



NATIONAL BANK OF PAKISTAN

پاکستان

Quarterly Report March 2024

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 | Mr. Rehmat Ali Hasnie |

Audit Committee

| | |
|----------|--|
| Chairman | Mr. Ahsan Ali Chughtai Mr. Farid Malik, CFA Mr. Ali Syed Mr. Amjad Mahmood Mr. Nasim Ahmad |
|----------|--|

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

Khalid Anwar & Co.
Advocates & Legal Advisors

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 Shahrah-e-Faisal,
Karachi-74400, Pakistan.
111-111-500

Website

www.nbp.com.pk

**Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the three months period ended March 31, 2024**

NATIONAL BANK OF PAKISTAN
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2024

| | | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|---|------|-----------------------------------|-----------------------------------|
| | Note | ----- (Rupees in '000) ----- | |
| ASSETS | | | |
| Cash and balances with treasury banks | 6 | 407,595,369 | 294,992,570 |
| Balances with other banks | 7 | 29,111,352 | 42,325,051 |
| Lendings to financial institutions | 8 | 58,022,466 | 192,430,437 |
| Investments | 9 | 4,336,331,841 | 4,403,364,043 |
| Advances | 10 | 1,225,577,555 | 1,398,076,820 |
| Fixed assets | 11 | 56,944,071 | 56,974,417 |
| Intangible assets | 12 | 1,491,451 | 1,510,061 |
| Right of use assets | 13 | 6,675,836 | 6,934,471 |
| Deferred tax asset | 14 | 6,798,814 | - |
| Other assets | 15 | 217,176,517 | 256,099,568 |
| | | 6,345,725,272 | 6,652,707,438 |
| LIABILITIES | | | |
| Bills payable | 16 | 11,881,937 | 68,000,448 |
| Borrowings | 17 | 2,199,941,303 | 2,177,743,194 |
| Deposits and other accounts | 18 | 3,424,269,357 | 3,674,359,379 |
| Lease liability against right of use assets | 19 | 8,093,881 | 8,264,781 |
| Liabilities against assets subject to finance lease | | - | - |
| Subordinated debt | | - | - |
| Deferred tax liabilities | 14 | - | 720,183 |
| Other liabilities | 20 | 316,572,976 | 340,863,859 |
| | | 5,960,759,454 | 6,269,951,844 |
| NET ASSETS | | 384,965,818 | 382,755,594 |
| REPRESENTED BY | | | |
| Share capital | | 21,275,131 | 21,275,131 |
| Reserves | | 79,337,127 | 79,071,471 |
| Surplus on revaluation of assets | 21 | 59,867,387 | 63,654,593 |
| Unappropriated profit | | 224,486,173 | 218,754,398 |
| | | 384,965,818 | 382,755,594 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 22 | | |

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







Chairman **President / CEO** **Chief Financial Officer** **Director** **Director**

**NATIONAL BANK OF PAKISTAN
UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024**

| | Note | Quarter ended | |
|--|------|--------------------|-------------------|
| | | March 31, 2024 | March 31, 2023 |
| (Rupees in '000) | | | |
| Mark-up / return / interest earned | 23 | 274,982,762 | 192,391,767 |
| Mark-up / return / interest expensed | 24 | 246,002,423 | 159,868,773 |
| Net mark-up / return / interest income | | 28,980,339 | 32,522,994 |
| NON MARK-UP / INTEREST INCOME | | | |
| Fee and commission income | 25 | 5,582,791 | 4,522,645 |
| Dividend income | | 1,723,944 | 998,791 |
| Foreign exchange income | | 1,706,299 | 1,050,667 |
| Income / (Loss) from derivatives | | - | - |
| Gain on securities - net | 26 | 4,411,906 | 364,631 |
| Net gains/(loss) on derecognition of financial assets measured at amortised cost | | - | - |
| Other income | 27 | 63,122 | 562,882 |
| Total non-mark-up / interest income | | 13,488,062 | 7,499,616 |
| Total income | | 42,468,401 | 40,022,610 |
| NON MARK-UP / INTEREST EXPENSES | | | |
| Operating expenses | 28 | 21,963,772 | 21,145,782 |
| Other charges | 29 | 10,891 | 15,699 |
| Total non-markup / interest expenses | | 21,974,663 | 21,161,481 |
| Profit / (Loss) before credit loss allowance | | 20,493,738 | 18,861,129 |
| Credit loss allowance and write offs - net | 30 | (665,131) | 684,359 |
| PROFIT BEFORE TAXATION | | 21,158,869 | 18,176,770 |
| Taxation | 31 | 10,436,334 | 7,487,991 |
| PROFIT AFTER TAXATION | | 10,722,535 | 10,688,779 |
| (Rupees) | | | |
| Earnings per share - basic and diluted | 32 | 5.04 | 5.02 |

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



 Chairman



 President / CEO



 Chief Financial Officer



 Director




 Director

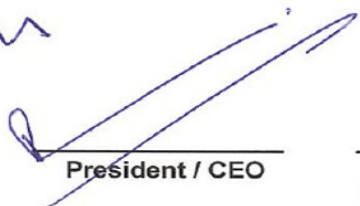
NATIONAL BANK OF PAKISTAN
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024

| | <u>Quarter ended</u> | |
|---|---------------------------------|---------------------------------|
| | <u>March 31,</u> <u>2024</u> | <u>March 31,</u> <u>2023</u> |
| | ----- (Rupees in '000) ----- | |
| Profit after taxation for the period | 10,722,535 | 10,688,779 |
| 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 | (806,598) | 8,956,052 |
| Movement in surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax | 1,481,771 | (15,255,120) |
| | 675,173 | (6,299,068) |
| Items that will not be reclassified to profit and loss account in subsequent periods: | | |
| Remeasurement (loss) / gain on defined benefit obligations - net of tax | (318,522) | (288,000) |
| Movement in surplus / (deficit) on revaluation of equity investments - net of tax | (3,565,484) | |
| Movement in surplus on revaluation of fixed assets - net of tax | - | - |
| Movement in surplus on revaluation of non-banking assets - net of tax | - | - |
| | (3,884,006) | (288,000) |
| Total comprehensive (loss) / income | 7,513,702 | 4,101,711 |

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



 Chairman



 President / CEO



 Chief Financial Officer



 Director



 Director

NATIONAL BANK OF PAKISTAN
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024

| | Share capital | Reserves | | | | | Surplus on revaluation of assets | | | Unappropriated profit | Total | |
|--|-------------------|----------------------|-------------------|----------------|---------------------------|-------------------------|----------------------------------|---------------------|----------------------------|-----------------------|--------------------|--------------------|
| | | Exchange translation | Statutory reserve | Merger reserve | General loan loss reserve | Revenue general reserve | Total | Investments | Fixed / non-banking assets | | | Total |
| (Rupees in '000) | | | | | | | | | | | | |
| Balance as at January 01, 2023 | 21,275,131 | 21,289,575 | 41,969,531 | 363,606 | - | 521,338 | 64,144,050 | (4,253,682) | 47,170,584 | 42,916,902 | 172,511,676 | 300,847,759 |
| Profit after taxation for the three months period ended March 31, 2023 | - | - | - | - | - | - | - | - | - | - | 10,688,779 | 10,688,779 |
| Effect of translation of net investment in foreign branches | - | 8,956,052 | - | - | - | - | 8,956,052 | - | - | - | - | 8,956,052 |
| Movement in surplus / (deficit) on revaluation of investments | - | - | - | - | - | - | - | (15,255,120) | - | (15,255,120) | - | (15,255,120) |
| Remeasurement gain / (loss) on defined benefit obligations - net of tax | - | - | - | - | - | - | - | - | - | - | (288,000) | (288,000) |
| Movement in surplus on revaluation of property and equipment - net of tax | - | - | - | - | - | - | - | - | - | - | - | - |
| Movement in surplus on revaluation of non-banking assets - net of tax | - | - | - | - | - | - | - | - | - | - | - | - |
| Total other comprehensive income - net of tax | - | 8,956,052 | - | - | - | - | 8,956,052 | (15,255,120) | - | (15,255,120) | 10,400,779 | 4,101,711 |
| Transfer to statutory reserve | - | - | 1,068,878 | - | - | - | 1,068,878 | - | - | - | (1,068,878) | - |
| Transfer from surplus on revaluation of assets to unappropriated profit - net of tax | - | - | - | - | - | - | - | (50,726) | (50,726) | (50,726) | 50,726 | - |
| Transactions with owners, recorded directly in equity | - | - | - | - | - | - | - | - | - | - | - | - |
| Cash dividend paid for the period ended December 31, 2022 (Rs. Nil per share) | - | - | - | - | - | - | - | - | - | - | - | - |
| Balance as at April 01, 2023 | 21,275,131 | 30,245,627 | 43,038,409 | 363,606 | - | 521,338 | 74,168,980 | (19,508,802) | 47,119,858 | 27,611,056 | 181,894,303 | 304,949,470 |
| Profit after taxation for the nine months ended December 31, 2023 | - | - | - | - | - | - | - | - | - | - | 41,151,683 | 41,151,683 |
| Effect of translation of net investment in foreign branches | - | 787,323 | - | - | - | - | 787,323 | - | - | - | - | 787,323 |
| Movement in surplus / (deficit) on revaluation of investments | - | - | - | - | - | - | - | 36,394,290 | - | 36,394,290 | - | 36,394,290 |
| Remeasurement gain / (loss) on defined benefit obligations - net of tax | - | - | - | - | - | - | - | - | - | - | (307,239) | (307,239) |
| Movement in surplus on revaluation of property and equipment - net of tax | - | - | - | - | - | - | - | (418,066) | (418,066) | (418,066) | (418,066) | (418,066) |
| Movement in surplus on revaluation of non-banking assets - net of tax | - | - | - | - | - | - | - | 198,132 | 198,132 | 198,132 | 198,132 | 198,132 |
| Total other comprehensive income - net of tax | - | 787,323 | - | - | - | - | 787,323 | 36,394,290 | (219,934) | 36,174,356 | 40,844,444 | 77,806,123 |
| Transfer to statutory reserve | - | - | 4,115,168 | - | - | - | 4,115,168 | - | - | - | (4,115,168) | - |
| Transfer from surplus on revaluation of assets to unappropriated profit - net of tax | - | - | - | - | - | - | - | (130,819) | (130,819) | (130,819) | 130,819 | - |
| Balance as at January 01, 2024 | 21,275,131 | 31,032,950 | 47,153,577 | 363,606 | - | 521,338 | 79,071,471 | 16,885,488 | 46,769,105 | 63,654,593 | 218,754,398 | 382,755,593 |
| Impact of adoption of IFRS-9 | - | - | - | - | - | - | - | (1,660,264) | - | (1,660,264) | (3,643,213) | (5,303,477) |
| Balance as at January 01, 2024 - restated | 21,275,131 | 31,032,950 | 47,153,577 | 363,606 | - | 521,338 | 79,071,471 | 15,225,224 | 46,769,105 | 61,994,329 | 215,111,184 | 377,452,116 |
| Profit after taxation for three months ended March 31, 2024 | - | - | - | - | - | - | - | - | - | - | 10,722,535 | 10,722,535 |
| Effect of translation of net investment in foreign branches | - | (806,598) | - | - | - | - | (806,598) | - | - | - | - | (806,598) |
| Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax | - | - | - | - | - | - | - | 1,481,771 | - | 1,481,771 | - | 1,481,771 |
| Debt investments at FVOCI – reclassified to profit or loss | - | - | - | - | - | - | - | - | - | - | - | - |
| Movement in surplus / (deficit) on revaluation of investments in equity instruments - net of tax | - | - | - | - | - | - | - | (3,565,484) | - | (3,565,484) | - | (3,565,484) |
| Remeasurement gain / (loss) on defined benefit obligations - net of tax | - | - | - | - | - | - | - | - | - | - | (318,522) | (318,522) |
| Movement in surplus on revaluation of property and equipment - net of tax | - | - | - | - | - | - | - | - | - | - | - | - |
| Movement in surplus on revaluation of non-banking assets - net of tax | - | - | - | - | - | - | - | - | - | - | - | - |
| Total other comprehensive income - net of tax | - | (806,598) | - | - | - | - | (806,598) | (2,083,713) | - | (2,083,713) | 10,404,013 | 7,513,702 |
| Transfer to statutory reserve | - | - | 1,072,254 | - | - | - | 1,072,254 | - | - | - | (1,072,254) | - |
| Transfer from surplus on revaluation of assets to unappropriated profit - net of tax | - | - | - | - | - | - | - | (43,230) | (43,230) | (43,230) | 43,230 | - |
| Transfer to unappropriated profit | - | - | - | - | - | - | - | - | - | - | - | - |
| Balance as at March 31, 2024 | 21,275,131 | 30,226,352 | 48,225,831 | 363,606 | - | 521,338 | 79,337,127 | 13,141,511 | 46,725,875 | 59,867,386 | 224,486,173 | 384,965,818 |

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

 Chairman
 President / CEO
 Chief Financial Officer
 Director

NATIONAL BANK OF PAKISTAN
UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024

| | March 31, 2024 | March 31, 2023 |
|--|------------------------------|----------------------|
| Note | ----- (Rupees in '000) ----- | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 21,158,869 | 18,176,770 |
| Less: dividend income | (1,723,944) | (998,791) |
| | <u>19,434,925</u> | <u>17,177,979</u> |
| Adjustments: | | |
| Net mark-up / interest income | 5,665,670 | - |
| Depreciation on fixed assets | 603,227 | 612,193 |
| Depreciation on right of use assets | 480,730 | 511,620 |
| Amortisation | 112,557 | 105,523 |
| Credit loss allowance and write offs | (665,131) | 684,359 |
| Gain on sale of fixed assets | (1,330) | (286) |
| Financial charges on leased assets | 23,504 | 22,896 |
| Financial charges on right-of-use-assets | 225,190 | 311,622 |
| Unrealized gain on revaluation of investments classified as held-for-trading | (1,660,694) | 225,892 |
| Charge for defined benefit plans - net | 3,030,906 | 3,250,637 |
| | <u>7,814,629</u> | <u>5,724,456</u> |
| | 27,249,554 | 22,902,435 |
| Decrease / (increase) in operating assets | | |
| Lendings to financial institutions | 134,407,971 | (447,777,786) |
| Securities classified as FVPL | (52,863,973) | 51,693,253 |
| Advances | 172,156,334 | (14,393,808) |
| Other assets (excluding advance taxation) | 11,373,556 | (47,430,077) |
| | <u>265,073,889</u> | <u>(457,908,417)</u> |
| Increase / (decrease) in operating liabilities | | |
| Bills payable | (56,118,511) | (47,361,118) |
| Borrowings from financial institutions | 40,529,537 | 565,791,391 |
| Deposits | (250,090,022) | 310,044,008 |
| Other liabilities (excluding current taxation) | (25,351,869) | (9,851,193) |
| | <u>(291,030,865)</u> | <u>818,623,088</u> |
| Payments against off-balance sheet obligations | | |
| Mark-up / Interest received | 291,677,213 | - |
| Mark-up / Interest paid | (297,342,883) | - |
| Financial charges paid | (248,694) | (334,518) |
| Income tax paid / adjusted | (14,338,573) | (5,800,000) |
| Benefits paid | (972,809) | (866,916) |
| | <u>(19,933,168)</u> | <u>376,615,672</u> |
| Net cash flows generated from operating activities | | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Net Investments in securities classified as FVOCI | 236,130,946 | (201,545,684) |
| Net investments in amortized cost securities | (106,275,453) | (140,013,764) |
| Dividends received | 1,723,944 | 998,791 |
| Investments in fixed assets | 568,888 | (532,378) |
| Proceeds from sale of fixed assets | 2,003 | 3,230 |
| Effect of translation of net investment in foreign branches | 47,245 | 8,956,052 |
| | <u>132,197,573</u> | <u>(332,133,753)</u> |
| Net cash flows used in investing activities | | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Payments of lease obligations | (622,127) | (692,175) |
| Dividend paid | (102) | (237) |
| | <u>(622,229)</u> | <u>(692,412)</u> |
| Net cash flows used in financing activities | | |
| (Decrease) / increase in cash and cash equivalents | | |
| | <u>111,642,176</u> | <u>43,789,507</u> |
| Cash and cash equivalents at beginning of the period | 298,562,227 | 199,526,569 |
| Effects of exchange rate changes on cash and cash equivalents | 6,078,352 | 23,177,758 |
| Cash and cash equivalents at beginning of the period | <u>304,640,579</u> | <u>222,704,327</u> |
| Cash and cash equivalents at end of the period | <u>416,282,755</u> | <u>266,493,834</u> |

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

 Chairman
 President / CEO
 Chief Financial Officer
 Director
 Director

**NATIONAL BANK OF PAKISTAN
NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED
INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024**

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 1,505 (December 31, 2023: 1,508) branches in Pakistan and including 188 (December 31 2023: 188) Islamic Banking branches and 18 (December 31 2023: 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.

The Pakistan Sovereign Wealth Fund Act, 2023 was enacted and became effective during 2023. The shareholding of the Federal Government as per the Bank's Register of Shareholders is 7,895,707 shares only. However, under the said Act, the shares of Federal Government has been shown as 1,608,420,866. The Bank has sought clarification from Federal Government in this respect. Moreover, the process for transfer of shares as defined in NBP Bye-laws, 2015 has not yet been initiated. In view of the foregoing, the Bank's Register of Shareholders continues to show the shareholding position before the enactment of the Act ibid pending completion of transfer formalities and clarification of the Federal Government.

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 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.

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. 2, dated February 09, 2023 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, 2023.

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. MATERIAL ACCOUNTING POLICIES

The material 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, 2023 except for:

3.1 IFRS 9 - 'Financial Instruments'

Effective January 1, 2024, the Bank has adopted International Financial Reporting Standard (IFRS) 9, "Financial Instruments" (IFRS 9 / the Standard). As permitted by the transitional provisions of IFRS 9, the Bank has elected not to restate comparative figures. Adjustments to the carrying amounts of financial assets and liabilities as at the date of transition (i.e. January 1, 2024), were recognised in the unappropriated profit and loss as of the transition date.

The adoption of IFRS 9 has resulted in changes in the Bank's accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 has also significantly impacted disclosures related to the unconsolidated financial instruments.

The Bank performed a detailed analysis of its business models for managing financial assets and analysis of their contractual cash flows characteristics. The following table reconciles the aggregate opening loan loss provision allowances under SBP Prudential Regulations to the ECL allowances under IFRS 9.

| | 2024 | | | |
|---------------------------------------|--------------------------|---------------------|---------------------|--------------------|
| | Provision as per current | Remeasurement (ECL) | Reclassification | ECLs under IFRS 9 |
| | -----Rupees in '000----- | | | |
| Cash and Balances with Treasury Banks | - | - | - | - |
| Balance with Other Banks | 117,033 | 117 | - | 117,150 |
| Lendings to financial institutions | 174,150 | 67 | - | 174,217 |
| Advances | 233,608,873 | 17,720,919 | - | 251,329,792 |
| Investments | 23,608,927 | 1,040,941 | (13,672,429) | 10,977,439 |
| Markup Receivable | - | 1,376,467 | - | 1,376,467 |
| Off-balance sheet obligations | 627,494 | 1,843,590 | - | 2,471,084 |
| Total | 258,136,477 | 21,982,101 | (13,672,429) | 266,446,149 |

The following table reconciles the carrying amounts of financial assets, from their previous measurement category in accordance with previous local regulations to their new measurement categories upon transition to IFRS 9 on January 01, 2024

| | Movement in Balance Sheet | | | | Revised Breakup of Balance sheet after IFRS 9 Implementation | | | | | | |
|---|--|----------------------------------|--|--|--|----------------------------------|---------------------------------------|--------------------------|---|--|--|
| | Before IFRS 9 Carrying Values as at Dec 31, 2023 | Increase / (Decrease) Due to ECL | Increase / (Decrease) due to Reclassification of Investments | After IFRS 9 Carrying Values Jan 1' 2024 | At FVPL | AT FVOCI - with recycling (Debt) | AT FVOCI - without recycling (Equity) | At Amortized Cost / Cost | Remeasurement under IFRS 9 (ECL Impact) | Other than Financial Assets or Financial Liabilities | IFRS 9 carrying amount as at Jan 1, 2024 |
| | ------(Rupees in '000)----- | | | | | | | | | | |
| Assets | | | | | | | | | | | |
| Cash and Balance with treasury | 294,992,570 | - | - | 294,992,570 | - | - | - | 294,992,570 | - | - | 294,992,570 |
| Balance with other banks | 42,325,051 | (118) | - | 42,324,933 | - | - | - | 42,325,051 | (118) | - | 42,324,933 |
| Lendings to financial institutions | 192,430,437 | (67) | - | 192,430,370 | - | - | - | 192,430,437 | (67) | - | 192,430,370 |
| | | | | | | | | | | | |
| From AFS to Amortized Cost | 94,406,396 | - | 11,583,128 | 105,989,524 | - | - | - | 105,989,524 | - | - | 105,989,524 |
| From AFS to FVPL (Mandatory Reclassification) - Mutual funds, Pref. Shares and Bank TFC's | 15,560,596 | - | - | 15,560,596 | 15,560,596 | - | - | - | - | - | 15,560,596 |
| From AFS to FVPL - Ordinary Shares | 14,239,399 | - | - | 14,239,399 | 14,239,399 | - | - | - | - | - | 14,239,399 |
| From AFS to FVOCI - Ordinary Shares | 49,755,979 | - | - | 49,755,979 | - | - | 49,755,979 | - | - | - | 49,755,979 |
| From AFS to FVOCI - Debt Securities | 3,907,373,783 | - | - | 3,907,373,783 | - | 3,907,373,783 | - | - | - | - | 3,907,373,783 |
| Total AFS | 4,081,336,153 | - | 11,583,128 | 4,092,919,281 | 29,799,995 | 3,907,373,783 | 49,755,979 | 105,989,524 | - | - | 4,092,919,281 |
| From HTM to Amortized Cost | 272,790,034 | (1,040,941) | - | 271,749,093 | - | - | - | 272,790,034 | (1,040,941) | - | 271,749,093 |
| From HFT to FVPL | 43,089,648 | - | - | 43,089,648 | 43,089,648 | - | - | - | - | - | 43,089,648 |
| Associates | 2,170,920 | - | - | 2,170,920 | - | - | - | 2,170,920 | - | - | 2,170,920 |
| Joint Venture | 2,362,433 | - | - | 2,362,433 | - | - | - | 2,362,433 | - | - | 2,362,433 |
| Subsidiaries | 1,614,855 | - | - | 1,614,855 | - | - | - | 1,614,855 | - | - | 1,614,855 |
| Investments | 4,403,364,043 | (1,040,941) | 11,583,128 | 4,413,906,230 | 72,889,643 | 3,907,373,783 | 49,755,979 | 384,927,766 | (1,040,941) | - | 4,413,906,230 |
| Advances | 1,398,076,820 | (17,720,919) | - | 1,380,355,901 | - | - | - | 1,398,076,820 | (17,720,919) | - | 1,380,355,901 |
| Fixed assets | 56,974,417 | - | - | 56,974,417 | - | - | - | 56,974,417 | - | - | 56,974,417 |
| Intangible assets | 1,510,061 | - | - | 1,510,061 | - | - | - | 1,510,061 | - | - | 1,510,061 |
| Right of use assets | 6,934,471 | - | - | 6,934,471 | - | - | - | 6,934,471 | - | - | 6,934,471 |
| Deferred tax assets | - | - | - | - | - | - | - | - | - | - | - |
| Other assets | 256,099,568 | (1,376,467) | - | 254,723,101 | - | - | - | 190,065,330 | (1,376,467) | 66,034,238 | 254,723,101 |
| | 6,652,707,438 | (20,138,512) | 11,583,128 | 6,644,152,054 | 72,889,643 | 3,907,373,783 | 49,755,979 | 2,568,236,923 | (20,138,512) | 66,034,238 | 6,644,152,054 |

| | Movement in Balance Sheet | | | | Revised Breakup of Balance sheet after IFRS 9 Implementation | | | | | | |
|---|--|----------------------------------|--|--|--|----------------------------------|---------------------------------------|------------------------|---|---------------------|--|
| | Before IFRS 9 Carrying Values as at Dec 31, 2023 | Increase / (Decrease) Due to ECL | Increase / (Decrease) due to Reclassification of Investments | After IFRS 9 Carrying Values Jan 1' 2024 | At FVPL | AT FVOCI - with recycling (Debt) | AT FVOCI - without recycling (Equity) | At Amortized Cost | Remeasurement under IFRS 9 (ECL Impact) | Other than FA or FL | IFRS 9 carrying amount as at Jan 1, 2024 |
| Liabilities | | | | | | | | | | | |
| Bills payable | 68,000,448 | - | - | 68,000,448 | - | - | - | 68,000,448 | - | - | 68,000,448 |
| Borrowings | 2,177,743,194 | - | - | 2,177,743,194 | - | - | - | 2,177,743,194 | - | - | 2,177,743,194 |
| Deposits and other accounts | 3,674,359,379 | - | - | 3,674,359,379 | - | - | - | 3,674,359,379 | - | - | 3,674,359,379 |
| Liabilities against assets subject to Subordinated debt | - | - | - | - | - | - | - | - | - | - | - |
| Lease liabilities against right of use assets | 8,264,782 | - | - | 8,264,782 | - | - | - | - | - | 8,264,782 | 8,264,782 |
| Deferred tax liabilities | 720,183 | (10,771,230) | 5,675,733 | (4,375,314) | - | - | - | - | - | (4,375,314) | (4,375,314) |
| Other liabilities | 340,863,859 | 1,843,590 | - | 342,707,449 | 6,676,880 | - | - | 197,159,524 | 1,843,590 | 137,027,455 | 342,707,449 |
| | 6,269,951,845 | (8,927,640) | 5,675,733 | 6,266,699,938 | 6,676,880 | - | - | 6,117,262,545 | 1,843,590 | 140,916,923 | 6,266,699,938 |
| Net Assets | 382,755,593 | (11,210,872) | 5,907,395 | 377,452,115 | 66,212,763 | 3,907,373,783 | 49,755,979 | (3,549,025,622) | (21,982,102) | (74,882,685) | 377,452,116 |
| Represented By | | | | | | | | | | | |
| Share capital | 21,275,131 | - | - | 21,275,131 | - | - | - | - | - | 21,275,131 | 21,275,131 |
| Reserves | 79,071,471 | - | - | 79,071,471 | - | - | - | - | - | 79,071,471 | 79,071,471 |
| Surplus on revaluation of assets | 63,654,596 | - | (1,660,264) | 61,994,332 | - | 10,468,483 | 4,756,742 | - | - | 46,769,107 | 61,994,332 |
| Unappropriated profit | 218,754,395 | (11,210,872) | 7,567,659 | 215,111,182 | - | - | - | - | - | 215,111,182 | 215,111,182 |
| | 382,755,593 | (11,210,872) | 5,907,395 | 377,452,116 | - | 10,468,483 | 4,756,742 | - | - | 362,226,891 | 377,452,116 |

(a) Changes to Classification and measurement

The SBP's measurement categories of financial assets (Fair Value through Profit or Loss (FVTPL), available for sale (AFS), held-to-maturity and amortised cost) have been replaced by:

- Debt instruments at amortised cost
- Debt instruments at Fair Value Through Other Comprehensive Income (FVOCI), with gains or losses recycled to profit & loss on derecognition.
- Equity instruments at FVOCI, with no recycling of gains or losses of profit & loss on derecognition
- Financial assets Fair Value Through Profit or Loss (FVTPL)

The accounting for financial liabilities remains largely the same as it was previously in place. Financial liabilities are measured at amortised cost. Financial liabilities can be measured at FVTPL when they meet the definition of held for trading or when they are designated as such on initial recognition using the fair value option. Currently, the Bank does not have any financial liability which is being measured at FVPL.

Under IFRS 9, the classification of the financial assets is based on two criteria: the Bank's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

The assessment of the Bank's business models was made as of the date of initial application, 1 January 2024, and then applied retrospectively to those financial assets that were not derecognised before 31 March 2024. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

3.1.1 Financial assets and liabilities

Financial assets and financial liabilities are recognised when the Bank becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Bank commits to purchase or sell the asset.

At initial recognition, the Bank measures a financial asset or financial liability at its fair value including transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. However, in case of financial asset or liability measured through profit or loss, any transaction costs are expensed in the unconsolidated profit and loss account. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI.

3.1.2 Financial assets

3.1.2.1 Classification and subsequent measurement

the Bank classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt instruments depend on:

- (i) the Bank's business model for managing the asset; and
- (ii) the cash flows characteristics of the assets / SPPI test.

Based on these factors, the Bank classifies its debt instruments into one of the following three measurement categories:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised. Interest earned from these financial assets is included in 'interest earned' using the effective interest rate method.
- Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses on the instrument's amortised cost which are recognised in the unconsolidated profit and loss account. When the financial asset is derecognised, the 'cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in gain on sale of securities'. Interest earned from these financial assets is included in interest earned using the effective interest rate method.
- Fair value through profit or loss (FVPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the profit or loss and presented in the unconsolidated profit and loss account within unrealised gain / loss on securities in the period in which it arises. Interest earned from these financial assets is included in interest earned on investments using the effective interest rate method.

Business model:

The business model reflects how the Bank manages the assets in order to generate cash flows. That is, whether the Bank's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL.

the Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- the objectives for the portfolio, in particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular yield profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Bank's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- The expected frequency, value and timing of sales are also important aspects of the Bank's assessment. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.
- Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVPL.

Cash flows characteristics assessment – Solely Payment of Principal and interest test:

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Bank assesses whether the financial instruments' cash flows represent solely payments of principal and interest. In making this assessment, the Bank considers whether the contractual cash flows are consistent with a basic financing arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic due from counterparty risks and an interest margin that is consistent with a basic due from counterparty arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic due from counterparty arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Bank reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual share in the issuer's net assets.

The Bank measures all equity investments at fair value through profit or loss, except where the Bank's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Bank's policy is to designate equity investments as FVOCI when those investments are held for purposes other than for trading. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to the unconsolidated profit and loss account, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in the unconsolidated profit and loss account as income when the Bank's right to receive payments is established.

IFRS 9 has eliminated impairment assessment requirements for investments in equity instruments. However, in case of unquoted securities where the breakup value of such securities is less than the cost, the difference of the cost and the breakup value has been classified as loss and provided for by charging it to the unconsolidated profit and loss account.

Gains and losses on equity instruments at FVPL are included in the 'Gain on sales of securities' line in the unconsolidated profit and loss account.

3.1.2.2 Impairment

The Bank assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Bank recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

3.1.3 Financial liabilities

3.1.4 Financial guarantee contracts and loan commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance ; and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

Loan commitments provided by the Bank are measured as the amount of the loss allowance. For financing commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a financing and an undrawn commitment and the Bank cannot separately identify the expected credit losses on the undrawn commitment component from those on the financing component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the financing. To the extent that the combined expected credit losses exceed the gross carrying amount of the financing, the expected credit losses are recognised as a provision.

3.1.5 Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). The Bank has followed following steps in determining expected credit loss allowance;

Step 1: Portfolio Segmentation and Staging (SICR)

Step 2: Determination of Segment wise Probability of Default (PDs)

Step 3: Estimation of Loss Given Default (LGD)

Step 4: Determination of Exposure at Default (EAD)

Step 5: ECL Scenarios

3.1.6 Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarized below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Bank.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.
- Financial instruments in Stage 1 have their ECL measured for 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.

3.1.7 Significant increase in credit risk (SICR)

One of the key components of IFRS 9 is to determine whether there has been a SICR in the Bank's credit exposures since initial recognition, Under IFRS 9, exposures are required to be categorized into three stages:

- Stage 1 – which include performing exposures;
 - Stage 2 – which include performing exposures where credit risk has increased significantly since initial recognition; and
 - Stage 3 – which include credit-impaired exposures
- Under IFRS 9, bank considers the following indicators for assessing SICR:
- forward-looking macroeconomic factors;
 - use of lifetime probability of default as opposed to a 12-month measure;
 - consider all reasonable and supportable information available at the time of calculation

3.2 Overview of the ECL principles

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12m ECL) as outlined below.

The 12m ECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12m ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Bank considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the internal rating grade for subject borrower. The Bank also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer/facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, generally, the Bank considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. However, for certain portfolios, the Bank has rebutted 30 DPD presumption based on behavioral analysis of its borrowers.

When estimating ECLs on a collective basis for a group of similar assets, the Bank applies the similar principles for assessing whether there has been a significant increase in credit risk since initial recognition. Based on the above process, the Bank groups its loans into Stage 1, Stage 2, Stage 3 and POCL, as described below:

| | |
|--|--|
| Stage 1: | When loans are first recognised, the Bank recognises an allowance based on 12m ECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2. The 12m ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12m ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for all the scenarios. |
| Stage 2: | When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR. |
| Stage 3: | For loans considered credit-impaired, the Bank recognises the lifetime expected credit losses for these loans. The Bank uses a PD of 100% and LGD as computed for each portfolio or as prescribed by the SBP under the prudential regulations which ever is higher. |
| Loan commitments and letters of credit | When estimating LTECLs for undrawn loan commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the three scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. For loan commitments and letters of credit, the ECL is recognised within Provisions. |
| Financial guarantee contracts | The Bank estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the three scenarios. The ECLs related to financial guarantee contracts are recognised within Provisions. |

The calculation of ECLs

The Bank calculates ECLs based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

| | |
|-----|--|
| PD | The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. PD is estimated based on transitioning among credit states. Credit states are defined by rating classes and are based on the Bank's internal risk ratings (i.e. from 1 to 12). Through the yearly review of the non-consumer portfolio, the Bank has drawn a yearly transition matrix of ratings to compute a count based PD over the one year horizon for the last 7 years. PDs for Non rated portfolios are calculated based on Days Past Due (DPD) bucket level for each segment separately. Where practical, they also build on information from External Rating Agencies. PDs are then adjusted for IFRS 9 ECL calculations to incorporate forward looking information. |
| EAD | The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier. |
| LGD | The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. |

When estimating the ECLs, the Bank considers three scenarios (a base case, an upside, a downside). Each of these is associated with different PDs.

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, 2023 except for IFRS 9 as mentioned above.

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, 2023.

| | | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|---|------|-----------------------------------|-----------------------------------|
| | Note | ----- (Rupees in '000) ----- | |
| 6. CASH AND BALANCES WITH TREASURY BANKS | | | |
| In hand | | | |
| Local currency | | 55,656,688 | 62,369,227 |
| Foreign currencies | | 8,293,844 | 9,651,086 |
| | | <u>63,950,532</u> | <u>72,020,313</u> |
| With State Bank of Pakistan in | | | |
| Local currency current accounts | 6.1 | 202,830,330 | 125,791,892 |
| Foreign currency current accounts | 6.2 | 20,665,817 | 21,661,443 |
| Foreign currency deposit accounts | 6.2 | 41,275,159 | 43,265,618 |
| Foreign currency collection accounts | | 1,242,749 | 1,498,122 |
| | | <u>266,014,055</u> | <u>192,217,075</u> |
| With other central banks in | | | |
| Foreign currency current accounts | 6.3 | 72,501,993 | 25,964,016 |
| Foreign currency deposit accounts | 6.3 | 4,406,114 | 4,163,614 |
| | | <u>76,908,107</u> | <u>30,127,630</u> |
| Prize bonds | | 722,675 | 627,552 |
| | | <u>407,595,369</u> | <u>294,992,570</u> |
| Less: Credit loss allowance held against cash and bank balances with Treasury banks | | - | - |
| Cash and Balances with Treasury banks - net of credit loss allowance | | <u>407,595,369</u> | <u>294,992,570</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

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 5.50% per annum (December 31, 2023: 0% to 5.5% per

| | | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|--|------|-----------------------------------|-----------------------------------|
| | Note | ----- (Rupees in '000) ----- | |
| 7. BALANCES WITH OTHER BANKS | | | |
| In Pakistan | | | |
| In deposit accounts | 7.1 | 13,704 | 15,285 |
| Outside Pakistan | | | |
| In current accounts | | 19,832,716 | 33,625,612 |
| In deposit accounts | 7.2 | 9,382,082 | 8,801,187 |
| | | <u>29,214,798</u> | <u>42,426,799</u> |
| | | <u>29,228,502</u> | <u>42,442,084</u> |
| Less: Credit loss allowance held against balances with other banks | | (117,150) | (117,033) |
| Balances with other banks - net of credit loss allowance | | <u>29,111,352</u> | <u>42,325,051</u> |

7.1 These include various deposits with banks and carry interest at the rates ranging from 6.00% to 12.70% per annum (December 31, 2023: 6.00% to 12.70% per annum).

7.2 These include various deposits with correspondent banks outside Pakistan and carry interest at rates ranging from 3.00 % to 6.50 % per annum (December 31, 2023 :1.50% to 7.10% per annum).

| | Note | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|--|------|-----------------------------------|-----------------------------------|
| ----- (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 | 58,012,810 | 192,420,714 |
| Letters of placement | 8.3 | 174,150 | 174,150 |
| | 8.4 | 58,196,683 | 192,604,587 |
| Less: Credit loss allowance held against lending to financial institutor | 8.5 | (174,217) | (174,150) |
| Lendings to financial institutions - net of credit loss allowance | | <u>58,022,466</u> | <u>192,430,437</u> |

| 8.1 | Lending to FIs- Particulars of credit loss allowance | (Un-audited) March 31, 2024 | | (Audited) December 31, 2023 | |
|------------------|--|-----------------------------------|----------------------------|-----------------------------------|----------------------------|
| | | Lending | Credit loss allowance held | Lending | Credit loss allowance held |
| Rupees in '000 | | | | | |
| Domestic | | | | | |
| Performing | Stage 1 | 58,012,810 | 59 | - | - |
| Under performing | Stage 2 | 9,723 | 8 | - | - |
| Non-performing | Stage 3 | | | | |
| Substandard | | - | - | - | - |
| Doubtful | | - | - | - | - |
| Loss | | 174,150 | 174,150 | 174,150 | 174,150 |
| | | <u>58,196,683</u> | <u>174,217</u> | <u>174,150</u> | <u>174,150</u> |
| Total | | <u>58,196,683</u> | <u>174,217</u> | <u>174,150</u> | <u>174,150</u> |
| Overseas | | | | | |
| Performing | Stage 1 | - | - | - | - |
| Under performing | Stage 2 | - | - | - | - |
| Non-performing | Stage 3 | | | | |
| Substandard | | - | - | - | - |
| Doubtful | | - | - | - | - |
| Loss | | - | - | - | - |
| | | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total | | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

8.1 These also include zero rate lending to a financial institution amounting to Rs. 9.7 million (December 31, 2023: Rs. 9.7 million) which is guaranteed by the SBP.

8.2 These carry mark-up at rates ranging from 22% to 22.51% per annum (December 31, 2023: 21.00% to 22.95% per annum) with maturities ranging from April 1, 2024 to April 17, 2024.

8.3 These are overdue placements and full provision has been made against these placements as at March 31, 2024.

9. INVESTMENTS

9.1 Investments by type:

| March 31, 2024 (Un-audited) | | | |
|-----------------------------|--|------------------------|-------------------|
| Cost / amortized cost | Credit loss allowance for diminution | Surplus / (deficit) | Carrying value |

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

FVTPL

Federal Government Securities

- Market Treasury Bills
- Pakistan Investment Bonds
- GOP Ijarah Sukuk bonds

Mutual Fund units

Non-Government debt securities

- Term Finance Certificates and Sukuk Bonds

- Preference shares - Listed

Ordinary Shares

- Listed Companies

| | | | |
|------------|---|-----------|------------|
| 28,202,783 | - | (124,342) | 28,078,441 |
| 22,819,279 | - | (30,511) | 22,788,768 |
| 10,000,000 | - | (11) | 9,999,989 |
| 4,505,304 | - | 1,703,516 | 6,208,820 |
| 19,934,217 | - | - | 19,934,217 |
| 1,043,797 | - | (9,131) | 1,034,666 |
| 11,178,813 | - | 121,173 | 11,299,986 |
| 97,684,193 | - | 1,660,694 | 99,344,887 |

FVOCI

Federal Government Securities

- Pakistan Investment Bonds
- Market Treasury Bills
- Ijarah Sukuks
- Foreign Currency Debt securities

Ordinary Shares

- Listed Companies
- Unlisted Companies

Non-Government debt securities

- Term Finance Certificates and Sukuk Bonds

Foreign Securities

- Equity Securities - Listed
- Government debt securities
- Foreign Currency Debt Securities

| | | | |
|---------------|-------------|--------------|---------------|
| 2,836,492,788 | - | (23,604,500) | 2,812,888,288 |
| 834,478,017 | - | (132,240) | 834,345,777 |
| 31,307,762 | - | (773,649) | 30,534,113 |
| 40,750,624 | - | (4,706,508) | 36,044,116 |
| 42,119,134 | - | 10,251,759 | 52,370,892 |
| 1,658,247 | - | - | 1,658,247 |
| 40,596,717 | (6,622,062) | 793,656 | 34,768,312 |
| 463,293 | - | 43,957,491 | 44,420,784 |
| 3,340,926 | - | (18,338) | 3,322,588 |
| - | - | - | - |
| 3,831,207,508 | (6,622,062) | 25,767,670 | 3,850,353,117 |

| March 31, 2024 (Un-audited) | | | |
|-----------------------------|--|------------------------|-------------------|
| Cost / amortized cost | Credit loss allowance for diminution | Surplus / (deficit) | Carrying value |

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

Amortised Cost

Federal Government Securities

- Pakistan Investment Bonds
- Market Treasury Bills
- Ijarah Sukuks
- Foreign Currency Debt securities

Non-Government debt securities

- Term Finance Certificates, 'Participation Term Certificates, 'Bonds, Debentures and Sukuk Bonds

Foreign Securities

- Government debt securities
- Non-Government debt securities

| | | | |
|----------------------|--------------------|-------------------|----------------------|
| 319,839,934 | - | - | 319,839,934 |
| - | - | - | - |
| 14,080,289 | - | - | 14,080,289 |
| 4,393,435 | - | - | 4,393,435 |
| 404,585 | (404,585) | - | - |
| 40,750,764 | - | - | 40,750,764 |
| 1,065 | - | - | 1,065 |
| 379,470,072 | (404,585) | - | 379,065,487 |
| 4,926,048 | (1,334,977) | - | 3,591,071 |
| 2,362,433 | - | - | 2,362,433 |
| 2,952,967 | (1,338,112) | - | 1,614,855 |
| 4,318,603,209 | (9,699,734) | 27,428,366 | 4,336,331,841 |

Associates

Joint Venture

Subsidiaries

Total investments

| December 31, 2023 (Audited) | | | |
|-----------------------------|--|------------------------|-------------------|
| Cost / amortized cost | Credit loss allowance for diminution | Surplus / (deficit) | Carrying value |

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

Held-for-trading securities

Federal Government Securities

- Market Treasury Bills
- Pakistan Investment Bonds
- GOP Ijarah Sukuk bonds

Mutual Fund units

Non-Government debt securities

- Term Finance Certificates and Sukuk Bonds

Preference shares

- Listed
- Unlisted

Ordinary Shares

- Listed Companies

| | | | |
|------------|---|----------|------------|
| 23,341,720 | - | 7,673 | 23,349,393 |
| 14,665,019 | - | (37,878) | 14,627,141 |
| 5,038,531 | - | (3,521) | 5,035,010 |
| 79,317 | - | (1,213) | 78,104 |
| 43,124,587 | - | (34,939) | 43,089,648 |

| December 31, 2023 (Audited) | | | | |
|--|--------------------------|--|------------------------|----------------------|
| | Cost / amortized cost | Credit loss allowance for diminution | Surplus / (deficit) | Carrying value |
| Available-for-sale securities | | | | |
| Federal Government Securities | | | | |
| - Pakistan Investment Bonds | 2,926,410,213 | - | (25,322,781) | 2,901,087,432 |
| - Market Treasury Bills | 954,585,428 | - | 2,228,157 | 956,813,585 |
| - Ijarah Sukuks | 30,424,484 | - | (330,520) | 30,093,964 |
| - Foreign Currency Debt securities | 40,907,401 | - | (10,174,093) | 30,733,308 |
| Ordinary Shares | | | | |
| - Listed Companies | 51,691,556 | (11,638,688) | 22,284,263 | 62,337,131 |
| - Unlisted Companies | 2,107,198 | (448,951) | - | 1,658,247 |
| Preference shares | | | | |
| - Listed | 1,448,472 | (566,446) | 161,771 | 1,043,797 |
| - Unlisted | 558,284 | (558,284) | - | - |
| Non-Government debt securities | | | | |
| - Term Finance Certificates and Sukuk Bonds | 53,137,456 | (5,857,566) | 355,100 | 47,634,990 |
| Mutual Fund units | | | | |
| | 2,219,646 | (41,167) | 1,726,825 | 3,905,304 |
| Foreign Securities | | | | |
| - Equity Securities - Listed | 463,294 | - | 42,171,551 | 42,634,845 |
| - Government debt securities | 3,385,022 | - | 8,528 | 3,393,550 |
| Foreign Currency Debt Securities | - | - | - | - |
| | 4,067,338,454 | (19,111,102) | 33,108,801 | 4,081,336,153 |
| Held-to-maturity securities | | | | |
| Federal Government Securities | | | | |
| - Pakistan Investment Bonds | 213,116,482 | - | - | 213,116,482 |
| - Market Treasury Bills | - | - | - | - |
| - Ijarah Sukuks | 14,087,500 | - | - | 14,087,500 |
| - Foreign Currency Debt securities | 4,288,988 | - | - | 4,288,988 |
| Non-Government debt securities | | | | |
| - Term Finance Certificates, 'Participation Term Certificates, 'Bonds, Debentures and Sukuk Bonds | 404,585 | (404,585) | - | - |
| Foreign Securities | | | | |
| - Government debt securities | 41,295,981 | - | - | 41,295,981 |
| - Non-Government debt securities | 1,083 | - | - | 1,083 |
| | 273,194,619 | (404,585) | - | 272,790,034 |
| Associates | | | | |
| | 4,926,048 | (2,755,128) | - | 2,170,920 |
| Joint Venture | | | | |
| | 2,362,433 | - | - | 2,362,433 |
| Subsidiaries | | | | |
| | 2,952,967 | (1,338,112) | - | 1,614,855 |
| Total investments | 4,393,899,108 | (23,608,927) | 33,073,862 | 4,403,364,043 |

9.1.1 Investments given as collateral

Pakistan Investment Bonds
Market Treasury Bills

| Note | (Un-audited) | (Audited) |
|------|------------------------------|----------------------|
| | March 31, 2024 | December 31, 2023 |
| | ----- (Rupees in '000) ----- | |
| | 2,083,700,155 | 2,047,337,847 |
| | 23,456,640 | 17,134,259 |
| 17 | 2,107,156,795 | 2,064,472,106 |

9.1.2 Associates

Listed

| | Number of shares | Percentage of holding | Country of incorporation | Based on the financial statements as at | Assets | Liabilities | Revenue | Profit / (loss) after taxation | Total comprehensive income / (loss) |
|--|------------------|-----------------------|--------------------------|---|------------|-------------|-----------|--------------------------------|-------------------------------------|
| First Credit and Investment Bank Limited | 20,000,000 | 30.77 | Pakistan | March 31, 2024 | 2,532,990 | 1,758,500 | 123,596 | 8,788 | 10,019 |
| National Fibres Limited * | 17,030,231 | 20.19 | Pakistan | N/A | - | - | - | - | - |
| Land Mark Spinning Mills Limited | 3,970,859 | 32.79 | Pakistan | June 30, 2023 | 131,498 | 254,116 | - | (12,327) | (12,327) |
| SG Allied Businesses Limited | 3,754,900 | 25.03 | Pakistan | June 30, 2022 | 1,233,803 | 552,420 | 14,247 | (10,794) | (9,407) |
| Nina Industries Limited | 4,906,000 | 20.27 | Pakistan | N/A | - | - | - | - | - |
| AgriTech Limited | 106,014,565 | 27.01 | Pakistan | March 31, 2024 | 86,818,899 | 73,912,759 | 9,240,650 | (166,804) | (166,804) |
| NBP Stock Fund | 31,347,444 | 4.236 | Pakistan | March 31, 2024 | 16,789,601 | 225,813 | 1,025,827 | 835,642 | 835,642 |

Unlisted

| | | | | | | | | | |
|--|------------|-------|----------|----------------|-----------|-----------|---------|--------|--------|
| Pakistan Emerging Venture Limited | 12,500,000 | 33.33 | Pakistan | June 30, 2022 | 478 | 404 | 56 | (385) | (385) |
| National Fructose Company Limited | 1,300,000 | 39.5 | Pakistan | N/A | - | - | - | - | - |
| Venture Capital Fund Management * | 33,333 | 33.33 | Pakistan | N/A | - | - | - | - | - |
| Kamal Enterprises Limited * | 11,000 | 20.37 | Pakistan | N/A | - | - | - | - | - |
| Mehran Industries Limited * | 37,500 | 32.05 | Pakistan | N/A | - | - | - | - | - |
| Tharparkar Sugar Mills Limited * | 2,500,000 | 21.52 | Pakistan | N/A | - | - | - | - | - |
| Youth Investment Promotion Society * | 644,508 | 25 | Pakistan | N/A | - | - | - | - | - |
| Dadabhoy Energy Supply Company Limited | 9,900,000 | 23.11 | Pakistan | N/A | - | - | - | - | - |
| K-Agricole Limited * | 5,000 | 20 | Pakistan | N/A | - | - | - | - | - |
| New Pak Limited * | 200,000 | 20 | Pakistan | N/A | - | - | - | - | - |
| Pakistan Mercantile Exchange Limited | 10,653,860 | 33.98 | Pakistan | March 31, 2024 | 6,183,227 | 5,675,290 | 244,832 | 74,807 | 74,807 |
| Prudential Fund Management Limited * | 150,000 | 20 | Pakistan | N/A | - | - | - | - | - |

* Nil figure represent shares which have been acquired under different arrangements without any cost

9.1.3 Joint Venture

| | | | | | | | | | |
|------------------------------|------------|----|----------------|-------------------|-------------|-------------|-----------|-----------|-------------|
| United National Bank Limited | 20,250,000 | 45 | United Kingdom | December 31, 2022 | 219,715,668 | 199,381,061 | 6,133,623 | 1,148,072 | (1,110,841) |
|------------------------------|------------|----|----------------|-------------------|-------------|-------------|-----------|-----------|-------------|

9.1.4 Subsidiaries

| | | | | | | | | | |
|---|------------|-------|------------|----------------|-----------|-----------|---------|----------|---------|
| CJSC Subsidiary Bank of NBP in Kazakhstan | 8,650 | 100 | Kazakhstan | March 31, 2024 | 3,050,502 | 1,706 | 93,866 | 31,694 | 31,694 |
| NBP Exchange Company Limited | 99,999,999 | 100 | Pakistan | March 31, 2024 | 2,327,842 | 199,754 | 111,182 | (65,274) | 25,654 |
| NBP Modaraba Management Company Limited | 10,500,000 | 100 | Pakistan | March 31, 2024 | 134,337 | 109,988 | 6,261 | 2,440 | 3,753 |
| Taurus Securities Limited | 7,875,002 | 58.32 | Pakistan | March 31, 2024 | 722,332 | 420,423 | 47,748 | (506) | 3,810 |
| Cast-N-Link Products Limited | 1,245,000 | 76.51 | Pakistan | N/A | - | - | - | - | - |
| NBP Fund Management Limited | 13,499,996 | 54 | Pakistan | March 31, 2024 | 3,647,193 | 1,752,947 | 734,492 | 238,124 | 231,198 |

N/A: Not available

9.1.5 The Board of Directors of the Bank in their 356th meeting held on December 27, 2023 have in principle given their approval for disposal of NBP's 45% shareholding in UNBL to Bestway Group. The approval of the Board of Directors is subject to the approval / clearance by the SBP and all other regulatory compliances required in this regard in both Pakistan and UK. The Bank is currently in the process of completing the regulatory and legal requirements to implement the transaction.

9.2 Credit Allowance for diminution in value of investments

| | | |
|--|--------------|-------------|
| 9.2.1 Opening balance | 23,608,927 | 23,150,140 |
| Impact of reclassification on adoption of IFRS 9 | (13,672,429) | - |
| Impact of ECL recognised on adoption of IFRS 9 | 1,040,941 | - |
| Charge for the period | 142,992 | 2,157,756 |
| Reversals for the period | (1,420,696) | (1,319,964) |
| Reversal on disposals | - | (379,005) |
| | (1,277,704) | 458,787 |
| Derecognition of ECL on disposal | - | - |
| Transfers - net | - | - |
| Others movement | - | - |
| Amounts written off | - | - |
| Closing balance | 9,699,734 | 23,608,927 |

9.2.2 Particulars of credit loss allowance against debt securities

Category of classification

Domestic

Other assets especially mentioned
Substandard
Performing
Underperforming
Non-Performing
Substandard
Doubtful
Loss

Stage 1
Stage 2
Stage 3

| March 31, 2024 (Un-audited) | | December 31, 2023 (Audited) | |
|-----------------------------|----------------------------|-----------------------------|----------------------------|
| Outstanding amount | Credit loss allowance Held | Outstanding amount | Credit loss allowance Held |
| (Rupees in '000) | | | |
| - | - | - | - |
| - | - | - | - |
| 6,690,527 | 290 | - | - |
| 4,454,779 | 1,098,643 | - | - |
| - | - | - | - |
| 5,927,714 | 5,927,714 | 6,262,151 | 6,262,151 |
| 17,073,020 | 7,026,647 | 6,262,151 | 6,262,151 |

Overseas

Performing
Underperforming
Non-Performing
Substandard
Doubtful
Loss

Stage 1
Stage 2
Stage 3

| | | | |
|------------|-----------|-----------|-----------|
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| 17,073,020 | 7,026,647 | 6,262,151 | 6,262,151 |

Total

9.3 The market value of securities classified at amortised cost as at March 31, 2024 amounted to Rs. 348,725 million (December 31, 2023: Rs. 251,842 million).

10. ADVANCES

| | Note | Performing | | Non performing | | Total | |
|---|------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
| ----- (Rupees in '000) ----- | | | | | | | |
| Loans, cash credits, running finances, etc. | | 1,172,169,756 | 1,325,183,535 | 208,326,697 | 205,630,719 | 1,380,496,453 | 1,530,814,254 |
| Islamic financing and related assets | | 61,096,090 | 73,125,444 | 1,065,455 | 1,550,351 | 62,161,545 | 74,675,795 |
| Net Investment in finance lease | 10.1 | 15,232 | 16,207 | - | - | 15,232 | 16,207 |
| Bills discounted and purchased | | 19,834,487 | 12,534,791 | 13,610,558 | 13,644,646 | 33,445,045 | 26,179,437 |
| Advances - gross | 10.2 | 1,253,115,565 | 1,410,859,977 | 223,002,710 | 220,825,716 | 1,476,118,275 | 1,631,685,693 |
| Credit loss allowance against advances | | | | | | | |
| -Stage 1 | | 19,016,523 | - | - | - | 19,016,523 | - |
| -Stage 2 | | 27,974,357 | - | - | - | 27,974,357 | - |
| -Stage 3 | | - | - | 203,368,462 | 203,570,752 | 203,368,462 | 203,570,752 |
| - General | | 181,378 | 30,038,121 | - | - | 181,378 | 30,038,121 |
| | 10.4 | 47,172,258 | 30,038,121 | 203,368,462 | 203,570,752 | 250,540,720 | 233,608,873 |
| Advances - net of provision | | 1,205,943,308 | 1,380,821,856 | 19,634,248 | 17,254,964 | 1,225,577,555 | 1,398,076,820 |

10.1 Net investment in finance lease

| | March 31, 2024 (Un-audited) | | | | December 31, 2023 (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 | 1,257 | | | 1,257 | 2,304 | - | - | 2,304 |
| Residual value | 14,064 | | | 14,064 | 14,064 | - | - | 14,064 |
| Minimum lease payments | 15,321 | - | - | 15,321 | 16,368 | - | - | 16,368 |
| Less: financial charges for future periods | 89 | | | 89 | 161 | - | - | 161 |
| Present value of minimum lease payments | 15,232 | - | - | 15,232 | 16,207 | - | - | 16,207 |

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% (December 31, 2023: 10.19% to 14.85%) per annum.

| | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|------------------------------|-----------------------------------|-----------------------------------|
| ----- (Rupees in '000) ----- | | |

10.2 Particulars of advances (Gross)

| | | |
|-----------------------|----------------------|----------------------|
| In local currency | 1,192,986,314 | 1,334,480,999 |
| In foreign currencies | 283,131,961 | 297,204,694 |
| | <u>1,476,118,275</u> | <u>1,631,685,693</u> |

10.3 Advances includes Rs. 223,003 million (December 31, 2023: Rs. 220,826 million) which have been placed under non-performing / stage 3 status as detailed below:

| Category of Classification | | March 31, 2024 (Un-audited) | | December 31, 2023 (Audited) | |
|-----------------------------------|---------|-----------------------------|-----------------------|-----------------------------|-----------------------|
| | | Non performing loans | Credit Loss Allowance | Non performing loans | Credit Loss Allowance |
| ----- (Rupees in '000) ----- | | | | | |
| Domestic | | | | | |
| Other assets especially mentioned | | 4,088,485 | 106,481 | 2,156,275 | 60,035 |
| Substandard | | 6,409,410 | 1,486,762 | 6,421,005 | 1,560,252 |
| Doubtful | Stage 3 | 12,350,397 | 6,434,126 | 11,443,314 | 5,980,028 |
| Loss | | 136,388,318 | 133,746,515 | 136,013,278 | 133,633,669 |
| | | 159,236,610 | 141,773,884 | 156,033,872 | 141,233,984 |
| Overseas | | | | | |
| Overdue by: | | | | | |
| Upto 90 days | | | | - | - |
| 91 to 180 days | | | | - | - |
| 181 to 365 days | Stage 3 | 392,575 | 196,288 | 400,925 | 200,463 |
| > 365 days | | 63,373,525 | 61,398,290 | 64,390,919 | 62,136,305 |
| | | 63,766,100 | 61,594,578 | 64,791,844 | 62,336,768 |
| Total | | 223,002,710 | 203,368,462 | 220,825,716 | 203,570,752 |

10.4 Particulars of credit loss allowance against advances

| | March 31, 2024 (Un-audited) | | | | | December 31, 2023 (Audited) | |
|---|------------------------------|-------------------|--------------------|--------------------|-------------------|------------------------------|-------------------|
| | Stage 1 | Stage 2 | Stage 3 | Specific Provision | General Provision | Specific Provision | General Provision |
| Note | ----- (Rupees in '000) ----- | | | | | ----- (Rupees in '000) ----- | |
| Opening balance | - | - | - | 203,570,752 | 30,038,121 | 190,710,861 | 17,348,539 |
| Impact of adoption of IFRS-9 | 22,478,907 | 25,009,935 | 203,570,752 | (203,570,752) | (29,767,923) | | |
| Opening balance - restated | 22,478,907 | 25,009,935 | 203,570,752 | - | 270,198 | 190,710,861 | 17,348,539 |
| Exchange adjustments | - | - | (998,505) | - | (3,783) | 12,156,348 | 153,606 |
| Charge for the period / year | | | 1,138,188 | | - | 8,127,265 | 14,854,298 |
| Reversals | (3,462,384) | 3,726,581 | (974,416) | | (85,037) | (8,063,994) | (1,530,934) |
| | (3,462,384) | 3,726,581 | 163,772 | - | (85,037) | 63,271 | 13,323,364 |
| Amounts written off | - | - | (58,887) | - | - | (102,509) | - |
| Amounts charged off - agriculture financing | - | - | (70,832) | - | - | (44,607) | - |
| Transfer from general to specific provision | - | (762,159) | 762,159 | - | - | 787,388 | (787,388) |
| Closing balance | 19,016,523 | 27,974,357 | 203,368,462 | - | 181,378 | 203,570,752 | 30,038,121 |

10.5 Advances - Particulars of credit loss allowance

| | March 31, 2024 (Un-audited) | | | | | December 31, 2023 (Audited) | |
|---|------------------------------|-------------------|--------------------|--------------------|-------------------|------------------------------|-------------------|
| | Stage 1 | Stage 2 | Stage 3 | Specific Provision | General Provision | Specific Provision | General Provision |
| Note | ----- (Rupees in '000) ----- | | | | | ----- (Rupees in '000) ----- | |
| 10.5.1 Opening balance | - | - | - | 203,570,752 | 30,038,121 | 190,710,861 | 17,348,539 |
| IFRS 9 implementation | 22,478,907 | 25,009,935 | 203,570,752 | (203,570,752) | (29,767,923) | - | - |
| | 22,478,907 | 25,009,935 | 203,570,752 | - | 270,198 | 190,710,861 | 17,348,539 |
| New Advances | - | - | - | - | - | - | - |
| Exchange Adjustment | - | - | (998,505) | - | (3,783) | 12,156,348 | 153,606 |
| Charge for the period | (3,462,384) | 3,726,581 | 1,138,188 | - | - | 8,127,265 | 14,854,298 |
| Advances derecognised or repaid | - | - | (974,416) | - | (85,037) | (8,063,994) | (1,530,934) |
| Transfer to stage 1 | - | - | - | - | - | - | - |
| Transfer to stage 2 | - | - | - | - | - | - | - |
| Transfer to stage 3 | - | (762,159) | 762,159 | - | - | - | - |
| | (3,462,384) | 2,964,422 | (72,574) | - | (88,820) | 12,219,619 | 13,476,970 |
| Amounts written off | - | - | (58,887) | - | - | (102,509) | - |
| Amounts charged off - agriculture financing | - | - | (70,832) | - | - | (44,607) | - |
| Changes in risk parameters | - | - | - | - | - | - | - |
| Other changes (to be specific) | - | - | - | - | - | 787,388 | (787,388) |
| Closing balance | 19,016,523 | 27,974,357 | 203,368,462 | - | 181,378 | 203,570,752 | 30,038,121 |

10.5.2 Advances - Category of classification

Domestic

| | |
|-----------------------------------|---------|
| Performing | Stage 1 |
| Underperforming | Stage 2 |
| Non-Performing | Stage 3 |
| Other assets especially mentioned | |
| Substandard | |
| Doubtful | |
| Loss | |

Total

| Outstanding amount | Credit loss allowance Held | Net of Advances |
|-----------------------------|----------------------------|----------------------|
| ------(Rupees in '000)----- | | |
| 949,723,798 | 19,016,523 | 930,707,275 |
| 237,430,949 | 26,775,927 | 210,655,022 |
| | | - |
| 4,088,485 | 106,481 | 3,982,004 |
| 6,409,410 | 1,486,762 | 4,922,648 |
| 12,350,397 | 6,434,126 | 5,916,271 |
| 136,388,318 | 133,746,515 | 2,641,803 |
| 159,236,610 | 141,773,884 | 17,462,726 |
| 1,346,391,357 | 187,566,334 | 1,158,825,023 |

Overseas

| | |
|-----------------------|---------|
| Performing | Stage 1 |
| Underperforming | Stage 2 |
| IFRS 9 not applicable | |
| Non-Performing | Stage 3 |
| Substandard | |
| Doubtful | |
| Loss | |

Total

| Outstanding amount | Credit loss allowance Held | Net of Advances |
|-----------------------------|----------------------------|-------------------|
| ------(Rupees in '000)----- | | |
| 24,550,050 | - | 24,550,050 |
| 40,197,849 | 1,198,430 | 38,999,419 |
| 1,212,919 | 181,378 | 1,031,541 |
| | | - |
| - | - | - |
| 392,575 | 196,288 | 196,288 |
| 63,373,525 | 61,398,290 | 1,975,235 |
| 63,766,100 | 61,594,578 | 2,171,523 |
| 129,726,918 | 62,974,385 | 66,752,533 |

10.5.3 General provision includes provision amounting to Rs.181 million (December 31, 2023: Rs. 270 million) pertaining to overseas advances to meet the requirements of regulatory authorities of the respective countries in which the Bank operates where IFRS 9 has not been implemented.

10.5.4 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.

10.5.5 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) March 31, 2024 | (Audited) December 31, 2023 |
|--------------------------|------|-----------------------------------|-----------------------------------|
| | Note | ----- (Rupees in '000) ----- | |
| 11. FIXED ASSETS | | | |
| Capital work-in-progress | 11.1 | 1,496,458 | 1,623,424 |
| Property and equipment | | 55,447,613 | 55,350,993 |
| | | 56,944,071 | 56,974,417 |

11.1 Capital work-in-progress

| | | |
|---------------------------------------|------------------|-----------|
| Civil works | 1,426,998 | 1,553,964 |
| Equipment | 10,727 | 10,727 |
| Advances to suppliers and contractors | 58,733 | 58,733 |
| | 1,496,458 | 1,623,424 |

11.2 Additions to fixed assets

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

| | | |
|---------------------------------|----------------|---------|
| Capital work-in-progress | 162,211 | 132,951 |
|---------------------------------|----------------|---------|

Property and equipment

| | | |
|-----------------------------------|----------------|---------|
| Building on freehold land | 217,481 | 11,113 |
| Building on leasehold land | 11,674 | 16,050 |
| Furniture and fixtures | 228,476 | 86,810 |
| Computer and peripheral equipment | 53,277 | 51,010 |
| Electrical, office equipment | 108,832 | 122,407 |
| Vehicles | 93,794 | 174,126 |
| | 713,534 | 461,516 |
| | 875,745 | 594,467 |

11.3 Disposal of fixed assets

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

| | | |
|-----------------------------------|------------|-------|
| Furniture and fixture | - | - |
| Computer and peripheral equipment | - | - |
| Electrical, office equipment | - | - |
| Vehicles | 673 | 2,944 |
| | 673 | 2,944 |

| | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|--|-----------------------------------|-----------------------------------|
| | ----- (Rupees in '000) ----- | |
| 12. INTANGIBLE ASSETS | | |
| Capital work-in-progress - Software Implementation | 540,589 | 441,922 |
| Computer Software | 950,862 | 1,068,139 |
| | 1,491,451 | 1,510,061 |

| | (Un-audited) March 31, 2024 | (Un-audited) March 31, 2023 |
|--|-----------------------------------|-----------------------------------|
| | ----- (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 | 18,755 | 29,848 |
| Directly purchased | 40,528 | 15,586 |
| | 59,283 | 45,434 |

| | | |
|---|----------|----------|
| 12.2 Disposals of intangible assets | | |
| The net book value of intangible assets disposed off during the period is as follows: | | |
| Developed internally | - | - |
| Directly purchased | - | - |
| Through business combinations | - | - |
| | - | - |

| | March 31, 2024 (Un-audited) | | | December 31, 2023 (Audited) | | |
|----------------------------------|------------------------------|--------------------------|------------------|-----------------------------|--------------------------|-------------|
| | Buildings | Others (to be specified) | Total | Buildings | Others (to be specified) | Total |
| | ----- (Rupees in '000) ----- | | | | | |
| 13. RIGHT OF USE ASSETS | | | | | | |
| At January 1, | | | | | | |
| Cost | 16,747,955 | - | 16,747,955 | 14,530,913 | - | 14,530,913 |
| Accumulated Depreciation | (9,813,483) | - | (9,813,483) | (7,822,509) | - | (7,822,509) |
| Net Carrying amount at January 1 | 6,934,472 | - | 6,934,472 | 6,708,404 | - | 6,708,404 |
| Additions during the year | 222,094 | - | 222,094 | 2,239,854 | - | 2,239,854 |
| Deletions during the year | - | - | - | 22,813 | - | 22,813 |
| Depreciation Charge for the year | 480,730 | - | 480,730 | 1,990,974 | - | 1,990,974 |
| Net Carrying amount | 6,675,836 | - | 6,675,836 | 6,934,471 | - | 6,934,471 |

| | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|---|-----------------------------------|-----------------------------------|
| 14. DEFERRED TAX ASSETS / (DEFERRED TAX LIABILITIES) | | |
| Deductible temporary differences on | | |
| - Tax losses carried forward | 10,705 | 10,705 |
| - Post retirement employee benefits | 7,168,041 | 6,862,010 |
| - Credit loss allowance for diminution in the value of investments | 236,751 | 236,751 |
| - Credit loss allowance against loans and advances | 10,157,544 | 10,143,512 |
| - Credit loss allowance against off-balance sheet obligations | 115,222 | 115,222 |
| - Accelerated tax depreciation | 1,678,093 | 1,661,181 |
| - Other Credit loss allowance | 105,416 | 105,416 |
| - Right of use assets | 694,842 | 651,852 |
| | 20,166,614 | 19,786,649 |
| Taxable temporary differences on | | |
| - Surplus on revaluation of fixed assets | (3,281,294) | (3,322,829) |
| - Exchange translation reserve | (853,843) | (853,843) |
| - Surplus on revaluation of investments | (12,626,159) | (16,223,312) |
| - Surplus on revaluation of non-banking assets | (106,848) | (106,848) |
| - Impact of adoption of IFRS 9 | 3,500,342 | - |
| | (13,367,802) | (20,506,832) |
| | 6,798,814 | (720,183) |
| 15. OTHER ASSETS | | |
| Income / return / mark-up accrued in local currency | 168,284,380 | 185,622,776 |
| Income / return / mark-up accrued in foreign currency | 5,095,630 | 4,442,554 |
| Advances, deposits, advance rent and other prepayments | 3,378,016 | 2,848,659 |
| Income tax refunds receivable & Advance taxation (payments less provisions) | - | 920,050 |
| Compensation for delayed tax refunds | 22,129,925 | 22,129,925 |
| Non-banking assets acquired in satisfaction of claims | 1,165,419 | 1,169,898 |
| Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC) | 208,423 | 208,423 |
| Commission receivable on Government treasury transactions | 7,240,671 | 5,182,665 |
| Stationery and stamps on hand | 503,832 | 472,575 |
| 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 | 771,139 | 31,276 |
| Acceptances | 10,631,696 | 8,100,364 |
| Receivable from SBP | - | 24,698,013 |
| Others | 8,196,139 | 9,027,170 |
| | 228,542,675 | 265,791,753 |
| Less: Provision allowance held against other assets | 15.1 12,658,334 | 12,495,413 |
| Less: Credit loss allowance held against markup receivable | 1,511,052 | - |
| Other assets (net of provision) | 214,373,289 | 253,296,340 |
| Surplus on revaluation of non-banking assets acquired in satisfaction of claims | 2,803,228 | 2,803,228 |
| Other assets - total | 217,176,517 | 256,099,568 |

| | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|--|-----------------------------------|-----------------------------------|
| Note | ----- (Rupees in '000) ----- | |
| 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 | 800,000 | 800,000 |
| Stationery and stamps on hand | 96,542 | 96,542 |
| Barter trade balances | 195,399 | 195,399 |
| Receivable on account of Government transactions | 323,172 | 323,172 |
| Receivable from Government under VHS scheme | 418,834 | 418,834 |
| Protested bills | 4,559,888 | 4,377,337 |
| Ex-MBL / NDFC - other assets | 760,941 | 760,941 |
| Assets acquired from Corporate and Industrial Restructuring Corporation asset (CIRC) | 208,423 | 208,423 |
| Others | 5,142,528 | 5,162,158 |
| | 12,658,334 | 12,495,413 |
| 15.1.1 Movement in Provision held against other assets | | |
| Opening balance | 12,495,413 | 12,244,043 |
| Charge for the period / year | (15,015) | 239,045 |
| Adjustment against provision | - | 57,519 |
| Other Movement | 177,936 | (45,194) |
| Closing balance | 12,658,334 | 12,495,413 |
| 16. BILLS PAYABLE | | |
| In Pakistan | 11,647,901 | 67,822,126 |
| Outside Pakistan | 234,036 | 178,322 |
| | 11,881,937 | 68,000,448 |
| 17. BORROWINGS | | |
| Secured | | |
| Borrowings from State Bank of Pakistan | | |
| Under Export Refinance Scheme | 30,014,932 | 29,815,400 |
| Financing Scheme for Renewable Energy | 1,390,807 | 1,289,488 |
| Refinance Facility for Modernization of SMEs | 91,162 | 95,111 |
| Financing Facility for storage of Agriculture Produce (FFSAP) | 544,046 | 599,548 |
| Under Long-Term Financing Facility (LTFF) | 16,259,471 | 17,197,820 |
| Temporary Economic Refinance Facility | 22,053,152 | 22,827,889 |
| Refinance and Credit Guarantee Scheme for Women Entrepreneurs (RCWE) | 60,249 | 29,220 |
| Export Refinance scheme for Bill Discounting | 1,896,850 | 2,606,143 |
| Refinance Facility for Combating Covid-19 | 40,150 | 45,352 |
| | 72,350,819 | 74,505,971 |
| Repurchase agreement borrowings | 2,107,156,795 | 2,064,472,106 |
| Bai Muajjal | - | - |
| | 2,179,507,614 | 2,138,978,077 |
| Unsecured | | |
| Call borrowings | 19,861,821 | 19,434,142 |
| Overdrawn nostro accounts | 571,868 | 19,330,975 |
| Bai Muajjal | - | - |
| | 20,433,689 | 38,765,117 |
| | 2,199,941,303 | 2,177,743,194 |

(Un-audited) (Audited)
March 31, December 31,
2024 2023
----- (Rupees in '000) -----

17.1 Particulars of borrowings with respect to currencies

| | | |
|-----------------------|----------------------|---------------|
| In local currency | 2,180,359,482 | 2,140,248,077 |
| In foreign currencies | 19,581,821 | 37,495,117 |
| | 2,199,941,303 | 2,177,743,194 |

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

- The Bank has entered into agreements with the SBP for extending export refinance to customers. As per the terms of the agreement, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of finances by directly debiting the current account maintained by the Bank with the SBP. These borrowings carry mark-up of 0% to 18% per annum (December 31, 2023: from 0% to 19.00% per annum).
- Repurchase agreement borrowings carry mark-up ranging from 21.80 to 22.05 per annum (December 31, 2023: 21.75% to 23.00% per annum) having maturities ranging from April 5, 2024 to April 26, 2024.
- Call borrowings carry interest ranging from 5.5% to 22.0% per annum (December 31, 2023: 5.50% to 21.80% 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. 2,107,157 million (December 31, 2023: Rs.2,064,472 million).

18. DEPOSITS AND OTHER ACCOUNTS

| March 31, 2024 (Un-audited) | | | December 31, 2023 (Audited) | | |
|-----------------------------|--------------------------|-------|-----------------------------|--------------------------|-------|
| In local currency | In foreign currencies | Total | In local currency | In foreign currencies | Total |

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

Customers

| | | | | | | |
|-------------------------------------|----------------------|--------------------|----------------------|---------------|-------------|---------------|
| Current deposits - remunerative | 734,657,855 | - | 734,657,855 | 692,443,686 | | 692,443,686 |
| Current deposits - non-remunerative | 402,386,013 | 164,552,978 | 566,938,991 | 656,289,463 | 161,079,615 | 817,369,078 |
| Savings deposits | 767,765,802 | 126,282,672 | 894,048,474 | 766,301,047 | 134,394,831 | 900,695,878 |
| Term deposits | 480,494,975 | 225,430,945 | 705,925,920 | 509,997,709 | 232,985,846 | 742,983,555 |
| Others | 12,684,907 | 6,735 | 12,691,642 | 13,082,003 | 7,182 | 13,089,185 |
| | 2,397,989,552 | 516,273,330 | 2,914,262,882 | 2,638,113,908 | 528,467,474 | 3,166,581,382 |

Financial Institutions

| | | | | | | |
|------------------|----------------------|--------------------|----------------------|---------------|-------------|---------------|
| Current deposits | 452,906,892 | 1,659,392 | 454,566,284 | 459,284,217 | 1,386,759 | 460,670,976 |
| Savings deposits | 30,742,056 | - | 30,742,056 | 18,946,277 | 4,644,674 | 23,590,951 |
| Term deposits | 10,254,966 | 9,815,542 | 20,070,508 | 13,569,258 | 3,636,495 | 17,205,753 |
| Others | 4,627,375 | 252 | 4,627,627 | 6,310,317 | - | 6,310,317 |
| | 498,531,289 | 11,475,186 | 510,006,475 | 498,110,069 | 9,667,928 | 507,777,997 |
| | 2,896,520,841 | 527,748,516 | 3,424,269,357 | 3,136,223,977 | 538,135,402 | 3,674,359,379 |

18.1 Foreign currencies deposits includes deposit of foreign branches amounting to Rs.111,735 million (December 31, 2023: Rs. 99,316 million).

| | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|---|-----------------------------------|-----------------------------------|
| ----- (Rupees in '000) ----- | | |
| 19. LEASE LIABILITY AGAINST RIGHT OF USE ASSETS | | |
| Outstanding amount at the start of the year | 8,264,781 | 8,267,949 |
| Additions during the year | 290,946 | 1,826,267 |
| Lease payments including interest | (614,240) | (2,626,949) |
| Interest expense | 225,190 | 810,696 |
| Exchange difference | (72,795) | 7,721 |
| Closure of branch | - | (20,902) |
| Outstanding amount at the end of the year | <u>8,093,881</u> | <u>8,264,781</u> |
| Maturity analysis - contractual undiscounted cash flows | | |
| Less than one year | 2,456,201 | 2,457,041 |
| One to five years | 6,872,066 | 6,711,336 |
| More than five years | 3,210,870 | 3,122,714 |
| Total undiscounted lease liabilities | <u>12,539,138</u> | <u>12,291,091</u> |
| 20. OTHER LIABILITIES | | |
| Mark-up / return / interest payable in local currency | 144,668,121 | 194,548,283 |
| Mark-up / return / interest payable in foreign currencies | 925,158 | 2,611,281 |
| Unearned commission and income on bills discounted | 128,729 | 101,350 |
| Accrued expenses | 14,206,189 | 13,684,726 |
| Advance payments | 352,010 | 346,109 |
| Current taxation (provisions less payments) | 21,673,116 | - |
| Unclaimed dividends | 174,182 | 174,284 |
| Mark to market loss on forward foreign exchange contracts | 2,481,578 | 6,676,880 |
| Branch adjustment account | 999,932 | 1,659,214 |
| Payable to defined benefit plan: | | |
| Pension fund | 24,672,994 | 22,944,893 |
| Post retirement medical benefits | 36,009,451 | 34,833,112 |
| Benevolent fund | 1,609,538 | 1,613,699 |
| Gratuity scheme | 4,178,020 | 4,575,660 |
| Compensated absences | 9,511,042 | 9,632,176 |
| Staff welfare fund | 371,257 | 371,257 |
| Liabilities relating to Barter trade agreements | 4,272,620 | 4,321,484 |
| Credit loss allowance against off-balance sheet obligations | 20.2 2,601,806 | 627,494 |
| Credit loss allowance against contingencies | 20.1 4,639,533 | 4,698,118 |
| Payable to brokers | 252,197 | 735,663 |
| PIBs short selling | 14,011,372 | 10,241,337 |
| Acceptances | 10,631,696 | 8,100,364 |
| Others | 18,202,436 | 18,366,475 |
| | <u>316,572,976</u> | <u>340,863,859</u> |
| 20.1 Credit loss allowance against contingencies | | |
| Opening balance | 4,698,118 | 4,170,799 |
| Charge during the year | 19,351 | 384,838 |
| Other movement | (77,936) | 142,481 |
| Closing balance | <u>4,639,533</u> | <u>4,698,118</u> |
| 20.2 Credit loss allowance against off-balance sheet obligations | | |
| Opening balance | 627,494 | 627,494 |
| Impact of adoption of IFRS-9 | 1,843,590 | - |
| Charge during the year | 130,722 | - |
| Closing balance | <u>2,601,806</u> | <u>627,494</u> |

| | | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|---|--------|-----------------------------------|-----------------------------------|
| | Note | ----- Rupees in '000 ----- | |
| 21. SURPLUS ON REVALUATION OF ASSETS | | | |
| Surplus on revaluation of | | | |
| - Securities measured at FVOCI-Debt | 9.1 | (28,441,580) | (31,347,013) |
| - Securities measured at FVOCI-Equity | | 54,209,250 | 64,455,814 |
| - Fixed assets | | 47,310,788 | 47,395,553 |
| - Non-banking assets | | 2,803,229 | 2,803,228 |
| | | <u>75,881,687</u> | <u>83,307,582</u> |
| Deferred tax on surplus on revaluation of: | | | |
| - Securities measured at FVOCI-Debt | | 13,936,374 | 15,360,036 |
| - Securities measured at FVOCI-Equity | | (26,562,532) | (31,583,349) |
| - Fixed assets | | (3,281,294) | (3,322,829) |
| - Non-banking assets | | (106,848) | (106,848) |
| | | <u>(16,014,300)</u> | <u>(19,652,989)</u> |
| | | <u>59,867,387</u> | <u>63,654,592</u> |
| 22. CONTINGENCIES AND COMMITMENTS | | | |
| Guarantees | 22.1 | 528,404,420 | 346,487,980 |
| Commitments | 22.2 | 2,508,834,693 | 2,362,684,359 |
| Other contingent liabilities | 22.3 | 26,070,987 | 26,628,229 |
| | | <u>3,063,310,099</u> | <u>2,735,800,568</u> |
| 22.1 Guarantees | | | |
| Financial guarantees | | 406,321,553 | 227,063,459 |
| Performance guarantees | | 122,082,867 | 119,424,521 |
| | | <u>528,404,420</u> | <u>346,487,980</u> |
| 22.2 Commitments | | | |
| Documentary credits and short-term trade-related transactions | | | |
| - letters of credit | | 1,577,908,048 | 1,633,847,479 |
| Commitments in respect of: | | | |
| - forward foreign exchange contracts | 22.2.1 | 851,887,859 | 655,935,358 |
| - forward government securities transactions | 22.2.2 | 27,118,665 | 27,318,929 |
| - forward lending | 22.2.3 | 50,702,983 | 44,432,555 |
| Commitments for acquisition of: | | | |
| - operating fixed assets | | 1,196,541 | 1,129,442 |
| Other commitments | 22.2.4 | 20,597 | 20,596 |
| | | <u>2,508,834,693</u> | <u>2,362,684,359</u> |

| | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|--|-----------------------------------|-----------------------------------|
| | ----- (Rupees in '000) ----- | |
| 22.2.1 Commitments in respect of forward foreign exchange contracts | | |
| Purchase | 489,737,816 | 412,870,783 |
| Sale | 362,150,043 | 243,064,575 |
| | <u>851,887,859</u> | <u>655,935,358</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, 2024 | (Audited) December 31, 2023 |
|--|-----------------------------------|-----------------------------------|
| | ----- (Rupees in '000) ----- | |
| 22.2.2 Commitments in respect of forward government securities transactions | | |
| Purchase | 20,268,814 | 11,493,136 |
| Sale | 6,849,852 | 15,825,793 |
| | <u>27,118,665</u> | <u>27,318,929</u> |

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

| | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|---|-----------------------------------|-----------------------------------|
| | ----- (Rupees in '000) ----- | |
| 22.2.3 Commitments in respect of forward lending | | |
| Undrawn formal standby facilities, credit lines and other commitment to lend | <u>50,702,983</u> | <u>44,432,555</u> |
| These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the bank without the risk of incurring significant penalty or expense. | | |
| 22.2.4 Other commitments | | |
| Professional services to be received | <u>20,597</u> | <u>20,596</u> |
| 22.3 Other contingent liabilities | | |
| 22.3.1 Claims against the Bank not acknowledged as debt | <u>26,070,987</u> | <u>26,628,229</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, 2023: 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, 2024, the status of tax contingencies disclosed in the annual unconsolidated financial statements for the year ended December 31, 2023 is same:

- The aggregate effect of contingencies as on March 31, 2024, including amount of Rs. 1,912 million (December 31, 2023: Rs. 1,912 million) in respect of indirect tax issues, amounts to Rs. 33,433 million (December 31, 2023: Rs. 34,730 million). No provision has been made against these contingencies, based on the opinion of tax consultant of the Bank, who expect favorable outcome upon decisions of pending appeals.

22.3.3 Contingencies in respect of employees benefits and related matters

As at March 31, 2024, the status of contingencies disclosed in the annual audited unconsolidated financial statements for the year ended December 31, 2023 is same, other than the following:

22.3.3.1 Pensionary benefits to retired employees

The Honorable Supreme Court of Pakistan (in Review Jurisdiction) has, by its order dated 27th March 2024, dismissed all the civil review petitions filed by NBP (CRPs No 368 to 409 etc.), as a result of which the Supreme Court decision dated 25th September 2017, in respect of the pension litigation, has now attained finality. Accordingly, the Bank is now required to implement the direction contained in the judgment dated January 15, 2016 of the Lahore High Court, which direction has been upheld by the apex court.

Prior to the announcement of above judgement, the bank had estimated pension related liability amounted to Rs 98.7 billion approximately. Owing to the complexities involved, the management of the bank in consultation with professional actuary and Bank's legal counsel is working out implementation of the judgement. Pending such an exercise the financial impact of the obligation cannot be ascertained with sufficient reliability as per the requirements of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

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

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

| | | (Un-audited) | |
|------------|--|------------------------------|--------------------|
| | | Quarter ended | |
| | | March 31, 2024 | March 31, 2023 |
| | | ----- (Rupees in '000) ----- | |
| 23. | MARK-UP / RETURN / INTEREST EARNED | | |
| | On: | | |
| | Loans and advances | 56,375,559 | 43,477,490 |
| | Investments | 215,272,819 | 146,206,491 |
| | Lendings to financial institutions | 2,478,244 | 2,492,382 |
| | Balances with banks | 856,140 | 215,404 |
| | | <u>274,982,762</u> | <u>192,391,767</u> |
| 23.1 | Interest income (calculated using effective interest rate method) | 274,982,762 | - |
| 24. | MARK-UP / RETURN / INTEREST EXPENSED | | |
| | On: | | |
| | Deposits | 115,483,222 | 69,738,609 |
| | Borrowings | 1,891,891 | 1,153,608 |
| | Cost of foreign currency swaps against foreign currency deposits | 3,667,439 | 1,218,975 |
| | Finance Charges lease liability against right of use assets | 225,190 | 311,622 |
| | Securities sold under repurchase agreements | 124,734,681 | 87,445,959 |
| | | <u>246,002,423</u> | <u>159,868,773</u> |
| 24.1 | Interest expense (calculated using effective interest rate method) | 246,002,423 | - |

| | | (Un-audited) | |
|-------------|--|------------------------------|------------------|
| | | Quarter ended | |
| | | March 31, 2024 | March 31, 2023 |
| | | ----- (Rupees in '000) ----- | |
| 25. | FEE AND COMMISSION INCOME | | |
| | Branch banking customer fees | 468,985 | 464,670 |
| | Consumer finance related fees | 169,078 | 135,309 |
| | Card related fees | 1,254,346 | 579,688 |
| | Credit related fees | 93,036 | 55,281 |
| | Investment banking fees | 39,084 | 85,646 |
| | Commission on trade | 741,581 | 406,448 |
| | Commission on guarantees | 349,988 | 277,157 |
| | Commission on cash management | 12,573 | 9,551 |
| | Commission on remittances including home remittances | 375,960 | 363,544 |
| | Commission on bancassurance | 34,648 | 75,044 |
| | Commission on government transactions | 2,030,970 | 2,052,698 |
| | Others | 12,542 | 17,609 |
| | | <u>5,582,791</u> | <u>4,522,645</u> |
| 26. | GAIN ON SECURITIES - NET | | |
| | Realized | 26.1 2,742,081 | 751,428 |
| | Unrealised - Measured at FVPL | 9.1 1,660,694 | (225,892) |
| | Unrealized - Short selling | 9,131 | (160,904) |
| | | <u>4,411,906</u> | <u>364,631</u> |
| 26.1 | Realized gain / (loss) on | | |
| | Federal Government Securities | 1,882,955 | 738,747 |
| | Shares | 851,941 | 12,681 |
| | Ijarah Sukuks | 7,185 | - |
| | | <u>2,742,081</u> | <u>751,428</u> |
| 26.2 | Net gain / loss on financial assets / liabilities measured at FVPL: | | |
| | Designated upon initial recognition | (33,691) | - |
| | Mandatorily measured at FVPL | 1,694,385 | - |
| | | 1,660,694 | - |
| 27. | OTHER INCOME | | |
| | Rent on property | 11,785 | 6,802 |
| | Gain on sale of fixed assets - net | 1,330 | 286 |
| | Compensation for delayed tax refunds | 27.1 - | 471,354 |
| | Reversal of provision | - | 79,431 |
| | Others | 50,007 | 5,009 |
| | | <u>63,122</u> | <u>562,882</u> |
| 27.1 | This represents compensation on delayed refunds determined under Section 171 of Income Tax Ordinance 2001. | | |

| 28. OPERATING EXPENSES | (Un-audited) | |
|---|------------------------------|----------------|
| | Quarter ended | |
| | March 31, 2024 | March 31, 2023 |
| | ----- (Rupees in '000) ----- | |
| Total compensation expenses | 14,392,838 | 14,308,116 |
| Property expenses | | |
| Rent and taxes | 336,735 | 269,191 |
| Insurance | 9,449 | 9,532 |
| Utilities cost | 574,582 | 423,125 |
| Security (including guards) | 955,694 | 783,445 |
| Repair and maintenance (including janitorial charges) | 350,854 | 298,713 |
| Depreciation | 119,733 | 130,214 |
| Depreciation on non banking assets | 4,479 | 2,511 |
| Depreciation on Ijarah assets | - | 15,861 |
| Depreciation on right of use assets | 480,730 | 511,620 |
| | 2,832,256 | 2,444,212 |
| Information technology expenses | | |
| Software maintenance | 716,087 | 692,817 |
| Hardware maintenance | 40,328 | 63,191 |
| Depreciation | 126,260 | 91,016 |
| Amortisation | 112,557 | 105,523 |
| Network charges | 214,988 | 155,853 |
| IT Manage Services | 117,998 | 134,328 |
| | 1,328,218 | 1,242,728 |
| Other operating expenses | | |
| Directors' fees and reimbursement of other expenses | 25,064 | 11,023 |
| Fees and allowances to Shariah Board | 4,191 | 4,502 |
| Legal and professional charges | 414,006 | 391,600 |
| Outsourced services costs | 214,313 | 147,241 |
| Travelling and conveyance | 332,648 | 298,596 |
| NIFT clearing charges | 50,818 | 53,977 |
| Depreciation | 352,755 | 372,591 |
| Training and development | 14,997 | 21,784 |
| Postage and courier charges | 34,096 | 27,008 |
| Communication | 191,482 | 143,307 |
| Stationery and printing | 297,857 | 261,267 |
| Marketing, advertisement and publicity | 130,958 | 102,225 |
| Donations | 5,509 | - |
| Auditors' remuneration | 68,082 | 63,218 |
| Entertainment | 89,430 | 64,046 |
| Clearing, verification, license fee charges | 65,346 | 115,047 |
| Brokerage | 34,330 | 6,682 |
| Financial charges on leased assets | 23,504 | 22,896 |
| Insurance | 183,026 | 122,791 |
| Vehicle expenses | 63,817 | 61,970 |
| Repairs and maintenance | 306,103 | 256,739 |
| Deposit premium expense | 348,216 | 452,894 |
| Others | 159,912 | 149,322 |
| | 3,410,460 | 3,150,726 |
| | 21,963,772 | 21,145,782 |
| 29. OTHER CHARGES | | |
| Penalties imposed by State Bank of Pakistan | 10,891 | 14,614 |
| Penalties imposed by other regulatory bodies of overseas branches (Central bank of international branches) | - | 1,085 |
| | 10,891 | 15,699 |

| | | (Un-audited) | |
|------------|--|------------------------------|-------------------------------|
| | | Quarter ended | |
| | | March 31, 2024 | March 31, 2023 |
| | | ----- (Rupees in '000) ----- | |
| 30. | CREDIT LOSS ALLOWANCE & WRITE OFFS - NET | Note | |
| | Credit loss allowance for diminution in value of investments | 9.2 | (1,277,705) 724,459 |
| | Credit loss allowance against loans and advances | 10.4 | 342,931 (68,431) |
| | Credit loss allowance against against other assets | 15.1.1 | (15,015) 9,895 |
| | Credit loss allowance against against contingencies | 20.1 | 19,351 18,436 |
| | Credit loss allowance against against markup receivable | | 134,584 - |
| | Credit loss allowance against against off balance Sheet | | 130,722 - |
| | | | <u>665,131</u> <u>684,359</u> |

31. TAXATION

| | | | |
|--------------|--|-------------------|------------------|
| Current | | | |
| For the year | | 10,551,803 | 7,934,271 |
| Prior years | | - | - |
| | | <u>10,551,803</u> | <u>7,934,271</u> |
| Deferred | | | |
| For the year | | (115,469) | (446,280) |
| Prior years | | - | - |
| | | <u>(115,469)</u> | <u>(446,280)</u> |
| | | <u>10,436,334</u> | <u>7,487,991</u> |

| | | (Un-audited) | |
|------------|---|-------------------|-------------------|
| | | Quarter ended | |
| | | March 31, 2024 | March 31, 2023 |
| 32. | EARNINGS PER SHARE - BASIC AND DILUTED | | |
| | Profit for the period (Rupees in 000's) | <u>10,722,535</u> | <u>10,688,779</u> |
| | Weighted average number of ordinary shares (in 000's) | <u>2,127,513</u> | <u>2,127,513</u> |
| | Earnings per share - basic and diluted (Rupees) | <u>5.04</u> | <u>5.02</u> |

32.1 Diluted earnings per share has not been presented separately as the Bank does not have any convertible instruments in issue.

| | | (Un-audited) | |
|------------|---------------------------------------|------------------------------|---------------------------------------|
| | | Quarter ended | |
| | | March 31, 2024 | March 31, 2023 |
| | | ----- (Rupees in '000) ----- | |
| 33. | CASH AND CASH EQUIVALENTS | Note | |
| | Cash and balances with treasury banks | 6 | 407,595,369 254,592,196 |
| | Balances with other banks | 7 | 29,111,352 34,429,118 |
| | Call money lendings | 8 | 9,723 9,723 |
| | Call money borrowings | 17 | (19,861,821) (22,537,203) |
| | Overdrawn nostro | 17 | (571,868) - |
| | | | <u>416,282,755</u> <u>266,493,834</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, 2024 (Un-audited) | | | | Total |
|---|-----------------------------|--------------------|----------------------|----------|----------------------|
| | Carrying value | Level 1 | Level 2 | Level 3 | |
| ----- (Rupees in '000) ----- | | | | | |
| On balance sheet financial instruments | | | | | |
| Financial assets - measured at fair value | | | | | |
| Investments | | | | | |
| Federal Government Securities | | | | | |
| - Market Treasury Bills | 862,424,218 | - | 862,424,218 | - | 862,424,218 |
| - Pakistan Investment Bonds | 2,835,677,056 | - | 2,835,677,056 | - | 2,835,677,056 |
| - Ijarah Sukuks | 40,534,102 | - | 40,534,102 | - | 40,534,102 |
| - Foreign Currency Debt securities | 36,044,116 | - | 36,044,116 | - | 36,044,116 |
| Ordinary Shares | | | | | |
| - Listed Companies | 63,670,878 | 63,670,878 | - | - | 63,670,878 |
| Preference shares | | | | | |
| - Listed | 1,034,666 | 1,034,666 | - | - | 1,034,666 |
| Non-Government debt securities | | | | | |
| - Term Finance Certificates and Sukuk Bonds | 54,702,529 | 14,144,159 | 40,558,370 | - | 54,702,529 |
| Mutual Fund units | | | | | |
| | 6,208,820 | - | 6,208,820 | - | 6,208,820 |
| Foreign Securities | | | | | |
| - Government debt securities | 3,322,588 | - | 3,322,588 | - | 3,322,588 |
| - Equity Securities - Listed | 44,420,784 | 44,420,784 | - | - | 44,420,784 |
| | 3,949,698,004 | 123,270,487 | 3,824,769,270 | - | 3,948,039,757 |
| Financial assets - disclosed but not measured at fair value | | | | | |
| Investments | | | | | |
| Federal Government Securities | | | | | |
| - Pakistan Investment Bonds | 319,839,934 | - | 187,288,650 | - | 187,288,650 |
| - Ijarah Sukuks | 14,080,289 | - | 11,805,827 | - | 11,805,827 |
| - Foreign Currency Debt securities | 4,393,435 | - | 4,393,434 | - | 4,393,434 |
| Foreign Securities | | | | | |
| - Government debt securities | 40,750,764 | - | 43,559,260 | - | 43,559,260 |
| - Non-Government debt securities | 1,065 | - | 1,065 | - | 1,065 |
| | 379,065,487 | - | 247,048,236 | - | 247,048,236 |
| | 4,328,763,491 | 123,270,487 | 4,071,817,506 | - | 4,195,087,993 |
| Off-balance sheet financial instruments - measured at fair value | | | | | |
| Commitments | | | | | |
| Foreign exchange contracts purchase and sale | 851,887,859 | - | 2,481,578 | - | 2,481,578 |
| Forward government securities transactions | 27,118,665 | - | (215,199) | - | (215,199) |

December 31, 2023 (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 | | | | | |
| Federal Government Securities | | | | | |
| - Market Treasury Bills | 980,162,978 | - | 980,162,978 | - | 980,162,978 |
| - Pakistan Investment Bonds | 2,915,714,573 | - | 2,915,714,573 | - | 2,915,714,573 |
| - Ijarah Sukuks | 35,128,974 | - | 35,128,974 | - | 35,128,974 |
| - Foreign Currency Debt securities | 30,733,308 | - | 30,733,308 | - | 30,733,308 |
| Ordinary Shares | | | | | |
| - Listed Companies | 62,415,235 | 62,415,235 | - | - | 62,415,235 |
| Preference shares | | | | | |
| - Listed | 1,043,797 | 1,043,797 | - | - | 1,043,797 |
| Mutual Fund units | | | | | |
| | 3,905,304 | - | 3,905,304 | - | 3,905,304 |
| Non-Government debt securities | | | | | |
| - Term Finance Certificates and Sukuk Bonds | 47,634,990 | 14,437,490 | 33,197,500 | - | 47,634,990 |
| Foreign Securities | | | | | |
| - Government debt securities | 3,393,550 | - | 3,393,550 | - | 3,393,550 |
| - Equity Securities - Listed | 42,634,845 | 42,634,845 | - | - | 42,634,845 |
| | 4,122,767,553 | 120,531,367 | 4,002,236,187 | - | 4,122,767,553 |
| Financial assets - disclosed but not | | | | | |
| Investments | | | | | |
| Federal Government Securities | | | | | |
| - Market Treasury Bills | - | - | - | - | - |
| - Pakistan Investment Bonds | 213,116,482 | - | 193,881,462 | - | 193,881,462 |
| - Ijarah Sukuks | 14,087,500 | - | 12,419,631 | - | 12,419,631 |
| - Foreign Currency Debt securities | 4,288,988 | - | 4,243,611 | - | 4,243,611 |
| Foreign Securities | | | | | |
| - Government debt securities | 41,295,981 | - | 41,295,981 | - | 41,295,981 |
| - Non-Government debt securities | 1,083 | - | 1,083 | - | 1,083 |
| | 272,790,034 | - | 251,841,767 | - | 251,841,767 |
| | 4,395,557,587 | 120,531,367 | 4,254,077,954 | - | 4,374,609,321 |
| Off-balance sheet financial instruments - | | | | | |
| measured at fair value | | | | | |
| Foreign exchange contracts purchase | 655,935,358 | - | (6,676,880) | - | (6,676,880) |
| Forward government securities transactions | 27,318,929 | - | 3,357 | - | 3,357 |

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

| Item | Valuation approach and input used |
|---|--|
| Federal Government securities | The fair value of Federal Government securities is determined using the prices / rates available on Mutual Funds Association of Pakistan (MUFAP) / Reuter page. |
| Non-Government debt securities | The fair value of non-government debt securities is determined using the prices / rates from MUFAP / Pakistan Stock Exchange. |
| Mutual Fund units | The fair values of investments in mutual fund units are determined based on their net asset values as published on MUFAP. |
| Ordinary Shares | The fair value of Ordinary shares is determined using the prices from Pakistan Stock Exchange. |
| Foreign Securities | The fair value of foreign securities is determined using the prices from Reuter page. |
| Forward foreign exchange contracts and Forward Government securities transactions | The fair values of forward foreign exchange contracts and forward Government securities transactions are determined using forward pricing calculations. |
| Fixed assets and non-banking assets acquire 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 condensed interim 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, 2024 (Un-audited) | | | | Total |
|---|-----------------------------|---------|---------|-------------------|-------------------|
| | Carrying value | Level 1 | Level 2 | Level 3 | |
| | (Rupees in '000) | | | | |
| Land and building(fixed assets) | 52,058,399 | - | - | 52,058,399 | 52,058,399 |
| Non-banking assets acquired in satisfaction of claims | 3,968,647 | - | - | 3,968,647 | 3,968,647 |
| | 56,027,046 | - | - | 56,027,046 | 56,027,046 |

| | December 31, 2023 (Audited) | | | | Total |
|---|-----------------------------|---------|---------|-------------------|-------------------|
| | Carrying value | Level 1 | Level 2 | Level 3 | |
| | (Rupees in '000) | | | | |
| Land and building(fixed assets) | 51,981,445 | - | - | 51,981,445 | 51,981,445 |
| Non-banking assets acquired in satisfaction of claims | 3,973,126 | - | - | 3,973,126 | 3,973,126 |
| | 55,954,571 | - | - | 55,954,571 | 55,954,571 |

35. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

Three months ended March 31, 2024 (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)

Profit and loss account

| | | | | | | | | | |
|--|--------------|--------------|-----------|---------------|-----------|-------------|------------|---|------------|
| Net mark-up / return / interest income / (expense) | (90,200,934) | 9,243,938 | 251,229 | 105,644,993 | 3,056,778 | 984,336 | 28,980,340 | - | 28,980,340 |
| Inter segment revenue - net | 123,260,264 | (10,704,447) | 1,576,071 | (120,246,452) | - | 6,114,565 | 0 | - | 0 |
| Non mark-up / return / interest income | 4,183,351 | 126,492 | 1,558,709 | 7,249,888 | 214,454 | 155,168 | 13,488,062 | - | 13,488,062 |
| Total income | 37,242,681 | (1,334,018) | 3,386,009 | (7,351,571) | 3,271,231 | 7,254,069 | 42,468,402 | - | 42,468,402 |
| Segment direct expenses | 9,921,106 | 103,111 | 309,598 | 90,929 | 2,322,734 | 909,500 | 13,656,978 | - | 13,656,978 |
| Inter segment expense allocation | - | - | - | - | - | 8,317,685 | 8,317,685 | - | 8,317,685 |
| Total expenses | 9,921,106 | 103,111 | 309,598 | 90,929 | 2,322,734 | 9,227,186 | 21,974,663 | - | 21,974,663 |
| Credit loss allowance | 51,861 | 579,507 | 550,665 | - | (121,579) | (1,725,586) | (665,132) | - | (665,132) |
| Profit / (loss) before taxation | 27,269,715 | (2,016,636) | 2,525,746 | (7,442,500) | 1,070,076 | (247,531) | 21,158,869 | - | 21,158,869 |

As at March 31, 2024 (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)

Statement of financial position

| | | | | | | | | | |
|---|----------------------|--------------------|--------------------|----------------------|--------------------|--------------------|----------------------|------------------------|----------------------|
| Cash and balances with treasury and other banks | 95,877,840 | 5,990,189 | 260,724 | 231,419,359 | 93,388,984 | 9,769,625 | 436,706,721 | - | 436,706,721 |
| Investments | 0 | - | 29,536,237 | 4,154,994,743 | 84,512,188 | 67,288,673 | 4,336,331,841 | - | 4,336,331,841 |
| Net inter segment lending | 2,484,375,335 | - | - | - | - | 339,660,350 | 2,824,035,685 | (2,824,035,685) | - |
| Lendings to financial institutions | - | - | - | 58,022,466 | - | - | 58,022,466 | - | 58,022,466 |
| Advances - performing | 231,113,791 | 158,401,636 | 687,658,261 | - | 65,960,818 | 109,981,060 | 1,253,115,565 | - | 1,253,115,565 |
| Advances - non-performing | 5,135,970 | 27,205,583 | 24,344,915 | - | 63,766,100 | 102,550,142 | 223,002,710 | - | 223,002,710 |
| Credit allowance against Advances | (12,386,909) | (30,731,848) | (41,882,813) | - | (62,726,043) | (102,813,107) | (250,540,720) | - | (250,540,720) |
| Advances - Net | 223,862,851 | 154,875,371 | 670,120,363 | - | 67,000,875 | 109,718,095 | 1,225,577,555 | - | 1,225,577,555 |
| Others | 44,647,739 | 2,803,745 | 37,735,073 | 104,209,891 | 8,345,816 | 91,344,426 | 289,086,689 | - | 289,086,689 |
| Total assets | 2,848,763,765 | 163,669,305 | 737,652,397 | 4,548,646,459 | 253,247,863 | 617,781,168 | 9,169,760,957 | (2,824,035,685) | 6,345,725,272 |
| Borrowings | - | 4,359,614 | 67,991,206 | 2,108,008,662 | 19,581,821 | - | 2,199,941,303 | - | 2,199,941,303 |
| Deposits and other accounts | 2,734,541,736 | - | 461,746,902 | - | 111,735,197 | 116,245,522 | 3,424,269,357 | - | 3,424,269,357 |
| Net inter segment borrowing | - | 152,166,650 | 178,726,600 | 2,348,684,206 | 122,392,253 | 22,065,976 | 2,824,035,685 | (2,824,035,685) | - |
| Others | 114,218,085 | 7,143,041 | 29,136,456 | 40,922,927 | 4,263,437 | 140,864,848 | 336,548,794 | - | 336,548,794 |
| Total liabilities | 2,848,759,821 | 163,669,305 | 737,601,163 | 4,497,615,795 | 257,972,708 | 279,176,346 | 8,784,795,139 | (2,824,035,685) | 5,960,759,454 |
| Equity | 3,944 | - | 51,234 | 51,030,663 | (4,724,846) | 338,604,823 | 384,965,818 | - | 384,965,818 |
| Total equity and liabilities | 2,848,763,765 | 163,669,305 | 737,652,397 | 4,548,646,459 | 253,247,862 | 617,781,169 | 9,169,760,957 | (2,824,035,685) | 6,345,725,272 |
| Contingencies and commitments | - | 78,678,795 | 2,006,166,719 | 929,709,507 | 21,064,750 | 27,690,328 | 3,063,310,099 | - | 3,063,310,099 |

Three months ended March 31, 2023 (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)

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 | 2,248,869 | 32,522,994 | - | 32,522,994 |
| Inter segment revenue - net | 79,351,581 | (9,351,852) | (6,273,468) | (69,125,293) | - | 5,399,033 | 0.00 | - | 0 |
| Non mark-up / return / interest income | 3,526,399 | 88,993 | 877,456 | 2,691,183 | 339,218 | (23,633) | 7,499,616 | - | 7,499,616 |
| Total income | 29,208,240 | (1,229,807) | 2,212,869 | 1,234,536 | 972,503 | 7,624,269 | 40,022,611 | - | 40,022,610 |
| Segment direct expenses | 8,887,705 | 906,289 | 349,136 | 62,208 | 2,178,426 | 893,461 | 13,277,225 | - | 13,277,225 |
| Inter segment expense allocation | - | - | - | - | - | 7,884,256 | 7,884,256 | - | 7,884,256 |
| Total expenses | 8,887,705 | 906,289 | 349,136 | 62,208 | 2,178,426 | 8,777,718 | 21,161,481 | - | 21,161,481 |
| Credit loss allowance | (57,529) | 489,453 | 234,381 | 852,624 | (185,860) | (648,711) | 684,359 | - | 684,359 |
| Profit / (loss) before taxation | 20,378,064 | (2,625,549) | 1,629,352 | 319,704 | (1,020,063) | (504,738) | 18,176,770 | - | 18,176,770 |

As at December 31, 2023 (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)

Statement of financial position

| | | | | | | | | | |
|---|----------------------|--------------------|----------------------|----------------------|--------------------|--------------------|----------------------|------------------------|----------------------|
| Cash and balances with treasury and other banks | 25,780,334 | 2,327,011 | 309,620 | 253,026,662 | 45,582,613 | 10,291,381 | 337,317,621 | - | 337,317,621 |
| Investments | - | - | 29,881,757 | 4,238,437,789 | 79,712,923 | 55,331,574 | 4,403,364,043 | - | 4,403,364,043 |
| Net inter segment lending | 2,848,709,058 | - | - | - | - | 305,771,087 | 3,154,480,145 | (3,154,480,145) | - |
| Lendings to financial institutions | - | - | - | 192,430,437 | - | - | 192,430,437 | - | 192,430,437 |
| Advances - performing | 236,148,640 | 263,088,116 | 719,724,952 | - | 69,139,462 | 122,758,807 | 1,410,859,977 | - | 1,410,859,977 |
| Advances - non-performing | 4,151,922 | 24,855,686 | 25,215,003 | - | 64,791,844 | 101,811,261 | 220,825,716 | - | 220,825,716 |
| Credit allowance against Advance | (8,543,697) | (21,077,228) | (34,670,159) | - | (62,606,767) | (106,711,022) | (233,608,873) | - | (233,608,873) |
| Advances - net | 231,756,865 | 266,866,574 | 710,269,796 | - | 71,324,539 | 117,859,046 | 1,398,076,820 | - | 1,398,076,820 |
| Others | 45,196,987 | 4,100,249 | 37,794,142 | 117,135,121 | 8,304,683 | 108,987,335 | 321,518,517 | - | 321,518,517 |
| Total assets | 3,151,443,244 | 273,293,834 | 778,255,315 | 4,801,030,009 | 204,924,758 | 598,240,423 | 9,807,187,583 | (3,154,480,145) | 6,652,707,438 |
| Borrowings | - | 5,171,334 | 69,334,637 | 2,085,073,081 | 18,164,142 | - | 2,177,743,194 | - | 2,177,743,194 |
| Deposits and other accounts | 2,949,740,794 | - | 510,139,226 | - | 99,315,779 | 115,163,580 | 3,674,359,379 | - | 3,674,359,379 |
| Net inter segment borrowing | - | 249,921,195 | 169,394,086 | 2,620,973,252 | 90,971,376 | 23,220,236 | 3,154,480,145 | (3,154,480,145) | - |
| Others | 201,702,450 | 18,201,305 | 29,358,657 | 51,337,805 | 6,639,026 | 110,610,029 | 417,849,272 | - | 417,849,272 |
| Total liabilities | 3,151,443,244 | 273,293,834 | 778,226,606 | 4,757,384,138 | 215,090,323 | 248,993,845 | 9,424,431,990 | (3,154,480,145) | 6,269,951,845 |
| Equity | - | - | 28,709 | 43,645,871 | (10,165,565) | 349,246,578 | 382,755,593 | - | 382,755,593 |
| Total equity and liabilities | 3,151,443,244 | 273,293,834 | 778,255,315 | 4,801,030,009 | 204,924,758 | 598,240,423 | 9,807,187,583 | (3,154,480,145) | 6,652,707,438 |
| Contingencies and commitments | - | 90,350,773 | 1,864,882,509 | 727,686,842 | 25,102,178 | 27,778,266 | 2,777,466,247 | - | 2,735,800,568 |

36. 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 person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these unconsolidated condensed interim financial statements are as follows:

| | As at March 31, 2024 (Un-audited) | | | | | | | | | As at December 31, 2023 (Audited) | | | | | | | | |
|--|-----------------------------------|--------------------------|--------------|------------|---------------|------------------------|----------------------------|----------------|-----------------------|-----------------------------------|--------------------------|--------------|------------|---------------|------------------------|----------------------------|----------------|-----------------------|
| | Directors | Key management personnel | Subsidiaries | Associates | Joint venture | Pension Fund (Current) | Pension Fund (N.I.D.A A/c) | Provident Fund | Other related parties | Directors | Key management personnel | Subsidiaries | Associates | Joint venture | Pension Fund (Current) | Pension Fund (N.I.D.A A/c) | Provident Fund | Other related parties |
| (Rupees in '000) | | | | | | | | | | | | | | | | | | |
| Balances with other banks | | | | | | | | | | | | | | | | | | |
| In current accounts | - | - | - | - | 281,021 | - | - | - | - | - | - | - | - | 425,938 | - | - | - | - |
| | - | - | - | - | 281,021 | - | - | - | - | - | - | - | - | 425,938 | - | - | - | - |
| Investments | | | | | | | | | | | | | | | | | | |
| Opening balance | - | - | - | - | - | - | - | - | 7,283,610 | - | - | - | - | - | - | - | - | 6,512,634 |
| Investment made during the period / year | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 2,362,533 |
| Investment redeemed / disposed off during the period / year | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (441,021) |
| Transfer in / (out) - net | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (1,150,536) |
| Closing balance | - | - | - | - | - | - | - | - | 7,283,610 | - | - | - | - | - | - | - | - | 7,283,610 |
| Credit loss allowance for diminution in value of investments | - | - | - | - | - | - | - | - | 164,975 | - | - | - | - | - | - | - | - | 164,975 |
| Advances | | | | | | | | | | | | | | | | | | |
| Opening balance | - | 265,788 | 317,063 | 2,540,453 | - | - | - | - | - | - | 339,734 | 227,063 | 2,665,220 | - | - | - | - | 2,085,795 |
| Addition during the period / year | - | - | - | - | - | - | - | - | - | - | 24,777 | 764,000 | - | - | - | - | - | - |
| Repaid during the period / year | - | (13,062) | (85,000) | - | - | - | - | - | - | - | (58,217) | (674,000) | (124,767) | - | - | - | - | (520,649) |
| Transfer in / (out) - net* | - | - | - | (19,883) | - | - | - | - | - | - | (40,506) | - | - | - | - | - | - | (1,565,146) |
| Closing balance | - | 252,726 | 232,063 | 2,520,570 | - | - | - | - | - | - | 265,788 | 317,063 | 2,540,453 | - | - | - | - | - |
| Credit loss allowance held against advances | - | - | 217,063 | 2,520,570 | - | - | - | - | - | - | - | 217,063 | 2,540,453 | - | - | - | - | - |
| Other Assets | | | | | | | | | | | | | | | | | | |
| Interest / mark-up accrued | - | - | 145,248 | 1,313,344 | - | - | - | - | - | - | - | 135,050 | 1,313,344 | - | - | - | - | - |
| Commission paid in Advance | - | - | - | - | 27,206 | - | - | - | - | - | - | - | - | 35,846 | - | - | - | - |
| Rent receivable | - | - | 73,280 | - | - | - | - | - | - | - | - | 73,280 | - | - | - | - | - | - |
| | - | - | 218,528 | 1,313,344 | 27,206 | - | - | - | - | - | - | 208,330 | 1,313,344 | 35,846 | - | - | - | - |
| Credit loss allowance against other assets | - | - | 73,280 | - | - | - | - | - | - | - | - | 73,280 | - | - | - | - | - | - |
| Borrowings | | | | | | | | | | | | | | | | | | |
| Opening balance | - | - | - | - | 546,209 | - | - | - | - | - | - | - | - | 52,245 | - | - | - | - |
| Borrowings during the period / year | - | - | - | - | 55,044 | - | - | - | - | - | - | - | - | 493,964 | - | - | - | - |
| Settled during the period / year | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Closing balance | - | - | - | - | 601,253 | - | - | - | - | - | - | - | - | 546,209 | - | - | - | - |
| Deposits and other accounts | | | | | | | | | | | | | | | | | | |
| Opening balance | 3,630 | 72,801 | 1,249,465 | 145,790 | 371 | 100 | 378,978 | 13,563,087 | 9,245,132 | - | 98,488 | 911,103 | 3,000 | - | 27,222 | 257,252 | 13,263,170 | 515,559 |
| Received during the period / year | 3,414 | 203,547 | 34,652 | - | - | 13,672,597 | 1,455,060 | 928,016 | 35,709,381 | 11,733 | 991,165 | 455,593 | 145,790 | - | 62,751,350 | 3,883,069 | 5,389,545 | 123,529,442 |
| Withdrawn during the period / year | (5,839) | (198,524) | (92,332) | (111,969) | - | (13,573,282) | (1,567,052) | (1,065,109) | (37,285,094) | (8,103) | (996,174) | (117,231) | (3,000) | (1,450) | (62,778,472) | (3,761,343) | (5,069,628) | (118,318,327) |
| Transfer in / (out) - net* | - | 2,408 | - | - | - | - | - | - | (64,494) | - | (20,678) | - | - | 1,821 | - | - | - | 3,518,458 |
| Closing balance | 1,206 | 80,232 | 1,191,785 | 33,821 | 371 | 99,415 | 266,986 | 13,425,992 | 7,604,925 | 3,630 | 72,801 | 1,249,465 | 145,790 | 371 | 100 | 378,978 | 13,563,087 | 9,245,132 |
| Other Liabilities | | | | | | | | | | | | | | | | | | |
| Interest / mark-up payable | - | - | 63,680 | 955 | - | - | - | - | - | - | - | 86,088 | 5,892 | - | - | - | - | - |
| Other liabilities | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other payables to subsidiaries | - | - | 1,603 | - | - | - | - | - | - | - | - | 5,067 | - | - | - | - | - | - |
| | - | - | 65,283 | 955 | - | - | - | - | - | - | - | 91,155 | 5,892 | - | - | - | - | - |
| Contingencies and commitments | | | | | | | | | | | | | | | | | | |

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

For the three month ended March 31, 2024 (Un-audited)

For the three month ended March 31, 2023 (Un-audited)

| 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 |
|-----------|--------------------------|--------------|------------|---------------|--------------|----------------|--------|-----------|--------------------------|--------------|------------|---------------|--------------|----------------|--------|
|-----------|--------------------------|--------------|------------|---------------|--------------|----------------|--------|-----------|--------------------------|--------------|------------|---------------|--------------|----------------|--------|

(Rupees in '000)

Income

| | | | | | | | | | | | | | | | | |
|---|---|---|-------|-------|---|---|---|--------|---|---|-------|-------|-------|---|---|---------|
| Mark-up / return / interest earned | - | - | 697 | - | - | - | - | 99,426 | - | - | 12 | - | 2,637 | - | - | 107,209 |
| Dividend income | - | - | - | - | - | - | - | 29,700 | - | - | - | - | - | - | - | - |
| Rent income / lighting and power and bank charges | - | - | 4,641 | 1,816 | - | - | - | 5,257 | - | - | 4,305 | 1,361 | - | - | - | - |

Expense

| | | | | | | | | | | | | | | | | |
|---|--------|---------|--------|--------|-------|--------|---------|---------|--------|---------|--------|----|-------|--------|---|--------|
| Mark-up / return / interest paid | 407 | 3,723 | 64,098 | 50,307 | 7,564 | 38,382 | 506,887 | 271,220 | - | 4,572 | 12,110 | 98 | 7,739 | 13,833 | - | 14,116 |
| Expenses paid to company in which Directors of the bank is interested as CEO and director | - | - | - | - | - | - | - | 484,697 | - | - | - | - | - | - | - | 8,061 |
| Remuneration to key management executives including charge for defined benefit plan | - | 165,131 | - | - | - | - | - | - | - | 264,049 | - | - | - | - | - | - |
| Donation paid to company in which Directors of the bank is interested as director | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Commission paid to subsidiaries | - | - | 4,040 | - | - | - | - | - | - | - | 1,748 | - | - | - | - | - |
| Directors fee & other allowances | 25,064 | - | - | - | - | - | - | - | 11,023 | - | - | - | - | - | - | - |
| Post Retirement Benefit paid to Director cum Ex-employee | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

36.1 Transactions with Government-related entities

The 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. 2,031 million (March 31, 2023: Rs. 2,053 million) for the three months ended March 31, 2024. As at the Statement of Financial Position date the loans and advances, deposits and contingencies relating to Government-related entities amounted to Rs.486,001 million (December 31, 2023: Rs. 602,707 million), Rs.1,473,240 million (December 31, 2023: Rs. 1,622,331 million) and Rs. 1,811,459 million (December 31, 2023: Rs.1,780,517 million) respectively and income earned on advances and profit paid on deposits amounted to Rs. 19,429 million (March 31, 2023: Rs. 40,225 million) and Rs.46,010 million (March 31, 2023 Rs. 35,433 million) respectively.

37. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

| | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|---|-----------------------------------|-----------------------------------|
| | ----- (Rupees in '000) ----- | |
| Minimum Capital Requirement | | |
| Paid-up capital (net of losses) | <u>21,275,131</u> | <u>21,275,131</u> |
| Capital Adequacy Ratio | | |
| Eligible Common Equity Tier 1 (CET 1) Capital | <u>300,826,857</u> | 283,307,166 |
| Eligible Additional Tier 1 (ADT 1) Capital | - | - |
| Total Eligible Tier 1 Capital | <u>300,826,857</u> | 283,307,166 |
| Eligible Tier 2 Capital | <u>98,331,119</u> | 93,397,166 |
| Total Eligible Capital (Tier 1 + Tier 2) | <u>399,157,975</u> | <u>376,704,332</u> |
| Risk Weighted Assets (RWAs): | | |
| Credit Risk | <u>1,158,943,479</u> | 1,053,109,530 |
| Market Risk | <u>157,410,032</u> | 121,288,939 |
| Operational Risk | <u>304,450,738</u> | 304,450,738 |
| Total | <u>1,620,804,249</u> | <u>1,478,849,206</u> |
| Common Equity Tier 1 Capital Adequacy ratio | <u>18.56%</u> | 19.16% |
| Tier 1 Capital Adequacy Ratio | <u>18.56%</u> | 19.16% |
| Total Capital Adequacy Ratio | <u>24.63%</u> | 25.47% |
| Leverage Ratio (LR): | | |
| Eligible Tier-1 Capital | <u>300,826,857</u> | 283,307,166 |
| Total Exposures | <u>8,607,987,236</u> | 9,074,435,344 |
| Leverage Ratio | <u>3.49%</u> | 3.12% |
| Liquidity Coverage Ratio (LCR): | | |
| Total High Quality Liquid Assets | <u>2,120,407,969</u> | 1,618,093,446 |
| Total Net Cash Outflow | <u>1,094,385,970</u> | 918,191,522 |
| Liquidity Coverage Ratio | <u>194%</u> | 176% |
| Net Stable Funding Ratio (NSFR): | | |
| Total Available Stable Funding | <u>3,188,101,628</u> | 3,357,537,770 |
| Total Required Stable Funding | <u>1,158,762,631</u> | 1,298,306,326 |
| Net Stable Funding Ratio | <u>275%</u> | 259% |

38. ISLAMIC BANKING BUSINESS

The bank is operating 188 (December 31, 2023: 188) Islamic banking branches and 152 (December 31, 2023: 150) Islamic banking windows at March 31, 2024.

The statement of financial position of the Bank's Islamic banking branches as at March 31, 2024 is as follows:

| | | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|--|------|-----------------------------------|-----------------------------------|
| | Note | ----- (Rupees in '000) ----- | |
| ASSETS | | | |
| Cash and balances with treasury banks | | 9,728,516 | 10,248,305 |
| Balances with other banks | | 41,109 | 43,076 |
| Investments | 38.1 | 62,081,670 | 51,544,718 |
| Islamic financing and related assets - net | 38.2 | 60,253,366 | 73,125,189 |
| Fixed assets | | 71,851 | 70,902 |
| Right of use assets | | 671,678 | 640,166 |
| Other assets | | 6,219,070 | 4,488,184 |
| Total Assets | | 139,067,260 | 140,160,540 |
| LIABILITIES | | | |
| Bills payable | | 268,534 | 477,959 |
| Deposits and other accounts | 38.4 | 112,934,865 | 113,801,806 |
| Due to head office | | 13,975,497 | 12,960,028 |
| Lease liability against right of use assets | | 852,014 | 811,291 |
| Other liabilities | | 2,199,748 | 2,249,195 |
| | | 130,230,658 | 130,300,279 |
| NET ASSETS | | 8,836,602 | 9,860,261 |
| REPRESENTED BY | | | |
| Islamic Banking Fund | | 8,531,000 | 6,731,000 |
| Surplus on revaluation of assets | | (429,533) | (400,216) |
| Unappropriated / unremitted profit | 38.5 | 735,135 | 3,529,477 |
| | | 8,836,602 | 9,860,261 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 38.6 | | |
| The profit and loss account of the Bank's Islamic banking operations for the three months period ended March 31, 2024 is as follows: | | | |
| | | (Un-audited) Quarter ended | |
| | | March 31, 2024 | March 31, 2023 |
| | Note | ----- (Rupees in '000) ----- | |
| Profit / return earned | 38.7 | 5,665,996 | 3,813,044 |
| Profit / return expensed | 38.8 | 3,750,712 | 2,580,916 |
| Net profit / return | | 1,915,284 | 1,232,128 |
| Other income | | | |
| Fee and commission income | | 84,991 | 56,861 |
| Foreign exchange income | | 45,613 | 9,144 |
| Other income | | 1,545 | 5 |
| Total other income | | 132,149 | 66,010 |
| Total income | | 2,047,433 | 1,298,138 |
| Other expenses | | | |
| Operating expenses | | 820,438 | 787,924 |
| Other charges | | - | 120 |
| | | 820,438 | 788,044 |
| Profit before credit loss allowance | | 1,226,995 | 510,094 |
| Credit loss allowance and write offs - net | | 87,338 | (14,428) |
| Profit before taxation | | 1,139,657 | 524,522 |
| Taxation | | - | - |
| Profit after taxation | | 1,139,657 | 524,522 |

| 38.1 Investments by segments: | March 31, 2024 (Un-audited) | | | | December 31, 2023 (Audited) | | | |
|---|------------------------------|--------------------------------------|---------------------|-------------------|-----------------------------|--------------------------------------|---------------------|-------------------|
| | Cost / amortized cost | Credit loss allowance for diminution | Surplus / (deficit) | Carrying value | Cost / amortized cost | Credit loss allowance for diminution | Surplus / (deficit) | Carrying value |
| | ----- (Rupees in '000) ----- | | | | | | | |
| - Debt Instruments | | | | | | | | |
| Classified / Measured at amortised cost | | | | | | | | |
| Federal Government securities | | | | | | | | |
| - Ijarah Sukuks | 14,080,289 | - | - | 14,080,289 | 14,087,500 | - | - | 14,087,500 |
| Non Government debt securities | 130,807 | (130,807) | - | - | 130,807 | (130,807) | - | - |
| | 14,211,096 | (130,807) | - | 14,080,289 | 14,218,307 | (130,807) | - | 14,087,500 |
| Classified / Measured at FVOCI | | | | | | | | |
| Federal Government securities | | | | | | | | |
| -Ijarah Sukuks | 31,307,762 | - | (773,649) | 30,534,113 | 20,513,568 | - | (726,606) | 19,786,962 |
| Non Government debt securities | 17,208,152 | (85,000) | 344,116 | 17,467,268 | 17,343,866 | - | 326,390 | 17,670,256 |
| | 48,515,914 | (85,000) | (429,533) | 48,001,381 | 37,857,434 | - | (400,216) | 37,457,218 |
| Total Investments | 62,727,010 | (215,807) | (429,533) | 62,081,670 | 52,075,741 | (130,807) | (400,216) | 51,544,718 |

| 38.1.1 Particlurs of credit loss allowance | March 31, 2024 (Un-audited) | | | | December 31, 2023 (Audited) | | | |
|--|------------------------------|---------|---------|---------|-----------------------------|---------|---------|---------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| | ----- (Rupees in '000) ----- | | | | | | | |
| Non Government debt securities | | | 215,807 | 215,807 | | | 130,807 | 130,807 |

| | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|--|-----------------------------------|-----------------------------------|
| | ----- (Rupees in '000) ----- | |

38.2 Islamic financing and related assets - net

| | | |
|---|--------------------|--------------------|
| Ijarah | 13,674 | 13,749 |
| Murabaha | 907,299 | 3,291,932 |
| Running Musharaka | 18,400,000 | 30,500,000 |
| Diminishing Musharaka | 17,883,384 | 19,357,928 |
| Istisna | 199,760 | 705,500 |
| Other Islamic Modes (Wakala tul Istismar) | 8,500,000 | 8,500,000 |
| Advance for Murabaha | 29,000 | - |
| Advance for Diminishing Musharaka | 385,437 | 113,086 |
| Advance for Istisna | 14,191,508 | 8,850,972 |
| Inventories against Istisna | 1,651,483 | 3,342,628 |
| Gross Islamic financing and related assets | 62,161,545 | 74,675,795 |
| Less: Credit loss allowance against Islamic financings | | |
| Stage 1 | (621,470) | |
| Stage 2 | (221,253) | |
| Stage 3 | (1,065,456) | |
| - Specific | | (913,875) |
| - General | | (636,731) |
| Islamic financing and related assets - net of provision | (1,908,179) | (1,550,606) |
| | 60,253,366 | 73,125,189 |

38.3 Ijarah

| March 31, 2024 (Un-audited) | | | | | | |
|-----------------------------|-------------------------------------|--------------------|--------------------|---------------------------------|--------------------|-------------------------------|
| Cost | | | Depreciation | | | Book Value as at Mar 31, 2024 |
| As at Jan 01, 2024 | Additions / (deletions/ adjustment) | As at Mar 31, 2024 | As at Jan 01, 2024 | Charge/ Adjustment for the year | As at Mar 31, 2024 | |
| -----Rupees in 000 -----' | | | | | | |
| Plant & Machinery | 59,828 | (75) | 59,753 | 47,449 | - | 12,304 |
| Vehicles | 6,000 | - | 6,000 | 4,630 | - | 1,370 |
| Equipment | - | - | - | - | - | - |
| Total | 65,828 | (75) | 65,753 | 52,079 | - | 13,674 |

| December 31, 2023 (Audited) | | | | | | |
|-----------------------------|-------------------------------------|--------------------|--------------------------|---------------------------------|--------------------|-------------------------------|
| Cost | | | Accumulated Depreciation | | | Book Value as at Dec 31, 2023 |
| As at Jan 01, 2023 | Additions / (deletions/ adjustment) | As at Dec 31, 2023 | As at Jan 01, 2023 | Charge/ Adjustment for the year | As at Dec 31, 2023 | |
| -----Rupees in 000 -----' | | | | | | |
| Plant & Machinery | 63,474 | (3,646) | 59,828 | 50,820 | (3,371) | 12,379 |
| Vehicles | 168,680 | - | 6,000 | 143,126 | 1,065 | 1,370 |
| | - | (162,680) | - | - | (139,561) | - |
| Total | 232,154 | (166,326) | 65,828 | 193,946 | 1,065 | 13,749 |

Future Ijarah payments receivable

| March 31, 2024 (Un-audited) | | | | December 31, 2023 (Audited) | | | |
|-----------------------------|---------------------------------------|-----------------|-------|-----------------------------|---------------------------------------|-----------------|-------|
| Not later than 1 year | Later than 1 year & less than 5 years | Over Five years | Total | Not later than 1 year | Later than 1 year & less than 5 years | Over Five years | Total |
| Ijarah rental receivables | 1,460 | - | 1,460 | 1,460 | - | - | 1,460 |

38.4 Deposits

| March 31, 2024 (Un-audited) | | | December 31, 2023 (Audited) | | |
|-------------------------------|-----------------------|----------------|-----------------------------|-----------------------|----------------|
| In Local Currency | In Foreign currencies | Total | In Local Currency | In Foreign currencies | Total |
| -----Rupees in 000 -----' | | | | | |
| Customers | | | | | |
| Current deposits | 20,778,221 | 181,066 | 20,959,287 | 22,342,688 | 185,921 |
| Savings deposits | 51,676,000 | - | 51,676,000 | 56,721,533 | - |
| Term deposits | 16,338,324 | - | 16,338,324 | 16,261,024 | - |
| Others | 1,439,024 | - | 1,439,024 | 810,992 | - |
| Financial Institutions | 90,231,569 | 181,066 | 90,412,635 | 96,136,237 | 185,921 |
| Current deposits | | | | | |
| Savings deposits | 1,219,055 | - | 1,219,055 | 1,879,123 | - |
| Term deposits | 20,745,062 | - | 20,745,062 | 15,071,912 | - |
| | 558,113 | - | 558,113 | 528,613 | - |
| Total | 22,522,230 | - | 22,522,230 | 17,479,648 | - |
| Total | 112,753,799 | 181,066 | 112,934,865 | 113,615,885 | 185,921 |

| | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|--|-----------------------------------|-----------------------------------|
| 38.5 Unappropriated / unremitted profit | ----- (Rupees in '000) ----- | |
| Opening balance | 3,529,477 | 2,297,141 |
| Less: Impact of adoption of IFRS 9 | (404,522) | |
| Add: Islamic banking profit for the period | 1,139,657 | 3,529,477 |
| Less: Taxation | - | |
| Less: Reserves | - | |
| Less: Transferred / remitted to head office | (3,529,477) | (2,297,141) |
| Closing balance | <u>735,135</u> | <u>3,529,477</u> |

| | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|---|-----------------------------------|-----------------------------------|
| 38.6 CONTINGENCIES AND COMMITMENTS | ----- (Rupees in '000) ----- | |
| -Guarantees | - | - |
| -Commitments | - | - |
| -Other contingent liabilities | - | - |
| | <u>-</u> | <u>-</u> |

(Un-audited)
Quarter ended
March 31, 2024 March 31, 2023
----- (Rupees in '000) -----

| | (Un-audited) March 31, 2024 | (Audited) March 31, 2023 |
|--|--------------------------------|-----------------------------|
| 38.7 Profit / Return Earned of Financing, Investments and Placement | ----- (Rupees in '000) ----- | |
| Profit earned on: | | |
| Financing | 3,202,371 | 1,833,712 |
| Investments | 2,463,206 | 1,979,056 |
| Placements | 419 | 276 |
| Others (Bai Muajjal) | - | - |
| | <u>5,665,996</u> | <u>3,813,044</u> |

| | | |
|--|------------------|------------------|
| 38.8 Profit on Deposits and other Dues Expensed | | |
| Deposits and other accounts | 3,032,058 | 1,735,736 |
| Amortisation of lease liability against - ROUA | 30,383 | 16,845 |
| Others (General Account) | 688,271 | 828,335 |
| | <u>3,750,712</u> | <u>2,580,916</u> |

38.9 Pool Management

NBP-AIBG has managed following pools for profit and loss distribution.

a) General depositor pool

The General pool consists of all other remunerative deposits. NBP Aitemaad (the Mudarib) accept deposits on the basis of Mudaraba from depositors (Rabbulmaal). The net return on the pool is arrived at after deduction of direct costs from the gross return earned on the pool. The entire net return after paying equity share to Mudarib is considered as distributable profit of the pool.

b) Special depositor pools (Total 52 during the period and 46 as at Mar 31, 2024)

Special pool(s) are created where the customers desire to invest in high yield assets. These pool(s) rates are higher than the general pool depending on the assets. In case of loss in special pool, the loss will be borne by the special pool members. The net return on the pool is arrived at after deduction of direct costs from the gross return earned on the pool. From the net return, and after allocation of share of profit to commingled equity, profit is paid to the Mudarib in the ratio of the Mudarib's equity in the pool to the total pool. The balance represents the distributable profit.

c) Equity pool

Equity pools include AIBG's fund and current account deposits. The equity pool may have constructive liquidation every month and risk associated with assets of pool includes operational, market, equity, return and Shariah.

Key features and risk & reward characteristics

Deposits are accepted from customers on the basis of Qard (current accounts) and Mudarabah (Saving and term deposits). No profit or loss is passed on to current account depositors.

For deposits accepted on Mudarabah basis from depositors (Rab ul Maal) the Bank acts as Manager (Mudarib) and invests the funds in the Shariah Compliant modes of financings. Rab ul Maal share is distributed among depositors according to weightages declared for a month before start of the period.

In case of loss in a pool during the profit calculation period, the loss is distributed among the depositors (remunerative) according to their ratio of investment.

For all pools, the Mudarib's share is deducted from the distributable profit to calculate the profit to be allocated to depositors. The allocation of the profit to various deposit categories is determined by the amount invested in that category relative to the total pool, as well as by the weightage assigned to the various deposit categories.

The assets, liabilities, equities, income and expenses are segregated for each of the pool. No pool investment is intermingled with each other. The risk associated with each pool is thus equally distributed among the pools.

Avenues/sectors of economy/business where Mudaraba based deposits have been deployed.

| Sector | Mar 31,2024 | Dec 31,2023 |
|----------------------|---------------|---------------|
| | Percentage | |
| Fertilizer | 0.64% | 0.00% |
| Textile | 2.53% | 3.34% |
| Fuel & energy | 24.56% | 24.72% |
| Leasing/Mudarbas | 0.02% | 0.02% |
| Sugar | 8.03% | 6.12% |
| Cement | 4.18% | 3.81% |
| Gas | 0.13% | 0.15% |
| Financial | 1.59% | 1.57% |
| Federal Government | 36.33% | 27.29% |
| Real Estate | 2.61% | 2.45% |
| Agriculture | 0.23% | 0.24% |
| Commodity Operations | 12.01% | 23.66% |
| Others | 7.13% | 6.62% |
| Total | 100.0% | 100.0% |

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 26 April 2024 by the Board of Directors of the Bank.



Chairman President / CEO Chief Financial Officer Director Director

**Consolidated Condensed Interim Financial Statements (Un-audited)
For the three months period ended March 31, 2024**

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, 2024.

Consolidated after-tax profit for the three months period ended March 31, 2024 amounted to PKR 9.82 Bn, being 13% lower than PKR 11.29 Bn for the same period last year. During the quarter, the subsidiary companies contributed PKR 0.295 Bn (March 31, 2023: PKR 0.377 Bn) in Group profitability, whereas the associates contributed share of profit of PKR 0.038 Bn (March 31, 2023: Share of loss PKR 0.009 Bn). A share of profit of PKR 0.158 Bn (March 31, 2023: PKR 0.286 Bn) was however recorded on account of UNBL, a UK based Joint Venture in which NBP has 45% shareholding. Accordingly, consolidated EPS declined to PKR 4.56 for the three months period ended March 31, 2024 as compared to PKR 5.29 for the same period last year.

As of March 31 2024, consolidated assets of the Bank amounted to PKR 6,360.8 Bn being PKR 308.1 Bn or 4.6% lower than PKR 6,668.9 Bn of December 31, 2023.

Profit for the three months period ended March 31, 2024 after carry forward of accumulated profit of 2023 is proposed to be appropriated as follows:

| | (PKR 'Mn) |
|--|-------------------------|
| After-tax consolidated profit for the three months period ended March 31, 2024 | 9,818.3 |
| Unappropriated profit brought forward | 225,693.4 |
| Impact due to adoption of IFRS – 9, net of tax | (3,643.2) |
| Other comprehensive income - net of tax | (318.5) |
| Non-controlling interest | (109.9) |
| Transfer from surplus on revaluation of fixed assets – net of tax | 43.2 |
| | <u>221,665.0</u> |
| Profit available for appropriations | <u>231,483.3</u> |
| Appropriation: | |
| Transfer to statutory reserve | (970.8) |
| Unappropriated profit carried forward | <u><u>230,512.4</u></u> |

For and on behalf of the Board of Directors

Rehmat Ali Hasnie
President & CEO

Director

Karachi
Date: April 26, 2024

NATIONAL BANK OF PAKISTAN
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT March 31, 2024

(Un-audited) (Audited)
March 31, **December 31,**
2024 **2023**
Note ----- (Rupees in '000) -----

ASSETS

| | | | |
|---------------------------------------|----|----------------------|---------------|
| Cash and balances with treasury banks | 6 | 407,851,774 | 295,455,482 |
| Balances with other banks | 7 | 30,001,453 | 43,004,568 |
| Lendings to financial institutions | 8 | 58,022,466 | 192,430,437 |
| Investments | 9 | 4,346,498,622 | 4,414,174,305 |
| Advances | 10 | 1,225,620,197 | 1,398,072,669 |
| Fixed assets | 11 | 57,415,179 | 57,477,067 |
| Intangible assets | 12 | 2,159,419 | 2,186,294 |
| Right of use assets | 13 | 7,058,841 | 7,335,901 |
| Deferred tax asset | 14 | 6,694,859 | - |
| Other assets | 15 | 219,458,436 | 258,737,303 |
| | | 6,360,781,246 | 6,668,874,025 |

LIABILITIES

| | | | |
|---|----|----------------------|---------------|
| Bills payable | 16 | 11,881,937 | 68,000,448 |
| Borrowings | 17 | 2,199,941,303 | 2,177,743,194 |
| Deposits and other accounts | 18 | 3,423,077,572 | 3,673,109,914 |
| Liabilities against assets subject to finance lease | 19 | 195,542 | 208,268 |
| Lease liability against right of use assets | 20 | 8,485,915 | 8,682,731 |
| Subordinated debt | | - | - |
| Deferred tax liabilities | | - | 842,568 |
| Other liabilities | 21 | 318,358,361 | 342,872,862 |
| | | 5,961,940,630 | 6,271,459,985 |
| | | 398,840,615 | 397,414,040 |

NET ASSETS

REPRESENTED BY

| | | | |
|---|----|--------------------|-------------|
| Share capital | | 21,275,131 | 21,275,131 |
| Reserves | | 84,979,977 | 85,078,819 |
| Surplus on revaluation of assets | 22 | 60,828,882 | 64,232,416 |
| Unappropriated profit | | 230,512,441 | 225,693,440 |
| Total Equity attributable to the equity holders of the Bank | | 397,596,431 | 396,279,806 |
| Non-controlling interest | | 1,244,185 | 1,134,234 |
| | | 398,840,615 | 397,414,040 |

CONTINGENCIES AND COMMITMENTS

23

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

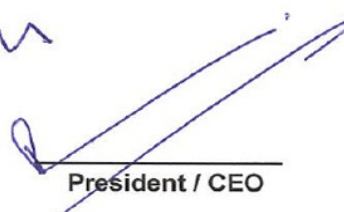
| | | | | |
|---|---|---|--|--|
|  _____ Chairman |  _____ President / CEO |  _____ Chief Financial Officer |  _____ Director |  _____ Director |
|---|---|---|--|--|

**NATIONAL BANK OF PAKISTAN
CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024**

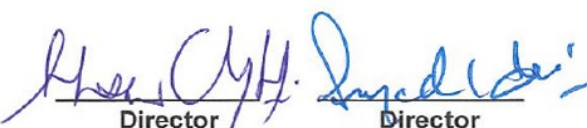
| | Note | Quarter ended | |
|--|------|-------------------|-------------------|
| | | March 31, 2024 | March 31, 2023 |
| (Rupees in '000) | | | |
| Mark-up / return / interest earned | 24 | 275,082,071 | 192,498,578 |
| Mark-up / return / interest expensed | 25 | 245,954,549 | 159,873,980 |
| Net mark-up / return / interest income | | <u>29,127,522</u> | <u>32,624,598</u> |
| NON MARK-UP / INTEREST INCOME | | | |
| Fee and commission income | 26 | 6,280,035 | 4,955,946 |
| Dividend income | | 1,765,477 | 1,020,697 |
| Foreign exchange income | | 1,771,214 | 1,352,117 |
| Income / (loss) from derivatives | | - | - |
| Gain on securities - net | 27 | 4,424,218 | 369,299 |
| Net gains/(loss) on derecognition of financial assets measured at amortised cost | | - | - |
| Share of profit from joint venture - net of tax | | 158,211 | 286,488 |
| Share of profit / (loss) from associates - net of tax | | 37,504 | (9,387) |
| Other income | 28 | 70,632 | 605,397 |
| Total non-mark-up / interest income | | <u>14,507,291</u> | <u>8,580,557</u> |
| Total income | | <u>43,634,813</u> | <u>41,205,155</u> |
| NON MARK-UP / INTEREST EXPENSES | | | |
| Operating expenses | 29 | 22,469,860 | 21,540,213 |
| Other charges | 30 | 10,891 | 15,699 |
| Total non-markup / interest expenses | | <u>22,480,751</u> | <u>21,555,912</u> |
| Profit / (Loss) before credit loss allowance | | <u>21,154,062</u> | <u>19,649,243</u> |
| Credit loss allowance and write offs - net | 31 | 727,490 | 734,186 |
| PROFIT BEFORE TAXATION | | <u>20,426,572</u> | <u>18,915,057</u> |
| Taxation | 32 | 10,608,281 | 7,621,745 |
| PROFIT AFTER TAXATION | | <u>9,818,291</u> | <u>11,293,312</u> |
| Attributable to: | | | |
| Equity holders of the Bank | | 9,708,340 | 11,249,266 |
| Non-controlling interest | | 109,951 | 44,046 |
| | | <u>9,818,291</u> | <u>11,293,312</u> |
| (Rupees) | | | |
| Earnings per share - basic and diluted | 33 | <u>4.56</u> | <u>5.29</u> |


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


Chairman


President / CEO


Chief Financial Officer


Director


Director

**NATIONAL BANK OF PAKISTAN
CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024**

| Quarter ended | |
|------------------------------|---------------------------|
| March 31, 2024 | March 31, 2023 |
| ----- (Rupees in '000) ----- | |

Profit after taxation for the period 9,818,291 11,293,312

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 | (1,069,676) | 11,488,374 |
| Movement in surplus / (deficit) on revaluation of debt investments through FVOCI - net of | 1,500,110 | (15,305,949) |
| | 430,434 | (3,817,575) |

**Items that will not be reclassified to profit and
loss account in subsequent periods:**

| | | |
|---|--------------------|------------------|
| Remeasurement gain / (loss) on defined benefit obligations - net of tax | (318,522) | (288,000) |
| Movement in surplus / (deficit) on revaluation of equity investments - net of tax | (3,200,148) | |
| Movement in surplus on revaluation of fixed assets - net of tax | - | - |
| Movement in surplus on revaluation of non-banking assets - net of tax | - | - |
| | (3,518,670) | (288,000) |

Total comprehensive income / (loss) **6,730,055** **7,187,737**

Total comprehensive income attributable to:

| | | |
|----------------------------|------------------|------------------|
| Equity holders of the Bank | 6,620,104 | 7,143,691 |
| Non-controlling interest | 109,951 | 44,046 |
| | 6,730,055 | 7,187,737 |

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


Chairman


President / CEO


Chief Financial Officer


Director


Director

NATIONAL BANK OF PAKISTAN
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024

| | Share capital | Reserves | | | | Surplus / (Deficit) on revaluation of assets | | | Unappropriated profit | Sub Total | Non-Controlling Interest | Total | |
|--|-------------------|----------------------|-------------------|---------------------------|-------------------------|--|---------------------|----------------------------|-----------------------|--------------------|--------------------------|------------------|--------------------|
| | | Exchange translation | Statutory reserve | General loan loss reserve | Revenue general reserve | Total | Investments | Fixed / Non-banking assets | | | | | Total |
| (Rupees in '000) | | | | | | | | | | | | | |
| Balance as at January 01, 2023 | 21,275,131 | 24,900,933 | 42,066,576 | - | 521,338 | 67,488,847 | (5,753,835) | 48,027,372 | 42,273,537 | 178,189,579 | 309,227,094 | 1,073,138 | 310,300,232 |
| Profit after taxation for three months period ended March 31, 2023 | - | - | - | - | - | - | - | - | - | 11,249,266 | 11,249,266 | 44,046 | 11,293,312 |
| Effect of translation of net investment in foreign branches | - | 11,488,374 | - | - | - | 11,488,374 | - | - | - | - | 11,488,374 | - | 11,488,374 |
| Movement in surplus / (deficit) on revaluation of investments | - | - | - | - | - | - | (15,305,949) | - | (15,305,949) | - | (15,305,949) | - | (15,305,949) |
| Remeasurement gain / (loss) on defined benefit obligations - net of tax | - | - | - | - | - | - | - | - | - | (288,000) | (288,000) | - | (288,000) |
| Movement in surplus on revaluation of property and equipment - net of tax | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Movement in surplus on revaluation of non-banking assets - net of tax | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other comprehensive income / (loss) - net of tax | - | 11,488,374 | - | - | - | 11,488,374 | (15,305,949) | - | (15,305,949) | 10,961,266 | 7,143,691 | 44,046 | 7,187,737 |
| Transfer to statutory reserve | - | - | 1,068,878 | - | - | 1,068,878 | - | - | - | (1,068,878) | - | - | - |
| Transfer from surplus on revaluation of assets to unappropriated profit - net of tax | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Transactions with owners, recorded directly in equity | - | - | - | - | - | - | - | (50,726) | (50,726) | 50,726 | - | - | - |
| Cash dividend paid for the year ended December 31, 2022 (Rs. Nil per share) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Cash dividend paid / profit distribution by subsidiaries | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Balance as at April 01, 2023 | 21,275,131 | 36,389,307 | 43,135,454 | - | 521,338 | 80,046,099 | (21,059,785) | 47,976,646 | 26,916,862 | 188,132,693 | 316,370,785 | 1,117,184 | 317,487,968 |
| Profit after taxation for the nine months period ended December 31, 2023 | - | - | - | - | - | - | - | - | - | 41,545,096 | 41,545,096 | 175,750 | 41,720,846 |
| Effect of translation of net investment in foreign branches | - | 917,552 | - | - | - | 917,552 | - | - | - | - | 917,552 | - | 917,552 |
| Movement in surplus / (deficit) on revaluation of investments | - | - | - | - | - | - | 37,618,519 | - | 37,618,519 | - | 37,618,519 | - | 37,618,519 |
| Remeasurement gain / (loss) on defined benefit obligations - net of tax | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Movement in surplus on revaluation of non-banking assets - net of tax | - | - | - | - | - | - | - | 198,132 | 198,132 | - | 198,132 | - | 198,132 |
| Other comprehensive income / (loss) - net of tax | - | 917,552 | - | - | - | 917,552 | 37,618,519 | (172,146) | 37,446,373 | - | - | 175,750 | 80,084,771 |
| Transfer to statutory reserve | - | - | 4,115,168 | - | - | 4,115,168 | - | - | - | (4,115,168) | - | - | - |
| Transfer from surplus on revaluation of assets to unappropriated profit - net of tax | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Transactions with owners, recorded directly in equity | - | - | - | - | - | - | - | (130,819) | (130,819) | 130,819 | - | - | - |
| Cash dividend paid / profit distribution by subsidiaries | - | - | - | - | - | - | - | - | - | - | - | (158,700) | (158,700) |
| Balance as at January 01, 2024 | 21,275,131 | 37,306,859 | 47,250,622 | - | 521,338 | 85,078,819 | 16,558,734 | 47,673,681 | 64,232,416 | 225,693,440 | 316,370,785 | 1,134,234 | 397,414,039 |
| Impact of adoption of IFRS-9 | - | - | - | - | - | - | (1,660,264) | - | (1,660,264) | (3,643,213) | (5,303,477) | - | (5,303,477) |
| Balance as at January 01, 2024 -restated | 21,275,131 | 37,306,859 | 47,250,622 | - | 521,338 | 85,078,819 | 14,898,470 | 47,673,681 | 62,572,152 | 222,050,227 | 311,067,308 | 1,134,234 | 392,110,562 |
| Profit after taxation for the three months period ended March 31, 2024 | - | - | - | - | - | - | - | - | - | 9,708,340 | 9,708,340 | 109,951 | 9,818,291 |
| Effect of translation of net investment in foreign branches | - | (1,069,676) | - | - | - | (1,069,676) | - | - | - | - | (1,069,676) | - | (1,069,676) |
| Movement in surplus / (deficit) on revaluation of investments in debt instruments net of tax | - | - | - | - | - | - | 1,500,110 | - | 1,500,110 | - | 1,500,110 | - | 1,500,110 |
| Debt investments at FVOCI – reclassified to profit or loss | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Movement in surplus / (deficit) on revaluation of investments in equity instruments - net of tax | - | - | - | - | - | - | (3,200,148) | - | (3,200,148) | - | (3,200,148) | - | (3,200,148) |
| Remeasurement gain / (loss) on defined benefit obligations - net of tax | - | - | - | - | - | - | - | - | - | (318,522) | (318,522) | - | (318,522) |
| Movement in surplus on revaluation of property and equipment - net of tax | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Movement in surplus on revaluation of non-banking assets - net of tax | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other comprehensive income / (loss) - net of tax | - | (1,069,676) | - | - | - | (1,069,676) | (1,700,038) | - | (1,700,038) | 9,389,818 | 6,620,104 | 109,951 | 6,730,055 |
| Transfer to statutory reserve | - | - | 970,834 | - | - | 970,834 | - | - | - | (970,834.00) | - | - | - |
| Transfer from surplus on revaluation of assets to unappropriated profit - net of tax | - | - | - | - | - | - | - | (43,230) | (43,230) | 43,230 | - | - | - |
| Transactions with owners, recorded directly in equity | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Cash dividend paid for the year ended December 31, 2023 (Rs. Nil per share) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Cash dividend paid / profit distribution by subsidiaries | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Balance as at March 31, 2024 | 21,275,131 | 36,237,183 | 48,221,456 | - | 521,338 | 84,979,977 | 13,198,430 | 47,630,451 | 60,828,882 | 230,512,441 | 317,687,411 | 1,244,185 | 398,840,615 |


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


 Chairman
 President / CEO
 Chief Financial Officer
 Director
 Director

**NATIONAL BANK OF PAKISTAN
CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024**

| | March 31, 2024 | March 31, 2023 |
|--|------------------------------|----------------------|
| Note | ----- (Rupees in '000) ----- | |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 20,426,572 | 18,915,057 |
| Less: dividend income | <u>(1,765,477)</u> | <u>(1,020,697)</u> |
| | 18,661,095 | 17,894,360 |
| Adjustments: | | |
| Net mark-up / interest income | 5,797,295 | - |
| Depreciation | 633,937 | 648,440 |
| Depreciation on right of use assets | 518,653 | 556,890 |
| Amortisation | 122,762 | 118,595 |
| Credit loss allowance and write offs | 727,490 | 734,186 |
| Gain on sale of fixed assets - net | (1,354) | (1,819) |
| Financial charges on leased assets | 31,707 | 29,309 |
| Finance charges on lease liability against right of use assets | 241,414 | 328,939 |
| Unrealized gain on revaluation of investments classified as held-for-trading | (1,665,176) | 226,190 |
| Charge for defined benefit plans - net | 3,030,906 | 3,250,637 |
| Share of (profit) from joint venture - net of tax | (158,211) | (286,488) |
| Share of (profit) / loss from associates - net of tax | (37,504) | 9,387 |
| | <u>9,241,919</u> | <u>5,614,266</u> |
| | 27,903,014 | 23,508,626 |
| (Increase) / decrease in operating assets | | |
| Lendings to financial institutions | 134,407,904 | (447,777,786) |
| Held-for-trading securities | (53,526,103) | 50,933,519 |
| Advances | 172,452,472 | (14,465,153) |
| Other assets (excluding advance taxation) | 9,782,441 | (47,278,344) |
| | <u>263,116,714</u> | <u>(458,587,764)</u> |
| Increase/ (decrease) in operating liabilities | | |
| Bills payable | (56,118,511) | (47,361,118) |
| Borrowings from financial institutions | 40,529,537 | 565,791,391 |
| Deposits | (250,032,342) | 310,109,278 |
| Other liabilities (excluding current taxation) | (29,523,687) | (11,867,386) |
| | <u>(295,145,003)</u> | <u>816,672,165</u> |
| Payments against off-balance sheet obligations | | |
| Mark-up / Interest received | 291,855,860 | - |
| Mark-up / Interest paid | (297,653,155) | - |
| Financial charges paid | (273,121) | (358,248) |
| Income tax paid | (14,338,573) | (5,927,822) |
| Benefits paid | (972,809) | (866,916) |
| | <u>(19,709,778)</u> | <u>374,440,042</u> |
| Net cash flows generated from operating activities | | |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Net Investments in securities classified as FVOCI | 236,130,665 | (201,544,016) |
| Net investments in amortized cost securities | (106,114,345) | (140,019,862) |
| Dividends received | 1,765,477 | 1,020,697 |
| Investments in fixed assets | 191,497 | (605,350) |
| Proceeds from sale of fixed assets | 20,989 | 14,287 |
| Effect of translation of net investment in foreign branches | 51,999 | 11,488,374 |
| | <u>132,046,282</u> | <u>(329,645,870)</u> |
| Net cash flows (used in) / generated from investing activities | | |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Payments of lease obligations | (663,701) | (746,647) |
| Dividend paid | (527) | (237) |
| | <u>(664,228)</u> | <u>(746,884)</u> |
| Net cash flows used in financing activities | | |
| Increase / (Decrease) in cash and cash equivalents | 111,672,275 | 44,047,288 |
| Cash and cash equivalents at beginning of the period | 299,678,633 | 224,049,013 |
| Effects of exchange rate changes on cash and cash equivalents | 6,078,352 | - |
| | <u>305,756,985</u> | <u>224,049,013</u> |
| Cash and cash equivalents at end of the period | <u>417,429,260</u> | <u>268,096,301</u> |

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


Chairman


President / CEO


Chief Financial Officer


Director


Director

NATIONAL BANK OF PAKISTAN
NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITEE)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024

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 1,505 (December 31, 2023: 1,508) branches in Pakistan and including 188 (December 31 2023: 188) Islamic Banking branches and 18 (December 31 2023: 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.

The Pakistan Sovereign Wealth Fund Act, 2023 was enacted and became effective during 2023. The shareholding of the Federal Government as per the Bank's Register of Shareholders is 7,895,707 shares only. However, under the said Act, the shares of Federal Government has been shown as 1,608,420,866. The Bank has sought clarification from Federal Government in this respect. Moreover, the process for transfer of shares as defined in NBP Bye-laws, 2015 has not yet been initiated. In view of the foregoing, the Bank's Register of Shareholders continues to show the shareholding position before the enactment of the Act ibid pending completion of transfer formalities and clarification of the Federal Government.

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 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.

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. 2, dated February 09, 2023 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, 2023.

3. MATERIAL ACCOUNTING POLICIES

The material 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 Bank for the year ended December 31, 2023 except for:

3.1 IFRS 9 - 'Financial Instruments'

Effective January 1, 2024, the Bank has adopted International Financial Reporting Standard (IFRS) 9, "Financial Instruments" (IFRS 9 / the Standard). As permitted by the transitional provisions of IFRS 9, the Bank has elected not to restate comparative figures. Adjustments to the carrying amounts of financial assets and liabilities as at the date of transition (i.e. January 1, 2024), were recognised in the unappropriated profit and loss as of the transition date.

The adoption of IFRS 9 has resulted in changes in the Bank's accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 has also significantly impacted disclosures related to the consolidated financial instruments.

The Bank performed a detailed analysis of its business models for managing financial assets and analysis of their contractual cash flows characteristics. The following table reconciles the aggregate opening loan loss provision allowances under SBP Prudential Regulations to the ECL allowances under IFRS 9.

| | 2024 | | | |
|---------------------------------------|--------------------------|---------------------|---------------------|--------------------|
| | Provision as per current | Remeasurement (ECL) | Reclassification | ECLs under IFRS 9 |
| | -----Rupees in '000----- | | | |
| | - | - | - | - |
| Cash and Balances with Treasury Banks | 117,033 | 117 | - | 117,150 |
| Balance with Other Banks | 174,150 | 67 | - | 174,217 |
| Lendings to financial institutions | 233,832,651 | 17,720,919 | - | 251,553,570 |
| Advances | 20,050,374 | 1,040,941 | (13,672,429) | 7,418,886 |
| Investments | - | 1,376,467 | - | 1,376,467 |
| Markup Receivable | 627,494 | 1,843,590 | - | 2,471,084 |
| Off-balance sheet obligations | | | | |
| Total | 254,801,702 | 21,982,101 | (13,672,429) | 263,111,374 |

The following table reconciles the carrying amounts of financial assets, from their previous measurement category in accordance with previous local regulations to their new measurement categories upon transition to IFRS 9 on January 01, 2024

| | Movement in Balance Sheet | | | | Revised Breakup of Balance sheet after IFRS 9 Implementation | | | | | | |
|--|--|----------------------------------|--|--|--|----------------------------------|---------------------------------------|--------------------------|---|--|--|
| | Before IFRS 9 Carrying Values as at Dec 31, 2023 | Increase / (Decrease) Due to ECL | Increase / (Decrease) due to Reclassification of Investments | After IFRS 9 Carrying Values Jan 1' 2024 | At FVPL | At FVOCI - with recycling (Debt) | At FVOCI - without recycling (Equity) | At Amortized Cost / Cost | Remeasurement under IFRS 9 (ECL Impact) | Other than Financial Assets or Financial Liabilities | IFRS 9 carrying amount as at Jan 1, 2024 |
| Assets | | | | | | | | | | | |
| Cash and balances with treasury banks | 295,455,482 | - | - | 295,455,482 | | | | 295,455,482 | | | 295,455,482 |
| Balances with other banks | 43,004,568 | (118) | - | 43,004,450 | | | | 43,004,568 | (118) | | 43,004,450 |
| Lendings to financial institutions | 192,430,437 | (67) | - | 192,430,370 | | | | 192,430,437 | (67) | | 192,430,370 |
| <i>From AFS to Amortized Cost</i> | 94,406,396 | - | 11,583,128 | 105,989,524 | | | | 105,989,524 | - | | 105,989,524 |
| <i>From AFS to FVPL (Mandatory Reclassification) - Mutual funds, Pref. Shares and Bank TFC's</i> | 15,560,596 | - | - | 15,560,596 | 15,560,596 | | | - | | | 15,560,596 |
| <i>From AFS to FVPL - Ordinary Shares</i> | 14,239,399 | - | - | 14,239,399 | 14,239,399 | | | - | | | 14,239,399 |
| <i>From AFS to FVOCI - Ordinary Shares</i> | 49,771,602 | - | - | 49,771,602 | | | 49,771,602 | - | | | 49,771,602 |
| <i>From AFS to FVOCI - Debt Securities</i> | 3,907,388,644 | - | - | 3,907,388,644 | | 3,907,388,644 | | - | | | 3,907,388,644 |
| Total AFS | 4,081,366,637 | - | 11,583,128 | 4,092,949,765 | 29,799,995 | 3,907,388,644 | 49,771,602 | 105,989,524 | - | - | 4,092,949,765 |
| From HTM to Amortized Cost | 272,951,142 | (1,040,941) | - | 271,910,201 | | | | 272,951,142 | (1,040,941) | | 271,910,201 |
| From HFT to FVPL | 46,766,365 | - | - | 46,766,365 | 46,766,365 | | | - | | | 46,766,365 |
| Associates | 830,620 | - | - | 830,620 | | | | 830,620 | | | 830,620 |
| Joint Venture | 12,259,541 | - | - | 12,259,541 | | | | 12,259,541 | | | 12,259,541 |
| Investments | 4,414,174,305 | (1,040,941) | 11,583,128 | 4,424,716,492 | 76,566,360 | 3,907,388,644 | 49,771,602 | 392,030,827 | (1,040,941) | - | 4,424,716,492 |
| Advances | 1,398,072,669 | (17,720,919) | - | 1,380,351,750 | | | | 1,398,072,669 | (17,720,919) | | 1,380,351,750 |
| Fixed assets | 57,477,067 | - | - | 57,477,067 | | | | | | 57,477,067 | 57,477,067 |
| Intangible assets | 2,186,294 | - | - | 2,186,294 | | | | | | 2,186,294 | 2,186,294 |
| Right of use assets | 7,335,901 | - | - | 7,335,901 | | | | | | 7,335,901 | 7,335,901 |
| Other assets | 258,737,303 | (1,376,467) | - | 257,360,836 | | | | 190,156,179 | (1,376,467) | 68,581,124 | 257,360,836 |
| | 6,668,874,026 | (20,138,512) | 11,583,128 | 6,660,318,642 | 76,566,360 | 3,907,388,644 | 49,771,602 | 2,511,150,162 | (20,138,512) | 135,580,386 | 6,660,318,642 |

| | Movement in Balance Sheet | | | | Revised Breakup of Balance sheet after IFRS 9 Implementation | | | | | | |
|---|--|----------------------------------|--|--|--|----------------------------------|---------------------------------------|------------------------|---|---------------------|--|
| | Before IFRS 9 Carrying Values as at Dec 31, 2023 | Increase / (Decrease) Due to ECL | Increase / (Decrease) due to Reclassification of Investments | After IFRS 9 Carrying Values Jan 1' 2024 | At FVPL | AT FVOCI - with recycling (Debt) | AT FVOCI - without recycling (Equity) | At Amortized Cost | Remeasurement under IFRS 9 (ECL Impact) | Other than FA or FL | IFRS 9 carrying amount as at Jan 1, 2024 |
| Liabilities | | | | | | | | | | | |
| Bills payable | 68,000,448 | - | - | 68,000,448 | | | | 68,000,448 | | | 68,000,448 |
| Borrowings | 2,177,743,194 | - | - | 2,177,743,194 | | | | 2,177,743,194 | | | 2,177,743,194 |
| Deposits and other accounts | 3,673,109,914 | - | - | 3,673,109,914 | | | | 3,673,109,914 | | | 3,673,109,914 |
| Liabilities against assets subject to finance lease | 208,268 | - | - | 208,268 | | | | | | 208,268 | 208,268 |
| Subordinated debt | - | - | - | - | | | | | | | - |
| Lease liabilities against right of use assets | 8,682,731 | - | - | 8,682,731 | | | | | | 8,682,731 | 8,682,731 |
| Deferred tax liabilities | 842,568 | (10,771,230) | 5,675,733 | (4,252,929) | | | | | | (4,252,929) | (4,252,929) |
| Other liabilities | 342,872,862 | 1,843,590 | - | 344,716,452 | 6,676,880 | | | 197,291,885 | 1,843,590 | 138,904,097 | 344,716,452 |
| | 6,271,459,985 | (8,927,640) | 5,675,733 | 6,268,208,078 | 6,676,880 | - | - | 6,116,145,441 | 1,843,590 | 143,542,167 | 6,268,208,078 |
| NET ASSETS | 397,414,041 | (11,210,872) | 5,907,395 | 392,110,564 | 69,889,480 | 3,907,388,644 | 49,771,602 | (3,604,995,279) | (21,982,102) | (7,961,781) | 392,110,564 |
| REPRESENTED BY | | | | | | | | | | | |
| Share capital | 21,275,131 | - | - | 21,275,131 | | | | | | 21,275,131 | 21,275,131 |
| Reserves | 85,078,819 | - | - | 85,078,819 | | | | | | 85,078,819 | 85,078,819 |
| Surplus on revaluation of assets | 64,232,416 | - | (1,660,264) | 62,572,152 | | 10,468,483 | 4,756,742 | | | 47,346,927 | 62,572,152 |
| Unappropriated profit | 225,693,440 | (11,210,872) | 7,567,659 | 222,050,227 | | | | | | 222,050,227 | 222,050,227 |
| | 396,279,807 | (11,210,872) | 5,907,395 | 390,976,330 | - | 10,468,483 | 4,756,742 | - | - | 375,751,105 | 390,976,330 |
| Non-controlling interest | 1,134,234 | - | - | 1,134,234 | | | | | | 1,134,234 | 1,134,234 |
| | 397,414,041 | (11,210,872) | 5,907,395 | 392,110,564 | - | 10,468,483 | 4,756,742 | - | - | 376,885,339 | 392,110,564 |

(a) Changes to Classification and measurement

The SBP's measurement categories of financial assets (Fair Value through Profit or Loss (FVTPL), available for sale (AFS), held-to-maturity and amortised cost) have been replaced by:

- Debt instruments at amortised cost
- Debt instruments at Fair Value Through Other Comprehensive Income (FVOCI), with gains or losses recycled to profit & loss on derecognition.
- Equity instruments at FVOCI, with no recycling of gains or losses of profit & loss on derecognition
- Financial assets Fair Value Through Profit or Loss (FVTPL)

The accounting for financial liabilities remains largely the same as it was previously in place. Financial liabilities are measured at amortised cost. Financial liabilities can be measured at FVTPL when they meet the definition of held for trading or when they are designated as such on initial recognition using the fair value option. Currently, the Bank does not have any financial liability which is being measured at FVPL.

Under IFRS 9, the classification of the financial assets is based on two criteria: the Bank's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

The assessment of the Bank's business models was made as of the date of initial application, 1 January 2024, and then applied retrospectively to those financial assets that were not derecognised before 31 March 2024. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

3.1.1 Financial assets and liabilities

Financial assets and financial liabilities are recognised when the Bank becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Bank commits to purchase or sell the asset.

At initial recognition, the Bank measures a financial asset or financial liability at its fair value including transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. However, in case of financial asset or liability measured through profit or loss, any transaction costs are expensed in the consolidated profit and loss account. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI.

3.1.2 Financial assets

3.1.2.1 Classification and subsequent measurement

the Bank classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt instruments depend on:

- (i) the Bank's business model for managing the asset; and
- (ii) the cash flows characteristics of the assets / SPPI test.

Based on these factors, the Bank classifies its debt instruments into one of the following three measurement categories:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised. Interest earned from these financial assets is included in 'interest earned' using the effective interest rate method.
- Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses on the instrument's amortised cost which are recognised in the consolidated profit and loss account. When the financial asset is derecognised, the 'cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in gain on sale of securities'. Interest earned from these financial assets is included in interest earned using the effective interest rate method.
- Fair value through profit or loss (FVPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the profit or loss and presented in the consolidated profit and loss account within unrealised gain / loss on securities in the period in which it arises. Interest earned from these financial assets is included in interest earned on investments using the effective interest rate method.

Business model:

The business model reflects how the Bank manages the assets in order to generate cash flows. That is, whether the Bank's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL.

the Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- the objectives for the portfolio, in particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular yield profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Bank's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- The expected frequency, value and timing of sales are also important aspects of the Bank's assessment. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.
- Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVPL.

Cash flows characteristics assessment – Solely Payment of Principal and interest test:

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Bank assesses whether the financial instruments' cash flows represent solely payments of principal and interest. In making this assessment, the Bank considers whether the contractual cash flows are consistent with a basic financing arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic due from counterparty risks and an interest margin that is consistent with a basic due from counterparty arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic due from counterparty arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Bank reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual share in the issuer's net assets.

The Bank measures all equity investments at fair value through profit or loss, except where the Bank's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Bank's policy is to designate equity investments as FVOCI when those investments are held for purposes other than for trading. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to the consolidated profit and loss account, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in the consolidated profit and loss account as income when the Bank's right to receive payments is established.

IFRS 9 has eliminated impairment assessment requirements for investments in equity instruments. However, in case of unquoted securities where the breakup value of such securities is less than the cost, the difference of the cost and the breakup value has been classified as loss and provided for by charging it to the consolidated profit and loss account.

Gains and losses on equity instruments at FVPL are included in the 'Gain on sales of securities' line in the consolidated profit and loss account.

3.1.2.2 Impairment

The Bank assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Bank recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

3.1.3 Financial liabilities

3.1.4 Financial guarantee contracts and loan commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance ; and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

Loan commitments provided by the Bank are measured as the amount of the loss allowance. For financing commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a financing and an undrawn commitment and the Bank cannot separately identify the expected credit losses on the undrawn commitment component from those on the financing component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the financing. To the extent that the combined expected credit losses exceed the gross carrying amount of the financing, the expected credit losses are recognised as a provision.

3.1.5 Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). The Bank has followed following steps in determining expected credit loss allowance;

Step 1: Portfolio Segmentation and Staging (SICR)

Step 2: Determination of Segment wise Probability of Default (PDs)

Step 3: Estimation of Loss Given Default (LGD)

Step 4: Determination of Exposure at Default (EAD)

Step 5: ECL Scenarios

3.1.6 Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarized below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Bank.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.
- Financial instruments in Stage 1 have their ECL measured for 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.

3.1.7 Significant increase in credit risk (SICR)

One of the key components of IFRS 9 is to determine whether there has been a SICR in the Bank's credit exposures since initial recognition,

Under IFRS 9, exposures are required to be categorized into three stages:

- Stage 1 – which include performing exposures;
 - Stage 2 – which include performing exposures where credit risk has increased significantly since initial recognition; and
 - Stage 3 – which include credit-impaired exposures
- Under IFRS 9, bank considers the following indicators for assessing SICR:
- forward-looking macroeconomic factors;
 - use of lifetime probability of default as opposed to a 12-month measure;
 - consider all reasonable and supportable information available at the time of calculation

3.2 Overview of the ECL principles

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12m ECL) as outlined below.

The 12m ECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12m ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Bank considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the internal rating grade for subject borrower. The Bank also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer/facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, generally, the Bank considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. However, for certain portfolios, the Bank has rebutted 30 DPD presumption based on behavioral analysis of its borrowers.

When estimating ECLs on a collective basis for a group of similar assets, the Bank applies the similar principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Based on the above process, the Bank groups its loans into Stage 1, Stage 2, Stage 3 and POCI, as described below:

Stage 1: When loans are first recognised, the Bank recognises an allowance based on 12m ECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2. The 12m ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12m ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for all the scenarios.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For loans considered credit-impaired, the Bank recognises the lifetime expected credit losses for these loans. The Bank uses a PD of 100% and LGD as computed for each portfolio or as prescribed by the SBP under the prudential regulations which ever is higher.

Loan commitments and letters of credit

When estimating LTECLs for undrawn loan commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the three scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. For loan commitments and letters of credit, the ECL is recognised within Provisions.

Financial guarantee contracts

The Bank estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the three scenarios. The ECLs related to financial guarantee contracts are recognised within Provisions.

The calculation of ECLs

The Bank calculates ECLs based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

| | |
|-----|--|
| PD | The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. PD is estimated based on transitioning among credit states. Credit states are defined by rating classes and are based on the Bank's internal risk ratings (i.e. from 1 to 12). Through the yearly review of the non-consumer portfolio, the Bank has drawn a yearly transition matrix of ratings to compute a count based PD over the one year horizon for the last 7 years. PDs for Non rated portfolios are calculated based on Days Past Due (DPD) bucket level for each segment separately. Where practical, they also build on information from External Rating Agencies. PDs are then adjusted for IFRS 9 ECL calculations to incorporate forward looking information. |
| EAD | The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier. |
| LGD | The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. |

When estimating the ECLs, the Bank considers three scenarios (a base case, an upside, a downside). Each of these is associated with different PDs.

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, 2023 except for IFRS 9 as mentioned above.

5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those as disclosed in the consolidated financial statements for the year ended December 31, 2023.

| | | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|--|------|-----------------------------------|-----------------------------------|
| | Note | ----- (Rupees in '000) ----- | |
| 6. CASH AND BALANCES WITH TREASURY BANKS | | | |
| In hand | | | |
| Local currency | | 55,826,027 | 62,622,218 |
| Foreign currencies | | 8,378,293 | 9,747,256 |
| | | 64,204,319 | 72,369,474 |
| With State Bank of Pakistan in | | | |
| Local currency current accounts | 6.1 | 202,832,947 | 125,905,643 |
| Foreign currency current accounts | 6.2 | 20,665,817 | 21,661,443 |
| Foreign currency deposit accounts | 6.2 | 41,275,159 | 43,265,618 |
| Foreign currency collection accounts | | 1,242,749 | 1,498,122 |
| | | 266,016,672 | 192,330,826 |
| With other central banks in | | | |
| Foreign currency current accounts | 6.3 | 72,501,993 | 25,964,016 |
| Foreign currency deposit accounts | 6.3 | 4,406,114 | 4,163,614 |
| | | 76,908,107 | 30,127,630 |
| Prize bonds | | 722,675 | 627,552 |
| | | 407,851,774 | 295,455,482 |
| Less: Credit loss allowance held against cash and balances with treasury banks | | | |
| Cash and balances with treasury banks - net of credit loss allowance | | 407,851,774 | 295,455,482 |

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 5.50% per annum (December 31, 2023: 0% to 5.5% per annum).

| | | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|--|------|-----------------------------------|-----------------------------------|
| | Note | ----- (Rupees in '000) ----- | |
| 7. BALANCES WITH OTHER BANKS | | | |
| In Pakistan | | | |
| In current accounts | | 551,951 | 298,108 |
| In deposit accounts | 7.1 | 345,887 | 388,221 |
| | | 897,838 | 686,329 |
| Outside Pakistan | | | |
| In current accounts | | 19,838,684 | 33,634,084 |
| In deposit accounts | 7.2 | 9,382,082 | 8,801,187 |
| | | 29,220,766 | 42,435,271 |
| | | 30,118,604 | 43,121,601 |
| Less: Credit loss allowance held against balances with other banks | | (117,150) | (117,033) |
| Lendings to financial institutions - net of credit loss allowance | | 30,001,453 | 43,004,568 |

7.1 These include various deposits with banks and carry interest at the rates ranging from 6.00% to 12.70% per annum (December 31, 2023: 6.00% to 12.70% per annum).

7.2 These include various deposits with correspondent banks outside Pakistan and carry interest at rates ranging from 3.00 % to 6.50 % per annum (December 31, 2023 :1.50% to 7.10% per annum).

| | | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|--|------|-----------------------------------|-----------------------------------|
| | 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 | 58,012,810 | 192,420,714 |
| Letters of placement | 8.3 | 174,150 | 174,150 |
| | 8.4 | <u>58,196,683</u> | <u>192,604,587</u> |
| Less: Credit loss allowance held against lending to financial institutions | 8.5 | <u>(174,217)</u> | <u>(174,150)</u> |
| Lendings to financial institutions - net of provision | | <u>58,022,466</u> | <u>192,430,437</u> |

Lending to FIs- Particulars of credit loss allowance

Domestic

| | | (Un-audited) March 31, 2024 | | (Audited) December 31, 2023 | |
|------------------|-------------|-----------------------------------|-------------------------------|-----------------------------------|-------------------------------|
| | | Lending | Credit loss allowance held | Lending | Credit loss allowance held |
| Rupees in '000 | | | | | |
| Performing | Stage 1 | 58,012,810 | 59 | - | - |
| Under performing | Stage 2 | 9,723 | 8 | - | - |
| Non-performing | Stage 3 | 174,150 | 174,150 | - | - |
| | Substandard | - | - | - | - |
| | Doubtful | - | - | - | - |
| | Loss | - | - | 174,150 | 174,150 |
| Total | | <u>58,196,683</u> | <u>174,217</u> | <u>174,150</u> | <u>174,150</u> |

Overseas

| | | | | | |
|------------------|-------------|----------|----------|----------|----------|
| Performing | Stage 1 | - | - | - | - |
| Under performing | Stage 2 | - | - | - | - |
| Non-performing | Stage 3 | - | - | - | - |
| | Substandard | - | - | - | - |
| | Doubtful | - | - | - | - |
| | Loss | - | - | - | - |
| Total | | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

- 8.1** These also include zero rate lending to a financial institution amounting to Rs. 9.7 million (December 31, 2023: Rs. 9.7 million) which is guaranteed by the SBP.
- 8.2** These carry mark-up at rates ranging from 22% to 22.51% per annum (December 31, 2023: 21.00% to 22.95% per annum) with maturities ranging from April 1, 2024 to April 17, 2024.
- 8.3** These are overdue placements and full provision has been made against these placements as at March 31, 2024.

9. INVESTMENTS

9.1 Investments by type:

FVTPL

Federal Government Securities

- Market Treasury Bills
- Pakistan Investment Bonds
- Ijarah Sukuks

Non-Government debt securities

- Term Finance Certificates and Sukuk Bonds

Preference shares

- Listed
- Unlisted

Ordinary Shares

- Listed Companies

Mutual Fund units

Foreign Securities

- Government debt securities

FVOCI

Federal Government Securities

- Market Treasury Bills
- Pakistan Investment Bonds
- Ijarah Sukuks
- Foreign Currency Debt securities

Ordinary Shares

- Listed Companies
- Unlisted Companies

Non-Government debt securities

- Term Finance Certificates and Sukuk Bonds

Foreign Securities

- Government debt securities
- Equity Securities - Listed

| March 31, 2024 (Un-audited) | | | |
|-----------------------------|--|------------------------|----------------|
| Cost / amortised cost | Credit loss allowance for diminution | Surplus / (Deficit) | Carrying Value |
| 28,517,853 | - | (124,342) | 28,393,511 |
| 22,819,279 | - | (30,511) | 22,788,768 |
| 10,000,000 | - | (11) | 9,999,989 |
| 19,934,217 | - | - | 19,934,217 |
| 1,043,797 | - | (9,131) | 1,034,666 |
| - | - | - | - |
| 11,178,813 | - | 121,173 | 11,299,986 |
| 5,685,012 | - | 1,707,998 | 7,393,010 |
| 2,778,673 | - | - | 2,778,673 |
| 101,957,644 | - | 1,665,176 | 103,622,820 |
| 834,478,017 | - | (132,240) | 834,345,777 |
| 2,836,492,788 | - | (23,604,500) | 2,812,888,288 |
| 31,322,905 | - | (773,649) | 30,549,256 |
| 40,750,624 | - | (4,706,508) | 36,044,116 |
| 42,124,012 | - | 10,260,381 | 52,384,393 |
| 1,658,512 | - | - | 1,658,512 |
| 40,596,717 | (6,622,062) | 793,656 | 34,768,311 |
| 3,340,925 | - | (18,338) | 3,322,588 |
| 463,293 | - | 43,957,491 | 44,420,784 |
| 3,831,227,793 | (6,622,062) | 25,776,293 | 3,850,382,025 |

Available-for-sale securities**Federal Government Securities**

- Market Treasury Bills
- Pakistan Investment Bonds
- Ijarah Sukuks
- Foreign Currency Debt securities

Ordinary Shares

- Listed Companies
- Unlisted Companies

Preference shares

- Listed
- Unlisted

Non-Government debt securities

- Term Finance Certificates and Sukuk Bonds

Mutual Fund units**Foreign Securities**

- Government debt securities
- Equity Securities - Listed

Held-to-maturity securities**Federal Government Securities**

- Market Treasury Bills
- Pakistan Investment Bonds
- Ijarah Sukuks
- Foreign Currency Debt securities

Non-Government debt securities

- Term Finance Certificates, Participation Term Bonds, Debentures and Sukuk Bonds

Foreign Securities

- Government debt securities
- Non-Government debt securities

Associates**Joint Venture****Subsidiaries****Total investments**

| December 31, 2023 (Audited) | | | |
|------------------------------|--------------------------|---------------------|----------------|
| Cost / amortised cost | Provision for diminution | Surplus / (Deficit) | Carrying Value |
| ----- (Rupees in '000) ----- | | | |
| 954,585,428 | - | 2,228,157 | 956,813,585 |
| 2,926,410,213 | - | (25,322,781) | 2,901,087,432 |
| 30,424,484 | - | (330,520) | 30,093,964 |
| 40,907,401 | - | (10,174,093) | 30,733,308 |
| 51,696,434 | (11,638,688) | 22,294,743 | 62,352,489 |
| 2,107,463 | (448,951) | - | 1,658,512 |
| 1,448,472 | (566,446) | 161,771 | 1,043,797 |
| 558,284 | (558,284) | - | - |
| 53,152,317 | (5,857,566) | 355,100 | 47,649,851 |
| 2,219,646 | (41,167) | 1,726,825 | 3,905,304 |
| 3,385,022 | - | 8,528 | 3,393,550 |
| 463,294 | - | 42,171,551 | 42,634,845 |
| 4,067,358,458 | (19,111,102) | 33,119,281 | 4,081,366,637 |
| 161,108 | - | - | 161,108 |
| 213,116,482 | - | - | 213,116,482 |
| 14,087,500 | - | - | 14,087,500 |
| 4,288,988 | - | - | 4,288,988 |
| 404,585 | (404,585) | - | - |
| 41,295,981 | - | - | 41,295,981 |
| 1,083 | - | - | 1,083 |
| 273,355,727 | (404,585) | - | 272,951,142 |
| 1,364,062 | (533,442) | - | 830,620 |
| 12,259,541 | - | - | 12,259,541 |
| 1,245 | (1,245) | - | - |
| 4,401,133,423 | (20,050,374) | 33,091,256 | 4,414,174,305 |

(Un-audited) (Audited)
March 31, December 31,
2024 2023
Note ----- (Rupees in '000) -----

9.1.1 Investments given as collateral

The book value of investments given as collateral against borrowings is as follows:
 Pakistan Investment Bonds
 Market Treasury Bills

| | |
|----------------------|----------------------|
| 2,083,700,155 | 2,047,337,847 |
| 23,456,640 | 17,134,259 |
| 2,107,156,795 | 2,064,472,106 |

17

9.1.2 Associates

| Number of shares | Percentage of holding | Country of incorporation | Based on the financial statements as at | Assets | Liabilities | Revenue | Profit / (loss) after taxation | Total comprehensive income / (loss) |
|------------------|-----------------------|--------------------------|---|--------|-------------|---------|--------------------------------|-------------------------------------|
|------------------|-----------------------|--------------------------|---|--------|-------------|---------|--------------------------------|-------------------------------------|

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

Listed

| | | | | | | | | | |
|--|-------------|-------|----------|----------------|------------|------------|-----------|-----------|-----------|
| First Credit and Investment Bank Limited | 20,000,000 | 30.77 | Pakistan | March 31, 2024 | 2,532,990 | 1,758,500 | 123,596 | 8,788 | 10,019 |
| National Fibres Limited * | 17,030,231 | 20.19 | Pakistan | N/A | - | - | - | - | - |
| Land Mark Spinning Mills Limited | 3,970,859 | 32.79 | Pakistan | June 30, 2023 | 131,498 | 254,116 | - | (12,327) | (12,327) |
| SG Allied Businesses Limited | 3,754,900 | 25.03 | Pakistan | June 30, 2022 | 1,233,803 | 552,420 | 14,247 | (10,794) | (9,407) |
| Nina Industries Limited | 4,906,000 | 20.27 | Pakistan | N/A | - | - | - | - | - |
| Agritech Limited | 106,014,565 | 27.01 | Pakistan | March 31, 2024 | 86,818,899 | 73,912,759 | 9,240,650 | (166,804) | (166,804) |
| NBP Stock Fund | 31,347,444 | 4.236 | Pakistan | March 31, 2024 | 16,789,601 | 225,813 | 1,025,827 | 835,642 | 835,642 |

Unlisted

| | | | | | | | | | |
|--|------------|-------|----------|----------------|-----------|-----------|---------|--------|--------|
| Pakistan Emerging Venture Limited | 12,500,000 | 33.33 | Pakistan | June 30, 2022 | 478 | 404 | 56 | (385) | (385) |
| National Fructose Company Limited | 1,300,000 | 39.5 | Pakistan | N/A | - | - | - | - | - |
| Venture Capital Fund Management * | 33,333 | 33.33 | Pakistan | N/A | - | - | - | - | - |
| Kamal Enterprises Limited * | 11,000 | 20.37 | Pakistan | N/A | - | - | - | - | - |
| Mehran Industries Limited * | 37,500 | 32.05 | Pakistan | N/A | - | - | - | - | - |
| Mehran Sugar Mills Limited * | 2,500,000 | 21.52 | Pakistan | N/A | - | - | - | - | - |
| Youth Investment Promotion Society * | 644,508 | 25 | Pakistan | N/A | - | - | - | - | - |
| Dadabhoy Energy Supply Company Limited | 9,900,000 | 23.11 | Pakistan | N/A | - | - | - | - | - |
| K-Agricole Limited * | 5,000 | 20 | Pakistan | N/A | - | - | - | - | - |
| New Pak Limited * | 200,000 | 20 | Pakistan | N/A | - | - | - | - | - |
| Pakistan Mercantile Exchange Limited | 10,653,860 | 33.98 | Pakistan | March 31, 2024 | 6,183,227 | 5,675,290 | 631,419 | 74,807 | 74,807 |
| Prudential Fund Management Limited * | 150,000 | 20 | Pakistan | N/A | - | - | - | - | - |

* Nil figure represent shares which have been acquired under different arrangements without any cost

9.1.3 Joint Venture

| | | | | | | | | | |
|------------------------------|------------|----|----------------|----------------|-------------|-------------|-----------|---------|-----------|
| United National Bank Limited | 20,250,000 | 45 | United Kingdom | March 31, 2024 | 343,018,069 | 309,739,245 | 1,878,413 | 351,580 | 1,224,365 |
|------------------------------|------------|----|----------------|----------------|-------------|-------------|-----------|---------|-----------|

9.1.4 Subsidiaries

| | | | | | | | | | |
|------------------------------|-----------|-------|----------|-----|---|---|---|---|---|
| Cast-N-Link Products Limited | 1,245,000 | 76.51 | Pakistan | N/A | - | - | - | - | - |
|------------------------------|-----------|-------|----------|-----|---|---|---|---|---|

9.1.5 The Board of Directors of the Bank in their 356th meeting held on December 27, 2023 have in principle given their approval for disposal of NBP's 45% shareholding in UNBL to Bestway Group. The approval of the Board of Directors is subject to the approval / clearance by the SBP and all other regulatory compliances required in this regard in both Pakistan and UK. The Bank is currently in the process of completing the regulatory and legal requirements to implement the transaction.

9.2 Credit Allowance for diminution in value of investments

| | | |
|--|--------------|-------------|
| 9.2.1 Opening balance | 20,050,374 | 18,613,073 |
| Impact of reclassification on adoption of IFRS 9 | (13,672,429) | - |
| Impact of ECL recognised on adoption of IFRS 9 | 1,040,940 | - |
| Charge / reversals | - | - |
| Charge for the period / year | 1,538,144 | 3,136,270 |
| Reversals for the period / year | (1,420,696) | (1,319,964) |
| Reversals on disposals | - | (379,005) |
| | 117,448 | 1,437,301 |
| Derecognition of ECL on disposal | - | - |
| Transfers - net | - | - |
| Others movement | - | - |
| Amounts written off | - | - |
| Closing Balance | 7,536,333 | 20,050,374 |

9.2.2 Particulars of credit loss allowance against debt securities

Category of classification

Domestic

Other assets especially mentioned
Substandard
Performing
Underperforming
Non-Performing
Substandard
Doubtful
Loss

Stage 1
Stage 2
Stage 3

| March 31, 2024 (Un-audited) | | December 31, 2023 (Audited) | |
|-----------------------------|----------------------------|-----------------------------|----------------------------|
| Outstanding amount | Credit loss allowance Held | Outstanding amount | Credit loss allowance Held |
| - | - | - | - |
| - | - | - | - |
| 6,690,527 | 290 | - | - |
| 4,454,779 | 1,098,643 | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| 5,927,714 | 5,927,714 | 6,262,151 | 6,262,151 |
| 17,073,020 | 7,026,647 | 6,262,151 | 6,262,151 |

Overseas

Performing
Underperforming
Non-Performing
Substandard
Doubtful
Loss

Stage 1
Stage 2
Stage 3

| | | | |
|------------|-----------|-----------|-----------|
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| 17,073,020 | 7,026,647 | 6,262,151 | 6,262,151 |

9.3 The market value of securities classified at amortised cost as at March 31, 2024 amounted to Rs. 348,725 million (December 31, 2023: Rs. 251,842 million).

10. ADVANCES

| | Note | Performing | | Non Performing | | Total | |
|---|------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
| ----- (Rupees in '000) ----- | | | | | | | |
| Loans, cash credits, running finances, etc. | | 1,172,179,730 | 1,325,108,441 | 208,531,530 | 205,901,344 | 1,380,711,260 | 1,531,009,785 |
| Islamic financing and related assets | | 61,096,090 | 73,125,444 | 1,065,455 | 1,550,351 | 62,161,545 | 74,675,795 |
| Net Investment in finance lease | 10.1 | 15,232 | 16,207 | 24,096 | 24,096 | 39,328 | 40,303 |
| Bills discounted and purchased | | 19,834,487 | 12,534,791 | 13,610,558 | 13,644,646 | 33,445,045 | 26,179,437 |
| Advances - gross | 10.2 | 1,253,125,539 | 1,410,784,883 | 223,231,639 | 221,120,437 | 1,476,357,178 | 1,631,905,320 |
| Credit loss allowance against advances | | | | | | | |
| -Stage 1 | | 19,016,523 | - | - | - | 19,016,523 | - |
| -Stage 2 | | 27,974,357 | - | - | - | 27,974,357 | - |
| -Stage 3 | | - | - | 203,564,723 | 203,794,530 | 203,564,723 | 203,794,530 |
| - General | | 181,378 | 30,038,121 | - | - | 181,378 | 30,038,121 |
| | 10.4 | 47,172,258 | 30,038,121 | 203,564,723 | 203,794,530 | 250,736,981 | 233,832,651 |
| Advances - net of provision | | 1,205,953,281 | 1,380,746,762 | 19,666,916 | 17,325,907 | 1,225,620,197 | 1,398,072,669 |

10.1 Net Investment in Finance Lease

| | March 31, 2024 (Un-audited) | | | | December 31, 2023 (Audited) | | | |
|--|-----------------------------|---|-----------------|--------|-----------------------------|---|-----------------|--------|
| | Not later than one year | Later than one and less than five years | Over five years | Total | Not later than one year | Later than one and less than five years | Over five years | Total |
| ----- (Rupees in '000) ----- | | | | | | | | |
| Lease rentals receivable | 47,249 | - | - | 47,249 | 48,296 | - | - | 48,296 |
| Residual value | 16,332 | - | - | 16,332 | 16,332 | - | - | 16,332 |
| Minimum lease payments | 63,581 | - | - | 63,581 | 64,628 | - | - | 64,628 |
| Less: financial charges for future periods | 24,253 | - | - | 24,253 | 24,325 | - | - | 24,325 |
| Present value of minimum lease payments | 39,328 | - | - | 39,328 | 40,303 | - | - | 40,303 |

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% (December 31, 2023: 10.19% to 14.85%) per annum.

| | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|------------------------------|-----------------------------------|-----------------------------------|
| ----- (Rupees in '000) ----- | | |
| In local currency | 1,193,029,309 | 1,497,720,231 |
| In foreign currencies | 283,327,870 | 134,185,088 |
| | 1,476,357,178 | 1,631,905,319 |

10.3 Advances include Rs. 223,239 million (2023: Rs. 221,120 million) which have been placed under non-performing status as detailed below:

| Category of Classification | March 31, 2024 (Un-audited) | | December 31, 2023 (Audited) | |
|-----------------------------------|-----------------------------|-----------------------|-----------------------------|-----------------------|
| | Non Performing Loans | Credit Loss Allowance | Non Performing Loans | Credit Loss Allowance |
| ----- (Rupees in '000) ----- | | | | |
| Domestic | | | | |
| Other Assets Especially Mentioned | 4,088,485 | 106,481 | 2,156,275 | 60,035 |
| Substandard | 6,409,410 | 1,486,762 | 6,421,005 | 1,560,252 |
| Doubtful | 12,350,397 | 6,434,126 | 11,443,314 | 5,980,028 |
| Loss | 136,421,339 | 133,738,954 | 136,054,217 | 133,629,152 |
| | 159,269,631 | 141,766,323 | 156,074,811 | 141,229,467 |
| Overseas | | | | |
| Overdue by: | | | | |
| Upto 90 days | - | - | - | - |
| 91 to 180 days | - | - | - | - |
| 181 to 365 days | 392,575 | 196,288 | 400,925 | 200,463 |
| > 365 days | 63,569,433 | 61,602,110 | 64,644,701 | 62,364,600 |
| | 63,962,008 | 61,798,397 | 65,045,626 | 62,565,063 |
| Total | 223,231,639 | 203,564,723 | 221,120,437 | 203,794,530 |

10.4 Particulars of credit loss allowance against advances

| Note | March 31, 2024 (Un-audited) | | | | | December 31, 2023 (Audited) | |
|---|------------------------------|------------|-------------|--------------------|-------------------|------------------------------|-------------------|
| | Stage 1 | Stage 2 | Stage 3 | Specific Provision | General Provision | Specific Provision | General Provision |
| | ----- (Rupees in '000) ----- | | | | | ----- (Rupees in '000) ----- | |
| Opening balance | - | - | - | 203,794,530 | 30,038,121 | 191,014,747 | 17,348,539 |
| Impact due to adoption of IFRS-9 | 22,478,907 | 25,009,935 | 203,794,530 | (203,794,530) | (29,767,923) | - | - |
| | 22,478,907 | 25,009,935 | 203,794,530 | - | 270,198 | 191,014,747 | 17,348,539 |
| Exchange adjustments | - | - | (998,882) | - | (3,783) | 12,178,389 | 153,606 |
| Charge for the period / year | | | 1,138,314 | - | - | 8,127,428 | 14,854,298 |
| Reversals | (3,462,384) | 3,726,581 | (977,073) | - | (85,037) | (8,129,837) | (1,530,934) |
| | (3,462,384) | 3,726,581 | 161,241 | - | (85,037) | (2,409) | 13,323,364 |
| Amounts written off | - | - | (83,493) | - | - | (155,872) | - |
| Amounts charged off - agriculture financing | - | - | (70,832) | - | - | (44,607) | - |
| Other movement | - | - | - | - | - | 16,894 | - |
| Transfer from general to specific provision | | (762,159) | 762,159 | | | 787,388 | (787,388) |
| Closing balance | 19,016,523 | 27,974,357 | 203,564,723 | - | 181,378 | 203,794,530 | 30,038,121 |

10.5 Advances - Particulars of credit loss allowance

| | March 31, 2024 (Un-audited) | | | | | December 31, 2023 (Audited) | |
|---|------------------------------|-------------------|--------------------|--------------------|-------------------|------------------------------|-------------------|
| | Stage 1 | Stage 2 | Stage 3 | Specific Provision | General Provision | Specific Provision | General Provision |
| | ----- (Rupees in '000) ----- | | | | | ----- (Rupees in '000) ----- | |
| 10.5.1 Opening balance | - | - | - | 203,794,530 | 30,038,121 | 191,014,747 | 17,348,539 |
| Impact due to adoption of IFRS-9 | 22,478,907 | 25,009,935 | 203,794,530 | (203,794,530) | (29,767,923) | - | - |
| Opening balance - restated | 22,478,907 | 25,009,935 | 203,794,530 | - | 270,198 | 191,014,747 | 17,348,539 |
| New Advances | - | - | - | - | - | - | - |
| Exchange Adjustment | - | - | (998,379) | - | (3,783.00) | 12,178,389 | 153,606 |
| Charge for the period | (3,462,384) | 3,726,581 | 1,135,531 | - | - | 8,127,428 | 14,854,298 |
| Advances derecognised or repaid | - | - | (974,416) | - | (85,037.00) | (8,129,837) | (1,530,934) |
| Transfer to stage 1 | - | - | - | - | - | - | - |
| Transfer to stage 2 | - | - | - | - | - | - | - |
| Transfer to stage 3 | - | (762,159) | 762,159 | - | - | - | - |
| | (3,462,384) | 2,964,422 | (75,105) | - | (88,820) | 12,175,980 | 13,476,970 |
| Amounts written off | - | - | (83,493) | - | - | (155,872) | - |
| Amounts charged off - agriculture financing | - | - | (70,832) | - | - | (44,607) | - |
| Other Movement | - | - | - | - | - | 16,894 | - |
| Transfer from general to specific provision | - | - | - | - | - | 787,388 | (787,388) |
| Closing balance | 19,016,523 | 27,974,357 | 203,565,100 | - | 181,378 | 203,794,530 | 30,038,121 |
| | 19,016,523 | 27,974,357 | 203,564,723 | - | 181,378 | | |

10.5.2 Advances - Category of classification

Domestic

| | | March 31, 2024 (Un-audited) | | |
|-----------------------------------|---------|------------------------------|----------------------------|-----------------|
| | | Outstanding amount | Credit loss allowance Held | Net of Advances |
| | | ----- (Rupees in '000) ----- | | |
| Performing | Stage 1 | 949,733,772 | 19,016,523 | 930,717,249 |
| Underperforming | Stage 2 | 237,430,949 | 26,775,927 | 210,655,022 |
| Non-Performing | Stage 3 | - | - | - |
| Domestic | | | | |
| Other Assets Especially Mentioned | | 4,088,485 | 106,481 | 3,982,004 |
| Substandard | | 6,409,410 | 1,486,762 | 4,922,648 |
| Doubtful | | 12,350,397 | 6,434,126 | 5,916,271 |
| Loss | | 136,421,339 | 133,956,023 | 2,465,316 |
| | | 159,269,631 | 141,983,393 | 17,286,238 |

Overseas

| | | March 31, 2024 (Un-audited) | | |
|-----------------------------|---------|------------------------------------|----------------------------------|----------------------------|
| | | Outstanding amount | Credit loss allowance | Net of Advances |
| ------(Rupees in '000)----- | | | | |
| Performing | Stage 1 | 24,550,050 | - | 24,550,050 |
| Underperforming | Stage 2 | 40,197,849 | 1,198,430 | 38,999,419 |
| IFRS 9 not applicable | | 1,212,919 | 181,378 | 1,031,541 |
| Non-Performing | Stage 3 | - | - | - |
| Substandard | | - | - | - |
| Doubtful | | 392,575 | 196,288 | 196,288 |
| Loss | | 63,569,434 | 61,385,043 | 1,975,235 |
| | | 63,962,009 | 61,581,330 | 2,171,523 |
| | | 129,922,826 | 62,961,138 | 66,752,533 |

10.5.3 General provision includes provision amounting to Rs.181 million (December 31, 2023: Rs. 270 million) pertaining to overseas advances to meet the requirements of regulatory authorities of the respective countries in which the Bank operates where IFRS 9 has not been implemented.

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

10.5.5 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) March 31, 2024 | (Audited) December 31, 2023 |
|--|-----------------------------------|-----------------------------------|
| Note | ----- (Rupees in '000) ----- | |
| 11. FIXED ASSETS | | |
| Capital work-in-progress | 1,496,458 | 1,639,234 |
| Property and equipment | 55,918,721 | 55,837,833 |
| | 57,415,179 | 57,477,067 |
| 11.1 Capital work-in-progress | | |
| Civil works | 1,426,998 | 1,569,774 |
| Equipment | 10,727 | 10,727 |
| Advances to suppliers and contractors | 58,733 | 58,733 |
| | 1,496,458 | 1,639,234 |
| | (Un-audited) | |
| | March 31, | March 31, |
| | 2024 | 2023 |
| | ----- (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 | 162,211 | 132,951 |
| Property and equipment | | |
| Building on freehold land | 217,481 | 11,113 |
| Building on leasehold land | 11,674 | 16,050 |
| Furniture and fixtures | 228,476 | 87,227 |
| Computer and peripheral equipment | 53,277 | 54,991 |
| Electrical and office equipment | 108,832 | 123,673 |
| Vehicles | 93,794 | 174,126 |
| | 713,534 | 467,180 |
| Total | 875,745 | 600,131 |
| 11.3 Disposal of fixed assets | | |
| The net book value of fixed assets disposed off during the period is as follows: | | |
| Building on leasehold land | - | - |
| Furniture and fixture | - | - |
| Computer and peripheral equipment | - | 1 |
| Electrical and office equipment | - | - |
| Vehicles | 673 | 3,127 |
| Assets held under finance lease - Vehicle | - | 9,340 |
| Total | 673 | 12,468 |
| | (Un-audited) | (Audited) |
| | March 31, | December 31, |
| | 2024 | 2023 |
| | ----- (Rupees in '000) ----- | |
| 12. INTANGIBLE ASSETS | | |
| Capital work-in-progress - Software Implementation | 569,208 | 470,540 |
| Computer Software | 1,027,657 | 1,153,201 |
| Goodwill on NBP Fund Acquisition | 562,553 | 562,553 |
| | 2,159,419 | 2,186,294 |

(Un-audited)
March 31, 2024 March 31, 2023
 ----- (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 | 18,755 | 69,679 |
| Directly purchased | 40,528 | 15,586 |
| Total | 59,283 | 85,265 |

13. RIGHT-OF-USE ASSETS

| | March 31, 2024 (Un-audited) | | | December 31, 2023 (Audited) | | |
|----------------------------------|-----------------------------|---------------|------------------|-----------------------------|---------------|------------------|
| | Buildings | Vehicles | Total | Buildings | Vehicles | Total |
| ----- (Rupees in '000) ----- | | | | | | |
| At January 1, | | | | | | |
| Cost | 17,822,167 | 29,290 | 17,851,457 | 15,503,248 | 29,290 | 15,532,538 |
| Accumulated Depreciation | (10,497,424) | (18,131) | (10,515,555) | (8,314,601) | (7,430) | (8,322,031) |
| Net Carrying amount at January 1 | 7,324,743 | 11,159 | 7,335,902 | 7,188,647 | 21,860 | 7,210,507 |
| | | | | | | |
| Additions during the year | 264,752 | 4,843 | 269,595 | 2,350,439 | - | 2,350,439 |
| Deletions during the year | 28,003 | - | 28,003 | 59,820 | - | 59,820 |
| Depreciation Charge for the year | 517,193 | 1,460 | 518,653 | 2,159,369 | 5,858 | 2,165,227 |
| Net Carrying amount | 7,044,299 | 14,542 | 7,058,841 | 7,319,899 | 16,002 | 7,335,901 |

14. DEFERRED TAX ASSET/ (DEFERRED TAX LIABILITIES)

| | (Un-audited) | (Audited) |
|---|---------------------|-------------------|
| | March 31, 2024 | December 31, 2023 |
| ----- (Rupees in '000) ----- | | |
| Deductible temporary differences on | | |
| - Tax losses carried forward | 10,705 | 10,705 |
| - Post retirement employee benefits | 7,331,267 | 7,002,470 |
| - Credit loss allowance for diminution in the value of investments | 236,751 | 236,751 |
| - Credit loss allowance against loans and advances | 10,157,544 | 10,143,512 |
| - Credit loss allowance against off-balance sheet obligations | 115,222 | 115,222 |
| - Accelerated tax depreciation | 1,686,518 | 1,550,617 |
| - Right of use assets | 694,842 | 651,852 |
| - Other Credit loss allowance | 100,651 | 98,789 |
| | 20,333,500 | 19,809,918 |
| Taxable temporary differences on | | |
| - Surplus on revaluation of fixed assets | (3,281,294) | (3,221,529) |
| - Excess of accounting book value of leased assets over lease liabilities | (3,009) | 16,038 |
| - Surplus/Deficit on revaluation of investments | (12,626,159) | (16,223,311) |
| - Surplus on revaluation of non-banking assets | (106,848) | (106,848) |
| - Impact of adoption of IFRS 9 | 3,500,344 | - |
| - Exchange translation reserve | (1,121,675) | (1,116,836) |
| | (13,638,641) | (20,652,486) |
| | 6,694,859 | (842,568) |

| | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|---|-----------------------------------|-----------------------------------|
| Note | ----- (Rupees in '000) ----- | |
| 15. OTHER ASSETS | | |
| Income / return / mark-up accrued in local currency | 168,286,760 | 185,624,656 |
| Income / return / mark-up accrued in foreign currency | 5,095,630 | 4,531,523 |
| Advances, deposits, advance rent and other prepayments | 3,573,393 | 3,045,383 |
| Income tax refunds receivable & advance taxation (payments less provisions) | 76,549 | 1,133,524 |
| Compensation for delayed tax refunds | 22,129,925 | 22,129,925 |
| Non-banking assets acquired in satisfaction of claims | 1,165,419 | 1,169,898 |
| Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC) | 208,423 | 208,423 |
| Acceptances | 10,631,696 | 8,100,364 |
| Commission receivable on Government treasury transactions | 7,240,671 | 5,182,665 |
| Stationery and stamps on hand | 503,832 | 472,575 |
| 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 | 771,139 | 234,079 |
| Receivable from SBP | - | 24,698,013 |
| Receivable from Pakistan Stock Exchange | 206,283 | 292,822 |
| Receivable from mutual funds | 1,221,172 | 1,238,517 |
| Receivable from Customers | 445,907 | 377,044 |
| Others | 8,330,390 | 9,052,672 |
| | <u>230,824,594</u> | <u>268,429,488</u> |
| Less: Provision allowance held against other assets | 15.1 12,658,334 | 12,495,413 |
| Less: Credit loss allowance held against markup receivable | 1,511,052 | - |
| Other Assets (Net of credit loss allowance) | <u>216,655,208</u> | <u>255,934,075</u> |
| Surplus on revaluation of non-banking assets acquired in satisfaction of claims | 2,803,228 | 2,803,228 |
| Other assets - total | <u><u>219,458,436</u></u> | <u><u>258,737,303</u></u> |

| | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|------|-----------------------------------|-----------------------------------|
| Note | ----- (Rupees in '000) ----- | |

15.1 Credit loss allowance held against other assets

| | | |
|--|-------------------|-------------------|
| Income / mark-up accrued in local currency | 152,607 | 152,607 |
| Advances, deposits, advance rent and other prepayments | 800,000 | 800,000 |
| Stationery and stamps on hand | 96,542 | 96,542 |
| Barter trade balances | 195,399 | 195,399 |
| Receivable on account of Government transactions | 323,172 | 323,172 |
| Receivable from Government under VHS scheme | 418,834 | 418,834 |
| Protested bills | 4,559,888 | 4,377,337 |
| Ex-MBL / NDFC - other assets | 760,941 | 760,941 |
| Assets Acquired from corporate and industrial restructuring corporation asset (CIRC) | 208,423 | 208,423 |
| Others | 5,142,528 | 5,162,158 |
| | <u>12,658,334</u> | <u>12,495,413</u> |

| | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|------|-----------------------------------|-----------------------------------|
| Note | ----- (Rupees in '000) ----- | |

15.1.1 Movement in Credit loss allowance held against other assets

| | | |
|------------------------------|-------------------|-------------------|
| Opening balance | 12,495,413 | 12,244,043 |
| Charge for the period / year | (15,015) | 239,045 |
| Adjustment against provision | - | (45,194) |
| Other movement | 177,936 | 57,519 |
| Closing balance | <u>12,658,334</u> | <u>12,495,413</u> |

| | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|--|--|-----------------------------------|
| | ----- (Rupees in '000) ----- | |
| 16. BILLS PAYABLE | | |
| In Pakistan | 11,647,901 | 67,822,126 |
| Outside Pakistan | 234,036 | 178,322 |
| | <u>11,881,937</u> | <u>68,000,448</u> |
| 17. BORROWINGS | | |
| Secured | | |
| Borrowings from State Bank of Pakistan | | |
| Under Export Refinance Scheme | 30,014,932 | 29,815,400 |
| Financing Scheme for Renewable Energy | 1,390,807 | 1,289,488 |
| Refinance Facility for Modernization of SMEs | 91,162 | 95,111 |
| Financing Facility for storage of Agriculture Produce (FFSAP) | 544,046 | 599,548 |
| Under Long-Term Financing Facility (LTFF) | 16,259,471 | 17,197,820 |
| Temporary Economic Refinance Facility | 22,053,152 | 22,827,889 |
| Refinance and Credit Guarantee Scheme for Women Entrepreneurs (RCWE) | 60,249 | 29,220 |
| Export Refinance scheme for Bill Discounting | 1,896,850 | 2,606,143 |
| Refinance Facility for Combating Covid-19 | 40,150 | 45,352 |
| | <u>72,350,819</u> | <u>74,505,971</u> |
| Repurchase agreement borrowings | 9.1.1 <u>2,107,156,795</u> | <u>2,064,472,106</u> |
| | <u>2,179,507,614</u> | <u>2,138,978,077</u> |
| Unsecured | | |
| Call borrowings | 19,861,821 | 19,434,142 |
| Overdrawn nostro accounts | 571,868 | 19,330,975 |
| Bai Muajjal | - | - |
| | <u>20,433,689</u> | <u>38,765,117</u> |
| | <u>2,199,941,303</u> | <u>2,177,743,194</u> |
| 17.1 Particulars of borrowings with respect to currencies | | |
| In local currency | 2,180,359,482 | 2,140,248,077 |
| In foreign currencies | 19,581,821 | 37,495,117 |
| | <u>2,199,941,303</u> | <u>2,177,743,194</u> |
| 17.2 Mark-up / interest rates and other terms are as follows: | | |
| - | The Bank has entered into agreements with the SBP for extending export refinance to customers. As per the terms of the agreement, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of finances by directly debiting the current account maintained by the Bank with the SBP. These borrowings carry mark-up of 0% to 18% per annum (December 31, 2023: from 0% to 19.00% per annum). | |
| - | Repurchase agreement borrowings carry mark-up ranging from 21.80 to 22.05 per annum (December 31, 2023: 21.75% to 23.00% per annum) having maturities ranging from April 5, 2024 to April 26, 2024. | |
| - | Call borrowings carry interest ranging from 5.5% to 22.0% per annum (December 31, 2023: 5.50% to 21.80% 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. 2,107,157 million (December 31, 2023: Rs.2,064,472 million). | |

18. DEPOSITS AND OTHER ACCOUNTS

| | March 31, 2024 (Un-audited) | | | December 31, 2023 (Audited) | | |
|-------------------------------------|-----------------------------|-----------------------|----------------------|-----------------------------|-----------------------|---------------|
| | In local currency | In foreign currencies | Total | In local currency | In foreign currencies | Total |
| ----- (Rupees in '000) ----- | | | | | | |
| Customers | | | | | | |
| Current deposits - remunerative | 734,657,855 | - | 734,657,855 | 692,443,686 | - | 692,443,686 |
| Current deposits - non-remunerative | 402,386,013 | 164,552,978 | 566,938,991 | 656,289,463 | 161,079,615 | 817,369,078 |
| Savings deposits | 767,765,802 | 126,282,672 | 894,048,474 | 766,301,047 | 134,394,831 | 900,695,878 |
| Term deposits | 480,494,975 | 225,430,945 | 705,925,920 | 509,997,709 | 232,985,846 | 742,983,555 |
| Others | 12,684,907 | 6,735 | 12,691,642 | 13,082,003 | 7,182 | 13,089,185 |
| | 2,397,989,552 | 516,273,330 | 2,914,262,882 | 2,638,113,908 | 528,467,474 | 3,166,581,382 |
| Financial Institutions | | | | | | |
| Current deposits | 452,612,372 | 1,659,392 | 454,271,764 | 458,765,517 | 1,400,531 | 460,166,048 |
| Savings deposits | 29,844,791 | - | 29,844,791 | 18,946,277 | 4,644,674 | 23,590,951 |
| Term deposits | 10,254,966 | 9,815,542 | 20,070,508 | 12,824,721 | 3,636,495 | 16,461,216 |
| Others | 4,627,375 | 252 | 4,627,627 | 6,310,317 | - | 6,310,317 |
| | 497,339,504 | 11,475,186 | 508,814,690 | 496,846,832 | 9,681,700 | 506,528,532 |
| | 2,895,329,056 | 527,748,516 | 3,423,077,572 | 3,134,960,740 | 538,149,174 | 3,673,109,914 |

18.1 Foreign currencies deposits includes deposit of foreign branches amounting to Rs.111,735 million (December 31, 2023: Rs. 99,316 million).

19. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

| | March 31, 2024 (Un-audited) | | | December 31, 2023 (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 | 91,079 | 25,208 | 65,871 | 92,543 | 28,302 | 64,241 |
| Later than one year and upto five years | 149,527 | 19,856 | 129,671 | 168,280 | 24,253 | 144,027 |
| Over five years | - | - | - | - | - | - |
| | 240,606 | 45,064 | 195,542 | 260,823 | 52,555 | 208,268 |

19.1 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, 2023: 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) | (Audited) |
| | March 31, 2024 | December 31, 2023 |
| | ----- (Rupees in '000) ----- | |

20. LEASE LIABILITIES AGAINST RIGHT OF USE ASSETS

| | | |
|---|------------------|-------------|
| Outstanding amount at the start of the year | 8,682,731 | 8,763,669 |
| Additions during the year | 325,841 | 1,931,996 |
| Lease payments including interest | (663,701) | (2,879,412) |
| Interest expense | 213,840 | 879,660 |
| Exchange difference | (72,795) | 7,721 |
| Closure of branch | - | (20,902) |
| Outstanding amount at the end of the year | 8,485,915 | 8,682,731 |

Maturity analysis - contractual undiscounted cash flows

| | | |
|--------------------------------------|-------------------|------------|
| Less than one year | 2,647,873 | 2,649,801 |
| One to five years | 7,171,047 | 7,110,076 |
| More than five years | 3,211,481 | 3,124,101 |
| Total undiscounted lease liabilities | 13,030,401 | 12,883,977 |

| | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|--|-----------------------------------|-----------------------------------|
| Note | ----- (Rupees in '000)----- | |
| 21. OTHER LIABILITIES | | |
| Mark-up / Return / Interest payable in local currency | 144,668,121 | 194,680,604 |
| Mark-up / Return / Interest payable in foreign currencies | 925,158 | 2,611,281 |
| Unearned commission and income on bills discounted | 153,551 | 124,131 |
| Accrued expenses | 14,465,979 | 13,907,160 |
| Advance payments | 398,550 | 387,084 |
| Acceptances | 10,631,696 | 8,100,364 |
| Unclaimed dividends | 174,182 | 174,709 |
| Mark to market loss on forward foreign exchange contracts | 2,481,578 | 6,676,880 |
| Current taxation (provisions less payments) | 21,673,116 | - |
| Branch adjustment account | 999,932 | 1,659,214 |
| Payable to defined benefit plan: | | |
| Pension fund | 24,672,994 | 22,944,893 |
| Post retirement medical benefits | 36,009,451 | 34,833,112 |
| Benevolent fund | 1,609,538 | 1,613,699 |
| Gratuity scheme | 4,595,547 | 4,975,497 |
| Compensated absences | 9,511,042 | 9,632,176 |
| Credit loss allowance against off-balance sheet obligations | 2,601,806 | 627,494 |
| Credit loss allowance against contingencies | 21.1 4,639,533 | 4,698,118 |
| Staff welfare fund | 371,257 | 371,257 |
| Liabilities relating to Barter trade agreements | 4,272,620 | 4,321,484 |
| Payable to brokers | 252,197 | 735,663 |
| Payable to customers | 348,565 | 516,017 |
| PIBs short selling | 14,011,372 | 10,241,337 |
| Others | 18,890,576 | 19,040,688 |
| | <u>318,358,361</u> | <u>342,872,862</u> |
| 21.1 Credit loss allowance against contingencies | | |
| Opening balance | 4,698,118 | 4,170,799 |
| Charge for the period / year | 19,351 | 384,838 |
| Other movement | (77,936) | 142,481 |
| Closing balance | <u>4,639,533</u> | <u>4,698,118</u> |
| Credit loss allowance against off-balance sheet obligations | | |
| Opening balance | 627,494 | 627,494 |
| impapct of adoption of IFRS-9 | 1,843,590 | - |
| Charge for the period / year | 130,722 | - |
| Closing balance | <u>2,601,806</u> | <u>627,494</u> |

| | | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|--|--------|-----------------------------------|-----------------------------------|
| | Note | ----- (Rupees in '000) ----- | |
| 22. SURPLUS ON REVALUATION OF ASSETS | | | |
| Surplus / (deficit) on revaluation of | | | |
| - Securities measured at FVOCI-Debt | 9.1 | (28,423,241) | (31,347,013) |
| - Securities measured at FVOCI-Equity | | 54,199,534 | 64,466,294 |
| - Fixed Assets | | 48,215,367 | 48,300,131 |
| - Non-banking assets | | 2,803,229 | 2,803,228 |
| - On securities of associates and joint venture | | 48,296 | (337,236) |
| | | <u>76,843,185</u> | <u>83,885,404</u> |
| Deferred tax on (surplus) / deficit on revaluation of: | | | |
| - Securities measured at FVOCI-Debt | | 13,936,374 | 15,360,036 |
| - Securities measured at FVOCI-Equity | | (26,562,532) | (31,583,349) |
| - Fixed Assets | | (3,281,294) | (3,322,829) |
| - Non-banking assets | | (106,848) | (106,848) |
| | | <u>(16,014,300)</u> | <u>(19,652,989)</u> |
| | | <u>60,828,884</u> | <u>64,232,415</u> |
| 23. CONTINGENCIES AND COMMITMENTS | | | |
| Guarantees | 23.1 | 528,404,420 | 346,487,980 |
| Commitments | 23.2 | 2,508,834,693 | 2,362,684,359 |
| Other contingent liabilities | 23.3 | 26,070,987 | 26,628,229 |
| | | <u>3,063,310,099</u> | <u>2,735,800,568</u> |
| 23.1 Guarantees: | | | |
| Financial guarantees | | 406,321,553 | 227,063,459 |
| Performance guarantees | | 122,082,867 | 119,424,521 |
| | | <u>528,404,420</u> | <u>346,487,980</u> |
| 23.2 Commitments: | | | |
| Documentary credits and short-term trade-related transactions | | | |
| - letters of credit | | 1,577,908,048 | 1,633,847,479 |
| Commitments in respect of: | | | |
| - forward foreign exchange contracts | 23.2.1 | 851,887,859 | 655,935,358 |
| - forward government securities transactions | 23.2.2 | 27,118,665 | 27,318,929 |
| - forward lending | 23.2.3 | 50,702,983 | 44,432,555 |
| Commitments for acquisition of: | | | |
| - operating fixed assets | | 1,196,541 | 1,129,442 |
| Other commitments | 23.2.4 | 20,597 | 20,596 |
| | | <u>2,508,834,693</u> | <u>2,362,684,359</u> |
| 23.2.1 Commitments in respect of forward foreign exchange contracts | | | |
| Purchase | | 489,737,816 | 412,870,783 |
| Sale | | 362,150,043 | 243,064,575 |
| | | <u>851,887,859</u> | <u>655,935,358</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. | | | |
| 23.2.2 Commitments in respect of forward government securities transactions | | | |
| Purchase | | 20,268,814 | 11,493,136 |
| Sale | | 6,849,852 | 15,825,793 |
| | | <u>27,118,665</u> | <u>27,318,929</u> |

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

| | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|---|--|--|
| | ----- (Rupees in '000) ----- | |
| 23.2.3 Commitments in respect of forward lending | | |
| Undrawn formal standby facilities, credit lines and other commitment to lend | <u>50,702,983</u> | <u>44,432,555</u> |
| These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the bank without the risk of incurring significant penalty or expense. | | |
| 23.2.4 Other commitments | | |
| Professional services to be received | <u>20,597</u> | <u>20,596</u> |
| 23.3 Other contingent liabilities | | |
| 23.3.1 Claims against the Bank not acknowledged as debt | <u>26,070,987</u> | <u>26,628,229</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, 2023: 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.

23.3.2 Taxation

As at March 31, 2024, the status of tax contingencies disclosed in the annual unconsolidated financial statements for the year ended December 31, 2023 is same:

- The aggregate effect of contingencies as on March 31, 2024, including amount of Rs. 1,912 million (December 31, 2023: Rs. 1,912 million) in respect of indirect tax issues, amounts to Rs. 33,433 million (December 31, 2023: Rs. 34,730 million). No provision has been made against these contingencies, based on the opinion of tax consultant of the Bank, who expect favorable outcome upon decisions of pending appeals.

23.3.3 Contingencies in respect of employees benefits and related matters

As at March 31, 2024, the status of contingencies disclosed in the annual audited consolidated financial statements for the year ended December 31, 2023 is same, other than the following:

23.3.3.1 Pensionary benefits to retired employees

The Honorable Supreme Court of Pakistan (in Review Jurisdiction) has, by its order dated 27th March 2024, dismissed all the civil review petitions filed by NBP (CRPs No 368 to 409 etc.), as a result of which the Supreme Court decision dated 25th September 2017, in respect of the pension litigation, has now attained finality. Accordingly, the Bank is now required to implement the direction contained in the judgment dated January 15, 2016 of the Lahore High Court, which direction has been upheld by the apex court.

Prior to the announcement of above judgement, the bank had estimated pension related liability amounted to Rs 98.7 billion approximately. Owing to the complexities involved, the management of the bank in consultation with professional actuary and Bank's legal counsel is working out implementation of the judgement. Pending such an exercise the financial impact of the obligation cannot be ascertained with sufficient reliability as per the requirements of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

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

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

| | | (Un-audited) | |
|-------------|---|------------------------|--------------------|
| | | Quarter ended | |
| | | March 31, 2024 | March 31, 2023 |
| Note | ----- | (Rupees in '000) ----- | |
| 24. | MARK-UP / RETURN / INTEREST EARNED | | |
| | Loans and advances | 56,366,101 | 43,469,581 |
| | Investments | 215,275,819 | 146,218,758 |
| | Lendings to financial institutions | 2,570,230 | 2,573,879 |
| | Balances with banks | 869,921 | 236,360 |
| | | <u>275,082,071</u> | <u>192,498,578</u> |
| 24.1 | Interest income (calculated using effective interest rate method) | 275,082,071 | - |
| 25. | MARK-UP / RETURN / INTEREST EXPENSED | | |
| | On: | | |
| | Deposits | 115,419,124 | 69,726,499 |
| | Borrowings | 1,891,891 | 1,153,608 |
| | Cost of foreign currency swaps against foreign currency deposits | 3,667,439 | 1,218,975 |
| | Lease liability against right of use assets | 241,414 | 328,939 |
| | Securities sold under repurchase agreements | 124,734,681 | 87,445,959 |
| | | <u>245,954,549</u> | <u>159,873,980</u> |
| 25.1 | Interest expense calculated using effective interest rate method | 245,954,549 | - |
| 26. | FEE AND COMMISSION INCOME | | |
| | Branch banking customer fees | 478,760 | 464,670 |
| | Consumer finance related fees | 169,078 | 135,309 |
| | Card related fees | 1,254,346 | 579,688 |
| | Credit related fees | 73,036 | 55,281 |
| | Investment banking fees | 39,084 | 85,646 |
| | Commission on trade | 741,581 | 406,448 |
| | Commission on guarantees | 349,988 | 277,157 |
| | Commission on cash management | 12,573 | 9,551 |
| | Commission on remittances including home remittances | 384,091 | 372,768 |
| | Commission on bancassurance | 34,648 | 75,044 |
| | Commission on government transactions | 2,021,195 | 2,052,698 |
| | Management fee and sale load | 664,063 | 384,955 |
| | Brokerage income | 25,681 | 17,328 |
| | Others | 31,911 | 39,403 |
| | | <u>6,280,035</u> | <u>4,955,946</u> |
| 27. | GAIN ON SECURITIES - NET | | |
| | Realised | 2,749,911 | 756,394 |
| | Unrealised - Measured at FVPL | 1,665,176 | (226,190) |
| | Unrealized - Short selling | 9,131 | (160,904) |
| | | <u>4,424,218</u> | <u>369,299</u> |
| 27.1 | Realized gain / (loss) on | | |
| | Federal Government Securities | 1,882,955 | 738,747 |
| | Shares and mutual funds | 866,956 | 17,647 |
| | Foreign Securities | - | - |
| | | <u>2,749,911</u> | <u>756,394</u> |

| (Un-audited) | |
|------------------------------|----------------|
| Quarter ended | |
| March 31, 2024 | March 31, 2023 |
| ----- (Rupees in '000) ----- | |

27.2 Net gain / loss on financial assets / liabilities measured at FVPL:

| | | |
|-------------------------------------|------------------|---|
| Designated upon initial recognition | (33,691) | - |
| Mandatorily measured at FVPL | 1,698,867 | - |
| | 1,665,176 | - |

28. OTHER INCOME

| | | | |
|--------------------------------------|------|---------------|----------------|
| Rent on property | | 11,374 | 6,502 |
| Gain on sale of fixed assets - net | | 1,354 | 1,819 |
| 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 | | 57,904 | 4,859 |
| | | 70,632 | 605,397 |

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

| | (Un-audited) | |
|---|------------------------------|----------------|
| | Quarter ended | |
| | March 31, 2024 | March 31, 2023 |
| | ----- (Rupees in '000) ----- | |
| 29. OPERATING EXPENSES | | |
| Total compensation expenses | 14,631,931 | 14,457,298 |
| Property expense | | |
| Rent and taxes | 348,258 | 274,301 |
| Insurance | 9,877 | 10,654 |
| Utilities cost | 580,241 | 426,288 |
| Security (including guards) | 978,149 | 817,676 |
| Repair and maintenance (including janitorial charges) | 357,343 | 305,378 |
| Depreciation | 119,733 | 130,454 |
| Depreciation on non banking assets | 4,479 | 2,511 |
| Depreciation on Ijarah assets | - | 15,861 |
| Depreciation on right of use assets | 518,653 | 556,890 |
| | 2,916,732 | 2,540,013 |
| Information technology expenses | | |
| Software maintenance | 716,087 | 694,694 |
| Hardware maintenance | 40,457 | 63,303 |
| Depreciation | 127,017 | 99,462 |
| Amortisation | 122,762 | 118,595 |
| Network charges | 214,988 | 155,853 |
| IT Manage Services | 117,998 | 134,328 |
| | 1,339,309 | 1,266,235 |
| Other operating expenses | | |
| Directors' fees and allowances | 25,064 | 11,023 |
| Directors' fees and allowances - subsidiaries | 5,940 | 4,840 |
| Fees and allowances to Shariah Board | 4,266 | 4,577 |
| Legal and professional charges | 436,738 | 415,575 |
| Outsourced services costs | 214,313 | 147,241 |
| Travelling and conveyance | 339,943 | 305,235 |
| NIFT clearing charges | 50,818 | 53,977 |
| Depreciation | 382,708 | 400,152 |
| Training and development | 15,112 | 22,144 |
| Postage and courier charges | 38,689 | 30,189 |
| Communication | 203,582 | 156,333 |
| Stationery and printing | 303,928 | 273,048 |
| Marketing, advertisement and publicity | 132,342 | 104,096 |
| Donations | 5,509 | - |
| Auditors' Remuneration | 69,638 | 64,027 |
| Financial charges on leased assets | 31,707 | 29,309 |
| Insurance | 189,960 | 129,210 |
| Entertainment | 96,313 | 70,135 |
| Clearing, verification and license fee charges | 69,273 | 117,026 |
| Vehicle Expenses | 63,817 | 61,970 |
| Repairs and maintenance | 310,958 | 260,390 |
| Brokerage | 30,795 | 5,126 |
| Loss on Sale of Fixed Asset | 33,935 | - |
| Deposit premium expense | 348,216 | 452,894 |
| Others | 178,323 | 158,150 |
| | 3,581,888 | 3,276,667 |
| | 22,469,860 | 21,540,213 |

| | | (Un-audited) | |
|--------------------------|--|------------------------------|----------------|
| | | Quarter ended | |
| | | March 31, 2024 | March 31, 2023 |
| Note | | ----- (Rupees in '000) ----- | |
| 30. OTHER CHARGES | | | |
| | Penalties imposed by State Bank of Pakistan | 10,891 | 14,614 |
| | Penalties imposed by other regulatory bodies(Central bank of international branches) | - | 1,085 |
| | | <u>10,891</u> | <u>15,699</u> |

31. CREDIT LOSS ALLOWANCE & WRITE OFFS - NET

| | | | | |
|--|--|--------|----------------|----------------|
| | Credit loss allowance for diminution in value of investments | 9.2 | 117,447 | 774,286 |
| | Credit loss allowance against loans and advances | 10.4 | 340,400 | (68,430) |
| | Credit loss allowance against against other assets | 15.1.1 | (15,014) | 9,895 |
| | Credit loss allowance against against markup receivable | | 134,584 | - |
| | Credit loss allowance against against contingencies | 21.1 | 19,351 | 18,436 |
| | Credit loss allowance against against off balance Sheet | | 130,722 | - |
| | | | <u>727,490</u> | <u>734,186</u> |

32. TAXATION

| | | | | |
|--|--------------|-------------------|------------------|--|
| | Current | | | |
| | For the year | 10,723,750 | 8,076,025 | |
| | Prior years | - | - | |
| | | <u>10,723,750</u> | <u>8,076,025</u> | |
| | Deferred | | | |
| | For the year | (115,469) | (454,280) | |
| | Prior years | - | - | |
| | | <u>(115,469)</u> | <u>(454,280)</u> | |
| | | <u>10,608,281</u> | <u>7,621,745</u> | |

33. EARNINGS PER SHARE - BASIC AND DILUTED

| | | | |
|--|--|-----------|------------|
| | Profit for the period (Rupees in 000's) | 9,708,340 | 11,249,266 |
| | Weighted average number of ordinary shares (000's) | 2,127,513 | 2,127,513 |
| | Earnings per share - basic and diluted (Rupees) | 4.56 | 5.29 |

33.1 Diluted earnings per share has not been presented separately as the Bank does not have any convertible instruments in issue.

| | | (Un-audited) | | |
|-------------------------------------|---------------------------------------|------------------------------|--------------------|--------------------|
| | | Quarter ended | | |
| | | March 31, 2024 | March 31, 2023 | |
| Note | | ----- (Rupees in '000) ----- | | |
| 34. CASH AND CASH EQUIVALENT | | | | |
| | Cash and balances with treasury banks | 6 | 407,851,774 | 255,097,607 |
| | Balances with other banks | 7 | 30,001,453 | 35,526,174 |
| | Call / clean money lendings | 8 | 9,723 | 9,723 |
| | Call borrowings | 17 | (19,861,821) | (22,537,203) |
| | Overdrawn nostro accounts | 17 | (571,868) | - |
| | | | <u>417,429,261</u> | <u>268,096,301</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 Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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

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

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

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

| March 31, 2024 (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 | | | | | |
| Federal Government Securities | | | | | |
| - Market Treasury Bills | 862,739,288 | - | 862,739,288 | - | 862,739,288 |
| - Pakistan Investment Bonds | 2,835,677,056 | - | 2,835,677,056 | - | 2,835,677,056 |
| - Ijarah Sukuks | 40,549,245 | - | 40,549,245 | - | 40,549,245 |
| - Foreign Currency Debt securities | 36,044,116 | - | 36,044,116 | - | 36,044,116 |
| Ordinary Shares | | | | | |
| - Listed Companies | 63,684,379 | 63,684,379 | - | - | 63,684,379 |
| Preference shares | | | | | |
| - Listed | 1,034,666 | 1,034,666 | - | - | 1,034,666 |
| Non-Government debt securities | | | | | |
| - Term Finance Certificates and Sukuk Bonds | 54,702,528 | 14,144,159 | 40,558,369 | - | 54,702,528 |
| Mutual Fund units | | | | | |
| | 7,393,010 | - | 7,393,010 | - | 7,393,010 |
| Foreign Securities | | | | | |
| - Government debt securities | 6,101,261 | - | 6,101,261 | - | 6,101,261 |
| - Equity Securities - Listed | 44,420,784 | 44,420,784 | - | - | 44,420,784 |
| | <u>3,952,346,333</u> | <u>123,283,988</u> | <u>3,829,062,345</u> | - | <u>3,952,346,333</u> |
| Financial assets - disclosed but not measured at fair value | | | | | |
| Investments | | | | | |
| Federal Government Securities | | | | | |
| - Market Treasury Bills | - | - | - | - | - |
| - Pakistan Investment Bonds | 319,839,934 | - | 187,288,650 | - | 187,288,650 |
| - Ijarah Sukuks | 14,080,289 | - | 11,805,827 | - | 11,805,827 |
| - Foreign Currency Debt securities | 4,393,435 | - | 4,224,299 | - | 4,224,299 |
| Foreign Securities | | | | | |
| - Government debt securities | 40,750,764 | - | 43,559,260 | - | 43,559,260 |
| - Non-Government debt securities | 1,065 | - | 1,103 | - | 1,103 |
| | <u>379,065,487</u> | - | <u>246,879,139</u> | - | <u>246,879,139</u> |
| | <u>4,331,411,820</u> | <u>123,283,988</u> | <u>4,075,941,484</u> | - | <u>4,199,225,472</u> |
| Off-balance sheet financial instruments - measured at fair value | | | | | |
| Commitments | | | | | |
| Foreign exchange contracts purchase and sale | <u>851,887,859</u> | - | <u>(11,944,713)</u> | - | <u>(11,944,713)</u> |
| Forward government securities transactions | <u>27,118,665</u> | - | <u>167,530</u> | - | <u>167,530</u> |
| December 31, 2023 (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 | | | | | |
| Federal Government Securities | | | | | |
| - Market Treasury Bills | 980,162,978 | - | 980,162,978 | - | 980,162,978 |
| - Pakistan Investment Bonds | 2,915,714,573 | - | 2,915,714,573 | - | 2,915,714,573 |
| - Ijarah Sukuks | 30,093,964 | - | 30,093,964 | - | 30,093,964 |
| - Foreign Currency Debt securities | 30,733,308 | - | 30,733,308 | - | 30,733,308 |
| Ordinary Shares | | | | | |
| - Listed Companies | 62,430,593 | 62,430,593 | - | - | 62,430,593 |
| Preference shares | | | | | |
| - Listed | 1,043,797 | 1,043,797 | - | - | 1,043,797 |
| Non-Government debt securities | | | | | |
| - Term Finance Certificates and Sukuk Bonds | 47,649,851 | 13,790,776 | 33,859,075 | - | 47,649,851 |
| Mutual Fund units | | | | | |
| | 4,885,134 | - | 4,885,134 | - | 4,885,134 |
| Foreign Securities | | | | | |
| - Government debt securities | 6,090,437 | - | 6,090,437 | - | 6,090,437 |
| - Equity Securities - Listed | 42,634,845 | 42,634,845 | - | - | 42,634,845 |
| | <u>4,121,439,480</u> | <u>119,900,011</u> | <u>4,001,539,469</u> | - | <u>4,121,439,480</u> |

| December 31, 2023 (Audited) | | | | |
|-----------------------------|---------|---------|---------|-------|
| Carrying Value | Level 1 | Level 2 | Level 3 | Total |

(Rupees in '000)

Financial assets - disclosed but not measured at fair value

Investments

Federal Government Securities

| | | | | | |
|------------------------------------|-------------|---|-------------|---|-------------|
| - Market Treasury Bills | 161,108 | - | 161,108 | - | 161,108 |
| - Pakistan Investment Bonds | 213,116,482 | - | 193,881,462 | - | 193,881,462 |
| - Ijarah Sukuks | 14,087,500 | - | 12,419,631 | - | 12,419,631 |
| - Foreign Currency Debt securities | 4,288,988 | - | 4,243,611 | - | 4,243,611 |

Foreign Securities

| | | | | | |
|----------------------------------|---------------|-------------|---------------|---|---------------|
| - Government debt securities | 41,295,981 | - | 41,295,981 | - | 41,295,981 |
| - Non-Government debt securities | 1,083 | - | 1,083 | - | 1,083 |
| | 272,951,142 | - | 252,002,875 | - | 252,002,875 |
| | 4,394,390,622 | 119,900,011 | 4,253,542,344 | - | 4,373,442,355 |

Off-balance sheet financial instruments - measured at fair value

Commitments

| | | | | | |
|--|-------------|---|-------------|---|-------------|
| Foreign exchange contracts purchase and sale | 655,935,358 | - | (6,676,880) | - | (6,676,880) |
| Forward government securities transactions | 27,318,929 | - | 3,357 | - | 3,357 |

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

| Item | Valuation approach and input used |
|---|---|
| Federal Government securities | The fair value of Federal Government securities is determined using the prices / rates available on Mutual Funds Association of Pakistan (MUFAP) / Reuter page. |
| Non-Government debt securities | The fair value of non-government debt securities is determined using the prices / rates from MUFAP / Pakistan Stock Exchange. |
| Mutual Fund units | The fair values of investments in mutual fund units are determined based on their net asset values as published on MUFAP. |
| Ordinary Shares | The fair value of Ordinary shares is determined using the prices from Pakistan Stock Exchange. |
| Foreign Securities | The fair value of foreign securities is determined using the prices from Reuter page. |
| Forward foreign exchange contracts and Forward Government securities transactions | The fair values of forward foreign exchange contracts and forward Government securities transactions are determined using forward pricing calculations. |
| Fixed assets and non-banking assets acquired in satisfaction of claims | Land, buildings and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty. Accordingly, a qualitative disclosure of sensitivity has not been presented in these consolidated condensed interim 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, 2024 (Un-audited) | | | | |
|-----------------------------|---------|---------|---------|-------|
| Carrying Value | Level 1 | Level 2 | Level 3 | Total |

(Rupees in '000)

| | | | | | |
|---|------------|---|---|------------|------------|
| Land and building | 52,065,972 | - | - | 52,065,972 | 52,065,972 |
| Non-banking assets acquired in satisfaction of claims | 3,968,647 | - | - | 3,968,647 | 3,968,647 |
| | 56,034,619 | - | - | 56,034,619 | 56,034,619 |

| December 31, 2023 (Audited) | | | | |
|-----------------------------|---------|---------|---------|-------|
| Carrying Value | Level 1 | Level 2 | Level 3 | Total |

(Rupees in '000)

| | | | | | |
|---|------------|---|---|------------|------------|
| Land and building | 51,992,069 | - | - | 51,992,069 | 51,992,069 |
| Non-banking assets acquired in satisfaction of claims | 3,973,126 | - | - | 3,973,126 | 3,973,126 |
| | 55,965,195 | - | - | 55,965,195 | 55,965,195 |

36. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

| For the three months period ended March 31, 2024 (Un-audited) | | | | | | | | |
|---|-----------------------------|--|----------|---|----------------------|-----------|--------------|-------|
| Retail Banking Group | Inclusive Development Group | Corporate and Investment Banking Group | Treasury | International, Financial Institution and Remittance | Head Office / Others | Sub total | Eliminations | Total |

(Rupees in '000)

Profit and loss account

| | | | | | | | | | |
|--|-------------------|--------------------|------------------|--------------------|------------------|------------------|-------------------|----------|-------------------|
| Net mark-up / return / interest income / (expense) | (90,200,934) | 9,243,938 | 251,229 | 105,644,993 | 3,056,778 | 1,131,520 | 29,127,523 | - | 29,127,522 |
| Inter segment revenue - net | 123,260,264 | (10,704,447) | 1,576,071 | (120,246,452) | - | 6,114,565 | 0 | - | - |
| Non mark-up / return / interest income | 4,183,351 | 126,492 | 1,558,709 | 7,249,888 | 214,454 | 1,174,398 | 14,507,291 | - | 14,507,291 |
| Total Income | 37,242,681 | (1,334,018) | 3,386,009 | (7,351,571) | 3,271,231 | 8,420,482 | 43,634,814 | - | 43,634,813 |
| Segment direct expenses | 9,921,106 | 103,111 | 309,598 | 90,929 | 2,322,734 | 1,415,588 | 14,163,066 | - | 14,163,066 |
| Inter segment expense allocation | - | - | - | - | - | 8,317,685 | 8,317,685 | - | 8,317,685 |
| Total expenses | 9,921,106 | 103,111 | 309,598 | 90,929 | 2,322,734 | 9,733,273 | 22,480,751 | - | 22,480,751 |
| Credit loss allowance | 51,861 | 579,507 | 550,665 | - | (121,579) | (332,965) | 727,491 | - | 727,490 |
| Profit / (loss) before taxation | 27,269,715 | (2,016,637) | 2,525,745 | (7,442,499) | 1,070,076 | (979,826) | 20,426,574 | - | 20,426,572 |

| As at March 31, 2024 (Un-audited) | | | | | | | | |
|-----------------------------------|-----------------------------|--|----------|---|----------------------|-----------|--------------|-------|
| Retail Banking Group | Inclusive Development Group | Corporate and Investment Banking Group | Treasury | International, Financial Institution and Remittance | Head Office / Others | Sub total | Eliminations | Total |

(Rupees in '000)

Statement of financial position

| | | | | | | | | | |
|---|----------------------|--------------------|--------------------|----------------------|--------------------|--------------------|----------------------|------------------------|----------------------|
| Cash and balances with treasury and other banks | 94,686,055 | 5,990,189 | 260,724 | 231,419,359 | 93,388,984 | 12,107,916 | 437,853,227 | - | 437,853,227 |
| Investments | 0 | - | 29,536,237 | 4,154,994,743 | 84,512,188 | 77,455,445 | 4,346,498,625 | - | 4,346,498,622 |
| Net inter segment lending | 2,484,375,335 | - | - | - | - | 339,660,350 | 2,824,035,685 | (2,824,035,685) | - |
| Lendings to financial institutions | - | - | - | 58,022,466 | - | - | 58,022,466 | - | 58,022,466 |
| Advances - performing | 231,113,791 | 158,401,636 | 687,658,261 | - | 65,960,818 | 109,991,034 | 1,253,125,539 | - | 1,253,125,539 |
| Advances - non-performing | 5,135,970 | 27,205,583 | 24,344,915 | - | 63,766,100 | 102,779,071 | 223,231,639 | - | 223,231,639 |
| Credit allowance against against Advances | (12,386,909) | (30,731,848) | (41,882,813) | - | (62,726,043) | (103,009,368) | (250,736,981) | - | (250,736,981) |
| Advances - Net | 223,862,851 | 154,875,371 | 670,120,363 | - | 67,000,875 | 109,760,737 | 1,225,620,197 | - | 1,225,620,197 |
| Others | 44,647,739 | 2,803,745 | 37,735,073 | 104,209,891 | 8,345,816 | 95,044,472 | 292,786,713 | - | 292,786,734 |
| Total Assets | 2,847,571,980 | 163,669,305 | 737,652,397 | 4,548,646,459 | 253,247,862 | 634,028,920 | 9,184,816,914 | (2,824,035,685) | 6,360,781,246 |
| Borrowings | - | 4,359,614 | 67,991,206 | 2,108,008,662 | 19,581,821 | - | 2,199,941,304 | - | 2,199,941,303 |
| Deposits and other accounts | 2,733,349,952 | - | 461,746,902 | - | 111,735,197 | 116,245,522 | 3,423,077,572 | - | 3,423,077,572 |
| Net inter segment borrowing | - | 152,166,650 | 178,726,600 | 2,348,684,206 | 122,392,253 | 22,065,976 | 2,824,035,685 | (2,824,035,685) | - |
| Others | 114,218,085 | 7,143,041 | 29,136,456 | 40,922,927 | 4,263,437 | 140,864,848 | 336,548,794 | - | 338,921,755 |
| Total liabilities | 2,847,568,036 | 163,669,305 | 737,601,163 | 4,497,615,795 | 257,972,708 | 279,176,346 | 8,783,603,354 | (2,824,035,685) | 5,961,940,630 |
| Equity | 3,944 | - | 51,234 | 51,030,663 | (4,724,846) | 352,479,625 | 398,840,613 | - | 398,840,615 |
| Total equity and liabilities | 2,847,571,980 | 163,669,305 | 737,652,397 | 4,548,646,459 | 253,247,862 | 631,655,971 | 9,182,443,966 | (2,824,035,685) | 6,360,781,246 |
| Contingencies and commitments | - | 78,678,795 | 2,006,166,719 | 929,709,507 | 21,064,750 | 27,690,328 | 3,063,310,099 | - | 3,063,310,099 |

For the three months period ended March 31, 2023 (Un-audited)

| Retail Banking Group | Inclusive Development Group | Corporate and Investment Banking Group | Treasury | International, Financial Institution and Remittance | Head Office / Others | Sub total | Eliminations | Total |
|----------------------|-----------------------------|--|----------|---|----------------------|-----------|--------------|-------|
|----------------------|-----------------------------|--|----------|---|----------------------|-----------|--------------|-------|

(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 | 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) | - | 5,399,033 | - | - | - |
| 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 | (1,229,807) | 2,212,868 | 1,234,536 | 972,503 | 8,806,814 | 41,205,155 | - | 41,205,155 |
| Segment direct expenses | 8,887,705 | 906,289 | 349,136 | 62,208 | 2,178,426 | 1,287,892 | 13,671,656 | - | 13,671,655 |
| Inter segment expense allocation | - | - | - | - | - | 7,884,256 | 7,884,256 | - | 7,884,256 |
| Total expenses | 8,887,705 | 906,289 | 349,136 | 62,208 | 2,178,426 | 9,172,149 | 21,555,912 | - | 21,555,911 |
| Credit loss allowance | (57,529) | 489,453 | 234,381 | 852,624 | (185,860) | (598,884) | 734,186 | - | 734,186 |
| Profit / (loss) before taxation | 20,378,063 | (2,625,549) | 1,629,351 | 319,704 | (1,020,062) | 233,550 | 18,915,057 | - | 18,915,057 |

As at December 31, 2023 (Audited)

| Retail Banking Group | Inclusive Development Group | Corporate and Investment Banking Group | Treasury | International, Financial Institution and Remittance | Head Office / Others | Sub total | Eliminations | Total |
|----------------------|-----------------------------|--|----------|---|----------------------|-----------|--------------|-------|
|----------------------|-----------------------------|--|----------|---|----------------------|-----------|--------------|-------|

(Rupees in '000)

Statement of financial position

| | | | | | | | | | |
|---|----------------------|--------------------|----------------------|----------------------|--------------------|--------------------|----------------------|------------------------|----------------------|
| Cash and balances with treasury and other banks | 24,530,869 | 2,327,011 | 309,620 | 253,026,662 | 45,582,613 | 12,683,274 | 338,460,049 | - | 338,460,049 |
| Investments | - | - | 29,881,757 | 4,238,437,789 | 79,712,923 | 66,141,836 | 4,414,174,305 | - | 4,414,174,305 |
| Net inter segment lending | 2,848,709,058 | - | - | - | - | 305,771,087 | 3,154,480,145 | (3,154,480,145) | - |
| Lendings to financial institutions | - | - | - | 192,430,437 | - | - | 192,430,437 | - | 192,430,437 |
| Advances - performing | 236,148,640 | 263,088,116 | 719,624,952 | - | 69,139,462 | 122,783,713 | 1,410,784,883 | - | 1,410,784,883 |
| Advances - non-performing | 4,151,922 | 24,855,686 | 24,997,940 | - | 64,791,844 | 102,323,045 | 221,120,437 | - | 221,120,437 |
| Provision against advances | (8,543,697) | (21,077,228) | (34,670,159) | - | (62,606,767) | (106,934,800) | (233,832,651) | - | (233,832,651) |
| Advances - net | 231,756,865 | 266,866,574 | 709,952,733 | - | 71,324,539 | 118,171,958 | 1,398,072,669 | - | 1,398,072,669 |
| Others | 45,196,987 | 4,100,249 | 37,794,142 | 117,135,121 | 8,304,683 | 113,205,384 | 325,736,567 | - | 325,736,565 |
| Total Assets | 3,150,193,779 | 273,293,834 | 777,938,252 | 4,801,030,009 | 204,924,758 | 615,973,539 | 9,823,354,173 | (3,154,480,145) | 6,668,874,025 |
| Borrowings | - | 5,171,334 | 69,017,574 | 2,085,073,081 | 18,164,142 | 317,063 | 2,177,743,194 | - | 2,177,743,194 |
| Deposits and other accounts | 2,948,491,330 | - | 510,139,226 | - | 99,315,779 | 115,163,579 | 3,673,109,914 | - | 3,673,109,914 |
| Net inter segment borrowing | - | 249,921,195 | 169,394,087 | 2,620,973,252 | 90,971,376 | 23,220,235 | 3,154,480,145 | (3,154,480,145) | - |
| Others | 201,702,449 | 18,201,305 | 29,358,656 | 51,337,805 | 6,639,026 | 113,367,637 | 420,606,878 | - | 420,606,877 |
| Total liabilities | 3,150,193,779 | 273,293,834 | 777,909,543 | 4,757,384,138 | 215,090,323 | 252,068,514 | 9,425,940,131 | (3,154,480,145) | 6,271,459,985 |
| Equity | - | - | 28,709 | 43,645,871 | (10,165,565) | 363,905,025 | 397,414,040 | - | 397,414,040 |
| Total equity and liabilities | 3,150,193,779 | 273,293,834 | 777,938,252 | 4,801,030,009 | 204,924,758 | 615,973,539 | 9,823,354,173 | (3,154,480,145) | 6,668,874,025 |
| Contingencies and commitments | - | 90,350,773 | 1,864,882,509 | 727,686,842 | 25,102,178 | 27,778,266 | 2,735,800,568 | - | 2,735,800,568 |

37. 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 associates 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 person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these consolidated financial statements, are as follows:

| | As at March 31, 2024 (Un-audited) | | | | | | | | | As at December 31, 2023 (Audited) | | | | | | | | |
|--|-----------------------------------|--------------------------|------------|---------------|------------------------|------------------------------|----------------------------|----------------|-----------------------|-----------------------------------|--------------------------|------------|---------------|------------------------|------------------------------|----------------------------|----------------|-----------------------|
| | Directors | Key management personnel | Associates | Joint venture | Pension Fund (Current) | Pension Fund (Fixed Deposit) | Pension Fund (N.I.D.A A/c) | Provident Fund | Other related parties | Directors | Key management personnel | Associates | Joint venture | Pension Fund (Current) | Pension Fund (Fixed Deposit) | Pension Fund (N.I.D.A A/c) | Provident Fund | Other related parties |
| (Rupees in '000) | | | | | | | | | | | | | | | | | | |
| Balances with other banks | | | | | | | | | | | | | | | | | | |
| In current accounts | - | - | - | 281,021 | - | - | - | - | - | - | - | - | 425,938 | - | - | - | - | - |
| | - | - | - | 281,021 | - | - | - | - | - | - | - | - | 425,938 | - | - | - | - | - |
| Investments | | | | | | | | | | | | | | | | | | |
| Opening balance | - | - | - | - | - | - | - | - | 7,283,610 | - | - | - | - | - | - | - | - | 6,512,634 |
| Investment made during the period / year | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 2,362,533 |
| Investment redeemed / disposed off during the period / year | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (441,021) |
| Transfer in / (out) - net | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (1,150,536) |
| Closing balance | - | - | - | - | - | - | - | - | 7,283,610 | - | - | - | - | - | - | - | - | 7,283,610 |
| Credit loss allowance for diminution in value of investments | - | - | - | - | - | - | - | - | 164,975 | - | - | - | - | - | - | - | - | 164,975 |
| Advances | | | | | | | | | | | | | | | | | | |
| Opening balance | - | 265,788 | 2,540,453 | - | - | - | - | - | - | - | 339,734 | 2,665,220 | - | - | - | - | - | 2,085,795 |
| Addition during the period / year | - | - | - | - | - | - | - | - | - | - | 24,777 | - | - | - | - | - | - | - |
| Repaid during the period / year | - | (13,062) | - | - | - | - | - | - | - | - | (58,217) | (124,767) | - | - | - | - | - | (520,649) |
| Transfer in / (out) - net* | - | - | (19,883) | - | - | - | - | - | - | - | (40,506) | - | - | - | - | - | - | (1,565,146) |
| Closing balance | - | 252,727 | 2,520,570 | - | - | - | - | - | - | - | 265,788 | 2,540,453 | - | - | - | - | - | - |
| Credit loss allowance held against advances | - | - | 2,520,570 | - | - | - | - | - | - | - | - | 2,540,453 | - | - | - | - | - | - |
| Other Assets | | | | | | | | | | | | | | | | | | |
| Interest / mark-up accrued | - | - | 1,313,344 | - | - | - | - | - | - | - | - | 1,313,344 | - | - | - | - | - | - |
| Commission paid in Advance | - | - | - | 27,206 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other receivable | - | - | - | - | - | - | - | - | - | - | - | - | 35,846 | - | - | - | - | - |
| | - | - | 1,313,344 | 27,206 | - | - | - | - | - | - | - | 1,313,344 | 35,846 | - | - | - | - | - |
| Credit loss allowance against other assets | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Borrowings | | | | | | | | | | | | | | | | | | |
| Opening balance | - | - | - | 546,209 | - | - | - | - | - | - | - | - | 52,245 | - | - | - | - | - |
| Borrowings during the period / year | - | - | - | 55,044 | - | - | - | - | - | - | - | - | 493,964 | - | - | - | - | - |
| Settled during the period / year | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Closing balance | - | - | - | 601,253 | - | - | - | - | - | - | - | - | 546,209 | - | - | - | - | - |
| Deposits and other accounts | | | | | | | | | | | | | | | | | | |
| Opening balance | 3,630 | 72,801 | 145,790 | 371 | 100 | - | 378,978 | 13,563,087 | 9,245,132 | - | 98,488 | 3,000 | - | 27,222 | - | 257,252 | 13,263,170 | 515,559 |
| Received during the period / year | 3,414 | 203,547 | - | - | 13,672,597 | - | 1,455,060 | 928,016 | 35,709,381 | 11,733 | 991,165 | 145,790 | - | 62,751,350 | - | 3,883,069 | 5,369,545 | 123,529,442 |
| Withdrawn during the period / year | (5,839) | (198,524) | (111,969) | - | (13,573,282) | - | (1,567,052) | (1,065,109) | (37,285,094) | (8,103) | (996,174) | (3,000) | (1,450) | (62,778,472) | - | (3,761,343) | (5,069,628) | (118,318,327) |
| Transfer in / (out) - net* | - | 2,408 | - | - | - | - | - | - | (64,494) | - | (20,678) | - | 1,821 | - | - | - | - | 3,518,458 |
| Closing balance | 1,206 | 80,231 | 33,821 | 371 | 99,415 | - | 266,986 | 13,425,993 | 7,604,925 | 3,630 | 72,801 | 145,790 | 371 | 100 | - | 378,978 | 13,563,087 | 9,245,132 |
| Other Liabilities | | | | | | | | | | | | | | | | | | |
| Interest / mark-up payable | - | - | 955 | - | - | - | - | - | - | - | - | 5,892 | - | - | - | - | - | - |
| Other liabilities | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | 955 | - | - | - | - | - | - | - | - | 5,892 | - | - | - | - | - | - |
| Contingencies and commitments | | | | | | | | | | | | | | | | | | |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

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

| For the three months period ended March 31, 2024 (Un-audited) | | | | | | | For the three months period ended March 31, 2023 (Un-audited) | | | | | | |
|---|--------------------------|------------|---------------|--------------|----------------|--------|---|--------------------------|------------|---------------|--------------|----------------|--------|
| Directors | Key management personnel | Associates | Joint venture | Pension Fund | Provident Fund | Others | Directors | Key management personnel | Associates | Joint venture | Pension Fund | Provident Fund | Others |

(Rupees in '000)

| | | | | | | | | | | | | | | |
|---|--------|---------|--------|-------|--------|---------|---------|--------|---------|----|-------|--------|---|---------|
| Income | | | | | | | | | | | | | | |
| Mark-up / return / interest earned | - | - | - | - | - | - | 99,426 | - | - | - | 2,637 | - | - | 107,209 |
| Dividend income | - | - | - | - | - | - | 29,700 | - | - | - | - | - | - | - |
| Rent income / lighting and power and bank charges | - | - | 1,816 | - | - | - | 5,257 | - | 1,361 | - | - | - | - | - |
| Expense | | | | | | | | | | | | | | |
| Mark-up / return / interest paid | 407 | 3,723 | 50,307 | 7,564 | 38,382 | 506,887 | 271,220 | - | 4,572 | 98 | 7,739 | 13,833 | - | 14,116 |
| Expenses paid to company in which Director of the bank was interested as CEO and director | - | - | - | - | - | - | 484,697 | - | - | - | - | - | - | 8,061 |
| Remuneration to key management executives including charge for defined benefit plan | - | 165,131 | - | - | - | - | - | - | 264,049 | - | - | - | - | - |
| Donation paid to company in which Director of the bank was interested as director | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Directors' fee & other allowances | 25,064 | - | - | - | - | - | - | 11,023 | - | - | - | - | - | - |
| Post Retirement Benefit paid to Director cum ex-employee | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

37.1 Transactions with Government-related entities

The 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 Group also earned commission on handling treasury transactions on behalf of the Government of Pakistan amounting to Rs. 2,031 million (March 31, 2023: Rs. 2,053 million) for the three months ended March 31, 2024. As at the Statement of Financial Position date the loans and advances, deposits and contingencies relating to Government-related entities amounted to Rs.486,001 million (December 31, 2023: Rs. 602,707 million), Rs.1,473,240 million (December 31, 2023: Rs. 1,622,331 million) and Rs. 1,811,459 million (December 31, 2023: Rs.1,780,517 million) respectively and income earned on advances and profit paid on deposits amounted to Rs. 19,429 million (March 31, 2023: Rs. 40,225 million) and Rs.46,010 million (March 31, 2023 Rs. 35,433 million) respectively.

38. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

(Un-audited) (Audited)
March 31, December 31,
2024 2023
 ----- (Rupees in '000) -----

Minimum Capital Requirement (MCR):

| | | |
|---------------------------------|-------------------|------------|
| Paid-up capital (net of losses) | 21,275,131 | 21,275,131 |
|---------------------------------|-------------------|------------|

Capital Adequacy Ratio (CAR):

| | | |
|---|--------------------|-------------|
| Eligible Common Equity Tier 1 (CET 1) Capital | 306,607,031 | 290,194,013 |
| Eligible Additional Tier 1 (ADT 1) Capital | - | - |
| Total Eligible Tier 1 Capital | 306,607,031 | 290,194,013 |
| Eligible Tier 2 Capital | 100,455,596 | 95,972,355 |
| Total Eligible Capital (Tier 1 + Tier 2) | 407,062,627 | 386,166,368 |

Risk Weighted Assets (RWAs):

| | | |
|------------------|----------------------|---------------|
| Credit Risk | 1,169,934,443 | 1,064,724,576 |
| Market Risk | 157,410,032 | 121,288,938 |
| Operational Risk | 310,495,520 | 310,495,520 |
| Total | 1,637,839,996 | 1,496,509,034 |

| | | |
|---|---------------|--------|
| Common Equity Tier 1 Capital Adequacy Ratio | 18.72% | 19.39% |
| Tier 1 Capital Adequacy Ratio | 18.72% | 19.39% |
| Total Capital Adequacy Ratio | 24.85% | 25.80% |

Leverage Ratio (LR):

| | | |
|----------------|----------------------|---------------|
| Tier-1 Capital | 306,607,031 | 290,194,013 |
| Total Exposure | 8,477,051,194 | 8,988,394,792 |
| Leverage Ratio | 3.62% | 3.23% |

Liquidity Coverage Ratio (LCR):

| | | |
|----------------------------------|----------------------|---------------|
| Total High Quality Liquid Assets | 2,120,407,969 | 1,618,093,446 |
| Total Net Cash Outflow | 1,094,385,970 | 918,191,522 |
| Liquidity Coverage Ratio | 194% | 176% |

Net Stable Funding Ratio (NSFR):

| | | |
|--------------------------------|----------------------|---------------|
| Total Available Stable Funding | 3,188,101,628 | 3,357,537,770 |
| Total Required Stable Funding | 1,158,762,631 | 1,298,306,326 |
| Net Stable Funding Ratio | 275% | 259% |

39 ISLAMIC BANKING BUSINESS

The bank is operating 188 (December 31, 2023: 188) Islamic banking branches and 152 (December 31, 2023: 150) Islamic banking windows at March 31, 2024.

The statement of financial position of the Bank's Islamic banking branches as at March 31, 2024 is as follows:

| | | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|---|------|-----------------------------------|-----------------------------------|
| | Note | ----- (Rupees in '000) ----- | |
| ASSETS | | | |
| Cash and balances with treasury banks | | 9,728,516 | 10,248,305 |
| Balances with other banks | | 41,109 | 43,076 |
| Investments | 39.1 | 62,081,670 | 51,544,718 |
| Islamic financing and related assets - net | 39.2 | 60,253,366 | 73,125,189 |
| Fixed assets | | 71,851 | 70,902 |
| Right of use assets | | 671,678 | 640,166 |
| Other assets | | 6,219,070 | 4,488,184 |
| Total Assets | | 139,067,260 | 140,160,540 |
| LIABILITIES | | | |
| Bills payable | | 268,534 | 477,959 |
| Deposits and other accounts | 39.4 | 112,934,865 | 113,801,806 |
| Due to head office | | 13,975,497 | 12,960,028 |
| Lease liability against right of use assets | | 852,014 | 811,291 |
| Other liabilities | | 2,199,748 | 2,249,195 |
| | | 130,230,658 | 130,300,279 |
| NET ASSETS | | 8,836,602 | 9,860,261 |
| REPRESENTED BY | | | |
| Islamic Banking Fund | | 8,531,000 | 6,731,000 |
| Surplus on revaluation of assets | | (429,533) | (400,216) |
| Unappropriated / unremitted profit | 39.5 | 735,135 | 3,529,477 |
| | | 8,836,602 | 9,860,261 |
| CONTINGENCIES AND COMMITMENTS | 39.6 | | |

The profit and loss account of the Bank's Islamic banking operations for the three months period ended March 31, 2024 is as follows:

| | | (Un-audited) Quarter ended | |
|--|------|-------------------------------|------------------|
| | | March 31, 2024 | March 31, 2023 |
| | Note | ----- (Rupees in '000) ----- | |
| Profit / return earned | 39.7 | 5,665,996 | 3,813,044 |
| Profit / return expensed | 39.8 | 3,750,712 | 2,580,916 |
| Net profit / return | | 1,915,284 | 1,232,128 |
| Other income | | | |
| Fee and commission income | | 84,991 | 56,861 |
| Foreign exchange income | | 45,613 | 9,144 |
| Other income | | 1,545 | 5 |
| Total other income | | 132,149 | 66,010 |
| Total income | | 2,047,433 | 1,298,138 |
| Other expenses | | | |
| Operating expenses | | 820,438 | 787,924 |
| Other charges | | - | 120 |
| | | 820,438 | 788,044 |
| Profit before credit loss allowance | | 1,226,995 | 510,094 |
| Credit loss allowance and write offs - net | | 87,338 | (14,428) |
| Profit before taxation | | 1,139,657 | 524,522 |
| Taxation | | - | - |
| Profit after taxation | | 1,139,657 | 524,522 |

| 39.1 Investments by segments: | March 31, 2024 (Un-audited) | | | | December 31, 2023 (Audited) | | | |
|---|------------------------------|--------------------------------------|---------------------|-------------------|-----------------------------|--------------------------------------|---------------------|-------------------|
| | Cost / amortized cost | Credit loss allowance for diminution | Surplus / (deficit) | Carrying value | Cost / amortized cost | Credit loss allowance for diminution | Surplus / (deficit) | Carrying value |
| | ----- (Rupees in '000) ----- | | | | | | | |
| - Debt Instruments | | | | | | | | |
| Classified / Measured at amortised cost | | | | | | | | |
| Federal Government securities | | | | | | | | |
| - Ijarah Sukuks | 14,080,289 | - | - | 14,080,289 | 14,087,500 | - | - | 14,087,500 |
| Non Government debt securities | 130,807 | (130,807) | - | - | 130,807 | (130,807) | - | - |
| | 14,211,096 | (130,807) | - | 14,080,289 | 14,218,307 | (130,807) | - | 14,087,500 |
| Classified / Measured at FVOCI | | | | | | | | |
| Federal Government securities | | | | | | | | |
| -Ijarah Sukuks | 31,307,762 | - | (773,649) | 30,534,113 | 20,513,568 | - | (726,606) | 19,786,962 |
| Non Government debt securities | 17,208,152 | (85,000) | 344,116 | 17,467,268 | 17,343,866 | - | 326,390 | 17,670,256 |
| | 48,515,914 | (85,000) | (429,533) | 48,001,381 | 37,857,434 | - | (400,216) | 37,457,218 |
| Total Investments | 62,727,010 | (215,807) | (429,533) | 62,081,670 | 52,075,741 | (130,807) | (400,216) | 51,544,718 |

| 39.1.1 Particlurs of credit loss allowance | March 31, 2024 (Un-audited) | | | | December 31, 2023 (Audited) | | | |
|--|------------------------------|---------|---------|---------|-----------------------------|---------|---------|---------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| | ----- (Rupees in '000) ----- | | | | | | | |
| Non Government debt securities | | | 215,807 | 215,807 | | | 130,807 | 130,807 |

(Un-audited) (Audited)
March 31, December 31,
2024 2023
 ----- (Rupees in '000) -----

39.2 Islamic financing and related assets - net

| | | |
|---|--------------------|--------------------|
| Ijarah | 13,674 | 13,749 |
| Murabaha | 907,299 | 3,291,932 |
| Running Musharaka | 18,400,000 | 30,500,000 |
| Diminishing Musharaka | 17,883,384 | 19,357,928 |
| Istisna | 199,760 | 705,500 |
| Other Islamic Modes (Wakala tul Istismar) | 8,500,000 | 8,500,000 |
| Advance for Murabaha | 29,000 | - |
| Advance for Diminishing Musharaka | 385,437 | 113,086 |
| Advance for Istisna | 14,191,508 | 8,850,972 |
| Inventories against Istisna | 1,651,483 | 3,342,628 |
| Gross Islamic financing and related assets | 62,161,545 | 74,675,795 |
| Less: Credit loss allowance against Islamic financings | | |
| Stage 1 | (621,470) | |
| Stage 2 | (221,253) | |
| Stage 3 | (1,065,456) | |
| - Specific | | (913,875) |
| - General | | (636,731) |
| Islamic financing and related assets - net of provision | (1,908,179) | (1,550,606) |
| | 60,253,366 | 73,125,189 |

39.3 Ijarah

| March 31, 2024 (Un-audited) | | | | | | |
|-----------------------------|-------------------------------------|--------------------|--------------------|---------------------------------|--------------------|-------------------------------|
| Cost | | | Depreciation | | | Book Value as at Mar 31, 2024 |
| As at Jan 01, 2024 | Additions / (deletions/ adjustment) | As at Mar 31, 2024 | As at Jan 01, 2024 | Charge/ Adjustment for the year | As at Mar 31, 2024 | |
| -----Rupees in 000 -----' | | | | | | |
| Plant & Machinery | 59,828 | (75) | 59,753 | 47,449 | - | 12,304 |
| Vehicles | 6,000 | - | 6,000 | 4,630 | - | 1,370 |
| Equipment | - | - | - | - | - | - |
| Total | 65,828 | (75) | 65,753 | 52,079 | - | 13,674 |

| December 31, 2023 (Audited) | | | | | | |
|-----------------------------|-------------------------------------|--------------------|--------------------------|---------------------------------|--------------------|-------------------------------|
| Cost | | | Accumulated Depreciation | | | Book Value as at Dec 31, 2023 |
| As at Jan 01, 2023 | Additions / (deletions/ adjustment) | As at Dec 31, 2023 | As at Jan 01, 2023 | Charge/ Adjustment for the year | As at Dec 31, 2023 | |
| -----Rupees in 000 -----' | | | | | | |
| Plant & Machinery | 63,474 | (3,646) | 59,828 | 50,820 | (3,371) | 12,379 |
| Vehicles | 168,680 | - | 6,000 | 143,126 | 1,065 | 1,370 |
| | - | (162,680) | - | - | (139,561) | - |
| Total | 232,154 | (166,326) | 65,828 | 193,946 | 1,065 | 13,749 |

Future Ijarah payments receivable

| March 31, 2024 (Un-audited) | | | | December 31, 2023 (Audited) | | | |
|-----------------------------|---------------------------------------|-----------------|-------|-----------------------------|---------------------------------------|-----------------|-------|
| Not later than 1 year | Later than 1 year & less than 5 years | Over Five years | Total | Not later than 1 year | Later than 1 year & less than 5 years | Over Five years | Total |
| Ijarah rental receivables | 1,460 | - | 1,460 | 1,460 | - | - | 1,460 |

39.4 Deposits

| March 31, 2024 (Un-audited) | | | December 31, 2023 (Audited) | | |
|-------------------------------|-----------------------|----------------|-----------------------------|-----------------------|----------------|
| In Local Currency | In Foreign currencies | Total | In Local Currency | In Foreign currencies | Total |
| -----Rupees in 000 -----' | | | | | |
| Customers | | | | | |
| Current deposits | 20,778,221 | 181,066 | 20,959,287 | 22,342,688 | 185,921 |
| Savings deposits | 51,676,000 | - | 51,676,000 | 56,721,533 | - |
| Term deposits | 16,338,324 | - | 16,338,324 | 16,261,024 | - |
| Others | 1,439,024 | - | 1,439,024 | 810,992 | - |
| Financial Institutions | 90,231,569 | 181,066 | 90,412,635 | 96,136,237 | 185,921 |
| Current deposits | | | | | |
| Savings deposits | 1,219,055 | - | 1,219,055 | 1,879,123 | - |
| Term deposits | 20,745,062 | - | 20,745,062 | 15,071,912 | - |
| | 558,113 | - | 558,113 | 528,613 | - |
| Total | 22,522,230 | - | 22,522,230 | 17,479,648 | - |
| Total | 112,753,799 | 181,066 | 112,934,865 | 113,615,885 | 185,921 |

| | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|--|-----------------------------------|-----------------------------------|
| 39.5 Unappropriated / unremitted profit | ----- (Rupees in '000) ----- | |
| Opening balance | 3,529,477 | 2,297,141 |
| Less: Impact of adoption of IFRS 9 | (404,522) | |
| Add: Islamic banking profit for the period | 1,139,657 | 3,529,477 |
| Less: Taxation | - | |
| Less: Reserves | - | |
| Less: Transferred / remitted to head office | (3,529,477) | (2,297,141) |
| Closing balance | <u>735,135</u> | <u>3,529,477</u> |

| | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|---|-----------------------------------|-----------------------------------|
| 39.6 CONTINGENCIES AND COMMITMENTS | ----- (Rupees in '000) ----- | |
| -Guarantees | - | - |
| -Commitments | - | - |
| -Other contingent liabilities | - | - |
| | <u>-</u> | <u>-</u> |

(Un-audited)
Quarter ended
March 31, 2024 March 31, 2023
----- (Rupees in '000) -----

| | (Un-audited) March 31, 2024 | (Audited) March 31, 2023 |
|--|--------------------------------|-----------------------------|
| 39.7 Profit / Return Earned of Financing, Investments and Placement | ----- (Rupees in '000) ----- | |
| Profit earned on: | | |
| Financing | 3,202,371 | 1,833,712 |
| Investments | 2,463,206 | 1,979,056 |
| Placements | 419 | 276 |
| Others (Bai Muajjal) | - | - |
| | <u>5,665,996</u> | <u>3,813,044</u> |

| | | |
|--|------------------|------------------|
| 39.8 Profit on Deposits and other Dues Expensed | | |
| Deposits and other accounts | 3,032,058 | 1,735,736 |
| Amortisation of lease liability against - ROUA | 30,383 | 16,845 |
| Others (General Account) | 688,271 | 828,335 |
| | <u>3,750,712</u> | <u>2,580,916</u> |

39.9 Pool Management

NBP-AIBG has managed following pools for profit and loss distribution.

a) General depositor pool

The General pool consists of all other remunerative deposits. NBP Aitemaad (the Mudarib) accept deposits on the basis of Mudaraba from depositors (Rabbulmaal). The net return on the pool is arrived at after deduction of direct costs from the gross return earned on the pool. The entire net return after paying equity share to Mudarib is considered as distributable profit of the pool.

b) Special depositor pools (Total 52 during the period and 46 as at Mar 31, 2024)

Special pool(s) are created where the customers desire to invest in high yield assets. These pool(s) rates are higher than the general pool depending on the assets. In case of loss in special pool, the loss will be borne by the special pool members. The net return on the pool is arrived at after deduction of direct costs from the gross return earned on the pool. From the net return, and after allocation of share of profit to commingled equity, profit is paid to the Mudarib in the ratio of the Mudarib's equity in the pool to the total pool. The balance represents the distributable profit.

c) Equity pool

Equity pools include AIBG's fund and current account deposits. The equity pool may have constructive liquidation every month and risk associated with assets of pool includes operational, market, equity, return and Shariah.

Key features and risk & reward characteristics

Deposits are accepted from customers on the basis of Qard (current accounts) and Mudarabah (Saving and term deposits). No profit or loss is passed on to current account depositors.

For deposits accepted on Mudarabah basis from depositors (Rab ul Maal) the Bank acts as Manager (Mudarib) and invests the funds in the Shariah Compliant modes of financings. Rab ul Maal share is distributed among depositors according to weightages declared for a month before start of the period.

In case of loss in a pool during the profit calculation period, the loss is distributed among the depositors (remunerative) according to their ratio of investment.

For all pools, the Mudarib's share is deducted from the distributable profit to calculate the profit to be allocated to depositors. The allocation of the profit to various deposit categories is determined by the amount invested in that category relative to the total pool, as well as by the weightage assigned to the various deposit categories.

The assets, liabilities, equities, income and expenses are segregated for each of the pool. No pool investment is intermingled with each other. The risk associated with each pool is thus equally distributed among the pools.

Avenues/sectors of economy/business where Mudaraba based deposits have been deployed.

| Sector | Mar 31,2024 | Dec 31,2023 |
|----------------------|---------------|---------------|
| | Percentage | |
| Fertilizer | 0.64% | 0.00% |
| Textile | 2.53% | 3.34% |
| Fuel & energy | 24.56% | 24.72% |
| Leasing/Mudarbas | 0.02% | 0.02% |
| Sugar | 8.03% | 6.12% |
| Cement | 4.18% | 3.81% |
| Gas | 0.13% | 0.15% |
| Financial | 1.59% | 1.57% |
| Federal Government | 36.33% | 27.29% |
| Real Estate | 2.61% | 2.45% |
| Agriculture | 0.23% | 0.24% |
| Commodity Operations | 12.01% | 23.66% |
| Others | 7.13% | 6.62% |
| Total | 100.0% | 100.0% |

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 26 April, 2024 by the Board of Directors of the Bank.



Chairman President / CEO Chief Financial Officer Director Director

THE BLUE DOT



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