






Quarterly Report September 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

Board of Directors

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

Audit Committee

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

Chief Financial Officer

Mr. Abdul Wahid Sethi

Company Secretary

Syed Muhammad Ali Zamin

Auditors

A.F. Ferguson & Co.
Chartered Accountants

Yousuf Adil
Chartered Accountants

Legal Advisors

Mandviwalla & Zafar
Advocates & Legal Consultants

Registered & Head Office

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

Registrar & Share Registration Office

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

Website

www.nbp.com.pk

**NATIONAL BANK OF PAKISTAN
UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 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 nine months period ended September 30, 2022.

Economic Environment

The global economy remains confronted with slowing growth, high inflationary pressures and geo-political unrests. In most countries, the central banks are responding aggressively, leading to exchange rate depreciation pressure on most emerging market currencies.

While Pakistan's economy is facing deceleration due to the multiple factors. The economic and fiscal outlook has deteriorated significantly with the catastrophic floods as agricultural output of major crops is expected to decline sharply. The economy has slowed considerably as most LSM indicators were lower in both July and August than in the same period last year. Based on currently available information, GDP growth could fall to around 2% in FY23, compared to the previous forecast of 3-4% before the floods. Meanwhile, higher food prices could raise average headline inflation in FY23 somewhat above the pre-flood projection of 18-20%. Amidst these challenges, the headline inflation fell last month due to an administrative cut in electricity prices. The current account and trade deficits also narrowed in August and September, respectively, and the Rupee has recouped some of its losses following the recent depreciation. The combined 7th and 8th review under the on-going IMF program was successfully completed on August 29, releasing a tranche of \$1.2 Billion.

During the first quarter of FY23, imports have declined by 12.7% (YoY) to \$16.3 billion while exports have grown by 1.8% (YoY) to \$7 billion. FX reserves have also remained under pressure and stood at \$13.6 Bn at the end of September 2022, the lowest levels since 2018. However, given secured external financing and additional commitments in the wake of the floods, FX reserves should improve through the course of the year.

In the prevailing macro indicators, the State Bank of Pakistan has maintained the policy rate at 15.0% since July 2022. While the Pakistan Stock Exchange has also witnessed higher volatility in the recent months, the banking industry has reported healthy pre-tax profits.

Financial Performance – 9M'2022

Financial Performance for the 9M period ended September 30, 2022

Amidst the continued challenging economic environment, your Bank has delivered strong financial performance for the nine months period ended September 30, 2022. These results depict the resilience of the Bank's business model, effectiveness of the management's strategies and the efforts of our staff.

▪ Profitability (PKR 'Bn)

| No. | Key Items | Sep'22 | Sep'21 | Better / (Worse) Amount | % |
|-----|-------------------------|--------------|-------------|----------------------------|-----------------|
| 1 | NII | 80.6 | 72.4 | 8.2 | 11.3% ▲ |
| 2 | NFI | 25.3 | 27.1 | (1.8) | -6.6% ▼ |
| 3 | Total income | 105.9 | 99.5 | 6.4 | 6.4% ▲ |
| 4 | Admin Exp. | 54.8 | 47.0 | (7.7) | 16.5% ▲ |
| 5 | Pre-Prov. Profit | 51.1 | 52.5 | (1.3) | -2.5% ▼ |
| 6 | Provision Charge | 2.8 | 12.2 | 9.4 | 77.1% ▼ |
| 7 | Pre-tax profit | 48.3 | 40.2 | 8.1 | 20.1% ▲ |
| 8 | Tax | 29.2 | 16.1 | (13.1) | 81.2% ▲ |
| 9 | After-tax profit | 19.2 | 24.1 | (5.0) | -20.6% ▼ |
| 10 | EPS (Rs.) | 9.0 | 11.3 | (2.3) | -20.6% ▼ |

For the nine months period under review, your Bank generated a Gross Interest Income 'GII' of PKR 332.2 Bn as against PKR 166.5 Bn for the similar nine months period of 2021. The PKR 165.7 Bn increase in GII is achieved through a robust volumetric growth in average interests earning assets coupled with the impact of higher average policy rate during this period that stood at 12.4% as compared to 7.0 % during the same period last year.

During 9M'22, the Bank's investments portfolio averaged PKR 2,427.5 Bn (Sep'21:PKR 1,633.8 Bn) and generated mark-up/interest income of PKR 225.5 Bn being PKR 125.3 Bn or 124.9% up against PKR 100.3 Bn for the corresponding 9M'21. This translates into average yield at 12.4% (Sep'21:8.2%). In the higher policy rate environment, the maturity profile of the Bank's investment book is skewed towards the shorter duration securities under available-for-sale category. Similarly, placements, that averaged PKR 126.9 Bn (Sep'21:PKR 53.9 Bn) generated a mark-up income of PKR 10.8 Bn (Sep'21: PKR 2.9 Bn) at an improved yield of 11.3% as compared to 7.1% for Sep'21.

For the nine-months period, the Bank's loan book averaged PKR 1,341.9 Bn and generated a mark-up income of PKR 95.9 Bn i.e. PKR 32.5 Bn or 51.4% higher than PKR 63.4 Bn of for the similar period last year. This significant growth was achieved through both, a volumetric growth, as well as the favourable YoY rate variance. Pertinent to mention this high performance was achieved despite the fact that the Bank carries a significant proportion of lower margin and non-performing public-sector loans.

Likewise, on the back of higher average policy rate, the Bank's cost of funds for 9M'22 recorded a significant YoY increase and amounted to PKR 251.6 Bn as against PKR 94.1 Bn for corresponding 9M period of 2021. The PKR 157.5 Bn or 167.4% YoY increase is mainly recorded in cost of Deposits that amounted to PKR 141.9 Bn (9M'21:PKR 61.7 Bn) and the borrowings/repo costs by PKR 75.8 Bn to close at PKR 101.5 Bn. As compared to 9M'21, average non-remunerative current deposits increased impressively by PKR 66.9 Bn or 13.3% to PKR 569.6 Bn.

Consequently, the Net Interest Income 'NII' for the period under review closed at PKR 80.6 Bn, depicting a 11.3% increase against PKR 72.4 Bn of Sep'21.

▪ Non-Fund Income

Non-Fund Income 'NFI' for the Sep'22 recorded a slight decrease to close at PKR 25.3 Bn which is PKR 1.8 Bn or 6.6% lower than PKR 27.1 Bn of Sep'21. This was mainly due to a significant drop in the capital gains. While fee & commission income recorded a 13.9% growth YoY to close at PKR 14.5 Bn (Sep'21:PKR 12.7Bn), the FX income increased by 5.6% to close at PKR 5.1 Bn as against PKR 4.8 Bn for Sep'21. Bank's equity investment portfolio yielded dividend income of PKR 3.4 Bn, which is PKR 0.64 Bn or 23.2% higher YoY. However, capital gains dropped significantly by PKR 4.3 Bn or 79.5% to close at PKR 1.1 Bn only (Sep'21:PKR 5.4 Bn). Going forward, the NFI is expected to rebound as the stock market is expected to show stability.

▪ Operating Expenses

Operating expenses of the Bank for the period under review amounted to PKR 54.8 Bn which is 16.5% higher YoY as compared to PKR 47.0 Bn of SPLY. HR cost that constitutes around 64.7% of the total operating expenses, amounted to PKR 35.4 Bn i.e. 12.8% up against PKR 31.4 Bn in Sep'21. While property related expenses amounted to PKR 7.2 Bn (Sep'21:PKR 6.2 Bn), IT related expenses stood at PKR 3.0 Bn (Sep '21: PKR 1.9 Bn). The Bank is currently investing significantly to improve & strengthen its core banking applications and related IT infrastructure. Other operating expenses amounted to PKR 9.1 Bn depicting a 20.4% increase YoY responding to the general inflationary hike in costs.

Operating expenses for the period translate into a cost-to-income ratio escalating to 51.7% from 47.3% in Sep'21. Overall, the increase observed in the operating expenses incurred during the period are in line with the inflationary pressures and industry norms.

▪ Provision Charge

The Bank prudently identifies impairments in its assets portfolio and maintains a robust level of provisions as per the applicable regulatory requirements and internal capital adequacy guidelines. 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 the 9M period under review, non-performing loans (NPLs) increased marginally by 6.4% to reach PKR 210.6 Bn from PKR 197.9 Bn as of December 31, 2021. These translate into loan infection ratio at 14.9% showing some improvement against 15.2% at Dec 31, 2021 and 16.2% at March 31, 2021. Pertinent to mention that the Bank carries a significant amount of legacy NPLs that are not written-off in line with normal industry practice.

Accordingly, for the nine months period under review, provision charge amounted to PKR 2.8 Bn i.e. significantly lower by 77.1% or PKR 9.4 Bn as compared to PKR 12.2 Bn for the corresponding nine months period of 2021. Key contributor towards this drop were the loans & advances that recorded a net charge of PKR 494.3 Mn as against a total charge of PKR 11.8 Bn for the 9M period of 2021. However, provision against diminution in value of investments recorded a YoY increase of PKR 1.61 Bn and amounted to PKR 1.9 Bn as against PKR 339.1 Mn in the comparative 9M period.

Specific and General provisions held against NPLs stood at PKR 192.2 Bn (Dec'21:PKR 179.3 Bn) and PKR 9.3 Bn (Dec'21:PKR 12.5 Bn), respectively. Thus, provision coverage at September 30, 2022 stood at 91.3%.

■ Taxation & After-tax Profit

Taxation charge for the period amounted to PKR 29.2 Bn as against PKR 16.1 Bn for 9M'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 mainly due to ADR being below 50% with reference to prior year's earnings and has increased the effective tax rate from 40% for 9M'21 to 60.4% for 9M'22.

Consequently, profit after-tax for the nine months period ended September 30, 2022 stood at PKR 19.2 Bn i.e. PKR 5.0 Bn or 20.6% lower than PKR 24.1 Bn for 9M'21. This translates into Earnings per Share of Rs. 9.01 as compared to Rs. 11.35 for 9M'21.

■ Appropriation of Profit

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

| | (PKR 'Mn) |
|--|-------------------------|
| Profit after tax for the nine months period ended September 30, 2022 | 19,163.6 |
| Un-appropriated profit brought forward | 140,073.8 |
| Other comprehensive income/(loss) - net of tax | (1,618.8) |
| Transfer from surplus on revaluation of fixed assets-net of tax | 148.3 |
| Transfer from general loan loss reserve | 8,000.0 |
| Profit available for appropriations | <u>165,766.9</u> |
| Appropriation: | |
| Transfer to Statutory Reserve | <u>1,916.4</u> |
| Un-appropriated profit carried forward | <u><u>163,850.5</u></u> |

■ Appropriation for proposed Dividend

As explained in note 48 to the unconsolidated annual financial statements for the year ended December 31, 2021, the recommended cash dividend of Rs. 1.0 per share that 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 approvals.

Financial Position as at September 30, 2022

At September 30, 2022, total assets of the Bank amounted to PKR 5,168.0 Bn, depicting a 34.3% increase against PKR 3,846.7 Bn levels of December 31, 2021.

▪ Loans and Advances

At September 30, 2022, gross loans & advances of the Bank amounted to PKR 1,415.4 Bn depicting a modest increase of 8.4% or PKR 110.2 Bn against PKR 1,305.2 Bn at end of the year 2021. Whereas, net advances stood at PKR 1,214.0 Bn i.e. 9.0% 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 YoY increase in deposits and limited growth opportunities in quality loan book, the Bank's Advance-to-Deposit Ratio (gross) stood at 47.0% at September 30, 2022.

▪ Investments

Pursuant to an effective risk and liquidity management strategy, the Bank is maintaining a diversified investment portfolio across zero risk weighted GoP instruments, high dividend yielding equities and other interest-bearing financial instruments. As at September 30, 2022, the Bank's investments (at cost) amounted to PKR 3,360.3 Bn (2021:PKR 1,924.2 Bn) with a carrying value of PKR 3,356.6 Bn (2021:PKR 1,938.2 Bn). During the nine months under review, PKR 1,436.2 Bn or 74.6% increase in the investments (at cost) mostly came in the available-for-sale securities that stood at PKR 2,780.4 Bn (2021:PKR 1,423.1 Bn) as of Sep'30, 2022. Given the limited quality loan growth demand, and a steady growth in customer deposits, excess liquidity with the Bank is mostly placed in shorter-term GoP securities to capitalize on price volatility in the currently hiking policy rate environment.

▪ Deposits & Funding

At September 30, 2022, total deposits with the Bank amounted to PKR 3,010.8 Bn i.e. similar to PKR 3,019.2 Bn of December 31, 2021. Major share of the Bank's funding comes from customer sticky deposits that contribute PKR 2,622.2 Bn or 87.1% of the total deposits. Non-remunerative current deposits increased by 5.9% during the 9M period under review to close at PKR 659.2 Bn making 25.1% of the total customer deposits; whereas remunerative but low cost current accounts deposits were reduced by 3% to close at PKR 629.6 Bn, making 24% of the customer deposits.

With current deposits at PKR 1,627.7 Bn or 54.1% of the total deposits at September 30, 2022, the Bank maintains a strong liquidity profile. In addition, the CASA ratio stood high at 81.7%. Liquidity Coverage Ratio and Net Stable Funding Ratio remained over the regulatory requirements as the same stood at 137% (Dec'21:164%) and 255% (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.

Net Assets amount to PKR 301.9 Bn i.e. 5.5% higher than PKR 286.2 Bn at the end of 2021. These translate into a break-up value of PKR 142.0 per share (YE'21: PKR 134.5). During 9M'22, the Bank's Eligible Tier 1 capital increased by PKR 25.2 Bn or 12.6% to PKR 225.0 Bn from PKR 199.8 Bn at YE'21. Likewise, Eligible Tier 2 capital also increased by PKR 9.5 Bn or 14.7% to reach PKR 73.8 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 72.3 Bn or 5.6% from PKR 1,295.1 Bn at YE'21 to PKR 1,367.4 Bn at September 30, 2022.

Consequently, the Total Capital Adequacy Ratio (CAR) has improved to 21.85% with Tier-1 capital adequacy ratio at 16.45%; 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 Sep'30, 2022, the Bank's leverage ratio stood at 3.24%. 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 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, as the Bank is confident about a favorable outcome on the matter.

Credit Ratings

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

Outlook

Amidst the devastating floods, policy tightening, and critical efforts to tackle sizable fiscal and external imbalances, Pakistan's economy is forecast to slow in fiscal year 2023 (ending 30 June 2023). Going forward, the economic outlook will be shaped largely by the restoration of political stability and the continued implementation of reforms under the revived International Monetary Fund program to stabilize the economy and restore fiscal and external buffers.

Despite the 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 near future, the Bank's business strategy will remain focused on financing and supporting underserved sectors including SME, Microfinance, Agriculture Finance as well as Islamic financing on a priority basis.

Changes in the Board of Directors during the period under review

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 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.

For and on behalf of the Board of Directors



Rehmat Ali Hasnie
President & CEO (A)



Asif Jooma
Director

Karachi

Dated: October 28, 2022

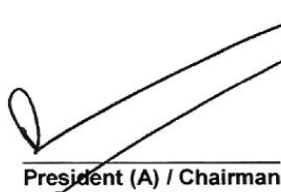




NATIONAL BANK OF PAKISTAN
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2022

| | | (Un-audited) September 30, 2022 | (Audited) December 31, 2021 |
|---|----|---------------------------------------|-----------------------------------|
| Note | | (Rupees in '000) | |
| ASSETS | | | |
| Cash and balances with treasury banks | 6 | 220,821,843 | 278,747,059 |
| Balances with other banks | 7 | 21,052,559 | 17,667,067 |
| Lendings to financial institutions | 8 | 102,250,970 | 335,466,675 |
| Investments | 9 | 3,356,574,265 | 1,938,170,642 |
| Advances | 10 | 1,213,960,192 | 1,113,392,485 |
| Fixed assets | 11 | 53,441,508 | 54,106,376 |
| Intangible assets | 12 | 1,212,226 | 647,970 |
| Right of use assets | 13 | 7,005,787 | 6,605,400 |
| Deferred tax asset | 14 | 3,033,213 | 1,625,647 |
| Other assets | 15 | 188,612,368 | 100,255,148 |
| | | 5,167,964,931 | 3,846,684,469 |
| LIABILITIES | | | |
| Bills payable | 16 | 14,325,357 | 21,848,270 |
| Borrowings | 17 | 1,578,494,809 | 312,925,106 |
| Deposits and other accounts | 18 | 3,010,775,922 | 3,019,155,045 |
| Lease liability against right of use assets | 19 | 8,609,869 | 7,893,960 |
| Other liabilities | 20 | 253,856,836 | 198,659,523 |
| | | 4,866,062,793 | 3,560,481,904 |
| NET ASSETS | | 301,902,138 | 286,202,565 |
| REPRESENTED BY | | | |
| Share capital | | 21,275,131 | 21,275,131 |
| Reserves | 21 | 62,792,179 | 60,371,495 |
| Surplus on revaluation of assets | 22 | 53,984,284 | 64,482,122 |
| Unappropriated profit | | 163,850,544 | 140,073,817 |
| | | 301,902,138 | 286,202,565 |

CONTINGENCIES AND COMMITMENTS

23

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

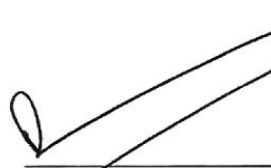







President (A) / Chairman Chief Financial Officer Director Director Director

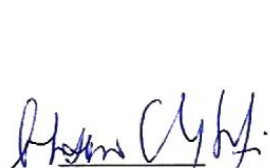
NATIONAL BANK OF PAKISTAN
UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022

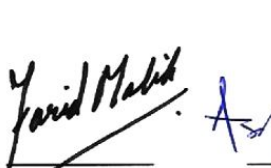
| | | Quarter ended | | Nine months ended | |
|---|----|-----------------------|-----------------------|-----------------------|-----------------------|
| | | September 30, 2022 | September 30, 2021 | September 30, 2022 | September 30, 2021 |
| Note | | (Rupees in '000) | | | |
| | | | | | |
| Mark-up / return / interest earned | 24 | 152,805,418 | 58,489,692 | 332,195,215 | 166,485,220 |
| Mark-up / return / interest expensed | 25 | 125,321,627 | 33,492,144 | 251,607,060 | 94,092,433 |
| Net mark-up / return / interest income | | 27,483,791 | 24,997,548 | 80,588,155 | 72,392,787 |
| NON MARK-UP / INTEREST INCOME | | | | | |
| Fee and commission income | 26 | 4,216,339 | 3,869,806 | 14,456,396 | 12,690,562 |
| Dividend income | | 1,476,899 | 1,315,147 | 3,421,458 | 2,777,555 |
| Foreign exchange income | | 780,131 | 2,129,372 | 5,058,891 | 4,788,621 |
| Gain on securities - net | 27 | 32,396 | 1,298,308 | 1,117,447 | 5,440,043 |
| Other income | 28 | 470,228 | 454,074 | 1,273,696 | 1,412,815 |
| Total non-mark-up / interest income | | 6,975,993 | 9,066,707 | 25,327,888 | 27,109,596 |
| Total income | | 34,459,784 | 34,064,255 | 105,916,043 | 99,502,383 |
| NON MARK-UP / INTEREST EXPENSES | | | | | |
| Operating expenses | 29 | 18,897,488 | 16,367,472 | 54,712,266 | 46,991,143 |
| Other charges | 30 | 31,594 | 10,029 | 61,749 | 34,403 |
| Total non-markup / interest expenses | | 18,929,082 | 16,377,501 | 54,774,015 | 47,025,546 |
| Profit before provisions | | 15,530,702 | 17,686,754 | 51,142,028 | 52,476,837 |
| Provisions and write offs - net | 31 | 1,065,471 | 5,458,284 | 2,799,199 | 12,231,058 |
| PROFIT BEFORE TAXATION | | 14,465,231 | 12,228,470 | 48,342,829 | 40,245,779 |
| Taxation | 32 | 7,441,943 | 5,049,193 | 29,179,226 | 16,101,189 |
| PROFIT AFTER TAXATION | | 7,023,288 | 7,179,277 | 19,163,603 | 24,144,590 |
| (Rupees) | | | | | |
| Earnings per share - basic and diluted | 33 | 3.30 | 3.38 | 9.01 | 11.35 |

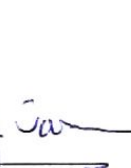
The annexed notes 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.


 President (A) / Chairman


 Chief Financial Officer


 Director

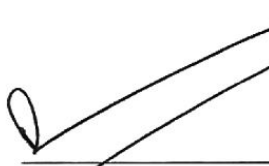

 Director



 Director


NATIONAL BANK OF PAKISTAN
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022


| | Quarter ended | | Nine months ended | |
|--|------------------------------|-----------------------|------------------------------|-----------------------|
| | September 30, 2022 | September 30, 2021 | September 30, 2022 | September 30, 2021 |
| | ----- (Rupees in '000) ----- | | ----- (Rupees in '000) ----- | |
| Profit after taxation for the period | 7,023,288 | 7,179,277 | 19,163,603 | 24,144,590 |
| 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 | 3,603,881 | 2,608,476 | 8,484,520 | 1,454,712 |
| Movement in surplus on revaluation of investments - net of tax | (1,713,072) | (4,720,662) | (10,349,575) | (2,751,024) |
| | 1,890,809 | (2,112,186) | (1,865,055) | (1,296,312) |
| Items that will not be reclassified to profit and loss account in subsequent periods: | | | | |
| Remeasurement (loss) / gain on defined benefit obligations - net of tax | (9,568) | (609,688) | (1,618,779) | (378,816) |
| Movement in surplus on revaluation of fixed assets - net of tax | - | - | - | (27,490) |
| | (9,568) | (609,688) | (1,618,779) | (406,306) |
| Total comprehensive (loss) / income | 8,904,529 | 4,457,403 | 15,679,769 | 22,441,972 |


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


 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 NINE MONTHS PERIOD ENDED SEPTEMBER 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 nine months ended September 30, 2021 | - | - | - | - | - | - | - | - | - | - | 24,144,590 | 24,144,590 |
| Other comprehensive (loss) / income - net of tax | - | 1,454,712 | - | - | - | - | 1,454,712 | (2,751,024) | (27,490) | (2,778,514) | (378,816) | (1,702,618) |
| Transfer to statutory reserve | - | - | 2,414,459 | - | - | - | 2,414,459 | - | - | - | (2,414,459) | - |
| Transfer from surplus on revaluation of assets to unappropriated profit - net of tax | - | - | - | - | - | - | - | - | (180,239) | (180,239) | 180,239 | - |
| Transfer to unappropriated profit | | | | | | | - | | | - | | - |
| Transactions with owners, recorded directly in equity | | | | | | | | | | | | |
| December 31, 2020 (Rs. Nil per share) | - | - | - | - | - | - | - | - | - | - | - | - |
| Balance as at October 01, 2021 | 21,275,131 | 13,024,803 | 38,542,161 | 343,802 | 8,000,000 | 521,338 | 60,432,104 | 25,750,246 | 44,990,345 | 70,740,592 | 137,552,888 | 290,000,715 |
| Profit after taxation for the three months period ended December 31, 2021 | - | - | - | - | - | - | - | - | - | - | 3,863,398 | 3,863,398 |
| Other comprehensive income / (loss) - net of tax | - | (446,949) | - | - | - | - | (446,949) | (5,862,029) | (368,591) | (6,230,620) | (983,978) | (7,661,547) |
| Transfer to statutory reserve | - | - | 386,340 | - | - | - | 386,340 | - | - | - | (386,340) | - |
| Transfer from surplus on revaluation of assets to unappropriated profit - net of tax | - | - | - | - | - | - | - | - | (27,849) | (27,849) | 27,849 | - |
| 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 | 64,482,123 | 140,073,817 | 286,202,565 |
| Profit after taxation for the nine months ended Septmeber 30, 2022 | - | - | - | - | - | - | - | - | - | - | 19,163,603 | 19,163,603 |
| Other comprehensive income / (loss) - net of tax | - | 8,484,520 | - | - | - | - | 8,484,520 | (10,349,575) | - | (10,349,575) | (1,618,779) | (3,483,834) |
| Transfer to statutory reserve | - | - | 1,916,360 | - | - | - | 1,916,360 | - | - | - | (1,916,360) | - |
| Transfer from surplus on revaluation of assets to unappropriated profit - net of tax | - | - | - | - | - | - | - | - | (148,263) | (148,263) | 148,263 | - |
| Transfer to unappropriated profit | - | - | - | - | (8,000,000) | - | (8,000,000) | - | - | - | 8,000,000 | - |
| Adjustment in Merger Reserve | - | - | - | 19,804 | - | - | 19,804 | | | | | 19,804 |
| Transactions with owners, recorded directly in equity | | | | | | | | | | | | |
| Cash dividend paid for the year ended December 31, 2021 (Refer to Note # 40) | - | - | - | - | - | - | - | - | - | - | - | - |
| Balance as at September 30, 2022 | 21,275,131 | 21,062,374 | 40,844,861 | 363,606 | - | 521,338 | 62,792,179 | 9,538,642 | 44,445,642 | 53,984,285 | 163,850,544 | 301,902,138 |

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


President (A) / Chairman


Chief Financial Officer


Director


Director


Director

NATIONAL BANK OF PAKISTAN
UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022

| | | Septmeber 30, 2022 | September 30, 2021 |
|--|----|------------------------------|-----------------------|
| Note | | ----- (Rupees in '000) ----- | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| | | 48,342,829 | 40,245,779 |
| Profit before taxation | | (3,421,458) | (2,777,555) |
| Less: dividend income | | 44,921,371 | 37,468,224 |
| Adjustments: | | | |
| Depreciation on fixed assets | | 1,857,413 | 1,784,083 |
| Depreciation on right of use assets | | 1,491,580 | 1,416,151 |
| Amortisation | | 184,906 | 154,526 |
| Provision and write-offs - net | 31 | 2,799,199 | 12,231,058 |
| Gain on sale of fixed assets | | (6,494) | (22,176) |
| Financial charges on leased assets | | 129,821 | 90,493 |
| Financial charges on right-of-use-assets | | 618,709 | 570,206 |
| Unrealized gain on revaluation of investments classified as held-for-trading | | 62,959 | 56,200 |
| Charge for defined benefit plans - net | | 6,339,258 | 5,551,176 |
| | | 13,477,351 | 21,831,717 |
| | | 58,398,722 | 59,299,941 |
| Decrease / (increase) in operating assets | | | |
| Lendings to financial institutions | | 212,215,705 | (141,158,915) |
| Held-for-trading securities | | 6,817,549 | (32,406,338) |
| Advances | | (110,378,351) | (48,011,939) |
| Other assets (excluding advance taxation) | | (95,684,366) | (5,160,746) |
| | | 12,970,537 | (226,737,938) |
| Increase / (decrease) in operating liabilities | | | |
| Bills payable | | (7,522,913) | 3,958,444 |
| Borrowings from financial institutions | | 1,279,742,949 | 612,795,336 |
| Deposits | | (8,379,123) | 132,635,823 |
| Other liabilities (excluding current taxation) | | 50,928,729 | 11,860,391 |
| | | 1,314,769,642 | 761,249,994 |
| Financial charges paid | | (748,530) | (660,699) |
| Income tax paid / adjusted | | (9,750,000) | (8,337,000) |
| Benefits paid | | (2,355,895) | (1,240,225) |
| Net cash flows generated from operating activities | | 1,373,284,476 | 583,574,073 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Net investments in available-for-sale securities | | (1,357,338,235) | (670,612,523) |
| Net investments in held-to-maturity securities | | (86,540,059) | 31,022,352 |
| Dividends received | | 3,421,458 | 1,605,063 |
| Investments in fixed assets | | (1,566,678) | (2,191,501) |
| Proceeds from sale of fixed assets | | 39,487 | 48,535 |
| Effect of translation of net investment in foreign branches | | 8,484,520 | 1,454,712 |
| Net cash flows used in investing activities | | (1,432,545,724) | (638,673,363) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Payments of lease obligations | | (2,105,230) | (1,494,970) |
| Dividend paid | | - | (2,613) |
| Net cash flows used in financing activities | | (2,105,230) | (1,497,583) |
| (Decrease) / increase in cash and cash equivalents | | (61,366,478) | (56,596,873) |
| 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 | 210,019,882 | 205,646,844 |

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


 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 NINE MONTHS PERIOD ENDED SEPTEMBER 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; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

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

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

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

In hand

| | (Un-audited) September 30, 2022 | (Audited) December 31, 2021 |
|--------------------|---------------------------------------|-----------------------------------|
| Local currency | 62,037,069 | 55,956,579 |
| Foreign currencies | 7,928,989 | 6,885,815 |
| | 69,966,058 | 62,842,394 |

With State Bank of Pakistan in

| | | | |
|--------------------------------------|-----|--------------------|--------------------|
| Local currency current accounts | 6.1 | 98,677,756 | 133,688,664 |
| Foreign currency current accounts | 6.2 | 15,344,342 | 11,738,428 |
| Foreign currency deposit accounts | 6.2 | 12,436 | 24,098,591 |
| Foreign currency collection accounts | | 1,852,372 | 1,226,824 |
| | | 115,886,906 | 170,752,507 |

With other central banks in

| | | | |
|-----------------------------------|-----|-------------------|-------------------|
| Foreign currency current accounts | 6.3 | 30,035,312 | 40,265,103 |
| Foreign currency deposit accounts | 6.3 | 4,585,263 | 2,920,706 |
| | | 34,620,575 | 43,185,809 |

Prize bonds

| | | |
|--|--------------------|--------------------|
| | 348,304 | 1,966,349 |
| | 220,821,843 | 278,747,059 |

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

- 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 3.25% per annum (December 31, 2021: 0% to 6.30% per annum).

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

7. BALANCES WITH OTHER BANKS

In Pakistan

| | | | |
|---------------------|-----|--------|--------|
| In deposit accounts | 7.1 | 13,203 | 12,531 |
|---------------------|-----|--------|--------|

Outside Pakistan

| | | | |
|---------------------|-----|------------|------------|
| In current accounts | | 14,347,193 | 12,008,146 |
| In deposit accounts | 7.2 | 6,692,163 | 5,646,390 |
| | | 21,039,356 | 17,654,536 |
| | | 21,052,559 | 17,667,067 |

- 7.1** These include various deposits with banks and carry interest at rates ranging from 5% to 13 % 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 2.6% per annum (December 31, 2021: 0% to 1.5% per annum).

| | (Un-audited) September 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 | 96,277,874 | 282,051,308 |
| Musharaka Lending | 8.3 | 2,000,000 | 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 | 102,425,120 | 335,640,825 |
| Less: provision held against lendings to financial institutions | 8.7 | (174,150) | (174,150) |
| Lendings to financial institutions - net of provision | | 102,250,970 | 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 15.15% to 16% per annum (December 31, 2021: 8.75% to 10.70% per annum) with maturities ranging from October 03, 2022 to October 07, 2022.
- 8.3** This represents Musharaka agreements entered into with Meezan Bank Limited and carrying profit at the rate of 15.9% (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 September 30, 2022

| | (Un-audited) September 30, 2022 ----- (Rupees in '000) ----- | (Audited) December 31, 2021 |
|-----------------------------------|---|-----------------------------------|
| 8.6 Particulars of lending | | |
| In local currency | 102,425,120 | 335,640,825 |
| In foreign currencies | - | - |
| | 102,425,120 | 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

| | September 30, 2022 (Un-audited) | | | December 31, 2021 (Audited) | | |
|---------------------------|---------------------------------|-----------------------------|-------------------|-----------------------------|-----------------------------|--------------------|
| | Held by Bank | Further given as collateral | Total | Held by Bank | Further given as collateral | Total |
| | ----- (Rupees in '000) ----- | | | | | |
| Market Treasury Bills | 38,463,753 | - | 38,463,753 | 163,594,180 | - | 163,594,180 |
| Pakistan Investment Bonds | 57,814,121 | - | 57,814,121 | 118,457,128 | - | 118,457,128 |
| Total | 96,277,874 | - | 96,277,874 | 282,051,308 | - | 282,051,308 |

8.8.1 Market value of the securities under repurchase agreement lendings amounts to Rs. 96,271 million (December 31, 2021: Rs.279,633 million).

8.9 Category of classification

| | September 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 |

9. INVESTMENTS

9.1 Investments by type:

| | September 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) ----- | | | | | | | | |
| Held-for-trading securities | | | | | | | | |
| Market Treasury Bills | 61,251,934 | - | 51,155 | 61,303,089 | 90,744,281 | - | (55,659) | 90,688,622 |
| Pakistan Investment Bonds | 51,411,307 | - | (95,789) | 51,315,518 | 29,114,020 | - | (65,016) | 29,049,004 |
| Ordinary shares of listed companies | 435,229 | - | (18,327) | 416,904 | - | - | - | - |
| | 113,098,470 | - | (62,959) | 113,035,511 | 119,858,301 | - | (120,675) | 119,737,626 |
| Available-for-sale securities | | | | | | | | |
| Pakistan Investment Bonds | 1,013,973,445 | - | (15,437,996) | 998,535,449 | 571,528,321 | - | (8,147,316) | 563,381,005 |
| Market Treasury Bills | 1,608,759,274 | - | (1,278,538) | 1,607,480,736 | 721,635,763 | - | (430,492) | 721,205,271 |
| Ijarah Sukuks | 20,519,415 | - | (236,903) | 20,282,512 | 14,000,979 | - | (31,279) | 13,969,700 |
| Ordinary shares of listed companies | 39,779,821 | (8,697,680) | 6,971,987 | 38,054,128 | 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) | 180,502 | 1,341,527 | 1,706,823 | (539,708) | 98,614 | 1,265,729 |
| Investments in mutual funds | 1,819,646 | (41,167) | 987,303 | 2,765,782 | 619,646 | (41,167) | 1,289,705 | 1,868,184 |
| Ordinary shares of a bank outside Pakistan | 463,294 | - | 41,264,378 | 41,727,672 | 463,294 | - | 27,060,912 | 27,524,206 |
| Term Finance Certificates / Musharika | | | | | | | | |
| Participation Term Certificate and Sukuk Bonds | 52,681,409 | (5,295,560) | 1,796,643 | 49,182,492 | 55,463,127 | (5,200,180) | 961,220 | 51,224,167 |
| GoP Foreign Currency Bonds | 37,837,965 | - | (17,477,170) | 20,360,795 | 20,778,528 | - | 26,435 | 20,804,963 |
| Foreign Government Securities | 1,026,755 | - | (35,745) | 991,010 | 880,932 | - | 26,372 | 907,304 |
| | 2,780,443,955 | (14,985,008) | 16,734,461 | 2,782,193,408 | 1,423,105,720 | (12,302,887) | 32,603,638 | 1,443,406,471 |
| Held-to-maturity securities | | | | | | | | |
| Pakistan Investment Bonds | 374,254,573 | - | - | 374,254,573 | 324,556,862 | - | - | 324,556,862 |
| Market Treasury Bills | 28,561,323 | - | - | 28,561,323 | - | - | - | - |
| Debentures, Bonds, Ijarah Sukuks, Participation | | | | | | | | |
| Term Certificates and Term Finance Certificates | 13,543,806 | (404,585) | - | 13,139,221 | 407,164 | (407,134) | - | 30 |
| Bai muajjal with Government of Pakistan | - | - | - | - | 10,914,185 | - | - | 10,914,185 |
| GoP Foreign Currency Bonds | 2,928,560 | - | - | 2,928,560 | - | - | - | - |
| Foreign Government Securities | 37,221,415 | - | - | 37,221,415 | 34,091,600 | - | - | 34,091,600 |
| Foreign Currency Debt Securities | 873 | - | - | 873 | 680 | - | - | 680 |
| | 456,510,550 | (404,585) | - | 456,105,965 | 369,970,491 | (407,134) | - | 369,563,357 |
| Associates | 4,970,863 | (3,708,771) | - | 1,262,092 | 4,970,863 | (3,938,595) | - | 1,032,268 |
| Joint Venture | 2,362,433 | - | - | 2,362,433 | 2,362,433 | - | - | 2,362,433 |
| Subsidiaries | 2,952,967 | (1,338,112) | - | 1,614,855 | 3,906,750 | (1,838,263) | - | 2,068,487 |
| Total investments | 3,360,339,238 | (20,436,475) | 16,671,502 | 3,356,574,265 | 1,924,174,558 | (18,486,879) | 32,482,963 | 1,938,170,642 |

| | | (Un-audited) September 30, 2022 | (Audited) December 31, 2021 |
|--|------|---------------------------------------|-----------------------------------|
| | Note | ----- (Rupees in '000) ----- | |
| 9.1.1 Investments given as collateral | | | |
| Pakistan Investment Bonds | | 697,900,930 | 30,682,290 |
| Market Treasury Bills | | 785,778,192 | 96,128,050 |
| | 17 | <u>1,483,679,122</u> | <u>126,810,340</u> |

9.2 Provision for diminution in value of investments

| | | |
|------------------------------|-------------------|-------------------|
| 9.2.1 Opening balance | 18,486,878 | 17,823,660 |
| Charge for the period | 2,988,989 | 1,382,192 |
| Reversals for the period | (1,039,392) | (718,973) |
| | <u>1,949,598</u> | <u>663,219</u> |
| Closing balance | <u>20,436,476</u> | <u>18,486,878</u> |

9.2.2 Particulars of provision against debt securities

Category of classification

| September 30, 2022 (Un-audited) | | December 31, 2021 (Audited) | |
|---------------------------------|------------------|-----------------------------|------------------|
| NPL | Provision | NPL | Provision |
| ----- (Rupees in '000) ----- | | | |
| Domestic | | | |
| Doubtful | 299,760 | 149,880 | - |
| Loss | 5,550,265 | 5,550,265 | 5,607,314 |
| | <u>5,850,025</u> | <u>5,700,145</u> | <u>5,607,314</u> |

9.3 The market value of securities classified as held-to-maturity as at September 30, 2022 amounted to Rs. 442,748 million (December 31, 2021: Rs. 366,869 million).

10. ADVANCES

| | | Performing | | Non performing | | Total | |
|---|--|---------------------------------------|-----------------------------------|---------------------------------------|-----------------------------------|---------------------------------------|-----------------------------------|
| | | (Un-audited) September 30, 2022 | (Audited) December 31, 2021 | (Un-audited) September 30, 2022 | (Audited) December 31, 2021 | (Un-audited) September 30, 2022 | (Audited) December 31, 2021 |
| Note | | ----- (Rupees in '000) ----- | | | | | |
| Loans, cash credits, running finances, etc. | | 1,128,191,171 | 1,045,675,022 | 195,798,852 | 183,077,586 | 1,323,990,023 | 1,228,752,608 |
| Islamic financing and related assets | | 44,671,211 | 42,316,269 | 683,871 | 712,762 | 45,355,082 | 43,029,031 |
| Net Investment in finance lease | | 39,972 | 47,548 | - | - | 39,972 | 47,548 |
| Bills discounted and purchased | | 31,960,114 | 19,199,730 | 14,070,455 | 14,147,881 | 46,030,569 | 33,347,611 |
| Advances - gross | | 1,204,862,468 | 1,107,238,569 | 210,553,178 | 197,938,229 | 1,415,415,646 | 1,305,176,798 |
| Provision against advances | | | | | | | |
| - Specific | | - | - | 192,153,446 | 179,311,722 | 192,153,446 | 179,311,722 |
| - General | | 9,302,008 | 12,472,591 | - | - | 9,302,008 | 12,472,591 |
| 10.4 | | 9,302,008 | 12,472,591 | 192,153,446 | 179,311,722 | 201,455,454 | 191,784,313 |
| Advances - net of provision | | 1,195,560,459 | 1,094,765,978 | 18,399,733 | 18,626,507 | 1,213,960,192 | 1,113,392,485 |

10.1 Net investment in finance lease

| | September 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 |
| ----- (Rupees in '000) ----- | | | | | | | | |
| Lease rentals receivable | 899 | | | 899 | 955 | 64 | - | 1,019 |
| Residual value | 39,237 | | | 39,237 | 46,536 | 185 | - | 46,721 |
| Minimum lease payments | 40,136 | - | - | 40,136 | 47,491 | 249 | - | 47,740 |
| Less: financial charges for future periods | 165 | | | 165 | 191 | 1 | - | 192 |
| Present value of minimum lease payments | 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)

| | (Un-audited) September 30, 2022 | (Audited) December 31, 2021 |
|------------------------------|---------------------------------------|-----------------------------------|
| ----- (Rupees in '000) ----- | | |
| In local currency | 1,271,407,763 | 1,178,151,941 |
| In foreign currencies | 144,007,883 | 127,024,857 |
| | <u>1,415,415,646</u> | <u>1,305,176,798</u> |

- 10.3** Advances includes Rs. 210,553 million (December 31, 2021: Rs.197,938 million) which have been placed under non-performing status as detailed below:

| Category of Classification | September 30, 2022 (Un-audited) | | December 31, 2021 (Audited) | |
|-----------------------------------|------------------------------------|--------------------|--------------------------------|-------------|
| | Non performing loans | Provision | Non performing loans | Provision |
| ----- (Rupees in '000) ----- | | | | |
| Domestic | | | | |
| Other assets especially mentioned | 3,847,115 | 109,983 | 1,941,221 | 94,550 |
| Substandard | 7,922,642 | 1,900,669 | 5,245,094 | 1,230,458 |
| Doubtful | 9,185,051 | 4,820,039 | 16,998,929 | 8,453,057 |
| Loss | 135,021,863 | 132,744,673 | 127,459,837 | 124,795,990 |
| | 155,976,671 | 139,575,364 | 151,645,081 | 134,574,055 |
| Overseas | | | | |
| Overdue by: | | | | |
| Upto 90 days | - | - | - | - |
| 91 to 180 days | - | - | - | - |
| 181 to 365 days | 341,616 | 170,808 | 286,746 | 143,373 |
| > 365 days | 54,234,891 | 52,407,275 | 46,006,402 | 44,594,294 |
| | 54,576,507 | 52,578,083 | 46,293,148 | 44,737,667 |
| Total | 210,553,178 | 192,153,447 | 197,938,229 | 179,311,722 |

10.4 Particulars of provision against advances

| | September 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 | 9,226,285 | 90,059 | 9,316,344 | 4,277,260 | 50,984 | 4,328,244 |
| Charge for the period / year | 3,819,172 | 1,327,644 | 5,146,816 | 15,655,578 | 513,602 | 16,169,180 |
| Reversals | (3,092,229) | (1,560,286) | (4,652,515) | (4,097,388) | (952,785) | (5,050,173) |
| | 726,943 | (232,642) | 494,300 | 11,558,190 | (439,183) | 11,119,007 |
| Amounts written off | (126,190) | | (126,190) | (171,425) | - | (171,425) |
| Amounts charged off - agriculture financing | (13,314) | | (13,314) | (110,733) | - | (110,733) |
| Transfer from general to specific provision | 3,028,000 | (3,028,000) | - | 9,612,958 | (9,612,958) | - |
| Closing balance | 192,153,446 | 9,302,008 | 201,455,453 | 179,311,722 | 12,472,591 | 191,784,313 |

10.4.1 Particulars of provision against advances

| | September 30, 2022 (Un-audited) | | | December 31, 2021 (Audited) | | |
|------------------------------|---------------------------------|------------------|--------------------|-----------------------------|------------|-------------|
| | Specific | General | Total | Specific | General | Total |
| ----- (Rupees in '000) ----- | | | | | | |
| In local currency | 139,575,363 | 9,048,692 | 148,624,055 | 134,574,055 | 12,220,748 | 146,794,803 |
| In foreign currencies | 52,578,083 | 253,316 | 52,831,399 | 44,737,667 | 251,843 | 44,989,510 |
| | 192,153,446 | 9,302,008 | 201,455,454 | 179,311,722 | 12,472,591 | 191,784,313 |

10.4.2 General provision includes provision amounting to Rs. 5,202 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. 253 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.3,847 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) September 30, 2022 ----- (Rupees in '000) ----- | (Audited) December 31, 2021 |
|--------------------------|------|---|-----------------------------------|
| 11. FIXED ASSETS | | | |
| Capital work-in-progress | 11.1 | 1,547,647 | 1,405,161 |
| Property and equipment | | 51,893,861 | 52,701,215 |
| | | 53,441,508 | 54,106,376 |

11.1 Capital work-in-progress

| | | |
|---------------------------------------|------------------|-----------|
| Civil works | 1,478,089 | 1,335,603 |
| Equipment | 10,825 | 10,825 |
| Advances to suppliers and contractors | 58,733 | 58,733 |
| | 1,547,647 | 1,405,161 |

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

11.2 Additions to fixed assets

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

| | | |
|-----------------------------------|------------------|-----------|
| Capital work-in-progress | 306,514 | 358,764 |
| Property and equipment | | |
| Building on freehold land | 69,577 | - |
| Building on leasehold land | 9,240 | 30,452 |
| Furniture and fixtures | 310,158 | 475,344 |
| Computer and peripheral equipment | 109,476 | 370,318 |
| Electrical, office equipment | 257,855 | 284,539 |
| Vehicles | 110,259 | 762,869 |
| | 866,565 | 1,923,522 |
| | 1,173,079 | 2,282,286 |

11.3 Disposal of fixed assets

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

Furniture and fixture
Vehicles

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

| | |
|---------------|---------------|
| - | 1,264 |
| <u>32,993</u> | <u>25,095</u> |
| <u>32,993</u> | <u>26,359</u> |

12. INTANGIBLE ASSETS

Capital work-in-progress - Software Implementation
Computer Software

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

| | |
|------------------|----------------|
| 576,256 | 145,179 |
| <u>635,970</u> | <u>502,791</u> |
| <u>1,212,226</u> | <u>647,970</u> |

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

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

| | |
|----------------|----------------|
| 387,505 | 86,177 |
| <u>126,549</u> | <u>43,993</u> |
| <u>514,054</u> | <u>130,170</u> |

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

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

| | |
|--------------------|--------------------|
| 6,605,400 | 6,669,684 |
| 1,898,586 | 1,894,476 |
| (6,618) | (27,387) |
| <u>(1,491,580)</u> | <u>(1,931,373)</u> |
| <u>7,005,787</u> | <u>6,605,400</u> |

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

14. DEFERRED TAX

Deductible temporary differences on

| | | |
|--|-------------------|-------------------|
| - Tax losses carried forward | 10,705 | 10,705 |
| - Post retirement employee benefits | 6,213,334 | 4,992,150 |
| - Provision for diminution in the value of investments | 236,751 | 236,751 |
| - Provision against loans and advances | 4,313,475 | 10,457,938 |
| - Provision against off-balance sheet obligations | 115,222 | 115,222 |
| - Accelerated tax depreciation | 1,623,360 | 1,190,369 |
| - Other provisions | 105,416 | 105,416 |
| - Right of use assets | 786,000 | 502,538 |
| | 13,404,263 | 17,611,089 |

Taxable temporary differences on

| | | |
|--|---------------------|---------------------|
| - Surplus on revaluation of fixed assets | (2,442,910) | (2,537,701) |
| - Exchange translation reserve | (679,589) | (679,589) |
| - Surplus on revaluation of investments | (7,195,818) | (12,715,420) |
| - Surplus on revaluation of non-banking assets | (52,732) | (52,732) |
| | (10,371,049) | (15,985,442) |
| | 3,033,213 | 1,625,647 |

15. OTHER ASSETS

| | | |
|---|--------------------|--------------------|
| Income / return / mark-up accrued in local currency | 77,994,710 | 41,779,183 |
| Income / return / mark-up accrued in foreign currency | 5,103,264 | 2,842,699 |
| Advances, deposits, advance rent and other prepayments | 5,697,349 | 3,870,355 |
| Income tax refunds receivable & Advance taxation (payments less provisions) | 2,992,525 | 12,824,850 |
| Compensation for delayed tax refunds | 20,364,795 | 19,221,431 |
| Non-banking assets acquired in satisfaction of claims | 1,183,872 | 1,195,660 |
| Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC) | 208,423 | 208,423 |
| Unrealized gain on forward foreign exchange contracts | 3,839,570 | 3,058,205 |
| Commission receivable on Government treasury transactions | 12,847,320 | 5,006,019 |
| Stationery and stamps on hand | 455,420 | 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 | 21,326 | 11,083 |
| Acceptances | 57,840,401 | 10,311,259 |
| Others | 8,163,337 | 7,355,244 |
| | 197,649,717 | 109,092,218 |
| Less: Provision held against other assets | 15.2 11,901,235 | 11,700,956 |
| Other assets (net of provision) | 185,748,482 | 97,391,262 |
| Surplus on revaluation of non-banking assets acquired in satisfaction of claims | 2,863,886 | 2,863,886 |
| Other assets - total | 188,612,368 | 100,255,148 |

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

| | | (Un-audited) September 30, 2022 | (Audited) December 31, 2021 |
|--|-------|---------------------------------------|-----------------------------------|
| | Note | ----- (Rupees in '000) ----- | |
| 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 | | 4,314,786 | 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 | | 4,583,125 | 4,533,147 |
| | | 11,901,235 | 11,700,956 |
| 15.2.1 Movement in provision held against other assets | | | |
| Opening balance | | 11,700,956 | 11,873,693 |
| Charge for the period / year | | 220,080 | 72,205 |
| Adjustment against provision | | (19,802) | (244,942) |
| Closing balance | | 11,901,235 | 11,700,956 |
| 16. BILLS PAYABLE | | | |
| In Pakistan | | 13,625,177 | 21,775,348 |
| Outside Pakistan | | 700,180 | 72,922 |
| | | 14,325,357 | 21,848,270 |
| 17. BORROWINGS | | | |
| Secured | | | |
| Borrowings from State Bank of Pakistan | | | |
| Under Export Refinance Scheme | | 9,391,006 | 5,057,300 |
| Under Export Refinance Scheme (New Scheme) | | 7,484,770 | 29,193,202 |
| Financing Scheme for Renewable Energy | | 816,009 | 740,493 |
| Refinance Facility for Modernization of SMEs | | 45,555 | 130,288 |
| Financing Facility for storage of Agriculture Produce (FFSAP) | | 557,762 | 526,479 |
| Under Long-Term Financing Facility (LTFF) | | 21,043,956 | 19,465,068 |
| Refinance Scheme for Payment of Wages and Salaries | | 156,271 | 566,315 |
| Temporary Economic Refinance Facility | | 23,388,168 | 12,122,947 |
| Refinance Facility for Combating Covid-19 | | 67,947 | 79,976 |
| | | 62,951,444 | 67,882,068 |
| Repurchase agreement borrowings | 9.1.1 | 1,483,679,122 | 126,810,340 |
| Bai Muajjal | | - | 72,195,209 |
| | | 1,546,630,566 | 266,887,617 |
| Unsecured | | | |
| Call borrowings | | 31,845,754 | 46,011,009 |
| Overdrawn nostro accounts | | 18,489 | 26,480 |
| | | 31,864,243 | 46,037,489 |
| | | 1,578,494,809 | 312,925,106 |

| | (Un-audited) September 30, 2022 | (Audited) December 31, 2021 |
|--|---------------------------------------|-----------------------------------|
| | ----- (Rupees in '000) ----- | |
| 17.1 Particulars of borrowings with respect to currencies | | |
| In local currency | 1,546,649,055 | 275,739,772 |
| In foreign currencies | 31,845,754 | 37,185,334 |
| | <u>1,578,494,809</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 15.10% to 16% per annum (December 31, 2021: 9.7% to 10.21% per annum) having maturities ranging from October 3, 2022 to November 18, 2022.
- Call borrowings carry interest ranging from 2% 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.1,483,679 million (December 31, 2021: Rs. 126,810 million).

18. DEPOSITS AND OTHER ACCOUNTS

| September 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) ----- | | | | | |

Customers

| | | | | | | |
|-------------------------------------|----------------------|--------------------|----------------------|----------------------|--------------------|----------------------|
| Current deposits - remunerative | 629,646,865 | - | 629,646,865 | 648,854,267 | - | 648,854,267 |
| Current deposits - non-remunerative | 515,294,945 | 143,873,523 | 659,168,468 | 476,510,388 | 145,931,064 | 622,441,452 |
| Savings deposits | 684,932,170 | 114,629,881 | 799,562,051 | 675,591,525 | 79,434,496 | 755,026,021 |
| Term deposits | 419,740,219 | 101,693,211 | 521,433,430 | 400,905,240 | 70,853,064 | 471,758,304 |
| Others | 12,360,383 | 4,887 | 12,365,270 | - | 6,463 | 6,463 |
| | <u>2,261,974,582</u> | <u>360,201,502</u> | <u>2,622,176,084</u> | <u>2,201,861,420</u> | <u>296,225,087</u> | <u>2,498,086,507</u> |

Financial Institutions

| | | | | | | |
|------------------|----------------------|--------------------|----------------------|----------------------|--------------------|----------------------|
| Current deposits | 336,136,549 | 2,733,429 | 338,869,978 | 445,782,844 | 1,155,463 | 446,938,307 |
| Savings deposits | 31,709,641 | - | 31,709,641 | 7,075,299 | 3,842,651 | 10,917,950 |
| Term deposits | 9,099,224 | 6,893,097 | 15,992,321 | 21,613,144 | 5,760,597 | 27,373,741 |
| Others | 2,025,484 | 2,414 | 2,027,898 | 35,838,540 | - | 35,838,540 |
| | <u>378,970,898</u> | <u>9,628,940</u> | <u>388,599,838</u> | <u>510,309,827</u> | <u>10,758,711</u> | <u>521,068,538</u> |
| | <u>2,640,945,480</u> | <u>369,830,442</u> | <u>3,010,775,922</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. 72,109 (December 31, 2021: Rs. 75,485 million).

| | (Un-audited) September 30, 2022 | (Audited) December 31, 2021 |
|---|---------------------------------------|-----------------------------------|
| | ----- (Rupees in '000) ----- | |
| 19. LEASE LIABILITY AGAINST RIGHT OF USE ASSETS | | |
| Lease liabilities included in the statement of financial position | 8,609,869 | 7,893,960 |
| Of which are: | | |
| Current lease liability | 1,696,560 | 1,524,809 |
| Non-current lease liability | 6,913,309 | 6,369,151 |
| | 8,609,869 | 7,893,960 |
| Maturity analysis - contractual undiscounted cash flows | | |
| Less than one year | 2,399,057 | 2,199,012 |
| One to five years | 6,695,367 | 5,981,702 |
| More than five years | 7,948,207 | 6,500,876 |
| Total undiscounted lease liabilities | 17,042,631 | 14,681,590 |
| 20. OTHER LIABILITIES | | |
| Mark-up / return / interest payable in local currency | 76,967,767 | 48,801,768 |
| Mark-up / return / interest payable in foreign currencies | 756,016 | 384,638 |
| Unearned commission and income on bills discounted | 326,572 | 428,443 |
| Accrued expenses | 10,289,456 | 21,027,250 |
| Advance payments | 359,598 | 370,807 |
| Unclaimed dividends | 181,997 | 181,997 |
| Unrealized loss on put option | 306,339 | 306,339 |
| Branch adjustment account | 1,148,407 | 1,342,640 |
| Employee benefits: | | |
| Pension fund | 21,521,127 | 17,834,945 |
| Post retirement medical benefits | 27,497,430 | 24,516,717 |
| Benevolent fund | 1,566,192 | 1,778,825 |
| Gratuity scheme | 3,537,933 | 3,168,258 |
| Compensated absences | 10,240,761 | 9,952,554 |
| Staff welfare fund | 371,257 | 371,257 |
| Liabilities relating to Barter trade agreements | 3,654,625 | 3,006,122 |
| Provision against off-balance sheet obligations | 627,494 | 627,494 |
| Provision against contingencies | 4,090,597 | 3,805,376 |
| Payable to brokers | 98,243 | 155,001 |
| PIBs short selling | 14,519,419 | 34,144,415 |
| Acceptances | 57,840,401 | 10,311,259 |
| Others | 17,955,205 | 16,143,418 |
| | 253,856,836 | 198,659,523 |

21. 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) September 30, 2022 | (Audited) December 31, 2021 |
|---|--------|---------------------------------------|-----------------------------------|
| Note | | Rupees in '000 | |
| 22. SURPLUS ON REVALUATION OF ASSETS | | | |
| Surplus on revaluation of | | | |
| - Available-for-sale securities | 9.1 | 16,734,461 | 32,603,638 |
| - Fixed assets | | 44,077,397 | 44,320,452 |
| - Non-banking assets | | 2,863,886 | 2,863,886 |
| | | <u>63,675,744</u> | <u>79,787,976</u> |
| Deferred tax on surplus on revaluation of: | | | |
| - Available for sale securities | | (7,195,818) | (12,715,420) |
| - Fixed assets | | (2,442,910) | (2,537,701) |
| - Non-banking assets | | (52,732) | (52,732) |
| | | <u>(9,691,460)</u> | <u>(15,305,853)</u> |
| | | <u>53,984,284</u> | <u>64,482,122</u> |
| 23. CONTINGENCIES AND COMMITMENTS | | | |
| Guarantees | 23.1 | 343,069,668 | 261,356,068 |
| Commitments | 23.2 | 2,204,143,719 | 2,192,951,563 |
| Other contingent liabilities | 23.3 | 30,271,248 | 36,196,804 |
| | | <u>2,577,484,636</u> | <u>2,490,504,435</u> |
| 23.1 Guarantees | | | |
| Financial guarantees | | 257,233,065 | 197,024,912 |
| Performance guarantees | | 85,836,603 | 64,331,156 |
| | | <u>343,069,668</u> | <u>261,356,068</u> |
| 23.2 Commitments | | | |
| Documentary credits and short-term trade-related transactions | | | |
| - letters of credit | | 1,331,872,454 | 1,582,757,532 |
| Commitments in respect of: | | | |
| - forward foreign exchange contracts | 23.2.1 | 870,997,181 | 571,111,340 |
| - forward government securities transactions | 23.2.2 | 415,571 | 38,255,954 |
| Commitments for acquisition of: | | | |
| - operating fixed assets | | 858,512 | 826,737 |
| | | <u>2,204,143,719</u> | <u>2,192,951,563</u> |

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

23.2.1 Commitments in respect of forward foreign exchange contracts

| | | |
|----------|--------------------|-------------|
| Purchase | 499,517,076 | 337,970,120 |
| Sale | 371,480,106 | 233,141,220 |
| | 870,997,181 | 571,111,340 |

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) September 30, 2022 | (Audited) December 31, 2021 |
|--|--|
| ----- (Rupees in '000) ----- | |

23.2.2 Commitments in respect of forward government securities transactions

| | | |
|----------|----------------|------------|
| Purchase | 415,571 | 30,218,032 |
| Sale | - | 8,037,922 |
| | 415,571 | 38,255,954 |

23.3 Other contingent liabilities

| | | | |
|---------------|--|-------------------|------------|
| 23.3.1 | Claims against the Bank not acknowledged as debt | 30,271,248 | 36,196,804 |
|---------------|--|-------------------|------------|

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 September 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 adjudication. The demand created in the assessment order is Rs. 4,016.75 million. Upon rectification request, the tax authorities rectified order showing tax refund of Rs. 2,296.35 million. The tax advisors are confident that the ultimate outcome of the proceeding will be decided in the Bank's favor
- Honourable Tribunal through recent judgement dated February 7, 2022 has decided the appeals filed by the Bank for tax years 2009, 2010 and 2016 for which appeal effect orders have been issued determining tax refund of Rs. 948.44 million, 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 September 30, 2022, including amount of Rs. 1,804.94 million (December 31, 2021: Rs. 1,988.35 million) in respect of indirect tax issues, amounts to Rs. 19,188.30 million (December 31, 2021: Rs. 17,982.61 million). No provision has been made against these contingencies, based on the opinion of tax consultants of the Bank, who expect favorable outcome upon decisions of pending appeals.

23.3.3 Contingencies in respect of employees benefits and related matters

As at September 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 September 30, 2022 amounted to Rs. 86.7 billion, excluding any penal interest / profit payment (if any) due to delayed payment. Further, the pension expense for September 2022 onward will also increase by Rs. 11.1 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 (NYDFS) 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.

24. MARK-UP / RETURN / INTEREST EARNED

| | (Un-audited) For the Nine months ended September 30, 2022 | (Un-audited) September 30, 2021 |
|---|--|---------------------------------------|
| | ----- (Rupees in '000) ----- | |
| Loans and advances | 95,902,404 | 63,353,280 |
| Investments | 225,528,875 | 100,272,524 |
| On securities purchased under resale agreements | 9,833,748 | 1,859,224 |
| Balances with other banks | 930,188 | 1,000,192 |
| | <u>332,195,215</u> | <u>166,485,220</u> |

25. MARK-UP / RETURN / INTEREST EXPENSED

| | | |
|--|--------------------|-------------------|
| Deposits | 141,948,491 | 61,670,517 |
| Borrowings | 4,025,915 | 5,210,215 |
| Cost of foreign currency swaps against foreign currency deposits | 7,501,433 | 6,154,076 |
| Finance charge on lease liability against right of use assets | 618,709 | 570,206 |
| Securities sold under repurchase agreements | 97,512,512 | 20,487,419 |
| | <u>251,607,060</u> | <u>94,092,433</u> |

| | | (Un-audited) For the Nine months ended September 30, 2022 | (Un-audited) September 30, 2021 |
|-------------|--|--|---------------------------------------|
| | | (Rupees in '000) | |
| Note | | | |
| 26. | FEE AND COMMISSION INCOME | | |
| | Branch banking customer fees | 1,187,826 | 877,089 |
| | Consumer finance related fees | 360,679 | 633,082 |
| | Card related fees | 1,531,454 | 1,346,289 |
| | Credit related fees | 300,113 | 139,805 |
| | Investment banking fees | 714,714 | 650,559 |
| | Commission on trade | 1,626,904 | 1,504,620 |
| | Commission on guarantees | 456,333 | 313,249 |
| | Commission on cash management | 36,058 | 47,959 |
| | Commission on remittances including home remittances | 1,096,252 | 1,356,918 |
| | Commission on bancassurance | 221,152 | 222,671 |
| | Commission on government transactions | 6,843,065 | 5,537,317 |
| | Others | 81,846 | 61,003 |
| | | <u>14,456,396</u> | <u>12,690,562</u> |
| 27. | GAIN ON SECURITIES - NET | | |
| | Realized | 27.1 1,180,406 | 5,496,243 |
| | Unrealized - held-for-trading | (62,959) | (56,200) |
| | | <u>1,117,447</u> | <u>5,440,043</u> |
| 27.1 | Realized gain / (loss) on | | |
| | Federal Government Securities | (33,478) | 465,768 |
| | Shares | 1,213,808 | 4,894,127 |
| | Ijarah Sukuks | - | 10,809 |
| | Foreign Securities | 76 | 125,539 |
| | | <u>1,180,406</u> | <u>5,496,243</u> |
| 28. | OTHER INCOME | | |
| | Rent on property | 24,927 | 48,870 |
| | Gain on sale of fixed assets - net | 6,494 | 22,176 |
| | Compensation for delayed tax refunds | 28.1 1,143,364 | 1,292,449 |
| | Others | 98,911 | 49,320 |
| | | <u>1,273,696</u> | <u>1,412,815</u> |
| 28.1 | This represents compensation on delayed refunds determined under Section 171 of Income Tax Ordinance 2001. | | |

| | (Un-audited) For the Nine months ended September 30, 2022 | (Un-audited) September 30, 2021 |
|---|--|---------------------------------------|
| | ----- (Rupees in '000) ----- | |
| 29. OPERATING EXPENSES | | |
| Total compensation expenses | 35,395,701 | 31,388,419 |
| Property expenses | | |
| Rent and taxes | 844,283 | 718,480 |
| Insurance | 29,240 | 25,593 |
| Utilities cost | 1,470,699 | 1,038,530 |
| Security (including guards) | 2,295,037 | 1,978,120 |
| Repair and maintenance (including janitorial charges) | 694,506 | 615,376 |
| Depreciation | 344,006 | 366,698 |
| Depreciation on non banking assets | 11,788 | 11,597 |
| Depreciation on Ijarah assets | 47,653 | 49,730 |
| Depreciation on right of use assets | 1,491,580 | 1,416,151 |
| | 7,228,792 | 6,220,275 |
| Information technology expenses | | |
| Software maintenance | 1,114,254 | 877,706 |
| Hardware maintenance | 99,621 | 21,556 |
| Depreciation | 320,995 | 205,863 |
| Amortisation | 184,906 | 154,526 |
| Network charges | 533,699 | 404,851 |
| IT Manage Services | 768,754 | 186,857 |
| | 3,022,229 | 1,851,359 |
| Other operating expenses | | |
| Directors' fees and reimbursement of other expenses | 21,767 | 16,799 |
| Fees and allowances to Shariah Board | 12,092 | 8,409 |
| Legal and professional charges | 716,122 | 701,494 |
| Outsourced services costs | 460,365 | 456,319 |
| Travelling and conveyance | 709,255 | 461,534 |
| NIFT clearing charges | 153,824 | 123,711 |
| Depreciation | 1,132,971 | 1,150,195 |
| Training and development | 33,481 | 25,859 |
| Postage and courier charges | 240,195 | 158,461 |
| Communication | 270,723 | 229,758 |
| Stationery and printing | 1,316,952 | 1,034,518 |
| Marketing, advertisement and publicity | 298,635 | 96,270 |
| Contributions for other Corporate and Social Responsibility | 92,002 | 6,216 |
| Auditors' remuneration | 166,392 | 127,140 |
| Entertainment | 187,067 | 171,794 |
| Clearing, verification, license fee charges | 266,966 | 239,407 |
| Brokerage | 55,808 | 91,282 |
| Financial charges on leased assets | 129,821 | 90,493 |
| Insurance | 346,879 | 274,637 |
| Vehicle expenses | 143,258 | 142,686 |
| Repairs and maintenance | 574,314 | 469,711 |
| Deposit premium expense | 1,358,683 | 1,178,330 |
| Others | 377,972 | 276,067 |
| | 9,065,544 | 7,531,090 |
| | 54,712,266 | 46,991,143 |
| 30. OTHER CHARGES | | |
| Penalties imposed by State Bank of Pakistan | 61,474 | 34,044 |
| Penalties imposed by other regulatory bodies (Central Bank of international branches) | 275 | 359 |
| | 61,749 | 34,403 |

| | | (Un-audited) For the Nine months ended September 30, 2022 | (Un-audited) September 30, 2021 |
|---|--------|--|---------------------------------------|
| | Note | ----- (Rupees in '000) ----- | |
| 31. PROVISIONS AND WRITE OFFS - NET | | | |
| Provisions for diminution in value of investments | 9.2 | 1,949,598 | 339,142 |
| Provisions against loans and advances | 10.4 | 494,300 | 11,812,168 |
| Provision against other assets | 15.2.1 | 220,080 | 39,167 |
| Provision against contingencies | | 135,221 | 40,581 |
| | | <u>2,799,199</u> | <u>12,231,058</u> |

32. TAXATION

| | | |
|-------------|-------------------|-------------------|
| Current | 20,017,975 | 17,502,102 |
| Prior years | 3,828,030 | - |
| Deferred | 5,333,221 | (1,400,913) |
| | <u>29,179,226</u> | <u>16,101,189</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.3,637 million (September 30, 2021: Rs.1,649 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) For the Nine months ended September 30, 2022 | (Un-audited) September 30, 2021 |
|---|--|---------------------------------------|
| 33. EARNINGS PER SHARE - BASIC AND DILUTED | | |
| Profit for the period (Rupees in 000's) | <u>19,163,603</u> | <u>24,144,590</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>9.01</u> | <u>11.35</u> |

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

| | | (Un-audited) September 30, 2022 | (Un-audited) September 30, 2021 |
|---------------------------------------|------|---------------------------------------|---------------------------------------|
| | Note | ----- (Rupees in '000) ----- | |
| 34. CASH AND CASH EQUIVALENTS | | | |
| Cash and balances with treasury banks | 6 | 220,821,843 | 220,170,555 |
| Balances with other banks | 7 | 21,052,559 | 16,302,597 |
| Call money lendings | 8 | 9,723 | 2,009,723 |
| Call money borrowings | 17 | (31,845,754) | (27,068,235) |
| Overdrawn nostro | 17 | (18,489) | (5,767,795) |
| | | <u>210,019,882</u> | <u>205,646,844</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:

| | September 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 | 1,668,783,825 | - | 1,668,783,825 | - | 1,668,783,825 |
| Pakistan Investment Bonds | 1,049,850,967 | - | 1,049,850,967 | - | 1,049,850,967 |
| Ijarah Sukuks | 20,282,512 | - | 20,282,512 | - | 20,282,512 |
| Ordinary shares of listed companies | 38,471,032 | 38,471,032 | - | - | 38,471,032 |
| Preference shares | 1,341,527 | 1,341,527 | - | - | 1,341,527 |
| Investments in mutual funds | 2,765,782 | - | 2,765,782 | - | 2,765,782 |
| Term Finance Certificates / Musharika and Sukuk Bonds | 49,182,492 | 16,098,242 | 33,084,250 | - | 49,182,492 |
| GoP Foreign Currency Bonds | 20,360,795 | - | 20,360,795 | - | 20,360,795 |
| Foreign Government Securities | 991,010 | - | 991,010 | - | 991,010 |
| Foreign Currency Debt Securities | - | - | - | - | - |
| Ordinary shares of a bank outside Pakistan | 41,727,672 | 41,727,672 | - | - | 41,727,672 |
| | 2,893,757,614 | 97,638,473 | 2,796,119,141 | - | 2,893,757,614 |
| Financial assets - disclosed but not measured at fair value | | | | | |
| Cash and balances with treasury banks | 220,821,843 | - | - | - | - |
| Balances with other banks | 21,052,559 | - | - | - | - |
| Lending to financial instruments | 102,250,970 | - | - | - | - |
| Investments | | | | | |
| Pakistan Investment Bonds | 374,254,573 | - | - | - | - |
| Market Treasury Bills | 28,561,323 | - | - | - | - |
| Ordinary shares of unlisted companies | 1,471,305 | - | - | - | - |
| Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates | 13,139,221 | - | - | - | - |
| Bai muajjal with Government of Pakistan | - | - | - | - | - |
| Foreign Government Securities | 37,221,415 | - | - | - | - |
| Foreign Currency Debt Securities | 873 | - | - | - | - |
| GoP Foreign Currency Bonds | 2,928,560 | - | - | - | - |
| Advances | 1,213,960,192 | - | - | - | - |
| Other assets | 159,776,186 | - | - | - | - |
| | 2,175,439,020 | - | - | - | - |
| | 5,069,196,634 | 97,638,473 | 2,796,119,141 | - | 2,893,757,614 |
| Off-balance sheet financial instruments - measured at fair value | | | | | |
| Commitments | | | | | |
| Foreign exchange contracts purchase and sale | 870,997,181 | - | 3,839,570 | - | 3,839,570 |
| Forward government securities transactions | 415,571 | - | - | - | - |

| | 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 | - | - | - | - |
| Investments | | | | | |
| 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:

| September 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 | 4,047,758 | - | - | 4,047,758 |
| | 52,615,307 | - | - | 52,615,307 |
| 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

Nine months ended September 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 |
|----------------------|-----------------------------|--------------------------------|----------|---|----------------------|-----------|--------------|-------|
|----------------------|-----------------------------|--------------------------------|----------|---|----------------------|-----------|--------------|-------|

(Rupees in '000)

Profit and loss account

| | | | | | | | | | |
|--|---------------|--------------|--------------|---------------|-----------|-------------|-------------|---|-------------|
| Net mark-up / return / interest income / (expense) | (114,695,424) | 19,647,936 | 27,129,939 | 140,472,148 | 3,698,184 | 4,335,371 | 80,588,155 | - | 80,588,155 |
| Inter segment revenue - net | 171,081,296 | (19,923,757) | (25,127,040) | (144,913,656) | - | 18,883,156 | - | - | - |
| Non mark-up / return / interest income | 10,706,916 | 401,467 | 3,722,826 | 8,135,440 | 1,128,314 | 1,232,925 | 25,327,888 | - | 25,327,888 |
| Total income | 67,092,788 | 125,646 | 5,725,726 | 3,693,932 | 4,826,498 | 24,451,452 | 105,916,043 | - | 105,916,043 |
| Segment direct expenses | 25,140,893 | 2,385,298 | 907,561 | 224,066 | 5,407,230 | 2,514,375 | 36,579,421 | - | 36,579,421 |
| Inter segment expense allocation | - | - | - | - | - | 18,194,593 | 18,194,592 | - | 18,194,592 |
| Total expenses | 25,140,893 | 2,385,298 | 907,561 | 224,066 | 5,407,230 | 20,708,969 | 54,774,015 | - | 54,774,015 |
| Provisions and write offs - net | (110,216) | 1,671,092 | 2,145,158 | 2,586,741 | (192,041) | (3,301,536) | 2,799,199 | - | 2,799,199 |
| Profit / (loss) before taxation | 42,062,113 | (3,930,744) | 2,673,007 | 883,125 | (388,691) | 7,044,019 | 48,342,829 | - | 48,342,829 |

September 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 |
|----------------------|-----------------------------|--------------------------------|----------|---|----------------------|-----------|--------------|-------|
|----------------------|-----------------------------|--------------------------------|----------|---|----------------------|-----------|--------------|-------|

(Rupees in '000)

Statement of financial position

| | | | | | | | | | |
|---|----------------------|--------------------|--------------------|----------------------|--------------------|--------------------|----------------------|------------------------|----------------------|
| Cash and balances with treasury and other banks | 91,145,398 | 7,344,591 | 261,531 | 87,448,966 | 47,596,977 | 8,076,939 | 241,874,402 | - | 241,874,402 |
| Investments | - | - | 26,866,208 | 3,209,583,271 | 61,502,667 | 58,622,119 | 3,356,574,265 | - | 3,356,574,265 |
| Net inter segment lending | 2,263,619,114 | - | - | - | - | 227,642,194 | 2,491,261,308 | (2,491,261,308) | - |
| Lendings to financial institutions | 3,963,373 | - | - | 98,287,597 | - | - | 102,250,970 | - | 102,250,970 |
| Advances - performing | 191,670,456 | 194,970,539 | 632,649,519 | - | 88,927,087 | 96,644,867 | 1,204,862,468 | - | 1,204,862,468 |
| Advances - non-performing | 4,582,700 | 24,124,163 | 43,670,630 | - | 54,576,507 | 83,599,178 | 210,553,178 | - | 210,553,178 |
| Provision against Advances | (8,865,102) | (19,884,250) | (38,943,962) | - | (52,831,400) | (80,930,739) | (201,455,454) | - | (201,455,454) |
| Advances - Net | 187,388,054 | 199,210,452 | 637,376,186 | - | 90,672,194 | 99,313,306 | 1,213,960,192 | - | 1,213,960,192 |
| Others | 38,789,080 | 3,165,146 | 76,391,529 | 4,405,970 | 8,193,593 | 122,359,784 | 253,305,102 | - | 253,305,102 |
| Total assets | 2,584,905,020 | 209,720,189 | 740,895,455 | 3,399,725,805 | 207,965,430 | 516,014,343 | 7,659,226,239 | (2,491,261,308) | 5,167,964,931 |
| Borrowings | - | 3,186,705 | 59,764,740 | 1,483,697,611 | 31,845,754 | - | 1,578,494,809 | - | 1,578,494,809 |
| Deposits and other accounts | 2,522,680,212 | - | 320,672,206 | - | 72,108,894 | 95,314,610 | 3,010,775,922 | - | 3,010,775,922 |
| Net inter segment borrowing | - | 201,581,777 | 296,668,115 | 1,859,128,435 | 118,234,499 | 15,648,483 | 2,491,261,308 | (2,491,261,308) | - |
| Others | 62,224,807 | 4,951,708 | 63,155,749 | 13,247,099 | 3,268,946 | 129,943,753 | 276,792,062 | - | 276,792,062 |
| Total liabilities | 2,584,905,019 | 209,720,190 | 740,260,809 | 3,356,073,144 | 225,458,094 | 240,906,846 | 7,357,324,101 | (2,491,261,308) | 4,866,062,793 |
| Equity | - | - | 634,646 | 43,652,660 | (17,492,663) | 275,107,495 | 301,902,138 | - | 301,902,138 |
| Total equity and liabilities | 2,584,905,020 | 209,720,190 | 740,895,455 | 3,399,725,805 | 207,965,431 | 516,014,342 | 7,659,226,239 | (2,491,261,308) | 5,167,964,931 |
| Contingencies and commitments | - | 69,146,437 | 1,563,437,776 | 871,412,753 | 41,955,705 | 31,531,964 | 2,577,484,636 | - | 2,577,484,636 |

Nine months ended September 30, 2021 (Un-audited)

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

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

Profit and loss account

| | | | | | | | | | |
|--|--------------|-------------|--------------|--------------|-----------|------------|------------|---|------------|
| Net mark-up / return / interest income / (expense) | (40,188,310) | 11,903,351 | 19,821,237 | 75,279,819 | 2,566,617 | 3,010,073 | 72,392,787 | - | 72,392,787 |
| Inter segment revenue - net | 77,547,204 | (9,993,223) | (16,656,498) | (62,383,691) | - | 11,486,208 | - | - | - |
| Non mark-up / return / interest income | 9,527,628 | 266,941 | 3,145,886 | 11,577,359 | 945,767 | 1,646,014 | 27,109,596 | - | 27,109,596 |
| Total income | 46,886,522 | 2,177,069 | 6,310,625 | 24,473,487 | 3,512,384 | 16,142,296 | 99,502,383 | - | 99,502,383 |
| Segment direct expenses | 22,703,844 | 2,137,794 | 828,956 | 330,963 | 4,189,823 | 2,380,020 | 32,571,400 | - | 32,571,400 |
| Inter segment expense allocation | - | - | - | - | - | 14,454,146 | 14,454,146 | - | 14,454,146 |
| Total expenses | 22,703,844 | 2,137,794 | 828,956 | 330,963 | 4,189,823 | 16,834,166 | 47,025,546 | - | 47,025,546 |
| Provisions and write offs - net | 702,188 | 1,294,089 | 9,763,024 | 295,517 | 21,955 | 154,285 | 12,231,058 | - | 12,231,058 |
| Profit / (loss) before taxation | 23,480,490 | (1,254,814) | (4,281,355) | 23,847,007 | (699,394) | (846,155) | 40,245,779 | - | 40,245,779 |

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

----- (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 unconsolidated condensed interim financial statements of the Bank.

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

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

| | September 30, 2022 (Un-audited) | | | | | | | | | | December 31, 2021 (Audited) | | | | | | | | | |
|---|---------------------------------|--------------------------|--------------|------------|---------------|------------------------|------------------------------|----------------------------|----------------|-----------------------|-----------------------------|--------------------------|--------------|------------|---------------|------------------------|------------------------------|----------------------------|----------------|-----------------------|
| | Directors | Key management personnel | Subsidiaries | Associates | Joint venture | Pension Fund (Current) | Pension Fund (Fixed Deposit) | Pension Fund (N.I.D.A A/c) | Provident Fund | Other related parties | Directors | Key management personnel | Subsidiaries | Associates | Joint venture | Pension Fund (Current) | Pension Fund (Fixed Deposit) | Pension Fund (N.I.D.A A/c) | Provident Fund | Other related parties |
| (Rupees in '000) | | | | | | | | | | | | | | | | | | | | |
| Balances with other banks | | | | | | | | | | | | | | | | | | | | |
| In current accounts | - | - | - | - | 5,336 | - | - | - | - | - | - | - | - | - | 295,951 | - | - | - | - | - |
| | - | - | - | - | 5,336 | - | - | - | - | - | - | - | - | - | 295,951 | - | - | - | - | - |
| Investments | | | | | | | | | | | | | | | | | | | | |
| Opening balance | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Investment made during the period / year | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Investment redeemed / disposed off during the period / year | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfer in / (out) - net | - | - | - | - | - | - | - | - | - | 5,362,097 | - | - | - | - | - | - | - | - | - | - |
| Closing balance | - | - | - | - | - | - | - | - | - | 5,362,097 | - | - | - | - | - | - | - | - | - | - |
| Provision for diminution in value of investments | - | - | - | - | - | - | - | - | - | 164,875 | - | - | - | - | - | - | - | - | - | - |
| Advances | | | | | | | | | | | | | | | | | | | | |
| Opening balance | - | 347,593 | 426,565 | 2,934,162 | - | - | - | - | - | 641,483 | - | 233,267 | 359,565 | 2,981,029 | - | - | - | - | - | 305,117 |
| Addition during the period / year | - | 50,984 | - | - | - | - | - | - | - | 2,227,269 | - | 254,860 | 100,000 | - | - | - | - | - | - | 35,589,939 |
| Repaid during the period / year | - | (38,037) | (209,502) | (96,875) | - | - | - | - | - | (1,337,128) | - | (36,216) | (33,000) | (46,867) | - | - | - | - | - | (35,253,573) |
| Transfer in / (out) - net* | - | (41,766) | - | - | - | - | - | - | - | 300,560 | - | (104,319) | - | - | - | - | - | - | - | - |
| Closing balance | - | 318,774 | 217,063 | 2,837,287 | - | - | - | - | - | 1,832,183 | - | 347,593 | 426,565 | 2,934,162 | - | - | - | - | - | 641,483 |
| Provisions against loans | - | - | 217,063 | 2,837,287 | - | - | - | - | - | - | - | - | 251,565 | 2,837,287 | - | - | - | - | - | - |
| Other Assets | | | | | | | | | | | | | | | | | | | | |
| Interest / mark-up accrued | - | - | 78,047 | 1,717,167 | - | - | - | - | - | - | - | - | 251,316 | 1,719,049 | - | - | - | - | - | - |
| Other receivable | - | - | 521,165 | - | - | - | - | - | - | - | - | - | 73,280 | - | - | - | - | - | - | - |
| | - | - | 599,212 | 1,717,167 | - | - | - | - | - | - | - | - | 324,596 | 1,719,049 | - | - | - | - | - | - |
| Provision against other assets | - | - | 73,280 | - | - | - | - | - | - | - | - | - | 73,280 | - | - | - | - | - | - | - |
| Borrowings | | | | | | | | | | | | | | | | | | | | |
| Opening balance | - | - | - | - | 35,741 | - | - | - | - | - | - | - | - | - | 9,111 | - | - | - | - | - |
| Borrowings during the period / year | - | - | - | - | 456,945 | - | - | - | - | - | - | - | - | - | 26,630 | - | - | - | - | - |
| Settled during the period / year | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Closing balance | - | - | - | - | 492,686 | - | - | - | - | - | - | - | - | - | 35,741 | - | - | - | - | - |
| Deposits and other accounts | | | | | | | | | | | | | | | | | | | | |
| Opening balance | 1,759 | 131,454 | 1,007,337 | - | - | 86,265 | 10,100,000 | 46,770 | 12,854,755 | 21,914,864 | 1,320 | 177,236 | 1,553,709 | - | - | 58,871 | - | 1,369,644 | 13,282,016 | 227,967 |
| Received during the period / year | - | 642,840 | 1,537 | - | - | 27,079,873 | - | 6,576,498 | 1,817,243 | 271,693,663 | 9,334 | 777,224 | 693,981 | - | - | 27,393 | 10,100,000 | - | - | 213,848,702 |
| Withdrawn during the period / year | - | (662,521) | (274,422) | - | - | (27,158,492) | (3,600,000) | (6,314,775) | (1,203,391) | (277,461,892) | (8,984) | (763,659) | (1,240,353) | - | - | - | - | (1,322,875) | (427,261) | (196,497,842) |
| Transfer in / (out) - net* | (1,745) | (23,659) | - | - | - | - | - | - | - | (62,161) | 90 | (59,347) | - | - | - | - | - | - | - | 4,336,036 |
| Closing balance | 14 | 88,116 | 734,451 | - | - | 7,647 | 6,500,000 | 308,491 | 13,468,607 | 16,084,473 | 1,759 | 131,454 | 1,007,337 | - | - | 86,265 | 10,100,000 | 46,770 | 12,854,755 | 21,914,864 |
| Other Liabilities | | | | | | | | | | | | | | | | | | | | |
| Other payables to subsidiaries | - | - | 8,552 | - | - | - | - | - | - | - | - | - | 4,041 | - | - | - | - | - | - | - |
| | - | - | 8,552 | - | - | - | - | - | - | - | - | - | 4,041 | - | - | - | - | - | - | - |
| Contingencies and commitments | | | | | | | | | | | | | | | | | | | | |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

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

| September 30, 2022 (Un-audited) | | | | | | | | September 30, 2021 (Un-audited) | | | | | | | |
|---------------------------------|--------------------------|--------------|------------|---------------|--------------|----------------|--------|---------------------------------|--------------------------|--------------|------------|---------------|--------------|----------------|--------|
| Directors | Key management personnel | Subsidiaries | Associates | Joint venture | Pension Fund | Provident Fund | Others | Directors | Key management personnel | Subsidiaries | Associates | Joint venture | Pension Fund | Provident Fund | Others |

(Rupees in '000)

Income

| | | | | | | | | | | | | | | | | |
|---|---|---|--------|-------|---------|---|---|---------|---|---|--------|-------|---|---|---|-------|
| Mark-up / return / interest earned | - | - | 1,739 | 3,384 | 1 | - | - | 445,052 | - | - | 1,723 | 8,019 | 5 | - | - | 8,776 |
| Commission received from subsidiaries | - | - | - | - | - | - | - | - | - | - | 297 | - | - | - | - | - |
| Dividend income | - | - | - | - | 114,405 | - | - | 27,408 | - | - | 12,695 | - | - | - | - | - |
| Rent income / lighting and power and bank charges | - | - | 10,113 | 4,171 | - | - | - | - | - | - | 18,017 | 3,831 | - | - | - | - |

Expense

| | | | | | | | | | | | | | | | | |
|---|--------|---------|--------|---|--------|---------|-----------|-----------|--------|---------|-------|---|----|--------|-----------|-----------|
| Mark-up / return / interest paid | - | 3,906 | 15,307 | - | 14,292 | 329,150 | 1,262,352 | 1,666,754 | 27 | 2,879 | 5,639 | - | 18 | 55,888 | 1,064,969 | 1,614,408 |
| Expenses paid to company in which Directors of the bank is interested as CEO and director | - | - | - | - | - | - | - | 55,054 | - | - | - | - | - | - | - | 20,668 |
| Remuneration to key management executives including charge for defined benefit plan | - | 551,808 | - | - | - | - | - | - | - | 505,341 | - | - | - | - | - | - |
| Contribution for other corporate & social responsibility paid to company in which Directors of the bank is interested as director | - | - | - | - | - | - | - | 5,000 | - | - | - | - | - | - | - | - |
| Commission paid to subsidiaries | - | - | 4,248 | - | - | - | - | - | - | - | 4,697 | - | - | - | - | - |
| Directors fee & other allowances | 21,767 | - | - | - | - | - | - | - | 16,799 | - | - | - | - | - | - | - |
| Post Retirement Benefit paid to Director cum Ex-employee | - | - | - | - | - | - | - | 522 | - | - | - | - | - | - | - | 1,565 |

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. 6,843 million (September 30, 2021 Rs. 5,537 million) for the nine months period ended September 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.454,722 million (December 31, 2021: Rs. 405,294 million), Rs.1,253,059 million (December 31, 2021: Rs. 1,247,457 million) and Rs. 1,409,905 million (December 31, 2021: Rs. 1,540,238 million) respectively and income earned on advances and profit paid on deposits amounted to Rs.27,425 million (September 30, 2021: Rs. 15,403 million) and Rs.109,655 million (September 30, 2021 Rs. 44,615 million) respectively.

38. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

| | (Un-audited) September 30, 2022 | (Audited) December 31, 2021 |
|---|---------------------------------------|-----------------------------------|
| | ----- (Rupees in '000) ----- | |
| Minimum Capital Requirement | | |
| Paid-up capital (net of losses) | <u>21,275,131</u> | <u>21,275,131</u> |
| Capital Adequacy Ratio | | |
| Eligible Common Equity Tier 1 (CET 1) Capital | <u>224,986,259</u> | <u>199,752,308</u> |
| Eligible Additional Tier 1 (ADT 1) Capital | <u>-</u> | <u>-</u> |
| Total Eligible Tier 1 Capital | <u>224,986,259</u> | <u>199,752,308</u> |
| Eligible Tier 2 Capital | <u>73,802,820</u> | <u>64,343,019</u> |
| Total Eligible Capital (Tier 1 + Tier 2) | <u>298,789,079</u> | <u>264,095,327</u> |
| Risk Weighted Assets (RWAs): | | |
| Credit Risk | <u>1,031,097,551</u> | <u>983,659,218</u> |
| Market Risk | <u>106,241,348</u> | <u>82,342,372</u> |
| Operational Risk | <u>230,075,135</u> | <u>229,114,480</u> |
| Total | <u>1,367,414,035</u> | <u>1,295,116,070</u> |
| Common Equity Tier 1 Capital Adequacy ratio | <u>16.45%</u> | <u>15.42%</u> |
| Tier 1 Capital Adequacy Ratio | <u>16.45%</u> | <u>15.42%</u> |
| Total Capital Adequacy Ratio | <u>21.85%</u> | <u>20.39%</u> |
| Leverage Ratio (LR): | | |
| Eligible Tier-1 Capital | <u>224,986,259</u> | <u>199,752,308</u> |
| Total Exposures | <u>6,938,476,943</u> | <u>5,758,095,315</u> |
| Leverage Ratio | <u>3.24%</u> | <u>3.47%</u> |
| Liquidity Coverage Ratio (LCR): | | |
| Total High Quality Liquid Assets | <u>1,529,480,778</u> | <u>1,362,545,096</u> |
| Total Net Cash Outflow | <u>1,118,519,373</u> | <u>828,459,514</u> |
| Liquidity Coverage Ratio | <u>137%</u> | <u>164%</u> |
| Net Stable Funding Ratio (NSFR): | | |
| Total Available Stable Funding | <u>2,738,527,983</u> | <u>2,753,443,506</u> |
| Total Required Stable Funding | <u>1,075,621,180</u> | <u>990,042,101</u> |
| Net Stable Funding Ratio | <u>255%</u> | <u>278%</u> |

39. ISLAMIC BANKING BUSINESS

The bank is operating 188 (2021: 189) Islamic banking branches and 40 (2021: Nil) Islamic banking windows at September 30, 2022.

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

| | | (Un-audited) September 30, 2022 | (Audited) December 31, 2021 |
|---|------|---------------------------------------|-----------------------------------|
| | Note | ----- (Rupees in '000) ----- | |
| ASSETS | | | |
| Cash and balances with treasury banks | | 8,322,604 | 6,591,139 |
| Balances with other banks | | 13,203 | 12,531 |
| Investments | 39.1 | 55,722,393 | 49,548,760 |
| Islamic financing and related assets - net | 39.2 | 44,680,609 | 42,316,209 |
| Fixed assets | | 96,388 | 100,620 |
| Right of use assets | | 548,982 | 641,973 |
| Other assets | | 4,145,657 | 1,686,568 |
| Total Assets | | 113,529,836 | 100,897,800 |
| LIABILITIES | | | |
| Bills payable | | 251,828 | 388,351 |
| Deposits and other accounts | 39.3 | 94,923,995 | 84,849,520 |
| Due to head office | | 8,517,772 | 7,635,926 |
| Lease liability against right of use assets | | 756,646 | 826,081 |
| Other liabilities | | 1,193,260 | 455,249 |
| | | 105,643,501 | 94,155,127 |
| NET ASSETS | | 7,886,335 | 6,742,673 |
| REPRESENTED BY | | | |
| Islamic Banking Fund | | 5,561,000 | 4,646,000 |
| Surplus on revaluation of assets | | 925,094 | 594,005 |
| Unappropriated / unremitted profit | 39.4 | 1,400,241 | 1,502,668 |
| | | 7,886,335 | 6,742,673 |

The profit and loss account of the Bank's Islamic banking operations for the Nine months ended September 30, 2022 is as follows:

| | | (Un-audited) September 30, 2022 | (Un-audited) September 30, 2021 |
|---|------|---------------------------------------|---------------------------------------|
| | Note | ----- (Rupees in '000) ----- | |
| Profit / return earned | 39.5 | 8,813,043 | 5,095,381 |
| Profit / return expensed | 39.6 | 5,414,251 | 2,197,726 |
| Net profit / return | | 3,398,792 | 2,897,655 |
| Other income | | | |
| Fee and commission income | | 204,568 | 160,965 |
| Foreign exchange income | | 151,204 | 42,976 |
| Other income | | 2,007 | 756 |
| Total other income | | 357,779 | 204,697 |
| Total income | | 3,756,571 | 3,102,352 |
| Other expenses | | | |
| Operating expenses | | 2,171,763 | 2,029,591 |
| Other charges | | - | 1,358 |
| | | 2,171,763 | 2,030,949 |
| Profit before provisions | | 1,584,808 | 1,071,403 |
| Provisions charge / (reversal) and write offs - net | | 184,567 | 124,216 |
| Profit before taxation | | 1,400,241 | 947,187 |
| Taxation | | - | - |
| Profit after taxation | | 1,400,241 | 947,187 |

39.1 Investments by segments:

| September 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) -----

Federal Government Securities:

| | | | | | | | | |
|--|------------|---|-----------|------------|------------|---|----------|------------|
| - Ijarah Sukuks | 33,658,607 | - | (236,903) | 33,421,704 | 14,000,979 | - | (31,279) | 13,969,700 |
| - Others (Bai Muajjal with GOP @ 13.30%) | - | - | - | - | 10,914,185 | - | - | 10,914,185 |
| | 33,658,607 | - | (236,903) | 33,421,704 | 24,915,164 | - | (31,279) | 24,883,885 |

Non Government Debt Securities:

| | | | | | | | | |
|------------|------------|-----------|-----------|------------|------------|-----------|---------|------------|
| - Listed | 8,200,000 | - | 312,000 | 8,512,000 | 8,200,000 | - | 340,000 | 8,540,000 |
| - Unlisted | 13,069,499 | (130,807) | 849,997 | 13,788,689 | 15,970,398 | (130,807) | 285,284 | 16,124,875 |
| | 21,269,499 | (130,807) | 1,161,997 | 22,300,689 | 24,170,398 | (130,807) | 625,284 | 24,664,875 |

| | | | | | | | | |
|--------------------------|-------------------|------------------|----------------|-------------------|-------------------|------------------|----------------|-------------------|
| Total Investments | 54,928,106 | (130,807) | 925,094 | 55,722,393 | 49,085,562 | (130,807) | 594,005 | 49,548,760 |
|--------------------------|-------------------|------------------|----------------|-------------------|-------------------|------------------|----------------|-------------------|

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

39.2 Islamic financing and related assets - net

| | | |
|--|-------------------|-------------------|
| Ijarah | 44,583 | 95,075 |
| Murabaha | 3,498,106 | 903,901 |
| Diminishing Musharaka | 21,811,329 | 21,834,074 |
| Other Islamic Modes (Wakala tul Istismar) | 8,500,000 | 8,500,000 |
| Advances against Islamic assets (DM, Istisna) | 6,109,028 | 11,226,981 |
| Inventory related to Islamic financing (Istisna) | 5,392,036 | 469,000 |
| Gross Islamic financing and related assets | 45,355,082 | 43,029,031 |
| Less: provision against Islamic financings | | |
| - Specific | (674,216) | (712,763) |
| - General | (257) | (59) |
| | (674,473) | (712,822) |
| Islamic financing and related assets - net of provision | 44,680,609 | 42,316,209 |

| | (Un-audited) September 30, 2022 | (Audited) December 31, 2021 |
|--|---------------------------------------|---------------------------------------|
| | ----- (Rupees in '000) ----- | |
| 39.3 Deposits and other accounts | | |
| Customers | | |
| Current deposits | 20,967,649 | 21,784,727 |
| Savings deposits | 41,739,021 | 42,730,234 |
| Term deposits | 11,057,972 | 8,148,745 |
| | <u>73,764,642</u> | <u>72,663,706</u> |
| Financial Institutions | | |
| Current deposits | 590,270 | 700,103 |
| Savings deposits | 19,293,317 | 6,064,983 |
| Term deposits | 1,275,766 | 5,420,728 |
| | <u>21,159,353</u> | <u>12,185,814</u> |
| | <u>94,923,995</u> | <u>84,849,520</u> |
| 39.4 Unappropriated / unremitted profit | | |
| Opening balance | 1,502,668 | 2,108,388 |
| Add: Islamic banking profit for the period | 1,400,241 | 1,502,668 |
| Less: Transferred / remitted to head office | (1,502,668) | (2,108,388) |
| Closing balance | <u>1,400,241</u> | <u>1,502,668</u> |
| | | |
| | (Un-audited) September 30, 2022 | (Un-audited) September 30, 2021 |
| | ----- (Rupees in '000) ----- | |
| 39.5 Profit / Return Earned of Financing, Investments and Placement | | |
| Profit earned on: | | |
| Financing | 3,857,620 | 2,185,339 |
| Investments | 4,737,470 | 1,979,045 |
| Placements | 672 | 295 |
| Others (Bai Muajjal) | 217,281 | 930,702 |
| | <u>8,813,043</u> | <u>5,095,381</u> |
| 39.6 Profit on Deposits and other Dues Expensed | | |
| Deposits and other accounts | 3,767,960 | 1,812,678 |
| Amortisation of lease liability against - ROUA | 55,020 | 61,945 |
| Others (General Account) | 1,591,271 | 323,103 |
| | <u>5,414,251</u> | <u>2,197,726</u> |

40. APPROPRIATION OF DIVIDEND

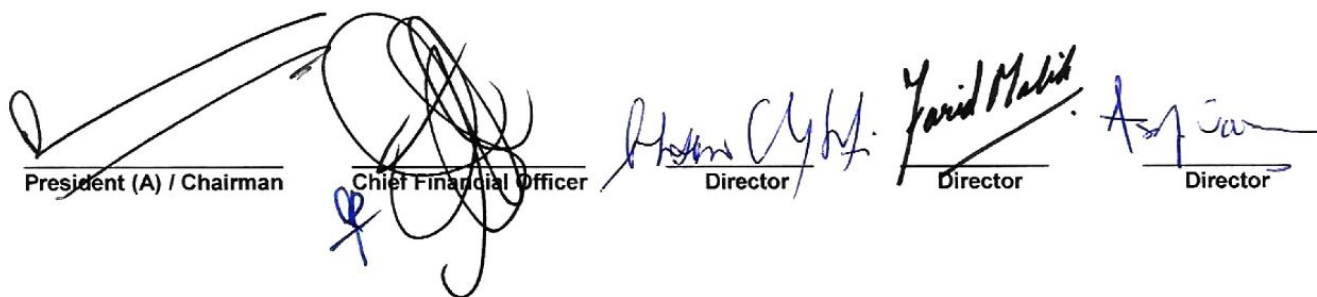
As explained in note 48 of annual audited unconsolidated financial statements of the Bank for the year ended December 31, 2021, the recommended cash dividend of Re.1 per share which amounted to Rs. 2,128 million, was subject to approvals of Federal Government under section 17 of the Banks (Nationalization) 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 October 28, 2022 by the Board of Directors of the Bank.



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

**NATIONAL BANK OF PAKISTAN
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022**

Directors' Report to the Shareholders Consolidated Financial Statements

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present the Directors' Review together with consolidated financial statement of National Bank of Pakistan "the Bank" and its group companies for the nine months period ended September 30, 2022.

Consolidated after-tax profit for the nine months period ended September 30, 2022 amounted to PKR 19.3 Bn, being 21.8% lower than PKR 24.6 Bn for the corresponding nine months period of 2021. During the nine months period, the subsidiary companies contributed PKR 0.62 Bn (Sep 21: PKR 0.24 Bn) in Group profitability, whereas the associates contributed a net loss of PKR 0.07 Bn (Sep 21: Share of profit PKR 0.01 Bn). A share of profit of PKR 0.32 Bn (Sep 21: PKR 0.13 Bn) was however recorded on account of UNBL, a UK based Joint Venture in which NBP has 45% shareholding. Accordingly, consolidated EPS dropped to PKR 9.03 for nine months period ended September 30, 2022 as compared to PKR 11.53 for the corresponding nine months period of 2021.

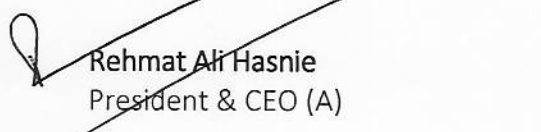
As of September 30, 2022, consolidated assets of the Bank amounted to PKR 5,177.2 Bn being PKR 1,320.2 Bn or 34.2% higher than PKR 3,857.0 Bn December 31, 2021.

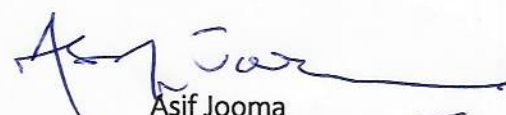
Profit for the nine months period ended September 30, 2022 after carry forward of accumulated profit of 2021 is proposed to be appropriated as follows:

(PKR 'Mn)

| | |
|---|-------------------------|
| After-tax consolidated profit for the nine months period ended September 30, 2022 | 19,277.1 |
| Unappropriated profit brought forward | 145,312.5 |
| Other comprehensive income - net of tax | (1,618.8) |
| Non-controlling interest | (74.3) |
| Transfer from surplus on revaluation of fixed assets – net of tax | 148.3 |
| Transfer from general loan loss reserve | 8,000.0 |
| | <u>151,767.7</u> |
| Profit available for appropriations | 171,044.8 |
| Appropriation: | |
| Transfer to statutory reserve | (1,916.4) |
| Unappropriated profit carried forward | <u><u>169,128.4</u></u> |

For and on behalf of the Board of Directors


Rehmat Ali Hasnie
President & CEO (A)


Asif Jooma
Director

Karachi
Date: October 28, 2022

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

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

ASSETS

| | | | |
|---------------------------------------|----|----------------------|----------------------|
| Cash and balances with treasury banks | 6 | 221,414,779 | 278,868,736 |
| Balances with other banks | 7 | 21,685,014 | 19,211,237 |
| Lendings to financial institutions | 8 | 102,250,970 | 335,466,675 |
| Investments | 9 | 3,360,549,695 | 1,942,741,191 |
| Advances | 10 | 1,214,174,418 | 1,113,314,128 |
| Fixed assets | 11 | 53,926,783 | 54,610,404 |
| Intangible assets | 12 | 1,930,552 | 1,394,843 |
| Right of use assets | 13 | 7,489,290 | 7,090,980 |
| Deferred tax asset | 14 | 3,151,621 | 1,902,811 |
| Other assets | 15 | 190,616,373 | 102,433,942 |
| | | 5,177,189,495 | 3,857,034,947 |

LIABILITIES

| | | | |
|---|----|----------------------|----------------------|
| Bills payable | 16 | 14,325,357 | 21,848,270 |
| Borrowings | 17 | 1,578,494,809 | 312,925,106 |
| Deposits and other accounts | 18 | 3,010,041,471 | 3,018,147,709 |
| Liabilities against assets subject to finance lease | 19 | 120,287 | 133,598 |
| Lease liability against right of use assets | 20 | 9,103,304 | 8,360,755 |
| Other liabilities | 21 | 255,310,974 | 200,596,128 |
| | | 4,867,396,202 | 3,562,011,566 |

NET ASSETS

| | |
|--------------------|--------------------|
| 309,793,293 | 295,023,381 |
|--------------------|--------------------|





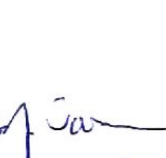
REPRESENTED BY

| | | | |
|---|----|--------------------|--------------------|
| Share capital | | 21,275,131 | 21,275,131 |
| Reserves | 22 | 65,422,808 | 62,427,269 |
| Surplus on revaluation of assets | 23 | 52,879,148 | 64,994,980 |
| Unappropriated profit | | 169,128,406 | 145,312,547 |
| Total Equity attributable to the equity holders of the Bank | | 308,705,493 | 294,009,927 |
| Non-controlling interest | | 1,087,800 | 1,013,454 |
| | | 309,793,293 | 295,023,381 |

CONTINGENCIES AND COMMITMENTS

24

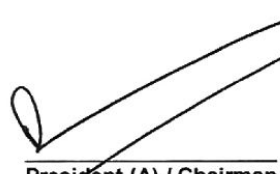


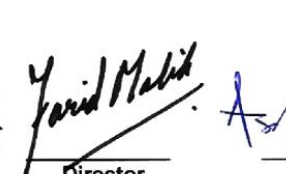
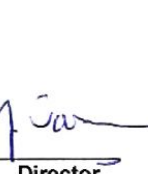
The annexed notes 1 to 43 form an integral part of these consolidated condensed interim financial statements.

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

NATIONAL BANK OF PAKISTAN
CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022

| | | Quarter ended | | Nine months ended | |
|--|----|-----------------------|-----------------------|-----------------------|-----------------------|
| | | September 30, 2022 | September 30, 2021 | September 30, 2022 | September 30, 2021 |
| Note | | (Rupees in '000) | | | |
| Mark-up / return / interest earned | 25 | 152,875,816 | 58,531,343 | 332,371,383 | 166,620,932 |
| Mark-up / return / interest expensed | 26 | 125,325,322 | 33,514,072 | 251,635,918 | 94,120,234 |
| Net mark-up / return / interest income | | 27,550,494 | 25,017,271 | 80,735,465 | 72,500,698 |
| NON MARK-UP / INTEREST INCOME | | | | | |
| Fee and commission income | 27 | 4,593,726 | 4,227,613 | 15,451,101 | 13,764,225 |
| Dividend income | | 1,488,796 | 1,303,724 | 3,330,710 | 2,773,390 |
| Foreign exchange income | | 1,073,975 | 2,235,620 | 5,764,734 | 5,010,640 |
| Gain on securities - net | 28 | 35,070 | 1,291,336 | 1,090,441 | 5,447,676 |
| Share of profit from joint venture - net of tax | | 68,990 | 69,399 | 315,653 | 125,608 |
| Share of (loss) /profit from associates - net of tax | | (7,505) | (21,348) | (68,749) | 9,591 |
| Other income | 29 | 663,982 | 453,096 | 1,479,374 | 1,408,319 |
| Total non-mark-up / interest income | | 7,917,034 | 9,559,440 | 27,363,264 | 28,539,449 |
| Total income | | 35,467,528 | 34,576,711 | 108,098,729 | 101,040,147 |
| NON MARK-UP / INTEREST EXPENSES | | | | | |
| Operating expenses | 30 | 19,286,082 | 16,740,637 | 55,746,293 | 48,067,245 |
| Other charges | 31 | 31,701 | 10,042 | 61,964 | 34,914 |
| Total non-markup / interest expenses | | 19,317,783 | 16,750,679 | 55,808,257 | 48,102,159 |
| Profit before provisions | | 16,149,745 | 17,826,032 | 52,290,472 | 52,937,988 |
| Provisions and write offs - net | 32 | 1,553,595 | 5,136,449 | 3,578,373 | 12,074,333 |
| PROFIT BEFORE TAXATION | | 14,596,150 | 12,689,583 | 48,712,099 | 40,863,655 |
| Taxation | 33 | 7,561,197 | 5,095,291 | 29,435,018 | 16,221,990 |
| PROFIT AFTER TAXATION | | 7,034,953 | 7,594,292 | 19,277,081 | 24,641,665 |
| Attributable to: | | | | | |
| Equity holders of the Bank | | 6,997,247 | 7,551,733 | 19,202,735 | 24,531,913 |
| Non-controlling interest | | 37,706 | 42,559 | 74,346 | 109,752 |
| | | 7,034,953 | 7,594,292 | 19,277,081 | 24,641,665 |
| (Rupees) | | | | | |
| Earnings per share - basic and diluted | 34 | 3.29 | 3.55 | 9.03 | 11.53 |

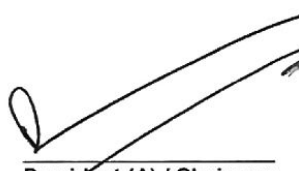

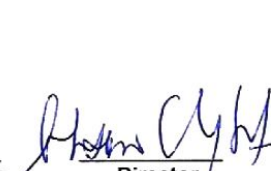
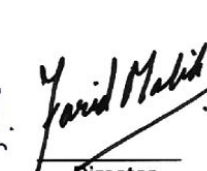
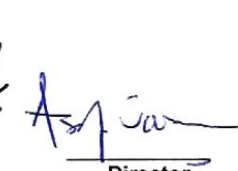
The annexed notes 1 to 43 form an integral part of these consolidated condensed interim financial statements.

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

NATIONAL BANK OF PAKISTAN
CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022

| | Quarter ended | | Nine months ended | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 30, 2022 | September 30, 2021 | September 30, 2022 | September 30, 2021 |
| | (Rupees in '000) | | | |
| Profit after taxation for the period | 7,034,953 | 7,594,292 | 19,277,081 | 24,641,665 |
| Other comprehensive income | | | | |
| Items that may be reclassified to profit and loss account in subsequent periods: | | | | |
| Exchange gain / (loss) on translation of net assets of foreign branches, subsidiaries and joint venture | 3,747,371 | 3,043,260 | 9,079,179 | 1,829,843 |
| Movement in surplus on revaluation of investments - net of tax | (2,552,558) | (4,769,296) | (11,967,568) | (2,739,351) |
| | 1,194,813 | (1,726,036) | (2,888,389) | (909,508) |
| Items that will not be reclassified to profit and loss account in subsequent periods: | | | | |
| Remeasurement gain / (loss) on defined benefit obligations - net of tax | (9,568) | (609,688) | (1,618,779) | (378,816) |
| Movement in surplus on revaluation of fixed assets - net of tax | - | 128 | - | (27,361) |
| | (9,568) | (609,559) | (1,618,779) | (406,177) |
| Total comprehensive (loss) / income | 8,220,198 | 5,258,696 | 14,769,913 | 23,325,980 |
| Total comprehensive income attributable to: | | | | |
| Equity holders of the Bank | 8,182,492 | 5,216,137 | 14,695,567 | 23,216,228 |
| Non-controlling interest | 37,706 | 42,559 | 74,346 | 109,752 |
| | 8,220,198 | 5,258,696 | 14,769,913 | 23,325,980 |


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 NINE MONTHS PERIOD ENDED SEPTEMBER 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 | Total | | | | |
| (Rupees in '000) | | | | | | | | | | | | | |
| Balance as at January 01, 2021 | 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 | 120,631,784 | 273,486,134 | 916,148 | 274,402,282 |
| Profit after taxation for the nine months period ended September 30, 2021 | - | - | - | - | - | - | - | - | - | 24,531,913 | 24,531,913 | 109,752 | 24,641,665 |
| Other comprehensive (loss) / income - net of tax | - | 1,829,843 | - | - | - | 1,829,843 | (2,739,351) | (27,361) | (2,766,712) | (378,816) | (1,315,685) | - | (1,315,685) |
| Transfer to statutory reserve | - | - | 2,414,459 | - | - | 2,414,459 | - | - | - | (2,414,459) | - | - | - |
| Transfer from surplus on revaluation of assets to unappropriated profit - net of tax | - | - | - | - | - | - | - | (180,239) | (180,239) | 180,239 | - | - | - |
| Transactions with owners, recorded directly in equity | | | | | | | | | | | | | |
| Cash dividend paid for the year ended December 31, 2020 (Rs. Nil per share) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Cash dividend paid / profit distribution by subsidiaries | - | - | - | - | - | - | - | - | - | - | - | (2,814) | (2,814) |
| Balance as at October 01, 2021 | 21,275,131 | 14,675,175 | 38,639,206 | 8,000,000 | 521,338 | 61,835,719 | 25,511,532 | 45,529,318 | 71,040,849 | 142,550,661 | 296,702,360 | 1,023,086 | 297,725,446 |
| Profit after taxation for the three months period ended December 31, 2021 | - | - | - | - | - | - | - | - | - | 4,068,548 | 4,068,548 | 50,168 | 4,118,716 |
| Other comprehensive income / (loss) - net of tax | - | 205,210 | - | - | - | 205,210 | (5,958,801) | (59,220) | (6,018,021) | (948,171) | (6,760,982) | - | (6,760,982) |
| Transfer to statutory reserve | - | - | 386,340 | - | - | 386,340 | - | - | - | (386,340) | - | - | - |
| Transfer from surplus on revaluation of assets to unappropriated profit - net of tax | - | - | - | - | - | - | - | (27,849) | (27,849) | 27,849 | - | - | - |
| Transactions with owners, recorded directly in equity | | | | | | | | | | | | | |
| Cash dividend paid / profit distribution by subsidiaries | - | - | - | - | - | - | - | - | - | - | - | (59,800) | (59,800) |
| Balance as at January 01, 2022 | 21,275,131 | 14,880,385 | 39,025,546 | 8,000,000 | 521,338 | 62,427,269 | 19,552,731 | 45,442,249 | 64,994,980 | 145,312,547 | 294,009,927 | 1,013,454 | 295,023,381 |
| Profit after taxation for the nine months period ended September 30, 2022 | - | - | - | - | - | - | - | - | - | 19,202,735 | 19,202,735 | 74,346 | 19,277,081 |
| Other comprehensive income / (loss) - net of tax | - | 9,079,179 | - | - | - | 9,079,179 | (11,967,568) | - | (11,967,568) | (1,618,779) | (4,507,168) | - | (4,507,168) |
| Transfer to statutory reserve | - | - | 1,916,360 | - | - | 1,916,360 | - | - | - | (1,916,360) | - | - | - |
| Transfer from surplus on revaluation of assets to unappropriated profit - net of tax | - | - | - | - | - | - | - | (148,263) | (148,263) | 148,263 | - | - | - |
| 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 (Refer to Note # 41) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Cash dividend paid / profit distribution by subsidiaries | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Balance as at September 30, 2022 | 21,275,131 | 23,959,564 | 40,941,906 | - | 521,338 | 65,422,808 | 7,585,162 | 45,293,986 | 52,879,148 | 169,128,406 | 308,705,493 | 1,087,800 | 309,793,293 |

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 CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022

| | September 30, 2022 | September 30, 2021 |
|--|-----------------------|-----------------------|
| Note | (Rupees in '000) | |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 48,712,099 | 40,863,655 |
| Less: dividend income | (3,330,710) | (2,773,390) |
| | 45,381,389 | 38,090,265 |
| Adjustments: | | |
| Depreciation on fixed assets | 1,965,861 | 1,890,295 |
| Depreciation on right of use assets | 1,619,115 | 1,532,654 |
| Amortisation | 216,709 | 233,125 |
| Provision and write-offs - net | 3,578,373 | 12,074,333 |
| Gain on sale of fixed assets | (198,750) | (21,065) |
| Financial charges on leased assets | 140,459 | 100,216 |
| Financial charges on right-of-use-assets | 662,874 | 603,646 |
| Unrealized gain on revaluation of investments classified as held-for-trading | 74,583 | 71,929 |
| Charge for defined benefit plans - net | 6,339,258 | 5,551,176 |
| Share of (profit) from joint venture - net of tax | (315,653) | (125,608) |
| Share of loss / (profit) from associates - net of tax | 68,749 | (9,591) |
| | 14,151,578 | 21,901,110 |
| | 59,532,967 | 59,991,375 |
| (Increase) / decrease in operating assets | | |
| Lendings to financial institutions | 212,215,705 | (141,156,915) |
| Held-for-trading securities | 6,511,407 | (32,818,347) |
| Advances | (110,636,175) | (47,380,825) |
| Other assets (excluding advance taxation) | (95,704,254) | (5,565,946) |
| | 12,386,683 | (226,922,033) |
| Increase/ (decrease) in operating liabilities | | |
| Bills payable | (7,522,913) | 3,958,444 |
| Borrowings from financial institutions | 1,279,742,949 | 612,795,336 |
| Deposits | (8,106,238) | 132,243,098 |
| Other liabilities (excluding current taxation) | 50,446,262 | 11,927,158 |
| | 1,314,560,060 | 760,924,036 |
| Financial charges paid | (803,333) | (703,862) |
| Income tax paid / adjusted | (10,025,645) | (8,420,673) |
| Benefits paid | (2,355,895) | (1,240,225) |
| Net cash flows generated from operating activities | 1,373,294,837 | 583,628,618 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Net investments in available-for-sale securities | (1,357,323,957) | (670,708,158) |
| Net investments in held-to-maturity securities | (86,555,574) | 31,214,532 |
| Dividends received | 3,421,458 | 1,613,593 |
| Investments in fixed assets | (1,654,069) | (2,285,823) |
| Proceeds from sale of fixed assets | 248,841 | 62,780 |
| Effect of translation of net investment in foreign branches | 9,079,179 | 1,829,843 |
| Net cash flows (used in) / generated from investing activities | (1,432,784,122) | (638,273,233) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Payments of lease obligations | (2,317,650) | (1,724,592) |
| Dividend paid | - | (2,613) |
| Net cash flows used in financing activities | (2,317,650) | (1,727,205) |
| (Decrease) / increase in cash and cash equivalents | (61,806,934) | (56,371,821) |
| Cash and cash equivalents at beginning of the period | 273,052,207 | 263,741,704 |
| Cash and cash equivalents at end of the period | 211,245,273 | 207,369,883 |

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 NINE MONTHS PERIOD ENDED SEPTEMBER 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) September 30, 2022 | (Audited) December 31, 2021 |
|---|------|---------------------------------------|-----------------------------------|
| | Note | ----- (Rupees in '000) ----- | |
| 6. CASH AND BALANCES WITH TREASURY BANKS | | | |
| In hand | | | |
| Local currency | | 62,207,635 | 56,039,638 |
| Foreign currencies | | 8,326,757 | 6,924,389 |
| | | 70,534,392 | 62,964,027 |
| With State Bank of Pakistan in | | | |
| Local currency current accounts | 6.1 | 98,702,358 | 133,688,708 |
| Foreign currency current accounts | 6.2 | 15,344,342 | 11,738,428 |
| Foreign currency deposit accounts | 6.2 | 12,436 | 24,098,591 |
| Foreign currency collection accounts | | 1,852,372 | 1,226,824 |
| | | 115,911,508 | 170,752,551 |
| With other central banks in | | | |
| Foreign currency current accounts | 6.3 | 30,035,312 | 40,265,103 |
| Foreign currency deposit accounts | 6.3 | 4,585,263 | 2,920,706 |
| | | 34,620,575 | 43,185,809 |
| Prize bonds | | 348,304 | 1,966,349 |
| | | 221,414,779 | 278,868,736 |

- 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 3.25% per annum (December 31, 2021: 0% to 6.30% per annum).

| | | (Un-audited) September 30, 2022 | (Audited) December 31, 2021 |
|-------------------------------------|------|---------------------------------------|-----------------------------------|
| | Note | ----- (Rupees in '000) ----- | |
| 7. BALANCES WITH OTHER BANKS | | | |
| In Pakistan | | | |
| In current accounts | | 185,502 | 171,930 |
| In deposit accounts | 7.1 | 457,659 | 595,236 |
| | | 643,161 | 767,166 |
| Outside Pakistan | | | |
| In current accounts | | 14,349,690 | 12,797,681 |
| In deposit accounts | 7.2 | 6,692,163 | 5,646,390 |
| | | 21,041,853 | 18,444,071 |
| | | 21,685,014 | 19,211,237 |

- 7.1** These include various deposits with banks and carry interest at rates ranging from 5.0% to 13.0% 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 0.0% to 2.6% per annum (December 31, 2021: 0.0% to 1.5% per annum).

| | (Un-audited) September 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 | 96,277,874 | 282,051,308 |
| Musharaka Lending | 8.3 | 2,000,000 | 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 | 102,425,120 | 335,640,825 |
| Less: provision held against lendings to financial institutions | 8.7 | (174,150) | (174,150) |
| Lendings to financial institutions - net of provision | | 102,250,970 | 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 15.15% to 16.00% per annum (December 31, 2021: 8.75% to 10.70% per annum) with maturities ranging from October 03, 2022 to October 07, 2022.
- 8.3** This represents Musharaka agreements entered into with Meezan Bank Limited and carrying profit at the rate of 15.9% (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 September 30, 2022.

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

8.6 Particulars of lending

| | | |
|-----------------------|-------------|-------------|
| In local currency | 102,425,120 | 335,640,825 |
| In foreign currencies | - | - |
| | 102,425,120 | 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

| | September 30, 2022 (Un-audited) | | | December 31, 2021 (Audited) | | |
|---------------------------|---------------------------------|-----------------------------|------------|-----------------------------|-----------------------------|-------------|
| | Held by Bank | Further given as collateral | Total | Held by Bank | Further given as collateral | Total |
| | ----- (Rupees in '000) ----- | | | | | |
| Market Treasury Bills | 38,463,753 | - | 38,463,753 | 163,594,180 | - | 163,594,180 |
| Pakistan Investment Bonds | 57,814,121 | - | 57,814,121 | 118,457,128 | - | 118,457,128 |
| Total | 96,277,874 | - | 96,277,874 | 282,051,308 | - | 282,051,308 |

8.7.1 Market value of the securities under repurchase agreement lendings amounts to Rs. 96,271 million (December 31, 2021: Rs. 279,633 million).

8.9 Category of classification

| | (Un-audited) September 30, 2022 | | (Audited) December 31, 2021 | |
|-----------------|------------------------------------|----------------|--------------------------------|----------------|
| | Classified Lending | Provision held | Classified Lending | Provision held |
| | ----- (Rupees in '000) ----- | | | |
| Domestic | | | | |
| Loss | 174,150 | 174,150 | 174,150 | 174,150 |

9. INVESTMENTS

9.1 Investments by type:

| | September 30, 2022 (Un-audited) | | | | December 31, 2021 (Audited) | | | |
|---|---------------------------------|--------------------------|---------------------|----------------------|-----------------------------|--------------------------|---------------------|----------------------|
| | Cost / amortised cost | Provision for diminution | Surplus / (Deficit) | Carrying Value | Cost / amortised cost | Provision for diminution | Surplus / (Deficit) | Carrying Value |
| | ----- (Rupees in '000) ----- | | | | | | | |
| Held-for-trading securities | | | | | | | | |
| Market Treasury Bills | 61,251,934 | - | 51,155 | 61,303,089 | 90,744,281 | - | (55,659) | 90,688,622 |
| Pakistan Investment Bonds | 51,411,307 | - | (95,789) | 51,315,518 | 29,114,020 | - | (65,016) | 29,049,004 |
| Ordinary shares of listed companies | 435,229 | - | (18,325) | 416,904 | 139,329 | - | - | 139,329 |
| Investment In mutual funds | 678,039 | - | (11,625) | 666,414 | 451,492 | - | (1,160) | 450,332 |
| Foreign Government Securities | 1,583,094 | - | - | 1,583,094 | 1,374,638 | - | - | 1,374,638 |
| | 115,359,603 | - | (74,583) | 115,285,019 | 121,823,760 | - | (121,834) | 121,701,925 |
| Available-for-sale securities | | | | | | | | |
| Market Treasury Bills | 1,608,860,274 | - | (1,278,538) | 1,607,581,736 | 721,736,763 | - | (430,492) | 721,306,271 |
| Pakistan Investment Bonds | 1,013,973,445 | - | (15,437,996) | 998,535,449 | 571,528,321 | - | (8,147,316) | 563,381,005 |
| Ijarah Sukuks | 20,546,928 | - | (236,903) | 20,310,025 | 14,000,979 | - | (31,279) | 13,969,700 |
| Ordinary shares of listed companies | 39,784,699 | (8,697,680) | 6,982,090 | 38,069,109 | 34,150,987 | (6,110,939) | 11,765,469 | 39,805,517 |
| Ordinary shares of unlisted companies | 1,882,463 | (410,893) | - | 1,471,570 | 1,882,198 | (410,893) | - | 1,471,305 |
| Preference shares | 1,700,733 | (539,708) | 180,502 | 1,341,527 | 1,706,823 | (539,708) | 98,614 | 1,265,729 |
| Term Finance Certificates / Musharika | | | | | | | | |
| Participation Term Certificate and Sukuk Bonds | 52,681,409 | (5,295,560) | 1,796,643 | 49,182,492 | 55,505,182 | (5,200,180) | 959,516 | 51,264,518 |
| GoP Foreign Currency Bonds | 37,837,965 | - | (17,477,170) | 20,360,795 | 20,778,528 | - | 26,435 | 20,804,963 |
| Foreign Government Securities | 1,026,755 | - | (35,745) | 991,010 | 880,932 | - | 26,372 | 907,304 |
| Investments in mutual funds | 1,819,646 | (41,167) | 987,303 | 2,765,782 | 619,646 | (41,167) | 1,289,705 | 1,868,184 |
| Ordinary shares of a bank outside Pakistan | 463,293 | - | 41,264,378 | 41,727,672 | 463,294 | - | 27,060,912 | 27,524,206 |
| | 2,780,577,610 | (14,985,008) | 16,744,564 | 2,782,337,167 | 1,423,253,653 | (12,302,887) | 32,617,936 | 1,443,568,702 |
| Held-to-maturity securities | | | | | | | | |
| Market Treasury Bills | 28,698,614 | - | - | 28,698,614 | - | - | - | - |
| Pakistan Investment Bonds | 374,302,120 | - | - | 374,302,120 | 324,726,185 | - | - | 324,726,185 |
| Debentures, Bonds, Ijarah Sukuks, Participation | | | | | | | | |
| Term Certificates and Term Finance Certificates | 13,543,806 | (404,585) | - | 13,139,221 | 407,164 | (407,134) | - | 30 |
| Bai Muajjal with Government of Pakistan | - | - | - | - | 10,914,185 | - | - | 10,914,185 |
| GoP Foreign Currency Bonds | 2,928,560 | - | - | 2,928,560 | - | - | - | - |
| Foreign Government Securities | 37,221,415 | - | - | 37,221,415 | 34,091,600 | - | - | 34,091,600 |
| Foreign Currency Debt Securities | 873 | - | - | 873 | 680 | - | - | 680 |
| | 456,695,388 | (404,585) | - | 456,290,803 | 370,139,814 | (407,134) | - | 369,732,680 |
| Associates | 1,199,460 | (767,245) | - | 432,215 | 1,271,766 | (674,785) | - | 596,981 |
| Joint Venture | 6,204,491 | - | - | 6,204,491 | 7,140,903 | - | - | 7,140,903 |
| Subsidiaries | 1,245 | (1,245) | - | - | 1,245 | (1,245) | - | - |
| Total Investments | 3,360,037,797 | (16,158,083) | 16,669,981 | 3,360,549,695 | 1,923,631,141 | (13,386,051) | 32,496,101 | 1,942,741,191 |

| | | (Un-audited) September 30, 2022 | (Audited) December 31, 2021 |
|--|------|---------------------------------------|-----------------------------------|
| | Note | ----- (Rupees in '000) ----- | |
| 9.1.1 Investments given as collateral | | | |
| Pakistan Investment Bonds | | 697,900,930 | 30,682,290 |
| Market Treasury Bills | | 785,778,192 | 96,128,050 |
| | 17 | <u>1,483,679,122</u> | <u>126,810,340</u> |

9.2 Provision for diminution in value of investments

| | | | |
|--------------|--------------------------|-------------------|-------------------|
| 9.2.1 | Opening balance | 13,386,051 | 12,862,773 |
| | Charge for the period | 3,811,424 | 1,242,251 |
| | Reversals for the period | (1,039,392) | (718,973) |
| | | <u>2,772,032</u> | <u>523,278</u> |
| | Closing Balance | <u>16,158,083</u> | <u>13,386,051</u> |

9.2.2 Particulars of provision against debt securities

Category of classification

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

Domestic

| | | | | |
|----------|------------------|------------------|------------------|------------------|
| Doubtful | 299,760 | 149,880 | - | - |
| Loss | 5,550,265 | 5,550,265 | 5,607,314 | 5,607,314 |
| | <u>5,850,025</u> | <u>5,700,145</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 September 30, 2022 amounted to Rs. 442,748 million (December 31, 2021: Rs. 366,869 million).

10. ADVANCES

| Note | Performing | | Non Performing | | Total | |
|------|---------------------------------------|-----------------------------------|---------------------------------------|-----------------------------------|---------------------------------------|-----------------------------------|
| | (Un-audited) September 30, 2022 | (Audited) December 31, 2021 | (Un-audited) September 30, 2022 | (Audited) December 31, 2021 | (Un-audited) September 30, 2022 | (Audited) December 31, 2021 |
| | (Rupees in '000) | | | | | |
| | 1,128,229,674 | 1,045,532,093 | 196,252,263 | 183,456,102 | 1,324,481,937 | 1,228,988,195 |
| | 44,671,211 | 42,316,269 | 683,871 | 712,762 | 45,355,082 | 43,029,031 |
| 10.1 | 39,972 | 47,548 | 28,944 | 28,944 | 68,916 | 76,492 |
| | 31,960,114 | 19,199,730 | 14,070,455 | 14,147,881 | 46,030,569 | 33,347,611 |
| 10.2 | 1,204,900,971 | 1,107,095,640 | 211,035,533 | 198,345,689 | 1,415,936,504 | 1,305,441,329 |
| | - | - | 192,460,077 | 179,654,610 | 192,460,077 | 179,654,610 |
| | 9,302,008 | 12,472,591 | - | - | 9,302,008 | 12,472,591 |
| 10.4 | 9,302,008 | 12,472,591 | 192,460,077 | 179,654,610 | 201,762,085 | 192,127,201 |
| | 1,195,598,962 | 1,094,623,049 | 18,575,456 | 18,691,079 | 1,214,174,418 | 1,113,314,128 |

10.1 Net Investment in Finance Lease

| | September 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 | 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 | - | - | 51,739 | 51,796 | 64 | - | 51,860 |
| Residual value | 41,505 | - | - | 41,505 | 48,804 | 185 | - | 48,989 |
| Minimum lease payments | 93,244 | - | - | 93,244 | 100,599 | 249 | - | 100,849 |
| Less: financial charges for future periods | 24,329 | - | - | 24,329 | 24,356 | 1 | - | 24,356 |
| Present value of minimum lease payments | 68,915 | - | - | 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)

| | (Un-audited) September 30, 2022 | (Audited) December 31, 2021 |
|------------------------------|---------------------------------------|-----------------------------------|
| ----- (Rupees in '000) ----- | | |
| In local currency | 1,271,544,717 | 1,178,144,911 |
| In foreign currencies | 144,391,787 | 127,296,418 |
| | 1,415,936,504 | 1,305,441,329 |

- 10.3** Advances include Rs. 211,036 million (December 31, 2021: Rs. 198,346 million) which have been placed under non-performing status as detailed below:

| Category of Classification | (Un-audited) September 30, 2022 | | (Audited) December 31, 2021 | |
|-----------------------------------|------------------------------------|--------------------|--------------------------------|-------------|
| | Non Performing Loans | Provision | Non Performing Loans | Provision |
| ----- (Rupees in '000) ----- | | | | |
| Domestic | | | | |
| Other Assets Especially Mentioned | 3,856,077 | 109,983 | 1,950,183 | 94,550 |
| Substandard | 7,922,642 | 1,900,669 | 5,245,094 | 1,230,458 |
| Doubtful | 9,234,339 | 4,822,980 | 17,048,217 | 8,455,999 |
| Loss | 135,062,064 | 132,783,727 | 127,537,486 | 124,864,376 |
| | 156,075,122 | 139,617,359 | 151,780,980 | 134,645,383 |
| Overseas | | | | |
| Overdue by: | | | | |
| Upto 90 days | - | - | - | - |
| 91 to 180 days | - | - | - | - |
| 181 to 365 days | 341,616 | 170,808 | 286,746 | 143,373 |
| > 365 days | 54,618,795 | 52,671,910 | 46,277,963 | 44,865,854 |
| | 54,960,411 | 52,842,718 | 46,564,709 | 45,009,227 |
| Total | 211,035,533 | 192,460,077 | 198,345,689 | 179,654,610 |

10.4 Particulars of provision against advances

| Note | September 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 | 9,234,787 | 90,059 | 9,324,846 | 4,293,544 | 50,984 | 4,344,528 |
| Charge for the period / year | 3,819,172 | 1,327,644 | 5,146,816 | 15,680,535 | 513,602 | 16,194,137 |
| Reversals | (3,135,491) | (1,560,286) | (4,695,777) | (4,238,039) | (952,785) | (5,190,824) |
| | 683,681 | (232,642) | 451,039 | 11,442,496 | (439,183) | 11,003,313 |
| Amounts written off | (127,687) | - | (127,687) | (171,425) | - | (171,425) |
| Amounts charged off - agriculture financing | (13,314) | - | (13,314) | (110,733) | - | (110,733) |
| Transfer from general to specific provision | 3,028,000 | (3,028,000) | - | 9,612,958 | (9,612,958) | - |
| Closing balance | 192,460,077 | 9,302,008 | 201,762,085 | 179,654,610 | 12,472,591 | 192,127,201 |

10.4.1 Particulars of provision against advances

| | September 30, 2022 (Un-audited) | | | December 31, 2021 (Audited) | | |
|------------------------------|---------------------------------|------------------|--------------------|-----------------------------|------------|-------------|
| | Specific | General | Total | Specific | General | Total |
| ----- (Rupees in '000) ----- | | | | | | |
| In local currency | 139,617,359 | 9,048,692 | 148,666,051 | 134,645,383 | 12,220,748 | 146,866,131 |
| In foreign currencies | 52,842,718 | 253,316 | 53,096,035 | 45,009,227 | 251,843 | 45,261,070 |
| | 192,460,077 | 9,302,008 | 201,762,085 | 179,654,610 | 12,472,591 | 192,127,201 |

- 10.4.2** General provision includes provision amounting to Rs. 5,202 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. 253 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. 3,847 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) September 30, 2022 ----- (Rupees in '000) ----- | (Audited) December 31, 2021 |
|--|------|---|---------------------------------------|
| 11. FIXED ASSETS | | | |
| Capital work-in-progress | 11.1 | 1,548,006 | 1,405,413 |
| Property and equipment | | 52,378,777 | 53,204,991 |
| | | <u>53,926,783</u> | <u>54,610,404</u> |
| 11.1 Capital work-in-progress | | | |
| Civil works | | 1,478,089 | 1,335,603 |
| Equipment | | 10,825 | 10,825 |
| Advances to suppliers and contractors | | 59,092 | 58,985 |
| | | <u>1,548,006</u> | <u>1,405,413</u> |
| | | (Un-audited) September 30, 2022 ----- (Rupees in '000) ----- | (Un-audited) September 30, 2021 |
| 11.2 Additions to fixed assets | | | |
| The following additions have been made to fixed assets during the period: | | | |
| Capital work-in-progress | | 306,514 | 358,764 |
| Property and equipment | | | |
| Building on freehold land | | 69,577 | - |
| Building on leasehold land | | 12,630 | 30,813 |
| Furniture and fixture | | 319,385 | 491,401 |
| Computer and peripheral equipment | | 144,167 | 392,449 |
| Electrical, office equipment | | 263,563 | 287,927 |
| Vehicles | | 110,334 | 775,176 |
| Assets held under finance lease - Vehicles | | 53,538 | 20,428 |
| | | <u>973,194</u> | <u>1,998,194</u> |
| Total | | <u>1,279,708</u> | <u>2,356,958</u> |
| 11.3 Disposal of fixed assets | | | |
| The net book value of fixed assets disposed off during the period is as follows: | | | |
| Furniture and fixture | | 125 | 4,336 |
| Computer and peripheral equipment | | 333 | 77 |
| Electrical, office equipment | | 142 | 1,020 |
| Vehicles | | 34,305 | 28,101 |
| Assets held under finance lease - Vehicle | | 15,186 | 7,816 |
| Assets held under Ijarah - Machinery | | - | 20 |
| Assets held under Ijarah - Vehicle | | - | 344 |
| Total | | <u>50,091</u> | <u>41,714</u> |

| | | (Un-audited) September 30, 2022 | (Audited) December 31, 2021 |
|--|--|---------------------------------------|---------------------------------------|
| | | ----- (Rupees in '000) ----- | |
| 12. INTANGIBLE ASSETS | | | |
| Capital work-in-progress - Software Implementation | | 634,875 | 223,397 |
| Computer Software | | 733,124 | 608,893 |
| Goodwill on NBP Fund Acquisition | | 562,553 | 562,553 |
| | | <u>1,930,552</u> | <u>1,394,843</u> |
| | | (Un-audited) September 30, 2022 | (Un-audited) September 30, 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 | | 410,105 | 105,227 |
| Directly purchased | | 126,803 | 44,593 |
| Total | | <u>536,908</u> | <u>149,820</u> |
| | | (Un-audited) September 30, 2022 | (Audited) December 31, 2021 |
| | | ----- (Rupees in '000) ----- | |
| 13. RIGHT-OF-USE ASSETS | | | |
| Balance as at January 01 | | 7,090,980 | 7,017,020 |
| Additions during the period / year | | 2,038,578 | 2,201,551 |
| Derecognition during the period / year | | (21,153) | (37,767) |
| Depreciation charged for the period / year | | <u>(1,619,115)</u> | <u>(2,089,824)</u> |
| Balance as at | | <u>7,489,290</u> | <u>7,090,980</u> |
| 14. DEFERRED TAX | | | |
| Deductible temporary differences on | | | |
| - Tax losses carried forward | | 10,705 | 10,705 |
| - Post retirement employee benefits | | 6,318,629 | 5,072,768 |
| - Provision for diminution in the value of investments | | 236,751 | 236,751 |
| - Provision against loans and advances | | 4,313,475 | 10,457,938 |
| - Provision against off-balance sheet obligations | | 115,222 | 115,222 |
| - Accelerated tax depreciation | | 1,609,463 | 1,079,805 |
| - Excess of accounting book value of leased assets over lease liabilities | | 932 | 796 |
| - Right of use assets | | 786,000 | 502,538 |
| - Other provisions | | 99,962 | 107,841 |
| | | <u>13,491,139</u> | <u>17,584,364</u> |
| Taxable temporary differences on | | | |
| - Surplus on revaluation of fixed assets | | (2,442,910) | (2,446,324) |
| - Surplus on revaluation of investments | | (7,195,900) | (12,715,501) |
| - Surplus on revaluation of non-banking assets | | (52,732) | (52,732) |
| - Exchange translation reserve | | (647,976) | (466,996) |
| | | <u>(10,339,518)</u> | <u>(15,681,553)</u> |
| | | <u>3,151,621</u> | <u>1,902,811</u> |

| | | (Un-audited) September 30, 2022 | (Audited) December 31, 2021 |
|-------------------------|------|---------------------------------------|-----------------------------------|
| Note | | (Rupees in '000) | |
| 15. OTHER ASSETS | | | |
| | | 78,005,367 | 41,787,103 |
| | | 5,103,264 | 2,842,699 |
| | | 5,908,238 | 4,047,973 |
| | 15.1 | 3,088,231 | 12,983,211 |
| | | 20,364,795 | 19,221,431 |
| | | 1,183,872 | 1,195,660 |
| | | 208,423 | 208,423 |
| | | 3,839,570 | 3,058,205 |
| | | 12,847,320 | 5,006,019 |
| | | 455,420 | 470,402 |
| | | 195,399 | 195,399 |
| | | 323,172 | 323,172 |
| | | 418,834 | 418,834 |
| | | 67,322 | 435,422 |
| | | 122,978 | 159,949 |
| | | 930,202 | 896,162 |
| | | 57,840,401 | 10,311,259 |
| | | 8,750,914 | 7,718,051 |
| | | 199,653,722 | 111,279,374 |
| | 15.2 | 11,901,235 | 11,709,318 |
| | | 187,752,487 | 99,570,056 |
| | | | |
| | | 2,863,886 | 2,863,886 |
| | | 190,616,373 | 102,433,942 |

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

| | (Un-audited) September 30, 2022 | (Audited) December 31, 2021 |
|--|---------------------------------------|-----------------------------------|
| | ----- (Rupees in '000) ----- | |
| 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 | 4,314,786 | 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 | 4,583,125 | 4,541,509 |
| | 11,901,235 | 11,709,318 |

| | (Un-audited) September 30, 2022 | (Audited) December 31, 2021 |
|---|---------------------------------------|-----------------------------------|
| | ----- (Rupees in '000) ----- | |
| 15.2.1 Movement in provision held against other assets | | |
| Opening balance | 11,709,318 | 11,882,118 |
| Charge for the period / year | 220,080 | 70,781 |
| Adjustment against provision | (28,164) | (243,582) |
| Closing balance | 11,901,235 | 11,709,318 |
| 16. BILLS PAYABLE | | |
| In Pakistan | 13,625,177 | 21,775,348 |
| Outside Pakistan | 700,180 | 72,922 |
| | 14,325,357 | 21,848,270 |
| 17. BORROWINGS | | |
| Secured | | |
| Borrowings from State Bank of Pakistan | | |
| Under Export Refinance Scheme | 7,657,963 | 5,057,300 |
| Under Export Refinance Scheme (New Scheme) | 9,217,813 | 29,193,202 |
| Financing Scheme for Renewable Energy | 816,009 | 740,493 |
| Refinance Facility for Modernization of SMEs | 45,555 | 130,288 |
| Financing Facility for storage of Agriculture Produce (FFSAP) | 557,762 | 526,479 |
| Under Long-Term Financing Facility (LTFF) | 21,043,956 | 19,465,068 |
| Refinance Scheme for Payment of Wages and Salaries | 156,271 | 566,315 |
| Temporary Economic Refinance Facility | 23,388,168 | 12,122,947 |
| Refinance Facility for Combating Covid-19 | 67,947 | 79,976 |
| | 62,951,444 | 67,882,068 |
| Repurchase agreement borrowings | 9.1.1 1,483,679,122 | 126,810,340 |
| Bai Muajjal | - | 72,195,209 |
| | 1,546,630,566 | 266,887,617 |
| Unsecured | | |
| Call borrowings | 31,845,754 | 46,011,009 |
| Overdrawn nostro accounts | 18,489 | 26,480 |
| | 31,864,243 | 46,037,489 |
| | 1,578,494,809 | 312,925,106 |
| 17.1 Particulars of borrowings with respect to currencies | | |
| In local currency | 1,546,649,055 | 275,739,772 |
| In foreign currencies | 31,845,754 | 37,185,334 |
| | 1,578,494,809 | 312,925,106 |
| 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 15.1% to 16.0% per annum (December 31, 2021: 9.7% to 10.21% per annum) having maturities ranging from October 3, 2022 to November 18, 2022. | | |
| - Call borrowings carry interest ranging from 2% 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.1,483,679 million (December 31, 2021: Rs. 126,810 million). | | |

18. DEPOSITS AND OTHER ACCOUNTS

| | September 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) | | | | | | |
| Customers | | | | | | |
| Current deposits - remunerative | 629,646,865 | - | 629,646,865 | 648,854,267 | - | 648,854,267 |
| Current deposits - non-remunerative | 515,294,945 | 143,873,523 | 659,168,468 | 476,510,388 | 145,931,064 | 622,441,452 |
| Savings deposits | 684,932,170 | 114,629,881 | 799,562,051 | 675,591,525 | 79,434,496 | 755,026,021 |
| Term deposits | 419,740,219 | 101,693,211 | 521,433,430 | 400,905,240 | 70,853,064 | 471,758,304 |
| Others | 12,360,383 | 4,887 | 12,365,270 | - | 6,463 | 6,463 |
| | 2,261,974,582 | 360,201,502 | 2,622,176,084 | 2,201,861,420 | 296,225,087 | 2,498,086,507 |
| Financial Institutions | | | | | | |
| Current deposits | 335,712,968 | 2,733,429 | 338,446,397 | 444,904,430 | 1,169,235 | 446,073,665 |
| Savings deposits | 31,398,771 | - | 31,398,771 | 7,075,299 | 3,842,651 | 10,917,950 |
| Term deposits | 9,099,224 | 6,893,097 | 15,992,321 | 21,470,450 | 5,760,597 | 27,231,047 |
| Others | 2,025,484 | 2,414 | 2,027,898 | 35,838,540 | - | 35,838,540 |
| | 378,236,447 | 9,628,940 | 387,865,387 | 509,288,719 | 10,772,483 | 520,061,202 |
| | 2,640,211,029 | 369,830,442 | 3,010,041,471 | 2,711,150,139 | 306,997,570 | 3,018,147,709 |

- 18.1 Foreign currencies deposits includes deposit of foreign branches amounting to Rs. 72,109 million (December 31, 2021: Rs. 75,485 million).

19. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

| | September 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 | 68,063 | 7,657 | 60,406 | 83,418 | 5,302 | 78,116 |
| Later than one year and upto five years | 64,454 | 4,573 | 59,881 | 57,804 | 2,322 | 55,482 |
| Over five years | - | - | - | - | - | - |
| | 132,517 | 12,230 | 120,287 | 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) September 30, 2022 | (Audited) December 31, 2021 |
|------------------|---------------------------------------|-----------------------------------|
| (Rupees in '000) | | |

20. LEASE LIABILITIES AGAINST RIGHT OF USE ASSETS

| | | |
|---|------------|------------|
| Lease liabilities included in the statement of financial position | 9,103,304 | 8,360,755 |
| Of which are: | | |
| Current lease liability | 1,838,808 | 1,646,939 |
| Non-current lease liability | 7,264,496 | 6,713,816 |
| | 9,103,304 | 8,360,755 |
| Maturity analysis - contractual undiscounted cash flows | | |
| Less than one year | 2,597,331 | 2,379,333 |
| One to five years | 7,104,266 | 6,387,263 |
| More than five years | 7,950,526 | 6,504,031 |
| Total undiscounted lease liabilities | 17,652,123 | 15,270,627 |

| | (Un-audited) September 30, 2022 | (Audited) December 31, 2021 |
|---|---------------------------------------|-----------------------------------|
| | ----- (Rupees in '000)----- | |
| 21. OTHER LIABILITIES | | |
| Mark-up / Return / Interest payable in local currency | 76,967,767 | 48,801,768 |
| Mark-up / Return / Interest payable in foreign currencies | 756,016 | 384,638 |
| Unearned commission and income on bills discounted | 332,184 | 440,231 |
| Accrued expenses | 10,389,577 | 21,168,039 |
| Advance payments | 381,448 | 387,576 |
| Acceptances | 57,840,401 | 10,311,259 |
| Unclaimed dividends | 181,997 | 181,997 |
| Unrealized loss on put option | 306,339 | 306,339 |
| Branch adjustment account | 1,148,407 | 1,342,640 |
| Employee benefits: | | |
| Pension fund | 21,521,127 | 17,834,945 |
| Post retirement medical benefits | 27,497,430 | 24,516,717 |
| Benevolent fund | 1,566,192 | 1,778,825 |
| Gratuity scheme | 3,854,570 | 3,467,939 |
| Compensated absences | 10,240,761 | 9,952,554 |
| Staff welfare fund | 371,257 | 371,257 |
| Liabilities relating to Barter trade agreements | 3,654,625 | 3,006,122 |
| Provision against off-balance sheet obligations | 627,494 | 627,494 |
| Provision against contingencies | 4,090,597 | 3,805,376 |
| Payable to brokers | 98,243 | 155,001 |
| Payable to customers | 235,590 | 781,522 |
| PIBs short selling | 14,519,419 | 34,144,415 |
| Others | 18,729,533 | 16,829,474 |
| | 255,310,974 | 200,596,128 |

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) September 30, 2022 | (Audited) December 31, 2021 |
|---------------|---|---------------------------------------|-----------------------------------|
| Note | | (Rupees in '000) | |
| 23. | SURPLUS ON REVALUATION OF ASSETS | | |
| | Surplus / (deficit) on revaluation of | | |
| | - Available for sale securities | 9.1 16,744,564 | 32,617,936 |
| | - Fixed Assets | 44,925,742 | 45,168,797 |
| | - Non-banking assets | 2,863,886 | 2,863,886 |
| | - On securities of associates and joint venture | (1,963,584) | (349,787) |
| | | <u>62,570,608</u> | <u>80,300,832</u> |
| | Deferred tax on surplus / (deficit) on revaluation of: | | |
| | - Available for sale securities | (7,195,818) | (12,715,419) |
| | - Fixed Assets | (2,442,910) | (2,537,701) |
| | - Non-banking assets | (52,732) | (52,732) |
| | | <u>(9,691,460)</u> | <u>(15,305,852)</u> |
| | | <u>52,879,148</u> | <u>64,994,980</u> |
| 24. | CONTINGENCIES AND COMMITMENTS | | |
| | Guarantees | 24.1 343,069,668 | 261,356,068 |
| | Commitments | 24.2 2,204,143,719 | 2,192,951,563 |
| | Other contingent liabilities | 24.3 30,271,248 | 36,196,804 |
| | | <u>2,577,484,636</u> | <u>2,490,504,435</u> |
| 24.1 | Guarantees: | | |
| | Financial guarantees | 257,233,065 | 197,024,912 |
| | Performance guarantees | 85,836,603 | 64,331,156 |
| | | <u>343,069,668</u> | <u>261,356,068</u> |
| 24.2 | Commitments: | | |
| | Documentary credits and short-term trade-related transactions | | |
| | - letters of credit | 1,331,872,454 | 1,582,757,532 |
| | Commitments in respect of: | | |
| | - forward foreign exchange contracts | 24.2.1 870,997,181 | 571,111,340 |
| | - forward government securities transactions | 24.2.2 415,571 | 38,255,954 |
| | Commitments for acquisition of: | | |
| | - operating fixed assets | 858,512 | 826,737 |
| | | <u>2,204,143,719</u> | <u>2,192,951,563</u> |
| 24.2.1 | Commitments in respect of forward foreign exchange contracts | | |
| | Purchase | 499,517,076 | 337,970,120 |
| | Sale | 371,480,106 | 233,141,220 |
| | | <u>870,997,181</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) September 30, 2022 | (Audited) December 31, 2021 |
|--|---------------------------------------|-----------------------------------|
| | ----- (Rupees in '000) ----- | |
| 24.2.2 Commitments in respect of forward government securities transactions | | |
| Purchase | 415,571 | 30,218,032 |
| Sale | - | 8,037,922 |
| | <u>415,571</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) September 30, 2022 | (Audited) December 31, 2021 |
|--|---------------------------------------|-----------------------------------|
| | ----- (Rupees in '000) ----- | |
| 24.3 Other contingent liabilities | | |
| 24.3.1 Claim against the Group not acknowledged as debt | <u>30,271,248</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

As at September 30, 2022, the status of tax contingencies disclosed in the annual consolidated 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 adjudication. The demand created in the assessment order is Rs. 4,016.75 million. Upon rectification request, the tax authorities rectified order showing tax refund of Rs. 2,296.35 million. The tax advisors are confident that the ultimate outcome of the proceeding will be decided in the Bank's favor.
- Honourable Tribunal through recent judgement dated February 7, 2022 has decided the appeals filed by the Bank for tax years 2009, 2010 and 2016 for which appeal effect orders have been issued determining tax refund of Rs. 948.44 million, 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 September 30, 2022, including amount of Rs. 1,804.94 million (December 31, 2021: Rs. 1,988.35 million) in respect of indirect tax issues, amounts to Rs. 19,188.30 million (December 31, 2021: Rs. 17,982.61 million). No provision has been made against these contingencies, based on the opinion of tax consultants of the Bank, who expect favorable outcome upon decisions of pending appeals.

24.3.3 Contingencies in respect of employees benefits and related matters

As at September 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 September 30, 2022 amounted to Rs. 86.7 billion, excluding any penal interest / profit payment (if any) due to delayed payment. Further, the pension expense for September 2022 onward will also increase by Rs. 11.1 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 (NYDFS) 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 nine months ended September 30, 2022 | (Un-audited) September 30, 2021 |
|--|------|--|---------------------------------------|
| Note | | (Rupees in '000) | |
| 25. MARK-UP / RETURN / INTEREST EARNED | | | |
| Loans and advances | | 95,885,103 | 63,363,392 |
| Investments | | 225,554,506 | 100,312,371 |
| On securities purchased under resale agreements | | 9,960,807 | 1,931,028 |
| Balances with other banks | | 970,967 | 1,014,141 |
| | | <u>332,371,383</u> | <u>166,620,932</u> |
| 26. MARK-UP / RETURN / INTEREST EXPENSED | | | |
| Deposits | | 141,933,184 | 61,664,878 |
| Borrowings | | 4,025,915 | 5,210,215 |
| Cost of foreign currency swaps against foreign currency deposits | | 7,501,433 | 6,154,076 |
| Finance charge on lease liability against right of use assets | | 662,874 | 603,646 |
| Securities sold under repurchase agreements | | 97,512,512 | 20,487,419 |
| | | <u>251,635,918</u> | <u>94,120,234</u> |
| 27. FEE AND COMMISSION INCOME | | | |
| Branch banking customer fees | | 1,187,826 | 877,089 |
| Consumer finance related fees | | 360,679 | 633,082 |
| Card related fees | | 1,531,454 | 1,346,289 |
| Credit related fees | | 300,113 | 139,805 |
| Investment banking fees | | 714,714 | 650,559 |
| Commission on trade | | 1,626,904 | 1,504,644 |
| Commission on guarantees | | 456,333 | 313,249 |
| Commission on cash management | | 36,058 | 47,968 |
| Commission on remittances including home remittances | | 1,117,058 | 1,381,283 |
| Commission on bancassurance | | 221,152 | 222,671 |
| Commission on government transactions | | 6,843,065 | 5,537,317 |
| Management fee and sale load | | 923,718 | 946,994 |
| Brokerage income | | 52,426 | 100,267 |
| Others | | 79,601 | 63,008 |
| | | <u>15,451,101</u> | <u>13,764,225</u> |
| 28. GAIN ON SECURITIES - NET | | | |
| Realised | 28.1 | 1,165,024 | 5,519,605 |
| Unrealized - held-for-trading | | (74,583) | (71,929) |
| | | <u>1,090,441</u> | <u>5,447,676</u> |
| 28.1 Realized gain / (loss) on | | | |
| Federal Government Securities | | (33,478) | 465,768 |
| Shares and mutual funds | | 1,198,426 | 4,917,489 |
| Ijarah Sukuks | | - | 10,809 |
| Foreign Securities | | 76 | 125,539 |
| | | <u>1,165,024</u> | <u>5,519,605</u> |
| 29. OTHER INCOME | | | |
| Rent on property | | 23,808 | 42,302 |
| Gain on sale of assets - net | | 198,750 | 21,065 |
| Compensation for delayed tax refunds | 29.1 | 1,143,364 | 1,292,449 |
| Others | | 113,451 | 52,503 |
| | | <u>1,479,374</u> | <u>1,408,319</u> |

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

| | (Un-audited) For the nine months ended September 30, 2022 ----- (Rupees in '000) ----- | (Un-audited) September 30, 2021 |
|---|--|---------------------------------------|
| 30. OPERATING EXPENSES | | |
| Total compensation expense | 35,882,277 | 31,883,031 |
| Property expense | | |
| Rent and taxes | 858,119 | 736,675 |
| Insurance | 30,710 | 25,593 |
| Utilities cost | 1,490,806 | 1,051,927 |
| Security (including guards) | 2,373,689 | 2,033,720 |
| Repair and maintenance (including janitorial charges) | 701,226 | 621,870 |
| Depreciation | 344,753 | 367,436 |
| Depreciation on non banking assets | 11,788 | 11,597 |
| Depreciation on ljarah assets | 47,653 | 49,730 |
| Depreciation on right of use assets | 1,619,115 | 1,532,654 |
| | 7,477,858 | 6,431,203 |
| Information technology expenses | | |
| Software maintenance | 1,117,973 | 880,258 |
| Hardware maintenance | 99,830 | 24,382 |
| Depreciation | 348,774 | 231,044 |
| Amortisation | 216,709 | 233,125 |
| Network charges | 533,699 | 404,851 |
| IT Manage Services | 768,754 | 186,857 |
| | 3,085,739 | 1,960,516 |
| Other operating expenses | | |
| Directors' fees and reimbursement of other expenses | 21,767 | 16,799 |
| Directors' fees and allowances - subsidiaries | 9,585 | 9,695 |
| Fees and allowances to Shariah Board | 12,292 | 8,634 |
| Legal and professional charges | 742,275 | 727,587 |
| Outsourced services costs | 460,365 | 456,961 |
| Travelling and conveyance | 720,256 | 469,706 |
| NIFT clearing charges | 153,824 | 123,711 |
| Depreciation | 1,212,893 | 1,230,488 |
| Training and development | 35,200 | 27,301 |
| Postage and courier charges | 249,564 | 168,683 |
| Communication | 286,984 | 252,117 |
| Stationery and printing | 1,337,026 | 1,058,679 |
| Marketing, advertisement and publicity | 302,631 | 98,209 |
| Donations | 2,000 | - |
| Contributions for other Corporate and Social Responsibility | 92,002 | 6,216 |
| Auditors' Remuneration | 169,245 | 130,271 |
| Fixed assets deficit | - | 18,645 |
| Financial charges on leased assets | 140,459 | 100,216 |
| Insurance | 353,544 | 282,440 |
| Entertainment | 193,595 | 178,264 |
| Clearing, verification, license fee charges | 272,760 | 249,851 |
| Vehicle Expenses | 143,258 | 142,686 |
| Repairs and maintenance | 580,649 | 475,926 |
| Brokerage | 51,560 | 86,591 |
| Deposit premium expense | 1,358,683 | 1,178,330 |
| Others | 398,002 | 294,489 |
| | 9,300,419 | 7,792,495 |
| | 55,746,293 | 48,067,245 |

(Un-audited) (Un-audited)
For the nine months ended
September 30, September 30,
2022 2021
Note ----- (Rupees in '000) -----

31. OTHER CHARGES

| | | |
|---|---------------|---------------|
| Penalties imposed by State Bank of Pakistan | 61,474 | 34,044 |
| Penalties imposed by other regulatory bodies (Central bank of international branches) | 275 | 359 |
| Penalties imposed by other regulatory bodies (Regulators of subsidiaries) | 215 | 511 |
| | <u>61,964</u> | <u>34,914</u> |

32. PROVISIONS & WRITE OFFS - NET

| | | |
|---|------------------|-------------------|
| Provisions for diminution in value of investments | 9.2 2,772,032 | 278,716 |
| Provisions against loans and advances | 10.4 451,039 | 11,717,270 |
| Provision against other assets | 15.2.1 220,080 | 37,766 |
| Provision against contingencies | <u>135,221</u> | <u>40,581</u> |
| | <u>3,578,373</u> | <u>12,074,333</u> |

33. TAXATION

| | | |
|-------------|-------------------|--------------------|
| Current | 20,293,620 | 17,637,810 |
| Prior years | 3,828,030 | - |
| Deferred | <u>5,313,368</u> | <u>(1,415,820)</u> |
| | <u>29,435,018</u> | <u>16,221,990</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.3,637 million (September 30, 2021: Rs.1,649 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 nine months ended
September 30, September 30,
2022 2021

34. EARNINGS PER SHARE - BASIC AND DILUTED

| | | |
|--|-------------------|-------------------|
| Profit for the period (Rupees in 000's) | <u>19,202,735</u> | <u>24,531,913</u> |
| Weighted average number of ordinary shares (000's) | <u>2,127,513</u> | <u>2,127,513</u> |
| Earnings per share - basic and diluted (Rupees) | <u>9.03</u> | <u>11.53</u> |

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)
September 30, September 30,
2022 2021
Note ----- (Rupees in '000) -----

35. CASH AND CASH EQUIVALENT

| | | |
|---------------------------------------|--------------------|--------------------|
| Cash and balances with treasury banks | 6 221,414,779 | 220,625,871 |
| Balances with other banks | 7 21,685,014 | 17,570,319 |
| Call money lendings | 8 9,723 | 2,009,723 |
| Call money borrowings | 17 (31,845,754) | (27,068,235) |
| Overdrawn nostro | 17 (18,489) | (5,767,795) |
| | <u>211,245,273</u> | <u>207,369,883</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:

| September 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 | 1,668,884,825 | - | 1,668,884,825 | - | 1,668,884,825 |
| Pakistan Investment Bonds | 1,049,850,967 | - | 1,049,850,967 | - | 1,049,850,967 |
| Ijarah Sukuks | 20,310,025 | - | 20,310,025 | - | 20,310,025 |
| Ordinary shares of listed companies | 38,486,013 | 38,486,013 | - | - | 38,486,013 |
| Investment In mutual funds | 3,432,196 | - | 3,432,196 | - | 3,432,196 |
| Preference shares | 1,341,527 | 1,341,527 | - | - | 1,341,527 |
| Term Finance Certificates / Musharika and Sukuk Bonds | 49,182,492 | 16,098,242 | 33,084,250 | - | 49,182,492 |
| GoP Foreign Currency Bonds | 20,360,795 | - | 20,360,795 | - | 20,360,795 |
| Foreign Government Securities | 2,574,104 | - | 2,574,104 | - | 2,574,104 |
| Ordinary shares of a bank outside Pakistan | 41,727,672 | 41,727,672 | - | - | 41,727,672 |
| | 2,896,150,616 | 97,653,454 | 2,798,497,162 | - | 2,896,150,616 |

Financial assets - disclosed but not measured at fair value

| | | | | | |
|--|---------------|------------|---------------|---|---------------|
| Cash and balances with treasury banks | 221,414,779 | - | - | - | - |
| Balances with other banks | 21,685,014 | - | - | - | - |
| Lendings to financial institutions | 102,250,970 | - | - | - | - |
| Investments | | | | | |
| Ordinary shares of unlisted companies | 1,471,570 | - | - | - | - |
| Market Treasury Bills | 28,698,614 | - | - | - | - |
| Pakistan Investment Bonds | 374,302,120 | - | - | - | - |
| Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates | 13,139,221 | - | - | - | - |
| GoP Foreign Currency Bonds | 2,928,560 | - | - | - | - |
| Foreign Government Securities | 37,221,415 | - | - | - | - |
| Foreign Currency Debt Securities | 873 | - | - | - | - |
| Advances | 1,214,174,418 | - | - | - | - |
| Other assets | 161,684,485 | - | - | - | - |
| | 2,178,972,039 | - | - | - | - |
| | 5,075,122,655 | 97,653,454 | 2,798,497,162 | - | 2,896,150,616 |

Off-balance sheet financial instruments - measured at fair value

| | | | | | |
|--|-------------|---|-----------|---|-----------|
| Foreign exchange contracts purchase and sale | 870,997,181 | - | 3,839,570 | - | 3,839,570 |
| Forward government securities transactions | 415,571 | - | - | - | - |

| 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 |
| 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 | | | | | |
| 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 | - | - | - | - |
| 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 | <u>571,111,340</u> | <u>-</u> | <u>3,058,205</u> | <u>-</u> | <u>3,058,205</u> |
| Forward government securities transactions | <u>38,255,954</u> | <u>-</u> | <u>(308,328)</u> | <u>-</u> | <u>(308,328)</u> |

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:

| September 30, 2022 (Un-audited) | | | | | |
|---|-------------------|----------|----------|-------------------|-------------------|
| | Carrying Value | Level 1 | Level 2 | Level 3 | Total |
| | (Rupees in '000) | | | | |
| Land & building (property and equipment) | <u>48,576,301</u> | <u>-</u> | <u>-</u> | <u>48,576,301</u> | <u>48,576,301</u> |
| Non-banking assets acquired in satisfaction of claims | <u>4,047,758</u> | <u>-</u> | <u>-</u> | <u>4,047,758</u> | <u>4,047,758</u> |
| | <u>52,624,059</u> | <u>-</u> | <u>-</u> | <u>52,624,059</u> | <u>52,624,059</u> |

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

37. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

Nine months period ended September 30, 2022 (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 |
|----------------------|-----------------------------|----------------------------------|----------|---|----------------------|-----------|--------------|-------|
|----------------------|-----------------------------|----------------------------------|----------|---|----------------------|-----------|--------------|-------|

Profit and loss account

Net mark-up / return / interest income / (expense)
Inter segment revenue - net
Non mark-up / return / interest income
Total Income

| | | | | | | | | |
|---------------|--------------|--------------|---------------|-----------|------------|-------------|---|-------------|
| (114,695,424) | 19,647,936 | 27,129,939 | 140,472,148 | 3,698,184 | 4,482,683 | 80,735,465 | - | 80,735,465 |
| 171,081,296 | (19,923,757) | (25,127,040) | (144,913,656) | - | 18,883,156 | - | - | - |
| 10,706,916 | 401,467 | 3,608,420 | 8,135,440 | 1,128,314 | 3,382,705 | 27,363,264 | - | 27,363,264 |
| 67,092,788 | 125,646 | 5,611,320 | 3,693,932 | 4,826,498 | 26,748,543 | 108,098,729 | - | 108,098,729 |

Segment direct expenses
Inter segment expense allocation
Total expenses
Provisions and write offs - net
Profit / (loss) before taxation

| | | | | | | | | |
|------------|-------------|-----------|-----------|-----------|-------------|------------|---|------------|
| 25,140,893 | 2,385,298 | 907,561 | 224,066 | 5,407,230 | 3,548,617 | 37,613,664 | - | 37,613,664 |
| - | - | - | - | - | 18,194,593 | 18,194,593 | - | 18,194,593 |
| 25,140,893 | 2,385,298 | 907,561 | 224,066 | 5,407,230 | 21,743,210 | 55,808,257 | - | 55,808,257 |
| (110,216) | 1,671,092 | 2,145,158 | 2,586,741 | (192,041) | (2,522,362) | 3,578,373 | - | 3,578,373 |
| 42,062,112 | (3,930,744) | 2,558,602 | 883,125 | (388,691) | 7,527,695 | 48,712,099 | - | 48,712,099 |

September 30, 2022 (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 |
|----------------------|-----------------------------|----------------------------------|----------|---|----------------------|-----------|--------------|-------|
|----------------------|-----------------------------|----------------------------------|----------|---|----------------------|-----------|--------------|-------|

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

| | | | | | | | | |
|---------------|--------------|--------------|---------------|--------------|--------------|---------------|-----------------|---------------|
| 90,410,947 | 7,344,591 | 261,531 | 87,448,966 | 47,596,977 | 10,036,780 | 243,099,793 | - | 243,099,793 |
| - | - | 26,866,208 | 3,209,583,271 | 61,502,667 | 62,597,550 | 3,360,549,695 | - | 3,360,549,695 |
| 2,263,619,114 | - | - | - | - | 227,642,194 | 2,491,261,308 | (2,491,261,308) | - |
| 3,963,373 | - | - | 98,287,597 | - | - | 102,250,970 | - | 102,250,970 |
| 191,670,456 | 194,970,539 | 632,649,519 | - | 88,927,087 | 96,683,370 | 1,204,900,971 | - | 1,204,900,971 |
| 4,582,700 | 24,124,163 | 43,670,630 | - | 54,576,507 | 84,081,533 | 211,035,533 | - | 211,035,533 |
| (8,865,102) | (19,884,250) | (38,943,962) | - | (52,831,400) | (81,237,371) | (201,762,085) | - | (201,762,085) |
| 187,388,054 | 199,210,452 | 637,376,186 | - | 90,672,194 | 99,527,533 | 1,214,174,418 | - | 1,214,174,418 |
| 38,789,080 | 3,165,146 | 76,391,529 | 4,405,970 | 8,193,593 | 126,169,309 | 257,114,619 | - | 257,114,619 |
| 2,584,170,568 | 209,720,190 | 740,895,455 | 3,399,725,804 | 207,965,430 | 525,973,367 | 7,668,450,803 | (2,491,261,308) | 5,177,189,495 |

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

| | | | | | | | | |
|---------------|-------------|-------------|---------------|--------------|-------------|---------------|-----------------|---------------|
| - | 3,186,705 | 59,764,740 | 1,483,697,611 | 31,845,754 | - | 1,578,494,809 | - | 1,578,494,809 |
| 2,521,945,761 | - | 320,672,206 | - | 72,108,894 | 95,314,610 | 3,010,041,471 | - | 3,010,041,471 |
| - | 201,581,777 | 296,668,115 | 1,859,128,435 | 118,234,499 | 15,648,483 | 2,491,261,309 | (2,491,261,309) | - |
| 62,224,807 | 4,951,708 | 63,155,749 | 13,247,099 | 3,268,946 | 132,011,613 | 278,859,922 | - | 278,859,922 |
| 2,584,170,568 | 209,720,190 | 740,260,809 | 3,356,073,144 | 225,458,093 | 242,974,706 | 7,358,657,511 | (2,491,261,309) | 4,867,396,202 |
| - | - | 634,646 | 43,652,660 | (17,492,663) | 282,998,661 | 309,793,292 | - | 309,793,293 |
| 2,584,170,568 | 209,720,190 | 740,895,455 | 3,399,725,804 | 207,965,430 | 525,973,367 | 7,668,450,803 | (2,491,261,308) | 5,177,189,495 |

Contingencies and commitments

| | | | | | | | | |
|---|------------|---------------|-------------|------------|------------|---------------|---|---------------|
| - | 69,146,437 | 1,563,437,776 | 871,412,753 | 41,955,705 | 31,531,964 | 2,577,484,636 | - | 2,577,484,636 |
|---|------------|---------------|-------------|------------|------------|---------------|---|---------------|

Nine months period ended September 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 |
|----------------------|-----------------------------|----------------------------------|----------|---|----------------------|-----------|--------------|-------|
|----------------------|-----------------------------|----------------------------------|----------|---|----------------------|-----------|--------------|-------|

(Rupees in '000)

Profit and loss account

Net mark-up / return / interest income / (expense)
Inter segment revenue - net
Non mark-up / return / interest income
Total Income

| | | | | | | | | |
|--------------|-------------|--------------|--------------|-----------|------------|-------------|---|-------------|
| (40,188,310) | 11,903,351 | 19,821,237 | 75,279,819 | 2,566,617 | 3,117,986 | 72,500,698 | - | 72,500,698 |
| 77,547,204 | (9,993,223) | (16,656,498) | (62,383,691) | - | 11,486,208 | - | - | - |
| 9,527,628 | 266,941 | 3,133,191 | 11,577,359 | 945,767 | 3,088,562 | 28,539,449 | - | 28,539,449 |
| 46,886,522 | 2,177,069 | 6,297,930 | 24,473,487 | 3,512,384 | 17,692,756 | 101,040,147 | - | 101,040,147 |

Segment direct expenses
Inter segment expense allocation
Total expenses
Provisions and write offs - net
Profit / (loss) before taxation

| | | | | | | | | |
|------------|-------------|-------------|------------|-----------|------------|------------|---|------------|
| 22,703,844 | 2,137,794 | 828,956 | 330,963 | 4,189,823 | 3,456,633 | 33,648,013 | - | 33,648,013 |
| - | - | - | - | - | 14,454,146 | 14,454,146 | - | 14,454,146 |
| 22,703,844 | 2,137,794 | 828,956 | 330,963 | 4,189,823 | 17,910,779 | 48,102,159 | - | 48,102,159 |
| 702,188 | 1,294,089 | 9,763,024 | 295,517 | 21,955 | (2,440) | 12,074,333 | - | 12,074,333 |
| 23,480,490 | (1,254,814) | (4,294,050) | 23,847,007 | (699,394) | (215,583) | 40,863,655 | - | 40,863,655 |

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

(Rupees in '000)

Statement of financial position

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

| | | | | | | | | |
|---|-------------|-------------|---------------|------------|------------|---------------|-----------------|---|
| - | 228,687,313 | 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 |
|---|------------|---------------|-------------|------------|------------|---------------|---|---------------|

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 with the terms of their appointment.

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

| September 30, 2022 (Un-audited) | | | | | | | | | | December 31, 2021 (Audited) | | | | | | | | |
|---|--------------------------|------------|---------------|------------------------|------------------------------|----------------------------|----------------|-----------------------|---|-----------------------------|--------------------------|------------|---------------|------------------------|------------------------------|----------------------------|----------------|-----------------------|
| Directors | Key management personnel | Associates | Joint venture | Pension Fund (Current) | Pension Fund (Fixed Deposit) | Pension Fund (N.I.D.A A/c) | Provident Fund | Other related parties | | Directors | Key management personnel | Associates | Joint venture | Pension Fund (Current) | Pension Fund (Fixed Deposit) | Pension Fund (N.I.D.A A/c) | Provident Fund | Other related parties |
| (Rupees in '000) | | | | | | | | | | | | | | | | | | |
| Balances with other banks | | | | | | | | | | | | | | | | | | |
| In current accounts | - | - | 5,336 | - | - | - | - | - | - | - | - | - | 295,951 | - | - | - | - | - |
| | - | - | 5,336 | - | - | - | - | - | - | - | - | - | 295,951 | - | - | - | - | - |
| Investments | | | | | | | | | | | | | | | | | | |
| Opening balance | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Investment made during the period / year | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Investment redeemed / disposed off during the period / year | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfer in / (out) - net | - | - | - | - | - | - | - | 5,362,097 | - | - | - | - | - | - | - | - | - | - |
| Closing balance | - | - | - | - | - | - | - | 5,362,097 | - | - | - | - | - | - | - | - | - | - |
| Provision for diminution in value of investments | | | | | | | | | | | | | | | | | | |
| | - | - | - | - | - | - | - | 164,875 | - | - | - | - | - | - | - | - | - | - |
| Advances | | | | | | | | | | | | | | | | | | |
| Opening balance | - | 347,593 | 2,934,162 | - | - | - | - | 641,483 | - | - | 233,267 | 2,981,029 | - | - | - | - | - | 305,117 |
| Addition during the period / year | - | 50,984 | - | - | - | - | - | 2,227,269 | - | - | 254,860 | - | - | - | - | - | - | 35,589,939 |
| Repaid during the period / year | - | (38,037) | (96,875) | - | - | - | - | (1,337,128) | - | - | (36,216) | (46,867) | - | - | - | - | - | (35,253,573) |
| Transfer in / (out) - net* | - | (41,766) | - | - | - | - | - | 300,560 | - | - | (104,319) | - | - | - | - | - | - | - |
| Closing balance | - | 318,774 | 2,837,287 | - | - | - | - | 1,832,183 | - | - | 347,593 | 2,934,162 | - | - | - | - | - | 641,483 |
| Provisions against loans | | | | | | | | | | | | | | | | | | |
| | - | - | 2,837,287 | - | - | - | - | - | - | - | - | 2,837,287 | - | - | - | - | - | - |
| Other Assets | | | | | | | | | | | | | | | | | | |
| Interest / mark-up accrued | - | - | 1,717,167 | - | - | - | - | - | - | - | - | 1,719,049 | - | - | - | - | - | - |
| | - | - | 1,717,167 | - | - | - | - | - | - | - | - | 1,719,049 | - | - | - | - | - | - |
| Borrowings | | | | | | | | | | | | | | | | | | |
| Opening balance | - | - | 35,741 | - | - | - | - | - | - | - | - | - | 9,111 | - | - | - | - | - |
| Borrowings during the period / year | - | - | 456,945 | - | - | - | - | - | - | - | - | - | 26,630 | - | - | - | - | - |
| Settled during the period / year | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Closing balance | - | - | 492,686 | - | - | - | - | - | - | - | - | - | 35,741 | - | - | - | - | - |
| Deposits and other accounts | | | | | | | | | | | | | | | | | | |
| Opening balance | 1,759 | 131,454 | - | 86,265 | 10,100,000 | 46,770 | 12,854,755 | 21,914,864 | - | 1,320 | 177,236 | - | - | 58,871 | - | 1,369,644 | 13,282,016 | 227,967 |
| Received during the period / year | - | 642,840 | - | 27,079,873 | - | 6,576,498 | 1,817,243 | 271,693,663 | - | 9,334 | 777,224 | - | - | 27,393 | 10,100,000 | - | - | 213,848,702 |
| Withdrawn during the period / year | - | (662,521) | - | (27,158,492) | (3,600,000) | (6,314,775) | (1,203,391) | (277,461,892) | - | (8,984) | (763,659) | - | - | - | - | (1,322,875) | (427,261) | (196,497,842) |
| Transfer in / (out) - net* | (1,745) | (23,658) | - | - | - | - | - | (62,161) | - | 90 | (59,347) | - | - | - | - | - | - | 4,336,036 |
| Closing balance | 14 | 88,116 | - | 7,647 | 6,500,000 | 308,491 | 13,468,607 | 16,084,473 | - | 1,759 | 131,454 | - | - | 86,265 | 10,100,000 | 46,770 | 12,854,755 | 21,914,864 |
| Contingencies and commitments | | | | | | | | | | | | | | | | | | |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

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

| September 30, 2022 (Un-audited) | | | | | | | September 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 | - | - | 3,384 | 1 | - | - | 445,052 | - | - | 8,019 | 5 | - | - | 8,776 |
| Dividend income | - | - | - | 114,405 | - | - | 27,408 | - | - | - | - | - | - | - |
| Rent income / lighting and power and bank charges | - | - | 4,171 | - | - | - | - | - | 3,831 | - | - | - | - | - |

Expense

| | | | | | | | | | | | | | | |
|---|--------|---------|---|--------|---------|-----------|-----------|--------|---------|---|----|--------|-----------|-----------|
| Mark-up / return / interest paid | - | 3,906 | - | 14,292 | 329,150 | 1,262,352 | 1,666,754 | 27 | 2,879 | - | 18 | 55,888 | 1,064,969 | 1,614,408 |
| Expenses paid to company in which Director of the bank was interested as CEO and director | - | - | - | - | - | - | 55,054 | - | - | - | - | - | - | 20,668 |
| Remuneration to key management executives including charge for defined benefit plan | - | 551,808 | - | - | - | - | - | - | 505,341 | - | - | - | - | - |
| Contribution for other corporate & social responsibility paid to company in which Director of the bank was interested as director | - | - | - | - | - | - | 5,000 | - | - | - | - | - | - | - |
| Directors' fee & other allowances | 21,767 | - | - | - | - | - | - | 16,799 | - | - | - | - | - | - |
| Post Retirement Benefit paid to Director cum ex-employee | - | - | - | - | - | - | 522 | - | - | - | - | - | - | 1,565 |

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. 6,843 million (September 30, 2021 Rs. 5,537 million) for the nine months period ended September 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. 454,722 million (December 31, 2021: Rs. 405,294 million), Rs.1,253,059 million (December 31, 2021: Rs. 1,247,457 million) and Rs. 1,409,905 million (December 31, 2021: Rs. 1,540,238 million) respectively and income earned on advances and profit paid on deposits amounted to Rs. 27,425 million (September 30, 2021: Rs. 15,403 million) and Rs. 109,655 million (September 30, 2021 Rs. 44,615 million) respectively.

39. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

| | (Un-audited) September 30, 2022 | (Audited) December 31, 2021 |
|---|---------------------------------------|-----------------------------------|
| | ----- (Rupees in '000) ----- | |
| Minimum Capital Requirement | | |
| Paid-up capital (net of losses) | <u>21,275,131</u> | <u>21,275,131</u> |
| Capital Adequacy Ratio | | |
| Eligible Common Equity Tier 1 (CET 1) Capital | <u>229,512,349</u> | <u>204,320,445</u> |
| Eligible Additional Tier 1 (ADT 1) Capital | <u>-</u> | <u>-</u> |
| Total Eligible Tier 1 Capital | <u>229,512,349</u> | <u>204,320,445</u> |
| Eligible Tier 2 Capital | <u>75,577,144</u> | <u>66,135,418</u> |
| Total Eligible Capital (Tier 1 + Tier 2) | <u>305,089,493</u> | <u>270,455,863</u> |
| Risk Weighted Assets (RWAs): | | |
| Credit Risk | <u>1,035,401,711</u> | <u>987,646,626</u> |
| Market Risk | <u>106,241,348</u> | <u>82,621,030</u> |
| Operational Risk | <u>233,419,888</u> | <u>232,459,233</u> |
| Total | <u>1,375,062,947</u> | <u>1,302,726,889</u> |
| Common Equity Tier 1 Capital Adequacy ratio | <u>16.69%</u> | <u>15.68%</u> |
| Tier 1 Capital Adequacy Ratio | <u>16.69%</u> | <u>15.68%</u> |
| Total Capital Adequacy Ratio | <u>22.19%</u> | <u>20.76%</u> |
| Leverage Ratio (LR): | | |
| Tier-1 Capital | <u>229,512,349</u> | <u>204,320,445</u> |
| Total Exposures | <u>6,947,701,506</u> | <u>5,768,455,790</u> |
| Leverage Ratio | <u>3.30%</u> | <u>3.54%</u> |
| Liquidity Coverage Ratio (LCR): | | |
| Total High Quality Liquid Assets | <u>1,529,480,778</u> | <u>1,362,545,096</u> |
| Total Net Cash Outflow | <u>1,118,519,373</u> | <u>828,459,514</u> |
| Liquidity Coverage Ratio | <u>137%</u> | <u>164%</u> |
| Net Stable Funding Ratio (NSFR): | | |
| Total Available Stable Funding | <u>2,738,527,983</u> | <u>2,753,443,506</u> |
| Total Required Stable Funding | <u>1,075,621,180</u> | <u>990,042,101</u> |
| Net Stable Funding Ratio | <u>255%</u> | <u>278%</u> |

40. ISLAMIC BANKING BUSINESS

The bank is operating 188 (2021: 189) Islamic banking branches and 40 (2021: Nil) Islamic banking windows at September 30, 2022.

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

| | | (Un-audited) September 30, 2022 | (Audited) December 31, 2021 |
|-----------------------|---|---------------------------------------|-----------------------------------|
| Note | | (Rupees in '000) | |
| ASSETS | | | |
| | Cash and balances with treasury banks | 8,322,604 | 6,591,139 |
| | Balances with other banks | 13,204 | 12,531 |
| 40.1 | Investments | 55,722,393 | 49,548,760 |
| 40.2 | Islamic financing and related assets - net | 44,680,609 | 42,316,209 |
| | Fixed assets | 96,388 | 100,620 |
| | Right of use assets | 548,982 | 641,973 |
| | Other assets | 4,145,656 | 1,686,568 |
| | Total Assets | 113,529,836 | 100,897,800 |
| LIABILITIES | | | |
| | Bills payable | 251,828 | 388,351 |
| 40.3 | Deposits and other accounts | 94,923,995 | 84,849,520 |
| | Due to Head Office | 8,517,772 | 7,635,926 |
| | Lease liability against right of use assets | 756,646 | 826,081 |
| | Other liabilities | 1,193,260 | 455,249 |
| | | 105,643,501 | 94,155,127 |
| | NET ASSETS | 7,886,335 | 6,742,673 |
| REPRESENTED BY | | | |
| | Islamic Banking Fund | 5,561,000 | 4,646,000 |
| | Surplus on revaluation of assets | 925,094 | 594,005 |
| 40.4 | Unappropriated / unremitted profit | 1,400,241 | 1,502,668 |
| | | 7,886,335 | 6,742,673 |

The profit and loss account of the Bank's Islamic banking operations for the nine months period ended September 30, 2022 is as follows:

| | | (Un-audited) For the nine months ended September 30, 2022 | (Un-audited) September 30, 2021 |
|-----------------------|---|--|---------------------------------------|
| Note | | (Rupees in '000) | |
| 40.5 | Profit / return earned | 8,813,043 | 5,095,381 |
| 40.6 | Profit / return expensed | 5,414,251 | 2,197,726 |
| | Net Profit / return | 3,398,792 | 2,897,655 |
| Other income | | | |
| | Fee and commission income | 204,568 | 160,965 |
| | Foreign exchange income | 151,204 | 42,976 |
| | Other income | 2,007 | 756 |
| | Total other income | 357,779 | 204,697 |
| | Total Income | 3,756,571 | 3,102,352 |
| Other expenses | | | |
| | Operating expenses | 2,171,763 | 2,029,591 |
| | Other charges | - | 1,358 |
| | | 2,171,763 | 2,030,949 |
| | Profit before provisions | 1,584,808 | 1,071,403 |
| | Provisions charge / (reversal) and write offs - net | 184,567 | 124,216 |
| | Profit before taxation | 1,400,241 | 947,187 |
| | Taxation | - | - |
| | Profit after taxation | 1,400,241 | 947,187 |

40.1 Investments by segments:

| September 30, 2022 (Un-audited) | | | | December 31, 2021 (Audited) | | | |
|---------------------------------|-----------------------------|------------------------|-------------------|-----------------------------|-----------------------------|------------------------|----------------|
| Cost/ Amortised cost | Provision for diminution | Surplus / (Deficit) | Carrying Value | Cost /Amortised cost | Provision for diminution | Surplus / (Deficit) | Carrying Value |

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

Federal Government Securities:

| | | | | | | | | |
|---|------------|---|-----------|------------|------------|---|----------|------------|
| -Ijarah Sukuks | 33,658,607 | - | (236,903) | 33,421,704 | 14,000,979 | - | (31,279) | 13,969,700 |
| -Others (Bai Muajjal with GOP @ 13.30%) | - | - | - | - | 10,914,185 | - | - | 10,914,185 |
| | 33,658,607 | - | (236,903) | 33,421,704 | 24,915,164 | - | (31,279) | 24,883,885 |

Non Government Debt Securities

| | | | | | | | | |
|--------------------------|-------------------|------------------|----------------|-------------------|-------------------|------------------|----------------|-------------------|
| -Listed | 8,200,000 | - | 312,000 | 8,512,000 | 8,200,000 | - | 340,000 | 8,540,000 |
| -Unlisted | 13,069,499 | (130,807) | 849,997 | 13,788,689 | 15,970,398 | (130,807) | 285,284 | 16,124,875 |
| | 21,269,499 | (130,807) | 1,161,997 | 22,300,689 | 24,170,398 | (130,807) | 625,284 | 24,664,875 |
| Total Investments | 54,928,106 | (130,807) | 925,094 | 55,722,393 | 49,085,562 | (130,807) | 594,005 | 49,548,760 |

40.2 Islamic financing and related assets - net

| | | |
|--|-------------------|-------------------|
| Ijarah | 44,583 | 95,075 |
| Murabaha | 3,498,106 | 903,901 |
| Diminishing Musharaka | 21,811,329 | 21,834,074 |
| Other Islamic Modes (Wakala tul Istismar) | 8,500,000 | 8,500,000 |
| Advances against Islamic assets (DM, Istisna) | 6,109,028 | 11,226,981 |
| Inventory related to Islamic financing (Istisna) | 5,392,036 | 469,000 |
| Gross Islamic financing and related assets | 45,355,082 | 43,029,031 |
| Less: provision against Islamic financings | | |
| - Specific | (674,216) | (712,763) |
| - General | (257) | (59) |
| | (674,473) | (712,822) |
| Islamic financing and related assets - net of provision | 44,680,609 | 42,316,209 |

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

| | (Un-audited) September 30, 2022 | (Audited) December 31, 2021 |
|--|--|---------------------------------------|
| | ----- (Rupees in '000) ----- | |
| 40.3 Deposits | | |
| Customers | | |
| Current deposits | 20,967,649 | 21,784,727 |
| Savings deposits | 41,739,021 | 42,730,234 |
| Term deposits | 11,057,972 | 8,148,745 |
| | <u>73,764,642</u> | <u>72,663,706</u> |
| Financial Institutions | | |
| Current deposits | 590,270 | 700,103 |
| Savings deposits | 19,293,317 | 6,064,983 |
| Term deposits | 1,275,766 | 5,420,728 |
| | <u>21,159,353</u> | <u>12,185,814</u> |
| | <u>94,923,995</u> | <u>84,849,520</u> |
| 40.4 Unappropriated / unremitted profit | | |
| Opening Balance | 1,502,668 | 2,108,388 |
| Add: Islamic banking profit for the period | 1,400,241 | 1,502,668 |
| Less: Transferred / remitted to head office | (1,502,668) | (2,108,388) |
| Closing balance | <u>1,400,241</u> | <u>1,502,668</u> |
| | | |
| | (Un-audited) For the nine months ended September 30, 2022 | (Un-audited) September 30, 2021 |
| | ----- (Rupees in '000) ----- | |
| 40.5 Profit / Return Earned of Financing, Investments and Placement | | |
| Profit earned on: | | |
| Financing | 3,857,620 | 2,185,339 |
| Investments | 4,737,470 | 1,979,045 |
| Placements | 672 | 295 |
| Others (Bai Muajjal) | 217,281 | 930,702 |
| | <u>8,813,043</u> | <u>5,095,381</u> |
| 40.6 Profit on Deposits and other Dues Expensed | | |
| Deposits and other accounts | 3,767,960 | 1,812,678 |
| Amortisation of lease liability against - ROUA | 55,020 | 61,945 |
| Others (General Account) | 1,591,271 | 323,103 |
| | <u>5,414,251</u> | <u>2,197,726</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 October 28, 2022 by the Board of Directors of the Bank.



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



NBP

National Bank of Pakistan

نیشنل بینک آف پاکستان