

# HABIBMETRO

## HALF YEARLY ACCOUNTS

# 2020



[Subsidiary of Habib Bank AG Zurich]

This page intentionally left blank



هَذَا فَضْلُكَ



# OUR VISION

To be the most respected financial institution  
based on trust, service and commitment



---

## CONTENTS

Corporate Information	1
Directors' Review	2
Auditors' Review Report to the Members	7
Unconsolidated Condensed Interim Statement of Financial Position	8
Unconsolidated Condensed Interim Profit and Loss Account	9
Unconsolidated Condensed Interim Statement of Comprehensive Income	10
Unconsolidated Condensed Interim Statement of Changes in Equity	11
Unconsolidated Condensed Interim Cash Flow Statement	12
Notes to the Unconsolidated Condensed Interim Financial Statements	13
Consolidated Condensed Interim Financial Statements	45

---

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### CHAIRMAN

Mohamedali R. Habib

#### PRESIDENT & CHIEF EXECUTIVE OFFICER

Mohsin A. Nathani

#### DIRECTORS

Anjum Z. Iqbal

Firasat Ali

Mohomed Bashir

Muhammad H. Habib

Rashid Ahmed Jafer

Tahira Raza

### BOARD COMMITTEES

#### AUDIT

Anjum Z. Iqbal

Rashid Ahmed Jafer

#### CREDIT

Anjum Z. Iqbal

Mohamedali R. Habib

Mohsin A. Nathani

Muhammad H. Habib

#### HUMAN RESOURCE & REMUNERATION

Firasat Ali

Mohsin A. Nathani

Tahira Raza

#### COMPANY SECRETARY

Ather Ali Khan

#### REGISTERED OFFICE

Ground Floor, Spencer's Building

I. I. Chundrigar Road

Karachi – 74200, Pakistan

#### INFORMATION TECHNOLOGY

Anjum Z. Iqbal

Firasat Ali

Mohsin A. Nathani

#### RISK & COMPLIANCE

Anjum Z. Iqbal

Firasat Ali

Mohsin A. Nathani

Tahira Raza

#### SHARE REGISTRAR

CDC Share Registrar Services Limited

CDC House, 99-B, Block-B

S.M.C.H.S., Main Shahra-e-Faisal

Karachi - 74400

---

## DIRECTORS' REVIEW

On behalf of the Board of Directors of Habib Metropolitan Bank, I am pleased to present the un-audited accounts for the half year ended 30 June 2020.

The COVID-19 pandemic impacted global economic productivity and trade business during the period under review. The IMF downgraded its 2020 global growth forecast to negative 4.9 percent, and projected a more gradual recovery than previously anticipated.

Domestically, the moderation of underlying inflation has continued. CPI inflation marked at 10.7 percent in FY20, compared to 6.8 percent in FY19, with inflationary pressures alleviating in Jan-Jun 2020. Given the absence of demand-side pressures, average inflation could fall below the previously announced range of 7 to 9 percent in next fiscal year.

The current account deficit reduced by 78 percent year-on-year to USD 3 billion at the end of FY20. Foreign direct investment has been resilient, nearly doubling to USD 2.4 billion till June 2020, compared to the same period last year. The current account deficit is expected to remain in a stable position through the COVID-19 crisis due to lower oil prices. FX reserves increased by 24 percent year-on-year to USD 18 billion at end of FY20. Trade deficit reduced by over 27 percent year-on-year in FY20 as imports decreased by 18.6 percent year-on-year (to USD 44.6 billion) and exports decreased by 6.8 percent (to USD 21.4 billion) due to muted trade activity in the pandemic. Remittances increased by 6.4 percent during FY20 and amounted to USD 23 billion at the end of the period under review.

The banking sector's deposits increased by 12.2 percent year-on-year to Rs. 16.2 trillion at the end of June 2020. Meanwhile, the sector's investments increased by 40 percent year-on-year to Rs. 10.7 trillion and advances increased marginally to Rs. 8.2 trillion.

The State Bank of Pakistan (SBP) launched several initiatives to mitigate the financial impacts of COVID-19, geared towards enhancing financial stability of the economy. These included concessional refinancing facilities to protect employment and support the health sector, as well as regulatory measures to provide debt servicing relief.

The SBP also reduced the policy rate cumulatively by 625 basis points during the first half of the year to 7 percent at end of June 2020.

By the Grace of Allah, HabibMetro's operating profit for the first six months increased by 51 percent amounting to Rs. 8,449 million compared to Rs. 5,592 million in the corresponding period last year. This is result of strong performance on core interest margins as well as foreign exchange income. Due to higher provisioning, profit after tax increased by 29 percent amounted to Rs. 4,119 million compared to Rs. 3,176 million in the corresponding period last year, which translates into earnings per share of Rs. 3.93.

Total non-fund income increased by robust 43 percent and amounted to Rs. 4,749 million mainly on account of increase in foreign exchange income. The Bank's cost to income ratio improved to 45 percent as compared to 53 percent in the corresponding period last year.

Investments increased by 10 percent and amounted to Rs. 492,664 million compared to Rs. 448,910 million. Advances reached Rs. 292,424 million an increase of 11 percent over December 31, 2019 while total deposits stood at Rs. 598,476 million.

During the period under review, in line with strategy, the Bank's current deposits increased by 18 percent during the first half of the year to Rs. 207,687 million. This resulted in an increased CA mix of 34.7 percent.

The Bank's Net Equity stands at Rs. 57,592 million with a strong capital adequacy level of 18.9 percent.

The Bank maintained AA+ (Double A Plus) ratings for Long Term, and A1+ (A one plus) ratings for Short Term by the Pakistan Credit Rating Agency Limited (PACRA) for the eighteenth consecutive year. These ratings denote a high credit quality, with a low expectation of credit risk, and a strong capacity for timely payment of financial commitments.

With a network of 398 branches in 134 cities across Pakistan, including 31 Islamic banking branches, and 224 Islamic banking windows, HabibMetro provides a comprehensive spectrum of banking services and products. These include specialized trade finance products and an array of digital products and services including secured Mobile, Internet & SMS Banking services, globally accepted Visa Cards and nationwide network of ATMs.

Being a conscientious corporate citizen, your Bank acknowledges its corporate social responsibilities and continues to make regular contributions to a host of non-profit / social organizations. The Bank, during the first half of 2020, extended assistance in two major areas i.e. COVID-19 relief / healthcare and education. These voluntary contributions amount to Rs. 64.4 million.

The Bank's efforts towards COVID-19 relief comprised nation-wide ration distribution and donations for capacity enhancement at different hospitals. In addition to this, the Bank also contributed Rs. 10 million to the Prime Minister's COVID-19 Relief Fund. The Bank's employees contributed an additional Rs. 10 million to the Prime Minister's COVID-19 Relief Fund.

In the aftermath of the COVID-19 outbreak, the Bank increased efforts to promote its digital banking channels (mobile app, internet banking, Debit Cards) to reduce physical interaction at its branches for the safety of its staff and customers.

The Bank evoked its Business Continuity Planning (BCP) sites and offered work-from-home solutions to the staff. Safety precautions and protective equipment, such as sanitizers and masks, were also adequately available at official premises. Extensive support was also extended for the testing and hospitalization of affected staff.

Moreover, the Bank promoted SBP Re-finance & Debt Relief Schemes for the support of businesses affected by the pandemic. Operational measures to reduce physical interaction at branches, including cheque collection through drop boxes were also initiated, in line with the SBP directives. In addition to this, the Bank promoted online and over-the-counter donation collections for the Prime Minister's COVID-19 Relief Fund.

In April 2020, our Director and member Board Audit Committee Mr. Ali S. Habib passed away. The Board expressed profound grief and offered condolence to the family. The Board also wishes to place on record their appreciation for the invaluable contribution made by Mr. Ali S. Habib during his association with the Bank, as a Director. The Board greatly benefited from his experience and guidance. While Mr. Ali S. Habib's absence will be felt greatly in the years to come, his legacy will continue to inspire all of us.

In conclusion, I would like to place on record our sincere gratitude to the Ministry of Finance, the State Bank of Pakistan, and the Securities and Exchange Commission of Pakistan for their continued support and guidance to the Bank. I would also like to thank our valued customers for the trust and patronage that they continue to extend to us. Lastly, I would like to acknowledge the unwavering dedication of the staff of HabibMetro Bank, who continue to work tirelessly to provide uninterrupted financial services in these uncertain times. Their efforts enable the Bank to grow from strength to strength.

On behalf of the Board

**MOHSIN A. NATHANI**

Karachi: 18 August 2020

President & Chief Executive Officer

بینک کی خالص ایکویٹی 57,592 ملین روپے کے ساتھ 18.9 فیصد کی ایک مستحکم کسپل ایڈیکوئسی کی سطح پر ہے۔

بینک مسلسل اٹھارہ سال سے پاکستان کریڈٹ ریٹنگ ایجنسی لیٹنڈ (PACRA) کی جانب سے AA+ (ڈبل اے پلس) برائے طویل مدتی اور A1+ (اے ون پلس) برائے قلیل مدتی ریٹنگ حاصل کر رہا ہے جو اعلیٰ کریڈٹ کے معیار، کریڈٹ رسک کی کم اور مالیاتی وعدوں کی بروقت ادائیگی کی مستحکم صلاحیت ظاہر کرتی ہے۔

پاکستان بھرمیں 134 شعبوں میں 398 شاخوں بشمول 31 اسلامک بینکنگ کی شاخوں اور 224 اسلامک بینکنگ ونڈوز کے ساتھ حبیب میٹرو بہترین، وسیع تر اور مکمل بینکاری خدمات اور پروڈکٹس فراہم کرتا ہے۔ ان میں خصوصی تجارتی مالیاتی پروڈکٹس، ڈیجیٹل پروڈکٹس اور خدمات بشمول محفوظ موبائل، انٹرنیٹ اینڈ SMS بینکنگ سروسز، دنیا بھر میں قابل قبول ویزا کارڈ اور ملکی سطح پر اپنے سٹمرز کے لئے ATM نیٹ ورک شامل ہیں۔

بحیثیت ایک ذمہ دار اور فعال کارپوریٹ شہری آپ کا بینک اپنی کارپوریٹ سماجی ذمہ داریوں سے بخوبی آگاہ ہے اور سماجی اداروں میں معاونت کرتا ہے۔ بینک نے 2020 کی پہلی ششماہی کے دوران دو نمایاں شعبوں میں COVID-19 کی ریلیف/ہیلتھ کیئر اور تعلیم کے شعبوں میں معاونت فراہم کی۔ یہ رضا کارانہ عطیات 64.4 ملین روپے کے تھے۔

COVID-19 کے ضمن میں بینک کی امدادی کاوشیں راشن کی تقسیم اور مختلف اسپتالوں کی استعداد میں اضافے کے لئے عطیات پر مشتمل تھیں۔ مزید برآں بینک نے وزیراعظم کے COVID-19 ریلیف فنڈ میں 10 ملین روپے کا عطیہ بھی دیا۔ بینک کے ملازمین نے وزیراعظم کے COVID-19 ریلیف فنڈ میں اضافی 10 ملین روپے کا عطیہ دیا۔

COVID-19 کے پھیلاؤ کے بعد بینک نے اپنے ملازمین اور صارفین کی حفاظت کے لئے طبی روابط کم کرنے کی غرض سے اپنے ڈیجیٹل چینلوں (موبائل ایپ، انٹرنیٹ بینکنگ، ڈیجیٹل کارڈ) کے فروغ کے لئے اپنی کوششوں میں اضافہ کیا۔

بینک نے اپنی بزنس کنٹینوٹی پلاننگ (بی سی پی) سائنس کو فعال کیا اور اپنے ملازمین کو گھر سے کام کرنے کی سہولت مہیا کی۔ بینک کے دفاتر میں احتیاطی تدابیر اور حفاظتی اشیاء مثلاً ہینڈ سینیٹائزرز اور ماسک مناسب تعداد میں مہیا کئے گئے۔ متاثرہ عملے کی جانچ پڑتال اور علاج کے لئے تمام تر معاونت فراہم کی گئی۔

مزید برآں بینک نے وہابی صورتحال سے متاثر ہونے والے کاروباروں کی معاونت کیلئے ایس بی بی ری-فنانسنگ اور ڈیجیٹل ریلیف اسکیم کو بھی فروغ دیا۔ ایس بی بی کی بنیادیاات کے مطابق، برائچوں میں صارفین کی ذاتی موجودگی میں کمی کرنے کیلئے آپریشنل اقدامات بشمول چیک کلیئمنگ بذریعہ ڈروپ بس کا آغاز کیا گیا۔ اس کے علاوہ بینک نے وزیراعظم COVID-9 ریلیف فنڈ میں عطیات کی وصولی کو فروغ دینے کیلئے آن لائن اور بذریعہ کاؤنٹر کی سہولیات فراہم کیں۔

اپریل 2020 میں ہمارے ڈائریکٹر اور ممبر بورڈ آڈٹ کمیٹی جناب علی ایس۔ حبیب انتقال کر گئے۔ بورڈ نے گہرے دکھ اور رنج کا اظہار کرتے ہوئے مرحوم کے اہل خانہ سے دلی تعزیت کا اظہار کیا۔ بورڈ نے جناب علی ایس۔ حبیب کی بینک کے ساتھ بطور ڈائریکٹر گراں قدر خدمات کو سراہتے ہوئے انہیں بھرپور خراج تحسین بھی پیش کیا۔ بورڈ نے ان کے تجربات اور رہنمائی سے بھرپور استفادہ حاصل کیا اگرچہ آئے والے سالوں میں جناب علی ایس۔ حبیب کی کمی شدت سے محسوس کی جائے گی تاہم ان کے افکار ہمارے لئے مشعل راہ ثابت ہو سکے۔

آخر میں اس موقع پر میں وزارت مالیات، اسٹیٹ بینک آف پاکستان اور سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے بینک کیلئے تعاون اور ہدایات کیلئے شکریہ ادا کرتا ہوں۔ میں اپنے محترم اور قابل قدر کسٹمرز کا بھی ان کے اعتماد اور سرپرستی پر مشکور ہوں جو ان کے بینک پر مستقل بھروسے کا مظہر ہے۔ آخر میں حبیب میٹرو بینک کے اسٹاف کی انتھک کاوشوں اور جدوجہد کا اعتراف کرتے ہوئے انہیں خراج تحسین پیش کرتا ہوں جو کھن جو کھن حالات میں بھی بینک کے صارفین کو بلا کاوت مالیاتی خدمات فراہم کر رہے ہیں۔ ان ہی کاوشوں کی بدولت بینک مضبوط سے مضبوط تر ہوتا جا رہا ہے۔ منجانب بورڈ

**حسن اے۔ ناتھانی**  
صدر و چیف ایگزیکٹو آفیسر

کراچی: 18 اگست 2020

## ڈائریکٹرز ریویو

میں نہایت مسرت کے ساتھ حبیب میٹرو پولیٹن بینک کے بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2020 کو ختم ہونے والی ششماہی کیلئے غیر آڈٹ شدہ اکاؤنٹس پیش کر رہا ہوں۔

COVID-19 کی وبائی صورتحال نے زیر جائزہ مدت کے دوران عالمی معاشی صورتحال اور تجارتی کاروبار کو متاثر کیا۔ آئی ایم ایف نے 2020 کیلئے عالمی گروتھ کی پیش گوئی منفی 4.9 فیصد کی ہے اور ستر رو بجالی کی توقع ظاہر کی ہے۔

مقامی سطح پر بنیادی افراط زر کے اضافے میں اعتدال کا رجحان رہا۔ مالی سال 2020 جنوری تا جون میں افراط زر میں کمی کے باوجود پی آئی آئی افراط زر 10.7 فیصد رہا جو مقامی ملٹی سال 2019 میں 6.8 فیصد تھا۔ طلب میں کمی کے باعث اوسط افراط زر آئندہ مالی سال میں پہلے سے اعلان کردہ 7 سے 9 فیصد کی سطح سے نیچے آ سکتا ہے۔

کرنٹ اکاؤنٹ خسارہ سال بہ سال 78 فیصد تک کم ہو کر مالی سال 2020 کے اختتام پر 3 بلین امریکی ڈالر ہو گیا۔ براہ راست غیر ملکی سرمایہ کاری بتدریج بہتر رہی اور جون 2020 تک لگ بھگ ڈیڑھ سو کروڑ گزشتہ سال کی اسی مدت کے مقابلے میں 2.4 بلین امریکی ڈالر ہو گئی۔ کرنٹ اکاؤنٹ خسارہ COVID-19 کے بحران کے باعث تیل کے کمزور خوں کی وجہ سے مستحکم پوزیشن پر رہنے کی توقع ہے۔ مالی سال 2020 کے اختتام پر غیر ملکی زرمبادلہ کے ذخائر سال بہ سال 24 فیصد بڑھ کر 18 بلین امریکی ڈالر تک پہنچ گئے۔ تجارتی خسارہ مالی سال 2020 میں سال بہ سال کی بنیاد پر 27 فیصد تک کم ہو گیا کیونکہ درآمدات میں 18.6 فیصد (44.6 بلین امریکی ڈالر) تک کمی آئی جبکہ برآمدات وبائی صورتحال میں تجدید تجارتی سرگرمیوں کے باعث 6.8 فیصد (21.4 بلین امریکی ڈالر) تک کم ہو گئیں۔ مالی سال 2020 کے دوران زرتربیلا 6.4 فیصد تک بڑھ گئیں اور زیر جائزہ مدت کے اختتام تک ان کا مجموعی 23 بلین امریکی ڈالر رہا۔

بینکنگ سیکٹر کے ڈپازٹس سال بہ سال 12.2 فیصد بڑھ کر جون 2020 کے اختتام پر 16.2 ٹریلین روپے ہو گئے۔ اس دوران بینکنگ سیکٹر کی سرمایہ کاری سال بہ سال 40 فیصد بڑھ کر 10.7 ٹریلین روپے ہو گئی اور ایڈوانسز معمولی اضافے کے بعد 8.2 ٹریلین روپے ہو گئے۔

اسٹیٹ بینک آف پاکستان نے COVID-19 کے اثرات کو کم کرنے کے لئے معیشت کے مالیاتی استحکام کے ضمن میں متعدد اقدامات متعارف کرائے۔ ان میں روزگاری حفاظت اور صحت کے شعبے کی مدد کیلئے رعایتی ری فنانسنگ کی سہولیات شامل ہیں۔ ساتھ ہی قرضہ جات کی ادائیگی میں آسانی کے لئے قانونی اقدامات کئے گئے۔

ایس بی پی نے سال کی پہلی ششماہی کے دوران پالیسی ریٹ میں مجموعی طور پر 625 بنیادی پوائنٹس کی کمی بھی کی جو جون 2020 کے اختتام پر 7 فیصد ہو گیا۔

اللہ تعالیٰ کے فضل و کرم سے 2020 کی پہلی ششماہی میں حبیب میٹرو کا آپریشنک منافع 51 فیصد بڑھ کر 8,449 ملین روپے ہو گیا جو کہ گزشتہ سال کی اسی مدت میں 5,592 ملین روپے تھا۔ یہ انٹرسٹ مارجن اور زرمبادلہ آمدنی کی مستحکم کارکردگی کا نتیجہ ہے۔ قرضہ جات کی اضافی پروڈیٹنگ کے باعث بعد از انکس منافع 29 فیصد بڑھ کر 11,119 ملین روپے تک جا پہنچا جو کہ گزشتہ سال کی اسی مدت میں 3,176 ملین روپے تھا۔ اس منافع کے نتیجے میں آمدنی فی شیئر 3.93 روپے ہو گئی۔

مجموعی نان-فینڈ آمدنی 43 فیصد نمایاں اضافے کے بعد 4,749 ملین روپے ہو گئی جس کی بنیادی وجہ زرمبادلہ کی آمدنی میں اضافہ تھا۔ بینک کے اخراجات اور آمدنی کی شرح تناسب کے لحاظ سے 45 فیصد ہو گئی جو گزشتہ سال کی اسی مدت میں 53 فیصد تھی۔

سرمایہ کاری کا حجم 10 فیصد بڑھ کر 492,664 ملین روپے ہو گیا جو کہ گزشتہ سال کی اسی مدت میں 448,910 ملین روپے تھا۔ ایڈوانسز 31 دسمبر 2019 کے مقابلے میں 11 فیصد بڑھ کر 292,424 ملین روپے ہو گئے جبکہ مجموعی ڈپازٹس 598,476 ملین روپے رہے۔

زیر جائزہ مدت کے دوران، حکمت عملی کے مطابق، بینک کے کرنٹ ڈپازٹس سال کی پہلی ششماہی کے دوران 18 فیصد بڑھ کر 207,687 ملین روپے ہو گئے۔ اس کے نتیجے میں کرنٹ اکاؤنٹ (CA) کا تناسب بڑھ کر 34.7 فیصد ہو گیا۔

This page intentionally left blank



**INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF HABIB METROPOLITAN BANK LIMITED****Report on review of Condensed Interim Unconsolidated Financial Statements****Introduction**

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of Habib Metropolitan Bank Limited ("the Bank") as at 30 June 2020 and the related condensed interim unconsolidated statement of profit or loss account and condensed interim unconsolidated other comprehensive income, condensed interim unconsolidated statement of changes in equity, and condensed interim unconsolidated statement of cash flows and notes to the condensed interim unconsolidated financial statements for the six-months period then ended (here-in-after referred to as the "condensed interim unconsolidated financial statements"). Management is responsible for the preparation and presentation of this condensed interim unconsolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these 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 condensed interim unconsolidated financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

**Other Matter**

The figures for the quarter ended 30 June 2020 in the condensed interim unconsolidated profit and loss account and condensed interim unconsolidated statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The engagement partner on the engagement resulting in this independent auditor's review report is Aryn Pirani.

Karachi: 25 August 2020

**KPMG Taseer Hadi & Co.**  
Chartered Accountants

## UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Note	30 June 2020 (Un-Audited)	31 December 2019 (Audited)
Rupees in '000			
<b>ASSETS</b>			
Cash and balances with treasury banks	6	57,533,811	70,713,603
Balances with other banks	7	7,924,546	1,865,528
Lendings to financial institutions	8	1,700,000	22,197,303
Investments	9	492,663,903	448,909,727
Advances	10	292,423,962	263,948,473
Fixed assets	11	8,635,093	8,306,783
Intangible assets	12	91,006	66,462
Deferred tax assets	13	—	3,712,435
Other assets	14	47,636,144	39,854,208
		<b>908,608,465</b>	<b>859,574,522</b>

### LIABILITIES

Bills payable	15	16,791,062	11,541,474
Borrowings	16	180,559,289	144,464,063
Deposits and other accounts	17	598,475,564	611,869,248
Liabilities against assets subject to finance lease		—	—
Sub-ordinated debts		—	—
Deferred tax liabilities	13	2,577,669	—
Other liabilities	18	52,613,303	47,462,207
		<b>851,016,887</b>	<b>815,336,992</b>
<b>NET ASSETS</b>		<b>57,591,578</b>	<b>44,237,530</b>

### REPRESENTED BY

Share capital		10,478,315	10,478,315
Reserves		18,408,238	17,584,517
Surplus / (deficit) on revaluation of assets - net of tax	19	8,988,448	(2,885,060)
Unappropriated profit		19,716,577	19,059,758
		<b>57,591,578</b>	<b>44,237,530</b>

### CONTINGENCIES AND COMMITMENTS

20

The annexed notes 1 to 38 form an integral part of these unconsolidated condensed interim financial statements.

**FUZAIL ABBAS**  
Chief Financial Officer

**MOHSIN A. NATHANI**  
President &  
Chief Executive Officer

**FIRASAT ALI**  
Director

**RASHID AHMED JAFER**  
Director

**MOHAMEDALI R. HABIB**  
Chairman

## UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE QUARTER AND HALF YEAR ENDED 30 JUNE 2020

	Note	30 June 2020		30 June 2019	
		Quarter ended	Half year ended	Quarter ended (Restated)	Half year ended
Rupees in '000					
Mark-up / return / interest earned	22	19,849,642	40,457,400	16,670,668	30,674,001
Mark-up / return / interest expensed	23	(13,455,554)	(29,739,731)	(12,445,276)	(22,068,472)
Net mark-up / interest income		6,394,088	10,717,669	4,225,392	8,605,529
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee and commission income	24	1,129,111	2,471,875	1,331,629	2,608,450
Dividend income		71,697	104,444	15,681	36,169
Foreign exchange income		1,224,531	2,006,532	901,088	1,358,716
Income / (loss) from derivatives		—	—	—	—
Gain / (loss) on securities	25	44,417	149,122	(729,312)	(718,734)
Other income	26	8,308	17,195	13,922	30,736
Total non mark-up / interest income		2,478,064	4,749,168	1,533,008	3,315,337
Total income		8,872,152	15,466,837	5,758,400	11,920,866
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Operating expenses	27	3,336,309	6,840,916	3,118,915	6,177,296
Workers' welfare fund		82,000	148,000	50,000	110,000
Other charges	28	22,836	29,240	40,581	41,295
Total non-mark-up / interest expenses		(3,441,145)	(7,018,156)	(3,209,496)	(6,328,591)
Profit before provisions		5,431,007	8,448,681	2,548,904	5,592,275
(Provisions) / reversal and write offs - net	29	(1,116,221)	(1,600,347)	240,485	106,857
Extra ordinary / unusual items		—	—	—	—
<b>PROFIT BEFORE TAXATION</b>		4,314,786	6,848,334	2,789,389	5,699,132
Taxation	30	(1,722,354)	(2,729,395)	(1,079,715)	(2,523,533)
<b>PROFIT AFTER TAXATION</b>		2,592,432	4,118,939	1,709,674	3,175,599
Rupees					
<b>Basic and diluted earnings per share</b>	31	2.47	3.93	1.63	3.03

The annexed notes 1 to 38 form an integral part of these unconsolidated condensed interim financial statements.

## UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE QUARTER AND HALF YEAR ENDED 30 JUNE 2020

	30 June 2020		30 June 2019	
	Quarter ended	Half year ended	Quarter ended (Restated)	Half year ended
	Rupees in '000			
Profit after taxation	2,592,432	4,118,939	1,709,674	3,175,599
<b>Other comprehensive income</b>				
<b>Items that may be reclassified to profit and loss in subsequent periods:</b>				
Effect of translation of net investment in an offshore branch	136	(67)	–	–
Movement in surplus / (deficit) on revaluation of investments - net of tax	4,995,054	11,875,230	(1,089,335)	(554,998)
<b>Items that will not be reclassified to profit and loss in subsequent periods:</b>				
Remeasurement gain / (loss) on defined benefit obligations - net of tax	5,142	(20,475)	(2,460)	16,418
<b>Total comprehensive income</b>	<b>7,592,764</b>	<b>15,973,627</b>	<b>617,879</b>	<b>2,637,019</b>

The annexed notes 1 to 38 form an integral part of these unconsolidated condensed interim financial statements.

**FUZAIL ABBAS**  
Chief Financial Officer

**MOHSIN A. NATHANI**  
President &  
Chief Executive Officer

**FIRASAT ALI**  
Director

**RASHID AHMED JAFER**  
Director

**MOHAMEDALI R. HABIB**  
Chairman

## UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE HALF YEAR ENDED 30 JUNE 2020

	Reserves					Surplus / (deficit) on revaluation				
	Share capital	Exchange translation reserve	Share premium	Statutory reserve	Special reserve	Revenue reserve	Investments	Non-banking assets	Un-appropriated profit	Total
	Rupees in '000									
<b>Balance as at 1 January 2019</b>	10,478,315	–	2,550,985	11,976,447	240,361	1,500,000	(5,753,117)	179,461	15,829,504	37,001,956
Profit after taxation	–	–	–	–	–	–	–	–	3,175,599	3,175,599
Other comprehensive income	–	–	–	–	–	–	–	–	–	–
-net of tax	–	–	–	–	–	–	(554,998)	–	16,418	(538,580)
<b>Total comprehensive income for the period</b>	–	–	–	–	–	–	(554,998)	–	3,192,017	2,637,019
Transfer to statutory reserve	–	–	–	635,120	–	–	–	–	(635,120)	–
Transfer from surplus on revaluation of assets to unappropriated profit	–	–	–	–	–	–	–	–	–	–
-net of tax	–	–	–	–	–	–	–	(1,424)	1,424	–
<b>Transactions with owners, recorded directly in equity</b>										
Cash dividend (Rs. 2.00 per share) for the year ended 31 December 2018	–	–	–	–	–	–	–	–	(2,095,663)	(2,095,663)
<b>Balance as at 30 June 2019</b>	10,478,315	–	2,550,985	12,611,567	240,361	1,500,000	(6,308,115)	178,037	16,292,162	37,543,312
Profit after taxation	–	–	–	–	–	–	–	–	3,407,882	3,407,882
Other comprehensive income	–	–	–	–	–	–	–	–	–	–
-net of tax	–	28	–	–	–	–	3,197,624	48,840	39,844	3,286,336
<b>Total comprehensive income for the period</b>	–	28	–	–	–	–	3,197,624	48,840	3,447,726	6,694,218
Transfer to statutory reserve	–	–	–	681,576	–	–	–	–	(681,576)	–
Transfer from surplus on revaluation of assets to unappropriated profit	–	–	–	–	–	–	–	–	–	–
-net of tax	–	–	–	–	–	–	–	(1,446)	1,446	–
<b>Balance as at 31 December 2019</b>	10,478,315	28	2,550,985	13,293,143	240,361	1,500,000	(3,110,491)	225,431	19,059,758	44,237,530
Profit after taxation	–	–	–	–	–	–	–	–	4,118,939	4,118,939
Other comprehensive income	–	–	–	–	–	–	–	–	–	–
-net of tax	–	(67)	–	–	–	–	11,875,230	–	(20,475)	11,854,688
<b>Total comprehensive income for the period</b>	–	(67)	–	–	–	–	11,875,230	–	4,098,464	15,973,627
Transfer to statutory reserve	–	–	–	823,788	–	–	–	–	(823,788)	–
Transfer from surplus on revaluation of assets to unappropriated profit	–	–	–	–	–	–	–	–	–	–
-net of tax	–	–	–	–	–	–	–	(1,722)	1,722	–
<b>Transactions with owners, recorded directly in equity</b>										
Cash dividend (Rs. 2.50 per share) for the year ended 31 December 2019	–	–	–	–	–	–	–	–	(2,619,579)	(2,619,579)
<b>Balance as at 30 June 2020</b>	10,478,315	(39)	2,550,985	14,116,931	240,361	1,500,000	8,764,739	223,709	19,716,577	57,591,578

The annexed notes 1 to 38 form an integral part of these unconsolidated condensed interim financial statements.

**FUZAIL ABBAS**  
Chief Financial Officer

**MOHSIN A. NATHANI**  
President &  
Chief Executive Officer

**FIRASAT ALI**  
Director

**RASHID AHMED JAFER**  
Director

**MOHAMEDALI R. HABIB**  
Chairman

## UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE HALF YEAR ENDED 30 JUNE 2020

	Note	30 June 2020	31 June 2019
		(Un-Audited)	
		Rupees in '000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		6,848,334	5,699,132
Less: Dividend income		(104,444)	(36,169)
		<b>6,743,890</b>	<b>5,662,963</b>
<b>Adjustments</b>			
Depreciation on operating fixed assets		531,309	472,804
Depreciation on right-of-use assets		382,749	354,141
Depreciation on non-banking assets		5,731	5,577
Amortization		35,847	59,774
Mark-up / return / interest expensed on lease liability against right-of-use assets		264,457	228,766
Provisions / (reversals) and write offs excluding recovery of written off bad debts	29	1,611,098	(103,327)
Unrealised gain on securities - held-for-trading		(40,038)	-
Net gain on sale of fixed assets		(9,046)	(9,526)
Provision against workers' welfare fund		148,000	110,000
Provision against compensated absences		23,757	26,708
Provision against defined benefit plan		86,655	85,486
		<b>3,040,519</b>	<b>1,230,403</b>
		<b>9,784,409</b>	<b>6,893,366</b>
<b>(Increase) / decrease in operating assets</b>			
Lendings to financial institutions		20,497,303	(9,163,465)
Advances		(29,906,513)	(46,089,969)
Other assets (excluding current taxation)		(2,316,601)	(15,431,562)
		<b>(11,725,811)</b>	<b>(70,684,996)</b>
<b>Increase / (decrease) in operating liabilities</b>			
Bills payable		5,249,588	2,190,339
Borrowings from financial institutions		39,758,934	97,886,448
Deposits and other accounts		(13,393,684)	48,431,814
Other liabilities (excluding current taxation)		(1,985,401)	9,288,555
		<b>29,629,437</b>	<b>157,797,156</b>
		<b>27,688,035</b>	<b>94,005,526</b>
Payment against compensated absences		(7,218)	(16,347)
Income tax paid		(1,889,310)	(2,531,115)
<b>Net cash flows from operating activities</b>		<b>25,791,507</b>	<b>91,458,064</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net investments in held-for-trading securities		(7,187,303)	-
Net investments in available-for-sale securities		(21,719,803)	(53,665,534)
Net investments in held-to-maturity securities		3,282,479	41,150
Dividend received		103,466	6,502
Investments in fixed assets		(716,209)	(738,469)
Investments in intangibles assets		(60,391)	(7,420)
Proceeds from sale of fixed assets		11,861	14,443
Effect of translation of net investment in an offshore branch		(67)	-
<b>Net cash flows from investing activities</b>		<b>(26,285,967)</b>	<b>(54,349,328)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(2,605,130)	(1,294,803)
Payment of lease against right-of-use assets		(357,476)	(351,730)
<b>Net cash flows from financing activities</b>		<b>(2,962,606)</b>	<b>(1,646,533)</b>
<b>Increase in cash and cash equivalents</b>		<b>(3,457,066)</b>	<b>35,462,203</b>
Cash and cash equivalents at beginning of the period		<b>68,472,282</b>	<b>46,103,870</b>
<b>Cash and cash equivalents at end of the period</b>		<b>65,015,216</b>	<b>81,566,073</b>

The annexed notes 1 to 38 form an integral part of these unconsolidated condensed interim financial statements.

<b>FUZAIL ABBAS</b> Chief Financial Officer	<b>MOHSIN A. NATHANI</b> President & Chief Executive Officer	<b>FIRASAT ALI</b> Director	<b>RASHID AHMED JAFER</b> Director	<b>MOHAMEDALI R. HABIB</b> Chairman
--	--	--------------------------------	---------------------------------------	--

## **NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**

FOR THE HALF YEAR ENDED 30 JUNE 2020

### **1. STATUS AND NATURE OF BUSINESS**

Habib Metropolitan Bank Limited (the Bank) was incorporated in Pakistan on 3 August 1992, as a public limited company, under the Companies Ordinance, 1984 (now Companies Act, 2017) and is engaged in commercial banking and related services. Its shares are listed on the Pakistan Stock Exchange. The Bank operates 368 (31 December 2019: 362) branches, including 31 (31 December 2019: 31) Islamic banking branches and an offshore branch (Karachi Export Processing Zone branch), and 30 (31 December 2019: 30) sub branches in Pakistan. The Bank is a subsidiary of Habib Bank AG Zurich - Switzerland (the holding company with 51% shares in the Bank) which is incorporated in Switzerland.

The registered office of the Bank is situated at Spencer's Building, I.I. Chundrigar Road, Karachi.

### **2. BASIS OF PRESENTATION**

**2.1** These unconsolidated condensed interim financial statements represent separate financial statements of the Bank. The consolidated financial statements of the Bank and its subsidiary companies are being separately issued.

#### **2.2 Statement of Compliance**

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 of:

- 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).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of the IAS 34 or IFAS, requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

The SBP vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" and IAS 40 "Investment Property" for banking companies till further instructions. Further, according to a notification of the Securities and Exchange Commission of Pakistan (SECP) through S.R.O. No. 411 (1) / 2008 dated 28 April 2008, 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.

The Securities and Exchange Commission of Pakistan (SECP) has notified Islamic Financial Accounting Standard (IFAS) 3, 'Profit and Loss Sharing on Deposits' issued by the Institute of Chartered Accountants of

---

Pakistan. IFAS 3 shall be followed with effect from the financial periods beginning on or after 1 January 2014 in respect of accounting for transactions relating to 'Profit and Loss Sharing on Deposits' as defined by the said standard. The standard has resulted in certain new disclosures in the financial statements of the Bank. The SBP through BPRD Circular Letter No. 4 dated 25 February 2015, has deferred the applicability of IFAS 3 till further instructions and prescribed the Banks to prepare their annual and periodical financial statements as per existing prescribed formats issued vide BPRD Circular 2 of 2018, as amended from time to time.

The disclosures and presentations made in these unconsolidated condensed interim financial statements are based on a format prescribed by the SBP vide BPRD Circular Letter No. 5 dated 22 March 2019 and IAS 34, Interim Financial Reporting. They do not include all the disclosures required for annual financial statements, and these unconsolidated condensed interim financial statements should be read in conjunction with the audited unconsolidated financial statements of the Bank for the year ended 31 December 2019.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

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

#### **3.1 Amendments to approved accounting standards that are effective in the current period**

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

#### **3.2 Standards, interpretations of and amendments to accounting and reporting standards as applicable in Pakistan that are not yet effective in the current year.**

There are various standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are not effective in the current year. These are not likely to have material effect on the Bank's financial statements except for the following:

IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation – for Banks and DFIs, the effective date of the standard has been extended to annual periods beginning on or after 1 January 2021 by the State Bank of Pakistan. IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The impact of the application of IFRS 9 on the Bank's financial statements is being assessed.

### **4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

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

### **5. RISK MANAGEMENT**

The Bank's risk management policies are the same as disclosed in the financial statements for the year ended 31 December 2019.

The COVID-19 will have a major impact on global economy. Governments and regulators across the globe have introduced fiscal and economic stimulus measures to mitigate its impact. The Government of Pakistan and



State Bank of Pakistan have taken various fiscal and regulatory measures to sustain economic activity and to maintain banking system soundness which include the following;

- Reduction in the Policy Rate by 625 basis points since the beginning of the year,
- 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 / or restructure / reschedule loans for borrowers who require relief of principal repayment exceeding one year and / or mark-up with no reflection on credit history; and
- Introduction of refinancing schemes for payment of wages and salaries.

COVID-19 will impact banks in Pakistan on a number of fronts including increase in overall credit risk pertaining to the loans and advances portfolio, reduced fee income due to overall slowdown in economic activity, continuity of business operations and managing cybersecurity threat as a significant number of the Bank's staff is working from home and an ever increasing number of customers are being encouraged to use digital channels.

## **Credit Risk**

All credit approvals relating to SBP COVID-19 measures are being reviewed on regular basis as per the prescribed format. Further, evaluation of all the requests are being made with the industry analysis especially geared to assess the impact of COVID-19 on the relevant industry.

Due to the ongoing pandemic credit reviews are being conducted as and when required in order to take adequate steps to identify potential defaults and come up with mitigation strategies.

## **Liquidity Risk**

Liquidity position of the bank remained strong in spite of approving deferment requests of principal & restructured loan, in line with SBP directives. HabibMetro's strong deposit base backed by continued customer confidence and holding of government securities has enabled the bank to maintain a robust liquidity profile, also depicted in LCR ratio.

The Asset and Liability Committee (ALCO) of the Bank is also continuously monitoring the liquidity position and the Bank is confident that the current liquidity buffer is sufficient to cater to any adverse movement in the maturity profile.

## **Equity Risk**

In order to dampen the effects of COVID-19, SBP has allowed banks to recognize impairment loss, if any, resulting from the valuation of listed equity securities held as "Available-for-Sale" (AFS), in phased manner equally on quarterly basis during calendar year ending on 31 December 2020. However, SBP also encouraged the Banks for early recognition of full impairment loss. The Bank has fully recognized the impairment on listed equity securities portfolio.

## **Operational Risk**

In response to the pandemic, the bank invoked its Organizational Business Continuity Plan. The plan's primary objective was to assure that all safety and precautionary measures were adopted, safeguarding the staff and customers of the bank. These include rationalizing staff head count at office to ensure social distancing and maintaining healthy work force as backup. At all office locations availability of sanitizers, masks and other protection equipment and regular disinfection of locations were ensured.

From the operational perspective, the measures adopted by the Bank include execution of BCP sites and implementation of the work from home strategy to facilitate split working locations thereby ensuring continuity of the Bank's operations. Further to ensure uninterrupted availability of financial services to its customers, enhancements were made in the digital / alternate delivery channels allowing customer to execute business transactions without physical interactions.

## Capital Adequacy Ratio

In order to encourage Banks to continue lending despite anticipated pressure on profits and credit risk, the SBP has relaxed the Capital Conversion Buffer (CCB) requirements to 1.5%, resulting in a 1% decline in CAR requirements for all Tiers.

As of 30 June 2020, the Bank's CAR provides sufficient cushion over the minimum requirement.

	Note	30 June 2020 (Un-Audited)	31 December 2019 (Audited)
		Rupees in '000	
<b>6. CASH AND BALANCES WITH TREASURY BANKS</b>			
<b>In hand</b>			
Local currency		7,777,766	7,400,310
Foreign currencies		2,192,739	1,289,049
		<b>9,970,505</b>	8,689,359
<b>With State Bank of Pakistan in</b>			
Local currency current account		25,131,164	37,267,692
Foreign currency current account		204,192	64,248
Foreign currency deposit accounts			
- cash reserve account		5,860,765	5,663,551
- special cash reserve account		11,258,403	16,348,050
		<b>42,454,524</b>	59,343,541
<b>With National Bank of Pakistan in</b>			
Local currency current accounts		5,091,895	2,558,634
<b>National Prize Bonds</b>		16,887	122,069
		<b>57,533,811</b>	70,713,603
<b>7. BALANCES WITH OTHER BANKS</b>			
<b>In Pakistan</b>			
In current accounts		25,512	146,324
In deposit accounts		326,400	310,468
		<b>351,912</b>	456,792
<b>Outside Pakistan</b>			
In current accounts		7,572,634	1,408,736
		<b>7,924,546</b>	1,865,528
<b>8. LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Musharaka placements	8.1	1,700,000	7,190,000
Bai-muajjal receivable with the State Bank of Pakistan		-	7,507,303
Letter of placement		-	7,500,000
		<b>1,700,000</b>	22,197,303

**8.1** These carry profit / return rate from 7.5% to 8.0% (2019: 8% to 12.15%) per annum with maturity upto 7 July 2020 (2019: 3 February 2020).

## 9. INVESTMENTS

### 9.1 Investments by types

	30 June 2020 (Un-Audited)				31 December 2019 (Audited)			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	Rupees in '000							
<b>Held-for-trading securities</b>								
Federal government securities	7,187,303	–	40,038	7,227,341	–	–	–	–
<b>Available-for-sale securities</b>								
Federal government securities	420,611,888	–	13,425,336	434,037,224	401,765,140	–	(4916,665)	396,848,475
Shares	1,245,586	(466,014)	138,769	918,341	682,760	(333,784)	106,775	455,751
Non-government debt securities	11,072,937	(127,319)	(58,405)	10,887,213	9,383,743	(130,559)	(39,636)	9,213,548
Mutual funds	599,653	(9,647)	(19,317)	570,689	29,702	(9,647)	9,656	29,711
Real estate investment trust	387,869	–	(2,169)	385,700	387,869	–	54,499	442,368
	433,917,933	(602,980)	13,484,214	446,799,167	412,249,214	(473,990)	(4,785,371)	406,989,853
<b>Held-to-maturity securities</b>								
Federal government securities	36,107,395	–	–	36,107,395	36,089,874	–	–	36,089,874
Non-government debt securities	1,700,000	–	–	1,700,000	5,000,000	–	–	5,000,000
	37,807,395	–	–	37,807,395	41,089,874	–	–	41,089,874
<b>Subsidiaries</b>	830,000	–	–	830,000	830,000	–	–	830,000
<b>Total Investments</b>	<u>479,742,631</u>	<u>(602,980)</u>	<u>13,524,252</u>	<u>492,663,903</u>	<u>454,169,088</u>	<u>(473,990)</u>	<u>(4,785,371)</u>	<u>448,909,727</u>

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

#### 9.1.1 Investments given as collateral against repo borrowing

##### Federal government securities

Market treasury bills	18,560,483	81,790,898
Pakistan investment bonds	89,743,250	7,415,475
	<u>108,303,733</u>	<u>89,206,373</u>

### 9.2 Provision for diminution in value of investments

<b>9.2.1</b> Opening balance	473,990	417,991
Charge for the period / year	183,314	63,868
Reversal for the period / year	(3,240)	(7,869)
Net charge for the period / year	180,074	55,999
Reversal on disposal	(51,084)	–
Closing balance	<u>602,980</u>	<u>473,990</u>

## 9.2.2 Particulars of provision against debt securities

Category of classification	30 June 2020 (Un-Audited)		31 December 2019 (Audited)	
	Non-performing investments	Provision	Non-performing investments	Provision
	Rupees in '000			
<b>Domestic</b>				
Loss	<b>127,319</b>	<b>127,319</b>	130,559	130,559
	<b>127,319</b>	<b>127,319</b>	130,559	130,559

**9.3** The market value of securities classified as held-to-maturity is Rs. 38,914,108 thousand (31 December 2019: Rs 39,168,228 thousand).

## 10. ADVANCES

	Performing		Non-Performing		Total	
	30 June 2020 (Un-Audited)	31 December 2019 (Audited)	30 June 2020 (Un-Audited)	31 December 2019 (Audited)	30 June 2020 (Un-Audited)	31 December 2019 (Audited)
	Rupees in '000					
Loans, cash credits, running finances, etc.						
In Pakistan	<b>224,981,035</b>	199,539,259	<b>14,573,528</b>	14,554,885	<b>239,554,563</b>	214,094,144
Islamic financing and related assets	<b>29,558,699</b>	22,193,648	<b>855,983</b>	853,946	<b>30,414,682</b>	23,047,594
Bills discounted and purchased	<b>38,562,267</b>	41,598,380	<b>1,780,815</b>	2,124,307	<b>40,343,082</b>	43,722,687
Advances - gross	<b>293,102,001</b>	263,331,287	<b>17,210,326</b>	17,533,138	<b>310,312,327</b>	280,864,425
Provision against non-performing advances						
- specific	-	-	(15,194,162)	(15,294,415)	(15,194,162)	(15,294,415)
- general	(2,694,203)	(1,621,537)	-	-	(2,694,203)	(1,621,537)
	(2,694,203)	(1,621,537)	(15,194,162)	(15,294,415)	(17,888,365)	(16,915,952)
Advances - net of provisions	<b>290,407,798</b>	261,709,750	<b>2,016,164</b>	2,238,723	<b>292,423,962</b>	263,948,473

### 10.1 Particulars of advances - gross

	30 June 2020 (Un-Audited)	31 December 2019 (Audited)
	Rupees in '000	
In local currency	<b>274,441,588</b>	239,106,297
In foreign currencies	<b>35,870,739</b>	41,758,128
	<b>310,312,327</b>	280,864,425

**10.2** Advances include Rs. 17,210,325 thousand (31 December 2019: Rs. 17,533,138 thousand) which have been placed under non-performing status as detailed below:

Category of classification	30 June 2020 (Un-Audited)		31 December 2019 (Audited)	
	Non-performing loans	Provision	Non-performing loans	Provision
	Rupees in '000			
<b>Domestic</b>				
Substandard	349,592	6,226	433,980	76,611
Doubtful	699,317	243,557	628,533	273,742
Loss	16,161,416	14,944,379	16,470,625	14,944,062
	<u>17,210,325</u>	<u>15,194,162</u>	<u>17,533,138</u>	<u>15,294,415</u>

### 10.3 Particulars of provision against advances

	30 June 2020 (Un-Audited)			31 December 2019 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	15,294,415	1,621,537	16,915,952	15,324,500	1,236,190	16,560,690
Charge for the period / year	799,250	1,072,666	1,871,916	1,179,540	385,347	1,564,887
Reversals	(440,892)	–	(440,892)	(1,197,378)	–	(1,197,378)
Net charge / (reversal) for the period / year	358,358	1,072,666	1,431,024	(17,838)	385,347	367,509
Amount written off	(458,611)	–	(458,611)	(12,247)	–	(12,247)
Closing balance	<u>15,194,162</u>	<u>2,694,203</u>	<u>17,888,365</u>	<u>15,294,415</u>	<u>1,621,537</u>	<u>16,915,952</u>

**10.3.1** General provision includes provision of Rs. 3,837 thousand (31 December 2019: Rs. 3,410 thousand) made against consumer portfolio and Rs. 16 thousand (31 December 2019: Rs. 55 thousand) made against small enterprises (SEs) portfolio as required by the Prudential Regulation issued by the SBP. General provision also includes provision of Rs. 2,690,350 thousand (31 December 2019: Rs. 1,618,072 thousand) against potential credit risk in the advances portfolio.

### 10.3.2 Particulars of provision against advances

	30 June 2020 (Un-Audited)			31 December 2019 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
In local currency	14,741,499	2,694,203	17,435,702	14,877,139	1,621,537	16,498,676
In foreign currencies	452,663	–	452,663	417,276	–	417,276
	<u>15,194,162</u>	<u>2,694,203</u>	<u>17,888,365</u>	<u>15,294,415</u>	<u>1,621,537</u>	<u>16,915,952</u>

### 10.3.3 Consideration of forced sales value (FSV) for the purposes of provisioning against non-performing loans

During the current year, the Bank availed additional forced sale value (FSV) benefit under BSD Circular No. 1 of 21 October 2011. This has resulted in reduction of provision against non-performing loans and advances by Rs. 150,906 thousand (31 December 2019: Rs. 315,348 thousand). Further, as of 30 June 2020, had the benefit of FSVs (including those availed into previous year) not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 1,404,310 thousand (31 December 2019: Rs. 1,598,972 thousand) and accumulated profit would have been lower by Rs. 912,802 thousand (31 December 2019: Rs. 1,039,332 thousand). This amount of Rs. 912,802 thousand (31 December 2019: Rs. 1,039,332 thousand) is not available for distribution of cash and stock dividend to the shareholders and bonus to employees.

	Note	30 June 2020 (Un-Audited)	31 December 2019 (Audited)
Rupees in '000			
<b>11. FIXED ASSETS</b>			
Capital work-in-progress	11.1	<b>414,703</b>	343,734
Property and equipment		<b>4,248,022</b>	4,136,907
Right-of-use assets		<b>3,972,368</b>	3,826,142
		<b>8,635,093</b>	8,306,783
<b>11.1 Capital work-in-progress</b>			
Civil works		<b>278,770</b>	243,323
Advance to suppliers		<b>135,933</b>	100,411
		<b>414,703</b>	343,734
Half year ended			
		30 June 2020 (Un-Audited)	30 June 2019
Rupees in '000			
<b>11.2 Additions to fixed assets</b>			
The following additions have been made to fixed assets during the period:			
Capital work-in-progress - additions / (transfer to fixed assets) - net		<b>70,969</b>	(23,999)
<b>Property and equipment</b>			
Building on leasehold land		–	149,102
Furniture and fixture		<b>61,941</b>	29,616
Electrical, office and computer equipment		<b>354,035</b>	458,623
Vehicles		<b>17,812</b>	27,978
Lease hold improvement		<b>211,452</b>	97,149
		<b>645,240</b>	762,468
Right-of-use assets		<b>528,975</b>	–
Total		<b>1,245,184</b>	738,469
<b>11.3 Disposal of fixed assets</b>			
The net book value of fixed assets disposed off during the period is as follows:			
Furniture and fixture		<b>35</b>	40
Electrical, office and computer equipment		<b>519</b>	457
Vehicles		<b>2,261</b>	4,420
Total		<b>2,815</b>	4,917

## 12. INTANGIBLE ASSETS

Computer software

<b>30 June 2020</b>	31 December 2019
(Un-Audited)	(Audited)
Rupees in '000	

<b>91,006</b>	66,462
---------------	--------

### Half year ended

<b>30 June 2020</b>	30 June 2019
(Un-Audited)	
Rupees in '000	

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

- directly purchased

<b>60,391</b>	7,420
---------------	-------

## 13. DEFERRED TAX LIABILITIES / (ASSETS)

### Deductible temporary differences

Provision for diminution in value of investments	<b>(211,043)</b>	(165,897)
Provision for non-performing loans and advances and off - balance sheet items	<b>(1,998,444)</b>	(2,024,464)
Deficit on revaluation of investments	—	(1,674,880)
Deferred liability on defined benefit plan	<b>(51,437)</b>	(40,412)
Accelerated depreciation	<b>(1,341)</b>	—
	<b>(2,262,265)</b>	(3,905,653)

### Taxable temporary differences

Surplus on revaluation of investments	<b>4,719,475</b>	—
Surplus on revaluation of non-banking assets	<b>120,459</b>	121,385
Accelerated depreciation	—	71,833
	<b>4,839,934</b>	193,218
<b>Net deferred tax liability / (asset)</b>	<b>2,577,669</b>	(3,712,435)

	Note	30 June 2020 (Un-Audited)	31 December 2019 (Audited)
		Rupees in '000	
<b>14. OTHER ASSETS</b>			
Income / mark-up / profit accrued in local currency		<b>11,794,855</b>	12,529,140
Income / mark-up / profit accrued in foreign currencies		<b>46,625</b>	43,085
Advances, deposits and other prepayments		<b>336,396</b>	225,452
Advance taxation (payments less provision)		<b>–</b>	647,808
Non-banking assets acquired in satisfaction of claims		<b>414,161</b>	417,244
Branch adjustment account		<b>234</b>	58
Mark-to-market gain on forward foreign exchange contracts		<b>7,178,316</b>	4,458,787
Acceptances		<b>27,089,103</b>	20,971,205
Receivable from the SBP against encashment of government securities		<b>39,439</b>	55,080
Stationery and stamps on hand		<b>76,649</b>	88,551
Dividend receivable		<b>978</b>	–
Others		<b>525,220</b>	280,982
		<b>47,501,976</b>	39,717,392
Provision against other assets		<b>(210,000)</b>	(210,000)
Other assets (net of provision)		<b>47,291,976</b>	39,507,392
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	19	<b>344,168</b>	346,816
		<b>47,636,144</b>	39,854,208



	30 June 2020 (Un-Audited)	31 December 2019 (Audited)
	Rupees in '000	
<b>15. BILLS PAYABLE</b>		
In Pakistan	<u>16,791,062</u>	<u>11,541,474</u>
<b>16. BORROWINGS</b>		
<b>Secured</b>		
Borrowings from the State Bank of Pakistan		
Under export refinance scheme	53,535,771	36,842,480
Under long term financing facility - renewable energy	844,303	884,970
Under long term financing facility - locally manufactured plant and machinery	12,452,559	10,466,484
Under refinance for payment of wages and salaries	<u>5,856,874</u>	<u>—</u>
	<u>72,689,507</u>	<u>48,193,934</u>
Repurchase agreement borrowings (Repo)	107,426,641	89,397,739
Due against bills rediscounting	<u>—</u>	<u>2,765,541</u>
	<u>180,116,148</u>	<u>140,357,214</u>
<b>Unsecured</b>		
Overdrawn nostro accounts	<u>443,141</u>	<u>4,106,849</u>
	<u>180,559,289</u>	<u>144,464,063</u>

## 17. DEPOSITS AND OTHER ACCOUNTS

	30 June 2020 (Un-Audited)			31 December 2019 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000					
<b>Customers</b>						
Current deposits (non-remunerative)	174,050,493	30,790,621	204,841,114	146,378,657	26,743,116	173,121,773
Savings deposits	145,773,190	21,733,206	167,506,396	135,390,427	19,016,742	154,407,169
Term deposits	158,427,539	44,545,643	202,973,182	165,375,671	55,096,182	220,471,853
Others	13,697,541	1,062	13,698,603	10,525,924	979	10,526,903
	<u>491,948,763</u>	<u>97,070,532</u>	<u>589,019,295</u>	<u>457,670,679</u>	<u>100,857,019</u>	<u>558,527,698</u>
<b>Financial institutions</b>						
Current deposits (non-remunerative)	1,374,181	1,471,611	2,845,792	1,354,816	1,019,552	2,374,368
Savings deposits	5,637,702	—	5,637,702	46,908,562	—	46,908,562
Term deposits	967,620	5,155	972,775	4,058,620	—	4,058,620
	<u>7,979,503</u>	<u>1,476,766</u>	<u>9,456,269</u>	<u>52,321,998</u>	<u>1,019,552</u>	<u>53,341,550</u>
	<u>499,928,266</u>	<u>98,547,298</u>	<u>598,475,564</u>	<u>509,992,677</u>	<u>101,876,571</u>	<u>611,869,248</u>

	Note	30 June 2020 (Un-Audited)	31 December 2019 (Audited)
		Rupees in '000	
<b>18. OTHER LIABILITIES</b>			
Mark-up / return / interest payable in local currency		<b>9,335,326</b>	9,633,242
Mark-up / return / interest payable in foreign currencies		<b>359,557</b>	396,052
Unearned commission and income on bills discounted		<b>136,127</b>	200,295
Accrued expenses		<b>1,253,323</b>	819,184
Current taxation (provision less payments)		<b>285,500</b>	—
Acceptances		<b>27,089,103</b>	20,971,205
Unclaimed dividend		<b>82,706</b>	68,257
Mark to market loss on forward foreign exchange contracts		<b>5,778,478</b>	7,716,740
Provision for compensated absences		<b>242,956</b>	226,417
Deferred liability on defined benefit plan		<b>230,668</b>	112,513
Provision against off-balance sheet obligations	18.1	<b>113,716</b>	113,716
Workers' welfare fund	18.2	<b>1,308,189</b>	1,160,189
Charity fund		<b>2,137</b>	2,137
Excise duty payable		<b>1,142</b>	907
Locker deposits		<b>834,772</b>	817,043
Advance against diminishing musharaka		<b>13,110</b>	90,548
Advance rental for ijarah		<b>1,777</b>	1,859
Security deposits against leases / ijarah		<b>232,910</b>	205,188
Sundry creditors		<b>683,292</b>	425,001
Lease liability against right-of-use assets		<b>4,262,906</b>	3,826,950
Withholding tax / duties		<b>244,275</b>	400,373
Others		<b>121,333</b>	274,391
		<b>52,613,303</b>	47,462,207
<b>18.1 Provision against off-balance sheet obligations</b>			
Opening balance		<b>113,716</b>	113,716
Charge for the period / year		<b>—</b>	—
Closing balance		<b>113,716</b>	113,716

The above represents provision against certain letters of credit and guarantees.

- 18.2** Under the Workers' Welfare Ordinance 1971, the Bank is liable to pay workers' welfare fund (WWF) @ 2% of accounting profit before tax or taxable income, whichever is higher. The Bank has made full provision for WWF based on profit for the respective years.

The Supreme Court of Pakistan vide its order dated 10 November 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of WWF were not lawful. The Federal Board of Revenue has filed review petitions against this order which are currently pending.

Legal advice obtained on the matter indicates that consequent to filing of these review petitions the judgment may not currently be treated as conclusive. Accordingly the Bank maintains its provision in respect of WWF.

	Note	30 June 2020 (Un-Audited)	31 December 2019 (Audited)
		Rupees in '000	
<b>19. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS</b>			
Surplus / (deficit) on revaluation of			
- Non-banking assets		344,168	346,816
- Available-for-sale securities	9.1	13,484,214	(4,785,371)
		13,828,382	(4,438,555)
Less: Deferred tax on surplus / (deficit) on revaluation of			
- Non-banking assets		120,459	121,385
- Available-for-sale securities		4,719,475	(1,674,880)
		(4,839,934)	1,553,495
		8,988,448	(2,885,060)
<b>20. CONTINGENCIES AND COMMITMENTS</b>			
Guarantees	20.1	85,431,644	81,881,337
Commitments	20.2	508,765,819	661,159,612
Other contingent liabilities	20.3	4,786,680	25,646,157
		598,984,143	768,687,106
<b>20.1 Guarantees</b>			
Financial guarantees		26,535,439	27,956,898
Performance guarantees		56,719,480	40,518,388
Other guarantees		2,176,725	13,406,051
		85,431,644	81,881,337
<b>20.2 Commitments</b>			
Documentary credits and short-term trade-related transactions:			
Letters of credit		89,426,621	119,552,974
Commitments in respect of:			
Forward exchange contracts	20.2.1	416,994,648	538,997,600
Forward lendings	20.2.2	1,899,090	2,168,630
Acquisition of operating fixed assets		445,460	440,408
		508,765,819	661,159,612
<b>20.2.1 Commitments in respect of forward exchange contracts</b>			
Purchase		225,718,329	290,279,554
Sale		191,276,319	248,718,046
		416,994,648	538,997,600

## 20.2.2 Commitments in respect of forward lendings

The Bank has made commitments to extend credit in the normal course of its business, but none of these commitments are irrevocable and do not attract any penalty if the facility is unilaterally withdrawn, except for:

	Note	30 June 2020 (Un-Audited)	31 December 2019 (Audited)
		———— Rupees in '000 ————	———— Rupees in '000 ————
Commitments in respect of syndicate financing		<u>1,899,090</u>	<u>2,168,630</u>

## 20.3 Other contingent liabilities

Claims against bank not acknowledged as debt		<u>4,680,624</u>	25,540,101
Foreign exchange repatriation case	20.3.1	<u>106,056</u>	106,056
		<u>4,786,680</u>	<u>25,646,157</u>

### 20.3.1 Foreign exchange repatriation case

While adjudicating foreign exchange repatriation cases of exporters, the Foreign Exchange Adjudicating Court of the State Bank of Pakistan has adjudicated penalty of Rs. 106,056 thousand, arbitrarily on the Bank. The Bank has filed appeals before the Appellate Board and Constitutional Petitions in the Honorable High Court of Sindh against the said judgment. The Honorable High Court has granted relief to Bank by way of interim orders. Based on merits of the appeals management is confident that these appeals shall be decided in favor of the Bank and therefore no provision has been made against the impugned penalty.

## 21. DERIVATIVE FINANCIAL INSTRUMENTS

The Bank deals in derivative financial instruments namely forward foreign exchange contracts and foreign currency swaps with the principal view of hedging the risks arising from its trade business.

As per the Bank's policy, these contracts are reported on their fair value at the statement of financial position date. The gains and losses from revaluation of these contracts are included under "income from dealing in foreign currencies". Unrealised mark-to-market gains and losses due on these contracts are recorded on the statement of financial position under "other assets / other liabilities".

These products are offered to the Bank's customers to protect from unfavourable movements in foreign currencies. The Bank hedges such exposures in the inter-bank foreign exchange market.

These positions are reviewed on a regular basis by the Bank's Asset and Liability Committee (ALCO).

		Half year ended	
		30 June 2020	30 June 2019
		(Un-Audited)	
		Rupees in '000	
<b>22. MARK-UP / RETURN / INTEREST EARNED</b>			
Loans and advances	13,865,485	11,670,651	
Investments	25,194,409	15,763,737	
Lending with financial institutions	1,377,947	3,228,384	
Balance with other banks	19,559	11,229	
	<b>40,457,400</b>	<b>30,674,001</b>	
<b>23. MARK-UP / RETURN / INTEREST EXPENSED</b>			
Deposits	19,795,493	17,677,587	
Borrowings	6,818,060	2,238,787	
Foreign currency swap cost	2,861,721	1,923,332	
Lease liability against right-of-use assets	264,457	228,766	
	<b>29,739,731</b>	<b>22,068,472</b>	
<b>24. FEE &amp; COMMISSION INCOME</b>			
Branch banking customer fees	258,880	251,094	
Credit related fees	19,276	30,298	
Card related fees	108,141	182,915	
Commission on trade	1,745,303	1,802,967	
Commission on guarantees	225,497	228,739	
Commission on remittances including home remittances	20,932	14,931	
Commission on bancassurance	56,854	57,548	
Others	36,992	39,958	
	<b>2,471,875</b>	<b>2,608,450</b>	
<b>25. GAIN / (LOSS) ON SECURITIES</b>			
<b>Realised</b>			
Federal government securities	(71,090)	(725,310)	
Mutual funds	167,734	6,576	
Shares	7,488	—	
Term finance certificate, sukuk certificates and bonds	4,952	—	
<b>Unrealised - held-for-trading</b>			
Federal government securities	40,038	—	
	<b>149,122</b>	<b>(718,734)</b>	
<b>26. OTHER INCOME</b>			
Rent on properties	7,141	19,143	
Gain on sale of fixed assets - net	9,046	9,526	
Gain on sale of ijarah assets - net	185	50	
Staff notice period and other recoveries	823	2,017	
	<b>17,195</b>	<b>30,736</b>	

**Half year ended**

**30 June**                      30 June  
**2020**                      2019

(Un-Audited)

Rupees in '000

**27. OPERATING EXPENSES**

Total compensation expense	<b>3,168,000</b>	2,874,394
----------------------------	------------------	-----------

**Property expense**

Rent and taxes	<b>201,495</b>	155,018
Insurance	<b>2,640</b>	2,490
Utilities cost	<b>184,344</b>	167,345
Security	<b>226,644</b>	183,096
Repair and maintenance	<b>161,037</b>	129,361
Depreciation	<b>591,079</b>	549,820
	<b>1,367,239</b>	1,187,130

**Information technology expenses**

Software maintenance	<b>67,256</b>	56,601
Hardware maintenance	<b>82,023</b>	68,954
Depreciation	<b>94,320</b>	71,342
Amortisation	<b>35,847</b>	59,774
Network charges	<b>112,770</b>	97,170
	<b>392,216</b>	353,841

**Other operating expenses**

Directors' fees and allowances	<b>5,443</b>	5,698
Fees and allowances to Shariah Board	<b>5,264</b>	5,137
Legal & professional charges	<b>49,173</b>	73,770
Outsourced services costs	<b>148,438</b>	128,716
Travelling & conveyance	<b>99,344</b>	117,847
Operating lease rental	<b>—</b>	7,841
NIFT clearing charges	<b>30,424</b>	37,513
Depreciation	<b>228,659</b>	205,783
Depreciation - non-banking assets	<b>5,731</b>	5,577
Training and development	<b>7,865</b>	12,681
Postage and courier charges	<b>41,325</b>	44,773
Communication	<b>51,187</b>	49,423
Subscription	<b>97,458</b>	77,157
Repair and maintenance	<b>55,005</b>	48,629
Brokerage and commission	<b>98,742</b>	52,615
Stationery and printing	<b>111,624</b>	120,461
Marketing, advertisement and publicity	<b>51,122</b>	61,883
Management fee	<b>247,272</b>	202,554
Insurance	<b>279,846</b>	254,412
Donations	<b>64,376</b>	50,400
Auditors' remuneration	<b>6,043</b>	8,514
Others	<b>229,120</b>	190,547
	<b>1,913,461</b>	1,761,931
	<b>6,840,916</b>	6,177,296

	Note	Half year ended	
		30 June 2020	30 June 2019
		(Un-Audited)	
		Rupees in '000	
<b>28. OTHER CHARGES</b>			
Penalties imposed by the SBP		<b>29,240</b>	41,295
<b>29. PROVISIONS &amp; WRITE OFFS - NET</b>			
Provision for diminution in value of investments - net	9.2.1	<b>180,074</b>	31,720
Provision / (reversal) of provision against loan & advances - net	10.3	<b>1,431,024</b>	(135,047)
Recovery of written off bad debts		<b>(10,751)</b>	(3,530)
		<b>1,600,347</b>	(106,857)
<b>30. TAXATION</b>			
Current		<b>2,822,618</b>	1,871,785
Prior year		<b>-</b>	300,548
Deferred		<b>(93,223)</b>	351,200
		<b>2,729,395</b>	2,523,533
<b>31. BASIC AND DILUTED EARNINGS PER SHARE</b>			
Profit after taxation		<b>4,118,939</b>	3,175,599
		Number in '000	
Weighted average number of ordinary shares		<b>1,047,831</b>	1,047,831
		Rupees	
Basic and diluted earnings per share		<b>3.93</b>	3.03

## 32. FAIR VALUE MEASUREMENTS

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

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

### 32.1 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 categorised:

### On balance sheet financial instruments

	30 June 2020 (Un-Audited)				
	Carrying / notional value	Fair value			
		Level 1	Level 2	Level 3	Total
		Rupees in '000			
<b>Financial assets measured at fair value</b>					
- Investments					
- Held-for-trading securities					
Federal government securities	7,227,341	-	7,227,341	-	7,227,341
- Available-for-sale securities					
Federal government securities	434,037,224	-	434,037,224	-	434,037,224
Sukuk certificates and bonds	7,842,047	-	7,842,047	-	7,842,047
Ordinary shares of listed companies	862,897	862,897	-	-	862,897
Mutual funds - open end	563,387	-	563,387	-	563,387
- close end	7,302	7,302	-	-	7,302
Real estate investment trust	385,700	385,700	-	-	385,700
Listed term finance certificates	3,045,166	-	3,045,166	-	3,045,166
Unlisted term finance certificates	-	-	-	-	-
<b>Financial assets not measured at fair value</b>					
- Cash and balances with treasury banks	57,533,811	-	-	-	-
- Balances with other banks	7,924,546	-	-	-	-
- Lendings to financial institutions	1,700,000	-	-	-	-
- Investments					
- Held-to-maturity securities					
Federal government securities	36,107,395	-	-	-	-
Certificates of investments	1,700,000	-	-	-	-
- Subsidiaries					
Ordinary shares of unlisted companies	830,000	-	-	-	-
- Available-for-sale securities					
Ordinary shares of unlisted companies	55,444	-	-	-	-
- Advances	292,423,962	-	-	-	-
- Other assets	46,674,536	-	-	-	-
	898,920,758	1,255,899	452,715,165	-	453,971,064
<b>Non-financial assets measured at fair value</b>					
- Non-banking assets acquired in satisfaction of claim	758,329	-	758,329	-	758,329
<b>Off-balance sheet financial instruments measured at fair value</b>					
- Forward purchase of foreign exchange contracts	225,718,329	-	218,835,925	-	218,835,925
- Forward sale of foreign exchange contracts	191,276,319	-	196,758,885	-	196,758,885



**On balance sheet financial instruments**

	31 December 2019 (Audited)				
	Carrying / notional value	Fair value			
		Level 1	Level 2	Level 3	Total
		Rupees in '000			
<b>Financial assets measured at fair value</b>					
- Investments					
- Held-for-trading securities					
Federal government securities	–	–	–	–	–
- Available-for-sale securities					
Federal government securities	396,848,475	–	396,848,475	–	396,848,475
Sukuk certificates and bonds	6,109,534	–	6,109,534	–	6,109,534
Ordinary shares of listed companies	400,307	400,307	–	–	400,307
Mutual funds - open end	18,573	–	18,573	–	18,573
- close end	11,138	11,138	–	–	11,138
Real estate investment trust	442,368	442,368	–	–	442,368
Listed term finance certificates	3,095,455	–	3,095,455	–	3,095,455
Unlisted term finance certificates	8,559	–	8,559	–	8,559

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

- Cash and balances with treasury banks	70,713,603	–	–	–	–
- Balances with other banks	1,865,528	–	–	–	–
- Lendings to financial institutions	22,197,303	–	–	–	–
- Investments					
- Held-to-maturity securities					
Federal government securities	36,089,874	–	–	–	–
Certificates of investments	5,000,000	–	–	–	–
- Subsidiaries					
Ordinary shares of unlisted companies	830,000	–	–	–	–
- Available-for-sale securities					
Ordinary shares of unlisted companies	55,444	–	–	–	–
- Advances	263,948,473	–	–	–	–
- Other assets	38,338,279	–	–	–	–
	<u>845,972,913</u>	<u>853,813</u>	<u>406,080,596</u>	<u>–</u>	<u>406,934,409</u>

**Non-financial assets measured at fair value**

- Non-banking assets acquired in satisfaction of claim	764,060	–	764,060	–	764,060
--	---------	---	---------	---	---------

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

- Forward purchase of foreign exchange contracts	303,454,611	–	283,969,816	–	283,969,816
- Forward sale of foreign exchange contracts	260,497,060	–	245,666,261	–	245,666,261

### Valuation techniques used in determination of fair valuation of financial instruments within level 2.

Debt Securities	The fair value is determined using the prices / rates available on Mutual Funds Association of Pakistan (MUFAP) / Reuters.
Forward contracts	The fair values are derived using forward exchange rates applicable to their respective remaining maturities.
Mutual funds	The fair value is determined based on the net asset values published at the close of each business day.

### 33. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	30 June 2020 (Un-Audited)			
	Trade & Sales	Retail Banking	Commercial Banking	Total
	Rupees in '000			
<b>Profit &amp; Loss</b>				
Net mark-up / return / profit	17,612,818	(8,730,404)	1,835,255	10,717,669
Inter segment revenue - net	(14,547,128)	11,002,759	3,544,369	-
Non mark-up / return / interest income	(5,965)	111,962	4,643,171	4,749,168
Total Income	3,059,725	2,384,317	10,022,795	15,466,837
Segment direct expenses	(171,246)	-	-	(171,246)
Inter segment expense allocation	-	(2,025,193)	(4,821,717)	(6,846,910)
Total expenses	(171,246)	(2,025,193)	(4,821,717)	(7,018,156)
Provisions	(180,074)	3,868	(1,424,141)	(1,600,347)
Profit before tax	2,708,405	362,992	3,776,937	6,848,334
<b>Balance Sheet</b>				
Cash and bank balances	7,572,634	25,396,774	32,488,949	65,458,357
Investments	492,663,903	-	-	492,663,903
Lendings to financial institutions	1,700,000	-	-	1,700,000
Advances - performing	-	3,556,842	289,545,159	293,102,001
Advances - non-performing	-	10,433	17,199,893	17,210,326
Provision against advances	-	(14,270)	(17,874,095)	(17,888,365)
Net inter segment lending	-	262,842,550	109,707,850	372,550,400
Others	13,492,712	2,621,493	40,248,038	56,362,243
<b>Total Assets</b>	<b>515,429,249</b>	<b>294,413,822</b>	<b>471,315,794</b>	<b>1,281,158,865</b>
Borrowings	107,869,781	-	72,689,508	180,559,289
Subordinated debt	-	-	-	-
Deposits and other accounts	-	264,181,176	334,294,388	598,475,564
Net inter segment borrowing	372,550,400	-	-	372,550,400
Others	4,000,686	11,491,883	56,489,465	71,982,034
<b>Total liabilities</b>	<b>484,420,867</b>	<b>275,673,059</b>	<b>463,473,361</b>	<b>1,223,567,287</b>
Equity	31,008,382	18,740,763	7,842,433	57,591,578
<b>Total Equity &amp; liabilities</b>	<b>515,429,249</b>	<b>294,413,822</b>	<b>471,315,794</b>	<b>1,281,158,865</b>
<b>Contingencies &amp; Commitments</b>	<b>416,994,648</b>	<b>-</b>	<b>181,989,495</b>	<b>598,984,143</b>

**30 June 2019 (Un-Audited)**

	Trade & Sales	Retail Banking	Commercial Banking	Total
	Rupees in '000			
<b>Profit &amp; Loss</b>				
Net mark-up / return / profit	15,839,745	(7,515,179)	280,963	8,605,529
Inter segment revenue - net	(11,992,200)	9,468,793	2,523,407	–
Non mark-up / return / interest income	(936,388)	193,725	4,058,000	3,315,337
Total income	2,911,157	2,147,339	6,862,370	11,920,866
Segment direct expenses	(119,852)	–	–	(119,852)
Inter segment expense allocation	–	(1,811,787)	(4,396,952)	(6,208,739)
Total expenses	(119,852)	(1,811,787)	(4,396,952)	(6,328,591)
Provisions	(31,720)	(1,202)	139,779	106,857
Profit before tax	2,759,585	334,350	2,605,197	5,699,132

**31 December 2019 (Audited)**

<b>Balance Sheet</b>				
Cash and bank balances	1,408,736	29,210,677	41,959,718	72,579,131
Investments	448,909,727	–	–	448,909,727
Lendings to financial institutions	22,197,303	–	–	22,197,303
Advances - performing	–	3,416,247	259,915,040	263,331,287
Advances - non-performing	–	14,728	17,518,410	17,533,138
Provision against advances	–	(18,138)	(16,897,814)	(16,915,952)
Net inter segment lending	–	240,325,478	117,585,753	357,911,231
Others	13,083,500	2,467,871	36,388,517	51,939,888
<b>Total Assets</b>	<b>485,599,266</b>	<b>275,416,863</b>	<b>456,469,624</b>	<b>1,217,485,753</b>
Borrowings	96,270,129	–	48,193,934	144,464,063
Subordinated debt	–	–	–	–
Deposits & other accounts	–	252,753,562	359,115,686	611,869,248
Net inter segment borrowing	357,911,231	–	–	357,911,231
Others	7,937,392	8,725,655	42,340,634	59,003,681
<b>Total liabilities</b>	<b>462,118,752</b>	<b>261,479,217</b>	<b>449,650,254</b>	<b>1,173,248,223</b>
Equity	23,480,514	13,937,646	6,819,370	44,237,530
<b>Total Equity &amp; liabilities</b>	<b>485,599,266</b>	<b>275,416,863</b>	<b>456,469,624</b>	<b>1,217,485,753</b>
<b>Contingencies &amp; Commitments</b>	<b>538,997,600</b>	<b>–</b>	<b>229,689,506</b>	<b>768,687,106</b>

### 34. TRANSACTIONS WITH RELATED PARTIES

The Bank has related party relationships with its holding company, subsidiaries, associates, companies with common directorship, key management personnel, directors and employees' retirement benefit plans.

The Bank enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions in respect of charge for employees' retirement benefits are made in accordance with actuarial valuation and terms of contribution plan. Salaries and allowances of the key management personnel are in accordance with the terms of their employment. Other transactions are at agreed terms.

The details of transactions with related parties during the year are as follows:

	30 June 2020 (Un-Audited)						
	Holding company	Subsidiaries	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000						
<b>Balances with other banks</b>							
In current accounts	173,759	-	122,210	-	-	-	295,969
<b>Investments</b>							
Opening balance	-	5,830,000	-	-	-	-	5,830,000
Investment made during the period	-	2,850,000	-	-	-	-	2,850,000
Investment redeemed / disposed off during the period	-	(7,150,000)	-	-	-	-	(7,150,000)
Closing balance	-	1,530,000	-	-	-	-	1,530,000
<b>Advances</b>							
Opening balance	-	-	4,097,808	222,737	-	-	4,320,545
Addition during the period	-	-	15,612,622	6,989	-	-	15,619,611
Repaid during the period	-	-	(16,241,172)	(32,811)	-	-	(16,273,983)
Closing balance	-	-	3,469,258	196,915	-	-	3,666,173
<b>Other Assets</b>							
Mark-up / return / interest accrued	-	13,054	7,029	-	-	-	20,083
Prepayments / advance deposits / other receivable	-	-	12,313	-	-	-	12,313
	-	13,054	19,342	-	-	-	32,396
<b>Deposits</b>							
Opening balance	529,172	577,491	11,263,025	262,708	785,494	911,553	14,329,443
Received during the period	13,402,060	69,773,673	733,769,799	435,771	476,651	266,469	818,124,423
Withdrawn during the period	(13,420,639)	(69,629,257)	(728,110,527)	(431,701)	(747,302)	(415,311)	(812,754,737)
Closing balance	510,593	721,907	16,922,297	266,778	514,843	762,711	19,699,129
<b>Other Liabilities</b>							
Mark-up / return / interest payable	-	5,466	395,733	2,055	2,860	622,571	1,028,685
Management fee payable for technical and consultancy services*	364,485	-	-	-	-	-	364,485
Other payables	-	-	12,350	-	-	195,356	207,706
	364,485	5,466	408,083	2,055	2,860	817,927	1,600,876
<b>Contingencies &amp; commitments</b>							
Transaction-related contingent liabilities	-	-	8,936,920	-	-	-	8,936,920
Trade-related contingent liabilities	-	-	2,066,795	-	-	-	2,066,795
	-	-	11,003,715	-	-	-	11,003,715

\* Management fee is as per the agreement with the holding company.

31 December 2019 (Audited)

	Holding company	Subsidiaries	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000						
<b>Balances with other banks</b>							
In current accounts	111,070	–	79,224	–	–	–	190,294
<b>Investments</b>							
Opening balance	–	5,830,000	–	–	–	–	5,830,000
Investment made during the year	–	19,700,000	–	–	–	–	19,700,000
Investment redeemed / disposed off during the year	–	(19,700,000)	–	–	–	–	(19,700,000)
Closing balance	–	5,830,000	–	–	–	–	5,830,000
<b>Advances</b>							
Opening balance	–	31,606	2,787,011	115,507	–	–	2,934,124
Addition during the year	–	–	35,108,556	133,279	–	–	35,241,835
Repaid during the year	–	(31,606)	(33,797,759)	(26,049)	–	–	(33,855,414)
Closing balance	–	–	4,097,808	222,737	–	–	4,320,545
<b>Other assets</b>							
Mark-up / return / interest accrued	–	97,528	14,298	–	–	–	111,826
Prepayments / advance deposits / other receivables	–	–	5,604	–	–	–	5,604
	–	97,528	19,902	–	–	–	117,430
<b>Borrowings</b>							
Opening balance	8,823	–	–	–	–	–	8,823
Borrowings during the year	–	–	–	–	–	–	–
Settled during the period	(8,823)	–	–	–	–	–	(8,823)
Closing balance	–	–	–	–	–	–	–
<b>Deposits</b>							
Opening balance	396,056	972,640	16,332,024	163,874	731,175	3,661,606	22,257,375
Received during the year	12,533,574	132,621,300	1,567,384,846	1,869,293	2,171,678	8,245,283	1,724,825,974
Withdrawn during the year	(12,400,458)	(133,016,449)	(1,572,453,845)	(1,770,459)	(2,117,359)	(10,995,336)	(1,732,753,906)
Closing balance	529,172	577,491	11,263,025	262,708	785,494	911,553	14,329,443
<b>Other liabilities</b>							
Mark-up / return / interest payable	–	4,558	369,452	2,960	6,541	568,494	952,005
Management fee payable for technical and consultancy services*	188,163	–	–	–	–	–	188,163
Other payables	–	–	6,332	–	–	112,513	118,845
	188,163	4,558	375,784	2,960	6,541	681,007	1,259,013
<b>Contingencies &amp; commitments</b>							
Transaction-related contingent liabilities	–	–	8,166,062	–	–	–	8,166,062
Trade-related contingent liabilities	–	–	1,387,860	–	–	–	1,387,860
	–	–	9,553,922	–	–	–	9,553,922

\* Management fee is as per the agreement with the holding company.

## Transactions during the period

	For the period ended 30 June 2020 (Un-Audited)					
	Holding company	Subsidiaries	Associates	Key management personnel	Directors	Retirement benefit plans
	Rupees in '000					
<b>Income</b>						
Mark-up / return / interest earned	–	149,152	68,155	6,489	–	–
Fee and commission income	1,741	333	162,882	–	16	–
Rent income	2,808	2,162	–	–	–	–
<b>Expense</b>						
Mark-up / return / interest expensed	–	34,949	474,620	11,127	33,885	62,599
Commission / brokerage / bank charges paid	425	–	702	–	–	–
Salaries and allowances	–	–	–	261,553	–	–
Directors' fees and allowances	–	–	–	–	5,443	–
Charge to defined benefit plan	–	–	–	–	–	86,655
Contribution to defined contribution plan	–	–	–	–	–	105,798
Rent expenses	–	–	7,344	–	–	–
Insurance premium expenses	–	–	6,066	–	–	–
Maintenance, electricity, stationery & entertainment expenses	–	–	50,240	–	–	–
Management fee expense for technical and consultancy services *	247,272	–	–	–	–	–
Donation	–	–	11,960	–	–	–
Professional / other charges	–	–	1,842	–	–	–

\* Management fee is as per the agreement with the holding company.

**Transactions during the period**

For the period ended 30 June 2019 (Un-Audited)

	Holding company	Subsidiaries	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000						
<b>Income</b>							
Mark-up / return / interest earned	–	234,601	71,462	5,051	–	–	311,114
Fee and commission income	2,437	914	108,329	–	20	–	111,700
Rent income	2,808	2,120	–	–	–	–	4,928
<b>Expenses</b>							
Mark-up / return / interest expensed	–	20,324	746,672	11,755	32,030	211,763	1,022,544
Commission / brokerage / bank charges paid	273	295	613	–	–	–	1,181
Salaries and allowances	–	–	–	252,000	–	–	252,000
Directors' fees and allowances	–	–	–	–	5,698	–	5,698
Charge to defined benefit plan	–	–	–	–	–	85,486	85,486
Contribution to defined contribution plan	–	–	–	–	–	96,826	96,826
Operating lease rentals / rent expenses	–	7,841	6,963	–	–	–	14,804
Insurance premium expenses	–	–	6,328	–	–	–	6,328
Maintenance, electricity, stationery & entertainment expenses	–	–	45,075	–	–	–	45,075
Management fee expense for technical and consultancy services *	202,554	–	–	–	–	–	202,554
Donation	–	–	7,960	–	–	–	7,960
Professional / other charges	–	–	1,564	–	–	–	1,564

\* Management fee is as per the agreement with the holding company.

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

	30 June 2020 (Un-Audited)	31 December 2019 (Audited)
	Rupees in '000	
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	10,478,315	10,478,315
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) capital	48,379,430	43,786,789
Eligible Additional Tier 1 (ADT 1) capital	–	–
Total eligible tier 1 capital	48,379,430	43,786,789
Eligible tier 2 capital	11,458,942	1,621,537
Total eligible capital (tier 1 + tier 2)	59,838,372	45,408,326
<b>Risk Weighted Assets (RWAs):</b>		
Credit risk	271,883,924	267,526,564
Market risk	3,181,773	1,694,641
Operational risk	42,106,000	42,106,000
Total	317,171,697	311,327,205
CET 1 capital adequacy ratio	15.25%	14.06%
Tier 1 capital adequacy ratio	15.25%	14.06%
Total capital adequacy ratio	18.87%	14.59%
<b>Minimum capital requirements prescribed by SBP</b>		
CET 1 capital adequacy ratio	6.00%	6.00%
Tier 1 capital adequacy ratio	7.50%	7.50%
Total capital adequacy ratio	11.50%	12.50%
The Bank uses simple, maturity method and basic indicator approach for credit risk, market risk and operational risk exposures respectively in the capital adequacy calculation.		
<b>Leverage Ratio (LR):</b>		
Eligible tier-1 capital	48,379,430	43,786,789
Total exposures	1,124,321,192	1,093,901,591
Leverage ratio	4.30%	4.00%
<b>Liquidity Coverage Ratio (LCR):</b>		
Total high quality liquid assets	369,426,607	343,412,746
Total net cash outflow	173,009,429	174,022,506
Liquidity coverage ratio	214%	197%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total available stable funding	544,852,816	494,729,185
Total required stable funding	298,367,737	290,546,266
Net stable funding ratio	183%	170%



## 36. ISLAMIC BANKING BUSINESS

The Bank is operating 31 (31 December 2019: 31) islamic banking branches and 224 (31 December 2019: 222) islamic banking windows at the end of the period.

	Note	30 June 2020 (Un-Audited)	31 December 2019 (Audited)
		Rupees in '000	
<b>ASSETS</b>			
Cash and balances with treasury banks		4,239,402	5,696,506
Balances with other banks		—	—
Due from financial institutions	36.1	1,700,000	22,197,303
Investments	36.2	27,670,734	14,718,222
Islamic financing and related assets - net	36.3	29,593,569	22,425,248
Fixed assets	36.4	467,740	522,276
Intangible assets		—	—
Due from head office		4,671,289	3,950,351
Other assets		3,166,043	2,825,100
		71,508,777	72,335,006

## LIABILITIES

Bills payable		<b>899,073</b>	718,549
Due to financial institutions		<b>8,510,839</b>	4,275,353
Deposits and other accounts	36.5	<b>54,237,717</b>	61,261,923
Due to head office		—	—
Subordinated debt		—	—
Other liabilities	36.4	<b>2,331,139</b>	1,980,357
		<b>65,978,768</b>	68,236,182
<b>NET ASSETS</b>		<b>5,530,009</b>	4,098,824

## REPRESENTED BY

Islamic banking fund		<b>5,504,201</b>	3,003,871
Reserves		—	—
(Deficit) / surplus on revaluation of assets		<b>(478,568)</b>	6,920
Unappropriated profit	36.9	<b>504,376</b>	1,088,033
		<b>5,530,009</b>	4,098,824

## CONTINGENCIES AND COMMITMENTS

36.6

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

	Note	<b>Half year ended</b>	
		<b>30 June 2020</b>	30 June 2019
		(Un-Audited)	
		Rupees in '000	
Profit / return earned	36.7	<b>2,794,517</b>	2,233,982
Profit / return expensed	36.8	<b>(2,078,558)</b>	(1,391,970)
<b>Net profit / return</b>		<b>715,959</b>	842,012
<b>Other income</b>			
Fee and commission income		<b>92,458</b>	72,800
Dividend income		<b>23,400</b>	—
Foreign exchange income		<b>46,933</b>	19,146
Income / (loss) from derivatives		<b>—</b>	—
Gain / (loss) on securities		<b>166,814</b>	415
Other income		<b>13,848</b>	10,467
<b>Total other income</b>		<b>343,453</b>	102,828
<b>Total Income</b>		<b>1,059,412</b>	944,840
<b>Other expenses</b>			
Operating expenses		<b>356,270</b>	332,699
Workers' welfare fund		<b>—</b>	—
Other charges		<b>—</b>	85
<b>Total other expenses</b>		<b>356,270</b>	332,784
Profit before provisions		<b>703,142</b>	612,056
Provisions and write offs - net		<b>(198,766)</b>	(127)
<b>Profit before taxation</b>		<b>504,376</b>	611,929

### 36.1 Due from Financial Institutions

	30 June 2020 (Un-Audited)			31 December 2019 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000					
<b>Unsecured</b>						
Musharaka	<b>1,700,000</b>	—	<b>1,700,000</b>	14,690,000	—	14,690,000
Bai-muajjal receivable from State Bank of Pakistan	—	—	—	7,507,303	—	7,507,303
	<b>1,700,000</b>	—	<b>1,700,000</b>	<b>22,197,303</b>	—	<b>22,197,303</b>

**36.2 Investments by segments:**

	30 June 2020 (Unaudited)				31 December 2019 (Audited)			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
Rupees in '000								
<b>Federal Government Securities:</b>								
- Ijarah Sukuks	16,000,000	—	(480,000)	15,520,000	—	—	—	—
- Bai-muajjal	3,608,688	—	—	3,608,688	3,608,688	—	—	3,608,688
	<u>19,608,688</u>	<u>—</u>	<u>(480,000)</u>	<u>19,128,688</u>	<u>3,608,688</u>	<u>—</u>	<u>—</u>	<u>3,608,688</u>
<b>Non-Government Debt Securities</b>								
- Listed	7,171,050	—	1,119	7,172,169	5,378,650	—	2,901	5,381,551
- Unlisted	1,369,564	—	313	1,369,877	5,723,964	—	4,019	5,727,983
	<u>8,540,614</u>	<u>—</u>	<u>1,432</u>	<u>8,542,046</u>	<u>11,102,614</u>	<u>—</u>	<u>6,920</u>	<u>11,109,534</u>
<b>Total investments</b>	<u>28,149,302</u>	<u>—</u>	<u>(478,568)</u>	<u>27,670,734</u>	<u>14,711,302</u>	<u>—</u>	<u>6,920</u>	<u>14,718,222</u>

**36.3 Islamic financing and related assets - net**

	30 June 2020 (Un-Audited)	31 December 2019 (Audited)
Rupees in '000		
Ijarah	317,669	385,320
Murabaha	5,858,753	7,754,898
Working capital musharaka	5,260,835	2,642,396
Diminishing musharaka	4,931,703	3,631,076
Istisna	660,720	569,445
Diminishing musharaka - islamic long term financing facility	438,620	—
Export refinance working capital musharaka	1,020,000	—
Export refinance murabaha	630,168	987,965
Export refinance istisna	1,020,000	872,438
Al-bai financing	572,368	637,706
Advances against:		
Ijarah	85,908	80,714
Diminishing musharaka - islamic long term financing facility	656,144	—
Diminishing musharaka - islamic refinance scheme for payment of wages and salaries	692,701	—
Diminishing musharaka - islamic financing facility for storage of agricultural produce	124,354	—
Murabaha	241,016	574,988
Diminishing musharaka	196,703	1,969,374
Salam	199,374	—
Istisna	1,724,441	993,202
Export refinance murabaha	18,346	13,165
Export refinance istisna	5,411,800	1,911,104
Inventory related to		
Al-bai goods	338,059	—
Istisna goods	15,000	23,803
Gross islamic financing and related assets	30,414,682	23,047,594
Provision against non-performing islamic financing	(821,113)	(622,346)
Islamic financing and related assets - net of provision	<u>29,593,569</u>	<u>22,425,248</u>

### 36.4 Fixed assets and other liabilities

At 30 June 2020, fixed assets include right-of-use assets of Rs. 412,987 thousand (31 December 2019: Rs. 457,832 thousand) and other liabilities include related lease liability of Rs. 462,267 thousand (31 December 2019: Rs. 471,290 thousand).

### 36.5 Deposits

#### Customers

	30 June 2020 (Un-Audited)	31 December 2019 (Audited)
Current deposits	16,274,002	15,229,020
Savings deposits	20,151,666	21,852,586
Term deposits	16,667,099	19,614,334
	<u>53,092,767</u>	<u>56,695,940</u>

#### Financial Institutions

	30 June 2020 (Un-Audited)	31 December 2019 (Audited)
Current deposits	35,112	851
Savings deposits	1,109,838	4,040,132
Term deposits	—	525,000
	<u>1,144,950</u>	<u>4,565,983</u>
	<u>54,237,717</u>	<u>61,261,923</u>

### 36.6 Contingencies and commitments

	30 June 2020 (Un-Audited)	31 December 2019 (Audited)
Guarantees	6,839,284	4,646,271
Commitments	7,015,466	4,175,877
	<u>13,854,750</u>	<u>8,822,148</u>

#### Half year ended

### 36.7 Profit / return earned of financing, investments and placement

#### Profit earned on:

	30 June 2020 (Un-Audited)	30 June 2019 (Un-Audited)
Financing	1,169,537	883,347
Investments	1,194,691	934,253
Placements	430,289	416,382
	<u>2,794,517</u>	<u>2,233,982</u>

### 36.8 Profit on deposits and other dues expensed

	30 June 2020 (Un-Audited)	30 June 2019 (Un-Audited)
Deposits and other accounts	1,978,957	1,328,808
Due to financial institutions	70,384	28,491
Discount expense on lease liability against right-of-use assets	29,217	34,671
	<u>2,078,558</u>	<u>1,391,970</u>

	<b>30 June 2020</b> (Un-Audited)	31 December 2019 (Audited)
	Rupees in '000	
<b>36.9 Unappropriated profit</b>		
Opening balance	<b>1,088,033</b>	446,464
Add: Islamic banking profit for the period / year	<b>504,376</b>	1,088,033
Less: Transferred to head office	<b>(1,088,033)</b>	(446,464)
Closing balance	<b>504,376</b>	1,088,033

## 37. GENERAL

**37.1** The figures have been rounded off to nearest thousand rupees, unless otherwise stated.

**37.2** Corresponding figures have been re-classified, re-arranged or additionally incorporated in these unconsolidated condensed interim financial statements wherever necessary to facilitate comparison and better presentation.

## 38. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue on 18 August 2020 by the Board of Directors of the Bank.

**FUZAIL ABBAS**  
Chief Financial Officer

**MOHSIN A. NATHANI**  
President &  
Chief Executive Officer

**FIRASAT ALI**  
Director

**RASHID AHMED JAFER**  
Director

**MOHAMEDALI R. HABIB**  
Chairman

This page intentionally left blank