






# Half Yearly Report June 2022

Inclusive Development			
	The Nation's Leading Bank		Sustainable Growth
		Strong Performance	
			

*Where the Nation Banks*



National Bank of Pakistan  
نیشنل بینک آف پاکستان

# CORPORATE INFORMATION

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## Board of Directors

Chairman & President (A)	Mr. Rehmat Ali Hasnie
Directors	Mr. Farid Malik, CFA
	Mr. Asif Jooma
	Mr. Ahsan Ali Chughtai

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## Audit Committee

Chairman	Mr. Ahsan Ali Chughtai
	Mr. Farid Malik, CFA
	Mr. Asif Jooma

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## Chief Financial Officer

Mr. Abdul Wahid Sethi

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## Company Secretary

Syed Muhammad Ali Zamin

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## Auditors

A.F. Ferguson & Co.  
Chartered Accountants

Yousuf Adil  
Chartered Accountants

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## Legal Advisors

Mandviwalla & Zafar  
Advocates & Legal Consultants

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## Registered & Head Office

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

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## Registrar & Share Registration Office

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

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## Website

[www.nbp.com.pk](http://www.nbp.com.pk)

**NATIONAL BANK OF PAKISTAN  
UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED JUNE 30, 2022**

## Directors' Report to the Shareholders Standalone Financial Statements

### Dear Shareholders,

On behalf of the Board of Directors "the Board", we have the pleasure of presenting to you, the condensed interim standalone financial statements of the Bank for the six months period ended June 30, 2022. These financial statements have been reviewed by the Bank's independent external auditors.

### Economic Environment

The global economy is confronted with slowing economic growth and high inflationary pressures due to the geo-political conflict and subsequent supply chain disruptions. In most countries the central banks are responding aggressively, leading to exchange rate depreciation pressure on most emerging market currencies.

After a V-shaped recovery in the Fiscal Year 'FY' 2022, Pakistan's economy is faced with challenges like inflation, twin deficits and currency devaluation. Despite the fiscal and monetary measures, the headline inflation remains high. Pak Rupee that depreciated by ~30% since the start of 2022, has started showing signs of recovery in the last few weeks. In response to the prevailing economic environment, the State Bank of Pakistan has raised interest rates by a cumulative 525 bps since Dec'21, taking the benchmark rate to 15.0%.

FX reserves have also come under pressure as the country's current account deficit swelled to \$17.4 Bn in FY'22, against a gap of \$2.8 Bn in FY'21. Positively, the exports have picked up well in FY'22 to reach USD 31.8 Bn, growing by a strong 26%. Home remittances also increased by 6% with total inflows of USD 31.2 Bn for FY'22. However, due to rising import bill, the country's balance of trade recorded a deficit of USD 48.4 Bn for FY'22, with an increase of 56%. With the recently secured staff-level agreement on the next IMF review and arrangements with other friendly countries, the central bank is of the view that gross external financing needs over the next 12 months would be met comfortably. In the prevailing macro indicators, while the Pakistan Stock Exchange has also witnessed higher volatility in the recent months, the banking industry has reported healthy pre-tax profits.

For FY'23, Pakistan's economy is expected to ace a slowdown with the consumption impact of rising domestic prices. These will be elevated in the medium term and are likely to exert pressures on the country's ability to meet its external financing obligations.

### Financial Performance – H1'2022

Despite the challenging environment, your Bank has delivered strong financial results for the six months period ended June 30, 2022. This demonstrates the resilience of the Bank's business model, effectiveness of management's strategies and the efforts of our staff during these challenging times.

No.	Key Items	Jan'22	Jun'21	Better / (Worse)	
				Amount	%
1	NII	53.1	47.4	5.7	12.0%▲
2	NFI	18.4	18.0	0.3	1.7%▲
3	Total income	71.5	65.4	6.0	9.2%▲
4	Admin Exp.	35.8	30.6	(5.2)	(17.0%)▲
5	Pre-Prov. Profit	35.6	34.8	0.8	2.6%▲
6	Provision Charge	1.7	6.8	5.0	74.4%▼
7	Pre-tax profit	33.9	28.0	5.9	20.9%▲
8	Tax	21.7	11.1	(10.7)	(96.7%)▲
9	After-tax profit	12.1	17.0	(4.8)	(28.4%)▼
10	EPS (Rs.)	5.7	8.0	(2.3)	(28.4%)▼

#### ■ Mark-up/Interest Income

For the six months period under review, your Bank recorded Gross Interest Income 'GII' of PKR 179.4 Bn as against PKR 108.0 Bn for the corresponding six months period of 2021. The PKR 71.4 Bn increase in GII was achieved through volumetric growth in average interests bearing assets coupled with the impact of higher average policy rate during H1'22 that stood at 11.23 % as compared to



7.00 % during H1'21. The Bank's investments during H1'22 averaged PKR 2,070.0 Bn (H1'21:PKR 1,566.4 Bn) and generated mark-up/interest income of PKR 114.3 Bn being PKR 50.2 Bn or 78.4% up against PKR 64.1 Bn for H1'21. This translates into average yield at 11.14% (H1'21:8.25%). In the hiking policy rate environment, the maturity profile of the Bank's investment book is skewed towards the shorter duration securities. Similarly, placements, that averaged PKR 109.3 Bn (H1'21:PKR 49.6 Bn) generated a mark-up income of PKR 5.9 Bn (H1'21: PKR 1.8 Bn) at an improved yield of 10.9% as compared to 7.1% for H1'21.

The Bank's loan book generated a mark-up income of PKR 59.2 Bn i.e. PKR 17.0 Bn or 40.4% higher than PKR 42.1 Bn of H1'21. This was achieved through both, a volumetric growth, as well as the favourable rate variance with particular growth observed in commercial and retail loan portfolios. Pertinent to mention, this performance was achieved despite the Bank carrying a higher proportion of lower margin and non-performing public-sector lending.

Likewise, on the back of higher average policy rate, the Bank's cost of funds for H1'22 also increased from PKR 60.6 Bn in H1'21 to PKR 126.3 Bn for H1'22. This 108.4% increase of PKR 65.7 Bn is mainly contributed by an increase in cost of Deposits by PKR 41.1 Bn and the borrowings/repo cost by PKR 24.0 Bn. As compared to H1'21, average non-remunerative current deposits increased impressively by PKR 66.5 Bn or 13.5% to PKR 560.7 Bn. This effectively translates into interest/mark-up cost saving of ~PKR 2.4 Bn for the period under review. Consequently, the Net Interest Income 'NII' for the period under review closed at PKR 53.1 Bn, depicting a 12.0% increase against PKR 47.4 Bn of H1'21.

#### ▪ **Non-Fund Income**

Non-Fund Income 'NFI' for the H1'22 recorded a slight increase to close at PKR 18.4 Bn which is PKR 0.3 Bn or 1.7% higher than PKR 18.0 Bn of H1'21. While fee & commission Income recorded a 16.1% growth YoY to close at PKR 10.2 Bn (H1'21:PKR 8.8Bn), the FX income increased by 61% to close at PKR 4.3 Bn as against PKR 2.7 Bn for H1'21. However, capital gains dropped significantly by PKR 3.1 Bn or 73.8% to close at PKR 1.1 Bn only (H1'21:PKR 4.1 Bn). Going forward, the NFI is expected to rebound as the stock market is expected to show stability following the fading away of Covid-19 and some clarity in the political environment.

#### ▪ **Operating Expenses**

Operating expenses of the Bank for the period under review amounted to PKR 35.8 Bn which is 17.0% higher YoY as compared to PKR 30.6 Bn of SPLY. HR cost that constitutes around 64% of the total operating expenses, amounted to PKR 23.0 Bn i.e. 11.7% up against PKR 20.5 Bn in H1'21. While property related expenses amounted to PKR 4.3 Bn (H1'21:PKR 4.0 Bn), IT related expenses amounted to PKR 2.7 Bn (H1 '21: PKR 1.2 Bn) as the Bank is swiftly upgrading its IT infrastructure through upgradation of core banking system and major software maintenance.

Operating expenses for the period translated into a cost-to-income ratio escalating by 333bps YoY, increasing from 46.8% in H1'21 to 50.1% in H1'22. Overall, the increase observed in the operating expenses incurred during the period are in line with the inflationary pressures and industry norms.

#### ▪ **Loan Losses & Provisions**

The Bank prudently identifies impairment in its assets portfolio under the expected credit loss model and maintains a robust level of provisions as per the applicable regulatory requirements. The Bank's financial results, while these show strong increase in capital generation capacity, also demonstrate the Bank's resilience and ability to build necessary cushions against future credit shocks.



During H1'22, gross non-performing loans increased marginally by 2.7% to reach PKR 203.3 Bn from PKR 197.9 Bn on Dec 31, 2021. These translate into loan infection ratio at 14.9% showing some improvement against 15.2% at Dec 31, 2021. NPL ratio stands high as the Bank carries a significant amount of legacy NPLs.

Accordingly, for the six months period under review, net provision charge amounted to PKR 1.7 Bn i.e. significantly lower by 74.4% or PKR 5.0 Bn as compared to PKR 6.8 Bn for the corresponding six months period of 2021. The key contributor towards this drop were the loans & advances that recorded a net reversal of PKR 28 million as against a total charge of PKR 7.1 Bn in H1'21. Specific and General provisions held against NPLs stood at PKR 187.9 Bn (Dec'21:PKR 179.3 Bn) and PKR 9.2 Bn (Dec'21:PKR 12.5 Bn), respectively. Thus, provision coverage at June 30, 2022 stood at 92.4% as against 90.6% at YE'21.

#### ▪ **Taxation and Profit After-tax**

Taxation charge for the period amounted to PKR 21.7 Bn as against PKR 11.0 Bn for H1'21. The Finance Act-2022 brought in certain changes, which apart from increase in the statutory and super tax rate, also had a retrospective impact with reference to prior year's earnings and has increased the effective tax rate from 39% to 64%. Consequently, profit after-tax for the six months period ended June 30, 2022 stood at PKR 12.1 Bn i.e. PKR 4.8 Bn or 28.4% lower than PKR 17.0 Bn for H1'21. This translates into Earnings per Share of Rs. 5.71 as compared to Rs. 7.97 for H1'21.

Since ambiguity exists in the taxation law and the Government is considering revisiting the changes having a retrospective impact, it is expected that some relief may be given to the banking industry which will crystallise in the subsequent period.

#### ▪ **Appropriation of Profit**

Profit for the six months period ended June 30, 2022 after carry forward of accumulated profit of 2021 is appropriated as follows:

	(PKR 'Mn)
Profit after tax for six months period ended June 30, 2022	12,140.3
Unappropriated profit brought forward	140,073.8
Other comprehensive income - net of tax	(1,609.2)
Transfer from surplus on revaluation of fixed assets	98.8
Transfer from general loan loss reserve	8,000.0
	<u>146,563.4</u>
Profit available for appropriations	158,703.7
<b>Appropriation:</b>	
Transfer to Statutory Reserve	(1,214.0)
<b>Unappropriated profit carried forward</b>	<u><b>157,489.7</b></u>

#### ▪ **Appropriation for proposed Dividend**

As explained in note 48 to the audited unconsolidated annual financial statements for the year ended December 31, 2021, the recommended cash dividend of Rs. 1.0 per share which amounted to PKR 2.1 Bn, was subject to approvals of the Federal Government under section 17 of the Banks (Nationalization) Act, 1974 and the State Bank of Pakistan. These unconsolidated condensed interim financial statements do not reflect this appropriation as the Bank has not yet received the approval.



## Financial Position as at June 30, 2022

Your Bank has achieved the **PKR 5 TRILLION** milestone in total assets. As of June 30, 2022, total assets of the Bank amounted to PKR 5,119.8 Bn, depicting a 33.1% increase against PKR 3,846.7 Bn level as of December 31, 2021.

### ▪ Loans and Advances

As of June 30, 2022, gross loans & advances of the Bank amounted to PKR 1,367.3 Bn depicting a modest increase of 4.8% or PKR 62.1 Bn against PKR 1,305.2 Bn at end of the year 2021. Whereas, net performing advances stood at PKR 1,170.2 Bn i.e. 5.1% up from PKR 1,113.4 Bn level at the end of 2021. Growth in advances was achieved in most of the products including corporate, commodity and Islamic. Given the robust increase in deposits, the Bank's Advance-to-Deposit Ratio (gross) stood at 42.7% at June 30, 2022. However, on YTD average basis, the ADR stood at 51.8% for the six months period.

### ▪ Investments

Pursuant to an effective risk and liquidity management strategy, the Bank is maintaining a diversified investment portfolio across zero risk weighted instruments, high dividend yielding equities and other interest-bearing financial instruments. As at June 30, 2022, the Bank's investments (at cost) amounted to PKR 3,251.0 Bn (2021:PKR 1,924.2 Bn) with a carrying value of PKR 3,250.6 Bn (2021:PKR 1,938.2 Bn). During the half year under review, PKR 1,326.9 Bn or 69% increase in the investments (at cost) mostly came in the shorter-term 'available-for-sale' maturity securities to capitalize on price volatility in the currently hiking policy rate environment.

### ▪ Deposits & Funding

As of June 30, 2022, total deposits amounted to PKR 3,198.6 Bn which is PKR 179.5 Bn or 5.9% higher than Dec'21 levels of PKR 3,019.2 Bn. The major share of the Bank's funding comes from core customer sticky deposits that contribute PKR 2,707.9 Bn or 84.7% of the Bank's total deposits. With total current accounts at PKR 1,851.0 Bn or 58% of the total deposits at June 30, 2022, the Bank maintains a strong liquidity and funding profile. The Bank's CASA ratio stood high at 83%. Liquidity Coverage Ratio and Net Stable Funding Ratio stood at 146% (Dec'21:164%) and 277% (Dec'21:278%), respectively vis-à-vis regulatory requirement of 100% for each.

### ▪ Capital Strength and Adequacy

The Bank has been designated as a Domestic Systemically Important Bank "D-SIB" by the SBP. Accordingly, the Bank seeks to maintain strong levels of capitalization to build resilience and maintain adequate buffers over regulatory requirements.

During H1'22, the Bank's Eligible Tier 1 capital increased by PKR 18.4 Bn or 9.2% to PKR 218.2 Bn at the end of June, 2022 from PKR 199.8 Bn at YE'21. Likewise, Eligible Tier 2 capital also increased by PKR 7.4 Bn or 11.7% to reach PKR 71.7 Bn. Tier 2 capital mainly increased corresponding to the increase in Tier-1 capital. As the Bank is following a risk-prudent asset growth strategy, total RWAs increased marginally by PKR 20.1 Bn or 1.6% from PKR 1,295.2 at YE'21 to PKR 1,315.2 Bn at end of June, 2022. Consequently, the Total Capital Adequacy Ratio (CAR) improved to 22.04% with Tier-1 capital adequacy ratio at 16.59% as compared to 20.39% and 15.42%, respectively, at YE'21. The Tier 1 leverage ratio of 3.0% was introduced in response to the Basel III accord. At June 30, 2022, the Bank's leverage ratio stood at 3.19%. Other financial soundness ratios are well compliant with applicable regulatory requirements.



### **Compliance & Risk Matters in the New York Branch**

The Bank operates a branch in New York, which is licensed by the New York State Department of Financial Services and is also subject to supervision by the Federal Reserve Bank of New York ("US regulators"). As disclosed in previous periods, the Bank and branch entered into a Written Agreement with its US regulators in 2016, which was superseded by Enforcement Actions issued by them in February 2022. These Actions included payment of fines totalling US\$ 55.4 Mn, equivalent to PKR 9.8 Bn, focused on historical compliance program weaknesses and delays in making compliance related enhancements. These fines were paid shortly following issuance of the Actions.

In the Enforcement Actions, the Bank had agreed to enhance its Anti Money Laundering and, to a lesser extent, its Sanctions Compliance controls and submit status reports at defined frequencies to the US Regulators, which is being followed meticulously per the remedial action plan instituted by the branch and overseen by management at Head Office. There was a management change made in the Branch in May 2020, whose efforts lead to a substantial enhancement of its Compliance Program, as recognized by US regulators. The Bank's management and the Board of Directors continue to closely oversee the branch's remedial actions and remain committed to ensuring compliance with the conditions agreed to in the Enforcement Actions as well as meeting current US regulatory expectations.

### **Contingency Regarding the Pension Case**

Status of the case is the same as explained in note 25.3.3.1 to the audited unconsolidated financial statements for the year ended December 31, 2021. Based on the opinion of legal counsel, no provision for any additional pension liability has been made in these unconsolidated condensed interim financial statements for the above mentioned amount as the Bank is confident about a favorable outcome on the matter.

### **Credit Ratings**

NBP is rated as 'AAA' by both the recognised credit rating agencies in Pakistan. In June 2022, M/s VIS Credit Rating Company re-affirmed the Bank's standalone credit rating as "AAA", the highest credit rating awarded by the company for a bank in Pakistan. Similarly, M/s PACRA Credit Rating Company also assigned the Bank long-term entity rating as 'AAA' (Triple AAA) and short-term credit rating as 'A1+' (A-one Plus).

### **Future Outlook**

GDP growth is expected to moderate in FY23 as the Government undertakes fiscal tightening to manage demand pressures and to contain external and fiscal imbalances. With the fading away of the COVID-19, structural reforms and continuity of social protection programs are key to ensuring inclusive & sustainable growth. Corrective policy responses are expected from the government and the central bank to dampen the blow dealt to businesses by the pandemic outbreak and macro imbalances in the economy.

Despite the challenging environment, your Bank will continue to play its National role towards supporting a robust economic momentum in the country, while also maintaining a strong & resilient balance sheet to create long term value for its shareholders and other stakeholders. In the foreseeable future, the Bank's business strategy will remain focused on financing and supporting underserved sectors including SME, Microfinance, Agriculture Finance as well as Islamic financing on a priority basis.



### Changes in the Board of Directors

The following Directors have retired from the Board of NBP after completing their tenure on April 16, 2022:

1. Mr. Zubyr Soomro, Chairman
2. Mr. Tawfiq A. Hussain, Director
3. Mr. Imam Bakhsh Baloch, Director
4. Ms. Sadaffe Abid, Director

Moreover, Mr. Arif Usmani, President/CEO, also completed his tenure on May 11, 2022.

We look forward to an early decision of the Ministry of Finance for appointment of Directors to fill the vacant positions on the Board of the Bank.

### Acknowledgement & Appreciation

We appreciate the continued efforts & dedication of our employees towards provision of uninterrupted service to the Nation in challenging times. We would also like to acknowledge the support of the Government of Pakistan, the State Bank of Pakistan, the SECP and other regulatory bodies for enabling the Bank to achieve its potential and contribute towards the socio-economic development in the country. We also take the opportunity to express our gratitude to the outgoing Directors and Mr. Arif Usmani for his services to the Bank during his three years as CEO of the Bank.

For and on behalf of the Board of Directors



**Rehmat Ali Hasnie**  
President & CEO (A)



**Asif Jooma**  
Director

Karachi

Dated: August 17, 2022

**Yousuf Adil**  
Chartered Accountants  
Cavish Court, KCHSU  
Shahrah-e-Faisal  
Karachi, Pakistan

**A.F. Ferguson & Co.**  
Chartered Accountants  
State Life Building No. 1-C  
I.I. Chundrigar Road  
P.O. Box 4716  
Karachi - 74000

## **Independent auditors' review report to the members of National Bank of Pakistan**

### **Report on review of unconsolidated condensed interim financial statements**

#### **Introduction**

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of National Bank of Pakistan (the Bank) as at June 30, 2022 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, unconsolidated condensed interim cash flow statement, and notes to the unconsolidated condensed interim financial statements for the half year then ended (here-in-after referred to as the "unconsolidated condensed interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these unconsolidated condensed interim financial statements based on our review.

#### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated condensed interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

#### **Emphasis of Matter**

We draw attention to note 23.3.3.1 to the unconsolidated condensed interim financial statements which explains the contingency in relation to the pension obligations of the Bank. Based on the opinion of the legal counsel, the Bank is confident about a favourable outcome of this matter and hence, no provision against any additional pension obligation has been made in the unconsolidated condensed interim financial statements. Our conclusion is not modified in respect of this matter.

#### **Other Matter**

The figures for the quarters ended June 30, 2022 and June 30, 2021 in the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income have not been subject to review and therefore, we do not express a conclusion thereon.

The engagement partners on the engagement resulting in this independent auditor's review report are Nadeem Yousuf Adil (Yousuf Adil, Chartered Accountants) and Shahbaz Akbar (A. F. Ferguson & Co.).

  
Yousuf Adil

Chartered Accountants  
Place: Karachi  
Date: August 19, 2022  
UDIN: RR202210091U7fCol04K



A.F. Ferguson & Co.  
Chartered Accountants  
Place: Karachi  
Date: August 19, 2022  
UDIN: RR202210068aBdEur500

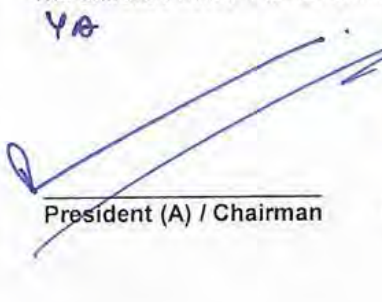



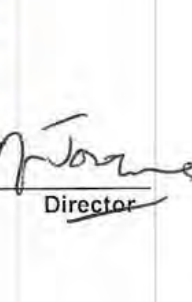


NATIONAL BANK OF PAKISTAN  
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2022

		(Un-audited) June 30, 2022	(Audited) December 31, 2021
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
Cash and balances with treasury banks	6	262,915,020	278,747,059
Balances with other banks	7	15,956,899	17,667,067
Lendings to financial institutions	8	184,977,116	335,466,675
Investments	9	3,250,620,033	1,938,170,642
Advances	10	1,170,224,575	1,113,392,485
Fixed assets	11	53,631,641	54,106,376
Intangible assets	12	888,954	647,970
Right of use assets	13	6,509,586	6,605,400
Deferred tax asset	14	3,872,557	1,625,647
Other assets	15	170,238,447	100,255,148
		5,119,834,828	3,846,684,469
<b>LIABILITIES</b>			
Bills payable	16	30,882,601	21,848,270
Borrowings	17	1,315,600,636	312,925,106
Deposits and other accounts	18	3,198,625,802	3,019,155,045
Lease liability against right of use assets	19	8,109,236	7,893,960
Other liabilities	20	273,638,749	198,659,523
		4,826,857,024	3,560,481,904
<b>NET ASSETS</b>		<b>292,977,804</b>	<b>286,202,565</b>
<b>REPRESENTED BY</b>			
Share capital		21,275,131	21,275,131
Reserves	21	58,466,165	60,371,495
Surplus on revaluation of assets	22	55,746,777	64,482,122
Unappropriated profit		157,489,731	140,073,817
		292,977,804	286,202,565
<b>CONTINGENCIES AND COMMITMENTS</b>			
	23		

The annexed notes 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.

YB

President (A) / Chairman      Chief Financial Officer      Director      Director      Director

**NATIONAL BANK OF PAKISTAN**  
**UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2022**

		Quarter ended		Half Year ended	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Note		(Rupees in '000)			
Mark-up / return / interest earned	24	100,186,190	59,523,706	179,389,797	107,995,528
Mark-up / return / interest expensed	25	72,873,118	33,722,402	126,285,433	60,600,289
Net mark-up / return / interest income		27,313,072	25,801,304	53,104,364	47,395,239
NON MARK-UP / INTEREST INCOME					
Fee and commission income	26	5,575,658	5,083,179	10,240,057	8,820,756
Dividend income		1,061,317	692,224	1,944,559	1,462,408
Foreign exchange income		2,183,839	1,750,847	4,278,760	2,659,249
Gain on securities - net	27	984,905	1,528,527	1,085,051	4,141,735
Other income	28	453,106	495,775	803,468	958,741
Total non-mark-up / interest income		10,258,825	9,550,552	18,351,895	18,042,889
Total income		37,571,897	35,351,856	71,456,259	65,438,128
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	29	19,081,942	16,289,344	35,814,778	30,623,671
Other charges	30	8,477	21,362	30,155	24,374
Total non-markup / interest expenses		19,090,419	16,310,706	35,844,933	30,648,045
Profit before provisions		18,481,478	19,041,150	35,611,326	34,790,083
Provisions and write offs - net	31	664,722	3,660,582	1,733,728	6,772,774
PROFIT BEFORE TAXATION		17,816,756	15,380,568	33,877,598	28,017,309
Taxation	32	15,513,885	6,123,324	21,737,283	11,051,996
PROFIT AFTER TAXATION		2,302,871	9,257,244	12,140,315	16,965,313
(Rupees)					
Earnings per share - basic and diluted	33	1.09	4.35	5.71	7.97

The annexed notes 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.

4A







President (A) / Chairman      Chief Financial Officer      Director      Director      Director



NATIONAL BANK OF PAKISTAN  
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2022

	Quarter ended		Half Year ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Profit after taxation for the period	2,302,871	9,257,244	12,140,315	16,965,313
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	3,571,132	1,162,903	4,880,638	(1,153,764)
Movement in surplus on revaluation of investments - net of tax	(10,124,919)	5,230,861	(8,636,503)	1,969,636
	(6,553,787)	6,393,764	(3,755,865)	815,874
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement (loss) / gain on defined benefit obligations - net of tax	(1,121,176)	106,567	(1,609,211)	230,872
Movement in surplus on revaluation of fixed assets - net of tax	-	(27,490)	-	(27,490)
	(1,121,176)	79,077	(1,609,211)	203,382
Total comprehensive (loss) / income	(5,372,092)	15,730,085	6,775,239	17,984,569

The annexed notes 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.

YA

  
President (A) / Chairman

  
Chief Financial Officer

  
Director

  
Director

  
Director

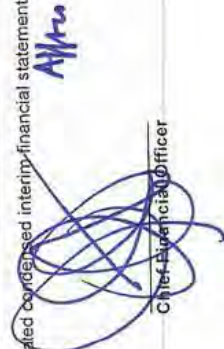
**NATIONAL BANK OF PAKISTAN  
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2022**

	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, 2021	21,275,131	11,570,091	36,127,702	343,802	8,000,000	521,338	56,562,933	28,501,270	45,198,074	73,699,344	116,021,334	267,558,742
Profit after taxation for the half year ended June 30, 2021	-	-	-	-	-	-	-	-	-	-	16,965,313	16,965,313
Other comprehensive (loss) / income - net of tax	-	(1,153,764)	-	-	-	-	(1,153,764)	1,969,638	(27,490)	1,942,148	230,872	1,019,256
Transfer to statutory reserve	-	-	1,696,531	-	-	-	1,696,531	-	-	-	(1,696,531)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(120,159)	(120,159)	120,159	-
Transactions with owners, recorded directly in equity												
Cash dividend paid for the year ended December 31, 2020 (Rs. Nil per share)	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at July 01, 2021	21,275,131	10,416,327	37,824,233	343,802	8,000,000	521,338	57,105,700	30,470,908	45,050,425	75,521,333	131,641,147	285,543,311
Profit after taxation for the half year ended December 31, 2021	-	-	-	-	-	-	-	-	-	-	11,042,675	11,042,675
Other comprehensive income / (loss) - net of tax	-	2,161,527	-	-	-	-	2,161,527	(10,582,691)	(368,591)	(10,951,282)	(1,593,666)	(10,383,421)
Transfer to statutory reserve	-	-	1,104,268	-	-	-	1,104,268	-	-	-	(1,104,268)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(87,929)	(87,929)	87,929	-
Balance as at January 01, 2022	21,275,131	12,577,854	38,928,501	343,802	8,000,000	521,338	60,371,495	19,888,217	44,593,905	64,482,122	140,073,817	286,202,565
Profit after taxation for the half year ended June 30, 2022	-	-	-	-	-	-	-	-	-	-	12,140,315	12,140,315
Other comprehensive income / (loss) - net of tax	-	4,880,638	-	-	-	-	4,880,638	(8,636,503)	-	(8,636,503)	(1,609,211)	(5,365,076)
Transfer to statutory reserve	-	-	1,214,032	-	-	-	1,214,032	-	-	-	(1,214,032)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(98,842)	(98,842)	98,842	-
Transfer to unappropriated profit	-	-	-	-	(8,000,000)	-	(8,000,000)	-	-	-	8,000,000	-
Transactions with owners, recorded directly in equity												
Cash dividend paid for the year ended December 31, 2021 (Rs. Nil per share)	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2022	21,275,131	17,458,492	40,142,533	343,802	-	521,338	58,486,165	11,251,714	44,495,063	55,746,777	157,489,731	292,977,804

The annexed notes 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.

YA

  
President (A) / Chairman

  
Chief Financial Officer

  
Director

  
Director

  
Director



NATIONAL BANK OF PAKISTAN  
UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2022

		June 30, 2022	June 30, 2021
	Note	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		33,877,598	28,017,309
Less: dividend income		(1,944,559)	(1,462,408)
		31,933,039	26,554,901
Adjustments:			
Depreciation on fixed assets		1,217,344	1,168,384
Depreciation on right of use assets		986,459	944,632
Amortisation		127,559	101,303
Provision and write-offs - net	31	1,733,728	6,772,774
Gain on sale of fixed assets		(1,845)	(22,126)
Financial charges on leased assets		31,260	15,810
Financial charges on right-of-use-assets		411,580	424,229
Unrealized gain on revaluation of investments classified as held-for-trading		63,995	(4,770)
Charge for defined benefit plans - net		4,176,775	3,623,709
		8,746,855	13,023,945
		40,679,894	39,578,846
<b>Decrease / (increase) in operating assets</b>			
Lendings to financial institutions		129,489,559	(54,017,110)
Held-for-trading securities		61,959,460	62,590,395
Advances		(62,215,699)	(20,036,204)
Other assets (excluding advance taxation)		(79,618,521)	(24,283,660)
		49,614,799	(35,746,579)
<b>Increase / (decrease) in operating liabilities</b>			
Bills payable		9,034,331	5,470,292
Borrowings from financial institutions		1,015,867,988	285,599,258
Deposits		179,470,757	260,772,098
Other liabilities (excluding current taxation)		72,334,262	17,268,898
		1,276,707,338	569,110,546
Financial charges paid		(442,840)	(440,039)
Income tax paid		(6,750,000)	(5,529,000)
Benefits paid		(1,666,668)	(831,378)
<b>Net cash flows generated from operating activities</b>		1,358,142,523	566,142,396
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net investments in available-for-sale securities		(1,248,045,807)	(369,033,467)
Net investments in held-to-maturity securities		(140,683,167)	(76,240,324)
Dividends received		1,944,559	1,605,063
Investments in fixed assets		(1,054,155)	(900,016)
Proceeds from sale of fixed assets		24,306	37,891
Effect of translation of net investment in foreign branches		4,880,638	(1,153,764)
<b>Net cash flows used in investing activities</b>		(1,382,933,626)	(445,684,617)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payments of lease obligations		(558,646)	(666,446)
<b>Net cash flows used in financing activities</b>		(558,646)	(666,446)
<b>(Decrease) / increase in cash and cash equivalents</b>		(25,349,749)	119,791,333
Cash and cash equivalents at beginning of the period		271,386,360	262,243,717
Cash and cash equivalents at end of the period	34	246,036,611	382,035,050

The annexed notes 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.

YA

 President (A) / Chairman

 Chief Financial Officer

 Director

 Director

 Director

**NATIONAL BANK OF PAKISTAN**  
**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED**  
**INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2022**

**1. STATUS AND NATURE OF BUSINESS**

National Bank of Pakistan (the Bank) was incorporated in Pakistan under the National Bank of Pakistan Ordinance, 1949 and is listed on Pakistan Stock Exchange (PSX). The registered and head office of the Bank is situated at I.I. Chundrigar Road, Karachi. The Bank is engaged in providing commercial banking and related services in Pakistan and overseas. The Bank also handles treasury transactions for the Government of Pakistan (GoP) as an agent to the State Bank of Pakistan (SBP). The Bank operates 1,512 (December 31, 2021: 1,513) branches in Pakistan and 19 (December 31, 2021: 19) overseas branches (including the Export Processing Zone branch, Karachi).

**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;
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

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

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

**2.1.4** The disclosures made in these unconsolidated condensed interim financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 5, dated March 22, 2019 and IAS 34. These unconsolidated condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements and should be read in conjunction with the audited annual financial statements of the Bank for the year ended December 31, 2021.

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



### 3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted for presentation of these unconsolidated condensed interim financial statements are consistent with those followed in the preparation of the unconsolidated financial statements of the Bank for the year ended December 31, 2021.

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

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

There are certain amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after January 01, 2022. These are either considered not to be relevant or do not have any significant impact on these unconsolidated condensed interim financial statements.

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

As per the SBP's BPRD Circular Letter No. 03 dated July 05, 2022, the SBP has extended the applicability of IFRS 9 on Banks / DFIs to accounting period beginning on or after January 01, 2023. During the transition period, the Financial Institutions are required to carry out the parallel run reporting and submit to SBP, IFRS 9 compatible pro-forma annual financial statements for the year ending 2022, quarterly and half yearly pro-forma financial statements for the year 2022 and 2023 as per timelines provided.

There are certain other new amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 2023, but are considered not to be relevant or will not have significant effect on the Bank's operations and are, therefore, not detailed in these unconsolidated condensed interim financial statements.

### 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, 2021.

### 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, 2021.

### 6. CASH AND BALANCES WITH TREASURY BANKS

		(Un-audited) June 30, 2022	(Audited) December 31, 2021
Note		(Rupees in '000)	
	In hand		
	Local currency	64,267,908	55,956,579
	Foreign currencies	8,268,264	6,885,815
		72,536,172	62,842,394
	With State Bank of Pakistan in		
	Local currency current accounts	6.1 117,142,058	133,688,664
	Foreign currency current accounts	6.2 13,478,215	11,738,428
	Foreign currency deposit accounts	6.2 27,454,678	24,098,591
	Foreign currency collection accounts	2,005,804	1,226,824
		160,080,755	170,752,507
	With other central banks in		
	Foreign currency current accounts	6.3 27,950,930	40,265,103
	Foreign currency deposit accounts	6.3 1,418,139	2,920,706
		29,369,069	43,185,809
	Prize bonds	929,024	1,966,349
		262,915,020	278,747,059

- 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 0.75% per annum (December 31, 2021: 0% to 6.30% per annum).

		(Un-audited) June 30, 2022	(Audited) December 31, 2021
	Note	----- (Rupees in '000) -----	
7.	BALANCES WITH OTHER BANKS		
In Pakistan			
In deposit accounts	7.1	12,891	12,531
Outside Pakistan			
In current accounts	7.2	9,186,999	12,008,146
In deposit accounts		6,757,009	5,646,390
		15,944,008	17,654,536
		15,956,899	17,667,067

7.1 These include various deposits with banks and carry interest at rates ranging from 3.5% to 10% per annum (December 31, 2021: 2.5% to 8% per annum).

7.2 These include various deposits with correspondent banks outside Pakistan and carry interest at rates ranging from 0% to 0.75% per annum (December 31, 2021: 0% to 1.5% per annum).

		(Un-audited) June 30, 2022	(Audited) December 31, 2021
	Note	----- (Rupees in '000) -----	
8.	LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money lendings	8.1	9,723	21,009,723
Repurchase agreement lendings (reverse repo)	8.2	151,004,020	282,051,308
Musharaka Lending	8.3	30,000,000	30,000,000
Placement with State Bank of Pakistan	8.4	3,963,373	2,405,644
Letters of placement	8.5	174,150	174,150
	8.6	185,151,266	335,640,825
Less: provision held against lendings to financial institutions	8.7	(174,150)	(174,150)
Lendings to financial institutions - net of provision		184,977,116	335,466,675

8.1 This includes zero rate lending to a financial institution amounting to Rs.9.7 million (December 31, 2021: Rs. 9.7 million) which is guaranteed by the SBP.

8.2 These carry mark-up at rates ranging from 12.8% to 14.5% per annum (December 31, 2021: 8.75% to 10.70% per annum) with maturities ranging from July 04, 2022 to September 15, 2022.

8.3 This represents Musharaka agreements entered into with Meezan Bank Limited and carrying profit at the rate of 13.7% (December 31, 2021: 10.65%) per annum.

8.4 These represent placements made with the SBP as a result of shortfall in respect of time-based mandatory targets of disbursements under Government's scheme "Mera Pakistan Mera Ghar". These placements are for a period of one year and carry no mark-up.

8.5 These are overdue placements and full provision has been made against these placements as at June 30, 2022.

(Un-audited) (Audited)  
June 30, December 31,  
2022 2021  
----- (Rupees in '000) -----

8.6 Particulars of lending

In local currency  
In foreign currencies

185,151,266	335,640,825
185,151,266	335,640,825

8.7 Movement in provision held against lendings is as follows:

Opening balance  
Reversal for the period  
Closing balance

174,150	176,150
-	(2,000)
174,150	174,150

8.8 Securities held as collateral against lendings to financial institutions

June 30, 2022 (Un-audited)			December 31, 2021 (Audited)	
Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral
104,897,539	-	104,897,539	163,594,180	-
46,106,481	-	46,106,481	118,457,128	-
151,004,020	-	151,004,020	282,051,308	-

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

Market Treasury Bills  
Pakistan Investment Bonds  
Total

104,897,539	-	104,897,539	163,594,180	-
46,106,481	-	46,106,481	118,457,128	-
151,004,020	-	151,004,020	282,051,308	-

8.8.1 Market value of the securities under repurchase agreement lendings amounts to Rs. 150,991 million (December 31, 2021: Rs.279,633 million).

8.9 Category of classification

June 30, 2022 (Un-audited)		December 31, 2021 (Audited)	
Classified Lending	Provision held	Classified Lending	Provision held

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

Domestic

Loss

174,150	174,150	174,150	174,150
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## 9. INVESTMENTS

### 9.1 Investments by type:

Investments by type:

	June 30, 2022 (Un-audited)			December 31, 2021 (Audited)				
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
(Rupees in '000)								
<b>Held-for-trading securities</b>								
Market Treasury Bills	48,451,841	-	(15,781)	48,436,060	90,744,281	-	(55,659)	90,688,622
Pakistan Investment Bonds	9,482,556	-	(11,425)	9,471,131	29,114,020	-	(65,016)	29,049,004
Ordinary shares of listed companies	57,913	-	-	57,913	-	-	-	-
	57,992,310	-	(27,206)	57,965,104	119,858,301	-	(120,675)	119,737,626
<b>Available-for-sale securities</b>								
Pakistan Investment Bonds	843,504,207	-	(16,684,619)	826,819,588	571,528,321	-	(8,147,316)	563,381,005
Market Treasury Bills	1,679,057,942	-	(2,526,920)	1,676,531,022	721,635,763	-	(430,492)	721,205,271
Ijarah Sukuks	20,520,580	-	(225,530)	20,295,050	14,000,979	-	(31,279)	13,969,700
Ordinary shares of listed companies	39,918,937	(7,899,986)	7,921,585	39,940,536	34,146,109	(6,110,939)	11,749,467	39,784,637
Ordinary shares of unlisted companies	1,882,198	(410,893)	-	1,471,305	1,882,198	(410,893)	-	1,471,305
Preference shares	1,700,733	(539,708)	114,944	1,275,969	1,706,823	(539,708)	98,614	1,265,729
Investments in mutual funds	819,646	(41,166)	1,138,354	1,916,834	619,646	(41,167)	1,289,705	1,868,184
Ordinary shares of a bank outside Pakistan	463,295	-	36,466,718	36,930,013	463,294	-	27,060,912	27,524,206
Term Finance Certificates / Musharika	52,991,969	(5,249,620)	1,775,604	49,517,953	55,463,127	(5,200,180)	961,220	51,224,167
Participation Term Certificate and Sukuk Bonds	29,371,602	-	(8,226,878)	21,144,724	20,778,528	-	26,435	20,804,963
GoP Foreign Currency Bonds	920,418	-	(13,407)	907,011	880,932	-	26,372	907,304
Foreign Government Securities	2,671,151,527	(14,141,373)	19,739,851	2,676,750,005	1,423,105,720	(12,302,887)	32,603,638	1,443,406,471
<b>Held-to-maturity securities</b>								
Pakistan Investment Bonds	411,102,161	-	-	411,102,161	324,556,862	-	-	324,556,862
Market Treasury Bills	47,364,119	-	-	47,364,119	-	-	-	-
Debentures, Bonds, Ijarah Sukuks, Participation	13,554,837	(407,134)	-	13,147,703	407,164	(407,134)	-	30
Term Certificates and Term Finance Certificates	-	-	-	-	10,914,185	-	-	10,914,185
Bai muajjal with Government of Pakistan	1,829,416	-	-	1,829,416	-	-	-	-
GoP Foreign Currency Bonds	36,802,341	-	-	36,802,341	34,091,600	-	-	34,091,600
Foreign Government Securities	784	-	-	784	680	-	-	680
Foreign Currency Debt Securities	510,653,658	(407,134)	-	510,246,524	369,970,491	(407,134)	-	369,563,357
Associates	4,970,863	(3,743,383)	-	1,227,480	4,970,863	(3,938,595)	-	1,032,268
Joint Venture	2,362,433	-	-	2,362,433	2,362,433	-	-	2,362,433
Subsidiaries	3,906,750	(1,838,263)	-	2,068,487	3,906,750	(1,838,263)	-	2,068,487
<b>Total investments</b>	3,251,037,541	(20,130,153)	19,712,645	3,250,620,033	1,924,174,558	(18,486,879)	32,482,963	1,938,170,642



	(Un-audited) June 30, 2022	(Audited) December 31, 2021
	----- (Rupees in '000) -----	

Note

9.1.1 Investments given as collateral

Pakistan Investment Bonds  
Market Treasury Bills

214,834,393	30,682,290
964,418,677	96,128,050
<u>1,179,253,070</u>	<u>126,810,340</u>

17

9.2 Provision for diminution in value of investments

9.2.1 Opening balance

18,486,878 17,823,660

Charge for the period  
Reversals for the period

2,088,990	1,382,192
(445,715)	(718,973)

1,643,275 663,219

Closing balance

20,130,153 18,486,878

9.2.2 Particulars of provision against debt securities

Category of classification

June 30, 2022 (Un-audited)		December 31, 2021 (Audited)	
NPL	Provision	NPL	Provision

(Rupees in '000)

Domestic

Substandard  
Loss

299,760	74,940	-	-
5,581,814	5,581,814	5,607,314	5,607,314
<u>5,881,574</u>	<u>5,656,754</u>	<u>5,607,314</u>	<u>5,607,314</u>

9.3 The market value of securities classified as held-to-maturity as at June 30, 2022 amounted to Rs. 443,131 million (December 31, 2021: Rs. 366,869 million).

## 10. ADVANCES

[illegible]

### 10.1 Net investment in finance lease

June 30, 2022 (Un-audited)				December 31, 2021 (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
899	-	-	899	955	64	-	1,019
39,238	-	-	39,238	46,536	185	-	46,721
40,137	-	-	40,137	47,491	249	-	47,740
165	-	-	165	191	1	-	192
39,972	-	-	39,972	47,300	248	-	47,548

**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% (2021: 10.19% to 14.85%) per annum.

## 10.2 Particulars of advances (Gross)

In local currency	1,222,574,944	1,178,151,941
In foreign currencies	144,680,816	127,024,857
	<u>1,367,255,760</u>	<u>1,305,176,798</u>

- 10.3 Advances includes Rs. 203,295 million (December 31, 2021: Rs.197,938 million) which have been placed under non-performing status as detailed below:

Category of Classification	June 30, 2022 (Un-audited)		December 31, 2021 (Audited)	
	Non performing loans	Provision	Non performing loans	Provision
(Rupees in '000)				
<b>Domestic</b>				
Other assets especially mentioned	2,113,649	68,390	1,941,221	94,550
Substandard	6,392,442	1,560,569	5,245,094	1,230,458
Doubtful	9,308,805	4,882,617	16,998,929	8,453,057
Loss	134,356,160	132,037,585	127,459,837	124,795,990
	152,171,056	138,549,161	151,645,081	134,574,055
<b>Overseas</b>				
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	311,438	155,719	286,746	143,373
> 365 days	50,813,003	49,174,229	46,006,402	44,594,294
	51,124,441	49,329,948	46,293,148	44,737,667
<b>Total</b>	203,295,497	187,879,109	197,938,229	179,311,722

#### 10.4 Particulars of provision against advances

	June 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	Specific	General	Total	Specific	General	Total
Note	(Rupees in '000)					
Opening balance	179,311,722	12,472,591	191,784,313	154,145,472	22,473,748	176,619,220
Exchange adjustments	5,347,479	64,351	5,411,830	4,277,260	50,984	4,328,244
Charge for the period / year	2,730,312	542,773	3,273,085	15,655,578	513,602	16,169,180
Reversals	(2,401,667)	(899,639)	(3,301,306)	(4,097,388)	(952,785)	(5,050,173)
	328,645	(356,866)	(28,221)	11,558,190	(439,183)	11,119,007
Amounts written off	(124,072)	-	(124,072)	(171,425)	-	(171,425)
Amounts charged off - agriculture financing	(12,665)	-	(12,665)	(110,733)	-	(110,733)
Transfer from general to specific provision	3,028,000	(3,028,000)	-	9,612,958	(9,612,958)	-
Closing balance	187,879,109	9,152,076	197,031,185	179,311,722	12,472,591	191,784,313

#### 10.4.1 Particulars of provision against advances

	June 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	Specific	General	Total	Specific	General	Total
(Rupees in '000)						
In local currency	138,549,161	8,821,684	147,370,845	134,574,055	12,220,748	146,794,803
In foreign currencies	49,329,948	330,392	49,660,340	44,737,667	251,843	44,989,510
	187,879,109	9,152,076	197,031,185	179,311,722	12,472,591	191,784,313



- 10.4.2 General provision includes provision amounting to Rs. 5,388 million (2021: Rs. 5,618 million) against consumer and SME finance portfolio as required by the Prudential Regulations issued by the SBP. General provision also includes Rs. 330 million (2021: Rs. 252 million) pertaining to overseas advances to meet the requirements of regulatory authorities of the respective countries in which the Bank operates.

The bank has also maintained general provision of Rs. 3,434 million (December 31, 2021: Rs. 6,603 million) in respect of its underperforming portfolio on prudent basis.

- 10.4.3 The SBP has allowed specific relaxation to the Bank for non-classification of overdue loans of certain Public Sector Entities (PSEs) which are guaranteed by Government of Pakistan as non-performing loans up till December 31, 2022. No provision is required against these loans; however, mark-up is being suspended as required by the Prudential Regulations.

- 10.4.4 These represent non-performing advances for agriculture finance which have been classified as loss and fully provided for more than 3 years. These non-performing advances have been charged off by extinguishing them against the provision held in accordance with Prudential Regulations for Agriculture Financing issued by the SBP. This charge off does not, in any way, prejudice the Bank's right of recovery from these customers.

	Note	(Un-audited) June 30, 2022 ----- (Rupees in '000) -----	(Audited) December 31, 2021
<b>11. FIXED ASSETS</b>			
Capital work-in-progress	11.1	1,535,856	1,405,161
Property and equipment		52,095,785	52,701,215
		<u>53,631,641</u>	<u>54,106,376</u>
<b>11.1 Capital work-in-progress</b>			
Civil works		1,466,298	1,335,603
Equipment		10,825	10,825
Advances to suppliers and contractors		58,733	58,733
		<u>1,535,856</u>	<u>1,405,161</u>
<b>11.2 Additions to fixed assets</b>			
The following additions have been made to fixed assets during the period:			
Capital work-in-progress		215,149	219,092
Property and equipment			
Building on freehold land		26,460	-
Building on leasehold land		-	29,966
Furniture and fixtures		250,921	331,216
Computer and peripheral equipment		72,177	150,929
Electrical, office equipment		158,619	209,551
Vehicles		100,918	17,090
		<u>609,095</u>	<u>738,752</u>
		<u>824,244</u>	<u>957,844</u>

		(Un-audited) June 30, 2022 ----- (Rupees in '000) -----	(Un-audited) June 30, 2021
11.3	<b>Disposal of fixed assets</b>		
	The net book value of fixed assets disposed off during the period is as follows:		
	Furniture and fixture	-	1,264
	Vehicles	22,461	14,501
		<u>22,461</u>	<u>15,765</u>
12.	<b>INTANGIBLE ASSETS</b>		
	Capital work-in-progress - Software Implementation	411,328	145,179
	Computer Software	477,626	502,791
		<u>888,954</u>	<u>647,970</u>
12.1	<b>Additions to intangible assets</b>		
	The following additions have been made to intangible assets during the period:		
	Capital Work in Progress - net additions	250,816	60,502
	Directly purchased	48,215	43,539
		<u>299,031</u>	<u>104,041</u>
13.	<b>RIGHT OF USE ASSETS</b>		
	Balance as at January 01	6,605,400	6,669,684
	Additions during the period / year	897,263	1,894,476
	Derecognition during the period / year	(6,618)	(27,387)
	Depreciation charged for the period / year	<u>(986,459)</u>	<u>(1,931,373)</u>
	Balance as at	<u>6,509,586</u>	<u>6,605,400</u>

		(Un-audited) June 30, 2022	(Audited) December 31, 2021
	Note	----- (Rupees in '000) -----	
<b>14. DEFERRED TAX</b>			
<b>Deductible temporary differences on</b>			
- Tax losses carried forward		10,705	10,705
- Post retirement employee benefits		6,206,116	4,992,150
- Provision for diminution in the value of investments		236,751	236,751
- Provision against loans and advances		6,525,410	10,457,938
- Provision against off-balance sheet obligations		115,222	115,222
- Accelerated tax depreciation		1,584,074	1,190,369
- Other provisions		105,414	105,416
- Right of use assets		783,829	502,538
		<b>15,567,521</b>	<b>17,611,089</b>
<b>Taxable temporary differences on</b>			
- Surplus on revaluation of fixed assets		(2,474,507)	(2,537,701)
- Exchange translation reserve		(679,589)	(679,589)
- Surplus on revaluation of investments		(8,488,136)	(12,715,420)
- Surplus on revaluation of non-banking assets		(52,732)	(52,732)
		<b>(11,694,964)</b>	<b>(15,985,442)</b>
		<b>3,872,557</b>	<b>1,625,647</b>
<b>15. OTHER ASSETS</b>			
Income / return / mark-up accrued in local currency		62,280,212	41,779,183
Income / return / mark-up accrued in foreign currency		4,037,691	2,842,699
Advances, deposits, advance rent and other prepayments		4,254,752	3,870,355
Income tax refunds receivable & Advance taxation (payments less provisions)	15.1	1,049,054	12,824,850
Compensation for delayed tax refunds		19,933,793	19,221,431
Non-banking assets acquired in satisfaction of claims		1,187,801	1,195,660
Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC)		208,423	208,423
Unrealized gain on forward foreign exchange contracts		4,168,125	3,058,205
Commission receivable on Government treasury transactions		10,257,582	5,006,019
Stationery and stamps on hand		493,671	470,402
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		79,694	11,083
Acceptances		62,052,254	10,311,259
Others		8,199,074	7,355,244
		<b>179,139,531</b>	<b>109,092,218</b>
Less: Provision held against other assets	15.2	<b>11,764,970</b>	<b>11,700,956</b>
Other assets (net of provision)		<b>167,374,561</b>	<b>97,391,262</b>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		<b>2,863,886</b>	<b>2,863,886</b>
<b>Other assets - total</b>		<b>170,238,447</b>	<b>100,255,148</b>

15.1 During the period Rs. 7,534 million were adjusted against income tax refunds towards payment of advance tax liability.



		(Un-audited) June 30, 2022	(Audited) December 31, 2021
	Note	----- (Rupees in '000) -----	
<b>15.2 Provision held against other assets</b>			
Income / mark-up accrued in local currency		152,607	152,607
Advances, deposits, advance rent and other prepayments		837,949	837,949
Stationery and stamps on hand		96,542	96,542
Barter trade balances		195,399	195,399
Receivable on account of Government transactions		323,172	323,172
Receivable from Government under VHS scheme		418,834	418,834
Protested bills		4,178,026	4,164,485
Ex-MBL / NDFC - other assets		770,398	770,398
Assets acquired from corporate and industrial restructuring corporation asset (CIRC)		208,423	208,423
Others		4,583,620	4,533,147
		<u>11,764,970</u>	<u>11,700,956</u>
<b>15.2.1 Movement in provision held against other assets</b>			
Opening balance		11,700,956	11,873,693
Charge for the period / year		83,816	72,205
Adjustment against provision		(19,802)	(244,942)
Closing balance		<u>11,764,970</u>	<u>11,700,956</u>
<b>16. BILLS PAYABLE</b>			
In Pakistan		30,578,066	21,775,348
Outside Pakistan		304,535	72,922
		<u>30,882,601</u>	<u>21,848,270</u>
<b>17. BORROWINGS</b>			
<b>Secured</b>			
Borrowings from State Bank of Pakistan			
Under Export Refinance Scheme		9,418,594	5,057,300
Under Export Refinance Scheme (New Scheme)		29,786,676	29,193,202
Financing Scheme for Renewable Energy		732,441	740,493
Refinance Facility for Modernization of SMEs		177,470	130,288
Financing Facility for storage of Agriculture Produce (FFSAP)		367,184	526,479
Under Long-Term Financing Facility (LTFF)		22,467,725	19,465,068
Refinance Scheme for Payment of Wages and Salaries		252,998	566,315
Temporary Economic Refinance Facility		21,585,260	12,122,947
Refinance Facility for Combating Covid-19		40,965	79,976
		84,829,313	67,882,068
Repurchase agreement borrowings	9.1.1	1,179,253,070	126,810,340
Bai Muajjal		18,673,222	72,195,209
		<u>1,282,755,605</u>	<u>266,887,617</u>
<b>Unsecured</b>			
Call borrowings		32,405,584	46,011,009
Overdrawn nostro accounts		439,447	26,480
		<u>32,845,031</u>	<u>46,037,489</u>
		<u>1,315,600,636</u>	<u>312,925,106</u>

	(Un-audited) June 30, 2022	(Audited) December 31, 2021
	----- (Rupees in '000) -----	
<b>17.1 Particulars of borrowings with respect to currencies</b>		
In local currency	1,283,195,052	275,739,772
In foreign currencies	32,405,584	37,185,334
	<u>1,315,600,636</u>	<u>312,925,106</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 3% (December 31, 2021: from 1% to 2%) per annum.
- Repurchase agreement borrowings carry mark-up ranging from 12.8% to 14.3% per annum (December 31, 2021: 9.7% to 10.21% per annum) having maturities ranging from July 8, 2022 to September 15, 2022.
- Call borrowings carry interest ranging from 1.1% to 8.5% per annum (December 31, 2021: 0.63% to 4.15% 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.1,179,253 million (December 31, 2021: Rs. 126,810 million).

**18. DEPOSITS AND OTHER ACCOUNTS**

	June 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	----- (Rupees in '000) -----					
<b>Customers</b>						
Current deposits - remunerative	742,204,610	-	742,204,610	648,854,267	-	648,854,267
Current deposits - non-remunerative	501,870,249	153,341,311	655,211,560	476,510,388	145,931,064	622,441,452
Savings deposits	675,953,891	109,822,296	785,776,187	675,591,525	79,434,496	755,026,021
Term deposits	408,757,717	71,919,717	480,677,434	400,905,240	70,853,064	471,758,304
Others	43,978,108	4,779	43,982,887	-	6,463	6,463
	<u>2,372,764,575</u>	<u>335,088,103</u>	<u>2,707,852,678</u>	<u>2,201,861,420</u>	<u>296,225,087</u>	<u>2,498,086,507</u>
<b>Financial Institutions</b>						
Current deposits	452,349,122	1,266,086	453,615,208	445,782,844	1,155,463	446,938,307
Savings deposits	14,373,131	-	14,373,131	7,075,299	3,842,651	10,917,950
Term deposits	13,182,000	7,073,489	20,255,489	21,613,144	5,760,597	27,373,741
Others	2,527,000	2,296	2,529,296	35,838,540	-	35,838,540
	<u>482,431,253</u>	<u>8,341,871</u>	<u>490,773,124</u>	<u>510,309,827</u>	<u>10,758,711</u>	<u>521,068,538</u>
	<u>2,855,195,828</u>	<u>343,429,974</u>	<u>3,198,625,802</u>	<u>2,712,171,247</u>	<u>306,983,798</u>	<u>3,019,155,045</u>

**18.1** Foreign currencies deposits includes deposit of foreign branches amounting to Rs. 72,818 (December 31, 2021: Rs. 75,485 million).

	(Un-audited) June 30, 2022	(Audited) December 31, 2021
	----- (Rupees in '000) -----	
<b>19. LEASE LIABILITY AGAINST RIGHT OF USE ASSETS</b>		
Lease liabilities included in the statement of financial position	<u>8,109,236</u>	<u>7,893,960</u>
Of which are:		
Current lease liability	<u>1,681,333</u>	<u>1,524,809</u>
Non-current lease liability	<u>6,427,903</u>	<u>6,369,151</u>
	<u>8,109,236</u>	<u>7,893,960</u>
<b>Maturity analysis - contractual undiscounted cash flows</b>		
Less than one year	2,296,414	2,199,012
One to five years	6,153,245	5,981,702
More than five years	<u>7,253,398</u>	<u>6,500,876</u>
Total undiscounted lease liabilities	<u>15,703,057</u>	<u>14,681,590</u>
<b>20. OTHER LIABILITIES</b>		
Mark-up / return / interest payable in local currency	80,949,970	48,801,768
Mark-up / return / interest payable in foreign currencies	358,366	384,638
Unearned commission and income on bills discounted	393,092	428,443
Accrued expenses	8,260,389	21,027,250
Advance payments	365,553	370,807
Unclaimed dividends	181,997	181,997
Unrealized loss on put option	306,339	306,339
Branch adjustment account	1,501,859	1,342,640
<b>Employee benefits:</b>		
Pension fund	20,723,458	17,834,945
Post retirement medical benefits	26,885,143	24,516,717
Benevolent fund	1,697,079	1,778,825
Gratuity scheme	3,354,767	3,168,258
Compensated absences	10,030,776	9,952,554
Staff welfare fund	373,964	371,257
Liabilities relating to Barter trade agreements	3,359,890	3,006,122
Provision against off-balance sheet obligations	627,494	627,494
Provision against contingencies	3,940,233	3,805,376
Payable to brokers	278,948	155,001
PIBs short selling	32,216,022	34,144,415
Acceptances	62,052,254	10,311,259
Others	<u>15,781,156</u>	<u>16,143,418</u>
	<u>273,638,749</u>	<u>198,659,523</u>
<b>21. GENERAL LOAN LOSS RESERVE</b>		

The Bank is cognizant of the fact that a part of its credit or loan portfolio (funded and non-funded) which is not currently impaired as per the applicable Prudential Regulations is underperforming and therefore the potential for risk of credit losses on this part of portfolio is higher than the usual risk. Therefore, as a matter of abundant caution and in order to protect the equity base of the Bank from future contingencies in respect of the credit portfolio, the Board of Directors in their meeting held on April 29, 2015 decided to transfer an aggregate amount of Rs. 12 billion from the unappropriated profits to a "General loan loss reserve". This appropriation was made on the basis of the management's best estimates and judgement regarding the inherent portfolio risks. Subsequently, Board of Directors in their meeting held on 11 & 12 July, 2019 decided to transfer Rs. 4 billion from general loss reserve to unappropriated profit based on revised estimates. During the period, management revisited the estimates and transferred the remaining Rs. 8 billion from general loan loss reserve to unappropriated profit.



		(Un-audited) June 30, 2022	(Audited) December 31, 2021
	Note	Rupees in '000	
<b>22. SURPLUS ON REVALUATION OF ASSETS</b>			
Surplus on revaluation of			
- Available-for-sale securities	9.1	19,739,851	32,603,638
- Fixed assets		44,158,415	44,320,452
- Non-banking assets		2,863,886	2,863,886
		<u>66,762,152</u>	<u>79,787,976</u>
Deferred tax on surplus on revaluation of:			
- Available for sale securities		(8,488,136)	(12,715,420)
- Fixed assets		(2,474,507)	(2,537,701)
- Non-banking assets		(52,732)	(52,732)
		<u>(11,015,375)</u>	<u>(15,305,853)</u>
		<u>55,746,777</u>	<u>64,482,122</u>
<b>23. CONTINGENCIES AND COMMITMENTS</b>			
Guarantees	23.1	294,694,162	261,356,068
Commitments	23.2	2,088,127,401	2,192,951,563
Other contingent liabilities	23.3	25,362,018	36,196,804
		<u>2,408,183,581</u>	<u>2,490,504,435</u>
<b>23.1 Guarantees</b>			
Financial guarantees		227,972,234	197,024,912
Performance guarantees		66,721,928	64,331,156
		<u>294,694,162</u>	<u>261,356,068</u>
<b>23.2 Commitments</b>			
Documentary credits and short-term trade-related transactions			
- letters of credit		1,374,001,563	1,582,757,532
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	705,807,773	571,111,340
- forward government securities transactions	23.2.2	7,530,855	38,255,954
Commitments for acquisition of:			
- operating fixed assets		787,210	826,737
		<u>2,088,127,401</u>	<u>2,192,951,563</u>

		(Un-audited) June 30, 2022	(Audited) December 31, 2021
		----- (Rupees in '000) -----	
23.2.1	<b>Commitments in respect of forward foreign exchange contracts</b>		
	Purchase	407,246,637	337,970,120
	Sale	298,561,136	233,141,220
		<u>705,807,773</u>	<u>571,111,340</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) June 30, 2022	(Audited) December 31, 2021
		----- (Rupees in '000) -----	
23.2.2	<b>Commitments in respect of forward government securities transactions</b>		
	Purchase	5,000,000	30,218,032
	Sale	2,530,855	8,037,922
		<u>7,530,855</u>	<u>38,255,954</u>

### 23.3 Other contingent liabilities

23.3.1	Claims against the Bank not acknowledged as debt	<u>25,362,018</u>	<u>36,196,804</u>
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Claims against the Bank not acknowledged as debts including claims relating to former Mehran Bank Limited amounting to Rs. 1,597 million (December 31, 2021: 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 June 30, 2022, the status of tax contingencies disclosed in the annual unconsolidated financial statements for the year ended December 31, 2021 is same, other than the following:

- Taxation officer has passed assessment order for tax year 2021 during the year. The Bank has filed appeal before CIR(A) which is pending for order. The demand created in the assessment order of Rs. 4,016.75 million. Based on rectification request, the tax authorities issued rectified order showing tax refund of Rs. 2,296.35 million. The Tax Advisor is confident that the ultimate outcome of the proceeding will be decided in the Bank's favour.
- Honourable Tribunal through recent judgement dated February 7, 2022 has decided the appeals filed by the Bank for Tax Year 2009, 2010 and 2016 for which appeal effect orders have been issued determining tax refund of Rs. 948.44 million and Rs. 814.54 million in 2009 and 2010 respectively. Whereby for Tax Year 2016, the department has created demand of Rs. 118.11 million which has been adjusted against tax refunds of Tax Year 2018.
- Honourable CIR(A) through recent judgement dated December 31, 2021 has decided the appeal filed by the Bank for Tax Year 2018 partially in favour of the Bank for which appeal effect order has been issued determining refund of Rs. 1,199.29 million.
- The aggregate effect of contingencies as on June 30, 2022, including amount of Rs. 1,912.24 million (December 31, 2021: Rs. 1,982.32 million) in respect of indirect tax issues, amounts to Rs. 25,259.26 million (December 31, 2021: Rs. 19,964.93 million). No provision has been made against these contingencies, based on the opinion of tax consultants of the Bank, who expect favourable outcome upon decisions of pending appeals.



### 23.3.3 Contingencies in respect of employees benefits and related matters

As at June 30, 2022, the status of contingencies disclosed in the annual unconsolidated financial statements for the year ended December 31, 2021 is same, other than the following:

#### 23.3.3.1 Pensionary benefits to retired employees

This matter has been explained in note 25.3.3.1 to the unconsolidated financial statements for the year ended December 31, 2021. The management's estimate of overall increase in pension liability, based on the independent actuarial firm report for the period ended June 30, 2022 amounted to Rs. 83.9 billion, excluding any penal interest / profit payment (if any) due to delayed payment. Further, the pension expense for June 2022 onward will also increase by Rs. 10.9 billion due to this decision. Based on the opinion of legal counsel, no provision for any additional pension liability has been made in these unconsolidated condensed interim financial statements for the above mentioned amount as the Bank is confident about a favourable outcome on the matter.

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

The Bank operates a branch in New York, which is licensed by the New York State Department of Financial Services (NYSDFS) and is also subject to supervision by the Federal Reserve Bank of New York (FRBNY) (hereinafter referred to as "US regulators"). As reported previously, the bank and the branch entered into a Written Agreement with its US regulators in 2016, which was superseded by Enforcement Actions issued by US regulators in February 2022. These Actions included payment of fines totaling US \$ 55.4 million, equivalent to Rs. 9,778 million, focused on historical compliance program weaknesses and delays in making compliance related enhancements. These fines were paid shortly following issuance of the Actions.

Under these Actions, the Bank is required to enhance its Anti Money Laundering and, to a lesser extent, its Sanctions Compliance controls and submit status reports at defined frequencies to the US Regulators, which is being done as per the remedial plan instituted by the branch and overseen by the management at Head Office. The branch has been under new management since May 2020 and has substantially enhanced its compliance program, as recognized by its US regulators. Bank's management and the Board of Directors continue to provide close oversight of the branch's remedial actions and are committed to ensure compliance with the conditions agreed to in the Actions.

	(Un-audited) For the half year ended June 30, 2022	(Un-audited) June 30, 2021
	----- (Rupees in '000) -----	
<b>24. MARK-UP / RETURN / INTEREST EARNED</b>		
Loans and advances	59,176,647	42,147,757
Investments	114,326,431	64,095,157
On securities purchased under resale agreements	5,435,841	1,088,405
Balances with other banks	450,878	664,209
	<u>179,389,797</u>	<u>107,995,528</u>
<b>25. MARK-UP / RETURN / INTEREST EXPENSED</b>		
Deposits	80,180,295	39,100,848
Borrowings	3,158,176	3,346,442
Cost of foreign currency swaps against foreign currency deposits	5,131,204	4,243,818
Finance charge on lease liability against right of use assets	411,580	424,229
Securities sold under repurchase agreements	37,404,178	13,484,952
	<u>126,285,433</u>	<u>60,600,289</u>

		(Un-audited)	(Un-audited)
		For the half year ended	
		June 30, 2022	June 30, 2021
Note		(Rupees in '000)	
<b>26.</b>	<b>FEE AND COMMISSION INCOME</b>		
	Branch banking customer fees	797,260	543,566
	Consumer finance related fees	248,019	425,873
	Card related fees	964,264	919,901
	Credit related fees	215,115	100,647
	Investment banking fees	506,521	542,212
	Commission on trade	1,088,107	1,064,024
	Commission on guarantees	310,783	239,835
	Commission on cash management	23,540	40,809
	Commission on remittances including home remittances	676,357	793,729
	Commission on bancassurance	168,389	141,825
	Commission on government transactions	5,184,873	3,981,415
	Others	56,829	26,920
		<u>10,240,057</u>	<u>8,820,756</u>
<b>27.</b>	<b>GAIN ON SECURITIES - NET</b>		
	Realized	27.1 1,112,256	4,136,965
	Unrealized - held-for-trading	(63,995)	4,770
	Unrealized - Short selling	36,790	-
		<u>1,085,051</u>	<u>4,141,735</u>
<b>27.1</b>	<b>Realized gain / (loss) on</b>		
	Federal Government Securities	286,070	335,792
	Shares	826,021	3,667,389
	Ijarah Sukuks	-	10,809
	Foreign Securities	165	122,975
		<u>1,112,256</u>	<u>4,136,965</u>
<b>28.</b>	<b>OTHER INCOME</b>		
	Rent on property	19,622	26,560
	Gain on sale of fixed assets - net	1,845	22,126
	Compensation for delayed tax refunds	28.1 712,362	881,752
	Others	69,639	28,303
		<u>803,468</u>	<u>958,741</u>
<b>28.1</b>	This represents compensation on delayed refunds determined under Section 171 of Income Tax Ordinance 2001.		

		(Un-audited)	(Un-audited)
		For the half year ended	
		June 30, 2022	June 30, 2021
		----- (Rupees in '000) -----	
29.	<b>OPERATING EXPENSES</b>		
	<b>Total compensation expenses</b>	22,939,692	20,536,243
	<b>Property expenses</b>		
	Rent and taxes	280,504	388,909
	Insurance	19,027	17,066
	Utilities cost	770,872	562,805
	Security (including guards)	1,546,419	1,343,068
	Repair and maintenance (including janitorial charges)	451,564	419,562
	Depreciation	226,305	241,229
	Depreciation on non banking assets	7,859	7,731
	Depreciation on Ijarah assets	33,544	38,356
	Depreciation on right of use assets	986,459	944,632
		4,322,553	3,963,358
	<b>Information technology expenses</b>		
	Software maintenance	1,747,256	605,683
	Hardware maintenance	52,320	13,949
	Depreciation	198,479	136,773
	Amortisation	127,559	101,303
	Network charges	357,216	231,151
	IT Manage Services	168,702	118,244
		2,651,532	1,207,103
	<b>Other operating expenses</b>		
	Directors' fees and reimbursement of other expenses	16,475	11,497
	Fees and allowances to Shariah Board	8,108	4,990
	Legal and professional charges	610,970	430,100
	Outsourced services costs	328,508	347,179
	Travelling and conveyance	417,896	281,474
	NIFT clearing charges	100,435	82,707
	Depreciation	751,157	744,295
	Training and development	25,784	20,672
	Postage and courier charges	121,204	106,902
	Communication	174,284	148,388
	Stationery and printing	857,642	680,107
	Marketing, advertisement and publicity	209,444	97,343
	Contributions for other Corporate and Social Responsibility	32,000	6,201
	Auditors' remuneration	87,307	101,402
	Entertainment	122,802	110,836
	Clearing, verification, license fee charges	161,816	155,375
	Brokerage	38,906	74,934
	Financial charges on leased assets	31,260	15,810
	Insurance	235,149	187,944
	Vehicle expenses	101,940	109,188
	Repairs and maintenance	313,495	227,965
	Deposit premium expense	905,789	785,553
	Others	248,630	186,105
		5,901,001	4,916,967
		35,814,778	30,623,671
30.	<b>OTHER CHARGES</b>		
	Penalties imposed by State Bank of Pakistan	30,155	24,374
		30,155	24,374



	Note	(Un-audited) For the half year ended June 30, 2022	(Un-audited) June 30, 2021
		(Rupees in '000)	
<b>31. PROVISIONS AND WRITE OFFS - NET</b>			
Provisions / (reversal) for diminution in value of investments	9.2	1,643,275	(348,947)
(Reversal) / provisions against loans and advances	10.4	(28,221)	7,078,838
Provision against other assets	15.2.1	83,816	22,189
Provision against contingencies		34,858	20,694
		<u>1,733,728</u>	<u>6,772,774</u>

## 32. TAXATION

Current	14,714,912	12,300,733
Prior years	3,828,030	-
Deferred	3,194,341	(1,248,737)
	<u>21,737,283</u>	<u>11,051,996</u>

32.1 Through Finance Act 2022, the tax rate on banking companies has been increased to 49% (inclusive of 10% Super Tax) from 39% in 2021 (inclusive of 4% Super Tax). Accordingly, the Bank has recognized super tax charge of Rs. 2,710 million (June 30, 2021: Rs. 1,146 million) in the current period based on the taxable income for the period.

Moreover, the Federal Government has amended the rate of tax on income arising from Federal Government securities for the tax year 2022 through Finance Act, 2022. Accordingly, the Bank has recognised prior year tax charge of Rs 3,828 million during the current period in respect of its income from Federal Government Securities for the tax year 2022 (accounting year ended December 31, 2021).

	Note	(Un-audited) For the half year ended June 30, 2022	(Un-audited) June 30, 2021
		(Rupees in '000)	
<b>33. EARNINGS PER SHARE - BASIC AND DILUTED</b>			
Profit for the period (Rupees in 000's)		<u>12,140,315</u>	<u>16,965,313</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>5.71</u>	<u>7.97</u>

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

	Note	(Un-audited) June 30, 2022	(Audited) December 31, 2021
		(Rupees in '000)	
<b>34. CASH AND CASH EQUIVALENTS</b>			
Cash and balances with treasury banks	6	262,915,020	383,275,919
Balances with other banks	7	15,956,899	18,151,691
Call money lendings	8	9,723	2,009,723
Call money borrowings	17	(32,405,584)	(18,865,920)
Overdrawn nostro	17	(439,447)	(2,536,363)
		<u>246,036,611</u>	<u>382,035,050</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 categorized:

	June 30, 2022 (Un-audited)				
	Carrying value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Market Treasury Bills	1,724,967,082	-	1,724,967,082	-	1,724,967,082
Pakistan Investment Bonds	836,290,719	-	836,290,719	-	836,290,719
Ijarah Sukuks	20,295,050	-	20,295,050	-	20,295,050
Ordinary shares of listed companies	39,998,449	39,998,449	-	-	39,998,449
Preference shares	1,275,969	1,275,969	-	-	1,275,969
Investments in mutual funds	1,916,834	-	1,916,834	-	1,916,834
Term Finance Certificates / Musharika and Sukuk Bonds	49,517,953	17,223,823	32,294,130	-	49,517,953
GoP Foreign Currency Bonds	21,144,724	-	21,144,724	-	21,144,724
Foreign Government Securities	907,011	-	907,011	-	907,011
Foreign Currency Debt Securities	-	-	-	-	-
Ordinary shares of a bank outside Pakistan	36,930,013	36,930,013	-	-	36,930,013
	2,733,243,804	95,428,254	2,637,815,550	-	2,733,243,804
Financial assets - disclosed but not measured at fair value					
Cash and balances with treasury banks	262,915,020	-	-	-	-
Balances with other banks	15,956,899	-	-	-	-
Lending to financial instruments	184,977,116	-	-	-	-
Investments					
Pakistan Investment Bonds	411,102,161	-	-	-	-
Market Treasury Bills	47,364,119	-	-	-	-
Ordinary shares of unlisted companies	1,471,305	-	-	-	-
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	13,147,703	-	-	-	-
Bai muajjal with Government of Pakistan	-	-	-	-	-
Foreign Government Securities	36,802,341	-	-	-	-
Foreign Currency Debt Securities	784	-	-	-	-
GoP Foreign Currency Bonds	1,829,416	-	-	-	-
Advances	1,170,224,575	-	-	-	-
Other assets	143,406,003	-	-	-	-
	2,289,197,442	-	-	-	-
	5,022,441,246	95,428,254	2,637,815,550	-	2,733,243,804
Off-balance sheet financial instruments - measured at fair value					
Commitments					
Foreign exchange contracts purchase and sale	705,807,773	-	4,168,125	-	4,168,125
Forward government securities transactions	7,530,855	-	2,022	-	2,022

December 31, 2021 (Audited)

Carrying value	Level 1	Level 2	Level 3	Total
(Rupees in '000)				

**On balance sheet financial instruments****Financial assets - measured at fair value****Investments**

Market Treasury Bills	811,893,893	-	811,893,893	-	811,893,893
Pakistan Investment Bonds	592,430,009	-	592,430,009	-	592,430,009
Ijarah Sukuks	13,969,700	-	13,969,700	-	13,969,700
Ordinary shares of listed companies	39,784,637	39,784,637	-	-	39,784,637
Preference shares	1,265,729	1,265,729	-	-	1,265,729
Investments in mutual funds	1,868,184	-	1,868,184	-	1,868,184
Term Finance Certificates / Musharika and Sukuk Bonds	51,224,167	17,059,736	34,164,431	-	51,224,167
GoP Foreign Currency Bonds	20,804,963	-	20,804,963	-	20,804,963
Foreign Government Securities	907,304	-	907,304	-	907,304
Foreign Currency Debt Securities	-	-	-	-	-
Ordinary shares of a bank outside Pakistan	27,524,206	27,524,206	-	-	27,524,206
	1,561,672,792	85,634,308	1,476,038,484	-	1,561,672,792

**Financial assets - disclosed but not measured at fair value**

Cash and balances with treasury banks	278,747,059	-	-	-	-
Balances with other banks	17,667,067	-	-	-	-
Lending to financial instruments	335,466,675	-	-	-	-
<b>Investments</b>					
Market Treasury Bills	-	-	-	-	-
Pakistan Investment Bonds	324,556,862	-	-	-	-
Ordinary shares of unlisted companies	1,471,305	-	-	-	-
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	30	-	-	-	-
Bai muajjal with Government of Pakistan	10,914,185	-	-	-	-
Foreign Government Securities	34,091,600	-	-	-	-
Foreign Currency Debt Securities	680	-	-	-	-
GoP Foreign Currency Bonds	-	-	-	-	-
Advances	1,113,392,485	-	-	-	-
Other assets	63,484,600	-	-	-	-
	2,179,792,548	-	-	-	-
	3,741,465,340	85,634,308	1,476,038,484	-	1,561,672,792

**Off-balance sheet financial instruments - measured at fair value**

Foreign exchange contracts purchase and sale	571,111,340	-	3,058,205	-	3,058,205
Forward government securities transactions	38,255,954	-	(308,328)	-	(308,328)



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

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

### 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:

June 30, 2022 (Un-audited)				
Carrying value	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
Land and building (property and equipment)	48,567,549	-	-	48,567,549
Non-banking assets acquired in satisfaction of claims	4,051,687	-	-	4,051,687
	52,619,236	-	-	52,619,236

December 31, 2021 (Audited)				
Carrying value	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
Land & building (property and equipment)	48,739,721	-	-	48,739,721
Non-banking assets acquired in satisfaction of claims	4,059,546	-	-	4,059,546
	52,799,267	-	-	52,799,267

36. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

Half year ended June 30, 2022 (Un-audited)

	Retail Banking Group	Inclusive Development Group	Corporate & Investment Banking	Treasury	International, Financial Institution and Remittance	Head Office / Others	Sub total	Eliminations	Total
<b>Profit and loss account</b>									
Net mark-up / return / interest income / (expense)	(63,655,338)	12,550,865	17,087,543	81,530,590	2,445,785	3,144,919	53,104,364	-	53,104,364
Inter segment revenue - net	99,463,298	(12,077,484)	(16,900,363)	(82,987,887)	-	12,502,436	-	-	-
Non mark-up / return / interest income	7,651,021	234,629	2,605,151	6,493,542	626,652	740,900	18,351,895	-	18,351,895
Total income	43,458,981	708,010	2,792,331	5,036,245	3,072,437	16,388,255	71,456,259	-	71,456,259
Segment direct expenses	16,440,286	1,429,638	603,004	146,689	3,344,236	1,640,890	23,604,743	-	23,604,743
Inter segment expense allocation	-	-	-	-	-	12,240,190	12,240,190	-	12,240,190
Total expenses	16,440,286	1,429,638	603,004	146,689	3,344,236	13,881,080	35,844,933	-	35,844,933
Provisions and write offs - net	(32,645)	893,255	1,809,409	1,789,047	(41,411)	(2,683,929)	1,733,728	-	1,733,728
Profit / (loss) before taxation	27,051,340	(1,614,883)	379,918	3,100,509	(230,388)	5,191,104	33,877,598	-	33,877,598

June 30, 2022 (Un-audited)

	Retail Banking Group	Inclusive Development Group	Corporate & Investment Banking	Treasury	International, Financial Institution and Remittance	Head Office / Others	Sub total	Eliminations	Total
<b>Statement of financial position</b>									
Cash and balances with treasury and other banks	88,658,262	6,557,542	307,283	132,151,978	42,475,030	8,721,825	278,871,919	-	278,871,919
Investments	2,405,586,350	-	27,060,435	3,103,671,915	60,684,289	59,203,394	3,250,620,033	-	3,250,620,033
Net inter segment lending	3,963,373	-	-	181,013,743	-	277,663,659	2,683,250,009	(2,683,250,009)	-
Lendings to financial institutions	192,595,039	190,607,143	632,361,595	-	92,385,770	56,010,716	1,163,960,263	-	1,163,960,263
Advances - performing	4,322,670	21,794,016	61,440,696	-	51,124,441	64,613,674	203,295,497	-	203,295,497
Advances - non-performing	(8,945,008)	(19,107,063)	(57,391,588)	-	(49,660,341)	(61,927,185)	(197,031,185)	-	(197,031,185)
Provision against Advances	187,972,701	193,294,096	636,410,703	-	93,849,870	58,697,205	1,170,224,575	-	1,170,224,575
Advances - Net	58,705,719	4,378,365	48,273,272	4,307,811	6,729,026	112,746,991	235,141,185	-	235,141,185
Others	2,744,886,405	204,230,003	712,051,694	3,421,145,449	203,738,215	517,033,074	7,803,084,837	(2,683,250,009)	5,119,834,828
<b>Total assets</b>									
Borrowings	-	4,541,838	80,287,478	1,198,365,737	32,405,584	-	1,315,600,636	-	1,315,600,636
Deposits and other accounts	2,674,752,768	-	354,361,225	-	72,817,772	96,694,036	3,198,625,802	-	3,198,625,802
Net inter segment borrowing	-	194,514,801	193,793,492	2,175,269,773	104,321,723	15,350,219	2,683,250,008	(2,683,250,008)	-
Others	70,133,637	5,173,364	82,945,149	13,245,661	2,413,168	138,719,607	312,630,586	-	312,630,586
<b>Total liabilities</b>	2,744,886,404	204,230,003	711,387,344	3,386,881,171	211,958,249	250,763,863	7,510,107,032	(2,683,250,008)	4,826,857,024
Equity	-	-	664,350	34,264,277	(8,220,034)	266,269,211	292,977,804	-	292,977,804
<b>Total equity and liabilities</b>	2,744,886,405	204,230,003	712,051,694	3,421,145,449	203,738,215	517,033,074	7,803,084,837	(2,683,250,009)	5,119,834,828
Contingencies and commitments	-	58,903,678	1,580,347,721	713,338,628	29,042,123	26,551,431	2,408,183,581	-	2,408,183,581

(Rupees in '000)

	Retail Banking Group	Inclusive Development Group	Corporate & Investment Banking	Treasury	International, Financial Institution and Remittance	Head Office / Others	Sub total	Eliminations	Total
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(Rupees in '000)

**Profit and loss account**

Net mark-up / return / interest income / (expense)	(25,713,530)	7,988,828	13,837,714	47,451,761	1,530,097	2,300,470	47,395,239	-	47,395,239
Inter segment revenue - net	49,854,592	(6,551,100)	(12,215,518)	(38,828,882)	-	7,740,907	-	-	-
Non mark-up / return / interest income	6,561,353	179,407	2,202,382	7,380,652	656,787	1,062,308	18,042,889	-	18,042,889
Total income	30,702,315	1,617,135	3,824,578	16,003,531	2,186,884	11,103,685	65,438,128	-	65,438,128
Segment direct expenses	14,849,594	1,424,979	530,334	189,565	2,677,435	1,562,333	21,234,239	-	21,234,239
Inter segment expense allocation	-	-	-	-	-	9,413,806	9,413,806	-	9,413,806
Total expenses	14,849,594	1,424,979	530,334	189,565	2,677,435	10,976,138	30,648,045	-	30,648,045
Provisions and write offs - net	513,453	702,332	5,613,241	(142,019)	(64,910)	150,678	6,772,774	-	6,772,774
Profit / (loss) before taxation	15,339,268	(510,176)	(2,318,997)	15,955,985	(425,641)	(23,131)	28,017,309	-	28,017,309

**December 31, 2021 (Audited)**

	Retail Banking Group	Inclusive Development Group	Corporate & Investment Banking	Treasury	International, Financial Institution and Remittance	Head Office / Others	Sub total	Eliminations	Total
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(Rupees in '000)

**Statement of financial position**

Cash and balances with treasury and other banks	91,792,092	8,185,926	248,408	131,293,182	58,290,758	6,603,760	296,414,126	-	296,414,126
Investments	-	-	26,543,698	1,803,150,092	55,804,559	52,672,292	1,938,170,642	-	1,938,170,642
Net inter segment lending	2,319,442,077	-	-	-	-	274,915,854	2,594,357,931	(2,594,357,931)	-
Lendings to financial institutions	2,405,644	-	-	333,061,031	-	-	335,466,675	-	335,466,675
Advances - performing	184,159,822	224,303,465	566,367,602	-	80,731,709	51,675,972	1,107,238,569	-	1,107,238,569
Advances - non-performing	4,180,477	21,115,711	61,624,712	-	46,293,148	64,724,181	197,938,229	-	197,938,229
Provision against advances	(9,024,982)	(18,226,471)	(56,033,619)	-	(44,989,510)	(63,509,731)	(191,784,313)	-	(191,784,313)
Advances - net	179,315,317	227,192,705	571,958,695	-	82,035,347	52,890,422	1,113,392,485	-	1,113,392,485
Others	25,276,052	2,297,783	18,315,585	3,581,004	4,964,806	108,805,312	163,240,541	-	163,240,541
Total assets	2,618,231,182	237,676,414	617,066,386	2,271,085,309	201,095,470	495,887,640	6,441,042,399	(2,594,357,931)	3,846,684,469
Borrowings	-	4,148,727	63,733,341	207,857,704	37,185,334	-	312,925,106	-	312,925,106
Deposits and other accounts	2,563,644,125	-	286,586,523	-	75,485,252	93,439,145	3,019,155,045	-	3,019,155,045
Net inter segment borrowing	-	228,687,313	249,365,896	2,016,684,060	85,836,008	13,784,654	2,594,357,930	(2,594,357,931)	-
Others	54,587,057	4,840,374	17,044,690	11,549,538	2,536,069	137,844,025	228,401,753	-	228,401,753
Total liabilities	2,618,231,182	237,676,414	616,730,450	2,236,091,302	201,042,663	245,067,824	6,154,839,835	(2,594,357,931)	3,560,481,904
Equity	-	-	335,936	34,994,007	52,807	250,819,816	286,202,565	-	286,202,565
Total equity and liabilities	2,618,231,182	237,676,414	617,066,386	2,271,085,309	201,095,470	495,887,640	6,441,042,400	(2,594,357,931)	3,846,684,469
Contingencies and commitments	-	81,061,634	1,740,040,766	609,367,294	22,910,804	37,123,935	2,490,504,435	-	2,490,504,435



### 37. 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 consolidated 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:

	June 30, 2022 (Un-audited)							December 31, 2021 (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)																		
<b>Balances with other banks</b>																		
In current accounts	-	-	-	-	6,090	-	-	-	-	-	-	-	-	295,951	-	-	-	-
	-	-	-	-	6,090	-	-	-	-	-	-	-	-	295,951	-	-	-	-
<b>Advances</b>																		
Opening balance	-	347,592	426,565	2,934,162	-	-	-	-	641,483	-	233,267	359,565	2,981,029	-	-	-	-	305,117
Addition during the period / year	-	78,453	-	-	-	-	-	-	2,967,940	-	-	100,000	-	-	-	-	-	35,589,939
Repaid during the period / year	-	(52,032)	(170,000)	(81,250)	-	-	-	-	(1,339,423)	-	(36,216)	(33,000)	(46,867)	-	-	-	-	(35,253,573)
Transfer in / (out) - net*	-	(41,766)	-	-	-	-	-	-	2,300,560	-	(104,319)	-	-	-	-	-	-	-
Closing balance	-	332,247	256,565	2,852,912	-	-	-	-	4,570,560	-	347,592	426,565	2,934,162	-	-	-	-	641,483
Provisions against loans			231,565	2,837,287							-	251,565	2,837,287					
<b>Other Assets</b>																		
Interest / mark-up accrued	-	-	263,945	1,719,317	-	-	-	-	-	-	-	251,316	1,719,049	-	-	-	-	-
Other receivable	-	-	73,280	-	-	-	-	-	-	-	-	73,280	-	-	-	-	-	-
	-	-	337,225	1,719,317	-	-	-	-	-	-	-	324,596	1,719,049	-	-	-	-	-
Provision against other assets	-	-	73,280	-	-	-	-	-	-	-	-	73,280	-	-	-	-	-	-
<b>Borrowings</b>																		
Opening balance	-	-	-	-	35,741	-	-	-	-	-	-	-	-	9,111	-	-	-	-
Borrowings during the period / year	-	-	-	-	45,554	-	-	-	-	-	-	-	-	26,630	-	-	-	-
Settled during the period / year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	81,295	-	-	-	-	-	-	-	-	35,741	-	-	-	-
<b>Deposits and other accounts</b>																		
Opening balance	1,760	131,454	1,007,337	-	-	86,264	46,769	12,854,755	43,336,142	1,320	177,236	1,553,709	-	-	58,871	1,389,644	13,282,016	227,967
Received during the period / year	-	448,552	3,450	-	-	15,573,710	653,499	1,610,117	133,207,265	9,334	777,224	693,881	-	-	27,393	-	-	235,269,881
Withdrawn during the period / year	-	(446,649)	(297,286)	-	-	(15,648,330)	(549,748)	(758,335)	(142,809,019)	(8,984)	(763,659)	(1,240,353)	-	-	-	(1,322,875)	(427,261)	(196,497,842)
Transfer in / (out) - net*	(1,745)	(25,352)	-	-	-	-	-	-	(21,867,550)	90	(59,347)	-	-	-	-	-	-	4,336,036
Closing balance	15	108,005	713,501	-	-	11,644	150,520	13,706,537	11,866,838	1,760	131,454	1,007,337	-	-	86,264	46,769	12,854,755	43,336,142
<b>Other Liabilities</b>																		
Other payables to subsidiaries	-	-	6,110	-	-	-	-	-	-	-	-	4,041	-	-	-	-	-	-
	-	-	6,110	-	-	-	-	-	-	-	-	4,041	-	-	-	-	-	-
<b>Contingencies and commitments</b>																		
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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

June 30, 2021 (Un-audited)

June 30, 2022 (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
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(Rupees in '000)

<b>Income</b>																
Mark-up / return / interest earned	-	-	14,826	3,392	1	-	-	136,382	-	-	9,683	5,613	5	-	-	4,979
Commission received from subsidiaries	-	-	-	-	-	-	-	-	-	-	234	-	-	-	-	-
Dividend income	-	-	-	-	114,405	-	-	-	-	-	-	-	-	-	-	-
Rent income / lighting and power and bank charges	-	-	6,638	2,788	-	-	-	-	-	-	12,326	2,554	-	-	-	-
<b>Expense</b>																
Mark-up / return / interest paid	-	180	3,272	-	7,853	10,037	760,099	485,711	92	6,152	3,526	-	33	38,037	724,844	5,109
Expenses paid to company in which Directors of the bank is interested as CEO and director	-	-	-	-	-	-	-	36,346	-	-	-	-	-	-	-	18,668
Remuneration to key management executives including charge for defined benefit plan	-	420,851	-	-	-	-	-	-	-	347,228	-	-	-	-	-	-
Donation paid to company in which Directors of the bank is interested as director	-	-	-	-	-	-	-	5,000	-	-	-	-	-	-	-	-
Commission paid to subsidiaries	-	-	3,141	-	-	-	-	-	-	-	3,490	-	-	-	-	-
Directors fee & other allowances	-	-	-	-	-	-	-	16,475	-	-	-	-	-	-	-	11,497
Post Retirement Benefit paid to Director cum Ex-employee	-	-	-	-	-	-	-	522	-	-	-	-	-	-	-	1,044

**37.1 Transactions with Government-related entities**

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

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

The Bank also earned commission on handling treasury transactions on behalf of the Government of Pakistan amounting to Rs. 5,185 million (June 30, 2021 Rs. 3,981 million) for the half year ended June 30, 2022. As at the Statement of Financial Position date the loans and advances, deposits and contingencies relating to Government-related entities amounted to Rs. 444,028 million (December 31, 2021: Rs. 405,294 million), Rs. 1,321,410 million (December 31, 2021: Rs. 1,247,457 million) and Rs. 1,424,248 million (December 31, 2021: Rs. 1,540,238 million) respectively and income earned on advances and profit, paid on deposits amounted to Rs. 31,172 million (June 30, 2021: Rs. 15,798 million) and Rs. 25,556 million (June 30, 2021 Rs. 27,401 million) respectively.

## 38. CAPITAL ADEQUACY, LEVERAGE RATIO &amp; LIQUIDITY REQUIREMENTS

	(Un-audited) June 30, 2022	(Audited) December 31, 2021
	(Rupees in '000)	
<b>Minimum Capital Requirement</b>		
Paid-up capital (net of losses)	21,275,131	21,275,131
<b>Capital Adequacy Ratio</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	218,192,379	199,752,308
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	218,192,379	199,752,308
Eligible Tier 2 Capital	71,733,500	64,343,019
Total Eligible Capital (Tier 1 + Tier 2)	289,925,879	264,095,327
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	1,003,411,953	983,659,218
Market Risk	81,712,305	82,342,372
Operational Risk	230,075,135	229,114,480
Total	1,315,199,393	1,295,116,070
Common Equity Tier 1 Capital Adequacy ratio	16.59%	15.42%
Tier 1 Capital Adequacy Ratio	16.59%	15.42%
Total Capital Adequacy Ratio	22.04%	20.39%
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	218,192,379	199,752,308
Total Exposures	6,847,956,776	5,758,095,315
Leverage Ratio	3.19%	3.47%
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	1,322,129,432	1,362,545,096
Total Net Cash Outflow	907,451,528	828,459,514
Liquidity Coverage Ratio	146%	164%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	2,875,184,527	2,753,443,506
Total Required Stable Funding	1,039,027,478	990,042,101
Net Stable Funding Ratio	277%	278%



### 39. ISLAMIC BANKING BUSINESS

The bank is operating 188 (2021: 189) Islamic banking branches and 15 (2021: Nil) Islamic banking windows at the end of the half year June 30, 2022.

The statement of financial position of the Bank's Islamic banking branches as at June 30, 2022 is as follows:

		(Un-audited) June 30, 2022	(Audited) December 31, 2021
		(Rupees in '000)	
Note			
<b>ASSETS</b>			
		9,984,711	6,591,139
		12,891	12,531
	39.1	55,884,646	49,548,760
	39.2	46,630,469	42,316,209
		96,274	100,620
		583,548	641,973
		2,149,878	1,686,568
		115,342,417	100,897,800
<b>LIABILITIES</b>			
		330,925	388,351
	39.3	95,950,440	84,849,520
		10,165,623	7,635,926
		789,036	826,081
		800,988	455,249
		108,037,012	94,155,127
		7,305,405	6,742,673
<b>NET ASSETS</b>			
<b>REPRESENTED BY</b>			
		5,561,000	4,646,000
		885,724	594,005
	39.4	858,681	1,502,668
		7,305,405	6,742,673
The profit and loss account of the Bank's Islamic banking operations for the half year ended June 30, 2022 is as follows:			
		(Un-audited) June 30, 2022	(Un-audited) June 30, 2021
		(Rupees in '000)	
Note			
	39.5	5,228,503	3,270,388
	39.6	3,133,263	1,412,113
		2,095,240	1,858,275
<b>Other income</b>			
		130,460	109,890
		18,116	19,579
		1,861	259
		150,437	129,728
		2,245,677	1,988,003
<b>Other expenses</b>			
		1,412,820	1,331,407
		-	475
		1,412,820	1,331,882
		832,857	656,121
		(25,824)	(212)
		858,681	656,333
		-	-
		858,681	656,333

39.1 Investments by segments:

Federal Government Securities:

- Ijarah Sukuks
- Others (Bai Muajjal with GOP @ 13.30%)

Non Government Debt Securities:

- Listed
- Unlisted

Total Investments

June 30, 2022 (Un-audited)			December 31, 2021 (Audited)				
Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
(Rupees in '000)							
33,668,265	-	(225,530)	33,442,735	14,000,979	-	(31,279)	13,969,700
-	-	-	-	10,914,185	-	-	10,914,185
33,668,265	-	(225,530)	33,442,735	24,915,164	-	(31,279)	24,883,885
8,200,000	-	328,400	8,528,400	8,200,000	-	340,000	8,540,000
13,261,464	(130,807)	782,854	13,913,511	15,970,398	(130,807)	285,284	16,124,875
21,461,464	(130,807)	1,111,254	22,441,911	24,170,398	(130,807)	625,284	24,664,875
55,129,729	(130,807)	885,724	55,884,646	49,085,562	(130,807)	594,005	49,548,760

(Un-audited) (Audited)  
June 30, December 31,  
2022 2021  
(Rupees in '000)

39.2 Islamic financing and related assets - net

- Ijarah
- Murabaha
- Diminishing Musharaka
- Other Islamic Modes (Wakala tul Istismar)
- Advances against Islamic assets (DM, Istisna)
- Inventory related to Islamic financing (Istisna)
- Gross Islamic financing and related assets

Less: provision against Islamic financings

- Specific
- General

Islamic financing and related assets - net of provision

61,381	95,075
2,362,918	903,901
22,539,080	21,834,074
8,500,000	8,500,000
11,755,109	11,226,981
2,096,048	469,000
47,314,536	43,029,031
(683,871)	(712,763)
(196)	(59)
(684,067)	(712,822)
46,630,469	42,316,209

		(Un-audited) June 30, 2022	(Audited) December 31, 2021
		----- (Rupees in '000) -----	
<b>39.3</b>	<b>Deposits and other accounts</b>		
	<b>Customers</b>		
	Current deposits	23,554,100	21,784,727
	Savings deposits	41,860,369	42,730,234
	Term deposits	17,572,007	8,148,745
		<u>82,986,476</u>	<u>72,663,706</u>
	<b>Financial Institutions</b>		
	Current deposits	900,075	700,103
	Savings deposits	6,922,123	6,064,983
	Term deposits	5,141,766	5,420,728
		<u>12,963,964</u>	<u>12,185,814</u>
		<u>95,950,440</u>	<u>84,849,520</u>
<b>39.4</b>	<b>Unappropriated / unremitted profit</b>		
	Opening balance	1,502,668	2,108,388
	Add: Islamic banking profit for the period	858,681	1,502,668
	Less: Transferred / remitted to head office	(1,502,668)	(2,108,388)
	Closing balance	<u>858,681</u>	<u>1,502,668</u>
		(Un-audited)	(Un-audited)
		Half year ended	
		June 30, 2022	June 30, 2021
		----- (Rupees in '000) -----	
<b>39.5</b>	<b>Profit / Return Earned of Financing, Investments and Placement</b>		
	Profit earned on:		
	Financing	2,178,680	1,366,254
	Investments	2,832,181	1,286,787
	Placements	360	295
	Others (Bai Muajjal)	217,282	617,052
		<u>5,228,503</u>	<u>3,270,388</u>
<b>39.6</b>	<b>Profit on Deposits and other Dues Expensed</b>		
	Deposits and other accounts	1,976,290	1,158,711
	Amortisation of lease liability against - ROUA	36,858	41,669
	Others (General Account)	1,120,115	211,733
		<u>3,133,263</u>	<u>1,412,113</u>



40. APPROPRIATION OF DIVIDEND

As explained in note 48 of annual audited unconsolidated financial statements of the Bank for the year ended December 31, 2021, the recommended cash dividend of Re.1 per share which amounted to Rs. 2,128 million, was subject to approvals of Federal Government under section 17 of the Banks (Nationalization) Act, 1974 and the State Bank of Pakistan. The Bank has applied for requisite approvals that are under process. Hence, dividend could not be declared in the annual general meeting of the Bank held on March 30, 2022. Therefore, these unconsolidated condensed interim financial statements do not reflect this appropriation.

41. GENERAL


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


42. DATE OF AUTHORIZATION FOR ISSUE

The unconsolidated condensed interim financial statements were authorized for issue on August 17, 2022 by the Board of Directors of the Bank.

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\_\_\_\_\_  
President (A) / Chairman

  
\_\_\_\_\_  
Chief Financial Officer

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

**NATIONAL BANK OF PAKISTAN  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED JUNE 30, 2022**

## Directors' Report to the Shareholders Consolidated Financial Statements

### Dear Shareholders,

On behalf of the Board of Directors "the Board", we have the pleasure of presenting to you, the condensed interim consolidated financial statements of the Bank and its group companies for the six months period ended June 30, 2022.

Consolidated after-tax profit for the six months period ended June 30, 2022 amounted to PKR 12.2 Bn, being 28.2% lower than PKR 17.0 Bn for the corresponding six months period of 2021. During the six months period under review, the subsidiary companies contributed PKR 337.3 Mn (H1'21:PKR 163.4 Mn) in Group profitability, whereas the associates contributed a net loss of PKR 61.2 Mn as against a profit of PKR 30.9 Mn in H1'21. Also, the UNBL (a UK based Joint Venture in which NBP owns 45% shareholding) contributed a profit of PKR 246.7 Mn. Accordingly, consolidated EPS dropped from Rs. 7.98 for H1'21 to PKR 5.74 for H1'22.

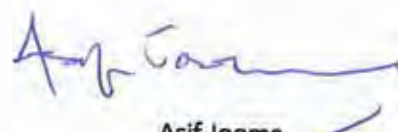
As of June 30, 2022, total consolidated assets amounted to PKR 5,129.9 Bn being PKR 1,272.9 Bn or 33.0% higher than PKR 3,857.0 Bn as at December 31, 2021.

Profit for the six months period ended June 30, 2022 after carry forward of accumulated profit of 2021 is proposed to be appropriated as follows:

	(PKR 'Mn)
After-tax consolidated profit for six months period ended June 30, 2022	12,242.1
Unappropriated profit brought forward	145,312.5
Other comprehensive income - net of tax	(1,609.2)
Non-controlling interest	(36.6)
Transfer from surplus on revaluation of fixed assets	98.8
Transfer from general loan loss reserve	8,000.0
	151,765.5
Profit available for appropriations	164,007.6
<b>Appropriation:</b>	
Transfer to statutory reserve	(1,214.0)
<b>Unappropriated profit carried forward</b>	<b>162,793.6</b>

For and on behalf of the Board of Directors

  
**Rehmat Ali Hasnie**  
President & CEO (A)

  
**Asif Jooma**  
Director

Karachi  
Date: August 17, 2022



**NATIONAL BANK OF PAKISTAN**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2022**

(Un-audited) (Audited)  
June 30, December 31,  
2022 2021  
Note ----- (Rupees in '000) -----

**ASSETS**

Cash and balances with treasury banks	6	263,156,645	278,868,736
Balances with other banks	7	17,518,835	19,211,237
Lendings to financial institutions	8	184,977,116	335,466,675
Investments	9	3,254,766,415	1,942,741,191
Advances	10	1,170,285,703	1,113,314,128
Fixed assets	11	54,139,027	54,610,404
Intangible assets	12	1,616,986	1,394,843
Right of use assets	13	7,001,692	7,090,980
Deferred tax asset	14	4,052,964	1,902,811
Other assets	15	172,408,269	102,433,942
		<b>5,129,923,652</b>	<b>3,857,034,947</b>

**LIABILITIES**

Bills payable	16	30,882,601	21,848,270
Borrowings	17	1,315,600,636	312,925,106
Deposits and other accounts	18	3,197,912,302	3,018,147,709
Liabilities against assets subject to finance lease	19	127,709	133,598
Lease liability against right of use assets	20	8,617,209	8,360,755
Other liabilities	21	275,210,102	200,596,128
		<b>4,828,350,559</b>	<b>3,562,011,566</b>

**NET ASSETS**

<b>301,573,094</b>	<b>295,023,381</b>
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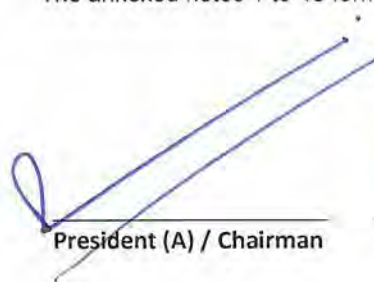
**REPRESENTED BY**


Share capital		21,275,131	21,275,131
Reserves	22	60,973,109	62,427,269
Surplus on revaluation of assets	23	55,481,126	64,994,980
Unappropriated profit		<b>162,793,634</b>	<b>145,312,547</b>
Total Equity attributable to the equity holders of the Bank		<b>300,523,000</b>	<b>294,009,927</b>
Non-controlling interest		<b>1,050,094</b>	<b>1,013,454</b>
		<b>301,573,094</b>	<b>295,023,381</b>


**CONTINGENCIES AND COMMITMENTS**

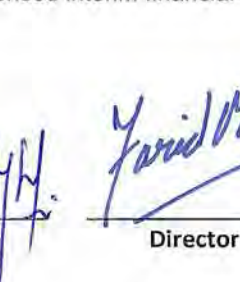
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The annexed notes 1 to 43 form an integral part of these consolidated condensed interim financial statements.

  
President (A) / Chairman

  
Chief Financial Officer

  
Director

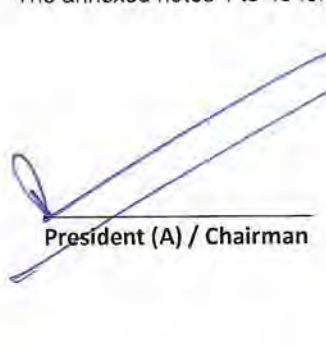


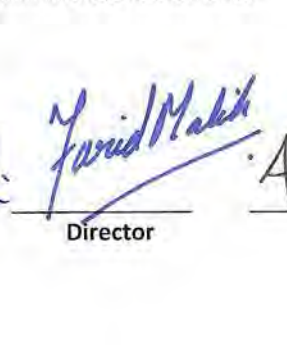

  
Director

  
Director

**NATIONAL BANK OF PAKISTAN**  
**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2022**

		Quarter ended		Half Year ended	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Note		(Rupees in '000)			
Mark-up / return / interest earned	25	100,247,476	59,566,827	179,495,567	108,089,589
Mark-up / return / interest expensed	26	72,885,097	33,718,391	126,310,596	60,606,162
Net mark-up / return / interest income		27,362,379	25,848,436	53,184,971	47,483,427
NON MARK-UP / INTEREST INCOME					
Fee and commission income	27	5,897,731	5,437,874	10,857,375	9,536,612
Dividend income		955,243	699,482	1,841,914	1,469,666
Foreign exchange income		2,420,118	1,822,208	4,690,759	2,775,020
Gain on securities - net	28	953,686	1,540,202	1,055,371	4,156,340
Share of profit from joint venture - net of tax		145,964	69,261	246,663	56,209
Share of (loss) /profit from associates - net of tax		(62,635)	24,060	(61,244)	30,939
Other income	29	458,915	493,322	815,392	955,223
Total non-mark-up / interest income		10,769,022	10,086,409	19,446,230	18,980,009
Total income		38,131,401	35,934,845	72,631,201	66,463,436
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	30	19,408,905	16,646,686	36,460,211	31,326,608
Other charges	31	8,585	21,355	30,263	24,872
Total non-markup / interest expenses		19,417,490	16,668,041	36,490,474	31,351,480
Profit before provisions		18,713,911	19,266,804	36,140,727	35,111,956
Provisions and write offs - net	32	589,037	3,900,569	2,024,778	6,937,884
PROFIT BEFORE TAXATION		18,124,874	15,366,235	34,115,949	28,174,072
Taxation	33	15,596,369	6,163,316	21,873,821	11,126,699
PROFIT AFTER TAXATION		2,528,505	9,202,919	12,242,128	17,047,373
Attributable to:					
Equity holders of the Bank		2,509,677	9,165,467	12,205,488	16,980,180
Non-controlling interest		18,828	37,452	36,640	67,193
		2,528,505	9,202,919	12,242,128	17,047,373
(Rupees)					
Earnings per share - basic and diluted	34	1.18	4.31	5.74	7.98

The annexed notes 1 to 43 form an integral part of these consolidated condensed interim financial statements.

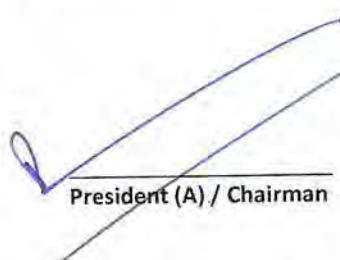

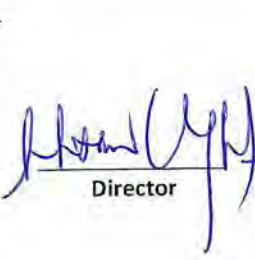


President (A) / Chairman      Chief Financial Officer      Director      Director      Director



**NATIONAL BANK OF PAKISTAN**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2022**

	Quarter ended		Half Year ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	(Rupees in '000)			
Profit after taxation for the period	2,528,505	9,202,919	12,242,128	17,047,373
<b>Other comprehensive income</b>				
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>				
Exchange gain / (loss) on translation of net assets of foreign branches, subsidiaries and joint venture	4,031,168	1,375,375	5,331,808	(1,213,417)
Movement in surplus on revaluation of investments - net of tax	(10,217,341)	5,252,792	(9,415,010)	2,029,945
	(6,186,173)	6,628,167	(4,083,202)	816,528
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>				
Remeasurement gain / (loss) on defined benefit obligations - net of tax	(1,121,176)	106,567	(1,609,211)	230,872
Movement in surplus on revaluation of fixed assets - net of tax	(128)	(27,489)	-	(27,489)
	(1,121,303)	79,078	(1,609,211)	203,383
<b>Total comprehensive (loss) / income</b>	<b>(4,778,971)</b>	<b>15,910,164</b>	<b>6,549,715</b>	<b>18,067,284</b>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Bank	(4,797,799)	15,872,712	6,513,075	18,000,091
Non-controlling interest	18,828	37,452	36,640	67,193
	<b>(4,778,971)</b>	<b>15,910,164</b>	<b>6,549,715</b>	<b>18,067,284</b>

The annexed notes 1 to 43 form an integral part of these consolidated condensed interim financial statements.


President (A) / Chairman      Chief Financial Officer      Director      Director      Director

**NATIONAL BANK OF PAKISTAN  
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2022**

	Share capital	Reserves				Surplus 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				
								(Rupees in '000)				
<b>Balance as at January 01, 2021</b>	21,275,131	12,845,332	36,224,747	8,000,000	521,338	57,591,417	28,250,884	45,736,918	73,987,802	273,486,134	916,148	274,402,282
Profit after taxation for the half year ended June 30, 2021	-	-	-	-	-	-	-	-	-	16,980,180	67,193	17,047,373
Other comprehensive (loss) / income - net of tax	-	(1,213,417)	-	-	-	(1,213,417)	2,029,845	(27,469)	2,002,456	1,019,911	-	1,019,911
Transfer to statutory reserve	-	-	1,696,531	-	-	1,696,531	-	-	(1,696,531)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(120,159)	(120,159)	-	-	-
<b>Transactions with owners, recorded directly in equity</b>												
Cash dividend paid for the year ended December 31, 2020 (Rs. Nil per share)	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid / profit distribution by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at July 01, 2021</b>	21,275,131	11,631,915	37,921,278	8,000,000	521,338	58,074,531	30,280,828	45,589,268	75,870,096	291,486,222	983,341	292,469,563
Profit after taxation for the half year ended December 31, 2021	-	3,248,470	-	-	-	3,248,470	(10,728,097)	(59,090)	(10,787,187)	11,620,281	92,727	11,713,008
Other comprehensive income / (loss) - net of tax	-	-	-	-	-	-	-	-	-	(1,557,859)	-	(9,096,576)
Transfer to statutory reserve	-	-	1,104,268	-	-	1,104,268	-	-	(1,104,268)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(87,929)	(87,929)	-	-	-
<b>Transactions with owners, recorded directly in equity</b>												
Cash dividend paid / profit distribution by subsidiaries	-	-	-	-	-	-	-	-	-	-	(62,614)	(62,614)
<b>Balance as at January 01, 2022</b>	21,275,131	14,880,365	39,025,546	8,000,000	521,338	62,427,269	19,552,731	45,442,249	64,994,980	294,009,927	1,013,454	295,023,381
Profit after taxation for the half year ended June 30, 2022	-	-	-	-	-	-	-	-	-	12,205,488	36,640	12,242,128
Other comprehensive income / (loss) - net of tax	-	5,331,808	-	-	-	5,331,808	(9,415,010)	-	(9,415,010)	(5,692,413)	-	(5,692,413)
Transfer to statutory reserve	-	-	1,214,032	-	-	1,214,032	-	-	-	(1,214,032)	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(98,842)	(98,842)	-	-	-
Transfer to unappropriated profit	-	-	-	-	(8,000,000)	(8,000,000)	-	-	-	8,000,000	-	-
<b>Transactions with owners, recorded directly in equity</b>												
Cash dividend paid for the year ended December 31, 2021 (Rs. Nil per share)	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid / profit distribution by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at June 30, 2022</b>	21,275,131	20,212,183	40,239,578	-	521,338	60,973,109	10,137,719	45,343,407	55,481,126	300,523,000	1,050,094	301,573,094

The annexed notes 1 to 43 form an integral part of these consolidated condensed interim financial statements.

  
**President (A) / Chairman**

  
**Director**

  
**Director**

  
**Director**



**NATIONAL BANK OF PAKISTAN**  
**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2022**

	June 30, 2022	June 30, 2021
Note	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	34,115,949	28,174,072
Less: dividend income	(1,841,914)	(1,469,666)
	<u>32,274,035</u>	<u>26,704,406</u>
Adjustments:		
Depreciation on fixed assets	1,290,355	1,238,966
Depreciation on right of use assets	1,071,905	1,022,961
Amortisation	149,401	122,626
Provision and write-offs - net	2,024,778	6,937,884
Gain on sale of fixed assets	(8,719)	(22,068)
Financial charges on leased assets	38,117	22,384
Financial charges on right-of-use-assets	440,015	433,628
Unrealized gain on revaluation of investments classified as held-for-trading	76,456	(632)
Charge for defined benefit plans - net	4,176,775	3,623,709
Share of (profit) from joint venture - net of tax	(246,663)	(56,209)
Share of loss / (profit) from associates - net of tax	61,244	(30,939)
	<u>9,073,664</u>	<u>13,292,310</u>
	<u>41,347,699</u>	<u>39,996,716</u>
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	129,489,559	(54,015,110)
Held-for-trading securities	61,645,096	62,392,518
Advances	(62,343,877)	(19,477,825)
Other assets (excluding advance taxation)	(79,715,553)	(24,305,148)
	<u>49,075,225</u>	<u>(35,405,565)</u>
<b>Increase/ (decrease) in operating liabilities</b>		
Bills payable	9,034,331	5,470,292
Borrowings from financial institutions	1,015,867,988	285,599,258
Deposits	179,764,593	260,115,693
Other liabilities (excluding current taxation)	71,969,010	17,329,689
	<u>1,276,635,922</u>	<u>568,514,932</u>
Financial charges paid	(478,132)	(456,012)
Income tax paid / adjusted	(6,891,873)	(5,571,808)
Benefits paid	(1,666,668)	(831,378)
<b>Net cash flows generated from operating activities</b>	<u>1,358,022,173</u>	<u>566,246,885</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in available-for-sale securities	(1,248,033,196)	(369,130,772)
Net investments in held-to-maturity securities	(140,700,291)	(76,454,632)
Dividends received	1,944,559	1,612,321
Investments in fixed assets	(1,138,210)	(967,289)
Proceeds from sale of fixed assets	48,252	44,923
Effect of translation of net investment in foreign branches	5,331,808	(1,213,417)
<b>Net cash flows (used in) / generated from investing activities</b>	<u>(1,382,547,078)</u>	<u>(446,108,866)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Payments of lease obligations	(687,131)	(706,470)
<b>Net cash flows used in financing activities</b>	<u>(687,131)</u>	<u>(706,470)</u>
<b>(Decrease) / increase in cash and cash equivalents</b>	<u>(25,212,036)</u>	<u>119,431,550</u>
Cash and cash equivalents at beginning of the period	273,052,207	263,741,704
Cash and cash equivalents at end of the period	<u>247,840,172</u>	<u>383,173,254</u>

The annexed notes 1 to 43 form an integral part of these consolidated condensed interim financial statements.

President (A) / Chairman

Chief Financial Officer

Director

Director

Director

**NATIONAL BANK OF PAKISTAN**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2022**

**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
- CJSC Subsidiary Bank of NBP in Tajikistan
- 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

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

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

The holding company was incorporated in Pakistan under the National Bank of Pakistan Ordinance, 1949 and is listed on Pakistan Stock Exchange (PSX). The registered and head office of the Bank is situated at I.I. Chundrigar Road, Karachi. The Bank is engaged in providing commercial banking and related services in Pakistan and overseas. The Bank also handles treasury transactions for the Government of Pakistan (GoP) as an agent to the State Bank of Pakistan (SBP). The Bank operates 1,512 (December 31, 2021: 1,513) branches in Pakistan and 19 (December 31, 2021: 19) overseas branches (including the Export Processing Zone branch, Karachi).

CJSC Subsidiary Bank of NBP in Kazakhstan, CJSC Subsidiary Bank of NBP in Tajikistan, NBP Exchange Company Limited, National Bank Modaraba Management Company Limited are wholly owned subsidiaries of the holding company while the controlling interest in Taurus Securities Limited is 58.32%, NBP Fund Management Limited is 54%, First National Bank Modaraba 30% and Cast-N-Link Products Limited 76.51%.

**1.2 BASIS OF CONSOLIDATION**

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

## **2. BASIS OF PRESENTATION**

### **2.1 STATEMENT OF COMPLIANCE**

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

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

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

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

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

**2.1.4** The disclosures made in these consolidated condensed interim financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 5, dated March 22, 2019 and IAS 34. These consolidated condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements and should be read in conjunction with the audited annual financial statements of the Bank for the year ended December 31, 2021.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted for presentation of these consolidated condensed interim financial statements are consistent with those followed in the preparation of the consolidated financial statements of the Bank for the year ended December 31, 2021.

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

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

There are certain amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after January 01, 2022. These are either considered to be not relevant or do not have any significant impact on these consolidated condensed interim financial statements.

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

As per the SBP's BPRD Circular Letter No. 03 dated July 05, 2022, the SBP has extended the applicability of IFRS 9 on Banks / DFIs to accounting period beginning on or after January 01, 2023. During the transition period, the Financial Institutions are required to carry out the parallel run reporting and submit to SBP, IFRS 9 compatible pro-forma annual financial statements for the year ending 2022, quarterly and half yearly pro-forma financial statements for the year 2022 and 2023 as per timelines provided.

There are certain other new amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 2023, but are considered not to be relevant or will not have significant effect on the Bank's operations and are, therefore, not detailed in these consolidated condensed interim financial statements.

## **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, 2021.

## **5. FINANCIAL RISK MANAGEMENT**

The financial risk management objectives and policies adopted by the Group are consistent with those as disclosed in the consolidated financial statements for the year ended December 31, 2021.



	(Un-audited) June 30, 2022	(Audited) December 31, 2021
Note	----- (Rupees in '000) -----	

## 6. CASH AND BALANCES WITH TREASURY BANKS

### In hand

Local currency	64,460,047	56,039,638
Foreign currencies	8,312,068	6,924,389
	<b>72,772,115</b>	<b>62,964,027</b>

### With State Bank of Pakistan in

Local currency current accounts	6.1	117,147,740	133,688,708
Foreign currency current accounts	6.2	13,478,215	11,738,428
Foreign currency deposit accounts	6.2	27,454,678	24,098,591
Foreign currency collection accounts		2,005,804	1,226,824
		<b>160,086,437</b>	<b>170,752,551</b>

### With other central banks in

Foreign currency current accounts	6.3	27,950,930	40,265,103
Foreign currency deposit accounts	6.3	1,418,139	2,920,706
		<b>29,369,069</b>	<b>43,185,809</b>

### Prize bonds

	<b>929,024</b>	<b>1,966,349</b>
	<b>263,156,645</b>	<b>278,868,736</b>

- 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 0.75% per annum (December 31, 2021: 0.00% to 6.30% per annum).

	(Un-audited) June 30, 2022	(Audited) December 31, 2021
Note	----- (Rupees in '000) -----	

## 7. BALANCES WITH OTHER BANKS

### In Pakistan

In current accounts	7.1	115,869	171,930
In deposit accounts		536,484	595,236
		<b>652,353</b>	<b>767,166</b>

### Outside Pakistan

In current accounts	7.2	10,109,473	12,797,681
In deposit accounts		6,757,009	5,646,390
		<b>16,866,482</b>	<b>18,444,071</b>
		<b>17,518,835</b>	<b>19,211,237</b>

- 7.1 These include various deposits with banks and carry interest at rates ranging from 3.5% to 10.0% per annum (December 31, 2021: 2.5% to 8.0% per annum).
- 7.2 These include various deposits with correspondent banks outside Pakistan and carry interest at rates ranging from 0.00% to 0.75% per annum (December 31, 2021: 0.0% to 1.5% per annum).

	(Un-audited) June 30, 2022	(Audited) December 31, 2021
Note	----- (Rupees in '000) -----	

## 8. LENDINGS TO FINANCIAL INSTITUTIONS

Call / clean money lendings	8.1	9,723	21,009,723
Repurchase agreement lendings (Reverse Repo)	8.2	151,004,020	282,051,308
Musharaka Lending	8.3	30,000,000	30,000,000
Placement with State Bank of Pakistan	8.4	3,963,373	2,405,644
Letters of placement	8.5	174,150	174,150
	8.6	185,151,266	335,640,825
Less: provision held against lendings to financial institutions	8.7	(174,150)	(174,150)
Lendings to financial institutions - net of provision		184,977,116	335,466,675

- 8.1 This includes zero rate lending to a financial institution amounting to Rs. 9.7 million (December 31, 2021: Rs. 9.7 million) which is guaranteed by the SBP.
- 8.2 These carry mark-up at rates ranging from 12.80% to 14.50% per annum (December 31, 2021: 8.75% to 10.70% per annum) with maturities ranging from July 04, 2022 to September 15, 2022.
- 8.3 This represents Musharaka agreements entered into with Meezan Bank Limited and carrying profit at the rate of 13.70% (December 31, 2021: 10.65%) per annum.
- 8.4 These represent placements made with the SBP as a result of shortfall in respect of time-based mandatory targets of disbursements under Government's scheme "Mera Pakistan Mera Ghar". These placements are for a period of one year and carry no mark-up.
- 8.5 These are overdue placements and full provision has been made against these placements as at June 30, 2022.

	(Un-audited) June 30, 2022	(Audited) December 31, 2021
	----- (Rupees in '000) -----	

## 8.6 Particulars of lending

In local currency	185,151,266	335,640,825
In foreign currencies	-	-
	185,151,266	335,640,825

## 8.7 Movement in provision held against lendings is as follows:

Opening balance	174,150	176,150
Reversal for the period	-	(2,000)
Closing balance	174,150	174,150

**8.8 Securities held as collateral against lendings to financial institutions**

	June 30, 2022 (Un-audited)		December 31, 2021 (Audited)	
	Held by Bank	Further given as collateral	Total	Total
Market Treasury Bills	104,897,539	-	104,897,539	163,594,180
Pakistan Investment Bonds	46,106,481	-	46,106,481	118,457,128
<b>Total</b>	<b>151,004,020</b>	<b>-</b>	<b>151,004,020</b>	<b>282,051,308</b>

(Rupees in '000)

**8.7.1** Market value of the securities under repurchase agreement lendings amounts to Rs. 150,991 million (December 31, 2021: Rs. 279,633 million).

**8.9 Category of classification**

	June 30, 2022 (Un-audited)		December 31, 2021 (Audited)	
	Classified Lending	Provision held	Classified Lending	Provision held
<b>Domestic</b>				
Loss	174,150	174,150	174,150	174,150

(Rupees in '000)

9. INVESTMENTS

9.1 Investments by type:

Held-for-trading securities	48,451,841	-	(15,781)	48,436,060	90,744,281	-	(55,659)	90,688,622	
	9,482,556	-	(11,425)	9,471,131	29,114,020	-	(65,016)	29,049,004	
	57,913	-	-	57,913	139,329	-	-	139,329	
	733,451	-	(12,460)	720,991	451,492	-	(1,160)	450,332	
	1,535,071	-	-	1,535,071	1,374,638	-	-	1,374,638	
	60,260,832	-	(39,666)	60,221,166	121,823,760	-	(121,834)	121,701,925	
Available-for-sale securities	1,679,158,942	-	(2,526,920)	1,676,632,022	721,736,763	-	(430,492)	721,306,271	
	843,504,207	-	(16,684,619)	826,819,588	571,528,321	-	(8,147,316)	563,381,005	
	20,549,760	-	(225,530)	20,324,230	14,000,979	-	(31,279)	13,969,700	
	39,923,815	(7,899,986)	7,932,269	39,956,098	34,150,987	(6,110,939)	11,765,469	39,805,517	
	1,882,463	(410,893)	-	1,471,570	1,882,198	(410,893)	-	1,471,305	
	1,700,733	(539,708)	114,944	1,275,969	1,706,823	(539,708)	98,614	1,265,729	
	Term Finance Certificates / Musharika								
	52,991,969	(5,249,620)	1,775,604	49,517,953	55,505,182	(5,200,180)	959,516	51,264,518	
	29,371,602	-	(8,226,878)	21,144,724	20,778,528	-	26,435	20,804,963	
	920,418	-	(13,407)	907,011	880,932	-	26,372	907,304	
	819,646	(41,166)	1,138,354	1,916,834	619,646	(41,167)	1,289,705	1,868,184	
	463,294	-	36,466,718	36,930,013	463,294	-	27,060,912	27,524,206	
	2,671,286,849	(14,141,373)	19,750,535	2,676,896,012	1,423,253,653	(12,302,887)	32,617,936	1,443,568,702	
	Held-to-maturity securities	47,364,119	-	-	47,364,119	-	-	-	-
		411,288,608	-	-	411,288,608	324,726,185	-	-	324,726,185
13,554,837		(407,134)	-	13,147,703	407,164	(407,134)	-	30	
-		-	-	-	10,914,185	-	-	10,914,185	
1,829,416		-	-	1,829,416	-	-	-	-	
36,802,341		-	-	36,802,341	34,091,600	-	-	34,091,600	
784		-	-	784	680	-	-	680	
510,840,105		(407,134)	-	510,432,971	370,139,814	(407,134)	-	369,732,680	
Associates									
1,205,937		(782,775)	-	423,162	1,271,766	(674,785)	-	596,981	
Joint Venture	6,793,104	-	-	6,793,104	7,140,903	-	-	7,140,903	
	1,245	(1,245)	-	-	1,245	(1,245)	-	-	
Subsidiaries									
Total Investments	3,250,388,072	(15,332,528)	19,710,869	3,254,766,415	1,923,631,141	(13,386,051)	32,496,101	1,942,741,191	



**9.1.1 Investments given as collateral**

Pakistan Investment Bonds  
Market Treasury Bills

Note	(Un-audited) June 30, 2022		(Audited) December 31, 2021	
	----- (Rupees in '000) -----			
	214,834,393		30,682,290	
	964,418,677		96,128,050	
17	1,179,253,070		126,810,340	

**9.2 Provision for diminution in value of investments**

**9.2.1 Opening balance**

Charge for the period  
Reversals for the period

Closing Balance

	13,386,051		12,862,773	
	2,392,192		1,242,251	
	(445,715)		(718,973)	
	1,946,477		523,278	
	15,332,528		13,386,051	

**9.2.2 Particulars of provision against debt securities**

Category of classification

June 30, 2022 (Un-audited)		December 31, 2021 (Audited)	
NPI	Provision	NPI	Provision
----- (Rupees in '000) -----			

Domestic

Substandard  
Loss

299,760	74,940	-	-
5,581,814	5,581,814	5,607,314	5,607,314
5,881,574	5,656,754	5,607,314	5,607,314

**9.3** The market value of securities classified as held-to-maturity as at June 30, 2022 amounted to Rs. 443,131 million (December 31, 2021: Rs. 366,869 million).

# 10. ADVANCES

	Performing		Non Performing		Total	
	(Un-audited) June 30, 2022	(Audited) December 31, 2021	(Un-audited) June 30, 2022	(Audited) December 31, 2021	(Un-audited) June 30, 2022	(Audited) December 31, 2021

Note

Loans, cash credits, running finances, etc.

Islamic financing and related assets

Net Investment in finance lease

Bills discounted and purchased

Advances - gross

	1,094,859,358	1,045,532,093	188,906,883	183,456,102	1,283,766,241	1,228,988,195
	46,630,665	42,316,269	683,871	712,762	47,314,536	43,029,031
10.1	39,972	47,548	28,944	28,944	68,916	76,492
	22,426,824	19,199,730	14,070,455	14,147,881	36,497,279	33,347,611
10.2	1,163,956,819	1,107,095,640	203,690,153	198,345,689	1,367,646,972	1,305,441,329

Provision against advances

- Specific

- General

	-	-	188,209,193	179,654,610	188,209,193	179,654,610
	9,152,076	12,472,591	-	-	9,152,076	12,472,591

10.4

Advances - net of provision

	9,152,076	12,472,591	188,209,193	179,654,610	197,361,269	192,127,201
	1,154,804,743	1,094,623,049	15,480,960	18,691,079	1,170,285,703	1,113,314,128

## 10.1 Net Investment in Finance Lease

	June 30, 2022 (Un-audited)		December 31, 2021 (Audited)		
	Not later than one year	Later than one and less than five years	Over five years	Total	

	(Rupees in '000)				
Lease rentals receivable	51,739	-	51,796	64	51,860
Residual value	41,506	-	48,804	185	48,989
Minimum lease payments	93,245	-	100,599	249	100,849
Less: financial charges for future periods	24,329	-	24,356	1	24,356
Present value of minimum lease payments	68,916	-	76,244	248	76,492

The leases executed are for a term of 1 to 5 years. Security deposit is generally obtained upto 10% of the cost of leased assets at the time of disbursement. The Group requires the lessee to insure the leased assets in favour of the Group. Additional surcharge is charged on delayed rentals. The average return implicit ranges from 10.19% to 14.85% (December 31, 2021: 10.19% to 14.85%) per annum.

## 10.2 Particulars of advances (Gross)

In local currency

In foreign currencies

	(Un-audited) June 30, 2022	(Audited) December 31, 2021
	(Rupees in '000)	
	1,222,705,014	1,178,144,911
	144,941,958	127,296,418
	1,367,646,972	1,305,441,329

- 10.3 Advances include Rs. 203,690 million (December 31, 2021: Rs. 198,346 million) which have been placed under non-performing status as detailed below:

Category of Classification	June 30, 2022 (Un-audited)		December 31, 2021 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
(Rupees in '000)				
<b>Domestic</b>				
Other Assets Especially Mentioned	2,122,611	68,390	1,950,183	94,550
Substandard	6,392,442	1,560,569	5,245,094	1,230,458
Doubtful	9,358,093	4,885,558	17,048,217	8,455,999
Loss	134,431,424	132,103,586	127,537,486	124,864,376
	152,304,569	138,618,103	151,780,980	134,645,383
<b>Overseas</b>				
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	311,438	155,719	286,746	143,373
> 365 days	51,074,145	49,435,371	46,277,963	44,865,854
	51,385,583	49,591,090	46,564,709	45,009,227
<b>Total</b>	203,690,153	188,209,193	198,345,689	179,654,610

#### 10.4 Particulars of provision against advances

Note	June 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	Specific	General	Total	Specific	General	Total
(Rupees in '000)						
Opening balance	179,654,610	12,472,591	192,127,202	154,587,769	22,473,748	177,061,517
Exchange adjustments	5,348,325	64,351	5,412,676	4,293,544	50,984	4,344,528
Charge for the period / year	2,733,613	542,773	3,276,386	15,680,535	513,602	16,194,137
Reversals	(2,417,120)	(899,639)	(3,316,759)	(4,238,039)	(952,785)	(5,190,824)
	316,493	(356,866)	(40,373)	11,442,496	(439,183)	11,003,313
Amounts written off	(125,569)	-	(125,569)	(171,425)	-	(171,425)
Amounts charged off - agriculture financing	(12,665)	-	(12,665)	(110,733)	-	(110,733)
Transfer from general to specific provision	3,028,000	(3,028,000)	-	9,612,958	(9,612,958)	-
Closing balance	188,209,193	9,152,076	197,361,269	179,654,610	12,472,591	192,127,201

##### 10.4.1 Particulars of provision against advances

	June 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	Specific	General	Total	Specific	General	Total
(Rupees in '000)						
In local currency	138,618,103	8,821,684	147,439,787	134,645,383	12,220,748	146,866,131
In foreign currencies	49,591,090	330,392	49,921,483	45,009,227	251,843	45,261,070
	188,209,193	9,152,076	197,361,269	179,654,610	12,472,591	192,127,201

**10.4.2** General provision includes provision amounting to Rs. 5,388 million (2021: Rs. 5,618 million) against consumer and SME finance portfolio as required by the Prudential Regulations issued by the SBP. General provision also includes Rs. 330 million (2021: Rs. 252 million) pertaining to overseas advances to meet the requirements of regulatory authorities of the respective countries in which the Group

The Group has also maintained general provision of Rs. 3,434 million (December 31, 2021: Rs. 6,603 million) in respect of its underperforming portfolio on prudent basis.

**10.4.3** The SBP has allowed specific relaxation to the Bank for non-classification of overdue loans of certain Public Sector Entities (PSEs) which are guaranteed by Government of Pakistan as non-performing loans up till December 31, 2022. No provision is required against these loans; however, mark-up is being suspended as required by the Prudential Regulations.

**10.4.4** These represent non-performing advances for agriculture finance which have been classified as loss and fully provided for more than 3 years. These non-performing advances have been charged off by extinguishing them against the provision held in accordance with Prudential Regulations for Agriculture Financing issued by the SBP. This charge off does not, in any way, prejudice the Group's right of recovery from these customers.

	Note	(Un-audited) June 30, 2022 ----- (Rupees in '000) -----	(Audited) December 31, 2021
<b>11. FIXED ASSETS</b>			
Capital work-in-progress	11.1	1,540,126	1,405,413
Property and equipment		52,598,901	53,204,991
		<u>54,139,027</u>	<u>54,610,404</u>
<b>11.1 Capital work-in-progress</b>			
Civil works		1,466,298	1,335,603
Equipment		10,825	10,825
Advances to suppliers and contractors		63,003	58,985
		<u>1,540,126</u>	<u>1,405,413</u>
		(Un-audited) June 30, 2022 ----- (Rupees in '000) -----	(Un-audited) June 30, 2021
<b>11.2 Additions to fixed assets</b>			
The following additions have been made to fixed assets during the period:			
Capital work-in-progress		215,149	219,092
Property and equipment			
Building on freehold land		26,460	-
Building on leasehold land		513	30,327
Furniture and fixture		259,286	342,217
Computer and peripheral equipment		102,949	168,513
Electrical, office equipment		163,232	211,425
Vehicles		100,993	21,405
Assets held under finance lease - Vehicles		44,999	18,795
		<u>698,432</u>	<u>792,682</u>
Total		<u>913,582</u>	<u>1,011,774</u>
<b>11.3 Disposal of fixed assets</b>			
The net book value of fixed assets disposed off during the period is as follows:			
Furniture and fixture		78	3,155
Computer and peripheral equipment		468	45
Electrical, office equipment		28	1,071
Vehicles		23,773	16,738
Assets held under finance lease - Vehicle		15,186	1,847
Total		<u>39,533</u>	<u>22,856</u>



## 12. INTANGIBLE ASSETS

Capital work-in-progress - Software Implementation  
Computer Software  
Goodwill on NBP Fund Acquisition

(Un-audited) (Audited)  
June 30, December 31,  
2022 2021  
----- (Rupees in '000) -----

480,246	223,397
574,187	608,893
562,553	562,553
<u>1,616,986</u>	<u>1,394,843</u>

(Un-audited) (Un-audited)  
June 30, June 30,  
2022 2021  
----- (Rupees in '000) -----

### 12.1 Additions to intangible assets

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

Capital Work in Progress - net additions  
Directly purchased  
Total

263,116	73,445
48,215	43,939
<u>311,331</u>	<u>117,384</u>

(Un-audited) (Audited)  
June 30, December 31,  
2022 2021  
----- (Rupees in '000) -----

## 13. RIGHT-OF-USE ASSETS

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

7,090,980	7,017,020
989,236	2,201,551
(6,618)	(37,767)
<u>(1,071,905)</u>	<u>(2,089,824)</u>
<u>7,001,692</u>	<u>7,090,980</u>

## 14. DEFERRED TAX

### Deductible temporary differences on

- Tax losses carried forward  
- Post retirement employee benefits  
- Provision for diminution in the value of investments  
- Provision against loans and advances  
- Provision against off-balance sheet obligations  
- Accelerated tax depreciation  
- Right of use assets  
- Other provisions

10,705	10,705
6,300,583	5,072,768
236,751	236,751
6,525,410	10,457,938
115,222	115,222
1,563,359	1,079,805
783,829	502,538
107,839	107,841
<u>15,643,698</u>	<u>17,583,568</u>

### Taxable temporary differences on

- Surplus on revaluation of fixed assets  
- Surplus on revaluation of investments  
- Surplus on revaluation of non-banking assets  
- Excess of accounting book value of leased assets over lease liabilities  
- Exchange translation reserve

(2,474,507)	(2,446,324)
(8,488,218)	(12,715,501)
(52,732)	(52,732)
(5,397)	796
<u>(569,879)</u>	<u>(466,996)</u>
<u>(11,590,733)</u>	<u>(15,680,757)</u>
<u>4,052,964</u>	<u>1,902,811</u>

## 15. OTHER ASSETS

**15.1** During the period Rs. 7,534 million were adjusted against income tax refunds towards payment of advance tax liability.

### 15.2 Provision held against other assets

Income / mark-up accrued in local currency	152,607	152,607
Advances, deposits, advance rent and other prepayments	837,949	837,949
Stationery and stamps on hand	96,542	96,542
Barter trade balances	195,399	195,399
Receivable on account of Government transactions	323,172	323,172
Receivable from Government under VHS scheme	418,834	418,834
Protested bills	4,178,026	4,164,485
Ex-MBL / NDFC - other assets	770,398	770,398
Assets Acquired from corporate and industrial restructuring corporation asset (CIRC)	208,423	208,423
Others	4,583,620	4,541,509
	<b>11,764,970</b>	<b>11,709,318</b>

	(Un-audited) June 30, 2022	(Audited) December 31, 2021
	----- (Rupees in '000) -----	
<b>15.2.1 Movement in provision held against other assets</b>		
Opening balance	11,709,318	11,882,118
Charge for the period / year	83,816	70,781
Adjustment against provision	(28,164)	(243,582)
Closing balance	11,764,970	11,709,318
<b>16. BILLS PAYABLE</b>		
In Pakistan	30,578,066	21,775,348
Outside Pakistan	304,535	72,922
	30,882,601	21,848,270
<b>17. BORROWINGS</b>		
<b>Secured</b>		
Borrowings from State Bank of Pakistan		
Under Export Refinance Scheme	9,418,594	5,057,300
Under Export Refinance Scheme (New Scheme)	29,786,676	29,193,202
Financing Scheme for Renewable Energy	732,441	740,493
Refinance Facility for Modernization of SMEs	177,470	130,288
Financing Facility for storage of Agriculture Produce (FFSAP)	367,184	526,479
Under Long-Term Financing Facility (LTFF)	22,467,725	19,465,068
Refinance Scheme for Payment of Wages and Salaries	252,998	566,315
Temporary Economic Refinance Facility	21,585,260	12,122,947
Refinance Facility for Combating Covid-19	40,965	79,976
	84,829,313	67,882,068
Repurchase agreement borrowings	9.1.1 1,179,253,070	126,810,340
Bai Muajjal	18,673,222	72,195,209
	1,282,755,605	266,887,617
<b>Unsecured</b>		
Call borrowings	32,405,584	46,011,009
Overdrawn nostro accounts	439,447	26,480
	32,845,031	46,037,489
	1,315,600,636	312,925,106
<b>17.1 Particulars of borrowings with respect to currencies</b>		
In local currency	1,283,195,052	275,739,772
In foreign currencies	32,405,584	37,185,334
	1,315,600,636	312,925,106
<b>17.2 Mark-up / interest rates and other terms are as follows:</b>		
- 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 3% (December 31, 2021: from 1% to 2%) per annum.		
- Repurchase agreement borrowings carry mark-up ranging from 12.8% to 14.3% per annum (December 31, 2021: 9.7% to 10.21% per annum) having maturities ranging from July 8, 2022 to September 15, 2022.		
- Call borrowings carry interest ranging from 1.1% to 8.5% per annum (December 31, 2021: 0.63% to 4.15% per annum).		
<b>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.</b>		
<b>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.1,179,253 million (December 31, 2021: Rs. 126,810 million).</b>		

## 18. DEPOSITS AND OTHER ACCOUNTS

	June 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
(Rupees in '000)						
<b>Customers</b>						
Current deposits - remunerative	742,204,610	-	742,204,610	648,854,267	-	648,854,267
Current deposits - non-remunerative	501,870,249	153,341,311	655,211,560	476,510,388	145,931,064	622,441,452
Savings deposits	675,953,891	109,822,296	785,776,187	675,591,525	79,434,496	755,026,021
Term deposits	408,757,717	71,919,717	480,677,434	400,905,240	70,853,064	471,758,304
Others	43,978,108	4,779	43,982,887	-	6,463	6,463
	2,372,764,575	335,088,103	2,707,852,678	2,201,861,420	296,225,087	2,498,086,507
<b>Financial Institutions</b>						
Current deposits	451,692,779	1,266,086	452,958,865	444,904,430	1,169,235	446,073,665
Savings deposits	14,315,974	-	14,315,974	7,075,299	3,842,651	10,917,950
Term deposits	13,182,000	7,073,489	20,255,489	21,470,450	5,760,597	27,231,047
Others	2,527,000	2,296	2,529,296	35,838,540	-	35,838,540
	481,717,753	8,341,871	490,059,624	509,288,719	10,772,483	520,061,202
	2,854,482,328	343,429,974	3,197,912,302	2,711,150,139	306,997,570	3,018,147,709

18.1 Foreign currencies deposits includes deposit of foreign branches amounting to Rs. 72,818 million (December 31, 2021: Rs. 75,485 million).

## 19. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	June 30, 2022 (Un-audited)			December 31, 2021 (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	72,123	6,992	65,131	83,418	5,302	78,116
Later than one year and upto five years	66,850	4,272	62,578	57,804	2,322	55,482
Over five years	-	-	-	-	-	-
	138,973	11,264	127,709	141,222	7,624	133,598

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, 2021: 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) June 30, 2022	(Audited) December 31, 2021
	(Rupees in '000)	
<b>20. LEASE LIABILITIES AGAINST RIGHT OF USE ASSETS</b>		
Lease liabilities included in the statement of financial position	8,617,209	8,360,755
Of which are:		
Current lease liability	1,821,388	1,646,939
Non-current lease liability	6,795,821	6,713,816
	8,617,209	8,360,755
<b>Maturity analysis - contractual undiscounted cash flows</b>		
Less than one year	2,487,217	2,379,333
One to five years	6,569,444	6,387,263
More than five years	7,256,007	6,504,031
Total undiscounted lease liabilities	16,312,668	15,270,627



(Un-audited) June 30, 2022	(Audited) December 31, 2021
----- (Rupees in '000)-----	

## 21. OTHER LIABILITIES

Mark-up / Return / Interest payable in local currency	80,949,970	48,801,768
Mark-up / Return / Interest payable in foreign currencies	358,366	384,638
Unearned commission and income on bills discounted	408,340	440,231
Accrued expenses	8,384,871	21,168,039
Advance payments	404,146	387,576
Acceptances	62,052,254	10,311,259
Unclaimed dividends	181,997	181,997
Unrealized loss on put option	306,339	306,339
Branch adjustment account	1,501,859	1,342,640
<b>Employee benefits:</b>		
Pension fund	20,723,458	17,834,945
Post retirement medical benefits	26,885,143	24,516,717
Benevolent fund	1,697,079	1,778,825
Gratuity scheme	3,655,033	3,467,939
Compensated absences	10,030,776	9,952,554
Staff welfare fund	373,964	371,257
Liabilities relating to Barter trade agreements	3,359,890	3,006,122
Provision against off-balance sheet obligations	627,494	627,494
Provision against contingencies	3,940,233	3,805,376
Payable to brokers	278,948	155,001
Payable to customers	363,694	781,522
PIBs short selling	32,216,022	34,144,415
Others	16,510,226	16,829,474
	<u>275,210,102</u>	<u>200,596,128</u>

## 22. GENERAL LOAN LOSS RESERVE

The Bank is cognizant of the fact that a part of its credit or loan portfolio (funded and non-funded) which is not currently impaired as per the applicable Prudential Regulations is underperforming and therefore the potential for risk of credit losses on this part of portfolio is higher than the usual risk. Therefore, as a matter of abundant caution and in order to protect the equity base of the Bank from future contingencies in respect of the credit portfolio, the Board of Directors in their meeting held on April 29, 2015 decided to transfer an aggregate amount of Rs. 12 billion from the unappropriated profits to a "General loan loss reserve". This appropriation was made on the basis of the management's best estimates and judgement regarding the inherent portfolio risks. Subsequently, Board of Directors in their meeting held on 11 & 12 July, 2019 decided to transfer Rs. 4 billion from general loss reserve to unappropriated profit based on revised estimates. During the period, management revisited the estimates and transferred the remaining Rs. 8 billion from general loan loss reserve to unappropriated profit.

		(Un-audited) June 30, 2022	(Audited) December 31, 2021
Note		(Rupees in '000)	
<b>23. SURPLUS ON REVALUATION OF ASSETS</b>			
Surplus / (deficit) on revaluation of			
- Available for sale securities	9.1	19,750,535	32,617,936
- Fixed Assets		45,006,760	45,168,797
- Non-banking assets		2,863,886	2,863,886
- On securities of associates and joint venture		(1,124,680)	(349,787)
		<u>66,496,501</u>	<u>80,300,832</u>
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities		(8,488,136)	(12,715,419)
- Fixed Assets		(2,474,507)	(2,537,701)
- Non-banking assets		(52,732)	(52,732)
		<u>(11,015,375)</u>	<u>(15,305,852)</u>
		<u>55,481,126</u>	<u>64,994,980</u>
<b>24. CONTINGENCIES AND COMMITMENTS</b>			
Guarantees	24.1	294,694,162	261,356,068
Commitments	24.2	2,088,127,401	2,192,951,563
Other contingent liabilities	24.3	25,362,018	36,196,804
		<u>2,408,183,581</u>	<u>2,490,504,435</u>
<b>24.1 Guarantees:</b>			
Financial guarantees		227,972,234	197,024,912
Performance guarantees		66,721,928	64,331,156
		<u>294,694,162</u>	<u>261,356,068</u>
<b>24.2 Commitments:</b>			
Documentary credits and short-term trade-related transactions			
- letters of credit		1,374,001,563	1,582,757,532
Commitments in respect of:			
- forward foreign exchange contracts	24.2.1	705,807,773	571,111,340
- forward government securities transactions	24.2.2	7,530,855	38,255,954
Commitments for acquisition of:			
- operating fixed assets		787,210	826,737
		<u>2,088,127,401</u>	<u>2,192,951,563</u>
<b>24.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		407,246,637	337,970,120
Sale		298,561,136	233,141,220
		<u>705,807,773</u>	<u>571,111,340</u>

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

	(Un-audited) June 30, 2022	(Audited) December 31, 2021
	----- (Rupees in '000) -----	
<b>24.2.2 Commitments in respect of forward government securities transactions</b>		
Purchase	5,000,000	30,218,032
Sale	2,530,855	8,037,922
	<u>7,530,855</u>	<u>38,255,954</u>

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

	(Un-audited) June 30, 2022	(Audited) December 31, 2021
	----- (Rupees in '000) -----	
<b>24.3 Other contingent liabilities</b>		
<b>24.3.1 Claim against the Group not acknowledged as debt</b>	<u>25,362,018</u>	<u>36,196,804</u>

Claims against the Bank not acknowledged as debts including claims relating to former Mehran Bank Limited amounting to Rs. 1,597 million (December 31, 2021: Rs.1,597 million).

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

#### 24.3.2 Taxation

The status of Tax contingencies is same as disclosed in annual financial statements of the Group for the year ended December 31, 2021, except for the following;

- Taxation officer has passed assessment order for tax year 2021 during the year. The Bank has filed appeal before CIR(A) which is pending for order. The demand created in the assessment order of Rs. 4,016.75 million. Based on rectification request, the tax authorities issued rectified order showing tax refund of Rs. 2,296.35 million. The Tax Advisor is confident that the ultimate outcome of the proceeding will be decided in the Bank's favour.
- Honourable Tribunal through recent judgement dated February 7, 2022 has decided the appeals filed by the Bank for Tax Year 2009, 2010 and 2016 for which appeal effect orders have been issued determining tax refund of Rs. 948.44 million and Rs. 814.54 million in 2009 and 2010 respectively. Whereby for Tax Year 2016, the department has created demand of Rs. 118.11 million which has been adjusted against tax refunds of Tax Year 2018.
- Honourable CIR(A) through recent judgement dated December 31, 2021 has decided the appeal filed by the Bank for Tax Year 2018 partially in favour of the Bank for which appeal effect order has been issued determining refund of Rs. 1,199.29 million.
- The aggregate effect of contingencies as on June 30, 2022, including amount of Rs. 1,912.24 million (December 31, 2021: Rs. 1,982.32 million) in respect of indirect tax issues, amounts to Rs. 25,259.26 million (December 31, 2021: Rs. 19,964.93 million). No provision has been made against these contingencies, based on the opinion of tax consultants of the Bank, who expect favourable outcome upon decisions of pending appeals.

#### 24.3.3 Contingencies in respect of employees benefits and related matters

As at June 30, 2022, the status of contingencies disclosed in the annual consolidated financial statements for the year ended December 31, 2021 is same, other than the following:

#### **24.3.3.1 Pensionary benefits to retired employees**

This matter has been explained in note 26.3.3.1 to the consolidated financial statements for the year ended December 31, 2021. The management's estimate of overall increase in pension liability, based on the independent actuarial firm report for the period ended June 30, 2022 amounted to Rs. 83.9 billion, excluding any penal interest / profit payment (if any) due to delayed payment. Further, the pension expense for June 2022 onward will also increase by Rs. 10.9 billion due to this decision. Based on the opinion of legal counsel, no provision for any additional pension liability has been made in these consolidated condensed interim financial statements for the above mentioned amount as the Bank is confident about a favorable outcome on the matter.

#### **24.3.4 Compliance and risk matters relating to anti-money laundering at the New York Branch**

The Bank operates a branch in New York, which is licensed by the New York State Department of Financial Services (NYSDFS) and is also subject to supervision by the Federal Reserve Bank of New York (FRBNY) (hereinafter referred to as "US regulators"). As reported previously, the bank and the branch entered into a Written Agreement with its US regulators in 2016, which was superseded by Enforcement Actions issued by US regulators in February 2022. These Actions included payment of fines totaling US \$ 55.4 million, equivalent to Rs. 9,778 million, focused on historical compliance program weaknesses and delays in making compliance related enhancements. These fines were paid shortly following issuance of the Actions.

Under these Actions, the Bank is required to enhance its Anti Money Laundering and, to a lesser extent, its Sanctions Compliance controls and submit status reports at defined frequencies to the US Regulators, which is being done as per the remedial plan instituted by the branch and overseen by the management at Head Office. The branch has been under new management since May 2020 and has substantially enhanced its compliance program, as recognized by its US regulators. Bank's management and the Board of Directors continue to provide close oversight of the branch's remedial actions and are committed to ensure compliance with the conditions agreed to in the Actions.



		(Un-audited)	(Un-audited)
		For the half year ended	
		June 30, 2022	June 30, 2021
Note		(Rupees in '000) -----	
<b>25. MARK-UP / RETURN / INTEREST EARNED</b>			
Loans and advances		59,166,855	42,162,492
Investments		114,344,073	64,120,035
On securities purchased under resale agreements		5,511,835	1,134,324
Balances with other banks		472,804	672,738
		<u>179,495,567</u>	<u>108,089,589</u>
<b>26. MARK-UP / RETURN / INTEREST EXPENSED</b>			
Deposits		80,177,023	39,097,322
Borrowings		3,158,176	3,346,442
Cost of foreign currency swaps against foreign currency deposits		5,131,204	4,243,818
Finance charge on lease liability against right of use assets		440,015	433,628
Securities sold under repurchase agreements		37,404,178	13,484,952
		<u>126,310,596</u>	<u>60,606,162</u>
<b>27. FEE AND COMMISSION INCOME</b>			
Branch banking customer fees		797,260	543,566
Consumer finance related fees		248,019	425,873
Card related fees		964,264	919,901
Credit related fees		215,115	100,647
Investment banking fees		506,521	542,212
Commission on trade		1,088,107	1,064,047
Commission on guarantees		310,783	239,835
Commission on cash management		23,540	40,818
Commission on remittances including home remittances		688,759	810,104
Commission on bancassurance		168,389	141,825
Commission on government transactions		5,184,873	3,981,415
Management fee and sale load		541,281	627,046
Brokerage income		37,623	70,687
Others		82,841	28,635
		<u>10,857,375</u>	<u>9,536,612</u>
<b>28. GAIN ON SECURITIES - NET</b>			
Realised	28.1	1,095,037	4,155,708
Unrealized - held-for-trading		(76,456)	632
Unrealized - Shortselling		36,790	
		<u>1,055,371</u>	<u>4,156,340</u>
<b>28.1 Realized gain / (loss) on</b>			
Federal Government Securities		286,070	335,792
Shares and mutual funds		808,802	3,686,132
Ijarah Sukuks		-	10,809
Foreign Securities		165	122,975
		<u>1,095,037</u>	<u>4,155,708</u>
<b>29. OTHER INCOME</b>			
Rent on property		18,876	22,053
Gain on sale of fixed assets - net		8,719	22,068
Compensation for delayed tax refunds	29.1	712,362	881,752
Others		75,435	29,350
		<u>815,392</u>	<u>955,223</u>

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

	(Un-audited) For the half year ended June 30, 2022	(Un-audited) For the half year ended June 30, 2021
	----- (Rupees in '000) -----	
<b>30. OPERATING EXPENSES</b>		
Total compensation expense	23,229,700	20,894,526
<b>Property expense</b>		
Rent and taxes	286,651	401,052
Insurance	20,093	23,515
Utilities cost	782,945	570,393
Security (including guards)	1,594,021	1,376,240
Repair and maintenance (including janitorial charges)	455,686	423,550
Depreciation	226,809	241,721
Depreciation on non banking assets	7,859	7,731
Depreciation on Ijarah assets	33,544	38,356
Depreciation on right of use assets	1,071,905	1,022,961
	4,479,513	4,105,519
<b>Information technology expenses</b>		
Software maintenance	1,749,452	607,354
Hardware maintenance	52,433	16,059
Depreciation	216,944	153,247
Amortisation	149,401	122,626
Network charges	357,216	231,151
IT Manage Services	168,702	118,244
	2,694,148	1,248,681
<b>Other operating expenses</b>		
Directors' fees and reimbursement of other expenses	16,475	11,497
Directors' fees and allowances - subsidiaries	5,150	5,945
Fees and allowances to Shariah Board	8,233	5,140
Legal and professional charges	633,612	454,528
Outsourced services costs	328,508	347,179
Travelling and conveyance	424,706	287,168
NIFT clearing charges	100,435	82,707
Depreciation	805,199	797,911
Training and development	27,746	21,643
Postage and courier charges	126,279	112,139
Communication	183,177	161,958
Stationery and printing	863,853	686,372
Marketing, advertisement and publicity	212,684	99,063
Contributions for other Corporate and Social Responsibility	32,000	6,201
Auditors' Remuneration	88,867	103,793
Financial charges on leased assets	38,117	22,384
Insurance	244,021	191,128
Entertainment	126,492	114,372
Clearing, verification, license fee charges	165,835	162,307
Vehicle Expenses	101,940	109,188
Repairs and maintenance	318,316	233,709
Brokerage	35,765	71,495
Deposit premium expense	905,789	785,553
Others	263,651	204,503
	6,056,850	5,077,882
	36,460,211	31,326,608

(Un-audited) (Un-audited)  
For the half year ended  
June 30, 2022 June 30, 2021  
Note ----- (Rupees in '000) -----

### 31. OTHER CHARGES

Penalties imposed by State Bank of Pakistan	30,155	24,374
Penalties imposed by other regulatory bodies (Regulators of subsidiaries)	108	498
	<u>30,263</u>	<u>24,872</u>

### 32. PROVISIONS & WRITE OFFS - NET

Provisions / (reversal) for diminution in value of investments	9.2	1,946,477	(167,663)
(Reversal) / provisions against loans and advances	10.4	(40,373)	7,064,006
Provision against other assets	15.2.1	83,816	20,847
Provision against contingencies		34,858	20,694
		<u>2,024,778</u>	<u>6,937,884</u>

### 33. TAXATION

Current	14,856,785	12,385,115
Prior years	3,828,030	-
Deferred	3,189,006	(1,258,416)
	<u>21,873,821</u>	<u>11,126,699</u>

33.1 Through Finance Act 2022, the tax rate on banking companies has been increased to 49% (inclusive of 10% Super Tax) from 39% in 2021 (inclusive of 4% Super Tax). Accordingly, the Bank has recognized super tax charge of Rs. 2,710 million (June 30, 2021: Rs. 1,146 million) in the current period based on the taxable income for the period.

Moreover, the Federal Government has amended the rate of tax on income arising from Federal Government securities for the tax year 2022 through Finance Act, 2022. Accordingly, the Bank has recognised prior year tax charge of Rs 3,828 million during the current period in respect of its income from Federal Government Securities for the tax year 2022 (accounting year ended December 31, 2021).

(Un-audited) (Un-audited)  
For the half year ended  
June 30, 2022 June 30, 2021

### 34. EARNINGS PER SHARE - BASIC AND DILUTED

Profit for the period (Rupees in 000's)	12,205,488	16,980,180
Weighted average number of ordinary shares (000's)	2,127,513	2,127,513
Earnings per share - basic and diluted (Rupees)	5.74	7.98

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

(Un-audited) (Un-audited)  
June 30, 2022 June 30, 2021  
Note ----- (Rupees in '000) -----

### 35. CASH AND CASH EQUIVALENT

Cash and balances with treasury banks	6	263,156,645	383,640,756
Balances with other banks	7	17,518,835	18,925,058
Call money lendings	8	9,723	2,009,723
Call money borrowings	17	(32,405,584)	(18,865,920)
Overdrawn nostro	17	(439,447)	(2,536,363)
		<u>247,840,172</u>	<u>383,173,254</u>

## **36. 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.

### **36.1 Fair value of financial assets**

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

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

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

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



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

	June 30, 2022 (Un-audited)				
	Carrying Value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Market Treasury Bills	1,725,068,082	-	1,725,068,082	-	1,725,068,082
Pakistan Investment Bonds	836,290,719	-	836,290,719	-	836,290,719
Ijarah Sukuks	20,324,230	-	20,324,230	-	20,324,230
Ordinary shares of listed companies	40,014,011	40,014,011	-	-	40,014,011
Investment In mutual funds	2,637,825	-	2,637,825	-	2,637,825
Preference shares	1,275,969	1,275,969	-	-	1,275,969
Term Finance Certificates / Musharika and Sukuk Bonds	49,517,953	17,223,823	32,294,130	-	49,517,953
GoP Foreign Currency Bonds	21,144,724	-	21,144,724	-	21,144,724
Foreign Government Securities	2,442,082	-	2,442,082	-	2,442,082
Ordinary shares of a bank outside Pakistan	36,930,013	36,930,013	-	-	36,930,013
	2,735,645,608	95,443,816	2,640,201,792	-	2,735,645,608

**Financial assets - disclosed but not measured at fair value**

Cash and balances with treasury banks	263,156,645	-	-	-	-
Balances with other banks	17,518,835	-	-	-	-
Lendings to financial institutions	184,977,116	-	-	-	-
Investments					
Ordinary shares of unlisted companies	1,471,570	-	-	-	-
Market Treasury Bills	47,364,119	-	-	-	-
Pakistan Investment Bonds	411,288,608	-	-	-	-
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	13,147,703	-	-	-	-
Bai Muajjal with Government of Pakistan	-	-	-	-	-
GoP Foreign Currency Bonds	1,829,416	-	-	-	-
Foreign Government Securities	36,802,341	-	-	-	-
Foreign Currency Debt Securities	784	-	-	-	-
Advances	1,170,285,703	-	-	-	-
Other assets	145,444,459	-	-	-	-
	2,293,287,299	-	-	-	-
	5,028,932,907	95,443,816	2,640,201,792	-	2,735,645,608

**Off-balance sheet financial instruments - measured at fair value**

Foreign exchange contracts purchase and sale	705,807,773	-	4,168,125	-	4,168,125
Forward government securities transactions	7,530,855	-	2,022	-	2,022

December 31, 2021 (Audited)					
Carrying Value	Level 1	Level 2	Level 3	Total	
(Rupees in '000)					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Market Treasury Bills	811,994,893	-	811,994,893	-	811,994,893
Pakistan Investment Bonds	592,430,009	-	592,430,009	-	592,430,009
Ijarah Sukuks	13,969,700	-	13,969,700	-	13,969,700
Ordinary shares of listed companies	39,944,846	39,944,846	-	-	39,944,846
Investments in mutual funds	2,318,516	-	2,318,516	-	2,318,516
Preference shares	1,265,729	1,265,729	-	-	1,265,729
Term Finance Certificates / Musharika and Sukuk Bonds	51,264,518	17,059,736	34,204,782	-	51,264,518
GoP Foreign Currency Bonds	20,804,963	-	20,804,963	-	20,804,963
Foreign Government Securities	2,281,942	-	2,281,942	-	2,281,942
Foreign Currency Debt Securities	-	-	-	-	-
Ordinary shares of a bank outside Pakistan	27,524,206	27,524,206	-	-	27,524,206
	1,563,799,322	85,794,517	1,478,004,805	-	1,563,799,322

December 31, 2021 (Audited)					
	Carrying Value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Financial assets - disclosed but not measured at fair value					
Cash and balances with treasury banks	278,868,736	-	-	-	-
Balances with other banks	19,211,237	-	-	-	-
Lending to financial instruments	335,466,675	-	-	-	-
Investments					
Market Treasury Bills	-	-	-	-	-
Pakistan Investment Bonds	324,726,185	-	-	-	-
Ordinary shares of unlisted companies	1,471,305	-	-	-	-
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	30	-	-	-	-
Bai Muajjal with Government of Pakistan	10,914,185	-	-	-	-
GoP Foreign Currency Bonds	-	-	-	-	-
Foreign Government Securities	34,091,600	-	-	-	-
Foreign Currency Debt Securities	680	-	-	-	-
Advances	1,113,314,128	-	-	-	-
Other assets	65,505,033	-	-	-	-
	2,183,569,794	-	-	-	-
	3,747,369,116	85,794,517	1,478,004,805	-	1,563,799,322

**Off-balance sheet financial instruments - measured at fair value**

Foreign exchange contracts purchase and sale	571,111,340	-	3,058,205	-	3,058,205
Forward government securities transactions	38,255,954	-	(308,328)	-	(308,328)

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

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

**36.2 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:

June 30, 2022 (Un-audited)					
Carrying Value	Level 1	Level 2	Level 3	Total	
(Rupees in '000)					
Land & building (property and equipment)	48,573,650	-	-	48,573,650	48,573,650
Non-banking assets acquired in satisfaction of claims	4,051,687	-	-	4,051,687	4,051,687
	52,625,337	-	-	52,625,337	52,625,337

December 31, 2021 (Audited)					
Carrying Value	Level 1	Level 2	Level 3	Total	
(Rupees in '000)					
Land & building (property and equipment)	48,745,835	-	-	48,745,835	48,745,835
Non-banking assets acquired in satisfaction of claims	4,059,546	-	-	4,059,546	4,059,546
	52,805,381	-	-	52,805,381	52,805,381

37.

Profit and loss accountStatement of financial position

## Borrowings

### Contingencies and commitments

Half year ended June 30, 2021 (Un-audited)

	Retail Banking Group	Inclusive Development Group	Corporate and Investment Banking	Treasury	International, Financial Institution and Remittance	Head Office / Others	Sub total	Eliminations	Total
Net mark-up / return / interest income / (expense)	(25,713,630)	7,988,828	13,837,714	47,451,761	1,530,097	2,388,656	47,483,427	-	47,483,427
Inter segment revenue - net	49,854,592	(6,551,100)	(12,215,518)	(38,828,882)	-	7,740,907	-	-	-
Non mark-up / return / interest income	6,561,353	179,407	2,202,382	7,380,652	658,787	1,999,426	18,980,009	-	18,980,009
Total Income	30,702,315	1,617,135	3,824,578	16,003,531	2,186,884	12,128,990	66,463,436	-	66,463,436
Segment direct expenses	14,849,594	1,424,979	530,334	189,565	2,677,435	2,265,768	21,937,674	-	21,937,674
Inter segment expense allocation	-	-	-	-	-	9,413,806	9,413,806	-	9,413,806
Total expenses	14,849,594	1,424,979	530,334	189,565	2,677,435	11,679,574	31,351,480	-	31,351,480
Provisions and write offs - net	513,453	702,332	5,613,241	(142,019)	(64,910)	315,788	6,937,884	-	6,937,884
Profit / (loss) before taxation	15,339,268	(510,176)	(2,318,996)	15,955,985	(425,641)	133,629	28,174,072	-	28,174,072

Profit and loss account

Net mark-up / return / interest income / (expense)  
Inter segment revenue - net  
Non mark-up / return / interest income  
Total Income  
Segment direct expenses  
Inter segment expense allocation  
Total expenses  
Provisions and write offs - net  
Profit / (loss) before taxation

December 31, 2021 (Audited)

	Retail Banking Group	Inclusive Development Group	Corporate and Investment Banking	Treasury	International, Financial Institution and Remittance	Head Office / Others	Sub total	Eliminations	Total
Cash and balances with treasury and other banks	90,784,756	8,185,926	248,408	131,293,182	58,290,758	9,276,943	298,079,973	-	298,079,973
Investments	-	-	26,543,698	1,803,150,092	55,804,559	57,242,839	1,942,741,191	-	1,942,741,191
Net inter segment lending	2,319,442,077	-	-	-	-	274,915,854	2,594,357,931	(2,594,357,931)	-
Lendings to financial institutions	2,405,644	-	-	333,061,031	-	-	335,466,675	-	335,466,675
Advances - performing	183,984,822	224,303,465	566,367,602	-	80,731,709	51,708,043	1,107,095,640	-	1,107,095,640
Advances - non-performing	3,963,414	21,115,711	61,624,712	-	46,293,148	65,348,704	198,345,689	-	198,345,689
Provision against advances	(9,024,982)	(18,226,471)	(56,033,619)	-	(44,989,510)	(63,852,620)	(192,127,201)	-	(192,127,201)
Advances - net	178,923,254	227,192,704	571,958,695	-	82,035,347	53,204,128	1,113,314,128	-	1,113,314,128
Others	25,276,052	2,297,783	18,315,585	3,581,004	4,964,806	112,997,759	167,432,980	-	167,432,980
Total Assets	2,616,831,783	237,676,413	617,066,386	2,271,085,310	201,095,470	507,637,523	6,451,392,878	(2,594,357,931)	3,857,034,947
Borrowings	(392,063)	4,148,727	63,733,341	207,857,704	37,185,334	392,062	312,925,106	-	312,925,106
Deposits and other accounts	2,562,636,790	-	286,586,523	-	75,485,252	93,439,145	3,018,147,709	-	3,018,147,709
Net inter segment borrowing	-	228,667,313	249,365,896	2,016,684,060	85,836,008	13,784,654	2,594,357,931	(2,594,357,931)	-
Others	54,587,057	4,840,373	17,044,690	11,549,539	2,536,069	140,381,023	230,938,751	-	230,938,751
Total liabilities	2,616,831,784	237,676,413	616,730,450	2,236,091,302	201,042,663	247,996,884	6,156,369,497	(2,594,357,931)	3,562,011,566
Equity	-	-	335,936	34,994,008	52,807	259,640,638	295,023,381	-	295,023,381
Total equity and liabilities	2,616,831,783	237,676,413	617,066,386	2,271,085,310	201,095,470	507,637,523	6,451,392,878	(2,594,357,931)	3,857,034,947

Contingencies and commitments

-	81,061,634	1,740,040,766	609,367,294	22,910,804	37,123,935	2,490,504,435	-	-	2,490,504,435
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Statement of financial position

Cash and balances with treasury and other banks  
Investments  
Net inter segment lending  
Lendings to financial institutions  
Advances - performing  
Advances - non-performing  
Provision against advances  
Advances - net  
Others  
Total Assets

Borrowings  
Deposits and other accounts  
Net inter segment borrowing  
Others  
Total liabilities  
Equity  
Total equity and liabilities



### 38. RELATED PARTY TRANSACTIONS

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

The Group enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with 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

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:

	June 30, 2022 (Un-audited)						December 31, 2021 (Audited)									
	Directors	Key management personnel	Associates	Joint venture	Pension Fund (Current)	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 (N.I.D.A A/c)	Provident Fund	Other related parties
----- (Rupees in '000) -----																
<b>Balances with other banks</b>																
In current accounts	-	-	-	6,090	-	-	-	-	-	-	-	295,951	-	-	-	-
	-	-	-	6,090	-	-	-	-	-	-	-	295,951	-	-	-	-
<b>Advances</b>																
Opening balance	-	347,593	2,934,162	-	-	-	-	641,483	-	233,267	2,981,029	-	-	-	-	305,117
Addition during the period / year	-	78,453	-	-	-	-	-	2,967,940	-	254,860	-	-	-	-	-	35,589,939
Repaid during the period / year	-	(52,032)	(81,250)	-	-	-	-	(1,339,423)	-	(36,216)	(46,867)	-	-	-	-	(35,253,573)
Transfer in / (out) - net*	-	(41,766)	-	-	-	-	-	2,300,560	-	(104,319)	-	-	-	-	-	-
Closing balance	-	332,247	2,852,912	-	-	-	-	4,570,560	-	347,593	2,934,162	-	-	-	-	641,483
Provisions against loans	-	-	2,837,287	-	-	-	-	-	-	-	2,837,287	-	-	-	-	-
<b>Other Assets</b>																
Interest / mark-up accrued	-	-	1,719,317	-	-	-	-	-	-	-	1,719,049	-	-	-	-	-
<b>Borrowings</b>																
Opening balance	-	-	-	35,741	-	-	-	-	-	-	-	9,111	-	-	-	-
Borrowings during the period / year	-	-	-	45,554	-	-	-	-	-	-	-	26,630	-	-	-	-
Settled during the period / year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	81,295	-	-	-	-	-	-	-	35,741	-	-	-	-
<b>Deposits and other accounts</b>																
Opening balance	1,760	131,454	-	-	86,264	46,769	12,854,755	43,336,142	1,320	177,236	-	-	58,871	1,369,644	13,282,016	227,967
Received during the period / year	-	448,553	-	-	15,573,710	653,499	1,610,117	133,207,265	9,334	777,224	-	-	27,393	-	-	235,269,981
Withdrawn during the period / year	-	(446,649)	-	-	(15,648,330)	(549,748)	(758,335)	(142,809,019)	(8,984)	(763,659)	-	-	-	(1,322,875)	(427,261)	(196,497,842)
Transfer in / (out) - net*	(1,745)	(25,352)	-	-	-	-	-	(21,867,550)	90	(59,347)	-	-	-	-	-	4,336,036
Closing balance	15	108,005	-	-	11,644	150,520	13,706,537	11,866,838	1,760	131,454	-	-	86,264	46,769	12,854,755	43,336,142
<b>Contingencies and commitments</b>																
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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

	June 30, 2022 (Un-audited)					June 30, 2021 (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	-	-	3,392	1	-	-	136,382	-	-	5,613	5	-	-	4,979
Debts due by Companies in which Directors of the Bank is interested as Directors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend income	-	-	-	114,405	-	-	-	-	-	-	-	-	-	-
Rent income / lighting and power and bank charges	-	-	2,788	-	-	-	-	-	-	2,554	-	-	-	-

#### Expense

Mark-up / return / interest paid	-	180	-	7,853	10,037	760,099	485,711	92	6,152	-	33	38,037	724,844	5,109
Expenses paid to company in which Directors of the bank is interested as CEO and director	-	-	-	-	-	-	36,346	-	-	-	-	-	-	18,668
Remuneration to key management executives including charge for defined benefit plan	-	420,851	-	-	-	-	-	-	347,228	-	-	-	-	-
Donation paid to company in which Directors of the bank is interested as director	-	-	-	-	-	-	5,000	-	-	-	-	-	-	-
Directors fee & other allowances	-	-	-	-	-	-	16,475	-	-	-	-	-	-	11,497
Post Retirement Benefit paid to Director cum ex-employee	-	-	-	-	-	-	522	-	-	-	-	-	-	1,044

### 38.1 Transactions with Government-related entities

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

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

The Group also earned commission on handling treasury transactions on behalf of the Government of Pakistan amounting to Rs. 5,185 million (June 30, 2021 Rs. 3,981 million) for the half year ended June 30, 2022. As at the Statement of Financial Position date the loans and advances, deposits and contingencies relating to Government-related entities amounted to Rs. 444,028 million (December 31, 2021: Rs. 405,294 million), Rs.1,321,410 million (December 31, 2021: Rs. 1,247,457 million) and Rs. 1,424,248 million (December 31, 2021: Rs. 1,540,238 million) respectively and income earned on advances and profit paid on deposits amounted to Rs. 31,172 million (June 30, 2021: Rs. 15,798 million) and Rs. 25,556 million (June 30, 2021 Rs. 27,401 million) respectively.

**39. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS**

	(Un-audited) June 30, 2022	(Audited) December 31, 2021
	----- (Rupees in '000) -----	
<b>Minimum Capital Requirement</b>		
Paid-up capital (net of losses)	<u>21,275,131</u>	<u>21,275,131</u>
<b>Capital Adequacy Ratio</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	222,766,878	204,320,445
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	<u>222,766,878</u>	<u>204,320,445</u>
Eligible Tier 2 Capital	<u>73,530,483</u>	<u>66,135,418</u>
Total Eligible Capital (Tier 1 + Tier 2)	<u>296,297,360</u>	<u>270,455,863</u>
Risk Weighted Assets (RWAs):		
Credit Risk	1,007,545,489	987,646,626
Market Risk	81,712,305	82,621,030
Operational Risk	<u>233,419,888</u>	<u>232,459,233</u>
Total	<u>1,322,677,682</u>	<u>1,302,726,889</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>16.84%</u>	<u>15.68%</u>
Tier 1 Capital Adequacy Ratio	<u>16.84%</u>	<u>15.68%</u>
Total Capital Adequacy Ratio	<u>22.40%</u>	<u>20.76%</u>
<b>Leverage Ratio (LR):</b>		
Tier-1 Capital	222,766,878	204,320,445
Total Exposures	<u>6,858,045,601</u>	<u>5,768,455,790</u>
Leverage Ratio	<u>3.25%</u>	<u>3.54%</u>
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	1,322,129,432	1,362,545,096
Total Net Cash Outflow	<u>907,451,528</u>	<u>828,459,514</u>
Liquidity Coverage Ratio	<u>146%</u>	<u>164%</u>
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	2,875,184,527	2,753,443,506
Total Required Stable Funding	<u>1,039,027,478</u>	<u>990,042,101</u>
Net Stable Funding Ratio	<u>277%</u>	<u>278%</u>

#### 40. ISLAMIC BANKING BUSINESS

The bank is operating 188 (December 31, 2021: 189) Islamic banking branches and 15 (2021: Nil) Islamic banking windows at the end of the half year June 30, 2022.

The statement of financial position of the Bank's Islamic banking branches as at June 30, 2022 is as follows:

	(Un-audited) June 30, 2022	(Audited) December 31, 2021
Note	(Rupees in '000) -----	
<b>ASSETS</b>		
Cash and balances with treasury banks	9,984,711	6,591,139
Balances with other banks	12,891	12,531
Investments	55,884,646	49,548,760
Islamic financing and related assets - net	46,630,469	42,316,209
Fixed assets	96,274	100,620
Right of use assets	583,548	641,973
Other assets	2,149,878	1,686,568
<b>Total Assets</b>	<b>115,342,417</b>	<b>100,897,800</b>
<b>LIABILITIES</b>		
Bills payable	330,925	388,351
Deposits and other accounts	95,950,440	84,849,520
Due to Head Office	10,165,623	7,635,926
Lease liability against right of use assets	789,036	826,081
Other liabilities	800,988	455,249
	<b>108,037,012</b>	<b>94,155,127</b>
<b>NET ASSETS</b>	<b>7,305,405</b>	<b>6,742,673</b>
<b>REPRESENTED BY</b>		
Islamic Banking Fund	5,561,000	4,646,000
Surplus on revaluation of assets	885,724	594,005
Unappropriated / unremitted profit	858,681	1,502,668
	<b>7,305,405</b>	<b>6,742,673</b>

The profit and loss account of the Bank's Islamic banking operations for the half year ended June 30, 2022 is as follows:

	(Un-audited) For the half year ended June 30, 2022	(Un-audited) June 30, 2021
Note	(Rupees in '000) -----	
Profit / return earned	5,228,503	3,270,388
Profit / return expensed	3,133,263	1,412,113
Net Profit / return	<b>2,095,240</b>	<b>1,858,275</b>
<b>Other income</b>		
Fee and commission income	130,460	109,890
Foreign exchange income	18,116	19,579
Other income	1,861	259
Total other income	<b>150,437</b>	<b>129,728</b>
Total Income	<b>2,245,677</b>	<b>1,988,003</b>
<b>Other expenses</b>		
Operating expenses	1,412,820	1,331,407
Other charges	-	475
	<b>1,412,820</b>	<b>1,331,882</b>
Profit before provisions	<b>832,857</b>	<b>656,121</b>
Provisions charge / (reversal) and write offs - net	<b>(25,824)</b>	<b>(212)</b>
Profit before taxation	<b>858,681</b>	<b>656,333</b>
Taxation	-	-
Profit after taxation	<b>858,681</b>	<b>656,333</b>



#### 40.1 Investments by segments:

##### Federal Government Securities:

-Ijarah Sukuks	33,668,265		(225,530)	33,442,735	14,000,979	-	(31,279)	13,969,700
-Others (Bai Muajjal with GOP @ 13.30%)	-	-	-	-	10,914,185	-	-	10,914,185
	33,668,265	-	(225,530)	33,442,735	24,915,164	-	(31,279)	24,883,885

##### Non Government Debt Securities

-Listed	8,200,000	-	328,400	8,528,400	8,200,000	-	340,000	8,540,000
-Unlisted	13,261,464	(130,807)	782,854	13,913,511	15,970,398	(130,807)	285,284	16,124,875
	21,461,464	(130,807)	1,111,254	22,441,911	24,170,398	(130,807)	625,284	24,664,875
<b>Total Investments</b>	<b>55,129,729</b>	<b>(130,807)</b>	<b>885,724</b>	<b>55,884,646</b>	<b>49,085,562</b>	<b>(130,807)</b>	<b>594,005</b>	<b>49,548,760</b>

#### 40.2 Islamic financing and related assets - net

Ijarah  
Murabaha  
Diminishing Musharaka  
Other Islamic Modes (Wakala tul Istismar)  
Advances against Islamic assets (DM, Istisna)  
Inventory related to Islamic financing (Istisna)  
Gross Islamic financing and related assets

Less: provision against Islamic financings

- Specific  
- General

Islamic financing and related assets - net of provision

(Un-audited) (Audited)  
June 30, December 31,  
2022 2021  
----- (Rupees in '000) -----

61,381	95,075
2,362,918	903,901
22,539,080	21,834,074
8,500,000	8,500,000
11,755,109	11,226,981
2,096,048	469,000
<b>47,314,536</b>	<b>43,029,031</b>

(683,871)	(712,763)
(196)	(59)
(684,067)	(712,822)
<b>46,630,469</b>	<b>42,316,209</b>

(Un-audited) (Audited)  
June 30, December 31,  
2022 2021  
----- (Rupees in '000) -----

**40.3 Deposits**

**Customers**

Current deposits  
Savings deposits  
Term deposits

23,554,100	21,784,727
41,860,369	42,730,234
17,572,007	8,148,745
<u>82,986,476</u>	<u>72,663,706</u>

**Financial Institutions**

Current deposits  
Savings deposits  
Term deposits

900,075	700,103
6,922,123	6,064,983
5,141,766	5,420,728
<u>12,963,964</u>	<u>12,185,814</u>
<u>95,950,440</u>	<u>84,849,520</u>

**40.4 Unappropriated / unremitted profit**

Opening Balance  
Add: Islamic banking profit for the period  
Less: Transferred / remitted to head office  
Closing balance

1,502,668	2,108,388
858,681	1,502,668
(1,502,668)	(2,108,388)
<u>858,681</u>	<u>1,502,668</u>

(Un-audited) (Un-audited)  
For the half year ended  
June 30, 2022 June 30, 2021  
----- (Rupees in '000) -----

**40.5 Profit / Return Earned of Financing, Investments and Placement**

Profit earned on:

Financing  
Investments  
Placements  
Others (Bai Muajjal)

2,178,680	1,366,254
2,832,181	1,286,787
360	295
217,282	617,052
<u>5,228,503</u>	<u>3,270,388</u>

**40.6 Profit on Deposits and other Dues Expensed**

Deposits and other accounts  
Amortisation of lease liability against - ROUA  
Others (General Account)

1,976,290	1,158,711
36,858	41,669
1,120,115	211,733
<u>3,133,263</u>	<u>1,412,113</u>

**41. APPROPRIATION OF DIVIDEND**

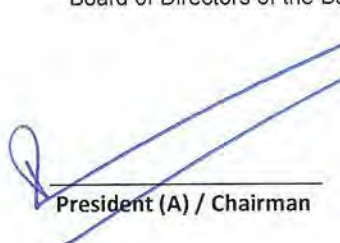



As explained in note 49 of annual audited consolidated financial statements of the Bank for the year ended December 31, 2021, the recommended cash dividend of Re.1 per share which amounted to Rs. 2,128 million, was subject to approvals of Federal Government under section 17 of the Banks (Nationalization) Act, 1974 and the State Bank of Pakistan. The Bank has applied for requisite approvals that are under process. Hence, dividend could not be declared in the annual general meeting of the Bank held on March 30, 2022. Therefore, these consolidated condensed interim financial statements do not reflect this appropriation.

**42. GENERAL**

**42.1** Figures have been rounded off to the nearest thousand rupees.

**43. DATE OF AUTHORIZATION FOR ISSUE**

The consolidated condensed interim financial statements were authorized for issue on 17 AUG 2022 by the Board of Directors of the Bank.

 _____ President (A) / Chairman	 _____ Chief Financial Officer	 _____ Director	 _____ Director	 _____ Director
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**NBP**

National Bank of Pakistan

نیشنل بینک آف پاکستان