



NATIONAL BANK OF PAKISTAN

پاکستان

Annual Report 2023



دیار عشق میں اپنا مہتمام پر
نیا زمانہ نئے صبح و
خدا اگر دل فطرت شناس
سکوت لالہ و گل سے کلام
میں شاخ تاک ہوں میری غ
مرے شر سے

NATIONAL BANK اور PAKISTAN

Pakistaniat - Being Pakistani

In the pages of this year's Annual Report, we delve into the profound ethos of **Pakistaniat**,

which stands as a symbol of unity and strength.

Our creative cues draw inspiration from the timeless wisdom of Dr. Allama Muhammad Iqbal (RA). Such as the majestic Shaheen in Dr. Iqbal's poetry, symbolizing freedom and resilience, NBP has soared above challenges, embodying the spirit of progress and determination.

As we commemorate our 75th anniversary, we reflect on the enduring trust bestowed upon us by the people of Pakistan for over seven decades. Dr. Iqbal's teachings resonate deeply with our commitment to excellence, echoing his call for national progress through self-realization and unity.

Dr. Iqbal's vision of a dynamic and self-assured nation finds resonance in our bank's stellar performance and unwavering dedication to service. The way Dr. Iqbal envisioned the Shaheen as a symbol of individual and collective strength, we continue to empower the people of Pakistan to achieve their aspirations. Our journey mirrors Dr. Iqbal's vision of a progressive and prosperous Nation.

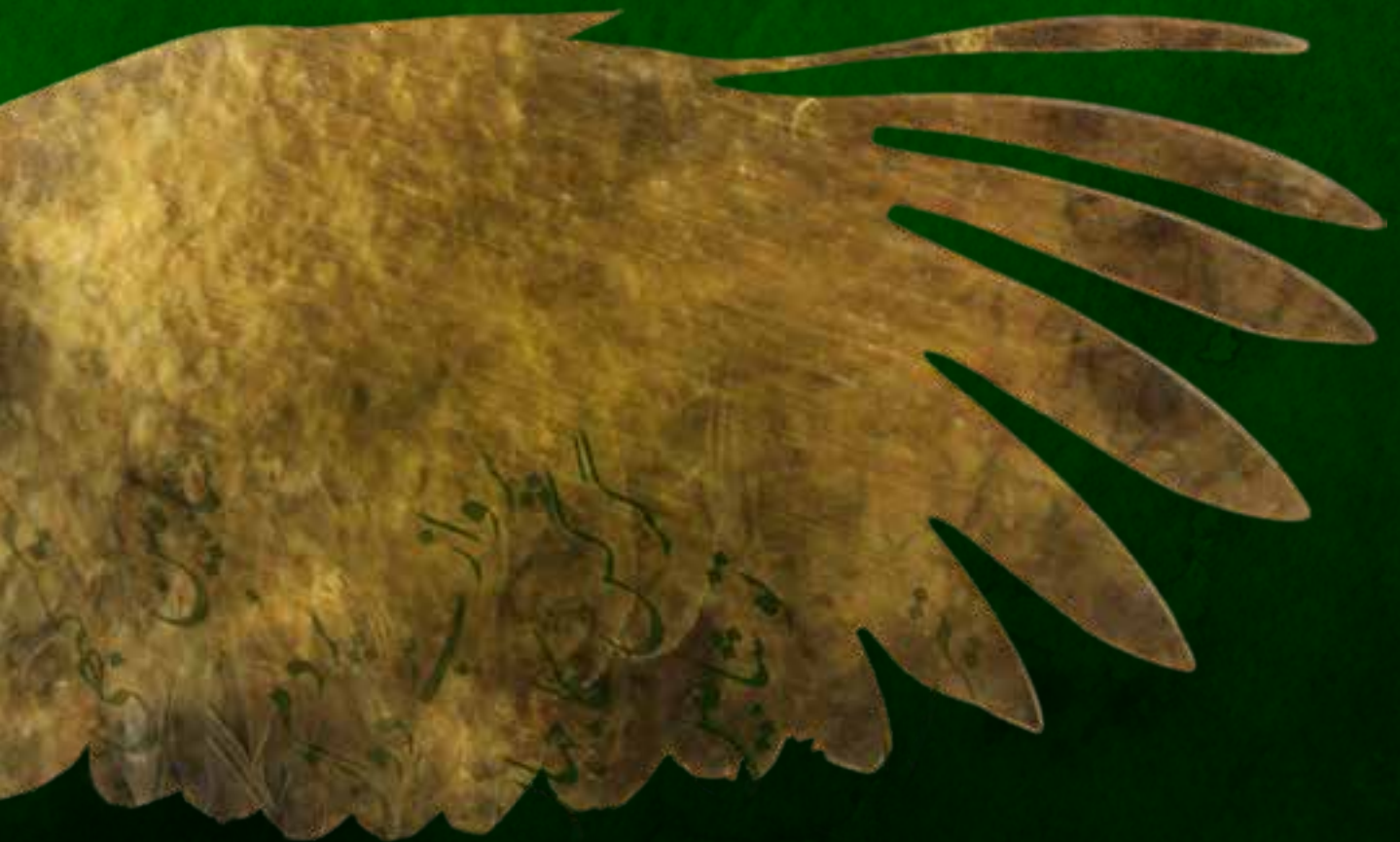
Through our commitment to innovation and inclusivity, we pursue to embody the essence of Pakistaniat in every endeavor we undertake thus continuing to be the beacon of Dr. Iqbal's philosophy by being the Nation's Bank.



خودی کو کر بلند اتنا کہ ہر تقدیر سے پہلے ترے لینے میں دم ہے دل نہ
بند ہے خود پوچھے بتا شیریں رضا کیا ہے ترا دم گرمی محفل نہیر
خودی میں گم ہے خدا کی تملاش کر غافل عاقل ہے آگاہ
تیرے لیے اب صلاح کار کی راہ چہ راغ راہ ہے
تیرے لیے کسی درویش کے پوچھنے سے پوچھنے مقام سے آگاہ

VISION

To be the Nation's leading bank
enabling sustainable growth
and inclusive development



MISSION

We will achieve our vision by
subscribing to the qualities
captured by the word **IMAGINE**



I

Integrity

is the cornerstone of everything we do



M

Market leadership

is what we aim across all our target sectors



A

Agility

and strategic nimbleness will help us adapt to changing market conditions



G

Good Governance

and transparency



I

Innovation

to provide for the customer needs of tomorrow



N

Nation-Building

remains our priority



E

Employee

engagement through a merit-based culture



بازاری
جھپٹنا
دیکھو اقلانہ
باری شاہبازی
جھپٹنا

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OUR REPORTING SUITE

Dear Readers, Welcome to the 74th Annual Report of the National Bank of Pakistan (“NBP” or “the Bank”). This report comprehensively outlines the financial and non-financial performance of the Bank for the year ending December 31, 2023.

We hope you find the report informative and enjoyable.



Strategy and Objective

As a domestic systemically important bank (‘D-SIB’), NBP holds a substantial role in influencing socioeconomic growth within the country. Our strategy is oriented towards transforming the institution into a future-ready, agile, and sustainable bank, concurrently upholding market leadership and fostering socioeconomic value creation for the broader society. The intricate details of our business model, including the impact of various capitals and their application in the value chain. This strategic approach, coupled with effective risk management and internal control measures, is geared towards achieving our short, medium, and long-term goals.

Organisational Purpose

Our corporate vision aspires to position us as the foremost Nation’s bank, actively facilitating sustainable growth and inclusive development. Our commitment to realizing this vision is articulated through embracing the qualities represented in the acronym ‘IMAGINE’ (explained on Page # 4). Serving as guiding principles for all our endeavors, our vision and mission carefully guide every decision and action, all directed towards the overarching aim of “value creation”.

Targeted Readers

This report is designed to meet the information needs of a diverse group of stakeholders, encompassing shareholders, employees, regulators, customers, governments, local communities, and others

The Medium

1. This Annual Report is released within three months from the date of approval of the Financial Statements. The comprehensive online version is also published simultaneously on the same date as the issue of this Annual Report at <https://www.nbp.com.pk/InvestorInformation/Group-Standalone-Fin-Statements.aspx>
2. The Report is distributed to shareholders in a digital format on a Compact Disk.
3. A limited quantity of printed copies has been produced for shareholders who have made specific requests.

Material Matters

Material issues within our strategic framework are those that have a significant influence on our capacity to generate enterprise value across short, medium, and long-term horizons. These encompass factors within our operational landscape, including risks and opportunities arising from the operating environment, considerations from stakeholders, and an assessment of internal strengths and weaknesses.

Suggestions and Queries

We welcome inquiries, comments, and suggestions from our readers regarding this Annual Report. Please feel free to contact the office of the Chief Financial Officer with any feedback.

The Chief Financial Officer National Bank of Pakistan 2nd Floor, NBP Head Office Building, I.I. Chundrigar Road, Karachi Stakeholders may also contact our Investor Relations Office by email at: investor.relations@nbp.com.pk

Reporting Considerations

	Financial Statements
Standards and Principles	<ul style="list-style-type: none"> • The Banking Companies Ordinance, 1962 • The Companies Act, 2017 • The Listed Companies (Code of Corporate Governance) Regulations, 2019 • The Public Sector Companies (Corporate Governance) Rules, 2013 • International Financial Reporting Standards and Interpretations issued by the International Accounting Standards Board • Islamic Financial Accounting Standards issued by the Institute of Chartered Accountants of Pakistan • Other related directives issued by the SBP, SECP and PSX
Internal Assurance Mechanism	<ul style="list-style-type: none"> • Board Audit Committee • Robust framework of internal controls • Statement of Internal Control by the management • Shariah Board
External Assurance Mechanism	<ul style="list-style-type: none"> • PwC A. F. Ferguson & Co. Chartered Accountants • BDO Ebrahim and Co. Chartered Accountants

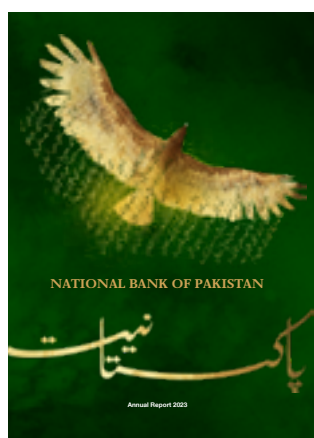
Integrated Reporting

The Bank's integrated thinking approach to strategy formulation has empowered it to proactively address emerging challenges in both internal and external operating landscapes. This Annual Report is organized to offer readers an integrated insight into the Bank's Organisational purpose and how this purpose guides its approach to value creation, governance, culture, strategy and objectives setting, and the realignment of activities with emerging external and internal influences. It also addresses material matters impacting its long-term sustainability.

Integrated Outcomes Reporting



2023 Annual Report



Our Reporting Process and Boundary

This report comprehensively covers both financial and non-financial information on both standalone and consolidated bases. The key contents of this report include:

- Governance & Stewardship
- Our Value Creation & Business Model
- Strategic and Operational Review by the Board, Chairman, and the CEO
- Material Risks and Opportunities
- Audited Standalone Financial Statements of the parent entity, along with the Auditors' Report
- Audited Consolidated Financial Statements of the Bank, its subsidiary companies, a joint venture, and associate companies (Group) as depicted in the Consolidated Financial Statements, along with the Auditors' Report
- Statement of Compliance with the Listed Companies (Code of Corporate Governance)

Regulations, 2019, and the Public Sector Companies (Corporate Governance) Rules, 2013

- Auditors' Review Report on the above Codes of Corporate Governance

The Board Audit Committee, in accordance with its mandate, reviewed and endorsed these audited Financial Statements to the Board for approval. Subsequently, the Board of Directors, during its meeting held on February 22, 2024 granted approval for the release of these audited Financial Statements. These financial statements are to be formally adopted by the Shareholders in the Annual General Meeting.

Other Information

We also have a presence on digital platforms:

- <https://www.facebook.com/NBPTheNationsBank>
- <https://www.instagram.com/nationalbankofpakistan/>
- <https://www.youtube.com/channel/UCcl-feuO5V4sCclm0xigzVg>
- <https://www.linkedin.com/company/national-bank-of-pakistan/>
- <https://twitter.com/TheNBPak>

Governance and Culture

Our robust corporate governance culture places paramount importance on transparency, accountability, and the tenets of good governance to safeguard the interests of stakeholders. A comprehensive explanation of our governance structure is available in the Corporate Governance section on Page # 76.

Narrative Report and Corporate Governance

- Listing Requirements of the Pakistan Stock Exchange
- The Listed Companies (Code of Corporate Governance) Regulations, 2019
- The Public Sector Companies (Corporate Governance) Rules, 2013
- Integrated Reporting Framework
- Guidelines for Presentation of Annual Reports Issued by the Institute of the Chartered Accountants of Pakistan and Institute of Cost and Management Accountants of Pakistan
- Robust governance framework which embeds regulations and best practices Code of Conduct for employees and other governance related policies of the Bank
- Reporting to the relevant BoD Committee and Board of Directors.
- PwC A. F. Ferguson & Co. Chartered Accountants
- BDO Ebrahim and Co. Chartered Accountants

ORGANISATIONAL OVERVIEW



مکن کی دنیائے امن کی دنیا سوز و مستی، جذبات و شوق
تو مکن کی دنیا! تن کی دنیا سود و سودا، مسکرو فن
مکن کی دولت ہاتھ آتی ہے تو پھر حباتی نہیں
مکن کی دولت چھٹاؤں ہے، آتا ہے دھن حباتا ہے دھن
مکن کی دنیا میں سپا میاں نے افسر نگار کاراج
مکن کی دنیا میں نہ دیکھے میں نے شیخ و برہمن

پانی پانی کرکھی مجھ کو قلعہ در کی سی بات
تیرا جب غنیر کے آگے، من تیرا تن
نہیں تیرا نشیمن قصر سلطانی کے گنبد پر
خودی میں گم ہے خدائی تلاش کر غافل
خودی میں گم ہے خدائی تلاش کر غافل

بہل ہے تیرے لیے اب صلاح کار کی راہ

کیریشہ دل کسی درویش بے گلیم سے پوچھ

خدا کرے تجھے تیرے مقام سے آگاہ

فتر میں شان سکندری کیا ہے

نگاہ حشر کی جو گد اہو وہ قیصر کی کیا ہے

بڑوں سے تجھ کو امیدیں خدا سے نومیدی

مجھے بھٹتا تو سہی اور کار فوری کیا ہے

فقط نگاہ سے ہوتا ہے فیصلہ دل کا

ہو نہنگاہ میں شوخی تو دلسبری کیا ہے



ABOUT NBP

The Nation's Bank

Established on November 9, 1949, under the National Bank of Pakistan Ordinance, 1949, is a prominent entity listed on the Pakistan Stock Exchange. Headquartered in Karachi, it is actively involved in the provision of comprehensive commercial banking and related services both domestically and internationally.

Functioning as a conduit for treasury transactions on behalf of the Government of Pakistan, acting as an agent to the State Bank of Pakistan, the Bank oversees a network of 1508 domestic branches in Pakistan and 18 overseas branches, including the Export Processing Zone branch in Karachi. With an expansive local and international outreach facilitated by branches, ATMs, subsidiaries, representative offices, agency tie-ups, and correspondent banking relationships, the Bank holds a significant position in the financial landscape. Boasting a total asset base of PKR 6.7 trillion (USD 23.6 billion), constituting approximately 14% of the total industry assets, the Bank has earned the distinction of being recognized as a "Domestic Systemically Important Bank" by the State Bank of Pakistan.

Aligned with its vision of fostering sustainable growth and inclusive development, the Bank exhibits a robust diversification across key business segments, encompassing retail, commercial, corporate & investment, Islamic, treasury, and international operations. Its international footprint extends across South & Central Asia, the Middle East, Western Europe, and North America. As of December 31, 2023, the domestic current and savings account (CASA) ratio stands at an impressive 79%.

7 Decades of Service to the Nation

Following the independence of Pakistan in 1947, the nation inherited a financial system marked by considerable fragility. A pressing need emerged for the establishment of a commercial bank characterized by a truly national ethos, one equipped to effectively navigate the country through the uncertainties prevalent at that time. Since its inception, the Bank has remained steadfast in its overarching purpose and mission – that of fortifying the financial well-being of the nation and providing resilience during periods of uncertainty, a commitment enduring through the historical then, the dynamic now, and the perpetual always. With a dedicated workforce exceeding 15,000 employees, the Bank diligently caters to a substantial clientele of 9million+ customers. This commitment is actualised through an expansive local and international network, comprising branches, agency arrangements, and strategically positioned business promotion offices across Europe, America, Central Asia, Far and Middle Eastern countries. Additionally, the Bank has cultivated meaningful correspondent banking relationships, further solidifying its global financial footprint. Beyond being merely a financial institution, the Bank stands as a stalwart companion in the nation's financial trajectory, consistently providing support and strength throughout the changing times of Then, Now, and Always.

Strong Capitalisation and Risk Profile

Possessing a substantial net asset value of PKR 382.8 billion, the National Bank of Pakistan (NBP) stands as the most capitalised bank in the country. In accordance with the State Bank of Pakistan's (SBP) guidelines, all locally incorporated banks are required to maintain a minimum paid-up capital (net of losses) of PKR 10 billion. NBP's paid-up capital for the year ending December 31, 2023, surpassed this requirement, standing at PKR 21.27 billion (unchanged from 2022), showcasing a comfortable margin above the SBP stipulations. As part of its regulatory compliance, the bank adheres to the minimum capital ratios set forth by the Basel framework, periodically advised by the SBP. Designated as a Domestic Systemically Important Bank (D-SIB) by the SBP, NBP is subject to a total capital adequacy requirement of 14%, including a mandated capital conservation buffer of 2.5%. Demonstrating robust financial health, NBP boasts a Common Equity Tier 1 (CET-1) ratio of 19.16% (up from 16.30% in 2022) and an overall Capital Adequacy Ratio (CAR) of 25.47% at the close of 2023 indicating full compliance with the elevated regulatory standards. The bank's leverage ratio concluded 2023 at 3.12% (compared to 3.08% in 2022), further emphasizing its sound financial standing. In terms of liquidity and net stable funding, NBP exceeds regulatory requirements, with ratios of 176% (2022: 147%) and 259% (2022:251%), respectively, against a regulatory baseline of 100% for each. Notably, NBP is rated AAA/A1+ with a stable outlook by both VIS Credit Rating Agency and PACRA Credit Rating Agency, the highest credit rating awarded to any bank in Pakistan. This underscores the bank's conservative risk appetite, robust funding foundation, secure liquidity position, strong domestic franchise, and consistently stable performance.

Diversified Coverage

The Bank has achieved a commendable level of diversification across its primary business segments. In addition to geographical diversification, the institution has successfully diversified its operations across various other dimensions, including customer profiles, products and services portfolios, funding structures, maturity profiles, economic sectors, and sources of income.

Significant Changes in Organisation

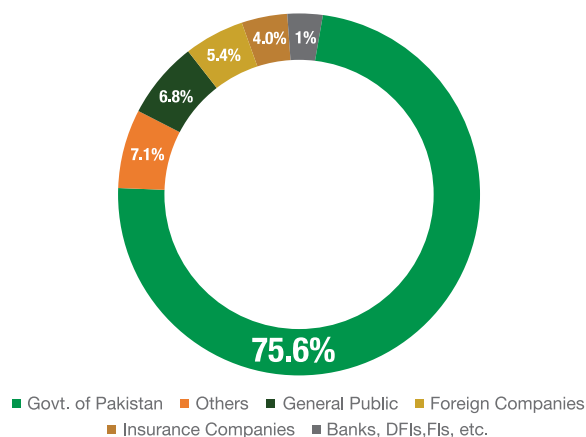
There are no significant changes from prior years with respect to Ownership and Business Model of the Bank.

Group Structure

The Bank extends its influence into both financial and non-financial sectors through its subsidiary companies. Notably, these subsidiaries encompass an Asset Management Company, an Exchange Company, and a Securities Brokerage House. Despite the diversified portfolio of subsidiary operations, it is noteworthy that the parent entity, i.e., the Bank itself, remains the predominant contributor to the Group's assets and profits.

Ownership Structure

There are 2,127,513,026 issued & outstanding ordinary shares of the Bank, of which the Federal Government through the State Bank of Pakistan holds 75.2%, Ministries/Public Sector Companies 0.4%. Other major shareholders include Foreign Companies (5.4%), the general public (6.8%), insurance companies (4.0%), others (7.1%) and Banks, DFIs, FIs, etc., (1.1%). (Details Page # 131)



Shareholding in Group Companies

Besides the subsidiary companies mentioned below, the Bank also has significant shareholding in several associated companies and a UK-based joint venture i.e. the United National Bank Ltd "UNBL", which was formed in 2001 through the merger of the UK branches, National Bank of Pakistan and United Bank Limited. NBP holds 45% shares in UNBL. The principal business of UNBL is to provide retail banking products through its branch network in major cities in the UK; wholesale banking treasury and money transmission services, and finance facilities to businesses of all sizes. Further details of associated companies are provided in Note 10.2.2 to the Standalone Financial Statements.

NATIONAL BANK OF PAKISTAN

Subsidiaries

Associates

NBP Fund Management Ltd.

54%

It is one of the leading asset management companies of Pakistan, managing over 200 Billion of investors' savings in various investment solutions.

The Company has been awarded the highest achievable investment management rating of AM1.

Taurus Securities Ltd.

58.3%

It is an unlisted Public Limited Company in operation since January, 1994. Its activities encompass the following areas:

- Equity brokerage
- Financial and economic research
- In terms of market share, Taurus is ranked high among the top tier equity brokers in Pakistan.

National Bank

Modaraba Management Company Ltd.

100%

National Bank Modaraba Management Company Limited manages the First National Bank Modaraba which was established in December 2003. The company is under winding-up.

NBP Exchange Company Ltd.

100%

NBP Exchange is the first bank-owned company to start a currency exchange business in the country. The Company is operating with a network of 20 branches to deal in foreign currency exchange.

CJSC Subsidiary Bank of NBP in Kazakhstan.

100%

The company was formed in the year 2001. It was providing commercial banking services in Kazakhstan. The Bank has decided to close this subsidiary company which is in the process of closure.

CORPORATE INFORMATION



Name of the Company

National Bank of Pakistan



Accounting Year End

December 31



Legal Form

A listed Public Limited Company established in Pakistan on November 9, 1949 under the National Bank of Pakistan Ordinance, 1949



Auditors of 2023

A.F. Ferguson & Co. Chartered Accountants
BDO Ebrahim & Co. Chartered Accountants



Board of Directors

Mr. Ashraf Mahmood Wathra, Chairman
Mr. Rehmat Ali Hasnie, President/CEO
Mr. Ali Syed, Director
Mr. Nasim Ahmad, Director
Mr. Farid Malik, Director
Mr. Ahsan Ali Chughtai, Director
Mr. Amjad Mahmood, Director



Registrar and Share Registration Office:

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



Board Committees

Board Audit Committee
Board Risk & Compliance Committee
Board HR & Remuneration Committee
Board Technology & Digitalisation Committee
Board Inclusive Development Committee
NY Governance Council
(Sub-Committee of BRCC)



Registered and Head office:

NBP Building I.I. Chundrigar Road,
Karachi, Pakistan



Phone: 92-21-99220100 (30 lines),
Phone: 92-21-99062000 (60 lines),
Phone: Banking: 111-627-627



Company Secretary

Mr. Syed Muhammad Ali Zamin



UAN: 111-111- 500



Legal Advisor

Khalid Anwar & Co. Advocates &
Legal Advisors

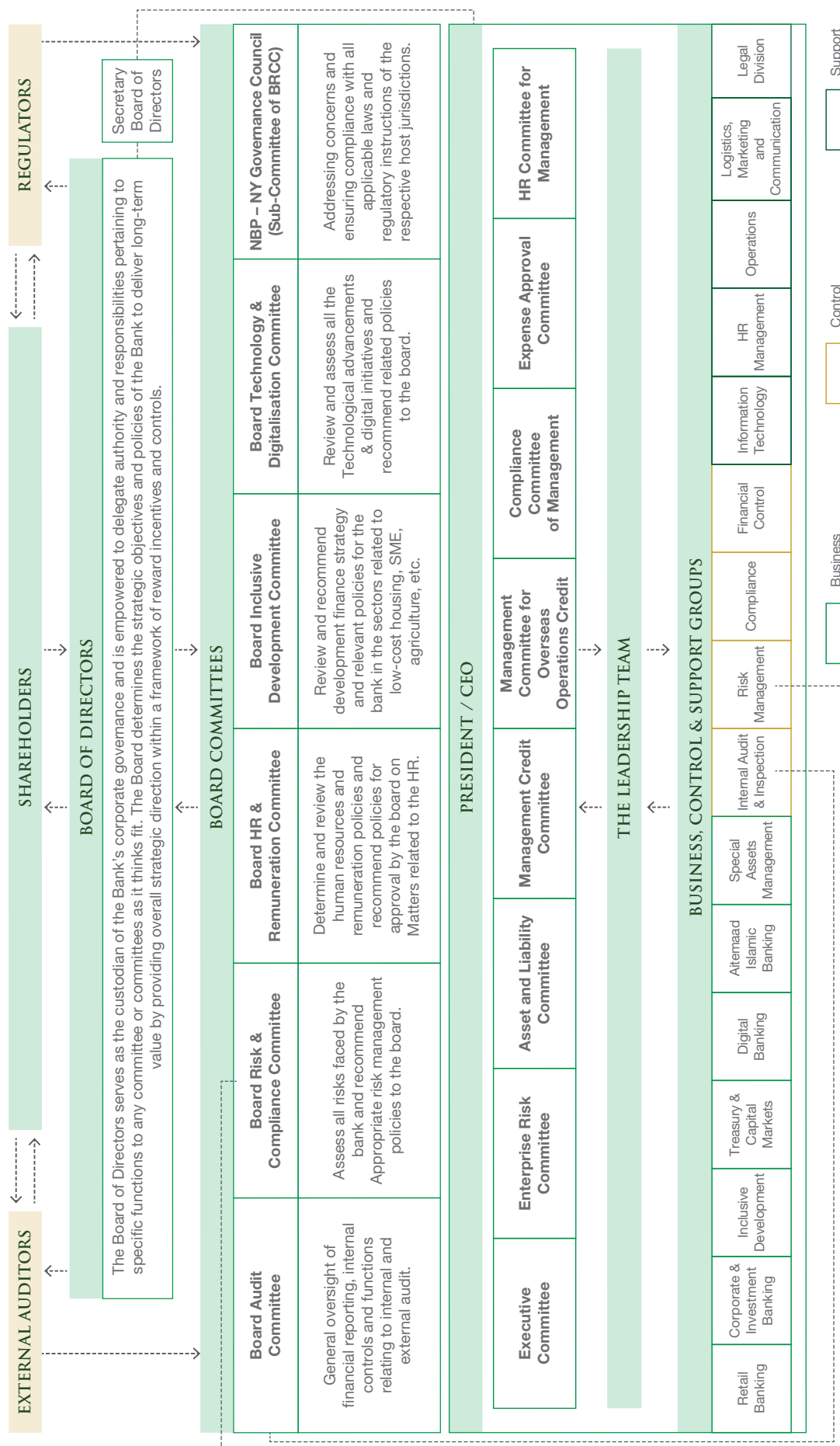


Website:

www.nbp.com.pk
STOCK EXCHANGE LISTING
Pakistan Stock Exchange
Symbol - "NBP"

ORGANOGRAM / GOVERNANCE

NBP governance structures are designed to ensure an appropriate balance of authority and decision-making, driving accountability, transparency, and integrity across the organisation. The Bank's governance structure is set out below:



HIGHLIGHTS 2023

Profitability

Total Income
PKR 209.3 Bn

36.4% ↑

Pre-Prov. Profit
PKR 115.7 Bn

53.6% ↑

Profit Before Tax
PKR 101.2 Bn

61.4% ↑

Profit After Tax
PKR 51.8 Bn

70.5% ↑

Financial Position

Total Assets
PKR 6.6 Tn

26.9% ↑

Investments
PKR 4.4 Tn

26.6% ↑

Advances
PKR 1.6 Tn

13.4% ↑

Deposits
PKR 3.7 Tn

37.8% ↑

Financial Soundness

Total Capital

25.47%

CET-1

19.16%

Net Stable Funding

259%

Liquidity Coverage

176%

Leverage

3.12%

NPL Coverage

92.19%



Credit Rating

PACRA — A1+ Short-Term
AAA Long-Term

VIS — A-1+ Short-Term
AAA Long-Term

OUR NATIONAL IMPACT

Corporate Loans



PKR 750 Bn

18%



Unparalleled Nationwide Coverage

9MN+

Customers

1,508

Domestic Branches

1,400+

ATMs with 98% Up-time

750+

The Largest Rural Branch Network

Economic Value Generated



PKR 1,071 Bn

97%



to Depositors, Suppliers, the Governments, Colleagues, Shareholders and the Community

Agriculture Loan

PKR 90 Bn

23.1



CSR Initiatives



PKR **88** Mn

Taxes to the Government



PKR 49.4 Bn

53%



Islamic Banking Assets



PKR 140.2 Bn

28.2%



7 DECADES FOR THE NATION

1950 » 1960 » 1970 » 1980 » 1990 » 2000

Assets 120	Assets 1,253	Assets 5,374	Assets 32,380	Assets 135,074	Assets 371,636
Advances 49	Advances 664	Advances 2,148	Advances 11,803	Advances 47,025	Advances 140,318
Deposits 56	Deposits 885	Deposits 3,343	Deposits 21,384	Deposits 87,900	Deposits 316,493



THE 1950s... THE BEGINNING

- » During the 1950s, the Bank undertook the expansion of the branch network.
- » The first overseas branch was established in Jeddah, Saudi Arabia (1950), a branch in London (1953) and another branch in Baghdad (1957).
- » The Bank took Government Treasury Operations and established currency chests at various locations. It managed currency chests or sub-chests at 57 of its offices. Deposits which constituted 3.1 percent of total deposits of all Pakistani banks in 1949 had risen to 38 percent by 1952.

THE 1960s... DAWN OF DEVELOPMENTS

- » In the 1960s, NBP Started the School Scheme to popularise the banking and savings habit. This scheme was offered to industrial workers and school & college students.
- » Operative in 1,189 schools, deposits raised to PKR 2.9 million. By 1969, NBP's "worker scheme" raised the total deposits by factory workers into PKR 2.84 million and the number of accounts opened had touched 8,767.

THE 1970s... RESTRUCTURING & GROWTH

- » During this period, there was growth in the branch network both at home and abroad.
- » The 1970s witnessed the nationalisation of Pakistani commercial banks operating in the country.
- » In 1972, the National Bank of Pakistan evolved the Supervised Agricultural Credit Program, and introduced a new methodology of viable credit for small farmers available at their doorstep.
- » On January 1, 1974 National Bank of Pakistan along with 13 other scheduled Pakistani banks was nationalised.

THE 1980s... NEW TRENDS AND ALLIANCES

- » In the 1980s, the Government announced a three-year plan for the implementation of an Islamic Economic System.
- » NBP introduced a separate and comprehensive procedure for banking under this system from branch level to the Head Office.
- » Consolidation and reorganisation resulted in closure of 286 branches from 1,646 branches (1979) to 1,360 branches (1989).
- » Overseas expansion continued with the opening of a representative office in Beijing (1981) and in Seoul, South Korea (1985); the latter was converted into a branch in 1987.
- » The Bank increased its authorised and paid-up capital twice during the 80s, gaining a much broader and stronger equity base.

After independence in 1947, Pakistan inherited a very weak financial system architecture. There was an emergency need to have a commercial bank, “truly National in character” and capable enough to navigate the country through the then uncertain times. This created your Bank, the National Bank of Pakistan. Your Bank’s purpose and mission has been to support the financial well-being of the Nation, and to provide strength in uncertain times - Then, Now and Always.

2010	»	2020	»	2021	»	2022	»	2023
Assets 1,037,750		Assets 3,008,527		Assets 3,846,684		Assets 5,240,425		Assets 6,652,707
Advances 477,507		Advances 983,255		Advances 1,113,392		Advances 1,230,522		Advances 1,398,077
Deposits 832,152		Deposits 2,418,966		Deposits 3,019,155		Deposits 2,666,184		Deposits 3,674,359



THE 1990s... INITIATIVES & REFORMS

- » The 1990s was a decade of new financial reforms and initiatives.
- » The Bank became a SWIFT member in 1998. The facility provides modern technology to Bank customers for prompt and convenient cash transactions and remittances round the clock.
- » In 1999, the Bank celebrated its Golden Jubilee. By the close of the decade, its market share had reached around 22% and it remained the largest financial institution in the country.



2000 – 2009... THE MILLENNIUM

- » The decade witnessed a restructuring programme, where loss making branches were closed or merged. Number of Regions were reduced to 29.
- » National Bank of Pakistan went public with IPO of 23.2% shares and listing at all domestic stock exchanges (2001).
- » In 2002, the Bank signed an agreement with Western Union.
- » The Bank’s wholly owned Exchange Company commenced operations in February 2003.
- » NBP gained market recognition and received over 30 international awards



2010 TILL TODAY... STILL FOCUSED & DRIVEN

- » PKR 30.4 Bn as Profit After tax in 2022. The Bank achieved PKR 5 Trillion Milestone in Assets and became the largest bank in the country.
- » PKR 28 Bn as Profit After tax in 2021. Achieved PKR 3 Trillion Milestone in Deposits.
- » In 2020, the Bank recorded profit after-tax of PKR 30.6 billion i.e. the highest ever profit in its history.
- » In 2019, NBP became “PKR three trillion” Bank by closing its balance sheet at PKR 3,124 billion.
- » NBP was Awarded Agriculture Bank of the Year Award 2020.
- » In 2017, the Bank posted after-tax profit of PKR 23.03 billion. NBP became the ‘Two Trillion Rupee’ Bank.
- » Reaching the 71st year of this great institution, we refreshed our Vision to become the nation’s leading Bank enabling Sustainable Growth and Inclusive Development.
- » NBP made it to the Guinness Book of World Records by installing the World’s Highest ATM at Pak-China border.
- » Won Bank of the Year Award 2015.
- » The bank deployed Core Banking Application in 2015.
- » In 2013, with the growing popularity of Islamic Banking, NBP successfully launched its brand ‘Aitemaad’ to offer the true spirit of Islamic Finance.

A LEGACY OF RECOGNITION

2006



2007



2008



2009



2010



2011



2012



2013

- Best Emerging Market Bank from Pakistan for **2006** named by Global Finance

- Best Return on Capital for **2007** amongst all Banks in Asia by The Banker

- Bank of the Year awarded by The Banker.
- Best Foreign Exchange Bank **2008** awarded by Global Finance

- The only Pakistani Bank listed in the top **500** banks of the world by The Banker.
- Set a Guinness World Record for planting **532,887** mangrove saplings in a single day

- Bank of the Year for **2010** awarded by The Banker.
- Runner-up of Corporate Finance House (Fixed Income) Award for the Year **2010** presented by CFA Society Pakistan
- President of Pakistan Trophy awarded by FPCCI in **2010**
- Prime Minister of Pakistan Trophy awarded by LCCI in **2010**

- 2nd Global Human Resource Excellence Award **2011** administered by Global Media Links in collaboration with Better Pakistan
- Transaction of the Year Award for **2011** presented by Islamic Finance News
- Transaction of the Year **2011** awarded by CFA Society of Pakistan for the private placement and offer for sale of Engro Foods Limited
- Bank of the Year **2011** awarded by The Banker
- Top Corporate Finance House (Fixed Income) for **2011** awarded by the CFA Society Pakistan
- The Best Earning Markets Bank **2011** awarded by Global Finance Magazine

- Bank of the Year awarded by The Banker.
- 3rd Global Human Resource Excellence Award **2012** administered by Global Media Links in collaboration with Better Pakistan
- Listed in Top **1000 Banks** of the World for the Year **2012** by The Banker

- Domestic Retail Bank of the Year, Pakistan **2013** awarded by Asian Banking & Finance Magazine, owned by Charlton Media Group, Singapore
- Listed in top **1000 banks** of the world for the year **2013** by The Banker
- 1st Achievement Award – Gold Medal on Banking and Financial Services presented by FPCCI

2014**2015****2017****2018****2019****2020****2021****2022****2023**

- 2nd FPCCI Achievement Award for **2014** – Banking & Financial Services
- 37th FPCCI Award **2014** – Corporate Social Responsibility

- Bank of the Year **2015** awarded by The Banker
- 1-Link Certificate of Achievement **2015** awarded by Top Three Issuing Banks
- 3rd FPCCI Achievement Award **2015** presented by Banking & Financial Services
- FPCCI Gold Medal Award **2015**

- Set a Guinness World Record for installing the World's Highest ATM
- Pakistan Domestic Project Finance Bank of the Year **2017** - by Asian Banking & Finance Magazine
- Trade Deal of the Year awarded by Trade Finance Program

- Asian Development Bank Annual Trade Finance Award for **2018**
- Gold Medal from FPCCI for Best Performance in Banking & Finance Sector
- Consumer Finance Product of the Year awarded by Asian Banking & Finance
- Rural Bank of the Year awarded by Asian Banking & Finance

- Best Bank for Agriculture 2019 - Pakistan Banking Awards
- IJ Global Asia Pacific Award 2019 - Onshore Wind Deal

- Asia Pacific Award for Onshore Wind Deal - by IJ Global Project Finance & Infrastructure Journal
- Corporate Client Initiative of the Year - by Asian Banking & Finance
- Best Bank for Agriculture Award - by Pakistan Banking Awards
- Innovative Deal of the Year - by Asian Banking & Finance
- Best Corporate & Investment Banking Services - by The FPCCI
- Best Trade Finance Provider in Pakistan - by Global Finance Magazine
- Best Presented Annual Report Award Runner-up - by South Asian Federation of Accountants
- Best Corporate Finance House of the Year Runner-up - by CFA Society Pakistan

- Corporate & Investment Bank of The Year 2021 – Asian Banking & Finance
- Debt Deal of the Year 2021 – Asian Banking & Finance
- Best Project Infrastructure Deal of the Year 2021 – Asian Banking & Finance
- Best Corporate Sukuk 2021 - The Asset Triple A Islamic Finance
- Best Trade Finance Bank in Pakistan 2021
- The Asian Banker Power Deal of the Year 2021
- The Assets Triple A Infrastructure Awards
- Best Corporate & Investment Bank in Pakistan 2021
- The Asiamoney Best Bank 2021 Global Finance Magazine
- Transaction of the Year 2021-CFA Pakistan
- Best Bank for Agriculture Institute of Bankers Pakistan
- Best Presented Annual Report Award - SAFA

- Best Presented Annual Report Award - South Asian Federation of Accountants (SAFA)
- Best Corporate & Sustainability Report Award (Merit List) - The Institute of Chartered Accountant of Pakistan (ICAP) and The Institute of Cost and Management Accountants of Pakistan (ICMAP)

- Best Presented Annual Report Award - South Asian Federation of Accountants (SAFA)
- Best Corporate & Sustainability Report Award (Merit List) - The Institute of Chartered Accountant of Pakistan (ICAP) and The Institute of Cost and Management Accountants of Pakistan (ICMAP).
- DIE Development Inclusion & Equality Awards.
- NBP grabs five CSR Awards in the categories of Public Health / Safety Initiative, Women's Empowerment, Corporate Community Partnerships, Education/ Scholarship Program and Green Environmental Stewardship.

KEY EVENTS

NBP inaugurates Branch for PWD

In line with SBP's vision to transform banks' branches into disability-friendly branches for Persons with Disability (PWD); NBP has inaugurated its first branch having state-of-the-art facilities for PWD on Shaheed e Millat Road



Empowering NBP's Digital Future

NBP Digital team met with President Mr. Rehmat Ali Hasnie under the leadership of acting CDO Mr. Sohail Malik to discuss future digital strategies and transformation to enhance customer experiences and streamline services.



NBP Celebrates!

President and the Senior Management celebrated NBP's Financial results for the half-year ended June 30, 2023



NBP Banca Sales Convention 2023

The awareness ceremony for the NBP Branch Assurance Sales Convention was held on Friday 10th November 2023 in Karachi.



NBP Annual Corporate Briefing 2023

At NBP Annual Corporate Briefing 2023, we showcased financial strength and customer-centered strategies, emphasizing innovation and risk management



President Visits NOWPDP

Mr. Rehmat Ali Hasnie, President visited the Head Office of the Network of Organisations



NBP & CAA Signs Employee Banking Agreement

Under the aforementioned arrangement, NBP will facilitate employees of CAA



Enhancing Leadership Skills & Grooming

With a view to develop NBP executives for future needs of the bank and their professional growth and Leadership Skills, JNMDC, L&DD, Karachi, organized a training on “Enhancing Leadership Skills - Managers Becoming Leaders.”



Pilot Launch Digital Account Opening Ceremony

On Monday 9th Oct 2023, the Digital Banking Group NBP showcased Digital Account Opening in a ceremony held at NBP Head Office for initiation under the Pilot phase.



NBP Annual General Meeting 2023

At NBP AGM 2023, we talked about keeping our finances strong and making customers happy, focusing on new ideas and innovations



FINANCIAL CALENDAR

2023

Annual Corporate Briefing	10 th March 2023
74 th Annual General Meeting	30 th March, 2023
1 st Quarterly Financial Statements Approved by the BoD	27 th April, 2023
Half-Yearly Financial Statements Approved by the BoD	29 th August 2023
3 rd Quarterly Financial Statements Approved by the BoD	24 th October, 2023
Annual Financial Statements 2023 Approved by the BoD	22 nd February 2024

2022

Annual Corporate Briefing	08 th March 2022
74 th Annual General Meeting	30 th March, 2022
1 st Quarterly Financial Statements Approved by the BoD	28 th April, 2022
Half-Yearly Financial Statements Approved by the BoD	17 th August 2022
3 rd Quarterly Financial Statements Approved by the BoD	28 th October, 2022
Annual Financial Statements 2023 Approved by the BoD	28 th February 2023

2021

Annual Corporate Briefing	24 th February 2021
72 nd Annual General Meeting	29 th March 2021
1 st Quarterly Financial Statements Approved by the BoD	28 th April 2021
Half-Yearly Financial Statements Approved by the BoD	26 th August 2021
3 rd Quarterly Financial Statements Approved by the BoD	27 th October 2021
Analyst's Briefing on 3 rd Quarterly Financial Statements	01 st November 2021
Annual Financial Statements 2021 Approved by the BoD	8 th March 2022



NBP
IZAFI MUNAFA

ماہانہ منافع اب اور بھی زیادہ
بہترین سیونگز اکاؤنٹ جو دے سب سے زیادہ منافع

- ماہانہ منافع کی فراہمی
- رقم اکاؤنٹ پر منافع کوئی پابندی نہیں
- 24/7 بینکنگ کی سہولت
- فزیکل کارڈز کی فراہمی

آج ہی اکاؤنٹ کھلاؤ - زندگی میں خوشحالی لاؤ

نیشنل بینک اور پاکستان

مزید معلومات کیلئے اسکرین پر یا آپ کے برائے نام کی فراہم کنندہ سے بات کریں۔

UAN 111 627 627 | www.nbp.com.pk

NBP National Bank of Pakistan
نیشنل بینک پاکستان

قوم کا بینک

NBP Choice Current Account

CHOICE HI SUKOON HAI!

CHOICE BUSINESS ACCOUNT:

Salient Features:

- Minimum average balance of Rs. 100,000/-
- Free NBP Cash Card and Pay Orders
- Free issuance of 2 cheque books per month
- IBT up to Rs. 6 million or 20 transactions
- Free SMS alerts

CHOICE INDIVIDUAL ACCOUNT:

Salient Features:

- Minimum average balance of Rs. 25,000/-
- Free NBP Cash Card and Pay Orders
- Free issuance of 2 cheque books per quarter
- IBT up to Rs. 1 million or 5 transactions
- Free SMS alerts

NBP CHOICE CURRENT ACCOUNT

UAN 111 627 627 | www.nbp.com.pk

NBP National Bank of Pakistan
نیشنل بینک پاکستان

The Nation's Bank

LEADERSHIP INSIGHTS

وہی چہا مگر مہش میں لاساقب
مجھے عشق کے پر لگا کر اڑا
کلی حنا کے جگنو بن کر اڑا
خبر کو عشق لامی سے آزاد کر
جو انجلی کو پیروں کا استاد کر
ہری شہت ترے غم سے ہے
نفس اس بدن میں ترے دم سے ہے
ترپنے پھسٹ کرنے کی توفیق دے
دل سے لٹھی، سوزِ صدیق دے

جبر سے پہلے ہی تیر پر چار کر

تمنا کو سمیٹ لیں پسیدہ ار کر

ترے آسمانِ لعل کے تاروں کی خیر

زمینوں کے شکر زندہ داروں کی

سیرِ عشق، میری نظر

وہی حجامِ گرمش

مجھے عشق کے پر لگا

سری حنا

خرد کو عتلائی

جوانوں کو پیروں

ہری شاخِ طلیت تر

BOARD OF DIRECTORS

MR. ASHRAF MAHMOOD WATHRA Chairman

Board Committee Membership

BHRRC | BIDC

Mr. Ashraf Mahmood Wathra served as Governor, State Bank of Pakistan (SBP) from 29th April, 2014 till 2017. Prior to this, he was working as Acting Governor since 31st January, 2014.

He represented Pakistan in several international forums and served on the Board of Governors of the International Monetary Fund (IMF), Asian Clearing Union (ACU) and ECO Trade and Development Bank. He was also the council member of Islamic Financial Stability Board. Since 1st July, 2015, Governor Wathra was the co-chair of the Financial Stability Board - Regional Consultative Group for Asia (FSB-RCG Asia), Basel, based at Switzerland.

He held important positions within Pakistan including the member of Monetary and Fiscal Policies Coordination Board, National Financial Inclusion Strategy (NFIS) Council, National Executive Committee on Anti-Money Laundering (AML), Chair of the Board of Institute of Bankers in Pakistan (IBP), NFIS Steering Committee, and Agricultural Credit Advisory Committee (ACAC).

His association with SBP started when he assumed charge of the office of Deputy Governor, on 11th March, 2013.

Prior to joining SBP, he has been associated with various international and national banks and worked in various regulatory regimes at leadership positions; including Singapore, Hong Kong, Australia, Bangladesh, Sri Lanka etc. He also served as a member of Board of Directors of Habib Finance International Hong Kong, Habib Finance Australia and as First Vice Chairman of Himalayan Bank Nepal for several years.

He started his career with Grindlays Bank Plc in 1978 after completing his Masters in Business Administration.



MR. REHMAT ALI HASNIE President

Board Committee Membership

BRCC | BTDC | BIDC | NYGC

Mr. Hasnie is President of National Bank of Pakistan since August 2023. He has over 27 years of work experience in the financial sector including stints in economic research, capital markets, investment banking, treasury and credit markets at various institutions in Pakistan. He is a financial market professional with a MA in Development Banking from the American University (USA). He has been with NBP since 2010 and has been the Group Chief of the Inclusive Development Group (IDG) since 2019. IDG is NBP's most recent and ambitious initiative to position the Bank as an institution focused on priority sectors' financing (i.e. SME and Agriculture lending) to enable sustainable growth and inclusive development in the country. Prior to this, Mr. Hasnie was heading Investment Banking at NBP for many years.

He is presently chairing the Board of Pakistan Mortgage Refinance Company as a nominee of NBP - a position he has filled for the past 7 years. Further, he has also Chaired the Board of First Credit & Investment Bank Limited as well as First National Bank Modaraba as NBP's nominee director. The other companies in which Mr. Hasnie has also had stints as a nominee Director of NBP are Pakistan Mercantile Exchange Limited, Agritech Ltd and Fauji Akbar Portia, Marine Terminals Ltd.

He is also a member of the Executive Committee of the Pakistan Banks' Association as well as the Member of the Council of The Institute of Bankers of Pakistan.



MR. FARID MALIK, CFA Director

Board Committee Membership

BAC | BHRRC | BTDC

Mr. Farid Malik has over 28 years of diversified experience and has worked on a number of infrastructure development, project finance, corporate finance, capital markets regulatory administrative and operational assignments both in Pakistan and abroad. He is a CFA charter-holder and a graduate of the London School of Economics.

Mr. Malik has served as the Chief Executive Officer/ Managing Director of LSE Financial Services Limited (formerly Lahore Stock Exchange Limited) and has also worked with Tomen Power (Singapore) Pte. Limited and the Securities and Exchange Commission of Pakistan. During his various assignments, he has had extensive exposure to green-field project based equity investments, limited recourse debt financing facilities, cross border project financing facilities including export credit agencies and multilateral lending agencies financing facilities, risk allocation & management techniques including hedging through derivative instruments, due diligence methodologies, portfolio management, equity and fixed income valuations, financial analysis, asset securitization and capital market operations and regulations.

He is currently on the Board of National Bank of Pakistan and Fauji Akbar Portia Marine Terminals Limited and has also served on the Board of Central Depository Company of Pakistan Limited and National Clearing Company of Pakistan Limited. He is a Certified Director from Pakistan Institute of Corporate Governance.

Mr. Malik has also previously served on the Boards of the Privatization Commission, the Gujranwala Electric Power Company Limited and the Pakistan Credit Rating Agency Limited. He has also attended a large number of international and local management courses, seminars and workshops conducted by world renowned providers.



MR. ALI SYED Director

Board Committee Membership

BAC | BHRRC | BRCC | BTDC

Scion of a highly respected family of Lahore, Punjab, Ali Syed's ancestry can be traced to Pirkot in the district of Jhang. Born on 2nd December 1956, Ali did his Masters in Economics from the Government College Lahore and then went on to receive Masters Degree in Business Administration from the George Washington University, Washington D.C.

Ali started his illustrious career in Marketing and Finance from U.S.A. and worked with some of the best-known companies such as The Time Life U.S.A., General Development Corporation and Tandy Corporation. Back home, he founded and managed successfully Amil (Pvt.) Ltd and Simzain International.

He is presently heading Alltrac (Pvt.) Ltd as Chief Executive Officer and is also the CEO of a solar energy company namely IDC (Pvt.) Ltd. He is currently on the Board of National Bank of Pakistan and is Chairman of National Insurance Company Limited (NICL). He has remained on the Board of Directors of many companies including Pak-Arab Refinery (PARCO), Port Qasim Authority (PQA) and Pakistan National Shipping Corporation (PNSC). He has made significant contributions as a director in important committees viz., Audit & Finance, Human Resource Committee, Technology & Digitalization, Strategy and Risk-Management along with Technical and Projects Evaluation Committee.

Ali Syed is widely travelled and specializes in successful negotiating skills. Ali is happily married with two children



MR. AMJAD MAHMOOD Director

Board Committee Membership

BAC | BTDC | BIDC

Mr. Amjad Mahmood is currently having charge of Additional Finance Secretary (IF/INV/IGF) with 32 years of diversified work experience in Civil Services of Pakistan. He has served in various executive positions during his service.

He has served as Advisor to the Board of Directors of the Asian Development Bank (ADB). He has vast experience in dealing with matters relating to the Securities and Exchange Commission of Pakistan (SECP), State Bank of Pakistan (SBP), National Bank of Pakistan (NBP), House Building Finance Company Limited (HBFCL), National Security Printing Corporation (NSPC) and other Financial Institutions/ Regulators/Organisations.

He holds a Master's degree in Administration & Management from the Institute for Development Policy and Management, Manchester University, UK. He also holds Master's degree in English Language and Literature and International Affairs.

Mr. Amjad's areas of expertise include Public Financial Management & Public Administration. He has proven capacity to work in a challenging atmosphere with diversified stakeholders and against strict timelines.



MR. NASIM AHMAD Director

Board Committee Membership

BAC | BRCC | BIDC | NYGC

Mr. Nasim Ahmad possesses a vast experience in Asset Management, Commercial Lending and Investment Banking at senior management levels internationally. He initiated issuance of sovereign bonds for the Islamic Republic of Pakistan – coordinated with debt syndication team at Deutsche Bank for making presentations to Ministry of Finance in 2014-2015 and participated in annual reviews of asset management in various countries including Switzerland, UAE, Singapore, Thailand, Hong Kong, Macao and South Africa.

He holds a degree in Development Financing from McGill University, Canada, Law degree from Pakistan and Fellow Institute of Bankers, London, UK.



MR. AHSAN ALI CHUGHTAI Director

Board Committee Membership

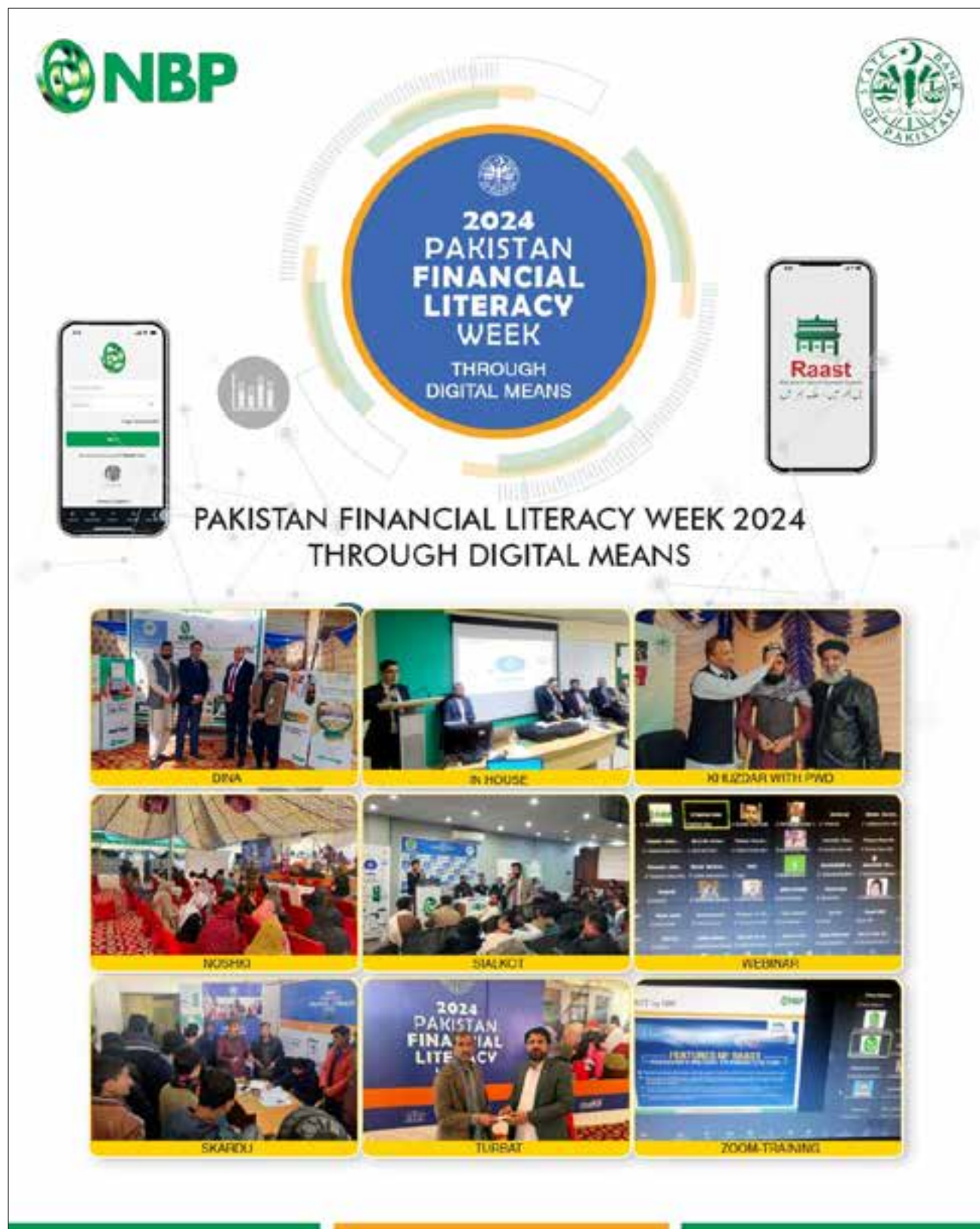
BAC | BRCC | NYGC

Senior Banker/Financial Sector/Public Policy and Development/
Investment and Planning/ PPP Specialist.

Key Skills: Financial sector, Infrastructure structuring, development,
implementation.

Over 42 years of banking and consulting experience with
international and domestic banks, Provincial Government and its
agencies, Multilateral Agencies and other foreign donor agencies.





CHAIRMAN'S REVIEW

Dear Valued Stakeholders,

I am delighted to present my 2nd Annual Review Report as the Chairman of the Board. This year marks the completion of the Bank's 75 years since its establishment as the Nation's Bank in 1949. Over the decades, the Bank has grown to become Pakistan's largest bank, establishing a rich legacy of serving the nation.

Operating Environment

In my last year's report, I highlighted the inevitable macroeconomic challenges ahead. In the intervening year, the global economy has experienced volatility, influenced by geo-political tensions, restrictive monetary policies, inflationary pressures, and protective trade policies of certain countries. The free flow of goods, including energy sources, around the world can no longer be taken for granted. The overall projections anticipate a deceleration in average growth for the year 2024 with a modest upturn expected in 2025.

In Pakistan, the economic landscape mirrors global challenges, featuring high inflation, sluggish growth and diminished forex reserves. The GDP which recorded 5.8% and 6.1% growth in FY2021 and FY2022 sharply contracted to 0.3% in FY2023 primarily due to floods, political uncertainties and challenging external conditions. Although domestic demand remained subdued in 1H2024, recent months have seen a gradual alleviation of financial pressures, moderating inflation, stabilizing exchange rates and a more accommodating stance on imports, providing momentum to the economy with recovery in agriculture, LSM and the services sectors. GDP is now estimated to grow by 2.1% for FY2024Q1.



Building a Resilient NBP

A relentless and consistent implementation of the Bank's strategy continues to yield positive outcomes. The Board and the executive teams are making steady progress in building a stronger and stable Bank focusing on a robust compliance and risk culture. This has enabled the bank to grow securely and provide valuable support to customers amidst a challenging economic landscape.

The Board is well aware of the prevailing political chaos, economic difficulties and resultantly stressful impact on the financial sector. Acknowledging the significant interdependency in our operating environment, stakeholders well-being and sustainability of the Bank, the Board has proactively endeavoured to address critical challenges through well-thought-out strategies. An astute and proactive approach to risk management is crucial in an unstable

operating environment. The Board ensures the resilience of the Bank through optimum readiness to combat emerging risks by providing an efficient governance and responsive risk management framework.

NBP Board has opted to retain the entire profits for FY2023 to provide an adequate buffer against adverse outcome of the “Pensions” case. We believe this is a prudent measure to overcome any potential stress on our capital adequacy and to retain capacity for continuing future growth and create value for our shareholders in the longer term.

The Board has remained mindful of addressing the legacy issues that stubbornly persist and remain a crucial challenge for the Bank. Nevertheless, we have achieved significant progress in the key areas of Compliance, Risk Management, Loan Book quality and the all important Human Capital.

Strong Financial Delivery

I am pleased to report that we closed FY2023 achieving an extraordinary growth for NBP, record operating results and a deeper entrenchment in the market and the Country’s banking arena. We ended the year with strong financial and operational performance, navigating our way through stormy turbulence with prudent and forward looking strategies which included in strengthening the Bank’s balance sheet through a significant provisioning this year of PKR 14.5 Bn.

The Bank has reported record pre-tax profits of PKR 101.2 Bn and after tax profits PKR 51.8 Bn for FY2023; growth of 61.4% and 70.5% respectively over last year; gross interest income at PKR 1,024.7 Bn increase of 103.6% and a marked growth of 78.8% in CASA deposits; Total deposits at PKR 3,674 Bn are up by 37.8% over the last year. More so, a healthy increase was achieved in earning assets and in the Loan Book.

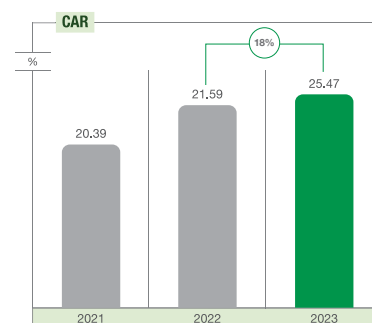
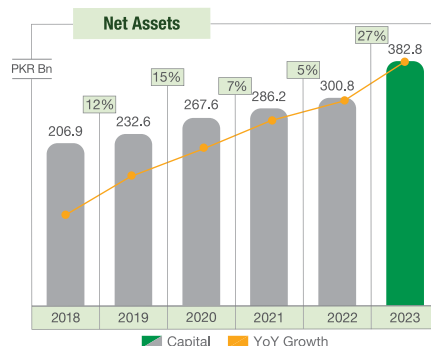
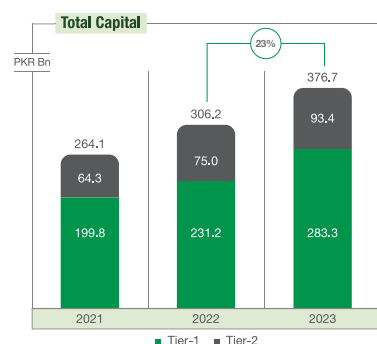
I must acknowledge and appreciate that our performance in FY2023 is the outcome of dedicated and tireless efforts of our entire management team.

Stakeholders will also appreciate significant improvements in key financial indicators such as increase in net assets and value of each NBP share. At year end 2023, NBP value per share is PKR 179.91, Tier 1 Capital Ratio stood at 19.16% and Total Capital Adequacy Ratio at 25.47%. This reflects strong buffers in terms of capital adequacy vis a vis statutory minimum ratios of 10% Tier 1 and 14% capital adequacy. Bank’s liquidity and net stable funding ratios are robust at 176% and 259% respectively against requirement of 100%.

Strengthening Compliance Culture

The Board has remained focused on promoting best corporate governance practices adopting sound and vigorous policy framework that instil a culture of compliance, accountability and reward throughout the Bank. This attempts to address historical legacy issues that continuously require unwavering focus on enhancing technology footprint and internal controls as well as upgrading skill set of our human capital. New talent has been inducted at both senior and middle management positions and wholesome plans were approved for technological upgrades.

Moving forward we are restructuring, closing and consolidating our overseas operations which have remained inefficient largely due to inadequate bilateral trade volumes, huge compliance risk and lack of business opportunities from our target market customers. The Board maintains a vigilant oversight on compliance and risk matters in the Bank’s domestic and overseas operations.



Public Sector Entities

Over the years the Bank has extended large financing facilities to certain public-sector entities. However, several of these entities have not performed satisfactorily in their debt servicing obligations thereby inflicting a significant drag on the Bank's income and resources. Recoveries achieved in public sector debt has also remained far below expectations however, the Bank is vigorously in pursuit to at least recover the mark up in a short span of time.

Looking Ahead

As we navigate our way around these challenging times we remain confident in the Bank's resilience to overcome the threats in anticipation of an ongoing macroeconomic stress being experienced. We are optimistic that the newly elected government will maintain continuity and consistency in measures necessary for the country's economic rejuvenation. As the Nation's Bank, NBP remains committed to supporting all stakeholders towards achieving economic stability, development and financial inclusivity.

Our digital banking team is well positioned to compete in the market place with digital offering to Bank's extensive customer base. The Bank is committing sufficient resources in supporting this innovative business which has immense growth potential in the domestic market.

The Board, the CEO and the Management have steered well through the turbulent times in recent past, however we are conscious that much work lies ahead. The volatile operating environment is likely to have

adverse consequences for households and corporate customers alike, we will work hard to support our customers and clients through these difficult times. Going forward our focus includes strengthening the Agriculture, SME and Exports sectors, enhancing capacity of local farmers and manufacturers and thereby contributing in meeting key macroeconomic targets.

Furthermore, the Board places priority on integrating social and environmental consciousness into the Bank's overall business strategy. Strengthening the Risk Management framework, advancement in our Technology Platform and proactively addressing governance anomalies in HR will prominently feature among our key priorities for the Bank.

We seek continued support from the Government of Pakistan and advocate for early appointments to complete the NBP Board which will further strengthen the Bank's governance and oversight.

Appreciation

I would like to thank my Board colleagues for their immense contribution during the year. Their continuing support and wisdom and tireless efforts are valuable for the Bank and all its stakeholders.

I am also grateful to the Government of Pakistan, State Bank of Pakistan and other Regulators including the Regulators in the global markets for their continuing guidance and support. We assure you of our continued commitment to achieve higher standards of strong governance and operational discipline in our Bank to measure up to their expectations.

I thank all our 9+ Million customers and business partners for their continued loyalty and support.

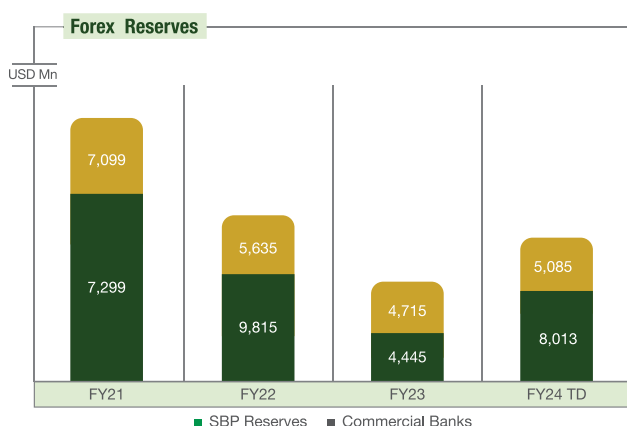
I appreciate the efforts and contribution of all our staff toward the enduring success of the Bank. The Bank shall be fair equitable and transparent in its dealings with the staff and this shall continue to be based on the principle of loyalty and meritocracy.

Ashraf Mahmood Wathra

Chairman

February 22, 2024

Karachi.









Congratulations

NBP won seven categories at the GDEIB Awards 2024, securing a spot among Pakistan's top 20 Inclusive Companies. The commitment to diversity and inclusion, supported by evidence-based practices, highlights NBP's leadership in sustainable financial and social performance. Congratulations to all the employees for this remarkable achievement!



GLOBAL DIVERSITY, EQUITY & INCLUSION BENCHMARKS

AWARDS 2024

PRESENTED TO



This is to certify that National Bank of Pakistan has won awards in the following 7 categories:

1. VISION, STRATEGY AND BUSINESS IMPACT:	BEST PRACTICE
2. DEI STRUCTURE AND IMPLEMENTATION:	BEST PRACTICE
3. RECRUITMENT:	BEST PRACTICE
4. WORK-LIFE INTEGRATION, FLEXIBILITY AND BENEFITS:	BEST PRACTICE
5. DEI COMMUNICATIONS:	BEST PRACTICE
6. DEI LEARNING AND DEVELOPMENT:	BEST PRACTICE
7. COMMUNITY, GOVERNMENT RELATIONS AND PHILANTHROPY:	BEST PRACTICE



Global Diversity, Equity & Inclusion Benchmarks


ZAHID MUBARIK SHERM-SCP, SPHR, GPHR
 CEO HR Mexico
 January 4, 2024





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www.nbp.com.pk



National Bank of Pakistan
 بین الاقوامی بینکاری

NAVIGATING SUCCESS: INSIGHTS FROM THE CEO

Dear Valued Stakeholders,

I am delighted to present this Annual Review as the Bank enters its 75 years of service to the Nation and playing its role in Pakistan's economy. Over the past seven and a half decades, the Bank has played a pivotal role in the country's financial landscape from our humble beginnings in 1949 to becoming Pakistan's largest Domestically Systematically Important Bank, our journey has been marked by growth, and adaptability but without wavering on our responsibility to our customers and stakeholders. The Bank takes pride in a tradition of service and standing by our customers, not just in good times, but more importantly, in bad times. In doing so, we play an integral role in the economic development of the country.

تمنا در دل کے ہو، تو کر خدمت فقیروں کے
نہیں ملتا یہ گوہر بادشاہوں کے خزینوں میں

Our commitment to enhancing national financial inclusion as well as access to finance, and contributing to Pakistan's economic development, is a true reflection of our focus on serving the country's people of all income groups as reflected in the above couplet of Allama Mohammad Iqbal. Our success is inextricably intertwined with the fortunes of Pakistan and its people; therefore, our financial success and profitability should be viewed as a consequence of what the Bank does and not as the raison d'être of why the Bank exists.

Addressing you for the second time is both an honour and a pleasure. It comes with great responsibility of guiding NBP through the complexities of our dynamic landscape. In this message, I am excited to offer insights about our operating environment, highlight the strategic strides we made in 2023, into our financial performance, and outline the strategic growth initiatives we plan to embark upon



in 2024 and beyond within the context of "Serving the Nation" – **NATIONAL BANK اور PAKISTAN.**

Economic Background and Outlook

FY24, macroeconomic indicators have shown some stabilisation, raising the GDP growth to over 2.1%. Pakistan's performance under IMF programs has boosted market confidence, and forex reserves stand increased at \$13.2 Billion. Despite positive trends and revenue growth, fiscal challenges persist that demand continued vigilance and prudent financial management. In general, the banking sector has remained resilient and benefited from the high-interest rate environment. With higher profits, healthy growth was achieved in assets and deposits, although asset concentration in government papers is a natural consequence of the prevailing macroeconomic environment. Moving from incurred to expected credit loss model

under IFRS 9 may lead to a one-time impact on banks' equity, no significant impact on capital adequacy ratios is expected. With a newly elected government on the horizon, adherence to sound macro policies and structural reforms is anticipated to continue so as to ensure sustainable growth and systemic stability.

Navigating the Challenges

As we review the financial performance of the past year, we take pride in the resilience displayed by your Bank in navigating a challenging economic landscape. Our prudent financial management, innovative solutions, and the dedication of our talented team, which enabled the delivery of value to our stakeholders without compromising on our ability to continue to serve the Nation, and maintain a stable and strong Bank. This has created strong value for our customers, shareholders, employees, and the wider economy in 2023. Throughout the year, we supported our customers in meeting their financial needs, as well as provided attractive returns on deposit schemes, and extended an additional PKR 193 Billion of loans in the economy.

Highest Value Generating Bank in the Country

This year, the Bank generated total revenues of PKR 1,065.3 Bn. This makes NBP not just the highest, but also the only bank in Pakistan having generated revenues of over PKR 1 Trillion in 2023. This achievement was fuelled by a 40% growth in earning assets, coupled with higher interest income, of PKR 1,024.7 Bn, i.e., a remarkable 103% up YoY. Additionally, there was a 10.7% growth in its non-fund income stream that clocked in at PKR 40.6 Bn. As part of our prudent risk management strategy, a provisioning of PKR 14.4 Bn was allocated to buttress the Bank's capital base. The Bank now holds specific provisions of PKR 203.6 Bn, reflecting an impressive coverage ratio of 93%. Furthermore, general provisions of PKR 30 Bn are also held to absorb unforeseen shocks. Despite our proactive approach to provisioning, the Bank reported its highest-ever pre-tax profit at PKR 101.3 Bn - 61.4% up YoY, and an after-tax profit of PKR 51.9 Bn, marking a remarkable 70.5% up YoY.

The Bank achieved yet another significant milestone, surpassing PKR 6.5 Trillion in its balance sheet, growing by 27% to reach PKR 6,652.7 Bn. This solidifies NBP as Pakistan's largest Bank in total assets.

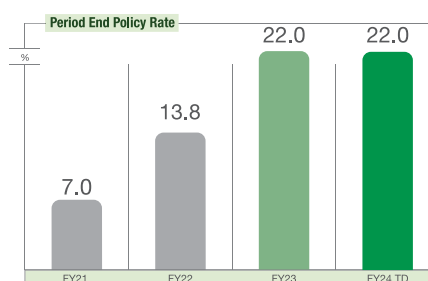
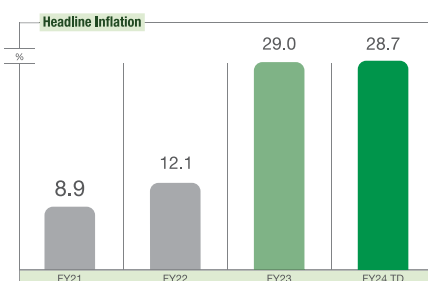
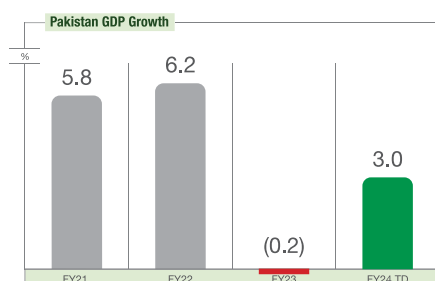
In summary, NBP stands not only as Pakistan's largest bank in terms of total assets, but also the highest capitalised bank with net assets of PKR 382.8 Bn, depicting a 43% capital growth since 2020. Despite significant economic and geopolitical uncertainties, evolving regulatory landscape, and the potential contingencies, the Bank's financial soundness indicators stand stronger than last year with a total CAR at 25.48%, Liquidity Coverage at 147%, Net Stable Funding at 251%. The Bank maintained highest credit rating of AAA/A1+ for both long term and short term.

Contribution to Financial Inclusion & National Priorities

Over the decades, NBP has steadfastly deepened its role in driving the country's economic dynamics by promoting ventures that create economic value, promote capital flows, create employment opportunities, have a positive environmental impact and improve self-reliance in priority sectors. Having welcomed over 500K new customers this year, NBP now serves a community of around 9 million customers, affirming its position as a critical financial intermediary (the largest "Domestically Systematically Important Bank" as per the State Bank of Pakistan) managing deposits totalling PKR 3.7 trillion for over seven Million depositors, as well as loans amounting to PKR 1.6 Trillion extended to more than 500K Million borrowers.

This year we acted as strategic partners with the Government of Pakistan in enabling various large projects of strategic nature aimed at creating jobs and efficiency in the economy. A few to mention include the privatisation of the Heavy Electrical Complex, enabling the import of 100K laptops for distribution to youth under the Prime Minister's initiatives, and a PKR 27 Bn financing for an infrastructure project in Thar.

With a fresh disbursement of PKR 36 Bn this year, our 'Advance Salary' product is catering to the financial needs of over 265K families nationwide. This singular product for individuals has reached an outstanding amount of PKR 91 Bn, making it the single largest consumer finance product in the country's banking sector. Additionally, we serve 165K farming families through agriculture loans with an outstanding amount of PKR 90 Bn at the end of 2023. Furthermore, we play a pivotal role as one of the primary fund providers (PKR 750 Bn) to large corporations, supporting, not only their contribution to the GDP but also the



efforts to generate employment in the country. In line with our ESG ambitions, we launched Roshan-Ghar solar financing scheme to enable households to install solar panels on their residences. To promote financial inclusion, NBP opened over 10K Asaan Accounts in 2023 to assist the Government of Sindh in facilitating in rehabilitation of the unbanked flood affectees of Sindh floods. Additionally, the Bank opened 140K bank accounts for women this year, increasing the female accounts by around 25% (i.e., from 792K accounts to 990K accounts). The Bank also extended loans to women and this area showed a growth in borrower accounts by around 19% from 31K to 37K in 2023. Concurrently, disbursements to female borrowers rose over 47% from PKR 11.5 Bn to PKR 17.0 Bn. This progress is a testament to our dedication to fostering inclusivity and supporting the idea of economic empowerment of women promoting financial inclusion in Pakistan. The Bank continues to work on introducing new products that will cater to various markets within the broader national economic landscape.

Our unwavering commitment to stakeholder concerns is reflected in our proactive engagement through platforms like the Pakistan Citizen Portal and the e-Kacheri sessions which are open to stakeholders calling the President-NBP directly. In this regard, over 6,100 complaints were handled through these channels and appropriately addressed. These channels which enable direct handling of customer issues is unique to public sector entities and differentiates us from the other private sector banks in the system.

Integrating Sustainability

Notably, the Bank received accolades for its CSR initiatives, particularly in the areas of women empowerment, education, health, and support for differently-abled individuals for which the Bank was recognised with various awards in 2023. Given the climatic risks in Pakistan (as evident by the recent floods), the Bank is further strengthening its processes to comply with the ESRM Implementation Manual (launched by the SBP) and the UN SDGs. NBP endorses the objectives of the ESRM for reporting on environmental and social-related measures of the banks. This year we supported various projects and events for multiple causes with PKR 88 Mn in initiatives for which a detailed report is given elsewhere in this Annual Report. Moving forward, we have clear plans to adopt Global Reporting Initiatives for sustainability reporting.

Islamic Banking Expansion

Islamic banking is truly synonymous with 'sustainable banking', and as such the Bank remains committed to overall growth of Shariah Compliant Banking in Pakistan, including the expansion of its own "Aitemaad" banking. NBP's Islamic Banking total assets/balance sheet footing grew 28% YoY, reaching PKR 140 Bn from PKR 109 Bn in 2022. The Bank expanded its Islamic Banking Windows 'IBW' network from 50 to 150, with up to 250 IBWs and conversion of 50 conventional branches into Islamic Banking planned for 2024. The growth of Islamic Banking within NBP will continue, ensuring considerable outreach to NBP's customers, and substantial rise in the contribution to the assets, liabilities and profitability of the Bank over the next few years.

Our Transformation Journey

We continued to strengthen our key areas such as Risk, Compliance & Controls, Information Technology, HR, and Digital Banking, aligning ourselves with latest international best practices. This commitment is upheld without compromising on our fundamental principles of promoting financial inclusion, enhancing access to finance, and serving as a key driver of Pakistan's economic development.

Our focus on enhancing the Bank's risk & credit architecture is bolstering the strength of the Bank's balance sheet, which is a vital element of sustainable value creation for our stakeholders. We maintain a steadfast commitment to the industry-best practices for compliance with all regulatory frameworks, including AML/CFT practices, safeguarding the interest of its stakeholders. As part of our strategy to de-risk and scale back our sub-optimal international footprint, we are strategically closing down some of our overseas operations. Our focus remains on reviewing all locations on the basis of profitability, sustainability, and potential market prospects as a basis to decide on exit or stay. We have strengthened our risk & compliance checks to ensure adherence to all applicable laws, rules, regulations, and codes, reflecting our commitment to good governance, not just in Pakistan, but also in all our international locations.

We are constantly investing in technology upgradation to position as a digitally competitive, agile, and secure bank driven by data and innovation. The upgrade of our core banking application will continue through 2024, alongside the strengthening of our cybersecurity posture. In addition to the continued onboarding of qualified human resources in these areas, substantial investment in hardware and software

<i>Profit After Tax</i> PKR 51.8 Bn	<i>CAR</i> 25.47 %	<i>Agriculture Loans</i> PKR 90 Bn	<i>CSR Initiatives</i> PKR 88 Bn	<i>Female Accounts</i> 990K 25% ↑
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will continue in 2024. Our revamped Mobile Banking application caters to an ever-growing customer base where reliance on the conveniences it offers in executing everyday financial transactions, is evident by a phenomenal near 100% rise in the number of transactions conducted in 2023, as compared to 2022. The Bank remains dedicated to enhancing the customer experience for its diverse customer base.

We are continuously working to enrich our human capital. This is being achieved through providing colleagues with the skills and capabilities to fulfil their potential and build a high-performance culture, which includes offering reskilling programs to build skills in software and data engineering, supporting future talent through our early career programs, and developing a new approach to performance management. This year, our staff received 36,500+ trainings (2022:26,905), of which 2,475 were in Islamic Banking. Effective steps were taken to promote diversity in line with the 'Banking on Equality Policy' of the SBP. This year, 22% of total hirings were women, and 1.1% of the total workforce are individuals with disabilities. The Bank will continue in its efforts to improve the gender-mix in its workforce as well as encouraging employment of persons with disabilities. NBP has once again demonstrated its commitment to diversity, equity, and inclusion (DEI) by securing an impressive seven awards at the prestigious Global Diversity, Equity & Inclusion Benchmarks Awards 2024.

Standing with the Nation

While the financial and operational goals outlined above are critical to our success, they represent only part of the picture. Our commitment and deep roots across the country have shaped our vision, aiming at enabling sustainable growth & inclusive development for the nation. As part of this resolve, we aspire of NBP to not just be a larger version of other domestic commercial banks, but to serve as a vehicle that delivers and supports the national priorities aligning with Pakistan's developmental goals and national prosperity. As part of this commitment, Agri, SME, Retail and women entrepreneurs remain priority target markets, recognising that access to finance is crucial for robust economic recovery in the country. These goals are pursued with the perspective that a strong & resilient balance sheet, delivering sustainable performance, will not be compromised. We are cognisant of the challenges prevailing in our operating environment, and believe that the effective measures being taken by the Government of Pakistan and the State Bank of Pakistan, will lead to stability and sustainability for the economy.

2024 and Beyond

As we celebrate the 75th anniversary of the Nation's Bank, it stands not merely as a milestone but a testament to our enduring commitment to Pakistan. With gratitude for the past and enthusiasm for the future, we eagerly anticipate the next chapter in our shared history. Building upon the strong foundations set out

earlier, I am optimistic about the Bank's future journey. Our future ambitions are anchored in a commitment to continued excellence, embracing change, and staying at the forefront of the financial industry. We aspire as NBP to be known for operational efficiency, strong product delivery, customer service and robust liquidity, and high-quality management of its capital and risk. These goals aim to create an even stronger Bank capable of fulfilling its obligations to its stakeholders. Over the next three years, we aim to leverage our investments in technology to create a Bank that not only earns trusts, but also delivers quality service to all its stakeholders. Our five major business lines will offer a comprehensive product suite for every Pakistani, achieve high returns while proactively integrating the ESG factors across our business verticals. We will persevere in driving operational efficiency across the Bank by simplifying decision-making, streamlining our workforce, upgrading legacy systems and accelerating the pace of digital delivery. This approach will bring greater transparency and efficiency in our operations, while we consistently manage the bank in a risk-prudent manner to avoid unnecessary credit costs and operational losses, instilling greater confidence in our shareholders and investors.

Acknowledgment

As we celebrate our Diamond Jubilee, I extend my gratitude to our 15,000 team members who have been integral to our success and strategic delivery in 2023. Their hard work, enthusiasm, and dedication have set the stage for the future course outlined above. 2024 will be a crucial year for NBP and I am confident in our colleagues' capabilities and commitment to exceed stakeholders' expectations.

یقین افراد کا سرمایہ تعمیر ملت ہے
یہی قوت ہے جو صورتے گر تقدیر ملت ہے

I extend my heartfelt thanks to the Board of Directors for their contribution and support during 2023. I would also like to thank the Ministry of Finance, and the State Bank of Pakistan for their continuous guidance. The continued trust and support of our customers has been crucial to the Bank's success, and for this, the NBP team is ever grateful.

Thank you,

Rehmat Ali Hasnie
President/CEO
February 22, 2024

DIRECTORS' REPORT TO THE MEMBERS

Dear Stakeholders,

The Board of Directors are pleased to present the Annual Report of National Bank of Pakistan "NBP" "the Bank", together with the audited financial statements for the year ended December 31, 2023 and the independent Auditors' Report thereon. Proper books of account have been maintained and these financial statements fairly present the Bank's state of affairs, the result of its operations, cash flows and changes in equity during the year.

Operating Context

Globally, economic growth has been volatile over recent quarters. In part, the slowing trend for global growth mirror the impacts of tightening in monetary policy and restrictive lending strategies aimed at fighting inflation. While the supply-side pressures triggered by COVID-19 have gradually eased, cross-border trade activity remains fragile, inflation remains above the central bank targets in most regions and economic conditions remain challenging for developing economies and the adverse prone countries. Going forward, with signs of inflation moderating faster than expected could lead to easing of financial conditions and broadly balancing the risks to global growth. The slowing inflation trend in advanced economies has increased the likelihood that most major central banks have either reached the end of their tightening cycle or are near the peak. The World Bank has recently projected Global growth at 3.1% in 2024 and 3.2% in 2025, with the 2024 forecast 0.2% age point higher than October 2023 projections (though below the 2000-2019 historical average) on account of greater than expected resilience in several large economies and developing economies.

Pakistan Economy

Pakistan economy in first half of FY24, macroeconomic conditions have gradually improved, leading to a revival in overall economic activity compared to the challenging FY23. This persistent uptick has resulted in improved GDP growth of above 2.1% in the first half of FY24, with expectations for continued growth in the second half and thereafter. In 2023, the authorities

took challenging steps to bring the fuel, electricity and natural gas prices closer to costs. It is appropriate that the SBP maintains a tight stance to ensure that inflation returns to more moderate levels. Inflation levels seem to have peaked. Keeping in view the latest round of energy tariff hikes, the central bank has projected inflation range to 23%-25%. Assuming sustained sound macro policy and structural reforms implementation, inflation is expected to return to the SBP target and growth continue to strengthen over the medium term.

Pakistan's performance under the IMF programme and other bilateral arrangements is providing market confidence and exchange rate stability following significant shocks in FY2022-23. Pakistan's total liquid foreign exchange reserves increased to \$ 13.2 Billion on January 29, 2024, with SBP's reserves stood at \$ 8.2 Billion and Commercial banks' reserves remained at \$ 5.0 Billion, while the exchange rate has been broadly stable. The current account deficit is expected to rise to around 1.5% of GDP in FY24 as the recovery takes hold. On the fiscal front, despite encouraging revenue performance, the expenditure side remains under pressure attributed to higher mark-up spend. However, government measures to control non-mark up spending is helping in improving the primary surplus. The overall fiscal deficit has been widened by 2.3% of GDP, while the primary surplus improved by 1.7% of GDP during Jul-Dec FY24. A surge of 46% was observed in revenue collection, fuelled by above 100% increase in non-tax collection while a 30% rise in tax revenues. Although the high markup payments challenge continued, austerity measures are being implemented to ensure sustainable fiscal accounts by the end of FY24.

Pakistan Stock Exchange. KSE-100 Index that surged more than 60% in 2023, making it the best performer among the Asian frontier markets. 2023 emerged as the year of turnaround for the Pakistan Stock Exchange (PSX) as the KSE-100 hit new peaks and emerged as the best-performing asset class in the country, delivering a return of nearly 55% in the 12-month period (in rupee terms). The KSE-100 Index signed off 2023 at 62,451.04, an increase of 22,031 points or nearly 55% in calendar year 2023. With clarity

on political front and the new elected government being set up soon, business confidence and the investment climate are expected to gradually improve.

Performance of the Banking Sector

Favourable economic tailwinds, high interest rate environment, and improving economic outlook has helped the banking industry achieve robust growth in profitability during 2023, including growth in assets and deposits. However, this came with a concentration in government bonds that make up 42% of total banking assets. That said, overall credit quality is improving and the widely expected monetary policy easing in 2024 will support non-performing loans on their downward trend. Loan growth is set to accelerate owing to a brighter outlook for GDP growth, inflation and interest rates. The central bank has maintained policy rate at 22% since July 2023. The market expects that policy rate will be considerably cut by end-2024, which will reduce the cost of debt and increase corporate appetite for credit-financed growth.

As per the SBP directives, IFRS 9 stands implemented effective January 01, 2024. This may lead to, (i) a one-time provision on existing financial assets, routed through equity and (ii) recurring credit cost calculated in relation to asset book quality, and reclassification of certain investments. However, no major impact is expected on capital adequacy ratios of the banks, in line with the SBP implementation instructions.

Strong Financial Delivery in 2023

Despite the continued challenging environment, the Bank has delivered strong financial results for the year ended December 31, 2023. For the year under review, NBP has recorded after-tax profit of PKR 51.8 Bn.

In the backdrop of higher average policy rates coupled with a major volumetric growth in interest bearing assets, the Bank generated a gross mark-up/interest income of PKR 1,024.7 Bn which is more than double the PKR 503.3 Bn of prior year. Likewise, interest/mark-up expense amounted to PKR 855.9 Bn, of which PKR 365.1 Bn or 43% was paid to the depositors. Consequently, net interest/mark-up income "NII" closed at PKR 168.7 Bn which is 44.4% higher, YoY. Despite a challenging trade business environment during the year, the Bank achieved 10.7% growth in its non-mark-up / interest "NFI" earning stream that closed at PKR 40.6 Bn i.e., PKR 3.9 Bn up against PKR 36.7 Bn of the preceding year.

Accordingly, total revenue of the Bank closed 36.4% high YoY at PKR 209.3 Bn (2022: PKR 153.5 Bn).

Operating expenses for the year amounted to PKR 93.3 Bn depicting a YoY increase 19.5%. HR costs that constitute around 60.4% of the total operating expenses, amounted to PKR 56.4 Bn i.e., 15.5% up against PKR 48.8 Bn in 2022. The increase of PKR 7.57 Bn is mainly due to an increase of PKR 3.56 Bn on account of charge for defined benefit plan.

The Bank invests appropriate funds in the uplift and maintenance of its business premises, providing a secure & healthy work environment to its workforce and customers. This year we spent a sum of PKR 1.5 Bn on repair and maintenance of our business premises. Overall property-related expenses amounted to PKR 12.2 Bn, which is 13.7% more than the prior year. Since Information Technology is pivotal for the Bank to achieve its strategic goals, we continue to invest in upgrading our core banking application, systems, and applications architecture. In 2023, we spent PKR 2.8 Bn on software maintenance and PKR 0.9 Bn on network enhancement. In line with our prudent strategy to buttress the Bank's balance sheet against possible stress, PKR 14.5 Bn provisions have been taken, of which PKR 13.4 Bn are against advances (mostly being provisions in view of the credit risks associated with certain sectoral pressures which are becoming evident) and PKR 0.5 Bn against investments. Consequently, profit before tax amounted to PKR 101.3 Bn which is 61.4% higher than PKR 62.7 Bn of the corresponding year.

With effective tax rate at 48.8% (2022: 51.5%), tax charge for the year amounted to PKR 49.4 Bn. Consequently, the Bank's after-tax profit closed at PKR 51.8 Bn which is 70.5% higher than PKR 30.4 Bn of previous year.

Appropriation of Profit

The Board is fully aware and conscious of the impact of high inflation on our shareholders, many of whom look forward to receiving dividends. We assure our shareholders that our dividend pay-out decisions purely reflect the economic environment, regulatory guidelines and financial soundness of the Bank. A stronger balance sheet and capital position mean your Bank is well placed to deliver better and sustainable results over the long-term. The Board deliberated at length whether or not cash dividend should be recommended. However, the likely impact of the pension case and other contingencies, still remains a cause of concern for the Board. Accordingly, it is considered prudent to retain the profits for the time being and once the

Profitability (PKR 'Bn)

No.	Key Items	2023	2022	Better / (Worse)	
				Amount	%
1	Net Interest Income	168.7	116.8	51.9	44.4% ▲
2	Non-Fund Income	40.6	36.7	3.9	10.7% ▲
3	Total Income	209.3	153.5	55.8	36.4% ▲
4	Operating Exp.	93.3	78.1	(15.2)	19.5% ▲
5	Pre-Prov. Profit	115.7	75.3	40.4	53.6% ▲
6	Provision Charge	14.5	12.6	(1.9)	14.8% ▲
7	Pre-tax profit	101.3	62.7	38.5	61.4% ▲
8	Tax	49.4	32.3	(17.1)	52.9% ▲
9	After-tax profit	51.8	30.4	21.4	70.5% ▲
10	EPS (Rs.)	24.37	14.29	10.07	70.5% ▲

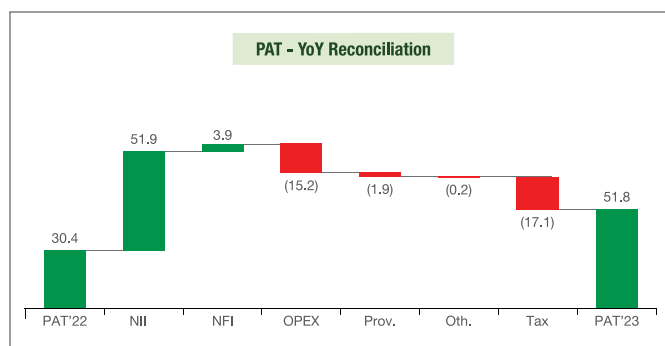
position becomes clearer, the Bank may consider declaration of dividend at a later stage. Thus, the Board does not recommend any dividend for the year 2023. Profit for the year ended December 31, 2023 after carry forward of accumulated profit of 2022 is proposed to be appropriated as follows:

Profit after tax for the year ended December 31, 2023	(PKR 'Mn)
Unappropriated profit brought forward	51,840.5
Other comprehensive income - net of tax	172,511.7
Transfer from surplus on revaluation of fixed assets-net of tax	(595.3)
	181.5
Profit available for appropriations	223,938.4
Appropriation:	
Transfer to Statutory Reserve	(5,184.0)
Un-appropriated profit carried forward	218,754.4

Balance Sheet Growth

The Bank's end of year total assets closed at PKR 6,652.7 Bn which is a massive 26.9% increase from PKR 5,240.4 Bn at the end of 2022. Capital & reserve closed at PKR 382.8 Bn i.e. PKR 81.9 Bn or 27.2% up from PKR 300.8 Bn on December 31, 2022. Gross loans & advances of the Bank stood at PKR 1,631.7 Bn depicting a healthy YoY increase of 13.4% or PKR 193.1 Bn; whereas, net advances stood at PKR 1,398.1 Bn. Growth in advances was achieved in most of our products including corporate, commodity, agriculture and Islamic. Consequently, the advances-to-deposits ratio stood at 44.4% at the end of 2023. Non-performing loans recorded a surge of 7.6% and amounted to PKR 220.8 Bn (2022: PKR 205.3 Bn). With PKR 203.6 Bn of specific provisions held, NPL coverage ratio stood high at 92.2%. The Bank's investments (at cost) amounted to PKR 4,393.9 Bn (2022: PKR 3,509.0 Bn) with a carrying value of PKR 4,403.4 Bn (2022: PKR 3,477.4 Bn). Pursuant to an effective yield/interest rate risk and liquidity management strategy, the Bank is maintaining a diversified investment portfolio across zero risk weighted GoP instruments, high dividend yielding equities and other interest-bearing financial assets with interest sensitive maturity pattern.

In the prevailing interest rate scenario and rate expectations, our investment book predominantly has a shorter-term maturity profile with 93% on the investments held under available-for-sale category. As of December 31, 2023, total deposits with the Bank amounted to PKR 3,674.4 Bn as compared to PKR 2,666.2 Bn at the end of 2022. Major share of the Bank's funding comes from sticky customer deposits that contribute 86.2% of the total deposits. With current deposits amounting to PKR 1,970.5 Bn or 53.6% of the total deposits, the Bank maintains a strong liquidity profile. The Bank maintained its CASA ratio high at 78.8%. Detailed coverage of the financial performance and other Organisational development is also given elsewhere in this Annual Report. The Bank has enough resources to meet all its financial obligations and hasn't defaulted in payment of any debt or other financial obligation.



(PKR 'Bn)

No.	Key Items	2023	2022	Growth
1	Investments – Net	4,403.4	3,477.4	26.6%
2	Advances (net)	1,398.1	1,230.5	13.6%
3	Total Assets	6,652.7	5,240.4	26.9%
4	Deposits	3,674.4	2,666.2	37.8%
5	Borrowings	2,177.7	1,940.5	12.2%
6	Net Assets	382.8	300.8	27.2%
7	Break-up Value Per Share	179.9	141.4	27.2%
8	Islamic Banking Total Assets	140.2	109.3	28.2%

Islamic Banking

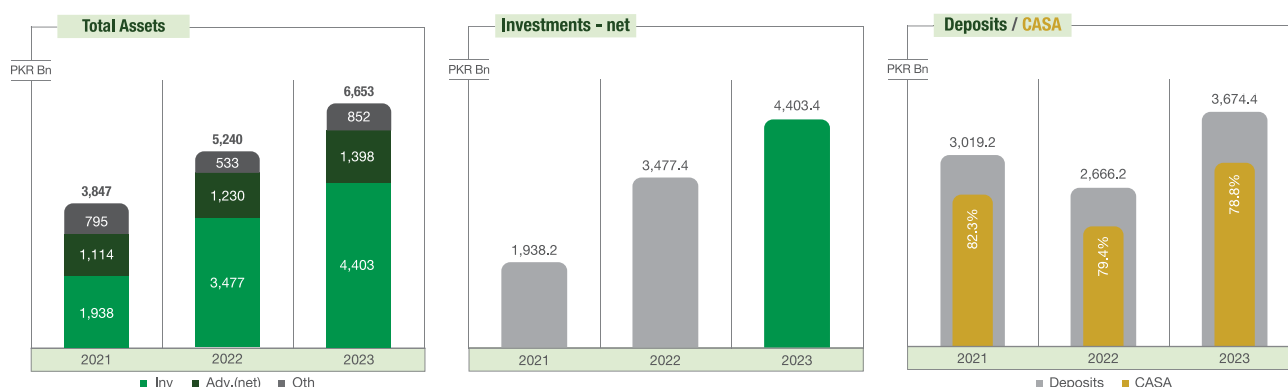
The Islamic banking business is one of the fastest growing segments within the Bank. NBP Aitemaad's total assets increased to PKR 140.2 Bn at the end 2023 from PKR 109.3 Bn at the end 2022 recording significant growth of 28.2% YoY. Whereas, total earning assets recorded a 24.3% YoY growth reaching PKR 125.4 Bn compared to PKR 101.0 Bn at end 2022. NBP Aitemaad offers the entire spectrum of banking products, from large-ticket corporate deals to retail deposits and consumer finance. NBP Aitemaad closed deposit at PKR 113.8 Bn at the end 2023, compared to PKR 93.6 Bn depicting a 22% YoY growth, while CASA growth was 27% YoY. At end of 2023, total deposit customers stood at 250K, showing a YoY increase of 12%. In line with our strategy for promoting Islamic banking, we expanded Islamic banking windows network from 50 to 150 during the year and are committed to further extended up to 250 by the end of 2024. With total operating income of PKR 8.2 Bn (48% up YoY), Islamic banking operations posted pre-tax profit of PKR 3.53 Bn, depicting a massive 53.6% growth YoY. In light of the judgement of the Federal Shariah Court, NBP Aitemaad has initiated the plan for conversion of conventional products in a Shariah compliant way.

Material changes subsequent to The Balance Sheet Date

No material event has occurred subsequent to the Balance Sheet date that requires adjustments to the enclosed financial statements.

Principal Activities

Principal activities of NBP during the year remained same as in prior year and included general banking services, credit, ATM and debit cards facilities, investment banking advisory, treasury and capital markets, housing and general finance, transaction banking, cash management, digital banking, international trade & remittances, etc. The Bank's subsidiaries offer financial services to their customers including currency exchange, modaraba, fund management and securities brokerage services.



Governance & Stewardship by the Board

Throughout the year, the Board remained focused on delivering its role of stewardship by providing effective leadership and strategic insight. A detailed overview of functioning of the Board is given in the Corporate Governance section of this Report. Also, a statement has been separately made regarding Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019, and the Public Sector Companies (Corporate Governance) Rules, 2013. For better corporate governance, the Board has formed committees, currently including:

- i. Board Audit Committee
- ii. Board Risk & Compliance Committee
- iii. Board HR & Remunerations Committee
- iv. Board Technology & Digitalisation Committee
- v. Board Inclusive Development Committee
- vi. NBP-NY Governance Council
(Sub Committee of BRCC)

The Board committees function as per their respective Terms of Reference (ToRs) approved by the Board. A brief description of the functions of each committee, is given in the Corporate Governance section of this Report.

Changes in the Board of Directors

Following changes took place in the Board of Directors During 2023:

1. The Federal Government vide Notification No. F.1 (11) Bkg-III/2017-90 dated January 18, 2023, appointed Mr. Ashraf Mahmood Wathra as Chairman of the Board, Mr. Amjad Mahmood as Non-Executive Director, Mr. Ali Syed and Mr. Nasim Ahmad as Independent Directors on the Board.
2. Mr. Asif Jooma completed his three years' term of appointment as a director and retired on March 08, 2023.
3. Mr. Farid Malik, completed his three years tenure as Director on July 26, 2023 and was re-elected as Director by the private shareholders through the election in the Extraordinary General Meeting held on July 25, 2023.
4. The Federal Government, vide notification No. F.1(9) Bkg-III/2022 dated August 07, 2023 appointed Mr. Rehmat Ali Hasnie as the President/CEO of the Bank for a period of three years.

Also please refer to the Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013, and the Listed Companies (Code of Corporate Governance) Regulations, 2019 included in this Annual Report.

Meeting of the BoD and BoD Committees held during 2023

Details of the meetings of the Board and the Board Committees held during the year are stated elsewhere in this Annual Report.

Contingency Regarding the Pension Case

Status of the law suit is disclosed in detail in Note 25.3.4.1 to the Annual Financial Statements for the year ended December 31, 2023. And based on an independent actuarial firm's assessment, overall pension liability in case of an adverse final judgement will amount to PKR 98.7 Bn. Further, in the event of an adverse judgement, the potential annual recurring cost for the year 2024 onward will be around PKR 13.5 Bn. Based on the opinion of legal counsel, no provision for any additional pension liability has been made in these annual financial statements for the above-mentioned amount as the Bank is confident for a favourable outcome in the matter.

Explanation with regards to emphasis of matter in the Auditors' Report

The external auditors, in their report to the shareholders, have included emphasis of matter by drawing attention to Note 25.3.4.1 to the financial statements which explains the contingency in relation to litigation by retired employees of the Bank. As opined by its legal counsels, the Bank has reasonably strong legal grounds to convince the Honourable Supreme Court of Pakistan for a judgement in this matter. Therefore, pending the decision on the review petitions, the financial impact of the subject case has not been included in the financial statements for the year ended December 31, 2023.

Capital Adequacy & Strength

The Bank has achieved significant improvements in financial soundness indicators during 2023. While Common Equity Tier 1 Capital (CET1) ratio stood at 19.16% (2022:16.30%), the Total Capital Ratio stood at 25.47% (2022: 21.59%). The Bank's Leverage ratio was 3.12% at the end of 2023 (2022: 3.08%). The Bank's liquidity coverage and net stable funding ratios also improved to 176%

(2022: 147%) and 259% (2022: 251%) respectively against their regulatory requirement of 100%.

Credit Ratings

NBP is rated as 'AAA' by both the recognised credit rating agencies in Pakistan. In June 2023, M/s VIS Credit Rating Company re-affirmed the Bank's standalone credit rating as "AAA", the highest credit rating awarded by the company for a bank in Pakistan. Similarly, M/s PACRA Credit Rating Company also assigned the Bank long-term entity rating as 'AAA' (Triple AAA) and short-term credit rating as 'A1+' (A-one Plus).

Remuneration to the Directors

The shareholders of the Bank, in their general meeting held on July 27, 2020, approved a remuneration policy for the non-executive/independent directors for attending meetings of the Board and Board Committees. This Policy is compliant with applicable laws including the Banks' (Nationalisation) Act 1974, NBP's bye-laws, and instructions of the State Bank of Pakistan. In terms of this Policy, the Board shall, from time to time, determine and recommend such level of remuneration for approval by the shareholders, for attending meetings of the Board or meetings of the Committees thereof, as may be within the limits for such remuneration as prescribed by the SBP from time to time and determined to be an adequate measure of remuneration for the performance of relevant duties by such members. In terms of this Policy, the Board shall also ensure that such remuneration is not determined in a manner that may undermine the independence of the Board or Committee members. The detail of compensation paid to the Directors in 2023 is given in Note 41.2 to the unconsolidated financial statements.

Impact of the Government Policies on the Bank Performance

Certain policies of the Government, while these create challenges as well as opportunities for the Bank, have a considerable impact on its performance. Key relevant policies include, e.g., mandatory participation in subsidised lending schemes, deposit protection premium, commission/fee income on government treasury business, and implementation of the treasury single account. Also, the Bank is a major lender to certain public sector companies which have been unable to meet their debt obligations to the Bank in a timely manner or in some cases are unable to service their debt at all.

This causes a significant drag on the Bank's income. However, the Bank remains committed to fulfilling its role as a national institution and supporting the government and its initiatives in a manner that it also delivers profitability to its other shareholders.

Major Developments During the Year

During the year, significant progress was made in the area of business & product development, credit mobilisation to agriculture as per SBP guidelines enhancing market outreach, promotion of Islamic banking, strengthening IT systems & infrastructure, and human capital management, etc. Such development initiatives and their outcomes are discussed under respective sections elsewhere in this Annual Report.

Principal Risks & Uncertainties Facing the Bank

By the very nature of its business model, the Bank is exposed to certain principal risks. As part of its oversight, the Board ensures that adequate risk management policies and frameworks are in place to recognise and mitigate significant risks to which the Bank is or may be exposed to, and that adequate resources have been deployed to mitigate such risks. A detailed indication of the principal risks and uncertainties as well as the future prospects is discussed in Note 47 to the financial statements.

Governance & Risk

The Bank remains committed to ensure compliance with all the applicable laws, rules, regulations, and codes in the spirit of good governance, and recognises the need to continually improve its compliance & control capacity within its domestic as well as overseas footprint. Significant funds have been invested in acquiring new technological platforms for effective internal controls, anti-money laundering, KYC, data accuracy & authenticity and generating quality MIS for efficient decision making.

Compliance & Risk Matters in the New York Branch

With close oversight from the Board of Directors and Head Office Senior Management, the New York Branch completed remedial actions pursuant to the public enforcement actions issued by the New York State Department of Financial Services and the Federal Reserve Bank. Head Office and the Board will continue to maintain close oversight of the Branch, which has made significant progress in enhancing its compliance program. The actions implemented by the Branch and their associated validation by Internal Audit continue to remain subject to review by its regulators.

Closure of Foreign Operations

As of December 31, 2023, after completing all the closure formalities required by SBP and other regulatory bodies, international operations at Representative Offices in Toronto (Canada) and Tashkent (Uzbekistan), Jalalabad Branch (Afghanistan), Sylhet (Bangladesh), Ashgabat branch (Turkmenistan) and Dushanbe Subsidiary Bank (Tajikistan) have been closed. Additionally, the licenses of Almaty (Kazakhstan) and Baku (Azerbaijan) have already been cancelled and both are now under closure process along with Bishkek (Kyrgyzstan) and Chittagong Branch (Bangladesh) which are also currently under closure process. Further, closure of the Paris branch which has been initiated after obtaining regulatory approvals.

Impact of the Bank's Business on the Environment

The Bank acknowledges the importance of environmental considerations in its operations. Although the Bank's core activities do not exert a direct influence on the environment, we have proactively embraced Green Banking initiatives aligned with the SBP's Green Banking Guidelines. This commitment aims to facilitate financing that fosters the transformation of our economy into a resource-efficient and climate-resilient one. The integration of social, economic, and environmental considerations into our business strategy and decision-making processes underscores our dedication to a holistic approach.

Following the guidelines provided in the Environmental & Social Risk Management Implementation Manual by the State Bank of Pakistan, both the Board and Management are resolute in establishing an Environmental and Social Management System. A detailed overview of the Bank's CSR initiatives & activities throughout the year is provided separately in this report, highlighting our commitment to the society.

Appointment of Auditors

The existing auditors of the Bank Messrs BDO Ebrahim & Co. Chartered Accountants and Messrs PwC A. F. Ferguson & Co. Chartered Accountants will be retiring this year. Both the auditors being

eligible and have offered themselves for re-appointment as external auditors of the Bank for the year ending December 31, 2024. The Board is pleased to endorse the recommendation of the Board Audit Committee for re-appointment of M/s PwC A. F. Ferguson & Co. Chartered Accountants, and re-appointment of M/s BDO Ebrahim & Co. Chartered Accountants to be the auditors of the Bank for the year ending December 31, 2024.

Contribution in SBP-led Initiatives

In pursuit of its vision to enable inclusive development, NBP has been actively supporting the Government and SBP-lead initiatives for increasing financial inclusion and has extended financings under various refinance schemes and initiatives.

Endorsement

The following information has been provided elsewhere in this Annual Report. The Board is pleased to endorse the same:

1. The Management Statement of Internal Controls
2. Risk Management Overview
3. Report on Corporate Social Responsibility Initiatives
4. Pattern of Shareholding
5. Credit Rating and Awards.

Future Outlook

The outlook for the Bank's financial performance and outcomes is closely linked to the levels of economy in the country. Your Bank will continue to play its due role in supporting a robust economic recovery in the country, while also maintaining a strong & resilient balance sheet to sustainably create value for its shareholders. The Bank's business strategy will remain focused on financing and supporting underserved sectors including SME, Microfinance, Agriculture finance and the Government initiated subsidised schemes as well as Islamic financing.

Acknowledgement & Appreciation

The Board expresses gratitude for the ongoing commitment and dedication exhibited by our employees, in ensuring the uninterrupted provision of banking services to the Nation. We extend acknowledgment to the Government of Pakistan, the State Bank of Pakistan, the SECP, and other regulatory bodies for their unwavering support, which has been instrumental in enabling the Bank to realize its full potential and actively contribute to the socio-economic development of Pakistan.

In addition, we extend our appreciation to our current team members and express gratitude to the retiring director, Mr. Asif Joona, for their collective contributions. Their efforts have played a pivotal role in fortifying the Bank, making it resilient and instrumental in fostering inclusive growth opportunities for the Nation.

For and on behalf of the Board of Directors

Rehmat Ali Hasnie
President & CEO

Karachi
Dated: February 22, 2024

Ali Syed
Director

مستقبل

بینک کی مالی کارکردگی اور نتائج کا نقطہ نظر ملک میں اقتصادی سطحوں سے گہرا تعلق رکھتا ہے۔ بینک اپنے شیئر ہولڈرز کے لیے پائیدار قدر پیدا کرنے کے لیے ایک مضبوط اور پگھلا رہا بیننس شیٹ کو برقرار رکھنے کے ساتھ ساتھ ملک میں ایک مضبوط معاشی بحالی میں اپنا کردار ادا کرتا رہے گا۔ بینک کی کاروباری حکمت عملی SME، مائیکرو فنانس، ایگریکلچر فنانس اور حکومت کی جانب سے شروع کی گئی بدستی والی اسکیموں کے ساتھ ساتھ املاک فنانسنگ سمیت غیر محفوظ شعبوں کی مالی اعانت اور معاونت پر مرکوز رہے گی۔

اعتراف و تحسین

بورڈ قوم کو بینکنگ خدمات کی بلا تعطل فراہمی کو یقینی بنانے کے لیے ہمارے ملازمین کے جاری عزم اور لگن کا شکریہ ادا کرتا ہے۔ ہم حکومت پاکستان، اسٹیٹ بینک آف پاکستان، ایس ای سی پی، اور دیگر ریگولیٹری اداروں کو ان کی غیر متزلزل حمایت کے لیے خراج تحسین پیش کرتے ہیں جنہوں نے بینک کو اس قابل بنانے میں اہم کردار ادا کیا ہے کہ وہ اپنی مکمل صلاحیتوں کا ادراک کر سکے اور پاکستان کی سماجی و اقتصادی ترقی میں فعال کردار ادا کر سکے۔

اس کے علاوہ، ہم اپنی موجودہ ٹیم کے اراکین کو خراج تحسین پیش کرتے ہیں اور ریٹائر ہونے والے ڈائریکٹر جناب آصف جمعہ کے اجتماعی تعاون کے لیے ان کا شکریہ ادا کرتے ہیں۔ ان کی کوششوں نے بینک کو مضبوط بنانے، اسے پگھلا رہا بنانے اور قوم کے لیے جامع ترقی کے مواقع کو فروغ دینے میں اہم کردار ادا کیا ہے۔

بورڈ آف ڈائریکٹرز کے لیے اور اس کی جانب سے

علی سید
ڈائریکٹر

رحمت علی حسینی
صدر اور سی ای او

کراچی

مورخہ: 22 فروری 2024

آپ وہ اسے متعلقہ کچھ ادارے میں تبدیل کرنے کو فروغ دیتا ہے۔ ہماری کاروباری حکمت عملی اور فیصلہ سازی کے عمل میں سماجی، اقتصادی اور ماحولیاتی تحفظات کا اہتمام ایک جامع نقطہ نظر کے لیے ہماری لگن کو واضح کرتا ہے۔

گورننس اور رسک

اسٹیٹ بینک آف پاکستان کی جانب سے ماحولیاتی اور سماجی رسک مینجمنٹ ایپلی میٹیشن مینول میں فراہم کردہ رہنما خطوط پر عمل کرتے ہوئے، بورڈ اور انتظامیہ دونوں ماحولیاتی اور سماجی انتظام کے نظام کے قیام کے لیے پرعزم ہیں۔ بینک کے ICSR اقدامات اور سال بھر کی سرگرمیوں کا تفصیلی جائزہ اس رپورٹ میں الگ سے فراہم کیا گیا ہے، جو معاشرے کے ساتھ ہماری وابستگی کو اجاگر کرتا ہے۔

آڈیٹرز کی تقرری

بینک کے موجودہ آڈیٹر میسرز بی ڈی او ابراہیم اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس اور میسرز پی ڈی بی اے ایف فرگو سن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس اس سال ریٹائر ہو جائیں گے۔ دونوں آڈیٹرز اہل ہیں اور انہوں نے اپنے آپ کو 31 دسمبر 2024 تک ختم ہونے والے سال کے لیے بینک کے بیرونی آڈیٹر کے طور پر دوبارہ تقرری کے لیے پیش کش کی ہے۔ بورڈ 31 دسمبر 2024 کو ختم ہونے والے سال کے لیے بینک کے آڈیٹر کے لیے بورڈ آڈٹ کمیٹی کی میسرز پی ڈی بی اے ایف فرگو سن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری اور میسرز بی ڈی او ابراہیم اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کی سفارش کی توثیق کرنے پر خوشی محسوس کرتا ہے۔

اسٹیٹ بینک کی زیر قیادت اقدامات میں شراکت

جامع ترقی کو فعال کرنے کے اپنے وژن کے تعاقب میں، بینک مالی شمولیت کو بڑھانے کے لیے حکومت اور اسٹیٹ بینک کی قیادت کے اقدامات کی فعال طور پر حمایت کر رہا ہے اور مختلف ری فنانس اسکیموں اور اقدامات کے تحت مالی اعانت میں توسیع کی ہے۔

توثیق

اس سالانہ رپورٹ میں درج ذیل معلومات فراہم کی گئی ہیں۔ بورڈ اس کی توثیق کرنے پر خوشی محسوس کرتا ہے۔

- i. اندرونی کنٹرول کا انتظامی بیان
- ii. رسک مینجمنٹ کا جائزہ
- iii. کارپوریٹ سماجی ذمہ داری کے اقدامات پر رپورٹ
- iv. شیئر ہولڈنگ کا نمونہ
- v. کریڈٹ ریٹنگ اور ایوارڈز۔

ہے۔ مالیاتی گونڈاروں کے نوٹ 47 میں بنیادی خطرات اور خیریتینی صورتحال کے ساتھ ساتھ مستقبل کے امکانات کے تفصیلی اشارے پر تبادلہ خیال کیا گیا ہے۔

بینک اچھی گورننس کے جذبے کے تحت تمام قابل اطلاق قوانین، قواعد، ضوابط اور ضابطوں کی تعمیل کو یقینی بنانے کے لیے پرعزم ہے، اور اندرون ملک اور بیرون ملک اپنی تعمیل اور کنٹرول کی صلاحیت کو مسلسل بہتر بنانے کی ضرورت کو تسلیم کرتا ہے۔ موثر اندرونی کنٹرول، اینٹی مانی لانڈرنگ، KYC، ڈیٹا کی درستگی اور صداقت اور موثر فیصلہ سازی کے لیے معیاری MIS میکانیزم کے لیے نئے ٹیکنیکی پلیٹ فارمز کے حصول میں اہم فنڈز لگائے گئے ہیں۔

نیویارک برانچ میں تعمیل اور رسک کے معاملات

بورڈ آف ڈائریکٹرز اور پی ایف ایس سینٹر مینجمنٹ کی قریبی نگرانی کے ساتھ، نیویارک برانچ نے نیویارک اسٹیٹ ڈیپارٹمنٹ آف فنانشل سروسز اور فیڈرل ریزرو بینک کی طرف سے جاری کردہ پبلک انفورسمنٹ کارروائیوں کے مطابق اصلاحی کارروائیاں مکمل کیں۔ پی ایف ایس اور بورڈ برانچ کی قریبی نگرانی جاری رکھیں گے، جس نے اپنے تعمیل پروگرام کو بڑھانے میں اہم پیش رفت کی ہے۔ برانچ کے ذریعے نافذ کیے گئے اقدامات اور اندرونی آڈٹ کے ذریعے ان کی متعلقہ توثیق اس کے ریگولیٹرز کے جائزے کے تابع رہتی ہے۔

غیر ملکی آپریشنز کی بندش

31 دسمبر 2023 تک، اسٹیٹ بینک اور دیگر ریگولیٹری اداروں کی طرف سے مطلوبہ تمام بندش کی رسمی کارروائیوں کو مکمل کرنے کے بعد، فورٹو (کینیڈا) اور تاشقند (ازبکستان)، جلال آباد (افغانستان)، سبھٹ (بھارت)، اشک آباد (ترکمانستان) برانچ میں خاندانہ دفاتر میں بین الاقوامی آپریشنز اور دوشنبہ (تاجکستان) کے ذیلی بینک کو بند کر دیا گیا ہے۔ مزید برآں، البانی (قازقستان) اور باکو (آذربائیجان) کے لائسنس پے سی منوخی کے بائیکاٹ ہیں اور دونوں اب بھٹکریک (کرغزستان) اور چٹانگاک برانچ (بھارت) میں بحال ہونے کے عمل میں ہیں۔ مزید یہ کہ پیرس برانچ کی بندش، جو ریگولیٹری منظوری حاصل کرنے کے بعد شروع کی گئی ہے۔

ماحولیات پر بینک کے کاروبار کا اثر

بینک اپنے کاموں میں ماحولیاتی تحفظات کی اہمیت کو تسلیم کرتا ہے۔ اگرچہ بینک کی بنیادی سرگرمیاں ماحول پر براہ راست اثر نہیں ڈالتی ہیں، لیکن بینک نے اسٹیٹ بینک کے گرین بینکنگ گائیڈ لائنز کے ساتھ منسلک گرین بینکنگ کے اقدامات کو فعال طور پر قبول کیا ہے۔ اس عزم کا مقصد فنانسنگ کی سہولت فراہم کرنا ہے جو ہماری معیشت کو وسائل کے لحاظ سے موثر اور

ایکٹ 1974 بینک کے ضمنی قوانین، اور اسٹیٹ بینک آف پاکستان کی ہدایات شامل ہیں۔ اس پالیسی کے لحاظ سے، بورڈ، وقتاً فوقتاً، حصص یافتگان کی منظوری کے لیے، بورڈ کے اجلاسوں یا اس کی کمیٹیوں کے اجلاسوں میں شرکت کے لیے معاوضے کی اس سطح کا تعین اور سفارش کرے گا، جو کہ اس طرح کے معاوضے کی حدود کے اندر ہو سکتا ہے۔ جیسا کہ اسٹیٹ بینک کی طرف سے وقتاً فوقتاً تجویز کیا جاتا ہے اور ایسے اراکین کے متعلقہ فرائض کی انجام دہی کے لیے معاوضے کا ایک مناسب پیمانہ ہونے کا عزم کیا جاتا ہے۔ اس پالیسی کے لحاظ سے، بورڈ اس بات کو بھی یقینی بنانے کا کہ ایسے معاوضے کا تعین اس انداز میں نہ کیا جائے جس سے بورڈ یا کمیٹی کے اراکین کی آزادی کو احتمال ہو۔ 2023 میں ڈائریکٹر ز کو ادا کیے گئے معاوضے کی تفصیل نوٹ 41.2 میں غیر متعلقہ مالیاتی گوشواروں میں دی گئی ہے۔

بینک کی کارکردگی پر حکومتی پالیسیوں کا اثر

حکومت کی بعض پالیسیاں، اسٹیٹ بینک کے لیے چیلنجوں اور مواقع پیدا کرتی ہیں، اس کی کارکردگی پر کافی اثر ڈالتی ہیں۔ مثال کے طور پر کلیدی متعلقہ پالیسیوں میں شامل ہیں، سہڈی والے قرضے کی اسکیموں میں لازمی شرکت، ڈپازٹ پروٹیکشن پریم، سرکاری خزانے کے کاروبار پر کمیشن/فیس کی آمدنی، اور ٹریڈری سٹل اکاؤنٹ کا نفاذ۔ نیز، بینک پبلک سیکٹر کی بعض کمپنیوں کے لیے ایک بڑا قرض دہندہ ہے جو بینک کے لیے اپنی قرض کی ذمہ داریوں کو بروقت پورا کرنے میں ناکام رہی ہیں یا بعض صورتوں میں اپنے قرضے کی ادائیگی کرنے سے یکسر قاصر ہیں۔ اس سے بینک کی آمدنی میں نمایاں کمی واقع ہوتی ہے۔ تاہم، بینک ایک قومی ادارے کے طور پر اپنے کردار کو پورا کرنے اور حکومت اور اس کے اقدامات کی اس انداز میں حمایت کرنے کے لیے پر عزم ہے کہ وہ اپنے دوسرے شیئر ہولڈرز کو بھی منافع فراہم کرے۔

سال کے دوران اہم پیشرفت

سال کے دوران، کاروبار اور مصنوعات کی ترقی کے شعبے میں نمایاں پیش رفت ہوئی، اسٹیٹ بینک کے رہنما خطوط کے مطابق زراعت کے لیے کریڈٹ موبلائزیشن، مارکیٹ آؤٹ ریچ، اسلامی بینکاری کا فروغ، آئی ٹی سسٹمز اور انفراسٹرکچر کو مضبوط بنانا، اور ہیومن کپیکلٹیٹل مینٹننس وغیرہ، ایسے ترقیاتی اقدامات اور ان کے نتائج ہیں جن کا اس سالانہ رپورٹ میں متعلقہ حصوں کے تحت ذکر ہے۔

بینک کو درپیش بنیادی خطرات اور غیر یقینی صورتحال

اپنے کاروباری ماڈل کی نوعیت کے مطابق، بینک کو بعض بنیادی خطرات کا سامنا ہے۔ اس کی نگرانی کے حصے کے طور پر، بورڈ اس بات کو یقینی بناتا ہے کہ خطرے کے انتظام کی مناسب پالیسیاں اور فریم ورک ان اہم خطرات کو پہچاننے اور کم کرنے کے لیے موجود ہیں جن کا بینک کو سامنا ہے یا ہو سکتا ہے۔ اور یہ کہ اس طرح کے خطرات کو کم کرنے کے لیے مناسب وسائل کو تعینات کیا گیا

ذمہ داری کی رقم 98.7 بلین روپے ہوگی۔ مزید برآں کسی منفی حتمی فیصلے کی صورت میں، سال 2024 کے بعد مکتومہ سالانہ اعادی لاگت 13.5 بلین روپے کے لگ بھگ ہوگی۔ قانونی مشیر کی رائے کی بنیاد پر، مذکورہ بالا رقم کے لیے ان سالانہ مالیاتی گوشواروں میں کسی اضافی پنشن کی ذمہ داری کا کوئی بندوبست نہیں کیا گیا ہے کیونکہ بینک اس معاملے میں سازگار نتائج کے لیے پر اعتماد ہے۔

آڈیٹر کی رپورٹ میں معاملے پر زور دینے کے حوالے سے وضاحت

بیرونی آڈیٹر نے شیئر ہولڈرز کو اپنی رپورٹ میں نوٹ 25.3.4.1 کی طرف توجہ دلاتے ہوئے مالیاتی گوشواروں کی طرف توجہ دلائی ہے جو بینک کے ریٹائرڈ ملازمین کی طرف سے قانونی چارہ جوئی کے سلسلے میں ہنگامی صورتحال کی وضاحت کرتی ہے۔ جیسا کہ اس کے قانونی مشیروں کی رائے ہے، بینک کے پاس اس معاملے میں سپریم کورٹ آف پاکستان کو، فیصلہ سنانے کے لیے درکار معقول طور پر مضبوط قانونی بنیادیں ہیں۔ لہذا، نظر ثانی کی درخواستوں پر فیصلے تک، موضوع کے کیس کے مالی اثرات کو 31 دسمبر 2023 کو ختم ہونے والے سال کے مالیاتی گوشواروں میں شامل نہیں کیا گیا ہے۔

سرمائے کی مناسبت اور طاقت

بینک نے 2023 کے دوران مالیاتی درستگی کے اشاریوں میں نمایاں بہتری حاصل کی ہے۔ جبکہ کامن ایکویٹی ٹائز 1 کپیکل (CET1) کا تناسب (2022:16.30%) 19.16%، کل کپیکل کا تناسب (2022:21.59%) 25.47% رہا۔ بینک کا لیوریج کا تناسب 2023 کے آخر میں 3.12% تھا (2022:3.08%) بینک کی لیکویڈیٹی کوریج اور خالص مستحکم فینڈنگ کا تناسب بھی 176% (2022:147%) اور 259% (2022:251%) تک ان کی 100% ریگولیٹری ضرورت کے مقابلے میں بہتر ہوا۔

کریڈٹ ریٹنگ

پاکستان میں دونوں تسلیم شدہ کریڈٹ ریٹنگ ایجنسیوں کے ذریعہ بینک کو 'AAA' کا درجہ دیا گیا ہے۔ جون 2023 میں، میسرز VIS کریڈٹ ریٹنگ کمپنی نے بینک کی اسٹیڈی لون کریڈٹ ریٹنگ کی 'AAA' کی حیثیت سے دوبارہ تصدیق کی، جو پاکستان میں کسی بینک کے لیے کمپنی کی طرف سے دی جانے والی سب سے زیادہ کریڈٹ ریٹنگ ہے۔ اسی طرح میسرز جیکر کریڈٹ ریٹنگ کمپنی نے بھی بینک کو طویل مدتی ہتی کی درجہ بندی بطور 'AAA' (ٹرپل AAA) اور مختصر مدت کے کریڈٹ ریٹنگ کو 'A+' (A-OnePlus) کے طور پر تفویض کیا ہے۔

ڈائریکٹر ز کو معاوضہ

بینک کے شیئر ہولڈرز نے 27 جولائی 2020 کو منعقدہ اپنی جنرل میٹنگ میں بورڈ اور بورڈ کمیٹیوں کے اجلاسوں میں شرکت کے لیے نان ایگزیکٹو/آزاد ڈائریکٹر ز کے لیے معاوضے کی پالیسی کی منظوری دی۔ یہ پالیسی قابل اطلاق قوانین کے مطابق ہے جس میں بینکس (نیشنلائزیشن)

بورڈ آف ڈائریکٹرز میں تبدیلیاں

2023 کے دوران بورڈ آف ڈائریکٹرز میں درج ذیل تبدیلیاں ہوئیں:

1. وفاقی حکومت نے نوٹیفکیشن F.1(11)Bkg-III/2017-90 مورخہ 18 جنوری 2023 کے ذریعے، جناب اشرف محمود و تحراکو بورڈ کا چیئر مین، جناب امجد محمود کو نان ایگزیکٹو ڈائریکٹر مقرر کیا، جناب علی سید اور جناب نسیم احمد بلور آزاد ڈائریکٹر بورڈ میں شامل ہیں۔

2. جناب آصف جمہ نے بلور ڈائریکٹر تقرری کی اپنی تین سال کی مدت پوری کی اور 08 مارچ 2023 کو ریٹائر ہوئے۔

3. جناب فرید ملک نے 26 جولائی 2023 کو بلور ڈائریکٹر اپنی تین سالہ مدت مکمل کی اور 25 جولائی 2023 کو معتمدہ غیر معمولی جنرل مینٹگ میں پرائیویٹ شیئر ہولڈرز کے ذریعے دوبارہ ڈائریکٹر منتخب ہوئے۔

4. وفاقی حکومت نے نوٹیفکیشن نمبر F.1(9)Bkg-III/2022 مورخہ 07 اگست 2023 کے ذریعے جناب رحمت علی حسنی کو تین سال کی مدت کے لیے بینک کا صدر / CEO مقرر کیا۔

اس کے علاوہ براہ کرم اس سالانہ رپورٹ میں شامل پبلک سیکٹر کمپنیز (کارپوریٹ گورننس) رولز، 2013، اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے ساتھ تعمیل کا بیان دیکھیں۔

2023 کے دوران بورڈ آف ڈائریکٹرز 2023 اور بورڈ آف ڈائریکٹرز کی کمیٹیوں کے اجلاس

سال کے دوران معتمدہ ہونے والے بورڈ اور بورڈ کمیٹیوں کے اجلاسوں کی تفصیلات اس سالانہ رپورٹ میں بیان کی گئی ہیں۔

پنشن کس سے متعلق صورتحال

قانونی مقدمہ کی حیثیت 31 دسمبر 2023 کو ختم ہونے والے سال کے سالانہ مالیاتی گواہوں کے نوٹ 25.3.4.1 میں تفصیل سے ظاہر کی گئی ہے۔ اور ایک آزاد اہلکار فرم کی تشخیص کی بنیاد پر، کسی منفی حتمی فیصلے کی صورت میں مجموعی پنشن کی

پنشن شیٹ کی تاریخ کے بعد کی اہم تبدیلیاں

پنشن شیٹ کی تاریخ کے بعد کوئی اہم واقعہ پیش نہیں آیا جس کے لیے منسلک مالیاتی گواہوں میں ایڈجسٹمنٹ کی ضرورت ہو۔

پرنسپل سرگرمیاں

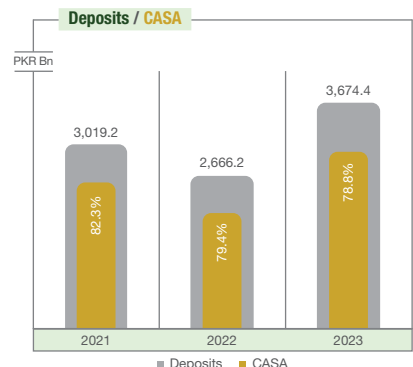
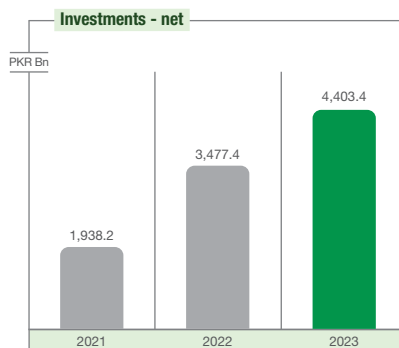
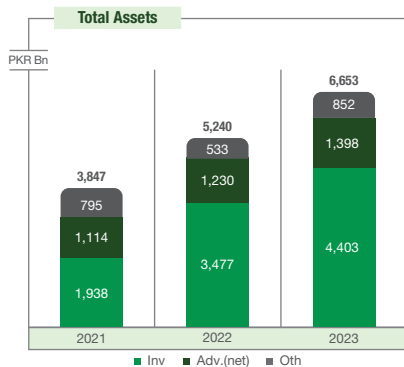
سال کے دوران بینک کی بنیادی سرگرمیاں پچھلے سال کی طرح ہی رہیں اور ان میں عام بینکنگ خدمات، کریڈٹ، ATM اور ڈیٹ کارڈ کی سہولیات، سرمایہ کاری بینکنگ ایڈوائزری، ٹریڈری اور کیپیٹل مارکیٹس، ہاؤسنگ اور جنرل فنانس، ٹرانزیکشن بینکنگ، کیش مینجمنٹ، ڈیجیٹل بینکنگ، بین الاقوامی تجارت اور ترسیلات زر وغیرہ۔ بینک کے ذیلی ادارے اپنے صارفین کو کئی ایپلیکیشنز، مضاربہ، فنڈ مینجمنٹ اور سیکیورٹیز بروکر کی خدمات سمیت مالیاتی خدمات پیش کرتے ہیں۔

بورڈ کی طرف سے گورننس اور ذمہ داری

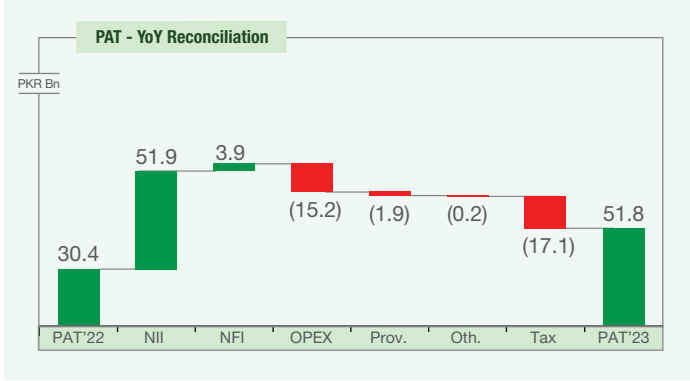
پورے سال کے دوران، بورڈ نے موثر قیادت اور اسٹریٹجک بصیرت فراہم کرتے ہوئے ذمہ داری کے اپنے کردار کو انجام دینے پر توجہ مرکوز رکھی۔ بورڈ کے کام کاج کا تقابلی جائزہ اس رپورٹ کے کارپوریٹ گورننس سیکشن میں دیا گیا ہے۔ اس کے علاوہ، لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) کے ضوابط، 2019، اور پبلک سیکٹر کمپنیز (کارپوریٹ گورننس) رولز، 2013 کی تعمیل کے بارے میں الگ سے ایک بیان دیا گیا ہے۔ بہتر کارپوریٹ گورننس کے لیے، بورڈ نے کمیٹیاں تشکیل دی ہیں، جن میں فی الحال شامل ہیں

1. بورڈ آڈٹ کمیٹی
2. بورڈ رسک اینڈ کمپلائنس کمیٹی
3. بورڈ HR اور معاوضے کی کمیٹی
4. بورڈ ٹیکنالوجی اور ڈیجیٹلائزیشن کمیٹی
5. بورڈ انکلوژیو ڈیولپمنٹ کمیٹی
6. NBP - نیو یارک گورننس کونسل (سب کمیٹی برائے بورڈ رسک اینڈ کمپلائنس کمیٹی)

بورڈ کمیٹیاں بورڈ کی طرف سے منظور شدہ اپنے متعلقہ ٹرمز آف ریلنس (ٹی او آر) کے مطابق کام کرتی ہیں۔ ہر کمیٹی کے کاموں کی مختصر تفصیل اس رپورٹ کے کارپوریٹ گورننس سیکشن میں دی گئی ہے۔



نیٹ ورک کو 50 سے 150 تک بڑھا دیا ہے اور 2024 کے آخر تک اسے مزید 250 تک بڑھانے کے لیے پرعزم ہے۔ 8.2 بلین روپے کی کل آپریٹنگ آمدنی کے ساتھ (سالانہ 48 فیصد اضافہ) اسلامی بینکنگ آپریشنز نے 3.53 بلین روپے کا قبل از ٹیکس منافع حاصل کیا، جو کہ سالانہ 53.6% کی زبردست نمو کو ظاہر کرتا ہے۔ وفاقی شرعی عدالت کے فیصلے کی روشنی میں، NBPAitemaad نے روایتی مصنوعات کو شرعی لحاظ سے تبدیل کرنے کا منصوبہ شروع کیا ہے۔



منافع کا اختصار

بورڈ شیئر ہولڈرز پر اعلیٰ افراط زر کے اثرات سے پوری طرح باخبر اور باخبر ہے، جن میں سے بہت سے منافع حاصل کرنے کے منتظر ہیں۔ ہم اپنے شیئر ہولڈرز کو یقین دلاتے ہیں کہ ہمارے ڈیویڈنڈ کی ادائیگی کے فیصلے خالصتاً معاشی ماحول، ریگولیٹری رہنمائی اور بینک کے مالی استحکام کی عکاسی کرتے ہیں۔ ایک مضبوط بیلنس شیٹ اور کیپٹل پوزیشن کا مطلب ہے کہ آپ کا بینک طویل مدت میں بہتر اور پائیدار نتائج فراہم کرنے کے لیے اچھی طرح سے تیار ہے۔

بورڈ نے تفصیلی جائزہ لیا کہ آیا نقد منافع کی سفارش کی جانی چاہیے یا نہیں۔ تاہم، پنشن کیس اور دیگر ہنگامی حالات کے ممکنہ اثرات، بورڈ کے لیے اب بھی تنویر کا باعث بنے ہوئے ہیں۔ اس کے مطابق، وقتی طور پر منافع کو برقرار رکھنا دانش مندی سمجھا جاتا ہے اور پوزیشن واضح ہونے کے بعد بینک بعد کے مرحلے میں ڈیویڈنڈ کے اعلان پر غور کر سکتا ہے۔ اس طرح، بورڈ سال 2023 کے لیے کسی ڈیویڈنڈ کی سفارش نہیں کرتا ہے۔ 2022 کے جمع شدہ منافع کو آگے بڑھانے کے بعد 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے منافع کو درج ذیل انداز سے مختص کرنے کی تجویز کرتا ہے

(ملین روپے)

51,840.5

172,511.7

(595.3)

181.5

223,938.4

(5,184.0)

218,754.4

31 دسمبر 2023 کو ختم ہونے والے سال کے لیے بعد از ٹیکس منافع

خیر تصرف شدہ آگے لایا جانے والا منافع

دیگر جامع آمدنی - بعد از ٹیکس

بائد اثاثوں کی نظر ثانی شدہ قدر کی وجہ سے

ذخائر سے منتقلی - بعد از ٹیکس

تصرف کے لیے دستیاب منافع

تصرف:

قانونی ذخائر میں منتقلی

خیر تصرف شدہ منافع (کیری فارورڈ):

بینک کے مجموعی قرضے اور ایڈوانسز 1,631.7 بلین روپے رہے جو کہ 13.4% یا 193.1 بلین روپے کے مجموعی اضافہ کو ظاہر کرتا ہے۔ جبکہ خالص ایڈوانسز 1,398.1 بلین روپے رہے۔ بینک کی زیادہ تر مصنوعات بشمول کارپوریٹ، اجناس، زراعت اور اسلامی میں پیشرفت ہوئی۔ نتیجتاً ایڈوانسز ٹو ڈپازٹ کا تناسب 2023 آخر میں 44.4 فیصد (54.0%: 2022) رہا۔ غیر فعال قرضوں میں 7.6 فیصد کا اضافہ ریکارڈ کیا گیا اور ان کی رقم 220.8 بلین روپے (205.3: 2022) بلین روپے) ہو گئی۔ 203.6 بلین روپے مخصوص پروویڈنز کے ساتھ NPL کو ریج کا تناسب 92.2% پر بلند رہا۔

بینک کی سرمایہ کاری (قیمت پر) 4,393.9 بلین روپے (3,509.0: 2022) بلین روپے) رہی جس کی مالیت 4,403.4 بلین روپے (3,477.4: 2022) بلین روپے) تھی۔ ایک مؤثر سپیڈ اور اسود کی شرح کے خطرے اور لیکویڈیٹی مینجمنٹ کی حکمت عملی کے مطابق، بینک زیر و سرک کے حامل GoP آلات، زیادہ منافع بخش ایکویٹیز اور دیگر سود برداشت کرنے والے مالیاتی اثاثوں پر سود کے حساس میچورٹی پیئرن کے ساتھ متنوع سرمایہ کاری کا پورٹ فولیو برقرار رکھے ہوئے ہے۔ شرح سود کے موجودہ منظر نامے اور شرح کی توقعات میں، ہماری سرمایہ کاری کی کتاب بنیادی طور پر ایک مختصر مدتی میچورٹی پروفائل رکھتی ہے جس میں 93 فیصد سرمایہ کاری دستیاب برائے فروخت کے زمرے میں آتی ہے۔

31 دسمبر 2023 تک بینک کے پاس کل ڈپازٹس 3,674.4 بلین روپے تھے جو 2022 کے آخر میں 2,666.2 بلین روپے تھے۔ بینک کی فنڈنگ کا بڑا حصہ منگی کٹرز ڈپازٹس سے آتا ہے جو کل ڈپازٹس کا 86.2% حصہ بنتے ہیں۔ کرنٹ ڈپازٹس 1,970.5 بلین روپے یا کل ڈپازٹس کے 53.6% کے ساتھ، بینک ایک مضبوط لیکویڈیٹی پروفائل کو برقرار رکھتا ہے۔ بینک نے اپنے CASA تناسب کو 78.8 فیصد پر برقرار رکھا۔ مالی کارکردگی اور دیگر تقابلی ترقی کی تفصیلی کوریج بھی اس سالانہ رپورٹ میں دی گئی ہے۔ بینک کے پاس اپنی تمام مالی ذمہ داریوں کو پورا کرنے کے لیے کافی وسائل ہیں اور اس نے کسی قرض یا دیگر مالی ذمہ داریوں کی ادائیگی میں ڈیفالٹ نہیں کیا ہے۔

اسلامی بینکنگ

اسلامی بینکنگ کا کاروبار بینک کے اندر تیزی سے ترقی کرنے والے شعبوں میں سے ایک ہے۔ NBPAitemaad کے کل اثاثے 2023 کے آخر میں 140.2 بلین روپے ہو گئے جو 2022 کے آخر میں 109.3 بلین روپے سے بڑھ کر 28.2% سالانہ کی نمایاں نمو ریکارڈ کر رہے ہیں۔ جبکہ، کل کمانے والے اثاثوں نے 2022 کے آخر میں 101.0 بلین روپے کے مقابلے 125.4 بلین روپے تک 24.3% YoY اضافہ ریکارڈ کیا۔ NBPAitemaad بڑے ٹکٹ والے کارپوریٹ سودوں سے لے کر ریٹیل ڈپازٹس اور کمزیر فنانس تک بینکنگ مصنوعات کا پورا اسپیکٹرم پیش کرتا ہے۔ NBPAitemaad نے 2023 کے آخر میں 113.8 بلین روپے پر ڈپازٹ محفوظ کیے، جو سالانہ 93.6 بلین روپے کے مقابلے میں 22% ترقی کو ظاہر کرتا ہے، جبکہ CASA کی نمو 27% سالانہ تھی۔ 2023 کے اختتام پر، کل ڈپازٹ صارفین 250,000 تھے، جو کہ 12% کا سالانہ اضافہ ظاہر کرتا ہے۔ اسلامی بینکاری کے فروغ کے لیے اپنی حکمت عملی کے مطابق بینک نے سال کے دوران اسلامی بینکنگ ونڈوز

بینکنگ شعبہ کی کارکردگی

سال کے لیے آپریٹنگ اور دیگر اخراجات 93.3 بلین تھے جو کہ سالانہ 19.5% اضافہ کا مظہر کرتا ہے۔ انسانی وسائل پر اخراجات جو کل آپریٹنگ اخراجات کا تقریباً 60.4 فیصد بنتے ہیں، کی رقم 56.4 بلین روپے ہے یعنی 2022 کے 48.8 بلین روپے کے مقابلے میں 15.5 فیصد زیادہ ہے۔ 7.6 بلین روپے کا اضافہ بنیادی طور پر 3.56 بلین روپے کے متعین فائدہ کے منصوبہ کے اکاؤنٹ پر اضافے کی وجہ ہوا۔

بینک اپنے کاروباری احاطے کی بہتری اور دیکھ بھال میں مناسب فنڈز لگاتا ہے، اپنی افرادی قوت اور صارفین کو کام کا ایک محفوظ اور صحت مند ماحول فراہم کرتا ہے۔ اس سال بینک نے اپنے کاروباری احاطے کی مرمت اور دیکھ بھال پر 1.5 بلین روپے خرچ کیے۔ مجموعی طور پر جائیداد سے متعلق اخراجات 12.2 بلین روپے تھے، جو پچھلے سال کے مقابلے میں 13.7% زیادہ ہے۔ چونکہ انفارمیشن ٹیکنالوجی اپنے اسٹریٹجک اہداف کے حصول کے لیے بینک کے لیے اہم ہے، اس لیے بینک اپنی بنیادی بینکنگ ایپلی کیشن، سسٹمز، اور ایپلی کیشنز کے فن تعمیر کو اپ گریڈ کرنے میں سرمایہ کاری کرتا رہتا ہے۔ 2023 میں، بینک نے 2.8 بلین روپے سافٹ ویئر کی دیکھ بھال پر اور 0.9 بلین روپے نیٹ ورک کو بڑھانے پر خرچ کیا۔ ممکنہ تنازع کے خلاف بینک کی ٹینٹس شیٹ کو دہانے کے لیے بینک کی دانشمندانہ حکمت عملی کے مطابق، 14.5 بلین روپے تصرف کیے گئے ہیں، جن میں سے 13.4 بلین روپے ایڈوائسز کے لیے (زیادہ تر بعض شعبوں کے دباؤ سے منسلک کریڈٹ کے خطرات کے پیش نظر واضح ہو رہے ہیں) اور 0.5 بلین روپے سرمایہ کاری کے بارے میں تصرفات ہیں۔ نتیجتاً، ٹیکس سے پہلے کا منافع 101.3 بلین روپے رہا جو کہ پچھلے سال کے 62.7 بلین روپے سے 61.4% زیادہ ہے۔ 48.8% موثر ٹیکس کی شرح (51.5%: 2022) کے ساتھ اس سال کے لیے ٹیکس چارج 49.4 بلین روپے ہے نتیجتاً بینک کا بعد از ٹیکس منافع 51.8 بلین روپے پر بند ہوا جو پچھلے سال کے 30.4 بلین روپے سے 70.5% زیادہ ہے۔

بیلنس شیٹ کی بہتری

سال کے آخر میں بینک کے کل اثاثے 6,652.7 بلین روپے پر بند ہوئے جو کہ 2022 کے آخر کے 5,240.4 بلین روپے سے 26.9% کا نمایاں اضافہ ظاہر کرتے ہیں۔ سرمایہ اور ریزرو 2022 کے آخر کے 300.8 بلین روپے کے مقابلے میں 81.9 بلین روپے یعنی 27.2% کے اضافے کے ساتھ 31 دسمبر 2023 کو 382.8 بلین روپے رہے۔

(ارب روپے)

نمبر	نمایاں جزو	2023	2022	بہتری
1	سرملہ کاری - نیٹ	4,403.4	3,477.4	26.6%
2	ایڈوائسز - نیٹ	1,398.1	1,230.5	13.6%
3	کل اثاثے	6,652.7	5,240.4	26.9%
4	لیاؤنس	3,674.4	2,666.2	37.8%
5	قرضیات	2,177.7	1,940.5	12.2%
6	نیٹ اثاثے	382.8	300.8	27.2%
7	بریک اپ بائی ٹی سم	179.9	141.4	27.2%
8	کل آمدنی (کل اثاثے)	140.2	109.3	28.2%

سازگار اقتصادی ماحول، بلند شرح سود کا ماحول، اور معاشی نقطہ نظر کو بہتر بنانے سے بینکنگ انڈسٹری کو 2023 کے دوران منافع میں مضبوط ترقی حاصل کرنے میں مدد ملی ہے، جس میں اثاثوں اور ڈپازٹس میں اضافہ بھی شامل ہے۔

تاہم، ایسا سرکاری بانڈز میں ارتکاز کی بدولت ہوا جو کل بینکنگ اثاثوں کا 42% بنتا ہے۔ اس کے مطابق مجموعی طور پر کریڈٹ کا معیار بہتر ہو رہا ہے اور 2024 میں وسیع پیمانے پر مالیاتی پالیسی میں متوقع ترقی غیر فعال قرضوں کو ان کے کرنے کے رجحان کے وقت سہارا دے گی۔ جی ڈی پی کی نمو، افراط زر اور شرح سود کے لیے روشن نقطہ نظر کی وجہ سے قرض کی غنومی تیزی آنے کی۔ سینٹرل بینک نے جولائی 2023 سے پالیسی ریٹ کو 22% پر برقرار رکھا ہے۔ مارکیٹ کو توقع ہے کہ پالیسی ریٹ 2024 کے آخر تک کافی حد تک کم ہو جائے گا، جس سے قرض کی لاگت میں کمی آنے کی اور کریڈٹ کے ذریعے مالیاتی نمو کے لیے کارپوریٹ سیکٹر کی طلب بڑھے گی۔

اسٹیٹ بینک کی ہدایات کے مطابق 01 جنوری 2024 سے IFRS9 نافذ شدہ ہے۔ اس کے نتیجے میں (i) موجودہ مالیاتی اثاثوں پر ایکویٹی کے ذریعے، ایک بار پر دویشن کی فراہمی، اور (ii) اثاثوں کی کتاب کے معیار کے سلسلے میں شمار کی جانے والی انادی کریڈٹ لاگت، بعض سرمایہ کاری کی دوبارہ درجہ بندی ہو سکتی ہے۔ تاہم اسٹیٹ بینک کی ہدایات کے مطابق، بینکوں کے سرمائے کی مناسبت کے تناسب پر کسی بڑے اثر کی توقع نہیں ہے۔

2023 میں مضبوط مالیاتی کارکردگی

مستقل چیلنجنگ ماحول کے باوجود، بینک نے 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے مضبوط مالیاتی نتائج پیش کیے ہیں۔ زیر جائزہ سال کے لیے، بینک نے 51.8 بلین روپے کا بعد از ٹیکس منافع ریکارڈ کیا ہے۔

منافع (ارب روپے)

ملین امریکی	2023	2022	بہتری (امری)
ناس - سٹی آمدنی	168.7	116.8	44.4%
خرچہ آمدنی	40.6	36.7	10.7%
کل آمدنی	209.3	153.5	36.4%
انکوائی اخراجات	93.3	78.1	19.5%
کل اخراجات	115.7	75.3	53.6%
سود	14.5	12.6	14.8%
کل اخراجات	101.3	62.7	61.4%
ٹیکس	49.4	32.3	52.9%
بعد از ٹیکس منافع	51.8	30.4	70.5%
ٹی ٹیکس آمدنی (روپے)	24.37	14.29	70.5%

بلند ترواوسط پالیسی کی شرحوں کے ساتھ ساتھ سود کے حامل اثاثوں میں بڑھتی ہوئی نمو کے پس منظر میں، بینک نے 1,024.7 بلین روپے کی مجموعی سودی آمدنی پیدا کی جو پچھلے سال کے 503.3 بلین روپے سے دہائی سے زیادہ ہے۔ اسی طرح، سود مارک اپ اخراجات 855.9 بلین روپے تھے، جن میں سے 365.1 بلین روپے یا 43% جمع کنندگان کو ادا کیے گئے۔ نتیجتاً، خاص سود مارک اپ آمدنی 168.7 بلین روپے پر بند ہوئی جو کہ پچھلے سال سے 44.4% زیادہ ہے۔ سال کے دوران ایک چیلنجنگ تجارتی کاروباری ماحول کے باوجود بینک نے اپنے نان مارک اپ سود "NFI" کی آمدنی میں 10.7% اضافہ حاصل کیا جو پچھلے سال کے 36.7 بلین روپے کے مقابلے میں 3.9 بلین روپے کے اضافے سے 40.6 بلین روپے رہی۔ اس طرح بینک کا کل ریونیو سال 2022 کے 153.5 بلین روپے کے مقابلے میں 36.4% کے اضافے سے 209.3 بلین روپے رہا۔

ڈائریکٹرز کی شیئر ہولڈرز کو رپورٹ

انفرادی مالیاتی گوشوارے

محترم شیئر ہولڈرز

ہم بورڈ آف ڈائریکٹرز کی جانب سے، 31 دسمبر 2023 کو ختم ہونے والی مدت کے لئے بینک کی سالانہ رپورٹ 31 دسمبر 2023 کے آڈٹ شدہ مالیاتی گوشوارے اور اس پر خود مختار آڈیٹر کی رپورٹ آپ کے سامنے پیش کرنے میں خوشی محسوس کر رہے ہیں۔ اکاؤنٹس کی مناسب کتاہیں برقرار رکھی گئی ہیں اور یہ مالیاتی گوشوارے بینک کی حالت، اس کے آپریشنز کا نتیجہ، کیش فلو اور سال کے دوران ایکویٹی میں آنے والی تبدیلیاں منصفانہ طور پر پیش کرتے ہیں۔

آپریشنز کا تناظر

عالمی سطح پر، حالیہ سہ ماہی میں معاشی ترقی جزوی طور پر غیر مستحکم رہی ہے۔ کچھ حد تک، عالمی غموں میں سست روی کار حجان مالیاتی پالیسی میں سخت ہونے اور بینکاری سے بند آزما ہونے کے مقصد کے ساتھ قرض دینے کی محدود حکمت عملیوں کے اثرات کی عکاسی کرتا ہے۔ جبکہ COVID-19 کی وجہ سے فراہمی کا دباؤ آہستہ آہستہ کم ہوا ہے، سرحد پار تجارتی سرگرمی نازک ہے، زیادہ تر علاقوں میں افراط زر مرکزی بینک کے اہداف سے اوپر ہے اور ترقی پذیر معیشتوں اور منحنی ترقی کے شکار ممالک کے لئے معاشی حالات چیلنجنگ رہے۔ ترقی یافتہ معیشتوں میں افراط زر کے رجحان میں اضافہ ہوا ہے۔

آگے بڑھتے ہوئے، توقع سے زیادہ تیزی سے افراط زر میں اعتدال کے آثار مالی حالات میں نرمی اور عالمی غموں کے خطرات کو وسیع پیمانے پر متوازن کرنے کا باعث بن سکتے ہیں۔ ترقی یافتہ معیشتوں میں بینکاری کے سبب رجحان کی بدولت اس حقیقت کو فروغ ملا ہے کہ زیادہ تر بڑے مرکزی بینک یا تو اپنے سخت دور کے اختتام کو پہنچ چکے ہیں یا عروج کے قریب ہیں۔ ورلڈ بینک نے حال ہی میں 2024 میں عالمی شرح نمو 3.1 فیصد اور 2025 میں 3.2 فیصد رہنے کا اندازہ لگایا ہے، 2024 کی پیش گوئی کے ساتھ، کئی بڑی معیشتوں اور ترقی پذیر معیشتوں میں توقع سے زیادہ لچک کی وجہ سے شرح نمو اکتوبر 2023 کے تخمینوں سے 0.2 فیصد زیادہ (2019-2020 کی تاریخی اوسط سے کم) ہے۔

پاکستان کی معیشت: مالی سال 2024 کے پہلے نصف حصے میں، معاشی حالات میں بتدریج بہتری آئی ہے جس کی وجہ سے مشکل مالی سال 2023 کے مقابلے میں مجموعی معاشی سرگرمیوں میں دوبارہ اس مستقل اضافے کے نتیجے میں مالی سال 2024 کے پہلے نصف حصے میں جی ڈی پی میں نمو 2.1 فیصد سے اوپر کی بہتری آئی ہے، جس میں دوسرے نصف حصے میں اور اس کے بعد مسلسل ترقی کی توقعات ہیں۔ 2023 میں، حکام نے ایندھن، بجلی اور قدرتی گیس کی قیمتوں کو اخراجات کے قریب لانے کے لئے مشکل اقدامات کیے۔ یہ مناسب ہے کہ ایس بی پی اس بات کو یقینی بنانے کے لئے سخت موقف برقرار رکھے کہ

آئی ایم ایف پروگرام اور دیگر دو طرفہ انتظامات کے تحت پاکستان کی کارکردگی مالی سال 22-2023 میں نمایاں جھٹکوں کے بعد مارکیٹ میں اعتماد اور شرح مبادلہ میں استحکام فراہم کر رہی ہے۔ پاکستان کے کل مائع زر مبادلہ کے ذخائر 29 جنوری 2024 کو بڑھ کر 13.2 بلین ڈالر ہو گئے، ایس بی پی کے ذخائر 8.2 بلین ڈالر اور تجارتی بینکوں کے ذخائر 5.0 بلین ڈالر پر رہے، جبکہ تبادلہ کی شرح بڑے پیمانے پر مستحکم ہے۔ مالی سال 2024 میں کرنٹ اکاؤنٹ خسارہ بڑھ کر جی ڈی پی کے تقریباً 1.5 فیصد تک پہنچنے کی توقع ہے کیونکہ ریکوری کا عمل جاری ہے۔ مالیاتی محاذ پر، آمدنی کی حوصلہ افزا کارکردگی کے باوجود، مارک اپ کے زیادہ اخراجات کی وجہ سے، اخراجات کی طرف دباؤ میں رہتا ہے۔ تاہم، غیر سودی اخراجات کو کنٹرول کرنے کے حکومتی اقدامات بنیادی سرپلس کو بہتر بنانے میں مدد کر رہے ہیں۔ مجموعی مالیاتی خسارہ جی ڈی پی کے 2.3 فیصد تک بڑھ گیا ہے، جب کہ جولائی تا دسمبر مالی سال 2024 کے دوران بنیادی سرپلس جی ڈی پی کے 1.7 فیصد سے بہتر ہوا ہے۔ محصولات کی وصولی میں 46 فیصد کا اضافہ دیکھا گیا، جو کہ نان ٹیکس وصولی میں 100 فیصد سے زائد اضافے سے ہوا جب کہ ٹیکس محصولات میں 30 فیصد اضافہ ہوا۔ اگرچہ اعلیٰ مارک اپ ادا کیلیوں کا چیلنج جاری ہے، مالی سال 2024 کے آخر تک پائیدار مالیاتی کھاتوں کو یقینی بنانے کے لیے کفایت شعاری کے اقدامات پر عمل درآمد کیا جا رہا ہے۔

پاکستان اسٹاک ایکسچینج: کراچی اسٹاک ایکسچینج 100 انڈیکس نے، 2023 میں ایٹھا کی نمایاں منڈیوں میں بہترین کارکردگی کا مظاہرہ کرتے ہوئے، 60 فیصد سے زیادہ اضافہ کیا۔ 2023 پاکستان اسٹاک ایکسچینج (PSX) کے لیے تبدیلی کے سال کے طور پر ابھرا کیونکہ کراچی اسٹاک ایکسچینج 100 انڈیکس نے نئی بلند یوں کو چھو لیا اور ملک میں بہترین کارکردگی کا مظاہرہ کرنے والی اثاثہ کلاس کے طور پر ابھرا، جس کی بنیاد 12 ماہ کی مدت میں (روپے کے لحاظ سے) تقریباً 55% کی بحالی کی۔ کراچی اسٹاک ایکسچینج 100 انڈیکس کیلینڈر سال 2023 میں 22,031 پوائنٹس یا تقریباً 55% کے اضافے کے ساتھ 62,451.04 پر ختم ہوئی۔ سیاسی محاذ پر واضح ہونے اور نئی منتخب حکومت کے جلد قائم ہونے کے ساتھ، کاروباری اعتماد اور سرمایہ کاری کے ماحول میں بتدریج بہتری کی توقع ہے۔

PROFILE OF SHARIAH BOARD

Mufti Ehsan Waquar

Chairman Shariah Board

Mufti Ehsan has a diversified cross-functional management experience in Islamic Finance, Business Management and Operations, Project Management and Administration for more than two decades. He has hands-on experience of people and projects management, with a rich experience of working with board of directors and senior management of banks, regulators, auditors and legal counsels.

Alhamdulillah, he exclusively serves the Islamic Financial Industry with institutions like World Bank-IFC, National Bank of Pakistan, ABL, Soneri Bank, NAFA, Askari General Insurance Company Takaful Window (AGICO), Emirates Global Islamic Bank, Al Baraka Bank Pakistan, UBL, Yasaar Ltd.-UAE & UK, Minhaj Advisory-UAE, Arif Habib for more than a decade now. He also serves as Member Shariah Advisory Committee (SAC) at Security Exchange Commission of Pakistan (SECP). He has structured several Sukuk including the largest Sukuk in Pakistan; a hundred billion Sukuk for Neelum Jhelum Hydro Power, Fatima Fertilizer, Fauji Fertilizer, Sitara Energy, Sitara Peroxide and IBL.

He also served as member of the Technical Committee for Developing Accounting & Auditing Standards for Islamic Financial Institution at Institute of Chartered Accountants of Pakistan (ICAP). As member of SAF at State Bank of Pakistan (SBP), he worked actively with SBP in matters pertaining to Islamic Banks including Tawarruq, Commodity Murabahah, Treasury, Trade Finance, Agricultural Financing Products and drafting of Shariah Standard on Shirkat-ul-Milk usually used for Housing Finance. At ESAAC (Ehsan Shariah Advisors and Consultants Private Limited), where he is the Chief Executive Officer and has the privilege to work on a project of World Bank-IFC for developing Islamic Re-Mortgage Finance. He has also worked with SECP team on Takaful Rules 2012 with its insurance division.

He possesses a unique combination of religious and contemporary education that is very relevant to Islamic Banking. He has strong communication skills combined with knowledge of several languages. He graduated and accomplished Masters in Business

Administration (MBA) with specialisation in Finance and Masters in Economics (MA) from IoBM and Karachi University respectively. He also completed traditional Islamic studies and graduated as a Mufti, achieving Masters in Islamic Studies (MA) and specialising in Islamic Jurisprudence (PGD-Mufti) from a leading Islamic School in Pakistan, Jamia-Tur-Rasheed. He has also accomplished Bachelors in Law and Legislation (LLB). This unique blend of educational combination gives him an edge upon many others to understand, correlate and align modern day banking practices with Shariah principles. Beside this, he conducts courses and sessions on Islamic Banking, Capital Markets, Derivatives, Takaful and Risk Management in renowned Business schools like CBM, IBA and KUBS.

Dr. Mufti Khalil Aazami

Shariah Board Member

Dr. Aazami graduated from Jamia Darul Uloom, Karachi. He obtained Shahadat-ul-Aalamia (Masters in Arabic and Islamic Studies) and Al-T'akhas-us-fil-Iftaa' (Specialisation in Islamic Jurisprudence and Fatwa) from Jamia Darul Uloom, Karachi and holds a Doctorate degree in 'Islamic Jurisprudence' from Karachi University. He is also serving as a Chairman Shariah Board of Bank-Alfalah, Member Shariah Board of Faisal Bank and Shariah Advisor of Alfalah Insurance Window Takaful.

Dr. Aazami has 24 years of research experience related to Islamic Finance and other Shariah related subjects. He is an author of numerous publications. He is also an experienced lecturer and trainer in the field of Islamic Finance, Economics, Fiqh, Islamic Financial Laws and General Islamic Science. He is involved as Faculty member, – Jamia Darul Uloom, Karachi since 1999 and has been associated with the Centre for Islamic Economics, Karachi, National Institute of Banking and Finance – SBP and Sheikh Zaid Islamic Research Centre – University of Karachi.

Mufti Muhammad Imran

Resident Shariah Board Member

Mufti Muhammad Imran, working with NBP since May 2016, is a qualified Shariah Scholar and experienced Islamic banker with knowledge of Islamic banking & finance. His educational qualification includes Takhas-us-fil-Fiqh, MIBF & PGD (Islamic Banking & Finance) and M.A (Islamic Studies) and he has been associated with different Research, Fatawa and Educational Institutions since 2003 and has over 13 years of banking, Islamic Banking Trainings, Shariah Compliance, review & product development experience. His research includes:

- Qard & Dain me Farq Al Taeyseer fee Hukm-e-Al Tasweer
- Ahkam-ul-Zakah
- Asshya-e-sittah
- Shoroot-e-Ayemmah Khamsah
- Shoroot-e-Ayemmah Sittah
- Preference Shares – A Shariah Compliant Malaysian Model

Mufti Sajjad Ashraf Usmani

Shariah Board Member

Mufti Sajjad Usmani is a qualified CSAA (Certified Shariah Advisor & Auditor) from AAOIFI (Accounting and Auditing Organisation for Islamic Financial Institutions, Bahrain), Takhas-us-Fil-Ifta (Specialization in Islamic Jurisprudence and Fatwa) and Dars-e-Nizami/Shahadat-ul-Aalamia from Jamia Dar-ul-Uloom, Karachi and a certified anatomist of Sukuk, Islamic Banking & Finance. He is a seasoned professional with over 14 & 10 years of working experience from writing Fatawa to serving as a Shariah Advisor of the leading financial institutions of Pakistan respectively.

He has blend experience of providing Shariah consultancy to three (3) Takaful Companies as Shariah Advisor since 2015 and also served as Shariah Advisor

of the Tier 2 Mudarabah Sukuk issued by Meezan Bank Limited.

He also has 8 years' working experience with leading Auditing firms like A.F.F (PWC) & Deloitte Pakistan, as a Shariah Consultant & Head of Shariah Audit and has supervised various Shariah Audits of renowned Islamic Banks, Takaful Companies and Sukuks under the audit firm's umbrella. He knows the practical problems being faced by the Islamic Financial Institution.

He is a teacher of Hadith and Fiqh (Islamic Jurisprudence) at Jamia Dar-ul-Uloom, Karachi besides teaching in various leading Islamic educational institutions like IBA CEIF & Center for Islamic Economics since 2011.

Mufti Muhammad Ahmed Khan

Shariah Board Member

Mufti Muhammad Ahmad is a qualified CSAA (Certified Shariah Advisor & Auditor) from AAOIFI (Accounting and Auditing Organisation for Islamic Financial Institutions, Bahrain), Takhas-us-fil-Fiqh il Muamalat Almaliyyah (Specialization in Islamic Commercial Jurisprudence and Fatwa) from Jamia Tur Rasheed, Dars-e-Nizami/Shahadat-ul-Aalamia from Wifaq ul Madaris Alarabia and Masters in Economics from University of Karachi. He also holds a Ph. D in Islamic Banking and Finance from Karachi University.

He has more than seven years' of experience working in the Islamic Banking Industry and has contributed extensively by actively participating Shariah deliberations on multiples issues. He has about ten years' of experience in Teaching, research and giving Fatawa. He has written about three hundred fatawas regarding ibadat, trade, banking, finance, inheritance, marriage, divorce etc. He has also conducted in-depth research of several practical issues in Islamic Banking from Shariah aspect. He has a vast experience of conducting Islamic Banking Trainings.

He also teaches Islamic Jurisprudence and Islamic creed at Alburhan Institute Islamabad.

SHARIAH BOARD'S ANNUAL REPORT NBP AITEMAAD - 2023

بسم الله الرحمن الرحيم

الحمد لله رب العالمين والصلاة والسلام على سيد الانبياء والمرسلين وعلى آله وصحبه اجمعين اما بعد

The Board of Directors (BoD) of National Bank of Pakistan (NBP) have entrusted the Shariah Board (SB) with the task to assess the overall Shariah compliance level and environment within NBP Aitemaad Islamic Banking. The objective of the report is to present a view about the overall Shariah compliance level and environment within NBP Aitemaad Islamic Banking.

In our role as the Shariah Board, we have assessed the overall Shariah compliance level and environment within the NBP Aitemaad Islamic Banking as of December 31, 2023.

Shariah Board Opinion

While BoD and Executive Management are solely responsible to ensure that the operations of NBP –Aitemaad Islamic Banking are conducted in a manner that comply with Shariah principles at all times, we are required to submit a report on the overall Shariah compliance environment of NBP – Aitemaad Islamic Banking.

To form our opinion as expressed in this report, the Shariah Compliance Department of the bank carried out reviews, on test check basis, of each class of transactions, the relevant documentation and process flows. Further, we have also reviewed the reports of the internal Shariah audit and external Shariah audit. Based on above, we are of the view that:

1. Compliance with Directives issued by Shariah Board

NBP Aitemaad's overall environment, products, and agreements comply with the Shariah directives issued by Shariah Board.

2. Compliance with Shariah related regulatory directives issued by State Bank of Pakistan (SBP)

The management ensures zero tolerance for instances of Shariah non-compliance in accordance with SBP directives. To underscore this commitment, NBP Aitemaad has incorporated a dedicated Shariah Non-Compliance key performance indicator within the staff appraisal system.

3. Shariah Compliance Mechanism

Alhamdulillah, NBP-Aitemaad Islamic Banking already had a comprehensive Shariah Compliance Policy and extensive checklist for Shariah compliance review of the transactions in line with Shariah principles.

This year, the SCD has revisited the mechanism and refined the policy and manual based on the past experiences and feedback of SCD's field functionaries.

4. Mechanism ensuring prohibited Income to Charity Account

NBP-Aitemaad Islamic Banking has a well-defined charity policy and charity manual approved by NBP Shariah Board and BoD. Shariah Compliance review and Internal Shariah Audit specifically covered financing transactions, while also extending to other revenue generating sources, such as investments and treasury transactions.

During the Shariah Review of financing portfolio, no transaction was classified for charity.

While, during the year, Rupees Nine Million, sixty-six thousand, six hundred fifty (9,066,650) was collected on account of late payments and deposited in the Charity Account.

Charity Fund – 2023	Rupees in '000
Opening Balance	202.51
Received from customers on account of delayed payment (2023)	9,066.65
Profit Paid During the year on Charity Accounts	99.36
Payments/utilization during the period	3000
Closing Balance	6,368.52

5. Profit and Loss Distribution and Pool Management

NBP Aitemaad Islamic Banking Pool Management Wing is staffed with adequate human resource ensuring compliance with the SBP and Shariah Board guidelines. The SCD undertakes a monthly review of profit and loss calculation prior to distribution among depositors, complimented by an annual Shariah compliance review of pool management. Further, Internal Shariah audit wing conducts a Shariah Audit of pool management on quarterly basis. These multiple layers of control have significantly reinforced the process of profit & loss distribution and overall pool management.

6. Staff and Customer understanding of Islamic Banking and Finance

The Bank has arranged Ninety-One (91) in house training sessions on different topics of Islamic Banking's basic concepts, products and services, and customer services where One Thousand Two Hundred and Thirty-Three (1,233) staff (including IBB staff and conventional staff designated to IBW) were trained during the year.

For addressing public queries related to Shariah and Islamic Banking, the Bank is managing an "ask Shariah" portal i.e. askshariah@nbp.com.pk. The Portal serves as a platform for staffs' on job training and guidance on their day-to-day operations and awareness of customer in the field of Islamic Banking.

7. Promotion and Awareness of Islamic Banking and Finance and other activities

SCD, in coordination with AIBG operations and marketing has initiated Islamic Banking awareness sessions for the promotion of Islamic Banking for general public. In this regard, total seven (7) awareness sessions were organized all over the country.

Apart from customer awareness sessions, SCD has also started giving guest lectures on Islamic Banking and Finance in different Universities and Madaris.

Other Awareness Activities:

Ramadan Awareness Sessions: SCD organised online Ramadan awareness sessions covering various topics related to Ramadan for both employees and customers. Distinguished speakers from the esteemed Shariah Board members contributed to these sessions. This initiative received a promising number of views across various social media platforms, reflecting its positive impact and engagement.

In addition, the Shariah Compliance Department (SCD), in collaboration with the Aitemaad Islamic Banking Group (AIBG), organised thought-provoking webinars for all NBP staff. These sessions centered on ethical banking practices, drawing insights from the Quran and Hadith, with the objective of enhancing ethical banking practices within the bank.

8. Provision of adequate resources to Shariah Compliance Department (SCD)

SCD, in order to operate with reasonable head counts, has initiated requisition request for staff hiring. As part of this, one Shariah Scholar has joined SCD during the year. Additionally, the hiring process for two more SCD staff is currently underway. SCD shall anticipate the requirement of staff in the department for future windows operations and conversions, and shall inform the management with the same.

9. Other Developments

i. Shariah Compliance Review (SCR) of Islamic Banking Branches and Departments

The Shariah Compliance Department has conducted review of 28 deposit branches, 46 Islamic Banking Windows (IBW),

treasury transactions, pool management and financing portfolio, on sample basis, during the calendar year. SCD has also reviewed the different marketing campaigns to ensure strict adherence with Shariah Board guidelines.

ii. Branch Network & Expansion

Alhamdulillah! The branch network of NBP Aitemaad stands at 188 dedicated Islamic banking branches and 150 Islamic Banking Windows (IBW). NBP has initiated the process to convert 50 conventional branches into Islamic and to open new 100 IBWs for the year 2024.

iii. Product Development

Alhamdulillah! NBP Aitemaad has a diversified range of products as it offers Seventeen (17) Deposit products, Nine (09) Financing products including Running Musharakah which was launched during the year with PKR 30 Billion disbursement. The Bank remains committed to provide 24/7 banking services for various market segments.

iv. Asset Review

The overall earning assets of NBP Aitemaad have increased by 25% amounting PKR 126.3 Billion in comparison with PKR 101.1 Billion of previous year. Total Financing has reached at PKR 74.6 Billion with an increase of 58.8% maintaining NBP Aitemaad's Finance to Deposit Ratio rounded to 65%. Total Investments including Bai Muajjal stood at PKR 51.7 Billion in comparison with PKR 54.1 Billion preceding year with a decrease of 4.3%.

v. Liability Review

Aitemaad total deposits have increased by 21.6% to PKR 113.8 Billion in comparison with PKR 93.6 Billion last year.

vi. Shariah Board Meetings

SB has conducted four (04) meetings during the year. Major SB approvals are summarized as below;

- Shariah Compliance Policy and Manual
- Aitmaad Hamsafar Auto Finance Policy and Manual (version 3.0)
- Marketing Manual
- Deposit Products Manual – Revision
- Prime Minister's Youth Business and Agriculture Finance Scheme (PMYBAF) – Manual
- Profit Subsidy and Risk Sharing Scheme for Farm Mechanization (PSRSSFM) – Manual
- Conversion Plan of NBP branches 2024
- IBWs Expansion Plan 2024
- ISAW Annual Plan 2024 and SCD Annual Plan 2023
- Standard Legal Documents of Financing Products
- Standard Security Documents
- Conventional Products Mapping with Islamic Modes
- Revision of SCR & ISAW Checklist of IBWs
- Alternate for Takaful Waiver
- Corrective Actions on SCD, ISAW & External Shariah Audit Reports
- Comments on Shariah Standards submitted to SBP

Recommendations

We recommend the Bank on the following matters:

1. The Bank has automated the liability side of the Core Banking whereas the asset side will be automated with CBA upgrade. This process needs to be prioritised in the execution.
2. Bank has implemented Shariah Compliant Staff Financing Policy (Housing Module) with limited features, we recommend to implement all remaining modules, along with Staff Auto Finance

والله سبحانه وتعالى اعلم
ربنا لا تؤاخذنا ان نسينا او اخطانا ربنا ولا تحمل علينا
اصرا كما حملته على الذين من قبلنا ربنا ولا تحملنا ما لا طاقة لنا به
واعف عنا ووقفه واغفر لنا ووقفه وارحمنا ووقفه انت مولنا فانصرنا على القوم الكافرين

May Almighty ALLAH grant us guidance to steadfastly adhere to Shariah principles in day-to-day operations, to absolve our mistakes and shortcomings, and may His blessings lead to the success of Islamic banking in Pakistan. Ameen.

MUFTI MUHAMMAD AHMED KHAN
Member Shariah Board

MUFTI MUHAMMAD SAJJAD USMANI
Member Shariah Board

MUFTI MUHAMMAD IMRAN
Resident Shariah Board Member

DR. MUFTI KHALIL AHMAD AAZAMI
Member Shariah Board

MUFTI EHSAN WAQUAR AHMAD
Member Shariah Board

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واعف عنا ووقفه واغفر لنا وقفه وارحمنا وقفه انت مولنا فانصرنا على القوم الكافرين

ہم اللہ تعالیٰ کے حضور دعا گو ہیں کہ وہ روزمرہ امور میں ہمیں رہنمائی اور ثابت قدمی عطا فرمائے تاکہ ہم خطاؤں اور کوتاہیوں سے بچ سکیں اور یہ کہ اللہ تعالیٰ کے فضل سے اسلامی بینکاری پاکستان میں مزید مستحکم ہو۔ آمین

مفتی محمد احمد خان
ممبر شریعہ بورڈ
این بی پی اعتماد

مفتی محمد سجاد عثمانی
ممبر شریعہ بورڈ
این بی پی اعتماد

مفتی محمد عمران
ریزیڈنٹ شریعہ بورڈ ممبر
این بی پی اعتماد

ڈاکٹر مفتی خلیل احمد اعظمی
ممبر شریعہ بورڈ
این بی پی اعتماد

مفتی احسان وقار احمد
چیرمین شریعہ بورڈ
این بی پی اعتماد

iii۔ مصنوعات سازی (پراڈکٹ ڈیولپمنٹ)

– (ISAW) پیک لسٹ پر نظر ثانی
– تعمیلی مصنوعات کی اسٹینڈرڈ قانونی دستاویزات
– اسٹینڈرڈ سکیورٹی دستاویزات
– "بیکفل اسٹینڈرڈ" کا متبادل
– شریعہ اسٹینڈرڈ پر تبصرہ، جو اسٹیٹ بینک میں جمع کرایا گیا
– ایس سی ڈی، آئی ایس اے ڈیو اور ایکٹرئل شریعہ آڈٹ کی رپورٹس پر اصلاحی اقدامات

iv۔ سرمایہ کاری کا جائزہ

این بی پی اعتماد کے کمانے والے مجموعی اثاثے گزشتہ سال کے مقابلے میں 25% کی شرح سے اضافے کے بعد تقریباً 126.3 بلین روپے تک پہنچ چکے ہیں جو پچھلے سال 101.1 بلین روپے تھے۔ ٹوٹل فناننگ 58.8% کے اضافے کے ساتھ تقریباً 74.6 بلین روپے تک پہنچ چکی ہے جس کی وجہ سے اعتماد اسلامک بینکنگ گروپ کا فنانشل ڈیپازٹ کا تناسب تقریباً 65% ہو گیا ہے۔ اس سال 4.3% کی شرح سے کمی کے ساتھ سرمایہ کاری کا حجم بشمول بیج مؤجل تقریباً 51.7 بلین روپے رہا جو کہ پچھلے سال 54.1 بلین روپے تھا۔

10۔ کھاتہ جات (ڈپازٹس) کا جائزہ

این بی پی اعتماد کا ڈپازٹ اس سال تقریباً 113.8 بلین روپے رہا جو پچھلے سال کے 93.6 بلین روپے کے مقابلے میں 21.6% کی شرح سے اضافہ ہے۔

11۔ شریعہ بورڈ کے اجتماعات (میٹنگز)

اس سال شریعہ بورڈ کی کل (4) میٹنگز منعقد ہوئیں۔ ان میں اہم منظور شدہ امور درج ذیل ہیں:

- شریعہ کمپلائنس پالیسی اور مینول
- اعتماد مسمفر آؤٹفانسیس پالیسی اور مینول (version 3.0)
- مارکیٹنگ مینول
- ڈپازٹ مصنوعات کا مینول – ترمیم
- وزیر اعظم فوجواں کاروباری اور زرعی قومیل، مینول
- رعایتی منافع پر زرعی مشینری اور رسک شیئرنگ اسکیم، مینول
- این بی پی کی براؤنچر کانورژن پلان، 2024
- آئی بی ڈیو (IBW) کی توسیع کا پلان، 2024
- آئی ایس اے ڈیو (ISAW) سالانہ پلان، 2024 اور ایس سی ڈی (SCD) سالانہ پلان، 2023
- رواجی مصنوعات کا اسلامی متبادل
- آئی بی ڈیو کے حوالے سے ایس سی آر (SCR) اور آئی ایس اے ڈیو

سناشات

بینک کے لیے ہماری سناشات درج ذیل ہیں:

1۔ بینک نے پول مینجمنٹ سسٹم کے ڈپازٹ والے حصے کو مکمل طور پر خود کار بنادیا گیا ہے تاہم تعمیلی و سرمایہ کاری والا حصہ "کوری بینکنگ" (CBA) میں بہتری کے ساتھ خود کار بنایا جائے گا۔ اس عمل کو ترجیحی بنیادوں پر مکمل کرنے کی ضرورت ہے۔

2۔ بینک نے اسلامی اسٹاف فنانسنگ پالیسی محدود خصوصیات (ہاؤسنگ فنانس) کے ساتھ نافذ کی ہے۔ ہم یہ سناش کرتے ہیں کہ بقیہ تمام خصوصیات کا بھی نفاذ کیا جائے بغیر اسٹاف آؤٹفانسیس۔

سے متعلق مختلف موضوعات پر مشتمل آن لائن رمضان آگاہی سیشنز منعقد کیے۔ شریعہ بورڈ کے معزز ممبران نے ان نشستوں میں اپنا حصہ ڈالا۔ یہ اقدام مختلف موثر میڈیا پلیٹ فارمز پر اچھی خاصی تعداد میں دیکھا گیا، جو اس کے مثبت اثرات اور مقبولیت کو ظاہر کرتا ہے۔

علاوہ ازیں، شریعہ کمپلائنس ڈپارٹمنٹ (ایس سی ڈی) نے اعتماد اسلامک بینکنگ گروپ (AIBG) کے ساتھ مل کر نیشنل بینک آف پاکستان (NBP) کے تمام عملے کے لئے فکرائیز سیمینارز منعقد کئے۔ ان سیشنز کا بنیادی موضوع قرآن اور حدیث کی روشنی میں بینکنگ نظام کے لئے اخلاقیات کی جانب رہنمائی کے ساتھ ساتھ، عملے کو ان کی اخلاقی، شرعی اور قانونی ذمہ داری کی آگاہی فراہم کرنا تھا تاکہ عملہ ان اخلاقیات پر عمل پیرا ہو۔

8۔ شریعہ کمپلائنس ڈپارٹمنٹ میں مناسب افرادی وسائل

شریعی کمپلائنس ڈپارٹمنٹ، امور کو بہتر انداز میں مناسب افرادی قوت کے ساتھ اپنی خدمات سرانجام دینے کے لیے، نئے افراد کی تعیناتی کے لیے درخواست کر چکا ہے، اس سلسلے میں، اس سال ایک شریعی اسکالر کی ایس سی ڈی میں تعیناتی بھی ہو چکی ہے۔ مزید دو اسٹاف تعیناتی کے مرحلے میں ہیں۔ شریعی کمپلائنس ڈپارٹمنٹ مستقبل میں ونڈوز آپریشنز اور برانچز کی تبدیلی کے لیے مزید عملہ کی ضرورت کا اندازہ لگا کر انتظامیہ کو آگاہ کرے گا۔

9۔ دیگر امور

i۔ اسلامک بینکنگ برانچز اور ڈپارٹمنٹس کا شرعی جائزہ

شریعی کمپلائنس ڈپارٹمنٹ نے دوران سال اعتماد اسلامک بینکنگ کی 28 ڈپازٹ برانچز اور 146 اسلامک بینکنگ ونڈوز کا جائزہ لیا ہے۔ اس کے ساتھ اعتماد ٹریڈری، پول بینکنگ اور فنڈنگ پورٹ فولیو کا بھی نمونے کی بنیاد پر شرعی جائزہ لیا گیا۔ شریعی کمپلائنس ڈپارٹمنٹ نے مختلف تفسیری ممول اور سرگرمیوں کا بھی جائزہ لیا تاکہ شریعی بورڈ کی ہدایات کی پاسداری کو یقینی بنایا جاسکے۔

ii۔ برانچ نیٹ ورک اور توسیع

الحمد للہ الامین بی پی اعتماد اسلامک بینکنگ کا برانچ نیٹ ورک 188 منتقل اسلامک بینکنگ برانچز اور 150 ونڈوز تک پہنچ گیا ہے۔ این بی پی نے سال 2024 کے لیے 50 کنٹینر برانچز کو اسلامک بینکنگ میں منتقل کرنے اور 100 اسلامک بینکنگ ونڈوز کھولنے کی طرف پیش رفت شروع کر دی ہے۔

5۔ نفع اور نقصان کی تقسیم اور پول بینکنگ

اعتماد اسلامک بینکنگ کے پاس پول بینکنگ کا باقاعدہ ونگ، مناسب عملے کے ساتھ موجود ہے، جو اسٹیٹ بینک اور شریعی بورڈ کی جانب سے جاری کی گئی ہدایات کی پاسداری کو یقینی بناتا ہے شریعی کمپلائنس ڈپارٹمنٹ پول بینکنگ کے سالانہ جائزے کے علاوہ نفع و نقصان کے حساب کا کھاتہ داروں میں تقسیم سے قبل ماہانہ بنیادوں پر جائزہ لیتا رہا ہے۔ اسی طرح انٹرنل شریعی آڈٹ ونگ نے سہ ماہی بنیادوں پر پول بینکنگ کا شریعی آڈٹ بھی کیا ہے۔ یہ تمام طرق ہائے انضباط پول بینکنگ اور نفع کی تقسیم کار کے نظام میں بہتری کا باعث بنے ہیں۔

6۔ عملے اور صارفین کی تربیت و آگاہی برائے اسلامی بینکاری اور سرمایہ کاری

بینک نے اسلامی بینکاری کے بنیادی تصورات، مصنوعات (پراڈکٹس) اور کٹھروسز سے متعلق اکیانوے (91) ان ہاؤس ٹریننگ سیشن منعقد کیے جن میں دوران سال ایک ہزار دو سو تینتیس (1233) ملازمین (شمول اسلامی بینکاری برانچوں کے ملازمین اور اسلامی بینکاری ونڈوز کے ملازمین) کو تربیت دی گئی۔

بینک کے عملے اور صارفین کے سوالات کا جواب دینے کے لیے ایک پورٹل "askshariah@nbp.com.pk" نام کے موجود ہے۔ یہ پلیٹ فارم نہ صرف بینک کے عملہ کو اپنے روزمرہ کے کاموں میں شرعی رہنمائی فراہم کرتا ہے، بلکہ یہ عملے اور صارفین کے لیے اسلامی بینکاری کی آگاہی کا ذریعہ بھی ہے۔

7۔ اسلامی بینکاری کی آگاہی اور فروغ اور دیگر سرگرمیاں

شریعی کمپلائنس ڈپارٹمنٹ نے اعتماد اسلامک بینکنگ گروپ کے آپریشن اور مارکیٹنگ ڈپارٹمنٹ کے اشتراک سے اسلامی بینکاری کے فروغ کے لیے عوام الناس میں اسلامی بینکاری کے آگاہی پروگراموں کا آغاز کیا ہے۔ اس سلسلے میں پورے ملک میں سات (07) آگاہی پروگراموں کا انعقاد کیا گیا۔

ان آگاہی پروگراموں کے علاوہ، شریعی کمپلائنس ڈپارٹمنٹ نے مختلف یونیورسٹیز اور مدارس میں بھی اسلامی بینکاری اور فنڈس پر گیسٹ لیکچرز کا آغاز کیا ہے۔

دیگر آگاہی سرگرمیاں:

رمضان آگاہی سیشنز: ایس سی ڈی نے بینک کے ملازمین اور صارفین کے لئے رمضان

این بی پی اعتماد شریعہ بورڈ سالانہ رپورٹ 2023

بسم الله الرحمن الرحيم

الحمد لله رب العالمين والصلاة والسلام على سيد الانبياء والمرسلين وعلى آله وصحبه اجمعين اما بعد

کے سالانہ جائزہ کارکردگی کے نظام (staff appraisal system) میں خاص طور پر شرعی امور میں عدم تسامح (Zero Tolerance) کو بطور کے پی آئی (KPI) شامل کیا گیا ہے۔

3۔ شریعہ کی تعمیل (کمپلائنس) کا طریقہ کار

الحمد لله این بی پی اعتماد کے پاس ایک جامع اور مکمل شریعہ کمپلائنس پالیسی اور معاملات کی شرعی حوالے سے جانچ پڑتال کے لیے مکمل اور جامع چیک لسٹ موجود ہے۔

اس سال شریعہ کمپلائنس ڈپارٹمنٹ نے ماضی کے تجربات اور ڈپارٹمنٹ کے فیلڈ میں کام کرنے والے عملے کی آراء کو مد نظر رکھتے ہوئے اپنے طریقہ کار کا از سر نو جائزہ لیا اور پالیسی اور میٹول کو مزید بہتر بنایا۔

4۔ منوع آمدن اور چیرٹی (صدقہ) اکاؤنٹ کا انتظامی طریقہ کار

این بی پی اعتماد اسلامک بینکنگ میں ایک واضح اور جامع چیرٹی پالیسی اور چیرٹی میٹول موجود ہے جو شریعہ بورڈ اور بورڈ آف ڈائریکٹرز سے منظور شدہ ہے۔ تمویلی معاملات کا شریعہ کمپلائنس ریویو اور انٹرئل شریعہ آڈٹ بھی انجام دیا گیا ہے۔ مزید برآں، آمدنی کے تمام دوسرے ذرائع جیسے سرمایہ کاری اور ٹریڈری کے معاملات کا جائزہ بھی لیا گیا۔ سرمایہ کاری کے شرعی جائزے کے دوران کسی بھی معاملے کی (ناجائز ہونے کی وجہ سے) چیرٹی کے لیے نشان دہی نہیں کی گئی۔

جبکہ دوران سال تانہیر سے ادائیگی کی مد میں نوے لاکھ، 66 ہزار، چھ سو پچاس (9,066,650) روپے چیرٹی وصول کئے گئے ہیں اور چیرٹی اکاؤنٹ میں جمع بھی کردئے گئے ہیں۔ چیرٹی اکاؤنٹ کی تفصیلات درج ذیل ہیں:

رقم 000 میں	چیرٹی فنڈ - 2023
202.51	ابتدائی بیلنس
9,066.65	دوران سال تانہیر سے ادائیگی کی بناء پر وصول کی جانے والی رقم
99.36	چیرٹی اکاؤنٹ پر سال کے دوران ادائیگیاں منافع
3000	دوران سال چیرٹی کی مد میں کی جانے والی ادائیگیاں
6,368.52	استقامتی بیلنس

این بی پی کے بورڈ آف ڈائریکٹرز کی طرف سے شریعہ بورڈ پر اعتماد اور بھروسہ کرتے ہوئے انہیں یہ ذمہ داری سونپی گئی کہ وہ این بی پی اسلامی بینکاری کے ماحول اور شرعی احکام کی تعمیل (شریعی کمپلائنس) کے سلسلے میں نگرانی کریں۔ اس رپورٹ کا مقصد یہ ہے کہ این بی پی اعتماد میں شرعی احکام کی تعمیل کے لحاظ سے عمومی صورت حال کے بارے میں شریعہ بورڈ کا نقطہ نظر پیش کیا جائے۔

ہم بحیثیت شریعہ بورڈ 31 دسمبر 2023 تک بینک میں شرعی احکام کی تعمیل کے لحاظ سے عمومی صورت حال کا جائزہ لے چکے ہیں، جس کا خلاصہ درج ذیل ہے۔

شریعی بورڈ کی رائے

بورڈ آف ڈائریکٹرز اور اعلیٰ انتظامیہ کی حتمی ذمہ داری ہے کہ وہ اس بات کو یقینی بنائیں کہ این بی پی اعتماد کے حملہ امور مکمل طور پر شرعی اصولوں کے مطابق انجام پائے ہیں، جبکہ پادارے (شریعی بورڈ) کے ذمہ این بی پی اعتماد کی شرعی احکام کی تعمیل (کمپلائنس) کے حوالے سے صورت حال کا ایک مکمل تجزیہ (رپورٹ) پیش کرنا ہے۔

رپورٹ میں ذکر کردہ رائے قائم کرنے کے لیے بینک کے شریعہ کمپلائنس ڈپارٹمنٹ نے این بی پی اعتماد میں انجام دیے جانے والے ہر قسم کے معاہدات، ان سے متعلق دستاویزات اور طریقہ کار میں سے چند بطور نمونے کے منتخب کئے اور ان کا تفصیلی جائزہ لیا۔ مزید یہ کہ ہم نے انٹرئل لائیکسٹرئل شریعہ آڈٹ کی رپورٹس کا بھی جائزہ لیا، جس کی بنیاد پر جاری رائے یہ ہے:

1۔ شریعی بورڈ کی جانب سے جاری کردہ احکامات پر بینک کی تعمیل (کمپلائنس)

این بی پی اعتماد کی مجموعی صورت حال، مصنوعات، معاہدات اور معاملات شریعی بورڈ کی جانب سے جاری کردہ احکامات کے مطابق ہیں۔

2۔ اسٹیٹ بینک کی جانب سے شرعی امور سے متعلق جاری کردہ احکامات پر بینک کی تعمیل (کمپلائنس)

اسٹیٹ بینک کی ہدایت کی روشنی میں مینجمنٹ اس بات کی یقین دہانی کراتی ہے کہ غیر شرعی امور پر کسی قسم کا تسامح نہ برتا جائے۔ اس حوالے سے این بی پی اعتماد میں ملازمین

EXECUTIVE MANAGEMENT

TAUQEER MAZHAR

SEVP/ Group Chief, Retail Banking Group



Tauqeer Mazhar has more than 30 years of banking experience in Corporate, Retail and Consumer Banking. His previous employer was UBL in which he was Group Head Branch Banking. Tauqeer is an MBA from LUMS and started his career with Citibank in 1990 as Management Associate and has worked in different senior level roles at Citibank Pakistan, Saudi Arabia, USA and UAE. He then moved to ABN AMRO Bank, Kazakhstan as head of Retail/Consumer bank. Later joined KazInvest Bank in the same role. He has successfully launched retail/consumer bank twice with full menu of products. His last assignment prior to joining UBL was Head of Branch Operations for HBL, and prior to that as Chief Representative Punjab for HBL.

SHAHID IQBAL CHODHRI

EVP & Group Head, Corporate and Investment Banking Group



Mr. Shahid brings in diversified professional experience with an illustrious career spanning over 30 years. For the past 12 years, Mr. Shahid has been working at senior positions at large commercial & investment banks DFIs. During his assignments in the recent past, he has developed and turned around various core banking functions of Corporate and Remedial. As Group Head CIBG, he is spearheading one of the largest corporate asset portfolios of the country. Mr. Shahid is also the Chairman Board of Directors at Agritech Limited. He holds an MBA degree and has also completed the Director's Training Program from LUMS.

FOUAD FARRUKH

SEVP, Group Chief, Aitemaad Islamic Banking Group



Twenty-Seven years experienced Banker with Retail, Corporate, Risk, and Islamic Banking in leadership roles. Experience is divided in twenty years in Pakistan and six years in the Middle East. Recognized and rewarded for building market-leading profitable, sustainable businesses. Prior to joining National Bank, led Retail and Islamic Banking expansion for Faysal Bank Limited for over 8 years and Country Head for HBL Bahrain, and Risk Head for Gulf Region of HBL.

MUHAMMAD ISMAIL USUF

SEVP/Group Chief, Treasury and Capital Markets



Ismail has twenty-nine years experience as treasury professional. In his current position, as the Group Chief Treasury & Capital Markets Group, he manages interest rate, foreign exchange and liquidity risks of the bank. Ismail is an IBA graduate and joined NBP Treasury in 2004 and has a proven track record of successfully managing treasury. Prior to joining NBP he worked with Faysal bank Treasury as well. He is well experienced in setting up and managing Treasury business and brings in-depth knowledge of Money Market, Foreign Exchange, Capital Markets, Derivatives and Structured Products.

FAISAL AHMED TOPRA

SEVP/Group Head, Consumer Assets



Mr. Ahmed did his MBA from USA and M.Phil from SZABIST with Gold medal. He joined the Bank in 1996 as OG-I. In the past 28 years, he has delivered in diversified roles in credit, product development, corporate finance, HR and strategic planning, to reach the SEVP level. He has been a member and chairman of various executive level committees. Presently, he is managing the Bank's consumer assets portfolio and institutional sales for both assets and liabilities. Ahmed is known for his passion for learning and accepting new challenges. He also represented the Bank as a nominee Director on the Boards of First Credit Investment Bank Limited and Pakistan Mercantile Exchange Company.

RIAZ HUSSAIN

SEVP/ Group Chief, International Financial Institutions & Remittances Group



Riaz has a diverse experience stretching 32 years with 25 years in the banking – encompassing areas as diverse as Credit, Retail, Investment Banking, Audit, Strategic Initiatives, Business Development, Risk Management, International Banking and Regulatory Remediation. He has rich experience of working at several large banks in Pakistan and in the international markets. He has been managing strategic affairs for overseas network and has also played an integral role in executing the strategy for NBP's overseas network. Riaz is a Certified Public Accountant from Texas, USA and has done MBA from University of Houston, Texas, United States.

HAROON ZAMIR KHAN

SEVP, Group Chief, Risk
Management Group



Haroon has worked in banking and finance in Pakistan, Singapore, Britain, and the Middle East. During his career he has worked in corporate relationship management, leveraged finance, venture capital, banking operations, and risk management in American, European, Pakistani, and Japanese Organisations. Prior to NBP, Haroon has served as Chief Risk Officer of two other Pakistani banks. Haroon has degrees in business and finance from Punjab University, Lahore University of Management Sciences, Cambridge University, and London Business School.

ABDUL WAHID SETHI

SEVP/Chief Financial Officer



Abdul Wahid Sethi is currently serving as SEVP/Chief Financial Officer. Mr. Sethi has a rich & diversified experience of 25 plus years working at senior positions. He is a fellow member of the ICAP and holds an MBA Finance Degree from Imperial College Lahore. He has also served the Bank as SEVP/Chief Internal Auditor of the Bank. Prior to joining NBP in 2009, he worked at senior positions with various reputed Organisations. Mr. Sethi is a great advocate of Organisational capacity building and promoting young professional talent in the Bank.

KARIM AKRAM KHAN

SEVP, Group Chief, Logistics,
Communication and Marketing Group



Karim joined the Bank in 1995 and has held senior positions during his career spanning over 30 years. He moved to Bank of America in 1997, and rejoined NBP in the year 2000 as Vice President to head Business Monitoring & Financial Control of the Bank's International franchise. During his career at NBP, he led establishment of Corporate Banking network, headed Corporate Credit Division, and worked in Credit Management Group. He has also served as Director-Financial Crimes & Investigation at National Accountability Bureau where he was recognized for rendering his distinguished services. After repatriation to NBP, he was associated with Asset Recovery as Executive Vice President, and subsequently assigned the responsibility to lead Logistics, Communication & Marketing Group.

IMRAN FAROOQUI

SEVP and Group Chief,
Operations Group



Imran has 26 years of banking experience working for leading banks in Pakistan in the field of Operations, Banking Services Inspections and Project Implementation. He joined NBP from HBL, where he was holding the position of Head Branch Operations to ensure Regulatory Compliance and handle Technology Projects for Operations. Prior to joining HBL, he was associated with Allied Bank where he held the position of Chief of Operations, Banking Services. Imran has an M.Sc. from University of Peshawar and MBA from University of Sindh. Imran has also worked for SBP as Assistant Director. In his previous stint with NBP, he was associated as Head of PMO.

NAUSHABA SHAHZAD

EVP and Group Head (A),
Inclusive Development Group



Naushaba has a diversified banking career that spans over 33 years with expertise in Corporate, Commercial & SME Lending as well as Trade Finance & Risk Management in prominent leadership positions. Currently she is heading Inclusive Development Group and directs her efforts towards strategic lending in Priority Sectors including Agriculture, MFI & SMEs, alongside growth of Bank's Commercial Portfolio. She actively serves as a member on various Management Committees. Before joining NBP, she served as President / CEO (A) of First Women Bank for two years. She holds MSc (Gold Medalist) from Punjab University Lahore and MBA from IBA Karachi with exceptional distinction. Furthermore, she also represents NBP on the board of Pakistan Agricultural Storage & Services Corporation Ltd.

AMIN MANJI

SEVP/ Group Chief,
Information Technology



Amin, the Bank's CTO, brings more than 30 years of IT experience in Financial Services. Prior to joining NBP, Amin has held a variety of technology roles at various large Banks. With expertise in IT Strategy, Technology & Digital Transformation and Disaster Recovery, he has a track record of developing high performance teams and strategically utilising technology to deliver complex IT solutions in a globally interconnected and culturally diverse environment. Amin serves on various leadership forums at NBP including various management committees. Amin holds a B.S. from Cornell University in the USA and a Master's in Applied Finance from Macquarie University, Australia.

**OSMAN
MALIK**EVP/Group Head, Special
Assets Management Group

Osman has a rich and diversified banking experience of over 30 years working with leading banks in Pakistan and the Middle East. After his MBA from LUMS, he started his career with Citibank in 1993. He has held variety of senior positions at different banks across Pakistan and the Middle East. He brings vast experience ranging across Corporate, Commercial, Retail and Remedial portfolio as well as Cash management and Risk management. Before joining NBP as Senior Credit Officer, he was associated with HBL-Dubai as Head of Remedial Corporate Bank. With his broad experience and acumen, he is leading the Special Assets Management Group (SAMG) as Group Head.

**UMER
ANWAR**SEVP/Group Chief, Internal
Audit & Inspection Group

Umer possesses over two decades of experience in strategic financial leadership, internal auditing, risk management, and operational oversight within the banking sector. He is a Fellow Member of the Institute of Chartered Accountants of Pakistan. His career is marked by significant roles at Pakistan leading financial institutions such as Habib Bank Limited, MCB Bank Limited, Bank Alfalah Limited, and UBL Bank Limited. His expertise encompasses a broad spectrum of banking operations, from risk management and compliance to internal audit functions.

**MUHAMMAD
ABDUL MOEED**EVP/Group Head (A),
Compliance Group

Moheed has more than 26 years of experience in the banking industry at various levels. He started his career with State Bank of Pakistan and has also worked for HBL, United Bank Limited, Bank Alfalah and National Accountability Bureau in the field of Regulatory Examinations, AML/CFT, Business Transformation, Compliance Reviews & Advisories, Investigation of Financial Crimes. He had also represented Banking sector during FATF onsite assessment of Pakistan in 2023. He joined NBP from HBL where he was working as Head of AML. He holds a Master Degree in Statistics from University of Karachi & Post Graduate Diploma (PGD) in Business Administration from IBA, Karachi.

**SYED MUHAMMAD
ALI ZAMIN**EVP/Secretary
Board of Directors

After completing his MBA in 1982, Zamin started his career with PICIC, a Development Finance Institution and holds vast experience in Project Financing, Research and Advertisement/ Public Relations. Before joining NBP, he served as EVP/Company Secretary of PICIC for eleven years. Since his appointment at NBP, he has successfully been leading the regulatory and listed compliance front, facilitating the corporate governance practices and advising the Bank in areas of corporate matters. He is a Certified Director from Pakistan Institute of Corporate Governance, Fellow of Institute of Corporate Secretaries of Pakistan and Diploma Associate of Institute of Bankers, Pakistan.

**MEHNAZ
SALAR**EVP & Divisional Head,
Legal Division

Mehnaz Salar has qualified as a Barrister at law from Lincoln's Inn and has been working as a banking lawyer for several years. Prior to joining NBP, she has headed up legal departments in various banks such as Citibank NA, Standard Chartered Bank, Dubai Islamic Bank, Samba Bank and Meezan Bank.

**MIRZA MUHAMMAD
ASIM BAIG**EVP and Group Head (A), Human
Resource Management Group

Asim is currently heading the HR function at NBP and has a rich banking and HR experience comprising of over two decades. Earlier in his career he was associated with Retail Business with Union and Standard Chartered Bank. Diversifying his career, Asim started his HR journey from SCB and later on headed the Learning & Development function at NIB Bank. Since then, he has been in various leadership roles in HR, contributing towards several key HR initiatives including but not limited to transformation, diversity, inclusion and change management. Asim holds an MBA degree and is a certified trainer. He likes to mentor young professionals as a career counsellor.

**SOHAIL
MALIK**EVP/Chief Digital Officer (A),
Digital Banking Group

Sohail brings over two and a half decades of expertise in digital banking & telecom industries to his current role. Before assuming this pivotal position, he served as the Chief Digital and Financial Inclusion Officer at HBL Microfinance Bank. Before that he was Head Digital at FINCA Bank and the Head Branchless Banking at MCB Bank. His diverse experience extends beyond the finance sector, with notable roles in renowned telecom companies such as PTCL, Wateen, DV Com & PTA.



COMFORT FOR SENIOR CITIZENS

with NBP Digital Pension Solutions

**More than 225,000 Pensioners' Accounts Activated
by Operations Group**

From 1st to 28th February 2023



UAN 021 111 627 627 www.nbp.com.pk



ORGANISATIONAL OVERVIEW

Principal Activities of The Bank

Throughout the year, NBP continued its core operations, year on year. These encompass a wide range of services such as general banking, Islamic banking, corporate banking, credit provision. ATM and debit card facilities, investment banking, advisory services, treasury and capital market operations, housing and general finance, transaction banking, cash management, digital banking, international trade and remittances. Additionally, the bank's subsidiaries provided services including banking, currency exchange, fund management and securities exchange.

Our Product Universe

We take a proactive approach to understanding our customers and their banking needs, which we broadly

categorize into four main areas. Our wide range of products and services is designed to meet all types of financial needs, both credit and non-credit, across our diverse customer base. Individuals can benefit from various products, such as secure savings accounts, financing options for government employees based on their salaries, mortgage finance to begin home ownership, and convenient home remittance services for receiving funds from family abroad.

For businesses, NBP offers support in launching startups, financing growth, managing payments securely and efficiently, expanding internationally, effectively managing financial risks, and facilitating transactions with numerous business partners worldwide through our branches and representative offices.

	Individuals	SMEs	Corporates	Financial Institutions
Cash Management, Deposits, Online Banking, Debit Cards	Current and Saving Deposit Account			
		Access to Global Trade & Exchange Markets		
	Global Home Remittance			
	Bancassurance			
	Debit Card & Online Banking			
Financing Personal & Business Needs	Locker & Safe Deposits			
	Housing & Car Finance	SME Financing		
	Agri. Loans	Commercial Business Loans		
	Advance Salary	Working Capital & Project Finance		
	Gold Loans	Trade Finance		
Financial & Business Support			Capital Markets	
			Syndicate Finance & Capital Advisory	
		Forex Trade, Fixed Income, Exchange Rate Hedging, Foreign Bill Discounting		
	Finance under G2P & P2G		Merger & Acquisition, Balance Sheet Restructuring	

Our Aspirations

Our ambitions stem from our broad market reach, robust capital foundation, resilient balance sheet, loyal customer base, and a motivational team. We hold a substantial portion of government and public sector business. Notably, we are the sole bank in Pakistan to hold a 'AAA' rating from both of the country's recognized credit rating agencies. Our goal is to become the Nation's Bank, catering to the diverse needs of all sectors of the economy, including the rapidly expanding SME sector; Islamic banking, global remittances and cash management.

Our Priorities

We are confident of our aspirations and solid foundations, which will steer us through the challenges faced by the banking industry and we will efficiently achieve our core objectives and priorities. As the Bank is moving forward through restoring its fundamental strengths, we have defined interconnected and mutually composite strategies for the years ahead. Our priorities are synchronized with our strategy for capitalizing other opportunities offered by the market and set a solid path for us to deliver our strategy towards capitalizing the value addition opportunities offered by the market.

CUSTOMERS							
BUSINESS FUNCTIONS							
RETAIL	INCLUSIVE DEVELOPMENT	CORPORATE & INVESTMENT	ISLAMIC	INTERNATIONAL	TREASURY & CAPITAL MARKETS	DIGITAL	SPECIAL ASSETS MANAGEMENT
SUPPORT FUNCTIONS							
OPERATIONS & LOGISTICS		TECHNOLOGY & SYSTEMS		FINANCE CONTROLS		HUMAN RESOURCES	
CONTROL & MONITORING							
RISK & CREDIT MANAGEMENT		LEGAL		COMPLIANCE		AUDIT & INSPECTION	
CORPORATE GOVERNANCE							
BOARD OF DIRECTORS & BOARD COMMITTEES							

Our Operating Structure

The Bank has established a versatile and customer centric delivery system to offer financial services to Individuals, small and medium enterprises (SMEs), as well as large corporate and public sector clients. We have dedicated business units for each category of clients. Additionally, centralised functions at the Head Office level support these business units in the seamless execution of their operations. Our Head Office control functions play a supervisory and governance role by setting policies and overseeing their implementations. The business functions are primarily tasked with developing business plans and strategies for their

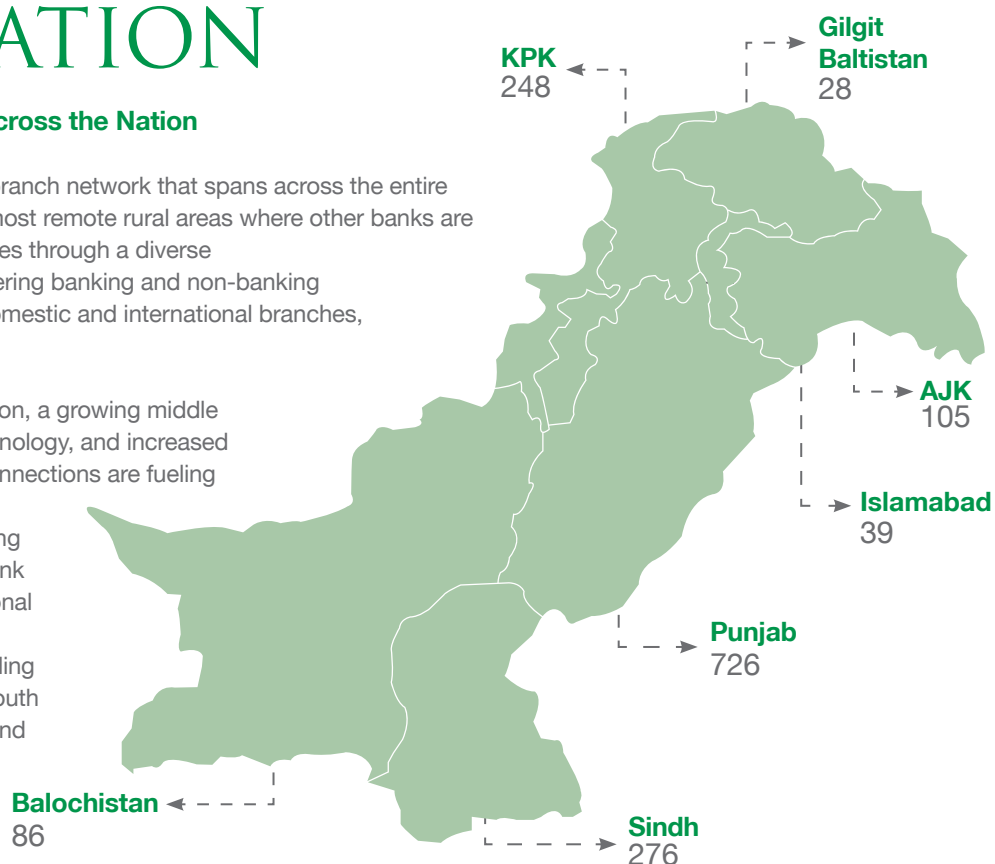
specific areas of operation, ensuring alignment with the overall business strategy of the bank. Each business group is responsible for defining and delivering the customer proposition and oversees end-to-end customer processes and product. Support and control functions, on the other hand, formulate strategies to assist the business functions in achieving their objectives. Control functions leverage their expertise to develop and implement policy frameworks that guide the activities of the business groups.

COVERAGE ACROSS THE NATION

The Widest Coverage Across the Nation

The bank has an extensive branch network that spans across the entire country, reaching even the most remote rural areas where other banks are absent. Our business operates through a diverse and integrated structure, offering banking and non-banking financial services through domestic and international branches, subsidiaries, and partners.

Recent trends like urbanization, a growing middle class, advancements in technology, and increased local and global business connections are fueling the expansion of both our traditional and Islamic banking services. Additionally, the bank has established an international presence with branches and subsidiaries in regions including the Far East, Middle East, South Asia, Central Asia, Europe, and North America.



Geographical Presence

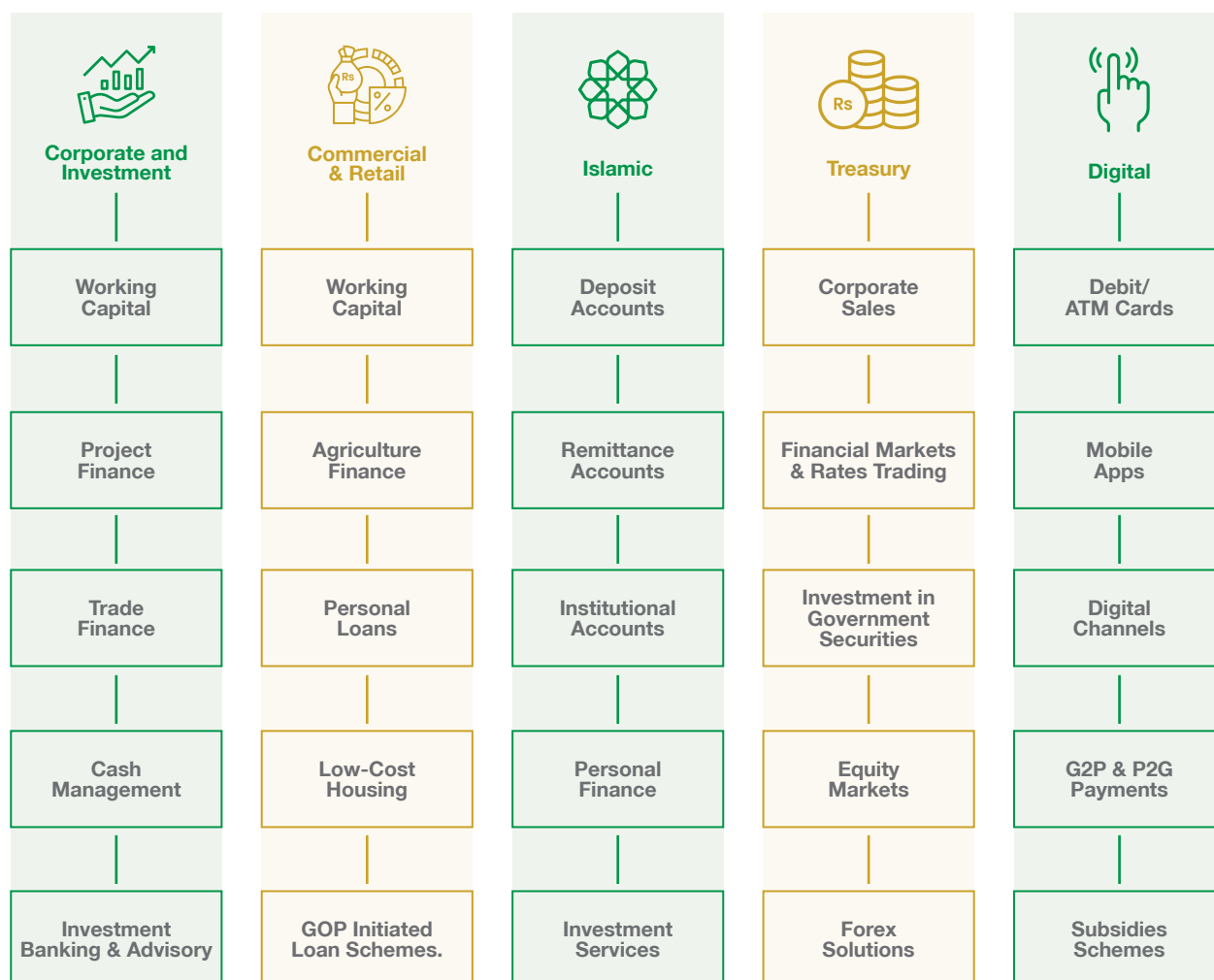
We consider it a privilege to contribute significantly to the country's economy. Along with this privilege comes a profound responsibility to the communities we serve nationwide.

Region	Br.	Region	Br.	Region	Br.	Region	Br.	Region	Br.
Abottabad	31	Gwadar	27	Larkana	42	Quetta	33	Vehari	32
Bahawalpur	35	Hyderabad	42	Mansehra	28	Rawalakot	29	Islamic	188
Bannu	43	Islamabad	36	Mardan	42	Sahiwal	45		
Corporate	6	Jhang	31	Mianwali	28	Sargodha	38		
D.G. Khan	40	Jhelum	39	Mirpur AK	47	Sheikhpura	34		
Faisalabad	105	Karachi South	35	Mirpur Khas	38	Sialkot	31		
Gilgit	27	Karachi West	42	Multan	36	Sibi	45		
Gujranwala	30	Lahore Central	33	Muzaffarabad AK	20	Sukkur	21		
Gujrat	41	Lahore East	35	Peshawar	41	Swat	43		

Province	Br.
Punjab	726
Sindh	276
KPK	248
Balochistan	86
Gilgit Baltistan	28
AJK	105
Islamabad	39

Category	Br.
Conventional	1,320
Corporate	6
Islamic	188
Islamic Windows	150
Overseas	18

PRODUCTS & SERVICES







CORPORATE
GOVERNANCE

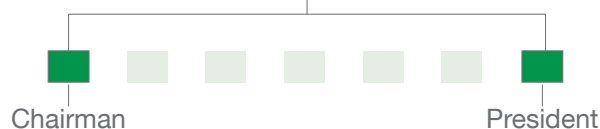
CORPORATE GOVERNANCE

Ensuing our organisational purpose to 'be the Nation's leading bank enabling sustainable growth and inclusive development', our philosophy of Corporate Governance is to ensure a balanced & sustainable delivery of value for each class of the Bank's stakeholders. As an integral part of the country's financial eco-system, we are cognizant of our duties as a corporate citizen to act in a manner that benefits the Nation at large.

Accordingly, our approach to corporate governance enables an integrated thinking and decision making that balances the achievement of our strategic priorities over time and reconciles the interests of the Bank, its stakeholders and society in creating and protecting sustainable shared value in the short, medium and long term. In compliance of the Codes of Corporate Governance and other applicable Laws & Regulations, our efforts and strategy have been focused upon strengthening the Bank's governance, its balance sheet and building a talented team of professionals.

Board Composition

#	Category	Directors
1.	Independent	4
2.	Non-Executive	2
3.	Executive	1



Directors' Membership and Participation

No.	Name	Status	Board	BAC	BHRCC	BRCC	BTDC	BIDC	NBP-NYGC
1.	Mr. Ashraf Mahmood Wathra*	Chairman	⊕ 14/14		⊕ 8/8			⊕ 2/2	
2.	Mr. Rehmat Ali Hasnie	President	15/15			10/11	5/5	2/2	⊕ 9/9
3.	Mr. Farid Malik	Director	13/15	8/9	10/10	1/1	⊕ 4/5		
4.	Mr. Ahsan Ali Chughtai	Director	15/15	⊕ 11/11	2/2	⊕ 11/11			9/9
5.	Mr. Amjad Mahmood*	Director	13/14	10/10		3/3	5/5	2/2	
6.	Mr. Ali Syed*	Director	14/14	10/10	8/8	10/10	4/4		
7.	Mr. Nasim Ahmad*	Director	13/13	9/9		4/4	1/1	2/2	6/6
8.	Mr. Asif Jooma**	Director	4/4	2/2	2/2	1/1			

⊕ Chairperson

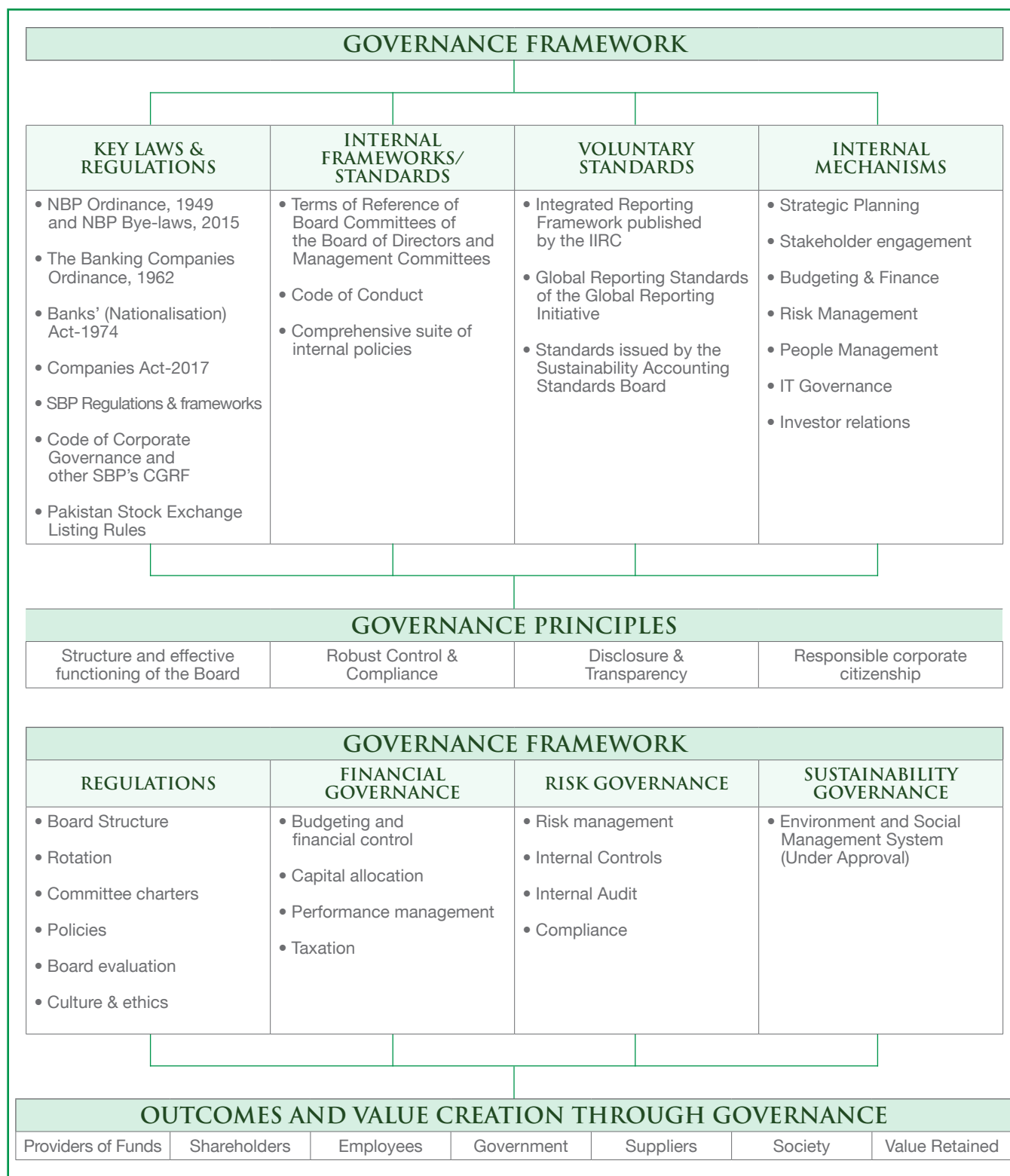
*Appointed on January 18, 2023

**Retired on March 08, 2023

Our Governance Framework

Our governance framework is embedded in all the Bank's operations and is designed to provide clear direction for responsive decision-making and support responsible behaviour. This framework enables the Bank understand

the emerging opportunities and risks, be agile to adopt new operating models, launch new product & services and effectively allocate its resources in a challenging & uncertain economic environment to deliver and protect sustainable shared value.



Matters Reserved for the Board

The Board of Directors exercises its powers with responsibility, diligence and after due deliberations in compliance with the requirements of applicable laws including the National Bank of Pakistan Ordinance-1949, the Banking Companies Ordinance-1962, the Bank's (Nationalisation) Act-1974, the Companies Act 2017, the Listed Companies (Code of Corporate Governance) 2019, the Public Sector Companies (Corporate Governance) Rules, 2013, and the Bye-laws of the Bank as approved by the Federal Government in 2015. Moreover, the regulations put in place by the State Bank of Pakistan, the Ministry of Finance, Pakistan Stock Exchange Limited, the State Bank of Pakistan, and the Securities and Exchange Commission of Pakistan also form an integral part of our corporate governance. There are a number of areas where the Board has delegated powers and responsibilities to its Committees and to the management. At a broader level, general direction and superintendence of the affairs of the Bank and the overall policy making in respect of its operations, are vested in the Board. The Board exercises its powers and discharge its duties in accordance with sound banking principles and prudent banking practices and shall ensure compliance with the regulatory requirements. Without prejudice to the powers conferred to the Board as stated above, the Board is generally responsible to:

- Ensure that the Bank's strategies and policies are aligned with its Vision and Mission towards achieving its strategic goals;
- Establish effective credit & risk management and internal controls framework;
- Approve and periodically review strategic business plans, budget, investments in major projects and new ventures, related party transactions and donations, etc.;
- Review of management letter issued by the external auditors; and approval of the Bank's financial statements including dividend pay-out and appointment of external auditors;
- Consider significant issues, placed by the CEO, for the information, consideration and decisions of the Board and its Committees;
- Consider the matters recommended by the Board Committees and review of internal audit reports;

- Maintain a complete record of the Bank's significant policies along with their respective dates of approval or amendment;
- Establish performance evaluation criteria for the employees of the Bank and mechanism for addressing integrity and ethical issues;
- Appointment/removal, determination of remuneration and renewal of contracts, terms and conditions of key management positions;
- Consider absorption or regularisation of employees, appointed or recruited under contract with the Bank and on third party contracts, under the terms of service as determined by the Board, including but not limited to their remuneration, transfer or posting, evaluation criteria, promotions, end service benefits, etc.

Role of the Chairman

The Chairman serves as a leader and driving agent of the Board of Directors, monitoring and managing its activities, and aligning the Board's goals and decisions with that of the Management of the Bank. While the Chairman isn't involved day to day operations of the Bank, he is generally responsible to ensure:

- the effective functioning of the Board and its Committees in line with regulatory requirements;
- that all matters relevant to the governance of the Bank are placed on the agenda of Board meetings;
- that all the directors are enabled and encouraged to fully participate in the deliberations and decisions of the Board;
- that minutes of the meeting truly reflect what transpired during the meeting and dissent of Directors, if any, is properly recorded in the minutes; and
- lead the Board and ensure its effective functioning and continuous development.

Committees of the Board

The Board establishes its Committees to streamline the discharge of its responsibilities. For each Board Committee, the Board adopts formal Terms of Reference (ToRs) setting out the matters relevant to the composition, roles, functions, responsibilities and administration of such Committees. During the year, the Board had established the following Committees:

1. Board Audit Committee
2. Board Human Resource & Remuneration Committee
3. Board Inclusive Development Committee
4. Board Technology & Digitalisation Committee
5. Board Risk & Compliance Committee
6. NBP-NY Governance Council (Sub-Committee of BRCC)

The Board Committees' ToRs are reviewed periodically, or on need basis. It is intended that each Board Committee has a Non-Executive Director as Chairman of the Committee. As a matter of principle, Committee Members have access to the appropriate external and professional advice needed to assist the Committee in fulfilling its role.

Board Audit Committee

Name	Status	Category
Mr. Ahsan Ali Chughtai	Chairman	Independent Director
Mr. Nasim Ahmad	Member	Independent Director
Mr. Ali Syed	Member	Independent Director
Mr. Amjad Mahmood	Member	Non-Executive Director
Mr. Farid Malik	Director	Non-Executive Director

Key Functions of the Committee

The Committee has oversight responsibilities relating to the effectiveness of the Bank's internal & external audit functions, and integrity of the Bank's financial statements. It oversees the system of internal controls, safeguarding of Bank's assets against associated risks, compliance with the applicable legal and regulatory requirements, corporate governance and facilitating the Board in establishing a clear & observable 'tone at the top' for strong and effective system of internal controls based on and supported by sound ethical practices, control culture, comprehensive policies, procedures, processes and technological systems. It also oversees compliance with the Bank's Code of Conduct.

Board HR & Remuneration Committee

Name	Status	Category
Mr. Ashraf Mahmood Wathra	Chairman	Chairman / Independent Director
Mr. Farid Malik	Member	Independent Director
Mr. Ali Syed	Member	Independent Director

Key Functions of the Committee

The Committee is responsible for the review and recommendation of human resource policies for Board approval and advising the Board on matters concerning senior executive recruitment, appointments, and disciplinary actions. Additionally, it recommends remuneration packages for Bank staff, oversees industrial relations, and evaluates Organisational restructuring when necessary. It also provides guidance on training policies and diversity & inclusion strategies, reviews succession planning & key performance indicators and any other functions in line with the applicable laws and regulations.

Board Inclusive Development Committee

Name	Status	Category
Mr. Ashraf Mahmood Wathra	Chairman	Independent Director
Mr. Amjad Mahmood	Member	Non-Executive Director
Mr. Nasim Ahmad	Member	Independent Director
Mr. Rehmat Ali Hasnie	Member	Executive Director

Key Functions of the Committee

The Committee is responsible for advising and reporting to the Board on the status of inclusive development activities and initiatives within the Bank. This involves reviewing the Bank's progress across various sectors such as low-cost housing, SME, agriculture, financial inclusion and women's empowerment. Additionally, it monitors progress on these initiatives, suggesting policy changes to facilitate growth in underserved segments. Ensuring adequate resources and capacity for implementing inclusive development mandates, aligning CSR strategy, and collaboration with governmental bodies for subsidised financings and low-cost housing initiatives.

Board Risk & Compliance Committee

Name	Status	Category
Mr. Ahsan Ali Chughtai	Chairman	Independent Director
Mr. Ali Syed	Member	Independent Director
Mr. Nasim Ahmad	Member	Independent Director
Mr. Rehmat Ali Hasnie	Member	Executive Director

Key Functions of the Committee

The Committee encompasses a comprehensive approach to both Risk Management and Compliance. With regards to Risk Management, it guides the development and review of Risk Management Policies, oversees the adequacy of risk management systems & controls, and monitors the Bank's Risk Appetite and associated limits. Additionally, it evaluates risk management strategies, ensures alignment with the Bank's overall strategy, and assesses the performance of the Risk Management function in the Bank. On the Compliance front, the Committee shapes the Compliance Risk Management framework and policies, oversees their implementation, and fosters a culture of compliance within the Bank. It oversees addressing compliance concerns related to overseas branches, conducts regular reviews of compliance-related risk factors and reports, and monitors the implementation of regulatory requirements and due-diligence milestones.

Board Technology and Digitalization Committee (BTDC)

Name	Status	Category
Mr. Farid Malik	Chairman	Non-Executive Director
Mr. Amjad Mahmood	Member	Non-Executive Director
Mr. Ali Syed	Member	Independent Director
Mr. Rehmat Ali Hasnie	Member	Executive Director

Key Functions of the Committee

The Committee is tasked with advising and updating the Board on technology activities and digital initiatives within the Bank. It reviews the overall business needs and available resources to meet these needs, recommending IT and digital strategies and policies to the Board. Ensuring that technology

resources are up-to-date and meeting requirements, including hardware, software, middleware, and security. The Committee also oversees risk management strategies to achieve resilience against wide-scale disruptions, such as Cyberattacks, and monitors technology policies and plans like IT & Digital Strategy and Cybersecurity Implementation Plan. It receives updates from management-level committee (Technology & Digital Steering Committee) on approved technology-related projects, reviews business continuity arrangements including disaster recovery and backup, and ensures that technology procurement aligns with the approved IT strategy.

NBP- NY Governance Council (Sub Committee of BRCC)

Name	Status	Category
Mr. Rehmat Ali Hasnie	Chairman	Executive Director
Mr. Ahsan Ali Chughtai	Member	Independent Director
Mr. Nasim Ahmad	Member	Independent Director

Performance Evaluation of The Board of Directors

The Board of Directors is keen to ensure the effectiveness of its performance which is evaluated periodically. In terms of the SBP Guidelines on Performance Evaluation of the Board of Directors, vide corporate governance regulatory framework, the Board has put in place a formal mechanism for performance evaluation of the overall Board and its Committees.

Directors' Remuneration Policy

The shareholders of the Bank, in their general meeting held on July 27, 2020, had approved a Board Remuneration Policy for the non-executive/independent directors for attending meetings of the Board and Board Committees. This Policy is compliant with applicable laws including the Banks' (Nationalisation) Act 1974, NBP's Bye-laws, and instructions of the State Bank of Pakistan. In terms of this Policy, the Board shall, from time to time, determine and recommend such level of remuneration for approval by the shareholders, for attending meetings of the Board or meetings of the Committees thereof, as may be within the limits for such remuneration as prescribed by the SBP from time to time and determined to be an adequate measure of remuneration for the performance of relevant

duties by such members. In terms of this Policy, the Board shall also ensure that such remuneration is not determined in a manner that may undermine the independence of the Board or Committee members. The detail of compensation paid to the Directors in 2023 is given in financial statements.

Ethics and Compliance

The Bank's comprehensive code of conduct ensures that high standards of ethical behavior are embedded in all aspects of business conduct, decision-making and compliance of laws and regulations. It is mandatory for members of the Board and employees to read, acknowledge, and abide by the Code of Conduct, on joining and throughout their tenure. The Code of Conduct is regularly updated in line with changes in applicable laws and regulations. Grievances arising due to any unethical practices are promptly identified and redressed to mitigate any occurrence in future.

Matters Delegated to the Management

The Board of Directors approves the strategic plan/objectives and takes the overall responsibility of overseeing its implementation. The Board performs its duties by giving guidelines to the Management, setting performance targets and monitoring their achievements. The Management is primarily responsible for implementing the strategies as approved by the Board of Directors in effectively conducting the operations of the Bank. Tactical and operational matters are delegated to the Management. Further, under the direction and oversight of the President & CEO of the Bank, the Senior Management carries out and manages the Bank's activities in a manner consistent with the strategic plan, business goals, risk appetite and ensuring compliance with policies approved by the Board of Directors.

Roles and Responsibilities of the President/CEO

The Chief Executive Officer at Bank plays a critical and significant role, and is entrusted with numerous responsibilities, subject to the control and supervision of the Board of Directors. The Chief Executive has the authority over and responsibility for the management of the affairs of the Bank subject to the overall control and direction of the Board. The Chief Executive and other officers of the Bank shall act in accordance with the policies, criteria and guidelines determined by the Board. The Chief Executive and other officers of the Bank shall exercise their powers and discharge duties in accordance with sound banking principles and prudent banking practices and shall ensure compliance with the instructions and directions that may be issued by the Board and the State Bank from time to time. Role of the President/CEO also includes:

- To serve as the link between the Board and Senior Management for execution of Board driven vision and strategies;
- To comply with and ensure bank-wise implementation of and compliance with all policies, procedures and manuals approved by the Board of Directors, and any directives given by the Board of Directors or Board Committee(s);
- To prepare plans for growth and expansion of the Bank's operations, and submit the same for consideration and approval of the Board of Directors;
- To deal with, represent, and act on behalf of the Bank before the State Bank of Pakistan, Securities and Exchange Commission of Pakistan, federal and provincial ministries, government departments, local bodies, corporations, courts, stock exchanges, and any other competent authority;
- To ensure that the culture and values of the Bank are upheld at all times, the Board receives timely, accurate and complete information, shareholders' interests are protected in compliance with laws and regulations, meetings are duly recorded, productive participation of board members, and effective resolution of issues.

Management Committees

The Bank has several management committees for the purpose of strategic planning and decision-making under the Chairmanship of the CEO. The Board of Directors has approved the Committees and their TORs. The role of these Committees is to ensure that the activities of the Bank reflect its vision, purpose and aims. They establish the fundamental values, ethical principles and strategic direction in which the Bank operates. These Committees meet regularly and their decisions are communicated to the Board frequently.

1. Executive Committee
2. Enterprise Risk Management Committee
3. Expense Approving Committee
4. Publication Committee
5. Management Credit Committee
6. Management Committee on Overseas Operations
7. Assets & Liability Committee
8. Equity Investment Committee
9. Disciplinary Cases Committee
10. Technology and Digitalisation Steering Committee
11. Compliance Committee of Management

Shares held by Directors, CEO, their Spouses and Minor Children

Shares held by Directors, the Chief Executive Officer, their spouses and minor children have been disclosed in the “Pattern of Shareholding” section.

Director’s Training

Trainings are arranged to acquaint Directors with the latest developments and trends in the areas of governance, management and leadership. These trainings are aimed at increasing directors’ familiarity with the Bank and financial services industry, equipping them with sufficient information and resources to facilitate informed decision-making.

Director’s Orientation

Directors’ Orientation refers to the process of helping new Directors contribute fully, and as early as possible in their tenure, to the governing work of the Board. The objective of the orientation is to enable the Directors to:

- Understand their roles, responsibilities and time commitment to governance work around the Board and Committees.
- Be aware of the current goals, opportunities and challenges facing the Organisation.
- Be aware of who the organisation’s main stakeholders are, including clients, partners, public, as well as the staff.
- Develop an understanding of how their own background, knowledge, experience and skills will contribute to the current work of the Board, and the goals of the organisation.
- Appreciate the background, knowledge, experience and skills of other Directors.
- Gain knowledge of how the Board meetings are run, decisions are made, and what formal governing policies and practices exist; and
- Understand how the Board functions similarly or differently from other boards they have served on, or are serving on.

Appointment of Directors

Pursuant to the provisions of the Banks’ (Nationalisation), Act, 1974 (XIX of 1974), the Directors of the Bank shall be appointed by the Federal Government for a period of three years. Appointment of Directors has been mentioned in the Statement of Compliance with Code of Corporate Governance.

Whistle Blowing/Speak-up Policy

Under Code of Conduct of the Bank, all employees are required to behave with integrity and honesty in their dealing and any suspected violation of law, regulation or ethical standard must be reported to the appropriate level of authority in the Bank. The Whistle Blow policy encompasses the process of submitting concerns and complaints, directed towards the Bank, by independent third parties, for the sake of ensuring transparency in Bank’s affairs and wherever they found any impropriety in conducting the business of the Bank. The objective of the policy is to encourage Bank employees and all other stake holders to raise concerns in good faith, having identified or discovered any financial malpractices hitting bank profitability or wrong doing which may affect Banks reputation. Whistle-Blowing covers reporting of incidents of misconduct, involving or affecting an Organisation, to enable the Organisation to take appropriate action. It is a window to obtain feedback on issues bordering on both corporate governance, as well as reputational risk.

Who Can Speak-Up/Blow the Whistle?

Any individual, institution and an employee of the Bank and its subsidiaries (irrespective of employment type) from Bank’s local as well global operations, who has observed a reportable misconduct, shall report his / her concerns to the designated officials within the Bank. The Board of Directors and the Board Risk & Compliance Committee (BRCC) give assurance that employees, stakeholders, or any member of the public can raise legitimate concerns, without fear of reprisals, provided they are made in good faith. All staff should ensure that they take steps to disclose any wrongdoings or malpractices of which they become aware as non-action / concealment will be deemed as complicity.

Protection to a Whistle-Blower

By setting up the necessary procedures safeguarding confidentiality and offering anonymity, the interests of the whistle-blower are protected from possible harassment or victimization by those accused of misconduct. Any person who makes a disclosure or raises a concern under this Policy will be protected if the person:

- Discloses the information in good faith.
- Believes it to be substantially true.
- Does not act maliciously or make false allegations, and
- Does not seek any personal or financial gain.

Investor Information and Engagement

Being a listed Public Limited Company, NBP is determined to discharge its obligation of providing material information about its financial position & performance, its group companies, management, operations as well as its future prospects. At NBP, investor engagement is conducted through the Company Secretary office as well as by an Investor Relations 'IR' team within the finance function. The IR team ensures that all material developments are communicated to investors and analysts via statutory announcements through the stock exchange and holding analyst briefing. Such information is also made readily available on the Bank's website. In addition, in-person discussions are also arranged with foreign analysts and shareholders as and when required. The idea behind the Bank's investor engagement through these briefings is to give the right perspective of the business affairs of the Bank to the investors (both existing and potential) which help them in making their investment decisions. Our Company Secretary office strives for timely dissemination of material information e.g. financial statements, to shareholders. The Bank has put into place comprehensive guidelines to address their grievances for the Investors and Shareholders in compliance with the regulatory requirements:

- For all shares related matters, shareholders are requested to contact the Bank's Shares Registrar with contact details available on the Bank's corporate website.
- In order to facilitate the shareholders who, intend to register a complaint, the contact details of the focal person of Shares Department are given on the Bank's corporate website for this purpose.
- In addition, if Shareholders' grievances are not resolved by the Shares Registrar of the Bank, they may escalate their complaints to the Company Secretary of the Bank.
- If a complaint still remains unaddressed, the same can be forwarded to Securities and Exchange Commission of Pakistan (SECP); using the link of SECP website which is available on the Bank's corporate website.
- Furthermore, queries with respect to financial position & performance results of the Bank can be directed to 'Investor Relations' team, which is headed by Chief Financial Officer, at the email address investor.relations@nbp.com.pk (which is also available on corporate website as well).

Annual Corporate Briefing

The Bank held its annual corporate briefing on March 10, 2023. CEO of the Bank jointly with the CFO presented a detailed analysis of Bank's performance along with future outlook; session was followed by Q&A session.

Social and Environmental Responsibility Policy

With a Vision to be the Nation's leading bank enabling sustainable growth and inclusive development, we have embedded the consideration of social, economic and environmental impacts into our business strategy. We take our responsibilities to the society and the environment seriously, and we commit to being transparent and accountable for our impacts. In line with the Environmental & Social Risk Management Implementation Manual issued by the State Bank of Pakistan, our Board and Senior Management are committed to develop an Environmental and Social Management System to understand, monitor and manage its social, environmental and economic impact to enable it to contribute to society's wider goal of sustainable development.

Steps to Encourage Minority Shareholders Participation

The Bank encourages minority shareholders to participate in the AGM as well as the analyst briefing sessions, the date of which are announced through the stock exchange. These events provide an open forum for a two-way engagement with our stakeholders, particularly the minority shareholders. Participation of the minority shareholders to these events is encouraged through:

- Notice of General Meetings is published at least 21 days before the meeting in newspapers having nationwide circulation. Moreover, the notice is also circulated from the forum of Pakistan Stock Exchange.
- The Bank timely updates its website with respect to all notices of general meetings.
- Annual Report of the Bank is sent to each member of the Bank before Annual General Meeting
- During AGM, Analyst Briefing a detailed briefing on the Bank's performance and strategies is given to the shareholders.
- The shareholders are encouraged to raise queries and give suggestions relating to the Bank's operations.

Issues Related to Last AGM

General queries and clarifications sought by shareholders regarding the agenda points, dividend payment, financial & operational performance of the Bank were addressed to their satisfaction. Apart from the said queries, no significant issue or concern was raised.

Meetings of the Board

The Board held 15 meetings during the year. Notices / agendas of the meetings were circulated in advance, in a timely manner. Decisions made during the meetings were clearly stated in the minutes of these meetings maintained by the Company Secretary, duly circulated to all directors for endorsement and were approved in the subsequent Board meetings. All Board meetings held during the year surpassed the minimum quorum requirements of attendance as prescribed by the applicable regulations and were also attended by the Chief Financial Officer and the Company Secretary, as required.

Board Meetings held outside Pakistan

Despite provisions by SECP and the Bank's overseas operations, all Board meetings were held inside Pakistan at the Bank's Head Office and through Zoom.

Internal Audit

The Board appoints the Chief Internal Auditor, who functionally reports to the Board Audit Committee and administratively to the President/CEO; whereas performance appraisal of the CIA is carried out by the Audit Committee. The Board ensures that the Chief Internal Auditor is suitably qualified, experienced and conversant with the Bank's policies and procedures; and the Internal Audit team comprises of experts of relevant disciplines in order to cover all major heads of accounts maintained by the Bank. The Chief Internal Auditor function continuously monitors implementation of the policies and effectiveness of the internal controls framework approved by the Board.

Capital expenditures planned for next year:

The Bank has budgeted capital expenditure for the next year. This would primarily be invested in increasing our Core Banking Application and other Technology Platform upgrade, operational outreach, safeguarding our existing infrastructure / relationships from growing threats on cyber security front along with normal replacements to ensure smooth operations.

Disclosures beyond BCR Criteria

Over the recent years, there have been significant developments in the corporate reporting domain, particularly in relation to the amount of details included in the entities' annual reports, as well as the importance ascribed by users to the information beyond the audited financial statements and the auditor's report thereon. There has been an evolution in the manner in which entities disseminate and communicate information to their stakeholders as users attach increasingly greater importance to supplementary information and look for better ways to inform their analysis and confirm understanding of more complex areas in the financial statements. Considering this emerging necessity, the Bank strives to go beyond the realm of essential reporting requirements in order to disclose all relevant information that facilitates the stakeholders in understanding various aspects of the Bank's operational and financial performance. Following is the list disclosures that have been made in addition to the BCR criteria:

- President/CEO Review
- Key interest bearing Assets and Liabilities
- Quarterly Performance Analysis
- Six Years' Financial Performance 2018-2023
- Four Years' summary of operating expenses
- Six Years' summary of markup and non-markup income
- Statement on Internal Controls
- Groups' Performance Reviews
- Detail of Management Committees & Other Senior Management
- Investor Awareness through Jama Punji Initiative by the Securities & Exchange Commission of Pakistan.

Performance of Prime Minister's Delivery Unit

- NBP's PMDU Team handles two dashboards i.e. Pakistan Citizen Portal and the product specific Prime Minister's Youth & Agriculture Loan Scheme (PMYP & ALS).
- As of December 31, 2023, 27,534 complaints were received on President NBP's PCP Portal out of which 27,477 stand addressed. Besides, 24,074 complaints were received on Prime Minister's Youth & Agriculture Loan Scheme Portal out of which 24,072 were addressed.

- On President NBP's PCP Portal, 66.79% complainants posted their feedback out of which 46.4% have shown their satisfaction to the response posted by the PMDU Team.
- In line with Prime Minister's Office instructions, President NBP conducts 2 hours' e-Kachehri sessions every month wherein general public notifies their complaints regarding the Bank through telephone calls. The session is telecasted live on facebook.
- The e-Kachehri events were publicized on the Bank's social media channels including Facebook, Instagram, Twitter & LinkedIn and also on Bank's website. During 2023, 08 e-Kachehri sessions were conducted as per the given SOPs of PM's Office, wherein, approx. 300 calls were taken.

Managing Conflicts of Interest

The Directors manage their personal, financial and business affairs in a manner that ensures avoidance of any conflict of interest. At an individual level, members of the Board declare conflicts of interest situations and withdraw from taking part in deliberations on/ exercising influence over matters where conflict or the appearance of conflict of interest arises. The actions are appropriately minuted for future reference. In addition, the affiliations and transactions of Directors' are regularly reviewed to ensure that there are no conflicts or relationships that might impair Directors independence. One of the key duties that Directors owe to the Bank is the duty to avoid conflicts of interest. This includes not placing one's self in a position where the Director's personal interest could possibly conflict with their duty to the Bank.

Related Party Transactions

The Bank may enter into transactions with its related parties in its daily operations to meet its business objectives, while doing so we recognize the need to maintain transparency and to fulfill our obligations towards all our stakeholders, including the shareholders, regulators, employees, etc. The Bank follows the philosophy that there must not be any conflict of interest or non-disclosure of such transactions. In this connection, the Bank has a formal documented Related Party Transactions Policy, approved by the Board of Directors. This policy governs 'transactions between the Bank and its related parties', and aims to ensure that the Bank meets its obligations under the applicable legal and regulatory requirements, and applicable Financial Reporting Standards. Transactions with related parties arising in the normal course of business are carried out

on an unbiased, arm's length basis. Pursuant to the regulatory requirements, all related party transactions are placed before the Board Audit Committee every quarter, for review and recommendation to the Board of Directors. The same are then placed before the full Board for consideration and approval by the Board as per the Audit Committee's recommendations. All members of the Board are required to disclose their interests held in their individual capacity.

Details of all related party transactions both affecting balance sheet and profit & loss account have been adequately disclosed under note 45 of the unconsolidated and note 46 of the consolidated financial statements along with transactions with government related parties.

Adoption and Statement of Adherence with the International Integrated Reporting Framework

An integrated report aims to provide insight about the resources available to an entity collectively referred to as "the CAPITAL" and categorised as financial, manufactured, intellectual, human, social and relationship, and natural capital. An Integrated Report also seeks to explain how the Organisation interacts with the external environment and the CAPITALS to create, preserve or erode value over the short, medium and long term. It also supports integrated thinking, decision-making and actions that focus on the creation of value over the short, medium and long term.

Integrated framework is still a voluntary practice in its early stages. As of August 2022, the International Accounting Standards Board 'IASSB' and the International Sustainability Standards Board 'ISSB' actively encouraged the continued adoption and use of the Integrated Reporting Framework and the Integrated Thinking Principles underpinning it. NBP, being a Systemically Important Bank and one of the largest commercial banks in the country, plays a critical role in financial ecosystem of the country. By virtue of its role as 'Banker to the Nation', NBP has an impact far beyond the financial bottom line. In line with the increasing industry practice and recommendations of IASB and ISSB, the Bank has started reporting as per the Integrated Reporting Framework to present a holistic & integrated overview of its philosophy to create value for its stakeholders over the short, medium and long term. We will continue to improve the information produced to make it more comprehensible, while taking into account the opinion of stakeholders reading this report.

COMPLAINT MANAGEMENT AT NBP

Complaint Management Wing under umbrella of President Secretariat, is responsible for managing and resolving customer complaints. The Bank acknowledge complaints through channels like Call Centre, Web Portal, Mobile Application Email, Fax, Branch, Complaint Box and External Agencies like SBP & BMP. Also send responses on complaints through automated system via SMS and email (where available).

The bank conducts follow ups, escalates, and aims towards closure of all customer complaints within the specified turnaround times, performs root cause analyses periodically to identify opportunities for improvement to ensure that each customer grievance is handled fairly with utmost focus and urgency. For this purpose, a post resolution activity, Service Quality Council exists to foresee customer issues and advise fixes that could result into satisfied customers. This committee comprises of senior executives. The committee examined the complaints data, trends and peaks to identify gaps and areas of improvement besides bringing more operational efficiency and improving the quality of customer services.

The Bank is committed to continue investment in people, resources and technology to support complaint handling functions. NBP enhanced its Complaint Management System (CMS) in 2023 and created awareness among customers about complaint lodgment channels through SMS. Further the Bank encouraged its customers to approach external dispute resolution forum like Banking Mohatsib Pakistan, if their grievances are not resolved up to their satisfaction.

we ensure the following:

- Customers are treated fairly,
- Customers are informed about the complaints handling mechanism,
- Complaints are resolved within the shortest time possible,
- Complaint handling mechanism is visible and accessible for all customers through our website, banking helpline, ATM Screens and notices placed at prominent places at branches.
- Complaint's handling is comprehensive, well integrated and handled with impartiality and transparency

Year 2023 ended on a good note where customer grievances were resolved efficiently and effectively by meeting the expectations of the customers. A decline of 1.2% complaints was observed from previous year despite the fact that increase in number of customer transactions through ATMs and Digitals Channels.

Key highlights of year 2023 are as under:

- The Bank received a total of 167,721 complaints,
- Effectively maintain a complaint resolution rate of 99.15%,
- Improvement in average responding time from 5.5(2022) to 3.97 working days, in 2023.

STATEMENT OF COMPLIANCE

Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 and Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of Bank:

National Bank of Pakistan

Name of the line Ministry:

Ministry of Finance

For the year ended:

December 31, 2023

- I. This statement is being presented to comply with the Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) and Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) (both herein referred to as 'Codes') issued for the purpose of establishing a framework of good governance, whereby a public sector bank is managed in compliance with the best practices of public sector governance. In case where there is inconsistency with the Regulations, the provisions of the Rules shall prevail and in case of any conflict between the Codes and the Banks (Nationalisation) Act, 1974, the provisions of the Banks (Nationalisation) Act, 1974 have been followed.
- II. The Bank has complied with the provisions of the Rules in the following manner:

S.No.	Provision of the Rules			Rule No.	Y	N
					Tick the relevant box	
1.	The independent directors meet the criteria of independence, as defined under the Rules.			2(d)	√	
2.	The Board has the requisite percentage of independent directors. As at December 31, 2023, the Board includes :			3(2)	√	
	Category	Names	Date of Appointment			
	Independent Directors	- Mr. Ashraf Mahmood Wathra - Mr. Ahsan Ali Chughtai - Mr. Ali Syed - Mr. Nasim Ahmad	18-1-2023 21-6-2021 18-1-2023 18-1-2023			
	Executive Directors	- Mr. Rehmat Ali Hasnie CEO/President	07-08-2023			
	Non-Executive Directors	- Mr. Farid Malik - Mr. Amjad Mahmood	27-8-2023 18-1-2023			
3.	A casual vacancy occurring on the board was filled up by the directors within ninety days.			3(4)	√	
4.	The directors have confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.			3(5)	√	
5.	The appointing authorities have applied the fit and proper criteria given in the Annexure in making nominations of the persons for election as Board members under the provisions of the Ordinance.			3(7)	√	
6.	The Chairman of the Board is working separately from the Chief Executive of the Bank.			4(1)	√	
7.	The Chairman has been elected from amongst the independent Directors, except where the Chairman of the Board has been appointed by the Government.			4(4)	√	
8.	The Board has evaluated the candidates for the position of the Chief Executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission. (Not applicable where the Chief Executive has been nominated by the Government)			5(2)	N/A	
9.	a) The Bank has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place.			5(4)	√	
	b) The Board has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures, including posting the same on the Bank's website www.nbp.com.pk.				√	
	c) The Board has set in place adequate system and controls for the identification and redressal of grievances arising from unethical practices.				√	

10.	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	5(5)	√	
11.	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstance considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	5(5) (b)(ii)	√	
12.	The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the Bank.	5(5) (b)(vi)	√	
13.	a) The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.	5(5) (c)(ii)	√	
	b) A committee has been formed to investigate deviations from the Bank's Code of Conduct.		√	
14.	The Board has ensured compliance with the law as well as the Bank's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services in accordance with PPRA Rules.	5(5) (c)(iii)	√	
15.	The Board has developed a vision or mission statement, corporate strategy of the Bank.	5(6)	√	
16.	The Board has developed significant policies of the Bank. A complete record of the particulars of the significant policies together with the date on which they were approved or amended has been maintained.	5(7)	√	
17.	The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Bank as a public service obligation, and has submitted its request for appropriate compensation to the Government for consideration.	5(8)		
18.	The Board has ensured compliance with policy directions requirements received from the Government.	5(11)	√	
19.	a) The Board has met at least four times during the year.	6(1)	√	
	b) Written notices of the Board meetings, along with agenda duly approved by the Chairman, were circulated at least seven days before the meetings.	6(2)	√	
	c) The minutes of the meetings were appropriately recorded and circulated.	6(3)	√	
20.	The Board has monitored and assessed the performance of senior management on annual basis and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose.	8(2)	√	
21.	The Board has reviewed and approved the related party transactions placed before it after recommendations of the Audit Committee. A party-wise record of transactions entered into with the related parties during the year has been maintained.	9	√	
22.	a) The Board has approved the profit and loss account for and balance sheet as at the end of first, second and third quarter of the year as well as the financial year end.	10	√	
	b) The Board has ensured that half yearly accounts are prepared and reviewed by the external auditors.		√	
	c) The Board has placed the annual financial statements on the Bank's website.		√	
23.	All the Board members underwent an orientation course arranged by the Bank to apprise them of the material developments and information as specified in the Rules.	11	√	
24.	a) The Board has formed the requisite committees, as specified in the Rules.	12	√	
	b) The committees were provided with written term of reference defining their duties, authority and composition.		√	
	c) The minutes of the meetings of the committees were circulated to all the Board members.		√	
	d) The committees were chaired by the following non-executive directors:		√	
	Committees	No. of Members	Name of Chairman	
	Board Audit Committee	05	Mr. Ahsan Ali Chughtai	
	Board HR & Remuneration Committee	03	Mr. Ashraf Mahmood Wathra	
	Board Risk & Compliance Committee	04	Mr. Ahsan Ali Chughtai	
	Board Technology & Digitalization Committee	04	Mr. Farid Malik	
	Board Inclusive Development Committee	04	Mr. Ashraf Mahmood Wathra	
	NBP-NY Governance Council (Sub-Committee of BRCC)	03	The President	
25.	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, with their remuneration and terms and conditions of employment, and as per their prescribed qualifications.	13	√	

26.	The Chief Financial Officer and the Company Secretary have requisite qualification prescribed in the Rules.	14	√	
27.	The Bank has adopted International Financial Reporting Standards notified by the Commission in terms of sub- section (1) of section 225 of the Act.	16		
28.	The Directors' Report for this year has been prepared in compliance with the requirements of the Act and the Rules and fully describes the salient matters required to be disclosed.	17	√	
29.	The directors, CEO and executives, or their relatives, are not, directly, or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the Bank except those disclosed in pattern of shareholding to the Bank.	18	√	
30.	a) A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place and no director is involved in deciding his own remuneration. b) The Annual Report of the Bank contains criteria and details of remuneration of each director.	19	√ √	
31.	The financial statements of the Bank were duly endorsed by the Chief Executive and Chief Financial officer, before approval of the Board.	20	√	
32.	The Board has formed an Audit Committee, with defined and written terms of reference, and having the following members as at December 31, 2023:	21 (1) and 21(2)	√	
	Name of Banker	Category	Professional Background	
	Mr. Ahsan Ali Chughtai	Independent Director	Senior Banker	
	Mr. Farid Malik	Non-Executive Director	Business Executive	
	Mr. Amjad Mahmood	Non – Executive Director	Additional Finance Secretary	
	Mr. Ali Syed	Independent Director	Business Executive	
	Mr. Nasim Ahmad	Independent Director	Senior Banker	
33.	a) The Chief Financial Officer, the Chief Internal Auditor, and a representative of the external auditors attended all meetings of the Audit Committee at which issues relating to accounts and audit were discussed. b) The Audit Committee met the external auditors, at least once a year, without the presence of the Chief Financial Officer, the Chief Internal Auditor and other executives. c) The Audit Committee met the Chief Internal Auditor and other members of the internal audit function, at least once a year, without the presence of Chief Financial Officer and the external auditors.	21(3)	√ √	
34.	a) The Board has set up an effective internal audit function, which has an audit charter, duly approved by the Audit Committee. b) The Chief Internal Auditor has requisite qualification and experience prescribed in the Rules. c) The internal audit reports have been provided to the external auditors for their review.	22	√ √ √	
35.	The external auditors of the Bank have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.	23(4)	√	
36.	The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.	23(5)	√	

III. Certain additional disclosures, required under the Listed Companies (Code of Corporate Governance) Regulations, 2019 (The Regulations)

1. The total number of directors are as follows:
 - a. Male: 07
 - b. Female: Nil
2. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ Shareholders as empowered by the relevant provisions of the Companies Act, 2017 as well as these Regulations.
3. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
4. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of the meeting of the Board.
5. The Board has formed committees comprising of members given below:

a) Board Audit Committee (BAC):

S. No	Name of Director	Status
1	Mr. Ahsan Ali Chughtai	Chairman
2	Mr. Farid Malik	Member
3	Mr. Amjad Mahmood	Member
4	Mr. Ali Syed	Member
5	Mr. Nasim Ahmad	Member

b) Board HR & Remuneration Committee (BHRR):

S. No	Name of Director	Status
1	Mr. Ashraf Mahmood Wathra	Chairman
2	Mr. Farid Malik	Member
3	Mr. Ali Syed	Member

c) Board Risk & Compliance Committee (BRCC):

S. No	Name of Director	Status
1	Mr. Ahsan Ali Chughtai	Chairman
2	Mr. Ali Syed	Member
3	Mr. Nasim Ahmad	Member
4	The President	Member

d) Board Technology & Digitalisation Committee (BTDC):

S. No	Name of Director	Status
1	Mr. Farid Malik	Chairman
2	Mr. Amjad Mahmood	Member
3	Mr. Ali Syed	Member
4	The President	Member

e) Board Inclusive Development Committee (BIDC):

S. No	Name of Director	Status
1	Mr. Ashraf Mahmood Wathra	Chairman
2	Mr. Amjad Mahmood	Member
3	Mr. Nasim Ahmad	Member
4	The President	Member

f) NBP-NY Governance Council (Sub-Committee of BRCC):

S. No	Name of Director	Status
1	The President	Chairman
2	Mr. Ahsan Ali Chughtai	Member
3	Mr. Nasim Ahmad	Member

5. The frequency of Meetings (Quarterly/half yearly/yearly) of the Committees were as per following:

S. No	Name of Committees	No. of Meetings held during the year
a	Board Audit Committee (BAC)	11
b	Board HR & Remuneration Committee (BHRRC)	10
c	Board Risk & Compliance Committee (BRCC)	11
d	Board Technology & Digitalization Committee (BTDC)	05
e	Board Inclusive Development Committee (BIDC)	02
f	NBP-NY Governance Council (Sub-Committee of BRCC)	09

6. The Board has set up an effective internal audit function for both local and overseas operations. With regards to NBP-USA, Internal audit function of the Bank is outsourced to an independent professional firm. In addition, audit function in Germany is also outsourced. Both these audit firms are considered suitably qualified, experienced and conversant with the policies and procedures of the Bank and all applicable laws and regulations.
7. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board.
8. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants

of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or directors of the Bank;

9. The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
10. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with except for the following non-compliance:
 - i) As per regulation 7, it is mandatory that the Board shall have at least one female director when it is reconstituted after the expiry of its current term. No female director was appointed on the Board after retirement of Ms. Sadafe Abid, whose tenure ended on April 16, 2022.

EXPLANATION FOR NON-COMPLIANCE WITH THE PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013

We confirm that all other material requirements envisaged in the Rules have been complied with except for the following, toward which reasonable progress is being made by the Bank to seek compliance by the end of next Financial Year:

S. No	Rule/Sub Rule No	Reasons for Non-Compliance	Future course of action
1	8(1)	The performance evaluation of the members of the Board including the Chairman and the Chief Executive is required to be undertaken annually by the Government for which, the Government is required to enter into performance contract with each member of the Board at the time of his appointment. Hence the compliance to this provision is primarily attributable to the Government.	The Bank is conducting Board Evaluation in line with Regulation G-13 of Corporate Governance Regulatory Framework (CGRF) of SBP. However, a letter has been sent to the Federal Government, communicating the said non-compliance and seeking action thereupon on part of the Federal Government.

REHMAT ALI HASNIE
CEO / President

ASHRAF MAHMOOD WATHRA
Chairman

REVIEW REPORT TO THE MEMBERS

A.F. Ferguson & Co.

Chartered Accountants
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I.I Chundrigar Road
P.O. Box 4716
Karachi – 74000

BDO Ebrahim & Co.

Chartered Accountants
2nd Floor, Block-C
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No.1, Sarwar Shaheed
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INDEPENDENT AUDITORS' REVIEW REPORT

Review report to the Members on the Statements of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Public Sector Companies (Corporate Governance) Rules, 2013

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations), Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) (both herein referred to as 'Codes') and Bank (Nationalisation) Act, 1974 prepared by the Board of Directors of National Bank of Pakistan (the Bank) for the year ended December 31, 2023 to comply with the requirements of regulation 36 of the Regulations and the provisions of the Rules.

The responsibility for compliance with the Codes is that of the Board of Directors of the Bank. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Bank's compliance with the provisions of the Codes and report if it does not and to highlight any non-compliance with the requirements of the Codes. A review is limited primarily to inquiries of the Bank's personnel and review of various documents prepared by the Bank to comply with the Codes.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Bank's corporate governance procedures and risks.

The Codes require the Bank to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arms' length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the 'Statement of Compliance' does not appropriately reflect the Bank's compliance, in all material respects, with the best practices contained in the Codes as applicable to the Bank for the year ended December 31, 2023.

Further, we highlight below instances of non-compliance with the requirements of the Codes as reflected in the paragraph reference where these are stated in the Statement of Compliance:

S. No	Reference	Description
i	Regulation 7	It is mandatory that the Board shall have at least one female director. However, there was no female director holding the office of Directors during the current year.
ii	Rule 8(1)	The performance evaluation of members of the Board including the Chairman and the Chief Executive shall be undertaken annually by the Government. However, no performance evaluation was undertaken of the above stated personnel.

A. F. Ferguson & Co.

Chartered Accountants
Karachi

Dated: March 4, 2024

UDIN: CR202310068PnOHTeDr0

BBDO Ebrahim & Co.

Chartered Accountants
Karachi

Dated: March 4, 2024

UDIN: CR202310067bteiZ5Cjp

STATEMENT OF INTERNAL CONTROL

Reporting of Internal Control System

The Bank's management has established and is managing a system of internal controls, approved by the Board of Directors, to achieve effective and efficient operations, while complying with applicable laws and regulations and preserving the reliability of financial reporting. This internal control system comprises of various interrelated components to gauge the overall control environment. These components include the availability of well-documented policies and procedures and their compliance, risk assessment, identification of risks and mitigating controls, technology breaches, information leakages, governance and management reporting.

The management and the employees at all levels within the Bank are required to perform their duties as per defined guidelines. The internal control system also requires effective and efficient external and internal reporting, maintenance of proper records and processes, operational loss database, compliance with applicable laws and regulations, and internal policies with respect to the conduct of business. The Bank remains cognisant of its responsibility to continuously improve and strengthen its system of internal control on an ongoing basis.

The Bank has completed the implementation of roadmap regarding Internal Control Over Financial Reporting ("ICFR") and the Long Form report on the assessment of the Bank's ICFR for the year 2022 was issued by the statutory auditor in compliance with the SBP directive.

The Bank's internal control system has been designed to manage rather than eliminate risk of failure to achieve objectives under a changing environment. There are inherent limitations in the effectiveness of any system, including the possibility of human error or system failure, circumvention and overriding of control. Accordingly, even an effective internal control system can only provide reasonable assurance with respect to achievement of program objectives.

Evaluation of Internal Controls

Besides the monitoring of the implementation of internal control system at the management level, the Bank has an independent Internal Audit function namely the Audit & Inspection Group with three Area Audit & Inspection Offices that conduct audits of Branches, Regions, and Groups at the Head Office on an on-going basis to evaluate the efficiency and effectiveness of internal control system. In addition, an Internal Control function is established under Operations Group for testing & monitoring key controls across operations. Adequate compliance systems and processes are available to evaluate and assess the adequacy of customers' onboarding, sanctions screening and transactions monitoring.

For the year 2023, the management continues its efforts to strengthen the internal control system of the Bank. The observations made by the external/internal auditors and regulators in their respective audits/inspections are reviewed and measures are being taken by the management (by respective groups and tracking at management level forums), Board Sub-Committees, and Board of Directors for rectification of such observations and their non-recurrence.

Based on the results achieved from review of controls by management during the year along with, Compliance Group, Internal Control Group within Operations, Internal Control over Financial Reporting by Financial Control Group and Internal Audit performed by Audit & Inspection Group, the management considers that the Bank's existing internal control system needs further improvement. This is an ongoing process and management would continuously be evaluating the efficacy of its in-built controls to enhance and further strengthen the overall internal control system of the Bank. Based on the above, the Board of Directors has endorsed the management's evaluation of internal controls including ICFR in the Director's report.

Haroon Zamir Khan
Chief Risk Officer

Abdul Wahid Sethi
Chief Financial Officer

Muhammad Abdul Moeed
Chief Compliance Officer (A)

Imran Farooqui
Group Chief Operations

Umer Anwer
Chief Internal Auditor

OUR ETHICS & CODE OF CONDUCT

It is an obligation on employees of the Bank to be responsible, honest, trustworthy, conscientious and dedicated to the highest standards of ethical business practices. Our Code of Conduct reflects our commitment to meet the expectations of our stakeholders and sets the fundamental principles and rules relating to our ethics, conduct and compliance to ensure integrity. We are committed to conducting our business with honesty and integrity, and expect all our employees to maintain high standards in accordance with this Code that forms an integral part of the terms of employment of all employees.



Purpose of Code

The Code of Conduct (the “Code”) is to define the commitment that the Bank expects of its employees to know in clear terms what acts, conducts and practices are considered ethical and clearly describe the

appropriate behaviour that all employees are required to adopt in order to safeguard the reputation enjoyed by the Bank and its subsidiaries, both in Pakistan and abroad. It also describes, where considered necessary, the omissions that would be against the Code.

Application of Code

It is an obligation on us all to be responsible, honest, trustworthy, conscientious and dedicated to the highest standards of ethical business practices. Our internally developed Code of Conduct "Code" provides guidance on expected behaviour and explains the effect of decisions that are taken and describes the principles that must be followed. The Code applies to all employees of the Bank and its subsidiaries. It applies equally to interns, consultants, agents and service providers who are engaged/retained by the Bank. A copy of the code is provided to all concerned, so that they know the applicable provisions and undertake to follow these in the course of their employment and/or business relationship with the Bank. The rules set out in this Code are to be applied at all times and in all places when carrying out Bank duties, be they of a professional or social nature.

Compliance with this Code

If an employee fails to comply with this Code or applicable laws, rules or regulations (including the rules and regulations of the SBP) he or she will be subject to disciplinary measures, including (with respect to employees) discharge from the Bank. Violations of this Code may also constitute violations of law and may result in civil or criminal penalties for such person, and such person's supervisors. The competent authority will determine, or designate appropriate persons to determine appropriate actions to be taken in the event of a violation of this Code. In determining what action is appropriate in a particular case, the competent authority or its designee will consider the following aspect. If appropriate, the relevant external authority would be notified.

Basic Principles of our Code

- **Act with Honesty and Integrity**
All our decisions and actions shall continue to be, and seen to be, driven by the utmost level of honesty, integrity and fairness by executing right things in a right way.
- **Comply with the Law**
We shall continue to comply in letter and spirit with laws, rules and regulations of Pakistan and the countries where we have established our business.
- **Treat all with Respect**
We shall always extend maximum respect, kindness and fairness to all our customers, colleagues, applicants for employment, vendors and counterparties.
- **Conflict of Interest**
The sole trigger of all our decisions and actions shall be to contribute towards success of the Bank. We manage our personal, financial and business affairs in a manner that ensures avoidance, or even appearance of any conflict of interest.
- **Respect the Organisation**
We respect our organisation through adherence to its by-laws, rules, policies and procedures; and by remaining committed to safeguarding Assets, Reputation and Relations of the Bank.
- **Non-Discrimination**
NBP will not tolerate discrimination in any form, or any dishonest, unethical or inappropriate behaviour. The Bank's policy is to ensure a harmonious environment with equal employment opportunity for all, regardless of age, gender, race, religion, colour, national origin and marital status and that client and prospective clients are not discriminated against on a prohibited basis.
- **Safeguard the Confidentiality of Information**
We shall continue to appreciate and honor the trust bestowed upon us by our customers and counterparts in regard to their personal and business information that we possess.

- **Limited Use of Confidential Information**
While recognizing the need for a constant flow of information for the smooth operation of the Bank, we will not disclose confidential information pertaining to our clients' affairs to our fellow workers within NBP unless they have a clear business need to know the information for the performance of their duties.
- **Avoid Conflicts of Interest**
As part of our employment responsibilities we act in a way that contributes to the financial success of the Bank, enhances its reputation and fosters its client relationships. This requires us to look after our own private financial interests in such a way that we do not profit improperly from our position with NBP.
- **Use of NBP's Computer Systems**
Utilisation of NBP's computer systems provides an employee access to confidential client information based on the business/support function(s) being performed. Employees are granted access to the various computer systems to perform their job duties. Each employee is expected to protect the access granted to him or her and to keep any associated passwords confidential at all times.
- **External Communications**
Only designated Senior Management Officials liaison through Corporate Communications Division are responsible for NBP's relationship and communication with the press and the general public.
- **Sincerity with NBP/Management and Others**
When we have knowledge of any questionable or possible illegal act or occurrence involving or affecting NBP, we have an obligation to report the act or occurrence using means made available by the Bank for such purpose.
- **Self-Dealing**
We are not in any way to represent or exercise any authority on NBP's behalf, grant direct or indirect credit accommodations or make credit recommendations, or act in the capacity of an account officer with respect to any type of transaction for ourselves, or members of our immediate family
- **Respect the Policies of the Organisation**
We are required to be aware of all policies and processes which apply to us as employees of NBP. These policies and processes are issued by the authorised officials of NBP, and modifications may be enforced from time to time.
- **Demonstrate Discipline and Decency**
NBP expects us all to demonstrate discipline in terms of timeliness, punctuality and dress code. We should devote our full attention and energy to official duties during working hours. Employees are required to attend at work as required and not to be absent from duty without authorisation.
- **Acceptance of Gifts from Suppliers or Clients**
NBP employees are prohibited from giving, seeking or accepting gifts for oneself or any other person anything of value beyond PKR 5,000/- (including services, discounts or entertainment) from clients, suppliers or anyone else in return for any business or service from, or confidential information about NBP.
- **Borrowing Money from Vendors or Clients**
We are not allowed to borrow money from, or lend money to any of NBP's vendors or clients. This is strictly prohibited.

RISK MANAGEMENT FRAMEWORK

Risk Management Group (RMG) operates as a cohesive and integrated function overseen by the Chief Risk Officer (CRO). It consists of the Credit Risk Management Group (CRMG), Retail & Program Lending Group (R&PLG), and Enterprise Risk Management Group (ERMG). Additionally, the group also incorporates divisions such as the Information Security Division (ISD) and Credit Administration Division (CAD). RMG functions as an independent group reporting directly to the President with dotted line reporting to the Board.

RMG endeavors to cover all risks that the Bank may be exposed to through:



A key objective of our approach to risk management is a robust framework backed by a strong risk culture. This entails systematic identification and escalation of risks while concurrently supporting sustainable business growth through judicious risk-reward decisions. The overarching objective of our risk management strategy is to empower management to identify and assess risks, respond with effective mitigation tools, and continually monitor the effectiveness of risk response measures. This approach ensures a proactive and adaptive attitude towards risk contributing to the overall success and sustainability of the organisation.

Understanding Risk and its Impact

The risks encountered by the Bank are primarily categorised into Credit Risk, Market & Liquidity Risk, Operational Risk, Information Security Risk, Strategic Risk, Reputational Risk and other risks that hold significant implications for the Bank's capital. This classification provides a comprehensive overview of the diverse challenges and uncertainties that the Bank navigates, allowing for targeted and effective risk management strategies to safeguard its earnings and capital.

Understanding Drivers of Risks



Understanding Types of Risks

The systematic classification and categorisation of different types of risks provides a structured framework for identifying, assessing, and managing various risks. It also helps in organising the complex landscape of risks into distinct categories, making it easier for banks to understand, measure and mitigate potential risks.

Credit Risk

- Default Risk: The risk that a borrower fails to meet its financial obligations.
- Concentration Risk: The risk associated with having a significant exposure to a single borrower, economic group, industry or geographic region.
- Counterparty Risk: The risk of losses due to default of a counterparty in financial transactions.

Market Risk

- Interest Rate Risk: The risk of losses due to changes in interest rates.
- Foreign Exchange Risk: The risk of losses due to fluctuations in exchange rates.
- Commodity Price Risk: The risk associated with changes in commodity prices affecting the value of assets or liabilities.

Operational Risk

- Internal Risk: Risks related to activities by employees or internal parties.
- External Risk: Risks related to activities by external parties.
- Technology Risk: The risk of disruptions or losses due to inadequate or failing technology systems.
- Legal and Regulatory Risk: Risks arising from non-compliance with legal contracts, laws, and regulations.

Liquidity Risk

- Funding Liquidity Risk: The risk that a bank may be unable to meet its short-term funding requirements.
- Market Risk: The risk of being unable to buy or sell assets in the market without significant price impact.

Reputational Risk

- Customer Relations Risk: Risks arising from dissatisfaction or disputes with customers.
- Stakeholder Perception Risk: Risks associated with how the Bank is perceived by investors, regulators and the public.

Strategic Risk

- Business Model Risk: Risks associated with the Bank's chosen business strategies and models.
- Competitive Risk: Risks arising from changes in the competitive landscape.

Compliance Risk

- The risk of failing to comply with laws, regulations and industry standards.

Environmental & Social Risk

- Environmental Risk: Risks associated with the impact of the Bank's activities on the environment.
- Social Risk: Risks related to the Bank's social responsibility and impact on society.

Model Risk

- Risk associated with the use of models for decision-making, including inaccuracies or limitations in the models.

Understanding Impact of Risks

Quantitative Impact Assessment:

Employing quantitative models to measure the potential financial impact of various risks on the bank's capital and earnings.

Scenario Analysis:

Evaluating the impact of specific scenarios or events on the Bank's financial health.

Sensitivity Analysis:

Assessing how changes in key variables (interest rates, exchange rates, etc.) may affect the Bank's performance.

Stress Testing:

Subjecting the Bank's position to extreme scenarios to evaluate its resilience under adverse conditions.

Risk Mitigation and Controls

Implementing measures to mitigate identified risks, including setting risk limits, developing risk policies and procedures, and establishing control mechanisms. Regularly monitoring and updating risk mitigation strategies based on changes in the risk environment.

Communication and Reporting

Regularly communicating risk information to the board, senior management and relevant stakeholders.

Providing clear and concise reports on the Bank's risk profile, risk exposure, and the effectiveness of risk mitigation measures.

By thoroughly understanding the drivers, types, and impact of risks, the Bank can make informed decisions, set appropriate risk appetites and implement effective risk management strategies to protect its financial stability and reputation. This understanding is crucial for the proper functioning of the risk governance and oversight structure.

Risk Governance and Oversight Structure

The Board assumes the responsibility of providing diligent oversight in the implementation of risk-related policies, frameworks and procedural manuals to proactively mitigate the potential for substantial financial losses or diminished shareholder value within the Bank. Consequently, the Board is committed to establishing and maintaining comprehensive policies and frameworks that identify and address all significant or material risks inherent to the Bank. This commitment extends to ensuring that the necessary

human resources, Organisational culture, practices and systems are in place to effectively manage and mitigate such risks. The following are key risk-related committees at both the board and management levels, established to facilitate robust implementation and oversight of risk management practices.

Board Risk & Compliance Committee

The Board Risk and Compliance Committee (BRCC) serves as the pinnacle of risk oversight, acting on behalf of the Board to conduct risk management activities. As the paramount policymaking and supervisory entity for all risk categories confronted by the Bank, including credit, market, liquidity, operational and other risks with potential material impact on the Bank's performance, BRCC plays a pivotal role. Its primary function involves enhancing the risk culture within the institution through rigorous evaluations of diverse risk policies, procedural manuals and Management Information Systems (MIS).

Enterprise Risk Committee

The Enterprise Risk Committee (ERC) functions as a senior management committee, featuring representation from pertinent business and support units. This committee assumes responsibility for overseeing the implementation of the risk management framework, adopting an integrated and enterprise-wide perspective. Its key areas of focus include the formulation of risk strategy, the development of policies and procedures, evaluation of risk management tools, Management Information Systems (MIS) reporting and the escalation of significant matters to the Board Risk and Compliance Committee (BRCC).

Moreover, other relevant committees, such as Asset Liability Committee (ALCO) and Management Credit committee (MCC) etc. are responsible to ensure the formulation and implementation of a comprehensive risk management framework.

Management Credit Committee

The Management Credit Committee (MCC) operates as a senior management committee with a primary mandate of assessing and reviewing credit exposures, counterparty/borrower limits, and credit policies and procedures. These responsibilities align with the guidelines outlined in the Credit Approval Authority Booklet (CAAB) and the Credit Policy Manual. The authority for these functions is delegated by the Board Risk & Compliance Committee/Board of Directors. Notably, the Chief Risk Officer (CRO) and Chief Credit Officer (CCO) serve as integral members of the committee, ensuring a robust participation of risk considerations in the decision-making process.

Asset Liability Committee

The Asset and Liability Management Committee (ALCO) holds the responsibility for overseeing and managing the composition and pricing of both assets and liabilities of the Bank. This includes off-balance sheet items, with the overarching goal of achieving outcomes that align with liquidity, capital adequacy, growth, profitability and predefined risk appetite/tolerance objectives. ALCO plays a critical role in ensuring a strategic balance within the Bank's financial structure, harmonizing various elements to achieve optimal results across key operational areas.

Risk Management Framework Implementation

The implementation of the risk management framework at the Bank follows a 'Three Lines of Defence' model. This model delineates distinct lines of responsibility and accountability across the organisation, ensuring effective, independent oversight and assurance that activities occur as intended within the risk management framework. The three lines of defence in this model typically include:



1ST LINE OF DEFENCE

The business groups bear the foremost responsibility for identifying, measuring, monitoring and exercising control over risks within their designated areas of accountability. It is mandatory for them to establish and enforce effective procedures and controls, ensuring strict adherence to pertinent policy requirements. Furthermore, these business groups must consistently uphold and enhance their proficiency in risk management skills. Their actions are expected to align with the parameters set and approved by the Board, fostering a comprehensive and compliant risk management approach.



2ND LINE OF DEFENCE

The Risk Management and Compliance functions within the Bank have the responsibility to oversee and independently assess the effectiveness of risk management actions undertaken by business groups. These assessments are further subjected to evaluation at management level committees. Subsequently, the recommendations are either approved or escalated to the Board's sub-committees in accordance with SBP requirements, where they undergo further deliberation prior to a decision being taken. This structured approach ensures a thorough examination of risk management activities, aligning with regulatory standards and promoting informed decision-making at the highest levels of governance.



3RD LINE OF DEFENCE

The Board Audit Committee and the Audit & Inspection Group collectively deliver independent and objective assurance and consulting activities aimed at enhancing the value and efficacy of the Bank's risk management function. The Audit & Inspection Group contributes to the realisation of the Bank's objectives by employing a systematic and disciplined approach to assess and enhance the effectiveness of risk management, control, and governance processes. Their collaborative efforts are designed to fortify the Bank's overall risk management framework and promote robust governance practices.

Clear Responsibilities and Accountabilities

Each line of defence has well-defined roles and responsibilities, ensuring clarity in the execution of risk management activities.

Independent Oversight

Independence is maintained between the first, second, and third lines of defence to enhance objectivity and impartial evaluation of risk management practices.

Assurance of Activities

The model ensures that activities are conducted as intended under the risk management framework, providing assurance to stakeholders.

Continuous Improvement

The model supports continuous improvement by allowing for feedback and adjustments to risk management processes based on the insights provided by each line of defence.

The Risk Management Group (RMG) defines its mission as the maximisation of stakeholders' value through sustainable growth, which is realised by informed risk decision-making and superior risk and capital management. This is reinforced by fostering a consistent risk-focused culture throughout the Bank. Aligned with our approach to risk management, the Board has endorsed several policy documents that establish the parameters essential for achieving effective risk management. These policies serve as the foundation for maintaining a robust risk management framework within the organisation.

Risk Management Approach

The Bank adopts the Basel framework as a fundamental element of NBP's risk management framework and guides its capital and liquidity strategies. This approach underscores the Bank's dedication to upholding a robust capital, funding and liquidity position, in accordance with its ongoing commitment to maintaining the strength of its balance sheet. By aligning with the Basel framework, the Bank seeks to enhance the effectiveness of its risk management practices and fortify its financial resilience.

Bank's risk management objectives are to:

- **Identify and Assess Significant Risks**
Systematically identify and assess risks that could have a substantial impact on the Bank's operations, ensuring a comprehensive understanding of potential threats.
- **Timely Response and Risk Appetite Formulation**
Provide a prompt and well-considered response to identified risks by formulating the Bank's risk appetite. This involves establishing clear parameters and thresholds for risk-taking in alignment with Organisational objectives.
- **Equip the Bank with an Appropriate Risk Management Architecture for Effective Risk Management**
Implement tools and models that form a robust architectural framework, facilitating effective risk management across the Organisation. This includes deploying sophisticated systems to identify, measure and mitigate risks.

- **Analyse the Overall Risk Profile**

Conduct comprehensive analyses of the Bank's overall risk profile, taking into account various risk factors and their interplay. This involves assessing the collective impact of risks on the Bank's financial health.

- **Keep Track of Emerging Risks**

Stay vigilant to emerging risks by actively monitoring the external environment and industry trends. Actively engage in the identification, assessment, and mitigation of potential risks that may arise in the future.

- **Perform an Active Role in Risk Mitigation**

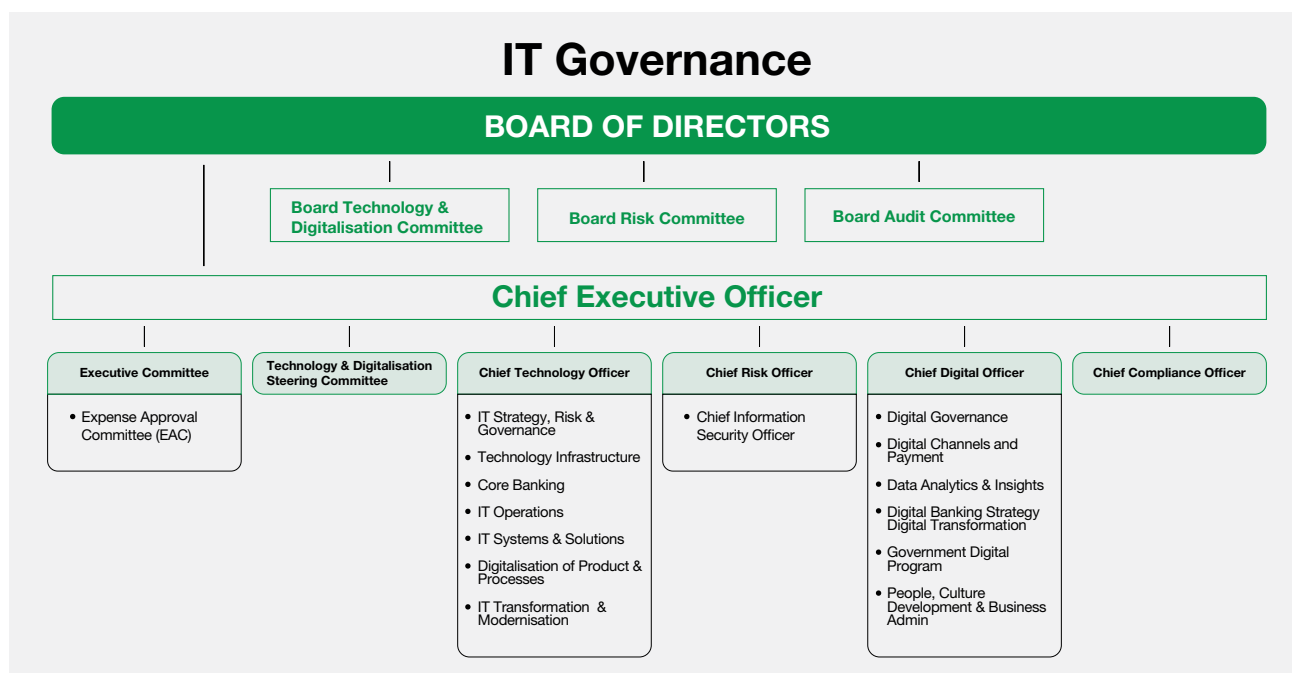
Play an active role in mitigating risks by implementing proactive measures, such as developing and enhancing risk mitigation strategies, ensuring that the Bank is resilient in the face of potential challenges.

- **Managing Information Security Risk**

Information security risk is managed through a well established information security policy and risk management/cybersecurity frameworks that cover IS Risk Management, IS Program Management, IS Security Operations & Threat Management, Network & Infrastructure Security, Application & Database Security, and IS Governance & Compliance.

By addressing these objectives, the Bank has established a comprehensive and dynamic risk management approach, ensuring a proactive stance towards risks, promoting strategic alignment, and safeguarding the institution's overall stability and success.

IT GOVERNANCE & CYBER-SECURITY



In today's dynamic digital economy, the importance of IT Governance and Management cannot be overstated. It ensures that investments in IT, both current and future, are in line with the Organisation's business objectives and risk tolerance. Consequently, the banking sector's IT landscape is also rapidly evolving, necessitating a focus on:

- Maximising the business value derived from IT investments
- Achieving operational excellence through reliable, scalable and maintainable technology solutions
- Managing IT-related risks within acceptable thresholds
- Ensuring accurate and relevant data is available for data-driven strategic decision-making
- Ensuring compliance with an evolving regulatory and legal environment
- Maximising cost efficiency in IT services and technology.

This strategic shift underscores the importance of integrating IT strategies with broader Organisational objectives, ensuring alignment and agility in

an evolving technological environment. IT Governance of the Bank comprises monitoring by:

NBP Board of Directors:

The NBP board oversees business conduct and supervises management, committed to upholding the highest standards of corporate governance. Responsibilities include ensuring integrity and compliance with laws and regulations. The CEO and senior management execute operations according to approved plans and policies, presenting significant matters to the Board or its Committees for consideration. Sub-committees monitor and control various areas of the Bank. The Board's Technology & Digitalisation Committee oversees IT network and security projects to address the legal and regulatory implications of cyber risks.

Board Technology & Digitalisation Committee (BTDC):

The NBP Board has set up a dedicated sub-committee tasked with supervising technology operations and digital ventures within the bank. This Committee advises management on IT risk strategies to enhance resilience and response capabilities, particularly in addressing cyber incidents and wide-scale disruptions. Recognising the heightened significance of technology-related risks, the BTDC prioritises

enhancing governance and fostering collaboration with senior executives to effectively manage risks and maintain a robust IT risk profile. The Committee ensures consistent updates on IT network enhancements, security measures, and all ongoing IT projects.

Chief Executive Officer (CEO):

The NBP CEO supervises corporate functions across all businesses and subsidiaries, providing reports on bank activities to the board and relevant committees as requested by their respective chairs. The CEO holds the primary responsibility for managing the bank's operations and affairs, offering leadership and vision to enhance profitability and shareholder value while ensuring adherence to corporate policies established by the board.

Chief Technology Officer (CTO):

The Information Technology Group, led by the Chief Technology Officer (CTO), serves as the backbone of the Bank, delivering round-the-clock support for connectivity, servers, applications, and network and security infrastructure. The NBP CTO oversees crucial IT capability decisions to enhance management, ensure compliance, and maximise value from technology resources. Central to the CTO's role is establishing robust IT governance, which involves understanding the impact of IT decisions on business value.

IT Strategy, Risk & Governance (IT SRG):

An exclusive IT Governance domain is defined under the supervision of the CTO by the name of IT Strategy, Risk & Governance Division that is specifically responsible to prepare, review and implement IT-related policies, incident response, and controlling planning for IT governance. The division is managing technology programs and operations and proposes strategic IT initiatives to ensure that IT operates within budget while meeting targets. The Division has also established policies and procedures for implementing controls in each area of ITG. Additionally, IT Network Security assessment was also conducted to further improve the cybersecurity posture of the Bank.

Concerning continuous learning and development, IT SRG implements a program that endeavours to educate all employees by organizing awareness and training sessions on Cyber Security. Key training topics such as Zero-Trust Architecture, Software Defined Networks, Service Oriented Architecture, Cybersecurity fundamentals, Project Management, Security Analyst, and others are delivered to ITG employees to ensure they remain up-to-date with the latest trends and technologies. Furthermore, ITG employees are encouraged and assisted in obtaining relevant Specialised certifications to ensure they remain current enabling them to effectively assess,

respond to, and often anticipate developments in a rapidly changing landscape. The ongoing strategy of recruiting new talent with specific IT skills helps bridge any gaps in expertise and capabilities, while resource augmentation remains a continuous process at the Bank.

Chief Information Security Officer (CISO):

CISO is responsible to ensure that cybersecurity procedures and policies are communicated to the management. Also, CISO has to ensure that the management enforces compliance with Information Security and related policies. In the case of security breaches, the CISO is responsible for reviewing the incidents and assessing the impact of the incident to give recommendations on how to avoid such vulnerabilities in the future.

Chief Digital Officer (CDO):

The Chief Digital Officer is responsible for overseeing the Bank's adoption of digital technologies, transforming business strategy via the use of technology and data, and evangelising how people, processes, and technology can achieve the digital vision. The CDO is largely accountable for transforming the overall business model and introducing a digital dimension to the Bank's operations. CDO is vigorously embracing the newest digital technologies, such as cloud computing, data analytics, etc., and has established a dedicated division to enhance transparency, reporting, and governance in the digital domain. CDO is working on NBP's long-term strategy, which includes the deployment of robotic process automation, AI-based decision making in lending-based business and cross-selling, and the implementation of block chain technology for the expansion of digital banking footprints in NBP. To meet NBP's long-term, mid-term, and short-term ambitions, the CDO keeps Ex Com and BTDC updated of the latest digital domain developments and projects on a regular basis.

Digital Governance:

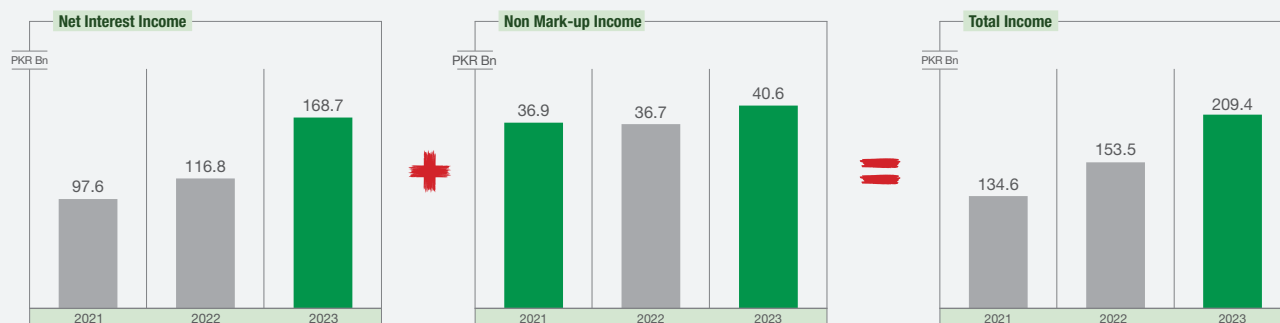
Under the leadership of the CDO, the Digital Governance domain is pursuing and executing the process governance for horizontal policies to implement internal controls, ensure compliance with all internal and regulatory mandates, and ensure that all processes & procedures are flawless for instant audit. The Digital Governance Division is responsible for the execution of all digital banking-related policies, regulatory requirements, SOPs, and SLAs.

دیار عشق میں اپنا مقام پیدا کر
نیاز ماننے سے صبح و شام پیدا کر
خودی کی جہلو توں میں مصطفائی
ترے سینے میں دم ہے دل نہیں ہے
تراد م گرمی محفل نہیں ہے
گزر جا عقل سے آگے کہ یہ نور
چہراں غراہ ہے من نزل نہیں ہے
مجھ کو پھر نغموں پر اکسانے لگا
اپنے من میں ڈور کر پا حیرانِ حسیں
تو اگر میرا نہیں بدلتا بن اپنا تو بن
دیار عشق میں اپنا مقام پیدا کر
نیاز ماننے سے صبح و شام پیدا کر
خودی کی جہلو توں میں مصطفائی
ترے سینے میں دم ہے دل نہیں ہے

FINANCIAL PERFORMANCE



FINANCIAL OVERVIEW



During 2023, average policy rate remained at 20.69% compared to 13.2% of last year. This translates into increase in average policy rate by 751bps. The Bank earned a gross mark-up/ interest income of PKR 1,024.6 Bn 103.6% YoY). Net interest-bearing assets during the period averaged at PKR 5,320.2 Bn (+36.84% YoY). Interest-bearing investment portfolio averaged 48% up at PKR 3,904.4 Bn (Dec '22 : PKR 2,631.7 Bn) and generated interest/ mark-up income of PKR 774.0 Bn (122.2% YoY), making 75.5% of the total mark-up income. Average loans and advances (net) increased by 15.9% to PKR 1,306.8 Bn (2022: PKR 1,145.5 Bn) and generated mark-up/interest income of PKR 221.8 Bn, which compared to PKR 141.4 Bn levels of 2022, is higher by 56.9%. Average interest-bearing liabilities increased by 36.1% to PKR 5,267.8 Bn. Therefore, the Bank's cost of funds also increased to PKR 855.9 Bn (121.5% YoY), of which PKR 365.1 Bn (Dec '22: PKR 209.6Bn) was on account of profit to the depositors. The Bank's cost of deposits increased by 445bps to close at 12.3% for 2023 (2022: 8.0%). Overall, the Bank's net mark-up/ interest income closed at PKR 168.7 Bn, which is 44.4% higher against PKR 116.8 Bn earned during the prior year.

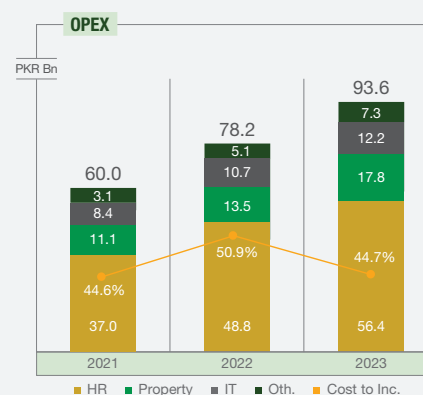
Despite a generally lower economic activity during the year, the Bank achieved 10.7% growth in its non-fund income stream by generating a non-mark-up income of PKR 40.6 Bn (2022:PKR 36.7 Bn.) Non-markup income constitutes 19.4% of the total income (Dec '22: 23.9%). Suppressed international trade volumes, decreased the foreign exchange income by 4.2% YoY to PKR 7.1 Bn (Dec '22: PKR 7.4 Bn). Branch banking operations continued generating healthy fees & commission income that closed at PKR 22.0 Bn (4.2% YoY). Dividend income increased by 1.0% to PKR 5.2 Bn as companies resorted to paying dividends. These gains were further supported by higher gain on securities that amounted to PKR 4.4 Bn (Dec '22: PKR 1.1 Bn). Accordingly, the non-mark-up/interest income of the Bank totalled PKR 40.6 Bn, as against PKR 36.7 Bn of the last year.

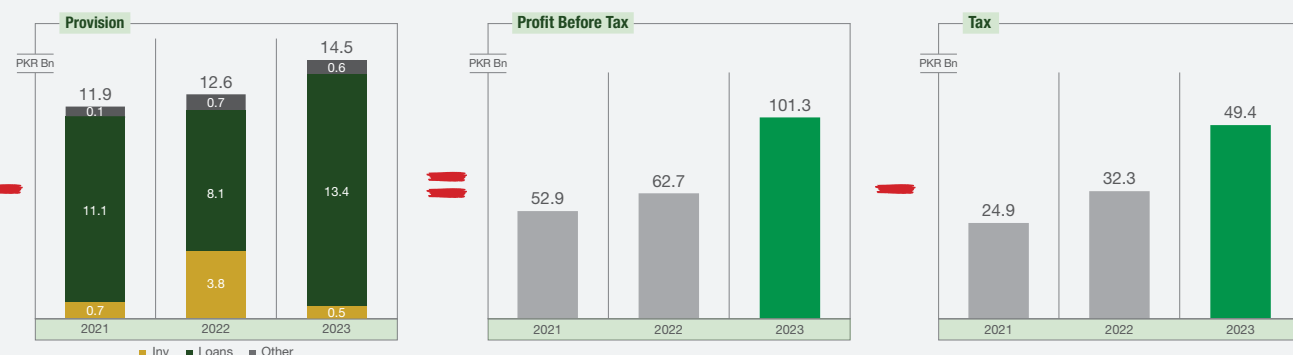
Net interest income and Non-interest income collectively generate PKR 209.4 Bn during the year.



Operating expenses for the year closed at PKR 93.6 Bn against PKR 78.2 Bn for the year 2022. HR compensation that accounts for 60.2% of the total operating expenses amounted to PKR 56.4 Bn compared to PKR 48.8 Bn for the year 2022. Resultantly, the Bank's operating Cost to Income ratio stood at 44.7%, against 50.9% for the prior year.

The Bank invests appropriate funds in the uplift and maintenance of its business premises, providing a secure & healthy work environment to its workforce and customers. This year we spent a sum of PKR 1.5 Bn on repair and maintenance of our business premises. Overall property-related expenses amounted to PKR 12.2 Bn, which is 13.7% more than the prior year. Since Information Technology is pivotal for the Bank to achieve its strategic goals, the Bank continues to invest in upgrading its IT infrastructure, systems, and applications architecture. In 2023, we spent PKR 2.8 Bn on software maintenance and PKR 0.9 Bn on Network enhancement.

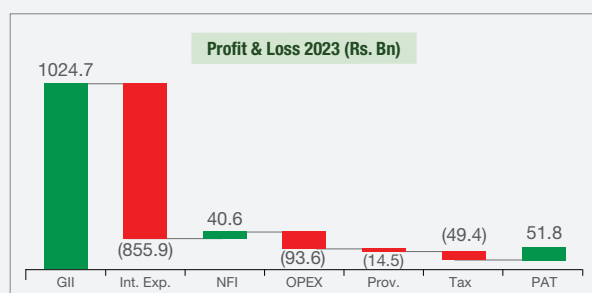
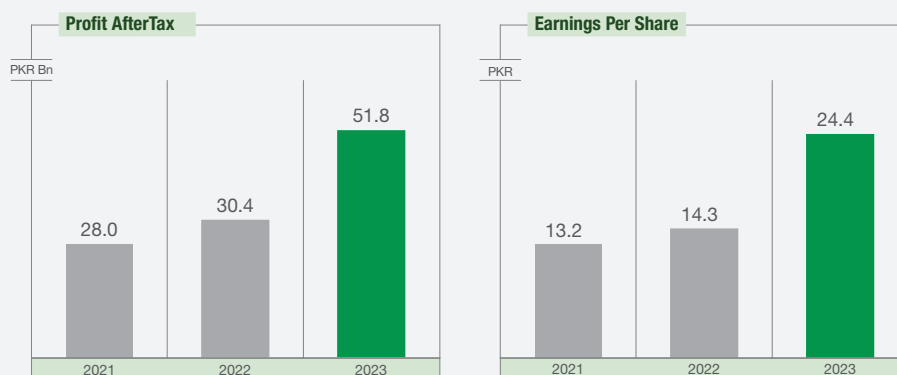




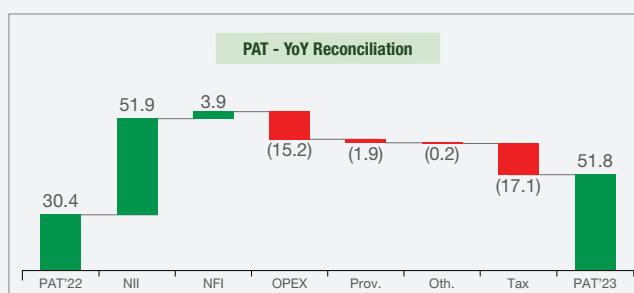
Pre-tax profit for the year amounted to PKR 101.3 Bn i.e. 61.4% higher YoY against PKR 62.7 Bn of 2022. Tax charge amounted to PKR 49.4 Bn, translating into an effective tax rate of 48.8% (2022: 51.5%).



Profit after-tax for the year 2023 closed at PKR 51.84 Bn i.e. 70.5% above the PKR 30.4 Bn in 2022. This translates into Earnings Per Share of Rs. 24.37 as compared to Rs. 14.29 in the corresponding year. Significant growth is achieved in profit before provisions, partially off-set by higher provisions charge and higher tax. Net assets increased by PKR 81.9 Bn to PKR 382.8 Bn.



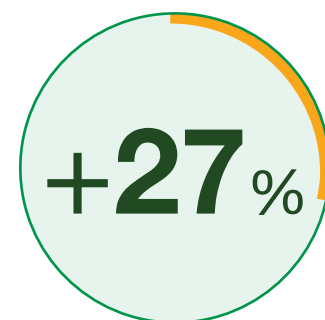
Our performance remained strong as we continued to create growth opportunities for the Nation through uninterrupted delivery of services to our customers. Financial results for the year 2023 reflect our resilience to challenging environment amidst high inflation and interest rates that has created difficulties for some of our customers.



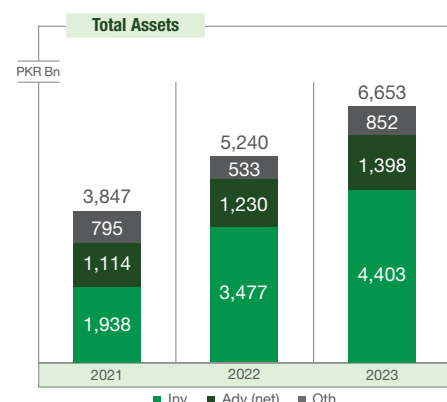
Significant growth is achieved in profitability, partially off-set by higher Opex.

BALANCE SHEET STRENGTH

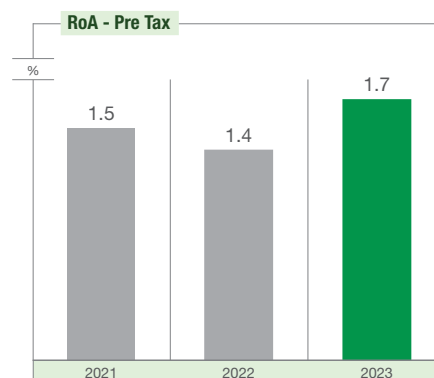
Balance sheet strength is critical to the Bank's ability to serve its customers, drive core business outcomes and deliver strong & sustainable returns for the stakeholders. Our capital, liquidity and funding metrics have strengthened further during FY'23. The strength of our balance sheet means the Bank is well-positioned to support its customers and the Pakistani economy through challenging and uncertain times.



Assets

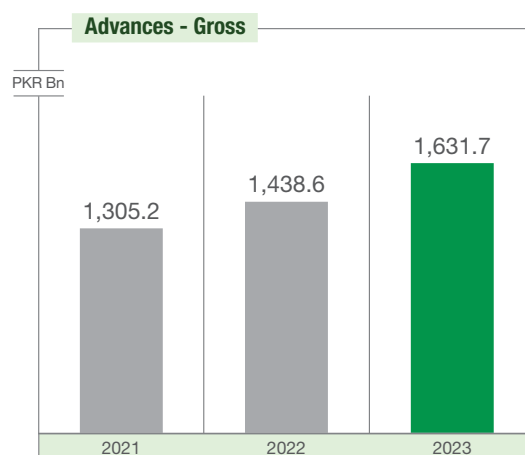


As of December 31, 2023, total assets of the Bank amounted to PKR 6,652.70 Bn, which is 26.9% more from PKR 5,240.4 Bn at the end of 2022. The Bank has managed its overall asset-liability mix by generating stable funds and deploying the same into earning avenues offering positive yield.

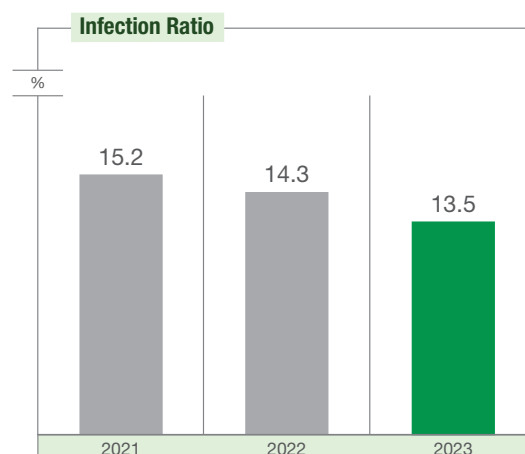


Loans and Advances

At Dec-2023, gross loans & advances of the Bank amounted to PKR 1,631.7 Bn depicting a 13.4% prudent increase from the year end 2022 levels. The loan book is diversified over 30+ sectors. Private and Public sector constitute 60.5% (2022: 65.3%) and 39.5% (2022: 34.7%), respectively. With PKR 210.4 Bn, Individuals make 12.9% of the loan book whereas Power makes 11.8% share and PKR 191.9 Bn in outstanding loans, followed by 10.6% of the Textile sector where the exposure increased by 4.64% YoY to reach PKR 172.8 Bn. Oil & Gas also recorded 74.6% growth to reach PKR 311.9 Bn from PKR 178.7Bn in 2022. In line with the Bank's refreshed vision of inclusive development, healthy growth was also achieved in Commodity and Agriculture & Allied sectors. These 4 major sectors make almost 56.1% of the total loan book with PKR 902.5 Bn in outstanding.



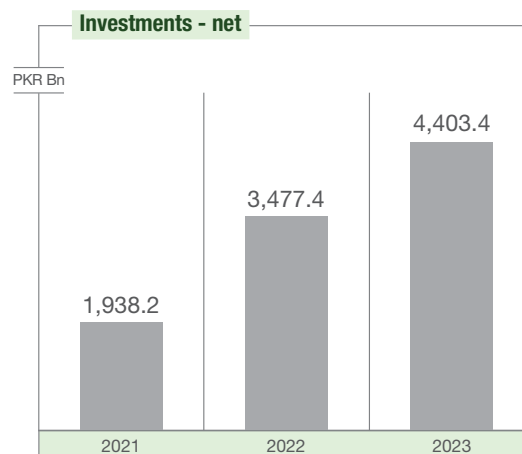
With PKR 220.8 Bn of NPLs at end of 2023, net loans & advances amounted to PKR 1,398 Bn i.e. 13.6% up from PKR 1,230.5 Bn level at end 2022. Given the focused decline in deposits and a prudent growth in advances, the Bank's Advances-to-Deposits Ratio (gross) declined from 54.0% at the end of Dec'22 to 44.4% at end Dec'23. Business groups that contributed towards YoY growth in advances include C&IBG (+PKR 112.4Bn), IDG (+PKR 29.9 Bn), RBG (+PKR 14.3 Bn), and AIBG (+PKR 27.6 Bn), etc



Investments

At the end of 2023, the Bank's investments (at cost) amounted to PKR 4,393.9 Bn (YE'22: PKR 3,509 Bn), making over two-third of the Bank's balance sheet. Given the limited quality loan-growth opportunities, and a constant growth in the customer deposits, excess liquidity with the Bank is placed in shorter term GoP securities to capitalize on price volatility in the hiking policy rate environment. The PKR 884.9 Bn or 25.2% increase in investments (at cost) mostly came in T-Bills that increased by PKR 97.4 Bn from PKR 880.5 Bn at the YE'22 to PKR 977.9 Bn at end Dec'23. PIBs increased by PKR 744.7 Bn from PKR 2,409.5 Bn at the YE'22 to PKR 3,154.2 Bn at end Dec'23. As the market opportunity offered decent spread, investments were funded through deposit mobilization as well as leveraging

PKR 51.7 Bn of investment in listed companies is a diversified portfolio in 30+ sectors with highest concentration in commercial banks (19.3%), followed by Oil & Gas downstream (11.0%), Cement (7.1%) Power (5.6%), and Oil & Gas upstream (5.7%).



Deposits

The Bank has established an unparalleled outreach to a wide range of core depositors throughout the country. As the Bank enjoys depositors' utmost trust, most of our deposits are 'stable funds' coming from core customers. During the year, the Bank followed a focused strategy to optimize its deposits to deliver higher PAT to its stakeholders. Deposits increased by PKR 1,008.2 Bn and amounted to PKR 3,674.4 Bn, which is 37.8% higher than PKR 2,666.2 Bn, at the end of year 2022. Customers' deposits as of Dec'23 amounted to PKR 3,166.6 Bn, representing 86.2% of the total deposits. Total current deposits (including FI's) stood at PKR 1,970.5 Bn, depicting a 50.4% increase YoY. Also, the saving deposits increased by 14.5% to PKR 924.3 Bn, as compared to PKR 807.4 Bn a year back. The bank's CASA deposits decreased slightly from 79.4% in December 2022 to 78.8% as of December 31, 2023.



Funding & Liquidity

The Bank's liquidity and funding profile are sound as the vast bulk of assets are funded by a large and stable customer deposit base which continued to grow strongly.

The majority of the Bank's funding comes from core customer deposits that contribute 86.2% (PKR 3,166.6 Bn) of the Bank's total deposits. Compared to Dec 31, 2022 level, customer deposits have increased by PKR 549.7Bn or 21.0%. FI deposits, increased during the period under review by PKR 458.4Bn and closed at PKR 507.8 Bn (Dec'22: PKR 49.4Bn).

The Bank's liquidity coverage ratio stood at 176%, and the Net Stable Funding Ratio stood at 259%, well above the statutory requirement of 100%.

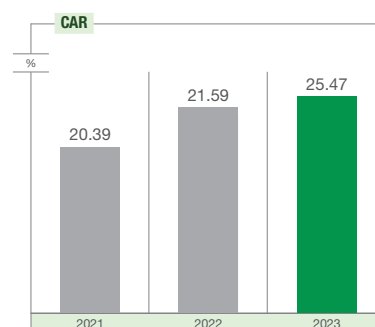
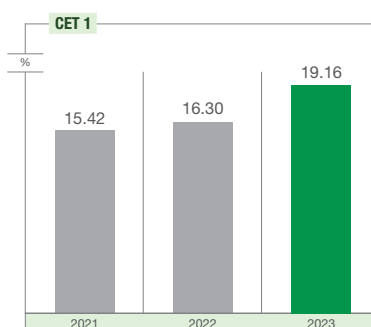
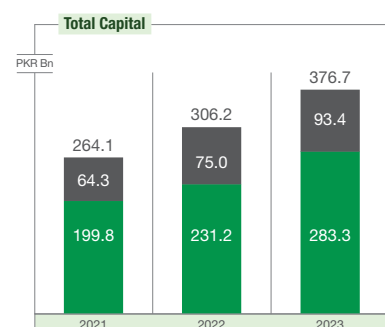


CAPITAL STRENGTH AND ADEQUACY

The Bank has been identified by the SBP as Domestic Systemically Important Bank 'DSIB'. Therefore, the Bank is required to maintain minimum CET-1 at 10% and Total CAR at 14%.

During 2023, the Bank's Eligible Tier 1 capital increased by PKR 52.1 Bn or 22.5% from PKR 231.2Bn at YE'22 to PKR 283.3Bn at the end of 2023. Likewise, Eligible Tier 2 capital also increased by PKR 18.4Bn or 24.5% to close at PKR 93.4Bn at year end 2023. Tier 2 capital eligible component increased corresponding to increase in total Tier 1 capital. Whereas total RWAs increased moderately by PKR 60.4Bn or 4.3% from PKR 1,418.5Bn at YE'22 to PKR 1,478.9Bn at end Dec'23. Accordingly, Total Capital Adequacy Ratio (CAR) improved to 25.47% (2022: 21.59%). with Tier-1 capital adequacy ratio at 19.16% (2022: 16.30%). Leverage ratio of 3.0% was introduced in response to the Basel III accord as a regulatory minimum. At the year-end 2023, the Bank's leverage ratio was at 3.12% (2022: 3.08%).

Financial soundness indicators of the Bank have improved significantly in recent years and have resulted in the Bank being in a much stronger position. Retaining the profit has added to the Shareholders' wealth through higher book value per share, which has increased 27.2% from PKR 141.4 per share at the end of 2022 to PKR 179.9 per share at the end of December 2023. Key financial soundness indicators of our Bank are as follows.



Capital soundness at December 31, 2023			
Capital	Actual	Required	Buffer(bps)
CET1	19.16%	10%	916
CAR	25.47%	14%	1,147
Leverage	3.12%	3%	12

Movement in RWAs(PKR Bn)			
RWA Type	Dec'23	Dec'22	Change
Credit	1,053.1	1,066.2	(13.1) (1.2)%
Market	121.3	93.6	27.7 29.6%
Operational	304.5	258.7	45.8 17.7%
Total RWAs	1,478.9	1,418.5	60.4 4.3%

CAPITAL ADEQUACY

PKR "Bn"

Financial performance

Total Eligible Tier-1 Capital

Eligible Tier-2 Capital

Total Eligible Capital (Tier-1 + Tier-2)

Risk Weighted Assets

Credit Risk

Market Risk

Operational Risk

Total Risk Weighted Assets

Capital Adequacy Ratio

Total Eligible Capital

Total Risk Weighted Assets

Capital Adequacy Ratio

	2023	2022	2021	2020	2019	2018
Total Eligible Tier-1 Capital	283	231	200	173	143	125
Eligible Tier-2 Capital	93	75	64	55	40	44
Total Eligible Capital (Tier-1 + Tier-2)	377	306	264	228	183	169
Risk Weighted Assets						
Credit Risk	1,053	1,066	984	858	914	796
Market Risk	121	94	82	88	92	81
Operational Risk	305	259	229	207	174	155
Total Risk Weighted Assets	1,479	1,418	1,295	1,153	1,179	1,032
Capital Adequacy Ratio						
Total Eligible Capital	377	306	264	228	183	169
Total Risk Weighted Assets	1,479	1,418	1,295	1,153	1,179	1,032
Capital Adequacy Ratio	25.47%	21.59%	20.39%	19.78%	15.48%	16.35%

MINIMUM CAPITAL REQUIREMENT

Minimum Capital Requirement (PKR Bn)

Paid-up capital

Capital Adequacy Ratio

Eligible Common Tier-1 (CET-1) Capital

Eligible Additional Tier 1 (ADT 1) Capital

Total Eligible Tier 1 Capital

Eligible Tier-2 Capital

Total Eligible Capital (Tier-1 + Tier-2)

Risk Weighted Assets

Credit Risk

Market Risk

Operational Risk

Total Risk Weighted Assets

Common Equity Tier 1 Capital Adequacy Ratio

Tier 1 Capital Adequacy Ratio

Total Capital Adequacy Ratio

	2023	2022
Paid-up capital	21.3	21.3
Eligible Common Tier-1 (CET-1) Capital	283.3	231.2
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	283.3	231.2
Eligible Tier-2 Capital	93.4	75.0
Total Eligible Capital (Tier-1 + Tier-2)	376.7	306.2
Credit Risk	1,053.1	1066.2
Market Risk	1,21.3	93.6
Operational Risk	304.5	258.7
Total Risk Weighted Assets	1478.9	1418.5
Common Equity Tier 1 Capital Adequacy Ratio	19.16%	16.30%
Tier 1 Capital Adequacy Ratio	19.16%	16.30%
Total Capital Adequacy Ratio	25.47%	21.59%

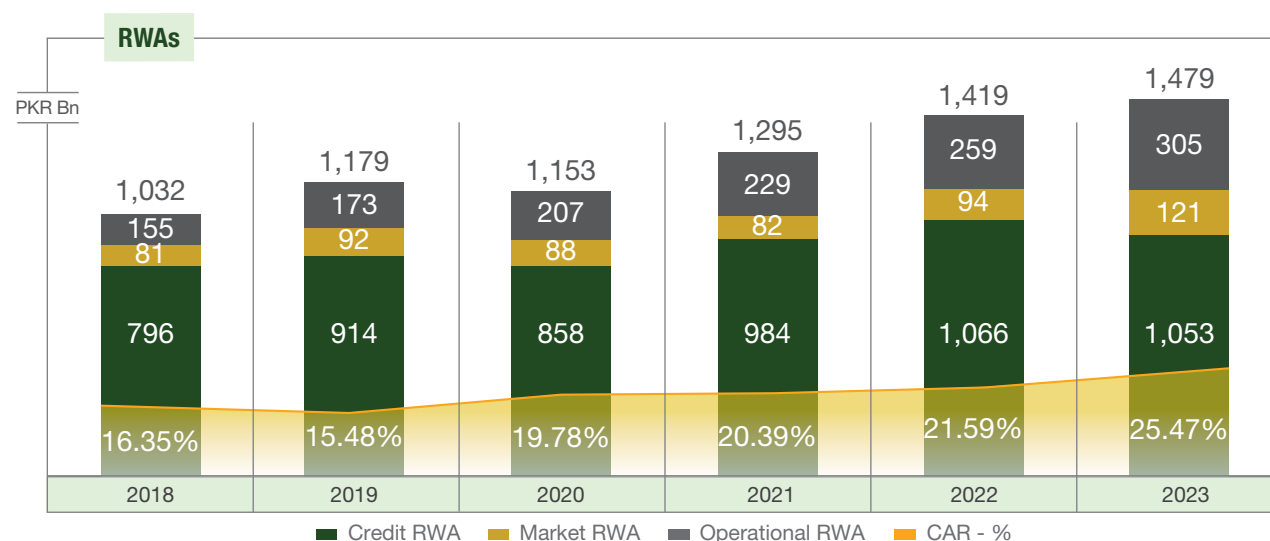
The full disclosure on the Capital Adequacy, Leverage Ratio and Liquidity Requirements as per SBP instructions issued from time to time, is available on NBP's website. The link to the full disclosure is available at <https://www.nbp.com.pk/blsd/>

Shareholders' Value

Net Asset (PKR Bn)

Break-up Value per Share(Rs.)

	2023	2022	2021
Net Asset (PKR Bn)	382.8	300.8	286.2
Break-up Value per Share(Rs.)	179.9	141.4	134.5



PKR 1,065 BN TO OUR STAKEHOLDERS

VALUE CREATION AND DISTRIBUTION

PKR "Bn"

Economic Value Generated

Mark-up / Interest Income Earned

Non Mark-up / Interest Income Earned

Total Value Generated

2023	%	2022	%
1,024.7	96%	503.3	93%
40.6	4%	36.7	7%
<u>1,065.3</u>	<u>100%</u>	<u>540.0</u>	<u>100%</u>



Economic Value Distribution

Providers of Funds: Profit / Mark-up on Deposits, borrowings, etc.**Suppliers:** Payments made for the provision of utilities, goods and services**Employees:** Salaries, superannuation contributions and incentives**Society:** Donations & CSR**Government:** Income Tax**Others:**

Expansion & Sustainability:

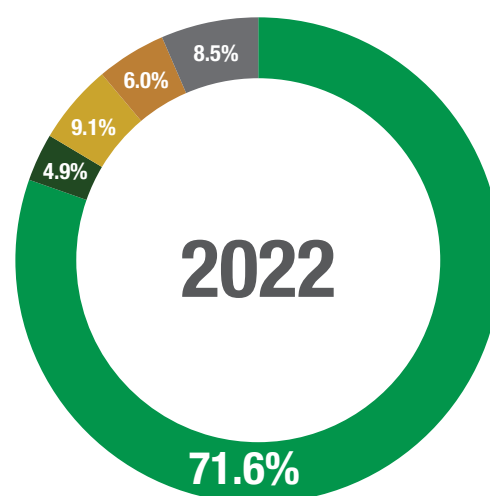
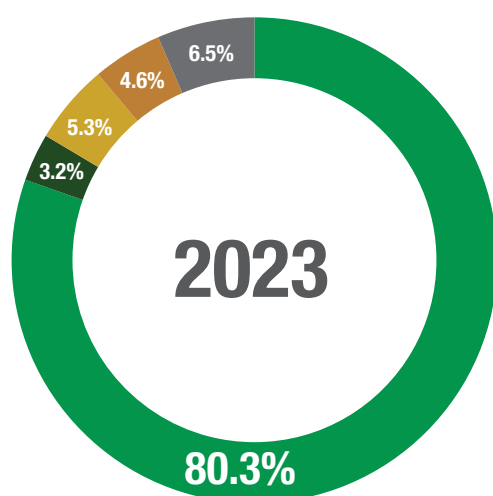
Depreciation / Amortization

Provision against non-performing assets

Value Retained

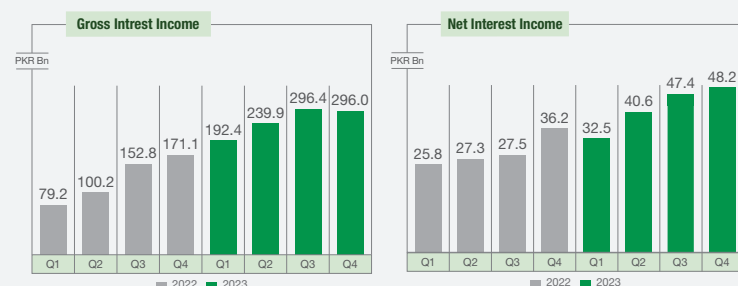
Total Economic Value Distributed

2023	%	2022	%
855.9	80.3%	386.5	71.6%
34.0	3.2%	26.4	4.9%
56.6	5.3%	48.9	9.1%
0.05	0.0%	0.1	0.02%
49.4	4.6%	32.3	6.0%
0.3	0.0%	0.07	0.0%
2.7	0.3%	2.7	0.5%
14.5	1.4%	12.6	2.3%
51.8	4.9%	30.4	5.6%
<u>1,065.3</u>	<u>100%</u>	<u>540.0</u>	<u>100%</u>



■ Providers of funds
 ■ Suppliers
 ■ Employees
 ■ Government
 ■ Expansion & Sustainability

QUARTERLY PERFORMANCE

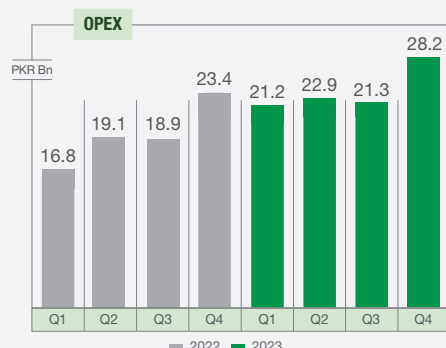
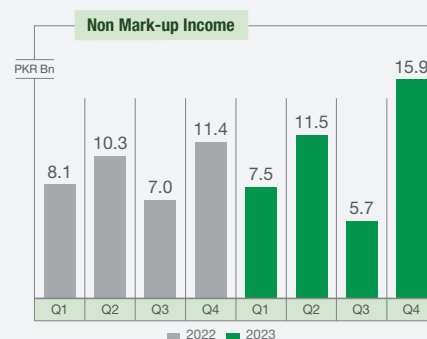


Net interest income 'NII' for Q1 '23 amounted to PKR 32.5 Bn depicting a drop by 10.3% as compared to Q4 '22 reflecting the seasonal positive impact usually observed in Q4 of the year. For the Q2 '23, NII amounted to PKR 40.6Bn, i.e. 24.9% up as compared to the previous quarter and 48.73% as compared to quarter 2 of 2022. This is mainly due to increase in policy rate i.e. 20.69%. NII for the Q3 '23 amounted to PKR 47.4 Bn with an increase of 16.7% as compared to the previous quarter and show an increase of 72.5% as compared to the corresponding quarter of last year. Net interest income for the Q4 '23 amounting to PKR 48.2 Bn, i.e. 1.67% more as compared to the previous quarter. However, this was 33.0% higher than the corresponding quarter last year.



Non Interest / Mark-up Income

Non-interest income for the Q1 '23 amounted to PKR 7.5'Bn, reflecting 34% decrease, as compared to the previous quarter due to less deposits during the quarter. Non-interest income for the Q2 '23 amounted to PKR 11.5'Bn i.e. 53.7% up as compared to Q1'23 mainly due to increased deposits and increased by 12.4% than the corresponding quarter last year. Non-interest income for the Q3 '23 amounted to PKR 5.7'Bn i.e. 50.7% down as compared to the previous quarter. Non-interest income for the 4th quarter amounted to PKR 15.9 Bn which is 179.8% up as compared to the previous quarter and 40.0% as compared to the corresponding quarter last year, which is mainly due to an increase in dividend and foreign exchange income.

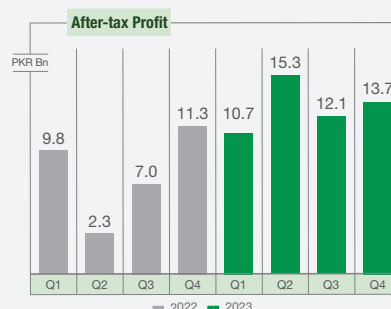


Operating Expenses

Due to inflationary pressure and geo-political tensions resulting in an increase in commodity prices particularly of oil & gas and food which ultimately had an adverse impact on operating expenses of Bank. Operating expenses of Q1'23 amounted to PKR 21.2'Bn, reflecting 10% decrease, as compared to the previous quarter. For the Q2 '23, operating expenses amounted to PKR 22.93'Bn which is 8.4% higher, as compared to Q1'23 and 20.14% higher against the Q2'22. Operating expenses for the Q3'23 decreased to PKR 21.3'Bn, slightly lower by 6.9% as compared to the previous quarter. For the 4th quarter operating expenses amounting to PKR 28.2 Bn showing an increase of 32.1% as compared to Q3'23 due to creation of certain provisions.



Profit after tax for the Q1 '23 amounted to PKR 10.7'Bn as compared to a profit of PKR 11.25'Bn in Q4 '22 reflecting 5% decrease as compared to previous quarter. In Q2 '23, profit after tax is increased by 43.5% and closed at PKR 15.3'Bn as against PKR 10.7'Bn in the previous quarter due to increase in super tax rate from 4% to 10% and prior year charge pertaining to ADR related tax amounting to PKR 14.2 Bn. Profit after-tax for the Q3 '23 amounted to PKR 12.1'Bn, 21% down as compared to the previous quarter. For the Q4 '23 profit after-tax amounted to PKR 13.7 Bn, i.e., 13% up as compared to the previous quarter.



QUARTERLY DATA - 2023 VS 2022

PKR "Mn"

	2023				2022			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Financial Position								
Cash and balances with treasury and other banks	294,993	301,202	337,542	254,592	229,911	220,822	262,915	241,010
Balances with other banks	42,325	12,395	25,476	34,429	18,594	21,053	15,957	18,733
Lending to financial institutions	192,430	567,584	135,025	479,050	31,272	102,251	184,977	125,133
Investments - net	4,403,364	4,150,759	4,099,258	3,741,390	3,477,354	3,356,574	3,250,620	1,997,334
Advances - net	1,398,077	1,295,340	1,298,998	1,231,517	1,230,522	1,213,960	1,170,225	1,188,226
Operating Fixed assets	56,974	56,849	57,153	57,312	57,106	53,442	53,632	54,066
Intangible Assets	1,510	1,561	1,367	1,426	1,389	1,212	889	485
Deferred tax assets - net	-	21,926	30,054	34,471	22,299	3,033	3,873	1,154
Right of use assets	6,934	7,103	6,634	6,784	6,708	7,006	6,510	6,543
Other assets	256,100	224,421	220,256	214,655	165,269	188,612	170,238	108,238
Total Assets	6,652,707	6,639,139	6,211,763	6,055,626	5,240,425	5,167,965	5,119,835	3,740,921
Bills payable	68,000	11,227	20,093	7,907	55,268	14,325	30,883	19,035
Borrowings	2,177,743	2,610,387	2,102,404	2,503,004	1,940,486	1,578,495	1,315,601	607,680
Deposits and other accounts	3,674,359	3,344,976	3,451,689	2,976,228	2,666,184	3,010,776	3,198,626	2,634,546
Lease Liability against right-of-use assets	8,265	8,355	7,967	9,059	8,268	8,610	8,109	7,966
Deferred tax liabilities	720	-	-	-	-	-	-	-
Other liabilities	340,864	319,361	306,009	254,478	269,371	253,857	273,639	173,345
Total Liabilities	6,269,952	6,294,306	5,888,162	5,750,676	4,939,577	4,866,063	4,826,857	3,442,571
Net Assets (Represented as below)	382,756	344,834	323,600	304,949	300,848	301,902	292,978	298,350
Share capital	21,275	21,275	21,275	21,275	21,275	21,275	21,275	21,275
Reserves	79,071	77,763	76,690	74,169	64,144	62,792	58,466	54,665
Surplus on revaluation of assets	63,655	37,904	29,733	27,611	42,917	53,984	55,747	65,921
Unappropriated Profit	218,754	207,892	195,902	181,894	172,512	163,851	157,490	156,489
	382,756	344,834	323,600	304,949	300,848	301,902	292,978	298,350
Financial Performance								
Mark-up / return / interest earned	295,973	296,353	239,941	192,392	171,115	152,805	100,186	79,204
Mark-up / return / interest expensed	247,775	248,948	199,318	159,869	134,877	125,322	72,873	53,412
Net mark-up / Interest income	48,197	47,405	40,623	32,523	36,238	27,484	27,313	25,791
Non interest income	15,899	5,682	11,526	7,500	11,356	6,976	10,259	8,093
Operating Expenses	28,194	21,342	22,934	21,161	23,399	18,929	19,090	16,755
Profit before provisions	35,903	31,744	29,214	18,861	24,196	15,531	18,481	17,130
Reversal/Provisions and write offs-net	5,245	8,813	(272)	684	9,801	1,065	665	1,069
Extra Ordinary Item	-	-	-	-	-	-	-	-
Pre-tax profit	30,659	22,931	29,487	18,177	14,394	14,465	17,817	16,061
Taxation	16,968	10,803	14,153	7,488	3,148	7,442	15,514	6,223
After-tax profit	13,690	12,128	15,333	10,689	11,247	7,023	2,303	9,837

KEY 6 YEARS' PERFORMANCE RATIOS

A	SIZE FACTORS		2023	2022	2021	2020	2019	2018
1	Total Assets	Rs. Mn	6,652,707	5,240,425	3,846,684	3,008,527	3,124,389	2,798,566
2	Capital & Reserves	"	382,756	300,848	286,203	267,559	232,614	206,869
3	Deposits	"	3,674,359	2,666,184	3,019,155	2,418,966	2,198,049	2,011,385
4	Profit after Tax	"	51,840	30,410	28,008	30,559	15,810	20,015
5	Profit before Tax	"	101,253	62,737	52,860	46,224	28,003	29,683
B	ASSET QUALITY							
6	Assets to Equity	Times	20.85	20.32	17.35	15.52	19.24	19.05
7	Total Assets Growth Rate	%	26.95	36.23	27.86	-3.71	11.64	11.70
8	NPLs To Total Assets	"	3.32	3.92	5.15	5.69	4.76	4.77
9	Investment to Deposit Ratio	"	119.84	130.42	64.20	60.50	65.95	63.85
10	Investment to Total Assets	"	66.19	66.36	50.39	48.64	46.39	45.89
11	Infection Ratio - NPLs/ Gross Advances	"	13.53	14.27	15.17	14.77	12.92	12.59
12	Earning Assets to Total Assets Ratio	"	95.17	95.18	95.76	85.54	92.76	92.06
13	NPL Coverage - Total provision/ NPLs	"	92.19	92.89	96.89	103.11	96.25	100.08
14	NPL Coverage - (specific provision / NPLs)	"	92.19	92.89	90.59	89.99	90.20	94.68
C	CAPITAL ADEQUACY							
15	Tier-I Capital	Rs. Mn	283,307	231,191	199,752	172,896	142,716	124,818
16	Total Eligible Capital	"	376,704	306,227	264,095	228,120	182,532	168,658
17	Risk Weighted Assets - RWA	"	1,478,868	1,418,477	1,295,116	1,153,101	1,178,941	1,031,677
18	RWA to total assets	%	22.23	27.07	33.67	38.33	37.73	36.86
19	Tier-I Ratio	%	19.16	16.30	15.42	14.99	12.11	12.10
20	Capital Adequacy Ratio	%	25.47	21.59	20.39	19.78	15.48	16.35
D	INVESTMENT / MARKET RATIOS							
21	Earning per Share and Diluted EPS	Rs.	24.37	14.29	13.16	14.36	7.43	9.41
22	Price Earning Ratio	Times	1.33	2.42	2.62	2.99	5.83	4.47
23	Price to book value ratio	Times	0.18	0.24	0.26	0.34	0.40	0.43
24	Market Value per Share	Rs.	32.11	23.59	34.52	42.96	43.30	42.03
25	Breakup value per share							
	- without surplus on revaluation of fixed assets		157.63	118.97	114.89	105.79	89.55	77.63
	- with surplus on revaluation of fixed assets & investments		179.91	141.41	134.52	125.76	109.34	97.23
E	LIQUIDITY							
26	Gross Advances to Deposits Ratio	%	44.41	53.96	43.23	47.95	52.38	52.67
27	Net Advances to Deposits Ratio	"	38.05	46.15	36.88	40.65	45.87	46.04
28	Net Loans To Total Assets	"	21.02	23.48	28.94	32.68	32.27	33.09
29	Net Loans To Total Deposits (Deposits & Borrowings)	"	23.89	26.71	33.41	38.45	37.76	38.52
30	Cash Reserve Ratio	"	176.23	147.25	164.00	180.02	147.57	169.44
31	Net Stable Funding Ratio	"	259.43	251.02	278.11	256.27	233.19	320.82
32	CASA	"	78.78	79.43	82.28	83.83	81.80	81.49
F	PROFITABILITY							
33	Return on Average Assets - Pre Tax	%	1.70	1.38	1.54	1.51	0.95	1.12
34	Return on Average Equity - Pre Tax (Excl. Surplus on Rev.)	"	35.09	26.16	25.44	25.95	18.11	21.78
35	Operating Profit To Average Assets	"	1.95	1.66	2.18	2.51	1.43	1.55
36	Total Income To Average Assets	"	3.52	3.38	3.93	4.57	3.65	3.65
37	Non-Interest Income To Total Income	"	19.40	23.90	27.45	25.73	33.48	37.40
38	Operating Expenses To Average Assets	"	1.57	1.72	1.75	2.06	2.22	2.11
39	Loan Loss Provisioning Expense to Operating Profit	"	12.50	16.73	15.98	40.06	33.73	27.57
40	Profit before tax ratio	"	9.88	12.46	22.80	17.93	11.69	19.79
41	Cost to income ratio	"	44.72	50.92	44.59	45.01	60.91	57.71
G	DuPont Analysis							
42	Net Operating Margin	%	24.76	19.81	20.81	21.79	14.62	20.65
43	Asset Utilization	"	3.52	3.38	3.93	4.57	3.65	3.65
44	Return on Assets - After Tax	"	0.87	0.67	0.82	1.00	0.53	0.75
45	Return on Equity - After Tax	"	17.97	12.68	13.48	17.16	10.22	14.69
H	Per Branch							
46	Gross Advances	Rs. Mn	1,082	951	863	756	752	695
47	Deposits	"	2,437	1,763	1,995	1,576	1,437	1,319
48	Profit before Tax (PBT)	"	67.14	41.49	34.94	30.11	18.30	19.46
49	Profit after Tax (PAT)	"	34.38	20.11	18.51	19.91	10.33	13.12
50	No. of branches	Number	1,508	1,512	1,513	1,535	1,530	1,525
51	No. of employees	"	14,962	15,112	15,409	15,109	15,188	15,738
I	RATES							
52	Exchange Rate	US \$	281.8607	176.5135	176.5135	159.8344	154.8476	138.8619

6 YEARS' SUMMARY (UNCONSOLIDATED)

PKR "Mn"

Financial Position

Asset

	2023	2022	2021	2020	2019	2018
Cash and balances with treasury banks	294,993	229,911	278,747	249,260	292,513	247,518
Balances with other banks	42,325	18,594	17,667	14,227	13,221	12,202
Lending to financial institutions	192,430	31,272	335,467	126,805	134,780	106,392
Investments - net	4,403,364	3,477,354	1,938,171	1,463,398	1,449,555	1,284,319
Advances - net	1,398,077	1,230,522	1,113,392	983,255	1,008,139	926,007
Operating Fixed assets	58,484	58,495	54,754	54,717	54,679	54,106
Deferred tax assets - net	-	22,299	1,626	-	-	-
Right of use assets	6,934	6,708	6,605	6,670	7,221	-
Other assets	256,100	165,269	100,255	110,196	164,281	168,022
Total assets	6,652,707	5,240,425	3,846,684	3,008,527	3,124,389	2,798,566

LIABILITIES

Bills payable	68,000	55,268	21,848	16,795	19,867	9,944
Borrowings	2,177,743	1,940,486	312,925	138,539	471,757	392,739
Deposits and other accounts	3,674,359	2,666,184	3,019,155	2,418,966	2,198,049	2,011,385
Lease liability against right of use assets	8,265	8,268	7,894	7,534	7,640	-
Deferred tax liabilities	720	-	-	2,978	10,916	6,985
Other liabilities	340,864	269,371	198,660	156,156	183,545	170,644
Total Liabilities	6,269,952	4,939,577	3,560,482	2,740,968	2,891,775	2,591,698
Net Assets (Represented by as below)	382,756	300,848	286,203	267,559	232,614	206,869

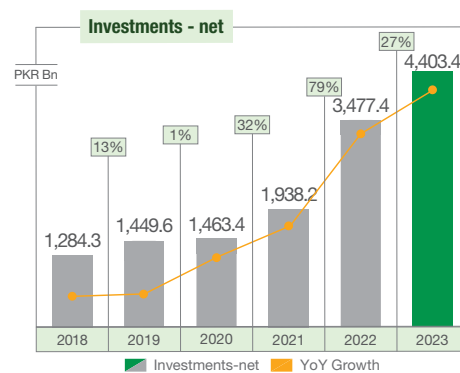
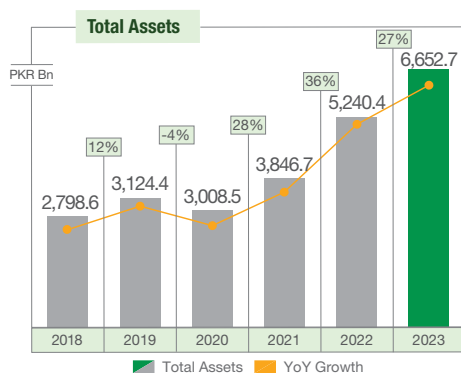
Share capital	21,275	21,275	21,275	21,275	21,275	21,275
Reserves	79,071	64,144	60,371	56,563	52,309	53,274
Surplus on revaluation of assets	63,655	42,917	64,482	73,699	70,244	59,986
Unappropriated Profit	218,754	172,512	140,074	116,021	88,786	72,333
	382,756	300,848	286,203	267,559	232,614	206,869

Financial Performance

	2023	2022	2021	2020	2019	2018
Mark-up / return / interest earned	1,024,658	503,310	231,883	257,811	239,477	149,969
Markup / Return / Interest expensed	855,910	386,484	134,265	153,656	167,570	89,302
Net Mark-up / Interest Income	168,748	116,827	97,618	104,155	71,907	60,666
Fee & commission income and Exchange Income	29,171	28,602	24,314	22,327	25,170	27,017
Capital gain & Dividend income	9,642	6,345	10,783	9,787	5,262	6,545
Other income	1,793	1,737	1,844	3,963	5,768	2,687
Total non-mark-up / interest income	40,606	36,684	36,942	36,077	36,199	36,249
Total income	209,354	153,510	134,559	140,232	108,107	96,915
Non-Markup / Interest Expenses	93,632	78,173	60,004	63,112	65,853	55,931
Profit before provisions	115,722	75,338	74,556	77,120	42,254	40,984
Provisions and write offs - net	14,469	12,601	11,916	30,896	14,250	11,300
Extra Ordinary Item	-	-	9,779	-	-	-
Profit before taxation	101,253	62,737	52,860	46,224	28,003	29,683
Taxation	49,413	32,327	24,852	15,665	12,194	9,668
Profit after taxation	51,840	30,410	28,008	30,559	15,810	20,015

6 YEARS' HORIZONTAL ANALYSIS (BALANCE SHEET)

	2023	YoY	2022	YoY	2021	YoY	2020	YoY	2019	YoY	2018	YoY
	Mn	%	Mn	%	Mn	%	Mn	%	Mn	%	Mn	%
ASSETS												
Cash and balances with treasury banks	294,993	28%	229,911	-18%	278,747	12%	249,260	-15%	292,513	18%	247,518	55%
Balances with other banks	42,325	128%	18,594	5%	17,667	24%	14,227	8%	13,221	8%	12,202	-54%
Lending to financial institutions	192,430	515%	31,272	-91%	335,467	165%	126,805	-6%	134,780	27%	106,392	295%
Investments - net	4,403,364	27%	3,477,354	79%	1,938,171	32%	1,463,398	1%	1,449,555	13%	1,284,319	-1%
Advances - net	1,398,077	14%	1,230,522	11%	1,113,392	13%	983,255	-2%	1,008,139	9%	926,007	25%
Operating Fixed assets	58,484	(0.02%)	58,495	7%	54,754	0%	54,717	0%	54,679	1%	54,106	65%
Deferred tax assets - net	-	(100%)	22,299	1272%	1,626	0%	-	0%	-	0%	-	-100%
Right of use assets	6,934	3%	6,708	2%	6,605	-1%	6,670	-8%	7,221	100%	-	0%
Other assets	256,100	55%	165,269	65%	100,255	-9%	110,196	-33%	164,281	-2%	168,022	-22%
Total assets	6,652,707	26.9%	5,240,425	36.2%	3,846,684	27.9%	3,008,527	-3.7%	3,124,389	12%	2,798,566	12%
LIABILITIES												
Bills payable	68,000	23%	55,268	153%	21,848	30%	16,795	-15%	19,867	100%	9,944	-25%
Borrowings	2,177,743	12%	1,940,486	520%	312,925	126%	138,539	-71%	471,757	20%	392,739	9%
Deposits and other accounts	3,674,359	38%	2,666,184	-12%	3,019,155	25%	2,418,966	10%	2,198,049	9%	2,011,385	16%
Lease liability against right of use assets	8,265	0%	8,268	5%	7,894	5%	7,534	0%	7,640	100%	-	0%
Deferred tax liabilities	720	0%	-	0%	-	-100%	2,978	-73%	10,916	56%	6,985	100%
Other liabilities	340,864	27%	269,371	36%	198,660	27%	156,156	-15%	183,545	8%	170,644	-26%
Total Liabilities	6,269,952	27%	4,939,577	39%	3,560,482	30%	2,740,968	-5%	2,891,775	12%	2,591,698	11%
NET ASSETS	382,756	27%	300,848	5%	286,203	7%	267,559	15%	232,614	12%	206,869	18%
Share capital	21,275	0%	21,275	0%	21,275	0%	21,275	0%	21,275	0%	21,275	0%
Reserves	79,071	23%	64,144	6%	60,371	7%	56,563	8%	52,309	-2%	53,274	6%
Surplus on revaluation of assets	63,655	48%	42,917	-33%	64,482	-13%	73,699	5%	70,244	17%	59,986	21%
Unappropriated profit	218,754	27%	172,512	23%	140,074	21%	116,021	31%	88,786	23%	72,333	34%
	382,756	27%	300,848	5%	286,203	7%	267,559	15%	232,614	12%	206,869	18%

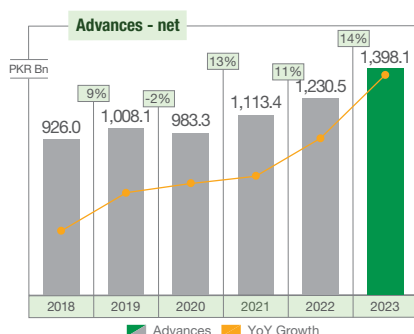


Over the past 6 years, the Bank's asset base has increased manifold depicting 18.91% CAGR. The PKR 6.65 trillion of total assets represents approximately 15.40% of the total industry. In recent years, the Bank has achieved coherent growth in assets-mix efficiently managing its assets-liability maturity profile. The highest 26.9% YoY increase in the asset base has been observed in 2023. This significant increase in 2023 is due to investments that stood at PKR 4,403.36 bn, which is PKR 926.0 bn or 27% up from PKR 3,477.4 bn at the end of 2022. This was in line with the Bank's prudent strategy of liquidity & funding management.

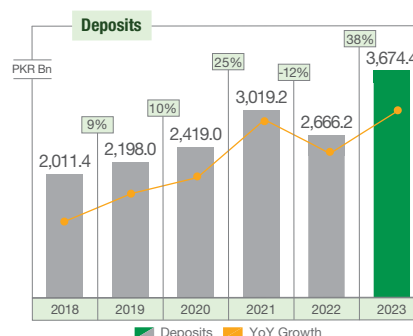
Investments continue to take a major share of the total asset base. 27% YoY growth in 2023 is due to Bank has diversified investment portfolio and earns a higher yield on investments. This translates into 27.94% CAGR over the past six years.

6 YEARS' VERTICAL ANALYSIS (BALANCE SHEET)

	2023		2022		2021		2020		2019		2018	
	Mn	%	Mn	%	Mn	%	Mn	%	Mn	%	Mn	%
ASSETS												
Cash and balances with treasury banks	294,993	4%	229,911	4%	278,747	7%	249,260	8%	292,513	9.4%	247,518	9%
Balances with other banks	42,325	1%	18,594	0%	17,667	0.46%	14,227	0.47%	13,221	0.4%	12,202	0%
Lending to financial institutions	192,430	3%	31,272	1%	335,467	9%	126,805	4%	134,780	4.3%	106,392	4%
Investments - net	4,403,364	66%	3,477,354	66%	1,938,171	50.39%	1,463,398	48.64%	1,449,555	46.4%	1,284,319	46%
Advances - net	1,398,077	21%	1,230,522	23%	1,113,392	29%	983,255	33%	1,008,139	32.3%	926,007	33%
Operating Fixed assets	58,484	1%	58,495	1%	54,754	1%	54,717	2%	54,679	1.8%	54,106	2%
Deferred tax assets - net	-	0%	22,299	0%	1,626	0%	-	0%	-	0.0%	-	0%
Right of use assets	6,934	0%	6,708	0%	6,605	0.17%	6,670	0%	7,221	0.2%	-	0%
Other assets	256,100	4%	165,269	3%	100,255	3%	110,196	4%	164,281	5.3%	168,022	6%
Total assets	6,652,707	100%	5,240,425	100%	3,846,684	100%	3,008,527	100%	3,124,389	100%	2,798,566	100%
LIABILITIES												
Bills payable	68,000	1%	55,268	1%	21,848	1%	16,795	1%	19,867	1%	9,944	0%
Borrowings	2,177,743	35%	1,940,486	39%	312,925	9%	138,539	5%	471,757	16%	392,739	15%
Deposits and other accounts	3,674,359	59%	2,666,184	54%	3,019,155	85%	2,418,966	88%	2,198,049	76%	2,011,385	78%
Lease liability against right of use assets	8,265	0%	8,268	0%	7,894	0%	7,534	0%	7,640	0%	-	0%
Deferred tax liabilities	720	0%	-	0%	-	0%	2,978	0%	10,916	0%	6,985	0%
Other liabilities	340,864	5%	269,371	5%	198,660	6%	156,156	6%	183,545	6%	170,644	7%
Total Liabilities	6,269,952	100%	4,939,577	100%	3,560,482	100%	2,740,968	100%	2,891,775	100%	2,591,698	100%
NET ASSETS	382,756	6%	300,848	6%	286,203	7%	267,559	9%	232,614	7%	206,869	7%
Share capital	21,275	0%	21,275	0%	21,275	1%	21,275	1%	21,275	1%	21,275	1%
Reserves	79,071	1%	64,144	1%	60,371	2%	56,563	2%	52,309	2%	53,274	2%
Surplus on revaluation of assets	63,655	1%	42,917	1%	64,482	2%	73,699	2%	70,244	2%	59,986	2%
Unappropriated profit	218,754	3%	172,512	3%	140,074	4%	116,021	4%	88,786	3%	72,333	3%
Equity	382,756	6%	300,848	6%	286,203	7%	267,559	9%	232,614	7%	206,869	7%



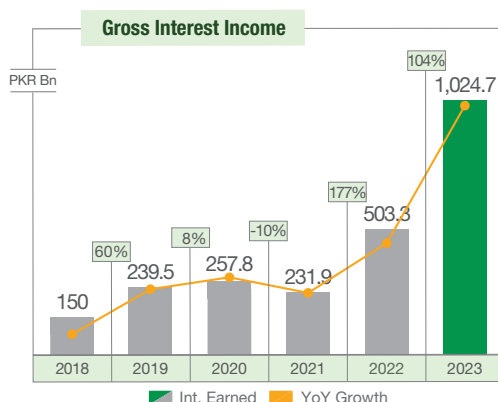
Steady growth in advances over the last six years from PKR 926.00 billion in 2018 to PKR 1,398.07 billion in 2023 with a CAGR of 8.59%. An increase of 13.62% YoY in 2023 is observed due to higher demand in borrowing as the economy is recovering from the impact that covid had in recent years. Historically, the advances of the Bank have posted modest growth during 2018 and have sharply increased in 2023.



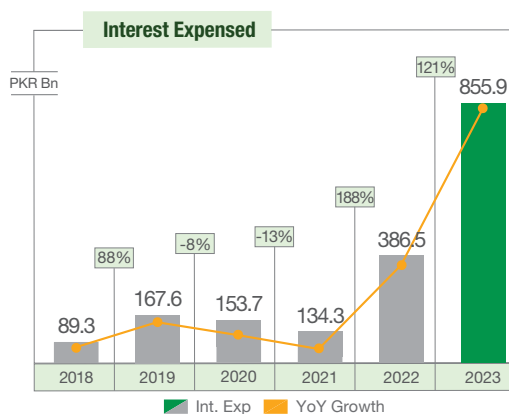
Deposits remain the primary source of funding for the Bank. In line with the total asset base, deposits of the Bank have also increased significantly over the last six years' growing from PKR 2,011.38 billion in 2018 to PKR 3,674.36 billion in 2023. This translates into a massive 82.68% growth with a CAGR of 12.81%. Smooth growth was observed throughout these years, with the highest YoY increase of 37.81% being reported in 2023. Deposits accounted for 55% of our total assets as of the end of December 2023. Despite the short-term maturity profile of its deposit base, it has historically proved to be sticky and a stable funding source.

6 YEARS' HORIZONTAL ANALYSIS (P&L)

	2023	YoY	2022	YoY	2021	YoY	2020	YoY	2019	YoY	2018	YoY
	Mn	%	Mn	%	Mn	%	Mn	%	Mn	%	Mn	%
PROFITABILITY												
Markup / Return / Interest earned	1,024,658	104%	503,310	117%	231,883	-10%	257,811	8%	239,477	60%	149,969	22%
Markup / Return / Interest expensed	855,910	121%	386,484	188%	134,265	-13%	153,656	-8%	167,570	88%	89,302	30%
Net Markup / Interest Income	168,748	44%	116,827	20%	97,618	-6%	104,155	45%	71,907	19%	60,666	12%
Fee, commission and exchange Income	29,171	2%	28,602	18%	24,314	9%	22,327	-11%	25,170	-7%	27,017	42%
Capital gains & dividend Income	9,642	52%	6,345	-41%	10,783	10%	9,787	86%	5,262	-20%	6,545	-36%
Other Income	1,793	3%	1,737	-6%	1,844	-53%	3,963	-31%	5,768	115%	2,687	54%
Non Interest Income	40,606	10.7%	36,684	-0.7%	36,942	2.4%	36,077	-0.3%	36,199	-0.1%	36,249	17%
Total income	209,354	36%	153,510	14%	134,559	-4%	140,232	30%	108,107	12%	96,915	14%
Operating expenses (Non Mark-Up Interest Expense)	93,632	20%	78,173	30%	60,004	-5%	63,112	-4%	65,853	18%	55,931	15%
Profit before provisions	115,722	54%	75,338	1%	74,556	-3%	77,120	83%	42,254	3%	40,984	11%
Provisions	14,469	15%	12,601	6%	11,916	-61%	30,896	117%	14,250	26%	11,300	848%
Extra Ordinary Item	-	-	-	-	9,779	-	-	-	-	-	-	-
Pre-tax profit	101,253	61%	62,737	19%	52,860	14%	46,224	65%	28,003	-6%	29,683	-17%
Taxation	49,413	53%	32,327	30%	24,852	59%	15,665	28%	12,194	26%	9,668	-23%
After-tax profit	51,840	70%	30,410	9%	28,008	-8%	30,559	93%	15,810	-21%	20,015	-13%



In the backdrop of higher average policy rates coupled with a major volumetric growth in interest bearing assets, the Bank generated a gross mark-up/interest income of PKR 1,024.6 Bn which is more than double the PKR 503.3 Bn of prior year. Gross mark-up / interest earned has posted compounded average increase of 47% over the span of the last six years. While growth was low during the initial two years, a sharp increase was achieved in the year 2019,2020 and 2022 on the back of increasing discount rate and volumetric growth in earning assets. Corresponding to the shift in asset mix on the back of higher liquidity placed into investments, contribution from income on investments has increased constantly over the years.



The increase in mark-up expense reflects the impact of volumetric growth in deposits and borrowings coupled with the impact of revision in profit rates in line with the policy rate increase from time to time. Responding to the increasing discount rate, the Bank has been particularly active in mobilizing low-cost CASA deposits. Satisfactory results have been delivered in this regard by both conventional as well as Islamic banking operations. During the year 2023, the average policy rate remained at 20.69% compared to 13.20% of last year. This translates into an average increase in the policy rate by 751bps. As a consequent of that, the Bank recorded an increase in cost of funds of 445bps to 12.4% for 2023 (2022: 8.0%).

6 YEARS' VERTICAL ANALYSIS (P&L)

Financial Performance

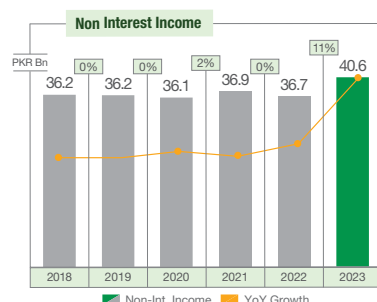
Markup / Return / Non Interest Income Earned

	2023	2022	2021	2020	2019	2018
	Mn %	Mn %	Mn %	Mn %	Mn %	Mn %
Markup / Return / Interest earned	1,024,658 96%	503,310 93%	231,883 86%	257,811 88%	239,477 87%	149,969 81%
Fee & commission income and Exchange Income	29,171 3%	28,602 5%	24,314 9%	22,327 8%	25,170 9%	27,017 15%
Capital gains & dividend income	9,642 1%	6,345 1%	10,783 4%	9,787 3%	5,262 2%	6,545 4%
Other income	1,793 0%	1,737 0%	1,844 1%	3,963 1%	5,768 2%	2,687 1%
Total Income	1,065,264 100%	539,994 100%	268,824 100%	293,888 100%	275,677 100%	186,218 100%

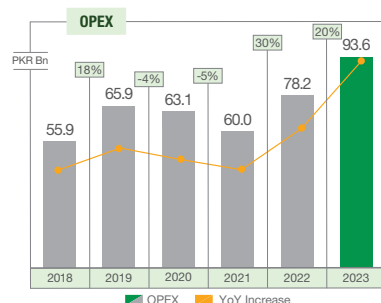
Markup / Return / Non Interest Expense

Markup / Return / Interest expensed	855,910 80%	386,484 72%	134,265 50%	153,656 52%	167,570 61%	89,302 48%
Operating expenses and other charges	93,632 9%	78,173 14%	60,004 22%	63,112 21%	65,853 24%	55,931 30%
Provisions	14,469 1%	12,601 2%	11,916 4%	30,896 11%	14,250 5%	11,300 6%
Extra ordinary item	- -	- -	9,779 4%	- -	- -	- -
Taxation	49,413 5%	32,327 6%	24,852 9%	15,665 5%	12,194 4%	9,668 5%
Total Expense - As a % of Total Income	1,013,424 95%	509,584 94%	240,816 90%	263,329 90%	259,867 94%	166,203 89%

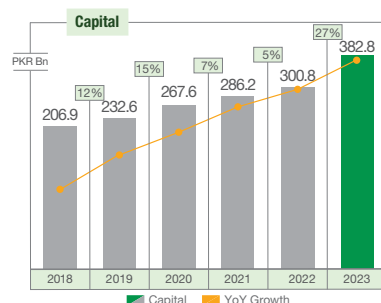
After-tax profit	51,840 5%	30,410 6%	28,008 10%	30,559 10%	15,810 6%	20,015 11%
Total	1,065,264 100%	539,994 100%	268,824 100%	293,888 100%	275,677 100%	186,218 100%



The Bank's Non-mark-up / interest income "NFI" has remained satisfactory for most of the years. During these years, NFI has maintained a trend of contributing approximately one-third of the Bank's total income, on the back of bullish performance of the stock market, and higher dividend payout by companies during 2023, NFI for 2023 11% higher than 2022.



Total operating expenses in 2023 amounted to PKR 93.6 Bn against PKR 78.2 Bn for the year 2022. The operating expenses increased by 19.7%. Over the period increase was observed from 2017 to 2019 followed by a drop in 2020 and also in 2021. This drop was due to reversal of certain HR related unutilized provisions that were no more required. In 2023 a 19.7% YoY growth depicts the impact of both i.e. the reversals in prior year as well as inflationary pressure in the rising utility and fuel prices.



Reflecting our prudent capital management strategy, net assets of the Bank have also posted healthy increase on the back of higher profitability and profit retention in the recent years. Net assets, that amounted to PKR 206.9 Bn in 2018, have increased to PKR 382.8 Bn at the end of December 2023. This translates into a 13% CAGR over the past six years.

6 YEARS' SUMMARY (CONSOLIDATED FINANCIALS)

PKR "Mn"

	2023	2022	2021	2020	2019	2018
Cash and balances with treasury banks	295,455	230,226	278,869	249,970	293,198	247,917
Balances with other banks	43,005	19,623	19,211	15,015	13,598	13,050
Lending to financial institutions	192,430	31,272	335,467	126,805	134,780	106,392
Investments - net	4,414,174	3,482,936	1,942,741	1,466,405	1,452,799	1,284,975
Advances - net	1,398,073	1,230,669	1,113,314	983,871	1,008,399	926,340
Operating Fixed assets	59,663	59,706	56,005	56,109	55,990	55,196
Deferred tax assets - net	-	22,406	1,903	-	-	-
Right of use assets	7,336	7,186	7,091	7,017	7,447	-
Other assets	258,738	167,741	102,434	112,018	166,148	170,018
Total Assets	6,668,874	5,251,766	3,857,035	3,017,210	3,132,360	2,803,886
Bills payable	68,000	55,268	21,848	16,795	19,867	9,944
Borrowings	2,177,743	1,940,486	312,925	138,539	471,757	392,739
Deposits and other accounts	3,673,110	2,665,273	3,018,148	2,418,928	2,197,985	2,011,313
Liabilities against assets subject to Finance Lease	208	121	134	197	194	121
Lease liability against right of use assets	8,683	8,761	8,361	7,869	7,831	-
Deferred tax liabilities	843	-	-	2,933	10,869	6,946
Other liabilities	342,873	271,556	200,596	157,545	184,633	171,762
Total Liabilities	6,271,460	4,941,466	3,562,012	2,742,808	2,893,138	2,592,825
Net Assets (Represented by as below)						
Share capital	21,275	21,275	21,275	21,275	21,275	21,275
Reserves	85,079	67,489	62,427	57,591	53,261	53,443
Surplus on revaluation of assets	64,232	42,274	64,995	73,988	70,359	59,262
Unappropriated Profit	225,694	178,190	145,313	120,632	93,466	76,240
Sub Total	396,280	309,227	294,010	273,486	238,360	210,220
Non-controlling interest	1,134	1,073	1,013	916	863	842
Total	397,414	310,300	295,023	274,402	239,223	211,061

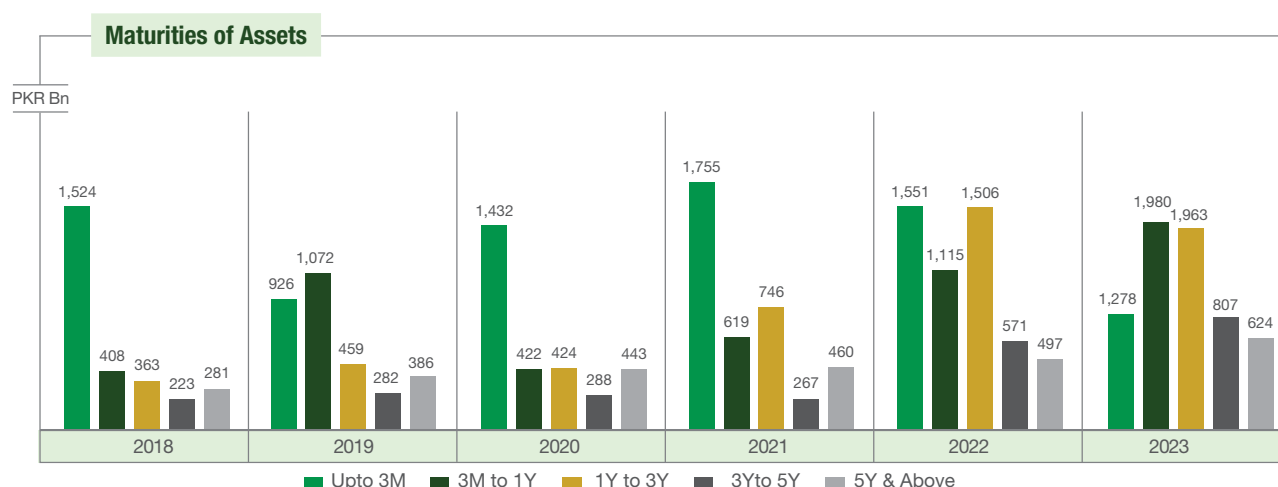
PKR "Mn"

	2023	2022	2021	2020	2019	2018
Mark-up / return / interest earned	1,025,135	503,576	232,052	258,031	239,710	150,178
Mark-up / return / interest expensed	855,780	386,474	134,285	153,652	167,556	89,287
Net mark-up / Interest income	169,354	117,102	97,767	104,379	72,154	60,891
Fee & commission income and Exchange income	31,878	30,840	26,054	23,823	26,737	28,924
Capital gain & Dividend income	9,626	6,193	10,718	9,748	5,265	6,445
Share of profit / (loss) from joint venture - net of tax	1,226	545	218	(219)	(96)	(334)
Share of profit / (loss) from associates - net of tax	245	(95)	23	43	37	(35)
Other income	1,797	1,790	1,856	3,965	5,817	2,675
Total non-markup / interest income	44,772	39,273	38,869	37,360	37,760	37,674
Total income	214,126	156,375	136,636	141,739	109,914	98,566
Operating Expenses	95,445	79,661	61,406	64,443	67,379	57,480
Profit before provisions	118,681	76,714	75,230	77,297	42,535	41,085
Provisions	15,382	13,116	11,659	30,912	13,557	11,205
Extraordinary item	-	-	(9,779)	-	-	-
Pre-tax profit	103,299	63,597	53,792	46,385	28,978	29,880
Taxation	49,978	32,648	25,032	15,798	12,331	9,844
After-tax profit	53,321	30,949	28,760	30,586	16,647	20,035

6 YEARS' - MATURITIES OF ASSETS & LIABILITIES

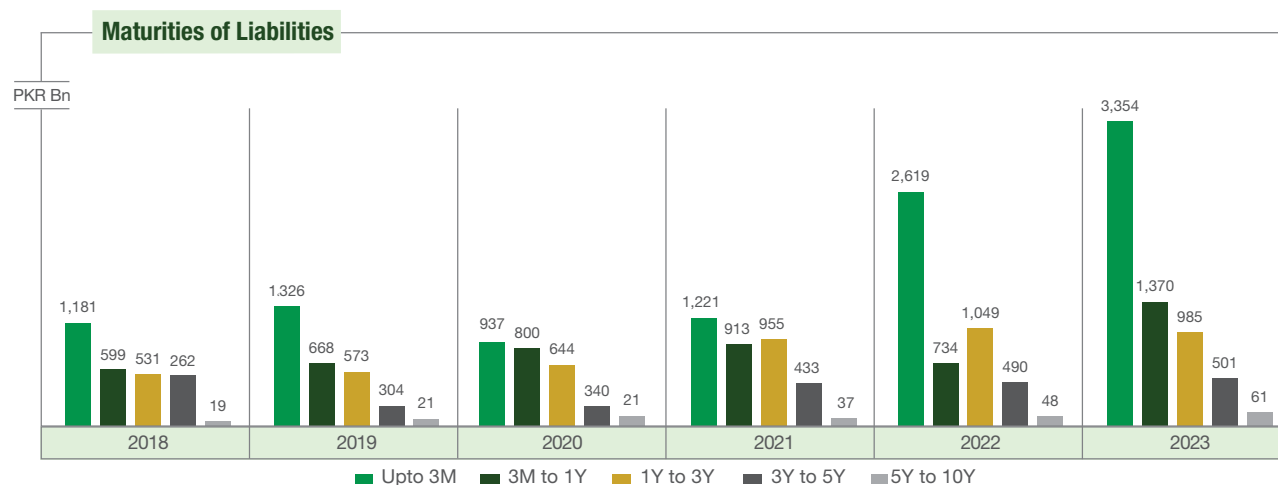
Maturity of Assets

At the year end 2023, the Bank's total assets stood at PKR 6,652.7 Bn, increasing at a CAGR of 18.91% over the past six-years based on expected maturities. While 15.7% of the Bank's assets are expected to mature within a period of one month, another 2.4% are expected to mature over the next two months i.e. a total of 2.2% to mature within a period of 3 months. The remaining 79.7% of the assets have a maturity period of beyond 3 months.



Maturity of Liabilities

At the year end 2023, the Bank's total liabilities stood at PKR 6,270.0 Bn, increasing at a CAGR of 19.3% over the past six-years based on expected maturities. While 86.3% of the Bank's liabilities are expected to mature within a period of one month, another 1.8% are expected to mature over the next two months i.e. a total of 1.7% to mature within a period of 3 months. The remaining 10.2% of the liabilities have a maturity period of beyond 3 months. Thus, efficiently managing the liquidity risk, the Bank maintains a positive maturity gap between the average maturity of its assets and liabilities.

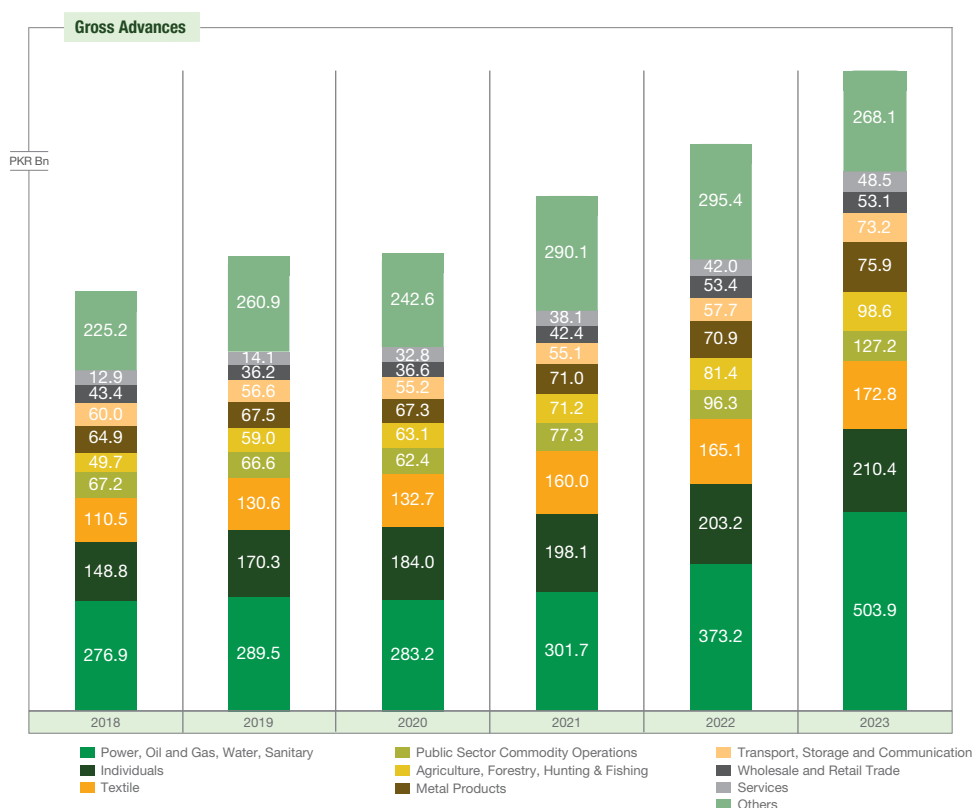


SECTORAL CONCENTRATION

Sector	Gross advances			Contingencies and Commitments		
	2023	(%Share)	(%YoY)	2023	(%Share)	(%YoY)
Power, Oil & Gas, Water, Sanitary	503,862	30.9%	35.0%	110,257	4.0%	-13.6%
Individuals	210,381	12.9%	3.5%	228	0.0%	-27.9%
Textile	172,773	10.6%	4.6%	15,710	0.6%	0.0%
Public Sector Commodity Operations	127,237	7.8%	32.1%	3,437	0.1%	1622.7%
Agriculture, Forestry, Hunting & Fishing	98,624	6.0%	21.1%	218	0.0%	-56.8%
Metal Products	75,902	4.7%	7.1%	23,670	0.9%	8.3%
Transport, Storage and Communication	73,231	4.5%	27.0%	55,560	2.0%	-52.8%
Wholesale and Retail Trade	53,130	3.3%	-0.4%	3,106	0.1%	106.1%
Services	48,455	3.0%	15.4%	1,512,041	55.3%	-1.3%
Others	268,091	16.4%	-9.2%	1,011,573	37.0%	5.5%
	1,631,686	100%	13.4%	2,735,801	100%	-1.5%

Gross Advances

Gross advances of the Bank grew steadily over the last six years at a CAGR of 9.0%, closing at PKR 1,631.7 Bn at year end 2023. Whereas 11.9%, 13.1% and 10.7% of the Bank's gross advances pertain to Power, Individuals and Textile that primarily drive Pakistan's economy, Over the past six years, and more particularly in the recent years, significant growth in advances to Textile, Financial and Oil and Gas sectors is witnessed given an increasing demand following the Government's relief package for various sector.

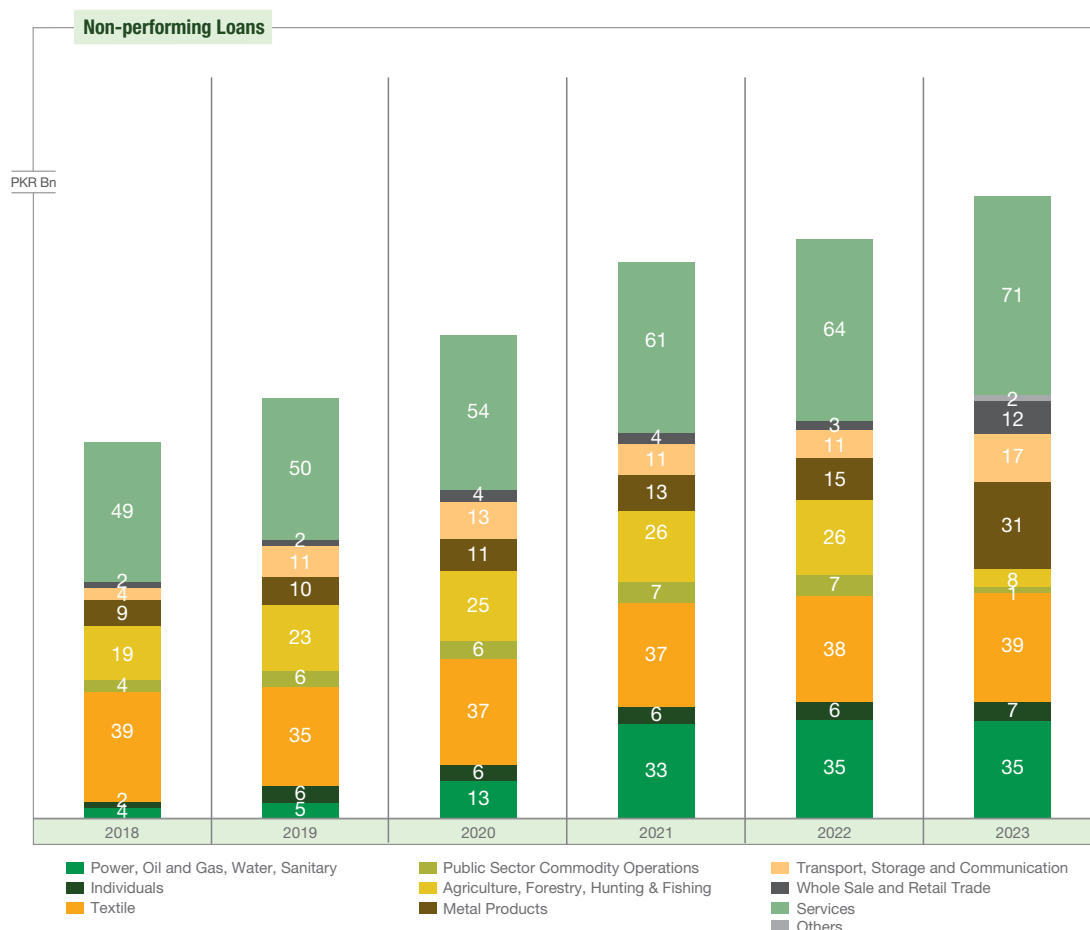


SECTORAL CONCENTRATION

Sector	Non-Performing Loans			Specific Provisions Held		
	2023	(%Share)	(%YoY)	2023	(%Share)	(%YoY)
Power, Oil & Gas, Water, Sanitary	34,501	15.6%	-0.8%	32,033	15.7%	-0.9%
Individuals	6,901	3.1%	6.7%	4,319	2.1%	-0.7%
Textile	38,746	17.5%	2.4%	38,591	19.0%	6.0%
Public Sector Commodity Operations	719	0.3%	868.9%	235	0.1%	217.2%
Agriculture, Forestry, Hunting & Fishing	7,982	3.6%	8.4%	5,859	2.9%	2.5%
Metal Products	30,959	14.0%	16.9%	30,872	15.2%	16.6%
Transport, Storage and Communication	17,135	7.8%	15.6%	15,080	7.4%	20.2%
Wholesale and Retail Trade	11,827	5.4%	10.4%	11,631	5.7%	9.6%
Services	2,260	1.0%	-27.2%	1,571	0.8%	-13.3%
Others	69,796	31.6%	9.6%	63,380	31.1%	4.9%
	220,826	100%	7.6%	203,571	100%	6.7%

Non-performing Loans

At year end of 2023, Bank's non-performing loans stood at PKR 220.8 Bn, demonstrating a 7.6% YoY deterioration. However, despite same increase in total NPL, the infection ratio has reduced from 14.27% in 2022 to 13.53% in 2023. NPL's that grew at a CAGR of 10.6% over the period under review, are more concentrated in the Oil, Gas, Sugar, Textile and Metal Products sectors. However, recently the NPL ratio has shown slight improvement as it changed from 12.6% in 2018 to 13.5% at the end 2023. Furthermore, the coverage ratio has improved from 92.9% (2022) to 92.2% at the year end of 2023.



MATURITIES OF ASSETS AND LIABILITIES

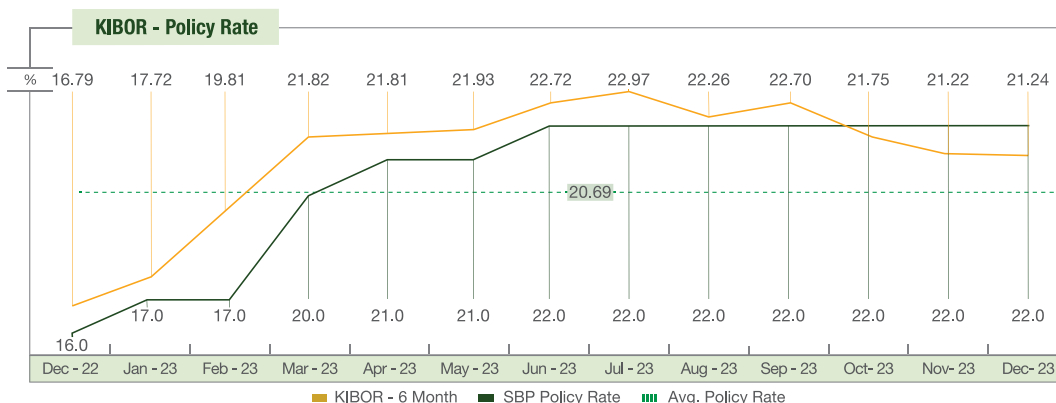
Financial Position

2023						
Total	Upto 3 Months	Over 3 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
----- (Rupees in Mn) -----						
294,993	191,157	103,836	-	-	-	-
42,325	40,895	1,430	-	-	-	-
192,430	192,430	-	-	-	-	-
4,403,364	46,060	1,631,054	1,304,643	489,322	649,752	282,532
1,398,077	611,405	208,423	74,813	65,862	153,261	284,313
56,974	-	709	2,333	709	1,242	51,981
1,510	-	503	503	503	-	-
6,934	3	169	459	1,022	1,371	3,911
-	-	-	-	-	-	-
256,100	196,437	33,884	22,370	757	1,136	1,515
6,652,707	1,278,387	1,980,009	1,405,120	558,176	806,763	624,252
68,000	43,971	16,020	8,010	-	-	-
2,177,743	2,127,655	8,351	1,073	1,066	6,559	33,039
3,674,359	968,573	1,296,929	473,941	461,875	470,263	2,778
8,265	6	192	596	1,095	1,760	4,616
720	-	-	-	-	720	-
340,864	213,608	48,167	26,231	10,936	21,216	20,707
6,269,952	3,353,812	1,369,658	509,851	474,973	500,516	61,140
382,756	(2,075,425)	610,351	895,269	83,203	306,246	563,112

KEY INTEREST BEARING ASSETS AND LIABILITIES

Financial Performance

	2023			2022		
	Avg. Volume	Effective Interest Rate %	Interest	Avg. Volume	Effective Interest Rate %	Interest
Interest Earning Assets						
Placements	145615.4	20%	28885.2	109.7	12.4%	13.6
Advances (net)	1306.8	17.0%	221.8	1169.4	7.6%	141.4
Investments	3904.4	19.8%	774.0	2631.7	13.2%	348.3
Interest Bearing Liabilities						
Deposits	2956.8	12.3%	365.1	2655.3	7.9%	209.6
Borrowings	2302.8	20.7%	475.7	1208.4	13.7%	166.0



MARKUP & NON MARKUP INCOME

PKR "Mn"

MARK-UP EARNED

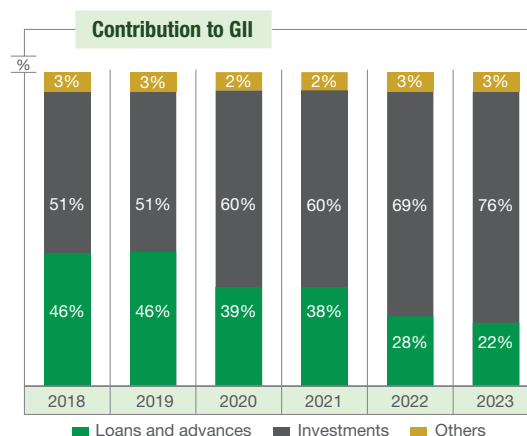
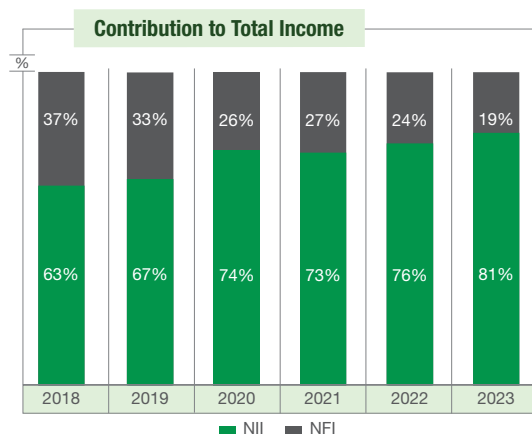
	2023	2022	2021	2020	2019	2018
Loans and advances	221,787	141,365	87,347	99,781	109,646	69,359
Investments	773,985	348,305	139,115	154,041	122,337	76,288
Lending to FIs	27,619	12,815	3,957	2,374	5,367	3,593
Balances with other banks	1,266	825	1,464	1,616	2,128	729
Total	1,024,658	503,310	231,883	257,811	239,477	149,969

MARK-UP EXPENSED

Deposits	365,117	209,598	87,838	103,380	110,075	61,704
Borrowings	6,989	5,117	6,839	6,930	6,982	2,942
Cost of foreign currency swaps against foreign currency deposits / borrowings	14,294	10,026	8,018	9,175	9,157	6,075
Finance charge on lease liability against right of use assets	811	849	775	754	719	-
Securities sold under repurchase agreements	468,699	160,895	30,795	33,417	40,637	18,581
Total	855,910	386,484	134,265	153,656	167,570	89,302

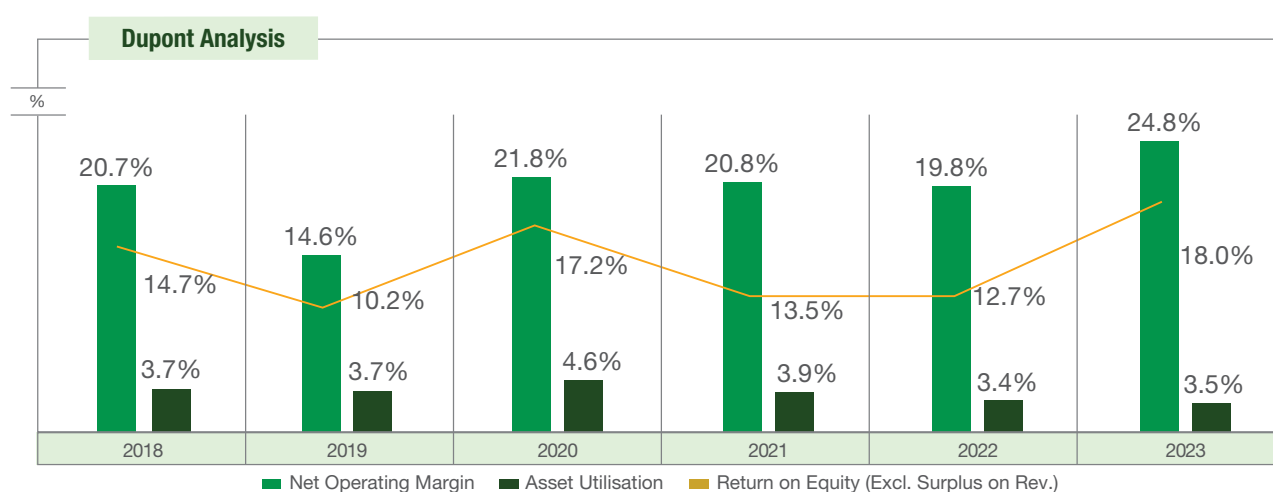
NON MARK-UP / INTEREST INCOME

Fee and commission income	22,032	21,152	17,804	18,254	19,125	17,526
Dividend income	5,258	5,207	4,595	1,901	3,150	2,613
Foreign exchange income	7,139	7,450	6,511	4,073	6,045	9,490
Gain on securities - net	4,384	1,138	6,188	7,886	2,112	3,932
Other income	1,793	1,737	1,844	3,963	5,768	2,687
Total	40,606	36,684	36,942	36,077	36,199	36,249



DUPONT ANALYSIS

Indicator	Formula		Unit	2023	2022	2021	2020	2019	2018
Net Operating Margin	PAT / Total Income	A	%	24.76	19.81	20.8	21.8	14.6	20.7
Asset Utilisation	Total Income / Avg Assets	B	%	3.52	3.38	3.93	4.6	3.7	3.7
Return on Assets	PAT / Avg Assets	C = A x B	%	0.87	0.67	0.82	1.0	0.5	0.8
Leverage Ratio / Equity Multiplier	Avg Assets / Avg Equity	D	Times	20.61	18.95	16.50	17.2	19.2	19.5
Return on Equity (Excl. Surplus on Rev.)	PAT/Avg Equity	E = C x D	%	17.97	12.68	13.48	17.2	10.2	14.7

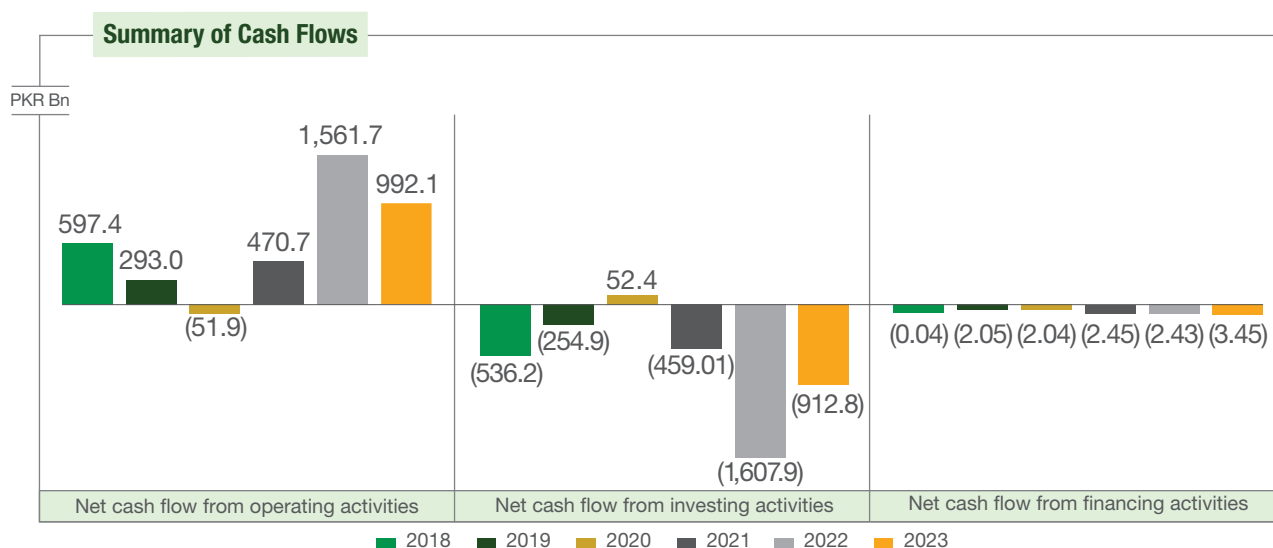


- Net operating margins of the Bank increased from 19.8% to 24.8%. Increase in the net operating margin is mainly pertains to the SBP policy rate which increase the total income.
- Asset Utilisation in term of Total Income increased to 3.5% in 2023 from 3.4% in 2022. This was mainly due to increase in policy rate by SBP which decreased the cost of deposits.
- Return on Equity during 2020 - 2023 remained in the range of 17.2% - 18.0%. The ROE for year 2023 remained at 18.0%.

SUMMARY OF CASH FLOWS

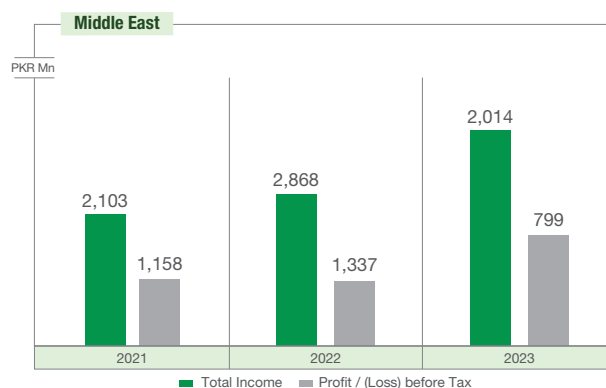
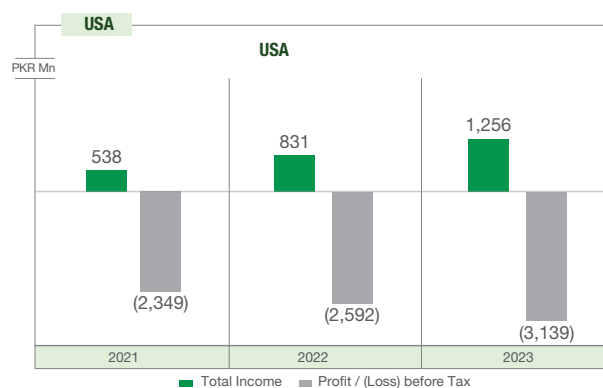
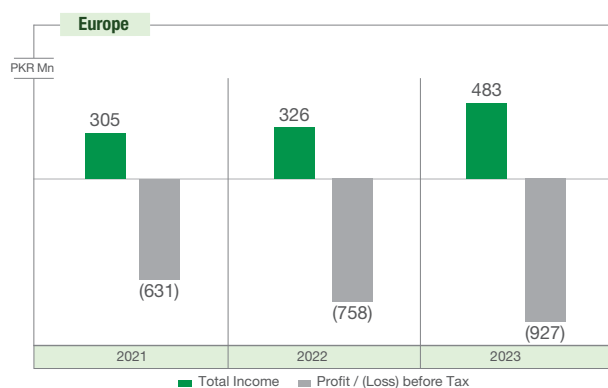
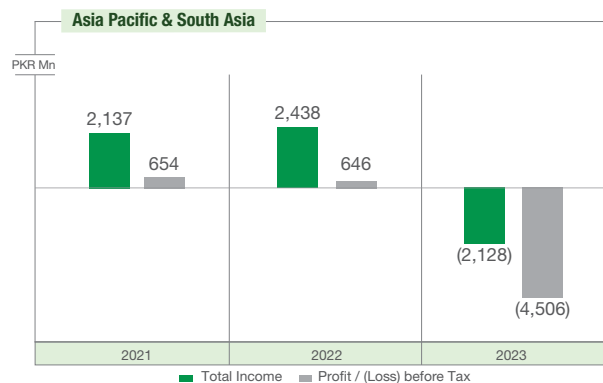
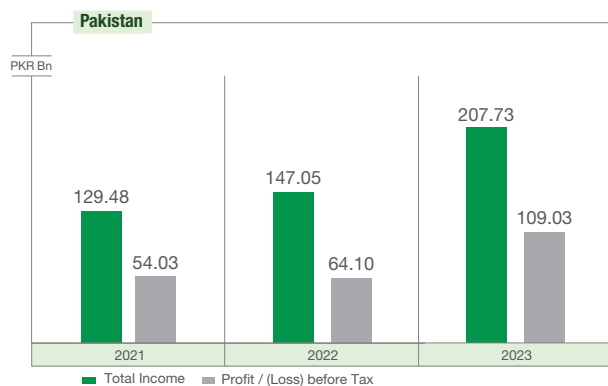
PKR “Mn”

Classification	2023	2022	2021	2020	2019	2018
Cash Flow from Operating Activities	992,103	1,561,683	470,702	(51,870)	293,000	597,385
Cash Flow from Investing Activities	(912,791)	(1,607,937)	(459,106)	52,401	(254,952)	(536,224)
Cash Flow from Financing Activities	(3,454)	(2,428)	(2,454)	(2,042)	(2,046)	(40)
Cash & Cash equivalent at Beginning of the Year	222,704	271,386	262,243	263,754	227,753	166,631
Cash & Cash equivalent at the End of the Year	298,562	222,704	271,386	262,243	263,754	227,753

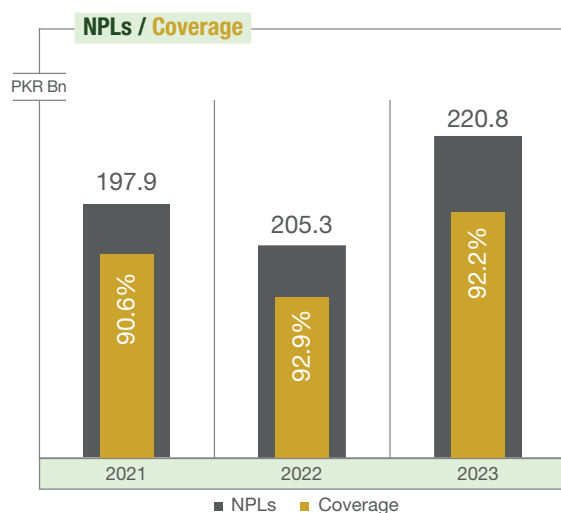


Cash Flow from Operating Activities mainly represent the core activity of the Bank i.e. mobilization of deposits. Since 2018, deposits of the Bank have shown a CAGR of 12.8%. During year 2023, there was net inflow of PKR 992.1 billion from Operating Activities. The major outflow under investing activities was on account of net investments in available-for-sale securities and investment made in held-to-maturity securities. During the year 2023, outflows of PKR 3.45 billion under financing activities were observed against payment of lease obligation.

GRAPHICAL SEGMENT



ASSETS QUALITY AND PROVISIONS



There is an increase in domestic NPLs by PKR 4.4 Bn (2.9% YoY). However, NPLs in FCY denominated loans recorded an increase of PKR 11.1 Bn mainly due to exchange impact. We prudently measure impairments in the assets portfolio and maintain robust levels of provisions. Provisions charge for 2023 amounted to PKR 14.7 Bn of which PKR 13.4 Bn was against impairment in loans, and PKR 0.5 Bn against diminution in value of investments.

Specific provisions held against NPLs stood at PKR 203.6 Bn (Dec'22: PKR 190.7 Bn) whereas general provisions stood at PKR 30 Bn (Dec'22: PKR 17.3 Bn) and NPL coverage against total NPL is 90.5%. Since IFRS 9 stands implemented effective January 01, 2024, therefore prudently some general provisions under the expected credit loss methodology have been kept over and above as required under prudential regulations.

NON-PERFORMING LOANS

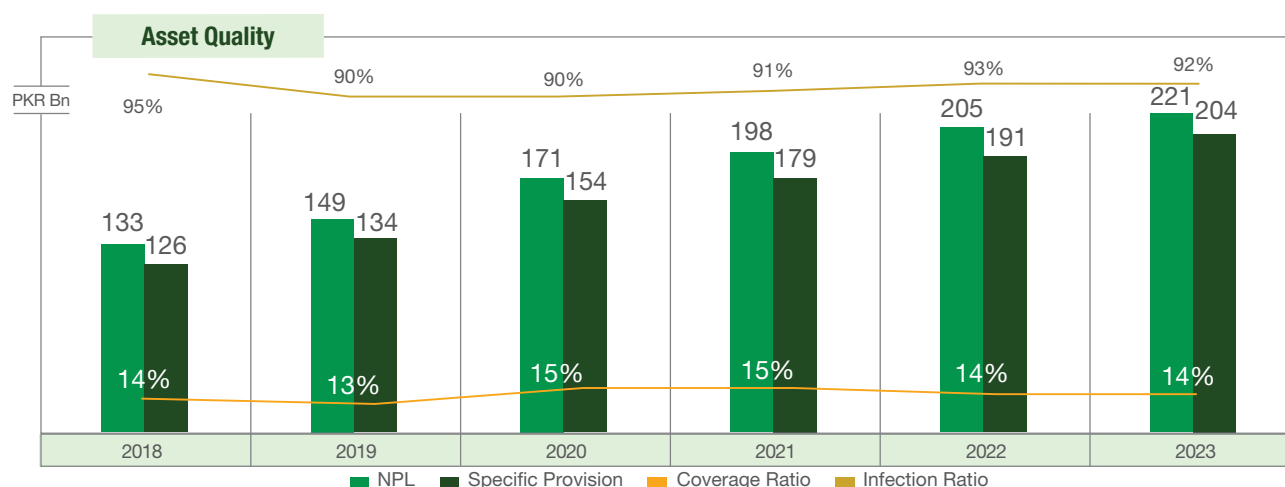
PKR "Mn"

Category-wise

OAEM
Substandard
Doubtful
Loss
Total

2023		2022	
NPL	Spec. Prov.	NPL	Spec. Prov.
2,156	60	1,781	73
6,421	1,560	5,888	1,440
11,844	6,180	9,165	4,811
200,404	195,770	188,473	184,387
220,825	203,570	205,307	190,711

Non-performing loans



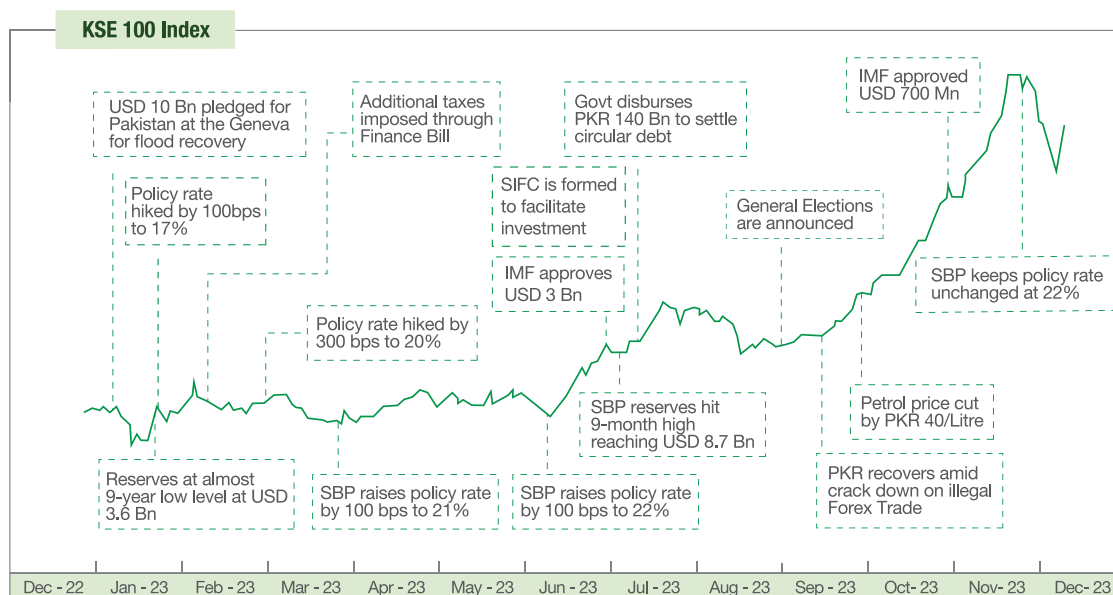
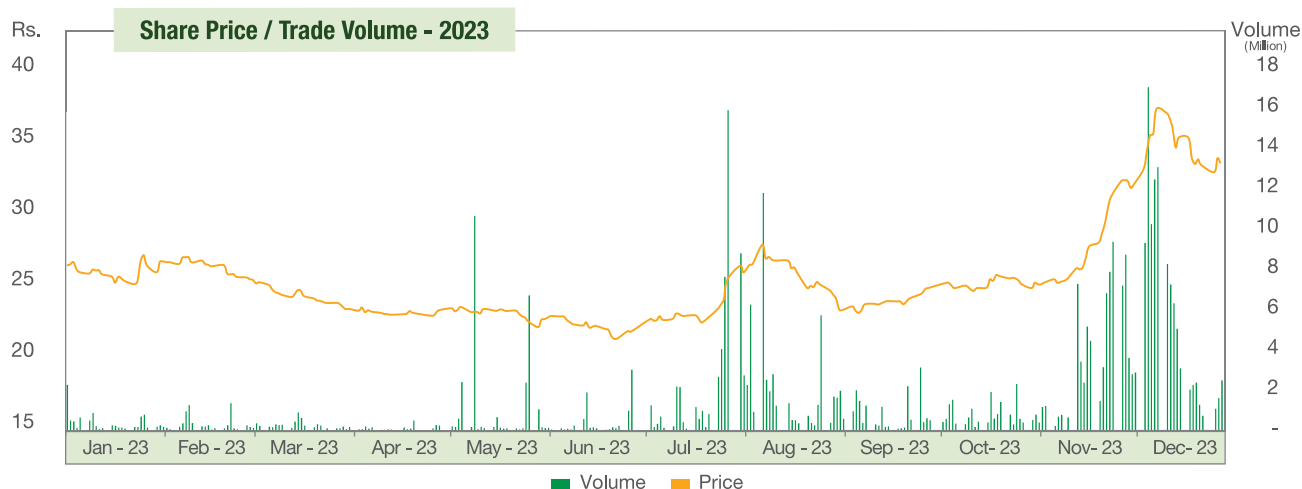
SHARE PRICE

NBP Share

	Mar'23	Jun'23	Sep'23	Dec'23
High	26.49	21.65	27.40	38.50
Low	21.00	18.31	19.90	22.60
Closing	21.32	19.48	23.02	32.11
Average Volume	305,797	617,737	1,840,056	3,248,921
Total Volume	19,571,000	35,211,000	114,083,500	204,682,000
Closing Market Cap (Mn)	45,359	41,444	48,975	68,314

NBP Share

	Dec'23	10% Increase	10% Decrease
No. of Shares Closing (Mn)	2,128	2,128	2,128
Closing Share Price (Rs.)	32.11	35.32	28.90
Market Capitalisation (Mn)	68,314	75,146	61,483



SHARE PRICE SENSITIVITY

Market Capitalisation as of December 31, 2023	68,314
Capitalisation due to movement in share price by:	
+10.0%	75,145
- 10.0%	61,483

The following major factors have varying impact on financial performance of the Bank and market valuation of its shares

Factor	Impact
Policy Rate	In the prevailing hyperinflationary environment, the State Bank of Pakistan has maintained a rising policy rate policy and the market expectations are that the policy rate will remain high in the short to near term. Any volatility in the interest rates will impact revenue and profitability of the Bank.
Capital and money markets	The Bank's investments amount to PKR 4,403 Bn, which mainly consist of high-yielding low-maturity, low-risk Government Securities. Trends in the money & capital markets have a direct impact on the Bank's financial performance.
Minimum Rate of Return on Deposits	An expected downward revision in rate of profit payable to providers of funds generally leads to reduction in costs of funds and improvement in net interest margins earned by the Bank. Such revision can positively impact the earnings and correspondingly the share price of the scrip.
Exchange fluctuations	The Bank is a major enabler of the country's international trade. In this process, the Bank remains exposed to significant foreign currency exchange rates. Hence, the currency fluctuation also affects the Banking business.
Inflation	Inflationary trends inflict an indirect impact on earnings of the Bank through its corresponding incremental impact on the policy rate. Higher policy rates usually lead investments into high yielding but low-risk Government papers, thus resulting in increased interest income. This, in turn, will have a positive impact on overall profitability and the share price.
Political Stability	Political stability is a prerequisite for economic growth and resilience for the Organisation as the same reduces the uncertainty and urges investors to mobilise economic activity through injecting their funds in investment avenues. Political stability will stimulate trade & business activity resultantly higher earnings for the Bank and its shareholders.
Natural Calamities	Natural calamities are outside the control of the Bank such as natural disasters, floods and pandemics might negatively disrupt the operations of the Bank and ultimately might affect share price of the Bank.

PATTERN OF SHAREHOLDING

As of 31st December

Categories of Shareholders	Shareholders	Shares Held	Percentage
Government Holding			
M/S. FEDERAL GOVERNMENT OF PAKISTAN	1	6,238,919	0.29
M/S. PAKISTAN ATOMIC ENERGY COMMISSION	1	679,424	0.03
FINANCE DIVISION, MINISTRY OF FINANCE, GOVT. OF PAKISTAN	1	1,656,788	0.08
State Bank of Pakistan			
M/S. STATE BANK OF PAKISTAN	1	1,599,845,728	75.20
Directors, Chief Executive Officer, their spouse(s) and minor children			
REHMAT ALI HASNIE	1	949	0.00
FARID MALIK	1	1,000	0.00
Associated Companies, undertakings and related parties	1	70,000	0.00
NIT and ICP	1	463,078	0.02
Banks Development Financial Institutions, Non-Banking Financial Institutions	8	17,696,447	0.83
Insurance Companies	5	17,627,322	0.83
Modarabas and Mutual Funds	15	14,919,442	0.70
Public Sector Companies and Corporation	5	113,385,860	5.33
General Public			
a. Local	9,858	136,806,540	6.43
b. Foreign	89	1,096,324	0.05
Foreign Companies	15	148,170,409	6.96
Others	153	68,854,796	3.24
Totals	10,156	2,127,513,026	100.00

Share holders holding 10% or more	Shares Held	Percentage
M/S. STATE BANK OF PAKISTAN*	1,599,845,728	75.20
<p>* The Pakistan Sovereign Wealth Fund Act, 2023 became effective during the current period. Under the said Act, the SBPs shareholding in the Bank stands transferred to the Pakistan Sovereign Wealth Fund (PSWF).</p>		

CONSUMER & RETAIL BANKING

Our Retail & Consumer Banking is there to serve our customers every day and for all their financial needs – whether they're looking to save for future, require financing, buying their first home, saving for the future or investing for the next generation. We are serving our customers through one of the largest branch networks and the fastest digital and mobile banking experience.

Deposits Mobilisation

On the Liabilities front, 2023 was definitely a year to write home about for our retail banking group. We offer a comprehensive deposit product suite to our customers. This year we achieved over 41% YoY growth as compared to industry growth rate of around 22%. The PKR 860 Billion growth was achieved despite an attrition of over Rs 130 Billion related to TSA transfers. Our average CA and average CASA deposits grew by 8% each during the Year 2023.

Deposit	2022	2023	Growth
Absolute Current account	403.7	1,063.0	163%
Average Current account	573.2	616.7	8%
Average CASA	1,797.1	1,949.2	8%
Total Deposit	2,089.4	2,950.3	41%

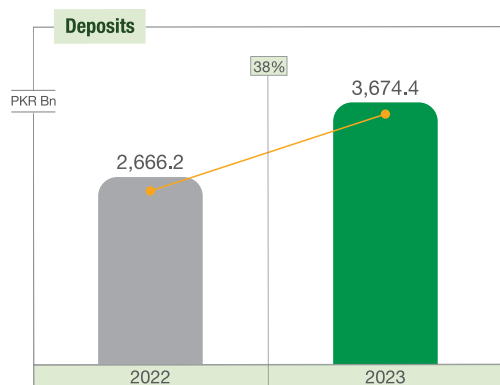
Promoting financial inclusion in the country, we offered new savings deposit products to attract individual CASA NTBs, especially in segments e.g. women, and high net-worth individuals.

NTB Performance	2022	2023	Variance
NTBs Opened	351K	425K	21%
NTB-Women ACs	96K	140K	46%

This focus on organic growth helped us reduce concentration on government sector deposits from 31% of total deposits in 2022 to 23% in 2023.

PKR Billions

Segment	2022	Share	2023	Share
Fed. Govt.	645.3	31%	690.8	23%
Others	1,444.1	69%	2,142.7	77%
Total	2,089.4	100%	2,950.3	100%



Debit Card Activation

Fresh debit card activations by RBG customers have grown by around 575K in 2023 i.e. a growth of approx. 118% over last year.



NBP Izafi Munafa Account

We introduced NBP Izafi Munafa Savings Account in April 2023 to offer the high net-worth individuals attractive profit rates with monthly profit payout. The product offers a tier-based profit rate structure to reward balance maintenance and is also packed with other value-added features e.g., waiver of locker fee.

We procured around 25K NTB accounts nationwide with a portfolio balance of approx. PKR 45 Billion within a span of just 9 months since its launch i.e. April to December 2023. The non - KLI regions (regions other Karachi, Lahore Islamabad) have contributed for around 75% of the total Izafi Munafa portfolio whereas their contribution in overall bank deposits is under 50%.



Promoting inclusivity

We opened over 10K Asaan accounts in 2023 through Bulk Account opening of flood affectees of Sindh, to support the provincial government in facilitating the unbanked flood affectees of Sindh. With 140k NTB female accounts during 2023, female active accounts portfolio stands increased by

around 25% from 792K accounts in 2022 to 990K accounts at end 2023.

As part of our strategy to convert the entire bank into Islamic mode of banking in line with the Federal Shariah court directives, our Retail Banking Group has opened 50 new Islamic banking windows, taking the total to 150. Their Islamic deposit portfolio grew by over 5 times during 2023 i.e. from Rs 1.3 Billion to Rs 6.5 Billion.

Consumer Assets - Advances

Cognizant of the overall economic environment in the country, Consumer Assets at RBG adopted a somewhat selective growth strategy, thereby focusing consumer advances that are secured and collateralized.

Empowering Salaried Individuals

NBP Advance Salary stands as a beacon of financial support for salaried individuals mostly in the public sector. This personal loan facility serves over 265K families, with total outstanding of PKR 90 billion. Disbursements increasing by 30%, amounting to approximately Rs. 36 billion.



Financing Against Gold

To support the rural economy, we offer financing against gold for both Agriculture and Consumer sector. In 2023, our Retail Banking disbursed a total of PKR 78.8 Billion to more than 166K borrowers. This depicts a 26% YoY growth in our portfolio and is a testament to our commitment to supporting rural economy. The State Bank of Pakistan has honored NBP with an “Exceptional” rating, acknowledging our significant contributions to the agricultural sector. This accolade was based on a comprehensive scoring model, developed by the Agricultural Credit Advisory Committee.

Empowering Female Borrowers

During 2023, the number of female borrower accounts surged from 30,664 to 36,525, reflecting an increase of 20%. Concurrently, disbursements to female borrowers

escalated from PKR 11.5 Billion to PKR 17.0 Billion. This progress is a testament to our dedication to fostering inclusivity and supporting the economic empowerment of women.

Housing Finance

Our Housing Finance Division offers products secured by mortgage of properties that include Low-Cost Housing Scheme (LCHS), Saibaan Housing Finance, Roshan Ghar – Solar Finance and Secured Running Finance (SRF) Mortgage. HFD this year launched two new products i.e. Roshan Ghar (Solar Finance) to align with green energy drive of GoP and SBP, and Secured Running Finance (SRF) against Mortgage. In addition to this, development of Loan Origination System (LOS) for Solar and Home Finance also took place in 2023.

Retail Sales Initiative

Our Retail banking launched strategic initiatives this year to build a strong & robust sales team of 150 RMs to establish a robust sales and business oriented culture in the bank and to increase the customer base by introducing new to bank accounts across the network.

This plan aims to:

- Extend outreach of the bank beyond the branch with feet on street.
- Develop a more customer-centric approach being ambassadors of NBP and its products.
- Act as extended arms of the Branch for new business solicitation and ensure more efficient communication between the bank and the customer.

The Retail Sales team is focused towards generating low-cost NTB-CASA accounts, reducing the reliance on high-cost and big-ticket accounts as well as on government deposits. Moreover, the team is also actively engaged in cross-selling the Retail asset products, debit card and mobile application activations.

In a short span of around one year, the team has delivered an astounding achievement by building a portfolio of low cost CASA accounts with a volume of Rs 36Bn, contributing around 9% of the Retail deposits growth, as well as around 22K loans in the Retail asset portfolio with a contribution in total Retail assets disbursements of almost 6%.

Institutional Sales

Our Institutional Sales Division has taken a number of initiatives in the arena of Employee Banking arrangements by providing customizable financial solutions to institutions through complimentary services on Bank's liability products and concessions on Bank's asset products to attract salary accounts and address the financial needs of employees of our institutional clients. During 2023, ISD efficiently created robust footprints in the trajectory of “Employee Banking” arrangements.

CORPORATE & INVESTMENT BANKING

The Corporate & Investment Banking handles one of the largest corporate portfolios amongst all peer banks in Pakistan and constitutes major advances and trade finance portfolio of the NBP. With its presence in all major cities of Pakistan, CIBG is well-positioned to cater to the banking & financial needs of all its local corporate customers, multinationals, and government entities by offering a wide spectrum of financial products & services ranging from working capital solutions to structured trade finance, medium to long term Demand Finance for growth & maintenance capex, advisory to syndication, supply chain to receivable financing and cash management to deposit mobilisation and custodial services. CIBG remains abreast with the varying business dynamics and remains pro-active for a well-informed decision making that will not only help clients navigate out of the crises but will also foster the broader vision of the bank.

Carrying NBP's vision of 'Enabling Sustainable Growth and Development', the product and solution offerings are suitably structured considering a client's risk profile, appetite, and specific needs. CIBG's role has been pivotal in development of Pakistan's industrial infrastructure. CIBG offers integrated supply chain solutions to the corporate houses with One Bank approach. Our well diversified loan portfolio comprises of Power, Textile, Telecoms, Fertilizer, Consumer Goods, Cement, Sugar, Construction, Real Estate, Steel, and many other important segments of our national economy. With a focus on client satisfaction through efficient relationship management, CIBG endeavors to be the leading partner for businesses and help in growth of country's economy. CIBG supports the cause of national economy and offers customized and integrated solutions to the diverse and varying business needs of our select names with a key focus on revival of stressed names in our portfolio in a rapidly changing business outlook. CIBG operates through following Regional Corporate Centers and Divisions to provide seamless service to its clientele:

Regional Corporate Centres

To serve our clients better and to broaden the business base of our outreach, our highly experienced Regional Corporate Centre (RCC) relationship management teams are located close to our clients in Pakistan's six major cities namely Karachi, Lahore, Islamabad, Rawalpindi, Faisalabad and Multan. These RCCs provide on-the-ground coverage to our clients to meet their wide ranging, multifaceted, and constantly changing financial needs.

GOP & Specialised Agencies Division

GOP & Specialised Agencies Division (GOPSA) within CIBG covers all priority Government of Pakistan (GoP) relationships within NBP from a single window. It provides dedicated & personalised banking services to all Government Ministries/Departments and Specialised Agencies of Government of Pakistan. The basic intent of this Specialised Division is to improvise and strengthen our Business with the major stakeholders (Government of Pakistan and Specialised Agencies) and put a face to manage these valuable/sensitive yet critical relationships. Since inception, GOPSA Division has provided superior service and best practices from a single point of contact / One Stop Shop (OSS).

Trade Finance Division

For providing dedicated centralised services to corporate clients, a Specialised Trade Finance Division has been working within CIBG with a team of experienced trade professionals for efficient handing of all trade related transactions for our clients. For leveraging the global trade finance network and our correspondent banking arrangements, NBP's Trade Finance team supports exporters and importers by securing and financing their international trade transactions.

Investment Banking Division

CIBG's Investment Banking Division specializes in Capital Markets, Project Finance, Advisory Services, Corporate Finance, Syndication, Agency, Trustee Services, Escrow Services, Mergers, Acquisitions, Divestitures, & Bond Underwriting. Over the years NBP has successfully exhibited its proven capability to act as a lead arranger and underwriter for a variety of corporate & capital market transactions. It also caters to the needs of real estate sector of Pakistan.

Cash Management Division

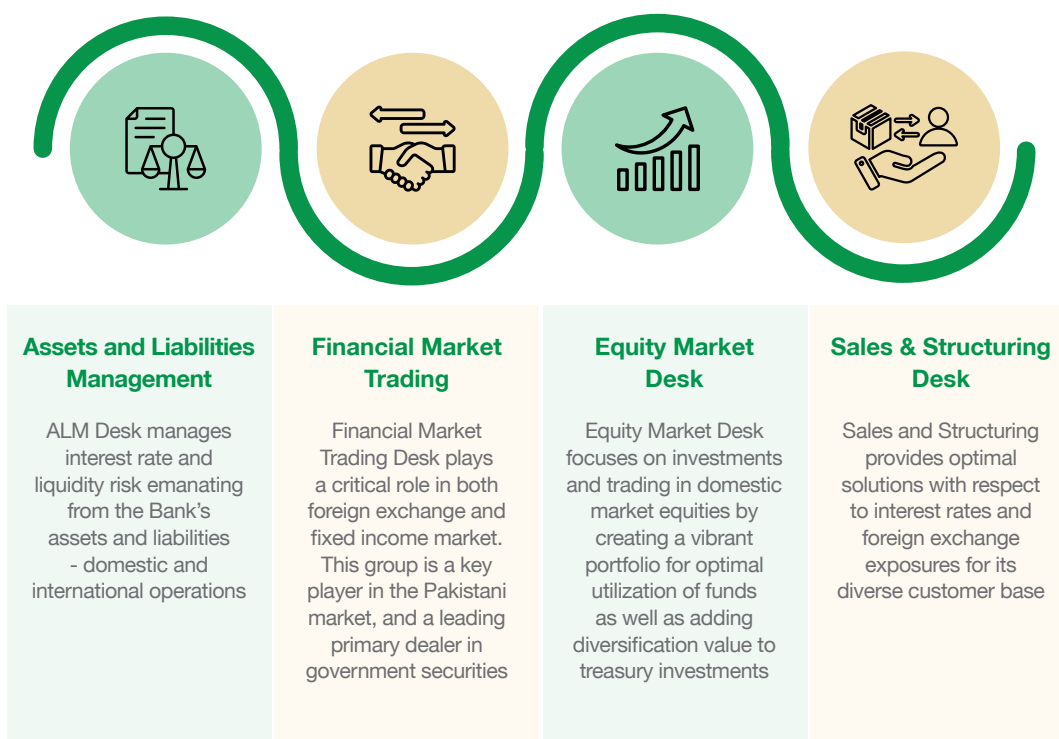
NBP, through its Cash Management Division provides customized solutions to our clients to improve their overall cash management efficiency and day-to-day business needs through transactional partnership with our customers to bridge their fund flow gap.

Major transactions executed by CIBG:

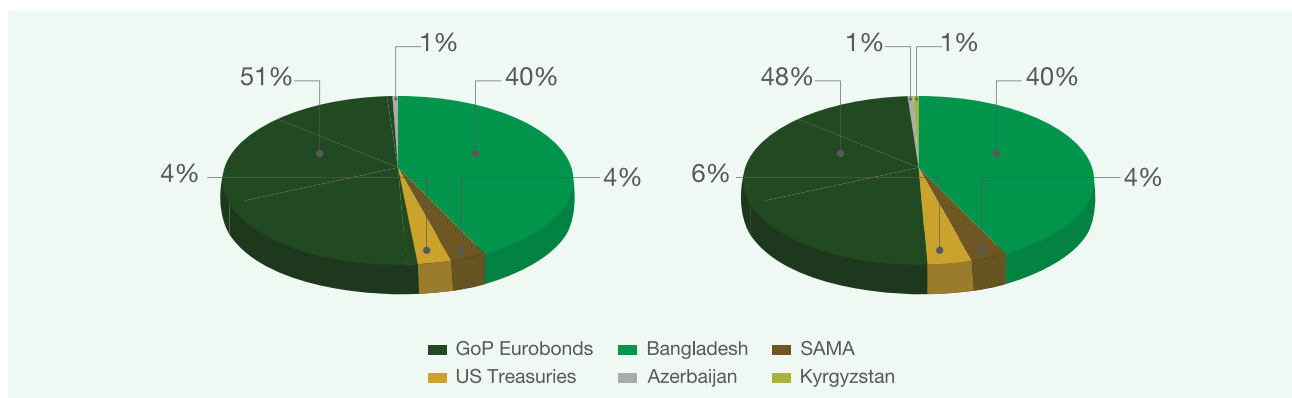
- Facilitated the Privatization Commission of Pakistan in the successful closure of the privatization process of Heavy Electrical Complex (HEC), a 3,000 MVA / annum Power Transformer Manufacturing Facility in Hattar Industrial Estate, KPK Province, as Joint Financial Advisor by way of direct sale and transfer of controlling stake to the buyer M/s IMS Engineering (Pvt) Limited, for a transaction consideration value of PKR 2,162 million.
- Established LCs amounting to total USD 41.50 Million on behalf of Higher Education Commission (HEC) for import / purchase of 100,000 laptops under the project titled "Prime Minister Youth Laptop Scheme-HEC".
- Established import contracts worth over PKR 8,200 million wherein the said arrangement will facilitate WAPDA in procurement of equipment and machinery for its hydel projects which are vital for clean and low-cost power in the country.
- NBP, in its capacity as the sole-lead advisor, issued Stand-by Letters of Credit (SBLCs) for and on behalf of the Government of Sindh (GOS) in amount of approx. PKR 27,200 million for the purpose to secure the payment obligations of GOS towards its commitment in Nabisar Vajihar Water Works Project Limited - an infrastructure project being set-up under the GOS Public Private Partnership scheme in Thar, Sindh. The project holds critical significance not only for the development of Thar Block-I coal mining but also for the sustainable development of the region.
- NBP acted as Mandated Lead Advisor & Arranger for arranging a multiple set of Syndicated Term Finance Facilities in total amount of approx. PKR 190,000 million for the purpose of payment of outstanding liabilities of DISCOs / Power Sector, through Central Power Purchasing Agency Guarantee Limited (CPPA-G). The facility was extended for a period of up to 5 years (inclusive of 2 years' grace period) and secured against GOP Guarantee. NBP participated with a total amount of PKR 36,778 million in the multiple Syndicated Term Finance Facilities arrangement for the purpose of payment of outstanding liabilities of DISCOs / Power Sector.

TREASURY & CAPITAL MARKETS

The Treasury & Capital Markets Group serves as the central hub for overseeing the bank's liquidity, foreign exchange, and investment portfolios. Its primary objective is to efficiently deploy funds in alignment with the bank's strategic objectives, taking into consideration the global and domestic market dynamics. TCMG strategically monitors exchange rates, equity values, and interest rate fluctuations, ensuring a proactive approach to navigating market trends. In addition, TCMG caters to a diverse clientele for their foreign exchange and fixed-income requirements, supplementing the overall product suite of the bank.



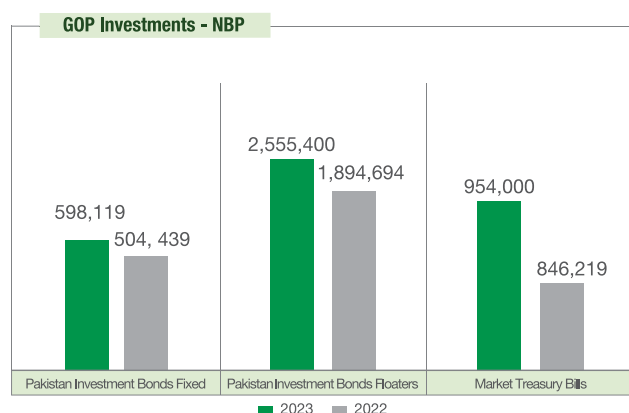
NBP Treasury & Capital Markets Group functions on four key components – Financial Market Trading (FMT), ALM, Sales & Structuring (SS), and Equity Markets (EMD). ALM is tasked with managing interest rate and liquidity risks stemming from the Bank's assets and liabilities, covering both domestic and international operations. This unit embraces a flexible approach, adapting to shifts in the market environment to ensure resilient performance. FMT plays a crucial role in both foreign exchange and fixed income markets, solidifying its position as a significant player in the Pakistani market and a leading primary dealer in government securities. SS provides optimal solutions for interest rates and foreign exchange exposures catering to a diverse customer base. EMD focuses on investments and trading in domestic market equities, crafting a dynamic portfolio for efficient fund utilization and enhancing diversification value in overall treasury investments.



Equity Market team has remained vigilant and focused actively seeking to capitalise on investment opportunities to enhance portfolio returns. The portfolio is well aligned to reap benefits in 2024.

Overall, TCMG demonstrated resilience by adjusting the composition of investment portfolio shifting towards floater investment to adapt and counterbalance shifting dynamics interest rate environment. Additionally, through prudent exchange rate risk management TCMG successfully met its exchange income goals and targets despite challenges posed by volatile exchange rate, declining trade volumes, scarce availability of FX liquidity and heightened political uncertainty, which were further compounded in terms of both longevity and intensity.

The fact that TCMG is persistently considered as a leading FX bank and rated as one of the top Primary Dealers for Government Securities bears testament to our expertise in providing FX and investment solutions to our diversified clientele. Furthermore, TCMG has made steady progress in strengthening controls and compliance environment by focusing on people, culture and systems.



FY GDP - IMF/World Bank

CY CPI Average

CY Policy Rate

CY USD/PKR

CY KSE-100

	2023	2022
FY GDP - IMF/World Bank	-0.2%	6.00%
CY CPI Average	30.76%	19.29%
CY Policy Rate	22.00%	16.00%
CY USD/PKR	281.86	226.43
CY KSE-100	62,451	40420

Particulars

Pakistan Investment Bonds - Fixed

Pakistan Investment Bonds - Floaters

Market Treasury Bills

	2023	2022	YoY
Pakistan Investment Bonds - Fixed	598,119	504,439	19%
Pakistan Investment Bonds - Floaters	2,555,402	1,894,694	35%
Market Treasury Bills	954,000	846,219	13%
Total Investments	4,107,521	3,245,352	27%

Key achievements for 2023:

- In the face of a challenging economic year characterised by rising commodity prices, which contributed to high inflation and prompted a shift in interest rate cycle with State Bank of Pakistan increasing Policy Rate from 16.00% to the current 22%, TCMG strategically adjusted its investment portfolio of domestic GoP investment mix with focused shift towards floater investments, aiming to mitigate adverse effects of interest rate hikes.
- TCMG registered hefty capital gains of over PKR 4.4 Bn along with substantial dividend income of PKR 5.2 Bn
- Overall exchange income surpassed budgeted targets with a marginal year-on-year increase despite 13% lower trade volumes.
- Commenced automation of various functions, including Investor Portfolio Securities products, and automation of ALM and FTP.
- To bolster its policy and procedural framework, TCMG has revised its governing procedural documents. This entails introduction of new manuals for Equity Market Division and Fixed Income Sales, alongside updates to its ALM and FX/Rates trading manuals.
- Recognition of NBP by State Bank of Pakistan as one of the top-performing primary dealers in the market attests to our proficiency in achieving Primary Dealer targets, distribution to non-bank clientele, engaging in active market making, and dynamically contributing to price discovery of fixed income securities. This acknowledgment underscores our commitment to meeting expectations and investment requirements of our diverse clientele.

DIGITAL BANKING

In its pursuit of becoming a trailblazing digital financial institution, NBP is harnessing proven state-of-the-art digital technologies to redefine the accessibility, convenience, and efficiency of banking services for both customers and the citizens of Pakistan.

As of 2023, our commitment to digital evolution is apparent through several key projects. The ongoing Digital Wallet and Contactless Payments initiative aligns with the forecasted growth in digital payment solutions. Simultaneously, our revamped Mobile Banking Application caters to the surging reliance on mobile platforms for banking interactions. These endeavors, coupled with our role as leaders in government payments and mandates, exemplify our dedication to seamless operations through NBP Payment Pro.

1. SEAMLESS. SMART. YOURS:

NBP Digital App, Transforming Banking into a Personalised Journey

With the successful reimagining of digital banking through the relaunch of the NBP Digital App, boasting a modern design and an enriched customer experience now available in Urdu, we are positioned to become the preferred app for customers. Our app goes beyond traditional banking, offering self-service features such as WHT tax certificates, and account maintenance certificates, theme customization, and enhanced personalisation. We envision covering all financial needs by introducing features like stock options, utility bill payments, fee payments, and more. NBP's strategic shift to a SaaS model ensures scalability, reflecting our commitment to providing innovative and scalable solutions. The recent launch of RAAST P2P, including QR code functionality, has propelled the mobile app to process over 140 million transactions, totaling around PKR 1 trillion in value. This milestone underscores our advancements in the digital landscape and reaffirms our commitment to delivering comprehensive financial solutions to our valued customers.

Our Digital Evolution Continues

In 2023, NBP experienced significant steps in its digital banking transformation, surpassing the early stages with remarkable success. The response from both staff and customers was nothing short of overwhelming, affirming the positive impact of the initial launch of basic digital banking features. Throughout the year, NBP continued to make substantial progress in its digital evolution, unveiling innovative solutions and services that echoed with its user base. The highlights of NBP's digital banking journey in 2023 showcase not only the ongoing commitment of the institution to technological advancement but also the sustained enthusiasm and engagement from both internal and external stakeholders. As NBP advances, it remains dedicated to delivering cutting-edge digital experiences, solidifying its position as a leader in the ever-evolving landscape of digital finance.



2. EMPOWERING CUSTOMERS, ELEVATING LIVES

NBP Debit Card - Where Performance Meets Excellence in Every Transaction

Surpassing all expectations, our debit card has achieved an astounding annual transaction value exceeding PKR 1.1+ Trillion, signifying unparalleled trust and customer preference for NBP Digital. Notably honored by 1LINK as one of the Highest Issuers of PayPak cards in a quarter and by Golootlo with the Innovative Debit Card Partnership Award 2023. With an impressive capability of 156+ transactions per minute and a value of PKR 36k+ per second, our card is not just a symbol of innovation but a testament to our commitment to delivering cutting-edge solutions. Furthermore, by seamlessly integrating UPI contactless payments, we continue to lead in innovation, ensuring secure and convenient transactions.



3. ELEVATING ACCESS

Introducing Advanced ATMs Nationwide, Redefining Convenience and Security:

Our existing ATMs fleet has effectively catered to our customers, enabling over 100 transactions per minute and disbursing approximately PKR 24,000 per second. Taking a proactive step to improve customer convenience, NBP has commenced upgrading its ATM fleet, beginning with the installation of over 190+ state-of-the-art ATMs across the country next year. These next-gen terminals will be designed to elevate the banking experience for customers by incorporating advanced features for enhanced security. This strategic expansion emphasizes our unwavering commitment to providing accessible, secure, and innovative banking solutions in line with the evolving needs of our customers. Stay tuned for a future where NBP continues to lead in pioneering advancements for a more seamless and secure banking experience.



4. GOVERNMENT INITIATIVES

Pioneering Solutions for Inclusive and Efficient Governance:

NBP proudly leads transformative initiatives like Bulk Account Opening for Sindh Flood Effectees, Custom Solutions for BISP beneficiaries facilitating real-time account opening through API integration, Government Billing Collection, and Targeted Subsidy Platform. As we actively contribute to ongoing projects, we're gearing up for more mega-government endeavors in the future. In our commitment to continuous improvement, Reverse Bill Aggregation on 1-Bill, with the initial focus on BEOE was launched.

Moreover, NBP is enhancing its Bill Payment Services by enabling additional utility companies through the NADRA Billing Aggregator. This expansion aims to provide our customers with a comprehensive suite of services, reflecting our dedication to meeting diverse financial needs. These initiatives showcase our commitment to inclusivity, responsiveness, and effective resource allocation. These projects not only represent a step towards a more equitable society but also align with our core values of progress, empowerment, and social responsibility.



5. EMPOWERING TOMORROW

Seamless Digital Onboarding Framework

We are thrilled to unveil our Digital Account Opening services, aligning seamlessly with the State Bank of Pakistan's Customers' Digital Onboarding Framework. This marks a significant leap in banking convenience, offering a quick, secure, and swift process for NBP customers to open accounts digitally. With a commitment to technological innovation, we are paving the way for a future where banking is not only accessible but also redefined by efficiency and security.



6. FINANCIAL STREAMLINING VIA DIGITALIZATION

Driving Efficiency & Optimization

Through our several strategic and innovative digital initiatives and process optimization projects, we have successfully saved around PKR 400+ Million, showcasing our commitment to modernization and efficiency. This substantial cost-saving initiative not only reflects our dedication to innovation but also positions us as pioneers in delivering cost-effective and advanced solutions.



7. REDEFINING CUSTOMER EXPERIENCE

Through Multi-Channel Engagement

Soaring to new heights of customer satisfaction, we are delighted to introduce a new range of services through multiple channels. From easily tracking Complaint Status to the seamless convenience of Card Blocking, Cheque-book and Instrument Management, our commitment to providing a superior customer experience is unwavering. Additionally, initiatives like Dormancy Removal and Enhanced IVR Customer Care further exemplify our dedication to meeting and exceeding customer expectations. Under the umbrella of Integrated Contact Center services, we are gearing up to provide personalized assistance for account inquiries, transaction support, and product information from all digital channels. By embracing a multi-channel approach, we aim to ensure that our customers have access to a diverse array of services, making their interactions with us efficient, responsive, and ultimately satisfying.



Beyond the Horizon 2023

Empowering Tomorrow: Leading the Digital Revolution in Banking Excellence

Looking beyond the horizon, our digital banking roadmap is marked by a strategic vision, responding to industry trends and the evolving needs of our customers.

Initiatives like USSD, SMS & WhatsApp banking are set to make banking more accessible and convenient, nurturing financial inclusivity via mobile devices. The introduction of a digital wallet will redefine customer transactions, providing a secure and user-friendly platform. Launching a new advanced Loan Origination System (LOS) will revolutionise and streamline lending processes, ensuring enhanced efficiency and a customer-centric experience.

Dedicated to elevating customer service, Integrated Contact Centers will redefine interactions, offering a unified and efficient support system. Venturing into E-commerce will expand our service horizon, providing customers with a comprehensive digital banking experience. The Acquiring Business initiative aims to fortify our presence in merchant services, facilitating seamless transactions for businesses.

The establishment of a Digital Lab exemplifies our commitment to continuous innovation, serving as a hub for ideation and experimentation in the digital space.

Lastly, the onboarding MasterCard Scheme will contribute to expanding our payment ecosystem, ensuring wider acceptance of our financial products.

Complemented by our enhanced mobile banking application, shaped by extensive customer feedback and market research, these initiatives collectively propel us into the future. They are designed to ensure our sustained relevance in a cashless economy and solidify our leadership in government payments. Notably, the seamless operations of NBP PaymentPro for corporate transactions underscore our commitment to operational excellence. These strategic pursuits reflect our dedication to customer-centric innovation, industry foresight, and operational excellence. By embracing these transformative projects, we are not only poised to meet but exceed the evolving expectations of our customers, positioning ourselves as leaders in the dynamic landscape of digital finance.

Power by Digitisation

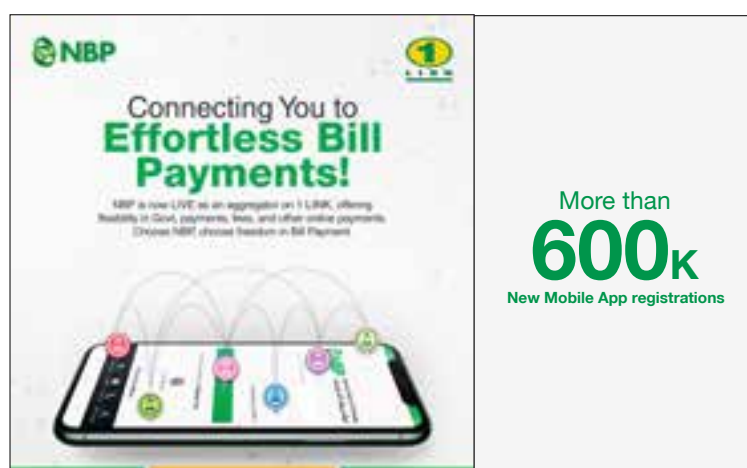
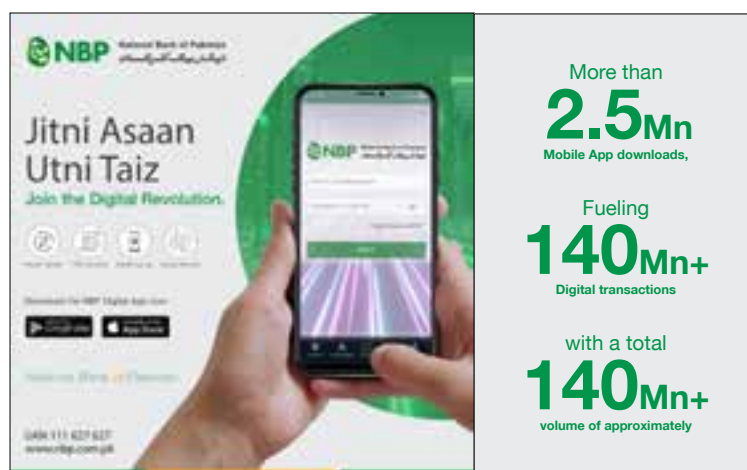
Driven by Digital, Enabling Tomorrow:

Envisioning NBP as a one-stop financial hub, we aim to fulfill all customer needs through all channels such as Internet Banking (IB), Mobile Banking (MB), Cards, ATMs, and other digital channels. Our goal is to provide a comprehensive, integrated suite of services for a seamless and superior banking experience.

DBG Objective

DBG aims to spearhead a transformative agenda focused on revolutionising bank's approach to business and customer interactions. Our objective is to comprehensively revamp and digitise both internal bank operations and customer-facing services. This includes prioritising Financial Inclusion, cultivating a robust Digital Ecosystem, and enhancing the overall Customer Experience. DBG strives to integrate innovative technologies, optimize workflows, and create a robust and integrated digital infrastructure.

Statistics



NBP AITEMAAD ISLAMIC BANKING GROUP

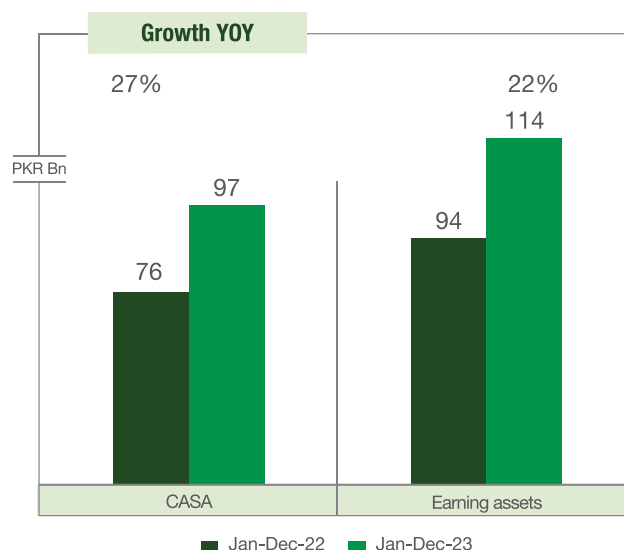
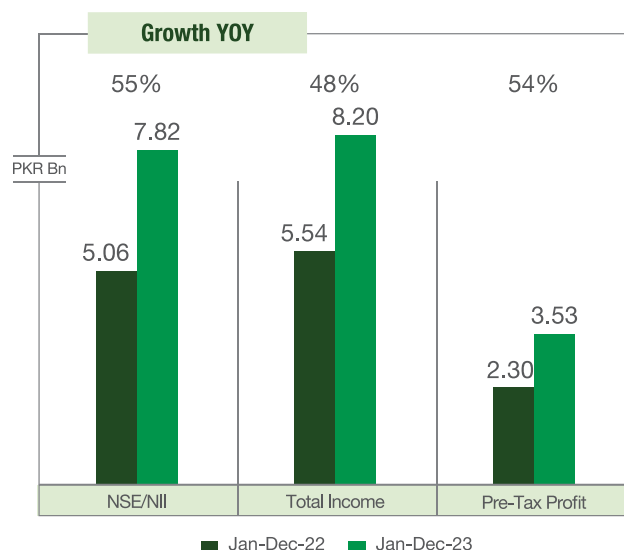
Alhamdulillah, NBP Aitemaad Islamic Banking Group posted pre-tax profit of Rs. 3.53 Billion for the year ended December 31, 2023 as compared to Rs. 2.30 Billion during the previous year and observing 54% YOY growth. NBP Aitemaad earned net spread Rs. 7.82 Billion as compare to year 2022 Rs. 5.06 Billion and recorded 55% YOY growth, while total operating income was Rs. 8.20 billion during the year under review which is 48% higher than previous year Rs. 5.54 billion. This improvement was due to volume growth (YOY) in average deposit and earning assets along with high policy rate environment. Despite the high inflationary pressure, operating expenses increased by 15% to Rs. 3.50 billion versus last year Rs. 3.05 Billion.

NBP Aitemaad closed deposits at Rs. 113.80 Billion for the year ended December-2023 as compared to last year Rs. 93.59 Billion having 22% YOY growth, while CASA growth has been 27% YOY. Total deposit customers stood at 249,939 at end of 2023 with increase of 26,313 (12%).

NBP Aitemaad increased its gross financing portfolio by Rs. 27.64 Billion to close the year end at Rs 74.67 Billion as compared to Rs. 47.04 Billion at the end of December-2022, exhibiting a YOY growth of 59%. NBP Aitemaad managed to recover monthly installments from Hascol, 100% provided for in Dec-21. Unprecedented policy/KIBOR rate, challenging, tough and uncertain macroeconomic environment during the year also impacted selective financing portfolio of Islamic Banking business. By adopting prudent and conservative approach, reasonable subjective provisioning has been created to absorb further adverse situation in this portfolio. The financing portfolio comprises corporate customers, located in Karachi, Lahore, Islamabad and Multan. Strategy is to continue booking top tier corporate customers, albeit cautiously.

NBP Aitemaad's gross investment decreased to Rs. 51.67 billion in December-2023 from Rs. 54.01 Billion in December-2022 due to repayments during the year. Overall earning assets increased to Rs. 126 Billion in December-2023 from Rs. 101 Billion in December-2022, depicting 25% YOY growth.

Alhamdulillah in 2023, NBP Aitemaad Islamic Banking has introduced a new financing product 'Running Musharakah' for corporate / commercial



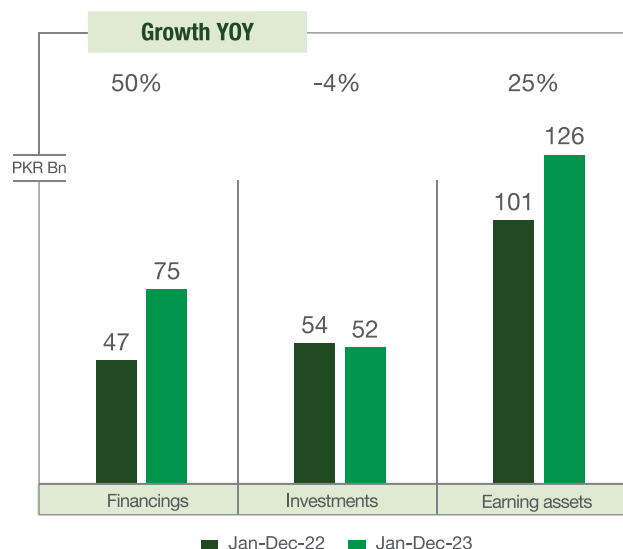
customers and also upgraded its deposit products scheme and digital banking features in view of the market trend.

NBP Aitemaad has also expanded its Islamic Banking Windows (IBWs) network from 50 to 150 IBWs during the year and committed to further extended upto 250 IBWs and Conversion of 50 Conventional Branches into Islamic Banking by the end of 2024. Furthermore, NBP Aitemaad has initiated the plan for conversion of conventional products in a Shariah compliant way and upgrading

the Core Banking Application (CBA) with the compatibility of Islamic Banking products and services.

A bit decrease in Home Remittance transactions, stood at 288,525 for the year as compared to last year 322,690 due to economic slowdown and uncertainty on rupees-dollar parity. Cards Activation increased to 79,035 as of December-2023 from 54,692 in 2022, 45% up YOY. Further, NBP Aitemaad activated 23,036 digital banking during the year and closed at 42,300, 220% up YOY.

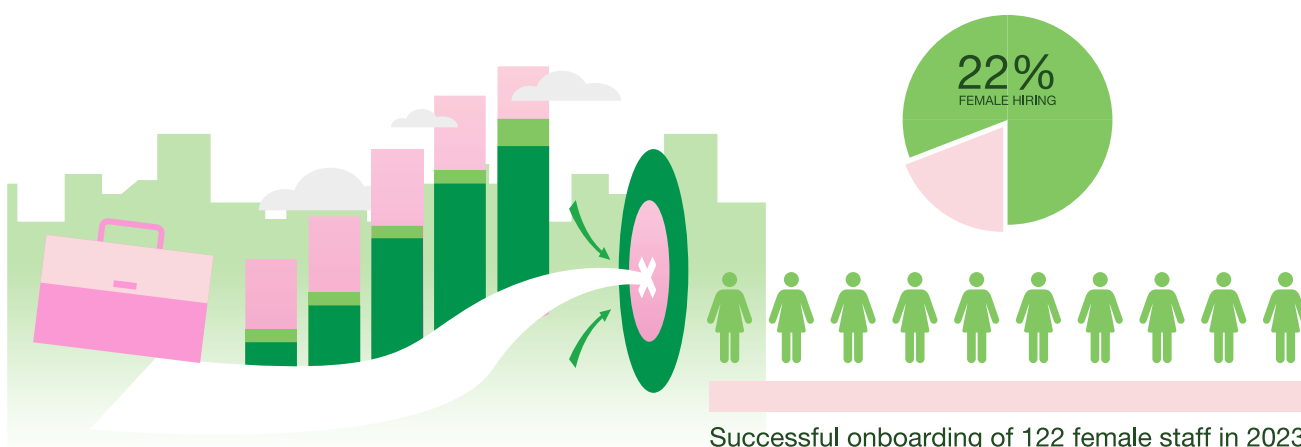
NBP Aitemaad's total assets/balance sheet footing increased to Rs. 140.16 billion in December-2023 from Rs. 109.30 billion in December-2022 recording significant growth of 28% during the year under review.



HUMAN RESOURCE MANAGEMENT

Workforce Diversity

NBP has demonstrated a strong commitment to workforce diversity by implementing various initiatives. The Bank introduced exclusive female batches in IT and Operations departments, contributing to a notable increase in female representation. The successful onboarding of 122 female staff in 2023, which is 22% of total hirings, reflects the bank's dedication to achieving Diversity, Equity and Inclusion goals.



Inclusive Hiring Practices

NBP has taken decisive steps in inclusive employment practices, employing 167 individuals with disabilities, representing 1.1% of its workforce. The institution's partnerships with Organisations like NOWPDP, ConnectHear, and Purple Tuesday highlight its commitment to creating an inclusive hiring environment. NBP's recruitment policy tailored for people with disabilities and sensitization programs contribute to a more equitable hiring process.



Internship Programs and Continuous Improvement:

NBP's Specialised internship program accommodating 12 PWD interns across Pakistan showcases its commitment to fostering inclusivity from the early stages of career development. Insightful feedback sessions with colleagues with disabilities underline the Bank's dedication to continuous improvement and creating an optimal work environment.

Recognition and Awards

NBP's commitment to DEI has garnered significant recognition, notably at the Global Diversity, Equity, and Inclusion Benchmarks Awards 2023, where the institution excelled across seven categories. This external recognition highlights the effectiveness of NBP's initiatives and its leadership in promoting diversity and inclusion.



NBP's Collaborative Commitment, Empowering Financial Inclusion through Partnerships

National Bank of Pakistan (NBP) partners with NGOs like Purple Tuesday, NOWPDP, and ConnectHear to promote financial inclusion for persons with disabilities. These partnerships aim to create accessible banking services, employment opportunities, and inclusive financial programs tailored to the needs of individuals with disabilities. They strive to foster an inclusive society by breaking down barriers and providing equal opportunities for all.

Exploring Excellence: Insightful Industrial Visits for Collaboration and Improvement

The purpose of industrial visits by the OE (Organisational Effectiveness) division team to Organisations like NOWPDP, ConnectHear, Purple Tuesday and KVTC (Karachi Vocational Training Centre) is to foster collaboration, learn best practices, and explore opportunities for partnerships or improvement in operational processes. These visits aim to gain insights into different industries, exchange knowledge, understand operational methodologies, and potentially implement innovative strategies within their own operations to enhance efficiency and effectiveness.

NBP's Commitment to Equality: Equal Pay and Inclusive Career Development Initiatives

NBP ensures equal opportunities across age, gender, ethnicity, and culture. Career opportunities are extended through batch and lateral hiring, with a notable 22% of females hired in the year 2023. Equal pay opportunities are provided, and there is no gender-based disparity in pay scales. Our promotion policy, approved by the board, ensures a fair process without discrimination. Every eligible employee has an equal opportunity during the promotion process.



Induction Programs

The Banks conducted induction programs across various segments, welcoming diverse talents such as Account Opening Officers, General Banking Officers, Agri Field Officers, AML Analysts, CA Trainees, and Senior/IT Officers. Particularly noteworthy were the Specialised training programs focusing on leadership, compliance, recovery tools, business continuity, agrilending risks, and digital banking.

Empowering an Inclusive Workforce

With a commitment to diversity and inclusivity, the Learning & Development Division led initiatives that left a lasting impact. A total of 9520 staff members, both male and female, and 850 women champions underwent Gender Sensitivity Training.



eLearning Programs: Nurturing Knowledge in Sustainable Banking

The development of eLearning programs on AML/CFT/CPF Regulations, Gender Sensitisation, Insider Training, Operational Risk Management, and Green Banking demonstrated our commitment to staying abreast of evolving standards and fostering sustainability in banking practices.

National Financial Literacy Program (NFLP) – II Empowering Communities

The division, through NFLP-II, not only met but exceeded its targets, conducting 294 classroom sessions and 58 street theatres. With a strong focus on inclusivity, 52% of the 12,174 participants trained were females. The success extended beyond training, with a remarkable 78% increase in accounts opened, contributing to financial empowerment at the grassroots level.



Employee Relations Division

In adherence to the Environmental, Social, and Governance (ESG) standards, the Employee Relations Division has pursued strategic objectives aimed at promoting a culture of transparency, efficiency, and ethical conduct within the organisation.

Nurturing a Disciplined Workforce

The division successfully conducted comprehensive training sessions for HR officers, investigators, and enquiry officers, focusing on the Employee Discipline Policy (EDP) and Disciplinary Process. These sessions, spanning Karachi, Hyderabad, Multan, Peshawar, Islamabad, and Gilgit Baltistan, reached over 200 employees. This initiative not only strengthened internal compliance but also contributed to the professional development of our workforce.

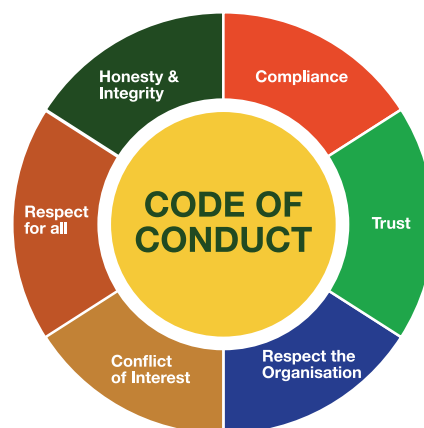
Quick Complaints Resolution

A relentless focus on constant and vigorous follow-ups has led to a notable reduction in the turnaround time (TAT) for complaints resolution, decreasing from 7 days to an impressive 4.4 days in 2023. This achievement underscores our commitment to prompt and fair resolution, promoting a positive work environment.

Fostering Ethical Practices

Ethical Conduct Officers (ECOs) play a multifaceted role in conducting fact-finding reports, investigations, and mystery shopping of branches. Regular Virtual meetings are held to enhance their performance and clarify their roles, ensuring ethical conduct is at the forefront of our Organisational values.

By prioritizing employee well-being, ethical practices, and efficient processes, the Employee Relations Division continues to contribute significantly to the bank's commitment to ESG standards. These initiatives not only strengthen internal governance but also underscore our dedication to creating a workplace that prioritizes transparency, fairness, and sustainability.



Training Programs

NBP's Human Resources team has implemented tailor-made Diversity and Inclusion (D&I) training programs, addressing both technical and soft skills. The presence of 300 women's champions actively propagating D&I awareness is a standout feature, surpassing set targets and contributing significantly to employee development. Specialised behavioral training and comprehensive D&I coverage within customized programs further reinforce the Bank's commitment to fostering an inclusive workplace culture.



Employee Well-Being and Engagement

The bank's commitment to employee well-being is evident through initiatives like health and well-being sessions and virtual engagement programs. Events such as 'PINKtober,' Diabetic, and Cardiac Arrest Awareness Programs demonstrate a holistic approach to employee health. NBP Celebrated International Day of Sign language & Virtual engagement initiatives tailored for employees with disabilities which ensured active participation, creating an inclusive atmosphere. NBP also celebrated International Women's Day to recognize and acknowledge the achievements of our female employees. In addition to the celebrations for International Women's Day, National Bank of Pakistan also celebrated events for the festivals of Holi and Navroz. In line with our DEI efforts, we also celebrated National Working Women day. Our aim is to promote inclusivity and create a sense of community among our colleagues.

INCLUSIVE DEVELOPMENT

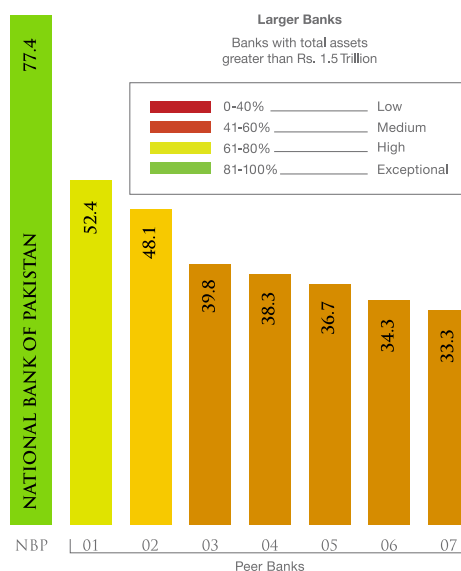
In its pursuit of achieving financial inclusion, IDG played a pivotal role in initiating a thorough realignment process within NBP to ensure efficient business operations and sustainable growth. The focus was on re-evaluating strategies to enhance the provision of superior services, particularly in agriculture, commercial and small & medium enterprises. The objective is to be able to address the financial needs of customers within these Sectors and offer deposit and lending products that are aligned with their requirements, ultimately aiming to boost business in these key segments as well as “access to finance”.

Agriculture Finance

IDG implemented an extensive strategy to expand its interaction with potential borrowers. This multifaceted approach involved proactive marketing, seizing business opportunities and advocating for financial inclusion for farmers through awareness Sessions, conducting Field Visits, engaging in Meetings with Government Bodies and participating in Agricultural Melas. These initiatives were carried out independently as well as in collaboration with the SBP and resulted in extensive agri-focused marketing activities enabling NBP to attain top position in SBP Agricultural Credit Performance Ranking for the fiscal year ending June 2023, a remarkable ascent from the 8th position in the previous year. Other notable achievements included organizing the Regional Agricultural

Coord Committee (RACC) meeting in AJK as Champion Bank to enhance agricultural financing in underserved areas in Collaboration with SBP (which has appointed Champion Banks for various underserve areas of the country). An MoU was also signed with Food Security & Agriculture Center of Excellence (FACE) to elevate farming communities, fortify food security and contribute to the overall economic advancement of Pakistan.

Agriculture Credit Performance Of Banks
End Jun, 2023



Governor KPK, Ghulam Ali Khan, visited the National Bank of Pakistan (NBP) stall during the International Livestock, Agriculture, and Fisheries Expo-2023 on October 4th to 5th, 2023, at Ring Road Peshawar.



Ms. Naushaba Shahzad, Group Head (A) IDG and Mr. Hasan Akram, Chief Operating Officer, Food Security & Agriculture Center of Excellence signed (MoU) at Islamabad.

Commercial & SME Division

In an effort to enhance economic empowerment, IDG has introduced a Specialised financial product called the “NBP Women Finance Scheme.” This initiative comes with the support of SBP refinance cum Credit Guarantee facility, specifically designed to encourage women entrepreneurship. As part of this undertaking, awareness sessions were organized in partnership with Women Chambers of Commerce in major cities such as Karachi, Lahore and Islamabad.



Lending to Microfinance Institutions

NBP has maintained its position of being a market leader in commercial banks as far as lending to microfinance institutions is concerned. The Bank believes that wholesale lending to the microfinance lenders is a CRE component of its own obligation towards improving access to finance and enabling financial inclusion in the country. Not only has the bank positioned itself as a key finance provider to the microfinance sector but also posted a YOY growth in this portfolio by 21%. During the year, we expanded the canvas by adding investments in TFCs, Tier-I and Tier-II of Microfinance Banks to strengthen their equity base and remain SBP CAR compliant.

Contribution towards Government Lending Schemes

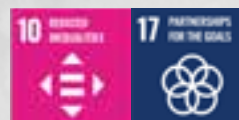
Over 15,000 applications were processed under the Prime Minister’s Youth Business and Agri Loans Scheme, disbursing more than Rs. 2 billion. This achievement successfully met the limits assigned by the State Bank of Pakistan for Tier 2 and 3 Loans. Another scheme – the Farm Mechanization Scheme announced under the Kissan Package was also successfully implemented and launched. This system-based structured lending scheme is in line with IDG’s initiative to automate the processing of Agri Loans.



Corporate Social Responsibility & Sustainable Development

During 2023, NBP provided Donations to support the causes related to different UN SDGs to the following organisation:

Network of Organisations Working for People with Disabilities, Pakistan (NOWPDP) for services / training to PWDs.



Pakistan Blind Cricket Council (PBCC) for the 14th edition of NBP T-20 (Grade 1 & Grade 2) Blind Cricket Trophy to encourage visually impaired players for capacity building and social inclusion.



Women's Empowerment Group to purchase an Ultrasound machine for early diagnosis of breast cancer at Pakistan's first dedicated breast cancer hospital i.e. The Pink Ribbon Breast Cancer Hospital in Lahore.



The Citizens Foundation for installation of solar power systems in 5 primary schools (one each in Sindh, Balochistan, Punjab, KPK & AJK).



Ghulam Ishaq Khan Institute of Engineering Sciences and Technology (GIKI) to support construction of a Girl's Hostel as well as installation of a Solar Power System.



Besides these donations we also sponsored different events including but not limited to Spring Festival, Summer Camp, Golf Tournament, International Conference on Education and Research, Environment and Health Summit, Awards and International Conference, Awards on Environment, Health & Safety.



ESG CONSIDERATIONS

Commencement of Operations of Green Banking Working Group

In the course of the year, the Board of Directors approved the Green Banking Policy. In adherence to the Policy directives, two Bank-level Working Groups have been established, comprising Senior Executives from various Groups. The principal responsibility of these Working Groups is to supervise the development of strategies, suggest administrative procedures and institute accountability mechanisms within the pertinent Groups to ensure the efficient execution of the Green Banking Policy. These strategies and procedures are explicitly directed towards three key areas: Environmental Risk Management, Green Business Facilitation and Own Impact Reduction, as delineated in the Green Banking Policy.



Green Financing

The Bank has extended green financing facilities to Corporate, Investment, Islamic, Commercial / SME, Agri and Consumer clients. This initiative encompasses Wind Power, Hydro, and Solar-Powered projects under the SBP Renewable Energy Finance Scheme in addition to conventional bank financing options.

NBP has also issued Sukuk Facility (Islamic Bonds) and TFCs to Hydro Power Projects through its Aitemaad Islamic Banking and Investment Banking counters.



NBP Roshan Ghar

The Bank has developed a Solar Financing Product Program under the name “NBP Roshan Ghar,” targeting the salaried class, business persons and self-employed professionals. To enhance energy efficiency, the Bank has implemented various measures such as replacing traditional bulbs with energy savings LED lights across Branches, Regions and the Head Office. As part of a trial initiative, sensor lights have been introduced at the Head Office. Additionally, the Bank has replaced conventional air conditioners with inverter-type units, resulting in a significant improvement in energy efficiency.

The successful installation of 495 solar-powered ATMs /Branches nationwide is a testament to the Bank’s commitment to sustainable practices.



Internal Capacity Building

The Green Banking Wing, in collaboration with the Learning & Development Division, has launched an e-Learning Awareness Module on Green Banking. Participation in this training module is now mandatory for all employees. Aligning with the Environmental & Social Risk Management Implementation Manual issued by the State Bank of Pakistan, both the Board and Management are dedicated to establishing an Environmental and Social Management System. This System aims to comprehend, monitor and manage the Bank’s social, environmental and economic impact, allowing it to contribute to the broader societal objective of sustainable development.



CSR ACTIVITIES AND ACHIEVEMENTS

1. Inclusion of Differently Abled Persons

To promote inclusion of differently abled persons, NBP supported **Network of Organisations Working for People with Disabilities Pakistan (NOWPDP)** for the services provided in their Center of Excellence for Financial Inclusion (CEFI). This package included Training of Persons with Disabilities (PWDs), Certification Audit of NBP Branches, Employee Sensitization, Account Opening & Financial Literacy Training and Branding.



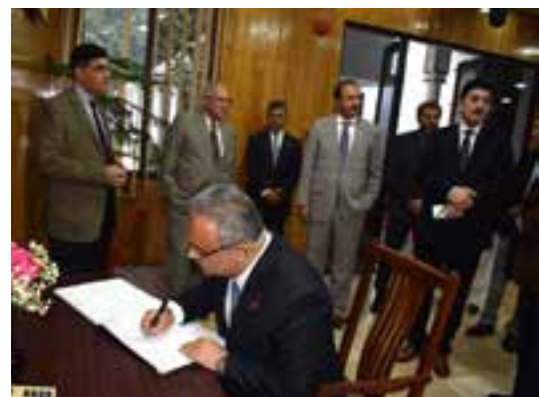
NBP has been sponsoring **Pakistan Blind Cricket Council (PBCC)** cricket tournaments for the last thirteen years as a part of its diversity and inclusivity initiative for differently abled persons. This year as well, the Bank was Title Sponsor for the 14th edition of NBP T-20 (Grade 1 & Grade 2) Blind Cricket Trophy that was held in Islamabad and Faisalabad respectively. Teams from 16 cities participated in this tournament. Players from different ethnic backgrounds came together on a platform that encouraged their development, capacity building and social inclusion in normal society.



2. Environment

Our operations in this sector focus on investing in energy-savings and renewable energy projects to save valuable resources and manage potential environmental risks. This approach guided us in selection of several Sustainable Development Goals (SDGs) where our projects are in line with Affordable and clean energy (SDG 7) and Climate change (SDG 13).

The initiative included support to **Ghulam Ishaq Khan Institute of Engineering Sciences and Technology (GIKI)** for the installation of a solar power system at the University situated in Topi, KPK to promote Go Green initiative.



NBP also supported installation of 5 solar power systems in Primary School Units (1 each in Sindh, Baluchistan, Punjab, KPK & AJK) of [The Citizens Foundation \(TCF\)](#). The primary objective of this project was to reduce dependence on conventional power supply. TCF schools in less privileged areas are facing extreme power shortages which severely hampers education provision to an already marginalized community. The impetus is the need to mitigate the adverse effects of lack of electricity on the quality of education and student learning outcomes.



3. Women Empowerment

CSR can empower women in a multitude of ways from encouraging them to seek education to standing on their own feet and becoming revenue generating citizens. Our CSR policy also has been hailed as a new means to address gender inequality, particularly by facilitating women's empowerment. This involves empowering our women through granting them tools, opportunities and autonomy to overcome barriers and play a vital role in society.

The initiative in this regard included support to [Ghulam Ishaq Khan Institute of Engineering Sciences and Technology \(GIKI\)](#) in the construction of a Girls Hostel. The Hostel is named after NBP to facilitate young women from remote areas to embark on a journey of STEM education. Ghulam Ishaq institute estimated to construct 185 rooms to accommodate 335 girls in Female hostel. At present, 90 rooms are constructed, which accommodate 180 girls.



We also supported the [Women's Chamber of Commerce, Dera Ghazi Khan](#) in successfully arranging this Spring Festival targeted at providing opportunities for women of far flung areas to access financial services and participate in economic activities.



4. Health

NBP has donated an Ultrasound Machine for the patients at Pakistan's First Dedicated Breast Cancer Hospital, The Pink Ribbon Breast Cancer Hospital located in Lahore, for early diagnosis of breast cancer.

PINKRIBBON a Project of Women's Empowerment Group (WEG) aims to provide diagnosis and treatment of cancer to patients from all strata of society. Over 4,000 underprivileged patients will be diagnosed each year using one machine.

NBP also collaborated with **Aga Khan University & Hospital** in raising funds for Congenital Heart Disease (CHD) surgeries by sponsoring their Annual Golf Tournament. CHD is a heart abnormality present at birth. Over 60,000 infants in Pakistan are born with CHD each year and over 60% are unable to survive beyond their first few years because of inadequate diagnostic and treatment facilities in our country.



5. Education

NBP also sponsored a Summer Camp for students of **SST Public School, Rashidabad, Tando Allahyar**. The objective of this camp was to provide an enriching and enjoyable experience to students during their summer break, allowing them to explore new interests, develop lifelong skills and foster camaraderie among their peers.



Support was extended to the **Aga Khan University - Institute for Educational Development** for organizing an International Conference to address "Technology, Pedagogy and Society: Critical Appreciation of the Present and Prospects for the Future" for the promotion of education and research in Pakistan. More than 500 participants from around the globe including policymakers, EdTech leaders, researchers, educators, practitioners, students and innovators attended.



Awards & Recognition

NBP's CSR initiatives have been recognized and the Bank has received several Awards in the categories of Education & Scholarships, Differently Abled Persons, Public Health & Safety Programs, Women Welfare, Empowerment & Development, Community Affairs, Crisis / Disaster Assistance and Partnership of the year.





CELEBRATING CSR EXCELLENCE AWARDS

NBP Grabs five CSR Awards at the 13th Corporate Social Responsibility Summit & Awards. NBP received awards in the categories of Public Health / Safety Initiative, Women's Empowerment, Corporate Community Partnerships, Education / Scholarships Programs and Green Environment Stewardship.



STRATEGIC OVERVIEW

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VALUE CHAIN & OPERATING MODEL

Our vision is to be “the nation’s leading bank”. We prioritize strategic planning to address emerging challenges and achieve balanced growth. Each year, we refine our strategic planning processes, drawing insights from past experiences and adapting to macro trends. Financial planning, corporate governance, and risk management serve as the guiding principles for our business operations.

Over the past seven decades, our business model has evolved, reflecting our commitment to the nation and resilience in challenging environments. Our objective is to create and deliver value, promoting inclusive development and growth for all stakeholders. We aim to collaborate with stakeholders to enhance their prosperity while addressing economic, social, and environmental priorities.

Engaging with stakeholders helps us gain insights into their needs and maintain equitable relationships. Our strategies and key performance indicators (KPIs) are developed considering available resources and inputs. We have designed a customer-centric business strategy, offering tailored financial solutions to individuals, small and medium enterprises, large corporations, and public sector entities. Each customer segment is supported by a dedicated business unit responsible for aligning strategies with the overarching goals of the bank.

Our Competencies:

Governance, Risk Management, IT Infrastructure & System, Human and Social Capital, Cross Function Support.

Primary and Support Activities for Value Creation

 Upstream Financial Inputs, Environment, Suppliers, etc.	Funding	Investment	Services	Downstream Utilization & benefits of our products & services
	Deposits	Leading & Credits	Account Management	
	Securitization	Securities	Trustee	
	Borrowings	Financial Products	Advisory	
	Equity Capital	Corporate Investments	M&A	

Customer (Individuals, Organisations, Governments)

Creating Value for Our Stakeholders:

As the nation’s bank, we strive to contribute more to society beyond just meeting our financial targets. Our long-term success hinges on serving our customers well and creating value for society through our products, services, and facilities. At NBP, we create value through our business model, where we use various resources or “CAPITALS” through our business activities to produce outcomes that benefit society over time.

Our inputs come from various sources, including financial, manufactured, human, intellectual, customer, social, and natural capitals. Financial institutions like ours typically earn lower returns on assets compared to corporations in other sectors, which may usually earn between 15% to 20%. To make returns more appealing to our shareholders, we employ a strategy called gearing. This allows us to expand our business by mobilizing funds through deposits

and borrowings and investing them in income-generating assets, leveraging our shareholders' equity. Currently, our bank operates at a 20.6 times equity multiplier.

Our business and value creation model revolves around two core functions: financial intermediation and maturity transformation. Financial intermediation involves acting as a bridge between different customers, such as depositors and borrowers, importers and exporters, and remitters and beneficiaries, by providing both fund-based and non-fund-based financial solutions. Maturity transformation, on the other hand, involves borrowing money short-term and investing or lending it out at a risk premium.

These two functions are the main drivers of value creation and increasing the bank's financial capital through key income streams: fund-based mark-up/interest income and non-fund-based fee and commission income. Fund-based income, like net interest margin, compensates the bank for the credit and interest rate risks it takes. Our net interest income is the difference between the interest earned on loans and the interest paid on deposits and borrowings. Additionally, the bank earns non-fund-based income through fees and commissions for services provided. This year, 81% of our total revenue came from interest income, while the remaining 19% was generated through capital gains, dividend income, foreign exchange dealings, and other sources. Both categories of income contribute to bolstering the bank's financial capital.

Integrated Business Model:

The bank's comprehensive business model is depicted in accordance with the Integrated Reporting Framework, showcasing how the bank's various capitals interact within this framework.

Inputs for Capital

The bank relies on several key inputs for its operations, including financial, intellectual, human, manufactured, natural, social, and relationship capital. These resources set the organisation apart from others because of their unique strengths and capabilities. The organisation heavily relies on these capitals to create value and deliver results for its stakeholders. They are essential for the strength and adaptability of the business model.

Stakeholders

The bank's stakeholders are grouped into several major categories, including shareholders, customers, regulators, rating agencies, suppliers, employees, & the communities where we conduct business.

Operating Context

For details on the external environment affecting the Bank, please refer to the Outlook section of this Annual Report.

Business Activities

- We continuously adjust our business model to respond to external changes, capital dynamics, & evolving business activities, resulting in improved outputs and outcomes.
- Our unique selling points include our range of products, targeted market segmentation, diverse delivery channels, strategic marketing initiatives, and state-of-the-art technology, all aimed at enhancing services for customers and stakeholders.
- Our focus is on achieving long-term success through refining processes, investing in employee training, strengthening relationships, and innovating products.

Outputs

The products and services offered by the bank to its customers represent the outcomes of our business model. Please refer to the following pages in this section of the Annual Report for details on our products and services.

Outcomes

The internal outcomes, such as employee morale, Organisational reputation, revenue, and cash flows, as well as external outcomes like customer's satisfaction, tax payments, brand loyalty, and social and environmental effects, are integral components of our business model. These outcomes result from the exceptional services and products provided by the bank. We prioritize enhancing our services and operational standards to generate positive outcomes.

VALUE CREATION MODEL

Key Drivers of Our Business Model

The Macro Environment

Adjusting To And Managing Through The Challenging Operating Environment

OUR CAPITALS

PROCESS

INPUTS

FINANCIAL CAPITAL

Our strong capital base, as well as diversified sources of deposits and funding from investors and clients that are used to support our clients, including the extension of credit and facilitating payments and transactions.

Equity
PKR 383 Bn (2022: PKR 301 Bn)
Deposits
PKR 3,674 Bn (2022: PKR 2,666 Bn)
Advances
PKR 1,632 Bn (2022: PKR 1,439 Bn)

MANUFACTURED CAPITAL

Our business structure and operational processes, including our fixed assets such as property and equipment, digital assets, including digital products and information technology systems that provide the framework and mechanics of how we do business and create value.

- 1500+ Branches (750+ rural branches)
- 1400+ ATMs
- IT systems and Digital Touchpoints which are being modernized as part of our technology journey
- PKR 2 Bn invested in our technology platform

HUMAN CAPITAL

Our culture and our people, our collective knowledge, skills and experience to enable innovative and competitive solutions for our clients and value for all stakeholders.

- Strong Corporate Governance
- An experienced and diverse executive team.
- ~15,000 motivated employees who embrace a culture that is:
 - » client-driven and people-centred;
 - » innovative and competitive; and
 - » strong in compliance and governance

INTELLECTUAL CAPITAL

Our intangible assets, including brand, reputation and franchise value, research and development capabilities, innovation, capacity, knowledge and expertise, as well as strategic partnerships.

- Leading Bank of Pakistan
- A leader across various products and segments, including renewable energy finance, corporate and commercial lending, small business services, digital and asset management

SOCIAL AND RELATIONSHIP CAPITAL

Stakeholder relationships, including the communities in which we operate, as we recognize the role that banks play in building a strong and thriving society as well as a financial ecosystem.

- 9 million+ customers
- Embracing sustainable-development financing to meet the SDGs as well as responsible ESG practices
- One of country's largest footprint
- Good relationships with our stakeholders

NATURAL CAPITAL

The direct use and impact on natural resources in our operations, including energy, water and climate, and our influence through our business activities.

- We impact the natural environment directly in our operations and indirectly through Green Banking and renewable-energy financing.

OUR VISION

Aligned to the Bank Strategy



Activities

- Lending to individuals, SMEs, corporates and Governments
- Source funding from customers and fund providers
- Transactional banking trade services
- Group operations
- Invest in diversified portfolios
- Fund and forex management
- Advisory services

Digital Transformation

Accelerating the shift from physical products, services and channels to digital and client-centred solutions.

Transformation of Society

Increasing focus on delivering on our purpose and the SDGs.

Competency Rollout

Transforming and enabling our human capital for the future.

THAT CREATE VALUE

FOR OUR STAKEHOLDERS

To be the Nation's leading Bank Enabling Sustainable Growth and Inclusive Development

OUTPUTS & OUTCOMES

Shareholders

Delivering attractive and sustainable shareholder returns on a foundation of strong balance sheet.

- Net Assets Growth by **PKR 72 Bn**
- PBT of **PKR 101 Bn**
- PAT of **PKR 52 Bn**
- EPS of **24.37**
- CAR **25.47%**

**Customers**

Supporting financial goals for our customers and clients with suitable products and services.

- Profit/Mark-up on deposits, borrowings, **PKR 856 Bn**
- **PKR 1.6 Trillion** of Loans
- **PKR 3.7 Trillion** of Deposits
- Sustainable Financing

**Employees**

Helping our ~15000 colleagues and their families

- **PKR 56 Bn** as Remuneration
- Retirement Benefits
- Career Development
- Training & Development **PKR 109 Mn**
- Conducive Workplace

**Suppliers**

- Payments made for the provision of goods and services **PKR 34 Bn**
- Fair Dealings
- Preferred local suppliers from the communities where we operate
- Equal business opportunities
- Timely payments to suppliers in average **7 working days**

**Community**

Providing support to our communities, and access to social and environmental financing to address societal needs.

- Through **CSR initiatives** and Investment in Health and Education
- **PKR 88 Mn**



Governance and Sustainable Growth

Building a Human Capital

Building Resilience

Delivered Through Business Clusters

- Retail and Consumer
- Corporate and Investment
- Treasury and Capital Markets
- Inclusive Development
- Islamic Banking
- Overseas Franchises

MARKET POSITIONING AND COMPETITIVE LANDSCAPE

The Bank follows a holistic approach in determining its growth strategy, culminating in the formulation of a Strategic Business Plan. In the process of strategic planning we assess our marketing positioning and the competitive landscape by identifying the issues which could have a material impact on the ability of the Bank to achieve its strategic priorities. Issues material to our strategy are identified through a robust process that includes content gathering from internal and external sources, followed by detailed analysis and curation of the information, and then prioritization.

The Bank's strategy aims to leverage its competitive advantages to transform the Bank into a future-fit, competitive organisation which is able to respond to the challenges posed by the rapidly changing competitive landscape and operating environment.

Our Market Positioning & Competitive Advantage

- Market leader in assets, deposits, loans and advances
- Unparalleled nationwide customer penetration and market outreach
- Trust and confidence created by being a State-owned bank
- Commitment to objectives of the State for the Nation's prosperity
- Commitment to social and environmental sustainability

Market Positioning



Total Assets

Largest Bank in terms of Total Assets

PKR **6,652.7 Bn**



Deposits

2nd Largest Bank in terms of Total Deposits 13% Share.

Market Share: **13%**



Loans and Advances

2nd largest Bank in terms of Total Loans & Advances.

Market Share: **12%**



Branches

2nd largest Bank in terms of Market Outreach.

Branches: **1508**



Agriculture Loans

Largest provider of Agriculture Loans PKR 90 Bn.

Market Share: **18%**



Investments

Largest Bank in terms of Investments.

PKR **4.4 Tr**

Critical Factors and Our Responses

Critical trends in the operating landscape as discussed in the PESTEL (please refer to Page # 169) have direct implications on the Bank's strategy and performance

as they present both opportunities and risks to its value creation. Key implications and the Bank's response to each are summarized below:

SWOT ANALYSIS

S	W	O	T
STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Leading Bank in terms of Balance Sheet Size and Profitability • Unparalleled customer outreach with largest rural coverage • “National Bank of Pakistan” with 7+ decades of longevity • Sovereign ownership & Support, Strong Capital Base, ‘AAA’ credit rating 	<ul style="list-style-type: none"> • High portfolio infection rate • Technology infrastructure, data issues and limited offering of digital banking products • Limited Capitalisation on cross-sell potential • Litigation related to HR issues • Control & compliance challenges in overseas operations • Risks arising from PESTEL Factors 	<ul style="list-style-type: none"> • Growth potential in SME and unserved markets • Growth potential in Islamic Banking • Leverage position as Government’s payment bank • Emerging trends in consumer behavior with growing market for digital/branchless banking • Leveraging retail and corporate relationships for cross-sell initiatives 	<ul style="list-style-type: none"> • Contingencies related to pending legal cases • Unexpected increase/ fluctuations in exchange/policy rates • Rising compliance and operating cost • Concentration in government deposits, business and securities • Technology, Infrastructure investments by the competitors • Escalating Competitive Landscape

MATERIAL CONSIDERATIONS

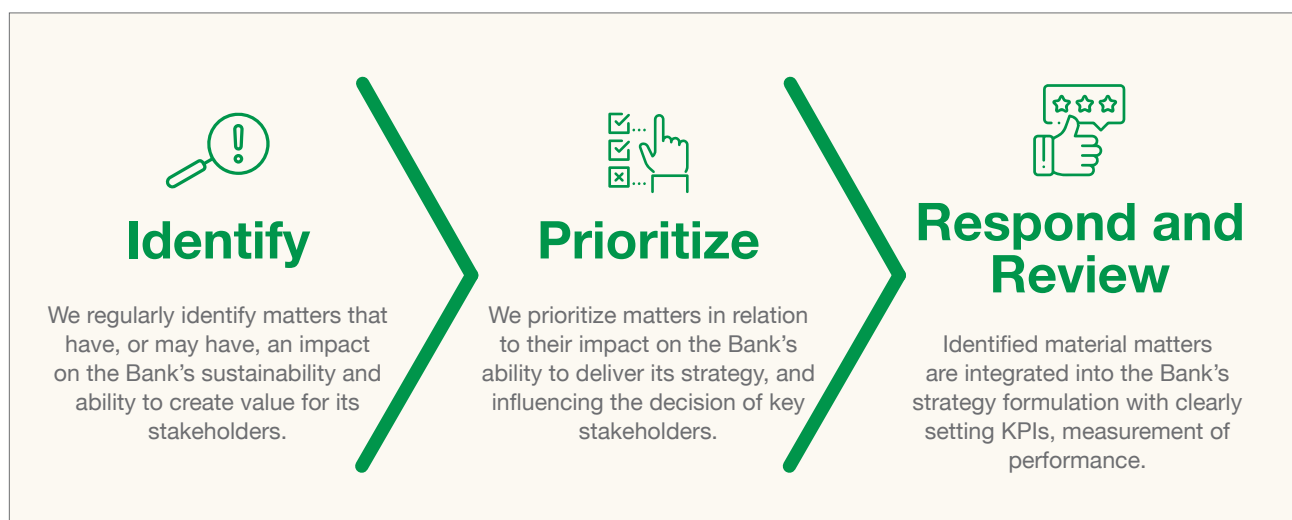
Being a Commercial bank with an agenda to play a National role aligned with objectives of the State, material matters and considerations in the process of our strategy making are usually different from those of other commercial banks in the Country. The emerging trends in product delivery and the mounting financial headwinds in the prevailing economic environment have resulted into newer challenges, trends and developments with multiple influences on our operations prompting the Bank to pursue a multi-layered strategy for meeting varying expectations of its stakeholders in a balanced & sustainable manner.

In these challenging times, the Bank helps its customers by offering affordable banking & financial products, while fulfilling genuine needs of its employees and safeguarding the shareholders' value and ensuring

compliance to taxonomies of sustainable banking.

Amid certain contingencies that may have major impact on our capital base, the Bank's resilience was second to none. Being agile to the emerging trends in technology, stakeholders' preferences and the call for playing an extended role for National economic stability, the Bank responded well to the exterior environment.

In setting its asset growth and risk strategies, the Bank also remains vigilant on emerging global trends & disruptions that influence our performance and sustainability. In a time of financial crises, rising policy rates and volatile exchange rate environment, we remain particularly watchful of our maintaining financial cushions, liquidity and capital buffers by embarking on farsighted provisioning.



Our Approach to managing Material Matters

The Bank regularly identifies the topics material to its strategic planning. This entails allocating the required resources to each business and control group based on the significance of each material matter towards achieving the strategic imperatives. Delivery of material topics is measured against predefined and budgeted targets that are approved by the Board and communicated to each strategic unit at beginning of the year.

Effective set of policies and procedures have been put in place to guide our people on how to execute their activities in a responsible and ethical manner in managing the material topics. Adherence to the policies & controls to accomplish the objectives of material topics is ensured through periodic internal and external assurance and verifications, findings of which are reported to the Board and/or the relevant Management Committees for information and corrective action, where necessary.

Significant Factors and NBP's Response

Factor	Brief Description	Significant change from last year	NBP's Response
Political	Political conditions & volatility can significantly affect Bank's business and its profitability. A major political unrest would cast an adverse impact on functioning of the Bank.	1. Change of Government	The Bank is watchful of prevailing political situation in the country including the changes being introduced in the monetary, fiscal & economic policies.
Economic	Economic conditions of the country have a significant impact on our business. Higher interest costs, high inflation and low economic growth impact Organisation's performance.	1. Lower GDP Growth 2. Devaluation of PKR 3. Increase in average Policy Rate 4. Increasing Inflation 5. Reduced PSDP budget by the Govt. 6. Lower Forex Reserves	The Bank maintains well diversified deposits and advances portfolio with no single sector having a major impact or control. However, an overall persistent decline in economic conditions may pose adverse effect on the Bank's financial position & performance.
Social	The Bank has to operate as a socially responsible corporate citizen and has to play its role for socio-economic development of the under-privileged members of the society throughout the Country.	1. CSR, ESRM and ESG related guidelines included in the Code of Corporate Governance and SBP directive.	The Bank effectively partakes in social activities for betterment of the society, particularly for the under-privileged communities. For this purpose, the Bank particularly contributes towards financial inclusion, education, health, sports and skill development.
Technological	Technology has opened up new markets, new products, new services and efficient delivery channels for the banking industry and the banking system is slowly shifting from the traditional banking towards IT based relationship banking.	1. Mobile/ Internet Banking became more common 2. Data Security became more critical 3. Increasing competition from Telecoms	We deployed multiple software and IT Infrastructure Projects to improve our operations, service quality and to ensure security of our IT systems. A major development includes the upgrade of our Core Banking Application.
Legal and Regulatory	The Bank operates in a challenging legal & regulatory environment. Any major changes in regulatory frameworks laid by the SBP, SECP, Government, etc. may impact our business.	1. Federal Shariat Court Judgement to transition the Bank into Islamic mode of Financing 2. Finance Act-2022 3. Enhanced Regulatory Supervision 4. Implementation of IFRS 9 5. Increased Capital Requirements for D-SIBs 6. Enhanced Regulatory oversight in international operations	The Bank complies with all the laws & regulations enacted by the SBP, SECP, Government and other governing bodies. Our Compliance, Risk, Audit and Legal functions are equipped with adequate resources to keep the Bank compliant with all the regulatory requirements in both domestic and overseas operations.
Environmental	Banks can play an important role for the protection of environment and transforming the economy into a resource-efficient and climate-resilient one.	1. Sustainable development 2. Green Banking initiatives by SBP 3. Environmental and Social Risk Management System introduced by SBP	The Bank has put in place efficient strategies to play its due role for environmental protection. Such initiatives include large scale plantation campaigns, solar powered ATMs and premises lighting, etc. Title page of this Annual Report is in line with Bank's initiatives for environmental protection.

We pay close attention to the environment in which we operate, scanning the horizon for risks and opportunities, and adapting our strategies accordingly. We also monitor trends in the behavior of our customers and clients so we can effectively meet their evolving needs.

	Possible Implications	Bank's Response
Bargaining powers of customers and suppliers	The retail/transactional level customers/suppliers usually enjoy relatively higher bargaining power to switch to other competitors due to the low switching costs involved. Although such customers are primary source of funding to the Bank, their bargaining power is considered 'low' as they individually have a minimal impact on the Bank's bottom line. The bargaining power of larger groups (e.g. moving away of the deposits by Government entities to Treasury Single Account) and corporate customer is comparatively greater as their moving away may have sizeable impact on funding and revenues of the Bank.	NBP follows a cohesive strategy to strengthen its business relations with the providers of funds as well as with the suppliers: 1. Identifying alternative sources of funding/supplies 2. Establishing cordial business relations and treating our suppliers as business partners to create a win-win situation. 3. Optimizing the concentration risk
Intensity of competitive rivalry	Pakistan's banking industry comprises of commercial banks, DFIs, microfinance institutions, Fintech, etc. is quite competitive as the banks have focused on developing a wide range of products to enhance their market share. Product differentiation and the low switching costs give the customers freedom to easily move from one bank to other. Digital Bank's recent development in delivery of services by Fintech through digital channels has further intensified rivalry in the banking industry.	NBP has initiated following measures with a view to consolidating and further improving its market share: 1. by distinguishing itself in the marketplace primarily on the basis of its longevity, experience and brand image; 2. by distinguishing itself in the marketplace primarily on the basis of its longevity, experience and brand image; 3. offering low-cost banking solutions for customer retention and loyalty 4. leading the G2P payment initiatives
Potential New Entrant into the Industry	Entry of new rivals may have an impact on the Bank's business and profitability in the long run. However, heavy minimum capital requirements and time taking licensing process to setup a bank serve as strong entry barrier for new entrants. The central bank has recently been following accommodative policy allowing entry of microfinance & digital banks that are posing a challenge in the retail segment with focus on transactional services through digital solutions.	NBP is responding to such threats by 1. Adopting more customer-centric business strategies and improving service quality and convenience for retaining customer loyalty; 2. Substantially investing into and enhancing its digital banking platforms for improving customer convenience; 3. Launching new products and services that cater to a diversified customer base; and 4. Increasing its Islamic banking product suite and outreach.

STRATEGIC OBJECTIVES

Our objectives in the short-term, medium-term and long-term are reviewed and aligned every year by the Management and approved by the Bank's Board of Directors. Broadly, strategic objectives of the Bank are categorized as follows:

SHORT-TERM

- Strengthening the capital adequacy, control and compliance,
- Rationalizing the international franchise,
- Improving service quality and customer experience,
- Increasing digital banking footprint;

MEDIUM-TERM

Our aim is to smartly grow our market presence, ensuring we expand our core business in a strategic manner. This involves investing in and upgrading the infrastructure, including IT systems, and nurturing the workforce. By doing this, we're laying the groundwork for sustainable growth and boosting our competitiveness in the market.

LONG-TERM

Expanding on the steps we've made in the short and medium term, our bank is committed to realising its long-term goal: to emerge as the foremost financial institution of the Nation. We aim to be a catalyst for sustainable growth and inclusive development, actively contributing to the economic prosperity of our country and the well-being of its people.

Pillars of our corporate strategy are cohesive and complementary, with benefits from improvements in one reinforcing progress across the others. For example, digitising operations and products leads to improved customer experience which in return creates diversified income streams. This makes our Bank more resilient, risk efficient and cost effective.

Strengthening our capital

Strengthening our financial soundness through actions like increasing equity, managing RWAs, and improving profitability. This boosts our stability, resilience, and growth potential, building confidence among stakeholders.

Supporting Customers

Putting our customers at the core of the strategic decisions we make in pursuit of our vision to enable sustainable growth and inclusive development.

Powered by Digitalising

Making our business operations more efficient and technologically advanced to enable our customers and clients to engage with us in the way they want to.

Inclusive Bank

Diversifying our organisation by business, geography and income type to be more resilient to economic headwinds and future trends.

Strengthen Our Culture

Improving our service quality and corporate image of the Bank to make it the best choice for our customers and colleagues

Prudent Resource Allocation

Ensuring efficient resource allocation for generating sustainable and long-term returns for each class of our stakeholders. development.

2024 Strategic Priorities

Overall, our strategic priorities for 2024 remain unchanged i.e. to enable sustainable growth and inclusive development in the country. In pursuit of our goals, we set our business strategy with frequent developments relating to technology, stakeholder preferences, increasing unorthodox competition, greater regulations, etc.

The word DELIGHTED became an acronym for a vast majority of our institutional challenges which are: Data, Enterprise Risk, Legal, International Franchise, Governance, Human Resources, Technology, Expense Management and Digitalisation Strategies adopted to achieve desired results in the identified priority areas include:

Inclusive Development

Deliver on the National Agenda
Focused approach towards agriculture, and SME segment to capitalize on the government initiated lending programmes.

Risk Management and Controls

Revision in credit policies, manuals and processes to align the same with the Industry and International Best Practices.

Information Technology

I.T. remains high on our agenda. Necessary measures are being adopted to ensure seamless system upgradation, integration and optimise technology landscape to enable innovation and achieve operational excellence.

Digital Banking

New products to be launched and new variants and enablement to be synchronized with the existing channels to move ahead. Effective marketing of digital products to arrest counter traffic and promote financial inclusion.

Operational Efficiency

We will streamline the Bank's systems and processes to achieve operational efficiency. Also, improvement in service quality through automation and introducing the concept of branch service ladder. Soon we are launching a new theme of promotional campaigns for customers and colleagues.

KEY PERFORMANCE INDICATORS

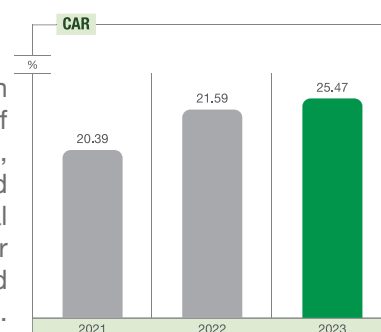
Strategic Objectives	Achievement Area	Achievement Indicator	Achievement Area
Prudent Balance Sheet Growth	1. Capital 2. Risk Weighted Assets 3. Deposits Mobilisation	<p>As of December 31, 2023, the Bank achieved PKR 6.7 TRILLION milestone in its balance sheet that grew by 26.9% to reach PKR 6,652.7 Bn from PKR 5,240.4 Bn at the end of 2022.</p> <p>Total deposits with the Bank amounted to PKR 3,674.4 Bn in line with our focused strategy to deliver a higher after-tax profit to our shareholders. Major share of the Bank's funding comes from sticky customer deposits that contribute 98.1% of the total deposits. The Bank maintained its CASA ratio high at 78.8%. Gross loans & advances stood at PKR 1,631.7 Bn depicting an increase of 13.4% YoY. Whereas, net advances stood at PKR 1,398.1 Bn i.e. 13.6% up YoY. Risk prudent growth in advances was achieved in most of our products including corporate, commodity and Islamic. The Bank's advances-to-deposits ratio has declined to 44.1% from 54.0% at the end of 2023.</p>	This will remain critically relevant in future.
Sustained Profitability	Highest ever revenue in the history of the Bank	For the year 2023, the Bank earned total revenue of PKR 209.4 Bn. This is 36.4% higher against PKR 153.5 Bn earned for corresponding year. Profit before-tax for the year amounted to PKR 101.3 Bn. There is a rise of PKR 38.5 Bn or 61.4% compared to prior year's profit before-tax of PKR 62.7 Bn.	This will remain critically relevant in future.
Capital Adequacy & Strength	CAR	The Bank's eligible Tier-I capital has increased from PKR 231.2 Bn as at December 31, 2022 to PKR 283.3 Bn as of December 31, 2023. Also, our eligible Tier-II capital increased by PKR 18.4 Bn due to increase in surplus on revaluation of fixed assets . Capital Adequacy Ratio as at December 31, 2023 stood at 25.47% (2022: 21.59%) with Tier-1 capital adequacy ratio at 19.16% (2022: 16.30%).	This will remain critically relevant in future.
Business Development & Operational Efficiencies	1. Launch of new products 2. Deployment of IT systems	We have upgraded our risk & credit architecture to enhance resilience. Progress was also made in addressing various legacy issues in the area of operations, risk and compliance. We have started the upgradation of our Core Banking Application. This all will streamline the operating efficiencies, greater regulatory compliance, as well as improving the customer service quality and product/service deployment	This will remain critically relevant in future.

RESOURCE ALLOCATION

In pursuit of our commitment to enhancing stakeholders' value and serving the Nation, we have deployed adequate resources to ensure efficient strategy execution. Our resources fall under 6 major categories, each one is briefly discussed below:

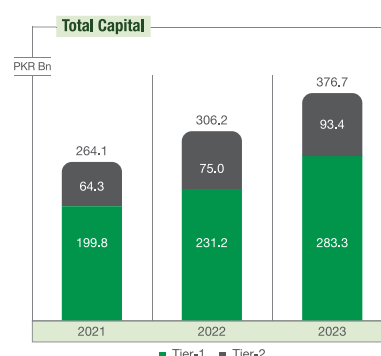
Financial Capital

The Bank's policy is to maintain a strong capital base so as to maintain investors, creditors and market confidence and to sustain development of the business. Adequacy of the Bank's financial capital is monitored using, inter alia, the rules and ratios established by the SBP. The Bank has devised effective stress testing scenarios to assess the strength of its financial capital under the Internal Capital Adequacy and Assessment Process. Other tools deployed include prudent capital allocation, balancing risk-weighted assets, efficient maturity profiling interest bearing assets & liabilities, etc.



Key Objectives of Our Capital Management & Adequacy Strategy include:

- Regulatory Compliance
- Meeting internal capital targets which are more stringent than the regulatory requirements
- Maintaining optimum Risk Weighted Assets for profit maximization
- Achieving Corporate Sustainability
- Securing the highest credit rating for the Bank.



At end 2023, the total Risk Weighted Assets under Credit Risk and Market Risk amounted to PKR 1053 Bn (2022: PKR 1,066 Bn) and PKR 121 Bn (2022: PKR 94 Bn), respectively. Whereas, RWA under Operation Risk amounted to PKR 305 Bn (2022: PKR 259 Bn). Overall, the RWAs were increased by 4.3% YoY to PKR 1,479 Bn.

Moreover, NBP is the only Bank in Pakistan with credit rating of 'AAA' by both the approved credit rating agencies in Pakistan. In June 2024, M/s JCR-VIS Credit Rating Company again reaffirmed the Bank's standalone rating of "AAA", one of the highest credit ratings accorded by the company for any bank in Pakistan. PACRA has also assigned a long-term entity rating of 'AAA' (Triple AAA) and short-term rating of 'A1+' (A-One Plus). This strong credit rating capacitates the Bank to access additional capital in case a requirement arises.

For further details on Capital Adequacy, please refer to Note 46 to the Financial Statements.

Manufactured Capital

The Banks' financial capital comprises of the funds injected by the equity shareholders and it helps the Bank in acquiring, developing and maintaining other types of capitals to perpetuate its business. Financial capital also acts as a burner to absorb unanticipated losses and serves as a regulatory restraint on imprudent asset growth. Therefore, the regulators have prescribed minimum capital requirements, both in terms of quality and quantity.

The Bank is maintaining an optimal balance between owned and rented business premises. Further, the Bank is also mindful of the requirement to maintain a healthy work environment within the Bank premises and is continuously investing for modernization of the business premises. We have started a plan to standardise our workplace ambiance and quality.

Total value of our manufactured capital stood at PKR 57.0 Bn (2022: PKR 57.1 Bn) at the end of 2023. For further details, please refer to Note 12 to the Financial Statements.

Human Capital

We consider our human capital as the Bank's most important asset. The Bank's most important asset is its human capital. At 31 December 2023 the Bank had 14,962 (2022 : 15,112) people as its full-time employees. In addition, the Bank also engages 1,722 (2022 : 1,218) outsourced personnel of services companies for delivering certain non-critical functions.

Social and Relationship Capital

We strongly believe the Bank's viability greatly depends on its sustainable relationship with each stakeholder group, e.g. customers, suppliers and business partners, and the wider community, are built on mutual trust, loyalty, and shared values. We also invest into and contribute towards the growth of our communities through various charity and support activities, particularly in the areas of Education, Healthcare, Environment, Sports and Promotion of Culture. During the year 2023, the Bank invested considerable amounts into CSR initiatives.

Intellectual Capital

Intellectual Capital, being an intangible asset, has zero value on the Bank's balance sheet but positively impacts the performance and success of the Bank. Our intellectual capital includes the brand synonymous values and conduct, human capital knowledge and skills, systems and processes, software and corporate governance. Over the period, the Bank has strengthened and enriched its Intellectual Capital through continued measures including deployment of I.T. of Credit, Compliance, Investment, Human Resource Management and Risk Management, etc.

Natural Capital

This includes natural resources like soil, earth, water and oil, etc. The Bank has put in place policy guidelines for economical consumption of materials, water and energy in a sustainable manner which also helps the Bank in improving its cost-to-income ratio. As another measure, we have made it mandatory that only energy-efficient lights, e.g., LED's are installed at all our premises. In line with directives of the State Bank of Pakistan, the Bank is developing credit policies to promote Green Banking in Pakistan.

A network of
1508
Domestic Branches



Over 1.5 Mn
registrations for
Mobile Banking



A network of
1400+ ATMs



Strong IT System



Number of Employees
14,962



female representation
at Senior
Management level
.... %



Investment in training
PKR 108.7 Mn









Revenue generated
per employee
PKR 14 Mn



LISTENING TO OUR STAKEHOLDERS

The Board and the Management engage directly and indirectly with stakeholders to build an understanding of the impact of the Bank's operations on key stakeholders. This engagement, both directly and through regular communiques ensures the Board and the Management is well-versed on key issues of

our stakeholders and their legitimate requirements. These are considered in strategic decision making by allocating adequate resources and inputs to meet stakeholders' requirements. In doing so, we follow a balanced approach by allocating required CAPITALS to ensure sustained growth and value creation.

Stakeholder Relevance						
Stakeholders	Customers 	Employees 	Regulators 	Investors 	Businesses 	Societies 
Relevance	They are the center of everything the Bank does and the key enablers for the Bank to operate as a Sustainable Organisation	They act as the intermediary between the Bank and the customers and other stakeholders	They are critical to us as the Bank operates in a highly regulated Environment and is a Domestic systemically Important Bank	They provide the Bank with necessary funding to help the Bank maintain minimum regulatory capital and financial soundness	They are enablers for the Bank in smoothly executing its operations through delivery of goods, services and systems.	As a responsible corporate citizen it is our inherent duty to contribute towards wellbeing of the societies where we operate
Priority	High ●			High to Moderate ●—●		
Frequency	Proactively Engaged			Keep Satisfied	Keep Informed	

Regulators

Why they are important to us

They develop policies that are crucial for our sustainability and keep us on a right path to create and deliver value for all our stakeholder in a balanced way.

How we engage and what are they telling us?

We engage with our Regulators through one-on-one meetings, various modes and forums. In the increasingly challenging operating environment, our regulators want:

- Effective corporate Governance
- Enhance Risk Management
- Compliance with all regulatory requirements
- Sustainable business practices.
- Stability of the financial system
- Migration to Islamic Banking

How well we responded

- Remained compliant with regulatory requirements in all territories of our operations.
- Timely submission of applicable statutory returns and material information
- Responding various queries / information solicited by the regulators.
- Timely payment of taxes and government dues.





Customers and Clients

Why they are important to us

Engaging with our customers and clients helps us in:

- Maintaining customer loyalty and our market position
- Devising better solution for our customers' financial requirements
- Integrating achievement of strategic objectives

How we engage and what are their expectations

We engage with our customers in a wide variety of ways, including running regular meetings, analysing customer complaints, holding Khullli-kachehri, drawing on the market data and insights and personal customer interactions.

- In the high interest rate environment and inflationary cost pressures, they want affordable lending.
- Our customers are looking for better and all-inclusive digital offerings
- They want their data and deposits to be safe
- Grievance handling mechanism
- Financial education and literacy

How well we responded

We strengthened Complaint Management System to facilitate the customer proficiently. Service Quality Committee exists to foresee customer issues and advise fixes that could result into satisfied customers. Robust Service Quality and Complaint Management Function are in place. Complaint resolution rate improved to 99.1%, and our ATM uptime has improved to 98% Our Digital App and Internet Banking services are more efficient.



In the challenging time, we are offering convenient loans to all the sectors in the economy, with particular focus on SME, Agriculture and Retail.

PKR

855.9 Bn

To Provides of Funds

PKR

1.6 TR

of Advances to Customers

PKR

3.7 TR

of Deposits

99%+

Customer Complaints
resolved

50

Islamic Banking Windows
opened in 2023



Our Colleagues

Why they are important to us

Our people are Integral to deliver the strategic goal of serving the Nation for inclusive development & sustainable growth.

How we engage

We have an established engagement programme through dedicated HR business partners and Career Ambassadors. They provide us with insight that keeps us attuned to the different perspectives of our colleagues and respond accordingly.



In the challenging economic environment amidst inflationary pressures:

- As colleagues embrace challenging working conditions, they require healthy work conditions and health safety arrangements
- Our colleagues told us that with rising costs, they needed financial support
- Our colleagues wanted support to be able to develop their own careers

How well we responded

We brought forward healthy pay increase, awarding 15,000+ colleagues a considerable ad hoc allowance. Our Competency Framework has been rolled out for grade SVP and above to identify employee strengths and development needs and align these to the Bank's Development Needs Analysis. This framework shall be linked to Learning & Development, Talent Management and various other functions of HRMG. We supported colleagues with their next career move within the Bank, helping to retain our diverse and inclusive workforce and mitigate redundancies.



PKR

56.6 Bn
of Remuneration

PKR

108.7 Mn
in Training & Development

3000+
Training Programs



Investors

Why they are important to us

Engaging with our shareholders, particularly the minority shareholders, and other market participants helps us in understanding their priorities and drive balanced outcomes.

How we engage and what are they telling us

We continue to benefit from engagement with the shareholders, investors, rating agencies and the analysts. In 2023, we were able to interact more frequently, enabling deeper engagement with such stakeholders. Key takeaways from our dialogue have been:

- Dividend payout
- Continued financial performance of the bank and resilience to a challenging economic environment
- Return to the shareholders
- Financial soundness and resilience to ensure safety of investors' value
- Risk management and governance

How well we responded

- We communicated details of our financial performance with greater insights.
- We delivered strong growth to shareholder's value through higher retained earnings of PKR 218.8 Bn and PKR 14.7 Bn set aside as provision to strengthen our Balance Sheet.
- Shareholders' Net Assets increased to PKR 382.8 Bn with break-up value per share increasing to PKR 180.
- Engagement with the analysts, credit rating agencies and financial journalist for building trust and gaining greater market visibility for the Bank.
- We continued to enhance transparency in our disclosures. Our efforts were recognised through NBP achieving the 3rd consecutive Certificate of Merit Award under the Best Corporate Report Awards.



Strategic Performance

PKR

1,065 Bn

 Value Generation
(2022:PKR 540 Bn)

PKR

101.3 Bn

 Profit Before Tax
(2022:PKR 62.7 Bn)

PKR

6,653 Bn

 Total Assets
(2022:PKR 5,240 Bn)

25.47%

 Capital Adequacy
(2022:21.59%)

PKR

234 Bn

Held as Provisions

Suppliers

Why they are important to us

For smooth running of its business operations and uninterrupted delivery of services to its customers, the Bank's supply chain comprises of large number of vendors, through whom it procures IT equipment, stationery and other materials as well as service providers who provide a variety of services required for the smooth continuity of operations.

How we engage and what are they telling us

They provide us with insight that keeps us attuned to the different perspectives of our colleagues and respond accordingly. In the challenging economic environment amidst inflationary pressures:

- They want long-term work relationship
- Adherence to contractual terms and conditions
- Prompt payments
- Transparency & confidentiality

How well we responded

- Adhered to procurement regulations while maintaining good business relationships with the service providers
- Improving turnaround time for payments
- Fair & transparent dealing



PKR
34 Bn
of Good & Services

Societies

Why they are important to us

They are important to us for delivering our corporate social responsibilities. This helps us in obtaining inputs from communities which are necessary for smooth running of our operations.

How we engage and what are they telling us

In 2023, we engaged with a wide range of Organisations, including non-governmental Organisations (NGOs) and others where appropriate. We also participated in various sustainability forums.

How we engage and what are they telling us

- Support for communities facing hardships
- Wanting to see continued progress related to social and environmental governance
- An increased focus on nature and biodiversity

How we responded

We have worked to promote diversity, equity and inclusion. In support of the communities in which we operate, through our CSR programme we have reached thousands of individuals to help them in the area of e.g. health, education, safe water & sanitation, gender equality and women empowerment. A detailed report on CSR initiatives is given on Page No



PKR
88 Mn
on CSR Initiatives



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لُہاتا ہے دل کو کلامِ خطیب
مگر لذتِ شوق سے بے نصیب
بیاں اس کا منطق سے سُلبھا ہوا
لُغت کے بکھیڑوں میں اُلجھا ہوا
وہ صوفی کہ ہتا خدمتِ حق میں مرد
محبّت میں یکتا، حمیت میں فرد
عجم کے خیالات میں کھو گیا
یہ سالک مقامات میں کھو گیا
بُجھی عشق کی آگ، اندھیر ہے
سلمان نہیں، راکھ کا ڈھیر ہے
وہی حجامِ گردش میں لاساقیا
مجھے عشق کے پر لگا کر اڑا
میری حناک جگنو بن کر اڑا
خرد کو عنلامی سے آزاد کر

**FINANCIAL
STATEMENTS**
(UNCONSOLIDATED)



A.F. Ferguson & Co.
Chartered Accountants
State Life Building No. 1-C
I.I Chundrigar Road
P.O. Box 4716
Karachi - 74000

BDO Ebrahim & Co.
Chartered Accountants
2nd Floor, Block-C
Lakson Square Building
No.1, Sarwar Shaheed
Road, Karachi - 74200

INDEPENDENT AUDITORS' REPORT

To the members of National Bank of Pakistan

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **National Bank of Pakistan** (the Bank), which comprise the unconsolidated statement of financial position as at December 31, 2023, and the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement for the year then ended, along with unaudited certified returns received from the branches except for 100 branches which have been audited by us and notes to the unconsolidated financial statements, including material accounting policy information and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at December 31, 2023 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 25.3.4.1 to the unconsolidated financial statements which explains the contingency in relation to the pension obligation of the Bank. The Bank, based on the opinion of its legal counsel, is confident about a favorable outcome on this matter and hence, no provision has been made in these unconsolidated financial statements. Our opinion is not modified in respect of this matter.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

A.F. Ferguson & Co.
Chartered Accountants

BDO Ebrahim & Co.
Chartered Accountants

Following are the Key Audit Matters:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1	<p>Provision against advances (Refer notes 5.6 and 11.4 to the unconsolidated financial statements)</p>	
	<p>The Bank makes provision against advances extended in Pakistan on a time-based criteria that involves ensuring that all non-performing advances are classified in accordance with the ageing criteria specified in the Prudential Regulations (PRs) issued by the State Bank of Pakistan (SBP).</p> <p>In addition to the above time-based criteria, the PRs require a subjective evaluation of the credit worthiness of borrowers to determine the classification of advances.</p> <p>The PRs also require the creation of general provision for certain categories of advances.</p> <p>Provision against advances of overseas locations is made as per the requirements of the respective regulatory regimes.</p> <p>The Bank has recognized a net provision against advances amounting to Rs. 13,387 million in the unconsolidated profit and loss account in the current year. As at December 31, 2023, the Bank holds a provision of Rs 233,609 million against advances. This includes a general provision against the underperforming portfolio on a prudent basis.</p> <p>The determination of provision against advances based on the above criteria remains a significant area of judgement and estimation. Because of the significance of the impact of these judgements / estimations and the materiality of advances relative to the overall unconsolidated financial statements of the Bank, we considered the area of provision against advances as a key audit matter.</p>	<p>Our audit procedures to verify provision against domestic advances included, amongst others, the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the management process to record provision and ensure that it is consistent with the requirements of PRs; • Evaluated the design and tested the operating effectiveness of the relevant controls established by the Bank to identify loss events and for determining the extent of provisioning required against non-performing advances. <p>The testing of controls included testing of:</p> <ul style="list-style-type: none"> • controls over correct classification of non-performing advances on time-based criteria; • controls over accurate computation and recording of provision; and • controls over the governance and approval process related to provision, including continuous reassessment by the management. <p>We selected a sample of loan accounts and performed the following substantive procedures to evaluate the appropriateness of specific and general provision:</p> <ul style="list-style-type: none"> • Checked credit documentation, repayments of loan / mark-up instalments, tested classification of non-performing advances based on the number of days overdue; • Evaluated the management's assessment for classification of a customer's loan facilities as performing or non-performing based on review of repayment pattern, inspection of credit documentation and discussions with the management; • In case of restructured loans, we reviewed the detailed documentation of restructuring including approvals, legal opinions, terms of restructuring, payment records and any other relevant documents to ensure that restructuring was made in accordance with the PRs; • We also reviewed minutes of the meeting of credit, risk and compliance and audit committees to identify risky exposures; and

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A.F. Ferguson & Co.
Chartered Accountants

BDO Ebrahim & Co.
Chartered Accountants

S.No.	Key Audit Matter	How the matter was addressed in our audit
		<ul style="list-style-type: none"> We had discussions with management to challenge assumptions and judgements used in performing portfolio review and recording provisions. <p>We issued instructions to auditors of those overseas branches which were selected for audit, highlighting 'Provision against advances' as a significant risk. The auditors of those branches performed audit procedures to check compliance with regulatory requirements and reported the results thereof to us. We, as auditors of the Bank, evaluated the work performed by the component auditors and the results thereof.</p>

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditors' Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the unconsolidated and consolidated financial statements and our auditor's reports thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of directors is responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with

A.F. Ferguson & Co.
Chartered Accountants

BDO Ebrahim & Co.
Chartered Accountants

ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. Based on our audit, we further report that in our opinion:
 - a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017) and the returns referred above from the branches have been found adequate for the purpose of our audit;

A.F. Ferguson & Co.
Chartered Accountants

BDO Ebrahim & Co.
Chartered Accountants

- b) the unconsolidated statement of financial position, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
 - c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank; and
 - d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.
2. We confirm that for the purpose of our audit we have covered more than sixty per cent of the total loans and advances of the Bank.

Other Matter

The unconsolidated financial statements of the Bank as at and for the year ended December 31, 2022 were audited by Yousuf Adil, Chartered Accountants and A. F. Ferguson & Co. Chartered Accountants who had expressed an unmodified opinion on those statements vide their report dated March 6, 2023.

The engagement partners on the audit resulting in this independent auditor's report are Zulfikar Ali Causer and Shahbaz Akbar on behalf of BDO Ebrahim & Co. Chartered Accountants and A. F. Ferguson & Co. Chartered Accountants respectively.

A. F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: March 4, 2024
UDIN: AR202310068Sh8ilRkBX

BDO Ebrahim & Co.
Chartered Accountants
Karachi
Dated: March 4, 2024
UDIN: AR202310067IA6UFpqha

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2023

2022	2023			2023	2022
----- (US Dollars in '000) -----			Note	----- (Rupees in '000) -----	
ASSETS					
815,690	1,046,590	Cash and balances with treasury banks	7	294,992,570	229,910,949
65,968	150,163	Balances with other banks	8	42,325,051	18,593,800
110,950	682,715	Lendings to financial institutions	9	192,430,437	31,272,467
12,337,136	15,622,483	Investments	10	4,403,364,043	3,477,353,874
4,365,709	4,960,169	Advances	11	1,398,076,820	1,230,521,804
202,603	202,137	Fixed assets	12	56,974,417	57,105,842
4,928	5,357	Intangible assets	13	1,510,061	1,388,947
23,800	24,602	Right of use assets	14	6,934,471	6,708,404
79,115	-	Deferred tax assets	15	-	22,299,403
586,352	908,603	Other assets	16	256,099,568	165,269,056
18,592,251	23,602,819			6,652,707,438	5,240,424,546
LIABILITIES					
196,083	241,256	Bills payable	17	68,000,448	55,268,019
6,884,556	7,726,310	Borrowings	18	2,177,743,194	1,940,485,787
9,459,227	13,036,083	Deposits and other accounts	19	3,674,359,379	2,666,184,360
-	-	Liabilities against assets subject to finance lease		-	-
-	-	Subordinated debt		-	-
29,333	29,322	Lease liabilities against right of use assets	20	8,264,782	8,267,949
-	2,555	Deferred tax liabilities	15	720,183	-
955,687	1,209,333	Other liabilities	21	340,863,859	269,370,672
17,524,886	22,244,859			6,269,951,845	4,939,576,787
1,067,365	1,357,960	NET ASSETS		382,755,593	300,847,759
REPRESENTED BY					
75,481	75,481	Share capital	22	21,275,131	21,275,131
227,574	280,534	Reserves	23	79,071,471	64,144,050
152,263	225,837	Surplus on revaluation of assets	24	63,654,593	42,916,902
612,047	776,108	Unappropriated profit		218,754,398	172,511,676
1,067,365	1,357,960			382,755,593	300,847,759
CONTINGENCIES AND COMMITMENTS					
25					

The annexed notes 1 to 49 and annexures I and II form an integral part of these unconsolidated financial statements.

Ashraf Mahmood Wathra
Chairman

Rehmat Ali Hasnie
President & CEO

Abdul Wahid Sethi
Chief Financial Officer

Ahsan Ali Chughtai
Director

Ali Syed
Director

UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2023

2022	2023			2023	2022
------(US Dollars in '000)-----			Note	------(Rupees in '000)-----	
1,785,670	3,635,334	Mark-up / return / interest earned	26	1,024,657,648	503,310,285
1,371,187	3,036,642	Mark-up / return / interest expensed	27	855,910,064	386,483,771
414,483	598,692	Net mark-up / interest income		168,747,584	116,826,514
		NON MARK-UP / INTEREST INCOME			
75,045	78,167	Fee and commission income	28	22,032,182	21,152,110
18,473	18,653	Dividend income		5,257,652	5,206,811
26,430	25,328	Foreign exchange income		7,139,106	7,449,563
-	-	Income / (loss) from derivatives		-	-
4,037	15,554	Gain on securities - net	29	4,384,060	1,137,947
6,164	6,363	Other income	30	1,793,465	1,737,445
130,149	144,065	Total non-mark-up / interest income		40,606,465	36,683,876
544,632	742,757	Total income		209,354,049	153,510,390
		NON MARK-UP / INTEREST EXPENSES			
277,087	331,177	Operating expenses	31	93,345,714	78,099,994
258	1,014	Other charges	32	285,940	72,626
277,345	332,191	Total non-markup / interest expenses		93,631,654	78,172,620
267,287	410,566	Profit before provisions		115,722,395	75,337,770
44,705	51,335	Provisions and write offs - net	33	14,469,305	12,600,607
222,582	359,231	PROFIT BEFORE TAXATION		101,253,090	62,737,163
114,691	175,309	Taxation	34	49,412,628	32,326,863
107,891	183,922	PROFIT AFTER TAXATION		51,840,462	30,410,300
------(US Dollars)-----				------(Rupees)-----	
0.05	0.09	Basic earnings per share	35	24.37	14.29
0.05	0.09	Diluted earnings per share	36	24.37	14.29

The annexed notes 1 to 49 and annexures I and II form an integral part of these unconsolidated financial statements.

Ashraf Mahmood Wathra
Chairman

Rehmat Ali Hasnie
President & CEO

Abdul Wahid Sethi
Chief Financial Officer

Ahsan Ali Chughtai
Director

Ali Syed
Director

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2023

2022	2023		2023	2022
----- (US Dollars in '000) -----			----- (Rupees in '000) -----	
107,891	183,922	Profit after taxation for the year	51,840,462	30,410,300
		Other comprehensive income / (loss)		
		Items that may be reclassified to profit and loss account in subsequent periods:		
30,908	34,568	Effect of translation of net investments in foreign branches	9,743,375	8,711,721
(85,652)	74,999	Movement in surplus / (deficit) on revaluation of investments - net of tax	21,139,170	(24,141,899)
(54,744)	109,567		30,882,545	(15,430,178)
		Items that will not be reclassified to profit and loss account in subsequent periods:		
(11,102)	(2,112)	Remeasurement loss on defined benefit obligations - net of tax	(595,239)	(3,129,095)
10,953	(1,483)	Movement in (deficit) / surplus on revaluation of fixed assets - net of tax	(418,066)	3,087,269
(1,110)	703	Movement in surplus / (deficit) on revaluation of non-banking assets - net of tax	198,132	(312,906)
(1,259)	(2,892)		(815,173)	(354,732)
51,888	290,597	Total comprehensive income	81,907,834	14,625,390

The annexed notes 1 to 49 and annexures I and II form an integral part of these unconsolidated financial statements.

Ashraf Mahmood Wathra
Chairman

Rehmat Ali Hasnie
President & CEO

Abdul Wahid Sethi
Chief Financial Officer

Ahsan Ali Chughtai
Director

Ali Syed
Director

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2023

	Share capital	Reserves					Surplus / (deficit) on revaluation of assets			Unappropriated profit	Total
		Exchange translation	Statutory reserve	Merger reserve	General loan loss reserve	Revenue general reserve	Total	Investments	Fixed / Non-Banking Assets		
Balances as at January 01, 2022	21,275,131	12,577,854	38,928,501	343,802	8,000,000	521,338	60,371,495	19,888,217	44,593,905	64,482,122	140,073,817
Total Comprehensive income for the year ended December 31, 2022											
Profit after taxation for the year ended December 31, 2022	-	-	-	-	-	-	-	-	-	-	30,410,300
Other comprehensive income - net of tax	-	8,711,721	-	-	-	-	8,711,721	(24,141,899)	2,774,363	(21,367,536)	(15,784,910)
Total Comprehensive Income	-	8,711,721	-	-	-	-	8,711,721	(24,141,899)	2,774,363	(21,367,536)	14,625,390
Transfer to statutory reserve	-	-	3,041,030	-	-	-	3,041,030	-	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(197,684)	(197,684)	-
Transfer to unappropriated profit	-	-	-	-	(8,000,000)	-	(8,000,000)	-	-	-	-
Adjustment of merger reserve	-	-	-	19,804	-	-	19,804	-	-	-	19,804
Transactions with owners, recorded directly in equity											
Cash dividend paid (Rs. Nil per share)	-	-	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2022	21,275,131	21,289,575	41,969,531	363,606	-	521,338	64,144,050	(4,253,682)	47,170,584	42,916,902	300,847,759
Total Comprehensive income for the year ended December 31, 2023											
Profit after taxation for the year ended December 31, 2023	-	-	-	-	-	-	-	-	-	-	51,840,462
Other comprehensive income - net of tax	-	9,743,375	-	-	-	-	9,743,375	21,139,170	(219,934)	20,919,236	30,067,372
Total Comprehensive Income	-	9,743,375	-	-	-	-	9,743,375	21,139,170	(219,934)	20,919,236	81,907,834
Transfer to statutory reserve	-	-	5,184,046	-	-	-	5,184,046	-	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(181,545)	(181,545)	-
Transactions with owners, recorded directly in equity											
Cash dividend paid (Rs. Nil per share)	-	-	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2023	21,275,131	31,032,950	47,153,577	363,606	-	521,338	79,071,471	16,885,488	46,769,105	63,654,593	382,755,593

The annexed notes 1 to 49 and annexures I and II form an integral part of these unconsolidated financial statements.

Ashraf Mahmood Wathra
Chairman

Rehmat Ali Hasnie
President & CEO

Abdul Wahid Sethi
Chief Financial Officer

Ahsan Ali Chughtai
Director

Ali Syed
Director

UNCONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2023

2022	2023		2023	2022
------(US Dollars in '000)-----			------(Rupees in '000)-----	
		CASH FLOW FROM OPERATING ACTIVITIES		
222,582	359,231	Profit before taxation	101,253,090	62,737,163
(18,473)	(18,653)	Less: Dividend income	(5,257,652)	(5,206,811)
204,109	340,578		95,995,438	57,530,352
		Adjustments:		
15,865	15,818	Depreciation	4,458,607	4,471,704
1,146	983	Amortization	277,042	323,149
44,705	51,335	Provision and write-offs	14,469,305	12,600,607
(152)	-	Gain on disposal of subsidiary and branch	-	(42,933)
(16)	(888)	Gain on sale of fixed assets	(250,247)	(4,441)
3,238	3,111	Finance charges on leased assets	876,989	912,754
2,173	117	Unrealized loss on revaluation of investments classified as held-for-trading	33,066	612,481
29,640	42,286	Charge for defined benefit plans - net	11,918,752	8,354,267
96,599	112,762		31,783,514	27,227,588
300,708	453,340		127,778,952	84,757,940
		(Increase) / decrease in operating assets		
1,004,731	(571,765)	Lendings to financial institutions	(161,157,970)	283,194,208
124,961	147,279	Held-for-trading securities	41,512,120	35,221,594
(474,121)	(685,599)	Advances	(193,243,387)	(133,636,179)
(238,448)	(285,899)	Other assets (excluding advance taxation)	(80,583,830)	(67,209,195)
417,123	(1,395,984)		(393,473,067)	117,570,428
		Increase / (decrease) in operating liabilities		
118,568	45,173	Bills payable	12,732,429	33,419,749
5,846,108	795,792	Borrowings from financial institutions	224,302,435	1,647,788,025
(1,252,288)	3,576,856	Deposits and other accounts	1,008,175,019	(352,970,685)
242,112	249,691	Other liabilities	70,378,196	68,241,777
4,954,500	4,667,512		1,315,588,079	1,396,478,866
(118,814)	(192,002)	Income tax adjusted / paid	(54,117,686)	(33,488,980)
(12,897)	(13,033)	Payments on account of staff retirement benefits	(3,673,558)	(3,635,107)
5,540,620	3,519,833	Net cash flow generated from operating activities	992,102,720	1,561,683,147
		CASH FLOW FROM INVESTING ACTIVITIES		
(5,441,692)	(3,939,654)	Net investments in available-for-sale securities	(1,110,433,644)	(1,533,799,090)
(309,614)	652,960	Net investments in held-to-maturity securities	184,043,825	(87,267,953)
18,473	18,653	Dividends received	5,257,652	5,206,811
(9,349)	(9,600)	Investments in fixed assets and intangibles	(2,705,991)	(2,635,099)
198	1,597	Proceeds from sale of fixed assets	449,996	55,915
33,566	37,597	Effect of translation of net investment in foreign branches	10,597,218	9,461,011
6,726	-	Proceed from closure of subsidiary and branch	-	1,041,531
(5,701,692)	(3,238,447)	Net cash flow used in investing activities	(912,790,944)	(1,607,936,874)
		CASH FLOW FROM FINANCING ACTIVITIES		
(8,615)	(12,227)	Payments of lease obligations	(3,446,309)	(2,428,160)
(1)	(27)	Dividend paid	(7,567)	(146)
(8,616)	(12,254)	Net cash flow used in financing activities	(3,453,876)	(2,428,306)
(169,688)	269,132	Increase / (Decrease) in cash and cash equivalents	75,857,900	(48,682,033)
957,366	785,646	Cash and cash equivalents at beginning of the year	221,442,758	269,843,949
5,472	4,476	Effect of exchange rate changes on cash and cash equivalents	1,261,569	1,542,411
962,838	790,122		222,704,327	271,386,360
793,150	1,059,254	Cash and cash equivalents at end of the year	298,562,227	222,704,327

The annexed notes 1 to 49 and annexures I and II form an integral part of these unconsolidated financial statements.

Ashraf Mahmood Wathra
Chairman

Rehmat Ali Hasnie
President & CEO

Abdul Wahid Sethi
Chief Financial Officer

Ahsan Ali Chughtai
Director

Ali Syed
Director

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

1. STATUS AND NATURE OF BUSINESS

National Bank of Pakistan (the Bank) was incorporated in Pakistan under the National Bank of Pakistan Ordinance, 1949 and is listed on the Pakistan Stock Exchange (PSX). Its registered and head office is situated at I.I. Chundrigar Road, Karachi. The Federal Government and Pakistan Sovereign Wealth Fund (PSWF) holds 75.60% (2022: Federal Government and SBP 75.60%) shares of the Bank. The Bank is engaged in providing commercial banking and related services in Pakistan and overseas. The Bank also handles treasury transactions for the Government of Pakistan (GoP) as an agent to the SBP. The Bank operates 1,508 (2022: 1,512) branches in Pakistan including 188 (2022: 188) Islamic Banking branches and 18 (2022: 18) overseas branches (including the Export Processing Zone branch, Karachi). The Bank also provides services in respect of Endowment Fund for students loan scheme and IPS accounts.

2. BASIS OF PRESENTATION

2.1 In accordance with the directives of the Federal Government of Pakistan regarding the shifting of the banking system to Islamic modes, the SBP has issued various circulars from time to time. Permissible forms of trade related mode of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these unconsolidated financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.

Key financial figures of the Islamic banking branches of the Bank have been disclosed in annexure II to these unconsolidated financial statements.

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

2.3 The US Dollar amounts shown on the statement of financial position, profit and loss account, statement of comprehensive income and cash flow statement are stated as additional information solely for the convenience of readers. For the purpose of conversion to US Dollars, the rate of Rs. 281.8607 to 1 US Dollar has been used for 2023 and 2022 as it was the prevalent rate as on December 31, 2023.

3. STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS), issued by the Institute of Chartered Accountants of Pakistan as 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).

Where 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.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

3.2 SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002. Moreover, SBP vide BPRD circular no. 4, dated February 25, 2015, has deferred the applicability of Islamic Financial Accounting Standards (IFAS) 3, Profit and Loss Sharing on Deposits. Further, according to the notification of SECP dated April 28, 2008, the IFRS - 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

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

3.4 Application of new and revised International Financial Reporting Standards (IFRSs)

3.4.1 Standards, interpretations of and amendments to the published accounting and reporting standards that are effective in the current year:

There are certain new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on January 1, 2023 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 financial statements.

3.4.2 Standards, interpretations of and amendments to the published accounting and reporting standards that are not yet effective:

The following revised standards, amendments and interpretations with respect to the accounting and reporting standards would be effective from the dates mentioned below against the respective standards, amendments or interpretations:

Standards, interpretations or amendments	Effective from accounting period beginning on or after
- IFRS 9 - 'Financial instruments'	January 01, 2024
- IAS 21 - 'Lack of exchangeability' (amendments)	January 01, 2025
- IAS 1 - 'Non current liabilities with covenants' (amendments)	January 01, 2024
- IFRS 16 - 'Sale and leaseback' (amendments)	January 01, 2024

3.4.3 The SBP vide its BPRD Circular No. 02 of 2023 dated February 9, 2023 has specified the new reporting format for financial statements of Banking Companies. The new format has revised the disclosure requirements and will become applicable for the financial statements of the Bank for the quarter ending March 31, 2023. However, SBP vide its BPRD circular No. 07 of 2023 has deferred the applicability from January 01, 2023 to January 01, 2024.

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

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

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

3.4.5 The management anticipates that these new standards, interpretations and amendments will be adopted in the Bank's unconsolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on these unconsolidated financial statements of the Bank in the period of initial application.

3.4.6 IFRS 9 Financial Instruments:

As directed by SBP via BPRD Circular no 07 of 2023, IFRS 9 Financial Instruments is effective for periods beginning on or after 1 January 2024 for banks having asset base of more than Rs. 500 billion as at 31 December 2022. SBP via same circular has finalized the instructions on IFRS 9 (Application Instructions) for ensuring smooth and consistent implementation of the standard in the banks.

During the 2023, the management of the Bank has performed an impact assessment of IFRS 9 taking into account the SBP's IFRS 9 application instructions. The assessment is based on available information and may be subject to changes arising from further reasonable and supportable information being made available to the Bank at the time of finalizing the impact for initial application of IFRS 9. In addition, the Bank will implement changes in classification of certain financial instruments. These changes and impacts are discussed below:

An overview of the IFRS 9 requirements that are expected to have significant impact are discussed below along with the additional requirements introduced by the SBP:

Governance, ownership and responsibilities

The Bank has adopted a governance framework requiring the Risk, Finance, Operations, Internal Audit and IT functions to effectively work together to ensure input from all business lines. IFRS 9 requires robust credit risk models that can predict Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD).

Risk Management Division has develop Models/ methodologies for PD, LGD and Credit Conversion Factor (CCF). These models shall be validated on annual basis considering the following aspects:

- Quantitative Validation: Expected credit loss (ECL) model design validation, data quality validation and benchmarking with external best practices.
- Quantitative Validation: Calibration testing which ensures the accuracy of the observed PDs.

Finance Group will ensure preparation of disclosures and incorporation of the impacts on the financial statements of the Bank. The function shall identify, prepare and extract the data required for the risk parameters modelling and ECL calculations. Finance Group shall ensure that all disclosures as required by the accounting standard and the SBP formats and guidelines are made.

The risk management division will perform the back testing of ECL at least on yearly basis and will be responsible for the independent validation of the risk parameters / risk models; including PD, LGD and CCF etc., that are used to compute the ECL which would be carried out as per the policy.

Internal Audit will carry out periodic review of IFRS 9 methodology and impacts calculated by the Management.

Classification and measurement

The classification and measurement of financial assets will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Financial assets that do not meet the SPPI criteria are measured at FVTPL regardless of the business model in which they are held. The Bank's business model in which financial assets are held will determine whether the financial assets are measured at amortised cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVPL'). The classification of equity instruments is generally measured as Fair Value through Profit & Loss (FVTPL) unless the Bank elects for Fair Value through Other Comprehensive Income (FVTOCI) at initial recognition. The Bank has analyzed the impact of initial application of IFRS 9 on its financial assets as follows:

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

Equity Securities

The Bank expects to continue measuring at fair value all financial assets currently held at fair value.

For certain listed equity securities currently classified as available-for-sale (AFS) with gains and losses recorded in OCI, the Bank will apply the option to classify them as FVOCI. Therefore, the application of IFRS 9 will not have an impact on initial adoption. However, in accordance with the requirements of the standard, gains and losses recognized in OCI will not be recycled through the profit and loss account on derecognition of these securities.

The remaining listed equity securities will be measured at FVTPL. The AFS reserve related to those securities is currently part of Surplus on Revaluation of Assets and will be reclassified to retained earnings hence, there will be no impact on overall equity.

Unquoted equity securities are required to be measured at fair value under IFRS 9. However, the SBP has allowed banks to carry these investments under the current Prudential Regulations, i.e. at the lower of cost and break-up value, till accounting periods beginning on or after January 1, 2024.

Debt securities and Loans and advances

Debt securities currently classified as AFS and those passes SPPI test, are expected to be measured at fair value through OCI under IFRS 9 as the Bank's business model is to hold the assets to collect contractual cash flows, but also to sell those investment. Debt securities currently classified as HTM and those passes SPPI test are expected to be measured at amortized costs under IFRS 9 as the Group business model is to hold the assets to collect contractual cash flows.

Cashflows of certain debt instruments classified in AFS or / and HTM categories, do not expect to give risk to cash flows representing solely payments of principal and interest and accordingly, these would be measured at fair value through profit and loss.

Impairment

The impairment requirements apply to financial assets measured at amortised cost and FVOCI (other than equity instruments), lease receivables, and certain loan commitments and financial guarantee contracts. At initial recognition, an impairment allowance (or provision in the case of commitments and guarantees) is required for expected credit losses ('ECL') resulting from default events that are possible within the next 12 months ('12-month ECL'). In the event of a significant increase in credit risk, an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognised are in 'stage 1'; financial assets that are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment, so are considered to be in default or otherwise credit impaired, are in 'stage 3'.

The assessment of credit risk and the estimation of ECL are required to be unbiased and probability-weighted, and should incorporate all available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money.

Based on the requirement of IFRS 9 and SBP's IFRS 9 application instructions, the Bank has performed an ECL assessment taking into account the key elements such as assessment of SCIR, Probability of Default, Loss Given Default and Exposure at Default. These elements are described below:

- PD: The probability that a counterparty will default, calibrated over the 12 months from the reporting date (stage 1) or over the lifetime of the product (stage 2) and incorporating forward looking information.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

- LGD: An estimate of the loss incurred on a facility upon default by a customer. LGD is calculated as the difference between contractual cash flows due and those that the Bank expects to receive, including from the liquidation of any form of collateral. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor.
- EAD: The expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortisation, pre-payments and forward-looking information where relevant.

For the purpose of calculation of ECL, the Bank has used 5 years data till 31 December 2022 and going forward, one more year's data shall be included until the Bank has at least 10 years data. For calculating ECL, the Bank shall classify its financial assets under three following categories:

- a) Stage 1: Performing Assets: Financial assets where there has not been a SICR since initial recognition, the Bank shall recognize an allowance based on the 12-month ECL.
- b) Stage 2: Under-Performing Assets: For financial assets where there has been a SICR since initial recognition, but which are not credit impaired, the Bank shall recognize an allowance based on lifetime ECL for all exposures categorized in this stage based on the actual maturity profile.
- c) Stage 3: Non-Performing Assets: For financial assets which have objective evidence of impairment at the reporting date, the Bank shall recognize ECL on these financial assets using the higher off approach, which means that lifetime ECL computed under IFRS 9 is compared with regulatory provision required as per Prudential regulations.

As required by the Application Instructions, financial assets may be reclassified out of stage 3 if they meet the requirements of Prudential Regulations (PR) issued by SBP. Financial assets in stage 2 may be reclassified to stage 1 if the conditions that led to a SICR no longer apply.

Significant increase in credit risk (SICR)

A SICR is assessed in the context of an increase in the risk of a default occurring over the life of the financial instrument when compared to that expected at the time of initial recognition. It is not assessed in the context of an increase in the ECL. The Bank uses a number of qualitative and quantitative measures in assessing SICR. Quantitative measures relate to deterioration of Obligor Risk Ratings (ORR) or where principal and / or interest payments are 60 days or more past due. Qualitative factors include unavailability of financial information and pending litigations.

Based on the level of increase in credit risk, the Bank shall calculate 12 month ECL for assets which did not have a SICR i.e., Stage 1 or a lifetime expected loss for the life of the asset (for assets which demonstrated a SICR) i.e., Stage 2.

At every reporting date, the Bank shall assess whether there has been a SICR since the initial recognition of the asset. If there is a SICR, the asset must be assigned to the appropriate stage of credit impairment (Stage 2 or 3).

Under the SBP's instructions, credit exposure (in local currency) guaranteed by the Government and Government Securities are exempted from the application of ECL Framework. Moreover, until implementation of IFRS 9 has stabilized, Stage 1 and stage 2 provisions would be made as per IFRS 9 ECL and stage 3 provision would be made considering higher of IFRS 9 ECL or provision computed under existing PRs' requirements.

Presentation and disclosure

IFRS 9 also introduces expanded disclosure requirements and changes in presentation which will be incorporated as per the SBP's revised format.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

Loan / financing related fee

Loan origination / commitment fees that are regarded as compensation to the lender for an ongoing involvement with the acquisition of a financial instrument would be recognized over the life of the related loan. However, if the commitment expires without the lender making the loan, the fee would be recognised as revenue as earned.

Impact of adoption of IFRS 9

The actual impact of adopting IFRS 9 on the Bank's financial statements in the year 2024 may not be accurately estimated because it will be dependent on the financial instruments that the Bank would hold during 2024 and economic conditions at that time as well as accounting elections and judgements that it will make in future. Nevertheless, the Bank has performed a preliminary assessment of the potential impact of adoption of IFRS 9 based on its statement of financial position as at December 31, 2023.

Classification and measurement

Based on the bank's assessment, the IFRS 9 requirements are expected to have the following impact on the classification and measurement of its financial assets and financial liabilities:

1. Debt instruments amounting to Rs 15,987 million have been reclassified from Available for Sale to Fair Value through Profit or Loss.
2. Equity instruments amounting to Rs 28,507 million have been reclassified from Available for Sale to Fair Value through Profit or Loss.

Impairment

The total estimated adjustment (net of tax) of the adoption of IFRS 9 on the opening balance of the Bank's equity at January 01, 2024 is a decrease of approximately Rs 8,177 million, representing;

- a decrease of Rs 13,808 million in equity due to increase in ECL.
- an increase of Rs 5,631 million in equity resulting from reclassification of investments as mentioned above.

Impact on regulatory capital

The implementation of IFRS 9 is expected to result in reduced regulatory capital of the Bank, which is likely to reduce their lending capacity and ability to support their clients. In order to mitigate the impact of expected credit loss (ECL) models on capital, SBP has determined that it may be appropriate for the Financial Institutions (FIs) to follow a transitional arrangement for the impact on regulatory capital from the application of ECL accounting. Annexure B of the 'Application Instructions' issued by SBP vide BPRD Circular No.3 of 2022 dated July 05, 2022, have detailed the transitional arrangement.

The transitional arrangement must apply only to provisions for stage 1 and 2 financial assets. The transitional arrangement must only adjust CET1 capital. Where there is a reduction in CET1 capital due to new provisions, net of tax effect, upon adoption of an ECL accounting model, the decline in CET1 capital (the "transitional adjustment amount") must be partially included (i.e. added back) to CET1 capital over the "transition period" of five years.

The impact of adoption of IFRS 9 on the capital ratios of the Bank are as follows:

	As per adopted IFRS 9	As per current ARS
Common Equity Tier 1 Capital Adequacy ratio	19.04%	19.16%
Tier 1 Capital Adequacy Ratio	19.04%	19.16%
Total Capital Adequacy Ratio	25.31%	25.47%
CET1 available to meet buffers (as a percentage of risk weighted assets)	9.04%	9.16%

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

4. BASIS OF MEASUREMENT

These unconsolidated financial statements have been prepared under the historical cost convention except for revaluation of land and buildings and non-banking assets acquired in satisfaction of claims which are stated at revalued amount and certain investments and derivative financial instruments that are carried at fair value. In addition, obligations in respect of defined benefit plan are carried at the present values.

5. MATERIAL ACCOUNTING POLICIES

The accounting policy adopted in preparation of these unconsolidated financial statements are consistent with those of the previous financial year.

5.1 Cash and cash equivalents

Cash and cash equivalents include cash and balances with treasury banks, balances with other banks and call money lendings, less call borrowings and overdrawn nostro accounts.

5.2 Investments

Investments other than those categorised as held-for-trading are initially recognised at fair value which includes transaction costs associated with the investments. Investments classified as held-for-trading are initially recognised at fair value, and transaction costs are expensed in the profit and loss account.

All regular way purchases / sales of investments are recognised on the trade date, i.e., the date the Bank commits to purchase / sell the investments. Regular way purchases or sales of investments require delivery of securities within the time frame generally established by regulation or convention in the market place.

The Bank has classified its investment portfolio, except for investments in subsidiaries, associates and joint ventures into 'held-for-trading', 'held-to-maturity' and 'available-for-sale' as follows:

- Held-for-trading – These are securities which are acquired with the intention to trade by taking advantage of short-term market / interest rate movements and are to be sold within ninety (90) days. These are carried at market value, with the related unrealised gain / (loss) on revaluation being taken to profit and loss account.
- Held-to-maturity – These are securities with fixed or determinable payments and fixed maturity that are held with the intention and ability to hold to maturity. These are carried at amortised cost.
- Available-for-sale – These are investments that do not fall under the held-for-trading or held-to-maturity categories. These are carried at market value except in case of unquoted securities where market value is not available, which are carried at cost less provision for diminution in value, if any. Surplus / (deficit) on revaluation is taken to 'surplus / (deficit) on revaluation of assets' account shown in equity. Provision for diminution in value of investments in respect of unquoted shares is calculated with reference to break-up value of the same. On derecognition or impairment in quoted available-for-sale investments, the cumulative gain or loss previously reported as 'surplus / (deficit) on revaluation of assets' in equity is included in the profit and loss account for the year.
- Provision for diminution in value of investments in unquoted debt securities is calculated as per the SBP's Prudential Regulations.
- Held-for-trading and quoted available-for-sale securities are marked to market with reference to ready quotes on Reuters page or MUFAP (PKRV / PKISRV / PKFRV) or the Stock Exchanges, as the case may be.
- Investments in subsidiaries, associates and joint venture companies are stated at cost. Provision is made for impairment in value, if any.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

5.3 Repurchase and resale agreements

Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the statement of financial position and are measured in accordance with accounting policies for investment securities. The counterparty liability for amounts received under these agreements is included in borrowings. The difference between sale and repurchase price is treated as mark-up / return / interest expense and accrued over the life of the repo agreement using effective yield method.

Securities purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognised in the statement of financial position, as the Bank does not obtain control over the securities. Amounts paid under these agreements are included in lendings to financial institutions. The difference between purchase and resale price is treated as mark-up / return / interest income and accrued over the life of the reverse repo agreement using effective yield method.

5.4 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the dates on which the derivative contracts are entered into and are subsequently re-measured at fair value using appropriate valuation techniques. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value of derivative instruments during the year is taken to the profit and loss account.

5.5 Financial instruments

All financial assets and financial liabilities are recognised at the time when the Bank becomes a party to the contractual provisions of the instrument. A financial asset is derecognised where (a) the rights to receive cash flows from the asset have expired; or (b) the Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (i) the Bank has transferred substantially all the risks and rewards of the asset, or (ii) the Bank has neither transferred nor retained substantially all the risk and rewards of the asset, but has transferred control of the asset. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to profit and loss account.

5.6 Advances

Advances are stated net of specific and general provisions. Provisions are made in accordance with the requirements of Prudential Regulations issued by the SBP and charged to the profit and loss account. These regulations prescribe a time based criteria (as supplemented by subjective evaluation of advances by the banks) for classification of non-performing loans and advances and computing provision there against. Such regulations also require the Bank to maintain general provision against consumer and Small and Medium Enterprises (SME) advances at specified percentage of such portfolio. General provision for loan losses of overseas branches is made as per the requirements of the respective central banks. Advances are written off where there are no realistic prospects of recovery. The amounts so written off are a book entry and does not necessarily prejudice the Bank's right of recovery against the customers. The Bank determines write-offs in accordance with the criteria as prescribed by SBP vide BPRD circular no. 06 dated June 05, 2007.

5.6.1 Islamic financing and related assets

Under Murabaha financing, funds disbursed for the purchase of goods are recorded as advance against Murabaha finance and the financing is recorded at the deferred sale price. Goods purchased but remaining unsold at the statement of financial position date are recorded as inventories.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

Assets given on Ijarah are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Ijarah assets are depreciated on a reducing balance basis over the term of the Ijarah after taking into account the estimated residual value. Impairment of Ijarah assets is recognised in line with the Prudential Regulations or upon the occurrence of an impairment event which indicates that the carrying value of the Ijarah asset may exceed its recoverable amount.

In Running Musharakah, the Bank and the customer enter into a Musharakah agreement where the Bank agrees to finance the operating activities of the customer's business and share in the profit or loss in proportion to an agreed ratio at an agreed frequency.

Under Diminishing Musharakah financing, the Bank creates joint ownership with the customer over the tangible assets to fulfill capital expenditure / project requirements. The Bank receives periodic payments from the customer against the gradual transfer of its share of ownership to the customer.

In Istisna transactions, the Bank finances the cost of goods manufactured by the customer. Once the goods are manufactured, these are sold by the customer as an agent of the Bank to recover the cost plus the agreed profit.

Under Tijarah, the Bank purchases the finished goods from the customer against payment, takes possession and appoint customer as an agent to sell these goods to ultimate buyer on deferred payment basis. Profit is recognized on accrual basis over the period of transaction.

Wakalah is an agency contract in which Bank provides funds to the customer who invests it in a Shariah compliant manner.

In Musawamah financing, the Bank purchases the goods and after taking the possession, sells them to the customer either in spot or credit transaction, without disclosing the cost.

5.7 Fixed assets and depreciation

5.7.1 Property and equipment

5.7.1.1 Owned assets

Property and equipment, except land and buildings, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Land is stated at revalued amount. Buildings are stated at revalued amount less accumulated depreciation and impairment, if any. The cost and the accumulated depreciation of property and equipment of foreign branches include exchange differences arising on currency translation at the year-end rates. Depreciation is charged to profit and loss account applying the straight line method except buildings, which are depreciated on diminishing balance method at the rates stated in note 12.2. Depreciation on addition is charged from the month in which the assets are available for use and no depreciation is charged in the month the assets are disposed off.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

Assets are derecognised when disposed off or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of property and equipment are included in profit and loss account.

The assets' residual values and useful lives are reviewed annually, and adjusted if appropriate, at statement of financial position date.

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Land and buildings' valuations are carried out by professionally qualified valuers with sufficient regularity to ensure that their carrying amounts do not differ materially from their fair value.

- Any revaluation increase arising on the revaluation of such assets is recognised in the statement of comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit and loss account, in which case the increase is credited to profit and loss account to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such assets is recognised in profit and loss account to the extent that it exceeds the balance, if any, held in "Surplus on Revaluation of Fixed Assets" relating to a previous revaluation of that asset.
- Depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account.
- An amount equal to incremental depreciation for the year net of associated deferred tax is transferred from "Surplus on Revaluation of Fixed Assets" to unappropriated profit through statement of changes in equity to record realization of surplus to the extent of the incremental depreciation charge for the year.
- On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to unappropriated profit.

5.7.2 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. These are transferred to specific assets as and when assets are available for use.

5.7.3 Impairment

The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, fixed assets are written down to their recoverable amounts.

The resulting impairment loss is taken to profit and loss account except for impairment loss on revalued assets which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of assets. Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the amount which would have been determined had there been no impairment. Reversal of impairment loss is recognised as income in profit and loss account.

5.8 Lease liability and right-of-use assets

The lease liabilities are initially measured at the present value of lease payments that includes:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees, if any;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are to be discounted using the incremental borrowing rate being the rate that the Bank would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

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On initial recognition, right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs incurred; and
- an estimate of restoration costs.

The Bank leases various offices / branches for the purpose of its operational activities. Rental contracts are typically made for fixed periods of 3 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

5.9 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. The cost and the accumulated amortisation of intangible assets of foreign branches include exchange differences arising on currency translation at the year-end rates. Amortisation is charged to profit and loss account applying the straight-line method at the rates stated in note 13. Amortisation on addition is charged from the month in which the assets are available for use and no amortisation is charged in the month the intangible assets are disposed off. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

5.10 Non-banking assets acquired in satisfaction of claims

In accordance with the requirements of the 'Regulations for Debt Property Swap' (the regulations) issued by SBP vide its BPRD Circular No. 1 of 2016, dated January 1, 2016, the non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation is credited to the 'surplus on revaluation of assets' account and any deficit arising on revaluation is taken to the profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property is charged to profit and loss account and not capitalized. Depreciation on non-banking assets acquired in satisfaction of claims is charged to the profit and loss account on the same basis as depreciation charged on the Bank's owned fixed assets.

5.11 Deposits and their cost

Deposits are recorded at the fair value of proceeds received.

Deposit costs are recognised as an expense in the period in which these are incurred using effective yield method.

5.12 Taxation

5.12.1 Current

Provision of current taxation is based on taxable income for the year determined in accordance with the prevailing laws of taxation on income earned for local as well as foreign operations, as applicable to the respective jurisdictions. The charge for the current tax also includes adjustments wherever considered necessary relating to prior years, arising from assessments framed during the year.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

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5.12.2 Deferred

Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilized. Deferred tax is not recognised on differences relating to investment in subsidiaries and branches to the extent the deductible temporary difference probably will not reverse in the foreseeable future.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit or deductible temporary differences will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to gain / loss recognised on surplus on revaluation of assets is charged / credited to such account.

5.13 Employee benefits

5.13.1 Defined benefit plans

The Bank operates an approved funded pension scheme, an un-funded post retirement medical benefits scheme and an un-funded benevolent scheme for its eligible employees. The Bank also operates an un-funded gratuity scheme for its eligible contractual employees. An actuarial valuation of all defined benefit schemes is conducted every year. The valuation uses the Projected Unit Credit method. Remeasurements of the net defined benefit liability / assets which comprise actuarial gains and losses, return on plan assets (excluding interest) and the effect of asset ceiling (if any, excluding interest) are recognised immediately in other comprehensive income. Past-service costs are recognised immediately in profit and loss account when the plan amendment occurs.

5.13.2 Other employee benefits

Employees' compensated absences

The Bank also makes provision in the financial statements for its liability towards compensated absences. This liability is estimated on the basis of actuarial advice under the Projected Unit Credit method.

5.14 Revenue recognition

Income on loans and advances and debt security investments are recognised on a time proportion basis that takes into account effective yield on the asset. In case of advances and investments classified under the Prudential Regulations, interest / mark-up is recognised on receipt basis.

Interest / mark-up on rescheduled / restructured advances and investments is recognized in accordance with the Prudential Regulations issued by SBP.

Fee, brokerage and commission income other than commission on letter of credit and guarantees is recognised upon performance of services.

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Commission on letters of credit and guarantees is recognized on time proportion basis.

Dividend income on equity investments and mutual funds is recognised when right to receive is established.

Premium or discount on debt securities classified as held-for-trading, available-for-sale and held-to-maturity securities is amortised using the effective interest method and taken to profit and loss account.

Gains and losses on disposal of investments and fixed assets are dealt with through the profit and loss account in the year in which they arise.

Income from lease financing is accounted for using the financing method. Under this method, the unearned lease income (defined as the sum of total lease rentals and estimated residual value less the cost of the leased assets) is deferred and taken to income over the term of the lease so as to produce a constant periodic rate of return on the outstanding net investment in the lease. Gains or losses on termination of lease contracts are recognised through the profit and loss account when these are realised. Unrealised lease income and other fees on classified leases are recognised on a receipt basis.

5.15 Net investment in finance lease

Leases where the bank transfers substantially all the risk and rewards incidental to ownership of the assets to the lessee are classified as finance leases. Net investment in finance lease is recognised at an amount equal to the aggregate of present value of minimum lease payment including any guaranteed residual value and excluding unearned finance income, write-offs and provision for doubtful lease finances, if any.

5.16 Foreign currencies translation

The Bank's financial statements are presented in Pak Rupees (Rs.) which is the Bank's functional and presentation currency.

Foreign currency transactions are converted into Rupees applying the exchange rate at the date of the respective transactions. Monetary assets and liabilities in foreign currencies and assets / liabilities of foreign branches are translated into Rupees at the rates of exchange prevailing at the statement of financial position date. Forward foreign exchange contracts are valued at the rates applicable to their respective maturities. All gains or losses on dealing in foreign currencies are taken to the profit and loss account.

Profit and loss account balances of foreign branches are translated at average exchange rate prevailing during the year. Gains and losses on translation are included in the profit and loss account except gains / losses arising on translation of net assets of foreign branches, which is credited to the statement of comprehensive income.

Statement of financial position balances of foreign branches are translated at exchange rate prevailing at statement of financial position date. Gains and losses on translation are included in the profit and loss account except gains / losses arising on translation of net assets of foreign branches, which is credited to the statement of comprehensive income.

Commitments for outstanding forward foreign exchange contracts are disclosed in these unconsolidated financial statements at committed amounts. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Rupee terms at the rates of exchange prevailing at the statement of financial position date.

5.17 Provision for off balance sheet obligations

Provision for guarantees, claims and other off balance sheet obligations is made when the Bank has legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of amount can be made. Charge to profit and loss account is stated net of expected recoveries.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

5.18 Off setting

Financial assets and financial liabilities are only set off and the net amount is reported in the unconsolidated financial statements when there is a legally enforceable right to set off and the Bank intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously.

5.19 Fiduciary assets

Assets held in a fiduciary capacity are not treated as assets of the Bank in the statement of financial position.

5.20 Dividend and other appropriations

Dividend and other appropriation to reserves, except appropriations which are required by the law, are recognised in the Bank's unconsolidated financial statements in the year in which these are approved.

5.21 Earnings per share

The Bank presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any. There were no dilutive potential ordinary shares in issue at December 31, 2023.

5.22 Bai Muajjal

Bai Muajjal transactions represent sales of Sukuks on a deferred payment basis and are shown in lendings to financial institutions except for transactions undertaken directly with the Government of Pakistan which are disclosed as investments.

The difference between the deferred payment amount receivable and the carrying value at the time of sale is accrued and recorded as income over the life of the transaction.

5.23 Acceptances

Acceptances comprise undertakings by the Bank to pay bill of exchange drawn on customers. Acceptances are recognised as financial liability in the statement of financial position with a contractual right of reimbursement from the customer as a financial asset. Therefore, commitments in respect of acceptances have been accounted for as on balance sheet financial assets and financial liabilities.

5.24 Segment reporting

A segment is a distinguishable component of the Bank that is subject to risks and rewards that are different from those of other segments. A business segment is one that is engaged either in providing certain products or services, where as a geographical segment is one engaged in providing certain products or services within a particular economic environment. Segment information is presented as per the Bank's functional and management reporting structure.

Business segments

The Bank's primary segment reporting is based on the following business segments:

- I. **Retail Banking Group** includes retail lending and deposits, banking services, cards and branchless banking.
- II. **Inclusive Development Group** consists of loans to individuals, agriculture, SME, commodity and commercial customers.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

- III. **Corporate and Investment Banking Group** offers a wide range of financial services to medium and large sized public and private sector entities. These services include, providing and arranging tenured financing, corporate advisory, underwriting, cash management, trade products, corporate finance products and customer services.
- IV. **Treasury** includes fixed income, equity, foreign exchange, credit, funding, own position securities, lendings and borrowings and derivatives for hedging and market making.
- V. **International Financial Institution and Remittance Group** includes the results of all international branches, correspondent banking business and global remittances. This represents Bank's operations in 13 countries including Pakistan and 18 branches including one branch in export processing zone in Pakistan.
- VI. **Aitemaad and Islamic Banking Group** provides shariah compliant services to customers including loans, deposits and other transactions.
- VII. **Head Office / Others** includes the head office related activities and other functions which cannot be classified in any of the above segments.

Geographical segments

The Bank is managed along the following geographic lines for monitoring and reporting purposes:

- I. Pakistan (including branch in Export Processing Zone)
- II. Asia Pacific (including South Asia)
- III. Europe
- IV. United States of America
- V. Middle East

5.25 Accounting estimates and judgments

The preparation of the unconsolidated financial statements in conformity with the approved accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. The estimates, judgments and associated assumptions used in the preparation of the unconsolidated financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key areas of estimates and judgments in relation to these unconsolidated financial statements are as follows:

a) Provision against non-performing loans and advances

The Bank reviews its loan portfolio to assess amount of non-performing loans and determine provision required there against on a quarterly basis. While assessing this requirement, various factors including the past dues, delinquency in the account, financial position and future business / financial plan of the borrower, value of collateral held and requirements of Prudential Regulations are considered. The Bank also considers the effect of Forced Sale Value (FSV) of collaterals in determining the amount of provision, however, no benefit of FSV of collateral has been taken during the year in determining provisioning amount.

General provision for loan losses of overseas branches is made as per the requirements of the respective central banks.

The amount of general provision against domestic consumer and SME advances is determined in accordance with the relevant Prudential Regulations and SBP directives.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

In addition, the Bank has also made general provision in respect of its corporate portfolio on prudent basis. This general provision is in addition to the requirements of Prudential Regulations.

b) Fair value of derivatives

The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant interest and exchange rates over the term of the contract.

c) Impairment of available-for-sale investments

The Bank considers that available-for-sale equity investments and mutual funds are impaired when there has been a significant or prolonged decline in the fair value below its cost except for investments where relaxation has been allowed by SBP. This determination of what is significant or prolonged requires judgment. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance.

Further the Bank has developed internal criteria according to which a decline of 30% in the market value of any scrip below its cost shall constitute as a significant decline and where market value remains below the cost for a period of one year shall constitute as a prolonged decline.

Provisions for impairment in value of debentures, term finance certificates and sukuk bonds are made as per the requirements of the Prudential Regulations issued by the SBP.

d) Held-to-maturity investments

The Bank follows the guidance provided in the SBP circulars on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. In making this judgment, the Bank evaluates its intention and ability to hold such investments till maturity.

e) Income taxes

In making the estimates for current and deferred taxes, the management looks at the income tax law and the decisions of appellate authorities on certain issues in the past. There are certain matters where the Bank's view differs with the view taken by the income tax department and such amounts are shown as contingent liabilities.

f) Fixed assets, Non-Banking asset and intangible assets, revaluation, depreciation and amortisation

In making estimates of the depreciation / amortisation method, the management uses the method which reflects the pattern in which economic benefits are expected to be consumed by the Bank. The method applied is reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the method is changed to reflect the change in pattern.

The Bank also revalues its properties on a periodic basis. Such revaluations are carried out by independent valuer and involves estimates / assumptions and various market factors and conditions.

g) Employees' benefit plans

The liabilities for employees' benefits plans are determined using actuarial valuations. The actuarial valuations involve assumptions about discount rates, expected rates of return on assets, future salary increases, future inflation rates and future pension increases as disclosed in note 39. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

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h) Provision against contingencies

Provision against contingencies is determined based on the management judgement regarding the probability of future outflows of resources embodying economic benefits to settle an obligation arising from past events.

i) Lease liability against right of use assets

The Bank applies judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Bank is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

Moreover, management exercises judgement in establishing the discount rate for new leases, utilizing the incremental borrowing rate as a benchmark.

6. CLOSURE OF FOREIGN SUBSIDIARIES AND OPERATIONS

In line with SBP Governance Framework 2018, the Board of Directors (BoD) in its 302nd meeting held on January 20 & 21, 2020 has accorded the approval of International Strategy. As per approved Strategy, the BoD allowed closure of few locations which have already been closed in prior years except Azerbaijan (Baku), Kyrgyzstan (Bishkek) and Kazakhstan (Almaty) are still in the process of closure. The Board of Directors in its 316th meeting held on January 06 & 11, 2021 has accorded its approval to scale down Bangladesh operations.

SBP also directed to close bank's operations in Paris Branch. On the basis of these directives, the BoD in its 327th meeting held on January 17, 2022 accorded their approval.

Closure process at Central Asian locations have been delayed due to non-settlement of NPLs portfolio. Operations at the following locations are under the process of closure. Tentative closure dates are also mentioned there against.

S.No	Name of International Locations	Tentative Date of Closure
1	CJSC Subsidiary Bank of NBP in Almaty, Kazakhstan	31.03.2024
2	Bishkek Branch, Kyrgyzstan	31.03.2024
3	Baku Branch, Azerbaijan	31.03.2024
4	Paris Branch, France	31.03.2024

Particulars	As at December 31, 2023				
	CJSC Subsidiary Bank of NBP in Almaty (Kazakhstan) (Subsidiary)	Baku (Azerbaijan)	Bishkek (Kyrgyzstan)	Paris (France)	Total
	----- (Branches) -----				
	----- (Rupees in '000) -----				
Cost of investment - net of impairment	1,003,778	-	-	-	1,003,778
Total Assets	-	1,461,215	2,873,265	1,560,155	5,894,635
Total Liabilities	-	51,793	18,665	123,477	193,935
Profit / (Loss) for the year	-	(15,134)	234,426	(642,483)	(423,191)

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

		2023	2022
Note		------(Rupees in '000)-----	
7. CASH AND BALANCES WITH TREASURY BANKS			
In hand:			
Local currency		62,369,227	52,704,335
Foreign currencies		9,651,086	7,192,805
		72,020,313	59,897,140
With State Bank of Pakistan in:			
Local currency current accounts	7.1	125,791,892	106,909,308
Foreign currency current accounts	7.2	21,661,443	15,661,453
Foreign currency deposit accounts	7.2	43,265,618	15,623,732
Foreign currency collection accounts		1,498,122	1,135,059
		192,217,075	139,329,552
With other central banks in:			
Foreign currency current accounts	7.3	25,964,016	26,631,693
Foreign currency deposit accounts	7.3	4,163,614	3,725,602
		30,127,630	30,357,295
Prize bonds		627,552	326,962
		294,992,570	229,910,949
7.1	This includes statutory liquidity reserves maintained with the SBP under Section 22 of the Banking Companies Ordinance, 1962.		
7.2	These represent mandatory reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the SBP.		
7.3	These balances pertain to the foreign branches and are held with central banks of respective countries. These include balances to meet the statutory and regulatory requirements in respect of liquidity and capital requirements of respective countries. The deposit accounts carry interest at the rate of 0% to 5.5% per annum (2022: 0% to 4.5% per annum).		

		2023	2022
Note		------(Rupees in '000)-----	
8. BALANCES WITH OTHER BANKS			
In Pakistan:			
In deposit accounts	8.1	15,285	13,766
		15,285	13,766
Outside Pakistan:			
In current accounts		33,508,579	12,391,006
In deposit accounts	8.2	8,801,187	6,189,028
		42,309,766	18,580,034
		42,325,051	18,593,800

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

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8.1 These include various deposits with banks and carry interest at the rates ranging from 6.00% to 12.70% per annum (2022: 3.5% to 9.5% per annum).

8.2 These include various deposits with correspondent banks outside Pakistan and carry interest at the rates ranging from 1.50% to 7.10% per annum (2022: 0% to 4% per annum).

	2023	2022
Note	------(Rupees in '000)-----	

9. LENDINGS TO FINANCIAL INSTITUTIONS

Call / clean money lendings	9.1	9,723	9,723
Repurchase agreement lendings (Reverse repo)	9.2 & 9.6	192,420,714	31,262,744
Letters of placement	9.3	174,150	174,150
	9.4	192,604,587	31,446,617
Less: provision held against lendings to financial institutions	9.5 & 9.7	(174,150)	(174,150)
Lendings to financial institutions - net of provision		192,430,437	31,272,467

9.1 This includes zero rate lending to a financial institution amounting to Rs. 9.7 million (2022: Rs. 9.7 million) which is guaranteed by the SBP.

9.2 These carry mark-up at rates ranging from 21.00% to 22.95% per annum (2022: 16% to 16.5% per annum) with maturities ranging from January 2, 2024 to January 5, 2024.

9.3 These are overdue placements and full provision has been made against these placements as at December 31, 2023.

	2023	2022
	------(Rupees in '000)-----	

9.4 Particulars of lending

In local currency	192,604,587	31,446,617
In foreign currencies	-	-
	192,604,587	31,446,617

9.5 Movement in provision held against lendings is as follows:

Opening balance	174,150	174,150
Reversal for the year	-	-
Closing balance	174,150	174,150

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

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9.6 Securities held as collateral against lendings to financial institutions

	2023			2022		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
----- (Rupees in '000) -----						
Market Treasury Bills	9,485,867	-	9,485,867	18,699,589	-	18,699,589
Pakistan Investment Bonds	182,934,847	-	182,934,847	12,563,155	-	12,563,155
Total	192,420,714	-	192,420,714	31,262,744	-	31,262,744

- 9.6.1** Market value of the securities under repurchase agreement lendings amounts to Rs. 192,518 million (2022: Rs. 31,027 million).

9.7 Category of classification

	2023		2022	
	Classified lending	Provision held	Classified lending	Provision held
----- (Rupees in '000) -----				
Domestic				
Loss	174,150	174,150	174,150	174,150
Total	174,150	174,150	174,150	174,150

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

10 INVESTMENTS

10.1 Investments by type:

Note

Held-for-trading securities

Federal Government Securities

Market treasury bills

Pakistan investment bonds

Ijarah Sukuk Bonds

Ordinary Shares

Listed Companies

Available-for-sale securities

Federal Government Securities

Pakistan investment bonds

Market treasury bills

Ijarah sukuks

Foreign currency debt securities

Ordinary Shares

Listed Companies

Unlisted Companies

Preference Shares

Listed

Unlisted

Non-Government Debt Securities

Term Finance Certificates /

Musharaka / Bonds / Debentures and

Sukuk Bonds

2023				2022			
Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
(Rupees in '000)							
23,341,720	-	7,673	23,349,393	22,269,343	-	(2,665)	22,266,678
14,665,019	-	(37,878)	14,627,141	61,942,656	-	(1,031,197)	60,911,459
5,038,531	-	(3,521)	5,035,010	-	-	-	-
79,317	-	(1,213)	78,104	424,708	-	(20,939)	403,769
43,124,587	-	(34,939)	43,089,648	84,636,707	-	(1,054,801)	83,581,906
2,926,410,213	-	(25,322,781)	2,901,087,432	1,972,276,787	-	(27,509,276)	1,944,767,511
954,585,428	-	2,228,157	956,813,585	828,851,708	-	(2,354,400)	826,497,308
30,424,484	-	(330,520)	30,093,964	20,518,238	-	(339,589)	20,178,649
40,907,401	-	(10,174,093)	30,733,308	33,045,353	-	(18,622,514)	14,422,839
51,691,556	(11,638,688)	22,284,263	62,337,131	41,601,347	(10,159,936)	4,813,864	36,255,275
2,107,198	(448,951)	-	1,658,247	1,882,196	(427,951)	-	1,454,247
1,448,472	(566,446)	161,771	1,043,797	1,448,472	(566,446)	209,451	1,091,477
558,284	(558,284)	-	-	558,284	(279,284)	-	279,000
53,137,456	(5,857,566)	355,100	47,634,990	52,125,171	(5,990,161)	1,047,326	47,182,336

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

	2023				2022			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
(Rupees in '000)								
Mutual Fund Units	2,219,646	(41,167)	1,726,825	3,905,304	2,219,646	(41,167)	941,952	3,120,431
Foreign Securities								
Equity securities - Listed	463,294	-	42,171,551	42,634,845	463,294	-	34,380,951	34,844,245
Foreign Government debt securities	3,385,022	-	8,528	3,393,550	1,914,312	-	(30,359)	1,883,953
	4,067,338,454	(19,111,102)	33,108,801	4,081,336,153	2,956,904,810	(17,464,945)	(7,462,594)	2,931,977,271
Held-to-maturity securities								
Federal Government Securities								
Pakistan investment bonds	213,116,482	-	-	213,116,482	375,236,903	-	-	375,236,903
Market treasury bills	-	-	-	-	29,376,461	-	-	29,376,461
Ijarah sukuk	14,087,500	-	-	14,087,500	13,130,709	-	-	13,130,709
Foreign currency debt securities	4,288,988	-	-	4,288,988	2,992,408	-	-	2,992,408
	404,585	(404,585)	-	-	404,585	(404,585)	-	-
Non-Government Debt Securities								
Term Finance Certificates /	41,295,981	-	-	41,295,981	36,096,507	-	-	36,096,507
Musharaka / Bonds / Debentures and	1,083	-	-	1,083	871	-	-	871
Sukuk Bonds								
	273,194,619	(404,585)	-	272,790,034	457,238,444	(404,585)	-	456,833,859
Foreign Securities								
Foreign Government debt securities	4,926,048	(2,755,128)	-	2,170,920	4,926,048	(3,942,498)	-	983,550
Non-Government Debt Securities	2,362,433	-	-	2,362,433	2,362,433	-	-	2,362,433
	2,952,967	(1,338,112)	-	1,614,855	2,952,967	(1,338,112)	-	1,614,855
Associates								
	4,393,899,108	(23,608,927)	33,073,862	4,403,364,043	3,509,021,409	(23,150,140)	(8,517,395)	3,477,353,874
Joint Venture								
Subsidiaries								
Total investments								

Note

10.6

10.5.1

10.8/10.14

10.11

10.2.4

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

10.2 Investments by segments:	2023				2022			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
(Rupees in '000)								
Federal Government Securities								
Market Treasury Bills	977,927,148	-	2,235,830	980,162,978	880,497,512	-	(2,357,065)	878,140,447
Pakistan Investment Bonds	3,154,191,714	-	(25,360,659)	3,128,831,055	2,409,456,346	-	(28,540,473)	2,380,915,873
Ijarah Sukuks	49,550,515	-	(334,041)	49,216,474	33,648,947	-	(339,589)	33,309,358
Foreign currency debt securities	45,196,389	-	(10,174,093)	35,022,296	36,037,761	-	(18,622,514)	17,415,247
	4,226,865,766	-	(33,632,963)	4,193,232,803	3,359,640,566	-	(49,859,641)	3,309,780,925
Shares								
Listed Companies	51,770,873	(11,638,688)	22,283,050	62,415,235	42,026,055	(10,159,936)	4,792,925	36,659,044
Unlisted Companies	2,107,198	(448,951)	-	1,658,247	1,882,198	(427,951)	-	1,454,247
	53,878,071	(12,087,639)	22,283,050	64,073,482	43,908,253	(10,587,887)	4,792,925	38,113,291
Non Government Debt Securities								
Listed	14,263,085	(127,305)	301,710	14,437,490	14,940,897	(130,026)	335,083	15,145,954
Unlisted	39,278,956	(6,134,846)	53,390	33,197,500	37,588,859	(6,264,720)	712,243	32,036,382
	53,542,041	(6,262,151)	355,100	47,634,990	52,529,756	(6,394,746)	1,047,326	47,182,336
Foreign Securities								
Foreign Government debt securities	44,681,003	-	8,528	44,689,531	38,010,819	-	(30,359)	37,980,460
Equity securities - Listed	463,294	-	42,171,551	42,634,845	463,294	-	34,380,951	34,844,245
Non-Government Debt Securities	1,083	-	-	1,083	871	-	-	871
	45,145,380	-	42,180,079	87,325,459	38,474,984	-	34,350,592	72,825,576
Preference shares								
Listed Companies	1,448,472	(566,446)	161,771	1,043,797	1,448,472	(566,446)	209,451	1,091,477
Unlisted Companies	558,284	(558,284)	-	-	558,284	(279,284)	-	279,000
	2,219,646	(41,167)	1,726,825	3,905,304	2,219,646	(41,167)	941,952	3,120,431
Mutual Fund Units								
Associates								
- Listed								
First Credit and Investment Bank Limited	157,431	(30,428)	-	127,003	157,431	(47,429)	-	110,002
Land Mark Spinning Mills Limited	39,710	(39,710)	-	-	39,710	(39,710)	-	-
S.G. Allied Business Limited	218,535	(218,535)	-	-	218,535	(218,535)	-	-
Nina Industries Limited	49,060	(49,060)	-	-	49,060	(49,060)	-	-
NBP Stock Fund	600,000	-	-	600,000	600,000	(191,856)	-	408,144
Agriotech Limited	3,665,605	(2,221,688)	-	1,443,917	3,665,605	(3,200,201)	-	465,404
	4,730,341	(2,559,421)	-	2,170,920	4,730,341	(3,746,791)	-	983,550

Note

10.12 / 10.13

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10.14

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10.8

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

	2023				2022			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
(Rupees in '000)								
- Unlisted								
Pakistan Emerging Venture Limited	50,563	(50,563)	-	-	50,563	(50,563)	-	-
National Fructose Company Limited	6,500	(6,500)	-	-	6,500	(6,500)	-	-
Dadabhai Energy Supply Company Limited	32,105	(32,105)	-	-	32,105	(32,105)	-	-
Pakistan Mercantile Exchange Limited	106,539	(106,539)	-	-	106,539	(106,539)	-	-
	195,707	(195,707)	-	-	195,707	(195,707)	-	-
10.10	4,926,048	(2,755,128)	-	2,170,920	4,926,048	(3,942,498)	-	983,550
Joint Venture								
United National Bank Limited	2,362,433	-	-	2,362,433	2,362,433	-	-	2,362,433
10.11								
Subsidiaries								
CJSC Subsidiary Bank of NBP in Kazakhstan	2,185,644	(1,181,867)	-	1,003,777	2,185,644	(1,181,867)	-	1,003,777
NBP Exchange Company Limited	300,000	-	-	300,000	300,000	-	-	300,000
NBP Modaraba Management Company Limited	105,000	(105,000)	-	-	105,000	(105,000)	-	-
Taurus Securities Limited	24,725	-	-	24,725	24,725	-	-	24,725
Cast-N-Link Products Limited	1,245	(1,245)	-	-	1,245	(1,245)	-	-
NBP Funds Management Limited	336,353	(50,000)	-	286,353	336,353	(50,000)	-	286,353
	2,952,967	(1,338,112)	-	1,614,855	2,952,967	(1,338,112)	-	1,614,855
Total investments	4,393,899,108	(23,608,927)	33,073,862	4,403,364,043	3,509,021,409	(23,150,140)	(8,517,395)	3,477,353,874

10.2.1 Investments given as collateral

The book value of investments given as collateral against borrowings is as follows:

	2023	2022
(Rupees in '000)		
Pakistan Investment Bonds	2,047,337,847	1,136,497,472
Market Treasury Bills	17,134,259	689,709,291
	2,064,472,106	1,826,206,763

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

10.2.2 Associates

	Number of shares	Percentage of holding	Country of incorporation	Based on the financial statements as at	Assets	Liabilities	Revenue	Profit / (loss) after taxation	Total comprehensive income / (loss)
(Rupees in '000)									
Listed									
First Credit and Investment Bank Limited	20,000,000	30.77	Pakistan	June 30, 2023	1,851,310	1,127,397	279,322	12,994	8,750
National Fibres Limited*	17,030,231	20.19	Pakistan	N/A	-	-	-	-	-
Land Mark Spinning Mills Limited	3,970,859	32.79	Pakistan	June 30, 2023	131,498	254,116	-	(12,327)	(12,327)
SG Allied Businesses Limited	3,754,900	25.03	Pakistan	June 30, 2022	1,233,803	552,420	14,247	(10,794)	(9,407)
Nina Industries Limited	4,906,000	20.27	Pakistan	N/A	-	-	-	-	-
AgriTech Limited	106,014,565	27.01	Pakistan	December 31, 2022	81,470,499	69,486,319	17,296,183	(2,953,326)	8,228,387
NBP Stock Fund	31,347,444	4.236	Pakistan	June 30, 2023	10,286,565	120,651	240,054	(333,261)	(333,261)
Unlisted									
Pakistan Emerging Venture Limited	12,500,000	33.33	Pakistan	June 30, 2022	478	404	56	(385)	(385)
National Fructose Company Limited	1,300,000	39.5	Pakistan	N/A	-	-	-	-	-
Venture Capital Fund Management*	33,333	33.33	Pakistan	N/A	-	-	-	-	-
Kamal Enterprises Limited*	11,000	20.37	Pakistan	N/A	-	-	-	-	-
Mehran Industries Limited*	37,500	32.05	Pakistan	N/A	-	-	-	-	-
Tharparkar Sugar Mills Limited*	2,500,000	21.52	Pakistan	N/A	-	-	-	-	-
Youth Investment Promotion Society*	644,508	25	Pakistan	N/A	-	-	-	-	-
Dadabhoj Energy Supply Company Limited	9,900,000	23.11	Pakistan	N/A	-	-	-	-	-
K-Agricole Limited*	5,000	20	Pakistan	N/A	-	-	-	-	-
New Pak Limited*	200,000	20	Pakistan	N/A	-	-	-	-	-
Pakistan Mercantile Exchange Limited	10,653,860	33.98	Pakistan	June 30, 2023	4,769,315	4,463,439	676,898	199,485	199,485
Prudential Fund Management Limited*	150,000	20	Pakistan	N/A	-	-	-	-	-

*Nil figure represent shares which have been acquired under different arrangements without any cost

10.2.3 Joint Venture

United National Bank Limited	20,250,000	45	United Kingdom	December 31, 2022	219,715,668	199,381,061	6,133,623	1,148,072	(1,110,841)
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NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

10.2.4 Subsidiaries									
Number of shares	Percentage of holding	Country of incorporation	Based on the financial statements as at	Assets	Liabilities	Revenue	Profit / (loss) after taxation	Total comprehensive income / (loss)	
(Rupees in '000)									
CJSC Subsidiary Bank of NBP in Kazakhstan	8,650	100	Kazakhstan	December 31, 2022	2,169,879	9,777	189,054	115,896	345,555
NBP Exchange Company Limited	99,999,999	100	Pakistan	December 31, 2022	2,042,908	239,785	873,450	439,481	439,481
NBP Modaraba Management Company Limited	10,500,000	100	Pakistan	December 31, 2022	110,915	101,277	12,121	3,452	3,452
Taurus Securities Limited	7,875,002	58.32	Pakistan	December 31, 2022	1,302,004	1,001,412	124,947	(8,294)	(13,206)
Cast-N-Link Products Limited	1,245,000	76.51	Pakistan	N/A*	-	-	-	-	-
NBP Fund Management Limited	13,499,996	54	Pakistan	June 30, 2023	3,238,750	1,933,438	1,867,827	408,333	407,586
N/A: Not available									

10.3 Provision for diminution in value of investments		2023	2022
		(Rupees in '000)	
Opening balance		23,150,140	18,486,879
Charge / (reversals)			
Charge for the year		2,157,756	4,662,589
Reversals for the year		(1,319,964)	(670,409)
Reversal on disposals		(379,005)	(179,661)
Transfers - net		458,787	3,812,519
Closing balance		-	850,742
		23,608,927	23,150,140

10.3.1 Particulars of provision against debt securities			
Category of classification			
2023		2022	
NPI	Provision	NPI	Provision
(Rupees in '000)			
Domestic			
Loss		6,525,731	6,394,746
Total		6,525,731	6,394,746

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

2023	2022
------(Rupees in '000)-----	

10.4 Quality of available for sale securities

Details regarding quality of available for sale securities (AFS) are as follows:

Federal government securities - government guaranteed

Market treasury bills	954,585,428	828,851,708
Pakistan investment bonds	2,926,410,213	1,972,276,787
Ijarah sukuks	30,424,484	20,518,238
Foreign currency debt securities	40,907,401	33,045,353
Cost	3,952,327,526	2,854,692,086

Shares

Listed companies sector - wise

Automobile Assembler	2,442,432	1,775,528
Automobile Parts and Accessories	1,067,760	1,115,685
Cable and Electrical Goods	418,994	384,069
Cement	3,672,159	4,249,593
Chemical	711,682	627,704
Commercial Banks	9,982,145	6,575,004
Engineering	2,149,015	1,422,047
Fertilizer	3,518,165	2,985,056
Food and Personal Care	1,606,665	1,208,649
Glass and Ceramics	64,314	64,314
Insurance	1,642,671	1,642,671
Investment Banks / Investment companies / Securities companies	508,688	508,688
Leasing Companies	12,594	12,594
Leather and Tanneries	45,731	214,868
Oil and Gas Exploration Companies	2,952,721	2,686,730
Oil and Gas Marketing Companies	5,707,820	5,719,991
Paper and Board	670,751	718,972
Pharmaceuticals	2,708,507	1,000,104
Power Generation and Distribution	2,893,502	3,046,397
Real Estate Investment Trust	304,025	305,972
Refinery	756,817	756,715
Sugar and Allied Industries	259,483	259,483
Synthetic and Rayon	15,499	15,499
Technology and Communication	2,408,109	1,040,079
Textile Composite	2,736,219	1,918,908
Textile Spinning	655,195	655,195
Transport	245,937	236,225
Tobacco	695,241	-
Miscellaneous	838,715	454,607
Cost	51,691,556	41,601,347

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

Unlisted companies entity - wise	2023		2022	
	Cost	Breakup value	Cost	Breakup value
------(Rupees in '000)-----				
Digri Sugar Mills Limited	4,063	135,585	4,063	135,585
Gelcaps Pakistan Limited	4,665	2,961	4,665	2,961
Pakistan Agriculture Storage Service Corporation	5,500	3,551,928	5,500	3,551,928
Al Ameen Textile	328	N/A	328	N/A
Professional Management Modaraba (Formerly Al Zamin Modarba Management (Private) Limited)	1,000	2,134	1,000	2,134
AMZ Venture Limited Class A	123	N/A	123	N/A
Arabian Sea Country Club	6,500	(7,664)	6,500	(7,664)
Atlas Power Limited	375,000	1,286,500	375,000	1,282,850
Attock Textile Mills Limited	200	N/A	200	N/A
Pakistan Mortgage Refinance Company Limited	600,000	2,156,685	600,000	1,510,050
F.T.C. Management Company Private Limited	250	43,779	250	42,759
Fauji Akbar Portia Marines Terminal Limited	321,076	609,635	321,076	593,184
Fauji Oil Terminals and Distribution Limited	10,886	183,168	10,886	130,687
First Women Bank Limited	21,100	46,319	21,100	79,733
Fortune Securities Limited	5,000	6,702	5,000	8,804
Frontier Textile Mills Limited	500	272	500	272
Gulistan Power Generation Limited	2,200	8,096	2,200	8,096
Hazara Woolen Mills Limited	200	N/A	200	N/A
Industrial Development Bank of Pakistan	107	N/A	107	N/A
Inter Asia Leasing Company Limited	500	N/A	500	N/A
ISE Towers REIT Management Company Limited	30,346	62,264	30,346	52,988
Junaid Cotton Mills Limited	327	N/A	327	N/A
Kaisar Arts and Krafts Limited	8,395	N/A	8,395	N/A
Kaytex Mills Limited	3,778	N/A	3,778	N/A
Khushhali Microfinance Bank Limited	225,000	178,700	-	-
Mian Mohammad Sugar Mills Limited	15	N/A	15	N/A
Muslim Ghee Mills Limited	1,810	N/A	1,810	N/A
Myfip Video Industries Limited	5,373	N/A	5,373	N/A
National Asset Leasing Corporation Limited	14	N/A	14	N/A
National Construction Limited	250	597	250	597
National Institution of Facilitation Technology	1,526	55,574	1,526	64,687
National Investment Trust Limited	100	700,276	100	910,231
National Woolen Mills Limited	183	N/A	183	N/A
Natover Lease and Refinance	2,602	N/A	2,602	N/A
Nowshehra Engineering Works Limited	41	N/A	41	N/A
Pakistan Export Finance Guarantee Agency Limited	11,529	1,152	11,529	1,152
Pakistan Paper Corporation Limited	373	N/A	373	N/A
Pakistan Telephone Cables	143	N/A	143	N/A
Pakistan Textile City	100,000	12,410	100,000	12,410
Pakistan Tourism Development Corporation	100	138	100	138
People Steel Mills Limited	3,276	N/A	3,276	N/A

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

	2023		2022	
	Cost	Breakup value	Cost	Breakup value
	------(Rupees in '000)-----			
Qadri Textile Mills Limited	500	N/A	500	N/A
Rehman Cotton Mills Limited	16,955	107,895	16,955	107,895
Refrigerator Manufacturing Company Limited	4,589	N/A	4,589	N/A
Rousch Power Pakistan Limited	132,888	1,430,921	132,888	1,089,730
Ruby Rice and General Mills Limited	750	N/A	750	N/A
Sahrish Textile Mills	21	N/A	21	N/A
Shoaib Capital	272	544	272	544
SME Bank Limited	26,950	(139,326)	26,950	(318)
South Asia Regional Fund	287	N/A	287	N/A
Star Salica Industries Limited	267	N/A	267	N/A
Syed Match Industries	2	N/A	2	N/A
Union Insurance Company of Pakistan	4	N/A	4	N/A
Unity Modaraba	28	N/A	28	N/A
Zafar Textiles Mills Limited	257	N/A	257	N/A
Zulsham Engineering Works Limited	330	N/A	330	N/A
Information System Associates Limited	1,719	N/A	1,719	N/A
1 Link (Pvt) Limited	50,000	428,290	50,000	428,290
Pakistan Corporate Restructuring Company Limited	96,000	N/A	96,000	N/A
Pakvitae (Private) Limited	21,000	-	21,000	N/A
	2,107,198		1,882,198	

N/A: Not available

	2023	2022
	------(Rupees in '000)-----	
Non Government Debt Securities		
Listed		
- AA+, AA, AA-	7,510,782	8,010,870
- A+, A, A-	625,000	800,000
- Unrated	6,127,303	6,130,027
Cost	14,263,085	14,940,897
Unlisted		
- AAA, AAA+	18,395,305	18,927,154
- AA+, AA, AA-	4,693,580	5,151,626
- A+, A, A-	1,838,372	2,147,091
- BBB+, BBB, BBB-	299,760	299,760
- Unrated	13,647,354	10,658,643
Cost	38,874,371	37,184,274

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

Foreign Securities					
		2023		2022	
Foreign Government Debt Securities		Cost	Rating	Cost	Rating
		(Rupees in '000)		(Rupees in '000)	
USA		3,385,022	AA+	1,914,312	AA+
				2023	2022
				(Rupees in '000)	

10.5 Particulars relating to Held to Maturity securities are as follows:

Federal Government Securities - Government guaranteed

Market Treasury Bills	-	29,376,461
Pakistan Investment Bonds	213,116,482	375,236,903
Ijarah sukuks	14,087,500	13,130,709
Foreign currency debt securities	4,288,988	2,992,408
Cost	231,492,970	420,736,481

Non Government Debt Securities

Unlisted

- Unrated	404,585	404,585
Cost	404,585	404,585

Foreign Securities

Foreign Securities	2023		2022	
	Cost	Rating	Cost	Rating
	(Rupees in '000)		(Rupees in '000)	
Foreign Government Debt Securities				
Azerbaijan	1,028,843	BB+	826,514	BB+
Bangladesh	35,789,601	BB-	31,087,653	BB-
Kyrgyzstan	274,586	B3	814,349	B3
Kingdom of Saudi Arabia	4,202,951	A+	3,367,991	A+
	41,295,981		36,096,507	

2023	2022
----- (Rupees in '000) -----	

Non Government Debt Securities

Listed

- Unrated - Cost	1,083	871
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10.5.1 The market value of securities classified as held-to-maturity as at December 31, 2023 amounted to Rs. 251,842 million (2022: Rs. 435,745 million).

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

10.6 Investment in shares of a bank incorporated outside Pakistan - Bank Al-Jazira

The Bank holds 30,333,333 (2022: 30,333,333) shares in Bank Al-Jazira (BAJ) incorporated in the Kingdom of Saudi Arabia, representing 3.7% (2022: 3.7%) holding in total equity of BAJ. The investment has been marked to market using closing price as quoted on the Saudi Stock Exchange in accordance with SBP concurrence vide letter No. BSD/SU-13/331/685/2006 dated February 17, 2006. BAJ's Viability Rating is bb+ with short term and long term Issuer Default Rating (IDR) at F2 and A- respectively by Fitch Rating Agency.

10.7 Out of 106,014,565 shares, 94,273,510 shares of Agritech Limited were acquired from Azgard Nine Limited as part of multiple agreements including the Master Restructuring Agreement (MRA). These shares were acquired at an agreed price of Rs. 35 per share.

10.8 Aggregate market value of investment in associates (quoted) on the basis of quoted prices amounts to Rs. 2,979 million (2022: Rs. 1,742 million).

10.9 Associates with zero carrying amount represent the investments acquired from former National Development Finance Corporation (NDFC) which have negative equity or whose operations were closed at the time of amalgamation.

10.10 The details of break-up value based on latest available financial statements of unlisted investments in associates are as follows:

	Year / Period ended	Break-up value Rupees in '000
Pakistan Emerging Venture Limited	June 30, 2022	25
Mehran Industries Limited	June 30, 2001	5,681
Tharparkar Sugar Mills Limited	September 30, 2001	(83,140)
Prudential Fund Management	June 30, 2007	(2,482)
Dadabhoy Energy Supply Company Limited	June 30, 2007	103,952
Pakistan Mercantile Exchange Limited	June 30, 2023	103,931

	2023	2022
Note	------(Rupees in '000)-----	

10.11 Investments in joint venture

United National Bank Limited (UNBL)
(Incorporated in United Kingdom)

10.11.1	2,362,433	2,362,433
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10.11.1 Under a joint venture agreement, the Bank holds 20.25 million ordinary shares (45%) and United Bank Limited (UBL) holds 23.25 million ordinary shares (55%) in UNBL. In addition to ordinary shares, four preference shares categories as "A", "B", "C" and "D" have been issued and allotted. The "B" and "D" category shares are held by the Bank and category "A" and "C" are held by UBL. Dividends payable on "A" and "B" shares are related to the ability of the venture to utilize tax losses that have been surrendered to it on transfer of business from the Bank or UBL as appropriate. Dividends payable on "C" and "D" shares are related to loans transferred to the venture by the Bank or UBL that have been written-off or provided for at the point of transfer and the ability of the venture to realize in excess of such loan value.

10.12 The investments also include shares acquired under tri-partite consent agreement dated June 29, 2011. These strategic investments comprise of the shares of Pakistan State Oil (38,055,247 shares), shares of Sui Northern Gas Pipeline Limited (18,805,318 shares) and shares of Pakistan Engineering Company (135,242 shares). The cost of these shares amounts to Rs. 4,603 million and market value as at December 31, 2023 amounts to Rs. 8,186 million. These shares have been frozen by the Government of Pakistan for sale in the equity market due to their proposed privatization and can not be sold without concurrence of privatization commission.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

10.13 The investments also include 31,665,000 shares of Pakistan Reinsurance Company Limited. The cost of these shares amounts to Rs. 220 million and market value as at December 31, 2023 amounts to Rs. 244 million. These shares can not be sold without concurrence of privatization commission.

10.14 The investments also include 20,000,000 shares of First Credit and Investment Bank. The cost of these shares amounts to Rs. 157 million and market value as at December 31, 2023 amounts to Rs. 127 million. These shares can not be disinvested without prior consultation with Ministry of Finance.

11. ADVANCES

Performing		Non Performing		Total	
2023	2022	2023	2022	2023	2022

Note -----(Rupees in '000)-----

Loans, cash credits, running finances, etc.	1,325,183,535	1,168,258,464	205,630,719	190,545,941	1,530,814,254	1,358,804,405
Islamic financing and related assets	73,125,444	46,381,315	1,550,351	654,980	74,675,795	47,036,295
Net investment in finance lease	16,207	35,384	-	-	16,207	35,384
Bills discounted and purchased	12,534,791	18,598,616	13,644,646	14,106,504	26,179,437	32,705,120
Advances - gross	1,410,859,977	1,233,273,779	220,825,716	205,307,425	1,631,685,693	1,438,581,204
Provision against advances						
- Specific	-	-	203,570,752	190,710,861	203,570,752	190,710,861
- General	30,038,121	17,348,539	-	-	30,038,121	17,348,539
	30,038,121	17,348,539	203,570,752	190,710,861	233,608,873	208,059,400
Advances - net of provision	1,380,821,856	1,215,925,240	17,254,964	14,596,564	1,398,076,820	1,230,521,804

11.1 Net investment in finance lease

2023				2022			
Not later than one year	Later than one and upto five years	Over five years	Total	Not later than one year	Later than one and upto five years	Over five years	Total

----- (Rupees in '000) -----

Lease rentals receivable	2,304	-	-	2,304	1,312	-	-	1,312
Residual value	14,064	-	-	14,064	34,237	-	-	34,237
Minimum lease payments	16,368	-	-	16,368	35,549	-	-	35,549
Less: Financial charges for future periods	161	-	-	161	165	-	-	165
Present value of minimum lease payments	16,207	-	-	16,207	35,384	-	-	35,384

The leases executed are for a term of 1 to 5 years. Security deposit is generally obtained upto 10% of the cost of leased assets at the time of disbursement. The Bank requires the lessee to insure the leased assets in favor of the Bank. Additional surcharge is charged on delayed rentals. The average return implicit ranges from 10.19% to 14.85% (2022: 10.19% to 14.85%) per annum.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

	2023	2022
	------(Rupees in '000)-----	
11.2 Particulars of advances (Gross)		
In local currency	1,334,480,999	1,264,352,705
In foreign currencies	297,204,695	174,228,499
	1,631,685,694	1,438,581,204

11.3 Advances include Rs. 220,826 million (2022: 205,307 million) which have been placed under non-performing status as detailed below:

	2023		2022	
Category of Classification	Non Performing Loans	Provision	Non Performing Loans	Provision
	------(Rupees in '000)-----			
Domestic				
Other Assets Especially Mentioned	2,156,275	60,035	1,780,995	73,114
Substandard	6,421,005	1,560,252	5,888,114	1,439,916
Doubtful	11,443,314	5,980,028	8,834,066	4,645,364
Loss	136,013,278	133,633,669	135,077,580	132,802,811
	156,033,872	141,233,984	151,580,755	138,961,205
Overseas				
Not past due but impaired				
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	400,925	200,463	331,133	165,566
365 days	64,390,919	62,136,305	53,395,537	51,584,090
	64,791,844	62,336,768	53,726,670	51,749,656
Total	220,825,716	203,570,752	205,307,425	190,710,861

11.4 Particulars of provision against advances

	2023			2022		
	Specific	General	Total	Specific	General	Total
Note	------(Rupees in '000)-----					
Opening balance	190,710,861	17,348,539	208,059,400	179,311,722	12,472,591	191,784,313
Exchange adjustments	12,156,348	153,606	12,309,954	8,339,198	107,952	8,447,150
Charge for the year	8,127,265	14,854,298	22,981,563	5,227,343	9,553,101	14,780,444
Reversals	(8,063,994)	(1,530,934)	(9,594,928)	(4,963,631)	(1,757,105)	(6,720,736)
	63,271	13,323,364	13,386,635	263,712	7,795,996	8,059,708
Amounts written off	(102,509)	-	(102,509)	(175,513)	-	(175,513)
Amounts charged off- agriculture financing	(44,607)	-	(44,607)	(56,258)	-	(56,258)
Transfer from general to specific provision	787,388	(787,388)	-	3,028,000	(3,028,000)	-
Closing balance	203,570,752	30,038,121	233,608,873	190,710,861	17,348,539	208,059,400

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

11.4.1 Particulars of provision against advances

	2023			2022		
	Specific	General	Total	Specific	General	Total
(Rupees in '000)						
In local currency	141,233,984	29,767,923	171,001,907	138,961,205	16,741,242	155,702,447
In foreign currencies	62,336,768	270,198	62,606,966	51,749,656	607,297	52,356,953
	203,570,752	30,038,121	233,608,873	190,710,861	17,348,539	208,059,400

11.4.1.1 General provision includes provision amounting to Rs. 4,987 million (2022: Rs. 5,211 million) against consumer & SME finance portfolio as required by the Prudential Regulations issued by the SBP. General provision also includes Rs. 270 million (2022: Rs. 607 million) pertaining to overseas advances to meet the requirements of regulatory authorities of the respective countries in which the Bank operates.

Keeping in view the portfolio assessment and the estimated impact of adoption of IFRS 9, the Bank has also maintained a general provision of Rs. 24,781 million (2022: Rs. 11,530 million) against underperforming portfolio on prudent basis, in view of prevailing economic conditions. This general provision is in addition to the requirements of Prudential Regulations.

11.4.1.2 The SBP has allowed specific relaxation to the Bank for non-classification of overdue loans of certain Public Sector Entities (PSEs) which are guaranteed by Government of Pakistan as non-performing loans up till December 31, 2023. No provision is required against these loans; however, mark-up is being suspended as required by the Prudential Regulations.

11.4.1.3 These represent non-performing advances for agriculture finance which have been classified as loss and fully provided for more than 3 years. These non-performing advances have been charged off by extinguishing them against the provision held in accordance with Prudential Regulations for Agriculture Financing issued by the SBP. This charge off does not, in any way, prejudice the Bank's right of recovery from these customers.

11.5 Particulars of write-offs

	Note	2023	2022
		(Rupees in '000)	
11.5.1 Against provisions	11.5.2	102,509	169,175
11.5.2 Write-offs of Rs. 500,000 and above			
- Domestic		41,087	128,797
- Overseas		8,219	-
	11.6	49,306	128,797
Write-offs of below Rs. 500,000		53,203	40,378
Total Write offs		102,509	169,175
Total Reversals		-	6,338

11.6 Details of loan write-off of Rs. 500,000/- and above

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962, the statement in respect of written-off loans or any other financial relief of rupees five hundred thousand or above allowed to a person(s) during the year ended December 31, 2023 is given in Annexure-I to the unconsolidated financial statements (except where such disclosure is restricted by overseas regulatory authorities).

11.7 Information related to Islamic financing and related assets is given in note 2 of Annexure II and is an integral part of these unconsolidated financial statements.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

12. FIXED ASSETS

Capital work-in-progress
Property and equipment

12.1 Capital work-in-progress

Civil works
Equipment
Advances to suppliers and contractors
Software implementation in progress

12.2 Property and equipment

	Note	2023	2022
		(Rupees in '000)	
	12.1	1,623,424	1,080,087
	12.2	55,350,993	56,025,755
		56,974,417	57,105,842
		1,553,964	1,010,529
		10,727	10,825
		58,733	58,733
		-	-
		1,623,424	1,080,087

2023									
	Freehold land	Leasehold land	Building on freehold land	Building on leasehold land	Furniture and fixture	Computer and peripheral equipment	Electrical, office equipment	Vehicles	Assets held under finance lease - vehicles
	(Rupees in '000)								
	21,472,756	21,087,923	7,465,497	5,600,717	7,440,946	5,230,143	7,962,155	2,028,545	165,253
	-	-	(1,784,985)	(1,424,821)	(5,874,872)	(4,885,776)	(7,014,159)	(1,278,315)	(165,252)
	21,472,756	21,087,923	5,680,512	4,175,896	1,566,074	344,367	947,996	750,230	1
	21,472,756	21,087,923	5,680,512	4,175,896	1,566,074	344,367	947,996	750,230	1
	21,472,756	21,087,923	5,680,512	4,175,896	1,566,074	344,367	947,996	750,230	1
	-	-	65,247	97,784	727,024	467,203	502,393	287,290	-
	-	-	-	17,842	-	-	-	-	-
	-	-	-	(178,130)	(11,512)	(6,860)	(8,187)	(49,592)	-
	-	-	(294,866)	(201,572)	(512,782)	(579,394)	(545,169)	(322,740)	(2,456,523)
	-	-	-	3,750	9,045	6,859	7,187	27,691	-
	-	-	-	54,303	13,269	32,160	8,990	1,670	-
	-	-	-	-	(293,665)	-	-	-	(293,665)
	21,472,756	21,087,923	5,450,893	3,969,873	1,497,453	264,335	913,210	694,549	1
	21,472,756	21,087,923	5,450,893	3,969,873	1,497,453	264,335	913,210	694,549	1

At January 1, 2023

Cost / revalued amount
Accumulated depreciation
Net book value

Year ended December 2023

Opening net book value
Additions
Movement in surplus on assets revalued
Disposals
Depreciation charge
Depreciation adjustment - disposal
Exchange rate adjustments
Other adjustments / transfers
Closing net book value

At December 31, 2023

Cost / revalued amount
Accumulated depreciation
Net book value

Rate of depreciation (percentage)

21,472,756	21,087,923	7,465,497	5,600,717	7,440,946	5,230,143	7,962,155	2,028,545	165,253	78,453,935
-	-	(1,784,985)	(1,424,821)	(5,874,872)	(4,885,776)	(7,014,159)	(1,278,315)	(165,252)	(22,428,180)
21,472,756	21,087,923	5,680,512	4,175,896	1,566,074	344,367	947,996	750,230	1	56,025,755
21,472,756	21,087,923	5,680,512	4,175,896	1,566,074	344,367	947,996	750,230	1	56,025,755
-	-	65,247	97,784	727,024	467,203	502,393	287,290	-	2,146,941
-	-	-	17,842	-	-	-	-	-	17,842
-	-	-	(178,130)	(11,512)	(6,860)	(8,187)	(49,592)	-	(254,281)
-	-	(294,866)	(201,572)	(512,782)	(579,394)	(545,169)	(322,740)	(2,456,523)	(2,456,523)
-	-	-	3,750	9,045	6,859	7,187	27,691	-	54,532
-	-	-	54,303	13,269	32,160	8,990	1,670	-	110,392
-	-	-	-	(293,665)	-	-	-	-	(293,665)
21,472,756	21,087,923	5,450,893	3,969,873	1,497,453	264,335	913,210	694,549	1	55,350,993
21,472,756	21,087,923	5,450,893	3,969,873	1,497,453	264,335	913,210	694,549	1	55,350,993
21,472,756	21,087,923	7,530,744	5,592,516	7,876,062	5,722,646	8,465,351	2,267,913	165,253	80,181,164
-	-	(2,079,851)	(1,622,643)	(6,378,609)	(5,458,311)	(7,552,141)	(1,573,364)	(165,252)	(24,830,171)
21,472,756	21,087,923	5,450,893	3,969,873	1,497,453	264,335	913,210	694,549	1	55,350,993
Nil	Nil	5% on book value	5% on book value	20% on cost	33.33% on cost	20% - 50% on cost	20% on cost	20% on cost	

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

	2022									
	Freehold land	Leasehold land	Building on freehold land	Building on leasehold land	Furniture and fixture	Computer and peripheral equipment	Electrical, office equipment	Vehicles	Assets held under finance lease - vehicles	Total
	------(Rupees in '000)-----									
At January 1, 2022										
Cost / Revalued amount	20,370,445	19,465,743	6,524,947	5,131,378	6,820,804	4,979,128	7,596,952	1,963,459	165,253	73,018,109
Accumulated depreciation	-	-	(1,522,702)	(1,230,090)	(5,263,350)	(4,536,294)	(6,505,609)	(1,093,597)	(165,252)	(20,316,894)
Net book value	20,370,445	19,465,743	5,002,245	3,901,288	1,557,454	442,834	1,091,343	869,862	1	52,701,215

Year ended December 2022										
Opening net book value	20,370,445	19,465,743	5,002,245	3,901,288	1,557,454	442,834	1,091,343	869,862	1	52,701,215
Additions	-	-	192,827	333,935	635,155	258,220	311,633	235,796	-	1,967,566
Movement in surplus on assets revalued	-	-	-	-	-	-	-	-	-	-
Disposals	1,110,306	1,622,180	791,946	167,353	(18,664)	(7,205)	(7,952)	(173,354)	-	3,691,785
Depreciation charge	-	-	(262,282)	(194,731)	(626,948)	(356,687)	(516,449)	(309,890)	-	(2,266,987)
Depreciation adjustment - disposal	-	-	-	-	15,425	7,205	7,899	125,172	-	155,701
Exchange rate adjustments	-	-	-	(11,024)	3,651	-	3,611	2,644	-	(1,118)
Other adjustments / transfers	(7,995)	-	(44,223)	(20,925)	-	-	57,911	-	-	(15,232)
Closing net book value	21,472,756	21,087,923	5,680,513	4,175,896	1,566,073	344,367	947,996	750,230	1	56,025,755

At December 31, 2022										
Cost / Revalued amount	21,472,756	21,087,923	7,465,497	5,600,717	7,440,946	5,230,143	7,962,155	2,028,545	165,253	78,453,935
Accumulated depreciation	-	-	(1,784,985)	(1,424,821)	(5,874,872)	(4,885,776)	(7,014,159)	(1,278,315)	(165,252)	(22,428,180)
Net book value	21,472,756	21,087,923	5,680,512	4,175,896	1,566,074	344,367	947,996	750,230	1	56,025,755

Rate of depreciation (percentage)	Nil	Nil	5% on book value	5% on book value	20% on cost	33.33% on cost	20% - 50% on cost	20% on cost	20% on cost	

12.2.1

Revaluation of Properties

The properties of the Bank have been revalued by the independent professional valuer as at December 31, 2022. The revaluation was carried out by an independent professional valuer, RBS Associates (Private) Limited (PBA registered valuer) on the basis of professional assessment of present market values. The total surplus against revaluation of fixed assets as at December 31, 2023, amounts to Rs. 47,396 million. Had there been no revaluation, the carrying amount of the revalued assets at December 31, 2023, would have been as follows:

	2023	2022
(Rupees in '000)		
Freehold land	1,132,637	1,132,637
Leasehold land	890,025	890,025
Building on freehold land	1,076,598	1,013,440
Building on leasehold land	2,006,052	1,909,929
	5,105,312	4,946,031
Carrying amount of temporarily idle property of the Bank	5,583,785	5,319,961
The cost of fully depreciated assets still in use		
Furniture and fixtures	2,232,841	2,123,087
Electrical and office equipment	3,640,626	3,260,800
Computer and peripheral equipment	3,390,782	3,157,918
Vehicles	1,417,915	1,316,496
	10,682,164	9,858,301

12.2.2

12.2.3

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

12.3 Details of disposals of fixed assets to related parties

The particulars of disposal of fixed assets to related parties (Employees / Ex-Employees) are given below:

Particulars of property and equipment	Original cost	Book Value	Sale Proceed	Gain / (loss) on disposal	Mode of disposal	Particulars of purchaser	Buyers name
(Rupees in '000)							
Vehicles	1,824	152	365	213	As per Entitlement	Employee	Mr.Riaz Mahmood
Vehicles	1,824	334	365	31	As per Entitlement	Employee	Mr.Mobashir Nabi
Vehicles	1,824	152	365	213	As per Entitlement	Employee	Ms.Nadia Ahmer
Vehicles	2,029	203	203	-	As per Entitlement	Employee	Mr.Jalil Ahmed Tariq
Vehicles	2,229	706	706	-	As per Entitlement	Ex-Employee	Mr.Javed Haider
Vehicles	2,695	1,752	1,752	-	As per Entitlement	Ex-Employee	Mr.Sohail Akhtar Arbab
Vehicles	2,623	1,792	1,792	-	As per Entitlement	Employee	Mr.Saeed Ahmed Shah
Vehicles	8,908	5,048	5,048	-	As per Entitlement	Employee	Mr.Rehmat Ali Hasnie
Vehicles	1,824	30	182	152	As per Entitlement	Ex-Employee	Mr.Naveed Sultan
Vehicles	2,623	1,749	1,749	-	As per Entitlement	Employee	Mr. Manzoor Ahmed
Vehicles	2,675	1,516	1,516	-	As per Entitlement	Employee	Mr.Muhammad Zaman Khan
Vehicles	2,380	793	793	-	As per Entitlement	Employee	Mr.Abdul Majid Sheikh
Vehicles	2,723	1,452	1,452	-	As per Entitlement	Employee	Mr.Noor Ul Islam
Vehicles	2,525	800	800	-	As per Entitlement	Employee	Mr.Abdul Jamal Tariq
Vehicles	2,723	1,498	1,498	-	As per Entitlement	Employee	Mr.Mumtaz Ahmed Farooq
Vehicles	2,723	1,271	1,271	-	As per Entitlement	Employee	Mr.Nasir Khan
Vehicles	2,525	842	842	-	As per Entitlement	Employee	Mr.Mubashir Ahmed
Vehicles	2,775	1,711	1,711	-	As per Entitlement	Employee	Mr.Moeen-Ud-Din
	49,452	21,801	22,410	609			
Computer and peripheral equipment	101	-	10	10	As per Entitlement	Employee	Mr.Javed Ashraf
Computer and peripheral equipment	100	-	10	10	As per Entitlement	Employee	Mr.Agha Abdul Hakeem
Computer and peripheral equipment	115	-	12	12	As per Entitlement	Employee	Ms.Hina Saleem
Computer and peripheral equipment	111	-	11	11	As per Entitlement	Employee	Mr.Khalid Ahmed
Computer and peripheral equipment	122	-	12	12	As per Entitlement	Employee	Mr.Zeeshan Siddiqui
Computer and peripheral equipment	127	-	13	13	As per Entitlement	Employee	Mr.Azmat Zuberi
Computer and peripheral equipment	64	-	6	6	As per Entitlement	Employee	Mr.Muhammad Adeel Khan
Computer and peripheral equipment	112	-	11	11	As per Entitlement	Employee	Mr.Murshid Ali Khan
Computer and peripheral equipment	268	-	27	27	As per Entitlement	Employee	Mr.Amin Manji
Computer and peripheral equipment	121	-	12	12	As per Entitlement	Employee	Mr.Vinod Kumar
Computer and peripheral equipment	127	-	13	13	As per Entitlement	Employee	Mr.Maqqsood Ahmed Siddiqui
Computer and peripheral equipment	126	-	13	13	As per Entitlement	Employee	Mr.Raheel Iqbal
Computer and peripheral equipment	109	-	11	11	As per Entitlement	Employee	Ms.Sana Aslam
Computer and peripheral equipment	99	-	10	10	As per Entitlement	Employee	Mr.Aijaz Hyder Shaikh
Computer and peripheral equipment	64	-	6	6	As per Entitlement	Employee	Mr.Sabghatullah Shaikh
Computer and peripheral equipment	224	-	22	22	As per Entitlement	Employee	Mr.Abdul Wahid Sethi
Computer and peripheral equipment	127	-	13	13	As per Entitlement	Employee	Mr.Amer Nasrullah
Computer and peripheral equipment	118	-	12	12	As per Entitlement	Employee	Mr.Hamid Hassan
Computer and peripheral equipment	118	-	12	12	As per Entitlement	Employee	Mr.Umair Asghar Khan
Computer and peripheral equipment	140	-	14	14	As per Entitlement	Employee	Mr.Asif Khan
Computer and peripheral equipment	124	-	12	12	As per Entitlement	Employee	Mr.Waqee Siddiqui
Computer and peripheral equipment	125	-	13	13	As per Entitlement	Employee	Mr.Wajahat Aziz Qureshi
Computer and peripheral equipment	122	-	12	12	As per Entitlement	Employee	Mr.Tahir Abbas
Computer and peripheral equipment	122	-	12	12	As per Entitlement	Employee	Mr.Ehtisham Rashid
Computer and peripheral equipment	128	-	13	13	As per Entitlement	Employee	Mr.Abdul Waheed Sabir
Computer and peripheral equipment	121	-	12	12	As per Entitlement	Employee	Ms.Sapna
Computer and peripheral equipment	120	-	12	12	As per Entitlement	Employee	Mr.Faisal Khan
Computer and peripheral equipment	112	-	11	11	As per Entitlement	Employee	Ms.Ramsha Areeb
Computer and peripheral equipment	118	-	12	12	As per Entitlement	Employee	Mr.Zubair Ahmed
Computer and peripheral equipment	128	-	13	13	As per Entitlement	Employee	Ms.Amber Salim
Computer and peripheral equipment	134	-	13	13	As per Entitlement	Employee	Mr.Shoaib Qaisarani
Computer and peripheral equipment	113	-	11	11	As per Entitlement	Employee	Ms.Fouzia Nawaz Baloch
Computer and peripheral equipment	120	-	12	12	As per Entitlement	Employee	Mr.Arif
Computer and peripheral equipment	115	-	11	11	As per Entitlement	Employee	Mr.Nauman Ahmed

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For the year ended December 31, 2023

Particulars of property and equipment	Original cost	Book Value	Sale Proceed	Gain / (loss) on disposal	Mode of disposal	Particulars of purchaser	Buyers name
(Rupees in '000)							
Computer and peripheral equipment	118	-	12	12	As per Entitlement	Employee	Mr.Amir Khan
Computer and peripheral equipment	121	-	12	12	As per Entitlement	Employee	Mr.Khurram Jafri
Computer and peripheral equipment	159	-	16	16	As per Entitlement	Employee	Mr.Sufyan Islam
Computer and peripheral equipment	112	-	11	11	As per Entitlement	Employee	Mr.Muhammad Ahmer
Computer and peripheral equipment	99	-	10	10	As per Entitlement	Employee	Mr.Rehmat Ali Hasnie
Computer and peripheral equipment	192	-	19	19	As per Entitlement	Employee	Mr.Rehmat Ali Hasnie
Computer and peripheral equipment	145	-	-	-	As per Entitlement	Employee	Mr.Rehmat Ali Hasnie
Computer and peripheral equipment	140	-	-	-	As per Entitlement	Employee	Mr.Rehmat Ali Hasnie
Computer and peripheral equipment	227	-	23	23	As per Entitlement	Ex-Employee	Ms.Asma Shaikh
Computer and peripheral equipment	128	-	13	13	As per Entitlement	Employee	Mr. Syed Arshad Ali
Computer and peripheral equipment	96	-	10	10	As per Entitlement	Ex-Employee	Mr. Syed Jamal Baqaur
Computer and peripheral equipment	102	-	10	10	As per Entitlement	Ex-Employee	Ms.Saima Abdul Rashid
Computer and peripheral equipment	64	-	6	6	As per Entitlement	Ex-Employee	Mr.S Shoaib Ur Rehman
Computer and peripheral equipment	99	-	10	10	As per Entitlement	Ex-Employee	Mr.Muhammad Mubashir Ahmed
Computer and peripheral equipment	96	-	10	10	As per Entitlement	Ex-Employee	Mr.Mumtaz A Farooq
Computer and peripheral equipment	100	-	10	10	As per Entitlement	Ex-Employee	Mr.Muhammad Farukh Ghauri
Computer and peripheral equipment	191	-	-	-	As per Entitlement	Ex-Employee	Mr.Umair Wasti
Computer and peripheral equipment	131	-	13	13	As per Entitlement	Ex-Employee	Mr.Muhammad Fuad Mohsin
Computer and peripheral equipment	193	-	-	-	As per Entitlement	Ex-Employee	Mr.Nauman Riaz
	6,708	-	604	604			
Electrical & Office equipments	135	-	-	-	As per Entitlement	Employee	Mr.Rehmat Ali Hasnie
Electrical & Office equipments	148	-	-	-	As per Entitlement	Employee	Mr.Rehmat Ali Hasnie
Electrical & Office equipments	230	-	-	-	As per Entitlement	Employee	Mr.Rehmat Ali Hasnie
Electrical & Office equipments	331	-	-	-	As per Entitlement	Ex-Employee	Ms.Asma Shaikh
Electrical & Office equipments	306	-	-	-	As per Entitlement	Ex-Employee	Mr.Nauman Riaz
Electrical & Office equipments	50	-	-	-	As per Entitlement	Ex-Employee	Ms.Saima Abdul Rashid
Electrical & Office equipments	114	-	-	-	As per Entitlement	Ex-Employee	Mr.Jamal Baqaur
Electrical & Office equipments	288	-	-	-	As per Entitlement	Ex-Employee	Mr.Jamal Baqaur
Electrical & Office equipments	70	-	-	-	As per Entitlement	Ex-Employee	Mr.Ali Mansoor
Electrical & Office equipments	265	-	-	-	As per Entitlement	Ex-Employee	Mr.Umair Wasti
Electrical & Office equipments	40	-	-	-	As per Entitlement	Ex-Employee	Mr. Muhammad Fuad Mohsin
Electrical & Office equipments	42	-	-	-	As per Entitlement	Ex-Employee	Mr.Muhammad Fuad Mohsin
Electrical & Office equipments	800	573	573	-	As per Entitlement	Ex-Employee	Mr.Jamal Baqaur
Electrical & Office equipments	800	-	-	-	As per Entitlement	Employee	Mr.Rehmat Ali Hasnie
Electrical & Office equipments	800	427	427	-	As per Entitlement	Ex-Employee	Mr.Ali Mansoor
	4,419	1,000	1,000	-			
Furniture and fixture	225	37	37	-	As per Entitlement	Ex-Employee	Mr.Naveed Sultan
Furniture and fixture	160	15	15	-	As per Entitlement	Ex-Employee	Mr.Muhammad Yahya
Furniture and fixture	330	19	19	-	As per Entitlement	Ex-Employee	Mr.Javed Haider
Furniture and fixture	160	18	18	-	As per Entitlement	Ex-Employee	Mr.Manzoor Hussain Niza
Furniture and fixture	160	33	33	-	As per Entitlement	Ex-Employee	Mr.Syed Amjad Hussain Bukhari
Furniture and fixture	160	45	45	-	As per Entitlement	Ex-Employee	Ms.Sumbul Akhter
Furniture and fixture	160	51	51	-	As per Entitlement	Ex-Employee	Ms.Samreen Zehra
Furniture and fixture	160	1	1	-	As per Entitlement	Ex-Employee	Mr.Ahmed Kashif Khan
Furniture and fixture	160	53	53	-	As per Entitlement	Ex-Employee	Mr.Muhammad Akbar
Furniture and fixture	160	16	16	-	As per Entitlement	Ex-Employee	Mr.Rafiq Ahmed
Furniture and fixture	160	41	41	-	As per Entitlement	Ex-Employee	Mr.Asghar Hameed
Furniture and fixture	160	60	60	-	As per Entitlement	Ex-Employee	Mr.Muhammad Najeeb Hassan
Furniture and fixture	160	49	49	-	As per Entitlement	Ex-Employee	Mr.Muhammad Akram Khan
Furniture and fixture	190	48	48	-	As per Entitlement	Ex-Employee	Mr.Muhammad Yousuf Raza
Furniture and fixture	190	18	18	-	As per Entitlement	Ex-Employee	Mr. Syed Taha Tanveer Ali
Furniture and fixture	160	63	63	-	As per Entitlement	Ex-Employee	Mr.Late Amjad
Furniture and fixture	160	1	1	-	As per Entitlement	Ex-Employee	Mr.Aftab Azeem
Furniture and fixture	225	62	62	-	As per Entitlement	Ex-Employee	Mr.Saeed Ahmed Shah
Furniture and fixture	160	144	144	-	As per Entitlement	Ex-Employee	Mr.Naeem Hassan
Furniture and fixture	200	127	127	-	As per Entitlement	Ex-Employee	Mr.Syed Murtaza Shah

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Particulars of property and equipment	Original cost	Book Value	Sale Proceed	Gain / (loss) on disposal	Mode of disposal	Particulars of purchaser	Buyers name
------(Rupees in '000)-----							
Furniture and fixture	200	107	107	-	As per Entitlement	Ex-Employee	Mr.Imtiaz Ahmed Shaikh
Furniture and fixture	190	63	63	-	As per Entitlement	Ex-Employee	Mr.Amanullah
Furniture and fixture	160	5	5	-	As per Entitlement	Ex-Employee	Mr.Aamir Rizwan
Furniture and fixture	160	44	44	-	As per Entitlement	Ex-Employee	Mr.Shahadat Hussain
Furniture and fixture	50	-	-	-	As per Entitlement	Ex-Employee	Mr.Masihullah
Furniture and fixture	190	38	38	-	As per Entitlement	Ex-Employee	Mr.Arshad Rizwan
Furniture and fixture	335	89	89	-	As per Entitlement	Ex-Employee	Mr.Dr.Jalil Ahmad Tariq
Furniture and fixture	160	44	44	-	As per Entitlement	Ex-Employee	Mr.Sakhi Jan Khattak
Furniture and fixture	190	22	22	-	As per Entitlement	Ex-Employee	Mr.Mansoor Ahmad
Furniture and fixture	160	43	43	-	As per Entitlement	Ex-Employee	Mr.Abdul Hafeez Sehto
Furniture and fixture	190	93	93	-	As per Entitlement	Ex-Employee	Mr.Muhammad Ayub
Furniture and fixture	160	32	32	-	As per Entitlement	Ex-Employee	Mr.Tariq Majeed Malkana
Furniture and fixture	160	27	27	-	As per Entitlement	Ex-Employee	Mr.Muhammad Sharif
Furniture and fixture	160	51	51	-	As per Entitlement	Ex-Employee	Mr.Mir Faiz Hussain Talpur
Furniture and fixture	160	29	29	-	As per Entitlement	Ex-Employee	Mr.Sobho Zardari
Furniture and fixture	200	28	28	-	As per Entitlement	Ex-Employee	Mr.Muhammad Farrukh Ghauri
Furniture and fixture	160	20	20	-	As per Entitlement	Ex-Employee	Mr.Muhammad Shoaib
Furniture and fixture	160	52	52	-	As per Entitlement	Ex-Employee	Mr.Saleh Muhammad Baloch
Furniture and fixture	160	52	52	-	As per Entitlement	Ex-Employee	Mr. Syed Wajid Ali
Furniture and fixture	335	104	104	-	As per Entitlement	Ex-Employee	Mr.Muhammad Zaman Khan
Furniture and fixture	160	47	47	-	As per Entitlement	Ex-Employee	Mr.Amjad Masood
Furniture and fixture	200	58	58	-	As per Entitlement	Ex-Employee	Mr.Abdul Majid Sheikh
Furniture and fixture	200	63	63	-	As per Entitlement	Ex-Employee	Mr.Noor Ul Islam
Furniture and fixture	175	-	-	-	As per Entitlement	Ex-Employee	Mr.Abdul Jamal Tariq Hassan
Furniture and fixture	200	53	53	-	As per Entitlement	Ex-Employee	Mr.Muhammad Mumtaz Ahmed Farooq
Furniture and fixture	160	25	25	-	As per Entitlement	Ex-Employee	Mr.Ishrat Bokhari
Furniture and fixture	160	39	39	-	As per Entitlement	Ex-Employee	Mr.Mansoor Ahmed
Furniture and fixture	190	33	33	-	As per Entitlement	Ex-Employee	Mr.Ashraf Ali Abbasi
Furniture and fixture	200	27	27	-	As per Entitlement	Ex-Employee	Mr.Nasir Khan
Furniture and fixture	175	6	6	-	As per Entitlement	Ex-Employee	Mr.Rao Naeem Ahmed
Furniture and fixture	160	11	11	-	As per Entitlement	Ex-Employee	Mr.Gohar Abbas
Furniture and fixture	190	41	41	-	As per Entitlement	Ex-Employee	Mr.Muhamamd Nabi
Furniture and fixture	160	45	45	-	As per Entitlement	Ex-Employee	Mr.Zafar Irshad
Furniture and fixture	200	45	45	-	As per Entitlement	Ex-Employee	Mr.Shamim Ul Hassan Waheed
Furniture and fixture	160	43	43	-	As per Entitlement	Ex-Employee	Mr.Muhammad Yousaf
Furniture and fixture	200	55	55	-	As per Entitlement	Ex-Employee	Mr.Manzoor Ahmad
Furniture and fixture	160	32	32	-	As per Entitlement	Ex-Employee	Mr.Arshad Ali
	10,290	2,467	2,467	-			
	70,869	25,268	26,481	1,213			

13. INTANGIBLE ASSETS

Capital work-in-progress
Intangible assets

		2023	2022
Note		------(Rupees in '000)-----	
13.1		441,922	841,289
		1,068,139	547,658
		1,510,061	1,388,947

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

13.1	Intangible assets	Core Banking Application	Computer software	Total
		(Rupees in '000)		
	At January 1, 2023			
	Cost	2,913,952	2,046,931	4,960,883
	Accumulated amortisation and impairment	(2,913,952)	(1,499,273)	(4,413,225)
	Net book value	-	547,658	547,658
	Year ended December 2023			
	Opening net book value	-	547,658	547,658
	Additions:			
	- through acquisitions / purchase	-	679,533	679,533
	Adjustments - addition	-	29,212	29,212
	Amortisation charge	-	(277,042)	(277,042)
	Exchange rate adjustments	-	88,778	88,778
	Closing net book value	-	1,068,139	1,068,139
	At December 31, 2023			
	Cost	2,913,952	2,844,454	5,758,406
	Accumulated amortisation and impairment	(2,913,952)	(1,776,315)	(4,690,267)
	Net book value	-	1,068,139	1,068,139
	Rate of amortisation (percentage)	33.33 % on cost	33.33 % on cost	
	Useful life	3 years	3 years	
	At January 1, 2022			
	Cost	2,913,952	1,678,915	4,592,867
	Accumulated amortisation and impairment	(2,913,952)	(1,176,124)	(4,090,076)
	Net book value	-	502,791	502,791
	Year ended December 2022			
	Opening net book value	-	502,791	502,791
	Additions:			
	- through acquisitions / purchase	-	296,497	296,497
	Adjustments - additions	-	28,750	28,750
	Amortisation charge	-	(323,149)	(323,149)
	Exchange rate adjustments	-	42,769	42,769
	Closing net book value	-	547,658	547,658
	At December 31, 2022			
	Cost	2,913,952	2,046,931	4,960,883
	Accumulated amortisation and impairment	(2,913,952)	(1,499,273)	(4,413,225)
	Net book value	-	547,658	547,658
	Rate of amortisation (percentage)	33.33 % on cost	33.33 % on cost	
	Useful life	3 years	3 years	

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

	2023	2022		
	------(Rupees in '000)-----			
13.2	The cost of fully amortised intangible assets that are still in use			
Core Banking Application	2,913,952	2,913,952		
Computer software	916,177	821,389		
	3,830,129	3,735,341		
14.	RIGHT OF USE ASSETS			
Opening balance	6,708,404	6,605,400		
Additions during the year	2,239,854	2,244,669		
Less: Derecognition during the year	22,813	6,618		
Less: Depreciation charged for the year	1,990,974	2,135,047		
Closing balance	6,934,471	6,708,404		
15.	DEFERRED TAX ASSETS / (DEFERRED TAX LIABILITIES)			
	At January 01, 2023	Recognised in profit and loss account	Recognised in other comprehensive income	At December 31, 2023
	------(Rupees in '000)-----			
Deductible temporary differences on				
- Tax losses carried forward	10,705	-	-	10,705
- Post retirement employee benefits	7,352,695	-	(490,685)	6,862,010
- Provision for diminution in the value of investments	236,751	-	-	236,751
- Provision against loans and advances	12,925,197	(2,781,685)	-	10,143,512
- Provision against off-balance sheet obligations	115,222	-	-	115,222
- Fixed assets	1,506,288	154,893	-	1,661,181
- Other provisions	105,416	-	-	105,416
- Right of use assets	670,604	(18,752)	-	651,852
	22,922,878	(2,645,544)	(490,685)	19,786,649
Taxable temporary differences on				
- Surplus on revaluation of fixed assets	(3,061,347)	174,426	(435,908)	(3,322,829)
- Surplus on revaluation of investments	3,208,913	-	(19,432,225)	(16,223,312)
- Surplus on revaluation of non-banking assets	(21,752)	-	(85,096)	(106,848)
- Exchange translation reserve	(749,289)	-	(104,554)	(853,843)
	(623,475)	174,426	(20,057,783)	(20,506,832)
	22,299,403	(2,471,118)	(20,548,468)	(720,183)

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

	At January 01, 2022	Recognised in profit and loss account	Recognised in other comprehensive income	At December 31, 2022
	(Rupees in '000)			
Deductible Temporary Differences on				
- Tax losses carried forward	10,705	-	-	10,705
- Post retirement employee benefits	4,992,150	-	2,360,545	7,352,695
- Provision for diminution in the value of investments	236,751	-	-	236,751
- Provision against loan and advances	10,457,938	2,467,259	-	12,925,197
- Provision against off-balance sheet obligations	115,222	-	-	115,222
- Fixed assets	1,190,369	315,919	-	1,506,288
- Other provisions	105,416	-	-	105,416
- Right of use assets	502,538	168,066	-	670,604
	17,611,089	2,951,244	2,360,545	22,922,878
Taxable Temporary Differences on				
- Surplus on revaluation of fixed assets	(2,537,701)	149,127	(672,773)	(3,061,347)
- Surplus on revaluation of investments	(12,715,420)	-	15,924,333	3,208,913
- Surplus on revaluation of non-banking assets	(52,732)	-	30,980	(21,752)
- Exchange translation reserve	(679,589)	-	(69,700)	(749,289)
	(15,985,442)	149,127	15,212,840	(623,475)
	1,625,647	3,100,371	17,573,385	22,299,403

16. OTHER ASSETS

	Note	2023	2022
		(Rupees in '000)	
Income / return / mark-up accrued in local currency - net of provision		185,622,776	99,433,212
Income / return / mark-up accrued in foreign currency - net of provision		4,442,554	3,866,901
Advances, deposits, advance rent and other prepayments	16.1	2,848,659	2,987,346
Advance taxation (payments less provisions) and Income tax refunds receivable	16.6	920,050	10,952,064
Compensation for delayed tax refunds		22,129,925	20,809,580
Non-banking assets acquired in satisfaction of claims	16.4	1,169,898	1,179,943
Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC)		208,423	208,423
Acceptances		8,100,364	20,644,122
Commission receivable on Government treasury transactions		5,182,665	5,253,389
Stationery and stamps on hand		472,575	437,900
Barter trade balances		195,399	195,399
Receivable on account of Government transactions	16.2	323,172	323,172
Receivable from Government under VHS scheme	16.3	418,834	418,834
Receivable against sale of shares		31,276	156,755
Receivable from SBP		24,698,013	-
Others		9,027,170	8,126,059
		265,791,753	174,993,099
Less: Provision held against other assets	16.5	12,495,413	12,244,043
Other assets (net of provision)		253,296,340	162,749,056
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	24	2,803,228	2,520,000
Other assets - total		256,099,568	165,269,056

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

- 16.1** This includes Rs. 1,400 million (2022: Rs. 1,400 million) advance against Pre-IPO placement of Term Finance Certificates and REIT Fund.
- 16.2** This represents amount receivable from GoP on account of encashment of various instruments handled by the Bank for GoP as an agent of the SBP. Due to uncertainty about its recoverability, full amount has been provided for.
- 16.3** This represents payments made under the Voluntary Handshake Scheme (VHS), recoverable from GoP. Due to uncertainty about its recoverability, full amount has been provided for.

	2023	2022
	------(Rupees in '000)-----	
16.4 Market value of Non-banking assets acquired in satisfaction of claims	3,973,126	3,699,943

An independent valuation of the Bank's non-banking assets was performed by an independent professional valuer to determine the fair value of the assets as at December 31, 2023. The valuation was carried out by K.G. Traders (Pvt) Ltd. (PBA registered valuer) on the basis of an assessment of present market values.

	2023	2022
	------(Rupees in '000)-----	
16.4.1 Non-banking assets acquired in satisfaction of claims		
Opening balance	3,699,943	4,059,546
Surplus / (Deficit)	283,228	(343,886)
Depreciation	(10,045)	(15,717)
Closing balance	3,973,126	3,699,943
16.5 Provision held against other assets		
Income / mark-up accrued in local currency	152,607	152,607
Advances, deposits, advance rent and other prepayments	800,000	800,000
Stationery and stamps on hand	96,542	96,542
Barter trade balances	195,399	195,399
Receivable on account of Government transactions	323,172	323,172
Receivable from Government under VHS scheme	418,834	418,834
Protested bills	4,377,337	4,297,516
Ex-MBL / NDFC	760,941	760,875
Assets acquired from Corporate and Industrial Restructuring Corporation asset (CIRC)	208,423	208,423
Others	5,162,158	4,990,675
	12,495,413	12,244,043
16.5.1 Movement in provision held against other assets		
Opening balance	12,244,043	11,700,956
Charge for the year	239,045	562,955
Other movement	57,519	-
Adjustment against provision	(45,194)	(19,868)
Closing balance	12,495,413	12,244,043

- 16.6** During the year, the Bank has adjusted an amount of Rs. 9,099 million (2022: Rs. 7,475 million) against its advance tax liability and demand of previous tax year against income tax refunds receivables. Further, refunds amounting to Rs. 10,650 million (2022: 5,404 million) were also determined.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

		2023	2022
	Note	------(Rupees in '000)-----	
17. BILLS PAYABLE			
In Pakistan		67,822,126	54,969,587
Outside Pakistan		178,322	298,432
		68,000,448	55,268,019
18. BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan			
Under Export Refinance Scheme	18.2	29,815,400	37,142,580
Financing Scheme for Renewable Energy	18.3	1,289,488	1,019,611
Refinance Facility for Modernization of SMEs	18.4	95,111	43,824
Financing Facility for storage of Agriculture Produce (FFSAP)	18.5	599,548	667,327
Under Long Term Financing Facility (LTFF)	18.6	17,197,820	20,254,808
Refinance Scheme for Payment of Wages and Salaries	18.7	-	35,950
Temporary Economic Refinance Facility	18.8	22,827,889	24,126,421
Refinance and Credit Guarantee Scheme for Women Entrepreneurs (RCWE)	18.9	29,220	-
Refinance Facility for Combating Covid-19	18.10	45,352	66,159
Export Refinance scheme for Bill Discounting	18.11	2,606,143	1,075,204
		74,505,971	84,431,884
Repurchase agreement borrowings	18.12	2,064,472,106	1,826,206,763
Bai Muajjal	18.13	-	4,036,995
Total secured		2,138,978,077	1,914,675,642
Unsecured			
Call borrowing	18.12	19,434,142	25,810,145
Overdrawn nostro accounts		19,330,975	-
Total unsecured		38,765,117	25,810,145
		2,177,743,194	1,940,485,787
18.1 Particulars of borrowings with respect to currencies			
In local currency		2,140,248,077	1,923,848,931
In foreign currencies		37,495,117	16,636,856
		2,177,743,194	1,940,485,787
18.2	The Bank has entered into an agreement with the SBP for extending export finance to customers. As per the terms of the agreement, the Bank has granted the SBP the right to recover the outstanding amounts from the Bank at the date of maturity of the finances by directly debiting the Bank's current account maintained with the SBP. These borrowings are repayable within 180 days. These carry mark-up at rates ranging from 13.00% to 19.00% (2022: 3.00% to 13.00%) per annum.		

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

- 18.3** These borrowings have been obtained from the SBP for providing financing facilities to address challenges of energy shortage and climate change through promotion of renewable energy. These borrowings shall be repayable for a maximum period of twelve (12) years. These carry mark-up at rates ranging from 2.00% to 3.00% (2022: 2.00% to 3.00%) per annum.
- 18.4** These borrowings have been obtained from the SBP under a scheme to finance modernization of Small and Medium Enterprises by providing financing facilities for setting up of new units, purchase of new plant and machinery for Balancing, Modernization and Replacement (BMR) of existing units and financing for import / local purchase of new generators upto a maximum capacity of 500 KVA. These borrowings shall be repayable for a maximum period of ten years and carry mark-up at rates upto 2.00% (2022: 2.00%) per annum.
- 18.5** These borrowings have been obtained from the SBP for providing financing facilities to develop the agricultural produce marketing and enhance storage capacity, to encourage Private Sector to establish Silos, Warehouses and Cold Storages. These borrowings shall be repayable for a maximum period of ten years. These carry mark-up at rates ranging from 2.5% to 3.5% (2022: 2.5% to 3.5%) per annum.
- 18.6** These borrowings have been obtained from the SBP for providing financing facilities to exporters for adoption of new technologies and modernization of their plant and machinery. These borrowings shall be repayable for a maximum period of ten years. These carry mark-up at rates ranging from 4.0% to 19.0% (2022: 2.00% to 4.00%) per annum.
- 18.7** These borrowings have been obtained from the SBP with a view to support businesses to continue payment of wages and salaries to their workers and employees in the aftermath of corona virus (COVID-19) outbreak. These borrowings are repayable for a maximum period of 2.5 years. These carry mark-up at rates ranging from Nil (2022: 1.00% to 2.00%) per annum.
- 18.8** These borrowings have been obtained from the SBP under a scheme to provide concessionary refinance for setting up new industrial units in the backdrop of challenges faced by the industries during the pandemic. These borrowings are repayable for a maximum period of 10 years. These carry mark-up at a rate of 1.0% (2022: 3.00%) per annum.
- 18.9** These borrowings have been obtained from the SBP for improving access to finance for the women entrepreneurs, a refinance cum credit guarantee scheme is being launched for the women borrowers across the country. Under the scheme, refinancing will be provided by State Bank of Pakistan at 0% to participating financial institutions for onward lending to women entrepreneurs across the country at a mark-up rate of upto 5% per annum.
- 18.10** These borrowings have been obtained from the SBP with a view to provide long term local currency finance for imported and locally manufactured medical equipment to be used for combating COVID – 19. The facility will be available to all the Hospitals and Medical Centres duly registered with respective provincial / federal agencies / commissions and engaged in controlling & eradication of COVID – 19. These borrowings are repayable for a maximum period of 5 years. These carry mark-up at rates at 0.00% (2022: 0.00%) per annum.
- 18.11** These borrowings have been obtained from the SBP for providing export bill discounting facilities to customers. These carry mark-up at rates ranging from 1.00% to 2.00% per annum (2022: 0.00% to 2.00% per annum) and are due to mature latest by May 7, 2024.
- 18.12** Mark-up / interest rates and other terms are as follows:
- Repurchase agreement borrowings carry mark-up ranging from 21.75% to 23% per annum (2022: 15.2% to 17% per annum) having maturity on January 2, 2024 to January 19, 2024.
 - Call borrowings carry interest ranging from 5.50% to 21.80% per annum (2022: 3% to 16.5% per annum).
- 18.13** Bai Muajjal borrowings carry mark-up rate of 0% per annum (2022: 16.42%).

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

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

18.15 Pakistan Investment Bonds and Market Treasury Bills having maturity of 2 - 10 Years and 3 - 12 Months respectively, are pledged as security under borrowing having carrying amount of Rs. 2,064,472 million (2022: Rs. 1,826,206 million).

19. DEPOSITS AND OTHER ACCOUNTS

	2023			2022		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
Customers	Note ----- (Rupees in '000) -----					
Current deposits - remunerative	692,443,686	-	692,443,686	733,037,562	-	733,037,562
Current deposits - non-remunerative	656,289,463	161,079,615	817,369,078	408,169,670	159,575,493	567,745,163
Savings deposits	766,301,047	134,394,831	900,695,878	681,287,543	108,029,851	789,317,394
Term deposits	509,997,709	232,985,846	742,983,555	400,618,865	116,541,863	517,160,728
Others	13,082,003	7,182	13,089,185	9,563,715	7,855	9,571,570
	2,638,113,908	528,467,474	3,166,581,382	2,232,677,355	384,155,062	2,616,832,417
Financial Institutions						
Current deposits	459,284,217	1,386,759	460,670,976	5,964,408	3,479,121	9,443,529
Savings deposits	18,946,277	4,644,674	23,590,951	15,190,328	2,924,782	18,115,110
Term deposits	13,569,258	3,636,495	17,205,753	10,472,787	6,442,283	16,915,070
Others	6,310,317	-	6,310,317	4,878,234	-	4,878,234
	498,110,069	9,667,928	507,777,997	36,505,757	12,846,186	49,351,943
19.3	3,136,223,977	538,135,402	3,674,359,379	2,269,183,112	397,001,248	2,666,184,360

2023	2022
----- (Rupees in '000) -----	

19.1 Composition of deposits

Individuals	1,220,898,183	990,051,893
Government (Federal and Provincial)	1,255,786,576	1,101,408,344
Public Sector Entities	385,531,338	244,103,310
Banking companies	472,952,639	20,352,976
Non-Banking Financial Institutions	34,825,358	28,998,967
Private sector	304,365,285	281,268,870
	3,674,359,379	2,666,184,360

19.2 Foreign currencies deposits include deposit of foreign branches amounting to Rs. 99,316 million (2022: Rs. 75,917 million).

19.3 This includes deposits eligible to be covered under insurance arrangements amounting to Rs. 1,013,777 million (2022: Rs. 870,538 million) including islamic branches.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

		2023	2022
	Note	------(Rupees in '000)-----	
20. LEASE LIABILITIES AGAINST RIGHT OF USE ASSETS			
Lease liabilities included in the statement of financial position			
As at December 31		8,264,782	8,267,949
Of which are:			
Current lease liability		1,687,498	1,590,849
Non-current lease liability		6,577,284	6,677,100
		8,264,782	8,267,949
Maturity analysis - contractual undiscounted cash flows			
Less than one year		2,457,041	2,356,198
One to five years		6,711,336	6,557,449
More than five years		3,122,714	7,967,022
Total undiscounted lease liabilities as at December 31		12,291,091	16,880,669
21. OTHER LIABILITIES			
Mark-up / Return / Interest payable in local currency		194,548,283	126,228,969
Mark-up / Return / Interest payable in foreign currency		2,611,281	655,802
Unearned commission and income on bills discounted		101,350	252,539
Accrued expenses		13,684,726	13,865,133
Advance payments		346,109	350,895
Acceptances		8,100,364	20,644,122
Unclaimed dividends		174,284	181,851
Mark to market loss on forward foreign exchange contracts		6,676,880	125,371
Unrealised loss on put option		-	-
Branch adjustment account		1,659,214	1,916,850
Payable to defined benefit plan:			
Pension fund	39.4	22,944,893	23,063,894
Post retirement medical benefits	39.4	34,833,112	29,176,898
Benevolent scheme	39.4	1,613,699	1,697,838
Gratuity scheme	39.4	4,575,660	3,767,858
Compensated absences	39.4	9,632,176	8,734,235
Provision against off-balance sheet obligations		627,494	627,494
Provision against contingencies	21.1	4,698,118	4,170,799
Staff welfare fund		371,257	371,257
Liabilities relating to barter trade agreements		4,321,484	3,629,389
Payable to brokers		735,663	350,446
PIBs shortselling		10,241,337	11,043,029
Others		18,366,475	18,516,003
		340,863,859	269,370,672

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

		2023	2022
	Note	------(Rupees in '000)-----	
21.1	Provision against contingencies		
	Opening balance	4,170,799	3,805,376
	Charge during the year	384,838	165,423
	Other movement	142,481	200,000
	Closing balance	4,698,118	4,170,799

21.1.1 This represents provision made on account of regulatory violations and reported instances of financial improprieties for which investigations are in progress.

22. SHARE CAPITAL

22.1 Authorized capital

2023	2022		2023	2022
----- (Number of shares) -----			------(Rupees in '000)-----	
2,500,000,000	2,500,000,000	Ordinary shares of Rs. 10 each	25,000,000	25,000,000

22.2 Issued, subscribed and paid up

2023	2022		2023	2022
----- (Number of shares) -----			------(Rupees in '000)-----	
140,388,000	140,388,000	Fully paid in cash	1,403,880	1,403,880
1,987,125,026	1,987,125,026	Issued as bonus shares	19,871,251	19,871,251
2,127,513,026	2,127,513,026		21,275,131	21,275,131

The Federal Government and Pakistan Sovereign Wealth Fund (PSWF) holds 75.60% (2022: Federal Government and SBP 75.60%) shares of the Bank.

22.3 The Pakistan Sovereign Wealth Fund Act, 2023 became effective during the current period. Under the said Act, the SBP's shareholding in the Bank stands transferred to the Pakistan Sovereign Wealth Fund (PSWF).

		2023	2022
		------(Number of shares)-----	
22.4	Shares of the Bank held by subsidiary and associate		
	Following shares were held by the associate of the Bank as of year end:		
	First Credit & Investment Bank Limited	70,000	70,000
		70,000	70,000

23. RESERVES

23.1 Exchange translation reserve

This comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

23.2 Statutory reserve

Every bank incorporated in Pakistan is required to transfer 20% of their profits to a statutory reserve until the reserve equals share capital, thereafter 10% of the profits of the Bank are to be transferred to this reserve.

23.3 Merger reserve

As per the Scheme of Amalgamation, all the assets, liabilities and obligations of NBP Leasing Limited were merged with, transferred to, vested in and assumed by the Bank as at the effective date July 31, 2017. The reserve represents the excess of net assets transferred to the Bank over its investment in NBP Leasing Limited.

		2023	2022
24.	SURPLUS ON REVALUATION OF ASSETS	Note	------(Rupees in '000)-----
	Surplus / (deficit) on revaluation of:		
	- Available for sale securities	10.1	33,108,801 (7,462,594)
	- Fixed assets	24.1	47,395,553 47,733,682
	- Non-banking assets acquired in satisfaction of claims	24.2	2,803,228 2,520,000
			83,307,582 42,791,088
	Deferred tax on (surplus) / deficit on revaluation of:		
	- Available for sale securities		(16,223,312) 3,208,913
	- Fixed assets	24.1	(3,322,829) (3,061,347)
	- Non-banking assets acquired in satisfaction of claims	24.2	(106,848) (21,752)
			(19,652,989) 125,814
			63,654,593 42,916,902
24.1	Surplus on revaluation of fixed assets		
	Surplus on revaluation of fixed assets as at January 1		47,733,682 44,320,452
	Recognised during the year		17,842 3,691,784
	Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax Adjustment		(181,545) (197,684)
	Related deferred tax liability on incremental depreciation charged during the year		- 68,260
	Surplus on revaluation of fixed assets as at December 31		(174,426) (149,130)
			47,395,553 47,733,682
	Less: related deferred tax liability on:		
	- revaluation as at January 1		(3,061,347) (2,537,701)
	- revaluation recognised during the year		(8,743) (412,499)
	- Rate adjustment		(427,165) (260,277)
	- incremental depreciation charged during the year		174,426 149,130
			(3,322,829) (3,061,347)
			44,072,724 44,672,335

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

		2023	2022
Note		------(Rupees in '000)-----	
24.2	Surplus on revaluation of non-banking assets acquired in satisfaction of claims		
	Surplus on revaluation as at January 1	2,520,000	2,863,886
	(Deficit) / surplus recognised during the year	283,228	(343,886)
	Surplus on revaluation as at December 31	2,803,228	2,520,000
	Less: related deferred tax liability on:		
	- revaluation as at January 1	(21,752)	(52,732)
	- revaluation recognised during the year	(82,060)	42,022
	- Rate adjustment	(3,036)	(11,042)
		(106,848)	(21,752)
		2,696,380	2,498,248
25.	CONTINGENCIES AND COMMITMENTS		
	Guarantees	25.1 346,487,980	377,561,372
	Commitments	25.2 2,362,684,359	2,373,285,184
	Other contingent liabilities	25.3 26,628,229	26,619,691
		2,735,800,568	2,777,466,247
25.1	Guarantees		
	Financial guarantees	227,063,459	287,741,990
	Performance guarantees	119,424,521	89,819,382
		346,487,980	377,561,372
25.2	Commitments		
	Documentary credits and short-term trade-related transactions		
	- letters of credit	1,633,847,479	1,696,635,726
	Commitments in respect of:		
	- forward foreign exchange contracts	25.2.1 655,935,358	570,881,591
	- forward government securities transactions	25.2.2 27,318,929	54,568,834
	- forward lending	25.2.3 44,432,555	50,363,949
	Commitments for acquisition of:		
	- operating fixed assets	1,129,442	798,234
	Other commitments	25.2.4 20,596	36,850
		2,362,684,359	2,373,285,184
25.2.1	Commitments in respect of forward foreign exchange contracts		
	Purchase	412,870,783	368,380,755
	Sale	243,064,575	202,500,836
		655,935,358	570,881,591

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

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

2023	2022
------(Rupees in '000)-----	

25.2.2 Commitments in respect of forward government securities transactions

Purchase	11,493,136	10,988,627
Sale	15,825,793	43,580,207
	<u>27,318,929</u>	<u>54,568,834</u>

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

2023	2022
------(Rupees in '000)-----	

25.2.3 Commitments in respect of forward lending

Undrawn formal standby facilities, credit lines and other commitments to lend	<u>44,432,555</u>	<u>50,363,949</u>
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These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the bank without the risk of incurring significant penalty or expense.

2023	2022
------(Rupees in '000)-----	

25.2.4 Other commitments

Professional services to be received	<u>20,596</u>	<u>36,850</u>
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25.3 Other contingent liabilities

25.3.1 Claims against the Bank not acknowledged as debt	<u>26,628,229</u>	<u>26,619,691</u>
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25.3.2 Claims against the Bank not acknowledged as debts includes claims relating to former Mehran Bank Limited amounting to Rs. 1,597 million (2022: Rs. 1,597 million).

25.3.3 Taxation

- The return of income for tax year 2023 has been filed which is treated to be deemed assessment order.
- Taxation Officer, following the instructions / directions of the learned CIRA, has passed the appeal effect orders for tax years 2019, 2020 and 2022 wherein the tax liability / (refund) has been assessed at (Rs. 1,852) million, Rs. 1,997 million and (Rs. 8,774) million respectively.
- Honourable ATIR has passed appellate orders for tax year 2006 and 2007 against monitoring orders and held that the proceedings are time barred. However, the orders of the DCIR remanded back to the assessing officer with the instruction to proceed further if any information is already available with the tax department.
- Honourable ATIR has passed appellate order for tax year 2016 against monitoring order and remanded back the issues to the assessing officer for reverification of the facts following the instructions of ATIR.
- The aggregate effect of contingencies as on December 31, 2023, including amount of Rs. 1,912 million (December 31, 2022: Rs. 1,912 million) in respect of indirect tax issues, amounts to Rs. 34,730 million

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

(December 31, 2022: Rs. 27,159 million). No provision has been made against these contingencies, based on the opinion of tax consultant of the Bank, who expect favorable outcome upon decisions of pending appeals.

25.3.4 Contingencies in respect of employees benefits and related matters

The following are the details of the contingencies arising out of the various legal cases pending adjudication in respect of employees' benefits and related matters. The Bank considers that except for Pensionary benefits note 25.3.4.1, the financial impact of other matters is impracticable to determine with sufficient reliability.

25.3.4.1 Pensionary benefits to retired employees

In 1977 the Federal Government vide letter No. 17 (9) 17 XI / 77 dated November 30, 1977, addressed to the Pakistan Banking Council, directed that all executives / officers of all the nationalized banks would be paid pension as calculated at 70% of average emoluments upon completion of 30 years of qualifying service of employees and where qualifying service was less than 30 years but not less than 10 years, proportionate reduction in percentage was to be made. This pension scheme was made applicable with effect from May 01, 1977.

In the year 1997, the Banks Nationalization Act, 1974 ("BNA, 1974") was substantially amended whereby the Pakistan Banking Council was abolished and the Board of Directors of the nationalized banks were empowered / mandated respectively to determine personnel policies with the President of the Bank deciding the remuneration and benefits of the employees in accordance with policies determined by the Board. In the year 1999, by virtue of the said amendments in BNA, the Board of Directors of the Bank approved the Revised Pay Structure for the officers / executives of the Bank with effect from January 01, 1999 vide Circular No. 37/1999, whereby the basic salary was increased by 110 % to 140% and besides giving multifarious benefits to its employees, formula for monthly gross pension was revised. However, the amount of gross pension on the basis of existing Basic Pay and existing formula was protected.

A number of Bank's employees, after attaining the age of superannuation filed Writ Petitions before the Lahore High Court and the Peshawar High Court, praying for re-calculation of their pensionary benefits and increases in accordance with the Bank Circular No. 228 (C) dated December 26, 1977 and furthermore, for allowing the increases in their pension as per the increases allowed by the Federal Government to its employees. This litigation started in the year 2010 and 2011.

The Peshawar High Court, in terms of judgment dated June 03, 2014, dismissed the petition while observing that the petition was hit by laches and that the petitioners could not claim the benefits granted to the similarly placed employees of other institutions who were governed through different Statutes and Service Rules.

The Lahore High Court vide its judgement dated January 15, 2016, allowed the Writ Petitions on the same matter and the Bank was directed to release the pensionary benefits of the petitioners. The said order was assailed by the Bank by filing Intra Court Appeals in January 2016 which were dismissed by the Lahore High Court, Lahore, through its judgement dated January 16, 2017. The Bank assailed the said judgement by filing appeals in the Supreme Court of Pakistan.

The Honorable Supreme Court of Pakistan after hearing the arguments of both parties, vide its judgement dated September 25, 2017 upheld the decision of the Division Bench of the Lahore High Court on the contention of increase in Bank's employees' pension, thereby instructing the Bank to give pension benefits to its employees in the light of Head Office Instruction Circular No. 228 (C) of 1977. Under this Circular, the pension of employees was to be calculated at 70% of average emoluments upon completion of minimum qualifying service requirement, besides requiring the Bank to follow subsequent revisions in pension scheme and rates granted by the Federal Government to civil servants from time to time as well.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

The Bank as well as Federal Government filed review petitions against the aforesaid judgment of the Honorable Supreme Court of Pakistan and also made an application for constitution of larger bench of the Supreme Court to hear the review petition, which was reportedly accepted by the Chief Justice. However on March 18, 2019, the matter came up for hearing before a three member Bench instead of a larger bench. As advised by our legal counsels, the Bank considers that due to conflicting decision of the other bench of the Supreme Court in a case which, in all material facts and circumstances, is identical to the Bank's case and various other legal infirmities in the judgement as highlighted by the Bank in its Review Petition, the Bank has a reasonably strong case on legal grounds to convince the Supreme Court for review of its decision. The Review Petition is ongoing and is expected to be listed for hearing soon.

A related matter has also been appealed in the Supreme Court where the petitioners have asked for increases in pension in accordance with government increases in Pension for Government employees which is pending adjudication and a favorable outcome is expected.

In case the above matters are decided unfavorably, the Bank estimates based on the actuarial advice that the financial impact arising from the additional liability would be approximately Rs. 98,700 million excluding any penal interest / profit payment (if any) due to delayed payment Pension expense for the current year and onward will also increase by Rs. 13,500 million due to this decision. Based on the opinion of legal counsel, no provision has been made in these unconsolidated financial statements for the above-mentioned amount as the Bank is confident about the favorable outcome of the matter.

25.3.4.2 Regularizing the temporary hires / workers deployed by service provider companies under outsourcing arrangements

The Bank outsourced certain non-core jobs to various service provider companies after entering into contracts with them. The resources deployed by the service provider companies were their employees and the said companies have had sole administrative control over these resources. Some of these resources filed writ petitions before the High Courts and National Industrial Relations Commission (NIRC) seeking to be absorbed by the Bank in its regular service based on grounds that they were in fact employees of the Bank. Presently, there are 6 cases on appeal pending at the Supreme Court where these have been clubbed to be heard as one. The Chief Justice of Pakistan has constituted a larger bench comprising of five Judges being headed by himself for adjudication. The case is ongoing and is presently adjourned for a date to be fixed. A favorable outcome of this case is expected.

25.3.4.3 Litigation related to management trainee program

Treatment of Non-MTOs (regular employees) at Par with the MTOs (also appointed in regular cadres) - Litigation arising out of order dated September 21, 2016 passed by the Supreme Court in our CA No.1644/2013 out of our CPLA No. 805/2013 filed against order dated March 13, 2013 of the Division Bench of Sindh High Court, Sukkur in CP No. D-417/2010 (the "Decision").

Mr. Ashfaq Ali and three (3) others filed a CP No. D-417/2010 before the Sindh High Court, Bench at Sukkur while praying to treat them equally in respect of remunerations with other employees (MTOs) having same grade, nature of job and qualification.

The Honorable Division Bench at Sukkur, vide order dated March 13, 2013 directed the Bank to ensure equal treatment to the petitioners with similarly placed employees without any discrimination.

Certain employees filed petitions in the Honorable High Court of Peshawar who also gave its decision in favor of the petitioners. Review petition filed in the Honorable Supreme Court of Pakistan by the Bank was also dismissed.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

Last year, the Bank entered into out of court settlements which have successfully been executed with many Non-MTO employees ('petitioners') and accordingly compromise agreements ('the agreement'), offering waiver of loans, increase in basic salaries and provision of other allowances, were signed with those petitioners who have withdrawn their cases against the Bank. Simultaneously the Bank continues to make payments to claimants as per any court orders from time to time.

25.4 Foreign exchange repatriation case

While adjudicating Foreign Exchange repatriation cases of exporter namely: M/S Fateh Textile Mills Limited, the Foreign Exchange Adjudicating Court of the State Bank of Pakistan has also adjudicated penalty of Rs. 1,020 million, arbitrarily on the Bank. The Bank has filed appeals before the Appellate Board and Constitutional Petitions in the Honorable High Court of Sindh against the said judgments. The Honorable High Court has granted relief to the Bank by way of interim orders

As advised by our counsel, NBP has also filed a Constitutional Petition challenging the constitution of the Appellate Board by the Commission and has obtained restraining order on the ground that the Appellate Board constituted by the Commission lacks legal merit in the light of Supreme Court ruling. Our counsel, Mr. Rashid Anwar, Advocate has concluded his arguments in respect of the Foreign Exchange Regulation Appellate Board constitution. However, another petition filed by another company whereby challenging the constitutionality of the Competition Act was also tagged with the petitions filed by the banks.

Based on merits of the appeals management is confident that these appeals shall be decided in favor of the Bank and therefore, no provision has been made against the impugned penalty.

25.5 Compliance and risk matters relating to anti-money laundering at the New York Branch

With close oversight from the Board of Directors and Head Office Senior Management, the New York Branch completed remedial actions pursuant to the public enforcement actions issued by the New York State Department of Financial Services and the Federal Reserve Bank. Head Office and the Board will continue to maintain close oversight of the Branch, which has made significant progress in enhancing its compliance program. The actions implemented by the Branch and their associated validation by Internal Audit continue to remain subject to review by its regulators.

26 MARK-UP / RETURN / INTEREST EARNED

On:

	2023	2022
a) Loans and advances	221,787,037	141,365,310
b) Investments	773,985,390	348,305,015
c) Lendings to financial institutions	27,619,480	12,815,152
d) Balances with banks	1,265,741	824,808
	1,024,657,648	503,310,285

27 MARK-UP / RETURN / INTEREST EXPENSED

Deposits	365,117,330	209,597,640
Borrowings	6,988,812	5,116,553
Cost of foreign currency swaps against foreign currency deposits / borrowings	14,293,880	10,026,057
Finance charge on lease liability against right of use assets	810,696	848,592
Securities sold under repurchase agreements	468,699,346	160,894,929
	855,910,064	386,483,771

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For the year ended December 31, 2023

		2023	2022
	Note	------(Rupees in '000)-----	
28	FEE AND COMMISSION INCOME		
		1,836,285	1,644,009
	Branch banking customer fees	537,528	525,249
	Consumer finance related fees	3,018,522	2,372,961
	Card related fees (debit cards)	355,727	399,736
	Credit related fees	479,928	767,814
	Investment banking fees	2,431,771	2,120,399
	Commission on trade	815,499	742,496
	Commission on guarantees	98,999	53,907
	Commission on cash management	1,813,156	1,618,971
	Commission on remittances including home remittances	227,995	308,736
	Commission on bancassurance	10,319,641	10,506,945
	Commission on government transactions	97,131	90,887
	Others	22,032,182	21,152,110
29	GAIN ON SECURITIES - NET		
	Realised	4,417,126	1,750,428
	Unrealised - held for trading	(34,939)	(1,054,801)
	Unrealised - Shortselling	1,873	442,320
		4,384,060	1,137,947
29.1	Realised gain on		
	Federal Government securities	1,289,150	121,098
	Shares	3,171,618	1,629,252
	Foreign securities	(43,642)	78
		4,417,126	1,750,428
30	OTHER INCOME		
	Rent on property	74,695	34,946
	Gain on sale of fixed assets - net	250,247	4,441
	Postal, SWIFT and other charges recovered / reversed	131,783	48,716
	Compensation for delayed delivery of vehicles	1,009	-
	Compensation for delayed tax refunds	1,320,345	1,588,150
	Gain on derecognition on right of use assets	-	1,690
	Tender money	2,307	576
	Commission on IPS non-competative bids	-	5,599
	Gain on closure of subsidiary and branch	-	42,933
	Others	13,079	10,394
		1,793,465	1,737,445
30.1	This represents compensation for delayed refunds determined under Section 171 of Income Tax Ordinance 2001.		

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

		2023	2022
	Note	----- (Rupees in '000) -----	
31 OPERATING EXPENSES			
Total compensation expenses	31.1	56,391,759	48,824,703
Property expenses			
Rent and taxes		1,241,018	1,132,695
Insurance	31.2	59,269	63,756
Utilities cost		2,871,400	2,149,280
Security (including guards)		4,043,661	3,558,476
Repair and maintenance (including janitorial charges)		1,463,325	1,140,487
Depreciation		496,438	457,013
Depreciation on non banking assets		10,045	15,717
Depreciation on Ijarah assets		1,065	53,953
Depreciation on ROUA		1,990,974	2,135,047
		12,177,195	10,706,424
Information technology expenses			
Software maintenance		2,803,333	1,953,761
Hardware maintenance		137,903	121,056
Depreciation		579,394	356,687
Amortisation		277,042	323,149
Network charges		892,901	763,928
IT Manage Services		2,611,550	1,576,444
		7,302,123	5,095,025
Other operating expenses			
Directors' fees and allowances		88,232	25,772
Fees and allowances to Shariah Board		17,123	16,368
Legal and professional charges		2,154,647	1,195,338
Outsourced services costs	31.3	931,924	702,378
Travelling and conveyance		1,896,767	1,273,937
NIFT clearing charges		255,128	218,640
Depreciation		1,380,691	1,453,287
Training and development		108,655	52,574
Postage and courier charges		409,561	306,326
Communication		1,211,017	526,610
Stationery and printing		2,083,204	1,350,561
Marketing, advertisement and publicity		1,153,625	931,103
Donations	31.4	45,104	107,076
Auditors' remuneration	31.5	360,590	242,409
Fixed assets / Non-banking asset deficit		-	141,403
Financial charges on leased assets		66,293	64,162
Entertainment		335,999	267,998
Clearing charges, verification and licence fee		565,390	524,546
Brokerage		158,589	110,825
Insurance general		742,120	564,873
Vehicle expenses		257,265	278,756
Deposit premium expense		1,392,861	1,813,582
Repairs and maintenance general		1,374,253	932,677
Others		485,599	372,641
		17,474,637	13,473,842
Grand Total		93,345,714	78,099,994

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

	2023	2022
	------(Rupees in '000)-----	
31.1 Total compensation expense		
Managerial Remuneration		
i) Fixed	16,303,729	15,479,326
ii) Variable		
of which;		
a) Cash Bonus / Awards etc.	5,479,182	5,129,786
Charge for defined benefit plan	11,918,752	8,354,267
Rent & house maintenance	6,283,545	5,825,886
Utilities	2,667,271	2,112,571
Medical	4,602,916	3,871,937
Conveyance	4,250,732	3,743,225
Club Membership & Subscription	93,718	140,451
Education Allowance	1,818,799	1,443,112
Insurance	462,205	472,023
Honorarium to Staff and Staff Welfare	445,175	262,284
Overtime	45,892	45,255
Special Duty Allowance	3,621	2,408
Washing Allowance	14,208	15,044
Key Allowance	70,501	71,914
Unattractive Area Allowance	68,690	61,969
Leave Encashment	12,021	12,967
Teaching Allowance	10,864	10,590
Incentive on CASA deposits mobilization	35,378	23,739
Meal Allowance	246,262	249,065
Staff Incentive	8,421	-
Liveries	19	62
Inflationary Allowance	648,818	840,224
Saturday Allowances	162,405	149,162
Severe Winter Allowance	54,480	54,659
Hill Allowance	34,530	35,176
ATM Cash Replenish Allowance	20,593	14,977
PhD Allowance	10,098	10,441
Other retirement benefits for international branches	132,036	85,969
Reimbursement of visa fees etc	-	13,620
Recruiting expenses	-	7,732
Others	486,898	284,862
	56,391,759	48,824,703
	56,391,759	48,824,703

31.2 This includes Rs. 3.422 million (2022: Rs.3.422 million) insurance premium against directors' liability insurance.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

- 31.3** Total cost for the year included in other operating expenses relating to outsourced activities is Rs. 931.9 million (2022: Rs. 702.4 million). Out of this cost, Rs. 919.4 million (2022: Rs. 693.2 million) pertains to the payment to companies incorporated in Pakistan and Rs. 12.5 million (2022: Rs. 9.1 million) pertains to payment to companies incorporated outside Pakistan. Total Cost of outsourced activities for the year given to related parties is Rs. Nil (2022: Rs. Nil). Outsourcing shall have the same meaning as specified in Annexure-I of BPRD Circular No. 06 of 2017. The material outsourcing arrangements along with their nature of services are as follows:

Name of Company	Nature of Services	2023	2022
		------(Rupees in '000)-----	
HTECH Solutions (Private) Limited	Call center management	122,541	81,962
		<u>122,541</u>	<u>81,962</u>

During the year, outsourcing services were hired in respect of sales, call centre services, IT support, data entry, protocol services, collection services, janitorial & cleaning services and lift operator and engineering services.

- 31.4** Donations include following amounts:

Description

	2023	2022
	------(Rupees in '000)-----	
Family Educational Services Foundation (FESF)	-	17,000
Sanjan Nagar Public Education Trust (SNPET)	-	10,000
Layton Rahmatullah Benevolent Trust (LRBT)	-	5,000
Thardeep Microfinance Foundation (TMF)	-	6,000
Rural Community Development Programs (RCDP)	-	4,000
Prime Minister's Flood Relief Fund 2022	-	50,000
Namal Education Foundation (NEF)	-	5,197
Ghulam Ishaq Khan Institute of Engineering Sciences and Technology	26,549	9,879
The Citizen Foundation (TCF)	7,255	-
Network of Organizations Working for People with Disabilities Pakistan (NOWPDP)	5,000	-
Women Empowerment Group (WEG)	6,300	-
Total	<u>45,104</u>	<u>107,076</u>

- 31.4.1** None of the Directors, Sponsor shareholders and Key Management Personnel or their spouse have an interest in the Donee.

31.5 Auditors' remuneration

	A. F. Ferguson & Co.	BDO Ebrahim & Co.	Total 2023	Total 2022
	------(Rupees in '000)-----			
Audit fee	9,152	7,471	16,623	14,942
Review of interim financial statements	3,202	2,614	5,816	5,228
Fee for audit of domestic branches	7,438	6,072	13,510	12,144
	19,792	16,157	35,949	32,314
Special certifications	1,391	1,136	2,527	2,272
	21,183	17,293	38,476	34,586
Other special certifications and sundry advisory	77,209	4,662	81,871	20,739
Sales Tax	10,581	2,341	12,922	6,124
Out-of-pocket expenses	4,500	4,500	9,000	9,000
	113,473	28,796	142,269	70,449
Fee for audit of overseas branches including advisory services and out-of-pocket expenses	-	-	218,321	171,960
	<u>113,473</u>	<u>28,796</u>	<u>360,590</u>	<u>242,409</u>

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

			2023	2022
	Note		------(Rupees in '000)-----	
32 OTHER CHARGES				
Penalties imposed by State Bank of Pakistan			270,073	72,347
Penalties imposed by other regulatory bodies (Central bank of international branches)			15,867	279
			<u>285,940</u>	<u>72,626</u>
33 PROVISIONS AND WRITE OFFS - NET				
Provision for diminution in value of investments	10.3		458,787	3,812,519
Provision against loans and advances	11.4		13,386,635	8,059,708
Provision against other assets	16.5.1		239,045	562,955
Provision against contingencies	21.1		384,838	165,423
			<u>14,469,305</u>	<u>12,600,607</u>
34 TAXATION				
Current				
For the year	34.1		53,264,509	31,599,204
Prior years			(6,322,999)	3,828,030
			<u>46,941,510</u>	<u>35,427,234</u>
Deferred				
For the year			(5,602,109)	(3,100,371)
Prior years			8,073,227	-
			<u>2,471,118</u>	<u>(3,100,371)</u>
			<u>49,412,628</u>	<u>32,326,863</u>
34.1	Current taxation includes Rs.Nil (2022: Rs. Nil) of overseas branches.			
34.2 Relationship between tax expense and accounting profit				
Accounting profit before tax			<u>101,253,090</u>	<u>62,737,163</u>
Income tax at statutory rate @ 39% (2022: 39%)			39,488,705	24,467,494
Super tax at statutory rate @ 10% (2022: 10%)			10,125,309	6,273,716
Increase / (decrease) in taxes resulting from:				
Inadmissible items			140,111	35,587
Prior year taxation			1,750,228	3,828,030
Impact of change in tax rate			(1,716,671)	(2,075,075)
Reduced rate on SME / Housing			-	(87,432)
Others			(375,054)	(115,457)
Tax charge for current and prior years			<u>49,412,628</u>	<u>32,326,863</u>
34.3	During the year, in relation to Section 99D of the Income Tax Ordinance, 2001, FBR has issued SRO to impose an additional windfall tax @ 40% on foreign exchange income of the banks for the accounting years 2021 and 2022. The Bank along with other banks has challenged the law and filed a petition in Sindh High Court. Based on strong grounds, stay order has also been issued to banks. However, the Bank has, as an abundant caution, recorded a prior year charge of Rs. 1,750 million in these unconsolidated financial statements. Similar cases have also been filed by other banks in Islamabad & Lahore High Courts wherein stay orders have been granted. The FBR has challenged the stay orders granted by Sindh, Islamabad and Lahore High Courts in Supreme Court of Pakistan.			

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

		2023	2022
35	BASIC EARNINGS PER SHARE		
	Profit for the year (Rupees in 000's)	51,840,462	30,410,300
	Weighted average number of ordinary shares (Number in 000's)	2,127,513	2,127,513
	Basic earnings per share (Rupees)	24.37	14.29
36	DILUTED EARNINGS PER SHARE		
	Profit for the year (Rupees in 000's)	51,840,462	30,410,300
	Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares) (Number in 000's)	2,127,513	2,127,513
	Diluted earnings per share (Rupees)	24.37	14.29
		2023	2022
37	CASH AND CASH EQUIVALENTS	Note -----(Rupees in '000)-----	
	Cash and balances with treasury banks	7 294,992,570	229,910,949
	Balances with other banks	8 42,325,051	18,593,800
	Call / clean money lendings	9 9,723	9,723
	Call borrowings	18 (19,434,142)	(25,810,145)
	Overdrawn nostro accounts	18 (19,330,975)	-
		298,562,227	222,704,327
37.1	Reconciliation of movements of liabilities to cash flow used in financing activities:		
		2023	
		Lease Obligation	Unclaimed Dividend
		----- (Rupees in '000) -----	
	Balance as at January 1, 2023	8,267,949	181,851
	Changes from financing cashflows		
	Payment of lease obligation / dividend	(3,446,309)	(7,567)
	Total charges from financing activities	(3,446,309)	(7,567)
	Other charges		
	Renewed lease during the year	2,239,854	-
	Interest unwinding	810,696	-
	Foreign exchange gain	392,592	-
	Total other charges	3,443,142	-
	Balance as at December 31, 2023	8,264,782	174,284
		2022	
		Lease Obligation	Unclaimed Dividend
		----- (Rupees in '000) -----	
	Balance as at January 1, 2022	7,893,960	181,997
	Changes from financing cashflows		
	Payment of lease obligation / dividend	(2,428,160)	(146)
	Total charges from financing activities	(2,428,160)	(146)
	Other charges		
	Renewed lease during the year	2,244,669	-
	Interest unwinding	848,592	-
	Foreign exchange loss	(291,112)	-
	Total other charges	2,802,149	-
	Balance as at December 31, 2022	8,267,949	181,851

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

	2023	2022
	----- (Numbers) -----	
38 STAFF STRENGTH		
Permanent	9,542	10,018
On Bank contract	5,420	5,094
Bank's own staff strength at the end of the year	14,962	15,112

- 38.1** In addition to the above, 1,722 (2022: 1,218) employees of outsourcing services companies were assigned to the Bank as at the end of the year to perform services other than guarding and janitorial services. Out of these, 1,708 employees are working domestically (2022: 1,211) and 14 (2022: 7) abroad respectively.

39 DEFINED BENEFIT PLAN

39.1 General description

General description of the type of defined benefit plan and accounting policy for remeasurements of the net defined liability / asset is disclosed in note 5.13 to the unconsolidated financial statements.

39.2 Number of employees under the scheme

The number of employees covered under the following defined benefit schemes are:

	2023	2022
	----- (Numbers) -----	
Pension fund	9,542	10,018
Post retirement medical scheme	9,542	10,018
Benevolent scheme	9,542	10,018
Gratuity scheme	5,185	4,855
Compensated absences	9,542	10,018

39.3 Principal actuarial assumptions

The actuarial valuations were carried out as at December 31, 2023 using the following significant assumptions:

	2023	2022
	----- (Per annum) -----	
Discount rate	15.50%	14.50%
Expected rate of return on plan assets	15.50%	14.50%
Expected rate of salary increase	15.50%	14.50%
Expected rate of increase in pension	80% for next one year, 11% onwards	53% for next one year, 10% onwards
Expected rate of increase in medical benefit	15.50%	14.50%

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

	2023					2022						
	Pension fund	Post retirement medical scheme	Benevolent scheme	Gratuity scheme	Compensated absences	Total	Pension fund	Post retirement medical scheme	Benevolent scheme	Gratuity scheme	Compensated absences	Total
(Rupees in '000)												
Reconciliation of (receivable from) / payable to defined benefit plans												
Present value of obligations	103,591,193	34,833,112	1,613,699	4,575,660	9,632,176	154,245,840	89,128,297	29,176,898	1,697,838	3,767,858	8,734,235	132,505,126
Fair value of plan assets	(80,646,300)	-	-	-	-	(80,646,300)	(66,064,403)	-	-	-	-	(66,064,403)
Payable	22,944,893	34,833,112	1,613,699	4,575,660	9,632,176	73,599,540	23,063,894	29,176,898	1,697,838	3,767,858	8,734,235	66,440,723
Movement in defined benefit obligations												
Obligations at the beginning of the year	89,128,297	29,176,898	1,697,838	3,767,858	8,734,235	132,505,126	79,608,695	24,516,717	1,778,825	3,168,258	9,952,554	119,025,049
Current service cost	1,082,972	771,209	42,912	543,697	12,352	2,453,142	1,034,974	856,635	63,621	473,120	11,299	2,439,649
Past Service due to early retirement gratuity	28,590	14,663	503	136,889	613,761	794,406	1,119,100	441,385	-	-	-	1,560,485
Other payments	137,070	-	-	-	-	137,070	-	-	-	-	-	-
Adjustment against contingency Reserve	158,428	34,152	332	-	19,326	212,238	240,914	52,731	328	-	31,837	325,810
Interest cost	12,665,122	4,137,561	232,065	536,448	1,247,384	18,181,580	9,162,030	2,808,493	196,854	364,696	1,149,972	13,682,045
Benefits paid by the Bank	(3,565,262)	(1,283,994)	(194,781)	(136,429)	(263,173)	(5,443,639)	(3,267,938)	(1,229,299)	(206,937)	(128,928)	(331,125)	(5,164,227)
Re-measurement (gain) / loss - Profit and loss	-	-	-	-	(731,709)	(731,709)	-	-	-	-	-	-
Re-measurement loss / (gain) - OCI	3,955,976	1,982,623	(165,170)	(272,803)	-	5,500,626	1,230,522	1,730,236	(134,853)	(109,288)	(2,080,302)	(2,080,302)
Obligations at the end of the year	103,591,193	34,833,112	1,613,699	4,575,660	9,632,176	154,245,840	89,128,297	29,176,898	1,697,838	3,767,858	8,734,235	132,505,126
Movement in fair value of plan assets												
Fair value at the beginning of the year	66,064,403	-	-	-	-	66,064,403	61,773,750	-	-	-	-	61,773,750
Interest income on plan assets	9,552,737	-	-	-	-	9,552,737	7,247,610	-	-	-	-	7,247,610
Contribution by the Bank - net	1,403,168	-	-	-	-	1,403,168	1,345,187	-	-	-	-	1,345,187
Benefits paid	(3,565,262)	-	-	-	-	(3,565,262)	(3,267,938)	-	-	-	-	(3,267,938)
Benefits paid on behalf of fund	1,795,181	-	-	-	-	1,795,181	1,738,818	-	-	-	-	1,738,818
Actuarial loss on Assets	5,396,073	-	-	-	-	5,396,073	(2,773,024)	-	-	-	-	(2,773,024)
Fair value at the end of the year	80,646,300	-	-	-	-	80,646,300	66,064,403	-	-	-	-	66,064,403
Movement in (receivable) / payable under defined benefits scheme												
Opening balance	23,063,894	29,176,898	1,697,838	3,767,858	8,734,235	66,440,723	17,834,945	24,516,717	1,778,825	3,168,258	9,952,554	57,251,299
Charge / (reversal) for the year	4,361,017	4,908,770	274,977	1,080,145	528,027	11,152,936	2,949,394	3,665,128	260,475	837,816	(919,031)	6,793,782
Past Service due to early retirement gratuity	-	14,663	503	136,889	613,761	765,816	1,119,100	441,385	-	-	-	1,560,485
Adjustment against contingency Reserve	158,428	34,152	332	-	19,326	212,238	240,914	52,731	328	-	31,837	325,810
Contribution by the bank - net	(1,403,168)	-	-	-	-	(1,403,168)	(1,345,187)	-	-	-	-	(1,345,187)
Re-measurement loss / (gain) recognised in OCI during the year	(1,440,097)	(1,283,994)	(194,781)	(136,429)	(263,173)	(5,443,639)	(3,267,938)	(1,229,299)	(206,937)	(128,928)	(331,125)	(5,164,227)
Benefits paid by the Bank	22,944,893	34,833,112	1,613,699	4,575,660	9,632,176	73,599,540	23,063,894	29,176,898	1,697,838	3,767,858	8,734,235	66,440,723
Charge for defined benefit plans												
Cost recognised in profit and loss												
Current service cost	1,082,972	771,209	42,912	543,697	12,352	2,453,142	1,034,974	856,635	63,621	473,120	11,299	2,439,649
Past Service due to early retirement gratuity	28,590	14,663	503	136,889	613,761	794,406	1,119,100	441,385	-	-	-	1,560,485
Other payments	137,070	-	-	-	-	137,070	-	-	-	-	-	-
Actuarial loss / (gain) recognized - Profit and Loss	-	-	-	-	(731,709)	(731,709)	-	-	-	-	-	-
Net interest on defined benefit asset / liability	3,112,385	4,137,561	232,065	536,448	1,247,384	9,265,843	1,914,420	2,808,493	196,854	364,696	(2,080,302)	(2,080,302)
	4,361,017	4,923,433	275,480	1,217,034	1,141,788	11,918,752	4,068,494	4,106,513	260,475	837,816	(919,031)	8,354,267
Re-measurements recognised in OCI during the year												
Loss / (gain) on obligation	6,789,410	1,411,977	(82,933)	(19,843)	-	8,098,611	4,049,273	1,259,537	(278,861)	45,522	-	5,075,471
- Financial assumptions	(2,833,434)	570,646	(82,237)	(252,960)	-	(2,597,985)	(2,818,751)	470,699	144,008	(154,810)	-	(2,358,854)
- Experience adjustment	(5,396,073)	-	-	-	-	(5,396,073)	2,773,024	-	-	-	-	2,773,024
Return on plan assets over interest income	(1,440,097)	1,982,623	(165,170)	(272,803)	-	104,553	4,003,546	1,730,236	(134,853)	(109,288)	-	5,489,641
Total re-measurements recognised in OCI												

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	2023	2022
	------(Rupees in '000)-----	
39.8 Components of plan assets - Pension fund		
Cash and cash equivalents - net	430,000	284,476
Government securities	63,789,305	53,824,866
Shares	7,509,967	5,565,760
Non-Government debt securities	100,000	100,000
Mutual funds	8,817,027	6,289,301
	80,646,299	66,064,403

39.8.1 The Funds primarily invests in government securities which do not carry any significant credit risk. These are subject to interest rate risk based on market movements. Investment in term finance certificates are subject to credit risk and interest rate risks, while equity securities are subject to price risk. These risks are regularly monitored by Administrators of the Pension fund.

39.9 Sensitivity analysis

The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarised as below:

	2023				
	Pension fund	Post retirement medical scheme	Benevolent scheme	Gratuity scheme	Compensated absences
	------(Rupees in '000)-----				
1% increase in discount rate	(9,103,581)	(3,717,246)	(77,359)	(467,512)	(618,856)
1% decrease in discount rate	10,830,235	4,539,943	85,479	542,519	699,037
1 % increase in expected rate of salary increase	3,739,334	1,112,624	2,138	559,557	736,133
1 % decrease in expected rate of salary increase	(3,400,875)	(1,008,614)	(2,385)	(489,081)	(661,895)
1% increase in expected rate of pension increase	7,240,026	1,558,832	-	-	-
1% decrease in expected rate of pension increase	(6,280,959)	(1,356,049)	-	-	-
1% increase in expected rate of medical benefit increase	-	1,648,940	-	-	-
1% decrease in expected rate of medical benefit increase	-	(1,401,261)	-	-	-
39.10 Expected contributions to be paid to the fund in the next financial year					1,682,347
39.11 Expected charge for the next financial year					13,774,701

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

39.12 Maturity profile

The weighted average duration of the obligation

	Years
Pension fund	9.50
Post retirement medical scheme	11.87
Benevolent scheme	5.05
Gratuity scheme	11.04
Compensated absences	6.84

39.13 Funding Policy

Pension Fund - Bank's current assets and its percentage is given below;

	Amount Rupees in '000	Percentage
Current Assets		
Cash and cash equivalents - net	430,000	0.5%
Government securities	63,789,305	79.1%
Shares	7,509,967	9.3%
Non-Government debt securities	100,000	0.1%
Mutual funds	8,817,027	10.9%
	80,646,299	100%

Bank will continue to invest with the same percentage in the asset categories mentioned but increase the assets gradually so that there is no deficit in the pension fund.

39.14 Significant risks associated with the staff retirement benefit schemes are as follows:

Asset volatility	The risk arises when the future earnings are lower than expectation. This risk is measured at a plan level over the obligation period of the current population. The company assets are either invested in fixed securities or cash.
Changes in bond yields	The risk arises when the actual return on plan assets is lower than expectation.
Inflation risk	The most common type of retirement benefit is one where the benefit is linked with last drawn salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.
Life expectancy / Withdrawal rate	The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population. The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.
Investment Risk	The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.

40. DEFINED CONTRIBUTION PLAN

Provident Fund

The NBP employees Provident Fund was created under National Bank of Pakistan Employees Provident Fund Rules on April 01, 1950, under the Provident Fund Act, 1925. The Rules have been superseded by revised NBP Employees' Provident Fund Rules which came into force on January 01, 1958.

As per rules, the Officers, Executives and Clerical and Non Clerical staff in regular cadre make monthly contribution of 10% and 12.5% of their basic salary respectively towards the fund and the bank has to pay interest on balances of member's provident fund half yearly.

This scheme covers 9,313 employees (2022: 9,737 employees).

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

41. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

41.1 Total Compensation Expense

Items	2023					
	Directors		Members Shariah Board	President / CEO (Note 41.1.1)	Key Management Personnel	Other Material Risk Takers / Controllers
	Chairman	Non- Executives				
	------(Rupees in '000)-----					
Fees and Allowances etc.	11,786	76,446	11,370	-	-	-
Managerial Remuneration						
i) Fixed	-	-	1,972	9,405	193,791	1,062,350
ii) Total Variable	-	-	-	-	-	-
of which	-	-	-	-	-	-
a) Cash Bonus / Awards	-	-	809	-	156,328	549,076
Charge for defined benefit plan	-	-	594	6,915	68,901	503,701
Rent & house maintenance	-	-	1,085	6,001	106,585	533,924
Utilities	-	-	394	2,182	38,697	189,209
Medical	-	-	325	1,800	32,471	210,759
Conveyance	-	-	444	1,501	37,840	283,510
Others*	-	-	130	35,136	14,090	221,535
Total	11,786	76,446	17,123	62,940	648,703	3,554,064
Number of Persons	1	**6	5	1	29	287

41.1.1 This represents amount of compensation paid to President in the capacity of Acting President uptill August 6, 2023 as per entitlement of SEVP / Group Chief and also included payment of Gratuity as end service benefit (Rs. 33.416 million included in Others). Upon receipt of Federal Government Notification # F.1 (9) BKG-III/2022-1119 dated August 7, 2023, of his appointment as President / CEO of the Bank, the payment of salary as per entitlement of SEVP / Group Chief was discontinued and Board of Directors in its 352nd meeting dated September 20, 2023, approved adjustable monthly advance equivalent to the salary and benefits of former President till approval of his compensation package from the shareholders and an amount of Rs. 22.963 million has been paid from August 07, 2023 till December 31, 2023 to the President which will be adjusted from his salary on approval.

* The President and certain executives are also provided with Bank's cars, household equipment, mobile phones and membership of clubs.

** Mr. Asif Jooma retired on March 08, 2023.

41.1.2 The total amount of deferred bonus as at December 31, 2023 for the Key Management Personnel and other Material Risk Takers (MRT) / Material Risk Controllers (MRC) is Rs. 233.6 million (2022: Rs. 149.7 million). The deferred bonus is held in a trust fund.

Performance bonus is accounted for on payment basis

Items	2022					
	Directors		Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers
	Chairman	Non- Executives				
	(Rupees in '000)					
Fees and Allowances etc.	2,705	23,067	11,370	-	-	-
Managerial Remuneration						
i) Fixed	-	-	1,793	28,756	231,791	646,468
ii) Total Variable	-	-	-	-	-	-
of which						
a) Cash Bonus / Awards	-	-	727	-	156,019	368,960
Charge for defined benefit plan	-	-	450	6,945	40,039	223,238
Rent & house maintenance	-	-	986	5,038	106,721	353,830
Utilities	-	-	305	1,557	32,986	105,025
Medical	-	-	224	1,145	25,334	111,110
Conveyance	-	-	408	-	29,957	145,145
Others	-	-	105	31,151	16,351	140,572
Total	2,705	23,067	16,368	74,592	639,198	2,094,348
Number of Persons	1	6	5	2	23	179

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41.2 Remuneration paid to Directors for participation in Board and Committee Meetings

2023									
SNo.	Name of Director	Meeting Fees and Allowances Paid							
		For Board Meetings	For Board Committees						
			Board Audit Committee	Board Risk & Compliance Committee **	Board HR & Remuneration Committee	Board Technology & Digitalization Committee	Board Inclusive Development Committee	Allowances *	Total Amount Paid
(Rupees. in '000)									
1	Mr. Ashraf Mahmood Wathra	6,720	-	-	3,840	-	960	266	11,786
2	Mr. Farid Malik	3,950	2,950	150	3,000	1,350	-	2,171	13,571
3	Mr. Ahsan Ali Chughtai	4,750	3,900	7,000	300	-	-	579	16,529
4	Mr. Amjad Mahmood	4,200	3,750	1,200	-	1,750	550	105	11,555
5	Mr. Ali Syed	4,600	3,750	3,750	2,700	1,600	-	-	16,400
6	Mr. Nasim Ahmad	4,450	3,600	4,000	-	150	550	4,291	17,041
7	Mr. Asif Jooma***	600	300	150	300	-	-	-	1,350
Total Amount Paid		29,270	18,250	16,250	10,140	4,850	2,060	7,412	88,232

* Allowances include accommodation and travel expenses.

** Amount includes NBP - NY Governance Council (Sub-Committee of BRCC).

*** Retired on March 08, 2023.

2022										
SNo.	Name of Director	Meeting Fees and Allowances Paid								
		For Board Meetings	For Board Committees						Allowances *	Total Amount Paid
			Board Audit Committee	Board Risk & Compliance Committee **	Board HR & Remuneration Committee	Board Technology & Digitalization Committee	Board Inclusive Development Committee			
(Rs. in '000)										
1	Mr. Zubyr Soomro *	900	-	-	150	-	300	1,355	2,705	
2	Mr. Farid Malik	2,250	750	450	750	600	300	1,158	6,258	
3	Mr. Tawfiq Asghar Hussain *	900	450	*** 600	-	-	-	-	1,950	
4	Mr. Imam Bukhsh Baloch *	900	450	450	-	-	-	47	1,847	
5	Ms. Sadaffe Abid *	900	-	-	-	150	450	292	1,792	
6	Mr. Asif Jooma	2,250	1,200	450	750	-	600	-	5,250	
7	Mr. Ahsan Ali Chughtai	2,250	750	900	600	450	450	570	5,970	
Total Amount Paid		10,350	3,600	2,850	2,250	1,200	2,100	3,422	25,772	

* Retired on April 16, 2022.

** Allowances include accommodation and travel expenses.

*** Amount includes NBP - NY Governance Council (Sub-Committee of BRCC).

41.3 Remuneration paid to Shariah Board Members

Items	2023				2022			
	Chairman	Resident Member	Non-Resident Member(s)	Total	Chairman	Resident Member	Non-Resident Member(s)	Total
(Rupees. in '000)								
Retainer Fee & Fixed Remuneration	4,050	5,753	7,320	17,123	4,050	4,998	7,320	16,368
Total Amount Paid	4,050	5,753	7,320	17,123	4,050	4,998	7,320	16,368
Total Number of Persons	1	1	3	5	1	1	3	5

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42. FAIR VALUE MEASUREMENTS

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

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

42.1 Fair value of financial assets

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

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

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

	2023			
	Carrying Value	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				
Market Treasury Bills	980,162,978	-	980,162,978	-
Pakistan Investment Bonds	2,915,714,573	-	2,915,714,573	-
Ijarah Sukuks	35,128,974	-	35,128,974	-
Foreign currency debt securities	30,733,308	-	30,733,308	-
Ordinary Shares				
Listed Companies	62,415,235	62,415,235	-	-
Preference Shares				
Listed	1,043,797	1,043,797	-	-
Non-Government Debt Securities				
Term Finance Certificates /				
Musharaka / Bonds / Debentures and				
Sukuk Bonds	47,634,990	14,437,490	33,197,500	-

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	2023				
	Carrying Value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Mutual Fund Units	3,905,304	-	3,905,304	-	3,905,304
Foreign Securities					
Equity securities - Listed	42,634,845	42,634,845	-	-	42,634,845
Foreign Government debt securities	3,393,550	-	3,393,550	-	3,393,550
	4,122,767,554	120,531,367	4,002,236,187	-	4,122,767,554
Financial assets - disclosed but not measured at fair value					
Investments					
Federal Government Securities					
Pakistan Investment Bonds	213,116,482	-	193,881,462	-	193,881,462
Ijarah Sukuks	14,087,500		12,419,631		12,419,631
Foreign currency debt securities	4,288,988	-	4,243,611	-	4,243,611
Foreign Securities					
Foreign Government debt securities	41,295,981	-	41,295,994	-	41,295,994
Non-Government Debt Securities	1,083	-	1,083	-	1,083
	272,790,034	-	251,841,781	-	251,841,781
	4,395,557,588	120,531,367	4,254,077,968	-	4,374,609,335
Off-balance sheet financial instruments - measured at fair value					
Foreign exchange contracts purchase and sale	655,935,358	-	(6,676,880)	-	(6,676,880)
Forward government securities transactions	27,318,929	-	3,357	-	3,357

	2022				
	Carrying Value	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					
Market Treasury Bills	848,763,986	-	848,763,986	-	848,763,986
Pakistan Investment Bonds	2,005,678,970	-	2,005,678,970	-	2,005,678,970
Ijarah Sukuks	20,178,649	-	20,178,649	-	20,178,649
Foreign currency debt securities	14,422,839	-	14,422,839	-	14,422,839

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	2022			
	Carrying Value	Level 1	Level 2	Level 3
	(Rupees in '000)			
	Total			
Ordinary Shares				
Listed Companies	36,659,044	36,659,044	-	-
Preference Shares				
Listed	1,091,477	1,091,477	-	-
Non-Government Debt Securities				
Term Finance Certificates / Musharaka / Bonds / Debentures and Sukuk Bonds	47,182,336	15,145,954	32,036,382	-
Mutual Fund Units	3,120,431	-	3,120,431	-
Foreign Securities				
Equity securities - Listed	34,844,245	34,844,245	-	-
Foreign Government debt securities	1,883,953	-	1,883,953	-
	3,013,825,930	87,740,720	2,926,085,210	-
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities				
Market Treasury Bills	29,376,461	-	29,137,260	-
Pakistan Investment Bonds	375,236,903	-	355,231,276	-
Ijarah Sukuks	13,130,709	-	12,383,300	-
Foreign currency debt securities	2,992,408	-	1,665,559	-
Foreign Securities				
Foreign Government debt securities	36,096,507	-	37,327,167	-
Non-Government Debt Securities	871	-	871	-
	456,833,859	-	435,745,433	-
	3,470,659,789	87,740,720	3,361,830,643	-
Off-balance sheet financial instruments - measured at fair value				
Foreign exchange contracts purchase and sale	570,881,591	-	(125,371)	-
Forward government securities transactions	54,568,834	-	(14,626)	-

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

Item	Valuation approach and input used
Federal Government securities	The fair value of Federal Government securities is determined using the prices / rates available on Mutual Funds Association of Pakistan (MUFAP) / Reuter page.
Non-Government debt securities	The fair value of non-government debt securities is determined using the prices / rates from MUFAP / Pakistan Stock Exchange.
Mutual Fund units	The fair values of investments in mutual fund units are determined based on their net asset values as published on MUFAP.
Ordinary Shares	The fair value of Ordinary shares is determined using the prices from Pakistan Stock Exchange.
Foreign Securities	The fair value of foreign securities is determined using the prices from Reuter page.
Forward foreign exchange contracts and Forward Government securities transactions	The fair values of forward foreign exchange contracts and forward Government securities transactions are determined using forward pricing calculations.
Fixed assets and non-banking assets acquired in satisfaction of claims	Land, buildings and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty. Accordingly, a qualitative disclosure of sensitivity has not been presented in these unconsolidated financial statements.

42.2 Fair value of non-financial assets

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

	2023				
	Carrying Value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Land & building (fixed assets)	51,981,445	-	-	51,981,445	51,981,445
Non-banking assets acquired in satisfaction of claims	3,973,126	-	-	3,973,126	3,973,126
	<u>55,954,571</u>	<u>-</u>	<u>-</u>	<u>55,954,571</u>	<u>55,954,571</u>

	2022				
	Carrying Value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Land & building (fixed assets)	52,417,088	-	-	52,417,088	52,417,088
Non-banking assets acquired in satisfaction of claims	3,699,943	-	-	3,699,943	3,699,943
	<u>56,117,031</u>	<u>-</u>	<u>-</u>	<u>56,117,031</u>	<u>56,117,031</u>

42.3 Certain categories of fixed assets (land and buildings) and non-banking assets acquired in satisfactions of claims are carried at revalued amounts (level 3 measurement) determined by professional valuers based on their assessment of the market values.

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43.1 Segment Details with respect to Business Activities

2023										
	Retail Banking Group	Inclusive Development Group	Corporate and Investment Banking Group	Treasury	International, Financial Institution and Remittance Group	Altaamad and Islamic Banking Group	Head Office / Others	Sub total	Eliminations	Total
------(Rupees in '000)-----										
Profit and loss account										
Net mark-up / return / profit	(288,653,905)	44,446,578	30,024,021	372,043,914	676,660	11,604,875	(1,394,559)	168,747,584	-	168,747,584
Inter segment revenue - net	426,952,717	(44,570,637)	(14,722,482)	(394,040,795)	-	(3,783,783)	30,164,980	-	-	-
Non mark-up / return / interest income	16,879,905	469,040	5,475,249	15,013,398	948,566	379,522	1,440,885	40,606,465	-	40,606,465
Total income	155,178,617	344,981	20,776,788	(6,983,483)	1,625,226	8,200,614	30,211,306	209,354,049	-	209,354,049
Segment direct expenses	36,682,759	3,763,540	1,353,645	489,431	10,080,124	3,497,535	454,803	56,321,837	-	56,321,837
Inter segment expense allocation	-	-	-	-	-	-	37,309,817	37,309,817	-	37,309,817
Total expenses	36,682,759	3,763,540	1,353,645	489,431	10,080,124	3,497,535	37,764,620	93,631,654	-	93,631,654
Provisions charge / (reversal)	(392,545)	1,421,129	13,619,854	1,778,752	(682,121)	1,173,602	(2,449,366)	14,469,305	-	14,469,305
(Profit) / (loss) before tax	118,888,403	(4,839,688)	5,803,289	(9,251,666)	(7,772,777)	3,529,477	(5,103,948)	101,253,090	-	101,253,090
Statement of financial position										
Cash and Bank balances	25,780,334	2,327,011	309,620	253,026,662	45,582,613	10,291,381	-	337,317,621	-	337,317,621
Investments	-	-	29,881,757	4,238,437,789	79,712,923	51,544,718	3,786,856	4,403,364,043	-	4,403,364,043
Net inter segment lending	2,848,709,058	-	-	-	-	-	305,771,087	3,154,480,145	(3,154,480,145)	-
Lendings to financial institutions	-	-	-	192,430,437	-	-	-	192,430,437	-	192,430,437
Advances - performing	236,148,640	263,088,116	719,724,952	-	69,139,462	73,125,444	49,633,363	1,410,859,977	-	1,410,859,977
- non-performing	4,151,922	24,855,686	25,215,003	-	64,791,844	1,550,350	100,260,911	220,825,716	-	220,825,716
Provision against advances	(8,543,697)	(21,077,228)	(34,670,159)	-	(62,606,767)	(1,550,875)	(105,160,147)	(233,608,873)	-	(233,608,873)
Advances - net	231,756,965	266,866,574	710,269,796	-	71,324,539	73,124,919	44,734,127	1,398,076,820	-	1,398,076,820
Others	45,196,987	4,100,249	37,794,142	117,135,121	8,304,683	5,155,676	103,831,659	321,518,517	-	321,518,517
Total assets	3,151,443,244	273,293,834	778,255,315	4,801,030,009	204,924,758	140,116,694	458,123,729	9,807,187,583	(3,154,480,145)	6,652,707,438
Borrowings										
Deposits and other accounts	2,949,740,794	-	510,139,226	-	99,315,779	113,801,806	1,361,774	3,674,359,379	-	3,674,359,379
Net inter segment borrowing	-	249,921,195	169,394,086	2,620,973,252	90,971,376	23,220,236	-	3,154,480,145	(3,154,480,145)	-
Others	201,702,450	18,201,305	29,358,657	51,337,805	6,639,026	3,494,868	107,115,161	417,849,272	-	417,849,272
Total liabilities	3,151,443,244	273,293,834	778,226,606	4,757,384,138	215,090,323	140,516,910	108,476,935	9,424,431,990	(3,154,480,145)	6,269,951,845
Equity	-	-	28,709	43,645,871	(10,165,565)	(400,216)	349,646,794	382,755,593	-	382,755,593
Total equity and liabilities	3,151,443,244	273,293,834	778,255,315	4,801,030,009	204,924,758	140,116,694	458,123,729	9,807,187,583	(3,154,480,145)	6,652,707,438
Contingencies and commitments										
-	-	-	-	-	-	-	-	-	-	-
-	-	90,350,773	1,864,882,509	727,686,842	25,102,178	-	27,778,266	2,735,800,568	-	2,735,800,568

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2022

	Retail Banking Group	Inclusive Development Group	Corporate & Investment Banking Group	Treasury	International, Financial Institution and Remittance	Alteamaad & Islamic Banking Group	Head Office / Others	Sub total	Eliminations	Total
------(Rupees in '000)-----										
Profit and loss account										
Net mark-up / return / profit	(162,183,572)	25,161,999	36,956,951	205,604,613	4,645,932	7,046,951	(406,360)	116,826,514	-	116,826,514
Inter segment revenue - net	242,679,059	(25,749,912)	(32,666,816)	(206,725,877)	-	(1,932,090)	24,395,636	-	-	-
Non mark-up / return / interest income	16,238,007	491,382	4,513,056	11,741,832	1,816,805	475,181	1,407,613	36,683,876	-	36,683,876
Total income	96,733,494	(96,531)	8,803,191	10,620,568	6,462,737	5,590,042	25,396,889	153,510,390	-	153,510,390
Segment direct expenses	34,945,405	3,410,975	1,234,244	355,659	7,675,997	3,105,252	406,513	51,134,045	-	51,134,045
Inter segment expense allocation	-	-	-	-	-	-	27,038,575	27,038,575	-	27,038,575
Total expenses	34,945,405	3,410,975	1,234,244	355,659	7,675,997	3,105,252	27,445,088	78,172,620	-	78,172,620
Provisions charge / (reversal)	39,252	1,823,824	5,642,750	4,066,055	153,204	187,806	687,716	12,600,607	-	12,600,607
Profit / (loss) before tax	61,748,837	(5,331,330)	1,926,197	6,198,854	(1,366,464)	2,296,984	(2,735,915)	62,737,163	-	62,737,163
Statement of financial position										
Cash and Bank balances	76,022,158	8,471,928	272,335	116,207,653	41,420,355	6,110,320	-	248,504,749	-	248,504,749
Investments	-	-	26,566,790	3,338,860,011	55,396,579	53,920,119	2,610,375	3,477,353,874	-	3,477,353,874
Net inter segment lending	1,913,764,601	-	-	-	-	-	161,978,230	2,075,742,831	(2,075,742,831)	-
Lendings to financial institutions	-	-	-	31,272,467	-	-	-	31,272,467	-	31,272,467
Advances - performing	221,901,091	236,174,990	608,422,187	-	68,916,285	46,381,315	51,477,911	1,233,273,779	-	1,233,273,779
- non-performing	4,107,960	21,853,219	24,119,377	-	53,726,670	654,979	100,845,220	205,307,425	-	205,307,425
Provision against Advances	(8,972,018)	(19,791,641)	(23,100,384)	-	(52,356,953)	(655,299)	(103,183,105)	(208,059,400)	-	(208,059,400)
Advances - net	217,037,033	238,236,568	609,441,180	-	70,286,002	46,380,995	49,140,026	1,230,521,804	-	1,230,521,804
Others	31,988,215	3,619,415	41,795,925	381,562	6,402,399	2,842,469	165,741,667	252,771,652	-	252,771,652
Total assets	2,238,812,007	250,327,911	678,076,230	3,486,721,693	173,505,335	109,253,903	379,470,298	7,316,167,377	(2,075,742,831)	5,240,424,546
Borrowings	-	6,032,537	78,399,346	1,839,417,048	16,636,856	-	-	1,940,485,787	-	1,940,485,787
Deposits and other accounts	2,089,383,447	-	406,454,898	-	75,916,594	93,591,714	837,707	2,666,184,360	-	2,666,184,360
Net inter segment borrowing	-	227,691,242	157,769,526	1,581,730,692	96,687,516	11,863,855	-	2,075,742,831	(2,075,742,831)	-
Others	149,428,560	16,604,132	35,169,167	44,395,276	2,896,990	3,373,890	81,038,625	332,906,640	-	332,906,640
Total liabilities	2,238,812,007	250,327,911	677,792,937	3,465,543,016	192,137,956	108,829,459	81,876,332	7,015,319,618	(2,075,742,831)	4,939,576,787
Equity	-	-	283,293	21,178,677	(18,632,621)	424,444	297,593,966	300,847,759	-	300,847,759
Total equity and liabilities	2,238,812,007	250,327,911	678,076,230	3,486,721,693	173,505,335	109,253,903	379,470,298	7,316,167,377	(2,075,742,831)	5,240,424,546
Contingencies and commitments	-	183,082,386	1,907,266,393	625,450,425	28,425,095	-	33,241,948	2,777,466,247	-	2,777,466,247

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

43.2 Segment details with respect to geographical locations

	2023					
	Pakistan	Asia Pacific (including South Asia)	Europe	United States of America	Middle East	Total
------(Rupees in '000)-----						
Profit and loss account						
Net mark-up / return / profit	168,070,924	(2,358,459)	130,022	1,055,688	1,849,409	168,747,584
Inter segment revenue - net	-	-	-	-	-	-
Non mark-up / return / interest income	39,657,899	230,877	353,114	200,284	164,291	40,606,465
Total income	207,728,823	(2,127,582)	483,136	1,255,972	2,013,700	209,354,049
Segment direct expenses	46,241,714	2,526,822	1,409,334	4,394,781	1,749,186	56,321,837
Inter segment expense allocation	37,309,817	-	-	-	-	37,309,817
Total expenses	83,551,531	2,526,822	1,409,334	4,394,781	1,749,186	93,631,654
Provisions	15,151,429	(148,451)	539	-	(534,212)	14,469,305
Profit / (loss) before tax	109,025,863	(4,505,953)	(926,737)	(3,138,809)	798,726	101,253,090
Statement of financial position						
Cash and Bank balances	291,735,008	24,736,961	10,517,717	8,252,155	2,075,780	337,317,621
Investments	4,323,651,120	43,999,021	-	5,301,911	30,411,991	4,403,364,043
Net inter segment lendings	90,971,180	-	-	-	-	90,971,180
Lendings to financial institutions	192,430,437	-	-	-	-	192,430,437
Advances - performing	1,341,720,515	43,244,999	3	32	25,894,428	1,410,859,977
- non-performing	156,033,871	53,001,981	2,045,768	-	9,744,096	220,825,716
Provision against advances	(171,001,908)	(52,862,087)	(2,045,768)	(15,437)	(7,683,673)	(233,608,873)
Advances - net	1,326,752,478	43,384,893	3	(15,405)	27,954,851	1,398,076,820
Others	313,258,791	4,669,880	130,707	1,726,464	1,732,675	321,518,517
Total assets	6,538,799,014	116,790,755	10,648,427	15,265,125	62,175,297	6,743,678,618
Borrowings	2,159,579,052	8,299,024	-	-	9,865,118	2,177,743,194
Deposits and other accounts	3,575,043,600	46,442,386	4,705,117	7,801,287	40,366,989	3,674,359,379
Net inter segment borrowing	-	64,906,376	5,733,903	6,298,940	14,031,961	90,971,180
Others	411,255,209	1,442,636	209,407	1,821,640	3,120,380	417,849,272
Total liabilities	6,145,877,861	121,090,422	10,648,427	15,921,867	67,384,448	6,360,923,025
Equity	392,921,153	(4,299,667)	-	(656,742)	(5,209,151)	382,755,593
Total equity and liabilities	6,538,799,014	116,790,755	10,648,427	15,265,125	62,175,297	6,743,678,618
Contingencies and commitments	2,710,698,390	12,116,117	808,936	430,156	11,746,969	2,735,800,568

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

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	2022					
	Pakistan	Asia Pacific (including South Asia)	Europe	United States of America	Middle East	Total
	----- (Rupees in '000) -----					
Profit and loss account						
Net mark-up / return / profit	112,180,582	1,674,206	44,424	508,358	2,418,944	116,826,514
Inter segment revenue - net	-	-	-	-	-	-
Non mark-up / return / interest income	34,867,071	763,554	281,607	322,301	449,343	36,683,876
Total Income	147,047,653	2,437,760	326,031	830,659	2,868,287	153,510,390
Segment direct expenses	43,458,049	1,920,697	1,083,965	3,420,453	1,250,882	51,134,046
Inter segment expense allocation	27,038,574	-	-	-	-	27,038,574
Total expenses	70,496,623	1,920,697	1,083,965	3,420,453	1,250,882	78,172,620
Provisions	12,447,402	(129,353)	(306)	2,562	280,302	12,600,607
Profit / (loss) before tax	64,103,628	646,416	(757,628)	(2,592,356)	1,337,103	62,737,163
Statement of financial position						
Cash and bank balances	207,084,394	16,776,954	12,524,181	9,444,994	2,674,226	248,504,749
Investments	3,421,957,295	35,919,928	-	2,759,589	16,717,062	3,477,353,874
Net inter segment lendings	96,707,768	-	-	-	-	96,707,768
Lendings to financial institutions	31,272,467	-	-	-	-	31,272,467
Advances - performing	1,194,699,235	5,207,650	420	561,473	32,805,001	1,233,273,779
- non-performing	121,239,014	74,638,826	1,584,372	-	7,845,213	205,307,425
Provision against Advances	(155,702,446)	(44,181,403)	(1,584,372)	(12,401)	(6,578,778)	(208,059,400)
Advances - net	1,160,235,803	35,665,073	420	549,072	34,071,436	1,230,521,804
Others	246,369,252	3,817,915	178,130	251,227	2,155,128	252,771,652
Total assets	5,163,626,979	92,179,870	12,702,731	13,004,882	55,617,852	5,337,132,314
Borrowings	1,923,848,931	1,928,779	-	-	14,708,077	1,940,485,787
Deposits and other accounts	2,590,267,766	35,927,275	7,941,305	5,574,521	26,473,493	2,666,184,360
Net inter segment borrowing	-	59,264,939	4,503,018	8,442,185	24,497,626	96,707,768
Others	330,009,650	964,792	258,408	667,328	1,006,462	332,906,640
Total liabilities	4,844,126,347	98,085,785	12,702,731	14,684,034	66,685,658	5,036,284,555
Equity	319,500,632	(5,905,915)	-	(1,679,152)	(11,067,806)	300,847,759
Total equity and liabilities	5,163,626,979	92,179,870	12,702,731	13,004,882	55,617,852	5,337,132,314
Contingencies and commitments	2,749,041,154	9,797,537	1,803,538	6,737,008	10,087,010	2,777,466,247

44. TRUST ACTIVITIES

44.1 Endowment Fund

Students Loan Scheme was launched by Government of Pakistan in collaboration with major commercial banks with a view to extend financial help by way of mark-up free loan to the meritorious students without sufficient resources for pursuing scientific technical and professional education within Pakistan.

The Scheme is being administered by a high powered committee headed by the Deputy Governor, State Bank of Pakistan and the Presidents of NBP, HBL, UBL, MCB, ABL and the Deputy Secretary, Ministry of Finance as member and Senior Director of IH&SME Finance Department (Infrastructure, Housing & SME Finance Department) as a secretary of the Committee. The State Bank of Pakistan has assigned National Bank of Pakistan to operate the scheme.

The Committee in its meeting held on August 7, 2001 approved creation of Endowment Fund initially at an amount of Rs. 500 million, Rs. 396 million were transferred from the old Qarz-e-Hasna (Defunct) Fund, Rs. 50 million contributed by the Government of Pakistan and Rs. 54 million were contributed by participating banks (HBL, NBP and UBL 25% each, MCB 17.5% and ABL 7.5%).

The amount of the Endowment Funds in investments stands at Rs. 936.8 million as at December 31, 2023 (2022: Rs. 875.2 million).

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For the year ended December 31, 2023

- 44.2** The Bank undertakes Trustee and other fiduciary activities that result in the holding or placing of assets on behalf of individuals and other organisations. These are not assets of the Bank and, therefore, are not included as such in these unconsolidated financial statements. Assets held under trust are shown in the table below:

As at December 31, 2023					
Securities Held (Face Value)					
Category	No. of IPS Accounts	Market Treasury Bills	Pakistan Investment Bonds	Government Ijarah Sukuks	Total
------(Rupees in '000)-----					
Assets Management Companies	48	-	-	-	-
Charitable institutions	6	-	-	-	-
Companies	42	203,783,170	59,782,300	24,417,400	287,982,870
Employee Funds	47	55,528,855	429,482,600	-	485,011,455
Individuals	2,317	3,008,590	63,200	-	3,071,790
Insurance Companies	8	49,300,000	172,939,300	-	222,239,300
Others	97	164,055,135	544,853,930	-	708,909,065
Total	2,565	475,675,750	1,207,121,330	24,417,400	1,707,214,480

As at December 31, 2022					
Securities Held (Face Value)					
Category	No. of IPS Accounts	Market Treasury Bills	Pakistan Investment Bonds	Government Ijarah Sukuks	Total
------(Rupees in '000)-----					
Assets Management companies	48	-	-	-	-
Charitable institutions	6	-	-	-	-
Companies	33	111,150,080	53,771,500	27,417,400	192,338,980
Employee Funds	42	76,006,000	67,408,800	-	143,414,800
Individuals	1,680	723,040	63,000	-	786,040
Insurance Companies	8	28,850,000	160,826,800	-	189,676,800
Others	79	198,320,900	672,294,130	-	870,615,030
Total	1,896	415,050,020	954,364,230	27,417,400	1,396,831,650

45. RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its subsidiaries, associates, joint ventures, employee benefit plans and its directors and Key Management Personnel. The details of investment in subsidiaries, joint venture and associated undertaking and their provisions are stated in note 10 of the unconsolidated financial statements of the Bank.

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 during the year, other than those which have been disclosed elsewhere in these unconsolidated financial statements are as follows:

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

2023												2022											
Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Pension fund (current)	Pension fund (fixed deposit)	Pension fund (N.I.D.A A/c)	Provident fund	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Pension fund (current)	Pension fund (fixed deposit)	Pension fund (N.I.D.A A/c)	Provident fund	Other related parties				
(Rupees in '000)																							
Balances with other banks																							
In current accounts																							
Investments																							
Opening balance																							
Investment made during the year																							
Investment redeemed / disposed off during the year																							
Transfer in / (out) - net																							
Closing balance																							
Provision for diminution in value of investments																							
Advances																							
Opening balance																							
Addition during the year																							
Repaid during the year																							
Transfer in / (out) - net																							
Closing balance																							
Provision held against advances																							
Other Assets																							
Interest / mark-up accrued																							
Commission paid in advance																							
Rent receivable																							
Provision against other assets																							
Borrowings																							
Opening balance																							
Borrowings during the year																							
Settled during the year																							
Closing balance																							
Deposits and other accounts																							
Opening balance																							
Received during the year																							
Withdrawn during the year																							
Transfer in / (out) - net																							
Closing balance																							
Other Liabilities																							
Interest / mark-up payable																							
Brokerage payable																							
Contingencies and Commitments																							

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

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

	2023						2022									
	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Pension fund	Provident fund	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Pension fund	Provident fund	Other related parties
----- (Rupees in '000) -----																
Income																
Mark-up / return / interest earned	-	-	1,928	-	-	-	-	422,679	-	-	2,483	3,384	1	-	-	457,362
Dividend income	-	-	186,300	-	-	-	-	144,720	-	-	64,260	-	114,405	-	-	86,114
Rent income / Lighting & Power and Bank charges	-	-	21,399	6,077	-	-	-	21,027	-	-	13,903	5,533	-	-	-	-
Expense																
Mark-up / return / interest paid	292	7,496	162,076	108,007	31,505	150,743	1,844,455	297,705	-	4,846	37,931	-	20,556	477,113	1,787,633	1,688,174
Finance charges paid on lease assets to subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenses paid to company in which Director of the bank is interested as CEO and director	-	-	-	-	-	-	-	598,462	-	-	-	-	-	-	-	79,487
Remuneration to key management executives including charge for defined benefit plan	-	711,643	-	-	-	-	-	-	-	713,790	-	-	-	-	-	-
Contribution for other corporate & social responsibility paid to company in which Directors of the bank is interested as director	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,000
Commission paid to subsidiaries	-	-	11,182	-	-	-	-	-	-	-	5,535	-	-	-	-	-
Directors fee & other allowances	88,232	-	-	-	-	-	-	-	25,772	-	-	-	-	-	-	-
Post Retirement Benefit paid to Director cum Ex-employee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	522

(Rupees in '000)

45.1

Transactions with Government-related entities

The Federal Government and Pakistan Sovereign Wealth Fund (PSWF) holds 75.60% (2022: Federal Government and SBP 75.60%) shares of the Bank and therefore entities which are owned and / or controlled by the Federal Government, or where the Federal Government may exercise significant influence, are related parties of the Bank.

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

The Bank also earned commission on handling treasury transactions on behalf of the Government of Pakistan amounting to Rs. 10,320 million (2022: 10,507 million) for the year ended December 31, 2023. As at the statement of financial position date the loans and advances, deposits and contingencies relating to Government-related entities amounted to Rs. 602,707 million (2022: 593,486 million), Rs. 1,622,331 million (2022: 1,403,331 million) and Rs. 1,780,517 million (2022: 1,714,807 million), respectively and income earned on advances and investment and profit paid on deposits amounted to Rs. 77,719 million (2022: 40,225 million) and Rs. 184,042 million (2022: 199,052 million) respectively.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

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46. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- to comply with the capital requirements set by the regulators of the banking markets where the Bank operates;
- to safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to maintain a strong capital base to support the development of its business.

The SBP has issued instructions for Basel-III Implementation vide BPRD Circular No. 06 of 2013 dated August 15, 2013. These instructions were effective from December 31, 2013 in a phased manner with full implementation intended by December 31, 2019.

Basel-III instructions comprise the following three capital standards:

i. Minimum Capital Requirement (MCR):

The MCR standard sets the nominal amount of capital banks / DFIs are required to hold. Currently, the MCR for banks and DFIs is Rs. 10 billion as prescribed by SBP.

ii. Capital Adequacy Ratio (CAR):

The Capital Adequacy Ratio (CAR) assesses the capital requirement based on the risks faced by the banks/ DFIs. The banks/ DFIs are required to comply with the minimum requirements as specified by the SBP on standalone as well as consolidated basis. Currently the required CAR for banks is 11.50% (plus 2.50% for NBP as D-SIB requirement).

iii. Leverage Ratio:

Tier-1 Leverage Ratio of 3% is introduced in response to Basel III Accord as the third capital standard. Bank level disclosure of the leverage ratio and its components has started from December 31, 2015. However, SBP vide its letter No. BPRD/BA&CPD/638/436708/2023 dated March 7, 2023 has reduced the minimum requirement to 2.5% up till March 2024 which was 3% as per BPRD circular No.6 dated August 15, 2013. The bank has a leverage ratio of 3.12% in the year ended December 31, 2023, (2022: 3.08%) and Tier-1 capital of Rs.283,307 Millions (2022: 231,191).

The SBP's regulatory capital as managed by the Bank is analysed into following tiers:

1. Tier 1 Capital (going-concern capital)

- Common Equity Tier 1
- Additional Tier 1
- Tier I capital, which comprises highest quality capital element and includes fully paid up capital, balance in share premium account, reserve for issue of bonus shares, general reserves and un-appropriated profits (net of accumulated losses, if any).

2. Tier 2 Capital (gone-concern capital)

- Tier II capital, which includes general reserve for loan losses, revaluation reserve, exchange translation reserve and subordinated debt.

Basel III capital rules require bank to make certain deductions from the capital before arriving at the Capital Adequacy Ratio (CAR).

Risk weighted assets are measured according to the nature and reflect an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposures, with some adjustments to reflect more contingent nature of potential losses.

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The Bank's policy is to maintain strong capital base so as to maintain, investor, creditor and market confidence and to sustain future development of the business. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the SBP. The ratios compare the amount of eligible capital with the total of risk-weighted assets. The Bank monitors and reports its capital ratio under the SBP rules, which ultimately determines the regulatory capital, required to be maintained by Banks and DFIs.

The paid-up capital of the Bank for the year ended December 31, 2023 stood at Rs. 21,275 million (2022: Rs. 21,275 million) and is in compliance with the SBP requirement for the said year. In addition the Bank has maintained minimum Capital Adequacy Ratio (CAR) of 25.47% (2022: 21.59%).

There have been no material changes in the Bank's management of capital during the year.

	2023	2022
	------(Rupees in '000)-----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	21,275,131	21,275,131
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	283,307,166	231,190,928
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	283,307,166	231,190,928
Eligible Tier 2 Capital	93,397,166	75,036,139
Total Eligible Capital (Tier 1 + Tier 2)	376,704,332	306,227,067
Risk Weighted Assets (RWAs):		
Credit Risk	1,053,109,530	1,066,232,569
Market Risk	121,288,939	93,557,759
Operational Risk	304,450,738	258,686,736
Total	1,478,849,207	1,418,477,063
Common Equity Tier 1 Capital Adequacy ratio	19.16%	16.30%
Tier 1 Capital Adequacy Ratio	19.16%	16.30%
Total Capital Adequacy Ratio	25.47%	21.59%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	283,307,166	231,190,928
Total Exposures	9,074,435,344	7,502,352,873
Leverage Ratio	3.12%	3.08%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	1,618,093,446	1,418,328,644
Total Net Cash Outflow	918,191,522	963,197,902
Liquidity Coverage Ratio	176%	147%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	3,357,537,770	2,684,457,394
Total Required Stable Funding	1,298,306,326	1,069,401,835
Net Stable Funding Ratio	259%	251%

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- 46.1** The full disclosure on the Capital Adequacy, Leverage Ratio and Liquidity Requirements as per SBP instructions issued from time to time, is available on NBP's website. The link to the full disclosure is available at <https://www.nbp.com.pk/blsd/>

47. RISK MANAGEMENT

Risk management is about understanding and managing the potential for volatility of earnings, loss of access to reliable deposits and funding and depletion of capital arising from the business activities, whilst pursuing its strategic objectives. The Bank has in place a well-defined risk management strategy/ policy with clear objectives and deliverables through multi-pronged risk management processes.

The Bank applies the Basel framework as a cornerstone of the NBP's risk management framework and capital strategy. The Bank maintains a strong capital, funding and liquidity position in line with its on-going commitment to maintain balance sheet strength. The strength of risk profile management of the Bank stands at the following pillars:

- Identification and assessment of significant material risks.
- Overseeing and managing the risk profile of the Bank within the context of the risk appetite.
- Optimize risk/ return decisions by aligning them to business objective of achieving sustainable optimum growth.

In order to support Risk Management Group (RMG's) activities, a strong data management mechanism is also in place to collect and consolidate exposure wise information for various risk related analysis and reviews. The mechanism also helps in identification of e-CIB related information, periodic reviews, generation of reports and highlighting inconsistencies and errors, and issuing instructions to the relevant data entry points for rectification.

Bank is cognizant of importance of Environmental & Social Risk Management (E&SRM). During the period under review the Bank established a specialised ESG Function placed within the Enterprise Risk Management Group (EMRG) to oversee Environment & Social Risks (E&S). Going forward, the E&S Wing manage bank's E&S risk in accordance with the regulatory requirements.

In addition, Information Security Division (ISD) became an integral part of Risk Management Group to confronting the emerging risks arises due to the introduction and use of IT based systems.

47.1 Risk Governance Structure

Risk Management Group (RMG) operates as an independent group, i.e. separate from approvals and direct involvement in day-to-day activities. RMG reports directly to the President with a dotted line reporting to the Board Risk Committee (BRC). The group is responsible to perform the functions pertaining to development and oversight of the risk framework, methodologies and other functions assigned from time to time in line with local/ international best practices and under the supervision of SBP's regulations/ guidelines.

The Bank's Board is responsible to ensure active oversight over implementation of policies and frameworks so as to prevent any significant financial loss or reductions in shareholder value that may be suffered by the Bank. Therefore, it is the responsibility of the Board to ensure that policies and frameworks are in place to recognize all significant/ material risks to which the Bank is/ may be exposed and that the required human resource, culture, practices and systems are adequate to address such risks. The Board and its relevant committee, i.e. BRC and the senior management along with its relevant committees i.e. Credit Committee, Executive Risk Management Committee (ERMC), ALCO etc. are responsible to ensure formulation and implementation of risk management framework.

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47.2 Risk Management Framework

The Bank implements risk management framework through a 'Three Lines of Defence' model which defines clear responsibilities and accountabilities for various offices and ensures effective & independent oversight and also that the activities take place as intended. Risk Management Group together with Compliance Group acts as second line of defense and performs integrated function of oversight and independently challenges the effectiveness of risk management actions taken by business groups, who are the first line of defense. The risk management is further strengthened by the third line of defense, where Board Audit & Compliance Committee and Audit & Inspection Group add value through independent and objective assurance in improving risk management functions of the Bank.

Following paragraphs introduce Bank's exposures to material risks associated with its business activities and explain overall strategies and processes to manage those risks:

47.2.1 Credit Risk

Credit risk is a significant concern for banks due to the inherent nature of their core operations. With the continuous global economic crises, ongoing digitalization, and recent technological advancements, credit risk management has gained increased attention. By adopting a proactive approach and effectively managing their exposure to credit risk, banks not only ensure the sustainability and profitability of their own operations but also contribute to the stability of the overall financial system and efficient allocation of capital. Credit risk refers to the likelihood of incurring financial losses when a borrower fails to repay a loan, leading to disruptions in cash flow and higher costs for debt collection. NBP's lending activities constitute a major source of credit risk for the Bank, as it engages in various financial activities such as providing loans and advances, committing to lend, assuming contingent liabilities such as letter of credit and guarantees, and engaging in other on and off-balance sheet transactions. Under the supervision of the Board and President, the Bank has a dedicated setup headed by the Chief Risk Officer, who ensures the efficiency of credit risk assessment, measurement, review, and reporting frameworks.

Smart lending decisions can empower people and businesses to boost the bank's profitability and strategically guarding against the risks of extending credit. The effective implementation of structured assessment models, comprehensive pre-disbursement evaluation tools, and post-disbursement review systems has allowed NBP to successfully manage credit risk and mitigate losses within acceptable tolerance levels. Our risk management approach is rooted in a strategic goal to maintain a robust framework, proactively identify and address risks, and facilitate sustainable business growth. The bank has in place a Risk Appetite Framework and a Credit Risk Concentration Management Framework to set limits on credit risk exposure in relation to obligors, economic groups, and industry segments.

Risk Management function consistently conducts ongoing assessments of the credit portfolio. This involves utilizing portfolio reports and dashboards to discern borrowers and sectors that may be susceptible to the impact of changes in the local and global business and economic environment. The bank is actively monitoring delinquency in accounts, financial position of counterparties, prevailing economic situation and other pertinent information. The bank's credit review mechanism and approval process are meticulously defined and overseen by senior management. Analyzing counterparties across diverse asset classes, constitutions, and economic groups involves employing well-established rating models and scorecards, thereby enhancing decision-making processes.

The bank has actively undertaken the implementation of the IFRS 9 standard, presently in the parallel-run phase. This standard introduces a novel model for financial assets, mandating the recognition of impairment charges through the 'Expected Credit Loss' approach, departing from the existing 'Incurred Credit Loss' approach.

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Retail & Program Lending Group, manages the risk side of products governed on a program basis. It caters to products covered under RBG, IDG and AIBG businesses. Group has been organized on a Credit Cycle approach that adapts an end to end credit view. It is engaged in areas of Policy & Portfolio Management, MIS & Analytics, Credit Approvals, Collection & Recovery, Quality Assurance, etc. In addition, it works closely with other areas including Operational Risk, IT, Finance, HR, etc. Head of Group reports to CRO of the bank and is a voting member of Management Credit Committee & Enterprise Risk Committee

Credit Administration (CAD) is pivotal in overseeing the post-approval credit procedures, besides encompasses the establishment of fitting loan terms in accordance with sanctions and adherence to regulatory standards. CAD assumes a crucial role in post-approval credit management, actively contributing to portfolio expansion and granting individuals and businesses access to essential funds. Recent heightened managerial focus has further refined the efficiency of credit administration functions, emphasizing diligent monitoring and risk mitigation to sustain a robust and healthy portfolio.

Moreover, CAD is actively working to establish an improved mechanism encompassing advanced collateral management functions, control over limit functions, and effective vendor management. This initiative aims to address business requirements with a concentrated focus on CAD functions. Once the system is implemented, it is anticipated to significantly bolster the Bank's position within its peer group, reinforcing its overall strength.

Presently, the Basel Standardized Approach is employed within the Basel Framework to compute the capital charge for credit risk-weighted assets, utilizing a straightforward method for credit risk mitigation. Furthermore, stress testing for credit risk is also conducted to assess the potential impacts of scenarios outlined by the regulator.

Particulars of the bank's significant on-balance sheet and off-balance sheet credit risk in various sectors are analyzed as follows:

47.2.1.1 Lendings to financial institutions

Credit risk by public / private sector

	Gross lendings		Non-performing lendings		Provision held	
	2023	2022	2023	2022	2023	2022
	----- (Rupees in '000) -----					
Public / Government	85,000,000	-	-	-	-	-
Private	107,604,587	31,446,617	174,150	174,150	174,150	174,150
	192,604,587	31,446,617	174,150	174,150	174,150	174,150

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47.2.1.2 Investment in debt securities

Credit risk by industry sector	Gross investments		Non-performing investments		Provision held	
	2023	2022	2023	2022	2023	2022
	(Rupees in '000)					
Cement	245,168	357,668	20,168	20,168	20,168	20,168
Chemical	326,742	326,742	326,742	326,742	326,742	326,742
Construction	2,630,239	2,962,405	1,633,739	1,633,739	1,633,739	1,633,739
Engineering	4,842	4,842	4,842	4,842	4,842	4,842
Fertilizer	1,152,560	1,330,815	1,152,563	1,330,815	1,152,559	1,199,830
Sugar	640,719	655,219	640,719	655,219	640,719	655,219
Textile	725,810	936,767	582,953	651,053	582,953	651,053
Financial	15,119,874	14,920,842	501,012	501,012	501,012	501,012
Electronics and electrical appliances	1,308,738	1,308,738	1,308,738	1,308,738	1,308,738	1,308,738
Glass and Ceramics	11,361	11,361	11,361	11,361	11,361	11,361
Leather and Tanneries	5,288	5,288	5,288	5,288	5,288	5,288
Food and Personal Care Products	11,184	11,184	11,184	11,184	11,184	11,184
Pharmaceuticals	2,413	2,413	2,413	2,413	2,413	2,413
Technology and Communication	8,348	11,072	8,348	11,072	8,348	11,072
Vanaspati and Allied Industries	4,238	4,238	4,238	4,238	4,238	4,238
Oil and Gas Marketing	687	687	687	687	687	687
Cable and Electrical Goods	4,509	4,509	4,509	4,509	4,509	4,509
Automobile Parts and Accessories	1,185	1,185	1,185	1,185	1,185	1,185
Power (electricity), Gas, Water, Sanitary	29,925,996	27,692,257	-	-	-	-
Tobacco	144	144	144	144	144	144
Paper and Board	10,794	10,794	10,794	10,794	10,794	10,794
Jute	7,081	7,081	7,081	7,081	7,081	7,081
Metal Products	590,000	375,000	-	-	-	-
Services	780,515	823,877	-	-	-	-
Telecom	-	300,000	-	-	-	-
Miscellaneous	23,606	464,628	23,443	23,447	23,447	23,447
	53,542,041	52,529,756	6,262,151	6,525,731	6,262,151	6,394,746

Credit risk by public / private sector	Gross investments		Non-performing investments		Provision held	
	2023	2022	2023	2022	2023	2022
	(Rupees in '000)					
Public / Government	26,694,858	23,536,119	18,862	18,862	18,862	18,862
Private	26,847,183	28,993,637	6,243,289	6,506,869	6,243,289	6,375,884
	53,542,041	52,529,756	6,262,151	6,525,731	6,262,151	6,394,746

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47.2.1.3 Advances

Credit risk by industry sector	Gross advances		Non-performing advances		Provision held	
	2023	2022	2023	2022	2023	2022
	(Rupees in '000)					
Agriculture, Forestry, Hunting & Fishing	98,624,179	81,429,406	7,981,816	7,362,301	5,858,554	5,713,024
Mining & Quarrying	4,953,424	3,164,044	205,554	184,765	205,554	184,765
Textile	172,772,809	165,106,735	38,746,011	37,829,886	38,590,888	36,395,069
Chemical & Pharmaceuticals	8,726,797	7,461,927	5,608,202	4,439,102	4,858,290	4,394,734
Cement	29,429,909	35,175,010	6,286,205	5,768,647	4,306,468	3,786,389
Sugar	35,723,868	39,101,616	15,237,588	15,300,589	15,237,588	15,300,589
Footwear and Leather garments	2,548,291	2,534,796	1,305,280	1,168,627	1,271,149	1,079,224
Automobile & Transportation Equipment	8,926,304	10,875,288	962,288	921,095	954,395	905,813
Electronics & Electrical Appliances	10,503,866	10,782,697	4,778,714	2,379,854	3,688,323	2,377,270
Construction	23,638,052	24,955,900	10,057,457	9,447,671	9,936,191	9,441,049
Oil & Gas	311,928,714	178,706,498	19,618,900	19,619,278	19,323,280	19,339,190
Power (electricity), Gas, Water, Sanitary	191,933,546	194,522,795	14,882,572	15,156,096	12,709,678	12,981,169
Wholesale and Retail Trade	53,130,430	53,368,839	11,827,052	10,713,337	11,630,991	10,608,043
Transport, Storage and Communication	73,230,722	57,659,125	17,134,803	14,820,738	15,080,210	12,548,074
Financial	2,874,807	14,915,038	340,098	321,443	324,146	313,343
Services	48,455,066	42,006,765	2,260,499	3,104,232	1,571,278	1,812,521
Individuals	210,381,015	203,234,728	6,900,504	6,468,807	4,318,671	4,350,012
Fertilizer	5,496,940	9,096,871	2,730,894	2,861,321	2,690,260	2,822,795
Metal Products	75,901,770	70,882,534	30,959,009	26,476,676	30,871,562	26,473,372
Telecommunication	32,954,455	30,839,889	1,312,494	1,180,028	1,104,242	1,180,028
Public Sector Commodity Operations	127,236,872	96,305,380	718,876	74,198	235,368	74,198
Rice Trading & Processing	44,913,336	35,552,848	4,541,062	4,546,743	4,361,754	4,432,434
Food and Tobacco	22,581,792	20,536,106	9,386,521	7,108,250	7,954,097	6,745,426
Glass and Ceramics	7,089,518	6,626,264	271,493	274,739	271,493	274,739
Paper & Board	3,939,798	3,063,869	576,412	1,177,882	565,726	1,168,683
Engineering	8,845,740	29,549,358	1,508,928	1,637,447	1,370,855	1,482,884
Plastic Products	3,865,916	3,305,648	1,735,045	1,507,205	1,396,225	1,157,387
Media	664,016	916,067	151,334	151,334	151,334	151,334
Flour Mills	4,409,585	2,429,206	555,705	602,291	525,782	570,451
Sports Goods	1,457,410	140,062	34,794	14,688	34,794	14,688
Surgical equipments	981,604	790,887	13,159	13,200	13,159	9,430
Others	3,565,142	3,545,008	2,196,447	2,674,955	2,158,447	2,622,734
	1,631,685,693	1,438,581,204	220,825,716	205,307,425	203,570,752	190,710,861

Credit risk by public / private sector	Gross advances		Non-performing advances		Provision held	
	2023	2022	2023	2022	2023	2022
	(Rupees in '000)					
Public / Government	644,878,073	498,932,567	982,500	484,437	498,992	484,437
Private	986,807,620	939,648,637	219,843,216	204,822,988	203,071,760	190,226,424
	1,631,685,693	1,438,581,204	220,825,716	205,307,425	203,570,752	190,710,861

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47.2.1.4 Contingencies and Commitments

Credit risk by industry sector

	2023	2022
	------(Rupees in '000)-----	
Agriculture, Forestry, Hunting and Fishing	218,136	504,418
Mining and Quarrying	73,466	426,948
Textile	15,709,777	15,852,803
Chemical and Pharmaceuticals	8,405,999	3,774,815
Cement	5,949,829	3,402,417
Sugar	5,303	93,200
Footwear and Leather garments	51,827	6,262
Automobile and Transportation Equipment	2,423,164	2,712,927
Electronics and Electrical Appliances	3,509,467	2,433,354
Construction	10,408,498	9,005,223
Oil & Gas	59,322,425	67,938,534
Power (electricity), Water, Sanitary	50,934,421	59,726,777
Wholesale and Retail Trade	3,105,839	1,507,306
Transport, Storage and Communication	55,560,127	117,805,517
Financial	856,711,238	836,176,841
Services	1,512,041,370	1,532,587,528
Individuals	228,227	316,559
Fertilizer	4,832,942	3,272,384
Metal Products	23,669,700	21,853,185
Telecommunication	32,082,348	25,204,570
Public Sector Commodity Operations	3,437,431	199,543
Rice processing and Trading	358,732	459,325
Food and Tobacco	2,082,149	460,902
Glass and Ceramics	502,829	977,165
Paper and Board	2,100,963	560,047
Engineering	81,202,951	68,544,006
Plastic Products	246,351	159,060
Sports Goods	6,229	26,713
Surgical equipments	86,235	47,143
Others	532,595	1,430,774
	<u>2,735,800,568</u>	<u>2,777,466,247</u>

* Contingent liabilities for the purpose of this note are presented at cost and includes direct credit substitutes, transaction related contingent liabilities and trade related contingent liabilities.

Credit risk by public / private sector

	2023	2022
	------(Rupees in '000)-----	
Public / Government	1,708,517,452	1,775,401,082
Private	1,027,283,116	1,002,065,165
	<u>2,735,800,568</u>	<u>2,777,466,247</u>

47.2.1.5 Concentration of Advances

The bank's top ten (10) exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 1,959,515 million (2022: Rs. 1,851,158 million) are as following:

	2023	2022
	------(Rupees in '000)-----	
Funded	441,093,207	306,636,922
Non Funded	1,518,421,637	1,544,521,600
Total Exposure	<u>1,959,514,844</u>	<u>1,851,158,522</u>

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The sanctioned limits against these top 10 exposures aggregated to Rs. 2,045,103 million (2022: Rs. 1,899,110 million).

For the purpose of this note, exposure means outstanding funded facilities and utilised non-funded facilities as at the reporting date.

47.2.1.6 Advances - Province / Region-wise Disbursement & Utilization

Province / Region	2023						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
		(Rupees in '000)					
Punjab	488,630,825	487,273,108	111,328	1,246,389	-	-	-
Sindh	623,940,498	-	622,376,734	1,176,470	-	387,294	-
KPK including FATA	10,821,813	-	-	10,821,813	-	-	-
Balochistan	3,714,956	-	-	-	3,714,956	-	-
Islamabad	118,306,922	-	-	-	-	118,306,922	-
AJK including Gilgit - Baltistan	3,763,094	-	-	-	-	-	3,763,094
Total	1,249,178,108	487,273,108	622,488,062	13,244,672	3,714,956	118,694,216	3,763,094

Province / Region	2022						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
		(Rupees in '000)					
Punjab	422,286,297	421,433,044	853,253	-	-	-	-
Sindh	491,891,760	826,000	489,953,056	-	500,000	612,705	-
KPK including FATA	11,459,625	-	-	11,459,625	-	-	-
Balochistan	4,073,074	-	-	-	4,073,074	-	-
Islamabad	129,737,810	-	-	-	-	129,737,810	-
AJK including Gilgit-Baltistan	7,244,799	-	-	-	-	-	7,244,799
Total	1,066,693,365	422,259,044	490,806,309	11,459,625	4,573,074	130,350,515	7,244,799

47.2.2 Market Risk

Market Risk is the value of on and off-balance sheet positions of a financial institution that will be adversely affected by movements in market factors such as interest rates, foreign exchange rates, equity prices, credit spreads and/ or commodity prices resulting in a loss to earnings and capital.

The Bank's market risk is managed through Market & Liquidity Risk Management Policy and Manual approved by the Board. Bank has in-place market risk limits to maintain risk emanating from such market drivers within the Bank's risk appetite. Under the developed Value-at-Risk (VaR) models and policy framework, VaR limits are being monitored.

Standardized Approach is used to calculate capital charge for market risk as per Basel framework. Stress testing for interest rate, equity prices, and exchange rates risks activities is carried out regularly to estimate the impact on the capital of the Bank and maintain the Bank's capital at appropriate level.

In addition to the regulatory requirements, Bank has devised proprietary market risk stress testing scenarios which are performed on periodic basis to assess the impact on capital of the Bank for Internal Capital Adequacy and Assessment Process (ICAAP). Limits/ zones and Management Action Triggers and Management Action Plans corresponding to Liquidity Ratios, Balance Sheet Duration Gap, Government Securities' PVBP and Duration have also been developed.

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47.2.2.1 Statement of Financial position split by trading and banking books

	2023			2022		
	Banking book	Trading book	Total	Banking book	Trading book	Total
(Rupees in '000)						
Cash and balances with treasury banks	294,992,570	-	294,992,570	229,910,949	-	229,910,949
Balances with other banks	42,325,051	-	42,325,051	18,593,800	-	18,593,800
Lendings to financial institutions	192,430,437	-	192,430,437	31,272,467	-	31,272,467
Investments	4,360,274,395	43,089,648	4,403,364,043	3,393,771,968	83,581,906	3,477,353,874
Advances	1,398,076,820	-	1,398,076,820	1,230,521,804	-	1,230,521,804
Fixed assets	56,974,417	-	56,974,417	57,105,842	-	57,105,842
Intangible assets	1,510,061	-	1,510,061	1,388,947	-	1,388,947
Right of use assets	6,934,471	-	6,934,471	6,708,404	-	6,708,404
Deferred tax asset	-	-	-	22,299,403	-	22,299,403
Other assets	256,099,568	-	256,099,568	165,269,056	-	165,269,056
	6,609,617,790	43,089,648	6,652,707,438	5,156,842,640	83,581,906	5,240,424,546

47.2.2.2 Foreign Exchange Risk

Foreign exchange and translation risk arises from the impact of currency movements on the value of the Bank's cash flows, profits and losses, and assets and liabilities as a result of participation in global financial markets and international operations.

In order to manage currency risk exposure the Bank enters into ready, spot, forward and swaps transactions with the SBP and in the interbank market, financial institutions and corporates. The Bank's foreign exchange exposure comprises of forward contracts, purchases of foreign bills, foreign currency cash in hand, balances with Banks abroad, foreign placements with the SBP and foreign currency assets and liabilities. Foreign Exchange exposure is managed within the statutory limits, as fixed by the SBP. Appropriate segregation of duties exists between the front, middle and back office functions.

	2023				2022			
	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	Net foreign currency exposure	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	Net foreign currency exposure
(Rupees in '000)								
United States Dollar	407,071,417	526,851,269	149,166,105	29,386,253	211,299,303	370,932,974	141,296,815	(18,336,856)
Great Britain Pound	4,560,991	8,045,545	8,217,517	4,732,962	3,721,821	7,473,268	5,377,060	1,625,613
Japanese Yen	5,270,516	1,265,119	2,990	4,008,387	4,506,162	1,566,256	109,675	3,049,581
Euro	11,881,678	14,678,082	5,639,911	2,843,507	11,856,401	22,030,243	14,029,417	3,855,575
Other currencies	122,811,374	63,651,435	6,779,686	65,939,626	83,196,326	17,305,795	5,066,952	70,957,483
	551,595,977	614,491,450	169,806,209	106,910,735	314,580,013	419,308,536	165,879,919	61,151,396

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
(Rupees in '000)				
Impact of 1% change in foreign exchange rates				
- Profit and loss account	-	39,378	-	261,830
- Other comprehensive income	1,069,107	-	611,514	-

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47.2.2.3 Equity position Risk

Stock trading activities also raise risk which occurs resulting in negative fluctuations of daily stock prices specifically in those stocks which are held by the Bank, hence, deplete capital. The Bank's equity position is managed through limits imposed by regulator for both, overall investment and exposure in single scrip. Moreover, internal limits are set to possibly manage overall earnings in the form of placing of stop loss, VaR limits and/ or through diversification within the structure of overall equity position portfolio.

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	----- (Rupees in '000) -----			
Impact of 5% change in equity prices on				
- Profit and loss account	-	3,966	-	20,188
- Other comprehensive income	3,912,948	-	2,577,256	-

47.2.2.4 Yield / Interest Rate Risk in the Banking Book (IRRBB)-Basel II Specific

Interest rate risk arises due to adverse movements in yield curve that is being monitored by ALCO with an objective to possibly limiting the potential adverse impact on the profitability of the Bank, which may result due to volatility of market interest rates and any mismatch or gaps in the amount of financial assets and financial liabilities in different maturity time bands. Bank assumes that the sources of IRR are based on following sub-risks.

- Re-pricing risk; arising from changes to the overall level of interest rates and inherent mismatches in the re-pricing term of banking book items.
- Yield curve risk; arising from a change in the relative level of interest rates for different tenors and changes in the slope or shape of the yield curve.
- Basis risk; arising from differences between the actual and expected interest margins on Banking book items over the implied cost of funds of those items.

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	----- (Rupees in '000) -----			
Impact of 1% change in interest rates on				
- Profit and loss account	-	402,100	-	758,615
- Other comprehensive income	20,443,787	-	17,740,339	-

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47.2.2.5 Mismatch of Interest Rate Sensitive Assets and Liabilities

	Effective Yield / Interest rate	2023										Non-interest bearing financial instruments
		Exposed to Yield / Interest risk										
		Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years		
(Rupees in '000)												
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	4.0%	294,992,570	47,429,232	-	-	-	-	-	-	-	-	247,563,338
Balances with other banks	10.7%	42,325,051	4,009,398	3,376,854	758,450	-	-	-	-	-	-	33,508,579
Lendings to financial institutions	19.8%	192,430,437	192,420,714	-	-	-	-	-	-	-	-	9,723
Investments	19.8%	4,403,364,043	1,213,850,827	1,016,852,727	405,941,151	1,046,346,810	125,302,736	213,257,677	161,244,939	97,933,065	4,827,262	117,806,849
Advances	14.9%	1,398,076,820	398,672,392	400,820,608	197,797,103	64,383,783	23,471,767	41,855,723	44,435,433	58,092,119	60,544,803	108,003,089
Other assets	0.0%	226,424,116	-	-	-	-	-	-	-	-	-	226,424,116
		6,557,613,037	1,856,382,563	1,421,050,189	604,410,024	1,111,489,043	148,774,503	255,113,400	205,680,372	156,023,184	65,372,065	733,315,694
Liabilities												
Bills payable	0.0%	68,000,448	-	-	-	-	-	-	-	-	-	68,000,448
Borrowings	20.7%	2,177,743,194	2,087,823,897	39,830,834	7,640,293	710,905	1,073,314	1,066,201	6,558,534	33,017,995	21,221	-
Deposits and other accounts	12.3%	3,674,359,379	1,755,991,811	164,972,176	205,025,317	211,301,760	20,390,959	8,319,597	16,710,676	2,777,796	-	1,288,869,287
Lease liability against right of use assets	9.8%	8,264,782	972	4,534	31,018	160,978	596,179	1,095,456	1,759,513	4,127,708	488,424	-
Other liabilities	-	338,025,095	-	-	-	-	-	-	-	-	-	338,025,095
		6,266,392,898	3,843,816,680	204,807,544	212,696,628	212,173,643	22,060,452	10,481,254	25,028,723	39,923,499	509,645	1,694,894,830
On-balance sheet gap		291,220,139	(1,987,434,117)	1,216,242,645	391,713,396	899,315,400	126,714,051	244,632,146	180,651,649	116,101,685	64,862,420	(961,579,136)
Off-balance sheet financial instruments												
Documentary credits and short-term trade-related transactions		1,633,847,479	-	-	-	-	-	-	-	-	-	1,633,847,479
Commitments in respect of:												
- Forward foreign exchange contracts		169,806,209	60,702,960	87,931,586	21,171,663	-	-	-	-	-	-	-
- Forward government securities transactions		(4,332,657)	-	-	-	(658)	-	-	(2,908,182)	(1,423,817)	-	-
- Forward lending		44,432,555	-	-	-	-	-	-	-	-	-	44,432,555
Commitments for acquisition of:												
- fixed assets		1,129,442	-	-	-	-	-	-	-	-	-	1,129,442
- other commitments		-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		1,844,893,028	60,702,960	87,931,586	21,171,663	(658)	-	-	(2,908,182)	(1,423,817)	-	1,679,409,476
Total Yield / Interest Risk Sensitivity Gap		(1,926,731,157)	1,304,174,231	412,885,059	899,314,742	126,714,051	244,632,146	177,743,467	114,677,868	64,862,420	717,830,340	
Cumulative Yield / Interest Risk Sensitivity Gap		(1,926,731,157)	(622,556,926)	(209,671,867)	689,642,875	816,356,926	1,060,989,072	1,238,732,539	1,353,410,407	1,418,272,827	2,136,103,167	

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2022												
Effective	Exposed to Yield / Interest risk										Non-interest bearing financial instruments	
Yield / Interest rate	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years			
Total	(Rupees in '000)											
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	19,349,334	-	-	-	-	-	-	-	-	-	210,561,615	
Balances with other banks	3,235,004	1,613,059	556,760	797,970	-	-	-	-	-	-	12,391,007	
Lendings to financial institutions	31,282,744	-	-	-	-	-	-	-	-	-	9,723	
Investments	621,351,086	1,495,013,190	544,869,800	198,775,210	121,415,872	114,581,645	175,991,374	115,774,778	7,150,694	82,430,225		
Advances	324,286,274	280,091,474	173,744,248	165,864,406	25,730,493	43,725,218	66,856,032	53,927,228	31,850,855	64,445,576		
Other assets	-	-	-	-	-	-	-	-	-	-	126,996,148	
	5,114,649,042	1,776,717,723	719,170,808	365,437,586	147,146,365	158,306,863	242,847,406	169,702,006	39,001,549	496,834,294		
Liabilities												
Bills payable	-	-	-	-	-	-	-	-	-	-	55,268,019	
Borrowings	1,386,993,999	481,134,339	24,758,723	4,359,766	3,941,769	4,278,460	12,396,285	22,578,300	44,146	-		
Deposits and other accounts	1,693,194,904	56,331,841	143,645,001	62,752,364	87,857,931	21,560,944	14,583,213	1,997,543	-	584,260,619		
Lease liability against right of use assets	50	21,308	60,618	179,606	416,971	1,016,832	1,904,041	2,978,296	1,690,227	-		
Other liabilities	266,726,818	-	-	-	-	-	-	-	-	-	266,726,818	
	4,936,932,933	3,080,188,953	537,487,488	168,464,342	67,291,736	92,216,671	26,856,236	28,883,539	27,554,139	1,734,373	906,255,466	
On-balance sheet gap	177,716,109	(2,080,704,511)	1,239,230,235	550,706,466	298,145,850	54,929,695	131,450,627	213,963,867	142,147,867	37,267,176	(409,421,163)	
Off-balance sheet financial instruments												
Documentary credits and short-term trade-related transactions	-	-	-	-	-	-	-	-	-	-	1,696,635,726	
Commitments in respect of:												
forward foreign exchange contracts	165,879,918	78,713,612	62,008,252	25,158,054	-	-	-	-	-	-	-	
forward government securities transactions	(32,591,580)	(32,591,580)	-	-	-	-	-	-	-	-	-	
Forward lending	50,363,949	-	-	-	-	-	-	-	-	-	50,363,949	
Commitments for acquisition of:												
fixed assets	798,234	-	-	-	-	-	-	-	-	-	798,234	
other commitments	-	-	-	-	-	-	-	-	-	-	-	
Off-balance sheet gap	1,881,086,247	46,122,032	62,008,252	25,158,054	-	-	-	-	-	-	1,747,797,909	
Total Yield / Interest Risk Sensitivity Gap	(2,034,582,479)	1,301,238,487	575,864,520	298,145,850	54,929,695	131,450,627	213,963,867	142,147,867	37,267,176	1,338,376,746		
Cumulative Yield / Interest Risk Sensitivity Gap	(2,034,582,479)	(733,343,992)	(157,479,473)	140,666,377	195,596,073	327,046,700	541,010,567	683,158,434	720,225,610	2,058,802,356		

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2023	2022
------(Rupees in '000)-----	

47.2.2.6 Reconciliation of Financial Assets & Liabilities with Total Assets & Liabilities

Total Financial Assets as per note 47.2.2.5	6,557,613,037	5,114,649,042
Add: Non-Financial Assets		
Fixed Assets	56,974,417	57,105,842
Intangible Assets	1,510,061	1,388,947
Right of Use Assets	6,934,471	6,708,404
Deferred Tax Assets	-	22,299,403
Other Assets	29,675,452	38,272,908
	95,094,401	125,775,504
Total assets as per statement of financial position	6,652,707,438	5,240,424,546
Total Financial Liabilities as per note 47.2.2.5	6,266,392,898	4,936,932,933
Add: Non-Financial Liabilities		
Deferred Tax Liabilities	720,183	
Other Liabilities	2,838,764	2,643,854
Total liabilities as per statement of financial position	6,269,951,845	4,939,576,787

47.2.3 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk but excludes strategic and reputational risks. For effective implementation, bank has comprehensive Operational Risk Management (ORM) Framework and procedure documents. These documents provide guidance for setting up operational risk strategy of the Bank, selection and adoption of risk and loss measurement tools, reporting, and establishment of operational risk management processes.

Operational risks are a core component of doing business arising from the day-to-day operational activities of the Bank including launching of new products and services by the bank. Bank realizes that operational risks cannot be fully mitigated, it therefore, determines an appropriate balance between accepting potential losses and incurring costs of mitigation.

Further, the Bank has adopted an Operational Risk Management Policy Framework and Operational Risk Appetite are approved by the Board in-line with Basel framework and Bank's policy, respectively. Furthermore, Bank has rolled-out Operational Loss Data Collection Mechanism whereby field functionaries and Groups/Divisions at head office are responsible to report operational losses under their jurisdictions on immediate basis. Operational loss events are reviewed and appropriate corrective measures are taken on an ongoing basis. Risk Evaluation exercise is carried out for new products, processes and systems as per the ORM procedures document of the bank.

The Bank also conducts root cause analysis of major Operational Risk Incidents covering key control lapses and accordingly suggests recommendations & mitigations. As per Basel regulatory framework, the Bank calculates capital charge for its operational risk using Basic Indicator Approach. This approach is considered most suitable in view of the business model of the bank which relies on an extensive network of branches to offer banking services to its customers.

Moreover, the Bank closely monitored overall bank's operational environment and undertook required actions to ensure the safety and security of Bank staff, assets and maintenance of service to its customers. The Bank continued to take measures to ensure maintenance of their service levels and resolved customer complaints to meet the expectations of its stakeholders.

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The Bank's operations stayed highly resilient and the Bank deployed all necessary measures for the health and safety of its employees to prevent them from any unwarranted situation.

47.2.4 Information Security Risk

Cyber Security is one of our top priority risks. Considering extensive customer base and increasing digital footprint, mechanism has been devised for up scaling of technology infrastructure and related channels from information security standpoint. Further, due to evolving cyber threat landscape, the Bank has taken appropriate actions to monitor and respond to cybersecurity risks and adopted a heightened state of cybersecurity. We are living in the highly technology dependent environment, where most of the business functions are performed with information technology for storing, processing and sharing of information. The information "assets" that are being used to store, process and transmit the information, face various types of threats. If threats get materialized and are able to exploit the vulnerabilities (weaknesses) present in these information assets, the confidentiality, integrity and availability of information get compromised. In order to mitigate the risks, certain controls and countermeasures need to be assessed and implemented. The Bank has devised a governance mechanism to manage related risks through development of Policies & Frameworks, and deployed security tools to ensure adequate implementation of internal controls and monitoring of security threats within technology infrastructure.

As first line of defense, the Business groups have primary responsibility for identifying, measuring, and controlling the risks within their areas of accountability. Our staff of Information Security Division (ISD) is second line of defense against any cyber risks. Therefore, the Bank regularly assesses the information security controls and undertakes employees' awareness and trainings. The Bank works with its key technology partners to ensure that potentially vulnerable systems are identified and appropriate fixes & controls are implemented to secure the systems. The Bank is actively communicating with its customers on interacting with the Bank in a secure manner through its full suite of channels including online and digital banking.

Over the span of last two years, the Bank has taken various initiatives to uplift the cyber security controls. The management is cognizant of the fact that cyber security is a top priority risk and the Bank is taking appropriate steps to monitor and respond to it. The Information Security Division (ISD) has been reorganized in 2022 with introduction of new technical roles of IS Security Operations & Threat Management, Network & Infrastructure Security, and Application & Database Security; in addition to the management roles of IS Governance & Compliance, IS Program Management, and IS Risk Management. The unit (ISD) works under the supervision of Chief Information Security Officer (CISO). Numerous steps have been taken by the Bank to identify cyber security weaknesses of systems & infrastructure. Several controls are in place including but not limited to 24/7 SOC, 2FA authentication of VPN connections, Kaspersky EPP and KATA XDR, IBM QRadar SIEM upgrade, Guardium for Database security, Resilient for IR playbooks etc. in line with the action plan outlined in the Bank's cyber security management framework. In addition to these, numerous other initiatives and projects are in line for further enhancement of bank's cyber security for years 2024 and 2025.

47.2.5 Enterprise-wide Risk

In addition to the above mentioned risks, the Bank has a structure to identify other Pillar II material risks on periodic basis. The source of these reports includes, but not limited to, the Internal Capital Adequacy and Assessment Process (ICAAP), which takes into account risks over and above those which directly occur as a result of daily business and operations of the Bank. These risks include Concentration Risk, Interest Rate Risk in Banking Book (IRRBB), Increase in NPL Categories, Reputational Risk, Strategic Risk, etc.

Moreover, all those brewing risks that are material and arise within the Bank or due to inherent behavior of country's market and economic conditions, whether in isolation or in combination are addressed under the Bank-wide Recovery Plan. These risks are monitored on certain frequency and mitigating actions are taken as and when deemed necessary.

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Bank's Stress-testing framework, comprises of tools, to deliver a timely assessment of the resilience of the Bank's capital under stressed conditions to the senior management. It ranges from simple sensitivity analysis to sophisticated stress testing methods to capture the abnormal movement of market and economic indicators and to translate such scenarios into projections of Bank's profitability, liquidity and capital planning.

This framework paves the way to a quantitative, forward-looking assessment of capital adequacy (movement/ level of Capital Adequacy Ratio (CAR) of the Bank) to provide an indication of how much capital might be needed to absorb any expected and any unforeseen losses. It helps in identifying potential vulnerabilities within the Bank and assessing solvency by applying plausible/ past adverse scenarios under extreme conditions.

47.2.6 Liquidity Risk

Liquidity risk is the risk of loss to a bank arising from its inability to meet obligations as they fall due or to fund assets, without incurring unacceptable costs or losses. More simply, liquidity risk is the possibility that a bank will be unable to meet its financial commitment to a customer, creditor, or investor when due, in a timely and cost-effective manner.

To mitigate this risk, Bank has arranged diversified funding sources, manages specific assets with liquidity in mind and monitors liquidity on daily basis. In addition, the Bank maintains statutory deposits with central Banks inside and outside Pakistan. The purpose of liquidity management is to ensure that there are sufficient cash flows to meet all of the Bank's liabilities when due, under both normal and stressed conditions without incurring unacceptable losses, as well as to capitalize on opportunities for business expansion and profitability. This includes the Bank's ability to meet deposit withdrawals either on demand or at contractual maturity, to repay borrowings as they mature and to make new loans and investments, as opportunities arise.

Asset and Liability Committee (ALCO) is responsible for ensuring that the Bank has adequate liquidity and monitors liquidity gaps, to execute this responsibility. Mandatory as well as optional stress testing and ratio based liquidity assessments are performed to proactively identify and manage liquidity position, needs/ requirements. Bank has various limits/ ratios, triggers and management actions in place to monitor and mitigate liquidity risk. The Bank calculates and monitors, on regular basis, Basel-III Liquidity standards (includes LCR, NSFR and LMTs), liquidity ratios as per SBP parameters besides other internal liquidity measures.

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47.2.6.1 Maturities of Assets and Liabilities - based on contractual maturity of the assets and liabilities of the Bank

2023														
Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 Years		
(Rupees in '000)														
Assets														
Cash and balances with treasury banks	294,992,570	291,655,620	931,810	-	2,405,140	-	-	-	-	-	-	-	-	-
Balances with other banks	42,325,051	33,523,864	-	65,010	3,929,103	3,376,854	-	758,450	-	-	-	-	-	-
Lending to financial institutions	192,430,437	9,723	192,420,714	-	-	-	671,770	-	-	-	-	-	-	-
Investments	4,403,364,043	3,948,387	63,237	4,454,974	491,810	642,639	46,232,793	575,275,570	1,304,643,492	489,322,140	649,752,188	282,532,052	-	-
Advances	1,398,076,820	308,653,867	12,914,449	29,826,563	81,084,497	104,759,660	56,183,865	127,744,876	74,813,740	65,861,729	153,261,454	284,313,134	-	-
Fixed assets	56,974,417	-	-	-	-	-	-	-	709,153	2,332,578	709,154	1,242,084	51,981,448	-
Intangible assets	1,510,061	-	-	-	-	-	-	-	503,354	503,354	503,353	-	-	-
Right of Use Assets	6,934,471	-	-	-	274	1,017	26,771	67,685	458,539	1,022,070	1,370,768	3,910,552	-	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	256,099,568	76,936,551	-	-	-	53,035,357	33,961,677	6,476,723	22,369,643	757,405	1,136,107	1,514,809	-	-
	6,652,707,438	714,728,012	206,330,210	34,346,547	87,910,824	161,815,527	208,637,887	639,920,600	1,405,121,346	558,175,851	806,762,601	624,251,995	-	-
Liabilities														
Bills payable	68,000,448	68,000,448	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	2,177,743,194	19,330,975	515,918,633	688,152,390	864,421,899	9,640,838	30,189,996	620,036	1,073,314	1,066,201	6,558,534	33,039,216	-	-
Deposits and other accounts	3,674,359,379	2,921,419,139	34,960,368	16,717,829	74,090,370	93,681,799	70,148,129	153,452,035	20,389,267	8,323,449	16,710,676	2,777,797	-	-
Liabilities against assets subject to right of use assets	8,264,782	609	-	-	363	1,697	2,837	76,618	596,179	1,095,456	1,759,513	4,616,132	-	-
Deferred tax liabilities	720,183	-	-	-	-	-	-	-	-	-	720,183	-	-	-
Other liabilities	340,863,859	204,718,140	1,347,596	1,141,953	1,066,834	6,560,557	36,083,856	2,354,662	26,230,647	10,936,240	21,215,571	20,707,164	-	-
	6,269,951,845	3,213,469,311	552,226,587	706,012,172	939,579,466	109,884,891	106,486,939	56,328,670	48,289,407	21,421,346	46,964,477	61,140,309	-	-
Net assets	382,755,593	(2,498,741,299)	(345,896,377)	(671,665,625)	(851,668,642)	51,930,636	39,592,519	483,417,249	1,356,831,939	536,754,505	759,798,124	563,111,686	-	-
Share capital														
Reserves	21,275,131													
Unappropriated profit	79,071,471													
Surplus on revaluation of assets	218,754,398													
	63,654,593													
	382,755,593													

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2022													
Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years		
(Rupees in '000)													
Assets													
Cash and balances with treasury banks	227,629,726	898,000	-	1,383,223	-	-	-	-	-	-	-		
Balances with other banks	12,404,772	2,036,159	53,880	1,131,200	666,169	946,890	556,760	797,970	-	-	-		
Lending to financial institutions	9,723	30,484,537	778,207	-	-	-	-	-	-	-	-		
Investments	5,642,931	3,022,008	2,084,677	3,740,930	186,814,863	406,585,250	221,684,778	398,517,150	177,535,218	599,374,146	756,921,831		
Advances	395,617,066	4,058,283	13,107,471	41,934,580	66,304,945	19,816,294	117,851,616	66,796,248	61,478,106	70,627,513	64,102,093		
Fixed assets	-	-	-	-	-	-	-	-	767,650	1,847,737	767,649		
Intangible assets	-	-	-	-	-	-	-	-	462,982	462,982	462,983		
Right of Use Assets	-	-	-	74	16,055	611	58,696	104,470	74,851	374,173	844,718		
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-		
Other assets	40,601,665	-	-	-	35,063,581	35,453,086	18,014,774	1,555,796	29,927,589	688,171	1,032,256		
	681,905,883	40,498,987	16,024,235	48,190,007	288,865,613	462,802,131	358,166,624	467,771,634	702,614,140	823,787,445	609,581,619		
	5,240,424,546										498,341,625		
Liabilities													
Bills payable	55,268,019	-	-	-	-	-	-	-	-	-	-		
Borrowings	181,510	904,800,208	6,202,665	475,809,616	332,601,654	148,532,685	24,758,723	2,260,017	3,941,769	4,278,460	12,396,285		
Deposits and other accounts	2,143,888,138	29,194,099	15,104,734	89,432,643	35,181,791	20,960,861	143,606,960	43,116,055	87,856,473	21,567,400	14,583,213		
Liabilities against assets subject to right of use assets	-	-	-	50	20,865	443	60,618	70,232	416,971	1,016,832	1,904,041		
Other liabilities	141,944,504	13,465	10,535	31,684	11,407,909	11,393,698	28,281,344	2,106,131	24,159,069	9,893,832	19,220,510		
	934,007,772	21,317,934	565,273,993	379,212,219	180,887,687	196,707,645	47,552,435	116,374,282	36,756,524	48,104,049	48,090,372		
	2,341,282,171												
	(893,508,785)												
	(1,659,376,288)												
	(5,293,699)												
	281,914,444												
	161,458,979												
	420,219,199												
	217,864,899												
	787,030,921												
	561,477,570												
	450,251,253												
Net assets													
Share capital	21,275,131												
Reserves	64,144,050												
Unappropriated profit	172,511,676												
Surplus on revaluation of assets	42,916,902												
	300,847,759												

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

47.2.6.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Bank

2023

	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Assets										
Cash and balances with treasury banks	294,992,570	186,697,470	4,459,436	51,917,832	51,917,832	-	-	-	-	-
Balances with other banks	42,325,051	37,517,977	3,376,854	671,770	758,450	-	-	-	-	-
Lending to financial institutions	192,430,437	192,430,437	-	-	-	-	-	-	-	-
Investments	4,403,364,043	8,958,408	37,101,548	46,232,793	1,584,821,422	1,304,643,492	489,322,140	649,752,188	273,727,499	8,804,553
Advances	1,398,076,820	353,457,485	257,947,258	117,692,500	90,730,630	74,812,630	65,861,729	153,261,454	208,090,803	76,222,331
Fixed assets	56,974,417	-	-	-	709,154	2,332,578	709,154	1,242,084	-	51,981,447
Intangible assets	1,510,061	-	-	-	503,354	503,354	503,353	-	-	-
Right of Use Assets	6,934,471	275	3,128	26,771	142,368	458,539	1,022,070	1,370,768	3,475,902	434,650
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	256,099,568	173,126,273	23,310,926	20,930,958	12,953,447	22,369,643	757,405	1,136,107	1,514,809	-
	6,652,707,438	952,188,325	326,199,150	237,472,624	1,742,536,657	1,405,120,236	558,175,851	806,762,601	486,809,013	137,442,981
Liabilities										
Bills payable	68,000,448	43,326,759	644,310	8,009,793	8,009,793	8,009,793	-	-	-	-
Borrowings	2,177,743,194	2,087,823,897	39,830,834	7,640,293	710,905	1,073,314	1,066,201	6,558,534	33,017,995	21,221
Deposits and other accounts	3,674,359,379	756,498,447	212,075,045	641,470,099	655,458,958	473,941,147	461,875,330	470,262,556	2,777,797	-
Liabilities against assets subject to right of use assets	8,264,782	972	4,534	31,018	160,978	596,179	1,095,456	1,759,513	4,127,708	488,424
Deferred tax liabilities	720,183	-	-	-	-	-	-	720,183	-	-
Other liabilities	340,863,859	174,072,935	39,534,742	43,457,236	4,709,324	26,230,647	10,936,240	21,215,571	10,353,582	10,353,582
	6,269,951,845	3,061,723,010	292,089,465	700,608,439	669,049,958	509,851,080	474,973,227	500,516,357	50,277,082	10,863,227
Net assets	382,755,593	(2,109,534,685)	34,109,685	(463,135,815)	1,073,486,699	895,269,156	83,202,624	306,246,244	436,531,931	126,579,754
Share capital	21,275,131									
Reserves	79,071,471									
Unappropriated profit	218,754,398									
Surplus/(Deficit) on revaluation of assets	63,654,593									
	382,755,593									

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

2022									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Above 10 Years
	(Rupees in '000)								
Assets									
Cash and balances with treasury banks	229,910,949	151,412,679	3,232,446	36,991,996	36,991,996	1,281,832	-	-	-
Balances with other banks	18,593,900	15,626,010	1,613,060	556,760	797,970	-	-	-	-
Lending to financial institutions	31,272,467	31,272,467	-	-	-	-	-	-	-
Investments	3,477,353,874	25,935,822	646,326,512	220,062,209	574,235,660	593,544,604	741,081,570	419,894,119	10,829,477
Advances	1,230,521,904	386,088,982	171,501,123	110,076,664	119,302,841	70,627,513	64,097,093	125,183,386	119,244,206
Fixed assets	57,105,842	-	-	-	767,650	1,847,737	767,650	1,305,721	-
Intangible assets	1,388,947	-	-	-	462,982	462,982	462,983	-	-
Right of Use Assets	6,708,404	74	16,666	58,696	179,321	374,173	844,718	1,550,294	2,488,455
Deferred tax assets	22,299,403	-	-	-	-	-	-	22,299,403	-
Other assets	165,269,056	92,127,955	25,970,588	11,034,563	3,111,593	29,927,589	688,171	1,032,256	1,376,341
	5,240,424,546	702,463,989	848,660,395	378,780,888	735,850,013	698,066,430	807,942,185	571,265,179	368,552,903
Liabilities									
Bills payable	55,268,019	29,855,579	1,335,761	863,023	11,606,828	11,606,828	-	-	-
Borrowings	1,940,485,787	1,386,993,998	481,134,339	24,758,723	4,359,766	3,941,769	4,278,460	12,396,285	22,578,300
Deposits and other accounts	2,666,184,360	435,347,090	123,011,308	157,260,028	498,836,184	529,764,847	463,475,774	456,491,587	1,997,542
Liabilities against assets subject to right of use assets	8,267,949	50	21,308	60,618	179,606	416,971	1,016,832	1,904,041	2,978,296
Other liabilities	269,370,672	121,891,913	39,167,193	32,024,033	4,212,262	24,159,069	9,893,832	19,220,510	9,400,930
	4,939,576,787	1,974,088,630	644,669,909	214,966,425	519,194,646	569,889,484	478,664,898	490,012,423	36,955,068
Net assets	300,847,759	(1,271,624,641)	203,990,486	163,814,463	216,655,367	128,176,946	329,277,287	81,252,756	331,597,835
Share capital	21,275,131								
Reserves	64,144,050								
Unappropriated profit	172,511,676								
Surplus/(Deficit) on revaluation of assets	42,916,902								
	300,847,759								

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

47.2.7 Derivative Risk

A derivative is a contract that derives its value from the performance of an underlying asset which can be an index, interest rate, commodity price, security price, FX rate etc. Derivatives include forwards, futures, swaps, options etc. In Pakistan, futures and forwards are most commonly traded derivatives.

Currently, the Bank is not an active participant in the Pakistan derivatives market as it does not hold an Authorized Derivative Dealer (ADD) license to perform derivative transactions. Once acquired, the Bank will carry out transactions that are permitted under the Financial Derivatives Business Regulations issued by SBP, which may include Interest rate swaps, forward rate agreements, foreign currency options, etc.

Moreover, the Bank may also offer other over the counter derivative products to satisfy customer requirements, specific approval of which will be sought from the SBP on a transaction by transaction basis.

48. GENERAL

48.1 Comparative information has been re-classified, re-arranged or additionally incorporated in these unconsolidated financial statements, wherever necessary, to facilitate comparison and better presentation. No significant reclassifications have been made during the current year.

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

49. DATE OF AUTHORISATION FOR ISSUE

The unconsolidated financial statements were authorised for issue on February 22, 2024 by the Board of Directors of the Bank.

Ashraf Mahmood Wathra
Chairman

Rehmat Ali Hasnie
President & CEO

Abdul Wahid Sethi
Chief Financial Officer

Ahsan Ali Chughtai
Director

Ali Syed
Director

ANNEXURE 'I' AS REFERRED TO IN NOTE 11.6 OF THE BANK'S UNCONSOLIDATED FINANCIAL STATEMENTS

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2023

S. No.	Name & Address of the borrower	Name of individuals/ Partners/ Directors (with CNIC No.)	Fathers/Husband's name	Outstanding liabilities at beginning of year				Principal written-off	Interest/ Mark-up written off	Other financial relief / waiver provided	Total (9+10+11)
				Principal	Interest/ mark-up	Others	Total				
				5	6	7	8				
1	Harum Textile Mills Ltd. 98 B, New Muslim Town, Lahore	3 Ch.Naeem Gulzar 35202-3020481-3 Ch.Mazhar Shakeel Bhatti 34603-6324577-9 Mrs.Shakeela Naeem 35202-3263963-8 Mr.Gul Riaz Bhatti 34603-3801110-1 Mrs.Rehana Abbas 35202-2463452-8 Mrs.Seerat Zainat Bhatti 34603-5410998-9 Mr.Waheed Akhtar 34501-2837420-9	4 Gulzar Muhammad Anayatullah Bhatti Naeem Gulzar Anayatullah Bhatti Ghulam Abbas Mushtaq Haq Nawaz Muhammad Iqbal Tahir	295,572	44,776	285,583	625,931	9	10	11	12
2	Adil Textile Mills Ltd. 156 N, Model Town Lahore	Adil Mehmood 35202-2700320-3 Nusrat Azhar 35202-5065994-6 Zulfiqar Haider 35404-1585958-7 Saqib Maqsood 35200-1497387-5 Shahid Qureshi 35200-1504083-7	Mehmood Saqiq M. Mustafa Allah Ditta Maqsood Ahmad Ghulam Muhammad Qureshi	147,301	52,845	-	200,146	-	-	16,936	16,936
3	Eden Housing Ltd. Eden Tower M 3, 82 -E/1 Main Boulevard Gulberg III Lahore	Muhammad Amjad 35202-7697311-7 Anjum Amjad 35202-2228505-4 Syed Musarat Hussain Naqvi 35202-5668485-1	Ch.Ghulam Hussain Muhammad Amjad Syed Najam ul Hassan Naqvi	352,383	160,634	152,596	665,623	-	-	86,800	86,800
4	M/s. Tharparkar Sugar Mills Limited (TSML)	Syed Imtiaz Ali Shah 44103-2975179-7 Syed Irfan Ali Shah 44103-4745570-5 Syed Irshad Ali Shah 42501-5421979-9	Ghulam Haider Shah Ghulam Haider Shah Mohammad Ali Shah	225,538	91,461	-	316,999	-	-	91,461	91,461

ANNEXURE 'I' AS REFERRED TO IN NOTE 11.6 OF THE BANK'S UNCONSOLIDATED FINANCIAL STATEMENTS

S. No.	Name & Address of the borrower	Name of Individuals/ Partners/ Directors (with CNIC No.)	Fathers/Husband's name	Outstanding liabilities at beginning of year				Principal written-off	Interest/ Mark-up written off	Other financial relief / waiver provided	Total (9+10+11)
				Principal	Interest/ mark-up	Others	Total				
5	Master Rice Mill, Near Ansar Sugar Mill, Moya Road Matiti	Kheeral Mal 41207-1069423-9 Leela Ram 41207-2433189-9	Warsi Mal Warsi Mal	47,170	2,411	36,777	86,358	-	-	23,453	23,453
6	M/s Clifton Industry Shatab Ghara near Railway Crossing , Sialkot	Haiz Bilal tahir 34603-211701-1 Hassan Tahir 34603-7087782-1	Tahir Mahmood	8,918	-	1,855	10,773	-	-	573	573
7	Mycal Kosoky Road, Mohallah West, Christian Colony, Hafizabad	Mycal 34301-3642376-3	Sharif Masih	550	-	1	551	550	-	1	551
8	Mushtaq Ahmad S/o Nawazish Ali H.No.786, Ward # 8/17, Old Narkana Sahib, Distt: Narkana Sahib	Mushtaq Ahmad 35402-1931411-7	Nawazish Ali	701	-	65	766	701	-	65	766
9	M/s Jawad and Co Ghalla Mandi Gharbi, Hafizabad	Syed Hassan Raza 34301-7868277-9 Syed Shabbir Hussain Shah 34302-7851864-9	Syed Anwaar Hussain Sherazi Bahawal Sher	2,425	3,614	350	6,389	-	-	857	857
10	Khushal Khan Goharabad PO Hattain Bala, Tehsil & Distt: Hattain Bala, AJK	Khushal Khan 61101-1918367-1	Muhammad Sharif	561	-	-	561	561	-	-	561
11	Ziauddin S/o Hakim Din Harayia Gujran PO Ghan Dopatta, Muzaffarabad AJK	Ziauddin 82203-6730841-1	Hakim Din	507	-	-	507	507	-	-	507
12	Raja Farooque Asghar Ward No. 03, Mohallah Sundgali, Muzaffarabad.	Raja Farooque Asghar 82203-9900372-5 Javed Ahmed 43202-0825825-9	Raja Muhammed Asghar Muhammad Alam Khokhar	1,060	-	13	1,073	1,060	-	13	1,073
13	Javed Ahmed Muhallah Bais Colon, Larkana	Javed Ahmed 43202-0825825-9	Muhammad Alam Khokhar	964	-	-	964	964	-	-	964
14	Nagar Ali Village Wandh Saboo, Kartto Taluka Ratdero, Distt: Larkana	Nagar Ali 43205-7523677-1	Aliah Rakhio Mangnejo	587	-	-	587	587	-	-	587
15	Ghulam Hussain Muhallah Hassan Pur Taluka Ratdero, Distt: Larkana	Ghulam Hussain 43205-4716171-7	Muhammad Siddique Bhutto	641	-	-	641	641	-	-	641
16	Sharafuddin Jatoi Airport Road Muhalla Allahabad, Distt: Larkana	Sharafuddin Jatoi 43203-4239556-5	Abdul Qadir Jatoi	968	-	-	968	968	-	-	968
17	Ghulam Ali Village Baradi Sario, PO Bagi, Distt: Larkana	Ghulam Ali 43201-3788893-1	Abdul Rahim Channo	748	-	-	748	748	-	-	748
18	Syed Fazal Shah Madrasa Mohalla Khandkot Taluka Kandhkot Distt Kashmote	Syed Fazal Shah 43103-3985114-5	Syed Muhammad Ismail Shah	1,029	-	-	1,029	1,029	-	-	1,029
19	Late Abdul Rasheed Bhatti Muhalla, Old Saddar, Tehsil Garhi Yasin Distt: Shikarpur	Late Abdul Rasheed 43304-7949750-9	Khan Muhammad	813	-	-	813	813	-	-	813
20	Muhammad Adam New Colony Ward No.01, Taluka Johi	Muhammad Adam 41202-2400875-3	Muhammad Khan Babar	762	-	-	762	762	-	-	762
21	Nazir Hussain Wadi Wairni, P.O Dokri Khairwah, Taluka Dokri	Nazir Hussain 43201-3205633-7	Gul Muhammad Soomro	567	-	-	567	567	-	-	567

ANNEXURE 'I' AS REFERRED TO IN NOTE 11.6 OF THE BANK'S UNCONSOLIDATED FINANCIAL STATEMENTS

S. No.	Name & Address of the borrower	Name of Individuals/ Partners/ Directors (with CNIC No.)	Fathers/Husband's name	Outstanding liabilities at beginning of year				Principal written-off	Interest/ Mark-up written off	Other financial relief / waiver provided	Total (9+10+11)
				Principal	Interest/ mark-up	Others	Total				
22	Munawar Ali Muhalla Noorani Badah, Taluka & Distt. Larkana	Munawar Ali 43201-5820272-3	Sajawal Khan Joyo	501	-	-	501	501	-	-	501
23	Late Muhammad Ali Village Bukhsboo Madeji, Tal: Garhi Yasin	Late Muhammad Ali 43301-8249271-3	Amir Bux	618	-	-	618	618	-	-	618
24	Irshad Ahmed Muhalla New Nazari City, Distt. Larkana	Irshad Ahmed 43203-1357034-5	Muhammad Hassan Dayo	903	-	-	903	903	-	-	903
25	Mubarak Ali Muhallah Ruhail Khan Bugti, Village Metho Dero	Mubarak Ali 43203-2836628-5	Makan Khan Bugti	1,004	-	-	1,004	1,004	-	-	1,004
26	Amir Bux Hajji Latif Shah Sindhi Wah Road, Shikarpur	Amir Bux 43304-9699653-3	Hussain Bux	867	-	-	867	867	-	-	867
27	Late Abdul Hameed Village Hajiana, Distt. Shikarpur	Late Abdul Hameed 43304-0595038-1	Fateh Ali Hajano	568	-	-	568	568	-	-	568
28	Nazakat Ali RO Rangar Muhalla Radhan Station Taluka Mehrar	Nazakat Ali 41205-6653333-5	Faqir Muhammad Khaskheli	852	-	-	852	852	-	-	852
29	QudratUllah Village Haji Abdul Karim Jagirani	QudratUllah 43103-5595015-9	Abdul Kareem	611	-	-	611	611	-	-	611
30	Ghulam Akbar Street sanch PO Ratodero Taluka Ratodero Distt Larkana	Ghulam Akbar 43205-8762110-1	Khawand Dino	959	-	-	959	959	-	-	959
31	Bhag Chand Muhalla Maarai Ramchand Haveli PO ratodero Distt Larkana	Bhag Chand 43205-3665745-9	Heera Nand	695	-	-	695	695	-	-	695
32	Qurban Ali Village Karani taluka Dokri	Qurban Ali 43201-7182377-1	Muhammed Ishaque Soomro	517	-	-	517	517	-	-	517
33	Ali Hyder Shaikh Muhalla, Nasirabad	Ali Hyder 43207-6130872-5	Muhammed Khan	732	-	-	732	732	-	-	732
34	Ghulam Sarwar Bus Stand Muhalla, Lakhi	Ghulam Sarwar 43303-9814115-7	Piyaro	740	-	-	740	740	-	-	740
35	Ghulam Rasool Village Haji Dhani Bux, Mashori, P.O. Noushoro Feroz	Ghulam Rasool 45304-8942645-9	Punhoo Khan	636	-	-	636	636	-	-	636
36	Ali Asghar Utho Village Muhammad Khan Utho Taluka Qazi Ahmed Distt. Shahheed Benazir Abad	Ali Asghar Utho 45402-0926307-5	Muhammad Umar	572	-	-	572	572	-	-	572
37	Muhammad Umer H.NO 27-28 Mohalla Fateh Town, Eid Gah Road, Mirpurkhas	Muhammad Umer 44103-4920760-3	AliaUddin	514	-	-	514	514	-	-	514
38	Musheer Ahmad Kikri, PO Bahadurpur, Tehsil Sadiqabad, Distt. Rahimyar Khan	Musheer Ahmad 31304-0683164-7	Wali Dad	523	-	-	523	523	-	-	523
39	Rafaqat Masih S/o Saeed Masih Street # 3, Abu Al Hasan Colony, Rahim Yar Khan	Rafaqat Masih 31303-7078874-9	Saeed Masih	504	-	-	504	504	-	-	504
40	Shabbir Ahmad Nadeem Taj Garh, Tehsil & Distt Rahimyar Khan	Shabbir Ahmad Nadeem 31303-2370563-3	Fakhar Uddin	562	-	2	564	562	-	2	564
41	Muhammad Abdul Mujtaba H. No. 03, Muhalla Pir Manan, Uchsharif. District Bahawalpur.	Muhammad Abdul Mujtaba 31201-0313186-7	Muhammed Abdullah	1,032	-	-	1,032	1,032	-	-	1,032
42	Muhammad Tariq H#533/D Mohalla Munshan Bannu	Muhammad Tariq 11101-0631524-1	Nabi Bakhsh	587	-	-	587	587	-	-	587
43	Said Nawaz Khan Akhundani Landidak, P.O Miryan, Bannu	Said Nawaz Khan 11101-5954241-3	Sher Daraz Khan	599	-	-	599	599	-	-	599
44	Nasir Mehmood Mangoke P/o Same Tehsil Nowshera Virkan District Gujranwala	Nasir Mehmood 34103-4394533-1	Ameer Din	820	-	-	820	820	-	-	820

ANNEXURE 'I' AS REFERRED TO IN NOTE 11.6 OF THE BANK'S UNCONSOLIDATED FINANCIAL STATEMENTS

S. No.	Name & Address of the borrower	Name of individuals/ Partners/ Directors (with CNIC No.)	Fathers/Husband's name	Outstanding liabilities at beginning of year				Principal written-off	Interest/ Mark-up written off	Other financial relief / waiver provided	Total (9+10+11)
				Principal	Interest/ mark-up	Others	Total				
45	Muhammad Akram St: 06 Barkat Colony PO Climax Gujranwala	Muhammad Akram 34101-9711636-5	Ali Hassan	962	-	-	962	962	-	-	962
46	Rashid Ali Aziz Near Railway Colony, Piran Ghaib, P/O Wapda Colony, Multan	Rashid Ali Aziz 36302-0401118-9	Abdul Aziz	651	-	-	651	651	-	-	651
47	Haq Nawaz Chak KikarWala, PO Khas, Jhok Vaince, Multan	Haq Nawaz 36302-3736785-5	Muhammed Bux	586	-	-	586	586	-	-	586
48	Niaz Hussain H. NO 889/10 Mohalla Tibi Sher Khan, Multan	Niaz Hussain 36302-0418840-1	Manzoor Hussain Bhatti	657	-	-	657	657	-	-	657
49	M/S Sahiwal Trading Coporation Citizen Market Chowk Dera Adda Multan	Muhammad Zahid Iqbal (Deceased), 36302-4255478-1	Muhammad Ali	389	2,148	180	2,717	-	-	817	817
50	Liaqat Ali R/O 1-SP Wasaywala PO Same Tehsil Deepalpur	Liaqat Ali 35301-1903769-7	Muhammad Manzoor	528	-	-	528	528	-	-	528
51	Muhammad Jahangir R/O 1-SP Wasaywala PO Same Tehsil Deepalpur	Muhammad Jahangir 35301-7560230-7	Muhammad Boota	833	-	-	833	833	-	-	833
52	Atta Ullah Shah Resident of Muhallah Saidan Tindo Dag Dist Swat	Atta Ullah Shah 15602-0464193-5	Ahmed Shah	545	-	-	545	545	-	-	545
53	Aslam Zeb Resident of Bara Drushkhela Dist Swat	Aslam Zeb 15601-0131249-5	Mian Gul	532	-	-	532	532	-	-	532
54	Muhammad Hussain Resident of Muhallah Chitor Saidu Sharif Dist Swat	Muhammad Hussain 156023911465-3	Alamgir	517	-	-	517	517	-	-	517
55	Fazal Illahi Kamragara, Navikali, PO Sarian Bala Dir L	Fazal Illahi 15302-5913190-1	Ghawali	938	-	-	938	938	-	-	938
56	Ijaz Hussain Tahir Chak Malka Wala, PO Qadirabad Karimwah, Vehari.	Ijaz Hussain Tahir 36603-2788639-5	Ahmad Yar	926	-	-	926	926	-	-	926
57	Muhammad Arshad Munir Gulguist Colony, Multan	Muhammad Arshad Munir 36502-3768116-7	Muhammad Munir	11,920	4,988	88	16,996	-	-	501	501
58	Arshad Masih Mohallah Rasoolpura, Mailsi	Arshad Masih 36602-6831987-9	Munshi Masih	572	-	-	572	572	-	-	572
59	Zaheer Ahmed Village Shahmeer Rahoo, Talka Saeed Abad, District Matiari.	Zaheer Ahmed 41301-6676925-3	Muhammed Dawood	661	-	-	661	661	-	-	661
60	Muhammad Jamil Block 5-A, PWD, H. No. 15, Street No. 17, Sector G-9, Islamabad	Muhammad Jamil 61101-4573281-3	Muhammad Habb	658	-	-	658	658	-	-	658
61	Mir Muhammad Ghulam Murtaza	Mir Muhammad 42201-8952626-7	Ghulam Hyder	760	-	-	760	760	-	-	760
62	H. No.12, Street No. 49-A, Itehad Colony, Tajpura Road, Ghaziabad, Lahore.	Ghulam Murtaza 35201-5875266-1	Muhammed Boota	610	-	-	610	610	-	-	610
63	Raqeef Khan House No. H-37, Staff Colony, Mirpur AK	Raqeef Khan 81302-1703271-1	Abdul Rasheed	676	-	-	676	676	-	-	676
64	Ziarat Gul Police Hospital Cantt. Police Lines.	Ziarat Gul 17301-1355176-7	Azeem Khan	526	-	-	526	526	-	-	526
65	Zahoor Ahmed Chagar Matti Peshawar	Zahoor Ahmed 17301-5161490-7	Sher Muhammad	655	-	-	655	655	-	-	655
66	Raja Muhammad Saleem Street No. 02, Muhalla Model Town Bhalwal, District Sargodha.	Raja Muhammad Saleem 38401-7113926-3	Muhammad Ameen	510	-	4	514	510	-	4	514
67	Muhammed Hanif Village Mari, P.O Mando Dero, Taluka Rohri, District Sukkur.	Muhammed Hanif 45502-2866977-3	Muhammed Dawood Shaikh	586	-	-	586	586	-	-	586
68	Ghulam Abbas Village Ali Muhammad Mangrio, Talka Bhirya City, Lakha Road, District Nausharo Feroz.	Ghulam Abbas 45301-0588939-7	Allah Yar Awan	824	-	-	824	824	-	-	824

ANNEXURE 'I' AS REFERRED TO IN NOTE 11.6 OF THE BANK'S UNCONSOLIDATED FINANCIAL STATEMENTS

S. No.	Name & Address of the borrower	Name of Individuals/ Partners/ Directors (with CNIC No.)	Fathers/Husband's name	Outstanding liabilities at beginning of year				Principal written-off	Interest/ Mark-up written off	Other financial relief / waiver provided	Total (9+10+11)
				Principal	Interest/ mark-up	Others	Total				
69	IE Khan Galina Sargeevna, 50-Pushkina Street, Novapetrovka village, Bishkek	Khan Galina Sargeevna AN 1919566	Khan Muhammad Zahid	20,990	-	2,672	23,662	8,219	2,672	-	10,891
70	Aygun Adil Bahramova (grocery store on Agha Neymatulla Street, Baku)	Aygun Bahramova AZE 01935360	Adil	-	2,304	232	2,536	-	2,304	232	2,536
71	Mirzayeva Bahar Amirsultan Giz (car repair shop on Sharifzade Street, Yasamal district)	Mirzayeva Bahar AZE 09174034	Amirsultan Giz	-	556	40	596	-	556	40	596
				1,153,703	365,737	480,458	1,999,897	49,306	5,532	507,286	562,124

ANNEXURE 'II' AS REFERRED TO IN NOTES 2.1 AND 11.7 OF THE BANK'S UNCONSOLIDATED FINANCIAL STATEMENTS

ISLAMIC BANKING BUSINESS

The bank is operating 188 (2022: 188) Islamic banking branches and 150 (2022: 50) Islamic banking windows as at December 31, 2023.

		2023	2022
----- (Rupees in '000) -----			
ASSETS	Note		
Cash and balances with treasury banks		10,248,305	6,096,555
Balances with other banks		43,076	13,766
Investments	1	51,544,718	53,920,119
Islamic financing and related assets - net	2	73,125,189	46,380,996
Fixed assets		70,902	87,489
Right of use assets (ROUA)		640,166	508,977
Other assets		4,488,184	2,294,054
Total Assets		140,160,540	109,301,956
LIABILITIES			
Bills payable		477,959	1,210,608
Deposits and other accounts	3	113,801,806	93,591,714
Due to Head Office		12,960,028	4,005,715
Lease liability against right of use assets		811,291	721,152
Other liabilities		2,249,195	1,490,182
		130,300,279	101,019,371
NET ASSETS		9,860,261	8,282,585
REPRESENTED BY			
Islamic Banking Fund		6,731,000	5,561,000
Surplus / (Deficit) on revaluation of assets		(400,216)	424,444
Unappropriated / unremitted profit	5	3,529,477	2,297,141
		9,860,261	8,282,585
CONTINGENCIES AND COMMITMENTS	6		

The profit and loss account of the Bank's Islamic banking branches for the year ended December 31, 2023 is as follows:

		2023	2022
----- (Rupees in '000) -----			
Profit / return earned	7	21,584,554	12,661,168
Profit / return expensed	8	(13,764,527)	(7,600,260)
Net Profit / return		7,820,027	5,060,908
Other income			
Fee and Commission Income		317,707	317,961
Foreign Exchange Income		61,765	155,195
Other Income		50	2,025
Total other income		379,522	475,181
Total Income		8,199,549	5,536,089
Other expenses			
Operating expenses		(3,496,250)	(3,050,827)
Other charges		(220)	(374)
Total other expenses		(3,496,470)	(3,051,201)
Profit before provisions		4,703,079	2,484,888
Provisions and write offs - net		(1,173,602)	(187,747)
Profit before taxation		3,529,477	2,297,141
Taxation		-	-
Profit after taxation		3,529,477	2,297,141

ANNEXURE 'II' AS REFERRED TO IN NOTES 2.1 AND 11.7 OF THE BANK'S UNCONSOLIDATED FINANCIAL STATEMENTS

1	Investments by segments:	2023				2022			
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
		------(Rupees in '000)-----							
	Federal Government Securities:								
	-Ijarah Sukuks	34,601,068	-	(726,606)	33,874,462	33,648,948	-	(339,589)	33,309,359
	Non Government Debt Securities								
	-Listed	7,800,000	-	287,176	8,087,176	8,200,000	-	303,132	8,503,132
	-Unlisted	9,674,673	(130,807)	39,214	9,583,080	11,777,533	(130,807)	460,901	12,107,628
		17,474,673	(130,807)	326,390	17,670,256	19,977,533	(130,807)	764,033	20,610,760
	Total Investments	52,075,741	(130,807)	(400,216)	51,544,718	53,626,481	(130,807)	424,444	53,920,119

2	Islamic financing and related assets	Note	2023	2022
			------(Rupees in '000)-----	
	Ijarah	2.1	13,749	38,208
	Murabaha	2.2	3,291,932	1,713,901
	Running Musharaka		30,500,000	-
	Diminishing Musharaka		19,357,928	22,062,256
	Istisna		705,500	-
	Other Islamic Modes (Wakala tul Istismar)		8,500,000	8,500,000
	Advance for Murabaha		-	2,127,000
	Advance for Diminishing Musharaka		113,086	100,894
	Advance for Istisna		8,850,972	9,396,236
	Inventories against Istisna		3,342,628	3,097,800
	Gross Islamic financing and related assets		74,675,795	47,036,295
	Less: provision against Islamic financings			
	- Specific		(913,875)	(654,980)
	- General		(636,731)	(319)
			(1,550,606)	(655,299)
	Islamic financing and related assets - net of provision		73,125,189	46,380,996

2.1 Ijarah

2023						
Cost			Depreciation			Book Value as at December 31, 2023
At January 01, 2023	Additions / (deletions)	As at December 31, 2023	At January 01, 2023	Charge/ Adjustment for the year	As at December 31, 2023	
------(Rupees in '000)-----						
63,474	-	59,828	50,820	-	47,449	12,379
-	(3,646)	-	-	(3,371)	-	
168,680	-	6,000	143,126	1,065	4,630	1,370
-	(162,680)	-	-	(139,561)	-	
232,154	-	65,828	193,946	1,065	52,079	13,749
	(166,326)			(142,932)		

ANNEXURE 'II' AS REFERRED TO IN NOTES 2.1 AND 11.7 OF THE BANK'S UNCONSOLIDATED FINANCIAL STATEMENTS

	2022						Book Value as at December 31, 2022
	Cost			Accumulated Depreciation			
	As at January 01, 2022	Additions / (deletions)	As at December 31, 2022	As at January 01, 2022	Charge/ Adjustment for the year	As at December 31, 2022	
----- (Rupees in '000) -----							
Plant & Machinery	245,257	- (181,783)	63,474	207,075	25,228 (181,483)	50,820	12,654
Vehicles	209,727	- (41,047)	168,680	152,834	28,725 (38,433)	143,126	25,554
Total	454,984	- (222,830)	232,154	359,909	53,953 (219,916)	193,946	38,208

Future Ijarah payments receivable

	2023				2022			
	Not later than 1 year	Later than 1 year & less than 5 years	Over five years	Total	Not later than 1 year	Later than 1 year & less than 5 years	Over five years	Total
----- (Rupees in '000) -----								
Ijarah rental receivables	1,460	-	-	1,460	36,438	9,802	-	46,240

		2023	2022
		----- (Rupees in '000) -----	
		Note	
2.2	Murabaha		
	Murabaha financing	2.2.1	3,291,932
	Advances for Murabaha		1,713,901
			-
			2,127,000
			3,291,932
			3,840,901
2.2.1	Murabaha receivable - gross	2.2.2	3,409,195
	Less: Deferred murabaha income	2.2.4	31,040
	Less: Profit receivable shown in other assets		86,223
			81,693
	Murabaha financings		3,291,932
			1,713,901
2.2.2	The movement in Murabaha financing during the year is as follows:		
	Opening balance		1,868,953
	Sales during the year		982,249
	Adjusted during the year		11,165,657
			12,721,419
			9,625,415
			11,834,715
	Closing balance		3,409,195
			1,868,953

ANNEXURE 'II' AS REFERRED TO IN NOTES 2.1 AND 11.7 OF THE BANK'S UNCONSOLIDATED FINANCIAL STATEMENTS

		2023	2022
		------(Rupees in '000)-----	
2.2.3	Murabaha sale price	11,165,657	12,721,419
	Murabaha purchase price	10,750,858	12,234,017
		414,799	487,402
2.2.4	Deferred murabaha income		
	Opening balance	73,359	25,980
	Arising during the year	402,591	487,539
	Less: Recognised during the year	(444,910)	(440,160)
	Closing balance	31,040	73,359

3	Deposits	2023			2022		
		In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	Note	------(Rupees in '000)-----					
	Customers						
	Current deposits	23,153,680	185,921	23,339,601	20,491,314	167,871	20,659,185
	Savings deposits	56,721,533	-	56,721,533	41,254,385	-	41,254,385
	Term deposits	16,261,024	-	16,261,024	15,137,438	-	15,137,438
		96,136,237	185,921	96,322,158	76,883,137	167,871	77,051,008
	Financial Institutions						
	Current deposits	1,879,123	-	1,879,123	354,951	-	354,951
	Savings deposits	15,071,912	-	15,071,912	14,114,989	-	14,114,989
	Term deposits	528,613	-	528,613	2,070,766	-	2,070,766
		17,479,648	-	17,479,648	16,540,706	-	16,540,706
	3.2	113,615,885	185,921	113,801,806	93,423,843	167,871	93,591,714

		2023	2022
		------(Rupees in '000)-----	
3.1	Composition of deposits		
	- Individuals	54,111,171	45,084,725
	- Government / Public Sector Entities	23,779,916	23,311,046
	- Banking Companies	2,338,737	773,228
	- Non-Banking Financial Institutions	15,140,911	15,767,478
	- Private Sector	18,431,071	8,655,237
		113,801,806	93,591,714

3.2 This includes deposits eligible to be covered under insurance arrangements amounting to Rs. 55,033 million (2022: Rs. 47,134 million).

ANNEXURE 'II' AS REFERRED TO IN NOTES 2.1 AND 11.7 OF THE BANK'S UNCONSOLIDATED FINANCIAL STATEMENTS

		2023	2022
Note		------(Rupees in '000)-----	
4	Charity Fund		
	Opening Balance	203	64
	Additions during the period		
	Received from customers on account of delayed payment	9,067	286
	Profit on charity saving account	99	3
		9,369	353
	Payments / utilization during the period		
	Education	1,500	-
	Health	1,500	-
	Others	-	150
4.1		3,000	150
	Closing Balance	6,369	203
4.1	Charity paid during the year are as follows		
	Indus Hospital & Health Network	1,500	-
	The Citizen Foundation	1,500	-
	Prime Minister Flood Relief Fund	-	150
	Total	3,000	150
5	Islamic Banking Business Unappropriated/ Unremitted Profit		
	Opening Balance	2,297,141	1,502,668
	Add: Islamic Banking profit for the year	3,529,477	2,297,141
	Less: Transferred / Remitted to Head Office	(2,297,141)	(1,502,668)
	Closing Balance	3,529,477	2,297,141
6	Contingencies & commitment		
	Guarantees	-	-
	Commitments	-	-
	Other contingent liabilities	-	-
		-	-
7	Profit / Return Earned of Financing, Investments and Placement		
	Profit earned on:		
	Financing	12,351,676	5,712,166
	Investments	9,231,359	6,730,485
	Placements	1,519	1,235
	Others (Bai Muajjal)	-	217,282
		21,584,554	12,661,168

ANNEXURE 'II' AS REFERRED TO IN NOTES 2.1 AND 11.7 OF THE BANK'S UNCONSOLIDATED FINANCIAL STATEMENTS

2023	2022
------(Rupees in '000)-----	

8 Profit on Deposits and other Dues Expensed

Deposits and other accounts	9,901,324	5,589,067
Amortisation of lease liability against - ROUA	79,419	79,103
Others (General Account)	3,783,784	1,932,090
	13,764,527	7,600,260

9 Pool Management

NBP-AIBG has managed following pools for profit and loss distribution.

a) General depositor pool

The General pool consists of all other remunerative deposits. NBP Aitemaad (the Mudarib) accept deposits on the basis of Mudaraba from depositors (Rabbulmaal). The net return on the pool is arrived at after deduction of direct costs from the gross return earned on the pool. The entire net return after paying equity share to Mudarib is considered as distributable profit of the pool.

b) Special depositor pools (Total 213 during the period and 47 as at Dec 31, 2023)

Special pool(s) are created where the customers desire to invest in high yield assets. These pool(s) rates are higher than the general pool depending on the assets. In case of loss in special pool, the loss will be borne by the special pool members. The net return on the pool is arrived at after deduction of direct costs from the gross return earned on the pool. From the net return, and after allocation of share of profit to commingled equity, profit is paid to the Mudarib in the ratio of the Mudarib's equity in the pool to the total pool. The balance represents the distributable profit.

c) Equity pool

Equity pools include AIBG's fund and current account deposits. The equity pool may have constructive liquidation every month and risk associated with assets of pool includes operational, market, equity, return and Shariah.

Key features and risk & reward characteristics

Deposits are accepted from customers on the basis of Qard (current accounts) and Mudarabah (Saving and term deposits). No profit or loss is passed on to current account depositors.

For deposits accepted on Mudarabah basis from depositors (Rab ul Maal) the Bank acts as Manager (Mudarib) and invests the funds in the Shariah Compliant modes of financings. Rab ul Maal share is distributed among depositors according to weightages declared for a month before start of the period.

In case of loss in a pool during the profit calculation period, the loss is distributed among the depositors (remunerative) according to their ratio of investment.

For all pools, the Mudarib's share is deducted from the distributable profit to calculate the profit to be allocated to depositors. The allocation of the profit to various deposit categories is determined by the amount invested in that category relative to the total pool, as well as by the weightage assigned to the various deposit categories.

ANNEXURE 'II' AS REFERRED TO IN NOTES 2.1 AND 11.7 OF THE BANK'S UNCONSOLIDATED FINANCIAL STATEMENTS

The assets, liabilities, equities, income and expenses are segregated for each of the pool. No pool investment is intermingled with each other. The risk associated with each pool is thus equally distributed among the pools.

Avenues/sectors of economy/business where Mudaraba based deposits have been deployed.

	2023	2022
	------(Percentage)-----	
Sector		
Fertilizer	0.00%	1.48%
Textile	3.34%	4.25%
Fuel & energy	24.72%	34.07%
Leasing/Modarbas	0.02%	0.03%
Sugar	6.12%	7.80%
Cement	3.81%	6.10%
Gas	0.15%	0.35%
Financial	1.57%	1.94%
Federal Government	27.29%	32.95%
Real Estate	2.45%	3.10%
Agriculture	0.24%	0.30%
Commodity Operations	23.66%	0.00%
Others	6.62%	7.64%
Total	100%	100%

Parameters for profit allocation and charging expenses

Profit of the pools has been distributed between Mudarib and Rab-ul-Mall by using preagreed profit sharing ratios. The share of Rab-ul-Mall's profit has been distributed among different customers using the various weightages assigned to the different categories of the pool.

No provision against any non performing asset of the pool is passed on to the pool except on the actual loss / write off of such non performing asset. Administrative expense are borne by mudarib and not charged to Mudaraba pool.

	31-Dec-23 Rupees in '000
Mudarib Share	
Gross Distributable Income	17,033,942
Mudarib (Bank) share of profit before Hiba	5,216,246
Mudarib Share in percentage	31%
Hiba from Mudarib Share	
Mudarib (Bank) share of profit before Hiba	5,216,246
Hiba from bank's share to depositors	1,779,501
Hiba from bank's share to depositors in percentage	34%

Profit rates

During the year ended Dec 31, 2023 the average profit rate earned by NBP Islamic Banking Group is 19.03% and the profit distributed to the depositors is 14.31%.

حشر ان کی جو گد اہو وہ قیصری کی ہے
 بتوں سے تجھ کو امیدیں خدا سے نو میدی
 مجھے بتاتے ہو تھے اور کا و سری کی ہے
 فقط نگاہ سے ہو تھے فیصلہ دل کا
 حشر ان کی جو گد اہو وہ قیصری کی ہے
 بتوں سے تجھ کو امیدیں خدا سے نو میدی
 مجھے بتاتے ہو تھے اور کا و سری کی ہے
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 فقط نگاہ سے ہو تھے فیصلہ دل کا

FINANCIAL STATEMENTS (CONSOLIDATED)



DIRECTORS' REPORT TO THE SHAREHOLDERS

CONSOLIDATED FINANCIAL STATEMENTS

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present the Directors' Review together with consolidated financial statement of National Bank of Pakistan "the Bank" and its group companies for the year ended December 31, 2023.

Consolidated after-tax profit for the year ended December 31, 2023 amounted to PKR 53.3 Bn, being 72.3% higher than PKR 30.9 Bn for the year ended December 31, 2022. During the year ended, the subsidiary companies contributed PKR 1.174 Bn (December 31, 2022: PKR 0.807 Bn) in Group profitability, whereas the associates contributed share of profit of PKR 0.245 Bn (December 31, 2022: Share of loss PKR 0.095 Bn). A share of profit of PKR 1.226 Bn (December 31, 2022: PKR 0.545 Bn) was however recorded on account of UNBL, a UK based Joint Venture in which NBP has 45% shareholding. Accordingly, consolidated EPS increased to PKR 24.96 for the year ended December 31, 2023 as compared to PKR 14.49 for the year ended December 31, 2022.

As of December 31, 2023, consolidated assets of the Bank amounted to PKR 6,668.9 Bn being PKR 1,417.1 Bn or 26.98% higher than PKR 5,251.8 Bn of December 31, 2022.

Profit for the year ended December 31, 2023 after carry forward of accumulated profit of 2022 is proposed to be appropriated as follows:

	(PKR 'Mn)
After-tax consolidated profit for the year ended December 31, 2023	53,321.4
Unappropriated profit brought forward	178,189.6
Other comprehensive income - net of tax	(595.2)
Non-controlling interest	(219.8)
Transfer from surplus on revaluation of fixed assets – net of tax	181.5
	177,556.1
Profit available for appropriations	<u>230,877.5</u>
Appropriation:	
Transfer to Statutory Reserve	(5,184.0)
Un-appropriated profit carried forward	<u><u>225,693.5</u></u>

For and on behalf of the Board of Directors

Rehmat Ali Hasnie
President & CEO

Ali Syed
Director

Karachi

Dated: February 22, 2024

ڈائریکٹرز کی شیئر ہولڈرز کو رپورٹ

مجموعی مالیاتی گوشوارے

محترم حصص داران

ہم بورڈ آف ڈائریکٹرز کی طرف سے 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے نیشنل بینک آف پاکستان اور اس کے ذیلی اداروں کے لیے ڈائریکٹرز کا جائزہ اور آڈٹ شدہ مجموعی مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

31 دسمبر 2023 کو ختم ہونے والے سال کے لیے ٹیکس کے بعد ہونے والا مجموعی منافع 53.3 بلین روپے رہا جو کہ 31 دسمبر 2022 کو ختم ہونے والے سال کے 30.9 بلین روپے کے منافع سے 72.3% زیادہ ہے۔ اس سال بینک کے ذیلی اداروں نے گروپ منافع میں 1.174 بلین روپے (31 دسمبر 2022: 0.807 بلین روپے) کے منافع کا حصہ ڈالا جبکہ شریک اداروں کی جانب سے خالص منافع میں حصہ 0.245 بلین روپے (31 دسمبر 2022: نقصان میں حصہ 0.095 بلین روپے) تھا۔ برطانیہ میں واقع مشترکہ ادارے UNBL، جس میں بینک کا 45% حصص ہے، سے 1.226 بلین روپے (31 دسمبر 2022: 0.545 بلین روپے) کے منافع کا حصہ ریکارڈ کیا گیا اس طرح 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے مجموعی فی حصص آمدنی (EPS) سال 2022 کے 14.49 روپے کے مقابلے میں بہتر ہو کر 24.96 روپے ہو گئی۔

31 دسمبر 2023 کو بینک کے مجموعی اثاثوں کی مالیت 6,668.9 بلین روپے تھی جو کہ 31 دسمبر 2022 کے بینک کے مجموعی اثاثوں کی مالیت 5,251.8 بلین روپے سے 26.98% زیادہ ہے۔ 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے گروپ کے بعد از ٹیکس منافع کو 2022 کے جمع شدہ منافع کے ساتھ آگے بڑھانے کے بعد تقصیص کے لیے تجویز مندرجہ ذیل ہے:

(بلین روپے)	
53,321.4	31 دسمبر 2023 کو ختم ہونے والے سال کے لیے بعد از ٹیکس منافع
178,189.6	غیر تصرف شدہ آگے لایا جانے والا منافع
(595.2)	دیگر جامع آمدنی - بعد از ٹیکس
(219.8)	نان کنٹرولنگ انٹرسٹ
181.5	جامد اثاثوں کی نظر ثانی شدہ قدر کی وجہ سے ذخائر سے منتقلی - بعد از ٹیکس
177,556.1	
230,877.5	تصرف کے لیے دستیاب منافع
	تصرف:
(5,184.0)	قانونی ذخائر میں منتقلی
225,693.5	غیر تصرف شدہ منافع آگے بڑھانے کے لیے:

بورڈ آف ڈائریکٹرز کے لیے اور ان کی جانب سے

علی سید
ڈائریکٹر

رحمت علی حسنی
صدر و سیکریٹری
کراچی

تاریخ: 22 فروری 2024

A.F. Ferguson & Co.
Chartered Accountants
State Life Building No. 1-C
I.I Chundrigar Road
P.O. Box 4716
Karachi - 74000

BDO Ebrahim & Co.
Chartered Accountants
2nd Floor, Block-C
Lakson Square Building
No.1, Sarwar Shaheed
Road, Karachi - 74200

INDEPENDENT AUDITORS' REPORT

To the members of National Bank of Pakistan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **National Bank of Pakistan and its subsidiaries (the Group)**, which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 26.3.4.1 to the consolidated financial statements which explains the contingency in relation to the pension obligation of the Group. The Group, based on the opinion of its legal counsel, is confident about a favorable outcome on this matter and hence, no provision has been made in these consolidated financial statements. Our opinion is not modified in respect of this matter.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

A.F. Ferguson & Co.
Chartered Accountants

BDO Ebrahim & Co.
Chartered Accountants

Following are the Key Audit Matters:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1	<p>Provision against advances (Refer notes 5.8 and 11.4 to the consolidated financial statements)</p>	
	<p>The Group makes provision against advances extended in Pakistan on a time-based criteria that involves ensuring that all non-performing advances are classified in accordance with the ageing criteria specified in the Prudential Regulations (PRs) issued by the State Bank of Pakistan (SBP).</p> <p>In addition to the above time-based criteria, the PRs require a subjective evaluation of the credit worthiness of borrowers to determine the classification of advances.</p> <p>The PRs also require the creation of general provision for certain categories of advances.</p> <p>Provision against advances of overseas locations is made as per the requirements of the respective regulatory regimes.</p> <p>The Group has recognized a net provision against advances amounting to Rs. 13,321 million in the consolidated profit and loss account in the current year. As at December 31, 2023, the Group holds a provision of Rs. 233,833 million against advances. This includes a general provision against the underperforming portfolio on a prudent basis.</p> <p>The determination of provision against advances based on the above criteria remains a significant area of judgement and estimation. Because of the significance of the impact of these judgements / estimations and the materiality of advances relative to the overall consolidated financial statements of the Group, we considered the area of provision against advances as a key audit matter.</p>	<p>Our audit procedures to verify provision against domestic advances included, amongst others, the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the management process to record provision and ensure that it is consistent with the requirements of PRs; • Evaluated the design and tested the operating effectiveness of the relevant controls established by the Group to identify loss events and for determining the extent of provisioning required against non-performing advances. <p>The testing of controls included testing of:</p> <ul style="list-style-type: none"> • controls over correct classification of non-performing advances on time-based criteria; • controls over accurate computation and recording of provision; and • controls over the governance and approval process related to provision, including continuous reassessment by the management. <p>We selected a sample of loan accounts and performed the following substantive procedures to evaluate the appropriateness of specific and general provision:</p> <ul style="list-style-type: none"> • Checked credit documentation, repayments of loan / mark-up instalments, tested classification of non-performing advances based on the number of days overdue; • Evaluated the management's assessment for classification of a customer's loan facilities as performing or non-performing based on review of repayment pattern, inspection of credit documentation and discussions with the management; • In case of restructured loans, we reviewed the detailed documentation of restructuring including approvals, legal opinions, terms of restructuring, payment records and any other relevant documents to ensure that restructuring was made in accordance with the PRs; • We also reviewed minutes of the meeting of credit, risk and compliance and audit committees to identify risky exposures; and

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Chartered Accountants

S.No.	Key Audit Matter	How the matter was addressed in our audit
		<ul style="list-style-type: none"> We had discussions with management to challenge assumptions and judgements used in performing portfolio review and recording provisions. <p>We issued instructions to auditors of those overseas branches and a joint venture which were selected for audit, highlighting 'Provision against advances' as a significant risk. The auditors of those branches and joint venture performed audit procedures to check compliance with regulatory requirements and reported the results thereof to us. We, as auditors of the Group, evaluated the work performed by the component auditors and the results thereof.</p>

Information Other than the Consolidated and Unconsolidated Financial Statements and Auditors' Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated and unconsolidated financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of directors is responsible for overseeing the Group's financial reporting process.

A.F. Ferguson & Co.
Chartered Accountants

BDO Ebrahim & Co.
Chartered Accountants

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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A.F. Ferguson & Co.
Chartered Accountants

BDO Ebrahim & Co.
Chartered Accountants

Other Matter

The consolidated financial statements of the Group as at and for the year ended December 31, 2022 were audited by Yousuf Adil, Chartered Accountants and A. F. Ferguson & Co. Chartered Accountants who had expressed an unmodified opinion on those statements vide their report dated March 6, 2023.

The engagement partners on the audit resulting in this independent auditor's report are Zulfikar Ali Causer and Shahbaz Akbar on behalf of BDO Ebrahim & Co. Chartered Accountants and A. F. Ferguson & Co. Chartered Accountants respectively.

A. F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: March 4, 2024
UDIN: AR202310068261NTzJfD

BDO Ebrahim & Co.
Chartered Accountants
Karachi
Dated: March 4, 2024
UDIN: AR202310067MY4xgiOdm

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2023

2022	2023			2023	2022
----- (US Dollars in '000) -----			Note	----- (Rupees in '000) -----	
ASSETS					
816,809	1,048,232	Cash and balances with treasury banks	7	295,455,482	230,226,311
69,620	152,574	Balances with other banks	8	43,004,567	19,623,124
110,950	682,715	Lendings to financial institutions	9	192,430,437	31,272,467
12,356,940	15,660,836	Investments	10	4,414,174,305	3,482,935,847
4,366,231	4,960,154	Advances	11	1,398,072,669	1,230,669,118
204,372	203,920	Fixed assets	12	57,477,067	57,604,343
7,455	7,757	Intangible assets	13	2,186,294	2,101,322
25,495	26,027	Right of use assets	14	7,335,901	7,186,067
79,494	-	Deferred tax assets	15	-	22,406,230
595,120	917,962	Other assets	16	258,737,303	167,741,065
18,632,486	23,660,177			6,668,874,025	5,251,765,894
LIABILITIES					
196,083	241,256	Bills payable	17	68,000,448	55,268,019
6,884,556	7,726,310	Borrowings	18	2,177,743,194	1,940,485,787
9,455,995	13,031,650	Deposits and other accounts	19	3,673,109,914	2,665,273,257
431	739	Liabilities against assets subject to finance lease	20	208,268	121,453
-	-	Subordinated debt		-	-
31,083	30,805	Lease liabilities against right of use assets	21	8,682,732	8,761,015
-	2,989	Deferred tax liabilities	15	842,568	-
963,440	1,216,462	Other liabilities	22	342,872,862	271,556,131
17,531,588	22,250,211			6,271,459,986	4,941,465,662
1,100,898	1,409,966	NET ASSETS		397,414,039	310,300,232
REPRESENTED BY					
75,481	75,481	Share capital	23	21,275,131	21,275,131
239,440	301,847	Reserves	24	85,078,819	67,488,847
149,980	227,887	Surplus on revaluation of assets	25	64,232,415	42,273,537
632,190	800,727	Unappropriated profit		225,693,440	178,189,579
1,097,091	1,405,942	Total Equity attributable to the equity holders of the Bank		396,279,805	309,227,094
3,807	4,024	Non-controlling interest		1,134,234	1,073,138
1,100,898	1,409,966			397,414,039	310,300,232
CONTINGENCIES AND COMMITMENTS					
			26		

The annexed notes 1 to 50 and annexures I and II form an integral part of these unconsolidated financial statements.

Ashraf Mahmood Wathra
Chairman

Rehmat Ali Hasnie
President & CEO

Abdul Wahid Sethi
Chief Financial Officer

Ahsan Ali Chughtai
Director

Ali Syed
Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2023

2022	2023			2023	2022
------(US Dollars in '000)-----			Note	------(Rupees in '000)-----	
1,786,613	3,637,026	Mark-up / return / interest earned	27	1,025,134,662	503,575,915
1,371,153	3,036,182	Mark-up / return / interest expensed	28	855,780,390	386,474,248
415,460	600,844	Net mark-up / interest income		169,354,272	117,101,667
		NON MARK-UP / INTEREST INCOME			
80,030	85,632	Fee and commission income	29	24,136,296	22,557,400
17,988	18,465	Dividend income		5,204,557	5,070,140
29,384	27,468	Foreign exchange income		7,742,186	8,282,139
-	-	Income / (loss) from derivatives		-	-
3,985	15,686	Gain on securities - net	30	4,421,246	1,123,216
1,934	4,350	Share of profit from joint venture - net of tax	10.4	1,226,065	545,161
(337)	870	Share of profit / (loss) from associates - net of tax	10.4	245,202	(95,084)
6,351	6,374	Other income	31	1,796,449	1,790,098
139,335	158,845	Total non-markup / interest income		44,772,001	39,273,070
554,795	759,689	Total income		214,126,273	156,374,737
		NON MARK-UP / INTEREST EXPENSES			
282,367	337,611	Operating expenses	32	95,159,211	79,588,284
258	1,015	Other charges	33	285,960	72,848
282,625	338,626	Total non-markup / interest expenses		95,445,171	79,661,132
272,170	421,063	Profit before provisions		118,681,102	76,713,605
46,535	54,574	Provisions and write offs - net	34	15,382,139	13,116,455
225,635	366,489	PROFIT BEFORE TAXATION		103,298,963	63,597,150
115,831	177,313	Taxation	35	49,977,566	32,648,139
109,804	189,176	PROFIT AFTER TAXATION		53,321,397	30,949,011
		Attributable to:			
109,399	188,399	Equity holders of the Bank		53,101,601	30,834,587
406	780	Non-controlling interest		219,796	114,424
109,804	189,179			53,321,397	30,949,011
------(US Dollars)-----				------(Rupees)-----	
0.05	0.09	Basic earnings per share	36	24.96	14.49
0.05	0.09	Diluted earnings per share	37	24.96	14.49

The annexed notes 1 to 50 and annexures I and II form an integral part of these unconsolidated financial statements.

Ashraf Mahmood Wathra
Chairman

Rehmat Ali Hasnie
President & CEO

Abdul Wahid Sethi
Chief Financial Officer

Ahsan Ali Chughtai
Director

Ali Syed
Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2023

2022	2023		2023	2022
----- (US Dollars in '000) -----			----- (Rupees in '000) -----	
109,804	189,176	Profit after taxation for the year	53,321,397	30,949,011
		Other comprehensive income / (loss)		
		Items that may be reclassified to profit and loss account in subsequent periods:		
35,551	44,014	Effect of translation of net investments in foreign branches, subsidiaries and joint venture	12,405,926	10,020,548
(89,784)	79,162	Movement in surplus / (deficit) on revaluation of investments - net of tax	22,312,569	(25,306,566)
(54,233)	123,176		34,718,495	(15,286,018)
		Items that will not be reclassified to profit and loss account in subsequent periods:		
(11,102)	(2,112)	Remeasurement loss on defined benefit obligations - net of tax	(595,239)	(3,129,095)
10,983	(1,314)	Movement in (deficit) / surplus on revaluation of fixed assets - net of tax	(370,278)	3,095,713
(1,110)	703	Movement in surplus / (deficit) on revaluation of non-banking assets - net of tax	198,132	(312,906)
53	-	Share of remeasurement gain on defined benefit obligations of joint venture - net of tax	-	14,886
(1,176)	(2,723)		(767,385)	(331,402)
54,395	309,629	Total comprehensive income	87,272,507	15,331,591
		Total comprehensive income attributable to:		
53,989	308,849	Equity holders of the Bank	87,052,711	15,217,167
406	780	Non-controlling interest	219,796	114,424
54,395	309,629		87,272,507	15,331,591

The annexed notes 1 to 50 and annexures I and II form an integral part of these unconsolidated financial statements.

Ashraf Mahmood Wathra
Chairman

Rehmat Ali Hasnie
President & CEO

Abdul Wahid Sethi
Chief Financial Officer

Ahsan Ali Chughtai
Director

Ali Syed
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2023

	Share capital	Reserves					Surplus / (deficit) on revaluation of assets			Sub Total	Non-Controlling Interest	Total
		Exchange translation	Statutory reserve	General loan loss reserve	Revenue general reserve	Total	Investments	Fixed / Non-Banking Assets	Total			
Balances as at January 01, 2022	21,275,131	14,880,385	39,025,546	8,000,000	521,338	62,427,269	19,552,731	45,442,249	64,994,980	294,009,927	1,013,454	295,023,381
Total Comprehensive income for the year ended December 31, 2022												
Profit after taxation for the year ended December 31, 2022	-	-	-	-	-	-	-	-	-	30,834,587	114,424	30,949,011
Other comprehensive income - net of tax	-	10,020,548	-	-	-	10,020,548	(25,306,566)	2,782,807	(22,523,759)	(15,617,420)	-	(15,617,420)
Total Comprehensive income	-	10,020,548	-	-	-	10,020,548	(25,306,566)	2,782,807	(22,523,759)	15,217,167	114,424	15,331,591
Transfer to statutory reserve	-	-	3,041,030	-	-	3,041,030	-	-	-	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(197,684)	(197,684)	-	-	-
Transfer to unappropriated profit	-	-	-	(8,000,000)	-	(8,000,000)	-	-	8,000,000	-	-	-
Transactions with owners, recorded directly in equity												
Cash dividend paid / profit distribution by subsidiaries	-	-	-	-	-	-	-	-	-	-	(54,740)	(54,740)
Balance as at December 31, 2022	21,275,131	24,900,933	42,066,576	-	521,338	67,488,847	(5,753,835)	48,027,372	42,273,537	309,227,094	1,073,138	310,300,232
Total Comprehensive income for the year ended December 31, 2023												
Profit after taxation for the year ended December 31, 2023	-	-	-	-	-	-	-	-	-	53,101,601	219,796	53,321,397
Other comprehensive income - net of tax	-	12,405,926	-	-	-	12,405,926	22,312,569	(172,146)	22,140,423	33,951,110	-	33,951,110
Total Comprehensive income	-	12,405,926	-	-	-	12,405,926	22,312,569	(172,146)	22,140,423	87,052,711	219,796	87,272,507
Transfer to statutory reserve	-	-	5,184,046	-	-	5,184,046	-	-	-	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(181,545)	(181,545)	-	-	-
Transactions with owners, recorded directly in equity												
Cash dividend paid / profit distribution by subsidiaries	-	-	-	-	-	-	-	-	-	-	(158,700)	(158,700)
Balance as at December 31, 2023	21,275,131	37,306,859	47,250,622	-	521,338	85,078,819	16,558,734	47,673,681	64,232,415	396,279,805	1,134,234	397,414,039

The annexed notes 1 to 50 and annexures I and II form an integral part of these consolidated financial statements.

Ashraf Mahmood Wathra
Chairman

Rehmat Ali Hasnie
President & CEO

Abdul Wahid Sethi
Chief Financial Officer

Ahsan Ali Chughtai
Director

Ali Syed
Director

CONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2023

2022	2023		2023	2022
------(US Dollars in '000)-----			------(Rupees in '000)-----	
225,635	366,489	CASH FLOW FROM OPERATING ACTIVITIES	103,298,963	63,597,150
(17,988)	(18,465)	Profit before taxation	(5,204,557)	(5,070,140)
207,647	348,024	Less: Dividend income	98,094,406	58,527,010
		Adjustments:		
16,992	16,926	Depreciation	4,770,819	4,789,320
1,298	1,152	Amortization	324,753	365,818
46,535	54,574	Provision and write-offs	15,382,139	13,116,455
(238)	-	Gain on disposal of subsidiary and branch	-	(67,007)
(60)	(796)	Gain on sale of fixed assets - net	(224,324)	(17,005)
3,367	3,245	Finance charges on leased assets	914,611	949,086
		Unrealized loss on revaluation of investments classified as held-for-trading	26,152	623,477
2,212	93	Charge for defined benefit plans - net	11,999,040	8,426,536
29,896	42,571	Share of profit from joint venture - net of tax	(1,226,065)	(545,161)
(1,934)	(4,350)	Share of (profit) / loss from associates - net of tax	(245,202)	95,084
337	(870)		31,721,923	27,736,603
98,405	112,545		129,816,329	86,263,613
306,052	460,569	(Increase) / Decrease in operating assets		
		Lendings to financial institutions	(161,157,970)	283,194,208
1,004,731	(571,765)	Held-for-trading securities	40,238,071	34,791,299
123,434	142,759	Advances	(193,048,283)	(133,824,495)
(474,789)	(684,907)	Others assets (excluding advance taxation)	(82,046,762)	(67,545,828)
(239,643)	(291,090)		(396,014,944)	116,615,184
413,733	(1,405,003)	Increase / (Decrease) in operating liabilities		
		Bills payable	12,732,429	33,419,749
118,568	45,173	Borrowings from financial institutions	224,302,435	1,647,788,025
5,846,108	795,792	Deposits	1,007,836,657	(352,874,452)
(1,251,946)	3,575,655	Other liabilities	70,201,315	68,418,362
242,738	249,064		1,315,072,836	1,396,751,684
4,955,468	4,665,684	Income tax adjusted / paid	(55,348,344)	(33,789,222)
		Payments on account of staff retirement benefits	(3,673,572)	(3,635,107)
(119,879)	(196,368)	Net cash flow generated from operating activities	989,852,305	1,562,206,152
(12,897)	(13,033)			
5,542,477	3,511,849	CASH FLOW FROM INVESTING ACTIVITIES		
		Net investments in available-for-sale securities	(1,110,320,687)	(1,533,784,118)
(5,441,639)	(3,939,253)	Net investments in held-to-maturity securities	184,073,787	(87,289,700)
(309,691)	653,067	Dividends received	5,204,557	5,070,140
17,988	18,465	Investments in fixed assets and intangibles	(3,179,760)	(2,756,355)
(9,779)	(11,281)	Proceeds from sale of fixed assets	458,886	98,556
350	1,628	Effect of translation of net investment in foreign branches	13,140,176	10,020,548
35,551	46,619	Proceed from closure of subsidiary and branch	-	111,822
397	-	Net cash flow used in investing activities	(910,623,041)	(1,608,529,107)
(5,706,823)	(3,230,755)			
		CASH FLOW FROM FINANCING ACTIVITIES		
		Payments of lease obligations	(3,566,480)	(2,680,093)
(9,509)	(12,653)	Dividend paid	(7,142)	(146)
(1)	(25)	Net cash flow used in financing activities	(3,573,622)	(2,680,239)
(9,510)	(12,678)			
(173,856)	268,416	Increase / (Decrease) in cash and cash equivalents	75,655,642	(49,003,194)
957,366	785,646	Cash and cash equivalents at beginning of the year	222,787,444	271,509,796
5,472	4,476	Effect of exchange rate changes on cash and cash equivalents	1,261,569	1,542,411
968,749	794,893		224,049,013	273,052,207
794,893	1,063,309	Cash and cash equivalents at end of the year	299,704,655	224,049,013

The annexed notes 1 to 50 and annexures I and II form an integral part of these unconsolidated financial statements.

Ashraf Mahmood Wathra
Chairman

Rehmat Ali Hasnie
President & CEO

Abdul Wahid Sethi
Chief Financial Officer

Ahsan Ali Chughtai
Director

Ali Syed
Director

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

1. THE GROUP AND ITS OPERATIONS

1.1 The "Group" consists of:

Holding Company

- National Bank of Pakistan (the Bank)

	Percentage Holding	
	2023 %	2022 %
Subsidiary Companies		
- CJSC Subsidiary Bank of NBP in Kazakhstan	100.00	100.00
- NBP Exchange Company Limited, Pakistan	100.00	100.00
- National Bank Modaraba Management Company Limited, Pakistan	100.00	100.00
- First National Bank Modaraba, Pakistan	30.00	30.00
- Taurus Securities Limited, Pakistan	58.32	58.32
- NBP Fund Management Limited, Pakistan	54.00	54.00
- Cast-N-Link Products Limited (Note 10.16.1)	76.51	76.51

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

The Group is principally engaged in commercial banking, modaraba management, brokerage, leasing, foreign currency remittances, asset management, exchange transactions and investment advisory asset. Brief profile of the Holding Company and subsidiaries is as follows:

National Bank of Pakistan

National Bank of Pakistan (the Bank) was incorporated in Pakistan under the National Bank of Pakistan Ordinance, 1949 and is listed on the Pakistan Stock Exchange (PSX). Its registered and head office is situated at I.I. Chundrigar Road, Karachi. The Federal Government and Pakistan Sovereign Wealth Fund (PSWF) holds 75.60% (2022: Federal Government and SBP 75.60%) shares of the Bank. The Bank is engaged in providing commercial banking and related services in Pakistan and overseas. The Bank also handles treasury transactions for the Government of Pakistan (GoP) as an agent to the SBP. The Bank operates 1,508 (2022: 1,512) branches in Pakistan including 188 (2022: 188) Islamic Banking branches and 18 (2022: 18) overseas branches (including the Export Processing Zone branch, Karachi). The Bank also provides services in respect of Endowment Fund for students loan scheme and IPS accounts.

CJSC Subsidiary Bank of NBP in Kazakhstan

CJSC Subsidiary Bank of NBP in Kazakhstan (JSCK) is a joint-stock bank, which was incorporated in the Republic of Kazakhstan in 2001. CJSC conducts its business under license number 252 dated December 27, 2007 (initial license was dated December 14, 2001) and is engaged in providing commercial banking services. The registered office of JSCK is located at 105, Dostyk Ave, 050051, Almaty.

NBP Exchange Company Limited, Pakistan

NBP Exchange Company Limited (NBPECL) is a public unlisted company, incorporated in Pakistan on September 24, 2002 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). NBPECL

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

obtained license for commencement of operations from State Bank of Pakistan (SBP) on November 25, 2002 and commencement of business certificate on December 26, 2003 from the Securities and Exchange Commission of Pakistan (SECP). The registered office of NBPECL is situated at Shaheen Complex, M.R. Kiryani Road, Karachi. NBPECL is engaged in foreign currency remittances and exchange transactions. NBPECL has 22 branches (2022: 20 branches) and 1 booth (2022: 1).

National Bank Modaraba Management Company Limited, Pakistan

National Bank Modaraba Management Company Limited (NBMMCL) is a public unlisted company, incorporated in Pakistan on August 6, 1992 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The purpose of the NBMMCL is to float and manage modaraba funds. NBMMCL at present is managing First National Bank Modaraba. Its registered office is situated at Ground Floor, National Bank of Pakistan, Regional Headquarters Building, 26-Mc Lagon Road, Lahore.

First National Bank Modarba, Pakistan

First National Bank Modaraba (the Modaraba) is a multi-purpose, perpetual and multi-dimensional Modaraba formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and Rules framed thereunder. The Modaraba is managed by National Bank Modaraba Management Company Limited (a wholly owned subsidiary of National Bank of Pakistan), incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and registered with the Registrar of Modaraba Companies. The registered office of the Modaraba is situated at Ground Floor, National Bank of Pakistan, Regional Headquarters Building, 26-Mc Lagon Road, Lahore. The Modaraba is listed at Pakistan Stock Exchange Limited. It commenced its operations on December 04, 2003 and is currently engaged in various Islamic modes of financing and operations including ijarah, musharaka and murabaha arrangements.

Taurus Securities Limited, Pakistan

Taurus Securities Limited (TSL) is a public unquoted company, incorporated in Pakistan on June 27, 1993 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of TSL is situated at 6th Floor, Progressive Plaza, Beaumont Road, Civil Lines, Karachi. It is engaged in the business of stock brokerage, investment counselling, and fund placements. TSL holds a Trading Right Entitlement (TRE) Certificate from Pakistan Stock Exchange Limited.

NBP Fund Management Limited, Pakistan

NBP Fund Management Limited, Pakistan - NBP Funds, was incorporated in Pakistan as public limited company on August 24, 2005 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and obtained certificate for commencement of business on December 19, 2005. The main sponsors of NBP Funds are National Bank of Pakistan and Baltoro Growth Fund. Baltoro Growth Fund has acquired shareholding of NBP Funds which was previously held by Alexandra Fund Management Private Limited on October 08, 2018. NBP Funds is mainly involved in the business of asset management and investment advisory services. NBP Funds has been issued license by the Securities and Exchange Commission of Pakistan (SECP) to carry out business of asset management services and investment advisory services as a Non-Banking Finance Company (NBFC) under section 282C of the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and under the Non-Banking Finance Companies and Notified Entities Regulations, 2008. The principal / registered office of the company is situated at 7th Floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

As at December 31, 2023 NBP Funds is managing the following funds and discretionary portfolio:

	Type of Fund
- NBP Government Securities Liquid Fund	Open end Fund
- NBP Mahana Amdani Fund	Open end Fund
- NBP Financial Sector Income Fund	Open end Fund
- NBP Money Market Fund	Open end Fund
- NBP Government Securities Savings Fund	Open end Fund
- NBP Income Opportunity Fund	Open end Fund
- NBP Islamic Money Market Fund	Open end Fund
- NBP Islamic Daily Dividend Fund	Open end Fund
- NBP Riba Free Savings Fund	Open end Fund
- NBP Islamic Mahana Amdani Fund	Open end Fund
- NBP Savings Fund	Open end Fund
- NBP Islamic Savings Fund	Open end Fund
- NBP Balanced Fund	Open end Fund
- NBP Islamic Sarmaya Izafa Fund	Open end Fund
- NBP Pension Fund	Open end Fund
- NBP Islamic Pension Fund	Open end Fund
- NBP Stock Fund	Open end Fund
- NBP Islamic Stock Fund	Open end Fund
- NBP Sarmaya Izafa Fund	Open end Fund
- NBP Islamic Energy Fund	Open end Fund
- NBP Financial Sector Fund	Open end Fund
- NBP Islamic Income Fund	Open end Fund
- NBP Pakistan Growth Exchange Traded Fund	Open end Fund
- NBP Government Securities Fund - I	Open end Fund
- NBP Income Fund Of Fund	Open end Fund
- NBP Mustahkam Fund	Open end Fund
- NBP Islamic Mustahkam Fund	Open end Fund
- NBP Gokp Pension Fund	Open end Fund
- NBP Gokp Islamic Pension Fund	Open end Fund

1.2 Basis of consolidation

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

2. BASIS OF PRESENTATION

- 2.1** In accordance with the directives of the Federal Government of Pakistan regarding the shifting of banking system to Islamic modes, the SBP has issued various circulars from time to time. Permissible forms of trade related mode of financing includes purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these consolidated financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.

Key financial figures of the Islamic banking branches of the Bank have been disclosed in note annexure-II to these consolidated financial statements.

- 2.2** The US Dollar amounts shown on the statement of financial position, profit and loss account, statement of comprehensive income and cash flow statement are stated as additional information solely for the convenience of readers. For the purpose of conversion to US Dollars, the rate of Rs. 281.8607 to 1 US Dollar has been used for 2023 and 2022 as it was the prevalent rate as on December 31, 2023.

3. STATEMENT OF COMPLIANCE

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

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

Where 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.

- 3.2** SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002. Moreover, SBP vide BPRD circular no. 4, dated February 25, 2015, has deferred the applicability of Islamic Financial Accounting Standards (IFAS) 3, Profit and Loss Sharing on Deposits. Further, according to the notification of SECP dated April 28, 2008, the IFRS - 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.
- 3.3** The SECP vide SRO 56 (1) / 2016 dated January 28, 2016, has notified that the requirements of IFRS 10 (Consolidated Financial Statements) and section 228 of the Companies Act, 2017 will not be applicable with respect to the investment in mutual funds established under trust structure.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

3.4 Application of new and revised International Financial Reporting Standards (IFRSs)

3.4.1 Standards, interpretations of and amendments to the published accounting and reporting standards that are effective in the current year:

There are certain new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on January 1, 2023 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 consolidated financial statements.

3.4.2 Standards, interpretations of and amendments to the published accounting and reporting standards that are not yet effective:

The following revised standards, amendments and interpretations with respect to the accounting and reporting standards would be effective from the dates mentioned below against the respective standards, amendments or interpretations:

Standards, interpretations or amendments	Effective from accounting period beginning on or after
- IFRS 9 - 'Financial instruments'	January 01, 2024
- IAS 21 - 'Lack of exchangeability' (amendments)	January 01, 2025
- IAS 1 - 'Non current liabilities with covenants' (amendments)	January 01, 2024
- IFRS 16 - 'Sale and leaseback' (amendments)	January 01, 2024

3.4.3 The SBP vide its BPRD Circular No. 02 of 2023 dated February 09, 2023 has specified the new reporting format for financial statements of Banking Companies. The new format has revised the disclosure requirements and will become applicable for the financial statements of the Bank for the quarter ending March 31, 2023. However, SBP vide its BPRD circular No. 07 of 2023 has deferred the applicability from January 01, 2023 to January 01, 2024.

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

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

3.4.5 The management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on these consolidated financial statements of the Group in the period of initial application.

3.4.6 IFRS 9 Financial Instruments:

As directed by SBP via BPRD Circular no 07 of 2023, IFRS 9 Financial Instruments is effective for periods beginning on or after January 01 2024 for banks having asset base of more than Rs. 500 billion as at December 31 2022. SBP via same circular has finalized the instructions on IFRS 9 (Application Instructions) for ensuring smooth and consistent implementation of the standard in the banks.

During 2023, the management of the Bank has performed an impact assessment of IFRS 9 taking into account the SBP's IFRS 9 application instructions. The assessment is based on available information and may be subject to changes arising from further reasonable and supportable information being made available to the Bank at the time of finalizing the impact for initial application of IFRS 9. In addition, the Bank will implement changes in classification of certain financial instruments. These changes and impacts are discussed below:

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

An overview of the IFRS 9 requirements that are expected to have significant impact are discussed below along with the additional requirements introduced by the SBP:

Governance, ownership and responsibilities

The Bank has adopted a governance framework requiring the Risk, Finance, Operations, Internal Audit and IT functions to effectively work together to ensure input from all business lines. IFRS 9 requires robust credit risk models that can predict Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD).

Risk Management Division has developed Models / methodologies for PD, LGD and Credit Conversion Factor (CCF). These models shall be validated on annual basis considering the following aspects:

- Quantitative Validation: Expected credit loss (ECL) model design validation, data quality validation and benchmarking with external best practices.
- Quantitative Validation: Calibration testing which ensures the accuracy of the observed PDs.

Finance Group will ensure preparation of disclosures and incorporation of the impacts on the financial statements of the Bank. The function shall identify, prepare and extract the data required for the risk parameters modelling and ECL calculations. Finance Division shall ensure that all disclosures as required by the accounting standard and the SBP formats and guidelines are made.

The risk management division will perform the back testing of ECL at least on yearly basis and will be responsible for the independent validation of the risk parameters / risk models; including PD, LGD and CCF etc., that are used to compute the ECL which would be carried out as per the policy.

Internal Audit will carry out periodic review of IFRS 9 methodology and impacts calculated by the Management.

Classification and measurement

The classification and measurement of financial assets will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Financial assets that do not meet the SPPI criteria are measured at FVTPL regardless of the business model in which they are held. The Bank's business model in which financial assets are held will determine whether the financial assets are measured at amortised cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVPL'). The classification of equity instruments is generally measured as Fair Value through Profit & Loss (FVTPL) unless the Bank elects for Fair Value through Other Comprehensive Income (FVTOCI) at initial recognition. The Bank has analyzed the impact of initial application of IFRS 9 on its financial assets as follows:

Equity Securities

The Bank expects to continue measuring at fair value all financial assets currently held at fair value.

For certain listed equity securities currently classified as available-for-sale (AFS) with gains and losses recorded in OCI, the Bank will apply the option to classify them as FVOCI. Therefore, the application of IFRS 9 will not have an impact on initial adoption. However, in accordance with the requirements of the standard, gains and losses recognized in OCI will not be recycled through the profit and loss account on derecognition of these securities.

The remaining listed equity securities will be measured at FVTPL. The AFS reserve related to those securities is currently part of Surplus on Revaluation of Assets and will be reclassified to retained earnings hence, there will be no impact on overall equity.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

Unquoted equity securities are required to be measured at fair value under IFRS 9. However, the SBP has allowed banks to carry these investments under the current Prudential Regulations, i.e. at the lower of cost and break-up value, till accounting periods beginning on or after January 01, 2024.

Debt securities and Loans and advances

Debt securities currently classified as AFS and those passes SPPI test, are expected to be measured at fair value through OCI under IFRS 9 as the Bank's business model is to hold the assets to collect contractual cash flows, but also to sell those investment. Debt securities currently classified as HTM and those passes SPPI test are expected to be measured at amortized costs under IFRS 9 as the Group business model is to hold the assets to collect contractual cash flows.

Cashflows of certain debt instruments classified in AFS or / and HTM categories, do not expect to give risk to cash flows representing solely payments of principal and interest and accordingly, these would be measured at fair value through profit and loss.

Impairment

The impairment requirements apply to financial assets measured at amortised cost and FVOCI (other than equity instruments), lease receivables, and certain loan commitments and financial guarantee contracts. At initial recognition, an impairment allowance (or provision in the case of commitments and guarantees) is required for expected credit losses ('ECL') resulting from default events that are possible within the next 12 months ('12-month ECL'). In the event of a significant increase in credit risk, an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognised are in 'stage 1'; financial assets that are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment, so are considered to be in default or otherwise credit impaired, are in 'stage 3'.

The assessment of credit risk and the estimation of ECL are required to be unbiased and probability-weighted, and should incorporate all available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money.

Based on the requirement of IFRS 9 and SBP's IFRS 9 application instructions, the Bank has performed an ECL assessment taking into account the key elements such as assessment of SCIR, Probability of Default, Loss Given Default and Exposure at Default. These elements are described below:

- PD: The probability that a counterparty will default, calibrated over the 12 months from the reporting date (stage 1) or over the lifetime of the product (stage 2) and incorporating forward looking information.
- LGD: An estimate of the loss incurred on a facility upon default by a customer. LGD is calculated as the difference between contractual cash flows due and those that the Bank expects to receive, including from the liquidation of any form of collateral. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor.
- EAD: the expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortisation, pre-payments and forward-looking information where relevant.

For the purpose of calculation of ECL, the Bank has used 5 years data till December 31 2023 and going forward, one more year's data shall be included until the Bank has at least 10 years data. For calculating ECL, the Bank shall classify its financial assets under three following categories:

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

- a) **Stage 1: Performing Assets:** Financial assets where there has not been a SICR since initial recognition, the Bank shall recognize an allowance based on the 12-month ECL.
- b) **Stage 2: Under-Performing Assets:** For financial assets where there has been a SICR since initial recognition, but which are not credit impaired, the Bank shall recognize an allowance based on lifetime ECL for all exposures categorized in this stage based on the actual maturity profile.
- c) **Stage 3: Non-Performing Assets:** For financial assets which have objective evidence of impairment at the reporting date, the Bank shall recognize ECL on these financial assets using the higher off approach, which means that lifetime ECL computed under IFRS 9 is compared with regulatory provision required as per Prudential regulations

As required by the Application Instructions, financial assets may be reclassified out of stage 3 if they meet the requirements of Prudential Regulations (PR) issued by SBP. Financial assets in stage 2 may be reclassified to stage 1 if the conditions that led to a SICR no longer apply.

Significant increase in credit risk (SICR)

A SICR is assessed in the context of an increase in the risk of a default occurring over the life of the financial instrument when compared to that expected at the time of initial recognition. It is not assessed in the context of an increase in the ECL. The Bank uses a number of qualitative and quantitative measures in assessing SICR. Quantitative measures relate to deterioration of Obligor Risk Ratings (ORR) or where principal and / or interest payments are 60 days or more past due. Qualitative factors include unavailability of financial information and pending litigations.

Based on the level of increase in credit risk, the Bank shall calculate 12 month ECL for assets which did not have a SICR i.e., Stage 1 or a lifetime expected loss for the life of the asset (for assets which demonstrated a SICR) i.e., Stage 2.

At every reporting date, the Bank shall assess whether there has been a SICR since the initial recognition of the asset. If there is a SICR, the asset must be assigned to the appropriate stage of credit impairment (Stage 2 or 3).

Under the SBP's instructions, credit exposure (in local currency) guaranteed by the Government and Government Securities are exempted from the application of ECL Framework. Moreover, until implementation of IFRS 9 has stabilized, Stage 1 and stage 2 provisions would be made as per IFRS 9 ECL and stage 3 provision would be made considering higher of IFRS 9 ECL or provision computed under existing PRs' requirements.

Presentation and disclosure

IFRS 9 also introduces expanded disclosure requirements and changes in presentation which will be incorporated as per the SBP's revised format.

Loan / financing related fee

Loan origination / commitment fees that are regarded as compensation to the lender for an ongoing involvement with the acquisition of a financial instrument would be recognized over the life of the related loan. However, if the commitment expires without the lender making the loan, the fee would be recognised as revenue as earned.

Impact of adoption of IFRS 9

The actual impact of adopting IFRS 9 on the Bank's financial statements in the year 2024 may not be accurately estimated because it will be dependent on the financial instruments that the Bank would hold during 2024 and economic conditions at that time as well as accounting elections and judgements that it will make in future. Nevertheless, the Bank has performed a preliminary assessment of the potential impact of adoption of IFRS 9 based on its statement of financial position as at December 31, 2023.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

Classification and measurement

Based on the bank's assessment, the IFRS 9 requirements are expected to have the following impact on the classification and measurement of its financial assets and financial liabilities:

1. Debt instruments amounting to Rs. 15,987 million have been reclassified from Available for Sale to Fair Value through Profit or Loss.
2. Equity instruments amounting to Rs. 28,507 million have been reclassified from Available for Sale to Fair Value through Profit or Loss.

Impairment

The total estimated adjustment (net of tax) of the adoption of IFRS 9 on the opening balance of the Bank's equity at January 01, 2024 is a decrease of approximately Rs. 8,177 million, representing;

- a decrease of Rs. 13,808 million in equity due to increase in ECL.
- an increase of Rs. 5,631 million in equity resulting from reclassification of investments as mentioned above.

Impact on regulatory capital

The implementation of IFRS 9 is expected to result in reduced regulatory capital of the Bank, which is likely to reduce their lending capacity and ability to support their clients. In order to mitigate the impact of expected credit loss (ECL) models on capital, SBP has determined that it may be appropriate for the Financial Institutions (FIs) to follow a transitional arrangement for the impact on regulatory capital from the application of ECL accounting. Annexure B of the 'Application Instructions' issued by SBP vide BPRD Circular No.3 of 2022 dated July 05, 2022, have detailed the transitional arrangement.

The transitional arrangement must apply only to provisions for stage 1 and 2 financial assets. The transitional arrangement must only adjust CET1 capital. Where there is a reduction in CET1 capital due to new provisions, net of tax effect, upon adoption of an ECL accounting model, the decline in CET1 capital (the "transitional adjustment amount") must be partially included (i.e. added back) to CET1 capital over the "transition period" of five years.

The impact of adoption of IFRS 9 on the capital ratios of the Group are as follows:

	As per adopted IFRS 9	As per current ARS
Common Equity Tier 1 Capital Adequacy ratio	19.17%	19.39%
Tier 1 Capital Adequacy Ratio	19.17%	19.39%
Total Capital Adequacy Ratio	25.49%	25.80%
CET1 available to meet buffers (as a percentage of risk weighted assets)	10.17%	10.39%

4. BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention except for revaluation of land and buildings and non-banking assets acquired in satisfaction of claims which are stated at revalued amount and certain investments and derivative financial instruments that are carried at fair value. In addition, obligations in respect of defined benefit plan are carried at the present values.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

5. MATERIAL ACCOUNTING POLICIES

The accounting policy adopted in preparation of these consolidated financial statements are consistent with those of the previous financial year.

5.1 Business Combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit and loss account as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit and loss account as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the Group's net assets in the event of liquidation is measured at fair value at the date of the acquisition.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit and loss account.

5.2 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the subsidiary company.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or entities of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit and loss account. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

5.3 Cash and cash equivalents

Cash and cash equivalents include cash and balances with treasury banks, balances with other banks and call money lendings, less call borrowings and overdrawn nostro accounts.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

5.4 Investments

Investments other than those categorised as held-for-trading are initially recognised at fair value which includes transactions costs associated with the investments. Investments classified as held-for-trading are initially recognised at fair value, and transaction costs are expensed in the profit and loss account.

All regular way purchases / sales of investments are recognised on the trade date, i.e., the date the Group commits to purchase / sell the investments. Regular way purchases or sales of investments require delivery of securities within the time frame generally established by regulation or convention in the market place.

The Group has classified its investment portfolio, except for investments in subsidiaries, associates and joint ventures into 'held-for-trading', 'held-to-maturity' and 'available-for-sale' as follows:

- Held-for-trading – These are securities which are acquired with the intention to trade by taking advantage of short-term market / interest rate movements and are to be sold within ninety (90) days. These are carried at market value, with the related unrealized gain / (loss) on revaluation being taken to profit and loss account.
- Held-to-maturity – These are securities with fixed or determinable payments and fixed maturity that are held with the intention and ability to hold to maturity. These are carried at amortised cost.
- Available-for-sale – These are investments that do not fall under the held-for-trading or held-to-maturity categories. These are carried at market value except in case of unquoted securities where market value is not available, which are carried at cost less provision for diminution in value, if any. Surplus / (deficit) on revaluation is taken to 'surplus / (deficit) on revaluation of assets' account shown in equity. Provision for diminution in value of investments in respect of unquoted shares is calculated with reference to break-up value of the same. On derecognition or impairment in quoted available-for-sale investments, the cumulative gain or loss previously reported as 'surplus / (deficit) on revaluation of assets' in equity is included in the profit and loss account for the year.
- Provision for diminution in value of investments in unquoted debt securities is calculated as per the SBP's Prudential Regulations.

Held-for-trading and quoted available-for-sale securities are marked to market with reference to ready quotes on Reuters page or MUFAP (PKRV / PKISRV / PKFRV) or the Stock Exchanges, as the case may be.

Associates – Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for under the equity method of accounting. However, in case where associates are considered as fully impaired and financial statements are not available, these investments are stated at cost less provision.

Under the equity method, the Group's share of its associates' post-acquisition profits or losses is recognized in the consolidated profit and loss account, its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Joint venture - The Group has interests in joint venture which is jointly controlled entity. A joint venture is contractual arrangement whereby two or more parties undertake in economic activity that is subject to a joint control and includes a jointly controlled entity that involves the establishment of separate entity in which each venturer has an interest. The Group accounts for its interest in joint venture using the equity method of accounting.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

The carrying values of investments are reviewed for impairment when indications exist that the carrying value may exceed the estimated recoverable amount. Provision is made for impairment in value, if any.

5.5 Repurchase and resale agreements

Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the statement of financial position and are measured in accordance with accounting policies for investment securities. The counterparty liability for amounts received under these agreements is included in borrowings. The difference between sale and repurchase price is treated as mark-up / return / interest expense and accrued over the life of the repo agreement using effective yield method.

Securities purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognised in the statement of financial position, as the Group does not obtain control over the securities. Amounts paid under these agreements are included in lendings to financial institutions. The difference between purchase and resale price is treated as mark-up / return / interest income and accrued over the life of the reverse repo agreement using effective yield method.

5.6 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the dates on which the derivative contracts are entered into and are subsequently re-measured at fair value using appropriate valuation techniques. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value of derivative instruments during the year is taken to the profit and loss account.

5.7 Financial instruments

All financial assets and financial liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. A financial asset is derecognised where (a) the rights to receive cash flows from the asset have expired; or (b) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (i) the Group has transferred substantially all the risks and rewards of the asset, or (ii) the Group has neither transferred nor retained substantially all the risk and rewards of the asset, but has transferred control of the asset. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to profit and loss account.

5.8 Advances

Advances are stated net of specific and general provisions. Provisions are made in accordance with the requirements of Prudential Regulations issued by the SBP and charged to the profit and loss account. These regulations prescribe a time based criteria (as supplemented by subjective evaluation of advances by the Group) for classification of non-performing loans and advances and computing provision there against. Such regulations also require the Group to maintain general provision against consumer and Small and Medium Enterprises (SME) advances at specified percentage of such portfolio. General provision for loan losses of overseas branches is made as per the requirements of the respective central banks. Advances are written off where there are no realistic prospects of recovery. The amounts so written off is a book entry and does not necessarily prejudice the Group's right of recovery against the customers. The Group determines write-offs in accordance with the criteria as prescribed by SBP vide BPRD circular no. 06 dated June 05, 2007.

5.8.1 Islamic financing and related assets

Under Murabaha financing, funds disbursed for the purchase of goods are recorded as advance against Murabaha finance and the financing is recorded at the deferred sale price. Goods purchased but remaining unsold at the statement of financial position date are recorded as inventories.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

Assets given on Ijarah are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Ijarah assets are depreciated on a reducing balance basis over the term of the Ijarah after taking into account the estimated residual value. Impairment of Ijarah assets is recognized in line with the Prudential Regulations or upon the occurrence of an impairment event which indicates that the carrying value of the Ijarah asset may exceed its recoverable amount.

In Running Musharakah, the Group and the customer enter a Musharakah agreement where the Group agrees to finance the operating activities of the customer's business and share in the profit or loss in proportion to an agreed ratio at an agreed frequency.

Under Diminishing Musharakah financing, the Group creates joint ownership with the customer over the tangible assets to fulfill capital expenditure / project requirements. The Group receives periodic payments from the customer against the gradual transfer of its share of ownership to the customer.

In Istisna transactions, the Group finances the cost of goods manufactured by the customer. Once the goods are manufactured, these are sold by the customer as an agent of the Group to recover the cost plus the agreed profit.

Under Tijarah, the Group purchases the finished goods from the customer against payment, takes possession and appoint customer as an agent to sell these goods to ultimate buyer on deferred payment basis. Profit is recognized on accrual basis over the period of transaction.

Wakalah is an agency contract in which Group provides funds to the customer who invests it in a Shariah compliant manner.

In Musawamah financing, the Group purchases the goods and after taking the possession, sells them to the customer either in spot or credit transaction, without disclosing the cost.

5.9 Fixed assets and depreciation

5.9.1 Property and equipment

5.9.1.1 Owned assets

Property and equipment except land and buildings are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Land is stated at revalued amount. Buildings are stated at revalued amount less accumulated depreciation and impairment, if any. The cost and the accumulated depreciation of property and equipment of foreign branches include exchange differences arising on currency translation at the year-end rates. Depreciation is charged to profit and loss account applying the straight line method except buildings, which are depreciated on diminishing balance method at the rates stated in note 12.2. Depreciation on additions is charged from the month in which the assets are available for use and no depreciation is charged for the month the assets are disposed off.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

Assets are derecognised when disposed off or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of property and equipment are included in profit and loss account.

The assets' residual values and useful lives are reviewed annually, and adjusted if appropriate, at statement of financial position date.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

Land and buildings' valuations are carried out by professionally qualified valuers with sufficient regularity to ensure that their carrying amounts do not differ materially from their fair value.

- Any revaluation increase arising on the revaluation of such assets is recognised in the statement of comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit and loss account, in which case the increase is credited to profit and loss account to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such assets is recognised in profit and loss account to the extent that it exceeds the balance, if any, held in "Surplus on Revaluation of Fixed Assets" relating to a previous revaluation of that asset.
- Depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account.
- An amount equal to incremental depreciation for the year net of associated deferred tax is transferred from "Surplus on Revaluation of Fixed Assets account" to unappropriated profit through statement of changes in equity to record realization of surplus to the extent of the incremental depreciation charge for the year.
- On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to unappropriated profit.

5.9.1.2 Leased assets (as lessee)

Assets subject to finance lease are accounted for by recording the asset and the related liability. These are recorded at lower of fair value and the present value of minimum lease payments at the inception of lease and subsequently stated net of accumulated depreciation. Depreciation is charged on the straight line basis at rates disclosed in note 12.2. Financial charges are allocated over the period of lease term so as to provide a constant periodic rate of financial charge on the outstanding liability.

5.9.1.3 Ijarah (as lessor)

Assets leased out under 'Ijarah' are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Assets under Ijarah are depreciated over the period of lease term. However, in the event the asset is expected to be available for re-Ijarah, depreciation is charged over the economic life of the asset using straight line basis.

Ijarah income is recognised on a straight line basis over the period of Ijarah contract.

5.9.2 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. These are transferred to specific assets as and when assets are available for use.

5.9.3 Impairment

The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, fixed assets are written down to their recoverable amounts.

The resulting impairment loss is taken to profit and loss account except for impairment loss on revalued assets which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of assets. Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the amount which would have been determined had there been no impairment. Reversal of impairment loss is recognized as income in profit and loss account.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

5.10 Lease liability and right-of-use assets

The lease liabilities are initially measured at the present value of lease payments that includes:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees, if any;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are to be discounted using the incremental borrowing rate being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

On initial recognition Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs incurred; and
- an estimate of restoration costs.

The Group leases various offices / branches for the purpose of its operational activities. Rental contracts are typically made for fixed periods of 3 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

5.11 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. The cost and the accumulated amortisation of intangible assets of foreign branches include exchange differences arising on currency translation at the year-end rates. Amortisation is charged to profit and loss account applying the straight-line method at the rates stated in note 13. Amortisation on addition is charged from the month in which the assets are available for use and no amortisation is charged in the month the intangible assets are disposed off. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful life are carried at cost less impairment losses, if any.

5.12 Non-banking assets acquired in satisfaction of claims

In accordance with the requirements of the 'Regulations for Debt Property Swap' (the regulations) issued by SBP vide its BPRD Circular No. 1 of 2016, dated January 1, 2016, the non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation is credited to the 'surplus on revaluation of assets' account and any deficit arising on revaluation is taken to the profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property is charged to profit and loss account and not capitalized. Depreciation on non-banking assets acquired in satisfaction of claims is charged to the profit and loss account on the same basis as depreciation charged on the Group's owned fixed assets.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

5.13 Deposits and their cost

Deposits are recorded at the fair value of proceeds received.

Deposit costs are recognised as an expense in the period in which these are incurred using effective yield method.

5.14 Taxation

5.14.1 Current

Provision of current taxation is based on taxable income for the year determined in accordance with the prevailing laws of taxation on income earned for local as well as foreign operations, as applicable to the respective jurisdictions. The charge for the current tax also includes adjustments wherever considered necessary relating to prior years, arising from assessments framed during the year.

5.14.2 Deferred

Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised. Deferred tax is not recognised on differences relating to investment in subsidiaries, branches and associates and interest in joint arrangements to the extent the deductible temporary difference probably will not reverse in the foreseeable future.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit or deductible temporary differences will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to gain / loss recognized on surplus on revaluation of assets is charged / credited to such account.

5.15 Employee benefits

5.15.1 Defined benefit plans

The Bank operates an approved funded pension scheme, an un-funded post retirement medical benefits scheme and an un-funded benevolent scheme for its eligible employees. The Group also operates an un-funded gratuity scheme for its eligible contractual employees. An actuarial valuation of all defined benefit schemes is conducted every year. The valuation uses the Projected Unit Credit method. Remeasurements of the net defined benefit liability / assets which comprise actuarial gains and losses, return on plan assets (excluding interest) and the effect of asset ceiling (if any, excluding interest) are recognized immediately in other comprehensive income. Past-service costs are recognized immediately in profit and loss account when the plan amendment occurs.

5.15.2 Other employee benefits

Employees' compensated absences

The Group also makes provision in the financial statements for its liability towards compensated absences. This liability is estimated on the basis of actuarial advice under the Projected Unit Credit method.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

5.15.3 Retirement and other benefit obligations

In respect of CJSC Subsidiary Bank of NBP in Kazakhstan (CJSC)

The CJSC withholds amounts of pension contributions from employee salaries and pays them to state pension fund. The requirements of the Kazakhstan's legislation state pension system provides for the calculation of current payments by the employer as a percentage of current total payments to staff. This expense is charged in the period the related salaries are earned. Upon retirement all retirement benefit payments are made by pension funds selected by employees.

5.16 Revenue recognition

Income on loans and advances and debt security investments are recognized on a time proportion basis that takes into account effective yield on the asset. In case of advances and investments classified under the Prudential Regulations, interest / mark-up is recognized on receipt basis.

Interest / mark-up on rescheduled / restructured advances and investments is recognized in accordance with the Prudential Regulations of SBP.

Fee, brokerage and commission income other than commission on letter of credit and guarantees and remuneration for trustee services are recognized upon performance of services.

Commission on letters of credit and guarantees is recognized on time proportion basis.

Dividend income on equity investments and mutual funds is recognized when right to receive is established.

Premium or discount on debt securities classified as held-for-trading, available-for-sale and held-to-maturity securities is amortised using the effective interest method and taken to profit and loss account.

Gains and losses on disposal of investments and fixed assets are dealt with through the profit and loss account in the year in which they arise.

Income from lease financing is accounted for using the financing method. Under this method, the unearned lease income (defined as the sum of total lease rentals and estimated residual value less the cost of the leased assets) is deferred and taken to income over the term of the lease so as to produce a constant periodic rate of return on the outstanding net investment in the lease. Gains or losses on termination of lease contracts are recognized through the profit and loss account when these are realized. Unrealized lease income and other fees on classified leases are recognized on a receipt basis.

5.17 Net investment in finance lease

Leases where the group transfers substantially all the risk and rewards incidental to ownership of the assets to the lessee are classified as finance leases. Net investment in finance lease is recognised at an amount equal to the aggregate of present value of minimum lease payment including any guaranteed residual value and excluding unearned finance income, write-offs and provision for doubtful lease finances, if any.

5.18 Foreign currencies translation

The Group's financial statements are presented in Pak Rupees (Rs.) which is the Group's functional and presentation currency.

Foreign currency transactions are converted into Rupees applying the exchange rate at the date of the respective transactions. Monetary assets and liabilities in foreign currencies and assets / liabilities of foreign branches are translated into Rupees at the rates of exchange prevailing at the statement of financial position date. Forward foreign exchange contracts are valued at the rates applicable to their respective maturities. All gains or losses on dealing in foreign currencies are taken to the profit and loss account.

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Profit and loss account balances of foreign branches and subsidiaries are translated at average exchange rate prevailing during the year. Gains and losses on translation are included in the profit and loss account except gains / losses arising on translation of net assets of foreign branches and subsidiaries, which are credited to the statement of comprehensive income.

Statement of financial position balances of foreign branches and subsidiaries are translated at exchange rate prevailing at statement of financial position date. Gains and losses on translation are included in the profit and loss account except gains / losses arising on translation of net assets of foreign branches and subsidiaries, which is credited to the statement of comprehensive income.

Commitments for outstanding forward foreign exchange contracts are disclosed in these consolidated financial statements at committed amounts. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Rupee terms at the rates of exchange prevailing at the statement of financial position date.

5.19 Provision for off balance sheet obligations

Provision for guarantees, claims and other off balance sheet obligations is made when the Group has legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of amount can be made. Charge to profit and loss account is stated net of expected recoveries.

5.20 Off setting

Financial assets and financial liabilities are only set off and the net amount is reported in the consolidated financial statements when there is a legally enforceable right to set off and the Group intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

5.21 Fiduciary assets

Assets held in a fiduciary capacity are not treated as assets of the Group in the statement of financial position.

5.22 Dividend and other appropriations

Dividend and other appropriation to reserves, except appropriations which are required by the law, are recognised in the Group's financial statements in the year in which these are approved.

5.23 Earnings per share

The Group presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any. There were no dilutive potential ordinary shares in issue at December 31, 2023.

5.24 Bai Muajjal

Bai Muajjal transactions represent sales of Sukuks on a deferred payment basis and are shown in lendings to financial institutions except for transactions undertaken directly with the Government of Pakistan which are disclosed as investments.

The difference between the deferred payment amount receivable and the carrying value at the time of sale is accrued and recorded as income over the life of the transaction.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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5.25 Acceptances

Acceptances comprise undertakings by the Bank to pay bill of exchange drawn on customers. Acceptances are recognised as financial liability in the statement of financial position with a contractual right of reimbursement from the customer as a financial asset. Therefore, commitments in respect of acceptances have been accounted for as on balance sheet financial assets and financial liabilities.

5.26 Segment reporting

A segment is a distinguishable component of the Group that is subject to risks and rewards that are different from those of other segments. A business segment is one that is engaged either in providing certain products or services, where as a geographical segment is one engaged in providing certain products or services within a particular economic environment. Segment information is presented as per the Group's functional and management reporting structure.

Business segments

The Group's primary segment reporting is based on the following business segments:

- I. **Retail Banking Group** includes retail lending and deposits, banking services, cards and branchless banking.
- II. **Inclusive Development Group** consists of loans to individuals, agriculture, SME, commodity and commercial customers.
- III. **Corporate and Investment Banking Group** offers a wide range of financial services to medium and large sized public and private sector entities. These services include, providing and arranging tenured financing, corporate advisory, underwriting, cash management, trade products, corporate finance products and customer services.
- IV. **Treasury** includes fixed income, equity, foreign exchange, credit, funding, own position securities, lendings and borrowings and derivatives for hedging and market making.
- V. **International Financial Institution and Remittance Group** includes the results of all international branches, correspondent banking business and global remittances. This represents Group's operations in 13 countries including Pakistan and 18 branches including one branch in export processing zone in Pakistan.
- VI. **Aitemaad and Islamic Banking Group** provides shariah compliant services to customers including loans, deposits and other transactions.
- VII. **Head Office / Others** includes the head office related activities and other functions which cannot be classified in any of the above segments.

Geographical segments

The Group is managed along the following geographic lines for monitoring and reporting purposes:

- I. Pakistan (including branch in Export Processing Zone)
- II. Asia Pacific (including South Asia)
- III. Europe
- IV. United States of America
- V. Middle East

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

5.27 Accounting estimates and judgments

The preparation of the consolidated financial statements in conformity with approved accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The estimates, judgments and associated assumptions used in the preparation of these consolidated financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key areas of estimates and judgments in relation to these consolidated financial statements are as follows:

a) Provision against non-performing loans and advances

The Group reviews its loan portfolio to assess amount of non-performing loans and determine provision required there against on a quarterly basis. While assessing this requirement, various factors including the past dues, delinquency in the account, financial position and future business / financial plan of the borrower, value of collateral held and requirements of Prudential Regulations are considered. The Group also considers the effect of Forced Sale Value (FSV) of collaterals in determining the amount of provision, however, no benefit of FSV of collateral has been taken during the year in determining provisioning amount.

General provision for loan losses of overseas branches is made as per the requirements of the respective central banks.

The amount of general provision against domestic consumer and SME advances is determined in accordance with the relevant Prudential Regulations and SBP directives.

In addition, the Group has also made general provision in respect of its corporate portfolio on prudent basis. This general provision is in addition to the requirements of Prudential Regulations.

b) Fair value of derivatives

The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant interest and exchange rates over the term of the contract.

c) Impairment of available-for-sale investments

The Group considers that available-for-sale equity investments and mutual funds are impaired when there has been a significant or prolonged decline in the fair value below its cost except for investments where relaxation has been allowed by SBP. This determination of what is significant or prolonged requires judgment. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance.

Further the Group has developed internal criteria according to which a decline of 30% in the market value of any scrip below its cost shall constitute as a significant decline and where market value remains below the cost for a period of one year shall constitute as a prolonged decline."

d) Held-to-maturity investments

The Group follows the guidance provided in the SBP circulars on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. In making this judgment, the Group evaluates its intention and ability to hold such investments till maturity.

e) Income taxes

In making the estimates for current and deferred taxes, the management looks at the income tax law and

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

the decisions of appellate authorities on certain issues in the past. There are certain matters where the Group's view differs with the view taken by the income tax department and such amounts are shown as contingent liability.

f) Fixed asset and intangible assets, revaluation, depreciation and amortization

In making estimates of the depreciation / amortization method, the management uses method which reflects the pattern in which economic benefits are expected to be consumed by the Group. The method applied is reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the method is changed to reflect the change in pattern.

The Group also revalues its properties on a periodic basis. Such revaluations are carried out by independent valuer and involves estimates / assumptions and various market factors and conditions.

g) Employees' benefit plans

The liabilities for employees' benefits plans are determined using actuarial valuations. The actuarial valuations involve assumptions about discount rates, expected rates of return on assets, future salary increases, future inflation rates and future pension increases as disclosed in note 40. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

h) Provision against contingencies

Provision against contingencies is determined based on the management judgement regarding the probability of future outflows of resources embodying economic benefits to settle an obligation arising from past events.

i) Determination of control over investees

The Group's management applies its judgement to determine whether the control exists over the investee entities.

6. CLOSURE OF FOREIGN SUBSIDIARIES AND OPERATIONS

In line with SBP Governance Framework 2018, the Board of Directors (BoD) in its 302nd meeting held on January 20 & 21, 2020 has accorded the approval of International Strategy. As per approved Strategy, the BoD allowed closure of few locations which have already been closed in prior years except Azerbaijan (Baku), Kyrgyzstan (Bishkek) and Kazakhstan (Almaty) are still in the process of closure. The Board of Directors in its 316th meeting held on January 06 & 11, 2021 has accorded its approval to scale down Bangladesh operations.

SBP also directed to close bank's operations in Paris Branch. On the basis of these directives, the BoD in its 327th meeting held on January 17, 2022 accorded their approval.

Closure process at Central Asian locations have been delayed due to non-settlement of NPLs portfolio. Operations at the following locations are under the process of closure. Tentative closure dates are also mentioned there against.

S.No	Name of International Locations	Tentative Date of Closure
1	CJSC Subsidiary Bank of NBP in Almaty, Kazakhstan	31.03.2024
2	Bishkek Branch, Kyrgyzstan	31.03.2024
3	Baku Branch, Azerbaijan	31.03.2024
4	Paris Branch, France	31.03.2024

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	As at December 31, 2023				
Particulars	CJSC Subsidiary Bank of NBP in Almaty (Kazakhstan) (Subsidiary)	Baku (Azerbaijan)	Bishkek (Kyrgyzstan)	Paris (France)	Total
		------(Branches)-----			
		------(Rupees in '000)-----			
Total Assets	3,009,954	1,461,215	2,873,265	1,560,155	8,904,589
Total Liabilities	2,604	51,793	18,665	123,477	196,538
Profit / (Loss) for the year	271,965	(15,134)	234,426	(642,483)	(151,226)

7. CASH AND BALANCES WITH TREASURY BANKS

Note

2023	2022
----- (Rupees in '000) -----	

In hand:

Local currency	62,622,218	52,750,990
Foreign currency	9,747,256	7,436,911
	72,369,474	60,187,901

With State Bank of Pakistan in:

Local currency current accounts	7.1	125,905,643	106,933,909
Foreign currency current accounts	7.2	21,661,443	15,661,453
Foreign currency deposit accounts	7.2	43,265,618	15,623,732
Foreign currency collection accounts		1,498,122	1,135,059
		192,330,826	139,354,153

With other central banks in:

Foreign currency current accounts	7.3	25,964,016	26,631,693
Foreign currency deposit accounts	7.3	4,163,614	3,725,602
		30,127,630	30,357,295
Prize bonds		627,552	326,962
		295,455,482	230,226,311

Prize bonds

- | | |
|------------|--|
| 7.1 | This includes statutory liquidity reserves maintained with the SBP under Section 22 of the Banking Companies Ordinance, 1962. |
| 7.2 | These represent mandatory reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the SBP. |
| 7.3 | These balances pertain to the foreign branches and are held with central banks of respective countries. These include balances to meet the statutory and regulatory requirements in respect of liquidity and capital requirements of respective countries. The deposit accounts carry interest at the rate of 0% to 5.5% per annum (2022: 0% to 4.5% per annum). |

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

		2023	2022
Note		------(Rupees in '000)-----	
8. BALANCES WITH OTHER BANKS			
In Pakistan:			
In current account			
In deposit accounts	8.1	298,108 388,221 686,329	537,182 501,303 1,038,485
Outside Pakistan:			
In current accounts			
In deposit accounts	8.2	33,517,051 8,801,187 42,318,238	12,395,611 6,189,028 18,584,639
		<u>43,004,567</u>	<u>19,623,124</u>

8.1 These include various deposits with banks and carry interest at the rates ranging from 6.00% to 12.70% per annum (2022: 3.5% to 9.5% per annum).

8.2 These include various deposits with correspondent banks outside Pakistan and carry interest at the rates ranging from 1.50% to 7.10% per annum (2022: 0% to 4% per annum).

		2023	2022
Note		------(Rupees in '000)-----	
9. LENDINGS TO FINANCIAL INSTITUTIONS			
Call / clean money lendings	9.1	9,723	9,723
Repurchase agreement lendings (Reverse Repo)	9.2 & 9.6	192,420,714	31,262,744
Letters of placement	9.3	174,150	174,150
	9.4	192,604,587	31,446,617
Less: provision held against lendings to financial institutions	9.5 & 9.7	(174,150)	(174,150)
Lendings to financial institutions - net of provision		<u>192,430,437</u>	<u>31,272,467</u>

9.1 This includes zero rate lending to a financial institution amounting to Rs. 9.7 million (2022: Rs. 9.7 million) which is guaranteed by the SBP.

9.2 These carry mark-up at rates ranging from 21.00% to 22.95% per annum (2022: 16% to 16.5% per annum) with maturities ranging from January 02, 2024 to January 05, 2024.

9.3 These are overdue placements and full provision has been made against these placements as at December 31, 2023.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

	2023	2022
	----- (Rupees in '000) -----	
9.4 Particulars of lending		
In local currency	192,604,587	31,446,617
In foreiegn currencies	-	-
	192,604,587	31,446,617
9.5 Movement in provision held against lendings is as follows:		
Opening balance	174,150	174,150
Reversal for the year	-	-
Closing balance	174,150	174,150

9.6 Securities held as collateral against lendings to financial institutions

	2023			2022		
	Held by Group	Further given as collateral	Total	Held by Group	Further given as collateral	Total
	----- (Rupees in '000) -----					
Market Treasury Bills	9,485,867	-	9,485,867	18,699,589	-	18,699,589
Pakistan Investment Bonds	182,934,847	-	182,934,847	12,563,155	-	12,563,155
Total	192,420,714	-	192,420,714	31,262,744	-	31,262,744

9.6.1 Market value of the securities under repurchase agreement lendings amounts to Rs. 192,518 million (2022: Rs. 31,027 million).

9.7 Category of classification

	2023		2022	
	Classified Lending	Provision held	Classified Lending	Provision held
	----- (Rupees in '000) -----			
Domestic				
Loss	174,150	174,150	174,150	174,150
Total	174,150	174,150	174,150	174,150

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

10. INVESTMENTS

Investments by type:

10.1

Held-for-trading securities

Note

Federal Government Securities

Market Treasury Bills
Pakistan Investment Bonds
Ijarah Sukuk Bonds

Ordinary Shares

Listed Companies

Mutual Fund Units

Foreign Securities

Foreign Government debt securities

Available-for-sale securities

Federal Government Securities

Market Treasury Bills
Pakistan Investment Bonds
Ijarah Sukuk Bonds
Foreign currency debt securities

Ordinary Shares

Listed Companies
Unlisted Companies

10.13 & 10.14

Preference Shares

Listed
Unlisted

Non-Government Debt Securities

Term Finance Certificates /
Musharaka / Bonds / Debentures and
Sukuk Bonds

2023				2022			
Cost / Amortised Cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised Cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
(Rupees in '000)							
23,341,720	-	7,673	23,349,393	22,269,343	-	(2,665)	22,266,678
14,665,019	-	(37,878)	14,627,141	61,942,656	-	(1,031,197)	60,911,459
5,038,531	-	(3,521)	5,035,010	-	-	-	-
79,317	-	(1,213)	78,104	424,708	-	(20,939)	403,769
972,916	-	6,914	979,830	623,941	-	(10,996)	612,945
2,696,887	-	-	2,696,887	1,771,813	-	-	1,771,813
46,794,390	-	(28,025)	46,766,365	87,032,461	-	(1,065,797)	85,966,664
954,585,428	-	2,228,157	956,813,585	828,957,708	-	(2,354,400)	826,603,308
2,926,410,213	-	(25,322,781)	2,901,087,432	1,972,276,787	-	(27,509,276)	1,944,767,511
30,424,484	-	(330,520)	30,093,964	20,518,238	-	(339,589)	20,178,649
40,907,401	-	(10,174,093)	30,733,308	33,045,353	-	(18,622,514)	14,422,839
51,696,434	(11,638,688)	22,294,743	62,352,489	41,606,225	(10,159,936)	4,821,267	36,267,556
2,107,463	(448,951)	-	1,658,512	1,882,463	(427,951)	-	1,454,512
1,448,472	(566,446)	161,771	1,043,797	1,448,472	(287,446)	209,451	1,370,477
558,284	(558,284)	-	-	558,284	(558,284)	-	-
53,152,317	(5,857,566)	355,100	47,649,851	52,146,989	(5,990,161)	1,047,326	47,204,154

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

	2023			2022				
	Cost / Amortised Cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised Cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
------(Rupees in '000)-----								
Mutual Fund Units	2,219,646	(41,167)	1,726,825	3,905,304	2,219,646	(41,167)	941,952	3,120,431
Foreign Securities	3,385,022	-	8,528	3,393,550	1,914,312	-	(30,359)	1,883,953
Foreign Government debt securities	463,294	-	42,171,551	42,634,845	463,294	-	34,380,951	34,844,245
Equity securities - Listed								
10.7								
Held-to-maturity securities	4,067,358,458	(19,111,102)	33,119,281	4,081,366,637	2,957,037,771	(17,464,945)	(7,455,191)	2,932,117,635
10.6.1								
Federal Government Securities	161,108	-	-	161,108	29,519,190	-	-	29,519,190
Market Treasury Bills	213,116,482	-	-	213,116,482	375,285,244	-	-	375,285,244
Pakistan Investment Bonds	14,087,500	-	-	14,087,500	13,130,709	-	-	13,130,709
Ijarah Sukuk Bonds	4,288,988	-	-	4,288,988	2,992,408	-	-	2,992,408
Foreign currency debt securities								
Non-Government Debt Securities	404,585	(404,585)	-	-	404,585	(404,585)	-	-
Term Finance Certificates /								
Musharaka / Bonds / Debentures and								
Sukuk Bonds								
Foreign Securities	41,295,981	-	-	41,295,981	36,096,507	-	-	36,096,507
Foreign Government debt securities	1,083	-	-	1,083	871	-	-	871
Non-Government Debt Securities								
10.9/10.10 /10.15								
Associates	1,364,062	(533,442)	-	830,620	1,127,609	(742,298)	-	385,311
Joint Venture	12,259,541	-	-	12,259,541	7,441,308	-	-	7,441,308
10.12								
Subsidiaries	1,245	(1,245)	-	-	1,245	(1,245)	-	-
10.16								
Total Investments	4,401,133,423	(20,050,374)	33,091,256	4,414,174,305	3,510,069,908	(18,613,073)	(8,520,989)	3,482,935,847

Note

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

	2023				2022			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- (Rupees in '000) -----								
Investments by segments:								
Federal Government Securities:								
Market Treasury Bills	978,088,256	-	2,235,830	980,324,086	880,746,241	-	(2,357,065)	878,389,176
Pakistan Investment Bonds	3,154,191,714	-	(25,360,659)	3,128,831,055	2,409,504,687	-	(28,540,473)	2,380,964,214
Ijarah Sukuks	49,550,515	-	(334,041)	49,216,474	33,648,947	-	(339,589)	33,309,358
Foreign currency debt securities	45,196,389	-	(10,174,093)	35,022,296	36,037,761	-	(18,622,514)	17,415,247
Shares	4,227,026,874	-	(33,632,963)	4,193,393,911	3,359,937,636	-	(49,859,641)	3,310,077,995
Listed Companies	51,775,751	(11,638,688)	22,293,530	62,430,593	42,030,933	(10,159,936)	4,800,328	36,671,325
Unlisted Companies	2,107,463	(448,951)	-	1,658,512	1,882,463	(427,951)	-	1,454,512
	53,883,214	(12,087,639)	22,293,530	64,089,105	43,913,396	(10,587,887)	4,800,328	38,125,837
Non-Government Debt Securities								
Listed	14,277,946	(130,027)	(357,143)	13,790,776	14,962,715	(130,027)	335,083	15,167,771
Unlisted	39,278,956	(6,132,124)	712,243	33,859,075	37,588,859	(6,264,719)	712,243	32,036,383
	53,556,902	(6,262,151)	355,100	47,649,851	52,551,574	(6,394,746)	1,047,326	47,204,154
Foreign Securities								
Government securities								
Foreign Government debt securities	47,377,890	-	8,528	47,386,418	39,782,632	-	(30,359)	39,752,273
Equity securities - Listed	463,294	-	42,171,551	42,634,845	463,294	-	34,380,951	34,844,245
Non-Government Debt Securities	1,083	-	-	1,083	871	-	-	871
	47,842,267	-	42,180,079	90,022,346	40,246,797	-	34,350,592	74,597,389
Preference shares								
Listed	1,448,472	(566,446)	161,771	1,043,797	1,448,472	(287,446)	209,451	1,370,477
Unlisted	558,284	(558,284)	-	-	558,284	(558,284)	-	-
	3,192,562	(41,167)	1,733,739	4,885,134	2,843,587	(41,167)	930,956	3,733,376
Investments in mutual funds								
Associates								
- Listed								
First Credit and Investment Bank Limited	208,917	(30,429)	-	178,488	210,771	(47,429)	-	163,342
Land Mark Spinning Mills Limited	39,710	(39,710)	-	-	39,710	(39,710)	-	-
SG Allied Businesses Limited	218,534	(218,534)	-	-	218,534	(218,534)	-	-
Nina Industries Limited	49,060	(49,060)	-	-	49,060	(49,060)	-	-
Agriotech Limited	-	-	-	-	-	-	-	-
NBP Stock Fund	652,132	-	-	652,132	413,825	(191,856)	-	221,969
	1,168,353	(337,733)	-	830,620	931,900	(546,589)	-	385,311

Note

10.13 & 10.14

10.7

10.10

10.15

10.8

10.9

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

	2023					2022		
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- (Rupees in '000) -----								
Note								
- Unlisted								
Pakistan Emerging Venture Limited	50,565	(50,565)	-	-	50,565	(50,565)	-	-
National Fructose Company Limited	6,500	(6,500)	-	-	6,500	(6,500)	-	-
National Assets Insurance Company Limited	-	-	-	-	-	-	-	-
Dadabhoj Energy Supply Company Limited	32,105	(32,105)	-	-	32,105	(32,105)	-	-
Pakistan Mercantile Exchange Limited	106,539	(106,539)	-	-	106,539	(106,539)	-	-
10.11	195,709	(195,709)	-	-	195,709	(195,709)	-	-
	1,364,062	(533,442)	-	830,620	1,127,609	(742,298)	-	385,311
Joint Venture								
United National Bank Limited	12,259,541	-	-	12,259,541	7,441,308	-	-	7,441,308
10.12								
Subsidiaries								
Cast-N-Link Products Limited	1,245	(1,245)	-	-	1,245	(1,245)	-	-
10.16								
Total Investments	4,401,133,423	(20,050,374)	33,091,256	4,414,174,305	3,510,069,908	(18,613,073)	(8,520,988)	3,482,935,847
10.2.1 Investments given as collateral								
The book value of investments given as collateral against borrowings is as follows:								
Pakistan Investment Bonds					2,047,337,847			1,136,497,472
Market Treasury Bills					17,134,259			689,709,291
					2,064,472,106			1,826,206,763

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

	Number of shares	Percentage of holding	Country of Incorporation	Based on the financial statements as at	Assets	Liabilities	Revenue	Profit / (loss) after taxation	Total comprehensive income / (loss)
(Rupees in '000)									
10.2.2 Associates									
Listed									
First Credit and Investment Bank Limited	20,000,000	30.77	Pakistan	June 30, 2023	1,851,310	1,127,397	279,322	12,994	8,750
National Fibres Limited*	17,030,231	20.19	Pakistan	N/A	-	-	-	-	-
Land Mark Spinning Mills Limited	3,970,859	32.79	Pakistan	June 30, 2023	131,498	254,116	-	(12,327)	(12,327)
SG Allied Businesses Limited	3,754,900	25.03	Pakistan	June 30, 2022	1,233,803	552,420	14,247	(10,794)	(9,407)
Nina Industries Limited	4,906,000	20.27	Pakistan	N/A	-	-	-	-	-
Agriotech Limited	106,014,565	27.01	Pakistan	December 31, 2022	81,470,499	69,486,319	17,296,183	(2,953,326)	8,228,387
NBP Stock Fund	31,347,444	4.24	Pakistan	June 30, 2023	10,286,565	120,651	240,054	(333,261)	(333,261)
Unlisted									
Pakistan Emerging Venture Limited	12,500,000	33.33	Pakistan	June 30, 2022	478	404	56	(385)	(385)
National Fructose Company Limited	1,300,000	39.50	Pakistan	N/A	-	-	-	-	-
Venture Capital Fund Management*	33,333	33.33	Pakistan	N/A	-	-	-	-	-
Kamal Enterprises Limited *	11,000	20.37	Pakistan	N/A	-	-	-	-	-
Mehran Industries Limited*	37,500	32.05	Pakistan	N/A	-	-	-	-	-
Tharparkar Sugar Mills Limited*	2,500,000	21.52	Pakistan	N/A	-	-	-	-	-
Youth Investment Promotion Society*	644,508	25.00	Pakistan	N/A	-	-	-	-	-
Dadabhoj Energy Supply Company Limited	9,900,000	23.11	Pakistan	N/A	-	-	-	-	-
K-Agricole Limited *	5,000	20.00	Pakistan	N/A	-	-	-	-	-
New Pak Limited*	200,000	20.00	Pakistan	N/A	-	-	-	-	-
Pakistan Mercantile Exchange Limited	10,653,860	33.98	Pakistan	June 30, 2023	4,769,315	4,463,439	676,898	199,485	199,485
Prudential Fund Management Limited*	150,000	20.00	Pakistan	N/A	-	-	-	-	-

*Nil figure represent shares which have been acquired under different arrangements without any cost

10.2.3

Joint Venture

United National Bank Limited	20,250,000	45.00	United Kingdom	December 31, 2022	219,715,668	199,381,061	6,133,623	1,148,072	(1,110,841)
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10.2.4

Subsidiaries

Cast-N-Link Products Limited	1,245,000	76.51	Pakistan	N/A	-	-	-	-	-
N/A: Not available									

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

	2023	2022
	----- (Rupees in '000) -----	
10.3 Provision for diminution in value of investments		
Opening balance	18,613,073	13,386,051
Charge / (reversals)		
Charge for the year	3,136,270	5,226,348
Reversals for the year	(1,319,964)	(670,409)
Reversal on disposals	(379,005)	(179,661)
	1,437,301	4,376,278
Transfers - net	-	850,744
Closing Balance	20,050,374	18,613,073

	2023		2022	
10.3.1 Particulars of provision against debt securities	NPI	Provision	NPI	Provision
Category of classification				
Domestic				
Loss	6,262,151	6,262,151	6,525,731	6,394,746
Total	6,262,151	6,262,151	6,525,731	6,394,746

10.4 Movement Schedule for Associates and Joint Venture

2023									
Opening balance	Addition	Disposal	Dividend paid	Share of profit / (loss) for the year - net of tax	Exchange translation reserve	Surplus / (deficit) on revaluation properties	Surplus / (deficit) on revaluation securities	Share of other comprehensive income	Closing balance
----- (Rupees in '000) -----									
7,441,308	-	-	-	1,226,065	2,365,301	47,791	1,179,076	-	12,259,541
7,441,308	-	-	-	1,226,065	2,365,301	47,791	1,179,076	-	12,259,541
50,565	-	-	-	-	-	-	-	-	50,565
6,500	-	-	-	-	-	-	-	-	6,500
32,105	-	-	-	-	-	-	-	-	32,105
106,539	-	-	-	-	-	-	-	-	106,539
210,771	-	-	-	6,895	-	-	(8,749)	-	208,917
39,710	-	-	-	-	-	-	-	-	39,710
218,534	-	-	-	-	-	-	-	-	218,534
49,060	-	-	-	-	-	-	-	-	49,060
-	-	-	-	-	-	-	-	-	-
413,825	-	-	-	238,307	-	-	-	-	652,132
1,127,609	-	-	-	245,202	-	-	(8,749)	-	1,364,062

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

2022									
Opening balance	Addition	Disposal	Dividend paid	Share of profit / (loss) for the year - net of tax	Exchange translation reserve	Surplus / (deficit) on revaluation properties	Surplus / (deficit) on revaluation securities	Share of other comprehensive income	Closing balance
----- (Rupees in '000) -----									

Joint Venture

United National Bank Limited	7,140,903	-	-	(114,405)	545,161	999,833	8,444	(1,153,514)	14,886	7,441,308
	7,140,903	-	-	(114,405)	545,161	999,833	8,444	(1,153,514)	14,886	7,441,308

Associates

Unlisted

Pakistan Emerging Venture Limited	50,565	-	-	-	-	-	-	-	-	50,565
National Fructose Company Limited	6,500	-	-	-	-	-	-	-	-	6,500
National Assets Insurance Company Limited	44,815	-	(44,815)	-	-	-	-	-	-	-
Dadabhoy Energy Supply Company Limited	32,105	-	-	-	-	-	-	-	-	32,105
Pakistan Mercantile Exchange Limited	106,539	-	-	-	-	-	-	-	-	106,539

Listed

First Credit and Investment Bank Limited	211,537	-	-	-	3,492	-	-	(4,258)	-	210,771
Land Mark Spinning Mills Limited	39,710	-	-	-	-	-	-	-	-	39,710
SG Allied Business Limited	218,534	-	-	-	-	-	-	-	-	218,534
Nina Industries Limited	49,060	-	-	-	-	-	-	-	-	49,060
AgriTech Limited	-	-	-	-	-	-	-	-	-	-
NBP Stock Fund	512,401	-	-	-	(98,576)	-	-	-	-	413,825
	1,271,766	-	(44,815)	-	(95,084)	-	-	(4,258)	-	1,127,609

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

	2023	2022
	------(Rupees in '000)-----	
10.5 Quality of available for sale securities		
Details regarding quality of available for sale securities are as follows:		
Federal government securities - government guaranteed		
Market Treasury Bills	954,585,428	828,957,708
Pakistan Investment Bonds	2,926,410,213	1,972,276,787
Ijarah Sukuks	30,424,484	20,518,238
Foreign currency debt securities	40,907,401	33,045,353
Cost	3,952,327,526	2,854,798,086
Shares		
Listed companies sector-wise		
Automobile Assembler	2,442,432	1,775,528
Automobile Parts and Accessories	1,067,760	1,115,685
Cable and Electrical Goods	418,994	384,069
Cement	3,672,159	4,249,593
Chemical	711,682	627,704
Commercial Banks	9,982,145	6,575,004
Engineering	2,149,015	1,422,047
Fertilizer	3,518,165	2,985,056
Food and Personal Care	1,606,665	1,208,649
Glass and Ceramics	64,314	64,314
Insurance	1,642,671	1,642,671
Investment Banks / Investment companies / Securities companies	513,566	513,566
Leasing Companies	12,594	12,594
Leather and Tanneries	45,731	214,868
Oil and Gas Exploration Companies	2,952,721	2,686,730
Oil and Gas Marketing Companies	5,707,820	5,719,991
Paper and Board	670,751	718,972
Pharmaceuticals	2,708,507	1,000,104
Power Generation and Distribution	2,893,502	3,046,397
Real Estate Investment Trust	304,025	305,972
Refinery	756,817	756,715
Sugar and Allied Industries	259,483	259,483
Synthetic and Rayon	15,499	15,499
Technology and Communication	2,408,109	1,040,079
Textile Composite	2,736,219	1,918,908
Textile Spinning	655,195	655,195
Transport	245,937	236,225
Tobacco	695,241	-
Miscellaneous	838,715	454,606
Cost	51,696,434	41,606,225

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

Unlisted companies entity - wise	2023		2022	
	Cost	Breakup value	Cost	Breakup value
------(Rupees in '000)-----				
Digri Sugar Mills Limited	4,063	135,585	4,063	135,585
Gelcaps Pakistan Limited	4,665	2,961	4,665	2,961
Pakistan Agriculture Storage Service Corporation	5,500	3,551,928	5,500	3,551,928
Al Ameen Textile	327	N/A	327	N/A
Professional Management Modaraba (Formerly Al Zamin Modarba Management (Private) Limited	1,000	2,134	1,000	2,134
AMZ Venture Limited Class A	121	N/A	121	N/A
Arabian Sea Country Club	6,500	(7,664)	6,500	(7,664)
Atlas Power Limited	375,000	1,286,500	375,000	1,282,850
Attock Textile Mills Limited	200	N/A	200	N/A
Pakistan Mortgage Refinance Company Limited	600,000	2,156,685	600,000	1,510,050
F.T.C. Management Company Private Limited	250	43,779	250	42,759
Fauji Akbar Portia Marines Terminal Limited	321,076	609,635	321,076	593,184
Fauji Oil Terminals and Distribution Limited	10,886	183,168	10,886	130,687
First Women Bank Limited	21,100	46,319	21,100	79,733
Fortune Securities Limited	5,000	6,702	5,000	8,804
Frontier Textile Mills Limited	500	272	500	272
Gulistan Power Generation Limited	2,200	8,096	2,200	8,096
Hazara Woolen Mills Limited	200	N/A	200	N/A
Industrial Development Bank of Pakistan	107	N/A	107	N/A
Inter Asia Leasing Company Limited	500	N/A	500	N/A
ISE Towers REIT Management Company Limited	30,346	62,264	30,346	52,988
Junaid Cotton Mills Limited	327	N/A	327	N/A
Kaisar Arts and Krafts Limited	8,395	N/A	8,395	N/A
Kaytex Mills Limited	3,778	N/A	3,778	N/A
Khushhali Microfinance Bank Limited	225,265	178,700	-	-
Mian Mohammad Sugar Mills Limited	15	N/A	15	N/A
Muslim Ghee Mills Limited	1,810	N/A	1,810	N/A
Myfip Video Industries Limited	5,373	N/A	5,373	N/A
Mutual Fund Association of Pakistan	-	N/A	265	N/A
National Asset Leasing Corporation Limited	14	N/A	14	N/A
National Construction Limited	250	597	250	597
National Institution of Facilitation Technology (Private) Limited	1,526	55,574	1,526	64,687
National Investment Trust Limited	100	700,276	100	910,231
National Woolen Mills Limited	183	N/A	183	N/A
Natover Lease and Refinance	2,602	N/A	2,602	N/A
Nowshehra Engineering Works Limited	41	N/A	41	N/A
Pakistan Export Finance Guarantee Agency Limited	11,529	1,152	11,529	1,152
Pakistan Paper Corporation Limited	373	N/A	373	N/A
Pakistan Telephone Cables	143	N/A	143	N/A
Pakistan Textile City	100,000	12,410	100,000	12,410
Pakistan Tourism Development Corporation	100	138	100	138
People Steel Mills Limited	3,276	N/A	3,276	N/A
Qadri Textile Mills Limited	500	N/A	500	N/A
Rehman Cotton Mills Limited	16,958	107,895	16,958	107,895
Refrigerator Manufacturing Company Limited	4,589	N/A	4,589	N/A
Rousch Power Pakistan Limited	132,888	1,430,921	132,888	1,089,730
Ruby Rice and General Mills Limited	750	N/A	750	N/A
Sahrish Textile Mills	21	N/A	21	N/A

N/A: Not available

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

Unlisted companies entity - wise	2023		2022	
	Cost	Breakup value	Cost	Breakup value
(Rupees in '000)				
Shoaib Capital	272	544	272	544
SME Bank Limited	26,950	(139,326)	26,950	(318)
South Asia Regional Fund	287	N/A	287	N/A
Star Salica Industries Limited	267	N/A	267	N/A
Syed Match Industries	2	N/A	2	N/A
Union Insurance Company of Pakistan	4	N/A	4	N/A
Unity Modaraba	28	N/A	28	N/A
Zafar Textiles Mills Limited	257	N/A	257	N/A
Zulsham Engineering Works Limited	330	N/A	330	N/A
Information System Associates Limited	1,719	N/A	1,719	N/A
1 Link (Pvt) Limited	50,000	428,290	50,000	428,290
Pakistan Corporate Restructuring Company Limited	96,000	N/A	96,000	N/A
Pakvitae (Private) Limited	21,000	-	21,000	N/A
	2,109,486		1,884,485	

N/A: Not available

Non Government Debt Securities

Listed

- AAA	14,861	21,818
- AA+, AA, AA-	7,510,782	8,010,870
- A+, A, A-	625,000	800,000
- Unrated	6,127,303	6,130,027
Cost	14,277,946	14,962,715

Unlisted

- AAA	18,395,305	18,927,154
- AA+, AA, AA-	4,693,580	5,151,626
- A+, A, A-	1,838,372	2,147,091
- BBB+, BBB, BBB-	299,760	299,760
- Unrated	13,647,354	10,658,643
Cost	38,874,371	37,184,274

Foreign Securities

Government Securities

	2023		2022	
	Cost	Rating	Cost	Rating
(Rupees in '000)				
USA	3,385,022	AA+	1,914,312	AA+

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

	2023	2022
	------(Rupees in '000)-----	
10.6 Particulars relating to Held to Maturity securities are as follows:		
Federal Government Securities - Government guaranteed		
Market Treasury Bills	161,108	29,519,190
Pakistan Investment Bonds	213,116,482	375,285,244
Ijarah Sukuks	14,087,500	13,130,709
Foreign currency debt securities	4,288,988	2,992,408
Cost	231,654,078	420,927,551
Non Government Debt securities		
Unlisted		
- Unrated	404,585	404,585
Cost	404,585	404,585
Foreign Securities		
	2023	2022
	Cost Rating	Cost Rating
	(Rupees in '000)	(Rupees in '000)
Government Securities		
Azerbaijan	1,028,843 BB+	826,514 BB+
Bangladesh	35,789,601 BB-	31,087,653 BB-
Kyrgyzstan	274,586 B3	814,349 B3
Kingdom of Saudi Arabia	4,202,951 A+	3,367,991 A+
	41,295,981	36,096,507
Non Government Debt Securities		
	2023	2022
	------(Rupees in '000)-----	
Listed		
- Unrated - Cost	1,083	871

10.6.1 The market value of securities classified as held-to-maturity as at December 31, 2023 amounted to Rs. 252,003 million (2022: Rs. 435,936 million)

10.7 Investment in shares of a bank incorporated outside Pakistan - Bank Al-Jazira

The Bank holds 30,333,333 (2022: 30,333,333) shares in Bank Al-Jazira (BAJ) incorporated in the Kingdom of Saudi Arabia, representing 3.7% (2022: 3.7%) holding in total equity of BAJ. The investment has been marked to market using closing price as quoted on the Saudi Stock Exchange in accordance with SBP concurrence vide letter No. BSD/SU-13/331/685/2006 dated February 17, 2006. BAJ's Viability Rating is bb+ with short term and long term Issuer Default Rating (IDR) at F2 and A- respectively by Fitch Rating Agency.

10.8 Out of 106,014,565 shares, 94,273,510 shares of Agritech Limited were acquired from Azgard Nine Limited as part of multiple agreements including the Master Restructuring Agreement (MRA). These shares were acquired at an agreed price of Rs. 35 per share.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

- 10.9** Aggregate market value of investment in associates (quoted) on the basis of quoted prices amounts to Rs. 2,979 million (2022: Rs. 1,742 million).
- 10.10** Associates with zero carrying amount, represent the investments acquired from former National Development Finance Corporation (NDFC) which have negative equity or whose operations were closed at the time of amalgamation.
- 10.11** The details of break-up value based on latest available financial statements of unlisted investments in associates are as follows:

	Year / Period ended	Break-up value Rupees in '000
Pakistan Emerging Venture Limited	June 30, 2022	25
Mehran Industries Limited	June 30, 2001	5,681
Tharparkar Sugar Mills Limited	September 30, 2001	(83,140)
Prudential Fund Management	June 30, 2007	(2,482)
Dadabhoy Energy Supply Company Limited	June 30, 2007	103,952
Pakistan Mercantile Exchange Limited	June 30, 2023	103,931

		2023	2022
10.12 Investment in joint venture	Note	----- (Rupees in '000) -----	
United National Bank Limited (UNBL) (Incorporated in United Kingdom)	10.12.1	12,259,541	7,441,308

- 10.12.1** Under a joint venture agreement, the Bank holds 20.25 million ordinary shares (45%) and United Bank Limited (UBL) holds 23.25 million ordinary shares (55%) in UNBL. In addition to ordinary shares, four preference shares categories as "A", "B", "C" and "D" have been issued and allotted. The "B" and "D" category shares are held by the Bank and category "A" and "C" are held by UBL. Dividends payable on "A" and "B" shares are related to the ability of the venture to utilize tax losses that have been surrendered to it on transfer of business from the Bank or UBL as appropriate. Dividends payable on "C" and "D" shares are related to loans transferred to the venture by the Bank or UBL that have been written-off or provided for at the point of transfer and the ability of the venture to realize in excess of such loan value.
- 10.13** The investments also include shares acquired under tri-partite consent agreement dated June 29, 2011. These strategic investments comprise of the shares of Pakistan State Oil (38,055,247 shares), shares of Sui Northern Gas Pipeline Limited (18,805,318 shares) and shares of Pakistan Engineering Company (135,242 shares). The cost of these shares amounts to Rs. 4,603 million and market value as at December 31, 2023 amounts to Rs. 8,186 million. These shares have been frozen by the Government of Pakistan for sale in the equity market due to their proposed privatization and can not be sold without concurrence of privatization commission.
- 10.14** The investments also include 31,665,000 shares of Pakistan Reinsurance. The cost of these shares amounts to Rs. 220 million and market value as at December 31, 2023 amounts to Rs. 244 million. These shares can not be sold without concurrence of privatization commission.
- 10.15** The investment also include 20,000,000 shares of First Credit and Investment Bank. The cost of these shares amounts to Rs. 157 million and market value as at December 31, 2023 amounts to Rs. 127 million. These shares can not be disinvested without prior consultation with Ministry of Finance.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

10.16 Investments in subsidiaries

	2023	2022
	------(Rupees in '000)-----	
Cast-N-Link Products Limited	1,245	1,245
Less: provision for diminution in value of investments	(1,245)	(1,245)
	-	-

10.16.1 The financial statements of Cast-N-Link Products Limited (CNL) are not available since the year 1997. Accordingly, the management of the Group had applied to the Securities and Exchange Commission of Pakistan (SECP) for the exemption from the requirements of section 228 of the Companies Act, 2017 (the Act) in respect of consolidating its subsidiary CNL. The SECP, vide its letter EMD/233/627/2002-103 dated November 18, 2019, has not acceded the Bank's request from the exemption from consolidation of CNL in its consolidated financial statements for the year ended December 31, 2019 and further directed to comply with the requirement of section 228 of the Act. However the Bank, based on the fact that investment of the Group in CNL is not material and comprise of 0.000024% of the total assets of the Bank and the investment have been fully provided for, has not consolidated the financial statements of CNL.

11. ADVANCES

	Note	Performing		Non Performing		Total	
		2023	2022	2023	2022	2023	2022
		------(Rupees in '000)-----					
Loans, cash credits, running finances, etc.		1,325,108,441	1,168,292,452	205,901,344	190,934,209	1,531,009,785	1,359,226,661
Islamic financing and related assets		73,125,444	46,381,315	1,550,351	654,980	74,675,795	47,036,295
Net Investment in finance lease	11.1	16,207	35,384	24,096	28,944	40,303	64,328
Bills discounted and purchased		12,534,791	18,598,616	13,644,646	14,106,504	26,179,437	32,705,120
Advances - gross	11.2	1,410,784,883	1,233,307,767	221,120,437	205,724,637	1,631,905,320	1,439,032,404
Provision against advances							
- Specific		-	-	203,794,530	191,014,747	203,794,530	191,014,747
- General		30,038,121	17,348,539	-	-	30,038,121	17,348,539
	11.4	30,038,121	17,348,539	203,794,530	191,014,747	233,832,651	208,363,286
Advances - net of provision		1,380,746,762	1,215,959,228	17,325,907	14,709,890	1,398,072,669	1,230,669,118

11.1 Net Investment in Finance Lease

	2023				2022			
	Not later than one year	Later than one and upto five years	Over five years	Total	Not later than one year	Later than one and upto five years	Over five years	Total
	------(Rupees in '000)-----							
Lease rentals receivable	48,296	-	-	48,296	52,152	-	-	52,152
Residual value	16,332	-	-	16,332	36,505	-	-	36,505
Minimum lease payments	64,628	-	-	64,628	88,657	-	-	88,657
Less: Financial charges for future periods	24,325	-	-	24,325	24,329	-	-	24,329
Present value of minimum lease payments	40,303	-	-	40,303	64,328	-	-	64,328

The leases executed are for a term of 1 to 5 years. Security deposit is generally obtained upto 10% of the cost of leased assets at the time of disbursement. The Bank requires the lessee to insure the leased assets in favor of the Group. Additional surcharge is charged on delayed rentals. The average return implicit ranges from 10.19% to 14.85% (2022: 10.19% to 14.85%) per annum.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

	2023	2022
	------(Rupees in '000)-----	
11.2 Particulars of advances (Gross)		
In local currency	1,334,446,843	1,264,480,814
In foreign currencies	297,458,477	174,551,590
	1,631,905,320	1,439,032,404

11.3 Advances include Rs. 221,120 million (2022: 205,725 million) which have been placed under non-performing status as detailed below.

Category of Classification	2023		2022	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	------(Rupees in '000)-----			
Domestic				
Other Assets Especially Mentioned	2,156,275	60,035	1,789,957	73,114
Substandard	6,421,005	1,560,252	5,888,114	1,439,917
Doubtful	11,443,314	5,980,028	8,883,354	4,648,305
Loss	136,054,217	133,629,152	135,113,451	132,837,538
	156,074,811	141,229,467	151,674,876	138,998,874
Overseas				
Not past due but impaired	-	-	-	-
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	400,925	200,463	331,133	165,567
365 days	64,644,701	62,364,600	53,718,628	51,850,306
	65,045,626	62,565,063	54,049,761	52,015,873
Total	221,120,437	203,794,530	205,724,637	191,014,747

11.4 Particulars of provision against advances

Note	2023			2022		
	Specific	General	Total	Specific	General	Total
	------(Rupees in '000)-----					
Opening balance	191,014,747	17,348,539	208,363,286	179,654,610	12,472,591	192,127,201
Exchange adjustments	12,178,389	153,606	12,331,995	8,349,754	107,952	8,457,706
Charge for the year	8,127,428	14,854,298	22,981,726	5,227,345	9,553,101	14,780,446
Reversals	(8,129,837)	(1,530,934)	(9,660,771)	(5,011,542)	(1,757,105)	(6,768,647)
	(2,409)	13,323,364	13,320,955	215,803	7,795,996	8,011,799
Other movement	16,894	-	16,894	-	-	-
Amounts written off	(155,872)	-	(155,872)	(177,162)	-	(177,162)
Amounts charged off-agriculture financing	(44,607)	-	(44,607)	(56,258)	-	(56,258)
Transfer from general to specific provision	787,388	(787,388)	-	3,028,000	(3,028,000)	-
Closing balance	203,794,530	30,038,121	233,832,651	191,014,747	17,348,539	208,363,286

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

11.4.1 Particulars of provision against advances

	2023			2022		
	Specific	General	Total	Specific	General	Total
------(Rupees in '000)-----						
In local currency	141,229,466	29,767,923	170,997,389	138,998,874	16,741,242	155,740,116
In foreign currencies	62,565,064	270,198	62,835,262	52,015,873	607,297	52,623,170
	203,794,530	30,038,121	233,832,651	191,014,747	17,348,539	208,363,286

- 11.4.1.1** General provision includes provision amounting to Rs. 4,987 million (2022: Rs. 5,211) against consumer & SME finance portfolio as required by the Prudential Regulations issued by the SBP. General provision also includes Rs. 270 million (2022: Rs. 607 million) pertaining to overseas advances to meet the requirements of regulatory authorities of the respective countries in which the Group operates.

Keeping in view the portfolio assessment and the estimated impact of adoption of IFRS 9, the Bank has also maintained a general provision of Rs. 24,781 million (2022: Rs. 11,530 million) against underperforming portfolio on prudent basis, in view of prevailing economic conditions. This general provision is in addition to the requirements of Prudential Regulations.

- 11.4.1.2** The SBP has allowed specific relaxation to the Bank for non-classification of overdue loans of certain Public Sector Entities (PSEs) which are guaranteed by Government of Pakistan as non-performing loans up till December 31, 2023. No provision is required against these loans; however, mark-up is being suspended as required by the Prudential Regulations.

- 11.4.1.3** These represent non-performing advances for agriculture finance which have been classified as loss and fully provided for more than 3 years. These non-performing advances have been charged off by extinguishing them against the provision held in accordance with Prudential Regulations for Agriculture Financing issued by the SBP. This charge off does not, in any way, prejudice the Group's right of recovery from these customers.

	Note	2023	2022
		------(Rupees in '000)-----	
11.5 Particulars of write-offs			
11.5.1 Against provisions	11.5.2	155,872	170,824
11.5.2 Write-offs of Rs. 500,000 and above			
- Domestic		41,087	128,797
- Overseas		61,582	1,649
	11.6	102,669	130,446
Write-offs of below Rs. 500,000		53,203	40,378
Total Write offs		155,872	170,824
Total Reversals		-	6,338

11.6 Details of loan write-off of Rs. 500,000/- and above

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962, the statement in respect of written-off loans or any other financial relief of rupees five hundred thousand or above allowed to a person(s) during the year ended December 31, 2023 is given in Annexure-I to the consolidated financial statements (except where such disclosure is restricted by overseas regulatory authorities).

- 11.7** Information related to islamic financing and related assets is given in note 2 of Annexure II and is an integral part of these consolidated financial statements.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

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For the year ended December 31, 2023

2022												
Free hold land	Lease hold land	Building on Free hold land	Building on Lease hold land	Furniture and fixture	Computer and peripheral equipment	Electrical, office equipment	Vehicles	Assets held under finance lease - Vehicles	Assets held under finance lease - Office	Assets held under finance lease - Machinery	Assets held under finance lease - Vehicle	Total
----- (Rupees in '000) -----												
At January 1, 2022												
Cost / revalued amount												
-	-	6,526,538	5,146,223	7,123,227	5,184,275	7,687,505	2,015,331	454,953	9,627	192,094	14,367	74,190,329
Accumulated depreciation												
-	-	(1,523,658)	(1,239,456)	(5,392,205)	(4,690,269)	(6,550,566)	(1,127,562)	(284,744)	(3,377)	(172,342)	(1,159)	(20,985,338)
Net book value												
20,370,446	19,465,743	5,002,880	3,906,767	1,731,022	494,006	1,136,939	887,769	170,209	6,250	19,752	13,208	53,204,991
Year ended December 2022												
Opening net book value												
-	-	5,002,880	3,906,767	1,731,022	494,006	1,136,939	887,769	170,209	6,250	19,752	13,208	53,204,991
Additions												
-	-	192,827	337,325	648,311	299,428	325,542	235,871	93,001	-	-	-	2,132,305
Movement in surplus on assets revalued												
1,110,306	1,622,180	791,946	167,353	-	-	-	-	-	-	-	-	3,691,785
Disposals												
-	-	-	-	(61)	(19,998)	(16,493)	(186,098)	(80,855)	-	-	-	(314,841)
Depreciation charge												
-	-	(262,362)	(195,858)	(654,965)	(393,592)	(525,724)	(315,499)	(64,057)	(962)	(28)	(4)	(2,413,051)
Exchange rate adjustments												
-	-	-	-	61	16,566	16,021	11,063	54,019	-	-	-	233,290
Other adjustments / transfers - cost												
(7,995)	-	(44,223)	(21,787)	(263)	(1,538)	55,230	(3,138)	-	-	81,154	-	57,440
Other adjustments / transfers - depreciation												
-	-	1	850	288	1,216	3,789	2,550	-	-	(81,154)	-	(72,460)
Closing net book value												
21,472,757	21,087,923	5,681,069	4,183,626	1,724,613	399,048	999,114	759,659	172,317	5,288	19,724	13,204	56,518,342
At December 31, 2022												
Cost / revalued amount												
21,472,757	21,087,923	7,467,088	5,618,029	7,754,929	5,465,672	8,060,552	2,064,610	467,099	9,627	273,248	14,367	79,755,901
Accumulated depreciation												
-	-	(1,786,019)	(1,434,403)	(6,030,316)	(5,066,624)	(7,061,438)	(1,304,951)	(294,782)	(4,339)	(253,524)	(1,163)	(23,237,559)
Net book value												
21,472,757	21,087,923	5,681,069	4,183,626	1,724,613	399,048	999,114	759,659	172,317	5,288	19,724	13,204	56,518,342
Rate of depreciation (percentage)												
Nil	Nil	5% on book value	5% on book value	20% on cost	33.33% on cost	20%-50% on cost	20% on cost	20% on cost	10% on cost	33% on cost	25% to book value	20% on value
Revaluation of Properties												
The properties of the Bank have been revalued by the independent professional valuer as at December 31, 2022. The revaluation was carried out by an independent professional valuer, RBS Associates (Private) Limited (PBA registered valuer) on the basis of professional assessment of present market values. The total surplus against revaluation of fixed assets as at December 31, 2023, amounts to Rs. 47,396 million. Had there been no revaluation, the carrying amount of the revalued assets at December 31, 2023, would have been as follows:												
Freehold land												
Leasehold land												
Building on freehold land												
Building on leasehold land												
Carrying amount of temporarily idle property of the Bank												
The cost of fully depreciated assets still in use												
Furniture and fixtures												
Electrical and office equipment												
Computer and peripheral equipment												
Vehicles												
2023 2022												
----- (Rupees in '000) -----												
1,132,637 1,132,637												
890,025 890,025												
1,076,598 1,013,440												
2,006,052 1,909,929												
5,105,312 4,946,031												
5,583,785 5,319,961												
2,261,860 2,152,106												
3,658,267 3,278,441												
3,515,860 3,282,996												
1,435,407 1,333,988												
10,871,394 10,047,531												

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

12.3 Details of disposals of fixed assets to related parties

The particulars of disposal of fixed assets to related parties (Employees / Ex-Employees) are given below:

Particulars of property and equipment	Original cost	Book Value	Sale Proceed	Gain / (loss) on disposal	Mode of disposal	Particulars of purchaser	Buyers name
----- (Rupees in '000) -----							
Vehicles	1,824	152	365	213	As per Entitlement	Employee	Mr.Riaz Mahmood
Vehicles	1,824	334	365	31	As per Entitlement	Employee	Mr.Mobashir Nabi
Vehicles	1,824	152	365	213	As per Entitlement	Employee	Ms.Nadia Ahmer
Vehicles	2,029	203	203	-	As per Entitlement	Employee	Mr.Jalil Ahmed Tariq
Vehicles	2,229	706	706	-	As per Entitlement	Ex-Employee	Mr.Javed Haider
Vehicles	2,695	1,752	1,752	-	As per Entitlement	Ex-Employee	Mr.Sohail Akhtar Arbab
Vehicles	2,623	1,792	1,792	-	As per Entitlement	Employee	Mr.Saeed Ahmed Shah
Vehicles	8,908	5,048	5,048	-	As per Entitlement	Employee	Mr.Rehmat Ali Hasnie
Vehicles	1,824	30	182	152	As per Entitlement	Ex-Employee	Mr.Naveed Sultan
Vehicles	2,623	1,749	1,749	-	As per Entitlement	Employee	Mr. Manzoor Ahmed
Vehicles	2,675	1,516	1,516	-	As per Entitlement	Employee	Mr.Muhammad Zaman Khan
Vehicles	2,380	793	793	-	As per Entitlement	Employee	Mr.Abdul Majid Sheikh
Vehicles	2,723	1,452	1,452	-	As per Entitlement	Employee	Mr.Noor Ul Islam
Vehicles	2,525	800	800	-	As per Entitlement	Employee	Mr.Abdul Jamal Tariq
Vehicles	2,723	1,498	1,498	-	As per Entitlement	Employee	Mr.Mumtaz Ahmed Farooq
Vehicles	2,723	1,271	1,271	-	As per Entitlement	Employee	Mr.Nasir Khan
Vehicles	2,525	842	842	-	As per Entitlement	Employee	Mr.Mubashir Ahmed
Vehicles	2,775	1,711	1,711	-	As per Entitlement	Employee	Mr.Moeen-Ud-Din
	49,452	21,801	22,410	609			
Computer and peripheral equipment	101	-	10	10	As per Entitlement	Employee	Mr.Javed Ashraf
Computer and peripheral equipment	100	-	10	10	As per Entitlement	Employee	Mr.Agha Abdul Hakeem
Computer and peripheral equipment	115	-	12	12	As per Entitlement	Employee	Ms.Hina Saleem
Computer and peripheral equipment	111	-	11	11	As per Entitlement	Employee	Mr.Khalid Ahmed
Computer and peripheral equipment	122	-	12	12	As per Entitlement	Employee	Mr.Zeeshan Siddiqui
Computer and peripheral equipment	127	-	13	13	As per Entitlement	Employee	Mr.Azmat Zuberi
Computer and peripheral equipment	64	-	6	6	As per Entitlement	Employee	Mr.Muhammad Adeel Khan
Computer and peripheral equipment	112	-	11	11	As per Entitlement	Employee	Mr.Murshid Ali Khan
Computer and peripheral equipment	268	-	27	27	As per Entitlement	Employee	Mr.Amin Manji
Computer and peripheral equipment	121	-	12	12	As per Entitlement	Employee	Mr.Vinod Kumar
Computer and peripheral equipment	127	-	13	13	As per Entitlement	Employee	Mr.Maqqood Ahmed Siddiqui
Computer and peripheral equipment	126	-	13	13	As per Entitlement	Employee	Mr.Raheel Iqbal
Computer and peripheral equipment	109	-	11	11	As per Entitlement	Employee	Ms.Sana Aslam
Computer and peripheral equipment	99	-	10	10	As per Entitlement	Employee	Mr.Aijaz Hyder Shaikh
Computer and peripheral equipment	64	-	6	6	As per Entitlement	Employee	Mr.Sabghatullah Shaikh
Computer and peripheral equipment	224	-	22	22	As per Entitlement	Employee	Mr.Abdul Wahid Sethi
Computer and peripheral equipment	127	-	13	13	As per Entitlement	Employee	Mr.Amer Nasrullah
Computer and peripheral equipment	118	-	12	12	As per Entitlement	Employee	Mr.Hamid Hassan
Computer and peripheral equipment	118	-	12	12	As per Entitlement	Employee	Mr.Umair Asghar Khan
Computer and peripheral equipment	140	-	14	14	As per Entitlement	Employee	Mr.Asif Khan
Computer and peripheral equipment	124	-	12	12	As per Entitlement	Employee	Mr.Waqee Siddiqui
Computer and peripheral equipment	125	-	13	13	As per Entitlement	Employee	Mr.Wajahat Aziz Qureshi
Computer and peripheral equipment	122	-	12	12	As per Entitlement	Employee	Mr.Tahir Abbas
Computer and peripheral equipment	122	-	12	12	As per Entitlement	Employee	Mr.Ehtisham Rashid
Computer and peripheral equipment	128	-	13	13	As per Entitlement	Employee	Mr.Abdul Waheed Sabir
Computer and peripheral equipment	121	-	12	12	As per Entitlement	Employee	Ms.Sapna
Computer and peripheral equipment	120	-	12	12	As per Entitlement	Employee	Mr.Faisal Khan
Computer and peripheral equipment	112	-	11	11	As per Entitlement	Employee	Ms.Ramsha Areeb
Computer and peripheral equipment	118	-	12	12	As per Entitlement	Employee	Mr.Zubair Ahmed
Computer and peripheral equipment	128	-	13	13	As per Entitlement	Employee	Ms.Amber Salim
Computer and peripheral equipment	134	-	13	13	As per Entitlement	Employee	Mr.Shoaib Qaisarani
Computer and peripheral equipment	113	-	11	11	As per Entitlement	Employee	Ms.Fouzia Nawaz Baloch
Computer and peripheral equipment	120	-	12	12	As per Entitlement	Employee	Mr.Arif
Computer and peripheral equipment	115	-	11	11	As per Entitlement	Employee	Mr.Nauman Ahmed
Computer and peripheral equipment	118	-	12	12	As per Entitlement	Employee	Mr.Amir Khan
Computer and peripheral equipment	121	-	12	12	As per Entitlement	Employee	Mr.Khurram Jafri
Computer and peripheral equipment	159	-	16	16	As per Entitlement	Employee	Mr.Sufyan Islam
Computer and peripheral equipment	112	-	11	11	As per Entitlement	Employee	Mr.Muhammad Ahmer
Computer and peripheral equipment	99	-	10	10	As per Entitlement	Employee	Mr.Rehmat Ali Hasnie
Computer and peripheral equipment	192	-	19	19	As per Entitlement	Employee	Mr.Rehmat Ali Hasnie
Computer and peripheral equipment	145	-	-	-	As per Entitlement	Employee	Mr.Rehmat Ali Hasnie

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

Particulars of property and equipment	Original cost	Book Value	Sale Proceed	Gain / (loss) on disposal	Mode of disposal	Particulars of purchaser	Buyers name
------(Rupees in '000)-----							
Computer and peripheral equipment	140	-	-	-	As per Entitlement	Employee	Mr.Rehmat Ali Hasnie
Computer and peripheral equipment	227	-	23	23	As per Entitlement	Ex-Employee	Ms.Asma Shaikh
Computer and peripheral equipment	128	-	13	13	As per Entitlement	Employee	Mr.Syed Arshad Ali
Computer and peripheral equipment	96	-	10	10	As per Entitlement	Ex-Employee	Mr.Syed Jamal Baquar
Computer and peripheral equipment	102	-	10	10	As per Entitlement	Ex-Employee	Ms.Saima Abdul Rashid
Computer and peripheral equipment	64	-	6	6	As per Entitlement	Ex-Employee	Mr.S Shoaib Ur Rehman
Computer and peripheral equipment	99	-	10	10	As per Entitlement	Ex-Employee	Mr.Muhammad Mubashir Ahmed
Computer and peripheral equipment	96	-	10	10	As per Entitlement	Ex-Employee	Mr.Mumtaz A Farooq
Computer and peripheral equipment	100	-	10	10	As per Entitlement	Ex-Employee	Mr.Muhammad Farukh Ghauri
Computer and peripheral equipment	191	-	-	-	As per Entitlement	Ex-Employee	Mr.Umair Wasti
Computer and peripheral equipment	131	-	13	13	As per Entitlement	Ex-Employee	Mr.Muhammad Fuad Mohsin
Computer and peripheral equipment	193	-	-	-	As per Entitlement	Ex-Employee	Mr.Nauman Riaz
	6,708	-	604	604			
Electrical & Office equipments	135	-	-	-	As per Entitlement	Employee	Mr.Rehmat Ali Hasnie
Electrical & Office equipments	148	-	-	-	As per Entitlement	Employee	Mr.Rehmat Ali Hasnie
Electrical & Office equipments	230	-	-	-	As per Entitlement	Employee	Mr.Rehmat Ali Hasnie
Electrical & Office equipments	331	-	-	-	As per Entitlement	Ex-Employee	Ms.Asma Shaikh
Electrical & Office equipments	306	-	-	-	As per Entitlement	Ex-Employee	Mr.Nauman Riaz
Electrical & Office equipments	50	-	-	-	As per Entitlement	Ex-Employee	Ms.Saima Abdul Rashid
Electrical & Office equipments	114	-	-	-	As per Entitlement	Ex-Employee	Mr.Jamal Baquar
Electrical & Office equipments	288	-	-	-	As per Entitlement	Ex-Employee	Mr.Jamal Baquar
Electrical & Office equipments	70	-	-	-	As per Entitlement	Ex-Employee	Mr.Ali Mansoor
Electrical & Office equipments	265	-	-	-	As per Entitlement	Ex-Employee	Mr.Umair Wasti
Electrical & Office equipments	40	-	-	-	As per Entitlement	Ex-Employee	Mr. Muhammad Fuad Mohsin
Electrical & Office equipments	42	-	-	-	As per Entitlement	Ex-Employee	Mr.Muhammad Fuad Mohsin
Electrical & Office equipments	800	573	573	-	As per Entitlement	Ex-Employee	Mr.Jamal Baquar
Electrical & Office equipments	800	-	-	-	As per Entitlement	Employee	Mr.Rehmat Ali Hasnie
Electrical & Office equipments	800	427	427	-	As per Entitlement	Ex-Employee	Mr.Ali Mansoor
	4,419	1,000	1,000	-			
Furniture and fixture	225	37	37	-	As per Entitlement	Ex-Employee	Mr.Naveed Sultan
Furniture and fixture	160	15	15	-	As per Entitlement	Ex-Employee	Mr.Muhammad Yahya
Furniture and fixture	330	19	19	-	As per Entitlement	Ex-Employee	Mr.Javed Haider
Furniture and fixture	160	18	18	-	As per Entitlement	Ex-Employee	Mr.Manzoor Hussain Niza
Furniture and fixture	160	33	33	-	As per Entitlement	Ex-Employee	Mr.Syed Amjad Hussain Bukhari
Furniture and fixture	160	45	45	-	As per Entitlement	Ex-Employee	Ms.Sumbul Akhter
Furniture and fixture	160	51	51	-	As per Entitlement	Ex-Employee	Ms.Samreen Zehra
Furniture and fixture	160	1	1	-	As per Entitlement	Ex-Employee	Mr.Ahmed Kashif Khan
Furniture and fixture	160	53	53	-	As per Entitlement	Ex-Employee	Mr.Muhammad Akbar
Furniture and fixture	160	16	16	-	As per Entitlement	Ex-Employee	Mr.Rafiq Ahmed
Furniture and fixture	160	41	41	-	As per Entitlement	Ex-Employee	Mr.Ashgar Hameed
Furniture and fixture	160	60	60	-	As per Entitlement	Ex-Employee	Mr.Muhammad Najeeb Hassan
Furniture and fixture	160	49	49	-	As per Entitlement	Ex-Employee	Mr.Muhammad Akram Khan
Furniture and fixture	190	48	48	-	As per Entitlement	Ex-Employee	Mr.Muhammad Yousuf Raza
Furniture and fixture	190	18	18	-	As per Entitlement	Ex-Employee	Mr.Syed Taha Tanveer Ali
Furniture and fixture	160	63	63	-	As per Entitlement	Ex-Employee	Mr.Late Amjad
Furniture and fixture	160	1	1	-	As per Entitlement	Ex-Employee	Mr.Aftab Azeem
Furniture and fixture	225	62	62	-	As per Entitlement	Ex-Employee	Mr.Saeed Ahmed Shah
Furniture and fixture	160	144	144	-	As per Entitlement	Ex-Employee	Mr.Naeem Hassan
Furniture and fixture	200	127	127	-	As per Entitlement	Ex-Employee	Mr.Syed Murtaza Shah
Furniture and fixture	200	107	107	-	As per Entitlement	Ex-Employee	Mr.Imtiaz Ahmed Shaikh
Furniture and fixture	190	63	63	-	As per Entitlement	Ex-Employee	Mr.Amanullah
Furniture and fixture	160	5	5	-	As per Entitlement	Ex-Employee	Mr.Aamir Rizwan
Furniture and fixture	160	44	44	-	As per Entitlement	Ex-Employee	Mr.Shahadat Hussain
Furniture and fixture	50	-	-	-	As per Entitlement	Ex-Employee	Mr.Masihullah
Furniture and fixture	190	38	38	-	As per Entitlement	Ex-Employee	Mr.Arshad Rizwan
Furniture and fixture	335	89	89	-	As per Entitlement	Ex-Employee	Mr.Dr.Jalil Ahmad Tariq
Furniture and fixture	160	44	44	-	As per Entitlement	Ex-Employee	Mr.Sakhi Jan Khattak
Furniture and fixture	190	22	22	-	As per Entitlement	Ex-Employee	Mr.Mansoor Ahmad
Furniture and fixture	160	43	43	-	As per Entitlement	Ex-Employee	Mr.Abdul Hafeez Sehto
Furniture and fixture	190	93	93	-	As per Entitlement	Ex-Employee	Mr.Muhammad Ayub
Furniture and fixture	160	32	32	-	As per Entitlement	Ex-Employee	Mr.Tariq Majeed Malkana
Furniture and fixture	160	27	27	-	As per Entitlement	Ex-Employee	Mr.Muhammad Sharif
Furniture and fixture	160	51	51	-	As per Entitlement	Ex-Employee	Mr.Mir Faiz Hussain Talpur
Furniture and fixture	160	29	29	-	As per Entitlement	Ex-Employee	Mr.Sobho Zardari

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For the year ended December 31, 2023

Particulars of property and equipment	Original cost	Book Value	Sale Proceed	Gain / (loss) on disposal	Mode of disposal	Particulars of purchaser	Buyers name
------(Rupees in '000)-----							
Furniture and fixture	200	28	28	-	As per Entitlement	Ex-Employee	Mr.Muhammad Farrukh Ghauri
Furniture and fixture	160	20	20	-	As per Entitlement	Ex-Employee	Mr.Muhammad Shoaib
Furniture and fixture	160	52	52	-	As per Entitlement	Ex-Employee	Mr.Saleh Muhammad Baloch
Furniture and fixture	160	52	52	-	As per Entitlement	Ex-Employee	Mr.Syed Wajid Ali
Furniture and fixture	335	104	104	-	As per Entitlement	Ex-Employee	Mr.Muhammad Zaman Khan
Furniture and fixture	160	47	47	-	As per Entitlement	Ex-Employee	Mr.Amjad Masood
Furniture and fixture	200	58	58	-	As per Entitlement	Ex-Employee	Mr.Abdul Majid Sheikh
Furniture and fixture	200	63	63	-	As per Entitlement	Ex-Employee	Mr.Noor UI Islam
Furniture and fixture	175	-	-	-	As per Entitlement	Ex-Employee	Mr.Abdul Jamal Tariq Hassan
Furniture and fixture	200	53	53	-	As per Entitlement	Ex-Employee	Mr.Muhammad Mumtaz Ahmed Farooq
Furniture and fixture	160	25	25	-	As per Entitlement	Ex-Employee	Mr.Ishrat Bokhari
Furniture and fixture	160	39	39	-	As per Entitlement	Ex-Employee	Mr.Mansoor Ahmed
Furniture and fixture	190	33	33	-	As per Entitlement	Ex-Employee	Mr.Ashraf Ali Abbasi
Furniture and fixture	200	27	27	-	As per Entitlement	Ex-Employee	Mr.Nasir Khan
Furniture and fixture	175	6	6	-	As per Entitlement	Ex-Employee	Mr.Rao Naem Ahmed
Furniture and fixture	160	11	11	-	As per Entitlement	Ex-Employee	Mr.Gohar Abbas
Furniture and fixture	190	41	41	-	As per Entitlement	Ex-Employee	Mr.Muhamamd Nabi
Furniture and fixture	160	45	45	-	As per Entitlement	Ex-Employee	Mr.Zafar Irshad
Furniture and fixture	200	45	45	-	As per Entitlement	Ex-Employee	Mr.Shamim UI Hassan Waheed
Furniture and fixture	160	43	43	-	As per Entitlement	Ex-Employee	Mr.Muhammad Yousaf
Furniture and fixture	200	55	55	-	As per Entitlement	Ex-Employee	Mr.Manzoor Ahmad
Furniture and fixture	160	32	32	-	As per Entitlement	Ex-Employee	Mr.Arshad Ali
	10,290	2,467	2,467	-			
	70,869	25,268	26,481	1,213			

13. INTANGIBLE ASSETS

Capital work-in-progress
Intangible assets

	2023	2022
Note	------(Rupees in '000)-----	
	470,540	869,907
13.1	1,715,754	1,231,415
	2,186,294	2,101,322

13.1 Intangible assets

At January 1, 2023

Cost
Accumulated amortisation and impairment
Net book value

Year ended December 2023

Opening net book value
Additions:
- developed internally
- through acquisitions / purchase
Adjustments - addition
Amortisation charge
Exchange rate adjustments
Other adjustments - amortisation
Closing net book value

At December 31, 2023

Cost
Accumulated amortisation and impairment
Net book value

Rate of amortisation (percentage)

Useful life

2023				
Core Banking Application	Computer software	Website	Goodwill on NBP Fund Acquisition	Total
------(Rupees in '000)-----				
2,913,952	2,296,410	1,041	655,146	5,866,549
(2,913,952)	(1,627,548)	(1,041)	(92,593)	(4,635,134)
-	668,862	-	562,553	1,231,415
-	668,862	-	562,553	1,231,415
-	30,000	-	-	30,000
-	690,490	-	-	690,490
-	(789)	-	-	(789)
-	(324,753)	-	-	(324,753)
-	88,778	-	-	88,778
-	613	-	-	613
-	1,153,201	-	562,553	1,715,754
2,913,952	3,104,889	1,041	655,146	6,675,028
(2,913,952)	(1,951,688)	(1,041)	(92,593)	(4,959,274)
-	1,153,201	-	562,553	1,715,754
33.33 % on cost	33.33 % on cost	33.33 % on cost	Nil	
3 years	3 years	3 years		

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

	2022			
	Core Banking Application	Computer software	Website	Goodwill on NBP Fund Acquisition
------(Rupees in '000)-----				
At January 1, 2022				
Cost	2,913,952	1,870,623	1,041	655,146
Accumulated amortisation and impairment	(2,913,952)	(1,261,730)	(1,041)	(92,593)
Net book value	-	608,893	-	562,553
Year ended December 2022				
Opening net book value	-	608,893	-	562,553
Additions:				
- developed internally	-	57,315	-	-
- directly purchased	-	296,952	-	-
Adjustments - addition	-	28,750	-	-
Disposals	-	-	-	-
Amortisation charge	-	(365,818)	-	-
Exchange rate adjustments	-	42,770	-	-
Other adjustments - cost	-	-	-	-
Other adjustments - amortization	-	-	-	-
Closing net book value	-	668,862	-	562,553
At December 31, 2022				
Cost	2,913,952	2,296,410	1,041	655,146
Accumulated amortisation and impairment	(2,913,952)	(1,627,548)	(1,041)	(92,593)
Net book value	-	668,862	-	562,553
Rate of amortisation (percentage)	33.33 % on cost	33.33 % on cost	33.33 % on cost	Nil
Useful life	3 years	3 years	3 years	

- 13.2** For the purpose of impairment testing of goodwill, management has considered discounted cash flow method using cost of equity of 21% and terminal growth of 3.0% considering five years cash flows. Further, discount for lack of marketability is also considered at the rate of 21%. Other key assumption used in the method are management fees, growth rates on asset under management keeping in view of industry growth, expenses based on the historic growth trends, short term investment with the assumption of reinvestment and discount rate which is based on risk free rate, sector beta and market equity risk premium.

For the past 5 years, the company has provided sustainable profitability. As a result, the recoverable amount exceeds the carrying value as at December 31, 2023, therefore, management did not identify any impairment.

- 13.3** The cost of fully amortised intangible assets that are still in use.

	2023	2022
------(Rupees in '000)-----		
Core Banking Application	2,913,952	2,913,952
Computer software	927,410	873,310
Website	1,041	1,041
	3,842,403	3,788,303

14. RIGHT OF USE ASSETS

Opening balance	7,186,067	7,090,980
Additions during the year	2,374,880	2,421,546
Derecognition during the year	(59,820)	(19,860)
Depreciation charged for the year	(2,165,226)	(2,306,599)
Closing balance	7,335,901	7,186,067

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

15. DEFERRED TAX ASSETS / (DEFERRED TAX LIABILITIES)

2023

At January 01, 2023	Recognised in profit and loss account	Recognised in other comprehensive income	At December 31, 2023
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----- (Rupees in '000) -----

Deductible temporary differences on

- Tax losses carried forward
- Post retirement employee benefits
- Provision for diminution in the value of investments
- Provision against loans and advances
- Provision against off-balance sheet obligations
- Fixed assets
- Other provisions
- Right of use assets

10,705	-	-	10,705
7,467,549	41,331	(506,410)	7,002,470
236,751	-	-	236,751
12,925,197	(2,781,685)	-	10,143,512
115,222	-	-	115,222
1,395,724	154,893	-	1,550,617
107,841	(9,052)	-	98,789
670,604	(18,752)	-	651,852
22,929,593	(2,613,265)	(506,410)	19,809,918

Taxable temporary differences on

- Surplus on revaluation of fixed assets
- Excess of accounting book value of leased assets over lease liabilities
- Surplus on revaluation of investments
- Surplus on revaluation of non-banking assets
- Exchange translation reserve

(2,968,387)	180,464	(433,606)	(3,221,529)
(7,890)	11,551	12,377	16,038
3,208,916	-	(19,432,227)	(16,223,311)
(21,752)	-	(85,096)	(106,848)
(734,250)	-	(382,586)	(1,116,836)
(523,363)	192,015	(20,321,138)	(20,652,486)
22,406,230	(2,421,250)	(20,827,548)	(842,568)

2022

At January 01, 2022	Recognised in profit and loss account	Recognised in other comprehensive income	At December 31, 2023
---------------------	---------------------------------------	--	----------------------

----- (Rupees in '000) -----

Deductible temporary differences on

- Tax losses carried forward
- Post retirement employee benefits
- Provision for diminution in the value of investments
- Provision against loans and advances
- Provision against off-balance sheet obligations
- Fixed assets
- Other provision
- Right of use assets

10,705	-	-	10,705
5,072,768	34,236	2,360,545	7,467,549
236,751	-	-	236,751
10,457,938	2,467,259	-	12,925,197
115,222	-	-	115,222
1,079,805	315,919	-	1,395,724
107,841	-	-	107,841
502,538	168,066	-	670,604
17,583,568	2,985,480	2,360,545	22,929,593

Taxable temporary differences on

- Surplus on revaluation of fixed assets
- Excess of accounting book value of leased assets over lease liabilities
- Surplus on revaluation of investments
- Surplus on revaluation of non-banking assets
- Exchange translation reserve

(2,446,324)	149,134	(671,197)	(2,968,387)
796	(8,655)	(31)	(7,890)
(12,715,501)	82	15,924,335	3,208,916
(52,732)	-	30,980	(21,752)
(466,996)	-	(267,254)	(734,250)
(15,680,757)	140,561	15,016,833	(523,363)
1,902,811	3,126,041	17,377,378	22,406,230

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

		2023	2022
	Note	------(Rupees in '000)-----	
16. OTHER ASSETS			
Income / return / mark-up accrued in local currency - net of provision		185,624,656	99,446,324
Income / return / mark-up accrued in foreign currency - net of provision		4,531,523	4,012,820
Advances, deposits, advance rent and other prepayments	16.1	3,045,383	3,176,299
Advance taxation (payments less provisions) and Income tax refunds receivable	16.6	1,133,524	11,063,715
Compensation for delayed tax refunds		22,129,925	20,809,580
Non-banking assets acquired in satisfaction of claims	16.4	1,169,898	1,179,943
Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC)		208,423	208,423
Acceptances		8,100,364	20,644,122
Commission receivable on Government treasury transactions		5,182,665	5,253,389
Stationery and stamps on hand		472,575	437,900
Barter trade balances		195,399	195,399
Receivable on account of Government transactions	16.2	323,172	323,172
Receivable from Government under VHS scheme	16.3	418,834	418,834
Receivable against sale / purchase of shares		234,079	823,140
Receivable from SBP		24,698,013	-
Receivable from Pakistan Stock Exchange		292,822	173,941
Receivable from mutual funds		1,238,517	985,894
Receivable from Customers		377,044	-
Others		9,052,672	8,312,213
		268,429,488	177,465,108
Less: Provision held against other assets	16.5	12,495,413	12,244,043
Other assets (net of provision)		255,934,075	165,221,065
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		2,803,228	2,520,000
Other assets - total		258,737,303	167,741,065

16.1 This includes Rs. 1,400 million (2022: Rs. 1,400 million) advance against Pre-IPO placement of Term Finance Certificates and REIT Fund.

16.2 This represents amount receivable from GoP on account of encashment of various instruments handled by the Group for GoP as an agent of the SBP. Due to uncertainty about its recoverability, full amount has been provided for.

16.3 This represents payments made under the Voluntary Handshake Scheme (VHS), recoverable from GoP. Due to uncertainty about its recoverability, full amount has been provided for.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

	2023	2022
	------(Rupees in '000)-----	
16.4 Market value of Non-banking assets acquired in satisfaction of claims	3,973,126	3,699,943

An independent valuation of the Bank's non-banking assets was performed by an independent professional valuer to determine the fair value of the assets as at December 31, 2023. The valuation was carried out by K.G. Traders (Pvt) Limited (PBA registered valuer) on the basis of an assessment of present market values.

	2023	2022
	------(Rupees in '000)-----	
16.4.1 Non-banking assets acquired in satisfaction of claims		
Opening balance	3,699,943	4,059,546
(Deficit) / surplus	283,228	(343,886)
Depreciation	(10,045)	(15,717)
Closing Balance	3,973,126	3,699,943
16.5 Provision held against other assets		
Income / mark-up accrued in local currency	152,607	152,607
Advances, deposits, advance rent and other prepayments	800,000	800,000
Stationery and stamps on hand	96,542	96,542
Barter trade balances	195,399	195,399
Receivable on account of Government transactions	323,172	323,172
Receivable from Government under VHS scheme	418,834	418,834
Protested bills	4,377,337	4,297,516
Ex-MBL / NDFC	760,941	760,875
Assets acquired from Corporate and Industrial Restructuring Corporation asset (CIRC)	208,423	208,423
Others	5,162,158	4,990,675
	12,495,413	12,244,043
16.5.1 Movement in provision held against other assets		
Opening balance	12,244,043	11,709,318
Charge for the year	239,045	562,955
Other movement	57,519	-
Adjustment against provision	(45,194)	(28,230)
Closing balance	12,495,413	12,244,043

16.6 During the year, the Bank has adjusted an amount of Rs. 9,099 million (2022: Rs. 7,475 million) against its advance tax liability and demand of previous tax year against income tax refunds receivables. Further, refunds amounting to Rs. 10,650 million (2022: 5,404 million) were also determined.

	2023	2022
	------(Rupees in '000)-----	
17. BILLS PAYABLE		
In Pakistan	67,822,126	54,969,587
Outside Pakistan	178,322	298,432
	68,000,448	55,268,019

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

		2023	2022
Note		------(Rupees in '000)-----	
18. BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan			
Under Export Refinance Scheme	18.2	29,815,400	37,142,580
Financing Scheme for Renewable Energy	18.3	1,289,488	1,019,611
Refinance Facility for Modernization of SMEs	18.4	95,111	43,824
Financing Facility for storage of Agriculture Produce (FFSAP)	18.5	599,548	667,327
Under Long Term Financing Facility (LTFF)	18.6	17,197,820	20,254,808
Refinance Scheme for Payment of Wages and Salaries	18.7	-	35,950
Temporary Economic Refinance Facility	18.8	22,827,889	24,126,421
Refinance and Credit Guarantee Scheme for Women Entrepreneurs (RCWE)	18.9	29,220	-
Refinance Facility for Combating Covid-19	18.10	45,352	66,159
Export Refinance scheme for Bill Discounting	18.11	2,606,143	1,075,204
		74,505,971	84,431,884
Repurchase agreement borrowings	18.12	2,064,472,106	1,826,206,763
Bai Muajjal	18.13	-	4,036,995
Total secured		2,138,978,077	1,914,675,642
Unsecured			
Call borrowings	18.12	19,434,142	25,810,145
Overdrawn nostro accounts		19,330,975	-
Total unsecured		38,765,117	25,810,145
		2,177,743,194	1,940,485,787
18.1 Particulars of borrowings with respect to currencies			
In local currency		2,140,248,077	1,923,848,931
In foreign currencies		37,495,117	16,636,856
		2,177,743,194	1,940,485,787
18.2	The Bank has entered into an agreement with the SBP for extending export finance to customers. As per the terms of the agreement, the Bank has granted the SBP the right to recover the outstanding amounts from the Bank at the date of maturity of the finances by directly debiting the Bank's current account maintained with the SBP. These borrowings are repayable within 180 days. These carry mark-up at rates ranging from 13.00% to 19.00% (2022: 3.00% to 13.00%) per annum.		
18.3	These borrowings have been obtained from the SBP for providing financing facilities to address challenges of energy shortage and climate change through promotion of renewable energy. These borrowings shall be repayable for a maximum period of twelve (12) years. These carry mark-up at rates ranging from 2.00% to 3.00% (2022: 2.00% to 3.00%) per annum.		
18.4	These borrowings have been obtained from the SBP under a scheme to finance modernization of Small and Medium Enterprises by providing financing facilities for setting up of new units, purchase of new plant and machinery for Balancing, Modernization and Replacement (BMR) of existing units and financing for import / local purchase of new generators upto a maximum capacity of 500 KVA. These borrowings shall be repayable for a maximum period of ten years and carry mark-up at rates upto 2.00% (2022: 2.00%) per annum.		

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

- 18.5** These borrowings have been obtained from the SBP for providing financing facilities to develop the agricultural produce marketing and enhance storage capacity, to encourage Private Sector to establish Silos, Warehouses and Cold Storages. These borrowings shall be repayable for a maximum period of ten years. These carry mark-up at rates ranging from 2.5% to 3.5% (2022: 2.5% to 3.5%) per annum.
- 18.6** These borrowings have been obtained from the SBP for providing financing facilities to exporters for adoption of new technologies and modernization of their plant and machinery. These borrowings shall be repayable for a maximum period of ten years. These carry mark-up at rates ranging from 4.0% to 19.0% (2022: 2.00% to 4.00%) per annum.
- 18.7** These borrowings have been obtained from the SBP with a view to support businesses to continue payment of wages and salaries to their workers and employees in the aftermath of corona virus (COVID-19) outbreak. These borrowings are repayable for a maximum period of 2.5 years. These carry mark-up at rates ranging from Nil (2022: 1.00% to 2.00%) per annum.
- 18.8** These borrowings have been obtained from the SBP under a scheme to provide concessionary refinance for setting up new industrial units in the backdrop of challenges faced by the industries during the pandemic. These borrowings are repayable for a maximum period of 10 years. These carry mark-up at a rate of 1.0% (2022: 3.00%) per annum.
- 18.9** These borrowings have been obtained from the SBP for improving access to finance for the women entrepreneurs, a refinance cum credit guarantee scheme is being launched for the women borrowers across the country. Under the scheme, refinancing will be provided by State Bank of Pakistan at 0% to participating financial institutions for onward lending to women entrepreneurs across the country at a mark-up rate of upto 5% per annum.
- 18.10** These borrowings have been obtained from the SBP with a view to provide long term local currency finance for imported and locally manufactured medical equipment to be used for combating COVID – 19. The facility will be available to all the Hospitals and Medical Centres duly registered with respective provincial / federal agencies / commissions and engaged in controlling & eradication of COVID – 19. These borrowings are repayable for a maximum period of 5 years. These carry mark-up at rates at 0.00% (2022: 0.00%) per annum.
- 18.11** These borrowings have been obtained from the SBP for providing export bill discounting facilities to customers. These carry mark-up at rates ranging from 1.00% to 2.00% per annum (2022: 0.00% to 2.00% per annum) and are due to mature latest by May 7, 2024.
- 18.12** Mark-up / interest rates and other terms are as follows:
- Repurchase agreement borrowings carry mark-up ranging from 21.75% to 23% per annum (2022: 15.2% to 17% per annum) having maturity on January 2, 2024 to January 19, 2024.
 - Call borrowings carry interest ranging from 5.50% to 21.80% per annum (2022: 3% to 16.5% per annum).
- 18.13** Bai Muajjal borrowings carry mark-up rate of 0% per annum (2022: 16.42%).
- 18.14** Borrowings from the SBP under export oriented projects refinance schemes of the SBP are secured by the Bank's cash and security balances held by the SBP.
- 18.15** Pakistan Investment Bonds and Market Treasury Bills having maturity of 2 - 10 Years and 3 - 12 Months respectively, are pledged as security under borrowing having carrying amount of Rs. 2,064,472 million (2022: Rs. 1,826,206 million).

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

19. DEPOSITS AND OTHER ACCOUNTS

	2023			2022		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
Note	----- (Rupees in '000) -----					
Customers						
Current deposits - remunerative	692,443,686	-	692,443,686	733,037,562	-	733,037,562
Current deposits - non-remunerative	656,289,463	161,079,615	817,369,078	408,169,670	159,575,493	567,745,163
Savings deposits	766,301,047	134,394,831	900,695,878	681,287,543	108,029,851	789,317,394
Term deposits	509,997,709	232,985,846	742,983,555	400,618,865	116,541,863	517,160,728
Others	13,082,003	7,182	13,089,185	9,563,715	7,855	9,571,570
	2,638,113,908	528,467,474	3,166,581,382	2,232,677,355	384,155,062	2,616,832,417
Financial Institutions						
Current deposits	458,765,517	1,400,531	460,166,048	5,795,356	3,492,893	9,288,249
Savings deposits	18,946,277	4,644,674	23,590,951	15,190,328	2,924,782	18,115,110
Term deposits	12,824,721	3,636,495	16,461,216	9,716,964	6,442,283	16,159,247
Others	6,310,317	-	6,310,317	4,878,234	-	4,878,234
	496,846,832	9,681,700	506,528,532	35,580,882	12,859,958	48,440,840
19.3	3,134,960,740	538,149,174	3,673,109,914	2,268,258,237	397,015,020	2,665,273,257

19.1 Composition of deposits

	2023	2022
Note	----- (Rupees in '000) -----	
Individuals	1,220,898,183	990,051,893
Government (Federal and Provincial)	1,255,786,576	1,101,408,344
Public Sector Entities	385,531,338	244,103,310
Banking Companies	472,952,639	20,352,975
Non-Banking Financial Institutions	33,575,893	28,087,865
Private Sector	304,365,285	281,268,870
	3,673,109,914	2,665,273,257

19.2 Foreign currencies deposits includes deposit of foreign branches amounting to Rs. 99,316 million (2022: Rs. 75,917 million).

19.3 This includes deposits eligible to be covered under insurance arrangements amounting to Rs. 1,013,777 million (2022: Rs. 870,538 million) including islamic branches.

20. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2023			2022		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
	----- (Rupees in '000) -----					
Not later than one year	92,543	28,302	64,241	55,683	10,935	44,748
Later than one year and upto five years	168,280	24,253	144,027	85,093	8,388	76,705
Over five years	-	-	-	-	-	-
	260,823	52,555	208,268	140,776	19,323	121,453

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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The Group has entered into lease agreements with various financial institutions for lease of vehicles. Lease rentals are payable in monthly installments. Financial charges included in lease rentals are determined on the basis of discount factors applied at the rate of 6M KIBOR + 1.5% per annum (2022: 6M KIBOR + 1.5% per annum). At the end of lease term, the Group has option to acquire the assets, subject to adjustment of security deposits.

		2023	2022
	Note	------(Rupees in '000)-----	
21. LEASE LIABILITIES AGAINST RIGHT OF USE ASSETS			
Lease liabilities included in the statement of financial position As at December 31		8,682,732	8,761,015
Of which are:			
Current lease liability		1,830,701	1,734,848
Non-current lease liability		6,852,031	7,026,167
		8,682,732	8,761,015
Maturity analysis - contractual undiscounted cashflows			
Less than one year		2,649,801	2,557,743
One to five years		7,110,076	6,963,768
More than five years		3,124,101	7,969,041
Total undiscounted lease liabilities as at December 31,		12,883,978	17,490,552
22. OTHER LIABILITIES			
Mark-up / Return / Interest payable in local currency		194,680,604	126,228,969
Mark-up / Return / Interest payable in foreign currency		2,611,281	655,802
Unearned commission and income on bills discounted		124,131	271,126
Accrued expenses		13,907,160	13,955,633
Advance payments		387,084	372,406
Acceptances		8,100,364	20,644,122
Unclaimed dividends		174,709	181,851
Mark to market loss on forward foreign exchange contracts		6,676,880	125,371
Branch adjustment account		1,659,214	1,916,850
Payable to defined benefit plan:			
Pension fund	40.4	22,944,893	23,063,894
Post retirement medical benefits	40.4	34,833,112	29,176,898
Benevolent scheme	40.4	1,613,699	1,697,838
Gratuity scheme	40.4	4,975,497	4,100,617
Compensated absences	40.4	9,632,176	8,734,235
Provision against off-balance sheet obligations		627,494	627,494
Provision against contingencies	22.1	4,698,118	4,170,799
Staff welfare fund		371,257	371,257
Liabilities relating to barter trade agreements		4,321,484	3,629,389
Payable to brokers		735,663	350,446
Payable to customers		516,017	940,854
PIBs shortselling		10,241,337	11,043,029
Others		19,040,688	19,297,251
		342,872,862	271,556,131

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		2023	2022
Note		----- (Rupees in '000) -----	
22.1	Provision against contingencies		
	Opening balance	4,170,799	3,805,376
	Charge during the year	384,838	165,423
	Other movement	142,481	200,000
22.1.1	Closing balance	<u>4,698,118</u>	<u>4,170,799</u>

22.1.1 This represents provision made on account of regulatory violations and reported instances of financial improprieties for which investigations are in progress.

23. SHARE CAPITAL

23.1 Authorized Capital

2023	2022		2023	2022
----- (Number of shares) -----			----- (Rupees in '000) -----	
<u>2,500,000,000</u>	<u>2,500,000,000</u>	Ordinary shares of Rs. 10 each	<u>25,000,000</u>	<u>25,000,000</u>

23.2 Issued, subscribed and paid up

2023	2022		2023	2022
----- (Number of shares) -----		Ordinary shares	----- (Rupees in '000) -----	
<u>140,388,000</u>	<u>140,388,000</u>	Fully paid in cash	<u>1,403,880</u>	<u>1,403,880</u>
<u>1,987,125,026</u>	<u>1,987,125,026</u>	Issued as bonus shares	<u>19,871,251</u>	<u>19,871,251</u>
<u>2,127,513,026</u>	<u>2,127,513,026</u>		<u>21,275,131</u>	<u>21,275,131</u>

The Federal Government and Pakistan Sovereign Wealth Fund (PSWF) holds 75.60% (2022: Federal Government and SBP 75.60%) shares of the Bank.

23.3 The Pakistan Sovereign Wealth Fund Act, 2023 became effective during the current period. Under the said Act, the SBP's shareholding in the Bank stands transferred to the Pakistan Sovereign Wealth Fund (PSWF).

	2023	2022
23.4	----- (Number of shares) -----	

Shares of the Bank held by subsidiary and associate

Following shares were held by the associate of the Bank as of year end:

First Credit & Investment Bank Limited	<u>70,000</u>	<u>70,000</u>
	<u>70,000</u>	<u>70,000</u>

24. RESERVES

24.1 Exchange translation reserve

This comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

24.2 Statutory reserve

Every bank incorporated in Pakistan is required to transfer 20% of their profits to a statutory reserve until the reserve equals share capital, thereafter 10% of the profits of the Bank are to be transferred to this reserve.

25. SURPLUS ON REVALUATION OF ASSETS

Surplus / (deficit) on revaluation of:

		2023	2022
	Note	------(Rupees in '000)-----	
- Available for sale securities	10.1	33,119,281	(7,455,191)
- Fixed Assets	25.1	48,300,131	48,590,472
- Non-banking assets acquired in satisfaction of claims	25.2	2,803,228	2,520,000
- On securities of associates and joint venture		(337,236)	(1,507,560)
		83,885,404	42,147,721

Deferred tax on surplus on revaluation of:

- Available for sale securities		(16,223,312)	3,208,915
- Fixed Assets	25.1	(3,322,829)	(3,061,347)
- Non-banking assets acquired in satisfaction of claims	25.2	(106,848)	(21,752)
		(19,652,989)	125,816
		64,232,415	42,273,537

25.1 Surplus on revaluation of fixed assets

Surplus on revaluation of fixed assets as at January 1		47,733,682	44,320,452
Recognised during the year		17,842	3,691,784
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax Adjustment		(181,545)	(197,684)
Related deferred tax liability on incremental depreciation charged during the year		(174,426)	(149,130)
Surplus on revaluation of fixed assets as at December 31		47,395,553	47,733,682

Less: related deferred tax liability on:

- revaluation as at January 1		(3,061,347)	(2,537,701)
- revaluation recognised during the year		(8,743)	(412,499)
- rate adjustment		(427,165)	(260,277)
- incremental depreciation charged during the year		174,426	149,130
		(3,322,829)	(3,061,347)
Share of surplus on revaluation of fixed assets of associates and joint venture		904,578	856,790
		44,977,302	45,529,125

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

		2023	2022
Note		------(Rupees in '000)-----	
25.2	Surplus on revaluation of non-banking assets acquired in satisfaction of claims		
	Surplus on revaluation as at January 1	2,520,000	2,863,886
	Surplus / (deficit) recognised during the year	283,228	(343,886)
	Surplus on revaluation as at December 31	2,803,228	2,520,000
	Less: related deferred tax liability on:		
	- revaluation as at January 1	(21,752)	(52,732)
	- revaluation recognised during the year	(82,060)	42,022
	- Rate adjustment	(3,036)	(11,042)
		(106,848)	(21,752)
		2,696,380	2,498,248
26.	CONTINGENCIES AND COMMITMENTS		
	Guarantees	26.1 346,487,980	377,561,372
	Commitments	26.2 2,362,684,359	2,373,285,184
	Other contingent liabilities	26.3 26,628,229	26,619,691
		2,735,800,568	2,777,466,247
26.1	Guarantees:		
	Financial guarantees	227,063,459	287,741,990
	Performance guarantees	119,424,521	89,819,382
		346,487,980	377,561,372
26.2	Commitments:		
	Documentary credits and short-term trade-related transactions		
	- letters of credit	1,633,847,479	1,696,635,726
	Commitments in respect of:		
	- forward foreign exchange contracts	26.2.1 655,935,358	570,881,591
	- forward government securities transactions	26.2.2 27,318,929	54,568,834
	- forward lending	26.2.3 44,432,555	50,363,949
	Commitments for acquisition of:		
	- operating fixed assets	1,129,442	798,234
	Other commitments	26.2.4 20,596	36,850
		2,362,684,359	2,373,285,184
26.2.1	Commitments in respect of forward foreign exchange contracts		
	Purchase	412,870,783	368,380,755
	Sale	243,064,575	202,500,836
		655,935,358	570,881,591

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

	2023	2022
	------(Rupees in '000)-----	
26.2.2 Commitments in respect of forward government securities transactions		
Purchase	11,493,136	10,988,627
Sale	15,825,793	43,580,207
	<u>27,318,929</u>	<u>54,568,834</u>

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

	2023	2022
	------(Rupees in '000)-----	
26.2.3 Commitments in respect of forward lending		
Undrawn formal standby facilities, credit lines and other commitments to lend	<u>44,432,555</u>	<u>50,363,949</u>

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

	2023	2022
	------(Rupees in '000)-----	
26.2.4 Other commitments		
Professional services to be received	<u>20,596</u>	<u>36,850</u>
26.3 Other contingent liabilities		
26.3.1 Claim against the Bank not acknowledged as debt	<u>26,628,229</u>	<u>26,619,691</u>

26.3.2 Claims against the Bank not acknowledged as debts includes claims relating to former Mehran Bank Limited amounting to Rs. 1,597 million (2022: Rs. 1,597 million).

26.3.3 Taxation

- The return of income for tax year 2023 has been filed which is treated to be deemed assessment order.
- Taxation Officer, following the instructions / directions of the learned CIRA, has passed the appeal effect orders for tax years 2019, 2020 and 2022 wherein the tax liability / (refund) has been assessed at Rs. (1,852) million, Rs.1,997 million and Rs. (8,774) million.respectively
- Honourable ATIR has passed appellate orders for tax year 2006 and 2007 against monitoring orders and held that the proceedings are time barred. However, the orders of the DCIR remanded back to the assessing officer with the instruction to proceed further if any information is already available with the tax department.
- Honourable ATIR has passed appellate order for tax year 2016 against monitoring order and remanded back the issues to the assessing officer for reverification of the facts following the instructions of ATIR.
- The aggregate effect of contingencies as on December 31, 2023, including amount of Rs. 1,912 million (December 31, 2022: Rs. 1,912 million) in respect of indirect tax issues, amounts to Rs. 34,730 million (December 31, 2022: Rs. 27,159 million). No provision has been made against these contingencies, based on the opinion of tax consultant of the Bank, who expect favorable outcome upon decisions of pending appeals.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

26.3.4 Contingencies in respect of employees benefits and related matters

The following are the details of the contingencies arising out of the various legal cases pending adjudication in respect of employees' benefits and related matters. The Bank considers that except for Pensionary benefits note 26.3.4.1, the financial impact of other matters is impracticable to determine with sufficient reliability.

26.3.4.1 Pensionary benefits to retired employees

In 1977 the Federal Government vide letter No. 17 (9) 17 XI / 77 dated November 30, 1977, addressed to the Pakistan Banking Council, directed that all executives / officers of all the nationalized banks would be paid pension as calculated at 70% of average emoluments upon completion of 30 years of qualifying service of employees and where qualifying service was less than 30 years but not less than 10 years, proportionate reduction in percentage was to be made. This pension scheme was made applicable with effect from May 01, 1977.

In the year 1997, the Banks Nationalization Act, 1974 ("BNA, 1974") was substantially amended whereby the Pakistan Banking Council was abolished and the Board of Directors of the nationalized banks were empowered / mandated respectively to determine personnel policies with the President of the Bank deciding the remuneration and benefits of the employees in accordance with policies determined by the Board. In the year 1999, by virtue of the said amendments in BNA, the Board of Directors of the Bank approved the Revised Pay Structure for the officers / executives of the Bank with effect from January 01, 1999 vide Circular No. 37/1999, whereby the basic salary was increased by 110 % to 140% and besides giving multifarious benefits to its employees, formula for monthly gross pension was revised. However, the amount of gross pension on the basis of existing Basic Pay and existing formula was protected.

A number of Bank's employees, after attaining the age of superannuation filed Writ Petitions before the Lahore High Court and the Peshawar High Court, praying for re-calculation of their pensionary benefits and increases in accordance with the Bank Circular No. 228 (C) dated December 26, 1977 and furthermore, for allowing the increases in their pension as per the increases allowed by the Federal Government to its employees. This litigation started in the year 2010 and 2011.

The Peshawar High Court, in terms of judgment dated June 03, 2014, dismissed the petition while observing that the petition was hit by laches and that the petitioners could not claim the benefits granted to the similarly placed employees of other institutions who were governed through different Statutes and Service Rules.

The Lahore High Court vide its judgement dated January 15, 2016, allowed the Writ Petitions on the same matter and the Bank was directed to release the pensionary benefits of the petitioners. The said order was assailed by the Bank by filing Intra Court Appeals in January 2016 which were dismissed by the Lahore High Court, Lahore, through its judgement dated January 16, 2017. The Bank assailed the said judgement by filing appeals in the Supreme Court of Pakistan.

The Honorable Supreme Court of Pakistan after hearing the arguments of both parties, vide its judgement dated September 25, 2017 upheld the decision of the Division Bench of the Lahore High Court on the contention of increase in Bank's employees' pension, thereby instructing the Bank to give pension benefits to its employees in the light of Head Office Instruction Circular No. 228 (C) of 1977. Under this Circular, the pension of employees was to be calculated at 70% of average emoluments upon completion of minimum qualifying service requirement, besides requiring the Bank to follow subsequent revisions in pension scheme and rates granted by the Federal Government to civil servants from time to time as well.

The Bank as well as Federal Government filed review petitions against the aforesaid judgment of the Honorable Supreme Court of Pakistan and also made an application for constitution of larger bench of the Supreme Court to hear the review petition, which was reportedly accepted by the Chief Justice. However on March 18, 2019, the matter came up for hearing before a three member Bench instead of a larger bench. As advised by our legal counsels, the Bank considers that due to conflicting decision of the other bench of the Supreme Court in a case

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For the year ended December 31, 2023

which, in all material facts and circumstances, is identical to the Bank's case and various other legal infirmities in the judgement as highlighted by the Bank in its Review Petition, the Bank has a reasonably strong case on legal grounds to convince the Supreme Court for review of its decision. The Review Petition is ongoing and is expected to be listed for hearing soon.

A related matter has also been appealed in the Supreme Court where the petitioners have asked for increases in pension in accordance with government increases in Pension for Government employees which is pending adjudication and a favorable outcome is expected.

In case the above matters are decided unfavorably, the Bank estimates based on the actuarial advice that the financial impact arising from the additional liability would be approximately Rs. 98,700 million excluding any penal interest / profit payment (if any) due to delayed payment Pension expense for the current year and onward will also increase by Rs.13,500 million due to this decision. Based on the opinion of legal counsel, no provision has been made in these consolidated financial statements for the above-mentioned amount as the Bank is confident about the favorable outcome of the matter.

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

The Bank outsourced certain non-core jobs to various service provider companies after entering into contracts with them. The resources deployed by the service provider companies were their employees and the said companies have had sole administrative control over these resources. Some of these resources filed writ petitions before the High Courts and National Industrial Relations Commission (NIRC) seeking to be absorbed by the Bank in its regular service based on grounds that they were in fact employees of the Bank. Presently, there are 6 cases on appeal pending at the Supreme Court where these have been clubbed to be heard as one. The Chief Justice of Pakistan has constituted a larger bench comprising of five Judges being headed by himself for adjudication. The case is ongoing and is presently adjourned for a date to be fixed. A favorable outcome of this case is expected.

26.3.4.3 Litigation related to management trainee program

Treatment of Non-MTOs (regular employees) at Par with the MTOs (also appointed in regular cadres) - Litigation arising out of order dated September 21, 2016 passed by the Supreme Court in our CA No.1644/2013 out of our CPLA No. 805/2013 filed against order dated March 13, 2013 of the Division Bench of Sindh High Court, Sukkur in CP No. D-417/2010 (the "Decision").

Mr. Ashfaq Ali and three (3) others filed a CP No. D-417/2010 before the Sindh High Court, Bench at Sukkur while praying to treat them equally in respect of remunerations with other employees (MTOs) having same grade, nature of job and qualification.

The Honorable Division Bench at Sukkur, vide order dated March 13, 2013, directed the Bank to ensure equal treatment to the petitioners with similarly placed employees without any discrimination.

Certain employees filed petitions in the Honorable High Court of Peshawar who also gave its decision in favor of the petitioners. Review petition filed in the Honorable Supreme Court of Pakistan by the Bank was also dismissed.

Last year, the Bank entered into out of court settlements which have successfully been executed with many Non-MTO employees ('petitioners') and accordingly compromise agreements ('the agreement'), offering waiver of loans, increase in basic salaries and provision of other allowances, were signed with those petitioners who have withdrawn their cases against the Bank. Simultaneously the Bank continues to make payments to claimants as per any court orders from time to time.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

26.4 Foreign Exchange repatriation case

While adjudicating Foreign Exchange repatriation cases of exporter namely: M/S Fateh Textile Mills Limited, the Foreign Exchange Adjudicating Court of the State Bank of Pakistan has also adjudicated penalty of Rs. 1,020 million, arbitrarily on the Bank. The Bank has filed appeals before the Appellate Board and Constitutional Petitions in the Honorable High Court of Sindh against the said judgments. The Honorable High Court has granted relief to the Bank by way of interim orders

As advised by our counsel, NBP has also filed a Constitutional Petition challenging the constitution of the Appellate Board by the Commission and has obtained restraining order on the ground that the Appellate Board constituted by the Commission lacks legal merit in the light of Supreme Court ruling. Our counsel, Mr. Rashid Anwar, Advocate has concluded his arguments in respect of the Foreign Exchange Regulation Appellate Board constitution. However, another petition filed by another company whereby challenging the constitutionality of the Competition Act was also tagged with the petitions filed by the banks.

Based on merits of the appeals management is confident that these appeals shall be decided in favor of the Bank and therefore, no provision has been made against the impugned penalty.

26.5 Compliance and risk matters relating to anti-money laundering at the New York Branch

26.5.1 With close oversight from the Board of Directors and Head Office Senior Management, the New York Branch completed remedial actions pursuant to the public enforcement actions issued by the New York State Department of Financial Services and the Federal Reserve Bank. Head Office and the Board will continue to maintain close oversight of the Branch, which has made significant progress in enhancing its compliance program. The actions implemented by the Branch and their associated validation by Internal Audit continue to remain subject to review by its regulators.

2023	2022
------(Rupees in '000)-----	

27. MARK-UP / RETURN / INTEREST EARNED

On:

a) Loans and advances	221,750,632	141,345,000
b) Investments	774,057,450	348,343,571
c) Lendings to financial institutions	27,987,718	13,004,206
d) Balances with banks	1,338,862	883,138
	<u>1,025,134,662</u>	<u>503,575,915</u>

28. MARK-UP / RETURN / INTEREST EXPENSED

Deposits	364,955,254	209,559,709
Borrowings	6,988,812	5,116,553
Cost of foreign currency swaps against foreign currency deposits / borrowings	14,293,880	10,026,057
Finance charge on lease liability against right of use assets	843,098	877,000
Securities sold under repurchase agreements	468,699,346	160,894,929
	<u>855,780,390</u>	<u>386,474,248</u>

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

		2023	2022
	Note	------(Rupees in '000)-----	
29. FEE AND COMMISSION INCOME			
Branch banking customer fees		1,836,285	1,644,009
Consumer finance related fees		537,528	525,249
Card related fees (debit cards)		3,018,522	2,372,961
Credit related fees		355,727	399,736
Investment banking fees		479,928	767,814
Commission on trade		2,431,771	2,120,399
Commission on guarantees		815,499	742,496
Commission on cash management		98,999	53,907
Commission on remittances including home remittances		1,851,419	1,648,416
Commission on bancassurance		227,995	308,736
Commission on government transactions		10,319,641	10,506,945
Management Fee & Sale Load		1,936,252	1,307,353
Brokerage Income		89,116	72,177
Others		137,614	87,202
		24,136,296	22,557,400
30. GAIN ON SECURITIES - NET			
Realised	30.1	4,447,398	1,746,693
Unrealised - held for trading	10.1	(28,025)	(1,065,797)
Unrealised - Shortselling		1,873	442,320
		4,421,246	1,123,216
30.1 Realised gain on:			
Federal Government Securities		1,289,150	121,098
Shares and mutual funds		3,201,890	1,625,517
Foreign Securities		(43,642)	78
		4,447,398	1,746,693
31. OTHER INCOME			
Rent on property		74,028	33,455
Gain on sale of fixed assets - net		224,324	17,005
Postal, SWIFT and other charges recovered / reversed		131,783	48,716
Compensation for delayed delivery of vehicles		1,009	-
Compensation for delayed tax refunds	31.1	1,320,345	1,588,150
Gain on derecognition on right of use assets		-	1,690
Tender money		2,307	576
Commission on IPS non-competitive bids		-	5,599
Gain on closure of subsidiary and branch		-	67,007
Incentive on Home remittance		13,102	-
Deferred Income on Sale of Fixed Asset		9,851	-
Others		19,700	27,900
		1,796,449	1,790,098

31.1 This represents compensation for delayed refunds determined under Section 171 of Income Tax Ordinance 2001.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

32.	OPERATING EXPENSES	Note	2023	2022
			------(Rupees in '000)-----	
	Total compensation expenses	32.1	57,298,224	49,591,298
	Property expense			
	Rent and taxes	32.2	1,254,651	1,149,827
	Insurance		62,440	66,842
	Utilities cost		2,902,890	2,176,886
	Security (including guards)		4,128,206	3,654,635
	Repair and maintenance (including janitorial charges)		1,481,169	1,158,187
	Depreciation		497,594	458,220
	Depreciation on non banking assets		10,045	15,717
	Depreciation on Ijarah assets		1,065	53,953
	Depreciation on ROUA		2,165,226	2,306,599
			12,503,286	11,040,866
	Information technology expenses			
	Software maintenance		2,810,861	1,958,366
	Hardware maintenance		138,307	121,317
	Depreciation		611,348	393,592
	Amortisation		324,753	365,818
	Network charges		892,901	763,928
	IT Manage Services		2,611,550	1,576,444
			7,389,720	5,179,465
	Other operating expenses			
	Directors' fees and allowances	32.3	88,232	25,772
	Directors' fees and allowances - subsidiaries		25,870	13,265
	Fees and allowances to Shariah Board		17,423	16,667
	Legal and professional charges		2,185,861	1,215,057
	Outsourced services costs		931,924	702,378
	Travelling and conveyance		1,909,797	1,287,738
	NIFT clearing charges		255,128	218,640
	Depreciation		1,485,541	1,561,239
	Training and development		112,140	55,923
	Postage and courier charges		417,253	314,401
	Communication		1,265,355	580,056
	Stationery and printing		2,095,876	1,359,965
	Marketing, advertisement and publicity		1,159,337	936,407
	Donations	32.4	45,104	109,076
	Auditors' remuneration	32.5	365,766	246,015
	Fixed Assets / Non-banking asset deficit		-	141,403
	Financial charges on leased assets		71,513	72,086
	Entertainment		342,228	273,283
	Clearing charges, verification and licence fee		574,953	532,198
	Subscription		509	1,125
	Brokerage		148,942	105,290
	Insurance general		748,936	572,536
	Vehicle expenses		257,265	278,756
	Deposit premium expense		1,392,861	1,813,582
	Repairs and maintenance general		1,388,748	945,805
	Others		681,419	397,992
			17,967,981	13,776,655
	Grand Total		95,159,211	79,588,284

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

	2023	2022
Note	------(Rupees in '000)-----	

32.1 Total compensation expense

Managerial Remuneration	16,773,229	15,919,747
i) Fixed		
ii) Variable		
of which;		
a) Cash Bonus / Awards etc.	5,596,227	5,158,442
Charge for defined benefit plan	11,918,752	8,354,267
Charge for defined benefit plan - Subsidiaries	80,288	72,269
Rent & house maintenance	6,437,798	5,980,507
Utilities	2,694,045	2,139,441
Medical	4,618,445	3,885,392
Conveyance	4,256,728	3,749,778
Club Membership & Subscription	93,718	140,451
Education Allowance	1,818,799	1,443,112
Insurance	480,752	485,749
Honorarium to Staff and Staff Welfare	451,129	262,284
Overtime	45,892	45,255
Special Duty Allowance	3,621	2,408
Washing Allowance	14,208	15,044
Key Allowance	70,501	71,914
Unattractive Area Allowance	68,690	61,969
Leave Encashment	12,021	12,967
Teaching Allowance	10,864	10,590
Incentive on CASA deposits mobilization	35,378	23,739
Meal Allowance	246,262	249,065
Staff Incentive	8,421	-
Liveries	19	62
Inflationary Allowance	648,818	840,224
Saturday Allowances	162,405	149,162
Severe Winter Allowance	54,480	54,659
Hill Allowance	34,530	35,176
ATM Cash Replenish Allowance	20,593	14,977
PhD Allowance	10,098	10,441
Other retirement benefits for international branches	132,036	85,969
Reimbursement of visa fees etc	-	13,620
Recruiting expenses	-	7,732
Others	499,477	294,886
	57,298,224	49,591,298
	57,298,224	49,591,298

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

32.2 This includes Rs. 3.422 million (2022: Rs.3.422 million) insurance premium against directors' liability insurance.

32.3 Total cost for the year included in other operating expenses relating to outsourced activities is Rs. 931.9 million (2022: Rs. 702.4 million). Out of this cost, Rs. 919.4 million (2022: Rs. 693.2 million) pertains to the payment to companies incorporated in Pakistan and Rs. 12.5 million (2022: Rs. 9.1 million) pertains to payment to companies incorporated outside Pakistan. Total Cost of outsourced activities for the year given to related parties is Rs. Nil (2022: Rs. Nil). Outsourcing shall have the same meaning as specified in Annexure-I of BPRD Circular No. 06 of 2017. The material outsourcing arrangements along with their nature of services are as follows:

		2023	2022
		------(Rupees in '000)-----	
Name of Company	Nature of Services		
HTECH Solutions (Private) Limited	Call center management	122,541	81,962
		<u>122,541</u>	<u>81,962</u>

During the year, outsourcing services were hired in respect of sales, call centre services, IT support, data entry, protocol services, collection services, janitorial & cleaning services and lift operator and engineering services.

32.4 Donations include following amounts:

	2023	2022
	------(Rupees in '000)-----	
Description		
Prime Minister's Flood Relief Fund 2022	-	52,000
Family Educational Services Foundation (FESF)	-	17,000
Sanjan Nagar Public Education Trust (SNPET)	-	10,000
Layton Rahmatullah Benevolent Trust (LRBT)	-	5,000
Thardeep Microfinance Foundation (TMF)	-	6,000
Rural Community Development Programs (RCDP)	-	4,000
Namal Education Foundation (NEF)	-	5,197
Ghulam Ishaq Khan Institute of Engineering Sciences and Technology	26,549	9,879
The Citizen Foundation (TCF)	7,255	-
Network of Organizations Working for People with Disabilities Pakistan (NOWPDP)	5,000	-
Women Empowerment Group (WEG)	6,300	-
Total	<u>45,104</u>	<u>109,076</u>

32.4.1 None of the Directors, Sponsor shareholders and Key Management Personnel or their spouse have an interest in the Donee.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

A.F. Ferguson & Co.	BDO Ebrahim & Co.	Total 2023	Total 2022
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------(Rupees in '000)-----

32.5 Auditors' remuneration

Audit fee	9,152	7,471	16,623	14,942
Review of interim financial statements	3,202	2,614	5,816	5,228
Fee for audit of domestic branches	7,438	6,072	13,510	12,144
	19,792	16,157	35,949	32,314
Special certifications	1,391	1,136	2,527	2,272
	21,183	17,293	38,476	34,586
Other special certifications and sundry advisory services	77,209	4,662	81,871	20,739
Sales Tax	10,581	2,341	12,923	6,124
Out-of-pocket expenses	4,500	4,500	9,000	9,000
	113,473	28,796	142,269	70,449
Fee for audit of overseas branches including advisory services and out-of-pocket expenses	-	-	218,321	171,960
Fee for audit of subsidiaries including out-of-pocket expenses	-	-	5,176	3,606
	113,473	28,796	365,766	246,015

	2023	2022
--	------	------

Note ------(Rupees in '000)-----

33. OTHER CHARGES

Penalties imposed by State Bank of Pakistan	270,073	72,347
Penalties imposed by other regulatory bodies (Central Bank of international branches)	15,867	279
Penalties imposed by other regulatory bodies (Regulators of subsidiaries)	20	222
	285,960	72,848

34. PROVISIONS & WRITE OFFS - NET

Provisions for diminution in value of investments	10.3	1,437,301	4,376,278
Provisions against loans and advances	11.4	13,320,955	8,011,799
Provision against other assets	16.5.1	239,045	562,955
Provision against contingencies	22.1	384,838	165,423
		15,382,139	13,116,455

35. TAXATION

Current			
For the year	35.1	53,879,315	31,946,150
Prior years		(6,322,999)	3,828,030
		47,556,316	35,774,180
Deferred			
For the year		(5,651,977)	(3,126,041)
Prior years		8,073,227	-
		2,421,250	(3,126,041)
		49,977,566	32,648,139

35.1 Current taxation includes Rs. Nil (2022: Rs. Nil) of overseas branches.

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35.2 Relationship between tax expense and accounting profit

	2023	2022
	------(Rupees in '000)-----	
Accounting profit before tax	103,298,963	63,597,150
Income tax at statutory rate @ 39% (2022: 39%)	40,053,643	24,802,889
Super tax at statutory rate @ 10% (2022: 10%)	10,125,309	6,273,716
Increase / (decrease) in taxes resulting from:		
Inadmissible items	140,757	35,587
Prior year taxation	1,750,228	3,828,030
Impact of change in tax rate	(1,716,671)	(2,075,075)
Reduced rate on SME / Housing	-	(87,432)
Others	(375,700)	(129,575)
Tax charge for current and prior years	49,977,566	32,648,139

35.3 During the year, in relation to Section 99D of the Income Tax Ordinance, 2001, FBR has issued SRO to impose an additional windfall tax @ 40% on foreign exchange income of the banks for the accounting years 2021 and 2022. The Bank along with other banks has challenged the law and filed a petition in Sindh High Court. Based on strong grounds, stay order has also been issued to banks. However, the Bank has, as an abundant caution, recorded a prior year charge of Rs. 1,750 million in these consolidated financial statements. Similar cases have also been filed by other banks in Islamabad & Lahore High Courts wherein stay orders have been granted. The FBR has challenged the stay orders granted by Sindh, Islamabad and Lahore High Courts in Supreme Court of Pakistan.

	2023	2022
	------(Rupees in '000)-----	
36. BASIC EARNINGS PER SHARE		
Profit for the year (Rupees in 000's)	53,101,601	30,834,587
Weighted average number of ordinary shares (Number in 000's)	2,127,513	2,127,513
Basic earnings per share (Rupees)	24.96	14.49
37. DILUTED EARNINGS PER SHARE		
Profit for the year (Rupees in 000's)	53,101,601	30,834,587
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares) (Number in 000's)	2,127,513	2,127,513
Diluted earnings per share (Rupees)	24.96	14.49
38. CASH AND CASH EQUIVALENTS		
Cash and balance with treasury banks	7 295,455,482	230,226,311
Balance with other banks	8 43,004,567	19,623,124
Call / clean money lendings	9 9,723	9,723
Call borrowings	18 (19,434,142)	(25,810,145)
Overdrawn nostro accounts	18 (19,330,975)	-
	299,704,655	224,049,013

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

38.1 Reconciliation of movements of liabilities to cash flow used in financing activities:

	2023	
	Lease Obligations	Unclaimed Dividend
	------(Rupees in '000)-----	
Balance as at January 1, 2023	8,882,468	181,851
Changes from financing cashflows		
Payment of lease obligation / dividend	(3,566,480)	(7,142)
Total charges from financing activities	(3,566,480)	(7,142)
Other charges		
Renewed lease during the year	2,350,439	-
Interest unwinding	831,981	-
Foreign exchange gain	392,592	-
Total other charges	3,575,012	-
Balance as at December 31, 2023	8,891,000	174,709

	2022	
	Lease Obligations	Unclaimed Dividend
	------(Rupees in '000)-----	
Balance as at January 1, 2022	8,494,353	181,997
Changes from financing cashflows		
Payment of lease obligation / dividend	(2,680,093)	(146)
Total charges from financing activities	(2,680,093)	(146)
Other charges		
Renewed lease during the year	2,486,545	-
Increase in unclaimed dividend	872,775	-
Foreign exchange loss	(291,112)	-
Total other charges	3,068,208	-
Balance as at December 31, 2022	8,882,468	181,851

2023	2022
------(Numbers)-----	

39. STAFF STRENGTH

Permanent	10,020	10,580
On contract	5,673	5,380
Staff strength at the end of the year	15,693	15,960

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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- 39.1** In addition to the above, 1,722 (2022: 1,218) employees of outsourcing services companies were assigned to the Bank as at the end of the year to perform services other than guarding and janitorial services. Out of these, 1,708 employees are working domestically (2022: 1,211) and 14 (2022: 7) abroad respectively.

40. DEFINED BENEFIT PLAN

40.1 General description

General description of the type of defined benefit plan and accounting policy for remeasurements of the net defined liability / asset is disclosed in note 5.15 to the consolidated financial statements.

40.2 Number of Employees under the scheme

The number of employees covered under the following defined benefit schemes are:

	2023	2022
	----- (Numbers) -----	
Pension fund	9,542	10,018
Post retirement medical scheme	9,542	10,018
Benevolent scheme	9,542	10,018
Gratuity scheme	5,185	4,855
Compensated absences	9,542	10,018

40.3 Principal actuarial assumptions

The actuarial valuations were carried out as at December 31, 2023 using the following significant assumptions:

	2023	2022
	----- (Per annum) -----	
Discount rate	15.50%	14.50%
Expected rate of return on plan assets	15.50%	14.50%
Expected rate of salary increase	15.50%	14.50%
Expected rate of increase in pension	80% for next one year, 11% onwards	53% for next one year, 10% onwards
Expected rate of increase in medical benefit	15.50%	14.50%

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	2023						2022					
	Pension fund	Post retirement medical scheme	Benevolent scheme	Gratuity scheme	Compensated absences	Total	Pension fund	Post retirement medical scheme	Benevolent scheme	Gratuity scheme	Compensated absences	Total
	-(Rupees in '000)						-(Rupees in '000)					
	103,591,193	34,833,112	1,613,699	4,575,660	9,632,176	154,245,840	89,128,297	29,176,898	1,697,838	3,767,858	8,734,235	132,505,126
	(80,646,300)	-	-	-	-	(80,646,300)	(66,064,403)	-	-	-	-	(66,064,403)
	22,944,893	34,833,112	1,613,699	4,575,660	9,632,176	73,599,540	23,063,894	29,176,898	1,697,838	3,767,858	8,734,235	66,440,723
	-	-	-	399,837	-	399,837	-	-	-	332,759	-	332,759
	22,944,893	34,833,112	1,613,699	4,975,497	9,632,176	73,995,377	23,063,894	29,176,898	1,697,838	4,100,617	8,734,235	66,773,482
	89,128,297	29,176,898	1,697,838	3,767,858	8,734,235	132,505,126	79,608,695	24,516,717	1,778,825	3,168,258	9,952,554	119,025,049
	1,082,972	771,209	42,912	543,697	12,352	2,453,142	1,034,974	856,635	63,621	473,120	11,299	2,439,649
	28,590	14,663	503	136,889	613,761	794,406	1,119,100	441,385	-	-	-	1,560,485
	137,070	-	-	-	-	137,070	-	-	-	-	-	-
	158,428	34,152	332	-	19,326	212,238	240,914	52,731	328	-	31,837	325,810
	12,665,122	4,137,561	232,065	536,448	1,247,384	18,818,590	9,162,030	2,808,493	196,854	364,696	1,149,972	13,682,045
	(3,565,262)	(1,283,994)	(194,781)	(136,429)	(263,173)	(5,443,639)	(3,267,938)	(1,229,299)	(206,937)	(128,928)	(331,125)	(5,164,227)
	3,955,976	1,982,623	(165,170)	(272,803)	-	5,500,626	1,230,522	1,730,236	(134,853)	(109,288)	(2,080,302)	(2,080,302)
	103,591,193	34,833,112	1,613,699	4,575,660	9,632,176	154,245,840	89,128,297	29,176,898	1,697,838	3,767,858	8,734,235	132,505,126
	66,064,403	-	-	-	-	66,064,403	61,773,750	-	-	-	-	61,773,750
	9,552,737	-	-	-	-	9,552,737	7,247,610	-	-	-	-	7,247,610
	1,403,168	-	-	-	-	1,403,168	1,345,187	-	-	-	-	1,345,187
	(3,565,262)	-	-	-	-	(3,565,262)	(3,267,938)	-	-	-	-	(3,267,938)
	1,795,181	-	-	-	-	1,795,181	1,738,818	-	-	-	-	1,738,818
	5,396,073	-	-	-	-	5,396,073	(2,773,024)	-	-	-	-	(2,773,024)
	80,646,300	-	-	-	-	80,646,300	66,064,403	-	-	-	-	66,064,403
	23,063,894	29,176,898	1,697,838	3,767,858	8,734,235	66,440,723	17,834,945	24,516,717	1,778,825	3,168,258	9,952,554	57,251,299
	4,361,017	4,908,770	274,977	1,080,145	528,027	11,152,936	2,949,394	3,665,128	260,475	837,816	(919,031)	6,793,782
	-	14,663	503	136,889	613,761	765,816	1,119,100	441,385	-	-	-	1,560,485
	158,428	34,152	332	-	19,326	212,238	240,914	52,731	328	-	31,837	325,810
	(1,403,168)	-	-	-	-	(1,403,168)	(1,345,187)	-	-	-	-	(1,345,187)
	(1,440,097)	1,982,623	(165,170)	(272,803)	-	104,553	4,003,546	1,730,236	(134,853)	(109,288)	-	5,489,641
	(1,795,181)	(1,283,994)	(194,781)	(136,429)	(263,173)	(5,443,639)	(1,738,818)	(1,229,299)	(206,937)	(128,928)	(331,125)	(3,635,107)
	22,944,893	34,833,112	1,613,699	4,575,660	9,632,176	73,599,540	23,063,894	29,176,898	1,697,838	3,767,858	8,734,235	66,440,723
	1,082,972	771,209	42,912	543,697	12,352	2,453,142	1,034,974	856,635	63,621	473,120	11,299	2,439,649
	28,590	14,663	503	136,889	613,761	794,406	1,119,100	441,385	-	-	-	1,560,485
	137,070	-	-	-	-	137,070	-	-	-	-	-	-
	-	-	-	-	(731,709)	(731,709)	-	-	-	-	(2,080,302)	(2,080,302)
	3,112,385	4,137,561	232,065	536,448	1,247,384	9,265,843	1,914,420	2,808,493	196,854	364,696	1,149,972	6,434,435
	4,361,017	4,923,433	275,480	1,217,034	1,141,788	11,918,752	4,068,494	4,106,513	260,475	837,816	(919,031)	8,354,267
	6,789,410	1,411,977	(82,933)	(19,843)	-	8,098,611	4,049,273	1,259,637	(278,861)	45,522	-	5,075,471
	(2,833,434)	570,646	(82,237)	(252,960)	-	(2,597,985)	(2,818,751)	470,699	(144,008)	(154,810)	-	(2,358,854)
	(5,396,073)	-	-	-	-	(5,396,073)	2,773,024	-	-	-	-	2,773,024
	(1,440,097)	1,982,623	(165,170)	(272,803)	-	104,553	4,003,546	1,730,236	(134,853)	(109,288)	-	5,489,641

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

	2023	2022
	------(Rupees in '000)-----	
40.8 Components of plan assets - Pension fund		
Cash and cash equivalents - net	430,000	284,476
Government securities	63,789,305	53,824,866
Shares	7,509,967	5,565,760
Non-Government debt securities	100,000	100,000
Mutual funds	8,817,027	6,289,301
	80,646,299	66,064,403

40.8.1 The Funds primarily invests in government securities which do not carry any significant credit risk. These are subject to interest rate risk based on market movements. Investment in term finance certificates are subject to credit risk and interest rate risks, while equity securities are subject to price risk. These risks are regularly monitored by Administrators of the Pension fund.

40.9 Sensitivity analysis

The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarised as below:

	2023					
	Pension fund	Post retirement medical scheme	Benevolent scheme	Gratuity fund	Compensated absences	Total
	------(Rupees in '000)-----					
1% increase in discount rate	(9,103,581)	(3,717,246)	(77,359)	(467,512)	(618,856)	(13,984,554)
1% decrease in discount rate	10,830,235	4,539,943	85,479	542,519	699,037	16,697,213
1 % increase in expected rate of salary increase	3,739,334	1,112,624	2,138	559,557	736,133	6,149,786
1 % decrease in expected rate of salary increase	(3,400,875)	(1,008,614)	(2,385)	(489,081)	(661,895)	(5,562,849)
1% increase in expected rate of pension increase	7,240,026	1,558,832	-	-	-	8,798,858
1% decrease in expected rate of pension increase	(6,280,959)	(1,356,049)	-	-	-	(7,637,008)
1% increase in expected rate of medical benefit increase	-	1,648,940	-	-	-	1,648,940
1% decrease in expected rate of medical benefit increase	-	(1,401,261)	-	-	-	(1,401,261)
40.10 Expected contributions to be paid to the fund in the next financial year						1,682,347
40.11 Expected charge for the next financial year						13,774,701

40.12 Maturity profile

The weighted average duration of the obligation

	Years
Pension fund	9.50
Post retirement medical scheme	11.85
Benevolent scheme	5.05
Gratuity scheme	11.04
Compensated absences	6.84

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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40.13 Funding Policy

Pension Fund - Bank's current assets and its percentage is given below.

Current Assets	Amount (Rupees in '000)	Percentage
Cash and cash equivalents - net	430,000	0.5%
Government Securities	63,789,305	79.1%
Shares	7,509,967	9.3%
Non-Government Debt Securities	100,000	0.1%
PLS - Term Deposit Receipts	-	0.0%
Mutual Funds	8,817,027	10.9%
	80,646,299	100.0%

Bank will continue to invest with the same percentage in the asset categories mentioned but increase the assets gradually so that there is no deficit in the pension fund.

40.14 The significant risks associated with the staff retirement benefit schemes are as follows:

Asset volatility	The risk arises when the future earnings are lower than expectation. This risk is measured at a plan level over the obligation period of the current population. The company assets are either invested in fixed securities or cash.
Changes in bond yields	The risk arises when the actual return on plan assets is lower than expectation.
Inflation risk	The most common type of retirement benefit is one where the benefit is linked with last drawn salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.
Life expectancy / Withdrawal rate	The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population. The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.
Investment Risk	The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.

41. DEFINED CONTRIBUTION PLAN

Provident Fund

The NBP employees Provident Fund was created under National Bank of Pakistan Employees Provident Fund Rules on April 01, 1950 under the Provident Fund Act, 1925. The Rules have been superseded by revised NBP Employees' Provident Fund Rules which came into force on January 01, 1958.

As per rules, the Officers, Executives and Clerical and Non Clerical staff in regular cadre make monthly contribution of 10% and 12.5% of their basic salary respectively towards the fund and the bank has to pay interest on balances of member's provident fund half yearly.

This scheme covers 9,313 employees (2022: 9,737 employees).

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

42. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

42.1 Total Compensation Expense

Items	2023					
	Directors		Members Shariah Board	President / CEO (note 42.1.1)	Key Management Personnel	Other Material Risk Takers / Controllers
	Chairman	Non- Executives				
----- (Rupees in '000) -----						
Fees and Allowances etc.	11,786	76,446	11,370	-	-	-
Managerial Remuneration	-	-	-	-	-	-
i) Fixed	-	-	1,972	9,405	193,791	1,173,963
ii) Total Variable	-	-	-	-	-	-
of which	-	-	-	-	-	-
a) Cash Bonus / Awards	-	-	809	-	156,328	583,571
Charge for defined benefit plan	-	-	594	6,915	68,901	505,291
Rent & house maintenance	-	-	1,085	6,001	106,585	548,915
Utilities	-	-	394	2,182	38,697	192,204
Medical	-	-	325	1,800	32,471	212,105
Conveyance	-	-	444	1,501	37,840	284,696
Others *	-	-	130	35,136	14,090	223,445
Total	11,786	76,446	17,123	62,940	648,703	3,724,189
Number of Persons	1	**6	5	1	29	293

- 42.1.1** This represents amount of compensation paid to President in the capacity of Acting President uptill August 6, 2023 as per entitlement of SEVP / Group Chief and also included payment of Gratuity as end service benefit (Rs. 33.416 million included in Others). Upon receipt of Federal Government Notification # F.1 (9) BKG-III/2022-1119 dated August 7, 2023, of his appointment as President / CEO of the Bank, the payment of salary as per entitlement of SEVP / Group Chief was discontinued and Board of Directors in its 352nd meeting dated September 20, 2023, approved adjustable monthly advance equivalent to the salary and benefits of former President till approval of his compensation package from the shareholders and an amount of Rs. 22.963 million has been paid from August 07, 2023 till December 31, 2023 to the President which will be adjusted from his salary on approval.

* The President and certain executives are also provided with free use of Bank's cars, household equipment, mobile phones and free membership of clubs.

** Mr. Asif Jooma retired on March 08, 2023.

- 42.1.2** The total amount of deferred bonus as at December 31, 2023 for the Key Management Personnel and other Material Risk Takers (MRT) / Material Risk Controllers (MRC) is Rs. 233.6 million (2022: Rs. 149.7 million). The deferred bonus is held in a trust fund.

Performance bonus is accounted for on payment basis

Items	2022					
	Directors		Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers
	Chairman	Non- Executives				
----- (Rupees in '000) -----						
Fees and Allowances etc.	2,705	23,067	11,370	-	-	-
Managerial Remuneration						
i) Fixed	-	-	1,793	28,756	231,791	744,615
ii) Total Variable						
of which						
a) Cash Bonus / Awards	-	-	727	-	156,019	388,106
Charge for defined benefit plan	-	-	450	6,945	40,039	224,986
Rent & house maintenance	-	-	986	5,038	106,721	367,150
Utilities	-	-	305	1,557	32,986	106,573
Medical	-	-	224	1,145	25,334	112,302
Conveyance	-	-	408	-	29,957	146,485
Others	-	-	105	31,151	16,351	141,917
Total	2,705	23,067	16,368	74,592	639,198	2,232,134
Number of Persons	1	6	5	2	23	185

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For the year ended December 31, 2023

42.2 Remuneration paid to Directors for participation in Board and Committee Meetings

2023									
SNo.	Name of Director	Meeting Fees and Allowances Paid							
		For Board Meetings	For Board Committees						
			Board Audit Committee	Board Risk & Compliance Committee **	Board HR & Remuneration Committee	Board Technology & Digitalization Committee	Board Inclusive Development Committee	Allowances *	Total Amount Paid
(Rupees. in '000)									
1	Mr. Ashraf Mahmood Wathra	6,720	-	-	3,840	-	960	266	11,786
2	Mr. Farid Malik	3,950	2,950	150	3,000	1,350	-	2,171	13,571
3	Mr. Ahsan Ali Chughtai	4,750	3,900	7,000	300	-	-	579	16,529
4	Mr. Amjad Mahmood	4,200	3,750	1,200	-	1,750	550	105	11,555
5	Mr. Ali Syed	4,600	3,750	3,750	2,700	1,600	-	-	16,400
6	Mr. Nasim Ahmad	4,450	3,600	4,000	-	150	550	4,291	17,041
7	Mr. Asif Jooma***	600	300	150	300	-	-	-	1,350
Total Amount Paid		29,270	18,250	16,250	10,140	4,850	2,060	7,412	88,232

* Allowances include accommodation and travel expenses.

** Amount includes NBP - NY Governance Council (Sub-Committee of BRCC).

*** Retired on March 08, 2023

2022									
S.No.	Name of Director	Meeting Fees and Allowances Paid							
		For Board Meetings	For Board Committees						
			Board Audit Committee	Board Risk & Compliance Committee	Board HR & Remuneration Committee	Board Technology & Digitalization Committee	Board Inclusive Development Committee	Allowances**	Total Amount Paid
(Rupees in '000)									
1	Mr. Zubyr Soomro *	900	-	-	150	-	300	1,355	2,705
2	Mr. Farid Malik	2,250	750	450	750	600	300	1,158	6,258
3	Mr. Tawfiq Asghar Hussain *	900	450	600	-	-	-	-	1,950
4	Mr. Imam Bukhsh Baloch *	900	450	450	-	-	-	47	1,847
5	Ms. Sadaffe Abid *	900	-	-	-	150	450	292	1,792
6	Mr. Asif Jooma	2,250	1,200	450	750	-	600	-	5,250
7	Mr. Ahsan Ali Chughtai	2,250	750	900	600	450	450	570	5,970
Total Amount Paid		10,350	3,600	2,850	2,250	1,200	2,100	3,422	25,772

* Retired on April 16, 2022

** Allowances include accommodation and travel expenses.

*** Amount includes NBP - NY Governance Council (Sub-Committee of BRCC).

42.3 Remuneration paid to Shariah Board Members

Items	2023				2022			
	Chairman	Resident Member	Non-Resident Member(s)	Total	Chairman	Resident Member	Non-Resident Member(s)	Total
(Rupees in '000)								
Retainer Fee & Fixed Remuneration	4,050	5,753	7,320	17,123	4,050	4,998	7,320	16,368
Total Amount Paid	4,050	5,753	7,320	17,123	4,050	4,998	7,320	16,368
Total Number of Persons	1	1	3	5	1	1	3	5

The above information does not include particulars of subsidiaries.

43. FAIR VALUE MEASUREMENTS

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

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

43.1 Fair value of financial assets

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

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

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

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

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

	2023			
	Carrying Value	Level 1	Level 2	Level 3
----- (Rupees in '000) -----				
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities				
Market Treasury Bills	980,162,978	-	980,162,978	-
Pakistan Investment Bonds	2,915,714,573	-	2,915,714,573	-
Ijarah Sukuks	35,128,974	-	35,128,974	-
Foreign currency debt securities	30,733,308	-	30,733,308	-
Ordinary Shares				
Listed Companies	62,430,593	62,430,593	-	-
Preference Shares				
Listed	1,043,797	1,043,797	-	-
Non-Government Debt Securities				
Term Finance Certificates / Musharaka / Bonds / Debentures and Sukuk Bonds	47,649,851	13,790,776	33,859,075	-
Investments in mutual funds	4,885,134	-	4,885,134	-
Foreign Securities				
Foreign Government debt securities	6,090,437	-	6,090,437	-
Equity securities - Listed	42,634,845	42,634,845	-	-
	4,126,474,490	119,900,011	4,006,574,479	-
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities				
Market Treasury Bills	161,108	-	161,108	-
Pakistan Investment Bonds	213,116,482	-	193,881,462	-
Ijarah Sukuks	14,087,500	-	12,419,631	-
Foreign currency debt securities	4,288,988	-	4,243,611	-
Foreign Securities				
Foreign Government debt securities	41,295,981	-	41,295,981	-
Non-Government Debt Securities	1,083	-	1,083	-
	272,951,142	-	252,002,875	-
	4,399,425,632	119,900,011	4,258,577,354	-
Off-balance sheet financial instruments - measured at fair value				
Foreign exchange contracts purchase and sale	655,935,358	-	(6,676,880)	-
Forward government securities transactions	27,318,929	-	3,357	-

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	2022				
	Carrying Value	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					
Market Treasury Bills	848,869,986	-	848,869,986	-	848,869,986
Pakistan Investment Bonds	2,005,678,970	-	2,005,678,970	-	2,005,678,970
Ijarah Sukuks	20,178,649	-	20,178,649	-	20,178,649
Foreign currency debt securities	14,422,839	-	14,422,839	-	14,422,839
Ordinary Shares					
Listed Companies	36,671,325	36,671,325	-	-	36,671,325
Preference shares					
Listed	1,370,477	1,370,477	-	-	1,370,477
Non-Government Debt Securities					
Term Finance Certificates /					
Musharaka / Bonds / Debentures and					
Sukuk Bonds	47,204,154	15,167,771	32,036,383	-	47,204,154
Investments in mutual funds	3,733,376	-	3,733,376	-	3,733,376
Foreign Securities					
Foreign Government Securities	3,655,766	-	3,655,766	-	3,655,766
Equity securities - Listed	34,844,245	34,844,245	-	-	34,844,245
	3,016,629,787	88,053,818	2,928,575,969	-	3,016,629,787
Financial assets - disclosed but not measured at fair value					
Investments					
Federal Government Securities					
Market Treasury Bills	29,519,190	-	29,279,989	-	29,279,989
Pakistan Investment Bonds	375,285,244	-	355,279,617	-	355,279,617
Ijarah Sukuks	13,130,709	-	12,383,300	-	12,383,300
Foreign currency debt securities	2,992,408	-	1,665,559	-	1,665,559
Foreign Securities					
	-	-	-	-	-
Foreign Government Securities	36,096,507	-	37,327,167	-	37,327,167
Non-Government Debt Securities	871	-	871	-	871
	457,024,929	-	435,936,503	-	435,936,503
	3,473,654,716	88,053,818	3,364,512,472	-	3,452,566,290
Off-balance sheet financial instruments - measured at fair value					
Foreign exchange contracts purchase and sale	570,881,591	-	(125,371)	-	(125,371)
Forward government securities transactions	54,568,834	-	(14,626)	-	(14,626)

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

Item	Valuation approach and input used
Federal Government securities	The fair value of Federal Government securities is determined using the prices / rates available on Mutual Funds Association of Pakistan (MUFAP) / Reuter page.
Non-Government debt securities	The fair value of non-government debt securities is determined using the prices / rates from MUFAP / Pakistan Stock Exchange.
Mutual Fund units	The fair values of investments in mutual fund units are determined based on their net asset values as published on MUFAP.
Ordinary Shares	The fair value of Ordinary shares is determined using the prices from Pakistan Stock Exchange.
Foreign Securities	The fair value of foreign securities is determined using the prices from Reuter page.
Forward foreign exchange contracts and Forward Government securities transactions	The fair values of forward foreign exchange contracts and forward Government securities transactions are determined using forward pricing calculations.
Fixed assets and non-banking assets acquired in satisfaction of claims	Land, buildings and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty. Accordingly, a qualitative disclosure of sensitivity has not been presented in these consolidated financial statements.

43.2 Fair value of non-financial assets

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

2023				
Carrying Value	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
Land & building (fixed assets)	51,992,069	-	-	51,992,069
Non-banking assets acquired in satisfaction of claims	3,973,126	-	-	3,973,126
	55,965,195	-	-	55,965,195
2022				
Carrying Value	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
Land & building (fixed assets)	52,425,375	-	-	52,425,375
Non-banking assets acquired in satisfaction of claims	3,699,943	-	-	3,699,943
	56,125,318	-	-	56,125,318

43.3 Certain categories of fixed assets (land and buildings) and non-banking assets acquired in satisfactions of claims are carried at revalued amounts (level 3 measurement) determined by professional valuers based on their assessment of the market values.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

44. SEGMENT INFORMATION

44.1 Segment Details with respect to Business Activities

2023

	Retail Banking Group	Inclusive Development Group	Corporate and Investment Banking Group	Treasury	International, Financial Institution and Remittance Group	Alteamaad and Islamic Banking Group	Head Office / Others	Sub total	Eliminations	Total
----- (Rupees in '000) -----										
Profit and loss account										
Net mark-up / return / profit	(288,653,905)	44,446,578	30,024,021	372,043,914	676,660	11,604,875	(787,871)	169,354,272	-	169,354,272
Inter segment revenue - net	426,952,717	(44,570,637)	(14,722,482)	(394,040,795)	-	(3,783,783)	30,164,980	-	-	-
Non mark-up / return / interest income	16,879,805	469,040	5,475,249	14,827,098	949,566	379,522	5,792,721	44,772,001	-	44,772,001
Total Income	155,178,617	344,981	20,776,788	(7,169,783)	1,625,226	8,200,614	35,169,830	214,126,273	-	214,126,273
Segment direct expenses	36,682,759	3,763,540	1,353,645	489,431	10,080,124	3,497,535	2,268,320	58,135,354	-	58,135,354
Inter segment expense allocation	-	-	-	-	-	-	37,309,817	37,309,817	-	37,309,817
Total expenses	36,682,759	3,763,540	1,353,645	489,431	10,080,124	3,497,535	39,578,137	95,445,171	-	95,445,171
Provisions charge / (reversal)	(392,545)	1,421,129	13,619,854	1,778,752	(682,121)	1,173,602	(1,536,532)	15,382,139	-	15,382,139
Profit / (loss) before tax	118,888,403	(4,839,688)	5,803,289	(9,437,966)	(7,772,777)	3,529,477	(2,871,775)	103,296,963	-	103,298,963
Statement of financial position										
Cash and bank balances	24,530,869	2,327,011	309,620	253,026,662	45,582,613	10,291,381	2,391,893	338,460,049	-	338,460,049
Investments	-	-	29,881,757	4,238,437,789	79,712,923	51,544,718	14,597,118	4,414,174,305	-	4,414,174,305
Net inter segment lending	2,848,709,058	-	-	-	-	-	305,771,087	3,154,480,145	(3,154,480,145)	-
Lendings to financial institutions	-	-	-	192,430,437	-	-	-	192,430,437	-	192,430,437
Advances - performing	236,148,640	263,088,116	719,624,952	-	69,139,462	73,125,444	49,658,269	1,410,784,883	-	1,410,784,883
Advances - non-performing	4,151,922	24,855,686	24,997,940	-	64,791,844	1,550,350	100,772,695	221,120,437	-	221,120,437
Provision against Advances	(8,543,697)	(21,077,228)	(34,670,159)	-	(62,606,767)	(1,550,875)	(105,383,925)	(233,832,651)	-	(233,832,651)
Advances - net	231,756,865	266,866,574	709,952,733	-	71,324,539	73,124,919	45,047,039	1,398,072,669	-	1,398,072,669
Others	45,196,987	4,100,249	37,794,142	117,135,121	8,304,683	5,155,676	108,049,708	325,736,565	-	325,736,565
Total Assets	3,150,193,779	273,293,834	777,938,252	4,801,030,009	204,924,758	140,116,694	475,856,845	9,823,354,170	(3,154,480,145)	6,668,874,025
Borrowings	-	5,171,334	69,017,574	2,085,073,081	18,164,142	-	317,063	2,177,743,194	-	2,177,743,194
Deposits & other accounts	2,948,491,330	-	510,139,226	-	99,315,779	113,801,806	1,361,773	3,673,109,914	-	3,673,109,914
Net inter segment borrowing	-	249,921,195	169,394,087	2,620,973,252	90,971,376	23,220,235	-	3,154,480,145	(3,154,480,145)	-
Others	201,702,449	18,201,305	29,358,656	51,337,805	6,639,026	3,494,872	109,872,765	420,606,878	-	420,606,878
Total liabilities	3,150,193,779	273,293,834	777,909,543	4,757,384,138	215,090,323	140,516,913	111,551,601	9,425,940,131	(3,154,480,145)	6,271,459,986
Equity	-	-	28,709	43,645,871	(10,165,565)	(400,219)	364,305,244	397,414,040	-	397,414,039
Total Equity & liabilities	3,150,193,779	273,293,834	777,938,252	4,801,030,009	204,924,758	140,116,694	475,856,845	9,823,354,170	(3,154,480,145)	6,668,874,025
Contingencies & Commitments	-	90,350,773	1,864,882,509	727,686,842	25,102,178	-	27,778,266	2,735,800,566	-	2,735,800,568

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

2022										
	Retail Banking Group	Inclusive Development Group	Corporate and Investment Banking Group	Treasury	International, Financial Institution and Remittance Group	Alteamaad and Islamic Banking Group	Head Office / Others	Sub total	Eliminations	Total
----- (Rupees in '000) -----										
Profit and loss account										
Net mark-up / return / profit	(162,183,572)	25,161,999	36,956,951	205,604,613	4,645,932	7,046,951	(131,207)	117,101,667	-	117,101,667
Inter segment revenue - net	242,679,059	(25,749,912)	(32,666,816)	(206,725,877)	-	(1,932,090)	24,395,636	-	-	-
Non mark-up / return / interest income	16,238,007	491,382	4,513,056	11,563,167	1,816,805	475,181	4,175,473	39,273,071	-	39,273,070
Total Income	96,733,494	(96,531)	8,803,191	10,441,903	6,462,737	5,590,042	28,439,902	156,374,738	-	156,374,737
Segment direct expenses	34,945,405	3,410,975	1,234,244	355,659	7,675,997	3,105,252	1,895,026	52,622,558	-	52,622,558
Inter segment expense allocation	-	-	-	-	-	-	27,038,574	27,038,574	-	27,038,574
Total expenses	34,945,405	3,410,975	1,234,244	355,659	7,675,997	3,105,252	28,933,600	79,661,132	-	79,661,132
Provisions charge / (reversal)	39,252	1,823,824	5,642,750	4,066,055	153,204	187,806	1,203,566	13,116,457	-	13,116,455
Profit / (loss) before tax	61,748,837	(5,331,330)	1,926,197	6,020,189	(1,366,464)	2,296,984	(1,697,264)	63,597,149	-	63,597,150
Statement of financial position										
Cash and bank balances	75,111,055	8,471,928	272,335	116,207,653	41,420,355	6,110,320	2,255,789	249,849,435	-	249,849,435
Investments	-	-	26,566,790	3,338,860,011	55,396,579	53,920,119	8,192,348	3,482,935,847	-	3,482,935,847
Net inter segment lending	1,913,764,601	-	-	-	-	-	161,978,230	2,075,742,831	(2,075,742,831)	-
Lendings to financial institutions	-	-	-	31,272,467	-	-	-	31,272,467	-	31,272,467
Advances - performing	221,901,091	236,174,990	608,412,187	-	68,916,285	46,381,315	51,521,899	1,233,307,767	-	1,233,307,767
Advances - non-performing	4,107,960	21,853,219	23,902,314	-	53,726,670	654,979	101,479,495	205,724,637	-	205,724,637
Provision against advances	(8,972,018)	(19,791,641)	(23,100,394)	-	(52,356,953)	(655,299)	(103,486,991)	(208,363,286)	-	(208,363,286)
Advances - net	217,037,033	238,236,568	609,214,117	-	70,286,002	46,380,995	49,514,403	1,230,669,118	-	1,230,669,118
Others	31,988,215	3,619,414	41,795,925	381,562	6,402,399	2,842,469	170,009,042	257,039,026	-	257,039,027
Total Assets	2,237,900,904	250,327,910	677,849,167	3,486,721,693	173,505,335	109,253,903	391,949,812	7,327,508,724	(2,075,742,831)	5,251,765,894
Borrowings	-	6,032,537	78,172,283	1,839,417,048	16,636,856	-	227,063	1,940,485,787	-	1,940,485,787
Deposits & other accounts	2,088,472,344	-	406,454,898	-	75,916,594	93,591,714	837,707	2,665,273,257	-	2,665,273,257
Net inter segment borrowing	-	227,691,242	157,769,526	1,581,730,692	96,687,516	11,863,855	-	2,075,742,831	(2,075,742,831)	-
Others	149,428,560	16,604,131	35,169,167	44,395,276	2,896,990	3,373,893	83,838,601	335,706,618	-	335,706,618
Total liabilities	2,237,900,904	250,327,910	677,565,874	3,465,543,016	192,137,956	108,829,462	84,903,371	7,017,208,493	(2,075,742,831)	4,941,465,662
Equity	-	-	283,293	21,178,677	(18,632,621)	424,441	307,046,441	310,300,231	-	310,300,232
Total Equity & liabilities	2,237,900,904	250,327,910	677,849,167	3,486,721,693	173,505,335	109,253,903	391,949,812	7,327,508,724	(2,075,742,831)	5,251,765,894
Contingencies & Commitments	-	183,082,396	1,907,266,393	625,450,425	28,425,093	-	33,241,950	2,777,466,247	-	2,777,466,247

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

44.2 Segment details with respect to geographical locations

2023

	Pakistan	Asia Pacific (including South Asia)	Europe	United States of America	Middle East	Total
(Rupees in '000)						
Profit and loss account						
Net mark-up / return/profit	168,309,375	(1,990,221)	130,022	1,066,688	1,849,409	169,354,272
Inter segment revenue - net	-	-	-	-	-	-
Non mark-up / return / interest income	43,797,918	256,393	353,114	200,284	164,291	44,772,001
Total Income	212,107,293	(1,733,828)	483,136	1,266,972	2,013,701	214,126,273
Segment direct expenses	47,926,841	2,655,212	1,409,334	4,394,781	1,749,187	58,135,354
Inter segment expense allocation	37,309,817	-	-	-	-	37,309,817
Total expenses	85,236,658	2,655,212	1,409,334	4,394,781	1,749,187	95,445,171
Provisions	16,041,077	(155,051)	539	-	(534,210)	15,382,139
Profit / (loss) before tax	110,829,558	(4,233,988)	(926,737)	(3,127,809)	798,724	103,298,963
Statement of financial position						
Cash and bank balances	292,868,965	24,745,433	10,517,717	8,252,155	2,075,780	338,460,049
Investments	4,331,764,495	46,695,908	-	5,301,910	30,411,991	4,414,174,305
Net inter segment lendings	90,971,180	-	-	-	-	90,971,180
Lendings to financial institutions	192,430,437	-	-	-	-	192,430,437
Advances - performing	1,341,645,420	43,244,999	3	32	25,894,427	1,410,784,883
Advances - non-performing	156,074,810	53,255,763	2,045,768	-	9,744,095	221,120,437
Provision against advances	(171,187,530)	(52,900,243)	(2,045,768)	(15,437)	(7,683,673)	(233,832,651)
Advances - net	1,326,532,700	43,600,519	3	(15,405)	27,954,849	1,398,072,669
Others	317,387,873	4,758,849	130,708	1,726,463	1,732,671	325,736,565
Total Assets	6,551,955,650	119,800,709	10,648,428	15,265,123	62,175,291	6,759,845,205
Borrowings	2,159,579,052	8,299,024	-	-	9,865,119	2,177,743,194
Deposits & other accounts	3,573,794,135	46,442,386	4,705,117	7,801,287	40,366,989	3,673,109,914
Net inter segment borrowing	-	64,906,375	5,733,904	6,298,941	14,031,960	90,971,180
Others	413,887,822	1,445,240	209,408	1,821,640	3,120,382	419,764,310
Total liabilities	6,147,261,010	121,093,026	10,648,429	15,921,868	67,384,450	6,361,588,598
Equity	404,572,255	(1,292,319)	-	(656,741)	(5,209,158)	397,414,039
Total Equity & liabilities	6,551,955,650	119,800,709	10,648,428	15,265,123	62,175,291	6,759,845,205
Contingencies & Commitments	2,710,698,390	12,116,117	808,936	430,155	11,746,970	2,735,800,568

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

	2022					
	Pakistan	Asia Pacific (including South Asia)	Europe	United States of America	Middle East	Total
------(Rupees in '000)-----						
Profit and loss account						
Net mark-up/return/profit	112,263,338	1,866,603	44,424	508,358	2,418,944	117,101,667
Inter segment revenue - net	-	-	-	-	-	-
Non mark-up / return / interest income	37,455,935	763,885	281,607	322,301	449,343	39,273,070
Total Income	149,719,273	2,630,488	326,031	830,659	2,868,287	156,374,737
Segment direct expenses	44,828,438	2,038,821	1,083,965	3,420,453	1,250,882	52,622,559
Inter segment expense allocation	27,038,573	-	-	-	-	27,038,573
Total expenses	71,867,011	2,038,821	1,083,965	3,420,453	1,250,882	79,661,132
Provisions	12,977,499	(143,602)	(306)	2,564	280,300	13,116,455
Profit / (loss) before tax	64,874,763	735,269	(757,628)	(2,592,358)	1,337,105	63,597,150
Statement of financial position						
Cash and bank balances	208,424,475	16,781,559	12,524,181	9,444,994	2,674,226	249,849,435
Investments	3,425,767,455	37,691,741	-	2,759,589	16,717,062	3,482,935,847
Net inter segment lendings	96,707,768	-	-	-	-	96,707,768
Lendings to financial institutions	31,272,467	-	-	-	-	31,272,467
Advances - performing	1,194,733,223	5,207,650	420	561,473	32,805,001	1,233,307,767
Advances - non-performing	121,333,135	74,961,917	1,584,372	-	7,845,213	205,724,637
Provision against advances	(155,930,253)	(44,257,482)	(1,584,372)	(12,401)	(6,578,778)	(208,363,286)
Advances - net	1,160,136,105	35,912,085	420	549,072	34,071,436	1,230,669,118
Others	250,490,178	3,964,364	178,130	251,226	2,155,129	257,039,027
Total Assets	5,172,798,448	94,349,749	12,702,731	13,004,881	55,617,853	5,348,473,662
Borrowings	1,923,848,931	1,928,779	-	-	14,708,077	1,940,485,787
Deposits & other accounts	2,589,356,663	35,927,275	7,941,305	5,574,521	26,473,493	2,665,273,257
Net inter segment borrowing	-	59,264,940	4,503,017	8,442,184	24,497,627	96,707,768
Others	332,799,850	974,569	258,409	667,328	1,006,462	335,706,618
Total liabilities	4,846,005,444	98,095,563	12,702,731	14,684,033	66,685,659	5,038,173,430
Equity	326,793,004	(3,745,815)	-	(1,679,152)	(11,067,804)	310,300,232
Total Equity & liabilities	5,172,798,448	94,349,749	12,702,731	13,004,881	55,617,853	5,348,473,662
Contingencies & Commitments	2,749,041,154	9,797,537	1,803,538	6,737,008	10,087,010	2,777,466,247

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

45. TRUST ACTIVITIES

45.1 Endowment Fund

Students Loan Scheme was launched by Government of Pakistan in collaboration with major commercial banks with a view to extend financial help by way of mark-up free loan to the meritorious students without sufficient resources for pursuing scientific technical and professional education within Pakistan.

The Scheme is being administered by a high powered committee headed by the Deputy Governor, State Bank of Pakistan and the Presidents of NBP, HBL, UBL, MCB, ABL and the Deputy Secretary, Ministry of Finance as member and Senior Director of IH&SME Finance Department (Infrastructure, Housing & SME Finance Department) as a secretary of the Committee. The State Bank of Pakistan has assigned National Bank of Pakistan to operate the scheme.

The Committee in its meeting held on August 7, 2001 approved creation of Endowment Fund initially at an amount of Rs. 500 million, Rs. 396 million were transferred from the old Qarz-e-Hasna (Defunct) Fund, Rs. 50 million contributed by the Government of Pakistan and Rs. 54 million were contributed by participating banks (HBL, NBP and UBL 25% each, MCB 17.5% and ABL 7.5%).

The amount of the Endowment Funds in investments stands at Rs. 936.8 million as at December 31, 2023 (2022: Rs. 875.2 million).

45.2 The Bank undertakes Trustee and other fiduciary activities that result in the holding or placing of assets on behalf of individuals and other organisations. These are not assets of the Bank and, therefore, are not included as such in these consolidated financial statements. Assets held under trust are shown in the table below:

As at December 31, 2023					
Category	No. of IPS Accounts	Securities Held (Face Value)			Total
		Market Treasury Bills	Pakistan Investment Bonds	Government Ijarah Sukuks	
------(Rupees in '000)-----					
Assets Management companies	48	-	-	-	-
Charitable institutions	6	-	-	-	-
Companies	42	203,783,170	59,782,300	24,417,400	287,982,870
Employee Funds	47	55,528,855	429,482,600	-	485,011,455
Individuals	2,317	3,008,590	63,200	-	3,071,790
Insurance Companies	8	49,300,000	172,939,300	-	222,239,300
Others	97	164,055,135	544,853,930	-	708,909,065
Total	2,565	475,675,750	1,207,121,330	24,417,400	1,707,214,480

As at December 31, 2022					
Category	No. of IPS Accounts	Securities Held (Face Value)			Total
		Market Treasury Bills	Pakistan Investment Bonds	Government Ijarah Sukuks	
------(Rupees in '000)-----					
Assets Management companies	48	-	-	-	-
Charitable institutions	6	-	-	-	-
Companies	33	111,150,080	53,771,500	27,417,400	192,338,980
Employee Funds	42	76,006,000	67,408,800	-	143,414,800
Individuals	1,680	723,040	63,000	-	786,040
Insurance Companies	8	28,850,000	160,826,800	-	189,676,800
Others	79	198,320,900	672,294,130	-	870,615,030
Total	1,896	415,050,020	954,364,230	27,417,400	1,396,831,650

46. RELATED PARTY TRANSACTIONS

The Group has related party transactions with its associates, joint ventures, employee benefit plans and its directors and Key Management Personnel. The details of investments in joint venture and associated undertakings and their provisions are stated in note 10 of the financial statements of the Group.

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

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

2023																			2022																		
Directors		Key management personnel	Associates	Joint venture	Pension Fund (Current)	Pension Fund (Fixed Deposit)	Pension Fund (N.I.D.A A/c)	Provident Fund	Other related parties	Directors	Key management personnel	Associates	Joint venture	Pension Fund (Current)	Pension Fund (Fixed Deposit)	Pension Fund (N.I.D.A A/c)	Provident Fund	Other related parties																			
Balances with other banks																			(Rupees in '000)																		
In current accounts		-	-	425,938	-	-	-	-	-	-	-	-	-	395,137	-	-	-	-																			
		-	-	425,938	-	-	-	-	-	-	-	-	-	395,137	-	-	-	-																			
Investments																																					
Opening balance		-	-	-	-	-	-	-	6,512,634	-	-	-	-	-	-	-	-	4,465,809																			
Investment made during the year		-	-	-	-	-	-	-	100	-	-	-	-	-	-	-	-	2,046,825																			
Investment redeemed / disposed off during the year		-	-	-	-	-	-	-	(441,021)	-	-	-	-	-	-	-	-	-																			
Transfer in / (out) - net		-	-	-	-	-	-	-	(1,150,536)	-	-	-	-	-	-	-	-	-																			
Closing balance		-	-	-	-	-	-	-	4,921,177	-	-	-	-	-	-	-	-	6,512,634																			
Provision for diminution in value of investments		-	-	-	-	-	-	-	164,975	-	-	-	-	-	-	-	-	461,354																			
Advances																																					
Opening balance		-	339,734	2,665,220	-	-	-	-	2,085,795	-	-	347,592	2,934,162	-	-	-	-	641,482																			
Addition during the year		-	24,777	-	-	-	-	-	-	-	86,147	-	-	-	-	-	-	2,229,175																			
Repaid during the year		-	(58,217)	(124,767)	-	-	-	-	(520,649)	-	(52,240)	(268,942)	-	-	-	-	-	(1,435,378)																			
*Transfer in / (out) - net		-	(40,506)	-	-	-	-	-	(1,565,146)	-	(41,765)	-	-	-	-	-	-	650,516																			
Closing balance		-	265,788	2,540,453	-	-	-	-	-	-	339,734	2,665,220	-	-	-	-	-	2,085,795																			
Provision held against advances		-	-	2,540,453	-	-	-	-	-	-	-	2,665,220	-	-	-	-	-	-																			
Other Assets																																					
Interest / mark-up accrued		-	-	1,313,344	-	-	-	-	-	-	-	1,717,167	-	-	-	-	-	-																			
Commission paid in advance		-	-	-	35,846	-	-	-	-	-	-	-	-	-	-	-	-	-																			
		-	-	1,313,344	35,846	-	-	-	-	-	-	1,717,167	-	-	-	-	-	-																			
Borrowings																																					
Opening balance		-	-	52,245	-	-	-	-	-	-	-	-	-	-	-	-	-	-																			
Borrowings during the year		-	-	493,964	-	-	-	-	-	-	-	-	-	-	-	-	-	-																			
Settled during the year		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-																			
Closing balance		-	-	546,209	-	-	-	-	-	-	-	-	-	-	-	-	-	-																			
Deposits and other accounts																																					
Opening balance		-	98,488	3,000	-	27,222	-	257,252	13,263,170	515,559	1,760	131,454	-	-	86,264	10,100,000	46,769	12,854,755																			
Received during the year		11,733	991,165	145,790	-	62,751,350	-	3,883,069	5,369,545	123,529,442	-	885,658	3,000	-	41,951,279	-	8,370,003	5,025,151																			
Withdrawn during the year		(8,103)	(996,174)	(3,000)	(1,450)	(62,778,472)	-	(3,761,343)	(5,069,628)	(118,318,327)	(14)	(894,821)	-	-	(42,010,321)	(10,100,000)	(8,159,520)	(4,616,736)																			
* Transfer in (out) - net		-	(20,678)	-	1,821	-	-	-	-	3,516,458	(1,746)	(23,803)	-	-	-	-	-	(42,798,288)																			
Closing balance		3,630	72,801	145,790	371	100	-	378,978	13,563,087	9,246,132	-	98,488	3,000	-	27,222	-	257,252	13,263,170																			
Other Liabilities																																					
Interest / mark-up payable		-	-	5,892	-	-	-	-	-	-	-	-	-	-	-	-	-	-																			
		-	-	5,892	-	-	-	-	-	-	-	-	-	-	-	-	-	-																			
Contingencies & Commitments																																					
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-																			

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For the year ended December 31, 2023

	2023							2022						
	Directors	Key management personnel	Associates	Joint venture	Pension Fund	Provident Fund	Funds / Others	Directors	Key management personnel	Associates	Joint venture	Pension Fund	Provident Fund	Funds / Others
	(Rupees in '000)													
Income														
Mark-up / return / interest earned	-	-	-	-	-	-	422,679	-	-	3,384	1	-	-	457,362
Dividend income	-	-	-	-	-	-	144,720	-	-	-	114,405	-	-	86,114
Rent income / Lighting & Power and Bank charges	-	-	6,077	-	-	-	21,027	-	-	5,533	-	-	-	-
Expense														
Mark-up / return / interest paid	292	7,496	108,007	31,505	150,743	1,844,455	297,705	-	4,846	-	20,556	477,113	1,787,633	1,683,174
Expenses paid to company in which Director of the bank is interested as CEO	-	-	-	-	-	-	598,462	-	-	-	-	-	-	79,487
Remuneration to key management executives including charge for defined benefit plan	-	711,643	-	-	-	-	-	-	713,790	-	-	-	-	-
Contribution for other corporate & social responsibility paid to company in which Directors of the bank is interested as director	-	-	-	-	-	-	-	-	-	-	-	-	-	5,000
Directors fee & other allowances	88,232	-	-	-	-	-	-	25,772	-	-	-	-	-	-
Post Retirement Benefit paid to Director cum Ex-employee	-	-	-	-	-	-	-	-	-	-	-	-	-	522

46.1

Transactions with Government-related entities

The Federal Government and Pakistan Sovereign Wealth Fund (PSWF) holds 75.60% (2022: Federal Government and SBP 75.60%) shares of the Bank and therefore entities which are owned and / or controlled by the Federal Government, or where the Federal Government may exercise significant influence, are related parties of the Group.

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

The Bank also earned commission on handling treasury transactions on behalf of the Government of Pakistan amounting to Rs. 10,320 million (2022: 10,507 million) for the year ended December 31, 2023. As at the statement of financial position date the loans and advances, deposits and contingencies relating to Government-related entities amounted to Rs. 602,707 million (2022: 593,486 million), Rs. 1,622,331 million (2022: 1,403,331 million) and Rs.1,780,517 million (2022: 1,714,807 million) , respectively and income earned on advances and investment and profit paid on deposits amounted to Rs. 77,719 million (2022: 40,225 million) and Rs. 184,042 million (2022: 199,052 million) respectively.

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47. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- to comply with the capital requirements set by the regulators of the banking markets where the Group operates;
- to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to maintain a strong capital base to support the development of its business.

The SBP has issued instructions for Basel-III Implementation vide BPRD Circular No. 06 of 2013 dated August 15, 2013. These instructions were effective from December 31, 2013 in a phased manner with full implementation intended by December 31, 2019.

Basel-III instructions comprise the following three capital standards:

i. Minimum Capital Requirement (MCR):

The MCR standard sets the nominal amount of capital banks / DFIs are required to hold. Currently, the MCR for banks and DFIs is Rs. 10 billion as prescribed by SBP.

ii. Capital Adequacy Ratio (CAR):

The Capital Adequacy Ratio (CAR) assesses the capital requirement based on the risks faced by the banks/ DFIs. The banks/ DFIs are required to comply with the minimum requirements as specified by the SBP on standalone as well as consolidated basis. Currently the required CAR for banks is 11.50% (plus 2.50% for NBP as D-SIB requirement).

iii. Leverage Ratio:

Tier-1 Leverage Ratio of 3% is introduced in response to Basel III Accord as the third capital standard. Bank level disclosure of the leverage ratio and its components has started from December 31, 2015. However, SBP vide its letter No. BPRD/BA&CPD/638/436708/2023 dated March 7, 2023 has reduced the minimum requirement to 2.5% up till March 2024 which was 3% as per BPRD circular No.6 dated August 15, 2013. The bank has a leverage ratio of 3.23% in the year ended December 31, 2023, (2022: 3.15%) and Tier-1 capital of Rs.290,194 Millions (2022: 236,742 million)."

The SBP's regulatory capital as managed by the Group is analysed into following tiers:

1. Tier 1 Capital (going-concern capital)

- Common Equity Tier 1
- Additional Tier 1
- Tier I capital, which comprises highest quality capital element and includes fully paid up capital, balance in share premium account, reserve for issue of bonus shares, general reserves and unappropriated profits (net of accumulated losses, if any).

2. Tier 2 Capital (gone-concern capital)

- Tier II capital, which includes general reserve for loan losses, revaluation reserve, exchange translation reserve and subordinated debt.

Basel III capital rules require bank to make certain deductions from the capital before arriving at the Capital Adequacy Ratio (CAR).

Risk weighted assets are measured according to the nature of the asset and reflect an estimate of credit, market and other risks associated with each asset and counterparty, after taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposures, with some adjustments to reflect more contingent nature of potential losses.

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The Group's policy is to maintain strong capital base so as to maintain, investor, creditor and market confidence, and to sustain future development of the business. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the SBP. The ratios compare the amount of eligible capital with the total of risk-weighted assets. The Bank monitors and reports its capital ratio under the SBP rules, which ultimately determine the regulatory capital, required to be maintained by Banks and DFIs.

The paid-up capital of the Bank for the year ended December 31, 2023 stood at Rs. 21,275 billion (2022 : Rs. 21,275 billion) and is in compliance with the SBP requirement for the said period. In addition the Group has maintained minimum Capital Adequacy Ratio (CAR) of 25.80% (2022: 22.02%)

There have been no material changes in the Group management of capital during the year.

	2023	2022
------(Rupees in '000)-----		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	21,275,131	21,275,131
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	290,194,013	236,742,118
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	290,194,013	236,742,118
Eligible Tier 2 Capital	95,972,355	78,089,129
Total Eligible Capital (Tier 1 + Tier 2)	386,166,368	314,831,247
Risk Weighted Assets (RWAs):		
Credit Risk	1,064,724,576	1,073,032,570
Market Risk	121,288,938	94,062,413
Operational Risk	310,495,520	262,697,854
Total	1,496,509,034	1,429,792,837
Common Equity Tier 1 Capital Adequacy ratio	19.39%	16.56%
Tier 1 Capital Adequacy Ratio	19.39%	16.56%
Total Capital Adequacy Ratio	25.80%	22.02%
Leverage Ratio (LR):		
Tier-1 Capital	290,194,013	236,742,118
Total Exposures	8,988,394,792	7,511,889,497
Leverage Ratio	3.23%	3.15%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	1,618,093,446	1,418,328,644
Total Net Cash Outflow	918,191,522	963,197,902
Liquidity Coverage Ratio	176%	147%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	3,357,537,770	2,684,457,394
Total Required Stable Funding	1,298,306,326	1,069,401,835
Net Stable Funding Ratio	259%	251%

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47.1 The full disclosure on the Capital Adequacy, Leverage Ratio and Liquidity Requirements as per SBP instructions issued from time to time, is available on NBP's website. The link to the full disclosure is available at <https://www.nbp.com.pk/blsd/>

48. RISK MANAGEMENT

Risk management is about understanding and managing the potential for volatility of earnings, loss of access to reliable deposits and funding and depletion of capital arising from the business activities, whilst pursuing its strategic objectives. The Group has in place a well-defined risk management strategy/ policy with clear objectives and deliverables through multi-pronged risk management processes.

The Group applies the Basel framework as a cornerstone of the NBP's risk management framework and capital strategy. The Bank maintains a strong capital, funding and liquidity position in line with its on-going commitment to maintain balance sheet strength. The strength of risk profile management of the Group stands at the following pillars:

- Identification and assessment of significant material risks;
- Overseeing and managing the risk profile of the Bank within the context of the risk appetite;
- Optimize risk/ return decisions by aligning them to business objective of achieving sustainable optimum growth.

In order to support Risk Management Group (RMG's) activities, a strong data management mechanism is also in place to collect and consolidate exposure wise information for various risk related analysis and reviews. The mechanism also helps in identification of e-CIB related information, periodic reviews, generation of reports and highlighting inconsistencies and errors, and issuing instructions to the relevant data entry points for rectification.

Group is cognizant of importance of Environmental & Social Risk Management (E&SRM). During the period under review the Bank established a specialised ESG Function placed within the Enterprise Risk Management Group (ERMG) to oversee Environment & Social Risks (E&S). Going forward, the E&S Wing manage bank's E&S risk in accordance with the regulatory requirements.

In addition, Information Security Division (ISD) became an integral part of Risk Management Group to confronting the emerging risks arise due to the introduction and use of IT based systems.

48.1 Risk Governance Structure

Risk Management Group (RMG) operates as an independent group, i.e. separate from approvals and direct involvement in day-to-day activities. RMG reports directly to the President with a dotted line reporting to the Board Risk Committee (BRC). The group is responsible to perform the functions pertaining to development and oversight of the risk framework, methodologies and other functions assigned from time to time in line with local/ international best practices and under the supervision of SBP's regulations/ guidelines.

The Bank's Board is responsible to ensure active oversight over implementation of policies and frameworks so as to prevent any significant financial loss or reductions in shareholder value that may be suffered by the Bank. Therefore, it is the responsibility of the Board to ensure that policies and frameworks are in place to recognize all significant/ material risks to which the Bank is/ may be exposed and that the required human resource, culture, practices and systems are adequate to address such risks. The Board and its relevant committee, i.e. BRC and the senior management along with its relevant committees i.e. Credit Committee, Executive Risk Management Committee (ERMC), ALCO etc. are responsible to ensure formulation and implementation of risk management framework.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

48.2 Risk Management Framework

The Group implements risk management framework through a 'Three Lines of Defence' model which defines clear responsibilities and accountabilities for various offices and ensures effective & independent oversight and also that the activities take place as intended. Risk Management Group together with Compliance Group acts as second line of defense and performs integrated function of oversight and independently challenges the effectiveness of risk management actions taken by business groups, who are the first line of defense. The risk management is further strengthened by the third line of defense, where Board Audit & Compliance Committee and Audit & Inspection Group add value through independent and objective assurance in improving risk management functions of the Group.

Following paragraphs introduce Group's exposures to material risks associated with its business activities and explain overall strategies and processes to manage those risks:

48.2.1 Credit Risk

Credit risk is a significant concern for banks due to the inherent nature of their core operations. With the continuous global economic crises, ongoing digitalization, and recent technological advancements, credit risk management has gained increased attention. By adopting a proactive approach and effectively managing their exposure to credit risk, banks not only ensure the sustainability and profitability of their own operations but also contribute to the stability of the overall financial system and efficient allocation of capital. Credit risk refers to the likelihood of incurring financial losses when a borrower fails to repay a loan, leading to disruptions in cash flow and higher costs for debt collection. NBP's lending activities constitute a major source of credit risk for the Bank, as it engages in various financial activities such as providing loans and advances, committing to lend, assuming contingent liabilities such as letter of credit and guarantees, and engaging in other on and off-balance sheet transactions. Under the supervision of the Board and the President, the Bank has a dedicated setup headed by the Chief Risk Officer, who ensures the efficiency of credit risk assessment, measurement, review, and reporting frameworks.

Smart lending decisions can empower people and businesses to boost the bank's profitability and strategically guarding against the risks of extending credit. The effective implementation of structured assessment models, comprehensive pre-disbursement evaluation tools, and post-disbursement review systems has allowed NBP to successfully manage credit risk and mitigate losses within acceptable tolerance levels. Our risk management approach is rooted in a strategic goal to maintain a robust framework, proactively identify and address risks, and facilitate sustainable business growth. The bank has in place a Risk Appetite Framework and a Credit Risk Concentration Management Framework to set limits on credit risk exposure in relation to obligors, economic groups, and industry segments.

Risk Management function consistently conducts ongoing assessments of the credit portfolio. This involves utilizing portfolio reports and dashboards to discern borrowers and sectors that may be susceptible to the impact of changes in the local and global business and economic environment. The bank is actively monitoring delinquency in accounts, financial position of counterparties, prevailing economic situation and other pertinent information. The bank's credit review mechanism and approval process are meticulously defined and overseen by senior management. Analyzing counterparties across diverse asset classes, constitutions, and economic groups involves employing well-established rating models and scorecards, thereby enhancing decision-making processes.

The bank has actively undertaken the implementation of the IFRS 9 standard, presently in the parallel-run phase. This standard introduces a novel model for financial assets, mandating the recognition of impairment charges through the 'Expected Credit Loss' approach, departing from the existing 'Incurred Credit Loss' approach.

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Retail & Program Lending Group, manages the risk side of products governed on a program basis. It caters to products covered under RBG, IDG and AIBG businesses. Group has been organized on a Credit Cycle approach that adapts an end to end credit view. It is engaged in areas of Policy & Portfolio Management, MIS & Analytics, Credit Approvals, Collection & Recovery, Quality Assurance, etc. In addition, it works closely with other areas including Operational Risk, IT, Finance, HR, etc. Head of Group reports to CRO of the bank and is a voting member of Management Credit Committee & Enterprise Risk Committee

Credit Administration (CAD) is pivotal in overseeing the post-approval credit procedures, besides encompasses the establishment of fitting loan terms in accordance with sanctions and adherence to regulatory standards. CAD assumes a crucial role in post-approval credit management, actively contributing to portfolio expansion and granting individuals and businesses access to essential funds. Recent heightened managerial focus has further refined the efficiency of credit administration functions, emphasizing diligent monitoring and risk mitigation to sustain a robust and healthy portfolio.

Moreover, CAD is actively working to establish an improved mechanism encompassing advanced collateral management functions, control over limit functions, and effective vendor management. This initiative aims to address business requirements with a concentrated focus on CAD functions. Once the system is implemented, it is anticipated to significantly bolster the Bank's position within its peer group, reinforcing its overall strength.

Presently, the Basel Standardized Approach is employed within the Basel Framework to compute the capital charge for credit risk-weighted assets, utilizing a straightforward method for credit risk mitigation. Furthermore, stress testing for credit risk is also conducted to assess the potential impacts of scenarios outlined by the regulator.

Particulars of the Group's significant on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

48.2.1.1 Lendings to financial institutions

Credit risk by public / private sector	Gross lendings		Non-performing lendings		Provision held	
	2023	2022	2023	2022	2023	2022
	(Rupees in '000)					
Public/ Government	85,000,000	-	-	-	-	-
Private	107,604,587	31,446,617	174,150	174,150	174,150	174,150
	192,604,587	31,446,617	174,150	174,150	174,150	174,150

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48.2.1.2 Investment in debt securities

Credit risk by industry sector	Gross investments		Non-performing investments		Provision held	
	2023	2022	2023	2022	2023	2022
------(Rupees in '000)-----						
Cement	245,168	357,668	20,168	20,168	20,168	20,168
Chemical	326,742	326,742	326,742	326,742	326,742	326,742
Construction	2,630,239	2,962,405	1,633,739	1,633,739	1,633,739	1,633,739
Engineering	4,842	4,842	4,842	4,842	4,842	4,842
Fertilizer	1,152,560	1,330,815	1,152,560	1,330,815	1,152,556	1,199,830
Sugar	640,719	655,219	640,719	655,219	640,719	655,219
Textile	725,810	936,767	582,953	651,053	582,953	651,053
Financial	15,119,874	14,920,842	501,012	501,012	501,012	501,012
Electronics and electrical appliances	1,308,738	1,308,738	1,308,738	1,308,738	1,308,738	1,308,738
Glass and Ceramics	11,361	11,361	11,361	11,361	11,361	11,361
Leather and Tanneries	5,288	5,288	5,288	5,288	5,288	5,288
Food and Personal Care Products	11,184	11,184	11,184	11,184	11,184	11,184
Pharmaceuticals	2,413	2,413	2,413	2,413	2,413	2,413
Technology and Communication	8,348	11,072	8,348	11,072	8,348	11,072
Vanaspati and Allied Industries	4,238	4,238	4,238	4,238	4,238	4,238
Oil and Gas Marketing	687	687	687	687	687	687
Cable and Electrical Goods	4,509	4,509	4,509	4,509	4,509	4,509
Automobile Parts and Accessories	1,185	1,185	1,185	1,185	1,185	1,185
Power (electricity), Gas, Water & Sanitary	29,940,857	27,714,075	-	-	-	-
Tobacco	144	144	144	144	144	144
Paper and Board	10,794	10,794	10,794	10,794	10,794	10,794
Jute	7,081	7,081	7,080	7,081	7,084	7,080
Metal Products	590,000	375,000	-	-	-	-
Services	780,516	823,877	-	-	-	-
Telecom	-	300,000	-	-	-	-
Miscellaneous	23,605	464,627	23,447	23,447	23,447	23,448
	53,556,902	52,551,574	6,262,151	6,525,731	6,262,151	6,394,746

Credit risk by public / private sector	Gross investments		Non-performing investments		Provision held	
	2023	2022	2023	2022	2023	2022
------(Rupees in '000)-----						
Public / Government	26,694,858	23,556,270	18,862	18,862	18,862	18,862
Private	26,862,044	28,995,304	6,243,289	6,506,869	6,243,289	6,375,884
	53,556,902	52,551,574	6,262,151	6,525,731	6,262,151	6,394,746

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48.2.1.3 Advances

Credit risk by industry sector	Gross advances		Non-performing advances		Provision held	
	2023	2022	2023	2022	2023	2022
	------(Rupees in '000)-----					
Agriculture, Forestry, Hunting & Fishing	98,624,179	80,495,011	7,981,816	7,362,301	5,858,554	5,713,024
Mining & Quarrying	4,953,424	3,164,044	205,554	184,765	205,554	184,765
Textile	172,963,205	165,340,123	38,936,407	38,063,274	38,798,431	36,586,116
Chemical & Pharmaceuticals	8,726,797	7,461,927	5,693,439	4,439,102	5,057,930	4,394,734
Cement	29,429,909	35,175,010	6,286,205	5,768,647	4,306,468	3,786,389
Sugar	35,757,518	39,138,958	15,271,238	15,337,931	15,248,595	15,331,156
Footwear and Leather garments	2,548,291	2,534,796	1,305,280	1,168,627	1,271,149	1,079,224
Automobile & Transportation Equipment	8,926,304	10,875,288	962,288	921,095	954,395	905,813
Electronics & Electrical Appliances	10,503,866	10,782,697	4,778,714	2,379,854	3,688,323	2,377,270
Construction	23,638,052	24,955,900	10,057,457	9,447,671	9,936,191	9,441,049
Oil & Gas	311,928,714	178,706,498	19,934,588	19,619,278	19,481,124	19,339,190
Power (electricity), Gas, Water & Sanitary	191,933,546	194,522,795	14,882,572	15,156,096	12,709,678	12,981,169
Wholesale and Retail Trade	53,130,430	53,375,862	11,827,052	10,720,360	11,666,288	10,682,265
Transport, Storage and Communication	73,254,000	57,689,946	17,158,081	14,851,559	15,100,201	12,575,382
Financial	2,557,744	14,687,975	123,035	104,380	107,083	96,280
Services	48,600,716	42,121,726	2,406,149	3,219,193	1,584,931	1,826,174
Individuals	210,444,440	203,306,181	6,939,024	6,496,272	4,357,928	4,381,003
Flour Mills	4,463,504	2,552,518	609,624	725,603	609,461	676,963
Rice Trading & Processing	44,913,336	35,552,848	4,541,062	4,546,743	4,361,754	4,432,434
Food and Tobacco	22,581,792	20,562,295	9,386,521	7,134,439	7,973,281	6,767,830
Fertilizer	5,496,940	9,096,871	2,730,894	2,861,321	2,690,260	2,822,795
Metal Products	75,901,770	70,882,534	30,959,009	26,476,676	30,871,562	26,473,372
Telecommunication	32,954,455	30,839,889	1,312,494	1,180,028	1,104,242	1,180,028
Public Sector Commodity Operations	127,236,872	96,305,380	718,876	74,198	235,368	74,198
Engineering	8,845,740	29,549,358	1,508,928	1,637,447	1,370,855	1,482,884
Glass and Ceramics	7,089,518	6,626,264	271,493	274,739	271,493	274,739
Media	664,016	916,067	151,334	151,334	151,334	151,334
Paper & Board	3,954,072	3,063,869	590,686	1,177,882	570,300	1,168,683
Plastic products	3,865,916	3,305,648	1,735,045	1,507,205	1,396,225	1,157,387
Sports goods	1,457,410	140,062	34,794	14,688	34,794	14,688
Surgical equipments	981,604	790,887	13,159	13,200	13,159	9,430
Others	3,577,240	4,513,177	1,807,619	2,708,729	1,807,619	2,646,979
	1,631,905,320	1,439,032,404	221,120,437	205,724,637	203,794,530	191,014,747

Credit risk by public / private sector	Gross advances		Non-performing advances		Provision held	
	2023	2022	2023	2022	2023	2022
	------(Rupees in '000)-----					
Public / Government	644,878,073	498,932,567	982,500	99,887	498,992	99,887
Private	987,027,247	940,099,837	220,137,937	205,624,750	203,295,538	191,914,860
	1,631,905,320	1,439,032,404	221,120,437	205,724,637	203,794,530	192,014,747

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48.2.1.4 Contingencies and Commitments

Credit risk by industry sector

	2023	2022
------(Rupees in '000)-----		
Agriculture, Forestry, Hunting and Fishing	218,136	504,418
Mining and Quarrying	73,466	426,948
Textile	15,709,777	15,852,803
Chemical and Pharmaceuticals	8,405,999	3,774,815
Cement	5,949,829	3,402,417
Sugar	5,303	93,200
Footwear and Leather garments	51,827	6,262
Automobile and Transportation Equipment	2,423,164	2,712,927
Electronics and Electrical Appliances	3,509,467	2,433,354
Construction	10,408,498	9,005,223
Oil & Gas	59,322,425	67,938,534
Power (electricity), Water & Sanitary	50,934,421	59,726,777
Wholesale and Retail Trade	3,105,839	1,507,306
Transport, Storage and Communication	55,560,127	117,805,517
Financial	856,711,238	836,176,841
Services	1,512,041,370	1,532,587,528
Individuals	228,227	316,559
Fertilizer	4,832,942	3,272,384
Metal Products	23,669,700	21,853,185
Telecommunication	32,082,348	25,204,570
Public Sector Commodity Operations	3,437,431	199,543
Rice processing and Trading	358,732	459,325
Food and Tobacco	2,082,149	460,902
Glass and Ceramics	502,829	977,165
Paper and Board	2,100,963	560,047
Engineering	81,202,951	68,544,006
Plastic Products	246,351	159,060
Sports Goods	6,229	26,713
Surgical equipments	86,235	47,143
Others	532,595	1,430,774
	2,735,800,568	2,777,466,247

* Contingent liabilities for the purpose of this note are presented at cost and includes direct credit substitutes, transaction related contingent liabilities and trade related contingent liabilities.

Credit risk by public / private sector

	2023	2022
------(Rupees in '000)-----		
Public / Government	1,708,517,452	1,775,401,082
Private	1,027,283,116	1,002,065,165
	2,735,800,568	2,777,466,247

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48.2.1.5 Concentration of Advances

The Bank's top ten (10) exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 1,959,515 million (2022: Rs. 1,851,158 million) are as following:

	2023	2022
	------(Rupees in '000)-----	
Funded	441,093,207	306,636,922
Non Funded	1,518,421,637	1,544,521,600
Total Exposure	1,959,514,844	1,851,158,522

The sanctioned limits against these top 10 exposures aggregated to Rs. 2,045,103 million (2022: Rs. 1,899,110 million).

For the purpose of this note, exposure means outstanding funded facilities and utilised non-funded facilities as at the reporting date.

48.2.1.6 Advances - Province / Region-wise Disbursement and Utilization

Province/Region	2023						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
		------(Rupees in '000)-----					
Punjab	488,630,825	487,273,108	111,328	1,246,389	-	-	-
Sindh	623,940,498	-	622,376,734	1,176,470	-	387,294	-
KPK including FATA	10,821,813	-	-	10,821,813	-	-	-
Balochistan	3,714,956	-	-	-	3,714,956	-	-
Islamabad	118,306,922	-	-	-	-	118,306,922	-
AJK including Gilgit-Baltistan	3,763,094	-	-	-	-	-	3,763,094
Total	1,249,178,108	487,273,108	622,488,062	13,244,672	3,714,956	118,694,216	3,763,094

Province/Region	2022						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
		------(Rupees in '000)-----					
Punjab	422,286,297	421,433,044	853,253	-	-	-	-
Sindh	491,891,761	826,000	489,953,056	-	500,000	612,705	-
KPK including FATA	11,459,625	-	-	11,459,625	-	-	-
Balochistan	4,073,074	-	-	-	4,073,074	-	-
Islamabad	129,737,810	-	-	-	-	129,737,810	-
AJK including Gilgit-Baltistan	7,244,799	-	-	-	-	-	7,244,799
Total	1,066,693,366	422,259,044	490,806,309	11,459,625	4,573,074	130,350,515	7,244,799

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48.2.2 Market Risk

Market Risk is the value of on and off-balance sheet positions of a financial institution that will be adversely affected by movements in market factors such as interest rates, foreign exchange rates, equity prices, credit spreads and / or commodity prices resulting in a loss to earnings and capital.

The Group's market risk is managed through Market & Liquidity Risk Management Policy and Manual approved by the Board. Bank has in-place market risk limits to maintain risk emanating from such market drivers within the Bank's risk appetite. Under the developed Value-at-Risk (VaR) models and policy framework, VaR limits are being monitored.

Standardized Approach is used to calculate capital charge for market risk as per Basel framework. Stress testing for interest rate, equity prices, and exchange rates risks activities is carried out regularly to estimate the impact on the capital of the Bank and maintain the Bank's capital at an appropriate level.

In addition to the regulatory requirements, Bank has devised proprietary market risk stress testing scenarios which are performed on periodic basis to assess the impact on capital of the Bank for Internal Capital Adequacy and Assessment Process (ICAAP). Limits/ zones and Management Action Triggers and Management Action Plans corresponding to Liquidity Ratios, Balance Sheet Duration Gap, Government Securities' PVBP and Duration have also been developed.

48.2.2.1 Statement of Financial position split by trading and banking books

	2023			2022		
	Banking book	Trading book	Total	Banking book	Trading book	Total
(Rupees in '000)						
Cash and balances with treasury banks	295,455,482	-	295,455,482	230,226,311	-	230,226,311
Balances with other banks	43,004,567	-	43,004,567	19,623,124	-	19,623,124
Lendings to financial institutions	192,430,437	-	192,430,437	31,272,467	-	31,272,467
Investments	4,367,407,940	46,766,365	4,414,174,305	3,396,969,183	85,966,664	3,482,935,847
Advances	1,398,072,669	-	1,398,072,669	1,230,669,118	-	1,230,669,118
Fixed assets	57,477,067	-	57,477,067	57,604,343	-	57,604,343
Intangible assets	2,186,294	-	2,186,294	2,101,322	-	2,101,322
Right of use assets	7,335,901	-	7,335,901	7,186,067	-	7,186,067
Deferred tax asset	-	-	-	22,406,230	-	22,406,230
Other assets	258,737,303	-	258,737,303	167,741,065	-	167,741,065
	6,622,107,660	46,766,365	6,668,874,025	5,165,799,230	85,966,664	5,251,765,894

48.2.2.2 Foreign Exchange Risk

Foreign exchange and translation risk arises from the impact of currency movements on the value of the Bank's cash flows, profits and losses, and assets and liabilities as a result of participation in global financial markets and international operations.

In order to manage currency risk exposure the Bank enters into ready, spot, forward and swaps transactions with the SBP and in the interbank market, financial institutions and corporates. The Group's foreign exchange exposure comprises of forward contracts, purchases of foreign bills, foreign currency cash in hand, balances with Banks abroad, foreign placements with the SBP and foreign currency assets and liabilities. Foreign Exchange exposure is managed within the statutory limits, as fixed by the SBP. Appropriate segregation of duties exists between the front, middle and back office functions.

	2023				2022			
	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure
(Rupees in '000)								
United States Dollar	407,253,916	526,892,244	149,166,105	29,527,777	211,429,664	370,954,485	141,296,815	(18,228,007)
Great Britain Pound	4,563,184	8,045,545	8,217,517	4,735,156	3,736,408	7,473,268	5,377,060	1,640,200
Japanese Yen	5,270,740	1,265,119	2,990	4,008,611	4,521,164	1,566,256	109,675	3,064,583
Euro	11,886,019	14,678,082	5,639,911	2,847,848	11,899,656	22,030,243	14,029,417	3,898,830
Other currencies	125,917,928	63,654,039	6,779,686	69,043,576	85,538,450	17,315,572	5,066,952	73,289,829
	554,891,788	614,535,029	169,806,209	110,162,967	317,125,342	419,339,824	165,879,919	63,665,435

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	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in foreign exchange rates				
- Profit and loss account	-	39,378	-	261,830
- Other comprehensive income	1,101,630	-	636,654	-

48.2.2.3 Equity position Risk

Stock trading activities also raise risk which occurs resulting in negative fluctuations of daily stock prices specifically in those stocks which are held by the Bank, hence, deplete capital. The Bank's equity position is managed through limits imposed by regulator for both, overall investment and exposure in single scrip. Moreover, internal limits are set to possibly manage overall earnings in the form of placing of stop loss, VaR limits and/ or through diversification within the structure of overall equity position portfolio.

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 5% change in equity prices				
- Profit and loss account	-	3,966	-	20,188
- Other comprehensive income	3,912,948	-	2,577,256	-

48.2.2.4 Yield / Interest Rate Risk in the Banking Book (IRRBB)-Basel II Specific

Interest rate risk specifically arises due to adverse movements in yield curve that is being monitored by ALCO with an objective to possibly limiting the potential adverse impact on the profitability of the Group, which may result due to volatility of market interest rates and any mismatch or gaps in the amount of financial assets and financial liabilities in different maturity time bands. Bank assumes that the sources of IRR are based on following sub-risks.

- Re-pricing risk; arising from changes to the overall level of interest rates and inherent mismatches in the re-pricing term of banking book items.
- Yield curve risk; arising from a change in the relative level of interest rates for different tenors and changes in the slope or shape of the yield curve.
- Basis risk; arising from differences between the actual and expected interest margins on Banking book items over the implied cost of funds of those items.

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in interest rates on				
- Profit and loss account	-	402,100	-	758,615
- Other comprehensive income	20,443,787	-	17,740,339	-

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48.2.2.5 Mismatch of Interest Rate Sensitive Assets and Liabilities

	Effective Yield/Interest rate	Total	2023										Non-interest bearing financial instruments
			Exposed to Yield/Interest risk										
			Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years		
			(Rupees in '000)										
			On-balance sheet financial instruments										
			Assets										
Cash and balances with treasury banks	4.0%	295,455,482	47,892,144	-	-	-	-	-	-	-	247,563,338		
Balances with other banks	10.7%	43,004,567	4,688,914	3,376,854	671,770	758,450	-	-	-	-	33,508,579		
Lending to financial institutions	19.8%	192,430,437	192,420,714	-	-	-	-	-	-	-	9,723		
Investments	19.8%	4,414,174,305	1,217,493,026	1,016,852,727	406,102,259	1,046,953,641	125,302,736	219,655,801	161,244,939	97,933,065	4,827,262		
Advances	15.3%	1,398,072,669	398,482,253	400,789,064	198,012,729	64,385,689	23,471,767	41,855,723	44,435,433	58,092,119	60,544,803		
Other assets	0.0%	258,732,684	1,154,262	86,327	-	1,397,158	-	-	-	-	256,094,937		
		6,601,870,144	1,862,133,313	1,421,104,972	604,786,758	1,113,494,938	148,774,503	261,511,524	205,680,372	156,025,184	65,372,065	762,986,515	
Liabilities													
Bills payable	0.0%	68,000,448	-	-	-	-	-	-	-	-	-	68,000,448	
Borrowings	20.7%	2,177,743,194	2,087,923,897	39,730,834	7,640,293	710,905	1,073,314	1,066,201	6,558,534	33,017,995	21,221	-	
Deposits and other accounts	12.5%	3,673,109,914	1,754,993,189	164,721,333	205,025,317	211,301,760	20,390,959	8,319,597	16,710,676	2,777,796	-	1,288,869,287	
Liabilities against assets subject to finance lease	25.5%	208,268	-	-	-	64,241	-	144,027	-	-	-	-	
Lease liability against right of use assets	9.9%	8,682,732	971	4,534	31,018	284,918	596,179	1,380,043	1,769,936	4,127,708	488,424	-	
Other liabilities	0.0%	341,891,306	591,709	-	-	1,417,279	-	-	-	-	-	339,882,318	
		6,269,635,862	3,843,509,766	204,456,701	212,696,628	213,779,103	22,060,452	10,909,868	25,038,146	39,923,499	509,645	1,696,752,053	
On-balance sheet gap		332,234,282	(1,981,376,453)	1,216,648,271	392,090,130	899,715,835	126,714,051	250,601,656	180,642,226	116,101,685	64,862,420	(933,765,538)	
Off-balance sheet financial instruments													
Documentary credits and short-term trade-related transactions		1,633,847,479	-	-	-	-	-	-	-	-	-	1,633,847,479	
Commitments in respect of:													
- forward foreign exchange contracts		169,806,209	60,702,960	87,931,586	21,171,663	-	-	-	-	-	-	-	
- forward government securities transactions		(4,332,657)	-	-	-	(658)	-	-	(2,908,182)	(1,423,817)	-	-	
- Forward lending		44,432,555	-	-	-	-	-	-	-	-	-	44,432,555	
Commitments for acquisition of:													
- fixed assets		1,129,442	-	-	-	-	-	-	-	-	-	1,129,442	
Other commitments		-	-	-	-	-	-	-	-	-	-	-	
Off-balance sheet gap		1,844,883,028	60,702,960	87,931,586	21,171,663	(658)	-	-	(2,908,182)	(1,423,817)	-	1,679,409,476	
Total Yield/Interest Risk Sensitivity Gap			(1,920,673,493)	1,304,579,857	413,261,793	899,715,177	126,714,051	250,601,656	177,734,044	114,677,869	64,862,420	745,643,938	
Cumulative Yield/Interest Risk Sensitivity Gap			(1,920,673,493)	(616,093,636)	(202,831,843)	696,883,334	823,597,385	1,074,199,040	1,251,933,084	1,366,610,953	1,431,473,373	2,177,117,311	

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2022												
Effective Yield/Interest rate	Total	Exposed to Yield/Interest risk										Non-interest bearing financial instruments
		Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years		
------(Rupees in '000)-----												
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	1.6%	230,226,311	19,664,696	-	-	-	-	-	-	-	-	210,561,615
Balances with other banks	5.5%	19,623,124	4,080,785	1,796,603	556,760	797,970	-	-	-	-	-	12,391,006
Lending to financial institutions	16.2%	31,272,467	31,262,744	-	-	-	-	-	-	-	-	9,723
Investments	13.2%	3,482,935,847	623,770,208	1,495,119,190	545,060,870	201,640,994	121,415,872	114,581,645	175,991,374	115,774,778	7,150,694	82,430,222
Advances	10.4%	1,230,669,118	324,139,397	280,098,870	173,991,260	165,871,653	25,742,864	43,745,383	66,853,032	53,927,228	31,850,855	64,445,576
Other assets	0.0%	128,133,163	961,390	49,943	86,973	38,709	-	-	-	-	-	126,996,148
		5,122,860,030	1,003,879,219	1,777,064,606	719,695,862	368,349,326	147,158,736	158,327,028	242,847,407	169,702,005	39,001,549	496,834,290
Liabilities												
Bills payable	0.0%	55,268,019	-	-	-	-	-	-	-	-	-	55,268,019
Borrowings	15.8%	1,940,485,787	1,386,993,998	481,134,339	24,758,723	4,359,766	3,941,769	4,278,460	12,396,285	22,578,300	44,147	-
Deposits and other accounts	7.9%	2,665,273,257	1,692,284,015	56,331,627	143,645,001	62,752,364	87,857,931	21,560,944	14,583,213	1,997,543	-	584,260,619
Liabilities against assets subject to finance lease	16.1%	121,453	44,748	-	-	-	-	76,705	-	-	-	-
Lease liability against right of use assets	10.4%	8,761,015	50	21,308	60,618	295,566	416,971	1,376,016	1,921,963	2,978,296	1,690,227	-
Other liabilities	0.0%	267,719,271	992,453	-	-	-	-	-	-	-	-	266,726,818
		4,937,628,802	3,080,315,264	537,487,274	168,464,342	67,407,696	92,216,671	27,292,125	28,901,461	27,554,139	1,734,374	906,255,456
On-balance sheet gap		185,231,228	(2,076,436,045)	1,239,577,332	551,231,520	300,941,630	54,942,065	131,034,903	213,945,945	142,147,867	37,267,175	(408,421,166)
Off-balance sheet financial instruments												
Documentary credits and short-term trade-related transactions		1,696,635,726	-	-	-	-	-	-	-	-	-	1,696,635,726
Commitments in respect of:												
- forward foreign exchange contracts		165,879,918	78,713,612	62,008,252	25,158,054	-	-	-	-	-	-	-
- forward government securities transactions		(32,591,580)	(32,591,580)	-	-	-	-	-	-	-	-	-
- Forward lending		50,363,949	-	-	-	-	-	-	-	-	-	50,363,949
Commitments for acquisition of:												
- fixed assets		798,234	-	-	-	-	-	-	-	-	-	798,234
Other commitments		-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		1,881,086,247	46,122,032	62,008,252	25,158,054	-	-	-	-	-	-	1,747,797,909
Total Yield / Interest Risk Sensitivity Gap			(2,030,314,013)	1,301,585,584	576,589,575	300,941,630	54,942,065	131,034,903	213,945,945	142,147,867	37,267,175	1,338,376,744
Cumulative Yield / Interest Risk Sensitivity Gap			(2,030,314,013)	(728,728,429)	(152,338,855)	148,602,776	203,544,841	334,579,744	548,525,689	690,673,556	727,940,731	2,066,317,474

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2023	2022
----- (Rupees in '000) -----	

48.2.2.6 Reconciliation of Financial Assets and Liabilities with Total Assets and Liabilities

Total Financial Assets as per note 48.2.2.5	6,601,870,144	5,122,860,030
Add: Non-Financial Assets		
Fixed assets	57,477,067	57,604,343
Intangible assets	2,186,294	2,101,322
Right of Use Assets	7,335,901	7,186,067
Deferred tax assets	-	22,406,230
Other assets	4,619	39,607,902
	67,003,881	128,905,864
Total assets as per statement of financial position	6,668,874,025	5,251,765,894
Total Financial Liabilities as per note 48.2.2.5	6,269,635,862	4,937,628,802
Add: Non-Financial Liabilities		
Other liabilities	981,556	3,836,860
Deferred tax liabilities	842,568	-
Total liabilities as per statement of financial position	6,271,459,986	4,941,465,662

48.2.3 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk but excludes strategic and reputational risks. For effective implementation, Group has comprehensive Operational Risk Management (ORM) Framework and procedure documents. These documents provide guidance for setting up operational risk strategy of the Bank, selection and adoption of risk and loss measurement tools, reporting, and establishment of operational risk management processes.

Operational risks are a core component of doing business arising from the day-to-day operational activities of the Group including launching of new products and services by the group. Group realizes that operational risks cannot be fully mitigated, it therefore, determines an appropriate balance between accepting potential losses and incurring costs of mitigation.

Further, the Group has adopted an Operational Risk Management Policy Framework and Operational Risk Appetite are approved by the Board in-line with Basel framework and Bank's policy, respectively. Furthermore, Group has rolled-out Operational Loss Data Collection Mechanism whereby field functionaries and Groups/Divisions at head office are responsible to report operational losses under their jurisdictions on immediate basis. Operational loss events are reviewed and appropriate corrective measures are taken on an ongoing basis. Risk Evaluation exercise is carried out for new products, processes and systems as per the ORM procedures document of the Group.

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The Group also conducts root cause analysis of major Operational Risk Incidents covering key control lapses and accordingly suggests recommendations & mitigations. As per Basel regulatory framework, the Group calculates capital charge for its operational risk using Basic Indicator Approach. This approach is considered most suitable in view of the business model of the group which relies on an extensive network of branches to offer banking services to its customers.

Moreover, the Group closely monitored overall bank's operational environment and undertook required actions to ensure the safety and security of Bank staff, assets and maintenance of service to its customers. The Group continued to take measures to ensure maintenance of their service levels and resolved customer complaints to meet the expectations of its stakeholders.

The Group operations stayed highly resilient and the Group deployed all necessary measures for the health and safety of its employees to prevent them from any unwarranted situation.

48.2.4 Information Security Risk

Cyber Security is one of our top priority risks. Considering extensive customer base and increasing digital footprint, mechanism has been devised for up scaling of technology infrastructure and related channels from information security standpoint. Further, due to evolving cyber threat landscape, the Group has taken appropriate actions to monitor and respond to cybersecurity risks and adopted a heightened state of cybersecurity. We are living in the highly technology dependent environment, where most of the business functions are performed with information technology for storing, processing and sharing of information. The information "assets" that are being used to store, process and transmit the information, face various types of threats. If threats get materialized and are able to exploit the vulnerabilities (weaknesses) present in these information assets, the confidentiality, integrity and availability of information get compromised. In order to mitigate the risks, certain controls and countermeasures need to be assessed and implemented. The Group has devised a governance mechanism to manage related risks through development of Policies & Frameworks, and deployed security tools to ensure adequate implementation of internal controls and monitoring of security threats within technology infrastructure.

As first line of defense, the Business groups have primary responsibility for identifying, measuring, and controlling the risks within their areas of accountability. Our staff of Information Security Division (ISD) is second line of defense against any cyber risks. Therefore, the Group regularly assesses the information security controls and undertakes employees' awareness and trainings. The Group works with its key technology partners to ensure that potentially vulnerable systems are identified and appropriate fixes & controls are implemented to secure the systems. The Group is actively communicating with its customers on interacting with the Group in a secure manner through its full suite of channels including online and digital Grouping.

Over the span of last two years, the Group has taken various initiatives to uplift the cyber security controls. The management is cognizant of the fact that cyber security is a top priority risk and the Group is taking appropriate steps to monitor and respond to it. The Information Security Division (ISD) has been reorganized in 2022 with introduction of new technical roles of IS Security Operations & Threat Management, Network & Infrastructure Security, and Application & Database Security; in addition to the management roles of IS Governance & Compliance, IS Program Management, and IS Risk Management. The unit (ISD) works under the supervision of Chief Information Security Officer (CISO). Numerous steps have been taken by the Group to identify cyber security weaknesses of systems & infrastructure. Several controls are in place including but not limited to 24/7 SOC, 2FA authentication of VPN connections, Kaspersky EPP and KATA XDR, IBM QRadar SIEM upgrade, Guardium for Database security, Resilient for IR playbooks etc. in line with the action plan outlined in the Group's cyber security management framework. In addition to these, numerous other initiatives and projects are in line for further enhancement of Group's cyber security for years 2024 and 2025.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

48.2.5 Enterprise-wide Risk

In addition to the above mentioned risks, the Group has a structure to identify other Pillar II material risks on periodic basis. The source of these reports includes, but not limited to, the Internal Capital Adequacy and Assessment Process (ICAAP), which takes into account risks over and above those which directly occur as a result of daily business and operations of the Group. These risks include Concentration Risk, Interest Rate Risk in Grouping Book (IRRBB), Increase in NPL Categories, Reputational Risk, Strategic Risk, etc.

Moreover, all those brewing risks that are material and arise within the Group or due to inherent behavior of country's market and economic conditions, whether in isolation or in combination are addressed under the Group-wide Recovery Plan. These risks are monitored on certain frequency and mitigating actions are taken as and when deemed necessary.

"Group's Stress-testing framework, comprises of tools, to deliver a timely assessment of the resilience of the Group's capital under stressed conditions to the senior management. It ranges from simple sensitivity analysis to sophisticated stress testing methods to capture the abnormal movement of market and economic indicators and to translate such scenarios into projections of Group's profitability, liquidity and capital planning.

This framework paves the way to a quantitative, forward-looking assessment of capital adequacy (movement/ level of Capital Adequacy Ratio (CAR) of the Group) to provide an indication of how much capital might be needed to absorb any expected and any unforeseen losses. It helps in identifying potential vulnerabilities within the Group and assessing solvency by applying plausible/ past adverse scenarios under extreme conditions."

48.2.6 Liquidity Risk

Liquidity risk is the risk of loss to a Group arising from its inability to meet obligations as they fall due or to fund assets, without incurring unacceptable costs or losses. More simply, liquidity risk is the possibility that a Group will be unable to meet its financial commitment to a customer, creditor, or investor when due, in a timely and cost-effective manner.

To mitigate this risk, Group has arranged diversified funding sources, manages specific assets with liquidity in mind and monitors liquidity on daily basis. In addition, the Group maintains statutory deposits with central Groups inside and outside Pakistan. The purpose of liquidity management is to ensure that there are sufficient cash flows to meet all of the Group's liabilities when due, under both normal and stressed conditions without incurring unacceptable losses, as well as to capitalize on opportunities for business expansion and profitability. This includes the Group's ability to meet deposit withdrawals either on demand or at contractual maturity, to repay borrowings as they mature and to make new loans and investments, as opportunities arise.

Asset and Liability Committee (ALCO) is responsible for ensuring that the Group has adequate liquidity and monitors liquidity gaps, to execute this responsibility. Mandatory as well as optional stress testing and ratio based liquidity assessments are performed to proactively identify and manage liquidity position & needs/ requirements. Group has various limits/ ratios, triggers and management actions in place to monitor and mitigate liquidity risk. The Group calculates and monitors, on regular basis, Basel-III Liquidity standards (includes LCR, NSFR and LMTs), liquidity ratios as per SBP parameters besides other internal liquidity measures.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

48.2.6.1 Maturities of Assets and Liabilities - based on contractual maturity of the assets and liabilities of the Group

2023													
Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
(Rupees in '000)													
Assets													
Cash and balances with treasury banks	292,116,487	931,850	-	2,405,140	2,005	-	-	-	-	-	-	-	-
Balances with other banks	33,574,696	121,714	188,428	3,937,730	3,751,779	-	671,770	758,450	-	-	-	-	-
Lendings to financial institutions	192,430,437	9,723	192,420,714	-	-	-	-	-	-	-	-	-	-
Investments	4,414,174,305	6,645,274	63,237	4,470,333	491,810	43,725,986	46,393,901	575,275,570	1,009,545,853	1,304,643,492	489,385,140	649,752,188	283,138,882
Advances	1,398,072,669	308,463,728	12,814,449	29,826,563	81,107,496	104,805,117	56,183,865	127,960,502	57,342,172	74,813,740	65,861,729	153,261,454	284,313,134
Fixed assets	57,477,067	-	-	33,181	-	29,358	-	-	764,175	2,332,578	709,154	1,574,446	52,034,175
Intangible assets	2,186,294	-	-	-	4,530	-	-	-	531,972	521,472	558,051	7,717	562,552
Right of use assets	7,335,901	-	-	274	1,017	2,112	26,771	67,685	191,032	502,464	1,042,021	1,591,972	3,910,553
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	258,737,303	76,635,621	569,457	(17,274)	54,619,154	53,434,573	33,961,677	6,476,723	6,476,723	22,596,844	757,405	1,136,107	2,080,956
	6,688,874,025	717,445,529	206,921,421	87,958,357	163,826,241	153,375,894	209,014,621	639,920,600	1,058,828,475	1,405,410,590	558,313,500	807,323,884	626,040,252
Liabilities													
Bills payable	68,000,448	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	2,177,743,194	19,330,975	688,152,390	864,421,899	9,640,838	30,189,996	7,640,293	620,036	90,869	1,073,314	1,066,201	6,558,534	33,039,216
Deposits and other accounts	3,673,109,914	2,920,420,517	16,717,829	74,090,370	93,881,799	70,148,129	207,889,752	153,452,035	53,798,779	20,389,267	8,323,449	16,710,676	2,777,797
Liabilities against assets subject to finance lease	208,268	-	-	-	-	-	-	-	64,241	-	144,027	-	-
Lease liability against right of use assets	8,682,732	610	-	363	1,697	2,837	31,018	76,618	200,709	660,880	1,332,356	1,759,513	4,616,131
Deferred tax liabilities	842,568	-	558	-	-	-	-	-	121,827	-	-	720,183	-
Other liabilities	342,872,862	204,685,508	1,141,953	1,046,977	6,560,557	6,149,853	36,083,856	3,771,941	2,431,529	26,230,647	10,936,240	21,215,571	20,707,164
	6,271,459,986	3,212,438,058	552,539,772	939,559,609	109,884,891	106,490,815	251,644,919	157,920,630	56,707,954	48,354,108	21,802,273	46,964,477	61,140,308
	397,414,039	(2,494,992,529)	(345,618,351)	(851,517,511)	53,941,350	46,885,079	(42,630,298)	481,999,970	1,002,120,521	1,357,056,482	536,511,227	760,359,407	564,899,944
Net assets													
Share capital	21,275,131	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	85,078,819	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	225,693,440	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	64,232,415	-	-	-	-	-	-	-	-	-	-	-	-
Non-controlling interest	1,134,234	-	-	-	-	-	-	-	-	-	-	-	-
	397,414,039	-	-	-	-	-	-	-	-	-	-	-	-

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

2022												
Total	Up to 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
(Rupees in '000)												
Assets												
Cash and balances with treasury banks	227,945,076	898,012	-	1,383,223	-	-	-	-	-	-	-	-
Balances with other banks	12,945,156	2,338,977	53,880	1,133,563	666,188	1,130,647	556,760	797,973	-	-	-	-
Lendings to financial institutions	9,723	30,484,537	778,207	-	-	-	-	-	-	-	-	-
Investments	8,049,772	3,022,008	2,096,958	3,740,930	186,920,863	406,585,250	221,875,848	398,517,150	178,815,656	599,374,146	756,921,831	458,210,559
Advances	395,431,130	4,048,283	13,107,471	41,983,638	66,324,712	19,836,459	117,851,616	67,043,260	61,485,353	70,827,513	64,102,093	125,183,386
Fixed assets	530	-	-	23,048	9,879	57,363	-	-	852,511	1,847,737	767,649	1,585,175
Intangible assets	-	-	-	-	-	6,000	-	-	486,981	463,480	535,691	46,617
Right of use assets	-	-	-	112,827	16,055	611	343,735	104,470	74,850	447,738	851,025	1,550,294
Deferred tax assets	-	-	-	-	-	-	-	-	105,876	947	-	22,299,407
Other assets	40,563,375	916,586	-	880,374	35,063,581	35,453,086	18,016,853	1,566,970	1,555,780	30,154,790	688,171	1,032,256
	684,944,761	41,708,403	16,036,516	49,257,604	289,001,258	463,069,417	358,644,812	468,029,823	243,377,007	702,916,351	823,866,460	609,907,694
	5,251,765,894											501,005,788
Liabilities												
Bills payable	55,268,019	-	-	-	-	-	-	-	-	-	-	-
Borrowings	181,510	904,800,208	6,202,665	475,809,616	332,601,654	148,532,685	24,758,723	2,260,017	2,099,748	3,941,769	4,278,460	12,396,285
Deposits and other accounts	2,142,990,358	29,181,008	15,104,734	89,432,410	35,181,791	20,960,861	143,606,960	43,116,055	19,694,451	87,856,473	21,567,400	14,583,213
Liabilities against assets subject to finance lease	121,453	-	-	44,748	-	76,705	-	-	-	-	-	-
Lease liability against right of use assets	8,761,015	-	-	109,248	20,865	276,495	60,618	70,232	109,374	506,865	1,034,754	1,904,041
Other liabilities	271,556,131	141,952,441	10,535	748,017	11,484,263	11,395,636	28,281,345	2,106,131	2,165,097	24,159,089	9,893,832	19,220,510
	4,941,465,662	2,340,392,329	934,948,982	21,317,934	566,144,039	379,288,573	181,242,382	196,707,646	47,552,435	116,464,176	36,774,446	48,104,050
	310,300,232	(1,655,447,568)	(883,240,579)	(5,281,418)	(516,886,435)	(90,287,315)	281,827,035	161,937,166	420,477,388	586,452,175	787,092,014	561,803,645
												452,545,788
Net assets												
Share capital	21,275,131											
Reserves	67,488,847											
Unappropriated profit	178,189,579											
Surplus/(Deficit) on revaluation of assets	42,273,537											
Non-controlling interest	1,073,138											
	310,300,232											

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

48.2.6.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Group

2023

Total	Upto 1 Month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
(Rupees in '000)									
Assets									
Cash and balances with treasury banks	187,160,382	4,459,436	51,917,832	51,917,832	-	-	-	-	-
Balances with other banks	43,004,567	3,376,854	671,770	758,450	-	-	-	-	-
Lendings to financial institutions	192,430,437	-	-	-	-	-	-	-	-
Investments	4,414,174,305	37,116,409	46,232,793	1,585,589,361	1,304,643,492	495,657,264	649,752,188	273,727,499	8,804,551
Advances	1,398,072,669	353,290,345	257,892,715	117,908,126	74,812,630	65,861,729	153,261,454	208,090,803	76,222,331
Fixed assets	57,477,067	-	62,533	764,175	2,332,578	762,583	1,521,025	52,715	51,981,458
Intangible assets	2,186,294	-	4,530	-	531,972	559,353	6,416	562,551	-
Right of use assets	7,335,901	277	3,128	26,771	502,464	1,042,021	1,591,971	3,475,902	434,650
Deferred tax assets	-	-	-	-	-	-	-	-	-
Other assets	258,737,303	173,404,114	23,399,862	20,930,958	22,596,844	757,405	1,136,094	1,514,809	-
	6,668,874,025	957,133,796	326,315,467	237,688,250	1,745,550,260	564,640,355	807,269,148	487,424,279	137,442,990
Liabilities									
Bills payable	68,000,448	43,326,759	8,009,793	8,009,793	8,009,793	-	-	-	-
Borrowings	2,177,743,194	39,830,834	7,640,293	710,905	1,073,314	1,066,201	6,558,534	33,017,995	21,221
Deposits and other accounts	3,673,109,914	755,499,825	211,824,202	641,470,099	473,941,147	461,875,330	470,262,556	2,777,797	-
Liabilities against assets subject to finance lease	208,268	-	-	64,241	-	144,027	-	-	-
Lease liability against right of use assets	8,682,732	972	31,018	277,327	660,880	1,332,356	1,759,513	4,127,708	488,424
Deferred tax liabilities	842,568	-	-	122,386	-	-	720,182	-	-
Other liabilities	342,872,862	174,421,677	39,531,890	43,622,687	26,230,647	10,936,240	21,215,571	10,353,582	10,353,582
	6,271,459,986	3,061,073,130	291,835,770	700,773,890	509,915,781	475,354,154	500,516,356	50,277,082	10,863,227
Net assets	397,414,039	(2,103,939,334)	34,479,697	(463,085,640)	895,493,699	89,286,201	306,752,792	437,147,197	126,579,763
Share capital	21,275,131	-	-	-	-	-	-	-	-
Reserves	85,078,819	-	-	-	-	-	-	-	-
Unappropriated profit	225,693,440	-	-	-	-	-	-	-	-
Surplus/(Deficit) on revaluation of assets	64,232,415	-	-	-	-	-	-	-	-
Non-controlling interest	1,134,234	-	-	-	-	-	-	-	-
	397,414,039	-	-	-	-	-	-	-	-

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

		2022									
		Total	Upto 1 Month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
		(Rupees in '000)									
Assets											
Cash and balances with treasury banks		230,226,311	151,728,041	3,232,446	36,991,996	36,991,996	1,281,832	-	-	-	-
Balances with other banks		19,623,124	16,655,335	1,613,059	556,760	797,970	-	-	-	-	-
Lendings to financial institutions		31,272,467	31,272,467	-	-	-	-	-	-	-	-
Investments		3,482,935,847	28,354,943	646,432,512	220,062,209	577,292,511	593,544,606	741,081,570	419,894,119	245,443,901	10,829,476
Advances		1,230,669,118	385,942,104	171,508,519	110,076,664	119,557,100	70,639,884	64,117,258	125,183,386	119,244,206	64,399,997
Fixed assets		57,604,343	530	120,291	-	852,504	1,847,745	804,023	1,518,801	43,365	52,417,084
Intangible assets		2,101,322	-	4,530	-	481,101	462,982	518,547	71,609	562,553	-
Right of use assets		7,186,067	112,827	16,666	343,735	179,321	447,737	851,025	1,550,294	2,488,455	1,196,007
Deferred tax assets		22,406,230	-	-	-	105,873	947	-	22,299,410	-	-
Other assets		167,741,065	93,890,423	25,970,589	11,036,642	3,146,181	30,154,790	688,171	1,032,243	1,822,026	-
		5,251,765,894	707,956,670	848,898,612	379,068,006	739,404,557	698,380,522	808,060,594	571,549,862	369,604,506	128,842,564
Liabilities											
Bills payable		55,268,019	29,855,579	1,335,761	863,023	11,606,828	11,606,828	-	-	-	-
Borrowings		1,940,485,787	1,386,983,999	481,134,339	24,758,723	4,359,766	3,941,769	4,278,460	12,396,285	22,578,300	44,147
Deposits and other accounts		2,665,273,257	434,435,986	123,011,308	157,260,028	498,836,184	529,764,847	463,475,774	456,491,587	1,997,542	-
Liabilities against assets subject to finance lease		121,453	-	-	-	44,748	-	76,705	-	-	-
Lease liability against right of use assets		8,761,015	50	21,308	60,618	288,804	506,865	1,310,806	1,904,041	2,978,296	1,690,227
Other liabilities		271,556,131	122,974,968	39,209,487	32,024,034	4,902,743	24,159,069	9,893,832	19,220,510	9,400,930	9,770,558
		4,941,465,662	1,974,260,582	644,712,202	214,966,425	520,039,073	569,979,379	479,035,577	490,012,424	36,955,068	11,504,932
Net assets		310,300,232	(1,266,303,912)	204,186,410	164,101,581	219,365,484	128,401,143	329,025,016	81,537,438	332,649,439	117,337,631
Share capital		21,275,131									
Reserves		67,488,847									
Unappropriated profit		178,189,579									
Surplus/(Deficit) on revaluation of assets		42,273,537									
Non-controlling interest		1,073,138									
		310,300,232									

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48.2.7 Derivative Risk

A derivative is a contract that derives its value from the performance of an underlying asset which can be an index, interest rate, commodity price, security price, FX rate etc. Derivatives include forwards, futures, swaps, options etc. In Pakistan, futures and forwards are most commonly traded derivatives.

Currently, the Bank is not an active participant in the Pakistan derivatives market as it does not hold an Authorized Derivative Dealer (ADD) license to perform derivative transactions. Once acquired, the Bank will carry out transactions that are permitted under the Financial Derivatives Business Regulations issued by SBP, which may include Interest rate swaps, forward rate agreements, foreign currency options, etc.

Moreover, the Bank may also offer other over the counter derivative products to satisfy customer requirements, specific approval of which will be sought from the SBP on a transaction by transaction basis.

49. GENERAL

49.1 Comparative information has been re-classified, re-arranged or additionally incorporated in these consolidated financial statements, wherever necessary, to facilitate comparison and better presentation. No significant reclassifications have been made during the current year.

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

50. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on February 22, 2024 by the Board of Directors of the Bank.

Ashraf Mahmood Wathra
Chairman

Rehmat Ali Hasnie
President & CEO

Abdul Wahid Sethi
Chief Financial Officer

Ahsan Ali Chughtai
Director

Ali Syed
Director

ANNEXURE 'I' AS REFERRED TO IN NOTE 11.6 OF THE BANK'S CONSOLIDATED FINANCIAL STATEMENTS

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2023

S. No.	Name & Address of the borrower	Name of individuals/ Partners/ Directors (with CNIC No.)	Fathers/Husband's name	Outstanding liabilities at beginning of year				Principal written-off	Interest/ Mark-up written off	Other financial relief / waiver provided	Total (9+10+11)
				Principal	Interest/ mark-up	Others	Total				
				5	6	7	8				
1	Harum Textile Mills Ltd. 98 B, New Muslim Town, Lahore	3 Ch.Naeem Gulzar 35202-3020481-3 Ch.Mazhar Shakeel Bhatti 34603-6324577-9 Mrs.Shakeela Naeem 35202-3263963-8 Mr.Gul Riaz Bhatti 34603-3801110-1 Mrs.Rehana Abbas 35202-2463452-8 Mrs.Seerat Zainat Bhatti 34603-5410998-9 Mr.Waheed Akhtar 34501-2837420-9	4 Gulzar Muhammad Anayatullah Bhatti Naeem Gulzar Anayatullah Bhatti Ghulam Abbas Mushtaq Haq Nawaz Muhammad Iqbal Tahir	295,572	44,776	285,583	625,931	9	10	11	12
2	Adil Textile Mills Ltd. 156 N, Model Town Lahore	Adil Mehmood 35202-2700320-3 Nusrat Azhar 35202-5065994-6 Zulfiqar Haider 35404-1585958-7 Saqib Maqsood 35200-1497387-5 Shahid Qureshi 35200-1504083-7	Mehmood Saqiq M. Mustafa Allah Ditta Maqsood Ahmad Ghulam Muhammad Qureshi	147,301	52,845	-	200,146	-	-	16,936	16,936
3	Eden Housing Ltd. Eden Tower M 3, 82 -E/1 Main Boulevard Gulberg III Lahore	Muhammad Amjad 35202-7697311-7 Anjum Amjad 35202-2228505-4 Syed Musarat Hussain Naqvi 35202-5668485-1	Ch.Ghulam Hussain Muhammad Amjad Syed Najam ul Hassan Naqvi	352,383	160,634	152,596	665,623	-	-	86,800	86,800
4	M/s. Tharparkar Sugar Mills Limited (TSML)	Syed Imtiaz Ali Shah 44103-2975179-7 Syed Irfan Ali Shah 44103-4745570-5 Syed Irshad Ali Shah 42501-5421979-9	Ghulam Haider Shah Ghulam Haider Shah Mohammad Ali Shah	225,538	91,461	-	316,999	-	-	91,461	91,461

ANNEXURE 'I' AS REFERRED TO IN NOTE 11.6 OF THE BANK'S CONSOLIDATED FINANCIAL STATEMENTS

S. No.	Name & Address of the borrower	Name of Individuals/ Partners/ Directors (with CNIC No.)	Fathers/Husband's name	Outstanding liabilities at beginning of year				Principal written-off	Interest/ Mark-up written off	Other financial relief / waiver provided	Total (9+10+11)
				Principal	Interest/ mark-up	Others	Total				
5	Master Rice Mill, Near Ansar Sugar Mill, Moya Road Matiti	Kheela Mal 41207-1069423-9 Leela Ram 41207-2433189-9	Warsi Mal Warsi Mal	47,170	2,411	36,777	86,358	-	-	23,453	23,453
6	M/s Clifton Industry Shatab Ghara near Railway Crossing , Sialkot	Haiz Bilal tahir 34603-211701-1 Hassan Tahir 34603-7087782-1	Tahir Mahmood	8,918	-	1,855	10,773	-	-	573	573
7	Mycaal Kosoky Road, Mohallah West, Christian Colony, Hafizabad	Mycaal 34301-3642376-3	Sharif Masih	550	-	1	551	550	-	1	551
8	Mushtaq Ahmad S/o Nawazish Ali H.No.786, Ward # 8/17, Old Nankana Sahib, Distt: Nankana Sahib	Mushtaq Ahmad 35402-1931411-7	Nawazish Ali	701	-	65	766	701	-	65	766
9	M/s Jawad and Co Ghalla Mandi Gharbi, Hafizabad	Syed Hassan Raza 34301-7868277-9 Syed Shabbir Hussain Shah 34302-7851864-9	Syed Anwaar Hussain Sherazi Bahawal Sher	2,425	3,614	350	6,389	-	-	857	857
10	Khushal Khan Goharabad PO Hattain Bala, Tehsil & Distt: Hattain Bala, AJK	Khushal Khan 61101-1918367-1	Muhammad Sharif	561	-	-	561	561	-	-	561
11	Ziauddin S/o Hakim Din Harayia Gujran PO Ghan Dopatta, Muzaffarabad AJK	Ziauddin 82203-6730841-1	Hakim Din	507	-	-	507	507	-	-	507
12	Raja Farooque Asghar Ward No. 03, Mohallah Sundgali, Muzaffarabad.	Raja Farooque Asghar 82203-9900372-5 Javed Ahmed 43202-0825825-9	Raja Muhammed Asghar Muhammad Alam Khokhar	1,060	-	13	1,073	1,060	-	13	1,073
13	Muhallah Bais Colon, Larkana	Nagar Ali 43205-7523677-1	Aliah Rakhio Mangnejo	587	-	-	587	587	-	-	587
14	Village Wandh Saboo, Kartto Taluka Ratdero, Distt: Larkana	Ghulam Hussain 43205-4716171-7	Muhammad Siddique Bhutto	641	-	-	641	641	-	-	641
15	Muhallah Hassan Pur Taluka Ratdero, Distt: Larkana	Sharafuddin Jatoi Airport Road Muhalla Allahabad, Distt: Larkana	Abdul Qadir Jatoi	968	-	-	968	968	-	-	968
16	Sharafuddin Jatoi Bhatti Muhalla, Old Saddar, Tehsil Garhi Yasin Distt: Shikarpur	Ghulam Ali 43201-3788893-1 Syed Fazal Shah 43103-3985114-5	Abdul Rahim Channo Syed Muhammad Ismail Shah	748	-	-	748	748	-	-	748
17	Late Abdul Rasheed Bhatti Muhalla, Old Saddar, Tehsil Garhi Yasin Distt: Shikarpur	Late Abdul Rasheed 43304-7949750-9	Khan Muhammad	813	-	-	813	813	-	-	813
18	Muhammad Adam New Colony Ward No.01, Taluka Johi	Muhammad Adam 41202-2400875-3 Nazir Hussain 43201-3205633-7	Muhammad Khan Babar Gul Muhammad Soomro	762	-	-	762	762	-	-	762
19	Nazir Hussain Wadi Wairni, P.O Dokri Khairwah, Taluka Dokri	Nazir Hussain	Gul Muhammad Soomro	567	-	-	567	567	-	-	567

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				Principal	Interest/ mark-up	Others	Total				
22	Munawar Ali Muhalla Noorani Badah, Taluka & Distt: Larkana	Munawar Ali 43201-5820272-3	Sajawal Khan Jyoo	501	-	-	501	501	-	-	501
23	Late Muhammad Ali Village Bukhshoo Madeji, Tal: Garhi Yasin	Late Muhammad Ali 43301-8249271-3	Amir Bux	618	-	-	618	618	-	-	618
24	Irshad Ahmed Muhalla New Nazari City, Distt: Larkana	Irshad Ahmed 43203-1357034-5	Muhammad Hassan Dayo	903	-	-	903	903	-	-	903
25	Mubarak Ali Muhallah Ruhail Khan Bugti, Village Metho Dero	Mubarak Ali 43203-2836628-5	Makan Khan Bugti	1,004	-	-	1,004	1,004	-	-	1,004
26	Amir Bux Hajji Latif Shah Sindhi Wah Road, Shikarpur	Amir Bux 43304-9699653-3	Hussain Bux	867	-	-	867	867	-	-	867
27	Late Abdul Hameed Village Hajiana, Distt: Shikarpur	Late Abdul Hameed 43304-0595038-1	Fateh Ali Hajano	568	-	-	568	568	-	-	568
28	Nazakat Ali RO Rangar Muhalla Radhan Station Taluka Mehr	Nazakat Ali 41205-6653333-5	Faqir Muhammad Khaskheli	852	-	-	852	852	-	-	852
29	QudratUllah Village Haji Abdul Karim Jagirani	QudratUllah 43103-5595015-9	Abdul Kareem	611	-	-	611	611	-	-	611
30	Ghulam Akbar Street sanch PO Ratodero Taluka Ratodero Distt Larkana	Ghulam Akbar 43205-8762110-1	Khawand Dino	959	-	-	959	959	-	-	959
31	Bhag Chand Muhalla Maarai Ramchand Haveli PO ratodero Distt Larkana	Bhag Chand 43205-3665745-9	Heera Nand	695	-	-	695	695	-	-	695
32	Qurban Ali Village Karani taluka Dokri	Qurban Ali 43201-7182377-1	Muhammed Ishaque Soomro	517	-	-	517	517	-	-	517
33	Ali Hyder Shaikh Muhalla, Nasirabad	Ali Hyder 43207-6130872-5	Muhammed Khan	732	-	-	732	732	-	-	732
34	Ghulam Sarwar Bus Stand Muhalla, Lakhi	Ghulam Sarwar 43303-9814115-7	Piyaro	740	-	-	740	740	-	-	740
35	Ghulam Rasool Village Haji Dhani Bux, Mashori, P.O. Noushoro Feroz	Ghulam Rasool 45304-8942645-9	Punhoo Khan	636	-	-	636	636	-	-	636
36	Ali Asghar Utho Village Muhammad Khan Utho Taluka Qazi Ahmed Distt: Shahheed Benazir Abad	Ali Asghar Utho 45402-0926307-5	Muhammad Umar	572	-	-	572	572	-	-	572
37	Muhammad Umer H.NO 27-28 Mohalla Fateh Town, Eid Gah Road, Mirpurkhas	Muhammad Umer 44103-4920760-3	AliaUddin	514	-	-	514	514	-	-	514
38	Musheer Ahmad Kikri, PO Bahadurpur, Tehsil Sadiqabad, Distt: Rahimyar Khan	Musheer Ahmad 31304-0683164-7	Wali Dad	523	-	-	523	523	-	-	523
39	Rafaqat Masih S/o Saeed Masih Street # 3, Abu Al Hasan Colony, Rahim Yar Khan	Rafaqat Masih 31303-7078874-9	Saeed Masih	504	-	-	504	504	-	-	504
40	Shabbir Ahmad Nadeem Taj Garh, Tehsil & Distt Rahimyar Khan	Shabbir Ahmad Nadeem 31303-2370563-3	Fakhar Uddin	562	-	2	564	562	-	2	564
41	Muhammad Abdul Mujtaba H. No. 03, Muhalla Pir Manan, Uchsharif. District Bahawalpur.	Muhammad Abdul Mujtaba 31201-0313186-7	Muhammed Abdullah	1,032	-	-	1,032	1,032	-	-	1,032
42	Muhammad Tariq H#533/D Mohalla Munshan Bannu	Muhammad Tariq 11101-0631524-1	Nabi Bakhsh	587	-	-	587	587	-	-	587
43	Said Nawaz Khan Akhundani Landidak, P.O Miryan, Bannu	Said Nawaz Khan 11101-5954241-3	Sher Daraz Khan	599	-	-	599	599	-	-	599
44	Nasir Mehmood Mangoke P/o Same Tehsil Nowshera Virkan District Gujranwala	Nasir Mehmood 34103-4394533-1	Ameer Din	820	-	-	820	820	-	-	820

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				Principal	Interest/ mark-up	Others	Total				
45	Muhammad Akram St: 06 Barkat Colony PO Climax Gujranwala	Muhammad Akram 34101-9711636-5	Ali Hassan	962	-	-	962	962	-	-	962
46	Rashid Ali Aziz Near Railway Colony, Piran Ghaib, P/O Wapda Colony, Multan	Rashid Ali Aziz 36302-0401118-9	Abdul Aziz	651	-	-	651	651	-	-	651
47	Haq Nawaz Chak KikarWala, PO Khas, Jhok Vaince, Multan	Haq Nawaz 36302-3736785-5	Muhammed Bux	586	-	-	586	586	-	-	586
48	Niaz Hussain H. NO 889/10 Mohalla Tibi Sher Khan, Multan	Niaz Hussain 36302-0418840-1	Manzoor Hussain Bhatti	657	-	-	657	657	-	-	657
49	M/S Sahiwal Trading Coporation Citizen Market Chowk Dera Adda Multan	Muhammad Zahid Iqbal (Deceased), 36302-4255478-1	Muhammad Ali	389	2,148	180	2,717	-	-	817	817
50	Liaqat Ali R/O 1-SP Wasaywala PO Same Tehsil Deepalpur	Liaqat Ali 35301-1903769-7	Muhammad Manzoor	528	-	-	528	528	-	-	528
51	Muhammad Jahangir R/O 1-SP Wasaywala PO Same Tehsil Deepalpur	Muhammad Jahangir 35301-7560230-7	Muhammad Boota	833	-	-	833	833	-	-	833
52	Atta Ullah Shah Resident of Muhallah Saidan Tindo Dag Dist Swat	Atta Ullah Shah 15602-0464193-5	Ahmed Shah	545	-	-	545	545	-	-	545
53	Aslam Zeb Resident of Bara Drushkhela Dist Swat	Aslam Zeb 15601-0131249-5	Mian Gul	532	-	-	532	532	-	-	532
54	Muhammad Hussain Resident of Muhallah Chitor Saidu Sharif Dist Swat	Muhammad Hussain 15602391465-3	Alamgir	517	-	-	517	517	-	-	517
55	Fazal Illahi Kamragara, Navikali, PO Sarian Bala Dir L	Fazal Illahi 15302-5913190-1	Ghawali	938	-	-	938	938	-	-	938
56	Ijaz Hussain Tahir Chak Malka Wala, PO Qadirabad Karimwah, Vehari.	Ijaz Hussain Tahir 36603-2788639-5	Ahmad Yar	926	-	-	926	926	-	-	926
57	Muhammad Arshad Munir Gulguist Colony, Multan	Muhammad Arshad Munir 36502-3768116-7	Muhammad Munir	11,920	4,988	88	16,996	-	-	501	501
58	Arshad Masih Mohallah Rasoolpura, Mailsi	Arshad Masih 36602-6831987-9	Munshi Masih	572	-	-	572	572	-	-	572
59	Zaheer Ahmed Village Shahmeer Rahoo, Talka Saeed Abad, District Matiari.	Zaheer Ahmed 41301-6676925-3	Muhammed Dawood	661	-	-	661	661	-	-	661
60	Muhammad Jamil Block 5-A, PWD, H. No. 15, Street No. 17, Sector G-9, Islamabad	Muhammad Jamil 61101-4573281-3	Muhammad Habb	658	-	-	658	658	-	-	658
61	Mir Muhammad	Mir Muhammad 42201-8952626-7	Ghulam Hyder	760	-	-	760	760	-	-	760
62	Ghulam Murtaza H. No.12, Street No. 49-A, Itehad Colony, Tajpura Road, Ghaziabad, Lahore.	Ghulam Murtaza 35201-5875266-1	Muhammed Boota	610	-	-	610	610	-	-	610
63	Raqeef Khan House No. H-37, Staff Colony, Mirpur AK	Raqeef Khan 81302-1703271-1	Abdul Rasheed	676	-	-	676	676	-	-	676
64	Ziarat Gul Police Hospital Cantt. Police Lines.	Ziarat Gul 17301-1355176-7	Azeem Khan	526	-	-	526	526	-	-	526
65	Zahoor Ahmed Chagar Matti Peshawar	Zahoor Ahmed 17301-5161490-7	Sher Muhammad	655	-	-	655	655	-	-	655
66	Raja Muhammad Saleem Street No. 02, Muhalla Model Town Bhalwal, District Sargodha.	Raja Muhammad Saleem 38401-7113926-3	Muhammad Ameen	510	-	4	514	510	-	4	514
67	Muhammed Hanif Village Mari, P.O Mando Dero, Taluka Rohri, District Sukkur.	Muhammed Hanif 45502-2866977-3	Muhammed Dawood Shaikh	586	-	-	586	586	-	-	586
68	Ghulam Abbas Village Ali Muhammad Mangrio, Talka Bhirya City, Lakha Road, District Nausharo Feroz.	Ghulam Abbas 45301-0588939-7	Allah Yar Awan	824	-	-	824	824	-	-	824

ANNEXURE 'I' AS REFERRED TO IN NOTE 11.6 OF THE BANK'S CONSOLIDATED FINANCIAL STATEMENTS

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				Outstanding liabilities at beginning of year							
				Principal	Interest/ mark-up	Others	Total				
69	IE Khan Galina Sargeevna, 50-Pushkina Street, Novapakrovka village, Bishkek	Khan Galina Sargeevna AN 1919566	Khan Muhammad Zahid	20,990	-	2,672	23,662	8,219	2,672	-	10,891
70	Aygün Adil Bahramova (grocery store on Agha Neymatulla Street, Baku)	Aygün Bahramova AZE 01935360	Adil	-	2,304	232	2,536	-	2,304	232	2,536
71	Mirzayeva Bahar Amirsultan Giz (car repair shop on Sharifzade Street, Yasamal district)	Mirzayeva Bahar AZE 09174034	Amirsultan Giz	-	556	40	596	-	556	40	596
72	Suleyev Karim. Kazakhstan Almaty city, Zhandosov Street, 29G, apt. 17	Suleev Karim Sysanovich 018148989	Sysan	4,093	-	-	4,093	2,871	-	-	2,871
73	LLP "LD" Kazakhstan Almaty, st. Cholbalsana, d. No. 10b	Elham Guseinov 031613611	Tagi	32,135	506	1,043	33,684	9,676	526	-	10,202
74	LLP "Canvisia" Almaty, Alatau district, mkr. Kurylyshy, st. Arshaly, 58 G	Ushmugina Tumara 017761969	Vasily	93,260	33,986	3,817	131,063	8,997	35,481	3,985	48,463
75	LLP Troy Tech, Michurina street # 2, Temirtau city, Karaganda region, Kazakhstan	Surucu Deniz Nazim U 03891469	Nazim	84,215	7,814	5,657	97,686	29,715	6,147	4,451	40,313
76	Turkebayeva Saule. Almaty region, Zhamyl district, s. Uzynagash, st. Moldagulova, house 57	Turkebayeva Saule Zhambulova 007129435	Zhambyl	4,241	366	-	4,607	2,104	366	-	2,470
				1,371,647	408,409	490,975	2,271,031	102,669	48,052	515,722	666,443

ANNEXURE 'II' AS REFERRED TO IN NOTES 2.1 AND 11.7 OF THE BANK'S CONSOLIDATED FINANCIAL STATEMENTS

ISLAMIC BANKING BUSINESS

The bank is operating 188 (2022: 188) Islamic banking branches and 150 (2022: 50) Islamic banking windows as at December 31, 2023.

		2023	2022
----- (Rupees in '000) -----			
ASSETS	Note		
Cash and balances with treasury banks		10,248,305	6,096,555
Balances with other banks		43,076	13,766
Investments	1	51,544,718	53,920,119
Islamic financing and related assets - net	2	73,125,189	46,380,996
Fixed assets		70,902	87,489
Right of use assets (ROUA)		640,166	508,977
Other assets		4,488,184	2,294,054
Total Assets		140,160,540	109,301,956
LIABILITIES			
Bills payable		477,959	1,210,608
Deposits and other accounts	3	113,801,806	93,591,714
Due to Head Office		12,960,028	4,005,715
Lease liability against right of use assets		811,291	721,152
Other liabilities		2,249,195	1,490,182
		130,300,279	101,019,371
NET ASSETS		9,860,261	8,282,585
REPRESENTED BY			
Islamic Banking Fund		6,731,000	5,561,000
Surplus / (Deficit) on revaluation of assets		(400,216)	424,444
Unappropriated / unremitted profit	5	3,529,477	2,297,141
		9,860,261	8,282,585
CONTINGENCIES AND COMMITMENTS	6		

The profit and loss account of the Bank's Islamic banking branches for the year ended December 31, 2023 is as follows:

		2023	2022
----- (Rupees in '000) -----			
Profit / return earned	7	21,584,554	12,661,168
Profit / return expensed	8	(13,764,527)	(7,600,260)
Net Profit / return		7,820,027	5,060,908
Other income			
Fee and Commission Income		317,707	317,961
Foreign Exchange Income		61,765	155,195
Other Income		50	2,025
Total other income		379,522	475,181
Total Income		8,199,549	5,536,089
Other expenses			
Operating expenses		(3,496,250)	(3,050,827)
Other charges		(220)	(374)
Total other expenses		(3,496,470)	(3,051,201)
Profit before provisions		4,703,079	2,484,888
Provisions and write offs - net		(1,173,602)	(187,747)
Profit before taxation		3,529,477	2,297,141
Taxation		-	-
Profit after taxation		3,529,477	2,297,141

ANNEXURE 'II' AS REFERRED TO IN NOTES 2.1 AND 11.7 OF THE BANK'S CONSOLIDATED FINANCIAL STATEMENTS

		2023				2022			
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
1	Investments by segments:	------(Rupees in '000)-----							
	Federal Government Securities:								
	-Ijarah Sukuks	34,601,068	-	(726,606)	33,874,462	33,648,948	-	(339,589)	33,309,359
	Non Government Debt Securities								
	-Listed	7,800,000	-	287,176	8,087,176	8,200,000	-	303,132	8,503,132
	-Unlisted	9,674,673	(130,807)	39,214	9,583,080	11,777,533	(130,807)	460,901	12,107,628
		17,474,673	(130,807)	326,390	17,670,256	19,977,533	(130,807)	764,033	20,610,760
	Total Investments	52,075,741	(130,807)	(400,216)	51,544,718	53,626,481	(130,807)	424,444	53,920,119

2	Islamic financing and related assets	Note	2023	2022
			------(Rupees in '000)-----	
	Ijarah	2.1	13,749	38,208
	Murabaha	2.2	3,291,932	1,713,901
	Running Musharaka		30,500,000	-
	Diminishing Musharaka		19,357,928	22,062,256
	Istisna		705,500	-
	Other Islamic Modes (Wakala tul Istismar)		8,500,000	8,500,000
	Advance for Murabaha		-	2,127,000
	Advance for Diminishing Musharaka		113,086	100,894
	Advance for Istisna		8,850,972	9,396,236
	Inventories against Istisna		3,342,628	3,097,800
	Gross Islamic financing and related assets		74,675,795	47,036,295
	Less: provision against Islamic financings			
	- Specific		(913,875)	(654,980)
	- General		(636,731)	(319)
			(1,550,606)	(655,299)
	Islamic financing and related assets - net of provision		73,125,189	46,380,996

2.1 Ijarah

2023						
Cost			Depreciation			Book Value as at December 31, 2023
At January 01, 2023	Additions / (deletions)	As at December 31, 2023	At January 01, 2023	Charge/ Adjustment for the year	As at December 31, 2023	
------(Rupees in '000)-----						
63,474	-	59,828	50,820	-	47,449	12,379
-	(3,646)	-	-	(3,371)	-	
168,680	-	6,000	143,126	1,065	4,630	1,370
-	(162,680)	-	-	(139,561)	-	
232,154	-	65,828	193,946	1,065	52,079	13,749
	(166,326)			(142,932)		

ANNEXURE 'II' AS REFERRED TO IN NOTES 2.1 AND 11.7 OF THE BANK'S CONSOLIDATED FINANCIAL STATEMENTS

	2022						Book Value as at December 31, 2022
	Cost			Accumulated Depreciation			
	As at January 01, 2022	Additions / (deletions)	As at December 31, 2022	As at January 01, 2022	Charge/ Adjustment for the year	As at December 31, 2022	
	------(Rupees in '000)-----						
Plant & Machinery	245,257	- (181,783)	63,474	207,075	25,228 (181,483)	50,820	12,654
Vehicles	209,727	- (41,047)	168,680	152,834	28,725 (38,433)	143,126	25,554
Total	454,984	- (222,830)	232,154	359,909	53,953 (219,916)	193,946	38,208

Future Ijarah payments receivable

	2023				2022			
	Not later than 1 year	Later than 1 year & less than 5 years	Over five years	Total	Not later than 1 year	Later than 1 year & less than 5 years	Over five years	Total
------(Rupees in '000)-----								
Ijarah rental receivables	1,460	-	-	1,460	36,438	9,802	-	46,240

		2023	2022
Note		------(Rupees in '000)-----	
2.2	Murabaha		
	Murabaha financing		
	Advances for Murabaha		
		3,291,932	1,713,901
		-	2,127,000
		3,291,932	3,840,901
2.2.1	Murabaha receivable - gross	3,409,195	1,868,953
	Less: Deferred murabaha income	31,040	73,359
	Less: Profit receivable shown in other assets	86,223	81,693
	Murabaha financings	3,291,932	1,713,901
2.2.2	The movement in Murabaha financing during the year is as follows:		
	Opening balance	1,868,953	982,249
	Sales during the year	11,165,657	12,721,419
	Adjusted during the year	9,625,415	11,834,715
	Closing balance	3,409,195	1,868,953

ANNEXURE 'II' AS REFERRED TO IN NOTES 2.1 AND 11.7 OF THE BANK'S CONSOLIDATED FINANCIAL STATEMENTS

	2023	2022
	------(Rupees in '000)-----	
2.2.3 Murabaha sale price	11,165,657	12,721,419
Murabaha purchase price	10,750,858	12,234,017
	414,799	487,402
2.2.4 Deferred murabaha income		
Opening balance	73,359	25,980
Arising during the year	402,591	487,539
Less: Recognised during the year	(444,910)	(440,160)
Closing balance	31,040	73,359

3	Deposits	Note	2023			2022		
			In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
			------(Rupees in '000)-----					
	Customers							
	Current deposits		23,153,680	185,921	23,339,601	20,491,314	167,871	20,659,185
	Savings deposits		56,721,533	-	56,721,533	41,254,385	-	41,254,385
	Term deposits		16,261,024	-	16,261,024	15,137,438	-	15,137,438
			96,136,237	185,921	96,322,158	76,883,137	167,871	77,051,008
	Financial Institutions							
	Current deposits		1,879,123	-	1,879,123	354,951	-	354,951
	Savings deposits		15,071,912	-	15,071,912	14,114,989	-	14,114,989
	Term deposits		528,613	-	528,613	2,070,766	-	2,070,766
			17,479,648	-	17,479,648	16,540,706	-	16,540,706
		3.2	113,615,885	185,921	113,801,806	93,423,843	167,871	93,591,714

	2023	2022
	------(Rupees in '000)-----	
3.1 Composition of deposits		
- Individuals	54,111,171	45,084,725
- Government / Public Sector Entities	23,779,916	23,311,046
- Banking Companies	2,338,737	773,228
- Non-Banking Financial Institutions	15,140,911	15,767,478
- Private Sector	18,431,071	8,655,237
	113,801,806	93,591,714

3.2 This includes deposits eligible to be covered under insurance arrangements amounting to Rs. 55,033 million (2022: Rs. 47,134 million).

ANNEXURE 'II' AS REFERRED TO IN NOTES 2.1 AND 11.7 OF THE BANK'S CONSOLIDATED FINANCIAL STATEMENTS

		2023	2022
Note		------(Rupees in '000)-----	
4	Charity Fund		
	Opening Balance	203	64
	Additions during the period		
	Received from customers on account of delayed payment	9,067	286
	Profit on charity saving account	99	3
		9,369	353
	Payments / utilization during the period		
	Education	1,500	-
	Health	1,500	-
	Others	-	150
4.1		3,000	150
	Closing Balance	6,369	203
4.1	Charity paid during the year are as follows		
	Indus Hospital & Health Network	1,500	-
	The Citizen Foundation	1,500	-
	Prime Minister Flood Relief Fund	-	150
	Total	3,000	150
5	Islamic Banking Business Unappropriated/ Unremitted Profit		
	Opening Balance	2,297,141	1,502,668
	Add: Islamic Banking profit for the year	3,529,477	2,297,141
	Less: Transferred / Remitted to Head Office	(2,297,141)	(1,502,668)
	Closing Balance	3,529,477	2,297,141
6	Contingencies & commitment		
	Guarantees	-	-
	Commitments	-	-
	Other contingent liabilities	-	-
		-	-
7	Profit / Return Earned of Financing, Investments and Placement		
	Profit earned on:		
	Financing	12,351,676	5,712,166
	Investments	9,231,359	6,730,485
	Placements	1,519	1,235
	Others (Bai Muajjal)	-	217,282
		21,584,554	12,661,168

ANNEXURE 'II' AS REFERRED TO IN NOTES 2.1 AND 11.7 OF THE BANK'S CONSOLIDATED FINANCIAL STATEMENTS

2023	2022
------(Rupees in '000)-----	

8 Profit on Deposits and other Dues Expensed

Deposits and other accounts	9,901,324	5,589,067
Amortisation of lease liability against - ROUA	79,419	79,103
Others (General Account)	3,783,784	1,932,090
	13,764,527	7,600,260

9 Pool Management

NBP-AIBG has managed following pools for profit and loss distribution.

a) General depositor pool

The General pool consists of all other remunerative deposits. NBP Aitemaad (the Mudarib) accept deposits on the basis of Mudaraba from depositors (Rabbulmaal). The net return on the pool is arrived at after deduction of direct costs from the gross return earned on the pool. The entire net return after paying equity share to Mudarib is considered as distributable profit of the pool.

b) Special depositor pools (Total 213 during the period and 47 as at Dec 31, 2023)

Special pool(s) are created where the customers desire to invest in high yield assets. These pool(s) rates are higher than the general pool depending on the assets. In case of loss in special pool, the loss will be borne by the special pool members. The net return on the pool is arrived at after deduction of direct costs from the gross return earned on the pool. From the net return, and after allocation of share of profit to commingled equity, profit is paid to the Mudarib in the ratio of the Mudarib's equity in the pool to the total pool. The balance represents the distributable profit.

c) Equity pool

Equity pools include AIBG's fund and current account deposits. The equity pool may have constructive liquidation every month and risk associated with assets of pool includes operational, market, equity, return and Shariah.

Key features and risk & reward characteristics

Deposits are accepted from customers on the basis of Qard (current accounts) and Mudarabah (Saving and term deposits). No profit or loss is passed on to current account depositors.

For deposits accepted on Mudarabah basis from depositors (Rab ul Maal) the Bank acts as Manager (Mudarib) and invests the funds in the Shariah Compliant modes of financings. Rab ul Maal share is distributed among depositors according to weightages declared for a month before start of the period.

In case of loss in a pool during the profit calculation period, the loss is distributed among the depositors (remunerative) according to their ratio of investment.

For all pools, the Mudarib's share is deducted from the distributable profit to calculate the profit to be allocated to depositors. The allocation of the profit to various deposit categories is determined by the amount invested in that category relative to the total pool, as well as by the weightage assigned to the various deposit categories.

ANNEXURE 'II' AS REFERRED TO IN NOTES 2.1 AND 11.7 OF THE BANK'S CONSOLIDATED FINANCIAL STATEMENTS

The assets, liabilities, equities, income and expenses are segregated for each of the pool. No pool investment is intermingled with each other. The risk associated with each pool is thus equally distributed among the pools.

Avenues/sectors of economy/business where Mudaraba based deposits have been deployed.

	2023	2022
	------(Percentage)-----	
Sector		
Fertilizer	0.00%	1.48%
Textile	3.34%	4.25%
Fuel & energy	24.72%	34.07%
Leasing/Modarbas	0.02%	0.03%
Sugar	6.12%	7.80%
Cement	3.81%	6.10%
Gas	0.15%	0.35%
Financial	1.57%	1.94%
Federal Government	27.29%	32.95%
Real Estate	2.45%	3.10%
Agriculture	0.24%	0.30%
Commodity Operations	23.66%	0.00%
Others	6.62%	7.64%
Total	100%	100%

Parameters for profit allocation and charging expenses

Profit of the pools has been distributed between Mudarib and Rab-ul-Mall by using preagreed profit sharing ratios. The share of Rab-ul-Mall's profit has been distributed among different customers using the various weightages assigned to the different categories of the pool.

No provision against any non performing asset of the pool is passed on to the pool except on the actual loss / write off of such non performing asset. Administrative expense are borne by mudarib and not charged to Mudaraba pool.

	31-Dec-23 Rupees in '000
Mudarib Share	
Gross Distributable Income	17,033,942
Mudarib (Bank) share of profit before Hiba	5,216,246
Mudarib Share in percentage	31%
Hiba from Mudarib Share	
Mudarib (Bank) share of profit before Hiba	5,216,246
Hiba from bank's share to depositors	1,779,501
Hiba from bank's share to depositors in percentage	34%

Profit rates

During the year ended Dec 31, 2023 the average profit rate earned by NBP Islamic Banking Group is 19.03% and the profit distributed to the depositors is 14.31%.

PACRA

A1+ Short-Term

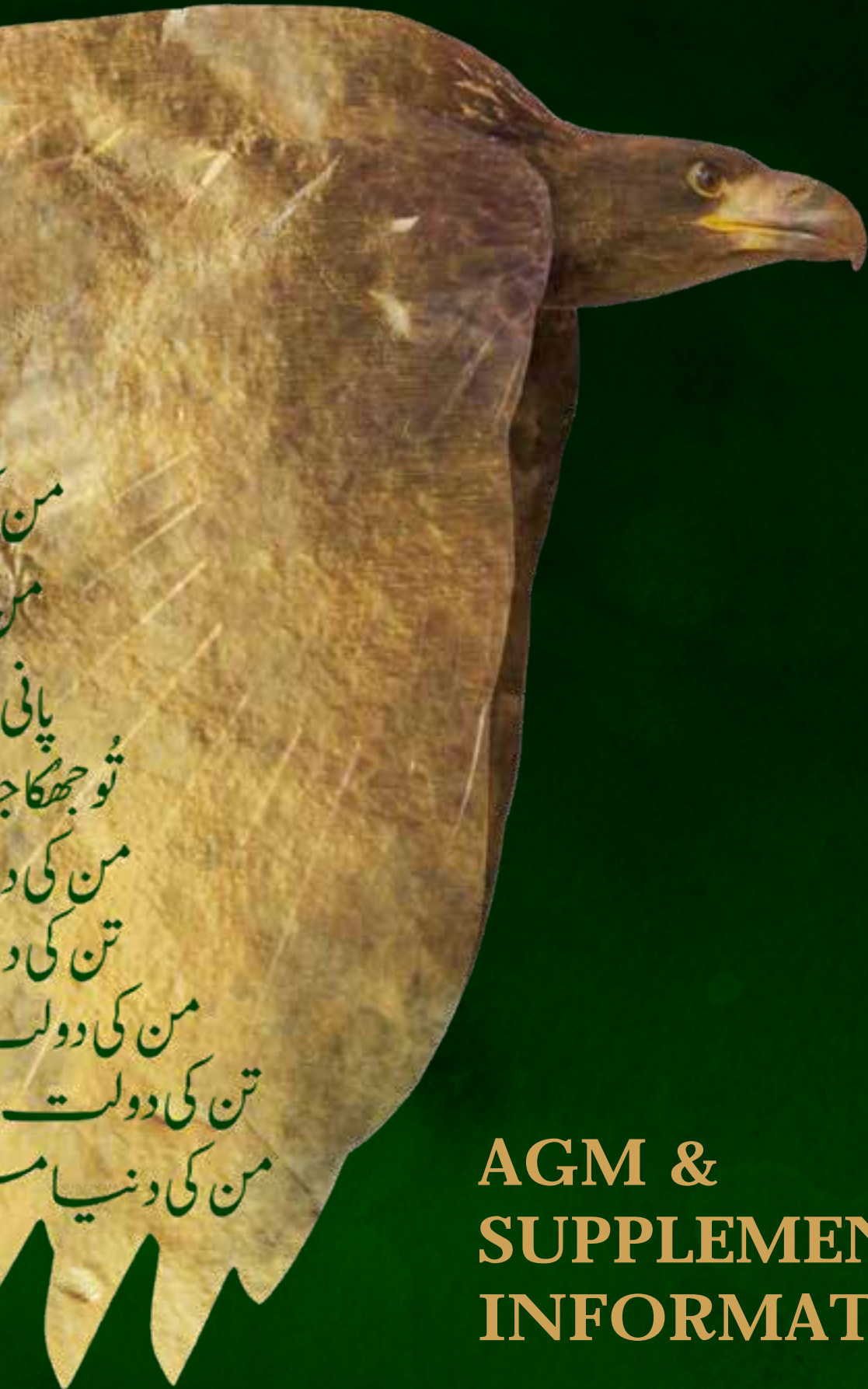
AAA Long-Term

VIS

A-1+ Short-Term

AAA Long-Term

من کی دنیا! من کی دنیا سوز و مستی، جذب و شوق
تن کی دنیا! تن کی دنیا سُود و سودا، مکر و فن
من کی دولت۔ ہاتھ آتی ہے تو پھر حباتی نہیں
تن کی دولت۔ چھٹاؤں ہے، آتا ہے دھن حباتا ہے دھن
کی دنیا میں نہ پایا میں نے افسرنگی کا راج
من کی دنیا میں نہ دیکھے میں نے شیخ و برہمن
پانی کر گئی مجھ کو قلندر کی یہ بات
بغیر کے آگے، نہ من تیرا نہ تن
نیا! من کی دنیا سوز و مستی، جذب و شوق
نیا! تن کی دنیا سُود و سودا، مکر و فن
تہا تھ آتی ہے تو پھر حباتی نہیں
چھٹاؤں ہے، آتا ہے دھن حباتا ہے دھن
میں نہ پایا میں نے افسرنگی کا راج



AGM & SUPPLEMENTARY INFORMATION

NOTICE FOR 75TH ANNUAL GENERAL MEETING

Notice is hereby given that 75th Annual General Meeting (“AGM”) of National Bank of Pakistan (the “Bank”) will be held on **Thursday, March 28, 2024 at 04:00 P.M. (PKT)** at Mövenpick Hotel, Club Road, Karachi and through electronic means.

The following business will be transacted in the Meeting:

Ordinary Business:

1. To confirm the minutes of the Extraordinary General Meeting (EOGM) of Shareholders held on July 25, 2023, physically and through electronic means.
2. To receive, consider and adopt the annual audited unconsolidated and consolidated financial statements of National Bank of Pakistan and its subsidiaries for the year ended December 31, 2023, together with the Directors’ Report, Auditors’ Report and Chairman’s Review Report thereon.
3. To appoint auditors for the year ending December 31, 2024, and fix their remuneration. The Board of Directors has recommended the re-appointment of Messrs. PwC A.F. Ferguson & Co., Chartered Accountants at a fee of PKR 35.825 million including some statutory certification and Messrs. BDO Ebrahim & Co., Chartered Accountants at a fee of PKR 30.440 million including some statutory certification, to be auditors of the Bank for the year ending December 31, 2024

Special Business:

4. To approve the renewal with amendments in the Board’s Remuneration Policy.
5. To approve transmission of Annual Audited Accounts of the Bank to the members via QR enabled code and web link.
6. To authorize Mr. Rehmat Ali Hasnie, President / CEO, NBP, to sign the necessary legal/regulatory documents pertaining to the closure of NBP-Bishkek Branch, Kyrgyz Republic, NBP-Baku Branch, Azerbaijan and Subsidiary bank - Almaty on behalf of the shareholders of National Bank of Pakistan.
7. To transact any other business with permission of the Chairman.

Karachi
Dated: March 07, 2024

By Order of the Board
Sd/-
S.M. Ali Zamin
Secretary (Board)

NOTES:

The Share Transfer Books of the Bank shall remain closed from March 22, 2024 to March 28, 2024 (both days inclusive). Transfers received at Messrs. CDC Share Registrar Services Limited, CDC House 99-B, Block "B", SMCHS, Main Shahrah-e-Faisal, Karachi – 74400, the Bank's Share Registrar and Transfer Agent, at the close of business on March 21, 2024 will be treated in time to attend the meeting.

PARTICIPATION IN ANNUAL GENERAL MEETING:

The Annual General Meeting is being conducted as per guidelines circulated by SECP. The following arrangements have been made by the Bank to facilitate the maximum participation of shareholders in the AGM through video link facility, either in-person or through appointed proxies:

a) Attending Meeting through Electronic Means

In order to attend the AGM through electronic facility, the members are requested to get themselves registered with CDC Share Registrar Services Limited upto March 27, 2024 till 05:00 P.M. at cdcsr@cdcsrsl.com or WhatsApp No. 0321-8200864 and they are requested to provide the information as per the below format:

S. #	Company Name	Folio Number / CDC Account #	Name of the Shareholder	CNIC #	Cell #	E-mail Address
	NBP					

The details of electronic facility will be sent to the members at the email address provided by them. The login facility will be opened at 3:30 P.M. on March 28, 2024 enabling the participants to join the proceedings after identification and verification process before joining the meeting, which will start at 4:00 P.M. (sharp).

b) Attending Meeting Physically

Arrangements for physical gathering of shareholders have been made at Mövenpick Hotel, Club Road, Karachi.

c) Attending Meeting through Proxies

- i) All members, entitled to attend and vote at the Annual General Meeting, are entitled to appoint another member in writing as their proxy to attend and vote on their behalf. A legal entity, being a member, may appoint any person, regardless of whether they are a member or not, as proxy.
- ii) The proxy instrument must be complete in all respects and in order to be effective should be deposited at Office of the Registrar or Office of the Secretary Board, 2nd floor, NBP Head Office, I.I. Chundrigar Road, Karachi not later than 48 hours before the time of holding the meeting.
- iii) For attending the meeting through electronic means (Zoom), proxy form shall be submitted along with proxy holders' email address and mobile number.
- iv) If any member appoints more than one proxy for any one meeting and more than one instrument of the proxy are deposited with the Registrar/Bank, all such instruments of proxy shall be rendered invalid.

d) Guidelines for Appointing Proxies:

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the regulations shall submit the proxy form as per the requirements mentioned below:
 - a) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers must be mentioned on the form.

- b) Attested copy of CNIC or the Passport of the beneficial owner(s) and of the proxy shall be furnished with the proxy form.
- ii) In case of a legal entity, the original or duly authenticated Board of Directors' resolution or power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) along with proxy form to Messrs. CDC Share Registrar Services Limited or to the Office of Secretary Board, 2nd floor, NBP Head Office, I.I Chundrigar Road, Karachi.

(Proxy Form is available on NBP website www.nbp.com.pk)

- Members are requested to immediately notify any change in their address to the Bank's Registrar/Shares Transfer Agent i.e., Messrs. CDC Share Registrar Services Limited.

PROCEDURE FOR VOTING FOR SPECIAL AGENDA ITEMS

It is hereby notified that according to the Companies (Postal Ballot) Regulations, 2018 and its amendments notified vide SRO 2192(I)/2022 dated December 05, 2022 members will be allowed to exercise their right to vote for the special business in the Annual General Meeting (AGM), in accordance with the conditions mentioned in the aforesaid regulation, the Bank shall provide its members with the following options for voting:

E-Voting Procedure

- a) The Bank's Share Registrar in accordance with the Companies (Postal Ballot) Regulations, 2018 will send complete information to the members, including but not limited to, web address, login detail, password, date of casting e-vote and other necessary details through email; and security code through SMS on their registered email and mobile number available in the members' register.
- b) Identity of the member intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.
- c) Individual interested to cast his/her vote through e-voting, availability of his/her CNIC, mobile number and email address and in case of a corporate entity NTN in company's record is mandatory.
- d) It is mandatory for all CDS account holders to update their records with their participants and physical shareholders with Bank's Share Registrar i.e., CDCSRL before book closure date.
- e) Voting lines for Special Agenda items will be opened for the Shareholders from March 25, 2024 at 09:00 a.m. till March 27, 2024 at 5:00 p.m.

Postal Ballot

The Shareholders shall ensure duly-filled and signed ballot paper along with copy of CNIC, in case of individual and in case of body corporate, acceptable identification documents i.e., the Original or duly authenticated Board of Directors' resolution / power of attorney along with valid copies of CNIC of authorized signatories etc. should reach through post to the Chairman, National Bank of Pakistan, Head Office Building, 2nd floor, I. I. Chundrigar Road, Karachi or by email at agm@nbp.com.pk by March 27, 2024 till 5:00 p.m. i.e., before the day of poll.

Vote Casting In-Person or Through Proxy

Polling booth will be established at the place of physical gathering of the AGM for voting.

SPECIAL NOTES TO THE SHAREHOLDERS

1. CONVERSION OF PHYSICAL SHARES INTO BOOK-ENTRY FORM:

The SECP through its letter No. CSD/ED/Misc./2016-639-640 dated March 26, 2021 has advised listed companies to adhere to the provision of Section-72 of the Companies Act, 2017 (the "Act") requiring all the existing companies to replace shares issued by them in physical form with shares into Book-Entry form in a manner as may be specified and from the date notified by the SECP but not exceeding four (04) years from the date of promulgation of the Act. Considering the aforesaid directive, NBP has also published a request on October 28, 2021 to ensure compliance with the Act and advised to open Investor Account directly with the Central Depository Company of Pakistan Limited ("CDC") or CDC-Sub-Account with any TREC Holder registered with Pakistan Stock Exchange Limited (PSX) to place their physical shares into Book-Entry form. It will not only ensure the compliance of relevant rules and regulations but will also speed up the process of disbursement of entitlement to the respective shareholders.

2. AVAILABILITY OF AUDITED FINANCIAL STATEMENTS ON BANK'S WEBSITE:

The Bank has placed the Audited Annual Financial Statements for the year ended December 31, 2023 along with Auditors' Report, Directors' Report and Chairman's Review Report thereon on its website: www.nbp.com.pk

STATEMENT OF MATERIAL FACTS

This Statement sets out material facts concerning the special business given in agenda items No. 4, 5 & 6 of the Notice, to be transacted in the 75th AGM of NBP's shareholders to be held on March 28, 2024.

Agenda Item No. 4:

To approve the renewal with amendments in the Board Remuneration Policy

The Board Remuneration Policy was initially approved by shareholders in the Extraordinary General Meeting on July 27, 2020. Subsequent amendments were approved in the 74th Annual General Meeting of NBP held on March 30, 2023. The Board of Directors has reviewed and updated the Remuneration Policy to align with the State Bank of Pakistan's Corporate Governance Regulatory Framework ("CGRF"). The Policy adjustments aim to enhance alignment with industry standards and best practices. Despite the update, there is no major change in the remuneration structure for the directors.

SUMMARY OF KEY CHANGES IN THE BOARD REMUNERATION POLICY

S. No.	Existing	New	Rationale
1	Clauses 6.1, 7, 8.1 & 9 Reference is of 71 st AGM held on May 12, 2020 and EOGM held on May 15, 2017.	Clauses 6.1, 7, 8.1 & 9 Change with reference to the 74 th AGM held on March 30, 2023.	Updation of relevant clause based on shareholders' approval.
2	Clause 8.2 Silent on insurance coverage.	Clause 8.2 Travel and health insurance coverage during international travel for official purpose and/or attending Board/ Board Committee meetings.	Insurance coverage is required for life & health of Directors during international travel.
3	Clause 11 Reference to SBP's BPRD Circular No. 03/2019. Approval of Shareholders on pre or post-fact basis.	Clause 11 Reference to SBP's BPRD Circular No. 05/2021 (CGRF). Approval of shareholders on pre-fact basis only.	CGRF has superseded the previous circular. Due to SBP's CGRF Clause 2(i) of G-14

The Board has recommended the following resolutions to the Shareholders for approval:

"RESOLVED THAT the Board Remuneration Policy is hereby renewed/amended as per the summary of key changes in the Board Remuneration Policy presented and that the updated Policy, be and is hereby adopted."

Disclosure: In terms of Section 134(3) of The Companies Act, 2017, all Directors and Chairman, except the President, are interested in this special resolution.

Agenda Item No. 5:

To approve transmission of Annual Audited Accounts of the Bank to the members via QR enabled code and web link

The Securities and Exchange Commission of Pakistan, in its Notification S.R.O. 389 (I)/2023 dated March 21, 2023, recognizing technological advancements and the obsolescence of older technology, has permitted listed companies to circulate the annual audited financial statements to their members using QR enabled code and weblink, instead of the traditional circulation via CD/DVD/USB. This is subject to the approval of shareholders obtained during a general meeting. The Bank will send the Notice of Annual General Meeting to members following the Act and will adhere to other instructions of SECP outlined in the aforementioned notification, including:

- (a) to transmit via email annual audited financial statements to shareholders who have provided to the Bank their email addresses; and
- (b) to provide within one week, free of cost hard copy of annual audited financial statements with relevant documents to shareholder(s), in case the Bank receives request of a shareholder on the standard request form available on the Bank's website.

The shareholders are requested to pass the following resolutions:

"RESOLVED THAT the Bank shall circulate annual audited financial statements to its members through QR enabled code and weblink and shall discontinue circulation of annual financial statements through CD/DVD/USB, be and is hereby approved".

"FURTHER RESOLVED THAT the Bank shall ensure at all times the requirements given in Securities and Exchange Commission Notification S.R.O. 389 (I)/2023 dated March 21, 2023 and all other applicable laws in connection with the transmission of Notice of Annual General Meeting and circulation of Annual Report to the members of the Bank are duly complied with, be and is hereby approved."

Disclosure: In terms of Section 134(3) of The Companies Act, 2017, no Director/Chairman/President is directly or indirectly interested in the special resolutions.

Agenda Item No. 6:

To authorize Mr. Rehmat Ali Hasnie, President / CEO, NBP, to sign the necessary legal/regulatory documents pertaining to the closure of NBP Bishkek Branch, Kyrgyz Republic NBP Baku Branch, Azerbaijan and subsidiary bank - Almaty on behalf of the shareholders of National Bank of Pakistan

NBP shareholders in their 72nd Meeting held on March 29, 2021 had accorded their approval for closure of operations at all Central Asian locations and had also empowered Mr. Arif Usmani, the then President / CEO NBP to sign all necessary legal / regulatory documents on behalf of NBP Shareholders. Mr. Arif Usmani after completing his tenure has left the Bank. In order to comply with the local regulatory requirements, we, request the Shareholders of the National Bank of Pakistan, to delegate the powers to Mr. Rehmat Ali Hasnie, incumbent President / CEO, to sign all documents including the decisions on behalf of shareholders required for closure of the operations at the Kyrgyz Republic, Azerbaijan and Kazakhstan, as previously delegated to the then President Mr. Arif Usmani. The Board has recommended the following resolution to the Shareholders for approval:

"RESOLVED THAT Mr. Rehmat Ali Hasnie, President / CEO NBP, Head Office, Karachi be and is hereby authorized to sign all the necessary legal/regulatory documents on behalf of Shareholders of National Bank of Pakistan in order to complete the necessary formalities for closure of operations in overseas branches/subsidiaries, be and is hereby approved."

Disclosure: In terms of Section 134(3) of The Companies Act, 2017, no Director/Chairman, except the President, is directly or indirectly interested in the special resolution.

شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ درج ذیل قراردادوں کی منظوری دیں:

”یہ قرار پایا ہے کہ بینک اپنے ممبران کو کیو آر فعال کوڈ اور ویب لنک کے ذریعے سالانہ آڈٹ شدہ مالیاتی گوشوارے ارسال کرے گا اور سی ڈی/ڈی وی ڈی/یو ایس بی کے ذریعے سالانہ مالیاتی گوشواروں کی ترسیل بند کر دے گا، اور اس کی منظوری دی جاتی ہے۔“

”مزید قرار پایا ہے کہ بینک سکیورٹیز اینڈ ایکسچینج کمیشن نوٹیفکیشن 389.S.R.O (I) 2023/مورخہ 21 مارچ 2023 میں دیئے گئے ضوابط کو چھٹی بنائے گا اور بینک کے ممبران کو سالانہ اجلاس عام کے نوٹس کی ترسیل اور سالانہ رپورٹ کی سرکولیشن کے سلسلے میں تمام قابل اطلاق قوانین کی تعمیل کی جائے گی، اور اس کی منظوری دی جاتی ہے۔“

اعلان دستبرداری: کمپنیز ایکٹ 2017 کے سیکشن 134(3) کے مطابق، کوئی بھی ڈائریکٹر/چیئر مین/صدر خصوصی قراردادوں میں براہ راست یا بالواسطہ دلچسپی نہیں رکھتا ہے ایجنڈا نمبر 6:

”نیشنل بینک آف پاکستان کے شیئر ہولڈرز کی جانب سے جناب رحمت علی حسنی، صدر ای ای او کو NBP، ملک براج، جمہوریہ کرفز، NBP پاکستان براج، آڈر ہائیکان اور ڈی ملی بینک لمائی کی بندش کے حوالے سے ضروری قانونی/ریگولیٹری دستاویزات پر دستخط کرنے کا اختیار دینا

این بی پی کے شیئر ہولڈرز نے مورخہ 29 مارچ 2021 کو ہونے والے اپنے 72 ویں اجلاس میں تمام وسطی ایشیائی مقامات پر آپریٹنگ بند کرنے کے لیے اپنی رضامندی دی تھی اور اس وقت کے صدر ای ای او، این بی پی، جناب عارف عثمانی کو این بی پی کے شیئر ہولڈرز کی جانب سے تمام ضروری قانونی/ریگولیٹری دستاویزات پر دستخط کرنے کا اختیار بھی دیا تھا۔ جناب عارف عثمانی نے اپنی مدت ملازمت پوری کرنے کے پرچینک چھوڑ دیا ہے۔ لہذا مقامی ریگولیٹری تقاضوں کی تعمیل کرنے کے لیے، ہم نیشنل بینک آف پاکستان کے شیئر ہولڈرز سے گزارش کرتے ہیں کہ وہ اختیارات موجودہ صدر ای ای او جناب رحمت علی حسنی کو تفویض کریں، تاکہ وہ تمام دستاویزات پر دستخط کریں جن میں شیئر ہولڈرز کی جانب سے کرفز، جمہوریہ، آڈر ہائیکان اور قازقستان میں آپریٹنگ بند کرنے کے فیصلے شامل ہیں، جیسا کہ اس وقت کے صدر جناب عارف عثمانی کو سونپا گیا تھا۔

بورڈ نے منظوری کے لیے شیئر ہولڈرز کو درج ذیل قرارداد کی سفارش کی ہے:

”قرار پایا کہ جناب رحمت علی حسنی، صدر ای ای او، این بی پی، ہیڈ آفس، کراچی کو نیشنل بینک آف پاکستان کے شیئر ہولڈرز کی جانب سے بیرون ملک برانچوں/ ماتحت اداروں میں آپریٹنگ بندش کیلئے تمام ضروری قانونی/ریگولیٹری دستاویزات پر دستخط کرنے کا اختیار دیا گیا ہے اور اس کی منظوری دی جاتی ہے۔“

اعلان دستبرداری: کمپنیز ایکٹ 2017 کے سیکشن 134(3) کے مطابق، صدر کے علاوہ کوئی بھی ڈائریکٹر/چیئر مین/صدر خصوصی قرارداد میں براہ راست یا بالواسطہ دلچسپی نہیں رکھتا ہے۔

ایجنڈا آئٹم نمبر 4:

بورڈ کی معاوضہ پالیسی میں ترامیم کے ساتھ تجدید کی منظوری

بورڈ کی معاوضہ پالیسی کو ابتدائی طور پر 27 جولائی 2020 کو منعقد ہونے والے غیر معمولی اجلاس عام میں شیئر ہولڈرز نے منظوری دی تھی۔ 30 مارچ 2023 کو ہونے والے این بی پی کے چوتھے سالانہ اجلاس عام میں بعد ازاں ترامیم کی منظوری دی گئی۔ بورڈ آف ڈائریکٹرز نے معاوضہ پالیسی کا جائزہ لیا اور اسٹیٹ بینک آف پاکستان کے کارپوریٹ گورننس ریگولیٹری فریم ورک (CGRF) کے ساتھ ہم آہنگ کرنے کے لیے اپ ڈیٹ کیا۔ پالیسی ایڈجسٹمنٹ کا مقصد صنعت کے معیار اور بہترین طریقوں کے ساتھ ہم آہنگی بڑھانا ہے۔ اپ ڈیٹ کے باوجود ڈائریکٹرز کے لیے معاوضے کے سرٹیکر میں کوئی خاص تبدیلی نہیں ہوئی ہے۔

بورڈ کی معاوضہ پالیسی میں اہم تبدیلیوں کا خلاصہ:

نمبر شمار	موجودہ	نئی	دلیل
1	شق 1، 6، 7، 8 اور 9 بحوالہ 12 مئی 2020 کو منعقدہ 71 ویں سالانہ اجلاس عام اور 15 مئی 2017 کو منعقدہ غیر معمولی اجلاس عام -	شق 1، 6، 7، 8 اور 9 30 مارچ 2023 کو منعقدہ 74 ویں سالانہ اجلاس عام کے حوالے سے تجدید ملی۔	شیئر ہولڈرز کی منظوری کے تحت متعلقہ شق کو اپ ڈیٹ کرنا۔
2	شق 8.2 انشورنس کوریج پر خاموشی۔	شق 8.2 سرکاری مقصد اور/یا بورڈ/بورڈ کمیٹی کے اجلاسوں میں شرکت کے لیے بین الاقوامی سفر کے دوران فریول اور ہیلتھ انشورنس کوریج۔	بین الاقوامی سفر کے دوران ڈائریکٹرز کی زندگی اور صحت کے لیے انشورنس کوریج ضروری ہے۔
3	شق 11 بحوالہ اسٹیٹ بینک آف پاکستان کے BPRD سرکلر نمبر 03/2019۔ قبل اور بعد از حقائق کی بنیاد پر شیئر ہولڈرز کی منظوری۔	شق 11 بحوالہ اسٹیٹ بینک آف پاکستان کے BPRD سرکلر نمبر 05/2019 (سی جی آر ایف) صرف قبل از حقائق کی بنیاد پر شیئر ہولڈرز کی منظوری۔	سی جی آر ایف نے گزشتہ سرکلر کی جگہ لے لی ہے۔ اسٹیٹ بینک آف پاکستان کی G-14 کی CGRF شق 2 (i) کی وجہ سے۔

بورڈ نے منظوری کے لیے شیئر ہولڈرز کو درج ذیل قراردادوں کی سفارش پیش کی ہے۔

”قرار پایا کہ بورڈ کی معاوضہ پالیسی میں تجدید/ترمیم کی گئی ہے اور بورڈ کی معاوضہ پالیسی میں پیش کردہ اہم تبدیلیوں کے خلاصے کے مطابق اپ ڈیٹ کردہ پالیسی کی منظوری دی جاتی ہے۔“
اعلان دستبرداری: کمپنیز ایکٹ 2017 کے سیکشن 134 (3) کے مطابق صدر کے علاوہ تمام ڈائریکٹرز اور چیئرمین اس خصوصی قرارداد میں دلچسپی رکھتے ہیں۔

ایجنڈا آئٹم نمبر 5:

کیا فعال کوڈ اور ویب لنک کے ذریعے ممبران کو بینک کے سالانہ آڈٹ شدہ مالی گوشواروں کی ترسیل کی منظوری دینا

سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے اپنے نوٹیفکیشن S.R.O. 389 (I)/2023 مورخہ 21 مارچ 2023، میں بینکانہ لوجی میں جدت اور پرانی ٹیکنالوجی کے خاتمے کو تسلیم کرتے ہوئے اسلٹ کمپنیوں کو اجازت دی گئی ہے کہ وہ اپنے ممبران کو سی ڈی/ڈی وی ڈی/ایو ایس بی کے ذریعے کارڈ کے بجائے سالانہ آڈٹ شدہ مالیاتی گوشواروں کی QR کوڈ اور ویب لنک کا استعمال کرتے ہوئے ترسیل کریں۔ یہ عام اجلاس کے دوران حاصل کردہ شیئر ہولڈرز کی منظوری سے مشروط ہے۔ بینک ممبران کو سالانہ اجلاس عام کا نوٹس جیسے گا اور مذکورہ نوٹیفکیشن میں بیان کردہ ایس ای سی پی کی دیگر ہدایات پر عمل کرے گا، بشمول:

(الف) ای میل کے ذریعے سالانہ آڈٹ شدہ مالیاتی گوشوارے شیئر ہولڈرز کو ارسال کرنا جنہوں نے بینک کو اپنا ای میل ایڈریس فراہم کیا ہو؛ اور

(ب) ایک ہفتے کے اندر شیئر ہولڈرز کو متعلقہ دستاویزات کے ساتھ سالانہ آڈٹ شدہ مالیاتی گوشوارے کی ہارڈ کاپی مفت فراہم کرنا ہوگی، نیز بینک کی ویب سائٹ پر دستیاب درخواست فارم پر شیئر ہولڈرز کی درخواست موصول ہوتی ہے۔

انکسٹراٹک ووٹنگ کا طریقہ کار:

(الف) کمپنیز (پبلک بیلٹ) ریگولیشنز، 2018 کے مطابق بینک کاشیئر رجسٹر ارمبرز کو مکمل معلومات بھیجے گا، بشمول لیکن ان تک محدود نہیں، ویب ایڈریس، لاگ ان کی تفصیل، پاس ورڈ، ای ویٹ ڈاٹ کے لئے کی تاریخ، اور دیگر ضروری تفصیلات شامل ہیں اور ممبران کے رجسٹر میں دستیاب ان کے رجسٹرڈ ای میل اور موبائل نمبر پر ایس ایم ایس کے ذریعہ سکیورٹی کوڈ بھیجے گا۔

(ب) انکسٹراٹک ووٹنگ کے ذریعے ووٹ ڈالنے کا ارادہ رکھنے والے ممبران کی شناخت انکسٹراٹک دستخط یا لاگ ان کے ذریعے تصدیق کی جائے گی۔

(ج) انکسٹراٹک ووٹنگ کے ذریعے اپنا ووٹ ڈالنے میں دلچسپی رکھنے والے افراد کا اپنے CNIC، موبائل نمبر، اور ای میل ایڈریس اور کسی کارپوریٹ ادارے کی صورت میں کمپنی کے ریکارڈز میں NTN کی دستیابی لازمی ہے۔

(د) تمام سی ڈی ایس اکاؤنٹ ہولڈرز کے لئے لازمی ہے کہ وہ اپنے شرکاء کے ساتھ اپنے ریکارڈز کو اور فزیکل شیئر ہولڈرز بینک کے شیئر رجسٹر ارمبرز یعنی CDC SRL کے پاس ریکارڈز تک بند ہونے کی تاریخ سے پہلے اپ ڈیٹ کریں۔

(و) خصوصی ایجنڈا آن لائن کے لئے ووٹنگ لائنز شیئر ہولڈرز کے لئے 25 مارچ 2024 صبح 9:00 بجے سے 27 مارچ 2024 شام 5:00 بجے تک کھولی جائیں گی۔

پبلک بیلٹ

انفرادی اور کارپوریٹ باڈی کی صورت میں شیئر ہولڈرز اس بات کو یقینی بنائیں کہ درست طریقے سے بھرے ہوئے اور دستخط شدہ بیلٹ پیپر کے ساتھ قابل قبول CNIC کی ایک کاپی، مستند دستاویزات یعنی بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی کی دستیابی یقینی بنائیں۔ مجاز دستخط کنندگان کے CNIC وغیرہ کو بھی بذریعہ ڈاک چیئر مین نیشنل بینک آف پاکستان، ہیڈ آفس بلڈنگ، دوسری منزل، آئی آئی چندر گھر روڈ، کراچی یا بذریعہ ای میل agm@nbp.com.pk پر شام 5:00 بجے تک پہنچادیں۔ پبلنگ کے دن سے پہلے یعنی 27 مارچ 2024 شام 5:00 بجے تک۔

ذاتی طور پر یا پراکسی کے ذریعے ووٹ کاسٹنگ:

سالانہ اجلاس عام میں ووٹ ڈالنے کی غرض سے پبلنگ بوجھ قائم کیا جائے گا۔

حصص یافتگان کے لئے خصوصی نوٹس:

1۔ بک انٹری فارم میں فزیکل شیئرز کی ڈپازٹ/تبدیلی:

سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے اپنے خط نمبر CSD/ED/Misc./2016-639-640 مورخہ 26 مارچ 2021 کے ذریعے لسٹڈ کمپنیوں کو ہدایت دی ہے کہ وہ کمپنیز ایکٹ، 2017 کے سیکشن 72 پر عمل کریں جو کہ تمام موجودہ کمپنیوں سے مطالبہ کرتا ہے کہ وہ اپنے جاری کردہ فزیکل حصص کو بک انٹری فارم میں اس طریقے سے تبدیل کریں جیسا کہ بیان کیا گیا ہے اور ("SECP") کی طرف سے مطلع کیا گیا ہے ایکٹ کے نفاذ کردہ تاریخ کے مطابق ہو، لیکن چار سال سے زیادہ نہیں ہونی چاہئے۔ مذکورہ ہدایت پر غور کرتے ہوئے، این بی پی نے ایکٹ کے تقاضوں کی تعمیل کو یقینی بنانے کے لئے 28 اکتوبر 2021 کو ایک اشتہار بھی شائع کیا گیا ہے اور مشورہ دیا ہے کہ وہ براہ راست سینٹرل ڈپازٹری کمپنی آف پاکستان لیمنڈ (CDC) یا CDC-Sub کے ساتھ ایک سرمایہ کاری اکاؤنٹ کھول لیں۔ پاکستان اسٹاک ایکسچینج لیمنڈ کے ساتھ رجسٹرڈ TREC ہولڈرز میں سے کسی کے ساتھ اکاؤنٹ ان کے فزیکل شیئرز کو بک انٹری فارم میں ڈالیں۔ یہ نہ صرف متعلقہ قواعد و ضوابط کی تعمیل کو محفوظ بنائے گا بلکہ شیئر ہولڈرز کے استحقاق کی تقسیم کے عمل کو بھی تیز کرے گا۔

2۔ بینک کی ویب سائٹ پر آڈٹ شدہ مالیاتی گوشواروں کی دستیابی:

31 دسمبر 2023 کو ختم ہونے والے سال کے آڈٹ شدہ سالانہ مالیاتی گوشواروں کے ساتھ آڈیٹرز رپورٹ، ڈائریکٹرز رپورٹ اور چیئر مین کی جائزہ رپورٹ اپنی ویب سائٹ www.nbp.com.pk پر اپ لوڈ کر دی گئی ہیں۔

مادی حقائق کا بیان

یہ بیان 28 مارچ 2024 کو ہونے والے نیشنل بینک آف پاکستان کے شیئر ہولڈرز کے چھتر ویں سالانہ اجلاس عام میں عمل میں لانے کے لیے نوٹس کے ایجنڈا آن لائن نمبر 5.4 اور 6 میں دی گئی خصوصی کارروائی سے متعلق مادی حقائق طے کرتا ہے۔

نمبر شمار	سکائی کا نام	قانونی نمبر/ CDC اکاؤنٹ نمبر	شیئر ہولڈر کا نام	قومی شناختی کارڈ نمبر	موبائل نمبر	ای میل ایڈریس
	این بی پی					

الیکٹرانک سہولت کی تفصیلات ممبران کی طرف سے فراہم کردہ ای میل ایڈریس پر فراہم کر دی جائیں گی۔ مورخہ 28 مارچ 2024 کو لاگ ان سہولت دوپہر 03:30 بجے کھول دی جائے گی تاکہ شرکاء اجلاس شروع ہونے کے مقررہ وقت شام 04:00 بجے سے پہلے پہچان اور تصدیق کے عمل سے گزر کر اجلاس میں شریک ہو سکیں۔

(ب) اجلاس میں ذاتی طور پر شرکت:

مودین پک ہوٹل، کلب روڈ، کراچی میں شیئر ہولڈرز کے لئے روبرو اجتماع کے انتظامات کئے گئے ہیں۔

(پ) پراکسیز کے ذریعے اجلاس میں شرکت کرنا:

I۔ تمام ممبران جو کہ سالانہ اجلاس عام میں شرکت اور ووٹ ڈالنے کے اہل ہیں کسی بھی دوسرے ممبر کو تحریری طور پر پراکسی مقرر کر سکتے ہیں۔ ایک قانونی ادارہ رکن ہونے کے ناطے کسی بھی فرد کو قطع نظر، خواہ وہ ممبر ہو یا نہیں، پراکسی کے طور پر تقرری کر سکتا ہے۔

II۔ پراکسی انشورمنٹ ہر لحاظ سے مکمل ہونا ضروری ہے اور موثر ہونے کے لئے اجلاس کے انعقاد سے 48 گھنٹے قبل شیئر رجسٹرار یا سیکریٹری بورڈ کے دفتر، دوسری منزل، NBP ہیڈ آفس، آئی آئی چندریگر روڈ، کراچی پر جمع کروانا ہوگا۔

III۔ الیکٹرانک سہولت (زوم) کے ذریعے مینٹگ میں شرکت کے لئے پراکسی ہولڈر کا ای میل ایڈریس اور موبائل نمبر پراکسی فارم میں ہونا لازمی ہے۔

IV۔ اگر کوئی ممبر کسی ایک مینٹگ کے لئے ایک سے زیادہ ممبرز کو پراکسی مقرر کرتا ہے یا کسی پراکسی کے ایک سے زیادہ انشورمنٹس رجسٹرار/ بینک کے پاس جمع کروائے جاتے ہیں تو پراکسی کے ایسے تمام انشورمنٹس کو غلط قرار دیا جائے گا۔

(ت) شیئر ہولڈرز کو پراکسی کی تقرری کے لئے درج ذیل ہدایات پر عمل کرنا ہوگا:

(i) انفرادی صورت میں، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر اور/یا وہ شخص جس کی سیکیورٹیز گروپ اکاؤنٹ میں ہیں اور ان کی رجسٹریشن کی تفصیلات قواعد و ضوابط کے مطابق اپ لوڈ کی گئی ہیں مندرجہ ذیل تقاضوں کے مطابق پراکسی فارم جمع کروائیں:

الف) پراکسی فارم دو افراد کے بطور گواہ دستخط کے ساتھ جمع کروایا جائے جن کے نام، پتے اور کپیڈ ٹرانزیکشن کارڈ نمبر فارم پر درج ہوں۔

ب) قومی شناختی کارڈ کی تصدیق شدہ کاپی یا بینیفیٹیل مالکان اور پراکسی کے پاسپورٹ کی کاپی پراکسی فارم کے ساتھ پیش کی جائے گی۔

(ii) قانونی ادارے کی صورت میں نامزد شخص کے دستخط کے نمونے کے ساتھ اصل یا باضابطہ تصدیق شدہ بورڈ آف ڈائریکٹرز کی قرارداد یا پاور آف اٹارنی میسرز ڈی سی شیئر رجسٹرار سروسز لمیٹڈ یا سیکریٹری بورڈ کے دفتر، دوسری منزل، این بی پی ہیڈ آفس، آئی آئی چندریگر روڈ، کراچی میں پراکسی فارم کے ساتھ جمع کرانا ہوگا۔ (اگر وہ پہلے فراہم نہ کر دیے گئے ہوں)۔

(پراکسی فارم این بی پی کی ویب سائٹ www.nbp.com.pk پر بھی دستیاب ہے)۔

• ممبران سے درخواست ہے کہ وہ اپنے پتے میں کسی بھی تبدیلی کی اطلاع فوری طور پر بینک کے رجسٹرار/شیئر ڈٹرانسفر ایجنٹ یعنی میسرز ڈی سی شیئر رجسٹرار سروسز لمیٹڈ کو دیں۔

ایجنٹس ایجنٹس کے لئے ووٹنگ کا طریقہ کار:

یہاں یہ مطلع کیا جاتا ہے کہ کمپنیز (پرنٹل پبلٹ) ریگولیشنز، 2018 اور اس کی ترامیم SRO 2192(I)/2022 مورخہ 05 دسمبر 2022 کے ذریعے مطلع کیا گیا ہے کہ ممبران کو سالانہ اجلاس عام (AGM) میں خصوصی کاروبار کے لیے ووٹ کا حق استعمال کرنے کی اجازت ہوگی۔ مذکورہ ضابطے میں بیان کردہ شرائط کے مطابق، بینک اپنے اراکین کو ووٹنگ کے لیے درج ذیل اختیارات فراہم کرے گا:

نیشنل بینک آف پاکستان

اطلاع برائے پچھتر واں سالانہ اجلاس عام

بذریعہ ہذا نوٹس اطلاع دی جاتی ہے کہ نیشنل بینک آف پاکستان کا پچھتر واں سالانہ اجلاس عام بروز جمعرات مورخہ 28 مارچ 2024، پاکستان کے معیاری وقت کے مطابق شام 04:00 بجے موہن پک ہوٹل، کلب روڈ، کراچی میں ذاتی موجودگی اور الیکٹرانک ذرائع پر منعقد ہوگا۔

اجلاس میں درج ذیل کارروائی عمل میں لائی جائے گی:

عمومی کارروائی:

- 1۔ مورخہ 25 جولائی 2023 کو ذاتی موجودگی اور الیکٹرانک ذرائع سے منعقد ہونے والے شیئر ہولڈرز کے غیر معمولی اجلاس عام کی کارروائی کی توثیق۔
- 2۔ 31 دسمبر 2023 کو ختم ہونے والے سال کے لئے نیشنل بینک آف پاکستان کے سالانہ آڈٹ شدہ غیر مجموعی اور مجموعی مالی گوشواروں اور اس کے ذیلی اداروں کے مجتمع گوشوارے مع ڈائریکٹرز رپورٹ، آڈیٹرز رپورٹ کے ساتھ چیئر مین جائزہ رپورٹ کی وصولی، ان پر غور اور منظوری۔
- 3۔ 31 دسمبر 2024 کو ختم ہونے والے سال کے لئے آڈیٹرز کی تقرری اور ان کے معاوضے طے کرنا۔ بورڈ آف ڈائریکٹرز نے میسرز پی ڈبلیو ایے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو 35.825 ملین روپے بشمول کچھ قانونی سرٹیفیکیشن اور میسرز پی ڈی اے اے اے ایم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو 30.440 ملین روپے بشمول کچھ قانونی سرٹیفیکیشن کی فیس پر 31 دسمبر 2024 کو ختم ہونے والے سال کے لئے بینک کے آڈیٹرز کے طور پر دوبارہ تعیناتی کی سفارش کی ہے۔

خصوصی کارروائی:

- 4۔ بورڈ کی معاوضہ پالیسی میں ترامیم کے ساتھ تجدید کی منظوری۔
- 5۔ QR فعال کوڈ اور ویب لنک کے ذریعے ممبران کو بینک کے سالانہ آڈٹ شدہ مالی گوشواروں کی ترسیل کی منظوری دینا۔
- 6۔ نیشنل بینک آف پاکستان کے شیئر ہولڈرز کی جانب سے جناب رحمت علی حسنی، صدر اسی ای اے این بی پی کو NBP بھٹیک برانچ، جمہوریہ کرغز NBP باکو برانچ، آذربائیجان اور ذیلی بینک الماتی کی بندش کے حوالے سے ضروری قانونی/ریگولیٹری دستاویزات پر دستخط کرنے کا اختیار دینا۔
- 7۔ چیئر مین کی اجازت سے کسی دیگر کاروباری معاملے پر کارروائی۔

بھگم پورڈ

Sd/-

سید محمد علی ضامن

سیکرٹری (بورڈ)

کراچی

مورخہ مارچ 2024.07

نوٹس:

بینک کی شیئر ٹرانسفر کثب 22 مارچ 2024 سے 28 مارچ 2024 تک (بشمول دونوں ایام) بند رہیں گی۔ تاہم بینک کے رجسٹرار، میسرز ڈی سی شیئر رجسٹرار سروسز لمیٹڈ، ڈی سی ہاؤس 99-بی، بلاک بی سندھی مسلم کوآپریٹو ہاؤسنگ سوسائٹی (ایس ایم سی ایچ ایس)، مین شارع فیصل، کراچی-74400 کو مورخہ 21 مارچ 2024 تک کاروباری اوقات ختم ہونے سے پہلے وصول ہونے والے ٹرانسفرز کو اجلاس میں شرکت کے سلسلے میں بروقت تصور کیا جائے گا۔

سالانہ اجلاس عام میں شرکت

سالانہ اجلاس عام کا انعقاد سکیو ریٹیز اینڈ ایگنٹ کمیشن آف پاکستان (SECP) کے جاری کردہ رہنما اصولوں کے مطابق کیا جا رہا ہے اور سالانہ اجلاس عام میں شیئر ہولڈرز کی زیادہ سے زیادہ شرکت کیلئے ویڈیو لنک کی سہولت، ذاتی موجودگی پر یا مقرر کردہ پراکسیز کے ذریعے شرکت کے انتظامات کئے گئے ہیں:

الف) اجلاس میں بذریعہ الیکٹرانک ذرائع شرکت

سالانہ اجلاس عام میں الیکٹرانک سہولت کے ذریعے شرکت کرنے والے ممبران سے درخواست کی جاتی ہے کہ مورخہ 27 مارچ 2024 بوقت شام 05:00 بجے تک

CDC شیئر رجسٹرار سروسز لمیٹڈ کی ای میل cdcsr@cdcsrsl.com یا وائس ایپ نمبر 0321-8200864 پر خود کو رجسٹرڈ کروائیں اور ان سے التماس

ہے کہ وہ مندرجہ ذیل فارمیٹ پر انفارمیشن مہیا کریں:

NATIONAL BANK OF PAKISTAN

75TH ANNUAL GENERAL MEETING

FORM OF PROXY

Folio No. _____ or CDC participant Identity No. _____

CDC Account No. _____

I/We _____

of _____

being member(s) of the National Bank of Pakistan, holding shares no. _____ hereby

appoint _____ of _____ also a

member of the National Bank of Pakistan (Folio No. _____) or failing him/her

_____ of _____ also a member of National Bank of Pakistan (Folio

No. _____) as my/our Proxy to attend the 75th Annual General Meeting of National

Bank of Pakistan, to be held at 04:00 P.M. (PKT) on Thursday, March 28, 2024, at Mövenpick Hotel, Club Road, Karachi or through electronic means and at any adjournment thereof.

Proxyholder email address (for attending meeting through electronic means): _____ and

mobile number _____

Signed this _____ day of March, 2024.

Witnesses:

Name: _____

Address: _____

CNIC No. _____

Name: _____

Address: _____

CNIC No. _____

Signature _____

(Signature should agree with the specimen signature registered with the Bank)

**Affix Revenue Stamp
of Five Rupees.**

NOTE:

Attending Meeting through Proxies:

1. All members, entitled to attend and vote at the Annual General Meeting, are entitled to appoint another member in writing as their proxy to attend and vote on their behalf. A legal entity, being a member, may appoint any person, regardless of whether they are a member or not, as a proxy.
2. The proxy instrument must be complete in all respects and in order to be effective should be deposited at Office of the Registrar or Office of the Secretary Board, 2nd Floor, NBP Head Office, I. I. Chundrigar Road, Karachi, not later than 48 hours before the time of holding the meeting.
3. For attending the meeting through electronic means (Zoom), a proxy form shall be submitted along with the proxyholders' email address and mobile number.
4. If any member appoints more than one proxy for any meeting and more than one instrument of the proxy is deposited with the Registrar or the Bank, all such instruments of proxy shall be rendered invalid.

The shareholders will further have to follow the following guidelines for appointing proxies:

- i. In the case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the regulations shall submit the proxy form as per the requirements mentioned below:
 - a). The proxy form shall be witnessed by two persons whose names, addresses, and CNIC numbers shall be mentioned on the form.
 - b). An attested copy of CNIC or valid Passport of the beneficial owners and of the proxy shall be furnished with the proxy form.
- ii. In case of Government of Pakistan/State Bank of Pakistan/corporate entity, the original or duly authenticated Board of Directors' resolution or power of attorney with specimen signatures of the nominee shall be submitted along with the proxy form to Messrs. CDC Share Registrar Services Limited or to the Office of the Secretary Board, 2nd Floor, NBP Head Office, I.I. Chundrigar Road, Karachi.

نیشنل بینک آف پاکستان

پراکسی فارم برائے چھتر واں سالانہ اجلاس عام

فولیو نمبر _____ سی ڈی سی اکاؤنٹ نمبر _____

میں اہم _____ جن کا تعلق _____

سے ہے نیشنل بینک آف پاکستان ہولڈنگ شیئرز نمبر _____ کا کے رکن ہوتے ہوئے بذریعہ خدا _____ کے _____ کو جو کہ نیشنل بینک آف پاکستان (فولیو نمبر) _____ کا رکن بھی ہے یا _____ کے _____ کی ناکافی کی صورت میں جو کہ نیشنل بینک آف پاکستان (فولیو نمبر) _____ کا رکن بھی ہے کو میرے/ہمارے نمائندے کے طور پر نامزد کرتا ہوں اگر کرتے ہیں تاکہ وہ نیشنل بینک آف پاکستان کے 75 ویں سالانہ اجلاس عام میں میرے/ہمارے پراکسی کے طور پر شرکت کریں جو کہ روز جمعرات 28 مارچ 2024 کو شام 04:00 بجے موہن پک ہوٹل، نکتہ روڈ، کراچی اور الیکٹرانک ڈرائنگ سے دور اس کے کسی بھی البتہ پر منعقد ہوگا۔

پراکسی کی ای میل ایڈریس (الیکٹرانک ڈرائنگ سے شرکت کے لئے) _____ موبائل نمبر _____

اسے مارچ 2024 کی _____ تاریخ کو دیکھ لیا گیا:

مکمل نام:

پاکستان بینک

نام _____

پتہ _____

شناختی کارڈ نمبر _____

دستخط _____

دستخط دینے والے نمونے سے مطابقت رکھتے ہوں یا بینک میں رجسٹرڈ ہوں

نام _____

پتہ _____

شناختی کارڈ نمبر _____

نوٹ

پراکسی کے ذریعے اجلاس میں شرکت

- 1۔ تمام ممبران، جو سالانہ اجلاس عام میں شرکت کرنے اور ووٹ دینے کے حقدار ہیں، کسی دوسرے ممبر کو تحریری طور پر اپنے پراکسی کے طور پر مقرر کرنے کے حقدار ہیں، تاکہ وہ شرکت کریں اور ووٹ دیں۔ ایک قانونی ادارہ، ایک رکن ہونے کے ناطے کسی بھی شخص کو چاہے وہ رکن ہے یا نہیں، بطور پراکسی مقرر کر سکتا ہے۔
- 2۔ پراکسی کی جزایات ہر لحاظ سے مکمل ہونا چاہئے اور موثر ہونے کے لئے رجسٹر کے دفتر یا سیکریٹری بورڈ کے دفتر، دوسری منزل، این این پی ہیڈ آفس، آئی آئی چندر بھگروڈ، کراچی میں میٹنگ کے انعقاد کے وقت سے 48 گھنٹے پہلے جمع کروانا ہوگا۔
- 3۔ الیکٹرانک ڈرائنگ (زوم) کے ذریعے میٹنگ میں شرکت کے لئے پراکسی ہولڈرز کے ای میل ایڈریس اور موبائل نمبر کے ساتھ ایک پراکسی فارم جمع کروانا لازمی ہے۔
- 4۔ اگر کوئی ممبر کسی بھی میٹنگ کے لئے ایک سے زیادہ پراکسی کا تقرر کرتا ہے اور پراکسی کے ایک سے زیادہ انسترومنٹ رجسٹرڈ یا بینک کے پاس جمع کرائے جاتے ہیں، تو پراکسی کے ایسے تمام انسترومنٹ کو ملحق قرار دیا جائے گا۔

حصص یافتگان کو پراکسیوں کی تقرری کے لئے درج ذیل رہنما اصولوں پر عمل کرنا ہوگا۔

- 1۔ افراد کے معاملے میں، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر اور ایوانہ حصص جس کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور ان کی رجسٹریشن کی تفصیلات قواعد و ضوابط کے مطابق اپ لوڈ کی گئی ہیں ذیل میں بیان کردہ ضروریات کے مطابق پراکسی فارم جمع کروائیں۔
- الف) پراکسی فارم پر دو افراد کو ای دیں گے جن کے نام، سچے اور شناختی کارڈ نمبر فارم پر درج ہوں گے۔
- ب) قومی شناختی کارڈ کی تصدیق شدہ کاپی یا جینی فیملی مالکان اور پراکسی کے سپہرڈ کی کاپی پراکسی فارم کے ساتھ پیش کی جائے گی۔
- II حکومت پاکستان اسٹیٹ بینک آف پاکستان کا رجسٹرڈ ادارے کی صورت میں نامزد شخص کے دستخط کے نمونے کے ساتھ اصل یا سادہ تصدیق شدہ بورڈ آف ڈائریکٹرز کی قرارداد یا پاور آف ایٹارنی یا میسرز سی ڈی سی شیئر رجسٹرڈ سرسولجنگ یا سیکریٹری بورڈ کے دفتر، دوسری منزل، این این پی ہیڈ آفس، آئی آئی چندر بھگروڈ، کراچی کو پراکسی فارم کے ساتھ جمع کروانا ہوگا۔