

# HABIBMETRO

## THIRD QUARTER ACCOUNTS

# 2020



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هَذَا فَضْلُكَ



# OUR VISION

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



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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### CHAIRMAN

Mohamedali R. Habib

#### PRESIDENT & CHIEF EXECUTIVE OFFICER

Mohsin A. Nathani

#### DIRECTORS

Anjum Z. Iqbal

Firasat Ali

Hamza Habib

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

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## DIRECTORS' REVIEW

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

The outlook for economic growth improved in the quarter under review as COVID-19 spread was contained and timely measures were taken by the Government and the State Bank of Pakistan (SBP).

The SBP's monetary relief measures injected an estimated stimulus of Rs. 1.58 trillion (around 3.8 percent of GDP) in the economy. In addition, the Government also provided support through the Ehsaas emergency cash program, commodity financing - a risk-sharing facility for SMEs, and acceleration of tax refunds.

Supply-side pressures have caused a rise in inflation forecast. Inflationary pressures will primarily be driven by food prices, due to flood-related impact and potential locust attacks. Oil prices are also expected to contribute to the domestic inflation outlook.

Low global oil prices and subdued domestic demand contributed towards continued reduction in current account deficit during the period under review. Moreover, recovery is anticipated in exports due to supportive policy, relief measures and exchange rate levels, and uptick in global economic activity. Going forward, the current account deficit is expected to remain at around 2 percent of GDP.

Remittances provided support in the current account and a boost in foreign exchange reserves resulting in restoration of Pakistan's reserve adequacy to the global benchmark of 3 months' of import cover.

Fiscal deficit for FY20 (8.1 percent; Rs. 3.3 trillion) was lower than FY19 (8.9 percent; Rs. 3.4 trillion) due to the surplus in the first nine months of FY20, which provided comfort during the pandemic. Tax revenues increased by 1.2 percent year-on-year in the first two months of FY21, after double-digit reduction observed during the last quarter of FY20. Federal development spending almost doubled during Jul-Aug 2020 compared to the same period last year.

Going forward, economic growth is projected to recover slightly above 2 percent in FY21, after falling to negative 0.4 percent last year. The recovery is expected to be driven mainly by manufacturing-related activities.

The SBP kept the policy rate unchanged at 7 percent to continue providing support for economic recovery and financial stability.

By the Grace of Allah, HabibMetro's operating profit for the nine months increased by 75% amounting to Rs. 15,808 million compared to 9,012 million in the corresponding period last year. This is a result of strong performance on core interest margins and foreign exchange earnings. The Bank's after tax profit increased by 65% from the corresponding period last year to Rs. 8,268 million which translates into earnings per share of Rs. 7.89, after accounting for higher provisioning as a prudent measure.

The Board of Directors has declared an interim cash dividend of Rs 2 per share (20%) for the year ending 31 December 2020.

During the period under review, in line with the strategy, the Bank's current deposits increased by 20% to Rs. 211,351 million. Total non-fund income increased by a healthy 21 percent and amounted to Rs. 6,988 million.

Investments increased by 24% and amounted to Rs. 554,648 million compared to Rs. 448,910 million at 31 December 2019. Deposits and Net Advances both increased by 7 percent over 31 December 2019 and stood at Rs. 654,428 million and Rs. 281,747 million respectively.

The Bank's Net Equity stands at Rs. 57,747 million (inclusive of surplus on revaluation of assets of Rs. 4,976 million) with a strong capital adequacy level of 19.2 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 402 branches in 138 cities across Pakistan, including 31 Islamic banking branches, and 266 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 nine months, extended assistance in two major areas i.e. COVID-19 relief / healthcare and education. These voluntary contributions amount to Rs. 84.2 million.

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 PM's COVID-19 Relief Fund.

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**

President & Chief Executive Officer

Karachi: 22 October 2020

سرماہ کاری کا حجم 24 فیصد بڑھ کر 554,648 ملین روپے ہو گیا جو کہ 31 دسمبر 2019 کو 448,910 ملین روپے تھا۔ ڈپازٹس اور خالص ایڈوانسز 31 دسمبر 2019 کے مقابلے میں 7 فیصد سے بڑھ گئے اور بالترتیب 654,428 ملین روپے اور 281,747 ملین روپے رہے۔

بینک کی خالص ایکویٹی 57,747 ملین روپے (بشمول اثاثہ جات کاری ویلیو ایڈجسٹمنٹ سرپلس 4,976 ملین روپے) کے ساتھ 19.2 فیصد کی انتہائی مستحکم سرمائے کی سطح پر ہے۔

بینک مسلسل اٹھارہ سال سے پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (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 بھر میں 138 شہروں میں 402 شاخوں بشمول 31 اسلامک بینکنگ کی شاخوں اور 266 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 ایڈ SMS بینکنگ سروسز، دنیا بھر میں قابل قبول ویزا کارڈ اور ملکی سطح پر اپنے کسٹمرز 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 کے 9 ماہ کے دوران دو نمایاں شعبوں میں COVID-19 کی ریلیف/ہیلتھ کیئر اور تعلیم کے شعبوں میں معاونت فراہم کی۔ یہ رضا کارانہ عطیات 84.2 ملین روپے کے تھے۔

بینک نے وہائی صورتحال سے متاثر ہونے والے کاروباروں کی معاونت کیلئے ایس بی بی ری۔ فنانسنگ اور ڈیپٹ ریلیف اسکیم کو بھی فروغ دیا۔ ایس بی بی کی ہدایات کے مطابق، ہر انچوں میں صارفین کی ذاتی موجودگی میں کی کرنے کیلئے آپریشنل اقدامات بشمول چیک کلکیشن بذریعہ روپ بکس کا آغاز کیا گیا۔ اس کے علاوہ بینک نے وزیراعظم COVID-19 ریلیف فنڈ میں عطیات کی وصولی کو فروغ دینے کیلئے آن لائن اور بذریعہ کاؤنٹر کی سہولیات فراہم کیں۔

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 شکرگزار 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 کٹھن حالات میں بھی بینک کے صارفین کو بلا کاؤٹ مالیاتی خدمات فراہم کر رہے ہیں۔ ان ہی کاوشوں کی بدولت بینک مضبوط سے مضبوط تر ہوتا جا رہا ہے۔

منجانب بورڈ

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

کراچی: 22 اکتوبر 2020

## ڈائریکٹرز ریویو

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

زیر جائزہ سہ ماہی میں COVID-19 کی روک تھام اور حکومت اور اسٹیٹ بینک آف پاکستان (ایس بی پی) کی جانب سے بروقت ریلیف کے اقدامات کے باعث معاشی شرح نمو کی صورتحال میں بہتری آئی۔

ایس بی پی کے ماہیتری ریلیف کے اقدامات کے تحت ملکی معیشت میں اندازاً 1.58 ٹریلین روپے (جی ڈی پی کا تقریباً 3.8 فیصد) کی امدادی ترغیبات شامل کی گئی۔ اس کے علاوہ حکومت نے احساس ایمرجنسی کیش پروگرام، کموڈیٹی فنانسنگ، ایس ایم ایز کے لئے رسک میں تعاون اور ٹیکس ری فنڈز میں تیزی کے ذریعے معاونت فراہم کی۔

سپلائی پر دباؤ افراط زر کے تخمینے میں اضافے کا سبب بنا ہے۔ سیلابی صورتحال اور ٹی ڈی دل کے حملوں کے باعث اشیائے خورد و نوش کے نرخوں میں اضافہ افراط زر پر دباؤ کے بنیادی محرکات ہوں گے۔ تیل کے نرخ بھی متوقع طور پر ملکی افراط زر کی صورتحال میں اہم کردار ادا کریں گے۔

عالمی سطح پر تیل کے کم نرخ اور مقامی طلب میں کمی نے زیر جائزہ مدت میں کم ہوتے ہوئے کرنٹ اکاؤنٹ خسارے میں کردار ادا کیا۔ مزید برآں معاہداتی پالیسی، امدادی اقدامات اور زرمبادلہ کی شرح اور عالمی معاشی سرگرمیوں میں اضافے کے رجحان کے باعث برآمدات میں اضافے کی توقع ہے۔ آئندہ عرصے میں کرنٹ اکاؤنٹ خسارہ جی ڈی پی کا 2 فیصد رہنے کی توقع ہے۔

ترسیلات زر نے کرنٹ اکاؤنٹ اور زرمبادلہ کے ذخائر میں اضافے میں معاونت کی۔ جس کے نتیجے میں ملک کے زرمبادلہ کے ذخائر 3 ماہ کی درآمدی لاگت کے عالمی معیار پر بحال ہوئے۔

مالی سال 2020 کے پہلے 9 ماہ میں سرپلس کے باعث مالی سال 2020 کے لئے مالیاتی خسارہ (8.1 فیصد 3.3 ٹریلین روپے) مالیاتی سال 2019 (8.9 فیصد 3.4 ٹریلین روپے) سے کم تھا جس کے باعث وہابی صورتحال میں سہولت ہوئی۔ ٹیکس وصولیوں میں مالی سال 2021 کے پہلے 2 ماہ میں 1.2 فیصد سال پہ سال اضافہ ہوا جس میں مالی سال کی آخری سہ ماہی میں 2 ہندسوں پر مشتمل کمی ہوئی تھی۔ جولائی - اگست 2020 کے عرصے میں وفاقی ترقیاتی اخراجات گزشتہ سال کی اسی مدت کے مقابلے میں ڈگنے رہے۔

آئندہ عرصے میں معاشی شرح نمو گزشتہ سال حتمی 0.4 فیصد تک گرنے کے بعد مالی سال 2021 میں 2 فیصد سے کچھ زیادہ ہونے کے امکانات ہیں۔ اس بحالی کے امکانات میں بینکنگ سرگرمیوں کے متعلق سرگرمیوں میں تیزی آنے کے باعث ہیں۔

ایس بی پی نے اقتصادی سرگرمیوں کی بحالی اور مالیاتی استحکام میں معاونت کی غرض سے شرح سود کو تبدیل کئے بغیر 7 فیصد پر برقرار رکھا ہے۔

اللہ تعالیٰ کے فضل و کرم سے 2020 کے 9 ماہ میں حبیب میٹرو کا آپریٹنگ منافع 75 فیصد بڑھ کر 15,808 ملین روپے ہو گیا جو کہ گزشتہ سال کی اسی مدت میں 9,012 ملین روپے تھا۔ یہ انٹرسٹ مارجن اور زرمبادلہ آمدنی کی مستحکم کارکردگی کا نتیجہ ہے۔ بینک کا بعد از ٹیکس منافع، اضافی پروڈیگنگ کے دانشمند اقدام کے بعد، گزشتہ سال کی اسی مدت کے مقابلے میں 65 فیصد بڑھ کر 8,268 ملین روپے رہا، اس منافع کے نتیجے میں فی شیئر آمدنی 7.89 روپے ہو گئی۔

بورڈ آف ڈائریکٹرز نے 31 دسمبر 2020 کو ختم ہونے والے سال کیلئے 2 روپے فی شیئر (20 فیصد) کے عبوری نقد منافع کا اعلان کیا ہے۔

زیر جائزہ مدت کے دوران، حکمت عملی کے مطابق، بینک کے کرنٹ ڈپازٹس 9 ماہ کے دوران 20 فیصد بڑھ کر 211,351 ملین روپے ہو گئے۔ نان - فنڈ آمدنی 21 فیصد کے نمایاں اضافے کے بعد 6,988 ملین روپے رہی۔

## UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2020

	Note	30 September 2020 (Un-Audited)	31 December 2019 (Audited)
Rupees in '000			
<b>ASSETS</b>			
Cash and balances with treasury banks	6	56,106,310	70,713,603
Balances with other banks	7	4,164,382	1,865,528
Lendings to financial institutions	8	3,000,000	22,197,303
Investments	9	554,648,291	448,909,727
Advances	10	281,747,340	263,948,473
Fixed assets	11	8,640,787	8,306,783
Intangible assets	12	81,256	66,462
Deferred tax assets	13	66,367	3,712,435
Other assets	14	34,347,456	39,854,208
		<b>942,802,189</b>	<b>859,574,522</b>
<b>LIABILITIES</b>			
Bills payable	15	13,663,691	11,541,474
Borrowings	16	172,359,108	144,464,063
Deposits and other accounts	17	654,428,325	611,869,248
Liabilities against assets subject to finance lease		—	—
Sub-ordinated debts		—	—
Deferred tax liabilities		—	—
Other liabilities	18	44,603,695	47,462,207
		<b>885,054,819</b>	<b>815,336,992</b>
<b>NET ASSETS</b>			
		<b>57,747,370</b>	<b>44,237,530</b>
<b>REPRESENTED BY</b>			
Share capital		10,478,315	10,478,315
Reserves		19,238,075	17,584,517
Surplus / (deficit) on revaluation of assets - net of tax	19	4,976,490	(2,885,060)
Unappropriated profit		23,054,490	19,059,758
		<b>57,747,370</b>	<b>44,237,530</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	20		

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>MOHOMED BASHIR</b> Director	<b>RASHID AHMED JAFER</b> Director	<b>MOHAMEDALI R. HABIB</b> Chairman
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## UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2020

	Note	30 September 2020		30 September 2019	
		Quarter ended	Nine months ended	Quarter ended	Nine months ended
Rupees in '000					
Mark-up / return / interest earned	22	18,986,330	59,443,730	20,411,548	51,085,549
Mark-up / return / interest expensed	23	(10,070,443)	(39,810,174)	(16,130,213)	(38,198,685)
Net mark-up / interest income		8,915,887	19,633,556	4,281,335	12,886,864
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee and commission income	24	1,420,244	3,892,119	1,263,302	3,871,752
Dividend income		23,579	128,023	20,779	56,948
Foreign exchange income		1,022,621	3,029,153	1,321,760	2,680,476
Income / (loss) from derivatives		-	-	-	-
Gain / (loss) on securities	25	(248,948)	(99,826)	(144,323)	(863,057)
Other income	26	20,837	38,032	11,366	42,102
Total non mark-up / interest income		2,238,333	6,987,501	2,472,884	5,788,221
Total income		11,154,220	26,621,057	6,754,219	18,675,085
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Operating expenses	27	3,619,710	10,460,626	3,262,454	9,439,750
Workers' welfare fund		172,000	320,000	62,000	172,000
Other charges	28	2,740	31,980	10,045	51,340
Total non-mark-up / interest expenses		(3,794,450)	(10,812,606)	(3,334,499)	(9,663,090)
Profit before provisions		7,359,770	15,808,451	3,419,720	9,011,995
(Provisions) / reversal and write offs - net	29	(396,213)	(1,996,560)	(402,764)	(295,907)
Extra ordinary / unusual items		-	-	-	-
<b>PROFIT BEFORE TAXATION</b>		6,963,557	13,811,891	3,016,956	8,716,088
Taxation	30	(2,814,555)	(5,543,950)	(1,184,115)	(3,707,648)
<b>PROFIT AFTER TAXATION</b>		4,149,002	8,267,941	1,832,841	5,008,440
Rupees					
<b>Basic and diluted earnings per share</b>	31	3.96	7.89	1.75	4.78

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

**MOHOMED BASHIR**  
Director

**RASHID AHMED JAFER**  
Director

**MOHAMEDALI R. HABIB**  
Chairman

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

FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2020

	30 September 2020		30 September 2019	
	Quarter ended	Nine months ended	Quarter ended	Nine months ended
	Rupees in '000			
Profit after taxation	4,149,002	8,267,941	1,832,841	5,008,440
<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	37	(30)	—	—
Movement in surplus / (deficit) on revaluation of investments - net of tax	(4,011,088)	7,864,142	1,480,245	925,247
<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	17,841	(2,634)	34,564	50,982
<b>Total comprehensive income</b>	<b>155,792</b>	<b>16,129,419</b>	<b>3,347,650</b>	<b>5,984,669</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

**MOHOMED BASHIR**  
Director

**RASHID AHMED JAFER**  
Director

**MOHAMEDALI R. HABIB**  
Chairman

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

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

	Share capital	Reserves				Exchange translation reserve	Surplus / (deficit) on revaluation		Un-appropriated profit	Total
		Share premium	Special reserve	Revenue reserve	Statutory reserve		Investments	Non-banking assets		
Rupees in '000										
<b>Balance as at 1 January 2019</b>	10,478,315	2,550,985	240,361	1,500,000	11,976,447	-	(5,753,117)	179,461	15,829,504	37,001,956
Profit after taxation	-	-	-	-	-	-	-	-	5,008,440	5,008,440
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
- net of tax	-	-	-	-	-	-	925,247	-	50,982	976,229
<b>Total comprehensive income for the period</b>	-	-	-	-	-	-	925,247	-	5,059,422	5,984,669
Transfer to statutory reserve	-	-	-	-	1,001,688	-	-	-	(1,001,688)	-
Transfer from surplus on revaluation of assets to unappropriated profit	-	-	-	-	-	-	-	-	-	-
- net of tax	-	-	-	-	-	-	-	(2,148)	2,148	-
<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 September 2019</b>	10,478,315	2,550,985	240,361	1,500,000	12,978,135	-	(4,827,870)	177,313	17,793,723	40,890,962
Profit after taxation	-	-	-	-	-	-	-	-	1,575,041	1,575,041
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
- net of tax	-	-	-	-	-	28	1,717,379	48,840	5,280	1,771,527
<b>Total comprehensive income for the period</b>	-	-	-	-	-	28	1,717,379	48,840	1,580,321	3,346,568
Transfer to statutory reserve	-	-	-	-	315,008	-	-	-	(315,008)	-
Transfer from surplus on revaluation of assets to unappropriated profit	-	-	-	-	-	-	-	-	-	-
- net of tax	-	-	-	-	-	-	-	(722)	722	-
<b>Balance as at 31 December 2019</b>	10,478,315	2,550,985	240,361	1,500,000	13,293,143	28	(3,110,491)	225,431	19,059,758	44,237,530
Profit after taxation	-	-	-	-	-	-	-	-	8,267,941	8,267,941
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
- net of tax	-	-	-	-	-	(30)	7,864,142	-	(2,634)	7,861,478
<b>Total comprehensive income for the period</b>	-	-	-	-	-	(30)	7,864,142	-	8,265,307	16,129,419
Transfer to statutory reserve	-	-	-	-	1,653,588	-	-	-	(1,653,588)	-
Transfer from surplus on revaluation of assets to unappropriated profit	-	-	-	-	-	-	-	-	-	-
- net of tax	-	-	-	-	-	-	-	(2,592)	2,592	-
<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 September 2020</b>	10,478,315	2,550,985	240,361	1,500,000	14,946,731	(2)	4,753,651	222,839	23,054,490	57,747,370

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

**MOHOMED BASHIR**  
Director

**RASHID AHMED JAFER**  
Director

**MOHAMEDALI R. HABIB**  
Chairman

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

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

	Note	30 September 2020	30 September 2019
		Rupees in '000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		13,811,891	8,716,088
Less: Dividend income		(128,023)	(56,948)
		<b>13,683,868</b>	<b>8,659,140</b>
<b>Adjustments</b>			
Depreciation on operating fixed assets		799,245	718,733
Depreciation on right-of-use assets		582,351	561,306
Depreciation on non-banking assets		9,050	8,411
Amortization		48,123	76,070
Mark-up / return / interest expensed on lease liability against right-of-use assets		395,142	326,915
Provisions / (reversals) and write offs excluding recovery of written off bad debts	29	2,011,579	303,240
Unrealised gain on securities - held-for-trading		(522)	4,035
Net gain on sale of fixed assets		(15,461)	(13,263)
Provision against workers' welfare fund		320,000	172,000
Provision against compensated absences		56,250	49,183
Provision against defined benefit plan		130,380	130,388
		<b>4,336,137</b>	<b>2,337,018</b>
		<b>18,020,005</b>	<b>10,996,158</b>
<b>(Increase) / decrease in operating assets</b>			
Lendings to financial institutions		19,197,303	(5,222,508)
Advances		(21,870,684)	(33,669,338)
Other assets (excluding current taxation)		5,466,024	(2,938,612)
		<b>2,792,643</b>	<b>(41,830,458)</b>
<b>Increase / (decrease) in operating liabilities</b>			
Bills payable		2,122,217	(2,185,340)
Borrowings from financial institutions		29,818,617	115,329,442
Deposits and other accounts		42,559,077	57,320,450
Other liabilities (excluding current taxation)		(5,390,376)	5,540,194
		<b>69,109,535</b>	<b>176,004,746</b>
		<b>89,922,183</b>	<b>145,170,446</b>
Payment against compensated absences		(33,479)	(35,511)
Income tax paid		(2,128,778)	(3,082,923)
		<b>87,759,926</b>	<b>142,052,012</b>
<b>Net cash flows from operating activities</b>			
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net investments in held-for-trading securities		(8,168,988)	(21,728,733)
Net investments in available-for-sale securities		(91,489,196)	(110,164,440)
Net investments in held-to-maturity securities		5,842,061	681,638
Dividend received		126,410	51,052
Investments in fixed assets		(1,175,632)	(1,100,865)
Investments in intangibles assets		(62,917)	(25,365)
Proceeds from sale of fixed assets		19,982	18,474
Effect of translation of net investment in an offshore branch		(30)	-
		<b>(94,908,310)</b>	<b>(132,268,239)</b>
<b>Net cash flows from investing activities</b>			
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(2,607,003)	(2,091,371)
Payment of lease against right-of-use assets		(629,480)	(594,588)
		<b>(3,236,483)</b>	<b>(2,685,959)</b>
<b>Net cash flows from financing activities</b>			
<b>Increase in cash and cash equivalents</b>		<b>(10,384,867)</b>	<b>7,097,814</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>58,087,415</b>	<b>53,201,684</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>MOHOMED BASHIR</b> Director	<b>RASHID AHMED JAFER</b> Director	<b>MOHAMEDALI R. HABIB</b> Chairman
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## **NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 372 (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 26 August 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

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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 has impacted 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 impacts banks in Pakistan through 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 the SBP COVID-19 measures are being reviewed on regular basis as per prescribed formats. 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 on-demand 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 the SBP directives. Habib Metro'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.

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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, the 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, the 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 September 2020, the Bank's CAR provides sufficient cushion over the minimum requirement.



	Note	30 September 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		7,947,976	7,400,310
Foreign currencies		1,243,282	1,289,049
		<u>9,191,258</u>	<u>8,689,359</u>
<b>With State Bank of Pakistan in</b>			
Local currency current account		28,212,756	37,267,692
Foreign currency current account		41,935	64,248
Foreign currency deposit accounts			
– cash reserve account		5,778,861	5,663,551
– special cash reserve account		11,101,067	16,348,050
		<u>45,134,619</u>	<u>59,343,541</u>
<b>With National Bank of Pakistan in</b>			
Local currency current account		1,767,228	2,558,634
<b>National Prize Bonds</b>		13,205	122,069
		<u>56,106,310</u>	<u>70,713,603</u>
<b>7. BALANCES WITH OTHER BANKS</b>			
<b>In Pakistan</b>			
In current accounts		96,694	146,324
In deposit accounts		8,035	310,468
		<u>104,729</u>	<u>456,792</u>
<b>Outside Pakistan</b>			
In current accounts		4,059,653	1,408,736
		<u>4,164,382</u>	<u>1,865,528</u>
<b>8. LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Musharaka placements	8.1	3,000,000	7,190,000
Bai-muajjal receivable with the State Bank of Pakistan		–	7,507,303
Letter of placement		–	7,500,000
		<u>3,000,000</u>	<u>22,197,303</u>

**8.1** These carry profit / return rate from 6.25% to 6.50% (2019: 8% to 12.15%) per annum with maturity upto 19 October 2020 (2019: 3 February 2020).

## 9. INVESTMENTS

### 9.1 Investments by types

	30 September 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	8,168,988	–	522	8,169,510	–	–	–	–
<b>Available-for-sale securities</b>								
Federal government securities	485,198,391	–	7,106,469	492,304,860	401,765,140	–	(4,916,665)	396,848,475
Shares	1,213,539	(453,626)	296,513	1,056,426	682,760	(333,784)	106,775	455,751
Non-government debt securities	10,786,209	(124,007)	(82,220)	10,579,982	9,383,743	(130,559)	(39,636)	9,213,548
Mutual funds	6,088,930	(9,647)	(2,095)	6,077,188	29,702	(9,647)	9,656	29,711
Real estate investment trust	387,869	–	(5,357)	382,512	387,869	–	54,499	442,368
	503,674,938	(587,280)	7,313,310	510,400,968	412,249,214	(473,990)	(4,785,371)	406,989,853
<b>Held-to-maturity securities</b>								
Federal government securities	34,347,813	–	–	34,347,813	36,089,874	–	–	36,089,874
Non-government debt securities	900,000	–	–	900,000	5,000,000	–	–	5,000,000
	35,247,813	–	–	35,247,813	41,089,874	–	–	41,089,874
<b>Subsidiaries</b>	830,000	–	–	830,000	830,000	–	–	830,000
<b>Total Investments</b>	<u>547,921,739</u>	<u>(587,280)</u>	<u>7,313,832</u>	<u>554,648,291</u>	<u>454,169,088</u>	<u>(473,990)</u>	<u>(4,785,371)</u>	<u>448,909,727</u>

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

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

##### Federal government securities

Market treasury bills	58,647,143	81,790,898
Pakistan investment bonds	24,536,883	7,415,475
	<u>83,184,026</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	183,313	63,868
Reversal for the period / year	(6,551)	(7,869)
Net charge for the period / year	176,762	55,999
Reversal on disposal	(63,472)	–
Closing balance	<u>587,280</u>	<u>473,990</u>

**9.2.2 Particulars of provision against debt securities**

	30 September 2020 (Un-Audited)		31 December 2019 (Audited)	
	Non-performing investments	Provision	Non-performing investments	Provision
	Rupees in '000			
<b>Category of classification</b>				
<b>Domestic</b>				
Loss	124,007	124,007	130,559	130,559
	<u>124,007</u>	<u>124,007</u>	<u>130,559</u>	<u>130,559</u>

**9.3** The market value of securities classified as held-to-maturity is Rs. 35,368,036 thousand (31 December 2019: Rs 39,168,228 thousand).

**10. ADVANCES**

	Performing		Non-Performing		Total	
	30 September 2020 (Un-Audited)	31 December 2019 (Audited)	30 September 2020 (Un-Audited)	31 December 2019 (Audited)	30 September 2020 (Un-Audited)	31 December 2019 (Audited)
	Rupees in '000					
Loans, cash credits, running finances, etc.						
In Pakistan	202,804,294	199,539,259	13,715,060	14,554,885	216,519,354	214,094,144
Islamic financing and related assets	32,674,889	22,193,648	852,337	853,946	33,527,226	23,047,594
Bills discounted and purchased	48,629,711	41,598,380	1,363,207	2,124,307	49,992,918	43,722,687
Advances - gross	284,108,894	263,331,287	15,930,604	17,533,138	300,039,498	280,864,425
Provision against non-performing advances						
- specific	-	-	(13,903,511)	(15,294,415)	(13,903,511)	(15,294,415)
- general	(4,388,647)	(1,621,537)	-	-	(4,388,647)	(1,621,537)
	<u>(4,388,647)</u>	<u>(1,621,537)</u>	<u>(13,903,511)</u>	<u>(15,294,415)</u>	<u>(18,292,158)</u>	<u>(16,915,952)</u>
Advances - net of provisions	<u>279,720,247</u>	<u>261,709,750</u>	<u>2,027,093</u>	<u>2,238,723</u>	<u>281,747,340</u>	<u>263,948,473</u>

**10.1 Particulars of advances - gross**

	30 September 2020 (Un-Audited)	31 December 2019 (Audited)
	Rupees in '000	
In local currency	262,981,209	239,106,297
In foreign currencies	37,058,289	41,758,128
	<u>300,039,498</u>	<u>280,864,425</u>

- 10.2** Advances include Rs. 15,930,604 thousand (31 December 2019: Rs. 17,533,138 thousand) which have been placed under non-performing status as detailed below:

	30 September 2020 (Un-Audited)		31 December 2019 (Audited)	
	Non-performing loans	Provision	Non-performing loans	Provision
	Rupees in '000			
<b>Category of classification</b>				
<b>Domestic</b>				
Substandard	1,096,360	266,846	433,980	76,611
Doubtful	699,607	116,079	628,533	273,742
Loss	14,134,637	13,520,586	16,470,625	14,944,062
	<b>15,930,604</b>	<b>13,903,511</b>	<b>17,533,138</b>	<b>15,294,415</b>

### 10.3 Particulars of provision against advances

	30 September 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	1,437,753	2,767,110	4,204,863	1,179,540	385,347	1,564,887
Reversals for the period / year	(2,370,046)	—	(2,370,046)	(1,197,378)	—	(1,197,378)
Net (reversal) / charge for the period / year	(932,293)	2,767,110	1,834,817	(17,838)	385,347	367,509
Amount written off	(458,611)	—	(458,611)	(12,247)	—	(12,247)
Closing balance	<b>13,903,511</b>	<b>4,388,647</b>	<b>18,292,158</b>	<b>15,294,415</b>	<b>1,621,537</b>	<b>16,915,952</b>

- 10.3.1** General provision includes provision of Rs. 3,630 thousand (31 December 2019: Rs. 3,410 thousand) made against consumer portfolio and Rs. 17 thousand (31 December 2019: Rs. 55 thousand) made against small enterprises (SEs) portfolio as required by the Prudential Regulation issued by the SBP.

### 10.3.2 Particulars of provision against advances

	30 September 2020 (Un-Audited)			31 December 2019 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
In local currency	13,438,213	4,388,647	17,826,860	14,877,139	1,621,537	16,498,676
In foreign currencies	465,298	—	465,298	417,276	—	417,276
	<b>13,903,511</b>	<b>4,388,647</b>	<b>18,292,158</b>	<b>15,294,415</b>	<b>1,621,537</b>	<b>16,915,952</b>

## 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. 239,975 thousand (31 December 2019: 315,348 thousand). Further, as of 30 September 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. 830,990 thousand (31 December 2019: Rs. 1,598,972 thousand) and accumulated profit would have been lower by Rs. 540,143 thousand (31 December 2019: Rs. 1,039,332 thousand). This amount of Rs. 540,143 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 September 2020 (Un-Audited)	31 December 2019 (Audited)
		Rupees in '000	
<b>11. FIXED ASSETS</b>			
Capital work-in-progress	11.1	673,069	343,734
Property and equipment		4,179,438	4,136,907
Right-of-use assets		3,788,280	3,826,142
		<b>8,640,787</b>	<b>8,306,783</b>

### 11.1 Capital work-in-progress

Civil works	457,785	243,323
Advance to suppliers	215,284	100,411
	<b>673,069</b>	<b>343,734</b>

### Nine months ended

30 September 2020 (Un-Audited)	30 September 2019
Rupees in '000	

### 11.2 Additions to fixed assets

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

Capital work-in-progress additions / (transfer to fixed assets) - net	329,335	154,751
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#### Property and equipment

Leasehold land	—	91,851
Building on leasehold land	—	158,523
Furniture and fixture	84,615	47,957
Electrical, office and computer equipment	449,390	522,212
Vehicles	17,284	28,422
Lease hold improvement	295,008	97,149
	<b>846,297</b>	<b>946,114</b>
Right-of-use assets	544,489	249,562
Total	<b>1,720,121</b>	<b>1,350,427</b>

### 11.3 Disposal of fixed assets

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

Furniture and fixture	106	93
Electrical, office and computer equipment	704	588
Vehicles	3,711	4,530
Total	<b>4,521</b>	<b>5,211</b>

	30 September 2020 (Un-Audited)	31 December 2019 (Audited)
	———— Rupees in '000 ————	———— Rupees in '000 ————
<b>12. INTANGIBLE ASSETS</b>		
Computer Software	<b>81,256</b>	66,462
	<b>Nine months ended</b>	
	<b>30 September 2020 (Un-Audited)</b>	<b>30 September 2019 (Audited)</b>
	———— Rupees in '000 ————	———— Rupees in '000 ————
<b>12.1</b> The following additions have been made to intangible assets during the period:		
- directly purchased	<b>62,917</b>	25,365
	<b>30 September 2020 (Un-Audited)</b>	<b>31 December 2019 (Audited)</b>
	———— Rupees in '000 ————	———— Rupees in '000 ————
<b>13. DEFERRED TAX ASSETS</b>		
<b>Deductible temporary differences</b>		
Provision for diminution in value of investments	<b>205,548</b>	165,897
Provision for non-performing loans and advances and off - balance sheet items	<b>2,507,912</b>	2,024,464
Deficit on revaluation of investments	—	1,674,880
Deferred liability on defined benefit plan	<b>40,412</b>	40,412
	<b>2,753,872</b>	3,905,653
<b>Taxable temporary differences</b>		
Surplus on revaluation of investments	<b>(2,559,659)</b>	—
Surplus on revaluation of non-banking assets	<b>(119,991)</b>	(121,385)
Accelerated depreciation	<b>(7,855)</b>	(71,833)
	<b>(2,687,505)</b>	(193,218)
<b>Net deferred tax asset</b>	<b>66,367</b>	3,712,435

	Note	30 September 2020 (Un-Audited)	31 December 2019 (Audited)
		Rupees in '000	
<b>14. OTHER ASSETS</b>			
Income / mark-up / profit accrued in local currency		9,049,835	12,529,140
Income / mark-up / profit accrued in foreign currencies		18,505	43,085
Advances, deposits and other prepayments		301,748	225,452
Advance taxation (payments less provision)		–	647,808
Non-banking assets acquired in satisfaction of claims		2,649,180	417,244
Branch adjustment account		–	58
Mark-to-market gain on forward foreign exchange contracts		2,392,946	4,458,787
Acceptances		19,348,722	20,971,205
Receivable from the SBP against encashment of government securities		36,152	55,080
Stationery and stamps on hand		114,561	88,551
Dividend receivable		1,613	–
Others		301,364	280,982
		<b>34,214,626</b>	<b>39,717,392</b>
Provision against other assets		(210,000)	(210,000)
Other assets (net of provision)		<b>34,004,626</b>	<b>39,507,392</b>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	19	<b>342,830</b>	346,816
		<b>34,347,456</b>	<b>39,854,208</b>
<b>15. BILLS PAYABLE</b>			
In Pakistan		<b>13,663,691</b>	11,541,474

	30 September 2020 (Un-Audited)	31 December 2019 (Audited)
	Rupees in '000	
<b>16. BORROWINGS</b>		
<b>Secured</b>		
Borrowings from the State Bank of Pakistan		
Under export refinance scheme	55,555,266	36,842,480
Under long term financing facility - renewable energy	957,736	884,970
Under long term financing facility - locally manufactured plant and machinery	14,412,091	10,466,484
Under refinance for payment of wages and salaries	14,269,095	–
Under temporary economic refinance facility	855,837	–
	<b>86,050,025</b>	<b>48,193,934</b>
Repurchase agreement borrowings (Repo)	83,125,806	89,397,739
Due against bills rediscounting	–	2,765,541
	<b>169,175,831</b>	<b>140,357,214</b>
<b>Unsecured</b>		
Call borrowing	1,000,000	–
Overdrawn nostro accounts	2,183,277	4,106,849
	<b>172,359,108</b>	<b>144,464,063</b>

## 17. DEPOSITS AND OTHER ACCOUNTS

	30 September 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 accounts (non-remunerative)	174,454,599	34,341,109	208,795,708	146,378,657	26,743,116	173,121,773
Savings deposits	156,943,143	20,136,740	177,079,883	135,390,427	19,016,742	154,407,169
Term deposits	190,076,357	53,466,437	243,542,794	165,375,671	55,096,182	220,471,853
Others	13,362,510	1,047	13,363,557	10,525,924	979	10,526,903
	<b>534,836,609</b>	<b>107,945,333</b>	<b>642,781,942</b>	<b>457,670,679</b>	<b>100,857,019</b>	<b>558,527,698</b>
<b>Financial institutions</b>						
Current deposits (non-remunerative)	1,382,830	1,172,843	2,555,673	1,354,816	1,019,552	2,374,368
Savings deposits	7,223,008	–	7,223,008	46,908,562	–	46,908,562
Term deposits	1,862,620	5,082	1,867,702	4,058,620	–	4,058,620
	<b>10,468,458</b>	<b>1,177,925</b>	<b>11,646,383</b>	<b>52,321,998</b>	<b>1,019,552</b>	<b>53,341,550</b>
	<b>545,305,067</b>	<b>109,123,258</b>	<b>654,428,325</b>	<b>509,992,677</b>	<b>101,876,571</b>	<b>611,869,248</b>



	Note	30 September 2020 (Un-Audited)	31 December 2019 (Audited)
<hr/> Rupees in '000 <hr/>			
<b>18. OTHER LIABILITIES</b>			
Mark-up / return / interest payable in local currency		7,901,138	9,633,242
Mark-up / return / interest payable in foreign currencies		361,076	396,052
Unearned commission and income on bills discounted		271,718	200,295
Accrued expenses		1,331,301	819,184
Current taxation (provision less payments)		3,355,835	–
Acceptances		19,348,722	20,971,205
Unclaimed dividend		80,833	68,257
Branch adjustment account		1,129	–
Mark to market loss on forward foreign exchange contracts		3,118,999	7,716,740
Provision for compensated absences		249,188	226,417
Deferred liability on defined benefit plan		245,527	112,513
Provision against off-balance sheet obligations	18.1	113,716	113,716
Workers' welfare fund	18.2	1,480,189	1,160,189
Charity fund		2,242	2,137
Excise duty payable		1,522	907
Locker deposits		855,975	817,043
Advance against diminishing musharakah		17,759	90,548
Advance rental for ijarah		1,910	1,859
Security deposits against leases / ijarah		209,655	205,188
Sundry creditors		933,725	425,001
Lease liability against right-of-use assets		4,137,101	3,826,950
Withholding tax / duties		480,494	400,373
Others		103,941	274,391
		<u>44,603,695</u>	<u>47,462,207</u>
<b>18.1 Provision against off-balance sheet obligations</b>			
Opening balance		113,716	113,716
Charge for the period / year		–	–
Closing balance		<u>113,716</u>	<u>113,716</u>

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 September 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		342,830	346,816
- Available-for-sale securities	9.1	7,313,310	(4,785,371)
		7,656,140	(4,438,555)
Less: Deferred tax on surplus / (deficit) on revaluation of			
- Non-banking assets		119,991	121,385
- Available-for-sale securities		2,559,659	(1,674,880)
		(2,679,650)	1,553,495
		4,976,490	(2,885,060)
<b>20. CONTINGENCIES AND COMMITMENTS</b>			
Guarantees	20.1	85,507,734	81,881,337
Commitments	20.2	539,621,274	661,159,612
Other contingent liabilities	20.3	4,924,809	25,646,157
		630,053,817	768,687,106
<b>20.1 Guarantees</b>			
Financial Guarantees		42,799,055	27,956,898
Performance Guarantees		26,795,473	40,518,388
Other guarantees		15,913,206	13,406,051
		85,507,734	81,881,337
<b>20.2 Commitments</b>			
Documentary credits and short-term trade-related transactions:			
Letters of credit		127,814,946	119,552,974
Commitments in respect of:			
Forward exchange contracts	20.2.1	409,672,484	538,997,600
Forward lendings	20.2.2	1,838,349	2,168,630
Acquisition of operating fixed assets		295,495	440,408
		539,621,274	661,159,612
<b>20.2.1 Commitments in respect of forward exchange contracts</b>			
Purchase		232,040,988	290,279,554
Sale		177,631,496	248,718,046
		409,672,484	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 September 2020 (Un-Audited)	31 December 2019 (Audited)
		Rupees in '000	
Commitments in respect of syndicate financing		1,838,349	2,168,630
<b>20.3 Other contingent liabilities</b>			
Claims against bank not acknowledged as debt		<b>4,818,753</b>	25,540,101
Foreign exchange repatriation case	20.3.1	<b>106,056</b>	106,056
		<b>4,924,809</b>	25,646,157

### 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 judgement. 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).

		Nine months ended	
		30 September 2020	30 September 2019
		(Un-Audited)	
		Rupees in '000	
<b>22. MARK-UP / RETURN / INTEREST EARNED</b>			
Loans and advances	18,988,153	19,253,650	
Investments	38,685,379	27,394,624	
Lending with financial institutions	1,749,659	4,417,387	
Balance with other banks	20,539	19,888	
	<u>59,443,730</u>	<u>51,085,549</u>	
<b>23. MARK-UP / RETURN / INTEREST EXPENSED</b>			
Deposits	25,835,793	28,722,263	
Borrowings	9,337,930	4,898,200	
Foreign currency swap cost	4,241,309	4,251,307	
Lease liability against right-of-use assets	395,142	326,915	
	<u>39,810,174</u>	<u>38,198,685</u>	
<b>24. FEE &amp; COMMISSION INCOME</b>			
Branch banking customer fees	407,207	394,373	
Credit related fees	34,846	42,431	
Card related fees	183,435	281,191	
Commission on trade	2,744,797	2,665,951	
Commission on guarantees	338,804	330,943	
Commission on remittances including home remittances	29,597	21,313	
Commission on bancassurance	96,572	77,174	
Others	56,861	58,376	
	<u>3,892,119</u>	<u>3,871,752</u>	
<b>25. GAIN / (LOSS) ON SECURITIES</b>			
<b>Realised</b>			
Federal government securities	(328,576)	(877,169)	
Mutual funds	198,002	18,147	
Shares	25,274	-	
Term finance certificate, sukuk certificates and bonds	4,952	-	
<b>Unrealised - held-for-trading</b>			
Federal government securities	522	(4,035)	
	<u>(99,826)</u>	<u>(863,057)</u>	
<b>26. OTHER INCOME</b>			
Rent on properties	9,851	26,018	
Gain on sale of fixed assets - net	15,461	13,263	
Gain on sale of ijarah assets - net	11,699	148	
Staff notice period and other recoveries	1,021	2,673	
	<u>38,032</u>	<u>42,102</u>	

## Nine months ended

30 September 2020	30 September 2019
(Un-Audited)	
Rupees in '000	

## 27. OPERATING EXPENSES

Total compensation expense	4,779,819	4,341,260
<b>Property expense</b>		
Rent and taxes	345,879	238,633
Insurance	3,960	3,159
Utilities cost	312,421	303,348
Security	340,964	277,382
Repair and maintenance	253,035	199,296
Depreciation	900,420	856,338
	2,156,679	1,878,156
<b>Information technology expenses</b>		
Software maintenance	123,102	81,900
Hardware maintenance	117,031	108,146
Depreciation	142,377	112,053
Amortisation	48,123	76,070
Network charges	165,399	145,401
	596,032	523,570
<b>Other operating expenses</b>		
Directors' fees and allowances	8,300	11,965
Fees and allowances to Shariah Board	7,747	7,553
Legal & professional charges	105,040	119,017
Outsourced services costs	220,315	195,112
Travelling & conveyance	145,551	184,738
Operating lease rental	-	10,492
NIFT clearing charges	50,200	54,469
Depreciation	338,799	311,648
Depreciation - non-banking assets	9,050	8,411
Training and development	9,034	20,254
Postage and courier charges	64,123	73,647
Communication	76,968	74,657
Subscription	144,197	112,601
Repair and maintenance	83,335	74,814
Brokerage and commission	156,647	87,468
Stationery and printing	162,162	178,274
Marketing, advertisement and publicity	83,932	81,470
Management fee	368,875	297,767
Insurance	434,448	389,422
Donations	84,240	75,600
Auditors' remuneration	9,175	12,264
Others	365,958	315,121
	2,928,096	2,696,764
	10,460,626	9,439,750

		Nine months ended	
	Note	30 September 2020	30 September 2019
		(Un-Audited)	
		Rupees in '000	
<b>28. OTHER CHARGES</b>			
Penalties imposed by the SBP		<b>31,980</b>	51,340
<b>29. PROVISIONS &amp; WRITE OFFS - NET</b>			
Provision for diminution in value of investments - net	9.2.1	<b>176,762</b>	58,731
Provision / (reversal) of provision against loan & advances - net	10.3	<b>1,834,817</b>	244,509
Recovery of written off bad debts		<b>(15,019)</b>	(7,333)
		<b>1,996,560</b>	295,907
<b>30. TAXATION</b>			
Current		<b>6,132,421</b>	3,014,620
Prior year		—	300,546
Deferred		<b>(588,471)</b>	392,482
		<b>5,543,950</b>	3,707,648
<b>31. BASIC AND DILUTED EARNINGS PER SHARE</b>			
Profit after taxation		<b>8,267,941</b>	5,008,440
		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>7.89</b>	4.78

## 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 liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the assets or liabilities 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 September 2020 (Un-Audited)						
	Carrying / notional value	Fair value				Total
		Level 1	Level 2	Level 3		
Rupees in '000						
<b>Financial assets measured at fair value</b>						
- Investments						
- Held-for-trading securities						
Federal government securities	8,169,510	-	8,169,510	-		8,169,510
- Available-for-sale securities						
Federal government securities	492,304,860	-	492,304,860	-		492,304,860
Sukuk certificates and bonds	7,783,373	-	7,783,373	-		7,783,373
Ordinary shares of listed companies	1,000,982	1,000,982	-	-		1,000,982
Mutual funds - open end	5,685,086	-	5,685,086	-		5,685,086
- close end	392,102	392,102	-	-		392,102
Real estate investment trust	382,512	382,512	-	-		382,512
Listed term finance certificates	2,796,609	-	2,796,609	-		2,796,609

## Financial assets not measured at fair value

- Cash and balances with treasury banks	56,106,310	-	-	-	-
- Balances with other banks	4,164,382	-	-	-	-
- Lendings to financial institutions	3,000,000	-	-	-	-
- Investments					
- Held-to-maturity securities					
Federal government securities	34,347,813	-	-	-	-
Certificates of investments	900,000	-	-	-	-
- Subsidiaries					
Ordinary shares of unlisted companies	830,000	-	-	-	-
- Available-for-sale securities					
Ordinary shares of unlisted companies	55,444	-	-	-	-
- Advances	281,747,340	-	-	-	-
- Other assets	31,149,137	-	-	-	-
	<u>930,815,460</u>	<u>1,775,596</u>	<u>516,739,438</u>	<u>-</u>	<u>518,515,034</u>

## Non-financial assets measured at fair value

- Non-banking assets acquired in satisfaction of claim	2,992,010	-	2,992,010	-	2,992,010
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## Off-balance sheet financial instruments measured at fair value

- Forward purchase of foreign exchange contracts	232,040,988	-	230,590,799	-	230,590,799
- Forward sale of foreign exchange contracts	177,631,496	-	178,355,632	-	178,355,632

## 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 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	<u>764,060</u>	<u>—</u>	<u>764,060</u>	<u>—</u>	<u>764,060</u>
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## Off-balance sheet financial instruments measured at fair value

- Forward purchase of foreign exchange contracts	<u>303,454,611</u>	<u>—</u>	<u>283,969,816</u>	<u>—</u>	<u>283,969,816</u>
- Forward sale of foreign exchange contracts	<u>260,497,060</u>	<u>—</u>	<u>245,666,261</u>	<u>—</u>	<u>245,666,261</u>



## 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 September 2020 (Un-Audited)			
	Trade & Sales	Retail Banking	Commercial Banking	Total
	Rupees in '000			
<b>Profit and Loss</b>				
Net mark-up / return / profit	27,992,400	(11,131,057)	2,772,213	19,633,556
Inter segment revenue - net	(21,319,715)	14,976,198	6,343,517	-
Non mark-up / return / interest income	(159,977)	198,074	6,949,404	6,987,501
Total income	6,512,708	4,043,215	16,065,134	26,621,057
Segment direct expenses	(247,659)	-	-	(247,659)
Inter segment expense allocation	-	(3,174,544)	(7,390,403)	(10,564,947)
Total expenses	(247,659)	(3,174,544)	(7,390,403)	(10,812,606)
Provisions	(176,762)	2,383	(1,822,181)	(1,996,560)
Profit before tax	6,088,287	871,054	6,852,550	13,811,891
<b>Balance Sheet</b>				
Cash and bank balances	4,059,653	24,175,156	32,035,883	60,270,692
Investments	554,648,291	-	-	554,648,291
Lendings to financial institutions	3,000,000	-	-	3,000,000
Advances - performing	-	3,685,096	280,423,798	284,108,894
Advances - non-performing	-	18,948	15,911,656	15,930,604
Provision against advances	-	(16,089)	(18,276,069)	(18,292,158)
Net inter segment lending	-	277,552,690	168,461,279	446,013,969
Others	4,689,874	2,657,753	35,788,239	43,135,866
<b>Total assets</b>	566,397,818	308,073,554	514,344,786	1,388,816,158
Borrowings	86,309,083	-	86,050,025	172,359,108
Subordinated debt	-	-	-	-
Deposits and other accounts	-	281,980,890	372,447,435	654,428,325
Net inter segment borrowing	446,013,969	-	-	446,013,969
Others	3,339,651	9,283,049	45,644,686	58,267,386
<b>Total liabilities</b>	535,662,703	291,263,939	504,142,146	1,331,068,788
Equity	30,735,115	16,809,615	10,202,640	57,747,370
<b>Total equity &amp; liabilities</b>	566,397,818	308,073,554	514,344,786	1,388,816,158
<b>Contingencies &amp; commitments</b>	409,672,484	-	220,381,333	630,053,817

### 30 September 2019 (Un-Audited)

	Trade & Sales	Retail Banking	Commercial Banking	Total
	Rupees in '000			
<b>Profit and Loss</b>				
Net mark-up / return / profit	27,024,988	(16,976,041)	2,837,917	12,886,864
Inter segment revenue - net	(25,813,174)	20,825,868	4,987,306	–
Non mark-up / return / interest income	(624,764)	443,280	5,969,705	5,788,221
Total income	587,050	4,293,107	13,794,928	18,675,085
Segment direct expenses	(178,876)	–	–	(178,876)
Inter segment expense allocation	–	(3,387,807)	(6,096,407)	(9,484,214)
Total expenses	(178,876)	(3,387,807)	(6,096,407)	(9,663,090)
Provisions	(58,731)	(301)	(236,875)	(295,907)
Profit before tax	349,443	904,999	7,461,646	8,716,088

### 31 December 2019 (Audited)

#### Balance Sheet

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 Banks enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions 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.

	30 September 2020 (Un-Audited)					
	Holding company	Subsidiaries	Associates	Key management personnel	Directors	Retirement benefit plans
	Rupees in '000					
<b>Balances with other banks</b>						
In current accounts	156,888	-	159,107	-	-	-
<b>Investments</b>						
Opening balance	-	5,830,000	-	-	-	-
Investment made during the period	-	3,750,000	-	-	-	-
Investment redeemed / disposed off during the period	-	(7,850,000)	-	-	-	-
Closing balance	-	1,730,000	-	-	-	-
<b>Advances</b>						
Opening balance	-	-	4,097,808	222,737	-	-
Addition during the period	-	-	26,093,483	11,449	-	-
Repaid during the period	-	-	(26,030,786)	(32,974)	-	-
Closing balance	-	-	4,160,505	201,212	-	-
<b>Other Assets</b>						
Mark-up / return / interest accrued	-	10,460	5,792	-	-	-
Prepayments / advance deposits / other receivables	-	-	8,324	-	-	-
	-	10,460	14,116	-	-	-
<b>Deposits</b>						
Opening balance	529,172	577,491	11,263,025	262,708	785,494	911,553
Received during the period	16,323,978	98,606,647	1,144,023,641	1,008,997	1,932,614	1,656,647
Withdrawn during the period	(16,578,244)	(97,989,195)	(1,141,304,168)	(976,283)	(2,035,137)	(1,184,466)
Closing balance	274,906	1,194,943	13,982,498	295,422	682,971	1,383,734
<b>Other Liabilities</b>						
Mark-up / return / interest payable	-	3,922	160,272	2,812	2,855	48,277
Management fee payable for technical and consultancy services*	447,994	-	-	-	-	-
Other payables	-	-	10,056	-	-	245,527
	447,994	3,922	170,328	2,812	2,855	293,804
<b>Contingencies &amp; commitments</b>						
Transaction-related contingent liabilities	-	-	9,099,975	-	-	-
Trade-related contingent liabilities	-	-	2,137,609	-	-	-
	-	-	11,237,584	-	-	-

\* 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 year	(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 nine months ended 30 September 2020 (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	–	164,030	96,050	9,674	–	–	269,754
Fee and commission income	2,600	515	219,739	–	60	–	222,914
Rent income	4,212	3,242	–	–	–	–	7,454
<b>Expense</b>							
Mark-up / return / interest expensed	–	46,148	676,406	15,959	48,433	89,499	876,445
Commission / brokerage / bank charges paid	803	–	1,215	–	–	–	2,018
Salaries and allowances	–	–	–	383,754	–	–	383,754
Directors' fees and allowances	–	–	–	–	8,300	–	8,300
Charge to defined benefit plan	–	–	–	–	–	130,380	130,380
Contribution to defined contribution plan	–	–	–	–	–	160,058	160,058
Operating lease rentals / rent expenses	–	–	10,996	–	–	–	10,996
Insurance premium expenses	–	–	7,671	–	–	–	7,671
Maintenance, electricity, stationery & entertainment	–	–	61,322	–	–	–	61,322
Management fee expense for technical and consultancy services *	368,875	–	–	–	–	–	368,875
Donation	–	–	12,440	–	–	–	12,440
Professional / other charges	–	–	1,842	–	–	–	1,842

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

## Transactions during the period

	For the nine months ended 30 September 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	—	381,253	103,498	11,173	—	—	495,924
Fee and commission income	3,209	475	172,195	—	33	—	175,912
Rent income	4,212	3,180	—	—	—	—	7,392
<b>Expenses</b>							
Mark-up / return / interest expensed	—	29,594	1,101,782	17,602	52,726	377,788	1,579,492
Commission / brokerage / bank charges paid	477	14	1,016	—	—	—	1,507
Salaries and allowances	—	—	—	330,323	—	—	330,323
Directors' fees and allowances	—	—	—	—	11,965	—	11,965
Charge to defined benefit plan	—	—	—	—	—	130,388	130,388
Contribution to defined contribution plan	—	—	—	—	—	145,355	145,355
Operating lease rentals / rent expenses	—	10,492	10,445	—	—	—	20,937
Insurance premium expenses	—	—	9,410	—	—	—	9,410
Maintenance, electricity, stationery & entertainment	—	—	43,071	—	—	—	43,071
Management fee expense for technical and consultancy services *	297,767	—	—	—	—	—	297,767
Donation	—	—	8,440	—	—	—	8,440
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**

	<b>30 September 2020</b> (Un-Audited)	<b>31 December 2019</b> (Audited)
	Rupees in '000	
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	<b>10,478,315</b>	10,478,315
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) capital	<b>52,539,356</b>	43,786,789
Eligible Additional Tier 1 (ADT 1) capital	—	—
Total eligible tier 1 capital	<b>52,539,356</b>	43,786,789
Eligible tier 2 capital	<b>9,142,298</b>	1,621,537
Total eligible capital (tier 1 + tier 2)	<b>61,681,654</b>	45,408,326
<b>Risk Weighted Assets (RWAs):</b>		
Credit risk	<b>271,079,987</b>	267,526,564
Market risk	<b>8,635,943</b>	1,694,641
Operational risk	<b>42,106,000</b>	42,106,000
Total	<b>321,821,930</b>	311,327,205
CET 1 capital adequacy ratio	<b>16.33%</b>	14.06%
Tier 1 capital adequacy ratio	<b>16.33%</b>	14.06%
Total capital adequacy ratio	<b>19.17%</b>	14.59%
<b>Minimum capital requirements prescribed by SBP</b>		
<b>CET 1 capital adequacy ratio</b>	<b>6.00%</b>	6.00%
<b>Tier 1 capital adequacy ratio</b>	<b>7.50%</b>	7.50%
<b>Total capital adequacy ratio</b>	<b>11.50%</b>	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	<b>52,539,356</b>	43,786,789
Total exposures	<b>1,199,316,321</b>	1,093,901,591
Leverage ratio	<b>4.38%</b>	4.00%
<b>Liquidity Coverage Ratio (LCR):</b>		
Total high quality liquid assets	<b>386,744,769</b>	343,412,746
Total net cash outflow	<b>172,340,435</b>	174,022,506
Liquidity coverage ratio	<b>224%</b>	197%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total available stable funding	<b>589,191,684</b>	494,729,185
Total required stable funding	<b>286,777,953</b>	290,546,266
Net stable funding ratio	<b>205%</b>	170%

### 36. ISLAMIC BANKING BUSINESS

The Bank is operating 32 (31 December 2019: 31) islamic banking branches and 226 (2019: 222) islamic banking windows at the end of the period.

	Note	30 September 2020 (Un-Audited)	31 December 2019 (Audited)
		Rupees in '000	
<b>ASSETS</b>			
Cash and balances with treasury banks		3,913,515	5,696,506
Balances with other banks		—	—
Due from financial institutions	36.1	3,000,000	22,197,303
Investments	36.2	34,628,985	14,718,222
Islamic financing and related assets - net	36.3	32,698,623	22,425,248
Fixed assets	36.4	462,381	522,276
Intangible assets		—	—
Due from head office		5,768,216	3,950,351
Other assets		3,651,562	2,825,100
<b>Total assets</b>		<b>84,123,282</b>	<b>72,335,006</b>
<b>LIABILITIES</b>			
Bills payable		865,272	718,549
Due to financial institutions		12,033,305	4,275,353
Deposits and other accounts	36.5	62,809,488	61,261,923
Due to head office		—	—
Subordinated debt		—	—
Other liabilities	36.4	2,609,572	1,980,357
		78,317,637	68,236,182
<b>NET ASSETS</b>		<b>5,805,645</b>	<b>4,098,824</b>
<b>REPRESENTED BY</b>			
Islamic banking fund		5,504,143	3,003,871
Reserves		—	—
(Deficit) / surplus on revaluation of assets		(656,787)	6,920
Unappropriated profit	36.9	958,289	1,088,033
		5,805,645	4,098,824
<b>CONTINGENCIES AND COMMITMENTS</b>			
	36.6		



The profit and loss account of the Bank's islamic banking branches for the period ended 30 September 2020 is as follows:

	Note	Nine months ended	
		30 September 2020	30 September 2019
		(Un-Audited)	
		Rupees in '000	
Profit / return earned	36.7	<b>3,912,301</b>	3,463,791
Profit / return expensed	36.8	<b>(2,716,512)</b>	(2,229,305)
<b>Net profit / return</b>		<b>1,195,789</b>	1,234,486
<b>Other income</b>			
Fee and commission income		<b>148,549</b>	106,503
Dividend income		<b>23,400</b>	—
Foreign exchange income		<b>95,312</b>	27,953
Income / (loss) from derivatives		<b>—</b>	—
Gain / (loss) on securities		<b>206,512</b>	11,701
Other income		<b>31,981</b>	16,319
<b>Total other income</b>		<b>505,754</b>	162,476
<b>Total income</b>		<b>1,701,543</b>	1,396,962
<b>Other expenses</b>			
Operating expenses		<b>539,047</b>	511,700
Workers' welfare fund		<b>—</b>	—
Other charges		<b>605</b>	85
<b>Total other expenses</b>		<b>539,652</b>	511,785
Profit before provisions		<b>1,161,891</b>	885,177
Provisions and write offs - net		<b>(203,602)</b>	(226,294)
<b>Profit before taxation</b>		<b>958,289</b>	658,883

## 36.1 Due from financial institutions

	30 September 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>3,000,000</b>	—	<b>3,000,000</b>	14,690,000	—	14,690,000
Bai-muajjal receivable from State Bank of Pakistan	—	—	—	7,507,303	—	7,507,303
	<b>3,000,000</b>	—	<b>3,000,000</b>	<b>22,197,303</b>	—	<b>22,197,303</b>

### 36.2 Investments by segments:

	30 September 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>Federal Government Securities:</b>								
– Ijarah Sukuks	17,250,133	–	(633,208)	16,616,925	–	–	–	–
– Bai-muajjal	3,608,688	–	–	3,608,688	3,608,688	–	–	3,608,688
	<u>20,858,821</u>	<u>–</u>	<u>(633,208)</u>	<u>20,225,613</u>	<u>3,608,688</u>	<u>–</u>	<u>–</u>	<u>3,608,688</u>
<b>Non-Government Debt Securities</b>								
– Listed	7,137,387	–	(1,646)	7,135,741	5,378,650	–	2,901	5,381,551
– Unlisted	1,569,564	–	(21,933)	1,547,631	5,723,964	–	4,019	5,727,983
	<u>8,706,951</u>	<u>–</u>	<u>(23,579)</u>	<u>8,683,372</u>	<u>11,102,614</u>	<u>–</u>	<u>6,920</u>	<u>11,109,534</u>
<b>Mutual Fund</b>								
Open end	5,720,000	–	–	5,720,000	–	–	–	–
<b>Total investments</b>	<u>35,285,772</u>	<u>–</u>	<u>(656,787)</u>	<u>34,628,985</u>	<u>14,711,302</u>	<u>–</u>	<u>6,920</u>	<u>14,718,222</u>

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

### 36.3 Islamic financing and related assets - net

Ijarah	<b>221,198</b>	385,320
Murabaha	<b>4,204,492</b>	7,754,898
Working capital musharaka	<b>5,069,855</b>	2,642,396
Diminishing musharaka	<b>4,876,698</b>	3,631,076
Istisna	<b>966,903</b>	569,445
Salam	<b>199,374</b>	–
Diminishing musharaka - islamic long term financing facility	<b>424,623</b>	–
Export refinance working capital musharaka	<b>3,170,000</b>	–
Export refinance murabaha	<b>594,817</b>	987,965
Export refinance istisna	<b>414,975</b>	872,438
Export refinance al-bai	<b>2,596</b>	–
Al-bai financing	<b>183,654</b>	637,706

	<b>30 September 2020</b> (Un-Audited)	31 December 2019 (Audited)
	Rupees in '000	
Advances against:		
Ijarah	<b>74,207</b>	80,714
Diminishing musharaka - islamic long term financing facility	<b>825,673</b>	—
Diminishing musharaka - islamic refinance scheme for payment of wages and salaries	<b>1,551,751</b>	—
Diminishing musharaka - islamic financing facility for storage of agricultural produce	<b>124,354</b>	—
Diminishing musharaka - islamic temporary economic refinance facility	<b>596,042</b>	—
Murabaha	<b>307,951</b>	574,988
Diminishing musharaka	<b>725,801</b>	1,969,374
Salam	—	—
Istisna	<b>2,127,544</b>	993,202
Export refinance murabaha	<b>284,547</b>	13,165
Export refinance istisna	<b>6,165,800</b>	1,911,104
Inventory related to		
Al-bai goods	<b>192,738</b>	—
Export refinance of al-bai goods	<b>15,463</b>	—
Istisna goods	<b>206,170</b>	23,803
Gross islamic financing and related assets	<b>33,527,226</b>	23,047,594
Provision against non-performing islamic financing	<b>(828,603)</b>	(622,346)
Islamic financing and related assets - net of provision	<b>32,698,623</b>	22,425,248

## 36.4 Fixed assets and other liabilities

At 30 September 2020, fixed assets included right-of-use assets of Rs. 402,737 thousand (31 December 2019: Rs. 457,832 thousand) and other liabilities included related lease liability of Rs 437,736 thousand (31 December 2019: Rs. 471,290 thousand).

	<b>30 September 2020</b> (Un-Audited)	31 December 2019 (Audited)
	Rupees in '000	
<b>36.5 Deposits</b>		
<b>Customers</b>		
Current deposits	<b>17,475,574</b>	15,229,020
Savings deposits	<b>22,901,050</b>	21,852,586
Term deposits	<b>21,026,871</b>	19,614,334
	<b>61,403,495</b>	56,695,940
<b>Financial Institutions</b>		
Current deposits	<b>109,124</b>	851
Savings deposits	<b>1,296,869</b>	4,040,132
Term deposits	—	525,000
	<b>1,405,993</b>	4,565,983
	<b>62,809,488</b>	61,261,923

## 36.6 Contingencies and commitments

Guarantees	<b>4,532,212</b>	4,646,271
Commitments	<b>14,232,835</b>	4,175,877
	<b>18,765,047</b>	8,822,148

	Nine months ended	
	30 September 2020	30 September 2019
	(Un-Audited)	
	Rupees in '000	

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

#### Profit earned on:

Financing	1,621,914	1,390,314
Investments	1,810,289	1,493,309
Placements	480,098	580,168
	<u>3,912,301</u>	<u>3,463,791</u>

### 36.8 Profit on deposits and other dues expensed

Deposits and other accounts	2,548,881	2,118,964
Due to financial institutions	123,668	62,556
Discount expense on lease liability against right-of-use assets	43,963	47,785
	<u>2,716,512</u>	<u>2,229,305</u>

### 36.9 Unappropriated profit

Opening balance	1,088,033	446,464
Add: Islamic banking profit for the period	958,289	1,088,033
Less: Transferred to head office	(1,088,033)	(446,464)
Closing balance	<u>958,289</u>	<u>1,088,033</u>

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

## 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 22 October 2020 by the Board of Directors of the Bank.

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