



LET'S WORK TOGETHER FOR A
**BETTER
ENVIRONMENT**

REPORT FOR THE QUARTER ENDED MARCH 31, 2020

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Corporate Information

Board of Directors

Mr. Waqar Ahmed Malik
Lt Gen Javed Iqbal, HI (M) (Retd)
Lt Gen Tariq Khan, HI (M) (Retd)
Dr. Nadeem Inayat
Mr. Rehan Laiq
Mr. Manzoor Ahmed - NIT Nominee
Mr. Mushtaq Malik
Ms. Zoya Mohsin Nathani
Raja Muhammad Abbas
Mr. Mohammad Aftab Manzoor
Mr. Abid Sattar - President & Chief Executive

(Subject to Directors Fit & Proper Test clearance by the State Bank of Pakistan)

Board Audit Committee

Dr. Nadeem Inayat
Mr. Rehan Laiq
Mr. Manzoor Ahmed

Shariah Board

Mufti Muhammad Zahid - Chairman
Mufti Ismatullah - Member
Dr. Muhammad Tahir Mansoori - Resident Shariah Board Member

Auditors

M/s KPMG Taseer Hadi & Co
Chartered Accountants

Legal Advisors

M/s RIAA, Barker Gillette
Advocates & Corporate Counselors

A / Company Secretary

Mr. Umar Shahzad

Registered Office

AWT Plaza, The Mall, P. O. Box No. 1084
Rawalpindi – 46000, Pakistan.
Tel: (92 51) 8092624
UAN: (92 51) 111 000 787
Fax: (92 51) 2857448
Email: ir@askaribank.com.pk

Registrar & Share Transfer Office

CDC Share Registrar Services Limited (CDCSRSL)
Mezzanine Floor, South Tower, LSE Plaza
19-Khayaban-e-Aiwan-e-Iqbal, Lahore
Tel: Customer Support Services (Toll Free)
0800-CDCPL (23275)
Tel: (9242) 36362061-66
Fax: (92 42) 36300072
Email: info@cdcsrsl.com
Website: www.cdcsrsl.com




Entity Rating

Long Term: AA+
Short Term: A1+
By PACRA

Website

www.askaribank.com

Social Media

 /askaribankpk
 /askari_bank
 /askaribankpakistan

Directors' Review

Dear Shareholders

The Directors present the unaudited condensed interim unconsolidated financial statements for the quarter ended March 31, 2020. The financial results are summarized as under:

	Rupees in million	
	March 31, 2020	March 31, 2019
Net mark-up and non fund income	7,788	7,101
Administrative and other expenses	(4,813)	(4,312)
Profit before provision and taxation	2,975	2,789
Provisions reversal against loans and investments	70	348
Profit before taxation	3,045	3,137
Taxation	(1,186)	(1,308)
Profit after taxation	1,859	1,829
Basic earnings per share - Rupees	1.47	1.45

Askari Bank posted profit after tax amounting to Rs.1.86 billion for the quarter ended March 31, 2020 compared to Rs.1.83 billion for the corresponding quarter of 2019, a year on year increase of 2 percent. Profit before provisions and taxation increased by 7 percent to Rs.2.97 billion from Rs.2.79 billion last year. The earnings per share for the current period are reported at Rs.1.47 against Rs.1.45 for the corresponding period last year.

Aggregate net revenues for the current quarter increased by 10 percent to Rs.7.8 billion from Rs.7.1 billion for the corresponding quarter last year. Net mark-up income increased by 2 percent mainly due to asset led growth; average earning assets increased by 24 percent compared to the corresponding quarter last year. Non mark-up income increased by 41 percent mainly contributed by gains from sale of government securities as the Bank took advantage of the high rates available in shorter tenor while actively reprofiling investment portfolios. Operating expenses increased by 12 percent mainly reflecting the inflationary upsurge. Customer deposits increased by 3 percent and are reported at Rs.700 billion at March 31, 2020. During the quarter, CASA ratio improved from 82 percent to 84 percent. Gross advances increased to Rs.407 billion at the quarter end, an increase of 2 percent while non-performing loans to gross advances ratio reduced by 23 bps to 6.8 percent.

The Bank's entity ratings assigned by Pakistan Credit Rating Agency Limited (PACRA) stands at AA+ reflecting sustainability of the Bank's relative positioning and continuous improvement in capital adequacy driven by AKBL's strong Sponsors and brand, continued growth trajectory, improvement in net spreads and increase in earning assets. The short-term rating was maintained at 'A1+', being the highest rating.

The coronavirus pandemic (COVID-19) has been evolving as a strain to global economy including Pakistan causing major disruptions to the economic activity on both supply and demand sides. The Government and the State Bank of Pakistan are taking extraordinary measures for the health and safety of the public and to address the impacts on the economy including policy measures and stimulus packages for the industrial and commercial sectors. Askari Bank has proactively put in place strategies and processes to effectively contribute towards the spread of relief measures

to the end users while driving the performance forward. To control the spread of COVID-19, the Bank has also taken the preventive decision to temporarily close 123 branches. These are being regularly monitored for reopening at an appropriate time. Askari digital banking is attracting greater customer attention and is recognized as an efficient alternative for everyday banking transactions. The Bank will continue to leverage technology for enhanced customer convenience and efficiency. Given the current environment of challenges and uncertainties, the time lag in resumption of business and commercial activity will be a key determinant for the growth and economic outlook for the rest of the year. The Bank is taking all measures necessary for the safety and health of our staff and our customers and is pursuing cautions strategies to maintain our market standing, protecting the capital and to safeguard Bank's assets and earning potential.

On behalf of the Board, we would like to place on record our gratitude to our valued customers for their continued patronage to the Askari brand; our profound thanks to the State Bank of Pakistan, Securities and Exchange Commission of Pakistan, and other regulatory authorities for their guidance and assistance. We would also like to recognize the hard work and dedication of our staff that has enabled successful delivery of these results.

- sd -

President & Chief Executive

Rawalpindi
April 22, 2020

- sd -

Chairman,
Board of Directors

ڈائریکٹرز کا جائزہ

عزیزہ حصص داران

ڈائریکٹرز نے 31 مارچ 2020 کو ختم ہونے والی سرمایہ کے لئے غیر آڈٹ شدہ اور غیر جمع عبوری مالی گوشوارے پیش کر دیے ہیں۔ مالی نتائج کا خلاصہ درج ذیل ہے۔

(روپے بلین میں)

31 مارچ 2020	31 مارچ 2019
7,788	7,101
(4,813)	(4,312)
2,975	2,789
70	348
3,045	3,137
(1,186)	(1,308)
1,859	1,829
1.47	1.45

خالص مارک اپ اور نان فنڈ آمدن
انتظامی اور دیگر اخراجات
پرویزن و ٹیکس سے قبل منافع
قرضوں اور سرمایہ کاری کے مقابل خالص ریورسل
قبل از ٹیکس منافع
ٹیکس
بعد از ٹیکس منافع
بنیادی فی حصص آمدن - روپے

عسکری بینک نے 2019 کی پہلی سرمایہ کی 1.83 ارب روپے کے مقابلے میں 31 مارچ 2020 کو ختم ہونے والی سرمایہ میں ٹیکس کے بعد منافع 1.86 ارب روپے ریکارڈ کیا ہے جو سال پہ سال منافع میں 2 فیصد اضافہ ہے۔ پرویزن اور ٹیکسوں سے قبل گزشتہ سال کے منافع 2.79 ارب روپے کے مقابلے میں بینک نے اس سرمایہ میں 1.97 ارب روپے کمائے۔ دو سال سرمایہ کے دوران فی حصص منافع 1.47 روپے ہے جو گزشتہ سال کی پہلی سرمایہ کے دوران 1.45 روپے تھا۔

موجودہ سرمایہ کے دوران مجموعی خالص ریونڈ 10 فی صد اضافہ کے ساتھ 7.8 ارب روپے ریکارڈ کیا گیا جو گزشتہ سال اسی سرمایہ کے دوران 7.1 ارب روپے تھا۔ مارک اپ کی خالص آمدنی اثاثوں میں نمو کی وجہ سے 2 فیصد بڑھی گزشتہ مالی سال کی سرمایہ کے مقابلے میں آمدن والے اوسط اثاثہ جات میں 24 فیصد اضافہ ہوا۔ غیر مارک اپ آمدن میں 41 فی صد اضافہ ہوا جس کی بڑی وجہ گورنمنٹ سکیورٹیز کی فروخت سے حاصل ہونے والے مالی فوائد ہیں۔ جیسا کہ بینک نے مختصر مدت میں دستیاب بلند شرح منافع کا فائدہ اٹھاتے ہوئے سرمایہ کاری کے پورٹ فولیو کا فعال انداز میں ردوبدل کیا۔ انتظامی اخراجات میں 12 فیصد اضافہ ریکارڈ کیا گیا جس کی وجہ اخراجات میں اضافے کا رجحان ہے۔ لکھنؤ داروں کی جانب سے جمع کرائی گئی رقم میں 3 فی صد اضافہ کے ساتھ 31 مارچ، 2020 کو 700 ارب روپے رہیں۔ اسی سرمایہ کے دوران CASA کی شرح بہتر ہو کر 82 سے 84 فی صد ہو گئی۔ سرمایہ کے اختتام پر مجموعی ایڈوائسز 2 فی صد اضافے کے ساتھ بڑھ کر 407 ارب روپے ہو گئے، جب کہ غیر فعال قرضہ جات کی مجموعی ایڈوائسز سے شرح 23 کم ہو کر 6.8 فیصد ہو گئی۔

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) کی جانب سے بینک کی پینٹھی ریٹنگ AA+ (ڈبل اے پلس) برقرار رکھی گئی جو کہ بینک کی تقابلی پوزیشننگ اور کپٹیل ایڈیٹوری میں مسلسل بہتری اور اس کے بی ایل (AKBL) کے مضبوط سپانسرز اور برانڈ سے ماخوذ ہے، مسلسل نمو کے رجحان، وسعت میں بہتری اور اثاثوں کی آمدنی میں پائیداری کو ظاہر کرتی ہے۔ بینک نے مختصر مدت کی اعلیٰ ترین ریٹنگ 'A1+' برقرار رکھی۔

کورونا وائرس کی وبا (کوویڈ-19) کی وجہ سے پاکستان سمیت عالمی سطح پر معاشی اور اقتصادی سرگرمیوں میں خلل آیا جس کی وجہ سے طلب اور رسد میں نمایاں کمی واقع ہوئی ہے۔ حکومت اور اسٹیٹ بینک آف پاکستان عوام کی صحت اور حفاظت کیلئے غیر معمولی اقدامات کر رہے ہیں جس میں صنعتی اور تجارتی شعبوں پر پڑنے والے اثرات کو کم کرنے کیلئے ریلیف پیکیج اور ضروری گائیڈ لائنز شامل ہیں۔ عسکری بینک نے پیش قدمی کے ساتھ ایسی حکمت عملیاں اور پرویزن تشکیل دیئے ہیں جس سے بینک صارفین کو ریلیف پہنچانے میں بہت مدد ملی جب کہ بینک نے اپنی کارکردگی میں مسلسل پیش رفت بھی جاری رکھی۔ کوویڈ-19 کے پھیلاؤ کو روکنے کیلئے بینک نے اہم اقدامات اٹھاتے ہوئے عارضی طور پر 123 برانچوں کو بند کر دیا ہے جو کہ کسی موزوں وقت پر دوبارہ کھولنے کیلئے باقاعدگی سے زیر جائزہ ہیں۔ عسکری بینک میں بینکنگ نے بڑی تعداد میں اپنے صارفین کو متوجہ کیا ہے اور روزمرہ بینکنگ سروسز کو کمیشنز کے لئے ایک موثر اور بہترین متبادل کے طور پر سامنے آئی ہے۔ بینک صارفین کی سہولت اور آسانی کیلئے آئندہ بھی ٹیکنالوجی کے استعمال کو جاری رکھے گا۔ موجودہ چیلنجز اور غیر یقینی صورتحال کو دیکھتے ہوئے، کاروبار اور تجارتی سرگرمیوں کی بحالی میں درکار وقت سال کی آئندہ ترقی اور معاشی نقطہ نظر کیلئے فیصلہ کن ثابت ہو گئے۔ بینک اپنے ملازمین اور صارفین کی صحت اور حفاظت کیلئے اہم اقدامات کر رہا ہے۔ اور مارکیٹ سٹیڈنگ کو برقرار رکھنے، سرمایہ، بینک کے اثاثہ جات اور کمائی کی استعداد کے تحفظ کے لئے محتاط حکمت عملی کو اپناتا رہے۔

بورڈ کی جانب سے، ہم عسکری برانڈ کی مسلسل سرپرستی کرنے پر معزز صارفین کا شکریہ ادا کرتے ہیں، اسٹیٹ بینک آف پاکستان، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر ریگولیٹری اتھارٹیز کی جانب سے رہنمائی اور معاونت کا بھی شکریہ ادا کرتے ہیں۔ ہم اپنے عملی کی محنت اور گن کو بھی تسلیم کرتے ہیں جن کی انتھک محنت سے یہ کامیابی اور نتائج حاصل ہوئے ہیں۔

دستخط
چیئرمین
بورڈ آف ڈائریکٹرز

دستخط
صدر و چیف ایگزیکٹو
راولپنڈی
22 اپریل 2020

Unconsolidated Condensed Interim Statement of Financial Position

As at March 31, 2020

		(Un-audited) March 31, 2020	(Audited) December 31, 2019
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	6	58,755,283	63,039,290
Balances with other banks	7	8,300,563	7,886,702
Lendings to financial institutions	8	19,763,273	20,405,972
Investments	9	339,347,512	305,435,633
Advances	10	381,449,437	372,913,863
Fixed assets	11	19,554,041	19,696,568
Intangible assets	12	925,294	808,994
Assets held for sale		80,720	80,720
Deferred tax assets	13	1,318,612	2,489,752
Other assets	14	38,516,315	40,450,512
		868,011,050	833,208,006
LIABILITIES			
Bills payable	15	11,469,963	15,768,947
Borrowings	16	61,445,098	51,187,681
Deposits and other accounts	17	699,868,992	679,299,486
Liabilities against assets subject to finance lease		-	-
Subordinated debts	18	15,991,200	9,992,000
Deferred tax liabilities		-	-
Other liabilities	19	32,855,577	34,704,048
		821,630,830	790,952,162
NET ASSETS		<u>46,380,220</u>	<u>42,255,844</u>
REPRESENTED BY			
Share capital		12,602,602	12,602,602
Reserves		19,851,218	19,366,260
Surplus on revaluation of assets - net of tax	20	6,444,928	4,300,426
Unappropriated profit		7,481,472	5,986,556
		<u>46,380,220</u>	<u>42,255,844</u>
CONTINGENCIES AND COMMITMENTS			
	21		

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

- sd -
President & Chief Executive

- sd -
Chief Financial Officer

- sd -
Director

- sd -
Director

- sd -
Chairman

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

For the quarter ended March 31, 2020

		Quarter ended March 31, 2020	Quarter ended March 31, 2019
	Note	(Rupees in '000)	
Mark-up / return / interest earned	23	21,652,259	14,261,858
Mark-up / return / interest expensed	24	15,811,078	8,543,106
Net mark-up / interest income		<u>5,841,181</u>	<u>5,718,752</u>
Non mark-up / interest income			
Fee and commission income	25	857,090	844,414
Dividend income		64,561	57,225
Foreign exchange income		377,513	397,422
Income / (loss) from derivatives		-	-
Gain on securities	26	565,541	34,279
Other income	27	81,675	49,269
Total non-markup / interest income		<u>1,946,380</u>	<u>1,382,609</u>
Total income		<u>7,787,561</u>	<u>7,101,361</u>
Non mark-up / interest expenses			
Operating expenses	28	4,767,914	4,274,441
Workers' Welfare Fund		45,000	15,508
Other charges	29	221	22,209
Total non-markup / interest expenses		<u>4,813,135</u>	<u>4,312,158</u>
Profit before provisions		2,974,426	2,789,203
Provisions and write offs - net Extraordinary / unusual items	30	(69,930)	(348,023)
		<u>-</u>	<u>-</u>
Profit before taxation		3,044,356	3,137,226
Taxation	31	1,185,731	1,308,061
Profit after taxation		<u>1,858,625</u>	<u>1,829,165</u>
		Rupees	
Basic earnings per share	32	<u>1.47</u>	<u>1.45</u>

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

- sd -
President & Chief Executive

- sd -
Chief Financial Officer

- sd -
Director

- sd -
Director

- sd -
Chairman

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

For the quarter ended March 31, 2020

	Quarter ended March 31, 2020	Quarter ended March 31, 2019
	(Rupees in '000)	
Profit after taxation	1,858,625	1,829,165
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Effect of translation of net investment in Wholesale Bank Branch	113,233	(69,820)
Movement in surplus on revaluation of investments - net of tax	2,151,502	440,422
	2,264,735	370,602
Items that will not be reclassified to profit and loss account in subsequent periods:		
Movement in surplus on revaluation of non-banking assets	(7,000)	-
Total comprehensive income	<u>4,116,360</u>	<u>2,199,767</u>

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

- sd -
President & Chief Executive

- sd -
Chief Financial Officer

- sd -
Director

- sd -
Director

- sd -
Chairman

Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited) For the quarter ended March 31, 2020

(Rupees in thousand)

Share capital	Exchange transition reserve	Share premium account	Statutory reserve	General reserve	Surplus / (deficit) on revaluation of		Un-appropriated profit / (loss)	Total	
					Investments	Fixed / Non banking assets			
(Rupees in '000)									
Balance as at January 1, 2019	12,602,602	309,161	234,669	8,695,147	6,304,202	(4,097,523)	5,746,720	3,713,929	33,508,907
Total comprehensive income for the quarter ended March 31, 2019									
Net profit for the quarter ended March 31, 2019	-	-	-	-	-	-	-	1,829,165	1,829,165
Other comprehensive income related to equity	-	(69,820)	-	-	-	440,422	-	-	370,602
	-	(69,820)	-	-	-	440,422	-	1,829,165	2,199,767
Transfer to Statutory reserve	-	-	-	365,833	-	-	-	(365,833)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	-
Transfer to General reserve	-	-	-	-	2,453,669	-	-	(2,453,669)	-
Transaction with owners, recorded directly in equity									
Final dividend 2018: Re. 1 per share	-	-	-	-	-	-	-	(1,260,260)	(1,260,260)
Balance as at March 31, 2019	12,602,602	239,341	234,669	9,060,980	8,757,871	(3,657,101)	5,746,720	1,463,332	34,448,414
Total comprehensive income for the nine months ended December 31, 2019									
Net profit for the nine months ended December 31, 2019	-	-	-	-	-	-	-	5,187,857	5,187,857
Other comprehensive income related to equity	-	35,828	-	-	-	2,122,810	87,997	285,311	2,531,946
	-	35,828	-	-	-	2,122,810	87,997	5,473,168	7,719,803
Transfer to Statutory reserve	-	-	-	1,037,571	-	-	-	(1,037,571)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	87,627	87,627
Balance as at December 31, 2019	12,602,602	275,169	234,669	10,098,551	8,757,871	(1,534,291)	5,834,717	5,986,556	42,255,844
Total comprehensive income for the quarter ended March 31, 2020									
Net profit for the quarter ended March 31, 2020	-	-	-	-	-	-	-	1,858,625	1,858,625
Other comprehensive income related to equity	-	113,233	-	-	-	2,151,502	(7,000)	-	2,257,735
	-	113,233	-	-	-	2,151,502	(7,000)	1,858,625	4,116,360
Transfer to Statutory reserve	-	-	-	371,725	-	-	-	(371,725)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	8,016	8,016
Balance as at March 31, 2020	12,602,602	388,402	234,669	10,470,276	8,757,871	617,211	5,827,717	7,481,472	46,380,220

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

- sd -
President & Chief Executive

- sd -
Chief Financial Officer

- sd -
Director

- sd -
Director

- sd -
Chairman

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)

For the quarter ended March 31, 2020

	Quarter ended March 31, 2020	Quarter ended March 31, 2019
Note	(Rupees in '000)	
Cash flow from operating activities		
Profit before taxation	3,044,356	3,137,226
Less: dividend income	(64,561)	(57,225)
	<u>2,979,795</u>	<u>3,080,001</u>
Adjustments:		
Depreciation	271,015	257,920
Amortization	55,523	51,798
Depreciation on ROU assets	393,877	-
Markup expense on lease liability against ROU assets	252,065	-
Termination of lease contracts under IFRS - 16 Leases	2,018	-
Reversal of rent expense already booked on IFRS 16 - Lease contracts	(440,296)	-
Charge for defined benefit plans	118,578	111,409
Provisions and write offs - net	(49,711)	(322,135)
(Gain) / loss on sale of fixed assets	(2,977)	6,812
	<u>600,092</u>	<u>105,804</u>
	<u>3,579,887</u>	<u>3,185,805</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	56,917	-
Held for trading securities	41,591	(571,437)
Advances	(8,311,816)	(7,561,930)
Other assets (excluding advance taxation)	1,880,238	(331,642)
	<u>(6,333,070)</u>	<u>(8,465,009)</u>
Increase / (decrease) in operating liabilities		
Bills payable	(4,298,984)	(3,269,341)
Borrowings	10,257,417	(7,065,046)
Deposits	20,569,506	(10,940,522)
Other liabilities (excluding current taxation)	(1,977,914)	(655,259)
	<u>24,550,025</u>	<u>(21,930,168)</u>
Net cash flow generated from / (used in) operations	<u>21,796,842</u>	<u>(27,209,372)</u>
Income tax paid	(1,150,754)	(1,145,253)
Net cash flow generated from / (used in) operating activities	<u>20,646,088</u>	<u>(28,354,625)</u>
Cash flow from investing activities		
Net investments in available for sale securities	(27,223,626)	43,304,864
Net investments in held to maturity securities	(3,189,003)	(16,470,590)
Dividend received	33,253	22,099
Investments in operating fixed assets - net of adjustments	(369,218)	(186,600)
Investments in intangible assets	(172,735)	(154,010)
Proceeds from sale of fixed assets	6,750	3,885
Effect of translation of net investment in Wholesale Bank Branch	113,233	(69,820)
Net cash (used in) / generated from investing activities	<u>(30,801,346)</u>	<u>26,449,828</u>
Cash flow from financing activities		
Receipts / (payments) of subordinated debts - net	5,999,200	(800)
Payments against lease liabilities	(299,037)	-
Dividend paid	(839)	(1,198)
Net cash flow generated from / (used in) financing activities	<u>5,699,324</u>	<u>(1,998)</u>
Decrease in cash and cash equivalents	<u>(4,455,934)</u>	<u>(1,906,795)</u>
Cash and cash equivalents at beginning of the period	<u>77,256,780</u>	<u>53,281,057</u>
Cash and cash equivalents at end of the period	<u>72,800,846</u>	<u>51,374,262</u>

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

- sd -
President & Chief Executive

- sd -
Chief Financial Officer

- sd -
Director

- sd -
Director

- sd -
Chairman

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

1. STATUS AND NATURE OF BUSINESS

Askari Bank Limited (the Bank) was incorporated in Pakistan on October 9, 1991 as a Public Limited Company and is listed on the Pakistan Stock Exchange. The registered office of the Bank is situated at AWT Plaza, the Mall, Rawalpindi. The Bank is a scheduled commercial bank and is principally engaged in the business of banking as defined in the Banking Companies Ordinance, 1962. The Fauji Consortium: comprising of Fauji Foundation (FF), Fauji Fertilizer Company Limited (FFCL) and Fauji Fertilizer Bin Qasim Limited (FFBL) collectively owned 71.91 percent shares of the Bank as on March 31, 2020. The ultimate parent of the Bank is Fauji Foundation. The Bank has 535 branches (December 31, 2019: 535 branches); 534 in Pakistan and Azad Jammu and Kashmir (including 94 (December 31, 2019: 94) Islamic Banking branches and 50 (December 31, 2019: 50) sub-branches) and a Wholesale Bank Branch (WBB) in the Kingdom of Bahrain.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are 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 IFRS or IFAS the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives, shall prevail.

The SBP, vide its BSD Circular Letter no. 10 dated August 26, 2002 has deferred the applicability of International Accounting Standard 40, Investment Property, for banking companies till further instructions. Further, the SECP, through S.R.O 411(1)/2008 dated April 28, 2008, has deferred the applicability of IFRS 7, Financial Instruments: Disclosures, to banks. Additionally, the SBP has deferred the applicability of IFRS 9 to banks to accounting periods beginning on or after January 1, 2021. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements.

2.2 These unconsolidated condensed interim financial statements have been presented in accordance with the requirements of format prescribed by SBP vide BPRD Circular Letter No. 5 dated March 22, 2019 and International Accounting Standard 34 'Interim Financial Reporting' and do not include all the information and disclosures required in the audited annual unconsolidated financial statements, and should be read in conjunction with the audited annual unconsolidated financial statements for the financial year ended December 31, 2019.

3. SIGNIFICANT ACCOUNTING POLICIES

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

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

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

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

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

a) Following standards have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of their applicability in Pakistan:

	Effective date (annual periods beginning on or after)
IFRS 1 First-Time Adoption of International Financial Reporting Standards (Amendments)	July 1, 2009
IFRS 17 Insurance Contracts	January 1, 2022

b) Following standards and amendments to published accounting standards will be effective in future periods and have not been early adopted by the Bank.

	Effective date (annual periods beginning on or after)
IFRS 9 Financial Instruments	January 1, 2021
IFRS 17 Insurance Contracts	January 1, 2022

The management does not anticipate early adoption of above standards and amendments.

3.3 IFRS 16, "Leases" became applicable to the banks from January 1, 2019. SBP vide BPRD Circular Letter No. 08 of 2019 extended the implementation date to June 30, 2019, and accordingly the Bank implemented the standard on June 30, 2019. The Bank adopted IFRS 16, "Leases" from January 1, 2019 without restating comparatives for the 2018 reporting period, as permitted under the specific transitional provisions of the standard. Comparatives for prior period have not been restated as the financial impact has been considered immaterial.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

5. FINANCIAL RISK MANAGEMENT AND CORONAVIRUS (COVID-19) IMPLICATIONS

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the unconsolidated financial statements for the year ended December 31, 2019 except for the following additional considerations due to the COVID-19.

The coronavirus pandemic and the measures to reduce its spread have significantly impacted Pakistan's economy. Regulators and governments across the globe have introduced fiscal and economic stimulus measures to mitigate its impact. The SBP has responded to the crisis by taking various measures to maintain banking system soundness and to sustain economic activity.

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

COVID-19 has impacted the banks in Pakistan. Below are major aspects of COVID-19 on the Bank's risk management policies.

Assets quality and credit risk

The risk management function of the Bank is regularly conducting assessments to identify borrowers operating in various economic sectors which are most likely to get adversely affected. The Bank has further strengthened its credit review procedures in the light of COVID-19, and as per assessment of advances portfolio as at March 31, 2020, no additional provision is warranted. The Bank is carrying a general provision amounting to Rs.341,001 thousand in respect of potential loan losses which are not specifically identified.

Overall, the COVID-19 situation remains fluid and is rapidly evolving, which makes it challenging to reliably reflect related impacts. Nonetheless, the outbreak is expected to have an impact on the macro-economic environment beyond reasonable doubt, and will in turn adversely affect the repayment behaviours of the Bank borrowers' in short to medium term. The situation will continue to be closely monitored and due measures will be initiated to mitigate the risk of potential defaults.

Liquidity management

The Bank has received applications for deferral of principal amounts of loan obligations and is expected to receive further such applications. These applications are being reviewed by the Bank as per its established policies. The above will have an impact on the maturity profile. The Bank is continuously monitoring the liquidity position and is taking due precautionary measures where needed. The Bank is confident that the liquidity buffer currently maintained by the Bank is sufficient to cater any adverse movement in cash flow maturity profile.

Capital adequacy ratio

Under the current scenario, the banks are under pressure to extend further credit to its borrowers, while overall deteriorating credit risk and increased NPL may also put additional pressures on the Bank from Capital Adequacy Ratio perspective. The SBP has relaxed the Capital Conversion Buffer (CCB) requirements for the Banks to 1.5%, resulting in an overall CAR requirement of 11.5%. In addition to the measures by SBP, the Bank is continuously monitoring the impacts of various decisions of its CAR and taking further lending decisions based on the overall impacts on RWA. The Bank also believes that it has sufficient buffer in its CAR requirement to meet any adverse movements in credit, market or operational risks.

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
Rupees in '000		
6. CASH AND BALANCES WITH TREASURY BANKS		
In hand:		
Local currency	16,261,043	11,990,404
Foreign currencies	3,197,639	2,441,156
	<u>19,458,682</u>	<u>14,431,560</u>
With the State Bank of Pakistan in:		
Local currency current accounts	24,571,723	34,638,383
Foreign currency current account	3,488,661	3,107,745
Foreign currency deposit account	9,692,365	8,684,787
	<u>37,752,749</u>	<u>46,430,915</u>
With National Bank of Pakistan in:		
Local currency current accounts	1,519,493	1,899,188
Prize Bonds	24,359	277,627
	<u>58,755,283</u>	<u>63,039,290</u>
7. BALANCES WITH OTHER BANKS		
In Pakistan		
In current accounts	271,070	469,619
In deposit accounts - note 7.1	2,000,097	476
	<u>2,271,167</u>	<u>470,095</u>
Outside Pakistan		
In current accounts	2,172,432	753,774
In deposit accounts	3,857,083	6,662,839
	<u>6,029,515</u>	<u>7,416,613</u>
Provision held against balances with other banks	(119)	(6)
	<u>8,300,563</u>	<u>7,886,702</u>

7.1 This includes Ameen Islamic deposit of Rs. 2,000,000 thousand with M/s United Bank Limited having maturity upto April 6, 2020 and carries mark-up of 11.50%.

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
Rupees in '000		
8. LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money lendings	5,745,000	6,330,782
Repurchase agreement lendings (reverse repo)	14,018,273	14,075,190
Purchase under resale arrangement of equity securities	148,606	148,606
	<u>19,911,879</u>	<u>20,554,578</u>
Provision held against lending to financial institutions	(148,606)	(148,606)
Lending to financial institutions - net of provision	<u>19,763,273</u>	<u>20,405,972</u>

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the quarter ended March 31, 2020

	March 31, 2020 (Un-audited)		December 31, 2019 (Audited)	
	Classified Lending	Provision Held	Classified Lending	Provision Held
(Rupees in '000)				
8.1 Category of classification				
Domestic				
Loss	148,606	148,606	148,606	148,606

9. INVESTMENTS

	March 31, 2020 (Un-audited)				December 31, 2019 (Audited)			
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
(Rupees in '000)								
9.1 Investments by type:								
Held for trading securities								
Fully paid ordinary shares	-	-	-	-	41,591	-	(1,503)	40,088
	-	-	-	-	41,591	-	(1,503)	40,088
Available for sale securities								
Federal Government Securities	237,739,038	(40,227)	1,990,206	239,689,017	211,166,999	(37,369)	(3,109,664)	208,019,966
Shares	6,463,282	(1,354,427)	(1,146,747)	3,962,108	6,048,578	(1,607,285)	490,064	4,931,357
Units of open end mutual funds	1,205,036	(160,152)	(4,171)	1,040,713	1,305,036	(146,912)	114,137	1,272,261
Fully paid preference shares	27,314	(9,522)	44,152	61,944	27,314	(9,189)	43,820	61,945
Non Government Debt Securities	12,207,139	(1,481,006)	97,045	10,823,178	12,215,395	(1,489,262)	93,993	10,820,126
Foreign securities	504,785	(6,075)	(30,930)	467,780	159,646	(1,881)	7,202	164,967
	258,146,594	(3,051,409)	949,555	256,044,740	230,922,968	(3,291,898)	(2,360,448)	225,270,622
Held to maturity securities								
Federal Government Securities	79,964,207	(144,128)	-	79,820,079	77,030,069	(133,887)	-	76,896,182
Non Government Debt Securities	110,000	(110,000)	-	-	110,000	(110,000)	-	-
Foreign securities	3,502,712	(20,019)	-	3,482,693	3,247,847	(19,106)	-	3,228,741
	83,576,919	(274,147)	-	83,302,772	80,387,916	(262,993)	-	80,124,923
Total investments	341,723,513	(3,325,556)	949,555	339,347,512	311,352,475	(3,554,891)	(2,361,951)	305,435,633

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

9.1.1 Investments given as collateral

The market value of investment given as collateral is as follows:

Pakistan Investment Bonds	3,078,886	-
Market Treasury Bills	3,088,658	12,480,754
Euro Bonds	5,280,866	5,527,143
Bahrain International Bonds	473,855	-
Srilankan Investment Bonds	-	166,848
Turkish Euro Bonds	440,648	445,961
Turkish Sukuks	955,212	956,958
Ijarah Sukuks	6,225,421	5,586,569
	19,543,546	25,164,233

9.2 Provision for diminution in value of investments

9.2.1 Opening balance	3,554,891	3,264,202
Exchange adjustments	14,894	19,368
Charge / (reversals)		
Charge for the period / year	50,000	976,751
Charge of provision under IFRS 9 related to WBB	3,315	6,197
Reversals for the period / year	(8,257)	(51,586)
Net charge	45,058	931,362
Reversal on disposals	(289,287)	(660,041)
Closing balance	3,325,556	3,554,891

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

9.2.2 Particulars of provision against debt securities

Category of classification	March 31, 2020 (Un-audited)		December 31, 2019 (Audited)	
	NPL	Provision	NPL	Provision
	(Rupees in '000)			
Domestic				
Loss	1,591,006	1,591,006	1,599,262	1,599,262
Overseas				
Not past due but impaired as per IFRS 9	-	210,449	-	192,244
	<u>1,591,006</u>	<u>1,801,455</u>	<u>1,599,262</u>	<u>1,791,506</u>

9.3 The market value of securities classified as held to maturity as at March 31, 2020 is Rs. 88,385,213 thousand (December 31, 2019: Rs. 83,778,547 thousand).

10. ADVANCES	Performing		Non Performing		Total	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	314,145,010	307,069,106	25,876,130	26,257,191	340,021,140	333,326,297
Islamic financing and related assets	49,090,561	45,596,566	1,861,061	1,816,376	50,951,622	47,412,942
Bills discounted and purchased	15,974,959	17,749,166	60,406	60,406	16,035,365	17,809,572
Advances - gross	379,210,530	370,414,838	27,797,597	28,133,973	407,008,127	398,548,811
Provision against advances						
- Specific	-	-	(24,312,932)	(24,408,056)	(24,312,932)	(24,408,056)
- General	(1,245,758)	(1,226,892)	-	-	(1,245,758)	(1,226,892)
	<u>(1,245,758)</u>	<u>(1,226,892)</u>	<u>(24,312,932)</u>	<u>(24,408,056)</u>	<u>(25,558,690)</u>	<u>(25,634,948)</u>
Advances - net of provision	<u>377,964,772</u>	<u>369,187,946</u>	<u>3,484,665</u>	<u>3,725,917</u>	<u>381,449,437</u>	<u>372,913,863</u>

10.1 Particulars of advances (Gross)

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
In local currency	377,118,092	368,646,263
In foreign currencies	29,890,035	29,902,548
	<u>407,008,127</u>	<u>398,548,811</u>

10.2 Advances include Rs. 27,797,597 thousand (December 31, 2019: Rs. 28,133,973 thousand) which have been placed under non-performing status as detailed below:

Category of classification	March 31, 2020 (Un-audited)		December 31, 2019 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	(Rupees in '000)			
Domestic				
Other Assets Especially Mentioned - note 10.2.1	2,062,819	874	2,125,144	68
Substandard	288,484	40,359	477,321	50,418
Doubtful	842,589	232,162	661,347	209,962
Loss	24,603,705	24,039,537	24,870,161	24,147,608
	<u>27,797,597</u>	<u>24,312,932</u>	<u>28,133,973</u>	<u>24,408,056</u>

10.2.1 This represents classification for Agricultural, Mortgage and Small Entities finances.

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

10.3 Particulars of provision against advances

	March 31, 2020 (Un-audited)				December 31, 2019 (Audited)			
	Specific	General	Consumer	Total	Specific	General	Consumer	Total
	financing-General				financing-General			
	(Rupees in '000)							
Opening balance	24,408,056	584,145	642,747	25,634,948	25,113,169	498,429	540,226	26,151,824
Exchange adjustment	-	17,661	-	17,661	-	22,252	-	22,252
Charge for the period / year	185,792	8,699	28,255	222,746	1,467,527	22,525	108,884	1,598,936
Provision under IFRS 9 related to WBB	-	(31,085)	-	(31,085)	-	48,525	-	48,525
Reversal for the period / year	(280,916)	-	(4,664)	(285,580)	(1,648,011)	(7,586)	(6,363)	(1,661,960)
	(95,124)	(22,386)	23,591	(93,919)	(180,484)	63,464	102,521	(14,499)
Amounts written off	-	-	-	-	(402,506)	-	-	(402,506)
Amounts charged off- agriculture financing	-	-	-	-	(122,123)	-	-	(122,123)
Closing balance	24,312,932	579,420	666,338	25,558,690	24,408,056	584,145	642,747	25,634,948

10.3.1 The net FSV benefit already availed has been reduced by Rs. 131,308 thousand, which has resulted in increased charge for specific provision for the period by the same amount. Had the FSV benefit not reduced, before and after tax profit for the year would have been higher by Rs. 131,308 thousand (December 31, 2019: Rs. 108,591 thousand) and Rs. 85,350 thousand (December 31, 2019: Rs. 70,584 thousand) respectively. Further, at March 31, 2020, cumulative net of tax benefit availed for Forced Saled Value (FSV) was Rs. 442,134 thousand (December 31, 2019: Rs. 527,484 thousand) under BSD circular No. 1 of 2011 dated October 21, 2011. Reserves and un-appropriated profit to that extent are not available for distribution by way of cash or stock dividend.

10.3.2 The Bank has availed the relaxation of Rs. 101,394 thousand (December 31, 2019: Rs. 101,394 thousand) allowed by the SBP for maintaining provisions as per time based criteria of prudential regulations.

11. FIXED ASSETS

Capital work-in-progress - note 11.1
Property and equipment
Right of use asset - IFRS 16

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
	205,487	126,731
	12,267,137	12,252,877
	7,081,417	7,316,960
	<u>19,554,041</u>	<u>19,696,568</u>

11.1 This represents advances to suppliers and contractors.

	(Un-audited)	
	Quarter ended March 31, 2020	Quarter ended March 31, 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 78,756 18,683

Property and equipment

Renovation of premises
Furniture, fixtures and office equipment
Carpets
Machine and equipments
Computer equipments
Vehicles

52,309	16,132
120,913	18,406
3,441	2,070
66,998	53,352
34,567	9,124
7,466	6,023
285,694	105,107
185,405	-
<u>549,855</u>	<u>123,790</u>

Right of use assets under IFRS 16

Total

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

		(Un-audited)	
		Quarter ended March 31, 2020	Quarter ended March 31, 2019
11.3 Disposal of fixed assets			
	The net book value of fixed assets disposed off during the period is as follows:		
	Renovation of premises	-	6,349
	Furniture, fixtures and office equipment	1,646	1,857
	Carpets	433	453
	Machine and equipments	544	2,038
	Computer equipments	28	-
	Total	2,651	10,697
		(Un-audited) March 31, 2020	(Audited) December 31, 2019
		(Rupees in '000)	
12. INTANGIBLE ASSETS			
	Computer software	800,311	682,889
	Less: Provision against intangibles	(9,866)	(9,866)
		790,445	673,023
	Capital work in progress	134,849	135,971
		925,294	808,994
		(Un-audited)	(Un-audited)
		Quarter ended March 31, 2020	Quarter ended March 31, 2019
		(Rupees in '000)	
12.1 Additions to intangible assets			
	The following additions have been made to intangible assets during the period:		
	Directly purchased	172,735	138,040
		(Un-audited) March 31, 2020	(Audited) December 31, 2019
		(Rupees in '000)	
13. DEFERRED TAX ASSETS			
	Deductible temporary differences on		
	- Post retirement employee benefits	9,971	9,971
	- (Surplus) / deficit on revaluation of investments	(332,344)	826,157
	- Impact under IFRS 9 related to WBB	121,871	121,871
	- Provision against advances, off balance sheet	1,568,007	1,568,007
		1,367,505	2,526,006
	Taxable temporary differences on		
	- Accelerated tax depreciation	(48,893)	(36,254)
		1,318,612	2,489,752

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
14. OTHER ASSETS		
Income / mark-up accrued in local currency - net of provision	13,676,999	16,320,068
Income / mark-up accrued in foreign currencies	838,444	558,708
Advances, deposits, advance rent and other prepayments	667,649	666,068
Advance taxation (payments less provisions)	6,531,596	6,552,849
Non-banking assets acquired in satisfaction of claims	2,414,843	2,555,343
Mark to market gain on forward foreign exchange contracts - net	1,000,500	396,433
Suspense account	261,007	50,741
Stationery and stamps in hand	102,397	92,639
Dividend receivable	33,212	1,904
Acceptances	10,199,325	10,498,594
Receivable from defined benefit plan	-	71,364
Others	803,481	704,061
	<u>36,529,453</u>	<u>38,468,772</u>
Provision held against other assets - note 14.1	(225,967)	(238,089)
Other assets - net of provision	<u>36,303,486</u>	<u>38,230,683</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	<u>2,212,829</u>	<u>2,219,829</u>
Other assets - total	<u><u>38,516,315</u></u>	<u><u>40,450,512</u></u>
14.1 Provision held against other assets		
Advances, deposits, advance rent and other prepayments	138,982	139,068
Non-banking assets acquired in satisfaction of claims	15,952	15,952
Suspense account	34,408	34,408
Stationery and stamps in hand	2,285	14,321
Others	34,340	34,340
	<u>225,967</u>	<u>238,089</u>
14.1.1 Movement in provision held against other assets		
Opening balance	238,089	257,811
Charge for the period / year	-	14,593
Provision under IFRS 9 related to WBB	-	(447)
Reversals for the period / year	(86)	(26,759)
Net reversal for the period / year	(86)	(12,613)
Amounts written off / adjustments	(12,036)	(7,109)
Closing balance	<u>225,967</u>	<u>238,089</u>
15. BILLS PAYABLE		
In Pakistan	<u>11,469,963</u>	<u>15,768,947</u>

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

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

16. BORROWINGS

Secured

Borrowings from the State Bank of Pakistan under:

Export refinance scheme	16,028,001	13,656,666
Long term financing facility	5,968,325	5,622,997
Financing facility for storage of agricultural produce	1,667	2,500
Renewable energy financing facility	423,302	429,526
Refinance from SBP - credit guarantee scheme for women entrepreneurs	2,368	1,618
	<u>22,423,663</u>	<u>19,713,307</u>

Repurchase agreement borrowings

State Bank of Pakistan	-	7,666,640
Financial institutions	<u>11,477,948</u>	<u>14,248,475</u>
	11,477,948	21,915,115

Refinance from Pakistan Mortgage Refinance Company

Bai Muajjal payable - note 16.1	2,972,026	1,972,026
	<u>6,014,129</u>	<u>-</u>

Total secured 42,887,766 43,600,448

Unsecured

Call borrowings	7,052,167	6,162,763
Overdrawn nostro accounts	1,500,333	1,424,470
Bai Muajjal payable to Islamic financial institutions - note 16.2	7,004,165	-
Others - note 16.3	3,000,667	-
	<u>18,557,332</u>	<u>7,587,233</u>

Total unsecured 61,445,098 51,187,681

16.1 This represents Bai Muajjal payable to M/s Meezan Bank Limited secured against pledge of government securities and have maturities upto 23 October, 2020 and carries mark-up at the rate of 12.65% per annum.

16.2 These carry mark-up ranging from 12.60% to 12.75% having maturities upto May 5, 2020.

16.3 This represents short term foreign currency borrowing from M/s Emirates NBD Bank PJSC Dubai having maturity upto June 17, 2020. This carries mark-up at the rate of 2.24% per annum.

March 31, 2020 (Un-audited)			December 31, 2019 (Audited)		
In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total

(Rupees in '000)

17. DEPOSITS AND OTHER ACCOUNTS

Customers

Current accounts	167,635,559	20,724,372	188,359,931	174,842,702	19,411,555	194,254,257
Savings deposits	355,902,599	40,469,429	396,372,028	326,751,449	34,103,203	360,854,652
Fixed deposits	102,884,994	7,244,486	110,129,480	112,600,623	6,664,632	119,265,255
	<u>626,423,152</u>	<u>68,438,287</u>	<u>694,861,439</u>	<u>614,194,774</u>	<u>60,179,390</u>	<u>674,374,164</u>

Financial institutions

Current accounts	544,609	172,748	717,357	547,712	41,087	588,799
Savings deposits	1,009,696	-	1,009,696	1,584,523	-	1,584,523
Fixed deposits	3,280,500	-	3,280,500	2,752,000	-	2,752,000
	<u>4,834,805</u>	<u>172,748</u>	<u>5,007,553</u>	<u>4,884,235</u>	<u>41,087</u>	<u>4,925,322</u>

631,257,957 68,611,035 699,868,992 619,079,009 60,220,477 679,299,486

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
18. SUBORDINATED DEBTS		
Term Finance Certificates - V	3,991,200	3,992,000
Term Finance Certificates - VI (ADT-1)	6,000,000	6,000,000
Term Finance Certificates - VII	6,000,000	-
	<u>15,991,200</u>	<u>9,992,000</u>

- 18.1** The Bank has raised unsecured sub-ordinated loans through issuance of Term Finance Certificates to improve the Bank's capital adequacy. Liability to the TFC holders is subordinated to and rank inferior to all other indebtedness of the Bank including deposits and is not redeemable before maturity without prior approval of the SBP. The salient features of outstanding issues are as follows:

	Term Finance Certificates - V	Term Finance Certificates-VI (ADT-1)	Term Finance Certificates - VII
Outstanding amount Rupees in '000	3,991,200	6,000,000	6,000,000
Issue amount	Rupees 4,000 million	Rupees 6,000 million	Rupees 6,000 million
Issue date	September 30, 2014	July 03, 2018	March 17, 2020
Maturity Date	September 29, 2024	Perpetual	March 16, 2030
Rating	AA-	AA-	AA
Security	Unsecured	Unsecured	Unsecured
Listing	Unlisted	Listed	Unlisted
Profit payment frequency	Payable six monthly	Payable six monthly	Payable quarterly
Redemption	6-108th month: 0.36% 109-120th month: 99.64%	Perpetual	109-120th month: 100%
Profit Rate	Base Rate plus 1.20%	Base Rate plus 1.50%	Base Rate plus 1.20%
	Base Rate is the simple average of the ask rate of six month KIBOR prevailing on the base rate setting date.	Base Rate is the simple average of the ask rate of six month KIBOR prevailing on the base rate setting date.	Base Rate is the simple average of the ask rate of three month KIBOR prevailing on the base rate setting date
Call option	Exercisable after 60 months from the date of issue subject to approval by the SBP.	Exercisable after 60 months from the date of issue subject to approval by the SBP.	Exercisable after 60th month from the date of issue subject to approval by the SBP.
Lock-in-clause	Neither profit nor principal will be payable (even at maturity), if such payment will result in a shortfall in the Bank's Minimum Capital Requirement or Capital Adequacy Ratio or results in an increase in any existing shortfall in Minimum Capital Requirement or Capital Adequacy Ratio.	Payment of profit will be subject to the condition that such payment will not result in breach of the Bank's regulatory Minimum Capital Requirement or Capital Adequacy Ratio set by SBP from time to time. Any inability to exercise lock-in clause or the non-cumulative features will subject these TFCs to mandatory conversion into common shares / write off at the discretion of SBP.	As per the lock-in requirement for Tier II Issues, neither profit nor principal will be payable (even at maturity) in respect of the TFC, if such payment will result in a shortfall or increase in an existing shortfall in the Bank's Leverage Ratio or Minimum Capital Requirement or Capital Adequacy Ratio. That is, any payment (profit and/or principal) in respect of the TFC would be made, subject to the Bank being in compliance with the requirement of Leverage Ratio or Minimum Capital Requirement or Capital Adequacy Ratio.

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

	Term Finance Certificates - V	Term Finance Certificates-VI (ADT-1)	Term Finance Certificates - VII
Loss absorption clause	The instrument will be subject to Loss Absorbency under SBP's Basel III Circular	The Instrument will be subject to loss absorption and / or any other requirements of SBP upon the occurrence of a Point of Non-Viability event as per Section A-5-3 of Annexure 5 of the Circular, which stipulates that SBP may, at its option, fully and permanently convert the TFCs into common shares of the issuer and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger event as declared by SBP, subject to a specified cap.	As per Loss Absorbency Clause requirement for Tier II capital purpose, the instrument will be subject to loss absorbency and/or any other requirements under SBP's instructions on the subject. Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger of Point of Non-Viability (PONV) as declared by SBP subject.

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
19. OTHER LIABILITIES		
Mark-up / return / interest payable in local currency	4,846,370	5,488,211
Mark-up / return / interest payable in foreign currencies	184,447	229,291
Unearned commission and income on bills discounted	937,682	923,438
Accrued expenses	1,368,730	1,724,514
Advance payments	432,780	444,390
Acceptances	10,199,325	10,498,594
Dividends payable	137,607	138,446
Branch adjustment account	389,143	498,814
Payable to defined benefit plan	17,214	-
Security deposit against lease / Ijarah financing	4,164,263	4,247,512
Withholding taxes payable	341,745	252,129
Federal excise duty payable	50,929	56,894
Workers' Welfare Fund	217,117	172,117
Switch fee payable	622,828	666,416
Provision against off-balance sheet obligations - note 19.1	100,327	101,154
Lease liability against ROU assets as per IFRS - 16 Leases	7,471,911	7,358,016
Advance against Term Finance Certificate - VII	-	700,000
Others	1,373,159	1,204,112
	<u>32,855,577</u>	<u>34,704,048</u>
19.1 Provision against off-balance sheet obligations		
Opening balance	101,154	108,025
Charge for the period / year	-	1,154
Reversal for the period / year	(827)	(517)
Net (reversal) / charge	(827)	637
Amounts written off	-	(7,508)
Closing balance	<u>100,327</u>	<u>101,154</u>

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
20. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
	(Rupees in '000)	
Surplus / (deficit) on revaluation of:		
- Available for sale securities	949,555	(2,360,448)
- Fixed Assets	3,614,888	3,614,888
- Non-banking assets acquired in satisfaction of claims	2,212,829	2,219,829
	6,777,272	3,474,269
Deferred tax on (surplus) / deficit on revaluation of:		
- Available for sale securities	(332,344)	826,157
	<u>6,444,928</u>	<u>4,300,426</u>
21. CONTINGENCIES AND COMMITMENTS		
- Guarantees - note 21.1	189,373,847	188,434,387
- Commitments - note 21.2	378,042,335	314,542,303
- Other contingent liabilities - note 21.3	727,409	721,349
	<u>568,143,591</u>	<u>503,698,039</u>
21.1 Guarantees		
Financial guarantees	5,339,138	5,908,830
Performance guarantees	128,238,079	124,661,353
Other guarantees	55,796,630	57,864,204
	<u>189,373,847</u>	<u>188,434,387</u>
21.2 Commitments		
Documentary credits and short-term trade-related transactions		
- letters of credit	175,199,292	162,130,911
Commitments in respect of:		
- forward foreign exchange contracts - note 21.2.1	165,497,755	94,380,989
- forward government securities transactions - note 21.2.2	7,600,000	14,500,000
- forward lending - note 21.2.3	29,635,178	43,352,110
Commitments for acquisition of:		
- operating fixed assets	70,502	65,963
- intangible assets	39,608	112,330
	<u>378,042,335</u>	<u>314,542,303</u>
21.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase	93,970,625	50,072,221
Sale	71,527,130	44,308,768
	<u>165,497,755</u>	<u>94,380,989</u>
The above commitments have maturities falling within one year.		
21.2.2 Commitments in respect of forward government securities transactions		
Purchase	<u>7,600,000</u>	<u>14,500,000</u>
21.2.3 Commitments in respect of forward lending		
Forward repurchase agreement lending	25,569,640	36,096,228
Undrawn commitments - note 21.2.3.1	4,065,538	7,255,882
	<u>29,635,178</u>	<u>43,352,110</u>

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

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
21.3 Other contingent liabilities		
These represent certain claims by third parties against the Bank, which are being contested in the Courts of law. The management is of the view that these relate to the normal course of business and are not likely to result in any liability against the Bank.	727,409	721,349
22. DERIVATIVE INSTRUMENTS		
The Bank at present does not offer derivative products such as Interest Rate Swaps, Cross Currency Swaps, Forward Rate Agreements or Foreign Exchange Options. The Bank's Treasury and Investment Banking Groups buy and sell derivative instruments such as Forward Exchange Contracts (FECs) and Equity Futures (EFs).		
	(Un-audited)	
	Quarter ended March 31, 2020	Quarter ended March 31, 2019
	(Rupees in '000)	
23. MARK-UP / RETURN / INTEREST EARNED		
On:		
Loans and advances	12,065,134	8,950,529
Investments	9,277,431	4,516,695
Lendings to financial institutions	183,417	8,256
Balances with banks	77,005	61,763
Securities purchased under resale agreements	49,272	724,615
	<u>21,652,259</u>	<u>14,261,858</u>
24. MARK-UP / RETURN / INTEREST EXPENSED		
On:		
Deposits	13,729,600	7,711,004
Borrowings	1,408,994	554,689
Subordinated debts	420,419	277,413
Interest expense on lease liability against ROU assets	252,065	-
	<u>15,811,078</u>	<u>8,543,106</u>
25. FEE AND COMMISSION INCOME		
Branch banking customer fees	157,174	129,484
Consumer finance related fees	32,236	28,967
Card related fees (debit and credit cards)	196,737	210,374
Credit related fees	59,749	32,249
Investment banking fees	43,815	82,230
Commission on trade	163,454	162,030
Commission on guarantees	145,599	137,383
Commission on remittances including home remittances	14,457	14,709
Commission on bancassurance	23,833	26,938
Others	20,036	20,050
	<u>857,090</u>	<u>844,414</u>
26. GAIN ON SECURITIES		
Realised - note 26.1	565,541	35,012
Unrealised - note 9.1	-	(733)
	<u>565,541</u>	<u>34,279</u>
26.1 Realised gain / (loss) on:		
Federal Government Securities	461,078	34,924
Shares	102,011	-
Non Government Debt Securities	-	88
Mutual Funds	2,452	-
	<u>565,541</u>	<u>35,012</u>

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

	(Un-audited)	
	Quarter ended March 31, 2020	Quarter ended March 31, 2019
	(Rupees in '000)	
27. OTHER INCOME		
Gain / (loss) on sale of fixed assets	2,977	(6,812)
Rent of lockers	11,730	10,083
Recovery of expenses from customers	64,950	45,998
Termination of lease contracts under IFRS - 16 Leases	2,018	-
	<u>81,675</u>	<u>49,269</u>
28. OPERATING EXPENSES		
Total compensation expenses	2,699,592	2,411,796
Property expense		
Rent and taxes	92,616	439,222
Insurance	25,784	21,054
Utilities cost	137,384	106,232
Security (including guards)	114,430	125,985
Repair & maintenance (including janitorial charges)	65,869	53,753
Depreciation on ROU assets	393,877	-
Depreciation	103,141	111,555
	933,101	857,801
Information technology expenses		
Software maintenance	46,388	67,001
Hardware maintenance	7,297	6,131
Depreciation	46,922	47,987
Amortisation	55,523	51,798
Network charges	58,705	56,492
	214,835	229,409
Other operating expenses		
Directors' fees, allowances	3,469	2,375
Fees and allowances to shariah board	1,469	1,446
Rent, taxes, insurance etc.	51,455	52,146
Legal and professional charges	29,369	25,228
Brokerage and commission	28,580	15,401
NIFT clearing charges	18,238	15,282
Repair and maintenance	82,781	51,867
Communications	138,621	106,934
Stationery and printing	68,248	74,711
Marketing, advertisement and publicity	17,937	3,827
Donations	3,390	-
Auditors' remuneration	5,264	8,397
Travelling, conveyance and entertainment	72,507	59,920
Depreciation	120,952	98,378
Security service charges	58,559	49,271
Training and development	8,377	2,379
Deposit premium expense	103,831	95,081
Other expenditure	107,339	112,792
	920,386	775,435
	<u>4,767,914</u>	<u>4,274,441</u>

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

29. This represents penalties imposed by the State Bank of Pakistan.

	(Un-audited)	
	Quarter ended March 31, 2020	Quarter ended March 31, 2019
30. PROVISIONS AND WRITE OFFS - NET	(Rupees in '000)	
Provision for diminution in value of investments	45,058	36,630
Reversal of provision against loans and advances	(93,919)	(356,412)
Reversal of provision against other assets	(86)	(2,006)
Reversal of provision against off-balance sheet obligations	(870)	(341)
Provision / (reversal) of provision against cash and bank balances	106	(6)
Recovery of written off / charged off bad debts	(20,219)	(25,888)
	<u>(69,930)</u>	<u>(348,023)</u>

31. TAXATION

Current	1,172,007	1,212,315
Prior years	-	77,915
Deferred	13,724	17,831
	<u>1,185,731</u>	<u>1,308,061</u>

32. BASIC EARNINGS PER SHARE

Profit for the period - Rupees in '000	1,858,625	1,829,165
Weighted average number of Ordinary Shares - numbers	<u>1,260,260,180</u>	<u>1,260,260,180</u>
Basic earnings per share - Rupees	<u>1.47</u>	<u>1.45</u>

There is no dilutive effect on the basic earnings per share of the Bank, therefore dilutive earnings per share have not been presented separately.

33. FAIRVALUE MEASUREMENTS

The fair value of traded investments is based on quoted market prices, except for securities classified by the Bank as 'held to maturity'. Securities classified as held to maturity are carried at amortized cost. Fair value of unquoted equity investments is determined on the basis of break up value of these investments as per the latest available audited financial statements.

Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to the absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 4 to the unconsolidated annual financial statements for the year ended December 31, 2019.

Fair value of remaining financial assets and liabilities except fixed term loans, staff loans, non-performing advances and fixed term deposits is not significantly different from the carrying amounts since assets and liabilities are either short term in nature or are frequently repriced in the case of customer loans and deposits.

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

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

33.1 Fair value of financial assets

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets (Pakistan Stock Exchange) 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) available at MUFAP, Reuters page, Redemption prices and determined by valuers on the panel of Pakistan Bank's Association.
- Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Valuation techniques used in determination of fair values within level 2 and level 3

Federal Government Securities	The fair values of Federal Government Securities are determined on the basis of rates / prices sourced from Reuters.
Non Government Debt Securities	Non Government Debt Securities are valued on the basis of rates announced by Mutual Fund Association of Pakistan (MUFAP).
Foreign Government Debt Securities	Foreign Government Debt Securities are valued on the basis of rates taken from custodian of the securities which are usually drawn from Bloomberg.
Unit of Mutual Funds	Fair values of mutual funds are determined based on their net asset values as published at the close of reporting period.
Fixed Assets and Non Banking Assets Acquired in Satisfaction of Claims	Land and Non Banking assets acquired in satisfaction of claims are valued on a periodic basis using professional valuers. The valuation is based on their assessments of the market value of the assets.

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

The table below analyses the financial assets carried at fair values, by valuation methods. Valuation of investments is carried out as per guidelines specified by the SBP.

	March 31, 2020 (Un-audited)			Total
	Level 1	Level 2	Level 3	
	(Rupees in '000)			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	239,689,017	-	239,689,017
Shares	3,662,108	-	300,000	3,962,108
Units of open end mutual funds	-	1,040,713	-	1,040,713
Fully paid preference shares	61,944	-	-	61,944
Non Government Debt Securities	-	2,223,849	8,599,329	10,823,178
Foreign securities	-	467,780	-	467,780

Financial assets - disclosed but not measured at fair value

Investments				
Federal Government Securities	-	79,820,079	-	79,820,079
Foreign Securities	-	3,482,693	-	3,482,693

Off-balance sheet financial instruments - measured at fair value

Forward purchase of foreign exchange	-	93,970,625	-	93,970,625
Forward sale of foreign exchange	-	71,527,130	-	71,527,130
Forward agreements for lending	-	-	-	-
Forward agreements for borrowing	-	-	25,569,640	25,569,640

	December 31, 2019 (Audited)			Total
	Level 1	Level 2	Level 3	
	(Rupees in '000)			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	208,019,966	-	208,019,966
Shares	4,671,445	-	300,000	4,971,445
Units of open end mutual funds	-	1,272,261	-	1,272,261
Fully paid preference shares	61,945	-	-	61,945
Non Government Debt Securities	-	2,862,993	7,957,133	10,820,126
Foreign securities	-	164,967	-	164,967

Financial assets - disclosed but not measured at fair value

Investments				
Federal Government Securities	-	76,896,182	-	76,896,182
Foreign securities	-	3,228,741	-	3,228,741

Off-balance sheet financial instruments - measured at fair value

Forward purchase of foreign exchange	-	50,072,221	-	50,072,221
Forward sale of foreign exchange	-	44,308,768	-	44,308,768
Forward agreements for lending	-	-	-	-
Forward agreements for borrowing	-	-	36,096,228	36,096,228

The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused such transfer takes place. There were no transfers between levels 1 and 2 during the period.

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
	Level 3	Level 3
Fixed assets		
Property and equipment (freehold and leasehold land)	8,023,338	8,023,338
Other assets		
Non-banking assets acquired in satisfaction of claims	4,627,672	4,775,172

34. Segment Information

34.1 Segment details with respect to Business Activities

The segment analysis with respect to business activity is as follows:

	March 31, 2020 (Un-audited)							
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
	(Rupees in '000)							
Profit and loss								
Net mark-up / return / profit	(9,823,526)	6,890,425	7,450,354	789,852	769,270	242,834	(478,028)	5,841,181
Inter segment revenue - net	14,784,039	(5,647,791)	(8,980,526)	(566,092)	-	61,431	348,939	-
Non mark-up / return / interest income	383,770	543,399	693,900	97,212	59,960	203	167,936	1,946,380
Total income / (loss)	5,344,283	1,786,033	(836,272)	320,972	829,230	304,468	38,847	7,787,561
Segment direct expenses	2,546,667	193,877	60,515	198,901	552,632	29,685	1,230,858	4,813,135
Inter segment expense allocation	703,472	413,558	70,162	43,666	-	-	(1,230,858)	-
Total expenses	3,250,139	607,435	130,677	242,567	552,632	29,685	-	4,813,135
(Reversals) / provisions	(69,484)	(79,374)	-	64,996	(7,750)	(28,541)	50,223	(69,930)
Profit / (loss) before tax	2,163,628	1,257,972	(966,949)	13,409	284,348	303,324	(11,376)	3,044,356
	March 31, 2020 (Un-audited)							
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
	(Rupees in '000)							
Statement of financial position								
Cash and bank balances	25,751,033	1,063,737	30,195,909	-	7,831,755	1,340,278	873,134	67,055,846
Investments	-	9,365,546	298,539,384	-	7,805,426	18,674,039	4,963,117	339,347,512
Lendings to financial institutions	-	-	14,018,273	-	5,745,000	-	-	19,763,273
Advances - performing - net of provision	9,832,367	281,793,690	-	17,420,217	50,418,278	13,067,280	6,796,627	379,328,459
Advances - non-performing - net of provision	545,523	1,382,387	-	268,944	(75,876)	-	-	2,120,978
Others	1,185,166	16,772,807	3,086,235	759,944	5,147,973	530,611	32,912,246	60,394,982
Total Assets	37,314,089	310,378,167	345,839,801	18,449,105	76,872,556	33,612,208	45,545,124	868,011,050
Borrowings	1,213,020	20,082,718	16,018,960	2,972,026	1,127,925	18,530,115	1,500,334	61,445,098
Subordinated debts	-	-	-	-	-	-	15,991,200	15,991,200
Deposits and other accounts	542,884,933	91,995,197	-	23,189	64,348,833	536,116	80,724	699,868,992
Net inter segment balances - net	(516,347,865)	181,222,860	328,984,634	14,224,723	-	11,669,259	(19,753,611)	-
Others	9,564,001	17,077,392	836,207	1,229,167	5,819,686	1,694,739	8,104,348	44,325,540
Total liabilities	37,314,089	310,378,167	345,839,801	18,449,105	71,296,444	32,430,229	5,922,995	821,630,830
Equity	-	-	-	-	5,576,112	1,181,979	39,622,129	46,380,220
Total Equity and liabilities	37,314,089	310,378,167	345,839,801	18,449,105	76,872,556	33,612,208	45,545,124	868,011,050
Contingencies and commitments	5,653,973	353,718,744	185,264,975	499,532	10,018,187	11,547,237	1,440,943	568,143,591
	March 31, 2019 (Un-audited)							
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
	(Rupees in '000)							
Profit and loss								
Net mark-up / return / profit	(5,913,673)	5,539,338	4,652,483	701,376	750,853	154,636	(166,261)	5,718,752
Inter segment revenue - net	9,965,191	(4,473,287)	(5,142,918)	(448,187)	-	-	99,201	-
Non mark-up / return / interest income	388,380	515,322	302,837	54,366	59,981	10,617	51,106	1,382,609
Total income / (loss)	4,439,898	1,581,373	(187,598)	307,555	810,834	165,253	(15,954)	7,101,361
Segment direct expenses	2,280,142	173,567	27,991	169,983	474,738	20,974	1,164,763	4,312,158
Inter segment expense allocation	677,978	392,202	75,582	19,001	-	-	(1,164,763)	-
Total expenses	2,958,120	565,769	103,573	188,984	474,738	20,974	-	4,312,158
(Reversals) / provisions	(4,674)	(418,238)	-	16,955	13,401	(56,700)	101,233	(348,023)
Profit / (loss) before tax	1,486,452	1,433,842	(291,171)	101,616	322,695	200,979	(117,187)	3,137,226

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

	December 31, 2019 (Audited)							Total
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	
(Rupees in '000)								
Statement of financial position								
Cash and bank balances	23,658,156	2,731,715	18,995,752	-	9,312,065	170,548	16,057,756	70,925,992
Investments	-	9,560,837	264,527,598	-	7,796,309	17,546,111	6,004,778	305,435,633
Lendings to financial institutions	-	-	14,075,190	-	6,330,782	-	-	20,405,972
Advances - performing - net of provision	12,374,428	274,288,120	-	17,953,030	45,559,794	12,503,225	6,509,349	369,187,946
Advances - non-performing - net of provision	684,502	1,567,268	-	231,813	1,242,334	-	-	3,725,917
Others	1,053,872	17,132,320	5,201,442	708,117	5,365,508	271,906	33,793,381	63,526,546
Total Assets	37,770,958	305,280,260	302,799,982	18,892,960	75,606,792	30,491,790	62,365,264	833,208,006
Borrowings	1,352,907	17,372,474	13,810,495	1,972,026	2,187,925	13,067,383	14,244,711	51,187,681
Subordinated debts	-	-	-	-	-	-	9,992,000	9,992,000
Deposits and other accounts	547,655,118	68,398,729	-	19,187	62,859,181	289,553	77,718	679,299,486
Net inter segment balances - net	(521,324,078)	196,917,169	288,295,379	15,597,961	-	14,354,373	6,159,196	-
Others	10,087,011	22,591,888	694,108	1,303,786	5,277,040	1,514,653	9,004,509	50,472,995
Total liabilities	37,770,958	305,280,260	302,799,982	18,892,960	70,324,146	29,225,962	26,657,894	790,952,162
Equity	-	-	-	-	5,282,646	1,265,828	35,707,370	42,255,844
Total Equity and liabilities	37,770,958	305,280,260	302,799,982	18,892,960	75,606,792	30,491,790	62,365,264	833,208,006
Contingencies and commitments	5,846,170	342,698,169	135,443,232	602,579	8,055,344	9,523,859	1,528,686	503,698,039

35. RELATED PARTY TRANSACTIONS

Fauji Consortium comprising of Fauji Foundation, Fauji Fertilizer Company Limited and Fauji Fertilizer Bin Qasim Limited (the Parent) holds 71.91% of the Bank's share capital at the period end. The Bank has related party relationships with entities under common directorship, its directors, key management personnel, entities over which the directors are able to exercise significant influence and employees' funds.

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

Details of transactions with related parties and balances are as follows:

	As at March 31, 2020 (Un-audited)						As at December 31, 2019 (Audited)					
	Parent	Directors	Key management personnel	Subsidiary	Companies with common directorship	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Companies with common directorship	Other related parties
Rupees in '000												
Investments												
Opening balance	-	-	-	-	719,311	300,000	-	-	-	-	-	49,133
Investment made during the period / year	-	-	-	-	318,244	-	-	-	-	-	-	364,176
Investment redeemed / disposed off during the period / year	-	-	-	-	-	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	306,002
Closing balance	-	-	-	-	1,037,555	300,000	-	-	-	-	-	719,311
Provision for diminution in value of investments	-	-	-	-	78,739	-	-	-	-	-	-	100,158
Advances												
Opening balance	5,035,504	19,771	364,453	-	4,701,476	-	9,581,279	451	332,540	-	3,803,463	-
Addition during the period / year	36,881,881	549	34,902	-	2,296,703	-	139,634,599	24,193	156,780	-	23,395,671	-
Repaid during the period / year	(39,293,992)	(895)	(21,017)	-	(2,500,179)	-	(144,180,374)	(4,873)	(95,164)	-	(23,386,102)	-
Transfer in / (out) - net	-	-	(3,605)	-	(30,000)	-	-	-	(29,703)	-	888,444	-
Closing balance	2,623,393	19,425	374,733	-	4,468,000	-	5,035,504	19,771	364,453	-	4,701,476	-
Other Assets												
Interest / mark-up receivable	79,565	246	72,729	-	138,393	-	106,869	261	71,401	-	128,318	-
Receivable from staff retirement fund	-	-	-	-	-	-	-	-	-	-	-	71,364
Security deposits receivable	3,600	-	-	-	-	-	3,600	-	-	-	-	-
Accruals	-	-	-	-	174,692	-	-	-	-	-	58,420	-
Advance rent	596	-	-	-	-	-	982	-	-	-	-	-
Prepaid insurance premium	-	-	-	-	50,046	-	-	-	-	-	-	-
Assets held for sale - net of provision	-	-	-	80,720	-	-	-	-	-	80,720	-	-
Borrowings												
Opening balance	-	-	-	-	-	1,972,026	-	-	-	-	-	-
Borrowings during the period / year	-	-	-	-	-	1,000,000	-	-	-	-	-	1,000,000
Settled during the period / year	-	-	-	-	-	-	-	-	-	-	-	(27,974)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	1,000,000
Closing balance	-	-	-	-	-	2,972,026	-	-	-	-	-	1,972,026
Subordinated debt												
Opening balance	-	-	-	-	24,950	-	-	-	-	-	24,960	-
Issued / Purchased during the period / year	-	-	-	-	-	-	-	-	-	-	-	-
Redemption / Sold during the period / year	-	-	-	-	(5)	-	-	-	-	-	(10)	-
Closing balance	-	-	-	-	24,945	-	-	-	-	-	24,950	-

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

	As at March 31, 2020 (Un-audited)						As at December 31, 2019 (Audited)					
	Parent	Directors	Key management personnel	Subsidiary	Companies with common directorship	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Companies with common directorship	Other related parties
Rupees in '000												
Deposits and other accounts												
Opening balance	4,678,222	64,239	117,562	53,174	15,124,817	4,817,176	9,809,885	24,892	159,716	28,930	5,187,631	3,194,361
Received during the period / year	136,455,531	22,914	204,711	77,344	54,496,165	8,484,533	496,469,213	257,541	853,208	426,844	307,604,618	37,960,371
Withdrawn during the period / year	(135,574,783)	(22,788)	(192,818)	(111,481)	(51,263,071)	(7,524,443)	(501,600,876)	(218,194)	(879,960)	(402,600)	(297,710,115)	(36,337,556)
Transfer in (out) - net	-	(11,660)	75	-	(13)	-	-	-	(15,396)	-	42,683	-
Closing balance	5,559,370	52,705	129,530	19,037	18,357,898	5,777,266	4,678,222	64,239	117,562	53,174	15,124,817	4,817,176
Other Liabilities												
Interest / mark-up payable	25,478	44	1,456	-	84,723	127,310	30,293	113	2,750	-	54,079	79,885
Acceptances	-	-	-	-	174,692	-	-	-	-	-	58,420	-
Payable to staff retirement fund	-	-	-	-	-	17,214	-	-	-	-	-	-
Security deposits payable	-	-	287	-	211,263	-	-	-	287	-	210,172	-
Others	6,108	-	-	-	-	-	4,021	-	-	-	-	-
Contingencies and Commitments												
Contingencies and Commitments	204,648	-	-	40,000	1,419,901	-	124,565	-	-	40,000	2,239,471	-
Others												
Securities held as custodian	4,415,000	-	-	50,000	-	5,489,750	2,465,000	-	-	50,000	-	6,632,750

	For the quarter ended March 31, 2020 (Un-Audited)						For the quarter ended March 31, 2019 (Un-Audited)					
	Parent	Directors	Key management personnel	Subsidiary	Companies with common directorship	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Companies with common directorship	Other related parties
Rupees in '000												
Income												
Mark-up / return / interest earned	98,889	728	4,482	-	151,225	-	55,611	16	4,005	-	98,444	-
Fee and commission received	50	-	-	-	1,877	-	21	-	-	-	3,225	-
Dividend income	-	-	-	-	4,118	-	-	-	-	-	227	-
Expense												
Mark-up / return / interest expensed	150,909	119	1,617	5	434,665	212,288	138,737	285	1,534	87	154,688	93,603
Contribution to employee funds	-	-	-	-	-	161,493	-	-	-	-	-	149,007
Remuneration paid	-	-	114,917	-	-	1,469	-	-	99,944	-	-	1,446
Post employment Benefits	-	-	7,916	-	-	-	-	-	6,462	-	-	-
Rent	2,473	-	-	-	-	-	993	-	-	-	-	-
Fee and commission paid	-	-	-	1,121	28	14,618	-	-	-	-	-	7,378
Fee paid	-	3,468	-	-	-	-	-	2,375	-	-	-	-
Insurance premium	-	-	-	-	51,839	-	-	-	-	-	-	-
Others	-	-	-	-	2,364	-	-	-	-	-	-	-

In addition to above, rent free sub-branch is operating at FFC head office, Sona Tower.

The term 'keymanagement personnel' has the same meaning as defined in IAS 24 - Related party disclosures.

36. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	12,602,602	12,602,602
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	38,101,531	36,313,390
Eligible Additional Tier 1 (ADT 1) Capital	5,888,140	5,883,752
Total Eligible Tier 1 Capital	43,989,671	42,197,142
Eligible Tier 2 Capital	8,657,619	6,773,058
Total Eligible Capital (Tier 1 + Tier 2)	52,647,290	48,970,200
Risk Weighted Assets (RWAs):		
Credit Risk	311,543,456	304,482,207
Market Risk	21,500,485	15,988,883
Operational Risk	45,635,240	45,635,240
Total	378,679,181	366,106,330
Common Equity Tier 1 Capital Adequacy ratio	10.06%	9.92%
Tier 1 Capital Adequacy Ratio	11.62%	11.53%
Total Capital Adequacy Ratio	13.90%	13.38%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	43,989,671	42,197,142
Total Exposures	1,258,696,929	1,222,565,769
Leverage Ratio	3.49%	3.45%

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	302,682,612	239,545,379
Total Net Cash Outflow	183,566,163	152,412,055
Liquidity Coverage Ratio	<u>164.89%</u>	<u>157.17%</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	708,389,346	679,039,953
Total Required Stable Funding	414,398,813	398,262,301
Net Stable Funding Ratio	<u>170.94%</u>	<u>170.50%</u>

37. Islamic Banking Business

The Bank is operating 94 Islamic banking branches including 3 sub-branches at quarter ended March 31, 2020 as compared to 94 Islamic banking branches including 3 sub-branches at year ended December 31, 2019.

		(Un-audited) March 31, 2020	(Audited) December 31, 2019
		(Rupees in '000)	
ASSETS			
	Note		
Cash and balances with treasury banks		4,254,236	9,290,046
Balances with other banks		3,577,519	22,019
Due from financial Institutions	37.1	5,745,000	6,330,782
Investments	37.2	7,805,426	7,796,309
Islamic financing and related assets - net	37.3	50,342,402	46,802,128
Fixed assets		1,881,860	1,896,420
Intangible assets		-	-
Due from Head Office		-	-
Other assets		3,266,113	3,469,088
Total assets		<u>76,872,556</u>	<u>75,606,792</u>
LIABILITIES			
Bills payable		1,225,527	1,051,103
Due to financial institutions		1,127,925	2,187,925
Deposits and other accounts	37.4	64,348,833	62,859,181
Due to head office		-	-
Sub-ordinated debt		-	-
Other liabilities		4,594,159	4,225,937
		<u>71,296,444</u>	<u>70,324,146</u>
NET ASSETS		<u>5,576,112</u>	<u>5,282,646</u>
REPRESENTED BY			
Islamic Banking Fund		4,600,000	4,600,000
Reserves		-	-
Deficit on revaluation of assets		220	(8,898)
Unappropriated profit	37.5	975,892	691,544
		<u>5,576,112</u>	<u>5,282,646</u>
CONTINGENCIES AND COMMITMENTS			
	37.6	<u>10,018,187</u>	<u>8,055,344</u>
Remuneration to Shariah Board		<u>1,469</u>	<u>5,847</u>

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) For the quarter ended March 31, 2020

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

	Note	(Un-audited)	
		Quarter ended March 31, 2020	Quarter ended March 31, 2019
		(Rupees in '000)	
Profit / return earned	37.8	2,060,640	1,443,675
Profit / return expensed	37.9	1,291,370	692,822
Net Profit / return		769,270	750,853
Other income			
Fee and Commission Income		47,491	46,247
Dividend Income		-	-
Foreign Exchange Income		(5,749)	2,831
Gain / (loss) on securities		-	-
Other Income		18,218	10,903
Total other income		59,960	59,981
Total Income		829,230	810,834
Other expenses			
Operating expenses		552,582	474,475
Workers' Welfare Fund		-	-
Other charges		50	263
Total other expenses		552,632	474,738
Profit before provisions		276,598	336,096
Provisions and write offs - net		(7,750)	13,401
Profit before taxation		284,348	322,695

March 31, 2020 (Un-audited)			December 31, 2019 (Audited)		
In local currency	In foreign currencies (Rupees in '000)	Total	In local currency	In foreign currencies (Rupees in '000)	Total

37.1 Due from financial institutions

Unsecured	5,745,000	-	5,745,000	2,960,000	-	2,960,000
Bai Muajjal Receivable from other Financial Institutions	-	-	-	1,491,797	-	1,491,797
Bai Muajjal Receivable from State Bank of Pakistan	-	-	-	1,878,985	-	1,878,985
	<u>5,745,000</u>	<u>-</u>	<u>5,745,000</u>	<u>6,330,782</u>	<u>-</u>	<u>6,330,782</u>

March 31, 2020 (Un-audited)				December 31, 2019 (Audited)			
Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value (Rupees in '000)	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value

37.2 Investments by segments:

Federal Government Securities:

- Ijarah Sukuks	1,000,000	-	-	1,000,000	1,000,000	-	(10,000)	990,000
- GOP Bai Muajjal	5,246,146	-	-	5,246,146	5,246,146	-	-	5,246,146
	6,246,146	-	-	6,246,146	6,246,146	-	(10,000)	6,236,146

Non Government Debt Securities:

- Listed	140,000	-	220	140,220	140,000	-	1,102	141,102
- Unlisted	2,029,056	(609,996)	-	1,419,060	2,035,213	(616,152)	-	1,419,061
	2,169,056	(609,996)	220	1,559,280	2,175,213	(616,152)	1,102	1,560,163

Total investments	<u>8,415,202</u>	<u>(609,996)</u>	<u>220</u>	<u>7,805,426</u>	<u>8,421,359</u>	<u>(616,152)</u>	<u>(8,898)</u>	<u>7,796,309</u>
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Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
37.3 ISLAMIC FINANCING AND RELATED ASSETS		
Ijarah	4,122,736	4,170,338
Murabaha	4,262,934	4,008,084
Musharaka	18,296,272	16,173,493
Diminishing Musharaka	12,404,247	13,055,698
Salam	6,442,151	4,590,685
Istisna	2,473,196	2,793,995
Receivable against sale of Istisna / Salam Inventory	150,000	250,000
Service Ijarah	519,672	519,672
Other Islamic Modes (Executive Car Finance -Qarz-e-Hasana)	105,744	73,025
Advances against Islamic assets - note 37.3.2	316,859	387,767
Inventory related to Islamic financing - note 37.3.3	1,857,811	1,390,185
Gross islamic financing and related assets	50,951,622	47,412,942
Less: provision against islamic financings		
- Specific	573,250	574,042
- General	35,970	36,772
	609,220	610,814
Islamic financing and related assets - net of provision	<u>50,342,402</u>	<u>46,802,128</u>

37.3.1 Includes advance against Murabaha of Rs.509,877 thousand (December 31, 2019: Rs.761,619 thousand).

37.3.2 Advance against islamic assets

	Ijarah	Musharaka	Diminishing Musharaka	Salam	Istisna	Total
	(Rupees in '000)					
March 31, 2020 (Un-audited)	<u>150,274</u>	<u>-</u>	<u>166,585</u>	<u>-</u>	<u>-</u>	<u>316,859</u>
December 31, 2019 (Audited)	<u>98,679</u>	<u>-</u>	<u>289,088</u>	<u>-</u>	<u>-</u>	<u>387,767</u>

37.3.3 Inventory related to islamic financing

	Ijarah	Musharaka	Diminishing Musharaka	Salam	Istisna	Total
	(Rupees in '000)					
March 31, 2020 (Un-audited)	<u>-</u>	<u>-</u>	<u>-</u>	<u>502,700</u>	<u>1,355,111</u>	<u>1,857,811</u>
December 31, 2019 (Audited)	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,082</u>	<u>1,259,103</u>	<u>1,390,185</u>

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
37.4 DEPOSITS AND OTHER ACCOUNTS		
Customers		
Current deposits - non remunerative	16,943,620	17,964,041
Current deposits - remunerative	846,962	833,812
Savings deposits	21,879,346	18,809,113
Term deposits	20,915,630	22,768,441
Others	365,362	456,818
	<u>60,950,920</u>	<u>60,832,225</u>
Financial Institutions		
Current deposits - non remunerative	5,822	58,434
Savings deposits	402,091	333,522
Term deposits	2,990,000	1,635,000
	<u>3,397,913</u>	<u>2,026,956</u>
	<u>64,348,833</u>	<u>62,859,181</u>
37.5 ISLAMIC BANKING BUSINESS UNAPPROPRIATED PROFIT		
Opening balance	691,544	(384,240)
Add: Islamic banking profit for the period	284,348	1,075,784
Closing Bblance	<u>975,892</u>	<u>691,544</u>
37.6 CONTINGENCIES AND COMMITMENTS		
-Guarantees	4,541,007	4,272,245
-Commitments	5,477,180	3,783,099
-Other contingent liabilities	-	-
	<u>10,018,187</u>	<u>8,055,344</u>
37.7 CHARITY FUND		
Opening balance	52,137	23,209
Additions during the period		
- Received from customers on delayed payments	2,778	49,667
- Non Shariah Compliant Income	-	123
- Profit on charity account	8	22
- Others	2	70
	2,788	49,882
Payments / utilization during the period		
- Education	-	(1,366)
- Community Welfare	-	-
- Relief and disaster recovery	-	-
- Health	-	(16,991)
- Orphanage	-	(2,597)
	-	(20,954)
Closing balance	<u>54,925</u>	<u>52,137</u>

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

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

37.8 PROFIT / RETURN EARNED ON FINANCING, INVESTMENTS AND PLACEMENTS

Profit earned on:

Financing	1,593,313	1,250,994
Investments	245,415	161,174
Placements	145,388	3,450
Lendings	76,524	28,057
	<u>2,060,640</u>	<u>1,443,675</u>

37.9 PROFIT ON DEPOSITS AND OTHER DUES EXPENSED

Deposits and other accounts	1,215,071	417,092
Due to financial institutions	18,899	247,968
Due to head office	-	27,762
Lease liability against right-of-use assets	57,400	-
	<u>1,291,370</u>	<u>692,822</u>

38. DATE OF AUTHORIZATION

These unconsolidated condensed interim financial statements were authorized for issue by the Board of Directors on April 22, 2020.

- sd -
President & Chief Executive

- sd -
Chief Financial Officer

- sd -
Director

- sd -
Director

- sd -
Chairman

**CONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS (Un-Audited)
FOR THE QUARTER ENDED MARCH 31, 2020**

Consolidated Condensed Interim Statement of Financial Position

As at March 31, 2020

		(Un-audited) March 31, 2020	(Audited) December 31, 2019
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	6	58,755,283	63,039,290
Balances with other banks	7	8,300,563	7,886,702
Lendings to financial institutions	8	19,763,273	20,405,972
Investments	9	339,347,512	305,435,633
Advances	10	381,449,437	372,913,863
Fixed assets	11	19,554,041	19,696,568
Intangible assets	12	925,294	808,994
Deferred tax assets	13	1,318,612	2,489,752
Other assets	14	38,516,315	40,450,512
		<u>867,930,330</u>	<u>833,127,286</u>
Assets attributable to discontinued operations	15	374,326	315,741
		<u>868,304,656</u>	<u>833,443,027</u>
LIABILITIES			
Bills payable	16	11,469,963	15,768,947
Borrowings	17	61,445,098	51,187,681
Deposits and other accounts	18	699,849,792	679,246,312
Liabilities against assets subject to finance lease		-	-
Subordinated debts	19	15,991,200	9,992,000
Deferred tax liabilities		-	-
Other liabilities	20	32,855,577	34,704,048
		<u>821,611,630</u>	<u>790,898,988</u>
Liabilities associated with discontinued operations	15	164,769	141,856
		<u>821,776,399</u>	<u>791,040,844</u>
		<u>46,528,257</u>	<u>42,402,183</u>
NET ASSETS			
REPRESENTED BY			
Share capital		12,602,602	12,602,602
Reserves		19,894,072	19,408,889
Surplus on revaluation of assets - net of tax			
Continued operations	21	6,444,928	4,300,426
Discontinued operations		33,931	39,467
Unappropriated profit		7,502,590	6,002,253
		<u>46,478,123</u>	<u>42,353,637</u>
Non-controlling interest		50,134	48,546
		<u>46,528,257</u>	<u>42,402,183</u>
CONTINGENCIES AND COMMITMENTS			
	22		

The annexed notes 1 to 39 form an integral part of these consolidated condensed interim financial statements.

- sd -
President & Chief Executive

- sd -
Chief Financial Officer

- sd -
Director

- sd -
Director

- sd -
Chairman

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

For the quarter ended March 31, 2020

		Quarter ended March 31, 2020	Quarter ended March 31, 2019
	Note	(Rupees in '000)	
Mark-up / return / interest earned	24	21,652,259	14,261,858
Mark-up / return / interest expensed	25	15,811,073	8,543,106
Net mark-up / interest income		5,841,186	5,718,752
Non mark-up / interest income			
Fee and commission income	26	857,090	844,414
Dividend income		64,561	57,225
Foreign exchange income		377,513	397,422
Income / (loss) from derivatives		-	-
Gain on securities	27	565,541	34,279
Other income	28	81,675	49,269
Total non-markup / interest income		1,946,380	1,382,609
Total income		7,787,566	7,101,361
Non mark-up / interest expenses			
Operating expenses	29	4,766,793	4,274,441
Workers' Welfare Fund		45,000	15,508
Other charges	30	221	22,209
Total non-markup / interest expenses		4,812,014	4,312,158
Profit before provisions		2,975,552	2,789,203
Provisions and write offs - net Extraordinary / unusual items	31	(69,930)	(348,023)
Profit before taxation		3,045,482	3,137,226
Taxation	32	1,185,731	1,308,061
Profit after taxation - continued operations		1,859,751	1,829,165
Profit after taxation - discontinued operations		6,108	9,616
		1,865,859	1,838,781
Attributable to:			
Equity holders of the Bank		1,864,271	1,836,281
Non-controlling interest		1,588	2,500
		1,865,859	1,838,781
		Rupees	
Basic earnings per share	33	1.48	1.46

The annexed notes 1 to 39 form an integral part of these consolidated condensed interim financial statements.

- sd -
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Director

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Chairman

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

For the quarter ended March 31, 2020

	Quarter ended March 31, 2020	Quarter ended March 31, 2019
	(Rupees in '000)	
Profit after taxation	1,865,859	1,838,781
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Effect of translation of net investment in Wholesale Bank Branch	113,233	(69,820)
Movement in surplus on revaluation of investments - net of tax		
Continued operations	2,151,502	440,422
Discontinued operations	(5,535)	40,682
	2,259,200	411,284
Items that will not be reclassified to profit and loss account in subsequent periods:		
Movement in surplus on revaluation of non-banking assets	(7,000)	-
Total comprehensive income	<u>4,118,059</u>	<u>2,250,065</u>
Total comprehensive income arises from:		
Continued operations	4,117,486	2,199,767
Discontinued operations	573	50,298
	<u>4,118,059</u>	<u>2,250,065</u>
Total comprehensive income attributable to:		
Equity holders of the Bank	4,117,910	2,236,988
Non-controlling interest	149	13,077
	<u>4,118,059</u>	<u>2,250,065</u>

The annexed notes 1 to 39 form an integral part of these consolidated condensed interim financial statements.

- sd -
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Director

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Chairman

Consolidated Condensed Interim Statement of Changes in Equity (Un-audited)

For the quarter ended March 31, 2020

	Share capital	Exchange translation reserve	Share premium account	Statutory reserve	General reserve	Surplus / (deficit) on revaluation of				Sub-total	Non-controlling interest	Total
						Investments						
						Continued operations	Discontinued operations	Fixed / Non banking assets	Un-appropriated profit / (loss)			
						(Rupees in '000)						
Balance as at January 1, 2019	12,602,602	309,161	234,669	8,695,147	6,349,717	(4,097,523)	5,723	5,746,720	3,710,867	33,557,083	43,278	33,600,361
Total comprehensive income for the quarter ended March 31, 2019												
Net profit for the quarter ended March 31, 2019	-	-	-	-	-	-	-	-	1,836,281	1,836,281	2,500	1,838,781
Other comprehensive income related to equity	-	(69,820)	-	-	-	440,422	40,682	-	-	411,284	-	411,284
	-	(69,820)	-	-	-	440,422	40,682	-	1,836,281	2,247,565	2,500	2,250,065
Transfer to Statutory reserve	-	-	-	367,256	-	-	-	-	(367,256)	-	-	-
Transfer to General reserve	-	-	-	-	2,450,607	-	-	-	(2,450,607)	-	-	-
Transaction with owners, recorded directly in equity												
Final dividend 2018: Re. 1 per share	-	-	-	-	-	-	-	-	(1,260,260)	(1,260,260)	-	(1,260,260)
Balance as at March 31, 2019	12,602,602	239,341	234,669	9,062,403	8,800,324	(3,657,101)	46,405	5,746,720	1,469,025	34,544,388	45,778	34,590,166
Impact of IFRS 9 of discontinued operations	-	-	-	-	-	-	-	-	4,235	4,235	1,488	5,723
Total comprehensive income for the nine months ended December 31, 2019												
Net profit for the nine months ended December 31, 2019	-	-	-	-	-	-	-	-	5,192,475	5,192,475	1,314	5,193,789
Other comprehensive income related to equity	-	35,828	-	-	-	2,122,810	(6,938)	87,997	285,215	2,524,912	(34)	2,524,878
	-	35,828	-	-	-	2,122,810	(6,938)	87,997	5,477,690	7,717,387	1,280	7,718,667
Transfer to Statutory reserve	-	-	-	1,036,324	-	-	-	-	(1,036,324)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	87,627	87,627	-	87,627
Balance as at December 31, 2019	12,602,602	275,169	234,669	10,098,727	8,800,324	(1,534,291)	39,467	5,834,717	6,002,253	42,353,637	48,546	42,402,183
Total comprehensive income for the quarter ended March 31, 2020												
Net profit for the quarter ended March 31, 2020	-	-	-	-	-	-	-	-	1,864,271	1,864,271	1,588	1,865,859
Other comprehensive income related to equity	-	113,233	-	-	-	2,151,502	(5,536)	(7,000)	-	2,252,199	-	2,252,199
	-	113,233	-	-	-	2,151,502	(5,536)	(7,000)	1,864,271	4,116,470	1,588	4,118,038
Transfer to Statutory reserve	-	-	-	371,950	-	-	-	-	(371,950)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	8,016	8,016	-	8,016
Balance as at March 31, 2020	12,602,602	388,402	234,669	10,470,677	8,800,324	617,211	33,931	5,827,717	7,500,590	46,478,123	50,134	46,528,257

The annexed notes 1 to 39 form an integral part of these consolidated condensed interim financial statements.

- sd -
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Chief Financial Officer

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Director

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Director

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Chairman

Consolidated Condensed Interim Cash Flow Statement (Un-audited)

For the quarter ended March 31, 2020

	Quarter ended March 31, 2020	Quarter ended March 31, 2019
	(Rupees in '000)	
Cash flow from operating activities		
Profit before taxation	3,045,482	3,137,226
Less: dividend income	(64,561)	(57,225)
	<u>2,980,921</u>	<u>3,080,001</u>
Adjustments:		
Depreciation	271,015	257,920
Amortization	55,523	51,798
Depreciation on ROU assets	393,877	-
Markup expense on lease liability against ROU assets	252,065	-
Termination of lease contracts under IFRS - 16 Leases	2,018	-
Reversal of rent expense already booked on IFRS 16 - Lease contracts	(440,296)	-
Charge for defined benefit plans	118,578	111,409
Provisions and write offs - net	(49,711)	(322,135)
(Gain) / loss on sale of fixed assets	(2,977)	6,812
	<u>600,092</u>	<u>105,804</u>
	<u>3,581,013</u>	<u>3,074,396</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	56,917	-
Held for trading securities	41,591	(571,437)
Advances	(8,311,816)	(7,561,930)
Other assets (excluding advance taxation)	1,880,238	(315,971)
	<u>(6,333,070)</u>	<u>(8,449,338)</u>
Increase / (decrease) in operating liabilities		
Bills payable	(4,298,984)	(3,269,341)
Borrowings	10,257,417	(7,065,046)
Deposits	20,603,480	(10,952,352)
Other liabilities (excluding current taxation)	(1,977,914)	(655,259)
	<u>24,583,999</u>	<u>(21,941,998)</u>
Net cash flow generated from / (used in) operations	<u>21,831,942</u>	<u>(27,205,531)</u>
Discontinued operations	(40,161)	19,470
Income tax paid	(1,150,754)	(1,145,253)
Net cash flow generated from / (used in) operating activities	<u>20,641,027</u>	<u>(28,331,314)</u>
Cash flow from investing activities		
Net investments in available for sale securities	(27,223,626)	43,304,864
Net investments in held to maturity securities	(3,189,003)	(16,470,590)
Dividend received	33,253	22,099
Investment in fixed assets - net of adjustment	(369,218)	(186,600)
Investment in intangible asset	(172,735)	(154,010)
Proceeds from sale of fixed assets	6,750	3,885
Effect of translation of net investment in Wholesale Bank Branch	113,233	(69,820)
Discontinued operations	5,061	(23,311)
Net cash (used in) / generated from investing activities	<u>(30,796,285)</u>	<u>26,426,517</u>
Cash flow from financing activities		
Receipts / (payments) of subordinated debts - net	5,999,200	(800)
Payments against lease liabilities	(299,037)	-
Dividend paid	(839)	(1,198)
Net cash flow generated from / (used in) financing activities	<u>5,699,324</u>	<u>(1,998)</u>
Decrease in cash and cash equivalents	<u>(4,455,934)</u>	<u>(1,906,795)</u>
Cash and cash equivalents at beginning of the period	77,256,780	53,281,057
Cash and cash equivalents at end of the period	<u>72,800,846</u>	<u>51,374,262</u>

The annexed notes 1 to 39 form an integral part of these consolidated condensed interim financial statements.

- sd -
President & Chief Executive

- sd -
Chief Financial Officer

- sd -
Director

- sd -
Director

- sd -
Chairman

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

1. STATUS AND NATURE OF BUSINESS

- 1.1** The Group consists of Askari Bank Limited, the holding company and Askari Securities Limited, a partly owned subsidiary.
- 1.2** Askari Bank Limited (the Bank) was incorporated in Pakistan on October 9, 1991 as a public limited company and is listed on the Pakistan Stock Exchange. The registered office of the Bank is situated at AWT Plaza, the Mall, Rawalpindi. The Bank is a scheduled commercial bank and is principally engaged in the business of banking as defined in the Banking Companies Ordinance, 1962. The Fauji Consortium: comprising of Fauji Foundation (FF), Fauji Fertilizer Company Limited (FFCL) and Fauji Fertilizer Bin Qasim Limited (FFBL) collectively owned 71.91 percent shares of the Bank as on March 31, 2020. The ultimate parent of the Bank is Fauji Foundation. The Bank has 535 branches (December 31, 2019: 535 branches); 534 in Pakistan and Azad Jammu and Kashmir (including 94 (December 31, 2019: 94) Islamic Banking branches and 50 (December 31, 2019: 50) sub-branches) and a Wholesale Bank Branch (WBB) in the Kingdom of Bahrain.
- 1.3** Askari Securities Limited (ASL) was incorporated in Pakistan on October 1, 1999 under the repealed Companies Ordinance, 1984 as a public limited company. The Bank holds 74% Ordinary Shares of ASL. The principal activity includes share brokerage, investment advisory and consultancy services. The registered office of ASL is situated in Islamabad.
- 1.4** Pursuant to year end the Board of Directors authorised acquisition of remaining 26% (5,980,000 Ordinary Shares) interest in Askari Securities Limited from Army Welfare Trust at a price of Rs. 8.50 per share subject to approval of shareholders in the Annual General Meeting fixed for April 22, 2020 and fulfilment of applicable legal and regulatory requirements.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are 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 IFRS or IFAS the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives, shall prevail."

The SBP, vide its BSD Circular Letter no. 10 dated August 26, 2002 has deferred the applicability of International Accounting Standard 40, Investment Property, for banking companies till further

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

instructions. Further, the SECP, through S.R.O 411(1)/2008 dated April 28, 2008, has deferred the applicability of IFRS 7, Financial Instruments: Disclosures, to banks. Additionally, the SBP has deferred the applicability of IFRS 9 to banks to accounting periods beginning on or after January 1, 2021. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements.

2.2 These consolidated condensed interim financial statements have been presented in accordance with the requirements of format prescribed by SBP vide BPRD Circular Letter No. 5 dated March 22, 2019 and International Accounting Standard 34 'Interim Financial Reporting' and do not include all the information and disclosures required in the audited annual consolidated financial statements, and should be read in conjunction with the audited consolidated annual financial statements for the financial year ended December 31, 2019.

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

a) Following standards have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of their applicability in Pakistan:

	Effective date (annual periods beginning on or after)
IFRS 1 First-Time Adoption of International Financial Reporting Standards (Amendments)	July 1, 2009
IFRS 17 Insurance Contracts	January 1, 2022

b) Following standards and amendments to published accounting standards will be effective in future periods and have not been early adopted by the Group.

	Effective date (annual periods beginning on or after)
IFRS 9 Financial Instruments	January 1, 2021
IFRS 17 Insurance Contracts	January 1, 2022

The management does not anticipate early adoption of above standards and amendments.

3.3 IFRS 16, "Leases" became applicable to the banks from January 1, 2019. SBP vide BPRD circular letter no. 08 of 2019 extended the implementation date to June 30, 2019, and accordingly the Group

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

implemented the standard on June 30, 2019. The Group adopted IFRS 16, "Leases" from January 1, 2019 without restating comparatives for the 2018 reporting period, as permitted under the specific transitional provisions of the standard. Comparatives for prior period have not been restated as the financial impact has been considered immaterial.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

5. FINANCIAL RISK MANAGEMENT AND CORONAVIRUS (COVID-19) IMPLICATIONS

The financial risk management objectives and policies adopted by the Group are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2019 except for the following additional considerations due to the COVID-19.

The coronavirus pandemic and the measures to reduce its spread have significantly impacted Pakistan's economy. Regulators and governments across the globe have introduced fiscal and economic stimulus measures to mitigate its impact. The SBP has responded to the crisis by taking various measures to maintain banking system soundness and to sustain economic activity.

COVID-19 has impacted the banks in Pakistan. Below are major aspects of COVID-19 on the Group's risk management policies.

Assets quality and credit risk

The risk management function of the Group is regularly conducting assessments to identify borrowers operating in various economic sectors which are most likely to get adversely affected. The Group has further strengthened its credit review procedures in the light of COVID-19, and as per assessment of advances portfolio as at March 31, 2020, no additional provision is warranted. The Group is carrying a general provision amounting to Rs.341,001 thousand in respect of potential loan losses which are not specifically identified.

Overall, the COVID-19 situation remains fluid and is rapidly evolving, which makes it challenging to reliably reflect related impacts. Nonetheless, the outbreak is expected to have an impact on the macro-economic environment beyond reasonable doubt, and will in turn adversely affect the repayment behaviours of the Group borrowers' in short to medium term. The situation will continue to be closely monitored and due measures will be initiated to mitigate the risk of potential defaults.

Liquidity management

The Group has received applications for deferral of principal amounts of loan obligations and is expected to receive further such applications. These applications are being reviewed by the Group as per its established policies. The above will have an impact on the maturity profile. The Group is continuously monitoring the liquidity position and is taking due precautionary measures where needed. The Group is confident that the liquidity buffer currently maintained by the Group is sufficient to cater any adverse movement in cash flow maturity profile.

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

Capital adequacy ratio

Under the current scenario, the banks are under pressure to extend further credit to its borrowers, while overall deteriorating credit risk and increased NPL may also put additional pressures on the Bank from Capital Adequacy Ratio perspective. The SBP has relaxed the Capital Conversion Buffer (CCB) requirements for the banks to 1.5%, resulting in an overall CAR requirement of 11.5%. In addition to the measures by SBP, the Group is continuously monitoring the impacts of various decisions of its CAR and taking further lending decisions based on the overall impacts on RWA. The Group also believes that it has sufficient buffer in its CAR requirement to meet any adverse movements in credit, market or operational risks.

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
Rupees in '000		
6. CASH AND BALANCES WITH TREASURY BANKS		
In hand:		
Local currency	16,261,043	11,990,404
Foreign currencies	3,197,639	2,441,156
	<u>19,458,682</u>	<u>14,431,560</u>
With the State Bank of Pakistan in:		
Local currency current accounts	24,571,723	34,638,383
Foreign currency current account	3,488,661	3,107,745
Foreign currency deposit account	9,692,365	8,684,787
	<u>37,752,749</u>	<u>46,430,915</u>
With National Bank of Pakistan in:		
Local currency current accounts	1,519,493	1,899,188
Prize Bonds	24,359	277,627
	<u>58,755,283</u>	<u>63,039,290</u>
7. BALANCES WITH OTHER BANKS		
In Pakistan		
In current accounts	271,070	469,619
In deposit accounts - note 7.1	2,000,097	476
	<u>2,271,167</u>	<u>470,095</u>
Outside Pakistan		
In current accounts	2,172,432	753,774
In deposit accounts	3,857,083	6,662,839
	<u>6,029,515</u>	<u>7,416,613</u>
Provision under IFRS 9 related to WBB	(119)	(6)
	<u>8,300,563</u>	<u>7,886,702</u>

- 7.1 This includes Ameen Islamic deposit of Rs. 2,000,000 thousand with M/s United Bank Limited having maturity upto April 6, 2020 and carries mark-up of 11.50%.

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

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

8. LENDINGS TO FINANCIAL INSTITUTIONS

Call / clean money lendings	5,745,000	6,330,782
Repurchase agreement lendings (reverse repo)	14,018,273	14,075,190
Purchase under resale arrangement of equity securities	148,606	148,606
	<u>19,911,879</u>	<u>20,554,578</u>
Provision held against lending to financial institutions	(148,606)	(148,606)
Lending to financial institutions - net of provision	<u>19,763,273</u>	<u>20,405,972</u>

March 31, 2020 (Un-audited)		December 31, 2019 (Audited)	
Classified Lending	Provision Held	Classified Lending	Provision Held

(Rupees in '000)

8.1 Category of classification

Domestic

Loss	<u>148,606</u>	<u>148,606</u>	<u>148,606</u>	<u>148,606</u>
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9. INVESTMENTS

	March 31, 2020 (Un-audited)				December 31, 2019 (Audited)			
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value

(Rupees in '000)

9.1 Investments by type:

Held for trading securities

Fully paid ordinary shares	-	-	-	-	41,591	-	(1,503)	40,088
	-	-	-	-	41,591	-	(1,503)	40,088

Available for sale securities

Federal Government Securities	237,739,038	(40,227)	1,990,206	239,689,017	211,166,999	(37,369)	(3,109,664)	208,019,966
Shares	6,463,282	(1,354,427)	(1,146,747)	3,962,108	6,048,578	(1,607,285)	490,064	4,931,357
Units of open end mutual funds	1,205,036	(160,152)	(4,171)	1,040,713	1,305,036	(146,912)	114,137	1,272,261
Fully paid preference shares	27,314	(9,522)	44,152	61,944	27,314	(9,189)	43,820	61,945
Non Government Debt Securities	12,207,139	(1,481,006)	97,045	10,823,178	12,215,395	(1,489,262)	93,993	10,820,126
Foreign securities	504,785	(6,075)	(30,930)	467,780	159,646	(1,881)	7,202	164,967
	<u>258,146,594</u>	<u>(3,051,409)</u>	<u>949,555</u>	<u>256,044,740</u>	<u>230,922,968</u>	<u>(3,291,898)</u>	<u>(2,360,448)</u>	<u>225,270,622</u>

Held to maturity securities

Federal Government Securities	79,964,207	(144,128)	-	79,820,079	77,030,069	(133,887)	-	76,896,182
Non Government Debt Securities	110,000	(110,000)	-	-	110,000	(110,000)	-	-
Foreign securities	3,502,712	(20,019)	-	3,482,693	3,247,847	(19,106)	-	3,228,741
	<u>83,576,919</u>	<u>(274,147)</u>	<u>-</u>	<u>83,302,772</u>	<u>80,387,916</u>	<u>(262,993)</u>	<u>-</u>	<u>80,124,923</u>
Total investments	<u>341,723,513</u>	<u>(3,325,556)</u>	<u>949,555</u>	<u>339,347,512</u>	<u>311,352,475</u>	<u>(3,554,891)</u>	<u>(2,361,951)</u>	<u>305,435,633</u>

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
(Rupees in '000)		
9.1.1 Investments given as collateral		
The market value of investment given as collateral is as follows		
Pakistan Investment Bonds	3,078,886	-
Market Treasury Bills	3,088,658	12,480,754
Euro Bonds	5,280,866	5,527,143
Bahrain International Bonds	473,855	-
Srilankan Investment Bonds	-	166,848
Turkish Euro Bonds	440,648	445,961
Turkish Sukuks	955,212	956,958
Ijarah Sukuks	6,225,421	5,586,569
	<u>19,543,546</u>	<u>25,164,233</u>

9.2 Provision for diminution in value of investments

9.2.1 Opening balance	3,554,891	3,264,202
Exchange adjustments	14,894	19,368
Charge / (reversals)		
Charge for the period / year	50,000	976,751
Reversal of provision under IFRS 9 related to WBB	3,315	6,197
Reversals for the period / year	(8,257)	(51,586)
Net charge	45,058	931,362
Reversal on disposals	(289,287)	(660,041)
Closing balance	<u>3,325,556</u>	<u>3,554,891</u>

9.2.2 Particulars of provision against debt securities

Category of classification	March 31, 2020 (Un-audited)		December 31, 2019 (Audited)	
	NPL	Provision	NPL	Provision
(Rupees in '000)				
Domestic				
Loss	1,591,006	1,591,006	1,599,262	1,599,262
Overseas				
Not past due but impaired as per IFRS 9	-	210,449	-	192,244
	<u>1,591,006</u>	<u>1,801,455</u>	<u>1,599,262</u>	<u>1,791,506</u>

9.3 The market value of securities classified as held to maturity as at March 31, 2020 is Rs. 88,385,213 thousand (December 31, 2019: Rs. 83,778,547 thousand).

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

10. ADVANCES

	(Rupees in '000)					
Loans, cash credits, running finances, etc.	314,145,010	307,069,106	25,876,130	26,257,191	340,021,140	333,326,297
Islamic financing and related assets	49,090,561	45,596,566	1,861,061	1,816,376	50,951,622	47,412,942
Bills discounted and purchased	15,974,959	17,749,166	60,406	60,406	16,035,365	17,809,572
Advances - gross	379,210,530	370,414,838	27,797,597	28,133,973	407,008,127	398,548,811
Provision against advances						
- Specific	-	-	(24,312,932)	(24,408,056)	(24,312,932)	(24,408,056)
- General	(1,245,758)	(1,226,892)	-	-	(1,245,758)	(1,226,892)
	(1,245,758)	(1,226,892)	(24,312,932)	(24,408,056)	(25,558,690)	(25,634,948)
Advances - net of provision	<u>377,964,772</u>	<u>369,187,946</u>	<u>3,484,665</u>	<u>3,725,917</u>	<u>381,449,437</u>	<u>372,913,863</u>

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
10.1 Particulars of advances (Gross)		
In local currency	377,118,092	368,646,263
In foreign currencies	29,890,035	29,902,548
	<u>407,008,127</u>	<u>398,548,811</u>

10.2 Advances include Rs. 27,797,597 thousand (December 31, 2019: Rs. 28,133,973 thousand) which have been placed under non-performing status as detailed below:

Category of classification	March 31, 2020 (Un-audited)		December 31, 2019 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	(Rupees in '000)			
Domestic				
Other Assets Especially Mentioned - note 10.2.1	2,062,819	874	2,125,144	68
Substandard	288,484	40,359	477,321	50,418
Doubtful	842,589	232,162	661,347	209,962
Loss	24,603,705	24,039,537	24,870,161	24,147,608
	<u>27,797,597</u>	<u>24,312,932</u>	<u>28,133,973</u>	<u>24,408,056</u>

10.2.1 This represents classification for Agricultural, Mortgage and Small Entities finances.

10.3 Particulars of provision against advances

	March 31, 2020 (Un-audited)				December 31, 2019 (Audited)			
	Specific	General	Consumer financing-General	Total	Specific	General	Consumer financing-General	Total
	(Rupees in '000)							
Opening balance	24,408,056	584,145	642,747	25,634,948	25,113,169	498,429	540,226	26,151,824
Exchange adjustment	-	17,661	-	17,661	-	22,252	-	22,252
Charge for the period / year	185,792	8,699	28,255	222,746	1,467,527	22,525	108,884	1,598,936
Provision under IFRS 9 related to WBB	-	(31,085)	-	(31,085)	-	48,525	-	48,525
Reversal for the period / year	(280,916)	-	(4,664)	(285,580)	(1,648,011)	(7,586)	(6,363)	(1,661,960)
	(95,124)	(22,386)	23,591	(93,919)	(180,484)	63,464	102,521	(14,499)
Amounts written off	-	-	-	-	(402,506)	-	-	(402,506)
Amounts charged off- agriculture financing	-	-	-	-	(122,123)	-	-	(122,123)
Closing balance	<u>24,312,932</u>	<u>579,420</u>	<u>666,338</u>	<u>25,558,690</u>	<u>24,408,056</u>	<u>584,145</u>	<u>642,747</u>	<u>25,634,948</u>

10.3.1 The net FSV benefit already availed has been reduced by Rs. 131,308 thousand, which has resulted in increased charge for specific provision for the period by the same amount. Had the FSV benefit not reduced, before and after tax profit for the year would have been higher by Rs. 131,308 thousand (December 31, 2019: Rs. 108,591 thousand) and Rs. 85,350 thousand (December 31, 2019: Rs. 70,584 thousand) respectively. Further, at March 31, 2020, cumulative net of tax benefit availed for Forced Saled Value (FSV) was Rs. 442,134 thousand (December 31, 2019: Rs. 527,484 thousand) under BSD circular No. 1 of 2011 dated October 21, 2011. Reserves and un-appropriated profit to that extent are not available for distribution by way of cash or stock dividend.

10.3.2 The Group has availed the relaxation of Rs. 101,394 thousand (December 31, 2019: Rs. 101,394 thousand) allowed by the SBP for maintaining provisions as per time based criteria of prudential regulations.

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
11. FIXED ASSETS		
Capital work-in-progress - note 11.1	205,487	126,731
Property and equipment	12,267,137	12,252,877
Right of use asset - IFRS 16	7,081,417	7,316,960
	<u>19,554,041</u>	<u>19,696,568</u>

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

11.1 This represents advances to suppliers and contractors.

(Un-audited)	
Quarter ended March 31, 2020	Quarter ended March 31, 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	78,756	18,683
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Property and equipment

Renovation of premises	52,309	16,132
Furniture, fixtures and office equipment	120,913	18,406
Carpets	3,441	2,070
Machine and equipments	66,998	53,352
Computer equipments	34,567	9,124
Vehicles	7,466	6,023
	285,694	105,107
Right of use assets under IFRS 16	185,405	-
Total	549,855	123,790

11.3 Disposal of fixed assets

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

Renovation of premises	-	6,349
Furniture, fixtures and office equipment	1,646	1,857
Carpets	433	453
Machine and equipments	544	2,038
Computer equipments	28	-
Total	2,651	10,697

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

(Rupees in '000)

12. INTANGIBLE ASSETS

Computer software	800,311	682,889
Less: Provision against intangibles	(9,866)	(9,866)
	790,445	673,023
Capital work in progress	134,849	135,971
	925,294	808,994

(Un-audited)

Quarter ended March 31, 2020	Quarter ended March 31, 2019
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(Rupees in '000)

12.1 Additions to intangible assets

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

Directly purchased	172,735	138,040
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Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
13. DEFERRED TAX ASSETS		
Deductible temporary differences on		
- Post retirement employee benefits	9,971	9,971
- Deficit on revaluation of investments	(332,344)	826,157
- Impact under IFRS 9 related to WBB	121,871	121,871
- Provision against advances, off balance sheet	1,568,007	1,568,007
	1,367,505	2,526,006
Taxable temporary differences on		
- Accelerated tax depreciation	(48,893)	(36,254)
	<u>1,318,612</u>	<u>2,489,752</u>
14. OTHER ASSETS		
Income / mark-up accrued in local currency - net of provision	13,676,999	16,320,068
Income / mark-up accrued in foreign currencies	838,444	558,708
Advances, deposits, advance rent and other prepayments	667,649	666,068
Advance taxation (payments less provisions)	6,531,596	6,552,849
Non-banking assets acquired in satisfaction of claims	2,414,843	2,555,343
Mark to market gain on forward foreign exchange contracts - net	1,000,500	396,433
Suspense account	261,007	50,741
Stationary and stamps in hand	102,397	92,639
Dividend receivable	33,212	1,904
Acceptances	10,199,325	10,498,594
Receivable from defined benefit plan	-	71,364
Others	803,481	704,061
	36,529,453	38,468,772
Provision held against other assets - note 14.1	(225,967)	(238,089)
Other assets - net of provision	36,303,486	38,230,683
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	2,212,829	2,219,829
Other assets - total	<u>38,516,315</u>	<u>40,450,512</u>
14.1 Provision held against other assets		
Advances, deposits, advance rent and other prepayments	138,982	139,068
Non-banking assets acquired in satisfaction of claims	15,952	15,952
Suspense account	34,408	34,408
Stationery and stamps in hand	2,285	14,321
Others	34,340	34,340
	<u>225,967</u>	<u>238,089</u>
14.1.1 Movement in provision held against other assets		
Opening balance	238,089	257,811
Charge for the period / year	-	14,593
Provision under IFRS 9 related to WBB	-	(447)
Reversals for the period / year	(86)	(26,759)
Net reversal for the period / year	(86)	(12,613)
Amounts written off / adjustments	(12,036)	(7,109)
Closing balance	<u>225,967</u>	<u>238,089</u>

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

15. DISCONTINUED OPERATIONS

15.1 An analysis of the assets and liabilities attributable to discontinued operations as at the date of Statement of Financial Position is as follows:

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	Rupees in '000	
15.1.1 Assets attributable to discontinued operations		
Cash and balances with treasury banks	-	-
Balances with other banks	183,879	101,704
Lendings to financial institutions	-	-
Investments	101,591	106,797
Advances	14,742	25,259
Fixed assets	15,423	15,151
Intangible assets	16,062	16,189
Deferred tax assets	-	-
Other assets	42,629	50,641
	<u>374,326</u>	<u>315,741</u>

Liabilities associated with discontinued operations

Bills payable	-	-
Borrowings	-	-
Deposits and other accounts	-	-
Liabilities against assets subject to finance lease	-	-
Sub-ordinated debt	-	-
Deferred tax liabilities	6,886	6,986
Other liabilities	157,883	134,870
	<u>164,769</u>	<u>141,856</u>
	<u>209,557</u>	<u>173,885</u>

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

	(Un-audited)	
	Quarter ended March 31, 2020	Quarter ended March 31, 2019
	Rupees in '000	
15.1.2 Financial Performance		
Mark-up / return / interest earned	3,468	644
Mark-up / return / interest expensed	53	4
Net mark-up / interest income	3,415	640
Non mark-up / interest income		
Fee and commission income	16,884	7,819
Dividend income	-	827
Foreign exchange income	-	-
Income / (loss) from derivatives	-	-
Gain on securities	458	3,098
Other income	111	137
Total non-markup / interest income	17,453	11,881
Total income	20,868	12,521
Non mark-up / interest expenses		
Operating expenses	14,520	6,466
Workers' welfare fund	-	-
Other charges	-	-
Total non-markup / interest expenses	14,520	6,466
Profit before provisions	6,348	6,055
Provisions and write offs - net	-	-
Extraordinary / unusual items	-	-
Profit before taxation	6,348	6,055
Taxation	(240)	3,561
Profit after taxation	6,108	9,616
15.1.3 Other Comprehensive Income		
Profit after taxation	6,108	9,616
Movement in surplus on revaluation of investments - net of tax	(5,535)	40,682
	573	50,298
15.1.4 Cash Flow Information		
Net cash flows from operating activities	(40,161)	19,470
Net cash flows from investing activities	5,061	(23,311)
Net cash flows from financing activities	-	-
	(Un-audited) March 31, 2020	(Audited) December 31, 2019
16. BILLS PAYABLE	(Rupees in '000)	
In Pakistan	11,469,963	15,768,947

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
(Rupees in '000)		
17. BORROWINGS		
Secured		
Borrowings from the State Bank of Pakistan under:		
Export refinance scheme	16,028,001	13,656,666
Long term financing facility	5,968,325	5,622,997
Financing facility for storage of agricultural produce	1,667	2,500
Renewable energy financing facility	423,302	429,526
Refinance from SBP - credit guarantee scheme for women entrepreneurs	2,368	1,618
	22,423,663	19,713,307
Repurchase agreement borrowings		
State Bank of Pakistan	-	7,666,640
Financial institutions	11,477,948	14,248,475
	11,477,948	21,915,115
Refinance from Pakistan Mortgage Refinance Company		
Bai Muajjal payable - note 17.1	2,972,026	1,972,026
	6,014,129	-
Total secured	42,887,766	43,600,448
Unsecured		
Call borrowings	7,052,167	6,162,763
Overdrawn nostro accounts	1,500,333	1,424,470
Bai Muajjal payable to Islamic financial institutions - note 17.2	7,004,165	-
Others - note 17.3	3,000,667	-
Total unsecured	18,557,332	7,587,233
	61,445,098	51,187,681

17.1 This represents Bai Muajjal payable to M/s Meezan Bank Limited secured against pledge of government securities and have maturities upto 23 October, 2020 and carries mark-up at the rate of 12.65% per annum.

17.2 These carry mark-up ranging from 12.60% to 12.75% having maturities upto May 5, 2020.

17.3 This represents short term foreign currency borrowing from M/s Emirates NBD Bank PJSC Dubai having maturity upto June 17, 2020. This carries mark-up at the rate of 2.24% per annum.

March 31, 2020 (Un-audited)			December 31, 2019 (Audited)		
In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
(Rupees in '000)					

18. DEPOSITS AND OTHER ACCOUNTS

Customers

Current accounts	167,635,559	20,724,372	188,359,931	174,842,702	19,411,555	194,254,257
Savings deposits	355,902,599	40,469,429	396,372,028	326,751,449	34,103,203	360,854,652
Fixed deposits	102,884,994	7,244,486	110,129,480	112,600,623	6,664,632	119,265,255
	626,423,152	68,438,287	694,861,439	614,194,774	60,179,390	674,374,164

Financial institutions

Current accounts	525,701	172,748	698,449	494,830	41,087	535,917
Savings deposits	1,009,404	-	1,009,404	1,584,231	-	1,584,231
Fixed deposits	3,280,500	-	3,280,500	2,752,000	-	2,752,000
	4,815,605	172,748	4,988,353	4,831,061	41,087	4,872,148
	631,238,757	68,611,035	699,849,792	619,025,835	60,220,477	679,246,312

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
19. SUBORDINATED DEBTS		
Term Finance Certificates - V	3,991,200	3,992,000
Term Finance Certificates - VI (ADT-1)	6,000,000	6,000,000
Term Finance Certificates - VII	6,000,000	-
	<u>15,991,200</u>	<u>9,992,000</u>

- 19.1** The Group has raised unsecured sub-ordinated loans through issuance of Term Finance Certificates to improve the Group's capital adequacy. Liability to the TFC holders is subordinated to and rank inferior to all other indebtedness of the Group including deposits and is not redeemable before maturity without prior approval of the SBP. The salient features of outstanding issues are as follows:

	Term Finance Certificates - V	Term Finance Certificates-VI (ADT-1)	Term Finance Certificates - VII
Outstanding amount - Rupees in '000	3,991,200	6,000,000	6,000,000
Issue amount	Rupees 4,000 million	Rupees 6,000 million	Rupees 6,000 million
Issue date	September 30, 2014	July 03, 2018	March 17, 2020
Maturity Date	September 29, 2024	Perpetual	March 16, 2030
Rating	AA-	AA-	AA
Security	Unsecured	Unsecured	Unsecured
Listing	Unlisted	Listed	Unlisted
Profit payment frequency	Payable six monthly	Payable six monthly	Payable quarterly
Redemption	6-108th month: 0.36% 109-120th month: 99.64%	Perpetual	109-120th month: 100%
Profit Rate	Base Rate plus 1.20%	Base Rate plus 1.50%	Base Rate plus 1.20%
	Base Rate is the simple average of the ask rate of six month KIBOR prevailing on the base rate setting date.	Base Rate is the simple average of the ask rate of six month KIBOR prevailing on the base rate setting date.	Base Rate is the simple average of the ask rate of three month KIBOR prevailing on the base rate setting date.
Call option	Exercisable after 60 months from the date of issue subject to approval by the SBP.	Exercisable after 60 months from the date of issue subject to approval by the SBP.	Exercisable after 60th month from the date of issue subject to approval by the SBP.
Lock-in-clause	Neither profit nor principal will be payable (even at maturity), if such payment will result in a shortfall in the Bank's Minimum Capital Requirement or Capital Adequacy Ratio or results in an increase in any existing shortfall in Minimum Capital Requirement or Capital Adequacy Ratio.	Payment of profit will be subject to the condition that such payment will not result in breach of the Bank's regulatory Minimum Capital Requirement or Capital Adequacy Ratio set by SBP from time to time. Any inability to exercise lock-in clause or the non-cumulative features will subject these TFCs to mandatory conversion into common shares / write off at the discretion of SBP.	As per the lock-in requirement for Tier II Issues, neither profit nor principal will be payable (even at maturity) in respect of the TFC, if such payment will result in a shortfall or increase in an existing shortfall in the Bank's Leverage Ratio or Minimum Capital Requirement or Capital Adequacy Ratio. That is, any payment (profit and/or principal) in respect of the TFC would be made, subject to the Bank being in compliance with the requirement of Leverage Ratio or Minimum Capital Requirement or Capital Adequacy Ratio.

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

	Term Finance Certificates - V	Term Finance Certificates-VI (ADT-1)	Term Finance Certificates - VII
Loss absorption clause	The instrument will be subject to Loss Absorbency under SBP's Basel III Circular	The Instrument will be subject to loss absorption and / or any other requirements of SBP upon the occurrence of a Point of Non-Viability event as per Section A-5-3 of Annexure 5 of the Circular, which stipulates that SBP may, at its option, fully and permanently convert the TFCs into common shares of the issuer and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger event as declared by SBP, subject to a specified cap.	As per Loss Absorbency Clause requirement for Tier II capital purpose, the instrument will be subject to loss absorbency and/or any other requirements under SBP's instructions on the subject. Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger of Point of Non-Viability (PONV) as declared by SBP subject.

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
20. OTHER LIABILITIES		
Mark-up / return / interest payable in local currency	4,846,370	5,488,211
Mark-up / return / interest payable in foreign currencies	184,447	229,291
Unearned commission and income on bills discounted	937,682	923,438
Accrued expenses	1,368,730	1,724,514
Advance payments	432,780	444,390
Acceptances	10,199,325	10,498,594
Dividends payable	137,607	138,446
Branch adjustment account	389,143	498,814
Payable to defined benefit plan	17,214	-
Security deposit against lease / ljarah financing	4,164,263	4,247,512
Withholding taxes payable	341,745	252,129
Federal excise duty payable	50,929	56,894
Workers' Welfare Fund	217,117	172,117
Switch fee payable	622,828	666,416
Provision against off-balance sheet obligations - note 20.1	100,327	101,154
Lease liability against ROU assets as per IFRS - 16 Leases	7,471,911	7,358,016
Advance against Term Finance Certificate - VII	-	700,000
Others	1,373,159	1,204,112
	<u>32,855,577</u>	<u>34,704,048</u>

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
20.1 Provision against off-balance sheet obligations		
Opening balance	101,154	108,025
Charge for the period / year	-	1,154
Reversal for the period / year	(827)	(517)
Net (reversal) / charge	(827)	637
Amounts written off	-	(7,508)
Closing balance	<u>100,327</u>	<u>101,154</u>
21. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
Surplus / (deficit) on revaluation of:		
- Available for sale securities	949,555	(2,360,448)
- Fixed Assets	3,614,888	3,614,888
- Non-banking assets acquired in satisfaction of claims	2,212,829	2,219,829
	6,777,272	3,474,269
Deferred tax on (surplus) / deficit on revaluation of:		
- Available for sale securities	(332,344)	826,157
	<u>6,444,928</u>	<u>4,300,426</u>
22. CONTINGENCIES AND COMMITMENTS		
- Guarantees - note 22.1	189,373,847	188,434,387
- Commitments - note 22.2	378,053,680	314,557,897
- Other contingent liabilities - note 22.3	727,409	721,349
	<u>568,154,936</u>	<u>503,713,633</u>
22.1 Guarantees		
Financial guarantees	5,339,138	5,908,830
Performance guarantees	128,238,079	124,661,353
Other guarantees	55,796,630	57,864,204
	<u>189,373,847</u>	<u>188,434,387</u>

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
22.2 Commitments		
Documentary credits and short-term trade-related transactions - letters of credit	175,199,292	162,130,911
Commitments in respect of:		
- forward foreign exchange contracts - note 22.2.1	165,497,755	94,380,989
- forward government securities transactions - note 22.2.2	7,600,000	14,500,000
- forward lending - note 22.2.3	29,635,178	43,352,110
Commitments for acquisition of:		
- operating fixed assets	70,502	65,963
- intangible assets	39,608	112,330
Commitments in respect of outstanding future contract transactions of equity securities	11,345	15,594
	<u>378,053,680</u>	<u>314,557,897</u>

22.2.1 Commitments in respect of forward foreign exchange contracts

Purchase	93,970,625	50,072,221
Sale	71,527,130	44,308,768
	<u>165,497,755</u>	<u>94,380,989</u>

The above commitments have maturities falling within one year.

22.2.2 Commitments in respect of forward government securities transactions

Purchase	7,600,000	14,500,000
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22.2.3 Commitments in respect of forward lending

Forward repurchase agreement lending	25,569,640	36,096,228
Undrawn commitments - note 22.2.3.1	4,065,538	7,255,882
	<u>29,635,178</u>	<u>43,352,110</u>

22.2.3.1 These represent commitments that are irrevocable because these cannot be withdrawn at the discretion of the Group without the risk of incurring significant penalty or expense.

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
22.3 Other contingent liabilities		
These represent certain claims by third parties against the Group, which are being contested in the Courts of law. The management is of the view that these relate to the normal course of business and are not likely to result in any liability against the Group.	727,409	721,349

23. DERIVATIVE INSTRUMENTS

The Group at present does not offer derivative products such as Interest Rate Swaps, Cross Currency Swaps, Forward Rate Agreements or Foreign Exchange Options. The Group's Treasury and Investment Banking Groups buy and sell derivative instruments such as Forward Exchange Contracts (FECs) and Equity Futures (EFs).

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

	(Un-audited)	
	Quarter ended March 31, 2020	Quarter ended March 31, 2019
	(Rupees in '000)	
24. MARK-UP / RETURN / INTEREST EARNED		
On:		
Loans and advances	12,065,134	8,950,529
Investments	9,277,431	4,516,695
Lendings to financial institutions	183,417	8,256
Balances with banks	77,005	61,763
Securities purchased under resale agreements	49,272	724,615
	<u>21,652,259</u>	<u>14,261,858</u>
25. MARK-UP / RETURN / INTEREST EXPENSED		
On:		
Deposits	13,729,595	7,711,004
Borrowings	1,408,994	554,689
Subordinated debts	420,419	277,413
Interest expense on lease liability against ROU assets	252,065	-
	<u>15,811,073</u>	<u>8,543,106</u>
26. FEE AND COMMISSION INCOME		
Branch banking customer fees	157,174	129,484
Consumer finance related fees	32,236	28,967
Card related fees (debit and credit cards)	196,737	210,374
Credit related fees	59,749	32,249
Investment banking fees	43,815	82,230
Commission on trade	163,454	162,030
Commission on guarantees	145,599	137,383
Commission on remittances including home remittances	14,457	14,709
Commission on bancassurance	23,833	26,938
Others	20,036	20,050
	<u>857,090</u>	<u>844,414</u>
27. GAIN ON SECURITIES		
Realised - note 27.1	565,541	35,012
Unrealised - note 9.1	-	(733)
	<u>565,541</u>	<u>34,279</u>
27.1 Realised gain / (loss) on:		
Federal Government Securities	461,078	34,924
Shares	102,011	-
Non Government Debt Securities	-	88
Mutual Funds	2,452	-
	<u>565,541</u>	<u>35,012</u>

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

	(Un-audited)	
	Quarter ended March 31, 2020	Quarter ended March 31, 2019
28. OTHER INCOME	(Rupees in '000)	
Gain / (loss) on sale of fixed assets	2,977	(6,812)
Rent of lockers	11,730	10,083
Recovery of expenses from customers	64,950	45,998
Termination of lease contracts under IFRS - 16 Leases	2,018	-
	<u>81,675</u>	<u>49,269</u>
29. OPERATING EXPENSES		
Total compensation expenses	2,699,592	2,411,796
Property expense		
Rent and taxes	92,616	439,222
Insurance	25,784	21,054
Utilities cost	137,384	106,232
Security (including guards)	114,430	125,985
Repair & maintenance (including janitorial charges)	65,869	53,753
Depreciation on ROU assets	393,877	-
Depreciation	103,141	111,555
	933,101	857,801
Information technology expenses		
Software maintenance	46,388	67,001
Hardware maintenance	7,297	6,131
Depreciation	46,922	47,987
Amortisation	55,523	51,798
Network charges	58,705	56,492
	214,835	229,409
Other operating expenses		
Directors' fees, allowances	3,469	2,375
Fees and allowances to shariah board	1,469	1,446
Rent, taxes, insurance etc.	51,455	52,146
Legal and professional charges	29,369	25,228
Brokerage and commission	27,459	15,401
NIFT clearing charges	18,238	15,282
Repair and maintenance	82,781	51,867
Communications	138,621	106,934
Stationery and printing	68,248	74,711
Marketing, advertisement and publicity	17,937	3,827
Donations	3,390	-
Auditors' remuneration	5,264	8,397
Travelling, conveyance and entertainment	72,507	59,920
Depreciation	120,952	98,378
Security service charges	58,559	49,271
Training and development	8,377	2,379
Deposit premium expense	103,831	95,081
Other expenditure	107,339	112,792
	919,265	775,435
	<u>4,766,793</u>	<u>4,274,441</u>

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

30. This represents penalties imposed by the State Bank of Pakistan.

(Un-audited)	
Quarter ended March 31, 2020	Quarter ended March 31, 2019

31. PROVISIONS AND WRITE OFFS - NET

	(Rupees in '000)	
Provision for diminution in value of investments	45,058	36,630
Reversal of provision against loans and advances	(93,919)	(356,412)
Reversal of provision against other assets	(86)	(2,006)
Reversal of provision against off-balance sheet obligations	(870)	(341)
Provision / (reversal) of provision against cash and bank balances	106	(6)
Recovery of written off / charged off bad debts	(20,219)	(25,888)
	<u>(69,930)</u>	<u>(348,023)</u>

32. TAXATION

Current	1,172,007	1,212,315
Prior years	-	77,915
Deferred	13,724	17,831
	<u>1,185,731</u>	<u>1,308,061</u>

33. BASIC EARNINGS PER SHARE

Profit for the period - Rupees in '000	<u>1,864,271</u>	<u>1,836,281</u>
Weighted average number of Ordinary Shares - numbers	<u>1,260,260,180</u>	<u>1,260,260,180</u>
Basic earnings per share - Rupees	<u>1.48</u>	<u>1.46</u>

There is no dilutive effect on the basic earnings per share of the Group, therefore dilutive earnings per share have not been presented separately.

34. FAIR VALUE MEASUREMENTS

The fair value of traded investments is based on quoted market prices, except for securities classified by the Group as 'held to maturity'. Securities classified as held to maturity are carried at amortised cost. Fair value of unquoted equity investments is determined on the basis of break up value of these investments as per the latest available audited financial statements.

Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to the absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Group's accounting policy as stated in note 4 to the consolidated annual financial statements for the year ended December 31, 2019.

Fair value of remaining financial assets and liabilities except fixed term loans, staff loans, non-performing advances and fixed term deposits is not significantly different from the carrying amounts since assets and liabilities are either short term in nature or are frequently repriced in the case of customer loans and deposits.

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

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

34.1 Fair value of financial assets

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets (Pakistan Stock Exchange) 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) available at MUFAP, Reuters page, Redemption prices and determined by valuers on the panel of Pakistan Banks' Association.
- Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Valuation techniques used in determination of fair values within level 2 and level 3

Federal Government Securities	The fair values of Federal Government Securities are determined on the basis of rates / prices sourced from Reuters.
Non Government Debt Securities	Non Government Debt Securities are valued on the basis of rates announced by Mutual Fund Association of Pakistan (MUFAP).
Foreign Government Debt Securities	Foreign Government Debt Securities are valued on the basis of rates taken from custodian of the securities which are usually drawn from Bloomberg.
Unit of Mutual Funds	Fair values of mutual funds are determined based on their net asset values as published at the close of reporting period.
Fixed Assets and Non Banking Assets Acquired in Satisfaction of Claims	Land and Non Banking assets acquired in satisfaction of claims are valued on a periodic basis using professional valuers. The valuation is based on their assessments of the market value of the assets.

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

The table below analyses the financial assets carried at fair values, by valuation methods. Valuation of investments is carried out as per guidelines specified by the SBP.

	March 31, 2020 (Un-audited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	239,689,017	-	239,689,017
Shares	3,662,108	-	300,000	3,962,108
Units of open end mutual funds	-	1,040,713	-	1,040,713
Fully paid preference shares	61,944	-	-	61,944
Non Government Debt Securities	-	2,223,849	8,599,329	10,823,178
Foreign securities	-	467,780	-	467,780
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	79,820,079	-	79,820,079
Foreign Securities	-	3,482,693	-	3,482,693
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	93,970,625	-	93,970,625
Forward Sale of foreign exchange	-	71,527,130	-	71,527,130
Forward agreements for lending	-	-	-	-
Forward agreements for borrowing	-	-	25,569,640	25,569,640
	December 31, 2019 (Audited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	208,019,966	-	208,019,966
Shares	4,671,445	-	300,000	4,971,445
Units of open end mutual funds	-	1,272,261	-	1,272,261
Fully paid preference shares	61,945	-	-	61,945
Non Government Debt Securities	-	2,862,993	7,957,133	10,820,126
Foreign securities	-	164,967	-	164,967
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	11,171,395	-	11,171,395
Foreign securities	-	3,228,741	-	3,228,741
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	50,072,221	-	50,072,221
Forward Sale of foreign exchange	-	44,308,768	-	44,308,768
Forward agreements for lending	-	-	-	-
Forward agreements for borrowing	-	-	36,096,228	36,096,228

The Group's policy is to recognise transfers in to and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused such transfer takes place. There were no transfers between levels 1 and 2 during the period.

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
	Level 3	Level 3
Fixed assets		
Property and equipment (freehold and leasehold land)	8,023,338	8,023,338
Other assets		
Non-banking assets acquired in satisfaction of claims	4,627,672	4,775,172

35. Segment Information

35.1 Segment details with respect to Business Activities

The segment analysis with respect to business activity is as follows:

	March 31, 2020 (Un-audited)							
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
	(Rupees in '000)							
Profit and loss								
Net mark-up / return / profit	(9,823,521)	6,890,425	7,450,354	789,852	769,270	242,834	(478,028)	5,841,186
Inter segment revenue - net	14,784,039	(5,647,791)	(8,980,526)	(566,092)	-	61,431	348,939	-
Non mark-up / return / interest income	383,770	543,399	693,900	97,212	59,960	203	167,936	1,946,380
Total income / (loss)	5,344,288	1,786,033	(836,272)	320,972	829,230	304,468	38,847	7,787,566
Segment direct expenses	2,545,546	193,877	60,515	198,901	552,632	29,685	1,230,858	4,812,014
Inter segment expense allocation	703,472	413,558	70,162	43,666	-	-	(1,230,858)	-
Total expenses	3,249,018	607,435	130,677	242,567	552,632	29,685	-	4,812,014
(Reversal) / provisions	(69,484)	(79,374)	-	64,996	(7,750)	(28,541)	50,223	(69,930)
Profit / (loss) before tax	2,164,754	1,257,972	(966,949)	13,409	284,348	303,324	(11,376)	3,045,482

	March 31, 2020 (Un-audited)							
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
	(Rupees in '000)							
Statement of financial position								
Cash and bank balances	25,751,033	1,063,737	30,195,909	-	7,831,755	1,340,278	873,134	67,055,846
Investments	-	9,365,546	298,539,384	-	7,805,426	18,674,039	4,963,117	339,347,512
Lendings to financial institutions	-	-	14,018,273	-	5,745,000	-	-	19,763,273
Advances - performing - net of provision	9,832,367	281,793,690	-	17,420,217	50,418,278	13,067,280	6,796,627	379,328,459
Advances - non-performing - net of provision	545,523	1,382,387	-	268,944	(75,876)	-	-	2,120,978
Others	1,185,166	16,772,807	3,086,235	759,944	5,147,973	530,611	32,831,526	60,314,262
	37,314,089	310,378,167	345,839,801	18,449,105	76,872,556	33,612,208	45,464,404	867,930,330
Assets attributable to discontinued operations	-	-	-	-	-	-	374,326	374,326
Total Assets	37,314,089	310,378,167	345,839,801	18,449,105	76,872,556	33,612,208	45,838,730	868,304,656
Borrowings	1,213,020	20,082,718	16,018,960	2,972,026	1,127,925	18,530,115	1,500,334	61,445,098
Subordinated debts	-	-	-	-	-	-	-	15,991,200
Deposits and other accounts	542,865,733	91,995,197	-	23,189	64,348,833	536,116	80,724	699,849,792
Net inter segment balances - net	(516,328,665)	181,222,860	328,984,634	14,224,723	-	11,669,259	(19,772,811)	-
Others	9,564,001	17,077,392	836,207	1,229,167	5,819,686	1,694,739	8,104,348	44,325,540
	37,314,089	310,378,167	345,839,801	18,449,105	71,296,444	32,430,229	5,903,795	821,611,630
Liabilities associated with discontinued operations	-	-	-	-	-	-	164,769	164,769
Total liabilities	37,314,089	310,378,167	345,839,801	18,449,105	71,296,444	32,430,229	6,068,564	821,776,399
Equity	-	-	-	-	5,576,112	1,181,979	39,770,166	46,528,257
Total Equity and liabilities	37,314,089	310,378,167	345,839,801	18,449,105	76,872,556	33,612,208	45,838,730	868,304,656
Contingencies and commitments	5,653,973	353,718,744	185,264,975	499,532	10,018,187	11,547,237	1,452,288	568,154,936

	March 31, 2019 (Un-audited)							
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
	(Rupees in '000)							
Profit and loss								
Net mark-up / return / profit	(5,913,673)	5,539,338	4,652,483	701,376	750,853	154,636	(166,261)	5,718,752
Inter segment revenue - net	9,965,191	(4,473,287)	(5,142,918)	(448,187)	-	-	99,201	-
Non mark-up / return / interest income	388,380	515,322	302,837	54,366	59,981	10,617	51,106	1,382,609
Total (loss) / income	4,439,898	1,581,373	(187,598)	307,555	810,834	165,253	(15,954)	7,101,361
Segment direct expenses	2,280,142	173,567	27,991	169,983	474,738	20,974	1,164,763	4,312,158
Inter segment expense allocation	677,978	392,202	75,582	19,001	-	-	-	-
Total expenses	2,958,120	565,769	103,573	188,984	474,738	20,974	-	4,312,158
(Reversal) / provisions	(4,674)	(418,238)	-	16,955	13,401	(56,700)	101,233	(348,023)
(Loss) / profit before tax	1,486,452	1,433,842	(291,171)	101,616	322,695	200,979	(117,187)	3,137,226

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

	December 31, 2019 (Audited)						Total
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	
	(Rupees in '000)						
Statement of financial position							
Cash and bank balances	23,658,156	2,731,715	18,995,752	-	9,312,065	170,548	70,295,992
Investments	-	9,560,837	264,527,598	-	7,796,309	17,546,111	305,435,633
Lendings to financial institutions	-	-	14,075,190	-	6,330,782	-	20,405,972
Advances - performing - net of provision	12,374,428	274,288,120	-	17,953,030	45,559,794	12,503,225	6,509,349
Advances - non-performing - net of provision	684,502	1,567,268	-	231,813	1,242,334	-	3,725,917
Others	1,053,872	17,132,320	5,201,442	708,117	5,365,508	271,906	33,712,661
	37,770,958	305,280,260	302,799,982	18,892,960	75,606,792	30,491,790	62,284,544
Assets attributable to discontinued operations	-	-	-	-	-	-	315,741
Total Assets	37,770,958	305,280,260	302,799,982	18,892,960	75,606,792	30,491,790	62,600,285
Borrowings	1,352,907	17,372,474	13,810,495	1,972,026	2,187,925	13,067,383	51,187,681
Subordinated debts	-	-	-	-	-	-	9,992,000
Deposits and other accounts	547,601,944	68,398,729	-	19,187	62,859,181	289,553	77,718
Net inter segment balances - net	(521,270,904)	196,917,169	288,295,379	15,597,961	-	14,354,373	6,106,022
Others	10,087,011	22,591,888	694,108	1,303,786	5,277,040	1,514,653	9,004,509
	37,770,958	305,280,260	302,799,982	18,892,960	70,324,146	29,225,962	26,604,720
Liabilities associated with discontinued operations	-	-	-	-	-	-	141,856
Total liabilities	37,770,958	305,280,260	302,799,982	18,892,960	70,324,146	29,225,962	26,746,576
Equity	-	-	-	-	5,282,646	1,265,828	35,853,709
Total Equity and liabilities	37,770,958	305,280,260	302,799,982	18,892,960	75,606,792	30,491,790	62,600,285
Contingencies and commitments	5,846,170	342,698,169	135,443,232	602,579	8,055,344	9,523,859	1,544,280
	5,846,170	342,698,169	135,443,232	602,579	8,055,344	9,523,859	503,713,633

36. RELATED PARTY TRANSACTIONS

Fauji Consortium comprising of Fauji Foundation, Fauji Fertilizer Company Limited and Fauji Fertilizer Bin Qasim Limited (the Parent) holds 71.91% of the Bank's share capital at the period end. The Group has related party relationships with entities under common directorship, its directors, key management personnel, entities over which the directors are able to exercise significant influence and employees' funds.

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

Details of transactions with related parties and balances are as follows:

	As at March 31, 2020 (Un-audited)					As at December 31, 2019 (Audited)				
	Parent	Directors	Key management personnel	Companies with common directorship	Other related parties	Parent	Directors	Key management personnel	Companies with common directorship	Other related parties
	(Rupees in '000)									
Investments										
Opening balance	-	-	-	719,311	300,000	-	-	-	49,133	-
Investment made during the period / year	-	-	-	318,244	-	-	-	-	364,176	-
Investment redeemed / disposed off during the period / year	-	-	-	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	30,600	300,000
Closing balance	-	-	-	1,037,555	300,000	-	-	-	719,311	300,000
Provision for diminution in value of investments	-	-	-	78,739	-	-	-	-	100,158	-
Advances										
Opening balance	5,035,504	19,771	364,453	4,701,476	-	9,581,279	451	332,540	3,803,463	-
Addition during the period / adjustment	36,881,881	549	34,902	2,296,703	-	139,634,599	24,193	156,780	23,395,671	-
Repaid during the period / adjustment	(39,293,992)	(895)	(21,017)	(2,500,179)	-	(144,180,374)	(4,873)	(95,164)	(23,386,102)	-
Transfer in / (out) - net	-	-	(9,605)	(90,000)	-	-	-	(29,703)	688,444	-
Closing balance	2,623,393	19,425	374,733	4,468,000	-	5,035,504	19,771	364,453	4,701,476	-
Other Assets										
Interest / mark-up receivable	79,565	246	72,729	138,393	-	106,869	261	71,401	128,318	-
Receivable from staff retirement fund	-	-	-	-	-	-	-	-	-	71,364
Security deposits receivable	3,600	-	-	-	-	3,600	-	-	-	-
Acceptances	-	-	-	174,692	-	-	-	-	58,420	-
Advance rent	596	-	-	-	-	982	-	-	-	-
Prepaid insurance premium	-	-	-	50,046	-	-	-	-	-	-
Assets held for sale - net of provision	-	-	-	-	-	-	-	-	-	-
Borrowings										
Opening balance	-	-	-	-	1,972,026	-	-	-	-	-
Borrowings during the period	-	-	-	-	1,000,000	-	-	-	-	1,000,000
Settled during the period	-	-	-	-	-	-	-	-	-	(27,974)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	1,000,000
Closing balance	-	-	-	-	2,972,026	-	-	-	-	1,972,026
Subordinated debt										
Opening balance	-	-	-	24,950	-	-	-	-	24,960	-
Issued / Purchased during the period	-	-	-	-	-	-	-	-	-	(27,974)
Redemption / Sold during the period	-	-	-	(5)	-	-	-	-	(10)	-
Closing balance	-	-	-	24,945	-	-	-	-	24,950	-

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

	As at March 31, 2020 (Un-audited)					As at December 31, 2019 (Audited)				
	Parent	Directors	Key management personnel	Companies with common directorship	Other related parties	Parent	Directors	Key management personnel	Companies with common directorship	Other related parties
	Rupees in '000									
Deposits and other accounts										
Opening balance	4,678,222	64,239	117,562	15,124,817	4,817,176	9,809,885	24,892	159,716	5,187,631	3,194,361
Received during the period / adjustment	136,455,931	22,914	204,711	54,496,165	8,484,533	496,469,213	257,541	853,208	307,604,618	37,960,371
Withdrawn during the period / adjustment	(135,574,783)	(22,788)	(192,818)	(51,263,071)	(7,524,443)	(501,600,876)	(218,194)	(879,966)	(297,710,115)	(36,337,556)
Transfer in / (out) - net	-	(11,660)	75	(13)	-	-	-	(15,396)	42,683	-
Closing balance	5,559,370	52,705	129,530	18,357,898	5,777,266	4,678,222	64,239	117,562	15,124,817	4,817,176
Other Liabilities										
Interest / mark-up payable	25,478	44	1,456	84,723	127,310	30,293	113	2,750	54,079	79,885
Acceptances	-	-	-	174,692	-	-	-	-	58,420	-
Payable to staff retirement fund	-	-	-	-	17,214	-	-	-	-	-
Security deposits payable	-	-	287	211,263	-	-	-	287	210,172	-
Others	6,108	-	-	-	-	4,021	-	-	-	-
Contingencies and Commitments										
Contingencies and Commitments	204,648	-	-	1,419,901	-	124,565	-	-	2,239,471	-
Others										
Securities held as custodian	4,415,000	-	-	-	5,489,750	2,465,000	-	-	-	6,632,750

	For the quarter ended March 31, 2020 (Un-Audited)					For the quarter ended March 31, 2019 (Un-Audited)				
	Parent	Directors	Key management personnel	Companies with common directorship	Other related parties	Parent	Directors	Key management personnel	Companies with common directorship	Other related parties
	Rupees in '000									
Income										
Mark-up / return / interest earned	98,889	728	4,482	151,225	-	55,611	16	4,005	98,444	-
Fee and commission received	50	-	-	1,877	-	21	-	-	3,225	-
Dividend income	-	-	-	4,118	-	-	-	-	227	-
Expense										
Mark-up / return / interest expensed	150,909	119	1,617	434,665	212,288	138,737	285	1,534	154,688	93,603
Contribution to employee funds	-	-	-	-	161,493	-	-	-	-	149,007
Remuneration paid	-	-	114,917	-	1,469	-	-	99,944	-	1,446
Post employment benefits	-	-	7,916	-	-	-	-	6,462	-	-
Rent	2,473	-	-	-	-	993	-	-	-	-
Fee and commission paid	-	-	-	28	14,618	-	-	-	-	7,378
Fee paid	-	3,468	-	-	-	-	2,375	-	-	-
Insurance premium	-	-	-	51,839	-	-	-	-	-	-
Others	-	-	-	2,364	-	-	-	-	-	-

In addition to above, rent free sub-branch is operating at FFC head office, Sona Tower.

The term 'key management personnel' has the same meaning as defined in IAS 24 - Related party disclosures.

37. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	12,602,602	12,602,602
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	38,165,503	36,371,717
Eligible Additional Tier 1 (ADT 1) Capital	5,888,140	5,883,752
Total Eligible Tier 1 Capital	44,053,643	42,255,469
Eligible Tier 2 Capital	8,657,619	6,773,058
Total Eligible Capital (Tier 1 + Tier 2)	52,711,262	49,028,527
Risk Weighted Assets (RWAs):		
Credit Risk	311,848,407	304,732,822
Market Risk	21,500,485	15,988,883
Operational Risk	45,640,429	45,640,429
Total	378,989,321	366,362,134

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
Common Equity Tier 1 Capital Adequacy ratio	10.07%	9.93%
Tier 1 Capital Adequacy Ratio	11.62%	11.53%
Total Capital Adequacy Ratio	13.91%	13.38%

Leverage Ratio (LR):

Eligible Tier-1 Capital	44,053,643	42,255,469
Total Exposures	1,259,001,880	1,222,816,384
Leverage Ratio	3.50%	3.46%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets	302,682,612	239,545,379
Total Net Cash Outflow	183,566,163	152,412,055
Liquidity Coverage Ratio	164.89%	157.17%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding	708,389,346	679,039,953
Total Required Stable Funding	414,398,813	398,262,301
Net Stable Funding Ratio	170.94%	170.50%

38. Islamic Banking Business

The Group is operating 94 Islamic banking branches including 3 sub-branches at quarter ended March 31, 2020 as compared to 94 Islamic banking branches including 3 sub-branches at year ended December 31, 2019.

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
ASSETS	(Rupees in '000)	
Cash and balances with treasury banks	4,254,236	9,290,046
Balances with other banks	3,577,519	22,019
Due from financial Institutions	5,745,000	6,330,782
Investments	7,805,426	7,796,309
Islamic financing and related assets - net	50,342,402	46,802,128
Fixed assets	1,881,860	1,896,420
Intangible assets	-	-
Due from Head Office	-	-
Other assets	3,266,113	3,469,088
Total assets	76,872,556	75,606,792
LIABILITIES		
Bills payable	1,225,527	1,051,103
Due to financial institutions	1,127,925	2,187,925
Deposits and other accounts	64,348,833	62,859,181
Due to head office	-	-
Sub-ordinated debt	-	-
Other liabilities	4,594,159	4,225,937
	71,296,444	70,324,146
NET ASSETS	5,576,112	5,282,646

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

		(Un-audited) March 31, 2020	(Audited) December 31, 2019
	Note	(Rupees in '000)	
REPRESENTED BY			
Islamic Banking Fund		4,600,000	4,600,000
Reserves		-	-
Deficit on revaluation of assets		220	(8,898)
Unappropriated loss	38.5	975,892	691,544
		<u>5,576,112</u>	<u>5,282,646</u>
CONTINGENCIES AND COMMITMENTS	38.6	<u>10,018,187</u>	<u>8,055,344</u>
Remuneration to Shariah Board		<u>1,469</u>	<u>5,847</u>

The profit and loss account of the Group's Islamic banking branches for the quarter ended March 31, 2020 is as follows:

		(Un-audited)	
		Quarter ended March 31, 2020	Quarter ended March 31, 2019
	Note	(Rupees in '000)	
Profit / return earned	38.8	2,060,640	1,443,675
Profit / return expensed	38.9	1,291,370	692,822
Net Profit / return		<u>769,270</u>	<u>750,853</u>
Other income			
Fee and Commission Income		47,491	46,247
Dividend Income		-	-
Foreign Exchange Income		(5,749)	2,831
Gain / (loss) on securities		-	-
Other Income		18,218	10,903
Total other income		<u>59,960</u>	<u>59,981</u>
Total Income		<u>829,230</u>	<u>810,834</u>
Other expenses			
Operating expenses		552,582	474,475
Workers' Welfare Fund		-	-
Other charges		50	263
Total other expenses		<u>552,632</u>	<u>474,738</u>
Profit before provisions		<u>276,598</u>	<u>336,096</u>
Provisions and write offs - net		<u>(7,750)</u>	<u>13,401</u>
Profit before taxation		<u>284,348</u>	<u>322,695</u>

	March 31, 2020 (Un-audited)			December 31, 2019 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	(Rupees in '000)			(Rupees in '000)		
Unsecured	5,745,000	-	5,745,000	2,960,000	-	2,960,000
Bai Muajjal Receivable from other Financial Institutions	-	-	-	1,491,797	-	1,491,797
Bai Muajjal Receivable from State Bank of Pakistan	-	-	-	1,878,985	-	1,878,985
	<u>5,745,000</u>	<u>-</u>	<u>5,745,000</u>	<u>6,330,782</u>	<u>-</u>	<u>6,330,782</u>

38.1 Due from financial institutions

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

	March 31, 2020 (Un-audited)				December 31, 2019 (Audited)			
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
38.2 Investments by segments:	(Rupees in '000)							
Federal Government Securities:								
- Ijarah Sukuks	1,000,000	-	-	1,000,000	1,000,000	-	(10,000)	990,000
- GOP Bai Muajjal	5,246,146	-	-	5,246,146	5,246,146	-	-	5,246,146
	6,246,146	-	-	6,246,146	6,246,146	-	(10,000)	6,236,146
Non Government Debt Securities:								
- Listed	140,000	-	220	140,220	140,000	-	1,102	141,102
- Unlisted	2,029,056	(609,996)	-	1,419,060	2,035,213	(616,152)	-	1,419,061
	2,169,056	(609,996)	220	1,559,280	2,175,213	(616,152)	1,102	1,560,163
Total investments	8,415,202	(609,996)	220	7,805,426	8,421,359	(616,152)	(8,898)	7,796,309

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
38.3 ISLAMIC FINANCING AND RELATED ASSETS		
Ijarah	4,122,736	4,170,338
Murabaha - note 38.3.1	4,262,934	4,008,084
Musharaka	18,296,272	16,173,493
Diminishing musharaka	12,404,247	13,055,698
Salam	6,442,151	4,590,685
Istisna	2,473,196	2,793,995
Receivable against sale of istisna / salam inventory	150,000	250,000
Service ijarah	519,672	519,672
Other islamic modes (executive car finance - qarz-e-hasana)	105,744	73,025
Advances against islamic assets - note 38.3.2	316,859	387,767
Inventory related to islamic financing - note 38.3.3	1,857,811	1,390,185
Gross islamic financing and related assets	50,951,622	47,412,942
Less: provision against islamic financings		
- Specific	573,250	574,042
- General	35,970	36,772
	609,220	610,814
Islamic financing and related assets - net of provision	50,342,402	46,802,128

38.3.1 Includes advance against Murabaha of Rs.509,877 thousand (December 31, 2019: Rs.761,619 thousand).

38.3.2 Advance against islamic assets

	Ijarah	Musharaka	Diminishing Musharaka	Salam	Istisna	Total
	(Rupees in '000)					
March 31, 2020 (Un-audited)	150,274	-	166,585	-	-	316,859
December 31, 2019 (Audited)	98,679	-	289,088	-	-	387,767

38.3.3 Inventory related to islamic financing

	Ijarah	Musharaka	Diminishing Musharaka	Salam	Istisna	Total
	(Rupees in '000)					
March 31, 2020 (Un-audited)	-	-	-	502,700	1,355,111	1,857,811
December 31, 2019 (Audited)	-	-	-	131,082	1,259,103	1,390,185

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
38.4 DEPOSITS AND OTHER ACCOUNTS		
	(Rupees in '000)	
Customers		
Current deposits - non remunerative	16,943,620	17,964,041
Current deposits - remunerative	846,962	833,812
Savings deposits	21,879,346	18,809,113
Term deposits	20,915,630	22,768,441
Others	365,362	456,818
	<u>60,950,920</u>	<u>60,832,225</u>
Financial Institutions		
Current deposits - non remunerative	5,822	58,434
Savings deposits	402,091	333,522
Term deposits	2,990,000	1,635,000
	<u>3,397,913</u>	<u>2,026,956</u>
	<u>64,348,833</u>	<u>62,859,181</u>
38.5 ISLAMIC BANKING BUSINESS UNAPPROPRIATED PROFIT		
Opening balance	691,544	(384,240)
Add: Islamic banking profit for the period	284,348	1,075,784
Closing balance	<u>975,892</u>	<u>691,544</u>
38.6 CONTINGENCIES AND COMMITMENTS		
-Guarantees	4,541,007	4,272,245
-Commitments	5,477,180	3,783,099
-Other contingent liabilities	-	-
	<u>10,018,187</u>	<u>8,055,344</u>
38.7 CHARITY FUND		
Opening balance	52,137	23,209
Additions during the period		
- Received from customers on delayed payments	2,778	49,667
- Non Shariah Compliant Income	-	123
- Profit on charity account	8	22
- Others	2	70
	2,788	49,882
Payments / utilization during the period		
- Education	-	(1,366)
- Community Welfare	-	-
- Relief and disaster recovery	-	-
- Health	-	(16,991)
- Orphanage	-	(2,597)
	-	(20,954)
Closing balance	<u>54,925</u>	<u>52,137</u>

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended March 31, 2020

(Un-audited)	
Quarter ended March 31, 2020	Quarter ended March 31, 2019

(Rupees in '000)

38.8 PROFIT / RETURN EARNED ON FINANCING, INVESTMENTS AND PLACEMENT

Profit earned on:

Financing	1,593,313	1,250,994
Investments	245,415	161,174
Placements	145,388	3,450
Lendings	76,524	28,057
	<u>2,060,640</u>	<u>1,443,675</u>

38.9 PROFIT ON DEPOSITS AND OTHER DUES EXPENSED

Deposits and other accounts	1,215,071	417,092
Due to financial institutions	18,899	247,968
Due to head office	-	27,762
Lease liability against right-of-use assets	57,400	-
	<u>1,291,370</u>	<u>692,822</u>

39. DATE OF AUTHORIZATION

These consolidated condensed interim financial statements were authorized for issue by the Board of Directors on April 22, 2020.

- sd -
President & Chief Executive

- sd -
Chief Financial Officer

- sd -
Director

- sd -
Director

- sd -
Chairman



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