

NATIONAL BANK OF PAKISTAN
THE BANK YOU
TRUST

QUARTERLY REPORT
MARCH 2023

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CORPORATE INFORMATION

Board of Directors

Chairman	Mr. Ashraf Mahmood Wathra
Directors	Mr. Farid Malik, CFA Mr. Ahsan Ali Chughtai Mr. Ali Syed Mr. Amjad Mahmood Mr. Nasim Ahmad
President & CEO (A)	Mr. Rehmat Ali Hasnie

Audit Committee

Chairman	Mr. Ahsan Ali Chughtai Mr. Ali Syed Mr. Amjad Mahmood Mr. Nasim Ahmad
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Chief Financial Officer

Mr. Abdul Wahid Sethi

Company Secretary

Syed Muhammad Ali Zamin

Auditors

A.F. Ferguson & Co.
Chartered Accountants

BDO Ebrahim & Co.
Chartered Accountants

Legal Advisors

Mandviwalla & Zafar
Advocates & Legal Consultants

Registered & Head Office

NBP Building
I.I. Chundrigar Road, Karachi, Pakistan.
Phone: 92-21-99220100 (30 lines),
92-21-99062000 (60 lines)
NBP Call Center: 111-627-627

Registrar & Share Registration Office

CDC Share Registrar Services Limited
CDC House, 99-B, Block-B,
S.M.C.H.S., Main Shara-e-Faisal
Karachi-74400, Pakistan.
111-111-500

Website

www.nbp.com.pk

Directors' Report to the Shareholders

Standalone Financial Statements

Dear Shareholders,

The Board of Directors are pleased to present the un-audited condensed interim standalone financial statements of the Bank for the three months period ended March 31, 2023.

Economic Environment

As the global economy continues to face slowing growth, high inflationary pressures and geo-political tensions, the central banks are responding through tightening monetary stance. The recent strains in the global banking system added to the difficulties of the emerging market economies like Pakistan. The Pakistan's economy also continues to face challenges macro imbalances e.g. reducing forex reserves, broad-based high inflation and twin deficit. Although inflation levels remain high, there are early indications of inflation expectations plateauing. While overall balance of payments position continues to remain under stress, the current account deficit has narrowed, more than previously anticipated, mainly on the back of sizable import containment. Visible progress has been made towards completion of the 9th review under the IMF's EFF program and the workers' remittances have also slightly recovered during last couple of months and the central bank expects the momentum to continue. Positively, fiscal deficit during Jul-Jan FY23 was contained to 2.3 percent of GDP compared to 2.8 percent in the same period last year, while the primary balance posted a surplus of 1.1 percent of GDP against a deficit of 0.3 percent last year. This improvement in the primary balance was achieved on the back of lower subsidies, grants and development spending. The Government is taking effective policy measures to address domestic and external imbalances. Key priorities include strengthening the fiscal position, continuing social protection to the poor by shifting from general to targeted subsidies (especially in terms of fuel/energy pricing).

Pakistan's banking sector has performed well and remained resilient. Spreads have improved on the back of increasing average policy rate, albeit some concerns on asset quality and credit aggravation. Considering the industry feedback, the State Bank of Pakistan has deferred implementation of IFRS 9 and financial reporting formats till January 01, 2024.

Financial Performance – Q1'2023

Financial Performance for the 3M period ended March 31, 2023

Amidst the continued challenging economic environment, your Bank has delivered strong financial performance for the three months period ended March 31, 2023. These results depict the resilience of the Bank's business model, effectiveness of the management's strategies and the efforts of our staff.



- Profitability (PKR 'Bn)

No.	Key Items	Mar'23	Mar'22	Better / (Worse)	
				Amount	%
1	NII	32.5	25.8	6.7	26.1%▲
2	NFI	7.5	8.1	(0.6)	(7.3%)▼
3	Total income	40.0	33.9	6.1	18.1%▲
4	Admin Exp.	21.2	16.8	(4.4)	26.3%▲
5	Pre-Prov. Profit	18.9	17.1	1.7	10.1%▲
6	Provision Charge	0.7	1.1	0.4	36.0%▼
7	Pre-tax profit	18.2	16.1	2.1	13.2%▲
8	Tax	7.5	6.2	(1.3)	20.3%▲
9	After-tax profit	10.7	9.8	0.9	8.7%▲
10	EPS (Rs.)	5.02	4.62	0.4	8.7%▲

For the three months period under review, your Bank generated a Gross Interest Income 'GII' of PKR 192.4 Bn as against PKR 79.2 Bn for the similar three months period of 2022. The PKR 113.2 Bn increase in GII is achieved through a robust volumetric growth in average interests earning assets coupled with the impact of higher average policy rate during this period that stood at 17.7% as compared to 9.75% during the same period last year.

During Q1'23, the Bank's investments portfolio averaged PKR 3,519.2 Bn (Mar'22:PKR 1,984.6 Bn) and generated mark-up/interest income of PKR 146.2 Bn being PKR 95.8 Bn or 190.2% up against PKR 50.4 Bn for the corresponding Mar'22. This translates into average yield at 16.85% (Mar'22:10.29%). In the higher policy rate environment, the maturity profile of the Bank's investment book is skewed towards the shorter duration securities under available-for-sale category. Similarly, placements, that averaged PKR 66.2 Bn (Mar'22:PKR 110.6 Bn) generated a mark-up income of PKR 2.7 Bn (Mar'22: PKR 2.7 Bn) at a higher yield of 16.6% as compared to 9.77% for Mar'22.

For the three-months period, the Bank's loan book averaged PKR 1,411.4 Bn and generated a mark-up income of PKR 43.5 Bn i.e. PKR 17.3 Bn or 66.2% higher than PKR 26.2 Bn for the similar period last year. This significant growth was achieved through both, a volumetric growth, as well as the favourable YoY rate variance. Pertinent to mention this high performance was achieved despite the fact that the Bank carries a significant proportion of lower yielding or non-performing public-sector loans.

Likewise, on the back of higher average policy rate, the Bank's cost of funds for Mar'23 recorded a significant YoY increase and amounted to PKR 159.9 Bn as against PKR 53.4 Bn for corresponding period of 2022. The PKR 106.5 Bn or 199.3% YoY increase is mainly recorded in cost of Deposits that amounted to PKR 69.7 Bn (Mar'22:PKR 36.3 Bn) and the borrowingsrepo costs by PKR 73.8 Bn to close at PKR 88.6 Bn.

Consequently, the Net Interest Income 'NII' for the period under review closed at PKR 32.5 Bn, depicting a 26.1% increase against PKR 25.8 Bn of Mar'22.

- **Non-Fund Income**

Non-Fund Income 'NFI' for the Mar'23 recorded a slight decrease to close at PKR 7.5 Bn which is PKR 0.6 Bn or 7.3% lower than PKR 8.1 Bn of Mar'22. This was mainly due to drop in the FX income. While fee & commission income recorded a 3.0% decrease YoY to close at PKR 4.5 Bn (Mar'22:PKR 4.7Bn), the FX income closed lower by 49.8% to close at PKR 1.1 Bn as against PKR 2.1 Bn for Mar'22 as the forex market remained more stabilised during the period under review. The Bank's equity investment portfolio yielded dividend income of PKR 1.0 Bn, which is PKR 0.12 Bn or 13.1% higher YoY. Whereas, capital gains increased significantly by PKR 0.26 Bn or 264.1% to close at PKR 0.36 Bn (Mar'22:PKR 0.1 Bn). Going forward, the NFI is expected to rebound as the stock market is expected to show stability.

- **Operating Expenses**

Operating expenses of the Bank for the period under review amounted to PKR 21.2 Bn which is 26.3% higher YoY as compared to PKR 16.8 Bn of SPLY. HR cost that constitutes around 67.7% of the total operating expenses, amounted to PKR 14.3 Bn against PKR 11.6 Bn in Mar'22. This increase reflects the impact of annual pay increase, charge for defined benefit plans and other HR related provisions. While property related expenses amounted to PKR 2.4 Bn (Mar'22:PKR 2.0 Bn), IT related expenses stood at PKR 1.2 Bn (Mar'22: PKR 0.6 Bn). The Bank is currently investing significantly to improve & strengthen its core banking applications and related IT infrastructure. Other operating expenses amounted to PKR 3.2 Bn depicting a 26.1% increase YoY responding to the general inflationary hike in costs. Overall, operating costs translate into a cost-to-income ratio at 52.9% which is in line with the inflationary pressures and industry norms.

- **Provision Charge**

For the three months period under review, provision charge amounted to PKR 0.68 Bn i.e. significantly lower by 36.0% or PKR 0.38 Bn as compared to PKR 1.1 Bn for the corresponding three months period of 2022. Key contributor towards this drop were the loans & advances that recorded a net reversal of PKR 68.4 Mn as against a charge of PKR 1.0 Bn for the corresponding 3M period of 2022. However, provision against diminution in value of investments recorded a YoY increase of PKR 710.0 Mn and amounted to PKR 724.5 Mn as against PKR 14.5 Mn in the comparative period. Specific and General provisions held against NPLs stood at PKR 204.5 Bn (Dec'22:PKR 190.7 Bn) and PKR 16.9 Bn (Dec'22:PKR 17.3 Bn), respectively. Thus, provision coverage at March 31, 2023 stood at 81.2%. However, excluding certain NPL that is secured through a sovereign guarantee issued by the Government of Pakistan, the NPL coverage stands at 93%.

- **Taxation & After-tax Profit**

Taxation charge for the period amounted to PKR 7.5 Bn as against PKR 6.2 Bn for Mar'22. Consequently, profit after-tax for the three months period ended March 31, 2023 stood at PKR 10.7 Bn i.e. PKR 0.85 Bn or 8.7% higher than PKR 9.8 Bn for Mar'22. This translates into Earnings per Share of Rs. 5.02 as compared to Rs. 4.62 for Mar'22.

- **Appropriation of Profit**

Profit for the three months period ended March 31, 2023 after carry forward of accumulated profit of 2022 is appropriated as follows:

	(PKR 'Mn)
Profit after tax for the Quarter ended March 31, 2023	10,688.8
Unappropriated profit brought forward	172,511.7
Other comprehensive income - net of tax	(288.0)
Transfer from surplus on revaluation of fixed assets-net of tax	50.7
Profit available for appropriation	<u>182,963.2</u>
Appropriation:	
Transfer to Statutory Reserve	(1,068.9)
Unappropriated profit carried forward	<u>181,894.3</u>

Financial Position as at March 31, 2023

At March 31, 2023, total assets of the Bank amounted to PKR 6,055.6 Bn, depicting a 15.6% increase against PKR 5,240.4 Bn levels of December 31, 2022.

- **Loans and Advances**

Gross loans & advances of the Bank amounted to PKR 1,452.9 Bn depicting a slight increase of 1.0% or PKR 14.4 Bn against PKR 1,438.6 Bn at end of the year 2022. Whereas, net advances stood at PKR 1,231.5 Bn i.e. similar to PKR 1,230.5 Bn level at the end of 2022. In the prevailing high interest rate scenario, the Bank is pursuing a prudent loan growth for better credit risk management.

- **Investments**

Pursuant to an effective 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 instruments. As at March 31, 2023, the Bank's investments (at cost) amounted to

PKR 3,799.7 Bn (2022:PKR 3,509.0 Bn) with a carrying value of PKR 3,741.4 Bn (2022:PKR 3,477.4 Bn). During the three months under review, PKR 290.7 Bn or 8.3% increase in the investments (at cost) mostly came in the available-for-sale securities that stood at PKR 3,158.5 Bn (2022:PKR 2,956.9 Bn) as of Mar'31, 2023. Given the limited quality loan growth demand, and a steady growth in customer deposits, excess liquidity with the Bank is mostly placed in shorter-term GoP securities to capitalize on price volatility in the currently hiking policy rate environment.

- **Deposits & Funding**

At March 31, 2023, total deposits with the Bank amounted to PKR 2,976.2 Bn as compared to PKR 2,666.2 Bn of December 31, 2022. Major share of the Bank's funding comes from customer sticky deposits that contribute PKR 2,706.5 Bn or 90.9% of the total deposits. Non-remunerative current deposits increased by 19.0% during the 3M period under review to close at PKR 675.7 Bn making 25.0% of the total customer deposits; whereas remunerative but low cost current accounts deposits were reduced by 12.8% to close at PKR 639.4 Bn, making 23.6% of the customer deposits.

With current deposits at PKR 1,543.7 Bn or 51.9% of the total deposits at March 31, 2023, the Bank maintains a strong liquidity profile. In addition, the CASA ratio stood high at 79.4%. Liquidity Coverage Ratio and Net Stable Funding Ratio remained over the regulatory requirements as the same stood at 166% (Dec'22:147%) and 273% (Dec'22:251%), respectively vis-à-vis regulatory requirement of 100% for each.

- **Capital Strength and Adequacy**

Net Assets amount to PKR 304.95 Bn i.e.1.4% higher than PKR 300.8 Bn at the end of 2022. These translate into a break-up value of PKR 143.3 per share (YE'22: PKR 141.4). During 3M'23, the Bank's Eligible Tier 1 capital decreased by PKR 3.1 Bn or 1.3% to PKR 228.1 Bn from PKR 231.2 Bn at YE'22. Likewise, Eligible Tier 2 capital also decreased by PKR 5.5 Bn or 7.4% to close at PKR 69.5 Bn. Tier 2 capital mainly decreased corresponding to the decrease in Tier-1 capital. As the Bank is following a risk-prudent asset growth strategy, total RWAs increased by PKR 65.4 Bn or 4.6% from PKR 1,418.5 Bn at YE'22 to PKR 1,483.9 Bn at March 31, 2023.

Consequently, the Total Capital Adequacy Ratio (CAR) stood at 20.06% with Tier-1 capital adequacy ratio at 15.37%; as compared to 21.59% and 16.30%, respectively, at YE'22. At March'31, 2023, the Bank's leverage ratio stood at 2.80% which has been relaxed up to 2.5% by the central bank till March 31, 2024. Other financial soundness ratios are well compliant with applicable regulatory requirements.

Changes in the Board of Directors during the period under review

Subsequent to the year ended December 31, 2022, the Federal Government vide Notification No. F.1 (11) Bkg-III/2017-90 dated January 18, 2023, has 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 of the Board with immediate effect.



Contingency Regarding the Pension Case

Status of the case is the same as explained in note 25.3.4.1 to the audited unconsolidated financial statements for the year ended December 31, 2022. Based on the opinion of legal counsel, no provision for any additional pension liability has been made in these unconsolidated condensed interim financial statements, as the Bank is confident about a favorable outcome on the matter.

Credit Ratings

NBP has been rated as 'AAA' by both the recognised credit rating agencies in Pakistan. In June 2022, 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).

Outlook

Going forward, the economic outlook will be shaped largely by the restoration of political stability and the continued implementation of reforms under the revived International Monetary Fund program to stabilize the economy and restore fiscal and external buffers. Despite the prevailing challenges, your Bank will continue to play its role towards supporting economic momentum in the country, while also maintaining a strong & resilient balance sheet to create long-term value for its stakeholders. Our strategic focus on investing into IT Systems & Infrastructure is aimed at creating synergies in business processes, rationalising operating costs and achieving higher efficiency. In the near future, the Bank's business strategy will remain focused on financing and supporting underserved sectors including SME, Microfinance, Agriculture Finance as well as Islamic financing on a priority basis.

Acknowledgement & Appreciation

We appreciate the continued efforts & dedication of our employees towards provision of service to the Nation and delivering commendable financial results. We would also like to acknowledge the support of the Government of Pakistan, the State Bank of Pakistan, the SECP and other regulatory bodies for enabling the Bank to achieve its potential and contribute towards the socio-economic development in the country.

For and on behalf of the Board of Directors

Rehmat Ali Hasnie
President & CEO (A)

Ali Syed
Director

Karachi
Dated: April 27, 2023

اعتراف اور تعریف

ہم قوم کی خدمت کی فرائی اور قابل ستائش مالیاتی تاریخ کی فرائی کے لیے بینک کو اپنی صلاحیتوں کو حاصل کرنے اور ملک میں سماجی و اقتصادی ترقی میں اپنا حصہ ڈالنے کے قابل بنانے پر اپنے ملازمین کی مسلسل کوششوں اور لگن کو سراہتے ہیں۔۔۔ ہم حکومت پاکستان، اسٹیٹ بینک آف پاکستان، ایس ای سی پی اور دیگر یگوں لیٹری اداروں کی طرف سے بینک کو اپنی حقیقی صلاحیت کو حاصل کرنے اور پاکستان کی سماجی و اقتصادی ترقی میں اپنا حصہ ڈالنے کے قابل بنانے کے لیے ان کی مسلسل مددوہی تسلیم کرنا چاہیں گے۔

بورڈ آف ڈائریکٹریز کے لیے اور اس کی جانب سے

علی سید
ڈائریکٹر

رحمت علی حسني

صدر اور سی ای او (اے)

کراچی

تاریخ: 27 اپریل 2023

پیش کیس سے متعلق ہنگامی صورتحال

کیس کی حیثیت وہی ہے جو 31 دسمبر 2022 کو ختم ہونے والے سال کے آٹھ شدہ غیر مربوط مالیاتی بیانات کے نوٹ 4.3.4.1 میں بیان کی گئی ہے۔ قانونی مشیر کی رائے کی بنیاد پر، ان غیر مربوط کنٹیننڈ عورتی مالیاتی گوشوارے میں کسی اضافی پیش کی ذمہ داری کی کوئی پروپرٹر یا کارڈننگ کی گئی، کیونکہ بینک کو اس معاملے پر ایک سازگار نتیجہ پر یقین ہے۔

کریڈٹ رینگ

پاکستان میں دونوں تسلیم شدہ کریڈٹ رینگ ایجنسیوں کے ذریعہ آپ کی بینک کو 'AAA' کا درجہ دیا گیا ہے۔ جون 2022 میں، میسرز VIS کریڈٹ رینگ کمپنی نے بینک کی اسٹینڈ اون کریڈٹ رینگ کو "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 رینگ ہے۔ اسی طرح، میسرز پیکرا کریڈٹ رینگ کمپنی نے بھی بینک کو طویل مدتی ہستی کی درجہ بندی بطور 'AAA' (ٹریپل AAA) اور مختصر مدت کے کریڈٹ رینگ کو 'A1+' (One Plus-A) کے طور پر تقویض کیا ہے۔

مستقبل

آگے بڑھتے ہوئے، اقتصادی نظریہ بڑی حد تک سیاسی استحکام کی بجائی اور معیشت کو مستحکم کرنے اور مالیاتی اور یورپی بفرز کو بحال کرنے کے لیے یہیں الاقوامی مالیاتی فنڈ کے پروگرام کے تحت اصلاحات کے مسلسل نفاذ سے تشكیل پائے گا۔ موجودہ چیلنجوں کے باوجود بینک اپنے اسٹینک ہولڈرز کے لیے طویل مدتی قدر پیدا کرنے کے لیے ایک مضبوط اور چکدار بینکنگ شیٹ کو برقرار رکھنے کے ساتھ ساتھ ملک میں اقتصادی رفتار کو سہارا دینے کے لیے اپنا کردار ادا کرنا جاری رکھے گا۔ آئندی سیاست اور انفارسٹر کچر میں سرمایہ کاری پر ہماری سڑی مچک توجہ کا مقصود کاروباری عمل میں ہم آہنگی پیدا کرنا، آپرینگ لائگ کو معقول بنانا اور اعلیٰ کارکردگی کا حصول ہے۔ مستقبل قریب میں، بینک کی کاروباری حکمت عملی SME، ہائی روپننس، ایگر لیکچر فناں سمیت غیر محفوظ شعبوں کی مالی اعانت اور معاونت کے ساتھ ساتھ ترجیحی بنیادوں پر اسلامی فناںگ پر مرکوز رہے گی۔

ڈپاٹیس میں تین ماہ کی مدت کے دوران 19.0% کا اضافہ ہو کر 75.6 بلین روپے ہو گیا جو کل کسٹرڈ ڈپاٹیس کا 25.0% بنتا ہے۔ جبکہ منافع بخش لیکن کم لاگت والے کرنٹ اکاؤنٹس ڈپاٹیس 12.8% سے کم ہو کر 4.639 بلین روپے رہے، جو صارفین کے ذخیرے کا 23.6% بنتا ہے۔

31 مارچ 2023 کو 1,543.7 بلین روپے یا کل ڈپاٹیس کا 51.9% موجودہ ڈپاٹیس کے ساتھ، بینک ایک مضبوط لیکوئیدیٹی پروفائل کو برقرار رکھتا ہے۔ اس کے علاوہ، CASA کا تابع 79.4% پر بلند رہا۔ لیکوئیدیٹی کو تج ریشو اور نیٹ اسٹیبل فنڈنگ ریشو بالترتیب 166% (دسمبر 2022 کے مقابلے میں 273%) اور 147% (2022 دسمبر کے مقابلے میں 251%) ہے۔

سرمائی کی طاقت اور قابلیت

خاص انشاؤں کی رقم 304.95 بلین روپے ہے جو 2022 کے آخر کے 300.8 بلین روپے سے 1.4% زیادہ ہے۔ یہ 143.3 فنی شیئر (سال 2022: 141.4) کی بریک اپ و پلینوں میں ترجمہ کرتے ہیں۔ سال 2023 کی پہلی سماں کے دوران، بینک کا اہل درجے کا سرمایہ 3.1 بلین روپے یا 1.3% کم ہو کر 228.1 بلین روپے ہو گیا جو سال 2022 کے اختتام پر 231.2 بلین روپے تھا۔ اسی طرح، اہل نائز 2 کیپٹل بھی 5.5 بلین روپے یا 7.4% کم ہو کر 69.5 بلین روپے پر بند ہوا۔ نائز 1 کیپٹل بنیادی طور پر نائز 1 کیپٹل میں کمی کے مطابق کم ہوا۔ چونکہ بینک خطرے سے متعلق اٹاٹکی ترقی کی حکمت عملی پر عمل پیرا ہے، جس کی وجہ سے کل RWAs میں 65.4 بلین روپے یا 4.6% اضافہ ہوا جو سال 2022 کے اختتام پر 1,418.5 بلین روپے سے بڑھ کر 31 مارچ 2023 کو 1,483.9 بلین روپے ہو گیا۔

نتیجہ، بگل کیپٹل ایڈ کیپویسی ریشو (CAR) سال 2022 کے اختتام کے 21.59% کے مقابلے میں سال 2023 کے اختتام پر 20.06% رہا جبکہ نائز 1 کیپٹل ایڈ کیپویسی ریشو سال 2022 کے اختتام کے 16.30% کے مقابلے میں سال 2023 کے اختتام پر 15.37% رہا۔ 31 مارچ 2023 کو بینک کا لیورنگ ریشو 2.80% رہا جسے مرکزی بینک نے 31 مارچ 2024 تک کے لیے 2.5% تک زم کر دیا ہے۔

زیر نظر مدت کے دوران بورڈ آف ڈائریکٹرز میں تبدیلیاں

31 دسمبر 2022 کو ختم ہونے والے سال کے بعد، وفاقی حکومت نے نوٹیفیکیشن نمبر 1 (III-Bkg(11)F) 90-2017 مورخہ 18 جنوری 2023 کے ذریعے، مسٹر اشرف محمود و تھر اکو بورڈ کا چیئر مین امجد محمود بطور نان ایگزیکٹو ڈائریکٹر، مسٹر علی سید اور مسٹر نسیم احمد کو بورڈ کے آزاد ڈائریکٹرز کے طور پر فوری طور پر مقرر کیا ہے۔

13 مارچ 2023 تک کی مالی پوزیشن

31 مارچ 2023 کو، بینک کے کل اٹاٹوں کی رقم 6,055.6 بیلین روپے تھی، جو کہ 31 دسمبر 2022 کی 5,240.4 بیلین روپے کی سطح کے مقابلے میں 15.6 فیصد اضافہ کو ظاہر کرتی ہے۔

قرضہ جات

بینک کے مجموعی قرضوں اور ایڈوانسز کی رقم 1,452.9 بیلین روپے تھی جو سال 2022 کے آخر میں 1,438.6 بیلین روپے کے مقابلے میں 1.0% یا 14.4 بیلین روپے کا معمولی اضافہ ظاہر کرتی ہے۔ جبکہ، خالص ایڈوانسز 2022 کے آخر کے 1,230.5 روپے کے مقابلے میں 5.5 بیلین روپے پر ہے۔ موجودہ بلند شرح سود کے منظر نامے میں، بینک بہتر کریڈٹ رسک منجنٹ کے لیے ایک prudent قرض کی ترقی کی پیروی کر رہا ہے۔

سرمایہ کاری

مؤثر رسک اور لیکوئید یعنی حکمت عملی کے تحت، بینک صفر خطرے والے جی اور پی انسلر و منٹس، زیادہ ڈیویڈنڈ حاصل کرنے والی ایکیوٹیویز اور دیگر سود والے مالیاتی آلات میں ایک متنوع سرمایہ کاری پورٹ فولیو کو برقرار رکھے ہوئے ہے۔ 31 مارچ 2023 تک، بینک کی سرمایہ کاری (قیمت پر) 3,799.7 بیلین روپے (2022: 3,509.0 بیلین روپے) تھی جس کی مالیت 3,741.4 بیلین روپے (2022: 3,477.4 بیلین روپے) تھی۔ زیر جائزہ تین ہمیوں کے دوران، 290.7 بیلین روپے یا سرمایہ کاری میں 8.3% اضافہ (قیمت پر) زیادہ تر دستیاب برائے فروخت سکیوٹریز میں آیا جو 31 مارچ، 2023 تک 3,158.5 بیلین روپے (2022: 2,956.9 بیلین روپے) تھا۔ محدود معیار کے قرض کی ترقی کی طلب، اور صارفین کے ذخیرہ میں مسلسل نمو کے پیش نظر، بینک کے ساتھ اضافی لیکوئید یعنی زیادہ تر قیل مدتی GoP سکیوٹریز میں رکھی جاتی ہے تاکہ موجودہ پالیسی کی شرح میں اضافے کے ماحول میں قیمتوں کے اتار چڑھاؤ سے فائدہ اٹھایا جاسکے۔

ذخائر اور فنڈنگ

31 مارچ 2023 کو، بینک کے پاس کل ڈپاٹس 2,976.2 بیلین روپے تھے جب کہ 31 دسمبر 2022 کے 2,666.2 بیلین روپے تھے۔ بینک کی فنڈنگ کا بڑا حصہ صارفین کے شکلی ڈپاٹس سے آتا ہے جو 5.5 بیلین روپے یا 90.9% کا کل حصہ ڈالتے ہیں۔ غیر منافع بخش کرنے

تقابلی مدت کے 14.5 میلین روپے کے مقابلے میں 710.0 میلین روپے کا سالانہ اضافہ ریکارڈ کر کے 724 میلین روپے ہو گئے۔ NPLs کے خلاف مخصوص اور عمومی دفعات بالترتیب 204.5 میلین روپے (دسمبر 2022: 190.7 میلین روپے) اور 16.9 میلین روپے (دسمبر 2022: 3.3 میلین روپے) رہیں۔ اس طرح 31 مارچ 2023 کو پروویشن کورٹ 81.2% رہی۔ تاہم، علاوہ بعض این پی ایل جو حکومت پاکستان کی طرف سے جاری کردہ خود مختار گارنٹی کے ذریعے محفوظ ہے، این پی ایل کی کورٹ 93% ہے۔

نیکس کے بعد منافع

اس مدت کے لیے ٹیکسیشن چارچ 7 میلین روپے تھا جبکہ مارچ 2022 کے لیے 6.2 میلین روپے تھا۔ نتیجتاً، 31 مارچ 2023 کو ختم ہونے والی تین ماہ کی مدت کے لیے بعد از نیکس منافع مارچ 2022 کے 9.8 میلین روپے کے مقابلے میں 0.85 میلین روپے یا 8.7% زیادہ سے 10.7 میلین روپے پر رہا۔ یہ مارچ 2022 کے 4.62 روپے کے مقابلے میں 5.02 روپے کی فی شیئر آمدنی کی ترجمانی کرتا ہے۔

منافع کی تخصیص

2022 کے جمع شدہ منافع کو آگے بڑھانے کے بعد 31 مارچ 2023 کو ختم ہونے والے تین ماہ کے منافع کو مختص کرنے کی تجویز مندرجہ ذیل ہے:

(میلین روپے)

10,688.8

172,511.7

(288.0)

50.7

182,963.2

31 مارچ 2022 کو ختم ہونے والے تین ماہ کے لیے بعد از نیکس منافع

غیر تصرف شدہ آگے لایا جانے والا منافع

دیگر جامع آمدنی۔ بعد از نیکس

جامد اثاثوں کی نظر ثانی شدہ قدر کی وجہ سے ذخیرے سے منتقل۔ بعد از نیکس

تصرف کے لیے دستیاب منافع

تصرف:

قانونی ذخیرے میں منتقلی

غیر تصرف شدہ منافع آگے بڑھانے کے لیے:

غیر مارک اپ/سود کی آمدنی

ماਰچ 2023 کے لیے غیر فنڈڈ اکیم 'NFI' میں معمولی کمی ریکارڈ کی گئی جو 7.5 ہزار روپے پر بند ہوئی جو مارچ 2022 کے 8.1 ہزار روپے سے 0.6 ہزار روپے یا 7.3% کم ہے۔ یہ بنیادی طور پر غیر ملکی زر مبادلہ آمدنی میں کمی کی وجہ سے تھا۔ جبکہ فیس اور کمیشن کی آمدنی جس میں سالانہ 3.0% کمی ریکارڈ کی گئی 4.5 ہزار روپے (ماਰچ 2022: 4.7 ہزار روپے) پر بند ہوئی، غیر ملکی زر مبادلہ آمدنی مارچ 2022 کے 2.1 ہزار روپے کے مقابلے میں 49.8% کم ہو کر 1.1 ہزار روپے پر بند ہوئی جبکہ زیر جائزہ مدت کے دوران فارکیس مارکیٹ زیادہ مستحکم رہی۔ بینک کے ایکوئی انسٹیٹیوٹ پورٹ فولیو نے 1.0 ہزار روپے کی ڈیویڈنڈ آمدنی حاصل کی، جو 12.0 ہزار روپے یا سالانہ 13.1% زیادہ ہے۔ جبکہ، کمپیل گین 0.26 ہزار روپے یا 4.1% 264 سے نمایاں طور پر بڑھ کر 0.36 ہزار روپے (ماρچ 2022: 0.1 ہزار روپے) پر بند ہوا۔ آگے بڑھتے ہوئے NFI کی بھالی کی توقع ہے کیونکہ اسٹاک مارکیٹ میں استحکام کی توقع ہے۔

انتظامی اخراجات

زیر جائزہ مدت کے لیے بینک کے آپرینگ اخراجات 21.2 ہزار روپے تھے جو بچھلے سال اسی سہ ماہی کے 16.8 ہزار روپے کے مقابلے میں 26.3% زیادہ ہے۔ انسانی وسائل کی لاگت جو کل آپرینگ اخراجات کا تقریباً 67.7 فیصد بنتی ہے مارچ 2022 میں 11.6 ہزار روپے کے مقابلے میں 14.3 ہزار روپے تھی۔ یہ اضافہ سالانہ تجھواہ میں اضافے، متعین پینٹنگ پلانز کے لیے چارج اور انسانی وسائل سے متعلق دیگر دفات کے اثرات کو ظاہر کرتا ہے۔ جبکہ جائیداد سے متعلق اخراجات 2.4 ہزار روپے (ماਰچ 2022: 2.0 ہزار روپے) تھے، T اسے متعلق اخراجات 1.2 ہزار روپے (مارچ 2022: 0.6 ہزار روپے) تھے۔ بینک فی الحال اپنی بنیادی بینکنگ اپلیکیشنز اور متعلقہ AI انفارسٹرکچر کو بہتر اور مضبوط بنانے کے لیے نمایاں سرمایہ کاری کر رہا ہے۔ دیگر آپرینگ اخراجات 3.2 ہزار روپے تھے جو لگت میں عام افراط از رکے اضافے کے جواب میں سالانہ 5.1% اضافہ کو ظاہر کرتے ہیں۔ جمیع طور پر، آپرینگ لاگت آمدنی کے نتیجے میں 52.9% کی ترجیحی کرتی ہے جو افراط از رکے دباؤ اور صنعت کے اصولوں کے مطابق ہے۔

قرضوں کے تصرفات

زیر جائزہ تین ماہ کی مدت کے لیے تصرفات کی رقم 0.68 ہزار روپے تھی جو کہ 2022 کے اسی تین ماہ کی مدت کے لیے 1.1 ہزار روپے کے مقابلے میں 36.0% یا 0.38 ہزار روپے نمایاں طور پر کم ہے۔ اس کمی میں کمیڈی معاون قرضے اور اڈوانسز تھے۔ جس نے 2022 کے اسی تین ماہ کی مدت کے 1.0 ہزار روپے کے چارچ کے مقابلے میں 68.4 ہزار روپے کا خالص ریورسل ریکارڈ کیا۔ تاہم، سرمایہ کاری کی قدر میں کمی سے متعلق تصرف

زیر جائزہ تین ماہ کی مدت میں آپ کے بینک نے 2022 کی اسی تین ماہ کی مدت کے 79.2 بلین روپے کے مقابلے میں 192.4 بلین روپے کی مجموعی سودی آمدنی پیدا کی ہے۔ مجموعی سودی آمدنی میں 113.2 بلین روپے کا اضافہ اس مدت کے دوران اعلیٰ اوسط پالیسی کی شرح کے اثرات کے ساتھ اوسط سودہمانے والے امثالوں میں ایک مضبوط چمی نمو کے ذریعے حاصل کیا گیا ہے جو گزشتہ سال کی اسی مدت کے 9.75% کے مقابلے میں 17.7% رہا ہے۔

پہلی سہ ماہی 2023 کے دوران بینک کے سرمایہ کاری کے پورٹ فولیو کی اوسط 1,984.6:2022 بلین روپے (مارچ 2022: 3,519.2 بلین روپے) تھی اور مارک اپ/سودی آمدنی 146.2 بلین روپے تھی جو گزشتہ سال اسی مدت کے 50.4 بلین روپے کے مقابلے میں 95.8 بلین روپے یا 100.2% بڑھ گئی۔ یہ اوسط پیداوار کے 16.85% (10.29%: 2022 مارچ 2022) کی ترجیحی کرتا ہے۔ اعلیٰ پالیسی کی شرح کے ماحول میں، بینک کی سرمایہ کاری کی کتاب کی میچورٹی پروفائل مستیاب برائے فروخت کے زمرے کے تحت مختصر مدت کی سکیوٹریزی کی طرف متوجہ ہوتی ہے۔ اسی طرح پلیمنٹ، جس کی اوسط 66.2 بلین روپے (مارچ 2022: 110.6 بلین روپے) رہی، نے مارچ 2022 کی کی پیداواری شرح کے مقابلے میں 16.6% کی اوپچی شرح سے 2.7 بلین روپے (مارچ 2022: 2.7 بلین روپے) کی مارک اپ آمدنی حاصل کی۔

تین ماہ کی مدت کے لیے، بینک کی قرض کی اوسط 1,411.4 بلین روپے رہی اور اس نے گزشتہ سال اسی مدت کے 26.2 بلین روپے کے مقابلے میں 17.3 بلین روپے یا 66.2% زیادہ سے 43.5 بلین روپے کی مارک اپ آمدنی حاصل کی۔ یہ نمایاں نمو والیو میٹرک نموا اور سازگار 25% تغیر دنوں کے ذریعے حاصل کی گئی۔ باوجود اس حقیقت کے کہ بینک کے پاس کم پیداواری یا غیر فعال سرکاری شعبے کے قرضوں کا نمایاں تناسب ہے، یہ اعلیٰ کارکردگی مقابلہ مل ذکر ہے۔

اسی طرح، اعلیٰ اوسط پالیسی کی شرح کی وجہ سے مارچ 2023 کے لیے بینک کے فنڈ رکی لاگت میں سال 2022 کی اسی مدت کے لیے 53.4 بلین روپے کے مقابلے میں 159.9 بلین روپے کا نمایاں فلگر ریکارڈ کیا گیا۔ 106.5 بلین روپے یا 99.3% سالانہ اضافہ بنیادی طور پر پاؤں کی لاگت جو کہ 69.7 بلین روپے (مارچ 2022: 36.3 بلین روپے) اور قرضے/ریپو لاگت جو کہ 73.8 بلین روپے سے 88.6 بلین روپے پر بند ہوئے، میں ریکارڈ کیا گیا ہے۔

نتیجہ، زیر جائزہ مدت کے لیے خالص سودی آمدنی "NII" 32.5 بلین روپے پر بند ہوئی، جو مارچ 2022 کے 25.8 بلین روپے کے مقابلے میں 26.1% اضافے کو ظاہر کرتی ہے۔

کے باوجودہ، بڑھتی ہوئی اوس طبقے کی شرح کی بنیاد پر اسپریڈز میں بہتری آئی ہے۔ ائٹسٹری کے تاثرات کو منظر رکھتے ہوئے، اسٹیٹ بینک آف پاکستان نے IFRS-9 اور مالیاتی رپورٹنگ فارمیٹس کے نفاذ کو 01 جولائی 2024 تک موخر کر دیا ہے۔

پہلی سماں 2023 کی مالیاتی کارکردگی

31 مارچ 2023 کو ختم ہونے والی تین ماہ کی مالیاتی کارکردگی

مسلسل چیلنجنگ اقتصادی ماحول کے باوجود بینک نے 31 مارچ 2023 کو ختم ہونے والی تین ماہ کی مدت کے لیے مضبوط مالیاتی نتائج پیش کیے ہیں۔ یہ نتائج بینک کے کاروباری ماؤں کی لچک، انتظامیہ کی حکمت عملیوں کی تاثیر اور ہمارے عملہ کی کوششوں کو نظاہر کرتا ہے۔

منافع

(بلین روپے)

نمبر	اہم اشارہ جات	مارچ 23	مارچ 22	رقم فیصد	بہتری / (ابتری)
1	خاص سودی آمدی	32.5	25.8	6.7	▲ 26.1%
2	غیر فنڈڈ آمدی	7.5	8.1	(0.6)	▼ (7.3%)
3	کل آمدی	40	33.9	6.1	▲ 18.1 %
4	آپریٹنگ اور دیگر اخراجات	21.2	16.8	(4.4)	▲ 26.3%
5	قبل از تصرف منافع	18.9	17.1	1.7	▲ 10.1%
6	تصرفات	0.7	1.1	0.4	▼ 36.0%
7	قبل از گیک منافع	18.2	16.1	2.1	▲ 13.2%
8	گیکس	7.5	6.2	(1.3)	▲ 20.3%
9	بعد از گیک منافع	10.7	9.8	0.9	▲ 8.7%
10	نی حصہ آمدی (روپے)	5.02	4.62	0.4	▲ 8.7%

ڈائئریکٹرز کی شیئر ہولڈرز کورپورٹ

انفرادی مالیاتی گوشوارے

محترم حصص داران،

ہم بورڈ آف ڈائریکٹرز کی جانب سے، 31 مارچ 2023 کو ختم ہونے والی مدت کے لئے بینک غیر آڈٹ شدہ انفرادی سہ ماہی مالی گوشوارے آپ کے سامنے پیش کرنے میں خوش محسوس کر رہے ہیں۔

معاشی ما حول

چونکہ عالمی معیشت کو مسلسل سست ترقی، افراط از کے بلند باؤ اور جغرافیائی سیاسی تباہ کا سامنا ہے، مرکزی بینک سخت مالیاتی اقدامات اپنارہے ہیں۔ عالمی بینکنگ نظام میں حالیہ تباہ نے پاکستان جیسی ابھری ہوئی مارکیٹ کی معیشتوں کی مشکلات میں اضافہ کیا ہے۔ پاکستان کی معیشت کو مسلسل چیلنجز کا سامنا ہے جیسے کہ میکرو عدم توازن، غیر ملکی زر مبادلہ کے ذخیرے میں کمی، وسیع الہیاد بلند افراط از اور جڑواں خسارہ۔ اگرچہ افراط از کی سطح بلند رہی ہے، مہنگائی کی توقعات کی سطح کم ہونے کے ابتدائی اشارے مل رہے ہیں۔ جبکہ ادائیگیوں کے مجموعی توازن کی پوزیشن بدستور باؤ میں ہے، بنیادی طور پر بڑے پیانے پر درآمدی روک تھام کی وجہ سے کرنٹ اکاؤنٹ خسارہ پہلے کی توقع سے کم ہو گیا ہے۔ IMF کے EFF پروگرام کے تحت 9 وال جائزہ تکمیل کی طرف پیش رفت ہوئی ہے اور گزشتہ چند مہینوں کے دوران مزدوں والی ترسیلات زر میں بھی قدرے بہتری آئی ہے اور مرکزی بینک کو توقع ہے کہ یہ رفتار برقرار رہے گی۔ ثابت طور پر، جو لوگ تا جنوری مالیاتی سال 2023 کے دوران مالیاتی خسارہ گزشتہ سال کی اسی مدت کے 2.8 فیصد کے مقابلے GDP کے 2.3 فیصد پر مشتمل تھا، جبکہ بنیادی توازن نے گزشتہ سال کے 0.3 فیصد کے خسارے کے مقابلے میں GDP کا 1.1 فیصد فاضل ظاہر کیا تھا۔ بنیادی توازن میں یہ بہتری کم سبیڈ یز، گرانٹس اور ترقیاتی اخراجات کی وجہ سے حاصل کی گئی۔ حکومت ملکی اور پرلوںی عدم توازن کو دور کرنے کے لیے موثر پالیسی اقدامات کر رہی ہے۔ کلیدی ترجیحات میں مالیاتی پوزیشن کو مضبوط بنانا، عام سے ٹارگٹ سبیڈ یز (خاص طور پر ایندھن/توانائی کی قیتوں کے لحاظ سے) کی طرف منتقل کر کے غریبوں کو ملابجی تخطیح چاری رکھنا شامل ہے۔

پاکستان کے بیننگ سیکٹر نے اچھی کارکردگی کا مظاہرہ کیا ہے اور چکدار رہا ہے۔ اٹاٹھ کے معیار اور کریٹریٹ میں اضافے کے بارے میں کچھ خدشات

Unconsolidated Condensed Interim Statement of Financial Position

As at March 31, 2023

	Note	(Un-audited) March 31, 2023	(Audited) December 31, 2022		
		-----(Rupees in '000)-----			
ASSETS					
Cash and balances with treasury banks	6	254,592,196	229,910,949		
Balances with other banks	7	34,429,118	18,593,800		
Lendings to financial institutions	8	479,050,253	31,272,467		
Investments	9	3,741,390,058	3,477,353,874		
Advances	10	1,231,516,556	1,230,521,804		
Fixed assets	11	57,311,641	57,105,842		
Intangible assets	12	1,426,220	1,388,947		
Right of use assets	13	6,783,862	6,708,404		
Deferred tax asset	14	34,471,201	22,299,403		
Other assets	15	214,654,857	165,269,056		
		6,055,625,962	5,240,424,546		
LIABILITIES					
Bills payable	16	7,906,901	55,268,019		
Borrowings	17	2,503,004,236	1,940,485,787		
Deposits and other accounts	18	2,976,228,368	2,666,184,360		
Lease liability against right of use assets	19	9,059,413	8,267,949		
Other liabilities	20	254,477,573	269,370,672		
		5,750,676,491	4,939,576,787		
NET ASSETS					
		304,949,471	300,847,759		
REPRESENTED BY					
Share capital		21,275,131	21,275,131		
Reserves		74,168,980	64,144,050		
Surplus on revaluation of assets	21	27,611,057	42,916,902		
Unappropriated profit		181,894,303	172,511,676		
		304,949,471	300,847,759		
CONTINGENCIES AND COMMITMENTS					
	22				

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

Ashraf Mahmood Wathra
Chairman

Rehmat Ali Hasnie
President & CEO (A)

Abdul Wahid Sethi
Chief Financial Officer

Farid Malik
Director

Ali Syed
Director

Unconsolidated Condensed Interim Profit and Loss Account (Un-audited)
 For the three months period ended March 31, 2023

Note	Quarter ended	
	March 31, 2023	March 31, 2022
	----- (Rupees in '000)-----	
Mark-up / return / interest earned	23	192,391,767
Mark-up / return / interest expensed	24	159,868,773
Net mark-up / return / interest income		32,522,994
		79,203,607
		53,412,315
		25,791,292
NON MARK-UP / INTEREST INCOME		
Fee and commission income	25	4,522,645
Dividend income		998,791
Foreign exchange income		1,050,667
Gain on securities - net	26	364,631
Other income	27	562,882
Total non-mark-up / interest income		7,499,616
Total income		40,022,610
		8,093,070
		33,884,362
NON MARK-UP / INTEREST EXPENSES		
Operating expenses	28	21,145,782
Other charges	29	15,699
Total non-markup / interest expenses		21,161,481
Profit before provisions		18,861,129
Provisions and write offs - net	30	684,359
PROFIT BEFORE TAXATION		18,176,770
Taxation	31	7,487,991
PROFIT AFTER TAXATION		10,688,779
		6,223,398
		9,837,444
	----- (Rupees)-----	
Earnings per share - basic and diluted	32	5.02
		4.62

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

Ashraf Mahmood Wathra
 Chairman

Rehmat Ali Hasnie
 President & CEO (A)

Abdul Wahid Sethi
 Chief Financial Officer

Farid Malik
 Director

Ali Syed
 Director



Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
For the three months period ended March 31, 2023

	Quarter ended	
	March 31, 2023	March 31, 2022
	----- (Rupees in '000)-----	
Profit after taxation for the period	10,688,779	9,837,444
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Exchange gain / (loss) on translation of net assets of foreign branches	8,956,052	1,309,506
Movement in surplus on revaluation of investments - net of tax	(15,255,120)	1,488,416
	(6,299,068)	2,797,922
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement (loss) / gain on defined benefit obligations - net of tax	(288,000)	(488,035)
Movement in surplus on revaluation of fixed assets - net of tax	-	-
	(288,000)	(488,035)
Total comprehensive (loss) / income	4,101,711	12,147,331

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

Ashraf Mahmood Wathra
Chairman

Rehmat Ali Hasnie
President & CEO (A)

Abdul Wahid Sethi
Chief Financial Officer

Farid Malik
Director

Ali Syed
Director

Unconsolidated Condensed Interim Statement of Changes In Equity (Un-audited)

For the three months period ended March 31, 2023

Share capital	Exchange translation	Statutory reserve	Merger reserve	Reserves			Surplus on revaluation of assets			Unappropriated profit	Total
				General loan loss reserve	Revenue general reserve	Total	Investments	Fixed / non-banking assets	Total		
(Rupees in '000)											
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	286,202,565
Balance as at January 01, 2022											
Profit after taxation for the three months period ended March 31, 2022											
Other comprehensive (loss) / income - net of tax											
Transfer to statutory reserve											
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax											
Transfer to unappropriated profit											
Transactions with owners, recorded directly in equity											
Cash dividend paid for the year ended December 31, 2021 (Rs. Nt per share)											
21,275,131	13,887,380	39,912,245	343,802	-	521,338	54,664,745	21,376,633	44,544,290	65,920,923	156,489,097	286,349,896
Balance as at April 1, 2022											
Profit after taxation for the nine months period ended December 31, 2022											
Other comprehensive income - net of tax											
Transfer to statutory reserve											
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax											
Adjustment of Merger Reserve											
21,275,131	21,289,575	41,969,531	363,606	-	521,338	64,140,050	(4,293,682)	47,170,584	42,916,902	172,511,676	300,847,759
Balance as at January 01, 2023											
Profit after taxation For Quarter ended March 31, 2023											
Other comprehensive income / (loss) - net of tax											
Transfer to statutory reserve											
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax											
Transactions with owners, recorded directly in equity											
Cash dividend paid for the year ended December 31, 2022 (Rs. Nt per Share)											
21,275,131	30,245,627	43,038,409	363,606	-	521,338	74,168,980	(19,568,802)	47,119,853	27,611,057	181,894,303	304,949,471

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

Ashraf Mahmood Wathra
Chairman

Rehmat Ali Hasnai
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Director

Ali Syed
Director

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)

For the three months period ended March 31, 2023

	Note	March 31, 2023	March 31, 2022
		-----(Rupees in '000)-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		18,176,770	16,060,842
Less: dividend income		(998,791)	(883,242)
		<u>17,177,979</u>	<u>15,177,600</u>
Adjustments:			
Depreciation on fixed assets		612,193	628,560
Depreciation on right of use assets		511,620	515,631
Amortisation		105,523	67,213
Provision and write-offs - net	30	684,359	1,069,006
Gain on sale of fixed assets		(286)	(6)
Financial charges on leased assets		22,896	13,529
Financial charges on right-of-use-assets		311,622	203,786
Unrealized gain on revaluation of investments classified as held-for-trading		225,892	245,037
Charge for defined benefit plans - net		3,250,637	2,262,039
		<u>5,724,456</u>	<u>5,004,795</u>
		<u>22,902,435</u>	<u>20,182,395</u>
Decrease / (increase) in operating assets			
Lendings to financial institutions		(447,777,786)	194,333,725
Held-for-trading securities		51,693,253	19,553,676
Advances		(14,393,808)	(77,618,231)
Other assets (excluding advance taxation)		(47,430,077)	(12,207,289)
		<u>(457,908,417)</u>	<u>124,061,882</u>
Increase / (decrease) in operating liabilities			
Bills payable		(47,361,118)	(2,813,389)
Borrowings from financial institutions		565,791,391	292,888,785
Deposits		310,044,008	(384,609,191)
Other liabilities (excluding current taxation)		(9,851,193)	(27,000,705)
		<u>818,623,088</u>	<u>(121,534,500)</u>
Financial charges paid		(334,518)	(217,315)
Income tax paid		(5,800,000)	(1,700,000)
Benefits paid		(866,916)	(655,580)
Net cash flows generated from operating activities		<u>376,615,672</u>	<u>20,136,882</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(201,545,684)	145,885,132
Net investments in held-to-maturity securities		(140,013,764)	(222,425,845)
Dividends received		998,791	1,605,063
Investments in fixed assets		(532,378)	(496,611)
Proceeds from sale of fixed assets		3,230	8,065
Effect of translation of net investment in foreign branches		8,956,052	1,309,506
Net cash flows used in investing activities		<u>(332,133,753)</u>	<u>(74,114,690)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of lease obligations		(692,175)	(558,646)
Dividend paid		(237)	-
Net cash flows used in financing activities		<u>(692,412)</u>	<u>(558,646)</u>
(Decrease) / increase in cash and cash equivalents		<u>43,789,507</u>	<u>(54,536,454)</u>
Cash and cash equivalents at beginning of the period		<u>222,704,327</u>	<u>271,386,360</u>
Cash and cash equivalents at end of the period	33	<u>266,493,834</u>	<u>216,849,906</u>

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

Ashraf Mahmood Wathra
Chairman

Rehmat Ali Hasnie
President & CEO (A)

Abdul Wahid Sethi
Chief Financial Officer

Farid Malik
Director

Ali Syed
Director

**Notes to and forming part of the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the three months period ended March 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 Pakistan Stock Exchange (PSX). The registered and head office of the Bank is situated at I.I. Chundrigar Road, Karachi. The Bank is engaged in providing commercial banking and related services in Pakistan and overseas. The Bank also handles treasury transactions for the Government of Pakistan (GoP) as an agent to the State Bank of Pakistan (SBP). The Bank operates 1,512 (December 31, 2022: 1,512) branches in Pakistan and 18 (December 31, 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 STATEMENT OF COMPLIANCE

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

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

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

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

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

2.1.4 The disclosures made in these unconsolidated condensed interim financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 5, dated March 22, 2019 and IAS 34. These unconsolidated condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements and should be read in conjunction with the audited annual financial statements of the Bank for the year ended December 31, 2022.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted for presentation of these unconsolidated condensed interim financial statements are consistent with those followed in the preparation of the unconsolidated financial statements of the Bank for the year ended December 31, 2022.



3.1 Application of new and revised International Financial Reporting Standards (IFRSs)

3.1.1 Standards, interpretations of and amendments to accounting and reporting standards that are effective in the current period

There are certain amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after January 01, 2023. These are either considered not to be relevant or do not have any significant impact on these unconsolidated condensed interim financial statements.

3.1.2 Standards, interpretations of and amendments to accounting and reporting standards that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and amendments are either not relevant to the unconsolidated condensed interim financial statements, or are not expected to have significant impact on the unconsolidated condensed interim financial statements other than certain additional disclosures:

**Effective from accounting period
beginning on or after**

Amendments to IFRS 16 - Leases on sale and leaseback January 1, 2024

Amendments to IAS 1 - Non current liabilities with covenants January 1, 2024

There are certain other new amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 2024, but are considered not to be relevant or will not have significant effect on the Bank's operations and are, therefore, not detailed in these consolidated condensed interim financial statements.

3.1.3 As per the SBP's BPRD Circular Letter No. 07 dated April 13, 2023, the implementation date of IFRS 9 to banks having asset size of Rs. 500 billion or above as of December 31, 2022 and for all the Development Finance Institution (DFIs) has been extended from January 01, 2023 to January 01, 2024.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis for accounting estimates adopted in the preparation of these unconsolidated condensed interim financial statements is the same as that applied in the preparation of the unconsolidated financial statements for the year ended December 31, 2022.

5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those as disclosed in the unconsolidated financial statements for the year ended December 31, 2022.

6. CASH AND BALANCES WITH TREASURY BANKS	Note	(Un-audited) March 31, 2023		(Audited) December 31, 2022	
		-----(Rupees in '000)-----			
In hand					
Local currency		50,493,645		52,704,335	
Foreign currencies		9,086,792		7,192,805	
		<u>59,580,437</u>		<u>59,897,140</u>	
With State Bank of Pakistan in					
Local currency current accounts	6.1	106,590,761		106,909,308	
Foreign currency current accounts	6.2	18,139,011		15,661,453	
Foreign currency deposit accounts	6.2	36,287,297		15,623,732	
Foreign currency collection accounts		5,891,821		1,135,059	
		<u>166,908,890</u>		<u>139,329,552</u>	
With other central banks in					
Foreign currency current accounts	6.3	21,098,828		26,631,693	
Foreign currency deposit accounts		6,632,052		3,725,602	
		<u>27,730,880</u>		<u>30,357,295</u>	
Prize bonds		371,989		326,962	
		<u>254,592,196</u>		<u>229,910,949</u>	

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

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

6.3 These balances pertain to the foreign branches and are held with central banks of respective countries. These include balances to meet the statutory and regulatory requirements in respect of liquidity and capital requirements of respective countries. The deposit accounts carry interest at the rate of 0% to 5% per annum (December 31, 2022: 0% to 4.5% per annum).

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	

7. BALANCES WITH OTHER BANKS

In Pakistan

In deposit accounts	7.1	14,041
		13,766

Outside Pakistan

In current accounts	7.2	28,628,921
In deposit accounts		12,391,006
		6,189,028
		34,415,077
		18,580,034
		34,429,118
		18,593,800

7.1 These include various deposits with banks and carry interest at the rates ranging from 6.7% to 9.9% per annum (December 31, 2022: 3.5% to 9.5% per annum).

7.2 These include various deposits with correspondent banks outside Pakistan and carry interest at rates ranging from 1.75 % to 4.4% per annum (December 31, 2022: 0% to 4% per annum).

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	

8. LENDINGS TO FINANCIAL INSTITUTIONS

Call / clean money lendings	8.1	9,723
Repurchase agreement lendings (reverse repo)	8.2	479,040,530
Letters of placement	8.3	174,150
	8.4	479,224,403
Less: provision held against lendings to financial institutions	8.5	(174,150)
Lendings to financial institutions - net of provision		479,050,253
		31,272,467

8.1 This includes zero rate lending to a financial institution amounting to Rs. 9.7 million (December 31, 2022: Rs. 9.7 million) which is guaranteed by the SBP.

8.2 These carry mark-up at rates ranging from 19% to 20.5% per annum (December 31, 2022: 16.0% to 16.5% per annum) with maturities ranging from April 3, 2023 to April 4, 2023.

8.3 These are overdue placements and full provision has been made against these placements as at March 31, 2023

(Un-audited) (Audited)
 March 31, December 31,
 2023 2022
 -----(Rupees in '000)-----

8.4 Particulars of lending

In local currency	479,224,403	31,446,617
In foreign currencies	-	-
	479,224,403	31,446,617

8.5 Movement in provision held against lendings is as follows:

Opening balance	174,150	174,150
Reversal for the period	-	-
Closing balance	174,150	174,150

8.6 Securities held as collateral against lendings to financial institutions

	March 31, 2023 (Un-audited)			December 31, 2022 (Audited)		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total

-----(Rupees in '000)-----

Market Treasury Bills	14,919,030	-	14,919,030	18,699,589	-	18,699,589
Pakistan Investment Bonds	464,121,500	-	464,121,500	12,563,155	-	12,563,155
Total	479,040,530	-	479,040,530	31,262,744	-	31,262,744

8.6.1 Market value of the securities under repurchase agreement lendings amounts to Rs. 479,041 million (December 31, 2022: Rs. 31,263 million).

8.7 Category of classification

	March 31, 2023 (Un-audited)		December 31, 2022 (Audited)	
	Classified Lending	Provision held	Classified Lending	Provision held

-----(Rupees in '000)-----

Domestic				
Loss	174,150	174,150	174,150	174,150

9. INVESTMENTS

9.1 Investments by type:

	March 31, 2023 (Un-audited)				December 31, 2022 (Audited)			
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
(Rupees in '000)								
Held-for-trading securities								
Market Treasury Bills	9,475,347	-	(7,979)	9,467,368	22,269,343	-	(2,665)	22,266,678
Pakistan Investment Bonds	23,785,111	-	(209,194)	23,575,917	61,942,656	-	(1,031,197)	60,911,459
Ordinary shares of listed companies	511,905	-	(8,719)	503,188	424,708	-	(20,939)	403,769
	33,772,363	-	(225,892)	33,546,473	84,636,707	-	(1,054,801)	83,581,906
Available-for-sale securities								
Pakistan Investment Bonds	2,556,339,683	-	(51,027,395)	2,505,312,288	1,972,276,787	-	(27,509,276)	1,944,767,511
Market Treasury Bills	435,928,381	-	(3,713,701)	432,214,680	828,851,708	-	(2,354,400)	826,497,308
Ijarah Sukuks	20,519,415	-	(674,287)	19,845,128	20,518,238	-	(339,589)	20,178,649
Ordinary shares of listed companies	44,910,247	(11,012,552)	3,143,569	37,041,264	41,601,347	(10,159,936)	4,813,864	36,255,275
Ordinary shares of unlisted companies	1,882,198	(427,951)	-	1,454,247	1,882,198	(427,951)	-	1,454,247
Preference shares	2,006,756	(845,730)	168,582	1,329,608	2,006,756	(845,730)	209,451	1,370,477
Investments in mutual funds	2,219,646	(41,167)	915,607	3,094,086	2,219,646	(41,167)	941,952	3,120,431
Ordinary shares of a bank outside Pakistan	463,295	-	41,228,294	41,691,589	463,294	-	34,380,951	34,844,245
Term Finance Certificates / Musharika								
Participation Term Certificate and Sukuk Bonds	51,463,284	(5,928,396)	678,172	46,213,060	52,125,171	(5,990,161)	1,047,326	47,182,336
GoP Foreign Currency Bonds	41,441,434	-	(24,913,080)	16,528,354	33,045,353	-	(18,622,514)	14,422,839
Foreign Government Securities	1,276,155	-	(31,728)	1,244,427	1,914,312	-	(30,359)	1,883,953
	3,158,450,494	(18,255,796)	(34,225,965)	3,105,968,731	2,956,904,810	(17,464,945)	(7,462,594)	2,931,977,271
Held-to-maturity securities								
Pakistan Investment Bonds	376,217,458	-	-	376,217,458	375,236,903	-	-	375,236,903
Market Treasury Bills	160,095,077	-	-	160,095,077	29,376,461	-	-	29,376,461
Ijarah Sukuks	13,122,409	-	-	13,122,409	13,130,709	-	-	13,130,709
Debentures, Bonds, Ijarah Sukuks, Participation Term Certificates and Term Finance Certificates	404,585	(404,585)	-	-	404,585	(404,585)	-	-
GoP Foreign Currency Bonds	3,887,784	-	-	3,887,784	2,992,408	-	-	2,992,408
Foreign Government Securities	43,523,811	-	-	43,523,811	36,096,507	-	-	36,096,507
Foreign Currency Debt Securities	1,084	-	-	1,084	871	-	-	871
	597,252,208	(404,585)	-	596,847,623	457,238,444	(404,585)	-	456,833,859
Associates	4,926,048	(3,876,104)	-	1,049,944	4,926,048	(3,942,498)	-	983,550
Joint Venture	2,362,433	-	-	2,362,433	2,362,433	-	-	2,362,433
Subsidiaries	2,952,967	(1,338,112)	-	1,614,855	2,952,967	(1,338,112)	-	1,614,855
Total investments	3,799,716,513	(23,874,598)	(34,451,857)	3,741,390,058	3,509,021,409	(23,150,140)	(8,517,397)	3,477,353,874

	Note	(Un-audited) March 31, 2023	(Audited) December 31, 2022
		-----(Rupees in '000)-----	
9.1.1 Investments given as collateral			
Pakistan Investment Bonds		2,185,950,376	1,136,497,472
Market Treasury Bills		<u>213,243,001</u>	<u>689,709,291</u>
	17	<u><u>2,399,193,376</u></u>	<u><u>1,826,206,763</u></u>
9.2 Provision for diminution in value of investments			
9.2.1 Opening balance		23,150,140	18,486,879
Charge for the period		852,860	4,662,589
Reversals for the period		(128,400)	(850,070)
		724,459	3,812,519
Transfers - net		-	850,742
Closing balance		<u><u>23,874,598</u></u>	<u><u>23,150,140</u></u>

Category of classification	March 31, 2023 (Un-audited)		December 31, 2022 (Audited)	
	NPI	Provision	NPI	Provision
-----(Rupees in '000)-----				
Domestic				
Loss	6,332,982	6,332,982	6,525,731	6,394,746
	6,332,982	6,332,982	6,525,731	6,394,746

9.3 The market value of securities classified as held-to-maturity as at March 31, 2023 amounted to Rs. 595,328 million (December 31, 2022: Rs. 436,150 million).

10. ADVANCES

Performing		Non performing		Total	
(Un-audited) March 31, 2023	(Audited) December 31, 2022	(Un-audited) March 31, 2023	(Audited) December 31, 2022	(Un-audited) March 31, 2023	(Audited) December 31, 2022
Note ----- (Rupees in '000) -----					
10.1	1,112,518,893	1,168,258,464	237,577,241	190,545,941	1,350,096,134
	61,527,954	46,381,315	640,559	654,980	62,168,513
	29,160	35,384	-	-	29,160
10.2	26,984,067	18,598,616	13,659,608	14,106,504	40,643,675
	1,201,060,074	1,233,273,779	251,877,408	205,307,425	1,452,937,482
----- (Rupees in '000) -----					
10.4	-	-	204,512,147	190,710,861	204,512,147
	16,908,779	17,348,539	-	-	16,908,779
----- (Rupees in '000) -----					
10.4					
1,184,151,295 1,215,925,240 47,365,261 14,596,564 1,231,516,556 1,230,521,804					

10.1 Net investment in finance lease

	March 31, 2023 (Un-audited)				December 31, 2022 (Audited)			
	Not later than one year	Later than one and up to five years	Over five years	Total	Not later than one year	Later than one and up to five years	Over five years	Total
(Rupees in '000)								
Lease rentals receivable	1,447	-	-	1,447	1,312	-	-	1,312
Residual value	27,874	-	-	27,874	34,237	-	-	34,237
Minimum lease payments	29,321	-	-	29,321	35,549	-	-	35,549
Less: financial charges for future periods	161	-	-	161	165	-	-	165
Present value of minimum lease payments	29,160	-	-	29,160	35,384	-	-	35,384

10.1.1 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 disbursement. The Bank requires the lessees to insure the leased assets in favour of the Bank. Additional surcharge is charged on delayed rentals. The average return implicit ranges from 10.19% to 14.85% (2022: 10.19% to 14.85%) per annum.

10.2 Particulars of advances (Gross)

(Un-audited) (Audited)
March 31, December 31,
2023 2022

(Rupees in '000)

In local currency	1,313,511,498	1,315,938,249
In foreign currencies	139,425,984	122,642,955
	1,452,937,482	1,438,581,204

10.3 Advances include Rs. 251,877 million (December 31, 2022: Rs. 205,307 million) which have been placed under non-performing status as detailed below.

Category of Classification	March 31, 2023 (Un-audited)		December 31, 2022 (Audited)	
	Non performing loans	Provision	Non performing loans	Provision
(Rupees in '000)				
Domestic				
Other assets especially mentioned	3,770,958	131,826	1,780,995	73,114
Substandard	36,963,852	1,685,294	5,888,114	1,439,916
Doubtful	8,145,280	3,701,446	8,834,066	4,645,364
Loss	136,924,410	135,395,097	135,077,580	132,802,811
	185,804,501	140,913,664	151,580,755	138,961,205
Overseas				
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	408,774	204,387	331,133	165,566
> 365 days	65,664,133	63,394,099	53,395,537	51,584,090
	66,072,907	63,598,486	53,726,670	51,749,656
Total	251,877,408	204,512,147	205,307,425	190,710,861

10.4 Particulars of provision against advances

Note	March 31, 2023 (Un-audited)			December 31, 2022 (Audited)		
	Specific	General	Total	Specific	General	Total
-----(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	13,314,397	153,090	13,467,487	8,339,198	107,952	8,447,150
Charge for the period / year	1,445,324	528,563	1,973,886	5,227,343	9,553,101	14,780,444
Reversals	(1,684,691)	(357,626)	(2,042,317)	(4,963,631)	(1,757,105)	(6,720,736)
	(239,367)	170,936	(68,432)	263,712	7,795,996	8,059,708
Amounts written off	(18,542)		(18,542)	(175,513)	-	(175,513)
Amounts charged off - agriculture financing	10.4.4	(18,988)		(18,988)	(56,258)	-
Transfer from general to specific provision		763,786	(763,786)	-	3,028,000	(3,028,000)
Closing balance	204,512,147	16,908,779	221,420,926	190,710,861	17,348,539	208,059,400

10.4.1 Particulars of provision against advances

	March 31, 2023 (Un-audited)			December 31, 2022 (Audited)		
	Specific	General	Total	Specific	General	Total
-----(Rupees in '000)-----						
In local currency	140,913,661	16,285,901	157,199,562	138,961,205	16,741,242	155,702,447
In foreign currencies	63,598,486	622,878	64,221,364	51,749,656	607,297	52,356,953
	204,512,147	16,908,779	221,420,926	190,710,861	17,348,539	208,059,400

10.4.2 General provision includes provision amounting to Rs. 5.007 million (December 31, 2022: Rs. 5,211 million) against consumer and SME finance portfolio as required by the Prudential Regulations issued by the SBP. General provision also includes Rs. 623 million (December 31, 2022: Rs. 607 million) pertaining to overseas advances to meet the requirements of regulatory authorities of the respective countries in which the Bank operates.

The bank has also maintained general provision of Rs.11,279 million (December 31, 2022: Rs. 11,530 million) in respect of its underperforming portfolio on prudent basis.

10.4.3 The SBP has allowed specific relaxation to the Bank for non-classification of overdue loans of certain Public Sector Entities (PSEs) which are guaranteed by Government of Pakistan as non-performing loans up till December 31, 2023. No provision is required against these loans; however, mark-up is being suspended as required by the Prudential Regulations.

10.4.4 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.

	(Un-audited)	(Audited)
	March 31, 2023	December 31, 2022
	-----(Rupees in '000)-----	

Note

11. FIXED ASSETS

Capital work-in-progress	11.1	1,173,434
Property and equipment		1,080,087
		56,138,207
		56,025,755
		57,311,641
		57,105,842

11.1 Capital work-in-progress

Civil works	1,103,876	1,010,529
Equipment	10,825	10,825
Advances to suppliers and contractors	58,733	58,733
	1,173,434	1,080,087

11.2 Additions to fixed assets

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

Capital work-in-progress	132,951	125,908
Property and equipment		
Building on freehold land	11,113	14,866
Building on leasehold land	16,050	80
Furniture and fixtures	86,810	161,219
Computer and peripheral equipment	51,010	31,046
Electrical, office equipment	122,407	119,134
Vehicles	174,126	24,064
	461,516	350,409
	594,467	476,317

11.3 Disposal of fixed assets

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

Vehicles	2,944	8,059
	2,944	8,059

(Un-audited) March 31, 2023	(Audited) December 31, 2022
--	--

-----(Rupees in '000)-----

12. INTANGIBLE ASSETS

Capital work-in-progress - Software Implementation
Computer Software

803,219 623,001 1,426,220	841,289 547,658 1,388,947
--	--

(Un-audited) March 31, 2023	March 31, 2022
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-----(Rupees in '000)-----

12.1 Additions to intangible assets

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

Capital Work in Progress - net additions
Directly purchased

29,848 15,586 45,434	- - -
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(Un-audited) March 31, 2023	(Audited) December 31, 2022
--	--

-----(Rupees in '000)-----

13. RIGHT OF USE ASSETS

Balance as at January 01
Additions during the period / year
Derecognition during the period / year
Depreciation charged for the period / year
Balance as at

6,708,404 587,078 - (511,620) 6,783,862	6,605,400 2,244,669 (6,618) (2,135,047) 6,708,404
--	--

14. DEFERRED TAX

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
- Accelerated tax depreciation
- Other provisions
- Right of use assets

10,705 7,569,958 236,751 12,925,197 115,222 1,606,419 105,416 978,487 23,548,154	10,705 7,352,695 236,751 12,925,197 115,222 1,506,288 105,416 670,604 22,922,878
---	---

Taxable temporary differences on

- Surplus on revaluation of fixed assets
- Exchange translation reserve
- Surplus on revaluation of investments
- Surplus on revaluation of non-banking assets

(3,023,080) (749,289) 14,717,165 (21,752) 10,923,044 34,471,201	(3,061,347) (749,289) 3,208,913 (21,752) (623,475) 22,299,403
--	--

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	

Note

15. OTHER ASSETS

Income / return / mark-up accrued in local currency	132,775,900	99,433,212
Income / return / mark-up accrued in foreign currency	5,692,040	3,866,901
Advances, deposits, advance rent and other prepayments	5,266,039	2,987,346
Income tax refunds receivable & advance taxation (payments less provisions)	4,983,412	10,952,064
Compensation for delayed tax refunds	21,280,934	20,809,580
Non-banking assets acquired in satisfaction of claims	1,177,432	1,179,943
Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC)	208,423	208,423
Mark to market gain on forward foreign exchange contracts	23,487,351	-
Acceptances	9,249,996	20,644,122
Commission receivable on Government treasury transactions	7,393,980	5,253,389
Stationery and stamps on hand	461,506	437,900
Barter trade balances	195,399	195,399
Receivable on account of Government transactions	323,172	323,172
Receivable from Government under VHS scheme	418,834	418,834
Receivable against sale of shares	7,143	156,755
Others	11,467,234	8,126,059
	224,388,795	174,993,099
Less: Provision held against other assets	15.1	12,253,938
Other assets (net of provision)		12,244,043
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		212,134,857
Other assets - total		214,654,857
		165,269,056

15.1 Provision held against other assets

Income / mark-up accrued in local currency	152,607	152,607
Advances, deposits, advance rent and other prepayments	837,949	837,949
Stationery and stamps on hand	96,542	96,542
Barter trade balances	195,399	195,399
Receivable on account of Government transactions	323,172	323,172
Receivable from Government under VHS scheme	418,834	418,834
Protested bills	4,306,922	4,297,516
Ex-MBL / NDFC - other assets	770,398	770,398
Assets acquired from corporate and industrial restructuring corporation asset (CIRC)	208,423	208,423
Others	4,943,692	4,943,203
	12,253,938	12,244,043

15.1.1 Movement in provision held against other assets

Opening balance	12,244,043	11,700,956
Charge for the period / year	9,895	562,955
Adjustment against provision	-	(19,868)
Closing balance	12,253,938	12,244,043

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
	-----(Rupees in '000)-----	

Note

16. BILLS PAYABLE

In Pakistan	7,555,566	54,969,587
Outside Pakistan	<u>351,335</u>	<u>298,432</u>
	<u>7,906,901</u>	<u>55,268,019</u>

17. BORROWINGS

Secured

Borrowings from State Bank of Pakistan

Under Export Refinance Scheme	36,004,726	38,217,784
Financing Scheme for Renewable Energy	785,785	1,019,611
Refinance Facility for Modernization of SMEs	58,698	43,824
Financing Facility for storage of Agriculture Produce (FFSAP)	619,835	667,327
Under Long-Term Financing Facility (LTFF)	19,536,985	20,254,808
Refinance Scheme for Payment of Wages and Salaries	-	35,950
Temporary Economic Refinance Facility	24,210,085	24,126,421
Refinance Facility for Combating Covid-19	57,543	66,159
	81,273,657	84,431,884
Repurchase agreement borrowings	9.1.1	2,399,193,376
		2,480,467,033
		1,826,206,763
		1,910,638,647

Unsecured

Call borrowings	22,537,203	25,810,145
Bai Muajjal	-	4,036,995
	22,537,203	29,847,140
	2,503,004,236	1,940,485,787

17.1 Particulars of borrowings with respect to currencies

In local currency	2,487,831,693	1,923,848,931
In foreign currencies	<u>15,172,543</u>	<u>16,636,856</u>
	<u>2,503,004,236</u>	<u>1,940,485,787</u>

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

- Repurchase agreement borrowings carry mark-up ranging from 17.16% to 20.16% per annum (December 31, 2022: 15.2% to 17% per annum) having maturities ranging from April 3, 2023 to April 9, 2023.
- Call borrowings carry interest ranging from 5.27% to 20.05% per annum (December 31, 2022: 3% to 16.5% per annum).

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

17.4 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. 2,399,193 million (December 31, 2022: Rs.1,826,206 million).



18. DEPOSITS AND OTHER ACCOUNTS

	March 31, 2023 (Un-audited)			December 31, 2022 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
(Rupees in '000)						
Customers						
Current deposits - remunerative	639,400,481	-	639,400,481	733,037,562	-	733,037,562
Current deposits - non-remunerative	484,108,607	191,635,182	675,743,789	408,169,670	159,575,493	567,745,163
Savings deposits	664,134,147	131,928,933	796,063,080	681,287,543	108,029,851	789,317,394
Term deposits	412,382,274	139,063,497	551,445,771	400,618,865	116,541,863	517,160,728
Others	43,873,430	6,748	43,880,178	9,563,715	7,855	9,571,570
	2,243,898,939	462,634,360	2,706,533,299	2,232,677,355	384,155,062	2,616,832,417
Financial Institutions						
Current deposits	226,886,629	1,632,743	228,519,372	5,964,408	3,479,121	9,443,529
Savings deposits	23,685,418	-	23,685,418	15,190,328	2,924,782	18,115,110
Term deposits	7,955,284	8,618,963	16,574,247	10,472,787	6,442,283	16,915,070
Others	915,763	269	916,032	4,878,234	-	4,878,234
	259,443,094	10,251,975	269,695,069	36,505,757	12,846,186	49,351,943
	2,503,342,033	472,886,335	2,976,228,368	2,269,183,112	397,001,248	2,666,184,360

18.1 Foreign currencies deposits includes deposit of foreign branches amounting to Rs. 101,860 (December 31, 2022: Rs. 75,917 million).

(Un-audited) (Audited)
March 31, December 31,
2023 2022

(Rupees in '000)-----

19. LEASE LIABILITY AGAINST RIGHT OF USE ASSETS

Lease liabilities included in the statement of financial position	<u>9,059,413</u>	<u>8,267,949</u>
Of which are:		
Current lease liability	1,693,638	1,590,849
Non-current lease liability	<u>7,365,775</u>	<u>6,677,100</u>
	<u>9,059,413</u>	<u>8,267,949</u>

Maturity analysis - contractual undiscounted cash flows

Less than one year	2,507,804	2,356,198
One to five years	6,974,261	6,557,449
More than five years	8,718,653	7,967,022
Total undiscounted lease liabilities	<u>18,200,718</u>	<u>16,880,669</u>



	(Un-audited) March 31, 2023	(Audited) December 31, 2022
	-----(Rupees in '000)-----	

Note

20. OTHER LIABILITIES

Mark-up / return / interest payable in local currency	112,893,668	126,228,969
Mark-up / return / interest payable in foreign currencies	878,313	655,802
Unearned commission and income on bills discounted	230,061	252,539
Accrued expenses	12,725,317	13,865,133
Advance payments	334,823	350,895
Acceptances	9,249,996	20,644,122
Unclaimed dividends	181,614	181,851
Mark to market loss on forward foreign exchange contracts	-	125,371
Branch adjustment account	1,415,315	1,916,850
Payable to defined benefit plan:		
Pension fund	24,225,085	23,063,894
Post retirement medical benefits	30,149,118	29,176,898
Benevolent fund	1,554,830	1,697,838
Gratuity scheme	3,898,898	3,767,858
Compensated absences	9,197,800	8,734,235
Provision against off-balance sheet obligations	627,494	627,494
Provision against contingencies	4,239,235	4,170,799
Staff welfare fund	371,257	371,257
Liabilities relating to Barter trade agreements	4,914,946	3,629,389
Payable to brokers	9,183	350,446
PLBs short selling	14,529,517	11,043,029
Others	22,851,103	18,516,003
	254,477,573	269,370,672

21. SURPLUS ON REVALUATION OF ASSETS

Surplus / (deficit) on revaluation of:		
- Available-for-sale securities	9.1	(34,225,966)
- Fixed assets		47,644,690
- Non-banking assets		2,520,000
		15,938,724
Deferred tax on surplus / (deficit) on revaluation of:		
- Available for sale securities		14,717,165
- Fixed assets		(3,023,080)
- Non-banking assets		(21,752)
		11,672,333
		27,611,057
		3208,913
		(3,061,347)
		(21,752)
		125,814
		42,916,902

22. CONTINGENCIES AND COMMITMENTS

Guarantees	22.1	444,435,538	377,561,372
Commitments	22.2	2,741,398,927	2,373,285,184
Other contingent liabilities	22.3	25,126,954	26,619,691
		3,210,961,420	2,777,466,247

22.1 Guarantees

Financial guarantees	359,377,088	287,741,990
Performance guarantees	85,058,450	89,819,382
	444,435,538	377,561,372

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
	-----(Rupees in '000)-----	

22.2 Commitments

Documentary credits and short-term trade-related transactions		
- letters of credit	2,004,859,721	1,696,635,726
Commitments in respect of:		
- forward foreign exchange contracts	22.2.1	624,953,823
- forward government securities transactions	22.2.2	39,431,586
- forward lending	22.2.3	70,956,551
Commitments for acquisition of:		
- operating fixed assets		1,131,896
Other commitments	22.2.4	65,350
		36,850
		<u>2,741,398,927</u>
		<u>2,373,285,184</u>

22.2.1 Commitments in respect of forward foreign exchange contracts

Purchase	403,678,910	368,380,755
Sale	221,274,913	202,500,836
	<u>624,953,823</u>	<u>570,881,591</u>

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

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
	-----(Rupees in '000)-----	

22.2.2 Commitments in respect of forward government securities transactions

Purchase	20,046,126	10,988,627
Sale	19,385,460	43,580,207
	<u>39,431,586</u>	<u>54,568,834</u>

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

22.2.3 Commitments in respect of forward lending

Undrawn formal standby facilities, credit lines and other commitment to lend	<u>70,956,551</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.



	(Un-audited) March 31, 2023	(Audited) December 31, 2022
22.2.4 Other commitments		----- (Rupees in '000)-----
Professional services to be received	<u>65,350</u>	<u>36,850</u>
22.3 Other contingent liabilities		
22.3.1 Claims against the Bank not acknowledged as debt	<u>25,126,954</u>	<u>26,619,691</u>
Claims against the Bank not acknowledged as debts includes claims relating to former Mehran Bank Limited amounting to Rs. 1,597 million (December 31, 2022: Rs. 1,597 million).		
Moreover, these claims also represent counter claims by the borrowers for damages, claims filed by former employees of the Bank and other claims relating to banking transactions. Based on legal advice and / or internal assessments, the management is confident that the matters will be decided in the Bank's favour and the possibility of any adverse outcome against the Bank is remote and accordingly no provision has been made in these unconsolidated condensed interim financial statements.		
22.3.2 Taxation		
As at March 31, 2023, the status of tax contingencies disclosed in the annual unconsolidated financial statements for the year ended December 31, 2022 is same, other than the following:		
<ul style="list-style-type: none"> - Taxation officer has passed Appeal Effect Order for tax year 2020 during the year. The Bank has filed appeal before CIR(A) which is pending for adjudication. The demand created in the Appeal Effect order is Rs. 4,244.2 million. The tax advisors are confident that the ultimate outcome of the proceeding will be decided in the Bank's favor - Honourable CIR(A) through recent judgement dated February 1, 2023 has decided the appeal filed by the Bank for tax year 2016 against monitoring order in favour of the Bank deleting the demand of Rs 442.7 million. 		
22.3.3 Contingencies in respect of employees benefits and related matters		
As at March 31, 2023, the status of contingencies disclosed in the annual unconsolidated financial statements for the year ended December 31, 2022 is same, other than the following:		
22.3.3.1 Pensionary benefits to retired employees		
This matter has been explained in note 25.3.4.1 to the unconsolidated financial statements for the year ended December 31, 2022. The management's estimate of overall increase in pension liability, based on the independent actuarial firm report for the period ended March 31, 2023 amounted to Rs. 93.0 billion, excluding any penal interest / profit payment (if any) due to delayed payment. Further, the pension expense for March 2023 onward will also increase by Rs. 12.0 billion due to this decision. Based on the opinion of legal counsel, no provision for any additional pension liability has been made in these unconsolidated condensed interim financial statements for the above mentioned amount as the Bank is confident about a favourable outcome on the matter.		
22.3.4 Compliance and risk matters relating to anti-money laundering at the New York Branch		
The New York Branch of NBP has made significant progress to comply with the provisions of the enforcement actions received in February 2022 from the Federal Reserve Bank of New York and the New York State Department of Financial Services. The Branch has complied with the quarterly and half-yearly progress reporting requirements of its regulators. Management and the Board of Directors continue to provide close oversight of the New York branch and are committed to ensure compliance with all the conditions agreed in the enforcement actions. The management actions implemented by the Bank and Branch and their associated validation by Internal Audit are subject to review by the Branch's regulators.		
23. MARK-UP / RETURN / INTEREST EARNED	(Un-audited) Quarter ended March 31, 2023	(Audited) March 31, 2022
	----- (Rupees in '000)-----	
Loans and advances	<u>43,477,490</u>	<u>26,166,785</u>
Investments	<u>146,206,491</u>	<u>50,373,307</u>
Lendings to financial institutions	<u>2,492,382</u>	<u>2,039,916</u>
Balances with banks	<u>215,404</u>	<u>623,599</u>
	<u>192,391,767</u>	<u>79,203,607</u>

(Un-audited)
Quarter ended
March 31, 2023 **March 31, 2022**
-----(Rupees in '000)-----

24. MARK-UP / RETURN / INTEREST EXPENSED

Deposits	69,738,609	36,253,250
Borrowings	1,153,608	1,757,665
Cost of foreign currency swaps against foreign currency deposits	1,218,975	2,131,382
Finance charge on lease liability against right of use assets	311,622	203,786
Securities sold under repurchase agreements	<u>87,445,959</u>	<u>13,066,232</u>
	<u><u>159,868,773</u></u>	<u><u>53,412,315</u></u>

25. FEE AND COMMISSION INCOME

Branch banking customer fees	464,670	381,000
Consumer finance related fees	135,309	116,200
Card related fees	579,688	506,466
Credit related fees	55,281	73,640
Investment banking fees	85,646	438,028
Commission on trade	406,448	392,717
Commission on guarantees	277,157	176,957
Commission on cash management	9,551	9,719
Commission on remittances including home remittances	363,544	263,372
Commission on bancassurance	75,044	86,471
Commission on government transactions	2,052,698	2,160,609
Others	<u>17,609</u>	<u>59,220</u>
	<u><u>4,522,645</u></u>	<u><u>4,664,399</u></u>

26. GAIN/(LOSS) ON SECURITIES - NET

Realized	26.1	751,428	(91,509)
Unrealized - held-for-trading		(225,892)	(245,037)
Unrealized - Short selling		<u>(160,904)</u>	<u>436,692</u>
		<u><u>364,631</u></u>	<u><u>100,146</u></u>

26.1 Realized gain / (loss) on

Federal Government Securities	738,747	(172,814)
Shares	12,681	81,301
Foreign Securities	-	4
	<u><u>751,428</u></u>	<u><u>(91,509)</u></u>

27. OTHER INCOME

Rent on property	6,802	10,799
Gain on sale of fixed assets - net	286	6
Postal, SWIFT and other charges recovered	-	1,644
Compensation for delayed tax refunds	27.1	471,354
Reversal of provisions		333,902
Others		<u>79,431</u>
		<u><u>5,009</u></u>
		<u><u>562,882</u></u>
		<u><u>350,362</u></u>

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



		(Un-audited) Quarter ended	
		March 31, 2023	March 31, 2022
		-----(Rupees in '000)-----	
28. OPERATING EXPENSES			
Total compensation expenses		14,308,116	11,641,453
Property expenses			
Rent and taxes		269,191	181,718
Insurance		9,532	9,709
Utilities cost		423,125	295,610
Security (including guards)		783,445	633,322
Repair and maintenance (including janitorial charges)		298,713	189,246
Depreciation		130,214	135,302
Depreciation on non banking assets		2,511	3,929
Depreciation on Ijarah assets		15,861	16,841
Depreciation on right of use assets		511,620	515,631
		2,444,212	1,981,308
Information technology expenses			
Software maintenance		692,817	172,519
Hardware maintenance		63,191	40,614
Depreciation		91,016	81,687
Amortisation		105,523	67,213
Network charges		155,853	158,417
IT Manage Services		134,328	91,788
		1,242,728	612,238
Other operating expenses			
Directors' fees and reimbursement of other expenses		11,023	9,884
Fees and allowances to Shariah Board		4,502	4,179
Legal and professional charges		391,600	224,283
Outsourced services costs		147,241	132,840
Travelling and conveyance		298,596	217,741
NIFT clearing charges		53,977	44,070
Depreciation		372,591	390,801
Training and development		21,784	13,126
Postage and courier charges		27,008	26,430
Communication		143,307	81,664
Stationery and printing		261,267	383,712
Marketing, advertisement and publicity		102,225	29,143
Donations		-	8
Auditors' remuneration		63,218	47,249
Entertainment		64,046	57,633
Clearing, verification, license fee charges		115,047	87,036
Brokerage		6,682	4,568
Financial charges on leased assets		22,896	13,529
Insurance		122,791	108,278
Vehicle expenses		61,970	54,424
Repairs and maintenance		256,739	90,230
Deposit premium expense		452,894	392,777
Others		149,322	84,232
		3,150,726	2,497,837
		21,145,782	16,732,836
29. OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		14,614	21,678
Penalties imposed by other regulatory bodies (Central bank of international branches)		1,085	-
		15,699	21,678

		(Un-audited) Quarter ended	
		March 31, 2023	March 31, 2022
		Note	----- (Rupees in '000)-----
30.	PROVISIONS AND WRITE OFFS - NET		
	Provisions for diminution in value of investments	9.2	724,459
	Provisions against loans and advances	10.4	(68,432)
	Provision against other assets	15.1.1	9,895
	Provision against contingencies		<u>18,436</u>
			<u>684,359</u>
			<u>1,069,006</u>
31.	TAXATION		
	Current		7,934,271
	Prior years		-
	Deferred		<u>(446,280)</u>
			<u>7,487,991</u>
			<u>6,223,398</u>
32.	EARNINGS PER SHARE - BASIC AND DILUTED		
	Profit for the period (Rupees in 000's)		10,688,779
	Weighted average number of ordinary shares (in 000's)		<u>2,127,513</u>
	Earnings per share - basic and diluted (Rupees)		<u>5.02</u>
			<u>4.62</u>
32.1	Diluted earnings per share has not been presented separately as the Bank does not have any convertible instruments in issue.		
33.	CASH AND CASH EQUIVALENTS		
	Cash and balances with treasury banks	6	254,592,196
	Balances with other banks	7	34,429,118
	Call money lendings	8	9,723
	Call money borrowings	17	(22,537,203)
	Overdrawn nostro	17	-
			<u>266,493,834</u>
			<u>216,849,906</u>
34.	FAIR VALUE MEASUREMENTS		

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

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

34.1 Fair value of financial assets

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

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

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

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

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

	March 31, 2023 (Un-audited)				
	Carrying value	Level 1	Level 2	Level 3	Total
-----(Rupees in '000)-----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Market Treasury Bills	441,682,048	-	441,682,048	-	441,682,048
Pakistan Investment Bonds	2,528,888,205	-	2,528,888,205	-	2,528,888,205
Ijarah Sukuks	19,845,128	-	19,845,128	-	19,845,128
Ordinary shares of listed companies	37,544,452	37,544,452	-	-	37,544,452
Preference shares	1,329,608	1,329,608	-	-	1,329,608
Investments in mutual funds	3,094,086	-	3,094,086	-	3,094,086
Term Finance Certificates / Musharika and Sukuk Bonds	46,213,060	14,577,536	31,635,524	-	46,213,060
GoP Foreign Currency Bonds	16,528,354	-	16,528,354	-	16,528,354
Foreign Government Securities	1,244,427	-	1,244,427	-	1,244,427
Ordinary shares of a bank outside Pakistan	41,691,589	41,691,589	-	-	41,691,589
	3,138,060,957	95,143,185	3,042,917,772	-	3,138,060,957
Financial assets - disclosed but not measured at fair value					
Investments					
Market Treasury Bills	160,095,077	-	160,095,077	-	160,095,077
Pakistan Investment Bonds	376,217,458	-	376,217,458	-	376,217,458
Ijarah Sukuks	13,122,409	-	13,122,409	-	13,122,409
Ordinary shares of unlisted companies	1,454,247	-	1,454,247	-	1,454,247
GoP Foreign Currency Bonds	3,887,784	-	3,887,784	-	3,887,784
Foreign Government Securities	43,523,811	-	43,523,811	-	43,523,811
Foreign Currency Debt Securities	1,084	-	1,084	-	1,084
	598,301,870	-	598,301,870	-	598,301,870
	3,736,362,827	95,143,185	3,641,219,642	-	3,736,362,827
Off-balance sheet financial instruments - measured at fair value					
Commitments					
Foreign exchange contracts purchase and sale	624,953,823	-	23,487,351	-	23,487,351
Forward government securities transactions	39,431,586	-	(26,688)	-	(26,688)

December 31, 2022 (Audited)				
Carrying value	Level 1	Level 2	Level 3	Total
(Rupees in '000)				

On balance sheet financial instruments

Financial assets - measured at fair value

Investments

Market Treasury Bills	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
Ordinary shares of listed companies	36,659,044	36,659,044	-	-	36,659,044
Preference shares	1,370,477	1,370,477	-	-	1,370,477
Investments in mutual funds	3,120,431		3,120,431	-	3,120,431
Term Finance Certificates / Musharika and Sukuk Bonds	47,182,336	15,145,954	32,036,382	-	47,182,336
GoP Foreign Currency Bonds	14,422,839	-	14,422,839	-	14,422,839
Foreign Government Securities	1,883,953	-	1,883,953	-	1,883,953
Ordinary shares of a bank outside Pakistan	34,844,245	34,844,245	-	-	34,844,245
	3,014,104,930	88,019,720	2,926,085,210	-	3,014,104,930

Financial assets - disclosed but not measured at fair value

Investments

Market Treasury Bills	29,376,461	-	29,137,260	-	29,137,260
Pakistan Investment Bonds	375,236,903	-	355,231,276	-	355,231,276
Ijarah Sukuks	13,130,709	-	12,383,300	-	12,383,300
GoP Foreign Currency Bonds	2,992,408	-	1,665,559	-	1,665,559
Foreign Government Securities	36,096,507	-	37,327,167	-	37,327,167
Foreign Currency Debt Securities	871	-	871	-	871
	456,833,859	-	435,745,433	-	435,745,433
	3,470,938,789	88,019,720	3,361,830,643	-	3,449,850,363

Off-balance sheet financial instruments - measured at fair value

Foreign exchange contracts purchase and sale

570,881,591	-	(125,371)	-	(125,371)
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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
Market Treasury Bills	PKRV (MUFAP)
Pakistan Investment Bonds	PKRV & PKFRV (MUFAP)
Ijarah Sukuks	PKISRV (MUFAP)
Ordinary shares of unlisted companies	Breakup value as per latest available audited financial statements
Term Finance Certificates / Musharika and Sukuk Bonds	MUFAP & Pakistan Stock Exchange
GoP Foreign Currency Bonds	Reuter page
Foreign Government Securities	Reuter page
Foreign Currency Debt Securities	Reuter page
Investments in mutual funds	MUFAP
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

34.2 Fair value of non-financial assets

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

	March 31, 2023 (Un-audited)				
	Carrying value	Level 1	Level 2	Level 3	Total
-----(Rupees in '000)-----					
Land and building (property and equipment)	48,567,549	-	-	48,567,549	48,567,549
Non-banking assets acquired in satisfaction of claims	3,697,432	-	-	3,697,432	3,697,432
	52,264,981	-	-	52,264,981	52,264,981
	December 31, 2022 (Audited)				
	Carrying value	Level 1	Level 2	Level 3	Total
-----(Rupees in '000)-----					
Land & building (property and equipment)	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
	56,117,031	-	-	56,117,031	56,117,031

35. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

Three months period ended March 31, 2023 (Un-audited)						
	Retail Banking Group	Inclusive Development Group	Corporate & Investment Banking	Treasury	International, Financial Institution and Remittance	Head Office / Others
	(Rupees in '000)					
Profit and loss account						
Net mark-up / return / interest income / (expense)	(53,669,740)	8,033,052	7,608,880	67,668,646	683,285	2,248,869
Inter segment revenue - net	79,351,581	(9,351,852)	(6,273,488)	(69,125,293)	-	5,398,033
Non mark-up / return / interest income	3,566,399	88,993	877,456	2,691,183	389,218	(23,633)
Total income	29,208,240	(1,229,807)	2,212,888	1,234,536	972,503	7,624,269
Segment direct expenses	8,887,705	906,289	349,136	62,208	2,178,426	893,461
Inter segment expense allocation	-	-	-	-	-	13,277,224
Total expenses	8,887,705	906,289	349,136	62,208	2,178,426	7,884,255
Provisions and write offs - net	(57,569)	489,453	234,381	852,324	(185,860)	(648,711)
Profit / (loss) before taxation	20,378,064	(2,625,350)	1,629,351	319,705	(1,020,063)	(504,739)
					18,176,770	-
	Retail Banking Group	Inclusive Development Group	Corporate & Investment Banking	Treasury	International, Financial Institution and Remittance	Head Office / Others
	(Rupees in '000)					
Statement of financial position						
Cash and balances with treasury and other banks	204,147,642	15,253,267	323,736	12,981,371	51,380,149	4,935,149
Investments	-	-	26,003,109	3,594,352,003	65,185,472	289,021,314
Net inter segment lending	2,007,466,423	-	-	-	-	-
Lendings to financial institutions	-	-	-	479,050,553	-	3,741,390,058
Advances - performing	217,985,801	170,803,914	630,520,185	-	69,287,455	1,201,060,074
Advances - non-performing	(8,895,212)	24,696,054	52,383,896	-	66,072,907	104,025,621
Provision against Advances	4,686,929	(20,261,194)	(21,645,578)	-	(64,221,486)	(106,391,456)
Advances - Net	213,769,519	175,238,774	661,288,502	-	71,148,876	1,231,516,566
Others	39,504,523	2,988,435	28,924,175	23,808,409	10,351,596	209,070,643
Total assets	2,464,908,107	193,480,477	716,509,523	4,110,192,036	198,066,083	551,839,591
Borrowings	-	5,738,002	75,780,215	2,406,313,776	15,172,543	2,503,004,236
Deposits and other accounts	2,393,858,920	-	385,056,393	101,880,489	95,452,566	2,976,228,368
Net inter segment borrowing	182,497,439	-	235,417,954	1,628,383,748	33,083,461	2,179,369,863
Others	5,245,036	20,104,520	65,219,387	5,920,239	103,905,518	271,443,887
Total liabilities	2,464,908,106	193,480,477	716,359,082	4,098,916,612	229,940,533	232,441,546
Equity	-	-	150,442	10,275,124	(24,874,439)	319,393,045
Total equity and liabilities	2,464,908,107	193,480,477	716,509,523	4,110,192,036	198,066,083	551,839,591
Contingencies and commitments	-	69,557,155	2,382,499,642	735,341,960	17,238,463	26,324,200
						3,210,961,420



Profit and loss account

	Three months period ended March 31, 2022 (Un-audited)								
	Retail Banking Group	Inclusive Development Group	Corporate & Investment Banking	Treasury	International, Financial Institution and Remittance	Head Office / Others	Sub total	Eliminations	Total
--(Rupees in '000)--									
Net mark-up / return / interest income / (expense)	(28,632,718)	5,530,773	7,399,849	39,093,816	1,019,489	1,374,083	25,791,292	-	25,791,292
Inter segment revenue - net	43,486,100	(5,344,337)	(6,770,243)	(36,647,744)	-	5,276,225	-	-	-
Net mark-up / return / interest income	3,387,541	126,988	1,349,787	2,615,260	242,529	37,156	8,088,070	-	8,088,070
Total income	18,240,922	312,834	1,979,393	5,067,332	1,282,018	7,021,863	33,884,362	-	33,884,362
Segment direct expenses									
Inter segment expense allocation									
Total expenses	7,757,833	793,328	301,691	57,606	1,642,299	788,846	11,341,603	-	11,341,603
Provisions and write offs - net									
Profit / (loss) before taxation	10,529,049	(1,444,850)	(126,916)	1,804,618	395,144	86,237	(2,135,390)	-	16,754,514
									1,069,006
									16,060,842

	December 31, 2022 (Audited)								
	Retail Banking Group	Inclusive Development Group	Corporate & Investment Banking	Treasury	International, Financial Institution and Remittance	Head Office / Others	Sub total	Eliminations	Total
--(Rupees in '000)--									
Cash and balances with treasury and other banks	76,022,158	8,471,928	272,336	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	56,630,394	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	97,859,226	1,233,273,779	-	1,233,273,779
Advances - non-performing	4,107,960	21,853,219	24,119,377	-	53,726,670	101,500,199	205,307,426	-	205,307,426
Provision against advances	(8,972,018)	(19,791,641)	(23,100,384)	-	(52,356,953)	(103,838,404)	(208,059,400)	-	(208,059,400)
Advances - net	217,037,033	238,236,569	609,441,180	-	70,286,002	95,521,021	1,230,521,804	-	1,230,521,804
Others	31,988,215	3,619,415	41,795,925	381,562	6,402,399	168,584,136	252,771,652	-	252,771,652
Total assets	2,298,812,007	250,327,911	678,076,230	3,486,721,693	173,505,335	488,724,201	7,316,167,376	(2,075,742,831)	5,240,424,546
Borrowings	-	6,032,537	78,399,346	1,839,417,048	16,636,856	-	1,940,486,787	-	1,940,486,787
Deposits and other accounts	2,089,383,447	-	406,454,898	-	75,916,594	94,429,121	2,666,184,360	-	2,666,184,360
Net inter segment borrowing	-	227,691,242	157,769,526	1,581,730,892	96,687,516	11,863,555	2,075,742,831	(2,075,742,831)	-
Others	149,428,560	16,604,132	35,169,167	44,395,276	2,886,930	84,412,515	332,986,640	-	332,986,640
Total liabilities	2,298,812,007	250,327,911	677,792,937	3,465,543,016	192,137,956	190,705,90	7,015,319,610	(2,075,742,831)	4,989,576,787
Total equity and liabilities	-	183,082,386	1,907,266,393	625,450,425	28,425,095	33,241,948	2,777,486,247	-	2,777,486,247
Contingencies and commitments									

Statement of financial position

Cash and balances with treasury and other banks	76,022,158	8,471,928	272,336	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	56,630,394	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	97,859,226	1,233,273,779	-	1,233,273,779
Advances - non-performing	4,107,960	21,853,219	24,119,377	-	53,726,670	101,500,199	205,307,426	-	205,307,426
Provision against advances	(8,972,018)	(19,791,641)	(23,100,384)	-	(52,356,953)	(103,838,404)	(208,059,400)	-	(208,059,400)
Advances - net	217,037,033	238,236,569	609,441,180	-	70,286,002	95,521,021	1,230,521,804	-	1,230,521,804
Others	31,988,215	3,619,415	41,795,925	381,562	6,402,399	168,584,136	252,771,652	-	252,771,652
Total assets	2,298,812,007	250,327,911	678,076,230	3,486,721,693	173,505,335	488,724,201	7,316,167,376	(2,075,742,831)	5,240,424,546
Borrowings	-	6,032,537	78,399,346	1,839,417,048	16,636,856	-	1,940,486,787	-	1,940,486,787
Deposits and other accounts	2,089,383,447	-	406,454,898	-	75,916,594	94,429,121	2,666,184,360	-	2,666,184,360
Net inter segment borrowing	-	227,691,242	157,769,526	1,581,730,892	96,687,516	11,863,555	2,075,742,831	(2,075,742,831)	-
Others	149,428,560	16,604,132	35,169,167	44,395,276	2,886,930	84,412,515	332,986,640	-	332,986,640
Total liabilities	2,298,812,007	250,327,911	677,792,937	3,465,543,016	192,137,956	190,705,90	7,015,319,610	(2,075,742,831)	4,989,576,787
Total equity and liabilities	-	183,082,386	1,907,266,393	625,450,425	28,425,095	33,241,948	2,777,486,247	-	2,777,486,247

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RELATED PARTY TRANSACTIONS

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

The Banks enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with persons 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 period, other than those which have been disclosed elsewhere in these unconsolidated condensed interim financial statements are as follows:

	March 31, 2023 (Un-audited)						March 31, 2022 (Audited)						
	Key Directors	Subsidiaries	Associates	Joint venture	Personnel Fund (Current)	Personnel Fund (Fixed Deposit)	N.I.D.A.(Ac)	Personnel Fund	Other related parties	Personnel Fund (Current)	Personnel Fund (Fixed Deposit)	Personnel Fund (N.I.D.A.Ac)	Other related parties
(Rupees in 000)													
Balances with other banks													
In current accounts	466,064									361,137			
	466,064									361,137			
Investments													
Opening balance													
Investment made during the period / year													
Investment redeemed / disposed of during the period / year													
Transfer in (out) - net													
Closing balance													
Provision for diminution in value of investments													
Advances													
Opening balance	338,734	227,063	2,665,220					2,085,795		347,592	426,565	2,934,162	
Addition during the period / year										85,147	(62,249)	(99,502)	
Repayment during the period / year	(15,638)	(10,000)								(36,159)	(288,342)		
Transfer in (out) - net	(23,230)												
Closing balance	287,887	217,063	2,665,220					191,061		339,734	227,063	2,665,220	
Provisions against loans													
Other Assets													
Interest / make-up accrued	95,344	1,717,167								82,502	1,717,167		
Other receivable		73,260								73,260			
	168,624	1,717,167								165,782	1,717,167		
		73,280											
Borrowings													
Opening balance													
Borrowings during the period / year													
Settled during the period / year													
Closing balance													
Deposits and other accounts													
Opening balance	98,488	911,103	3,000		27,722		13,283,170	515,559	1,760	131,454	1,007,337		
Received during the period / year	289,740	5,436			947,757		945,111	1,245,981	6,790	885,658	14,507	3,000	
Withdrawn during the period / year	(22,238)	(70,006)			(948,930)		(75,255)	(1,683,514)	(11,312)	(894,821)	(17,404)		
Transfer in (out) - net	2,696												
Closing balance	163,421	845,833	3,000		5,000		387,108	12,965,637	669,176	98,488	911,103	3,000	
Other Liabilities													
Other payables to subsidiaries													
	15,541	155											
	15,541	155											
Contingencies and commitments													

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

	March 31, 2023 (Unaudited)							March 31, 2022 (Unaudited)								
	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund	Provident Fund	Others	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund	Provident Fund	Others
Income																
Mark-up / return / interest earned	-	-	9,796	-	2,637	-	-	-	-	-	6,985	1,237	-	-	-	-
Debts due by Companies in which Directors of the Bank is interested as Directors	-	-	-	-	-	-	107,209	-	-	-	-	-	-	-	-	29,523
Rent income / lighting and power and bank charges	-	-	4,305	1,361	-	-	-	-	-	-	3,112	1,302	-	-	-	-
Expense																
Mark-up / return / interest paid	-	4,572	12,110	96	7,739	13,833	-	14,116	22	2,029	1,093	-	2,146	10,037	350,542	417,467
Expenses paid to company in which Directors of the bank is interested as CEO and director	-	-	-	-	-	-	-	8,061	-	-	-	-	-	-	-	1,333
Remuneration to key management executives including charge for defined benefit plan	-	284,049	-	-	-	-	-	-	-	159,907	-	-	-	-	-	-
Commission paid to subsidiaries	-	-	1,748	-	-	-	-	-	-	-	338	-	-	-	-	-
Directors fee & other allowances	-	11,023	-	-	-	-	-	-	-	9,884	-	-	-	-	-	-
Post Retirement benefit paid to Director cum ex-employee	-	-	-	-	-	-	-	-	-	522	-	-	-	-	-	-

36.1

Transactions with Government-related entities

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

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

The Bank also earned commission on handling treasury transactions on behalf of the Government of Pakistan amounting to Rs. 2,053 million (March 31, 2022; Rs. 2,161 million) for the quarter ended March 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. 581,806 million (December 31, 2022; Rs. 583,486 million), Rs. 1,311,311 million (December 31, 2022; Rs. 1,403,331 million) and Rs. 2,112,715 million (December 31, 2022; Rs. 1,714,807 million) respectively and income earned on advances and profit paid on deposits amounted to Rs.40,225 million (March 31, 2022; Rs. 7,962 million) and Rs.35,433 million (March 31, 2022 Rs. 12,778 million) respectively.

(Un-audited) March 31, 2023 -----(Rupees in '000)-----	(Audited) December 31, 2022 -----(Rupees in '000)-----
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37. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement

Paid-up capital (net of losses)	<u><u>21,275,131</u></u>	<u><u>21,275,131</u></u>
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Capital Adequacy Ratio

Eligible Common Equity Tier 1 (CET 1) Capital	<u><u>228,128,648</u></u>	<u><u>231,190,928</u></u>
Eligible Additional Tier 1 (ADT 1) Capital	<u><u>-</u></u>	<u><u>-</u></u>
Total Eligible Tier 1 Capital	<u><u>228,128,648</u></u>	<u><u>231,190,928</u></u>
Eligible Tier 2 Capital	<u><u>69,488,755</u></u>	<u><u>75,036,139</u></u>
Total Eligible Capital (Tier 1 + Tier 2)	<u><u>297,617,403</u></u>	<u><u>306,227,067</u></u>

Risk Weighted Assets (RWAs):

Credit Risk	<u><u>1,130,425,507</u></u>	<u><u>1,066,232,569</u></u>
Market Risk	<u><u>94,760,857</u></u>	<u><u>93,557,759</u></u>
Operational Risk	<u><u>258,686,736</u></u>	<u><u>258,686,736</u></u>
Total	<u><u>1,483,873,100</u></u>	<u><u>1,418,477,064</u></u>

Common Equity Tier 1 Capital Adequacy ratio

Common Equity Tier 1 Capital Adequacy ratio	<u><u>15.37%</u></u>	<u><u>16.30%</u></u>
Tier 1 Capital Adequacy Ratio	<u><u>15.37%</u></u>	<u><u>16.30%</u></u>
Total Capital Adequacy Ratio	<u><u>20.06%</u></u>	<u><u>21.59%</u></u>

Leverage Ratio (LR):

Eligible Tier-1 Capital	<u><u>228,128,648</u></u>	<u><u>231,190,928</u></u>
Total Exposures	<u><u>8,134,609,004</u></u>	<u><u>7,502,352,873</u></u>
Leverage Ratio	<u><u>2.80%</u></u>	<u><u>3.08%</u></u>

The Bank has leverage ratio of 2.80% as of March 31, 2023, which has been relaxed upto 2.5% till March 31, 2024 by SBP vide its letter No. BPRD/BA&CPD/638/436708/2023 dated March 7, 2023.

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets	<u><u>1,218,515,965</u></u>	<u><u>1,418,328,644</u></u>
Total Net Cash Outflow	<u><u>732,293,204</u></u>	<u><u>963,197,902</u></u>
Liquidity Coverage Ratio	<u><u>166%</u></u>	<u><u>147%</u></u>

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding	<u><u>2,745,821,186</u></u>	<u><u>2,684,457,394</u></u>
Total Required Stable Funding	<u><u>1,006,517,990</u></u>	<u><u>1,069,401,835</u></u>
Net Stable Funding Ratio	<u><u>273%</u></u>	<u><u>251%</u></u>



38. ISLAMIC BANKING BUSINESS

The bank is operating 188 (December 31, 2022: 188) Islamic banking branches and 54 (December 31, 2022: 50) Islamic banking windows at March 31, 2023.

The statement of financial position of the Bank's Islamic banking branches as at March 31, 2023 is as follows:

Note	(Un-audited) March 31, 2023		(Audited) December 31, 2022							
	-----(Rupees in '000)-----									
ASSETS										
Cash and balances with treasury banks		6,915,633	6,096,555							
Balances with other banks		14,041	13,766							
Investments	38.1	53,172,704	53,920,119							
Islamic financing and related assets - net	38.2	61,527,642	46,380,996							
Fixed assets		77,830	87,489							
Right of use assets		472,298	508,977							
Other assets		4,249,644	2,294,054							
Total Assets		126,429,792	109,301,956							
LIABILITIES										
Bills payable		262,950	1,210,608							
Deposits and other accounts	38.3	89,329,544	93,591,714							
Due to head office		27,613,120	4,005,715							
Lease liability against right of use assets		683,883	721,152							
Other liabilities		1,431,330	1,490,182							
		119,320,827	101,019,371							
NET ASSETS		7,108,965	8,282,585							
REPRESENTED BY										
Islamic Banking Fund		6,731,000	5,561,000							
Surplus on revaluation of assets		(146,557)	424,444							
Unappropriated / unremitted profit	38.4	524,522	2,297,141							
		7,108,965	8,282,585							

The profit and loss account of the Bank's Islamic banking operations for three months period ended March 31, 2023 is as follows:

	Note	(Un-audited) Quarter ended	
		March 31, 2023	March 31, 2022
		-----(Rupees in '000)-----	
Profit / return earned	38.5	3,813,044	2,330,803
Profit / return expensed	38.6	2,580,916	1,398,602
Net profit / return		<u>1,232,128</u>	<u>932,201</u>
Other income			
Fee and commission income		56,861	50,237
Foreign exchange income		9,144	29,548
Other income		5	1,764
Total other income		<u>66,010</u>	<u>81,549</u>
Total income		<u>1,298,138</u>	<u>1,013,750</u>
Other expenses			
Operating expenses		787,924	683,433
Other charges		120	-
		<u>788,044</u>	<u>683,433</u>
Profit before provisions		510,094	330,317
Provisions charge / (reversal) and write offs - net		(14,428)	(9,135)
Profit before taxation		<u>524,522</u>	<u>339,452</u>
Taxation		-	-
Profit after taxation		<u>524,522</u>	<u>339,452</u>

38.1	Investments by segments:	March 31, 2023 (Un-audited)				December 31, 2022 (Audited)				
		Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	
-----(Rupees in '000)-----										
Federal Government Securities:										
- Ijarah Sukuks										
		33,639,499	-	(674,287)	32,965,212	33,648,948	-	(339,589)	33,309,359	
		33,639,499	-	(674,287)	32,965,212	33,648,948	-	(339,589)	33,309,359	
Non Government Debt Securities:										
- Listed										
		8,100,000	-	304,222	8,404,222	8,200,000	-	303,132	8,503,132	
		11,710,569	(130,807)	223,508	11,803,270	11,777,533	(130,807)	460,901	12,107,628	
		19,810,569	(130,807)	527,730	20,207,492	19,977,533	(130,807)	764,033	20,610,760	
Total Investments										
		53,450,068	(130,807)	(146,557)	53,172,704	53,626,481	(130,807)	424,444	53,920,119	



(Un-audited) (Audited)
 March 31, December 31,
 2023 2022
 -----(Rupees in '000)-----

38.2 Islamic financing and related assets - net

Ijarah	14,398	38,208
Murabaha	1,583,901	1,713,901
Musharaka	15,000,000	-
Diminishing Musharaka	22,274,968	22,062,256
Other Islamic Modes (Wakala tul Istismar)	8,500,000	8,500,000
Advances for Murabaha	1,030,000	2,127,000
Advances for Diminishing Musharaka	96,563	100,894
Advance for Istisna	11,455,451	9,396,236
Inventories against Istisna	2,213,232	3,097,800
Gross Islamic financing and related assets	62,168,513	47,036,295
Less: provision against Islamic financings		
- Specific	(640,559)	(654,980)
- General	(312)	(319)
	<u>(640,871)</u>	<u>(655,299)</u>
Islamic financing and related assets - net of provision	<u>61,527,642</u>	<u>46,380,996</u>

38.3 Deposits and other accounts

Customers

Current deposits	21,822,517	20,659,185
Savings deposits	39,865,156	41,254,385
Term deposits	12,084,506	15,137,438
	<u>73,772,179</u>	<u>77,051,008</u>

Financial Institutions

Current deposits	796,499	354,951
Savings deposits	14,738,100	14,114,989
Term deposits	22,766	2,070,766
	<u>15,557,365</u>	<u>16,540,706</u>
	<u>89,329,544</u>	<u>93,591,714</u>

38.4 Unappropriated / unremitted profit

Opening balance	2,297,141	1,502,668
Add: Islamic banking profit for the period	524,522	2,297,141
Less: Transferred / remitted to head office	(2,297,141)	(1,502,668)
Closing balance	<u>524,522</u>	<u>2,297,141</u>

(Un-audited)
Quarter ended
March 31, 2023 March 31, 2022
----- (Rupees in '000) -----

38.5 Profit / Return Earned of Financing, Investments and Placement

Profit earned on:

Financing	1,833,712	948,749
Investments	1,979,056	1,164,772
Placements	276	-
Others (Bai Muajjal)	-	217,282
	3,813,044	2,330,803

38.6 Profit on Deposits and other Dues Expensed

Deposits and other accounts	1,735,736	896,570
Amortisation of lease liability against - ROUA	16,845	18,703
Others (General Account)	828,335	483,329
	2,580,916	1,398,602

39. GENERAL

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

40. DATE OF AUTHORIZATION FOR ISSUE

The unconsolidated condensed interim financial statements were authorized for issue on April 27, 2023 by the Board of Directors of the Bank.

Consolidated Financial Statements of NBP and its Subsidiary Companies

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 three months period ended March 31, 2023.

Consolidated after-tax profit for the three months period ended March 31, 2023 amounted to PKR 11.3 Bn, being 16.3% higher than PKR 9.7 Bn for the three months period ended March 31, 2022. During the period ended, the subsidiary companies contributed PKR 0.377 Bn (March 31, 2022: PKR 0.145 Bn) in Group profitability, whereas the associates contributed a net loss of PKR 0.009 Bn (March 31, 2022: Share of profit PKR 0.001 Bn). A share of profit of PKR 0.287 Bn (March 31, 2022: PKR 0.101 Bn) was however recorded on account of UNBL, a UK based Joint Venture in which NBP has 45% shareholding. Accordingly, consolidated EPS improved to PKR 5.29 for the three months period ended March 31, 2023 as compared to PKR 4.56 for the three months period ended March 31, 2022.

As of March 31, 2023, consolidated assets of the Bank amounted to PKR 6,070.0 Bn being PKR 818.3 Bn or 15.6% higher than PKR 5,251.8 Bn of December 31, 2022.

Profit for the three months period ended March 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 period ended March 31, 2023	11,293.3
Unappropriated profit brought forward	178,189.6
Other comprehensive income - net of tax	(288.0)
Non-controlling interest	(44.0)
Transfer from surplus on revaluation of fixed assets – net of tax	50.7
	<hr/> 177,908.3
Profit available for appropriations	189,201.6
Appropriation:	
Transfer to statutory reserve	(1,068.9)
Unappropriated profit carried forward	<hr/> 188,132.7

For and on behalf of the Board of Directors

Rehmat Ali Hasnie
President & CEO (A)

Karachi
Date: April 27, 2023

باقی سرزپیں

Ali Syed
Director

ڈائریکٹر کی شیئر ہولدز کور پورٹ مجموعی مالیاتی گوشوارے

محترم حصہ داران

ہم بورڈ آف ڈائریکٹر کی طرف سے 31 مارچ 2023 کو ختم ہونے والین ماہ کی مدت کے لیے نیشنل بینک آف پاکستان "دی بینک" اور اس کے ذیلی اداروں کے لیے ڈائریکٹر ہولڈز جائزہ اور مجموعی مالیاتی گوشوارے پیش کرتے ہوئے خوش محسوس کر رہے ہیں۔

31 مارچ 2023 کو ختم ہونے والی تین ماہ کی مدت کے لیے یہیں کے بعد ہونے والا مجموعی منافع 11.3 بیلین روپے رہا جو کہ 31 مارچ 2022 کو ختم ہونے والی تین ماہ کی مدت کے 9.7 بیلین روپے کے منافع سے 16.3% زیادہ ہے۔ ختم ہونے والی کے دوران بینک کے ذیلی اداروں نے گروپ منافع میں 0.377 بیلین روپے (31 مارچ 2022: 0.145 بیلین روپے) کے منافع کا حصہ ڈالجکہ شریک اداروں کی جانب سے خالص تقسیم میں حصہ 0.009 بیلین روپے (31 مارچ 2022: 0.001 بیلین روپے) تھا۔ برطانیہ میں واقع مشترکہ مخصوصے NBL، جس میں بینک کا 45% حصہ ہے، کی وجہ سے 0.286 بیلین روپے (31 مارچ 2022: 0.101 بیلین روپے) کے منافع کا حصہ ریکارڈ کیا گیا اس طرح 31 مارچ 2023 کو ختم ہونے والی تین ماہ کی مدت کے لیے مجموعی فیض حصہ آمدنی (EPS) 31 مارچ 2022 کو ختم ہونے والی تین ماہ کی مدت کے 4.56 روپے کے مقابلے میں بہتر ہو کر 5.29 روپے ہو گئی۔

31 مارچ 2023 کو بینک کے مجموعی اٹاؤں کی مالیت 0.070 بیلین روپے تھی جو کہ 31 دسمبر 2022 کے بینک کے مجموعی اٹاؤں کی مالیت 0.8 بیلین روپے سے 15.6% یعنی 0.818.3 بیلین روپے زیادہ ہے۔

31 مارچ 2023 کو ختم ہونے والے تین ماہ کا منافع 2022 کے جمع شدہ منافع کو آگے بڑھانے کے بعد تخصیص کے لیے تجویز مندرجہ ذیل ہے:

(بیلین روپے)
11,293.3
178,189.6
(288.0)
(44.0)
50.7
177,908.3
189,201.6

31 مارچ 2023 کو ختم ہونے والے تین ماہ کے لیے بعد ازاں یہیں منافع

غیر تصرف شدہ آگے لایا جانے والا منافع
و دیگر جامع آمدنی۔ بعد ازاں یہیں

نان کٹھ و لیک اٹھرست
جامد اٹاؤں کی نظر ثانی شدہ قدر کی وجہ سے ذخیرے سے منتقلی۔ بعد ازاں یہیں
تصرف کے لیے دستیاب منافع

تصرف:

قانونی ذخیرے میں منتقلی

غیر تصرف شدہ منافع۔ آگے بڑھانے کے لیے:

بورڈ آف ڈائریکٹر کے لیے اور انکی جانب سے

علی سید
ڈائریکٹر

رحمت علی حسني
صدر اور سی ای اے (اے)

کراچی
تاریخ: 27 اپریل 2023

Consolidated Condensed Interim Statement of Financial Position

As at March 31, 2023

	Note	(Un-audited) March 31, 2023	(Audited) December 31, 2022		
		-----(Rupees in '000)-----			
ASSETS					
Cash and balances with treasury banks	6	255,097,607	230,226,311		
Balances with other banks	7	35,526,174	19,623,124		
Lendings to financial institutions	8	479,050,253	31,272,467		
Investments	9	3,750,089,842	3,482,935,847		
Advances	10	1,231,713,631	1,230,669,118		
Fixed assets	11	57,815,685	57,604,343		
Intangible assets	12	2,135,356	2,101,322		
Right of use assets	13	7,260,276	7,186,067		
Deferred tax asset	14	34,343,774	22,406,230		
Other assets	15	216,989,066	167,741,065		
		6,070,021,664	5,251,765,894		
LIABILITIES					
Bills payable	16	7,906,901	55,268,019		
Borrowings	17	2,503,004,236	1,940,485,787		
Deposits and other accounts	18	2,975,382,535	2,665,273,257		
Liabilities against assets subject to finance lease	19	169,312	121,453		
Lease liability against right of use assets	20	9,552,209	8,761,015		
Other liabilities	21	256,518,503	271,556,131		
		5,752,533,696	4,941,465,662		
NET ASSETS					
		317,487,968	310,300,232		
REPRESENTED BY					
Share capital		21,275,131	21,275,131		
Reserves	22	80,046,099	67,488,847		
Surplus on revaluation of assets		26,916,861	42,273,537		
Unappropriated profit		188,132,693	178,189,579		
Total Equity attributable to the equity holders of the Bank		316,370,784	309,227,094		
Non-controlling interest		1,117,184	1,073,138		
		317,487,968	310,300,232		
CONTINGENCIES AND COMMITMENTS					
	23				

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

Ashraf Mahmood Wathra
Chairman

Rehmat Ali Hasnie
President & CEO (A)

Abdul Wahid Sethi
Chief Financial Officer

Farid Malik
Director

Ali Syed
Director



Consolidated Condensed Interim Profit and Loss Account (Un-audited)
For the three months period ended March 31, 2023

Note	Quarter ended	
	March 31, 2023	March 31, 2022
	----- (Rupees in '000)-----	
Mark-up / return / interest earned	24	192,498,578
Mark-up / return / interest expensed	25	159,873,980
Net mark-up / return / interest income		32,624,598
NON MARK-UP / INTEREST INCOME		
Fee and commission income	26	4,955,946
Dividend income		1,020,697
Foreign exchange income		1,352,117
Gain on securities - net	27	369,299
Share of profit from joint venture - net of tax		286,488
Share of (loss) /profit from associates - net of tax		(9,387)
Other income	28	605,397
Total non-mark-up / interest income		8,580,557
Total income		41,205,155
NON MARK-UP / INTEREST EXPENSES		
Operating expenses	29	21,540,213
Other charges	30	15,699
Total non-markup / interest expenses		21,555,912
Profit before provisions		19,649,243
Provisions and write offs - net	31	734,186
PROFIT BEFORE TAXATION		18,915,057
Taxation	32	7,621,745
PROFIT AFTER TAXATION		11,293,312
Attributable to:		
Equity holders of the Bank		11,249,266
Non-controlling interest		44,046
		11,293,312
Earnings per share - basic and diluted	33	5.29
		4.56

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

Ashraf Mahmood Wathra
Chairman

Rehmat Ali Hasnie
President & CEO (A)

Abdul Wahid Sethi
Chief Financial Officer

Farid Malik
Director

Ali Syed
Director

Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
 For the three months period ended March 31, 2023

	Quarter ended	
	March 31, 2023	March 31, 2022
	----- (Rupees in '000)-----	
Profit after taxation for the period	11,293,312	9,713,623
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Exchange gain / (loss) on translation of net assets of foreign branches, subsidiaries and joint venture	11,488,374	1,300,640
Movement in surplus on revaluation of investments - net of tax	(15,305,949)	802,331
	(3,817,575)	2,102,971
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain / (loss) on defined benefit obligations - net of tax	(288,000)	(488,035)
Movement in surplus on revaluation of fixed assets - net of tax	- 128	(487,908)
Total comprehensive (loss) / income	<u><u>7,187,737</u></u>	<u><u>11,328,686</u></u>
Total comprehensive income attributable to:		
Equity holders of the Bank	7,143,691	11,310,874
Non-controlling interest	44,046	17,812
	<u><u>7,187,737</u></u>	<u><u>11,328,686</u></u>

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

Ashraf Mahmood Wathra
 Chairman

Rehmat Ali Hasnie
 President & CEO (A)

Abdul Wahid Sethi
 Chief Financial Officer

Farid Malik
 Director

Ali Syed
 Director



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

For the three months period ended March 31, 2023

	Share capital	Exchange translation	Statutory reserve	General loan loss reserve	Revenue general reserve	Total	Surplus on revaluation of assets (Rupees in '000)			Unappropriated profit	Sub Total	Non-Controlling interest	Total
							Investments	Fixed / non-banking assets	Total				
Balance as at January 01, 2022													
Profit after taxation for the three months period ended March 31, 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	145,312,547	294,009,927	1,013,454	295,023,381
Other comprehensive loss / income - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	1,300,640	-	-	-	1,300,640	802,331	128	802,459	9,695,811	1,615,063	17,812	9,713,623
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	983,744	-	-	983,744	-	-	-	(983,744)	-	-	1,615,063
Transfer to unappropriated profit	-	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with owners, recorded directly in equity													
Cash dividend paid for the year ended December 31, 2021 [Rs. Nil per share]	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid / profit distribution by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at April 01, 2022													
Profit after taxation for the nine months period ended December 31, 2022	21,275,131	16,181,025	40,009,290	-	521,338	56,711,653	20,355,061	45,392,763	65,747,824	161,986,194	305,320,802	1,031,266	306,352,068
Other comprehensive loss / income - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	8,719,908	-	-	-	8,719,908	(26,103,896)	2,782,678	(23,328,218)	(2,683,714)	(17,232,483)	-	(17,232,483)
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	2,057,286	-	-	2,057,286	-	-	-	(2,057,286)	-	-	-
Transfer to unappropriated profit	-	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with owners, recorded directly in equity													
Cash dividend paid / profit distribution by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at January 01, 2023													
Profit after taxation for the three months period ended March 31, 2023	21,275,131	24,900,983	42,066,576	-	521,338	67,488,847	6,753,835	48,027,372	42,273,537	178,189,579	309,227,094	1,073,138	310,300,232
Other comprehensive loss / income - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	11,488,374	-	-	-	11,488,374	(15,303,949)	-	-	(15,303,949)	(1,105,575)	-	(1,105,575)
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	1,088,878	-	-	1,088,878	-	-	-	(1,088,878)	-	-	-
Transfer to unappropriated profit	-	-	-	-	-	-	-	-	-	(50,726)	50,726	-	-
Transactions with owners, recorded directly in equity													
Cash dividend paid for the year ended December 31, 2022 [Rs. Nil per share]	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid / profit distribution by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2023													
21,275,131	36,389,307	43,135,454	-	-	521,338	80,046,099	(21,058,785)	47,976,647	26,916,861	188,132,693	316,370,784	1,117,184	317,487,968

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

Ashraf Mahmood Wathra
Chairman

Rehmat Ali Hasnai
President & CEO (A)

Abdul Wahid Sethi
Chief Financial Officer

Ali Syed
Director

Farid Malik
Director

Consolidated Condensed Interim Cash Flow Statement (Un-audited)

For the three months period ended March 31, 2023

Note	March 31, 2023	March 31, 2022
	-----(Rupees in '000)-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	18,915,057	15,991,075
Less: dividend income	(1,020,697)	(886,671)
	<u>17,894,360</u>	<u>15,104,404</u>
Adjustments:		
Depreciation on fixed assets	648,440	664,050
Depreciation on right of use assets	556,890	557,857
Amortisation	118,595	78,408
Provision and write-offs - net	734,186	1,435,741
Gain on sale of fixed assets	(1,819)	(5,280)
Financial charges on leased assets	29,309	16,656
Financial charges on right-of-use-assets	328,939	218,063
Unrealized gain on revaluation of investments classified as held-for-trading	226,190	248,130
Charge for defined benefit plans - net	3,250,637	2,262,039
Share of (profit) from joint venture - net of tax	(286,488)	(100,699)
Share of loss / (profit) from associates - net of tax	9,387	(1,391)
	<u>5,614,266</u>	<u>5,373,574</u>
	<u>23,508,626</u>	<u>20,477,978</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	(447,777,786)	194,333,725
Held-for-trading securities	50,933,519	19,409,482
Advances	(14,465,153)	(77,608,203)
Other assets (excluding advance taxation)	(47,278,344)	(12,119,071)
	<u>(458,587,764)</u>	<u>124,015,933</u>
Increase/ (decrease) in operating liabilities		
Bills payable	(47,361,118)	(2,813,389)
Borrowings from financial institutions	565,791,391	292,888,785
Deposits	310,109,278	(383,896,807)
Other liabilities (excluding current taxation)	(11,867,386)	(27,326,975)
	<u>816,672,165</u>	<u>(121,148,386)</u>
Financial charges paid	(358,248)	(234,719)
Income tax paid	(5,927,822)	(2,244,144)
Benefits paid	(866,916)	(655,580)
Net cash flows generated from operating activities	<u>374,440,042</u>	<u>20,211,083</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(201,544,016)	145,888,527
Net investments in held-to-maturity securities	(140,019,862)	(222,443,379)
Dividends received	1,020,697	1,613,593
Investments in fixed assets	(605,350)	(548,498)
Proceeds from sale of fixed assets	14,287	25,057
Effect of translation of net investment in foreign branches	11,488,374	1,300,640
Net cash flows (used in) / generated from investing activities	<u>(329,645,870)</u>	<u>(74,164,060)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of lease obligations	(746,647)	(625,557)
Dividend paid	(237)	-
Net cash flows used in financing activities	<u>(746,884)</u>	<u>(625,557)</u>
(Decrease) / increase in cash and cash equivalents		
Cash and cash equivalents at beginning of the period	44,047,288	(54,578,534)
Cash and cash equivalents at end of the period	<u>224,049,013</u>	<u>273,052,207</u>
	<u>268,096,301</u>	<u>218,473,673</u>

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

Ashraf Mahmood Wathra
Chairman

Rehmat Ali Hasnie
President & CEO (A)

Abdul Wahid Sethi
Chief Financial Officer

Farid Malik
Director

Ali Syed
Director



Notes to and forming part of the Consolidated Condensed Interim Financial Statements (Un-audited) For the three months period ended March 31, 2023

1. THE GROUP AND ITS OPERATIONS

1.1 The Group consists of:

Holding Company

- National Bank of Pakistan (the Bank)

Subsidiary Companies

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

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

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

The holding company was incorporated in Pakistan under the National Bank of Pakistan Ordinance, 1949 and is listed on Pakistan Stock Exchange (PSX). The registered and head office of the Bank is situated at I.I. Chundrigar Road, Karachi. The Bank is engaged in providing commercial banking and related services in Pakistan and overseas. The Bank also handles treasury transactions for the Government of Pakistan (GoP) as an agent to the State Bank of Pakistan (SBP). The Bank operates 1,512 (December 31, 2022: 1,512) branches in Pakistan and 18 (December 31, 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, NBP Exchange Company Limited, National Bank Modaraba Management Company Limited are wholly owned subsidiaries of the holding company while the controlling interest in Taurus Securities Limited is 58.32%, NBP Fund Management Limited is 54%, First National Bank Modaraba 30% and Cast-N-Link Products Limited 76.51%.

1.2 BASIS OF CONSOLIDATION

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

2. BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

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

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

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

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

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

2.1.4 The disclosures made in these consolidated condensed interim financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 5, dated March 22, 2019 and IAS 34. These consolidated condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements and should be read in conjunction with the audited annual financial statements of the Bank for the year ended December 31, 2022.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted for presentation of these consolidated condensed interim financial statements are consistent with those followed in the preparation of the consolidated financial statements of the Group for the year ended December 31, 2022.

3.1 Application of new and revised International Financial Reporting Standards (IFRSs)

3.1.1 Standards, interpretations of and amendments to accounting and reporting standards that are effective in the current period

There are certain amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after January 01, 2023. These are either considered to be not relevant or do not have any significant impact on these consolidated condensed interim financial statements.

3.1.2 Standards, interpretations of and amendments to accounting and reporting standards that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and amendments are either not relevant to the Group's operations or are not expected to have significant impact on the Group's consolidated financial statements other than certain additional disclosures:



**Effective from accounting period
beginning on or after**

Amendment to IFRS 16 - Leases on sale and leaseback	January 1, 2024
Amendment to IAS 1 - Non-current liabilities with covenants	January 1, 2024

There are certain other new amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 2024, but are considered not to be relevant or will not have significant effect on the Bank's operations and are, therefore, not detailed in these consolidated condensed interim financial statements.

3.1.3 As per the SBP's BPRD Circular Letter No. 07 dated April 13, 2023, the implementation date of IFRS 9 to banks having asset size of Rs. 500 billion or above as of December 31, 2022 and for all the Development Finance Institution (DFIs) has been extended from January 01, 2023 to January 01, 2024.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis for accounting estimates adopted in the preparation of these consolidated condensed interim financial statements is the same as that applied in the preparation of the consolidated financial statements for the year ended December 31, 2022.

5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Group are consistent with those as disclosed in the consolidated financial statements for the year ended December 31, 2022.

6. CASH AND BALANCES WITH TREASURY BANKS	Note	(Un-audited) March 31, 2023		(Audited) December 31, 2022								
		-----(Rupees in '000)-----										
In hand												
Local currency												
Local currency		50,628,525		52,750,990								
Foreign currencies		9,452,722		7,436,911								
		60,081,247		60,187,901								
With State Bank of Pakistan in												
Local currency current accounts												
Local currency current accounts	6.1	106,595,362		106,933,909								
Foreign currency current accounts	6.2	18,139,011		15,661,453								
Foreign currency deposit accounts	6.2	36,287,297		15,623,732								
Foreign currency collection accounts		5,891,821		1,135,059								
		166,913,491		139,354,153								
With other central banks in												
Foreign currency current accounts												
Foreign currency current accounts	6.3	21,098,828		26,631,693								
Foreign currency deposit accounts		6,632,052		3,725,602								
		27,730,880		30,357,295								
Prize bonds												
		371,989		326,962								
		255,097,607		230,226,311								

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

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

6.3 These balances pertain to the foreign branches and are held with central banks of respective countries. These include balances to meet the statutory and regulatory requirements in respect of liquidity and capital requirements of respective countries. The deposit accounts carry interest at the rate of 0% to 5% per annum (December 31, 2022: 0% to 4.5% per annum).

(Un-audited) (Audited)
 March 31, December 31,
 2023 2022
 Note ----- (Rupees in '000) -----

7. BALANCES WITH OTHER BANKS

In Pakistan			
In current accounts		511,100	537,182
In deposit accounts	7.1	591,123	501,303
		1,102,223	1,038,485
Outside Pakistan			
In current accounts		28,637,795	12,395,611
In deposit accounts	7.2	5,786,156	6,189,028
		34,423,951	18,584,639
		<u>35,526,174</u>	<u>19,623,124</u>

7.1 These include various deposits with banks and carry interest at the rates ranging from 6.7% to 9.9% per annum (December 31, 2022: 3.5% to 9.5% per annum).

7.2 These include various deposits with correspondent banks outside Pakistan and carry interest at rates ranging from 1.75 % to 4.4% per annum (December 31, 2022: 0% to 4% per annum).

(Un-audited) (Audited)
 March 31, December 31,
 2023 2022
 Note ----- (Rupees in '000) -----

8. LENDINGS TO FINANCIAL INSTITUTIONS

Call / clean money lendings	8.1	9,723	9,723
Repurchase agreement lendings (Reverse Repo)	8.2	479,040,530	31,262,744
Letters of placement	8.3	<u>174,150</u>	<u>174,150</u>
	8.4	<u>479,224,403</u>	<u>31,446,617</u>
Less: provision held against lendings to financial institutions	8.5	<u>(174,150)</u>	<u>(174,150)</u>
Lendings to financial institutions - net of provision		<u>479,050,253</u>	<u>31,272,467</u>

8.1 This includes zero rate lending to a financial institution amounting to Rs. 9.7 million (December 31, 2022: Rs. 9.7 million) which is guaranteed by the SBP.

8.2 These carry mark-up at rates ranging from 19.0% to 20.5% per annum (December 31, 2022: 16.0% to 16.5% per annum) with maturities ranging from from April 03, 2023 to April 04, 2023.

8.3 These are overdue placements and full provision has been made against these placements as at March 31, 2023.

(Un-audited) (Audited)
March 31, December 31,
2023 2022
-----(Rupees in '000)-----

8.4 Particulars of lending

In local currency	479,224,403	31,446,617
In foreign currencies	-	-
	479,224,403	31,446,617

8.5 Movement in provision held against lendings is as follows:

Opening balance	174,150	174,150
Reversal for the period	-	-
Closing balance	174,150	174,150

8.6 Securities held as collateral against lendings to financial institutions

	March 31, 2023 (Un-audited)			December 31, 2022 (Audited)		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
-----(Rupees in '000)-----						
Market Treasury Bills	14,919,030	-	14,919,030	18,699,589	-	18,699,589
Pakistan Investment Bonds	464,121,500	-	464,121,500	12,563,155	-	12,563,155
Total	479,040,530	-	479,040,530	31,262,744	-	31,262,744

8.6.1 Market value of the securities under repurchase agreement lendings amounts to Rs. 479,041 million (December 31, 2022: Rs. 31,027 million).

8.7 Category of classification

	March 31, 2023 (Un-audited)		December 31, 2022 (Audited)	
	Classified Lending	Provision held	Classified Lending	Provision held
-----(Rupees in '000)-----				

Domestic

Loss	174,150	174,150	174,150	174,150
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9. INVESTMENTS

9.1 Investments by type:

	March 31, 2023 (Un-audited)				December 31, 2022 (Audited)			
	Cost / amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
(Rupees in '000)-								
Held-for-trading securities								
Market Treasury Bills	9,475,347	-	(7,979)	9,467,368	22,269,343	-	(2,665)	22,266,678
Pakistan Investment Bonds	23,785,111	-	(209,194)	23,575,917	61,942,656	-	(1,031,197)	60,911,459
Ordinary shares of listed companies	511,905	-	(8,719)	503,186	424,708	-	(20,939)	403,769
Investment in mutual funds	770,788	-	(298)	770,490	623,941	-	(10,996)	612,945
Foreign Government Securities	2,395,397	-	-	2,395,397	1,771,813	-	-	1,771,813
	36,938,548	-	(226,190)	36,712,358	87,032,461	-	(1,065,797)	85,966,664
Available-for-sale securities								
Market Treasury Bills	436,034,381	-	(3,713,701)	432,320,680	828,957,708	-	(2,354,400)	826,603,308
Pakistan Investment Bonds	2,556,339,683	-	(51,027,395)	2,505,312,288	1,972,276,787	-	(27,509,276)	1,944,767,511
Ijarah Sukuks	20,539,566	-	(674,287)	19,865,279	20,518,238	-	(339,589)	20,178,649
Ordinary shares of listed companies	44,915,125	(11,012,552)	3,151,467	37,054,040	41,606,225	(10,159,936)	4,821,267	36,267,556
Ordinary shares of unlisted companies	1,882,463	(427,951)	-	1,454,512	1,882,463	(427,951)	-	1,454,512
Preference shares	2,006,756	(845,730)	168,582	1,329,608	2,006,756	(845,730)	209,451	1,370,477
Term Finance Certificates / Musharika	51,463,284	(5,928,396)	678,172	46,213,060	52,146,989	(5,990,161)	1,047,326	47,204,154
Participation Term Certificate and Sukuk Bonds	41,441,434	-	(24,913,080)	16,528,354	33,045,353	-	(18,622,514)	14,422,839
GoP Foreign Currency Bonds	1,276,155	-	(31,728)	1,244,427	1,914,312	-	(30,359)	1,883,953
Foreign Government Securities	2,219,646	(41,167)	915,607	3,094,086	2,219,646	(41,167)	941,952	3,120,431
Investments in mutual funds	463,294	-	41,228,294	41,691,589	463,294	-	34,380,951	34,844,245
Ordinary shares of a bank outside Pakistan	3,158,581,787	(18,255,796)	(34,218,069)	3,106,107,923	2,957,037,771	(17,464,945)	(7,455,191)	2,932,117,635
Held-to-maturity securities								
Market Treasury Bills	160,243,126	-	-	160,243,126	29,519,190	-	-	29,519,190
Pakistan Investment Bonds	376,266,577	-	-	376,266,577	375,285,244	-	-	375,285,244
Ijarah Sukuks	13,122,409	-	-	13,122,409	13,130,709	-	-	13,130,709
Debentures, Bonds, Ijarah Sukuks, Participation Term Certificates and Term Finance Certificates	404,585	(404,585)	-	-	404,585	(404,585)	-	-
GoP Foreign Currency Bonds	3,887,784	-	-	3,887,784	2,992,408	-	-	2,992,408
Foreign Government Securities	43,523,811	-	-	43,523,811	36,096,507	-	-	36,096,507
Foreign Currency Debt Securities	1,084	-	-	1,084	871	-	-	871
	597,449,376	(404,585)	-	597,044,791	457,429,514	(404,585)	-	457,024,929
Associates								
	1,099,092	(725,730)	-	373,362	1,127,609	(742,298)	-	385,311
Joint Venture								
	9,851,408	-	-	9,851,408	7,441,308	-	-	7,441,308
Subsidiaries								
	1,245	(1,245)	-	-	1,245	(1,245)	-	-
Total Investments	3,803,921,456	(19,387,359)	(34,444,259)	3,750,089,842	3,510,069,908	(18,613,073)	(8,520,988)	3,482,935,847

					(Un-audited) March 31, 2023	(Audited) December 31, 2022
9.1.1	Investments given as collateral		Note		-----(Rupees in '000)-----	
	Pakistan Investment Bonds				2,185,950,376	1,136,497,472
	Market Treasury Bills				213,243,001	689,709,291
		17			<u>2,399,193,376</u>	<u>1,826,206,763</u>
9.2	Provision for diminution in value of investments					
9.2.1	Opening balance				18,613,073	13,386,051
	Charge for the period				902,686	5,226,348
	Reversals for the period				(128,400)	(850,070)
					<u>774,286</u>	<u>4,376,278</u>
	Transfers - net				-	850,744
	Closing Balance				<u>19,387,359</u>	<u>18,613,073</u>
9.2.2	Particulars of provision against debt securities					
	Category of classification				March 31, 2023 (Un-audited)	December 31, 2022 (Audited)
					NPI	Provision
	Domestic				NPI	Provision
					-----(Rupees in '000)-----	
	Loss				6,332,981	6,332,981
					<u>6,332,981</u>	<u>6,332,981</u>
9.3	The market value of securities classified as held-to-maturity as at March 31, 2023 amounted to Rs. 595,328 million (December 31, 2022: Rs. 436,150 million).				6,525,731	6,394,746
10.	ADVANCES					
					Performing	Non Performing
					(Un-audited) March 31, 2023	(Audited) December 31, 2022
					(Un-audited) March 31, 2023	(Audited) December 31, 2022
		Note			-----(Rupees in '000)-----	
	Loans, cash credits, running finances, etc.				1,112,556,444	1,168,292,452
	Islamic financing and related assets				61,527,954	46,381,315
	Net Investment in finance lease	10.1			29,160	35,384
	Bills discounted and purchased				26,984,067	18,598,616
	Advances - gross	10.2			<u>1,201,097,625</u>	<u>1,233,307,767</u>
	Provision against advances				238,033,290	190,934,209
	- Specific				640,559	654,980
	- General				28,944	28,944
		10.4			58,104	64,328
	Advances - net of provision				40,643,675	32,705,120
					252,362,401	205,724,637
					<u>1,453,460,026</u>	<u>1,439,032,404</u>
					204,837,616	191,014,747
					-	-
					204,837,616	204,837,616
					<u>16,908,779</u>	<u>17,348,539</u>
					191,014,747	191,014,747
					<u>221,746,395</u>	<u>208,363,286</u>
					1,231,713,631	1,230,669,118

10.1 Net Investment in Finance Lease

	March 31, 2023 (Un-audited)				December 31, 2022 (Audited)			
	Not later than one year	Later than one and up to five years	Over five years	Total	Not later than one year	Later than one and up to five years	Over five years	Total

-(Rupees in '000)-

Lease rentals receivable	52,287	-	-	52,287	52,152	-	-	52,152
Residual value	30,142	-	-	30,142	36,505	-	-	36,505
Minimum lease payments	82,429	-	-	82,429	88,657	-	-	88,657
Less: financial charges for future periods	24,325	-	-	24,325	24,329	-	-	24,329
Present value of minimum lease payments	58,104	-	-	58,104	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 Group requires the lessee to insure the leased assets in favour of the Group. Additional surcharge is charged on delayed rentals. The average return implicit ranges from 10.19% to 14.85% (December 31, 2022: 10.19% to 14.85%) per annum.

10.2 Particulars of advances (Gross)

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
-----(Rupees in '000)----		
In local currency	1,313,643,170	1,316,066,358
In foreign currencies	139,816,856	122,966,046

10.3 Advances include Rs. 252,362 million (December 31, 2022: Rs. 205,725 million) which have been placed under non-performing status as detailed below:

Category of Classification	March 31, 2023 (Un-audited)		December 31, 2022 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
-----(Rupees in '000)----				
Domestic				
Other Assets Especially Mentioned	3,779,920	131,826	1,789,957	73,114
Substandard	36,963,852	1,685,294	5,888,114	1,439,917
Doubtful	8,194,568	3,704,387	8,883,354	4,648,305
Loss	136,960,282	135,429,821	135,113,451	132,837,538
	185,898,622	140,951,329	151,674,876	138,998,874
Overseas				
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	408,774	204,387	331,133	165,567
> 365 days	66,055,005	63,681,900	53,718,628	51,850,306
	66,463,779	63,886,287	54,049,761	52,015,873
Total	252,362,401	204,837,616	205,724,637	191,014,747



10.4 Particulars of provision against advances

Note	March 31, 2023 (Un-audited)			December 31, 2022 (Audited)		
	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	13,335,980	153,090	13,489,070	8,349,754	107,952	8,457,706
Charge for the period / year	1,445,324	528,563	1,973,887	5,227,345	9,553,101	14,780,446
Reversals	(1,684,691)	(357,626)	(2,042,317)	(5,011,542)	(1,757,105)	(6,768,647)
	(239,367)	170,937	(68,430)	215,803	7,795,996	8,011,799
Amounts written off	(18,542)	-	(18,542)	(177,162)	-	(177,162)
Amounts charged off - agriculture financing	10.4.4	(18,988)	-	(18,988)	(56,258)	(56,258)
Transfer from general to specific provision		763,786	(763,786)	-	3,028,000	(3,028,000)
Closing balance	204,837,616	16,908,779	221,746,395	191,014,747	17,348,539	208,363,286

10.4.1 Particulars of provision against advances

	March 31, 2023 (Un-audited)			December 31, 2022 (Audited)		
	Specific	General	Total	Specific	General	Total
-----(Rupees in '000)-----						
In local currency	140,951,329	16,285,901	157,237,230	138,998,874	16,741,242	155,740,116
In foreign currencies	63,886,287	622,878	64,509,165	52,015,873	607,297	52,623,170
	204,837,616	16,908,779	221,746,395	191,014,747	17,348,539	208,363,286

10.4.2 General provision includes provision amounting to Rs. 5,007 million (December 31, 2022: Rs. 5,211 million) against consumer and SME finance portfolio as required by the Prudential Regulations issued by the SBP. General provision also includes Rs. 623 million (December 31, 2022: Rs. 607 million) pertaining to overseas advances to meet the requirements of regulatory authorities of the respective countries in which the Group operates.

The Group has also maintained general provision of Rs. 11,279 million (December 31, 2022: Rs. 11,530 million) in respect of its underperforming portfolio on prudent basis.

10.4.3 The SBP has allowed specific relaxation to the Bank for non-classification of overdue loans of certain Public Sector Entities (PSEs) which are guaranteed by Government of Pakistan as non-performing loans up till December 31, 2023. No provision is required against these loans; however, mark-up is being suspended as required by the Prudential Regulations.

10.4.4 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	(Un-audited) March 31, 2023		(Audited) December 31, 2022	
	-----(Rupees in '000)-----			
11. FIXED ASSETS				
Capital work-in-progress	11.1	1,182,451	1,086,001	
Property and equipment		56,633,234	56,518,342	
		57,815,685	57,604,343	

(Un-audited) (Audited)
 March 31, December 31,
 2023 2022
 -----(Rupees in '000)-----

11.1 Capital work-in-progress

Civil works	1,103,876	1,010,529
Equipment	10,825	10,825
Advances to suppliers and contractors	67,750	64,647
	1,182,451	1,086,001
	=====	=====

(Un-audited)
 March 31, March 31,
 2023 2022
 -----(Rupees in '000)-----

11.2 Additions to fixed assets

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

Capital work-in-progress	132,951	125,908
Property and equipment		
Building on freehold land	11,113	14,866
Building on leasehold land	16,050	80
Furniture and fixture	87,227	166,455
Computer and peripheral equipment	54,991	43,920
Electrical, office equipment	123,673	120,159
Vehicles	174,126	24,064
Assets held under finance lease - Vehicles	64,204	29,056
	531,384	398,600
Total	664,335	524,508
	=====	=====

11.3 Disposal of fixed assets

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

Furniture and fixture	-	36
Computer and peripheral equipment	1	196
Electrical, office equipment	-	2
Vehicles	3,127	9,119
Assets held under finance lease - Vehicle	9,340	10,424
Total	12,468	19,777
	=====	=====

(Un-audited) (Audited)
 March 31, December 31,
 2023 2022
 -----(Rupees in '000)-----

12. INTANGIBLE ASSETS

Capital work-in-progress - Software Implementation	831,838	869,907
Computer Software	740,965	668,862
Goodwill on NBP Fund Acquisition	562,553	562,553
	2,135,356	2,101,322
	=====	=====



(Un-audited)

March 31, 2023	March 31, 2022
-------------------	-------------------

-----(Rupees in '000)-----

12.1 Additions to intangible assets

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

Capital Work in Progress - net additions	69,679	-
Directly purchased	15,586	12,300
Total	85,265	12,300

(Un-audited) (Audited)
 March 31, December 31,
 2023 2022
 ----- (Rupees in '000) -----

13. RIGHT-OF-USE ASSETS

Balance as at January 01	7,186,067	7,090,980
Additions during the period / year	631,099	2,421,546
Derecognition during the period / year	-	(19,860)
Depreciation charged for the period / year	(556,890)	(2,306,599)
Balance as at	7,260,276	7,186,067

14. DEFERRED TAX

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
- Accelerated tax depreciation
- Excess of accounting book value of leased assets over lease liabilities
- Right of use assets
- Other provisions

10,705	10,705
7,687,876	7,467,549
236,751	236,751
12,925,197	12,925,197
115,222	115,222
1,591,224	1,395,724
2,165	-
978,487	670,604
98,789	107,841
23,646,415	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

(3,023,080)	(2,968,387)
-	(7,890)
14,717,165	3,208,916
(21,752)	(21,752)
(974,974)	(734,250)
10,697,359	(523,363)
34,343,774	22,406,230

	Note	(Un-audited) March 31, 2023	(Audited) December 31, 2022
		-----(Rupees in '000)-----	
15. OTHER ASSETS			
Income / return / mark-up accrued in local currency		132,783,849	99,446,324
Income / return / mark-up accrued in foreign currency		5,692,040	4,012,820
Advances, deposits, advance rent and other prepayments		5,492,887	3,176,299
Income tax refunds receivable & advance taxation (payments less provisions)		5,108,995	11,063,715
Compensation for delayed tax refunds		21,280,934	20,809,580
Non-banking assets acquired in satisfaction of claims		1,177,432	1,179,943
Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC)		208,423	208,423
Mark to market gain on forward foreign exchange contracts		23,487,351	-
Acceptances		9,249,996	20,644,122
Commission receivable on Government treasury transactions		7,393,980	5,253,389
Stationery and stamps on hand		461,506	437,900
Barter trade balances		195,399	195,399
Receivable on account of Government transactions		323,172	323,172
Receivable from Government under VHS scheme		418,834	418,834
Receivable against sale / purchase of shares		270,606	823,140
Receivable from Pakistan Stock Exchange		157,336	173,941
Receivable from mutual funds		1,058,470	985,894
Others		11,961,793	8,312,213
		226,723,003	177,465,108
Less: Provision held against other assets	15.1	12,253,937	12,244,043
Other assets (net of provision)		214,469,066	165,221,065
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		2,520,000	2,520,000
Other assets - total		216,989,066	167,741,065

15.1 Provision held against other assets

Income / mark-up accrued in local currency	152,607	152,607
Advances, deposits, advance rent and other prepayments	837,949	837,949
Stationery and stamps on hand	96,542	96,542
Barter trade balances	195,399	195,399
Receivable on account of Government transactions	323,172	323,172
Receivable from Government under VHS scheme	418,834	418,834
Protested bills	4,306,922	4,297,516
Ex-MBL / NDFC - other assets	770,398	770,398
Assets Acquired from corporate and industrial restructuring corporation asset (CIRC)	208,423	208,423
Others	4,943,691	4,943,203
	12,253,937	12,244,043

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
	-----(Rupees in '000)-----	

Note

15.2.1 Movement in provision held against other assets

Opening balance	12,244,043	11,709,318
Charge for the period / year	9,895	562,955
Adjustment against provision	-	(28,230)
Closing balance	<u><u>12,253,937</u></u>	<u><u>12,244,043</u></u>

16. BILLS PAYABLE

In Pakistan	7,555,566	54,969,587
Outside Pakistan	<u><u>351,335</u></u>	<u><u>298,432</u></u>
	<u><u>7,906,901</u></u>	<u><u>55,268,019</u></u>

17. BORROWINGS

Secured

Borrowings from State Bank of Pakistan

Under Export Refinance Scheme	36,004,726	38,217,784
Financing Scheme for Renewable Energy	785,785	1,019,611
Refinance Facility for Modernization of SMEs	58,698	43,824
Financing Facility for storage of Agriculture Produce (FFSAP)	619,835	667,327
Under Long-Term Financing Facility (LTFF)	<u><u>19,536,985</u></u>	<u><u>20,254,808</u></u>
Refinance Scheme for Payment of Wages and Salaries	-	35,950
Temporary Economic Refinance Facility	<u><u>24,210,085</u></u>	<u><u>24,126,421</u></u>
Refinance Facility for Combating Covid-19	<u><u>57,543</u></u>	<u><u>66,159</u></u>
	<u><u>81,273,657</u></u>	<u><u>84,431,884</u></u>

Repurchase agreement borrowings	9.1.1	2,399,193,376	1,826,206,763
		<u><u>2,480,467,033</u></u>	<u><u>1,910,638,647</u></u>

Unsecured

Call borrowings	22,537,203	25,810,145
Bai Muajjal	-	4,036,995
	<u><u>22,537,203</u></u>	<u><u>29,847,140</u></u>
	<u><u>2,503,004,236</u></u>	<u><u>1,940,485,787</u></u>

17.1 Particulars of borrowings with respect to currencies

In local currency	2,487,831,693	1,923,848,931
In foreign currencies	<u><u>15,172,543</u></u>	<u><u>16,636,856</u></u>
	<u><u>2,503,004,236</u></u>	<u><u>1,940,485,787</u></u>

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

- Repurchase agreement borrowings carry mark-up ranging from 17.16% to 20.16% per annum (December 31, 2022: 15.2% to 17.0% per annum) having maturities ranging from April 03, 2023 to April 09, 2023.
- Call borrowings carry interest ranging from 5.27% to 20.05% per annum (December 31, 2022: 3.0% to 16.5% per annum).

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



17.4 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. 2,399,193 million (December 31, 2022: Rs.1,826,206 million).

18. DEPOSITS AND OTHER ACCOUNTS

	March 31, 2023 (Un-audited)			December 31, 2022 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	(Rupees in '000)					
Customers						
Current deposits - remunerative	639,400,481	-	639,400,481	733,037,562	-	733,037,562
Current deposits - non-remunerative	484,108,607	191,635,182	675,743,789	408,169,670	159,575,493	567,745,163
Savings deposits	664,134,147	131,928,933	796,063,080	681,287,543	108,029,851	789,317,394
Term deposits	412,382,274	139,063,497	551,445,771	400,618,865	116,541,863	517,160,728
Others	43,873,430	6,748	43,880,178	9,563,715	7,855	9,571,570
	2,243,898,939	462,634,360	2,706,533,299	2,232,677,355	384,155,062	2,616,832,417
Financial Institutions						
Current deposits	226,273,542	1,632,743	227,906,285	5,795,356	3,492,893	9,288,249
Savings deposits	23,452,672	-	23,452,672	15,190,328	2,924,782	18,115,110
Term deposits	7,955,284	8,618,963	16,574,247	9,716,964	6,442,283	16,159,247
Others	915,763	269	916,032	4,878,234	-	4,878,234
	258,597,261	10,251,975	268,849,236	35,580,882	12,859,958	48,440,840
	2,502,496,200	472,886,335	2,975,382,535	2,268,258,237	397,015,020	2,665,273,257

18.1 Foreign currencies deposits includes deposit of foreign branches amounting to Rs. 101,860 million (December 31, 2022: Rs. 75,917 million).

19. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	March 31, 2023 (Un-audited)			December 31, 2022 (Audited)		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
	(Rupees in '000)					
Not later than one year	70,598	18,061	52,537	55,683	10,935	44,748
Later than one year and upto five years	135,694	18,919	116,775	85,093	8,388	76,705
Over five years	-	-	-	-	-	-
	206,292	36,980	169,312	140,776	19,323	121,453

The Group has entered into lease agreements with various financial institutions for lease of vehicles. Lease rentals are payable in monthly instalments. Financial charges included in lease rentals are determined on the basis of discount factors applied at the rate of 6M KIBOR + 1.50% per annum (December 31, 2022: 6M KIBOR + 1.50% per annum). At the end of lease term, the Group has option to acquire the assets, subject to adjustment of security deposits.

(Un-audited) March 31, 2023	(Audited) December 31, 2022
----- (Rupees in '000) ----- 	

20. LEASE LIABILITIES AGAINST RIGHT OF USE ASSETS

Lease liabilities included in the statement of financial position	9,552,209	8,761,015
<hr/>		
Of which are:		
Current lease liability	1,845,708	1,734,848
Non-current lease liability	7,706,502	7,026,167
	9,552,209	8,761,015
<hr/>		
Maturity analysis - contractual undiscounted cash flows		
Less than one year	2,719,212	2,557,743
One to five years	7,368,350	6,963,768
More than five years	8,720,528	7,969,041
Total undiscounted lease liabilities	18,808,090	17,490,552
<hr/>		

21. OTHER LIABILITIES

Mark-up / Return / Interest payable in local currency	112,893,668	126,228,969
Mark-up / Return / Interest payable in foreign currencies	878,313	655,802
Unearned commission and income on bills discounted	244,511	271,126
Accrued expenses	12,863,374	13,955,633
Advance payments	382,933	372,406
Acceptances	9,249,996	20,644,122
Unclaimed dividends	181,614	181,851
Mark to market loss on forward foreign exchange contracts	-	125,371
Branch adjustment account	1,415,315	1,916,850
Payable to defined benefit plan:		
Pension fund	24,225,085	23,063,894
Post retirement medical benefits	30,149,118	29,176,898
Benevolent fund	1,554,830	1,697,838
Gratuity scheme	4,254,472	4,100,617
Compensated absences	9,197,800	8,734,235
Provision against off-balance sheet obligations	627,494	627,494
Provision against contingencies	4,239,235	4,170,799
Staff welfare fund	371,257	371,257
Liabilities relating to Barter trade agreements	4,914,946	3,629,389
Payable to brokers	9,183	350,446
Payable to customers	613,977	940,854
PIBs short selling	14,529,517	11,043,029
Others	23,721,865	19,297,251
	256,518,503	271,556,131
<hr/>		

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
	----- (Rupees in '000)-----	

22. SURPLUS ON REVALUATION OF ASSETS

Surplus / (deficit) on revaluation of:

- Available for sale securities	9.1	(34,218,069)	(7,455,191)
- Fixed Assets		48,501,479	48,590,472
- Non-banking assets		2,520,000	2,520,000
- On securities of associates and joint venture		(1,558,881)	(1,507,560)
		15,244,528	42,147,721

Deferred tax on (surplus) / deficit on revaluation of:

- Available for sale securities	14,717,165	3,208,915
- Fixed Assets	(3,023,080)	(3,061,347)
- Non-banking assets	(21,752)	(21,752)
	11,672,333	125,816
	26,916,861	42,273,537

23. CONTINGENCIES AND COMMITMENTS

Guarantees	23.1	444,435,538	377,561,372
Commitments	23.2	2,741,398,927	2,373,285,184
Other contingent liabilities	23.3	25,126,954	26,619,691
		3,210,961,420	2,777,466,247

23.1 Guarantees:

Financial guarantees	359,377,088	287,741,990
Performance guarantees	85,058,450	89,819,382
	444,435,538	377,561,372

23.2 Commitments:

Documentary credits and short-term trade-related transactions

- letters of credit	2,004,859,721	1,696,635,726
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Commitments in respect of:

- forward foreign exchange contracts	23.2.1	624,953,823	570,881,591
- forward government securities transactions	23.2.2	39,431,586	54,568,834
- forward lending	23.2.3	70,956,551	50,363,949

Commitments for acquisition of:

- operating fixed assets	1,131,896	798,234
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Other commitments	23.2.4	65,350	36,850
		2,741,398,927	2,373,285,184



(Un-audited) March 31, 2023	(Audited) December 31, 2022
----- (Rupees in '000) ----- 	

23.2.1 Commitments in respect of forward foreign exchange contracts

Purchase	403,678,910	368,380,755
Sale	<u>221,274,913</u>	<u>202,500,836</u>
	<u>624,953,823</u>	<u>570,881,591</u>

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

(Un-audited) March 31, 2023	(Audited) December 31, 2022
----- (Rupees in '000) ----- 	

23.2.2 Commitments in respect of forward government securities transactions

Purchase	20,046,126	10,988,627
Sale	<u>19,385,460</u>	<u>43,580,207</u>
	<u>39,431,586</u>	<u>54,568,834</u>

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

(Un-audited) March 31, 2023	(Audited) December 31, 2022
----- (Rupees in '000) ----- 	

23.2.3 Commitments in respect of forward lending

Undrawn formal standby facilities, credit lines and other commitments to lend	<u>70,956,551</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.

(Un-audited) March 31, 2023	(Audited) December 31, 2022
----- (Rupees in '000) ----- 	

23.2.4 Other commitments

Professional services to be received	<u>65,350</u>	<u>36,850</u>
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23.3 Other contingent liabilities

23.3.1 Claim against the Group not acknowledged as debt	<u>25,126,954</u>	<u>26,619,691</u>
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Claims against the Bank not acknowledged as debts includes claims relating to former Mehran Bank Limited amounting to Rs. 1,597 million (December 31, 2022: Rs. 1,597 million).

Moreover, these claims also represent counter claims by the borrowers for damages, claims filed by former employees of the Bank and other claims relating to banking transactions. Based on legal advice and / or internal assessments, the management is confident that the matters will be decided in the Bank's favour and the possibility of any adverse outcome against the Bank is remote and accordingly no provision has been made in these consolidated condensed interim financial statements.

23.3.2 Taxation

As at March 31, 2023, the status of tax contingencies disclosed in the annual consolidated financial statements for the year ended December 31, 2022 is same, other than the following:

- Taxation officer has passed Appeal Effect Order for tax year 2020 during the year. The Bank has filed appeal before CIR(A) which is pending for adjudication. The demand created in the Appeal Effect order is Rs. 4,244.2 million. The tax advisors are confident that the ultimate outcome of the proceeding will be decided in the Bank's favor.
- Honourable CIR(A) through recent judgement dated February 1, 2023 has decided the appeal filed by the Bank for tax year 2016 against monitoring order in favour of the Bank deleting the demand of Rs 442.7 million.

23.3.3 Contingencies in respect of employees benefits and related matters

As at March 31, 2023, the status of contingencies disclosed in the annual consolidated financial statements for the year ended December 31, 2022 is same, other than the following:

23.3.3.1 Pensionary benefits to retired employees

This matter has been explained in note 26.3.4.1 to the consolidated financial statements for the year ended December 31, 2022. The management's estimate of overall increase in pension liability, based on the independent actuarial firm report for the period ended March 31, 2023 amounted to Rs. 93.0 billion, excluding any penal interest / profit payment (if any) due to delayed payment. Further, the pension expense for March 2023 onward will also increase by Rs. 12.0 billion due to this decision. Based on the opinion of legal counsel, no provision for any additional pension liability has been made in these consolidated condensed interim financial statements for the above mentioned amount as the Bank is confident about a favorable outcome on the matter.

23.3.4 Compliance and risk matters relating to anti-money laundering at the New York Branch

The New York Branch of NBP has made significant progress to comply with the provisions of the enforcement actions received in February 2022 from the Federal Reserve Bank of New York and the New York State Department of Financial Services. The Branch has complied with the quarterly and half-yearly progress reporting requirements of its regulators. Management and the Board of Directors continue to provide close oversight of the New York branch and are committed to ensure compliance with all the conditions agreed in the enforcement actions. The management actions implemented by the Bank and Branch and their associated validation by Internal Audit are subject to review by the Branch's regulators.

	(Un-audited) Quarter ended	
	March 31, 2023	March 31, 2022
24. MARK-UP / RETURN / INTEREST EARNED	----- (Rupees in '000)-----	
Loans and advances	43,469,581	26,160,803
Investments	146,218,758	50,380,946
Lendings to financial institutions	2,573,879	2,072,752
Balances with banks	<u>236,360</u>	<u>633,590</u>
	<u>192,498,578</u>	<u>79,248,091</u>

25. MARK-UP / RETURN / INTEREST EXPENDED

Deposits	69,726,499	36,252,157
Borrowings	1,153,608	1,757,665
Cost of foreign currency swaps against foreign currency deposits	1,218,975	2,131,382
Finance charge on lease liability against right of use assets	328,939	218,063
Securities sold under repurchase agreements	<u>87,445,959</u>	<u>13,066,232</u>
	<u>159,873,980</u>	<u>53,425,499</u>



(Un-audited)
Quarter ended
March 31, 2023 March 31, 2022
Note ----- (Rupees in '000) -----

26. FEE AND COMMISSION INCOME

Branch banking customer fees	464,670	381,000
Consumer finance related fees	135,309	116,200
Card related fees	579,688	506,466
Credit related fees	55,281	73,640
Investment banking fees	85,646	438,028
Commission on trade	406,448	392,717
Commission on guarantees	277,157	176,957
Commission on cash management	9,551	9,719
Commission on remittances including home remittances	372,768	269,273
Commission on bancassurance	75,044	86,471
Commission on government transactions	2,052,698	2,160,609
Management fee and sale load	384,955	246,165
Brokerage income	17,328	20,105
Others	39,403	82,294
	4,955,946	4,959,644

27. GAIN ON SECURITIES - NET

Realised	27.1	756,394	(86,877)
Unrealized - held-for-trading		(226,190)	(248,130)
Unrealized - Short selling		(160,904)	436,692
		369,299	101,685

27.1 Realized gain / (loss) on

Federal Government Securities	738,747	(172,814)
Shares and mutual funds	17,647	85,933
Foreign Securities	-	4
	756,394	(86,877)

28. OTHER INCOME

Rent on property	6,502	10,426
Gain on sale of fixed assets - net	1,819	5,280
Postal, SWIFT and other charges recovered	-	1,644
Compensation for delayed tax refunds	28.1	471,354
Amortization of deferred income		2,096
Reversal of provisions		79,431
Sale of mortgage property		39,336
Others		4,859
		605,397
		356,477

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

		(Un-audited) Quarter ended	
		March 31, 2023	March 31, 2022
		----- (Rupees in '000)-----	
29. OPERATING EXPENSES			
Total compensation expenses		14,457,298	11,779,269
Property expense			
Rent and taxes	274,301	183,416	
Insurance	10,654	10,087	
Utilities cost	426,288	298,528	
Security (including guards)	817,676	658,799	
Repair and maintenance (including janitorial charges)	305,378	192,928	
Depreciation	130,454	135,551	
Depreciation on non banking assets	2,511	3,929	
Depreciation on Ijarah assets	15,861	16,841	
Depreciation on right of use assets	556,890	557,857	
	2,540,013	2,057,935	
Information technology expenses			
Software maintenance	694,694	173,647	
Hardware maintenance	63,303	40,642	
Depreciation	99,462	90,719	
Amortisation	118,595	78,408	
Network charges	155,853	158,417	
IT Manage Services	134,328	91,788	
	1,266,235	633,621	
Other operating expenses			
Directors' fees and reimbursement of other expenses	11,023	9,884	
Directors' fees and allowances - subsidiaries	4,840	2,970	
Fees and allowances to Shariah Board	4,577	4,254	
Legal and professional charges	415,575	234,276	
Outsourced services costs	147,241	132,840	
Travelling and conveyance	305,235	221,571	
NIFT clearing charges	53,977	44,070	
Depreciation	400,152	417,010	
Training and development	22,144	13,318	
Postage and courier charges	30,189	29,380	
Communication	156,333	89,190	
Stationery and printing	273,048	389,530	
Marketing, advertisement and publicity	104,096	29,613	
Donations	-	8	
Auditors' Remuneration	64,027	48,160	
Financial charges on leased assets	29,309	16,656	
Insurance	129,210	112,481	
Entertainment	70,135	62,323	
Clearing, verification, license fee charges	117,026	89,195	
Vehicle Expenses	61,970	54,424	
Repairs and maintenance	260,390	92,911	
Brokerage	5,126	4,230	
Deposit premium expense	452,894	392,777	
Others	158,150	89,411	
	3,276,667	2,580,481	
	<u>21,540,213</u>	<u>17,051,306</u>	
30. OTHER CHARGES			
Penalties imposed by State Bank of Pakistan	14,614	21,678	
Penalties imposed by other regulatory bodies (Central bank of international branches)	1,085	-	
	<u>15,699</u>	<u>21,678</u>	

31.	PROVISIONS & WRITE OFFS - NET	Note	(Un-audited) Quarter ended	
			March 31, 2023	March 31, 2022
			-----(Rupees in '000)-----	
	Provisions for diminution in value of investments	9.2	774,286	399,330
	Provisions against loans and advances	10.4	(68,430)	987,082
	Provision against other assets	15.2.1	9,895	19,367
	Provision against contingencies		18,436	29,962
			<u>734,186</u>	<u>1,435,741</u>
32.	TAXATION			
	Current		8,076,025	6,443,566
	Prior years		-	-
	Deferred		(454,280)	(166,114)
			<u>7,621,745</u>	<u>6,277,452</u>
33.	EARNINGS PER SHARE - BASIC AND DILUTED			
	Profit for the period (Rupees in 000's)		<u>11,249,266</u>	<u>9,695,811</u>
	Weighted average number of ordinary shares (000's)		<u>2,127,513</u>	<u>2,127,513</u>
	Earnings per share - basic and diluted (Rupees)		<u>5.29</u>	<u>4.56</u>
33.1	Diluted earnings per share has not been presented separately as the Bank does not have any convertible instruments in issue.			
34.	CASH AND CASH EQUIVALENT			
	Cash and balances with treasury banks	6	255,097,607	241,301,582
	Balances with other banks	7	35,526,174	20,065,539
	Call money lendings	8	9,723	5,009,723
	Call money borrowings	17	(22,537,203)	(46,760,608)
	Overdrawn nostro	17	-	(1,142,563)
			<u>268,096,301</u>	<u>218,473,673</u>
35.	FAIR VALUE MEASUREMENTS			

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

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

35.1 Fair value of financial assets

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

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

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

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

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

	March 31, 2023 (Un-audited)				
	Carrying Value	Level 1	Level 2	Level 3	Total
(Rupees in '000)					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Market Treasury Bills	441,788,048	-	441,788,048	-	441,788,048
Pakistan Investment Bonds	2,528,888,205	-	2,528,888,205	-	2,528,888,205
Ijarah Sukuks	19,865,279	-	19,865,279	-	19,865,279
Ordinary shares of listed companies	37,557,226	37,557,226	-	-	37,557,226
Investment In mutual funds	3,864,576	-	3,864,576	-	3,864,576
Preference shares	1,329,608	1,329,608	-	-	1,329,608
Term Finance Certificates / Musharika and Sukuk Bonds	46,213,060	14,577,536	31,635,524	-	46,213,060
GoP Foreign Currency Bonds	16,528,354	-	16,528,354	-	16,528,354
Foreign Government Securities	3,639,824	-	3,639,824	-	3,639,824
Ordinary shares of a bank outside Pakistan	41,691,589	41,691,589	-	-	41,691,589
	3,141,365,769	95,155,959	3,046,209,810	-	3,141,365,769
Financial assets - disclosed but not measured at fair value					
Investments					
Market Treasury Bills	160,243,126	-	160,243,126	-	160,243,126
Pakistan Investment Bonds	376,266,577	-	376,266,577	-	376,266,577
Ijarah Sukuks	13,122,409	-	13,122,409	-	13,122,409
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	-	-	-	-	-
GoP Foreign Currency Bonds	3,887,784	-	3,887,784	-	3,887,784
Foreign Government Securities	43,523,811	-	43,523,811	-	43,523,811
Foreign Currency Debt Securities	1,084	-	1,084	-	1,084
	597,044,791	-	597,044,791	-	597,044,791
	3,738,410,560	95,155,959	3,643,254,601	-	3,738,410,560
Off-balance sheet financial instruments - measured at fair value					
Foreign exchange contracts purchase and sale	624,953,823	-	23,487,351	-	23,487,351
Forward government securities transactions	39,431,586	-	(26,688)	-	(26,688)

	December 31, 2022 (Audited)				
	Carrying Value	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Market Treasury Bills	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
Ordinary shares of listed companies	36,671,325	36,671,325	-	-	36,671,325
Investments in mutual funds	3,733,376	-	3,733,376	-	3,733,376
Preference shares	1,370,477	1,370,477	-	-	1,370,477
Term Finance Certificates / Musharika and Sukuk Bonds	47,204,154	15,167,771	32,036,383	-	47,204,154
GoP Foreign Currency Bonds	14,422,839	-	14,422,839	-	14,422,839
Foreign Government Securities	3,655,766	-	3,655,766	-	3,655,766
Ordinary shares of a bank outside Pakistan	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					
Market Treasury Bills	29,519,190	-	29,519,190	-	29,519,190
Pakistan Investment Bonds	375,285,244	-	375,285,244	-	375,285,244
Ijarah Sukuks	13,130,709		13,130,709		13,130,709
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	-	-	-	-	-
GoP Foreign Currency Bonds	2,992,408	-	2,992,408	-	2,992,408
Foreign Government Securities	36,096,507	-	36,096,507	-	36,096,507
Foreign Currency Debt Securities	871	-	871	-	871
	457,024,929	-	457,024,929	-	457,024,929
	3,473,654,716	88,053,818	3,385,600,898	-	3,473,654,716
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)

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

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

35.2 Fair value of non-financial assets

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

	March 31, 2023 (Un-audited)				
	Carrying Value	Level 1	Level 2	Level 3	Total
(Rupees in '000)					
Land & building (property and equipment)	48,575,598	-	-	48,575,598	48,575,598
Non-banking assets acquired in satisfaction of claims	3,697,432	-	-	3,697,432	3,697,432
	52,273,030	-	-	52,273,030	52,273,030

	December 31, 2022 (Audited)				
	Carrying Value	Level 1	Level 2	Level 3	Total
(Rupees in '000)					
Land & building (property and equipment)	52,425,375	-	-	52,425,375	52,425,375
Non-banking assets acquired in satisfaction of claims	3,699,943	-	-	3,699,943	3,699,943
	56,125,318	-	-	56,125,318	56,125,318

	Three months period ended March 31, 2023 (Un-audited)						(Rupees in '000)		
	Retail Banking Group	Inclusive Development Group	Corporate and Investment Banking	Treasury	International, Financial Institution and Remittance	Head Office / Others	Sub total	Eliminations	Total
Profit and loss account									
Net mark-up / return / interest income (expense)	(53,669,740)	8,033,052	7,608,880	67,668,646	633,285	2,350,473	32,624,598	-	32,624,598
Inter segment revenue - net	79,351,581	(9,351,852)	(6,273,468)	(69,125,293)	-	5,398,033	-	-	-
Non mark-up / return / interest income	3,526,399	88,993	877,456	2,691,183	339,218	1,057,308	8,580,557	-	8,580,557
Total Income	29,208,240	(1229,807)	2,212,868	1,234,536	972,503	8,866,814	41,205,155	-	41,205,155
Segment direct expenses	-	-	-	-	-	-	-	-	-
Inter segment expense allocation	8,887,705	906,289	349,136	62,208	2,178,426	1,287,892	13,671,656	-	13,671,656
Total expenses	8,887,705	906,289	349,136	62,208	2,178,426	7,884,256	-	-	7,884,256
Provisions and write offs - net	(57,529)	489,453	234,381	852,624	(186,860)	9,172,149	21,555,912	-	21,555,912
Profit / (loss) before taxation	20,378,063	(2,625,549)	1,629,351	319,704	(1,020,062)	233,550	734,186	-	734,186
						18,915,057	-	-	18,915,057
Statement of financial position									
	March 31, 2023 (Un-audited)						(Rupees in '000)		
	Retail Banking Group	Inclusive Development Group	Corporate and Investment Banking	Treasury	International, Financial Institution and Remittance	Head Office / Others	Sub total	Eliminations	Total
Cash and balances with treasury and other banks									
Investments	203,301,809	15,253,267	323,736	12,981,371	51,380,149	7,383,449	290,623,781	-	290,623,781
Net inter segment lending	-	-	26,003,109	3,594,352,003	65,185,472	64,549,259	3,750,069,842	-	3,750,069,842
Lendings to financial institutions	2,007,466,423	-	-	-	-	171,903,440	2,179,369,863	(2,179,369,863)	-
Advances - performing	217,985,801	170,803,914	630,520,185	-	69,297,455	112,490,271	1,201,097,625	-	1,201,097,625
Advances - non-performing	4,698,929	24,696,054	52,383,896	-	66,072,907	104,510,615	252,362,401	-	252,362,401
Provision against advances	(8,895,212)	(20,261,194)	(21,645,578)	-	(64,221,486)	(106,722,925)	(221,746,395)	-	(221,746,395)
Advances - Net	213,789,519	175,238,774	661,258,502	-	71,148,876	110,277,960	1,231,713,631	-	1,231,713,631
Others	39,504,523	2,988,435	28,924,175	23,808,409	10,351,596	212,967,029	318,544,157	-	318,544,157
Total Assets	2,464,062,273	193,480,477	716,509,523	4,110,192,035	198,066,092	567,081,137	8,249,391,527	(2,179,369,863)	6,070,021,664
Borrowings									
Deposits and other accounts	-	5,738,002	75,780,215	2,406,313,476	15,172,543	-	2,503,004,236	-	2,503,004,236
Net inter segment borrowing	-	-	385,056,393	101,860,489	95,452,566	2,975,382,535	-	-	2,975,382,535
Others	-	182,497,439	235,417,954	1,628,383,748	99,987,260	33,083,461	(2,179,369,863)	(2,179,369,863)	-
Total Liabilities	71,049,187	5,245,035	20,104,520	65,219,387	5,920,239	106,608,558	274,146,925	-	274,146,925
Equity	2,464,062,273	193,480,477	716,509,523	4,110,192,035	198,066,092	223,940,532	235,144,585	(2,179,369,863)	5,753,533,696
Total equity and liabilities	-	69,557,155	2,362,499,642	735,341,360	17,238,463	567,081,137	8,249,391,527	(2,179,369,863)	6,070,021,664
Contingencies and commitments	-	-	-	-	-	-	-	-	-

Retail Banking Group		Inclusive Development Group		Corporate and Investment Banking		Treasury		International, Financial Institution and Remittance		Head Office / Others		Sub total		Eliminations		Total	
(Rupees in '000).....																	
(28,632,718)	5,530,773	7,399,849	39,099,816	1,019,489	1,405,384	5,276,225	955,693	242,529	5,276,225	955,693	8,677,208	-	25,822,592	-	25,822,592	-	
43,386,101	(5,343,337)	(6,702,243)	(36,647,744)	-	-	-	-	-	-	-	-	-	-	-	-	8,677,208	-
3,387,541	126,398	(3,249,787)	2,615,260	5,067,332	1,262,018	7,637,302	-	-	-	-	-	34,499,800	-	-	34,499,800	-	
18,240,922	312,834	-1,979,593	-	-	-	-	-	-	-	-	-	-	-	-	-	11,660,073	-
7,757,833	793,328	301,691	57,606	1,642,299	1,107,316	5,412,911	5,412,911	5,412,911	5,412,911	5,412,911	-	-	-	-	5,412,911	-	
7,757,833	793,328	301,691	57,606	1,642,299	1,107,316	5,412,911	5,412,911	5,412,911	5,412,911	5,412,911	-	-	-	-	5,412,911	-	
7,455,860	964,356	1,804,618	395,144	86,237	(1,768,653)	(1,768,653)	(1,768,653)	(1,768,653)	(1,768,653)	(1,768,653)	-	-	-	-	17,072,984	-	
10,529,050	(1,444,850)	(128,916)	4,614,582	(466,518)	(466,518)	2,885,728	2,885,728	2,885,728	2,885,728	2,885,728	15,991,075	-	-	-	15,991,075	-	
Retail Banking Group		Inclusive Development Group		Corporate and Investment Banking		Treasury		International, Financial Institution and Remittance		Head Office / Others		Sub total		Eliminations		Total	
(Rupees in '000).....																	
75,111,056	8,471,928	26,666,790	3,338,880,011	116,207,653	41,420,355	55,398,579	-	8,366,109	62,112,467	3,492,985,847	2075,742,831	(2075,742,831)	-	-	249,849,435	-	
1,913,764,601	-	-	-	31,272,467	-	-	-	161,978,230	-	-	-	-	-	-	3,492,985,847	-	
221,901,091	286,174,990	608,412,187	-	-	68,916,285	97,903,214	123,307,767	-	-	-	-	-	-	-	249,849,435	-	
4,107,960	21,853,219	23,902,314	(23,100,384)	-	-	53,726,670	102,134,474	125,724,637	-	-	-	-	-	-	3,492,985,847	-	
(8,972,018)	(19,791,641)	(19,791,641)	-	-	(62,356,953)	(104,142,290)	(104,142,290)	-	-	-	-	-	-	-	(208,363,286)	-	
217,037,033	288,236,588	609,214,117	-	-	70,286,002	95,895,998	120,669,118	-	-	-	-	-	-	-	205,724,637	-	
31,988,215	3,619,414	41,795,925	-	-	381,582	6,402,399	17,851,511	-	-	-	-	-	-	-	(208,363,286)	-	
2,237,900,904	250,327,910	67,749,167	3,466,721,683	173,505,335	501,203,715	73,327,508,725	(2,075,742,831)	(2,075,742,831)	(2,075,742,831)	(2,075,742,831)	(2,075,742,831)	(2,075,742,831)	(2,075,742,831)	(2,075,742,831)	31,272,467	-	
-	6,092,537	78,172,283	1,893,417,048	16,638,856	-	227,063	1,940,485,787	-	-	-	-	-	-	-	1,940,485,787	-	
2,088,472,344	-	406,554,898	-	-	75,916,594	94,429,421	266,273,257	-	-	-	-	-	-	-	2,665,273,257	-	
-	227,691,242	157,769,526	1,551,730,692	96,687,516	11,863,556	87,212,494	(2075,742,831)	(2075,742,831)	(2075,742,831)	(2075,742,831)	(2075,742,831)	(2075,742,831)	(2075,742,831)	(2075,742,831)	(2075,742,831)	-	
149,428,560	16,604,131	35,681,167	44,395,276	2,898,543	193,732,833	335,706,618	-	-	-	-	-	-	-	-	335,706,618	-	
2,237,900,904	250,327,910	67,749,167	283,293	21,178,677	(18,632,621)	307,470,882	310,300,232	-	-	-	-	-	-	-	4,941,465,662	-	
2,237,900,904	250,327,910	67,749,167	3,466,721,683	173,505,335	501,203,715	73,327,508,725	(2,075,742,831)	(2,075,742,831)	(2,075,742,831)	(2,075,742,831)	(2,075,742,831)	(2,075,742,831)	(2,075,742,831)	(2,075,742,831)	310,300,232	310,300,232	
-	183,082,386	1,907,286,393	655,450,425	28,425,093	33,241,350	27,774,662,247	-	-	-	-	-	-	-	-	5,251,765,884	-	

Profit and loss account

Profit and loss account		Statement of financial position	
Net mark-up / return / interest income (expense)		Cash and balances with treasury and other banks	Borrowings
Inter segment revenue - net		Investments	Deposits and other accounts
Non mark-up / return / interest income		Net inter segment lending	Net inter segment borrowing
Total income		Lendings to financial institutions	
		Advances - performing	Others
		Advances - non-performing	
		Provision against advances	
		Advances - net	
		Others	
		Total Assets	Total liabilities
			Equity
			Total equity and liabilities

RELATED PARTY TRANSACTIONS

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

The Group enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with persons 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 period, other than those which have been disclosed elsewhere in these consolidated financial statements are as follows:

	March 31, 2023 (Unaudited)						December 31, 2022 (Audited)											
	Directors	Key management personnel	Associates	Joint venture	Pension Fund (Parent)	Pension Fund (Fixed Deposit)	Pension Fund (N.I.D.A Acc)	Directors	Other related parties	Key management personnel	Associates	Joint venture	Pension Fund (Current)	Pension Fund (Fixed Deposit)	Pension Fund (N.I.D.A Acc)	Provident Fund	Other related parties	
(Rupees in '000)																		
Balances with other banks																		
In current accounts																		
Investments																		
Opening balance	-	-	-	-	-	-	-	-	6,512,634	-	-	-	-	-	-	-	-	4,465,899
Investment made during the period / year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,046,825
Investment redeemed / disposed off during the period / year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	(1,260,792)	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	5,251,442	-	-	-	-	-	-	-	-	6,512,634
Provision for diminution in value of investments	-	-	-	-	-	-	-	-	164,875	-	-	-	-	-	-	-	-	461,354
Advances																		
Opening balance	394,734	2,655,220	-	-	-	-	-	-	2,085,956	-	341,592	2,934,462	-	-	-	-	-	641,482
Addition during the period / year	(13,689)	-	-	-	-	-	-	-	6,889	-	86,147	-	-	-	-	-	-	2,239,175
Repayment during the period / year	(28,200)	-	-	-	-	-	-	-	(1,888,459)	-	62,372	(265,942)	-	-	-	-	-	(1,432,378)
Transfer in / (out) - net [*]	-	297,857	2,655,220	-	-	-	-	-	191,460	-	(41,765)	-	-	-	-	-	-	650,516
Closing balance	-	-	-	-	-	-	-	-	-	-	339,754	2,655,220	-	-	-	-	-	2,051,776
Provision against loans	-	-	-	2,655,220	-	-	-	-	-	-	-	2,655,220	-	-	-	-	-	-
Other Assets																		
Interest / mark-up accrued	-	-	1,717,167	-	-	-	-	-	-	-	-	1,717,167	-	-	-	-	-	-
Interest / mark-up accrued	-	-	1,717,167	-	-	-	-	-	-	-	-	1,717,167	-	-	-	-	-	-
Borrowings																		
Opening balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings during the period / year	-	-	-	-	52,246	-	-	-	-	-	-	-	-	-	-	-	-	-
Settled during the period / year	-	-	-	-	3,028	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	54,273	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts																		
Opening balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reopened during the period / year	-	-	-	-	27,222	-	257,252	13,283,170	515,559	1,760	131,454	-	86,264	10,100,000	46,769	12,854,755	43,385,142	
Withdrawn during the period / year	-	-	-	-	9,471,577	-	85,111	1245,981	67,980	-	885,658	3,000	-	4,951,279	8,370,003	5,025,151	5,647,309	
Transfer in / (out) - net [*]	-	-	-	-	(4,498,860)	-	(715,255)	(1,603,514)	-	-	(14)	(894,821)	-	(42,10,321)	(10,000,000)	(8,159,520)	(4,616,395)	
Closing balance	-	-	-	-	2,696	-	-	-	198,949	-	(1746)	(23,823)	-	-	-	-	-	(42,798,288)
Deposits and other accounts																		
Contingencies and commitments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer in / (out) - net due to retirement / appointment of directors and changes in key management executives	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	March 31, 2023 (Un-audited)					March 31, 2022 (Un-audited)									
	Directors	Key manage- ment personnel	Associates	Joint venture	Pension Fund	Provident Fund	Others	Directors	Key manage- ment personnel	Associates	Joint venture	Pension Fund	Provident Fund	Others	
(Rupees in '000)															
Income															
Mark-up / return / interest earned	-	-	-	2,637	-	-	-	-	-	-	1,297	-	-	-	
Debts due by Companies in which Directors of the Bank is interested as Directors	-	-	-	-	-	107,209	-	-	-	-	-	-	-	29,523	
Rent income / lighting and power and bank charges	-	-	1,361	-	-	-	-	-	-	1,392	-	-	-	-	
Expense															
Mark-up / return / interest paid Expenses paid to company in which Director of the bank was interested as CEO and director	4,572	98	7,739	13,833	-	14,116	22	2,029	-	2,143	10,037	350,542	417,467	-	
Remuneration to key management executives including charge for defined benefit plan	264,049	-	-	-	-	-	8,061	-	-	-	159,907	-	-	1,333	
Directors' fee & other allowances	11,023	-	-	-	-	-	-	-	9,884	-	-	-	-	-	
Post Retirement Benefit paid to Director cum ex-employee	-	-	-	-	-	-	-	-	522	-	-	-	-	-	
37.1	Transactions with Government-related entities														
The Federal Government through State Bank of Pakistan holds controlling interest (75.60% shareholding) in the Bank and therefore entities which are owned and / or controlled by the Federal Government, or where the Federal Government may exercise significant influence, are related parties of the Bank.															
The Bank in the ordinary course of business enters into transaction with Government-related entities. Such transactions include lending to, deposits from and provision of other banking service to Government-related entities.															
The Group also earned commission on handling treasury transactions on behalf of the Government of Pakistan amounting to Rs. 2,053 million (March 31, 2022 Rs. 2,161 million) for the three months period ended March 31, 2022. As at the Statement of Financial Position date the loans and advances, deposits and contingencies relating to Government-related entities amounted to Rs. 581,806 million (December 31, 2022; Rs. 593,486 million), Rs. 1,311,311 million (December 31, 2022; Rs. 1,403,331 million) and Rs. 2,112,715 million (December 31, 2022; Rs. 1,714,807 million) respectively and income earned on advances and profit paid on deposits amounted to Rs. 40,225 million (March 31, 2022; Rs. 7,962 million) and Rs. 35,433 million (March 31, 2022; Rs. 12,778 million) respectively.															



(Un-audited) March 31, 2023	(Audited) December 31, 2022
----- (Rupees in '000) -----	

38. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement

Paid-up capital (net of losses)	21,275,131	21,275,131
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Capital Adequacy Ratio

Eligible Common Equity Tier 1 (CET 1) Capital	235,044,450	236,742,118
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	235,044,450	236,742,118
Eligible Tier 2 Capital	75,079,196	78,089,129
Total Eligible Capital (Tier 1 + Tier 2)	310,123,646	314,831,247

Risk Weighted Assets (RWAs):

Credit Risk	1,141,702,063	1,073,032,570
Market Risk	94,959,691	94,062,413
Operational Risk	262,697,854	262,697,854
Total	1,499,359,608	1,429,792,837

Common Equity Tier 1 Capital Adequacy ratio

Tier 1 Capital Adequacy Ratio	15.68%	16.56%
Total Capital Adequacy Ratio	15.68%	16.56%
	20.68%	22.02%

Leverage Ratio (LR):

Tier-1 Capital	235,044,450	236,742,118
Total Exposures	8,694,989,266	7,511,889,497
Leverage Ratio	2.70%	3.15%

The Group has leverage ratio of 2.70% as of March 31, 2023, which has been relaxed upto 2.5% till March 31, 2024 by SBP vide its letter No. BPRD/BA&CPD/638/436708/2023 dated March 7, 2023.

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets	1,218,515,965	1,418,328,644
Total Net Cash Outflow	732,293,204	963,197,902
Liquidity Coverage Ratio	166%	147%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding	2,745,821,186	2,684,457,394
Total Required Stable Funding	1,006,517,990	1,069,401,835
Net Stable Funding Ratio	273%	251%

39. ISLAMIC BANKING BUSINESS

The bank is operating 188 (December 31, 2022: 188) Islamic banking branches and 54 (December 31, 2022: 50) Islamic banking windows as at March 31, 2023.

The statement of financial position of the Bank's Islamic banking branches as at March 31, 2023 is as follows:

		(Un-audited) March 31, 2023	(Audited) December 31, 2022		
	Note	-----(Rupees in '000)-----			
ASSETS					
Cash and balances with treasury banks					
Balances with other banks		6,915,633	6,096,555		
Investments	39.1	14,041	13,766		
Islamic financing and related assets - net	39.2	53,172,704	53,920,119		
Fixed assets		61,527,642	46,380,996		
Right of use assets		77,830	87,489		
Other assets		472,298	508,977		
Total Assets		126,429,792	109,301,956		
LIABILITIES					
Bills payable		262,950	1,210,608		
Deposits and other accounts	39.3	89,329,544	93,591,714		
Due to Head Office		27,613,120	4,005,715		
Lease liability against right of use assets		683,883	721,152		
Other liabilities		1,431,330	1,490,182		
		119,320,827	101,019,371		
NET ASSETS					
		7,108,965	8,282,585		
REPRESENTED BY					
Islamic Banking Fund		6,731,000	5,561,000		
Surplus on revaluation of assets		(146,557)	424,444		
Unappropriated / unremitted profit	39.4	524,522	2,297,141		
		7,108,965	8,282,585		

The profit and loss account of the Bank's Islamic banking operations for the three months period ended March 31, 2023 is as follows:

Note	(Un-audited) Quarter ended	
	March 31, 2023	March 31, 2022
	----- (Rupees in '000)-----	
Profit / return earned	39.5	3,813,044
Profit / return expensed	39.6	2,580,916
Net Profit / return		<u>1,232,128</u>
Other income		
Fee and commission income		56,861
Foreign exchange income		9,144
Other income		5
Total other income		<u>66,010</u>
Total Income		<u>1,298,138</u>
Other expenses		
Operating expenses		787,924
Other charges		120
		<u>788,044</u>
Profit before provisions		510,094
Provisions charge / (reversal) and write offs - net		(14,428)
Profit before taxation		<u>524,522</u>
Taxation		-
Profit after taxation		<u>524,522</u>
		<u>339,452</u>

39.1	Investments by segments:	March 31, 2023 (Un-audited)				December 31, 2022 (Audited)				
		Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	
----- (Rupees in '000)-----										
Federal Government Securities:										
-Ijarah Sukuks										
		33,639,499	-	(674,287)	32,965,212	33,648,948	-	(339,589)	33,309,359	
		<u>33,639,499</u>	<u>-</u>	<u>(674,287)</u>	<u>32,965,212</u>	<u>33,648,948</u>	<u>-</u>	<u>(339,589)</u>	<u>33,309,359</u>	
Non Government Debt Securities										
-Listed										
		8,100,000	-	304,222	8,404,222	8,200,000	-	303,132	8,503,132	
		<u>11,710,569</u>	<u>(130,807)</u>	<u>223,508</u>	<u>11,803,270</u>	<u>11,777,533</u>	<u>(130,807)</u>	<u>460,901</u>	<u>12,107,628</u>	
-Unlisted										
		19,810,569	(130,807)	527,730	20,207,492	19,977,533	(130,807)	764,033	20,610,760	
		<u>19,810,569</u>	<u>(130,807)</u>	<u>527,730</u>	<u>20,207,492</u>	<u>19,977,533</u>	<u>(130,807)</u>	<u>764,033</u>	<u>20,610,760</u>	
Total Investments										
		53,450,068	(130,807)	(146,557)	53,172,704	53,626,481	(130,807)	424,444	53,920,119	

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
-----(Rupees in '000)-----		
39.2 Islamic financing and related assets - net		
Ijarah	14,398	38,208
Murabaha	1,583,901	1,713,901
Musharaka	15,000,000	-
Diminishing Musharaka	22,274,968	22,062,256
Other Islamic Modes (Wakala tul Istismar)	8,500,000	8,500,000
Advances for Murabaha	1,030,000	2,127,000
Advances for Diminishing Musharaka	96,563	100,894
Advance for Istisna	11,455,451	9,396,236
Inventories against Istisna	2,213,232	3,097,800
Gross Islamic financing and related assets	62,168,513	47,036,295
Less: provision against Islamic financings		
- Specific	(640,559)	(654,980)
- General	(312)	(319)
	<u>(640,871)</u>	<u>(655,299)</u>
Islamic financing and related assets - net of provision	<u>61,527,642</u>	<u>46,380,996</u>
39.3 Deposits		
Customers		
Current deposits	21,822,517	20,659,185
Savings deposits	39,865,156	41,254,385
Term deposits	12,084,506	15,137,438
	<u>73,772,179</u>	<u>77,051,008</u>
Financial Institutions		
Current deposits	796,499	354,951
Savings deposits	14,738,100	14,114,989
Term deposits	22,766	2,070,766
	<u>15,557,365</u>	<u>16,540,706</u>
	<u>89,329,544</u>	<u>93,591,714</u>
39.4 Unappropriated / unremitted profit		
Opening Balance	2,297,141	1,502,668
Add: Islamic banking profit for the period	524,522	2,297,141
Less: Transferred / remitted to head office	(2,297,141)	(1,502,668)
Closing balance	<u>524,522</u>	<u>2,297,141</u>

(Un-audited)
Quarter ended
March 31, 2023 March 31, 2022
-----(Rupees in '000)-----

39.5 Profit / Return Earned of Financing, Investments and Placement

Profit earned on:		
Financing	1,833,712	948,749
Investments	1,979,056	1,164,772
Placements	276	-
Others (Bai Muajjal)	-	217,282
	3,813,044	2,330,803

39.6 Profit on Deposits and other Dues Expensed

Deposits and other accounts	1,735,736	896,570
Amortisation of lease liability against - ROUA	16,845	18,703
Others (General Account)	828,335	483,329
	2,580,916	1,398,602

40. GENERAL

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

41. DATE OF AUTHORIZATION FOR ISSUE

The consolidated condensed interim financial statements were authorized for issue on April 27, 2023 by the Board of Directors of the Bank.

Ashraf Mahmood Wathra
Chairman

Rehmat Ali Hasnie
President & CEO (A)

Abdul Wahid Sethi
Chief Financial Officer

Farid Malik
Director

Ali Syed
Director



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