision against other assets		619,664	363,515
		<u>15,581,459</u>	<u>5,259,684</u>
32. TAXATION			
Current		12,383,820	8,942,604
Prior years		-	1,056,841
Deferred		(5,904,464)	(638,053)
		<u>6,479,356</u>	<u>9,361,392</u>
		(Un-audited) Half year ended June 30, 2020	(Un-audited) Half year ended June 30, 2019
33. EARNINGS PER SHARE - BASIC AND DILUTED			
Profit for the period (Rupees in 000's)		<u>15,066,590</u>	<u>11,352,984</u>
Weighted average number of ordinary shares (000's)		<u>2,127,513</u>	<u>2,127,513</u>
Earnings per share - basic and diluted (Rupees)		<u>7.08</u>	<u>5.34</u>
		(Un-audited) Half year ended June 30, 2020	(Un-audited) Half year ended June 30, 2019
34. CASH AND CASH EQUIVALENT			
Cash and balances with treasury banks		286,912,987	352,248,449
Balances with other banks		32,842,413	21,505,430
Call money lendings		3,140,800	1,040,800
Call money borrowings		(14,171,414)	(64,559,165)
Overdrawn nostro		(8,259,094)	(4,430,305)
		<u>300,465,692</u>	<u>305,805,209</u>

35. FAIR VALUE MEASUREMENTS

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

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

35.1 Fair value of financial assets

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

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

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

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

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

	June 30, 2020 (Un-audited)				
	Carrying Value	Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Market Treasury Bills	727,559,805	-	727,559,805	-	727,559,805
Pakistan Investment Bonds	454,331,533	-	454,331,533	-	454,331,533
Ijarah Sukuks	6,059,980	-	6,059,980	-	6,059,980
Ordinary shares of listed companies	39,664,874	39,664,874	-	-	39,664,874
Investment In mutual funds	1,893,372	-	1,893,372	-	1,893,372
Preference shares	30,600	30,600	-	-	30,600
Term Finance Certificates / Musharika and Sukuk Bonds	52,974,703	-	52,974,703	-	52,974,703
GoP Foreign Currency Bonds	14,822,621	-	14,822,621	-	14,822,621
Foreign Government Securities	3,415,046	-	3,415,046	-	3,415,046
Foreign Currency Debt Securities	852,208	-	852,208	-	852,208
Ordinary shares of a bank outside Pakistan	15,356,461	15,356,461	-	-	15,356,461
	<u>1,316,961,203</u>	<u>55,051,935</u>	<u>1,261,909,268</u>	<u>-</u>	<u>1,316,961,202</u>
Financial assets - disclosed but not measured at fair value					
Cash and balances with treasury banks	286,912,987	-	-	-	-
Balances with other banks	32,842,413	-	-	-	-
Lendings to financial institutions	48,534,859	-	-	-	-
Investments					
Ordinary shares of unlisted companies	1,593,609	-	-	-	-
Market Treasury Bills	122,071,156	-	-	-	-
Pakistan Investment Bonds	167,008,427	-	-	-	-
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	45,839	-	-	-	-
GoP Foreign Currency Bonds	1,655	-	-	-	-
Foreign Government Securities	32,608,288	-	-	-	-
Foreign Currency Debt Securities	650	-	-	-	-
Advances	936,049,626	-	-	-	-
Other Assets	96,425,309	-	-	-	-
	<u>1,724,094,818</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>3,041,056,021</u>	<u>55,051,935</u>	<u>1,261,909,268</u>	<u>-</u>	<u>1,316,961,202</u>
Off-balance sheet financial instruments - measured at fair value					
Foreign exchange contracts purchase and sale	<u>479,450,824</u>	<u>-</u>	<u>4,311,697</u>	<u>-</u>	<u>4,311,697</u>
Forward government securities transactions	<u>68,579,065</u>	<u>-</u>	<u>1,718,396</u>	<u>-</u>	<u>1,718,396</u>
December 31, 2019 (Audited)					
	Carrying Value	Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Market Treasury Bills	621,887,531	-	621,887,531	-	621,887,531
Pakistan Investment Bonds	329,418,686	-	329,418,686	-	329,418,686
Ijarah Sukuks	2,050,099	-	2,050,099	-	2,050,099
Ordinary shares of listed companies	41,983,147	41,983,147	-	-	41,983,147
Investments in mutual funds	2,144,783	-	2,144,783	-	2,144,783
Preference shares	79,388	35,956	-	43,432	79,388
Term Finance Certificates / Musharika and Sukuk Bonds	56,252,659	9,204,193	47,048,466	-	56,252,659
GoP Foreign Currency Bonds	22,476,530	-	22,476,530	-	22,476,530
Foreign Government Securities	4,646,071	-	4,646,071	-	4,646,071
Foreign Currency Debt Securities	1,422,271	-	1,422,271	-	1,422,271
Ordinary shares of a bank outside Pakistan	18,831,756	18,831,756	-	-	18,831,756
	<u>1,101,192,921</u>	<u>70,055,052</u>	<u>1,031,094,437</u>	<u>43,432</u>	<u>1,101,192,921</u>

	December 31, 2019 (Audited)				
	Carrying Value	Level 1	Level 2	Level 3	Total
	Rupees in '000				
Financial assets - disclosed but not measured at fair value					
Cash and balances with treasury banks	293,198,090	-	-	-	-
Balances with other banks	13,598,325	-	-	-	-
Lending to financial instruments	144,140,344	-	-	-	-
Investments					
Market Treasury Bills	114,155,009	-	-	-	-
Pakistan Investment Bonds	184,864,103	-	-	-	-
Ordinary shares of unlisted companies	1,593,609	-	-	-	-
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	9,573	-	-	-	-
GoP Foreign Currency Bonds	4,087,591	-	-	-	-
Foreign Government Securities	30,231,741	-	-	-	-
Foreign Currency Debt Securities	596	-	-	-	-
Advances	1,008,398,612	-	-	-	-
Other assets	95,539,678	-	-	-	-
	<u>1,889,817,271</u>	-	-	-	-
	<u>2,991,010,192</u>	<u>70,055,052</u>	<u>1,031,094,437</u>	<u>43,432</u>	<u>1,101,192,921</u>
Off-balance sheet financial instruments - measured at fair value					
Foreign exchange contracts purchase and sale	<u>801,290,548</u>	-	<u>(4,358,883)</u>	-	<u>(4,358,883)</u>
Forward government securities transactions	<u>22,164,581</u>	-	<u>107,348</u>	-	<u>107,348</u>

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

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

35.2 Fair value of non-financial assets

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

	June 30, 2020 (Un-audited)				
	Carrying Value	Level 1	Level 2	Level 3	Total
	Rupees in '000				
Land & building (property and equipment)	49,613,366	-	49,613,366	-	49,613,366
Non-banking assets acquired in satisfaction of claims	3,276,961	-	3,276,961	-	3,276,961
	<u>52,890,327</u>	-	<u>52,890,327</u>	-	<u>52,890,327</u>
December 31, 2019 (Audited)					
	Carrying Value	Level 1	Level 2	Level 3	Total
	Rupees in '000				
Land & building (property and equipment)	48,575,943	-	48,575,943	-	48,575,943
Non-banking assets acquired in satisfaction of claims	3,284,853	-	3,284,853	-	3,284,853
	<u>51,860,796</u>	-	<u>51,860,796</u>	-	<u>51,860,796</u>

36. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	Half Year Ended June 30, 2020 (Un-audited)						
	Retail Banking Group	Inclusive Development Group	Corporate & Investment Banking	Treasury	International, Fin. Institution & Remittance	Head Office / Others	Total
Profit and loss account	Rupees in '000						
Net mark-up / return / interest income / (expense)	(49,744,990)	8,436,165	29,191,240	56,471,599	1,421,496	2,810,203	48,585,712
Inter segment revenue - net	77,398,948	(8,055,573)	(25,845,882)	(47,459,964)	-	3,962,471	-
Non mark-up / return / interest income	6,891,336	382,107	1,164,223	6,096,626	1,140,994	3,079,247	18,754,533
Total Income	34,545,294	762,699	4,509,581	15,108,261	2,562,490	9,851,921	67,340,245
Segment direct expenses	13,785,658	971,106	372,501	159,110	2,372,982	1,936,458	19,597,815
Inter segment expense allocation	-	-	-	-	-	10,570,200	10,570,200
Total expenses	13,785,658	971,106	372,501	159,110	2,372,982	12,506,658	30,168,016
Provisions and write offs - net	276,869	1,452,272	8,712,389	399,501	(266,258)	5,006,685	15,581,459
Profit / (loss) before taxation	20,482,767	(1,660,679)	(4,575,309)	14,549,650	455,766	(7,661,423)	21,590,770

	June 30, 2020 (Un-audited)						
	Retail Banking Group	Inclusive Development Group	Corporate & Investment Banking	Treasury	International, Fin. Institution & Remittance	Head Office / Others	Total
Statement of financial position	Rupees in '000						
Cash and balances with treasury and other banks	163,684,377	9,811,415	207,761	71,889,939	61,989,065	12,172,844	319,755,400
Investments	-	-	34,137,540	1,531,087,206	49,942,460	31,082,817	1,646,250,024
Net inter segment lending	1,749,793,631	-	-	-	-	167,500,414	1,917,294,045
Lendings to financial institutions	-	-	-	39,171,875	-	9,362,984	48,534,859
Advances - performing	223,035,383	115,442,547	517,709,244	-	30,158,745	41,098,188	927,444,106
- non-performing	3,664,883	22,294,397	43,822,271	-	44,510,040	55,735,409	170,027,000
Provision against advances	(8,186,442)	(15,520,892)	(30,514,378)	-	(43,438,517)	(63,761,254)	(161,421,481)
Advances - Net	218,513,824	122,216,052	531,017,137	-	31,230,268	33,072,343	936,049,626
Others	30,722,347	1,844,225	30,057,223	8,739,561	4,314,281	145,712,331	221,389,953
Total Assets	2,162,714,179	133,871,692	595,419,661	1,650,888,581	147,476,074	398,903,732	5,089,273,907
Borrowings	2,025,430	-	39,368,579	293,345,931	13,771,401	242,063	348,753,404
Deposits and other accounts	2,089,168,904	-	90,435,328	-	83,139,036	76,696,120	2,339,439,387
Net inter segment borrowing	-	129,624,543	442,887,645	1,292,427,178	47,402,525	4,952,155	1,917,294,045
Others	71,519,845	4,247,149	22,501,755	9,261,687	3,057,224	107,532,686	218,120,346
Total liabilities	2,162,714,179	133,871,692	595,193,307	1,595,034,796	147,370,186	189,423,024	4,823,607,182
Equity	-	-	226,354	55,853,785	105,888	209,480,709	265,666,724
Total equity and liabilities	2,162,714,179	133,871,692	595,419,661	1,650,888,581	147,476,074	398,903,732	5,089,273,907
Contingencies and commitments	992,116,328	-	212,067,517	548,029,889	22,320,561	37,563,012	1,812,097,307

Half Year Ended June 30, 2019 (Un-audited) - (Restated)

	Retail Banking Group	Inclusive Development Group	Corporate & Investment Banking	Treasury	International, Fin. Institution & Remittance	Head Office / Others	Total
	(33,745,426)	7,132,520	23,250,798	35,186,948	1,392,150	2,454,770	35,671,760
Net mark-up / return / interest income / (expense)	63,694,116	(6,996,967)	(23,252,420)	(37,976,486)	-	4,531,758	-
Inter segment revenue - net	7,890,000	492,155	1,340,100	5,162,019	852,947	3,329,928	19,057,150
Non mark-up / return / interest income	37,838,690	627,708	1,338,478	2,372,481	2,245,097	10,316,456	54,738,910
Total Income	14,072,200	1,042,448	401,488	173,075	1,996,695	2,342,952	20,028,858
Segment direct expenses	14,072,200	1,042,448	401,488	173,075	-	8,710,024	8,710,024
Inter segment expense allocation	360,697	871,953	3,435,971	1,758,483	1,996,695	11,052,976	28,738,883
Total expenses	23,405,793	(1,286,693)	(2,498,981)	440,923	(92,239)	(1,075,181)	5,259,684
Provisions and write offs - net					340,641	338,661	20,740,343
Profit / (loss) before taxation							

Profit and loss account

Net mark-up / return / interest income / (expense)	35,671,760
Inter segment revenue - net	-
Non mark-up / return / interest income	19,057,150
Total Income	54,738,910
Segment direct expenses	20,028,858
Inter segment expense allocation	8,710,024
Total expenses	28,738,883
Provisions and write offs - net	5,259,684
Profit / (loss) before taxation	20,740,343

December 31, 2019 (Audited) - (Restated)

	Retail Banking Group	Inclusive Development Group	Corporate & Investment Banking	Treasury	International, Fin. Institution & Remittance	Head Office / Others	Total
	162,051,623	12,045,241	238,501	82,716,513	42,748,449	6,996,087	306,796,415
Cash and balances with treasury and other banks	-	-	38,801,666	1,316,800,220	61,079,182	25,722,890	1,442,403,957
Investments	1,631,300,100	-	-	-	-	138,613,215	1,769,913,315
Net inter segment lending							
Lendings to financial institutions				132,718,198	-	11,422,146	144,140,344
Advances - performing	221,843,742	144,537,546	538,385,369	-	55,382,884	42,566,934	1,002,716,475
- non-performing	2,973,437	17,309,704	32,196,797	-	41,049,352	55,847,764	149,377,054
Provision against advances	(6,664,995)	(14,087,130)	(23,223,824)	-	(40,266,389)	(59,452,580)	(143,694,917)
Advances - net	218,152,184	147,760,120	547,358,342	-	56,165,847	38,962,118	1,008,398,613
Others	25,398,302	1,853,736	40,745,805	3,971,387	4,014,363	154,637,349	230,620,940
Total Assets	2,036,902,209	161,659,097	627,144,314	1,536,206,318	164,007,841	376,353,805	4,902,273,583
	1,348,351	-	30,388,706	400,759,524	38,913,708	347,062	471,757,352
Borrowings	1,971,199,214	-	76,371,345	-	85,487,723	64,926,291	2,197,984,573
Deposits and other accounts	-	-	488,444,930	1,081,180,371	36,248,475	7,115,268	1,769,913,315
Net inter segment borrowing	64,354,645	4,734,824	31,794,954	17,079,796	1,988,871	103,442,698	223,395,788
Others	2,036,902,210	161,659,096	626,999,935	1,499,019,691	162,638,777	175,831,319	4,663,051,028
Total liabilities	-	-	144,380	37,186,627	1,369,066	200,522,487	239,222,555
Equity	2,036,902,209	161,659,097	627,144,314	1,536,206,318	164,007,841	376,353,805	4,902,273,583
Total equity and liabilities							
	833,218,160	-	236,880,686	823,455,129	28,997,140	31,345,046	1,953,896,161
Contingencies and commitments							

Statement of financial position

Cash and balances with treasury and other banks	1,442,403,957
Investments	1,769,913,315
Net inter segment lending	-
Lendings to financial institutions	144,140,344
Advances - performing	1,008,398,613
- non-performing	149,377,054
Provision against advances	(143,694,917)
Advances - net	1,008,398,613
Others	230,620,940
Total Assets	4,902,273,583
Borrowings	471,757,352
Deposits and other accounts	2,197,984,573
Net inter segment borrowing	1,769,913,315
Others	223,395,788
Total liabilities	4,663,051,028
Equity	239,222,555
Total equity and liabilities	4,902,273,583
Contingencies and commitments	1,953,896,161

37. RELATED PARTY TRANSACTIONS

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

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

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

	June 30, 2020 (Un-audited)						December 31, 2019 (Audited)												
	Directors	Key management personnel	Associates	Joint venture	Pension Fund (Current)	Pension Fund (Fixed Deposit)	Pension Fund (N.I.D.A A/c)	Provident Fund	Other related parties	Directors	Key management personnel	Associates	Joint venture	Pension Fund (Current)	Pension Fund (Fixed Deposit)	Pension Fund (N.I.D.A A/c)	Provident Fund	Other related parties	
Balances with other banks																			
In current accounts	-	-	-	231	-	-	-	-	-	-	-	-	1,159	-	-	-	-	-	-
In deposit accounts	-	-	-	19,754	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
				19,985									1,159						
Advances																			
Opening balance	-	228,805	3,036,750	-	-	-	-	23,386,325	-	-	222,957	3,105,907	-	-	-	-	-	-	217,063
Addition during the period / year	-	54,764	-	-	-	-	-	64,494,792	-	-	74,615	-	-	-	-	-	-	-	11,246,254
Repaid during the period / year	-	(17,595)	(65,625)	-	-	-	-	(64,698,855)	-	-	(22,888)	(69,157)	-	-	-	-	-	-	(14,898,873)
Transfer in / (out) - net*	-	-	-	-	-	-	-	(23,232,456)	-	-	(45,889)	-	-	-	-	-	-	-	26,619,881
Closing balance	-	265,974	2,971,125	-	-	-	-	(50,234)	-	-	226,805	3,036,750	-	-	-	-	-	-	23,366,325
Provisions against loans																			
	-	-	2,827,375	-	-	-	-	-	-	-	-	2,827,375	-	-	-	-	-	-	-
Other Assets																			
Interest / mark-up accrued	-	-	1,709,369	-	-	-	-	-	-	-	-	1,710,481	-	-	-	-	-	-	-
Borrowings																			
Opening balance	-	-	-	279,814	-	-	-	-	-	-	-	-	38,248	-	-	-	-	-	-
Borrowings during the period / year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Settled during the period / year	-	-	-	(270,331)	-	-	-	-	-	-	-	-	241,566	-	-	-	-	-	-
Closing balance	-	-	-	9,483	-	-	-	-	-	-	-	-	279,814	-	-	-	-	-	-
Deposits and other accounts																			
Opening balance	3,835	94,715	-	-	73	-	1,235,120	13,295,883	40,422,083	10,732	80,688	-	-	1,085	11,100,000	458,328	12,465,939	-	
Received during the period / year	5,360	340,520	-	-	-	-	-	70,483	406,520	23,314	625,431	-	-	45,832,581	-	11,785,192	2,246,165	273,669,395	
Withdrawn during the period / year	(5,604)	(291,315)	-	-	(14)	-	(646,958)	-	(404,468)	(22,146)	(591,564)	-	-	(45,833,593)	(11,100,000)	(11,008,400)	(1,415,241)	(278,409,470)	
Transfer in / (out) - net*	85	2,099	-	-	-	-	-	-	(40,230,347)	(8,065)	(19,640)	-	-	-	-	-	-	45,162,158	
Closing balance	3,676	145,019	-	-	59	-	588,162	13,367,366	133,788	3,835	94,715	-	-	73	1,235,120	13,296,883	40,422,083	-	
Contingencies and commitments																			
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,463,085

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

	June 30, 2020 (Un-audited)					June 30, 2019 (Un-audited)						
	Key management personnel	Associates	Joint venture	Pension Fund	Provident Fund	Funds / Others	Key management personnel	Associates	Joint venture	Pension Fund	Provident Fund	Funds / Others
Rupees in '000												
Income												
Mark-up / return / interest earned	-	-	9	-	-	11,717	-	-	29	-	-	120,844
Debts due by Companies in which Directors of the Bank is interested as Directors	-	-	-	-	-	-	-	-	-	-	-	-
Rent income / lighting and power and bank charges	-	2,319	-	-	-	9,723	-	2,319	-	-	-	7,779
Expense												
Mark-up / return / interest paid	-	-	293	52,784	721,268	2,140	-	-	233	198,306	830,422	244
Remuneration to key management executives including charge for defined benefit plan	220,761	-	-	-	-	-	232,232	-	-	-	-	-
Post Retirement Benefit paid to Director cum Ex-employee	-	-	-	-	-	1,044	-	-	-	-	-	1,044

37.1 Transactions with Government-related entities

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

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

The Bank also earned commission on handling treasury transactions on behalf of the Government of Pakistan amounting to Rs. 4,895 million for the year ended June 30, 2020. As at the Statement of Financial Position date the loans and advances, deposits and contingencies relating to Government-related entities amounted to Rs. 333,323 million, Rs. 926,773 million and Rs. 999,207 million respectively and income earned on advances and profit paid on deposits amounted to Rs. 19,207 million and Rs. 36,168 million respectively.

38. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) June 30, 2020	(Audited) December 31, 2019
	----- Rupees in '000 -----	
Minimum Capital Requirement		
Paid-up capital	<u>182,651,602</u>	<u>168,001,436</u>
Capital Adequacy Ratio		
Eligible Common Equity Tier 1 Capital	161,476,867	146,628,152
Eligible Additional Tier 1 Capital	-	-
Total Eligible Tier 1 Capital	161,476,867	146,628,152
Eligible Tier 2 Capital	50,921,379	41,295,951
Total Eligible Capital (Tier 1 + Tier 2)	<u>212,398,246</u>	<u>187,924,103</u>
Risk Weighted Assets		
Credit Risk	858,027,112	918,174,576
Market Risk	87,220,232	93,146,479
Operational Risk	176,625,691	176,625,691
Total	<u>1,121,873,036</u>	<u>1,187,946,746</u>
Common Equity Tier 1 Capital Adequacy ratio	14.39%	12.34%
Tier 1 Capital Adequacy Ratio	<u>14.39%</u>	<u>12.34%</u>
Total Capital Adequacy Ratio	<u>18.93%</u>	<u>15.82%</u>
Leverage Ratio		
Tier-1 Capital	161,476,867	146,628,152
Total Exposures	4,457,538,979	4,260,315,310
Leverage Ratio	<u>3.62%</u>	<u>3.44%</u>
Liquidity Coverage Ratio		
Total High Quality Liquid Assets	1,051,743,289	890,965,256
Total Net Cash Outflow	629,368,636	603,741,462
Liquidity Coverage Ratio	<u>167%</u>	<u>148%</u>
Net Stable Funding Ratio		
Total Available Stable Funding	2,218,841,763	2,040,913,906
Total Required Stable Funding	985,289,614	875,207,068
Net Stable Funding Ratio	<u>225%</u>	<u>233%</u>

39. ISLAMIC BANKING BUSINESS

The bank is operating 188 (December 31, 2019: 190) Islamic banking branches and no Islamic banking windows at the half year ended June 30, 2020.

		(Un-audited) June 30, 2020	(Audited) December 31, 2019
	Note	----- Rupees in '000 -----	
ASSETS			
Cash and balances with treasury banks		6,859,898	4,405,856
Balances with other banks		3,006,299	5,841
Due from financial institutions	39.1	9,360,334	11,419,496
Investments	39.2	24,829,253	19,416,280
Islamic financing and related assets - net	39.3	32,337,218	33,880,482
Fixed assets		155,356	174,862
Right of use assets		817,136	861,049
Other assets		7,602,607	5,888,864
Total Assets		84,968,101	76,052,730
LIABILITIES			
Bills payable		314,043	256,804
Deposits and other accounts	39.4	75,091,860	63,285,896
Lease liability against right of use assets		947,431	943,375
Due to Head Office		72,117	2,784,801
Other liabilities		3,112,337	3,767,018
		<u>79,537,788</u>	<u>71,037,894</u>
NET ASSETS		5,430,313	5,014,836
REPRESENTED BY			
Islamic Banking Fund		3,360,000	2,200,000
Reserves		-	-
Surplus on revaluation of assets		678,669	775,696
Unappropriated / unremitted profit	39.5	1,391,644	2,039,140
		<u>5,430,313</u>	<u>5,014,836</u>

The profit and loss account of the Bank's Islamic banking branches for the half year ended June 30, 2020 is as follows:

		(Un-audited) Half year ended June 30, 2020	(Un-audited) Half year ended June 30, 2019
		----- Rupees in '000 -----	
Profit / return earned	39.6	4,383,147	3,004,267
Profit / return expensed	39.7	2,002,606	1,514,015
Net Profit / return		<u>2,380,541</u>	<u>1,490,252</u>
Other income			
Fee and commission income		198,966	177,711
Foreign exchange income		36,760	18,331
Other income		708	3,773
Total other income		236,434	199,815
Total Income		<u>2,616,975</u>	<u>1,690,067</u>
Other expenses			
Operating expenses		1,123,947	1,172,000
Other charges		1,605	202
		<u>1,125,552</u>	<u>1,172,202</u>
Profit before provisions		<u>1,491,423</u>	<u>517,865</u>
Provisions charge / (reversal) and write offs - net		99,779	(75,049)
Profit before taxation		<u>1,391,644</u>	<u>592,914</u>
Taxation		-	-
Profit after taxation		<u>1,391,644</u>	<u>592,914</u>

	June 30, 2020 (Un-audited)		December 31, 2019 (Audited)	
	In Local Currency	In Foreign currencies	Total	In Local Currency
Due from Financial Institutions Unsecured				
Bai Muajjal Receivable from State Bank of Pakistan	9,360,334	-	9,360,334	11,419,496
	9,360,334	-	9,360,334	11,419,496

This represent Bai Muajjal agreement with Government of Pakistan and State Bank of Pakistan which carries profit rate 13.00% per annum. (December 31, 2019: 12.78%)

39.1 Due from Financial Institutions Unsecured

Bai Muajjal Receivable from State Bank of Pakistan

39.2 Investments by segments:

Federal Government Securities:

-Ijarah Sukuks

Non Government Debt Securities

-Listed

-Unlisted

Total Investments

	June 30, 2020 (Un-audited)			December 31, 2019 (Audited)		
	Cost/ Amortised cost	Provision for diminution	Carrying Value	Cost /Amortised cost	Provision for diminution	Surplus / (Deficit)
	6,000,000	5,600	6,005,600	2,000,000	-	(21,200)
	6,000,000	5,600	6,005,600	2,000,000	-	(21,200)
	4,500,000	481,819	4,981,819	4,400,000	-	602,100
	13,781,391	(130,807)	13,841,834	12,371,391	(130,807)	194,796
	18,281,391	(130,807)	18,823,653	16,771,391	(130,807)	796,896
	24,281,391	(130,807)	24,829,253	18,771,391	(130,807)	775,696
						19,416,280

(Un-audited) (Audited)
June 30, December 31,
2020 2019

39.3 Islamic financing and related assets - net

Ijarah

Murabaha

Musawama

Diminishing Musharaka

Other Islamic Modes (Wakala tul Istisnar)

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

Inventory related to Islamic financing (Istisna)

Gross Islamic financing and related assets

Less: provision against Islamic financings

- Specific

- General

Islamic financing and related assets - net of provision

205,424	255,639
763,901	1,716,542
-	22,243
15,433,330	15,869,641
8,500,000	8,500,000
7,389,184	7,180,631
348,721	539,349
32,640,560	34,084,045
(303,165)	(203,324)
(177)	(239)
(303,342)	(203,563)
32,337,218	33,880,482

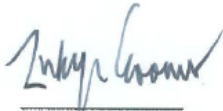
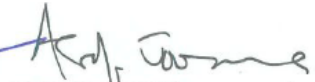
	(Un-audited) June 30, 2020	(Audited) December 31, 2019
	----- Rupees in '000 -----	
39.4 Deposits		
Customers		
Current deposits	24,920,440	20,550,756
Savings deposits	30,272,532	22,671,179
Term deposits	<u>13,680,005</u>	<u>12,720,085</u>
	<u>68,872,977</u>	<u>55,942,020</u>
Financial Institutions		
Current deposits	827,838	815,386
Savings deposits	1,591,045	3,028,490
Term deposits	<u>3,800,000</u>	<u>3,500,000</u>
	<u>6,218,883</u>	<u>7,343,876</u>
	<u>75,091,860</u>	<u>63,285,896</u>
39.5 Unappropriated/ Unremitted profit / (loss)		
Opening Balance	2,039,140	(57,150)
Add: Islamic banking profit / (loss) for the period	1,391,644	2,039,140
Less: Transferred / remitted to head office	(2,039,140)	57,150
Closing balance	<u>1,391,644</u>	<u>2,039,140</u>
	(Un-audited)	(Un-audited)
	Half year ended	Half year ended
	June 30, 2020	June 30, 2019
	----- Rupees in '000 -----	
39.6 Profit / return earned		
Profit earned on:		
Financing	2,342,843	1,417,256
Investments	1,401,918	1,090,921
Placements	5,380	6,612
Others (Bai Muajjal)	<u>633,006</u>	<u>489,478</u>
	<u>4,383,147</u>	<u>3,004,267</u>
39.7 Profit / return expensed		
Deposits and other accounts	1,746,341	1,192,203
Finance charge on right of use assets	47,676	45,444
Others (General Account)	<u>208,589</u>	<u>276,368</u>
	<u>2,002,606</u>	<u>1,514,015</u>

40. GENERAL

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

41. DATE OF AUTHORIZATION FOR ISSUE

The consolidated condensed interim financial statements were authorized for issue on September 1, 2020 by the Board of Directors of the Bank.


Chairman
President / CEO
Chief Financial Officer
Director
Director